

SR Realty Trust, Inc. and Subsidiaries

Consolidated Financial Statements

December 31, 2025 and 2024

SR Realty Trust, Inc. and Subsidiaries

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Independent Auditors' Report

To the Stockholders and Board of Directors of
SR Realty Trust, Inc. and Subsidiaries

Opinion

We have audited the consolidated financial statements of SR Realty Trust, Inc. (the Company), which comprise the consolidated balance sheets as of December 31, 2025 and 2024, and the related consolidated statements of operations, stockholders' equity and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024 and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis for Opinion

We conducted our audits 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 Consolidated 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 audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with GAAP, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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 within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated 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.

Baker Tilly US, LLP

Minneapolis, Minnesota
March 31, 2026

SR Realty Trust, Inc. and Subsidiaries

Consolidated Balance Sheets
December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Assets		
Assets		
Land and land improvements	\$ 87,053,379	\$ 87,524,652
Buildings and improvements	268,100,492	267,402,267
Tenant improvements	14,265,206	13,177,449
Construction in process	4,220,857	-
Total real estate property	373,639,934	368,104,368
Accumulated depreciation	(61,082,952)	(49,865,399)
Net real estate property	312,556,982	318,238,969
Cash and cash equivalents	2,076,319	2,066,770
Rents receivable	576,634	427,446
Notes receivable	3,627,413	2,381,905
Prepaid expenses and other assets	1,109,078	1,165,631
Deferred rent	3,845,402	3,039,771
Restricted escrows and reserves	2,845,609	3,670,314
Intangible assets, net of accumulated amortization	10,167,662	7,673,497
Leasing commissions, net of accumulated amortization	3,275,797	2,915,060
Investments in real estate ventures	39,624,114	12,349,325
Due from related parties	591,433	457,500
Total assets	<u>\$ 380,296,443</u>	<u>\$ 354,386,188</u>

See notes to consolidated financial statements

SR Realty Trust, Inc. and Subsidiaries

Consolidated Balance Sheets
December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Liabilities and Stockholders' Equity		
Liabilities		
Mortgage notes payable	\$ 213,050,995	\$ 220,630,870
Time certificates	13,168,455	8,181,769
Other notes payable	20,436,703	704,807
Line of credit	23,500,000	19,005,000
Financing fees, net of accumulated amortization	<u>(2,160,557)</u>	<u>(1,430,909)</u>
Notes payable, net	267,995,596	247,091,537
Accounts payable	2,212,614	1,061,830
Tenant security deposits	1,980,784	1,430,416
Accrued liabilities	2,799,524	1,810,991
Deferred gain on real estate ventures	11,948,588	501,604
Due to related parties	<u>336,934</u>	<u>4,000</u>
Total liabilities	<u>287,274,040</u>	<u>251,900,378</u>
Stockholders' Equity		
Preferred stock, \$0.01 par value per share 50,000,000 shares authorized No shares issued and outstanding	-	-
Common stock, \$0.01 par value per share 100,000,000 shares authorized 2,814,644 and 2,700,443 shares issued and outstanding	28,147	27,005
Additional paid-in capital	33,289,455	31,811,567
Accumulated deficit	<u>(13,452,711)</u>	<u>(11,346,386)</u>
Total SR Realty Trust, Inc. stockholders' equity	19,864,891	20,492,186
Noncontrolling interest	<u>73,157,512</u>	<u>81,993,624</u>
Total stockholders' equity	<u>93,022,403</u>	<u>102,485,810</u>
Total liabilities and stockholders' equity	<u>\$ 380,296,443</u>	<u>\$ 354,386,188</u>

See notes to consolidated financial statements

SR Realty Trust, Inc. and Subsidiaries

Consolidated Statements of Operations
Years Ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Revenues		
Rental revenues	\$ 46,507,430	\$ 41,299,439
Other revenue	<u>2,022,137</u>	<u>1,501,124</u>
Total revenues	<u>48,529,567</u>	<u>42,800,563</u>
Operating Expenses		
Operating and maintenance	18,032,304	14,059,720
Real estate taxes	6,092,321	5,845,061
Insurance expenses	1,317,670	1,197,129
Asset management fee	1,785,004	1,620,423
Acquisition fees and expenses	53,762	79,250
Depreciation and amortization	<u>14,002,679</u>	<u>13,561,952</u>
Total operating expenses	<u>41,283,740</u>	<u>36,363,535</u>
Operating income	7,245,827	6,437,028
Other Income (Expense)		
Interest expense	(13,270,868)	(12,762,734)
Income from real estate ventures	53,021	221,913
Loss on acquisition of real estate property	-	(1,597,585)
Gain on sale of real estate ventures	<u>3,717,284</u>	<u>2,373,591</u>
Net other expense	<u>(9,500,563)</u>	<u>(11,764,815)</u>
Net loss	(2,254,736)	(5,327,787)
Net loss attributable to noncontrolling interest	<u>2,131,227</u>	<u>4,661,678</u>
Net Loss Attributable to SR Realty Trust, Inc. and Subsidiaries	<u>\$ (123,509)</u>	<u>\$ (666,109)</u>

See notes to consolidated financial statements

SR Realty Trust, Inc. and Subsidiaries

Consolidated Statements of Stockholders' Equity
Years Ended December 31, 2025 and 2024

	Common Stock				Noncontrolling Interest	Total Stockholders' Equity
	Shares	Amount	Additional Paid-in Capital	Accumulated Deficit		
Balances, December 31, 2023	2,561,384	\$ 25,614	\$ 29,956,646	\$ (8,819,732)	\$ 76,697,498	\$ 97,860,026
Net loss	-	-	-	(666,109)	(4,661,678)	(5,327,787)
Common stock issued for cash, net of issuance costs	53,932	540	693,541	-	-	694,081
Issuance of common stock as settlement for liabilities	58,585	586	851,330	-	-	851,916
Operating Partnership common units issued for property acquisitions	-	-	-	-	10,358,535	10,358,535
Operating Partnership Series A Preferred Units issued for property acquisition	-	-	-	-	10,557,135	10,557,135
Contributions from noncontrolling interest	-	-	-	-	89,685	89,685
Purchase of noncontrolling interest, net of expenses	-	-	-	-	(587,485)	(587,485)
Redemption of common stock and Operating Partnership common units	(30,105)	(301)	(430,423)	-	(564,777)	(995,501)
Shares (units) issued through dividend reinvestment program	56,647	566	740,473	-	249,804	990,843
Distributions	-	-	-	(1,860,545)	(10,145,093)	(12,005,638)
Balances, December 31, 2024	2,700,443	27,005	31,811,567	(11,346,386)	81,993,624	102,485,810
Net loss	-	-	-	(123,509)	(2,131,227)	(2,254,736)
Common stock issued for cash, net of issuance costs	23,655	237	281,888	-	-	282,125
Issuance of common stock as settlement for liabilities	12,029	120	159,555	-	-	159,675
Operating Partnership common units issued for property acquisitions	-	-	-	-	2,516,362	2,516,362
Contributions from noncontrolling interest	-	-	-	-	64,076	64,076
Conversion of Operating Partnership common units into common stock	62,885	629	848,314	-	(848,943)	-
Redemption of common stock and Operating Partnership common units	(44,606)	(446)	(583,818)	-	(361,391)	(945,655)
Shares (units) issued through dividend reinvestment program	60,238	602	771,949	-	263,021	1,035,572
Distributions	-	-	-	(1,982,816)	(8,338,010)	(10,320,826)
Balances, December 31, 2025	<u>2,814,644</u>	<u>\$ 28,147</u>	<u>\$ 33,289,455</u>	<u>\$ (13,452,711)</u>	<u>\$ 73,157,512</u>	<u>\$ 93,022,403</u>

See notes to consolidated financial statements

SR Realty Trust, Inc. and Subsidiaries

Consolidated Statements of Cash Flows
Years Ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Cash Flows From Operating Activities		
Net loss	\$ (2,254,736)	\$ (5,327,787)
Adjustments to reconcile net loss to net cash flows from operating activities:		
Depreciation	11,378,546	10,760,027
Amortization	3,214,344	3,251,046
Equity in income of real estate ventures	(53,021)	(221,913)
Loss on acquisition of real estate property	-	1,597,585
Gain on sale of real estate ventures	(3,717,284)	(2,373,591)
Loss on disposal of real estate property	326,758	-
Changes in operating assets and liabilities:		
Rents receivable	(328,492)	402,877
Prepaid expenses and other assets	102,737	(91,759)
Deferred rent	(812,457)	(700,357)
Cash paid for leasing commissions	(1,038,475)	(1,138,084)
Accounts payable	(53,757)	(109,621)
Tenant security deposits	(8,541)	172,216
Accrued liabilities	981,660	294,900
	<u>7,737,282</u>	<u>6,515,539</u>
Cash Flows From Investing Activities		
Cash paid for acquisitions, net of cash received	-	(55,006)
Investments in real estate ventures	(32,488,096)	(16,312,121)
Receipts from related parties	199,001	1,855,531
Purchases of real estate property	(5,586,328)	(4,080,396)
Cash received from sale of real estate ventures	19,462,391	17,304,065
Distributions received from real estate ventures	697,094	873,297
Repayments of notes receivable	290,437	235,872
	<u>(17,425,501)</u>	<u>(178,758)</u>
Cash Flows From Financing Activities		
Common stock issued for cash, net of issuance costs	282,125	694,081
Distributions paid	(9,285,254)	(11,014,795)
Principal payments on mortgage notes payable	(41,244,546)	(16,751,377)
Principal payments on other notes payable	(13,104,049)	(103,038)
Net advances (repayments) on line of credit	4,495,000	(1,805,000)
Cash paid for financing fees	(1,339,991)	(254,573)
Redemption of common stock and Operating Partnership common units	(945,655)	(773,479)
Proceeds from issuance of mortgage notes payable	33,664,671	16,324,677
Proceeds from issuance of other notes payable	31,300,000	-
Contributions from noncontrolling interests	64,076	89,685
Net proceeds from time certificates	4,986,686	7,280,119
	<u>8,873,063</u>	<u>(6,313,700)</u>
Net cash flows from financing activities		
	<u>8,873,063</u>	<u>(6,313,700)</u>
Net change in cash and cash equivalents and restricted cash	(815,156)	23,081
Cash and Cash Equivalents and Restricted Cash, Beginning	<u>5,737,084</u>	<u>5,714,003</u>
Cash and Cash Equivalents and Restricted Cash, Ending	<u>\$ 4,921,928</u>	<u>\$ 5,737,084</u>

See notes to consolidated financial statements

SR Realty Trust, Inc. and Subsidiaries

Consolidated Statements of Cash Flows
Years Ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Supplemental Cash Flow Disclosures		
Cash paid for interest	\$ 12,548,954	\$ 12,508,531
Noncash Investing and Financing Activities		
Real estate assets and liabilities acquired through the issuance of Operating Partnership units, debt and liabilities	\$ -	\$ 56,826,056
Reinvestment of dividends and distributions	\$ 1,035,572	\$ 990,843
Issuance of common stock for payment of advisory services, guarantees and board compensation	\$ 159,675	\$ 851,916
Forgiveness of note receivable for redemption of common stock	\$ -	\$ 222,022
Operating Partnership units issued for acquisition of noncontrolling interest	\$ -	\$ 553,211
Conversion of Operating Partnership units into common stock	\$ 848,943	\$ -
Operating Partnership units issued for property acquisitions	\$ 2,516,362	\$ -
Note receivable assumed in exchange for notes payable with related parties	\$ 1,535,945	\$ -
Construction in process included in accounts payable	\$ 1,204,540	\$ -

See notes to consolidated financial statements

SR Realty Trust, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

1. Summary of Significant Accounting Policies

Nature of Operations

SR Realty Trust, Inc. (the Company or SR Realty Trust) is a Maryland corporation formed on September 15, 2014 for the purpose of investing in a portfolio of real estate properties and other real estate related assets. The Company has elected to be taxed as a Real Estate Investment Trust (REIT) under Sections 856-860 of the Internal Revenue Code, which requires that 75% of the assets of a REIT must consist of real estate assets and that 75% of its gross income must be derived from real estate. The net income of the REIT is allocated in accordance with stock ownership in the same fashion as a regular corporation. The Company's real estate holdings currently consist of commercial office, industrial, multifamily and retail properties located in Iowa, Minnesota, Missouri, Nebraska and Wisconsin.

The Company established an operating partnership, SRRT Properties, LP (the Operating Partnership or SRRT Properties), a Delaware limited partnership, to own its investments in real estate and other real estate related assets. The Company transferred cash to the Operating Partnership in exchange for general partnership units. As the general partner, the Company has management responsibility for all activities of the Operating Partnership. As of December 31, 2025 and 2024, the Company owned 21.4% and 20.9% of the Operating Partnership, respectively. As of December 31, 2025 and 2024, there were 13,161,734 and 12,921,311 limited partnership units outstanding, respectively.

The limited partners in the Operating Partnership have a redemption option that they may exercise. Upon exercise of the redemption option by the limited partners, the Company has the choice of redeeming the limited partners' interests (Units) for SR Realty Trust common stock based on the terms of the partnership agreement, or making a cash payment to the unit holder. The redemption generally may be exercised by the limited partners at any time after the first anniversary of the date of the acquisition of the Units subject to volume restrictions.

Basis of Presentation

The accompanying consolidated financial statements include the accounts of the Company and its interest in SRRT Properties. SRRT Properties owns a controlling interest in SRRT Harding, LLC, SRRT Kennedy, LLC, Roseville Fairview, LLC, Railroad Properties, LLC, 615 Properties, LLC, 530 Third, LLC, Cobblestone Properties, LLC, SRRT 2112, LLC, IDC Properties, LLC, SRRT Bedford, LLC, SRRT Edge, LLC, SRRT Duluth, LLC, SRRT Lee, LLC, SRRT Industrial Blvd, LLC, SRRT Parkway, LLC, SRRT Boone, LLC, SRRT CC Outlot, LLC, SRRT Northland Drive, LLC, SRRT Hale, LLC, SRRT Empire I, LLC, Firestation MT, LLC, SRRT Redwell, LLC, SRRT Solar NE, LLC, BP Holdings Realty, LLC, SRRT Executive Park I, LLC, SRRT Sentry I, LLC, SRRT Botts Road I, LLC, Gurley Lofts, LLC, SRRT Libra, LLC, SRRT Jackson Street, LLC, SRRT Fleet I, LLC, SRRT Hillside, LLC, SRRT Pearl Street, LLC, SRRT Maple Plain, LLC, SRRT Lone Oak, LLC, SRRT Orpheum, LLC, 48th Street Investments, LLC, SRRT Lincoln, LLC, SRRT Carnegie, LLC, SRRT WBL, LLC, Shakopee MT, LLC, 4200 Industrial MT, LLC, SRRT Square 2 GL, LLC, 1201 Industrial MT, LLC, Benson MT, LLC, 5902 Industrial MT, LLC. Significant intercompany accounts and transactions have been eliminated in consolidation.

Principles of Consolidation

The Company evaluates the need to consolidate affiliates based on standards set forth in the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 810, *Consolidation*. In determining whether the Company has a controlling interest in an affiliate and the requirement to consolidate the accounts of that entity, management considers factors such as ownership interest, authority to make decisions, contractual and substantive participating rights of the limited partners and shareholders, as well as whether the entity is a variable interest entity for which the Company is the primary beneficiary.

SR Realty Trust, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

Investments in Real Estate Ventures

Certain investments where the Company does not have control but has the ability to exercise significant influence are accounted for by the equity method of accounting. Under this method, the Company's investments in real estate ventures are recorded at cost and the investment accounts are adjusted for the Company's share of the entities' income or loss and for distributions and contributions.

The Company evaluates the carrying amount of the investments for impairment if the carrying amount of the investment exceeds its fair value. An impairment charge is recorded when an impairment is deemed to be other-than-temporary. To determine whether impairment is other-than-temporary, the Company considers whether it has the ability and intent to hold the investment until the carrying amount is fully recovered. The evaluation of a real estate venture for potential impairment can require management to exercise significant judgments. No impairment losses were recorded related to real estate ventures for the years ended December 31, 2025 and 2024.

In determining whether an investment in a limited liability company or tenancy in common is a variable interest entity, the Company considers many factors, including: the form of its ownership interest and legal structure; the size of the Company's investment; the financing structure of the entity, including the existence of subordinated debt; estimates of future cash flows; the Company and its partners ability to participate in the decision making related to acquisitions, dispositions, budgeting and financing of the entity; and obligations to absorb losses and preferential returns.

Three of our tenant in common arrangements did not qualify as variable interest entities and did not meet the control requirements for consolidation as of, and for the years ended, December 31, 2025 and 2024.

Properties Held for Sale

We classify operating properties as properties held for sale in the period in which all of the following criteria are met: (i) management, having the authority to approve the action, commits to a plan to sell the asset; (ii) the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets; (iii) an active program to locate a buyer and other actions required to complete the plan to sell the asset have been initiated; (iv) the sale of the asset is probable and the transfer of the asset is expected to qualify for recognition as a completed sale within one year; (v) the asset is being actively marketed for sale at a price that is reasonable in relation to its current fair value; and (vi) given the actions required to complete the plan to sell the asset, it is unlikely that significant changes to the plan would be made or that the plan would be withdrawn.

At such time as a property is classified as held for sale, it is carried at the lower of (i) its carrying amount or (ii) fair value less costs to sell. In addition, a property being held for sale ceases to be depreciated.

There were no properties classified as held for sale as of December 31, 2025 or 2024.

Use of Estimates

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to use estimates and assumptions which affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported amounts of revenues and expenses. Significant items subject to such estimates and assumptions include the determination of the useful life of property and other long-lived assets, valuation and impairment analysis of property and other long-lived assets and valuation of the allowance for doubtful accounts. It is at least reasonably possible that these estimates could change in the near term.

SR Realty Trust, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

Limited Liability Companies

Certain of the Company's subsidiaries are limited liability companies (LLC's). As such, the members of each LLC are not liable for any of the debts or liabilities of that LLC, or of any other LLC included in these consolidated financial statements.

Cash and Cash Equivalents

The Company considers short-term investments with original maturities of 90 days or less to be cash equivalents.

The Company presents the statements of cash flows including all restricted cash in the beginning and ending balances. The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the balance sheets to the amounts shown in the statements of cash flows:

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 2,076,319	\$ 2,066,770
Restricted escrows and reserves (Note 9)	<u>2,845,609</u>	<u>3,670,314</u>
Total cash, cash equivalents and restricted cash	<u>\$ 4,921,928</u>	<u>\$ 5,737,084</u>

Rents Receivable

The Company makes a determination of whether the collectibility of lease payments in its operating leases is probable. If the Company determines the lease payments are not probable of collection, the Company would fully reserve for any outstanding rent receivables related to contractual lease payments and variable lease payments, would write-off any deferred rent receivable and would recognize income only to the extent cash has been received. The Company exercises judgment in assessing collectibility and considers payment history, current credit status, the tenant's financial condition, security deposits, letters of credit, lease guarantees and current market conditions that may impact the tenant's ability to make payments in accordance with its lease agreements, in making the determination. The allowance for doubtful accounts was \$87,685 and \$200,463 as of December 31, 2025 and 2024, respectively. The Company charges interest and late fees on delinquent accounts.

Impairment of Long-Lived Assets

The Company reviews long-lived assets, including property and equipment and intangible assets, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. The Company considers factors such as current and expected market conditions, current and expected rental rates, estimated future development costs and expected holding period and carry costs in estimating cash flows and related fair values used in the impairment assessments. Based on this assessment, property that is considered impaired is written down to its fair value. An impairment loss is recognized when the undiscounted estimated future cash flows from continued use and eventual disposition of the asset are less than the carrying amount. To date, there have been no such losses.

SR Realty Trust, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

Revenue Recognition

The Company accounts for leases to its tenants under ASC 842, *Leases*. The Company leases real estate to its tenants under month-to-month and long-term leases which it accounts for as operating leases. Leases that have fixed and determinable rent increases are recognized on a straight-line basis over the lease term. Rental increases based upon variable factors are recognized only after changes in such factors have occurred and are then applied according to the lease agreements. Recognition of rental income commences when control of the leased space has been transferred to the tenant.

Recognizing rent escalations on a straight-line method results in rental revenue in the early years of a lease being higher than actual cash received, resulting in the Company recording a deferred rent asset on the consolidated balance sheets.

Some leases provide for reimbursement from tenants for common area maintenance (CAM), insurance, real estate taxes and other operating expenses. Leases may also include income for parking, storage and other items. A portion of the operating cost reimbursement revenue is estimated each period and is recognized as rental income in the period the recoverable costs are incurred and accrued.

The Company elected a practical expedient under ASC 842 which allows lessors to not separate lease and nonlease components when the timing and pattern of transfer for the lease and nonlease components are the same, and if the lease component, if accounted for separately, would be classified as an operating lease. As a result, the Company presents all rentals and reimbursements from tenants as a single line item, rental revenues, within the consolidated statement of operations.

Revenue streams that are accounted for under ASC 606, *Revenue from Contracts with Customers*, include:

- Gains upon the sale of property, which are recognized in revenue at a point in time upon closing of the sale transaction.
- Lease termination fees, which are recognized in revenue at a point in time, as such fees are incurred.

Leasing Commissions

Direct costs, including estimated internal costs and leasing commissions, associated with the leasing of real estate investments owned by the Company are capitalized as deferred leasing costs and are amortized on a straight-line basis over the term of the related lease. Lease incentive costs, which are payments made on behalf of a tenant to sign a lease, are amortized on a straight-line basis over the respective lease term as a reduction to rental revenue. Unamortized costs are charged to expense upon the early termination of the lease. Costs associated with unsuccessful leasing opportunities are expensed. The Company had amortization expense of \$680,579 and \$542,889 for the years ended December 31, 2025 and 2024, respectively. The Company had accumulated amortization of \$1,981,298 and \$1,417,934 as of December 31, 2025 and 2024, respectively.

Financing Fees

The Company presents debt issuance costs as a direct reduction from the carrying value of its long-term debt liabilities. Costs incurred in connection with obtaining financing are capitalized and are being amortized on a straight-line basis, which approximates the effective interest method, over the financing term and are included in interest expense. The Company had amortization expense of \$590,211 and \$449,121 for the years ended December 31, 2025 and 2024, respectively that was included in interest expense. No amortization of deferred financing fees was capitalized for either of the years ended December 31, 2025 or 2024. The Company had accumulated amortization of deferred financing fees totaling \$1,320,190 and \$1,024,808 as of December 31, 2025 and 2024, respectively.

SR Realty Trust, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

Real Estate Property

Investments in real estate property with a useful life longer than one year are carried at cost less accumulated depreciation and amortization. Property such as land, building and improvements includes costs of acquisitions, development, construction and tenant allowances and improvements.

The Company's acquisitions of investment properties are accounted for as asset acquisitions. The Company allocates the purchase price of each acquired investment property based upon the relative fair value of the individual assets acquired and liabilities assumed, which generally include (i) land, (ii) building, (iii) in-place lease value intangibles, (iv) acquired above and below-market lease intangibles and (v) any assumed financing. Asset acquisitions do not give rise to goodwill and the related transaction costs are capitalized and included with the allocated purchase price.

For tangible assets acquired, including land, building and other improvements, the Company considers available comparable market and industry information in estimating the acquisition date fair value. Key factors considered in the calculation of fair value of both real property and intangible assets include the current market rent values, "dark" periods (building in vacant status), direct costs estimated with obtaining a new tenant, discount rates, escalation factors, standard lease terms and tenant improvement costs. The Company allocates a portion of the purchase price to the estimated acquired in-place lease value intangibles based on factors available in third party appraisals or cash flow estimates of the property prepared. These estimates are based upon cash flow projections for the property, existing leases, lease origination costs for similar leases as well as lost rental payments during an assumed lease-up period. The Company also evaluates each acquired lease as compared to current market rates. If an acquired lease is determined to be above or below-market, the Company allocates a portion of the purchase price to such above or below-market lease based upon the present value of the difference between the contractual lease payments and estimated market rent payments over the remaining lease term. Renewal periods are included within the lease term in the calculation of above and below-market lease values if, based upon factors known at the acquisition date, market participants would consider it reasonably assured that the lessee would exercise such options. Fair value estimates used in acquisition accounting, including the discount rate used, require the Company to consider various factors, including, but not limited to, market knowledge, demographics, age and physical condition of the property, geographic location and size and location of tenant spaces within the acquired investment property.

Depreciation is provided using the straight-line method over the estimated useful life of the assets for buildings and improvements and the term of the lease for tenant improvements. The estimated useful lives are as follows:

Land improvements	15 years
Buildings	25.5-39 years
Building improvements	5-39 years
Tenant improvements	1-15 years

Repair and maintenance costs are expensed as incurred, whereas expenditures that improve or extend the service lives of assets are capitalized. Disposal and abandonment of improvements are recognized at occurrence as a charge to depreciation.

Construction in process represents costs incurred by the Company on the construction of real estate property that has not yet been placed in service. Depreciation of these costs will begin upon completion of the construction activities.

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Intangible Assets or Liabilities

Upon acquisitions of real estate, the Company assesses the fair value of acquired tangible assets and any significant intangible assets and liabilities (such as above and below-market leases and value of acquired in-place leases) and any assumed liabilities and allocates the purchase price based on these fair value assessments. The Company amortizes identified intangible assets and liabilities based on the period over which the assets and liabilities are expected to affect the future cash flows of the real estate property acquired. Lease intangibles (such as in-place or above and below-market leases) are amortized over the term of the related lease.

Income Taxes

The Company has elected to be taxed as a REIT under the Internal Revenue Code, as amended. A REIT calculates taxable income similar to other domestic corporations, with the major difference being that a REIT is entitled to a deduction for dividends paid. A REIT is generally required to distribute at least 90% of its taxable income each year. If it chooses to retain the remaining 10% of taxable income, it may do so, but it will be subject to a corporate tax on such income. REIT shareholders are taxed on REIT distributions of ordinary income in the same manner as they are taxed on other corporate distributions.

A summary of the tax characterization of the dividends paid to shareholders of the Company's common stock for the years ended December 31 is as follows:

	<u>2025</u>		<u>2024</u>	
Ordinary income	\$ 0.0585	8.13 %	\$ 0.0751	10.43 %
Capital gain	0.3822	53.08	0.2030	28.19
Return of capital	0.2793	38.79	0.4419	61.38
	<u>\$ 0.7200</u>	<u>100.00 %</u>	<u>\$ 0.7200</u>	<u>100.00 %</u>

The Company intends to continue to qualify as a REIT and, as such, will not be taxed on the portion of the income that is distributed to the shareholders. In addition, the Company intends to distribute all of its taxable income; therefore, no provisions or liabilities for income taxes has been recorded in the consolidated financial statements.

The Company conducts its business activity as an Umbrella Partnership Real Estate Investment Trust (UPREIT) through its Operating Partnership. The Operating Partnership is organized as a limited partnership. Income or loss is allocated to the partners in accordance with the provisions of the Internal Revenue Code. UPREIT status allows nonrecognition of gain by an owner of appreciated real estate if that owner contributes the real estate to a partnership in exchange for partnership interest. The conversion of partnership interests to shares of common stock in the REIT will be a taxable event to the limited partner.

The Company's policy of accounting for uncertain tax positions is to recognize the tax effects from an uncertain tax position in the consolidated financial statements, only if the position is more likely than not to be sustained on audit, based on the technical merits of the position. The Company recognizes the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more likely than not threshold, the amount recognized in the consolidated financial statements is the largest benefit that has a greater than 50% likelihood of being realized, upon ultimate settlement with the relevant tax authority.

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The Company is not currently under examination by any taxing jurisdiction. In the event of any future tax assessments, the Company has elected to record the income tax penalties as operating and maintenance expense and any related interest as interest expense in the Company's consolidated statements of operations.

Noncontrolling Interest

Interests in the Operating Partnership held by limited partners are represented by partnership common units of the Operating Partnership. The Company's interest in the Operating Partnership was 21.4% and 20.9% of the common units of the Operating Partnership as of December 31, 2025 and 2024, respectively. The Operating Partnership's income is allocated to holders of units based upon the ratio of their holdings to the total units outstanding during the period. Capital contributions, distributions and profits and losses are allocated to noncontrolling interests in accordance with the terms of the Operating Partnership agreement.

During 2025, certain investors of the Company contributed a property adjacent to SRRT CC Outlot, LLC in exchange for 196,208 common units of SRRT Properties valued at \$2,516,362. The contributed property along with SRRT CC Outlot, LLC were immediately sold through a 1031 exchange contribution in conjunction with the purchase of SRRT 5902 Industrial DST. There was no gain or loss associated with these transactions.

During 2024, the Company acquired approximately 11% of the noncontrolling interest in the property owned by SRRT Empire I, LLC for 39,117 common units of SRRT Properties valued at \$528,075, plus cash of \$34,274, which was less than the net book value of the noncontrolling interest by \$25,136. The excess of the net book value over the consideration paid was treated as a distribution to the noncontrolling interest members.

As part of the Company's acquisition of the remaining approximately 73% interest in the Barnum property in which the Company previously owned 27% as a tenant in common (see Note 11), the Company authorized the issuance of up to 530,000 Series A Preferred Units of SRRT Properties, which contain the following terms:

- The holders of the Series A Preferred Units shall be entitled to receive cumulative cash distributions at a rate of 7.50% per annum of the \$20 per Series A Preferred Unit issuance price. The Series A Preferred Return shall be paid only when, and as if authorized by the General Partner and declared by the Partnership, but if the Series A Preferred Return is not paid quarterly, it shall continue to accrue and be cumulative.
- Upon any voluntary or involuntary liquidation, dissolution or winding up of the affairs of SRRT Properties, before any distribution or payment shall be made to the holders of any Partnership Units or Series A Junior Preferred Units, as defined in the agreement, the holders of the Series A Preferred Units then outstanding shall be entitled to be paid, or have the Partnership declare and set apart for payment, out of the assets of SRRT Properties legally available for distribution to its Partners after payment or provision for payment of all debts and other liabilities of SRRT Properties, a liquidation preference in cash or property at fair market value, as determined by the Company, of \$20 per Series A Preferred Unit plus an amount equal to any accrued and unpaid distributions to, and including, the date of payment or the date the liquidation preference is set apart for payment (the Series A Liquidating Distributions).

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- If upon any such voluntary or involuntary liquidation, dissolution or winding up of SRRT Properties, the available assets of SRRT Properties are insufficient to pay the full amount of the Series A Liquidating Distributions on all outstanding Series A Preferred Units, as defined in the agreement, then the holders of Series A Preferred Units shall share ratably in any such distribution of assets in proportion to the full Series A Liquidating Distributions to which they would otherwise be respectively entitled.
- After payment of the full amount of the Series A Liquidating Distributions to which they are entitled, holders of Series A Preferred Units will have no right or claim to any of the remaining assets of SRRT Properties.
- Once the Barnum Property attains a fair market asset value of \$51,700,000 or greater, with such asset value being determined by SRRT Properties in its sole discretion, the holders of Series A Preferred Units shall be entitled to exchange Series A Preferred Units for Partnership Units, at any time and at their option, on the following terms and subject to the following conditions:
 - At any time after the Barnum Property reaches an asset value of \$51,700,000 or greater (as defined), each holder of Series A Preferred Units at its option may exchange each of its Series A Preferred Units for 2.00 Partnership Units (as may be adjusted for any subdivisions, stock splits, stock dividends, combinations and reclassification of Partnership Units); provided, however, that no Series A Preferred Units may be exchanged unless at least 1,000 Series A Preferred Units, in the aggregate, are exchanged by one or more holders thereof on such Series A Exchange Date.
 - A holder of Series A Preferred Units will not have the right to exchange Series A Preferred Units if the Company would no longer qualify or its status would be seriously compromised as a real estate investment trust or such exchange would constitute or be likely to constitute a violation of applicable securities laws.

SRRT Properties may require the holders of Series A Preferred Units to convert the Series A Preferred Units into Partnership Units on the following terms and subject to the following conditions:

- At any time after December 31, 2033, SRRT Properties shall have the option to require each holder of Series A Preferred Units to convert each of its Series A Preferred Units into 2.00 Partnership Units (as may be adjusted for any subdivisions, stock splits, stock dividends, combinations and reclassification of Partnership Units). SRRT Properties may exercise this option in its sole discretion and shall have no obligation to exercise the option at any time.
- A holder of Series A Preferred Units will not have the obligation to convert Series A Preferred Units to Partnership Units unless there is no accrued but unpaid Series A Preferred Return on the Series A Preferred Units to be converted.
- The Series A Preferred Units will not have any voting rights or right to consent to any matter requiring the consent or approval of the Limited Partners of SRRT Properties; provided, however, that no action may be taken to amend, alter or repeal any provision of the rights or preferences of the Series A Preferred Units if such amendment, alteration or repeal would result in the Series A Preferred Units no longer having a preference superior or prior to the Partnership Units (as defined in the agreement) as to payment of distributions or distributions of assets.

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Notes to Consolidated Financial Statements

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Reclassification

For comparability, certain 2024 amounts have been reclassified to conform with classifications adopted in 2025, including the separate presentation of deferred gain on real estate ventures in the consolidated balance sheets, which was previously included in accrued liabilities. The reclassifications had no impact on previously reported net loss or stockholders' equity.

2. Notes Receivable

During 2020, the Company issued a note receivable in the amount of \$161,000 to a related party. The note bears interest at 4.50%. Interest only payments are due monthly beginning November 2020, with all remaining unpaid principal and interest due on October 2030. The outstanding balance of the note receivable was \$161,000 as of both December 31, 2025 and 2024.

During 2020, the Company issued a note receivable in the amount of \$944,000 to a related party. The note bears interest at 4.50%. Interest only payments are due monthly beginning November 2020, with all remaining unpaid principal and interest due on November 1, 2029. The outstanding balance of the note receivable was \$944,000 as of both December 31, 2025 and 2024.

During 2023, the Company acquired a tax increment financing note receivable with its acquisition of 48th Street Investments, LLC. The note bears interest at 3.75%, and will be repaid through semi-annual payments due each June and December, the amount of which will be determined by the tax increment generated by the development of the property. The note is due December 31, 2032. The outstanding balance of the note receivable was \$986,468 and \$1,276,905 as of December 31, 2025 and 2024, respectively.

During 2022, the Company issued a note receivable in the amount of \$222,022 to an unrelated party. The note bore interest at the one-month Secured Overnight Financing Rate (SOFR), plus 2.75%, with a minimum rate of 3.50%. Quarterly payments of interest only were due beginning October 2022, with all outstanding principal and interest due March 2024. The note was applied towards the redemption of common stock during the year ended December 31, 2024.

During 2025, SRRT Properties assumed a note receivable from related parties in the original total amount of \$1,595,174, which is due to the Company from an unrelated party. Concurrently, the Company entered into corresponding notes payable to the related parties (see Note 6). The note bears interest at 9.00% with no specified repayment terms. However, quarterly repayments are expected to be received from available funds. The note receivable is unsecured. The outstanding balance of the note receivable was \$1,535,945 as of December 31, 2025.

The Company has assessed the credit risk of these receivables to be low based on factors such as the value of the security supporting the notes and the expected future net income and cash flows for the borrowers.

3. Tenant Leases

The Company leases commercial and industrial space to tenants over terms ranging from month-to-month to 16 years. Some of the leases have renewal options for additional terms. The leases expire at various dates from January 2026 to August 2038. Some leases provide for base monthly rentals and reimbursements for real estate taxes and common area maintenance.

The Company has elected the practical expedient in ASC 842 to not separate lease and nonlease components. The lease and nonlease components combined as a result of this election include tenant rentals and maintenance charges respectively. The nonlease components, along with reimbursements for real estate taxes and insurance, are considered to be variable lease payments. The Company applies the accounting requirements of ASC 842 to the combined component.

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Notes to Consolidated Financial Statements

December 31, 2025 and 2024

The following table includes information regarding the Company's operating leases for the years ended December 31:

	<u>2025</u>	<u>2024</u>
Lease income related to fixed lease payments	\$ 36,440,606	\$ 31,942,860
Lease income related to variable lease payments	<u>10,066,824</u>	<u>9,356,579</u>
Rental revenues	<u>\$ 46,507,430</u>	<u>\$ 41,299,439</u>

The Company has the following future minimum base rentals on noncancelable leases as of December 31, 2025:

Years ending December 31,	
2026	\$ 25,386,656
2027	22,531,118
2028	17,651,738
2029	15,701,439
2030	14,528,513
Thereafter	<u>55,965,413</u>
Total	<u>\$ 151,764,877</u>

4. Mortgage Notes Payable

Mortgage notes payable consisted of the following notes payable as of December 31:

	<u>2025</u>	<u>2024</u>
Mortgage note payable to a bank with borrowing capacity up to \$11,332,717; initial borrowing of \$9,569,278; interest at 4.79% through October 2027; thereafter, interest will be fixed at the then five-year U.S. constant maturity Treasury rate as defined in the agreement, plus 2.0%, with a minimum rate of 4.79%; interest only payments due through April 2023; thereafter, the mortgage note payable will be due in monthly installments amortized over a 25-year period through September, 2032, with a final balloon payment due October, 2032; the note is collateralized by a mortgage on the properties owned by SRRT Harding, LLC, SRRT Kennedy, LLC, and SRRT 2112, LLC and an assignment of all rents on such properties; the note is subject to certain financial and nonfinancial covenants and prepayment penalty provisions; the note is guaranteed by SRRT Properties.	\$ 9,012,404	\$ 9,229,776

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	<u>2025</u>	<u>2024</u>
Mortgage note payable to a bank in the original amount of \$5,880,000; interest at 4.30%; was due in monthly installments of \$32,217 through December 2026, with a final balloon payment due January 2027. The mortgage note payable was refinanced in October 2025 for \$5,100,000; interest at 6.5%; beginning in November 2025 the mortgage note payable will be due in monthly installments over a 5-year period through October, 2030, with a final balloon payment due October, 2030; the note is collateralized by a mortgage on the properties owned by Railroad Properties, LLC and an assignment of all rents and leases on such properties; the note is subject to certain financial and nonfinancial covenants and prepayment penalty provisions; the note is guaranteed by SRRT Properties.	\$ 5,073,864	\$ 5,207,230
Mortgage note payable to a bank in the original amount of \$10,000,000; interest at the one-month SOFR, plus 1.50% (5.37% and 5.90% as of December 31, 2025 and 2024, respectively); monthly interest only payments due through March 2026, with a final balloon payment due April 2026; the note is collateralized by a mortgage on the property owned by 615 Properties, LLC; the note is subject to certain financial and nonfinancial covenants; the note is guaranteed by SRRT Properties. The Company is in process of refinancing this obligation; however, no refinancing agreement has been executed as of the date of issuance of the consolidated financial statements.	10,000,000	10,000,000
Mortgage note payable to a bank in the original amount of \$8,600,000; interest, as amended, at 5.82% until March 2026, then at 2.25% above the one-month SOFR until May 2027; monthly interest only payments due through March 2025; thereafter, due in monthly installments of \$54,468 through March 2026, then \$11,670 plus interest through May 2027, with a final balloon payment due May 2027; the note is collateralized by a mortgage on the property owned by Cobblestone Properties, LLC; the note is subject to certain nonfinancial covenants and prepayment penalty provisions; the note is guaranteed by SRRT Properties.	8,489,997	8,600,000
Mortgage note payable to a bank in the original amount of \$3,500,000; interest at 2.25% above the one-month SOFR (6.12% and 6.65% as of December 31, 2025 and 2024, respectively); monthly interest only payments due through March 2025; thereafter due in monthly installments of \$4,295 plus interest through March 2026, then \$4,615 plus interest through May 2027, with a final balloon payment due May 2027; the note is collateralized by a mortgage on the property owned by Cobblestone Properties, LLC; the note is subject to certain nonfinancial covenants; the note is guaranteed by SRRT Properties.	3,461,345	3,500,000

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	<u>2025</u>	<u>2024</u>
<p>Mortgage note payable to a bank in the original amount of \$4,600,000; interest at 4.76%; monthly interest only payments were due through October 2018; thereafter, they were due in monthly installments of \$24,024 through September 2025, with a final balloon payment due October 2025. The mortgage note payable was refinanced in October 2025 in the amount of \$3,620,000; interest at the WSJ prime rate (6.75% as of December 31, 2025); monthly interest only payments, due monthly starting in November 2025; with a final balloon payment due October 2026; the note is collateralized by a mortgage on the property owned by IDC Properties, LLC and an assignment of all rents on such property; the note is subject to certain nonfinancial covenants; the note is guaranteed by SRRT Properties.</p>	\$ 3,620,000	\$ 4,126,445
<p>Mortgage note payable to a bank in the original amount of \$1,170,000; interest at 3.75% through July 2021; thereafter interest will be the weekly average yield on United States Treasury Securities adjusted to a constant maturity of five years, plus a margin of 2.50% as defined in the mortgage note payable, with a minimum rate of 3.75% (effective rate of 3.75% as of both December 31, 2025 and 2024); due in monthly installments of \$6,043 through June 2026, with a final balloon payment due July 2026; the note is collateralized by a mortgage on the property owned by SRRT Bedford, LLC and an assignment of all rents on such property; the note is subject to certain nonfinancial covenants; the note is guaranteed by the Company and SRRT Properties.</p>	864,911	903,828
<p>Mortgage note payable to a bank in the original amount of \$7,350,000; interest at 4.125%; the note was due in monthly installments of \$39,550 through September 2021, with a final balloon payment due October 2021. The mortgage note payable was refinanced in January 2022 with a drawable loan in an amount up to \$7,200,000; interest at 3.50%; payable on demand; however, if no demand is made, monthly interest only payments are due through February 2024; thereafter, due in monthly installments of \$36,045 through January 2027, with a final balloon payment due February 2027; the new note is collateralized by a mortgage on the property owned by SRRT Edge, LLC; the new note is subject to certain financial and nonfinancial covenants; the new note is guaranteed by SRRT Properties.</p>	6,854,997	6,855,046

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	<u>2025</u>	<u>2024</u>
Mortgage note payable to a bank in the original amount of \$2,119,000; interest at 4.28%; monthly interest only payments due through September 2022; thereafter, due in monthly installments of \$10,461 through September 2027, with a final balloon payment due October 2027; the note is collateralized by a mortgage on the property owned by SRRT Lee, LLC; the note is subject to certain nonfinancial covenants and prepayment penalty provisions; the note is guaranteed by SRRT Properties.	\$ 2,005,519	\$ 2,043,141
Mortgage note payable to a bank in the original amount of \$8,115,000; interest at 3.87%; monthly interest only payments due through November 2019; thereafter, due in monthly installments of \$42,254 through October 2029, with a final balloon payment due November 2029; the note is collateralized by a mortgage on the property owned by SRRT Industrial Blvd, LLC; the note is subject to certain nonfinancial covenants and prepayment penalty provisions; the note is guaranteed by the Company and SRRT Properties.	6,793,635	7,032,724
Mortgage note payable to a bank in the original amount of \$770,072; interest at 4.06% through October 2022; thereafter the interest rate will adjust to the then current Five Year US Treasury Constant Maturity Rate as provided by the Federal Reserve plus a margin of 2.25% and shall be fixed at that rate; however in no instance shall the interest rate be less than 3.75% (effective rate of 6.20% as of both December 31, 2025 and 2024); due in monthly installments of \$4,090 through October 2022; beginning November 2022, due in monthly installments of \$4,891, with a final balloon payment due November 2027; the note is collateralized by a mortgage on the property owned by SRRT Parkway, LLC; the note is subject to certain financial and nonfinancial covenants and prepayment penalty provisions; the note is guaranteed by SRRT Properties.	595,860	628,712
Mortgage note payable to a bank in the original amount of \$1,852,500; interest at 4.00%; due in monthly installments of \$9,839 through March 2027, with a final balloon payment due April 2027; the note is collateralized by a mortgage on the property owned by SRRT Boone, LLC; the note is subject to certain financial and nonfinancial covenants and prepayment penalty provisions; the note is guaranteed by SRRT Properties.	1,423,602	1,482,331
Mortgage note payable to a bank in the original amount of \$4,650,000; interest at 4.125%; monthly interest only payments due through November 2020; thereafter, due in monthly installments of \$22,697 through October 2029, with a final balloon payment due November 2029; the note is collateralized by a mortgage on the property owned by SRRT Empire I, LLC; the note is subject to certain financial and nonfinancial covenants.	4,210,025	4,304,161

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	<u>2025</u>	<u>2024</u>
Construction loan agreement with a bank allowing for proceeds up to \$1,700,000; interest at the FHLB 5-year Advance Rate plus 2.50% as determined on the date of permanent loan conversion (5.58%) through the five year anniversary of permanent conversion, at which time the rate will reset to the FHLB 5-year Advance Rate, plus 2.50% as of such date; monthly interest only payments due through August 1, 2022; the loan converted to a permanent loan on August 1, 2022; the loan requires monthly repayments of the loan balance based on a twenty-five year amortization, with a final balloon payment due August 1, 2032; the note is collateralized by a mortgage on the property owned by The Redwell Commercial, LLC (a subsidiary of SRRT Redwell, LLC) and an assignment of all rents on such property; the note is subject to certain financial and nonfinancial covenants; the note is guaranteed by two individuals.	\$ 1,066,453	\$ 1,625,535
Mortgage note payable to a bank in the original amount of \$4,291,800; interest at 3.51% through July 2027; thereafter interest will be the then current Three Year US Treasury Constant plus 2.25% as defined in the mortgage note payable, and shall be fixed at that rate through the maturity date, with minimum rate of 3.51%; due in monthly installments of \$17,946 through June 2030, with a final balloon payment due July 2030; the note is collateralized by a mortgage on the property owned by BP Holdings Realty, LLC and an assignment of all rents on such property; the note is subject to certain financial and nonfinancial covenants and prepayment penalty provisions; the note is guaranteed by the Company.	3,548,250	3,637,355
Mortgage note payable in the original amount of \$7,310,000; interest at 4.61%; due in monthly installments of \$41,089 through October 2028, with a final balloon payment due November 2028; the note is collateralized by a deed of trust and security agreement on the property owned by SRRT Executive Park I, LLC and an assignment of all rents on such property; the note is subject to certain prepayment penalty provisions; the note is guaranteed by SRRT Properties.	6,005,513	6,216,425
Mortgage note payable to a bank in the original amount of \$3,940,000; interest at 4.47%; monthly interest only payments due through July 2024; thereafter, due in monthly installments of \$20,047 through June 2029, with a final balloon payment due July 2029; the note is collateralized by a mortgage on the property owned by SRRT Sentry I, LLC and an assignment of all rents on such property; the note is subject to certain financial and nonfinancial covenants.	3,849,943	3,914,431

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	<u>2025</u>	<u>2024</u>
Mortgage note payable to a bank in the original amount of \$10,400,000; interest at 3.50%; due in monthly installments of \$52,346 through August 2027, with a final balloon payment due September 2027; the note is collateralized by mortgages on the properties owned by 530 Third, LLC, SRRT Outlot, LLC, SRRT Northland Drive, LLC, SRRT Hale, LLC, and SRRT Duluth, LLC and an assignment of all rents on such properties; the note is subject to certain financial and nonfinancial covenants and prepayment penalty provisions; the note is guaranteed by the Company.	\$ 8,692,030	\$ 9,240,656
Mortgage note payable to a bank in the original amount of \$14,738,000; interest at 3.67%; due in monthly installments of \$62,371 through July 2037, with a final balloon payment due August 2037; the note is collateralized by a mortgage on the property owned by The Redwell, LLLP and an assignment of all rents on such property; the note is subject to certain financial and nonfinancial covenants and prepayment penalty provisions; the note is guaranteed by two individuals.	14,031,273	14,253,148
Mortgage note payable to a bank in the original amount of \$16,000,000; interest at 4.15%; monthly interest only payments due through September 2024; thereafter, due in monthly installments of principal and interest of \$85,785, amortizing the loan over a 25-year period, with a final balloon payment due September 2029; the note is collateralized by a mortgage on the property owned by SRRT Botts Road I, LLC and an assignment of all rents on such property; the note is subject to certain financial and nonfinancial covenants and prepayment penalty provisions; the note is guaranteed by SRRT Properties.	15,534,864	15,908,575
Mortgage note payable in the original amount of \$8,207,500; interest at 2.27%; due in monthly installments of \$28,339 through October 2056; the note is collateralized by a mortgage on the property owned by Gurley Lofts, LLC; the note is subject to certain prepayment penalty provisions.	7,536,210	7,703,152
Mortgage note payable to a bank in the original amount of \$3,200,000; interest at 3.35%; monthly interest only payments due through April 2024; thereafter, due in monthly installments of principal and interest of \$14,190, amortizing the loan over a 30-year period, with a final balloon payment due May, 2027; the note is collateralized by a mortgage on the property owned by SRRT Libra, LLC and an assignment of all rents on such property; the note is subject to certain financial and nonfinancial covenants and prepayment penalty provisions; the note is guaranteed by SRRT Properties.	3,094,753	3,158,732

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	<u>2025</u>	<u>2024</u>
Mortgage note payable to a bank in the original amount of \$3,843,510; the Company has the ability to draw an additional \$1,016,490 as defined under the agreement; interest at 3.50% through June 2029; thereafter interest will be the Five Year US Treasury Constant, plus a margin of 1.75% as defined in the note, and will be fixed at such rate through the maturity date with a minimum rate of 3.50%; due in monthly installments of interest only through May 2024; thereafter, due in monthly installments of principal and interest of \$21,824, based on a 30-year amortization with a final balloon payment due June 2032; the note is collateralized by a mortgage on the property owned by SRRT Jackson Street, LLC and an assignment of all rents on such property; the note is subject to certain financial and nonfinancial covenants and prepayment penalty provisions; the note is guaranteed by SRRT Properties.	\$ 3,732,081	\$ 3,807,139
Mortgage note payable to a bank in the original amount of \$2,700,000; interest at 5.75%; due in monthly installments of \$15,901 through November 2027, with a final balloon payment due December 2027; the note is collateralized by a mortgage on the property owned by SRRT Hillside, LLC; the note is subject to certain financial and nonfinancial covenants and certain prepayment penalty provisions; the note is guaranteed by SRRT Properties.	2,591,233	2,629,759
Mortgage note payable to a bank in the original amount of \$20,028,250; interest at 4.10% through January 2027; thereafter interest will be adjusted to a fixed annual rate equal to 2.35% in excess of the three year Treasury Constant Maturity Rate as defined in the agreement; due in monthly installments of \$97,469 through January 2027; beginning February 2027, monthly principle and interest payments will be recalculated based upon the then applicable interest rate and an assumed term ending January 2050 with a final balloon payment due January 2030; the note is collateralized by a mortgage on the property owned by SRRT Fleet I, LLC and an assignment of all rents on such property; the note is subject to certain financial and nonfinancial covenants and certain prepayment penalty provisions; the note is guaranteed by SRRT Properties.	17,882,828	18,299,645
Mortgage note payable to a bank in the original amount of \$6,380,000; interest at 3.50%; monthly interest only payments due through May 2024; thereafter, due in monthly installments of \$28,832 through April 2031, with a final balloon payment due May 2031; the note is collateralized by a mortgage on the property owned by SRRT Lone Oak, LLC; the note is subject to certain nonfinancial covenants; the note is guaranteed by SRRT Properties.	6,186,234	6,310,303

SR Realty Trust, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Mortgage note payable to a bank in the original amount of \$5,825,000; interest at 3.50%; monthly interest only payments due through September 2023; thereafter, due in monthly installments of \$28,955 through July 2031, with a final balloon payment due August 2031; the note is collateralized by a mortgage on the property owned by SRRT Pearl Street, LLC; the note is subject to certain nonfinancial covenants; the note is guaranteed by SRRT Properties.	\$ 5,496,261	\$ 5,645,797
Mortgage note payable to a bank in the original amount of \$3,349,000; interest at 3.25%; monthly interest only payments due through February 2024; thereafter, due in monthly installments based on a 30 year amortization, with a final balloon payment due February 2029; the note is collateralized by a mortgage on the property owned by SRRT Maple Plain, LLC; the note is subject to certain financial and nonfinancial covenants and prepayment penalty provisions.	3,225,191	3,293,615
Mortgage note payable to a bank in the original amount of \$9,990,743; interest at 3.25%; payable on demand; however, if no demand is made, monthly interest only payments due through February 2024; thereafter, due in monthly installments of \$48,732 through December 2026, with a final balloon payment due January 2027; the note is collateralized by a mortgage on the property owned by 48th Street Investments, LLC; the note is subject to certain nonfinancial covenants; the note is guaranteed by SRRT Properties.	9,462,233	9,752,661
Tax Increment Financing (TIF) note payable to a bank in the original amount of \$1,831,400; interest at the United States T-Bill rate plus 2.50%, adjustable every five years with a floor of 3.75% and a maximum rate of 5.75%; principal and interest due in payments to be made each June and December as defined in the agreement, with a maturity date of December 2032; the TIF note is secured by all accounts, rents, furniture, fixtures, equipment, inventory and other personal property owned by 48th Street Investments, LLC.	886,843	1,013,845
Mortgage note payable to a bank in the original amount of \$8,820,000; interest at 3.45%; monthly interest only payments due through December 2024; thereafter, due in monthly installments of \$39,500 through November 2026, with a final balloon payment due December 2026; the note is collateralized by a deed of trust and security agreement on the property owned by SRRT Orpheum, LLC; the note is subject to certain financial and nonfinancial covenants and prepayment penalty provisions; the note is guaranteed by SRRT Properties.	8,637,243	8,806,703

SR Realty Trust, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Mortgage note payable to a bank in the original amount of \$32,000,000; interest at CME Term SOFR plus 2.00% (effective rate of 6.37% as of December 31, 2024; monthly interest only payments due through February 2025, with a final balloon payment due February 2025. The mortgage note payable was refinanced in January 2025 for \$24,755,000 (resulting in principal payments on the existing mortgage note payable of \$2,245,000, before repayment of the remaining balance with proceeds from the new mortgage note payable); interest at 5.375%; monthly interest only payments due through February 2032; with a final balloon payment due February 2032; the note is collateralized by a mortgage on the property owned by SRRT WBL, LLC; the note is subject to certain nonfinancial covenants and prepayment provisions; the note is guaranteed by SRRT Properties.	\$ 24,755,000	\$ 27,000,000
Mortgage note payable to a bank with borrowing capacity up to \$6,000,000; initial borrowing of \$4,500,000; interest at CME Term SOFR plus 2.40% (6.27% and 6.77% as of December 31, 2025 and 2024, respectively); due in monthly installments of \$5,800 plus interest through May 2027, with a final balloon payment due June 2027; the note may be extended to December 2029 upon the Company fulfilling certain requirements of the note; the note is collateralized by a mortgage on the property owned by SRRT Carnegie, LLC; the note is subject to certain nonfinancial covenants; the note is guaranteed by the Company and SRRT Properties.	<u>4,430,400</u>	<u>4,500,000</u>
Total mortgage notes payable	<u>\$ 213,050,995</u>	<u>\$ 220,630,870</u>

Subsequent to December 31, 2025, the Company entered into a mortgage note payable on the property owned by Roseville Fairview, LLC in the original amount of \$3,900,000. Interest on the mortgage note payable is at the one-month CME Term SOFR plus 2.00%. Monthly payments of principal and interest commence on February 1, 2026, with principal amounts ranging from \$5,800 to \$8,300 over the seven-year term with a final balloon payment due January 2033. The property was previously unencumbered as of the consolidated balance sheet date. The note is subject to certain financial and nonfinancial covenants. The note is guaranteed by SRRT Properties.

Principal requirements on mortgage notes payable for years ending after December 31, 2025, including demand features, are as follows:

Years ending December 31:	
2026	\$ 43,153,095
2027	34,029,287
2028	11,399,126
2029	32,971,715
2030	9,775,665
Thereafter	<u>81,722,107</u>
Total	<u>\$ 213,050,995</u>

SR Realty Trust, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

Principal requirements on mortgage notes payable, assuming no demand features are requested by the lenders, are as follows:

Years ending December 31:	
2026	\$ 27,304,624
2027	49,877,758
2028	11,399,126
2029	32,971,715
2030	9,775,665
Thereafter	<u>81,722,107</u>
	<u>\$ 213,050,995</u>

The Company does not believe that it will have sufficient liquidity available to repay the scheduled maturities due in 2026 on its mortgage and other notes payable. Based upon the financial condition and results of operations of SR Realty Trust and the properties to which these obligations relate and based upon SR Realty Trust's ability to previously finance and refinance or extend mortgage and other notes payable, management believes that SR Realty Trust's ability to refinance or extend the mortgage and other notes payable is probable.

Construction Loan

On August 21, 2025, SRRT Square 2 GL, LLC entered into a construction loan agreement with a bank with a maximum borrowing capacity of \$12,000,000 to finance a multi-family development project. Borrowings under the agreement bear interest at 6.50%. The loan will be paid in thirty-six consecutive payments of interest only beginning the later of October 1, 2025 or upon the first of the month following the first draw of funds from the loan and continuing each month thereafter until August 1, 2028. This will be followed by 35 consecutive payments of principal and interest in the determined final loan balance amortized over 30 years, beginning September 1, 2028. One final balloon payment will be due September 1, 2031. The loan is subject to certain financial and nonfinancial covenants. The loan is secured by the property owned by SRRT Square 2 DST and is guaranteed by SRRT Properties. As of December 31, 2025, SRRT Square 2 GL, LLC had not drawn on this loan.

5. Time Certificates

The Company offers time certificates which may be issued for periods ranging from 30 days to 10 years. The interest rates on the time certificates range from 5.50% to 11.00% as of December 31, 2025, and 5.50% to 6.65% as of December 31, 2024, depending on the term elected for each time certificate issued. Interest is paid quarterly for each time certificate; however, the time certificate holder may elect to compound quarterly interest on certificates with original maturities of 180 days or longer. All principal and unpaid interest is due upon maturity of each time certificate. The time certificates are unsecured and subordinate to other senior obligations of the Company. As of December 31, 2025 and 2024, \$13,168,455 and \$8,181,769 of time certificates were outstanding, respectively. Of the outstanding time certificates as of December 31, 2025, \$9,315,543 mature in 2026, \$1,288,912 mature in 2027, \$2,544,000 mature in 2028 and \$20,000 mature in 2029. Time certificates due to related parties totaled \$7,843,186 and \$7,455,962 as of December 31, 2025 and 2024, respectively.

SR Realty Trust, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

6. Other Notes Payable

Other notes payable consisted of the following as of December 31:

	<u>2025</u>	<u>2024</u>
Note payable to a bank in the original amount of \$161,000; interest at 4.50%; due in monthly installments of \$1,674 through October 2030; the note is collateralized by a mortgage on the property owned by SRRT Harding, LLC, an assignment of rights in the related note receivable from SR Solar, LLC, and the membership interests of SR Solar, LLC; the note is subject to certain financial and nonfinancial covenants and prepayment penalty provisions; the loan is guaranteed by SRRT Properties and certain individuals.	\$ 86,970	\$ 102,694
Note payable to a bank in the original amount of \$944,000; interest at 4.50%; due in monthly installments of \$9,813 through November 2029; the note is collateralized by a mortgage on the property owned by SRRT Industrial Blvd, LLC, an assignment of rights in the related note receivable from SR Solar, LLC, and membership interests of SR Solar, LLC; the note is subject to certain financial and nonfinancial covenants and prepayment penalty provisions the loan is guaranteed by SRRT Properties and certain individuals.	509,920	602,113
Note payable to a bank in the original amount of \$8,000,000; interest at the WSJ Prime rate plus 1.00% (7.75% as of December 31, 2025), with a floor of 6%; monthly payments of interest, with a final balloon payment due June 2026; the note is subject to certain nonfinancial covenants; the note is guaranteed by certain individuals.	8,000,000	-
Note payable to a bank in the original amount of \$10,000,000, which was fully repaid during the year. Accordingly, there was no balance outstanding as of December 31, 2025 related to this note payable. Additional note payable to a bank in the original amount of \$8,000,000; interest at the one-month CME Term SOFR plus 3.25% (6.92% as of December 31, 2025); monthly payments of interest, with the principal balance of the loan to be paid down to an amount no greater than \$4,500,000 by June 15, 2026, with a final balloon payment due December 2026; the note may be extended to December 2027 in which the final balloon payment would also be extended; the note is subject to certain financial and nonfinancial covenants; the note is guaranteed by certain individuals and the Company's pledged ownership units in SRRT 5902 Industrial DST.	8,000,000	-

SR Realty Trust, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Notes payable to certain related and unrelated parties, in the original aggregate amount of \$5,300,000; interest at 12%; monthly interest only payments, with a balloon payment due June 2026; the notes may be extended to December 2026 with a one-time fee of 2.00% of the outstanding principal balance, the notes may be repaid in full or in part at any time, the notes are guaranteed by the Company.	\$ 3,131,018	\$ -
Notes payable to related parties in the original total amount of \$1,595,174 (see Note 2 for associated note receivable); interest at 9.00%; there are no specified repayment terms, however, quarterly principal and interest payments are expected to be made from available funds, with full repayment expected during 2026.	<u>708,795</u>	<u>-</u>
Total other notes payable	<u>\$ 20,436,703</u>	<u>\$ 704,807</u>

Principal requirements on other notes payable for years ending after December 31, 2025 are as follows:

Years ending December 31:	
2026	\$ 19,952,835
2027	118,255
2028	123,659
2029	225,544
2030	<u>16,410</u>
Total	<u>\$ 20,436,703</u>

7. Line of Credit

As of December 31, 2025, the Company had a \$30,000,000 line of credit with a bank. Borrowings under the line of credit are subject to a borrowing base calculation as defined in the agreement. The availability under the line of credit was subject to certain caps during 2025 as a result of the borrowing base calculation. As of December 31, 2025, the borrowing base was \$25,866,985 under the line of credit. Interest is payable monthly at 2.50% above the one-month SOFR (6.37% as of December 31, 2025). The line of credit had an outstanding balance of \$23,500,000 as of December 31, 2025.

As of December 31, 2024, the Company had a \$25,000,000 line of credit with a bank. Interest was payable monthly at 2.50% above the one-month SOFR (6.90% as of December 31, 2024), with a floor of 3.25%. The line of credit had an outstanding balance of \$19,005,000 as of December 31, 2024.

The Company refinanced the line of credit during 2025, which now matures in October 2027. The line of credit is guaranteed by SR Realty Trust. The agreement contains certain financial and nonfinancial covenants.

SR Realty Trust, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

8. Concentrations

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash and cash equivalents, restricted cash and accounts receivable. Cash and cash equivalents and restricted cash are placed with area banks and balances occasionally exceed federally insured limits. The Company has not experienced any losses in such accounts.

As of both December 31, 2025 and 2024, the Company had no tenants that occupied more than 10% of the Company's total rentable space. The Company had no tenants that represented more than 10% of base rental income for both the years ended December 31, 2025 and 2024.

9. Restricted Escrows and Reserves

According to the terms of certain of the Company's mortgage notes payable (Note 4), the Company is required to make monthly or quarterly deposits to various escrow and reserve accounts for the payment of insurance, real estate taxes, tenant improvements, leasing commissions and replacements. The balances in these restricted escrow and reserve accounts as of December 31 are as follows:

	<u>2025</u>	<u>2024</u>
Real estate tax escrow	\$ 384,395	\$ 380,764
Insurance escrow	218,091	57,438
Leasing commission and tenant improvement escrows	292,385	398,877
Replacement escrows	386,409	601,147
Other escrows	<u>1,564,329</u>	<u>2,232,088</u>
Total	<u>\$ 2,845,609</u>	<u>\$ 3,670,314</u>

10. Intangible Assets and Liabilities

The Company's identified intangible assets and liabilities as of December 31 were as follows:

	<u>2025</u>	<u>2024</u>
Identified Intangible Assets:		
In-place leases	\$ 22,743,080	\$ 20,298,424
Above-market leases	2,133,196	762,441
Accumulated amortization	<u>(11,206,044)</u>	<u>(8,960,474)</u>
Net carrying amount	<u>13,670,232</u>	<u>12,100,391</u>
Identified Intangible Liabilities:		
Below-market leases	5,959,442	6,067,185
Accumulated amortization	<u>(2,456,872)</u>	<u>(1,640,291)</u>
Net carrying amount	<u>3,502,570</u>	<u>4,426,894</u>
Intangible assets, net of accumulated amortization	<u>\$ 10,167,662</u>	<u>\$ 7,673,497</u>

The effect of amortization of intangible assets was \$1,943,554 and \$2,259,034 for the years ended December 31, 2025 and 2024, respectively. In-place leases, and above and below-market leases acquired in 2025 and 2024 had a weighted average amortization period of 8.21 and 6.31 years in the years acquired, respectively.

SR Realty Trust, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

The estimated annual amortization of acquired intangible assets and liabilities for each of the five succeeding fiscal years is as follows:

	<u>Assets</u>	<u>Liabilities</u>	<u>Net</u>
Years ending December 31:			
2026	\$ 3,231,660	\$ 862,061	\$ 2,369,599
2027	2,227,410	748,804	1,478,606
2028	1,672,935	663,941	1,008,994
2029	1,430,252	625,778	804,474
2030	1,253,043	475,045	777,998
Thereafter	3,854,932	126,941	3,727,991
Total	<u>\$ 13,670,232</u>	<u>\$ 3,502,570</u>	<u>\$ 10,167,662</u>

11. Acquisitions

As of December 31, 2023, the Company owned a 27% interest as a tenant in common in a multifamily property in White Bear Lake, MN (the Barnum property). The undivided interest in the property was owned by wholly-owned subsidiaries of SRRT Properties, SRRT Barnum, LLC, SRRT Kennedy, LLC, and SRRT WBL, LLC. On February 1, 2024, the Company entered into contribution agreements to acquire the remaining 73% interest in the Barnum property. The acquisition of the Barnum property was accounted for as an asset acquisition.

The consideration for the acquisition of the Barnum property as of the acquisition date consisted of the following:

Cash paid	\$ 146,999
Issuance of 587,089 Series A Preferred Units of SRRT Properties	<u>11,741,771</u>
Total purchase price	<u>\$ 11,888,770</u>

The Company has allocated the total cost of the acquisition as follows:

Tangible Assets:	
Land	\$ 9,568,454
Building	37,184,642
Cash and cash equivalents	70,280
Rents receivable, prepaid expenses and other assets	119,626
Liabilities Incurred:	
Mortgage note payable	(32,000,000)
Financing fees	73,291
Accounts payable, security deposits and other accrued expenses	<u>(427,807)</u>
Net assets acquired	<u>\$ 14,588,486</u>
Fair value of existing 27% ownership	\$ 3,882,937
Recorded value of existing ownership at date of acquisition	<u>5,464,121</u>
Loss on acquisition of real estate property	<u>\$ (1,581,184)</u>

SR Realty Trust, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

As of December 31, 2023, the Company owned a 2% interest as a tenant in common in an industrial building in Germantown, WI (the Carnegie property). The undivided interest in the property was owned by a wholly-owned subsidiary of SRRT Properties, SRRT Carnegie, LLC. On June 1, 2024, the Company entered into a contribution agreement to acquire the remaining 98% interest in the Carnegie property. The acquisition of the Carnegie property was accounted for as an asset acquisition.

The consideration for the acquisition of the Carnegie property as of the acquisition date consisted of the following:

Cash paid	\$	163,036
Issuance of 726,320 common units of SRRT Properties		<u>9,805,324</u>
Total purchase price	\$	<u><u>9,968,360</u></u>
Tangible Assets:		
Land	\$	2,453,487
Building and improvements		7,115,391
Tenant improvements		33,070
Cash and cash equivalents		219,023
Rents receivable, prepaid expenses and other assets		4,729
Intangible Assets (Liabilities):		
In-place lease		488,131
Below-market lease		(141,472)
Liabilities Incurred:		
Other accrued expenses		<u>(6,877)</u>
Net assets acquired	\$	<u><u>10,165,482</u></u>
Fair value of existing 2% ownership	\$	197,122
Recorded value of existing ownership at date of acquisition		<u>213,523</u>
Loss on acquisition of real estate property	\$	<u><u>(16,401)</u></u>

12. Investments in Real Estate Ventures

The Company owns a 15.00% interest in Fisk Properties, LLC, which was formed to invest in a specific real estate property in Minneapolis, MN.

A summary of the assets, liabilities and results of operations for Fisk Properties, LLC is presented below:

	<u>2025</u>	<u>2024</u>
Total assets	\$ 7,203,366	\$ 7,677,199
Total liabilities	10,294,953	10,723,819
Net income	355,032	251,507

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Notes to Consolidated Financial Statements

December 31, 2025 and 2024

The Company owns a 24.40% interest in North Loop Opportunity Fund, LLC, which was formed to invest in real estate properties in Minneapolis, MN.

A summary of the assets, liabilities and results of operations of North Loop Opportunity Fund, LLC is presented below:

	<u>2025</u>	<u>2024</u>
Total assets	\$ 15,339,614	\$ 15,224,447
Total liabilities	11,401,228	10,850,249
Net income (loss)	(435,812)	16,944

The Company owns a 23.70% interest in BC East, LLC which was formed to invest in a specific real estate property in Minneapolis, MN.

A summary of the assets, liabilities and results of operations for BC East, LLC is presented below:

	<u>2025</u>	<u>2024</u>
Total assets	\$ 31,113,648	\$ 32,094,322
Total liabilities	33,235,161	33,147,922
Net loss	(2,422,912)	(1,911,064)

The Company owns a 13.00% interest in WBL Land, LLC, which was formed to invest in a specific real estate property in White Bear Lake, MN.

A summary of the assets, liabilities and results of operations for WBL Land, LLC is presented below:

	<u>2025</u>	<u>2024</u>
Total assets	\$ 2,565,054	\$ 2,840,151
Total liabilities	1,477,104	1,467,012
Net loss	(285,190)	(318,270)

During 2020, the Company invested in a 70.00% interest as a tenant in common in a real estate property in Lincoln, NE. The undivided interest in the property is owned by SRRT Properties.

A summary of the assets and liabilities and results of operations of the property is presented below:

	<u>2025</u>	<u>2024</u>
Total assets	\$ 4,488,101	\$ 4,571,742
Total liabilities	4,090,539	4,208,216
Net income	99,037	48,259

During 2020, the Company invested in an approximately 0.13% interest in SR Solar, LLC, which was formed to install and operate solar equipment to provide energy to various real estate properties.

A summary of the assets, liabilities and results of operations of SR Solar, LLC is presented below:

	<u>2025</u>	<u>2024</u>
Total assets	\$ 365,344	\$ 731,055
Total liabilities	1,418,032	1,393,697
Net loss	(390,047)	(290,084)

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During 2021, the Company invested in a 9.74% interest as a tenant in common in an industrial building in St. Michael, MN. The Company sold a part of their investment during 2022 and owned an approximately 2.35% interest as a tenant in common as of both December 31, 2025 and 2024. The undivided interest in the property is owned by a wholly-owned subsidiary of SRRT Properties, SRRT St. Michael, LLC.

A summary of the assets, liabilities and results of operations of the SRRT St. Michael, LLC property is presented below:

	<u>2025</u>	<u>2024</u>
Total assets	\$ 6,569,111	\$ 6,622,624
Total liabilities	2,990,257	3,042,763
Net income	166,993	127,738

The Company owned a 10.00% interest in Rya Apartments, LLC, which was formed to invest in a specific real estate property in Richfield, MN. The property owned by Rya Apartments, LLC was sold during the year ended December 31, 2024.

A summary of the assets, liabilities and results of operations for Rya Apartments, LLC is presented below:

	<u>2024</u>
Total assets	\$ 646,303
Total liabilities	674,296
Net income	8,125,459

During 2023, the Company invested in an industrial building in Eagan, MN as a tenant in common. The Company sold part of their investment during 2024, and owned an approximately 20.38% interest as a tenant in common as of both December 31, 2025 and 2024. The undivided interest in the property is owned by a wholly-owned subsidiary of SRRT Properties, SRRT Yankee, LLC. Effective March 27, 2026, SRRT Yankee, LLC sold approximately 10.85% of its tenant in common investment. In connection with the sale, SRRT Properties generated gross proceeds of approximately \$1 million, including a seller promissory note of \$670,311. Concurrently with the sale, SRRT Yankee, LLC acquired an approximately 79.62% additional tenant in common interest in the same industrial building in Eagan, MN. As a result of these transactions, SRRT Yankee, LLC's ownership increased from 20.38% as of December 31, 2025 to approximately 89.15% as of the date of issuance of the consolidated financial statements. The consideration paid for the acquisition primarily consisted of 643,166 common units of SRRT Properties, valued at approximately \$8,039,572.

A summary of the assets, liabilities and results of operations of the SRRT Yankee, LLC property is presented below:

	<u>2025</u>	<u>2024</u>
Total assets	\$ 24,601,215	\$ 25,125,123
Total liabilities	14,981,641	14,968,681
Net income (loss)	3,132	(46,391)

SR Realty Trust, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

During 2023, the Company sold the land and building previously owned by SRRT Firestation, LLC to SRRT Firestation DST. The Company sold a part of their investment during 2025 and 2024 and owned approximately 0.01% and 5.91% of SRRT Firestation DST as of December 31, 2025 and 2024, respectively. The investment in SRRT Firestation DST is owned by SRRT Properties.

A summary of the assets, liabilities and results of operations of SRRT Firestation DST is presented below:

	<u>2025</u>	<u>2024</u>
Total assets	\$ 1,938,066	\$ 1,978,965
Total liabilities	1,346	2,760
Net income	59,015	55,039

During 2024, the Company invested in an industrial building in Shakopee, MN. The Company sold part of their initial investment during 2025 and 2024, and owned approximately 0.01% and 13.71% as of December 31, 2025 and 2024, respectively. The investment in SRRT Shakopee DST is owned by SRRT Properties.

A summary of the assets, liabilities and results of operations of SRRT Shakopee DST is presented below:

	<u>2025</u>	<u>2024</u>
Total assets	\$ 5,098,948	\$ 5,184,297
Total liabilities	-	-
Net income	172,152	152,263

During 2024, the Company invested in an industrial building in Omaha, NE. The Company sold part of their initial investment during 2025 and 2024, and owned approximately 0.63% and 30.45% as of December 31, 2025 and 2024, respectively. The investment in SRRT 4200 Industrial DST is owned by SRRT Properties.

A summary of the assets, liabilities and results of operations of SRRT 4200 Industrial DST is presented below:

	<u>2025</u>	<u>2024</u>
Total assets	\$ 24,973,289	\$ 25,357,187
Total liabilities	12,858,955	12,828,404
Net income	240,372	57,783

During 2025, the Company invested in two industrial buildings located in Kansas City, MO. The Company sold part of their initial investment during 2025, and owned approximately 29.68% as of December 31, 2025. The investment in SRRT 1201 Industrial DST is owned by SRRT Properties.

A summary of the assets, liabilities and results of operations of SRRT 1201 Industrial DST is presented below:

	<u>2025</u>
Total assets	\$ 32,566,736
Total liabilities	15,502,436
Net income	162,425

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During 2023, the Company invested in a 96.25% ownership in a real estate property in Lincoln, NE. During August 2025, the Company purchased the remaining interest in the entity. The interest in Square 2, LLC is fully owned by SRRT Properties.

A summary of the assets and liabilities and results of operations of the property is presented below.

	<u>2024</u>
Total assets	\$ 1,592,613
Total liabilities	20,346
Net loss	(10,509)

During 2025, the Company converted the entity Square 2, LLC into SRRT Square 2 DST. The Company sold part of their initial investment during 2025, and owned approximately 48.20% as of December 31, 2025. The investment in Square 2 DST is owned by SRRT Properties.

A summary of the assets, liabilities and results of operations of SRRT Square 2 DST is presented below:

	<u>2025</u>
Total assets	\$ 5,488,609
Total liabilities	9,345
Net income	111,106

During October 2025, the Company invested in a mixed-use commercial and multi-family apartment complex in Omaha, NE. The Company hasn't sold any of their initial investment during 2025, and owned 100.00% as of December 31, 2025. Subsequent to December 31, 2025, the Company sold approximately 51.12% of the ownership in SRRT Benson DST, and as of March 4, 2026, the Company owns approximately 48.88% of SRRT Benson DST. The investment in SRRT Benson DST is owned by SRRT Properties.

A summary of the assets, liabilities and results of operations of SRRT Benson DST is presented below:

	<u>2025</u>
Total assets	\$ 20,164,770
Total liabilities	9,381,963
Net income	71,770

During December 2025, the Company invested in an industrial building in Omaha, NE. The Company hasn't sold any of their initial investment during 2025, and owned 100.00% as of December 31, 2025. It's the Company's intent to sell the majority of their initial investment during 2026 reducing their ownership below 50.00%. The investment in 5902 Industrial DST is owned by SRRT Properties.

A summary of the assets, liabilities and results of operations of SRRT 5902 Industrial DST is presented below:

	<u>2025</u>
Total assets	\$ 33,099,588
Total liabilities	17,776,727
Net income	30,861

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The following tables present a rollforward of deferred gains on real estate ventures included in the consolidated balance sheets, reflecting the current period additions related to acquisitions and recognition of deferred gains associated with sales of portions of the Company's investments in the Delaware Statutory Trusts (DSTs) listed above.

	December 31, 2024	Additions of Deferred Gain	Deferred Gain Recognized	December 31, 2025
SRRT 4200 Industrial DST	\$ 375,602	\$ -	\$ (367,842)	\$ 7,760
SRRT Shakopee DST	101,231	-	(101,125)	106
SRRT Fire Station DST	24,771	-	(24,733)	38
SRRT 1201 Industrial DST	-	1,608,054	(1,130,814)	477,240
SRRT Square 2 DST	-	4,050,650	(2,092,770)	1,957,880
SRRT Benson DST	-	2,191,613	-	2,191,613
SRRT 5902 Industrial DST	-	7,313,951	-	7,313,951
Total	<u>\$ 501,604</u>	<u>\$ 15,164,268</u>	<u>\$ (3,717,284)</u>	<u>\$ 11,948,588</u>

	January 1, 2024	Additions of Deferred Gain	Deferred Gain Recognized	December 31, 2024
SRRT 4200 Industrial DST	\$ -	\$ 1,231,584	\$ (855,982)	\$ 375,602
SRRT Shakopee DST	-	738,550	(637,319)	101,231
SRRT Fire Station DST	307,035	-	(282,264)	24,771
Total	<u>\$ 307,035</u>	<u>\$ 1,970,134</u>	<u>\$ (1,775,565)</u>	<u>\$ 501,604</u>

During the years ended December 31, 2025 and 2024, the Company recognized gain on sale of real estate ventures of \$0 and \$598,026, respectively, unrelated to the Company's sales of portions of their investments in DSTs.

Subsequent to December 31, 2025, as part of routine operations, the Company completed sales of portions of its investments in certain of the DSTs listed above. The sales closed on various dates during 2026 through the date of issuance of the consolidated financial statements and generated aggregate gross proceeds of approximately \$9.9 million. The Company recognized a gain on sale of real estate ventures of approximately \$3.1 million in its consolidated statement of operations in 2026 related to these sales.

13. Related-Party Transactions

Advisory Services

SRRT Advisor, LLC (the advisor), the special operating partner of SRRT Properties and a related party through common ownership, provides advisory services to the Company. Under the advisory agreement, the advisor receives monthly fees based on the invested assets of the Company, as well as additional fees for any acquisition or disposition of assets by the Company. In addition, the advisor is eligible to earn additional compensation each year based on the performance of the Company. For the years ended December 31, 2025 and 2024, the Company incurred \$3,211,544 and \$1,981,115 in advisory services from the advisor, respectively. The increase during 2025 was a result of the advisor earning a portion of the advisor fee that is available to be earned each year under the advisory agreement, whereas there were no amounts earned and recorded during 2024. The Company owed \$1,200,000 and \$0 to the advisor as of December 31, 2025 and 2024, respectively, which is included in accrued liabilities in the consolidated balance sheets. During the years ended December 31, 2025 and 2024, the Company issued shares valued at \$0 and \$619,565, as partial settlement of the amounts owed as of December 31, 2024 and 2023, respectively. The remainder of the amounts due as of December 31, 2024 and 2023 were paid in cash during 2025 and 2024, respectively.

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Property Management Agreements

A related party through common ownership, provides property management services to the Company. For the years ended December 31, 2025 and 2024, the Company incurred \$1,785,004 and \$1,620,423 in management services from the property manager, respectively. No amounts were due to the property manager as of December 31, 2025 or 2024.

Other Related-Party Transactions

For the years ended December 31, 2025 and 2024, the Company incurred costs totaling \$1,848,557 and \$2,018,496 for building improvements, tenant improvements and repairs and maintenance from a related party.

As of December 31, 2025 and 2024, the Company had received advances of \$336,934 and \$4,000 from eight and one related parties, respectively. As of December 31, 2025 and 2024, the Company had advanced \$591,433 and \$457,500 to five and four related parties, respectively. The amounts are unsecured and due on demand.

During the year ended December 31, 2025, the Company assumed a note receivable from related parties (see Note 2), which is outstanding as of December 31, 2025. Additionally, the Company had outstanding notes receivable from prior years with related parties as of both December 31, 2025 and 2024 (see Note 2)

The Company entered into notes payable with multiple related parties during the year ended December 31, 2025 (see Note 6), which are outstanding as of December 31, 2025.

The Company makes time certificate offerings each year. During these offerings there are time certificates that are issued to related parties, which are outstanding and due to the related parties as of both December 31, 2025 and 2024 (see Note 5).

14. Subsequent Events

The Company has evaluated subsequent events occurring through March 31, 2026, the date the consolidated financial statements were available to be issued.