

MAXUS REALTY TRUST, INC.



REPORT FOR QUARTER ENDED MARCH 31, 2025

104 Armour Road, North Kansas City, Missouri 64116
(Address of principal executive offices)

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MAXUS REALTY TRUST, INC.

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Financial reports can be downloaded using website address:

www.otcmarkets.com (symbol: "MRTI")

Company's website address: www.mrti.com

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Board of Trustees

David L. Johnson

Chairman of the Board, President and Chief Executive Officer of Maxus Realty Trust, Inc.

Founder and Chairman of Maxus Properties, LLC

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Monte G. McDowell

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Gregory J. Orman

President of Exemplar Holdings, LLC

Officers

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DeAnn M. Totta

Vice President of Reporting, Corporate Secretary

Taylor S. Stephen

Vice President of Acquisitions and Dispositions

PART I

Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion should be read in conjunction with the unaudited condensed consolidated financial statements and notes thereto (the "Notes") included in this quarterly report, and the audited consolidated financial statements and notes thereto included in our Annual Report for the year ended December 31, 2024 (the "2024 Annual Report"). This discussion may contain forward-looking statements based on current judgments and current knowledge of management, which are subject to certain risks, trends and uncertainties that could cause actual results to vary from those projected, including but not limited to, those discussed below under "Forward-Looking Statements" and elsewhere in this quarterly report, as well as the "Risk Factors" section in the 2024 Annual Report. Historical results and trends that might appear in the unaudited condensed consolidated financial statements should not be interpreted as being indicative of future operations.

Forward-Looking Statements

This quarterly report includes "forward-looking statements," which are statements, other than statements of historical facts, included in this section and located elsewhere in this quarterly report regarding the prospects of our industry and our prospects, plans, financial position and business strategy. In addition, forward-looking statements generally can be identified by the use of forward-looking terminology such as "may," "will," "expect," "intend," "estimate," "anticipate," "plan," "foresee," "believe" or "continue" or the negatives of these terms or variations of them or similar terminology. Although we believe that the expectations reflected in these forward-looking statements are reasonable, we can give no assurance that these expectations will prove to have been correct. All such forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from our expectations include, among others:

- Risks associated with our previously concluded strategic review process, including our ability to operate as a smaller entity;
- Risks associated with real estate assets and the real estate industry;
- Unfavorable changes in market and economic conditions, such as risks associated with rising interest rates, trade disruptions, and the current uncertain economic environment;
- Risks associated with inflation;
- Our acquisition and investment strategies may not produce the cash flows expected;
- Competition could adversely affect our ability to acquire or investment in properties;
- Development, redevelopment, construction and operating risks could affect our profitability;
- Changes in rent control or rent stabilization laws and regulations, eviction laws and regulations and other laws and regulations could have an adverse effect on our operations and property values;
- Losses from catastrophes may exceed our insurance coverage;
- The illiquidity of our real estate interests;
- Tax matters, including a failure to qualify as a real estate investment trust, and reform of the Internal Revenue Code (the "IRC") could have adverse consequences;
- Our reliance on information technology in our operations, and a potential breach, interruption or security failure of such technology;
- Our dependence on key personnel;
- Litigation risks;
- Our compliance, or failure to comply, with the American Disabilities Act of 1990 or other regulations and requirements;
- Significant capital improvements and deferred maintenance costs;
- Our transactions with affiliated entities and related conflicts of interest;
- Liability relating to environmental matters;
- Moisture infiltration and resulting mold remediation involving our properties;
- The limited public trading market for shares of our common stock and the lack of a requirement for us to effectuate a liquidity event;
- Our significant debt;
- Risks associated with our formation and management of opportunity zone funds, including raising capital for such funds;
- Increases in, and volatility of, interest rates and our interest expense;
- Our ability to generate sufficient cash flows to make required payments for debt obligations or pay distributions to shareholders;
- Our ability to renew, repay or refinance our outstanding debt;

- Volatility in the financial markets;
- Issuances of additional debt;
- The financial condition of Fannie Mae or Freddie Mac and other federal agencies;
- Geopolitical and global economic uncertainty; and
- Such other factors as discussed throughout this quarterly report.

Readers are urged to consider these factors carefully in evaluating the forward-looking statements. All subsequent written and oral forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by these cautionary statements. The forward-looking statements included herein are made only as of the date of this quarterly report, and we do not undertake any obligation to release publicly any revisions to such forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events, except as required by law.

General

Maxus Realty Trust, Inc. (the “Trust”) is a Missouri corporation formed on June 14, 1984. Historically, the purpose of the Trust has been to acquire equity investments in income-producing real properties, primarily multifamily apartment communities. However, as discussed below, in 2022, the Trust initiated a strategic review of its property portfolio and the Trust’s Board of Trustees (the “Board”) adopted a partial plan of liquidation. The Trust concluded this process in 2023. Unless the context requires otherwise, “we,” “our,” “us,” the “Company,” and the “Trust” refer to the Trust, its consolidated subsidiaries and variable interest entities (“VIEs”) for which the Trust is the primary beneficiary.

The Trust’s corporate offices are located at 104 Armour Road, North Kansas City, Missouri, 64116, and the telephone number is (816) 303-4500. Our website is located at www.mrti.com. On our website, we make available free of charge our annual and quarterly reports. Information contained on our website does not constitute any part of this quarterly report. Our common stock is quoted on the OTC Pink market tier of the OTC market, which operates an interdealer quotation system and electronic messaging service, called OTC Link®, for broker-dealers to trade OTC equity securities. We post our annual and quarterly reports electronically with the OTC market, which can be found, along with additional information about how the OTC market operates, at the following website address: www.otcmarkets.com (symbol “MRTI”).

Description of the Company’s Business

We are a self-administered and self-managed real estate investment trust (“REIT”). Since 2004, the Trust has been structured as what is commonly referred to as an umbrella partnership real estate investment trust (“UPREIT”) in which the Trust conducts and intends to continue to conduct all of its activities through its subsidiary Maxus Operating Limited Partnership, a Delaware limited partnership (“MOLP”). Maxus Realty GP, Inc., a Delaware corporation and wholly owned subsidiary of the Trust (the “General Partner”), is the sole general partner of MOLP and has a 0.001% interest in MOLP. As the sole general partner of MOLP, the General Partner generally has the exclusive power under MOLP’s limited partnership agreement to manage and conduct the business of MOLP, subject to certain limited approval and voting rights of the limited partners. Maxus Properties, LLC (the “Manager”), a wholly owned subsidiary of MOLP, provides property management services for all of MOLP’s properties and certain third-party properties. As of March 31, 2025, we had 201 employees, all of whom are employed by the Manager.

Pursuant to MOLP’s limited partnership agreement, MOLP may issue limited partnership operating units (“MOLP Units”) (and corresponding limited partnership interests) in return for cash or other property that is contributed to MOLP. Holders of MOLP Units may elect to have their units (and corresponding limited partnership interests) redeemed in return for either (at the Trust’s election) the issuance of the Trust’s common stock or cash after a one-year holding period. If MOLP Units are redeemed for shares of common stock in the Trust, such units are redeemable on a one-unit-for-one-share basis. If MOLP Units are redeemed for cash, such units are redeemable at a price per unit based on the average closing price as reported on the OTC market of the Trust’s common stock, over a ten-day period preceding the redemption. Holders of MOLP Units are not entitled to rights as shareholders of the Trust prior to conversion of their MOLP limited partnership operating units into shares of the Trust’s common stock.

The Trust believes the UPREIT structure enables the Trust to make additional acquisitions of properties from tax-motivated sellers. As an UPREIT, the Trust may issue MOLP Units to tax-motivated sellers who contribute properties to MOLP, which allows those sellers to realize certain tax benefits that would be unavailable to them if the Trust purchased those properties directly for cash or common stock. As of March 31, 2025, the Trust owns approximately 57.9% of the outstanding limited partnership interests in MOLP as well as the general partnership interest. Non-controlling holders of MOLP Units own approximately 42.1% of the outstanding limited partnership interests in MOLP, which is represented by 865,560 MOLP Units. A fractional interest is owned by the General Partner. Of the 42.1% non-controlling limited partnership interests in MOLP, related parties of the Trust own 61.5% (or 532,478 of the 865,560 MOLP non-controlling MOLP Units outstanding).

Historically, the Trust has been primarily engaged in the ownership and acquisition of ownership interests in multifamily apartment communities with investments in a limited number of commercial properties. Although located in different geographic locations, each of our current multifamily apartment communities has similar economic characteristics, residents, amenities, and services. Our multifamily apartment communities consist primarily of market-rate apartments with rents paid by the residents and include ten properties with 2,396 apartment homes as of March 31, 2025 (including Landmark at Grandview, which is held by a VIE, but excluding properties held by Maxus Opportunity Fund I, LLC (“MOF I”), as discussed below). Multifamily apartment communities account for 83.3% of the Trust’s total revenues for the three months ended March 31, 2025. Substantially all of our assets are comprised of multifamily apartment communities. Therefore, we aggregate our real estate assets for reporting purposes and operate in one reportable segment. The Manager provides property management services for each of the properties that the Trust holds an interest in, as well as for certain properties owned by third parties.

The Trust also owns a limited number of commercial properties. The commercial real estate operations consist of four properties with approximately 390,000 square feet consisting of 68 retail and office tenants as of March 31, 2025. The commercial operations account for 16.7% of the Trust’s total revenues for the three months ended March 31, 2025.

Eight of the properties in which the Trust holds an interest are owned by single-member limited liability companies that are directly and wholly owned by MOLP. In addition, as of March 31, 2025, MOLP directly or indirectly owns the following interests in the other limited liability companies or partnerships that are not wholly owned that hold real property assets and other property interests (excluding properties held by MOF I, as discussed below):

<u>Property Name</u>	<u>Interest Percentage</u>
Frisco Square	52%
Kirkwood Station	63%
Leawood at Stateline	80%

Additionally, as of March 31, 2025, MOLP consolidates the following apartment communities owned by MOF I, an opportunity zone fund, which is a VIE for which the Trust is the primary beneficiary.

<u>Property Name</u>	<u>Ownership Percentage</u>
Metropolitan	37%
Town Park	37%

In March 2022, the Trust announced that it was undertaking a strategic review of its portfolio of properties to enhance shareholder value by taking advantage of the then current market environment for multifamily housing. In furtherance of this process, the Board adopted a partial plan of liquidation in the second quarter of 2022. During the year ended December 31, 2022, the Trust sold 17 properties for aggregate net proceeds of approximately \$326.1 million, and during the year ended December 31, 2023, the Trust sold six additional properties for net proceeds of approximately \$155.4 million. See Note 5 (Property Acquisitions and Dispositions) for further discussion. As previously disclosed, the Trust concluded its strategic review process in the fourth quarter of 2023. As a result, the Trust is no longer actively pursuing sales of assets or other strategic alternatives, and the Trust has returned to normal operations with a smaller asset base.

The Trust is continuing to assess various considerations relating to the conclusion of its strategic review process and capital allocation strategy for the near term. The Trust’s regular monthly dividend payment will remain suspended while the Trust continues this assessment. Future dividend payments will depend on the ultimate results of this assessment. The Trust currently expects to reinstate regular monthly dividends at some point in the future. However, there can be no assurance as to the timing of any future reinstatement of regular monthly dividends or the levels of any such dividends. If the Trust elects to reinstate regular monthly dividends in the future, such dividends will be at reduced levels compared to historical periods as a result of the number of properties sold pursuant to the strategic review process. In addition, future dividend payments will be subject to: contractual, legal and other restrictions; Board discretion; our future capital and liquidity needs; and REIT-related and other tax rules and regulations.

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Real Property Interests Owned by Company

Property Table

The following table sets forth information with respect to our ten apartment community properties (including the Landmark property, which is held by a VIE) and four commercial properties at March 31, 2025:

OPERATING PROPERTIES

Property and Location	Year of Construction	Year of Purchase	Average Unit Size (Sq. Ft.)	Number of Apartments	2025 Average Occupancy	2025 Average Monthly Rental Rate Per Unit
APARTMENTS						
FLORIDA						
Jacksonville						
Elements of Belle Rive	1989	2013	1,103	201	96.02%	1,586
Viera at Mandarin	1984	2016	883	188	94.15%	1,342
Palm Coast						
Pine Lake	2005	2017	1,180	184	92.57%	1,578
KANSAS						
Leawood						
Leawood at Stateline	1989	2017	993	254	95.93%	1,333
Overland Park						
Village at Lionsgate	2000	2018	1,071	360	95.93%	1,615
MISSOURI						
Kirkwood						
Kirkwood Station	2005	2011	965	159	95.81%	1,899
TEXAS						
Frisco						
Frisco Square	2007	2017	953	114	94.74%	1,634
Isaac Apartments	2021	2021	823	266	97.12%	1,749
Pearland						
Tranquility	2003	2014	1,040	314	92.36%	1,495
San Antonio						
Landmark at Grandview	2014	2020	832	356	95.69%	1,292
Total				2,396		

OPERATING PROPERTIES

Property and Location	Year of Construction	Year of Purchase	Total Square Feet	2025 Average Occupancy	2025 Average Annual Rent Per Sq. Ft.
COMMERCIAL					
MISSOURI					
Kirkwood					
Kirkwood Station Retail	2005	2011	40,412	87.47%	\$ 19.66
TEXAS					
Frisco					
Frisco Square	2005	2017	173,426	85.00%	31.67
Frisco Tower	2015	2020	171,298	90.72%	27.38
Isaac Retail	2021	2021	4,709	0.00%	0.00
Total			389,845		

Opportunity Zone Properties

MOF I is a qualified opportunity zone fund for which a wholly owned subsidiary of MOLP is the manager. The Trust has determined that MOF I is a VIE and that the Trust is the primary beneficiary. As such, MOF I and the assets within the Fund are included in the Trust's consolidated financial statements. The Metropolitan property is 91.32% occupied and the Town Park property is 89.81% occupied as of March 31, 2025.

The following table sets forth information with respect the assets held within MOF I at March 31, 2025.

OPPORTUNITY ZONE PROPERTIES

Property and Location	Fund	Initial Year of Construction	Year of Purchase	Average Unit Size (Sq. Ft.)	Number of Apartments
APARTMENTS					
ALABAMA					
Birmingham					
Metropolitan	MOF I	2018	2018	907	262
TENNESSEE					
Kingsport					
Town Park	MOF I	2019	2019	957	264

Debt Obligations

Note Payable:

In December 2023, the Trust entered into a note payable of \$37.5 million. The note carries a fixed interest rate of 9.5% and has a maturity date of December 15, 2025, which can be extended for up to an additional year. The note is secured by all of the Trust's debt securities and notes receivable. In addition, the Trust granted a security interest in the insurance judgment related to the Metropolitan fire. All of the proceeds from this loan were utilized to pay a January 12, 2024 dividend.

Mortgage Loans Payable:

At March 31, 2025 and December 31, 2024, we had \$327.6 million and \$325.1 million, respectively, in consolidated mortgage loans outstanding.

Each mortgage loan is secured solely by the property held by the MOLP subsidiary or the VIE that obtained the loan. The following is a summary of scheduled mortgage loans payable maturities at March 31, 2025 (including our VIEs):

<u>Year</u>	<u>Amount</u> <u>(in thousands)</u>
2025	\$ 4,412
2026	31,641
2027	76,142
2028	85,054
2029	2,394
Thereafter	127,938
Total mortgage loans payable	\$ <u>327,581</u>

At March 31, 2025, our mortgage loans payable consisted of the following (inclusive of our VIEs):

<u>Property Name</u>	<u>Balance at</u> <u>March 31, 2025</u> <u>(amounts in thousands)</u>	<u>Interest Rate</u>	<u>Fixed</u> <u>or</u> <u>Variable</u>	<u>Maturity Date</u>
Kirkwood Station 1 st	23,653	4.04%	Fixed	October 1, 2026
Kirkwood Station 2 nd	2,802	5.58%	Fixed	October 1, 2026
Pine Lake	18,327	4.23%	Fixed	May 1, 2027
Leawood at Stateline	19,240	4.07%	Fixed	November 1, 2027
Lionsgate	37,463	4.02%	Fixed	December 1, 2027
Elements of Belle Rive	20,156	4.38%	Fixed	June 1, 2028
Frisco Square	35,041	4.63%	Fixed	November 1, 2028
Landmark at Grandview (VIE)	32,710	3.23%	Fixed	November 1, 2028
Town Park (VIE - owned by MOF I)	26,106	2.88%	Fixed	September 1, 2030
Town Park 2 nd (VIE - owned by MOF I)	4,465	4.80%	Fixed	September 1, 2030
Tower at Frisco	32,000	3.62%	Fixed	December 1, 2030
Reserve at Tranquility 1 st	24,909	5.48%	Fixed	October 1, 2034
Viera	16,624	6.14%	Fixed	March 1, 2035
Isaac	34,085	5.71%	Fixed	December 1, 2059
Debt issuance costs	<u>(2,315)</u>			
Total	\$ <u>325,266</u>			

The weighted-average interest rate of all outstanding fixed-rate mortgage loans was 4.82% at March 31, 2025.

We intend to continue to refinance property debt primarily as a means of extending current and near-term maturities and to finance certain capital projects. The terms and availability of any such refinancing will depend upon market and other conditions, and there can be no assurance that any such refinancing will be available, or that terms will be acceptable or advantageous to us, particularly in light of current challenging economic and financial conditions.

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Part II

MAXUS REALTY TRUST, INC. Condensed Consolidated Balance Sheets (Unaudited) (In thousands, except share data)

	March 31, 2025	December 31, 2024
ASSETS		
Operating real estate		
Land	\$ 49,075	49,075
Buildings and improvements	462,815	462,048
Personal property	17,173	16,865
Total real estate	529,063	527,988
Less accumulated depreciation	(87,215)	(83,454)
Net operating real estate	441,848	444,534
Cash and cash equivalents	13,594	16,840
Certificates of deposit	793	686
Restricted cash	14,195	14,354
Prepaid expenses and other assets	2,627	3,615
Debt securities and notes receivable at fair value	49,288	45,126
Accounts receivable, net	7,987	7,399
Intangible assets and goodwill, net	15,111	15,692
Total assets	\$ 545,443	548,246
LIABILITIES		
Mortgage loans payable, net	\$ 325,266	322,914
Note payable	31,684	31,684
Accounts payable, prepaid rent and other accrued expenses	6,771	7,915
Accounts payable – related parties	72	72
Real estate taxes payable	3,011	4,812
Refundable tenant deposits	1,473	1,450
Lease related liability	129	169
Total liabilities	368,406	369,016
EQUITY		
Shareholders' equity		
Preferred stock; \$0.001 par value, authorized 1,000,000 shares, no shares issued and outstanding at March 31, 2025 and December 31, 2024.	--	--
Common stock; \$0.001 par value, authorized 10,000,000 shares, issued 1,479,000 shares at March 31, 2025 and December 31, 2024; outstanding 1,188,000 shares at March 31, 2025 and December 31, 2024.	1,464	1,464
Treasury stock, at cost 289,000 shares at March 31, 2025 and December 31, 2024.	(4,293)	(4,293)
Additional paid-in-capital	44,029	44,019
Retained earnings	51,349	51,021
Equity attributable to common shareholders	92,549	92,211
Preferred equity	33,798	34,400
Non-controlling interests	50,690	52,619
Total shareholders' equity	177,037	179,230
Total liabilities and shareholders' equity	\$ 545,443	548,246

See accompanying notes to unaudited condensed consolidated financial statements.

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MAXUS REALTY TRUST, INC.
Condensed Consolidated Statements of Operations
(Unaudited)
(In thousands, except per share data)

	For The Three Months Ended	
	March 31 2025	March 31 2024
REVENUES		
Property revenue	\$ 15,083	\$ 14,660
Related party management fees	492	455
Other	2,552	2,575
Total revenues	18,127	17,690
OPERATING EXPENSES		
Depreciation and amortization	4,305	4,193
Payroll expense	2,447	2,836
Real estate taxes	2,504	2,306
Utilities	1,104	1,114
Other operating expenses	1,418	1,325
Repairs and maintenance	937	841
Turn costs and leasing	436	466
Insurance	1,029	1,364
Legal fees	523	820
Total operating expenses	14,703	15,265
Operating income	3,424	2,425
OTHER INCOME (EXPENSE)		
Interest income	(538)	1,056
Interest expense	(4,474)	(4,537)
Gain from insurance recovery	--	5,810
Total other income (expense), net	(5,012)	2,329
Net income (loss)	(1,558)	4,754
Net loss (income) attributable to non-controlling interests	449	(3,809)
Net income (loss) attributable to common shareholders	\$ (1,139)	\$ 945
 Earnings per common share		
Net income (loss)	\$ (1.34)	\$ 4.00
Non-controlling interests	0.38	(3.20)
Net Income attributable to common shareholders	(0.96)	0.80
 Earnings per common share-diluted:		
Net income (loss)	\$ (0.77)	\$ 2.31
Non-controlling interests	0.22	(1.85)
Net Income attributable to common shareholders	(0.55)	0.46
Weighted average common shares outstanding, basic	1,188	1,188
Weighted average common shares outstanding, diluted	2,053	2,054

See accompanying notes to the unaudited condensed consolidated financial statements.

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MAXUS REALTY TRUST, INC.
Condensed Consolidated Statement of Shareholders' Equity
(Unaudited)
(In thousands)

	Common Stock		Treasury Stock	Additional Paid-in- Capital	Retained Earnings	Equity Attributable to Common Shareholders	Preferred Equity	Non- Controlling Interests	Shareholders' Equity
	# of	Amount							
	Shares								
Balance December 31, 2024	1,479	\$ 1,464	\$ (4,293)	\$ 44,019	\$ 51,021	\$ 92,211	\$ 34,400	\$ 52,619	\$ 179,230
Net income (loss)	--	--	--	--	(1,139)	(1,139)	--	(449)	(1,588)
Share based compensation	--	--	--	10	--	10	--	--	10
Preferred equity payment	--	--	--	--	--	--	(602)	--	(602)
Distributions to non-controlling members	--	--	--	--	--	--	--	(13)	(13)
Balance March 31, 2025	1,479	\$ 1,464	\$ (4,293)	\$ 44,029	\$ 49,882	\$ 91,082	\$ 33,798	\$ 52,157	\$ 177,037

See accompanying notes to the unaudited condensed consolidated financial statements.

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MAXUS REALTY TRUST, INC.
Condensed Consolidated Statement of Shareholders' Equity
(Unaudited)
(In thousands)

	Common Stock		Treasury Stock	Additional	Retained Earnings	Equity	Preferred Equity	Non-Controlling Interests	Total Shareholders' Equity
	# of Shares	Amount		Paid-in- Capital		to Common Shareholders			
Balance December 31, 2023	1,479	\$ 1,464	\$ (4,293)	\$ 43,708	\$ 52,260	\$ 93,139	35,000	\$ 49,921	\$ 178,060
Net income (loss)	--	--	--	--	945	945	--	3,809	4,754
Dividends paid	--	--	--	--	803	803	--	(1,152)	(349)
Share based compensation	--	--	--	133	--	133	--	--	133
Distributions to non-controlling members	--	--	--	--	--	--	--	(627)	(627)
Balance March 31, 2024	1,479	\$ 1,464	\$ (4,293)	\$ 43,841	\$ 54,008	\$ 95,020	35,000	\$ 51,951	\$ 181,971

See accompanying notes to the unaudited condensed consolidated financial statements.

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MAXUS REALTY TRUST, INC.
Condensed Consolidated Statements of Cash Flows
(Unaudited)
(In thousands)

	For The Three Months Ended	
	March 31 2025	March 31, 2024
Cash flows from operating activities:		
Net income	\$ (1,588)	\$ 4,754
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	4,306	4,193
Amortization of deferred loan costs and debt discount	199	106
Stock compensation expense	10	133
Loss on debt securities	1,220	--
Changes in accounts affecting operations:		
Accounts receivable, net	(587)	(96)
Prepaid expenses and other assets	988	845
Accounts payable and other liabilities	(3,019)	479
Net cash flows provided by operating activities	1,529	10,414
Cash flows from investing activities:		
Capital expenditures on investment properties	(1,000)	(1,637)
Investment of debt securities	(10,366)	--
Proceeds from payments on debt security	4,977	--
Investment in certificates of deposit	(107)	(6)
Net cash provided (used) by investing activities	(6,496)	(1,643)
Cash flows from financing activities:		
Principal payments on mortgage loans payable	(1,336)	(1,375)
Principal payments on notes payable	--	(5,813)
Mortgage loan repayments	(12,785)	--
Mortgage loan proceeds	16,298	--
Return of preferred equity	(602)	--
Dividends paid to shareholders	--	(21,724)
Distributions and dividends paid to non-controlling interest	(13)	(17,180)
Net cash flows provided (used) by financing activities	1,562	(46,092)
Net increase (decrease) in cash, cash equivalents, and restricted cash	(3,405)	(37,321)
Cash, cash equivalents and restricted cash, beginning of period	31,194	61,618
Cash, cash equivalents and restricted cash, end of period	\$ 27,789	\$ 24,297
Supplemental disclosure of cash flow information:		
Cash paid during the period for interest on continuing operations	\$ 4,263	\$ 4,379
Supplemental disclosure of non-cash investing and financing activities:		
Net capital expenditures recorded in accounts payable	\$ 150	\$ 219

See accompanying notes to unaudited condensed consolidated financial statements

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MAXUS REALTY TRUST, INC.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(1) ORGANIZATION AND BUSINESS

Organization:

Maxus Realty Trust, Inc. (the "Trust"), a Missouri corporation, is a self-administered and self-managed real estate investment trust ("REIT"). The Trust is structured as what is commonly referred to as an umbrella partnership real estate investment trust ("UPREIT"). To establish the UPREIT, the Trust formed Maxus Operating Limited Partnership ("MOLP"), to which the Trust contributed all of its assets in exchange for a 99.999% partnership interest in MOLP and the assumption by MOLP of all of the Trust's liabilities. The Trust conducts and intends to continue to conduct all of its activities through MOLP. Maxus Realty GP, Inc., a Delaware corporation and wholly owned subsidiary of the Trust (the "General Partner"), is the sole general partner of MOLP and has a 0.001% interest in MOLP. As the sole general partner of MOLP, the General Partner generally has the exclusive power under MOLP's partnership agreement to manage and conduct the business of MOLP, subject to certain limited approval and voting rights of MOLP's limited partners. Maxus Properties, LLC, a wholly owned subsidiary of MOLP (the "Manager"), provides property management services for all of MOLP's properties and certain third-party properties.

Pursuant to MOLP's limited partnership agreement, MOLP may issue limited partnership operating units ("MOLP Units") (and corresponding limited partnership interests) in return for cash or other property that is contributed to MOLP. Holders of MOLP Units may elect to have their units (and corresponding limited partnership interests) redeemed in return for either (at the Trust's election) the issuance of the Trust's common stock or cash after a one-year holding period. If MOLP Units are redeemed for shares of common stock in the Trust, such units are redeemable on a one unit-for-one share basis. If MOLP Units are redeemed for cash, such units are redeemable at a price per unit based on the average closing price as reported on the OTC market of the Trust's common stock, over a ten-day period preceding the redemption. Holders of MOLP Units are not entitled to rights as shareholders of the Trust prior to conversion of their MOLP Units into shares of the Trust's common stock.

The Trust believes the UPREIT structure enables the Trust to make additional acquisitions of properties from tax-motivated sellers. As an UPREIT, the Trust may issue MOLP Units to tax-motivated sellers who contribute properties to MOLP, which allows those sellers to realize certain tax benefits that would be unavailable to them if the Trust purchased those properties directly for cash or common stock. As of March 31, 2025, the Trust owns approximately 57.9% of the outstanding limited partnership interests in MOLP, as well as the general partnership interest. Non-controlling holders of MOLP Units own approximately 42.1% of the outstanding limited partnership interests in MOLP, which is represented by 865,560 MOLP Units. A fractional interest is owned by the General Partner. Of the 42.1% non-controlling limited partnership interests in MOLP, related parties of the Trust own 61.5% (or 532,478 of the 865,560 non-controlling MOLP Units outstanding).

Eight of the properties in which the Trust holds an interest are owned by single-member limited liability companies that are directly and wholly owned by MOLP. In addition, as of March 31, 2025, MOLP directly or indirectly owns the following interest in the other limited liability companies or partnerships that are not wholly owned that hold real property assets and other property interests (excluding properties held by MOF I, as discussed below):

<u>Property Name</u>	<u>Interest Percentage</u>
Frisco Square	52%
Kirkwood Station	63%
Leawood at Stateline	80%

Additionally, as of March 31, 2025, MOLP consolidates the following apartment communities owned by MOF I, an opportunity zone fund, which is a VIE for which the Trust is the primary beneficiary.

<u>Property Name</u>	<u>Ownership Percentage</u>
Metropolitan	37%
Town Park	37%

Except as the context otherwise requires, “we,” “our,” “us,” the “Company” and the “Trust,” refer to the Trust, MOLP and their consolidated subsidiaries and VIEs for which the Trust is the primary beneficiary, collectively.

Business:

The Trust is primarily engaged in the business of investing, owning, developing and leasing real property located in Florida, Kansas, Missouri, and Texas. The Trust, through its subsidiary and related entities, primarily owns and operates multifamily apartment communities. The Trust also owns a limited number of commercial properties. As of March 31, 2025, the Trust holds an interest in ten apartment communities (excluding properties owned by MOF I) consisting of 2,396 apartment homes and approximately 390,000 square feet of commercial space.

In March 2022, the Trust announced that it was undertaking a strategic review of its portfolio of properties to enhance shareholder value by taking advantage of the current market environment for multifamily housing. In furtherance of this process, the Trusts’ Board of Trustees (the “Board”) adopted a partial plan of liquidation in the second quarter of 2022. During the year ended December 31, 2022, the Trust sold 17 properties for aggregate net proceeds of approximately \$326.1 million. During the nine months ended September 30, 2023, the Trust sold six additional properties for net proceeds of approximately \$155.4 million. The Trust concluded its strategic review process in the fourth quarter of 2023. As a result, the Trust is no longer actively pursuing sales of assets or other strategic alternatives, and the Trust has returned to normal operations with a smaller asset base.

The Trust is continuing to assess various considerations relating to the conclusion of its strategic review process and capital allocation strategy for the near term. The Trust’s regular monthly dividend payment will remain suspended while the Trust continues this assessment. Future dividend payments will depend on the ultimate results of this assessment. The Trust currently expects to reinstate regular monthly dividends at some point in the future. However, the reinstatement of regular monthly dividends will be subject to the ultimate results of this assessment and other considerations, and there can be no assurance as to the timing of any future reinstatement of regular monthly dividends or the levels of any such dividends. If the Trust elects to reinstate regular monthly dividends in the future, such dividends will be at reduced levels compared to historical periods as a result of the number of properties sold pursuant to the strategic review process. In addition, future dividend payments will be subject to: contractual, legal and other restrictions; Board discretion; our future capital and liquidity needs; and REIT-related and other tax rules and regulations.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Principles of Consolidation

The consolidated financial statements include the accounts of the Trust, MOLP, the General Partner and all of MOLP’s subsidiaries and VIEs, which it controls through voting or similar right or by means other than voting rights if the Company is the primary beneficiary of a VIE. All significant intercompany transactions have been eliminated upon consolidation.

An entity is considered a VIE when any of the following applies: (1) the equity investors (if any) lack one or more essential characteristics of a controlling financial interest; (2) the equity investment at risk is not sufficient to finance that entity’s activities without additional subordinated financial support; or (3) the equity investors have voting rights that are not proportionate to their economic interests and the activities of the entity involve or are conducted on behalf of an investor with a disproportionately small voting interest. The Company consolidates VIEs in which it is considered to be the primary beneficiary. The primary beneficiary is defined as the entity having both of the following characteristics: (1) the power to direct activities that, when taken together, most significantly impact the VIE’s performance; and (2) the obligation to absorb losses and the rights to receive returns from the VIE that would be significant to the VIE.

The Company reports the non-controlling interests in non-wholly owned subsidiaries as required by the Consolidation Topic of the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”). Non-controlling interest is the portion of equity in a subsidiary not attributable, directly or indirectly, to the Trust. The ownership interests in the subsidiaries identified above that are held by owners other than the Trust are non-controlling interests. Such non-controlling interests are reported on the consolidated balance sheets within shareholders’ equity, separate from the Company’s shareholders’ equity. On the consolidated statements of income, income, expenses and net income or loss from non-wholly owned subsidiaries are reported at the consolidated amounts, including both the amounts attributable to the Company and non-controlling interests.

Each of the limited liability companies that are non-wholly owned in which the Trust has a controlling financial interest are considered VIEs because the non-controlling members do not have substantive kick-out rights or substantive participating rights. However, the Company holds a majority voting interest and clear operating control in these limited liability companies.

MOLP holds a 36.5% interest in the limited liability companies that own the assets in MOF I. MOF I is a VIE and the Trust is the primary beneficiary. As a result, the consolidated financial statements of the Trust include MOF I.

MOLP holds investments in preferred equity in each of the entities that own the Landmark at Grandview (“Landmark”) apartment community located in San Antonio, Texas. Landmark is a VIE and the Trust became the primary beneficiary during the third quarter of 2020. As a result, the consolidated financial statements of the Trust include Landmark.

b. Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles (“GAAP”) requires management to make estimates and assumptions that affect amounts reported in the accompanying consolidated financial statements. The most significant assumptions and estimates relate to the accounting for the fair value of debt securities and notes receivable. Application of these assumptions requires the exercise of judgment as to future uncertainties and, as a result, actual results could differ from these estimates.

c. Cash, Cash Equivalents and Restricted Cash

Cash equivalents include all highly liquid investments purchased with maturities of nine months or less. Cash and cash equivalents consist of the Trust’s bank-demand deposits and investments in a money market mutual fund. We have a total of \$10.7 million in depository accounts in excess of Federal Deposit Insurance Corporation (“FDIC”) insured limits, including \$10.0 million in excess of FDIC insured limits held by a bank affiliated with a related party as discussed in Note 4 (Related Party Transactions).

Restricted cash primarily consists of reserves and escrows held by lenders in order to fund capital improvements, property repairs, real estate taxes, and insurance. The following is a summary of restricted cash, in thousands:

	March 31, 2025	December 31, 2024
Real estate tax and insurance escrow	\$ 6,987	7,538
Capital improvements reserve	5,396	5,442
Other	1,812	1,374
Total Restricted Cash	\$ 14,195	14,354

d. Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable is reduced by an allowance for amounts that may become uncollectible in the future. The Trust’s accounts receivable balance is comprised primarily of rents and operating cost recoveries due from tenants. The Trust records a provision for credit losses based on management’s judgment of a tenant’s creditworthiness, ability to pay and probability of collection. Accounts receivable is reflected in the consolidated balance sheets, net of allowance for credit losses, at March 31, 2025 and December 31, 2024 in the amounts of \$2.9 million and \$2.8 million, respectively. The Trust regularly evaluates the adequacy of its allowance for credit losses.

e. Operating Real Estate

Accounting for Acquisitions:

The Trust evaluates each acquisition to determine if it is an acquisition of a business combination or an acquisition of assets. The majority of our acquisitions are accounted for as asset acquisitions in accordance with *ASC Topic 805-50-25, “Acquisition of Assets Rather than a Business.”* The primary difference between accounting for acquisitions as a business combination or acquisition of assets is the accounting for acquisition costs. In a business combination, acquisition costs are expensed, but in an asset acquisition, such costs are included in the cost of the acquired asset. In an asset acquisition, there is no goodwill or bargain purchase gain.

For each acquisition, we record the fair value of all identifiable assets acquired and liabilities assumed and any non-controlling interest relative to the acquired property. We determine the fair value of tangible assets, such as land, building and personal property, generally using valuation techniques that consider comparable market transactions, discounted cash flow techniques, replacement costs, and other available information, including appraisals of the properties by a certified independent appraiser at the time of acquisition. We determine the fair value of identified intangible assets or liabilities, which typically relate to in-place leases, using valuation techniques that consider the terms of the in-place leases, current market data for comparable leases, and our experience in leasing similar properties. The value of in-place leases and any above or below market leases are amortized over the estimated average remaining life of leases in place at the time of acquisition, which generally average twelve months. If the purchase price is less than the fair value of assets and liabilities acquired, such difference is allocated proportionately to the assets acquired.

Intangible Assets, Goodwill, and Tax Abatement:

The following is a summary of intangible assets as of March 31, 2025 and December 31, 2024:

(amounts in thousands)	March 31, 2025	December 31, 2024
In-place leases, net of accumulated amortization of \$12.4 million and \$12.0 million, respectively	\$ 1,115	1,568
Contract assets, net of accumulated amortization of \$595 thousand and \$571 thousand, respectively	405	428
Goodwill	4,710	4,710
Tax abatement, net of accumulated amortization of \$1.5 million and \$1.4 million, respectively	3,648	3,712
Right of use asset, net of accumulated amortization of \$538 thousand and \$499 thousand, respectively	129	168
Other intangible assets, net of accumulated amortization of \$3.2 million and \$5.7 million, respectively	5,104	5,106
Total	<u>\$ 15,111</u>	<u>15,692</u>

In regards to the above-market and below-market lease values for acquired properties, we review the difference between (i) the contractual amounts to be paid pursuant to the in-place leases and (ii) management’s estimates of fair-market lease rates for the comparable in-place leases, based on factors such as market surveys, historical experience, recently executed transactions and specific property issues, measured over a period equal to the remaining non-cancelable term of the leases. Due to the short-term nature of residential leases and the variances within the market regarding the unit’s square footage, the existing lease rates generally approximate market rates. Amortization expense for in-place leases totaled \$0.4 million and \$0.5 million the three months ended March 31, 2025 and 2024, respectively.

At both March 31, 2025 and December 31, 2024, we had goodwill of \$4.7 million. Rather than evaluating goodwill based on qualitative factors, we have elected the unconditional option to bypass the qualitative assessment as outlined in *ASC Topic 350-20-35-3B*. We perform an annual goodwill impairment test in accordance with the first step of the goodwill impairment test by comparing the carrying amount of the corresponding reporting unit to its fair value. As a result of this test, we do not believe our goodwill to be impaired as of the date of our latest annual test.

We had \$3.6 million of net tax abatement related to MOF I’s purchase of Town Park as of March 31, 2025, which was recorded as an intangible asset on our condensed consolidated balance sheet. The initial developer of the property entered into an agreement with the local development authority to secure a 20-year property tax abatement for the property in the form of a PILOT (payment in lieu of taxes) agreement. We obtained the fair value of the abatement through a third-party appraisal. The abatement began on July 1, 2019, which was the first business day following MOF I’s receipt of the occupancy certificate for the property.

Impairment of Long-Lived Assets:

Management evaluates the recoverability of its investment in operating real estate and other long-lived assets, including related identifiable intangible assets, in accordance with *ASC Topic 360, “Property, Plant and Equipment.”* This Topic requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that recoverability of the assets is not assured. Management evaluates the long-lived assets on an ongoing basis and also whenever there is an indicator of potential impairment. The estimated undiscounted cash flows for the impairment analysis are based on our plans for the respective assets and our views of market and economic conditions.

Recognition of Insurance Proceeds:

Insurance proceeds are recognized once the insurance company releases funds or when the receipt of proceeds becomes probable, whichever occurs first. Insurance proceeds are included in gain from insurance recovery on the consolidated statements of income.

Depreciation and Amortization:

Depreciation for all tangible operating real estate is calculated using the straight-line method over the estimated useful lives. Acquired buildings are depreciated over their estimated useful life of 40 years starting at the date of acquisition, regardless of their age at the time of acquisition. Building and land improvements are depreciated over their estimated useful life of 20 years. Personal property is depreciated over its estimated useful life ranging from five to ten years. We capitalize replacements and improvements, such as HVAC equipment, structural replacements, windows, appliances, flooring, carpeting and kitchen/bath replacements and renovations over a useful life of five to ten years. Ordinary repairs and maintenance are generally expensed when incurred unless capitalization criteria are met.

f. Non-controlling Interests in Consolidated Real Estate Limited Liability Companies

We hold interests in certain of our real estate assets through our ownership interests in limited liability companies ("LLCs") or partnerships, which are owned in whole or in part by the Trust. In turn, those LLCs or partnerships are the direct owner of the real-property assets. We report the non-controlling members' or partners' interests in the net assets of our consolidated real estate companies as non-controlling interests in shareholders' equity. We attribute to non-controlling interests their share of income or loss based on their proportionate interest in the results of operations of the respective LLC or partnership, including their share of losses even if such attribution results in a deficit non-controlling interest balance within our equity accounts.

Upon receipt of the approval of a majority interest of the members or partners, the terms of the applicable operating agreements or partnership agreements generally require the respective LLC or partnership to be liquidated following the sale of the company's real estate. Based on the complexities in determining the fair market value of the properties and the allocation of liquidation proceeds among partners, we believe it is impracticable to determine the fair market value of non-controlling interests in an assumed liquidation at March 31, 2025.

As a result of real estate depreciation that is recognized in our consolidated financial statements and appreciation in the fair value of real estate that is not recognized in our consolidated financial statements, we believe that the aggregate fair value of our non-controlling interests exceeds their aggregate carrying amount. As a majority member of the LLCs or partnerships, we generally have the ability to control sales of real estate held by the LLCs and partnerships, as well as other events that require payment to the non-controlling interests. Because we expect that proceeds from real estate sales will be sufficient to liquidate related non-controlling interests, we anticipate that the eventual liquidation of these non-controlling interests will not have an adverse impact on our consolidated financial condition.

g. Non-controlling Interests in Maxus Operating Limited Partnership

Non-controlling interests in MOLP consist of MOLP Units held by persons other than the Trust. Within the Trust's consolidated financial statements, MOLP's income or loss is allocated to the holders of MOLP Units based on the proportionate number of MOLP Units outstanding during the period. As of March 31, 2025, the non-controlling holders of MOLP Units had an ownership interest in MOLP of approximately 42.1%.

h. Revenue Recognition

Management accounts for property revenue in accordance with *ASC Topic 842, "Leases."* We primarily lease apartment units under operating leases with terms typically of one year or less. Rental payments are generally due monthly and rental revenues are recognized on an accrual basis when earned. We have elected to account for lease (i.e. fixed payments including base rent) and non-lease components (i.e. tenant reimbursements and other certain service fees) as a single combined operating lease component because (1) the timing and pattern of transfer of the lease and non-lease components is the same; (2) the lease component is the predominant element; and (3) the combined single lease component would be classified as an operating lease.

We make ongoing estimates of the collectability of our base rents, tenant reimbursements, and other service fees included within rental and other property revenue. If collectability is not probable, we adjust rental and other property income for the amount of uncollectible revenue.

i. Fair Value of Financial Instruments

In accordance with *ASC Topic 820, "Fair Value Measurements and Disclosures,"* fair value is the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants. Further, *ASC Topic 820* requires the Trust to maximize the use of observable market inputs, minimize the use of unobservable market inputs and disclose in the form of an outlined hierarchy the details of such fair value measurements.

Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Trust's market assumptions. This hierarchy requires the use of observable market data when available. *ASC Topic 820* establishes the following fair value hierarchy:

Level 1—quoted prices for *identical* instruments in active markets;

Level 2—quoted prices for *similar* instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets; and

Level 3—fair value measurements derived from valuation techniques in which one or more significant inputs or significant value drivers are *unobservable*.

If quoted market prices or inputs are not available, fair value measurements are based upon valuation models that utilize current market or independently sourced market inputs, such as interest rates, option volatilities, and credit spreads. Items valued using such internally-generated valuation techniques are classified according to the lowest level input that is significant to the fair value measurement. As a result, a financial asset or liability could be classified in either Level 2 or 3 even though there may be some significant inputs that are readily observable.

Financial Instrument Fair Value Disclosures: As of March 31, 2025 and December 31, 2024, the carrying values of cash and cash equivalents, certificates of deposit, accounts receivable and accounts payable represent fair value because of the short-term nature of these instruments. The carrying value of cash restricted in escrows and reserves approximates its fair value based on the nature of our assessment of the ability to recover these amounts. These financial instruments utilize Level 2 inputs.

The Trust does not carry its mortgage loans payable, notes payable to related parties, or borrowings under its credit facility at fair value. However, the Trust estimates the fair value of these loans payable using a discounted cash flow analysis on the expected cash flows of each instrument. This analysis reflects the contractual terms of the instrument, including the period of maturity, and uses observable market-based inputs, including current market interest rates. The Company has concluded that the value of its notes payable and notes payable to related parties fall within Level 3 of the fair value hierarchy. The carrying amount and estimated fair value of the Trust's debt at March 31, 2025 and December 31, 2024 are summarized as follows (including debt of VIEs):

(in thousands):	March 31, 2025		December 31, 2024	
	<u>Carrying Amount</u>	<u>Estimated Fair value</u>	<u>Carrying Amount</u>	<u>Estimated Fair value</u>
<u>Mortgage Loans Payable</u>				
Fixed rate notes, net	\$ 325,266	\$ 302,708	\$ 310,091	\$ 285,526
Floating rate notes	\$ --	\$ --	\$ 12,823	\$ 12,823
<u>Notes Payable</u>				
Fixed rate notes	\$ 31,684	\$ 31,684	\$ 31,684	\$ 31,684
Variable rate note	\$ --	\$ --	\$ --	\$ --

j. Deferred Costs

Deferred expenses consist of financing costs which are amortized using the interest method over the term of the respective debt. Deferred charges are presented on the consolidated balance sheets net of accumulated amortization. Unamortized financing costs are written off when the associated debt is retired or otherwise extinguished before the maturity date. Debt issuance costs are reflected as a direct deduction to the associated debt on the condensed consolidated balance sheets.

k. Income Taxes

The Trust has elected to be taxed as a REIT under the Internal Revenue Code ("IRC") Sections 856-860. Under those sections, a REIT that distributes at least 90% of its REIT taxable income as a dividend to its shareholders each year and which meets certain other conditions will not be taxed on that portion of its taxable income that is distributed to shareholders. The Trust intends to continue to qualify as a REIT and, to the extent it generates taxable income, will distribute substantially all of its taxable income to its shareholders. There is no provision for income taxes reflected in the condensed consolidated financial statements. The Trust had no federal net operating loss carryovers at March 31, 2025.

ASC Topic 740-10, "Income Taxes" prescribes a comprehensive model for how an entity should measure, recognize, present, and disclose in its consolidated financial statements uncertain tax positions that an entity has taken or expects to take on a tax return. The Trust has analyzed whether any tax positions taken for filing with the IRC and all state jurisdictions where it operates would require the establishment of reserves or related accruals for interest and penalties. It is management's belief that no such reserves or related accruals are necessary. Additionally, management intends to exercise all requisite diligence to ensure continued compliance with the income and assets tests of Section 856 of the IRC as well as the other requirements of that section in order to maintain the Trust's status as a REIT.

The Trust is no longer subject to U.S. federal, state or local examination by tax authorities for years prior to 2021.

l. Share Based Compensation

The Trust grants restricted shares to employees pursuant to the Maxus Realty Trust, Inc. 2020 Equity Incentive Plan (the "Plan"). The Trust amortizes the expense related to the restricted shares awarded to employees under the Plan on a straight-line basis over the future vesting period. Expense recognized related to restricted share awards is included in general and administrative expense in the accompanying consolidated statements of income in the amount of \$10 thousand and \$133 thousand for the three months ended March 31, 2025 and March 31, 2024, respectively.

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(3) DEBT OBLIGATIONS

Mortgage Loans Payable:

The following table summarizes the Trust's outstanding mortgage loans:

Mortgage loans	Principal Outstanding (in thousands)		As of March 31, 2025	
	March 31, 2025	December 31, 2024	Weighted Average Rate	Weighted Average Maturity (in years)
Fixed rate mortgages	\$ 327,581	\$ 312,253	4.33%	7.5
Variable rate mortgages	--	12,823	--	--
Total mortgage loans payable	327,581	325,076		
Debt issuance costs	(2,315)	(2,162)		
Net mortgage loans payable	\$ 325,266	\$ 322,914		

Substantially all of our mortgages are originated through Fannie Mae, Freddie Mac, or the U.S. Department of Housing and Urban Development. Mortgages related to Fannie Mae and Freddie Mac are non-recourse and secured by the subject properties. These loans are also subject to provisions of a limited carve-out guarantee from MOLP if certain provisions in the loan agreement are breached. Each mortgage or construction loan is secured solely by the property held by the MOLP subsidiary or the VIE that obtained the loan.

The following is a summary of scheduled mortgage loans payable maturities at March 31, 2025:

Year	Amount (in thousands)
2025	\$ 4,412
2026	31,641
2027	76,142
2028	85,054
2029	2,394
Thereafter	127,938
Total mortgage loans payable	327,581
Debt issuance cost	(2,315)
Total	\$ 325,266

In December 2023, the Trust entered into a note payable of \$37.5 million. The note carries a fixed interest rate of 9.5% and has a maturity date of December 15, 2025, which can be extended for up to an additional year. The note is secured by all of the Trust's debt securities and notes receivable. In addition, the Trust granted a security interest in the insurance judgment related to the Metropolitan fire. All of the proceeds from this loan were utilized to pay the January 12, 2024 dividend discussed in Note 9.

Certain of our mortgage loans payable and notes payable are subject to restrictive financial covenants. Those covenants include minimum debt service coverage requirements ("DSCR"). The mortgage loan related to Viera requires a minimum DSCR of 1.25. As of December 31, 2024, the DSCR for Viera was below this requirement. On February 21, 2025, the Trust completed a refinance of the mortgage loan for the Viera. The loan had an initial principal balance of \$16.9 million, carries a fixed interest rate of 6.14% and matures March 1, 2035.

As of March 31, 2025, the Trust was in compliance with all other covenants related to its mortgage loans and notes payable.

(4) RELATED PARTY TRANSACTIONS

For the three-month periods ended March 31, 2025 and 2024, the Trust was paid fees totaling \$0.5 million and \$0.5 million, respectively, from entities controlled by related parties. Management fees are determined pursuant to management agreements between the Trust and the Manager that provide for fees calculated as a percentage of monthly gross receipts (as defined in the agreements) from the properties' operations as well as reimbursement of payroll-related costs. As of March 31, 2025, the properties pay a management fee of between 3% and 5% of receipts.

As of March 31, 2025, the Trust (i) has operating cash of approximately \$6.3 million on deposit with Verimore Bank, (ii) holds certificates of deposit of approximately \$793 thousand with Verimore Bank, and (iii) has cash in money market accounts in the amount of \$6.4 million with Verimore Bank. The bank deposit insurance in connection with these deposits is provided by the FDIC. The FDIC has a \$250 thousand limit per independent entity on deposit insurance for interest-bearing accounts. David L. Johnson, Chairman of the Board, President and Chief Executive Officer of the Trust, owns approximately 24.0% of Verimore Bank's outstanding common stock. Mr. Johnson is also a member of Verimore Bank's Board of Directors. Jose L. Evans, a trustee of the Trust ("Trustee"), also holds approximately 4.1% of Verimore Bank's outstanding common stock. Christopher J. Garlich, a Trustee, individually and through an affiliate, holds approximately 8.6% of Verimore Bank's outstanding common stock. Gregory J. Orman, a Trustee, owns less than 1.0% of Verimore Bank's outstanding common stock. The Trust's operating cash is held in a non-interest bearing account. The certificates of deposit earn interest at rates ranging from 0.7% to 4.91% per annum as of March 31, 2025 and December 31, 2024. As of March 31, 2025, \$10.0 million is held in excess of FDIC insurance limits from certain operating accounts.

For certain of our acquisitions, dispositions and mortgage loan refinancings, the Trust has used Assured Quality Title ("AQT") as the title company. AQT is wholly owned by Mr. Evans, a shareholder and Trustee. The Trust incurred fees of \$2 thousand and \$0 for services provided by AQT for the three months ended March 31, 2025 and 2024, respectively.

The Manager leases office space from an affiliate of Mr. Johnson and Monte G. McDowell, a Trustee. The lease term is five years and requires monthly rent payments of approximately \$15 thousand. The Trust accounts for this lease as an operating lease in accordance with *ASC Topic 842*. The Trust recorded a right-of-use asset and lease liability of \$667 thousand at lease commencement and recognized lease expense of approximately \$39 thousand and \$35 thousand during the three months ended March 31, 2025 and 2024, respectively. As of March 31, 2025, the Trust had a remaining right-of-use asset and corresponding lease liability of \$129 thousand.

The Trust advanced \$75,000 to Maxus Vue Opportunity Fund ("Vue OF") during the three months ended March 31, 2025. The Trust is the managing member of Vue OF, but the Trust does not have any economic ownership interest in Vue OF. The advance carries an annual interest rate of 9.0%, which is paid monthly.

Certain executive officers and members of our Board, either directly or through related parties, have an ownership interest in the following subsidiaries of the Trust as set forth below, as of March 31, 2025:

<u>Name of Subsidiary</u>	<u>Amount of Capital Contributed by Affiliates (amounts in thousands)</u>	<u>Affiliate Ownership</u>	<u>Percent of Affiliate Ownership</u>
Kirkwood Station	\$ 1,235	(1)	34.87 %
Leawood at Stateline	1,233	(2)	19.80
Frisco Square	2,336	(3)	17.29
MOLP	39,739	(4)	61.86

⁽¹⁾ Affiliates of Christopher J. Garlich, Monte G. McDowell and David L. Johnson

⁽²⁾ Affiliates of Christopher J. Garlich and Jose L. Evans

⁽³⁾ Affiliates of Jose L. Evans, Christopher J. Garlich, Monte G. McDowell, and David L. Johnson

⁽⁴⁾ Affiliates of Jose L. Evans, Christopher J. Garlich, Monte G. McDowell, and David L. Johnson

Total distributions and dividends paid to all non-controlling interests including interests held by related parties from the Trust were \$15 thousand and \$17.2 million for the three months ended March 31, 2025 and 2024, respectively, including distributions to holders of MOLP Units.

(5) PROPERTY ACQUISITIONS AND DISPOSITIONS

Acquisitions

Upon acquisitions of real estate properties, management makes subjective estimates of the fair value of acquired tangible assets (consisting of land, land improvements, building, improvements, and furniture, fixtures and equipment) and identified intangible assets and liabilities (consisting of above and below market leases, in-place leases, tenant relationships and assumed financing that is determined to be above or below market terms) in accordance with *FASB ASC Topic 805, "Business Combinations"* (See also Note 2). Based on these estimates, management records the acquired assets and liabilities at fair value. These estimates have a direct impact on net income. If the purchase price is less than the fair value of assets and liabilities acquired that difference is allocated proportionately to the assets acquired.

The Trust had no asset acquisitions for the three months ended March 31, 2025.

Dispositions

The Trust had no dispositions during the three months ended March 31, 2025 and 2024.

(6) INVESTMENTS IN UNCONSOLIDATED JOINT VENTURES

On September 11, 2023, an entity controlled by Mr. Johnson completed a \$35.0 million preferred equity investment in MOF I. The investment earns a cumulative preferred return of 7.0%. The proceeds from the investment were used by MOF I to repay in full the mortgage loan for the Metropolitan totaling \$30.7 million and to partially repay advances from the Trust. The total preferred return paid during the three months ended March 31, 2025 was \$0.6 million.

(7) DEBT SECURITIES AND NOTES RECEIVABLE AT FAIR VALUE

On October 2, 2024, a property in North Carolina that the Trust had provided mezzanine financing was sold. The sales proceeds were not sufficient to repay the Trust. As a result, the Trust recognized a loss of \$2.7 million during the three months ended September 30, 2024. The Trust has initiated proceedings to recover approximately \$8.0 million from certain guarantors. It is not possible at this time to determine the likelihood or amount of recovery.

Based on the ongoing proceedings, management has assessed that collectability of the interest in its financing of the North Carolina property has become unlikely. As a result, the Trust determined that the conditions for revenue recognition under the accrual method were no longer met, and the previously recorded interest income of \$1.2 million was reversed in March 2025. This amount is reflected as a reduction in interest income within the Condensed Consolidated Statements of Operations for the period ended March 31, 2025. The Trust will continue to closely monitor the proceedings and will resume recognition of interest income only if and when collection becomes probable.

(8) MAXUS OPPORTUNITY FUND I

During the first quarter of 2023, the Trust completed the construction repairs on all phases of the Metropolitan apartment community, including the rebuild of the phase destroyed by the fire. The total insurable cost of the repairs was in excess of \$29.0 million, excluding lost business income. The insurance company had estimated the cost to complete the repairs to be an amount materially less than our estimate. To date, Metropolitan has received approximately \$14.9 million in insurance proceeds. As a result, Metropolitan initiated litigation against the insurance carrier to enforce its rights under the policy. On August 3, 2023, a jury in the United States District Court for the Western District of Missouri found that the insurance carrier breached its obligations under the insurance policy and awarded all compensatory damages sought by Metropolitan. The damages award totaled \$23.1 million related to fire damage and remediation and \$4.2 million for lost business income. The jury also determined that Metropolitan is entitled to an award for the insurance company's vexatious refusal to pay the claim in excess of \$500,000 and recovery of attorney fees, which total approximately \$3.1 million. Finally, as a result of the jury's award, Metropolitan is entitled to prejudgment interest, which is approximately \$6.4 million.

In January 2024, the insurance carrier filed notice of appeal. Concurrent with that filing, the carrier made a payment to Metropolitan totaling \$5.8 million, which included \$5.6 million for partial payment of the damages award and \$0.2 million for post-judgement interest. All remaining amounts due under the judgment remain subject to appeal and are accruing interest at the Missouri statutory rate.

The Trust has advanced \$36.3 million to MOF I as of March 31, 2025, and has accrued interest receivable of approximately \$8.8 million. This amount is eliminated in the consolidated financial statements. The amount received from the insurance carrier in January 2024 was used to pay down the advances by \$5.8 million. Virtually all of the remaining amount resulting from the jury's award will be used to pay down the advance when received.

In June 2022, Metropolitan initiated litigation in Alabama against 12 subcontractors involved in the initial construction of the Metropolitan, alleging various construction defects. In October 2024, the Metropolitan reached a settlement agreement with all subcontractor defendants, which resulted in a recovery for damages of \$6.2 million. We anticipate that the majority of the settlement will be used to pay back advances from the Trust.

(9) TRANSACTIONS INVOLVING SHAREHOLDERS' EQUITY

Non-controlling Interests: MOLP Operating Units

In conjunction with the acquisitions of certain operating companies that owned apartment communities, we have issued a total of 865,560 MOLP operating units. If and when the MOLP units are presented for redemption, we have the option to convert the MOLP units for common shares of the Trust based on an exchange ratio that is currently a one-for-one basis, or the cash equivalent amount, determined as the average closing price for our common shares over the 10-day trading period on the OTC market preceding the redemption.

(10) EARNINGS PER SHARE (EPS)

The Trust calculates earnings per share ("EPS") based on the weighted-average number of shares of common stock and dilutive convertible securities outstanding during the period. The exchange of MOLP Units into common shares of the Trust are included in the computation of diluted EPS upon expiration of the one-year holding period that holders must satisfy prior to electing to have their units redeemed

(11) INCENTIVE COMPENSATION PLAN

On February 27, 2020, the Trust adopted the Plan, which allows the Board to make equity incentive awards to employees, consultants and trustees of the Trust. Awards granted under the Plan may include incentive stock options, non-qualified stock options, stock appreciation rights, restricted stock, restricted stock units, performance share awards, cash awards, bonus shares and other equity-based awards. A total of 20,000 shares of common stock are available to be awarded. In total, since adoption of the Plan, the Board has awarded 16,050 shares of restricted stock to certain employees of the Trust. The awards are subject to service requirements and vest ratably over four years.

A summary of the Company's share-based compensation activity and related information is as follows:

	<u>Number of Shares</u>	<u>Weighted Avg. Grant Date Fair Value (in thousands)</u>	<u>Weighted Avg. Life Remaining</u>
Outstanding at December 31, 2024	599	\$2,680	0.3
Granted	--	--	
Vested	(308)	--	
Forfeited	(66)	--	
Outstanding at March 31, 2025	<u>225</u>	<u>\$2,680</u>	<u>0.3</u>

The holders of restricted share awards have voting rights and receive dividends from the date of grant. The fair value of the restricted stock awards was \$2.7 million for the three months ended March 31, 2025. At March 31, 2025, unamortized share-based compensation expense related to restricted stock awards was \$3 thousand.

(12) CONTINGENCIES

Legal Proceedings:

The Trust is subject to various routine legal proceedings and other matters in the ordinary course of business, some of which may be covered in whole or in part by insurance. In management's opinion, none of these matters are likely to have a material adverse effect on the Trust's financial position, results of operations or cash flows.

(13) SUBSEQUENT EVENTS

The Trust has evaluated subsequent events through May 12, 2025, which is the date the condensed consolidated financial statements were available to be issued. The Trust is not aware of any additional subsequent events.

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CERTIFICATION

I, David L. Johnson, certify that:

1. I have reviewed this quarterly report for the three months ended March 31, 2025 of Maxus Realty Trust, Inc. (the “Trust”);
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 a 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 condensed consolidated 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 Trust as of, and for, the period presented in this disclosure statement.

Date: 05/12/2025

By: /s/ David L. Johnson
David L. Johnson
Chairman of the Board,
President and Chief Executive Officer
Trustee

CERTIFICATION

I, Chris Mikuls, certify that:

1. I have reviewed this quarterly report for the three months ended March 31, 2025 of Maxus Realty Trust, Inc. (the “Trust”);
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 a 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 condensed consolidated 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 Trust as of, and for, the period presented in this disclosure statement.

Date: 05/12/2025

By: /s/ Chris Mikuls
Chris Mikuls
Chief Financial Officer, Principal Accounting Officer,
Vice President