Hartman REIT Boards Give Update on Merger Progress

The boards of three Hartman real estate investment trusts reaffirmed that their merger, announced nearly two years ago, is progressing through the clearance process of the Securities and Exchange Commission.

Hartman Income REIT Inc. (HI-REIT) and Hartman Short Term Income Properties XIX Inc. (Hartman XIX) will be merged into Hartman Short Term Income Properties XX Inc. (Hartman XX). This transition will create a combined entity with an estimated market cap of approximately $750 million as of December 31, 2018.

"Upon completion of the mergers, we can move forward with plans to provide a successful, full-cycle liquidity event for our shareholders," said Al Hartman, chairman and CEO.

After the SEC clears the S-4, Hartman said that it will prepare proxies and hold special shareholder meetings for each company involved in the merger. It is the intention of the combined board to reopen the redemption program shortly after the merger is completed, the company said.

Upon the exchange of HI-REIT shares and Hartman XIX shares for Hartman XX shares, former HI-REIT and XIX shareholders will be eligible to participate in the redemption program and receive limited liquidity for their shares.

The terms of the share redemption program, which is currently suspended, have not been finally determined by the board. If shareholders do not approve the mergers, the board said that it will need to consider other means to provide liquidity to shareholders.

Additionally, Hartman noted that it previously intended to do an IPO shortly after the mergers. However, at the board meetings held in late-April, the directors discussed the feedback from their investment banking affiliates that the IPO market has softened, and as a result, believe that executing an IPO shortly after the mergers are complete is not likely to be in the best interest of shareholders.

The directors have decided to postpone actively pursuing an IPO for this year and will consider additional opportunities to provide liquidity until the publicly-traded REIT market shows improvement, the company said.

“We are continuing to position our portfolio for the right time to access the public market. It is our intent to ensure that all shareholders realize the potential of our value-oriented investment strategy,” added Al Hartman.

Hartman focuses on acquiring, owning, managing and leasing commercial office, retail, light industrial and warehouse properties located in Texas. Since 1983, Hartman and its affiliated entities (including founder, Allen R. Hartman) have sponsored 23 programs and acquired interests in more than 90 real assets totaling approximately $750 million as of December 31, 2018.

For more Hartman-related news, visit their directory page here.

HARTMAN

Hartman Names Former Black Creek Group Exec as Vice President of National Accounts

Hartman, a commercial real estate investment and management firm with more than $660 million in assets under management, has appointed Sean Boyd as vice president of national accounts.

Boyd has more than 20 years of experience in the financial services industry with a focus on the independent broker-dealer space. In his new role, he will manage all of Hartman's existing broker-dealer firm relationships and initiatives while working to build new partnerships.

Before joining Hartman, Boyd spent nearly 15 years as vice president of national accounts at Black Creek Group (formerly Dividend Capital). In this role, he was responsible for helping to build the company's selling group and driving sales of $8 billion in equity capital, Hartman noted.

"We believe that Sean's experience will play a large role in helping us meet our goals in 2019 and beyond," said Al Hartman, chairman and CEO.

Boyd graduated from Colorado State University with a Bachelor of Science degree in finance. He holds FINRA Series 6, 7 and 63 licenses.

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Hartman vREIT XXI Announces Offering Changes to Increase Liquidity and Transparency

The board of Hartman vREIT XXI Inc., a publicly registered non-traded real estate investment trust, has approved various changes to the company, which it believes will increase liquidity and transparency for investors.

The REIT plans to change the initial offering price (currently $10 per Class A share and $9.60 per Class T share, without application of any discounts) to the net asset value per share as of December 31, 2018, which will be determined by the board.

Hartman vREIT XXI will also amend its share redemption program to allow redemptions at NAV for shares held for three years or longer and removing the graduated redemption price discount (relative to the initial offering price of $10 per share) for redemptions for shares held between one and five years. The company also plans to change the distribution allocation between cash and stock for Class A and Class T shares.

"We believe these changes will make the program more attractive by increasing liquidity and transparency while mitigating the effects of dilution to existing investors," said Al Hartman, chief executive officer and chairman.

The changes to the purchase price and the redemption price to the NAV per share will occur no later than 30 days after the board determines the new estimated NAV per share.

The changes to the holding period and graduated redemption price discount will be effective when the Securities and Exchange Commission declares the amended registration statement effective, which the company plans to file the registration statement during the first quarter of 2019.

The board agreed to honor sales of Class A shares at $10.00 and Class T shares at $9.60 for all sales made no later than 30 days after the board determines the new NAV per share. All sales made after the 30-day period will be made at NAV, pending the effectiveness of the registration statement.

Regarding the changes to the distribution allocation between cash and stock, beginning with the distributions to be paid in February 2019, the annualized distribution rate of 7.5 percent will remain unchanged, but will consist of 6 percent in cash (previously 5.5 percent) and 1.5 percent in stock (previously 2 percent) for Class A shares.

The annualized distribution rate of 6.5 percent for Class T shares will remain unchanged but will consist of 5 percent in cash (previously 4.5 percent) and 1.5 percent in stock (previously 2 percent).

Hartman vREIT XXI is a Texas-centric REIT formed to acquire, develop and operate a portfolio of value-oriented commercial properties—those that the company believes have the potential for growth in income and value from re-tenanting, repositioning, redevelopment, and operational enhancements.

As of September 30, 2018, the REIT's portfolio consists of two properties with an investment cost of $20.5 million, according to Summit Investment Research. Hartman vREIT XXI broke escrow on December 1, 2016 and has raised approximately $30.4 million in investor equity since inception, as of the third quarter of 2018.

Since 1983, Hartman and its affiliated entities have sponsored 23 programs and acquired interests in more than 90 real assets totaling approximately $660 million as of December 31, 2017, the company said.

For more Hartman related news, visit their directory page here.

Hartman vREIT XXI Buys Houston Office Building

Hartman vREIT XXI Inc., a publicly registered non-traded real estate investment trust, has purchased a suburban office building located in the Houston, Texas submarket of Katy Freeway West for $5.1 million, or approximately $65 per square foot.

Located at 11211 Katy Freeway, the 6-story, approximately 78,000-square-foot property is currently 68 percent leased to a diverse mix of tenants with staggered lease expirations.

"11211 Katy Freeway is an attractive value-add investment for vREIT XXI that allows us to continue adding value to shareholders while effectively serving the needs of current and prospective tenants in the Katy Freeway West submarket," said Al Hartman, chairman and chief executive officer.

Located 15 miles west of downtown Houston, Katy Freeway West is the second largest office submarket in the city's metropolitan area (after the central business district), with more than 28 million square feet. Most of the office inventory is along the Katy Freeway (Interstate-10) between Beltway 8 to the east and Texas Route 6 to the west, with a substantial corridor running south along Dairy Ashford Road.

Major energy tenants in the metro area include ConocoPhillips, Shell Oil, BP America, and Citgo. This submarket is also home to the largest concentration of engineering firms in Houston, and most cater to the energy sector. Some of the large engineering tenants in the metro area include Worley Parsons, Foster Wheeler, and McDermott International.

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