



## Executive Group Response to Hartman's Letter of 5-24-2025

May 29, 2025

Dear Shareholder:

The executive team at Silver Star continues to apologize directly to you for the disruptive environment promoted by Hartman's desperate attempts and irrational behavior. Response to his falsehoods and misleading information is necessary to keep you properly informed. We remain committed to keeping you updated and informed on the status of our turnaround and Hartman's value destructive and misleading attempts to thwart.

### **Hartman's misrepresentations regarding certain legal matters:**

Our recent emergency motion, filed over objection by Hartman, was filed because he would not agree to a status conference with the judge to discuss a proper shareholder meeting that avoided a disenfranchisement of shareholders, resulting from a potential SEC stop order or other SEC involvement preventing a successful stockholder meeting.

These are not delay tactics. These are to ensure that a proper stockholder meeting is held for the stockholder's benefit. Let's address again Hartman's claim of legal victory. We wouldn't claim that we'd won four out of five points that were being litigated when the trial judge said that Hartman "***admitted that he had lied***," "embarked on a campaign to either take back control of the company or ***extract valuable financial consideration*** in exchange for his departure," and "***tried to strong-arm Defendants into signing over five valuable properties*** to avoid a proxy fight." Hartman is again doubling down falsely. In fact, Gerald Haddock volunteered to hold an annual meeting while he was on the witness stand and noted he had previously agreed to it before trial.

In Adrienne Collins' podcast, she said that Hartman was adamant that Silver Star be liquidated and wound up, and he was interested in "***burning the house down***." Her statements are corroborated by outside counsel to Silver Star from a conversation that they both had with a representative from the Department of Labor.

### **Hartman's misrepresentation about holding an annual meeting:**

Hartman's claim that Silver Star opposes a shareholder meeting is false. Silver Star has had only one annual meeting shareholder vote since its formation. No annual meeting shareholder vote happened during Hartman's tenure. The only annual meeting vote occurred when the Executive Committee directed the recent consent vote which has been affirmed by Maryland courts. Hartman fought this very hard. First Hartman tried to stop the votes, and then he tried to stop the counting of the votes. Hartman got an order that the votes should not be counted. On May 20, 2025, the same judge in an opinion where he used the words "he had lied," "extract valuable financial consideration," and "strong-arm" in reference to Hartman, ruled that the votes should be counted. Silver Star was not opposed to an annual meeting. In fact, Gerald Haddock in his deposition and at trial said that there was no opposition to an annual meeting. However, as the Judge stated in his recent opinion, Silver Star reasonably believed it "could not trust Plaintiff [Hartman] to act honestly and appropriately at the annual meeting in light of the fact that he admitted to bending the truth and improperly using the judicial process to seek leverage over the Defendants [Silver Star]." That "bending of the truth" in our opinion is just something we will all have to overcome with Hartman.

### **Hartman's illogical reasoning:**

Hartman argues that he is logical and financially prudent and would not cause his own demise. For him to jeopardize his own net worth is one thing but for him to imperil yours is another. It is unprecedented for the head of a company to make distributions to himself when distributions to the stockholders had been halted. He even made distributions to himself in cash and refused to return the cash until he was forced to do so by the Executive Committee. He filed an illegal *lis pendens* (in the midst of sales) against Silver Star's assets and cost the Company millions of dollars and valuable time. As a result, the properties lost market value and you lost money. These irresponsible and illogical actions are just some of the reasons that Hartman finds himself and his other companies in the midst of a multi-million-dollar lawsuit in Harris County. Silver Star with the help of the same attorney that forced Hartman to admit that he had lied to you will attempt to get the money back that Hartman cost you. That lawsuit and his loss of reputation is what fuels Hartman's irrational actions, not returning your investment.

### **Hartman's deceptive misrepresentations about deferred maintenance and awards:**

Key executives and managers of the Company agree that, the management of the assets of the Company under Hartman was unprofessional and irresponsible. He refused to authorize the necessary funds to maintain the properties or to make repairs. Some of the assets are 40 years old and could not be operated properly without maintenance. Instead of managing the properties as we suggested, he used the money to pay dividends, which we could not afford. Even when he stopped distributions, he still would not let us professionally manage the properties, as a result the properties lost tenants and value.

As Gerald Haddock states, "I know the Ritz's quality and the quality of Ritz Carlton. First, Ritz Carlton is a AAA management company which generally manages Class AAA Hotels and based on personal knowledge from Crescent's use of Ritz Carlton as a Management Company on Class A Hotels, Hartman's management is not on the same planet with the well trained, disciplined and well capitalized Ritz properties."

To pride himself in a "national award" from RedNews (a regional marketing publication, at best) is laughable. According to David Wheeler, President of Silver Star, "Hartman's pride in such a pay-to-play type local award is misleading to shareholders."

While Hartman lists misleading expenditure numbers, he ignores how he deferred proper maintenance and the corresponding cataclysmic snowballing effects on properties averaging 40 years of age. As Lou Fox states, "most of the expenditures that Hartman mentions were tenant improvements that he made while keeping occupancy flat at 80% within Silver Star over those years." Hartman's bloated general and administrative expenses, including oversized staff, were not enough to compensate for lack of proper repair, maintenance & replacement programs resulting in excessive tenant turnover. As David Strickland says, "The company's failure to address deferred maintenance under Hartman has resulted in a decline in the value of its legacy asset portfolio. It has not met tenants' expectations of building standards on multiple levels. We have been working diligently for our tenants and vendors since the inception of Silver Star to resolve all the deferred items identified during the initial investigation, with limited funds available."

### **Hartman's excesses & losses sharply reduced:**

As the Executive Committee took over, it sought to right-size the organization and eliminate Hartman's excesses. As the company pursued an orderly disposition program, people were employed over time at a level necessary to successfully manage the remaining properties.

The fire sale of the Self-Storage and Walgreens assets immediately, as Hartman proposes, would be a disaster. We invite you to look at the definitive proxy material which we expect to file shortly, and we will have more economic analysis with respect to the risk factors regarding the disposal of these assets in liquidation. We are confident that Hartman has little intention of disposing of assets as he had no practice of selling assets in his last four years as CEO although he was encouraged by executives and outside advisors to do so.

The shareholder meeting is now scheduled for July 7th. As Gerald Haddock states, “if I could have one wish on the face of this earth, it would be for Hartman as the “by far largest shareholder,” to act at any time in the best interest of the remaining shareholders.” As the court pointed out in this recent opinion, and then put it in the paragraph about strong-arming, his only effort to resolve something, is as stated by Gerald Haddock “to take our five best assets at a low price in exchange for his overvalued stock at a high price by constructing as an offer an exchange of one for the other.

We're not going to allow a strong-arm tactic to be implemented as being in the best interest of the shareholders. That's all Hartman has done from the beginning, and it seems likely that he will continue to try that until he hopefully has been stopped by actions of the shareholders and the courts.

What we do know is that Hartman has not done anything, in our opinion, to preserve value and to lay a foundation to return capital to you as soon as possible.

We are in the Fourth Quarter and look forward to finishing the job you gave us.

***Forward-Looking Statements:*** *This letter contains certain forward-looking statements. Because such statements include risks, uncertainties, and contingencies, actual results may differ materially from those expressed or implied by such forward-looking statements, and you should not place undue reliance on any such statements. Several important factors could cause actual results to differ materially from the forward-looking statements contained in this material. Forward-looking statements in this letter speak only as of the date on which such statements were made, and the company undertakes no obligation to update any such statements that may become untrue because of subsequent events. Such forward-looking statements are subject to the safe harbor protection for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995.*

Sincerely,

Gerald Haddock  
CEO, Chairman of the Board,  
Chairman of the Executive Committee

David Wheeler  
Chief Operating Officer

Lou Fox  
Chief Financial Officer

Chester Grudzinski  
Interim Deputy General Counsel and Compliance Officer

David Strickland  
Director of Asset Management