MNP

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

May 12, 2025

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To our Stockholders:

The annual meeting of Merchants' National Properties, Inc. ("MNP" or the "Company") will be held on June 12, 2025, beginning at 2:00 p.m., Eastern Time, virtually, by webcast, telephonically or by any other means of remote access deemed appropriate by the Company, for the purpose of:

1. Electing nine directors to serve a one-year term;

2. Appointing CBIZ CPAs P.C., as our independent public accounting firm for 2025;

3. Reviewing the affairs of the Company; and

4. Transacting such other business as may properly come before the meeting.

Copies of MNP's Consolidated 2024 Financial Statements as well as the President and Chairman's Report to the Shareholders, providing a detailed overview of the Company and its major investments are attached herewith.

THE PROXY FOR THE ELECTION OF THE DIRECTORS IS ATTACHED HEREWITH. WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING, WE URGE YOU TO VOTE AND SUBMIT YOUR SIGNED PROXY IN ADVANCE OF THE MEETING AT YOUR EARLIEST CONVENIENCE, BUT NO LATER THAN JUNE 11, 2025.

Sincerely,

James Better, Chairman of the Board
Merchants' National Properties, Inc.

Note: A copy of the Virtual AGM Process Memorandum is attached for your convenience. If you have any questions about joining the meeting virtually, please feel free to reach out to us at (212) 557-1400.

VIRTUAL MEETING PROCESS

Dear Shareholders:

We are writing to inform you that the 2025 Annual General Meeting ("AGM") of the Shareholders of Merchants' National Properties, Inc. ("MNP") will be held in a virtual format on June 12, 2025 at 2:00 p.m., Eastern Time.

Management urges all the shareholders who plan to attend the meeting to pre-register no later than June 11, 2025. In order to pre-register for the meeting, please click on the following URL (or copy and paste it in your web browser) and provide the requested information:

https://app.webinar.net/Ldwvz7AyV2g

Shareholders who pre-register will be able to join the AGM using the same URL as mentioned above.

Shareholders who have not pre-registered prior to the AGM, we request that, on the day of the AGM, you please log in at least 15 minutes before the scheduled meeting time. You will be asked to provide the following information to the conference manager prior to joining the AGM:

- Your name;
- Your email address;
- Your telephone number;
- Your affiliation with the registered MNP shareholder if shares are not held in your own name;
- The number of shares you have the authority to vote; and
- Your voting instructions if you are the record owner of your shares and have not submitted a proxy or if you wish to revoke your proxy and vote at the AGM.

In the event your computer does not have audio capability, you will be able to listen to the meeting through your phone by calling 888.304.1803 or 848.488.9277 and providing Event ID: MNP. In case you have any questions or need assistance logging-in between now and the day of the AGM, please call our corporate office at 212.557.1400 and someone will assist you.

Shareholders who own their shares in street name (i.e., through brokerage accounts) are urged to provide their voting instructions ahead of the meeting. **Your vote must be received by June 11, 2025 to be counted.** Shareholders who are the record owners of their shares will be able to cast their votes until the polls close on the day of the AGM.

In order to make the AGM more efficient and informative, we encourage shareholders to provide their questions in advance of the meeting by emailing: investor-relations@marxrealty.com.

PROXY STATEMENT

The Board of Directors of MNP (the "Board") has nominated the following 9 individuals to serve a one-year term as Directors:

James M. Better - Mr. Better has been a director of MNP since 2002 and has served as Chairman since May 2010 and as a Member of the Dollar Land Associates LLC Board of Managers since 2010. He is an Operating Partner of Kohlberg & Company, LLC, a private equity investment firm and the Executive Chairman and former Chief Executive Officer of Nellson Nutraceuticals, LLC, a Kohlberg portfolio company. Previously, Mr. Better was a Managing Director of Celerant Consulting, an operationally focused consultancy, and a General Partner of Capricorn Holdings, LLC, a private equity investment firm. Mr. Better is a graduate of Williams College and Stanford University's Graduate School of Business.

Craig M. Deitelzweig – Mr. Deitelzweig joined MNP and Marx Realty & Improvement Co., Inc. in August of 2017 as President and Chief Executive Officer. Mr. Deitelzweig has been a director of MNP since March 2019 and a Member of the Dollar Land Associates LLC Board of Managers since 2018. Mr. Deitelzweig brings over 25 years of diverse real estate experience to Marx Realty. Prior to joining MNP, he oversaw a diverse portfolio of office, multifamily and hotel assets across the United States. Mr. Deitelzweig has experience at both private developer and private equity firms. Throughout his career, he has successfully spearheaded multiple repositionings across the country and across multiple asset groups. Mr. Deitelzweig is also an attorney, having worked in the real estate group of Skadden, Arps, Slate, Meacher & Flom LLP. Mr. Deitelzweig graduated cum laude from Tulane University's A.B. Freeman School of Business and received his law degree from Fordham Law School.

Leonard Gruenberg, Jr. - Mr. Gruenberg has been a director of MNP since 2006. He was formerly a Managing Director of Bear, Stearns & Co. and JP Morgan Securities. He was previously a member of Dollar Land Associates LLC Board of Managers and attended the University of Arizona.

James Magowan - Mr. Magowan has been a director of MNP since May 2017. He serves as Managing Director of Private Equity with responsibility for private capital transactions in real assets and operating companies at Arboreal Capital LLC. He recently served as Co-Founder and Interim CEO of Arboreal B.V. (Generation Forest Invest), a Netherlands company, focused on biodiverse, permanent reforestation in the tropics. Previously, Mr. Magowan has served as Managing Director at Sutter Securities, an Owner at Security Research Associates, and as Director at Johnson Capital (Walker & Dunlop). Mr. Magowan is an investor in early-stage companies in decarbonization and financial inclusion. Mr. Magowan is a graduate of Harvard University and holds an MBA from IMD International.

Mark Magowan - Mr. Magowan has been a director of MNP since 2004. He is President of The Vendome Press and a graduate of Harvard College and Oxford University. Mr. Magowan is the President of the Magowan Family Foundation.

Matthew K. Maguire – Mr. Maguire has been a Director of MNP since 2019 and is a member of the Audit Committee. Mr. Maguire was a member of the Dollar Land Associates LLC Board of Managers from 2010 to 2017. He has been a real estate professional in New York City for over twenty years. Mr. Maguire is the President of Loeb Partners Realty, LLC, a privately held real estate company with a portfolio of over 4 million square feet of commercial properties and over 1,200 residential units. He previously served as Senior Vice President of the New York City Economic Development Corporation, overseeing the City's programs for commercial office development and post-9/11 business recovery. Mr. Maguire is a graduate of Dartmouth College and Harvard University's Kennedy School of Government.

Richard Schosberg - Mr. Schosberg, a graduate of Cornell University, has been a director of MNP since 2017. He is Chair of the Audit Committee and a member of the Governance Committee. He has also been a director of many of the Marx Corporations for more than a decade. Richard is President of the Take2/Take The Lead Thoroughbred Retirement Program Inc. and former Vice President of the New York Thoroughbred Horsemen's Association, Inc. He has chaired committees on governance, worker safety and housing, as well as thoroughbred aftercare and legislative issues.

James A. Stern - Mr. Stern has been a director of MNP since 2012. He is the Founder and Chairman of The Cypress Group, LLC, a New York-based private equity firm and family office with $3.5 billion under management. He is also a member of the Dollar Land Associates LLC Board of Managers. Prior to founding Cypress in 1994, Mr. Stern was a managing director of Lehman Brothers and a member of the Firm's Executive Committee. He serves or has served on the boards of Cinemark USA, Infinity Broadcasting, Lear Corporation, OHA Investment Corporation, RP Scherer Corporation, Two Harbors Investment Corporation, and Wesco International. Mr. Stern is Chairman Emeritus of Tufts University and served as Chairman from 2003-2013. He is a board member of several charitable organizations including The Jewish Museum, WNET and The Cancer Research Institute. Mr. Stern is a graduate of Tufts University and Harvard Graduate School of Business Administration.

John Usdan - Mr. Usdan has been a director of MNP since 1998. He is the CEO of Midwood Investment & Development, a company originally started by his grandfather in 1925. He has amassed 4.5 million square feet of real estate in 8 states and the District of Columbia with 1,500 apartments in their development pipeline. Mr. Usdan's philanthropic interests are primarily focused in education and the arts. He is a Trustee Emeritus of Wesleyan University, Board President of the Usdan Center and a member of the Hastings Center Board of Directors. Previously Mr. Usdan served as Chairman of the Board of Brandeis International Business School, Board President at Bronx House, Chair of Wesleyan's Capital Campaign and Ascena Board of Directors.

Directors will be elected by a plurality of the votes cast by stockholders present at the meeting or by proxy. Votes that are withheld in the election of directors, and broker non-votes will have no effect on the election.

Stockholders are entitled to cumulative voting in the election of directors. Under cumulative voting, each stockholder is entitled to that number of votes equal to the number of directors to be elected, multiplied by the number of shares owned, and the stockholder may cast votes for one nominee or distribute them in any manner chosen among any number of the nominees.

The MNP By-laws require that we receive other nominations for election to the Board by April 22, 2025, so, under the By-laws, no additional nominations can be made at this time or at the meeting.

Committees

Audit Committee:

- Mark Magowan
- Matthew Maguire
- Richard Schosberg (Chair)
- James M. Better, ex officio

Compensation Committee:

- James Magowan
- James Stern (Chair)
- John Usdan
- James M. Better, ex officio

Nominating/Governance Committee:

- Leonard S. Gruenberg, Jr. (Chair)
- Mark Magowan
- Matthew Maguire
- Richard Schosberg
- James M. Better, ex officio

Our Executive Officers

Craig M. Deitelzweig - President and Chief Executive Officer. Please see Mr. Deitelzweig's biography above.

Eric A. Hatch – Chief Financial Officer. In anticipation of Mr. Shah's upcoming retirement in 2025, Mr. Hatch was hired by Marx Realty & Improvement Co., Inc. ("Marx") in November 2024. During the previous 6 years, Mr. Hatch worked for the Related Companies as Vice President of Commercial Accounting, overseeing the accounting and reporting of both office and retail assets, with notable inclusion of 10 Hudson Yards, 50 Hudson Yards, 55 Hudson Yards, Deutsche Bank Center and The Shops at Columbus Circle. Prior to joining The Related Companies, Mr. Hatch spent 11 years at Deloitte, working in the investment banking and investment management sectors of their audit and assurance practice. Mr. Hatch is a member of the AICPA and has been a Certified Public Accountant since 2009. He earned a Master of Accounting from Brigham Young University.

Jagdish Shah - Treasurer and Chief Financial Officer. Mr. Shah has worked for Marx both as an outside accountant and an officer for over 30 years. Mr. Shah joined Marx in

1991 as the Controller and he was appointed Chief Financial Officer in 2007. Mr. Shah will be retiring from his services at Marx effective July 2025.

MERCHANTS' NATIONAL PROPERTIES, INC.

DIRECTORS AND MANAGEMENT

The following table shows the ownership of MNP common stock as of April 15, 2025 by any person acting as MNP's Chief Executive Officer during fiscal year 2024, any person acting as MNP's Chief Financial Officer during fiscal 2024, other executive officers during fiscal 2024 who are considered to be named executive officers and MNP's directors and executive officers as a group.

Name	Number of Shares Beneficially Owned	Percentage of Outstanding Shares
James M. Better	9,662 [(a)]	10.66%
Craig M. Deitelzweig	400 [(b)]	*
Leonard S. Gruenberg, Jr.	7,744 [(c)]	8.52%
James Magowan	20 [(d)]	*
Mark Magowan	2,158 [(d)]	2.37%
Matthew Maguire	0	*
Richard Schosberg	461	*
Jagdish Shah	11	*
James A. Stern	1,195	1.31%
John Usdan	6	*
Directors and Executive Officers as a group (10 persons)	21,657	23.89%

(a) Includes 1,440 shares owned by his spouse and 8,103 shares owned by his children. Mr. Better disclaims beneficial ownership of these shares.

(b) Represents shares awarded to Mr. Deitelzweig, as the CEO of the Company, pursuant to a restricted stock agreement. These shares vested fully on August 10, 2024

(c) Includes 7,444 shares owned by his spouse. Mr. Gruenberg disclaims beneficial ownership of these shares.

(d) Messrs. James and Mark Magowan have contributed their shares to the MNP Voting Trust and disclaim beneficial ownership of those shares.

* Represents less than 1% of the outstanding common stock.

MERCHANTS' NATIONAL PROPERTIES, INC.

DIRECTOR COMPENSATION

The following table sets forth information regarding the compensation paid to each non-employee director during fiscal 2024. Any director who is an employee of MNP is not compensated for Board service.

During 2024 the Board met four times in person and/or virtually and was paid a fixed annual retainer of $20,000. No additional fee was paid to Directors for virtual meetings held via telephone conference call.

Name	Fees	Other Compensation
James M. Better (1)		$75,000
Leonard S. Gruenberg, Jr.	$20,000	
James Magowan	$20,000	
Mark Magowan (2)	$20,000	$4,000
Matthew Maguire (2)	$20,000	$4,000
Richard Schosberg (2)	$20,000	$4,000
James A. Stern (3)	$20,000	$10,000
John Usdan (3)	$20,000	$10,000

(1) Represents Chairman's annual retainer of $75,000 paid in two installments.

(2) Mr. Magowan, Mr. Maguire, Mr. Schosberg were paid $4,000 for the year for serving on the Company's Audit Committee.

(3) Mr. Stern and Mr. Usdan were paid annual retainers of $10,000 for serving on the Dollar Land Board of Managers.

MERCHANTS' NATIONAL PROPERTIES, INC.

SECURITY OWNERSHIP OF CERTAIN PERSONS

Principal Beneficial Owners

Listed below are the only individuals and entities known by MNP to own more than 5% of the outstanding common stock of the Company as of April 15,2025:

Name	Number of Shares Owned	Percentage of Shares Owned
Mary Lynn Bianco	9,534	10.49%
Jennifer Gruenberg	7,744 [(a)]	8.52%
Estate of Sylvia Marx	5,537	6.09%
MNP Voting Trust	14,756 [(b)]	16.23%

(a) Includes 300 shares owned by her spouse. Mrs. Gruenberg disclaims beneficial ownership of these shares.

(b) A majority of the descendants of Charles E. Merrill are Subscribers to the MNP Voting Trust.

MNP

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

May 12, 2025

To our Shareholders:

2024 was a year of steady progress as we continued leasing our properties and increasing our occupancy levels across our portfolio. In many respects, the year positioned the Company for the strong leasing and healthy rents we have achieved in 2025.

We signed over 254,000 sf year to date in 2025 versus 177,000 sf during the same period in 2024 – a 44% increase. The leasing activity we have experienced in 2025 has been robust and impressive. We have not yet seen any signs that this leasing momentum will abate. Despite our concerns regarding tariffs, high interest rates and general economic uncertainty, we have not had any potential tenants pause leasing. In fact, for our DC portfolio, we believe that the government affairs and lobbying tenants have been actively growing and seeking space as a direct result of the new presidency and the desire to influence specific policy decisions.

For the year ending December 2024, grossed up revenue increased 3%, and grossed up operating income decreased by 3%.

At year end, Cross County Center was 95% leased and our in-line spaces were 98% leased. We have continued to improve our tenant mix, and our high occupancy levels and tenant demand have allowed us to increase rental rates while simultaneously making the Center more vibrant in its retail and food offerings. Sales per square foot at year-end were $977, as compared to $970 in 2023. We also have improved the appearance of the Center with enhanced green spaces, better signage and new storefronts and offerings from our tenants. We also have enhanced our shoppers' experience by adding more events and programming and by strengthening our social media presence in a dramatic fashion. We are commencing work this summer on exciting new retail buildings of 60,000 sf and a beautiful new park on the north lot, which will serve as the new entrance to the Center. Last year, Cross County Center proudly celebrated its 70th anniversary with special events and commemorations. As we look ahead, we're excited about the future and the continued success to come with new retailers and new development underway.

In our other retail assets, we have achieved significant leasing momentum over the last several years and now have very few retail vacancies across the country. Our retail portfolio is 95% leased, and we have strong demand for our remaining retail vacancies.

In our office portfolio, we have garnered a reputation for offering tenants highly amenitized buildings, with special design features in our pre-builts and a hospitality-meets office environment.

Many brokers know that their clients will love being in a Marx building, and they are often repeat customers. Our hospitality-infused office model has proven successful, with a significant amount of leasing occurring at both 10 Grand Central and 545 Madison over the last twelve months, and especially since the beginning of this year. Both properties have experienced stronger leasing momentum than their peer properties, as well as increases of rental rates of $40 to $50 psf over prior rental rates. Most of our office tenants are physically in the office 4-5 days per week because their employees enjoy coming to work in our buildings. As a result, we have seen many tenants renew their leases and we are discussing expansion opportunities with several tenants. Notably, throughout 2024, not a single office tenant in our portfolio elected to shrink in size.

In terms of debt, the Marx managed portfolio had only one loan expiration in 2024 in the amount of $4.0M, with no meaningful expirations in 2025 (just one loan for $6.4M, for which we are currently working on closing a replacement loan). The Herald extended the maturity of its $45.7 mortgage into 2027. Many owners in commercial real estate have been struggling with maturing loans in 2023 through 2026 in this much higher interest rate environment, as well as the expensive capital improvements that are needed for their properties to be competitive in this marketplace. In contrast, with our strong balance sheet and reputation for successful asset repositionings, we are in a good position to benefit from market volatility. As a result, we are looking to acquire assets during this time of dislocation and believe that many of these assets could be acquired at meaningful discounts and at a low basis.

Almost every asset class is impacted by today’s higher interest rate environment, and we expect 2025 to be a volatile year for real estate. Our expertise in bringing hospitality-infused office assets to the market also enables us to perform renovations more affordably while also achieving premium rental rates. Today’s tenants continue to prefer the premium spaces that Marx has been delivering and there remains strong demand for quality spaces as part of the “flight to quality” that we have highlighted in past shareholder letters.

<u>Dividends:</u>

We are pleased to report that the MNP Board approved payment of a $25 per share dividend for the first half of 2025 to shareholders of record as of May 5, 2025 (it has been our practice to have a smaller dividend in the first half of the year with a larger dividend in the second half based on developments during the year). MNP has doubled its annual dividends since 2017, paying dividends totaling $80 per share in both 2023 and 2024.

<u>Virtual Annual General Meeting:</u>

This year’s annual general meeting of the shareholders will again be held virtually. Attached to this shareholder letter is a Memorandum which provides the details of the virtual meeting process. If you are planning to attend the virtual meeting, we request that you please read the attached Memorandum and follow the instructions.

Financial Highlights:

MNP continues to have strong results, with reportable earnings per share in 2024 of $109.57 and net income attributable to MNP shareholders of $9.9 million. This compares to 2023 earnings per share of $144.08 and net income attributable to MNP of $13.1 million. The earnings reduction from 2023 to 2024 is primarily driven by a $3.8 million reduction in unrealized gains on marketable securities, from $7.1 million in 2023 to $3.3 million in 2024, while our core operating profits have remained relatively stable. 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, combined with the volatility in the stock market, has driven substantial swings in earnings between 2023 and 2024. Additionally, under GAAP, MNP's interest in the revenues and expenses of certain real estate properties where MNP has a controlling interest are presented on a gross basis, whereas its interest in the revenues and expenses of real estate ventures where it does not have a controlling interest are presented on a net basis. As a result of these factors, 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 revenues and expenses of its 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
Unrealized loss on swap contracts	(330,935)	(390,480)	(326,854)	(341,808)
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**

Grossed-up rental and other income increased by 2.8% in 2024 to $61.8 million, as compared to $60.1 million for the prior year. Grossed-up operating expenses increased by 7.9% to $34.3 million (primarily as a result of one-time accounting relating to a lump-sum payment of payroll, which will be straight-lined in future years). This resulted in 2024 grossed-up operating income of $27.4 million, as compared to $28.2 million in 2023. In terms of grossed-up earnings before interest, taxes, depreciation and amortization ("EBITDA"), the Company reported $36.4 million of EBITDA in 2024 as compared to $39.6 million in the prior year, largely attributable to fluctuations in the value of its marketable securities.

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 $2,288 at December 31, 2023.

During the year ended December 31, 2024, the Company purchased 48 shares of its common stock at an average price of $1,570 per share. Additionally, CEO Craig Deitelzweig was granted 400 shares of treasury stock as compensation following a four-year vesting period. During the year ended December 31, 2023, the Company purchased 51 shares at an average price of $1,377 per share directly from one stockholder. As of December 31, 2024, 90,975 shares of common stock were outstanding.

Property Management/Asset Management - Marx:

In 2024, the portfolio under management was comprised of 56 properties. While Marx actively oversees all the properties in the portfolio, Midwood Investment & Development ("Midwood") manages seven of our jointly owned properties, including the Washington Street, Boston assemblage, 85 North 3rd Street, Brooklyn, NY and the Ferrari store on Prince Street in New York City.

Despite continuing challenges facing the commercial real estate markets in 2024, the entire portfolio generated rental revenues of $169 million, representing a 7.7% increase over $157 million in 2023. MNP's share of 2024 portfolio-wide revenue was $51.3 million. In addition, our portfolio-wide occupancy increased to 92% from 90%, as compared to last year. With the leasing we accomplished in Q1 of 2025, our portfolio-wide occupancy rate increased to 94%. Leasing has continued its strong performance in Q2 of 2025.

Marx has sold and will continue to sell assets with little or no potential for rental income growth in non-core markets in which we believe the upside potential is limited in comparison to the investment required and, where appropriate, reinvesting the proceeds from these sales into assets in core markets with more attractive long-term appreciation potential. As has been our practice, as long as most of the owners of any given property agree, and an opportunity arises that is economically advantageous, in case of a sale in excess of $2 million, we will continue to seek to roll over the proceeds into tax-deferred exchanges for other assets in our core markets.

Leasing:

Over the course of 2024, Marx oversaw the signing of new leases and renewals (excluding leases for Midwood joint venture properties) totaling approximately 285,000 sf. As of April 2025, we have already signed 254,000 sf of leases this year and currently have approximately 165,000 sf of lease proposals under negotiation. We remain cautiously optimistic that a significant percentage of the current lease proposals and leases under negotiation will be executed this year. We continue to see tenants seeking distinctive spaces that are highly amenitized and hospitality-rich to help them retain and attract talent and to bring their employees back into the office. Marx's repositioned office portfolio is well known for these attributes, which we believe is a competitive advantage under current market conditions. In addition, in most of the markets in which we operate, retail leasing has remained stable or improved.

Acquisitions and Dispositions:

State College: We are under contract to sell part of the State College site to a student housing developer for $11.8MM, which is a strong sales price. We expect the closing to occur this summer. We will retain the retail portion of the Center.

We are actively pursuing acquisition opportunities for New York office properties that have value-add potential, and we expect to bid on several properties this year that we believe will be a once in a generation buying opportunity.

Development and Redevelopment:

Projects which are under development/renovation or where we recently completed construction include:

- **Cross County Center, Yonkers, NY:** In December of 2024, the City of Yonkers Planning Board approved our plan for the building of two new retail boxes totaling approximately 60,000 sf on the north lot of the Center. The plan also includes underground parking spaces and a dramatic green space which will be activated and become the new "front door" to the Center. Construction will commence this summer on this exciting project.

- **10 Grand Central, NY, NY:** We completed the 11th floor Meeting Galleries, adding an in-demand amenity space, which consists of a unique 200 seat town hall, a screening room, a podcast studio, an elegant bar and a lounge. This amenity space has enabled the property to attract best-in-class tenants, as well as elevated rents (we increased rents twice since we announced the addition of this amenity space). These improvements continue to enhance the tenant experience at 10 Grand Central and further solidify the property as an elite Grand Central asset.

- **545 Madison Avenue, NY, NY:** Work was completed for Baccarat's new offices and showroom on the 17th floor and penthouse. The penthouse was opened to the outside by installing a new skylight and sliding doors to the terrace bringing the outside into the new working showroom. Also, as part of Marx and Baccarat's branding collaboration for the building, we installed Baccarat's signature chandeliers throughout the lobby space while also branding the exterior storefront with Baccarat's signage.

- **The Department Building, Atlanta, GA:** Landlord work for the restaurant and entertainment group is complete and tenant is beginning its work of its multi-story space.

Review of Core Properties:

MNP has varying interest in 42 properties in 9 states and the District of Columbia. The following real estate holdings represent almost 83% of MNP's direct and indirect gross rental income.

Cross County Center – Yonkers, NY (MNP – 37.62% Interest) – (crosscountycenter.com). The Center is 95% leased. We signed 68,000 sf of leases in 2024. Rihanna's Savage x Fenty and Honey Pizza opened, with Cava expected to open this summer. So far this year, we signed 19,000 sf of space and we have over 80,000 sf of leases being negotiated. We are speaking with some of the country's most exciting retailers about opening at the Center, which will continue to increase sales and the profitability of Cross County Center.

10 Grand Central, 155 East 44th Street, New York, NY (MNP – 35.71% Interest) – (marx-10grandcentral.com). The property is currently 93% leased. The Meeting Galleries, our new 11th floor amenity space, is already being enjoyed by tenants and is now generating additional revenues through private events. We believe our full amenity offering at 10 Grand Central is among the best in the Grand Central marketplace and will help solidify the building as a top-tier office asset in the city.

Leasing tour volume has been robust. To date, we have leased an additional 57,000 sf of space (a 100% increase over the same time last year). Many tenants in the building are seeking to grow within the property, which is a sign of the health of our tenants and the Grand Central marketplace. Our rental rates have continued to markedly improve over the previous rental rates for our new leases and we have increased our rental rates twice in 2024. We expect to raise our asking rents again in 2025 now that the new amenity space is available.

545 Madison Avenue, New York, NY – (MNP - 23.33% Interest) – (marx-545madisonnyc.com). We are currently 93% leased. We recently delivered the top floor and mezzanine level of the building to luxury crystal retailer Baccarat. We have co-branded the building with the Baccarat brand, which we believe is the nation's first co-branded office building with a luxury brand. As a result of the dramatic renovation of the building and our co-branding with Baccarat, we have been able to increase the rental rates at the building. In 2024, Ogden Capital, our largest tenant, as well as TruArc Partners renewed their leases. We recently signed a lease with BellTower for a space which we will be getting back in July of 2025 at a rental rate that is the new high-water mark for the building. We are close to final terms on our current availability on the second floor of the building at a strong rental rate.

430 Park Avenue, New York, NY – (MNP – 8.22% Interest in the master leasehold) - This property, managed by the Oestreicher Group, consists of the entire western block front of Park Avenue between East 55th and 56th Streets. Other than 1,900 sf vacancy, the building is fully leased. Conversations have commenced for a new loan for the property as the current loan expires in August of 2025. Most of the leases in the building expire in 2027, so negotiations are underway for several of these tenants to extend their lease terms in the building.

605 West 181st Street, New York, NY – (MNP – 100% Interest) – This property is occupied by Foot Locker under a 10-year lease. Foot Locker opened a "Power Store" at this location in August 2019. In addition to selling its customary merchandise, this new Foot Locker store features a barbershop, sneaker cleaning, and gaming zones. The store continues to perform well. The property is encumbered with a 10-year $8.625M loan with an attractive interest rate of 3.39%.

201 East 57th Street, New York, NY – (MNP – 23.33% Interest) – This four-story showroom building is leased to TD Bank on the ground floor, Design Within Reach on second and third floors plus part of the ground floor and Mansour Rugs on the fourth floor. The building recently signed Kiro, a chiropractic office and is now 100% leased.

The Herald, 1307 New York Avenue, Washington, DC – (MNP – 30% Interest) – (marx-theheralddc.com). Proper Cloth recently opened its retail storefront, which is a great addition to the building. 2025 has been our busiest leasing year at the property. We signed a lease expansion for CGCN Group, and recently signed two tenants for parts of our 4th and 9th floors. We also have a lease being negotiated for over half of our third floor with a prominent technology company. Two existing tenants have asked for proposals for expansion opportunities at the building, and we have been trading proposals with two separate groups for our remaining full floor in the building. Prospective tenants are attracted to the hospitality experience that the building offers and its high ceilings and distinctive design.

2121 Wisconsin Avenue NW, Washington, DC – (MNP - 68.62% interest) – The property boasts a newly renovated lobby and exterior, which incorporate elements of the nearby parks and green spaces of the Glover Park/Georgetown neighborhood in its design. In 2024, we renewed two leases with existing tenants. Two potential tenants appear to be good candidates for our remaining full floor in the building.

A complete list of the Company's properties is attached to this letter as Schedule A.

Additional information on MNP's various real estate holdings and investments can be found on the Merchants' website (www.marxrealty.com).

Securities Portfolio:

The MNP portfolio of marketable securities was valued at approximately $71.6 million as of December 31, 2024, with a cost basis of under $1 million. For the year, the portfolio value increased by $3.2 million or 4.7%. As of April 30, 2025, the portfolio was valued at $67.4M.

JP Morgan Margin Account:

Following the February 29, 2024 maturity date of our $40 million line of credit with Valley National Bank, MNP set up a margin account with JP Morgan, under which MNP can drawdown up to 50% of the value of its marketable securities at SOFR plus 1.20%. As of December 31, 2024, the outstanding balance on this facility was approximately $7 million.

Board Attendance and Compensation Practices:

Effective January 1, 2024, the Board approved the following: (1) the Chair receive an annual retainer of $75,000, (2) each member of MNP's Board who is not a member of the Audit Committee receive an annual retainer in the amount of $20,000, and (3) each member of MNP's Board who serves on the Audit Committee receive an annual retainer in the amount of $24,000, payable in all instances in two installments in June and December. Additionally, each member of MNP's Board who serves on the Board of Dollar Land Associates LLC receives an annual retainer in the amount of $10,000, payable in two installments in June and December. In 2024, MNP's total board compensation was $247,000.

Farewell to Jag Shah:

Lastly, our CFO, Jag Shah will be retiring on July 2, 2025. We would like to extend a heart-felt thank you to Jag for his 34 years of dedication to the Company. We are so grateful for our time together with him, and the Company has greatly benefited from his hard work and service. We wish him a joyous retirement and know that he will continue to be a friend of the Company.

We look forward to seeing you at our virtual Annual General Meeting.

Respectfully submitted,

Craig M. Deitelzweig
President and Chief Executive Officer

James M. Better
Chairman

Schedule A

Property	CITY	Building Type	Land (Acres) - Approx.	Building (square ft) - Approx.	MNP Interest [1]	Occupancy %	% VACANT	SF LEASED	SF VACANT	# of In-place Tenants	Primary Tenants
ALABAMA											
1301 N MEMORIAL PKWY, HUNTSVILLE	HUNTSVILLE	RETAIL/BILLBOARD SIGN	1.4	10,832	53.4%	100.00%	0.00%	10,832	-	2	Bridgestone, Lamar Advt.
CALIFORNIA											
17220-230 S. LAKEWOOD, BELLFLOWER	BELLFLOWER	SHOPPING CENTER	11.1	130,934	17.4%	98.85%	1.15%	129,434	1,500	6	Kimco Realty, Denny's, Ellie & Emma, Azad and Ahmadi Dental, Sunrise Beauty, LA Pro Nail
CONNECTICUT											
98,102, 108 GREENWICH AVENUE	GREENWICH	MIXED-USE		19,577	57.9%	100.00%	0.00%	19,577	-	7	Sweetgreen, Maman Bakery, KarpReilly, Spencer Trask, Night Owl, Resi Penthouse
DISTRICT OF COLUMBIA											
2200 P STREET NW, DC	WASHINGTON, DC	RETAIL/GAS STATION	0.4	2,100	100.0%	100.00%	0.00%	2,100	-	1	Consolidated Petroleum
819 7TH ST., NW, WASHINGTON, DC	WASHINGTON, DC	RETAIL/OFFICE		7,857	90.7%	0.00%	100.00%	-	7,857		
819 7TH ST., NW, WASHINGTON, DC	WASHINGTON, DC	OFFICE		6,374	66.5%	100.00%	0.00%	6,374	-	-	
1307 NEW YORK AVE NW, WASH., DC	WASHINGTON, DC	OFFICE		120,460	28.5%	68.79%	31.21%	82,868	37,592	9	CCGN, Barbara Bush Fdn., Scott Circle, EIG, Society of Industrial Realtors, Locust Street Group, Proper Cloth
2121 WISCONSIN AVE, NW, WASH., DC	WASHINGTON, DC	OFFICE		106,183	72.2%	78.45%	21.55%	83,300	22,883	8	Nexstar Media, Perfect Fit, CommuniKids, George Sexton, Liles Parker, Wine Rack, Elite PT, Dispatch Health
GEORGIA											
207-211 PEACHTREE STREET, ATLANTA	ATLANTA	1-4 STORY+1-1 STORY BLDG	0.4	42,451	26.8%	100.00%	0.00%	42,451	-	3	Hooters, Red Phone Booth, Saito Bar
MASSACHUSETTS											
349-365 WASHINGTON STREET, BOSTON [2]	BOSTON	4 BUILDING ASSEMBLAGE MIXED USE	0.5	64,811	31.8%	1.98%	98.02%	1,282	63,529	2	Cingular, Kung Fu
BROMFIELD & BOSWARTH ST, BOSTON [2]	BOSTON	3 BUILDING ASSEMBLAGE MIXED USE	0.1	37,575	29.7%	38.17%	61.83%	14,341	23,234	9	Drinkmaster, Clothing from Italy, Instatrac, Neurable, Bay State Coin, Cimulate, Team Work
NEW JERSEY											
460 WEST ROUTE 70, MARLTON	MARLTON	RETAIL	1.4	9,000	34.9%	100.00%	0.00%	9,000	-	1	Enterprise Car Rental
240 WEST PWY, PEQUANNOCK	POMPTON PLAINS	WAREHOUSE	6.9	127,800	22.6%	100.00%	0.00%	127,800	-	1	Strong Man Builiding Products
1218 HOOPER AVE (& BEY AVE)	TOMS RIVER	RETAIL + VACANT LAND	27.2		30.1%	100.00%	0.00%	-	-	3	Target, Chilli's, Exxon (All ground-leased)
3607 BERGENLINE, UNION CITY	UNION CITY	RETAIL	0.3	26,647	100.0%	100.00%	0.00%	26,647	-	1	ABC Bargain Stores
2125 FLETCHER AVENUE, FORT LEE [2]	FORT LEE	RETAIL	2.1	32,725	30.0%	100.00%	0.00%	32,725	-	1	Metropolitan Plant Exchange
NEW YORK											
KNOLLS COOP SOCIETY, BRONX [4]	BRONX	RESIDENTIAL			100.0%	100.00%	0.00%			1	Knolls Cooperative Section No. 1
3965 HEMPSTEAD BLVD., BETHPAGE [4]	BETHPAGE	RETAIL/GAS STATION	1.3	6,929	95.7%	100.00%	0.00%	6,929	-	1	QuickChek Corp.
89-17/23 QUEENS BLVD., ELMHURST	ELMHURST	RETAIL	0.3	8,625	12.7%	100.00%	0.00%	8,625	-	4	JP Morgan Chase, Rakuzen, Halal Republic, Smoke Shop
222 ELMIRA RD, ITHACA	ITHACA	SHOPPING CENTER	6.9	46,375	21.0%	100.00%	0.00%	46,375	-	14	Wild Vines, Five Guys, Taco Bell, DiBellas Sub, Cold Stone
201 EAST 57TH STREET, NYC [1]	NEW YORK	SHOW ROOM	0.2	29,617	23.3%	100.00%	0.00%	29,617	-	3	TD Bank, Design Within Reach, Mansour Rugs
532 MADISON AVENUE, NYC	NEW YORK	RETAIL/OFFICE	0.04	15,347	10.4%	57.45%	42.55%	8,817	6,530	3	Smilers, Less is More, T-Mobile
545 MADISON AVENUE, NYC [1]	NEW YORK	RETAIL/OFFICE	-	139,537	23.3%	93.35%	6.65%	130,255	9,282	13	Wells Fargo, Maman, Orangewood Partners, Ogden CAP Properties, Helix Partners, GTS Group, TruArc Partners, Peter B Cannell & Co., Kohlberg, Galaxy US, Baccarat
605-9 WEST 181st STREET, NYC	NEW YORK	RETAIL	0.2	23,897	100.0%	100.00%	0.00%	23,897	-	1	Foot Locker
712 THIRD AVENUE, NYC	NEW YORK	RETAIL/OFFICE BUILDING	0.1	9,869	17.9%	100.00%	0.00%	9,869	-	3	Wendy's, Dunkin Donuts, Haufbrau
140 7TH AVE S PARCEL, NYC	NEW YORK	21sf LAND PARCEL			100.0%	100.00%	0.00%	-	-	1	Ark Seventh Ave South
135 BOWERY ST., NYC	NEW YORK	RETAIL/OFFICE BUILDING		21,308	46.5%	70.97%	29.03%	15,123	6,185	5	Hiyake Japanese BBQ, Martin Liu, Bad Dog
3639 MERRICK RD. SEAFORD	SEAFORD	FREESTANDING BUILDING	0.3	4,620	22.7%	100.00%	0.00%	4,620	-	1	Funstuff
2800 HYLAN BLVD., STATEN ISLAND [4]	STATEN ISLAND	BANK BLDG/FAST FOOD RESTAURANT	1.3	7,147	0.7%	100.00%	0.00%	7,147	-	2	Starbucks, Bank of America
79-83 MAMARONECK AVE. W.PLAINS	WHITE PLAINS	1 STORY + PARTIAL BSMT	0.1	4,449	94.6%	100.00%	0.00%	4,449	-	2	Salon, US Army
10 GRAND CENTRAL, 155 E 44TH STREET	NEW YORK	RETAIL/OFFICE BUILDING	0.4	423,960	35.7%	92.92%	7.08%	393,946	30,014	46	ANA, Benenson, UNOPS, Wheelock, Mass Mutual, Crux, Little Collins, Sweetgreen, Cava, Future US, Maman Bakery, LIV Golf, HLTH, ZEFR, Agence France-Presse, Mission of Panama, Metrowall, Green Street Advisors, LeafFilter, Lewis Baach, Teledoc, FC Opco
CROSS COUNTY SHOPPING CTR.	YONKERS	SHOPPING CENTER	71.3	1,173,874	37.6%	95.77%	4.23%	1,124,253	49,621	84	Macy's, Target, Westchester Comm College, Stop&Shop, Zara, H&M, Hyatt, Victoria's Secret, Gap, Blink, Old Navy, Ulta, Multiplex, Olive Garden, XXI Forever, Savage X Fenty
92 PRINCE STREET, NEW YORK [2]	NEW YORK	RETAIL	0.1	6,290	20.7%	100.00%	0.00%	6,290	-	1	Ferrari
85 NORTH 3RD ST. WILLIAMSBURG, BKLYN [2]	BROOKLYN	RETAIL		27,111	40.6%	100.00%	0.00%	27,111	-	16	Sola Salon, Ralph Lauren, Crème Design, Kula Yoga, Aesop, Slowear, Hotovelli, Tailgate Clothing
478 W. BROADWAY, NEW YORK [2]	NEW YORK	RETAIL		2,327	19.7%	100.00%	0.00%	2,327	-	1	Lumas/Avenso Photo Art
430 PARK AVENUE, NEW YORK [2,3]	NEW YORK	OFFICE BUILDING	0.3	296,147	8.2%	99.36%	0.64%	294,258	1,889	22	WeWork, TD, Cellini, Wainwright, Withers, Molo, Engel & Volkers, Savanna, TIAA, Midwood, Oestreicher, Joe & Juice,
124 HUDSON STREET, NEW YORK	RETAIL	RETAIL/OFFICE		11,892	19.4%	100.00%	0.00%	11,892	-	3	Portfolio School, Warburg Realty, Maris Edge
2320 OCEAN AVENUE, FARMINGVILLE [2]	FARMINGVILLE	SHOPPING CENTER	40.6	280,482	12.3%	97.57%	2.43%	273,680	6,802	30	Stop&Shop,LA Fitness,Burlington, American Thrift, Dress for Less,Five Below,Skechers,Sola Salon,Relaxation Spa,City MD,JPM, BK, GNC,Starbucks
VIRGINIA											
7717 RICHMOND HWY, ALEXANDRIA	ALEXANDRIA	VACANT LAND	0.1	-	42.6%	0.00%	0.00%	-	-	-	Vacant, available for lease or sale
7704 RICHMOND HWY, ALEXANDRIA	ALEXANDRIA	SHOPPING CENTER	2.8	13,330	42.6%	100.00%	0.00%	13,330	-	6	Verizon, Vitamin Shoppe, Pollo Campero, Dunkin Donuts, Monarch Paint, Paisano's
7508 RICHMOND HWY, ALEXANDRIA [5]	ALEXANDRIA	RETAIL	1.1	4,503	7.9%	100.00%	0.00%	4,503	-	2	Sherwin Williams, Hangry Joe's
5025 WELLINGTON RD, GAINESVILLE	GAINESVILLE	FREESTANDING BUILDING	0.7	2,126	49.0%	100.00%	0.00%	2,126	-	1	Chipotle
			179.96	3,305,088		91.92%	8.08%	3,038,170	266,918		
								-			

[1] Includes interest owned indirectly through MNP's 23.3333% ownership in Joseph E. Marx Co., Inc.

[2] Managed by Midwood Management

[3] Leasehold Interest

[4] Ground Leased

[5] Subject to Potential Taking

MERCHANTS' NATIONAL PROPERTIES, INC.
AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2024 AND 2023

TABLE OF CONTENTS

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	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	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	Retained	Treasury Stock		Non-	Total
			Paid-In				Controlling	
	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	Years Ended December 31, 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)		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	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	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.