



P R E S I D E N T ' S M E S S A G E

MARCH 2020

Dear Hartman Team Members,

As we navigate through these uncharted waters of the COVID-19 virus and uncertain times, it is important to remember the one thing that never changes; the word of God. He declares to us in the book of Psalms; no harm will overtake us. I have been praying continually against the spirit of fear and anxiety. I encourage each of you to do the same. It is times of trouble Christians have an opportunity and responsibility to be a beacon of light.

Our Hartman Care Committee is a great example of being a beacon of light. The committee leaders created groups to help address the needs of our Hartman team members during these times of confusion and evolution of our new "normal". Together, they became the hands and feet of Christ and addressed matters such as company wide communications, health and wellness, outreach, medical needs, educational materials for students being home schooled and food deliveries to Hartman team members in need. Thank you to everyone involved for your time, success and servant leadership.

As you are all aware, difficult but necessary decisions have been made in order to preserve the stability of the company. We will review the situation on a weekly basis and make decisions on how to best navigate through the economic fall-out from this pandemic. Updates will be given each Friday during our Friday afternoon company wide call. A reduction in work hours and compensation was rolled-out for most departments within the company last week. The property management team has identified additional savings opportunities by amending contract services while the buildings are only 30% occupied.

The decision to delay the annual compensation increases for 2020 and the freeze on use of PTO hours will be revisited every month. I am confident the cost cutting measure taken last week will be instrumental in helping us weather this storm. I am meeting with the board of directors on a bi-weekly basis in order to keep them abreast of the decisions being made and seek their guidance.

Mark Torok, General Counsel presented the opportunities from the new stimulus bill this morning that we will use to assist our tenants in securing financial assistance that could assist them in keeping their business afloat. Property managers are calling tenants and scheduling appointments in our office to act as their business partner. It is a great opportunity to provide white-glove service and creating deeper relationships.

We have victories on multiple fronts to celebrate! The new leasing activity for all markets was increase in occupancy totaling 89,828 SF and renewal activity being 65,997 SF, finishing February over budget. The Leasing Department is pushing forward in the goal to increase occupancy by 3% in 2020! I want to congratulate Leander Johnson for his outstanding performance as the top producer generating 9,956 in square feet increase in occupancy in February totaling 3.77% of his portfolio.

The Investment Solutions Division's February sales were over budget. I want to applaud the western region, Rhett Meadows and Cliff Roberts (external and internal wholesaler) who were our top performers. Sales are slow now because our new products are not getting approved as quickly as budgeted, and we have not completed changes to our flagship product, which should be completed this week.

For the first quarter, the construction and asset management teams focused on capital improvements throughout our portfolio. Some of the projects completed were: Lobby improvements at North Central Plaza I, Tower Pavilion and Westheimer Central Plaza. Also, multiple restroom upgrade projects were started or completed at Three Forest Plaza, North Central Plaza I, 601 Sawyer, and Westheimer Central Plaza. The Development team has kicked off a new 7,500 sf pad site in the North Houston area, adding additional retail inventory into the submarket. They also completed 46 make-readies this quarter! We are on the track to making our buildings prime locations for our tenants and working towards our yearly goals and company's vision.

To close, I want to share a few take-aways from our quarterly literary training, How Full is Your Bucket? from Gallup. This training is to share how important our attitudes are for ourselves, but to everyone we are in contact with. We are responsible for the attitudes we have throughout every interaction that happens throughout the day. A full bucket gives us a positive outlook and renewed energy, which is what makes us optimistic in the workplace. With an empty bucket, your outlook is poisoned and taking away your energy. This can hurt not only you, but the people around you. One way to fill other people's bucket is recognition. Therefore, we promote our core value, we recognize and celebrate our achievements, with recognition from the coin program, monthly awards, quarterly awards and celebrating our achievement bi-weekly emails.

The goal is to increase productivity and satisfaction in the workplace.

Remember, we will survive all this storm, stronger and better. Stay positive, focus on the word of God and prayer. I look forward to talking with you next week.

God gives me strength when I am weary and increases my power when I am weak. – Isaiah 40:29

God Bless you all!



A handwritten signature in black ink that reads "Al Hartman". The signature is fluid and cursive.

AL HARTMAN,
President & CEO, Hartman REIT Management