



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

December 20, 2022

Dear Shareholders:

We are pleased to enclose your 2022 second-half dividend check of \$45 per share. Together with the \$25 per share dividend paid in April 2022, the total 2022 dividend is \$70 per share (as compared to \$65 per share in 2021).

Please hold Thursday, June 8, 2023, for our Annual General Meeting, which we expect to be held virtually again this year. Additional information about the details of the meeting will be provided closer to the meeting date. As is our custom, a complete property specific report will be provided next year in conjunction with the annual meeting.

Below are some updates on specific properties:

Cross County Center, Yonkers, NY – Cross County Center, owned by Dollar Land Associates LLC continues to outperform its competitors. The property is 96% leased and sales mid-year are up 9% over 2019 (pre-Covid). We signed 23 leases year-to-date totaling over 106,000 square feet.

We recently completed the construction work on SUNY Westchester's new campus at the Center, which is located on the third floor of the Target building and represents more than a tripling of their former size. Classes commenced in September for in-class instruction and the additional students and activity enhances the vitality of the Center. Work is progressing on the 130,000 square foot Target store. We had previously delivered the space to Target with the completion of the Landlord work and Target is expecting to complete their work in the first or second quarter of next year as they have been delayed with the delivery of certain vertical transportation equipment (Target only opens their stores in March or August). We look forward to Target's opening as we believe that this store will expand the customer base at the Center and enhance the sales of most of our retailers. We have several proposals out with various restaurant and entertainment groups for the top floor of the Target building and we are in discussions with two medical groups for the remainder of the third floor – all of these groups will enhance the mixed-use energy of the Center.

We also recently signed the high-profile Savage X Fenty store founded by the pop-singer Rihanna, which is only their second store in New York and their first in Westchester County. We have renewed and expanded certain high-profile tenants including Zara and Armani Exchange. Both of these groups have been renovating their stores, which look terrific and should increase their sales during the holiday season. We also have continued to diversify and expand the food offerings at the Center, with the signings of Honey Pizza, Wako Korean Chicken, and the opening of Sticky's Chicken and Five Guys Burgers.

The holiday season at the Center is off to a great start, with a successful Black Friday. Retailers reported the following year-over-year increases: Bath & Body Works +3%, Express +7%, H&M +6%, Hollister +11% on Friday and Saturday, Old Navy +15% on Friday, Ulta +15K on Friday.

For this year's holiday season, we are showcasing a new Santa's workshop next door to the walk-thru Christmas tree and ice-skating rink. We have introduced wood fire-pits and beer gardens during the holiday season. We expect this to be one of our more exciting and profitable holidays ever.

As in the past, the Dollar Land board of managers continues to explore further development growth opportunities at the Center, including residential, retail and mixed-use elements.

Please visit our website at www.crosscountycenter.com to learn more about the property.

10 Grand Central, 155 East 44th Street, New York, NY –

The award-winning property continues to attract more than our fair-share of tenants seeking to locate near Grand Central as the property's 2018 repositioning has garnered strong appeal to tenants' desire for well-located buildings with amenities, outdoor space and hospitality-rich office space to attract their employees back to the office. There is a flight-to-quality in the market, and we are fortunate to be experiencing strong tour activity and demand with a mix of tenants in the publishing, finance, legal, health, financial services and fintech industries. Several of our new tenants are high-profile in their industries and have strong balance sheets.

To date we have leased 68,000 square feet of space and have leases outstanding with another 16,000 square feet and 49,000 square feet of proposals which would exceed our goal of leasing 70,000 square feet of space this year. Our rental rates have continued to markedly improve over the previous rental rates for our new leases.

On the retail side, Maman Bakery and Café (a French bakery) has opened adjacent to our building entry and Cava recently opened at the corner of our building. All of our retailers are performing well, and they continue to act as an amenity for our office tenants above.

Lastly, our elevator modernization project is continuing as well as our environmental initiatives at the property. The property recently scored an A Energy Rating and will easily meet the 2024 Local Law 97 energy requirements, and we continue to work on meeting New York's stringent 2030 carbon neutral energy requirements.

Please visit our website at www.10grandcentral.com to learn more about the building.

545 Madison Avenue, New York, NY –

Since our last update, we have leased the 12th and 14th floors of the Building and have extended the term for our largest tenant on the base floors of the property. We are in the process of finishing construction of the Leonard Lounge, which is the building's club floor, located on the partial 8th floor of the building. We expect the Leonard Lounge, with its dramatic fireplace, oversized boardroom, lounge and terrace to be another feature that helps the property compete with some of the best properties in the Plaza District.

We are in negotiations with another tenant of the building (a trading firm) whose lease expires in December of next year to renew and to expand their space by one additional floor. We expect to terminate the second-floor tenant as we are in the midst of legal proceedings with this hair salon group, which has not been paying rent despite seemingly strong client activity.

We have heard concerns about the hair salon from prospective tenants, and we ultimately believe the building will be in a better position without this tenant. We have already commenced marketing this space to prospective tenants, primarily in the financial industry.

The Building continues to attract high-profile private equity and other financial tenants who appreciate the building's design and hospitality-infused spaces. The repositioning of the building is very well received in the marketplace and continues to garner interest and tours from some of the most sought-after tenants.

Please visit our website at www.545madisonnyc.com to learn more about the building.

The Herald – 1307 New York Avenue NW, Washington, DC –

Last summer, we completed the renovation of the building's lobby, exterior improvements, elevator modernizations and bathrooms. The renovated building is respectful of its past heritage featuring a hospitality-infused club floor with a lounge, a café, an oversized boardroom and a fitness center. Tenant demand for this type of differentiated product has been very good and we have signed five leases totaling 27,000 square feet. We have lease proposals outstanding with several high-profile multi-floor tenants. All the leases have been at or above our underwriting.

Please visit our website at www.theheralddc.com to learn more about the building.

Peachtree Street and International Blvd., Atlanta, GA – We are delighted to report that for the first time since the last occupant vacated the two upper floors over 20 years ago, we have now leased both upper floors of the building. The rent at \$28 per square foot is significantly higher than past rent projections. The 10-year lease is with Red Phone Booth Hospitality Group (the same tenant group who runs the ground floor sushi and steak bar and our adjacent building's high-end cocktail/cigar lounge and Neapolitan-style pizzeria). Under the new lease, as part of its base building work, the Landlord will refurbish and place in service the second elevator, provide HVAC on the second floor and bathrooms on both floors. As we have informed you previously, our plan is to fund all the leasing costs and improvements to the property, tentatively estimated at \$3M with conventional financing. To date, we have been funding the capital needs from the property's cash flow.

On the acquisition/disposition front:

- **2121 Wisconsin Avenue NW, Washington, DC –** In February 2022, we acquired this property as part of a 1031- exchange of the South Beach, Miami, FL property which was sold in August 2021. Nexstar Media Group, with over 200 broadcast stations, is the largest tenant in the building and recently committed to the property through 2039.

- **Arlington Plaza Mall, Arlington, TX** – Midwood Development, which managed this property, executed the sale of this property in February 2022 for a sale price of \$6.975M. The Marx Group of owners had a 50% interest in this property. Proceeds from the sale of this property were previously distributed to the Arlington Joint Venture owners.

Additional information on various MNP owned assets is available on our websites www.marxrealty.com or www.merchantsnationalproperties.com. We encourage you to periodically visit these websites to get up-to-date information on various properties.

Wishing you a happy holiday season and a prosperous 2023!

Sincerely,

Merchants' National Properties, Inc.

James Better
Chairman



Craig M. Deitelzweig
President and CEO