



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

December 19, 2023

Dear Shareholders:

We are pleased to inform you that we have distributed the second half of the dividend payment at \$55 per share. Together with the \$25 per share dividend paid in April 2023, the total 2023 dividend is \$80 per share (as compared to \$70 per share in 2022).

Please note that the Annual General Meeting will be held on Thursday, June 6, 2024 and will be held virtually. Additional information relating to 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 brief updates on specific properties:

Cross County Center, Yonkers, NY –

Cross County Center, owned by Dollar Land Associates LLC continues to perform strongly. The property is 97% leased and several important tenants recently opened at the Center, most notably Target. The 134,000 square foot Target store opened in mid-October along with a new tree-lined promenade connecting the Target building with the rest of the Center. Early indications are that this store location is already among the top stores performing in the entire Target chain. We expect Target to have a positive impact on retail sales throughout the Center, and we are already seeing anecdotal evidence of cross-shopping between Target shoppers and the other retailers at the Center.

We signed 24,000 square feet of leases year-to-date, and negotiations are underway to lease an additional 29,000 square feet of space, which we expect to be signed by year-end. We are also close to signing a letter of intent with a 27,000 square foot children's play park retailer for the third floor of the Target building.

Three new food concepts recently opened at the Center, and we are negotiating a lease with a well-regarded pizza restaurant and a Mediterranean food concept.

The holiday season at the Center is off to a great start, with a successful Black Friday weekend. Most retailers had sales up approximately 10% over last year for the holiday weekend.

At the September 2023 quarterly meeting of Dollar Land, the Board of Managers approved an increase in the partnership distribution to \$20M per year effective the second half of 2023. As a result, the Dollar Land partners will receive a total of \$19M distribution in 2023 and \$20M in 2024.

We continue 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 –

JLL, our leasing agent for the building, continues to state that 10 Grand Central is the most active building in their entire portfolio. We have experienced a very busy leasing year at 10 Grand Central, with the number of proposals, leases and tours far exceeding all of our neighboring properties. Leasing activity has greatly accelerated over the last few months, and tour and proposal activity are now stronger than pre-pandemic levels as potential tenants continue to gravitate towards hospitality and amenity-rich assets near transit hubs.

To date we have leased 76,000 square feet of space and we have leases outstanding with another 32,000 square feet of space, the majority of which we expect to have executed by year-end. In addition, we have another 40,000 square feet of active proposals. We have already exceeded our annual goal of leasing 70,000 square feet at the property, and we have many leases outstanding. Our rental rates have continued to markedly improve over the previous rental rates for our new leases.

On the retail side, Sweetgreen, Maman Bakery, Cava, Inday and Little Collins are performing well with long lunchtime crowds, and these retailers continue to act as an amenity for our office tenants above.

Lastly, our elevator modernization project and our environmental initiatives at the property are continuing to make progress. The property, which has an A Energy Rating 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.marx-10grandcentral.com to learn more about the building.

545 Madison Avenue, New York, NY –

Since our last update, we have leased the part of the 8th floor adjacent to the Leonard Lounge, and we renewed the lease for a single tenant occupying over 25,000 square feet over four floors. The building's Leonard Lounge, with its dramatic fireplace, oversized boardroom, cafe and terrace has proven to be very well received by existing and future tenants.

Most notably, we recently signed a lease for the top floor and mezzanine level of the building by Baccarat, a luxury brand company at a high-water mark rental rate for the property (the space becomes available in January). We intend to co-brand the building with many of the luxury goods sold by Baccarat. We have also been negotiating a renewal with a multi-floor tenant whose lease expires in 2025. We evicted the hair salon tenant formerly located on the second floor of the building, and are now in the process of pre-building that space. We have already received expressions of interest for that space primarily from tenants in the financial industry.

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

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

Earlier this year we signed a 20,000 square feet lease with a government affairs group for the top floor and a half of the building. We also signed a lease with a furniture showroom group, and we are negotiating a ground floor lease with a men’s clothing company.

We have proposals outstanding on almost all of the available space in the building, although many of these potential tenants might commit in early 2024.

The building continues to attract interest from tenants in a wider spectrum of industries and continues to garner outsized interest in the market.

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

Peachtree Street and International Blvd., Atlanta, GA –

With the building fully leased after over 20 years of vacancy on the two upper floors of the property, the build-out of the two floors is well underway. Under the new lease, as part of its base building work, the Landlord is to refurbish and place in service the second elevator, provide HVAC on the second floor and provide bathrooms on both floors. Work has already commenced on the elevator and the base building, both of which are expected to be completed in February 2024. As we have informed you previously, our plan is to fund all the leasing costs and improvements to the property, tentatively estimated at \$2.5M with a friendly loan from some of our investors. To date, we have funded \$650,000 of the capital needs from the property’s cash flow.

On the acquisition/disposition front:

- **1381 East Putnam Avenue, Greenwich, CT** – In August 2023, this property was sold for \$5.1M. After paying off the closing costs, the then outstanding mortgage balance and other liabilities, a \$500,000 distribution was made to the partners. At present, there is about \$32k cash on hand and another \$50k held in escrow as per the Purchase & Sale Agreement.

- **Bey Lea Joint Venture – Bey Lea Plaza Shopping Center, Toms River, NJ** – In August 2023, this property was sold for \$8.75M. After paying off the closing costs and the then outstanding liabilities, an \$8M distribution was made to the partners. At present, there is about \$1M of cash on hand, which we are holding for any potential new liabilities and more importantly to cover any outstanding NJ non-resident tax withholdings on the taxable gain.

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 obtain up-to-date information on various properties.

Wishing you a happy holiday season and a prosperous 2024!

Sincerely,

Merchants' National Properties, Inc.

James Better
Chairman



Craig M. Deitelzweig
President and CEO