

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended

March 31, 2023

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File No. 001-15371

Safehold Inc.

(Exact name of registrant as specified in its charter)

Maryland

(State or other jurisdiction of
incorporation or organization)

1114 Avenue of the Americas

39th Floor

New York , NY

(Address of principal executive offices)

95-6881527

(I.R.S. Employer
Identification Number)

10036

(Zip code)

Registrant's telephone number, including area code: (212) 930-9400

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock	SAFE	NYSE

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding twelve months (or for such shorter period that the registrant was required to file such reports); and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated filer	Accelerated filer	Non-accelerated filer	Smaller reporting company	Emerging growth company
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

As of April 25, 2023, there were 63,941,269 shares, \$0.01 par value per share, of Safehold Inc. common stock outstanding.

TABLE OF CONTENTS

	<u>Page</u>	
PART I	Consolidated Financial Information	
Item 1.	Financial Statements:	
	Consolidated Balance Sheets as of March 31, 2023 and December 31, 2022 (unaudited)	1
	Consolidated Statements of Operations (unaudited)—For the three months ended March 31, 2023 and 2022	2
	Consolidated Statements of Comprehensive Income (Loss) (unaudited)—For the three months ended March 31, 2023 and 2022	3
	Consolidated Statements of Changes in Equity (unaudited)—For the three months ended March 31, 2023 and 2022	4
	Consolidated Statements of Cash Flows (unaudited)—For the three months ended March 31, 2023 and 2022	5
	Notes to Consolidated Financial Statements (unaudited)	6
Item 2.	Management’s Discussion and Analysis of Financial Condition and Results of Operations	41
Item 3.	Quantitative and Qualitative Disclosures About Market Risk	52
Item 4.	Controls and Procedures	52
PART II	Other Information	54
Item 1.	Legal Proceedings	54
Item 1A.	Risk Factors	54
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	54
Item 3.	Defaults Upon Senior Securities	54
Item 4.	Mine Safety Disclosures	54
Item 5.	Other Information	54
Item 6.	Exhibits	55
SIGNATURES		58

PART I. CONSOLIDATED FINANCIAL INFORMATION

Item 1. Financial Statements

Safehold Inc.
Consolidated Balance Sheets⁽¹⁾
(In thousands)
(unaudited)

	As of	
	March 31, 2023	December 31, 2022
ASSETS		
Net investment in sales-type leases (\$325 and \$0 of allowances as of March 31, 2023 and December 31, 2022, respectively)	\$ 3,139,831	\$ 3,106,599
Ground Lease receivables, net (\$195 and \$0 of allowances as of March 31, 2023 and December 31, 2022, respectively)	1,431,478	1,374,716
Real estate		
Real estate, at cost	740,971	740,971
Less: accumulated depreciation	(35,878)	(34,371)
Real estate, net	705,093	706,600
Real estate-related intangible assets, net	216,120	217,795
Real estate available and held for sale	1,508	—
Total real estate, net and real estate-related intangible assets, net and real estate available and held for sale	922,721	924,395
Loans receivable, net - related party (\$2,300 of allowances as of March 31, 2023)	112,150	—
Equity investments	243,490	180,388
Goodwill	155,797	—
Cash and cash equivalents	20,335	20,066
Restricted cash	27,954	28,324
Deferred operating lease income receivable	156,697	148,870
Deferred expenses and other assets, net ⁽²⁾	80,109	67,564
Total assets	<u>\$ 6,290,562</u>	<u>\$ 5,850,922</u>
LIABILITIES, REDEEMABLE NONCONTROLLING INTERESTS AND EQUITY		
Liabilities:		
Accounts payable, accrued expenses and other liabilities ⁽³⁾	\$ 126,304	\$ 100,357
Real estate-related intangible liabilities, net	64,382	64,591
Debt obligations, net	3,901,838	3,521,359
Total liabilities	<u>4,092,424</u>	<u>3,686,307</u>
Commitments and contingencies (refer to Note 9)		
Redeemable noncontrolling interests (refer to Note 3)	19,011	19,011
Equity:		
Safehold Inc. shareholders' equity:		
Common stock, \$0.01 par value, 400,000 shares authorized, 63,941 and 62,397 shares issued and outstanding as of March 31, 2023 and December 31, 2022, respectively	639	624
Additional paid-in capital	2,031,026	1,986,417
Retained earnings	144,164	151,226
Accumulated other comprehensive income (loss)	(24,200)	3,281
Total Safehold Inc. shareholders' equity	2,151,629	2,141,548
Noncontrolling interests	27,498	4,056
Total equity	<u>2,179,127</u>	<u>2,145,604</u>
Total liabilities, redeemable noncontrolling interests and equity	<u>\$ 6,290,562</u>	<u>\$ 5,850,922</u>

(1) Refer to Note 2 for details on the Company's consolidated variable interest entities ("VIEs").

(2) As of March 31, 2023, includes \$2.9 million due from related parties.

(3) As of March 31, 2023 and December 31, 2022, includes \$0.8 million and \$8.5 million, respectively, due to related parties.

The accompanying notes are an integral part of the consolidated financial statements.

Safehold Inc.
Consolidated Statements of Operations
(In thousands, except per share data)
(unaudited)

	For the Three Months Ended	
	2023	2022
Revenues:		
Interest income from sales-type leases ⁽¹⁾	\$ 57,062	\$ 43,031
Operating lease income	20,901	16,966
Other income	366	366
Total revenues	<u>78,329</u>	<u>60,363</u>
Costs and expenses:		
Interest expense	40,873	25,321
Real estate expense	1,206	707
Depreciation and amortization	2,398	2,402
General and administrative ⁽²⁾	15,067	9,194
Provision for credit losses	2,242	—
Other expense	14,089	108
Total costs and expenses	<u>75,875</u>	<u>37,732</u>
Income from operations before other items	2,454	22,631
Earnings from equity method investments	2,262	2,276
Net income	4,716	24,907
Net (income) attributable to noncontrolling interests	(34)	(34)
Net income attributable to Safehold Inc. common shareholders	<u>\$ 4,682</u>	<u>\$ 24,873</u>
Per common share data:		
Net income		
Basic	\$ 0.07	\$ 0.42
Diluted	\$ 0.07	\$ 0.42
Weighted average number of common shares:		
Basic	63,672	59,284
Diluted	63,672	59,285

- (1) For the three months ended March 31, 2022, the Company recorded \$2.1 million of "Interest income from sales-type leases" in its consolidated statements of operations from Ground Leases with iStar Inc. ("iStar").
- (2) For the three months ended March 31, 2023 and 2022, includes \$8.3 million and \$7.9 million, respectively, of general and administrative expenses incurred to related parties that includes management fees, expense reimbursements to the Former Manager (refer to Note 1) and equity-based compensation.

The accompanying notes are an integral part of the consolidated financial statements.

Safehold Inc.
Consolidated Statements of Comprehensive Income (Loss)
(In thousands)
(unaudited)

	For the Three Months Ended	
	March 31,	
	2023	2022
Net income	\$ 4,716	\$ 24,907
Other comprehensive income (loss):		
Reclassification of losses on derivatives into earnings	943	1,033
Unrealized gain (loss) on derivatives	(28,424)	4,256
Other comprehensive income (loss):	(27,481)	5,289
Comprehensive income (loss)	(22,765)	30,196
Comprehensive (income) loss attributable to noncontrolling interests	(34)	(34)
Comprehensive income (loss) attributable to Safehold Inc.	<u>\$ (22,799)</u>	<u>\$ 30,162</u>

The accompanying notes are an integral part of the consolidated financial statements.

Safehold Inc.
Consolidated Statements of Changes in Equity
(In thousands)
(unaudited)

	Redeemable Noncontrolling Interests ⁽¹⁾	Common Stock at Par	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interests	Total Equity
Balance at December 31, 2022	\$ 19,011	\$ 624	\$ 1,986,417	\$ 151,226	\$ 3,281	\$ 4,056	\$ 2,145,604
Impact from adoption of new accounting standard (refer to Note 3)	—	—	—	(640)	—	—	(640)
Net income	—	—	—	4,682	—	34	4,716
Issuance of common stock, net / amortization	—	3	10,476	—	—	9	10,488
Dividends declared (\$0.177 per share)	—	—	—	(11,104)	—	—	(11,104)
Change in accumulated other comprehensive income	—	—	—	—	(27,481)	—	(27,481)
Contributions from noncontrolling interests, net	—	—	(1,443)	—	—	23,914	22,471
Distributions to noncontrolling interests	—	—	—	—	—	(515)	(515)
Merger consideration (refer to Note 1)	—	12	35,576	—	—	—	35,588
Balance at March 31, 2023	<u>\$ 19,011</u>	<u>\$ 639</u>	<u>\$ 2,031,026</u>	<u>\$ 144,164</u>	<u>\$ (24,200)</u>	<u>\$ 27,498</u>	<u>\$ 2,179,127</u>
Balance at December 31, 2021	\$ —	\$ 566	\$ 1,663,324	\$ 59,368	\$ (40,980)	\$ 2,924	\$ 1,685,202
Net income	—	—	—	24,873	—	34	24,907
Issuance of common stock, net / amortization	—	53	307,290	—	—	280	307,623
Dividends declared (\$0.17 per share)	—	—	—	(10,530)	—	—	(10,530)
Change in accumulated other comprehensive income	—	—	—	—	5,289	—	5,289
Contributions from noncontrolling interests, net	18,829	—	—	—	—	18	18
Distributions to noncontrolling interests	—	—	—	—	—	(11)	(11)
Additional paid in capital attributable to redeemable noncontrolling interests	171	—	(171)	—	—	—	(171)
Balance at March 31, 2022	<u>\$ 19,000</u>	<u>\$ 619</u>	<u>\$ 1,970,443</u>	<u>\$ 73,711</u>	<u>\$ (35,691)</u>	<u>\$ 3,245</u>	<u>\$ 2,012,327</u>

(1) Refer to Note 3.

The accompanying notes are an integral part of the consolidated financial statements.

Safehold Inc.
Consolidated Statements of Cash Flows
(In thousands)
(unaudited)

	For the Three Months Ended March 31,	
	2023	2022
Cash flows from operating activities:		
Net income	\$ 4,716	\$ 24,907
Adjustments to reconcile net income to cash flows from operating activities:		
Depreciation and amortization	2,398	2,402
Stock-based compensation expense	4,680	282
Deferred operating lease income	(7,827)	(7,914)
Non-cash interest income from sales-type leases	(20,380)	(15,848)
Non-cash interest expense	3,026	3,058
Amortization of real estate-related intangibles, net	576	577
Provision for credit losses	2,242	—
Earnings from equity method investments	(2,262)	(2,275)
Distributions from operations of equity method investments	547	531
Amortization of premium, discount and deferred financing costs on debt obligations, net	1,796	1,320
Non-cash management fees	5,199	4,457
Other operating activities	1,573	1,280
Changes in assets and liabilities:		
Changes in deferred expenses and other assets, net	(3,586)	256
Changes in accounts payable, accrued expenses and other liabilities	489	11,567
Cash flows (used in) provided by operating activities	<u>(6,813)</u>	<u>24,599</u>
Cash flows from investing activities:		
Origination/acquisition of net investment in sales-type leases and Ground Lease receivables	(69,904)	(532,268)
Origination of loans receivable, net	(114,450)	—
Payment for merger consideration	(88,685)	—
Cash and cash equivalents acquired upon merger	3,213	—
Contributions to equity method investments	(140)	—
Funding reserves received from Ground Lease tenant net of disbursements	(218)	98,064
Other investing activities	251	(981)
Cash flows used in investing activities	<u>(269,933)</u>	<u>(435,185)</u>
Cash flows from financing activities:		
Proceeds from issuance of common stock	—	309,160
Proceeds from debt obligations	280,000	940,000
Repayments of debt obligations	—	(720,000)
Payments for deferred financing costs	(4,610)	(4,455)
Dividends paid to common shareholders	(22,144)	(9,672)
Payment of offering costs	—	(4,731)
Payments for withholding taxes upon vesting for stock-based compensation	—	(970)
Distributions to noncontrolling interests	(515)	(11)
Contributions from noncontrolling interests	23,914	18
Contributions from redeemable noncontrolling interests	—	19,000
Cash flows provided by financing activities	<u>276,645</u>	<u>538,339</u>
Changes in cash, cash equivalents and restricted cash	<u>(101)</u>	<u>117,753</u>
Cash, cash equivalents and restricted cash at beginning of period	48,390	38,516
Cash, cash equivalents and restricted cash at end of period	<u>\$ 48,289</u>	<u>\$ 156,269</u>
Reconciliation of cash and cash equivalents and restricted cash presented on the consolidated statements of cash flows		
Cash and cash equivalents	\$ 20,335	\$ 30,561
Restricted cash	27,954	125,708
Total cash and cash equivalents and restricted cash	<u>\$ 48,289</u>	<u>\$ 156,269</u>
Supplemental disclosure of non-cash investing and financing activity:		
Debt obligations assumed (refer to Note 3)	\$ 99,995	\$ —
Issuance of common stock for acquisition of assets (refer to Note 3)	35,588	—
Dividends declared to common shareholders	2	10,530
Accrued finance costs	—	99
Accrued offering costs	1,443	545

The accompanying notes are an integral part of the consolidated financial statements.

Safehold Inc.
Notes to Consolidated Financial Statements
(unaudited)

Note 1—Business and Organization

Business—On March 31, 2023, Safehold Inc. (“Old SAFE”) merged with and into iStar Inc. (“iStar”) (see Merger Transaction below), at which time Old SAFE ceased to exist and iStar continued as the surviving corporation, and changed its name to “Safehold Inc.” (the “Merger”). References to iStar refer to iStar prior to the Merger. For accounting purposes, the Merger is treated as a “reverse acquisition” in which iStar is considered the legal acquirer and Old SAFE is considered the accounting acquirer. Unless context otherwise requires, references to the “Company” refer to the business and operations of Old SAFE and its consolidated subsidiaries prior to the Merger and to Safehold Inc. (formerly known as iStar) and its consolidated subsidiaries following the consummation of the Merger.

The Company operates its business through one reportable segment by acquiring, managing and capitalizing ground leases. The Company also manages entities focused on ground leases (refer to Note 6) and serves as external manager to Star Holdings, a Maryland statutory trust that holds the legacy non-ground lease assets previously held by iStar (“Star Holdings”). Ground leases are long-term contracts between the landlord (the Company) and a tenant or leaseholder. Ground leases generally represent ownership of the land underlying commercial real estate projects that is net leased by the fee owner of the land to the owners/operators of the real estate projects built thereon (“Ground Leases”). Under a Ground Lease, the tenant is generally responsible for all property operating expenses, such as maintenance, real estate taxes and insurance and is also responsible for development costs and capital expenditures. Ground Leases are typically long-term (base terms ranging from 30 to 99 years, often with tenant renewal options) and have contractual base rent increases (either at a specified percentage or consumer price index (“CPI”) based, or both) and sometimes include percentage rent participations. The Company’s CPI lookbacks are generally capped between 3.0% - 3.5% and generally start between years 11 and 21 of the lease term. In the event cumulative inflation growth for the lookback period exceeds the cap, these rent adjustments may not keep up fully with changes in inflation.

The Company intends to target investments in long-term Ground Leases in which: (i) the initial cost of its Ground Lease represents 30% to 45% of the combined value of the land and buildings and improvements thereon as if there was no Ground Lease on the land (“Combined Property Value”); (ii) the ratio of property net operating income to the Ground Lease payment due the Company (“Ground Rent Coverage”) is between 2.0x to 4.5x, and for this purpose the Company uses estimates of the stabilized property net operating income if it does not receive current tenant information and for properties under construction or in transition, in each case based on leasing activity at the property and available market information, including leasing activity at comparable properties in the relevant market; and (iii) the Ground Lease contains contractual rent escalation clauses or percentage rent that participates in gross revenues generated by the commercial real estate on the land. A Ground Lease lessor (the Company) typically has the right to regain possession of its land and take ownership of the buildings and improvements thereon upon tenant default and the termination of the Ground Lease on account of such default. The Company believes that the Ground Lease structure provides an opportunity for potential value accretion through the reversion to the Company, as the Ground Lease owner, of the buildings and improvements on the land at the expiration or earlier termination of the lease, for no additional consideration from the Company.

Prior to the Merger, Old SAFE was managed by SFTY Manager, LLC (the “Former Manager”), a wholly-owned subsidiary of iStar, pursuant to a management agreement. Old SAFE had no employees, as the Former Manager provided all services to it. Old SAFE relied on the extensive investment origination and sourcing platform of its Former Manager to actively promote the benefits of the Ground Lease structure to prospective Ground Lease tenants. Subsequent to the Merger, the Company is internally managed.

Organization—The Company is a Maryland corporation and its common stock is listed on the New York Stock Exchange (“NYSE”) under the symbol “SAFE.” The Company (then known as iStar) elected to be treated as a real estate investment trust (“REIT”) for U.S. federal income tax purposes, commencing with the tax year ended December 31, 1998.

Safehold Inc.
Notes to Consolidated Financial Statements
(unaudited)

As part of a restructuring in connection with the Merger (the “Caret Restructuring”), Safehold Operating Partnership LP converted into a Delaware limited liability company and renamed itself “Safehold GL Holdings LLC” (“Portfolio Holdings”), with the Company as its managing member. The Company conducts all of its business and owns all of its properties through Portfolio Holdings. In addition, holders of Caret units in Old SAFE’s subsidiary, Caret Ventures LLC (“Caret Ventures”), contributed their interests in Caret Ventures to Portfolio Holdings in return for Caret units issued by Portfolio Holdings. Following the restructuring, 100% of the equity interests in Caret Ventures is held by Portfolio Holdings. The Company, management of the Company, employees and former employees of the Company, affiliates of MSD Partners (as defined below) and other outside investors own the issued and outstanding equity of Portfolio Holdings.

Merger Transaction—On August 10, 2022, Old SAFE entered into an Agreement and Plan of Merger (the “Merger Agreement”) with iStar, and on March 31, 2023 the Merger was completed in accordance with the terms of the Merger Agreement. For accounting purposes, the Merger was accounted for as a business combination using the acquisition method of accounting under Accounting Standards Codification (“ASC”) 805, Business Combinations (“ASC 805”) and treated as a “reverse acquisition” in which iStar is considered the legal acquirer and Old SAFE is considered the accounting acquirer. The Company considered the following relevant facts for this determination:

- At the time of the Merger closing, Old SAFE shareholders, excluding the Old SAFE shares held directly by iStar, members of iStar management and Star Holdings, control majority of the voting interests in the Company and the combined company operates under the name “Safehold Inc.,”
- the composition of the combined company’s board of directors, which includes three directors from Old SAFE and two directors from iStar, and two management members of both Old SAFE and iStar;
- Old SAFE was the larger entity by size when comparing the key metrics of total assets, total revenue and net income (loss) from continuing operations and allocable to common shareholders; and
- substantially all of the assets and liabilities of the Company consist of the historical assets and liabilities of Old SAFE, and the go-forward business plan of the Company is to conduct the Ground Lease business being conducted by Old SAFE prior to the Merger.

As a result, the historical financial statements of Old SAFE become the historical financial statements of the Company.

Immediately before the closing of the Merger, iStar separated its remaining legacy non-ground lease assets and businesses, approximately \$50.0 million of cash, exclusive of working capital reserves and restricted cash, and approximately 13.5 million shares of Old SAFE common stock into Star Holdings by distributing to iStar’s stockholders, on a pro rata basis, the issued and outstanding equity interests of Star Holdings (the “Spin-Off”).

Other Merger related transactions

On August 10, 2022, iStar entered into an agreement (the “MSD Stock Purchase Agreement”) with MSD Partners, L.P. (“MSD Partners”) pursuant to which MSD Partners agreed to purchase 5,405,406 shares of Old SAFE’s common stock then owned by iStar (the “MSD Stock Purchase”) for an aggregate purchase price of approximately \$200 million, or \$37.00 per share, payable in cash. The MSD Stock Purchase closed on March 31, 2023, shortly before the closing of the Merger. MSD Partners has the right to designate an observer to the board of directors of the Company, a top-up right on future equity issuances (subject to certain exceptions) and registration rights. MSD Partners will be subject to a customary standstill and certain restrictions on sales of its shares of the Company’s common stock.

On August 10, 2022, MSD Partners also agreed to purchase 100,000 Caret units (refer to Note 11) from the Company for an aggregate purchase price of \$20.0 million (the “MSD Caret Purchase”). MSD Partners received a credit

Safehold Inc.
Notes to Consolidated Financial Statements
(unaudited)

against their purchase price for Caret units equal to the amount they would have received had they held Caret units at the time of a December 2022 distribution to other Caret unit holders, which was equal to \$0.6 million. The closing of the MSD Caret Purchase took place in conjunction with the closing of the Merger on March 31, 2023.

Star Holdings was capitalized in part with an 8.0%, four-year term loan from the Company having an initial principal amount of \$115.0 million, as well as SOFR plus 3.00% bank debt of \$140.0 million from Morgan Stanley Bank, N.A. which is secured by approximately 13.5 million shares of the Company (refer to Note 4).

In connection with the Spin-Off, Safehold Management Services Inc. ("SpinCo Manager"), a Delaware corporation and a subsidiary of the Company, entered into a management agreement with Star Holdings effective as of March 31, 2023, pursuant to which SpinCo Manager will continue to operate and pursue the orderly monetization of Star Holding's assets. Star Holdings will pay SpinCo Manager an annual management fee of \$25.0 million in year one, \$15.0 million in year two, \$10.0 million in year three and \$5.0 million in year four and 2.0% of the gross book value of Star Holdings' assets, excluding shares of the Company's common stock, for each annual term thereafter. The Company and Star Holdings also entered into a governance agreement that places certain restrictions on the transfer and voting of the shares of the Company owned by Star Holdings, and a registration rights agreement under which the Company agreed to register such shares for resale in accordance with applicable securities laws.

Note 2—Basis of Presentation and Principles of Consolidation

Basis of Presentation—The accompanying unaudited condensed consolidated financial statements have been prepared in conformity with the instructions to Form 10-Q and Article 10-01 of Regulation S-X for interim financial statements. Accordingly, they do not include all the information and footnotes required by generally accepted accounting principles in the United States of America ("GAAP") for complete financial statements. These unaudited consolidated financial statements and related notes should be read in conjunction with the consolidated financial statements and related notes included in the Old SAFE's Annual Report on Form 10-K for the year ended December 31, 2022 (the "2022 Annual Report").

The preparation of these consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

In the opinion of management, the accompanying consolidated financial statements contain all adjustments consisting of normal recurring adjustments necessary for a fair statement of the results for the interim periods presented. Such operating results may not be indicative of the expected results for any other interim periods or the entire year.

Principles of Consolidation—The consolidated financial statements include the accounts and operations of the Company, its wholly-owned subsidiaries and VIEs for which the Company is the primary beneficiary. All intercompany balances and transactions have been eliminated in consolidation.

Consolidated VIEs—The Company consolidates VIEs for which it is considered the primary beneficiary. As of March 31, 2023, the total assets of these consolidated VIEs were \$71.9 million and total liabilities were \$30.0 million. The classifications of these assets are primarily within "Net investment in sales-type leases," "Real estate, net," "Real estate-related intangible assets, net" and "Deferred operating lease income receivable" on the Company's consolidated balance sheets. The classifications of liabilities are primarily within "Debt obligations, net" and "Accounts payable, accrued expenses and other liabilities" on the Company's consolidated balance sheets. The liabilities of these VIEs are non-recourse to the Company and can only be satisfied from each VIE's respective assets. The Company has provided no

Safehold Inc.
Notes to Consolidated Financial Statements
(unaudited)

financial support to VIEs that it was not previously contractually required to provide and did not have any unfunded commitments related to consolidated VIEs as of March 31, 2023.

Note 3—Summary of Significant Accounting Policies

Significant Accounting Policies

Allowance for credit losses on net investment in sales-type leases and Ground Lease receivables—Effective January 1, 2023, upon the adoption of ASU 2016-13, the Company estimates its allowance for credit losses on net investment in sales-type leases and Ground Lease receivables, including unfunded commitments, using a quantitative analysis to estimate expected loss rates for its portfolio of net investment in sales-type leases and Ground Lease receivables. ASU 2016-13 replaced the incurred loss impairment methodology in prior GAAP with a methodology that reflects expected credit losses over the life of the investment and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. The Company analyzes historical unemployment rates and historical data provided by Trepp (“Trepp”) for single asset borrower loans including loan to value ratios, loss rates, timing of losses, vintage, property type and other statistics. The Company utilizes historical loss rates, timing of losses and unemployment rates and updates its analysis for current market conditions and reasonable and supportable forecasts of unemployment rates to develop an estimate of credit losses. The Company analyzes its portfolio of Ground Leases based on whether the property is a stabilized property or a development project (projects with unfunded commitments that are under development or in transition). The Company’s development properties are assigned a higher loss rate due to the more inherent risk of deals under construction.

Interest receivable is not included in the Company’s allowance for credit losses on net investment in sales-type leases and Ground Lease receivables as the Company performs timely write-offs, if any, of aged interest receivables. The Company has also made a policy election to write off aged interest receivables through interest income from sales-type leases as opposed to through the provision for credit losses.

Real estate available and held for sale—The Company reports real estate assets to be sold at the lower of their carrying amount or estimated fair value less costs to sell and classifies them as “Real estate available and held for sale” on the Company’s consolidated balance sheets. If the estimated fair value less costs to sell is less than the carrying value, the difference will be recorded as an impairment charge. Impairment for real estate assets disposed of or classified as held for sale are included in “Impairment of assets” in the Company’s consolidated statements of operations. Once a real estate asset is classified as held for sale, depreciation expense is no longer recorded.

Safehold Inc.
Notes to Consolidated Financial Statements
(unaudited)

The Company classifies its real estate assets as held for sale in the period in which all of the following conditions are met: (i) the Company commits to a plan and has the authority to sell the asset; (ii) the asset is available for sale in its current condition; (iii) the Company has initiated an active marketing plan to locate a buyer for the asset; (iv) the sale of the asset is both probable and expected to qualify for full sales recognition within a period of 12 months; (v) the asset is being actively marketed for sale at a price that is reflective of its current fair value; and (vi) the Company does not anticipate changes to its plan to sell the asset.

If circumstances arise that were previously considered unlikely and, as a result the Company decides not to sell a property previously classified as held for sale, the property is reclassified as held and used and included in "Real estate, net" on the Company's consolidated balance sheets. The Company measures and records a property that is reclassified as held and used at the lower of: (i) its carrying amount before the property was classified as held for sale, adjusted for any depreciation expense that would have been recognized had the property been continuously classified as held and used; or (ii) the estimated fair value at the date of the subsequent decision not to sell.

Fair Values—The Company is required to disclose fair value information with regard to its financial instruments, whether or not recognized in the consolidated balance sheets, for which it is practical to estimate fair value. The Financial Accounting Standards Board ("FASB") guidance defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. The following fair value hierarchy prioritizes the inputs to be used in valuation techniques to measure fair value: Level 1: unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities; Level 2: quoted prices in markets that are not active, or inputs which are observable, either directly or indirectly, for substantially the full term of the asset or liability; and Level 3: prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (i.e., supported by little or no market activity). The Company determines the estimated fair values of financial assets and liabilities based on a hierarchy that distinguishes between market participant assumptions based on market data obtained from sources independent of the Company and the Company's own assumptions about market participant assumptions.

Safehold Inc.
Notes to Consolidated Financial Statements
(unaudited)

The following table presents the carrying value and fair value for the Company's financial instruments (\$ in millions):

	As of March 31, 2023		As of December 31, 2022	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Assets				
Net investment in sales-type leases ⁽¹⁾	\$ 3,140	\$ 3,402	\$ 3,107	\$ 3,236
Ground Lease receivables ⁽¹⁾	1,431	1,631	1,375	1,501
Loans receivable, net - related party ⁽¹⁾	112	112	—	—
Cash and cash equivalents ⁽²⁾	20	20	20	20
Restricted cash ⁽²⁾	28	28	28	28
Liabilities				
Debt obligations, net ⁽¹⁾				
Level 1	739	584	738	573
Level 3	3,163	2,764	2,783	2,358
Total debt obligations, net	3,902	3,348	3,521	2,931

(1) The fair value of the Company's net investment in sales-type leases, Ground Lease receivables and loans receivable, net - related party are classified as Level 3 within the fair value hierarchy. The fair value of the Company's debt obligations traded in secondary markets are classified as Level 1 within the fair value hierarchy and the fair value of the Company's debt obligations not traded in secondary markets are classified as Level 3 within the fair value hierarchy.

(2) The Company determined the carrying values of its cash and cash equivalents and restricted cash approximated their fair values and are classified as Level 1 within the fair value hierarchy.

Safehold Inc.
Notes to Consolidated Financial Statements
(unaudited)

Redeemable Noncontrolling Interests—In February 2022, the Company sold 108,571 Caret units (refer to Note 11) for \$19.0 million to third-party investors and received a commitment from an existing shareholder (which is affiliated with one of the Company's independent directors) for the purchase of 28,571 Caret units for \$5.0 million. As part of the sale, the Company agreed to use commercially reasonable efforts to provide public market liquidity for such Caret units by seeking to provide a listing of the Caret units, or securities into which they may be exchanged, within two years of the sale. In the event public market liquidity of the Caret units is not achieved within such two year period at a valuation not less than the purchase price for the Caret units purchased in February 2022, reduced by an amount equal to the amount of subsequent cash distributions made to the investors on account of such Caret units, then the investors in the February 2022 transaction have the right to cause their Caret units purchased in February 2022 to be redeemed by Portfolio Holdings at their original purchase price as so reduced.

The Company classifies these redeemable Caret units in accordance with Accounting Standards Codification ("ASC") 480: Distinguishing Liabilities from Equity. ASC 480-10-S99-3A requires that equity securities redeemable at the option of the holder be classified outside of permanent stockholders' equity. The Company classifies redeemable Caret units as "Redeemable noncontrolling interests" in its consolidated balance sheets and consolidated statements of changes in equity. The redeemable noncontrolling interest's carrying amount is equal to the higher of (i) the initial carrying amount, increased or decreased for the redeemable noncontrolling interest's share of net income or loss and dividends; or (ii) the redemption value. In the case of the Company's redeemable Caret units, the carrying amount equals both the initial carrying amount and the redemption value.

Stock-based compensation—In March 2023, the Company granted awards to employees with an aggregate grant date fair value of \$25.0 million, or \$28.89 per share. The awards vest ratably over a four-year service period. Compensation cost for stock-based awards is measured on the grant date and adjusted over the period of the employees' services to reflect: (i) actual forfeitures; and (ii) the service conditions through the requisite service period. Compensation costs are recognized ratably over the applicable vesting/service period and recorded in "General and administrative" in the Company's consolidated statements of operations.

Loans receivable, net – related party—Loans receivable, net – related party includes the four-year term loan that the Company originated to Star Holdings (refer to Note 4). Loans receivable classified as held-for-investment are reported at their outstanding unpaid principal balance net of any unamortized acquisition premiums or discounts and unamortized deferred loan costs or fees and credit loss allowances.

The Company performs a quarterly analysis of its loan receivable that incorporates management's current judgments about credit quality based on all known and relevant internal and external factors that may affect collectability. The Company considers, among other things, payment status, lien position, borrower financial resources and investment collateral, collateral type, project economics and geographical location as well as national and regional economic factors. The Company estimates its Expected Loss on its loans receivable based on relevant information including current market conditions and reasonable and supportable forecasts that affect the collectability of its investments. The estimate of the Company's Expected Loss requires significant judgment. The Company calculated its Expected Loss through the use of third-party market data that provided current and future economic conditions that may impact the performance of the commercial real estate assets securing its investments.

The Company will consider a loan to be non-performing and place it on non-accrual status at such time as: (1) interest payments become 90 days delinquent; (2) it has a maturity default; or (3) management determines it is probable that it will be unable to collect all amounts due according to the contractual terms of the loan. Non-accrual loans will be returned to accrual status when they have become contractually current and management believes all amounts contractually owed will be received.

Safehold Inc.
Notes to Consolidated Financial Statements
(unaudited)

The Company made the accounting policy election to record accrued interest on its loan asset separate from its loans receivable and to exclude accrued interest from its amortized cost basis disclosures. Any accrued interest receivable is recorded in "Deferred expenses and other assets, net" on the Company's consolidated balance sheets. As of March 31, 2023, the Company did not have any accrued interest on its consolidated balance sheets. The Company will place loans on non-accrual status once interest on the loan becomes 90 days delinquent and will reverse any accrued interest as a reduction to interest income or recognizes a credit loss expense at such time. As such, the Company elected the practical expedient to not record an allowance against accrued interest receivable. During the three months ended March 31, 2023, the Company did not reverse any accrued interest on its loan asset.

Equity Investments—Equity investments are accounted for pursuant to the equity method of accounting if the Company can significantly influence the operating and financial policies of the investee. The Company has noncontrolling equity interests in ventures (refer to Note 6) and determined the entities to be voting interest entities. As such, its equity interests in these ventures are accounted for pursuant to the equity method of accounting. The Company's periodic share of earnings and losses in equity method investees are included in "Earnings from equity method investments" in the Company's consolidated statements of operations. Equity investments are included in "Equity investments" on the Company's consolidated balance sheets. The Company acquired two equity interests from iStar in connection with the Merger. In connection with the acquisition, the Company has basis differences in these equity interests that are amortized to income over the life of the underlying assets (refer to Note 6).

Interest Income on Loans Receivable, net – related party—Interest income on loans receivable, net - related party is recognized on an accrual basis using the effective interest method.

Acquisitions—The Company evaluates each acquisition transaction to determine whether the acquired asset meets the definition of a business. Under ASC 805, an acquisition does not qualify as a business when (i) substantially all of the fair value is concentrated in a single identifiable asset or group of similar identifiable assets; (ii) the acquisition does not include a substantive process in the form of an acquired workforce; or (iii) an acquired contract that cannot be replaced without significant cost, effort or delay. Acquisitions of a business are accounted for as business combinations and other acquisition transactions are accounted for as asset acquisitions. Transaction costs related to asset acquisitions are capitalized as part of the cost basis of the acquired assets, while transaction costs related to business combinations are expensed as incurred.

The Company's acquisition of iStar was accounted for as a business combination. For business combinations, the Company recognizes and measures identifiable assets acquired, liabilities assumed and any noncontrolling interest in the acquiree at their fair values on the Company's consolidated balance sheets. In a business combination, the difference, if any, between the purchase consideration and the fair value of identifiable net assets acquired is either recorded as goodwill or as a bargain purchase gain.

Fair values are based on available information including discounted cash flow analysis or similar fair value models. Fair value estimates are also made using significant assumptions such as capitalization rates, discount rates, fair market lease rates and other market data. The fair value of the Company's interests in equity investments acquired is calculated using the fair value of the investments held by the venture, which are valued using methods as described above, and considers the Company's economics in the venture.

The fair value of financial instruments, which could include loans receivable or net investment in sales-type leases, is based on current market conditions and loan or lease agreements in place. The fair value of tangible assets, which could include land, buildings, building improvements and tenant improvements is determined as if these assets are vacant. Intangible assets may include the value of right of use lease assets, above-market leases and in-place leases. Right of use lease assets and lease liabilities are measured at the present value of lease payments not yet paid, discounted at the implied rate charged by the lessor if that rate is readily determinable, or if that rate is not readily determinable, the

Safehold Inc.
Notes to Consolidated Financial Statements
(unaudited)

Company's incremental borrowing rate, as of the date of the acquisition. Right of use assets are included in "Deferred expenses and other assets, net" and lease liabilities are recorded in "Accounts payable, accrued expenses and other liabilities" on the Company's consolidated balance sheets. Above-market lease intangibles and in-place lease intangibles are each recorded at their fair values and included in "Deferred expenses and other assets, net" on the Company's consolidated balance sheets. Intangible liabilities may also include below-market leases, which are recorded at their fair values and included in "Accounts payable, accrued expenses and other liabilities" on the Company's consolidated balance sheets.

The table below shows the Company's purchase consideration for the acquisition of iStar (\$ in thousands):

Total Company shares as purchase price ⁽¹⁾		1,195,034
Stock price of the Company's common stock ⁽²⁾	\$	29.78
Fair value of the Company's stock transferred		35,588
Cash consideration paid by the Company to iStar		88,685
Purchase consideration	\$	124,273

(1) The total post-Merger shares of the Company to be held by iStar shareholders includes 12.7 million shares that were issued as consideration for the investment in Old SAFE previously held by iStar as of December 31, 2022 that were retired in connection with the Merger. Accordingly, these shares are excluded from the purchase consideration as they are reflected as a treasury stock repurchase and retirement by Old SAFE.

(2) Based on the closing price of Old SAFE's common stock as of March 30, 2023, representing the final closing price prior to the effective time of the Merger.

Safehold Inc.
Notes to Consolidated Financial Statements
(unaudited)

The Merger was accounted for as a business combination pursuant to ASC 805 and all Merger related costs were expensed as incurred. The Company recorded \$18.7 million of merger expenses during the three months ended March 31, 2023, of which \$13.9 million was recorded in "Other expense" and \$4.8 million was recorded in "General and administrative" in the Company's consolidated statements of operations. The Company also recorded \$0.6 of related non-recurring charges in "Other expense," and a provision for credit losses of \$2.3 million on the Secured Term Loan Facility (refer to Note 4) which was originated at the time of the Merger in conjunction with the Spin-Off. Excluding \$2.7 million of related non-recurring charges and the \$2.3 million provision for credit losses on the Secured Term Loan Facility, through March 31, 2023, the Company has incurred \$26.4 million of merger expenses. The following table sets forth the provisional allocation of the purchase consideration to the fair values of identifiable tangible and intangible assets acquired and liabilities assumed, recognized as a result of the acquisition described in Note 1 above (\$ in thousands):

Cash and cash equivalents	\$	3,213
Real estate		1,508
Equity investments ⁽¹⁾		61,247
Deferred expenses and other assets ⁽²⁾		25,442
Total assets acquired		91,410
Accounts payable, accrued expenses and other liabilities⁽³⁾		(22,939)
Debt obligations⁽⁴⁾		(99,995)
Total liabilities assumed		(122,934)
Net identifiable liabilities assumed		(31,524)
Purchase consideration	\$	124,273
Add: net identifiable liabilities assumed		31,524
Goodwill⁽⁵⁾		155,797

- (1) Equity investments were valued using discount rates between 7.2% and 13.9% and are classified as Level 3 within the fair value hierarchy.
- (2) Deferred expenses and other assets includes \$11.0 million attributable to operating lease right of use assets, \$4.7 million attributable to prepaid expenses resulting from the settlement of iStar's compensation plans, \$2.1 million attributable to in-place prepaid contracts, \$1.3 million attributable to office furniture and equipment and \$6.3 million attributable to other receivables.
- (3) Accounts payable, accrued expenses and other liabilities primarily includes a \$14.2 million operating lease liability. In addition, under the Merger Agreement, iStar was required to fund its share of merger-related costs and to provide sufficient cash to fund any unresolved corporate obligations and accrued liabilities or costs yet-to-be incurred prior to the Merger. Accounts payable, accrued expenses and other liabilities includes approximately \$8.7 million of obligations assumed from iStar, which are offset with corresponding amounts in cash and cash equivalents and amounts receivable in deferred expenses and other assets, net sufficient to settle such obligations.
- (4) Debt obligations were valued using a discount rate of 6.7% and are classified as Level 3 within the fair value hierarchy.
- (5) Goodwill is calculated as the excess of purchase consideration over the fair value of the net identifiable assets acquired and primarily relates to the acquisition of iStar's workforce and future synergies expected to be realized after the completion of the merger.

Safehold Inc.
Notes to Consolidated Financial Statements
(unaudited)

The following table summarizes the Company's pro forma revenues and net income (loss) for the three months ended March 31, 2023 and 2022 as if the Merger described in Note 1 was completed on January 1, 2022 (\$ in thousands):

	For the Three Months Ended March 31,			
	2023	2023	2022	2022
Pro forma revenues	\$	97,256	\$	69,593
Pro forma net income (loss)		34,288		(73,578)

(1) The pro forma revenues and net income (loss) are presented for informational purposes only and may not be indicative of what the actual results of operations of the Company would have been assuming the transaction occurred on January 1, 2022, nor do they purport to represent the Company's results of operations for future periods. For the three months March 31, 2022, pro forma net loss includes \$46.7 million of merger expenses (including \$20.3 million of merger expenses borne by iStar) and a \$42.1 million loss on extinguishment of debt, both of which are non-recurring in nature. Due to the Merger closing on March 31, 2023, the revenue and net income of the acquiree for the three months ended March 31, 2023 had an immaterial impact on the Company's total revenues and net income for the three months ended March 31, 2023.

Goodwill—Goodwill is calculated as the excess of purchase consideration over the fair value of the net identifiable assets acquired and primarily relates to the acquisition of iStar's workforce and future synergies expected to be realized from the Merger. Goodwill is not subject to amortization but is tested annually for impairment or more frequently should potential triggering events be identified that may indicate potential impairment. The Company does not expect goodwill to have any tax impact on its financial statements.

New accounting pronouncements—The following paragraph describes the impact on the Company's consolidated financial statements from the adoption of Accounting Standards Updates ("ASUs") on January 1, 2023.

The Company adopted ASU 2016-13, Financial Instruments - Credit Losses: Measurement of Credit Losses on Financial Instruments ("ASU 2016-13"), as amended, on January 1, 2023 using the modified retrospective approach method. Under the modified retrospective approach, the Company recorded a cumulative effect adjustment to retained earnings by recording an initial allowance for credit losses on net investment in sales-type leases and Ground Lease receivables. Periods presented that are prior to the adoption date of January 1, 2023 will not be adjusted. ASU 2016-13 replaced the incurred loss impairment methodology with a methodology that reflects a current expected credit loss ("Expected Loss"). ASU 2016-13 impacted all of the Company's investments held at amortized cost, which included its net investment in sales-type leases and Ground Lease receivables. Upon adoption of ASU 2016-13 on January 1, 2023, the Company recorded an initial allowance for credit losses on net investments in sales-type leases of \$0.4 million and an initial allowance for credit losses on Ground Lease receivables of \$0.2 million, both of which were recorded as a cumulative effect adjustment to retained earnings. Subsequent increases or decreases in the allowance for credit losses on net investment in sales-type leases or Ground Lease receivables will be charged to "Provision for credit losses" in the Company's consolidated statements of operations. Refer to "Significant Accounting Policies" above for more information on how the Company determines its allowance for credit losses on net investment in sales-type leases, Ground Lease receivables and loans receivable, net – related party.

Safehold Inc.
Notes to Consolidated Financial Statements
(unaudited)

The Company also adopted ASU 2022-02, Financial Instruments—Credit Losses: Troubled Debt Restructurings and Vintage Disclosures (“ASU 2022-02”). ASU 2022-02 eliminated troubled debt restructuring recognition and measurement guidance and requires disclosure of gross write-offs by vintage for public business entities. The adoption of ASU 2022-02 did not have a material impact on the Company’s consolidated financial statements.

Note 4—Net Investment in Sales-type Leases, Ground Lease Receivables and Loans Receivable, net – Related Party

The Company classifies certain of its Ground Leases as sales-type leases and records the leases within “Net investment in sales-type leases” on the Company’s consolidated balance sheets and records interest income in “Interest income from sales-type leases” in the Company’s consolidated statements of operations. In addition, the Company may enter into transactions whereby it acquires land and enters into Ground Leases directly with the seller. These Ground Leases qualify as sales-type leases and, as such, do not qualify for sale leaseback accounting and are accounted for as financing receivables in accordance with ASC 310 - Receivables and are included in “Ground Lease receivables” on the Company’s consolidated balance sheets. The Company records interest income from Ground Lease receivables in “Interest income from sales-type leases” in the Company’s consolidated statements of operations.

In July 2022, the Company, pursuant to an agreement with iStar and upon certain construction related conditions being met, acquired an existing Ground Lease from iStar for \$36.4 million inclusive of closing costs and was recorded in “Net investment in sales-type leases” and “Real estate-related intangible assets, net” on the Company’s consolidated balance sheet.

In September 2022, the Company sold a Ground Lease to a third-party for \$136.0 million and recognized a gain of \$55.8 million in the Company’s consolidated statements of operations. \$9.5 million of the gain was attributable to noncontrolling interests, of which \$0.7 million was attributable to redeemable noncontrolling interests.

The Company’s net investment in sales-type leases were comprised of the following (\$ in thousands):

	March 31, 2023	December 31, 2022
Total undiscounted cash flows	\$ 29,565,276	\$ 29,586,227
Unguaranteed estimated residual value	2,900,513	2,900,218
Present value discount	(29,325,633)	(29,379,846)
Allowance for credit losses	(325)	—
Net investment in sales-type leases	<u>\$ 3,139,831</u>	<u>\$ 3,106,599</u>

Safehold Inc.
Notes to Consolidated Financial Statements
(unaudited)

The following table presents a rollforward of the Company's net investment in sales-type leases and Ground Lease receivables for the three months ended March 31, 2023 and 2022 (\$ in thousands):

	Net Investment in Sales-type Leases	Ground Lease Receivables	Total
Three Months Ended March 31, 2023			
Beginning balance	\$ 3,106,599	\$ 1,374,716	\$ 4,481,315
Impact from adoption of new accounting standard (refer to Note 3)	(351)	(199)	(550)
Origination/acquisition/fundings ⁽¹⁾	19,331	50,803	70,134
Accretion	14,226	6,154	20,380
Recovery of credit losses	26	4	30
Ending balance ⁽²⁾	<u>\$ 3,139,831</u>	<u>\$ 1,431,478</u>	<u>\$ 4,571,309</u>
Three Months Ended March 31, 2022			
Beginning balance	\$ 2,412,716	\$ 796,252	\$ 3,208,968
Origination/acquisition/fundings ⁽¹⁾	315,503	216,765	532,268
Accretion	11,705	4,143	15,848
Ending balance	<u>\$ 2,739,924</u>	<u>\$ 1,017,160</u>	<u>\$ 3,757,084</u>

(1) The net investment in sales-type leases is initially measured at the present value of the fixed and determinable lease payments, including any guaranteed or unguaranteed estimated residual value of the asset at the end of the lease, discounted at the rate implicit in the lease. For newly originated or acquired Ground Leases, the Company's estimate of residual value equals the fair value of the land at lease commencement.

(2) As of March 31, 2023 and December 31, 2022, all of the Company's net investment in sales-type leases and Ground Lease receivables were current in their payment status. As of March 31, 2023, the Company's weighted average accrual rate for its net investment in sales-type leases and Ground Lease receivables was 5.1% and 5.4%, respectively. As of March 31, 2023, the weighted average remaining life of the Company's 33 Ground Lease receivables was 98.7 years.

Safehold Inc.
Notes to Consolidated Financial Statements
(unaudited)

Allowance for Credit Losses—Changes in the Company’s allowance for credit losses on net investment in sales-type leases and Ground Lease receivables for the three months ended March 31, 2023 were as follows (\$ in thousands):

	Net investment in sales-type leases			Total
	Stabilized Properties	Development Properties	Unfunded Commitments	
Three Months Ended March 31, 2023				
Allowance for credit losses at beginning of period	\$ —	\$ —	\$ —	\$ —
Impact from adoption of new accounting standard (refer to Note 3) ⁽¹⁾	280	71	6	357
Recovery of credit losses ⁽²⁾	(25)	(1)	(5)	(31)
Allowance for credit losses at end of period⁽³⁾	\$ 255	\$ 70	\$ 1	\$ 326

	Ground Lease receivables			Total
	Stabilized Properties	Development Properties	Unfunded Commitments	
Three Months Ended March 31, 2023				
Allowance for credit losses at beginning of period	\$ —	\$ —	\$ —	\$ —
Impact from adoption of new accounting standard (refer to Note 3) ⁽¹⁾	102	97	84	283
(Recovery of) provision for credit losses ⁽²⁾	(9)	5	(21)	(25)
Allowance for credit losses at end of period⁽³⁾	\$ 93	\$ 102	\$ 63	\$ 258

- (1) On January 1, 2023, the Company recorded an allowance for credit losses on net investment in sales-type leases of \$0.4 million and an allowance for credit losses on Ground Lease receivables of \$0.2 million upon the adoption of ASU 2016-13, of which an aggregate of \$0.1 million related to expected credit losses for unfunded commitments and was recorded in "Accounts payable, accrued expenses and other liabilities."
- (2) During the three months ended March 31, 2023, the Company recorded a recovery of credit losses on net investment in sales-type leases and Ground Lease receivables of \$31 thousand and \$25 thousand, respectively. The recovery of credit losses was due primarily to an improving macroeconomic forecast since December 31, 2022.
- (3) Allowance for credit losses on unfunded commitments is recorded in "Accounts payable and accrued expenses" on the Company's consolidated balance sheets.

The Company's amortized cost basis in Ground Lease receivables, presented by year of origination and by stabilized or development status, was as follows as of March 31, 2023 (\$ in thousands):

	Year of Origination					Total
	2023	2022	2021	2020	2019	
Ground Lease receivables						
Stabilized properties	\$ —	\$ 521,172	\$ 237,690	\$ 178,276	\$ 443,558	\$ —
Development properties	—	24,769	26,208	—	—	50,977
Total	\$ —	\$ 545,941	\$ 263,898	\$ 178,276	\$ 443,558	\$ 1,431,673

Safehold Inc.
Notes to Consolidated Financial Statements
(unaudited)

Future Minimum Lease Payments under Sales-type Leases—Future minimum lease payments to be collected under sales-type leases accounted for under ASC 842 - Leases, excluding lease payments that are not fixed and determinable, in effect as of March 31, 2023, are as follows by year (\$ in thousands):

	Fixed Bumps with Inflation Adjustments	Fixed Bumps	Fixed Bumps with Percentage Rent	Total
2023 (remaining nine months)	\$ 73,390	\$ 1,673	\$ 436	\$ 75,499
2024	100,972	2,256	586	103,814
2025	102,926	2,283	586	105,795
2026	104,873	2,311	586	107,770
2027	106,767	2,339	586	109,692
Thereafter	28,379,582	583,455	99,669	29,062,706
Total undiscounted cash flows	<u>\$ 28,868,510</u>	<u>\$ 594,317</u>	<u>\$ 102,449</u>	<u>\$ 29,565,276</u>

During the three months ended March 31, 2023 and 2022, the Company recognized interest income from sales-type leases in its consolidated statements of operations as follows (\$ in thousands):

	Net Investment in Sales-type Leases	Ground Lease Receivables	Total
Three Months Ended March 31, 2023			
Cash	\$ 24,882	\$ 11,804	\$ 36,686
Non-cash	14,222	6,154	20,376
Total interest income from sales-type leases	<u>\$ 39,104</u>	<u>\$ 17,958</u>	<u>\$ 57,062</u>
Three Months Ended March 31, 2022			
Cash	\$ 19,825	\$ 7,358	\$ 27,183
Non-cash	11,705	4,143	15,848
Total interest income from sales-type leases	<u>\$ 31,530</u>	<u>\$ 11,501</u>	<u>\$ 43,031</u>

Loans receivable, net – related party—On March 31, 2023, the Company, as lender and as administrative agent, and Star Holdings, as borrower, entered into a senior secured term loan facility in an aggregate principal amount of \$115.0 million (the “Secured Term Loan Facility”) and an additional commitment amount of up to \$25.0 million at Star Holding’s election (the “Incremental Term Loan Facility”, together with the Secured Term Loan Facility, the “Star Holdings Term Loan Facility”). As of March 31, 2023, the Star Holdings Term Loan Facility had a principal balance of \$115.0 million and a carrying value of \$112.2 million.

The Star Holdings Term Loan Facility is a secured credit facility. Borrowings under the Star Holdings Term Loan Facility bear interest at a fixed rate of 8.00% per annum, which may increase to 10.00% per annum if either (i) any loans remain outstanding under the Incremental Term Loan Facility or (ii) Star Holdings elects for interest due for any two fiscal quarters to be paid in kind. The interest rate will increase to 12.00% per annum if both (i) and (ii) in the previous sentence occur. The Star Holdings Term Loan Facility has a maturity date of March 31, 2027. The Star Holdings Term Loan Facility is secured by a first-priority perfected security pledge of all the equity interests in Star Holding’s primary real estate subsidiary. Starting the quarter that is six months after closing, within five business days after Star Holdings has delivered its unaudited quarterly financial statements, Star Holdings will apply any unrestricted cash on its balance sheet in excess of the aggregate of (i) an operating reserve; and (ii) \$50 million, to prepay its Star Holdings Term Loan Facility or alternatively, with the consent of Company, Star Holdings may apply such cash to prepay its margin loan facility in lieu

Safehold Inc.
Notes to Consolidated Financial Statements
(unaudited)

of any prepayment of the Star Holdings Term Loan Facility. The operating reserve will be calculated quarterly and is equal to the aggregate of projected operating expenses (including payments to the Star Holdings local property consultants but excluding management fees and public company costs), projected land carry costs, projected capital expenditure and projected interest expense on the margin loan facility and Star Holdings Term Loan Facility for the next twelve months; less the projected operating revenues for the next twelve months consistent with the operating budget approved by the Company.

The Star Holdings Term Loan Facility contains certain customary covenants, including affirmative covenants on reporting, maintenance of property, continued ownership of interests in the Company as well as negative covenants relating to investments, indebtedness and liens, fundamental changes, asset dispositions, repayments, distributions and affiliate transactions. Furthermore, the Star Holdings Term Loan Facility contains customary events of default, including payment defaults, failure to perform covenants, cross-default and cross acceleration to other indebtedness, including the margin loan facility, impairment of security interests and change of control.

During the three months ended March 31, 2023, the Company recorded a provision for credit losses of \$2.3 million on the Secured Term Loan Facility which was originated at the time of the Merger in conjunction with the Spin-Off.

Safehold Inc.
Notes to Consolidated Financial Statements
(unaudited)

Note 5—Real Estate, Real Estate-Related Intangibles and Real Estate Available and Held for Sale

The Company's real estate assets consist of the following (\$ in thousands):

	As of	
	March 31, 2023	December 31, 2022
Land and land improvements, at cost	\$ 547,739	\$ 547,739
Buildings and improvements, at cost	193,232	193,232
Less: accumulated depreciation	(35,878)	(34,371)
Total real estate, net	\$ 705,093	\$ 706,600
Real estate-related intangible assets, net	216,120	217,795
Real estate available and held for sale ⁽¹⁾	1,508	—
Total real estate, net, real estate-related intangible assets, net and real estate available and held for sale	\$ 922,721	\$ 924,395

(1) As of March 31, 2023, the Company had \$1.5 million of residential homes acquired from iStar that were classified as available for sale.

Real estate-related intangible assets, net consist of the following items (\$ in thousands):

	As of March 31, 2023		
	Gross Intangible	Accumulated Amortization	Carrying Value
Above-market lease assets, net ⁽¹⁾	\$ 186,002	\$ (16,038)	\$ 169,964
In-place lease assets, net ⁽²⁾	65,345	(19,900)	45,445
Other intangible assets, net	750	(39)	711
Total	\$ 252,097	\$ (35,977)	\$ 216,120

	As of December 31, 2022		
	Gross Intangible	Accumulated Amortization	Carrying Value
Above-market lease assets, net ⁽¹⁾	\$ 186,002	\$ (15,254)	\$ 170,748
In-place lease assets, net ⁽²⁾	65,345	(19,011)	46,334
Other intangible assets, net	750	(37)	713
Total	\$ 252,097	\$ (34,302)	\$ 217,795

(2) Above-market lease assets are recognized during asset acquisitions when the present value of market rate rental cash flows over the term of a lease is less than the present value of the contractual in-place rental cash flows. Above-market lease assets are amortized over the non-cancelable term of the leases.

(3) In-place lease assets are recognized during asset acquisitions and are estimated based on the value associated with the costs avoided in originating leases comparable to the acquired in-place leases as well as the value associated with lost rental revenue during the assumed lease-up period. In-place lease assets are amortized over the non-cancelable term of the leases.

Safehold Inc.
Notes to Consolidated Financial Statements
(unaudited)

The amortization of real estate-related intangible assets had the following impact on the Company's consolidated statements of operations for the three months ended March 31, 2023 and 2022 (\$ in thousands):

Intangible asset	Income Statement Location	For the Three Months Ended March 31,	
		2023	2022
Above-market lease assets (decrease to income)	Operating lease income	\$ 784	\$ 784
In-place lease assets (decrease to income)	Depreciation and amortization	889	892
Other intangible assets (decrease to income)	Operating lease income	2	2

The estimated amortization of real estate-related intangible assets for each of the five succeeding fiscal years is as follows (\$ in thousands):⁽¹⁾

Year	Amount
2023 (remaining nine months)	\$ 5,007
2024	6,634
2025	6,634
2026	3,725
2027	3,725

(1) As of March 31, 2023, the weighted average amortization period for the Company's real estate-related intangible assets was approximately 80.1 years.

Real estate-related intangible liabilities, net consist of the following items (\$ in thousands):⁽¹⁾

	As of March 31, 2023		
	Gross Intangible	Accumulated Amortization	Carrying Value
Below-market lease liabilities ⁽¹⁾	\$ 68,618	\$ (4,236)	\$ 64,382

	As of December 31, 2022		
	Gross Intangible	Accumulated Amortization	Carrying Value
Below-market lease liabilities ⁽¹⁾	\$ 68,618	\$ (4,027)	\$ 64,591

(1) Below-market lease liabilities are recognized during asset acquisitions when the present value of market rate rental cash flows over the term of a lease exceeds the present value of the contractual in-place rental cash flows. Below-market lease liabilities are amortized over the non-cancelable term of the leases.

The amortization of real estate-related intangible liabilities had the following impact on the Company's consolidated statements of operations for the three months ended March 31, 2023 and 2022 (\$ in thousands):

Intangible liability	Income Statement Location	For the Three Months Ended March 31,	
		2023	2022
Below-market lease liabilities (increase to income)	Operating lease income	\$ 209	\$ 209

Safehold Inc.
Notes to Consolidated Financial Statements
(unaudited)

Future Minimum Operating Lease Payments—Future minimum lease payments to be collected under non-cancelable operating leases, excluding lease payments that are not fixed and determinable, in effect as of March 31, 2023, are as follows by year (\$ in thousands):

Year	Inflation-Linked	Fixed Bumps with Inflation Adjustments	Fixed Bumps	Percentage Rent	Fixed Bumps with Percentage Rent	Total
2023 (remaining nine months)	\$ 4,358	\$ 13,043	\$ 1,662	\$ 8,264	\$ 285	\$ 27,612
2024	5,811	17,677	2,247	11,018	421	37,174
2025	5,811	18,004	2,313	11,018	421	37,567
2026	5,811	18,370	2,357	986	421	27,945
2027	5,811	18,755	2,388	986	421	28,361
Thereafter	435,056	4,308,109	433,110	15,826	304	5,192,405

(1) During the three months ended March 31, 2023 and 2022, the Company recognized \$3.7 million and \$0.8 million, respectively, of percentage rent in "Operating lease income" in the Company's consolidated statements of operations.

Note 6—Equity Investments

The Company's equity investments and its proportionate share of earnings (losses) from equity investments were as follows (\$ in thousands):

	Carrying Value as of		Earnings from Equity Method Investments For the Three Months Ended	
	March 31, 2023	December 31, 2022	2023	2022
Equity investment				
425 Park Avenue	\$ 133,679	\$ 133,118	\$ 835	\$ 851
32 Old Slip	48,564	47,270	1,427	1,425
Ground Lease Plus Fund ⁽¹⁾	46,471	—	—	—
Leasehold Loan Fund ⁽²⁾	14,776	—	—	—
Total	\$ 243,490	\$ 180,388	\$ 2,262	\$ 2,276

(1) As of March 31, 2023, the Company has a basis difference of \$19.7 million in the Ground Lease Plus Fund that will be amortized over a weighted average remaining term of 102.6 years using the effective interest method.
(2) As of March 31, 2023, the Company has a basis difference of \$15.0 million in the Leasehold Loan Fund that will be amortized over a weighted average remaining term of 3.7 years using the effective interest method.

425 Park Avenue—In August 2019, the Company formed a venture with a sovereign wealth fund that is an existing shareholder of the Company to acquire the existing Ground Lease at 425 Park Avenue in New York City. The venture acquired the Ground Lease in November 2019. The Company has a 54.8% noncontrolling equity interest in the venture and is the manager of the venture. iStar was the manager prior to the Merger.

32 Old Slip—In June 2021, the Company acquired a 29.2% noncontrolling equity interest in a Ground Lease at an office property in New York City.

Ground Lease Plus Fund—In connection with Merger, the Company acquired from iStar an investment fund that targets the origination and acquisition of Ground Leases for commercial real estate projects that are in a pre-development phase (the "Ground Lease Plus Fund"). The Company owns a 53% noncontrolling equity interest in the Ground Lease Plus Fund. The Company does not have a controlling interest in the Ground Lease Plus Fund due to the substantive

Safehold Inc.
Notes to Consolidated Financial Statements
(unaudited)

participating rights of its partner and accounts for this investment as an equity method investment. The Company receives a fee from its partner in exchange for managing the entity and is also entitled to a promote payment on investments in the Ground Lease Plus Fund. The Ground Lease Plus Fund has first look rights through December 2023 on qualifying pre-development projects that the Company has elected to not originate.

In November 2021, iStar acquired land for \$33.3 million and simultaneously structured and entered into a Ground Lease on which a multi-family project will be constructed. In December 2021, iStar sold the Ground Lease to the Ground Lease Plus Fund and recognized no gain or loss on the sale. At the time of iStar's acquisition in November 2021, the Company and iStar entered into an agreement pursuant to which the Company would acquire the land and related Ground Lease from the Ground Lease Plus Fund when certain construction related conditions are met by a specified time period.

In June 2021, the Company entered into two agreements pursuant to each of which it agreed to acquire land and a related Ground Lease originated by iStar when certain construction related conditions are met by a specified time period. In January 2022, iStar sold the two Ground Leases to the Ground Lease Plus Fund, which remain subject to the June 2021 agreement with the Company, and recognized an aggregate \$0.5 million of gains on the sale.

Leasehold Loan Fund—In connection with the Merger, the Company acquired from iStar an investment fund that targets customers that may require a mortgage leasehold loan as well as a Ground Lease (the "Leasehold Loan Fund"). The Company owns a 53.0% noncontrolling equity interest in the Leasehold Loan Fund. The Company does not have a controlling interest in the Leasehold Loan Fund due to the substantive participating rights of its partner. The Company accounts for this investment as an equity method investment and receives a fixed annual administrative fee and an asset management fee from its partner in exchange for managing the entity. The Company is also entitled to a promote payment on certain investments in the Leasehold Loan Fund.

In February 2022, the Leasehold Loan Fund committed to provide a \$130.0 million loan to the ground lessee of a Ground Lease originated by the Company. The loan was for the Ground Lease tenant's recapitalization of a life science property.

In June 2022, the Leasehold Loan Fund committed to provide a \$105.0 million loan to the ground lessee of a Ground Lease originated by the Company. The loan was for the Ground Lease tenant's recapitalization of a mixed-use property.

Safehold Inc.
Notes to Consolidated Financial Statements
(unaudited)

Note 7—Deferred Expenses and Other Assets, Net and Accounts Payable, Accrued Expenses and Other Liabilities

Deferred expenses and other assets, net, consist of the following items (\$ in thousands):

	As of	
	March 31, 2023	December 31, 2022
Operating lease right-of-use asset ⁽¹⁾	\$ 37,032	\$ 26,312
Interest rate hedge assets	15,306	29,346
Deferred finance costs, net ⁽²⁾	7,705	4,461
Other assets	13,979	2,664
Purchase deposits	4,333	4,333
Leasing costs, net	446	448
Corporate furniture, fixtures and equipment, net	1,308	—
Deferred expenses and other assets, net	<u>\$ 80,109</u>	<u>\$ 67,564</u>

(1) Operating lease right-of-use asset relates primarily to a property that is majority-owned by a third party and is ground leased to the Company. The Company is obligated to pay the owner of the property \$0.4 million, subject to adjustment for changes in the CPI, per year through 2044; however, the Company's Ground Lease tenant at the property pays this expense directly under the terms of a master lease. Operating lease right-of-use asset is amortized on a straight-line basis over the term of the lease and is recorded in "Real estate expense" in the Company's consolidated statements of operations. During both the three months ended March 31, 2023 and 2022, the Company recognized \$0.1 million in "Real estate expense" and \$0.1 million in "Other income" from its operating lease right-of-use asset. The related operating lease liability (see table below) equals the present value of the minimum rental payments due under the lease discounted at the Company's incremental secured borrowing rate for a similar asset estimated to be 5.5%. The Company also has operating leases for office space that it assumed from iStar in connection with the Merger (refer to Note 9).

(2) Accumulated amortization of deferred finance costs was \$7.0 million and \$5.7 million as of March 31, 2023 and December 31, 2022, respectively.

Accounts payable, accrued expenses and other liabilities consist of the following items (\$ in thousands):

	As of	
	March 31, 2023	December 31, 2022
Interest payable	\$ 57,715	\$ 55,459
Other liabilities ⁽¹⁾	15,656	17,639
Dividends declared and payable	27	11,067
Operating lease liability ⁽²⁾	19,636	5,471
Management fee payable	—	5,301
Accrued expenses ⁽³⁾	18,786	5,420
Interest rate hedge liabilities	14,384	—
Accounts payable, accrued expenses and other liabilities	<u>\$ 126,204</u>	<u>\$ 100,357</u>

(1) As of December 31, 2022, other liabilities include \$3.1 million due to the Former Manager for allocated payroll costs and costs it paid on the Company's behalf.

(2) Refer to Note 9.

(3) As of March 31, 2023, accrued expenses includes merger costs and transfer taxes resulting from the Merger and also includes accrued legal, audit and property expenses. As of December 31, 2022, accrued expenses primarily includes accrued legal, audit and property expenses.

Safehold Inc.
Notes to Consolidated Financial Statements
(unaudited)

Note 8—Debt Obligations, net

The Company's outstanding debt obligations consist of the following (\$ in thousands):

	As of		Interest Rate ⁽¹⁾	Scheduled Maturity Date ⁽²⁾
	March 31, 2023	December 31, 2022		
Secured credit financing:				
Mortgages	\$ 1,498,113	\$ 1,498,113	3.99 %	April 2027 to November 2069
Total secured credit financing⁽³⁾	1,498,113	1,498,113		
Unsecured financing:				
2.80% senior notes	400,000	400,000	2.80 %	June 2031
2.85% senior notes	350,000	350,000	2.85 %	January 2032
3.98% senior notes	475,000	475,000	3.98 %	February 2052
5.15% senior notes	151,988	151,988	5.15 %	May 2052
2021 Unsecured Revolver	970,000	690,000	Adjusted SOFR plus 1.00 %	March 2026
2023 Unsecured Revolver	—	—	Adjusted SOFR plus 1.00 %	July 2025
Trust preferred securities	100,000	—	LIBOR plus 1.50 %	October 2035
Total unsecured financing	2,446,988	2,066,988		
Total debt obligations	3,945,101	3,565,101		
Debt premium, discount and deferred financing costs, net	(43,263)	(43,742)		
Total debt obligations, net	\$ 3,901,838	\$ 3,521,359		

- (1) For mortgages, represents the weighted average stated interest rate over the term of the debt from funding through maturity based on the contractual payments owed excluding the effect of debt premium, discount and deferred financing costs. As of March 31, 2023, the weighted average cash interest rate for the Company's consolidated mortgage debt, based on interest rates in effect at that date, was 3.27%. The difference between the weighted average interest rate and the weighted average cash interest rate is recorded to interest payable within "Accounts payable, accrued expenses, and other liabilities" on the Company's consolidated balance sheets. As of March 31, 2023, the Company's combined weighted average stated interest rate and combined weighted average cash interest rate of the Company's consolidated mortgage debt, the mortgage debt of the Company's unconsolidated ventures (applying the Company's percentage interest in the ventures - refer to Note 6), unsecured senior notes and trust preferred securities were 3.82% and 3.29%, respectively.
- (2) Represents the extended maturity date for all debt obligations.
- (3) As of March 31, 2023, \$2.0 billion of real estate, at cost, net investment in sales-type leases and Ground Lease receivables served as collateral for the Company's debt obligations.

Mortgages—Mortgages consist of asset specific non-recourse borrowings that are secured by the Company's real estate and Ground Leases. As of March 31, 2023, the Company's mortgages are full term interest only, bear interest at a weighted average interest rate of 3.99% and have maturities between April 2027 and November 2069.

Unsecured Notes—In May 2021, Portfolio Holdings, then known as Safehold Operating Partnership LP, (as issuer) and the Company (as guarantor), issued \$400.0 million aggregate principal amount of 2.80% senior notes due June 2031 (the "2.80% Notes"). The 2.80% Notes were issued at 99.127% of par. The Company may redeem the 2.80% Notes in whole at any time or in part from time to time prior to March 15, 2031, at the Company's option and sole discretion, at a redemption price equal to the greater of: (i) 100% of the principal amount of the 2.80% Notes being redeemed; and (ii) a make-whole premium calculated in accordance with the indenture, plus, in each case, accrued and unpaid interest thereon to, but not including, the applicable redemption date. If the 2.80% Notes are redeemed on or after March 15, 2031, the

Safehold Inc.
Notes to Consolidated Financial Statements
(unaudited)

redemption price will be equal to 100% of the principal amount of the 2.80% Notes being redeemed, plus accrued and unpaid interest thereon to, but not including, the applicable redemption date.

In November 2021, Portfolio Holdings, then known as Safehold Operating Partnership LP, (as issuer) and the Company (as guarantor), issued \$350.0 million aggregate principal amount of 2.85% senior notes due January 2032 (the "2.85% Notes"). The 2.85% Notes were issued at 99.123% of par. The Company may redeem the 2.85% Notes in whole at any time or in part from time to time prior to October 15, 2031, at the Company's option and sole discretion, at a redemption price equal to the greater of: (i) 100% of the principal amount of the 2.85% Notes being redeemed; and (ii) a make-whole premium calculated in accordance with the indenture, plus, in each case, accrued and unpaid interest thereon to, but not including, the applicable redemption date. If the 2.85% Notes are redeemed on or after October 15, 2031, the redemption price will be equal to 100% of the principal amount of the 2.85% Notes being redeemed, plus accrued and unpaid interest thereon to, but not including, the applicable redemption date.

In January 2022, Portfolio Holdings, then known as Safehold Operating Partnership LP, (as issuer) and the Company (as guarantor), issued \$475.0 million aggregate principal amount of privately-placed 3.98% senior notes due February 2052 (the "3.98% Notes"). Safehold Operating Partnership LP elected to draw these funds in March 2022. The Company may, at its option, prepay at any time all, or from time to time any part of, the 3.98% Notes, in an amount not less than 5% of the aggregate principal amount of the 3.98% Notes then outstanding in the case of a partial prepayment, at 100% of the principal amount so prepaid, and the applicable make-whole amount calculated in accordance with the indenture, for such tranche determined for the prepayment date with respect to such principal amount; provided, that, so long as no default or event of default shall then exist, at any time on or after November 15, 2051, the Company may, at its option, prepay all or any part of the 3.98% Notes at 100% of the principal amount so prepaid, together with, in each case, accrued interest to the prepayment date, without any make-whole amount.

In May 2022, Portfolio Holdings, then known as Safehold Operating Partnership LP, (as issuer) and the Company (as guarantor), issued \$150.0 million aggregate principal amount of privately-placed 5.15% senior notes due May 2052 (the "5.15% Notes"). The structure of the 5.15% Notes features a stairstep coupon rate in which the Company will pay cash interest at a rate of 2.50% in years 1 through 10, 3.75% in years 11 through 20, and 5.15% in years 21 through 30. The difference between the 5.15% stated rate and the cash interest rate will accrue in each semi-annual payment period and be paid in kind by adding such accrued interest to the outstanding principal balance, to be repaid at maturity in May 2052. The Company may, at its option, prepay at any time all, or from time to time any part of, the 5.15% Notes, in an amount not less than 5% of the aggregate principal amount of the 5.15% Notes then outstanding in the case of a partial prepayment, at 100% of the principal amount so prepaid, and the applicable make-whole amount calculated in accordance with the indenture; provided, that, so long as no default or event of default shall then exist, at any time on or after February 13, 2052, the Company may, at its option, prepay all or any part of the 5.15% Notes at 100% of the principal amount so prepaid, together with, in each case, accrued interest to the prepayment date, without any make-whole amount.

2021 Unsecured Revolver—In March 2021, Portfolio Holdings, then known as Safehold Operating Partnership LP, (as borrower) and the Company (as guarantor), entered into an unsecured revolving credit facility with an initial maximum aggregate principal amount of up to \$1.0 billion (the "2021 Unsecured Revolver"). In December 2021, the Company obtained additional lender commitments increasing the maximum availability to \$1.35 billion. The 2021 Unsecured Revolver has an initial maturity of March 2024 with two 12-month extension options exercisable by the Company, subject to certain conditions, and accrued interest at an annual rate of applicable LIBOR plus 1.00%, subject to the Company's credit ratings. The Company also pays a facility fee of 0.125%, subject to the Company's credit ratings. In January 2023, the Company amended the 2021 Unsecured Revolver primarily to transition from LIBOR to Adjusted SOFR, as defined in the applicable agreement. As of March 31, 2023, there was \$380.0 million of undrawn capacity on the 2021 Unsecured Revolver.

Safehold Inc.
Notes to Consolidated Financial Statements
(unaudited)

2023 Unsecured Revolver—In January 2023, Portfolio Holdings, then known as Safehold Operating Partnership LP (as borrower) and the Company (as guarantor) closed on a new \$500 million unsecured revolving credit facility (the “2023 Unsecured Revolver”). The 2023 Unsecured Revolver has a current borrowing rate of Adjusted SOFR, as defined in the applicable agreement, plus 100 basis points, with a maturity of July 31, 2025. As of March 31, 2023, there was \$500.0 million of undrawn capacity on the 2023 Unsecured Revolver.

Trust Preferred Securities—The Company assumed trust preferred securities from iStar in connection with Merger. The trust preferred securities bear interest at LIBOR plus 1.50% and mature in October 2035.

Debt Covenants—The Company is subject to financial covenants under the 2021 Unsecured Revolver and the 2023 Unsecured Revolver, including maintaining: (i) a ratio of total unencumbered assets to total unsecured debt of at least 1.33x; and (ii) a consolidated fixed charge coverage ratio of at least 1.15x, as such terms are defined in the documents governing the 2021 Unsecured Revolver and the 2023 Unsecured Revolver, as applicable. In addition, the 2021 Unsecured Revolver and the 2023 Unsecured Revolver contain customary affirmative and negative covenants. Among other things, these covenants may restrict the Company or certain of its subsidiaries’ ability to incur additional debt or liens, engage in certain mergers, consolidations and other fundamental changes, make other investments or pay dividends. The Company’s 2.80% Notes, 2.85% Notes, 3.98% Notes and 5.15% Notes are subject to a financial covenant requiring a ratio of unencumbered assets to unsecured debt of at least 1.25x and contain customary affirmative and negative covenants. The Company’s 3.98% Notes and 5.15% Notes contain a provision whereby they will be deemed to include additional financial covenants and negative covenants to the extent such covenants are incorporated into Portfolio Holdings’ and/or the Company’s existing or future material credit facilities, including the 2021 Unsecured Revolver and 2023 Unsecured Revolver, and to the extent such covenants are more favorable to the lenders under such material credit facilities than the covenants contained in the 3.98% Notes and 5.15% Notes. The Company’s mortgages contain no significant maintenance or ongoing financial covenants. As of March 31, 2023, the Company was in compliance with all of its financial covenants.

Future Scheduled Maturities—As of March 31, 2023, future scheduled maturities of outstanding debt obligations, assuming all extensions that can be exercised at the Company’s option, are as follows (\$ in thousands):

	Secured ⁽¹⁾	Unsecured	Total
2023 (remaining nine months)	\$ —	\$ —	\$ —
2024	—	—	—
2025	—	—	—
2026	—	970,000	970,000
2027	237,000	—	237,000
Thereafter	1,261,113	1,476,988	2,738,101
Total principal maturities	1,498,113	2,446,988	3,945,101
Debt premium, discount and deferred financing costs, net	(26,918)	(16,345)	(43,263)
Total debt obligations, net	\$ 1,471,195	\$ 2,430,643	\$ 3,901,838

(1) As of March 31, 2023, the Company’s weighted average maturity for its secured mortgages was 28.3 years.

Safehold Inc.
Notes to Consolidated Financial Statements
(unaudited)

Note 9—Commitments and Contingencies

Lease Commitments—Future minimum lease obligations under non-cancelable operating leases as of March 31, 2023 are as follows (\$ in thousands):⁽¹⁾

2023 (remaining nine months)	\$	4,319
2024		5,692
2025		5,680
2026		—
2027		—
Thereafter		—
Total undiscounted cash flows		15,691
Present value discount ⁽¹⁾		(1,491)
Other adjustments ⁽²⁾		5,436
Lease liabilities	\$	19,636

(1) The lease liability equals the present value of the minimum rental payments due under the lease discounted at the rate implicit in the lease or the Company's incremental secured borrowing rate for similar collateral. For operating leases, lease liabilities were discounted at the Company's weighted average incremental secured borrowing rate for similar collateral estimated to be 5.8% and the weighted average remaining lease term is 3.4 years. The Company assumed its operating leases from iStar in connection with the Merger and therefore did not directly make any payments under its operating leases for the three months ended March 31, 2023 and 2022.

(2) Other adjustments relates to a property that is majority-owned by a third party and is ground leased to the Company. The Company is obligated to pay the owner of the property \$0.4 million, subject to adjustment for changes in the CPI, per year through 2044; however, the Company's Ground Lease tenant at the property pays this expense directly under the terms of a master lease.

Unfunded Commitments—The Company has unfunded commitments to certain of its Ground Lease tenants related to leasehold improvement allowances that it expects to fund upon the completion of certain conditions. As of March 31, 2023, the Company had \$238.3 million of such commitments.

The Company also has unfunded forward commitments related to agreements that it entered into for the acquisition of new Ground Leases or additions to existing Ground Leases if certain conditions are met (refer to Note 13). These commitments may also include leasehold improvement allowances that will be funded to the Ground Lease tenants when certain conditions are met. As of March 31, 2023, the Company had an aggregate \$319.6 million of such commitments. There can be no assurance that the conditions to closing for these transactions will be satisfied and that the Company will acquire the Ground Leases or fund the leasehold improvement allowances.

Other Commitments—Through the Leasehold Loan Fund, the Company will generally fund construction and development loans and build-outs of space in real estate assets over a period of time if and when the borrowers and tenants meet established milestones and other performance criteria. We refer to these arrangements as performance-based commitments. As of March 31, 2023, the Company had \$139.8 million of such commitments.

Legal Proceedings—The Company evaluates developments in legal proceedings that could require a liability to be accrued and/or disclosed. Based on its current knowledge, and after consultation with legal counsel, the Company believes it is not a party to, nor are any of its properties the subject of, any pending legal proceeding that would have a material adverse effect on the Company's consolidated financial statements; however, the Company is a party to the following legal proceedings:

Following the announcement of the Merger, two purported stockholders of the Company filed complaints against the Company and each member of the Board of Directors alleging, as the case may be, that the Registration Statement filed on December 16, 2022 and the Schedule 14A Definitive Proxy statement filed on January 31, 2023 omitted material

Safehold Inc.
Notes to Consolidated Financial Statements
(unaudited)

information with respect to the Merger and that, as a result, all defendants violated the federal securities laws. In addition, two purported stockholders of the Company sent demand letters and one purported stockholder sent a draft complaint alleging similar deficiencies in the Registration Statement and Proxy Statement as those alleged in the lawsuits. As of March 16, 2023, all plaintiffs had voluntarily dismissed their complaints without any consideration given by the Company.

Note 10—Risk Management and Derivatives

In the normal course of its ongoing business operations, the Company encounters credit risk. Credit risk is the risk of default on the Company's leases that result from a tenant's inability or unwillingness to make contractually required payments.

Risk concentrations—Concentrations of credit risks arise when the Company has multiple leases with a particular tenant or credit party, or a number of the Company's tenants are engaged in similar business activities, or activities in the same geographic region, or have similar economic features, such that their ability to meet contractual obligations, including those to the Company, could be similarly affected by changes in economic conditions.

Although the Company's Ground Leases are geographically diverse and the tenants operate in a variety of industries and property types, to the extent the Company has a significant concentration of interest income from sales-type leases or operating lease income from any tenant, the inability of that tenant to make its payment could have a material adverse effect on the Company. The Company did not have a significant concentration of operating lease income from any tenant for the periods presented.

Derivative instruments and hedging activity—The Company's use of derivative financial instruments has been associated with debt issuances and primarily limited to the utilization of interest rate swaps and interest rate caps to manage interest rate risk exposure. The Company does not enter into derivatives for trading purposes.

The Company recognizes derivatives, if any, as either assets or liabilities on the Company's consolidated balance sheets at fair value. Interest rate hedge assets are recorded in "Deferred expenses and other assets, net" and interest rate hedge liabilities are recorded in "Accounts payable, accrued expenses and other liabilities" on the Company's consolidated balance sheets. If certain conditions are met, a derivative may be specifically designated as a hedge of the exposure to changes in the fair value of a recognized asset or liability, a hedge of a forecasted transaction or the variability of cash flows to be received or paid related to a recognized asset or liability.

For the Company's derivatives designated and qualifying as cash flow hedges, changes in the fair value of the derivatives are reported as a component of accumulated other comprehensive income (loss) and subsequently reclassified into interest expense in the same periods during which the hedged transaction affects earnings. Amounts reported in accumulated other comprehensive income (loss) related to derivatives will be reclassified to interest expense as interest payments are made on the Company's debt.

For the Company's derivatives not designated as hedges, the changes in the fair value of the derivatives are reported in "Interest expense" in the Company's consolidated statements of operations. Derivatives not designated as hedges are not speculative and are used to manage the Company's exposure to interest rate movements and other identified risks but do not meet the strict hedge accounting requirements.

Safehold Inc.
Notes to Consolidated Financial Statements
(unaudited)

The table below presents the Company's derivatives as well as their classification on the consolidated balance sheets as of March 31, 2023 and December 31, 2022 (\$ in thousands):⁽¹⁾

Derivative Type	March 31, 2023 Fair Value ⁽²⁾	December 31, 2022 Fair Value ⁽²⁾	Balance Sheet Location
Assets			
Interest rate swaps	\$ 15,306	\$ 29,346	Deferred expenses and other assets, net
	<u>\$ 15,306</u>	<u>\$ 29,346</u>	
Liabilities			
Interest rate swaps	\$ 14,384	\$ —	Accounts payable, accrued expenses and other liabilities
Total	<u>\$ 14,384</u>	<u>\$ —</u>	

(1) Over the next 12 months, the Company expects that \$3.8 million related to cash flow hedges will be reclassified from "Accumulated other comprehensive income (loss)" as an increase to interest expense.

(2) The fair value of the Company's derivatives is estimated using valuation techniques utilized by a third-party specialist using observable inputs such as interest rates and contractual cash flow and are classified as Level 2 within the fair value hierarchy.

Credit Risk-Related Contingent Features—The Company reports derivative instruments, if any, on a gross basis in its consolidated financial statements. The Company has agreements with each of its derivative counterparties that contain a provision whereby if the Company either defaults or is capable of being declared in default on any of its indebtedness, then the Company could also be declared in default on its derivative obligations. As of March 31, 2023, the Company had one interest rate hedge that was in a liability position for which the Company has not posted any collateral.

The table below presents the effect of the Company's derivative financial instruments in the consolidated statements of operations and the consolidated statements of comprehensive income (loss) for the three months ended March 31, 2023 and 2022 (\$ in thousands):

Derivatives Designated in Hedging Relationships	Location of Gain (Loss) When Recognized in Income	Amount of Gain (Loss) Recognized in Accumulated Other Comprehensive Income	Amount of Gain (Loss) Reclassified from Accumulated Other Comprehensive Income into Earnings
For the Three Months Ended March 31, 2023			
Interest rate swaps	Interest expense	\$ (28,424)	\$ (943)
For the Three Months Ended March 31, 2022			
Interest rate swaps	Interest expense	\$ 4,256	\$ (1,033)

Note 11—Equity

Common Stock—At the effective time of the Merger on March 31, 2023, each share of Old SAFE common stock issued and outstanding immediately prior to the effective time (other than any shares owned directly by iStar or any of the wholly-owned subsidiaries of iStar and in each case not held on behalf of third parties) was converted into the right to receive one share of newly issued common stock of the Company. As of March 31, 2023, the Company has one class of common stock outstanding.

Equity Plans—Old SAFE adopted an equity incentive plan to provide equity incentive opportunities to members of the Former Manager's management team and employees who performed services for Old SAFE, Old SAFE's non-management directors, advisers, consultants and other personnel (the "2017 Equity Incentive Plan"). The 2017 Equity

Safehold Inc.
Notes to Consolidated Financial Statements
(unaudited)

Incentive Plan provided for grants of stock options, shares of restricted common stock, phantom shares, dividend equivalent rights and other equity-based awards, including long-term incentive plan units. Grants under the 2017 Equity Incentive Plan were recognized as compensation costs ratably over the applicable vesting period and recorded in “General and administrative” in the Company’s consolidated statements of operations. Prior to the effective time of the Merger, Old SAFE awarded all shares of Old SAFE common stock remaining available for issuance under the 2017 Equity Incentive Plan to members of its Former Manager’s management team and employees who performed services for Old SAFE. As of March 31, 2023, there were no shares available for issuance for future awards under Old SAFE’s 2017 Equity Incentive Plan.

iStar’s amended and restated 2009 Long-Term Incentive Program (the “LTIP”) was approved by stockholders in 2021 and remained in effect after the closing of the Merger. The LTIP is designed to provide incentive compensation for officers, key employees, directors and advisors of the Company. The LTIP provides for awards of stock options, shares of restricted stock, phantom shares, restricted stock units, dividend equivalent rights and other share-based performance awards. All awards under the LTIP are made at the discretion of the Company’s Board of Directors. Grants under the LTIP are recognized as compensation costs ratably over the applicable vesting period and recorded in “General and administrative” in the Company’s consolidated statements of operations. As of March 31, 2023, an aggregate of 267,094 shares of the Company’s common stock remain available for awards under the LTIP.

During the third quarter of 2018, Old SAFE adopted, and in the second quarter of 2019, its stockholders approved, the Caret Performance Incentive Plan (the “Original Caret Performance Incentive Plan”). Under the Original Caret Performance Incentive Plan, 1,500,000 Caret units were reserved for grants of performance-based awards to Original Caret Performance Incentive Plan participants, including certain of executives of iStar, and Old SAFE’s directors and service providers. Grants under the Original Caret Performance Incentive Plan were subject to vesting based on time-based service conditions and hurdles relating to Old SAFE’s common stock price, all of which were satisfied as of December 31, 2022, except with respect to approximately 1,000 Caret units that are scheduled to vest on December 31, 2023. In connection with the Merger, certain of Old SAFE’s former executive officers, have entered into re-vesting agreements pursuant to which the executives have agreed to subject 25% of their previously vested Caret units to additional vesting conditions which will be satisfied on the second anniversary of the Merger, subject to the applicable executive’s continued employment through such date. In the event of a termination of the executive’s employment by the Company without “cause”, or due to the executive’s death, disability or retirement, the unvested Caret units shall continue to vest as and when the vesting conditions described above are satisfied.

In connection with the consummation of the Merger and the Caret Restructuring, Old SAFE, Caret Ventures and CARET Management Holdings LLC assigned each Award Agreement (as defined in the Original Caret Performance Incentive Plan) relating to outstanding Caret unit awards to Portfolio Holdings pursuant to the Omnibus Assignment, Assumption and Amendment Agreement, dated as of March 31, 2023 (the “Caret Assignment Agreement”).

Following the effectiveness of the Caret Assignment Agreement, Old SAFE amended and restated the Original Caret Performance Incentive Plan (the “Amended Caret Performance Incentive Plan”).

Prior to the Merger, the Old SAFE compensation committee, and following the Merger, the Company’s compensation committee, approved the award of 76,801 new Caret units to executive officers and other employees, other than the Company’s Chief Executive Officer and the Company’s President and Chief Investment Officer, including 15,000 Caret units to the Company’s Chief Financial Officer. The new Caret unit awards were granted immediately following the Merger and the effectiveness of the Amended Caret Performance Incentive Plan, and cliff vest on the fourth anniversary of their grant date if the Company’s common stock has traded at an average per share price of \$60.00 or more for at least 30 consecutive trading days during that four-year period.

Safehold Inc.
Notes to Consolidated Financial Statements
(unaudited)

Subsequent to the closing of the Merger, and after giving effect to the Caret Restructuring and the post-Merger Caret unit awards, Amended Caret Performance Incentive Plan participants held 1,499,757 Caret units, representing 15.41% of the then-outstanding Caret units and 12.50% of the then-authorized Caret units.

The Company did not incur expense from Caret units during the three months ended March 31, 2023. During the three months ended March 31, 2022, the Company recognized \$0.3 million in expense from Caret units, which is recorded in "General and administrative" in the Company's consolidated statements of operations and "Noncontrolling interests" on the Company's consolidated balance sheets.

Noncontrolling Interests—Noncontrolling interests includes unrelated third-party equity interests in ventures that are consolidated in the Company's consolidated financial statements and Caret units that have been sold to third-parties (refer to Note 1) or have been granted to employees of the Company's Former Manager. See also "*Redeemable Noncontrolling Interests*" in Note 3.

Accumulated Other Comprehensive Income (Loss)—Accumulated other comprehensive income (loss) consists of net unrealized gains (losses) on the Company's derivative transactions.

Dividends—The Company elected to be taxed as a REIT beginning with its taxable year ended December 31, 1998. To qualify as a REIT, the Company must annually distribute, at a minimum, an amount equal to 90% of its taxable income, excluding net capital gains, and must distribute 100% of its taxable income (including net capital gains) to eliminate corporate federal income taxes payable by the REIT. Because taxable income differs from cash flow from operations due to non-cash revenues and expenses (such as depreciation and other items), in certain circumstances, the Company may generate operating cash flow in excess of its dividends, or alternatively, may need to make dividend payments in excess of operating cash flows. During the three months ended March 31, 2023 and 2022, the Company declared cash dividends on its common stock of \$11.1 million, or \$0.177 per share, and \$10.5 million, or \$0.17 per share, respectively.

Note 12—Earnings Per Share

Earnings per share ("EPS") is calculated by dividing net income attributable to common shareholders by the weighted average number of shares outstanding for the period. The following tables present a reconciliation of net income used in the basic and diluted EPS calculations (\$ and shares in thousands, except for per share data):

	Three Months Ended March 31,	
	2023	2022
Net income	\$ 4,716	\$ 24,907
Net (income) attributable to noncontrolling interests	(34)	(34)
Net income attributable to Safehold Inc. common shareholders for basic and diluted earnings per common share	<u>\$ 4,682</u>	<u>\$ 24,873</u>

Safehold Inc.
Notes to Consolidated Financial Statements
(unaudited)

	Three Months Ended	
	March 31,	
	2023	2022
Earnings attributable to common shares:		
Numerator for basic and diluted earnings per share:		
Net income attributable to Safehold Inc. common shareholders - basic	\$ 4,682	\$ 24,873
Net income attributable to Safehold Inc. common shareholders - diluted	\$ 4,682	\$ 24,873
Denominator for basic and diluted earnings per share: ⁽¹⁾		
Weighted average common shares outstanding for basic earnings per common share	63,672	59,284
Add: Effect of assumed shares under treasury stock method for restricted stock units	—	1
Weighted average common shares outstanding for diluted earnings per common share	63,672	59,285
Basic and diluted earnings per common share: ⁽¹⁾		
Net income attributable to Safehold Inc. common shareholders - basic	\$ 0.07	\$ 0.42
Net income attributable to Safehold Inc. common shareholders - diluted	\$ 0.07	\$ 0.42

(1) For the three months ended March 31, 2023, the effect of 4,650 shares related to restricted stock awards were antidilutive. For the three months ended March 31, 2022, weighted average shares outstanding and earnings per share have been recast in accordance with ASC 805 to reflect the exchange ratio used in the reverse acquisition.

Note 13—Related Party Transactions

Prior to the Merger, the Company was externally managed by an affiliate of iStar. iStar was an active real estate investor for over 20 years and had an extensive network for sourcing investments, which included relationships with brokers, corporate tenants and developers that it has established over its long operating history.

Safehold Inc.
Notes to Consolidated Financial Statements
(unaudited)

Management Agreement

A summary of the terms of the management agreement with iStar prior to the Merger is below:

Manager	SFTY Manager, LLC, a wholly-owned subsidiary of iStar Inc.
Management Fee	Annual fee of 1.00% of total equity (up to \$1.5 billion) Annual fee of 1.25% of total equity (for incremental equity of \$1.5 billion to \$3.0 billion) Annual fee of 1.375% of total equity (for incremental equity of \$3.0 billion to \$5.0 billion) and Annual fee of 1.5% of total equity (for incremental equity over \$5.0 billion)
Management Fee Consideration	At the discretion of the Company's independent directors, payment will be made in cash or in shares of the Company's common stock (valued at the greater of: (i) the volume weighted average market price during a specified pricing period; or (ii) the initial public offering price of \$20.00 per share)
Lock-up	Restriction from selling common stock received for management fees for two years from the date of such issuance (restriction will terminate in the event of and effective with the termination of the management agreement)
Incentive Fee	None
Term	Non-terminable through June 30, 2023, except for cause. Automatic annual renewals thereafter, subject to non-renewal upon certain findings by the Company's independent directors and payment of termination fee.
Termination Fee	3x prior year's management fee

During the three months ended March 31, 2023 and 2022, the Company recorded \$5.2 million and \$4.5 million, respectively, in management fees to the Former Manager. These management fees are recorded in "General and administrative" in the Company's consolidated statements of operations.

Expense Reimbursements

The Company paid, or reimbursed iStar for, certain of the Company's operating expenses as well as the costs of personnel performing certain legal, accounting, finance, due diligence tasks and other services, in each case except those specifically required to be borne or elected not to be charged by the iStar under the management agreement.

During the three months ended March 31, 2023 and 2022, the Company was allocated \$3.1 million and \$3.1 million, respectively, in expenses from iStar. These expenses are recorded in "General and administrative" in the Company's consolidated statements of operations.

Acquisitions and Commitments

iStar has participated in certain of the Company's investment transactions, as the Company's tenant or either as a seller of land or by providing financing to the Company's Ground Lease tenants. The following is a list of transactions in which the Company and iStar or other persons deemed to be related parties have participated for the periods presented. These transactions were approved by the Company's independent directors in accordance with the Company's policy with respect to related party transactions.

Safehold Inc.
Notes to Consolidated Financial Statements
(unaudited)

In July 2022, the Company, pursuant to an agreement with iStar and upon certain construction related conditions being met, acquired an existing Ground Lease from iStar for \$36.4 million inclusive of closing costs (refer to Note 4).

In June 2022, the Company acquired land and simultaneously structured and entered into a Ground Lease as part of the Ground Lease tenant's recapitalization of a mixed-use property. The Company also committed to provide an additional \$35.0 million to the Ground Lease tenant if certain construction and leasing milestones are met. The Leasehold Loan Fund, in which an affiliate of an existing shareholder (which is affiliated with one of the Company's independent directors) owns a noncontrolling equity interest, committed to provide a \$105.0 million loan to the Company's Ground Lease tenant for the recapitalization of the leasehold. The Company paid the Leasehold Loan Fund \$5.0 million of additional consideration in connection with this investment.

In April 2022, the Company acquired an existing Ground Lease from iStar for \$9.0 million.

In March 2022, the Company acquired land for a purchase price of \$28.5 million and simultaneously structured and entered into a Ground Lease as part of the Ground Lease tenant's recapitalization of a hotel property. One of the Company's independent directors has an indirect ownership interest in the entity that is the Ground Lease tenant and controls the company that indirectly manages that entity.

In March 2022, the Company paid iStar \$0.3 million to terminate a purchase option that allowed iStar to purchase the land at the expiration of its Ground Lease with the Company. iStar sold the leasehold to a third party in March 2022.

In March 2022, the Company acquired three land properties from iStar for a total purchase price of \$122.0 million and simultaneously structured and entered into three Ground Lease's directly with the Ground Lease tenant.

In February 2022, the Company acquired land and simultaneously structured and entered into a Ground Lease as part of the Ground Lease tenant's recapitalization of a life science development property. The Leasehold Loan Fund, in which an affiliate of an existing shareholder (which is affiliated with one of the Company's independent directors) owns a noncontrolling equity interest, committed to provide a \$130.0 million loan to the Company's Ground Lease tenant for the recapitalization of the leasehold. The Company paid the Leasehold Loan Fund \$9.0 million of additional consideration in connection with this investment.

In November 2021, the Company entered into an agreement pursuant to which it agreed to acquire land and a related Ground Lease originated by iStar when certain construction related conditions are met by a specified time period. The purchase price to be paid is \$33.3 million, plus an amount necessary for iStar to achieve the greater of a 1.25x multiple or a 12% return on its investment. In addition, the Ground Lease documents contain future funding obligations to the Ground Lease tenant of approximately \$51.8 million of leasehold improvement allowance upon achievement of certain milestones. In December 2021, iStar contributed the Ground Lease to the Ground Lease Plus Fund. The Company has a noncontrolling interest in the Ground Lease Plus Fund and an affiliate of an existing shareholder (which is affiliated with one of the Company's independent directors) has a noncontrolling interest in the Ground Lease Plus Fund. The terms of the Company's commitment under the agreement did not change upon iStar's contribution of the Ground Lease to the Ground Lease Plus Fund. There can be no assurance that the conditions to closing will be satisfied and that the Company will acquire the Ground Lease from the Ground Lease Plus Fund.

In June 2021, the Company acquired from iStar a purchase option agreement for \$1.2 million, which amount was equal to the deposit previously made by iStar under such option agreement plus assumption of iStar's out of pocket costs and expenses in connection with entering into such option agreement. Under the option agreement, the Company has the right to acquire for \$215.0 million a property that is under a separate option for the benefit of a third party, whereby such third party has the right to enter into a Ground Lease and develop approximately 1.1 million square feet of office space.

Safehold Inc.
Notes to Consolidated Financial Statements
(unaudited)

In June 2021, the Company entered into two agreements pursuant to each of which it agreed to acquire land and a related Ground Lease originated by iStar when certain construction related conditions are met by a specified time period. The purchase price to be paid for each is \$42.0 million, plus an amount necessary for iStar to achieve the greater of a 1.25x multiple and a 9% return on its investment. In addition, each Ground Lease provides for a leasehold improvement allowance up to a maximum of \$83.0 million, which obligation would be assumed by the Company upon acquisition. In January 2022, iStar sold the Ground Leases to the Ground Lease Plus Fund in which the Company owns a noncontrolling interest and an existing shareholder (which is affiliated with one of the Company's independent directors) owns a noncontrolling interest. There can be no assurance that the conditions to closing will be satisfied and that the Company will acquire the properties and Ground Leases from the Ground Lease Plus Fund.

Caret units

In February 2022, Old SAFE sold an aggregate of 108,571 Caret units, 1.08% of the authorized Caret units, to a group of investors (refer to Note 3). In addition, an affiliate of an existing shareholder (which is affiliated with one of the Company's independent directors) made a commitment to purchase 28,571 Caret units, or 0.29% of the authorized Caret units, for a purchase price of \$5.0 million. As part of the sale, Old SAFE agreed to use commercially reasonable efforts to provide public market liquidity for such Caret units by seeking to provide a listing of the Caret units (or securities into which they may be exchanged) on a public exchange within two years of the sale. In the event public market liquidity of the Caret units is not achieved within such two year period at a valuation not less than the purchase price for the Caret units purchased in February 2022, reduced by an amount equal to the amount of subsequent cash distributions made to investors on account of such Caret units, then the investors in the February 2022 transaction have the right to cause their Caret units purchased in February 2022 to be redeemed by Portfolio Holdings at such purchase price as so reduced.

On March 31, 2023, shortly before the closing of the Merger, iStar sold and affiliates of MSD Partners bought 5,405,406 shares of Old SAFE's common stock then owned by iStar. On March 31, 2023, in conjunction with the closing of the Merger, affiliates of MSD Partners also purchased 100,000 Caret units (refer to Note 11) from the Company for an aggregate purchase price of \$20.0 million. Additionally, on March 31, 2023, existing third-party Caret unit holders purchased an aggregate of 22,500 Caret units from the Company for an aggregate \$4.5 million.

Star Holdings

On March 31, 2023, immediately prior to the closing of the Merger, the Company (then known as iStar Inc.) completed the Spin-Off, resulting in the spin-off of its remaining legacy assets and certain other assets pursuant to a separation and distribution agreement (the "Separation and Distribution Agreement"), dated as of March 31, 2023, by and between the Company and Star Holdings. The Separation and Distribution Agreement sets forth, among other things, Star Holdings' agreements with the Company regarding the principal transactions necessary to separate Star Holdings from the Company. It also sets forth other agreements that govern certain aspects of Star Holdings' relationship with the Company after the Spin-Off relating to the transfer of assets and assumption of liabilities, cash assets, release of claims, insurance, non-solicitation, segregation of accounts and other matters. The Separation and Distribution Agreement also includes a mutual release by Star Holdings, on the one hand, and the Company, on the other hand, of the other party from certain specified liabilities, as well as mutual indemnification covenants pursuant to which Star Holdings and the Company have agreed to indemnify each other from certain specified liabilities.

SpinCo Manager has entered into a management agreement with Star Holdings, pursuant to which it will operate and pursue the orderly monetization of Star Holding's assets. Pursuant to the management agreement, Star Holdings pays to SpinCo Manager an annual management fee of \$25.0 million in year one, \$15.0 million in year two, \$10.0 million in year three and \$5.0 million in year four and 2.0% of the gross book value of Star Holding's assets, excluding shares of the Company's common stock, for each annual term thereafter. The management agreement has an initial one-year term and will be automatically renewed for successive one-year terms each anniversary date thereafter unless previously terminated.

Safehold Inc.
Notes to Consolidated Financial Statements
(unaudited)

The management agreement may be terminated by Star Holdings without cause by not less than one hundred eighty days' written notice to SpinCo Manager upon the affirmative vote of at least two-thirds of Star Holdings' independent directors, provided, however, that if the date of termination occurs prior to the fourth anniversary of the Spin-Off, the termination will be subject to payment of the applicable termination fee to SpinCo Manager. Star Holdings may also terminate the management agreement at any time, including during the initial term, with 30 days' prior written notice from Star Holdings' board of trustees for "cause," as defined in the management agreement.

In the event of a termination without cause by Star Holdings prior to the fourth anniversary of the Spin-Off, Star Holdings will pay SpinCo Manager a termination fee of \$50.0 million minus the aggregate amount of management fees actually paid to SpinCo Manager prior to the termination date. However, if Star Holdings has completed the liquidation of its assets on or before the termination date, the termination fee will consist of any portion of the annual management fee that remained unpaid for the remainder of the then current annual term plus, if the termination date occurs on or before the third anniversary of the Spin-Off, the amount of the management fee that would have been payable for the next succeeding annual term, or if the termination date occurs after the third anniversary of the Spin-Off, zero.

In the event of a termination by the Company based on a reduction in the amount of Star Holdings' consolidated assets below designated thresholds, Star Holdings will pay SpinCo Manager a termination fee of \$30.0 million if the termination occurs in the first year, \$15.0 million if the termination occurs in the second year and \$5.0 million if the termination occurs in the third year, in each case, plus the balance of any unpaid portion of the annual management fee for the applicable year.

The Company and Star Holdings also entered into a governance agreement that places certain restrictions on the transfer and voting of the shares of the Company owned by Star Holdings, and a registration rights agreement under which the Company agreed to register such shares for resale in accordance with applicable securities laws. As of March 31, 2023, Star Holdings owned approximately 21.2% of the Company's common stock outstanding through a wholly-owned subsidiary.

Note 14—Subsequent Events

On April 4, 2023, the Company filed with the U.S. Securities and Exchange Commission (the "SEC") an automatic shelf registration statement on Form S-3ASR. On April 5, 2023, the Company and Portfolio Holdings entered into an ATM Equity OfferingSM Sales Agreement (the "Primary Sales Agreement") with the sales agents named therein pursuant to which the Company may sell, from time to time, shares of its common stock, \$0.01 par value per share ("Common Stock"), having an aggregate gross sales price of up to \$300.0 million (the "Primary Shares") through or to the sales agents. The Company may sell the Primary Shares in amounts and at times to be determined by the Company from time to time but has no obligation to sell any of the Primary Shares. Actual sales, if any, will depend on a variety of factors to be determined by the Company from time to time, including, among other things, market conditions, the trading price of the Common Stock, capital needs and determinations by the Company of the appropriate sources of its funding.

On April 5, 2023, the Company, Portfolio Holdings and Star Investment Holdings SPV LLC ("Star Investment Holdings"), a subsidiary of Star Holdings, entered into an ATM Equity OfferingSM Sales Agreement (the "Selling Stockholder Sales Agreement") with the sales agents named therein pursuant to which Star Investment Holdings may sell, from time to time, subject to receiving the Company's consent, up to 1,000,000 shares of the Company's common stock (the "Selling Stockholder Shares") through or to the sales agents. Star Investment Holdings may sell the Selling Stockholder Shares in amounts and at times to be determined by the Star Investment Holdings, subject to receiving the Company's consent, from time to time but has no obligation to sell any of the Selling Stockholder Shares. Actual sales, if any, will depend on a variety of factors to be determined by Star Investment Holdings from time to time, including, among

Safehold Inc.
Notes to Consolidated Financial Statements
(unaudited)

other things, market conditions, the trading price of the Company's common stock, capital needs and determinations by Star Investment Holdings of the appropriate sources of its funding.

On April 5, 2023, the Company announced that it entered into a joint venture arrangement with a sovereign wealth fund, which is also an existing shareholder, focused on new acquisitions for certain Ground Lease investments. The Company committed approximately \$275 million for a 55% controlling interest in the joint venture and the sovereign wealth fund committed approximately \$225 million for a 45% noncontrolling interest in the joint venture and the Company expects to consolidate this venture in its financial statements. Each party's commitment is discretionary. The Company will receive a management fee, measured on an asset-by-asset basis, equal to 25 basis points on invested equity for such asset for the first five years following its acquisition, and 15 basis points on invested equity thereafter. The Company will also receive a promote of 15% over a 9% internal rate of return, subject to a 1.275x multiple on invested capital. The investment period will be the earlier of 18 months and the full deployment of commitments.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Certain statements in this report, other than purely historical information, including estimates, projections, statements relating to our business plans, objectives and expected operating results, and the assumptions upon which those statements are based, are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Forward-looking statements are included with respect to, among other things, Safehold Inc.'s (the "Company's") current business plan, business strategy, portfolio management, prospects and liquidity. These forward-looking statements generally are identified by the words "believe," "project," "expect," "anticipate," "estimate," "intend," "strategy," "plan," "may," "should," "will," "would," "will be," "will continue," "will likely result," and similar expressions. Forward-looking statements are based on current expectations and assumptions that are subject to risks and uncertainties which may cause actual results or outcomes to differ materially from those contained in the forward-looking statements. We undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise. In assessing all forward-looking statements, readers are urged to read carefully all cautionary statements contained in this Form 10-Q and the uncertainties and risks described in "Risk Factors" filed as Exhibit 99.3 to our Current Report on Form 8-K filed with the SEC on April 4, 2023, all of which could affect our future results of operations, financial condition and liquidity.

The discussion below should be read in conjunction with our consolidated financial statements and related notes in this quarterly report on Form 10-Q, our 2022 Annual Report and our Current Report on Form 8-K filed with the SEC on April 4, 2023. These historical financial statements may not be indicative of our future performance.

Merger Transaction

On August 10, 2022, Safehold Inc. ("Old SAFE") entered into an Agreement and Plan of Merger (the "Merger Agreement") with iStar Inc. ("iStar"), and on March 31, 2023, in accordance with the terms of the Merger Agreement, Old SAFE merged with and into iStar, at which time Old SAFE ceased to exist, and iStar continued as the surviving corporation and changed its name to "Safehold Inc." For accounting purposes, the Merger is treated as a "reverse acquisition" in which iStar is considered the legal acquirer and Old SAFE is considered the accounting acquirer. As a result, the historical financial statements of Old SAFE became the historical financial statements of Safehold Inc. Unless the context otherwise requires, references to "iStar" refer to iStar prior to the Merger, and references to "we," "our" and "the Company" refer to the business and operations of Old SAFE and its consolidated subsidiaries prior to the Merger and to Safehold Inc. (formerly known as iStar Inc.) and its consolidated subsidiaries following the consummation of the Merger. Periods presented prior to the Merger date of March 31, 2023 reflect the operations of Old SAFE and periods presented as of March 31, 2023 represent the financial statements of the Company.

Additionally, in connection with the Merger, Safehold Operating Partnership LP converted from a Delaware limited partnership into a Delaware limited liability company and changed its name to "Safehold GL Holdings LLC" ("Portfolio Holdings"), with the Company as its managing member. In addition, holders of Caret units in Old SAFE's subsidiary, Caret Ventures, contributed their interests in Caret Ventures to Portfolio Holdings in return for Caret units issued by Portfolio Holdings. Following the restructuring, 100% of the equity interests in Caret Ventures is held by Portfolio Holdings, and Portfolio Holdings is owned by the Company, management, of the Company, employees and former employees of the Company, affiliates of MSD Partners, and other outside investors.

We believe that the Merger will accelerate our market leadership in the Ground Lease industry and make us the only internally-managed, pure-play Ground Lease company in the public markets.

Business Overview

We acquire, manage and capitalize Ground Leases and report our business as a single reportable segment. We believe owning a portfolio of Ground Leases affords our investors the opportunity for safe, growing income. Safety is derived from a Ground Lease's senior position in the commercial real estate capital structure. Growth is realized through long-term leases with contractual periodic increases in rent. Capital appreciation is realized through appreciation in the value of the land over time and through our typical rights as landlord to acquire the commercial buildings on our land at

the end of a Ground Lease, which may yield substantial value to us. As of March 31, 2023, the percentage breakdown of the gross book value of our portfolio was 44% office, 37% multi-family, 12% hotels, 4% life science and 3% mixed use and other. The diversification by geographic location, property type and sponsor in our portfolio further reduces risk and enhances potential upside.

Many of our Ground Leases have CPI lookbacks, generally starting between years 11 and 21 of the lease term, to mitigate the effects of inflation that are typically capped between 3.0% - 3.5%; however, in the event cumulative inflation growth for the lookback period exceeds the cap, these rent adjustments may not keep up fully with changes in inflation. In January 2022, the Consumer Price Index ("CPI") rose to its highest rate in over 40 years. Since then the Federal Reserve has raised interest rates multiple times and it has stated that it is likely it will continue to raise interest rates in 2023. Any increase in interest rates may result in a reduction in the availability or an increase in costs of leasehold financing, which is critical to the growth of a robust Ground Lease market.

The COVID-19 pandemic is not currently materially impacting our new investment activity, but we continue to monitor its potential impact, which could slow new investment activity because of reduced levels of real estate transactions and constrained conditions for equity and debt financing for real estate transactions, including leasehold loans. See "Risk Factors" filed as Exhibit 99.3 to our Current Report on Form 8-K filed with the SEC on April 4, 2023 for additional discussion of certain potential risks to our business arising from the COVID 19 pandemic.

We have chosen to focus on Ground Leases because we believe they meet an important need in the real estate capital markets for our customers. We also believe Ground Leases offer a unique combination of safety, income growth and the potential for capital appreciation for investors for the following reasons:

High Quality Long-Term Cash Flow: We believe that a Ground Lease represents a safe position in a property's capital structure. The combined value of the land and buildings and improvements thereon subject to a Ground Lease (the "Combined Property Value") typically significantly exceeds the Ground Lease landlord's investment in the Ground Lease; therefore, even if the landlord takes over the property following a tenant default or upon expiration of the Ground Lease, the landlord is reasonably likely to recover substantially all of its Ground Lease investment, and possibly amounts in excess of its investment, depending upon prevailing market conditions. Additionally, the typical structure of a Ground Lease provides the landlord with a residual right to regain possession of its land and take ownership of the buildings and improvements thereon upon a tenant default. The landlord's residual right provides a strong incentive for a Ground Lease tenant or its leasehold lender to make the required Ground Lease rent payments.

Income Growth: Ground Leases typically provide growing income streams through contractual base rent escalators that may compound over the duration of the lease. These rent escalators may be based on fixed increases, a CPI or a combination thereof, and may also include a participation in the gross revenues of the property. We believe that this growth in the lease rate over time can mitigate the effects of inflation and capture anticipated increases in land values over time, as well as serving as a basis for growing our dividend.

Opportunity for Capital Appreciation: The opportunity for capital appreciation comes in two forms. First, as the ground rent grows over time, the value of the Ground Lease should grow under market conditions in which capitalization rates remain flat. Second, our residual right to regain possession of the land underlying the Ground Lease and take title to the buildings and other improvements thereon at lease expiration or earlier termination of the lease for no additional consideration creates additional potential value to our shareholders.

We generally target Ground Lease investments in which the initial cost of the Ground Lease represents 30% to 45% of the Combined Property Value as if the Ground Lease did not exist. If the initial cost of a Ground Lease is equal to 35% of the Combined Property Value, the remaining 65% of the Combined Property Value represents potential excess value over the amount of our investment that would be turned over to us upon the reversion of the property, assuming no intervening change in the Combined Property Value. In our view, there is a strong correlation between inflation and commercial real estate values over time, which supports our belief that the value of our owned residual portfolio should increase over time as inflation increases, although our ability to recognize value in certain cases may be limited by the rights of our tenants under some of our Ground Leases, including tenant rights to purchase our land in certain circumstances and the right of one tenant to demolish improvements prior to the expiration of the lease. See "Risk Factors" filed as

Exhibit 99.3 to our Current Report on Form 8-K filed with the SEC on April 4, 2023 for additional discussion for a discussion of these tenant rights.

Owned Residual Portfolio: We believe that the residual right is a unique feature distinguishing Ground Leases from other fixed income investments and property types. We refer to the value of the land and improvements subject to a Ground Lease in excess of our investment basis as unrealized capital appreciation (“UCA”). We track the UCA in our owned residual portfolio over our basis because we believe it provides relevant information with regard to the three key investment characteristics of our Ground Leases: (1) the safety of our position in a tenant’s capital structure; (2) the quality of the long-term cash flows generated by our portfolio rent that increases over time; and (3) increases and decreases in the Combined Property Value of the portfolio that reverts to us pursuant to such residual rights.

We believe that, similar to a loan to value metric, tracking changes in the value of our owned residual portfolio is useful as an indicator of the quality of our cash flows and the safety of our position in a tenant’s capital structure, which, in turn, supports our objective to pay and grow dividends over time. Observing changes in our owned residual portfolio value also helps us monitor changes in the value of the real estate portfolio that reverts to us under the terms of the leases, either at the expiration or earlier termination of the lease. The value may be realized by us at the relevant time by entering into a new lease reflecting then current market terms and values, selling the building, selling the building with the land, or operating the building directly and leasing the spaces to tenants at prevailing market rates.

We have engaged an independent valuation firm to prepare: (a) initial reports of the Combined Property Value associated with our Ground Lease portfolio; and (b) periodic updates of such reports, which we use, in part, to determine the current estimated value of our owned residual portfolio. We calculate this estimated value by subtracting our original aggregate cost basis in the Ground Leases from our estimated aggregate Combined Property Value, based on estimates by the valuation firm and by management.

The table below shows the current estimated UCA in our owned residual portfolio as of March 31, 2023 and December 31, 2022 (\$ in millions):⁽¹⁾

	March 31, 2023	December 31, 2022
Combined Property Value ⁽²⁾	\$ 16,034	\$ 16,529
Ground Lease Cost ⁽²⁾	6,008	6,008
Unrealized Capital Appreciation in Our Owned Residual Portfolio	10,026	10,521

(1) Please review our Current Report on Form 8-K filed on April 26, 2023 for a discussion of the valuation methodology used and important limitations and qualifications of the calculation of UCA. See “Risk Factors—Certain tenant rights under our Ground Leases may limit the value and the UCA we are able to realize upon lease expiration, sale of our land and Ground Leases or other events” included in Exhibit 99.3 to our Current Report on Form 8-K filed with the SEC on April 4, 2023 for a discussion of certain tenant rights and other terms of the leases that may limit our ability to realize value from the UCA.

(2) Combined Property Value includes our applicable percentage interests in our unconsolidated ventures and \$1,375.4 million and \$1,653.2 million related to transactions with remaining unfunded commitments as of March 31, 2023 and December 31, 2022, respectively. Ground Lease Cost includes our applicable percentage interests in our unconsolidated ventures and \$238.3 million and \$308.2 million of unfunded commitments as of March 31, 2023 and December 31, 2022, respectively. As of March 31, 2023, our gross book value as a percentage of combined property value was 42%.

In 2018, Old SAFE established the Caret program (as defined below). The Caret program is designed to recognize the two distinct components of value in our Ground Lease portfolio by separating them into:

- the “bond component,” which consists of the bond-like income stream we receive from contractual rent payments under our Ground Leases, plus the return of our investment basis in each asset; and
- the “Caret component,” which consists of the UCA above our investment basis in our Ground Leases due to our ownership of the land and improvements at the end of the term of the applicable Ground Lease.

Portfolio Holdings' two classes of limited liability company interests are designed to track these two components: "GL units" are intended to track the bond component and "Caret units" are designed to track the Caret component (the "Caret program"). We currently hold all of the issued and outstanding GL units of Portfolio Holdings.

In general, all of our Ground Leases are subject to the Caret program, except for non-commercial Ground Leases and pre-development Ground Leases. Holders of Caret units are generally entitled to amounts equal to the net proceeds from the disposition of a Ground Lease asset in excess of the cost borne by us to acquire such asset (including amounts paid to the tenant in connection with the initial development of improvements at the properties). However, we are entitled to deduct (i) unrecovered acquisition costs borne by Portfolio Holdings following the termination of an applicable Ground Lease by reason of defaults of tenants; (ii) accrued unpaid rent under the applicable Ground Lease; and (iii) unrecovered costs relating to the issuance, maintenance and management of Caret units as a separate security, among other costs, from the amount payable to the holders of Caret units on account of such net proceeds. See "SAFE Proposal 2: The SAFE Caret Amendment Proposal" in our Registration Statement on Form S-4, filed with the SEC on December 16, 2022, for more information on the Caret program.

During the third quarter of 2018, Old SAFE adopted, and in the second quarter of 2019, its stockholders approved, the Caret Performance Incentive Plan (the "Original Caret Performance Incentive Plan"). Under the Original Caret Performance Incentive Plan, 1,500,000 Caret units were reserved for grants of performance-based awards to Original Caret Performance Incentive Plan participants, including certain executives of the Company, or its affiliates, directors of Old SAFE and service providers of Old SAFE. Initial grants under the Original Caret Performance Incentive Plan were subject to graduated vesting based on time-based service conditions and hurdles of our common stock price, all of which were satisfied as of December 31, 2022, except with respect to approximately 1,000 Caret units scheduled to vest on December 31, 2023. In connection with the Merger, certain of Old SAFE's executive officers have entered into re-vesting agreements pursuant to which the executives have agreed to subject 25% of their previously vested Caret units to additional vesting conditions which will be satisfied on the second anniversary of the Merger, subject to the applicable executive's continued employment through such date. In connection with the Merger, each Award Agreement (as defined in the Original Caret Performance Incentive Plan) related to outstanding Caret unit awards was assigned to Portfolio Holdings, and Old SAFE amended and restated amended and restated the Original Caret Performance Incentive Plan (the "Caret Performance Incentive Plan"). Following the merger, 76,801 Caret units were awarded to executive officers and other employees under such plan that are subject to cliff vesting on the fourth anniversary of their grant date if our common stock has traded at an average price of \$60.00 or more for at least 30 consecutive trading days during that four year period. As a result, as of immediately following the Merger, vested and unvested Caret units beneficially owned by our officers and other employees represent approximately 15.41% of the outstanding Caret units and 12.50% of the authorized Caret units.

In addition to the Caret units awarded or reserved for issuance under our Caret Performance Incentive Plan, as of March 31, 2023, Old SAFE sold or contracted to sell an aggregate of 259,642 Caret units to third-party investors, including affiliates of MSD Partners and an entity affiliated with one of our independent directors. As a result, the Company currently owns the remaining 82.2% of the outstanding Caret units. In connection with the sale of 137,142 Caret units in February 2022 (28,571 of which were committed to be purchased at the time, but have not yet closed), Old SAFE agreed to use commercially reasonable efforts to provide public market liquidity for such Caret units by seeking to provide a listing of the Caret units (or securities into which they may be exchanged) on a public exchange within two years of the sale. In the event market liquidity of the Caret units is not achieved within such two year period at a valuation not less than the purchase price for the Caret units purchased in February 2022, reduced by an amount equal to the amount of subsequent cash distributions made to investors on account of such Caret units, then the investors in the February 2022 transaction have the right to cause their Caret units purchased in February 2022 to be redeemed by Portfolio Holdings at such purchase price as so reduced.

On March 31, 2023, Old SAFE sold 100,000 Caret units to affiliates of MSD Partners for an aggregate purchase price of \$20.0 million (refer to Note 1 to the consolidated financial statements) pursuant to a subscription agreement entered into on August 10, 2022 and sold an aggregate of 22,500 Caret units to third-party investors for an aggregate \$4.5 million.

In September 2022, Old SAFE sold a Ground Lease in the Washington, D.C. market for \$136.0 million to a third-party purchaser. The transaction generated a net book gain for us of approximately \$46.4 million. After paying closing

costs, establishing reserves for Caret-related expenses and deducting the original \$76.7 million cost basis to us, the remaining proceeds have been distributed approximately 84% to Old SAFE and approximately 16% to the minority holders of Caret units. In addition, the affiliates of MSD Partners received a credit against their purchase price for Caret units equal to the amount they would have received had they held Caret units at the time of the distribution.

Market Opportunity: We believe that there is a significant market opportunity for a dedicated provider of Ground Lease capital like us. We believe that the market for existing Ground Leases is fragmented with ownership comprised primarily of high net worth individuals, pension funds, life insurance companies, estates and endowments. However, while we intend to pursue acquisitions of existing Ground Leases, our investment thesis is predicated, in part, on what we believe is an untapped market opportunity to expand the use of Ground Leases to a broader component of the approximately \$7.0 trillion institutional commercial property market in the U.S. We intend to capture this market opportunity by utilizing multiple sourcing and origination channels, including manufacturing new Ground Leases with third-party owners and developers of commercial real estate and originating Ground Leases to provide capital for development and redevelopment. We further believe that Ground Leases generally represent an attractive source of capital for our tenants and may allow them to generate superior returns on their invested equity as compared to utilizing alternative sources of capital. Prior to the Merger, we relied on the extensive investment origination and sourcing platform of iStar, the parent company of our Former Manager, to actively promote the benefits of the Ground Lease structure to prospective Ground Lease tenants. Subsequent to the Merger and the acquisition of iStar and its employees, we are internally managed.

Additionally, we have created additional channels and products that allows us to build a larger, captive pipeline. In connection with the Merger, Old SAFE acquired iStar's 53% interest in iStar's two Ground Lease ecosystem funds, Ground Lease Plus Fund and Leasehold Loan Fund (refer to Note 6 to the consolidated financial statements). The Ground Lease Plus Fund includes 3 assets, and targets high quality projects in pre-construction development phase with institutional developers. The Leasehold Loan Fund currently includes 4 assets and allows for customers to receive their full capital structure needs in one place. Customers are able to receive a mortgage leasehold loan as well as a Ground Lease through us. We also created "SAFE_{EX}SWAP," which is a program that allows real estate investors with existing ground leases to swap into one of our Ground Leases. Additionally, our product "SAFE_{EX}SELL" provides clients with an opportunity to enter into a Ground Lease at the time of the sale of a real estate asset, generating greater proceeds than would normally be expected in connection with a fee simple sale.

Our Portfolio

Our portfolio of properties is diversified by property type and region. Our portfolio is comprised of Ground Leases and a master lease (relating to five hotel assets that we refer to as our "Park Hotels Portfolio") that has many of the characteristics of a Ground Lease. As of March 31, 2023, our estimated portfolio Ground Rent Coverage was 3.9x (see the "Risk Factors -Our estimated UCA, Combined Property Value and Ground Rent Coverage, may not reflect the full potential impact of the COVID-19 pandemic and may decline materially in future periods, -We rely on Property NOI as reported to us by our tenants, -Our estimates of Ground Rent Coverage for properties in development or transition, or for which we do not receive current tenant financial information, may prove to be incorrect" filed as Exhibit 99.3 to our Current Report on Form 8-K filed with the SEC on April 4, 2023 for a discussion of our estimated Ground Rent Coverage).

Below is an overview of the top 10 assets in our portfolio as of March 31, 2023 (based on gross book value and excluding unfunded commitments):⁽¹⁾

Property Name	Property Type	Location	Lease Expiration / As Extended	Rent Escalation Structure	% of Gross Book Value
425 Park Avenue ⁽²⁾	Office	New York, NY	2090 / 2090	Fixed with Inflation Adjustments	6.0 %
135 West 50th Street	Office	New York, NY	2123 / 2123	Fixed with Inflation Adjustments	5.1 %
195 Broadway	Office	New York, NY	2118 / 2118	Fixed with Inflation Adjustments	4.9 %
Park Hotels Portfolio ⁽³⁾	Hotel	Various	2025 / 2035	% Rent	3.7 %
Alohilani	Hotel	Honolulu, HI	2118 / 2118	Fixed with Inflation Adjustments	3.6 %
685 Third Avenue	Office	New York, NY	2123 / 2123	Fixed with Inflation Adjustments	3.2 %
20 Cambridgeside	Life Science	Cambridge, MA	2121 / 2121	Fixed with Inflation Adjustments	3.1 %
1111 Pennsylvania Avenue	Office	Washington, DC	2117 / 2117	Fixed with Inflation Adjustments	2.5 %
100 Cambridgeside	Mixed Use and Other	Cambridge, MA	2121 / 2121	Fixed with Inflation Adjustments	2.4 %
Columbia Center	Office	Washington, DC	2120 / 2120	Fixed with Inflation Adjustments	2.4 %

(1) Gross book value represents the historical purchase price plus accrued interest on sales-type leases.

(2) Gross book value for this property represents our pro rata share of the gross book value of our unconsolidated venture (refer to Note 6 to the consolidated financial statements).

(3) The Park Hotels Portfolio consists of five properties and is subject to a single master lease. A majority of the land underlying one of these properties is owned by a third party and is ground leased to us through 2044 subject to changes in the CPI; however, our tenant at the property pays this cost directly to the third party.

The following tables show our portfolio by top 10 markets and property type as of March 31, 2023, excluding unfunded commitments:

Market	% of Gross Book Value
Manhattan ⁽¹⁾	24 %
Washington, DC	11
Boston	7
Los Angeles	7
San Francisco	5
Denver	4
Nashville	4
Honolulu	4
Miami	3
Atlanta	3

(1) Total New York MSA including areas outside of Manhattan makes up 29% of gross book value.

Property Type	% of Gross Book Value
Office	44 %
Multifamily	37
Hotel	12
Life Science	4
Mixed Use and Other	3

Unfunded Commitments

We have unfunded commitments to certain of our Ground Lease tenants related to leasehold improvement allowances that we expect to fund upon the completion of certain conditions. As of March 31, 2023, we had \$238.3 million of such commitments.

We also have unfunded forward commitments related to agreements that we entered into for the acquisition of new Ground Leases or additions to existing Ground Leases if certain conditions are met (refer to Note 13 to the consolidated financial statements). These commitments may also include leasehold improvement allowances that will be funded to the Ground Lease tenants upon the completion of certain conditions. As of March 31, 2023, we had an aggregate

\$319.6 million of such commitments. There can be no assurance that the conditions to closing for these transactions will be satisfied and that we will acquire the Ground Leases or fund the leasehold improvement allowances.

Through the Leasehold Loan Fund, we also fund construction and development loans and build-outs of space in real estate assets over a period of time if and when the borrowers and tenants meet established milestones and other performance criteria. We refer to these arrangements as performance-based commitments. As of March 31, 2023, we had \$139.8 million of such commitments.

Results of Operations for the Three Months Ended March 31, 2023 compared to the Three Months Ended March 31, 2022

	For the Three Months Ended March 31,		\$ Change
	2023	2022 (in thousands)	
Interest income from sales-type leases	\$ 57,062	\$ 43,031	\$ 14,031
Operating lease income	20,901	16,966	3,935
Other income	366	366	—
Total revenues	78,329	60,363	17,966
Interest expense	40,873	25,321	15,552
Real estate expense	1,206	707	499
Depreciation and amortization	2,398	2,402	(4)
General and administrative	15,067	9,194	5,873
Provision for credit losses	2,242	—	2,242
Other expense	14,089	108	13,981
Total costs and expenses	75,875	37,732	38,143
Earnings from equity method investments	2,262	2,276	(14)
Net income	\$ 4,716	\$ 24,907	\$ (20,191)

Interest income from sales-type leases increased to \$57.1 million for the three months ended March 31, 2023 from \$43.0 million for the same period in 2022. The increase was due primarily to the origination of new Ground Leases and additional fundings on existing Ground Leases classified as sales-type leases and Ground Lease receivables.

Operating lease income increased to \$20.9 million during the three months ended March 31, 2023 from \$17.0 million for the same period in 2022. The increase was due primarily to a \$2.9 million increase in percentage rent, which was primarily attributable to our Park Hotels Portfolio for which we recognized no percentage rent in 2022.

Other income for both the three months ended March 31, 2023 and 2022 includes \$0.1 million of other income relating to a Ground Lease in which we are the lessee but our tenant at the property pays this expense directly under the terms of a master lease. Other income for the three months ended March 31, 2023 and 2022 also includes \$0.3 million and \$0.3 million, respectively, of interest income on our cash and other ancillary income from our investments.

During the three months ended March 31, 2023 and 2022, we incurred interest expense from our debt obligations of \$40.9 million and \$25.3 million, respectively. The increase in 2023 was primarily the result of issuances of unsecured notes to fund our growing portfolio of Ground Leases and additional borrowings on our 2021 Unsecured Revolver which accrued interest at higher rates in 2023 due to an increase in base interest rates.

Real estate expense was \$1.2 million and \$0.7 million during the three months ended March 31, 2023 and 2022, respectively, which consisted primarily of the amortization of an operating lease right-of-use asset, legal fees, property taxes and insurance expense. In addition, during both the three months ended March 31, 2023 and 2022, we also recorded \$0.1 million of real estate expense relating to a Ground Lease in which we are the lessee but our tenant at the property pays this expense directly under the terms of a master lease. The increase in 2023 was primarily the result of an increase in recoverable property taxes.

Depreciation and amortization was \$2.4 million and \$2.4 million during the three months ended March 31, 2023 and 2022, respectively, and primarily relates to our ownership of the Park Hotels Portfolio and a multi-family property and the amortization of in-place lease assets.

General and administrative expenses include management fees, an allocation of expenses to us from our Former Manager, costs of operating as a public company and stock-based compensation (primarily to our non-management directors). The following table presents our general and administrative expenses for the three months ended March 31, 2023 and 2022 (\$ in thousands):

	For the Three Months Ended	
	March 31,	
	2023	2022
Management fees ⁽¹⁾	\$ 5,199	\$ 4,457
Expense reimbursements to the Former Manager ⁽¹⁾	3,125	3,125
Public company and other costs	2,063	1,330
Stock-based compensation ⁽²⁾	4,680	282
Total general and administrative expenses	\$ 15,067	\$ 9,194

(1) Refer to Note 13 to the consolidated financial statements.

(2) For the three months ended March 31, 2023, relates primarily to the accelerated vesting of iStar's equity-based compensation plans in connection with the Merger.

During the three months ended March 31, 2023, we recorded a provision for credit losses of \$2.2 million. The provision was primarily the result of the adoption of a new accounting standard (refer to Note 3 to the consolidated financial statements) in 2023 which resulted in a \$2.3 million provision on our loan receivable.

During the three months ended March 31, 2023, other expense consists primarily of legal and consulting costs and transfer taxes associated with the Merger (refer to Note 1 to the consolidated financial statements). During the three months ended March 31, 2022, other expense consists primarily of fees related to our derivative transactions. The increase during the three months ended March 31, 2023 was primarily due to legal and consulting costs and transfer taxes incurred in connection with the Merger.

During the three months ended March 31, 2023, earnings from equity method investments resulted from our \$0.8 million pro rata share of income from our 425 Park Avenue venture and our \$1.4 million pro rata share of income from our 32 Old Slip venture. During the three months ended March 31, 2022, earnings from equity method investments resulted from our \$0.9 million pro rata share of income from our 425 Park Avenue venture and our \$1.4 million pro rata share of income from our 32 Old Slip venture.

Liquidity and Capital Resources

Liquidity is a measure of our ability to meet potential cash requirements, including to pay interest and repay borrowings, fund and maintain our assets and operations, complete acquisitions and originations of investments, make distributions to our shareholders and meet other general business needs. In order to qualify as a REIT, we are required under the Internal Revenue Code of 1986 to distribute to our shareholders, on an annual basis, at least 90% of our REIT taxable income, determined without regard to the deduction for dividends paid and excluding net capital gains. We expect to make quarterly cash distributions to our shareholders sufficient to meet REIT qualification requirements.

In the first quarter 2021, we received investment-grade credit ratings from Moody's Investors Services of Baa1 and Fitch Ratings of BBB+ and entered into an unsecured revolver (refer to Note 8 to the consolidated financial statements) with a total capacity of \$1.35 billion (the "2021 Unsecured Revolver"). In the second quarter 2021, the fourth quarter 2021, the first quarter 2022 and the second quarter 2022, we issued four tranches of unsecured notes with varying fixed-rates and maturities ranging from June 2031 to May 2052 (collectively the "Notes"). Our most recent issuance in May 2022 features a staircase coupon structure (refer to Note 8 to the consolidated financial statements) that is unique in the

unsecured and investment-grade market and will benefit key cash flow metrics. In January 2023, we closed on a new \$500 million unsecured revolving credit facility (the “2023 Unsecured Revolver”). The 2023 Unsecured Revolver has a current borrowing rate of Adjusted SOFR, as defined in the applicable agreement, plus 100 basis points, with a maturity of July 31, 2025. We also amended our 2021 Unsecured Revolver (refer to Note 8 to the consolidated financial statements) primarily to transition from LIBOR to Adjusted SOFR, as defined in the applicable agreement. As evidenced by our 2023 Unsecured Revolver, our 2021 Unsecured Revolver and the Notes, we believe the strong credit profile we have established utilizing our modern Ground Leases and our current investment-grade credit ratings from Moody’s Investors Services of Baa1 and Fitch Ratings of BBB+ will further accelerate our ability to bring commercial real estate owners, developers and sponsors more efficiently priced capital and allows us significant operational and financial flexibility and supports our ability to scale our Ground Lease platform.

As of March 31, 2023, we had \$20 million of unrestricted cash and an aggregate \$880 million of undrawn capacity on our 2021 Unsecured Revolver and 2023 Unsecured Revolver. We refer to this unrestricted cash and additional borrowing capacity on our 2021 Unsecured Revolver and 2023 Unsecured Revolver as our “equity” liquidity which can be used for general corporate purposes or leveraged to acquire or originate new Ground Lease assets. Our primary sources of cash to date have been proceeds from equity offerings and private placements, proceeds from our initial capitalization by iStar and two institutional investors and borrowings from our debt facilities, unsecured notes and mortgages. Our primary uses of cash to date have been the acquisition/origination of Ground Leases, repayments on our debt facilities and distributions to our shareholders.

In April 2023, we entered into an at-the-market equity offering (the “ATM”) pursuant to which we may sell shares of our common stock up to an aggregate purchase price of \$300.0 million. We may sell such shares in amounts and at times to be determined by us from time to time, but we have no obligation to sell any of the shares. Actual sales, if any, will depend on a variety of factors to be determined by us from time to time, including, among other things, market conditions, the trading price of our common stock, capital needs, and our determinations of the appropriate sources of funding.

We expect our short-term liquidity requirements to include debt service on our debt obligations (refer to Note 8 to the consolidated financial statements), distributions to our shareholders, working capital, new acquisitions and originations of Ground Lease investments. We expect our long-term liquidity requirements to include debt service on our debt obligations (refer to Note 8 to the consolidated financial statements), distributions to our shareholders, working capital, new acquisitions and originations of Ground Lease investments (including in respect of unfunded commitments – refer to Note 9 to the consolidated financial statements) and debt maturities. Our primary sources of liquidity going forward will generally consist of cash on hand and cash flows from operations, new financings, unused borrowing capacity under our 2021 Unsecured Revolver (subject to the conditions set forth in the applicable loan agreement), our 2023 Unsecured Revolver (subject to the conditions set forth in the applicable loan agreement) and common and/or preferred equity issuances. We expect that we will be able to meet our liquidity requirements over the next 12 months and beyond.

The following table outlines our cash flows provided by operating activities, cash flows used in investing activities and cash flows provided by financing activities for the three months ended March 31, 2023 and 2022 (\$ in thousands):

	For the Three Months Ended	
	March 31,	
	2023	2022
Cash flows (used in) provided by operating activities	\$ (6,813)	\$ 24,599
Cash flows used in investing activities	(269,933)	(435,185)
Cash flows provided by financing activities	276,645	528,339

The decrease in cash flows provided by operating activities during 2023 was primarily due to costs incurred in connection with the Merger, increased costs on our debt obligations due to an increase in borrowings and interest rates and us receiving cash in connection with the termination of a derivative transaction in 2022, which were partially offset by an increase in rents collected in 2023 from new originations and acquisitions of Ground Leases throughout 2022. The decrease in cash flows used in investing activities during 2023 was due primarily to a decrease in new originations and acquisitions of Ground Leases, which was partially offset by the origination of the Star Holdings Term Loan Facility and consideration

paid in connection with the Merger. The decrease in cash flows provided by financing activities during 2023 was due primarily to the issuance of common stock in 2022 and the issuance of unsecured debt to fund our growing Ground Lease portfolio in 2022.

Supplemental Guarantor Disclosure

In March 2020, the Securities and Exchange Commission (“SEC”) adopted amendments to Rule 3-10 of Regulation S-X and created Rule 13-01 to simplify disclosure requirements related to certain registered securities. The amendments became effective on January 4, 2021. We and Portfolio Holdings have filed a registration statement on Form S-3 with the SEC registering, among other securities, debt securities of Portfolio Holdings, which will be fully and unconditionally guaranteed by us. As of March 31, 2023, Portfolio Holdings had issued and outstanding the Notes, which were registered on a Form S-3 filed by Old SAFE and Portfolio Holdings (then known as Safehold Operating Partnership LP). The obligations of Portfolio Holdings to pay principal, premiums, if any, and interest on the Notes are guaranteed on a senior basis by us. The guarantee is full and unconditional, and Portfolio Holdings is a consolidated subsidiary of ours.

As a result of the amendments to Rule 3-10 of Regulation S-X, subsidiary issuers of obligations guaranteed by the parent are not required to provide separate financial statements, provided that the subsidiary obligor is consolidated into the parent company’s consolidated financial statements, the parent guarantee is “full and unconditional” and, subject to certain exceptions as set forth below, the alternative disclosure required by Rule 13-01 is provided, which includes narrative disclosure and summarized financial information. Accordingly, separate consolidated financial statements of Portfolio Holdings have not been presented. Furthermore, as permitted under Rule 13-01(a)(4)(vi) of Regulation S-X, we have excluded the summarized financial information for Portfolio Holdings because the assets, liabilities and results of operations of Portfolio Holdings are not materially different than the corresponding amounts in our consolidated financial statements, and management believes such summarized financial information would be repetitive and would not provide incremental value to investors.

Critical Accounting Estimates

The preparation of financial statements in accordance with generally accepted accounting principles in the United States of America (“GAAP”) requires management to make estimates and judgments in certain circumstances that affect amounts reported as assets, liabilities, revenues and expenses. We have established detailed policies and control procedures intended to ensure that valuation methods, including any judgments made as part of such methods, are well controlled, reviewed and applied consistently from period to period. We base our estimates on historical corporate and industry experience and various other assumptions that we believe to be appropriate under the circumstances. For all of these estimates, we caution that future events rarely develop exactly as forecasted, and, therefore, routinely require adjustment.

Allowance for credit losses on net investment in sales-type leases and Ground Lease receivables—Effective January 1, 2023, upon the adoption of ASU 2016-13, we estimate our allowance for credit losses on net investment in sales-type leases and Ground Lease receivables, including unfunded commitments, using a quantitative analysis to estimate expected loss rates for our portfolio of net investment in sales-type leases and Ground Lease receivables. ASU 2016-13 replaced the incurred loss impairment methodology in prior GAAP with a methodology that reflects expected credit losses over the life of the investment and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. We analyze historical unemployment rates and historical data provided by Trepp (“Trepp”) for single asset borrower loans including loan to value ratios, loss rates, timing of losses, vintage, property type and other statistics. We utilize historical loss rates, timing of losses and unemployment rates and update our analysis for current market conditions and reasonable and supportable forecasts of unemployment rates to develop an estimate of credit losses. We analyze our portfolio of Ground Leases based on whether the property is a stabilized property or a development project. Our development properties are assigned a higher loss rate due to the more inherent risk of deals under construction.

We perform a quarterly analysis of our loan receivable that incorporates management's current judgments about credit quality based on all known and relevant internal and external factors that may affect collectability. We consider, among other things, payment status, lien position, borrower financial resources and investment collateral, collateral type, project economics and geographical location as well as national and regional economic factors. We estimate our Expected Loss on our loans receivable based on relevant information including current market conditions and reasonable and supportable forecasts that affect the collectability of its investments. The estimate of our Expected Loss requires significant judgment. We calculated our Expected Loss through the use of third-party market data that provided current and future economic conditions that may impact the performance of the commercial real estate assets securing our investments.

Acquisitions—We evaluate each acquisition transaction to determine whether the acquired asset meets the definition of a business. Under ASC 805, an acquisition does not qualify as a business when (i) substantially all of the fair value is concentrated in a single identifiable asset or group of similar identifiable assets; (ii) the acquisition does not include a substantive process in the form of an acquired workforce; or (iii) an acquired contract that cannot be replaced without significant cost, effort or delay. Acquisitions of a business are accounted for as business combinations and other acquisition transactions are accounted for as asset acquisitions. Transaction costs related to asset acquisitions are capitalized as part of the cost basis of the acquired assets, while transaction costs related to business combinations are expensed as incurred.

Our acquisition of iStar was accounted for as a business combination. For business combinations, we recognize and measure identifiable assets acquired, liabilities assumed and any noncontrolling interest in the acquiree at their fair values on our consolidated balance sheets. In a business combination, the difference, if any, between the purchase consideration and the fair value of identifiable net assets acquired is either recorded as goodwill or as a bargain purchase gain.

Fair values are based on available information including discounted cash flow analysis or similar fair value models. Fair value estimates are also made using significant assumptions such as capitalization rates, discount rates, fair market lease rates and other market data. The fair value of our interests in equity investments acquired is calculated using the fair value of the investments held by the venture, which are valued using methods as described above, and considers our economics in the venture.

The fair value of financial instruments, which could include loans receivable or net investment in sales-type leases, is based on current market conditions and loan or lease agreements in place. The fair value of tangible assets, which could include land, buildings, building improvements and tenant improvements is determined as if these assets are vacant. Intangible assets may include the value of right of use lease assets, above-market leases and in-place leases. Right of use lease assets and lease liabilities are measured at the present value of lease payments not yet paid, discounted at the implied rate charged by the lessor if that rate is readily determinable, or if that rate is not readily determinable, our incremental borrowing rate, as of the date of the acquisition. Right of use assets are included in "Deferred expenses and other assets, net" and lease liabilities are recorded in "Accounts payable, accrued expenses and other liabilities" on our consolidated balance sheets. Above-market leases and in-place leases are each recorded at their fair values and included in "Deferred expenses and other assets, net" on our consolidated balance sheets. Intangible liabilities may also include below-market leases, which are recorded at their fair values and included in "Accounts payable, accrued expenses and other liabilities" on our consolidated balance sheets.

Goodwill—Goodwill is calculated as the excess of purchase consideration over the fair value of the net identifiable assets acquired and primarily relates to the acquisition of iStar's workforce and future synergies expected to be realized from the Merger. Goodwill is not subject to amortization but is tested annually for impairment or more frequently should potential triggering events be identified that may indicate potential impairment. We do not expect goodwill to have any tax impact on our financial statements.

For a discussion of other critical accounting policies, refer to Note 3 to the consolidated financial statements and our 2022 Annual Report and our Current Report on Form 8-K filed with the SEC on April 4, 2023.

New Accounting Pronouncements—For a discussion of the impact of new accounting pronouncements on our financial condition or results of operations, refer to Note 3 to the consolidated financial statements.

Item 3. Quantitative and Qualitative Disclosures about Market Risk**Market Risks**

Our future income, cash flows and fair values relevant to financial instruments are dependent upon prevalent market prices and interest rates. Market risk refers to the risk of loss from adverse changes in market prices and interest rates. One of the principal market risks facing us is interest rate risk on our floating rate indebtedness.

Subject to qualifying and maintaining our qualification as a REIT for U.S. federal income tax purposes, we may mitigate the risk of interest rate volatility through the use of hedging instruments, such as interest rate swap agreements and interest rate cap agreements. Our primary objectives when undertaking hedging transactions will be to reduce our floating rate exposure and to fix a portion of the interest rate for anticipated financing and refinancing transactions. However, we can provide no assurances that our efforts to manage interest rate volatility will successfully mitigate the risks of such volatility on our portfolio. Our current portfolio is not subject to foreign currency risk.

Our objectives with respect to interest rate risk are to limit the impact of interest rate changes on operations and cash flows, and to lower our overall borrowing costs. To achieve these objectives, we may borrow at fixed rates and may enter into hedging instruments such as interest rate swap agreements and interest rate cap agreements in order to mitigate our interest rate risk on a related floating rate financial instrument. We do not enter into derivative or interest rate transactions for speculative purposes.

As of March 31, 2023, we had \$2.9 billion principal amount of fixed-rate debt outstanding and \$1.1 billion principal amount of floating-rate debt outstanding. The following table quantifies the potential changes in annual net income should interest rates decrease or increase by 10, 50 and 100 basis points, assuming no change in our interest earning assets, interest bearing liabilities, derivative contracts or the shape of the yield curve (i.e., relative interest rates). The base interest rate scenario assumes a 3-month SOFR rate of 4.91%, a 3-month LIBOR rate of 5.19% and a 1-month LIBOR rate of 4.86% as of March 31, 2023. Actual results could differ significantly from those estimated in the table.

Estimated Change In Net Income(\$ in thousands)⁽¹⁾

Change in Interest Rates	Net Income (Loss)
-100 Basis Points	\$ 10,700
-50 Basis Points	5,350
-10 Basis Points	1,070
Base Interest Rate	—
+10 Basis Points	(1,070)
+ 50 Basis Points	(5,350)
+100 Basis Points	(10,700)

(1) The table above does not include the effect of interest rate derivatives.

Item 4. Controls and Procedures

The Company maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in the Company's Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and that such information is accumulated and communicated to the Company's management, including its Chief Executive Officer and its Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. The Company has formed a disclosure committee that is responsible for considering the materiality of information and determining the disclosure obligations of the Company on a timely basis. The disclosure committee reports directly to the Company's Chief Executive Officer and Chief Financial Officer.

As of the end of the period covered by this report, the Company carried out an evaluation, under the supervision and with the participation of the disclosure committee and other members of management, including its Chief Executive Officer and Chief Financial Officer, of the effectiveness of the Company's disclosure controls and procedures pursuant to Exchange Act Rule 13a-15(b) or Rule 15d-15. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures are effective to provide reasonable assurance that the information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is: (i) recorded, processed, summarized and reported within the time periods specified in SEC rules and forms; and (ii) accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding disclosure.

There have been no changes in the Company's internal control over financial reporting during the period covered by this quarterly report that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Notwithstanding the foregoing, a control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that it will detect or uncover failures within the Company to disclose material information otherwise required to be set forth in the Company's periodic reports.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

Following the announcement of the Merger, two purported stockholders of the Company filed complaints against the Company and each member of the Board of Directors alleging, as the case may be, that the Registration Statement filed on December 16, 2022 and the Schedule 14A Definitive Proxy statement filed on January 31, 2023 omitted material information with respect to the Merger and that, as a result, all defendants violated the federal securities laws. In addition, two purported stockholders of the Company sent demand letters and one purported stockholder sent a draft complaint alleging similar deficiencies in the Registration Statement and Proxy Statement as those alleged in the lawsuits. As of March 16, 2023, all plaintiffs had voluntarily dismissed their complaints without any consideration given by the Company.

Additional lawsuits and demands may be filed or made, respectively, against the Company, the Board of Directors, or the Company's officers in connection with the Merger, which could result in substantial costs to the Company, including any costs associated with indemnification.

We are not currently party to any pending legal proceedings that we believe could have a material adverse effect on our business or financial condition. However, we may be subject to various claims and legal actions arising in the ordinary course of business from time to time.

Item 1A. Risk Factors

There were no material changes from the risk factors previously disclosed in Exhibit 99.3 to our Current Report on Form 8-K filed with the SEC on April 4, 2023.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Issuer Purchases of Equity Securities

We did not purchase any shares of our common stock during the three months ended March 31, 2023.

Unregistered Sales of Equity Securities

In February 2023, Old SAFE issued 152,801 shares of its common stock to its Former Manager as payment for the management fee for the three months ended December 31, 2022, and in March 2023, Old SAFE issued 177,971 shares of its common stock to its Former Manager as payment for the management fees for the three months ended March 31, 2023. These shares were not registered under the Securities Act in reliance upon exemption from registration provided by Section 4(a)(2) of the Securities Act. Such shares are subject to certain resale restrictions.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

INDEX TO EXHIBITS

Exhibit Number	Document Description
2.1	Agreement and Plan of Merger, dated as of August 10, 2022, by and between iStar Inc. and Safehold Inc., (incorporated by reference to Exhibit 2.1 of our Current Report on Form 8-K, filed August 11, 2022).
3.1	Amended and Restated Charter of Safehold Inc., (incorporated by reference to Exhibit 3.3 to our Current Report on Form 8-K, filed April 4, 2023).
3.2	Amended and Restated Bylaws of Safehold Inc., (incorporated by reference to Exhibit 3.4 to our Current Report on Form 8-K, filed April 4, 2023).
4.1	Indenture, dated May 7, 2021, among Safehold Operating Partnership LP, as issuer, Safehold Inc., as guarantor, and U.S. Bank Trust Company, National Association (as successor to U.S. Bank National Association), as trustee (incorporated by reference to Exhibit 4.2 to our Current Report on Form 8-K, filed April 4, 2023).
4.2	First Supplemental Indenture, dated as of May 7, 2021, among Safehold Operating Partnership LP, as issuer, Safehold Inc., as guarantor, and U.S. Bank Trust Company, National Association (as successor to U.S. Bank National Association), as trustee, including the form of the 2031 Notes and the Guarantee (incorporated by reference to Exhibit 4.3 to our Current Report on Form 8-K, filed April 4, 2023).
4.3	Second Supplemental Indenture, dated as of November 18, 2021, among Safehold Operating Partnership LP, as issuer, Safehold Inc., as guarantor, and U.S. Bank Trust Company, National Association (as successor to U.S. Bank National Association), as trustee, including the form of the 2032 Notes and the Guarantee (incorporated by reference to Exhibit 4.4 to our Current Report on Form 8-K, filed April 4, 2023).
4.4	Third Supplemental Indenture, dated March 31, 2023, among Safehold GL Holdings LLC, as issuer, Safehold Inc. (then known as iStar Inc.), as guarantor, and U.S. Bank National Association, as trustee (incorporated by reference to Exhibit 4.5 to our Current Report on Form 8-K, filed April 4, 2023).
10.1	Master Note Purchase Agreement, dated as of January 27, 2022, by and among Safehold Inc., Safehold Operating Partnership LP and the purchasers named therein (incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K, filed April 4, 2023).
10.2	Assumption Agreement, dated as of March 31, 2023, to Master Note Purchase Agreement, dated January 27, 2022, by and among Safehold Inc., Safehold GL Holdings LLC and the purchasers named therein (incorporated by reference to Exhibit 10.2 to our Current Report on Form 8-K, filed April 4, 2023).
10.3	Credit Agreement, dated as of March 31, 2021, among Safehold Inc., as guarantor, Safehold Operating Partnership LP, as borrower, JPMorgan Chase Bank, N.A., as administrative agent, the lenders, agents and arrangers party thereto and JPMorgan Chase Bank, N.A., Bank of America, N.A., and Goldman Sachs Bank USA, as letter of credit issuers (incorporated by reference to Exhibit 10.3 to our Current Report on Form 8-K, filed April 4, 2023).
10.4	First Amendment to Credit Agreement, dated as of December 15, 2021, among Safehold Inc., as guarantor, Safehold Operating Partnership LP, as borrower, JPMorgan Chase Bank, N.A., as administrative agent and the Existing Lenders (incorporated by reference to Exhibit 10.4 to our Current Report on Form 8-K, filed April 4, 2023).
10.5	Second Amendment to the Credit Agreement, dated as of January 9, 2023, among Safehold Inc., as guarantor, Safehold Operating Partnership LP, as borrower, JPMorgan Chase Bank, N.A., as administrative agent, and certain other financial institutions party thereto as lenders, arrangers and bookrunners (incorporated by reference to Exhibit 10.5 to our Current Report on Form 8-K, filed April 4, 2023).

10.6	Credit Agreement, dated as of January 9, 2023, among Safehold Inc., as guarantor, Safehold Operating Partnership LP, as borrower, JPMorgan Chase Bank, N.A., as administrative agent, and certain other financial institutions party thereto as lenders, agents, arrangers and bookrunners (incorporated by reference to Exhibit 10.6 to our Current Report on Form 8-K, filed April 4, 2023).
10.7	Loan Agreement, dated as of March 30, 2017, among Barclays Bank PLC, JPMorgan Chase Bank, National Association and Bank of America, N.A., Safehold Inc. and the Safehold Inc. subsidiaries named therein as borrower (incorporated by reference to Exhibit 10.7 to our Current Report on Form 8-K, filed April 4, 2023).
10.8	Stockholder's Agreement, dated as of March 31, 2023, by and among Safehold Inc., iStar Inc. and MSD Partners, L.P. (incorporated by reference to Exhibit 10.8 to our Current Report on Form 8-K, filed April 4, 2023).
10.9	Registration Rights Agreement, dated March 31, 2023, by and between Safehold Inc. and MSD Partners, L.P. (incorporated by reference to Exhibit 10.9 to our Current Report on Form 8-K, filed April 4, 2023).
10.10	Separation and Distribution Agreement, dated as of March 31, 2023, by and between iStar Inc. and Star Holdings (incorporated by reference to Exhibit 10.10 to our Current Report on Form 8-K, filed April 4, 2023).
10.11	Registration Rights Agreement, dated as of March 31, 2023, by and between Safehold Inc. and Star Holdings (incorporated by reference to Exhibit 10.11 to our Current Report on Form 8-K, filed April 4, 2023).
10.12	Management Agreement, dated as of March 31, 2023, by and between Safehold Inc. and Star Holdings (incorporated by reference to Exhibit 10.12 to our Current Report on Form 8-K, filed April 4, 2023).
10.13	Governance Agreement, dated as of March 31, 2023, by and between Safehold Inc. and Star Holdings (incorporated by reference to Exhibit 10.13 to our Current Report on Form 8-K, filed April 4, 2023).
10.14	Amended and Restated Credit Agreement, dated as of March 31, 2023, by and between Star Holdings, as borrower, and Safehold Inc., as lender.
10.15	Stockholder's Agreement, between Safety, Income and Growth, Inc., and SFTY Venture LLC (incorporated by reference to Exhibit 10.15 to our Current Report on Form 8-K, filed April 4, 2023).
10.16	Registration Rights Agreement, among Safety, Income and Growth, Inc., SFTY Venture LLC and SFTY VII-B, LLC (incorporated by reference to Exhibit 10.16 to our Current Report on Form 8-K, filed April 4, 2023).
+10.17	Form of Indemnification Agreement (incorporated by reference to Exhibit 10.17 to our Current Report on Form 8-K, filed April 4, 2023).
+10.18	Form of Restricted Stock Unit Award (incorporated by reference to Exhibit 10.19 to our Current Report on Form 8-K, filed April 4, 2023).
+10.19	Omnibus Assignment, Assumption and Amendment Agreement, dated as of March 31, 2023, by and among Safehold Inc., CARET Ventures LLC, Caret Management LLC, and Safehold GL Holdings LLC (incorporated by reference to Exhibit 10.20 to our Current Report on Form 8-K, filed April 4, 2023).
+10.20	Amended Caret Performance Incentive Plan (incorporated by reference to Exhibit 10.21 to our Current Report on Form 8-K, filed April 4, 2023).
+10.21	Form of Caret Performance Incentive Award (incorporated by reference to Exhibit 10.22 to our Current Report on Form 8-K, filed April 4, 2023).
10.22	Subscription Agreement, dated as of August 10, 2022, by and among CARET Ventures LLC, Safehold Inc., the investor signatories thereto, and, solely with respect to Sections 1.1(b) and 6.1-6.18, MSD Capital, L.P. (incorporated by reference to Annex D of our Registration Statement on Form S-4/A (File No. 333-268822), filed January 26, 2023).
10.23	Amended and Restated Limited Liability Company Agreement of Safehold GL Holdings LLC (incorporated by reference to Exhibit 10.24 to our Current Report on Form 8-K, filed April 4, 2023).
22.1	Subsidiary Guarantors and Issuers of Guaranteed Securities.
31.0	Certifications pursuant to Section 302 of the Sarbanes-Oxley Act.
32.0	Certifications pursuant to Section 906 of the Sarbanes-Oxley Act.

101*	The following financial information from the Company's Quarterly Report on Form 10-Q for the period ended March 31, 2023 is formatted in iXBRL ("eXtensible Business Reporting Language"): (i) the Consolidated Balance Sheets (unaudited) as of March 31, 2023 and December 31, 2022; (ii) the Consolidated Statements of Operations (unaudited) for the three months ended March 31, 2023 and 2022; (iii) the Consolidated Statements of Comprehensive Income (Loss) (unaudited) for the three months ended March 31, 2023 and 2022; (iv) the Consolidated Statements of Changes in Equity (unaudited) for the three months ended March 31, 2023 and 2022; (v) the Consolidated Statements of Cash Flows (unaudited) for the three months ended March 31, 2023 and 2022; and (vi) the Notes to the Consolidated Financial Statements (unaudited).
104	Cover Page Interactive Data File (formatted in iXBRL and contained in Exhibit 101)

* In accordance with Rule 406T of Regulation S-T, the iXBRL related information in Exhibit 101 is deemed not filed or part of a registration statement or prospectus for purposes of sections 11 or 12 of the Securities Act of 1933, is deemed not filed for purposes of section 18 of the Exchange Act of 1934 and otherwise is not subject to liability under these sections.

+ Management contract or compensatory plan or arrangement.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: April 28, 2023

Safehold Inc.
Registrant

/s/ JAY SUGARMAN
Jay Sugarman
Chairman of the Board of Directors and Chief Executive Officer (principal executive officer)

Date: April 28, 2023

Safehold Inc.
Registrant

/s/ BRETT ASNAS
Brett Asnas
Chief Financial Officer (principal financial officer)

Date: April 28, 2023

Safehold Inc.
Registrant

/s/ GARETT ROSENBLUM
Garett Rosenblum
Chief Accounting Officer

Execution Version

AMENDED AND RESTATED CREDIT AGREEMENT

dated as of

March 31, 2023

between

STAR HOLDINGS,
as Borrower

and

SAFEHOLD INC.,
as Lender

TABLE OF CONTENTS

	Page
ARTICLE I. DEFINITIONS	1
SECTION 1.01 Defined Terms	1
SECTION 1.02 Terms Generally	13
SECTION 1.03 Accounting Terms; Changes in GAAP	13
SECTION 1.04 Divisions	14
ARTICLE II. NOTE, COMMITMENTS AND BORROWINGS	14
SECTION 2.01 Note; Commitments	14
SECTION 2.02 [Reserved]	14
SECTION 2.03 [Reserved]	14
SECTION 2.04 [Reserved]	14
SECTION 2.05 [Reserved]	14
SECTION 2.06 Prepayments	14
SECTION 2.07 Termination of Commitments	15
SECTION 2.08 Repayment	15
SECTION 2.09 Interest	15
SECTION 2.10 Commitment Fee	16
SECTION 2.11 Evidence of Debt	16
SECTION 2.12 Payments Generally	16
SECTION 2.13 Taxes	16
SECTION 2.14 Incremental Commitments	18
ARTICLE III. REPRESENTATIONS AND WARRANTIES	19
SECTION 3.01 Existence, Qualification and Power	19
SECTION 3.02 Authorization; No Contravention	20
SECTION 3.03 Governmental Authorization; Other Consents	20
SECTION 3.04 Execution and Delivery; Binding Effect	20
SECTION 3.05 Financial Statements	20
SECTION 3.06 Litigation	20
SECTION 3.07 No Material Adverse Effect; No Default	20
SECTION 3.08 Property	20
SECTION 3.09 Taxes	21
SECTION 3.10 Disclosure	21
SECTION 3.11 Compliance with Laws	21
SECTION 3.12 ERISA Compliance	21
SECTION 3.13 Environmental Matters	22
SECTION 3.14 Margin Regulations	22
SECTION 3.15 Investment Company Act	22
SECTION 3.16 Sanctions; Anti-Corruption	22
SECTION 3.17 Solvency	22
SECTION 3.18 Security Interest	22
SECTION 3.19 Margin Loan Facility	23
SECTION 3.20 Subsidiaries; Equity Interests	23
SECTION 3.21 Use of Proceeds	23

SECTION 3.22	Labor Matters	23
SECTION 3.23	No Burdensome Restrictions	23
SECTION 3.24	Insurance	23
ARTICLE IV. CONDITIONS		24
SECTION 4.01	Closing Date	24
SECTION 4.02	Conditions to All Borrowings	25
ARTICLE V. AFFIRMATIVE COVENANTS		25
SECTION 5.01	Financial Statements	25
SECTION 5.02	Certificates; Other Information	26
SECTION 5.03	Notices	27
SECTION 5.04	Preservation of Existence, Etc.	27
SECTION 5.05	Maintenance of Properties	28
SECTION 5.06	Maintenance of Insurance	28
SECTION 5.07	Payment of Obligations	28
SECTION 5.08	Compliance with Laws	28
SECTION 5.09	Environmental Matters	28
SECTION 5.10	Books and Records	28
SECTION 5.11	Inspection Rights	28
SECTION 5.12	Use of Proceeds	29
SECTION 5.13	Sanctions; Anti-Corruption Laws	29
SECTION 5.14	Continued Ownership of Safehold, Inc	29
SECTION 5.15	Further Assurances	29
ARTICLE VI. NEGATIVE COVENANTS		29
SECTION 6.01	Indebtedness	29
SECTION 6.02	Liens	30
SECTION 6.03	Fundamental Changes	31
SECTION 6.04	Dispositions	32
SECTION 6.05	Restricted Payments	32
SECTION 6.06	Investments	32
SECTION 6.07	Transactions with Affiliates	33
SECTION 6.08	Certain Restrictive Agreements	33
SECTION 6.09	Changes in Nature of Business	33
SECTION 6.10	Restriction on Use of Proceeds	33
SECTION 6.11	Prepayments; Modifications of Margin Loan Facility and Organizational Documents	33
SECTION 6.12	Negative Pledges	34
ARTICLE VII. EVENTS OF DEFAULT		34
SECTION 7.01	Events of Default	34
SECTION 7.02	Application of Payments	36
ARTICLE VIII. [RESERVED]		37
ARTICLE IX. MISCELLANEOUS		37

SECTION 9.01	Notices	37
SECTION 9.02	Waivers; Amendments	38
SECTION 9.03	Expenses; Indemnity; Damage Waiver	38
SECTION 9.04	Successors and Assigns	39
SECTION 9.05	Survival	40
SECTION 9.06	Counterparts; Integration; Effectiveness; Electronic Execution	40
SECTION 9.07	Severability	40
SECTION 9.08	Non-Recourse	40
SECTION 9.09	Governing Law; Jurisdiction; Etc.	41
SECTION 9.10	WAIVER OF JURY TRIAL	41
SECTION 9.11	Headings	42
SECTION 9.12	Treatment of Certain Information; Confidentiality	42
SECTION 9.13	PATRIOT Act	42
SECTION 9.14	Interest Rate Limitation	42
SECTION 9.15	Payments Set Aside	43
SECTION 9.16	Amendment and Restatement	43

SCHEDULES

- SCHEDULE 3.20 - Subsidiaries
- SCHEDULE 6.01 - Indebtedness
- SCHEDULE 6.02 - Liens
- SCHEDULE 6.06 - Investments

AMENDED AND RESTATED CREDIT AGREEMENT dated as of March 31, 2023 (this "Agreement"), between STAR HOLDINGS, a Maryland statutory trust, as borrower (together with its successors and permitted assigns, the "Borrower") and Safehold Inc., a Maryland corporation, as lender (together with its successors and permitted assigns, the "Lender").

SFI Penn Properties Statutory Trust (as successor to iSTAR REO Holdings TRS, LLC), a Delaware statutory trust ("SFI Penn") and iSTAR INC. ("iSTAR") are parties to that certain Credit Agreement, dated as of December 31, 2022 (the "Original Effective Date") (such Credit Agreement, as amended, restated, supplemented or otherwise modified prior to the date hereof, the "Existing Credit Agreement"), pursuant to which SFI Penn distributed that certain promissory note with an aggregate principal amount of \$125,000,000 (the "Existing Note") to iSTAR.

iSTAR and Safehold Inc., a Maryland corporation ("SAFE"), are parties to a Merger Agreement dated as of August 10, 2022, pursuant to which, on March 31, 2023, iSTAR and SAFE combined through a stock-for-stock merger (the "Merger"), with SAFE merging with and into iSTAR, and with the Lender (operating under the name "Safehold Inc.") continuing as the surviving corporation. Pursuant to the Merger, the Lender acquired iSTAR's rights and obligations under the Existing Credit Agreement and the Existing Note.

Prior to the Merger, iSTAR consummated a series of reorganization and separation transactions pursuant to which, among other things, iSTAR contributed its remaining legacy non-ground lease assets and businesses and certain cash amounts to the Borrower and its Subsidiaries, and the Borrower and its Subsidiaries were then separated from iSTAR through a distribution by iSTAR of all of the Equity Interests in the Borrower to iSTAR's common stockholders (the "Spin-Off Transactions"). As part of the Spin-Off Transactions, SFI Penn merged with and into the Borrower, with the Borrower continuing as the surviving entity, and the Borrower assumed the rights and obligations of SFI Penn under the Existing Credit Agreement and the Existing Note. On March 31, 2023, the Existing Note was prepaid to reduce the aggregate principal amount outstanding in respect of the Existing Note to \$115,000,000.

As partial consideration for the contribution by iSTAR to the Borrower of the assets in the Spin-Off Transactions, the Borrower and the Lender have agreed to amend and restate the Existing Credit Agreement on the terms and conditions as set forth in this Agreement, and it has been agreed by such parties that amounts outstanding under the Existing Note prior to effectiveness of this Agreement and other "Obligations" under and as defined in the Existing Credit Agreement shall be governed by and deemed to be outstanding under this Agreement with the intent that the terms of the Existing Credit Agreement shall hereafter have no further effect upon the parties thereto, and all references to the "Credit Agreement" in the Existing Note and any Loan Document (as defined in the Existing Credit Agreement) or other document or instrument delivered in connection therewith shall be deemed to refer to this Agreement and the provisions hereof.

In consideration of the mutual covenants and agreements herein contained, the parties hereto covenant and agree to amend and restate the Existing Credit Agreement as follows:

ARTICLE I.

DEFINITIONS

SECTION 1.01 Defined Terms. As used in this Agreement, the following terms have the meanings specified below:

“Affiliate” means, with respect to a specified Person, another Person that directly or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified. For purposes of this Agreement and each other Loan Document, the Borrower and its Subsidiaries and the Lender and its Subsidiaries shall not be deemed to be Affiliates of each other.

“Agreement” has the meaning specified in introductory paragraph hereof.

“Applicable Law” means, as to any Person, all applicable Laws binding upon such Person or to which such a Person is subject.

“Applicable Rate” means (a) at any time during a PIK Period, (i) 10.00% per annum, or (ii) to the extent any Loan remains outstanding under an Incremental Facility at such time, 12.00% per annum, as applicable, and (b) at any time other than during a PIK Period, (i) 8.00% per annum or (ii) to the extent any Loan remains outstanding under an Incremental Facility at such time, 10.00% per annum, as applicable.

“Attributable Indebtedness” means, as of any date of determination, (a) in respect of any Capitalized Lease of any Person, the capitalized amount thereof that would appear on a balance sheet of such Person prepared as of such date in accordance with GAAP, and (b) in respect of any Synthetic Lease Obligation, the capitalized amount of the remaining lease payments under the relevant lease that would appear on a balance sheet of such Person prepared as of such date in accordance with GAAP if such lease were accounted for as a capital lease.

“Burdensome Restrictions” means any consensual encumbrance or restriction of the type described in clause (a) or (b) of Section 6.08.

“Business Day” means any day that is not a Saturday, Sunday or other day that is a legal holiday under the laws of the State of New York or is a day on which banking institutions in such state are authorized or required by Law to close.

“Borrowing Request” means a request for a borrowing of Loans, which in each case shall be in such form as the Lender may reasonably approve.

“Capitalized Lease” means each lease that has been or is required to be, in accordance with GAAP, recorded as a capital or financing lease.

“Cash Equivalents” means:

(a) direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America (or by any agency thereof to the extent such obligations are backed by the full faith and credit of the United States of America), in each case maturing within one year from the date of acquisition thereof;

(b) investments in commercial paper maturing within 270 days from the date of acquisition thereof and having, at such date of acquisition, the highest credit rating obtainable from a Credit Rating Agency;

(c) investments in certificates of deposit, banker’s acceptances and time deposits maturing within 180 days from the date of acquisition thereof issued or guaranteed by or placed with, and money market deposit accounts issued or offered by, any domestic office of any commercial bank organized under the laws of the United States of America or any State thereof that has a combined capital and surplus and undivided profits of not less than \$500,000,000;

(d) fully collateralized repurchase agreements with a term of not more than 30 days for securities described in clause (a) above and entered into with a financial institution satisfying the criteria described in clause (c) above; and

(e) money market funds that (i) comply with the criteria set forth in SEC Rule 2a-7 under the Investment Company Act of 1940, (ii) are rated AAA and Aaa (or equivalent rating) by at least two Credit Rating Agencies and (iii) have portfolio assets of at least \$5,000,000,000.

“Change in Law” means the occurrence, after the date of this Agreement, of any of the following: (a) the adoption or taking effect of any law, rule, regulation or treaty, (b) any change in any law, rule, regulation or treaty or in the administration, interpretation, implementation or application thereof by any Governmental Authority or (c) the making or issuance of any request, rule, guideline or directive (whether or not having the force of law) by any Governmental Authority; provided that notwithstanding anything herein to the contrary, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith and (y) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a “Change in Law”, regardless of the date enacted, adopted or issued.

“Change of Control” means an event or series of events by which any “person” or “group” (as such terms are used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, but excluding any employee benefit plan of such person or its Subsidiaries, and any person or entity acting in its capacity as trustee, agent or other fiduciary or administrator of any such plan) becomes the “beneficial owner” (as defined in Rules 13d-3 and 13d-5 under the Securities Exchange Act of 1934, except that a person or group shall be deemed to have “beneficial ownership” of all securities that such person or group has the right to acquire, whether such right is exercisable immediately or only after the passage of time (such right, an “option right”)), directly or indirectly, of 40% or more of the Equity Interests of the Borrower entitled to vote for members of the board of directors or equivalent governing body of the Borrower on a fully-diluted basis (and taking into account all such securities that such person or group has the right to acquire pursuant to any option right).

“Closing Date” means the first date all the conditions precedent in Section 4.01 are satisfied or waived in accordance with Section 9.02.

“Code” means the Internal Revenue Code of 1986, as amended from time to time.

“Commitments” mean the Incremental Commitments.

“Commitment Fee” has the meaning specified in Section 2.10.

“Connection Income Taxes” means Other Connection Taxes that are imposed on or measured by net income (however denominated) or that are franchise Taxes or branch profits Taxes.

“Contractual Obligation” means, as to any Person, any provision of any security issued by such Person or of any agreement, instrument or other undertaking to which such Person is a party or by which it or any of its property is bound.

“Control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. “Controlling” and “Controlled” have meanings analogous thereto.

“Credit Rating Agency” means a nationally recognized credit rating agency that evaluates the financial condition of issuers of debt instruments and then assigns a rating that reflects its assessment of the issuer’s ability to make debt payments.

“Debtor Relief Laws” means the Bankruptcy Code of the United States of America, and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief Laws of the United States or other applicable jurisdictions from time to time in effect.

“Default” means any event or condition that constitutes an Event of Default or that, with the giving of any notice, the passage of time, or both, would be an Event of Default.

“Default Rate” means an interest rate (before as well as after judgment) equal to the Applicable Rate plus 3.50% per annum.

“Disposition” or “Dispose” means the sale, transfer, license, lease or other disposition of any property by any Person (including any sale and leaseback transaction and any issuance of Equity Interests by a Subsidiary of such Person), including any sale, assignment, transfer or other disposal, with or without recourse, of any notes or accounts receivable or any rights and claims associated therewith.

“Disqualified Equity Interest” means any Equity Interest that, by its terms (or the terms of any security or other Equity Interests into which it is convertible or for which it is exchangeable), or upon the happening of any event or condition (a) matures or is mandatorily redeemable (other than solely for Equity Interests that are not Disqualified Equity Interests), pursuant to a sinking fund obligation or otherwise (except as a result of a change of control or asset sale so long as any rights of the holders thereof upon the occurrence of a change of control or asset sale event shall be subject to the prior repayment in full of the Loans and all other Obligations that are accrued and payable and the termination of the Commitments), (b) is redeemable at the option of the holder thereof, in whole or in part, (c) provides for scheduled payments of dividends in cash, or (d) is or becomes convertible into or exchangeable for Indebtedness or any other Equity Interests that would constitute Disqualified Equity Interests, in each case, prior to the date that is ninety-one days after the Maturity Date; provided that if such Equity Interests are issued pursuant to a plan for the benefit of employees of the Borrower or any Subsidiary or by any such plan to such employees, such Equity Interests shall not constitute Disqualified Equity Interests solely because they may be required to be repurchased by the Borrower or its Subsidiaries in order to satisfy applicable statutory or regulatory obligations or as a result of such employee’s termination, death or disability.

“Dollar” and “\$” mean the lawful money of the United States.

“Environmental Laws” means any and all federal, state, local, and foreign statutes, Laws, regulations, ordinances, rules, judgments, orders, decrees, permits, concessions, grants, franchises, licenses, agreements or governmental restrictions, including all common law, relating to pollution or the protection of health, safety or the environment or the release of any materials into the environment, including those related to Hazardous Materials, air emissions, discharges to waste or public systems and health and safety matters.

“Environmental Liability” means any liability or obligation, contingent or otherwise (including any liability for damages, costs of environmental remediation, fines, penalties or indemnities), directly or indirectly, resulting from or based upon (a) violation of any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment, disposal or permitting or arranging for the disposal of any Hazardous Materials, (c) exposure to any Hazardous Materials, (d) the release or threatened

release of any Hazardous Materials or (e) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

“Equity Interests” means, as to any Person, all of the shares of capital stock of (or other ownership or profit interests in) such Person, all of the warrants, options or other rights for the purchase or acquisition from such Person of shares of capital stock of (or other ownership or profit interests in) such Person, all of the securities convertible into or exchangeable for shares of capital stock of (or other ownership or profit interests in) such Person or warrants, rights or options for the purchase or acquisition from such Person of such shares (or such other interests), and all of the other ownership or profit interests in such Person (including partnership, member or trust interests therein), whether voting or nonvoting, and whether or not such shares, warrants, options, rights or other interests are outstanding on any date of determination.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended, and the rules and regulations promulgated thereunder.

“ERISA Affiliate” means any trade or business (whether or not incorporated) under common control with the Borrower within the meaning of Section 414(b) or (c) of the Code (and Sections 414(m) and (o) of the Code for purposes of provisions relating to Section 412 of the Code or Section 302 of ERISA).

“Event of Default” has the meaning specified in Article VII.

“Excess Cash Flow” has the meaning specified in Section 2.06(b)(ii).

“Excluded Taxes” means any of the following Taxes imposed on or with respect to a Recipient or required to be withheld or deducted from a payment to a Recipient, (a) Taxes imposed on or measured by net income (however denominated), franchise Taxes, and branch profits Taxes, in each case, (i) imposed as a result of such Recipient being organized under the laws of, or having its principal office or, in the case of the Lender, its applicable lending office located in, the jurisdiction imposing such Tax (or any political subdivision thereof) or (ii) that are Other Connection Taxes, (b) in the case of the Lender, U.S. federal withholding Taxes imposed on amounts payable to or for the account of the Lender with respect to an applicable interest in a Loan or Commitment pursuant to a law in effect on the date on which (i) the Lender acquires such interest in the Loan or Commitment or (ii) the Lender changes its lending office, except in each case to the extent that, pursuant to Section 2.13, amounts with respect to such Taxes were payable either to the Lender’s assignor immediately before the Lender became a party hereto or to the Lender immediately before it changed its lending office, (c) Taxes attributable to such Recipient’s failure to comply with Section 2.13(g) and (d) any withholding Taxes imposed under FATCA.

“Facility” means an Incremental Facility.

“FATCA” means Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof, any agreements entered into pursuant to Section 1471(b)(1) of the Code and any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement, treaty or convention among Governmental Authorities and implementing such Sections of the Code.

“FCPA” has the meaning specified in Section 3.16(b).

“Federal Funds Rate” means, for any day, the greater of (a) the rate calculated by the Federal Reserve Bank of New York based on such day’s Federal funds transactions by depositary

institutions (as determined in such manner as the Federal Reserve Bank of New York shall set forth on its public website from time to time) and published on the next succeeding Business Day by the Federal Reserve Bank of New York as the Federal funds effective rate and (b) 0%.

“Federal Reserve Board” means the Board of Governors of the Federal Reserve System of the United States.

“GAAP” means, subject to Section 1.03, United States generally accepted accounting principles as in effect as of the date of determination thereof.

“Governmental Authority,” means the government of the United States of America or any other nation, or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supra-national bodies such as the European Union or the European Central Bank).

“Guarantee” means, as to any Person, (a) any obligation, contingent or otherwise, of such Person guaranteeing or having the economic effect of guaranteeing any Indebtedness or other obligation payable or performable by another Person (the “primary obligor”) in any manner, whether directly or indirectly, and including any obligation of such Person, direct or indirect, (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation, (ii) to purchase or lease property, securities or services for the purpose of assuring the obligee in respect of such Indebtedness or other obligation of the payment or performance of such Indebtedness or other obligation, (iii) to maintain working capital, equity capital or any other financial statement condition or liquidity or level of income or cash flow of the primary obligor so as to enable the primary obligor to pay such Indebtedness or other obligation or (iv) entered into for the purpose of assuring in any other manner the obligee in respect of such Indebtedness or other obligation of the payment or performance thereof or to protect such obligee against loss in respect thereof (in whole or in part) or (b) any Lien on any assets of such Person securing any Indebtedness or other obligation of any other Person, whether or not such Indebtedness or other obligation is assumed by such Person (or any right, contingent or otherwise, of any holder of such Indebtedness to obtain any such Lien); provided, that the term “Guarantee” shall not include endorsements for collection or deposit in the ordinary course of business. The amount of any Guarantee shall be deemed to be an amount equal to the stated or determinable amount of the related primary obligation, or portion thereof, in respect of which such Guarantee is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof as determined by the guaranteeing Person in good faith. The term “Guarantee” as a verb has a corresponding meaning.

“Hazardous Materials” means all explosive or radioactive substances or wastes and all hazardous or toxic substances, wastes or other pollutants, including petroleum or petroleum distillates, asbestos or asbestos-containing materials, polychlorinated biphenyls, radon gas, infectious or medical wastes, and other substances or wastes of any nature regulated under or with respect to which liability or standards of conduct are imposed pursuant to any Environmental Law.

“Incremental Commitment” has the meaning specified in Section 2.15(a).

“Incremental Commitment Effective Date” has the meaning specified in Section 2.15(c).

“Incremental Facility,” means any facility consisting of Incremental Commitments and all borrowings thereunder.

“Indebtedness” means, as to any Person at a particular time, without duplication, all of the following, whether or not included as indebtedness or liabilities in accordance with GAAP:

- instruments;
- (a) all obligations of such Person for borrowed money and all obligations of such Person evidenced by bonds, debentures, notes, loan agreements or other similar instruments;
 - (b) all direct or contingent obligations of such Person arising under or in respect of (i) letters of credit (including standby and commercial), bankers' acceptances, demand guarantees and similar independent undertakings and (ii) surety bonds, performance bonds and similar instruments issued or created by or for the account of such Person;
 - (c) net obligations of such Person under any Swap Contract;
 - (d) all obligations of such Person to pay the deferred purchase price of property or services (other than trade accounts payable in the ordinary course of business);
 - (e) indebtedness (excluding prepaid interest thereon) secured by a Lien on property owned or being purchased by such Person (including indebtedness arising under conditional sales or other title retention agreements), whether or not such indebtedness shall have been assumed by such Person or is limited in recourse;
 - (f) all Attributable Indebtedness;
 - (g) all obligations of such Person in respect of Disqualified Equity Interests; and
 - (h) all Guarantees of such Person in respect of any of the foregoing.

For all purposes hereof, the Indebtedness of any Person shall include the Indebtedness of any partnership or joint venture (other than a joint venture that is itself a corporation or limited liability company) in which such Person is a general partner or a joint venturer, unless such Indebtedness is expressly made non-recourse to such Person. The amount of any net obligation under any Swap Contract on any date shall be deemed to be the Swap Termination Value thereof as of such date. The amount of any Indebtedness of any Person for purposes of clause (e) that is expressly made non-recourse or limited-recourse (limited solely to the assets securing such Indebtedness) to such Person shall be deemed to be equal to the lesser of (i) the aggregate principal amount of such Indebtedness and (ii) the fair market value of the property encumbered thereby as determined by such Person in good faith.

"Indemnified Taxes" means (a) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of the Borrower under any Loan Document and (b) to the extent not otherwise described in clause (a), Other Taxes.

"Indemnitee" has the meaning specified in Section 9.03(b).

"Information" has the meaning specified in Section 9.12.

"Interest Payment Date" means the last day of each Interest Period and the Maturity Date.

"Interest Period" means each calendar quarter; provided, that (i) if any Interest Period would end on a day other than a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless such next succeeding Business Day would fall in the next calendar month, in which case such Interest Period shall end on the next preceding Business Day, (ii) any Interest Period that commences on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the last calendar month of such Interest Period) shall end on the last Business Day of the last calendar month of such Interest Period and (iii) no Interest Period shall extend beyond the Maturity Date.

“**Investment**” means, as to any Person, any direct or indirect acquisition or investment by such Person, whether by means of (a) the purchase or other acquisition of Equity Interests or debt or other securities of another Person, (b) a loan, advance or capital contribution to, Guarantee or assumption of debt of, or purchase or other acquisition of any other debt or equity participation or interest in, another Person, including any partnership or joint venture interest in such other Person and any arrangement pursuant to which the investor incurs Indebtedness of the type referred to in clause (h) of the definition of “Indebtedness” in respect of such other Person, or (c) the purchase or other acquisition (in one transaction or a series of transactions) of all or substantially all of the property and assets or business of another Person or assets constituting a business unit, line of business or division of such Person. For purposes of covenant compliance, the amount of any Investment shall be the amount actually invested, without adjustment for subsequent increases or decreases in the value of such Investment but giving effect to any returns or distributions of capital or repayment of principal actually received in case by such Person with respect thereto.

“**IRS**” means the United States Internal Revenue Service.

“**Joinder Agreement**” means a joinder or similar agreement entered into by the Lender under Section 2.14 pursuant to which the Lender shall provide an Incremental Commitment hereunder.

“**Laws**” means, collectively, all international, foreign, federal, state and local statutes, treaties, rules, guidelines, regulations, ordinances, codes and administrative or judicial precedents or authorities, including the interpretation or administration thereof by any Governmental Authority charged with the enforcement, interpretation or administration thereof, and all applicable administrative orders, directed duties, requests, licenses, authorizations and permits of, and agreements with, any Governmental Authority, in each case whether or not having the force of law.

“**Lien**” means any mortgage, pledge, hypothecation, collateral assignment, deposit arrangement, encumbrance, lien (statutory or other), charge, or preference, priority or other security interest or preferential arrangement of any kind or nature whatsoever (including any conditional sale or other title retention agreement, any easement, right of way or other encumbrance on title to real property, and any financing lease having substantially the same economic effect as any of the foregoing).

“**Loan**” means, collectively, (a) Indebtedness under the Existing Note and (b) any loan under an Incremental Facility made pursuant to Section 2.15.

“**Loan Documents**” means, collectively, this Agreement, the Pledge Agreement and any other documents entered into in connection herewith.

“**Management Agreement**” means the Management Agreement, dated as of March 31, 2023, between the Borrower and SAFE.

“**Margin Loan Borrower**” means Star Investment Holdings SPV LLC, a Delaware limited liability company.

“**Margin Loan Facility**” means that certain margin loan facility agreement dated as of March 31, 2023 between the Margin Loan Borrower and Morgan Stanley Bank, N.A.

“**Margin Stock**” means margin stock within the meaning of Regulations T, U and X.

“**Material Adverse Effect**” means (a) a material adverse change in, or a material adverse effect on, the operations, business, properties, liabilities (actual or contingent) or financial condition of the Borrower and its Subsidiaries taken as a whole except to the extent resulting from (i) market-wide or

macro-economic events generally applicable globally or to the United States and/or the region where the Borrower, its Subsidiaries or the properties of either of them is located or (ii) general disruptions of capital markets; or (b) a material adverse effect on (i) the ability of the Borrower to perform its Obligations, (ii) the legality, validity, binding effect or enforceability against the Borrower of any Loan Document to which it is a party or (iii) the rights, remedies and benefits available to, or conferred upon, the Lender under any Loan Document, except to the extent resulting from (x) market-wide or macro-economic events generally applicable globally or to the United States and/or the region where the Borrower, its Subsidiaries or the properties of either of them is located, (y) general disruptions of capital markets or (z) the action or inaction of the Lender.

“Maturity Date” means March 31, 2027 (except that, if such date is not a Business Day, the Maturity Date shall be the next preceding Business Day).

“Merger Agreement” has the meaning given to that term in the Margin Loan Facility.

“Maximum Rate” has the meaning specified in Section 9.14.

“Multiemployer Plan” means any employee benefit plan of the type described in Section 4001(a)(3) of ERISA, to which the Borrower or any ERISA Affiliate makes or is obligated to make contributions, during the preceding five plan years has made or been obligated to make contributions, or has any liability.

“Multiple Employer Plan” means a Plan with respect to which the Borrower or any ERISA Affiliate is a contributing sponsor, and that has two or more contributing sponsors at least two of whom are not under common control, as such a plan is described in Section 4064 of ERISA.

“Net Cash Proceeds” shall mean, in connection with any Recovery Event, the proceeds thereof in the form of cash and Cash Equivalents (including any such proceeds received by way of deferred payment of principal pursuant to a note or installment receivable or purchase price adjustment receivable or otherwise, but only as and when received) received by the Borrower or any of its Subsidiaries, net of (i) attorneys’ fees, accountants’ fees, investment banking fees, consulting fees, and other customary fees and expenses actually incurred by the Borrower or any of its Subsidiaries (as applicable) in connection therewith; (ii) taxes paid or reasonably estimated to be payable by the Borrower or any of its Subsidiaries (as applicable) as a result thereof (after taking into account any available tax credits or deductions and any tax sharing arrangements); (iii) the amount of any reasonable reserve established in accordance with GAAP against any liabilities (other than any taxes deducted pursuant to clause (ii) above) (A) associated with the assets that are the subject of such event and (B) retained by the Borrower or any of its Subsidiaries (as applicable), provided that the amount of any subsequent reduction of such reserve (other than in connection with a payment in respect of any such liability) shall be deemed to be Net Cash Proceeds of such event occurring on the date of such reduction and (iv) the pro rata portion of the Net Cash Proceeds thereof (calculated without regard to this clause (iv)) attributable to minority interests and not available for distribution to or for the account of the Borrower or any of its Subsidiaries (as applicable) as a result thereof.

“Obligations” means all advances to, and debts, liabilities, obligations, covenants and duties of, the Borrower arising under any Loan Document or otherwise with respect to any Loan, whether direct or indirect (including those acquired by assumption), absolute or contingent, due or to become due, now existing or hereafter arising and including interest and fees that accrue after the commencement by or against the Borrower or any Affiliate thereof of any proceeding under any Debtor Relief Laws naming such Person as the debtor in such proceeding, regardless of whether such interest and fees are allowed claims in such proceeding. Without limiting the foregoing, the Obligations include (a) the obligation to pay principal, interest, charges, expenses, fees, indemnities and other amounts payable by the Borrower under any Loan

Document and (b) the obligation of the Borrower to reimburse any amount in respect of any of the foregoing that the Lender, in its sole discretion, may elect to pay or advance on behalf of the Borrower.

“QFAC” has the meaning specified in Section 3.16(a).

“Operating Reserve” means the aggregate amount (calculated as of the last day of each calendar quarter) of the Borrower’s and its Subsidiaries’ (a) projected operating expenses (including, without limitation, payments to the Borrower’s local property consultants, but excluding management fees payable under the Management Agreement and public company costs), (b) projected land carry costs, (c) projected capital expenditure and committed loan fundings, (d) projected costs and expenses incurred in connection with the making of Investments contemplated by Section 6.06(g) (including, without limitation, costs and expenses incurred in connection with the incurrence of Indebtedness used to make such Investments) and (e) projected interest expense payments on the Loans and the Margin Loan Facility, in each case, for the following twelve (12) months, less the Borrower’s and its Subsidiaries’ projected operating revenues (excluding, for the avoidance of doubt, revenues from any sale of the Equity Interests of the Lender and Net Cash Proceeds from any Dispositions permitted hereunder) for the following twelve (12) months, in each case, as set forth in the Borrower’s consolidated budget, as approved by the Lender.

“Organizational Documents” means (a) as to any corporation, the charter or certificate or articles of incorporation and the bylaws (or equivalent or comparable constitutive documents with respect to any non-U.S. jurisdiction), (b) as to any limited liability company, the certificate or articles of formation or organization and operating or limited liability agreement and (c) as to any partnership, joint venture, trust or other form of business entity, the partnership, joint venture or other applicable agreement of formation or organization and any agreement, instrument, filing or notice with respect thereto filed in connection with its formation or organization with the applicable Governmental Authority in the jurisdiction of its formation or organization and, if applicable, any certificate or articles of formation or organization of such entity.

“Other Connection Taxes” means, with respect to any Recipient, Taxes imposed as a result of a present or former connection between such Recipient and the jurisdiction imposing such Tax (other than connections arising from such Recipient having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Loan Document, or sold or assigned an interest in any Loan or Loan Document).

“Other Taxes” means all present or future stamp, court or documentary, intangible, recording, filing or similar Taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, any Loan Document, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment.

“Outstanding Amount” means, with respect to any Loan on any date, the aggregate outstanding principal amount thereof after giving effect to any prepayments or repayments of such Loan occurring on such date.

“PATRIOT Act” means the USA PATRIOT Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)).

“Person” means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

“PIK Interest” has the meaning specified in Section 2.09(c).

“PIK Period” has the meaning specified in Section 2.09(c).

“Pledge Agreement” means the Amended and Restated Pledge Agreement, dated as of the date hereof, between the Borrower and the Lender.

“Pledged Collateral” has the meaning specified in the Pledge Agreement.

“Prepayment Notice” means a notice by the Borrower to prepay Loans, which shall be in such form as the Lender may approve.

“Property Level Agreement” means any asset level agreement that exists on the Closing Date and any future agreement with any Governmental Authority having jurisdiction over Borrower’s properties and assets.

“Recipient” means the Lender.

“Recovery Event” shall mean the receipt by the Borrower or any of its Subsidiaries of any cash payments or proceeds under any casualty insurance policy in respect of a covered loss thereunder or as a result of the taking of any assets of the Borrower or any of its Subsidiaries by any Person pursuant to the power of eminent domain, condemnation or otherwise, or pursuant to a sale of any such assets to a purchaser with such power under threat of such a taking, in each case in excess of 7.5% of the fair market value of the relevant asset.

“Regulation T” means Regulation T of the Federal Reserve Board, as in effect from time to time and all official rulings and interpretations thereunder or thereof.

“Regulation U” means Regulation U of the Federal Reserve Board, as in effect from time to time and all official rulings and interpretations thereunder or thereof.

“Regulation X” means Regulation X of the Federal Reserve Board, as in effect from time to time and all official rulings and interpretations thereunder or thereof.

“Related Parties” means, with respect to any Person, such Person’s Affiliates and the partners, directors, officers, employees, agents, trustees, administrators, managers, advisors and representatives of such Person and of such Person’s Affiliates.

“Responsible Officer” means the chief executive officer, president, executive vice president, senior vice president, vice president, chief financial officer, chief legal officer, treasurer or secretary of the Borrower. Any document delivered hereunder that is signed by a Responsible Officer of the Borrower shall be conclusively presumed to have been authorized by all necessary corporate, partnership or other action on the part of the Borrower and such Responsible Officer shall be conclusively presumed to have acted on behalf of the Borrower.

“Restricted Payment” means any dividend or other distribution (whether in cash, securities or other property) with respect to any Equity Interest of any Person, or any payment (whether in cash, securities or other property), including any sinking fund or similar deposit, on account of the purchase, redemption, retirement, acquisition, cancellation or termination of any such Equity Interest, or on account of any return of capital to such Person’s shareholders, partners or members (or the equivalent Persons thereof).

“Sanctions” has the meaning specified in Section 3.16(a).

“Solvent” means, as to any Person as of any date of determination, that on such date (a) the fair value of the property of such Person is greater than the total amount of liabilities, including contingent liabilities, of such Person, (b) the present fair saleable value of such Person is not less than the amount that will be required to pay the probable liability of such Person on its debts as they become absolute and matured, (c) such Person does not intend to, and does not believe that it will, incur debts or liabilities beyond such Person’s ability to pay such debts and liabilities as they mature and (d) such Person is not engaged in a business or a transaction, and is not about to engage in a business or a transaction, for which such Person’s property would constitute an unreasonably small capital. The amount of any contingent liability at any time shall be computed as the amount that, in light of all of the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability.

“Star Breach Event” means any action of, or failure to take any action by, Star Holdings’ Manager (as defined in the Management Agreement) or its Affiliates during the term of the Management Agreement that resulted in (a) any representation or warranty set forth in this Agreement to be untrue or incorrect, (b) a breach of any representation, warranty, covenant or agreement set forth in this Agreement or (c) any other failure to comply with the provisions of this Agreement, in each case, other than at the express direction of the Borrower’s board of trustees.

“Subsidiary” of a Person means a corporation, partnership, limited liability company, association or joint venture or other business entity of which a majority of the Equity Interests having ordinary voting power for the election of directors or other governing body (other than securities or interests having such power only by reason of the happening of a contingency) are at the time owned or the management of which is controlled, directly, or indirectly through one or more intermediaries, by such Person. Unless otherwise specified, all references herein to a “Subsidiary” or to “Subsidiaries” shall refer to a Subsidiary or Subsidiaries of the Borrower.

“Swap Contract” means (a) any and all rate swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options, forward foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions, currency options, spot contracts, or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement, and (b) any and all transactions of any kind, and the related confirmations, that are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement, or any other master agreement (any such master agreement, together with any related schedules, a “Master Agreement”), including any such obligations or liabilities under any Master Agreement.

“Swap Termination Value” means, as to any one or more Swap Contracts, after taking into account the effect of any legally enforceable netting agreement relating to such Swap Contracts, (a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) determined in accordance therewith, such termination value(s), and (b) for any date prior to the date referenced in clause (a), the amount(s) determined as the mark-to-market value(s) for such Swap Contracts, as determined based upon one or more mid-market or other readily available quotations provided by any recognized dealer in such Swap Contracts.

“Synthetic Lease Obligation” means the monetary obligation of a Person under (a) a so-called synthetic, off-balance sheet or tax retention lease or (b) an agreement for the use or possession of property creating obligations that do not appear on the balance sheet of such Person but, upon the insolvency

or bankruptcy of such Person, would be characterized as the indebtedness of such Person (without regard to accounting treatment).

“Taxes” means all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

“UCC” means the Uniform Commercial Code as in effect from time to time in any applicable state or jurisdiction.

“United States” and “U.S.” mean the United States of America.

“Unrestricted Cash” shall mean, as of any date of determination, the aggregate amount of all cash and Cash Equivalents on the consolidated balance sheet of the Borrower and its Subsidiaries that are not “restricted” for purposes of GAAP.

“Wholly-Owned” means, as to a Subsidiary of a Person, a Subsidiary of such Person all of the outstanding Equity Interests of which (other than (a) director’s qualifying shares and (b) shares issued to foreign nationals to the extent required by Applicable Law) are owned by such Person or by one or more Wholly-Owned Subsidiaries of such Person.

“Withholding Agent” means the Borrower and the Lender.

SECTION 1.02 Terms Generally. The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words “include,” “includes” and “including” shall be deemed to be followed by the phrase “without limitation.” The word “will” shall be construed to have the same meaning and effect as the word “shall.” The word “or” is not exclusive. The word “year” shall refer (i) in the case of a leap year, to a year of three hundred sixty-six (366) days, and (ii) otherwise, to a year of three hundred sixty-five (365) days. Unless the context requires otherwise (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein), (b) any reference herein to any Person shall be construed to include such Person’s successors and assigns, (c) the words “herein,” “hereof” and “hereunder,” and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (d) all references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement, (e) any reference to any law or regulation herein shall, unless otherwise specified, refer to such law or regulation as amended, modified or supplemented from time to time, and (f) the words “asset” and “property” shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

SECTION 1.03 Accounting Terms; Changes in GAAP.

(a) Accounting Terms. Except as otherwise expressly provided herein, all accounting terms not otherwise defined herein shall be construed in conformity with GAAP. Financial statements and other information required to be delivered by the Borrower to the Lender pursuant to Sections 5.01(a) and 5.01(b) shall be prepared in accordance with GAAP as in effect at the time of such preparation.

(b) Changes in GAAP. If the Borrower notifies the Lender that the Borrower requests an amendment to any provision hereof to eliminate the effect of any change occurring after the date hereof

in GAAP or in the application thereof on the operation of such provision (or if the Lender notifies the Borrower that the Lender requests an amendment to any provision hereof for such purpose), regardless of whether any such notice is given before or after such change in GAAP or in the application thereof, then such provision shall be interpreted on the basis of GAAP as in effect and applied immediately before such change shall have become effective until such notice shall have been withdrawn or such provision amended in accordance herewith.

SECTION 1.04 Divisions. For all purposes under the Loan Documents, in connection with any division or plan of division under Delaware law (or any comparable event under a different jurisdiction's laws): (a) if any asset, right, obligation or liability of any Person becomes the asset, right, obligation or liability of a different Person, then it shall be deemed to have been transferred from the original Person to the subsequent Person, and (b) if any new Person comes into existence, such new Person shall be deemed to have been organized on the first date of its existence by the holders of its Equity Interests at such time.

ARTICLE II.

NOTE, COMMITMENTS AND BORROWINGS

SECTION 2.01 Note; Commitments. As of the date hereof, the outstanding principal amount of the Existing Note is \$115,000,000. Subject to the terms and conditions set forth herein and in the applicable Joinder Agreement with respect to the applicable Incremental Facility, the Lender agrees to make Loans to the Borrower on such applicable Incremental Commitment Effective Date in an aggregate principal amount equal to the Lender's Incremental Commitment under such Incremental Facility. Amounts borrowed under this Section 2.01 and repaid or prepaid may not be re-borrowed.

SECTION 2.02 [Reserved].

SECTION 2.03 [Reserved].

SECTION 2.04 [Reserved].

SECTION 2.05 [Reserved].

SECTION 2.06 Prepayments.

(a) Optional Prepayments. The Borrower may, upon notice to the Lender, at any time and from time to time prepay the Loans in whole or in part without premium or penalty, subject to the requirements of this Section.

(b) Mandatory Prepayments.

(i) Recovery Events. Subject to any requirements and restrictions contained in any Property Level Agreement, no later than the fifth Business Day following the date of receipt by the Borrower (or any of its Subsidiaries) of any Net Cash Proceeds of any Recovery Event, the Borrower shall prepay the Loans in an aggregate amount equal to such Net Cash Proceeds; provided that so long as no Default or Event of Default shall have occurred and be continuing, the Borrower shall have the option, directly or through one or more of its Subsidiaries to invest such Net Cash Proceeds within 360 days of receipt thereof (or, if the Borrower or any Subsidiary enters into a commitment to invest such Net Cash Proceeds within 360 days of receipt thereof, 180 days after the 360 day period that follows receipt of such Net Cash Proceeds) in the repair, restoration or replacement of the affected assets. In the event that such Net Cash Proceeds are not reinvested by

the Borrower prior to the last day of such 360-day period, the Borrower shall prepay the Loans in an amount equal to such Net Cash Proceeds.

(ii) Excess Cash Sweep. Commencing with the fiscal quarter of the Borrower ended September 30, 2022, no later than the fifth Business Day following the date on which the Borrower's financial statements are due pursuant to Sections 5.01(a) and (b), the Borrower shall apply the amount of its Unrestricted Cash as of such date that is in excess of the aggregate of (x) the Operating Reserve and (y) \$50,000,000 (the amount of such excess Unrestricted Cash, the "Excess Cash Flow") to prepay the Loans; provided that, if at the time any amount is required to be paid pursuant to this Section 2.06(b)(ii), the Borrower may, with the prior written consent of the Lender (or shall, in the sole discretion of the Lender), apply all or a portion of such Excess Cash Flow towards prepayment of the Margin Loan Facility (in lieu of any prepayment as required pursuant to this Section 2.06(b)(ii)).

(c) Notices. Each such notice pursuant to this Section shall be in the form of a written Prepayment Notice, appropriately completed and signed by a Responsible Officer of the Borrower and must be received by the Lender not later than 11:00 a.m. (New York City time) one (1) Business Day before the date of prepayment. Each Prepayment Notice shall specify (x) the prepayment date and (y) the principal amount of the applicable Loan or portion thereof to be prepaid. Each Prepayment Notice shall be irrevocable except that it may be conditioned upon a transaction (including a refinancing) to be closed or consummated in connection with such prepayment and may be revoked by the Borrower prior to the effective date thereof.

(d) Amounts; Application. All prepayments shall be applied as directed by the Borrower and shall be accompanied by accrued interest to the extent required by Section 2.09.

SECTION 2.07 Termination of Commitments. As of the date hereof, the Lender has no commitment to make any further extension of credit to the Borrower under the Existing Note. The Incremental Commitments under such Incremental Facility shall automatically and permanently terminate on the applicable Incremental Commitment Effective Date upon the funding of the Loans under such Incremental Facility.

SECTION 2.08 Repayment. Subject to Section 2.06, the Borrower shall repay to the Lender the aggregate Outstanding Amount of the Loans and any accrued but unpaid interest thereon on the Maturity Date.

SECTION 2.09 Interest.

(a) Interest Rates. Subject to paragraph (b) of this Section, the Loans shall bear interest at a rate per annum equal to the Applicable Rate.

(b) Default Interest. If an Event of Default has occurred and is continuing, any amount payable by the Borrower under this Agreement or any other Loan Document (including principal of any Loan, interest, fees and other amount) not paid when due, whether at stated maturity, by acceleration or otherwise, shall thereafter bear interest at a rate per annum equal to the Default Rate.

(c) Payment Dates. Accrued interest on the Loans shall be payable in arrears on each Interest Payment Date and at such other times as may be specified herein; provided, that (i) interest accrued pursuant to paragraph (b) of this Section shall be payable on demand and (ii) in the event of any repayment or prepayment of any Loan, accrued interest on the principal amount repaid or prepaid shall be payable on the date of such repayment or prepayment. Accrued interest shall be payable in cash, provided that, so long as no Event of Default has occurred and is continuing, the Borrower may, at its option, elect for the interest

for any Interest Period (but not to exceed in the aggregate more than two (2) Interest Periods) (any such Interest Period, a "PIK Period") to be paid-in-kind by adding such interest to the principal amount of the Loans which shall thereafter bear interest as set forth herein (such interest, the "PIK Interest") and shall be payable in full on the Maturity Date in cash if not otherwise paid prior to such date; provided, that all PIK Interest shall accrue cumulatively whether or not the Borrower has capital, surplus, earnings, or other amounts sufficient lawfully to pay such amounts.

(d) Interest Computation. All interest hereunder shall be computed on the basis of a year of 360 days and shall be payable for the actual number of days elapsed (including the first day but excluding the last day). All interest hereunder on any Loan shall be computed on a daily basis based upon the outstanding principal amount of such Loan as of the applicable date of determination.

SECTION 2.10 Commitment Fee. The Borrower agrees to pay to the Lender a commitment fee for its own account, in an amount equal to \$550,000.00 (the "Commitment Fee"), which Commitment Fee shall be payable on, and subject to the occurrence of, the Effective Date (as defined in the Merger Agreement).

SECTION 2.11 Evidence of Debt. The Lender shall maintain in accordance with its usual practice records evidencing the indebtedness of the Borrower owed to the Lender resulting from the Loans made to the Borrower. The entry made in the records maintained pursuant to Section 2.11 shall be prima facie evidence absent manifest error of the existence and amounts of the obligations recorded therein. Any failure of the Lender to maintain such records or make any entry therein or any error therein shall not in any manner affect the obligations of the Borrower under this Agreement and the other Loan Documents.

SECTION 2.12 Payments Generally.

(a) Payments by Borrower. All payments to be made by the Borrower hereunder and the other Loan Documents shall be made without condition or deduction for any counterclaim, defense, recoupment or setoff. Except as otherwise expressly provided herein, all such payments shall be made to the Lender at the address specified by the Lender to the Borrower in immediately available funds not later than 4:00 p.m. (New York City time) on the date specified herein. All amounts received by the Lender after such time on any date shall be deemed to have been received on the next succeeding Business Day and any applicable interest or fees shall continue to accrue. If any payment to be made by the Borrower shall fall due on a day that is not a Business Day, payment shall be made on the next succeeding Business Day and such extension of time shall be reflected in computing interest or fees, as the case may be; provided, that, if such next succeeding Business Day would fall after the Maturity Date, payment shall be made on the immediately preceding Business Day. All payments hereunder or under any other Loan Document shall be made in Dollars.

(b) Application of Insufficient Payments. Subject to Section 7.02, if at any time insufficient funds are received by and available to the Lender to pay fully all amounts of principal, interest, fees and other amounts then due hereunder, such funds shall be applied (i) first, to pay interest, fees and other amounts then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of interest, fees and other amounts then due to such parties, and (ii) second, to pay principal then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of principal then due to such parties.

SECTION 2.13 Taxes.

(a) Defined Terms. For purposes of this Section, the term "Applicable Law" includes FATCA.

(b) Payments Free of Taxes. Any and all payments by or on account of any obligation of the Borrower under any Loan Document shall be made without deduction or withholding for any Taxes, except as required by Applicable Law. If any Applicable Law (as determined in the good faith discretion of an applicable Withholding Agent) requires the deduction or withholding of any Tax from any such payment by a Withholding Agent, then the applicable Withholding Agent shall be entitled to make such deduction or withholding and shall timely pay the full amount deducted or withheld to the relevant Governmental Authority in accordance with Applicable Law and, if such Tax is an Indemnified Tax, then the sum payable by the Borrower shall be increased as necessary so that after such deduction or withholding has been made (including such deductions and withholdings applicable to additional sums payable under this Section) the applicable Recipient receives an amount equal to the sum it would have received had no such deduction or withholding been made.

(c) Payment of Other Taxes by Borrower. The Borrower shall timely pay to the relevant Governmental Authority in accordance with Applicable Law, or at the option of the Lender timely reimburse it for the payment of, any Other Taxes.

(d) Indemnification by Borrower. The Borrower shall indemnify each Recipient, within ten (10) days after demand therefor, for the full amount of any Indemnified Taxes (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this Section) payable or paid by such Recipient or required to be withheld or deducted from a payment to such Recipient and any reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the Borrower by the Lender shall be conclusive absent manifest error.

(e) [Reserved].

(f) Evidence of Payments. If requested by the Lender, as soon as practicable after any payment of Taxes by the Borrower to a Governmental Authority pursuant to this Section, the Borrower shall deliver to the Lender the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Lender.

(g) Status of Lender. (i) If the Lender is entitled to an exemption from or reduction of withholding Tax with respect to payments made under any Loan Document, it shall deliver to the Borrower, at the time or times reasonably requested by the Borrower, such properly completed and executed documentation reasonably requested by the Borrower as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, the Lender, if reasonably requested by the Borrower, shall deliver such other documentation prescribed by Applicable Law or reasonably requested by the Borrower as will enable the Borrower to determine whether or not the Lender is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation shall not be required if in the Lender's reasonable judgment such completion, execution or submission would subject the Lender to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of the Lender.

(ii) Without limiting the generality of the foregoing, if requested by the Borrower, the Lender shall deliver to the Borrower on or about the date on which the Lender becomes the Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower), executed copies of IRS Form W-9 certifying that the Lender is exempt from U.S. federal backup withholding tax.

(iii) If a payment made to the Lender under any Loan Document would be subject to U.S. federal withholding Tax imposed by FATCA if the Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), the Lender shall deliver to the Borrower at the time or times prescribed by law and at such time or times reasonably requested by the Borrower such documentation prescribed by Applicable Law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Borrower as may be necessary for the Borrower to comply with its obligations under FATCA and to determine that the Lender has complied with the Lender's obligations under FATCA or to determine the amount, if any, to deduct and withhold from such payment. Solely for purposes of this clause (iii), "FATCA" shall include any amendments made to FATCA after the date of this Agreement.

The Lender agrees that if any form or certification it previously delivered expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify the Borrower in writing of its legal inability to do so.

(h) Treatment of Certain Refunds. If any party determines, in its sole discretion exercised in good faith, that it has received a refund of any Taxes as to which it has been indemnified pursuant to this Section (including by the payment of additional amounts pursuant to this Section), it shall pay to the indemnifying party an amount equal to such refund (but only to the extent of indemnity payments made under this Section with respect to the Taxes giving rise to such refund), net of all out-of-pocket expenses (including Taxes) of such indemnified party and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund). Such indemnifying party, upon the request of such indemnified party, shall repay to such indemnified party the amount paid over pursuant to this paragraph (h) (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) in the event that such indemnified party is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this paragraph (h), in no event will the indemnified party be required to pay any amount to an indemnifying party pursuant to this paragraph (h) the payment of which would place the indemnified party in a less favorable net after-Tax position than the indemnified party would have been in if the Tax subject to indemnification and giving rise to such refund had not been deducted, withheld or otherwise imposed and the indemnification payments or additional amounts with respect to such Tax had never been paid. This paragraph shall not be construed to require any indemnified party to make available its Tax returns (or any other information relating to its Taxes that it deems confidential) to the indemnifying party or any other Person.

(i) Survival. Each party's obligations under this Section shall survive any assignment of rights by a Lender and the repayment, satisfaction or discharge of all obligations under any Loan Document.

SECTION 2.14 Incremental Commitments.

(a) Request for Incremental Facility. So long as a Collateral Shortfall (as defined in the Margin Loan Facility) has occurred and is continuing, the Borrower may, by notice to the Lender, request (and the Lender shall provide for) the establishment of one or more new term loan commitments to increase the existing tranche of Loans (each, an "Incremental Commitment") pursuant to an Incremental Facility for an aggregate amount (for all such requests) not exceeding \$25,000,000; provided that any such request for an Incremental Facility shall be in a minimum amount of the lesser of (x) \$250,000 (or such lesser amount as may be approved by the Lender) and (y) the entire remaining amount available under this Section.

(b) Terms of Incremental Commitments. The Lender and the Borrower shall determine the effective date for such Incremental Facility pursuant to this Section (an “Incremental Commitment Effective Date”); provided that such date shall be a Business Day no more than three (3) Business Days after delivery of the request for such Incremental Facility and at least 30 days prior to the Maturity Date then in effect.

In order to effect such Incremental Facility, the Borrower and the Lender shall enter into one or more Joinder Agreements, each in form and substance satisfactory to the Borrower and the Lender, pursuant to which the Lender will provide the Incremental Commitment(s).

Effective as of the applicable Incremental Commitment Effective Date, subject to the terms and conditions set forth in this Section, each Incremental Commitment shall be a Commitment, the Lender providing such Incremental Commitment shall be, and have all the rights of, a Lender, and the Loans made by it on such Incremental Commitment Effective Date pursuant to this Section shall be Loans, for all purposes of this Agreement.

(c) Conditions to Effectiveness. Notwithstanding the foregoing, the Incremental Commitments pursuant to this Section shall not be effective unless:

(i) no Default or Event of Default shall have occurred and be continuing on the Incremental Commitment Effective Date and after giving effect to the borrowings under the Incremental Facility to be made on the Incremental Commitment Effective Date;

(ii) the representations and warranties contained in this Agreement are true and correct on and as of the Incremental Commitment Effective Date and after giving effect to such Incremental Facility, as though made on and as of such date (or, if any such representation or warranty is expressly stated to have been made as of a specific date, as of such specific date);

(iii) the Lender shall have received one or more Joinder Agreements contemplated above, providing for Incremental Commitments in the amount of such Incremental Facility; and

(iv) the Lender shall have received such legal opinions and other documents reasonably requested by the Lender in connection therewith.

ARTICLE III.

REPRESENTATIONS AND WARRANTIES

The Borrower represents and warrants to the Lender that as of the date hereof:

SECTION 3.01 Existence, Qualification and Power. The Borrower and each Subsidiary (a) is duly organized or formed, validly existing and, as applicable, in good standing under the Laws of the jurisdiction of its incorporation or organization, (b) has all requisite power and authority and all requisite governmental licenses, authorizations, consents and approvals to (i) own or lease its assets and carry on its business and (ii) execute, deliver and perform its obligations under the Loan Documents to which it is a party, and (c) is duly qualified and is licensed and, as applicable, in good standing under the Laws of each jurisdiction where its ownership, lease or operation of properties or the conduct of its business requires such qualification or license, except, in each case referred to in clause (a) (other than with respect to the Borrower), (b)(i) or (c), to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect.

SECTION 3.02 Authorization; No Contravention. The execution, delivery and performance by the Borrower of each Loan Document to which it is party have been duly authorized by all necessary corporate or other organizational action, and do not and will not (a) contravene the terms of its Organizational Documents, (b) conflict with or result in any breach or contravention of, or the creation of any Lien under, or require any payment to be made under (i) any material Contractual Obligation to which the Borrower is a party or affecting the Borrower or the properties of the Borrower or any Subsidiary or (ii) any material order, injunction, writ or decree of any Governmental Authority or any arbitral award to which the Borrower or any Subsidiary or its property is subject or (c) violate any Law in any material respect.

SECTION 3.03 Governmental Authorization; Other Consents. No approval, consent, exemption, authorization, or other action by, or notice to, or filing with, any Governmental Authority or any other Person is necessary or required in connection with the execution, delivery or performance by, or enforcement against, the Borrower of this Agreement or any other Loan Document, except for such approvals, consents, exemptions, authorizations, actions or notices that have been duly obtained, taken or made and in full force and effect.

SECTION 3.04 Execution and Delivery; Binding Effect. This Agreement has been, and each other Loan Document, when delivered hereunder, will have been, duly executed and delivered by the Borrower. This Agreement constitutes, and each other Loan Document when so delivered will constitute, a legal, valid and binding obligation of the Borrower, enforceable against the Borrower in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, receivership, moratorium or other Laws affecting creditors' rights generally and by general principles of equity.

SECTION 3.05 Financial Statements. The audited consolidated balance sheet of the Borrower and its Subsidiaries and the related consolidated statements of income or operations, shareholders' equity and cash flows for the fiscal year ended on December 31, 2022 were prepared in accordance with GAAP consistently applied throughout the period covered thereby, except as otherwise expressly noted therein, and fairly present in all material respects the financial condition of the Borrower and its Subsidiaries as of the date thereof and their results of operations and cash flows for the period covered thereby, subject to the absence of notes and to normal year-end audit adjustments.

SECTION 3.06 Litigation. There are no actions, suits, proceedings, claims, disputes or investigations pending or, to the knowledge of the Borrower, threatened, at Law, in equity, in arbitration or before any Governmental Authority, by or against the Borrower or any Subsidiary or against any of their properties or revenues that (a) could reasonably be expected to be adversely determined, and, if so determined, either individually or in the aggregate could reasonably be expected to have a Material Adverse Effect or (b) purport to affect or pertain to this Agreement or any other Loan Document or any of the transactions contemplated hereby.

SECTION 3.07 No Material Adverse Effect; No Default. Neither the Borrower nor any Subsidiary thereof is in default under or with respect to any Contractual Obligation that, either individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect. No Default has occurred and is continuing or would result from the consummation of the transactions contemplated by this Agreement or any other Loan Document.

SECTION 3.08 Property.

(a) Ownership of Properties. Each of the Borrower and its Subsidiaries has good record and marketable title in fee simple to, or valid leasehold interests in, all real property necessary or

used in the ordinary conduct of its business, except for such defects in title that, either individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect.

(b) Intellectual Property. Each of the Borrower and its Subsidiaries owns, licenses or possesses the right to use all of the trademarks, tradenames, service marks, trade names, copyrights, patents, franchises, licenses and other intellectual property rights that are necessary for the operation of their respective businesses, as currently conducted, business, and the use thereof by the Borrower and its Subsidiaries does not conflict with the rights of any other Person, except to the extent that such failure to own, license or possess or such conflicts, either individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect. The conduct of the business of the Borrower or any Subsidiary as currently conducted or as contemplated to be conducted does not infringe upon or violate any rights held by any other Person, except to the extent that such infringements and violations, either individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect. No claim or litigation regarding any of the foregoing is pending or, to the knowledge of the Borrower, threatened that could reasonably be expected to be adversely determined, and, if so determined, could reasonably be expected to have a Material Adverse Effect.

SECTION 3.09 Taxes. The Borrower and its Subsidiaries have filed all federal, state and other tax returns and reports required to be filed, and have paid all federal, state and other taxes, assessments, fees and other governmental charges levied or imposed upon them or their properties, income or assets otherwise due and payable, except (a) Taxes that are being contested in good faith by appropriate proceedings diligently conducted and for which adequate reserves are being maintained in accordance with GAAP or (b) to the extent that the failure to do so could not reasonably be expected to have a Material Adverse Effect.

SECTION 3.10 Disclosure. The Borrower has disclosed to the Lender all agreements, instruments and corporate or other restrictions to which the Borrower or any of its Subsidiaries is subject, and all other matters known to it, that, either individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect. The reports, financial statements, certificates and other written information (other than projected or pro forma financial information) furnished by or on behalf of the Borrower to the Lender in connection with the transactions contemplated hereby and the negotiation of this Agreement or delivered hereunder or under any other Loan Document (as modified or supplemented by other information so furnished), taken as a whole, do not contain any material misstatement of fact or omit to state any material fact necessary to make the statements therein (when taken as a whole), in the light of the circumstances under which they were made, not misleading; provided, that, with respect to projected or pro forma financial information, the Borrower represents only that such information was prepared in good faith based upon assumptions believed to be reasonable at the time of preparation and delivery (it being understood that such projected information may vary from actual results and that such variances may be material).

SECTION 3.11 Compliance with Laws. Each of the Borrower and its Subsidiaries is in compliance with the requirements of all Laws (including Environmental Laws) and all orders, writs, injunctions and decrees applicable to it or to its properties, except in such instances in which (a) such requirement of Law or order, writ, injunction or decree is being contested in good faith by appropriate proceedings diligently conducted or (b) the failure to so comply, either individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect.

SECTION 3.12 ERISA Compliance. None of the Borrower nor any of its ERISA Affiliates maintains, contributes to, or has any actual or contingent, direct or indirect obligation to maintain or contribute to, or has, at any time within the past six years, maintained, contributed to or had any actual

or contingent obligation to maintain or contribute to, any employee benefit plan that is subject to Title I or Title IV of ERISA or section 4975 of the Code.

SECTION 3.13 Environmental Matters. Except with respect to any matters that, either individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect, neither the Borrower nor any Subsidiary (a) has failed to comply with any Environmental Law or to obtain, maintain or comply with any permit, license or other approval required under any Environmental Law, (b) knows of any basis for any permit, license or other approval required under any Environmental Law to be revoked, canceled, limited, terminated, modified, appealed or otherwise challenged, (c) currently is or could reasonably be expected to become subject to any Environmental Liability, (d) has received notice of any currently outstanding claim, complaint, proceeding, investigation or inquiry with respect to any Environmental Liability (and no such claim, complaint, proceeding, investigation or inquiry is pending or, to the knowledge of the Borrower, is threatened or contemplated) or (e) knows of any facts, events or circumstances that could give rise to any basis for any Environmental Liability of the Borrower or any Subsidiary.

SECTION 3.14 Margin Regulations. The Borrower is not engaged and will not engage, principally or as one of its important activities, in the business of purchasing or carrying Margin Stock, or extending credit for the purpose of purchasing or carrying Margin Stock, and no part of the proceeds of Loans will be used to buy or carry any Margin Stock. For the avoidance of doubt, the Lender acknowledges that the Borrower's ownership of shares of common stock of the Lender and the Borrower's financing of such shares pursuant to the Margin Loan Facility does not breach this Section 3.14.

SECTION 3.15 Investment Company Act. As of the Closing Date, neither the Borrower nor any of its Subsidiaries is an "investment company" as defined in, or subject to regulation under, the Investment Company Act of 1940.

SECTION 3.16 Sanctions; Anti-Corruption.

(a) None of the Borrower, any of its Subsidiaries or, to the knowledge of the Borrower, any director, officer, employee, agent, or affiliate of the Borrower or any of its Subsidiaries is an individual or entity ("person") that is, or is owned or controlled by persons that are: (i) the target of any sanctions administered or enforced by the U.S. Department of the Treasury's Office of Foreign Assets Control ("OFAC"), the U.S. Department of State, the United Nations Security Council, the European Union, His Majesty's Treasury, or other relevant sanctions authority (collectively, "Sanctions"), or (ii) located, organized or resident in a country or territory that is the subject of Sanctions (including, currently, Crimea, the so-called Luhansk People's Republic, the so-called Donetsk People's Republic, Cuba, Iran, North Korea and Syria).

(b) The Borrower, its Subsidiaries and their respective directors, officers and employees and, to the knowledge of the Borrower, the agents of the Borrower and its Subsidiaries, are in compliance with all applicable Sanctions and with the Foreign Corrupt Practices Act of 1977, as amended, and the rules and regulations thereunder (the "FCPA") and any other applicable anti-corruption law, in all material respects. The Borrower and its Subsidiaries have instituted and maintain policies and procedures designed to promote and achieve continued compliance with applicable Sanctions, the FCPA and any other applicable anti-corruption laws.

SECTION 3.17 Solvency. As of the Closing Date, the Borrower and its Subsidiaries, on a consolidated basis, are Solvent.

SECTION 3.18 Security Interest. The Pledge Agreement is effective to create in favor of the Lender legal, valid and enforceable Liens on and security interests in, the Pledged Collateral and to the

extent intended to be created thereby, except as such enforceability may be limited by Debtor Relief Laws and by general principles of equity, and (i) when all appropriate filings or recordings are made in the appropriate offices as may be required under Applicable Law (which filings or recordings shall be made to the extent required by the Pledge Agreement) and (ii) upon the taking of possession or control by the Lender of such Pledged Collateral with respect to which a security interest may be perfected only by possession or control (which possession or control shall be given to the Lender to the extent required by the Pledge Agreement), the Liens created by the Pledge Agreement will constitute so far as possible under relevant Law, fully perfected Liens on, and security interests in, all right, title and interest of the Borrower and each other grantor thereunder in such Pledged Collateral to the extent perfection can be obtained by appropriate filings (including UCC financing statements) or recordings made in the appropriate offices or upon the taking of possession or control, in each case subject to no Liens other than Liens that are expressly subordinated to the Lien in favor of the Lender.

SECTION 3.19 Margin Loan Facility. As of the Closing Date, the Borrower has provided the Lender with true, correct and complete copies of all Margin Loan Documents (as defined in the Margin Loan Facility). The Borrower shall cause the Margin Loan Borrower to comply in all material respects with the Margin Loan Documents.

SECTION 3.20 Subsidiaries; Equity Interests. As of the Closing Date, the Borrower does not have any Subsidiaries other than those specifically disclosed in Schedule 3.20, and all of the outstanding Equity Interests owned by the Borrower in such Subsidiaries have been validly issued and are fully paid and all Equity Interests owned by the Borrower in such Subsidiaries are owned free and clear of all Liens except (i) those created under the Pledge Agreement and (ii) any other Lien that is permitted under Section 6.02.

SECTION 3.21 Use of Proceeds. The Borrower will use the proceeds of the Loans only for the purposes specified in Section 5.12. The proceeds of the Loans will not be used in violation of applicable Sanctions, the FCPA and any other applicable anti-corruption laws.

SECTION 3.22 Labor Matters. As of the Closing Date, except as, in the aggregate, could not reasonably be expected to have a Material Adverse Effect: (a) there are no strikes or other labor disputes against the Borrower and its Subsidiaries pending or, to the knowledge of the Borrower, threatened in writing, (b) hours worked by and payments made to employees of the Borrower and its Subsidiaries have not been in violation of the Fair Labor Standards Act (if applicable) or any other applicable Laws dealing with such matters; and (c) all payments due from the Borrower and its Subsidiaries on account of employee health and welfare insurance have been paid or accrued as a liability on the books of the relevant party.

SECTION 3.23 No Burdensome Restrictions. The Borrower and its Subsidiaries are not subject to any Burdensome Restrictions, except Burdensome Restrictions permitted under Section 6.08.

SECTION 3.24 Insurance. The Borrower maintains, and has caused each Subsidiary to maintain, with financially sound and reputable insurance companies, insurance with respect to its properties and business against loss or damage of the kinds customarily insured against by Persons engaged in the same or similar business, of such types and in such amounts (after giving effect to any self-insurance reasonable and customary for similarly situated Persons engaged in the same or similar businesses as the Borrower and its Subsidiaries) as are customarily carried under similar circumstances by such Persons.

ARTICLE IV.

CONDITIONS

SECTION 4.01 Closing Date. This amendment and restatement of the Existing Credit Agreement shall become effective, and the Existing Credit Agreement shall be amended, restated and superseded in its entirety, on the date that each of the following conditions precedent has been satisfied (and, in the case of each document specified in this Section to be received by the Lender, such document shall be in form and substance satisfactory to the Lender):

(a) Executed Counterparts. The Lender shall have received from each party hereto a counterpart of this Agreement and the Pledge Agreement, in each case, signed on behalf of such party (or written evidence satisfactory to the Lender (which may include telecopy transmission of a signed signature page to this Agreement) that such party has signed a counterpart of this Agreement and the Pledge Agreement).

(b) Certificates. The Lender shall have received such customary certificates of resolutions or other action, incumbency certificates or other certificates of Responsible Officers of the Borrower as the Lender may require evidencing the identity, authority and capacity of each Responsible Officer thereof authorized to act as a Responsible Officer in connection with the Loan Documents;

(c) Corporate Documents. The Lender shall have received such other documents and certificates (including Organizational Documents and good standing certificates) as the Lender may reasonably request relating to the organization, existence and good standing of the Borrower and any other legal matters relating to the Borrower, the Loan Documents, the Pledged Collateral or the transactions contemplated thereby.

(d) Opinion of Counsel to Borrower. The Lender shall have received an enforceability opinion of Clifford Chance US LLP, counsel to the Borrower, addressed to the Lender and dated the Closing Date, in form and substance satisfactory to the Lender (and the Borrower hereby instructs such counsel to deliver such opinion to the Lender).

(e) Fees and Expenses. The Borrower shall have paid all fees, costs and expenses (including legal fees and expenses) agreed in writing to be paid by it to the Lender in connection herewith to the extent due (and, in the case of expenses (including legal fees and expenses), to the extent that statements for such expenses shall have been delivered to the Borrower on or prior to the Closing Date).

(f) Financial Statements. The Borrower shall have delivered to the Lender the audited annual financial statements of the Borrower referred to in Section 3.05.

(g) Officer's Certificate. The Lender shall have received a certificate, dated the Closing Date and signed by a Responsible Officer of the Borrower, confirming satisfaction of the conditions set forth in this Section and compliance with the conditions set forth in clauses (b) and (c) of the first sentence of Section 4.02.

(h) Other Documents. The Lender shall have received such other documents as the Lender may reasonably request.

The Lender shall notify the Borrower of the Closing Date, and such notice shall be conclusive and binding.

SECTION 4.02 Conditions to All Borrowings. The obligation of the Lender to make any Loan under an Incremental Facility and to continue the Existing Note on or after the Closing Date is additionally subject to the satisfaction of the following conditions:

- (a) solely in the case of a Loan under an Incremental Facility, to the extent requested by the Lender, the Lender shall have received a written Borrowing Request in accordance with the requirements hereof;
- (b) the representations and warranties of the Borrower set forth in this Agreement and in any other Loan Document shall be true and correct in all material respects (or, in the case of any such representation or warranty already qualified by materiality, in all respects) on and as of the date of such borrowing (or, in the case of any such representation or warranty expressly stated to have been made as of a specific date, as of such specific date); and
- (c) no Default shall have occurred and be continuing or would result from such borrowing or from the application of proceeds thereof.

Each Borrowing Request by the Borrower hereunder and each borrowing shall be deemed to constitute a representation and warranty by the Borrower on and as of the date of the applicable borrowing as to the matters specified in clauses (b) and (c) above in this Section.

ARTICLE V.

AFFIRMATIVE COVENANTS

Until the Commitments have expired or been terminated and all Obligations shall have been paid in full (other than contingent obligations for which no claim has been made), the Borrower covenants and agrees with the Lender that:

SECTION 5.01 Financial Statements. The Borrower will furnish to the Lender:

- (a) as soon as available, and in any event within 90 days after the end of each fiscal year of the Borrower (commencing with the fiscal year ending December 31, 2023), a consolidated balance sheet of the Borrower and its Subsidiaries as at the end of such fiscal year and the related consolidated statements of income or operations, shareholders' equity and cash flows for such fiscal year, setting forth in each case in comparative form the figures for the previous fiscal year, audited and accompanied by a report and opinion of independent public accountants of nationally recognized standing, which report and opinion shall be prepared in accordance with generally accepted auditing standards (and shall not be subject to any "going concern" or like qualification, exception or explanatory paragraph or any qualification, exception or explanatory paragraph as to the scope of such audit) to the effect that such consolidated financial statements present fairly in all material respects the financial condition, results of operations, shareholders' equity and cash flows of the Borrower and its Subsidiaries on a consolidated basis in accordance with GAAP consistently applied; and
- (b) as soon as available, but in any event within 45 days after the end of each of the first three fiscal quarters of each fiscal year of the Borrower, a consolidated balance sheet of the Borrower and its Subsidiaries as at the end of such fiscal quarter, the related consolidated statements of income or operations, shareholders' equity and cash flows for such fiscal quarter and for the portion of the Borrower's fiscal year then ended, in each case setting forth in comparative form, as applicable, the figures for the corresponding fiscal quarter of the previous fiscal year and the corresponding portion of the previous fiscal year, certified by a Financial Officer of the Borrower as fairly presenting in all material respects the financial condition, results of operations, shareholders' equity and cash flows of the Borrower and its

Subsidiaries on a consolidated basis in accordance with GAAP consistently applied, subject only to normal year-end audit adjustments and the absence of notes.

SECTION 5.02 Certificates; Other Information. The Borrower will deliver to the Lender:

- (a) concurrently with the delivery of the financial statements referred to in Sections 5.01(a) and (b), a duly completed certificate signed by a Responsible Officer of the Borrower certifying as to whether a Default has occurred and, if a Default has occurred, specifying the details thereof and any action taken or proposed to be taken with respect thereto;
- (b) promptly after the same are publicly available, copies of each annual report, proxy or financial statement or other report or communication sent to the shareholders of the Borrower, and copies of all annual, regular, periodic and special reports and registration statements that the Borrower or any Subsidiary may file or be required to file with the SEC or any Governmental Authority succeeding to any or all of the functions of the SEC, or with any national securities exchange, and not otherwise required to be delivered pursuant hereto;
- (c) no later than sixty (60) days following the first day of each fiscal year of the Borrower, the Borrower shall submit an annual budget for such fiscal year to the Lender for approval; provided, that if the Lender does not approve the annual budget submitted by the Borrower within fifteen (15) days of its submission to the Lender, the Borrower will prepare and deliver to the Lender a revised annual budget for such fiscal year;
- (d) commencing with the fiscal quarter ending September 30, 2023, no later than thirty (30) days following the first day of each fiscal quarter (other than the fourth fiscal quarter) of the Borrower, the Borrower shall submit a quarterly budget (which budget shall include a projected budget for the subsequent twelve (12) months) for such fiscal quarter to the Lender for approval; provided, that if the Lender does not approve the quarterly budget submitted by the Borrower within ten (10) days of its submission to the Lender, the Borrower will prepare and deliver to the Lender a revised quarterly budget for such fiscal quarter;
- (e) promptly after the furnishing thereof, copies of any material request or notice received by the Borrower or any Subsidiary, or any statement or report furnished by the Borrower or any Subsidiary to any holder of debt securities of the Borrower or any Subsidiary, pursuant to the terms of any indenture, loan or credit or similar agreement and not otherwise required to be furnished pursuant hereto;
- (f) promptly after the furnishing thereof, copies of any material request or notice received by the Borrower or any Subsidiary, or any statement or report furnished by the Borrower or any Subsidiary to, the lenders party to the Margin Loan Facility, pursuant to the terms of the Margin Loan Facility and not otherwise required to be furnished pursuant hereto;
- (g) promptly after receipt thereof by the Borrower or any Subsidiary, copies of each notice or other correspondence received from the SEC (or comparable agency in any applicable non-U.S. jurisdiction) concerning any investigation or possible investigation or other inquiry by such agency regarding financial or other operational results of the Borrower or any Subsidiary thereof;
- (h) promptly following request therefor, copies of any detailed audit reports, management letters or recommendations submitted to the board of directors (or the audit committee of the board of directors) of the Borrower by independent accountants in connection with the accounts or books of the Borrower or any Subsidiary, or any audit of any of them as the Lender may from time to time reasonably request; and

(i) promptly following any request therefor, (i) such other information regarding the operations, business, properties, liabilities (actual or contingent), condition (financial or otherwise) or prospects of the Borrower or any Subsidiary, or compliance with the terms of the Loan Documents, as the Lender may from time to time reasonably request.

Documents required to be delivered pursuant to Section 5.01(a) or (b) or Section 5.02(b) or (c) (to the extent any such documents are included in materials otherwise filed with the SEC) may be delivered electronically and, if so delivered, shall be deemed to have been delivered on the date (i) on which such materials are publicly available as posted on the Electronic Data Gathering, Analysis and Retrieval system (EDGAR); or (ii) on which such documents are posted on the Borrower's behalf on an Internet or intranet website, if any, to which the Lender has access; provided that: (A) upon written request by the Lender, the Borrower shall deliver paper copies of such documents to the Lender upon its request to the Borrower to deliver such paper copies until a written request to cease delivering paper copies is given by the Lender and (B) the Borrower shall notify the Lender (by telecopier or electronic mail) of the posting of any such documents and provide to the Lender by electronic mail electronic versions (i.e., soft copies) of such documents.

SECTION 5.03 Notices. The Borrower will promptly notify the Lender of:

- (a) the occurrence of any Default;
- (b) the filing or commencement of any action, suit, investigation or proceeding by or before any arbitrator or Governmental Authority against or affecting the Borrower or any Affiliate thereof, including pursuant to any applicable Environmental Laws, that could reasonably be expected to be adversely determined, and, if so determined, could reasonably be expected to have a Material Adverse Effect;
- (c) [reserved];
- (d) notice of any action arising under any Environmental Law or of any noncompliance by the Borrower or any Subsidiary with any Environmental Law or any permit, approval, license or other authorization required thereunder that, if adversely determined, could reasonably be expected to have a Material Adverse Effect;
- (e) any material change in accounting or financial reporting practices by the Borrower or any Subsidiary; and
- (f) any matter or development that has had or could reasonably be expected to have a Material Adverse Effect.

Each notice delivered under this Section shall be accompanied by a statement of a Responsible Officer of the Borrower setting forth the details of the occurrence requiring such notice and stating what action the Borrower has taken and proposes to take with respect thereto.

SECTION 5.04 Preservation of Existence, Etc. The Borrower will, and will cause each of its Subsidiaries to, (a) preserve, renew and maintain in full force and effect its legal existence and good standing under the Laws of the jurisdiction of its organization except in a transaction permitted by Section 6.03 or 6.04; (b) take all reasonable action to maintain all rights, licenses, permits, privileges and franchises necessary or desirable in the normal conduct of its business, except to the extent that failure to do so could not reasonably be expected to have a Material

Adverse Effect; and (c) preserve or renew all of its registered patents, trademarks, trade names and service marks, the non-preservation of which could reasonably be expected to have a Material Adverse Effect.

SECTION 5.05 Maintenance of Properties. The Borrower will, and will cause each of its Subsidiaries to, (a) maintain, preserve and protect all of its properties and equipment necessary in the operation of its business in good working order and condition (ordinary wear and tear excepted) and (b) make all necessary repairs thereto and renewals and replacements thereof, except to the extent that the failure to do so could not reasonably be expected to have a Material Adverse Effect.

SECTION 5.06 Maintenance of Insurance. The Borrower will, and will cause each of its Subsidiaries to, maintain with financially sound and reputable insurance companies, insurance with respect to its properties and business against loss or damage of the kinds customarily insured against by Persons engaged in the same or similar business, of such types and in such amounts (after giving effect to any self-insurance reasonable and customary for similarly situated Persons engaged in the same or similar businesses as the Borrower and its Subsidiaries) as are customarily carried under similar circumstances by such Persons.

SECTION 5.07 Payment of Obligations. The Borrower will, and will cause each of its Subsidiaries to, pay, discharge or otherwise satisfy as the same shall become due and payable, all of its obligations and liabilities, including Tax liabilities, unless the same are being contested in good faith by appropriate proceedings diligently conducted and adequate reserves in accordance with GAAP are being maintained by the Borrower or such Subsidiary, except to the extent that the failure to do so could not reasonably be expected to have a Material Adverse Effect.

SECTION 5.08 Compliance with Laws. The Borrower will, and will cause each of its Subsidiaries to, comply with the requirements of all Laws and all orders, writs, injunctions and decrees applicable to it or to its business or property, except to the extent that the failure to do so could not reasonably be expected to have a Material Adverse Effect.

SECTION 5.09 Environmental Matters. Except to the extent that the failure to do so could not reasonably be expected to have a Material Adverse Effect, the Borrower will, and will cause each of its Subsidiaries to, (a) comply with all Environmental Laws, (b) obtain, maintain in full force and effect and comply with any permits, licenses or approvals required for the facilities or operations of the Borrower or any of its Subsidiaries, and (c) conduct and complete any investigation, study, sampling or testing, and undertake any corrective, cleanup, removal, response, remedial or other action necessary to identify, report, remove and clean up all Hazardous Materials present or released at, on, in, under or from any of the facilities or real properties of the Borrower or any of its Subsidiaries.

SECTION 5.10 Books and Records. The Borrower will, and will cause each of its Subsidiaries to, maintain proper books of record and account, in which full, true and correct entries in conformity with GAAP consistently applied shall be made of all financial transactions and matters involving the assets and business of the Borrower or such Subsidiary, as the case may be.

SECTION 5.11 Inspection Rights. The Borrower will, and will cause each of its Subsidiaries to, permit representatives and independent contractors of the Lender to visit and inspect any of its properties, to examine its corporate, financial and operating records, and make copies thereof or abstracts therefrom, and to discuss its affairs, finances and accounts with its directors, officers, and independent public accountants, all at the reasonable expense of the Borrower and at such reasonable times during normal business hours and as often as may be reasonably requested; provided that, other than with respect to such visits and inspections during the continuation of an Event of Default, the Lender shall not exercise such rights more often than two times during any calendar year; provided, further, that when an Event of Default exists the Lender (or any of their respective representatives or independent contractors)

may do any of the foregoing under this Section at the expense of the Borrower and at any time during normal business hours and without advance notice. The Lender shall give the Borrower the opportunity to participate in any discussions with the Borrower's accountants.

SECTION 5.12 Use of Proceeds. The Borrower will, and will cause each of its Subsidiaries to, use the proceeds of the (a) Existing Note for general corporate purposes of the Borrower and its Subsidiaries (including, without limitation, to repay existing Indebtedness of iSTAR) not in contravention of any Law or of any Loan Document, and (b) Loans under any Incremental Commitment solely to satisfy any Collateral Shortfall under the Margin Loan Facility.

SECTION 5.13 Sanctions; Anti-Corruption Laws. The Borrower will maintain in effect policies and procedures designed to promote compliance by the Borrower, its Subsidiaries, and their respective directors, officers, employees, and agents with applicable Sanctions and with the FCPA and any other applicable anti-corruption laws.

SECTION 5.14 Continued Ownership of Safehold, Inc. The Borrower will continue to have, directly or indirectly, "beneficial ownership" of 7.5% or more of the Equity Interests of the Lender entitled to vote for members of the board of directors or equivalent governing body of the Lender on a fully-diluted basis.

SECTION 5.15 Further Assurances. Promptly upon reasonable request by the Lender (i) correct any mutually identified material defect or error that may be discovered in the execution, acknowledgment, filing or recordation of the Pledge Agreement and or other document or instrument relating to any Pledged Collateral, and (ii) do, execute, acknowledge, deliver, record, re-record, file, re-file, register and re-register any and all such further acts, deeds, certificates, assurances and other instruments as the Lender may reasonably request from time to time in order to carry out more effectively the purposes of the Pledge Agreement, to the extent required pursuant to the Loan Documents and subject in all respects to the limitations herein and therein.

ARTICLE VI.

NEGATIVE COVENANTS

Until the Commitments have expired or been terminated and all Obligations have been paid in full (other than contingent obligations for which no claim has been made), the Borrower covenants and agrees with the Lender that:

SECTION 6.01 Indebtedness. The Borrower will not, nor will it permit any Subsidiary to, create, incur, assume or suffer to exist any Indebtedness, except:

- (a) Indebtedness under the Loan Documents;
- (b) Indebtedness outstanding on the date hereof and listed on Schedule 6.01 and any refinancings, refundings, renewals or extensions thereof; provided that the amount of such Indebtedness is not increased at the time of such refinancing, refunding, renewal or extension except by an amount equal to a reasonable premium or other reasonable amount paid, and fees and expenses reasonably incurred, in connection with such refinancing and by an amount equal to any existing commitments unutilized thereunder;
- (c) Guarantees of the Borrower or any Subsidiary in respect of Indebtedness otherwise permitted hereunder of the Borrower or any Wholly-Owned Subsidiary;

(d) Indebtedness of the Borrower or any Subsidiary as an account party in respect of commercial letters of credit; provided that the aggregate amount of all such Indebtedness at any time outstanding shall not exceed \$3,000,000;

(e) Indebtedness in respect of performance bonds, bid bonds, appeal bonds, surety bonds and completion guarantees and similar obligations not in connection with money borrowed, in each case provided in the ordinary course of business, including those incurred to secure health, safety and environmental obligations in the ordinary course of business;

(f) Indebtedness (i) resulting from a bank or other financial institution honoring a check, draft or similar instrument in the ordinary course of business or (ii) arising under or in connection with cash management services in the ordinary course of business;

(g) Indebtedness consisting of the financing of insurance premiums payable within one (1) year;

(h) Indebtedness incurred to fund Investments permitted under Section 6.06(g); and

(i) Indebtedness arising in connection with the Asbury Park bond program.

SECTION 6.02 Liens. The Borrower will not, nor will it permit any Subsidiary to, create, incur, assume or suffer to exist any Lien upon any of its property, assets or revenues, whether now owned or hereafter acquired, other than the following:

(a) Liens existing on the date hereof and listed on Schedule 6.02 and any renewals or extensions thereof, provided that (i) the property covered thereby is not changed, (ii) the amount secured or benefited thereby is not increased except as contemplated by Section 6.01(b), (iii) the direct or any contingent obligor with respect thereto is not changed and (iv) any renewal or extension of the obligations secured or benefited thereby is permitted by Section 6.01(b);

(b) Liens for Taxes not yet due or that are being contested in good faith and by appropriate proceedings diligently conducted, if adequate reserves with respect thereto are maintained on the books of the applicable Person in accordance with GAAP;

(c) carriers', warehousemen's, mechanics', materialmen's, repairmen's or other like Liens arising in the ordinary course of business that are not overdue for a period of more than 30 days or that are being contested in good faith and by appropriate proceedings diligently conducted, if adequate reserves with respect thereto are maintained on the books of the applicable Person; provided that to the extent such Liens secure any Indebtedness, that the aggregate amount of all such Indebtedness at any time outstanding shall not exceed \$3,000,000;

(d) pledges or deposits in the ordinary course of business in connection with (i) workers' compensation, unemployment insurance and other social security legislation, other than any Lien imposed by ERISA, and (ii) public utility services provided to the Borrower or a Subsidiary;

(e) deposits to secure the performance of bids, trade contracts and leases (other than Indebtedness), statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature incurred in the ordinary course of business;

(f) easements, rights-of-way, restrictions and other similar encumbrances affecting real property that, in the aggregate, are not substantial in amount, and that do not in any case materially detract from the value of the property subject thereto or materially interfere with the ordinary conduct of

the business of the applicable Person, and any zoning or similar law or right reserved to or vested in any Governmental Authority to control or regulate the use of any real property that does not materially interfere with the ordinary conduct of the business of the Borrower and its Subsidiaries;

- (g) Liens securing judgments for the payment of money not constituting an Event of Default under Section 7.01(j);
- (h) Liens (i) of a collecting bank arising under Section 4-210 of the UCC on items in the course of collection, and (ii) in favor of a banking institution arising as a matter of law encumbering deposits (including the right of setoff) that are customary in the banking industry;
- (i) Liens pursuant to Section 5-118 of the UCC of any state (or any comparable provision of any foreign Law) in favor of the issuer or nominated person of letters of credit permitted pursuant to Section 6.01;
- (j) any interest or title of a lessor, sublessor, licensor or sublicensor under leases or licenses permitted by this Agreement that are entered into in the ordinary course of business;
- (k) leases, licenses, subleases or sublicenses granted to others in the ordinary course of business that do not (i) interfere in any material respect with the ordinary conduct of the business of the Borrower and its Subsidiaries, or (ii) secure any Indebtedness;
- (l) Liens in favor of customs and revenue authorities arising as a matter of law to secure payment of customs duties in connection with the importation of goods in the ordinary course of business;
- (m) Liens securing Indebtedness and other obligations in an aggregate amount not exceed \$250,000 at any time outstanding;
- (n) Liens securing Indebtedness permitted under Section 6.01(h); and
- (o) in the case of any joint venture or non-Wholly-Owned Subsidiary, customary encumbrances or other restrictions contained in any shareholders agreements, joint venture agreements, Organizational Documents or similar binding agreements relating to the ownership of the Equity Interest in such joint venture or non-Wholly-Owned Subsidiary.

SECTION 6.03 Fundamental Changes. The Borrower will not, nor will it permit any Subsidiary to, merge, dissolve, liquidate, consolidate with or into another Person, or Dispose of (whether in one transaction or in a series of transactions) all or substantially all of its assets (whether now owned or hereafter acquired) to or in favor of any Person, except that, so long as no Default exists or would result therefrom:

- (a) any Subsidiary may merge with (i) the Borrower, provided that the Borrower shall be the continuing or surviving Person, or (ii) any one or more other Subsidiaries, provided that when any Wholly-Owned Subsidiary is merging with another Subsidiary, a Wholly-Owned Subsidiary shall be the continuing or surviving Person;
- (b) any Subsidiary may Dispose of all or substantially all of its assets (upon voluntary liquidation or otherwise) to the Borrower or to another Subsidiary; provided that if the transferor in such a transaction is a Wholly-Owned Subsidiary, then the transferee shall either be the Borrower or another Wholly-Owned Subsidiary;

- (c) the Borrower and its Subsidiaries may make Dispositions permitted by Section 6.04;
- (d) any Investment permitted by Section 6.06 may be structured as a merger, consolidation or amalgamation; and
- (e) any Subsidiary may dissolve, liquidate or wind up its affairs if it owns no material assets, engages in no business and otherwise has no activities other than activities related to the maintenance of its existence and good standing.

SECTION 6.04 Dispositions. The Borrower will not, and will not permit any Subsidiary to, make any Disposition or enter into any agreement to make any Disposition, except:

- (a) So long as no Event of Default shall have occurred and be continuing, Dispositions by the Borrower and its Subsidiaries on fair and reasonable terms and pursuant to arm's-length transactions; provided, that the Borrower or such Subsidiary shall receive not less than 100% of consideration for any such Disposition in the form of cash; provided, further, (i) the Borrower may receive reasonable profit participations as part of any such Disposition and (ii) any seller financing shall require the prior written consent of the Lender; and
- (b) Dispositions of the Equity Interests of the Lender which are required pursuant to the terms of the Margin Loan Facility.

SECTION 6.05 Restricted Payments. The Borrower will not, and will not permit any Subsidiary to, declare or make, directly or indirectly, any Restricted Payment, or incur any obligation (contingent or otherwise) to do so, except that, so long as no Default shall have occurred and be continuing at the time of any action described below or would result therefrom:

- (a) each Subsidiary may make Restricted Payments to the Borrower and any other Person that owns an Equity Interest in such Subsidiary, ratably according to their respective holdings of such Equity Interests in respect of which such Restricted Payment is being made; and
- (b) the Borrower and each Subsidiary may pay withholding or similar taxes payable by any future, present or former employee, director or officer (or any spouses, former spouses, successors, executors, administrators, heirs, legatees or distributees of any of the foregoing) in connection with any repurchases of Equity Interests or the exercise of stock options.

SECTION 6.06 Investments. The Borrower will not, and will not permit any Subsidiary to, make any Investments, except:

- (a) Investments held by the Borrower or such Subsidiary in the form of Cash Equivalents;
- (b) (i) Investments in Subsidiaries in existence on the Closing Date, and (ii) other Investments in existence on the Closing Date and identified on Schedule 6.06, and any refinancing, refunding, renewal or extension of any such Investment that does not increase the amount thereof;
- (c) Investments of the Borrower in any Wholly-Owned Subsidiary and Investments of any Wholly-Owned Subsidiary in the Borrower or in another Wholly-Owned Subsidiary;
- (d) Investments consisting of extensions of credit in the nature of accounts receivable or notes receivable arising from the grant of trade credit in the ordinary course of business, and Investments

received in satisfaction or partial satisfaction thereof from financially troubled account debtors to the extent reasonably necessary in order to prevent or limit loss;

- (e) Investments consisting of the indorsement by the Borrower or any Subsidiary of negotiable instruments payable to such Person for deposit or collection in the ordinary course of business;
- (f) Investments consisting of funding protective advances on loans by the Borrower or any Subsidiary in the ordinary course of business;
- (g) Investments consisting of the purchase of mortgage-backed securities in an amount not to exceed the amount reasonably necessary (as determined by the Borrower in good faith) for the Borrower to maintain its exemption from registration under the Investment Company Act of 1940; and
- (h) Investments pursuant to the Asbury Park bond program.

SECTION 6.07 Transactions with Affiliates. The Borrower will not, and will not permit any Subsidiary to, enter into any transaction of any kind with any Affiliate of the Borrower, whether or not in the ordinary course of business, other than on fair and reasonable terms substantially as favorable to the Borrower or such Subsidiary as would be obtainable by the Borrower or such Subsidiary at the time in a comparable arm's-length transaction with a Person other than an Affiliate; provided that the foregoing restriction shall not apply to (a) transactions between or among the Borrower and any of its Wholly-Owned Subsidiaries or between and among any Wholly-Owned Subsidiaries, (b) Restricted Payments permitted by Section 6.05, (c) Investments permitted by Section 6.06(b) or (c) or (d) transactions and payments contemplated by the Management Agreement.

SECTION 6.08 Certain Restrictive Agreements. The Borrower will not, and will not permit any Subsidiary to, enter into any Contractual Obligation (other than this Agreement or any other Loan Document) that, directly or indirectly, (a) limits the ability of (i) any Subsidiary to make Restricted Payments to the Borrower or to otherwise transfer property to the Borrower, (ii) any Subsidiary to Guarantee Indebtedness of the Borrower or (iii) the Borrower or any Subsidiary to create, incur, assume or suffer to exist Liens on property of such Person to secure the Obligations; or (b) requires the grant of a Lien to secure an obligation of such Person if a Lien is granted to secure another obligation of such Person; provided, that the foregoing restriction shall not apply to (x) restrictions imposed pursuant to the Margin Loan Facility, (y) agreements between the Borrower and the Lender and (z) customary provisions in shareholders agreements, joint venture agreements, Organizational Documents or similar binding agreements relating to any joint venture or any non-Wholly-Owned Subsidiary and applicable solely to such joint venture or non-Wholly-Owned Subsidiary and the Equity Interests issued thereby.

SECTION 6.09 Changes in Nature of Business. The Borrower will not, and will not permit any Subsidiary to, engage to any material extent in any business other than those businesses conducted by the Borrower and its Subsidiaries on the date hereof or any business reasonably related or incidental thereto or representing a reasonable expansion thereof.

SECTION 6.10 Restriction on Use of Proceeds. The Borrower will not use the proceeds of any borrowing, whether directly or indirectly, and whether immediately, incidentally or ultimately, to purchase or carry Margin Stock, or to extend credit to others for the purpose of purchasing or carrying Margin Stock or to refund indebtedness originally incurred for such purpose.

SECTION 6.11 Prepayments; Modifications of Margin Loan Facility and Organizational Documents . The Borrower will not, and will not permit any Subsidiary to

(a) make or offer to make (or give any notice in respect thereof) any optional or voluntary payment, prepayment, repurchase or redemption of, or voluntarily or optionally defease, or otherwise satisfy prior to the scheduled maturity thereof in any manner, the Margin Loan Facility, or segregate funds for any such payment, prepayment, repurchase, redemption or defeasance, except as otherwise permitted pursuant to Section 2.06(b)(ii);

(b) without the prior written consent of the Lender, amend, modify, waive or otherwise change, or consent or agree to any amendment, modification, waiver or other change to, any of the terms of the Margin Loan Facility in any manner materially adverse to the interests of the Lender, as determined in good faith by the Borrower;

(c) amend, restate, supplement or otherwise modify any of its Organizational Documents or any agreement to which it is a party with respect to its Equity Interests (including any stockholders' agreement), or enter into any new agreement with respect to its Equity Interests, other than any such amendments, modifications or changes or such new agreements which are not, and could not reasonably be expected to be, adverse in any material respect to the interests of the Lender.

SECTION 6.12 Negative Pledges. The Borrower shall not permit nor allow any of its Subsidiaries (other than the Margin Loan Borrower to create, incur, assume or otherwise cause or suffer to exist or become effective any Lien of any kind securing Indebtedness for borrowed money upon any of their property or assets, now owned or hereafter acquired, except as permitted under Section 6.02(b), (c), (g), (h) or (i).

ARTICLE VII.

EVENTS OF DEFAULT

SECTION 7.01 Events of Default. If any of the following events (each, an "Event of Default") shall occur:

(a) the Borrower shall fail to pay any principal of any Loan when and as the same shall become due and payable, whether at the due date thereof or at a date fixed for prepayment thereof or otherwise;

(b) the Borrower shall fail to pay any interest on any Loan, or any fee or any other amount (other than an amount referred to in clause (a) of this Section) payable under this Agreement or under any other Loan Document, when and as the same shall become due and payable, and such failure shall continue unremedied for a period of three (3) or more Business Days;

(c) any representation or warranty made or deemed made by or on behalf of the Borrower in or in connection with this Agreement or any other Loan Document or any amendment or modification hereof or thereof, or any waiver hereunder or thereunder, or in any report, certificate, financial statement or other document furnished pursuant to or in connection with this Agreement or any other Loan Document or any amendment or modification hereof or thereof, or any waiver hereunder or thereunder, shall prove to have been incorrect in any material respect (or, in the case of any such representation or warranty under this Agreement or any other Loan Document already qualified by materiality, such representation or warranty shall prove to have been incorrect) when made or deemed made;

(d) the Borrower shall fail to observe or perform any covenant, condition or agreement contained in Section 5.03(a), 5.04 (with respect to the Borrower's existence) or 5.12 or in Article VI;

(e) the Borrower shall fail to observe or perform any covenant, condition or agreement contained in this Agreement or any other Loan Document (other than those specified in clause (a), (b) or (d) of this Section) and such failure shall continue unremedied for a period of thirty (30) or more days after notice thereof by the Lender to the Borrower;

(f) (i) the Borrower or any Subsidiary shall fail to make any payment when due (whether by scheduled maturity, required prepayment, acceleration, demand, or otherwise) in respect of the Margin Loan Facility or any other Indebtedness (other than Indebtedness under the Loan Documents), in each case beyond the applicable grace period with respect thereto, if any; or (ii) the Borrower or any Subsidiary shall fail to observe or perform any other agreement or condition relating to the Margin Loan Facility or such other Indebtedness or contained in any instrument or agreement evidencing, securing or relating thereto, or any other event occurs, the effect of which default or other event is to cause, or to permit the holder or holders or beneficiary or beneficiaries of such Indebtedness (or a trustee or agent on behalf of such holder or holders or beneficiary or beneficiaries) to cause, with the giving of notice if required, such Indebtedness to become due or to be repurchased, prepaid, defeased or redeemed (automatically or otherwise), or an offer to repurchase, prepay, defease or redeem such Indebtedness to be made, prior to its stated maturity; provided, that this clause (f)(ii) shall not apply to secured Indebtedness that becomes due as a result of the voluntary sale or transfer of the property or assets securing such Indebtedness, if such sale or transfer is permitted hereunder and under the documents providing for such Indebtedness and such Indebtedness is repaid when required under the documents providing for such Indebtedness;

(g) an involuntary proceeding shall be commenced or an involuntary petition shall be filed seeking (i) liquidation, reorganization or other relief in respect of the Borrower or any of its Subsidiaries or its debts, or of a substantial part of its assets, under any Debtor Relief Law now or hereafter in effect or (ii) the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for the Borrower or any of its Subsidiaries or for a substantial part of its assets, and, in any such case, such proceeding or petition shall continue undismissed for a period of sixty (60) or more days or an order or decree approving or ordering any of the foregoing shall be entered;

(h) the Borrower or any of its Subsidiaries shall (i) voluntarily commence any proceeding or file any petition seeking liquidation, reorganization or other relief under any Debtor Relief Law now or hereafter in effect, (ii) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or petition described in clause (g) of this Section, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for the Borrower or any of its Subsidiaries or for a substantial part of its assets, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors or (vi) take any action for the purpose of effecting any of the foregoing;

(i) the Borrower or any of its Subsidiaries shall become unable, admit in writing its inability or fail generally to pay its debts as they become due;

(j) there is entered against the Borrower or any Subsidiary (i) a final judgment or order for the payment of money in an aggregate amount (as to all such judgments and orders) exceeding \$3,000,000 (to the extent not covered by independent third-party insurance as to which the insurer has been notified of such judgment or order and has not denied or failed to acknowledge coverage), or (ii) a non-monetary final judgment or order that, either individually or in the aggregate, has or could reasonably be expected to have a Material Adverse Effect and, in either case, (A) enforcement proceedings are commenced by any creditor upon such judgment or order, or (B) there is a period of thirty (30) consecutive days during which a stay of enforcement of such judgment, by reason of a pending appeal or otherwise, is not in effect;

(k) [reserved];

(l) a Change of Control shall occur;

(m) any material provision of any Loan Document, at any time after its execution and delivery and for any reason other than as expressly permitted hereunder or thereunder or satisfaction in full of all Obligations, ceases to be in full force and effect; or the Borrower or any other Person contests in writing the validity or enforceability of any provision of any Loan Document; or the Borrower denies in writing that it has any or further liability or obligation under any Loan Document, or purports in writing to revoke, terminate or rescind any Loan Document; or

(n) any material provision of the Pledge Agreement, at any time after its execution and delivery and for any reason other than as expressly permitted hereunder or thereunder or solely as a result of acts or omissions by the Lender or the satisfaction in full of all the Obligations, ceases to be in full force and effect or ceases to create a valid and perfected lien, with the priority set forth in the Pledge Agreement, on a material portion of the Pledged Collateral covered thereby;

then, and in every such event (other than an event with respect to the Borrower described in clause (g) or (h) of this Section), and at any time thereafter during the continuance of such event, the Lender may, by notice to the Borrower, take any or all of the following actions, at the same or different times:

(i) declare the Loans then outstanding to be due and payable in whole (or in part, in which case any principal not so declared to be due and payable may thereafter be declared to be due and payable), and thereupon the principal of the Loans so declared to be due and payable, together with accrued interest thereon and all fees and other Obligations of the Borrower accrued hereunder, shall become due and payable immediately, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrower; and

(ii) exercise all rights and remedies available to it and the Lenders under the Loan Documents and Applicable Law;

provided that, in case of any event with respect to the Borrower described in clause (g) or (h) of this Section, the principal of the Loans then outstanding, together with accrued interest thereon and all fees and other Obligations accrued hereunder, shall automatically become due and payable, in each case without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrower.

Notwithstanding anything to the contrary contained herein or in any other Loan Document, no Default or Event of Default under this Agreement or any other Loan Document shall occur or be deemed to occur as a result of a Star Breach Event.

SECTION 7.02 Application of Payments. Notwithstanding anything herein to the contrary, following the occurrence and during the continuance of an Event of Default, all payments received on account of the Obligations shall be applied by the Lender as follows:

(i) first, to payment of that portion of the Obligations constituting fees, indemnities and other amounts (other than principal and interest) payable to the Lender (including fees and disbursements and other charges of counsel payable under Section 9.03) arising under the Loan Documents;

(ii) second, to payment of that portion of the Obligations constituting accrued and unpaid interest on the Loans;

(iii) third, to payment of that portion of the Obligations constituting unpaid principal of the Loans;

- (iv) fourth, to the payment in full of all other Obligations; and
- (v) finally, the balance, if any, after all Obligations have been indefeasibly paid in full, to the Borrower or as otherwise required by Law.

ARTICLE VIII.

[RESERVED]

ARTICLE IX.

MISCELLANEOUS

SECTION 9.01 Notices.

(a) Notices Generally. Except in the case of notices and other communications expressly permitted to be given by telephone (and except as provided in paragraph (b) below), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by facsimile or email as follows:

- (i) if to the Borrower, to it at:

Star Holdings
1114 Avenue of the Americas
39th Floor
New York, NY 10036
Attn: Chief Legal Officer

- (ii) if to the Lender, to it at:

Safehold, Inc.
1114 Avenue of the Americas
39th Floor
New York, NY 10036
Attn: Chief Legal Officer

with a copy to (which shall not constitute notice):

Latham & Watkins LLP
1271 Avenue of the Americas
New York, NY 10020
Attn: David Teh
Telephone: 212-906-2985
Email: david.teh@lw.com

Notices sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received; notices sent by facsimile shall be deemed to have been given when sent (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next business day for the recipient). Notices delivered through electronic communications, to the extent provided in paragraph (b) below, shall be effective as provided in said paragraph (b).

(b) Electronic Communications. Notices and other communications to the Borrower and the Lender hereunder may be delivered or furnished by electronic communication (including e-mail, FpML, and Internet or intranet websites) pursuant to procedures approved by it; provided that approval of such procedures may be limited to particular notices or communications.

Unless the Lender otherwise prescribes, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement), and (ii) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient, at its e-mail address as described in the foregoing clause (i), of notification that such notice or communication is available and identifying the website address therefor; provided that, for both clauses (i) and (ii) above, if such notice, email or other communication is not sent during the normal business hours of the recipient, such notice or communication shall be deemed to have been sent at the opening of business on the next business day for the recipient.

(c) Change of Address, etc. Any party hereto may change its address or facsimile number for notices and other communications hereunder by notice to the other parties hereto.

SECTION 9.02 Waivers; Amendments.

(a) No Waiver; Remedies Cumulative; Enforcement. No failure or delay by the Lender in exercising any right, remedy, power or privilege hereunder or under any other Loan Document shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, remedy, power or privilege, or any abandonment or discontinuance of steps to enforce such a right, remedy, power or privilege, preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges of the Lender hereunder and under the Loan Documents are cumulative and are not exclusive of any rights, remedies, powers or privileges that any such Person would otherwise have.

(b) Amendments, Etc. Except as otherwise expressly set forth in this Agreement, no amendment or waiver of any provision of this Agreement or any other Loan Document, and no consent to any departure by the Borrower therefrom, shall be effective unless in writing executed by the Borrower and the Lender and each such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

SECTION 9.03 Expenses; Indemnity; Damage Waiver.

(a) Costs and Expenses. The Borrower shall pay (i) all reasonable out-of-pocket expenses incurred by the Lender (including the reasonable fees, charges and disbursements of counsel for the Lender), in connection with the preparation, negotiation, execution, delivery and administration of this Agreement and the other Loan Documents, or any amendments, modifications or waivers of the provisions hereof or thereof (whether or not the transactions contemplated hereby or thereby shall be consummated), and (ii) all out-of-pocket expenses incurred by the Lender (including the fees, charges and disbursements of any counsel for the Lender), in connection with the enforcement or protection of its rights (A) in connection with this Agreement and the other Loan Documents, including its rights under this Section, or (B) in connection with the Loans, including all such out-of-pocket expenses incurred during any workout, restructuring or negotiations in respect of the Loans.

(b) Indemnification by the Borrower. The Borrower shall indemnify the Lender and each Related Party of the Lender (each such Person being called an "Indemnitee") against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related expenses (including the fees, charges and disbursements of any counsel for any Indemnitee), incurred by any Indemnitee or asserted against any Indemnitee by any Person (including

the Borrower) arising out of, in connection with, or as a result of (i) the execution or delivery of this Agreement, any other Loan Document or any agreement or instrument contemplated hereby or thereby, the performance by the parties hereto of their respective obligations hereunder or thereunder or the consummation of the transactions contemplated hereby or thereby, (ii) the Loans or the use or proposed use of the proceeds therefrom, (iii) any actual or alleged presence or release of Hazardous Materials on or from any property owned or operated by the Borrower or any of its Subsidiaries, or any Environmental Liability related in any way to the Borrower or any of its Subsidiaries, or (iv) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory, whether brought by a third party or by the Borrower, and regardless of whether any Indemnitee is a party thereto; provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses (x) are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnitee, (y) result from a claim brought by the Borrower against an Indemnitee for breach in bad faith of such Indemnitee's obligations hereunder or under any other Loan Document, if the Borrower has obtained a final and nonappealable judgment in its favor on such claim as determined by a court of competent jurisdiction or (z) result from a claim not involving an act or omission of the Borrower and that is brought by an Indemnitee against another Indemnitee. Paragraph (b) of this Section shall not apply with respect to Taxes other than any Taxes that represent losses, claims, damages, etc. arising from any non-Tax claim.

(c) Reserved.

(d) Waiver of Consequential Damages, Etc. To the fullest extent permitted by Applicable Law, the Borrower shall not assert, and hereby waives, any claim against any Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any other Loan Document or any agreement or instrument contemplated hereby, the transactions contemplated hereby or thereby, the Loans, or the use of the proceeds thereof. No Indemnitee referred to in paragraph (b) above shall be liable for any damages arising from the use by unintended recipients of any information or other materials distributed by it through telecommunications, electronic or other information transmission systems in connection with this Agreement or the other Loan Documents or the transactions contemplated hereby or thereby.

(e) Payments. All amounts due under this Section shall be payable promptly after demand therefor.

(f) Survival. Each party's obligations under this Section shall survive the termination of the Loan Documents and payment of the obligations hereunder.

SECTION 9.04 Successors and Assigns.

(a) Successors and Assigns Generally. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that neither the Borrower nor the Lender may assign or otherwise transfer any of its respective rights or obligations hereunder without the prior written consent of the other party (and any other attempted assignment or transfer by any party hereto shall be null and void). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby, and, to the extent expressly contemplated hereby, the Related Parties of the Lender) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) Assignments by Lenders. The Lender may at any time assign to one or more assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans at the time owing to it); provided that the consent of the Borrower (such consent not to be unreasonably withheld or delayed) shall be required unless (x) an Event of Default has occurred and is continuing at the time of such assignment, or (y) such assignment is to an Affiliate of a Lender; provided that the Borrower shall be deemed to have consented to any such assignment unless it shall object thereto by written notice to the Lender within ten (10) Business Days after having received notice thereof; provided further that no such assignment shall be made to a natural person (or a holding company, investment vehicle or trust for, or owned and operated for the primary benefit of, a natural person).

SECTION 9.05 Survival. All covenants, agreements, representations and warranties made by the Borrower herein and in any Loan Document or other documents delivered in connection herewith or therewith or pursuant hereto or thereto shall be considered to have been relied upon by the other parties hereto and shall survive the execution and delivery hereof and thereof and the making of the Loans hereunder, regardless of any investigation made by any such other party or on its behalf and notwithstanding that the Lender may have had notice or knowledge of any Default at the time of any borrowing, and shall continue in full force and effect as long as any Loan or any other Obligation hereunder shall remain unpaid or unsatisfied. The provisions of Sections 9.03 and 9.15 shall survive and remain in full force and effect regardless of the consummation of the transactions contemplated hereby, the payment in full of the Obligations or the termination of this Agreement or any provision hereof.

SECTION 9.06 Counterparts; Integration; Effectiveness; Electronic Execution.

(a) Counterparts; Integration; Effectiveness. This Agreement may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement and the other Loan Documents constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. This Agreement shall become effective when it shall have been executed by the Lender and the Lender shall have received counterparts hereof that, when taken together, bear the signatures of each of the other parties hereto. Delivery of an executed counterpart of a signature page of this Agreement by facsimile or in electronic (e.g., "pdf" or "tif") format shall be effective as delivery of a manually executed counterpart of this Agreement.

(b) Electronic Execution of Loan Documents. The words "execution," "signed," "signature," and words of like import in this Agreement and the other Loan Documents, shall be deemed to include electronic signatures or electronic records, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any Applicable Law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act.

SECTION 9.07 Severability. If any provision of this Agreement or the other Loan Documents is held to be illegal, invalid or unenforceable, (a) the legality, validity and enforceability of the remaining provisions of this Agreement and the other Loan Documents shall not be affected or impaired thereby and (b) the parties shall endeavor in good faith negotiations to replace the illegal, invalid or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the illegal, invalid or unenforceable provisions. The invalidity of a provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

SECTION 9.08 Non-Recourse. Notwithstanding anything to the contrary contained herein or in any other Loan Document, the Borrower shall not have any personal recourse liability for the

Obligations incurred under, evidenced by, created pursuant to, or arising under, this Agreement or the other Loan Documents and no deficiency judgment therefore shall be enforced against the personal assets of the Borrower other than the Pledged Collateral. Notwithstanding the foregoing, a judgment may be sought, obtained, entered and enforced against the Borrower to the extent necessary to preserve or enforce the rights and remedies of the Lender in, to or against the Pledged Collateral and nothing contained herein shall be construed to limit, prejudice or impair the rights of Lender to enforce its rights and remedies against the Pledged Collateral.

SECTION 9.09 Governing Law; Jurisdiction; Etc.

(a) Governing Law. This Agreement and the other Loan Documents and any claims, controversy, dispute or cause of action (whether in contract or tort or otherwise) based upon, arising out of or relating to this Agreement or any other Loan Document (except, as to any other Loan Document, as expressly set forth therein) and the transactions contemplated hereby and thereby shall be governed by, and construed in accordance with, the law of the State of New York.

(b) Jurisdiction. The Borrower irrevocably and unconditionally agrees that it will not commence any action, litigation or proceeding of any kind or description, whether in law or equity, whether in contract or in tort or otherwise, against the Lender or any Related Party of the Lender in any way relating to this Agreement or any other Loan Document or the transactions relating hereto or thereto, in any forum other than the courts of the State of New York sitting in New York County, and of the United States District Court for the Southern District of New York sitting in New York County, and any appellate court from any thereof, and each of the parties hereto irrevocably and unconditionally submits to the jurisdiction of such courts and agrees that all claims in respect of any such action, litigation or proceeding may be heard and determined in such New York State court or, to the fullest extent permitted by Applicable Law, in such federal court. Each of the parties hereto agrees that a final judgment in any such action, litigation or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement or in any other Loan Document shall affect any right that the Lender may otherwise have to bring any action or proceeding relating to this Agreement or any other Loan Document against the Borrower or its properties in the courts of any jurisdiction.

(c) Waiver of Venue. The Borrower irrevocably and unconditionally waives, to the fullest extent permitted by Applicable Law, any objection that it may now or hereafter have to the laying of venue of any action or proceeding arising out of or relating to this Agreement or any other Loan Document in any court referred to in paragraph (b) of this Section. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by Applicable Law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(d) Service of Process. Each party hereto irrevocably consents to service of process in the manner provided for notices in Section 9.01. Nothing in this Agreement will affect the right of any party hereto to serve process in any other manner permitted by Applicable Law.

SECTION 9.10 WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO

ENTER INTO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

SECTION 9.11 Headings. Article and Section headings and the Table of Contents used herein are for convenience of reference only, are not part of this Agreement and shall not affect the construction of, or be taken into consideration in interpreting, this Agreement.

SECTION 9.12 Treatment of Certain Information; Confidentiality. The Lender agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its Affiliates and to its Related Parties (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential); (b) to the extent required or requested by any regulatory authority purporting to have jurisdiction over such Person or its Related Parties (including any self-regulatory authority, such as the National Association of Insurance Commissioners); (c) to the extent required by Applicable Laws or by any subpoena or similar legal process; (d) to any other party hereto; (e) in connection with the exercise of any remedies hereunder or under any other Loan Document or any action or proceeding relating to this Agreement or any other Loan Document or the enforcement of rights hereunder or thereunder; (f) subject to an agreement containing provisions substantially the same as (or no less restrictive than) those of this Section, to (i) any assignee of, or any prospective assignee of, any of its rights and obligations under this Agreement, or (ii) any actual or prospective party (or its Related Parties) to any swap, derivative or other transaction under which payments are to be made by reference to the Borrower and its obligations, this Agreement or payments hereunder; (g) on a confidential basis to (i) any rating agency in connection with rating the Borrower or its Subsidiaries or this Agreement or (ii) the CUSIP Service Bureau or any similar agency in connection with the issuance and monitoring of CUSIP numbers with respect to this Agreement; (h) with the consent of the Borrower; or (i) to the extent such Information (x) becomes publicly available other than as a result of a breach of this Section, or (y) becomes available to the Lender or any of its Affiliates on a nonconfidential basis from a source other than the Borrower who did not acquire such information as a result of a breach of this Section.

For purposes of this Section, "Information" means all information received from the Borrower or any of its Subsidiaries relating to the Borrower or any of its Subsidiaries or any of their respective businesses, other than any such information that is available to the Lender on a nonconfidential basis prior to disclosure by the Borrower or any of its Subsidiaries; provided, that, in the case of information received from the Borrower or any of its Subsidiaries after the date hereof, such information is clearly identified at the time of delivery as confidential. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

SECTION 9.13 PATRIOT Act. To the extent the Lender is subject to the PATRIOT Act, it hereby notifies the Borrower that, pursuant to the requirements of the PATRIOT Act, it may be required to obtain, verify and record information that identifies the Borrower, which information includes the name and address of the Borrower and other information that will allow the Lender to identify the Borrower in accordance with the PATRIOT Act.

SECTION 9.14 Interest Rate Limitation. Notwithstanding anything herein to the contrary, if at any time the interest rate applicable to any Loan or other Obligation owing under this Agreement, together with all fees, charges and other amounts that are treated as interest on such Loan or other Obligation under Applicable Law (collectively, "charges"), shall exceed the maximum lawful rate (the "Maximum Rate") that may be contracted for, charged, taken, received or reserved by the Lender in accordance with Applicable Law, the rate of interest payable in respect of such Loan or other Obligation hereunder, together

with all charges payable in respect thereof, shall be limited to the Maximum Rate. To the extent lawful, the interest and charges that would have been paid in respect of such Loan or other Obligation but were not paid as a result of the operation of this Section shall be cumulated and the interest and charges payable to the Lender in respect of the Loans or Obligations or periods shall be increased (but not above the amount collectible at the Maximum Rate therefor) until such cumulated amount, together with interest thereon at the Federal Funds Rate for each day to the date of repayment, shall have been received by the Lender. Any amount collected by the Lender that exceeds the maximum amount collectible at the Maximum Rate shall be applied to the reduction of the principal balance of such Loan or other Obligation or refunded to the Borrower so that at no time shall the interest and charges paid or payable in respect of such Loan or other Obligation exceed the maximum amount collectible at the Maximum Rate.

SECTION 9.15 Payments Set Aside. To the extent that any payment by or on behalf of the Borrower is made to the Lender and such payment or any part thereof is subsequently invalidated, declared to be fraudulent or preferential, set aside or required (including pursuant to any settlement entered into by the Lender in its discretion) to be repaid to a trustee, receiver or any other party, in connection with any proceeding under any Debtor Relief Law or otherwise, then to the extent of such recovery, the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made.

SECTION 9.16 Amendment and Restatement. This Agreement shall, except (a) as otherwise expressly set forth herein, supersede the Existing Credit Agreement from and after the Closing Date. The parties hereto acknowledge and agree, however, that (i) this Agreement and all other Loan Documents executed and delivered herewith do not constitute a novation or termination of the Obligations (under and as defined in the Existing Credit Agreement) and the other Loan Documents (as defined in the Existing Credit Agreement), in each case, as in effect prior to the Closing Date except as expressly provided for herein and (ii) the Obligations (under and as defined in the Existing Credit Agreement) are in all respects continuing with the terms being modified as provided in this Agreement and the other Loan Documents. The parties hereto further acknowledge and agree that (A) the liens and security interests in favor of the Lender securing payment of the Obligations (under and as defined in the Existing Credit Agreement) are in all respects continuing and in full force and effect with respect to all Obligations and (B) all references in the other Loan Documents to the Existing Credit Agreement shall be deemed to refer without further amendment to this Agreement.

[Remainder intentionally left blank. Signature pages follow.]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

STAR HOLDINGS
as Borrower

By: _____
Name:
Title:

[Signature Page to Credit Agreement]

SAFEHOLD INC.,
as Lender

By: _____
Name:
Title:

[Signature Page to Credit Agreement]

List of Issuers of Guaranteed Securities

As of March 31, 2023, the following subsidiary was the issuer of the 2.80% senior notes due June 2031 and the 2.85% senior notes due January 2032 guaranteed by Safehold Inc.

Name of Subsidiary
Safehold GL Holdings LLC

Jurisdiction of Organization
Delaware

CERTIFICATION

I, Jay Sugarman, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Safehold Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 28, 2023

By: /s/ JAY SUGARMAN
Name: Jay Sugarman
Title: Chief Executive Officer

CERTIFICATION

I, Brett Asnas, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Safehold Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 28, 2023

By: /s/ BRETT ASNAS

Name: Brett Asnas

Title: Chief Financial Officer (principal financial officer)

Certification of Chief Executive Officer**Pursuant to Section 906 of The Sarbanes-Oxley Act of 2002**

The undersigned, the Chief Executive Officer of Safehold Inc. (the "Company"), hereby certifies on the date hereof, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of The Sarbanes-Oxley Act of 2002, that the Quarterly Report on Form 10-Q for the quarter ended March 31, 2023 (the "Form 10-Q"), filed concurrently herewith by the Company, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and that the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 28, 2023

By: /s/ JAY SUGARMAN

Name: Jay Sugarman

Title: *Chief Executive Officer*

Certification of Principal Financial Officer

Pursuant to Section 906 of The Sarbanes-Oxley Act of 2002

The undersigned, the Chief Financial Officer of Safehold Inc. (the "Company"), hereby certifies on the date hereof, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of The Sarbanes-Oxley Act of 2002, that the Quarterly Report on Form 10-Q for the quarter ended March 31, 2023 (the "Form 10-Q"), filed concurrently herewith by the Company, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and that the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 28, 2023

By: /s/ BRETT ASNAS

Name: Brett Asnas

Title: Chief Financial Officer (principal financial officer)
