



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

MAY 2020

Dear Hartman Team Members,

I want to thank each and every one of our steadfast employees for their hard work throughout the past couple of months. We HAVE weathered the storm and come out stronger. Our company's foundation is built on solid rock and it has shown during this year.

The company is keeping pace and staying very close to the budget through the COVID-19 disaster. The leasing department leased 21,442 square feet in new leases and renewed 66,535 square feet this month. I want to congratulate DeMarcus Owens for his outstanding performance as the top producer generating 4,706 square feet in new leases in April totaling 1.78% of his portfolio.

The Investment Solutions Division's monthly sales were under budget in April. We have reviewed the 2020 budget to revise and strategize the rest of the year. As the economy recovers from the COVID-19 pandemic and the changes to our REIT product are approved by FINRA, sales will increase throughout the year. The new 2020 budgets for the team are \$7,000,000 for the West Coast, 11,470,000 for the Central and East, and \$7,500,000 for Institutional Sales.

Four years of hard work has come to a close as we have finalized the merger of HI-REIT, XIX, and XX. I want to thank all our team members and their contributions to this huge project. Ninety-five (95) percent of the shareholders agreed our vision for continued growth. I want to give a special thanks to our General Counsel, Mark Torok and our CFO, Lou Fox for their guidance and dedication. Through the entire process 100,000 pages of documents were prepared to get this to the finish line. I am delighted to say we stood strong to our core values and we created tremendous value for our investors, we played to win, we were accountable and honored our commitments, and we did so while honoring God in all we did by completing the project in a manner consistent with biblical principles. Our next goal will be to begin the merging XX and XXI.

With the merger complete, we will begin awarding \$8 million in stock to YOU and I couldn't be more pleased. This is a celebration! The legal team is in the process of finalizing the stock award agreement for each eligible participant. The actual closing of the merger will be July 1st and the goal is for distributions to begin in August. A company wide call will be scheduled to discuss the plan document and payment awards.

As I reflect on the chaos of the COVID-19 disaster; I am drawn to the book we read and studied some time ago, Encouraging the Heart. James Kouzes writes, "...without heart there is no bravery or boldness; there is no sacrifice or soul and nothing great ever gets done without heart." Each of you demonstrated the heart of our company is BIG. Your support for each other and your customers (internal and external) was displayed by showing up every day and staying true to the company's culture of exceptional service and inspired

values. While dealing with the uncertainty, you all over came many obstacles. While doing so, you displayed heart and never lost sight of the responsibilities to the company, the investors and most importantly each other.

As a result, incredible cost savings were initiated and rent collections were successful. With our cost savings initiatives, we saved about \$826,000 in March and April. May is estimating around \$323,000 in savings currently, which will be a total cost savings of \$1.15 Million! Our property management team worked with our tenants and we collected 90% of April's billed rent and we are on pace to collect more than 90% of May's billed rent. I am incredibly proud to lead and work with each you. I am excited to focus on the opportunities that lay ahead.

Dear friend, I pray that you may enjoy good health and that all may go well with you, even as your soul is getting along well.

3 John 1:2

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