

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

FORM 10-KSB
(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, 2003

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 0-30653

Secured Diversified Investment, Ltd.

(Name of small business issuer in its chapter)

Nevada

80-0068489

(State or other jurisdiction of
incorporation or organization)

(I.R.S. Employer I.D. No.)

5030 Campus Drive, Newport Beach, California

92660

(Address of principal executive offices)

(Zip Code)

Issuer's telephone number, including area code (949) 851-1069

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

Securities registered under Section 12(g) of the Exchange Act:

\$.001 par value, common voting shares
(Title of class)

Check whether the Issuer (1) filed all reports required to be filed by
section 13 or 15(d) of the Exchange Act during the past 12 months (or for
such shorter period that the registrant was required to file such
report(s), and (2) has been subject to such filing requirements for the
past 90 days. (1) Yes No

Check if there is no disclosure of delinquent filers in response to Item
405 of Regulation S-B is contained in this form, and no disclosure will 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-KSB or any amendment to this Form 10-KSB.

The issuer's revenue for the fiscal year ended December 31, 2004 was
\$1,512,198.

The aggregate market value of the issuer's voting stock held as of April 8,
2004, by non-affiliates of the issuer was approximately \$10,486.

As of March 31, 2004, the issuer had 5,512,258 shares of its \$.001 par
value common stock outstanding.

Transitional Small Business Disclosure Format. Yes No
Documents incorporated by reference: None

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ITEM 1. DESCRIPTION OF BUSINESS

The Company owns a portfolio consisting of various types of real estate properties that are geographically diverse. The Company believes that by acquiring interests in properties that are geographically diverse the portfolio will be more stable and less susceptible to devaluation resulting from regional economic downturns and market shifts. The Company is currently focusing on acquiring properties in markets with strong regional economies.

ACQUISITION STRATEGY

We seek to acquire properties with the following general profile. This profile is merely a guideline and our officers and directors may elect to acquire properties that fall outside the general guidelines if they deem the property to be beneficial.

Property Type: Diverse commercial retail shopping centers, small office buildings and others.

- Price: Ranging from \$500,000 to \$20.0 million
- Target Capitalization Rate: 10% per annum
- Tenants: Local, regional or national tenants
- Leases: Existing leases with terms in excess of three years
- Leverage: Existing mortgages and loans not more than 70% of the fair market value or purchase price
- Appreciation: Potential for appreciation in value in two years

We intend to structure our acquisitions to minimize the cash required by offering the sellers shares of our Series C Preferred Stock or other equity rather than cash. We also structure our acquisitions to offer several distinct benefits to the sellers. These benefits include:

- Full purchase price paid in preferred stock;

- Preferred stock convertible into common after 24 or 36 months;
- Price protection since the seller receives additional shares of common stock on conversion if the fair market value of the common stock is less than the price of the preferred stock paid for the property (See "Risk Factors");
- Potentially no recognition of gain on sale until the seller sells the common stock of the Company.

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While each transaction may be structured to reduce or defer recognition of any gain on the sale of the real property, we do not make any representations about the tax consequences to the seller. Sellers must rely upon their own tax advisors and consultants.

PROPERTY IDENTIFICATION AND MARKETING

We identify properties primarily through the efforts of our officers and employees. Our officers have extensive contacts with real estate brokers, agents and owners as a result of their many years of experience acquiring, managing and selling property. William S. Biddle and Clifford L. Strand are members of The Society of Exchange Counselors, an organization of the most knowledgeable and experienced real estate professionals in the United States. Admission to the Society of Exchange Counselors is extremely difficult, requiring a recommendation from an existing member and review and approval by the other members, often after years of observation and evaluation. The Society has been one of the leading innovators in real estate technology and change. The members convene regularly to evaluate and advance real estate transactions. Members of the Society have millions of dollars of purchasing power, and properties sold or exchanged through the Society include office buildings, shopping centers, warehouses and industrial properties, hotels, apartments, airports and others. Our officers believe that they have access to more than enough potential acquisitions to meet the Company's growth objectives.

ACQUISITIONS AND DISPOSITIONS

ASSETS OF SEASHORE DIVERSIFIED INVESTMENT COMPANY. The Company acquired most of its current portfolio in a series of related transactions. The Company entered into an Asset Purchase Agreement with Seashore Diversified Investment Company ("Seashore"), a Maryland corporation, whereby the Company agreed to acquire certain real estate holdings from Seashore in exchange for restricted shares of its Series A Preferred and Common Stock. Seashore is a real estate investment trust and is in the business of acquiring, selling and managing real estate holdings. Seashore is a related party and certain officers, directors and shareholders of the Company were or are also officers, directors or shareholders of Seashore.

In March 2003, the Company exchanged 2,461,607 shares of restricted common stock and 4,997,807 shares of Series A Convertible Preferred Stock for two shopping centers (T-Rex Plaza Mall and Katella Center), and 50% interests in two limited liability companies that each own a shopping center (Decatur Square, LLC and Spencer Springs, LLC). The Company subsequently sold the Decatur Square shopping center and acquired the remaining 50% interest in Spencer Springs, LLC.

The Asset Purchase Agreement originally included the acquisition of Seashore's general partnership interest in Seacrest Partners, L.P., which owned the Hospitality Inn of Dickinson, North Dakota ("Seacrest"). However, Seashore was in default of numerous provisions of the partnership agreement for Seacrest. The Company and Seashore agreed to rescind the acquisition of the general partnership interest in Seacrest. See "Hospitality Inn" below.

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DECATUR SQUARE. On March 31, 2003, the Company initially acquired a 50% interest in a limited liability company, Decatur Center, LLC, which owned a 16,515 square foot strip mall in Las Vegas, Nevada. The Company issued 424,945 shares of restricted common stock and 862,767 shares of Series A preferred stock and assumed debt of approximately \$1.1 million. Significant owners of the limited liability company include family trusts that are managed by a shareholder of the Company, Anthony Giangrande and an officer and director of the Company, William S. Biddle. On April 17, 2003, the Company purchased the remaining 50% interest in the Decatur Center, LLC

for 1,552,480 shares of Series B Preferred Stock. One of the limited liability company members is a family trust managed by William S. Biddle, an officer and director of the Company. The trust received 317,000 shares of Series B Preferred Stock. William S. Biddle and Clifford L. Strand, officers and Directors of the Company, received shares of Series B Preferred Stock totaling 60,000 and 50,000 shares, respectively, in connection with the transaction. Additionally, Anthony Giangrande and C. Marshall Mast received 60,000 and 30,000 shares, respectively, of Series B Preferred Stock as fees.

The property was subsequently sold to a third party for \$1,825,000. The buyer assumed debt of \$825,000 and the Company extended a loan of \$425,000 to the buyer of which the Company had a 59% interest and Anthony Giangrande had a 41% interest which was subsequently purchase by William S. Biddle. Anthony Giangrande, a shareholder, received \$100,000 in connection with the sale.

HOSPITALITY INN. In August 2003, the Company consummated an agreement with Seacrest to acquire the Hospitality Inn, on leased land, in Dickinson, North Dakota for the Company's restricted shares of common stock and Series A Preferred Stock in the amount of 1,500,000 shares and 2,500,000 shares, respectively. Additionally, the Company also acquired Dickinson Management Company ("DMC"), a North Dakota corporation wholly owned by Seacrest, which operated the inn, owns the liquor license and is the registered entity for various licenses and permits necessary to operate the inn. In acquiring DMC, the Company assumed certain liabilities.

Certain of the Company's board of directors and shareholders, Clifford L. Strand, Sumiye Onodera-Leonard, Wayne Sutterfield, and Robert J. Leonard, own limited partnership interests in Seacrest.

CAMPUS DRIVE OFFICE BUILDING. The Company acquired an 18.6% interest in a limited liability company, Diversified Commercial Brokers, LLC for \$86,425. The sole asset of the limited liability company is an 8,685 square foot office building located in Newport Beach, California, of which the Company leases 1,193 sq. ft. for its corporate offices for \$2,000 per month. On December 30, 2003, the Company acquired an additional 32.4% and, as a result of the acquisition and the additional capital contributions, the Company owns 53.8% of Diversified Commercial Brokers, LLC. The 32.4% interest was owned by Wayne Sutterfield (21.1%), a Director of the Company, and William S. Biddle and Clifford L. Strand (collectively, 11.3%), also officers and Directors of the Company. The purchase price paid to Wayne Sutterfield was \$92,630, of which \$21,000 was paid by the assignment of a certificate of deposit and a three year promissory note in the principal amount of \$71,630. The note bears interest at an annual rate of 8%, with interest payable monthly and all principal due upon maturity. The note is secured by a security interest in the Company's membership interests in Diversified Commercial Brokers, LLC. Wayne Sutterfield continues to own 49% of Diversified Commercial Brokers, LLC. William S. Biddle and Clifford L. Strand each received 50,000 shares of Series B Preferred Stock for their collective \$50,000 investment.

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SPENCER SPRINGS REMAINING INTEREST. On November 19, 2003, the Company acquired the remaining 50% of Spencer Springs, LLC for \$196,000 in cash and 3,100,000 restricted shares of Series B Preferred Stock. The former members of Spencer Springs include William S. Biddle Family Trust, managed by William S. Biddle who is an officer and director of the Company, and Anthony Giangrande Family Trust, Jack Dezen, Kellogg Business Center, Gill Biddle, Sally Podell, all of whom are shareholders of the Company. Clifford L. Strand, William S. Biddle, and Anthony Giangrande received 124,000, 128,000, and 128,000 restricted shares of Series B Preferred Stock as fees in connection with the transaction pursuant to a pre-existing agreement with Spencer Springs, LLC.

HISTORY OF THE COMPANY

STARTED AS BOOK CORPORATION OF AMERICA. Originally, the Company was named Book Corporation of America ("BCA"). BCA was incorporated under the laws of the State of Utah on November 22, 1978 for the purpose of acquiring, developing, owning, selling, leasing and licensing literary properties and materials, copyrights, licenses, and other tangible and intangible properties in connection with artistic ideas and endeavors, including, but not limited to, all types of theatrical motion pictures, theatrical stage plays, television films, programs and commercials, radio recordings, books, and music publications and music recordings.

In 1979, BCA conducted an intrastate public offering of its common stock. However, the original business plan of BCA failed and the Company became dormant. On October 10, 1988, the common stock of the BCA was

reverse split 50 to 1, and the par value was changed from \$0.01 to \$.005 per share. Also in October 1988, BCA acquired Sun Television Entertainment, Inc., bringing assets of 36 motion picture screenplays and motion picture production equipment was transferred to BCA by Visto International, Inc. Such assets were subsequently written of as having no substantial value.

BCA filed a Form 10-SB Registration Statement with the United States Securities and Exchange Commission ("SEC") on May 18, 2000, which registration became effective on July 18, 2000.

CONTROL ACQUIRED BY REIT CONSULTANTS. In March 2002, control of the Company was acquired by REIT Consultants, LLC ("REIT"), when it acquired 2,000,000 shares of Company common stock from the then controlling shareholders. Clifford L. Strand, William S. Biddle, Sumyie and Robert Leonard and Wayne Sutterfield extended a loan to REIT in order to acquire the controlling interest in the company. Ronald Robinson was the manager of REIT, subsequently became a director of the Company. When REIT defaulted on the loan, the lenders received membership interests in REIT in lieu of repayment. REIT has five members all of which are trusts. The trustees of the trusts, which are members of REIT, are as follows: William S. Biddle is the trustee of the William S. Biddle Family Trust, which owns a 16.7% interest in REIT. Sumyie Onodera-Leonard is the trustee of the Sumyie N. Onodera Family Trust, which owns a 25% interest in REIT; Robert J. Leonard is the trustee of the Robert J. Leonard Family Trust, which owns a 25% interest in REIT Robert J. Leonard is the spouse of Sumyie Onodera-Leonard; Clifford L. Strand is the trustee of the C.L. Strand Trust, which owns a 16.7% interest in REIT; and Myra and Wayne Sutterfield are the trustees of the Wayne Sutterfield Family Trust which owns a 16.6% interest in REIT.

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At that time, REIT acquired the controlling interest in the Company, and William Messerli, Philip Yordan and Daniel Yordan resigned as officers and directors. Ronald Robinson became the sole officer and director of the Company. Upon default on the loan and assignment of the REIT membership interests, each of Clifford L. Strand, Sumyie Leonard and William S. Biddle became officers and directors of the Company.

REINCORPORATED IN NEVADA AND NAME CHANGED. On July 23, 2002, BCA held a special shareholder meeting. At the meeting, the shareholders approved a proposal to change the state of organization of the Company from Utah to Nevada and to change its name. In accordance with Nevada corporate law, a change of domicile is affected by merging the foreign corporation with and into a Nevada corporation. For the sole purpose of changing domicile from Utah to Nevada, BCA formed Secured Diversified Investment, Ltd., a Nevada corporation (the "Company"). On August 9, 2002, a merger between Secured Diversified Investment, Ltd., and BCA was completed. Upon completion of merger Secured Diversified Investment, Ltd., became the surviving corporation and BCA was dissolved.

On September 18, 2002, the OTCBB symbol for the Company's common stock was changed from BCAM to SCDI to reflect the name change.

In connection with the change of state of organization, the Articles of Incorporation were revised to reduce the par value of the Company's Common Stock from \$.005 to \$.001 and to authorize 50,000,000 shares of Preferred Stock, par value \$.01.

COMPETITION

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The acquisition and leasing of real estate is highly competitive. We compete for tenants with lessors and developers of similar properties located in our respective markets primarily on the basis of location, rent charged, services provided, and the design and condition of our buildings. We also experience competition when attempting to acquire real estate, including competition from domestic and foreign financial institutions, other real estate companies, life insurance companies, pension trusts, trust funds, partnerships and individual investors. See "Risk Factors-- We may be unable to compete successfully against existing and future competitors, who could harm our margins and our business."

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ENVIRONMENTAL MATTERS

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We are subject to various federal, state and local laws and regulations relating to environmental matters. Under these laws, we are exposed to liability primarily as an owner or operator of real property

and, as such, we may be responsible for the cleanup or other remediation of contaminated property. Contamination for which we may be liable could include historic contamination, spills of hazardous materials in the course of our tenants' regular business operations and spills or releases of hydraulic or other toxic oils. An owner or operator can be liable for contamination or hazardous or toxic substances in some circumstances whether or not the owner or operator knew of, or was responsible for, the presence of such contamination or hazardous or toxic substances. In addition, the presence of contamination or hazardous or toxic substances on property, or the failure to properly clean up or remediate such contamination or hazardous or toxic substances when present, may materially and adversely affect our ability to sell or lease such contaminated property or to borrow using such property as collateral.

Asbestos-containing material, or ACM, may be present in some of our properties. Environmental laws govern the presence, maintenance and removal of asbestos. We believe that we manage ACM in accordance with applicable laws. We plan to continue managing ACM as appropriate and in accordance with applicable laws and believe that the cost to do so will not be material.

Compliance with existing environmental laws has not had a material adverse effect on our financial condition and results of operations, and we do not believe it will have such an impact in the future. In addition, we have not incurred, and do not expect to incur any material costs or liabilities due to environmental contamination at properties we currently own or have owned in the past. However, we cannot predict the impact of new or changed laws or regulations on our current properties or on properties that we may acquire in the future. We have no current plans for substantial capital expenditures with respect to compliance with environmental laws.

RISK FACTORS

OUR SUCCESS DEPENDS ON THE VIABILITY OF OUR BUSINESS MODEL, WHICH IS UNPROVEN AND MAY BE UNFEASIBLE.

Our revenue and income potential are unproven, and our business model is still emerging. We launched our new business strategy in September 2002, and we have not earned any significant revenue or generated any profit from our operations. Our business model is based on a variety of assumptions relating to our ability to acquire real property for capital stock, the revenue generated by and appreciation on such real property, our operating costs and future increases in the trading price of our common stock. These assumptions may not reflect the business and market conditions that we actually face. As a result, our operating results could differ materially from those projected under our business model, and our business model may prove to be unprofitable.

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WE HAVE A HISTORY OF LOSSES, AND WE EXPECT OUR LOSSES TO INCREASE AND CONTINUE FOR THE FORESEEABLE FUTURE.

We have not generated any significant revenue from operations and have incurred operating losses until present. Through December 31, 2003, we had incurred accumulated losses of \$6.0 million. We have not achieved profitability. We recently began our new business strategy in the last few months. We may not obtain enough real property to generate sufficient revenue and achieve profitability. We believe that we will continue to incur operating and net losses for the foreseeable future and that the rate at which we will incur losses will increase significantly from current levels. We intend to increase our operating expenses substantially as we:

- increase our real estate acquisition activities;
- continue to build our management team and corporate infrastructure; and
- increase our general and administrative functions to support our growing operations.

Because we will spend these amounts before we receive any significant revenue from these efforts, our losses will be greater than the losses we would incur if we developed our business more slowly. In addition, we may find that these efforts are more expensive than we currently anticipate which would further increase our losses. The timing of these expenses may contribute to fluctuations in our quarterly operating results. Also, if our revenue growth is slower than we anticipate or our operating expenses exceed our expectations, our losses will increase significantly. We are unable to provide any assurance or guarantee that the Company will become

profitable or generate positive cash flow at any time in the future. Even if we were to achieve profitability, we may be unable to sustain or increase profitability on a quarterly or annual basis.

Our limited operating history creates substantial uncertainty about future results.

We have only a limited operating history or operations on which to base expectations regarding our future results and performance. In order to succeed, we must do most, if not all, of the following:

- identify real properties that can generate substantial revenue and appreciation;
- diversify our real estate acquisitions over a broad geographic region and among different asset classes;
- raise additional capital to sustain increased costs of operation;
- attract, integrate, retain and motivate qualified management and technical personnel;
- successfully execute our business strategies;

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- respond appropriately and timely to competitive developments;
- increase awareness of and promote trading in our common stock; and
- develop, enhance, promote and carefully manage our corporate identity.

Our business will suffer if we are unable to accomplish these and other important business objectives. We are uncertain as to when, or whether, we will fully implement our contemplated business plan and strategy or become profitable.

WE MAY BE FORCED TO CURTAIL OR DISCONTINUE OPERATIONS IF WE ARE UNABLE TO OBTAIN, ON COMMERCIALY ACCEPTABLE TERMS, ADDITIONAL EQUITY CAPITAL THAT WE MAY REQUIRE FROM TIME TO TIME IN THE FUTURE TO FINANCE OUR OPERATIONS AND GROWTH.

We do not currently have sufficient cash reserves or revenue from operations to sustain operations. We do not desire to sell our current assets to generate operating capital. To the extent we sell assets and use the proceeds to pay operating costs, we deplete the equity and capital of the Company, reducing future earnings. Therefore, we are depending upon the net proceeds from the sale of capital stock to finance our operating costs and expenses. If we are unsuccessful at raising operating capital through the sale of sufficient preferred stock, we may be forced to sell off assets or to discontinue or curtail operations.

We will also need additional capital to continue and expand our operations and to implement our business plan and strategy. If our operations expand faster or at a higher rate than currently anticipated, we may require additional capital sooner than we expect. We also may need to raise additional funds sooner to fund more rapid expansion or the development or enhancement of our existing services, products, businesses or technologies. We are unable to provide any assurance or guarantee that additional capital will be available when needed by the Company, or that such capital will be available under terms acceptable to the Company or on a timely basis. If additional funds are raised through the issuance of equity, convertible debt or similar securities of the Company, the percentage of ownership of the Company by the Company's shareholders will be reduced, the Company's shareholders may experience additional dilution, and such securities may have senior rights or preferences. We are unable to provide any assurance that additional financing will be available on terms favorable to us or at all. If adequate funds are not available or are not available on acceptable terms, our ability to fund our expansion, take advantage of potential opportunities, develop or enhance services or products or otherwise respond to competitive pressures would be limited significantly. This limitation could harm substantially our business, results of operations and financial condition.

WE HAVE BEEN UNABLE TO FUND OUR OPERATIONS WITH THE CASH GENERATED FROM OUR BUSINESS. IF WE DO NOT GENERATE CASH SUFFICIENT TO FUND OUR OPERATIONS, WE WILL NEED ADDITIONAL FINANCING TO CONTINUE OUR GROWTH OR OUR GROWTH MAY BE LIMITED.

To date, we have funded our operations from various sources but have not generated sufficient cash from operations. We must generate significant revenue from operations to finance our anticipated operating expenses internally. If our cash flows are insufficient to fund these expenses, we will need to fund our growth through additional debt or equity financing or reduce costs. Our inability to finance our growth, either internally or externally, will limit our growth potential and our ability to implement our business strategy.

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WE MAY BE UNABLE TO COMPETE SUCCESSFULLY AGAINST EXISTING AND FUTURE COMPETITORS, WHICH COULD HARM OUR MARGINS AND OUR BUSINESS.

The market for real estate is highly competitive. We expect the competitive environment to continue in the future. We face competition from a large number of existing real estate companies, real estate investment trusts ("REITs"), real estate investment firms, pension funds, insurance companies and other investors in real estate. We believe that the poor performance of the stock market generally and the relatively strong financial performance of real estate will continue to attract new competitors and encourage existing competitors to increase their involvement. We expect competition to increase due to the lack of significant barriers to entry for real estate.

We can provide no assurance that we will be able to compete successfully against current or potential competitors. Many of our current and potential competitors have longer operating histories, better name recognition, greater management capabilities and significantly greater financial, technical and marketing resources than we do. Many of these competitors may have well-established relationships with real estate brokers and other key partners and can devote substantially more resources to real estate analysis and acquisition. Many have securities that are traded on a nationally recognized exchange and which may be much more acceptable to prospective sellers. As a result, they may be able to secure real estate on more favorable terms. Larger competitors may enjoy significant competitive advantages that result from, among other things, a lower cost of capital and enhanced operating efficiencies. In addition, the number of entities and the amount of funds competing for suitable investment properties may increase. This will result in increased demand for these assets and therefore increased prices paid for them. If we pay higher prices for properties, our profitability is reduced and you will experience a lower return on your investment.

Increased competition may result in lost acquisition opportunities, increased acquisition costs and increased purchase prices for real property, any of which could harm our business and adversely affect our operating results and financial condition. We may not be able to compete successfully and respond to competitive pressures. Our inability to compete effectively with current or future competitors could harm our business and have a material adverse effect on our results of operations and financial condition.

OUR INABILITY TO RETAIN OUR EXECUTIVE OFFICERS AND OTHER KEY PERSONNEL MAY HARM OUR BUSINESS AND IMPEDE THE IMPLEMENTATION OF OUR BUSINESS STRATEGY.

Our future success depends to a significant degree on the skills, experience and efforts of our key management personnel. Our real estate acquisitions have been identified primarily by Clifford L. Strand and William S. Biddle. The loss of the services of any of these individuals could harm our business and operations. In addition, we have not obtained key person life insurance on any of our key employees. If any of our executive officers or key employees left or was seriously injured and unable to work and we were unable to find a qualified replacement and/or to obtain adequate compensation for such loss, we may be unable to manage our business, which could harm our operating results and financial condition.

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WE MAY NOT BE ABLE TO ACQUIRE SUFFICIENT REAL PROPERTY TO FULFILL OUR BUSINESS PLAN.

We have not been able to obtain permanent financing for future acquisitions on acceptable terms. As a result, we must depend upon the use of our capital stock, primarily shares of Series B and Series C Preferred Stock, to acquire properties. Because there is no substantial trading market for our capital stock, such stock may be unattractive to prospective sellers of real property. As a result, we may not be able to acquire sufficient real property and therefore could not increase our assets or revenue. As a result, it is unlikely that the value or trading prices of our stock, if any, would not increase. If the bid price for our common stock does not increase to at least the deemed purchase price for the

Series B Preferred Stock or Series C Preferred Stock issued in the acquisitions, then the number of shares of common stock issued on conversion of the preferred stock would increase significantly, resulting in substantial dilution to existing shareholders. See Note 8 to the Financial Statements.

OUR FUTURE REAL ESTATE ACQUISITIONS ARE UNKNOWN AND YOU WILL NOT HAVE ANY OPPORTUNITY TO EVALUATE THEM.

You do not know what real properties and other assets we may acquire in the future, and must rely on our board of directors and officers to select them. We have acquired only five properties (or interests in real property). See "Item 2 Description of Property" for a description of our properties. However, no information is available as to the identification, location, operating histories, lease terms or other relevant economic and financial data of any real properties, securities or other assets we may purchase in the future. As a result, you must rely on us to locate and acquire suitable investment properties and assets.

In addition, our board of directors may approve future equity offerings or obtain financing, the proceeds of which may be invested in additional properties; therefore, you will not have an opportunity to evaluate all of the properties that will be in our portfolio. You can read "Item 1. Description of Business -- Investment Objectives and Policies" if you want information about the types of properties in which we plan to invest and our criteria for evaluating properties. Nonetheless, you will be unable to evaluate the economic merit of particular properties prior to their acquisition.

OUR ACQUISITION STRATEGY DEPENDS UPON SUCCESS IN INCREASING THE PRICE OF OUR COMMON STOCK. IF WE ARE UNABLE TO INCREASE THE PRICE, THE CONVERSION OF THE PREFERRED STOCK WILL CAUSE SUBSTANTIAL DILUTION TO OUR COMMON STOCKHOLDERS.

We intend to acquire properties using our shares of Series B and Series C Preferred Stock, which convert into common stock on a one for one ratio so long as the trading price of the common stock exceeds to original price of the preferred stock (typically \$0.50 per share of the Series B Preferred Stock and \$3.00 for the Series C Preferred Stock). The preferred stock becomes convertible into common stock two years after the date of issuance. If our common stock price does not increase within such time period, the former property owners may convert into a number of shares equal to the original purchase price for the preferred stock divided by the common stock price. Such conversion rights could result in a substantially greater number of shares being issued, and will result in substantial dilution to existing holders of common stock.

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OUR ACQUISITION ACTIVITIES COULD RESULT IN LOSSES.

We intend to acquire existing properties to the extent that the suitable acquisitions can be made on advantageous terms. Acquisitions of commercial properties entail risks, such as the risks that we may not be in a position or have the opportunity in the future to make suitable property acquisitions on advantageous terms and that our investments will fail to perform as expected. Many of the properties that we acquire may require additional investment and upgrades and are subject to the risk that estimates of the cost of improvements to bring such properties up to standards established for the intended market position may prove inaccurate.

THE ECONOMIC PERFORMANCE AND VALUE OF OUR REAL PROPERTY DEPEND ON MANY FACTORS BEYOND OUR CONTROL.

The economic performance and value of our real estate holdings can be affected by many factors, including the following:

- declines in the rent due to loss of tenants or reduced traffic;
- reduced demand in the surrounding geographic regions due to general economic conditions;
- construction of competitive properties nearby and competition from other available space;
- increased operating costs and expenses necessary to improve attractiveness of the property or to complete required maintenance;
- availability of long term financing at reasonable rates.

WE MAY HAVE MORTGAGES ON OUR PROPERTIES WHICH SUBJECT US TO RISK OF LOSS.

Many of the properties we acquire will be subject to existing mortgages or loans. We will be responsible for repayment of such debts after the acquisition. Therefore we are generally subject to the risks associated with debt financing. These risks include:

- the risk that our cash flow will not satisfy required payments of principal and interest;

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- the risk that we cannot refinance existing indebtedness on our properties as necessary or that the terms of the refinancing will be less favorable to us than the terms of existing debt; and
- the risk that necessary capital expenditures for purposes such as re-letting space cannot be financed on favorable terms.

If a property is mortgaged to secure payment of indebtedness and we cannot pay the mortgage payments, we may have to surrender the property to the lender with a consequent loss of any prospective income and equity value from such property. Mortgage debt increases the risk of loss since defaults on indebtedness secured by properties may result in foreclosure actions initiated by lenders and our loss of the property securing the loan which is in default. For tax purposes, a foreclosure of any of our properties would be treated as a sale of the property for a purchase price equal to the outstanding balance of the debt secured by the mortgage. If the outstanding balance of the debt secured by the mortgage exceeds our tax basis in the property, we would recognize taxable income on foreclosure, but would not receive any cash proceeds.

We may in the future give full or partial guarantees to lenders of mortgage debt to the entities that own our properties. When we give a guaranty on behalf of an entity that owns one of our properties, we will be responsible to the lender for satisfaction of the debt if it is not paid by such entity. If any mortgages contain cross-collateralization or cross-default provisions, there is a risk that more than one real property may be affected by a default.

ADVERSE ECONOMIC CONDITIONS COULD REDUCE OUR REVENUE AND RESULT IN LOSSES.

Adverse economic conditions in our primary geographic region could reduce our income and result in losses. We intend to acquire properties in geographically diverse regions. However, our properties will be located mainly in states west of the Mississippi River in the United States, and have been initially focused in the states of California, Nevada and North Dakota. The economic performance of our properties could be affected by changes in local economic conditions. Our performance is therefore linked to economic conditions in the region of the Western United States. Therefore, to the extent that there are adverse economic conditions in this region that impact the rents, such conditions could result in a reduction of our revenue and could result in losses.

WE DEPEND ON RENTAL INCOME FROM REAL PROPERTY.

Approximately half of our income is derived from rental income from real property. As a result, our income and funds for distribution would be negatively affected if a significant number of our tenants were unable to meet their obligations to us or if we were unable to lease a significant amount of space in our properties on economically favorable lease terms. We cannot be sure that any tenant whose lease expires will renew that lease or that we will be able to re-lease space on economically advantageous terms.

INCREASED OPERATING EXPENSES COULD RESULT IN LOSSES.

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Our properties and any properties we buy in the future are and will be subject to operating risks common to real estate in general, any or all of which may negatively affect us. If any property is not fully occupied or if rents are being paid in an amount that is insufficient to cover operating expenses, then we could be required to expend funds for that property's operating expenses. The properties will be subject to increases in tax rates, utility costs, operating expenses, insurance costs, repairs and maintenance and administrative expenses.

WE MAY RELY ON MAJOR TENANTS IN CERTAIN PROPERTIES.

We may acquire properties that have only or a limited number of tenants. We could be adversely affected if any such major tenant files for

bankruptcy, becomes insolvent or experiences a significant downturn in its business. In addition, we could be adversely affected if any major tenant does not renew its leases as it expires.

PROPERTY OWNERSHIP THROUGH PARTNERSHIPS AND JOINT VENTURES COULD LIMIT OUR CONTROL OF THOSE INVESTMENTS.

If we acquire interests in partnership or joint ventures that own real estate we may be subject to risks not otherwise present for investments in real estate owned solely by us, including the possibility that our partners or co-venturers might become bankrupt, that our partners or co-venturers might at any time have different interests or goals than we do, and that our partners or co-venturers may take action contrary to our instructions, requests, policies or objectives. Other risks of joint venture investments include impasse on decisions, such as a sale, because neither our partner or co-venturers nor us would have full control over the partnership or joint venture. There is no limitation under our organizational documents as to the amount of funds that may be invested in partnerships or joint ventures.

WE MAY BE UNABLE TO SELL A PROPERTY IF OR WHEN WE DECIDE TO DO SO.

The real estate market is affected by many factors, such as general economic conditions, availability of financing, interest rates and other factors, including supply and demand, that are beyond our control. We cannot predict whether we will be able to sell any property for the price or on the terms set by us, or whether any price or other terms offered by a prospective purchaser would be acceptable to us. We cannot predict the length of time needed to find a willing purchaser and to close the sale of a property.

We may be required to expend funds to correct defects or to make improvements before a property can be sold. We cannot assure you that we will have funds available to correct such defects or to make such improvements.

In acquiring a property, we may agree to restrictions that prohibit the sale of that property for a period of time or impose other restrictions, such as a limitation on the amount of debt that can be placed or repaid on that property. These provisions would restrict our ability to sell a property.

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OUR ORGANIZATIONAL DOCUMENTS DO NOT LIMIT INCURRENCE OF DEBT.

Our organizational documents do not contain any limitation on the amount or percentage of indebtedness we may incur. However, our senior indenture and credit agreements that govern certain of our outstanding indebtedness do contain limits on our ability to incur additional indebtedness.

WE DO NOT HAVE PERMANENT FINANCING FOR FUTURE ACQUISITIONS.

We have not been able to obtain permanent financing for future acquisitions on acceptable terms. As a result, we must depend upon the use of our capital stock to acquire properties. Because there is no substantial trading market for our capital stock, such stock may be unattractive to prospective sellers of real property. As a result, we may not be able to acquire sufficient real property to accomplish our business plan. If market interest rates were to increase at a time when amounts were outstanding under the credit facility or if other variable rate debt was outstanding, our debt interest costs would increase, causing potentially adverse effects on our financial conditions and results of operations.

EMPLOYEES

The Company currently has 24 full time employees, of which six are employed in the corporate headquarters and 18 are employed by the Hospitality Inn. The Hospitality Inn may also employ up to 30 part time or temporary employees during peak seasons. The Company anticipates hiring up to two additional corporate employees during the next twelve months. None of our employees are members of any union or subject to any collective bargaining agreement. We consider our labor relations to be satisfactory.

REPORTS TO SECURITY HOLDERS

The public may read and copy any materials filed by the Company with the SEC at the SEC's Public Reference Room at 150 Fifth Street, N.W.,

Washington, D.C. 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The Company is an electronic filer and the SEC maintains an Internet site that contains reports and other information regarding the Company that may be viewed at <http://www.sec.gov>.

ITEM 2. DESCRIPTION OF PROPERTY

Set forth below is a description of the current real property interests owned by the Company.

KATELLA CENTER, ORANGE, CALIFORNIA

The Company owns a strip mall, which consists of six retail rental units totaling approximately 9,500 square feet, located on Katella Avenue in Orange, California. Currently, five of the six units are rented. The Company is currently trying to rent the final unit. The rental units are of varying sizes. One tenant, a clothing manufacturer, currently occupies 48% of the strip mall. The rental rates for the individual units average \$1.34 per square foot. The strip mall is currently generating monthly net cash flow of approximately \$3,535.

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The strip mall is located on approximately 35,800 square feet of leased ground owned by a non-affiliated third party. The lease has a 52-year term that expires in March 2017. The ground lease payment is currently \$3,000 per month. Commencing June 1, 2007, the annual ground lease payment shall revert to 7% of the fair market value of the land. There is a first trust deed in the amount of \$370,000, which is due and payable on May 15, 2005. The current monthly payment, which covers only interest, is \$3,545. The interest rate is 11.5% per annum. There is also a second trust deed in the amount of \$25,000 which matures on July 1, 2005 and bears an annual interest rate of 15.0%. The current monthly payment is \$312.50 covering interest only.

The property is managed by PSG Enterprises, an unrelated third party. PSG Enterprises charges the Company \$750 per month in management fees.

T-REX PLAZA SHOPPING MALL, DICKINSON, NORTH DAKOTA

The Company owns the nearly 90,000 square feet enclosed T-Rex Mall Plaza in Dickinson, North Dakota. The T-Rex Mall is approximately 73% occupied at this time.

During 2003, the 6.66 acres of ground on which the Mall is located was sold to a third party for \$1,645,000 with a leaseback of the ground from the buyer. During the first year of the ground lease, the monthly lease payment was \$13,708. The current ground lease payment is \$13,989. The ground lease payment will be adjusted annually in step with the consumer price index, but such increases shall not exceed 3% nor be less than 2% in any given year. The term of the ground lease will be 50 years. Between the 24th month and the 48th month of the lease, the Company will have the option to repurchase the ground provided the lease is still in effect and the lessor is not in default. The price to buy back the ground will be \$1,745,000. Following the 48th month, the price to repurchase the ground lease will be \$1,845,000 or ten times the next year's lease amount from the date of the exercise of the option, whichever is greater. Clifford L. Strand, a Company officer and Director, was paid a commission of \$25,000 by Wayne Sutterfield in connection with the sale of the 6.66 acres underlying the Mall and subsequent lease back of that property.

The \$1,645,000 was used to pay the outstanding obligations on the Mall structure. In connection with the acquisition of the Mall, the Company assumed obligations of Seashore to pay \$567,000 in currently secured and unsecured debts owed by Seashore. Of these debts, \$500,000 was owed to the family trust of Wayne Sutterfield, a director of the Company. Mr. Sutterfield accepted 1,000,000 shares of Series B Preferred Stock as repayment of the debt. The Company has an outstanding debt of \$67,000, secured by a second trust deed which accrues interest at the annual rate of 8.0% which matures on February 1, 2006. On April 21, 2004, the Company repaid \$100,000 owed to William S. Biddle, who acquired the first trust deed on the property from Anthony Giangrande, by increasing Mr. Biddle's equity interest in the note receivable from the sale of the Decatur Square shopping center (see Acquisitions and Dispositions Decatur Square).

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During 2003, the Company recognized an impairment loss of \$448,000, representing the entire basis of the property because the estimated future cash flows from existing leases did not support the carrying value. The

Company has determined that the property requires between \$150,000 and \$250,000 of deferred maintenance in the near future.

Currently, the average rent per square foot received is approximately \$.29.

The Property is managed by Everett Real Estate, an unaffiliated party owned by a minority shareholder of the Company. The Company pays Everett Real Estate \$1,300 per month in management fees.

The Company owes \$19,721 relating to property taxes, of which \$10,157 is delinquent and includes accrued penalties.

RETAIL CENTER, SPENCER SPRINGS, LAS VEGAS, NEVADA

The Company holds a 100% interest in a limited liability company that owns a strip mall in the Spencer Springs area of Las Vegas, Nevada. The strip mall is located near McCarran International Airport in an area surrounded by new complexes, high end residential developments, apartments and condominium projects. It is the only retail center in the immediate area. Spencer Springs has 14 retail rental units totaling 24,336 square feet. Currently, approximately 16,800 square feet or 75% of the strip mall is occupied. The strip mall enjoys a mix of national, regional and local tenants.

The strip mall was built in the early 1990's and has been well maintained. No significant renovations are anticipated in the immediate future.

Spencer Springs is managed by Equity Group of Las Vegas, a professional property management group. The Company pays Equity Group a monthly fee of approximately \$1,740.

The current outstanding balance of the first trust deed on Spencer Springs was approximately \$2,241,360 on December 31, 2003. The note on the property matures in September 2013. The annual interest rate on the note is currently 4.5%. After the first six months, the note bears interest at an annual rate of the six-month LIBOR rate plus 3%, adjusted every six months. The current monthly payment is \$11,400.00. There is a second trust deed in the principal amount of \$150,000 owed to two separate family trusts which are managed by William S. Biddle, an officer and director of the Company and Sumiye Onodera-Leonard, a director of the Company, respectively. The second trust deed matures August 17, 2004; however, the term may be extended to February 17, 2005, at the option of the Company with the payment of a fee in the amount of 25,000 shares of the Company's Series B Preferred Stock to each William S. Biddle and Sumiye Onodera-Leonard, respectively. The note bears an interest rate of 12% and the current monthly payment is \$1,500.00 covering interest only.

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For the year ended December 31, 2003, Spencer Springs generated net income of \$30,122.

HOSPITALITY INN, DICKINSON, NORTH DAKOTA

The property is a 149-room, full service hotel and convention center with a restaurant and banquet rooms. A 125-seat restaurant and a 110-seat cocktail lounge are located in the Inn. The Inn is approximately 318,500 square feet. The Inn is located just off of I-94 at exit 61 and Highway 22, and is near such attractions as the Theodore Roosevelt National Park, the Badlands, Dickinson State University, Dakota Dinosaur Museum, and a golf course.

The Inn is located on 6.6 acres of land that is subject to a 50-year ground lease that expires in 2053. Seacrest sold the ground to a related third party that includes Sumiye Onodera-Leonard, a director of the Company, her husband Robert J. Leonard, who manages the interest of a family trust which effectively owns 25% of the Company's outstanding common shares, and the Akira and Hisako Imamura Family Trust which is managed by the sister of Sumiye Onodera-Leonard (collectively "Landowners"). The Landowners purchased the ground from Seacrest on June 17, 2003 for \$1,300,000. The Landowners and Seacrest entered into a ground lease with monthly ground lease payments of \$10,000 and \$12,000 for the first two years, respectively. Beginning with the third year, the ground lease payment will adjust annually based on the Consumer Price Index, with a floor of 2% and a ceiling of 3%. The Company is assuming the ground lease payments. Pursuant to the terms of the ground lease, the Company may repurchase the ground. Since January 2004, the Company has been in default

Center	4,320	48%	\$1.16	41%	None		2,490	27%	\$1.27	26%		
Spencer Springs	2,300	14%	\$1.33	12%	2,600	11%	\$1.40	14%	1,100	5%	\$1.31	5%

</Table>

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TENANT CONCENTRATION

Set forth below is a list of our largest tenants (by rental revenue) and the percentage of annual rent and square footage of all of the Company's property such tenant represents.

<Table>
<Caption>

Top Tenants by Rental Revenue	Annual Gross Rent from Tenant	% of Total Revenue	% of Total sq. ft.
<S>	<C>	<C>	<C>
Chris' Place	\$100,778	11.8%	4.3%
Amerident	96,291	11.3%	4.3%
Borders & Associates	66,000	7.7%	2.7%
Strings	60,000	7.0%	3.9%
Ace Hardware	40,224	4.7%	12.8%
Deltec	38,448	4.5%	1.9%
Maples Cleaners	24,452	2.9%	1.4%
Bloomers	19,980	2.3%	1.1%
Lexus Hair	19,692	2.3%	1.1%
Curves	19,440	2.3%	1.1%

</Table>

MORTGAGE DEBT AND OTHER LOANS

The Company has substantial outstanding debts and mortgages. For a complete list, see Note 6 and Note 7 to the Financial Statements attached to this Form 10-KSB.

ITEM 3. LEGAL PROCEEDINGS.

To the knowledge of management, there is no material litigation pending or threatened against the Company or its management. Further, the Company is not aware of any other material pending or threatened litigation to which the Company or any of its directors, officers or affiliates are or would be a party.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITIES HOLDERS

On November 13, 2003, the Company held its Annual Meeting of Stockholders. Proxies were not solicited by the Company. At the Annual Meeting of Stockholders a quorum of shares was present. A number of matters were considered and voted upon at the meeting. Following is a brief description of the matters voted upon and the results of the shareholder votes:

The shareholders of the Company were asked to elect members to the board of directors of the Company for a one-year term or until their successors are elected. Clifford L. Strand, William Biddle, Sumyie Leonard, Jay Kister, Pamela Padgett and Wayne Sutterfield were nominated to serve as directors. Each of the aforementioned individuals received the affirmative vote of 11,337,214 shares, with no votes against or abstaining. The biographical information of each of the aforementioned individuals provided in the Definitive Information Statement filed on October 22, 2003, is incorporated herein by this reference.

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The shareholders were also asked to adopt and approve the 2003 Employee Stock Incentive Plan and the 2003 Non-Employee Director Stock Incentive Plan, (collectively the "2003 Plans") which were adopted by the Company's Board of Directors on August 16, 2003, subject to shareholder approval. The purpose of the 2003 Plans is to enable the Company to retain and attract key employees, consultants, members of its Board of Directors who will contribute to its success by their ability, ingenuity and industry, and to enable such individuals to participate in the Company's long-term success and growth by giving them a proprietary interest in the Company. The 2003 Plans authorize the grant of stock options, restricted stock awards, stock in lieu of cash compensation and stock purchase rights

covering up to a total of 15,000,000 shares of common stock to key employees, consultants, and members of the Company's Board of Directors and also provides for ongoing automatic grants of stock options to non-employee directors. Other than the automatic annual grants to non-employee directors and the grants and awards agreed to in the employment agreements with our executive officers, the number and type of awards that will be granted under the 2003 Plans shall be determined by the Board in its sole discretion. The shareholders voted 11,337,214 shares in favor of the adoption of the 2003 Plans, with no shares voting against or abstaining.

Finally, the shareholders voted 11,337,214 shares in favor of ratification of the appointment of Cacciamatta Accountancy Corporation as independent public accountants to audit the consolidated financial statements of the Company for the fiscal year ending December 31, 2003, and to perform other accounting services as requested by the Company.

PART II

ITEM 5. MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

MARKET PRICE OF AND DIVIDENDS ON THE COMPANY'S COMMON EQUITY AND OTHER SHAREHOLDER MATTERS.

The Company's shares are currently traded on the Over-the-Counter Bulletin Board ("OTCBB") under the symbol SCDI. As of March 31, 2004, the Company had approximately 398 shareholders holding 5,512,258 common shares. Of the issued and outstanding common stock, approximately 494,940 are free trading, the balance are "restricted securities" as that term is defined in Rule 144 promulgated by the Securities and Exchange Commission. The Company has never declared a dividend on its common shares.

The published bid and ask quotations for the Company's Common Stock from the first available date through the first available price are included in the chart below. These quotations represent prices between dealers and do not include retail markup, markdown or commissions. In addition, these quotations do not represent actual transactions.

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<Table>
<Caption>

	Closing Bid		Closing Ask	
	High	Low	High	Low
<S>	<C>	<C>	<C>	<C>
2002				

Jan. 1 thru	.07	.05	None	None
Mar. 31				
Apr. 1 thru	.06	.06	None	None
June 30				
July 1 thru	.08	.06	None	None
Sept. 30				
Oct. 1 thru	.08	.08	None	None
Dec. 31				
2003				

Jan 1. thru	.08	.08	None	None
Mar. 31				
Apr. 1 thru	.08	.03	None	None
June 30				
July 1 thru	.18	.03	None	None
Sept. 30				
Oct. 1 thru	.05	.05	None	None
Dec. 31				
2004				

Jan. 1 thru	2.25	.05	25.00	2.00
Mar. 31				

The above information was obtained from Pink Sheets, LLC, located at 304 Hudson Street, 2nd Floor, New York, New York 10013.

In November, 2003, the shareholders of the Company adopted the 2003 Employee Stock Incentive Plan and the 2003 Non-Employee Director Stock Incentive Plan, (collectively the "2003 Plans"). The 2003 Plans authorize the grant of stock options, restricted stock awards, stock in lieu of cash

compensation and stock purchase rights covering up to a total of 15,000,000 shares of common stock to key employees, consultants, and members of the Company's Board of Directors and also provides for ongoing automatic grants of stock options to non-employee directors. Other than the automatic annual grants to non-employee directors and the grants and awards agreed to in the employment agreements with our executive officers, the number and type of awards that will be granted under the 2003 Plans shall be determined by the Board in its sole discretion. The following table sets for additional information regarding the 2003 Plans.

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PLAN CATEGORY

<Table>

<Caption>

	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average price of outstanding options, warrants and rights (b)	Number of remaining available for future issuance under equity compensation plans (excluding securities reflected in columns (a)) (c)
<S>	<C>	<C>	<C>
Equity compensation plans approved by security holders	3,000,000	\$0.15	12,750,000
Equity compensation plans not approved by security holders	-0-	-0-	-0-
Total	3,000,000	\$0.15	12,750,000

</Table>

The Company's common shares are subject to conversion of the Company's outstanding convertible preferred stock. The Company's currently outstanding 4,725,410 shares of Series A Convertible Preferred Stock cannot be converted to common shares of the Company for 36 months from the date they were issued. Thereafter, they may be converted at any time on a one share for one share basis so long as the average closing bid price per share of the Company's common stock for the five trading days immediately preceding the date of conversion is greater than or equal to the purchase price per share originally paid for the Series A shares. If the average bid price per share is lower than the purchase price paid per share, the holder of the Series A shares shall be entitled to convert at a rate equal to the purchase price divided by the common stock price. The Company has issued 6,000,340 shares of Series B Convertible Preferred shares. The Series B shares cannot be converted until 24 months from the date they are issued. The Series B shares are converted at the same rate as the Series A shares. The Company has also created Series C Preferred Stock having the same conversion rate. As of April 15, 2004, no shares of Series C Preferred Stock have been issued.

The Company has no agreements to register shares on behalf of shareholders currently holding unregistered securities. The Company has not paid, nor declared, any dividends since its inception and does not intend to declare any such dividends in the foreseeable future. The Company's ability to pay dividend is subject to limitations imposed by Nevada law.

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RECENT SALES OF UNREGISTERED SECURITIES

During the fourth quarter of 2003, the Company sold 12,000 shares of Series B Preferred Stock to two investors for \$0.50 per share. Such investors included Jay Kister, a director of the Company. The Company also issued shares of Series B Preferred Stock to officers and Directors as commission in connection with various real estate transactions. See "Certain Relationships and Related Party Transactions."

On March 3, 2004, the Company issued 100,000 restricted shares of Series B Convertible Preferred Stock for a total consideration of \$50,000 to one individual who was not an affiliate of the Company. The shares were issued without registration under the Securities Act of 1933 in reliance on an exemption from registration provided under Section 4(2) of the

Securities Act, and from similar applicable state securities laws, rules and regulations exempting the offer and sale of these securities by available state exemptions. No general solicitation was made in connection with the offer or sale of these securities. The Company paid Robert Leonard, a significant shareholder of the Company, a fee equal to 10% of the gross proceeds for identifying and introducing the investor.

ITEM 6. MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

The following discussion should be read in conjunction with the consolidated financial statements and notes thereto of the Company appearing elsewhere in this report. Such financial statements have been prepared to reflect the Company's financial position as of December 31, 2003, together with the results of operations and cash flows for the periods ended December 31, 2003 and 2002.

FORWARD-LOOKING STATEMENTS

Historical results and trends are not necessarily indicative of future operations. Managements' statements contained in this report that are not historical facts are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Actual results may differ materially from those included in the forward-looking statements. The Company intends such forward-looking statements to be covered by the safe-harbor provisions for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995, and is including this statement for purposes of complying with such provisions. Forward-looking statements, which are based on certain assumptions and describe future plans, strategies and expectations of management, are generally identifiable by use of the words "believe," "expect," "intend," "anticipate," "estimate," "project," "prospects," or similar expressions. The Company's ability to predict results or the actual effect of future plans or strategies is inherently uncertain. Factors which could have a material adverse affect on the operations and future prospects of the Company include, but are not limited to: changes in general economic conditions and in the real estate market specifically (including those in the local economy of the regions where the Company's properties are located), legislative/regulatory changes, availability of capital, interest rates, competition and supply and demand for operating properties in the Company's current and proposed market areas. These risks and uncertainties should be considered in evaluating forward-looking statements, and undue reliance should not be placed on any such statements. Further information concerning the Company and its business, including additional factors that could materially affect the Company's financial results, is included herein and in the Company's other filings with the Securities and Exchange Commission. The Company does not intend to update any of the forward-looking statements after the date this report is filed to conform these statements to actual results, unless required by law.

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CRITICAL ACCOUNTING POLICIES

The preparation of these financial statements in accordance with accounting principles generally accepted in the United States of America 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. The Company believes that its critical accounting policies are those that require significant judgments and estimates such as those related to revenue recognition and allowance for uncollectible receivables and impairment of real estate assets and deferred assets. These estimates are made and evaluated on an on-going basis using information that is currently available as well as various other assumptions believed to be reasonable under the circumstances. Actual results could vary from those estimates and those estimates could be different under different assumptions or conditions.

REVENUE RECOGNITION AND ALLOWANCE FOR UNCOLLECTIBLE RECEIVABLES

Base rental income is recognized on a straight-line basis over the terms of the respective lease agreements. Differences between rental income recognized and amounts contractually due under the lease agreements are credited or charged, as applicable, to rent receivable. The Company maintains, as necessary, an allowance for doubtful accounts for estimated losses resulting from the inability of tenants to make required payments that will result in a reduction to income. Management determines the adequacy of this allowance by continually evaluating individual tenant receivables considering the tenant's financial condition, security deposits, letters of credit, lease guarantees and current economic conditions.

IMPAIRMENT OF REAL ESTATE ASSETS

The Company assesses the impairment of a real estate asset when events or changes in circumstances indicate that the net book value may not be recoverable. Indicators management considers important that could trigger an impairment review include the following:

- * a significant negative industry or economic trend;
- * a significant underperformance relative to historical or projected future operation results; and
- * a significant change in the manner in which the asset is used.

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REAL ESTATE INVESTMENTS

The following table presents a summary of the Company's wholly-owned properties and properties in which it owns interests through certain limited liability companies as of December 31, 2003:

<Table>
<Caption>

Property Name	Location	Company Ownership %	Square Feet	Date Acquired	Major Tenant (1)

<S>	<C>	<C>	<C>	<C>	<C>
Operating Properties					

Katella Center	Orange, CA	100	9,500	03/31/03 (2)	Judith by Strings

T-Rex Mall	Dickinson, ND	100	89,642	03/31/03 (2)	Newby's

Spencer Springs	Las Vegas, NV	87 (3)	24,336	03/31/03	Amerident

Chris's Place Hospitality Inn	Dickinson, ND	100		08/01/03	

Campus Drive Office Building	Newport Beach, CA	53.8 (4)	8,685	2/09/03 12/30/03	Borders Architects

</Table>

- (1) Tenant occupying largest space of property.
- (2) The Company assumed operations of the property in February 2003.
- (3) Owned by Spencer Springs limited liability company, a subsidiary of the Company.
- (4) Limited liability company membership interest acquired on two separate dates 18.6% acquired on February 9, 2003 and 32.4% acquired on December 30, 2003, plus additional interests acquired for cash contributions.

The following table sets forth management's estimate of current fair market value of the real property owned, directly or indirectly, by the Company. Current fair market value is based upon appraisals from independent third parties as more fully set forth in the footnotes to the table. The estimated current values also assume that the rental income for each property has been stabilized, payments of delinquent property taxes and all required maintenance has been accomplished. The Company is currently working to stabilize occupancy and to perform deferred maintenance on several properties. The amount of the secured obligations is the principal amount plus accrued interest as of December 31, 2003. Estimated net worth is prior to any commissions or expenses of any sale.

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<Table>
<Caption>

Total Secured
Estimated Obligations

Property and Location	Current Market Value	as of 12/31/2003	Estimated Net Worth
<S>	<C>	<C>	<C>
Katella Shopping Center Orange, CA	\$800,000 (1)	\$ 395,000	\$ 405,000
Spencer Springs Shopping Center Las Vegas, Nevada	4,250,000 (2)	2,241,360	2,008,640
Campus Office Building Newport Beach, CA	1,150,000 (3)	833,463	316,537
T-Rex Shopping Center Dickinson, North Dakota	1,555,000 (4)	437,000	1,118,000
Hospitality Inn Dickinson, North Dakota	1,900,000 (5)	1,450,000	378,000
Total	\$9,205,000	4,284,823	4,910,177

</Table>

(1) Based upon a written appraisal from Ralph H. Mauch of Villa & Associates Real Estate Appraisers, Anaheim, CA, dated May 11, 2000.

(2) Based upon a written appraisal from Timothy R. Morse & Associates, MAI Appraiser, dated July 22, 2003.

(3) Based upon a written appraisal from CB Richard Ellis, Inc. Valuation and Advisory Services, Newport Beach, CA, dated November 8, 2002.

(4) Based upon a written appraisal from The Advisory Services Group, Coldwell Banker Commercial, Source One Realty, Redondo Beach, CA, dated April 24, 2002. The current fair market value is the appraised value less the sale price of the underlying land. The appraised value of the real property was \$3,200,000. In February 2003 the Company sold the land underlying the shopping center for \$1,645,000. Total secured obligation includes deferred maintenance of \$250,000.

(5) Based upon a written appraisal from Bill A. Knudsen, Knudson Appraisal Services, Bismarck, North Dakota, a member of the National Association of Independent Fee Appraisers, dated November 18, 1999. The current fair market value is the appraised value less the sale price of the underlying land. The total appraised value was \$3,500,000, of which the fair market value of the real estate was \$3,000,000 and the furniture, fixture and equipment was \$500,000. Seacrest Partners, L.P., the former owner, sold the land underlying the Hospitality Inn for \$1,300,000. Fair market value is the appraised value less the value of the furniture, fixtures, equipment and land value. Total secured obligations \$250,000 of deferred maintenance and \$68,000 of delinquent property taxes.

The above table is management's current estimate of fair market value. Fair market value is subject to change due to market factors beyond the control of the Company. The Company cannot give any assurance that the estimated fair market value could actually be realized in any sale transaction.

RESULTS OF OPERATIONS

The comparability of the financial information discussed below is limited by acquisitions and dispositions completed during the fiscal year ended December 31, 2003. As discussed above, during the fiscal year ended December 31, 2003, the Company acquired a 100% ownership interest in a 9,500 square foot strip mall in Orange, California and an 89,642 square foot enclosed mall in Dickinson, North Dakota. The Company purchased a

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100% membership interest in two LLCs: one (Spencer Springs) owns 87% interest in a 24,336 square foot, strip mall in Las Vegas, Nevada; and the other (Decatur Square) owned a 100% interest in a 16,500 square foot strip mall also located in Las Vegas, Nevada, which the Company subsequently sold. The Company acquired the Hospitality Inn in Dickinson, North Dakota for capital stock. The Company also acquired a 19% membership interest in an LLC that owns an 8,685 square foot office building in Newport Beach, California, and then acquired an additional 32.4% interest from related parties and received an additional 2.8% interest for additional cash contributions. The Company subsequently sold the Decatur Square shopping center.

COMPARISON OF THE YEARS ENDED DECEMBER 31, 2003 AND 2002

Comparability of the financial information discussed below is materially impacted by the Company's acquisition of properties beginning in the first quarter of 2003.

INCOME. Income consists of rental income from commercial properties pursuant to tenant leases and income from the operation of a full service hotel. As a result of these operations, the Company reported income of \$1,441,066, net of \$71,132 for coupons and discounts, for the fiscal year ended December 31, 2003. The Company realized no income in the comparable period 2002.

COST OF GOODS SOLD. Cost of goods sold was attributable to the operation of the full service hotel. The cost of goods sold totaled \$491,028 for the five-month period the Company owned the hotel ending December 31, 2003. The Company had no cost of goods sold in the comparable period 2002.

GENERAL AND ADMINISTRATIVE EXPENSES. General and administrative expenses consist primarily of payroll expenses, legal and accounting fees and costs associated with the acquisition and ownership of real properties. These expenses increased \$2,094,984 to \$2,167,225 for the fiscal year ended December 31, 2003, compared to \$72,241 for the year ended December 31, 2002. The increase is attributable to the operation of acquired real estate and a full service hotel. The primary components of such expenses were payroll, real estate commissions, land leases, and professional fees. The Company also recognized impairment with respect to the T-Rex property in the amount of \$448,403. Management anticipates that operating and administrative expenses will continue to increase throughout the remainder of 2004 as the Company seeks to acquire additional real estate holdings and expand its operations.

DEPRECIATION. Depreciation for the fiscal year ended December 31, 2003 was \$80,114 compared to no depreciation for the year ended December 31, 2002. The depreciation was attributable primarily to the Katella Center, Hospitality Inn, Spencer Springs and the Company's telephone system.

INTEREST AND OTHER EXPENSE. Interest expense consists of mortgage interest paid on the Company's properties. Interest expense was \$202,997 for the fiscal year ended December 31, 2003 compared to \$1,212 for the year ended December 31, 2002. Interest expense was attributable primarily to the Katella Center, T-Rex Plaza Mall, Hospitality Inn and Spencer Springs properties.

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The Company also reported cost to purchase the remaining 50% minority interest in Spencer Springs, LLC, which totals (\$1,270,154). Additionally, the Company incurred a loss of \$70,000 on certain notes while recognizing a gain of \$275,545 on the sale of assets.

NET INCOME. The net loss was \$2,904,938 or \$(0.57) per share basic and diluted for the fiscal year ended December 31, 2003 compared to a net loss of \$73,193 or \$(0.03) per share basic and diluted for the fiscal year ended December 31, 2002.

COMPARISON OF THE YEARS ENDED DECEMBER 31, 2002

As of December 31, 2002, the Company had \$6,058 cash on hand and no other assets. The Company has experienced losses from inception. As of December 31, 2002, the Company had total current liabilities amounting to \$68,111. Since inception the Company has sustained continued losses and has an accumulated operating loss since inception of \$3,425,066. As of December 31, 2002, the Company had no revenue producing activities and was completely dependent upon its officers and directors to provide for its cash requirements. While the Company hopes to be successful in its efforts to acquire and manage real estates holdings, there is no guarantee that the Company will be successful.

LIQUIDITY AND CAPITAL RESOURCES

CAPITAL RESOURCES

As stated in financial statement Note 1 Going Concern, the Company does not have significant cash or other liquid assets, nor does it have an established source of revenues sufficient to cover its operating costs and to allow it to continue as a going concern. Moreover, the Company does not currently possess a financial institution source of financing. The Company anticipates that it will be dependent for a significant period of time on additional investment capital to fund operating expenses, to meet debt service obligations, and to fund additional property acquisitions before achieving profitability. Since its inception, the Company has covered its capital requirement shortfall through additional financing from its control shareholders. Because of the Company's current negative equity position, fund-raising from non-affiliated third parties may be difficult resulting

in continued reliance upon funding from its control shareholders. These control shareholders, however, are under no obligations and have made no commitments to continue to fund the Company.

At December 31, 2003, the Company had \$125,545 of cash and cash equivalents as compared to \$6,058 of cash and cash equivalents at December 31, 2002 to meet its immediate short-term liquidity requirements. This increase in cash and cash equivalents resulted primarily from the cash proceeds from the sale of Decatur Square.

Operating cash flows are expected to increase as additional properties and investments in real estate are added to the Company's portfolio. Cash and cash equivalents decreased since December 31, 2002 principally as a result of acquisition of real estate investments.

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To date, the Company has paid no dividends and does not anticipate paying dividends into the foreseeable future.

CASH FLOWS FROM OPERATING ACTIVITIES

Net cash used by operating activities was \$504,921 for the fiscal year ended December 31, 2003 compared to net cash used by operating activities of \$121,969 for the fiscal year ended December 31, 2002. This increase in cash provided by operating activities relative to the prior period was primarily due to the Company's acquired real estate holdings and expenses relating to audit, legal and expanded compliance with federal and state securities laws. The Company had no operations during the same quarter of 2002.

Management expects cash flows from operating activities to increase due to the acquisitions of the Katella Center, T-Rex Mall, and the limited liability company membership interest in Spencer Springs and the Campus Drive Office Building as well as the acquisition of additional properties and investments in unconsolidated real estate during the remainder of the year as the Company strategically builds its real estate portfolio. Management is currently considering other potential opportunities to acquire real estate. The decision to acquire one or more properties or investments in unconsolidated real estate will generally depend upon (i) receipt of a satisfactory environmental survey and property appraisal, (ii) an absence of any material adverse change relating to the property, its tenants, or local economic conditions, and (iii) adequate financing. There is no assurance that any of these conditions will be satisfied or, if satisfied, that the Company will purchase any additional properties or make any further investments in unconsolidated real estate.

CASH FLOWS FROM IN INVESTING ACTIVITIES

Net cash from investing activities amounted to \$126,182 for the fiscal year ended December 31, 2003 compared to \$0 for the fiscal year ended December 31, 2002, primarily from the sale of Decatur Square offset by an investment in the Campus Drive office building and various capital expenditures.

At December 31, 2003, the Company does not have any material planned capital expenditures resulting from any known demand based on existing trends. However, management may conclude that expenditures to improve properties are necessary and/or desirable.

CASH FLOWS FROM FINANCING ACTIVITIES

Cash provided by financing activities amounted to \$498,226 for the fiscal year ended December 31, 2003 compared to \$107,953 for the fiscal year ended December 31, 2002. The primary reason for the increase was proceeds from notes and the sale of preferred stock.

The Company intends to acquire additional properties and make additional investments in unconsolidated real estate and may seek to fund these acquisitions through proceeds received from a combination of subsequent equity offerings, debt financings or asset dispositions.

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ITEM 7. FINANCIAL STATEMENTS

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
Secured Diversified Investment, Ltd.

We have audited the accompanying consolidated balance sheet of Secured Diversified Investment, Ltd. (the "Company") as of December 31, 2003, and the related consolidated statements of operations, stockholders' equity, and cash flows for each of the two years in the period ended December 31, 2003. These financial statements are the responsibility of the Company's management. 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 required that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes 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 financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2003, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2003, in conformity with US generally accepted accounting principles.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the consolidated financial statements, the Company has sustained net losses since its inception, cash reserves are low and the Company's operations do not generate sufficient cash to cover its operating costs. These conditions raise substantial doubt about the Company's ability to continue as a going concern. Management's plans regarding these matters are also described in Note 1. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ CACCIAMATTA ACCOUNTANCY CORPORATION
Irvine, California
May 14, 2004

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SECURED DIVERSIFIED INVESTMENT, LTD.
Consolidated Balance Sheet

<Table> <S> ASSETS	<C>
As of December 31, 2003	
Current Assets	
Cash	\$ 125,545
Accounts Receivable	38,774
Inventory	23,981
Note Receivable, net of \$25,000 reserve	400,000

Total Current Assets	588,300

Fixed Assets	
Equipment, net of \$9,434 of accumulated depreciation	60,491
Real Estate, net of \$57,177 of accumulated depreciation	4,719,222

Total Fixed Assets	4,779,713

Other Assets	
Restricted Cash	70,000
Prepaid and other	45,031

Total Other Assets	115,031

Total Assets	\$ 5,483,044
	=====
LIABILITIES AND STOCKHOLDERS' EQUITY	
Current Liabilities	
Accounts Payable	\$ 146,320
Interest Payable	17,576
Payroll Liabilities, including \$158,684 due officers & directors	273,854
Accrued Property Tax	87,634
Accrued Sales Tax	9,198
Security Deposits	41,395
Current Portion of Long-Term Debt, related parties	328,956
Current Portion of Long-Term Debt	47,400

Total Current Liabilities	952,333
Long Term Liabilities	
Notes Payable, related parties	337,880
Mortgages Payable	3,417,403
Total Long - Term Liabilities	3,755,283
Total Liabilities	4,707,616
Minority Interest	171,838
STOCKHOLDERS' EQUITY	
Series A Preferred Stock, 7,500,000 shares authorized, \$0.01 par value, 7,190,381 issued & outstanding	71,904
Series B Preferred Stock, 20,000,000 shares authorized, \$0.01 par value, 5,832,480 issued & outstanding	58,325
Series C Preferred Stock, 22,500,000 shares authorized, \$0.01 par value, zero shares issued & outstanding	-
Common Stock, 100,000,000 shares authorized, \$0.001 par value, 8,157,286 issued and outstanding	8,157
Paid In Capital	6,546,843
Accumulated Deficit	(6,081,639)
Total Stockholders' Equity	603,590
Total Liabilities and Stockholders' Equity	\$ 5,483,044

</Table> See the accompanying notes
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SECURED DIVERSIFIED INVESTMENT, LTD
Consolidated Statements of Operations

<Table>
<Caption>

	Year ended December 31	
	2003	2002
<S>	<C>	<C>
REVENUES		
Rental	\$ 632,728	\$ -
Hotel, net of \$71,132 for coupons and discounts	789,916	-
Brokerage	18,423	-
Total Revenues	1,441,066	-
Cost of Goods Sold	491,028	-
	950,038	-
General and Administrative Expenses	2,167,225	71,029
Operating (Loss)	(1,217,187)	(71,029)
Other Income and Expense		
Interest	\$ (202,997)	\$ (1,212)
Interest	10,326	-
Loss on sale of assets, net	(1,036,963)	-
Minority Interest	(13,823)	-
Impairment loss	(448,403)	-
Other	4,109	-
Net (Loss)	\$ (2,904,939)	\$ (72,241)
Basic and diluted net (loss) per share	\$ (0.57)	\$ (0.03)
Basic and diluted weighted average shares	5,107,950	2,349,540

</Table>

See the accompanying notes
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Secured Diversified Investment, Inc.
Consolidated Statement of Shareholders' Equity

<Table>
<Caption>

	Preferred Stock Series A		Preferred Stock Series B		Common Stock	
	Shares	\$0.01 Par Value	Shares	\$0.01 Par Value	Shares	\$0.01 Par Value
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Balance, December 31, 2001	-	\$ -	-	\$ -	2,349,540	\$ 11,748
Contributed capital						
Change in par value from \$.005 to \$.001						(9,398)
Net loss						
Balance, December 31, 2002	-	-	-	-	2,349,540	2,350
Stock issued for real estate acquisitions	7,497,807	74,978	4,752,480	47,525	3,961,606	3,961
Conversion of \$500,000 note			1,000,000	10,000		
Stock issued for cash			80,000	800		
Stock issued for public relation services					400,000	400
Stock issued to officers					1,100,000	1,100
Stock issued to directors					500,000	500
Shares cancelled	(307,426)	(3,074)			(153,860)	(154)
Net loss						
Balance, December 31, 2003	7,190,381	\$ 71,904	5,832,480	\$ 58,325	8,157,286	\$ 8,157

</Table>

See accompanying notes
F-4

Secured Diversified Investment, Inc.
Consolidated Statement of Shareholders' Equity

<Table>
<Caption>

	Additional Paid In Capital	Accumulated Deficit	Stockholders Equity
<S>	<C>	<C>	<C>
Balance, December 31, 2001	\$ 3,041,711	\$ (3,104,460)	\$ (51,001)
Contributed capital	61,189		61,189
Change in par value from \$.005 to \$.001	9,398		-
Net loss		(72,241)	(72,241)
Balance, December 31, 2002	3,112,298	(3,176,701)	(62,053)
Stock issued for real estate acquisitions	2,840,117		2,996,581
Conversion of \$500,000 note	490,000		500,000
Stock issued for cash	39,200		40,000
Stock issued for public relation services	31,600		32,000

Stock issued to officers	20,900		22,000
Stock issued to directors	9,500		10,000
Shares cancelled	3,228		-
Net loss		(2,904,938)	(2,904,938)
Balance, December 31, 2003	\$ 6,546,843	\$ (6,081,639)	\$ 603,590

</Table>

See accompanying notes
F-4

SECURED DIVERSIFIED INVESTMENT, LTD
Consolidated Statements of Cash Flows

<Table>

<Caption>

	Year ended December 31,	
	2003	2002
	-----	-----
<S>	<C>	<C>
Cash flows from operating activities:		
Net Loss	\$ (2,904,938)	\$ (72,241)
Adjustment to reconcile net loss to net cash used by operating activities:		
Depreciation	80,114	-
Minority interest	13,823	-
Loss on sale of note receivable	45,000	-
Reserve for note receivable	25,000	-
Loss on sale of real estate	106,832	-
Loss on acquisition of minority interest	1,270,154	-
Impairment of real estate	448,403	-
Increase (decrease) in assets and liabilities		
Restricted cash	(70,000)	-
Receivables	(38,774)	-
Inventory	(23,981)	-
Accrued interest added to notes payable	12,500	-
Prepaid expenses and other	(45,031)	-
Accounts payable and other	575,977	(49,728)
Net cash provided (used) by operating activities	(504,921)	(121,969)
Cash flow from investing activities:		
Purchase equipment and tenant improvements	(62,867)	-
Proceeds from sale of assets	451,186	-
Investment in subsidiary	(262,137)	-
Net cash provided by investing activities	126,182	-
Cash flows from financing activities:		
Proceeds from capital contributions	-	61,189
Proceeds from stock issuance	40,000	-
Proceeds from notes payable - related party	361,450	55,000
Payments on notes payable - related party	(28,194)	(8,236)
Proceeds from notes payable	150,147	-
Payments on notes payable	(25,177)	-
Net cash provided by financing activities	498,226	107,953
Net increase (decrease) in cash	119,487	(14,016)
Cash, beginning of the year	6,058	20,074
Cash, end of the year	\$ 125,545	\$ 6,058
Supplemental disclosures:		
Cash paid for interest	\$ 202,997	\$ -
Cash paid for income tax	\$ -	\$ -
Non-cash investing and financing activities:		
Property acquired through stock issuances	\$ 3,258,761	\$ -
Debt on property acquired	\$ 3,652,713	\$ -
Conversion of note to stock	\$ 500,000	\$ -
Note receivable acquired in real estate sale transaction	\$ 425,000	\$ -

SECURED DIVERSIFIED INVESTMENT, LTD.
Notes to Consolidated Financial Statements
December 31, 2003

NOTE 1 - Going Concern

The accompanying financial statements of Secured Diversified Investment, Ltd. (the "Company" or "SDI") are prepared using generally accepted accounting principles applicable to a going concern, which contemplates the realization of assets and liquidation of liabilities in the normal course of business. The Company since its inception has sustained net losses. Cash reserves are low and currently the Company's operations do not generate enough cash to cover its costs or to execute its business plan. Management intends to refinance existing properties and use the proceeds to fund operating shortfalls. There are no assurances that the refinancing will occur or that the cash it generates will be adequate to meet the Company's cash requirements. In addition, the Company intends to raise additional funds through a private placement of its securities. However, there are no assurances that the Company will be successful in this or any of its endeavors or become financially viable and continue as a going concern.

NOTE 2 - Nature of Operations

The Company was incorporated under the laws of the state of Utah on November 22, 1978. On July 23, 2002, the shareholders approved a change in domicile from Utah to Nevada. In accordance with Nevada corporate law, a change of domicile is effected by merging the foreign corporation with and into a Nevada corporation. On August 9, 2002, a merger between the Company and Book Corporation of America was completed. Upon completion of the merger Book Corporation of America was dissolved. On September 18, 2002, the OTCBB symbol for the Company's common stock was changed from BCAM to SCDI. The shareholders also approved amendments to the Company's Articles of Incorporation to change the par value of the Company's Common Stock from \$.005 to \$.001 and to authorize 50,000,000 shares of Preferred Stock, par value \$.01. On November 15, 2002, the Company changed its fiscal year end from October 31 to December 31.

During 2002, the Company began pursuing the acquisition of ownership interests in real estate properties that are geographically and functionally diverse in order to be more stable and less susceptible to devaluation resulting from regional economic downturns and market shifts. Currently, the Company owns shopping centers in Dickinson, North Dakota; Las Vegas, Nevada; and Orange, California; the Company also owns a single story office building in Newport Beach, California, and a hotel in Dickinson, North Dakota. The Company is currently focusing on acquiring properties in markets with strong regional economies.

NOTE 3 - Significant Accounting Policies

CONSOLIDATION. The accompanying consolidated financial statements include the accounts of the Company and its wholly and majority owned subsidiaries, which include Diversified Commercial Brokers (DCB) LLC (51%) - owner of 5030 Campus; Nationwide Commercial Brokers, Inc. (100%) - with limited operations to date; Dickinson Management, Inc. (100%) - manager of the Hospitality Inn; Spencer Springs LLC (87%) - owner of the Spencer Springs shopping center; Decatur Center LLC (100%) - an inactive company; and Diversified Commercial Mortgage LLC (100%) - an inactive company. All material inter-company transactions and balances have been eliminated. Estimates. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures; for example, the estimated useful lives of assets and the fair value of real property. Accordingly, actual results could differ from those estimates.

CREDIT AND CONCENTRATION RISK. The Company maintains deposit accounts in numerous financial institutions. From time to time, cash deposits may exceed Federal Deposit Insurance Corporation limits. No single institution holds more than the federally insured limit.

REVENUE RECOGNITION. The Company's revenues are derived from rental income and from room and food revenues from hotel operations. Rental and hotel

revenues are recognized in the period services and goods are provided. Cash and cash equivalents. The Company considers all short term, highly liquid investments, that are readily convertible to known amounts within ninety days as cash equivalents. The Company currently has no such investments.

PROPERTY AND EQUIPMENT. Property and equipment are depreciated over the estimated useful lives of the related assets. Leasehold improvements are amortized over the lesser of the lease term or the estimated life of the asset. Depreciation and amortization is computed on the straight-line method. Repairs and maintenance are expensed as incurred.

Fair value. The carrying value for cash, prepaids, and accounts payable and accrued liabilities approximates fair value because of the immediate or short-term maturity of these financial instruments. Based upon the borrowing rates currently available to the Company for loans with similar terms and average maturities, the fair value of long-term debt approximates its carrying value.

IMPAIRMENT. The Company adopted SFAS 144, "Accounting for the Impairment and Disposal of Long-Lived Assets," which requires long-lived assets be reviewed for impairment whenever circumstances indicate the carrying value may not be recoverable.

STOCK-BASED COMPENSATION. The Company measures compensation costs for options using the intrinsic value based method of accounting as prescribed under Accounting Pronouncement Bulletin Opinion No. 25, "Accounting for Stock Issued to Employees" (APB 25) as permitted under SFAS 123. No compensation cost was recorded because the exercise price for the shares exceeded the market value on the date of grant. Had compensation cost for the Company's stock-based compensation plans been determined based on the fair value, the Company's net loss for the year ended December 31, 2003 would have increased \$9,530 to \$2,914,468 and loss per share would have increased \$0.002 to \$(0.572). The fair value was calculated using the Black-Scholes option pricing model assuming no dividends, a risk-free interest rate of 3.625%, an expected life of 10 years and expected volatility of 100%.

LOSS PER SHARE. Basic loss per share is based on the weighted average number of common shares outstanding during the period. Diluted loss per share reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock. At December 31, 2003, all potential common shares are excluded from the computation of diluted loss per share, as the effect of which was antidilutive.

INCOME TAXES. The Company recognizes a deferred tax asset or liability for the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method, deferred tax assets and liabilities are determined based on the difference between the financial statement and tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse.

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SECURED DIVERSIFIED INVESTMENT, LTD.
Notes to Consolidated Financial Statements
December 31, 2003

At December 31, 2003, the Company had a net operating loss carry-forward of approximately \$1,185,000 that may be offset against future taxable income through 2023. These carry-forwards are subject to review by the Internal Revenue Service. The tax benefit was calculated using a tax rate of 35% for Federal and 10% for State. The Company has fully reserved the related \$572,000 tax benefit because the likelihood of realization of the tax benefit cannot be determined. Of the total tax benefit, approximately \$534,000 is attributable to 2003. Temporary differences between the time of reporting certain items for financial and tax reporting purposes consist primarily of real estate impairment and the cost of acquiring minority interests recognized for book purposes.

RECENT ACCOUNTING PRONOUNCEMENTS. In June 2002, the FASB issued SFAS 146, "Accounting for Costs Associated with Exit or Disposal Activities." SFAS 146 addresses financial accounting and reporting for costs associated with exit or disposal activities and nullifies Emerging Issues Task Force Issue No. 94-3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity." SFAS 146 generally requires a liability for a cost associated with an exit or disposal activity to be recognized and measured initially at its fair value in the period in which the liability is incurred. The pronouncement is effective for exit or disposal activities initiated after December 31, 2002. The Company's financial position or results of operations have not been affected by this

new pronouncement.

In June 2003, the FASB approved SFAS 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity". SFAS 150 establishes standards for how an issuer classifies and measures certain financial instruments with characteristics of both liabilities and equity. This Statement is effective for financial instruments entered into or modified after May 31, 2003, and otherwise is effective at the beginning of the first interim period beginning after June 15, 2003. The Company's financial position reflects the effects of classifying certain mandatorily redeemable equity instruments as liabilities.

NOTE 4 - Property and Equipment

The Company acquires income-producing real estate assets in the normal course of business. During 2003, the Company acquired assets in California, Nevada and North Dakota.

<Table>

<Caption>

<S>	<C>	Estimated Life <C>
Land	\$766,500	
Buildings and improvements	3,838,918	39 years
Leasehold Improvements	170,982	2 - 10 years
Furniture, fixtures and equipment	69,924	3 - 7 years

	4,846,324	
Less accumulated depreciation	(66,611)	

	\$ 4,779,713	
	=====	

</Table>

During 2003, the Company recognized an impairment loss of \$448,000, representing the entire basis on the T-Rex Plaza Mall, because estimated future cash flows from existing leases did not support the carrying value. The impairment is included in "other income/loss" in the accompanying financial statements. Depreciation expense was \$80,114 in 2003, including \$13,503 on the T-Rex Plaza Mall, and \$0 in 2002. No interest was capitalized in either period.

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SECURED DIVERSIFIED INVESTMENT, LTD.
Notes to Consolidated Financial Statements
December 31, 2003

NOTE 5 - Related Party Transactions

SEASHORE DIVERSIFIED INVESTMENT COMPANY (SDIC). Certain of the Company's directors and officers were also directors, officers and shareholders of SDIC. On March 31, 2003, the Company issued 2,461,607 common shares and 4,997,807 Series A preferred shares to SDIC to acquire Katella Center in Orange, California, T-Rex Plaza Mall in Dickinson, North Dakota, 50% interest in Spencer Springs LLC and 50% interest in Decatur Center LLC. Spencer Springs and Decatur Center each own a shopping center in Las Vegas, Nevada.

During 2003, SDIC advanced monies to the Company under a revolving note, bearing interest at 9%. The advance is due on demand. At December 31, 2003, the outstanding balance totaled \$116,456, with \$10,882 in accrued interest due.

SEACREST LIMITED PARTNERSHIP (Seacrest). Certain of the Company's directors and officers were the majority partners in Seacrest. On August 1, 2003, the Company issued 1,445,029 common shares and 2,464,971 preferred A shares to Seacrest to acquire the Hospitality Inn, a 149 room full service hotel complete with meeting and banquet rooms as well as a restaurant and bar on leased land in Dickinson, North Dakota. The Company also acquired Dickinson Management Inc., a wholly owned subsidiary of Seacrest which operated the hotel, owns the liquor license and is the registered entity for various permits and licenses necessary to operate the Inn. In conjunction with the acquisition, the Company assumed approximately \$136,728 of liabilities.

LEONARD, ET AL. The Hospitality Inn leases land from a director of the Company, Sumiye Leonard, her husband, a significant shareholder, Robert Leonard, and the Akira and Hisako Imamura Family Trust that is managed by the sister of Sumiye Leonard. The lease expires in 2053. The monthly ground lease payments are \$10,000, \$12,000, and \$14,000 for the first three years, respectively. Beginning with the fourth year, the ground lease payments will adjust annually based on the Consumer Price Index, with a floor of 2% and a ceiling of 3%. Pursuant to the terms of the ground lease, the Company may purchase the land. During 2003, the Company made lease payments of \$50,000.

C. WAYNE SUTTERFIELD (Sutterfield). At December 31, 2003, the Company owed Sutterfield, a director and significant shareholder, \$138,630 under two separate notes. The notes bear interest at 8% and are due in 2006. Also in 2003, Sutterfield advanced the Company \$21,000; the advance is non-interest bearing and is due on demand. Additionally, Sutterfield is a minority owner in DCB LLC. Under the terms of the operating agreement, the Company pays Sutterfield a preferred return on his investment, totaling \$18,743 in 2003, and retains the right to acquire all his interests.

CLIFFORD L STRAND (Strand) AND WILLIAM S. BIDDLE (Biddle). During 2003, Strand and Biddle, officers, directors and shareholders, provided real estate services in connection with various acquisitions. For these services, Strand and Biddle received cash of \$50,000 each and shares of Series B preferred stock totaling 174,000 to Strand and 188,000 to Biddle. Strand and Biddle also received 50,000 shares each of Series B preferred stock when the Company purchased their collective 11.5% interest in DCB LLC. Additionally, Biddle holds two notes due from the Company totaling \$274,250. One note bears interest at 7.05% and matures in 2008. The other note bears interest at 10% and matures in 2004. Both are secured by the underlying property.

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SECURED DIVERSIFIED INVESTMENT, LTD.
Notes to Consolidated Financial Statements
December 31, 2003

PRIME TIME AUCTIONS, INC (Prime Time). Prime Time is a shareholder of the Company. During 2003, Prime Time extended three loans totaling \$137,500 to the Company, all of which bear interest at 15%, are secured by the underlying property and mature through 2005.

NOTE 6 - Related Party Debt

<Table>

<S>	<C>
- Unsecured note, bearing interest at 9%, interest only, due on demand	\$ 116,456
- Mortgage note, bearing interest at 8%, interest only, maturing February 17, 2006, secured by 2nd trust deed on T-Rex Plaza Mall	67,000
- Mortgage note, bearing interest at 8%, interest only, maturing December 31, 2006, secured by 3rd trust deed on 5030 Campus	71,630
- Mortgage note, bearing interest at 10%, maturing April 21, 2004, interest only, secured by 1st trust deed on T-Rex Plaza Mall	100,000
- Mortgage note, bearing interest at 15%, maturing February 26, 2004, interest only, secured by 1st trust deed on Palm Highland	52,500
- Mortgage note, bearing interest at 15%, maturing October 1, 2004, interest only, secured by 1st trust deed on Hospitality Inn	60,000
- Mortgage note, bearing interest at 15%, maturing July 1, 2005, interest only, secured by 2nd trust deed on Katella Center	25,000
- Mortgage note payable, bearing interest at 7.05%, maturing April 15, 2008, interest only, secured by second trust deed on Palm Highland	174,250

Total related party debt	666,836
Less current portion of related party debt	328,956

Long term portion of related party debt	\$ 337,880
	=====

NOTE 7 - Third Party Debt

- Unsecured note, bearing interest at 9%, maturing June 20, 2005, interest only	\$ 19,980
- Mortgage note, bearing interest at 11.5%, maturing May 15, 2005, interest only, secured by 1st trust deed on Katella Center	370,000
- Mortgage note, bearing interest at the "1 year constant maturity treasury rate" plus 3.5%, adjusting annually, currently 5.875%, principal and interest monthly, maturing February 2, 2013, secured by 1st trust deed on 5030 Campus and 70,00 restricted cash	723,463
- Mortgage note, bearing interest at 8%, maturing February 8, 2008, interest only, secured by 2nd trust deed on 5030 Campus	110,000
- Mortgage payable, bearing interest at the "6 month London Interbank Offer Rate" plus 3%, adjusting every 6 months, currently 4.5%, maturing September 30, 2013 principal and interest due monthly, secured by 1st trust deed on Spencer Springs	2,241,360

Total third party debt	\$ 3,464,803
Less current portion of third party debt	47,400

Long term portion of third party debt	\$ 3,417,403
	=====

</Table>

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NOTE 8 - Stockholders' Equity

In February 2003, the Company created three series of preferred stock, all of which are convertible at the option of the holder: (1) Series A consisting of 7,500,000 shares with a par value of \$0.01, a liquidation preference of \$1.00 per share, convertible into an equal number of common shares 36 months after issuance, with the same voting rights as common stock; (2) Series B consisting of 20,000,000 shares with a par value of \$0.01, a liquidation preference of \$0.50 per share, and convertible into an equal number of common shares 24 months after issuance; and (3) Series C consisting of 22,500,000 shares with a par value of \$0.01, a liquidation preference of \$3.00 per share, and convertible into an equal number of common shares 24 months after issuance. In the event the price of common stock is less than the purchase price of the preferred stock on the conversion date, the holder is entitled to convert at a rate equal to the purchase price divided by the common stock price.

The Company is offering 18,447,520 shares of its Series B preferred stock at \$0.50 per share. Additionally, the Company is offering 22,500,000 shares of its Series C preferred stock at \$3.00. Both Series B and Series C preferred stock are being offered for cash or in exchange for real estate acquisitions.

During 2003, the Company issued 3,906,635 shares of common stock, 7,462,778 shares of Series A, and 4,652,480 shares of Series B in exchange for property acquisitions. During 2003, the Company issued 400,000 shares of common stock for public relations services. Additionally, during 2003, the Company converted \$500,000 of debt for 1,000,000 shares of Series B preferred stock. Also in 2003, the Company sold 80,000 shares of Series B preferred stock for \$40,000.

NOTE 9 - Stock Incentive Plans

In November 2003, the Board of Directors adopted and the Shareholders approved two stock incentive plans: the Secured Diversified Investment, Ltd. 2003 Stock Incentive Plan (Employee Stock Plan) and the Secured Diversified Investment, Ltd. 2003 Non-employee Directors Stock Incentive Plan (Directors Stock Plan). Both Plans require a The Plans terminate in November 2013

EMPLOYEE STOCK PLAN. The Employee Stock Plan authorizes up to a maximum of 10,000,000 shares of common stock for employees, consultants and other independent advisors. The plan permits the issuing of shares or the granting of options. The exercise price is to be determined by the Plan Administrator (currently the Board), but at no time will the price be less than the fair market value on the date of grant. Additionally, the Plan Administrator establishes the vesting period. Generally, the options expire ten years after the date of grant. The plan provides for "cash less exercise" of the options, so the optionee has the choice of paying cash, converting unpaid salaries or services, or surrendering common stock owned by him with a value equal to the exercise price. As discussed more fully in Note 11, the Company executed employment contracts with its officers, which obligates the Company to issue 1,100,000 shares of stock and 2,500,000 options, leaving 6,400,000 shares of common stock available under the Employee Stock Plan.

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DIRECTORS STOCK PLAN. The Directors Stock Plan authorizes up to a maximum of 5,000,000 shares of common stock for non-employee directors. The plan permits the issuing of shares or the granting of options. The exercise price is the fair market value on the date of grant. Each Board member is automatically awarded 100,000 shares and 100,000 options upon becoming a Board member, and is awarded 100,000 options on each anniversary date thereafter. The options vest over two years on a quarterly basis, and expire ten years after the date of grant. The plan provides for "cash less exercise" of the options, so the optionee has the choice of paying cash, converting unpaid salaries or services, or surrendering common stock owned by him with a value equal to the exercise price. Upon exercising the option, the non-employee director is required to pay or make adequate provision for all withholding obligations of the Company.

NOTE 10 - Loss Per Share

Following is a reconciliation of net loss and weighted average number of shares outstanding, in the computation of loss per share for the years ended December 31, 2003 and 2002.

	2003	2002
Net loss	\$ (2,904,938)	\$ (72,241)
Less preferred stock dividends	-	-
Net loss available to common shareholders	\$ (2,904,938)	\$ (72,241)
Basic weighted average shares outstanding	5,107,950	2,349,500
Dilutive potential common shares	-	-
Diluted weighted average shares outstanding	5,107,950	2,349,500
Basic and diluted net loss per share	\$ (0.57)	\$ (0.03)
Potential common shares excluded from diluted weighted average shares outstanding because of their anti-dilutive nature:		
Convertible Series A and B preferred stock	12,922,861	-
Options granted, not yet issued	3,000,000	-
	15,922,861	-

NOTE 11 - Commitment and Contingencies

DEFERRED MAINTENANCE. The Company has determined that T-Rex Plaza Mall needs repairs to its roof, heating and air conditioning ventilation units, the facade and parking lot. The estimated costs for said repairs are between \$150,000 and \$250,000. The Company intends to pursue reimbursement from contractors who recently repaired the roof in order to recover the anticipated roof repair costs. Additionally, the Company estimates deferred interior improvements needed at the Hospitality Inn are between \$100,000 and \$200,000.

LEASE AGREEMENTS. The Company is obligated under various ground leases (T-Rex Plaza Mall, Katella Center, Hospitality Inn, and 5030 Campus), three of which include CPI increases, and an office lease requiring monthly payments through 2053. Lease payments during 2003 and 2002 totaled \$233,792 and \$0, respectively.

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SECURED DIVERSIFIED INVESTMENT, LTD.
Notes to Consolidated Financial Statements
December 31, 2003

UNPAID PROPERTY TAXES. The Company has not paid approximately \$88,000 in 2003 property taxes on the Hospitality Inn and T-Rex Plaza Mall that were due March 2004.

OFFICER EMPLOYMENT AGREEMENTS. During 2003, the Company executed employment agreements with its officers that extend through 2006. The employment agreements provide for the issuance of common stock and options vesting over the term of the agreement and expire 10 years from the date of grant. The Board did not approve the Stock Incentive Plan until late in 2003; therefore, no options were granted or stock issued during 2003. The options, once granted, are convertible to common stock at \$0.15/share. Twenty-five percent of the options vest immediately and the remaining options vest ratably over the term of the agreements on each officer's anniversary date. Under the terms of the agreements, the Company is obligated to issue 1,100,000 shares of common stock and grant 2,500,000 options. At December 31, 2003, approximately \$141,000 in officer salaries was unpaid. Additionally, the Company accrued and expensed \$26,000 of compensation cost related to the stock to be issued, under the terms of the agreements. No amount was expensed related to the options to be granted as the exercise price per share exceeded the market price per share on the effective date of grant.

Future annual minimum lease and principal payments under existing agreements are as follows.

<Table>

<Caption>

	Related Party Lease Obligation	3rd Party Lease Obligation	Related Party Debt	3rd Party Debt	Officer Salaries	Total
<S>	<C>	<C>	<C>	<C>	<C>	<C>
2004	\$ 126,000	\$ 239,187	\$ 328,956	\$ 47,400	\$ 686,667	\$1,428,210

2005	138,000	354,505	25,000	106,380	1,009,167	1,533,052
2006	144,000	256,989	67,000	51,400	670,833	1,190,222
2007	144,000	260,542	71,630	53,400	-	529,572
2008	144,000	264,167	174,250	165,400	-	747,817

	\$ 696,000	\$1,275,390	\$ 666,836	\$ 423,980	\$2,366,667	\$5,428,873
=====						

</Table>

NOTE 12 - Subsequent Events

DEBT. In 2004, two directors, William Biddle and Sumiye Onodero-Leonard, loaned \$150,000 to the Company; under a note secured by a 2nd trust deed on Spencer Springs, interest at 12% due May 2005, with a six-month renewal option. Biddle and Leonard each received 25,000 shares of Series B preferred stock. Two related party notes payable that matured in early 2004, totaling \$152,500, were repaid. Also in 2004, the \$100,000 note payable due to officer and director William Biddle and the \$52,500 note to a shareholder were repaid.

ACQUISITIONS. In 2004, the Company issued 67,860 shares of Series B preferred stock for a \$33,930 note receivable secured by residential property in Binghamton, New York. The note requires monthly principal and interest payments totaling \$350, and matures April 2006.

EQUITY. In 2004, Robert Leonard, a major shareholder and husband of one of the Company's directors, was paid \$5,000 for services rendered in connection with the sale of 100,000 shares of Series B preferred stock.

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ITEM 8. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 8A. CONTROLS AND PROCEDURES

(a) Evaluation of Disclosure Controls and Procedures. The Company's Chief Executive Officer and Chief Financial Officer has conducted an evaluation of the Company's disclosure controls and procedures as of the end of the period covered by this annual report (the "Evaluation Date"). Based on his evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures are effective to ensure that information required to be disclosed by the Company in reports that it files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the applicable Securities and Exchange Commission rules and forms.

(b) Changes in Internal Controls and Procedures. Subsequent to the Evaluation Date, there were no significant changes in the Company's internal controls or in other factors that could significantly affect these controls, nor were any corrective actions required with regard to significant deficiencies and material weaknesses.

PART III

ITEM 9. DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS.

The following table sets forth the name, age and position of each director and executive officer and the term of office of each.

<Table>
<Caption>

NAME	AGE	POSITION	DIRECTOR OR OFFICER SINCE

<S>	<C>	<C>	<C>
William Biddle	73	Director Vice President	September 2002 September 2002
Munjit Johal	48	Chief Financial Officer	September 2002 September 2002
Jay Kister	28	Director	September 2002
Sumiye Onodera-Leonard	74	Director	September 2002

Pamela Padgett	47	Director	September 2002
Clifford L. Strand	56	Chairman of the Board Chief Executive Officer President	September 2002 September 2002 September 2002
Ron Robinson	70	Director	November 2003
Wayne Sutterfield	66	Director	February 2003
Gernot Trolf	59	Vice President Chief Operating Officer	September 2002 September 2002

</Table>

Each director serves for a period of one year or until his successor is duly elected and qualified. Officers serve at the will of the Board of Directors.

WILLIAM S. BIDDLE. Director and Vice President, Marketing. Mr. Biddle has over 37 years experience in the real estate industry, he is a member of the Society of Exchange Counselors. Mr. Biddle is a past recipient of the Clifford P. Weaver Memorial Award a national award for the most creative exchange. He is also a past president of National Exchange Counselors. In 1979, he received the designation of Certified Commercial Investment Member from the National Association of Realtors. Mr. Biddle currently owns two brokerages. He purchased Commercial Brokers, a commercial real estate brokerage firm in Las Vegas, Nevada, in 1993. He founded Friendly Hills Realty, a brokerage specializing in high end residential real estate in 1987. Friendly Hills Realty's principal office is located in Whittier, California.

MUNJIT JOHAL. Chief Financial Officer. Mr. Johal has broad experience in accounting, finance and management in the public sector. Since 1998, Mr. Johal has served as the Chief Financial Officer for Diffy Foods, Inc. Mr. Johal held the same position with Bengal Recycling from 1996 to 1997. As the Chief Financial Officer for these companies, Mr. Johal was primarily responsible for overseeing the financial affairs of these entities and ensuring that their financial statements of these were accurate and complete and complied with all applicable reporting requirements. From 1990 to 1995, Mr. Johal serves as the Executive VP for Pacific Heritage Bank in Torrance, California. Mr. Johal earned his MBA degree from the University of San Francisco in 1980. He received his BS degree in History from the University of California in Los Angeles in 1978.

JAY KISTER. Director. Since June 2001, Mr. Kister has been employed with Blossom Valley Mortgage, Inc. Mr. Kister currently serves as a Loan Broker. From April 1999 to June 2001, Mr. Kister was a Personal Banker for San Diego National Bank. He was primarily responsible opening and servicing commercial accounts and commercial loans. From May 1998 to April 1999, Mr. Kister worked for Bank of America performing essentially the same functions as he performed for San Diego National Bank. Mr. Kister earned a Bachelor of Arts degree in Spanish from Weber State University in Ogden, Utah in August 1997.

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SUMYIE ONODERA-LEONARD. Director. From 1967 to 1986, Mrs. Onodera-Leonard served as a professor at California State University, Los Angeles, specializing in the areas in family finance and home management. She has a BA in Business Administration and a Masters degree in Secondary Education in 1957 and 1967 respectively from California State University, Los Angeles. Mrs. Onodera-Leonard also earned a Masters degree in Home Management from Michigan State University in East Lansing, Michigan in 1961. She is also a senior gold medalist, U.S. National Champion and world-record holder in her age group in the 800 meter run.

PAMELA PADGETT. Director. Since 1994, Ms. Padgett has worked as a real estate broker. Since March 2002, Ms. Padgett has been affiliated with The Phoenix Group Realtors as an independent real estate agent. From 2000 through March 2002, she was affiliated as Keller Williams Realty. Ms. Padgett also works as an independent agent for Uncommon Sense Enterprises a company she founded in 1994 and continues to own.

CLIFFORD L. STRAND. Chairman of the Board of Directors, President and Chief Executive Officer. Mr. Strand has 35 years experience in the real estate industry as a broker, investor and strategist. Since January 2001, Mr. Strand has served as Senior Vice President, Interim President and President of Seashore Diversified Investment Company, a Maryland real estate investment trust, where he has been primarily responsible for

managing and directing the affairs of the Company. Seashore specializes in the acquisition, disposition and management of real estate and investment properties. From 1984 to 2001, Mr. Strand was self employed as an independent real estate broker. During that time, Mr. Strand represented a diverse clientele consisting of banks, savings and loan institutions, universities, celebrities and corporations. From 1979 to 1984, Mr. Strand served as president of Capital Newport Mortgage Company, which became part of the Capital Companies. Mr. Strand has a Certificate in Real Estate from East Los Angeles Community College.

WAYNE SUTTERFIELD. Director. For the past 35 years Mr. Sutterfield has been self employed in the real estate industry as a manager, property owner and contractor. Mr. Sutterfield has owned and managed properties in Arizona, California and North Dakota. Mr. Sutterfield is a member of the Contractors Association of America and the Plumbing, Heating and Cooling Contractors Association. Mr. Sutterfield is a graduate of California L.A. Technical College-Mechanical Engineering, Construction. Mr. Sutterfield has been a director of Seashore Diversified Investment Company since 2001.

RON ROBINSON. Director. In 1999 Mr. Robinson founded Park Place Properties, LLC, a private real estate development company that has developed office buildings in Las Vegas, Nevada. In 1989, Mr. Robinson founded President of National Commercial Properties, a private company that brokered tax-free exchanges and packaged commercial loans for institutional investors and continued to be a principal through 1998. In 1989, Mr. Robinson also founded "The Mortgage Mart", a private mortgage company of which he was President until 1998. Mr. Robinson was co-founder of Oasis Residential, a publicly traded real estate investment trust that was ultimately acquired by Camden Properties. Mr. Robinson also served as the President of Crowne Ventures Corporation, a NASDAQ listed company that acquired real property, including the Continental Hotel, Las Vegas, Nevada. Mr. Robinson is also a member of the Society of Exchange Counselors.

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GERNOT TROLF. Vice President and Chief Operating Officer. Since 1996, Mr Trolf has served as the Chief Operating Officer of Seashore Diversified Investment Company, a real estate investment trust. As the Chief Operating Officer, Mr. Trolf was primarily responsible for overseeing the day-to-day operations of the company. In 1993, he founded and continues to own AATIC a private commodity brokerage. From 1994 to 1997, Mr. Trolf owned The Stagecoach Restaurant a continental restaurant specializing in Austrian, German and continental fare in Alpine, California. From 1994 to 1996, Mr. Trolf was the Director of Food and Beverage for the Algonquin Hotel in New York and held to same position at the Regency Hotel in New York from 1991 to 1994. Mr. Trolf was the General Manager of the Nova Park Hotel in New York from 1979 to 1982. Mr. Trolf is a former vice president of the Food & Beverage Association of America and a member of the Board of Directors of The 400,000 Committee for Austrians living abroad. Mr. Trolf speaks German, French, English, Spanish and Norwegian.

To the knowledge of management, during the past five years, no present or former director, executive officer or person nominated to become a director or an executive officer of the Company:

- (1) filed a petition under the federal bankruptcy laws or any state insolvency law, nor had a receiver, fiscal agent or similar officer appointed by a court for the business or property of such person, or any partnership in which he was a general partner at or within two years before the time of such filing, or any corporation or business association of which he was an executive officer at or within two years before the time of such filing;
- (2) was convicted in a criminal proceeding or named subject of a pending criminal proceeding (excluding traffic violations or other minor offenses);
- (3) was the subject of any order, judgment or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, permanently or temporarily enjoining him from or otherwise limiting, the following activities;
 - (i) acting as a futures commission merchant, introducing broker, commodity trading advisor, commodity pool operator, floor broker, leverage transaction merchant, associated person of any of the foregoing, or as an investment advisor, underwriter, broker or dealer in securities, or as an affiliate person, director or employee of any investment company, or engaging in or continuing any conduct or practice in connection with such activity;

(ii) engaging in any type of business practice; or

(iii) engaging in any activity in connection with the purchase or sale of any security or commodity or in connection with any violation of federal or state securities laws or federal commodities laws;

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(4) was the subject of any order, judgment, or decree, not subsequently reversed, suspended, or vacated, of any federal or state authority barring, suspending, or otherwise limiting for more than 60 days the right of such person to engage in any activity described above under this Item, or to be associated with persons engaged in any such activity;

(5) was found by a court of competent jurisdiction in a civil action or by the Securities and Exchange Commission to have violated any federal or state securities law, and the judgment in such civil action or finding by the Securities and Exchange Commission has not been subsequently reversed, suspended, or vacated

(6) was found by a court of competent jurisdiction in a civil action or by the Commodity Futures Trading Commission to have violated any federal commodities law, and the judgment in such civil action or finding by the Commodity Futures Trading Commission has not been subsequently reversed, suspended or vacated.

COMPLIANCE WITH SECTION 16(A) OF THE EXCHANGE ACT

Directors and executive officers are required to comply with Section 16(a) of the Securities Exchange Act of 1934, which requires generally that such persons file reports regarding ownership of and transactions in securities of the Company on Forms 3, 4, and 5. A Form 3 is an initial statement of ownership of securities, Form 4 reports changes in beneficial ownership and Form 5 is an annual statement of changes in beneficial ownership.

Based solely on a review of Forms 3 and 4 and amendments thereto furnished to the Company during its most recent fiscal year, and Forms 5 and amendments thereto furnished to the Company with respect to the most recent fiscal year, it appears that the officers and directors of the Company inadvertently failed to timely file certain Form 3s, Form 4s and Form 5s during the fiscal year ended December 31, 2003. Those deficiencies have been cured either through the filing of Forms 3, Form 4s or Form 5s. The Company also believes that certain officers or Directors who own or control more than 5% of the outstanding shares of any class of securities have not filed Schedule 13D or 13G as required.

ITEM 10. EXECUTIVE COMPENSATION

The following chart sets forth certain summary information concerning the compensation paid or accrued for each of the Registrant's last two completed fiscal years to the Registrant's or its principal subsidiaries' chief executive officers and each of its other executive officers that received compensation in excess of \$100,000 during such period and the expected compensation for the next twelve months.

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<Table>
<Caption>

SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Annual Compensation		Other Annual Compensation	Awards Restr icted Stock	Long Term Compensation Payouts		
		Salary (1)	Bonus			Options /Awards	LTIP SARs	All Other Payout
Clifford L. Strand	2003	180,000	-0-	-0-	500,000	1,000,000	-0-	-0-(2)
President & Chairman of the Board of Directors	2002	-0-	-0-	-0-	-0-	-0-	-0-	-0-

William S. Biddle	2003	120,000	-0-	-0-	250,000	500,000	-0-	-0-(3)
Vice President and Director	2002	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Gernot Trolf	2003	60,000			250,000	500,000	-0-	-0-
Vice President	2002	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Munjit Johal	2003	54,000	-0-	-0-	250,000	500,000	-0-	-0-
Chief Financial Officer	2002	-0-	-0-	-0-	-0-	-0-	-0-	-0-
William Messerli	2002	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Former CEO	2001	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Former Director	2000	-0-	-0-	-0-	-0-	-0-	-0-	-0-

</Table>

- (1) Salary information represents the amount agreed to be paid pursuant to the employment agreements with each of Messrs. Strand, Biddle and Trolf. Actual salaries are less because such executive officers have agreed to defer a portion of the salary.
- (2) Excludes 124,000 shares and 50,000 shares of Series B Preferred Stock received in connection with the purchase or sale of various Company properties and also excludes commissions or fees paid by third parties in connection with Company transactions. See "Item 12" below.
- (3) Excludes 128,000 shares and 60,000 shares of Series B Preferred Stock received in connection with the purchase or sale of various Company properties.

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EMPLOYMENT CONTRACTS AND TERMINATION OF EMPLOYMENT AND CHANGE IN CONTROL ARRANGEMENTS.

Effective May 1, 2003, the Board of Directors entered into employment agreements with Clifford Strand, William Biddle and Gernot Trolf. Following is a brief description of the terms and conditions of each employment agreement.

The Employment Agreement of Clifford Strand, President and Chairman of the Board of directors of the Company provides: (a) an employment term of three years; (b) an average annual salary of \$346,667, to be paid as follows: (i) \$180,000 the first year; (ii) \$360,000 the second year; (iii), and \$500,000 the third year; (c) 500,000 shares of restricted stock; (d) 100,000 shares of restricted common stock for each year the Company increases net assets by 20%; (e) stock options to purchase 1,000,000 shares of common stock at a price of \$0.15 per share; and (f) benefits including vacation pay, health insurance, and expense reimbursement. In light of the Company's financial condition, the executive has agreed to accept half of the first year's salary and the balance is being accrued.

The Employment Agreement of William Biddle, Vice President and Director provides: (a) an employment term of three years; (b) an average annual salary of \$240,000 to be paid as follows: (i) \$120,000 the first year, (ii) \$240,000 the second year; and (iii) \$360,000 the third year; (c) 250,000 shares of restricted stock; (d) 50,000 shares of restricted common stock for each year the Company increases net assets by 20%; (e) stock options to purchase 500,000 shares of common stock at a price of \$0.15 per share; and (f) benefits including vacation pay, health insurance, and expense reimbursement. In light of the Company's financial condition, the executive has agreed to accept half of the first year's salary and the balance is being accrued.

The Employment Agreement for Gernot Trolf, Vice President and Chief Operating Officer provides: (a) an employment term of three years; (b) an average annual salary of \$120,000 to be paid as follows: (i) \$60,000 the first year; (ii) \$120,000 the second year, and (iii) \$180,000 the third year; (c) 250,000 shares of restricted stock; (d) 50,000 shares of restricted common stock for each year the Company increases net assets by 20%; (e) stock options to purchase 500,000 shares of common stock at a price of \$0.15 per share; and (f) benefits including vacation pay, health insurance, and expense reimbursement. In light of the Company's financial condition, the executive has agreed to accept 70% of the first year's salary and the balance is being accrued.

As of December 31, 2003, the Company has entered into an employment agreement with Munjit Johal, the Chief Financial Officer, which provides: (a) an employment term of three years ending May 1, 2006; (b) an annual salary to be paid as follows: (i) \$100,000 the first year; (ii) \$120,000 the second year, and (iii) \$250,000 the third year; (c) 250,000 shares of restricted stock; (d) stock options to purchase 500,000 shares of common stock at a price of \$0.15 per share; and (e) benefits including vacation pay, health insurance, and expense reimbursement.

ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth information about the beneficial ownership of the Company's capital stock at March 31, 2004 by:

- each person or entity who is known by us to own beneficially more than 5.0% of each class or series of our outstanding stock;
- each of the persons named in the Summary Compensation Table;
- each of our directors; and
- all directors and executive officers as a group.

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Beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission. Unless otherwise indicated, the principal address of each of the shareholders below is c/o Secured Diversified Investment, Ltd., 5030 Campus Drive, Newport Beach, California 92660. Except as described in the footnotes to this table, and subject to applicable community property laws, the persons named in the table have sole voting and investment power with respect to all shares of Common Stock and Preferred Stock held by them.

<Table>

<Caption>

Name and Address of Beneficial Owner	Title of Class	Amount and Nature of Beneficial Owner	Percentage of Class
<S>	<C>	<C>	<C>
Wayne Sutterfield (1)	Common Stock	1,121,614	19.1%
	Series A Preferred Stock	842,298	17.8%
	Series B Preferred Stock	1,000,000	16.7%
William S. Biddle (2)	Common Stock	903,779	15.0%
	Series A Preferred Stock	139,559	3.0%
	Series B Preferred Stock	1,115,309	18.6%
Clifford L. Strand (3)	Common Stock	1,576,869	24.2%
	Series A Preferred Stock	476,228	10.0%
	Series B Preferred Stock	224,000	3.7%
Sumiye Onodera Leonard (4)	Common Stock	1,028,337	17.5%
	Series A Preferred Stock	298,239	6.3%
Robert J. Leonard (5) P.O. Box 2089 Huntington Beach, CA 92647	Common Stock	715,954	13%
	Series A Preferred Stock	401,753	8.5%
	Series B Preferred Stock	50,000	*
Gernot Trolf (6)	Common Stock	713,402	11.7%
	Series A Preferred Stock	426,806	9.0%
Munjit Johal (7)	Common Stock	500,000	8.3%
Pamela Padgett (8)	Common Stock	410,648	7.0%
	Series A Preferred Stock	21,296	*
Jay Kister (9)	Common Stock	54,943	6.0%
	Series A Preferred Stock	9,887	*
	Series B Preferred Stock	15,000	*
REIT, LLC	Common Stock	2,000,000	36.3%
All Officer and Directors as a group (eight persons)	Common Stock	7,425,546	78.9%
	Series A Preferred Stock	2,214,313	46.9%
	Series B Preferred Stock	2,354,309	39.2%

</Table>

* Less than one percent.

(1) Includes 332,000 shares of Common Stock held through REIT, LLC. Includes 100,000 shares of restricted stock issued under the 2003 Non-Employee Director Stock Incentive Plan. Includes options to purchase 250,000 shares immediately exercisable or exercisable within sixty days.

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(2) Includes 334,000 shares of Common Stock held through REIT, LLC. Includes 250,000 shares of restricted stock issued under the 2003 Employee Stock Incentive Plan. Includes options to purchase 250,000 shares immediately exercisable or exercisable within sixty days.

(3) Includes (i) 334,000 shares of Common Stock held through REIT, LLC.

Includes 500,000 shares of restricted stock issued under the 2003 Employee Stock Incentive Plan. Includes options to purchase 500,000 shares immediately exercisable or exercisable within sixty days.

(4) Ms. Leonard is the spouse of Robert J. Leonard, an owner of more than 5% of the outstanding capital stock of the Company. Ownership excludes shares held by Robert J. Leonard. Includes 500,000 shares of Common Stock held through REIT, LLC. Includes 100,000 shares of restricted stock agreed issued under the 2003 Non-Employee Director Stock Incentive Plan. Includes options to purchase 250,000 shares immediately exercisable or exercisable within sixty days.

(5) Includes 500,000 shares of Common Stock held through REIT, LLC.

(6) Includes 250,000 shares of restricted stock issued under the 2003 Employee Stock Incentive Plan. Includes options to purchase 250,000 shares immediately exercisable or exercisable within sixty days.

(7) Includes 250,000 shares of restricted stock issued under the 2003 Employee Stock Incentive Plan. Includes options to purchase 250,000 shares immediately exercisable or exercisable within sixty days.

(8) Includes 100,000 shares of restricted stock issued under the 2003 Non-Employee Director Stock Incentive Plan. Includes options to purchase 250,000 shares immediately exercisable or exercisable within sixty days.

(9) Includes 100,000 shares of restricted stock issued under the 2003 Non-Employee Director Stock Incentive Plan. Includes options to purchase 250,000 shares immediately exercisable or exercisable within sixty days.

ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The Company has numerous relationships with or among related parties and has entered into numerous transactions with related parties. See Note 5 to the Financial Statements.

ACQUISITIONS FROM RELATED PARTIES. The Company completed an Asset Purchase Agreement with Seashore Diversified Investment Company. Seashore may be deemed to a related party to the Company through common management and control. Officers and directors of the Company owned approximately 22.1% of the limited partnership interests in Seashore. There was no independent appraisal received by the Company with respect to the assets of Seashore, and there can be no assurance that the number of shares of the Company paid for the assets of Seashore was fair and reasonable.

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The Company acquired the Hospitality Inn of Dickinson, North Dakota and Dickinson Management Company from Seacrest Partners, L.P. in exchange for shares of common stock and preferred stock. Officers and Directors of the Company owned a majority of the limited partnership interests of Seacrest Partners, L.P. There was no independent appraisal received by the Company with respect to the Hospitality Inn, and there can be no assurance that the number of shares of the Company paid for the assets of Seacrest was fair and reasonable.

PAYMENT OF COMMISSIONS TO OFFICERS. From time to time certain officers and Directors of the Company have been paid commissions or fees in connection with the acquisition or disposition of real estate properties or the consummation of financing activities.

Wayne Sutterfield paid \$25,000 in commission to Clifford L. Strand, its CEO, President and Director, for services rendered in connection with the land sale and ground lease back of the 6.66 acres underlying the T-Rex Mall acquired by the Company on March 31, 2003.

In April 2003, Clifford L. Strand and William S. Biddle were paid 50,000 and 60,000 shares of Series B Preferred Stock, respectively, in connection with the acquisition of the remaining interest in Decatur Square, LLC.

In November 2003, Clifford L. Strand and William S. Biddle were paid 124,000 and 128,000 shares of Series B Preferred Stock, respectively, in connection with the acquisition of the remaining interest in Spencer Springs, LLC.

LOANS FROM RELATED PARTIES. The Company has borrowed funds from numerous related parties. See Footnote 6 to the Financial Statements. The terms of such loans were negotiated between the officers of the Company and the related party, and may not have been done on an arm's-length basis. The Company does not believe that financing from any unrelated third party

would have been available on terms more favorable to the Company than those available from the related party.

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PART IV

Item 13. Exhibits and Reports on Form 8-K

(a) Reports on Form 8-K.

None.

(b) Exhibits. The following exhibits are included as part of this report:

Exhibit 3.1*	Articles of Incorporation
Exhibit 3.2*	Bylaws
Exhibit 4.1*	Merger Agreement with Book Corporation of America
Exhibit 4.2**	2003 Stock Incentive Plan
Exhibit 4.3**	2003 Non-Employee Director Stock Incentive Plan
Exhibit 10.1***	Asset Purchase Agreement with Seashore Diversified Investment Company
Exhibit 10.2**	Consulting Agreement with Mark Taggatz
Exhibit 10.3****	Employment Agreement with Clifford L. Strand
Exhibit 10.4****	Employment Agreement with William S. Biddle
Exhibit 10.5****	Employment Agreement with Gernot Trolf
Exhibit 10.6	Employment Agreement with Munjit Johal
Exhibit 21.1	Subsidiaries
Exhibit 31.1	Certification of Principal Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
Exhibit 31.2	Certification of Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
Exhibit 32.1	Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

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* Previously filed on Schedule 14A filed July 10, 2002.

** Previously filed on Form S-8 (file no. 333-111152) filed December 15, 2003.

*** Previously filed on Form 10-KT filed on April 15, 2003.

**** Previously filed on Form 10-QSB for the quarter ended June 30, 2003.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

AUDIT FEES

The aggregate fees billed for professional services rendered by the Company's principal accountant for the audit of its annual financial statements, review of its financial statements included in its quarterly reports and other fees that are normally provided by the Company's accountant in connection with its audits during the fiscal years ended December 31, 2003 and 2002 were \$60,000 and \$8,475, respectively.

AUDIT RELATED FEES

The Company did not pay any fees for assurance and related services by the Company's principal accountant, other than amounts previously reported in this Item 14 for the fiscal years ended December 31, 2003 and 2002.

TAX FEES

The company did not pay its principal accountant for any professional services related to tax compliance, tax advise and tax planning for the fiscal years ended December 31, 2003 and 2002.

ALL OTHER FEES

During the fiscal year ended December 31, 2003, and 2002, the Company's principal accountant did not provide any other services and accordingly did not bill the Company any other fees for the fiscal years ended December 31, 2003 and 2002, except as provided above.

AUDIT COMMITTEE

The Company's directors serve as its audit committee and, other than the tax related fees; have pre-approved all of the above amounts billed to the Company prior to incurring the expenses associated therewith.

ITEM 14. CONTROLS AND PROCEDURES

(a) Evaluation of Disclosure Controls and Procedures. The Company's Chief Executive Officer and Chief Financial Officer have conducted an evaluation of the Company's disclosure controls and procedures as of a date (the "Evaluation Date") within 90 days before the filing of this transition report. Based on his evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures are effective to ensure that information required to be disclosed by the Company in reports that it files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the applicable Securities and Exchange Commission rules and forms.

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(b) Changes in Internal Controls and Procedures. Subsequent to the Evaluation Date, there were no significant changes in the Company's internal controls or in other factors that could significantly affect these controls, nor were any corrective actions required with regard to significant deficiencies and material weaknesses.

SIGNATURES

In accordance with Section 12 of the Securities Exchange Act of 1934, the registrant caused this registration statement to be signed on its behalf, thereunto duly authorized.

Secured Diversified Investment, Ltd.

Date: May 21, 2004 /S/ Clifford L. Strand

Clifford L. Strand, Chief Executive Officer

Date: May 21, 2004 /S/ Munjit Johal

Munjit Johal, Chief Financial Officer

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EMPLOYMENT AGREEMENT

This EMPLOYMENT AGREEMENT ("Agreement"), dated as of May 1, 2003 (the "Effective Date"), is made by and between SECURED DIVERSIFIED INVESTMENT, LTD., a Nevada corporation, located at 5030 Campus Drive, Newport Beach, CA 92660 and hereafter referred to as "the Company", and Munjit Johal, whose address is 42 Rockwood, Irvine, California 92614, hereinafter referred to as "Executive", based upon the following:

RECITALS

WHEREAS, the Company wishes to retain the services of Executive, and Executive wishes to render services to the Company, as its Chief Financial Officer;

WHEREAS, the Company and Executive wish to set forth in this Agreement the duties and responsibilities that Executive has agreed to undertake on behalf of the Company;

WHEREAS, the Company and Executive intend that this Agreement will supersede and replace any and all other employment agreements for employment entered into by and between the Company and Executive, and that upon execution of this Agreement, any such employment agreements or arrangements shall have no further force or effect.

THEREFORE, in consideration of the foregoing and of the mutual promises contained in this Agreement, the Company and Executive (who are sometimes individually referred to as a "party" and collectively referred to as the "parties") agree as follows:

AGREEMENT

1. SPECIFIED TERM.

The Company hereby employs Executive pursuant to the terms of this Agreement and Executive hereby accepts employment with the Company pursuant to the terms of this Agreement for the period beginning on May 1, 2003 and ending on May 1, 2006 (the "Term").

Subject to Sections 8, 9, and 10, this Agreement will automatically be renewed for successive periods of one year after May 1, 2006, unless either party gives notice to the other, at least sixty (60) days prior to the expiration of the specified period that the party desires to renegotiate this Agreement. In the event that any party notifies the other party in writing of its desire to renegotiate this Agreement, then the terms and conditions of this Agreement shall for an additional 60 days after expiration of the Term or until a mutual agreement is reached, whichever is shorter. If a mutually acceptable renegotiated agreement is not reduced to writing and executed by the parties within sixty (60) days after the end of the Term, then this Agreement shall continue on a month to month basis until terminated by written notice given by either party at least thirty (30) days prior to the end of any monthly period.

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2. GENERAL DUTIES.

Executive shall report to the Company's Board of Directors. Executive shall devote his entire productive time, ability, and attention to the Company's business during the term of this Agreement. In his capacity as Chief Financial Officer, Executive shall be primarily responsible for the accounting and auditing functions of the Company, including the preparation of the financial statements and reports and coordinating with the independent auditors. Executive shall do and perform all services, acts, or things necessary or advisable to discharge his duties under this Agreement, and such other duties as are commonly performed by an employee of his rank in a publicly traded corporation or which may, from time to time, be prescribed by the Company through its President and Board of Directors. Furthermore, Executive agrees to cooperate with and work to the best of his ability with the Company's management team, which includes the Board of Directors and the officers and other employees, to continually improve the

Company's reputation in its industry for quality products and performance.

3. COMPENSATION.

(a) Annual Salary. During the Term of this Agreement, the Company shall pay to Executive an annual base salary in the amounts set forth below (the "Annual Salary"). The Annual Salary shall be:

- (i) One Hundred Thousand (\$100,000.00) during the first year of employment;
- (ii) One Hundred Twenty Thousand (\$120,000.00) during the second year of employment; and
- (iii) Two Hundred Fifty Thousand (\$250,000.00) during the third year of employment.

In addition, the Company may offer to Executive the opportunity to serve as an officer or employee of a subsidiary or affiliated entity of the Company. The Company and Executive shall agree on a mutually acceptable annual salary for service in such capacity, and the amount thereof shall be included in the "Annual Salary."

The Annual Salary shall be paid to Executive in equal installments in accordance with the periodic payroll practices of the Company for executive employees.

If the Company is unable to pay a portion or all of the Annual Salary in cash, the Executive may elect to receive all or any portion of the Annual Salary in shares of the Company's common stock. The number of shares of common stock to be issued to Executive shall be determined on the last day of each fiscal quarter, and shall be calculated using the average of the closing bid and ask prices of the common stock on that date. If no shares of the Company's common stock trade on that date, then the Company shall use the average of the closing bid and ask prices of the common stock on the last day immediately prior to the last day of the fiscal quarter during which the common stock was traded. All such shares of Company common stock shall be issued pursuant to the Company's 2003 Employee Stock Incentive Plan (the "2003 Plan") to be adopted by the Board of Directors and shareholders.

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Executive may also elect for salary to be deferred until such time the Company has sufficient earnings or surplus capital to pay the deferred Annual Salary. If Executive elects to defer any portion of the Annual Salary, then the Company shall pay interest on the unpaid balance equal to the minimum Applicable Federal Rate.

(b) Annual Bonus. Executive and the Board of Directors shall meet immediately following execution of this Agreement and, thereafter, at the end of each fiscal year to establish performance standards and goals to be met by Executive during the next fiscal year, which standards and goals shall be based upon earnings, cash flows, EBITDA and other objectives that are mutually agreed to by Executive and the Board of Directors. The Company shall pay to Executive, no later than ninety (90) days after the completion of the fiscal year, a cash bonus (the "Annual Bonus") in an amount to be recommended by the Board of Directors, for each year in which the performance standards and goals are met or exceeded by Executive. Nothing in this Section shall prevent Executive and the Board of Directors from mutually agreeing to an alternative computation of the Annual Bonus, which may be implemented and paid to Executive in place of the Annual Bonus described herein. The Annual Bonus shall be subject to any applicable tax withholdings and/or employee deductions.

(c) Cost of Living Adjustment. If this Agreement is extended beyond the Term, then commencing as of January 1, 2006, and on each January 1st thereafter, then effective Annual Salary shall be increased (but not decreased) by an amount: (i) which shall reflect the increase, if any, in the cost of living during the previous 12 months by adding to the Annual Salary an amount computed by multiplying the Annual Salary by the percentage by which the level of the Consumer Price Index for the Long Beach, California Metropolitan Area as reported on January 1st of the new year by the Bureau of Labor Statistics of the United States Department of Labor has increased over its level as of January 1st of the Prior year, and (ii) which will maintain Executive's compensation at a level consistent

with the compensation paid to executive officers holding similar positions in the Real Estate Industry. Additionally, the Board of Directors shall periodically review Executive's Salary to determine whether to otherwise increase Executive's Compensation, without any obligation by the Board to authorize such an increase.

(d) Participation In Employee Benefit Plans. Executive shall have the same rights, privileges, benefits and opportunities to participate in any the Company's employee benefit plans which may now or hereafter be in effect on a general basis for executive officers or employees. The Company may delete benefits and otherwise amend and change the type and quantity of benefits it provides in its sole discretion. In the event Executive receives payments from a disability plan maintained by the Company, the Company shall have the right to offset such payments against the Annual Salary otherwise payable to Executive during the period for which payments are made by such disability plan.

(e) Director and Officer Liability Insurance. The Company shall use commercially reasonable efforts to purchase directors and officers liability insurance and include Executive as an insured thereunder.

(f) Stock Issuance. As an incentive and inducement for employment, the Company will issue a one-time lump sum of Two Hundred Fifty Thousand (250,000) shares of restricted stock immediately upon execution of this Agreement. All such shares shall be registered on a registration statement on Form S-8, and shall include a resale prospectus on Form S-1.

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(g) Options to Purchase Stock. Subject to the vesting conditions set forth below and the terms of the Plan, Executive shall be granted options to purchase Five Hundred Thousand (500,000) shares of the Company common stock. The exercise price for each share of common stock covered by the option shall be fifteen cents (\$0.15), which is equal to or greater than the fair market value of the common stock on the Effective Date. The right to exercise the option shall vest as follows: options to purchase One Hundred Twenty-Five Thousand (125,000) shares shall vest and become immediately upon execution of this Agreement and the delivery of a stock option agreement under the Plan. The remaining options shall vest and become exercisable in equal three annual installments of One Hundred Twenty-Five Thousand (125,000) shares on the anniversary dates of the Effective Date, so long as Executive remains an employee on such vesting date. The options shall expire and become null and void if not exercised at the earlier of ten (10) years from the Effective Date or the earlier expiration dates provided below. If the Executive is terminated pursuant Section 8 of this Agreement, the Executive will have ninety (90) days to exercise the stock options that are vested unless otherwise agreed to by the Board of Directors. If the Executive is terminated pursuant Sections 9 or 10 of this Agreement, the Executive shall have five years from date of termination to exercise stock options that are vested. Unvested options shall immediately terminate and become null and void upon any termination of Executive's employment, except as provided below in Section 12.

(h) Payment of Tax Related to the Receipt of Non-Cash Compensation. If Executive incurs income tax or any other tax, including payroll taxes, as a result of the receipt of non-cash compensation during any fiscal year, the Company shall pay to Executive an amount equal to any and all such tax.

4. REIMBURSEMENT OF BUSINESS EXPENSES.

The Company shall promptly reimburse Executive for all reasonable business expenses incurred by Executive in connection with the business of the Company. However, each such expenditure shall be reimbursable only if Executive furnishes to the Company adequate records and other documentary evidence required by federal and state statutes and regulations issued by the appropriate taxing authorities for the substantiation of each such expenditure as an income tax deduction.

5. ANNUAL VACATION.

Executive shall be entitled to four (4) weeks vacation time each year

without loss of compensation.

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6. INDEMNIFICATION OF LOSSES.

So long as Executive's actions were taken in good faith and furtherance of the Company's business and within the scope of Executive's duties and authority, the Company shall indemnify and hold Executive harmless to the full extent of the law from any and all claims, losses and expenses sustained by Executive as a result of any action taken by him to discharge his duties under this Agreement, and the Company shall defend Executive, at the Company's expense, in connection with any and all claims by stockholders or third parties which are based upon actions taken by Executive to discharge his duties under this Agreement.

7. PERSONAL CONDUCT.

Executive agrees promptly and faithfully to comply with all present and future policies, requirements, directions requests and rules and regulations of the Company in connection with the Company's business.

8. TERMINATION BY THE COMPANY FOR CAUSE.

The Company reserves the right to declare Executive in default of this Agreement if (each a "Cause"):

- (a) Executive willfully breaches or habitually neglects the duties which he is required to perform under the terms of this Agreement, or
- (b) Executive commits such acts of dishonesty, fraud, misrepresentation, gross negligence or willful misconduct which results in material harm to the Company or its business, or
- (c) Executive violates any law, rule or regulation applicable to the Company or Executive relating to the business operations of the Company that may have a material adverse effect upon the Company's business, operations, or condition (financial or otherwise).

The Company may terminate this Agreement for Cause immediately upon written notice of termination to Executive; provided, however, if the Company terminates this Agreement due to Executive's willful breach or habitual neglect of the duties he is required to perform, then Executive shall be entitled to a period of thirty (30) days from the date of the written notice of termination to cure said breach. Except as otherwise set forth in this Section 8, upon any termination for Cause, the obligations of Executive and the Company under this Agreement shall immediately cease. Such termination shall be without prejudice to any other remedy to which the Company may be entitled either at law, in equity, or under this Agreement. If Executive's employment is terminated pursuant to this Section 8, the Company shall pay to Executive (i) Executive's accrued but unpaid Annual Salary and vacation pay through the effective date of the termination; (ii) Executive's accrued but unpaid Annual Bonus, if any; and (iii) business expenses incurred prior to the effective date of termination and shall transfer to Executive any stock earned but unissued pursuant to Section 3(e). Executive shall not be entitled to continue to participate in any employee benefit plans except to the extent provided in such plans for terminated participants, or as may be required by applicable law.

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9. TERMINATION BY THE COMPANY WITHOUT CAUSE.

(a) Death. Executive's employment shall terminate upon the death of Executive. Upon such termination, the obligations of Executive and the Company under this Agreement shall immediately cease. Except as otherwise set forth in Section 11 below, upon such termination the obligations of Executive and the Company under this Agreement shall immediately cease.

(b) Disability. The Company reserves the right to terminate Executive's employment upon ten (10) days written notice if, for a period of ninety (90) days, Executive is prevented from discharging his duties under this Agreement due to any physical or mental disability. Except as otherwise set forth in Section 11 below, upon such termination the obligations of Executive and the Company under this Agreement shall immediately cease.

(c) Election By the Company. The Company may terminate Executive's employment upon not less than ninety (90) days written notice by the Company to Executive. With the exception of the covenants included in Section 12 below, upon such termination the obligations of Executive and the Company under this Agreement shall immediately cease.

10. TERMINATION BY EXECUTIVE.

(a) Election By Executive. Executive's employment may be terminated at any time by Executive upon not less than ninety (90) days written notice by Executive to the Board. Except as otherwise set forth in this paragraph (a), upon such termination the obligations of Executive and the Company under this Agreement shall immediately cease. In the event of a termination pursuant to this paragraph, the Company shall pay to executive (i) Executive's accrued but unpaid Annual Salary and vacation pay through the effective date of the termination; (ii) Executive's accrued but unpaid Annual Bonus, if any; and (iii) business expenses incurred prior to the effective date of termination and shall transfer to Executive any stock earned but unissued pursuant to Section 3(e). Executive shall not be entitled to continue to participate in any employee benefit plans except to the extent provided in such plans for terminated participants, or as may be required by applicable law.

(b) Termination By Executive For Good Reason. Executive may terminate this Agreement immediately based on his reasonable determination that one of the following events has occurred:

(i) The Company intentionally and continually breaches or wrongfully fails to fulfill or perform (A) its material obligations, promises or covenants under this Agreement; or (B) any material warranties, obligations, promises or covenants in any agreement (other than this Agreement) entered into between the Company and Executive, without cure, if any, as provided in such agreement;

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(ii) Without the consent of Executive, the Company: (A) substantially alters or materially diminishes the position, nature, status, prestige or responsibilities of Executive from those in effect by mutual agreement of the parties from time to time; (B) assigns additional duties or responsibilities to Executive which are wholly and clearly inconsistent with the position, nature, status, prestige or responsibilities of Executive then in effect; or (C) removes or fails to reappoint or re-elect Executive to Executive's offices under this Agreement (as they may be changed or augmented from time to time with the consent of Executive), unless Executive is deceased or disabled, or such removal or failure is attributable to an event which would constitute termination for cause;

(iii) the Company intentionally requires Executive to commit or participate in any felony or other serious crime; and/or

(iv) the Company engages in other conduct constituting legal cause for termination.

With the exception of the covenants included in Section 12 below, upon such termination the obligations of Executive and the Company under this Agreement shall immediately cease.

11. EFFECT OF TERMINATION ATTRIBUTABLE TO DEATH OR DISABILITY.

In the event Executive's employment is terminated due to Executive's death or disability, then:

(a) The Company shall pay Executive's accrued but unpaid Annual Salary and vacation time through the effective date of the termination, provided, however, that the Company shall also pay to Executive or Executive's estate twice the amount of executive's then effective Annual Salary as set forth in Section 3(a);

(b) The Company shall pay to the Executive an Annual Bonus which shall be computed as the greater of the accrued but unpaid Annual Bonus, if any, or an amount which equals the average of Executive's Annual Bonus during the two (2) fiscal years prior to the termination date;

(c) The Company shall reimburse Executive for any business expenses incurred prior to the effective date of the termination;

(d) Executive (including Executive's heirs) shall be entitled to continue to participate in any employee benefit plans except to the extent provided in such plans for terminated participants, or as may be required by applicable law.

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12. EFFECT OF TERMINATION ATTRIBUTABLE TO A CHANGE IN CONTROL, A TERMINATION BY EXECUTIVE FOR GOOD REASON OR A TERMINATION BY THE COMPANY WITHOUT CAUSE.

If Executive's employment is terminated before the expiration of the term, and such termination is attributable to (i) a Change in Control; (ii) a termination by Executive for good reason; or (iii) the Company's election to terminate, then:

(a) The Company shall pay to Executive, in a lump sum and without discount to present value, an amount equal to the Annual Salary, as set forth in Section 3 (a), due to Executive for the balance of the term, but in no event shall such payment total less than One Hundred Twenty Thousand (\$150,000.00);

(b) The Company shall pay to Executive, in a lump sum and without discount to present value, Executive's declared but unpaid Annual Bonus, if such Annual Bonus has been declared, but if not declared then the Company shall pay to Executive an amount which equals the average of Executive's Annual Bonus earned for the two (2) fiscal years prior to the termination date;

(c) At the election of Executive, the Company shall (i) provide to Executive and his spouse and dependents (if any), for a period of twelve (12) months, medical benefits which shall be comparable to the benefits received by Executive at the time of termination of his employment; or (ii) provide to Executive additional compensation, payable on a monthly basis, which would approximate the cost to Executive to obtain such comparable benefits;

(d) The Company shall reimburse Executive for Executive's business expenses incurred through the effective date of the termination;

(e) Pursuant to Section 3(e), the Company shall transfer to Executive any stock earned but unissued pursuant to Section 3 (e); and

(f) Irrespective of anything included in the agreements memorializing them, the vesting conditions imposed on any stock options, warrants or other rights subject to vesting shall be accelerated and shall vest on the date of Executive's termination and Executive shall have a period of twelve (12) months to exercise such stock options, warrants or other rights.

Executive shall not be required to mitigate the amount of any payment made pursuant to this Section 12 by seeking other employment or otherwise, and no such payment shall be offset or reduced by the amount of any compensation or benefits provided to Executive in any subsequent employment. The provisions of this Section 12 shall be in lieu of any remedy or damages to which Executive may be entitled by reason of a breach

of this Agreement by the Company, whether such remedy may be recovered at law or in equity.

For purposes of this Agreement, "Change of Control" shall be defined as any of the following transaction; (i) the sale or disposition by the Company of substantially all of its business or assets, or (ii) the acquisition of the Company's capital stock by a third party in connection with the transfer of a controlling interest of the Company's capital stock to such party, or (iii) the merger or consolidation of the Company with another corporation as part of a transfer of a controlling interest of the Company's capital stock to a third party. A "controlling interest of the Company's capital stock" shall be defined as a transfer or acquisition by a third party of at least fifty percent (50%) of the Company's capital stock

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in one or a series of transactions. A "third party" shall not include any employee benefit plan maintained by the Company or any corporation or entity in which the Company holds fifty percent (50%) or more of the voting securities.

13. MISCELLANEOUS

(a) Preparation of Agreement. It is acknowledged by each party that such party either had separate and independent advice of counsel or the opportunity to avail itself or himself of the same. In light of these facts it is acknowledged that no party shall be construed to be solely responsible for the drafting hereof, and therefore any ambiguity shall not be construed against any party as the alleged draftsman of this Agreement.

(b) Cooperation. Each party agrees, without further consideration, to cooperate and diligently perform any further acts, deeds and things and to execute and deliver any documents that may from time to time be reasonably necessary or otherwise reasonably required to consummate, evidence, confirm and/or carry out the intent and provisions of this Agreement, all without undue delay or expense.

(c) Interpretation.

(i) Entire Agreement/No Collateral Representations. Each party expressly acknowledges and agrees that this Agreement, including all exhibits attached hereto: (1) is the final, complete and exclusive statement of the agreement of the parties with respect to the subject matter hereof; (2) supersedes any prior or contemporaneous agreements, promises, assurances, guarantees, representations, understandings, conduct, proposals, conditions, commitments, acts, course of dealing, warranties, interpretations or terms of any kind, oral or written (collectively and severally, the "Prior Agreements"), and that any such prior agreements are of no force or effect except as expressly set forth herein; and (3) may not be varied, supplemented or contradicted by evidence of Prior Agreements, or by evidence of subsequent oral agreements. Any agreement hereafter made shall be ineffective to modify, supplement or discharge the terms of this Agreement, in whole or in part, unless such agreement is in writing and signed by the party against whom enforcement of the modification or supplement is sought.

(ii) Waiver. No breach of any agreement or provision herein contained, or of any obligation under this Agreement, may be waived, nor shall any extension of time for performance of any obligations or acts be deemed an extension of time for performance of any other obligations or acts contained herein, except by written instrument signed by the party to be charged or as otherwise expressly authorized herein. No waiver of any breach of any agreement or provision herein contained shall be deemed a waiver of any preceding or succeeding breach thereof, or a waiver or relinquishment of any other agreement or provision or right or power herein contained.

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(iii) Remedies Cumulative. The remedies of each party under this Agreement are cumulative and shall not exclude any other remedies to which such party may be lawfully entitled.

(iv) Severability. If any term or provision of this Agreement or the application thereof to any person or circumstance shall, to any extent, be determined to be invalid, illegal, or unenforceable under present or future laws effective during the term of this Agreement, then and, in that event: (A) the performance of the offending term or provision (but only to the extent its application is invalid, illegal or unenforceable) shall be excused as if it had never been incorporated into this Agreement, and, in lieu of such excused provision, there shall be added a provision as similar in terms and amount to such excused provision as may be possible and legal, valid and enforceable, and (B) the remaining part of this Agreement (including the application of the offending term or provision to persons or circumstances other than those as to which it is held invalid, illegal or unenforceable) shall not be affected thereby and shall continue in full force and effect to the fullest extent provided by law.

(v) No Third Party Beneficiary. Notwithstanding anything else herein to the contrary, the parties specifically disavow any desire or intention to create any third party beneficiary obligations, and specifically declare that no person or entity, other than as set forth in this Agreement, shall have any rights hereunder or any right of enforcement hereof.

(vi) Heading; References; Incorporation; Gender. The headings used in this Agreement are for convenience and reference purposes only, and shall not be used in construing or interpreting the scope or intent of this Agreement or any provision hereof. References to this Agreement shall include all amendments or renewals thereof. Any exhibit referenced in this Agreement shall be deemed to include the other gender, including neutral genders or genders appropriate for entities, if applicable, and the singular shall be deemed to include the plural, and vice versa, as the context requires.

(d) Enforcement.

(i) Applicable Law. This Agreement and the rights and remedies of each party arising out of or relating to this Agreement (including, without limitation, equitable remedies) shall be solely governed by, interpreted under, and construed and enforced in accordance with the laws (without regard to the conflicts of law principles thereof) of the State of California, as if this agreement were made, and as if its obligations are to be performed, wholly within the State of California.

(ii) Consent to Jurisdiction; Service of Process. Any action or proceeding arising out of or relating to this Agreement shall be filed in and heard and litigated solely before the state courts of California located within the County of Orange.

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(e) No Assignment of Rights or Delegation of Duties by Executive. Executive's rights and benefits under this Agreement are personal to him and therefore (i) no such right or benefit shall be subject to voluntary or involuntary alienation, assignment or transfer; and (ii) Executive may not delegate his duties or obligations hereunder.

(f) Notices. Unless otherwise specifically provided in this Agreement, all notices, demands, requests, consents, approvals or other communications (collectively and severally called "Notices") required or permitted to be given hereunder, or which are given with respect to this Agreement, shall be in writing, and shall be given by: (A) personal delivery (which form of Notice shall be deemed to have been given upon delivery), (B) by telegraph or by private airborne/overnight delivery service (which forms of Notice shall be deemed to have been given upon confirmed delivery by the delivery agency), (C) by electronic or facsimile or telephonic transmission, provided the receiving party has a compatible device or confirms receipt thereof (which forms of Notice shall be deemed delivered upon confirmed transmission or confirmation of receipt), or (D) by mailing in the United States mail by registered or certified mail, return receipt requested, postage prepaid (which forms of Notice shall be deemed to have been given upon the fifth (5th) business day following the date mailed). Each party, and their respective counsel, hereby agrees that

if Notice is to be given hereunder by such party's counsel, such counsel may communicate directly with all principals, as required to comply with the foregoing notice provisions. Notices shall be addressed to the address hereinabove set forth in the introductory paragraph of this Agreement, or to such other address as the receiving party shall have specified most recently by like Notice, with a copy to the other parties hereto. Any Notice given to the estate of a party shall be sufficient if addressed to the party as provided in this subparagraph.

(g) Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument, binding on all parties hereto. Any signature page of this Agreement may be detached from any form hereto by having attached to it one or more additional signature pages.

(h) Execution by All Parties Required to be Binding; Electronically Transmitted Documents. This Agreement shall not be construed to be an offer and shall have no force and effect until this Agreement is fully executed by all parties hereto. If a copy or counterpart of this Agreement is originally executed and such copy or counterpart is thereafter transmitted electronically by facsimile or similar device, such facsimile document shall for all purposes be treated as if manually signed by the party whose facsimile signature appears.

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In witness hereof, the parties execute this Employment Agreement as of the date first written above.

SECURED DIVERSIFIED INVESTMENT, LTD.

EXECUTIVE

By: _____
Clifford L. Strand

Munjit Johal

Title: President

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Exhibit 21.1

Subsidiaries

Diversified Commercial Brokers, LLC

Diversified Mortgage Brokers, LLC

Nationwide Commercial Brokers, Inc.

Dickinson Management, Inc.

Spencer Springs, LLC

Decatur Square, LLC

Section 302 Certification of Chief Executive Officer
CERTIFICATIONS

I, Clifford L. Strand, certify that:

1. I have reviewed this annual report on Form 10-KSB of Secured Diversified Investment, Ltd.;

2. Based on my knowledge, this annual 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 annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual 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 annual 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)) for the registrant and the registrant's 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 quarterly report is being prepared;

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

c) Disclosed in this annual 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: May __, 2004

/s/ Clifford L. Strand

Clifford L. Strand
President and Chief Executive Officer

Section 302 Certification of Chief Financial Officer
CERTIFICATIONS

I, Munjit Johal, certify that:

1. I have reviewed this annual report on Form 10-KSB of Secured Diversified Investment, Ltd.;

2. Based on my knowledge, this annual 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 annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual 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 annual 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)) for the registrant and the registrant's 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 quarterly report is being prepared;
- b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this annual report based on such evaluation; and
- c) Disclosed in this annual 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: May 17, 2004

/s/ Munjit Johal

Munjit Johal
Chief Financial Officer

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 Secured Diversified Investment, Ltd. (the "Company") on Form 10-KSB for the year ending December 31, 2003 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Clifford L. Strand, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(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 result of operations of the Company.

May 17, 2004

/s/ Clifford L. Strand

Clifford L. Strand, President and
Chief Executive Officer
