MNP

MERCHANTS' NATIONAL PROPERTIES, INC.
10 Grand Central, 155 East 44th Street, New York, NY 10017

ISSUER INFORMATION

Title and class of security:	Common Shares ($1 par value)
Transfer Agent:	Merchants' National Properties, Inc. 10 Grand Central 155 East 44th Street New York, NY 10017
President and Chief Executive Officer:	Craig M. Deitelzweig (Director)
Board of Directors:	James M. Better (Chairman) Leonard S. Gruenberg Mark Magowan James Magowan Matthew Maguire Richard Schosberg James Stern John Usdan
Issuer's telephone number:	(212) 557-1400

Number of shares outstanding of common stock as of April 15, 2025: 90,879

MERCHANTS' NATIONAL PROPERTIES, INC.
10 Grand Central, 155 East 44th Street, New York, NY 10017

FINANCIAL INFORMATION

The information furnished in the accompanying consolidated balance sheets and related consolidated statements of operations, changes in stockholders' equity and cash flows reflect all adjustments, consisting solely of normal and recurring adjustments that are, in management's opinion, necessary for a fair and consistent presentation of the aforementioned consolidated financial statements.

Cautionary Statement Regarding Forward-Looking Statements

Certain statements contained in this letter and the attached report of Merchants' National Properties, Inc., and Subsidiaries ("MNP") may be considered forward-looking statements. Additionally, MNP or the executive officers on MNP's behalf, may from time to time make forward-looking statements in reports and other documents or in connection with written or oral statements made to the press, potential investors, or others.

Forward-looking statements can generally be identified by our use of forward-looking terminology such as "may," "will," "expect," "intend," "estimate," "continue," "anticipate" or other similar words. However, the absence of these or similar words or expressions do not mean that a statement is not forward-looking. Forward-looking statements are not guarantees of performance and are based on certain assumptions. Forward-looking statements may include the discussion of future expectations or description of plans and strategies and may contain projections of results of operations or of financial condition or other forward-looking information. Expected future net income (loss) depends on many factors including, among others, expected uses of cash generated from operations, expected sources and adequacy of capital resources and liquidity. Any deviation from these assumptions may lead to fluctuations in future net income (loss).

Any such forward-looking statements are based on various assumptions involving judgment and are subject to risks, uncertainties, and other factors that could cause actual results to differ materially from our historical experience and our present expectations. Accordingly, readers are cautioned not to place undue reliance on our forward-looking statements, which speak only as of the date of this report. MNP makes no representations or warranties (express or implied) about the accuracy of any such forward-looking statements contained in this report, and MNP does not intend to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise, except as required by law.

MNP

MERCHANTS' NATIONAL PROPERTIES, INC.
10 Grand Central, 155 East 44th Street, New York, NY 10017

April 15, 2025

To our Stockholders:

Attached are Merchants' National Properties, Inc.'s ("MNP" or the "Company") consolidated financial statements for the years ended December 31, 2024 and 2023. These statements have been filed with OTC Markets.

Financial Highlights:

For the year ended December 31, 2024, the Company reported grossed-up rental and other income of $61.8 million, vs. $60.1 million for the year ended December 31, 2023. For the year ended December 31, 2024, the Company reported grossed-up operating income of $27.4 million, vs. $28.2 million for the year ended December 31, 2023. For the year ended December 31, 2024, the Company reported grossed-up earnings before interest, taxes, depreciation and amortization ("EBITDA") of $36.4 million, vs. $39.6 million for the year ended December 31, 2023. EBITDA includes an increase in the value of marketable securities of $3.3 million in 2024 vs. $7.1 million in 2023. Finally, for the year ended December 31, 2024, the Company reported a net income attributable to Merchant's National Properties, Inc. of $9.9 million, as compared to $13.1 million for the year ended December 31, 2023, largely attributable to the variance in marketable securities and income taxes.

Including non-recurring gains and losses, net of taxes, the reportable earnings per share for the year ended December 31, 2024 was $109.57, vs. $144.08 for the year ended December 31, 2023. Excluding non-recurring gains and losses, the grossed-up earnings per share from operations for the year ended December 31, 2024 was $302.41 vs. $311.55 for the year ended December 31, 2023.

For the year ended December 31, 2024, stockholders' equity increased by $3.2 million with a corresponding increase in book value per share to $2,315 at December 31, 2024 from $2,289 at December 31, 2023. The Company paid $80.00 per share in dividends in both 2024 and 2023.

MNP purchased 48 of its shares during the year ended December 31, 2024 at an average cost of $1,570 per share. As of December 31, 2024 and 2023, 90,975 and 90,623 shares of common stock were outstanding, respectively.

Accounting principles generally accepted in the United States of America ("GAAP") require unrealized gains and losses of marketable securities to be included in net income. This standard has driven substantial swings in earnings during the reporting periods. As a result of these influences, we believe the most useful metric for assessing our performance is "Operating Income As Grossed-Up."

The following table provides a side-by-side comparison of MNP's December 31, 2024 vs. December 31, 2023 consolidated statements of operations in accordance with GAAP and "As Grossed-Up", a non-GAAP measure, which provides more transparency to MNP's share of the underlying assets' revenues and expenses which flow up to MNP from various real estate investments.

INCOME STATEMENT OVERVIEW
GAAP vs. As Grossed-Up

	Year Ended December 31, 2024		Year Ended December 31, 2023		
	As Unaudited	**As Grossed-Up**	**As Unaudited**	**As Grossed-Up**	
Rental and other income	$ 18,138,595	$ 61,776,538	$ 18,589,182	$ 60,070,767	
Equity in earnings of real estate ventures	10,301,805	-	8,278,278	-	
Operating expenses	(15,983,590)	(34,332,453)	(13,986,199)	(31,830,142)	
Operating income	**12,456,810**	**27,444,085**	**12,881,261**	**28,240,625**	
Investment income	3,279,086	4,666,396	2,232,399	3,428,326	
Gain on sale of marketable securities	1,050,483	1,050,483	-	372,400	
Gain on sale of rental property	-	323,268	610,116	196,161	
Write off of unused tenant improvements	-	-	-	602,179	
Impairment of intangible assets	-	-	(17,562)	(17,562)	
Unrealized gain on marketable securities	3,269,978	3,285,134	7,090,813	7,085,562	(A)
Unrealized loss on swap contracts	(330,935)	(390,480)	(326,854)	(341,808)	(B)
EBITDA	**19,725,422**	**36,378,886**	**22,470,173**	**39,565,883**	
Financing expense	(1,631,676)	(8,006,715)	(1,759,486)	(8,239,923)	
Depreciation and amortization expense	(3,180,391)	(13,319,203)	(3,750,114)	(13,968,835)	
Income taxes	(3,683,250)	(3,823,139)	(1,855,744)	(2,252,296)	
Income taxes - deferred	(1,413,191)	(1,413,191)	(2,450,620)	(2,450,620)	
Net income	**9,816,914**	**9,816,638**	**12,654,209**	**12,654,209**	
Noncontrolling interests in loss of consolidated subsidiaries	126,543	126,819	405,964	405,964	
Net income attributable to Merchants' National Properties, Inc.	**$ 9,943,457**	**$ 9,943,457**	**$ 13,060,173**	**$ 13,060,173**	

The following is a description of some of the factors which impacted the As Audited and As Grossed-Up net income for the year ended December 31, 2024 and 2023, respectively.

(A) Including the unrealized gains in marketable securities, as required under GAAP, the grossed-up income before taxes, depreciation and amortization was $36.4 million for the year ended December 31, 2024, as compared to $39.6 million for the year ended December 31, 2023.

(B) In accordance with GAAP, the Company recognizes derivatives as either assets or liabilities in the consolidated balance sheets and measures those instruments at fair value. Changes in fair value will affect either accumulated other comprehensive income or loss, which is a component of equity, if the derivative qualifies as a hedge and is effective, or net income or loss, if the derivative does not qualify as a hedge or if the hedge is ineffective. For the year ended December 31, 2024, this change in fair value has resulted in decreasing grossed-up income before taxes by $390 thousand, compared to a decrease of $342 thousand for the year ended December 31, 2023.

Respectfully submitted,

Craig M. Deitelzweig
President, Chief Executive Officer and Director

James M. Better
Chairman of the Board of Directors

MERCHANTS' NATIONAL PROPERTIES, INC.
AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2024 AND 2023

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CBIZ CPAs P.C.

730 Third Avenue
11th Floor
New York, NY 10017

P: 212.485.5500

Independent Auditors' Report

To the Stockholders of
Merchants' National Properties, Inc. and Subsidiaries

Opinion

We have audited the consolidated financial statements of Merchants' National Properties, Inc. and Subsidiaries (the "Company"), which comprise the consolidated balance sheet as of December 31, 2024, and the related consolidated statement of operations, changes in stockholders' equity, and cash flows for the year then ended, and the related notes to the consolidated financial statements (collectively referred to as the "financial statements").

In our opinion, based on our audit and the report of the other auditors, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Dollar Land Associates, LLC, a joint venture, the investment in which, as discussed in Notes 6 to the financial statements, is accounted for by the equity method of accounting. The investment in Dollar Land Associates, LLC was $51,578,481 as of December 31, 2024, and the equity in its net income was $10,612,562 for the year then ended. Those statements, which were prepared in accordance with income tax basis of accounting, were audited by other auditors, whose report has been furnished to us. We have applied audit procedures on the conversion adjustments to the financial statements of Dollar Land Associates, LLC which conform those financial statements to accounting principles generally accepted in the United States of America. Our opinion, insofar as it relates to the amounts included for Dollar Land Associates, LLC, prior to these conversion adjustments, is based solely on the report of the other auditors.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Prior Period Financial Statements

The financial statements of the Company as of December 31, 2023 and for the year ended, were audited by Marcum LLP, whose report dated April 15, 2024, expressed an unmodified opinion on those statements, based on their audit and the report of the other auditors.

Marcum LLP did not audit the financial statements of Dollar Land Associates, LLC a joint venture investment. The investment in Dollar Land Associates, LLC was $48,957,899, as of December 31, 2023, and the equity in its net income was $9,489,008 for the year then ended. Those statements, which were prepared in accordance with income tax basis of accounting, were audited by other auditors, whose report was furnished to Marcum LLP. Marcum LLP applied audit procedures on the conversion adjustments to the financial statements of Dollar Land Associates, LLC which conformed those financial statements to accounting principles generally accepted in the United States of America. Marcum LLP's opinion, insofar as it related to the amounts included for Dollar Land Associates, LLC, prior to the conversion adjustments, was based solely on the report of the other auditors.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

CBIZ CPAs P.C.

New York, NY
April 15, 2025

MERCHANTS' NATIONAL PROPERTIES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	December 31, 2024	December 31, 2023
ASSETS		
Rental properties, net	$ 72,228,185	$ 73,655,113
Marketable securities	71,570,155	68,377,897
Investments in real estate ventures	115,886,585	114,972,990
Cash and cash equivalents	7,296,897	19,982,366
Restricted cash	546,126	498,854
Tenant security deposits in escrow	544,598	508,173
Receivables:		
Loans, real estate ventures	18,855,853	3,477,475
Affiliated real estate ventures	969,812	544,479
Employees	2,962,933	2,783,520
Related parties	2,858,404	1,447,813
Tax refund	129,594	42,398
Deferred rent	2,958,221	2,731,938
Tenants	212,865	268,825
Other	1,292,355	1,338,294
Interest rate swaps	605,502	936,437
Prepaid expenses and other assets, net of accumulated amortization of $1,308,116 and $1,105,993 in 2024 and 2023, respectively	1,496,071	1,805,043
In-place leases, net of accumulated amortization of $2,180,441 and $1,638,623 in 2024 and 2023, respectively	4,543,089	5,084,907
Operating lease right-of-use asset	866,103	1,059,433
Prepaid income taxes	816,508	1,652,003
Deferred tax assets	4,429,851	3,950,091
Total assets	**$ 311,069,707**	**$ 305,118,049**
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities		
Accounts payable, accrued expenses and other liabilities	$ 2,335,243	$ 3,210,325
Below-market leases, net of accumulated amortization of $522,794 and $375,377 in 2024 and 2023, respectively	1,810,109	1,957,526
Operating lease liability	882,787	1,077,976
Income taxes payable	65,575	-
Security deposits	641,622	595,071
Due to affiliate	2,242	40,442
Mortgages payable, less unamortized debt issuance costs of $226,079 and $263,479 in 2024 and 2023, respectively	36,838,851	41,307,183
Line of credit	6,999,417	-
Deferred tax liabilities	38,635,203	36,742,252
Total liabilities	**88,211,049**	**84,930,775**
Stockholders' Equity		
Common stock, $1 par value; 187,000 shares authorized, 105,199 shares issued (shares outstanding, 90,975 and 90,623 in 2024 and 2023, respectively)	105,199	105,199
Additional paid-in capital	1,320,017	1,146,317
Retained earnings	225,720,388	223,055,781
Treasury stock, at cost (14,224 and 14,576 shares in 2024 and 2023, respectively)	(16,558,350)	(16,900,975)
Total stockholders' equity	**210,587,254**	**207,406,322**
Noncontrolling interests	12,271,404	12,780,952
	222,858,658	**220,187,274**
Total liabilities and stockholders' equity	**$ 311,069,707**	**$ 305,118,049**

See notes to consolidated financial statements.

MERCHANTS' NATIONAL PROPERTIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

	Years Ended December 31, 2024	Years Ended December 31, 2023
Revenues		
Rental revenues	$ 8,476,335	$ 8,780,408
Management fees	4,125,507	3,493,462
Leasing commissions	1,043,002	2,336,973
Asset acquisition/disposition fees	76,600	175,000
Development and buildout fees	1,194,257	1,090,335
Property personnel fees	2,198,125	1,766,159
Other revenues	1,024,769	946,845
Total revenues	**18,138,595**	**18,589,182**
Operating Expenses		
Real estate taxes	1,706,628	1,502,977
Depreciation and amortization	3,180,391	3,750,114
Other operating expenses	2,058,063	1,988,238
Financing expenses	1,631,676	1,759,486
Total operating expenses	**8,576,758**	**9,000,815**
Net revenues from rentals and other income	**9,561,837**	**9,588,367**
Equity in earnings from real estate ventures, net	10,301,805	8,278,278
Investment income	3,279,086	2,232,399
Unrealized gain on marketable securities	3,269,978	7,090,813
Gain on sale of marketable securities	1,050,483	-
Unrealized loss on interest rate swaps	(330,935)	(326,854)
Loss on sale of intangible asset	-	(15,139)
Impairment of intangible assets	-	(17,562)
Gain on sale of rental property	-	625,255
Net income before general and administrative expenses and other costs and income tax expense	**27,132,254**	**27,455,557**
General and administrative expenses and other costs		
Professional fees	885,803	815,996
Salaries and other general expenses	11,333,096	9,678,988
Total general and administrative expenses and other costs	**12,218,899**	**10,494,984**
Net income before income tax expense	**14,913,355**	**16,960,573**
Income tax expense	5,096,441	4,306,364
Net income	**9,816,914**	**12,654,209**
Noncontrolling interests in net loss of consolidated subsidiaries	126,543	405,964
Net income attributable to Merchants' National Properties, Inc.	**$ 9,943,457**	**$ 13,060,173**
Basic and diluted earnings per share	$ 109.57	$ 144.08
Weighted average number of common shares outstanding		
Basic and diluted	90,752	90,645

See notes to consolidated financial statements.

MERCHANTS' NATIONAL PROPERTIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
YEARS ENDED DECEMBER 31, 2024 AND 2023

	Common Stock		Additional Paid-In	Retained	Treasury Stock		Non-Controlling	Total
	Shares	Amount	Capital	Earnings	Shares	Amount	Interests	Equity
Balance, January 1, 2023	**105,199**	**$ 105,199**	**$ 1,146,317**	**$ 217,273,778**	**(14,525)**	**$ (16,830,745)**	**$ 13,099,182**	**$ 214,793,731**
Acquisition of treasury stock	-	-	-	-	(51)	(70,230)	-	(70,230)
Net income (loss)	-	-	-	13,060,173	-	-	(405,964)	12,654,209
Dividends paid	-	-	-	(7,278,170)	-	-	-	(7,278,170)
Capital contributions	-	-	-	-	-	-	487,194	487,194
Capital distributions	-	-	-	-	-	-	(399,460)	(399,460)
Balance, December 31, 2023	**105,199**	**$ 105,199**	**$ 1,146,317**	**$ 223,055,781**	**(14,576)**	**$ (16,900,975)**	**$ 12,780,952**	**$ 220,187,274**
Balance, January 1, 2024	**105,199**	**$ 105,199**	**$ 1,146,317**	**$ 223,055,781**	**(14,576)**	**$ (16,900,975)**	**$ 12,780,952**	**$ 220,187,274**
Acquisition of treasury stock	-	-	-	-	(48)	(75,375)	-	(75,375)
Stock compensation	-	-	173,700	-	400	418,000	-	591,700
Net income (loss)	-	-	-	9,943,457	-	-	(126,543)	9,816,914
Dividends paid	-	-	-	(7,278,850)	-	-	-	(7,278,850)
Capital distributions	-	-	-	-	-	-	(383,005)	(383,005)
Balance, December 31, 2024	**105,199**	**$ 105,199**	**$ 1,320,017**	**$ 225,720,388**	**(14,224)**	**(16,558,350)**	**$ 12,271,404**	**$ 222,858,658**

See notes to consolidated financial statements.

MERCHANTS' NATIONAL PROPERTIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31, 2024	2023
Cash flows from operating activities		
Net income	$ 9,816,914	$ 12,654,209
Adjustments to reconcile net income to net cash (used in) provided by operating activities		
Depreciation and amortization	2,393,096	2,433,596
Amortization of deferred leasing costs	245,477	234,035
Amortization of debt issuance costs included in financing expenses	63,325	114,634
Amortization of below-market leases	(147,417)	(231,044)
Amortization of in-place leases	541,818	1,082,483
Amortization of operating leases	193,330	186,777
Provision for deferred taxes	1,413,191	2,450,620
Accrued interest on loans receivable, real estate ventures	(1,044,735)	(75,000)
Equity in earnings of investments in real estate ventures, net	(10,301,805)	(8,278,278)
Unrealized loss on interest rate swaps	330,935	326,854
Stock compensation	591,700	-
Gain on sale of rental properties	-	(625,255)
Impairment of intangible asset	-	17,562
Loss on sale of intangible asset	-	15,139
Realized gain on marketable securities	(1,050,483)	-
Unrealized gain on marketable securities	(3,269,978)	(7,090,813)
Changes in assets and liabilities		
Receivables - affiliated real estate ventures	(425,333)	125,944
Receivables - employees	(179,413)	(155,547)
Receivables - related parties	(1,410,591)	1,627,400
Receivables - tax refund	(87,196)	(4,344)
Receivables - deferred rent	(226,283)	(253,129)
Receivables - tenants	55,960	(2,639)
Receivables - other	45,939	(1,083,029)
Prepaid expenses and other assets	63,495	(42,303)
Prepaid income taxes	835,495	(60,059)
Accounts payable and accrued expenses	(875,082)	(623,280)
Income taxes payable	65,575	-
Operating lease liability	(195,189)	(177,505)
Security deposits	46,551	(114,099)
Due to affiliate	(38,200)	(476,458)
Net cash (used in) provided by operating activities	**(2,548,904)**	**1,976,471**
Cash flows from investing activities		
Contributions to investments in real estate ventures	(1,164,505)	(4,070,995)
Distributions from investments in real estate ventures	10,552,715	9,843,003
Loans - affiliated real estate ventures, net	(14,333,643)	(1,527,475)
Additions to buildings and improvements	(966,168)	(2,794,235)
Proceeds from sale of intangible asset	-	746,413
Proceeds from sale of rental properties	-	4,763,198
Proceeds from sale of marketable securities	1,128,203	-
Net cash (used in) provided by investing activities	**(4,783,398)**	**6,959,909**
Cash flows from financing activities		
Purchase of treasury stock	(75,375)	(70,230)
Payment of dividends	(7,278,850)	(7,278,170)
Proceeds from mortgage payable	487,660	1,909,512
Principal payments of mortgages payable	(1,001,895)	(876,580)
Payoff of mortgage payable	(4,017,422)	(3,929,268)
Proceeds from line of credit	8,000,000	-
Payments of line of credit	(1,000,583)	-
Capital contributions from noncontrolling interests	-	487,194
Capital distributions to noncontrolling interests	(383,005)	(399,460)
Net cash used in financing activities	**(5,269,470)**	**(10,157,002)**
Net decrease in cash and cash equivalents, restricted cash and tenant security deposits in escrow	**(12,601,772)**	**(1,220,622)**
Cash and cash equivalents, restricted cash and tenant security deposits in escrow, beginning of year	20,989,393	22,210,015
Cash and cash equivalents, restricted cash and tenant security deposits in escrow, end of period	**$ 8,387,621**	**$ 20,989,393**

See notes to consolidated financial statements.

MERCHANTS' NATIONAL PROPERTIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31, 2024	2023
Reconciliation of cash and cash equivalents, restricted cash and tenant security deposits in escrow, beginning of period		
Cash and cash equivalents	$ 19,982,366	$ 20,983,236
Restricted cash	498,854	749,857
Tenant security deposits in escrow	508,173	476,922
Cash and cash equivalents, restricted cash and tenant security deposits in escrow, beginning of period	**$ 20,989,393**	**$ 22,210,015**
Reconciliation of cash and cash equivalents, restricted cash and tenant security deposits in escrow, end of period		
Cash and cash equivalents	$ 7,296,897	$ 19,982,366
Restricted cash	546,126	498,854
Tenant security deposits in escrow	544,598	508,173
Cash and cash equivalents, restricted cash and tenant security deposits in escrow, end of period	**$ 8,387,621**	**$ 20,989,393**
Supplemental cash flow disclosures		
Interest paid	$ 1,596,622	$ 1,657,980
Income taxes paid - net of refunds of $367,158 and $0, respectively	2,782,181	1,789,145
Supplemental non-cash investing and financing activities		
Write-off of fully amortized deferred lease costs	43,354	230,039
Write-off of fully amortized debt issuance costs	-	38,163

See notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1 – ORGANIZATION

Merchants' National Properties, Inc. ("Merchants"), a Delaware corporation, was formed in December 1928 for the purpose of acquiring, managing, developing, operating and leasing real estate. Merchants, together with its wholly owned and controlled subsidiaries, is referred to as the Company.

On November 21, 2006, Merchants acquired certain shares of stock and partnership interests in Guest Realty Company ("Guest"), Marx Realty & Improvement Co. Inc. ("Marx"), Maryland Stores Corporation ("Maryland"), Rier Realty Co., Inc. ("Rier") and other joint venture interests from the estate of a former Merchants stockholder.

On November 8, 2012, East Putnam Ave. I, LLC ("Putnam") was formed to acquire property, which was developed into a commercial and residential project in Greenwich, CT (the "Putnam Property"). Merchants owned 92.75% of Putnam. On August 30, 2023, Putnam sold the Putnam Property for $5.1 million, which resulted in a gain on sale of $295,680.

On July 16, 2013, The M&B Building Owners II, LLC ("Bethpage") was formed to acquire land for the purpose of net leasing or developing it into a commercial project. Merchants owns 95.70% of Bethpage.

In October 2014, Brahmin Realty Associates, LLC ("Brahmin") was formed to acquire a 50% tenancy-in-common interest in three real properties. Merchants owns 59.40% of Brahmin.

On September 11, 2015, Merchants acquired an additional 8.05% interest in the members' equity of University Plaza Joint Venture LLC ("University"), which resulted in a 57.88% interest in the members' equity of University.

During 2020, Merchants consolidated its investment in Athens Joint Venture LLC ("Athens") pursuant to a Plan of Redemption and Partition whereby Merchants' ownership interest increased from 45.3332% to 90.6667%, when Athens took full ownership of the retail condominium unit at 819 7th Street NW, Washington, D.C. in exchange for its ownership interest in a commercial property in Pittsburgh, PA.

During 2020, Merchants consolidated its investment in Bell Blvd. Partners ("Bell") to reflect the increase in its ownership interest in Bell from 33.25% to 66.5% after the acquisition of the fifth-floor commercial condominium unit at 819 7th Street NW, Washington, D.C.

On February 2, 2022, Merchants acquired a 4-story office building, located at 2121 Wisconsin Avenue NW in Washington, D.C. ("Wisconsin"), for approximately $27.7 million. This property was acquired through a newly formed tenancy-in-common ("TIC") between Lenox Avenue I, LLC owned by Orange Syndicate ("Orange"), with an 82% TIC interest and MNP 2121 Wisconsin Ave LLC ("MNP 2121"), with an 18% TIC interest. Orange acquired Wisconsin with the proceeds from the sale of property in Miami, FL. In 2022, Merchants' ownership interest in Orange increased from 48.5607% to 72.48%. Merchants' ownership interest in MNP 2121 is 52.25%. As a result, Merchants collectively owns 68.84% of Wisconsin (59.43% through Orange and 9.41% through MNP 2121).

2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The consolidated financial statements include the accounts of Merchants and its wholly owned and controlled subsidiaries; Guest, a wholly owned subsidiary; Maryland, an 80% owned subsidiary; Marx, a wholly owned

2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Principles of Consolidation (continued)
subsidiary; Rier, a 94.64% owned subsidiary; Putnam, a 92.75% owned limited liability company (through the sale date of August 30, 2023); Madison Syndicate ("Madison"), a 52.93% owned partnership; Bethpage, a 95.70% owned limited liability company; Brahmin, a 59.40% owned limited liability company; University, a 57.88% owned limited liability company, Athens, a 90.67% owned limited liability company, Bell, a 66.5% owned partnership and Wisconsin, a 68.84% owned TIC interest. All significant intercompany balances and transactions have been eliminated.

Noncontrolling Interests
Accounting principles generally accepted in the United States of America ("GAAP") require that noncontrolling interests in subsidiaries and affiliates be reported in the equity section of a company's balance sheet. In addition, the amounts attributable to the net income (loss) of these subsidiaries and affiliates are reported separately in the consolidated statements of operations and changes in stockholders' equity for all years presented.

Use of Estimates
The Company uses estimates and assumptions in preparing consolidated financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. The most significant estimates and assumptions relate to asset acquisition allocation, depreciable lives, impairment of long-lived assets and investments in real estate ventures and the recovery of receivables. Actual results could differ from those estimates.

Rental Properties, Net
Real estate is presented at cost net of accumulated depreciation. Costs related to the development or redevelopment of properties are capitalized. Ordinary repairs and maintenance are expensed as incurred; whereas, major replacements and betterments, which improve or extend the life of the asset, are capitalized and depreciated over their estimated useful lives. Upon the sale or other disposition of real estate, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in operations.

Properties are depreciated using the straight-line method over the estimated useful lives of the assets as follows:

Building and improvements	Seven – 39 years
Equipment and furnishings	Five years

Tenant improvements are depreciated over the shorter of the estimated useful life of the assets or the terms of the respective leases.

Purchase Accounting
The Company allocates the purchase price of asset acquisitions to the various components of the acquisition based upon the relative fair value of each component, which may be derived from various observable or unobservable inputs and assumptions.

In allocating the fair value of the identified intangible assets and liabilities of the acquired properties, below-market lease values were recorded based on the discounted difference between the current in-place rent and the Company's estimate of current market rents. Other intangible assets acquired include amounts for in-place lease values that were based on the Company's evaluation of specific characteristics of the tenants' leases. Factors considered included estimates of carrying costs during hypothetical expected lease-up periods, taking

2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Purchase Accounting (continued)
into account current market conditions, and costs to execute similar leases. In estimating carrying costs, the Company included real estate taxes, insurance and other operating expenses and estimates of lost rentals at market rates during the expected lease-up periods, based on local market conditions.

In estimating costs to execute similar leases, the Company considered tenant improvement allowances, leasing commissions, legal and other related expenses. The below-market leases are amortized as a charge to rental revenues over the term of the leases. Amortization of the in-place lease values is included in amortization.

Marketable Securities
Marketable securities, which consist of equity securities, are carried at fair value in the consolidated financial statements. Realized gains and losses are included in net income based on the specific identification method; unrealized holding gains and losses are included in the accompanying consolidated statements of operations.

In-Place Leases
Amortization of acquired in-place leases for the years ended December 31, 2024 and 2023 was $541,818 and $1,082,483, respectively, and is included as a component of depreciation and amortization on the accompanying consolidated statements of operations. As of December 31, 2024, future amortization expense is as follows:

Year Ending December 31,	
2025	$ 541,818
2026	496,686
2027	476,107
2028	449,243
2029	313,533
Thereafter	2,265,702
	$ 4,543,089

Below-Market Leases
Amortization of acquired below-market leases for the year ended December 31, 2024 and 2023 was $147,417 and $231,044, respectively, and is included as a component of rental revenues in the accompanying consolidated statements of operations. As of December 31, 2024, future amortization of below-market leases is as follows:

Year Ending December 31,	
2025	$ 147,416
2026	132,269
2027	130,892
2028	129,272
2029	123,460
Thereafter	1,146,800
	$ 1,810,109

The weighted average amortization period for below market leases and in-place lease costs were 9.20 years and 7.99 years, respectively.

2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments in Real Estate Ventures
Investments in unconsolidated affiliated companies, in which the Company has a less than 50% interest and significant influence, but not control, are accounted for using the equity method. Distributions declared but not paid are recorded as receivables from affiliated real estate ventures. On a periodic basis, management assesses whether there are any indicators that the carrying value of the Company's investments in real estate ventures may be impaired. An investment is impaired only if management's estimate of the fair value of the investment is less than the carrying value of the investment, and such decline in value is deemed to be other than temporary. To the extent impairment has occurred, the loss shall be measured as the excess of the carrying amount of the investment over the fair value of the investment. The Company's estimates of fair value for each investment are based on various assumptions that are subject to economic and market uncertainties, including, among others, demand for space, competition for tenants, changes in market rental rates, and operating costs. As these factors are difficult to predict and are subject to future events that may alter management's assumptions, the fair values estimated by management in its impairment analyses may not be realized. No impairment of the recoverability of the carrying amount of the Company's investments has occurred as of December 31, 2024 or December 31, 2023.

Long-Lived Assets
The Company reviews the carrying values of its long-lived assets, such as rental properties, whenever events or changes in circumstances indicate that the carrying values may no longer be appropriate. Recoverability of carrying values is assessed by estimating future net cash flows from the assets. Impairment assessment inherently involves judgment as to assumptions about expected future cash flows and the impact of market conditions on those assumptions. Future events and changing market conditions may impact management's assumptions relating to rental rates, costs, holding periods or other factors that may result in changes in the Company's estimates of future cash flows. Although management believes the assumptions used in testing for impairment are reasonable, changes in any one of the assumptions could produce a significantly different result. No impairment was noted at December 31, 2024 or December 31, 2023.

Cash and Cash Equivalents
The Company considers cash and cash equivalents to include cash on hand, cash in banks, and short-term investments in institutional money market funds with initial maturities of three months or less. Cash balances in banks in the United States of America are insured by the Federal Deposit Insurance Corporation subject to certain limitations. Cash balances in institutional money market funds are insured by the Securities Investor Protection Corporation subject to certain limitations. At times, the balances may exceed federally insured limits; however, no losses have been incurred.

Restricted Cash
Restricted cash represents funds held in escrow for tenant and capital improvements and leasing commissions as required by the lenders.

Debt Issuance Costs
Debt issuance costs represent amounts incurred in connection with obtaining debt financing and are recorded as a direct reduction of the related debt obligation. These costs are amortized on a straight-line basis over the term of the related loans, which approximates the effective interest method. For the years ended December 31, 2024 and 2023, amortization of deferred financing costs was $63,325 and $114,634, respectively. These amounts are included in financing expenses on the consolidated statements of operations.

2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Derivative Instruments
In accordance with GAAP, the Company recognizes derivatives as either assets or liabilities in the consolidated balance sheets and measures those instruments at fair value. Changes in fair value will affect either accumulated other comprehensive income or loss, which is a component of equity, if the derivative qualifies as a hedge and is effective, or net income or loss, if the derivative does not qualify as a hedge or if the hedge is ineffective. The Company has not designated the interest rate derivatives as hedges, based on its assessment of market conditions. Therefore, changes in the fair value have been recorded in the results of operations for the years ended December 31, 2024 and 2023.

For the year ended December 31, 2024 the Company recorded a loss of $330,935 on the fair value of the interest rate swap agreements, compared to a loss of $326,854 for the year ended December 31, 2023.

Income Taxes
The Company applies the provisions of Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 740: Income Taxes ("ASC Topic 740"). The Company files income tax returns in the U.S. federal jurisdiction and in various states.

Merchants and Marx file a consolidated federal income tax return and separate income tax returns for all states except New York. Guest, Maryland and Rier file separate federal income tax returns and for all states except New York. Putnam, Bethpage, Brahmin, Madison, University, Athens, Bell, Orange, and MNP 2121 file separate federal and state income tax returns. The Company files combined income tax returns for New Jersey, New York State and New York City except for Putnam, Bethpage, Brahmin, Madison, University, Athens, Bell, Orange and MNP 2121.

The Company does not have any uncertain tax positions. As a result, there are no unrecognized tax benefits in the consolidated balance sheets.

Deferred Income Taxes
The Company uses the asset and liability method of accounting for income taxes in accordance with ASC Topic 740. Under the asset and liability method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts and the tax bases of existing assets and liabilities.

Revenue Recognition
The Company recognizes base rental revenue on a straight-line basis over the terms of the respective leases which are accounted for under Accounting Standards Codification 842, Leases ("ASC 842"). Unbilled rents receivable represents the amount by which straight-line rental revenue exceeds rents currently billed in accordance with lease agreements. Revenue recognition commences from lease agreements at the date the leased premise is ready for its intended use by the tenant and the tenant takes possession or controls the physical use of the leased premise. In addition to base rents, tenants are also charged for their pro rata share of increases in real estate taxes and certain operating expenses for the Property over a base year.

The Company provides its tenants with certain customary services for lease contracts such as common area maintenance and general security. The Company has utilized the practical expedient in ASC 842 and has elected to combine the non-lease components with the lease components of operating lease agreements and account for them as a single lease component in accordance with ASC 842. Receivables from tenants are stated

2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (continued)
at the amount management expects to collect. Account balances are written off after all means of collection have been exhausted and the potential for recovery is considered remote. Accounts are considered past due or delinquent based on contractual terms and how recently payments have been received. No allowance was considered necessary at December 31, 2024 or December 31, 2023.

In accordance with ASC 606, Revenue from Contracts with Customers, management fees, accounting fees and development fees are recognized ratably over the period that the services are performed. Leasing commissions are recognized when the leases are executed. Asset acquisition/dispositions fees and mortgage financing fees are recognized when the transactions are entered into.

Credit Losses on Financial Instruments
In June 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-13, Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments ("ASU 2016-13"), the objective of which is to provide financial statements users with more information about the expected credit losses on consolidated financial instruments and other commitments to extend credit held by an entity, except for tenant receivables. Prior U.S. GAAP required an "incurred loss" methodology for recognizing credit losses that delayed recognition until it was probable that a loss had been incurred. Because this methodology restricted the recognition of credit losses that were expected but did not yet meet the "probable" threshold, ASU 2016-13 was issued to require the consideration of a broader range of reasonable and supportable information when determining estimates of credit losses. ASU 2016-13 was required to be adopted in the first interim period of the fiscal year beginning after December 15, 2022. Accordingly, the Company adopted ASU 2016-13 on January 1, 2023. The Company evaluates and determines credit losses based on historical losses, the aging of receivables, the quality and liquidity of collateral that secures receivables and the cash flow generated by the entities that owe receivables. The adoption of ASU 2016-13 did not have a material impact on the Company's results of operations and cash flows.

Sales of Real Estate
Gains on sales of real estate are recognized pursuant to the provisions included in ASC 610-20. Under ASC 610-20, the Company must first determine whether the transaction is a sale to a customer or non-customer. The Company typically sells real estate on a selective basis and not within the ordinary course of its business and therefore expects that its sale transactions will not be contracts with customers. The Company next determines whether it has a controlling financial interest in the property after the sale, consistent with the consolidation model in ASC 810 "Consolidation" ("ASC 810"). If the Company determines that it does not have a controlling financial interest in the real estate, it evaluates whether a contract exists under ASC 606 and whether the buyer has obtained control of the asset that was sold. The Company recognizes a full gain on sale of real estate when the derecognition criteria under ASC 610-20 have been met.

Earnings Per Share
The Company computes basic earnings per share by dividing the net income attributable to Merchants by the weighted average number of shares outstanding for the year. Diluted earnings per share are calculated utilizing the weighted average number of common shares outstanding adjusted for the effect of any common stock equivalents.

Reference Rate Reform
In March 2020, the FASB issued Accounting Standards Update ("ASU") 2020-04, "Reference Rate Reform (Topic 848)". ASU 2020-04 applies to contracts, hedging relationships, and other transactions that reference LIBOR or another reference rate expected to be discontinued because of reference rate reform. ASU 2020-14

2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reference Rate Reform (continued)
is effective for all entities as of March 12, 2020 through December 31, 2022. At December 31, 2022, the Company replaced one of its contracts from LIBOR to SOFR. The other index was replaced in March 2023. The adoption of ASC 848 did not have a material impact on the Company's results of operation and cash flows. See Note 9.

Risk and Uncertainties
The Company is subject to risks incidental to the ownership, development and management of real estate. These include the risks normally associated with the changes in the general economic climate, trends in the real estate industry, availability of land for development, changes in tax laws and interest rates, availability of financing, and the potential liability under environmental and other laws.

The Company's investments include marketable equity securities. Due to the risks associated with equity securities, it is at least reasonably possible that changes in market conditions in the near term could materially affect the value of investments reported in the consolidated financial statements.

3 – FAIR VALUE MEASUREMENTS

The Company follows the provisions of ASC Topic 820, "Fair Value Measurements and Disclosures", which establishes a three-level valuation hierarchy for disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date.

The three levels are defined as follows:

- Level 1: Quoted prices in active markets for identical assets or liabilities.
- Level 2: Quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active and model-derived valuations whose inputs or significant value drivers are observable.
- Level 3: Unobservable inputs are used when little or no market data is available.

Financial assets measured at fair value on a recurring basis are summarized below:

December 31, 2024

	Fair Value Measurements Using			
	Level 1	Level 2	Level 3	Total
Assets				
Marketable securities	$ 71,570,155	$ -	$ -	$ 71,570,155
Interest rate swaps	-	605,502	-	605,502
Total assets measured at fair value	$ 71,570,155	$ 605,502	$ -	$ 72,175,657

December 31, 2023

	Fair Value Measurements Using			
	Level 1	Level 2	Level 3	Total
Assets				
Marketable securities	$ 68,377,897	$ -	$ -	$ 68,377,897
Interest rate swaps	-	936,437	-	936,437
Total assets measured at fair value	$ 68,377,897	$ 936,437	$ -	$ 69,314,334

3 – FAIR VALUE MEASUREMENTS (Continued)

The Company values investments in marketable securities that are freely tradable and are listed on a national securities exchange at their last quoted sales price as of the valuation date.

The interest rate swap agreements are valued at fair value using a swap valuation model that utilizes an income approach using observable market inputs including interest rates London Interbank Offered Rate ("LIBOR"), Secured Overnight Financing Rate ("SOFR") and credit default swap rates.

The carrying values of cash and cash equivalents, restricted cash, receivables, loans payable and accounts payable and accrued expenses approximate their fair values due to their short-term nature. It was not practicable to reasonably estimate the fair value of the loans receivable from real estate ventures, the line of credit and mortgages payable as there are no quoted market prices of similar products and management has not developed a valuation model necessary to make such estimates.

4 – RENTAL PROPERTIES, NET

Rental properties consist of the following:

		December 31, 2024		December 31, 2023
Land	$	25,128,115	$	25,128,115
Buildings and improvements		57,916,224		56,979,469
Furniture and fixtures		764,529		742,224
Equipment		3,003,446		3,003,446
		86,812,314		85,853,254
Less: accumulated depreciation		14,584,129		12,198,141
	$	72,228,185	$	73,655,113

Depreciation expense for the years ended December 31, 2024 and 2023 was $2,393,096 and $2,433,596, respectively, and is included in depreciation and amortization on the consolidated statements of operations.

5 – MARKETABLE SECURITIES

Cost and fair value information for common stock securities are as follows:

		December 31, 2024		December 31, 2023
Cost	$	819,453	$	897,173
Fair value		71,570,155		68,377,897
Net unrealized gain	$	70,750,702	$	67,480,724

During the year ended December 31, 2024, the Company realized net gains on the sale of marketable securities of $1,050,483. Proceeds from sales of marketable securities during 2024 were $1,128,203, with a cost basis of $77,720. There were no sales of marketable securities during the year ended December 31, 2023.

6 – INVESTMENTS IN REAL ESTATE VENTURES

The Company holds investments in various real estate ventures. Changes in the Company's investments in real estate ventures for the year ended December 31, 2024 and the year ended December 31, 2023, respectively, are as follows:

	December 31, 2024	December 31, 2023
Balance, beginning of period	$ 114,972,990	$ 112,466,720
Contributions	1,164,505	4,070,995
Distributions	(10,552,715)	(9,843,003)
Equity in earnings, net	10,301,805	8,278,278
Net investments, end of period	$ 115,886,585	$ 114,972,990

The following information summarizes the total assets, liabilities, revenues and expenses of the investees in the aggregate prior to allocating the Company's share indicated by the percentages listed on the following page:

	December 31, 2024 (unaudited)	December 31, 2023 (unaudited)
Assets, net of accumulated depreciation and amortization of $313,073,869 and $287,397,408	$ 619,500,373	$ 608,319,702
Liabilities	377,152,827	379,417,279
Equity	$ 242,347,546	$ 228,902,423

	Years Ended December 31, 2024 (unaudited)	Years Ended December 31, 2023 (unaudited)
Rental and other revenues	$ 149,520,408	$ 150,941,209
Unrealized gain on marketable securities	64,955	(22,503)
Net gains on disposal of rental property	651,335	5,101,137
Total income	150,236,698	156,019,843
Direct operating expenses	65,831,112	53,625,060
Financing expenses	20,009,151	20,826,991
Depreciation and amortization expense	33,152,933	34,798,881
Income taxes	758,252	1,840,977
Total expenses	119,751,448	111,091,909
Net income	$ 30,485,250	$ 44,927,934

The investments in real estate ventures on the accompanying consolidated balance sheets are accounted for by the Company using the equity method. The above amounts, which are maintained on the historical cost basis and represent 100% of the assets (net of accumulated amortization and depreciation where applicable),

6 – INVESTMENTS IN REAL ESTATE VENTURES (Continued)

liabilities, equity, revenues and expenses of the real estate joint ventures, have not been audited, except one of the investments as noted in the independent auditors' 2024 report. The assets and liabilities of this investment in real estate venture are approximately 32% and 27%, respectively, of the total assets and liabilities above at December 31, 2024 and 32% and 28%, respectively, at December 31, 2023. The net income of this investment in real estate venture is approximately 91% and 55% of the total net income above for the years ended December 31, 2024 and 2023, respectively.

Investments in real estate ventures consist of the following:

	% Of Ownership (a)	
Investee	December 31, 2024	December 31, 2023
135 Bowery (b)	9.0000%	9.0000%
430 Park Avenue Syndicate (c)	7.0828	7.0828
532 Madison Syndicate	10.4099	10.4099
708 Third Avenue Holdings, LLC	35.7135	35.7135
Avon Joint Venture LLC	40.5938	40.5938
BSC Empire LLC	37.6214	37.6214
Belle Haven Realty LLC	42.5700	42.5700
Bellflower Joint Venture	17.4167	17.4167
Boston Syndicate LLC	31.4393	31.4393
Dollar Land Associates, LLC	37.6214	37.6214
Farmingville Associates LLC (c)	10.6223	10.6223
Fort Lee Joint Venture	30.0000	30.0000
Hastings Drive I, LLC	48.8289	48.8289
Herald Owners, LLC	28.5030	28.5030
Ithaca Joint Venture	21.0000	21.0000
Joseph E. Marx Company, Inc. ("JEM")	23.3330	23.3330
Knights Road Shopping Center LP (c)	11.4044	11.4044
Louisville Syndicate LLC	49.3097	49.3097
Marlton Joint Venture	34.9167	34.9167
Newbury Street Partners (c)	19.2084	19.2084
Ocean County Venturers (c)	30.0981	30.0981
Pequannock Joint Venture LLC	22.5953	22.5953
Peters Land Realty, LLC	26.7644	26.7644
Queens Boulevard Joint Venture LLC	12.6867	12.6867
Seaford Joint Venture	22.6781	22.6781

(a) % of Company's beneficial interest in the underlying investment.
(b) Excludes indirect interest through Louisville Syndicate LLC.
(c) Excludes indirect interest through JEM.

7 – LOANS RECEIVABLE, REAL ESTATE VENTURE

Loan receivable from one real estate venture affiliate in the amount of $1,875,000 and $1,950,000 as of December 31, 2024 and December 31, 2023, respectively, is unsecured, due on demand and bears interest at 5.0%. As of December 31, 2024 and December 31, 2023, accrued interest of $375,000 and $450,000, respectively, was included in the loan receivable balance.

7 – LOANS RECEIVABLE, REAL ESTATE VENTURE (Continued)

As part of the one-year extension of the Herald mortgage in April of 2024 (see Note 14), Merchants loaned Herald Owners Holding, LLC ("Herald Holding"), a wholly owned subsidiary of Herald, $9,815,461, which consisted of $3.9M to cover interest, carry costs, and loan extension costs, $3M for tenant improvement and leasing costs related to future leases and $2.9M to cover capital expenditures. Additional loans from Merchants to Herald Holding totaling $2,171,408 were made in 2024 to fund leasing costs and reserves. These loans are included in loan receivables, real estate ventures on the consolidated balance sheets and cover 30% for Herald DC Ventures, LLC ("Funding Member"), an affiliate of Merchants and 70% for Herald Member, LLC ("Non-Funding Member"), an affiliate of Iowa Public Employee's Retirement System, managed by Invesco Advisors, Inc. The loans are repayable by Herald Holding prior to distributions to Funding Member and Non-Funding Member and carry an interest rate of 14%, fully payable by Non-Funding Member to Merchants and is due on demand. For the year ended December 31, 2024, interest income was $991,093 and is included in investment income on the consolidated statements of operations. As of December 31, 2024, accrued interest of $991,093 was included in the loan receivable balance, and the total loan balance was $12,977,962.

Loans receivable from other real estate venture affiliates totaled $4,002,891 and $1,527,475 as of December 31, 2024 and December 31, 2023, respectively. These loans are unsecured, due on demand and bear interest at 6.0%. As of December 31, 2024 and December 31, 2023, accrued interest on these loans was $161,118 and $32,476respectively, was included in the loan receivable balance.

Management believes that these loans are fully collectible, and no allowance for credit loss is required at December 31, 2024 and 2023.

8 – LINE OF CREDIT

In March 2024, Merchants obtained a credit facility from JPMorgan Chase (the "Margin Credit Facility"), under which Merchants can borrow up to 50% of the market value of the publicly traded securities held in its brokerage account. The Margin Credit Facility has no expiration date and carries an interest rate of SOFR plus 1.2% (4.49% at December 31, 2024). The loan balance at December 31, 2024 was $6,999,417. For the year ended December 31, 2024, interest expense was $55,285.

9 – MORTGAGES PAYABLE

In August 2019, Merchants obtained a $8,625,000 mortgage payable, secured by a first mortgage lien on the property located at 605-609 West 181st Street, New York, NY. Beginning October 1, 2020, the mortgage requires principal and interest payment based on a 24-year amortization term. The mortgage matures on September 1, 2029, at which time the outstanding principal balance and any unpaid interest is due. For the years ended December 31, 2024 and 2023, interest expense was $268,143 and $272,076, respectively. The mortgage payable balance at December 31, 2024 and December 31, 2023 was $7,561,454 and $7,825,678, respectively.

The Company has a receive-variable (SOFR), pay-fixed (1.64%) interest rate swap agreement related to its variable rate loan on West 181st Street. The interest rate swap agreement matures on September 4, 2029, and had an original notional amount of $8,625,000 with a notional amount of $7,561,454 and $7,825,678 at December 31, 2024 and December 31, 2023, respectively. The notional amount is reduced based on the terms

9 – MORTGAGES PAYABLE (Continued)

of the agreement. The interest rate swap agreement is intended to hedge the Company's exposure to possible increases in interest rates and the resulting increase in cash outflows. In March 2023, variable LIBOR was replaced with SOFR.

In October 2014, Brahmin obtained three mortgages totaling $2,790,000, which collectively are secured by a first mortgage lien on the properties located at 10-14 Bosworth Street, 41 Bromfield Street and 45 Bromfield Street, Boston, MA. On June 1, 2019, the three mortgages with an outstanding balance of approximately $2,480,000 were modified to allow for borrowings up to $4,750,000. The modified mortgages require monthly payments in the aggregate of $52,342 with 4.35% of interest to adjust every seven years through November 1, 2039. The initial interest rate during the first seven years is fixed at 4.35% and every seven years the interest will adjust to 185 basis points plus the seven-year US Treasury Index not to exceed 4.35%. Merchants is a limited guarantor of this loan. For the years ended December 31, 2024 and 2023, interest expense was $169,629 and $142,855, respectively. The mortgage payable balance at December 31, 2024 and December 31, 2023 was $4,113,322 and $4,231,578, respectively. The loan is subject to a debt service coverage ratio ("DSCR") of 1.20, which shall be tested annually. Brahmin is currently not in compliance with the DSCR and in May 2024, as per the terms of the loan agreement, elected to provide Mortgagee with additional cash collateral by Mortgagor's right, title and interest in a non-interest-bearing account in the amount of $341,000. Brahmin is current in its debt service payments.

On April 3, 2015, Putnam obtained a construction loan in the amount of $4,000,000 for the development of its property, with an option to convert it to a permanent facility at the issuance of a certificate of occupancy after closing. On December 29, 2016, the outstanding construction loan in the amount of $3,965,429 was converted into a permanent mortgage of $4,500,000, maturing on January 1, 2024. The mortgage required monthly payments in the aggregate of $21,484, including principal and interest based on a 30-year amortization schedule. The interest rate during the term of the note was 4%. The mortgage was paid off on August 30, 2023 upon the sale of the East Putnam property in Greenwich, CT (see Note 1). For the year ended December 31, 2023, interest expense relating to this mortgage was $104,393.

On September 11, 2015, University obtained a loan in the amount of $9,000,000, secured by a first mortgage assignment of leases and rents. The loan requires monthly payments in the aggregate of $47,291 has a maturity date of September 11, 2025. The interest rate during the term of the note is 6.24%. Merchants is the guarantor of this loan. The loan can be prepaid in whole or in part from time to time without penalty. The loan is subject to a debt service ratio of 1.30, which shall be tested annually. If the debt service ratio falls below 1.30, University is required to provide cash collateral or an unconditional standby letter of credit. On March 25, 2025, University applied for a new five-year term loan of $7,000,000. As of the date the financial statements were approved by management and available for issuance, the new five-year loan has not been secured. However, management believes it has both the ability and the intention to secure this mortgage loan.

For the years ended December 31, 2024 and 2023, interest expense was $270,025 and $280,539, respectively. The mortgage payable balance at December 31, 2024 and December 31, 2023 was $6,669,856 and $6,966,474, respectively.

The Company has a receive-variable (SOFR plus 1.625%), pay-fixed (3.9%) interest rate swap agreement related to its variable rate loan on University. The interest rate swap agreement was effective as of October 1, 2015, matures on October 1, 2025, and had an original notional amount of $9,000,000 with a notional amount of $6,669,856 and $6,966,474 at December 31, 2024 and December 31, 2023, respectively. The notional amount is reduced based on the terms of the agreement. The interest rate swap agreement is intended to hedge the Company's exposure to possible increases in interest rates and the resulting increase in cash outflows.

9 – MORTGAGES PAYABLE (Continued)

In November 2016, Athens obtained a $5,000,000 mortgage payable, secured by a first mortgage lien on the property located at 819 7th Street NW, Washington DC. Merchants is a limited guarantor of this loan. The mortgage required monthly payments in the aggregate of $25,199, including principal and interest, based on a 25-year amortization schedule and had a maturity date of December 1, 2023. Athens exercised its option to extend the maturity date to May 27, 2024 and had subsequently received an additional 90 day extension from the lender to extend the maturity date to August 27, 2024, at which time the loan was repaid. The interest rate during the initial term of the note was 3.50%. The interest rate during the extended term was SOFR + 300 bps. For the years ended December 31, 2024 and 2023, interest expense was $251,112 and $145,609, respectively. The mortgage payable balance at December 31, 2023 was $4,017,422.

In February 2022, Wisconsin obtained a mortgage payable of up to $20,730,000, secured by a first mortgage lien on the property located at 2121 Wisconsin Avenue, NW, Washington, DC. Merchants has provided a Guaranty for payment and performance of this mortgage. In addition, Merchants has provided an environmental indemnity guaranty (the "Guaranty"). Management believes that there is no liability under the Guaranty at December 31, 2024. The mortgage payable matures in February 2032, requires monthly interest only payments at the rate of 3.4% for the first 24 months and then principal and interest payments thereafter of $83,012, based on a 35-year amortization period. For the years ended December 31, 2024 and 2023, interest expense was $609,442 and $652,613, respectively. The mortgage payable balance at December 31, 2024 and December 31, 2023 was $18,720,298 and $18,529,512, respectively.

Future minimum payments on all of the aforementioned mortgages payable are as follows:

Year Ending December 31,		
2025	$	7,435,561
2026		793,743
2027		822,821
2028		852,508
2029		6,981,221
Thereafter		20,179,076
		37,064,930
Less: unamortized debt issuance costs		226,079
	$	36,838,851

10 – LEASE ARRANGEMENTS (AS LESSOR)

Building space is leased under non-cancelable operating leases. Certain tenant leases provide for minimum annual rent, a percentage of tenant sales in excess of stipulated amounts, real estate taxes, utility costs and other expenses. Certain leases also provide for renewal and termination options.

Minimum rental revenues under existing non-cancelable leases as of December 31, 2024 are approximately as follows:

10 – LEASE ARRANGEMENTS (AS LESSOR) (Continued)

Year Ending December 31,	
2025	6,940,000
2026	6,890,000
2027	6,558,000
2028	5,846,000
2029	4,445,000
Thereafter	30,302,000
	$60,981,000

For the years ended December 31, 2024 and 2023, one tenant represented approximately 17% of rental income.

The components of rental revenue are as follows:

	December 31, 2024	December 31, 2023
Fixed lease payments	$ 7,521,928	$ 7,874,033
Variable lease payments	954,407	906,375
	$ 8,476,335	$ 8,780,408

11 – INCOME TAXES

The Company's effective tax rate differs from the statutory tax rate due to state credits, as discussed below. The Company's income tax provision consists of the following:

	Years Ended December 31, 2024	Years Ended December 31, 2023
Current		
Federal	$ 1,857,778	$ 1,316,800
State	1,825,472	538,944
	3,683,250	1,855,744
Deferred		
Federal	862,975	1,849,412
State	550,216	601,208
	1,413,191	2,450,620
Income tax (benefit) provision per consolidated statements of operations	$ 5,096,441	$ 4,306,364

11 – INCOME TAXES (Continued)

Components of deferred tax assets and liabilities are as follows:

	December 31, 2024		December 31, 2023	
	Components	Tax Effect	Components	Tax Effect
Deferred tax assets				
Bad debt expense	$ 57,621	$ 17,041	$ 52,221	$ 15,459
Depreciation - federal	5,012,257	1,052,573	2,536,341	532,631
Depreciation - state	21,964,729	2,383,173	23,187,673	2,525,139
Interest expense deduction limitation	2,287,039	676,312	2,409,577	582,389
Net operating losses	171,013	35,913	-	-
Unrealized loss on interest rate swap	6,464	1,911	-	-
Prepaid rent	889,126	262,928	994,736	294,473
	30,388,249	4,429,851	29,180,548	3,950,091
Deferred tax liabilities				
Amortization	1,846,229	545,958	1,846,229	546,541
Bad Debt Expense	1,220	361	1,724	510
Depreciation - federal	24,032,745	6,782,479	20,340,260	5,738,228
Deferred gain on disposal of rental property	32,847,128	9,713,389	32,847,128	9,723,768
Deferred revenue	11,229,694	3,320,790	10,544,907	3,121,619
Other	8,289,376	2,451,293	8,251,196	2,442,611
Unrealized gain on interest rate swap	667,098	197,271	905,456	268,043
Unrealized gain on marketable securities	71,016,643	15,623,662	67,731,509	14,900,932
	149,930,133	38,635,203	142,468,409	36,742,252
Net deferred tax liability	$ 119,541,884	$ 34,205,352	$ 113,287,861	$ 32,792,161

The above components of deferred tax assets and liabilities also include GAAP to tax differences from investments in real estate ventures.

12 – RELATED PARTY TRANSACTIONS

The Company manages various properties and several entities through which investments in real estate ventures are held. Management fees, leasing commissions, supervisory fees and other revenues earned from related parties for the years ended December 31, 2024 and 2023 were $8,742,554 and $8,782,713, respectively.

As of December 31, 2024 and December 31, 2023, the amount due from related parties for management fees, leasing commissions, supervisory fees and other charges was $2,858,404 and $1,447,813, respectively. These amounts are non-interest bearing and are due on demand.

As of December 31, 2024 and December 31, 2023, the amount due to related parties to cover temporary cash shortfalls was $2,192 and $40,442, respectively. These amounts are non-interest bearing and are due on demand.

12 – RELATED PARTY TRANSACTIONS (Continued)

Loans to employees for the purchase of membership interests in certain real estate ventures totaling $2,962,933 and $2,783,520 at December 31, 2024 and December 31, 2023, respectively, are included in receivables from employees on the consolidated balance sheets. The loans bear interest at 6%, and any unpaid balance, including accrued interest, is due within 12 months of termination of employment with the Company. The loans to employees are collateralized by the employees' respective ownership interest in these real estate ventures.

13 – RETIREMENT PLAN

The Company makes matching contributions to a retirement plan equivalent to 50% of participants' contributions, not to exceed 2% of such employees' base compensation. Base compensation amounts used for the purpose of determining the Company's matching contributions are subject to annual maximum limits under the Internal Revenue Code of $6,900 for 2024 and $6,700 for 2023. The Company's matching contributions for the years ended December 31, 2024 and 2023 were $104,712 and $85,822, respectively.

14 – COMMITMENTS AND CONTINGENCIES

Guarantees and Indemnification

In April 2020, Herald Owners LLC ("Herald") obtained a mortgage payable of up to $49,844,000, with a mortgage balance outstanding at December 31, 2024 in the amount of $45,725,928 secured by a first mortgage lien on the property located at 1307 New York Avenue, NW, Washington, DC. Merchants is a limited guarantor on this loan. In addition, Merchants has provided a Deferred Equity guarantee, an Environmental Indemnity Agreement and an Interest, Carry and Rebalancing Guaranty (the "Guarantees"). There were no liabilities under the Guarantees at December 31, 2024 and December 31, 2023. The mortgage payable was set to mature in April 2023, requires monthly interest only payments at the rate of 4.5% and contains two 12-month extension options, subject to Merchants meeting certain conditions. Herald exercised its extension options extending the maturity date to April 5, 2025. On April 4, 2025, the loan was modified to extend the maturity date to April 5, 2027 and modify the interest rate to be equal to Term SOFR plus three hundred sixty basis points.

The Company has signed limited suretyship and guarantee agreements with the mortgagees of one and two investees as of December 31, 2024 and December 31, 2023, respectively, which own rental real properties with mortgages outstanding of approximately $16,000,000 and $18,571,000 as of December 31, 2024 and December 31, 2023, respectively. In addition, the Company has provided indemnification for any environmental issues to the lenders of these investees. Management believes that there is no liability under these guarantees as of December 31, 2024 and December 31, 2023.

Employment Agreement

In April 2020, the Company amended and restated the original 2017 employee agreement with its Chief Executive Officer (the "CEO"), ending August 2024, with an automatic extension of one year, pursuant to which the Company agreed to pay a base annual salary of $620,000, with an annual increase of the lesser of the increase in the consumer price index or 3% per year. The CEO also became eligible for an annual performance bonus award providing a target bonus opportunity of 75% of the current base salary. The Company also granted the CEO a long-term incentive award equal to $1,100,000 (the "LT Cash Incentive").

14 – COMMITMENTS AND CONTINGENCIES (Continued)

Employment Agreement (continued)
The LT Cash Incentive vested on each of the four anniversaries of the August 10, 2020 Award Date in four equal installments and was paid in full on August 9, 2024.

In October 2024, the Company amended and restated its employment agreement with the CEO, extending the expiration date to August 10, 2028 with automatic extensions for successive one year periods, pursuant to which the Company agreed to pay a base annual salary of $750,000, with an annual increase of the lesser of the increase in the consumer price index or 3% per year. The CEO also became eligible for an annual performance bonus award providing a target bonus opportunity of not less than 75% of the current base salary. The Company also granted the CEO a new long-term cash incentive of $1,200,000, which shall vest on the fourth anniversary of the August 11, 2024 Award Date, subject to the CEO's continued employment through the vesting date. The Company also granted the CEO a restricted stock award covering 100 shares per year, totaling 400 shares of the Company's common stock (the "LT Stock Incentive"), which shall vest on the fourth anniversary of the August 11, 2024 Award Date, subject to the CEO's continued employment through the vesting date.

In addition, when the Company enters into new investments, as defined in the CEO's employment agreement, the CEO is required to make a personal investment at the level of 5% of the Company's investment. The funds for such personal investments are loaned by the Company on a non-recourse basis, with interest at 6% a year, using the acquired equity as collateral. Any unpaid balance, including accrued interest, is due within 12 months of termination of employment with the Company. At December 31, 2024 and December 31, 2023, the loan balance, including accrued interest, was $2,352,927 and $2,251,901, respectively. This loan balance is included in receivables from employees on the accompanying consolidated balance sheets.

For the year ended December 31, 2024, the CEO's total cash and stock compensation was $3,236,291, which consisted of $704,591 for base salary, a $640,000 bonus, a $591,700 stock grant and a $1,100,000 long-term cash incentive (including an additional $200,000 payment approved by the Board on the CEO's expiring August 2020 employment agreement). For the year ended December 31, 2023, the CEO's total compensation was $1,687,819, which consisted of $684,069 for base salary, a $660,000 bonus and a $343,750 long-term cash incentive.

In April 2021, the Company entered into a restricted stock agreement pursuant to which the CEO was granted 100 shares of common stock of the Company. The CEO was granted an additional 100 shares of common stock of the Company in December 2021, an additional 100 shares in May 2023 and an additional 100 shares in December 2023. These 400 shares vested on August 10, 2024 and were issued out of Treasury Stock.

Stock compensation is measured based on the fair value of the equity instrument at issuance and is amortized over the vesting period.

Capital Calls and Investment Funding
In the normal course of business, the Company may be requested to make additional capital contributions to its real estate investments. As of the date of this report, the Company has not received any capital calls from its real estate investments that have not been fully funded.

Litigation
In the normal course of business, the Company is a party to various legal claims, actions and complaints relating to its real estate activities. Management does not expect that the results of any of these proceedings

14 – COMMITMENTS AND CONTINGENCIES (Continued)

Litigation (continued)
will have a material adverse effect on the Company's consolidated financial position, results of operations or cash flows.

Tax Examinations
Merchants, Marx, Guest, Rier and Maryland file combined income tax returns for New York State and are currently undergoing an audit for the years 2020, 2021 and 2022. The outcome of the examination has yet to be determined.

15 – LEASES (AS LESSEE)

The Company leases office space from 708 Third Avenue Holdings, LLC, in which it has an investment. The lease expires on January 23, 2029. For the years ended December 31, 2024 and 2023, the operating lease cost was $204,739 and $253,479, respectively, and is included in the consolidated statements of operations.

The following summarizes the line items in the consolidated balance sheets which include amounts for the operating lease:

	December 31, 2024	December 31, 2023
Operating right-of-use asset	$ 866,103	$ 1,059,433
Current maturities of operting lease liability	$ 204,528	$ 195,188
Operating lease liability, less current maturities	678,259	882,788
Total operating lease liability	$ 882,787	$ 1,077,976

Additional disclosures regarding the Company's lease as lessee are as follows:

	Years Ended December 31, 2024	Years Ended December 31, 2023
Cash paid for amounts included in the measurement of lease liability	$ 230,334	$ 219,204
Weighted average remaining lease term	4.1 years	5.1 years
Weighted average discount rate	3.55%	3.55%

15 – LEASES (AS LESSEE) (Continued)

The minimum operating lease obligations as of December 31, 2024 were as follows:

Year Ending December 31,		
2025	$	232,560
2026		232,560
2027		232,560
2028		232,560
2029		19,380
Total lease payments		949,620
Less: interest		66,833
Present value of lease liability	$	882,787

16 – SUBSEQUENT EVENTS

These consolidated financial statements were approved by management and available for issuance on April 15, 2025. Management has evaluated subsequent events through this date.