

## **Merchants' National Properties, Inc.**

10 Grand Central, 155 E 44<sup>th</sup> Street, 7<sup>th</sup> Floor, New York, NY 10017

Tel. 212 554-1400

[www.merchantsnationalproperties.com](http://www.merchantsnationalproperties.com)

[investor-relations@marxrealty.com](mailto:investor-relations@marxrealty.com)

# **Annual Report**

**For the period ending December 31, 2024 (the "Reporting Period")**

### **Outstanding Shares**

The number of shares outstanding of our Common Stock was:

90,879 as of April 15, 2025 *(Current Reporting Period Date or More Recent Date)*

90,975 as of December 31, 2024\_ *(Most Recent Completed Fiscal Year End)*

### **Shell Status**

Indicate by check mark whether the company is a shell company (as defined in Rule 405 of the Securities Act of 1933, Rule 12b-2 of the Exchange Act of 1934 and Rule 15c2-11 of the Exchange Act of 1934):

Yes: ☐ No: ☒

Indicate by check mark whether the company's shell status has changed since the previous reporting period:

Yes: ☐ No: ☒

### **Change in Control**

Indicate by check mark whether a Change in Control<sup>4</sup> of the company has occurred during this reporting period:

Yes: ☐ No: ☒

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<sup>4</sup> "Change in Control" shall mean any events resulting in:

- (i) Any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) becoming the "beneficial owner" (as defined in Rule 13d-3 of the Exchange Act), directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the total voting power represented by the Company's then outstanding voting securities;
- (ii) The consummation of the sale or disposition by the Company of all or substantially all of the Company's assets;
- (iii) A change in the composition of the Board occurring within a two (2)-year period, as a result of which fewer than a majority of the directors are directors immediately prior to such change; or
- (iv) The consummation of a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or its parent) at least fifty percent (50%) of the total voting power represented by the voting securities of the Company or such surviving entity or its parent outstanding immediately after such merger or consolidation.

**1) Name and address(es) of the issuer and its predecessors (if any)**

In answering this item, provide the current name of the issuer and names used by predecessor entities, along with the dates of the name changes.

Merchants' National Properties, Inc.

Current State and Date of Incorporation or Registration: Delaware; December 3, 1928

Standing in this jurisdiction: (e.g. active, default, inactive): Active

Prior Incorporation Information for the issuer and any predecessors during the past five years:

None

Describe any trading suspension or halt orders issued by the SEC or FINRA concerning the issuer or its predecessors since inception:

None

List any stock split, dividend, recapitalization, merger, acquisition, spin-off, or reorganization either currently anticipated or that occurred within the past 12 months:

None

Address of the issuer's principal executive office:

10 Grand Central, 155 E 44<sup>th</sup> Street, 7<sup>th</sup> Floor, New York, NY 10017

Address of the issuer's principal place of business:

☒ *Check if principal executive office and principal place of business are the same address:*

\_\_\_\_\_

Has the issuer or any of its predecessors been in bankruptcy, receivership, or any similar proceeding in the past five years?

No: ☒ Yes: ☐ If Yes, provide additional details below:

\_\_\_\_\_

**2) Security Information**

**Transfer Agent**

Name: Merchants' National Properties, Inc.

Phone: 212-557-1400

Email: John.S@marxrealty.com

Address: 10 Grand Central, 155 E 44<sup>th</sup> Street, 7<sup>th</sup> Floor, New York, NY 10017

**Publicly Quoted or Traded Securities:**

*The goal of this section is to provide a clear understanding of the share information for its publicly quoted or traded equity securities. Use the fields below to provide the information, as applicable, for all outstanding classes of securities that are publicly traded/quoted.*

Trading symbol:	MNPP	
Exact title and class of securities outstanding:	Common Stock	
CUSIP:	589161108	
Par or stated value:	\$1.00	
Total shares authorized:	187,000	as of date: December 31, 2024
Total shares outstanding:	90,975	as of date: December 31, 2024
Total number of shareholders of record:	69	as of date: December 31, 2024

*Please provide the above-referenced information for all other publicly quoted or traded securities of the issuer.*

**Other classes of authorized or outstanding equity securities that do not have a trading symbol:**

*The goal of this section is to provide a clear understanding of the share information for its other classes of authorized or outstanding equity securities (e.g., preferred shares that do not have a trading symbol). Use the fields below to provide the information, as applicable, for all other authorized or outstanding equity securities.*

Exact title and class of the security:	_____
Par or stated value:	_____
Total shares authorized:	_____ as of date: _____
Total shares outstanding:	_____ as of date: _____
Total number of shareholders of record:	_____ as of date: _____

*Please provide the above-referenced information for all other classes of authorized or outstanding equity securities.*

**Security Description:**

*The goal of this section is to provide a clear understanding of the material rights and privileges of the securities issued by the company. Please provide the below information for each class of the company's equity securities, as applicable:*

**1. For common equity, describe any dividend, voting and preemption rights.**

The Board of Directors may determine whether any, and if any, what part, of the surplus or the net profit of the Company shall be declared in dividends and paid to the stockholders, and whether any such dividends shall be declared and paid in cash or capital stock of the Company or in other property, and generally to determine and direct the use and disposition of any such surplus or any such net profits; and to fix the times for the declaration and payment of dividend.

The stockholder of each share of Common Stock is entitled to one vote per share of Common Stock held by the stockholder, multiplied by the number of directors to be elected, and may cast all votes for a single director, or may distribute them among the number to be voted for, or any more of them as the stockholder chooses.

The holders of Common Stock shall have preemptive rights to subscribe to any additional issuances of stock of the Company of any or all class or series thereof, or to any securities of the Company convertible into such stock unless the issuance is made to (i) an employee of the Company (ii) an officer of the Company, or (iii) a director of the Company who is not an officer of the Company and is not affiliated with a stockholder of the Company as of August 18, 2008, the date of the filing of the Amended and Restated Certificate of Incorporation of the Company.

**2. For preferred stock, describe the dividend, voting, conversion, and liquidation rights as well as redemption or sinking fund provisions.**

The company has no preferred series of shares.

**3. Describe any other material rights of common or preferred stockholders.**

None, other than those required by the laws of the State of Delaware

**4. Describe any material modifications to rights of holders of the company’s securities that have occurred over the reporting period covered by this report.**

None

**3) Issuance History**

*The goal of this section is to provide disclosure with respect to each event that resulted in any changes to the total shares outstanding of any class of the issuer’s securities **in the past two completed fiscal years and any subsequent interim period.***

Disclosure under this item shall include, in chronological order, all offerings and issuances of securities, including debt convertible into equity securities, whether private or public, and all shares, or any other securities or options to acquire such securities, issued for services. Using the tabular format below, please describe these events.

**A. Changes to the Number of Outstanding Shares for the two most recently completed fiscal years and any subsequent period.**

Indicate by check mark whether there were any changes to the number of outstanding shares within the past two completed fiscal years:  
 No: ☐ Yes: ☒ (If yes, you must complete the table below)

Shares Outstanding <u>Opening Balance:</u> Date 12/31/22 Common: <u>90,874</u> Preferred: <u>0</u>			*Right-click the rows below and select "Insert" to add rows as needed.						
Date of Transaction	Transaction type (e.g., new issuance, cancellation, shares returned to treasury)	Number of Shares Issued (or cancelled)	Class of Securities	Value of shares issued (\$/per share) at Issuance	Were the shares issued at a discount to market price at the time	Individual/ Entity Shares were issued to.  ***You must disclose the control person(s)	Reason for share issuance (e.g., for cash or debt conversion) - OR- Nature of	Restricted or Unrestricted as of this filing.	Exemption or Registration Type.

					of issuance? (Yes/No)	for any entities listed.	Services Provided		
<u>5/19/23</u>	<u>New Issuance</u>	100 <sup>(1)</sup>	<u>Common</u>	<u>N/A</u>	<u>N/A</u>	<u>Craig M. Deitzelzweig</u>	<u>Grant of Restricted Stock for CEO services</u>	<u>Unrestricted</u>	<u>4(a)(2)</u>
<u>6/9/23</u>	<u>Purchase of Shares by the Company .</u>	51 <sup>(2)</sup>	<u>Common</u>	<u>N/A</u>	<u>N/A</u>	<u>Purchase of Free Trading Shares</u>	<u>N/A</u>	<u>Unrestricted / Returned to Treasury</u>	<u>4(a)(1- 1/2)</u>
<u>12/8/23</u>	<u>New Issuance</u>	100 <sup>(3)</sup>	<u>Common</u>	<u>N/A</u>	<u>N/A</u>	<u>Craig M. Deitzelzweig</u>	<u>Grant of Restricted Stock for CEO services</u>	<u>Unrestricted</u>	<u>4(a)(2)</u>
<u>2/28/24</u>	<u>Purchase of Shares by the Company</u>	1 <sup>(4)</sup>	<u>Common</u>	<u>N/A</u>	<u>N/A</u>	<u>Purchase of Free Trading Shares</u>	<u>N/A</u>	<u>Unrestricted / Returned to Treasury</u>	<u>4(a)(1- 1/2)</u>
<u>3/21/24</u>	<u>Purchase of Shares by the Company</u>	20 <sup>(5)</sup>	<u>Common</u>	<u>N/A</u>	<u>N/A</u>	<u>Purchase of Free Trading Shares</u>	<u>N/A</u>	<u>Unrestricted / Returned to Treasury</u>	<u>4(a)(1- 1/2)</u>
<u>4/18/24</u>	<u>Purchase of Shares by the Company</u>	4 <sup>(6)</sup>	<u>Common</u>	<u>N/A</u>	<u>N/A</u>	<u>Purchase of Free Trading Shares</u>	<u>N/A</u>	<u>Unrestricted / Returned to Treasury</u>	<u>4(a)(1- 1/2)</u>
<u>6/13/24</u>	<u>Purchase of Shares by the Company</u>	2 <sup>(7)</sup>	<u>Common</u>	<u>N/A</u>	<u>N/A</u>	<u>Purchase of Free Trading Shares</u>	<u>N/A</u>	<u>Unrestricted / Returned to Treasury</u>	<u>4(a)(1- 1/2)</u>
<u>6/14/24</u>	<u>Purchase of Shares by the Company</u>	4 <sup>(8)</sup>	<u>Common</u>	<u>N/A</u>	<u>N/A</u>	<u>Purchase of Free Trading Shares</u>	<u>N/A</u>	<u>Unrestricted / Returned to Treasury</u>	<u>4(a)(1- 1/2)</u>
<u>7/29/24</u>	<u>Purchase of Shares by the Company</u>	3 <sup>(9)</sup>	<u>Common</u>	<u>N/A</u>	<u>N/A</u>	<u>Purchase of Free Trading Shares</u>	<u>N/A</u>	<u>Unrestricted / Returned to Treasury</u>	<u>4(a)(1- 1/2)</u>
<u>8/26/24</u>	<u>Purchase of Shares by the Company</u>	3 <sup>(10)</sup>	<u>Common</u>	<u>N/A</u>	<u>N/A</u>	<u>Purchase of Free Trading Shares</u>	<u>N/A</u>	<u>Unrestricted / Returned to Treasury</u>	<u>4(a)(1- 1/2)</u>
<u>8/27/24</u>	<u>Purchase of Shares by the Company</u>	4 <sup>(11)</sup>	<u>Common</u>	<u>N/A</u>	<u>N/A</u>	<u>Purchase of Free Trading Shares</u>	<u>N/A</u>	<u>Unrestricted / Returned to Treasury</u>	<u>4(a)(1- 1/2)</u>
<u>9/16/24</u>	<u>Purchase of Shares by the Company</u>	2 <sup>(12)</sup>	<u>Common</u>	<u>N/A</u>	<u>N/A</u>	<u>Purchase of Free Trading Shares</u>	<u>N/A</u>	<u>Unrestricted / Returned to Treasury</u>	<u>4(a)(1- 1/2)</u>

<u>10/2/24</u>	<u>Purchase of Shares by the Company</u>	5 <sup>(13)</sup>	<u>Common</u>	<u>N/A</u>	<u>N/A</u>	<u>Purchase of Free Trading Shares</u>	<u>N/A</u>	<u>Unrestricted / Returned to Treasury</u>	<u>4(a)(1-1/2)</u>
Shares Outstanding on Date of This Report:									
Ending Balance:									
Date <u>12/31/2024</u>			Common: <u>90,975</u>						
			Preferred: <u>0</u>						

**Example:** A company with a fiscal year end of December 31<sup>st</sup> 2024, in addressing this item for its Annual Report, would include any events that resulted in changes to any class of its outstanding shares from the period beginning on January 1, 2023 through December 31, 2024 pursuant to the tabular format above.

Any additional material details, including footnotes to the table are below:

1. The Company granted these shares on May 19, 2023 (the "Shares"). The Shares vested on August 10, 2024.
2. On June 9, 2023, the Company purchased 51 shares for cash listed through the OTC Market at a market price of \$1,377 per share.
3. The Company granted these shares on December 8, 2023 (the "Shares"). The Shares vested on August 10, 2024.
4. On February 28, 2024, the Company purchased 1 share for cash listed through the OTC Market at a market price of \$1,425 per share.
5. On March 21, 2024, the Company purchased 20 shares for cash listed through the OTC Market at a market price of \$1,430 per share.
6. On April 18, 2024, the Company purchased 4 shares for cash listed through the OTC Market at a market price of \$1,500 per share.
7. On June 13, 2024, the Company purchased 2 shares for cash listed through the OTC Market at a market price of \$1,700 per share.
8. On June 14, 2024, the Company purchased 4 shares for cash listed through the OTC Market at a market price of \$1,700 per share.
9. On July 29, 2024, the Company purchased 3 shares for cash listed through the OTC Market at a market price of \$1,725 per share.
10. On August 26, 2024, the Company purchased 3 shares for cash listed through the OTC Market at a market price of \$1,725 per share.
11. On August 27, 2024, the Company purchased 4 shares for cash listed through the OTC Market at a market price of \$1,725 per share.
12. On September 16, 2024, the Company purchased 2 shares for cash listed through the OTC Market at a market price of \$1,700 per share.
13. On October 2, 2024, the Company purchased 5 shares for cash listed through the OTC Market at a market price of \$1,700 per share.
14. In August 2024, the previously issued Restricted 400 shares to Craig M Deitelzweig, Chief Executive Officer, vested and became Unrestricted pursuant to his employment agreement.

## B. Convertible Debt

The following is a complete list of the Company's Convertible Debt which includes all promissory notes, convertible notes, convertible debentures, or any other debt instruments convertible into a class of the issuer's equity securities. The table includes all issued or outstanding convertible debt at any time during the last complete fiscal year and any interim period between the last fiscal year end and the date of this Certification.

☒ Check this box to confirm the Company had no Convertible Debt issued or outstanding at any point during this period.

Date of Note Issuance	Principal Amount at Issuance (\$)	Outstanding Balance (\$)  (include accrued interest)	Maturity Date	Conversion Terms (e.g., pricing mechanism for determining conversion of instrument to shares)	# Shares Converted to Date	# of Potential Shares to be Issued Upon Conversion <sup>5</sup>	Name of Noteholder (entities must have individual with voting / investment control disclosed).	Reason for Issuance (e.g., Loan, Services, etc.)

<sup>5</sup> The total number of shares that can be issued upon full conversion of the Outstanding Balance. The number should not factor any "blockers" or limitations on the percentage of outstanding shares that can be owned by the Noteholder at a particular time. For purposes of this calculation, please use the current market pricing (e.g. most recent closing price, bid, etc.) of the security if conversion is based on a variable market rate.


Total Outstanding Balance:

Total Shares:

Any additional material details, including footnotes to the table are below:

#### 4) Issuer's Business, Products and Services

The purpose of this section is to provide a clear description of the issuer's current operations. Ensure that these descriptions are updated on the Company's Profile on [www.OTCMarkets.com](http://www.OTCMarkets.com).

A. Summarize the issuer's business operations (If the issuer does not have current operations, state "no operations")

The Company was incorporated under the laws of the State of Delaware on December 3, 1928, and has engaged in the business of commercial real estate acquisition, management, development, and rental in the United States for almost a century. The Company's headquarters are located in New York, NY. The Company's current real estate portfolio consists of 42 properties spanning over eight U.S. states as well as the District of Columbia, primarily comprised of office and retail space.

B. List any subsidiaries, parent company, or affiliated companies.

Marx Realty & Improvement Co., Inc., a New York corporation ("Marx"), is a wholly owned subsidiary of the Company. The Company's commercial real estate management, development, and rental operations are primarily conducted through Marx. The mailing address for Marx is 10 Grand Central, 155 E 44th Street, 7th Floor, New York, NY 10017. The following table sets forth the contact information for the officers, directors, managers, or control persons of Marx:

<u>Name</u>	<u>Title</u>	<u>Contact Information</u>
<u>Craig M. Deitzelzweig</u>	<u>President &amp; CEO</u>	<u>212-557-1400</u>
<u>Jagdish K. Shah</u>	<u>Treasurer &amp; CFO</u>	<u>212-557-1400</u>
<u>Amy Jedlicka</u>	<u>Secretary &amp; General Counsel</u>	<u>212-557-1400</u>
<u>James Better</u>	<u>Director</u>	<u>212-557-1400</u>
<u>James Magowan</u>	<u>Director</u>	<u>212-557-1400</u>
<u>James Stern</u>	<u>Director</u>	<u>212-557-1400</u>

The Company owns a 23.333% equity interest in Joseph E. Marx Co., Inc., a New York corporation ("Marx Co"). Marx Co's operations consist of full and fractional ownership of rental real estate in several states in the U.S. The mailing address for Marx Co is 10 Grand Central, 155 E 44th Street, 7th Floor, New York, NY 10017. The following table sets forth the contact information for the officers, directors, managers, or control persons of Marx Co:

<u>Name</u>	<u>Title</u>	<u>Contact Information</u>
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<u>Craig M. Deitelzweig</u>	<u>President &amp; CEO</u>	212-557-1400
<u>Jagdish K. Shah</u>	<u>Treasurer &amp; CFO</u>	212-557-1400
<u>Amy Jedlicka</u>	<u>Secretary &amp; General Counsel</u>	212-557-1400
<u>James Better</u>	<u>Director</u>	212-557-1400
<u>Jennifer Gruenberg</u>	<u>Director</u>	212-557-1400
<u>Leonard S Gruenberg</u>	<u>Director</u>	212-557-1400
<u>Jon Gruenberg</u>	<u>Director</u>	212-557-1400
<u>Wendy Gruenberg Wray</u>	<u>Director</u>	212-557-1400
<u>Mary Lynn Bianco</u>	<u>Director</u>	212-557-1400
<u>James Stern</u>	<u>Director</u>	212-557-1400

The Company owns a 95.7% equity interest in The M&B Building Owners II, LLC, a Delaware limited liability company ("Bethpage"). Bethpage's operations consist of real estate ownership and rental in New York. The mailing address for Bethpage is 10 Grand Central, 155 E 44th Street, 7th Floor, New York, NY 10017. The following table sets forth the contact information for the officers, directors, managers, or control persons of Bethpage:

<b><u>Name</u></b>	<b><u>Title</u></b>	<b><u>Contact Information</u></b>
<u>Craig M. Deitelzweig</u>	<u>President, Merchants' National Properties, Inc. (Manager of Bethpage)</u>	212-557-1400
<u>Jagdish K. Shah</u>	<u>Treasurer, Merchants' National Properties, Inc. (Manager of Bethpage)</u>	212-557-1400
<u>Amy Jedlicka</u>	<u>Secretary, Merchants' National Properties, Inc. (Manager of Bethpage)</u>	212-557-1400

The Company owns a 59.4% equity interest in Brahmin Realty Associates, LLC, a Delaware limited liability company ("Brahmin"). Brahmin's operations consist of real estate ownership and rental in Massachusetts. The mailing address for Brahmin is 10 Grand Central, 155 E 44th Street, 7th Floor, New York, NY 10017. The following table sets forth the contact information for the officers, directors, managers, or control persons of Brahmin:

<b><u>Name</u></b>	<b><u>Title</u></b>	<b><u>Contact Information</u></b>
<u>Craig M. Deitelzweig</u>	<u>President, Merchants' National Properties, Inc. (Manager of Brahmin)</u>	212-557-1400
<u>Jagdish K. Shah</u>	<u>Treasurer, Merchants' National Properties, Inc. (Manager of Brahmin)</u>	212-557-1400
<u>Amy Jedlicka</u>	<u>Secretary, Merchants' National Properties, Inc. (Manager of Brahmin)</u>	212-557-1400

The Company owns a 100% equity interest in Guest Realty Company, a Delaware corporation ("Guest"). Guest's operations consist of fractional ownership of rental real estate in several states in the U.S. The mailing address for Guest is 10 Grand Central, 155 E 44th Street, 7th Floor, New York, NY 10017. The following table sets forth the contact information for the officers, directors, managers, or control persons of Guest:

<b><u>Name</u></b>	<b><u>Title</u></b>	<b><u>Contact Information</u></b>
<u>Craig M. Deitelzweig</u>	<u>President &amp; CEO</u>	212-557-1400
<u>Jagdish K. Shah</u>	<u>Treasurer &amp; CFO</u>	212-557-1400
<u>Amy Jedlicka</u>	<u>Secretary &amp; General Counsel</u>	212-557-1400
<u>James Better</u>	<u>Director</u>	212-557-1400
<u>James Magowan</u>	<u>Director</u>	212-557-1400



<u>James Stern</u>	<u>Director</u>	212-557-1400
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The Company owns an 80% equity interest in Maryland Stores Corporation, a Maryland corporation ("Maryland"). Maryland's operations consist of fractional ownership of rental real estate in New York. The mailing address for Maryland is 10 Grand Central, 155 E 44th Street, 7th Floor, New York, NY 10017. The following table sets forth the contact information for the officers, directors, managers, or control persons of Maryland:

<u>Name</u>	<u>Title</u>	<u>Contact Information</u>
<u>Craig M. Deitzelzweig</u>	<u>President &amp; CEO</u>	212-557-1400
<u>Jagdish K. Shah</u>	<u>Treasurer &amp; CFO</u>	212-557-1400
<u>Amy Jedlicka</u>	<u>Secretary &amp; General Counsel</u>	212-557-1400
<u>James Better</u>	<u>Director</u>	212-557-1400
<u>James Magowan</u>	<u>Director</u>	212-557-1400
<u>James Stern</u>	<u>Director</u>	212-557-1400

The Company owns a 94.6353% equity interest in Rier Realty Co., Inc., a New York corporation ("Rier"). Rier's operations consist of full and fractional ownership of rental real estate in several states in the U.S. The mailing address for Rier is 10 Grand Central, 155 E 44th Street, 7th Floor, New York, NY 10017. The following table sets forth the contact information for the officers, directors, managers, or control persons of Rier:

<u>Name</u>	<u>Title</u>	<u>Contact Information</u>
<u>Craig M. Deitzelzweig</u>	<u>President &amp; CEO</u>	212-557-1400
<u>Jagdish K. Shah</u>	<u>Treasurer &amp; CFO</u>	212-557-1400
<u>Amy Jedlicka</u>	<u>Secretary &amp; General Counsel</u>	212-557-1400
<u>James Better</u>	<u>Director</u>	212-557-1400
<u>Leonard S Gruenberg</u>	<u>Director</u>	212-557-1400
<u>James Magowan</u>	<u>Director</u>	212-557-1400

The Company owns a 57.88% equity interest in University Plaza Joint Venture LLC, a Delaware limited liability company ("University"). University's operations consist of real estate ownership and rental in Connecticut. The mailing address for University is 10 Grand Central, 155 E 44th Street, 7th Floor, New York, NY 10017. The following table sets forth the contact information for the officers, directors, managers, or control persons of University:

<u>Name</u>	<u>Title</u>	<u>Contact Information</u>
<u>Craig M. Deitzelzweig</u>	<u>President, Merchants' National Properties, Inc. (Manager of University)</u>	212-557-1400
<u>Jagdish K. Shah</u>	<u>Treasurer, Merchants' National Properties, Inc. (Manager of University)</u>	212-557-1400
<u>Amy Jedlicka</u>	<u>Secretary, Merchants' National Properties, Inc. (Manager of University)</u>	212-557-1400

The Company owns a 52.93% equity interest in Madison Syndicate, a New York partnership ("Madison"). Madison's operations consist of real estate ownership and rental in Alabama. The mailing address for Madison is 10 Grand Central, 155 E 44th Street, 7th Floor, New York, NY 10017. The following table sets forth the contact information for the officers, or control persons of Madison:

<u>Name</u>	<u>Title</u>	<u>Contact Information</u>
<u>Craig M. Deitzelzweig</u>	<u>President, Merchants' National Properties, Inc. (Manager of Madison)</u>	212-557-1400

<u>Jagdish K. Shah</u>	<u>Treasurer, Merchants' National Properties, Inc. (Manager of Madison)</u>	212-557-1400
<u>Amy Jedlicka</u>	<u>Secretary, Merchants' National Properties, Inc. (Manager of Madison)</u>	212-557-1400

The Company owns a 35.7135% equity interest in 708 Third Avenue Holdings, LLC, a Delaware limited liability company ("Third Ave Holdings"). Third Ave Holdings' operations consist of real estate ownership and rental in New York. The mailing address for Third Ave Holdings is 10 Grand Central, 155 E 44<sup>th</sup> Street, 7<sup>th</sup> Floor, New York, NY 10017. The following table sets forth the contact information for the officers, directors, managers, or control persons of Third Ave Holdings:

<u>Name</u>	<u>Title</u>	<u>Contact Information</u>
<u>Craig M. Deitelzweig</u>	<u>President, Merchants' National Properties, Inc. (Manager of Third Ave Holdings)</u>	212-557-1400
<u>Jagdish K. Shah</u>	<u>Treasurer, Merchants' National Properties, Inc. (Manager of Third Ave Holdings)</u>	212-557-1400
<u>Amy Jedlicka</u>	<u>Secretary, Merchants' National Properties, Inc. (Manager of Third Ave Holdings)</u>	212-557-1400

The Company owns a 37.6214% equity interest in Dollar Land Associates LLC, a Delaware limited liability company ("Dollar"). Dollar's operations consist of real estate ownership and rental in New York. The mailing address for Dollar is 10 Grand Central, 155 E 44<sup>th</sup> Street, 7<sup>th</sup> Floor, New York, NY 10017. The following table sets forth the contact information for the officers, directors, managers, or control persons of Dollar:

<u>Name</u>	<u>Title</u>	<u>Contact Information</u>
<u>Craig M. Deitelzweig</u>	<u>Member, Board of Managers of Dollar</u>	212-557-1400
<u>James Better</u>	<u>Member, Board of Managers of Dollar</u>	212-557-1400
<u>James Stern</u>	<u>Member, Board of Managers of Dollar</u>	212-557-1400
<u>Richard Kessler</u>	<u>Member, Board of Managers of Dollar</u>	212-557-1400
<u>John Usdan</u>	<u>Member, Board of Managers of Dollar</u>	212-557-1400

The Company owns a 90.667% equity interest in Athens Joint Venture, LLC, a Delaware limited liability company ("Athens"). Athens' operations consist of real estate ownership and rental in Washington, D.C. The mailing address for Athens is 10 Grand Central, 155 E 44<sup>th</sup> Street, 7<sup>th</sup> Floor, New York, NY 10017. The following table sets forth the contact information for the officers, directors, managers, or control persons of Athens:

<u>Name</u>	<u>Title</u>	<u>Contact Information</u>
<u>Craig M. Deitelzweig</u>	<u>President, Merchants' National Properties, Inc. (Manager of Athens)</u>	212-557-1400
<u>Jagdish K. Shah</u>	<u>Treasurer, Merchants' National Properties, Inc. (Manager of Athens)</u>	212-557-1400
<u>Amy Jedlicka</u>	<u>Secretary, Merchants' National Properties, Inc. (Manager of Athens)</u>	212-557-1400

The Company owns a 66.5% equity interest in Bell Blvd. Partners, a New York partnership (“Bell Blvd.”). Bell Blvd.’s operations consist of real estate ownership and rental in Washington, D.C. The mailing address for Bell Blvd. is 10 Grand Central, 155 E 44<sup>th</sup> Street, 7<sup>th</sup> Floor, New York, NY 10017. The following table sets forth the contact information for the officers, directors, managers, or control persons of Bell Blvd.:

<b><u>Name</u></b>	<b><u>Title</u></b>	<b><u>Contact Information</u></b>
<u>Craig M. Deitelzweig</u>	<u>President, Merchants’ National Properties, Inc. (General Partner of Bell Blvd.)</u>	212-557-1400
<u>Jagdish K. Shah</u>	<u>Treasurer, Merchants’ National Properties, Inc. (General Partner of Bell Blvd.)</u>	212-557-1400
<u>Amy Jedlicka</u>	<u>Secretary, Merchants’ National Properties, Inc. (General Partner of Bell Blvd.)</u>	212-557-1400

The Company owns a 26.7644% equity interest in Peters Land Syndicate, a New York partnership (“Peters”). Peters’ operations consist of real estate ownership and rental in Georgia. The mailing address for Peters is 10 Grand Central, 155 E 44<sup>th</sup> Street, 7<sup>th</sup> Floor, New York, NY 10017. The following table sets forth the contact information for the officers, directors, managers, or control persons of Peters:

<b><u>Name</u></b>	<b><u>Title</u></b>	<b><u>Contact Information</u></b>
<u>Craig M. Deitelzweig</u>	<u>President, Guest Realty Company (General Partner of Peters)</u>	212-557-1400
<u>Jagdish K. Shah</u>	<u>Treasurer, Guest Realty Company (General Partner of Peters)</u>	212-557-1400
<u>Amy Jedlicka</u>	<u>Secretary, Guest Realty Company (General Partner of Peters)</u>	212-557-1400

The Company owns a 62.87865% equity interest in Boston Syndicate LLC, a Delaware limited liability company (“Boston”). Boston’s operations consist of a 50% beneficial ownership interest in rental real estate located in Massachusetts. The mailing address for Boston is 10 Grand Central, 155 E 44<sup>th</sup> Street, 7<sup>th</sup> Floor, New York, NY 10017. The following table sets forth the contact information for the officers, directors, managers, or control persons of Boston:

<b><u>Name</u></b>	<b><u>Title</u></b>	<b><u>Contact Information</u></b>
<u>Craig M. Deitelzweig</u>	<u>President, Merchants’ National Properties, Inc. (Manager of Boston)</u>	212-557-1400
<u>Jagdish K. Shah</u>	<u>Treasurer, Merchants’ National Properties, Inc. (Manager of Boston)</u>	212-557-1400
<u>Amy Jedlicka</u>	<u>Secretary, Merchants’ National Properties, Inc. (Manager of Boston)</u>	212-557-1400

The Company owns a 34.9167% equity interest in Marlton Joint Venture, a New York partnership (“Marlton”). Marlton’s operations consist of real estate ownership and rental in New Jersey. The mailing address for Marlton is 10 Grand Central, 155 E 44<sup>th</sup> Street, 7<sup>th</sup> Floor, New York, NY 10017. The following table sets forth the contact information for the officers, directors, managers, or control persons of Marlton:

<b><u>Name</u></b>	<b><u>Title</u></b>	<b><u>Contact Information</u></b>
<u>Craig M. Deitelzweig</u>	<u>President, Merchants’ National Properties, Inc. (General Partner of Marlton)</u>	212-557-1400
<u>Jagdish K. Shah</u>	<u>Treasurer, Merchants’ National Properties, Inc. (General Partner of Marlton)</u>	212-557-1400

<u>Amy Jedlicka</u>	<u>Secretary, Merchants' National Properties, Inc. (General Partner of Marlton)</u>	212-557-1400
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The Company owns a 22.5953% equity interest in Pequannock Joint Venture LLC, a Delaware limited liability company ("Pequannock"). Pequannock's operations consist of real estate ownership and rental in New Jersey. The mailing address for Pequannock is 10 Grand Central, 155 E 44<sup>th</sup> Street, 7<sup>th</sup> Floor, New York, NY 10017. The following table sets forth the contact information for the officers, directors, managers, or control persons of Pequannock:

<u>Name</u>	<u>Title</u>	<u>Contact Information</u>
<u>Craig M. Deitelzweig</u>	<u>President, Merchants' National Properties, Inc. (Manager of Pequannock)</u>	212-557-1400
<u>Jagdish K. Shah</u>	<u>Treasurer, Merchants' National Properties, Inc. (Manager of Pequannock)</u>	212-557-1400
<u>Amy Jedlicka</u>	<u>Secretary, Merchants' National Properties, Inc. (Manager of Pequannock)</u>	212-557-1400

The Company owns a 60% equity interest in Fort Lee Joint Venture, a New York partnership ("Fort Lee"). Fort Lee's operations consist of a 50% beneficial ownership interest in rental real estate in New Jersey. The mailing address for Fort Lee is 10 Grand Central, 155 E 44<sup>th</sup> Street, 7<sup>th</sup> Floor, New York, NY 10017. The following table sets forth the contact information for the officers, directors, managers, or control persons of Fort Lee:

<u>Name</u>	<u>Title</u>	<u>Contact Information</u>
<u>Craig M. Deitelzweig</u>	<u>President, Merchants' National Properties, Inc. (Manager of Fort Lee)</u>	212-557-1400
<u>Jagdish K. Shah</u>	<u>Treasurer, Merchants' National Properties, Inc. (Manager of Fort Lee)</u>	212-557-1400
<u>Amy Jedlicka</u>	<u>Secretary, Merchants' National Properties, Inc. (Manager of Fort Lee)</u>	212-557-1400

The Company owns a 21.0% equity interest in Ithaca Joint Venture, a New York partnership ("Ithaca"). Ithaca's operations consist of real estate ownership and rental in New York. The mailing address for Ithaca is 10 Grand Central, 155 E 44<sup>th</sup> Street, 7<sup>th</sup> Floor, New York, NY 10017. The following table sets forth the contact information for the officers, directors, managers, or control persons of Ithaca:

<u>Name</u>	<u>Title</u>	<u>Contact Information</u>
<u>Craig M. Deitelzweig</u>	<u>President, Merchants' National Properties, Inc. (General Partner of Ithaca)</u>	212-557-1400
<u>Jagdish K. Shah</u>	<u>Treasurer, Merchants' National Properties, Inc. (General Partner of Ithaca)</u>	212-557-1400
<u>Amy Jedlicka</u>	<u>Secretary, Merchants' National Properties, Inc. (General Partner of Ithaca)</u>	212-557-1400

The Company owns a 22.6781% equity interest in Seaford Joint Venture, a New York partnership ("Seaford"). Seaford's operations consist of real estate ownership and rental in New York. The mailing address for Seaford is 10 Grand Central,

155 E 44<sup>th</sup> Street, 7<sup>th</sup> Floor, New York, NY 10017. The following table sets forth the contact information for the officers, directors, managers, or control persons of Seaford:

<b>Name</b>	<b>Title</b>	<b>Contact Information</b>
<u>Craig M. Deitelzweig</u>	<u>President, Merchants' National Properties, Inc. (General Partner of Seaford)</u>	212-557-1400
<u>Jagdish K. Shah</u>	<u>Treasurer, Merchants' National Properties, Inc. (General Partner of Seaford)</u>	212-557-1400
<u>Amy Jedlicka</u>	<u>Secretary, Merchants' National Properties, Inc. (General Partner of Seaford)</u>	212-557-1400

The Company owns an 81.1876% equity interest in Avon Joint Venture, LLC, a Delaware limited liability company ("Avon"). Avon's operations consist of a 50% beneficial ownership interest in rental real estate in New York. The mailing address for Avon is 10 Grand Central, 155 E 44<sup>th</sup> Street, 7<sup>th</sup> Floor, New York, NY 10017. The following table sets forth the contact information for the officers, directors, managers, or control persons of Avon:

<b>Name</b>	<b>Title</b>	<b>Contact Information</b>
<u>Craig M. Deitelzweig</u>	<u>President, Merchants' National Properties, Inc. (Manager of Avon)</u>	212-557-1400
<u>Jagdish K. Shah</u>	<u>Treasurer, Merchants' National Properties, Inc. (Manager of Avon)</u>	212-557-1400
<u>Amy Jedlicka</u>	<u>Secretary, Merchants' National Properties, Inc. (Manager of Avon)</u>	212-557-1400

The Company owns a 42.57% equity interest in Belle Haven Realty, LLC, a Delaware limited liability company ("Belle Haven"). Belle Haven's operations consist of real estate ownership and rental in Virginia. The mailing address for Belle Haven is 10 Grand Central, 155 E 44<sup>th</sup> Street, 7<sup>th</sup> Floor, New York, NY 10017. The following table sets forth the contact information for the officers, directors, managers, or control persons of Belle Haven:

<b>Name</b>	<b>Title</b>	<b>Contact Information</b>
<u>Craig M. Deitelzweig</u>	<u>President, Merchants' National Properties, Inc. (Manager of Belle Haven)</u>	212-557-1400
<u>Jagdish K. Shah</u>	<u>Treasurer, Merchants' National Properties, Inc. (Manager of Belle Haven)</u>	212-557-1400
<u>Amy Jedlicka</u>	<u>Secretary, Merchants' National Properties, Inc. (Manager of Belle Haven)</u>	212-557-1400

The Company owns a 30.0981% equity interest in Ocean County Venturers, a New York partnership ("Ocean"). Ocean's operations consist of real estate ownership and rental in New Jersey. The mailing address for Ocean is 10 Grand Central, 155 E 44<sup>th</sup> Street, 7<sup>th</sup> Floor, New York, NY 10017. The following table sets forth the contact information for the officers, directors, managers, or control persons of Ocean:

<b>Name</b>	<b>Title</b>	<b>Contact Information</b>
<u>Craig M. Deitelzweig</u>	<u>President, Merchants' National Properties, Inc. (General Partner of Ocean)</u>	212-557-1400
<u>Jagdish K. Shah</u>	<u>Treasurer, Merchants' National Properties, Inc. (General Partner of Ocean)</u>	212-557-1400

<u>Amy Jedlicka</u>	<u>Secretary, Merchants' National Properties, Inc. (General Partner of Ocean)</u>	212-557-1400
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The Company owns a 49.3097% equity interest in Louisville Syndicate, LLC, a Delaware limited liability company ("Louisville"). Louisville's operations consist of a 76% equity ownership interest in rental real estate in New York. The mailing address for Louisville is 10 Grand Central, 155 E 44<sup>th</sup> Street, 7<sup>th</sup> Floor, New York, NY 10017. The following table sets forth the contact information for the officers, directors, managers, or control persons of Louisville:

<u>Name</u>	<u>Title</u>	<u>Contact Information</u>
<u>Craig M. Deitelzweig</u>	<u>President, Merchants' National Properties, Inc. (Manager of Louisville)</u>	212-557-1400
<u>Jagdish K. Shah</u>	<u>Treasurer, Merchants' National Properties, Inc. (Manager of Louisville)</u>	212-557-1400
<u>Amy Jedlicka</u>	<u>Secretary, Merchants' National Properties, Inc. (Manager of Louisville)</u>	212-557-1400

The Company owns a 72.48% equity interest in Orange Syndicate, a New York partnership ("Orange"). Orange's operations consist of real estate ownership and rental in Washington, DC. The mailing address for Orange is 10 Grand Central, 155 E 44<sup>th</sup> Street, 7<sup>th</sup> Floor, New York, NY 10017. The following table sets forth the contact information for the officers, directors, managers, or control persons of Orange:

<u>Name</u>	<u>Title</u>	<u>Contact Information</u>
<u>Craig M. Deitelzweig</u>	<u>President, Merchants' National Properties, Inc. (General Partner of Orange)</u>	212-557-1400
<u>Jagdish K. Shah</u>	<u>Treasurer, Merchants' National Properties, Inc. (General Partner of Orange)</u>	212-557-1400
<u>Amy Jedlicka</u>	<u>Secretary, Merchants' National Properties, Inc. (General Partner of Orange)</u>	212-557-1400

The Company owns a 48.8289% equity interest in Hastings Drive I, LLC, a Delaware limited liability company, ("Hastings"). Hastings's operations consist of real estate ownership and rental in Virginia. The mailing address for Hastings is 10 Grand Central, 155 E 44<sup>th</sup> Street, 7<sup>th</sup> Floor, New York, NY 10017. The following table sets forth the contact information for the officers, directors, managers, or control persons of Orange:

<u>Name</u>	<u>Title</u>	<u>Contact Information</u>
<u>Craig M. Deitelzweig</u>	<u>President, Merchants' National Properties, Inc. (General Partner of Orange)</u>	212-557-1400
<u>Jagdish K. Shah</u>	<u>Treasurer, Merchants' National Properties, Inc. (General Partner of Orange)</u>	212-557-1400
<u>Amy Jedlicka</u>	<u>Secretary, Merchants' National Properties, Inc. (General Partner of Orange)</u>	212-557-1400

The Company owns a 38.4167% equity interest in Newbury Street Partners, a New York Partnership ("Newbury"). Newbury's operations consist of a 50% equity ownership interest in rental real estate in New York. The mailing address

for Newbury is 10 Grand Central, 155 E 44<sup>th</sup> Street, 7<sup>th</sup> Floor, New York, NY 10017. The following table sets forth the contact information for the officers, directors, managers, or control persons of Newbury:

<b>Name</b>	<b>Title</b>	<b>Contact Information</b>
<u>Craig M. Deitelzweig</u>	<u>President, Merchants' National Properties, Inc. (General Partner of Newbury)</u>	212-557-1400
<u>Jagdish K. Shah</u>	<u>Treasurer, Merchants' National Properties, Inc. (General Partner of Newbury)</u>	212-557-1400
<u>Amy Jedlicka</u>	<u>Secretary, Merchants' National Properties, Inc. (General Partner of Newbury)</u>	212-557-1400

The Company owns a 35.25% equity interest in 430 Park Avenue Syndicate, a New York Partnership ("430 Park"). 430 Park's operations consist of a 20.1% equity ownership interest in a leasehold rental real estate in New York. The mailing address for 430 Park is 10 Grand Central, 155 E 44<sup>th</sup> Street, 7<sup>th</sup> Floor, New York, NY 10017. The following table sets forth the contact information for the officers, directors, managers, or control persons of 430 Park:

<b>Name</b>	<b>Title</b>	<b>Contact Information</b>
<u>Craig M. Deitelzweig</u>	<u>President, Merchants' National Properties, Inc. (General Partner of 430 Park)</u>	212-557-1400
<u>Jagdish K. Shah</u>	<u>Treasurer, Merchants' National Properties, Inc. (General Partner of 430 Park)</u>	212-557-1400
<u>Amy Jedlicka</u>	<u>Secretary, Merchants' National Properties, Inc. (General Partner of 430 Park)</u>	212-557-1400

The Company owns a 28.503% equity interest in The Herald Owners LLC, a Delaware limited liability company ("Herald"). Herald's operations consist of real estate ownership and rental in Washington, D.C. The mailing address for Herald is 10 Grand Central, 155 E 44<sup>th</sup> Street, 7<sup>th</sup> Floor, New York, NY 10017. The following table sets forth the contact information for the officers, directors, managers, or control persons of Herald:

<b>Name</b>	<b>Title</b>	<b>Contact Information</b>
<u>Craig M. Deitelzweig</u>	<u>President, Merchants' National Properties, Inc. (Manager of Herald)</u>	212-557-1400
<u>Jagdish K. Shah</u>	<u>Treasurer, Merchants' National Properties, Inc. (Manager of Herald)</u>	212-557-1400
<u>Amy Jedlicka</u>	<u>Secretary, Merchants' National Properties, Inc. (Manager of Herald)</u>	212-557-1400
<u>Invesco, Inc.</u>	<u>Majority Investor's Representative</u>	212-557-1400

The Company owns a 17.4167% equity interest in Bellflower Joint Venture, a New York partnership ("Bellflower"). Bellflower's operations consist of real estate ownership and rental in California. The mailing address for Bellflower is 10 Grand Central, 155 E 44<sup>th</sup> Street, 7<sup>th</sup> Floor, New York, NY 10017. The following table sets forth the contact information for the officers, directors, managers, or control persons of Bellflower:

<b>Name</b>	<b>Title</b>	<b>Contact Information</b>
<u>Craig M. Deitelzweig</u>	<u>President, Merchants' National Properties, Inc. (General Partner of Bellflower)</u>	212-557-1400

<u>Jagdish K. Shah</u>	<u>Treasurer, Merchants' National Properties, Inc. (General Partner of Bellflower)</u>	212-557-1400
<u>Amy Jedlicka</u>	<u>Secretary, Merchants' National Properties, Inc. (General Partner of Bellflower)</u>	212-557-1400

The Company owns a 12.6867% equity interest in Queens Joint Venture LLC, a Delaware limited liability company ("Queens"). Queens's operations consist of real estate ownership and rental in New York. The mailing address for Queens is 10 Grand Central, 155 E 44<sup>th</sup> Street, 7<sup>th</sup> Floor, New York, NY 10017. The following table sets forth the contact information for the officers, directors, managers, or control persons of Queens:

<b><u>Name</u></b>	<b><u>Title</u></b>	<b><u>Contact Information</u></b>
<u>Craig M. Deitelzweig</u>	<u>President, Guest Realty Company (Manager of Queens)</u>	212-557-1400
<u>Jagdish K. Shah</u>	<u>Treasurer, Guest Realty Company (Manager of Queens)</u>	212-557-1400
<u>Amy Jedlicka</u>	<u>Secretary, Guest Realty Company (Manager of Queens)</u>	212-557-1400

The Company owns a 10.4099% equity interest in 532 Madison Syndicate, a New York partnership ("532"). 532's operations consist of real estate ownership and rental in New York. The mailing address for 532 is 10 Grand Central, 155 E 44<sup>th</sup> Street, 7<sup>th</sup> Floor, New York, NY 10017. The following table sets forth the contact information for the officers, directors, managers, or control persons of 532:

<b><u>Name</u></b>	<b><u>Title</u></b>	<b><u>Contact Information</u></b>
<u>Craig M. Deitelzweig</u>	<u>President, Guest Realty Company (General Partner of 532)</u>	212-557-1400
<u>Jagdish K. Shah</u>	<u>Treasurer, Guest Realty Company (General Partner of 532)</u>	212-557-1400
<u>Amy Jedlicka</u>	<u>Secretary, Guest Realty Company (General Partner of 532)</u>	212-557-1400

The Company owns a 11.4% equity interest in Knights Road Shopping Center LP, a Pennsylvania limited partnership ("Knights"). Knight's operations consist of real estate ownership and rental in New York. The mailing address for Knights is 10 Grand Central, 155 E 44<sup>th</sup> Street, 7<sup>th</sup> Floor, New York, NY 10017. The following table sets forth the contact information for the officers, directors, managers, or control persons of Knights:

<b><u>Name</u></b>	<b><u>Title</u></b>	<b><u>Contact Information</u></b>
<u>Craig M. Deitelzweig</u>	<u>President, KRSC, Inc. (General Partner of Knights)</u>	212-557-1400
<u>Jagdish K. Shah</u>	<u>Treasurer, KRSC, Inc. (General Partner of Knights)</u>	212-557-1400
<u>Amy Jedlicka</u>	<u>Secretary, KRSC, Inc. (General Partner of Knights)</u>	212-557-1400

The Company owns a 21.2447% equity interest in Farmingville Associates LLC, a Delaware limited liability company ("Farmingville"). Farmingville's operations consist of a 50% equity ownership interest in rental real estate in New York. The mailing address for Farmingville is 10 Grand Central, 155 E 44<sup>th</sup> Street, 7<sup>th</sup> Floor, New York, NY 10017. The following table sets forth the contact information for the officers, directors, managers, or control persons of Farmingville:

<b><u>Name</u></b>	<b><u>Title</u></b>	<b><u>Contact Information</u></b>
<u>Craig M. Deitelzweig</u>	<u>President, Guest Realty Company (Manager of Farmingville)</u>	212-557-1400



<u>Jagdish K. Shah</u>	<u>Treasurer, Guest Realty Company (Manager of Farmingville)</u>	212-557-1400
<u>Amy Jedlicka</u>	<u>Secretary, Guest Realty Company (Manager of Farmingville)</u>	212-557-1400

The Company owns a 52.25% equity interest in MNP 2121 Wisconsin Avenue LLC, a Delaware limited liability company ("Wisconsin"). Wisconsin's operations consist of an 18% equity ownership interest in rental real estate in D.C. The mailing address for Wisconsin is 10 Grand Central, 155 E 44<sup>th</sup> Street, 7<sup>th</sup> Floor, New York, NY 10017. The following table sets forth the contact information for the officers, directors, managers, or control persons of Wisconsin:

<u>Name</u>	<u>Title</u>	<u>Contact Information</u>
<u>Craig M. Deitelzweig</u>	<u>President, Merchants' National Properties, Inc. (Manager of Wisconsin)</u>	212-557-1400
<u>Jagdish K. Shah</u>	<u>Treasurer, Merchants' National Properties, Inc. (Manager of Wisconsin)</u>	212-557-1400
<u>Amy Jedlicka</u>	<u>Secretary, Merchants' National Properties, Inc. (Manager of Wisconsin)</u>	212-557-1400

The Company previously owned a 9.1366% equity interest in Bey Lea Joint Venture, a New York partnership ("Bey"). This property was sold in July 2023.

The Company previously owned a 92.75% equity interest in East Putnam Avenue I, LLC, a Delaware limited liability company ("Putnam"). This property was sold in August 2023

C. Describe the issuers' principal products or services.

The Company has engaged in the business of commercial real estate acquisition, management, development, and rental in the United States for almost a century. The Company's headquarters are located in New York, NY. The Company's current real estate portfolio consists of 42 properties spanning over nine U.S. states as well as the District of Columbia, primarily comprised of office and retail space. The target markets for the Company's current commercial real estate operations are Alabama, California, Connecticut, District of Columbia, Georgia, Massachusetts, New Jersey, New York and Virginia. Specifically, the Company focuses on office and retail space in the aforementioned markets, with a primary presence in the New York, NY, Washington, DC and Atlanta, GA markets.

## 5) Issuer's Facilities

*The goal of this section is to provide investors with a clear understanding of all assets, properties or facilities owned, used or leased by the issuer and the extent in which the facilities are utilized.*

In responding to this item, please clearly describe the assets, properties or facilities of the issuer. Describe the location of office space, data centers, principal plants, and other property of the issuer and describe the condition of the properties. Specify if the assets, properties, or facilities are owned or leased and the terms of their leases. If the issuer does not have complete ownership or control of the property, describe the limitations on the ownership.

See attached addendum "B" for the aforementioned information. The Company's principal offices are located at 10 Grand Central, 155 E 44<sup>th</sup> Street, 7<sup>th</sup> Floor, New York, NY 10017. In addition, Marx, a wholly owned subsidiary of the Company as described above, leases 8,428 square feet of office space at 155 East 44<sup>th</sup> Street, New York, NY 10017 from Third Ave Holdings for \$17,062 per month.

## 6) All Officers, Directors, and Control Persons of the Company

Using the table below, please provide information, as of the period end date of this report, regarding all officers and directors of the company, or any person that performs a similar function, regardless of the number of shares they own.

In addition, list all individuals or entities controlling 5% or more of any class of the issuer's securities.

If any insiders listed are corporate shareholders or entities, provide the name and address of the person(s) beneficially owning or controlling such corporate shareholders, or the name and contact information (City, State) of an individual representing the corporation or entity. Include Company Insiders who own any outstanding units or shares of any class of any equity security of the issuer.

*The goal of this section is to provide investors with a clear understanding of the identity of all the persons or entities that are involved in managing, controlling or advising the operations, business development and disclosure of the issuer, as well as the identity of any significant or beneficial owners.*

Individual Name (First, Last) or Entity Name (Include names of control person(s) if a corporate entity)	Position/Company Affiliation (ex: CEO, 5% Control person)	City and State (Include Country if outside U.S.)	Number of Shares Owned (List common, preferred, warrants and options separately)	Class of Shares Owned	Percentage of Class of Shares Owned (undiluted)
<u>Craig M. Deitelzweig</u>	<u>CEO/President/Director</u>	<u>Bedford, NY</u>	<u>400</u>	<u>N/A</u>	<u>0.44%</u>
<u>Jagdish K. Shah</u>	<u>CFO</u>	<u>Ardsley, NY</u>	<u>11</u>	<u>Common</u>	<u>0.01%</u>
<u>Eric Hatch</u>	<u>Co-CFO</u>	<u>New York, NY</u>	<u>0</u>	<u>Common</u>	<u>0%</u>
<u>Amy Jedlicka</u>	<u>Corporate Secretary</u>	<u>New York, NY</u>	<u>0</u>	<u>N/A</u>	<u>0%</u>
<u>Mustafa Haque</u>	<u>Vice-President</u>	<u>New York, NY</u>	<u>0</u>	<u>N/A</u>	<u>0%</u>
<u>James Better</u>	<u>Chairman/Director</u>	<u>Greenwich, CT</u>	<u>119</u>	<u>Common</u>	<u>0.13%</u>
<u>Leonard S. Gruenberg</u>	<u>Director</u>	<u>Scarsdale, NY</u>	<u>300</u>	<u>Common</u>	<u>0.33%</u>
<u>James Magowan</u>	<u>Director</u>	<u>New York, NY</u>	<u>20</u>	<u>Common</u>	<u>0.02%</u>
<u>Mark Magowan</u>	<u>Director</u>	<u>New York, NY</u>	<u>2,158</u>	<u>Common</u>	<u>2.37%</u>
<u>Matthew K. Maguire</u>	<u>Director</u>	<u>New York, NY</u>	<u>0</u>	<u>N/A</u>	<u>0%</u>
<u>Richard Schosberg</u>	<u>Director</u>	<u>Muttontown, NY</u>	<u>461</u>	<u>Common</u>	<u>0.51%</u>
<u>James Stern</u>	<u>Director</u>	<u>Harrison, NY</u>	<u>1,195</u>	<u>Common</u>	<u>1.31%</u>
<u>John Usdan</u>	<u>Director</u>	<u>New York, NY</u>	<u>6</u>	<u>Common</u>	<u>0.007%</u>
<u>Mary L. Bianco, Trustee</u>	<u>Shareholder</u>	<u>Paso Robles, CA</u>	<u>9,424</u>	<u>Common</u>	<u>10.36%</u>
<u>Jennifer Gruenberg</u>	<u>Shareholder</u>	<u>Scarsdale, NY</u>	<u>7,534</u>	<u>Common</u>	<u>8.28%</u>
<u>Estate of Sylvia Marx</u>	<u>Shareholder</u>	<u>Greenwich, CT</u>	<u>5,537</u>	<u>Common</u>	<u>6.09%</u>
<u>MNP Voting Trust, Olivia Magowan and Paul Merrill, Trustees</u>	<u>Shareholder</u>	<u>Mount Kisco, NY</u>	<u>14,756</u>	<u>Common</u>	<u>16.22%</u>

Confirm that the information in this table matches your public company profile on [www.OTCMarkets.com](http://www.OTCMarkets.com). If any updates are needed to your public company profile, log in to [www.OTCIQ.com](http://www.OTCIQ.com) to update your company profile.

Craig M. Deitelzweig  
Chief Executive Officer, President, and Director

Craig M. Deitelzweig has served our Company and its primary management and development arm, Marx, since August of 2017 as Chief Executive Officer, President, and Director. Mr. Deitelzweig brings over 25 years of diverse real estate experience to the Company and Marx. He previously served as a managing director and head of asset management at Building and Land Technology, whereby he oversaw a diverse portfolio of office, multifamily, and hotel assets across the United States. Prior to joining Building and Land Technology, Mr. Deitelzweig managed the office division of Rockrose Development Corp., and previously led the leasing and asset management activities of the Ruben Company's 4,000,000 square feet of retail and office space in New York, Washington, DC, and Boston. Mr. Deitelzweig is also an attorney and worked in the real estate group at Skadden, Arps, Slate, Meagher & 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.

Jagdish K. Shah  
Chief Financial Officer

Jagdish K. Shah has served our Company and its primary management and development arm, Marx, for over 30 years (initially as an outside accountant and later as Chief Financial Officer). Prior to joining the Company and Marx as Chief Financial Officer in 1991, Mr. Shah worked for six years as a public accountant for Frank and Zimmerman. In 2007, he assumed the title of Chief Financial Officer of the Company and Marx. Mr. Shah is a member of AICPA and New York State Society of CPAs. He has been a certified public accountant since 1987 and a chartered accountant since 1978. Mr. Shah received his B.S. with a major in accounting from Maharaja Sayajirao University of Baroda, India in 1975.

## 7) Legal/Disciplinary History

A. Identify and provide a brief explanation as to whether any of the persons or entities listed above in Section 6 have, in the past 10 years:

1. Been the subject of an indictment or conviction in a criminal proceeding or plea agreement or named as a defendant in a pending criminal proceeding (excluding minor traffic violations);

None

2. Been the subject of the entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, financial- or investment-related, insurance or banking activities;

None

3. Been the subject of a finding, disciplinary order or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, a state securities regulator of a violation of federal or state securities or commodities law, or a foreign regulatory body or court, which finding or judgment has not been reversed, suspended, or vacated;

None

4. Named as a defendant or a respondent in a regulatory complaint or proceeding that could result in a "yes" answer to part 3 above; or

None

5. Been the subject of an order by a self-regulatory organization that permanently or temporarily barred, suspended, or otherwise limited such person's involvement in any type of business or securities activities.

None

6. Been the subject of a U.S Postal Service false representation order, or a temporary restraining order, or preliminary injunction with respect to conduct alleged to have violated the false representation statute that applies to U.S mail.

None

- B. Describe briefly any material pending legal proceedings, other than ordinary routine litigation incidental to the business, to which the issuer or any of its subsidiaries is a party to or of which any of their property is the subject. Include the name of the court or agency in which the proceedings are pending, the date instituted, the principal parties thereto, a description of the factual basis alleged to underlie the proceeding and the relief sought. Include similar information as to any such proceedings known to be contemplated by governmental authorities.

None

## **8) Third Party Service Providers**

Provide the name, address, telephone number and email address of each of the following outside providers. You may add additional space as needed.

Confirm that the information in this table matches your public company profile on [www.OTCMarkets.com](http://www.OTCMarkets.com). If any updates are needed to your public company profile, update your company profile.

### Securities Counsel

Name: Jessica Haggard, Esq.  
Firm: Anthony, Linder & Cacomanolis, PLLC  
Address 1: 1700 Palm Beach Lakes Blvd., Suite 820  
Address 2: West Palm Beach, FL 33401  
Phone: 561 514-0936 ext. 101  
Email: [JHaggard@ALClaw.com](mailto:JHaggard@ALClaw.com)

### Accountant or Auditor

Name: Ronald Frimmer  
Firm: CBIZ CPAs, P.C.  
Address 1: 730 Third Avenue, New  
Address 2: York, NY 10017 212  
Phone: 212 842-7677  
Email: [Ronald.Frimmer@cbiz.com](mailto:Ronald.Frimmer@cbiz.com)

### Investor Relations

Name: John Sano  
Firm: Merchants' National Properties, Inc.  
Address 1: 10 Grand Central, 155 East 44<sup>th</sup> Street, 7<sup>th</sup> Floor  
Address 2: New York, NY 10017  
Phone: 212 557-1400  
Email: [John.S@marxrealty.com](mailto:John.S@marxrealty.com)

*All other means of Investor Communication:*

X (Twitter): \_\_\_\_\_  
Discord: \_\_\_\_\_  
LinkedIn Marx Realty: <https://www.linkedin.com/company/marx-realty-improvement-co-inc/>  
Facebook: \_\_\_\_\_  
Website: [www.marxrealty.com](http://www.marxrealty.com)

#### Other Service Providers

Provide the name of any other service provider(s) that **that assisted, advised, prepared, or provided information with respect to this disclosure statement**. This includes counsel, broker-dealer(s), advisor(s), consultant(s) or any entity/individual that provided assistance or services to the issuer during the reporting period.

Name: \_\_\_\_\_  
Firm: \_\_\_\_\_  
Nature of Services: \_\_\_\_\_  
Address 1: \_\_\_\_\_  
Address 2: \_\_\_\_\_  
Phone: \_\_\_\_\_  
Email: \_\_\_\_\_

### 9) Disclosure & Financial Information

A. This Disclosure Statement was prepared by (name of individual):

Name: Jagdish K. Shah  
Title: Chief Financial Officer  
Relationship to Issuer: Employee

B. The following financial statements were prepared in accordance with:

☐ IFRS  
☒ U.S. GAAP

C. The following financial statements were prepared by (name of individual):

Name: Jagdish K. Shah  
Title: Chief Financial Officer  
Relationship to Issuer: Employee

Describe the qualifications of the person or persons who prepared the financial statements:<sup>5</sup> **CPA**

Provide the following qualifying financial statements:

- Audit letter, if audited;
- Balance Sheet;
- Statement of Income;
- Statement of Cash Flows;

---

<sup>5</sup> The financial statements requested pursuant to this item must be prepared in accordance with US GAAP or IFRS and by persons with sufficient financial skills.

- Statement of Retained Earnings (Statement of Changes in Stockholders' Equity)
- Financial Notes

**Financial Statement Requirements:**

- Financial statements must be published together with this disclosure statement as one document.
- Financial statements must be “machine readable”. Do not publish images/scans of financial statements.
- Financial statements must be presented with comparative financials against the prior FYE or period, as applicable.
- Financial statements must be prepared in accordance with U.S. GAAP or International Financial Reporting Standards (IFRS) but are not required to be audited.

**10) Issuer Certification**

*Principal Executive Officer:*

The issuer shall include certifications by the chief executive officer and chief financial officer of the issuer (or any other persons with different titles but having the same responsibilities) in each Quarterly Report or Annual Report.

The certifications shall follow the format below:

I, Craig M. Deitelzweig certify that:

1. I have reviewed this Disclosure Statement for Merchants' National Properties, Inc.;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

April 15, 2025

/s/ Craig M. Deitelzweig

(Digital Signatures should appear as “/s/ [OFFICER NAME]”)

*Principal Financial Officer:*

I, Jagdish K Shah, certify that:

1. I have reviewed this Disclosure Statement for Merchants' National Properties, Inc.;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and

3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

April 15, 2025

/s/ Jagdish K Shah

(Digital Signatures should appear as "/s/ [OFFICER NAME]")

Addendum A

(see attached)





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

#### ISSUER INFORMATION

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

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



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

## **FINANCIAL INFORMATION**

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

### **Cautionary Statement Regarding Forward-Looking Statements**

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

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

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



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

April 15, 2025

**To our Stockholders:**

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

***Financial Highlights:***

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

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

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

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

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

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

**INCOME STATEMENT OVERVIEW**  
**GAAP vs. As Grossed-Up**

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

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

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

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

Respectfully submitted,

Craig M. Deitelzweig  
**President, Chief Executive Officer and Director**

James M. Better  
**Chairman of the Board of Directors**

**MERCHANTS' NATIONAL PROPERTIES, INC.  
AND SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS**

**YEARS ENDED DECEMBER 31, 2024 AND 2023**

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## **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
<b>ASSETS</b>		
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
<b>Total assets</b>	<b>\$ 311,069,707</b>	<b>\$ 305,118,049</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>Liabilities</b>		
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
<b>Total liabilities</b>	<b>88,211,049</b>	<b>84,930,775</b>
<b>Stockholders' Equity</b>		
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)
<b>Total stockholders' equity</b>	<b>210,587,254</b>	<b>207,406,322</b>
Noncontrolling interests	12,271,404	12,780,952
	<b>222,858,658</b>	<b>220,187,274</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 311,069,707</b>	<b>\$ 305,118,049</b>

See notes to consolidated financial statements.

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

	<b>Years Ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
<b>Revenues</b>		
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
<b>Total revenues</b>	<b>18,138,595</b>	<b>18,589,182</b>
<b>Operating Expenses</b>		
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
<b>Total operating expenses</b>	<b>8,576,758</b>	<b>9,000,815</b>
<b>Net revenues from rentals and other income</b>	<b>9,561,837</b>	<b>9,588,367</b>
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
<b>Net income before general and administrative expenses and other costs and income tax expense</b>	<b>27,132,254</b>	<b>27,455,557</b>
<b>General and administrative expenses and other costs</b>		
Professional fees	885,803	815,996
Salaries and other general expenses	11,333,096	9,678,988
<b>Total general and administrative expenses and other costs</b>	<b>12,218,899</b>	<b>10,494,984</b>
<b>Net income before income tax expense</b>	<b>14,913,355</b>	<b>16,960,573</b>
Income tax expense	5,096,441	4,306,364
<b>Net income</b>	<b>9,816,914</b>	<b>12,654,209</b>
Noncontrolling interests in net loss of consolidated subsidiaries	126,543	405,964
<b>Net income attributable to Merchants' National Properties, Inc.</b>	<b>\$ 9,943,457</b>	<b>\$ 13,060,173</b>
<b>Basic and diluted earnings per share</b>	<b>\$ 109.57</b>	<b>\$ 144.08</b>
<b>Weighted average number of common shares outstanding</b>		
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**

	<u>Common Stock</u>		<u>Additional</u>	<u>Retained</u>	<u>Treasury Stock</u>		<u>Non-</u>	<u>Total</u>
	<u>Shares</u>	<u>Amount</u>	<u>Paid-In</u>	<u>Earnings</u>	<u>Shares</u>	<u>Amount</u>	<u>Controlling</u>	<u>Equity</u>
			<u>Capital</u>				<u>Interests</u>	
<b>Balance, January 1, 2023</b>	<b>105,199</b>	<b>\$ 105,199</b>	<b>\$ 1,146,317</b>	<b>\$ 217,273,778</b>	<b>(14,525)</b>	<b>\$ (16,830,745)</b>	<b>\$ 13,099,182</b>	<b>\$ 214,793,731</b>
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)
<b>Balance, December 31, 2023</b>	<b>105,199</b>	<b>\$ 105,199</b>	<b>\$ 1,146,317</b>	<b>\$ 223,055,781</b>	<b>(14,576)</b>	<b>\$ (16,900,975)</b>	<b>\$ 12,780,952</b>	<b>\$ 220,187,274</b>
<b>Balance, January 1, 2024</b>	<b>105,199</b>	<b>\$ 105,199</b>	<b>\$ 1,146,317</b>	<b>\$ 223,055,781</b>	<b>(14,576)</b>	<b>\$ (16,900,975)</b>	<b>\$ 12,780,952</b>	<b>\$ 220,187,274</b>
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)
<b>Balance, December 31, 2024</b>	<b>105,199</b>	<b>\$ 105,199</b>	<b>\$ 1,320,017</b>	<b>\$ 225,720,388</b>	<b>(14,224)</b>	<b>(16,558,350)</b>	<b>\$ 12,271,404</b>	<b>\$ 222,858,658</b>

See notes to consolidated financial statements.

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

	<b>Years Ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
<b>Cash flows from operating activities</b>		
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)
<b>Net cash (used in) provided by operating activities</b>	<b>(2,548,904)</b>	<b>1,976,471</b>
<b>Cash flows from investing activities</b>		
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	-
<b>Net cash (used in) provided by investing activities</b>	<b>(4,783,398)</b>	<b>6,959,909</b>
<b>Cash flows from financing activities</b>		
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)
<b>Net cash used in financing activities</b>	<b>(5,269,470)</b>	<b>(10,157,002)</b>
<b>Net decrease in cash and cash equivalents, restricted cash and tenant security deposits in escrow</b>	<b>(12,601,772)</b>	<b>(1,220,622)</b>
Cash and cash equivalents, restricted cash and tenant security deposits in escrow, beginning of year	20,989,393	22,210,015
<b>Cash and cash equivalents, restricted cash and tenant security deposits in escrow, end of period</b>	<b>\$ 8,387,621</b>	<b>\$ 20,989,393</b>

See notes to consolidated financial statements.

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

	<b>Years Ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
<b>Reconciliation of cash and cash equivalents, restricted cash and tenant security deposits in escrow, beginning of period</b>		
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
<b>Cash and cash equivalents, restricted cash and tenant security deposits in escrow, beginning of period</b>	<b>\$ 20,989,393</b>	<b>\$ 22,210,015</b>
<b>Reconciliation of cash and cash equivalents, restricted cash and tenant security deposits in escrow, end of period</b>		
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
<b>Cash and cash equivalents, restricted cash and tenant security deposits in escrow, end of period</b>	<b>\$ 8,387,621</b>	<b>\$ 20,989,393</b>
<b>Supplemental cash flow disclosures</b>		
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
<b>Supplemental non-cash investing and financing activities</b>		
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.

# MERCHANTS' NATIONAL PROPERTIES, INC. AND SUBSIDIARIES

## 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 7<sup>th</sup> 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 7<sup>th</sup> 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

# MERCHANTS' NATIONAL PROPERTIES, INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### 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



# MERCHANTS' NATIONAL PROPERTIES, INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### 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
	<u>\$ 4,543,089</u>

#### 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
	<u>\$ 1,810,109</u>

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

# MERCHANTS' NATIONAL PROPERTIES, INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### 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.

# MERCHANTS' NATIONAL PROPERTIES, INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### 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

# MERCHANTS' NATIONAL PROPERTIES, INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### 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

# MERCHANTS' NATIONAL PROPERTIES, INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### 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

## MERCHANTS' NATIONAL PROPERTIES, INC. AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

#### 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
	<hr/> 86,812,314	<hr/> 85,853,254
Less: accumulated depreciation	14,584,129	12,198,141
	<hr/> \$ 72,228,185	<hr/> \$ 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	<hr/> \$ 70,750,702	<hr/> \$ 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.

# MERCHANTS' NATIONAL PROPERTIES, INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### 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),

# MERCHANTS' NATIONAL PROPERTIES, INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### 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:

Investee	% Of Ownership (a)	
	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
Pequanock 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.



## MERCHANTS' NATIONAL PROPERTIES, INC. AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

#### 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 \$32,476 respectively, 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 181<sup>st</sup> 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 181<sup>st</sup> 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

## MERCHANTS' NATIONAL PROPERTIES, INC. AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

#### 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.

# MERCHANTS' NATIONAL PROPERTIES, INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### 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 7<sup>th</sup> 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
	<u>37,064,930</u>
Less: unamortized debt issuance costs	226,079
	<u>\$ 36,838,851</u>

### 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:

**MERCHANTS' NATIONAL PROPERTIES, INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**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
	<u>\$60,981,000</u>

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
	<u>\$ 8,476,335</u>	<u>\$ 8,780,408</u>

**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
	<u>3,683,250</u>	<u>1,855,744</u>
Deferred		
Federal	862,975	1,849,412
State	550,216	601,208
	<u>1,413,191</u>	<u>2,450,620</u>
Income tax (benefit) provision per consolidated statements of operations	<u>\$ 5,096,441</u>	<u>\$ 4,306,364</u>

# MERCHANTS' NATIONAL PROPERTIES, INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### 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
<b><u>Deferred tax assets</u></b>				
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
	<u>30,388,249</u>	<u>4,429,851</u>	<u>29,180,548</u>	<u>3,950,091</u>
<b><u>Deferred tax liabilities</u></b>				
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
	<u>149,930,133</u>	<u>38,635,203</u>	<u>142,468,409</u>	<u>36,742,252</u>
Net deferred tax liability	<u>\$ 119,541,884</u>	<u>\$ 34,205,352</u>	<u>\$ 113,287,861</u>	<u>\$ 32,792,161</u>

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.

## MERCHANTS' NATIONAL PROPERTIES, INC. AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

#### 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)

## MERCHANTS' NATIONAL PROPERTIES, INC. AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

#### **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

# MERCHANTS' NATIONAL PROPERTIES, INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### 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 operating 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	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%



**MERCHANTS' NATIONAL PROPERTIES, INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**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.

Addendum B

(see attached)

