Section 1: 10-Q (10-Q)

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 March 31, 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 000-54376

STRATEGIC REALTY TRUST, INC.

(Exact name of registrant as specified in its charter)

Maryland	**90-0413866**
(State or Other Jurisdiction of Incorporation or Organization)	**(I.R.S. Employer Identification No.)**
66 Bovet Road, Suite 100 San Mateo, California, 94402	**(650) 343-9300**
(Address of Principal Executive Offices; Zip Code)	**(Registrant's Telephone Number, Including Area Code)**

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

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

Indicate by check mark whether the registrant is a large accelerated filed, an accelerated filer, a non-accelerated filer, a 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. (Check one):

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

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

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

As of May 6, 2019, there were 10,840,762 shares of the registrant's common stock issued and outstanding.

STRATEGIC REALTY TRUST, INC. AND SUBSIDIARIES
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PART I

FINANCIAL INFORMATION

The accompanying interim unaudited condensed consolidated financial statements as of and for the three months ended March 31, 2019, have been prepared by Strategic Realty Trust, Inc. (the "Company") pursuant to the rules and regulations of the Securities and Exchange Commission (the "SEC") regarding interim financial reporting. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements and should be read in conjunction with the audited consolidated financial statements and related notes thereto included in the Company's Annual Report on Form 10-K as of and for the year ended December 31, 2018, as filed with the SEC on March 19, 2019 (the "2018 Annual Report on Form 10-K"). The interim unaudited condensed consolidated financial statements herein should also be read in conjunction with the Notes to Condensed Consolidated Financial Statements and Management's Discussion and Analysis of Financial Condition and Results of Operations contained in this Quarterly Report on Form 10-Q. The results of operations for the three months ended March 31, 2019, are not necessarily indicative of the operating results expected for the full year. The information furnished in the Company's accompanying unaudited condensed consolidated balance sheets and unaudited condensed consolidated statements of operations, equity, and cash flows reflects all adjustments that, in management's opinion, are necessary for a fair presentation of the aforementioned financial statements. Such adjustments are of a normal recurring nature.

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ITEM 1. UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

STRATEGIC REALTY TRUST, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except shares and per share amounts)
(unaudited)

	March 31, 2019	December 31, 2018
ASSETS		
Investments in real estate		
Land	$ 15,217	$ 15,217
Building and improvements	31,697	31,697
Tenant improvements	1,524	1,479
	48,438	48,393
Accumulated depreciation	(4,216)	(3,917)
Investments in real estate, net	44,222	44,476
Properties under development and development costs		
Land	25,851	25,851
Buildings	566	570
Development costs	14,739	13,813
Properties under development and development costs	41,156	40,234
Cash, cash equivalents and restricted cash	3,254	3,347
Prepaid expenses and other assets, net	105	137
Tenant receivables, net of $40 and $40 bad debt reserve	1,122	1,084
Investments in unconsolidated joint ventures	2,719	2,701
Lease intangibles, net	1,810	1,890
Deferred financing costs, net	578	736
TOTAL ASSETS (1)	$ 94,966	$ 94,605
LIABILITIES AND EQUITY		
LIABILITIES		
Notes payable, net	$ 36,063	$ 34,536
Accounts payable and accrued expenses	1,310	1,224
Amounts due to affiliates	12	30
Other liabilities	258	375
Below-market lease liabilities, net	355	370
TOTAL LIABILITIES (1)	37,998	36,535
Commitments and contingencies (Note 12)		
EQUITY		
Stockholders’ equity		
Preferred stock, $0.01 par value; 50,000,000 shares authorized, none issued and outstanding	—	—
Common stock, $0.01 par value; 400,000,000 shares authorized; 10,842,444 and 10,863,299 shares issued and outstanding at March 31, 2019 and December 31, 2018, respectively	110	110
Additional paid-in capital	95,210	95,336
Accumulated deficit	(39,501)	(38,546)
Total stockholders’ equity	55,819	56,900
Non-controlling interests	1,149	1,170
TOTAL EQUITY	56,968	58,070
TOTAL LIABILITIES AND EQUITY	$ 94,966	$ 94,605

(1) As of March 31, 2019 and December 31, 2018, includes approximately $41.6 million and $40.5 million, respectively, of assets related to consolidated variable interest entities that can be used only to settle obligations of the consolidated variable interest entities and approximately $17.5 million and $17.3 million, respectively, of liabilities of consolidated variable interest entities for which creditors do not have recourse to the general credit of the Company. Refer to Note 4. “Variable Interest Entities”.

See accompanying notes to condensed consolidated financial statements.

STRATEGIC REALTY TRUST, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except shares and per share amounts)
(unaudited)

	Three Months Ended March 31,	
	2019	**2018**
Revenue:		
Rental and reimbursements	$ 944	$ 1,753
Expense:		
Operating and maintenance	270	650
General and administrative	399	447
Depreciation and amortization	377	358
Transaction expense	—	2
Interest expense	189	271
	1,235	1,728
Operating income (loss)	(291)	25
Other loss:		
Equity in loss of unconsolidated joint ventures	(20)	(2)
Net income (loss)	(311)	23
Net income (loss) attributable to non-controlling interests	(7)	1
Net income (loss) attributable to common stockholders	$ (304)	$ 22
Earnings (loss) per common share - basic and diluted	$ (0.03)	$ —
Weighted average shares outstanding used to calculate earnings (loss) per common share - basic and diluted	10,862,806	10,988,124

See accompanying notes to condensed consolidated financial statements.

STRATEGIC REALTY TRUST, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF EQUITY
(in thousands, except shares)
(unaudited)

Three Months Ended March 31, 2019 and 2018

	Number of Shares	Par Value	Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Equity	Non-controlling Interests	Total Equity
BALANCE — December 31, 2018	10,863,299	$ 110	$ 95,336	$ (38,546)	$ 56,900	$ 1,170	$ 58,070
Redemption of common shares	(20,855)	—	(126)	—	(126)	—	(126)
Quarterly distributions	—	—	—	(651)	(651)	(14)	(665)
Net loss	—	—	—	(304)	(304)	(7)	(311)
BALANCE — March 31, 2019	10,842,444	$ 110	$ 95,210	$ (39,501)	$ 55,819	$ 1,149	$ 56,968
BALANCE — December 31, 2017	10,988,438	$ 111	$ 96,097	$ (44,741)	$ 51,467	$ 1,051	$ 52,518
Redemption of common shares	(10,312)	—	(65)	—	(65)	—	(65)
Quarterly distributions	—	—	—	(659)	(659)	(14)	(673)
Cumulative effect from change in accounting principle	—	—	—	668	668	—	668
Net income	—	—	—	22	22	1	23
BALANCE — March 31, 2018	10,978,126	$ 111	$ 96,032	$ (44,710)	$ 51,433	$ 1,038	$ 52,471

See accompanying notes to condensed consolidated financial statements.

STRATEGIC REALTY TRUST, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(unaudited)

	Three Months Ended March 31,	
	2019	**2018**
Cash flows from operating activities:		
Net income (loss)	$ (311)	$ 23
Adjustments to reconcile net income to net cash provided by operating activities:		
Equity in loss of unconsolidated joint ventures	20	2
Straight-line rent	(27)	(25)
Amortization of deferred costs	158	145
Depreciation and amortization	377	358
Amortization of above and below-market leases	(5)	(15)
Bad debt expense	—	30
Changes in operating assets and liabilities:		
Prepaid expenses and other assets	32	(168)
Tenant receivables	(11)	298
Accounts payable and accrued expenses	(22)	(267)
Amounts due to affiliates	(18)	1
Other liabilities	(117)	24
Net cash provided by operating activities	76	406
Cash flows from investing activities:		
Investment in properties under development and development costs	(724)	(1,222)
Improvements, capital expenditures, and leasing costs	(53)	(33)
Investments in unconsolidated joint ventures	(38)	—
Distributions from unconsolidated joint ventures	—	111
Net cash used in investing activities	(815)	(1,144)
Cash flows from financing activities:		
Redemption of common shares	(126)	(65)
Quarterly distributions	(666)	(673)
Proceeds from notes payable	1,500	1,600
Payment of loan fees from investments in consolidated variable interest entities	(62)	(91)
Net cash provided by financing activities	646	771
Net increase (decrease) in cash, cash equivalents and restricted cash	(93)	33
Cash, cash equivalents and restricted cash – beginning of period	3,347	3,902
Cash, cash equivalents and restricted cash – end of period	$ 3,254	$ 3,935
Supplemental disclosure of non-cash investing and financing activities and other cash flow information:		
Distributions declared but not paid	$ 665	$ 673
Change in accrued liabilities capitalized to investment in development	109	(155)
Change to accrued mortgage note payable interest capitalized to investment in development	—	6
Amortization of deferred loan fees capitalized to investment in development	89	101
Cumulative effect from change in accounting principle	—	668
Cash paid for interest, net of amounts capitalized	57	111

See accompanying notes to condensed consolidated financial statements.

STRATEGIC REALTY TRUST, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

1. ORGANIZATION AND BUSINESS

Strategic Realty Trust, Inc. (the "Company") was formed on September 18, 2008, as a Maryland corporation. Effective August 22, 2013, the Company changed its name from TNP Strategic Retail Trust, Inc. to Strategic Realty Trust, Inc. The Company believes it qualifies as a real estate investment trust ("REIT") under the Internal Revenue Code of 1986, as amended (the "Internal Revenue Code"), and has elected REIT status beginning with the taxable year ended December 31, 2009, the year in which the Company began material operations.

Since the Company's inception, its business has been managed by an external advisor. The Company has no direct employees and all management and administrative personnel responsible for conducting the Company's business are employed by its advisor. Currently, the Company is externally managed and advised by SRT Advisor, LLC, a Delaware limited liability company (the "Advisor") pursuant to an advisory agreement with the Advisor (the "Advisory Agreement") initially executed on August 10, 2013, and subsequently renewed every year through 2018. The current term of the Advisory Agreement terminates on August 10, 2019. The Advisor is an affiliate of Glenborough, LLC (together with its affiliates, "Glenborough"), a privately held full-service real estate investment and management company focused on the acquisition, management and leasing of commercial properties.

Substantially all of the Company's business is conducted through Strategic Realty Operating Partnership, L.P. (the "OP"). During the Company's initial public offering ("Offering"), as the Company accepted subscriptions for shares of its common stock, it transferred substantially all of the net proceeds of the Offering to the OP as a capital contribution. The Company is the sole general partner of the OP. As of both March 31, 2019 and December 31, 2018, the Company owned 97.9% of the limited partnership interests in the OP.

The Company's principal demand for funds has been for the acquisition of real estate assets, the payment of operating expenses, interest on outstanding indebtedness, the payment of distributions to stockholders, and investments in unconsolidated joint ventures as well as development of properties. Substantially all of the proceeds of the completed Offering have been used to fund investments in real properties and other real estate-related assets, for payment of operating expenses, for payment of interest, for payment of various fees and expenses, such as acquisition fees and management fees, and for payment of distributions to stockholders. The Company's available capital resources, cash and cash equivalents on hand and sources of liquidity are currently limited. The Company expects its future cash needs will be funded using cash from operations, future asset sales, debt financing and the proceeds to the Company from any sale of equity that it may conduct in the future.

The Company invests in and manages a portfolio of income-producing retail properties, located in the United States, real estate-owning entities and real estate-related assets, including the investment in or origination of mortgage, mezzanine, bridge and other loans related to commercial real estate. The Company has invested directly, and indirectly through joint ventures, in a portfolio of income-producing retail properties located throughout the United States, with a focus on grocery anchored multi-tenant retail centers, including neighborhood, community and lifestyle shopping centers, multi-tenant shopping centers and free standing single-tenant retail properties. During the first quarter of 2016, the Company invested, through joint ventures, in two significant retail projects under development.

As of March 31, 2019, in addition to the development projects, the Company's portfolio of properties was comprised of 8 properties, with approximately 86,000 rentable square feet of retail space located in two states. As of March 31, 2019, the rentable space at the Company's retail properties was 90% leased.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation and Basis of Presentation

The accompanying interim unaudited condensed consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP") as contained within the Financial Accounting Standards Board's ("FASB") Accounting Standards Codification ("ASC") and the rules and regulations of the Securities and Exchange Commission (the "SEC"), including the instructions to Form 10-Q and Regulation S-X.

The interim unaudited condensed consolidated financial statements include the accounts of the Company, the OP, their direct and indirect owned subsidiaries, and the accounts of joint ventures that are determined to be variable interest entities for which the Company is the primary beneficiary. All significant intercompany balances and transactions are eliminated in consolidation. In the opinion of management, all adjustments (consisting only of normal recurring adjustments) necessary to present fairly the Company's condensed consolidated financial position, results of operations and cash flows have been included.

The Company evaluates the need to consolidate joint ventures and variable interest entities based on standards set forth in ASC Topic 810, *Consolidation* ("ASC 810"). In determining whether the Company has a controlling interest in a joint venture or a variable interest entity and the requirement to consolidate the accounts of that entity, management considers factors such as ownership interest, authority to make decisions and contractual and substantive participating rights of the partners/members, as well as whether the entity is a variable interest entity for which the Company is the primary beneficiary. As of March 31, 2019 and December 31, 2018, the Company held ownership interests in two unconsolidated joint ventures. Refer to Note 3. "Investments in Unconsolidated Joint Ventures" for additional information. As of March 31, 2019 and December 31, 2018, the Company held variable interests in two variable interest entities and consolidated those entities. Refer to Note 4. "Variable Interest Entities" for additional information.

Cash, Cash Equivalents and Restricted Cash

Cash and cash equivalents represent current bank accounts and other bank deposits free of encumbrances and having maturity dates of three months or less from the respective dates of deposit. The Company limits cash investments to financial institutions with high credit standing; therefore, the Company believes it is not exposed to any significant credit risk in cash.

Restricted cash includes escrow accounts for real property taxes, insurance, capital expenditures and tenant improvements, debt service and leasing costs held by lenders.

As of both March 31, 2019 and December 31, 2018, the Company had no restricted cash to report on its condensed consolidated balance sheets.

Recent Accounting Pronouncements

The FASB issued the following ASUs which could have potential impact to the Company's condensed consolidated financial statements:

In August 2018, the FASB issued ASU No. 2018-13, *Fair Value Measurement (Topic 820) Disclosure Framework-Changes to the Disclosure Requirements for Fair Value Measurement* ("ASU 2018-13"). ASU 2018-13 modifies the disclosure requirements on fair value measurements in Topic 820. ASU 2018-13 is effective for fiscal years beginning after December 15, 2019. Early adoption is permitted for any removed or modified disclosures upon issuance of ASU 2018-13 and delayed adoption of the additional disclosures until the effective date. The adoption of ASU 2018-13 will not have an impact on the Company's condensed consolidated financial statements.

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments – Credit Losses* ("ASU 2016-13"). ASU 2016-13 requires a financial asset, measured at amortized cost basis to be presented at the net amount expected to be collected. ASU 2016-13 is effective for fiscal years beginning after December 15, 2019, with adoption permitted for fiscal years beginning after December 15, 2018. Adjustments resulting from adopting ASU 2016-13 shall be applied through a cumulative-effect adjustment to retained earnings. The adoption of ASU 2016-13 will not have an impact on the Company's condensed consolidated financial statements.

In February 2016, the FASB issued ASU No. 2016-02, *Leases* (Topic 842) ("ASU 2016-02"). ASU 2016-02 requires entities to recognize lease assets and lease liabilities on the consolidated balance sheet and disclose key information about leasing arrangements. The guidance retains a distinction between finance leases and operating leases. The recognition, measurement and presentation of expenses and cash flows arising from a lease by a lessee have not significantly changed from previous guidance. However, the principal difference from previous guidance is that the lease assets and lease liabilities arising from operating leases should be recognized in the statement of financial position. The accounting applied by a lessor is largely unchanged from that applied under Accounting Standards Codification ("ASC") 840. Lessees and lessors are required to recognize and measure leases at the beginning of the earliest period presented using the modified retrospective approach. The modified retrospective approach includes a number of optional practical expedients that entities may elect to apply under ASC 842. The amendments in this guidance are effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. The Company adopted ASU 2016-02 (as amended by subsequent ASUs) effective January 1, 2019 utilizing the practical expedients described in ASU 2018-11. The Company has elected the lessor practical expedient to not separate common area maintenance and reimbursement of real estate taxes from the associated lease for all existing and new leases as the timing and pattern of payments and associated lease payments are the same. The timing of revenue recognition remains the same for the Company's existing leases and new leases. Revenues related to the Company's leases continue to be reported on one line in the presentation within the statement of income as a result of electing this lessor practical expedient. The Company continues to capitalize its direct leasing costs. These costs are incurred as a result of obtaining new leases, and renewing leases, and are paid to the Company's Advisor. Additionally, the Company is not a lessee of real estate or equipment, as it is externally managed by its Advisor.

3. INVESTMENTS IN UNCONSOLIDATED JOINT VENTURES

The following table summarizes the Company's investments in unconsolidated joint ventures as of March 31, 2019 and December 31, 2018 (amounts in thousands):

		Ownership Interest		Investment	
Joint Venture	Date of Investment	March 31, 2019	December 31, 2018	March 31, 2019	December 31, 2018
SGO Retail Acquisitions Venture, LLC	3/11/2015	19%	19%	$ 1,149	$ 1,128
SGO MN Retail Acquisitions Venture, LLC	9/30/2015	10%	10%	1,570	1,573
Total				$ 2,719	$ 2,701

The Company's off-balance sheet arrangements consist primarily of investments in the joint ventures as set forth in the table above. The joint ventures typically fund their cash needs through secured debt financings obtained by and in the name of the joint venture entity. The joint ventures' debts are secured by a first mortgage, are without recourse to the joint venture members, and do not represent a liability of the members other than carve-out guarantees for certain matters such as environmental conditions, misuse of funds and material misrepresentations. As of March 31, 2019 and December 31, 2018, the Company has provided carve-out guarantees in connection with the two aforementioned unconsolidated joint ventures; in connection with those carve-out guarantees, the Company has certain rights of recovery from the joint venture members.

4. VARIABLE INTEREST ENTITIES

The Company has variable interests in, and is the primary beneficiary of, variable interest entities ("VIEs") through its investments in (i) the Sunset & Gardner Joint Venture (formerly known as Gelson's Joint Venture) and (ii) the 3032 Wilshire Joint Venture (both defined below). The Company has consolidated the accounts of these variable interest entities.

Through March 31, 2019, post the initial capital contributions, the Company made additional capital contributions totaling $5.6 million and $3.2 million, respectively, to the Sunset & Gardner Joint Venture and Wilshire Joint Venture.

The following reflects the aggregate assets and liabilities of the Sunset & Gardner Joint Venture and the Wilshire Joint Venture, which were consolidated by the Company, as of March 31, 2019 and December 31, 2018 (amounts in thousands):

	March 31, 2019	December 31, 2018
ASSETS		
Properties under development and development costs:		
Land	$ 25,851	$ 25,851
Buildings	566	570
Development costs	14,739	13,813
Properties under development and development costs	41,156	40,234
Cash, cash equivalents and restricted cash	386	276
Prepaid expenses and other assets, net	6	9
Lease intangibles, net	4	4
TOTAL ASSETS (1)	$ 41,552	$ 40,523
LIABILITIES		
Notes payable, net (2)	$ 17,193	$ 17,166
Accounts payable and accrued expenses	241	132
Amounts due to affiliates	9	8
Other liabilities	9	9
TOTAL LIABILITIES	$ 17,452	$ 17,315

(1) The assets of the Sunset & Gardner Joint Venture and Wilshire Joint Venture can be used only to settle obligations of the respective consolidated joint ventures.

(2) As of both, March 31, 2019 and December 31, 2018, includes reclassification of approximately $0.3 million of deferred financing costs, net, as a contra-liability. The creditors of the consolidated joint ventures do not have recourse to the general credit of the Company. The notes payable of the consolidated joint ventures are not guaranteed by the Company.

5. LEASES

Operating Leases

The Company's real estate properties are leased to tenants under operating leases for which the terms and expirations vary. As of March 31, 2019, the leases at the Company's properties have remaining terms (excluding options to extend) of up to 12.7 years with a weighted-average remaining term (excluding options to extend) of approximately 5.7 years. The leases may have provisions to extend the lease agreements, options for early termination after paying a specified penalty, rights of first refusal to purchase the property at competitive market rates, and other terms and conditions as negotiated. The Company retains substantially all of the risks and benefits of ownership of the real estate assets leased to tenants. Generally, upon the execution of a lease, the Company requires security deposits from tenants in the form of a cash deposit and/or a letter of credit. Amounts required as security deposits vary depending upon the terms of the respective leases and the creditworthiness of the tenant, but generally are not significant amounts. Therefore, exposure to credit risk exists to the extent that a receivable from a tenant exceeds the amount of its security deposit. Security deposits received in cash related to tenant leases are included in other liabilities in the accompanying condensed consolidated balance sheets and totaled approximately $0.2 million as of both March 31, 2019 and December 31, 2018.

The following table presents the components of income from real estate operations for the three months ended March 31, 2019 (amounts in thousands):

	Three Months Ended March 31, 2019
Lease income - operating leases	$ 702
Variable lease income [(1)]	242
Rental and reimbursements income	$ 944

(1) Primarily includes tenant reimbursements for real estate taxes, insurance and common area maintenance.

As of March 31, 2019, the future minimum rental income from the Company's properties under non-cancelable operating leases was as follows (amounts in thousands):

Remainder of 2019	$ 2,088
2020	2,625
2021	2,365
2022	2,353
2023	2,316
Thereafter	7,750
Total	$ 19,497

6. LEASE INTANGIBLES AND BELOW-MARKET LEASE LIABILITIES, NET

As of March 31, 2019 and December 31, 2018, the Company's acquired lease intangibles and below-market lease liabilities were as follows (amounts in thousands):

	Lease Intangibles		Below-Market Lease Liabilities	
	March 31, 2019	December 31, 2018	March 31, 2019	December 31, 2018
Cost	$ 3,038	$ 3,030	$ (526)	$ (526)
Accumulated amortization	(1,228)	(1,140)	171	156
Total	$ 1,810	$ 1,890	$ (355)	$ (370)

The Company's amortization of lease intangibles and below-market lease liabilities for the three months ended March 31, 2019 and 2018, were as follows (amounts in thousands):

	Lease Intangibles		Below-Market Lease Liabilities	
	Three Months Ended March 31,		Three Months Ended March 31,	
	2019	2018	2019	2018
Amortization	$ (89)	$ (83)	$ 16	$ 17

7. NOTES PAYABLE, NET

Line of Credit

The Company's line of credit is a revolving credit facility with an initial maximum aggregate commitment of $30.0 million. Effective February 15, 2017, the Company's line of credit was refinanced to increase the maximum aggregate commitment under the credit facility from $30.0 million to $60.0 million. The credit facility matures on February 15, 2020. Each loan made pursuant to the credit facility will be either a LIBOR loan or a base rate loan, at the election of the Company, plus an applicable margin, as defined. Monthly payments are interest only with the entire principal balance and all outstanding interest due at maturity. The Company will pay the lender an unused commitment fee, quarterly in arrears, which will accrue at 0.30% per annum, if the usage under the Company's line of credit is less than or equal to 50% of the line of credit amount, and 0.20% per annum if the usage under the Company's line of credit is greater than 50% of the line of credit amount. The Company is providing a guaranty of all of its obligations under the Company's line of credit and all other loan documents.

As of March 31, 2019 and December 31, 2018, the Company's line of credit had an outstanding principal balance of $18.9 million and $17.4 million, respectively. As of March 31, 2019 and December 31, 2018, the Company's line of credit was secured by Topaz Marketplace, 8 Octavia Street, 400 Grove Street, the Fulton Shops, 450 Hayes, 388 Fulton, Silver Lake, and The Shops at Turkey Creek.

Mortgage Loans Secured by Properties Under Development

On August 31, 2018, the Company refinanced and repaid its initial financing with a new loan from Lone Oak Fund LLC (the "Wilshire Loan"). The Wilshire Loan has a principal balance of approximately $8.8 million, and bears an interest rate of 6.9% per annum, payable monthly, commencing on September 1, 2018. The Wilshire Loan is scheduled to mature on September 30, 2019. The Company intends to explore all available financing options prior to the loan's maturity date. The Wilshire Loan is secured by a first Deed of Trust on the property.

On October 29, 2018, the Company refinanced and repaid its initial financing with a new loan from Lone Oak Fund LLC (the "Sunset & Gardner Loan"). The Sunset & Gardner Loan has a principal balance of approximately $8.7 million, and bears an interest rate of 6.9% per annum. The Sunset & Gardner Loan is scheduled to mature on October 31, 2019. The Company intends to explore all available financing options prior to the loan's maturity date. The Sunset & Gardner Loan is secured by a first Deed of Trust on the property.

The following is a schedule of future principal payments for all of the Company's notes payable outstanding as of March 31, 2019 (amounts in thousands):

Remainder of 2019	$ 17,450
2020	18,870
Total [1]	$ 36,320

(1) Total future principal payments reflect actual amounts due to creditors, and excludes reclassification of $0.3 million deferred financing costs, net.

During the three months ended March 31, 2019 and 2018, the Company incurred and expensed approximately $0.2 million and $0.3 million, respectively, of interest costs, which included the amortization of deferred financing costs of approximately $0.2 million and $0.1 million, respectively, for each period. Also during the three months ended March 31, 2019 and 2018, the Company incurred and capitalized approximately $0.6 million and $0.9 million, respectively, of interest expense related to the variable interest entities, which included amortization of deferred financing costs of approximately $68 thousand and $0.1 million, respectively, for each period.

As of both March 31, 2019 and December 31, 2018, interest expense payable was approximately $0.2 million, including an amount related to the variable interest entities of approximately $0.1 million, for each period.

8. FAIR VALUE DISCLOSURES

Certain financial assets and liabilities are measured at fair value on a recurring basis. The Company determines fair value using the following hierarchy:

- Level 1: unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities;
- Level 2: quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-derived valuations in which significant inputs and significant value drivers are observable in active markets; and
- Level 3: prices or valuation techniques where little or no market data is available for inputs that are significant to the fair value measurement.

The Company believes the total carrying values reflected on its condensed consolidated balance sheets for cash, cash equivalents and restricted cash, accounts receivable, accounts payable and accrued expenses, amounts due to affiliates, mortgage loans secured by properties under development, and the Company’s line of credit reasonably approximate their fair values due to their short-term nature.

As part of the Company’s ongoing evaluation of the Company’s real estate portfolio, the Company estimates the fair value of its investments in real estate by obtaining outside independent appraisals on all of the operating properties. The appraised values are compared with the carrying values of its real estate portfolio to determine if there are indications of impairment.

For both the three months ended March 31, 2019 and 2018, the Company did not record any impairment losses.

9. EQUITY

Share Redemption Program

On April 1, 2015, the Company’s board of directors approved the reinstatement of the share redemption program (which had been suspended since January 15, 2013) and adopted the SRP. Under the SRP, only shares submitted for repurchase in connection with the death or “qualifying disability” (as defined in the SRP) of a stockholder are eligible for repurchase by the Company. Under the current SRP, as amended to date, the number of shares to be redeemed is limited to the lesser of (i) a total of $3.5 million for redemptions sought upon a stockholder’s death and a total of $1.0 million for redemptions sought upon a stockholder’s qualifying disability, and (ii) 5% of the weighted-average number of shares of the Company’s common stock outstanding during the prior calendar year. Share repurchases pursuant to the SRP are made at the sole discretion of the Company. The Company reserves the right to reject any redemption request for any reason or no reason or to amend or terminate the share redemption program at any time subject to the notice requirements in the SRP.

The redemption price for shares that are redeemed is 100% of the Company’s most recent estimated net asset value per share as of the applicable redemption date. A redemption request must be made within one year after the stockholder’s death or disability.

The SRP provides that any request to redeem less than $5 thousand worth of shares will be treated as a request to redeem all of the stockholder’s shares. If the Company cannot honor all redemption requests received in a given quarter, all requests, including death and disability redemptions, will be honored on a pro rata basis. If the Company does not completely satisfy a redemption request in one quarter, it will treat the unsatisfied portion as a request for redemption in the next quarter when funds are available for redemption, unless the request is withdrawn. The Company may increase or decrease the amount of funding available for redemptions under the SRP on ten business days’ notice to stockholders. Shares submitted for redemption during any quarter will be redeemed on the penultimate business day of such quarter. The record date for quarterly distributions has historically been and is expected to continue to be the last business day of each quarter; therefore, shares that are redeemed during any quarter are expected to be redeemed prior to the record date and thus would not be eligible to receive the distribution declared for such quarter.

The following table summarizes share redemption activity during the three months ended March 31, 2019 and 2018 (amounts in thousands, except shares):

	Three Months Ended March 31, 2019	Three Months Ended March 31, 2018
Shares of common stock redeemed	20,855	10,312
Purchase price	$ 126	$ 65

As stated above, cumulatively, through March 31, 2019, pursuant to the Original Share Redemption Program and the SRP, the Company has redeemed 758,109 shares sold in the Offering and/or its dividend reinvestment plan for $5.5 million.

Quarterly Distributions

In order to qualify as a REIT, the Company is required to distribute at least 90% of its annual REIT taxable income, subject to certain adjustments, to its stockholders. Some or all of the Company's distributions have been paid, and in the future may continue to be paid from sources other than cash flows from operations.

Under the terms of the amended credit facility, the Company may pay distributions to its investors so long as the total amount paid does not exceed 100% of the cumulative Adjusted Funds From Operations plus up to an additional $2.0 million of the Company's net proceeds from property dispositions, as defined in the amended Company's line of credit; provided, however, that the Company is not restricted from making any distributions necessary in order to maintain its status as a REIT. The Company's board of directors evaluates the Company's ability to make quarterly distributions based on the Company's operational cash needs.

The following tables set forth the quarterly distributions declared to the Company's common stockholders and Common Unit holders for the three months ended March 31, 2019, and the year ended 2018 (amounts in thousands, except per share amounts):

	Distribution Record Date	Distribution Payable Date	Distribution Per Share of Common Stock / Common Unit	Total Common Stockholders Distribution	Total Common Unit Holders Distribution	Total Distribution
First Quarter 2019	3/31/2019	4/30/2019	$ 0.06	$ 651	$ 14	$ 665

	Distribution Record Date	Distribution Payable Date	Distribution Per Share of Common Stock / Common Unit	Total Common Stockholders Distribution	Total Common Unit Holders Distribution	Total Distribution
First Quarter 2018	3/31/2018	4/30/2018	$ 0.06	$ 659	$ 14	$ 673
Second Quarter 2018	6/30/2018	7/31/2018	0.06	658	14	672
Third Quarter 2018	9/30/2018	10/31/2018	0.06	656	14	670
Fourth Quarter 2018	12/31/2018	1/31/2019	0.06	652	14	666
Total				$ 2,625	$ 56	$ 2,681

10. EARNINGS PER SHARE

EPS is computed by dividing net income (loss) attributable to common stockholders by the weighted average number of common shares outstanding during each period. Diluted EPS is computed after adjusting the basic EPS computation for the effect of potentially dilutive securities outstanding during the period. The effect of non-vested shares, if dilutive, is computed using the treasury stock method. The Company applies the two-class method for determining EPS as its outstanding shares of non-vested restricted stock are considered participating securities as dividend payments are not forfeited even if the underlying award does not vest. There was no unvested stock as of March 31, 2019. The Company's excess of distributions over earnings related to participating securities are shown as a reduction in income (loss) attributable to common stockholders in the Company's computation of EPS.

The following table sets forth the computation of the Company's basic and diluted earnings (loss) per share for the three months ended March 31, 2019 and 2018 (amounts in thousands, except shares and per share amounts):

	Three Months Ended March 31,	
	2019	2018
Numerator - basic and diluted		
Net income (loss)	$ (311)	$ 23
Net income (loss) attributable to non-controlling interests	(7)	1
Net income (loss) attributable to common shares	$ (304)	$ 22
Denominator - basic and diluted		
Basic weighted average common shares	10,862,806	10,988,124
Common Units [(1)]	—	—
Diluted weighted average common shares	10,862,806	10,988,124
Earnings (loss) per common share - basic and diluted		
Net earnings (loss) attributable to common shares	$ (0.03)	$ —

(1) The effect of 235,194 convertible Common Units pursuant to the redemption rights outlined in the Company's registration statement on Form S-11 have not been included as they would not be dilutive.

11. RELATED PARTY TRANSACTIONS

On August 7, 2013, the Company entered into the Advisory Agreement with the Advisor, which has been renewed for successive terms with a current expiration date of August 9, 2019. The Advisor manages the Company's business as the Company's external advisor pursuant to the Advisory Agreement. Pursuant to the Advisory Agreement, the Company will pay the Advisor specified fees for services related to the investment of funds in real estate and real estate-related investments, management of the Company's investments and for other services.

On March 11, 2015, the Company, through a wholly-owned subsidiary, entered into the Limited Liability Company Agreement of SGO Retail Acquisitions Venture, LLC to form the SGO Joint Venture. On September 30, 2015, the Company, through wholly-owned subsidiaries, entered into the Limited Liability Company Agreement of SGO MN Retail Acquisitions Venture, LLC to form the SGO MN Joint Venture. For additional information regarding the SGO Joint Venture and the SGO MN Joint Venture, refer to Note 3. "Investments in Unconsolidated Joint Ventures."

Summary of Related Party Fees

The following table sets forth the Advisor related party costs incurred and payable by the Company for the periods presented (amounts in thousands):

	Incurred		Payable as of	
	Three Months Ended March 31,		March 31,	December 31,
Expensed	**2019**	**2018**	**2019**	**2018**
Asset management fees	$ 157	$ 191	$ —	$ —
Reimbursement of operating expenses	11	45	—	—
Property management fees	29	80	12	30
Disposition fees	—	2	—	—
Total	$ 197	$ 318	$ 12	$ 30
Capitalized				
Acquisition fees	$ 7	$ 28	$ —	$ —
Leasing fees	—	1	—	—
Legal leasing fees	—	5	—	—
Construction management fees	—	1	—	—
Financing coordination fees	—	85	—	—
Total	$ 7	$ 120	$ —	$ —

Acquisition Fees

Under the Advisory Agreement, the Advisor is entitled to receive an acquisition fee equal to 1% of (1) the cost of each investment acquired directly by the Company or (2) the Company's allocable cost of an investment acquired pursuant to a joint venture, in each case including purchase price, acquisition expenses and any debt attributable to such investments. An acquisition fee is capitalized by the Company when the related transaction does not qualify as a business combination; otherwise an acquisition fee is expensed.

Financing Coordination Fees

Under the Advisory Agreement, the Advisor is entitled to receive a financing coordination fee equal to 1% of the amount made available and/or outstanding under any (1) financing obtained or assumed, directly or indirectly, by the Company or the OP and used to acquire or originate investments, or (2) the refinancing of any financing obtained or assumed, directly or indirectly, by the Company or the OP.

Asset Management Fees

Under the Advisory Agreement, the Advisor is entitled to receive an asset management fee equal to a monthly fee of one-twelfth (1/12th) of 0.6% of the higher of (1) aggregate cost on a GAAP basis (before non-cash reserves and depreciation) of all investments the Company owns, including any debt attributable to such investments, or (2) the fair market value of the Company's investments (before non-cash reserves and depreciation) if the board of directors has authorized the estimate of a fair market value of the Company's investments; provided, however, that the asset management fee will not be less than $250,000 in the aggregate during any one calendar year.

Reimbursement of Operating Expenses

The Company reimburses the Advisor for all expenses paid or incurred by the Advisor in connection with the services provided to the Company, subject to the limitation that the Company will not reimburse the Advisor for any amount by which the Company's total operating expenses (including the asset management fee described below) at the end of the four preceding fiscal quarters exceeded the greater of (1) 2% of its average invested assets (as defined in the Company's Articles of Amendment and Restatement (the "Charter")); or (2) 25% of its net income (as defined in the Charter) determined without reduction for any additions to depreciation, bad debts or other similar non-cash expenses and excluding any gain from the sale of the Company's assets for that period (the "2%/25% Guideline"). The Advisor is required to reimburse the Company quarterly for any amounts by which total operating expenses exceed the 2%/25% Guideline in the previous expense year that the independent directors do not approve. The Company will not reimburse the Advisor for any of its personnel costs or other overhead costs except for customary reimbursements for personnel costs under property management agreements entered into between the OP and the Advisor or its affiliates. Notwithstanding the above, the Company may reimburse the Advisor for expenses in excess of the 2%/25% Guideline if a majority of the independent directors determine that such excess expenses are justified based on unusual and non-recurring factors. Pursuant to an amendment to the Advisory Agreement entered on August 2, 2018, the board of directors, including a majority of the independent directors identified certain unusual and non-recurring factors that would justify reimbursement to the Advisor of amounts in excess of the 2%/25% Guidelines and confirmed that the Advisor would not be obligated to reimburse the Company for these excess amounts to the extent the excess was caused by such factors.

For the three months ended March 31, 2019 and 2018, the Company's total operating expenses (as defined in the Charter) did not exceed the 2%/25% Guideline.

Property Management Fees

Under the property management agreements between the Company and Glenborough, Glenborough is entitled to receive property management fees calculated at a maximum of up to 4% of the properties' gross revenue. The property management agreements with Glenborough have been renewed for an additional 12 months, beginning on August 10, 2018. Property management agreements with Glenborough automatically renew every year, unless expressly terminated.

Disposition Fees

Under the Advisory Agreement, if the Advisor or its affiliates provide a substantial amount of services, as determined by the Company's independent directors, in connection with the sale of a real property, the Advisor or its affiliates may be paid disposition fees up to 50% of a customary and competitive real estate commission, but not to exceed 3% of the contract sales price of each property sold.

Leasing Fees

Under the property management agreements, Glenborough is entitled to receive a separate fee for the leases of new tenants, and for expansions, extensions and renewals of existing tenants in an amount not to exceed the fee customarily charged by similarly situated parties rendering similar services in the same geographic area for similar properties.

Legal Leasing Fees

Under the property management agreements, Glenborough is entitled to receive a market-based legal leasing fee for the negotiation and production of new leases, renewals, and amendments.

Construction Management Fees

In connection with the construction or repair in or about a property, the property manager is responsible for coordinating and facilitating the planning and the performance of all construction and is entitled to receive a fee equal to 5% of the hard costs for the project in question.

Related-Party Fees Paid by the Unconsolidated Joint Ventures

The unconsolidated joint ventures are party to certain agreements with Glenborough for services related to the investment of funds and management of the joint ventures' investments, as well as the day-to-day management, operation and maintenance of the properties owned by the joint ventures. The joint ventures pay fees to Glenborough for these services. For the three months ended March 31, 2019 and 2018, the SGO Joint Venture recognized related party fees and reimbursements of $57 thousand and $46 thousand, respectively. For the three months ended March 31, 2019 and 2018, the SGO MN Joint Venture recognized related party fees and reimbursements of $0.1 million and $0.2 million, respectively.The related-party amounts consist of property management, asset management, leasing commission, legal leasing, construction management fees and salary reimbursements.

12. COMMITMENTS AND CONTINGENCIES

Economic Dependency

The Company is dependent on the Advisor and its affiliates for certain services that are essential to the Company, including the identification, evaluation, negotiation, purchase, and disposition of real estate and real estate-related investments, management of the daily operations of the Company's real estate and real estate-related investment portfolio, and other general and administrative responsibilities. In the event that the Advisor is unable to provide such services to the Company, the Company will be required to obtain such services from other sources.

Environmental

As an owner of real estate, the Company is subject to various environmental laws of federal, state and local governments. The Company is not aware of any environmental liability that could have a material adverse effect on its condensed consolidated financial condition or results of operations. However, changes in applicable environmental laws and regulations, the uses and conditions of properties in the vicinity of the Company's properties, the activities of its tenants and other environmental conditions of which the Company is unaware with respect to the properties could result in future environmental liabilities.

13. SUBSEQUENT EVENTS

Loans Secured by Properties Under Development

On May 7, 2019, the Company refinanced and repaid its current financing with a new construction loan from ReadyCap Commercial, LLC (the "Lender") (the "Wilshire Construction Loan"). The Wilshire Construction Loan has a principal balance of approximately $7.1 million, with future funding availability up to a total of approximately $13.9 million, and bears an interest rate of 1-month LIBOR plus an interest margin of 4.25% per annum, payable monthly. The Wilshire Loan is scheduled to mature on May 10, 2022, with options to extend for two additional twelve-month periods, subject to certain conditions as stated in the loan agreement. The Wilshire Construction Loan is secured by, a first Deed of Trust on the property. The Company executed a guaranty that guaranties that the loan interest reserve amounts are kept in compliance with the terms of the loan agreement. The Lender also required that William R. Rothacker ("Rothacker"), an upstream owner of the Company's joint venture partner in the Wilshire Joint Venture, guarantees performance of all of borrower's obligations under the loan agreement with respect to the completion of capital improvements to the property. The Company has executed an Indemnity Agreement in favor of Rothacker against liability under that completion guaranty except to the extent caused by gross negligence or willful misconduct, as well as for liabilities incurred under the Environmental Indemnity Agreement executed by Rothacker in favor of the Lender. The Company used working capital funds of approximately $3.1 million to repay the difference between the new construction loan initial advance and the prior loan, to pay transaction costs, as well as to fund certain required interest and construction reserves.

Distributions

On March 14, 2019, the Company's board of directors declared a first quarter distribution in the amount of $0.06 per share/unit to common stockholders and holders of common units of record as of March 31, 2019. The distribution was paid on April 30, 2019.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis should be read in conjunction with our interim unaudited condensed consolidated financial statements and the notes thereto and the other unaudited financial data included in this Quarterly Report on Form 10-Q and in our audited consolidated financial statements and the notes thereto, and Management's Discussion and Analysis of Financial Condition and Results of Operations included in our Annual Report on Form 10-K for the year ended December 31, 2018, as filed with the Securities and Exchange Commission, or SEC, on March 19, 2019, which we refer to herein as our "2018 Annual Report on Form 10-K."

As used herein, the terms "we," "our," "us," and "Company" refer to Strategic Realty Trust, Inc., and, as required by context, Strategic Realty Operating Partnership, L.P., a Delaware limited partnership, which we refer to as our "operating partnership" or "OP", and to their respective subsidiaries. References to "shares" and "our common stock" refer to the shares of our common stock.

Special Note Regarding Forward-Looking Statements

Certain statements included in this Quarterly Report on Form 10-Q that are not historical facts (including any statements concerning investment objectives, other plans and objectives of management for future operations or economic performance, or assumptions or forecasts related thereto) are forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). These statements are only predictions. We caution that forward-looking statements are not guarantees. Actual events or our investments and results of operations could differ materially from those expressed or implied in any forward-looking statements. Forward-looking statements are typically identified by the use of terms such as "may," "should," "expect," "could," "intend," "plan," "anticipate," "estimate," "believe," "continue," "predict," "potential" or the negative of such terms and other comparable terminology.

The forward-looking statements included herein are based upon our current expectations, plans, estimates, assumptions and beliefs, which involve numerous risks and uncertainties. Assumptions relating to the foregoing involve judgments with respect to, among other things, future economic, competitive and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond our control. Although we believe that the expectations reflected in such forward-looking statements are based on reasonable assumptions, our actual results and performance could differ materially from those set forth in the forward-looking statements. The following are some of the risks and uncertainties, although not all of the risks and uncertainties, that could cause our actual results to differ materially from those presented in our forward-looking statements:

- Our executive officers and certain other key real estate professionals are also officers, directors, managers, key professionals and/or holders of a direct or indirect controlling interest in our advisor. As a result, they face conflicts of interest, including conflicts created by our advisor's compensation arrangements with us and conflicts in allocating time among us and other programs and business activities.
- We are uncertain of our sources for funding our future capital needs. If we cannot obtain debt or equity financing on acceptable terms, our ability to continue to acquire real properties or other real estate-related assets, fund or expand our operations and pay distributions to our stockholders will be adversely affected.
- We depend on tenants for our revenue and, accordingly, our revenue is dependent upon the success and economic viability of our tenants. Revenues from our properties could decrease due to a reduction in tenants (caused by factors including, but not limited to, tenant defaults, tenant insolvency, early termination of tenant leases and non-renewal of existing tenant leases) and/or lower rental rates, making it more difficult for us to meet our financial obligations, including debt service and our ability to pay distributions to our stockholders.
- A significant portion of our assets are concentrated in one geographic area and in urban retail properties, any adverse economic, real estate or business conditions in this geographic area or in the urban retail market could affect our operating results and our ability to pay distributions to our stockholders.
- Our current and future investments in real estate and other real estate-related investments may be affected by unfavorable real estate market and general economic conditions, which could decrease the value of those assets and reduce the investment return to our stockholders. Revenues from our properties could decrease. Such events would make it more difficult for us to meet our debt service obligations and limit our ability to pay distributions to our stockholders.

- Certain of our debt obligations have variable interest rates with interest and related payments that vary with the movement of LIBOR or other indices. Increases in these indices could increase the amount of our debt payments and limit our ability to pay distributions to our stockholders.

All forward-looking statements should be read in light of the risks identified in Part I, Item 1A of our 2018 Annual Report on Form 10-K. Any of the assumptions underlying the forward-looking statements included herein could be inaccurate, and undue reliance should not be placed upon on any forward-looking statements included herein. All forward-looking statements are made as of the date of this Quarterly Report on Form 10-Q, and the risk that actual results will differ materially from the expectations expressed herein will increase with the passage of time. Except as otherwise required by the federal securities laws, we undertake no obligation to publicly update or revise any forward-looking statements made after the date of this Quarterly Report on Form 10-Q, whether as a result of new information, future events, changed circumstances or any other reason. In light of the significant uncertainties inherent in the forward-looking statements included in this Quarterly Report on Form 10-Q, and the risks described in Part I, Item 1A of our 2018 Annual Report on Form 10-K, the inclusion of such forward-looking statements should not be regarded as a representation by us or any other person that the objectives and plans set forth in this Quarterly Report on Form 10-Q will be achieved.

Overview

We are a Maryland corporation that was formed on September 18, 2008, to invest in and manage a portfolio of income-producing retail properties, located in the United States, real estate-owning entities and real estate-related assets, including the investment in or origination of mortgage, mezzanine, bridge and other loans related to commercial real estate. During the first quarter of 2016, we also invested, through joint ventures, in two significant retail projects under development. We have elected to be taxed as a real estate investment trust ("REIT") for federal income tax purposes, commencing with the taxable year ended December 31, 2009, and we have operated and intend to continue to operate in such a manner. We own substantially all of our assets and conduct our operations through our operating partnership, of which we are the sole general partner. We also own a majority of the outstanding limited partner interests in the operating partnership.

Since our inception, our business has been managed by an external advisor. We do not have direct employees and all management and administrative personnel responsible for conducting our business are employed by our advisor. Currently we are externally managed and advised by SRT Advisor, LLC, a Delaware limited liability company (the "Advisor") pursuant to an advisory agreement with the Advisor (the "Advisory Agreement") initially executed on August 10, 2013, and subsequently renewed every year through 2018. The current term of the Advisory Agreement terminates on August 10, 2019. The Advisor is an affiliate of Glenborough, LLC (together with its affiliates, "Glenborough"), a privately held full-service real estate investment and management company focused on the acquisition, management and leasing of commercial properties.

Property Portfolio

As of March 31, 2019, our property portfolio included eight retail properties, which we refer to as "our properties" or "our portfolio," comprising an aggregate of approximately 86,000 square feet of multi-tenant, commercial retail space located in two states. We purchased our properties for an aggregate purchase price of approximately $51.5 million. As of both March 31, 2019 and December 31, 2018, approximately 90% of our portfolio was leased (based on rentable square footage), respectively, with a weighted-average remaining lease term of approximately 5.7 years and 5.9 years, respectively.

(dollars in thousands) **Property Name**	**Location**	**Rentable Square Feet**	**Percent Leased (1)**	**Effective Rent (2) (per Sq. Foot)**	**Date Acquired**	**Original Purchase Price (3) (4)**
Topaz Marketplace	Hesperia, CA	43,199	100%	$ 21.77	9/23/2011	$ 11,880
Shops at Turkey Creek	Knoxville, TN	16,324	61%	29.59	3/12/2012	4,300
400 Grove Street	San Francisco, CA	2,000	100%	61.50	6/14/2016	2,890
8 Octavia Street	San Francisco, CA	3,640	47%	43.95	6/14/2016	2,740
Fulton Shops	San Francisco, CA	3,758	100%	56.78	7/27/2016	4,595
450 Hayes	San Francisco, CA	3,724	100%	93.08	12/22/2016	7,567
388 Fulton	San Francisco, CA	3,110	100%	66.15	1/4/2017	4,195
Silver Lake	Los Angeles, CA	10,497	100%	66.79	1/11/2017	13,300
		86,252				$ 51,467

(1) Percentage is based on leased rentable square feet of each property as of March 31, 2019.

(2) Effective rent per square foot is calculated by dividing the annualized March 2019 contractual base rent by the total square feet occupied at the property. The contractual base rent does not include other items such as tenant concessions (e.g., free rent), percentage rent, and expense recoveries.

(3) The purchase price for Shops at Turkey Creek includes the issuance of common units in our operating partnership to the sellers.

(4) The original purchase price for Topaz Marketplace was reduced to reflect a pad sale during the second quarter of 2018.

Properties Under Development

As of March 31, 2019, we had two properties under development. The properties are identified in the following table (dollar amounts in thousands):

Properties Under Development	Location	Estimated Completion Date	Estimated Expected Square Feet	Debt
Wilshire Property	Santa Monica, CA	September, 2019	12,500	$ 8,750
Sunset & Gardner Property	Hollywood, CA	January, 2021	37,000	8,700
Total			49,500	$ 17,450

Unconsolidated Joint Ventures

As of March 31, 2019, our portfolio included investments in two unconsolidated joint ventures, which own, in aggregate, five retail centers, comprising an aggregate of approximately 494,000 square feet and located in two states.

Results of Operations

Comparison of the three months ended March 31, 2019, versus the three months ended March 31, 2018.

The following table provides summary information about our results of operations for the three months ended March 31, 2019 and 2018 (amounts in thousands):

	Three Months Ended March 31,			
	2019	2018	$ Change	% Change
Rental revenue and reimbursements	$ 944	$ 1,753	$ (809)	(46.1)%
Operating and maintenance expenses	270	650	(380)	(58.5)%
General and administrative expenses	399	447	(48)	(10.7)%
Depreciation and amortization expenses	377	358	19	5.3 %
Transaction expense	—	2	(2)	(100.0)%
Interest expense	189	271	(82)	(30.3)%
Operating income (loss)	(291)	25	(316)	(1,264.0)%
Other loss, net	(20)	(2)	(18)	900.0 %
Net income (loss)	$ (311)	$ 23	$ (334)	(1,452.2)%

Our results of operations for the three months ended March 31, 2019, are not necessarily indicative of those expected in future periods.

Revenue

The decrease in revenue during the three months ended March 31, 2019, compared to the same period in 2018, was primarily due to the sales of a portion of Topaz Marketplace in June 2018, Ensenada Square in July 2018, and Florissant Marketplace in December 2018.

Operating and maintenance expenses

Operating and maintenance expenses decreased during the three months ended March 31, 2019, when compared to the same period in 2018, which corresponds to the decrease in revenue.

General and administrative expenses

General and administrative expenses decreased during the three months ended March 31, 2019, compared to the same period in 2018, primarily due to lower asset management fees, lower audit fees, and lower professional tax fees all corresponding to the decrease in portfolio size.

Depreciation and amortization expenses

Depreciation and amortization expenses increased during the three months ended March 31, 2019, compared to the same period in 2018, primarily due to placing assets, related to Shops at Turkey Creek, back in service during the third quarter of 2018, as the property no longer met certain criteria to be classified as held for sale.

Transaction expense

We did not incur transaction fees during the three months ended March 31, 2019. Transaction fees incurred during the three months ended March 31, 2018, related to disposition fees related to a sale of a property by one of our unconsolidated joint ventures.

Interest expense

Interest expense decreased during the three months ended March 31, 2019, compared to the same period in 2018, due to decreases in debt balances as a result of using the proceeds from property dispositions activities to repay debt.

Other loss, net

Other loss, net for the three months ended March 31, 2019 and 2018, consisted of equity in loss resulting from our investment in unconsolidated joint ventures.

Liquidity and Capital Resources

Since our inception, our principal demand for funds has been for the acquisition of real estate, the payment of operating expenses and interest on our outstanding indebtedness, the payment of distributions to our stockholders and investments in unconsolidated joint ventures and development properties. On February 7, 2013, we ceased offering shares of our common stock in our primary offering and under our distribution reinvestment plan. As a result of the termination of our initial public offering, offering proceeds from the sale of our securities are not currently available to fund our cash needs. We have used and expect to continue to use debt financing, net sales proceeds and cash flow from operations to fund our cash needs.

As of March 31, 2019, our cash and cash equivalents were approximately $3.3 million and we had no restricted cash (funds held by the lenders for property taxes, insurance, tenant improvements, leasing commissions, capital expenditures, rollover reserves and other financing needs).

Our aggregate borrowings, secured and unsecured, are reviewed by our board of directors at least quarterly. Under our Articles of Amendment and Restatement, as amended, which we refer to as our “charter,” we are prohibited from borrowing in excess of 300% of the value of our net assets. Net assets for purposes of this calculation is defined to be our total assets (other than intangibles), valued at cost prior to deducting depreciation, reserves for bad debts and other non-cash reserves, less total liabilities. However, we may temporarily borrow in excess of these amounts if such excess is approved by a majority of the independent directors and disclosed to stockholders in our next quarterly report, along with an explanation for such excess. As of March 31, 2019 and December 31, 2018, our borrowings were approximately 60.7% and 57.5%, respectively, of the carrying value of our net assets.

The following table summarizes, for the periods indicated, selected items in our condensed consolidated statements of cash flows (amounts in thousands):

	Three Months Ended March 31,		
	2019	2018	$ Change
Net cash provided by (used in):			
Operating activities	$ 76	$ 406	$ (330)
Investing activities	(815)	(1,144)	329
Financing activities	646	771	(125)
Net increase (decrease) in cash, cash equivalents and restricted cash	$ (93)	$ 33	

Cash Flows from Operating Activities

The decrease in cash flows from operating activities was primarily due to an increase in operating losses during the three months ended March 31, 2019 as compared to the same period in 2018, which resulted from sales of properties in the second half of 2018.

Cash Flows from Investing Activities

The change in cash flows from investing activities was primarily due to a decrease of $0.5 million in our investments in the Wilshire and Sunset and Gardner Ventures during the three months ended March 31, 2019. Additionally, cash flows from investing activities during the three months ended March 31, 2018 consisted of distributions from our unconsolidated joint ventures.

Cash Flows from Financing Activities

Cash flows provided by financing activities during the three months ended March 31, 2019 and 2018, primarily consisted of approximately $1.5 million and $1.6 million, respectively, from draws on our line of credit. This was partially offset by our quarterly dividend payments, for each respective period, of approximately $0.7 million, and redemptions of our common stock of approximately $0.1 million and $65 thousand, respectively.

Short-term Liquidity and Capital Resources

Our principal short-term demand for funds is for the payment of operating expenses, the payment of principal and interest on our outstanding indebtedness and distributions. To date, our cash needs for operations have been covered from cash provided by property operations, the sales of properties and the sale of shares of our common stock. We may fund our short-term operating cash needs from operations, from the sales of properties and from debt.

Long-term Liquidity and Capital Resources

On a long-term basis, our principal demand for funds will be for real estate and real estate-related investments and the payment of acquisition-related expenses, operating expenses, distributions to stockholders, future redemptions of shares and interest and principal payments on current and future indebtedness. Generally, we intend to meet cash needs for items other than acquisitions and acquisition-related expenses from our cash flow from operations, debt and sales of properties. On a long-term basis, we expect that substantially all cash generated from operations will be used to pay distributions to our stockholders after satisfying our operating expenses including interest and principal payments. We may consider future public offerings or private placements of equity. Refer to Note 7. “Notes Payable, Net” to our interim unaudited condensed consolidated financial statements included in this Quarterly Report on Form 10-Q for additional information on the maturity dates and terms of our outstanding indebtedness.

Mortgage Loans Secured by Properties Under Development

On August 31, 2018, we refinanced and repaid our initial financing with a new loan from Lone Oak Fund LLC (the “Wilshire Loan”). The Wilshire Loan has a principal balance of approximately $8.8 million, and bears an interest rate of 6.9% per annum, payable monthly, commencing on September 1, 2018. The Wilshire Loan is scheduled to mature on September 30, 2019. We intend to explore all available financing options prior to the loan’s maturity date. The Wilshire Loan is secured by a first Deed of Trust on the property.

On October 29, 2018, we refinanced and repaid our initial financing with a new loan from Lone Oak Fund LLC (the “Sunset & Gardner Loan”). The Sunset & Gardner Loan has a principal balance of approximately $8.7 million, and bears an interest rate of 6.9% per annum. The Sunset & Gardner Loan is scheduled to mature on October 31, 2019. We intend to explore all available financing options prior to the loan’s maturity date. The Sunset & Gardner Loan is secured by a first Deed of Trust on the property.

Interim Financial Information

The financial information as of and for the period ended March 31, 2019, included in this Quarterly Report on Form 10-Q is unaudited, but includes all adjustments (consisting of normal recurring adjustments) that, in the opinion of management, are necessary for a fair presentation of our financial position and operating results for the three months ended March 31, 2019. These interim unaudited condensed consolidated financial statements do not include all disclosures required by GAAP for complete consolidated financial statements. Interim results of operations are not necessarily indicative of the results to be expected for the full year; and such results may be less favorable. Our accompanying interim unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and the notes thereto included in our 2018 Annual Report on Form 10-K.

Guidelines on Total Operating Expenses

We reimburse our Advisor for some expenses paid or incurred by our Advisor in connection with the services provided to us, except that we will not reimburse our Advisor for any amount by which our total operating expenses at the end of the four preceding fiscal quarters exceed the greater of (1) 2% of our average invested assets, as defined in our charter; and (2) 25% of our net income, as defined in our charter, or the “2%/25% Guidelines” unless a majority of our independent directors determines that such excess expenses are justified based on unusual and non-recurring factors. For the three months ended March 31, 2019 and 2018, our total operating expenses did not exceed the 2%/25% Guidelines.

On August 2, 2018, we entered into the Sixth Amendment to the Advisory Agreement. The Advisory Agreement Amendment provides that the Advisor shall not be required to reimburse to us any operating expenses incurred during a given period that exceed the applicable limit on “Total Operating Expenses” (as defined in the Advisory Agreement) to the extent that such excess operating expenses are incurred as a result of certain unusual and non-recurring factors approved by our board of directors, including some related to the execution of our investment strategy as directed by our board of directors.

Inflation

The majority of our leases at our properties contain inflation protection provisions applicable to reimbursement billings for common area maintenance charges, real estate tax and insurance reimbursements on a per square foot basis, or in some cases, annual reimbursement of operating expenses above a certain per square foot allowance. We expect to include similar provisions in our future tenant leases designed to protect us from the impact of inflation. Due to the generally long-term nature of these leases, annual rent increases, as well as rents received from acquired leases, may not be sufficient to cover inflation and rent may be below market rates.

REIT Compliance

To qualify as a REIT for tax purposes, we are required to annually distribute at least 90% of our REIT taxable income, subject to certain adjustments, to our stockholders. We must also meet certain asset and income tests, as well as other requirements. If we fail to qualify as a REIT in any taxable year, we will be subject to federal income tax (including any applicable alternative minimum tax) on our taxable income at regular corporate rates and generally will not be permitted to qualify for treatment as a REIT for federal income tax purposes for the four taxable years following the year during which our REIT qualification is lost unless the IRS grants us relief under certain statutory provisions. Such an event could materially adversely affect our net income and net cash available for distribution to our stockholders.

Quarterly Distributions

As set forth above, in order to qualify as a REIT, we are required to distribute at least 90% of our annual REIT taxable income, subject to certain adjustments, to our stockholders.

Under the terms of the credit facility, we may pay distributions to our stockholders so long as the total amount paid does not exceed certain thresholds specified in the credit facility; provided, however, that we are not restricted from making any distributions necessary in order to maintain our status as a REIT. Our board of directors will continue to evaluate the amount of future quarterly distributions based on our operational cash needs.

Some or all of our distributions have been paid, and in the future may continue to be paid, from sources other than cash flows from operations.

The following tables set forth the quarterly distributions declared to our common stockholders and common unit holders for the three months ended March 31, 2019 and the year ended December 31, 2018 (amounts in thousands, except per share amounts):

	Distribution Record Date	Distribution Payable Date	Distribution Per Share of Common Stock / Common Unit	Total Common Stockholders Distribution	Total Common Unit Holders Distribution	Total Distribution
First Quarter 2019	3/31/2019	4/30/2019	$ 0.06	$ 651	$ 14	$ 665

	Distribution Record Date	Distribution Payable Date	Distribution Per Share of Common Stock / Common Unit	Total Common Stockholders Distribution	Total Common Unit Holders Distribution	Total Distribution
First Quarter 2018	3/31/2018	4/30/2018	$ 0.06	$ 659	$ 14	$ 673
Second Quarter 2018	6/30/2018	7/31/2018	0.06	658	14	672
Third Quarter 2018	9/30/2018	10/31/2018	0.06	656	14	670
Fourth Quarter 2018	12/31/2018	1/31/2019	0.06	652	14	666
Total				$ 2,625	$ 56	$ 2,681

Funds From Operations

Funds from operations ("FFO") is a supplemental non-GAAP financial measure of a real estate company's operating performance. The National Association of Real Estate Investment Trusts, or "NAREIT", an industry trade group, has promulgated this supplemental performance measure and defines FFO as net income, computed in accordance with GAAP, plus real estate related depreciation and amortization and excluding extraordinary items and gains and losses on the sale of real estate, and after adjustments for unconsolidated joint ventures (adjustments for unconsolidated partnerships and joint ventures are calculated to reflect FFO.) It is important to note that not only is FFO not equivalent to our net income or loss as determined under GAAP, it also does not represent cash flows from operating activities in accordance with GAAP. FFO should not be considered an alternative to net income as an indication of our performance, nor is FFO necessarily indicative of cash flow as a measure of liquidity or our ability to fund cash needs, including the payment of distributions.

We consider FFO to be a meaningful, additional measure of operating performance and one that is an appropriate supplemental disclosure for an equity REIT due to its widespread acceptance and use within the REIT and analyst communities. Comparison of our presentation of FFO to similarly titled measures for other REITs may not necessarily be meaningful due to possible differences in the application of the NAREIT definition used by such REITs.

Our calculation of FFO attributable to common shares and Common Units and the reconciliation of net income (loss) to FFO is as follows (amounts in thousands, except shares and per share amounts):

FFO	Three Months Ended March 31, 2019	Three Months Ended March 31, 2018
Net income (loss)	$ (311)	$ 23
Adjustments:		
Adjustment to reflect FFO of unconsolidated joint ventures	78	76
Depreciation of real estate	299	278
Amortization of in-place leases and leasing costs	78	80
FFO attributable to common shares and Common Units [(1)]	$ 144	$ 457
FFO per share and Common Unit [(1)]	$ 0.01	$ 0.04
Weighted average common shares and units outstanding [(1)]	11,098,000	11,223,318

(1) Our common units have the right to convert a unit into common stock for a one-to-one conversion. Therefore, we are including the related non-controlling interest income/loss attributable to common units in the computation of FFO and including the common units together with weighted average shares outstanding for the computation of FFO per share and common unit.

Related Party Transactions and Agreements

We are currently party to the Advisory Agreement, pursuant to which the Advisor manages our business in exchange for specified fees paid for services related to the investment of funds in real estate and real estate-related investments, management of our investments and for other services. Refer to Note 11. "Related Party Transactions" to our interim unaudited condensed consolidated financial statements included in this Quarterly Report on Form 10-Q for a discussion of the Advisory Agreement and other related party transactions, agreements and fees.

Off-Balance Sheet Arrangements

Our off-balance sheet arrangements consist primarily of our investments in joint ventures and are described in Note 4. "Investments in Unconsolidated Joint Ventures" in the notes to the interim unaudited condensed consolidated financial statements in this Quarterly Report on Form 10-Q. Our joint ventures typically fund their cash needs through secured debt financings obtained by and in the name of the joint venture entity. The joint ventures' debts are secured by a first mortgage, are without recourse to the joint venture partners, and do not represent a liability of the partners other than carve-out guarantees for certain matters such as environmental conditions, misuse of funds and material misrepresentations. As of March 31, 2019, we have provided carve-out guarantees in connection with our two unconsolidated joint ventures; in connection with those carve-out guarantees we have certain rights of recovery from our joint venture partners.

Critical Accounting Policies

Our interim unaudited condensed consolidated financial statements have been prepared in accordance with GAAP and in conjunction with the rules and regulations of the SEC. The preparation of our financial statements requires significant management judgments, assumptions and estimates about matters that are inherently uncertain. These judgments affect the reported amounts of assets and liabilities and our disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenue and expenses during the reporting periods. With different estimates or assumptions, materially different amounts could be reported in our financial statements. Additionally, other companies may utilize different estimates that may impact the comparability of our results of operations to those of companies in similar businesses. A discussion of additional accounting policies that management considers critical in that they involve significant management judgments, assumptions and estimates is included in our 2018 Annual Report on Form 10-K.

Subsequent Events

Loans Secured by Properties Under Development

On May 7, 2019, we refinanced and repaid our current financing with a new construction loan from ReadyCap Commercial, LLC (the "Lender") (the "Wilshire Construction Loan"). The Wilshire Construction Loan has a principal balance of approximately $7.1 million, with future funding availability up to a total of approximately $13.9 million, and bears an interest rate of 1-month LIBOR plus an interest margin of 4.25% per annum, payable monthly. The Wilshire Loan is scheduled to mature on May 10, 2022, with options to extend for two additional twelve-month periods, subject to certain conditions as stated in the loan agreement. The Wilshire Construction Loan is secured by, a first Deed of Trust on the property. We executed a guaranty that guaranties that the loan interest reserve amounts are kept in compliance with the terms of the loan agreement. The Lender also required that William R. Rothacker ("Rothacker"), an upstream owner of our joint venture partner in the Wilshire Joint Venture, guarantees performance of all of borrower's obligations under the loan agreement with respect to the completion of capital improvements to the property. We executed an Indemnity Agreement in favor of Rothacker against liability under that completion guaranty except to the extent caused by gross negligence or willful misconduct, as well as for liabilities incurred under the Environmental Indemnity Agreement executed by Rothacker in favor of the Lender. We used working capital funds of approximately $3.1 million to repay the difference between the new construction loan initial advance and the prior loan, to pay transaction costs, as well as to fund certain required interest and construction reserves.

Distributions

On March 14, 2019, our board of directors declared a first quarter distribution in the amount of $0.06 per share/unit to common stockholders and holders of common units of record as of March 31, 2019. The distribution was paid on April 30, 2019.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Omitted as permitted under rules applicable to smaller reporting companies.

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

As of the end of the period covered by this report, management, including our chief executive officer and chief financial officer, evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act. Based upon, and as of the date of, the evaluation, our chief executive officer and chief financial officer concluded that the disclosure controls and procedures were effective as of the end of the period covered by this report to ensure that information required to be disclosed in the reports we file and submit under the Exchange Act is recorded, processed, summarized and reported as and when required. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in the reports we file and submit under the Exchange Act is accumulated and communicated to our management, including our chief executive officer and our chief financial officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting

There have been no changes in our internal control over financial reporting that occurred during the quarter ended March 31, 2019, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II

OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

None.

ITEM 1A. RISK FACTORS

Omitted as permitted under rules applicable to smaller reporting companies.

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

During the period covered by this Quarterly Report on Form 10-Q, we did not issue any equity securities that were not registered under the Securities Act of 1933, as amended.

Share Redemption Program

On April 1, 2015, our board of directors approved the reinstatement of the share redemption program (which had been suspended since January 15, 2013) and adopted an Amended and Restated Share Redemption Program (the “SRP”). Under the SRP, only shares submitted for repurchase in connection with the death or “qualifying disability” (as defined in the SRP) of a stockholder are eligible for repurchase by us. Under the current SRP, as amended to date, the number of shares to be redeemed is limited to the lesser of (i) a total of $3.5 million for redemptions sought upon a stockholder’s death and a total of $1.0 million for redemptions sought upon a stockholder’s qualifying disability, and (ii) 5% of the number of shares of our common stock outstanding during the prior calendar year. Share repurchases pursuant to the SRP are made at our sole discretion. We reserve the right to reject any redemption request for any reason or no reason or to amend or terminate the share redemption program at any time subject to the notice requirements in the SRP.

The redemption price for shares that are redeemed is 100% of our most recent estimated net asset value per share as of the applicable redemption date. A redemption request must be made within one year after the stockholder’s death or disability.

The SRP provides that any request to redeem less than $5 thousand worth of shares will be treated as a request to redeem all of the stockholder’s shares. If we cannot honor all redemption requests received in a given quarter, all requests, including death and disability redemptions, will be honored on a pro rata basis. If we do not completely satisfy a redemption request in one quarter, we will treat the unsatisfied portion as a request for redemption in the next quarter when funds are available for redemption, unless the request is withdrawn. We may increase or decrease the amount of funding available for redemptions under the SRP on ten business days’ notice to stockholders. Shares submitted for redemption during any quarter will be redeemed on the penultimate business day of such quarter. The record date for quarterly distributions has historically been and is expected to continue to be the last business day of each quarter; therefore, shares that are redeemed during any quarter are expected to be redeemed prior to the record date and thus would not be eligible to receive the distribution declared for such quarter.

During the quarter ended March 31, 2019, we redeemed shares as follows:

Period	Total Number of Shares Redeemed [(1)]	Average Price Paid per Share	Total Number of Shares Purchased as Part of a Publicly Announced Plan or Program	Approximate Dollar Value of Shares That May Yet be Redeemed Under the Program [(2)]
January 2019	—	$ —	—	$ 288,793
February 2019	—	—	—	288,793
March 2019	20,855	6.04	20,855	162,831
Total	**20,855**		**20,855**	

(1) All of our purchases of equity securities during the quarter ended March 31, 2019, were made pursuant to the SRP.

(2) We currently limit the dollar value and number of shares that may yet be repurchased under the SRP as described above.

Cumulatively, through March 31, 2019, we have redeemed 758,109 shares for $5.5 million. The company had no unfulfilled redemption requests during the quarter ended March 31, 2019.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

As of the three months ended March 31, 2019, all items required to be disclosed under Form 8-K were reported under Form 8-K.

ITEM 6. EXHIBITS

The exhibits listed on the Exhibit Index (following the signatures section of this Quarterly Report on Form 10-Q) are included herewith, or incorporated herein by reference.

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 on May 10, 2019.

Strategic Realty Trust, Inc.

By: /s/ Andrew Batinovich

Andrew Batinovich
Chief Executive Officer, Corporate Secretary and Director
(Principal Executive Officer)

By: /s/ M. Bradley Kettmann

M. Bradley Kettmann
Chief Financial Officer
(Principal Financial Officer)

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EXHIBIT INDEX

The following exhibits are included, or incorporated by reference, in this Quarterly Report on Form 10-Q for the three months ended March 31, 2019 (and are numbered in accordance with Item 601 of Regulation S-K).

			Incorporated by Reference	
Exhibit No.	**Description**	Filed Herewith	**Form/File No.**	**Filing Date**
3.1.1	Articles of Amendment and Restatement of TNP Strategic Retail Trust, Inc.		S-11/ No. 333-154975	7/10/2009
3.1.2	Articles of Amendment, dated August 22, 2013		8-K	8/26/2013
3.1.3	Articles Supplementary, dated November 1, 2013		8-K	11/4/2013
3.1.4	Articles Supplementary, dated January 22, 2014		8-K	1/28/2014
3.2	Third Amended and Restated Bylaws of Strategic Realty Trust, Inc.		8-K	1/28/2014
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	X		
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	X		
32.1	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	X		
32.2	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	X		
99.1	Strategic Realty Trust, Inc. Amended and Restated Share Redemption Program Adopted August 26, 2016		8-K	8/30/2016
101.INS	XBRL Instance Document	X		
101.SCH	XBRL Taxonomy Extension Schema Document	X		
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document	X		
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document	X		
101.LAB	XBRL Taxonomy Extension Label Linkbase Document	X		
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document	X		

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Section 2: EX-31.1 (EXHIBIT 31.1)

EXHIBIT 31.1

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

I, Andrew Batinovich, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Strategic Realty 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 necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the

period covered by this report;

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

4. The registrant's other certifying officer 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, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

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

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

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

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

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

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

Date: May 10, 2019

/s/ Andrew Batinovich

Andrew Batinovich
Chief Executive Officer, Corporate Secretary and Director
(Principal Executive Officer)

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Section 3: EX-31.2 (EXHIBIT 31.2)

EXHIBIT 31.2

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

I, M. Bradley Kettmann, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Strategic Realty 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 necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

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

4. The registrant's other certifying officer 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, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

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

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

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

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

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

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

Date: May 10, 2019

/s/ M. Bradley Kettmann

M. Bradley Kettmann
Chief Financial Officer
(Principal Financial Officer)

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Section 4: EX-32.1 (EXHIBIT 32.1)

EXHIBIT 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THESARBANES-OXLEY ACT OF 2002

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and in connection with the Quarterly Report on Form 10-Q of Strategic Realty Trust, Inc. (the "Company") for the period ended March 31, 2019, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, the Chief Executive Officer of the Company, certifies, to his knowledge, that:

(1)The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

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

Date: May 10, 2019

/s/ Andrew Batinovich

Andrew Batinovich

Chief Executive Officer, Corporate Secretary and Director
(Principal Executive Officer)

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Section 5: EX-32.2 (EXHIBIT 32.2)

EXHIBIT 32.2

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

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and in connection with the Quarterly Report on Form 10-Q of Strategic Realty Trust, Inc. (the "Company") for the period ended March 31, 2019, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, the Chief Financial Officer of the Company, certifies, to her knowledge, that:

(1)The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

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

Date: May 10, 2019

/s/ M. Bradley Kettmann

M. Bradley Kettmann
Chief Financial Officer
(Principal Financial Officer)

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