QUARZ CAPITAL MANAGEMENT AND BLACK CRANE CAPITAL ISSUE REPLY TO THE MANAGEMENT AND BOARD OF SABANA REIT (SGX: M1GU)

ALL RECIPIENTS ARE ADVISED TO READ
"IMPORTANT DISCLOSURE INFORMATION"
AT THE END OF THE ATTACHED LETTER

September 7, 2020

QUARZ CAPITAL AND BLACK CRANE CAPITAL CALL ON SABANA MANAGEMENT AND DIRECTORS TO RESIGN POST THE FAILURE OF THE PROPOSED MERGER- THEY ARE PROMOTING A VALUE DESTRUCTIVE MERGER AND ACKNOWLEDGE THAT THEY HAVE NO OTHER IDEAS TO CREATE VALUE FOR UNITHOLDERS

Dear Mr. Han, Management and Members of the Board of Sabana REIT,

We have some very simple questions for you:

- Why are you so strongly promoting the ESR-Sabana REITs merger even before the receipt of the 'independent' expert's report?
- You have failed to provide unitholders with a dynamic independent Sabana strategy as an alternative to the proposed ESR-Sabana REITs merger.

  By your own admission, you have not actively pursued alternative proposals since 2017. Why not?

By your own acknowledgement, you are clearly out of ideas on how to help Sabana unitholders other than this proposed value destructive merger.

Should this proposed merger be voted down, the senior management team and independent directors of Sabana REIT should resign so they can be replaced with people who can develop and execute on alternative growth strategies for the REIT.

To ensure true independence from ESR (and therefore no conflicts of interests), we propose that the replacement directors should be proposed and voted in by the independent, non-ESR unitholders.

We set out below the points and ideas that 'our' manager should have made on our behalf:

Lack of independence and potential conflicts of interests

Firstly, we thank MAS for acknowledging the potential conflict of interests in the case of ESR REIT and Sabana REIT. Besides relying on the existing regulatory safeguards through the Securities and Futures Act, MAS requires the relevant parties to put in place additional measures due to the specific risks, including that of potential conflicts of interests arising from ESR Cayman's ownership of ESR REIT and Sabana REIT and their respective managers.

Given the recent Eagle Hospitality Trust debacle, we are confident that MAS will put in place further comprehensive measures to ensure that a similar situation does not happen again. On 30 August 2020, the independent director of Eagle Hospitality Trust was removed by the controlling shareholder of the REIT manager despite having received approval from the board of the Trust manager and DBS Trustee. This provides evidence of the potential pressure that the controlling shareholders can exert on the independent directors to further their own interests.

Sabana Manager has not developed and presented alternatives to the merger

We are again appalled at Sabana REIT Manager's feeble defense of the suboptimal proposed merger terms which do not satisfactorily address unitholders' concerns. Instead of negotiating for better terms and pursuing alternative opportunities, the REIT Manager seems more focused on coming up with 'questionable excuses' to justify their support for the merger and lack of alternatives ideas.

Sabana REIT Manager has consistently reiterated that the proposed merger from ESR REIT is the only formal offer it has ever received. On the other hand, it tries to justify that it decided not to run a public sale process due to the challenges it perceives that it and potential buyers might face in this process.

As an analogy, it is akin to the ridiculous situation of a house seller complaining that he has not received a single offer when he has not even put up his house for sale in the market!

We again remind that undertaking acquisitions and divestments is a basic capability of a REIT Manager. S$3.4/1.3/2.1billion of industrial property transactions were conducted in Singapore in 2017/2018/2019 which demonstrates the high liquidity of the Singapore real estate market.

The merger terms represent an egregious discount to NAV and to recent transactions

The key transaction which Sabana REIT Manager should have taken reference from as a determinant of the intrinsic value of Sabana REIT is the purchase of Vibrant's 11% stake in Sabana by ESR Cayman at **S$0.48 per unit in cash exactly a year ago**. This substantial transaction is a remarkable premium of more than 27% to what ESR Cayman-controlled ESR REIT and Sabana REIT manager are proposing now, and which could have been even higher if we include the rich valuation, at a P/E of more than 40x, at which ESR Cayman acquired 51% of Sabana REIT manager.

Sabana REIT manager reveals its 'lack of effort' and bias when it claims that the discount to NAV of the proposed ESR merger is similar to historical REIT mergers priced at around the market price at the time of announcement of those mergers, at a single point in time. A conventional approach would have been to show a comprehensive analysis using 3-4 different time points to ensure that the proposed deal is beneficial to its unitholders.

Our analysis using data from 1 day to 4 weeks prior to the merger announcement reflects that the merger premium in the other units+cash REIT mergers were substantially higher than the current proposed merger. This demonstrates that Sabana REIT Manager is proposing an inferior merger to its unitholders versus the other SGX REIT merger transactions.

The completion of the retail component at 151 Lorong Chuan in Nov/Dec 2020 will likely further increase the book value from 1Q2021, making the effective discount even larger.

Proposed Merger has inferior P/NAV difference when compared against other SGX REIT Transactions

Target	Implied Price Scheme Consideration (S$)	Last reported NAV per unit prior to the announcement (S$)	Last Traded Price Prior to Announcement (S$)	1 Week Price Prior to Announcement (S$)	2 Week Price Prior to Announcement (S$)	3 Week Price Prior to Announcement (S$)	4 Week Price Prior to Announcement (S$)
AHT	1.087	1.016	0.975	0.970	0.965	0.935	0.900
CCT	2.124	1.860	2.130	2.110	2.030	1.990	1.970
VIT	0.960	0.760	0.890	0.885	0.895	0.900	0.900
FCOT	1.680	1.629	1.670	1.630	1.630	1.610	1.640
OUE-HT	0.747	0.750	0.735	0.730	0.725	0.730	0.725
SabanaREIT	0.377	0.512	0.360	0.360	0.360	0.355	0.370

	Difference between P/NAV based on scheme consideration &				
	Last Day	1 Week	2 Week	3 Week	4 Week
AHT	0.11	0.12	0.12	0.15	0.18
CCT	0.00	0.01	0.05	0.07	0.08
VIT	0.09	0.10	0.09	0.08	0.08
FCOT	0.01	0.03	0.03	0.04	0.02
OUEHT	0.02	0.02	0.03	0.02	0.03
Average	**0.04**	**0.05**	**0.06**	**0.07**	**0.08**
Median	**0.02**	**0.03**	**0.05**	**0.07**	**0.08**
Sabana REIT	0.03	0.03	0.03	0.04	0.01

→ indicate superior/higher difference in P/NAV to Sabana Proposed Transaction

AHT-Ascendas Hospitality Trust, CCT- Capitaland Commercial Trust, VIT-Viva Industrial Trust, FCOT- Fraser Commercial Trust, OUEHT- OUE Hospitality Trust
Based on the issue price used in the respective REIT merger announcements and reported target NAV prior to announcement
Based on the 'unaffected' price on last day, 1 week, 2 week, 3 week, 4 week prior to announcement
Source: Financial reports of the above mentioned REITs, Bloomberg

Sabana standalone has substantial (30%+) DPU growth outlook

We would like to again reiterate that Sabana REIT on a standalone basis can potentially achieve a substantially higher DPU growth in 2021 on a like-for-like basis when compared to the current suboptimal proposed transaction by the REIT Manager (12.9% DPU accretion) for the following reasons:

1. **Contribution from 151 Lorong Chuan Retail Component from 2021**

   It is highly puzzling why the Sabana REIT Manager would consistently downplay the contribution of the retail component to convince unitholders to accept the lower merger price. A manager acting in unitholders' best interests, would have used this impending potential contribution from the retail component to negotiate for substantially better merger deal terms for unitholders.

   Sabana REIT Manager has seemingly attempted to remove a substantial number of ads (online) which showed them marketing the retail space at S$10-S$16 psf/mth to now swiftly justify their lower rental rate assumption at S$10 psf/month. Fortunately, we have proactively saved and cached a number of these ads during the last 6 months (available upon request). We have also undertaken an in-depth analysis of retail rents around the area which reflects the F&B and supermarket characteristic of 151 Lorong Chuan's retail component and the potential contribution that it could bring.

We are not surprised that Sabana REIT manager has also chosen to assume a mediocre NPI margin of 65% which is more than 15% lower than the 71%-76% NPI margin typically achieved by retail REITS with majority Singapore assets without any convincing rationale or reason.

Sabana Manager NPI Margin assumption is way below industry average →Clear reflection of its lack of capability or its potential bias towards a merger deal with ESR REIT at suboptimal price?

	NPI Margin (%)		
	FY2019	FY2018	Average
Starhill Global REIT	76.1	77.6	76.8
CapitaLand Mall Trust	71.0	70.8	70.9
Mapletree Com Trust-Vivocity	76.4	76.6	76.5
Frasers Centrepoint Trust	71.3	71.0	71.1
Average	73.7	74.0	73.8

Source: Financial reports of the above mentioned REITs

Let's assume that Sabana REIT manager's limited capability and inefficiency results in a low average rent of S$10 psf/month with NPI margin of 65%, resulting in Sabana manager's assumed NPI of S$2.7million. Our consultants have estimated the average construction cost at S$13million (S$310psf) resulting in additional interest cost of S$490k p.a. Unless Sabana REIT manager is withholding critical information that the completed retail component will drive a massive jump in Sabana REIT's book value[1] and corresponding management fees, we estimate the incremental management and trustee fees at S$85k.

Based on the above estimates, the distributable income even under Sabana REIT Manager's highly adverse assumptions would have implied $2.2million of additional distributable income (DPU of 0.205 cents), an 8.7% increase in DPU.

Our conservative assumption of S$12.5psf/month with NPI margin of 70% which a competent manager would have comfortably achieved, would yield an additional distributable income of S$3.2million (DPU of 0.307 cents) driving a ~13% upside. This already exceeds what is proposed currently by the merger transaction.

2. **Need to Adjust for One-time provisions in 1H2020**

   The S$1million set aside for one-time bad debt impairments and provisions need to be added back to ensure fair comparison (excluding another S$806k set aside for Fortitude Budget).

   This reflects an additional DPU of 0.094 cents which will result in another 4% increase in DPU.

3. **Low leverage level of 31-33.7% with substantial gearing headroom**

   The low debt headroom argument put forth by Sabana REIT Manager despite Sabana REIT's low leverage level is again a clear reflection of the potential incompetence and lack of efforts of the REIT Manager in optimizing the financial structure of the REIT. Further, this issue seems to have substantially worsened following the purchase of the REIT Manager by ESR Cayman.

[1] Management fee at 0.5% per annum of the value of the Deposited Property

Despite the issues with Sabana REIT back in 2016 and 2017 and the higher leverage level of 38-43%, unencumbered assets were S$268-331million or 30% of the total portfolio. Since the new management took over in early 2018, despite the substantial capital gains from the sale of properties, increase in profit cover and substantial decrease in leverage level, Sabana REIT Manager has seemed to underperform even the previous management, resulting in even lower proportion of unencumbered assets. This has further worsened since ESR Cayman became the controlling shareholder of the REIT Manager and the appointment of ex-ESR Regional Controller as Sabana SVP.

Sharp fall in % of Unencumbered Assets Since Current Management took Charge

	Sabana REIT					ARA Logos Trust	Soilbuild Biz Trust
	2016	2017	2018	2019	Current Claims by Mgmt		
Total Assets S$m	1022.9	966.1	989.4	971.6	927.4	1260.0	1379.4
Total Debt S$m	441.1	367.5	363.0	276.5	283.3	523.4	494.9
Avg Int Cost %	3.9	3.9	4.2	3.9	3.8	3.5	3.1
Avg Debt Maturity (Yrs)	1.9	1.8	1.3	2.3	1.6	3.5	1.9
Leverage (%)	43.2	38.2	36.8	31.0	33.7	40.4	36.9
Unencumbered Assets S$m	331.5	268.7	240.8	133.7	51.7	1100.0	981.7
Unencumbered Assets As % of Total Assets	32.4	27.8	24.3	13.8	5.6	87.3	71.2

Significantly higher % of unencumbered assets (debt headroom) in 2015-18 despite multiple problems and higher leverage vs current levels

Substantial drop in % of unencumbered Assets following change in Management (early 2018) and entry of ESR Cayman (July 2019) → Significant disparity vs peers

Source: Financial reports of Sabana REIT, ARA Logos Trust, Soilbuild Biz REIT, management comments and OCBC Research estimates

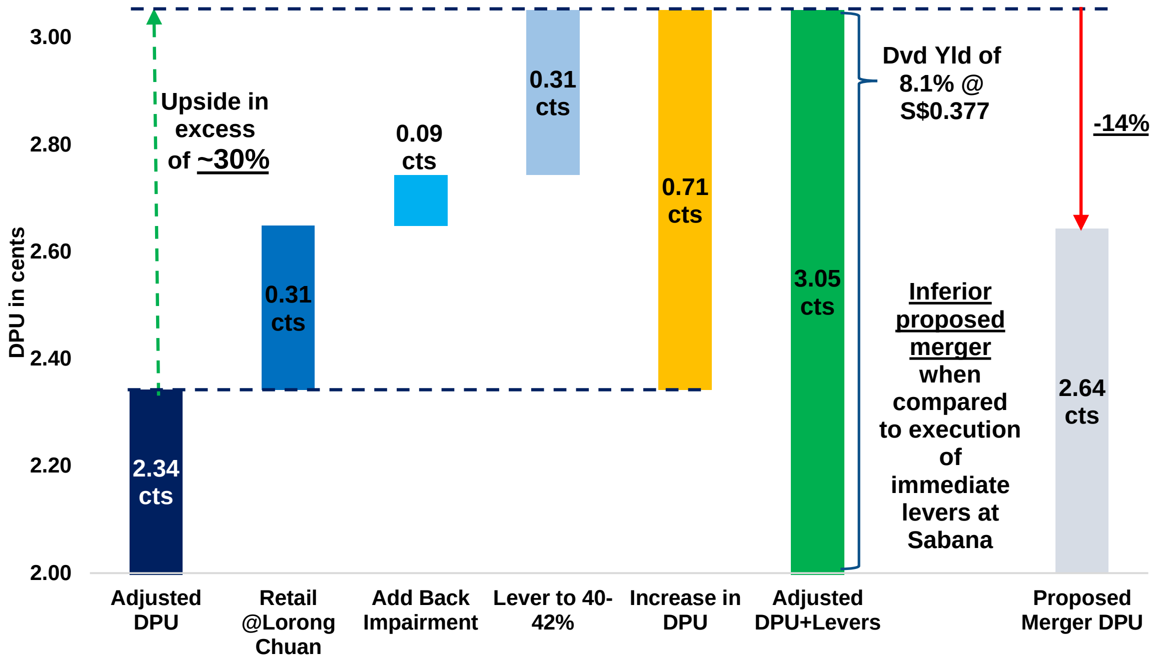
Peers such as Soilbuild Business Space REIT and ARA Logos Logistic Trust with ~33-43% larger asset base but even higher leverage level of 37-41% have more than 70% of their assets unencumbered as well as additional debt headroom. This seems to indicate that the low debt headroom argument posited by Sabana REIT Manager has more to do with its own (lack of) capability.

As Sabana has historically operated with leverage level as high as 43% with similar assets, we are confident that under the right management team, the leverage ratio can be increased to 41% and yield accretive assets can be purchased while preserving financial flexibility. The potential S$120million of debt headroom can generate ~S$8million of NPI and an additional DPU of 0.307 cents, driving a 13% DPU growth.

Based on these 3 easily executable levers, with conservative assumptions, Sabana unitholders can achieve a more than ~30% increase in DPU which far exceeds what is provided by the proposed "great" ESR deal.

As already laid out in our earlier letters, Sabana REIT additionally has other multiple levers to further drive DPU upside, including increasing occupancy rate, developing its untapped GFA of ~1.4million sqft and removing Shariah Compliance to lower interest cost and increase financial flexibility. The REIT manager's argument that redevelopment projects would disrupt DPU to unitholders is again highly confusing and flawed. We call on Sabana REIT Manager to urgently "watch and learn" from how their more established and competent peers such as Fraser Commercial Trust, Keppel REIT, and CapitaMall Trust have smoothed DPU through the timely distribution of capital gains to ensure that unitholders are protected and their REIT trades near its intrinsic value despite the temporary fall in rental income (increase in income post completion of project).

Potential ↑ in DPU of Standalone Sabana REIT is significantly larger than Proposed Merger



The continuing high book value of S$0.51-0.57 despite questionable assumptions of lower rental rates provides strong evidence of the substantial growth in DPU if Sabana REIT Manager would be able to properly execute.

“Simplistic” and “sloppy” use of Gross Exchange Ratio (GXR) without the required adjustments for like-to-like comparison

We are very concerned that Sabana REIT Manager’s much reiterated but “simplistic” and ‘’sloppy” use of the Gross Exchange Ratio (GXR) to justify the proposed transaction metrics does not include critical adjustments such as leverage level, fees paid in units and capital gains to ensure like-for-like and unbiased comparison.

If the unadjusted ‘simplistic’ GXR is the foundation of Sabana REIT Manager’s decision to propose the merger, it raises serious questions about its competency and ability to discharge its duty of care to unitholders. It also raises grave concerns on whether the manager is financially sophisticated enough to manage a REIT if it does not understand and can be ‘fooled’ by obvious determinants that can potentially severely “game” and potentially “manipulate” GXR ratios in the bidder’s favor.

A simple analogy will be a bidder boosting its share price by increasing its dividend substantially by one-time capital distributions 1-2 year prior to its proposed merger with another party. It then makes a merger offer for the target using its ‘inflated share price’ and uses the simple adjusted GXR metric to justify the offer. A competent manager would have easily comprehended this and make the necessary adjustment when evaluating the deal.

We are proactive and happy to share the simple analysis with Sabana REIT Manager. The critical adjustments to be made when using the GXR metric are as follows:

It is generally agreed that REITs trade on DPU and Dividend Yield which is highly evident by the similarities and comparison of yields of REITs in similar asset classes:

1. ESR REIT's DPU in 2018 and 2019 included a sizeable non-recurring component of capital gains distribution:

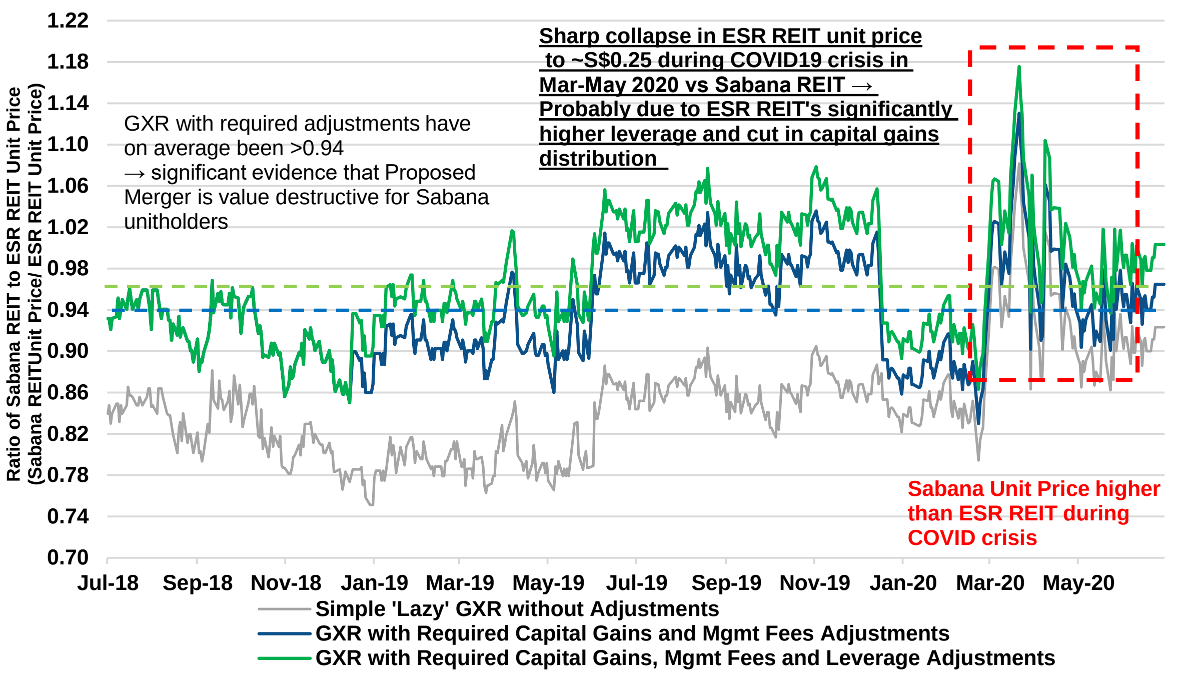
- 2018- DPU of 3.857 cent comprises 8% (S$6million out of S$74.5million of distributable income) of one-time capital gains →recurring DPU was 3.54 cents
- 2019- DPU of 4 cents comprises 12% (S$16million out of S$132.6million of distributable income) of one-time gains →recurring DPU was 3.52 cents

A reasonable adjustment would be to decrease ESR REIT's unit price in 2018 and 2019 by 5.6% and 10.8% (~70% factor) to the one-time, non-recurring capital gains.

On the other hand, besides a 0.12 cents capital gain paid out in 1Q2019 (4% of total distribution in 2019), Sabana REIT have not paid out any other capital gains distribution in 2018 and 2019. A reasonable adjustment would be to downward adjust Sabana REIT unit price by 2.8% in 2019.

2. ESR REIT's DPU is further inflated by S$8.3million and S$4.5million of management fees (or ~6.2% of distributable income) paid in units in 2019 and 2020. Sabana REIT has not paid management fees in unit for 2018 and 2019. Similarly, a downward adjustment in ESR unit price by 4.3% needs to be made during the period.
3. The leverage level of ESR REIT has been consistently above ~40% (>43% when factoring perpetual bond) since its merger with Viva Industrial Trust in Oct 2018 while Sabana's leverage level has dropped to 31% since early 2019. It is thus critical to add at least 70% of the incremental DPU attributable to Sabana if it has increased its leverage level to 40%, which will still be more conservative versus the financial risk profile of ESR REIT. We add an incremental and conservative ~4% to Sabana Unit price.

Correct adjusted GXR Metric which Sabana REIT Manager should have used to evaluate the transaction clearly shows that the GXR metric of 0.94 significantly undervalues Sabana REIT



	Simple 'Lazy' GXR without Adjustments	GXR with Required Cap Gains and Mgmt Fees Adj	GXR with Required Cap Gains, Mgmt Fees & Leverage Adj
1 month	0.91	0.95	0.99
2 month	0.90	0.94	0.98
3 month	0.90	0.94	0.98
6 month	0.90	0.94	0.98
12 month	0.88	0.96	1.00
24 month	0.85	0.94	0.97

→ Indicate GXR Ratio >0.94 (Proposed Merger is inferior)

Source- Bloomberg, and Quarz's assumption and adjustments to increase like-for-like comparision

Source: Bloomberg, Financial Reports of ESR REIT and Sabana REIT and Quarz and Black Crane assumptions

The inclusion of these critical and required adjustments in GXR to ensure fair and like-for-like comparison would have clearly indicated that Sabana REIT has traded at a higher than the current proposed merger GXR for a substantial period within the last 2 years. This would have again confirmed the current proposed deal is suboptimal and highly value destructive for unitholders.

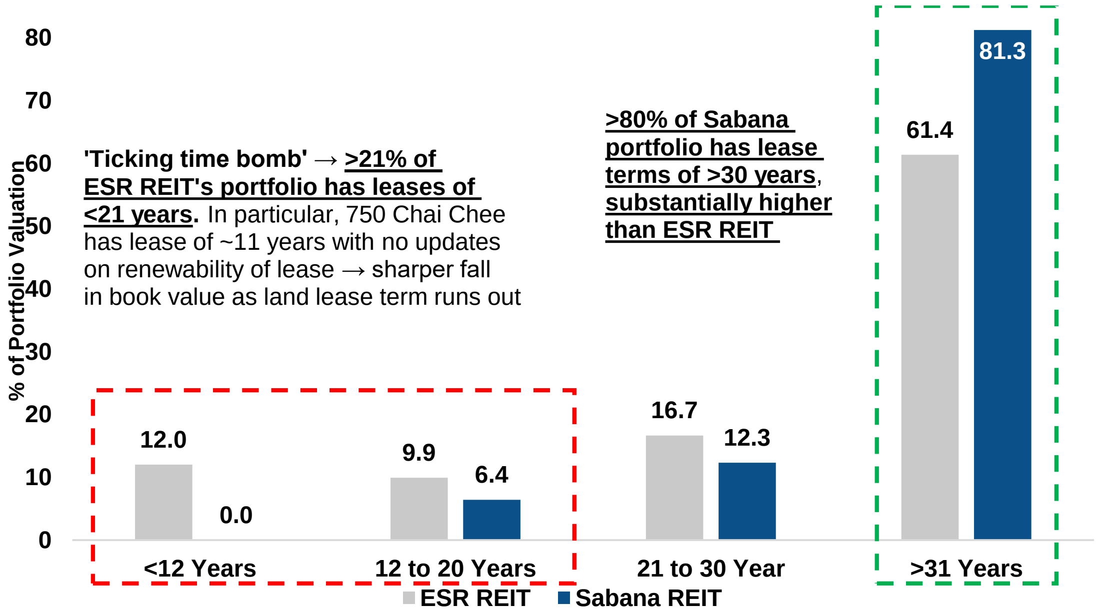
ESR REIT's 'great' portfolio has shorter land lease profile and substantially higher leverage when compared to Sabana REIT

Consistent with the Sabana REIT Manager's lack of analysis when evaluating critical information, besides 'broad strokes' such as size benefits, the REIT Manager while proposing to unitholders to vote and stay inside the enlarged REIT has not provided much information on ESR's current portfolio which would potentially account for ~76% of the enlarged REIT and unitholder's future investment. We would therefore like to provide a few of our own observations of ESR REIT:

1. **ESR REIT's portfolio has substantially shorter land lease term profile**

   More than 20% of ESR REIT's portfolio by asset value has land lease terms of 20 years and less. There have been no confirmed updates from the authorities that any of the land lease term of the assets will be renewed. The renewal of the land leases of these properties will also require substantial capital layout to redevelop the properties and payment to top up the land lease terms. Given ESR REIT's higher leverage ratio, this would inevitably imply potential capital raising going forward. The book value of these properties will potentially fall exponentially as its land leases decrease further. This will potentially result in further leverage pressure on ESR REIT. In comparison, >90% of Sabana REIT's portfolio are on land leases exceeding 20 years, with more than 80% on land leases exceeding 30 years.

>20% of ESR Portfolio are on land leases of <21 years → Exponential decay in book value soon

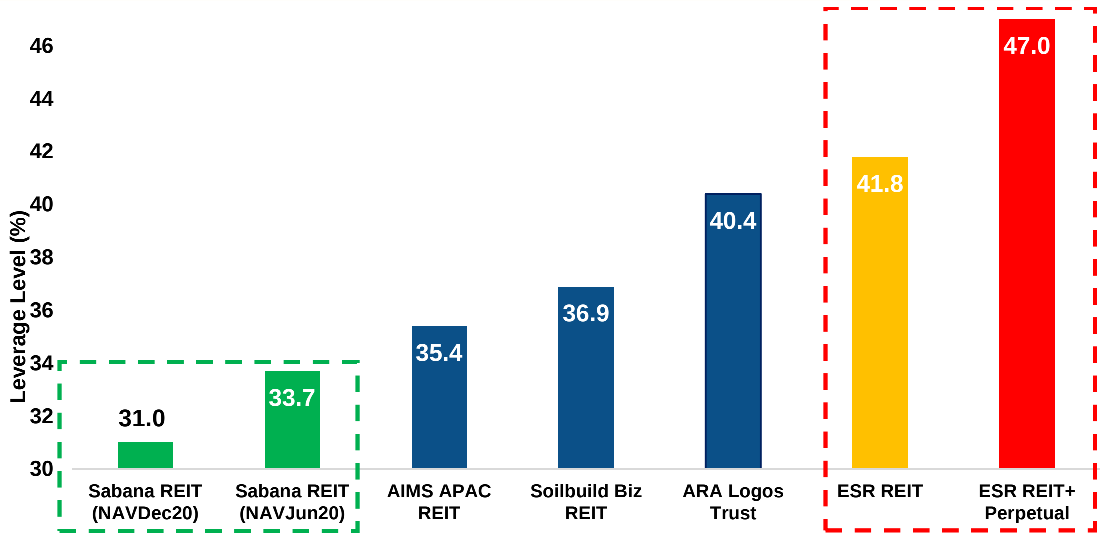


Source: Bloomberg, Financial Reports of ESR REIT and Sabana REIT

2. Substantially higher leverage level

ESR's leverage level of ~42% is one of the highest among SGX-listed REITs (highest among industrial REITs). If we were to include its S$150million of perpetual bonds, adjusted leverage level will be ~47%. Given the high debt level, it is perhaps not surprising that it has chosen to undertake a **non-cash merger** with Sabana REIT which has the lowest leverage level among SGX-listed Singapore industrial REITs. This will have the consequential effect of lowering the leverage ratio for the potential enlarged REIT at the expense of Sabana REIT unitholders.

ESR REIT has the highest leverage level among SGX listed industrial REITs



Source: Bloomberg, Financial Reports of ESR REIT, Sabana REIT, AIMS APAC REIT, ARA Logos Trust and Soilbuild Biz REIT

3. **COVID-19 has had a more substantial impact on ESR REIT's rental income (less resilience)**

   The decline in ESR REIT's 1H2020 Gross Revenue of 11.8% YoY was substantially larger than the 6.7% YoY decline in Sabana REIT's Gross Revenue. The adjustment of Sabana REIT's net property income by S$1million in consideration of the one-time impairment of receivable will also reflect a 11% YoY decline which is far better than the 16.8% YoY decline at ESR REIT.

Despite the consistent 'lament' by Sabana REIT Manager of its 'weaker portfolio', it seems that the Manager, without much in-depth analysis of ESR REIT, is asking its unitholders to exchange their more resilient Sabana REIT assets for ESR assets which have shown to 1) be more impacted during COVID-19, 2) have substantially higher leverage ratio, and 3) have shorter land lease terms which would potentially result in an accelerated decline in book value.

These factors are reflected in ESR REIT's substantially lower book value of S$0.41 vs Sabana REIT at S$0.51 per unit.

It becomes very obvious from a comprehensive analysis and the required adjustments and the 3 key metrics which Sabana Manager claims to use to evaluate the proposed deal, that the proposed merger deal substantially undervalues Sabana REIT and is value destructive to unitholders.

QUARZ CAPITAL AND BLACK CRANE CAPITAL THEREFORE INTEND TO VOTE AGAINST THE PROPOSED MERGER OF SABANA AND ESR REITS AT THE CURRENT TERMS (0.94 ESR REIT UNIT FOR 1 SABANA UNIT WITH AN IMPLIED VALUE OF S$0.3777 PER SABANA UNIT).

WE INVITE ALL UNITHOLDERS TO VISIT THE WEBSITE WE HAVE PREPARED FOR INFORMATIONAL PURPOSES AT WWW.SAVESABANAREIT.COM

We call on the IFA, Deloitte, which is paid by all unitholders to undertake more critical and comprehensive analysis of the transaction metrics as befitting of a Big 4 committed to the highest levels of ethics, integrity and quality when it makes its recommendations on the merger deal. The simplistic usage of these metrics (like the REIT Manager) by the IFA, Deloitte, without making necessary adjustments, which a 1st year business undergraduate can easily point out its flaws, will simply underscore the lack of competence and responsibility of the whole firm.

The rejection of the proposed merger will demonstrate that independent unitholders are convinced that measures put in place by ESR Cayman to mitigate the conflict of interest are ineffective. It will also reflect that Independent unitholders no longer believe that the manager and directors are able to act independently to fulfil their legal obligation to act in unitholders' best interest as stipulated in the Securities and Futures Act.

We reiterate that the current Sabana management and independent directors should resign if independent unitholders do not approve the merger at the EGM. This is to ensure that they can be replaced with professionals who can develop and execute on alternative strategies to grow Sabana REIT. To ensure true independence from ESR Cayman, the replacement directors should be proposed and voted in by the independent, non-ESR unitholders. This is in conformance with and strongly upholds the Securities and Futures Act which states that "REIT managers and their directors are required to act in the best interests of unitholders and prioritize their interest over those of the REIT Manager and its shareholders".

Sincerely yours,

Jan F. Moermann
CIO, Quarz Capital Management

Peter Kennan
CIO, Black Crane Capital

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Or visit:
www.savesabanareit.com

IMPORTANT DISCLOSURE INFORMATION
SPECIAL NOTE REGARDING THIS LETTER

THIS LETTER CONTAINS OUR CURRENT VIEWS ON THE VALUE OF SABANA REIT'S SECURITIES AND ACTION THAT SABANA REIT'S BOARD MAY TAKE TO ENHANCE THE VALUE OF SABANA REIT'S SECURITIES. OUR VIEWS ARE BASED ON OUR ANALYSIS OF PUBLICLY AVAILABLE INFORMATION AND ASSUMPTIONS WE BELIEVE TO BE REASONABLE. THERE CAN BE NO ASSURANCE THAT THE INFORMATION WE CONSIDERED IS ACCURATE OR COMPLETE, NOR CAN THERE BE ANY ASSURANCE THAT OUR ASSUMPTIONS ARE CORRECT. SABANA REIT's ACTUAL PERFORMANCE AND RESULTS MAY DIFFER MATERIALLY FROM OUR ASSUMPTIONS AND ANALYSIS. WE HAVE NOT SOUGHT, NOR HAVE WE RECEIVED, PERMISSION FROM ANY THIRD-PARTY TO INCLUDE THEIR INFORMATION IN THIS LETTER. ANY SUCH INFORMATION SHOULD NOT BE VIEWED AS INDICATING THE SUPPORT OF SUCH THIRD PARTY FOR THE VIEWS EXPRESSED HEREIN. WE DO NOT RECOMMEND OR ADVISE, NOR DO WE INTEND TO RECOMMEND OR ADVISE, ANY PERSON TO PURCHASE OR SELL SECURITIES AND NO ONE SHOULD RELY ON THIS LETTER OR ANY ASPECT OF THIS LETTER TO PURCHASE OR SELL SECURITIES OR CONSIDER PURCHASING OR SELLING SECURITIES. NOTHING HEREIN SHALL CONSTITUTE OR BE REGARDED AS INVESTMENT ADVICE. ALTHOUGH WE STATE IN THIS LETTER WHAT WE BELIEVE SHOULD BE THE VALUE OF SABANA REIT'S SECURITIES, THIS LETTER DOES NOT PURPORT TO BE, NOR SHOULD IT BE READ, AS AN EXPRESSION OF ANY PROJECTION, FORECAST OR PREDICTION AS TO THE PRICE AT WHICH SABANA REIT'S SECURITIES MAY TRADE OR MAY BE LIKELY TO TRADE AT ANY TIME. AS NOTED, THIS LETTER EXPRESSES OUR CURRENT VIEWS ON SABANA REIT. IT ALSO DISCLOSES OUR CURRENT HOLDINGS OF SABANA REIT SECURITIES. OUR VIEWS AND OUR HOLDINGS COULD CHANGE AT ANY TIME. WE MAY SELL ANY OR ALL OF OUR HOLDINGS OR INCREASE OUR HOLDINGS BY PURCHASING ADDITIONAL SECURITIES. WE MAY TAKE ANY OF THESE OR OTHER ACTIONS REGARDING SABANA REIT WITHOUT UPDATING THIS LETTER OR PROVIDING ANY NOTICE WHATSOEVER OF ANY SUCH CHANGES. INVESTORS SHOULD MAKE THEIR OWN DECISIONS REGARDING SABANA REIT AND ITS PROSPECTS WITHOUT RELYING ON, OR EVEN CONSIDERING, ANY OF THE INFORMATION CONTAINED IN THIS LETTER.

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