FORM 10-K

Zoned Properties, Inc. - ZDPY

Filed: March 27, 2017 (period: December 31, 2016)

Annual report with a comprehensive overview of the company

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

FORM 10-K

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

For the fiscal year ended: December 31, 2016

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: **000-51640**

ZONED PROPERTIES, INC.

(Exact name of registrant as specified in its charter)

Nevada	**46-5198242**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
14300 N. Northsight Blvd., #208, Scottsdale, AZ	**85260**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: **(877) 360-8839**

Securities registered pursuant to Section 12(b) of the Exchange Act: **None**

Securities registered pursuant to Section 12(g) of the Exchange Act: **Common Stock, par value $0.001 per share**

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

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

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

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

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

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

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☐ (Do not check if a smaller reporting company)	Smaller reporting company	☒

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

The aggregate market value of the voting and non-voting common equity held by non-affiliates based upon the closing price of $2.59 per share of common stock as of June 30, 2016 (the last business day of the registrant's most recently completed second fiscal quarter), was $19,337,145.

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date: 17,273,534 shares of common stock are issued and outstanding as of March 24, 2017.

Documents Incorporated by Reference

Portions of the registrant's proxy statement for its 2017 Annual Meeting of Stockholders, expected to be held on May 15, 2017, are incorporated by reference into Part III of this Form 10-K where indicated.

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PART I

ITEM 1. BUSINESS

The following discussion should be read in conjunction with our consolidated financial statements and the related notes to the consolidated financial statements that appear elsewhere in this annual report on Form 10-K.

As used in this annual report on Form 10-K and unless otherwise indicated, the terms the terms “Zoned Properties”, “Company,” “we,” “us,” or “our” refer to Zoned Properties, Inc. and its wholly owned subsidiaries, Tempe Industrial Properties, LLC, Gilbert Property Management, LLC, Green Valley Group, LLC, Kingman Property Group, LLC, Chino Valley Properties, LLC, Zoned Oregon Properties, LLC, Zoned Colorado Properties, LLC, and Zoned Illinois Properties, LLC, as the context may require.

Business Overview

Zoned Properties, Inc., incorporated in Nevada on August 25, 2003, believes that the traditional commercial real estate industry is being disrupted by many factors that can be characterized as “mega trends.” These trends include technological changes, shifting demographics resulting in a greater influence of millennials and social changes. The utilization of commercial property for retail, business and education is being affected by digital means as opposed to physical means. As a commercial property, project development and management services company, our mission is to identify, develop, and manage properties, initially for the medical marijuana industry and, as our operations develop, for other emerging industries. Our strategy, which is aligned with these shifting trends, positions us well to create property value and enhanced cash flow from rents leveraging our expertise in zoning, permitting, security, energy efficiency, waste and water remediation and sustainable design.

In order to drive value creation, one of trends we have focused on with respect to commercial properties has been the emergence on a state-by-state basis of licensed medical marijuana dispensaries and cultivation facilities. We have established a focus on commercial real estate development in this space to derive value from the new and emerging medical marijuana industry without directly participating in the cultivation, distribution, or sale of medical marijuana products. While we intend to expand into a variety of emerging industries, our current focus is on developing projects within the emerging medical marijuana industry.

The core of our business involves identifying and developing properties that exist within highly regulated zoning regions and may be candidates for re-zoning. For the licensed medical marijuana industry, local jurisdictions typically develop strict zoning regulations that dictate the specific region within which a licensed cultivation or retail property can operate. These regulations often include setbacks for example restricting the licensed facility from being within a mile of any parks, schools, churches, or residential districts. In some jurisdictions, local representatives will simply adopt the rules and regulations established by the state legislation. It is at that point that the local representatives welcome participation from the community and developers such as our company to establish more customized regulations for zoning that meet the local community’s needs.

We have been closely involved with local representatives in each of the developed properties currently held in our portfolio. For example, we have worked directly with local representatives in Tempe, Arizona over the past year to continue to define and develop local code that regulates the development of licensed medical marijuana facilities. The code amendments directly impact the continued development of our licensed medical marijuana cultivation facility that operates within city limits.

The process of establishing zoning and permitting will directly impact our ability to place a licensed operator in a long-term lease agreement. In a scenario where the zoning and permitting process has not been completed, such as is the case for our property in Gilbert, Arizona, we continue to work with local representatives to explore development possibilities as the industry evolves. We approach these situations on a case-by-case basis. In locations where we conclude that the zoning and permitting may not be feasible at this time but have a possibility to be successful in the future, we will likely hold the undeveloped property or lease the property out in the interim.

The successful development of zoning, permitting, construction and placement of long-term tenants creates an increased value for the property. Our property in Kingman, Arizona was successfully developed in this manner. The long-term lease agreement with a licensed operator has led to a leased-fee appraisal valued above five times the initial acquisition cost. We charge over $35 per square foot in rent, a significant premium compared to standard market rates in that region.

This is an essential aspect of our overall growth strategy and value creation because we target specifically zoned properties that can be developed as candidates for specific industry operators. Once the properties have been acquired, adequately zoned and permitted, the opportunity to increase their value becomes substantially greater as a result of above market rents, as the demand for these properties within the specific zoning region increases.

We focus on acquiring properties that have the potential to increase significantly in value and use development strategies to build long-term growth. We have established a network of experts in the fields of real estate, design, construction, operations, and management in order to provide clients and prospective tenants with complete solutions to best meet their needs. We require all of our clients and prospective tenants to go through extensive due diligence in order to be what we consider to be highly sophisticated, credit worthy and experienced operators in their industries.

We currently maintain a portfolio of properties that we own, lease, and manage. In addition, we provide direct consultation and support for the development of each property. Development can range from complete architectural design and subsequent build-out, utility installation, property management, facilities management, and state of the art security systems. There are significant challenges that exist when zoning, permitting, and constructing facilities associated with the medical marijuana market. Each state and jurisdiction adopts specific zoning and permitting regulations. We have gained valuable knowledge and experience in this area by successfully completing four major projects in the state of Arizona, a highly regulated market. We believe we can replicate this business model in other states as markets mature and tighter regulations are established.

The Company generally confirms baseline zoning during the due diligence period and as a contingency of an acquisition. Ideally, properties we consider acquiring are already zoned for use in cultivating marijuana or as a marijuana dispensary. We currently lease building space at five of the six properties in our portfolio. Four of the properties leased to licensed medical marijuana tenants are located in areas where correct zoning was already in place and use as a marijuana facility was already permitted. In these instances, rezoning was not required. Two of the properties were zoned for and leased to licensed medical marijuana dispensaries, and two were zoned for and leased to licensed medical marijuana cultivation sites.

The process for confirming proper zoning and or acquiring proper permitting for a licensed medical marijuana operator generally takes several months. The confirmation process for the Kingman and Green Valley properties both took approximately one month to complete. The Chino Valley property took approximately three months to confirm the zoning and permitted use for a licensed medical marijuana cultivation facility in that local jurisdiction. The process primarily involves working directly with the local Planning and Zoning Commission or Development Director. Notwithstanding proper zoning and permitted use, we may work with local zoning authorities in order to revise zoning laws. For example, we were recently successful in submitting an approved zoning code amendment to the City of Tempe, whereby the new zoning code allows for an increase in the size of a cultivation facility. That process took approximately six months to complete. The Tempe property is a multi-tenant facility that also leases space to tenants, which have no association to medical marijuana. The building associated with the non-medical marijuana business was sold on March 15, 2017.

In the event a property is not properly zoned or does not permit use as a marijuana facility, we may work with local authorities to seek changes to existing zoning or permitted use. Our efforts may not be successful. For example, the Gilbert property has not been successfully zoned for a prospective licensed medical marijuana dispensary nor has it been leased to a medical marijuana operator.

Our vision is to be recognized for creating the standard in property development for emerging industries, while increasing community prosperity and shareholder value. We believe that a focus on real estate and the development of properties will bring value to the local communities and all of our stakeholders. While we intend to expand into a variety of emerging industries, our current focus is on developing projects within the emerging medical marijuana industry.

We are the sole member of eight limited liability companies: Tempe Industrial Properties LLC, Gilbert Property Management LLC, Green Valley Group LLC, Kingman Property Group LLC, Chino Valley Properties LLC, Zoned Colorado Properties LLC, Zoned Illinois Properties LLC, and Zoned Oregon Properties LLC.

Four of the entities have completed acquisitions of property as agents of Zoned Properties. Gilbert Property Management LLC, Green Valley Group LLC, Kingman Property Group LLC, and Chino Valley Properties LLC have all acquired land and real property.

Green Valley Group LLC, Kingman Property Group LLC, and Chino Valley Properties LLC have executed related party lease agreements at the properties within their respective regions and generate rental revenue. Zoned Properties has executed lease agreements at its Tempe, Arizona properties and generates rental revenue. At Tempe, one such lease agreement is with a related party and one lease agreement is with an unrelated third party. On March 15, 2017, we sold the property currently under lease with the third party.

Multiple state-licensed operators have approached Zoned Properties from Oregon, Washington, Colorado, New Mexico, and Illinois for consultation and to partner on development and prospective sale-lease back arrangements. We are continuously evaluating these opportunities and exploring financing terms with our funding partners.

We believe that we are well positioned to benefit from the development opportunities that the medical marijuana industry presents without having to deal with the risk of directly cultivating, distributing, or dispensing the product, which is still illegal under federal law.

Our initial holdings and acquisition targets have been in the state of Arizona. Unlike many other states that have legalized medical marijuana, Arizona's program has some of the strictest regulations in the country and limits the number of dispensaries that will be allowed to be open and operate within the state. While there are hundreds of marijuana dispensaries in Denver, Colorado, the entire state of Arizona can have a maximum of 126 operating dispensaries under current legislation, 27 of which are allocated to areas under tribal jurisdictions. Of the remaining 99 dispensaries, licenses to operate 85 have been awarded, and an unknown number of other license applications are pending. Two of our properties in Arizona (in Kingman and Green Valley) are leased to operators that have been awarded dispensary licenses. This limitation on the number of dispensaries permitted to operate in Arizona under current legislation will limit our ability to purchase property in Arizona for lease to dispensary operators.

The Opportunity in Arizona

We are implementing a property acquisition strategy in the State of Arizona that includes placing a variety of operating tenants into long-term lease agreements within the medical marijuana industry. Arizona's medical marijuana program is still in its infancy stage. Although there are limitations on the number of dispensaries permitted to operate in Arizona, we believe there are still property management and build-out opportunities for medical marijuana cultivation facilities and dispensaries. We are already working with multiple groups in Arizona that are in need of quality resources or experience to get these facilities operational to serve the growing marketplace. The need for expertise regarding zoned properties was one of the main catalysts in forming our company. While there are many opportunities in Arizona, most investor groups lack the resources, knowledge, and expertise to see these projects through from start to finish, and complete the necessary due diligence required to ensure a sophisticated tenant operator.

The Opportunity in Additional States

We have created a business development plan that will allow for expansion into additional states when appropriate. Each state adopts specific and constantly evolving regulations associated with zoning, permitting, and licensing for medical marijuana operators. Zoned Properties will be introducing plans for expansion into additional states over the coming months as further regulations become established. In the second quarter of 2016, we entered into an agreement for the acquisition of land in Parachute, CO. We expect to continue moving forward with the development of the project after placing a prospective tenant.

Corporate History and Transactions

The Company was originally incorporated in Nevada on August 25, 2003 under the name, Mongolian Explorations Ltd.

On January 22, 2014, we entered into a real estate purchase agreement pursuant to which we acquired certain land located in Gilbert, Arizona for a total payment of $266,667, of which $250,000 was paid in cash, and $16,667 was paid by issuing 139 shares of the common stock of the Company at a price of $120 per share. Simultaneously, we issued 833 shares of common stock of the Company to Cumbre Investment LLC, a related party of the Company, to acquire its right of first refusal on the land. The transaction closed on January 22, 2014.

On January 29, 2014, we entered into a purchase and consulting agreement with Ultra Health, LLC,, a related party due to common ownership and investments made by a beneficial stockholder of the Company ("Ultra Health"), pursuant to which we acquired a permanent modular building located in Gilbert, Arizona for total payments of $675,000. Simultaneously, we issued 1,166 shares of common stock of the Company at a price of $120 per share to the seller of the building to acquire a conditional use permit for the building. The transaction closed on January 29, 2014. In connection with the 1,536 square foot modular building discussed above, on April 10, 2015, we became a party to a certain case pending in the Superior Court of the State of Arizona in and for Maricopa County, Arizona discussed elsewhere in this prospectus. We review our rental properties for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Based on this review, on December 31, 2014, we determined that the Gilbert building carrying value of $675,000 was not recoverable and we recorded an impairment loss of $675,000.

On March 7, 2014, we entered into a real estate purchase agreement with Maryland LLC, pursuant to which we acquired certain property located in Tempe, Arizona for total payments of $4,600,000, of which $2,500,000 was paid in cash and a $2,100,000 mortgage note from Maryland LLC. The transaction closed on March 7, 2014. The mortgage terms do not allow participations by the lender in either the appreciation in the fair value of the mortgaged real estate project or the results of operations of the mortgaged real estate project.

During the first quarter of 2014, we issued 48,933 shares of restricted common stock at a price of $120.00 per share to approximately 28 accredited investors pursuant to a private placement, exempt from registration under the Securities Act. The total proceeds the Company received from this private placement were approximately $5,872,000, less the $10,000 recorded as a subscription receivable.

On April 4, 2014, we entered into a purchase agreement with Ultra Health pursuant to which we acquired a modular building in Green Valley, Arizona for total payment of $87,073. On October 22, 2014, Green Valley entered into a real estate purchase and sale agreement with a company owned by Duke Rodriguez who became a beneficial stockholder of the Company in July 2014 ("Duke Rodriguez"), pursuant to which we acquired the property located in Green Valley, AZ for a purchase price of $400,000.

During the first quarter of 2014, we issued a total of 24,382 shares of common stock of the Company to settle the principal obligations of certain convertible notes payable – related parties in the amount of $330,440.

On April 14, 2014, our board of directors and its representative shareholders elected to retire 38,135 shares of common stock back into the company treasury.

Effective May 13, 2014, the Company completed a 1:120 reverse split of its common stock. As permitted by Nevada law, the reverse split was completed with the approval of the board of directors without the requirement for shareholder consent.

On July 22, 2014, the Board of Directors accepted a subscription agreement from the McLaren Family LLLP, whose general partner is Alex C. McLaren, a Director and the father of the Company's current President and CEO Bryan McLaren, for the acquisition of 1,000,000 shares of the Company's Preferred Stock for cash of $1,000. We simultaneously accepted a subscription agreement from a beneficial common stockholder, for the acquisition of 1,000,000 shares of the Company's preferred stock for cash of $1,000. Additionally, on July 22, 2014, we accepted a subscription agreement from Gregory Johnston, a beneficial shareholder, for the acquisition of 1,000,000 shares of the Company's Preferred Stock for cash of $1,000. In addition to a beneficial ownership of common stock, Mr. Johnston holds 50% of the current Preferred Stock that controls the Company.

On August 12, 2014, we entered into a real estate purchase agreement with Stormwind Group, LLC, a company owned by Duke Rodriguez, pursuant to which we acquired 11.3 acres in Bernalillo County, New Mexico for total payment of $2,750,000. As discussed elsewhere in this prospectus, on July 9, 2015 and amended and made effective on August 1, 2015 (the "Settlement Date"), we entered into a settlement agreement with Duke Rodriguez, Ultra Health, LLC, and Cumbre Investment, LLC (the " Defendants"), that, among other things, settles all claims and grants mutual general releases. Under the terms of the settlement, we transferred title to the Bernalillo, New Mexico property to the Defendants.

On September 22, 2014, the Company purchased two vehicles from Arizona RV Supercenter for the aggregate purchase price of $38,855. We intend to use the vehicles on site for property and facilities management.

On October 22, 2014, Green Valley Group, LLC, our wholly owned subsidiary, entered into a real estate purchase and sale agreement with a company owned by Duke Rodriguez, pursuant to which we acquired the property located in Green Valley, AZ for a purchase price of $400,000.

From August 2014 to December 2014, we issued 1,850,000 shares of common stock to accredited investors pursuant to a private placement, exempt from registration pursuant to Rule 506(c) under the Securities Act of 1933, as amended at a price of $1.00 per share for proceeds of $1,850,000.

On April 10, 2015, we became a party to a certain case pending in the Superior Court of the State of Arizona in and for Maricopa County, Arizona styled, Zoned Properties, Inc. v. Duke Rodriguez, Ultra Health, LLC and Cumbre Investment, LLC (collectively, the "Defendants"), Case No. CV-2015-004225, wherein we alleged, among other things, that the Defendants, alone or in collusion with one another, breached a certain contract for the construction of the Gilbert building, and had made material misrepresentations or had negligently misrepresented certain material elements upon which we relied in purchasing the land upon which that building was to be constructed, which the Defendants failed to deliver. On June 8, 2015, we filed a motion to dismiss the counterclaim. On July 9, 2015 and amended and made effective on August 1, 2015, we entered into a settlement agreement with the Defendants that, among other things, settles the pending claims and grants mutual general releases.

Under the terms of the settlement:

1. On August 1, 2015, we transferred title to its Bernalillo, New Mexico property to Defendants. At June 30, 2015, the carrying value of this property was $2,719,658. In connection with such property, we forfeited quarterly straight-lined rental revenue of approximately of $287,000 through September 2024. For the years ended December 31, 2016 and 2015, rental revenues from this property amounted to $0 and $150,000, respectively.

2. The Defendants returned 2,496,054 shares of common stock to the Company and we cancelled such shares. On the Settlement Date, such shares were valued at $1,406,603 or $0.5635 per common share which represents the cost of the treasury shares purchased and retired;

3. The Defendants effectuated the transfer of four parcels of property in Chino Valley, Arizona to the Company which consists of approximately 48 Acres of land and we acquired an additional parcel in Chino Valley for $200,000 in cash. Based on an independent appraisal, on the Settlement Date, the fair value of property obtained, consisting of land, buildings and improvements, amounted to approximately $1,528,000.

4. We obtained water rights associated with property in Chino Valley, Arizona effective December 31, 2015.

In connection with the settlement agreement, we did not record any settlement gain or loss.

On April 22, 2016, Zoned Colorado Properties, LLC ("Zoned Colorado"), our wholly owned subsidiary, entered into a Contract to Buy and Sell Real Estate (Commercial) (the "Agreement") with Parachute Development Corporation ("Seller") pursuant to which Zoned Colorado agreed to purchase, and Seller agreed to sell, property in Parachute, Colorado (the "Property") for a purchase price of $499,857. Of the total purchase price, $274,857, or 55%, will be paid in cash at closing and $225,000, or 45%, will be financed by Seller at an interest rate of 6.5%, amortized over a five-year period, with a balloon payment at the end of the fifth year. Payments will be made monthly and there will be no pre-payment penalty. Pursuant to the terms of the Agreement, the parties will cooperate in good faith to complete due diligence during a period of 45 days following execution of the Agreement. The closing is subject to certain contingencies, including that Zoned Colorado must obtain acceptable financing for the purchase and development of the property, the grant of a special use permit by the Town of Parachute, approval of a protected development deal or equivalent agreement by the Town of Parachute, execution of a lease agreement by a prospective tenant and the prospective tenant's obtaining a license to cultivate on the property. Pursuant to the terms of the Agreement, Zoned Colorado will have a right of first refusal on 11 additional lots owned by Seller in Parachute, Colorado.

On August 23, 2016, Zoned Properties, Inc. (the "Company") entered into a second amendment to commercial lease (the "Amendment") with C3C3 Group, LLC ("C3C3") and Alan Abrams, effective September 1, 2016. Pursuant to the terms of the Amendment, the leased property in Tempe, Arizona was expanded from 5,000 square feet to 15,000 square feet and will expand up to 20,000 square feet in the future, and the monthly rental rate was increased. C3C3 is owned and operated by related parties who are significant stockholders of the Company.

Effective October 10, 2016, we entered into a third amendment to commercial lease agreement with C3C3 and Alan Abrams. Pursuant to the terms of this amendment, the size of the Chino Valley leased property was expanded from 15,000 square feet to 25,000 square feet and the monthly rental rate was increased.

On December 22, 2016, we entered into a Commercial Real Estate Purchase Contract (the "Purchase Contract") with a third party (the "Purchaser") pursuant to which the Company agreed to sell, and the Purchaser agreed to purchase, the property located at 422 S. Madison Drive in Tempe, Arizona, for an aggregate purchase price of $2.125 million. Pursuant to the terms of the Purchase Contract, the Purchaser paid a deposit of $20,000 within three days of entry into the Agreement, which amount will be held in escrow. In addition, in 2017, the Purchaser deposited an additional deposit of $20,000. The remainder of the purchase price ($2.085 million) was due at closing. Pursuant to the terms of the Purchase Contract, the purchase closed on March 15, 2017. In connection with the sale of this building on March 15, 2017, the Company repaid the all outstanding principal of $2,200,000 and interest due on this mortgage.

We are the sole member of eight limited liability companies: Tempe Industrial Properties LLC, Gilbert Property Management LLC, Green Valley Group LLC, Kingman Property Group LLC, Chino Valley Properties LLC, Zoned Colorado Properties LLC, Zoned Illinois Properties LLC, and Zoned Oregon Properties LLC. Four of the entities have completed acquisitions of property as agents of Zoned Properties. Gilbert Property Management LLC, Green Valley Group LLC, Kingman Property Group LLC, and Chino Valley Properties LLC have all acquired land and real property. Green Valley Group LLC, Kingman Property Group LLC, and Chino Valley Properties LLC have executed lease agreements and generates rental revenue. Zoned Properties has executed multiple lease agreements at its Tempe, Arizona property and generates rental revenue. Pursuant to the Settlement Agreement referenced above, in 2015, the Bernalillo property was transferred to the Defendants and thereafter no longer an asset of the Company.

During the year ended December 31, 2016, we generated revenue of $1,853,708, including $1,614,530 from related parties, and had a net loss of $225,026. During the year ended December 31, 2015, we generated revenue of $1,419,928, including $1,005,143 from related parties, and had a net loss of $1,372,030.

Customers

We target customers who require assistance with identification, development, and management of sophisticated, safe, and sustainable properties in a variety of emerging industries including the licensed medical marijuana industry. The most significant barrier to success for many industry operators includes distractions from primary business operations. These distractions often include services related to the identification, zoning, permitting, design, and construction of properties.

We complete significant due diligence on any prospective customer as a prospective tenant operator regardless of industry focus. Credit-worthiness, character, and cash flows are all important traits that contribute to a sophisticated customer for the Company.

Marketing

We do not actively market our services using any direct marketing campaigns. Industry reputation, word-of-mouth, and networking are the primary tools used by us to complete the marketing of our services. We maintain an updated website, shareholder presentation, and profile outlining its services. These tools are created for transparency of operations and activities. Our executive management believes the reputation of having integrity is an essential tool for marketing and business development.

Competition

The commercial real estate market is highly competitive. We believe finding properties that are zoned for the specific use of allowing licensed medical marijuana operations may be limited as more competitors enter the market. Several competitors have recently entered the marketplace, including Cannabis-RX, Inc., The Cannabis Business Group, Inc., MJ Holdings, Inc., Home Treasure Finders, Inc., Advanced Cannabis Solutions, Inc. and Grow Condos, Inc. We face significant competition from a diverse mix of market participants, including but not limited to, other public companies with similar business models, independent investors, hedge funds and other real estate investors, hard money lenders, as well as would be clients, marijuana operators themselves, all of whom, who may compete against us in our efforts to acquire real estate zoned for marijuana grow and retail operations. In some instances, we will be competing to acquire real estate with persons who have no interest in the marijuana business, but have identified value in a piece of real estate that we may be interested in acquiring.

Government Regulation

We are subject to applicable provisions of federal and state securities laws and to regulations specifically governing the real estate industry, including those governing fair housing and federally backed mortgage programs. Our operations will also be subject to regulations normally incident to business operations, such as occupational safety and health acts, workmen's compensation statutes, unemployment insurance legislation and income tax and social security related regulations. Although we will use our best efforts to comply with applicable regulations, we can provide no assurance of our ability to do so, nor can we fully predict the effect of these regulations on our proposed activities.

In addition, zoning commercial properties for specific purposes, such as medical marijuana dispensaries or cultivation facilities, is subject to specific regulations to the zoning requirements for the city, county and state related to any medical marijuana facility. We expect regulations to get tighter as time goes on.

In November 2010, Arizona voters passed the Arizona Medical Marijuana Act ("AMMA"). The AMMA designates the Arizona Department of Health Services ("ADHS") as the licensing authority for the program. ADHS is tasked with issuing Registry Identification Cards ("RIC") to qualifying patients, designated caregivers, and dispensary agents, as well as selecting, registering, and providing oversight for nonprofit medical marijuana dispensaries. With permission from ADHS, qualifying patients or their caregivers may cultivate marijuana if the patient lives more than 25 miles from a dispensary.

Qualifying patients can legally possess and purchase medical marijuana under Arizona law as long as they hold a RIC. They acquire their medicine from non-profit medical marijuana dispensaries. These dispensaries acquire, possess, cultivate, manufacture, deliver, transfer, transport, supply, sell, and dispense medical marijuana. Arizona is divided into 126 Community Health Assessment Areas (each, a "CHAA") and each CHAA may only have one dispensary located within it. Dispensaries are the only place patients are legally allowed to purchase medical marijuana in Arizona. Arizona law permits the number of CHAAs to change based on the number of registered pharmacies in Arizona. In order to operate, a dispensary must have a Dispensary Registration Certificate and Approval to Operate Certificate from ADHS. The first dispensaries began operation in 2012, and it is anticipated that at maturity, there will be about 112 dispensaries statewide - one in each CHAA not part of one of Arizona's Native American Indian Reservations.

The U.S. Government classifies marijuana as a schedule-I controlled substance. The federal Controlled Substances Act ("CSA") makes it illegal under federal law to manufacture, distribute, or dispense marijuana. The Company maintains its operations so as to remain in compliance with the CSA. Even in those jurisdictions in which the use of medical marijuana has been legalized at the state level, its prescription is a violation of federal law. The U.S. Supreme Court has ruled in United States v. Oakland Cannabis Buyers' Coop. and Gonzales v. Raich that the federal government has the right to regulate and criminalize cannabis, even for medical purposes. Therefore, federal law criminalizing the use of marijuana pre-empts state laws that legalize its use for medicinal purposes. Federal prosecutions of marijuana crimes, where the operators are acting in accordance with state law are rare, however. This is the result of U.S. Justice Department policies under the current presidential administration that allow states to implement these laws and favor not prosecuting individuals operating in accordance with applicable state law. It is possible, however, that future presidential administrations could reverse the current position regarding enforcement of federal marijuana laws, thereby effectively eliminating the legal marijuana industry.

Employees

As of December 31, 2016, we had one full-time employee, our chief executive officer. We have established an extensive network of external partners, contractors, and consultants to outsource to in an effort to minimize administrative overhead and maximize efficiency.

Executive Officers of the Registrant

Set forth below is certain information regarding our executive officers.

Name	Age	Position
Bryan McLaren	29	Chief Executive Officer, President, Treasurer, Secretary and Chairman
Adam Wasserman	52	Chief Financial Officer

Bryan McLaren is the son of Alex McLaren, one of our directors.

Biographical information concerning the executive officers listed above is set forth below. The information presented includes information each individual has given us about all positions they hold and their principal occupation and business experience for the past five years.

Bryan McLaren. Mr. McLaren has a dedicated history of work in the sustainability industry and in business development. Prior to his appointment as President, CEO and a director of our company in April 2014, Mr. McLaren was recruited as our Chief Sustainability Officer and VP of Operations. Before joining the Company, from February 2013 to February 2014, Mr. McLaren worked as a sustainability consultant for Waste Management, Inc., where he served as a Project Manager for the Arizona State University account. Prior to 2013, Mr. McLaren worked as a Sustainability Manager for Northern Arizona University and as a Sustainability Commissioner for the City of Flagstaff, Arizona. Mr. McLaren has a Masters Degree in Sustainable Community Development, and Executive Masters Degree in Sustainability Leadership, and a Masters of Business Administration Degree with an emphasis on Sustainable Development. Mr. McLaren has served as a member of our board of directors during April 2014 and since June 2014. Mr. McLaren's business development experience, academic achievements, and knowledge of our business, has led our board of directors to conclude that he should continue to serve as a director and in his current roles.

Adam Wasserman. Mr. Wasserman has served as our Chief Financial Officer since October 1, 2015 and has served as an advisory CFO since July 10, 2014. Mr. Wasserman has been a majority shareholder and chief executive officer of CFO Oncall, Inc. ("CFO Oncall") since 1999. CFO Oncall provides chief financial officer services to a number of companies. Through CFO Oncall, Mr. Wasserman serves and has served as the chief financial officer of a number of private and publicly held companies. From June 1991 to November 1999 Mr. Wasserman was a Senior Audit Manager at American Express Tax and Business Services, in Fort Lauderdale, Florida where his responsibilities included supervising, training and evaluating senior accounting staff members, work paper review, auditing, maintaining client relations, preparation of tax returns and financial statements. From September 1986 to May 1991, Mr. Wasserman was employed by Deloitte & Touche, LLP where his assignments included public and private company audits and Securities and Exchange Commission reporting, tax preparation and planning, management consulting, systems design, staff instruction and recruiting. Mr. Wasserman is a member of the American Institute of Certified Public Accountants. Mr. Wasserman holds a Bachelor of Science Degree in Accounting from the State University of New York at Albany.

ITEM 1A. RISK FACTORS

Investing in our common stock involves a high degree of risk. You should not invest in our stock unless you are able to bear the complete loss of your investment. You should carefully consider the risks described below, as well as other information provided to you in this prospectus, including information in the section of this prospectus entitled "Cautionary Note Regarding Forward-Looking Statements" before making an investment decision. The risks and uncertainties described below are not the only ones facing Zoned Properties. Additional risks and uncertainties not presently known to us or that we currently believe are immaterial may also impair our business operations. If any of the following risks actually occur, our business, financial condition or results of operations could be materially adversely affected, the value of our common stock could decline, and you may lose all or part of your investment.

Risks Related to Our Business and Our Industry

Because we have limited operating history in the cannabis industry, we may not succeed.

We have limited operating history or experience in procuring, building out or leasing real estate for agricultural purposes, specifically marijuana grow facilities, or with respect to any other activity in the cannabis industry. Moreover, we are subject to all risks inherent in a developing a new business enterprise. Our likelihood of success must be considered in light of the problems, expenses, difficulties, complications, and delays frequently encountered in connection with establishing a new business and the competitive and regulatory environment in which we operate. For example, the medical marijuana industry is new and may not succeed, particularly should the federal government change course and decide to prosecute those dealing in medical marijuana. If that happens there may not be an adequate market for our properties or other activities we propose to engage in.

You should further consider, among other factors, our prospects for success in light of the risks and uncertainties encountered by companies that, like us, are in their early stages. For example, unanticipated expenses, delays and or complications with build outs, zoning issues, legal disputes with neighbors, local governments, communities and or tenants. We may not successfully address these risks and uncertainties or successfully implement our operating strategies. If we fail to do so, it could materially harm our business to the point of having to cease operations and could impair the value of our common stock to the point investors may lose their entire investment.

We may be unable to continue as a going concern if we do not successfully raise additional capital.

We may need to raise additional funds through public or private debt or equity financings, as well as obtain credit from vendors to be able to fully execute our business plan. If we cannot raise additional capital, we may be otherwise unable to achieve our goals or continue our property development. While we believe that we will be able to raise the capital we need to continue our operations, there can be no assurances that we will be successful in these efforts or will be able to resolve our liquidity issues or eliminate our operating losses. In addition, any additional capital raised through the sale of equity may dilute your ownership interest. We may not be able to raise additional funds on favorable terms, or at all. If we are unable to obtain additional funds or credit from our vendors, we will be unable to execute our business plan and you could lose your investment.

Because we may be unable to identify and or successfully acquire properties which are suitable for our business, our financial condition may be negatively affected.

Our business plan involves the identification and the successful acquisition of properties, which are zoned for marijuana businesses, including cultivation and retail. The properties we acquire will be leased to licensed marijuana operators. Local governments must approve and adopt zoning ordinances for marijuana facilities and retail dispensaries. A lack of properly zoned real estate may reduce our prospects and limit our opportunity for growth and or increase the cost at which suitable properties are available to us. Conversely a surplus of real estate zoned for marijuana establishments may reduce demand and prices we are able to charge for properties we may have previously acquired.

In addition, some jurisdictions, such as Arizona, impose limits on the number of medical marijuana dispensaries that will be permitted to operate within designated geographic areas. Such limitations inherently place constraints on the number of properties we acquire for lease to operators in the marijuana industry.

A reduction in sales from or loss of our related party leases would have a material adverse effect on our consolidated results of operations and financial condition.

We entered into lease agreements with non-profit companies whose director is a beneficial stockholder of the Company. Additionally, during the year ended December 31, 2015 and as amended during 2016, we entered into lease agreements with companies owned by this beneficial stockholder of the Company. For the years ended December 31, 2016 and 2015, rental revenue associated with these leases amounted to $1,614,530 and $1,005,143, which represents 87.1% and 70.8% of total revenues, respectively. A reduction in sales from or loss of such related party leases would have a material adverse effect on our consolidated results of operations and financial condition.

Because our business is dependent upon continued market acceptance by consumers, any negative trends will adversely affect our business operations.

We are substantially dependent on continued market acceptance and proliferation of consumers of medical marijuana. We believe that as marijuana becomes more accepted the stigma associated with marijuana use will diminish and as a result consumer demand will continue to grow. And while we believe that the market and opportunity in the marijuana space continues to grow, we cannot predict the future growth rate and size of the market. Any negative outlook on the marijuana industry will adversely affect our business operations.

In addition, it is believed by many that large well-funded businesses may have a strong economic opposition to the cannabis industry. We believe that the pharmaceutical industry clearly does not want to cede control of any product that could generate significant revenue. For example, medical marijuana will likely adversely impact the existing market for the current "marijuana pill" sold by the mainstream pharmaceutical industry, should marijuana displace other drugs or encroach upon the pharmaceutical industry's products. The pharmaceutical industry is well funded with a strong and experienced lobby that eclipses the funding of the medical marijuana movement. Any inroads the pharmaceutical could make in halting the impending cannabis industry could have a detrimental impact on our proposed business.

Because marijuana is illegal under federal law, we could be subject to criminal and civil sanctions for engaging in activities that violate those laws.

The U.S. Government classifies marijuana as a schedule-I controlled substance. As a result, marijuana is an illegal substance under federal law. Even in those jurisdictions in which the use of medical marijuana has been legalized at the state level, its prescription is a violation of federal law. The United States Supreme Court has ruled in United States v. Oakland Cannabis Buyers' Coop. and Gonzales v. Raich that it is the federal government that has the right to regulate and criminalize cannabis, even for medical purposes. Therefore, federal law criminalizing the use of marijuana pre-empts state laws that legalizes its use for medicinal purposes.

As of May 2, 2016, 28 states and the District of Columbia allow its citizens to use medical marijuana. Additionally, Colorado and Washington have legalized cannabis for adult use. The state laws are in conflict with the federal Controlled Substances Act, which makes marijuana use and possession illegal on a national level. The Obama administration has effectively stated that it is not an efficient use of resources to direct federal law enforcement agencies to prosecute those lawfully abiding by state-designated laws allowing the use and distribution of medical marijuana. However, there is no guarantee that the administration will not change its stated policy regarding the low-priority enforcement of federal laws. Additionally, any new administration that follows could change this policy and decide to enforce the federal laws strongly. Any such change in the federal government's enforcement of current federal laws could cause significant financial damage to us and our shareholders.

Should such a change occur, our business operations would be affected. If our marijuana tenants are forced to shut their operations, we would need to seek to replace those tenants with non-marijuana tenants, who would likely expect to pay lower rents. Moreover, if the marijuana industry were forced to shut down at once, it would result in a high amount of vacancies at once and create a surplus of supply, driving leases and property values lower. Additionally, we would realize an economic loss on any and all improvements made to the properties that were specific to the marijuana industry and we would likely lose any and all investments in the U.S. market that were marijuana related.

In addition, although we do not intend to harvest, cultivate, possess, distribute or sell cannabis, by leasing facilities to growers of medicinal marijuana, we could be deemed to be participating in marijuana cultivation or aiding and abetting, which remains illegal under federal law, and exposes us to potential criminal liability, with the additional risk that our properties could be subject to civil forfeiture proceedings. Moreover, since the use of marijuana is illegal under federal law, we may have difficulty acquiring or maintaining bank accounts and insurance and our shareholders may find it difficult to deposit their stock with brokerage firms.

In an effort to provide guidance to federal law enforcement, the Department of Justice (the "DOJ") has issued Guidance Regarding Marijuana Enforcement to all United States Attorneys in a memorandum from Deputy Attorney General David Ogden on October 19, 2009, in a memorandum from Deputy Attorney General James Cole on June 29, 2011 and in a memorandum from Deputy Attorney General James Cole on August 29, 2013. Each memorandum provides that the DOJ is committed to enforcement of the Controlled Substance Act (the "CSA"), pursuant to which a range of activities including cultivation and use of cannabis for personal use is prohibited, but the DOJ is also committed to using its limited investigative and prosecutorial resources to address the most significant threats in the most effective, consistent and rational way.

The August 29, 2013 memorandum provides updated guidance to federal prosecutors concerning marijuana enforcement in light of state laws legalizing medical and recreational marijuana possession in small amounts. The memorandum sets forth certain enforcement priorities that are important to the federal government:

- Distribution of marijuana to children;
- Revenue from the sale of marijuana going to criminals;
- Diversion of medical marijuana from states where is legal to states where it is not;
- Using state authorized marijuana activity as a pretext of other illegal drug activity;
- Preventing violence in the cultivation and distribution of marijuana;
- Preventing drugged driving;
- Growing marijuana on federal property; and
- Preventing possession or use of marijuana on federal property.

In the event the DOJ reverses stated policy and begins strict enforcement of the CSA in states that have laws legalizing medical marijuana and recreational marijuana in small amounts, there may be a direct and adverse impact to our revenue and profits.

Laws and regulations affecting the regulated marijuana industry are constantly changing, which could materially adversely affect our proposed operations, and we cannot predict the impact that future regulations may have on us.

Local, state and federal medical marijuana laws and regulations are broad in scope and subject to evolving interpretations, which could require us to incur substantial costs associated with compliance or alter our business plan. In addition, violations of these laws, or allegations of such violations, could disrupt our business and result in a material adverse effect on its operations. In addition, it is possible that regulations may be enacted in the future that will be directly applicable to our proposed business. We cannot predict the nature of any future laws, regulations, interpretations or applications, nor can we determine what effect additional governmental regulations or administrative policies and procedures, when and if promulgated, could have on our business.

FDA regulation of marijuana and the possible registration of facilities where medical marijuana is grown could negatively affect the cannabis industry, which would directly affect our financial condition.

Should the federal government legalize marijuana for medical use, it is possible that the U.S. Food and Drug Administration (the "FDA") would seek to regulate it under the Food, Drug and Cosmetics Act of 1938. Additionally, the FDA may issue rules and regulations including cGMPs (certified good manufacturing practices) related to the growth, cultivation, harvesting and processing of medical marijuana. Clinical trials may be needed to verify efficacy and safety. It is also possible that the FDA would require that facilities where medical marijuana is grown be registered with the FDA and comply with certain federally prescribed regulations. In the event that some or all of these regulations are imposed, we do not know what the impact would be on the medical marijuana industry, what costs, requirements and possible prohibitions may be enforced. If we or our tenants are unable to comply with the regulations and or registration as prescribed by the FDA, we and or our tenants may be unable to continue to operate their and our business in its current form or at all.

We and our clients may have difficulty accessing the service of banks, which may make it difficult to contract for real estate needs.

On February 14, 2014, the U.S. government issued rules allowing banks to legally provide financial services to state-licensed marijuana businesses. A memorandum issued by the Justice Department to federal prosecutors re-iterated guidance previously given, this time to the financial industry that banks can do business with legal marijuana businesses and "may not" be prosecuted. The Treasury Department's Financial Crimes Enforcement Network ("FinCEN") issued guidelines to banks that "it is possible to provide financial services" to state-licensed marijuana businesses and still be in compliance with federal anti-money laundering laws. The guidance falls short of the explicit legal authorization that banking industry officials had pushed the government to provide and to date it is not clear what if any banks have relied on the guidance and taken on legal marijuana companies as clients. The aforementioned policy may be administration dependent and a change in presidential administrations may cause a policy reversal and retraction of current policies, wherein legal marijuana businesses may not have access to the banking industry. We could be subject to sanctions if we are found to be a financial institution and not in harmony with FinCEN guidelines. Also, the inability of potential clients in our target market to open accounts and otherwise use the service of banks may make it difficult for them to contract with us.

Because we buy and lease property, we will be subject to general real estate risks.

We will be subject to risks generally incident to the ownership of real estate, including: (a) changes in general economic or local conditions; (b) changes in supply of, or demand for, similar or competing properties in the area; (c) bankruptcies, financial difficulties or defaults by tenants or other parties; (d) increases in operating costs, such as taxes and insurance; (e) the inability to achieve full stabilized occupancy at rental rates adequate to produce targeted returns; (f) periods of high interest rates and tight money supply; (g) excess supply of rental properties in the market area; (h) liability for uninsured losses resulting from natural disasters or other perils; (i) liability for environmental hazards; and (j) changes in tax, real estate, environmental, zoning or other laws or regulations. For these and other reasons, no assurance can be given that we will be profitable.

Because our business model depends upon the availability of private financing, any change in our ability to raise money will adversely affect our financial condition.

Our ability to acquire, operate and sell properties, engage in the business activities that we have planned and achieve positive financial performance depends, in large measure, on our ability to obtain financing in amounts and on terms that are favorable. The capital markets in the United States have recently undergone a turbulent period in which lending was severely restricted. Although there appears to be signs that financial institutions are resuming lending, the market has not yet returned to its pre-2008 state. Obtaining favorable financing in the current environment remains challenging.

Because we will compete with others for suitable properties, competition will result in higher costs that could materially affect our financial condition.

We will experience competition for real estate investments from individuals, corporations and other entities engaged in real estate investment activities, many of whom have greater financial resources than us. Competition for investments may have the effect of increasing costs and reducing returns to our investors.

Because we are liable for hazardous substances on our properties, environmental liabilities are possible and can be costly.

Federal, state and local laws impose liability on a landowner for releases or the otherwise improper presence on the premises of hazardous substances. This liability is without regard to fault for, or knowledge of, the presence of such substances. A landowner may be held liable for hazardous materials brought onto a property before it acquired title and for hazardous materials that are not discovered until after it sells the property. Similar liability may occur under applicable state law. Sellers of properties may make only limited representations as to the absence of hazardous substances. If any hazardous materials are found within our properties in violation of law at any time, we may be liable for all cleanup costs, fines, penalties and other costs. This potential liability will continue after we sell the properties and may apply to hazardous materials present within the properties before we acquire the properties. If losses arise from hazardous substance contamination, which cannot be recovered from a responsible party, the financial viability of the properties may be adversely affected. It is possible that we will purchase properties with known or unknown environmental problems, which may require material expenditures for remediation.

Because we may not be adequately insured, we could experience significant liability for uninsured events.

While we currently carry comprehensive insurance on our properties, including fire, liability and extended coverage insurance; however, there are certain risks that may be uninsurable or not insurable on terms that management believes to be economical. For example, management may not obtain insurance against floods, terrorism, mold-related claims, or earthquake insurance. If such an event occurs to, or causes the damage or destruction of, a property, we could suffer financial losses.

If we are found non-compliance with the Americans with Disabilities Act, we will be subject to significant liabilities.

If any of our properties are not in compliance with the Americans with Disabilities Act of 1990, as amended (the “ADA”), we may be required to pay for any required improvements. Under the ADA, public accommodations must meet certain federal requirements related to access and use by disabled persons. The ADA requirements could require significant expenditures and could result in the imposition of fines or an award of damages to private litigants. We cannot assure that ADA violations do not or will not exist at any of our properties.

We have never paid dividends on our common stock, and cannot guarantee that we will pay dividends to our stockholders in the future.

We have never paid dividends on our common stock. For the foreseeable future, we intend to retain our future earnings, if any, in order to reinvest in the development and growth of our business and, therefore, do not intend to pay dividends on our common stock. However, in the future, our board of directors may declare dividends on our common stock. Any future determination to pay dividends will be at the discretion of our board of directors and will depend on our financial condition, results of operations, capital requirements, and such other factors as our board of directors deems relevant. Accordingly, investors may need to sell their shares of our common stock to realize a return on their investment, and they may not be able to sell such shares at or above the price paid for them. We cannot guarantee that we will pay dividends to our stockholders in the future.

Requirements associated with being a reporting public company will require significant company resources and management attention.

Commencing on the effective date of the registration statement of which this prospectus is a part, and continuing for at least one year thereafter, we will be required to file certain reports with the SEC pursuant to Section 15(d) of the Exchange Act. We intend to file periodic reports to maintain current information with the SEC on Forms 10-Q, 10-K and 8-K as prescribed by the rules and regulations of the Exchange Act. We work with independent legal, accounting and financial advisors to ensure adequate disclosure and control systems to manage our growth and our obligations as a company that files reports with the SEC. These areas include corporate governance, internal control, internal audit, disclosure controls and procedures and financial reporting and accounting systems. However, we cannot assure you that these and other measures we may take will be sufficient to allow us to satisfy our obligations as an SEC reporting company on a timely basis.

In addition, compliance with reporting and other requirements applicable to SEC reporting companies will create additional costs for us. It will require the time and attention of management and will require the hiring of additional personnel and legal, audit and other professionals. We cannot predict or estimate the amount of the additional costs we may incur, the timing of such costs or the impact that our management's attention to these matters will have on our business.

***Our inability to effectively manage our growth could harm our business and materially and adversely affect our operating results and financial condition*.**

Our strategy envisions growing our business. Any growth in or expansion of our business is likely to continue to place a strain on our management and administrative resources, infrastructure and systems. As with other growing businesses, we expect that we will need to further refine and expand our business development capabilities, our systems and processes and our access to financing sources. We also will need to hire, train, supervise and manage new employees. These processes are time consuming and expensive, will increase management responsibilities and will divert management attention. We cannot assure you that we will be able to:

- expand our business effectively or efficiently or in a timely manner;
- allocate our human resources optimally;
- meet our capital needs;
- identify and hire qualified employees or retain valued employees; or
- effectively incorporate the components of any business or product line that we may acquire in our effort to achieve growth.

Our inability or failure to manage our growth and expansion effectively could harm our business and materially and adversely affect our operating results and financial condition.

We will be required to attract and retain top quality talent to compete in the marketplace.

We believe our future growth and success will depend in part on our ability to attract and retain highly skilled managerial, sales and marketing, and finance personnel. There can be no assurance of success in attracting and retaining such personnel. Shortages in qualified personnel could limit our ability to compete in the marketplace.

We are dependent on Bryan McLaren, our Chief Executive Officer and President, and the loss of this officer could harm our business and prevent us from implementing our business plan in a timely manner.

In view of his direct relationships with industry partners that directly contribute to our business development strategy, our success depends substantially upon the continued services of Mr. McLaren. Although we intend to purchase a key person life insurance policy on our Chief Executive Officer and President, we do not currently maintain such a policy. The loss of Mr. McLaren's services could have a material adverse effect on our business and operations.

Adam Wasserman, our Chief Financial Officer, does not dedicate 100% of his time to our business.

Adam Wasserman, our Chief Financial Officer, provides services to us under a letter agreement with CFO Oncall, Inc ("CFO Oncall"), which permits him to provide services to other companies during the term of the agreement. Mr. Wasserman is Chief Executive Officer of CFO Oncall, where he owns 80%. All compensation payable under the letter agreement is paid to CFO Oncall. CFO Oncall provides chief financial officer services to various companies. Mr. Wasserman also serves as Chief Financial Officer of Point Capital, Inc. since August 2015, and other companies from time to time. Mr. Wasserman dedicates approximately 27% of his business time to us. In addition to Mr. Wasserman's time, CFO Oncall has full-time dedicated, professional employees that also assist Mr. Wasserman with our financial matters and communication needs. Mr. Wasserman's other projects may detract from the time he can spend on our business.

Risks Related to Our Common Stock

Our common stock is quoted on the OTCQX, which may limit the liquidity and price of our common stock more than if our common stock were listed on the Nasdaq Stock Market or another national exchange.

Our securities are currently quoted on the OTCQX, an inter-dealer automated quotation system for equity securities. Quotation of our securities on the OTCQX may limit the liquidity and price of our securities more than if our securities were listed on the Nasdaq Stock Market or another national exchange. As an OTCQX company, we do not attract the extensive analyst coverage that accompanies companies listed on national securities exchanges. Further, institutional and other investors may have investment guidelines that restrict or prohibit investing in securities traded on the OTCQX. These factors may have an adverse impact on the trading and price of our common stock.

The trading price of our common stock may decrease due to factors beyond our control.

The stock market from time to time has experienced extreme price and volume fluctuations, which have particularly affected the market prices for emerging growth companies and which often have been unrelated to the operating performance of the companies. These broad market fluctuations may adversely affect the market price of our common stock. If our shareholders sell substantial amounts of their common stock in the public market, the price of our common stock could fall. These sales also might make it more difficult for us to sell equity, or equity-related securities, in the future at a price we deem appropriate.

The market price of our common stock may also fluctuate significantly in response to the following factors, most of which are beyond our control:

- variations in our quarterly operating results,
- changes in general economic conditions and in the real estate industry,
- changes in market valuations of similar companies,
- announcements by us or our competitors of significant new contracts, acquisitions, strategic partnerships or joint ventures, or capital commitments,
- loss of a major customer, partner or joint venture participant and
- the addition or loss of key managerial and collaborative personnel.

Any such fluctuations may adversely affect the market price of our common stock, regardless of our actual operating performance. As a result, stockholders may be unable to sell their shares, or may be forced to sell them at a loss.

The market price for our common shares is particularly volatile given our status as a relatively unknown company with a small and thinly traded public float, limited operating history and lack of profits which could lead to wide fluctuations in our share price. You may be unable to sell your common shares at or above your purchase price, which may result in substantial losses to you.

The market for our common shares is characterized by significant price volatility when compared to seasoned issuers, and we expect that our share price will continue to be more volatile than a seasoned issuer for the indefinite future. The volatility in our share price is attributable to a number of factors. First, as noted above, our common shares are sporadically and thinly traded. As a consequence of this lack of liquidity, the trading of relatively small quantities of shares by our shareholders may disproportionately influence the price of those shares in either direction. The price for our shares could, for example, decline precipitously in the event that a large number of our common shares are sold on the market without commensurate demand, as compared to a seasoned issuer which could better absorb those sales without adverse impact on its share price. Secondly, we are a speculative or "risky" investment due to our limited operating history and lack of profits to date. As a consequence of this enhanced risk, more risk-adverse investors may, under the fear of losing all or most of their investment in the event of negative news or lack of progress, be more inclined to sell their shares on the market more quickly and at greater discounts than would be the case with the stock of a seasoned issuer. Many of these factors are beyond our control and may decrease the market price of our common shares, regardless of our operating performance. We cannot make any predictions or projections as to what the prevailing market price for our common shares will be at any time, including as to whether our common shares will sustain their current market prices, or as to what effect that the sale of shares or the availability of common shares for sale at any time will have on the prevailing market price.

The registration and potential sale by selling stockholders of a significant number of shares could depress the price of our common stock.

Because there is a limited public market for our common stock, there may be significant downward pressure on our stock price caused by the sale or potential sale of a significant number of shares pursuant to our prospectus, which could allow short sellers of our stock an opportunity to take advantage of any decrease in the value of our stock. The presence of short sellers in our common stock may further depress the price of our common stock.

If the selling stockholders sell a significant number of shares of common stock, the market price of our common stock may decline. Furthermore, the sale or potential sale of the offered shares pursuant to the prospectus and the depressive effect of such sales or potential sales could make it difficult for us to raise funds from other sources.

Our preferred stockholders together have voting control, which will limit your ability to influence the outcome of important transactions, including a change in control.

Each of our preferred stockholders beneficially owns 1,000,000 shares of our preferred stock. Each share of preferred stock entitles the holder to 50 votes per share. In contrast, each share of our common stock has one vote per share. Each of our preferred stockholders holds approximately 43% of the voting power of our outstanding capital stock. Because of the 50-to-1 voting ratio between our preferred stock and our common stock our preferred stockholders together control a majority of the combined voting power of our capital stock and therefore are able to control all matters submitted to our stockholders for approval. The preferred stockholders may also have interests that differ from yours and may vote in a way with which you disagree and which may be adverse to your interests. This concentrated control may have the effect of delaying, preventing or deterring a change in control of our company, could deprive our stockholders of an opportunity to receive a premium for their capital stock as part of a sale of our company and might ultimately affect the market price of our common stock.

We are an "emerging growth company" and we cannot be certain if the reduced disclosure requirements applicable to emerging growth companies will make our common stock less attractive to investors.

We are an "emerging growth company," as defined in the JOBS Act, and we may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies, including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved. We cannot predict if investors will find our common stock less attractive because we will rely on these exemptions. If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock and our stock price may be more volatile.

Under the JOBS Act, emerging growth companies can delay adopting new or revised accounting standards until such time as those standards apply to private companies. We have elected to take advantage of the benefits of this extended transition period.

Because we are subject to additional regulatory compliance matters as a result of being a public company, which compliance includes Section 404 of the Sarbanes-Oxley Act, the failure to comply with these regulatory matters could harm our business.

Our management and outside professionals will need to devote a substantial amount of time to new compliance initiatives and to meeting the obligations that are associated with being a public company. Bryan McLaren, our President, has little experience running a public company. For now, he will rely heavily on legal counsel and accounting professionals to help with our future SEC reporting requirements. This will likely divert needed capital resources away from the objectives of implementing our business plan. These expenses could be more costly than we are able to bear and could result in us not being able to successfully implement our business plan.

We expect rules and regulations such as the Sarbanes-Oxley Act will increase our legal and finance compliance costs and make some activities more time-consuming than in the past. We may need to hire a number of additional employees with public accounting and disclosure experience in order to meet our ongoing obligations as a public company.

As a smaller reporting company, our management will be required to provide a report on the effectiveness of our internal controls over financial reporting, but will not be required to provide an auditor's attestation regarding such report. Section 404 compliance efforts may divert internal resources and will take a significant amount of time and effort to complete. We may not be able to successfully complete the procedures and certification of Section 404 by the time we will be required to do so. If we fail to do so, or if in the future our management determines that our internal controls over financial reporting are not effective, we could be subject to sanctions or investigations by the SEC or other regulatory authorities. Furthermore, investor perceptions of our company may suffer, and this could cause a decline in the market price of our stock. Furthermore, whether or not we comply with Section 404, any failure of our internal controls could have a material adverse effect on our stated results of operations and harm our reputation. If we are unable to implement necessary procedures or changes effectively or efficiently, it could harm our operations, financial reporting or financial results.

Our common stock has in the past been a "penny stock" under SEC rules. It may be more difficult to resell securities classified as "penny stock."

In the past, our common stock was a "penny stock" under applicable SEC rules (generally defined as non-exchange traded stock with a per-share price below $5.00). Unless we maintain a per-share price above $5.00, these rules impose additional sales practice requirements on broker-dealers that recommend the purchase or sale of penny stocks to persons other than those who qualify as "established customers" or "accredited investors." For example, broker-dealers must determine the appropriateness for non-qualifying persons of investments in penny stocks. Broker-dealers must also provide, prior to a transaction in a penny stock not otherwise exempt from the rules, a standardized risk disclosure document that provides information about penny stocks and the risks in the penny stock market. The broker-dealer also must provide the customer with current bid and offer quotations for the penny stock, disclose the compensation of the broker-dealer and its salesperson in the transaction, furnish monthly account statements showing the market value of each penny stock held in the customer's account, provide a special written determination that the penny stock is a suitable investment for the purchaser, and receive the purchaser's written agreement to the transaction.

Legal remedies available to an investor in "penny stocks" may include the following:

- If a "penny stock" is sold to the investor in violation of the requirements listed above, or other federal or states securities laws, the investor may be able to cancel the purchase and receive a refund of the investment.

- If a "penny stock" is sold to the investor in a fraudulent manner, the investor may be able to sue the persons and firms that committed the fraud for damages.

However, investors who have signed arbitration agreements may have to pursue their claims through arbitration.

These requirements may have the effect of reducing the level of trading activity, if any, in the secondary market for a security that becomes subject to the penny stock rules. The additional burdens imposed upon broker-dealers by such requirements may discourage broker-dealers from effecting transactions in our securities, which could severely limit the market price and liquidity of our securities. These requirements may restrict the ability of broker-dealers to sell our common stock and may affect your ability to resell our common stock.

Many brokerage firms will discourage or refrain from recommending investments in penny stocks. Most institutional investors will not invest in penny stocks. In addition, many individual investors will not invest in penny stocks due, among other reasons, to the increased financial risk generally associated with these investments.

For these reasons, penny stocks may have a limited market and, consequently, limited liquidity. We can give no assurance that our common stock will not be classified as a "penny stock" in the future.

If we fail to maintain effective internal control over financial reporting, the price of our securities may be adversely affected.

Our internal control over financial reporting may have weaknesses and conditions that could require correction or remediation, the disclosure of which may have an adverse impact on the price of our common stock. We are required to establish and maintain appropriate internal control over financial reporting. Failure to establish those controls, or any failure of those controls once established, could adversely affect our public disclosures regarding our business, prospects, financial condition or results of operations. In addition, management's assessment of internal control over financial reporting may identify weaknesses and conditions that need to be addressed in our internal control over financial reporting or other matters that may raise concerns for investors. Any actual or perceived weaknesses and conditions that need to be addressed in our internal control over financial reporting or disclosure of management's assessment of our internal control over financial reporting may have an adverse impact on the price of our common stock.

We have never paid dividends on our common stock and have no plans to do so in the future.

Holders of shares of our common stock are entitled to receive such dividends as may be declared by our board of directors. To date, we have paid no cash dividends on our shares of common stock and we do not expect to pay cash dividends on our common stock in the foreseeable future. We intend to retain future earnings, if any, to provide funds for operations of our business. Therefore, any return investors in our common stock may have will be in the form of appreciation, if any, in the market value of their shares of common stock.

Rule 144 Related Risks

Pursuant to Rule 144, a person who has beneficially owned restricted shares of our common stock for at least six months is entitled to sell his or her securities provided that: (i) such person is not deemed to have been one of our affiliates at the time of, or at any time during the three months preceding, a sale, (ii) we are subject to the Exchange Act periodic reporting requirements for at least 90 days before the sale and (iii) if the sale occurs prior to satisfaction of a one-year holding period, we provide current information at the time of sale.

Persons who have beneficially owned restricted shares of our common stock for at least six months but who are our affiliates at the time of, or at any time during the three months preceding a sale, would be subject to additional restrictions, by which such person would be entitled to sell within any three-month period only a number of securities that does not exceed the greater of either of the following:

- 1% of the total number of securities of the same class then outstanding; or

- the average weekly trading volume of such securities during the four calendar weeks preceding the filing of a notice on Form 144 with respect to the sale;

provided, in each case that we are subject to the Exchange Act periodic reporting requirements for at least three months before the sale. Such sales by affiliates must also comply with the manner of sale, current public information and notice provisions of Rule 144.

In addition, as a former shell company, we are subject to additional restrictions. Historically, the SEC staff has taken the position that Rule 144 is not available for the resale of securities initially issued by companies that are, or previously were, shell companies, such as Zoned Properties. Rule 144 is not available for resale of securities issued by any shell companies (other than business combination related shell companies) or any issuer that has been at any time previously a shell company. The SEC has provided an exception to this prohibition, however, if the following conditions are met:

- The issuer of the securities that was formerly a shell company has ceased to be a shell company,
- The issuer of the securities is subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act,
- The issuer of the securities has filed all Exchange Act reports and material required to be filed, as applicable, during the preceding 12 months (or such shorter period that the issuer was required to file such reports and materials), other than current reports on Form 8-K, and
- At least one year has elapsed from the time that the issuer filed current comprehensive disclosure with the SEC reflecting its status as an entity that is not a shell company.

Therefore, Rule 144 will be unavailable for resales by our stockholders until at least 12 months following the time that the registration statement on Form S-1, of which this prospectus forms a part, is declared effective by the SEC.

ITEM 1B. UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 2. PROPERTIES

Our principal executive offices are currently located at 14300 N. Northsight Blvd., #208, Scottsdale, AZ 85260.

On February 1, 2014, we executed a 39-month operating lease for our old office space. The annual rent during year one is $31,302, year two is $32,241 and year three $33,215. We also paid a security deposit of $3,267. We have since vacated this office location and have subleased the premises. Pursuant to a lease termination agreement dated February 10, 2017, the lease and sublease were terminated.

On January 27, 2015, we executed a 24-month operating lease for our current office space. We were able to negotiate a lower rental payment by pre-paying the entire sum of the 24-months of rental payments under the lease agreement in the amount of $57,358. We also paid a security deposit of $2,600. This lease expires on March 31, 2017.

On March 9, 2017 and effective April 1, 2017, we executed a one-year operating lease for our office space in Scottsdale, Arizona for annual rent of $7,200.

We are in the business of property acquisition, development, and commercial leasing and intend to primarily structure lease agreements with prospective tenants using a triple-net lease model. The property portfolio currently includes (i) land and real property constructed in Green Valley, Arizona, (ii) land and real property in Kingman, Arizona, (iii) vacant land in Gilbert, Arizona, (iv) a multi-tenant industrial park in Tempe Arizona, which includes debt in the form of a $2,100,000 carry-back note held by the seller, (v) land and real property of approximately 50 acres in Chino Valley, Arizona. The properties in Tempe, Green Valley, Kingman, and Chino Valley, Arizona are currently leasing space to multiple tenants. Each of these leased properties is generating revenue to date.

ITEM 3. LEGAL PROCEEDINGS

Healing Healthcare 3, Inc.; Xingang, LLC v. v. Zoned Properties, Inc., et al.; Court Filed: Maricopa County Superior Court, Arizona; Case Number: CV2015-012264; Date Filed: October 21, 2015.

On October 21, 2015, Healing Healthcare 3, Inc. ("HH3") and Xingang, LLC filed a complaint against the Company, President and CEO Bryan McLaren, Board member Alex McLaren, and wholly-owned subsidiary Tempe Industrial Properties, LLC ("TIP"), among others. The complaint concerned the Company's lease of space to HH# in Tempe, Arizona to operate a medical marijuana cultivation site. HH3 and Xingang claim that the Company and its related parties violated the terms of the lease for various reasons. On May 23, 2014, the Company concluded that the lease had been breached, and terminated the lease and retook possession of the property. Plaintiffs asserted various contract and tort claims against the Company and its related parties, and seeks $10,000 per day "for each day that the Company remained in possession of the Tempe Property in violation of the Lease," attorneys' fees and costs, treble damages, punitive damages, and interest. The complaint was served on the Company and its related parties on February 17, 2016. On March 8, 2016, the Company, Bryan McLaren, Alex McLaren, and TIP (the "Moving Parties") filed a motion to dismiss the claims asserted against them in the complaint, with prejudice, on various grounds. On April 14, 2016, the court granted in part, and denied in part, the motion to dismiss. In sum, the court granted the dismissal of the contract claims against the Bryan and Alex McLaren without leave to amend; denied the dismissal of the two contract claims against the Company and TIP; and granted the dismissal of the remaining tort claims, subject to leave to amend the complaint within 20 days of the order. On May 5, 2016, HH3 and Xingang filed an amended complaint with new fact allegations, reasserting the claims that had survived the motion to dismiss. A motion to dismiss the amended complaint was filed on behalf of the Company, Bryan McLaren, and TIP. The motion was fully-briefed, and by order dated July 8, 2016, the Court granted the motion to dismiss the claims asserted by Xingang but denied the rest of the motion. The Company, Bryan McLaren, and TIP filed their answer to the amended complaint on July 27, 2016. On or about November 8, 2016, the Company reached a settlement with Healing Healthcare 3, Inc. ("HH3") to settle the lawsuit HH3 filed on October 21, 2015. The terms of the settlement are confidential, but the lawsuit was dismissed in its entirety with prejudice. This settlement had no impact on the Company's financial statements.

In a letter dated April 4, 2016, a shareholder of the Company, through legal counsel, made a demand on the Company related to a certain reverse-stock split that occurred following changes in the composition of the Company's officers and directors in 2014. In its letter, this shareholder alleged, among other things, that: the reverse-stock split was designed to dilute existing Company interests of existing shareholders and to further entrench new management's control over the Company. This shareholder demanded that the board of directors bring a legal action against certain officers and directors and against the Company's transfer agent for various alleged violations of federal and state law. This shareholder indicated its intent to file a putative shareholder derivative action if its demand were not accepted. The Company evaluated this shareholder's demand and engaged in settlement talks for several weeks. On July 15, 2016, the parties entered into a Confidential Settlement Agreement and Mutual Release (the "Settlement Agreement"), whereby the Company agreed to issue an aggregate of 50,000 shares of its common stock as follows: (a) 12,500 shares were issued within three days from execution of the Settlement Agreement, (b) 12,500 were issued on September 30, 2016, (c) 12,500 shares were issued on December 30, 2016, and (d) 12,500 shares shall be issued on March 31, 2017. In connection with the Settlement Agreement, during the year ended December 31, 2016, the Company recorded settlement expense of $87,500.

Other

In a letter dated May 10, 2016, Marc Brannigan, the Company's former CEO, and related parties (collectively "Brannigan") sent a demand letter, through counsel, to the Company and certain other third-parties, claiming, among other things, that the Company improperly diluted Brannigan's equity in the Company. Brannigan demands that the Company issue shares to "reverse" the dilution, invalidate shares improperly issued by the Company, pay unspecified damages, recover one-third of all Company shares owned by Alan Abrams and Chris Carra, and recover Brannigan's purported majority ownership and voting control of the Company. The Company has evaluated Brannigan's purported claims, and intends to vigorously defend against such claim. A mediation involving all interested parties occurred on July 29, 2016 and was unsuccessful. We believe that there will be no financial impact on our financial statements other than costs incurred for legal and travel fees.

Except as set forth above, there are no pending or threatened legal or administrative actions pending or threatened against us that we believe would have a material effect on our business.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

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

Our common stock is quoted on the OTCQX, operated by the OTC Markets Group, under the symbol "ZDPY." Prior to December 28, 2015, our common stock was quoted on the Pink Sheets.

The following table reflects the high and low bid information for our common stock for the period indicated. The bid information was obtained from the OTC Markets Group, Inc. and reflects inter-dealer prices, without retail mark-up, markdown or commission, and may not necessarily represent actual transactions.

Quarter Ended	High	Low
December 31, 2016	$ 3.88	$ 1.12
September 30, 2016	$ 2.90	$ 0.87
June 30, 2016	$ 5.34	$ 2.10
March 31, 2016	$ 8.50	$ 3.60
December 31, 2015	$ 18.00	$ 8.50
September 30, 2015	$ 34.00	$ 18.00
June 30, 2015	$ 50.00	$ 30.00
March 31, 2015	$ 50.00	$ 34.00

On March 24, 2017, the closing price of our common stock on the OTCQX was $1.57 per share.

Holders of Common Stock

As of March 24, 2017, there were approximately 117 record holders of our common stock. The number of record holders does not include beneficial owners of common stock whose shares are held in the names of banks, brokers, nominees or other fiduciaries.

Recent Sales of Unregistered Securities

Date	Name of Person or Entity	Nature of Each Offering	Number of shares offered	Price shares were offered	Amount paid to the Issuer	Trading Status of the shares	Legend
10/3/2016	CFO Oncall, Inc. (1)	Section 4(a)(2)	12,693	$ 1.45	For Services	Restricted	Yes
12/1/2016	Hayden IR LLC	Section 4(a)(2)	3,750	$ 2.15	For Services	Restricted	Yes
12/30/2016	Greentree Financial Group, Inc.	Section 4(a)(2)	12,500	$ 1.75	Settlement	Restricted	Yes

(1) CFO Oncall, Inc. is majority-owned by Adam Wasserman, the Company's CFO.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

None.

Securities Authorized for Issuance under Equity Compensation Plans

On August 9, 2016, the Company's Board of Directors authorized the 2016 Equity Incentive Plan (the "2016 Plan") and reserved 10,000,000 shares of common stock for issuance thereunder. The 2016 Plan's purpose is to encourage ownership in the Company by employees, officers, directors and consultants whose long-term service the Company considers essential to its continued progress and, thereby, encourage recipients to act in the stockholders' interest and share in the Company's success. The 2016 Plan authorizes the grant of awards in the form of options intended to qualify as incentive stock options under Section 422 of the Internal Revenue Code, options that do not qualify (non-statutory stock options) and grants of restricted shares of common stock. Restricted shares granted pursuant to the 2016 Plan are amortized to expense over the three-year vesting period. Options vest and expire over a period not to exceed seven years. If any share of common stock underlying a stock option that has been granted ceases to be subject to a stock option, or if any shares of common stock that are subject to any other stock-based award granted are forfeited or terminate, such shares shall again be available for distribution in connection with future grants and awards under the 2016 Plan. As of December 31, 2016, no awards have been made under the 2016 Plan. At December 31, 2016, 10,000,000 shares are available for future issuance.

The Company also continues to maintain its 2014 Equity Compensation Plan (the "2014 Plan"), pursuant to which 1,250,000 previously awarded stock options are outstanding. The 2014 Plan has been superseded by the 2016 Plan. Accordingly, no additional shares subject to the existing 2014 Plan will be issued and the 1,250,000 shares issuable upon exercise of stock options will be issued pursuant to the 2014 Plan, if exercised. As of December 31, 2016, options to purchase 1,250,000 shares of common stock are outstanding pursuant to the 2014 Plan.

DESCRIPTION OF SECURITIES

General

Outstanding Shares and Holders

As of the date of this annual report on Form 10-K, our authorized capital stock consists of 100,000,000 shares of common stock, $0.001 par value per share, 17,273,534 of which were issued and outstanding, and 5,000,000 shares of preferred stock, $0.001 par value per share, 2,000,000 of which were issued and outstanding.

Common Stock

Holders of the Company's common stock are entitled to one vote for each share on all matters submitted to a stockholder vote. Holders of common stock do not have cumulative voting rights. Holders of the Company's common stock are entitled to share in all dividends that our board of directors, in its discretion, declares from legally available funds. In the event of a liquidation, dissolution or winding up, each outstanding share entitles its holder to participate pro rata in all assets that remain after payment of liabilities and after providing for each class of stock, if any, having preference over the common stock. The Company's common stock has no pre-emptive rights, no conversion rights and there are no redemption provisions applicable to the Company's common stock.

Preferred Stock

Our articles of incorporation, as amended, authorizes our board of directors, subject to any limitations prescribed by law, without further stockholder approval, to establish and to issue from time to time one or more classes or series of preferred stock. Each class or series of preferred stock will cover the number of shares and will have the powers, preferences, rights, qualifications, limitations and restrictions determined by the board of directors, which may include, among others, dividend rights, liquidation preferences, voting rights, conversion rights, preemptive rights and redemption rights. Except as provided by law or in a preferred stock designation, the holders of preferred stock will not be entitled to vote at or receive notice of any meeting of stockholders.

The certificate of designation for the preferred stock provides that the shares are not convertible into any other class or series of stock. Holders of preferred shares are entitled to 50 votes for each share held. Voting rights are not subject to adjustment for splits that increase or decrease the common shares outstanding. Upon liquidation, holders of preferred stock will be entitled to receive $1.00 per share plus redemption provision before assets are distributed to other stockholders. Holders of preferred shares are entitled to dividends equal to common share dividends. Once any shares of preferred stock are outstanding, at least 51% of the total number of shares of preferred stock outstanding must approve the following transactions:

- alteration of the rights, preferences of privileges of the preferred stock,
- creation of any new class of stock having preferences over the preferred stock,
- repurchase of any of our common stock,
- merger of consolidation with any other company, other than one of our wholly-owned subsidiaries,
- sale, conveyance or other disposal of, or creation or incurrence of any mortgage, lien, or charge or encumbrance or security interest in or pledge of, or sale and leaseback of, all or substantially all of our property or business, or
- incurrence, assumption or guarantee of any indebtedness maturing more than 18 months after the date on which it is incurred, assumed or guaranteed by us, except for operating leases and obligations assumed as part of the purchase price of property.

Holders of a majority of the voting power of our capital stock issued, outstanding and entitled to vote, represented in person or by proxy, are necessary to constitute a quorum at any meeting of stockholders. A vote by the holders of a majority of our outstanding voting shares is required to effectuate certain fundamental corporate changes such as liquidation, merger or an amendment to our articles of incorporation.

Holders of preferred shares vote along with common stockholders on each matter submitted to a vote of security holders. As a result of the multiple votes accorded to holders of the preferred stock, Greg Johnston and Alex McLaren have the ability to control the outcome of all matters submitted to a vote of stockholders, including the election of directors. On those matters that require the approval of at least 51% of the preferred stock, both Mr. Johnston and Mr. McLaren must provide their approval inasmuch as each of them owns 50% of the outstanding preferred stock.

Dividends

Historically, we have not paid any cash dividends on our common stock. It is our present intention not to pay any cash dividends in the foreseeable future, but rather to reinvest earnings, if any, in our business operations. However, in the future, our board of directors may declare dividends on our common stock. Payment of future dividends on our common stock, if any, will be at the discretion of our board of directors and will depend on, among other things, our results of operations, cash requirements and surplus, financial condition, contractual restrictions and other factors that our board of directors may deem relevant. In addition, the agreements into which we may enter in the future, including indebtedness, may impose limitations on our ability to pay dividends or make other distributions on our capital stock. We cannot guarantee that we will pay dividends to our stockholders in the future. Holders of preferred shares are entitled to dividends equal to common share dividends.

Anti-Takeover Effects of Certain Provisions of Our Articles of Incorporation, as Amended, and Our Bylaws

These provisions, summarized below, are expected to discourage coercive takeover practices and inadequate takeover bids. These provisions are also designed to encourage persons seeking to acquire control of us to first negotiate with us. We believe that the benefits of increased protection and our potential ability to negotiate with the proponent of an unfriendly or unsolicited proposal to acquire or restructure us outweigh the disadvantages of discouraging these proposals because, among other things, negotiation of these proposals could result in an improvement of their terms.

Preferred Stock. Our articles of incorporation, as amended, authorize our board of directors to issue from time to time any series of preferred stock and fix the voting powers, designation, powers, preferences and rights of the shares of such series of preferred stock.

Calling of Special Meetings of Stockholders. Our bylaws provide that special meetings of the stockholders may be called only by the chairman of the board or the chief executive officer, and shall be called by the chairman of the board or the secretary (i) when so directed by the board, or (ii) at the written request of stockholders owning shares representing at least 25% of voting power in the election of directors.

Advance Notice Requirements for Stockholder Proposals and Director Nominations. Our bylaws establish an advance notice procedure for stockholder proposals to be brought before a meeting of our stockholders, including proposed nominations of persons for election to the board of directors.

Removal of Directors; Vacancies. Our bylaws provide that a director may be removed from office by stockholders for cause, or without cause by a majority vote of the stockholders. A vacancy on the board of directors may be filled only by a majority of the directors then in office.

ITEM 6. SELECTED FINANCIAL DATA

Not applicable.

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

Cautionary Note Regarding Forward-Looking Information and Factors That May Affect Future Results

This annual report on Form 10-K contains forward-looking statements regarding our business, financial condition, results of operations and prospects. The Securities and Exchange Commission (the "SEC") encourages companies to disclose forward-looking information so that investors can better understand a company's future prospects and make informed investment decisions. This annual report on Form 10-K and other written and oral statements that we make from time to time contain such forward-looking statements that set out anticipated results based on management's plans and assumptions regarding future events or performance. We have tried, wherever possible, to identify such statements by using words such as "anticipate," "estimate," "expect," "project," "intend," "plan," "believe," "will" and similar expressions in connection with any discussion of future operating or financial performance. In particular, these include statements relating to future actions, future performance or results of current and anticipated sales efforts, expenses, the outcome of contingencies, such as legal proceedings, and financial results. Factors that could cause our actual results of operations and financial condition to differ materially are set forth in the "Risk Factors" section of this annual report on Form 10-K.

We caution that these factors could cause our actual results of operations and financial condition to differ materially from those expressed in any forward-looking statements we make and that investors should not place undue reliance on any such forward-looking statements. Further, any forward-looking statement speaks only as of the date on which such statement is made, and we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of anticipated or unanticipated events or circumstances. New factors emerge from time to time, and it is not possible for us to predict all of such factors. Further, we cannot assess the impact of each such factor on our results of operations or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

The following discussion should be read in conjunction with our audited financial statements and the related notes that appear elsewhere in this annual report on Form 10-K.

Business and Corporate History

We are a strategic real estate development firm whose primary mission is to identify, develop, and lease sophisticated, safe, and sustainable properties in emerging industries, including the licensed marijuana industry. Our vision is to be recognized for creating the standard in property development for emerging industries, while increasing community prosperity and shareholder value. We believe that a strong focus on the development of real estate properties will bring value to the local communities and all of our stakeholders. We have initially established a focus on properties within the medical marijuana industry because we believe there will be increasing demand in this industry, as the national industry continues to evolve.

We target commercial properties that can be acquired and potentially re-zoned for specific development purposes, including but not limited to, licensed medical marijuana dispensaries or cultivation facilities. The core of our business involves identifying and acquiring properties that exist within highly regulated zoning regions and may be candidates for re-zoning. This is an essential aspect of our overall growth strategy because we target uniquely zoned properties that are developed as candidates for specific industry operators. Once the properties have been acquired and/or re-zoned, their value may be substantially higher as demand for properties within the specific zoning region increases.

We manage a portfolio of properties that we own, lease, and provide direct development on each property we acquire. This can include complete architectural design and subsequent build-outs, general support, landscaping, general up-keep, facilities management, and state of the art security systems. During the year ended December 31, 2016, improvements made to rental properties amounted to $910,314. As of December 31, 2016, a summary of rental properties owned by us consisted of the following:

Location	Tempe, AZ	Tempe, AZ (**)	Gilbert, AZ	Green Valley Sahuarita, AZ	Chino Valley, AZ	Kingman, AZ
Description	Mixed -use warehouse/office	Mixed -use warehouse/office	Land	Retail (special-use)	Greenhouse / Nursery	Retail (Special-Use)
Current Use	Medical marijuana cultivation and packaging	Warehouse/office	Future development	Dispensary	Medical marijuana cultivation and packaging	Dispensary
Date Acquired	Mar-14	Mar-14	Jan-14	Oct-14	Aug-15	May-14
Lease Start Date	Aug-15	Apr-15	N/A	Oct-14	Aug-15	Oct-14
Lease End Date	Jul-35	Mar-20	N/A	Sep-24	Jul-35	Sep-24
Total Rentable Sq. Ft.	60,000	22,355	0	1,440	38,799	1,497
Sq. Ft. rented as of December 31, 2016	15,000	22,355	N/A	1,440	25,000	1,497
Vacant Rentable Sq. Ft.	45,000	0	N/A	0	13,799	0
Land Area	3.65 Acres 158,772 Sq. Ft.	1.28 Acres 56,000 Sq. Ft.	0.8 acres 34,717 Sq. Ft.	1.33 Acres 57,769 Sq. Ft.	47.6 Acres 2,072,149 Sq. Ft.	0.16 Acres 7,061 Sq. Ft
Total No. of Tenants	1	1	N/A	1	1	1
No. of Related Party Tenants	1	0	N/A	1	1	1
Annual Base Rent: (*)						
2017	$ 414,675	$ 55,143	$ -	$ 127,256	$ 673,750	$ 160,745
2018	609,000	-	-	133,619	707,438	168,782
2019	643,125	-	-	140,300	742,809	177,221
2020	675,281	-	-	147,315	779,950	186,082
2021	709,045	-	-	154,681	818,947	195,386
Thereafter	10,839,880	-	-	465,589	13,030,847	588,111
Total	$ 13,891,006	$ 55,143	$ -	$ 1,168,760	$ 16,753,741	$ 1,476,327

* Annual base rent represents amount of cash payments due from tenants and differs from revenues to be recognized on our consolidated financial statements.
** The property sold for profit in March 2017.

Annualized $ per Rented Sq. Ft.						
2015	$ 24	$ 8	$ -	$ 76	$ 22	$ 93
2016	$ 17	$ 9	$ -	$ 84	$ 32	$ 102
2017	$ 20.7	$ 0	$ -	$ 88.4	$ 27.0	$ 107.4
2018	$ 30.5	$ 0	$ -	$ 92.8	$ 28.3	$ 112.7
2019	$ 32.2	$ 0	$ -	$ 97.4	$ 29.7	$ 118.4
2020	$ 33.8	$ 0	$ -	$ 102.3	$ 31.2	$ 124.3
2021	$ 35.5	$ 0	$ -	$ 107.4	$ 32.8	$ 130.5

Recent Developments

On April 22, 2016, we entered into a Contract to Buy and Sell Real Estate (Commercial) (the “Agreement”) with Parachute Development Corporation (“Seller”) pursuant to which we agreed to purchase, and Seller agreed to sell, property in Parachute, Colorado (the “Property”) for a purchase price of $499,857. Of the total purchase price, $274,857, or 55%, will be paid in cash at closing and $225,000, or 45%, will be financed by Seller at an interest rate of 6.5%, amortized over a five-year period, with a balloon payment at the end of the fifth year. Payments will be made monthly and there will be no pre-payment penalty. Pursuant to the terms of the Agreement, the parties will cooperate in good faith to complete due diligence during a period of 45 days following execution of the Agreement. The closing is subject to certain contingencies, including that we must obtain acceptable financing for the purchase and development of the property, the grant of a special use permit by the Town of Parachute, approval of a protected development deal or equivalent agreement by the Town of Parachute, execution of a lease agreement by a prospective tenant and the prospective tenant’s obtaining a license to cultivate on the property. Pursuant to the terms of the Agreement, we will have a right of first refusal on eleven additional lots owned by Seller in Parachute, Colorado. In April 2016, we paid a refundable deposit of $45,000 into escrow in connection with the Agreement. As of December 31, 2016, the Company and Seller are still cooperating to complete the purchase.

On August 23, 2016, we entered into a second amendment to commercial lease (the “Amendment”) with C3C3 Group, LLC (“C3C3”) and Alan Abrams, effective September 1, 2016. Pursuant to the terms of the Amendment, the leased property in Tempe, Arizona was expanded from 5,000 square feet to 15,000 square feet and will expand up to 20,000 square feet in the future, and the monthly rental rate was increased. C3C3 is owned by related parties who are significant stockholders of the Company.

Effective October 10, 2016, we entered into a third amendment to commercial lease agreement with C3C3 and Alan Abrams. Pursuant to the terms of this amendment, the size of the Chino Valley leased property was expanded from 15,000 square feet to 25,000 square feet and the monthly rental rate was increased.

On December 22, 2016, we entered into a Commercial Real Estate Purchase Contract (the “Purchase Contract”) with a third party (the “Purchaser”) pursuant to which the Company agreed to sell, and the Purchaser agreed to purchase, the property located at 422 S. Madison Drive in Tempe, Arizona, for an aggregate purchase price of $2.125 million. Pursuant to the terms of the Purchase Contract, the Purchaser paid a deposit of $20,000 within three days of entry into the Agreement, which amount will be held in escrow. In addition, in 2017, the Purchaser deposited an additional deposit of $20,000. The remainder of the purchase price ($2.085 million) was due at closing. Pursuant to the terms of the Purchase Contract, the purchase closed on March 15, 2017 for a profit of approximately $831,000.

Results of Operations

The following comparative analysis on results of operations was based primarily on the comparative consolidated financial statements, footnotes and related information for the periods identified below and should be read in conjunction with the audited consolidated financial statements and the notes to those statements for the years ended December 31, 2016 and 2015, which are included elsewhere in this annual report on Form 10-K. The results discussed below are for the years ended December 31, 2016 and 2015.

Comparison of Results of Operations for the Year ended December 31, 2016 and 2015

Revenues

For the year ended December 31, 2016 and 2015, revenues consisted of the following:

	Year ended December 31,	
	2016	**2015**
Rent revenues	$ 239,178	$ 414,785
Rent revenues – related parties	1,614,530	1,005,143
Total revenues	**$ 1,853,708**	**$ 1,419,928**

For the year ended December 31, 2016, total revenues amounted to $1,853,708, including related party revenues of $1,614,530, as compared to $1,419,928, including related party revenues of $1,005,143, for the year ended December 31, 2015, an increase of $433,780 or 30.5%. This increase in revenues was attributable to an increase in rent revenues – related parties of $609,387 or 60.6% due to the increase in space leased to related parties, offset by a decrease in third party rent revenues of $175,607 or 42.3% due to non-renewal of certain leases of third party tenants. In August 2016, we entered into a second amendment to commercial lease (the "Amendment") with C3C3 Group, LLC ("C3C3") and Alan Abrams, effective September 1, 2016. Pursuant to the terms of the Amendment, the leased property in Tempe, Arizona was expanded from 5,000 square feet to 15,000 square feet and will expand to up to 20,000 square feet in the future and the monthly rental rate was increased. C3C3 is owned by and/or operated by related parties who are significant stockholders of the Company. Additionally, in October 2016, we entered into a third amendment to commercial lease agreement with C3C3 and Alan Abrams. Pursuant to the terms of this amendment, the size of the leased property was expanded and the monthly rental rate was increased.

Operating expenses

For the year ended December 31, 2016, operating expenses amounted to $2,125,949 as compared to $2,566,494 for the year ended December 31, 2015, a decrease of $440,545 or 17.2%. For the year ended December 31, 2016 and 2015, operating expenses consisted of the following:

	Year ended December 31,	
	2016	**2015**
Compensation and benefits	$ 472,728	$ 455,037
Professional fees	989,506	1,333,435
General and administrative expenses	204,029	274,797
Depreciation and amortization	181,899	150,368
Property operating expenses	79,101	120,094
Real estate taxes	111,186	111,751
Consulting fees - related parties	-	53,512
Settlement expense	87,500	67,500
Total	**$ 2,125,949**	**$ 2,566,494**

- For the year ended December 31, 2016, compensation and benefit expense increased by $17,691 or 3.9% as compared to the year ended December 31, 2015. During the year ended December 31, 2016, we recorded stock-based compensation of $205,283 as compared to $195,109 for the comparable 2015 period, an increase of $10,174 or 5.2%. Additionally, due to a decrease in staff, other compensation and benefit expense decreased by $50,983, offset by an increase in compensation of $58,500 incurred for services performed by our chief financial officer.

- For the year ended December 31, 2016, professional fees decreased by $343,929, or 25.8%, as compared to the year ended December 31, 2015. The decrease was primarily attributable to a decrease in legal fees of $121,365 attributable to a decrease in activities related to legacy legal issues and other legal matters, a decrease in consulting fees of $259,085 related to a decrease in accretion of stock-based consulting expense from the granting of stock options to a consultant and a decrease in other consulting expense, and a decrease in other professional fees of $70,437, offset by an increase in public relations fees incurred of $106,958. We used consultants to assist us with introductions to potential business partners and customers, to help us with public relations services, including helping us find market makers, broker-dealers, and sources of capital, advise us on construction of indoor, outdoor and greenhouse agricultural systems, assist us with agricultural licensing and zoning, and assist with development of business modeling, market development and advice concerning equity and debt financings.

- General and administrative expenses consist of expenses such as rent expense, directors' and officers' liability insurance, travel expenses, office expenses, telephone and internet expenses and other general operating expenses. For the year ended December 31, 2016, general and administrative expenses decreased by $70,768 or 25.8% as compared to the year ended December 31, 2015. These decreases were primarily attributable to a decrease in in these expenses due to cost cutting measures such as a decrease in travel expenses of $31,011.

- For the year ended December 31, 2016, depreciation and amortization expense increased by $31,531 or 21.0% as compared to the year ended December 31, 2015 and was attributable to an increase in depreciable assets.

- Property operating expenses consist of property management fees, property insurance, repairs and maintenance fees, utilities and other expenses related to our rental properties. For the year ended December 31, 2016, property operating expenses decreased by $40,993 or 34.1% as compared to the year ended December 31, 2015. In the third quarter of 2015, we terminated the use of a management company and now we manage all of the properties.

- For the year ended December 31, 2016, consulting fees – related parties amounted to zero as compared to $53,512 for the year ended December 31, 2015, respectively. Beginning in August 2014, we incurred consulting fees in connection with a consulting agreement with a related party. In August 2015, this agreement was terminated.

- For the year ended December 31, 2016, settlement expense amounted to $87,500 as compared to $67,500 for the year ended December 31, 2015. During 2016 and 2015, we settled certain litigation and claims.

Income (loss) from operations

As a result of the factors described above, for the year ended December 31, 2016, loss from operations amounted to $272,241 as compared to a loss from operations of $1,146,566 for the year ended December 31, 2015, a turnaround of $874,325 or 76.3%.

Other income (expenses)

Other income (expenses) primarily includes interest expense incurred on debt with third parties and related parties, and also includes other income (expenses). For the year ended December 31, 2016, total other expenses, net amounted to $229,335 as compared to $225,464, representing an increase of $3,871 or 1.7%.

Net loss

As a result of the foregoing, for the year ended December 31, 2016 and 2015, net loss amounted to $501,576, or $0.03 per common share, and $1,372,030, or $0.08 per common share, respectively.

Liquidity and Capital Resources

Liquidity is the ability of an enterprise to generate adequate amounts of cash to meet its needs for cash requirements. We had cash of $366,024 and $1,281,464 of cash as of December 31, 2016 and 2015, respectively.

Our primary uses of cash have been for salaries, fees paid to third parties for professional services, property operating expenses, general and administrative expenses, and the acquisition and development of rental properties. All funds received have been expended in the furtherance of growing the business. We have received funds from the collection of rental income, and from various financing activities such as from the sale of our common stock and from debt financings. The following trends are reasonably likely to result in changes in our liquidity over the near to long term:

- An increase in working capital requirements to finance our current business,
- Acquisition and buildout of rental properties;
- Addition of administrative and sales personnel as the business grows, and
- The cost of being a public company.

We currently have material commitments for capital expenditures amounting to approximately $3,500,000 for the expansion and buildout of our Chino Valley Property and the acquisition and development of our Parachute Project. These capital expenditures are contingent upon several factors including: the Company obtaining financing for the development of the premises and the construction of the tenant improvements in such amount and on such terms and provisions as are acceptable to the Company in our sole and absolute discretion from a lender approved by us in our sole discretion. Accordingly, we can delay or cancel these planned capital expenditures, if necessary.

We may need to raise additional funds, particularly if we are unable to generate positive cash flow as a result of our operations. We estimate that based on current plans and assumptions, that our available cash will be sufficient to satisfy our cash requirements under our present operating expectations for the next 12 months. Other than revenue received from the lease of our rental properties, funds received from the sale of our common stock and funds received from debt, we presently have no other significant alternative source of working capital.

We have used these funds to fund our operating expenses, pay our obligations, acquire and develop rental properties, and grow our company. We need to raise significant additional capital or debt financing to acquire new properties, to develop existing properties, and to assure we have sufficient working capital for our ongoing operations and debt obligations.

On December 22, 2016, we entered into a Commercial Real Estate Purchase Contract (the “Agreement”) with a third party (the “Purchaser”) pursuant to which we agreed to sell, and the Purchaser agreed to purchase, the property located at 422 S. Madison Drive in Tempe, Arizona, for an aggregate purchase price of $2.125 million. Pursuant to the terms of the Agreement, the Purchaser paid a deposit of $20,000 within three days of entry into the Agreement, which amount is being held in escrow.by a third party. In addition, in 2017, the Purchaser deposited an additional deposit of $20,000. The remainder of the purchase price ($2.085 million) was due at closing. Pursuant to the terms of the Agreement, the purchase closed on March 15, 2017. In connection with the sale of this building on March 15, 2017, we repaid the all outstanding principal and interest due on this mortgage.

On January 9, 2017, the Company issued a convertible debenture (the "Abrams Debenture") in the aggregate principal amount of $2,000,000 in favor of Alan Abrams, a significant stockholder of the Company, in exchange for cash from Mr. Abrams of $2,000,000. Also on January 9, 2017, the Company issued a convertible debenture (the "McLaren Debenture" and together with the Abrams Debenture, the "Debentures") in the aggregate principal amount of $20,000 in favor of Bryan McLaren, the Company's Chief Executive Officer and President and a member of the Company's Board of Directors, in exchange for cash from Mr. McLaren of $20,000. Each of Messrs. Abrams and McLaren is referred to herein as a "Holder." Each of the Debentures accrues interest at the rate of 6% per annum payable quarterly by the 1st of each quarter and matures on January 9, 2022. The Company may prepay the Debentures at any point after six months, in whole or in part. Pursuant to the terms of each of the Debentures, the Holder is entitled to convert all or a portion of the principal balance and all accrued and unpaid interest due under the respective Debenture into shares of the Company's common stock at a conversion price of $5.00 per share. If the Company defaults on payment, the Holder may at his option, extend all conversion rights, through and including the date the Company tenders or attempts to tender payment in full of all amounts due under the Debenture. Any amount of principal or interest, which is not paid when due shall bear interest at the rate of 12% per annum. Upon an Event of Default (as defined in each Debenture), the Holder may (i) declare the entire principal amount and all accrued and unpaid interest under the Debenture immediately due and payable, and (ii) exercise any and all rights, powers and remedies available to the Holder at law or in equity or other appropriate proceeding, whether for the specific performance of any covenant or agreement contained in the Debenture and proceed to enforce the payment thereof or any other legal or equitable right of the Holder.

Our future operation is dependent on our ability to manage our current cash balances and on the collection of rental revenues. We intend on securing additional financing to acquire and develop additional and existing properties. Financing transactions may include the issuance of equity or debt securities, obtaining credit facilities, or other financing mechanisms. Even if we are able to raise the funds required, it is possible that we could incur unexpected costs and expenses or experience unexpected cash requirements that would force us to seek alternative financing. Furthermore, if we issue additional equity or debt securities, stockholders may experience additional dilution or the new equity securities may have rights, preferences or privileges senior to those of existing holders of our common stock. The inability to obtain additional capital may restrict our ability to grow our business operations.

Cash Flow

For the Year Ended December 31, 2016 and 2015

Net cash flow used by operating activities was $3,092 for the year ended December 31, 2016 as compared to $500,255 for the year ended December 31, 2015, a decrease of $497,163.

- Net cash flow used in operating activities for the year ended December 31, 2016 primarily reflected a net loss of $501,576 adjusted for the add-back of non-cash items consisting of depreciation and amortization of $181,899, stock-based compensation expense of $249,125, stock-based settlement expense of $65,625, net accretion of stock-based stock option expense of $559,578, loss from sale of property and equipment of $1,843, and a non-cash increases in deferred rent receivables of $646,711, and changed in operating assets and liabilities consisting of an increase in the net collection of security deposits payable of $29,524 and increases in accounts payable of $41,514. During 2016, we received cash from the collection of rental income and we primarily used cash to pay professional fees and compensation.

- Net cash flow used in operating activities for the year ended December 31, 2015 primarily reflected a net loss of $1,372,030 adjusted for the add-back of non-cash items consisting of depreciation and amortization of $150,369, stock-based compensation expense of $79,601, stock-based settlement expense of $50,000, accretion of stock-based stock option expense of $782,063, and a non-cash increase in deferred rent receivables of $347,895, and changes in operating assets and liabilities primarily consisting of a decrease in prepaid expenses of $69,269, an increase in accrued expenses of $34,207, an increase in accrued expenses – related parties of $8,583, and an increase in security deposits payable of $44,340.

For the years ended December 31, 2016 and 2015, net cash flow used in investing activities primarily reflects the purchase of land and the development rental properties including the expansion of rentable space by remodeling hoop houses and upgrading ventilation, plumbing and electrical systems and amounted to $912,348 and $282,408, respectively.

Net cash provided by financing activities was zero for the year ended December 31, 2016 as compared to $997,750 for the year ended December 31, 2015. During the year ended December 31, 2015, we received proceeds from the sale of common stock of $1,000,000 offset by the redemption of common stock of $2,250.

Contractual Obligations and Off-Balance Sheet Arrangements

Contractual Obligations

We have certain fixed contractual obligations and commitments that include future estimated payments. Changes in our business needs, cancellation provisions, changing interest rates, and other factors may result in actual payments differing from the estimates. We cannot provide certainty regarding the timing and amounts of payments. We have presented below a summary of the most significant assumptions used in our determination of amounts presented in the tables, in order to assist in the review of this information within the context of our consolidated financial position, results of operations, and cash flows.

The following tables summarize our contractual obligations as of December 31, 2016 (dollars in thousands), and the effect these obligations are expected to have on our liquidity and cash flows in future periods.

	Payments Due by Period				
Contractual obligations:	Total	Less than 1 year	1-3 years	3-5 years	5 + years
Convertible notes	$ 1,000	$ 1,000	$ -	$ -	$ -
Interest on convertible notes	129	129	-	-	-
Mortgage payable	2,100	-	2,100	-	-
Interest on mortgage payable	345	157	188	-	-
Total	$ 3,574	$ 1,286	$ 2,288	$ -	$ -

Off-balance Sheet Arrangements

We have not entered into any other financial guarantees or other commitments to guarantee the payment obligations of any third parties. We have not entered into any derivative contracts that are indexed to our shares and classified as shareholder's equity or that are not reflected in our consolidated financial statements. Furthermore, we do not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or engages in leasing, hedging or research and development services with us.

Critical Accounting Policies

Our discussion and analysis of our financial condition and results of operations are based upon our audited and unaudited consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these consolidated financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. We continually evaluate our estimates, including those related to income taxes, and the valuation of equity transactions. We base our estimates on historical experience and on various other assumptions that we believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Any future changes to these estimates and assumptions could cause a material change to our reported amounts of revenues, expenses, assets and liabilities. Actual results may differ from these estimates under different assumptions or conditions. We believe the following critical accounting policies affect our more significant judgments and estimates used in the preparation of the unaudited consolidated financial statements.

Rental Properties

Rental properties are carried at cost less accumulated depreciation and amortization. Betterments, major renovations and certain costs directly related to the improvement of rental properties are capitalized. Maintenance and repair expenses are charged to expense as incurred. Depreciation is recognized on a straight-line basis over estimated useful lives of the assets, which range from 7 to 39 years. Tenant improvements are amortized on a straight-line basis over the lives of the related leases, which approximate the useful lives of the assets.

Upon the acquisition of real estate, we assess the fair value of acquired assets (including land, buildings and improvements, identified intangibles, such as acquired above-market leases and acquired in-place leases) and acquired liabilities (such as acquired below-market leases) and allocate the purchase price based on these assessments. The Company assesses fair value based on estimated cash flow projections that utilize appropriate discount and capitalization rates and available market information. Estimates of future cash flows are based on a number of factors including historical operating results, known trends, and market/economic conditions.

Our properties are individually reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impairment exists when the carrying amount of an asset exceeds the aggregate projected future cash flows over the anticipated holding period on an undiscounted basis. An impairment loss is measured based on the excess of the property's carrying amount over its estimated fair value. Impairment analyses are based on our current plans, intended holding periods and available market information at the time the analyses are prepared. If our estimates of the projected future cash flows, anticipated holding periods, or market conditions change, our evaluation of impairment losses may be different and such differences could be material to our consolidated financial statements. The evaluation of anticipated cash flows is subjective and is based, in part, on assumptions regarding future occupancy, rental rates and capital requirements that could differ materially from actual results.

We have capitalized land, which is not subject to depreciation.

Revenue recognition

Rental income includes base rents that each tenant pays in accordance with the terms of its respective lease and is reported on a straight-line basis over the non-cancellable term of the lease, which includes the effects of rent steps and rent abatements under the leases. We commence rental revenue recognition when the tenant takes possession of the leased space or controls the physical use of the leased space and the leased space is substantially ready for its intended use. Beginning in 2014, we began generating revenues from the non-residential rental properties.

Certain of our leases currently contain rental increases at specified intervals. We record as an asset, and include in revenue, rents receivable that will be received if the tenant makes all rent payments required through the expiration of the initial term of the lease. Deferred rents receivable in the accompanying balance sheets includes the cumulative difference between rental revenue recorded on a straight-line basis and rents received from the tenants in accordance with the lease terms. Accordingly, management determines to what extent the deferred rent receivable applicable to each specific tenant is collectible. We review material rents receivable and takes into consideration the tenant's payment history, the financial condition of the tenant, business conditions in the industry in which the tenant operates and economic conditions in the area in which the property is located. In the event that the collectability of rent receivable with respect to any given tenant is in doubt, we record an increase in the allowance for uncollectible accounts or we record a direct write-off of the specific rent receivable.

Stock-based compensation

Stock-based compensation is accounted for based on the requirements of the Share-Based Payment Topic of ASC 718 which requires recognition in the financial statements of the cost of employee and director services received in exchange for an award of equity instruments over the period the employee or director is required to perform the services in exchange for the award (presumptively, the vesting period). The ASC also requires measurement of the cost of employee and director services received in exchange for an award based on the grant-date fair value of the award.

Pursuant to ASC 505-50 – *"Equity-Based Payments to Non-Employees"*, all share-based payments to non-employees, including grants of stock options, are recognized in the consolidated financial statements as compensation expense over the service period of the consulting arrangement or until performance conditions are expected to be met. Using a Black-Scholes valuation model, we periodically reassessed the fair value of non-employee options until service conditions are met, which generally aligns with the vesting period of the options, and we adjust the expense recognized in the consolidated financial statements accordingly.

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (the "FASB") issued an update to Revenue from Contracts with Customers ("ASU 2014-09"). ASU 2014-09 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most of the existing revenue recognition guidance. ASU 2014-09 requires an entity to recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services and also requires certain additional disclosures. ASU 2014-09 is effective for interim and annual reporting periods in fiscal years that begin after December 15, 2016. The adoption of ASU 2014-09 had no impact on our consolidated financial statements.

In August 2014, FASB issued ASU 2014-15, Disclosure of Uncertainties About an Entity's Ability to Continue as a Going Concern, which will require management to assess an entity's ability to continue as a going concern, and to provide related footnote disclosures in certain circumstances. In connection with each annual and interim period, management will assess if there is substantial doubt about an entity's ability to continue as a going concern within one year after the issuance date. Substantial doubt exists if it is probable that the entity will be unable to meet its obligations within one year after the issuance date. The new standard defines substantial doubt and provides example indicators. Disclosures will be required if conditions give rise to substantial doubt. However, management will need to assess if its plans will alleviate substantial doubt to determine the specific disclosures. This standard is effective for public entities for annual periods ending after December 15, 2016. Earlier application of this standard is permitted. This standard is not expected to have a material effect on our financial position, results of operations and cash flows.

In November 2015, the FASB issued ASU 2015-17, *Balance Sheet Classification of Deferred Taxes* ("ASU 2015-17"), which requires entities to present deferred tax assets and deferred tax liabilities as noncurrent in a classified balance sheet. The ASU simplifies the current guidance in ASC Topic 740, *Income Taxes*, which requires entities to separately present deferred tax assets and liabilities as current and noncurrent in a classified balance sheet. ASU 2015-17 is effective for fiscal years beginning after December 15, 2016, and interim periods within those annual periods. Early adoption is permitted for all entities as of the beginning of an interim or annual reporting period. The Company does not expect the impact of ASU 2015-17 to be material to our consolidated financial statements.

On February 25, 2016, the FASB issued ASU No. 2016-02 (“ASU 2016-02”) to amend the accounting guidance for leases. The accounting applied by a lessor is largely unchanged under ASU 2016-02. However, the standard requires lessees to recognize lease assets and lease liabilities for leases classified as operating leases on the balance sheet. Lessees will recognize in the statement of financial position a liability to make lease payments and a right-of-use asset representing its right to use the underlying asset for the lease term. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election by class of underlying asset not to recognize lease assets and lease liabilities. If a lessee makes this election, it will recognize lease expense for such leases generally on a straight-line basis over the lease term. ASU 2016-02 is effective for fiscal years beginning after December 15, 2018 and early adoption is permitted. The Company is currently assessing the impact of the guidance on its consolidated financial statements and notes to its consolidated financial statements.

On March 30, 2016, the FASB issued ASU No. 2016-09 (“ASU 2016-09”) to amend the accounting guidance for share-based payment accounting. The areas for simplification in ASU 2016-09 involve several aspects of the accounting for share-based payment transactions, including the income tax consequences, forfeitures, classification of awards as either equity or liabilities, and classification on the statement of cash flows. ASU 2016-09 is effective for annual periods beginning after December 15, 2016 and early adoption is permitted.

Management does not believe that any other recently issued, but not yet effective accounting pronouncements, if adopted, would have a material effect on the accompanying consolidated financial statements.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

See Index to Financial Statements and Financial Statement Schedules appearing on pages F-1 to F-23 of this annual report on Form 10-K.

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

None.

ITEM 9A. CONTROLS AND PROCEDURES

Disclosure controls and procedures

We maintain “disclosure controls and procedures,” as that term is defined in Rule 13a-15(e), promulgated by the SEC pursuant to the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Disclosure controls and procedures include controls and procedures designed to ensure that information required to be disclosed in our company’s reports filed under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms, and that such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer, to allow timely decisions regarding required disclosure. Our management, with the participation of our principal executive officer and principal financial officer, evaluated our company’s disclosure controls and procedures as of the end of the period covered by this annual report on Form 10-K. Based on this evaluation, our principal executive officer and principal financial officer concluded that as of December 31, 2016, our disclosure controls and procedures were not effective. The ineffectiveness of our disclosure controls and procedures was due to material weaknesses, which we identified, in our report on internal control over financial reporting.

Internal control over financial reporting

Management’s annual report on internal control over financial reporting

Our management, including our principal executive officer and principal financial officer, is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act). Our management, with the participation of our principal executive officer and principal financial officer, evaluated the effectiveness of our internal control over financial reporting as of December 31, 2016. Our management’s evaluation of our internal control over financial reporting was based on the framework in Internal Control-Integrated Framework, issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework). Based on this evaluation, our management concluded that as of December 31, 2016, our internal control over financial reporting was not effective.

The ineffectiveness of our internal control over financial reporting was due to the following material weaknesses which we identified in our internal control over financial reporting: (1) the lack of multiples levels of management review on complex accounting and financial reporting issues, (2) a lack of adequate segregation of duties and necessary corporate accounting resources in our financial reporting process and accounting function as a result of our limited financial resources to support hiring of personnel and implementation of accounting systems. Until such time as we expand our staff to include additional accounting personnel and hire a full time chief financial officer, it is likely we will continue to report material weaknesses in our internal control over financial reporting, and (3) we do not have an independent audit committee.

A material weakness is a deficiency or a combination of control deficiencies in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis.

Limitations on Effectiveness of Controls

Our principal executive officer and principal financial officer do not expect that our disclosure controls or our internal control over financial reporting will prevent all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within our company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of a simple error or mistake. Additional controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, controls may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

Changes in internal control over financial reporting

There were no changes in our internal control over financial reporting during the fourth quarter of our fiscal year ended December 31, 2016 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information under the heading, "Executive Officers of the Registrant" in Part I, Item I of this Annual Report on Form 10-K is incorporated herein by reference. In addition, certain information required by this Item 10 will be included in the Company's definitive proxy materials to be filed with the SEC within 120 days after the end of the Company's fiscal year covered by this Annual Report on Form 10-K (the "2017 Proxy Statement") and is incorporated herein by reference. The following sections of such proxy materials are herein incorporated by reference: "Proposal 1—Election of Directors," information regarding the Audit Committee of the Company included in the section "Corporate Governance—Audit Committee," and "Section 16(a) Beneficial Ownership Reporting Compliance."

The Board of Directors has determined that David G. Honaman, one of the Company's independent directors, qualifies as the audit committee financial expert because he has served in an oversight role in finance and accounting.

We have adopted a code of business conduct and ethics that applies to all of our employees, officers and directors, including those employees responsible for financial reporting.

During the fourth quarter of the fiscal year ended December 31, 2016, there were no material changes to the procedures by which stockholders may recommend nominees to the Board.

ITEM 11. EXECUTIVE COMPENSATION

Information required pursuant to this Item 11 will be included in the Company's 2017 Proxy Statement under the sections "Executive Compensation," and "Director Compensation" and is incorporated herein by reference.

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

Certain information required pursuant to this Item 12 will be included in the Company's 2017 Proxy Statement under the section "Principal Stockholders" and is incorporated herein by reference.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
	(a)	(b)	(c)
Equity compensation plans approved by security holders	0	N/A	10,000,000
Equity compensation plans not approved by security holders	1,250,000	$ 1.00	0
Total	1,250,000	$ 1.00	10,000,000

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Information required pursuant to this Item 13 concerning certain relationships and related transactions, as applicable, will be included in the Company's 2017 Proxy Statement under the section "Certain Relationships and Related Transactions" and is incorporated herein by reference. Information required pursuant to this Item 13 concerning director independence will be included in the Company's 2017 Proxy Statement under the section "Corporate Governance—Director Independence" and is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Information required pursuant to this Item 14 concerning our principal accountant fees and services will be included in our 2017 Proxy Statement under the section Proposal 3—"Ratification of the Appointment of the Company's Independent Registered Public Accounting Firm" and is incorporated herein by reference.

PART IV

ITEM 15. EXHIBIT AND FINANCIAL STATEMENT SCHEDULES

Exhibits required by Item 601 of Regulation S-K:

EXHIBIT INDEX

Exhibit Number	Description of Exhibit
3.1	Articles of Incorporation, as amended, of Zoned Properties, Inc. (1)
3.2	Bylaws of Zoned Properties, Inc. (1)
10.1+	Employment Agreement dated as of July 31, 2014 by and between the registrant and Bryan McLaren. (1)
10.3+	Board Member Agreement dated as of October 1, 2014 by and between the registrant and Alex McLaren. (1)
10.4+	Board Member Agreement dated as of October 1, 2014 by and between the registrant and Art Friedman. (1)
10.5+	Board Member Agreement dated as of August 1, 2014 by and between the registrant and Irvin Rosenfeld. (1)
10.6	Standard Industrial Commercial Multi-Tenant Lease – Gross dated as of April 1, 2015 by and between the registrant and Tech Group North America, Inc. (1)
10.7	Lease dated as of August 6, 2015 by and between Chino Valley Properties, LLC and CCC Holdings, LLC. (1)
10.8	First Amendment to Commercial Lease Agreement dated September 25, 2015 by and among Chino Valley Properties, LLC, CCC Holdings, LLC and Alan Abrams. (1)
10.9	Lease dated as of August 15, 2015 by and between the registrant and CCC Holdings, LLC. (1)
10.10	First Amendment to Commercial Lease Agreement dated September 25, 2015 by and among the registrant, CCC Holdings, LLC and Alan Abrams. (1)
10.11	Lease Agreement dated as of October 1, 2014 by and between Green Valley Group, LLC and Broken Arrow Herbal Center, Inc. (1)
10.12	Lease dated as of October 1, 2014 by and between Kingman Property Group, LLC and CJK, Inc. (1)
10.13+	Agreement dated as of October 1, 2015 by and between the registrant and CFO Oncall, Inc. (1)
10.14	$2.1 Million Promissory Note dated March 7, 2014 in favor of Investment Property Exchange Services, Inc. (1)
10.15	Consulting Service Agreement dated May 6, 2015 between registrant and Newbridge Financial, Inc. (1)
10.16	Stock Option Grant Notice and Agreement between registrant and Newbridge Financial, Inc. (1)
10.17	Deed of Trust dated March 7, 2015 in favor of Investment Property Exchange Services, Inc. covering Tempe, AZ property. (1)
10.18+	Stock Option Grant Notice and Agreement dated December 20, 2015 between Zoned Properties, Inc. and Bryan McLaren. (2)
10.19	Binding Letter of Intent dated as of February 16, 2016 between Chino Valley Properties, LLC, C3C3 Group, LLC and Broken Arrow Herbal Center, Inc. (3)
10.20	Binding Letter of Intent dated as of February 17, 2016 between Zoned Colorado Properties, LLC and Parachute Development Corporation (3)
10.21	Contract to Buy and Sell Real Estate (Commercial) entered into on April 21, 2016 between Zoned Colorado Properties, LLC and Parachute Development Corporation. (4)
10.22	Second Amendment to Commercial Lease by and between Zoned Properties, Inc., C3C3 Group, LLC and Alan Abrams. (5)
10.23	Third Amendment to Commercial Lease by and between Chino Valley Properties, LLC, C3C3 Group, LLC and Alan Abrams. (6)
10.24	Commercial Real Estate Purchase Contract dated December 22, 2016 by and between Zoned Properties, Inc. and Big Lake Estates, LLC. (7)
10.25	Convertible Debenture dated January 9, 2017 Issued by Zoned Properties, Inc. in Favor of Alan Abrams.(8)
10.26	Convertible Debenture dated January 9, 2017 Issued by Zoned Properties, Inc. in Favor of Bryan McLaren.(8)
10.27 * +	Board Member Agreement dated as of September 26, 2016 by and between the registrant and David G, Honaman.
21.1	List of Subsidiaries. (1)
31.1*	Certification of Chief Executive Officer pursuant to Rule 13(a)-14(a) under the Securities Exchange Act of 1934, as amended.
31.2*	Certification of Chief Financial Officer pursuant to Rule 13(a)-14(a) under the Securities Exchange Act of 1934, as amended.
32.1*	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
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
101.INS*	XBRL INSTANCE DOCUMENT
101.SCH*	XBRL TAXONOMY EXTENSION SCHEMA
101.CAL*	XBRL TAXONOMY EXTENSION CALCULATION LINKBASE
101.DEF*	XBRL TAXONOMY EXTENSION DEFINITION LINKBASE
101.LAB*	XBRL TAXONOMY EXTENSION LABEL LINKBASE
101.PRE*	XBRL TAXONOMY EXTENSION PRESENTATION LINKBASE

+ Management contract or compensatory plan or arrangement.
* Filed herewith
(1) Incorporated by reference to Registration Statement on Form S-1 filed by the Company on November 25, 2015.
(2) Incorporated by reference to Form 8-K filed by the Company on January 7, 2016.
(3) Incorporated by reference to Form 8-K filed by the Company on February 18, 2016.
(4) Incorporated by reference to Form 8-K filed by the Company on April 22, 2016.
(5) Incorporated by reference to Form 8-K filed by the Company on August 25, 2016.
(6) Incorporated by reference to Form 8-K filed by the Company on October 13, 2016.
(7) Incorporated by reference to Form 8-K filed by the Company on December 29, 2016.
(8) Incorporated by reference to Form 8-K filed by the Company on January 12, 2017.

SIGNATURES

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

Zoned Properties, Inc.

Date: March 27, 2017

By: /s/ Bryan McLaren
Bryan McLaren
Chief Executive Officer, President

POWER OF ATTORNEY

Each person whose signature appears below hereby appoints Bryan McLaren as attorneys-in-fact with full power of substitution, severally, to execute in the name and on behalf of the registrant and each such person, individually and in each capacity stated below, one or more amendments to the annual report on Form 10-K, which amendments may make such changes in the report as the attorney-in-fact acting deems appropriate and to file any such amendment to the annual report on Form 10-K with the Securities and Exchange Commission. Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Bryan McLaren Bryan McLaren	Chief Executive Officer, President, Treasurer, Secretary and Director (principal executive officer)	March 27, 2017
/s/ Adam Wasserman Adam Wasserman	Chief Financial Officer (principal financial and accounting officer)	March 27, 2017
/s/ Irvin Rosenfeld Irvin Rosenfeld	Director	March 27, 2017
/s/ Art Friedman Art Friedman	Director	March 27, 2017
/s/ Alex McLaren Alex McLaren	Director	March 27, 2017
/s/ David G. Honaman David G. Honaman	Director	March 27, 2017

ZONED PROPERTIES, INC. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

ZONED PROPERTIES, INC. AND SUBSIDIARIES
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

D. Brooks and Associates CPA's, P.A.

Certified Public Accountants ● Certified Valuation Analysts

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and
Stockholders of Zoned Properties, Inc.

We have audited the accompanying consolidated balance sheets of Zoned Properties, Inc. as of December 31, 2016 and 2015, and the related consolidated statements of income, comprehensive income, stockholders' equity, and cash flows for each of the years in the two year period ended December 31, 2016. Zoned Properties, Inc.'s management is responsible for these financial statements. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Zoned Properties, Inc. as of December 31, 2016 and 2015, and the results of its operations and its cash flows for each of the years in the two year period ended December 31, 2016, in conformity with accounting principles generally accepted in the United States of America.

D. Brooks and Associates CPA's, P.A.

D. Brooks and Associates CPA's, P.A.
West Palm Beach, Florida
March 27, 2017

D. Brooks and Associates CPA's, P.A. 319 Clematis Street, Suite 318, West Palm Beach, FL 33401 — (561) 429-6225

ZONED PROPERTIES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	As of December 31, 2016	As of December 31, 2015
ASSETS		
Cash	$ 366,024	$ 1,281,464
Rental properties, net (See Note 3)	6,878,584	7,224,593
Rental property held for sale, net (See Note 4)	1,140,891	-
Deferred rent receivable	16,462	8,909
Deferred rent receivable - related parties	1,006,171	367,013
Real estate tax escrow	39,487	46,072
Prepaid expenses and other current assets	140,010	105,684
Property and equipment, net	40,212	46,488
Security deposits	8,158	8,158
Total Assets	$ 9,635,999	$ 9,088,381
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES:		
Mortgage payable	$ 2,100,000	$ 2,100,000
Convertible note payable	500,000	500,000
Convertible note payable - related party	500,000	500,000
Accounts payable	78,311	36,797
Accrued expenses	96,748	92,044
Accrued expenses - related parties	85,541	56,542
Deferred revenues	4,750	-
Security deposits payable - related parties	70,000	26,250
Security deposits payable	21,964	36,190
Total Liabilities	3,457,314	3,347,823
Commitments and Contingencies (See Note 11)		
STOCKHOLDERS' EQUITY:		
Preferred stock, $.001 par value, 5,000,000 shares authorized; 2,000,000 shares issued and outstanding at December 31, 2016 and 2015 ($1.00 per share liquidation preference)	2,000	2,000
Common stock: $.001 par value, 100,000,000 shares authorized; 17,210,318 and 17,080,850 issued and outstanding at December 31, 2016 and 2015, respectively	17,210	17,081
Additional paid-in capital	20,352,528	19,412,954
Accumulated deficit	(14,193,053)	(13,691,477)
Total Stockholders' Equity	6,178,685	5,740,558
Total Liabilities and Stockholders' Equity	$ 9,635,999	$ 9,088,381

See accompanying notes to consolidated financial statements.

ZONED PROPERTIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

	For the Years Ended December 31, 2016	2015
REVENUES:		
Rental revenues	$ 239,178	$ 414,785
Rental revenues - related parties	1,614,530	1,005,143
Total revenues	1,853,708	1,419,928
OPERATING EXPENSES:		
Compensation and benefits	472,728	455,037
Professional fees	989,506	1,333,435
General and administrative expenses	204,029	274,797
Depreciation and amortization	181,899	150,368
Property operating expenses	79,101	120,094
Real estate taxes	111,186	111,751
Consulting fees - related parties	-	53,512
Settlement expense	87,500	67,500
Total operating expenses	2,125,949	2,566,494
LOSS FROM OPERATIONS	(272,241)	(1,146,566)
OTHER INCOME (EXPENSES):		
Interest expenses	(192,492)	(193,448)
Interest expenses - related parties	(35,000)	(35,000)
Loss on sale of property and equipment	(1,843)	-
Other income	-	2,545
Interest income	-	439
Total other expenses, net	(229,335)	(225,464)
LOSS BEFORE INCOME TAXES	(501,576)	(1,372,030)
PROVISION FOR INCOME TAXES	-	-
NET LOSS	$ (501,576)	$ (1,372,030)
NET LOSS PER COMMON SHARE:		
Basic and Diluted	$ (0.03)	$ (0.08)
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING:		
Basic and Diluted	17,150,944	18,134,328

See accompanying notes to consolidated financial statements.

ZONED PROPERTIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	Preferred Stock		Common Stock		Additional Paid-in	Subscription	Accumulated	Total Stockholders'
	# of Shares	Amount	# of Shares	Amount	Capital	Receivable	Deficit	Equity
Balance, December 31, 2014	2,000,000	$ 2,000	18,676,304	$ 18,676	$ 18,912,548	$ (4,000)	$ (12,319,447)	$ 6,609,777
Common stock issued for services	-	-	75,600	76	79,525	-	-	79,601
Sale of common stock for cash	-	-	1,000,000	1,000	999,000	-	-	1,000,000
Write off of subscription receivable	-	-	-	-	(4,000)	4,000	-	-
Common stock repurchased and cancelled	-	-	(225,000)	(225)	(2,025)	-	-	(2,250)
Common stock issued for settlement	-	-	50,000	50	49,950	-	-	50,000
Common stock returned and cancelled in connection with Settlement Agreement	-	-	(2,496,054)	(2,496)	(1,404,107)	-	-	(1,406,603)
Accretion of stock based compensation related to stock options issued	-	-	-	-	782,063	-	-	782,063
Net loss	-	-	-	-	-	-	(1,372,030)	(1,372,030)
Balance, December 31, 2015	2,000,000	2,000	17,080,850	17,081	19,412,954	-	(13,691,477)	5,740,558
Common stock issued for services and future services	-	-	91,968	92	314,408	-	-	314,500
Common stock issued for settlement	-	-	37,500	37	65,588	-	-	65,625
Accretion of stock based compensation related to stock options issued	-	-	-	-	559,578	-	-	559,578
Net loss	-	-	-	-	-	-	(501,576)	(501,576)
Balance, December 31, 2016	2,000,000	$ 2,000	17,210,318	$ 17,210	$ 20,352,528	$ -	$ (14,193,053)	$ 6,178,685

See accompanying notes to consolidated financial statements.

ZONED PROPERTIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	December 31, 2016	December 31, 2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	$ (501,576)	$ (1,372,030)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization expense	181,899	150,368
Stock-based compensation	249,125	79,601
Stock-based settlement expense	65,625	50,000
Accretion of stock option expense	559,578	782,063
Loss from sale of property and equipment	1,843	-
Deferred rent receivable	(7,553)	(8,909)
Deferred rent receivable - related parties	(639,158)	(338,986)
Change in operating assets and liabilities:		
Real estate tax escrow	6,585	(6,950)
Prepaid expenses and other assets	(28,951)	69,629
Security deposits	-	(1,134)
Accounts payable	41,514	8,962
Accrued expenses	4,704	34,208
Accrued expenses - related parties	28,999	8,583
Deferred revenues	4,750	-
Security deposits payable - related parties	43,750	-
Security deposits payable	(14,226)	44,340
NET CASH USED IN OPERATING ACTIVITIES	(3,092)	(500,255)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of land	-	(200,000)
Acquisition of buildings and improvements	(910,314)	(75,447)
Cash received from sale of property and equipment	500	-
Acquisition of property and equipment	(2,534)	(6,961)
NET CASH USED IN INVESTING ACTIVITIES	(912,348)	(282,408)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from sale of common stock	-	1,000,000
Redemption of common stock	-	(2,250)
NET CASH PROVIDED BY FINANCING ACTIVITIES	-	997,750
NET (DECREASE) INCREASE IN CASH	(915,440)	215,087
CASH, beginning of year	1,281,464	1,066,377
CASH, end of year	$ 366,024	$ 1,281,464
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest paid	$ 192,500	$ 193,448
Income taxes paid	$ -	$ -
SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Common stock issued for buildings and improvements	$ 60,000	$ -
Issuance of common stock for future services	$ 5,375	$ -
Purchase and cancellation and treasury shares in exchange for net properties pursuant to settlement	$ -	$ 1,406,603
Reclassification of rental property to rental property held for sale	$ 1,140,891	$ -

See accompanying notes to consolidated financial statements.

ZONED PROPERTIES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 and 2015

NOTE 1 – ORGANIZATION AND NATURE OF OPERATIONS

Organization

Zoned Properties, Inc. ("Zoned Properties" or the "Company"), was incorporated in the State of Nevada on August 25, 2003. On May 2, 2006, the Company changed its name to Knewtrino, Inc. On August 10, 2007, the Company changed its name to Vanguard Minerals Corporation. On October 2, 2013, the Company changed its name to Zoned Properties, Inc. to reflect its maturing business model that focuses on commercial property acquisition and development.

The Company is a strategic real estate development firm whose primary mission is to identify, develop, and lease sophisticated, safe, and sustainable properties in emerging industries, including the licensed marijuana industry. The Company acquires commercial properties that face unique zoning challenges and identifies solutions that can potentially have a major impact on the cash flow and value generated. Zoned Properties targets commercial properties that can be acquired and potentially re-zoned for specific purposes. Zoned Properties does not grow, harvest, sell or distribute cannabis or any substances regulated under United States law such as the Controlled Substances Act.

The Company has the following wholly-owned subsidiaries:

- Gilbert Property Management, LLC was organized in the State of Arizona on February 10, 2014.
- Tempe Industrial Properties, LLC was organized in the State of Arizona on February 19, 2014.
- Chino Valley Properties, LLC ("Chino Valley") was organized in the State of Arizona on April 15, 2014.
- Kingman Property Group, LLC was organized in the State of Arizona on April 15, 2014.
- Green Valley Group, LLC ("Green Valley") organized in the State of Arizona on April 15, 2014.
- Zoned Oregon Properties, LLC was organized in the State of Oregon on June 16, 2015.
- Zoned Colorado Properties, LLC was organized in the State of Colorado on September 17, 2015.
- Zoned Illinois Properties, LLC was organized in the State of Illinois on July 15, 2015.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation and principals of consolidation

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America and include the accounts of the Company and its wholly-owned subsidiaries. All intercompany balances and transactions have been eliminated upon consolidation.

Use of estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates for the years ended December 31, 2016 and 2015 include the collectability of rent, the useful life of rental properties and property and equipment, assumptions used in assessing impairment of long-term assets, valuation allowances for deferred tax assets, and the fair value of non-cash equity transactions, including options and stock-based compensation.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Risks and uncertainties

The Company's operations are subject to risk and uncertainties including financial, operational, regulatory and other risks including the potential risk of business failure. The Company conducts a significant portion of its business in Arizona. Consequently, any significant economic downturn in the Arizona market could potentially have an effect on the Company's business, results of operations and financial condition. The majority of the Company's cash and cash equivalents are held at major commercial banks, which may at times exceed the Federal Deposit Insurance Corporation ("FDIC") limit. To date, the Company has not experienced any losses on its invested cash. The Company had no cash equivalents at December 31, 2016 and 2015. At December 31, 2016, the Company had approximately $110,000 of cash in excess of FDIC limits.

Cash and cash equivalents

Cash and cash equivalents are carried at cost and represent cash on hand, demand deposits placed with banks or other financial institutions and all highly liquid investments with an original maturity of three months or less as of the purchase date of such investments.

Fair value of financial instruments

The carrying amounts reported in the consolidated balance sheets for cash and cash equivalents, prepaid expenses and other current assets, real estate tax escrow, convertible notes payable, accounts payable, accrued expenses, and other payables approximate their fair market value based on the short-term maturity of these instruments.

Real estate tax escrow

Real estate tax escrow consists of funds held for the purpose of real estate taxes owed. These funds will be released as required to satisfy tax payments as due.

Rental properties

Rental properties are carried at cost less accumulated depreciation and amortization. Betterments, major renovations and certain costs directly related to the improvement of rental properties are capitalized. Maintenance and repair expenses are charged to expense as incurred. Depreciation is recognized on a straight-line basis over estimated useful lives of the assets, which range from 7 to 39 years. Tenant improvements are amortized on a straight-line basis over the lives of the related leases, which approximate the useful lives of the assets.

Upon the acquisition of real estate, the Company assesses the fair value of acquired assets (including land, buildings and improvements, identified intangibles, such as acquired above-market leases and acquired in-place leases) and acquired liabilities (such as acquired below-market leases) and allocate the purchase price based on these assessments. The Company assesses fair value based on estimated cash flow projections that utilize appropriate discount and capitalization rates and available market information. Estimates of future cash flows are based on a number of factors including historical operating results, known trends, and market/economic conditions.

The Company's rental properties are individually reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impairment exists when the carrying amount of an asset exceeds the aggregate projected future cash flows over the anticipated holding period on an undiscounted basis. An impairment loss is measured based on the excess of the property's carrying amount over its estimated fair value. Impairment analyses are based on our current plans, intended holding periods and available market information at the time the analyses are prepared. If the Company's estimates of the projected future cash flows, anticipated holding periods, or market conditions change, the Company's evaluation of impairment losses may be different and such differences could be material to its consolidated financial statements.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Rental properties (continued)

The evaluation of anticipated cash flows is subjective and is based, in part, on assumptions regarding future occupancy, rental rates and capital requirements that could differ materially from actual results. For the years ended December 31, 2016 and 2015, the Company did not record any impairment losses.

The Company has capitalized land, which is not subject to depreciation.

Rental property held for sale

The Company classifies assets as held for sale when an asset or asset group meets all of the held for sale criteria in the accounting guidance for impairment and disposal of long-lived assets. Assets held for sale are initially measured at the lower of carrying amount or fair value less cost to sell. At December 31, 2016, rental property held for sale represented a building and improvements, and land in Tempe, Arizona that is expected to be sold within one year.

Property and equipment

Property and equipment is stated at cost, less accumulated depreciation. Depreciation of property and equipment is provided utilizing the straight-line method over the estimated useful lives. The Company uses a five year life for office equipment, seven years for furniture and fixtures, and 5 to 10 years for vehicles. Expenditures for maintenance and repairs are charged to expense as incurred. Upon sale or retirement of property and equipment, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is reflected in statements of operations.

The Company examines the possibility of decreases in the value of these assets when events or changes in circumstances reflect the fact that their recorded value may not be recoverable.

Revenue recognition

Rental income includes base rents that each tenant pays in accordance with the terms of its respective lease and is reported on a straight-line basis over the non-cancellable term of the lease, which includes the effects of rent steps and rent abatements under the leases. The Company commences rental revenue recognition when the tenant takes possession of the leased space or controls the physical use of the leased space and the leased space is substantially ready for its intended use. Beginning in 2014, the Company began generating revenues from its rental properties.

Certain of the Company's leases currently contain rental increases at specified intervals. The Company records as an asset, and include in revenue, rents receivable that will be received if the tenant makes all rent payments required through the expiration of the initial term of the lease. Deferred rents receivable in the accompanying consolidated balance sheets include the cumulative difference between rental revenue recorded on a straight-line basis and rents received from the tenants in accordance with the lease terms. Accordingly, management determines to what extent the deferred rent receivable applicable to each specific tenant is collectible. The Company reviews material rents receivable and takes into consideration the tenant's payment history, the financial condition of the tenant, business conditions in the industry in which the tenant operates and economic conditions in the area in which the property is located. In the event that the collectability of rent receivable with respect to any given tenant is in doubt, we record an increase in the allowance for uncollectible accounts or the Company records a direct write-off of the specific rent receivable. No such reserves related to deferred rent receivable have been recorded as of December 31, 2016 and 2015. For the year ended December 31, 2015, in connection with certain related party leases, the Company only included in revenues the amount of rents received from the related parties in accordance with the lease terms. On August 1, 2015, the Company transferred title to its Bernalillo, New Mexico property and the respective related party lease as part of a settlement agreement, and cancelled a related party lease in June 2015.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basic and diluted loss per share

Basic loss per share is computed by dividing net loss by the weighted average number of shares of common stock outstanding during each period. Diluted loss per share is computed by dividing net loss by the weighted average number of shares of common stock, common stock equivalents and potentially dilutive securities outstanding during the period. All potentially dilutive common shares were excluded from the computation of diluted shares outstanding as they would have an anti-dilutive impact on the Company's net losses and consisted of the following:

	December 31, 2016	December 31, 2015
Convertible debt	200,000	200,000
Stock options	1,250,000	1,550,000

Segment reporting

The Company's business is comprised of one reportable segment. The Company has determined that its properties have similar economic characteristics to be aggregated into one reportable segment (operating, leasing and managing commercial properties). The Company's determination was based primarily on its method of internal reporting.

Income tax

Deferred income tax assets and liabilities arise from temporary differences between the financial statements and tax basis of assets and liabilities, as measured by the enacted tax rates, which are expected to be in effect when these differences reverse. Deferred tax assets and liabilities are classified as current or non-current, depending upon the classification of the asset or liabilities to which they relate. Deferred tax assets and liabilities not related to an asset or liability are classified as current or non-current depending on the periods in which the temporary differences are expected to reverse. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized.

The Company follows the provisions of FASB Accounting Standards Codification ("ASC") 740-10 "Uncertainty in Income Taxes". Certain recognition thresholds must be met before a tax position is recognized in the financial statements. An entity may only recognize or continue to recognize tax positions that meet a "more-likely-than-not" threshold.

The Company does not believe it has any uncertain tax positions as of December 31, 2016 and 2015 that would require either recognition or disclosure in the accompanying consolidated financial statements.

Interest and penalties associated with unrecognized tax benefits, if any, are classified as additional income taxes in the statement of operations

Stock-based compensation

Stock-based compensation is accounted for based on the requirements of ASC 718 – *"Compensation –Stock Compensation"*, which requires recognition in the financial statements of the cost of employee and director services received in exchange for an award of equity instruments over the period the employee or director is required to perform the services in exchange for the award (presumptively, the vesting period). The ASC also requires measurement of the cost of employee and director services received in exchange for an award based on the grant-date fair value of the award.

Pursuant to ASC 505-50 – *"Equity-Based Payments to Non-Employees"*, all share-based payments to non-employees, including grants of stock options, are recognized in the consolidated financial statements as compensation expense over the service period of the consulting arrangement or until performance conditions are expected to be met. Using a Black-Scholes valuation model, the Company periodically reassessed the fair value of non-employee options until service conditions are met, which generally aligns with the vesting period of the options, and the Company adjusts the expense recognized in the consolidated financial statements accordingly.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Related parties

Parties are considered to be related to the Company if the parties, directly or indirectly, through one or more intermediaries, control, are controlled by, or are under common control with the Company. Related parties also include principal owners of the Company, its management, members of the immediate families of principal owners of the Company and its management and other parties with which the Company may deal with if one party controls or can significantly influence the management or operating policies of the other to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests.

Recently issued accounting pronouncements

In May 2014, the FASB issued an update ("ASU 2014-09") *Revenue from Contracts with Customers.* ASU 2014-09 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most of the existing revenue recognition guidance and notes that lease contracts with customers are a scope exception. ASU 2014-09 requires an entity to recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services and also requires certain additional disclosures. On August 12, 2015, the FASB issued ASU 2015-14 to defer the effective date of ASU 2014-09. Public business entities may elect to adopt the amendments as of the original effective date; however, adoption is required for annual reporting periods beginning after December 15, 2017. The Company is currently assessing the impact of the guidance on the consolidated financial statements and notes to the consolidated financial statements.

In August 2014, the FASB issued ASU 2014-15, *Disclosure of Uncertainties About an Entity's Ability to Continue as a Going Concern,* that will require management to assess an entity's ability to continue as a going concern, and to provide related footnote disclosures in certain circumstances. In connection with each annual and interim period, management will assess if there is substantial doubt about an entity's ability to continue as a going concern within one year after the issuance date. Substantial doubt exists if it is probable that the entity will be unable to meet its obligations within one year after the issuance date. The new standard defines substantial doubt and provides example indicators. Disclosures will be required if conditions give rise to substantial doubt. However, management will need to assess if its plans will alleviate substantial doubt to determine the specific disclosures. This standard is effective for public entities for annual periods ending after December 15, 2016. Earlier application of this standard is permitted. This standard is not expected to have a material effect on the Company's financial position, results of operations and cash flows.

In November 2015, the FASB issued ASU 2015-17, *Balance Sheet Classification of Deferred Taxes* ("ASU 2015-17"), which requires entities to present deferred tax assets and deferred tax liabilities as noncurrent in a classified balance sheet. The ASU simplifies the current guidance in ASC Topic 740, *Income Taxes*, which requires entities to separately present deferred tax assets and liabilities as current and noncurrent in a classified balance sheet. ASU 2015-17 is effective for fiscal years beginning after December 15, 2016, and interim periods within those annual periods. Early adoption is permitted for all entities as of the beginning of an interim or annual reporting period. The Company does not expect the impact of ASU 2015-17 to be material to its consolidated financial statements.

On February 25, 2016, the FASB issued ASU No. 2016-02 ("ASU 2016-02") to amend the accounting guidance for leases. The accounting applied by a lessor is largely unchanged under ASU 2016-02. However, the standard requires lessees to recognize lease assets and lease liabilities for leases classified as operating leases on the balance sheet. Lessees will recognize in the statement of financial position a liability to make lease payments and a right-of-use asset representing its right to use the underlying asset for the lease term. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election by class of underlying asset not to recognize lease assets and lease liabilities. If a lessee makes this election, it will recognize lease expense for such leases generally on a straight-line basis over the lease term. ASU 2016-02 is effective for fiscal years beginning after December 15, 2018 and early adoption is permitted. The Company is currently assessing the impact of the guidance on its consolidated financial statements and notes to its consolidated financial statements.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Recently issued accounting pronouncements (continued)

On March 30, 2016, the FASB issued ASU No. 2016-09 ("ASU 2016-09") to amend the accounting guidance for share-based payment accounting. The areas for simplification in ASU 2016-09 involve several aspects of the accounting for share-based payment transactions, including the income tax consequences, forfeitures, classification of awards as either equity or liabilities, and classification on the statement of cash flows. ASU 2016-09 is effective for annual periods beginning after December 15, 2016 and early adoption is permitted.

Management does not believe that any other recently issued, but not yet effective accounting pronouncements, if adopted, would have a material effect on the accompanying consolidated financial statements.

Reclassification

Certain reclassifications have been made in the prior period's consolidated financial statements to conform to the current period's presentation.

NOTE 3 – RENTAL PROPERTIES

On August 12, 2014, the Company entered into a real estate purchase agreement with a company owned by Duke Rodriguez, a former related party, pursuant to which the Company acquired the property located in Bernalillo County, New Mexico consisting of 11.30 acres for total payments of $2,750,000. Pursuant to a settlement agreement (see Note 11), the Company transferred title to this property to various Defendants as described in Note 11. On August 1, 2015 (the "Settlement Date"), the carrying value of this property was $2,719,658.

On the Settlement Date, the Defendants effectuated the transfer of four parcels of property in Chino Valley, Arizona to the Company which consists of approximately 48 acres of land and the Company acquired an additional parcel in Chino Valley for $200,000 in cash. On the Settlement Date, the fair value of property obtained, consisting of land, buildings and improvements, amounted to approximately $1,528,000 (see Note 11).

At December 31, 2016 and 2015, rental properties, net consisted of the following:

Description	Useful Life (Years)	December 31, 2016	December 31, 2015
Building and building improvements	39	$ 4,888,427	$ 4,823,318
Construction in progress	-	5,000	-
Land	-	2,283,214	2,589,667
Equipment	7	23,164	23,164
Rental properties, at cost		7,199,805	7,436,149
Less: accumulated depreciation		(321,221)	(211,556)
Rental properties, net		$ 6,878,584	$ 7,224,593

For the years ended December 31, 2016 and 2015, depreciation and amortization of rental properties amounted to $175,432 and $143,956, respectively.

NOTE 4 – RENTAL PROPERTY HELD FOR SALE

On December 22, 2016, the Company entered into a Commercial Real Estate Purchase Contract (the "Agreement") with a third party (the "Purchaser") pursuant to which the Company agreed to sell, and the Purchaser agreed to purchase, the property located at 422 S. Madison Drive in Tempe, Arizona, for an aggregate purchase price of $2.125 million. Pursuant to the terms of the Agreement, the Purchaser paid a deposit of $20,000 within three days of entry into the Agreement, which amount is being held in escrow.by a third party. In addition, in 2017, the Purchaser deposited an additional deposit of $20,000. The remainder of the purchase price ($2.085 million) was due at closing. Pursuant to the terms of the Agreement, the purchase closed on March 15, 2017 (See Note 13).

At December 31, 2016 and 2015, rental property held for sale net consisted of the following:

Description	Useful Life (Years)	December 31, 2016	December 31, 2015
Building and building improvements	39	$ 900,205	$ -
Land	-	306,453	-
Rental property held for sale, at cost		1,206,658	-
Less: accumulated depreciation		(65,767)	-
Rental property held for sale, net		$ 1,140,891	$ -

NOTE 5 - PROPERTY AND EQUIPMENT

At December 31, 2016 and 2015, property and equipment consisted of the following:

Description	Useful Life (Years)	December 31, 2016	December 31, 2015
Vehicle and site trailers	5 – 10	$ 38,855	$ 42,555
Office furniture and equipment	5 - 7	14,759	12,225
		53,614	54,780
Less: accumulated depreciation		(13,402)	(8,292)
Property and equipment, net		$ 40,212	$ 46,488

For the years ended December 31, 2016 and 2015, depreciation expense amounted to $6,467 and $6,413, respectively.

NOTE 6 – RELATED PARTY TRANSACTIONS

(A) Convertible notes payable – related parties

On August 20, 2014, the Company received, pursuant to the terms of a Senior Convertible Debenture, $500,000 from a beneficial common stockholder who also holds 50% of the Company's issued preferred stock. The Debenture bears interest at 7% and the principal balance and all accrued interest is due on the maturity date of August 20, 2017. The holder has the option after 12 months to convert all or a portion of the Debenture into shares of the Company's common stock at the conversion price of $5.00 per share. As of December 31, 2016 and 2015, the principal balance due and owing under this Debenture is $500,000. As of December 31, 2016 and 2015, accrued interest payable amounted to $82,542 and $47,542, respectively, and is included in accrued expenses – related parties on the accompanying consolidated balance sheets. For the years ended December 31, 2016 and 2015, interest expenses – related party amounted to $35,000 and $35,000, respectively.

NOTE 6 – RELATED PARTY TRANSACTIONS (continued)

(B) Employment agreement

On October 26, 2015, the Company entered into an engagement letter with a Company majority owned by the Company's chief financial officer ("CFO"). Pursuant to the engagement letter, the Company shall pay a base fee of $6,500 in cash per month of which $2,000 shall be deferred and paid upon the earlier of six months or a capital raise, and $3,500 per month payable quarterly in advance in common shares of the Company valued at the lower of the share price from the most recent capital raise or 60% of the bid price of the Company's common stock at the last trading day of the previous quarter with a minimum number of common shares issuable per month of 1,250 shares. (See Note 9).

(C) Related party lease agreements

During 2014, the Company entered into lease agreements with non-profit companies and other companies whose director is a beneficial stockholder of the Company. Additionally, i n August 2015, the Company entered into two lease agreements with C3C3 Group, LLC, a company owned by this beneficial shareholder of the Company (the "Tenant") to lease space in Tempe, Arizona and Chino Valley, Arizona. The Tempe lease commenced on September 1, 2015, was amended on September 1, 2016 and expires on July 31, 2035 with base monthly rent of $13,500, subject to a 5% annual increase and increases in rental area up to 20,000 square feet. The Chino Valley lease commenced on August 1, 2015, was amended on October 10, 2016 and expires on July 31, 2035 with base monthly rent of $30,000, subject to a 5% annual increase and increases in rental area up to 25,000 square feet. For the years ended December 31, 2016 and 2015, rental income associated with these related party leases amounted to $1,614,530 and $1,005,143, respectively. At December 31, 2016 and 2015, deferred rent receivable – related party amounted to $1,006,171 and $367,013, respectively. In connection with these leases, the related party tenants shall pay security deposits aggregating $60,000 payable in twelve monthly installments of $5,000 beginning September 1, 2015. At December 31, 2016 and 2015, security deposits payable to related parties amounted to $70,000 and $26,250, respectively.

NOTE 7 – CONVERTIBLE NOTE PAYABLE

On August 20, 2014, the Company received $500,000 from a stockholder pursuant to the terms of a Senior Convertible Debenture. The Debenture bears interest at 7% per annum and is payable monthly and the principal balance and any remaining unpaid interest is due on the maturity date of August 20, 2017. The holder has the option after 12 months to convert all or a portion of the Debenture into shares of the Company's common stock at the conversion price of $5.00 per share. As of December 31, 2016 and 2015, the principal balance due and owing under this Debenture is $500,000. For the years ended December 31, 2016 and 2015, interest expense related to this convertible note amounted to $34,992 and $35,000, respectively.

NOTE 8 – MORTGAGE PAYABLE

On March 7, 2014 the Company executed a $2,100,000 mortgage payable to acquire real estate. The mortgage bears interest at 7.5% per annum. Monthly interest only payments began April 7, 2014 and continue each month thereafter until paid. The entire unpaid balance and accrued interest is due on March 7, 2019, the maturity date of the mortgage, and is secured by the underlying property. The mortgage terms do not allow participations by the lender in either the appreciation in the fair value of the mortgaged real estate project or the results of operations of the mortgaged real estate project. For the years ended December 31, 2016 and 2015, interest expense related to this mortgage amounted to $157,500 and $157,500, respectively. In connection with the sale of one of its buildings on March 15, 2017, the Company repaid the all outstanding principal and interest due on this mortgage (See Note 13).

NOTE 9 – STOCKHOLDERS' EQUITY

(A) Preferred Stock

On December 13, 2013, the Board of Directors of the Company authorized and approved the creation of a new class of Preferred Stock consisting of 5,000,000 shares authorized, $.001 par value. The preferred stock is not convertible into any other class or series of stock. The holders of the preferred stock are entitled to fifty (50) votes for each share held. Voting rights are not subject to adjustment for splits that increase or decrease the common shares outstanding. Upon liquidation, the holders of the shares will be entitled to receive $1.00 per share plus redemption provision before assets distributed to other shareholders. The holders of the shares are entitled to dividends equal to common share dividends.

Once any shares of Preferred Stock are outstanding, at least 51% of the total number of shares of Preferred Stock outstanding must approve the following transactions:

a. Alter or change the rights, preferences or privileges of the Preferred Stock.
b. Create any new class of stock having preferences over the Preferred Stock.
c. Repurchase any of our common stock.
d. Merge or consolidate with any other company, except our wholly-owned subsidiaries.
e. Sell, convey or otherwise dispose of, or create or incur any mortgage, lien, or charge or encumbrance or security interest in or pledge of, or sell and leaseback, in all or substantially all of our property or business.
f. Incur, assume or guarantee any indebtedness maturing more than 18 months after the date on which it is incurred, assumed or guaranteed by us, except for operating leases and obligations assumed as part of the purchase price of property.

(B) Common stock issued/redeemed for cash

On January 20, 2015, the Company cancelled 225,000 shares of common stock and returned proceeds of $2,250 to an investor.

In May 2015, the Company issued 1,000,000 shares of common stock to accredited investors pursuant to a private placement, exempt from registration pursuant to Rule 506(c) under the Securities Act of 1933, as amended, at a price of $1.00 per share for proceeds of $1,000,000.

(C) Common stock issued for services

2015

On January 10, 2015, the Company issued an aggregate of 30,000 shares of common stock to three members of the Company's board of directors (10,000 each) for services rendered. The shares were valued at their fair value of $30,000 using the recent sale price of the common stock on the dates of grant of $1.00 per common share. In connection with these shares, in January 2015, the Company recorded stock-based compensation expense of $30,000.

On May 1, 2015, the Company entered into a five year employment agreement with an officer of the Company. In connection with this employment agreement, the Company issued 15,000 shares of its common stock. The shares were valued at their fair value of $15,000 using the recent sale price of the common stock on the dates of grant of $1.00 per common share. Accordingly, the Company recorded compensation expense of $15,000.

In July 2015, the Company issued 2,500 shares of common stock to an employee for services rendered. The shares were valued at their fair value of $2,500 using the recent sale price of the common stock on the dates of grant of $1.00 per common share. In connection with these shares, in July 2015, the Company recorded compensation expense of $2,500.

NOTE 9 – STOCKHOLDERS' EQUITY (continued)

(C) Common stock issued for services (continued)

Effective September 1, 2015, the Company entered into a one year consulting agreement with an investor relations firm for investor relations services. In connection with this consulting agreement, the Company shall compensate the investor relations firm for services rendered 1) cash of $5,000 per month and 2) 7,500 restricted shares to be issued within the first thirty days of the contractual period and an additional 7,500 shares of restricted stock to be issued at the end of month seven. On September 30, 2015, the Company issued 7,500 shares of restricted stock. The shares were valued at their fair value of $7,500 using the recent sale price of the common stock on the dates of grant of $1.00 per common share. Accordingly, the Company recorded professional fees of $7,500.

On October 23, 2015, the Company issued 1,000 shares of its common stock for services rendered. The shares were valued at their fair value of $5,000 based on the value of services rendered. In connection with these shares, in October 2015, the Company recorded compensation expense of $5,000.

On October 23, 2015, pursuant to an engagement letter dated in October 2015, the Company issued 19,600 shares of its common stock to a Company majority owned by the Company's chief financial officer ("CFO") for services rendered. The shares were valued at their fair value of $19,600 using the recent sale price of the common stock on the dates of grant of $1.00 per common share. In connection with these shares, in October 2015, the Company recorded compensation expense of $19,600.

2016

During the year ended December 31, 2016, pursuant to an engagement letter dated in October 2015, the Company issued 26,968 shares of its common stock to a Company majority owned by the Company's CFO for services rendered. The shares were valued at their fair value of $66,139 at a range of $1.45 to $5.34 per common share which was the fair value of the common shares on the date of the grant based on the value of services to be rendered or by using the quoted share price on the dates of grant, whichever was more reliable. In connection with the issuance of these common shares, during the year ended December 31, 2016 and 2015, the Company recorded stock-based compensation expense of $66,138.

On January 27, 2016, the Company issued an aggregate of 30,000 shares of common stock to three members of the Company's board of directors (10,000 each) for services rendered. The shares were valued at their fair value of $135,000 using the quoted share price on the date of grant of $4.50 per common share. In connection with these grants, in January 2016, the Company recorded stock-based compensation expense of $135,000.

On February 1, 2016, pursuant to an engagement letter effective January 28, 2016, the Company agreed to issue an aggregate of 30,000 shares of its common stock to a company for architectural and design services to be rendered. Pursuant to the agreement, the Company shall issue 10,000 shares of common stock immediately and 20,000 shares of common stock at the completion of the engagement. The initial 10,000 shares were valued at their aggregate fair value of $45,000 using the quoted share price on the date of grant of $4.50 per common share. In connection with the issuance of these shares, on February 1, 2016, the Company capitalized costs of $45,000 as part of construction in progress to be depreciated over the life of the building improvements. On August 23, 2016, the Company issued an additional 10,000 common shares pursuant to this engagement letter. These shares were valued at a fair value of $15,000 using the quoted share price on the measurement date of grant of $1.50 per common share. In connection with the issuance of these shares, on August 23, 2016, the Company capitalized costs of $15,000 as part of construction in progress to be depreciated over the life of the building improvements. The Company shall value the remaining 10,000 shares when issued using the quoted share price on the measurement date, which shall be the date that the services are completed.

NOTE 9 – STOCKHOLDERS' EQUITY (continued)

(C) Common stock issued for services (continued)

In connection with a one year consulting agreement with an investor relations firm effective September 1, 2015 for investor relations services, on March 31, 2016, the Company issued 7,500 shares of restricted stock. The shares were valued at their aggregate fair value of $40,050 using the quoted share price on the dates of grant of $5.34 per common share. Accordingly, the Company recorded consulting fees of $40,050. Effective September 1, 2016, the Company renewed this consulting agreement for an additional one year term. In connection with this renewed consulting agreement, the Company shall compensate the consultant for services rendered 1) cash of $5,000 per month and 2) 3,750 common shares per quarter to be issued at the beginning of each quarter. In connection with this renewed consulting agreement, on September 1, 2016 and December 1, 2016, the Company issued 3,750 and 3,750 shares of common stock, respectively. These shares were valued at their aggregate fair value of $13,312 using the quoted share price on the dates of grant ranging from $1.40 to $2.15 per common share. Accordingly, the Company recorded consulting fees of $7,937 and a prepaid expense of $5,375 which will be amortized into consulting expense over the remaining service period.

(D) Common stock issued for settlement

On June 16, 2015, the Company issued 50,000 shares of common stock in connection with a settlement agreement related to a claim. The shares were valued at their fair value of $50,000 using the recent sale price of the common stock on the dates of grant of $1.00 per common share. In connection with these shares, in June 2015, the Company recorded settlement expense of $50,000.

On July 15, 2016, pursuant to a Settlement Agreement, the Company agreed to issue an aggregate of 50,000 shares of its common stock as follows: (a) 12,500 shares were issued within three days from execution of this Settlement Agreement, (b) 12,500 were issued on September 30, 2016, (c) 12,500 shares were issued on December 30, 2016, and (d) 12,500 shares shall be issued on March 31, 2017. In connection with this settlement agreement, on the measurement date of July 15, 2016, the Company valued the 50,000 shares issuable using the quoted share price of $1.75 per common share and recorded settlement expense and an accrued expense of $87,500. During the year ended December 31, 2016, in connection with this settlement agreement, the Company issued an aggregate of 37,500 common shares and reduced accrued expenses by $65,625. At December 31, 2016, 12,500 shares are still issuable under this settlement agreement and accrued expenses amounted to $21,875. (See Note 11)

(E) Equity Incentive Plans

On August 9, 2016, the Company's Board of Directors authorized the 2016 Equity Incentive Plan (the "2016 Plan") and reserved 10,000,000 shares of common stock for issuance thereunder. The 2016 Plan was approved by shareholders on November 21, 2016. The 2016 Plan's purpose is to encourage ownership in the Company by employees, officers, directors and consultants whose long-term service the Company considers essential to its continued progress and, thereby, encourage recipients to act in the stockholders' interest and share in the Company's success. The 2016 Plan authorizes the grant of awards in the form of options intended to qualify as incentive stock options under Section 422 of the Internal Revenue Code, options that do not qualify (non-statutory stock options) and grants of restricted shares of common stock. Restricted shares granted pursuant to the 2016 Plan are amortized to expense over the three-year vesting period. Options vest and expire over a period not to exceed seven years. If any share of common stock underlying a stock option that has been granted ceases to be subject to a stock option, or if any shares of common stock that are subject to any other stock-based award granted are forfeited or terminate, such shares shall again be available for distribution in connection with future grants and awards under the 2016 Plan. As of December 31, 2016, no awards have been made under the 2016 Plan. At December 31, 2016, 10,000,000 shares are available for future issuance.

NOTE 9 – STOCKHOLDERS' EQUITY (continued)

(E) Equity Incentive Plans (continued)

The Company also continues to maintain its 2014 Equity Compensation Plan (the "2014 Plan"), pursuant to which 1,250,000 previously awarded stock options are outstanding. The 2014 Plan has been superseded by the 2016 Plan. Accordingly, no additional shares subject to the existing 2014 Plan will be issued and the 1,250,000 shares issuable upon exercise of stock options will be issued pursuant to the 2014 Plan, if exercised. As of December 31, 2016, options to purchase 1,250,000 shares of common stock are outstanding pursuant to the 2014 Plan.

(F) Common stock redeemed and cancelled

On August 1, 2015, the Defendants (as defined in Note 11) returned 2,496,054 shares of common stock to the Company and the Company cancelled such shares. On the Settlement Date, such shares were valued at $1,406,603 or $0.5635 per common share which represents the cost of the shares purchased and retired. (See Note 11).

(G) Stock options granted pursuant to consulting and employment agreements

On May 6, 2015, the Company entered into a 36-month consulting agreement with a stockholder for business advisory services. In connection with this consulting agreement, the Company granted options to purchase 1,000,000 shares of the Company's common stock at an exercise price of $1.00 per share under the 2014 Plan. The options vest as to 125,000 of such shares on July 1, 2015 and for each quarter thereafter through April 1, 2017, and expire on May 5, 2025 or earlier due to employment termination. The initial fair value of this option grant was estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions: dividend yield of 0%; expected volatility of 120%; risk-free interest rate of 2.25%; and, an estimated holding period of 10 years. The Company recognize compensation expenses over the period during which the services are rendered by such consultant or over the vesting period. At the end of each financial reporting period prior to completion of the service, the fair value of this option award is remeasured using the then-current fair value of the Company's common stock and updated assumptions in the Black-Scholes option-pricing model for stock options. with the following weighted-average assumptions: dividend yield of 0%; expected volatility of 104.64%; risk-free interest rate of ranging from 1.6% to 2.45%; and, an estimated holding period ranging from 8.35 to 8.6 years. For the years ended December 31, 2016 and 2015, the Company recorded consulting expense of $555,433 and $654,054, respectively, related to these options.

In connection with an employment agreement with a former officer of the Company, the Company granted options to purchase 300,000 shares of the Company's common stock at an exercise price of $1.00 per share to the employee under the 2014 Plan. The options vested as to 50,000 of such shares on August 1, 2015, and 50,000 options were to vest on May 1, 2016 and for each year thereafter through May 1, 2020, and expire five years from the date of grant or earlier due to employment termination. The fair value of these option grants was estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions: dividend yield of 0%; expected volatility of 120%; risk-free interest rate of 1.50%; and, an estimated holding period of 5 years. In connection with these options, the Company valued these options at a fair value of $248,100 and was recording stock-based consulting expense over the vesting period. For the year ended December 31, 2015, the Company recorded stock-based compensation expense of $104,294 related to these options. In January 2016, the employee resigned and the employment agreement was terminated. Accordingly, on January 8, 2016, 250,000 non-vested options were forfeited. Accordingly upon termination, the Company reversed all stock-based compensation previously recognized on the non-vested stock options of $62,944 which was reflected as a reduction of compensation and benefits expense. Additionally, in April 2016, the remaining 50,000 vested stock options expired.

On December 30, 2015, the Company granted the Company's Chief Executive Officer and President an option, pursuant to the 2014 Plan, to purchase 250,000 of the Company's common stock at an exercise price of $1.00 per share. The grant date of the option was December 30, 2015 and the option expires on December 30, 2026. The option vests as to (i) 25,000 of such shares on December 30, 2015, and (ii) as to 25,000 of such shares on December 30, 2016 and each year thereafter through December 30, 2026. The fair value of this option grant was estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions: dividend yield of 0%; expected volatility of 120%; risk-free interest rate of 2.31%; and, an estimated holding period of 10 years. In connection with these options, the Company valued these options at a fair value of $237,150 and will record stock-based compensation expense over the vesting period. For the years ended December 31, 2016 and 2015, the Company recorded stock-based compensation expense of $67,089 and $23,715, respectively.

NOTE 9 – STOCKHOLDERS' EQUITY (continued)

(G) Stock options granted pursuant to consulting and employment agreements (continued)

At December 31, 2016, there were 1,250,000 options outstanding and 800,000 options vested and exercisable. As of December 31, 2016, there was $178,359 of unvested stock-based compensation expense to be recognized through December 2024. The aggregate intrinsic value at December 31, 2016 was approximately $1,412,500 and was calculated based on the difference between the quoted share price on December 31, 2016 and the exercise price of the underlying options.

Stock option activities for the years ended December 31, 2016 and 2015 are summarized as follows:

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Balance Outstanding December 31, 2014	-	$ -	-	$ -
Granted	1,550,000	1.00	-	-
Balance Outstanding December 31, 2015	1,550,000	1.00	-	-
Forfeited/expired	(300,000)	1.00	-	-
Balance Outstanding December 31, 2016	1,250,000	$ 1.00	8.68	$ 1,412,500
Exercisable, December 31, 2016	800,000	$ 1.00	8.68	$ 904,000

NOTE 10 - INCOME TAXES

The Company maintains deferred tax assets and liabilities that reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The deferred tax assets at December 31, 2016 and 2015 consist of net operating loss carryforwards. The net deferred tax asset has been fully offset by a valuation allowance because of the uncertainty of the attainment of future taxable income. The items accounting for the difference between income taxes at the effective statutory rate and the provision for income taxes for the years ended December 31, 2016 and 2015 were as follows:

	Years Ended December 31, 2016	Years Ended December 31, 2015
Income tax expense (benefit) at U.S. statutory rate of 34%	$ (170,536)	$ (584,775)
Income tax benefit – state	(32,602)	(111,795)
Non-deductible expenses	226,629	316,736
Change in valuation allowance	(23,491)	379,834
Total provision for income tax	$ -	$ -

The Company's approximate net deferred tax asset as of December 31, 2016 and 2015 was as follows:

Deferred Tax Asset:	December 31, 2016	December 31, 2015
Net operating loss carryforward	$ 1,296,400	$ 1,057,973
Total deferred tax asset	1,296,400	1,057,973
Less: deferred tax liability: deferred rent receivable	(414,166)	(152,248)
Net deferred tax assets before valuation allowance	882,234	905,725
Valuation allowance	(882,234)	(905,725)
Net deferred tax asset	$ -	$ -

NOTE 10 - INCOME TAXES (continued)

The net operating loss carryforward was approximately $3,201,000 at December 31, 2016. The Company provided a valuation allowance equal to the deferred income tax asset as of December 31, 2016 and 2015 because it was not known whether future taxable income will be sufficient to utilize the loss carryforward. The increase in the allowance was $23,491 in 2016. The potential tax benefit arising from the loss carryforward will expire in 2036.

Additionally, the future utilization of the net operating loss carryforward to offset future taxable income may be subject to an annual limitation as a result of ownership changes that could occur in the future. If necessary, the deferred tax assets will be reduced by any carryforward that expires prior to utilization as a result of such limitations, with a corresponding reduction of the valuation allowance.

The Company does not have any uncertain tax positions or events leading to uncertainty in a tax position. The Company's 2016, 2015 and 2014 Corporate Income Tax Returns are subject to Internal Revenue Service examination.

NOTE 11 – COMMITMENTS AND CONTINGENCIES

Lease

On February 1, 2014 the Company executed a 39-months operating lease for its office space. The annual rent during year one is $31,302, year two is $32,241 and year three $33,215. The Company also paid a security deposit of $3,267. In August 2015, the Company subleased this property for the remainder of the lease term.

For the years ended December 31, 2016 and 2015, rent expense, net of sublease income of $28,965 and $10,662, was $32,260 and $45,357, respectively.

Future minimum lease payments under non-cancelable operating leases at December 31, 2016 are as follows:

Year ending December 31,	
2017	$ 8,554
Total minimum non-cancelable operating lease payments	$ 8,554

Legal matters

Healing Healthcare 3, Inc.; Xingang, LLC v. v. Zoned Properties, Inc., et al.; Court Filed: Maricopa County Superior Court, Arizona; Case Number: CV2015-012264; Date Filed: October 21, 2015.

On October 21, 2015, Healing Healthcare 3, Inc. ("HH3") and Xingang, LLC filed a complaint against the Company, President and CEO Bryan McLaren, Board member Alex McLaren, and wholly-owned subsidiary Tempe Industrial Properties, LLC ("TIP"), among others. The complaint concerned the Company's lease of space to HH3 in Tempe, Arizona to operate a medical marijuana cultivation site. HH3 and Xingang claim that the Company and its related parties violated the terms of the lease for various reasons. On May 23, 2014, the Company concluded that the lease had been breached, and terminated the lease and retook possession of the property. Plaintiffs asserted various contract and tort claims against the Company and its related parties, and seeks $10,000 per day "for each day that the Company remained in possession of the Tempe Property in violation of the Lease," attorneys' fees and costs, treble damages, punitive damages, and interest. The complaint was served on the Company and its related parties on February 17, 2016. On March 8, 2016, the Company, Bryan McLaren, Alex McLaren, and TIP (the "Moving Parties") filed a motion to dismiss the claims asserted against them in the complaint, with prejudice, on various grounds. On April 14, 2016, the court granted in part, and denied in part, the motion to dismiss.

NOTE 11 – COMMITMENTS AND CONTINGENCIES (continued)

In sum, the court granted the dismissal of the contract claims against the Bryan and Alex McLaren without leave to amend; denied the dismissal of the two contract claims against the Company and TIP; and granted the dismissal of the remaining tort claims, subject to leave to amend the complaint within 20 days of the order. On May 5, 2016, HH3 and Xingang filed an amended complaint with new fact allegations, reasserting the claims that had survived the motion to dismiss. A motion to dismiss the amended complaint was filed on behalf of the Company, Bryan McLaren, and TIP. The motion was fully-briefed, and by order dated July 8, 2016, the Court granted the motion to dismiss the claims asserted by Xingang but denied the rest of the motion. The Company, Bryan McLaren, and TIP filed their answer to the amended complaint on July 27, 2016. On or about November 8, 2016, the Company reached a settlement with Healing Healthcare 3, Inc. (“HH3”) to settle the lawsuit HH3 filed on October 21, 2015. The terms of the settlement are confidential, but the lawsuit was dismissed in its entirety with prejudice. This settlement had no impact on the Company’s financial statements.

In a letter dated April 4, 2016, a shareholder of the Company, through legal counsel, made a demand on the Company related to a certain reverse-stock split that occurred following changes in the composition of the Company’s officers and directors in 2014. In its letter, this shareholder alleged, among other things, that: the reverse-stock split was designed to dilute existing Company interests of existing shareholders and to further entrench new management’s control over the Company. This shareholder demanded that the board of directors bring a legal action against certain officers and directors and against the Company’s transfer agent for various alleged violations of federal and state law. This shareholder indicated its intent to file a putative shareholder derivative action if its demand were not accepted. The Company evaluated this shareholder’s demand and engaged in settlement talks for several weeks. On July 15, 2016, the parties entered into a Confidential Settlement Agreement and Mutual Release (the “Settlement Agreement”), whereby the Company agreed to issue an aggregate of 50,000 shares of its common stock as follows: (a) 12,500 shares were issued within three days from execution of the Settlement Agreement, (b) 12,500 were issued on September 30, 2016, (c) 12,500 shares shall be issued on December 30, 2016, and (d) 12,500 shares shall be issued on March 31, 2017. In connection with the Settlement Agreement, during the year ended December 31, 2016, the Company recorded settlement expense of $87,500.

In a letter dated May 10, 2016, Marc Brannigan, the Company’s former CEO, and related parties (collectively “Brannigan”) sent a demand letter, through counsel, to the Company and certain other third-parties, claiming, among other things, that the Company improperly diluted Brannigan’s equity in the Company. Brannigan demands that the Company issue shares to “reverse” the dilution, invalidate shares improperly issued by the Company, pay unspecified damages, recover one-third of all Company shares owned by Alan Abrams and Chris Carra, and recover Brannigan’s purported majority ownership and voting control of the Company. The Company has evaluated Brannigan’s purported claims, and intends to vigorously defend against such claim. A mediation involving all interested parties occurred on July 29, 2016 and was unsuccessful. The Company believes that there will be no financial impact on the Company’s financial statements other than costs incurred for legal and travel fees.

Rental property acquisition

On April 22, 2016, Zoned Colorado Properties, LLC (“Zoned Colorado”), a wholly owned subsidiary of the Company, entered into a Contract to Buy and Sell Real Estate (the “Agreement”) with Parachute Development Corporation (“Seller”) pursuant to which Zoned Colorado agreed to purchase, and Seller agreed to sell, property in Parachute, Colorado (the “Property”) for a purchase price of $499,857. Of the total purchase price, $274,857, or 55%, will be paid in cash at closing and $225,000, or 45%, will be financed by Seller at an interest rate of 6.5%, amortized over a five-year period, with a balloon payment at the end of the fifth year. Payments will be made monthly and there will be no pre-payment penalty. Pursuant to the terms of the Agreement, the parties will cooperate in good faith to complete due diligence during a period of 45 days following execution of the Agreement. The closing is subject to certain contingencies, including that Zoned Colorado must obtain acceptable financing for the purchase and development of the property, the grant of a special use permit by the Town of Parachute, approval of a protected development deal or equivalent agreement by the Town of Parachute, execution of a lease agreement by a prospective tenant and the prospective tenant’s obtaining a license to cultivate on the property. Pursuant to the terms of the Agreement, Zoned Colorado will have a right of first refusal on eleven additional lots owned by Seller in Parachute, Colorado. In April 2016, the Company paid a refundable deposit of $45,000 into escrow in connection with the Agreement. As of December 31, 2016, the Company and Seller have yet to complete the purchase.

NOTE 11 – COMMITMENTS AND CONTINGENCIES (continued)

Rental property sale

On December 22, 2016, the Company entered into a Commercial Real Estate Purchase Contract (the "Agreement") with a third party (the "Purchaser") pursuant to which the Company agreed to sell, and the Purchaser agreed to purchase, the property located at 422 S. Madison Drive in Tempe, Arizona, for an aggregate purchase price of $2.125 million. Pursuant to the terms of the Agreement, the Purchaser paid a deposit of $20,000 within three days of entry into the Agreement, which amount is being held in escrow.by a third party. In addition, in 2017, the Purchaser deposited an additional deposit of $20,000. The remainder of the purchase price ($2.085 million) was due at closing. Pursuant to the terms of the Agreement, the purchase closed on March 15, 2017 (See Note 13).

Litigation settlement

Zoned Properties, Inc. v. Duke Rodriguez, Ultra Health, LLC and Cumbre Investment, LLC

On April 10, 2015, the Company became a party to a certain case pending in the Superior Court of the State of Arizona in and for Maricopa County, Arizona styled, *Zoned Properties, Inc. v. Duke Rodriguez, Ultra Health, LLC and Cumbre Investment, LLC ("The Defendants")*, Case No. CV-2015-004225, wherein the Company alleged, among other things, that the Defendants, alone or in collusion with one another, breached a certain contract for the construction of certain buildings on the Company's Gilbert property, and had made material misrepresentations or had negligently misrepresented certain material elements upon which the Company relied in purchasing the land upon which that building was to be constructed, which the Defendants failed to deliver. On July 9, 2015 and effective August 1, 2015, the Company entered into a settlement agreement with the Defendants that, among other things, settled the pending claims and granted mutual general releases. Under the terms of the settlement:

1. On August 1, 2015, the Company transferred title to its Bernalillo, New Mexico property to the Defendants. In connection with such property, the Company forfeited quarterly rental revenue of approximately of $287,000 through September 2024. For the year ended December 31, 2015, rental revenues from this property amounted to $150,000.

2. The Defendants returned 2,496,054 shares of common stock to the Company and the Company cancelled such shares. On the Settlement Date, such shares were valued at $1,406,603 or $0.5635 per common share which represents the cost of the shares purchased and retired.

3. The Defendants effectuated the transfer of four parcels of property in Chino Valley, Arizona to the Company which consists of approximately 48 Acres of land and the Company acquired an additional parcel in Chino Valley for $200,000 in cash. On the Settlement Date, the fair value of property obtained, consisting of land, buildings and improvements, amounted to approximately $1,528,000.

4. The Company obtained water rights associated with property in Chino Valley, Arizona effective December 31, 2015.

In connection with the settlement, on the Settlement Date, the Company did not record any settlement gain or loss.

NOTE 12 – CONCENTRATIONS

Rental income and rent receivable – related parties

The Company entered into lease agreements with non-profit companies whose director is a beneficial stockholder of the Company. Additionally, during the year ended December 31, 2015 and as amended during 2016, the Company entered into lease agreements with companies owned by this beneficial stockholder of the Company. For the years ended December 31, 2016 and 2015, rental revenue associated with these leases amounted to $1,614,530 and $1,005,143, which represents 87.1% and 70.8% of total revenues, respectively. At December 31, 2016 and 2015, deferred rent receivable – related parties amounted to $1,006,171 and $367,013, respectively. A reduction in sales from or loss of such related party leases would have a material adverse effect on the Company's consolidated results of operations and financial condition.

NOTE 13 – SUBSEQUENT EVENTS

Common shares issued

On January 1, 2017, pursuant to an engagement letter dated in October 2015, the Company issued 8,216 shares of its common stock to a Company majority owned by the Company's CFO for services rendered. The shares were valued at their fair value of $17,500 or $2.13 per common share which was the fair value of the common shares on the date of grant by using the quoted share price on the date of grant. In connection with the issuance of these common shares, in January 2017, the Company recorded stock-based compensation expense of $17,500.

On January 9, 2017, the Company issued an aggregate of 55,000 shares of common stock to the members of the Company's board of directors for services rendered. The shares were valued at their fair value of $127,050 using the quoted share price on the date of grant of $2.31 per common share. In connection with these grants, in January 2017, the Company recorded stock-based compensation expense of $127,050.

Convertible debentures – related parties

On January 9, 2017, the Company issued a convertible debenture (the "Abrams Debenture") in the aggregate principal amount of $2,000,000 in favor of Alan Abrams, a significant stockholder of the Company, in exchange for cash from Mr. Abrams of $2,000,000. Also on January 9, 2017, the Company issued a convertible debenture (the "McLaren Debenture" and together with the Abrams Debenture, the "Debentures") in the aggregate principal amount of $20,000 in favor of Bryan McLaren, the Company's Chief Executive Officer and President and a member of the Company's Board of Directors, in exchange for cash from Mr. McLaren of $20,000. Each of Messrs. Abrams and McLaren is referred to herein as a "Holder." Each of the Debentures accrues interest at the rate of 6% per annum payable quarterly by the 1st of each quarter and matures on January 9, 2022. The Company may prepay the Debentures at any point after six months, in whole or in part. Pursuant to the terms of each of the Debentures, the Holder is entitled to convert all or a portion of the principal balance and all accrued and unpaid interest due under the respective Debenture into shares of the Company's common stock at a conversion price of $5.00 per share. If the Company defaults on payment, the Holder may at his option, extend all conversion rights, through and including the date the Company tenders or attempts to tender payment in full of all amounts due under the Debenture. Any amount of principal or interest, which is not paid when due shall bear interest at the rate of 12% per annum. Upon an Event of Default (as defined in each Debenture), the Holder may (i) declare the entire principal amount and all accrued and unpaid interest under the Debenture immediately due and payable, and (ii) exercise any and all rights, powers and remedies available to the Holder at law or in equity or other appropriate proceeding, whether for the specific performance of any covenant or agreement contained in the Debenture and proceed to enforce the payment thereof or any other legal or equitable right of the Holder.

Operating lease

On March 9, 2017 and effective April 1, 2017, the Company executed a one-year operating lease for its office space in Scottsdale, Arizona for annual rent of $7,200. The Company also paid a security deposit of $600.

Rental property sale and satisfaction or mortgage payable

On December 22, 2016, the Company entered into a Commercial Real Estate Purchase Contract (the "Agreement") with a third party (the "Purchaser") pursuant to which the Company agreed to sell, and the Purchaser agreed to purchase, the property located at 422 S. Madison Drive in Tempe, Arizona, for an aggregate purchase price of $2.125 million. Pursuant to the terms of the Agreement, the Purchaser paid a deposit of $20,000 within three days of entry into the Agreement, which amount is being held in escrow.by a third party. In addition, in 2017, the Purchaser deposited an additional deposit of $20,000. The remainder of the purchase price ($2.085 million) was due at closing. Pursuant to the terms of the Agreement, the purchase closed on March 15, 2017. In connection with the sale, the Company recorded a gain of approximately $831,000. In connection with the sale of its buildings on March 15, 2017, the Company repaid the all outstanding principal and interest due on the mortgage payable (See Note 8).

Cancellation of lease and sublease agreement

On February 10, 2017 and effective on February 22, 2017, the Company entered a termination of sublease and mutual release of claims agreement whereby the Company, the Lessor and the Sublessee terminated its lease and sublease agreement. The effect of terminating the lease and sublease will not have a material effect on the Company's financial statements.

ZONED PROPERTIES INC

Board Member Agreement

THIS BOARD MEMBER AGREEMENT (“Agreement”) is made effective the 1st day of October, 2016, by and between Zoned Properties, Inc., a Nevada corporation (“The Company”), and Dave Honaman, an individual resident of the State of Michigan (“The Director”).

WHEREAS, the Company is a Public Corporation engaged as a developer, owner, and lessor of land, facilities and equipment to the licensed marijuana industry (the “Business”).

WHEREAS, the Company has established a Board of Directors to assist the Company in its endeavors to direct the strategy and vision of the Business so as to maximize returns for the Company’s shareholders; and

NOW THEREFORE, in consideration of the mutual promises contained herein, and intending to be legally bound, the parties hereto hereby declare and agree as follows:

1. **Term**. The term of this Agreement shall commence on the date hereof (the “Effective Date”), and shall serve for a period of one (1) year after which point the agreement shall either (i) be terminated or (ii) renewed for an additional year at the discretion of the Nominating and Corporate Governance Committee of the Board of Directors (the “Term”), it being understood that the Director shall remain on the Company’s Board of Directors at the discretion of the Company’s shareholders.

2. **Compensation**

   a. **Director’s Fees**. In consideration of the services to be rendered under this Agreement as a member of the Board of Directors and for serving on various committees of the Board of Directors, Director shall receive annual compensation of 10,000 Shares of common stock in ZDPY, payable at the direction of the company in one certificate or every quarter broken down by equal installments. First tranche or complete annual compensation shall be delivered with the first 90 days of the execution of this agreement at the company’s discretion. The Company reserved the right under the authorization of the Compensation Committee of the Board of Directors to make an amendment to the compensation of all Directors on the Board.

   b. If the Director does not complete a full year of service, compensation will be pro-rated based on the term served (Ex. 6 months of service Director will receive 5,000 share of ZDPY common stock).

Initials ______/______

3. **Expenses**. The Company shall reimburse Director for all reasonable business expenses incurred in the performance of his duties hereunder in accordance with Company's expense reimbursement guidelines.

4. **Indemnification**. Company will indemnify and defend Director and hold Director harmless against any liability incurred in the performance of Director's service on the Board of Directors pursuant to this Agreement (the "Services") to the fullest extent authorized in Company's Certificate of Incorporation, as amended, bylaws, as amended, applicable law and as provided in any individual indemnification agreements the Company many enter into with the Director. Company has or will in a timely manner purchase Director's and Officer's liability insurance, and Director shall be entitled to the protection of any insurance policies the Company maintains for the benefit of its Directors and Officers against all costs, charges and expenses in connection with any action, suit or proceeding to which he may be made a party by reason of his affiliation with Company, its subsidiaries, or affiliates or Director's Services hereunder.

5. **Termination**

   a. **Right to Terminate**. At any time, Director may be removed as Director as provided in Company's Certificate of Incorporation, as amended, bylaws, as amended, and applicable law. Director may resign as Director as provided in Company's Certificate of Incorporation, as amended, bylaws, as amended, and applicable law. Notwithstanding anything to the contrary contained in or arising from this Agreement or any statements, policies, or practices of Company, neither Director nor Company shall be required to provide any advance notice or any reason or cause for termination of Director's status, except as provided in Company's Certificate of Incorporation, as amended, Company's bylaws, as amended, and applicable law.

   b. **Effect of Termination as Director**. Upon a termination of Director's status as a Director, this Agreement will terminate; Company shall pay to Director all compensation to which Director is entitled up through the date of termination. Thereafter, all of Company's obligations under this Agreement shall cease.

6. **Non−Disclosure, Ownership of Intellectual Property**

a. Director covenants and undertakes that, during the term of this Agreement and thereafter, absent the Company's prior written consent, all information, written or oral, relating to the Company, its parents, subsidiaries or affiliates, the Company's Business or condition (actual or planned), disclosed to him by the Company, or which otherwise became known to him in connection with the performance of the Services (the "Information"), shall be maintained by him in full and absolute confidence, and he shall not use such Information, directly or indirectly, in whole or in part, for his own benefit or any purpose whatsoever except as specifically and explicitly provided hereunder. Director's undertaking hereunder shall not apply to Information which is in, or becomes part of, the public domain, or which was known by Director before the time of disclosure.

b. Director agrees and undertakes that, so long as this Agreement is in effect and for a period of one year thereafter, neither he, nor any entity in which he holds a majority of the equity interest or voting control (either directly or through other entities in which he holds a majority of the equity interest or voting control) (each a "Controlled Entity"), shall not engage as a developer, owner, or lessor of land, facilities and equipment to the licensed marijuana industry (such activities, the "Competing Activities"). The Company acknowledges that Director has ownership interests in or other relationships with entities that are not Controlled Entities (each a "Non−Controlled Entity"), and the restriction in the preceding sentence does not apply to activities of Non−Controlled Entities. However, Director agrees to inform the Company at such time as the Non−Controlled Entity commences Competing Activities, provided that he is aware of the Competing Activities and the disclosure would not violate a non−disclosure agreement with the Non−Controlled Entity.

7. Representation on Authority of Parties/Signatories. Each party signing this Agreement represents and warrants that s/he is duly authorized and has legal capacity to execute and deliver this Agreement. Each party represents and warrants to the other that the execution and delivery of the Agreement and the performance of such party's obligations hereunder have been duly authorized and that the Agreement is a valid and legal agreement binding on such party and enforceable in accordance with its terms.

8. General Waiver. The failure of any party at any time to require performance of any provision or to resort to any remedy provided under this Agreement shall in no way affect the right of that party to require performance or to resort to a remedy at any time thereafter, nor shall the waiver by any party of a breach be deemed to be a waiver of any subsequent breach. A waiver shall not be effective unless it is in writing and signed by the party against whom the waiver is being enforced.

9. **Entire Agreement.** This is the entire agreement between the aforementioned parties. It replaces and supersedes any and all oral agreements between the parties, as well as any prior writings.

10. **Enforceability, Severability and/or Reformation**

    a. In the event that any covenant, provision and/or restriction is found by a court of competent jurisdiction to be unenforceable, such provision shall be modified, rewritten or interpreted to include as much of its nature and scope as will render it enforceable. In the event it cannot be so modified, rewritten or interpreted to be enforceable in any respect, it will not be given effect, and the remainder of the Agreement shall be enforced as if such provision was not included.

    b. In the event that any court determines that any of the covenants, provisions or restrictions to be excessive in duration or scope or to be unreasonable or unenforceable under the laws of that state, it is the intention of the parties that such restriction may be modified or amended by the court to render it enforceable to the maximum extent permitted by the laws of that state.

11. **Governing Laws.** The validity, construction and performance of this Agreement shall be governed and construed in accordance with the laws of Arizona applicable to contracts made and to be wholly performed within such state, without giving effect to any form of conflict of law provisions thereof. The Federal and State courts located in Arizona shall have sole and exclusive jurisdiction over any disputes arising under the terms of this Agreement.

12. **Mediation; Waiver of Jury Trial.** The Parties hereby waive any and all rights to Jury Trial. Any controversy or claim arising out of or relating to this Agreement, by, between or among the parties, or the breach thereof, shall be settled by mandatory binding mediation. The mediator's decision shall be final and legally binding and judgment may be entered thereon. Each party initially shall be responsible for its share of the mediation fees and costs in accordance with the applicable Rules of Mediation. Notwithstanding the foregoing, the prevailing party shall be awarded its reasonable attorneys' fees and costs. Furthermore, in the event a party fails to proceed with mediation, unsuccessfully challenges the mediator's award in court, or fails to comply with the mediator's award, the other party shall be awarded its reasonable attorneys' fees and costs for having to compel mediation or defend or enforce the award.

13. **Assignment.** This Agreement constitutes the entire agreement between the parties with respect to the matters referred to herein, and no other arrangement, understanding or agreement, verbal or otherwise, shall be binding upon the parties hereto. This Agreement may not be assigned by any of the parties hereto, and may not be amended or modified, except by the written consent of both parties hereto.

[Signature Page to Follow]

IN WITNESS WHEREOF, the undersigned do hereby execute this Consent to Action to be effective as of 9/26/2016.

Company	Director
By: /s/ Bryan McLaren	By: /s/ David G. Nonaman
Bryan McLaren	Dave Honaman
Chairman of the Board	Director
Sept. 26, 2016	September 21, 2016
Zoned Properties, Inc.	**Dave Honaman**
14300 N. Northsight Blvd, Suite #208	**5465 S. Iva**
Scottsdale, AZ 85260	**St. Charles, Michigan 48655**
(877) 360-8839	**(231) 846-0513**

Exhibit 31.1

Certifications

I, Bryan McLaren, certify that:

1. I have reviewed this annual report on Form 10-K for the year ended December 31, 2016 of Zoned Properties, Inc.;

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

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

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal 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(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing 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: March 27, 2017

/s/ Bryan McLaren

Bryan McLaren
Chief Executive Officer and President
(principal executive officer)

Exhibit 31.2

Certifications

I, Adam Wasserman, certify that:

1. I have reviewed this annual report on Form 10-Q for the year ended December 31, 2016 of Zoned Properties, Inc.;

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

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

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal 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(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing 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: March 27, 2017

/s/ Adam Wasserman

Adam Wasserman
Chief Financial Officer
(principal financial officer)

EXHIBIT 32.1

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

In connection with the annual report of Zoned Properties, Inc. (the "Company") on Form 10-K for the year ended December 31, 2016, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Bryan McLaren, Chief Executive Officer and President of the Company, certify to the best of my knowledge:

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

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

Date: March 27, 2017

/s/ Bryan McLaren
Bryan McLaren
Chief Executive Officer and President
(principal executive officer)

EXHIBIT 32.2

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

In connection with the annual report of Zoned Properties, Inc. (the “Company”) on Form 10-K for the year ended December 31, 2016, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Adam Wasserman, Chief Financial Officer of the Company, certify to the best of my knowledge:

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

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

Date: March 27, 2017

/s/ Adam Wasserman
Adam Wasserman
Chief Financial Officer
(principal financial officer)