Use these links to rapidly review the document
TABLE OF CONTENTS
INDEX TO FINANCIAL STATEMENTS

Table of Contents

As filed with the Securities and Exchange Commission on June 7, 2017

Registration Statement No. 333-217224

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

AMENDMENT NO. 2
TO
FORM S-11

**FOR REGISTRATION
UNDER
THE SECURITIES ACT OF 1933 OF SECURITIES
OF CERTAIN REAL ESTATE COMPANIES**

Safety, Income and Growth, Inc.

(Exact name of registrant as specified in governing instruments)

**1114 Avenue of the Americas
New York, New York 10036**
(Address, including Zip Code, and Telephone Number, including Area Code, of Registrant's Principal Executive Offices)

**Jay Sugarman
Safety, Income and Growth, Inc.
Chief Executive Officer
1114 Avenue of the Americas
New York, New York 10036
Tel (212) 930-9400**
(Name, Address, including Zip Code, and Telephone Number, including Area Code, of Agent for Service)

Copies to:

Kathleen L. Werner, Esq. Clifford Chance US LLP 31 West 52nd Street New York, New York 10019 Tel (212) 878-8000 Fax (212) 878-8375	**Edward F. Petrosky, Esq. Bartholomew A. Sheehan III, Esq. Sidley Austin LLP 787 Seventh Avenue New York, New York 10019 Tel (212) 839-5300 Fax (212) 839-5599**

**Approximate date of commencement of proposed sale to the public:
As soon as practicable after the effective date of this registration statement.**

If any of the Securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act, check the following box: o

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If delivery of the prospectus is expected to be made pursuant to Rule 434, check the following box. o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company or an emerging growth company. See the 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 o	Accelerated filer o	Non-accelerated filer ☒ (Do not check if a smaller reporting company)	Smaller reporting company o Emerging growth company ☒

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 7(a)(2)(B) of the Securities Act. ☒

CALCULATION OF REGISTRATION FEE

Title of securities to be registered	Proposed maximum aggregate offering price(1)(2)	Amount of registration fee(3)
Common stock, $0.01 par value per share	$100,000,000	$11,590

(1) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(o) under the Securities Act of 1933, as amended.

(2) Includes the offering price of common stock that may be sold if the option to purchase additional shares granted by the Registrant to the underwriters is exercised in full.

(3) Calculated pursuant to Rule 457(o) based on an estimate of the proposed maximum aggregate offering price. Fee has been previously paid.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until **the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine**.

Subject to Completion,
Preliminary Prospectus Dated June 7, 2017

PROSPECTUS

SHARES

SAFETY INCOME GROWTH

SAFETY, INCOME AND GROWTH, INC.

Common Stock

This is our initial public offering. We are selling shares of our common stock and all of the shares of common stock offered by this prospectus are being sold by us. Prior to this offering, there has been no public market for our common stock. We anticipate that the initial public offering price will be between $ and $ per share. Our common stock has been approved for listing on the New York Stock Exchange, subject to official notice of issuance, under the symbol "SAFE." We will be externally managed by SFTY Manager LLC, a wholly-owned subsidiary of iStar Inc. (NYSE: STAR). Concurrently with the completion of this offering, we will sell $45.0 million in shares of our common stock in a private placement to iStar Inc. at the same price as the initial public offering price per share in this offering. As described more fully in this prospectus, upon completion of this offering, the concurrent iStar placement and the formation transactions, iStar will own approximately % of our outstanding common stock, an affiliate of GIC (Realty) Private Limited will own approximately % of our outstanding common stock and an affiliate of Lubert-Adler, L.P. will own approximately % of our outstanding common stock.

We intend to elect to qualify as a real estate investment trust, or REIT, for U.S. federal income tax purposes, commencing with our taxable year ending December 31, 2017.

Shares of our common stock are, with certain exceptions, subject to a 9.8% ownership limitation to, among other purposes, assist us in qualifying and maintaining our qualification as a REIT. In addition, our charter contains various other restrictions on the ownership and transfer of shares of our common stock. See "Description of Securities—Restrictions on Ownership and Transfer" beginning on page 184 of this prospectus.

We are an "emerging growth company" as defined in the Jumpstart Our Business Startups Act of 2012, as amended, and will be subject to reduced public company reporting requirements.

Investing in our common stock involves a high degree of risk. See "Risk Factors" beginning on page 26 of this prospectus for a discussion of certain risk factors that you should consider before making a decision to invest in our common stock.

	Per Share	Total
Initial public offering price	$	$
Underwriting discounts and commissions(1)	$	$
Proceeds, before expenses, to us	$	$

(1) iStar Inc. has agreed to pay the underwriting discounts and commissions payable to the underwriters in connection with this offering, our other offering expenses and our expenses incurred in connection with the concurrent iStar placement, in an aggregate amount not to exceed $25 million. See "Underwriting—Commissions and Discounts".

We have granted the underwriters the option to purchase an additional shares of our common stock for 30 days after the date of this prospectus.

Neither the Securities and Exchange Commission nor any state or other securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the shares of our common stock on or about , 2017.

BofA Merrill Lynch **J.P. Morgan** **Barclays**

Citigroup **Raymond James**

Mizuho Securities

The date of this prospectus is , 2017.

TABLE OF CONTENTS

You should rely only on the information contained in this prospectus or in any free writing prospectus prepared by us. We have not, and the underwriters have not, authorized any other person to provide you with different or additional information. If anyone provides you with different or additional information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus and any free writing prospectus prepared by us is accurate only as of their respective dates or on the date or dates which are specified in these documents. Our business, financial position, cash flows, liquidity, results of operations and prospects may have changed since those dates.

Tenant Data

We provide information in this prospectus about our tenants and leases. This should not be construed to indicate that any of our tenants is a sponsor of this offering or is otherwise responsible for the information contained in, or omitted from, this prospectus. Additionally, some of this information is based on financial information provided to us by our tenants pursuant to our leases and has not been independently investigated or verified by us.

Non-GAAP Financial Measures

We use non-GAAP financial measures in this prospectus. For definitions and reconciliations of these non-GAAP financial measures, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Non-GAAP Financial Measures."

Certain Defined Terms

Unless the context otherwise requires, the following terms used throughout this prospectus have the following meanings:

"acquisition GNLs"	two GNLs in Los Angeles, California that we intend to acquire shortly after the closing of this offering using a portion of the net proceeds from this offering and the concurrent iStar placement pursuant to separate definitive purchase agreements that we will assume from iStar or, if iStar has acquired the acquisition GNLs before the closing of this offering, from iStar. See "Prospectus Summary—Acquisition GNLs."
"Combined Property Value"	the combined value of the land, buildings and improvements relating to a commercial property, as if there were no GNL on the land at the property, as such value is determined by us using one or more valuation methodologies that we consider appropriate.
"concurrent iStar placement"	the private placement to iStar of shares of our common stock having an aggregate value of $45.0 million, equivalent to shares of our common stock based on the mid-point of the initial public offering price range set forth on the cover page of this prospectus, at a price per share equal to the initial public offering price that will occur concurrently with this offering.
"continuing investors"	GICRE and LA.
"formation transactions"	the transactions described under "Structure and Formation of Our Company" that we have consummated or intend to consummate prior to or concurrently with the completion of this offering.

"GAAP"	accounting principles generally accepted in the United States of America.
"GICRE"	SFTY Venture LLC, an affiliate of GIC (Realty) Private Limited.
"GNL"	ground net lease and any other lease that we determine has characteristics of a ground net lease, including length of lease term, value relative to Combined Property Value, periodic rent escalations or percentage rent participations and triple net terms.
"Ground Rent Coverage"	with respect to a property subject to a GNL, the ratio of the Underlying Property NOI to the base rental payment due to us under the GNL for the initial twelve month period of the GNL, or for such other period as may be specified in this prospectus. Underlying Property NOI is based on information reported to us by our tenants without any independent investigation or verification by us. We are prohibited from publicly disclosing the Underlying Property NOI at One Ally Center pursuant to a confidentiality agreement with the tenant. We have estimated the Ground Rent Coverage for One Ally Center based upon available market information.
"initial portfolio financing"	the $227 million secured financing that we entered into in March 2017, as more fully described in "Description of Indebtedness—The Initial Portfolio Financing."
"iStar"	iStar Inc. (NYSE: STAR), a publicly-traded REIT and our ultimate parent company before giving effect to this offering, the concurrent iStar placement and the formation transactions described in this prospectus.
"LA"	SFTY VII-B, LLC an affiliate of Lubert-Adler, L.P.
"NYSE"	New York Stock Exchange.
"our manager"	SFTY Manager LLC, our external manager and a wholly-owned subsidiary of iStar.
"predecessor"	a combination of entities owned by iStar prior to the formation transactions that owned the 12 properties subject to long-term leases that comprise our initial portfolio acquired from iStar.
"Underlying Property NOI"	with respect to a property, the net operating income of the commercial real estate being operated at the property without giving effect to any rent paid or payable under our GNL. Net operating income is calculated as property-level revenues less property-level operating expenses as reported to us by the tenant. We rely on net operating income as reported to us by our tenants without any independent investigation or verification by us. We are prohibited from publicly disclosing the Underlying Property NOI at One Ally Center pursuant to a confidentiality agreement with the tenant; therefore, in this prospectus where we have provided information using an assumed Underlying Property NOI at One Ally Center, we have also presented the same information excluding all assumed Underlying Property NOI at One Ally Center. See "Risk Factors—Risks Related to Our Portfolio and Our Business—We rely on Underlying Property NOI as reported to us by our tenants."

"we," "our," "us" and "our company"	(i) Safety, Income and Growth, Inc., a Maryland corporation, together with its consolidated subsidiaries, including Safety Income and Growth Operating Partnership LP, a Delaware limited partnership, which we refer to in this prospectus as "our operating partnership," after giving effect to the formation transactions described in this prospectus and (ii) our predecessor before giving effect to the formation transactions described in this prospectus.

Unless the context otherwise requires or indicates, the information contained in this prospectus assumes: (i) the formation transactions, as described under the caption "Structure and Formation of Our Company" beginning on page 167 of this prospectus, have been completed; (ii) shares of our common stock are sold in this offering at $ per share, which is the mid-point of the initial offering price set forth on the cover page of this prospectus; (iii) shares of our common stock having an aggregate value of $45.0 million, equivalent to shares of our common stock based on the mid-point of the initial public offering price range set forth on the cover page of this prospectus, are sold in the concurrent iStar placement at the same price as the initial offering price in this offering; (iv) no exercise by the underwriters of their option to purchase up to an additional shares of our common stock; and (v) all property information is as of March 31, 2017.

Market Data

We use market data, including certain forecasts, in the "GNL Market Overview" sections under the captions "Prospectus Summary" and "Business and Properties." We have obtained this information from a market study prepared for us by Rosen Consulting Group, or RCG, a nationally recognized real estate consulting firm, in February 2017. We have paid RCG a fee for their services. The information is included herein in reliance on RCG's authority as an expert on such matters. See "Experts." We believe the data prepared by RCG is reliable, but we have not independently investigated or verified such data. Any forecasts prepared by RCG are based on data (including third-party data), models and experience of various professionals, and are based on various assumptions, all of which are subject to change without notice. There is no assurance that any of the forecasts will be achieved.

PROSPECTUS SUMMARY

Before making a decision to invest in our common stock, you should read the following summary together with the more detailed information regarding our company, including under the caption "Risk Factors," as well as the historical combined and unaudited pro forma financial statements, including the related notes, appearing elsewhere in this prospectus.

THE COMPANY

Overview

We believe that we are the first publicly-traded company formed primarily to acquire, own, manage, finance and capitalize ground net leases, or GNLs. GNLs 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. GNLs are typically "triple net" leases, meaning that the tenant is responsible for development costs, capital expenditures and all property operating expenses, such as maintenance, real estate taxes and insurance. GNLs 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.

We believe that a GNL represents a safe position in a property's capital structure. This safety is derived from the typical structure of a GNL, which we believe creates a low likelihood of a tenant default and a low likelihood of a loss by the GNL owner in the event of a tenant default. A GNL lessor typically has the right to regain possession of its land and take ownership of the buildings and improvements thereon upon a tenant default, which provides a strong incentive for a GNL tenant to make the required GNL rent payments. Additionally, the Combined Property Value of a property subject to a GNL typically exceeds the amount of the GNL owner's investment at the time it was made; therefore, even if the GNL owner takes over the property following a tenant default or upon expiration of the GNL, the owner is reasonably likely to recover substantially all of its GNL investment, and possibly amounts in excess of its investment, depending upon prevailing market conditions.

We target GNLs because we believe that rental income from GNLs can provide us with a safe, secure and growing cash flow stream. We believe that GNLs offer us the opportunity to realize superior risk-adjusted total returns when compared to certain other alternative commercial property debt and equity investments. We intend to target investments in long-term GNLs in which: (i) the initial value of our GNL represents 30% to 45% of the Combined Property Value; (ii) the Ground Rent Coverage of the GNL is between 2.0x to 5.0x; and (iii) the GNL contains contractual rent escalation clauses or percentage rent that participates in gross revenues generated by the commercial real estate on the land. We believe that these target attributes will mitigate the effects of inflation, compensate for anticipated increases in land values over time and establish a conservative position in the case of defaults. We also believe that the GNL structure provides an opportunity for future investment value accretion through the reversion to us, as the GNL owner, of the buildings and improvements on the land at the expiration or earlier termination of the lease, for no additional consideration from us. We intend to construct a portfolio of GNLs diversified by property type, geography, tenant and lease term.

We believe that there is a significant market opportunity for a dedicated provider of GNL capital like us. We believe that the market for existing GNLs is a fragmented market 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 GNLs, our investment thesis is predicated, in part, on what we believe is an untapped market opportunity to expand the use of the GNL structure to a broader component of the approximately $7.0 trillion institutional commercial property market in the United States. We intend to capitalize on this market opportunity by utilizing multiple GNL sourcing and origination channels, including acquiring existing GNLs, manufacturing new GNLs with third-party owners of commercial real estate and originating GNLs to provide capital for development and redevelopment. We further believe that GNLs 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. We intend to draw on the extensive investment origination and sourcing platform of iStar, the parent company of our manager, to actively promote the benefits of the GNL structure to prospective GNL tenants.

We have a diverse initial portfolio that is comprised of 12 properties located in major metropolitan areas that were acquired or originated by iStar over the past 20 years. All of the properties in our initial portfolio are subject to long-term net leases consisting of seven GNLs and one master lease (covering five properties) that provide for periodic contractual rental escalations or percentage rent participations in gross revenues generated at the relevant properties.

We intend to acquire two additional GNLs shortly after the closing of this offering, which we refer to as our "acquisition GNLs." The acquisition GNLs are located in Los Angeles, California and total approximately 330,000 square feet of land area containing a mix of apartments, retail and parking. Each of the acquisition GNLs has approximately 87 years remaining on its term. The aggregate purchase price for both acquisition GNLs is $142.0 million. iStar has entered into separate definitive purchase agreements to acquire the acquisition GNLs. We will assume the purchase agreements at the closing of this offering or, if iStar has acquired the acquisition GNLs before the closing of this offering, we will acquire the acquisition GNLs from iStar. We intend to complete the purchases using a portion of the net proceeds from this offering and the concurrent iStar placement.

We will be externally managed by SFTY Manager LLC, a wholly-owned subsidiary of iStar. Although our manager was recently formed, iStar has been an active real estate investor for over 20 years and has executed transactions with an aggregate value in excess of $35.0 billion. iStar has an extensive network for sourcing investments, which includes relationships with brokers, corporate tenants and developers, that it has established over its long operating history. As of March 31, 2017, iStar had total assets of approximately $5.3 billion and 191 employees in its New York City headquarters and its seven regional offices across the United States.

We have designed our management agreement with terms that we believe are beneficial to our stockholders. We will pay no management fee to our manager during the first year of the management agreement. Thereafter, our manager will be entitled to a management fee based on our total equity (as defined in our management agreement), which will be payable solely in shares of our common stock, but will not be entitled to receive any additional performance or incentive compensation. Our manager will be restricted from selling shares of our common stock paid to it as management fees for two years from the date such shares are issued, subject to certain exceptions. Our management agreement will have an initial term of one year with annual renewals to be approved by a majority of the independent members of our board of directors. The management agreement may generally be terminated by us or our manager at the end of each annual term without the payment of a termination fee. We will have no employees. See "Our Manager and the Management Agreement—Management Agreement" for more detail on our management agreement. Additionally, concurrently with the completion of this offering, we will enter into an exclusivity agreement with iStar, pursuant to which iStar will agree, subject to certain exceptions, that it will not acquire, originate, invest in, or provide financing for a third party's acquisition of, a GNL unless it has first offered that opportunity to us and a majority of our independent directors has declined the opportunity. See "Our Manager and the Management Agreement—Exclusivity."

On or before April 14, 2017, (i) we completed a series of transactions through which we acquired our initial portfolio from iStar, (ii) we entered into the $227.0 million "initial portfolio financing," which is a loan secured by our initial portfolio of 12 properties and (iii) two institutional investors, GICRE and LA, whom we refer to as the "continuing investors," acquired shares of our common stock, representing a 51% ownership interest in our company at such time. Concurrently with the completion of this offering, iStar will purchase shares of our common stock having an aggregate value of $45.0 million, equivalent to shares of our common stock based on the mid-point of the initial public offering price range set forth on the cover page of this prospectus, in the concurrent iStar placement at a price per share equal to the initial public offering price in this offering. Immediately after giving effect to this offering, the formation transactions and the concurrent iStar placement, assuming shares of our common stock are sold in this offering at the mid-point of the initial public offering price range set forth on the cover page of this prospectus and the valuation of our initial portfolio implied by the pricing of this offering is at least $340 million (see "Certain Relationships and Related Party Transactions—Stockholder's Agreements with Continuing Investors" and "Structure and Formation of Our Company"), iStar will own approximately % of our outstanding common stock and the continuing investors will own approximately % of our outstanding common stock.

We intend to elect and qualify to be taxed as a real estate investment trust, or REIT, for U.S. federal income tax purposes, commencing with our taxable year ending December 31, 2017.

Business and Growth Strategies

Our primary investment objective is to construct a diversified portfolio of GNLs that will generate attractive risk-adjusted returns and support stable and growing distributions to our stockholders. The strategies we intend to use to seek to achieve our objective include:

- *Utilize Multiple GNL Sourcing and Origination Channels*. We have identified several channels for pursuing GNL investment opportunities:

  - ***Acquire*** *Existing GNLs*. We will seek to acquire existing GNLs that are marketed for sale and actively solicit potential sellers and related property brokers of existing GNLs to engage in off-market transactions. Our structure as an UPREIT gives us the ability to acquire GNLs from owners, particularly estates and high net worth individuals, using operating partnership units that may provide the seller with tax advantages, as well as liquidity, portfolio diversification and professional management.

  - ***Manufacture*** *a GNL with a Third Party*. We will seek to pursue opportunities where a third party owner of a commercial property may be interested in utilizing a GNL structure to facilitate its options with respect to its interests in the property. We will manufacture the GNL by splitting ownership of the property into an ownership interest and GNL on the land, and a separate leasehold interest of the building and improvements thereon. We will acquire the ownership interest and GNL on the land from the third party.

  - ***Originate*** *GNLs to Provide Capital For Development or Value-Add Redevelopment or Repositioning.* We will seek opportunities where we can purchase land and simultaneously lease it pursuant to a new GNL to a tenant who plans to develop a new, or significantly improve an existing, commercial property on the land.

  - *Acquire a Commercial Real Estate Property to* ***Create*** *a GNL*. We will seek in select instances to acquire commercial real estate properties that have the potential to be converted into an ownership structure that includes a GNL retained by us and a leasehold interest that we will seek to sell to a third party.

  - ***Finance*** *Third Party GNLs*. Combining our capital resources with iStar's relationships and GNL expertise (which will be available to us through our manager), we will seek opportunities to generate attractive risk-adjusted returns by financing the acquisition of GNLs by third parties.

Since August 2016, when we began actively evaluating the capitalization of a GNL-focused business separate from iStar, we have reviewed approximately 60 potential GNL investment opportunities representing over $5.0 billion of initial GNL value, including our acquisition GNLs, and an additional greater than $900 million of GNLs that we are currently actively pursuing or negotiating. These opportunities cover each of our sourcing and origination channels and are diversified by property type and geographic market within the United States. Other than with respect to our acquisition GNLs, we have not entered into definitive purchase agreements for any of the investments currently being pursued or negotiated, and there can be no assurance that we will do so or will acquire or originate any of the investments on favorable terms, or at all.

- *Follow a Disciplined Investment Strategy*. We generally intend to target GNLs that meet some or all of the following investment criteria:
  - Underlying properties located in major metropolitan areas;
  - Average remaining initial lease terms of 30 to 99 years;
  - Periodic contractual rent escalators or percentage rent participations;
  - Value of approximately 30% to 45% of the Combined Property Value at the commencement of the lease or the acquisition date;
  - Ground Rent Coverage of approximately 2.0x to 5.0x for the initial twelve month period of the lease;
  - First year cash return on asset of between 3.0% and 5.0%;
  - Underlying properties that we believe are well located in markets with high barriers to entry and that have durable cash flow; and
  - Transaction sizes ranging from $20 to $250 million.
- *Leverage iStar's Network and Expertise*. Through our manager, we will have access to iStar's fully-integrated real estate investment platform. iStar has an extensive network for sourcing investments, which includes relationships with brokers, corporate tenants and developers, that it has established over more than 20 years of operations. In particular, iStar has invested more than $5.0 billion in net leased assets over 15 years. As of March 31, 2017, iStar's net lease real estate portfolio (including properties comprising our initial portfolio and properties owned in its net lease joint venture) had a gross carrying value of approximately $1.9 billion. In addition, iStar has significant experience in the direct ownership of operating real estate as well as construction and land development.
- *Maintain Access to Multiple Sources of Capital*. We intend to maintain sufficient capital resources to pursue our investment strategy through access to multiple capital sources, including a new $300 million revolving credit facility that we expect to obtain upon completion of this offering, possible future secured debt, unsecured corporate debt and the potential issuance of equity securities. We will also have the ability to offer operating partnership units to sellers of properties as a potentially tax efficient acquisition currency. We believe that having access to multiple sources of capital, including the public capital markets, and the ability to offer operating partnership units to sellers of properties may provide us with a cost of capital advantage and an advantage in acquisitions relative to non-public competitors.

Investment Highlights

- *Cash Flow Safety with Growth*. We generally seek to invest in GNLs that have conservative Ground Rent Coverage of 2.0x to 5.0x for the first 12 month period of the lease and that have a value of between 30% and 45% of the Combined Property Value at the commencement of the lease or acquisition date. The periodic contractual rental escalations and, in some cases, percentage rent participations, structured in our leases create embedded revenue growth and are intended to mitigate the effects of inflation and compensate us for the anticipated increases in land values over time. In addition, GNLs are typically triple net structures under which we have no responsibility for development costs, capital expenditures or any property operating expenses, such as maintenance, real estate taxes and insurance. We believe that the stability and growth prospects of our cash flows, combined with the relative safety of our assets, offer the opportunity to generate attractive risk-adjusted returns for our stockholders.

- *Opportunity for Value Accretion Through Reversion Rights Embedded in GNLs*. At the expiration or earlier termination of a typical GNL, we regain possession of the land and take title to the buildings and other improvements thereon for no additional consideration. This reversion right creates additional potential value to our stockholders that may be realized by us at the end of the lease by entering into a new GNL on then current market terms, selling the land and improvements thereon or operating the property directly and leasing the spaces to tenants at prevailing market rates. We intend to target GNLs in which the initial value of the GNL represents 30 to 45% of the Combined Property Value. The balance of the Combined Property Value is potential additional value that may revert to us at the end of the lease term, which we refer to as a value bank. As an example, if the initial value of a GNL is equal to 35% of the Combined Property Value, the Combined Property Value balance of 65% represents potential value accretion to us upon the reversion of the property, assuming no intervening decline in the Combined Property Value. Furthermore, according to studies cited by RCG, there is a strong correlation between inflation and commercial real estate values over time, which supports our belief that the value of our reversionary interest should increase over time as inflation increases. Our ability to recognize value through reversion rights may be limited by the rights of our tenants under some of our GNLs, including tenant rights to purchase our land in certain circumstances and the right of one tenant to level improvements prior to the expiration of the GNL. These rights are described further in "Risk Factors—Risks Related to Our Portfolio and Our Business—The tenant under our GNL relating to the One Ally Center property has the right to level the building before the expiration of the lease," "—Our master lease relating to five hotel properties and our GNL relating to the Lock Up Self Storage Facility provide the tenants with the right to purchase our hotel properties or land, as the case may be, in certain circumstances" and "—The tenants under the GNLs relating to the One Ally Center, Northside Forsyth Hospital Medical Center, NASA/JPSS Headquarters and The Buckler Apartments properties have certain preemptive rights should we decide to sell the properties" and "Business and Properties—Descriptions of Properties in Our Initial Portfolio."

- *First Mover Advantage in Untapped Market*. We believe that the market for existing GNLs is fragmented with ownership comprised primarily of high net worth individuals, pension funds, life insurance companies, estates and endowments. We also believe that there are significant opportunities to create and acquire GNLs outside of the existing market, because we believe we can offer attractive capital to property owners. As the first publicly-traded company focusing primarily on GNLs, we believe that we can offer property owners a unique opportunity to contribute their properties to a real estate focused, diversified and professionally managed company. In addition, we believe that our capital resources, including availability under the new $300 million revolving credit facility that we expect to obtain upon completion of this offering, and potential access to both public and private capital markets, will give us a competitive advantage when seeking to acquire and originate GNLs.

- *Attractive Initial Portfolio*. Our initial portfolio is comprised of 12 properties located in major metropolitan areas that were acquired or originated by iStar over the past 20 years.

We also expect to acquire the acquisition GNLs shortly after the closing of this offering. All of the properties in the initial portfolio and the acquisition GNLs are subject to long-term leases that provide for periodic contractual rental escalations or percentage rent that participates in gross revenues generated at the properties. We intend, over time, to increase the diversity of our portfolio by property type, geography, tenant and lease term in an effort to further enhance the safety of our cash flow by limiting the risks of concentration.

- *New Undrawn Credit Facility to Support Growth*. We expect to enter into a new $300 million revolving credit facility upon completion of this offering that we expect to use to fund future investment activity. Our current strategy is to generally target overall leverage, resulting from indebtedness under this facility or otherwise, at an amount that is approximately 25% of the aggregate Combined Property Value of our portfolio, but not to exceed a ratio of 2:1 relative to our total equity. However, our organizational documents do not limit the amount of indebtedness that we may incur.

- *Sponsorship by iStar*. We believe that our relationship with iStar will provide us with opportunities to source and originate GNL transactions that may not otherwise be available to us. iStar currently has 191 professionals dedicated to investment origination, underwriting, asset management, legal review, accounting and other disciplines that will be available to us through our manager. As we seek to grow our business, we believe that we will benefit from iStar's geographic reach and more than 20 years of experience sourcing, underwriting and executing investments in all major property types, through numerous real estate cycles and negotiating with major sponsors. We further believe that the terms of our management agreement, including the elimination of the management fee during its first year, payment of the management fees solely in shares of our common stock, restrictions on the manager's ability to sell such shares for two years from the date such shares are issued (subject to certain exceptions) and the absence of any incentive compensation or termination fees significantly aligns iStar's interests with ours. Additionally, iStar's ownership of % of our outstanding common stock, assuming shares of our common stock are sold in this offering at the mid-point of the initial public offering price range set forth on the cover page of this prospectus and the valuation of our initial portfolio implied by the pricing of this offering is at least $340 million, immediately after giving effect to this offering, the formation transactions and the concurrent iStar placement, further aligns iStar's interests with ours. iStar has also agreed to pay the underwriting discounts and commissions payable to the underwriters in connection with this offering, our other offering expenses and our expenses in connection with the concurrent iStar placement, in an aggregate amount not to exceed $25 million.

Our Initial Portfolio and Acquisition GNLs

Our initial portfolio is comprised of 12 properties located in ten states with eight tenants. Our initial portfolio is comprised of seven GNLs and a master lease (relating to five hotel assets that we refer to as our "Hilton Western Portfolio") that has many of the characteristics of a GNL, including length of lease term, percentage rent participations, triple net terms and strong Ground Rent Coverage.

The weighted average Ground Rent Coverage of the initial portfolio as of March 31, 2017 was 4.43x, assuming that the Underlying Property NOI at the One Ally Center for the 12 months ended March 31, 2017 was 5.00x the annualized in place base rent payable under our One Ally Center GNL, and 4.31x excluding One Ally Center from the weighted average Ground Rent Coverage calculation. We are prohibited from publicly disclosing the Underlying Property NOI at One Ally Center pursuant to a confidentiality agreement with the tenant.

The tables below present an overview of our initial portfolio as of March 31, 2017, unless otherwise indicated.

Our Leases

				Lease Terms						Rent[1] ($ in millions)			
										Cash			GAAP
Property Name	**Tenant**	**Guarantor**	**Occupancy**	**Lease Commencement Date**	**Lease Expiration Date**	**Original Term**	**Remaining Term**	**Tenant Extension Options**	**Contractual Rent Escalations or Percentage Rent During Initial Lease Term**	**A In Place Base Rent (Annualized)[2]**	**B TTM Percentage Rent[3]**	**C Total (A + B)**	**D Total GAAP Income[4]**
Doubletree Seattle Airport[5][7]	HLT Operate DTWC LLC	Park Intermediate Holdings LLC	100%	8/1/1995	12/31/2025	30 yrs	9 yrs	2 × 5 yrs	% Rent	$ 4.5	$ 1.0	$ 5.5	$ 5.5
One Ally Center	500 Webward LLC	N/A	100%	3/31/2015	3/31/2114	99 yrs	97 yrs	2 × 30 yrs	1.5% / p.a.;[6] CPI Lookback	2.5	N/A	2.5	5.3
Hilton Salt Lake[5]	HLT Operate DTWC LLC	Park Intermediate Holdings LLC	100%	8/1/1995	12/31/2025	30 yrs	9 yrs	2 × 5 yrs	% Rent	2.7	0.6	3.3	3.3
Doubletree Mission Valley[5]	HLT Operate DTWC LLC	Park Intermediate Holdings LLC	100%	8/1/1995	12/31/2025	30 yrs	9 yrs	2 × 5 yrs	% Rent	1.1	0.7	1.8	1.8
Doubletree Sonoma[5]	HLT Operate DTWC LLC	Park Intermediate Holdings LLC	100%	8/1/1995	12/31/2025	30 yrs	9 yrs	2 × 5 yrs	% Rent	0.7	0.4	1.1	1.1
Doubletree Durango[5]	HLT Operate DTWC LLC	Park Intermediate Holdings LLC	100%	8/1/1995	12/31/2025	30 yrs	9 yrs	2 × 5 yrs	% Rent	0.9	0.3	1.2	1.2
Dallas Market Center: Sheraton Suites	Dallas Suites RE, LLC	N/A	100%	9/30/2015	9/30/2114	99 yrs	98 yrs	None	2.0% / p.a.[8]	0.4	N/A	0.4	1.1
Northside Forsyth Hospital Medical Center	Forsyth Physicians Center SPE 1, LLC	Individual principal at property developer[9]	100%	4/25/2016	4/25/2115	99 yrs	98 yrs	2 × 30 yrs	1.5% / p.a.;[10] CPI Lookback	0.5	N/A	0.5	0.8
NASA/JPSS Headquarters	DRV Greentec, LLC	N/A	100%	10/31/2005	10/31/2075	70 yrs	59 yrs	2 × 15 yrs	3.0% / 5yrs	0.4	N/A	0.4	0.5
The Buckler Apartments	CA/Phoenix 401 Property Owner, LLC	N/A	100%	11/21/2014	11/30/2112	98 yrs	96 yrs	None	15% / 10yrs	0.3	N/A	0.3	0.5
Dallas Market Center: Marriott Courtyard	ARC Hospitality Portfolio I DLGL Owner, LP	American Realty Capital Hospitality Trust, Inc.	100%	2/21/1989	1/2/2026	37 yrs	9 yrs	4 × 10 yrs	% Rent	0.1	0.2	0.3	0.3
Lock Up Self Storage Facility	Lock Up-Evergreen Development Series, LLC / Bloomington Development Series	Evergreen Real Estate Partners, LLC[11]	100%	9/19/2007	9/30/2037	30 yrs	21 yrs	None	3.5% / 2yrs	0.1	N/A	0.1	0.1
Total / Weighted Avg.										**$ 14.2**	**$ 3.2**	**$ 17.4**	**$ 21.5**

(1) For the avoidance of doubt, rent payments do not include any payments made by our tenants to us in respect of reimbursement expenses.

(2) Annualized cash base rental income in place as of March 31, 2017.

(3) Total percentage cash rental income during the 12 months ended March 31, 2017.

(4) Column "D" represents column "C" adjusted for non-cash income, primarily consisting of straight-line rent, to conform with GAAP.

(5) Property is part of the Hilton Western Portfolio and is subject to a master lease. See "Business and Properties—Descriptions of Properties in Our Initial Portfolio." In November 2016, the master lease governing the Hilton Western Portfolio was amended to change the look back period for which annual percentage rent is computed from the trailing twelve months ended September 30 to the trailing twelve months ended December 31. In March 2017, the Company recorded $0.5 million of income representing a one-time stub payment of percentage rent for the three months ended December 31, 2016, to account for the change in the look back period. The aggregate $3.0 million percentage rent shown above for the hotels comprising the Hilton Western portfolio excludes the one time $0.5 million stub period payment.

(6) During each 10th lease year, annual fixed rent is adjusted to the greater of (i) 1.5% over the prior year's rent, or (ii) the product of the rent applicable in the initial year of the 10 year period multiplied by a CPI factor, subject to a cap on the increase of 20% of the rent applicable in that initial year.

(7) A majority of the land underlying this property is owned by a third party and is ground leased to us through 2044 for $0.4 million per year (subject to adjustment for changes in the CPI); however, we pass this cost on to our tenant under the terms of our master lease. See "Risk Factors—Risks Related to Our Portfolio and Our Business—We are the tenant of a ground net lease underlying a majority of our Doubletree Seattle Airport property."

(8) For the 51st through 99th years of the lease, the base rent is the greater of (i) the annual rent calculated based on 2.0% annual rent escalation throughout the term of the lease, and (ii) the fair market rental value of the property.

(9) Guarantee expires upon completion of construction.

(10) During each 10th lease year, annual fixed rent is adjusted to the greater of (i) 1.5% over the prior year's rent, or (ii) the product of the rent applicable in the initial year of the 10 year period multiplied by a CPI factor, subject to a cap on the increase of 20% of the prior year's rent.

(11) The individual principals' guaranty covers tenant obligations to the extent not guaranteed by Evergreen Real Estate Partners, LLC.

Underlying Property and Tenant Information

	Property							Financial Data ($ in millions)	
Property Name	**MSA**	**Address**	**Property Type**	**Year Built / Major Renovation Date**	**Occupancy as of March 31, 2017[(1)]**	**Units / Keys**	**Square Feet**	**Underlying Property NOI[(2)]**	**Ground Rent Coverage**
Doubletree Seattle Airport	Seattle-Tacoma-Bellevue	18740 International Blvd, Seattle, WA	Hotel	1969 / 2011	86%	850	579,432	$ 15.1	3.34x
One Ally Center	Detroit-Warren-Dearborn	500 Woodward Ave, Detroit, MI	Office	1992	100%	N/A	957,355	(3)	>5.00x(3)
Hilton Salt Lake	Salt Lake City	255 S. West Temple, Salt Lake City, UT	Hotel	1983 / 2012	72%	499	425,000	9.6	3.56x
Doubletree Mission Valley	San Diego-Carlsbad	7450 Hazard Center Dr., San Diego, CA	Hotel	1991 / 2012	87%	300	236,745	7.4	6.55x
Doubletree Sonoma	San Francisco-San Jose-Oakland	1 Doubletree Dr., Rohnert Park, CA	Hotel	1987 / 2016	77%	245	213,000	4.2	5.72x
Doubletree Durango	Durango	501 Camino Del Rio, Durango, CO	Hotel	1986 / 2009	76%	159	132,384	3.2	3.69x
Dallas Market Center: Sheraton Suites	Dallas-Fort Worth-Arlington	2101 Stemmons Freeway, Dallas, TX	Hotel	1989 / 2017	77%	251	178,331	2.0	5.54x
Northside Forsyth Hospital Medical Center	Atlanta-Sandy Springs-Marietta	4150 Deputy Bill Cantrell Memorial Rd, Cumming, GA	Medical Office Building	2017	95%	N/A	92,573(4)	1.5(5)	3.05x
NASA/JPSS Headquarters	Washington-Arlington-Alexandria	7700 and 7720 Hubble Drive, Lanham, MD	Office	1994	100%	N/A	120,000	2.0(6)	4.52x
The Buckler Apartments	Milwaukee-Waukesha-West Allis	401 West Michigan Street, Milwaukee, WI	Multi-Family	1977 / 2016	79%	207	206,712	2.3(7)	9.20x
Dallas Market Center: Marriott Courtyard	Dallas-Fort Worth-Arlington	2150 Market Center Blvd, Dallas, TX	Hotel	1989 / 2015	77%	184	158,805	2.5	20.31x
Lock Up Self Storage Facility	Minneapolis-St. Paul-Bloomington	221 American Blvd W., Bloomington, MN	Self Storage	2008	84%	812	104,000	0.8(8)	6.34x
Total / Weighted Avg.							**3,404,337**		**4.43/4.31x**(9)

(1) The hotel occupancy rates shown are the average occupancy rates of the hotels for the 12 months ended March 31, 2017. Construction of Northside Forsyth Medical Center was completed on May 11, 2017 and occupancy reflects pre-leased percentage as of March 31, 2017. The Buckler Apartments property is currently in its lease-up phase and occupancy is as of March 31, 2017. The occupancy rate of Lock Up Self Storage Facility is the most recent mid-point of the occupancy range, provided to us by the tenant, which was June 30, 2016. We rely on the occupancy information reported to us by our tenants and do not independently investigate or verify the information supplied to us by our tenants.

(2) Underlying Property NOI for the 12 months ended March 31, 2017 unless otherwise noted.

(3) Represents the Company's estimate of Ground Rent Coverage based on a stabilized net operating income, without giving effect to any rent abatements. Underlying Property NOI information provided by our GNL tenant is confidential. Company estimate is based on available market information.

(4) Represents square footage of initial building. The site can accommodate an additional 115,100 square feet.

(5) Represents our underwritten expected net operating income at the property upon stabilization.

(6) Does not reflect (i) $0.8 million of rent concessions given by our GNL tenant to one of its subtenants for the period from June 1, 2016 through August 31, 2016 or (ii) $0.2 million of legal expenses incurred by our GNL tenant from January 1, 2017 to March 31, 2017.

(7) Represents tenant's expected net operating income at the property upon stabilization.

(8) Underlying Property NOI for the 12 months ended December 31, 2016.

(9) The weighted average of the Ground Rent Coverage is calculated by dividing the Underlying Property NOI shown in this table by the in-place base rent of $14.2 million shown in the table titled "Our Leases" above. The 4.43x average assumes the Underlying Property NOI of One Ally Center was 5.00 x the in place base rent shown in the table above, and the 4.31x average excludes One Ally Center from the calculation.

The tables below present an overview of our acquisition GNLs as of March 31, 2017.

Leases

Property Name	Tenant	Guarantor	Occupancy	Lease Terms: Lease Commencement Date	Lease Terms: Lease Expiration Date	Lease Terms: Original Term	Lease Terms: Remaining Term	Lease Terms: Tenant Extension Options	Lease Terms: Contractual Rent Escalations or Percentage Rent During Initial Lease Term	Rent[1] ($ in millions) Cash A: In Place Base Rent (Annualized)[2]	Cash B: TTM Percentage Rent[3]	Cash C: Total (A + B)	GAAP D: Total GAAP Rent
6201 Hollywood (North)	Blvd 6200 Owner North, LLC	N/A	100%	5/4/2012	1/25/2104	92 yrs	87 yrs	None	50% CPI / 4 Years[4]	2.4	N/A	2.4	2.4
6200 Hollywood (South)	Blvd 6200 Owner South, LLC	N/A	100%	1/25/2005	1/25/2104	99 yrs	87 yrs	None	50% CPI / 4 Years[5]	2.6	N/A	2.6	2.6
Total / Weighted Avg.										**$ 5.0**	**N/A**	**$ 5.0**	**$ 5.0**

(1) For the avoidance of doubt, rent payments do not include any payments made by our tenants to us in respect of reimbursement expenses.

(2) Annualized cash base rental income in place as of March 31, 2017.

(3) Total percentage cash rental income during the 12 months ended March 31, 2017.

(4) Base rent is subject to increase every 4 years based on 50.0% of the increase in the CPI for the greater Los Angeles area, California in that time span. Rent increase capped at 12.0% from one rent period to the next. Next potential base increase is February 2019. Notwithstanding the foregoing, in 2059 and 2079, the annual base rent will be reset based on a calculation derived from the then fair market value of the land, but not less than the annual base rent that was in effect before the reset.

(5) Base rent is subject to increase every 4 years based on 50.0% of the increase in the CPI for the greater Los Angeles area, California in that time span. Rent increase capped at 12.0% from one rent period to the next. Next potential base increase is May 2018. Notwithstanding the foregoing, in 2058 and 2078, the annual base rent will be reset based on a calculation derived from the then fair market value of the land, but not less than the annual base rent that was in effect before the reset.

Underlying Property and Tenant Information

Property Name	Property: MSA	Property: Address	Property: Property Type	Property: Year Built/ Renovation Date	Property: Units[1]	Financial Data ($ in millions): Underlying Property NOI	Financial Data ($ in millions): Ground Rent Coverage
6201 Hollywood (North)	Los Angeles-Riverside-Orange County	6201 Hollywood Boulevard, Los Angeles, CA	Multi-Family	2016	530	>14.5[2]	>6.0x[2]
6200 Hollywood (South)	Los Angeles-Riverside-Orange County	6200 Hollywood Boulevard, Los Angeles, CA	Multi-Family	2018	500	>14.0[3]	>5.4x[3]
Total / Weighted Avg.					**1,030**		

(1) Reflects the number of apartments at 6201 Hollywood and to be constructed at 6200 Hollywood.

(2) Construction was completed in 2016 and the property is currently in the lease up phase. A full year of property results is not yet available. Represents our underwritten expected net operating income at the property upon stabilization and our estimated ground rent coverage. Company estimates are based on leasing activity at the property and available market information, including leasing activity at comparable properties in the market.

(3) The property is currently under construction. We currently expect construction to be completed in 2018. Represents our underwritten expected net operating income at the property upon stabilization and our estimated ground rent coverage, assuming that the construction is completed within our expected timeframe. Company estimates are based on available market information, including leasing activity at comparable properties in the market.

Acquisition GNLs

We intend to acquire our two acquisition GNLs shortly after the closing of this offering. The acquisition GNLs are located at 6200 Hollywood Boulevard (south parcel) and 6201 Hollywood Boulevard (north parcel) in Los Angeles, California and comprise approximately 146,000 and 184,000 square feet of land area, respectively. Construction of the north parcel was completed in 2016. The north parcel contains approximately 530 apartments, retail and parking. The south parcel is currently under construction, and is intended to contain approximately 500 apartments, retail and parking, with completion currently expected in 2018. The acquisition GNLs are separate GNLs that are not cross defaulted with each other and do not have cross termination provisions.

iStar entered into definitive purchase agreements for each of the acquisition GNL transactions in May 2017. The transactions are not conditioned on one another. The closings of the purchases of the acquisition GNLs are subject to customary closing conditions and there can be no assurance that the closings will occur; however, we believe it is probable that both transactions will occur. Pursuant to an assignment, assumption and transfer agreement, we will assume the purchase agreements at the closing of this offering or, if iStar has acquired the acquisition GNLs before the closing of this offering, we will acquire the acquisition GNLs from iStar shortly after the completion of this offering. The aggregate purchase price for the acquisition GNLs is $142.0 million. We intend to complete the purchases using a portion of the net proceeds from this offering and the concurrent iStar placement.

North Parcel, 6201 Hollywood Boulevard

The GNL for 6201 Hollywood Boulevard has a remaining term that expires in January 2104. The current annual base rent is approximately $2.4 million. Except for two fair market value rent resets in 2059 and 2079, the annual base rent adjusts every four years based on 50% of the increase in the CPI in the greater Los Angeles area, California since the previous adjustment date, but in no event will such adjustment increase the annual base rent by more than 12% from one rent period to the next. The next annual base rent adjustment is scheduled to occur in February 2019. In 2059 and 2079, the annual base rent is reset based on a calculation derived from the then fair market value of the land, but not less than the annual base rent that was in effect before the reset. The tenant under this GNL is Blvd 6200 Owner North, LLC.

Construction of the improvements on the north parcel was completed in 2016 and the property is currently in the lease-up phase. We currently anticipate that leasing will be stabilized by the end of 2017. We estimate that the initial annual stabilized Underlying Property NOI will be more than $14.5 million, which would represent a Ground Rent Coverage of greater than 6.0x. Our estimate of the initial annual stabilized Underlying Property NOI is based on leasing activity at the property and available market information, including leasing activity at comparable properties in the market.

The purchase price for this acquisition GNL is $68.4 million.

South Parcel, 6200 Hollywood Boulevard

The GNL for 6200 Hollywood Boulevard has a remaining term that expires in January 2104. The current annual base rent is approximately $2.6 million. Except for two fair market value rent resets in 2058 and 2078, the annual base rent adjusts every four years based on 50% of the increase in the CPI in the greater Los Angeles area, California since the previous adjustment date, but in no event will such adjustment increase the annual base rent by more than 12% from one rent period to the next. The next annual base rent adjustment is scheduled to occur in May 2018. In 2058 and 2078, the annual base rent is reset based on a calculation derived from the then fair market value of the land, but not less than the annual base rent that was in effect before the reset. The tenant under this GNL is Blvd 6200 Owner South, LLC.

We currently expect that construction of the improvements on the south parcel will be completed in 2018. We estimate that the initial annual stabilized Underwritten Property NOI will be more than $14.0 million, which would represent a Ground Rent Coverage of greater than 5.4x. Our estimate of the initial annual stabilized Underwritten Property NOI assumes that construction is completed within our expected timeframe and is based on available market information, including leasing activity at comparable properties in the market.

The purchase price for this acquisition GNL is $73.6 million.

Option GNL

Concurrently with the completion of this offering. we will enter into an option agreement with iStar that grants us the right to acquire the Apple Silicon Valley GNL, which is a GNL that is currently being pursued by iStar.

iStar currently owns a 224,548 square foot office building and the underlying land located in Sunnyvale, California that is 100% leased to Apple Inc. Apple Inc. conducts back office operations from this location. iStar is seeking to create a GNL by selling the building to, and entering a ground lease with, a third party who will lease the property to Apple Inc. The term of the GNL under negotiation is expected to be 80 years at an annual rent of $1.4 million per year, with periodic escalations every five years during the first 20 years of the lease based on a cumulative annual increase of 2.0% per year, and escalations every five years thereafter based on the cumulative changes in CPI, subject to a floor of 2.0% and a ceiling of 3.0%. The tenant is expected to have one 20 year renewal option. Rent during the renewal period would equal the greater of: (i) base rent in place at the end of the initial term; or (ii) fair market rent, with adjustments every five years during the renewal term based on cumulative changes in CPI. In addition, the tenant would have a one-time right of first offer to purchase the land if we elect to offer it for sale. The terms of the transaction remain subject to negotiation and documentation with third parties.

We will have the exclusive option to acquire the Apple Silicon Valley GNL during the one year period after iStar has manufactured the GNL. Exercise of the option is subject to approval of our independent directors, and the purchase price is expected to be approximately $35.0 million, which reflects the fair value of the land and associated GNL with the anticipated terms described above. The purchase price may be paid in cash, shares of our common stock or units of our operating partnership, or a combination thereof. There can be no assurance that iStar will complete the Apple Silicon Valley GNL transaction on the anticipated terms (and purchase price) described above or at all, and we do not believe that our acquisition of this option GNL is probable as of the date of this prospectus.

GNL Market Overview

Unless otherwise indicated, all information contained in this GNL Market Overview section is derived from a market study prepared for us by Rosen Consulting Group ("RCG"), a nationally recognized real estate consulting firm, as of February 10, 2017, and the projections and beliefs of RCG stated herein are as of that date.

According to RCG, there is a significant opportunity to expand the utilization of the ground net lease structure across a large variety of property types and prospective leasehold investors and other counterparties given that there is potential for the favorable risk adjusted returns associated with GNLs relative to those of other real estate assets.

Despite the significant volume of ground net lease transaction activity that takes place each year, the fragmented market, combined with limited historical data, makes it difficult to determine the size of the current ground net lease market. According to Real Capital Analytics, over $4.4 billion of existing GNLs were sold in the secondary market in 2015 and 2016 in the United States. This total does not include GNLs that were created (i.e., newly structured leases with underlying assets owned in fee simple in privately negotiated transactions) during this time period, as data regarding newly created GNLs is limited. In addition to existing GNLs, there is a significant opportunity to expand the market size and prevalence of GNLs by creating new GNLs with assets currently owned in fee simple. The

U.S. commercial real estate market is the largest in the world with both existing commercial assets and developable raw land. Savills World reports approximately $13.1 trillion of high-quality commercial (office, industrial, lodging, industrial and residential) real estate exists in North America, with the vast majority concentrated in the United States.

Today, GNLs are used to capitalize all major segments of the commercial real estate market throughout the world, including office, industrial, retail, lodging, residential and healthcare properties. They are relatively common in England, Scotland, Northern Ireland, Hong Kong, China and throughout the United States, with concentrations in California, New York and Hawaii. Well-regarded properties in the United States that are on leased land include the Chrysler building and Battery Park City in New York City, Hotel Palomar in the Westwood neighborhood of Los Angeles, the new apartment development, One Santa Fe, in the downtown Los Angeles Arts District, Trump International Hotel in Washington D.C., and the Royal Hawaiian Hotel in Honolulu.

Ground Net Lease Structure

The ground net lease structure generally separates the ownership of the land from the ownership of the improvements thereon. However, due to the long duration of a typical GNL, the "value" of the improvements is effectively transferred to the tenant given that the useful life of the improvements is typically less than the term of the GNL.

In most GNLs, the landlord and tenant agree to a pre-determined rent payment schedule, which generally includes a rent escalation provision that provides for contractual rent increases at fixed intervals or time periods, for example every year or every 10 years. This rent escalation provision is intended to mitigate the landowner's exposure to inflation risk and compensate the landlord for any increase in the value of the parcel of land underlying the GNL since the time of lease inception.

Rent escalation provisions in GNLs typically include one or a combination of the following components: (a) a fixed percentage escalation, such as 2% per year or 10% every 5 years, (b) an escalation based on the change in an index, such as the consumer price index, or (c) a percentage of the tenant's revenue derived from the operating performance of the commercial real estate on the land.

At the end of the term of the ground net lease, which often may be extended on one or more occasions by the tenant pursuant to contractual options contained in the lease, the land and any improvements thereon revert to the landlord for no additional consideration. This is referred to as a "reversionary interest" and is typical in GNLs. At the end of a GNL's term, if it is not extended, the lessor regains possession of the land and any improvements thereon, whereupon the land owner may enter a new GNL on then current market terms, sell the land and improvements thereon or operate the property directly and lease the space to tenants at prevailing market rates. In the event the GNL's term is extended, the rent during the extension period is typically based on a fair market valuation of the land at the time of the extension, at the highest and best use, as determined by an independent appraiser.

The landlord under a ground net lease typically holds the senior and unsubordinated fee interest in the land, and the interests of the leasehold tenant, or lessee, and any leasehold interest mortgage lender are subordinate to the landlord's fee interest. As a result, unsubordinated ground leases provide the landlord with significant protection against tenant default. In the event of a tenant default under the GNL that remains uncured by the tenant or, if applicable, the leasehold interest mortgage lender, the landlord generally has the right to terminate the lease, evict the tenant and regain possession of the land and any improvements thereon.

GNLs can be an attractive option for capitalizing the acquisition, redevelopment, development or recapitalization of commercial real estate assets because they have the potential to efficiently allocate an investment's risk among various capital providers based upon their desired or targeted risk profile. It is very common for mortgage financing on real estate assets to be separated into several components, for example an A note and a B note with the potential for an additional mezzanine tranche. Equity has traditionally been tranched through joint ventures that may allocate profits and losses on a pro rata basis or may include a "promote" to the sponsor/developer based on a "waterfall" or other pre-determined profit sharing arrangement. Ground net leases take this process one meaningful step further by allocating the most secure position in the capital stack of a particular commercial real estate asset, with a priority in cash flow and legal ownership, to the ground lessor, thereby providing the real estate equity investor with an alternative to seeking mezzanine financing and/or joint venture partners. This alternative may allow the real estate equity investor to reduce its capital investment in the project and/or to retain a greater degree of control with respect to the property.

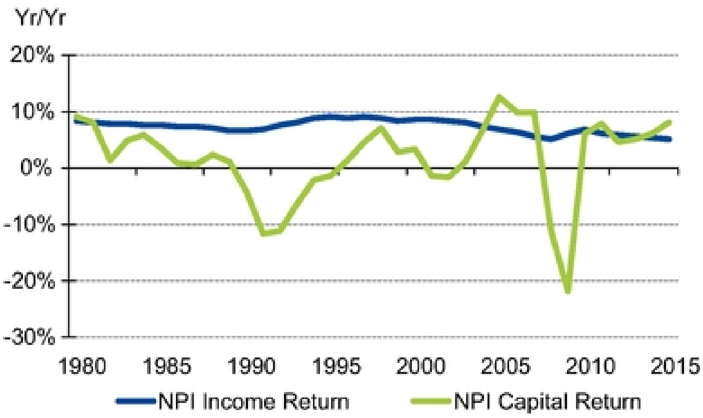
Compelling Investment Characteristics of Ground Net Leases

Four key characteristics of ground net leases account for much of their investment appeal. These include the (1) stability of GNL value, (2) seniority of GNL position in the capital stack, (3) growth of GNL income and the value of the underlying real estate collateral and (4) reversion of the land and any improvements thereon to the GNL landlord at the expiration or earlier termination of the GNL.

Stability of GNL Value

In most commercial real estate investments, the portion of investment return attributed to rental income is more stable than that attributed to any capital appreciation of the asset. The NCREIF Property Index measures the return components of high quality commercial real estate. The index, as depicted below, demonstrates that from 1980 to 2015, the income component of a commercial property's investment return is much more stable than that of the capital appreciation component.

Income Return vs. Capital Appreciation Return



Source: NCREIF

With GNLs, income stability and capital return can be even greater than those associated with direct fee ownership, due to the long lease terms and rent escalation provisions included in most GNLs, which often result in a narrower cap rate trading range than that associated with direct fee ownership over time.

Seniority of GNL Position in the Capital Stack

In general, due to the unsubordinated nature of ground net lease rental payments, a landlord under a ground net lease is less likely to suffer a loss of rental income than an investor in other types of commercial real estate investments. If the lessee under a GNL experiences financial difficulties due to poor performance of the underlying property or otherwise, the landlord's ability to recapture the land and any improvements thereon in the event of a lessee default typically motivates the lessee to use all available cash to remain current on the ground lease payments. If there is a leasehold interest loan on the asset, secured by the lessee's leasehold interest, the leasehold interest mortgage lender provides additional protection to the ground lessor, as it will often be incentivized to protect its interest. If a leasehold interest mortgage lender forecloses on the borrower-lessee, the leasehold interest mortgage lender generally becomes the lessee under the GNL. However, in order for the leasehold interest mortgage lender to retain its rights to recover the principal balance of its loan, it would need to keep the ground net lease current, or else the lessor could terminate the lease, thereby resulting in a loss of principal to the leasehold interest mortgage lender.

If neither the lessee nor the leasehold interest mortgage lender cure the default, additional security to the lessor lies in the fact that any improvements on the land revert to the lessor upon termination of the lease or completion of an eviction proceeding. Furthermore, any sub-leases with sub-tenants occupying the underlying property will inure to the benefit of the ground lessor, who will benefit from such sub-tenants' obligations to pay rent under their respective sub-leases.

Growth of GNL Income and Underlying Real Estate Value

As detailed in "Ground Net Lease Structure" above, most GNLs have relatively long lease terms and provide a steady, long-term, bond-like income stream. However, unlike fixed-rate bonds, which decrease in value in a rising interest rate environment (unless held to maturity), most GNLs provide for some inflation protection due to rent escalation provisions that generally obligate the lessee to pay an increasing amount of rent over time.

Additional inflation protection for a ground lessor is provided by the value bank or its ownership of the reversionary interest (i.e., upon expiration of the ground lease the lessor will regain possession of the land and take ownership of any improvements thereon). Accordingly, any increase in value of the underlying land and the value of the improvements thereon will inure to the benefit of the lessor who will be able to seek to realize such increase in value by re-leasing or selling the property based on market conditions prevailing at the time. As evidence of the inflation-hedging capabilities of this asset class, there is a very strong relationship between inflation and commercial real estate performance over time. Between 1965 and 2015, the correlation between cap rates for commercial properties taken from the American Council of Life Insurers, or ACLI, and the All Items Consumer Price Index for All Urban Consumers, or CPI-U, was a strong 0.63. A study conducted by TIAA-CREF found that the correlation between annual commercial real estate returns and inflation was 0.41 between 1978 and 2010.

Summary Risk Factors

Investing in our common stock involves a high degree of risk. You should carefully consider the following risk factors, together with the additional risks described in "Risk Factors" and all other information contained in this prospectus, before making an investment decision to purchase our common stock. The occurrence of any of the following risks could materially and adversely affect our business, prospects, financial position, cash flows, liquidity, results of operations, the market price of our common stock, ability to service our indebtedness and our ability to make cash distributions to our stockholders, which could cause you to lose all or a significant part of your investment in our common stock.

- Our expectations as to the potential size of the market for GNL transactions and the availability of investment opportunities are untested and may prove to be incorrect.

- If potential tenants are unable to secure financing for their leasehold interests, their appetite for ground net leases may diminish, which could materially and adversely affect our growth prospects. In addition, if our current tenants are unable to secure financing to continue to operate their businesses and pay us rent, we could be materially and adversely affected.

- The rental payments under our leases may not keep up with changes in market value and inflation.
- For the three months ended March 31, 2017, we received approximately 56% of our total revenues from the tenant under our master lease relating to five hotels and approximately 25% of our total revenues from the tenant at One Ally Center in Detroit, Michigan.
- Hotel industry concentration in our initial portfolio exposes us to the financial risks of a downturn in the hotel industry generally, and in the hotel operations at our specific properties.
- We are the tenant of a ground net lease underlying a majority of our Doubletree Seattle Airport property.
- Although we consider our acquisition GNLs to be probable, the closings of the purchases of the acquisition GNLs are subject to customary conditions and there can be no assurance that we will complete the purchase of either of the acquisition GNLs.
- Our manager's liability is limited under the management agreement, and we have agreed to indemnify our manager against certain liabilities. As a result, we could experience poor performance or losses for which our manager would not be liable.
- We depend on our manager and our manager's key personnel with long-standing business relationships. The loss of our manager or our manager's key personnel could threaten our ability to operate our business successfully.
- Our management agreement was negotiated between related parties and its terms, including fees payable to our manager, may not be as favorable to us as if they had been negotiated with an unaffiliated third party.
- iStar and the continuing investors will collectively have significant ownership interests in us. In addition, iStar and LA will have influence over our affairs as a result of their representation on our board of directors.
- Our manager manages our portfolio pursuant to our investment guidelines that are approved by our board of directors, but our board of directors will not approve each investment decision made by our manager, which may result in our manager making riskier investments on our behalf than would be specifically approved by our board of directors.
- There are various conflicts of interest in our relationship with iStar and its affiliates, including our manager, and our executive officers and/or directors who are also officers and/or directors of iStar, as well as with our continuing investors, which could result in decisions that are not in the best interest of our stockholders.
- We are subject to interest rate risks, including that if interest rates rise faster or interest expense increases in greater amounts than any rent escalations or percentage rents under our leases, and we may not generate sufficient cash to make distributions to our stockholders, to finance new investments and to meet our debt obligations as they come due.
- There has been no public market for our common stock prior to this offering and an active trading market may not develop or be sustained or be liquid following this offering, which may cause the market price of our common stock to decline significantly and make it difficult for investors to sell their shares.
- Initial estimated cash available for distribution may not be sufficient to make distributions to our stockholders at expected levels, or at all.

- Our failure to qualify or remain qualified as a REIT would subject us to U.S. federal income tax and applicable state and local taxes, which would reduce the amount of cash available for distribution to our stockholders.

- The REIT distribution requirements could require us to borrow funds, issue equity or sell assets during unfavorable market conditions or subject us to tax, which may affect our ability to seize strategic opportunities, satisfy debt obligations and make distributions to our stockholders.

Structure and Formation of Our Company

On or before April 14, 2017, (i) we acquired our initial portfolio from iStar, (ii) we completed the $227 million initial portfolio financing and distributed the proceeds therefrom to iStar, (iii) the continuing investors acquired shares of our common stock for $57.5 million in cash (representing a 51% ownership interest in our company at such time), and (iv) we issued shares of our common stock (representing a 49% ownership interest in our company at such time) and paid $57.5 million in cash to iStar in consideration of its contribution of our initial portfolio to us subject to the indebtedness of the initial portfolio financing. The total value of the cash and stock paid to iStar in these transactions, which we refer to as our formation transactions, was $340 million, assuming the value of a share of our common stock is equal to the mid-point of the initial public offering price range set forth on the cover page of this prospectus.

iStar entered into definitive purchase agreements for each of the acquisition GNL transactions in May 2017. We will assume the purchase agreements at the closing of this offering or, if iStar has acquired the acquisition GNLs before the closing of this offering, we will acquire the acquisition GNLs from iStar shortly after the completion of this offering. However, the closings of the purchases of the acquisition GNLs are subject to customary conditions, and there can be no assurance that either of the transactions will occur.

Upon completion of this offering, we and our operating partnership expect to enter into a new $300 million revolving credit facility to, among other things, fund future GNL investments, which we refer to in this prospectus as "our new revolving credit facility." Affiliates of certain of the underwriters are lenders under the initial portfolio financing and will be lenders under our new revolving credit facility.

Upon completion of this offering, the concurrent iStar placement and the formation transactions, we will hold substantially all of our assets, and will conduct substantially all of our operations, through our operating partnership, and we will be the sole general partner of our operating partnership. Additionally, we will contribute the net proceeds from this offering and the concurrent iStar placement to our operating partnership in exchange for a number of operating partnership units equal to the number of shares of our common stock issued in this offering and the concurrent iStar placement.

Concurrent iStar Placement

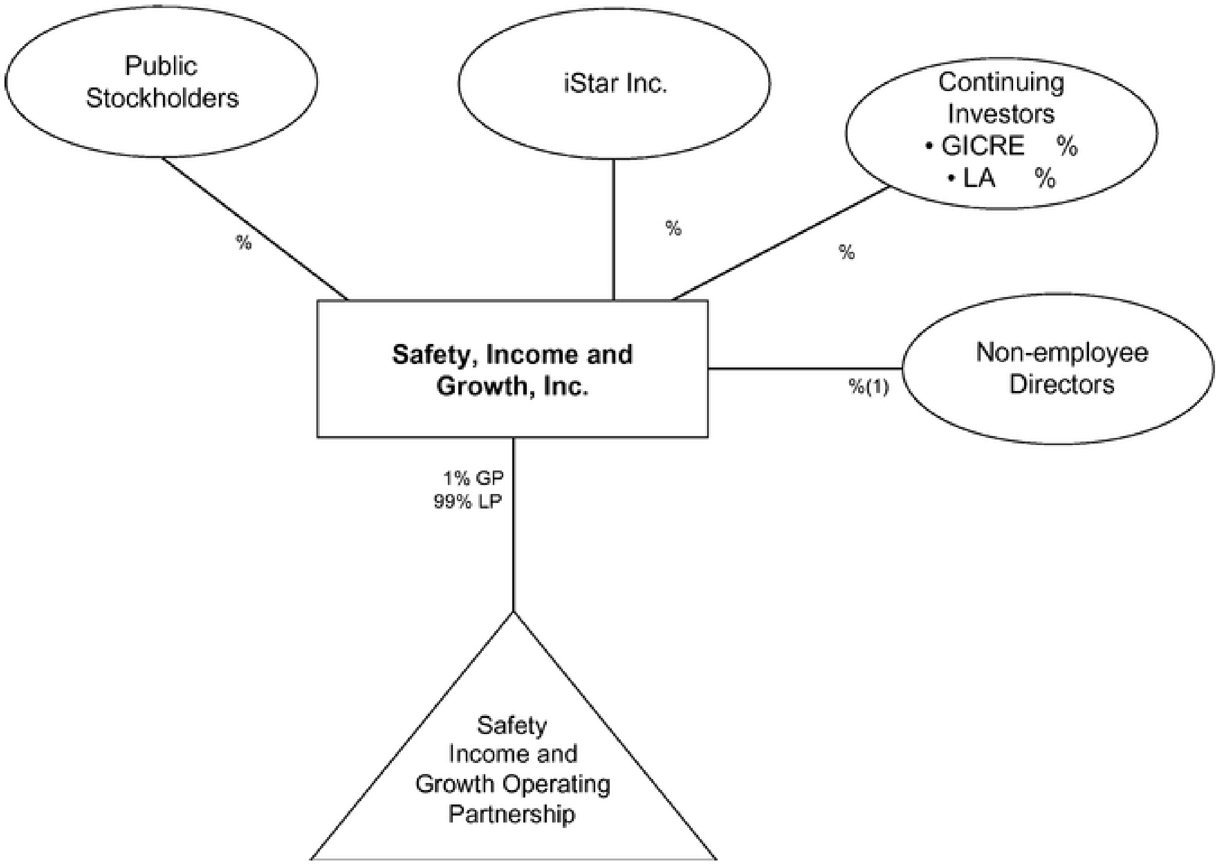
Concurrently with the completion of this offering, we will sell to iStar shares of our common stock having an aggregate value of $45.0 million, equivalent to shares of our common stock based on the mid-point of the initial public offering price range set forth on the cover page of this prospectus, in the concurrent iStar placement at a price per share equal to the initial public offering price in this offering.

Our Structure

The following diagram depicts our ownership structure upon completion of this offering, the concurrent iStar placement and the formation transactions. The diagram assumes shares of our common stock are sold in this offering at the mid-point of the initial public offering price range set

Table of Contents

forth on the cover page of this prospectus and the valuation of our initial portfolio implied by the pricing of this offering is at least $340 million.



(1) Includes 40,000 shares of restricted common stock to be issued to our directors who are not officers or employees of our manager or iStar at the closing of this offering pursuant to our equity incentive plan.

Benefits to Related Parties

Upon completion of this offering, the concurrent iStar placement and the formation transactions, iStar and our directors and executive officers and the continuing investors will receive material benefits, including the following:

- iStar will have received $340 million of consideration for our initial portfolio, comprised of (i)   shares of our common stock having an aggregate value of $55.5 million, based on the mid-point of the initial public offering price range set forth on the cover page of this prospectus, (ii) the proceeds from our $227 million initial portfolio financing and (iii) $57.5 million of proceeds from our sale of common stock to the continuing investors in the formation transactions.

- iStar will have purchased shares of our common stock, having an aggregate value of $45.0 million, equivalent to   shares of our common stock based on the mid-point of the initial public offering price range set forth on the cover page of this prospectus, in the concurrent iStar placement at a price per share equal to the initial public offering price in this offering.

- We will enter into the management agreement with our manager, a wholly-owned subsidiary of iStar, pursuant to which our manager will be entitled to a management fee for its services and reimbursement of certain expenses.

- We will have entered into stockholder's agreements with each of the continuing investors under which (i) GICRE will have the right to appoint a non-voting board observer, the right to purchase additional shares of our common stock up to an amount equal to 10.0% of future issuances of common stock by us, subject to certain exceptions, and a right of first offer to participate in co-investments when we seek coinvestment capital for investments, subject to certain exceptions; and (ii) LA will have the right to designate one director as a nominee for election to our board and the right to purchase additional shares of our common stock up to an amount equal to 4.0% of future issuances of common stock by us, subject to certain exceptions. These rights are subject to a continuing investors' maintaining specified ownership interests in us.

- iStar has agreed that if the valuation of our initial portfolio implied by the pricing of this offering is less than $340 million, iStar will pay to the continuing investors 51% of the amount by which such valuation is less than $340 million but greater than $325 million. The $340 million amount represents the valuation of our initial portfolio that iStar and the continuing investors agreed upon in negotiating the terms of the continuing investors' acquisition of a 51% ownership interest in our company at such time the agreement was made. iStar will satisfy its payment obligation to GICRE with cash and to LA with shares of our common stock iStar then owns.

- We will have entered into indemnification agreements with our directors, executive officers and board observer providing for the indemnification by us for certain liabilities and expenses incurred as a result of actions brought, or threatened to be brought, against (i) our directors, executive officers and board observer and (ii) our executive officers who are former members, managers, stockholders, directors, limited partners, general partners, officers, board observers, or controlling persons of our predecessor in their capacities as such.

- We will have entered into a registration rights agreement with iStar with respect to resales of shares of our common stock received as consideration for the sale of the initial portfolio to us, purchased in the concurrent iStar placement and received as management fees under the management agreement.

- We will have entered into a registration rights agreement with each of the continuing investors with respect to resales of shares of our common stock purchased by them in the formation transactions and in the future pursuant to our stockholder's agreements with each of the continuing investors.

- iStar will have agreed to guaranty certain of our obligations to the lenders and indemnify our lenders under our initial portfolio financing, including with respect to customary environmental matters and recourse carveout matters, such as fraud, gross negligence, failure to pay taxes, triggering certain tenant rights and certain other items. We have agreed to indemnify iStar for any losses suffered by it under the guaranty and environmental indemnity other than as a result of iStar's material breach of its obligations under the initial portfolio financing.

- In connection with the formation transactions and the concurrent iStar placement, we will have granted a waiver from the ownership limit contained in our charter to iStar to own up to 35.0%, and to GICRE to own up to 15.0%, of the outstanding shares our common stock in the aggregate.

- We will have adopted our equity incentive plan to provide equity incentive opportunities to members of our manager's management team and employees who perform services for us, our directors, director nominees, advisers, consultants and other personnel, and will have issued, in the aggregate, thereunder 40,000 shares of restricted common stock to our directors who are not officers or employees of our manager or iStar at the closing of this offering. See "Management—Equity Incentive Plan" for further details.

Relationship with iStar

iStar will own approximately % of the outstanding shares of our common stock, assuming shares of our common stock are sold in this offering at the mid-point of the initial public offering price range set forth on the cover page of this prospectus and the valuation of our initial portfolio implied by the pricing of this offering is at least $340 million, immediately after giving effect to this offering, the concurrent iStar placement and the formation transactions, which we believe provides significant alignment of interest with us.

Concurrently with the completion of this offering, we will enter into an exclusivity agreement with iStar pursuant to which iStar will agree that it will not acquire, originate, invest in, or provide financing for a third party's acquisition of, a GNL unless it has first offered that opportunity to us. The exclusivity agreement will not apply to opportunities that include only an incidental interest in GNLs or opportunities to manufacture or otherwise create a GNL from a property that has been owned by iStar's existing net lease venture with GICRE for at least three years after the closing of this offering. The existing net lease venture invests in single tenant properties leased to corporate entities under triple net leases. The venture had total assets of approximately $517 million at March 31, 2017. The investment period of the venture is scheduled to expire in February 2018 and the term of the venture is scheduled to end in February 2022 (subject to two one-year extensions), although both dates may be extended by joint agreement of the partners. iStar owns a 51.9% interest in, and manages the day to day operations of, the net lease venture and several of its executives whose time is substantially devoted to the venture own a 0.6% equity interest in the venture and are entitled to participate in promote payments made to iStar. The parties have committed a total of $500 million to the net lease venture, of which $198 million was drawn as of March 31, 2017. The exclusivity agreement will have an initial term of one year and will automatically renew with each annual renewal of the management agreement. The exclusivity agreement will automatically terminate upon any termination of the management agreement and will not otherwise be terminable. See "Our Manager and the Management Agreement—Exclusivity."

iStar has agreed to pay the underwriting discounts and commissions payable to the underwriters in connection with this offering, our other offering expenses and our expenses incurred in connection with the concurrent iStar placement, including legal, accounting, consulting, and regulatory filing expenses, in an aggregate amount not to exceed $25 million.

iStar has agreed to provide the lenders under our initial portfolio financing with a limited recourse guaranty and indemnity of certain of our obligations with respect to environmental matters and customary recourse carveout matters, including fraud, gross negligence, failure to pay taxes, the triggering of certain tenant rights and certain other items. iStar's limited recourse guaranty and environmental indemnity will remain in place until the first to occur of our equity market capitalization reaching at least $500 million or our net worth as of our most recent balance sheet reaching at least $250 million. We have agreed to indemnify iStar for any amounts it is required to pay, or other losses it suffers, under its limited recourse guaranty and environmental indemnity, other than as a result of iStar's material breach of its obligations under the initial portfolio financing.

Management Agreement

We will enter into a management agreement with our manager effective upon the completion of this offering. We have designed our management agreement with terms that we believe are beneficial to us and our stockholders. Specifically, during the first year of the management agreement, we will pay no management fee to our manager. Thereafter, we will pay our manager a management fee, payable solely in shares of our common stock, equal to the sum of 1.0% of total equity up to $2.5 billion and 0.75% of total equity in excess of $2.5 billion. Our manager will not be entitled to receive any additional performance or incentive compensation. Our management agreement will have an initial term of one year with annual renewals to be approved by a majority of the independent members of our board of directors. Additionally, the management agreement may be terminated by us or our manager at the end of each annual term without the payment of a termination fee; provided, however, that we may not terminate the management agreement unless a successor guarantor reasonably acceptable to iStar has (i) agreed to replace iStar under its limited recourse guaranty and environmental indemnity with respect to our initial portfolio financing or (ii) provided iStar with a reasonably acceptable indemnity for any losses suffered by iStar on its limited recourse guaranty and environmental indemnity after its termination as our manager.

The management fee will be paid solely in shares of our common stock valued at the greater of (i) the volume weighted average market price of our common stock during the quarter for which the fee is being calculated and (ii) the initial public offering price per share of our common stock set forth on the cover of this prospectus, before underwriting discounts and commissions. Our manager will be restricted from selling shares of our common stock paid to it as management fees for two years from the date such shares are issued, except that such restrictions will terminate at the effective date of the termination of the management agreement, and, for the avoidance of doubt, such restrictions will not apply to distributions of such shares to iStar in contemplation of a further distribution of such shares to iStar's stockholders. We will also reimburse our manager for all operating expenses incurred by our manager in providing services under the management agreement, including expenses related to legal, accounting, due diligence and other services, except that our manager has agreed not to seek reimbursement for certain personnel expense allocations during the first year of the management agreement. Expenses will be reimbursed in cash on a monthly basis.

Our manager will manage the day-to-day operations of our company in conformity with our investment guidelines, which may be modified or supplemented by our board of directors from time to time. For more information about the management agreement, see "Our Manager and the Management Agreement—Management Agreement."

Conflicts of Interest

Conflicts of interest may exist or could arise in the future with iStar and its affiliates, including our executive manager, our officers and/or directors who are also officers and/or directors of iStar, and any limited partner of our operating partnership. Conflicts may include, without limitation: conflicts arising from the enforcement of agreements between us and iStar or our manager; conflicts in the amount of time that officers and employees of our manager will spend on our affairs versus iStar's other affairs; conflicts in future transactions that we may pursue with iStar; and conflicts in pursuing transactions that could be structured as either a GNL or as another type of transaction that is within iStar's investment focus. We do not generally expect to enter into joint ventures with iStar, but if we do so, the terms and conditions of our joint venture investment will be subject to the approval of a majority of disinterested directors of our board of directors. Upon completion of this offering, the concurrent iStar placement and the formation transactions, assuming shares of our common stock are sold in this offering at the mid-point of the initial public offering price range set forth on the cover page of this prospectus and the valuation of our initial portfolio implied by the pricing of this offering is at least $340 million, iStar will own approximately % of the outstanding shares of our common stock and will have registration rights for resales of such shares. Two directors of iStar will also serve on our board of directors, including Jay Sugarman, who is the chief executive officer of iStar and our chief executive officer. Our manager is a wholly-owned subsidiary of iStar. As a result of the foregoing relationships, iStar will have significant influence over us. Additionally, although we will enter into an exclusivity agreement with iStar, the agreement contains exceptions to iStar's exclusivity for opportunities that include only an incidental interest in GNLs and opportunities to manufacture or otherwise create a GNL from a property that has been owned by iStar's existing net lease venture with GICRE for at least three years after the closing of this offering. Accordingly, the exclusivity agreement will not prevent iStar from pursuing certain GNL opportunities directly or through the aforementioned net lease venture. See "Our Manager and the Management Agreement—Exclusivity."

The terms of our formation transactions, our management agreement with our manager, our exclusivity and registration rights agreements with iStar, and the option agreement for the option GNL described above were negotiated between related parties and may not be as favorable to us as if it had been negotiated at arm's length with an unaffiliated third party. In addition, the obligations of our manager and its officers and other personnel to engage in other business activities at iStar may reduce the time that our manager and its officers and other personnel spend managing us.

Conflicts of interest may exist or could arise in the future with the continuing investors and us in connection with the enforcement of the stockholders and registration rights agreements between us and the continuing investors, and with iStar's existing net lease joint venture and us in connection with future investment opportunities.

Our directors and executive officers have duties to our company under applicable Maryland law, and our executive officers and our directors who are also disinterested directors of our board of directors or officers of iStar also have duties to iStar under applicable Maryland law. Those duties may come in conflict from time to time. At the same time, we, as the general partner of our operating partnership, have fiduciary duties and obligations to our operating partnership and its other partners under Delaware law. Our operating partnership agreement provides that in the event of a conflict in the duties owed by us to our stockholders and the fiduciary duties owed by us, in our capacity as general partner of our operating partnership, to those limited partners, we will fulfill our fiduciary duties to those limited partners by acting in the best interests of our company.

We intend to adopt policies that are designed to reduce certain potential conflicts of interests. See "Policies with Respect to Certain Activities—Conflict of Interest Policies."

Restrictions on Ownership of Our Capital Stock

Our charter generally prohibits, with certain exceptions, any stockholder from beneficially or constructively owning more than 9.8% in value or number of shares, whichever is more restrictive, of the outstanding shares of our common stock or all classes and series of our capital stock. We have granted a waiver to iStar to own up to 35.0%, and to GICRE to own up to 15.0%, of the outstanding shares of our common stock in the aggregate.

Distribution Policy

We intend to make regular quarterly distributions to holders of shares of our common stock. We intend to pay a pro rata initial distribution with respect to the period commencing on the completion of this offering and ending on June 30, 2017, based on $ per share for a full quarter. On an annualized basis, this would be $ per share, or an annual distribution rate of approximately %, assuming an initial public offering price of $ per share, which is the mid-point of the initial public offering price range set forth on the cover page of this prospectus. We intend to maintain our initial distribution rate for the 12-month period following completion of this offering unless our actual or anticipated results of operations, cash flows or financial position, economic or market conditions or other factors differ materially from the assumptions used in our estimate. Any future distributions will be at the discretion of our board of directors and will be dependent upon a number of factors, including our actual and anticipated results of operations, cash flows and financial position, our qualification as a REIT, prohibitions or other restrictions under financing agreements, economic and market conditions, applicable law and other factors described herein.

Our Tax Status

We intend to elect and to qualify to be taxed as a REIT for U.S. federal income tax purposes commencing with our taxable year ending December 31, 2017. We believe we have been organized in conformity with the requirements for qualification and taxation as a REIT under the Internal Revenue Code of 1986, as amended (the "Code"), and that our intended manner of operation will enable us to meet the requirements for qualification and taxation as a REIT commencing with our taxable year ending December 31, 2017. To qualify as a REIT, we must meet, on an ongoing basis, various tests regarding the nature and diversification of our assets and our income, the ownership of our outstanding stock and the amount of our distributions. So long as we qualify as a REIT, we generally will not be subject to U.S. federal income tax on our net taxable income that we distribute currently to our stockholders. If we fail to qualify as a REIT in any taxable year and do not qualify for certain statutory relief provisions, we will be subject to U.S. federal income tax at regular corporate rates and may be precluded from qualifying as a REIT for the subsequent four taxable years following the year during which we lost our REIT qualification. Even if we qualify as a REIT, we may be subject to certain U.S. federal, state and local taxes on our income or property. See "Certain U.S. Federal Income Tax Considerations."

Emerging Growth Company Status

We are an "emerging growth company," as defined in the Jumpstart Our Business Startups Act of 2012, or the JOBS Act, and we are eligible to take advantage of certain exemptions from various reporting requirements that are applicable to other publicly-traded companies that are not "emerging growth companies," including not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002, or the Sarbanes-Oxley Act. We have not yet made a decision as to whether we will take advantage of any or all of these exemptions.

In addition, the JOBS Act provides that an "emerging growth company" can take advantage of the extended transition period provided in the Securities Act of 1933, as amended, or the Securities Act, for complying with new or revised accounting standards. In other words, an emerging growth company can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. However, we have chosen to "opt out" of this extended transition period, and, as a result, we will comply with new or revised accounting standards on the relevant dates on which adoption of such standards is required for all public companies that are not emerging growth companies. Our decision to opt out of the extended transition period for complying with new or revised accounting standards is irrevocable.

We will remain an "emerging growth company" until the earliest to occur of (i) the last day of the fiscal year during which our total annual revenue equals or exceeds $1.07 billion (subject to adjustment for inflation), (ii) the last day of the fiscal year following the fifth anniversary of this offering, (iii) the date on which we have, during the previous three-year period, issued more than $1.0 billion in non-convertible debt or (iv) the date on which we are deemed to be a "large accelerated filer" under the Securities Exchange Act of 1934, as amended, or the Exchange Act.

Company Information

Our principal executive offices are located at 1114 Avenue of the Americas, New York, New York 10036. Our telephone number is (212) 930-9400. Our website address is *www.safetyincomegrowth.com*. The information on, or otherwise accessible through, our website does not constitute a part of this prospectus.

Table of Contents

This Offering

Common stock offered by us	shares (plus up to an additional shares that we may issue and sell upon the exercise of the underwriters' option to purchase additional shares in full)
Common stock to be outstanding after this offering, the concurrent iStar placement and the formation transactions	shares(1)
Common stock and operating partnership units to be outstanding after this offering, the concurrent iStar placement and the formation transactions	shares / no units(1)(2)
Use of proceeds	We intend to use approximately $142.0 million of the net proceeds from this offering and the concurrent iStar placement to purchase the acquisition GNLs and the remainder for general business purposes, including future acquisitions and originations of GNLs and the funding of $2.2 million of costs of our new revolving credit facility and transaction expenses not paid by iStar (comprised of transfer taxes of approximately $1.4 million). If an acquisition GNL transaction does not close for any reason, we will instead use the net proceeds intended for such transaction for general business purposes. iStar has agreed to pay the underwriting discounts and commissions payable to the underwriters in connection with this offering, our other offering expenses and our expenses incurred in connection with the concurrent iStar placement, in an aggregate amount not to exceed $25 million.
Risk Factors	Investing in our common stock involves a high degree of risk. You should carefully read and consider the information set forth under the heading "Risk Factors" beginning on page 26 and other information included in this prospectus before making a decision to invest in our common stock.
NYSE symbol	"SAFE."

(1) Includes shares of our common stock issued to iStar and the continuing investors in connection with the formation transactions and shares of our common stock to be issued to iStar in the concurrent iStar placement. Assumes no exercise by the underwriters of their option to purchase up to an additional shares of our common stock. Includes 40,000 shares of restricted common stock to be issued to our directors who are not officers or employees of our manager or iStar pursuant to our equity inventive plan at the closing of this offering for their services through our first annual meeting of stockholders. Excludes shares of our common stock available for future issuance under our equity incentive plan (assuming no exercise by the underwriters of any portion of their option to purchase additional shares of our common stock).

(2) Excludes operating partnership units that we own.

Selected Historical and Unaudited Pro Forma Financial and Other Data

The following table sets forth selected financial and other data on (i) a historical combined basis for our predecessor and (ii) a pro forma basis for our company giving effect to (a) the formation transactions, (b) this offering and the concurrent iStar placement and the use of the net proceeds therefrom as described under "Use of Proceeds," (c) certain other transactions, (d) entry into our management agreement with our manager and (e) the reimbursement by iStar of certain of our expenses in an amount not to exceed $25 million.

The selected historical combined balance sheet data as of December 31, 2016 and 2015 of our predecessor and selected historical combined operating data for the years ended December 31, 2016 and 2015 of our predecessor have been derived from the audited historical combined financial statements of our predecessor included elsewhere in this prospectus. The selected historical combined balance sheet data as of March 31, 2017 of our predecessor and the selected historical combined operating data for the three months ended March 31, 2017 and 2016 of our predecessor have been derived from the unaudited historical combined financial statements of our predecessor included elsewhere in this prospectus. Our predecessor's results of operations for the three months ended March 31, 2017 are not necessarily indicative of our results of operations for the year ending December 31, 2017.

The accompanying historical combined financial data of our predecessor does not represent the financial position, results of operations and cash flows of one legal entity, but rather a combination of entities under common control that have been "carved out" from iStar's historical consolidated financial statements. The historical combined financial statements of our predecessor include expense allocations of certain iStar corporate functions, including executive oversight, treasury, finance, human resources, tax planning, internal audit, financial reporting, information technology and investor relations. These allocations are not indicative of the actual expense that would have been incurred had our predecessor operated as an independent, publicly-traded, externally-managed company for the periods presented. We believe that the assumptions and estimates used in preparation of the underlying combined financial statements of our predecessor are reasonable. However, the combined financial statements herein do not necessarily reflect what our predecessor's financial position, results of operations or cash flows would have been if it had been a standalone company during the periods presented, nor are they necessarily indicative of our future financial position, results of operations or cash flows.

The unaudited selected pro forma financial data as of and for the three months ended March 31, 2017 and for the year ended December 31, 2016 is presented as if: (i) our capitalization; (ii) the acquisition by the continuing investors; (iii) this offering, the concurrent iStar placement and the use of proceeds therefrom as described under "Use of Proceeds"; (iv) entry into our management agreement with our manager; (v) the initial portfolio financing; (vi) the payment by iStar of certain of our expenses in an amount not to exceed $25 million; and (vii) other related transactions, each as more fully described in this prospectus, took place concurrently on March 31, 2017 for the balance sheet data and on January 1, 2016 for the operating data. The unaudited pro forma financial data are not necessarily indicative of what our actual financial position and results of operations would have been as of the date and for the periods indicated, nor do they purport to represent our future financial position or results of operations.

You should read the following selected financial data in conjunction with the historical combined financial statements and the unaudited pro forma financial statements and the related notes and with "Management's Discussion and Analysis of Financial Condition and Results of Operations."

	Pro Forma		Historical Combined			
	For the Three Months Ended March 31, 2017	For the Year Ended December 31, 2016	For the Three Months Ended March 31, 2017	For the Three Months Ended March 31, 2016	For the Years Ended December 31, 2016	For the Years Ended December 31, 2015
	(In thousands)					
OPERATING DATA:						
Operating lease income	$ 6,629	$ 27,363	$ 5,244	$ 4,593	$ 21,664	$ 18,558
Total revenues	6,629	27,363	5,333	4,593	21,743	18,565
Total costs and expenses	5,793	22,382	4,049	3,679	15,128	12,848
Net income	1,344	4,981	1,792	914	6,615	5,717
SUPPLEMENTAL DATA:						
FFO(1)	$ 2,716	$ 12,503	$ 2,071	$ 1,704	$ 9,757	$ 8,857
AFFO(1)	2,110	9,551	1,503	1,125	7,161	7,327
EBITDA(1)	5,369	21,200	4,678	3,665	17,999	16,086

(1) See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Non-GAAP Financial Measures" for a definition of this metric and a reconciliation to the most directly comparable GAAP number and a statement of why our management believes the presentation of the metric provides useful information to investors.

	Pro Forma As of March 31, 2017	Historical Combined		
		As of March 31, 2017	As of December 31, 2016	As of December 31, 2015
	(In thousands)			
BALANCE SHEET DATA:				
Real estate, net	$	$ 103,697	$ 104,478	$ 103,680
Deferred expenses and other assets, net		41,563	39,284	33,881
Total assets		155,766	155,667	144,256
Total liabilities		221,313	1,576	227
Total equity (deficit)		(65,547)	154,091	144,029
Total liabilities and equity		155,766	155,667	144,256

RISK FACTORS

Investing in our common stock involves a high degree of risk. You should carefully consider the following risk factors, together with all the other information contained in this prospectus, including the historical combined and pro forma financial statements and the notes thereto, before making an investment decision to purchase our common stock. The occurrence of any of the following risks could materially and adversely affect our business, prospects, financial position, cash flows, liquidity, results of operations, the market price of our common stock, our ability to service our indebtedness and our ability to make cash distributions to our stockholders (including those necessary to qualify and maintain our qualification as a REIT), which could cause you to lose all or a significant part of your investment in our common stock. References to "ground net leases" are intended to apply to GNLs as defined under "Certain Defined Terms" on page ii. Some statements in this prospectus, including statements in the following risk factors, constitute forward-looking statements. See the section entitled "Forward-Looking Statements."

Risks Related to Our Portfolio and Our Business

Our expectations as to the potential size of the market for ground net lease transactions and the availability of investment opportunities are untested and may prove to be incorrect.

We believe that we are the first public company that intends to invest primarily in ground net lease assets and the achievement of our investment objectives depends, in part, on our ability to grow our portfolio. We cannot assure you that the size of the market for ground net leases will meet our estimates. Potential tenants may prefer to own the land underlying the improvements they intend to develop, rehabilitate or own. In addition, we have been in an extended period of historically low interest rates, and when rates increase, there may be less activity generally in real estate transactions, including leasing, development and financing and less financing available for potential tenants to finance their leasehold interests.

If potential tenants are unable to secure financing for their leasehold interests, their appetite for ground net leases may diminish, which could materially and adversely affect our growth prospects. In addition, if our current tenants are unable to secure financing to continue to operate their businesses and pay us rent, we could be materially and adversely affected.

A potential tenant's interest in entering into a ground net lease transaction as opposed to alternative financing, such as mortgage financing, will depend in part on such tenant's ability to secure financing for a leasehold interest on attractive terms. If leasehold financing is not available on terms that are at least as favorable as available mortgage financing, we expect that potential tenants will be less likely to pursue ground net lease transactions with us, which may materially adversely affect the market for our leases and our ability to grow and meet our investment objectives.

Additionally, many of our tenants rely on external sources of financing to operate their businesses. The U.S. may experience significant liquidity disruptions, resulting in the unavailability of financing for many businesses. If our current tenants are unable to secure financing necessary to continue to operate their businesses, they may be unable to meet their rent obligations to us or be forced to declare bankruptcy and reject their leases.

Unfavorable market and economic conditions in the United States and globally, in the specific markets or submarkets where our properties are located or in the markets and industries in which our tenants conduct business could materially and adversely affect the market value of our properties, the financial performance of our tenants, the availability of attractive investment and financing opportunities, the demand for ground net leases and our ability to sell, recapitalize or refinance our properties.

Unfavorable market and economic conditions in the United States and globally, especially in the markets or submarkets where our properties are located or in the markets and industries in which our tenants conduct business, may significantly affect the market value of our properties, the financial performance of our tenants, the availability of attractive investment and financing opportunities, the demand for ground net leases and our ability to strategically dispose, recapitalize or refinance our properties on economically favorable terms or at all. Our ability to originate ground net lease transactions, lease our properties on favorable terms, obtain financing and re-let properties returned to us after lease expirations or earlier terminations is dependent upon overall economic conditions, which are adversely affected by, among other things, job losses and unemployment levels, recession, market volatility and uncertainty about the future. We expect that any declines in our rental revenues would cause us to have less cash available to meet our operating requirements, including debt service, and to make distributions to our stockholders. Our business may be affected by the volatility and illiquidity in the financial and credit markets, a general global economic recession and other market or economic challenges experienced by the real estate industry or the U.S. economy as a whole. Factors that may affect our rental revenues, the Underlying Property NOI related to our properties and/or the market value of our properties include the following, among others:

- downturns in global, national, regional and local economic conditions;
- declines in the financial position or liquidity of our tenants due to bankruptcy, competition, operational failures or other reasons, which may result in tenant defaults under our ground net leases;
- the inability or unwillingness of potential tenants to enter into ground net leases; and
- changes in the values of our leases.

Our operating performance and the market value of our properties are subject to risks associated with real estate assets and the real estate industry, which could materially and adversely affect us.

Real estate investments are subject to various risks and fluctuations and cycles in value and demand, many of which are beyond our control. Certain events may adversely affect our operating results and decrease cash available for distributions to our stockholders, as well as the market value of our properties. These events include, but are not limited to:

- adverse changes in international, national, regional or local economic and demographic conditions;
- vacancies or our inability to enter into ground lease transactions or re-let a property on favorable terms, including possible market pressures to offer tenants various incentives to sign or renew their leases;
- increases in market rental rates that we are unable to capture because our leases are long-term and any rent escalations under our leases may often be fixed;
- increases in inflation that exceed any rent adjustment clauses;
- adverse changes in the financial position or liquidity of tenants and buyers of properties;
- decreases in market rental rates at the end of our leases;
- our inability to collect rent from tenants;
- competition from other real estate investors with significant capital, including real estate operating companies, other publicly traded REITs, institutional investment funds, banks, insurance companies and individuals;
- fluctuations in interest rates, which could adversely affect our ability, or the ability of buyers and tenants of properties, to obtain financing on favorable terms or at all;

- civil disturbances, hurricanes and other natural disasters, or terrorist acts or acts of war, which may result in uninsured or underinsured losses; and
- changes in, and changes in enforcement of, laws, regulations and governmental policies, including, without limitation, health, safety, environmental, zoning and tax laws and governmental fiscal policies.

In addition, periods of economic slowdown or recession, rising interest rates or declining demand for real estate, or the public perception that any of these events may occur, could result in a general decline in attractive investment opportunities or an increased incidence of defaults under our existing leases. As a result of the foregoing, there can be no assurance that we can achieve our investment objectives.

The rental payments under our leases may not keep up with changes in market value and inflation.

The master lease relating to the Doubletree Seattle Airport, Hilton Salt Lake, Doubletree Mission Valley, Doubletree Sonoma and Doubletree Durango and the lease relating to the Dallas Market Center: Marriott Courtyard also provide for percentage rent participations in operating revenues at the hotels located on the properties. The leases relating to the One Ally Center and Northside Forsyth Hospital Medical Center properties provide for a periodic resetting of the rent based on changes in the CPI, subject to a floor and a ceiling in both cases. These percentage rent participations and CPI adjustments may not keep up fully with changes in inflation. They may also not keep up fully with increases in market value. As a result, we may not capture the full value of the properties underlying our leases. Future leases that we enter into may contain similar or other limitations on rent increases, which may limit the appreciation in value of our properties and our net asset value.

Multi-tenanted properties expose us to additional risks.

A property that is ground net leased to a tenant that will operate a multi-tenant building will involve risks not typically encountered in properties that are ground net leased to, and occupied by, a single tenant. Leasing land to operators of multi-tenant properties could expose us to the risk that a sufficient number of suitable tenants may not be found by our ground net lease tenant to enable the property to operate profitably enough to pay rent under our ground net lease. The risk may be compounded by the failure of multiple tenants to satisfy their obligations to our ground net lease tenant due to various factors. Multi-tenant properties are also subject to tenant turnover and fluctuation in occupancy rates, which could affect our ground net lease tenant's ability to pay rent to us, and may lower our percentage rents, if any.

Some of our tenants do not operate their properties and rely on revenues from subtenants to cover operating expenses, ground rent, taxes, debt service and other costs associated with the property.

Some of our tenants do not operate their properties and instead enter into subleases with subtenants on the expectation that such subleases will generate sufficient income to cover the tenant's operating expenses, ground rent, taxes on the property, leasehold mortgage debt service and other costs associated with the property. If the tenant is not able to enter into such subleases, or such subleases are not able to generate sufficient revenue, the tenant may not be able to pay rent to us or may pay less rent to us as a result of any percentage rent participations.

The ground rent we charge our tenants may exceed the rents our tenants collect from their subtenants.

The ground rent we charge typically increases periodically or participates in revenues from the operations of our tenants at the properties. However, the rents our tenants charge their subtenants may not increase at the same rate. As a result, the Ground Rent Coverage of our leases may decline and in some cases our tenants may be unable to meet their rental obligations under our lease.

We are the tenant of a ground net lease underlying a majority of our Doubletree Seattle Airport property.

The sum of our annualized cash base rental income in place for our Doubletree Seattle Airport property as of March 31, 2017 and total percentage cash rental income during the twelve months ended March 31, 2017 for such property totaled an aggregate of $5.5 million, or approximately 31.6% of our entire portfolio, in each case excluding the one time $0.5 million stub period payment that we received in the first quarter of 2017 in respect of a change in the master lease governing the Hilton Western Portfolio. See "Business and Properties—Descriptions of Properties in our Initial Portfolio—Doubletree Seattle Airport." A majority of the land underlying our Doubletree Seattle Airport property is owned by a third party and is ground leased to us. We are obligated to pay the third-party owner of the ground lease $0.4 million, subject to adjustment for changes in the CPI, per year through 2044; however, we pass this cost on to our tenant under the terms of our master lease. We are currently in discussions with the third party owner to extend or restructure the ground lease; however, we can give no assurance that we will be successful in consummating any such extension or restructuring or that the terms of any extension or restructuring will be attractive to us. If we are unable to reach an agreement with the third-party owner of the ground lease, our ground lease and our right to sublease the property and generate revenues and cash flows therefrom would terminate in 2044 without any compensation for the building and improvements on the property.

As an owner primarily of land, our depreciation expenses are expected to be limited for financial and tax reporting purposes, with the result that we will be highly dependent on external capital sources to fund our growth.

As an owner of land, we expect to record limited depreciation expenses for either financial reporting or tax reporting purposes. As a result, we will not have significant depreciation expenses that will reduce our net taxable income and the payment ratio of our distributions to our cash available for distribution to our stockholders or other metrics is likely to be higher than at many other REITs. This also means that we will be highly dependent on external capital sources to fund our growth. If capital markets are experiencing disruption or are otherwise unfavorable, we may not have access to capital on attractive terms, or at all, which could prevent us from achieving our investment objectives.

Lease defaults, terminations or landlord-tenant disputes may reduce our revenue from our lease investments.

The creditworthiness of our tenants could be negatively impacted as a result of challenging economic conditions or otherwise, which could result in their inability to meet the terms of their leases with us. Lease defaults or terminations by one or more tenants may reduce our revenues unless a default is cured or a suitable replacement tenant is found promptly. In addition, disputes may arise between us and a tenant that result in the tenant withholding rent payments, possibly for an extended period. These disputes may lead to litigation or other legal procedures to secure payment of the rent withheld or possession of the building and improvements thereon. Upon a lease default, we may have limited or no recourse against a guarantor. Neither tenants nor any guarantors may have the ability to satisfy any judgments we may obtain in full or at all. We may also have duties to mitigate our losses and we may not be successful in that regard. Any of these situations may result in extended periods during which there is a significant decline in revenues or no revenues generated by a property.

Tenant concentration may expose us to financial credit risk.

Concentrations of credit risks arise when we derive a significant percentage of our revenues from a particular tenant or credit party, or a number of our 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 their contractual obligations, including those to us under our leases, could be similarly affected by changes in economic conditions. For the three months ended March 31, 2017, the tenant under our master lease relating to five hotels accounted for approximately $3.0 million, or 56.0%, of our total revenues, and our tenant who leases the land on which the One Ally Center in Detroit, Michigan is located accounted for approximately $1.3 million, or 25.0%, of our total revenues. To the extent the Company has a significant concentration of operating lease income from any tenant, credit party, business or geography, we could be materially and adversely affected.

Hotel industry concentration exposes us to the financial risks of a downturn in the hotel industry generally, and the hotel operations at our specific properties.

Three of the tenants in our initial portfolio operate hotels at the leased properties. For the three months ended March 31, 2017, 62.4% of our total revenues came from rent payments by these hotel tenants. The master lease relating to the Doubletree Seattle Airport, Hilton Salt Lake, Doubletree Mission Valley, Doubletree Sonoma and Doubletree Durango and the lease relating to the Dallas Market Center: Marriott Courtyard provide for percentage rent participations in operating revenues at the hotels located on the properties. Although both leases also provide for a fixed rent or a minimum rent (in addition to our right to receive percentage rent), declines in the operating revenues of these hotels, or a decline in the hotel industry generally, could materially reduce the percentage rent that we receive. The performance of the hotel industry has historically been closely linked to the performance of the general economy and, specifically, growth in U.S. gross domestic product. It is also sensitive to business and personal discretionary spending levels. Declines in corporate budgets and consumer demand due to adverse general economic conditions, risks affecting or reducing travel patterns, lower consumer confidence or terrorist activity can lower the revenues and profitability of our tenants participating in the hotel industry. As a result of our current concentration, we are particularly susceptible to adverse developments in the hotel industry.

Percentage rent payable under our master lease relating to the Hilton Western Portfolio is calculated on an aggregate portfolio-wide basis.

Our master lease relating to the five assets constituting the Hilton Western Portfolio obligates the tenant to pay us percentage rent equal to 7.5% of the positive difference between the aggregate annual operating revenues of the five hotels in the Hilton Western Portfolio for any year and the aggregate base revenues of the five hotels specified in the master lease of approximately $81.4 million. Accordingly, to the extent the aggregate operating revenues of the five hotels for any year do not exceed $81.4 million we will not be entitled to any percentage rent from any of those hotels. As a result, a deterioration in the operating performance at any of the hotels in the Hilton Western Portfolio would adversely affect our ability to earn percentage rent payable under any of the remaining hotels in the Hilton Western Portfolio, and it is possible that poor operating performance at one or more hotels in the Hilton Western Portfolio could reduce or eliminate percentage rent for any annual period notwithstanding stable or improving operating performance at other hotels included in the Hilton Western Portfolio.

We are subject to the risk of bankruptcy of our tenants.

The bankruptcy or insolvency of a tenant may materially and adversely affect the income produced by our properties or could force us to "take back" a property as a result of a default or a rejection of the lease by a tenant in bankruptcy, any of which could materially and adversely affect us. If any tenant becomes a debtor in a case under federal bankruptcy law, we cannot evict the tenant and assume ownership of the building and improvements thereon solely because of the bankruptcy if the tenant continues to comply with the terms of our lease. In addition, the bankruptcy court might permit the tenant to reject and terminate its lease with us. Our claim against the tenant for unpaid and future rent would be subject to a statutory cap that might be substantially less than the rent actually owed to us under the lease. Our claim for unpaid rent will be a general unsecured claim that would likely not be paid in full. We may also be unable to re-lease a terminated or rejected space or re-lease it on comparable or more favorable terms.

It is also possible that, if a tenant were to become subject to bankruptcy proceedings, a bankruptcy court could re-characterize the lease transactions as secured lending transactions depending on its interpretation of the terms of the lease, including, among other factors, the length of the lease relative to the useful life of the leased property. If a lease were judicially recharacterized as a secured lending transaction, we would not be treated as the owner of the property subject to the lease and could lose the legal as well as economic attributes of the owners of the property, which could have a material adverse effect on us.

In addition, one of our current leases is a multiple property master lease, and we may acquire additional master leases in the future. Bankruptcy laws afford certain protections to a tenant that may also affect the master lease structure. Subject to certain restrictions, a tenant under a master lease generally is required to assume or reject the master lease as a whole, rather than making the decision on a property-by-property basis. This prevents the tenant from assuming only the better performing properties and terminating the master lease with respect to the poorer performing properties. If these tenants are considering filing for bankruptcy protection, we may find it necessary to agree to amend their master leases to remove certain underperforming properties rather than risk the tenant rejecting the entire master lease in bankruptcy. Whether or not a bankruptcy court will require a master lease to be assumed or rejected as a whole depends upon a "facts and circumstances" analysis. A bankruptcy court will consider a number of factors, including the parties' intent, the nature and purpose of the relevant documents, whether there was separate and distinct consideration for each property included in the master lease, the provisions contained in the relevant documents and applicable state law. If a bankruptcy court allows a master lease to be rejected in part, certain underperforming leases related to properties we own could be rejected by the tenant in bankruptcy, thereby adversely affecting payments derived from the properties. As a result, the bankruptcy of a tenant subject to a master lease could materially and adversely affect us.

Our future ground net leases may be subject to subordination clauses.

The lender of a leasehold financing may request a first security position against the land and buildings from the tenant. Although our existing ground net leases do not require us to agree to subordinate our interest in the land to any leasehold financings, there can be no assurance that we will not agree to do so in the future. If we agree to subordinate our interest in the ground net lease to the lender's interest, and if the tenant goes into default under the loan documents, we risk losing the land in addition to any rights to the building and improvements thereon.

We may be unable to renew ground net leases or re-lease the land on favorable terms or at all at the end of our ground net leases.

Above-market rental rates at some of the properties in our portfolio at the time of any ground net lease renewal or re-lease may force us to renew some expiring leases or re-lease properties at lower rates. We cannot assure you existing tenants will exercise any extension options or that our expiring leases will be renewed or that our properties will be re-leased at rental rates equal to or above their then weighted average rental rates.

The tenant under our GNL relating to the One Ally Center property has the right to level the building before the expiration of the lease.

Prior to the expiration of the GNL relating to the One Ally Center property, the tenant has the right to level the building and improvements on the property, although it cannot do so during the last five years of the lease without our prior consent. Rent under our ground lease must continue to be paid through the end of the lease, even if the tenant levels the building and any improvements on the property. If the tenant elects to level the building and any improvements on the property, it will be more difficult for us to re-let the property, taking more time for us to find a replacement tenant willing to develop the property. Accordingly, no assurance can be given as to the commencement date of any future lease or the attractiveness of the future lease terms.

Our master lease relating to five hotel properties and our GNL relating to the Lock Up Self Storage Facility provide the tenants with the right to purchase our hotel properties or land, as the case may be, in certain circumstances.

Our master lease gives the tenant the right to purchase one or more of the hotels at fair market value if the hotel suffers a major casualty or condemnation event, as defined under the master lease. The Lock Up Self Storage Facility lease gives the tenant the right to purchase our interest in the underlying land at fair market value as of the expiration of the lease in 2037. Additionally, we may enter into leases in the future that provide the tenants with purchase options. If a tenant exercises a purchase option, we would lose the right to future rent from the property. Furthermore, the purchase price we are entitled to receive may be less than the price we paid for the related property and we may not be able to reinvest the purchase price we receive in comparable investments that produce similar or better returns.

The tenants under the GNLs relating to the One Ally Center, Northside Forsyth Hospital Medical Center, NASA/JPSS Headquarters and The Buckler Apartments properties have certain preemptive rights should we decide to sell the properties.

Each of the One Ally Center and Northside Forsyth Hospital Medical Center leases gives the tenant a right of first refusal to purchase the property before we can sell the property to a third party. Each of the NASA/JPSS Headquarters and The Buckler Apartments leases gives the tenant a right of first offer to purchase the property, i.e., we must first offer the property to the tenant before soliciting offers for the sale of the property to any other person. The existence of such preemptive rights could limit third-party offers for the property, inhibit our ability to sell a property or adversely affect the timing of any sale of any such property and affect our ability to obtain the highest price possible in the event that we decide to market or sell the property.

We typically agree to grant certain mortgagee protections to a permitted leasehold mortgagee, and there can be no assurance that we will not be materially and adversely affected by the exercise of such protections.

We typically permit tenants to obtain mortgage financing secured by their leasehold interest, and in connection with that financing, we permit the tenant to assign the lease and the tenant's rights under the lease to the mortgagee as collateral. We also typically agree to grant certain mortgagee protections to a permitted leasehold mortgagee, including, without limitation, the right to receive notices and cure tenant defaults under the lease, the right to require us to enter into a new lease with a successor tenant on the same terms as the existing lease and the right to consent to certain actions. We may grant a leasehold mortgagee more time to cure certain non-monetary defaults than would be afforded to the tenant under the lease. We may also agree to defer certain remedies while the leasehold mortgagee is endeavoring to cure a default, such as terminating or giving notice of termination of the lease and bringing a proceeding and dispossessing the tenant or subtenants. In addition, some leasehold mortgage lenders may insist, should a casualty, loss or condemnation occur, upon using insurance proceeds to reduce the tenant's debt to it rather than restoring or repairing the casualty, loss or condemnation, although the tenant would likely not be able to generate sufficient revenues from the resulting property to pay ground rent to us. As of March 31, 2017, the tenants at the One Ally Center, Dallas Market Center: Sheraton Suites, Northside Forsyth Hospital Medical Center, NASA/JPSS Headquarters, The Buckler Apartments, Dallas Market Center: Marriott Courtyard, Lock Up Self Storage, 6200 Hollywood and 6201 Hollywood properties had leasehold mortgage financing in place. There can be no assurance that we will not be materially and adversely affected by a leasehold mortgagee's exercise of such mortgagee protections.

Our tenants generally do not have credit ratings.

Our tenants generally do not have credit ratings. To the extent a tenant has a credit rating, such rating is subject to ongoing evaluation by the rating agency assigning the rating, and we cannot assure you that such rating will not be lowered, reduced or withdrawn by the rating agency in the future if, in its judgment, circumstances warrant. If a rating agency assigns a lower than expected rating or reduces or withdraws, or indicates that it may reduce or withdraw, the credit rating of a tenant, the value of our investment in any properties leased to such tenant could significantly decline.

We rely on Underlying Property NOI as reported to us by our tenants.

We rely on Underlying Property NOI as reported to us by our tenants to, among other things, calculate Ground Rent Coverage and evaluate the security of the rent owed to us pursuant to a GNL and the safety of our investment in a GNL. We seek to invest in GNLs that we believe will generate secure rental payments, with Ground Rent Coverage of 2.0x to 5.0x for the initial year of the lease. Similarly, we seek safety in our GNL investments by typically limiting our investment in a GNL to 30% to 45% of our estimate of the Combined Property Value as of the commencement of the lease or as of our acquisition of the GNL. In evaluating Ground Rent Coverages and estimating Combined Property Values, we rely, to a significant degree, on Underlying Property NOI as reported to us by our tenants without independent investigation or verification on our part. Our tenants do not, nor do we expect that future tenants will, provide us with full financial statements prepared in accordance with GAAP, and the financial information provided to us by our tenants has not been, nor do we expect that future information will be, audited or reviewed by an independent registered public accounting firm. Our leases generally do not specify the detail upon which such financial information must be prepared. Our leases also generally do not require our approval for rent concessions or abatements given by our tenants to their subtenants, nor do our leases generally require our tenants to advise us of such concessions or abatements. Additionally, we do not independently investigate or verify the information supplied to us by our tenants, but rather assume the accuracy and completeness of such information and the appropriateness of the accounting methodology or principles, assumptions, estimates and judgments made by our tenants in preparing the information provided to us. Accordingly, no assurance can be given that the information provided to us by our tenants is accurate or complete, which could materially and adversely affect our underwriting decisions. Tenants may also restrict our ability to disclose publicly their Underlying Property NOI. For example, we are prohibited from publicly disclosing the Underlying Property NOI at One Ally Center pursuant to a confidentiality agreement with the tenant. The weighted average Ground Rent Coverage of the initial portfolio as of March 31, 2017 was 4.43x, assuming that the Underlying Property NOI at the One Ally Center for the 12 months ended March 31, 2017 was 5.00x the annualized in place base rent payable under our One Ally Center GNL, and 4.31x excluding One Ally Center from the weighted average Ground Rent Coverage calculation.

There can be no assurance that we will realize any incremental value from the "value bank" or that the market price of our common stock will reflect any value attributable thereto.

At the end of a GNL, we regain possession of the land, pursuant to the typical terms of a GNL, and generally take title to the building and any improvements thereon, without the payment of any additional consideration by us. Since we target GNLs where the initial value of the GNL represents between 30% and 45% of the Combined Property Value, we regard the difference between the initial GNL value and the Combined Property Value as a value bank of incremental value that we may realize at the end of the lease through a releasing or sale transaction, or perhaps by operating the property directly. To the extent we choose to operate a property directly after the expiration or other termination of a GNL, we will be subject to additional risks associated with leasing commercial real estate, including responsibility for property operating costs, such as taxes, insurance and maintenance, that previously were paid for by our tenant pursuant the GNL. Additionally, the value bank may grow during the term of the GNL in an amount equal to any appreciation in the Combined Property Value. Though we estimate Combined Property Value using one or more valuation methodologies that we consider appropriate, there can be no assurance that this estimate or the amount of any value bank is accurate at the time we invest in a GNL. Even if we estimate that a value bank exists initially, we will generally not be able to realize that value through a near term transaction, as the property is leased to a tenant pursuant to a long-term lease. While the value of commercial real estate as a broad class has generally increased over extended periods of time and is believed by some to exhibit a positive correlation with rates of inflation, the value of a particular commercial real estate asset is primarily a function of its location, overall quality and the terms of relevant leases. Since our leases are typically long-term (base terms ranging from 30 to 99 years), it is possible that the value bank will increase in value, but over long periods of time. However, the Combined Property Value of a particular property at the end of a GNL will be highly dependent on its unique attributes and there can be no assurance that it will exceed the amount of our initial investment in the GNL. Moreover, no assurance can be given that the market price of our common stock will include any value attributable to the value bank. In addition, our ability to recognize value through reversion rights may be limited by the rights of our tenants under some of our GNLs, including tenant rights to purchase the properties under certain circumstances and the right of the One Ally Center tenant to level the improvements prior to the expiration of the GNL. See "—The tenant under our GNL relating to the One Ally Center property has the right to level the building before the expiration of the lease," "—Our master lease relating to five hotel properties and our GNL relating to the Lock Up Self Storage Facility provide the tenants with the right to purchase our hotel properties or land, as the case may be, in certain circumstances" and "—The tenants under the GNLs relating to the One Ally Center, Northside Forsyth Hospital Medical Center, NASA/JPSS Headquarters and The Buckler Apartments properties have certain preemptive rights should we decide to sell the properties." Moreover, the market price of our common stock may not reflect any value ascribed to the value bank, as it is difficult and highly speculative to estimate the value of a commercial real estate portfolio that may be realized at a distant point in time.

We use our estimates of Combined Property Value when underwriting investments and monitoring our portfolio, which are based on various assumptions and information supplied to us by our tenants; accordingly, such estimated values may not be indicative of actual values.

We intend to target investments in long-term GNLs in which the initial value of our GNL represents between 30% and 45% of the Combined Property Value. When underwriting a potential investment and monitoring our portfolio, our estimate of Combined Property Value is based on expected lease terms, information supplied to us by our prospective tenant or tenant and numerous assumptions made by us. We do not independently investigate or verify the information provided to us by our tenants and no assurance can be given that the information is accurate. See "—We rely on Underlying Property NOI as reported to us by our tenants." The use of different information or assumptions could result in valuations that are materially lower than those used in our underwriting and portfolio monitoring processes.

Our estimates of Combined Property Values represent our opinion and may not accurately reflect the current market value of the properties relating to our GNLs. Such estimates are based on numerous estimates and assumptions and not on contractual sale terms or third-party appraisals and, therefore, are inherently uncertain, and no assurance can be given regarding the accuracy or appropriateness of such estimates and assumptions. The application of alternative estimates or assumptions could result in valuations, by us or others, that are materially lower than those used in our underwriting and portfolio monitoring processes.

Ground net leases with developers expose us to risks associated with property development and redevelopment that could materially and adversely affect us.

One of our business strategies is to enter into ground net leases with developers looking to construct or rehabilitate a building. In ground net lease transactions with developers, rent may not commence until construction is completed. Therefore, we will be subject to risks that the developer will be unable to complete the project and have it begin paying rent to us. Risks associated with development transactions include, without limitation: (i) the availability and pricing of financing for the developer on favorable terms or at all; (ii) the availability and timely receipt by the developer of zoning and other regulatory approvals; (iii) the potential for the fluctuation of occupancy rates and rents, which could affect any percentage rents that we may receive; (iv) development, repositioning and redevelopment costs may be higher than anticipated by the developer, which may cause the developer to abandon the project; and (v) cost overruns and untimely completion of construction (including due to risks beyond the developer's control, such as weather or labor conditions, or material shortages). In addition, if our tenant has obtained leasehold financing to complete construction, and the construction lender forecloses on the mortgage following a default, there is a risk that the mortgagee or a new tenant may not have necessary or sufficient development experience to complete the project or to do so to the same standards as the original developer. These risks could result in substantial unanticipated delays or expenses and could prevent the initiation or the completion of development, repositioning or redevelopment activities, any of which could materially and adversely affect us.

We may directly own one or more commercial properties before we are able to execute a GNL transaction, which will expose us to the risks of ownership of operating properties and require us to bear the costs of owning and operating the properties.

Certain of our business and growth strategies involve creating GNLs from existing commercial properties by separating a property into an ownership interest in land that is ground net leased to a tenant and an ownership interest in the buildings and improvements thereon that is retained by the original owner of the property or acquired by a third party. In pursuing such transactions, there may be instances where we take ownership of the commercial property for a period of time prior to the separation of the fee and leasehold interests. For example, if a proposed GNL tenant fails to complete a GNL transaction with us, we may nonetheless maintain or take ownership of the commercial property while we pursue an alternative transaction.

The ownership and operation of commercial properties will expose us to risks, including, without limitation,

- adverse changes in international, regional or local economic and demographic conditions;
- tenant vacancies and market pressures to offer tenant incentives to sign or renew leases;
- adverse changes in the financial position or liquidity of tenants;
- the inability to collect rent from tenants;
- tenant bankruptcies;
- higher costs resulting from capital expenditures and property operating expenses;
- civil disturbances, hurricanes and other natural disasters, or terrorist acts or acts of war, which may result in uninsured or underinsured losses;
- liabilities under environmental laws;

- risks of loss from casualty or condemnation; and
- changes in, and changes in enforcement of, laws, regulations and governmental policies, including, without limitation, health, safety, environmental, zoning and tax laws.

Upon taking ownership of a commercial property, we may be required to contribute ownership of the commercial property to a taxable REIT subsidiary ("TRS"), which would subsequently seek to sell a leasehold interest in such commercial property. Any gain from the sale of such leasehold interest would be subject to corporate income tax. See "—Tax Risks Related to Ownership of Our Shares—Our TRSs are subject to special rules that may result in increased taxes."

Loans that we make to GNL owners will be subject to delinquency, foreclosure and loss, which could result in losses to us.

Certain of our business and growth strategies involve financing the acquisition of GNLs by third parties. The ability of a borrower to repay a loan secured by a GNL typically is dependent primarily upon the successful operation of the commercial property by our borrower's tenant, rather than upon the existence of independent income or assets of our borrower. If the net operating income of such commercial property is reduced, and our borrower's tenant fails to pay the contractual rent to our borrower, our borrower's ability to repay our loan may be impaired.

Loan defaults by one or more borrowers may reduce our revenues unless the default is cured. If a default is not cured, we will bear a risk of loss of principal to the extent of any deficiency between the value of the GNL loan collateral and the principal and accrued interest of the loan. Upon a lease default, we may have limited or no recourse against a guarantor. Neither the borrower nor any guarantors may have the ability to satisfy any judgments we may obtain in full or at all.

In the event of the bankruptcy of a GNL loan borrower, the loan to that borrower will be deemed to be secured only to the extent of the value of the underlying collateral at the time of bankruptcy (as determined by the bankruptcy court), and the lien securing the loan will be subject to the avoidance powers of the bankruptcy trustee or debtor-in-possession to the extent the lien is unenforceable under state law if, for example, the bankruptcy trustee or debtor in possession determined that we did not properly perfect our lien. Foreclosure of a secured loan can be an expensive and lengthy process.

We may not be successful expanding into new markets.

We intend to explore acquisitions and originations of properties across the United States and, possibly, internationally. Each of the risks applicable to our ability to successfully acquire and integrate in our current markets is also applicable to our ability to successfully acquire and integrate properties in new markets. In addition to these risks, we will not possess the same level of familiarity with the dynamics and market conditions of any new markets that we may enter, which could adversely affect the results of our expansion into those markets, and we may be unable to build a significant market share or achieve a desired return on our investments in new markets. If we are unsuccessful in expanding into new markets, it could materially adversely affect our ability to grow and achieve our investment objectives.

Competition may adversely affect our ability to acquire and originate investments.

We compete with commercial developers, other REITs, real estate companies, financial institutions, such as banks and insurance companies, funds, and other investors, such as pension funds, private companies and individuals, for investment opportunities. Our competitors include both competitors seeking to originate or acquire ground net lease transactions or acquire properties in their entirety and competitors offering debt financing as an alternative to a ground net lease. Some of our competitors have greater financial and other resources and access to capital than we do. Due to our focus on ground net leases throughout the United States, and because most competitors are often locally and/or regionally focused, we do not always encounter the same competitors in each market.

We may be unable to identify and successfully complete acquisitions and originations and even if acquisitions and originations are identified and completed, the investments may not perform as expected.

One of our business strategies is to acquire and originate ground net lease transactions and grow our portfolio. Our acquisition and origination activities and their success are subject to the following risks:

- we may be unable to acquire or originate a desired investment because of competition from other well capitalized real estate investors, including developers, other publicly traded REITs, institutional investment funds, banks, insurance companies and individuals, or because the seller of a property elects to obtain alternative capital rather than enter into a ground net lease transaction with us;

- even if we enter into an agreement for a transaction, it is usually subject to customary conditions to closing, including completion of due diligence investigations to our satisfaction, which may not be satisfied;

- even if we are able to acquire or originate a desired ground net lease transaction, competition from other real estate investors may significantly increase the investment price;

- we may be unable to finance investments on favorable terms or at all;

- we may incur significant expenses in pursuing both consummated transactions and potential investment opportunities;

- acquired and originated properties may become subject to environmental liabilities of which we were unaware at the time we acquired the property despite any environmental testing; and

- new investments may fail to perform as expected.

Any delay or failure on our part to identify, negotiate, finance and consummate such acquisitions and originations in a timely manner and on favorable terms could also impede our growth and ability to achieve our investment objectives.

iStar entered into definitive purchase agreements for each of the acquisition GNL transactions in May 2017. We will assume the purchase agreements at the closing of this offering or, if iStar has acquired the acquisition GNLs before the closing of this offering, we will acquire the acquisition GNLs from iStar shortly after the completion of this offering. However, the closings of the purchases of the acquisition GNLs are subject to customary conditions, and there can be no assurance that either of the transactions will occur.

Acquired and originated properties may expose us to unknown liabilities.

We may acquire properties subject to liabilities and without any recourse, or with only limited recourse, against the prior owners or other third parties with respect to unknown liabilities. As a result, if a liability were asserted against us based upon our current or prior ownership of those properties, we might have to pay substantial sums to settle or contest it. Unknown liabilities with respect to acquired properties might include:

- environmental liabilities, including for clean-up or remediation of environmental contamination;

- claims by tenants, vendors or other persons associated with the properties;
- liabilities incurred in the ordinary course of business or otherwise; and
- claims for indemnification by general partners, directors, officers and others entitled to indemnification.

As an owner of real property, we could become subject to liability for environmental contamination, regardless of whether we caused such contamination.

Under various federal, state and local environmental laws, statutes, ordinances, rules and regulations, as an owner of real property, we may be liable for the costs of removal or remediation of certain hazardous or toxic substances at, on, in or under the properties we own as well as certain other potential costs relating to hazardous or toxic substances. These liabilities may include government fines and penalties and damages for injuries to persons and adjacent property. These laws may impose liability without regard to whether we knew of, or were responsible for, the presence or disposal of those substances. This liability may be imposed on us in connection with the activities of an operator of, or tenant at, the property. The cost of any required remediation, removal, fines or personal or property damages, and our liability therefor, could be significant and could exceed the value of the property and have a material adverse effect on us. In addition, the presence of those substances, or the failure to properly dispose of or remove those substances, may adversely affect our ability to sell or rent the affected property or to borrow using such property as collateral, which, in turn, would reduce our revenues and ability to satisfy our debt service obligations and to make distributions to our stockholders.

A property can also be adversely affected either through physical contamination or by virtue of an adverse effect upon value attributable to the migration of hazardous or toxic substances, or other contaminants that have or may have emanated from other properties.

Although our tenants are primarily responsible for any environmental damages and claims related to the properties, a tenant's bankruptcy or inability to satisfy its obligations for these types of damages or claims could require us to satisfy such liabilities. In addition, we may be held directly liable for any such damages or claims irrespective of the provisions of any lease.

Our tenants may fail to maintain required insurance, and certain potential losses may not be fully covered by insurance.

Our leases generally require the tenant to maintain all insurance on the property, and the failure of the tenant to maintain the proper insurance could adversely impact our interest in a property in the event of a loss. Furthermore, there are certain types of losses, such as losses resulting from wars, terrorism or certain acts of God, that generally are not insured because they are either uninsurable or not economically insurable. Should an uninsured loss or a loss in excess of insured limits occur, we could lose capital invested in a GNL as well as the anticipated future revenues from a GNL, while remaining obligated for any indebtedness we may have incurred related to the GNL. Any loss of these types could materially and adversely affect us.

We may become subject to litigation.

In the future, we may become subject to litigation, including claims relating to our investments, equity or debt financings and otherwise in the ordinary course of our business. Some of these claims may result in significant defense costs and potentially significant judgments against us, some of which are not, or cannot be, insured against. We generally intend to defend ourselves vigorously; however, we cannot be certain of the ultimate outcomes of any claims that may arise in the future. Resolution of these types of matters against us may result in our having to pay significant fines, judgments, or settlements, which may be uninsured or exceed insured levels. Certain litigation or the resolution of certain litigation may affect the availability or cost of some of our insurance coverage.

We may acquire investments through tax deferred contribution transactions, which could result in stockholder dilution and limit our ability to sell such assets.

We may acquire investments in exchange for operating partnership units in tax deferred contribution transactions. Generally, these units will be redeemable, at the option of the holder, for cash equal to the market value of an equal number of shares of our common stock at the time of redemption or, at our election, exchangeable for shares of our common stock on a one-for-one basis. The issuance and subsequent redemption or exchange of such units may result in stockholder dilution. Additionally, this acquisition structure may require us to protect the contributors' ability to defer recognition of taxable gain by limiting our ability to dispose of the contributed properties and/or requiring us to maintain a minimum amount of nonrecourse partnership liabilities encumbering the contributed property. These restrictions could limit our ability to sell or refinance an asset at a time, or on terms, that would be favorable absent such restrictions.

Our business is highly dependent on information systems and communication systems; systems failures and other operational disruptions could significantly affect our business.

Our business is highly dependent on communication and information systems which may interfere with or depend on systems operated by third parties, including market counterparties, tenants and service providers. Any failure or interruption of these systems could cause delays or other problems in our activities, including in our investment activities.

Additionally, we rely heavily on financial, accounting and other data processing systems and operational risks arising from mistakes made in the closing of transactions, from transactions not being properly booked, evaluated or accounted for or other similar disruption in our operations may cause us to suffer financial loss, the disruption of our business, liability to third parties, regulatory intervention and reputational damage.

Cybersecurity risk and cyber incidents may adversely affect our business by causing a disruption to our operations, a compromise or corruption of our confidential information and/or damage to our business relationships.

A cyber incident is considered to be any adverse event that threatens the confidentiality, integrity or availability of our information resources. These incidents may be an intentional attack or unintentional event and could involve gaining unauthorized access to our or our manager's information systems for purposes of misappropriating assets, stealing confidential information, corrupting data or causing operational disruption. The result of these incidents may include disrupted operations, misstated or unreliable financial data, liability for stolen assets or information, increased cybersecurity protection and insurance cost, litigation and damage to our business relationships. As reliance on technology has increased, so have the risks posed to both our and our manager's information systems and those provided by third-party service providers. Our manager has implemented processes, procedures and internal controls to help mitigate cybersecurity risks and cyber intrusions, but these measures, as well as our increased awareness of the nature and extent of a risk of a cyber incident, do not guarantee that we will not be materially and adversely affected by such an incident.

Changes in accounting rules, assumptions and/or judgments could materially and adversely affect us.

Accounting rules for certain aspects of our anticipated operations are highly complex and involve significant judgment and assumptions. These complexities could lead to a delay in the preparation of our financial statements and the public reporting of this information. Furthermore, changes in accounting rules or in our accounting assumptions and/or judgments, such as asset impairments, could materially and adversely affect us.

Changes to lease accounting rules could affect our financial reporting.

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-02 ("ASU 2016-02"), which updates the rules applicable to accounting for leases effective for reporting periods beginning after December 15, 2018. ASU 2016-02 requires the recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases. The accounting applied by a lessor is largely unchanged from that applied under previous GAAP. However, in certain instances a long-term lease of land could be classified as a sales-type lease, resulting in our derecognizing the underlying asset from our books and recording a profit or loss on sale and the net investment in the lease. The implementation of ASU 2016-02 could result in a material change in income recognition from previous GAAP. Changes in our lease accounting could affect the comparability of our reported results with prior periods and could affect our ability to comply with financial covenants under our future debt instruments.

If there are deficiencies in our disclosure controls and procedures or internal control over financial reporting, we may be unable to accurately present our financial statements, which could materially and adversely affect us.

As a publicly-traded company, we will be required to report our financial statements on a consolidated basis. Effective internal controls are necessary for us to accurately report our financial results. Section 404 of the Sarbanes-Oxley Act will require us to evaluate and report on our internal control over financial reporting. However, for as long as we are an "emerging growth company" under the JOBS Act, our independent registered public accounting firm will not be required to attest to the effectiveness of our internal control over financial reporting pursuant to Section 404(b) of the Sarbanes-Oxley Act. We could be an "emerging growth company" for up to five years. An independent assessment of the effectiveness of our internal controls could detect problems that our management's assessment might not. There can be no guarantee that our internal control over financial reporting will be effective in accomplishing all control objectives all of the time. Furthermore, as we grow our business, our internal controls will become more complex, and we may require significantly more resources to ensure our internal controls remain effective. We identified a significant deficiency in connection with the correction of the classification in the statement of cash flows of the funding we provided pursuant to the Forsyth GNL from cash flows provided by operating activities to cash flows used in investing activities for the six months ended June 30, 2016. We have taken measures which we believe will remediate the deficiency. However, we cannot conclude that this significant deficiency has been fully remediated until we have sufficient data to properly test the remediation. Future deficiencies, including any material weakness, in our internal control over financial reporting which may occur could result in misstatements of our results of operations that could require a restatement, failing to meet our public company reporting obligations and causing investors to lose confidence in our reported financial information, which could materially and adversely affect us.

Risks Related to Our Relationship with Our Manager

We do not have a policy that expressly prohibits our directors, executive officers, security holders or affiliates from engaging for their own account in business activities of the types conducted by us.

We do not have a policy that expressly prohibits our directors, executive officers, security holders or affiliates from engaging for their own account in business activities of the types conducted by us. However, our code of business conduct and ethics contains a conflicts of interest policy that prohibits our directors and executive officers, as well as personnel of our manager or iStar who provide services to us, from engaging in any transaction that involves an actual conflict of interest with us without the approval of a majority of our independent directors. In addition, our management agreement with our manager does not prevent our manager and its affiliates from engaging in additional management or investment opportunities, some of which could compete with us.

Our manager's liability is limited under the management agreement, and we have agreed to indemnify our manager against certain liabilities. As a result, we could experience poor performance or losses for which our manager would not be liable.

Pursuant to the management agreement, our manager does not assume any responsibility other than to render the services called for thereunder and is not responsible for any action of our board of directors in following or declining to follow its advice or recommendations. Under the terms of the management agreement, our manager, its officers, stockholders, members, managers, directors, personnel, any person or entity controlling or controlled by our manager (including iStar) and any of their officers, stockholders, members, managers, directors, employees, consultants and personnel, and any person providing advisory services to our manager are not liable to us, any subsidiary of ours, our directors, our stockholders or any subsidiary's stockholders or partners for acts or omissions performed in accordance with and pursuant to the management agreement, except because of acts constituting bad faith, willful misconduct, gross negligence, or reckless disregard of their duties under the management agreement. In addition, we have agreed to indemnify our manager, its officers, stockholders, members, managers, directors, personnel, any person or entity controlling or controlled by our manager and any of their officers, stockholders, members, managers, directors, employees, consultants and personnel, and any person providing advisory services to our manager with respect to all expenses, losses, damages, liabilities, demands, charges and claims arising from acts of our manager not constituting bad faith, willful misconduct, gross negligence, or reckless disregard of duties, performed in accordance with and pursuant to the management agreement.

Our manager's failure to make investments on favorable terms that satisfy our investment strategy and otherwise generate attractive risk-adjusted returns initially and consistently from time to time in the future would materially and adversely affect us.

Our ability to achieve our investment objectives depends on our ability to grow, which depends, in turn, on the management team of our manager and its ability to identify and to make investments on favorable terms that meet our investment strategy as well as on our access to financing on acceptable terms. Our ability to grow is also dependent upon our manager's ability to successfully hire, train, supervise and manage new personnel. We may not be able to manage growth effectively or to achieve growth at all.

Because we depend upon our manager and, through our manager, iStar to conduct our operations, any adverse events or developments affecting our manager or iStar or any adverse changes in our relationship with our manager could hinder our operating performance and ability to achieve our investment objectives.

We depend on our manager to manage our assets and operations. Any adverse events or developments affecting our manager or its parent, iStar, or any adverse changes in our relationship with our manager, could hinder our operating performance and ability to achieve our investment objectives.

We depend on our manager and our manager's key personnel with long-standing business relationships. The loss of our manager or our manager's key personnel could threaten our ability to operate our business successfully.

Our future success depends, to a significant extent, upon the continued services of our manager's management team. In particular, the ground net lease experience of the management team and the extent and nature of the relationships they have developed within the real estate industry and with financial institutions are critically important to the success of our business. The loss of services of one or more members of our manager's management team, whether as a result of their departure from iStar or iStar's unilateral decision to no longer make them available to our manager, could threaten our ability to operate our business successfully. Additionally, the management agreement does not require our manager to devote all of its resources or for its personnel to devote all of their business time to managing our affairs or for iStar to allocate any specific officers or employees to our manager for our benefit, and we don't expect any of the officers or employees of our manager or iStar to be dedicated exclusively to us. The ability of our manager, iStar and their officers and employees to engage in other business activities may reduce the time our manager spends managing us.

Our formation transactions, management agreement, exclusivity agreement, iStar registration rights agreement and option agreement to purchase an additional GNL from iStar were negotiated between related parties and their terms may not be as favorable to us as if they had been negotiated with an unaffiliated third party.

Our formation transactions, management agreement, exclusivity agreement, iStar registration rights agreement and option agreement to purchase an additional GNL from iStar were negotiated between related parties and their terms, including the consideration paid to iStar for our initial portfolio, fees payable to our manager, the terms of iStar's exclusivity commitment and resale rights and the option price to purchase an additional GNL from iStar may not be as favorable to us as if they had been negotiated with an unaffiliated third party. In addition, we may choose not to enforce, or to enforce less vigorously, our rights under agreements with iStar because of our desire to maintain our ongoing relationship with iStar and our manager.

iStar and the continuing investors will collectively have significant ownership interests in us and, in addition, iStar and LA will have influence over our affairs as a result of their representation on our board of directors.

Upon completion of this offering, the concurrent iStar placement and the formation transactions, iStar will own approximately % of the outstanding shares of our common stock, and the continuing investors will own approximately % of our outstanding common stock, assuming shares of our common stock are sold in this offering at the mid-point of the initial public offering price range set forth on the cover page of this prospectus and the valuation of our initial portfolio implied by the pricing of this offering is at least $340 million. Two directors of iStar will also serve on our board of directors, including Jay Sugarman, who is the chief executive officer of iStar and our chief executive officer, and a wholly-owned subsidiary of iStar will be our manager under the management agreement. In addition, LA will have the right to designate one director as a nominee for election to our board of directors. As a result of these relationships, iStar and the continuing investors will collectively have significant influence over the outcome of voting matters presented to our stockholders, and, in addition, iStar and LA will have influence over our affairs through their representation on our board of directors.

There are various conflicts of interest in our relationship with iStar and its affiliates, including our manager, and our executive officers and/or directors who are also officers and/or directors of iStar, as well as with our continuing investors, which could result in decisions that are not in the best interest of our stockholders.

Conflicts of interest may exist or could arise in the future with iStar and its affiliates, including our manager, our executive officers and/or directors who are also directors or officers of iStar, and any limited partner of our operating partnership. Conflicts may include, without limitation: conflicts arising from the enforcement of agreements between us and iStar or our manager; conflicts in the amount of time that officers and employees of our manager will spend on our affairs versus iStar's other affairs; conflicts in future transactions that we may pursue with iStar; and conflicts in pursuing transactions that could be structured as either a GNL or as another type of transaction that is within iStar's investment focus. While we do not generally expect to enter into joint ventures with iStar and if we do so, the terms and conditions of any such joint venture investment would be subject to the approval of a majority of our independent directors, there can be no assurance that such approval will be successful in achieving terms and conditions as favorable to us as would be available from a third party. In addition, if a potential investment transaction could be structured either as a GNL or a financing within iStar's investment focus, the transaction would meet the investment objectives of both iStar and us (including economic, diversification, geographic, maturity date, tenant and other investment objectives) and both we and iStar have the available capital to pursue the investment, iStar will present both a financing and a GNL investment proposal to the property owner for potential selection by the owner; however, the terms of the proposal by iStar may be more favorable than the terms of our GNL investment proposal. Upon completion of this offering, the concurrent iStar placement and the formation transactions, iStar will own approximately % of the outstanding shares of our common stock, assuming shares of our common stock are sold in this offering at the mid-point of the initial public offering price range set forth on the cover page of this prospectus and the valuation of our initial portfolio implied by the pricing of this offering is at least $340 million. Two directors of iStar will also serve on our board of directors, including Jay Sugarman, who is the chief executive officer of iStar and our chief executive officer. Our manager is a wholly-owned subsidiary of iStar. As a result of the foregoing relationships, iStar will have significant influence over us. Additionally, although we will enter into an exclusivity agreement with iStar, the agreement contains exceptions to iStar's exclusivity for opportunities that include only an incidental interest in GNLs and opportunities to manufacture or otherwise create a GNL from a property that has been owned by iStar's existing net lease venture with GICRE for at least three years after the closing of this offering. Accordingly, the exclusivity agreement will not prevent iStar from pursuing certain GNL opportunities directly or through the aforementioned net lease venture. See "Our Manager and the Management Agreement—Exclusivity."

Conflicts of interest may exist or could arise in the future with the continuing investors and us in connection with the enforcement of the stockholders and registration rights agreements between us and the continuing investors, and with iStar's existing net lease joint venture with an affiliate of GICRE and us in connection with future investment opportunities.

Our directors and executive officers have duties to our company under applicable Maryland law, and our executive officers and our directors who are also directors or officers of iStar also have duties to iStar under applicable Maryland law. Those duties may come in conflict from time to time. At the same time, we, as the general partner of our operating partnership, have fiduciary duties and obligations to our operating partnership and its other partners under Delaware law. Our operating partnership agreement provides that in the event of a conflict in the duties owed by our directors and executive officers to our company and the fiduciary duties owed by us, in our capacity as general partner of our operating partnership, to those limited partners, we will fulfill our fiduciary duties to those limited partners by acting in the best interests of our company.

We intend to adopt policies that are designed to reduce certain potential conflicts of interests. See "Policies with Respect to Certain Activities—Conflict of Interest Policies."

Our management agreement is short term and we may not be able to find a suitable replacement if it is terminated. The exclusivity agreement will terminate upon a termination of the management agreement.

Our management agreement with our manager has a one-year term and may be terminated by either party without payment of a termination fee at the end of each annual term; provided, however, that we may not terminate the management agreement unless a successor guarantor reasonably acceptable to iStar has (i) agreed to replace iStar under its limited recourse guaranty and environmental indemnity with respect to our initial portfolio financing or (ii) provided iStar with a reasonably acceptable indemnity for any losses suffered by iStar on its limited recourse guaranty and environmental indemnity after its termination as our manager. If the management agreement is terminated and no suitable replacement is found to manage us, we may not be able to execute our business plan. We will also lose the benefits of the exclusivity agreement if our management agreement is terminated. iStar's significant ownership interest in us may disincentivize a potential replacement manager to agree to manage us if we were to terminate the management agreement.

The manner of determining the management fee may not provide sufficient incentive to our manager to maximize risk-adjusted returns on our investment portfolio since it is based on our total equity (as defined in the management agreement) and not on other measures of performance.

Our manager is entitled to receive a management fee that is based on the amount of our total equity (as defined in the management agreement) at the end of each quarter, regardless of our performance. Our total equity for the purposes of calculating the management fee is not the same as, and could be greater than, the amount of total equity shown on our balance sheet. The possibility exists that significant management fees could be payable to our manager for a given quarter despite the fact that we could experience a net loss during that quarter. Our manager's entitlement to such significant nonperformance-based compensation may not provide sufficient incentive to our manager to devote its time and effort to source and maximize risk-adjusted returns on our investment portfolio.

Our manager manages our portfolio pursuant to our investment guidelines and our board of directors will not approve each investment decision made by our manager, which may result in our manager making riskier investments on our behalf than would be specifically approved by our board of directors.

Our manager is required to manage our business affairs in conformity with the policies and the investment guidelines approved by our board of directors. While our directors periodically review our policies, investment guidelines and our investment portfolio, they do not review all of our proposed investments, which may result in our manager making riskier investments on our behalf than would be specifically approved by our board of directors. In addition, in conducting periodic reviews, our directors may rely primarily on information provided to them by our manager. Furthermore, our manager may enter into complicated transactions that may be difficult or impossible to unwind by the time they are reviewed by our directors. Our manager has great latitude within the broad investment guidelines in determining the types of assets it may decide are proper investments for us, which could result in investment returns that are substantially below expectations or that result in losses. Decisions made and investments entered into by our manager may not fully reflect your best interests.

Our manager may change its investment process, or elect not to follow it, without stockholder approval at any time, which may adversely affect our investments.

Our manager may change its investment process without stockholder approval at any time. In addition, there can be no assurance that our manager will follow the investment process in relation to the identification and underwriting of prospective investments. Changes in our manager's investment process may result in inferior due diligence and underwriting standards, which may adversely affect our investments.

Financing and Investment Risks

Our obligations under debt agreements will reduce cash available for distribution to our stockholders and may expose us to the risk of default under those debt agreements and may include covenants that prohibit or otherwise restrict our ability to make distributions to our stockholders.

Prior to this offering, we entered into the $227 million initial portfolio financing with affiliates of certain of the underwriters. Concurrently with the completion of this offering, we expect to enter into our new $300 million revolving credit facility with lenders that will include certain of the underwriters of this offering or their respective affiliates. We expect to use this revolving credit facility and future incurrences of debt from other sources to, among other things, fund potential investments, general corporate uses and working capital.

Payments of principal and interest on borrowings may leave us with insufficient cash resources to fund investment activities or to make distributions currently contemplated or necessary for us to qualify or maintain our qualification as a REIT. If interest rates, and therefore, the costs of our debt rise faster and by greater amounts than any rent escalations and percentage rents under our leases, we may not generate sufficient cash to pay amounts due under our borrowings. Our level of debt, the costs of our debt relative to the cash flows from operations and the limitations imposed on us by our debt agreements could have significant adverse consequences, including, without limitation, the following:

- our cash flow may be insufficient to meet our required principal and interest payments;
- we may be unable to borrow additional funds as needed on favorable terms, or at all;
- we may be unable to refinance our indebtedness at maturity or the refinancing terms may be less favorable than the terms of our original indebtedness;
- increases in interest rates could materially increase our interest expense on outstanding variable debt or future fixed rate debt;
- we may be forced to dispose of one or more of our assets, possibly on disadvantageous terms;
- our new revolving credit facility will prohibit us from paying distributions except: (i) to the extent required to qualify or maintain our qualification as a REIT; and (ii) so long as no default has occurred and is continuing, to the extent required to avoid paying income or excise taxes;
- certain defaults under our initial portfolio financing, such as a failure of a tenant to pay required taxes, may be triggered by the actions or omissions of our tenants who have substantial control over the activities conducted on the properties subject to our GNLs, which may be difficult for us to address in a timely manner to avoid such defaults becoming an event of default under the initial portfolio financing;
- we may default on our obligations or violate restrictive covenants, in which case the lenders or mortgagees may accelerate our debt obligations, repossess on the properties, if any, that secure their loans and/or take control of our properties, if any, that secure their loans and collect rents and other property income; and
- our default under debt agreements could result in a default or acceleration of other indebtedness with cross-default or cross acceleration provisions.

High interest rates and/or unavailability of debt financing for real estate transactions may make it difficult for us to finance or refinance investments, which could reduce the number of properties we can acquire or originate, our operating results, cash flows and the amount of cash distributions we can make to our stockholders.

If debt is unavailable at reasonable rates, we may not be able to finance the purchase or origination of ground net lease investments. If we incur secured debt, we may be unable to refinance the investments when the debt becomes due, or to refinance the debt on favorable terms. If interest rates are higher when we refinance our investments, our operating results and cash flows could be reduced. This, in turn, could reduce cash available for distribution to our stockholders and may hinder our ability to raise more capital by issuing more stock or by borrowing more money.

Our degree of leverage and the lack of a limitation on the amount of indebtedness in our organizational documents we may incur could materially and adversely affect us.

Our organizational documents do not contain any limitation on the amount of indebtedness we may incur. We have entered into the initial portfolio financing and we expect to enter into our new revolving credit facility upon completion of this offering and incur debt in the future. A high ratio of debt-to-earnings or other metrics could be viewed negatively by investors. In addition, our degree of leverage could affect our ability to obtain additional financing for working capital, acquisitions, distributions or other general corporate purposes. Our degree of leverage could also make us more vulnerable to a downturn in business or the economy generally. If we become highly leveraged in the future, the resulting increase in debt service requirements could cause us to default on our obligations.

If we use interest rate derivatives and fail to hedge interest rates effectively, such failure could have a material and adverse effect on us.

Subject to our qualification as a REIT, we may seek to manage our exposure to interest rate volatility by using interest rate hedging arrangements that involve risk, such as the risk that counterparties may fail to honor their obligations under these arrangements, and that these arrangements may not be effective in reducing our exposure to interest rate changes. Moreover, there can be no assurance that our hedging arrangements will qualify for hedge accounting or that our hedging activities will have the desired beneficial impact on our results of operations and cash flows. Should we desire to terminate a hedging arrangement, there could be significant costs and cash requirements involved to fulfill our initial obligation under the hedging arrangement.

When a hedging arrangement is required under the terms of a mortgage loan, it is often a condition that the hedge counterparty maintains a specified credit rating. If the credit rating of a counterparty were downgraded and we were unable to renegotiate the credit rating condition with the lender or find an alternative counterparty with acceptable credit rating, we would be in default under the loan and the lender could seize that property securing the loan through foreclosure.

Joint venture investments could be adversely affected by our lack of sole decision-making authority, our reliance on partners' or co-venturers' financial position and liquidity and disputes between us and our co-venturers.

We may co-invest in the future with third parties through partnerships, joint ventures or other entities, acquiring non-controlling interests in or sharing responsibility for managing the affairs of a property, partnership, joint venture or other entity. Under our stockholder's agreement with GICRE, we have agreed that GICRE will have the right to participate as a co-investor in real estate investments for which we are seeking joint venture partners. In a joint venture, we would not be in a position to exercise sole decision-making authority regarding the property, partnership, joint venture or other entity. Investments in partnerships, joint ventures or other entities may, under certain circumstances, involve risks not present were a third party not involved, including the possibility that partners or co-venturers might become bankrupt or fail to fund their share of required capital contributions as a result of their challenged financial position and liquidity or otherwise. Partners or co-venturers may have economic or other business interests or goals which are inconsistent with our business interests or goals, and may be in a position to take actions contrary to our policies or objectives, and they may have competing interests that could create conflict of interest issues. Such investments may also have the potential risk of impasses on decisions, such as a sale, because neither we nor the partner or co-venturer would have full control over the partnership or joint venture. In addition, prior consent of our partners or co-venturers may be required for a sale or transfer to a third party of our interests in the partnership or joint venture, which would restrict our ability to dispose of our interest in the partnership or joint venture. If we become a limited partner or non-managing member in any partnership or limited liability company and such entity takes or expects to take actions that could jeopardize our qualification as a REIT or require us to pay tax, we may be forced to dispose of our interest in such entity at an unfavorable price or time. Disputes between us and partners or co-venturers may result in litigation or arbitration that would increase our expenses and prevent our executive officers and/or directors from focusing their time and effort on our business. Consequently, actions by or disputes with partners or co-venturers might result in subjecting properties owned by the partnership or joint venture to additional risk. In addition, we may in certain circumstances be liable for the actions of our partners or co-venturers. Our partnerships or joint ventures may be subject to debt and we could be forced to fund our partners' or co-venturers' share of such debt if they fail to make the required payments in order to preserve our investment. In addition, in any weakened credit market, the refinancing of such debt may require equity capital calls.

Risks Related to Our Organization and Structure

We are a holding company with no direct operations and will rely on funds received from our operating partnership to pay our obligations and make distributions to our stockholders.

We are a holding company and will conduct substantially all of our operations through our operating partnership. We will not have, apart from an interest in our operating partnership, any independent operations. As a result, we will rely on distributions from our operating partnership to make any distributions we declare on shares of our common stock. We will also rely on distributions from our operating partnership to meet any of our obligations, including any tax liability on taxable income allocated to us from our operating partnership. In addition, because we will be a holding company, your claims as stockholders will be structurally subordinated to all existing and future creditors and preferred equity holders of our operating partnership and its subsidiaries. Therefore, in the event of a bankruptcy, insolvency, liquidation or reorganization of our operating partnership or its subsidiaries, assets of our operating partnership or the applicable subsidiary will be able to satisfy our claims to us as an equity owner therein only after all of their liabilities and preferred equity have been paid in full.

After giving effect to this offering, we will own directly or indirectly 100% of the interests in our operating partnership. However, in connection with our future acquisition of GNLs or otherwise, we may issue units of our operating partnership to third parties. Such issuances would reduce our ownership in our operating partnership. Because you will not directly own units of our operating partnership, you will not have any voting rights with respect to any such issuances or other partnership level activities of our operating partnership.

The concentration of our voting power may adversely affect the ability of new investors to influence our policies.

Upon the consummation of this offering, the concurrent iStar placement and the formation transactions, iStar will own approximately % of the outstanding shares and voting power of our common stock and the continuing investors will own approximately % of the outstanding shares and voting power of our common stock, assuming shares of our common stock are sold in this offering at the mid-point of the initial public offering price range set forth on the cover page of this prospectus and the valuation of our initial portfolio implied by the pricing of this offering is at least $340 million. Consequently, iStar and the continuing investors will have the ability to influence the outcome of matters presented to our stockholders, including the election of our board of directors and approval of significant corporate transactions, including business combinations, consolidations and mergers. Two directors of iStar will also serve on our board of directors, including Jay Sugarman, who is the chief executive officer of iStar and our chief executive officer, and one representative of LA will serve on our board of directors. Our directors, director nominees, executive officers, iStar and the continuing investors could exercise influence in a manner that is not in the best interest of our other stockholders. The concentration of voting power in iStar and the continuing investors might also have the effect of delaying, deferring or preventing a change of control that our other stockholders may view as beneficial.

Certain provisions of Maryland law could inhibit changes in control of our company.

Certain "business combination" and "control share acquisition" provisions of the Maryland General Corporation Law, or the MGCL, may have the effect of deterring a third party from making a proposal to acquire us or of impeding a change in control under circumstances that otherwise could provide the holders of our common stock with the opportunity to realize a premium over the then-prevailing market price of our common stock. Pursuant to the MGCL, our board of directors has by resolution exempted business combinations between us and any other person. Our bylaws contain a provision exempting from the control share acquisition statute any and all acquisitions by any person of shares of our stock. However, there can be no assurance that these exemptions will not be amended or eliminated at any time in the future. Our charter and bylaws and Maryland law also contain other provisions that may delay, defer or prevent a transaction or a change of control that might involve a premium price for our common stock or that our stockholders otherwise believe to be in their best interest. See "Certain Provisions of the Maryland General Corporation Law and Our Charter and Bylaws—Removal of Directors," "—Control Share Acquisitions" and "—Advance Notice of Director Nominations and New Business."

Certain provisions in the partnership agreement of our operating partnership may delay, defer or prevent unsolicited acquisitions of us.

Provisions in the partnership agreement of our operating partnership may delay, defer or prevent unsolicited acquisitions of us or changes of our control. These provisions could discourage third parties from making proposals involving an unsolicited acquisition of us or change of our control, although some stockholders might consider such proposals, if made, desirable. These provisions include, among others:

- redemption rights of qualifying parties;
- transfer restrictions on operating partnership units;
- our ability, as general partner, in some cases, to amend the partnership agreement and to cause the operating partnership to issue units with terms that could delay, defer or prevent a merger or other change of control of us or our operating partnership without the consent of the limited partners; and
- the right of the limited partners to consent to transfers of the general partnership interest and mergers or other transactions involving us under specified circumstances.

The partnership agreement of our operating partnership and Delaware law also contain other provisions that may delay, defer or prevent a transaction or a change of control that might involve a premium price for our common stock or that our stockholders otherwise believe to be in their best interest. See "Description of the Partnership Agreement of Safety Income and Growth Operating Partnership LP."

Our charter contains stock ownership limits, which may delay, defer or prevent a change of control.

In order for us to qualify as a REIT for each taxable year commencing with our taxable year ending December 31, 2017, no more than 50% in value of our outstanding capital stock may be owned, directly or indirectly, by five or fewer individuals during the last half of any calendar year, and at least 100 persons must beneficially own our stock during at least 335 days of a taxable year of 12 months, or during a proportionate portion of a shorter taxable year. "Individuals" for this purpose include natural persons, private foundations, some employee benefit plans and trusts and some charitable trusts. To assist us in complying with these limitations, among other purposes, our charter generally prohibits any person from directly or indirectly owning more than 9.8% in value or number of shares, whichever is more restrictive, of the outstanding shares of all classes and series of our capital stock or more than 9.8% in value or number of shares, whichever is more restrictive, of the outstanding shares of our common stock. These ownership limitations could have the effect of discouraging a takeover or other transaction in which holders of our common stock might receive a premium for their shares over the then prevailing market price or which holders might believe to be otherwise in their best interests. For further details regarding stock ownership limits, see "Description of Securities—Restrictions on Ownership and Transfer."

Our charter's constructive ownership rules are complex and may cause the outstanding shares owned by a group of related individuals or entities to be deemed to be constructively owned by one individual or entity. As a result, the acquisition of less than these percentages of the outstanding shares by an individual or entity could cause that individual or entity to own constructively in excess of these percentages of the outstanding shares and thus violate the share ownership limits. Our charter also provides that any attempt to own or transfer shares of our common stock or preferred stock (if and when issued) in excess of the stock ownership limits without the consent of our board of directors or in a manner that would cause us to be "closely held" under Section 856(h) of the Code (without regard to whether the shares are held during the last half of a taxable year) will result in the shares being automatically transferred to a trustee for a charitable trust or, if the transfer to the charitable trust is not automatically effective to prevent a violation of the share ownership limits or the restrictions on ownership and transfer of our shares, any such transfer of our shares will be null and void.

Our board of directors may change our strategies, policies or procedures without stockholder consent, which may subject us to different and more significant risks in the future.

Our investment, financing, leverage and distribution policies and our policies with respect to all other activities, including growth, debt, capitalization and operations, will be determined by our board of directors. These policies may be amended or revised at any time and from time to time at the discretion of the board of directors without notice to or a vote of our stockholders. This could result in us conducting operational matters, making investments or pursuing different business or growth strategies than those contemplated in this prospectus. Under these circumstances, we may expose ourselves to different and more significant risks in the future, which could have a material adverse effect on our business and growth. In addition, the board of directors may change our policies with respect to conflicts of interest, provided that such changes are consistent with applicable legal requirements.

We may assume unknown liabilities in connection with the formation transactions, which, if significant, could materially and adversely affect us.

As part of the formation transactions, we acquired our initial portfolio from iStar, subject to existing liabilities, some of which may be unknown at the time this offering is consummated. Unknown liabilities might include claims of tenants, vendors or other persons dealing with such entities prior to this offering (that had not been asserted or threatened prior to this offering), tax liabilities, and accrued but unpaid liabilities incurred in the ordinary course of business. In addition, we have agreed to indemnify iStar, its directors, officers, stockholders and affiliates for certain claims with respect to our initial portfolio and with respect to actions or circumstances arising subsequent to April 14, 2017. Any unknown or unquantifiable liabilities that we assume in connection with the formation transactions for which we have no or limited recourse could materially and adversely affect us. See "Risks Related to Our Portfolio and Our Business—Acquired and originated properties may expose us to unknown liabilities" and "—As an owner of real property, we could become subject to liability for environmental contamination, regardless of whether we caused such contamination" as to the possibility of environmental conditions potentially affecting us.

Our rights and the rights of our stockholders to take action against our directors and executive officers are limited, which could limit your recourse in the event of actions not in your best interest.

Our charter limits the liability of our present and former directors and executive officers to us and our stockholders for money damages to the maximum extent permitted under Maryland law. Under current Maryland law, our present and former directors and executive officers will not have any liability to us or our stockholders for money damages other than liability resulting from (i) actual receipt of an improper benefit or profit in money, property or services or (ii) active and deliberate dishonesty by the director or executive officer that was established by a final judgment and is material to the cause of action. As a result, we and our stockholders have limited rights against our present and former directors and executive officers, which could limit your recourse in the event of actions not in your best interest. See "Certain Provisions of the Maryland General Corporation Law and Our Charter and Bylaws—Indemnification and Limitation of Directors' and Executive Officers' Liability."

We acquired the properties of our predecessor at a value negotiated by iStar and the continuing investors as part of the formation transactions, and the consideration given by us in exchange for them may exceed their fair market value.

We acquired the properties of our predecessor at a value negotiated by iStar and the continuing investors as part of the formation transactions. In addition, the value of the shares of our common stock that we issued to iStar as partial consideration for these properties will increase or decrease if our common stock price increases or decreases. The initial public offering price of shares of our common stock will be determined through negotiations between us and the representatives of the underwriters. As a result, the value of the consideration paid by us to iStar for the properties of our predecessor may exceed their fair market value.

Conflicts of interest exist or could arise in the future between the interests of our stockholders and the interests of holders of operating partnership units, which may impede business decisions that could benefit our stockholders.

Conflicts of interest exist or could arise in the future as a result of the relationships between us and our affiliates, on the one hand, and our operating partnership or any partner thereof, on the other. Our directors and executive officers have duties to our company under applicable Maryland law in connection with their management of our company. At the same time, we, as the general partner of our operating partnership, have fiduciary duties and obligations to our operating partnership and its limited partners under Delaware law and the partnership agreement of our operating partnership in connection with the management of our operating partnership. Our fiduciary duties and obligations as general partner to our operating partnership and its partners may come into conflict with the duties of our directors and executive officers to our company. Our operating partnership agreement provides that in the event of a conflict in the duties owed by us to our stockholders and the fiduciary duties owed by us, in our capacity as general partner of our operating partnership, to those limited partners, we will fulfill our fiduciary duties to those limited partners by acting in the best interests of our company.

Additionally, the partnership agreement provides that we and our directors and executive officers will not be liable or accountable to our operating partnership for losses sustained, liabilities incurred or benefits not derived if we or such director or executive officer acted in good faith. The partnership agreement also provides that we will not be liable to the operating partnership or any partner for monetary damages for losses sustained, liabilities incurred or benefits not derived by the operating partnership or any limited partner, except for liability for our intentional harm or gross negligence. Moreover, the partnership agreement provides that our operating partnership is required to indemnify us and our directors and executive officers and authorizes our operating partnership to indemnify present and former members, managers, stockholders, directors, limited partners, general partners, officers or controlling persons of our predecessor and authorizes us to indemnify members, partners, employees and agents of us or our predecessor, in each case for actions taken by them in those capacities from and against any and all claims that relate to the operations of our operating partnership, except (i) if the act or omission of the person was material to the matter giving rise to the action and either was committed in bad faith or was the result of active and deliberate dishonesty, (ii) for any transaction for which the person received an improper personal benefit, in money, property or services or otherwise, in violation or breach of any provision of the partnership agreement or (iii) in the case of a criminal proceeding, if the person had reasonable cause to believe that the act or omission was unlawful. No reported decision of a Delaware appellate court has interpreted provisions similar to the provisions of the partnership agreement of our operating partnership that modify and reduce our fiduciary duties or obligations as the general partner or reduce or eliminate our liability for money damages to the operating partnership and its partners, and we have not obtained an opinion of counsel as to the enforceability of the provisions set forth in the partnership agreement that purport to modify or reduce the fiduciary duties that would be in effect were it not for the partnership agreement.

We could increase or decrease the number of authorized shares of stock, classify and reclassify unissued stock and issue stock without stockholder approval, which could prevent a change in our control and negatively affect the market price of our common stock.

Our board of directors, without stockholder approval, has the power under our charter to amend our charter from time to time to increase or decrease the aggregate number of shares of stock or the number of shares of stock of any class or series that we are authorized to issue, to authorize us to issue authorized but unissued shares of our common stock or preferred stock and to classify or reclassify any unissued shares of our common stock or preferred stock into one or more classes or series of stock and set the terms of such newly classified or reclassified shares. See "Description of Securities—Power to Reclassify Our Unissued Shares of Stock" and "—Power to Increase or Decrease Authorized Shares of Common Stock and Issue Additional Shares of Common and Preferred Stock." As a result, we may issue series or classes of common stock or preferred stock with preferences, distributions, powers and rights, voting or otherwise, that are senior to the rights of holders of our common stock. Any such issuance could dilute our existing common stockholders' interests. Although our board of directors has no such intention at the present time, it could establish a class or series of preferred stock that could, depending on the terms of such series, delay, defer or prevent a transaction or a change of control that might involve a premium price for our common stock or that our stockholders otherwise believe to be in their best interest.

Our operating partnership may issue additional operating partnership units without the consent of our stockholders, which could have a dilutive effect on our stockholders.

Our operating partnership may issue additional operating partnership units to third parties without the consent of our stockholders, which would reduce our ownership percentage in our operating partnership and may have a dilutive effect on the amount of distributions made to us by our operating partnership and, therefore, the amount of distributions we may make to our stockholders. Any such issuances, or the perception of such issuances, could materially and adversely affect the market price of our common stock.

We are an "emerging growth company," and we cannot be certain if the reduced Securities and Exchange Commission ("SEC") reporting requirements applicable to emerging growth companies will make our common stock less attractive to investors, which could make the market price and trading volume of our common stock be more volatile and decline significantly.

We are an "emerging growth company" as defined in the JOBS Act. We will remain an "emerging growth company" until the earliest to occur of (i) the last day of the fiscal year during which our total annual revenue equals or exceeds $1.07 billion (subject to adjustment for inflation), (ii) the last day of the fiscal year following the fifth anniversary of this offering, (iii) the date on which we have, during the previous three-year period, issued more than $1 billion in non-convertible debt securities and (iv) the date on which we are deemed to be a "large accelerated filer" under the Exchange Act. We intend to take advantage of exemptions from various reporting requirements that are applicable to most other public companies, whether or not they are classified as "emerging growth companies," including, but not limited to, an exemption from the provisions of Section 404(b) of the Sarbanes-Oxley Act requiring that our independent registered public accounting firm provide an attestation report on the effectiveness of our internal control over financial reporting. An attestation report by our auditor would require additional procedures by them that could detect problems with our internal control over financial reporting that are not detected by management. If our system of internal control over financial reporting is not determined to be appropriately designed or operating effectively, it could require us to restate financial statements, cause us to fail to meet reporting obligations and cause investors to lose confidence in our reported financial information, all of which could lead to a significant decline in the market price of our common stock. The JOBS Act also provides that an "emerging growth company" can take advantage of the extended transition period provided in the Securities Act for complying with new or revised accounting standards. However, we have chosen to "opt out" of this extended transition period and, as a result, we will comply with new or revised accounting standards on the relevant dates on which adoption of such standards is required for all public companies that are not emerging growth companies. Our decision to opt out of the extended transition period for complying with new or revised accounting standards is irrevocable. We cannot predict if investors will find our common stock less attractive because we intend to rely on certain of these exemptions and benefits under the JOBS Act. If some investors find our common stock less attractive as a result, there may be a less active, liquid and/or orderly trading market for our common stock and the market price and trading volume of our common stock may be more volatile and decline significantly.

Risks Related to This Offering

There has been no public market for our common stock prior to this offering and an active trading market may not develop or be sustained or be liquid following this offering, which may cause the market price of our common stock to decline significantly and make it difficult for investors to sell their shares.

Prior to this offering, there has been no public market for our common stock, and there can be no assurance that an active trading market will develop or be sustained or be liquid following this offering or that shares of our common stock will be resold at or above the initial public offering price. The initial public offering price of shares of our common stock will be determined by agreement among us and the underwriters, but there can be no assurance that our common stock will not trade below the initial public offering price following the completion of this offering. See "Underwriting." The market price of our common stock could be substantially affected by general market conditions, including the extent to which a secondary market develops and is sustained for our common stock following the completion of this offering, the extent of institutional investor interest in us, the general reputation of REITs and the attractiveness of their equity securities in comparison to other equity securities of other entities (including securities issued by other real estate-based companies), our financial performance and prospects and general stock and bond market conditions.

The stock markets, including the NYSE on which we intend to list shares of our common stock, have from time to time experienced significant price and volume fluctuations. As a result, the market price of our common stock may be similarly volatile, and investors in shares of our common stock may from time to time experience a decrease in the market price of their shares, including decreases unrelated to our financial performance or prospects. The market price of shares of our common stock could be subject to wide fluctuations in response to a number of factors, including those listed in this "Risk Factors" section of this prospectus and others such as:

- our operating performance and the performance of other similar companies;
- actual or anticipated differences in our quarterly or annual operating results than expected;
- changes in our revenues or earnings estimates or recommendations by securities analysts;
- publication of research reports about us, the ground net lease sector or the real estate industry;
- increases in market interest rates, which may lead investors to demand a higher distribution yield for shares of our common stock, and would result in increased interest expense on our debt;
- actual or anticipated changes in our and our tenants' businesses or prospects;

- the current state of the credit and capital markets, and our ability and the ability of our tenants to obtain financing on favorable terms;
- conflicts of interest with iStar, including our manager, and the continuing investors;
- the termination of our manager or additions and departures of key personnel of our manager;
- increased competition in the ground net lease business in our markets;
- strategic decisions by us or our competitors, such as acquisitions, divestments, spin-offs, joint ventures, strategic investments or changes in business or growth strategies;
- the passage of legislation or other regulatory developments that adversely affect us or our industry;
- adverse speculation in the press or investment community;
- actions by institutional stockholders;
- the concentration of our equity ownership by iStar and the continuing investors and their influence over us;
- equity issuances by us (including the issuances of operating partnership units), or common stock resales by our stockholders, or the perception that such issuances or resales may occur;
- actual, potential or perceived accounting problems;
- changes in accounting principles;
- failure to qualify as a REIT;
- failure to comply with the rules of the NYSE or maintain the listing of our common stock on the NYSE;
- terrorist acts, natural or man-made disasters or threatened or actual armed conflicts; and
- general market and local, regional and national economic conditions, including factors unrelated to our operating performance and prospects.

No assurance can be given that the market price of our common stock will not fluctuate or decline significantly in the future or that holders of shares of our common stock will be able to sell their shares when desired on favorable terms, or at all. From time to time in the past, securities class action litigation has been instituted against companies following periods of extreme volatility in their stock price. This type of litigation could result in substantial costs and divert our management's attention and resources.

Initial estimated cash available for distribution may not be sufficient to make distributions to our stockholders at expected levels, or at all.

We intend to make distributions to holders of shares of our common stock and holders of operating partnership units. We intend to maintain our initial distribution rate for the 12-month period following completion of this offering unless our actual or anticipated results of operations, cash flows or financial position, economic or market conditions or other factors differ materially from the assumptions used in our estimate. However, any future distributions will be made at the discretion of our board of directors and will depend on a number of factors, including our actual or anticipated results of operations, cash flows and financial position, our qualification as a REIT, prohibitions and other restrictions in our financing agreements, economic and market conditions, applicable law, and other factors as our board of directors may deem relevant from time to time. Our new revolving credit facility will prohibit us from paying distributions unless (1) necessary for us to qualify or maintain our qualification as a REIT or (2) so long as we are not in default under the facility, necessary for us to avoid having to pay income or excise taxes. If sufficient cash is not available for distribution from our operations, we may have to fund distributions from working capital or borrow funds or issue equity for such distribution, or eliminate or otherwise reduce the amount of such distribution. See "Distribution Policy." We currently expect that our operating cash flow will cover our initial distribution for the 12 months following completion of this offering. We currently have no intention to make distributions using shares of our common stock. We cannot assure you that our estimated distributions will be achieved or sustained. Accordingly, any distributions we make in the future could differ materially from our current expectations.

The market price of our common stock could be adversely affected by our level of cash distributions.

We believe the market price of the equity securities of a REIT is based primarily upon the market's perception of the REIT's growth potential, its current and potential future cash distributions, whether from operations, sales or refinancing, and its management and governance structure, and is secondarily based upon the real estate market value of the underlying assets. For that reason, our common stock may trade at prices that are higher or lower than our net asset value per share. To the extent we retain operating cash flows for investment purposes, working capital reserves or other purposes, these retained funds, while increasing the value of our underlying assets, may not correspondingly increase the market price of our common stock. If we fail to meet the market's expectations with regard to future operating results and cash distributions, the market price of our common stock could be adversely affected.

Increases in market interest rates may result in a decline in the market price of our common stock.

One of the factors that will influence the market price of our common stock will be the distribution yield on the common stock (as a percentage of the market price of our common stock) relative to market interest rates. An increase in market interest rates, which are currently at low levels relative to historical rates, may lead prospective purchasers of shares of our common stock to expect a higher distribution yield and higher interest rates would likely increase our borrowing costs and potentially decrease our cash available for distribution. Thus, higher market interest rates could cause the market price of our common stock to decline.

The number of shares and operating partnership units available for future sale could adversely affect the market price of our common stock.

We cannot predict whether future issuances of shares of our common stock or operating partnership units or the availability of shares for resale in the open market will decrease the market price of our common stock. Upon completion of this offering, the concurrent iStar placement and the formation transactions, assuming shares of our common stock are sold in this offering and the valuation of our initial portfolio implied by the pricing of this offering is at least $340 million, iStar will own shares, the continuing investors will own shares and our directors who are not employees of iStar or our manager will own an aggregate of 40,000 shares of our common stock. We will pay management fees under our management agreement, beginning in the second year of our management agreement, in shares of our common stock valued at the greater of (i) the volume weighted average market price of our common stock during the quarter for which the fee is being calculated and (ii) the initial public offering price per share of our common stock set forth on the cover of this prospectus, before underwriting discounts and commissions. Although our manager will be restricted from selling such shares for two years from the date such shares are issued, these restrictions will terminate upon termination of the management agreement, and the restrictions will not apply to distributions of shares to iStar in contemplation of a further distribution of such shares to iStar's stockholders. Under the terms of registration rights agreements, iStar and the continuing investors will receive rights to have shares of our common stock issued or to be issued to iStar and the continuing investors, as applicable, in the formation transactions, in the concurrent iStar placement and under the management agreement and our stockholder's agreements with each of the continuing investors registered for resale under the Securities Act. As a result, iStar (except as noted above) and the continuing investors will be able to freely resell 100% of the shares of our common stock held by them beginning 180 days after the date of this prospectus (subject to an early release from the lock-up as described under "Shares Eligible for Future Sale—Lock-up Agreements and Other Contractual Restrictions on Resale"). We may also issue shares of common stock or operating partnership units in connection with future property, portfolio or business acquisitions. Issuances or resales of substantial amounts of shares of our common stock (including shares of our common stock issued pursuant to our management agreement or our equity incentive plan) or operating partnership units, or upon exchange of operating partnership units, or the perception that such issuances or resales might occur could adversely affect the market price of our common stock. This potential adverse effect may be increased by the large number of shares of our common stock that will be owned by iStar and the continuing investors to the extent that any of them resells, or there is a perception that any of them may resell, a significant portion of its holdings. In addition, future issuances of shares of our common stock may be dilutive to holders of shares of our common stock.

Future issuances of debt securities, which would rank senior to shares of our common stock upon our liquidation, and future issuances of equity securities (including preferred stock and operating partnership units), which would dilute the holdings of our then-existing common stockholders and may be senior to shares of our common stock for the purposes of making distributions, periodically or upon liquidation, may materially and adversely affect the market price of our common stock.

In the future, we may issue debt or equity securities or incur other borrowings. Upon liquidation, holders of our debt securities and other loans and shares of our preferred stock will receive a distribution of our available assets before holders of shares of our common stock. We are not required to offer any debt or equity securities to existing stockholders on a preemptive basis. Therefore, shares of our common stock that we issue in the future, directly or through convertible or exchangeable securities (including operating partnership units), warrants or options, will dilute the holdings of our then-existing common stockholders and such issuances or the perception of such issuances may reduce the market price of our common stock. Our preferred stock, if issued, would likely have a preference on distribution payments, periodically or upon liquidation, which could limit our ability to make distributions to holders of shares of our common stock. Because our decision to issue debt or equity securities or otherwise incur debt in the future will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing, nature or impact of our future capital raising efforts. Thus, holders of shares of our common stock bear the risk that our future issuances of debt or equity securities or our incurrence of other borrowings may materially and adversely affect the market price of shares of our common stock and dilute their ownership in us.

A portion of our distributions may be treated as a return of capital for U.S. federal income tax purposes, which could reduce the basis of a stockholder's investment in shares of our common stock.

A portion of our distributions to our stockholders may be treated as a return of capital for U.S. federal income tax purposes. As a general matter, a portion of our distributions will be treated as a return of capital for U.S. federal income tax purposes if the aggregate amount of our distributions for a year exceeds our current and accumulated earnings and profits for that year. To the extent that a distribution is treated as a return of capital for U.S. federal income tax purposes, it will reduce a holder's adjusted tax basis in the holder's shares, and to the extent that it exceeds the holder's adjusted tax basis will be treated as gain resulting from a sale or exchange of such shares. See "Certain U.S. Federal Income Tax Considerations—Taxation of Stockholders."

The historical combined financial statements of our predecessor and our unaudited pro forma financial statements may not be representative of our financial statements as an independent public company.

The historical combined financial statements of our predecessor and our unaudited pro forma financial statements that are included in this prospectus do not necessarily reflect what our financial position, results of operations or cash flows would have been had we been an independent public company during the periods presented. Furthermore, this financial information is not necessarily indicative of what our results of operations, financial position or cash flows will be in the future. It is impossible for us to accurately estimate all adjustments which may reflect all the significant changes that will occur in our cost structure, funding and operations as a result of this offering, the concurrent iStar placement and the formation transactions, including potential increased costs associated with reduced economies of scale and increased costs associated with being a separate publicly-traded company. For additional information, see "Selected Historical Combined and Unaudited Pro Forma Financial and Other Data" and the historical combined financial statements of our predecessor and our unaudited pro forma financial statements, as well as "Management's Discussion and Analysis of Financial Condition and Results of Operations," appearing elsewhere in this prospectus.

Tax Risks Related to Ownership of Our Shares

Our failure to qualify or remain qualified as a REIT would subject us to U.S. federal income tax and applicable state and local taxes, which would reduce the amount of cash available for distribution to our stockholders.

We believe we will be organized and we intend to operate in a manner that will enable us to qualify as a REIT for U.S. federal income tax purposes commencing with our taxable year ending December 31, 2017. We have not requested and do not intend to request a ruling from the Internal Revenue Service, or the IRS, that we qualify as a REIT. Qualification as a REIT involves the application of highly technical and complex Code provisions and Treasury Regulations promulgated thereunder for which there are limited judicial and administrative interpretations. The complexity of these provisions and of applicable Treasury Regulations is greater in the case of a REIT that, like us, holds its assets through entities treated as partnerships for U.S. federal income tax purposes. To qualify as a REIT, we must meet, on an ongoing basis, various tests regarding the nature and diversification of our assets and our income, the ownership of our outstanding shares, and the amount of our distributions. Our ability to satisfy these asset tests depends upon the characterization and fair market values of our assets, some of which are not susceptible to a precise determination, and for which we will not obtain independent appraisals. Our compliance with the REIT income and quarterly asset requirements also depends upon our ability to manage successfully the composition of our income and assets on an ongoing basis. In connection with such requirements, for so long as iStar or GICRE, either individually or together in the aggregate, holds 10% or more of the shares of our common stock, we will be deemed to own any tenant in which, iStar, GICRE or iStar and GICRE together own, at any time during a taxable year, a 10% or greater interest, applying certain constructive ownership rules, which could cause us to receive rental income from a related party tenant. We have put in place, together with iStar and GICRE, procedures to diligence whether we will directly or indirectly receive rental income of a related party tenant, including as a result of our constructive ownership of a tenant due to ownership of such tenant by iStar and/or GICRE, and, in the event we receive rental income from a tenant in which GICRE owns a greater than 10% interest that could reasonably cause us to fail to qualify as a REIT, iStar has agreed to purchase our common shares from GICRE in an amount necessary to reduce GICRE's ownership interest in us below 10% on one occasion. However, due to the broad nature of the attribution rules of the Code, we cannot be certain that in all cases we will be able to timely determine whether we are receiving related party rental income in an amount that would cause us to fail the REIT gross income tests. To the extent we failed to satisfy a REIT gross income test as a result of receiving related party tenant income we could fail to qualify as a REIT or be subject to a penalty tax which could be significant in amount. See—"Certain U.S. Federal Income Tax

Considerations—Requirements for Qualification—General—Failure to Satisfy the Gross Income Tests." Moreover, new legislation, court decisions or administrative guidance, in each case possibly with retroactive effect, may make it more difficult or impossible for us to qualify as a REIT. Thus, while we intend to operate so that we will qualify as a REIT, given the highly complex nature of the rules governing REITs, the ongoing importance of factual determinations, and the possibility of future changes in our circumstances, no assurance can be given that we will so qualify for any particular year. These considerations also might restrict the types of assets that we can acquire or services that we can directly provide to our tenants in the future.

If we fail to qualify as a REIT in any taxable year, and we do not qualify for certain statutory relief provisions, we would be required to pay U.S. federal income tax, including any applicable alternative minimum tax, on our taxable income at regular corporate rates, and distributions to our stockholders would not be deductible by us in determining our taxable income. In such a case, we might need to borrow money, sell assets, or reduce or even cease making distributions in order to pay our taxes. Our payment of income tax would reduce significantly the amount of cash available for distribution to our stockholders. Furthermore, if we fail to qualify or maintain our qualification as a REIT, we no longer would be required to distribute substantially all of our net taxable income to our stockholders. In addition, unless we were eligible for certain statutory relief provisions, we could not re-elect to qualify as a REIT until the fifth calendar year following the year in which we failed to qualify. In addition, if we are treated as a "successor" of iStar (within the meaning of Treasury Regulations Section 1.856-8(c)(2)) and iStar's REIT status were terminated or revoked, we would be prohibited from electing to be taxed as a REIT until the fifth calendar year following the year in which iStar Inc.'s qualification was lost.

Complying with the REIT requirements may cause us to forego and/or liquidate otherwise attractive investments.

To qualify as a REIT, we must ensure that at least 75% of our gross income for each taxable year, excluding certain amounts, is derived from certain real property-related sources, and at least 95% of our gross income for each taxable year, excluding certain amounts, is derived from certain real property-related sources and passive income such as dividends and interest. In addition, we must ensure that, at the end of each calendar quarter, at least 75% of the value of our total assets consists of cash, cash items, government securities and qualified REIT real estate assets, including certain mortgage loans, certain kinds of mortgage-backed securities and certain securities issued by other REITs. The remainder of our investment in securities (other than government securities, securities of corporations that are treated as TRSs and qualified REIT real estate assets) generally cannot include more than 10% of the outstanding voting securities of any one issuer or more than 10% of the total value of the outstanding securities of any one issuer. In addition, in general, no more than 5% of the value of our assets (other than government securities and qualified real estate assets) can consist of the securities of any one issuer, no more than 25% (20% for tax years beginning after December 31, 2017) of the value of our total securities can be represented by securities of one or more TRSs, and, the aggregate value of debt instruments issued by public REITs held by us that are not otherwise secured by real property may not exceed 25% of the value of our total assets. See "Certain U.S. Federal Income Tax Considerations—Requirements for Qualification—General—Asset Tests." If we fail to comply with these asset requirements at the end of any calendar quarter, we must correct the failure within 30 days after the end of the calendar quarter or qualify for certain statutory relief provisions to avoid losing our REIT qualification and suffering adverse tax consequences.

To meet these tests, we may be required to take or forego taking actions that we otherwise would consider advantageous. For instance, in order to satisfy the gross income or asset tests applicable to REITs under the Code, we may be required to forego investments that we otherwise would make. Furthermore, we may be required to liquidate from our portfolio otherwise attractive investments. In addition, we may be required to make distributions to stockholders at disadvantageous times or when we do not have funds readily available for distribution. These actions could have the effect of reducing our income and cash available for distribution to our stockholders. Thus, compliance with the REIT requirements may hinder our investment performance.

The REIT distribution requirements could require us to borrow funds, issue equity or sell assets during unfavorable market conditions or subject us to tax, which may affect our ability to seize strategic opportunities, satisfy debt obligations and make distributions to our stockholders.

In order to qualify as a REIT, we must distribute to our stockholders, 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. In addition, we will be subject to U.S. federal income tax at regular corporate rates to the extent that we distribute less than 100% of our net taxable income (including net capital gains) and will be subject to a 4% nondeductible excise tax on the amount by which our distributions in any calendar year are less than a minimum amount specified under U.S. federal income tax laws. We intend to distribute our net taxable income to our stockholders in a manner intended to satisfy the REIT 90% distribution requirement and to eliminate U.S. federal income tax and the 4% nondeductible excise tax.

Our taxable income may exceed our net income as determined by GAAP because, for example, realized capital losses will be deducted in determining our GAAP net income, but may not be deductible in computing our taxable income. In addition, we may incur nondeductible capital expenditures or be required to make debt or amortization payments. Also, certain GNL transactions we enter into may be determined to have a financing component, which may result in a timing difference between the receipt of cash and the recognition of income for U.S. federal income tax purposes. As a result of the foregoing, we may generate less cash flow than taxable income in a particular year and we may incur U.S. federal income tax and the 4% nondeductible excise tax on that income if we do not distribute such income to stockholders in that year. In that event, we may be required to use cash reserves, incur debt, issue equity or liquidate assets at rates or times that we regard as unfavorable or make a taxable distribution of our shares in order to satisfy the REIT 90% distribution requirement and to eliminate U.S. federal income tax and the 4% nondeductible excise tax in that year.

To the extent we need to rely on third-party sources to fund our capital needs, we may not be able to obtain financing on favorable terms, in the time period we desire, or at all. Any additional debt we incur or any additional equity we issue may dilute our then-existing common stockholders will increase our leverage. Our access to third-party sources of capital depends, in part, on:

- general market conditions;
- the market's perception of our growth potential;
- our current debt levels;
- our current and expected future earnings;
- our cash flow and cash distributions; and
- the market price of our common stock.

If we cannot obtain capital from third-party sources, we may not be able to acquire, expand or develop properties when strategic opportunities exist, satisfy our principal and interest obligations or make the cash distributions to our stockholders necessary to qualify or maintain our qualification as a REIT.

If our operating partnership is treated as a corporation for U.S. federal income tax purposes, we will cease to qualify as a REIT.

Our operating partnership is currently treated as an entity disregarded from its owner for U.S. federal income tax purposes. If additional partners are admitted to our operating partnership, we intend for our operating partnership to be treated as a partnership for U.S. federal income tax purposes. No assurance can be provided, however, that the IRS will not challenge our operating partnership's status as a partnership for U.S. federal income tax purposes, or that a court would not sustain such a challenge. If the IRS were successful in treating our operating partnership as a corporation for U.S. federal income tax purposes, we would fail to meet the gross income tests and certain of the asset tests applicable to REITs and, therefore, cease to qualify as a REIT and our operating partnership would become subject to U.S. federal, state and local income tax. The payment by our operating partnership of income tax would reduce significantly the amount of cash available to our partnership to satisfy obligations to make principal and interest payments on its debt and to make distribution to its partners, including us.

Even if we qualify as a REIT, we may incur tax liabilities that reduce our cash flow.

Even if we qualify as a REIT, we may be subject to certain U.S. federal, state and local taxes on our income and assets, including taxes on any undistributed income, taxes on income from some activities conducted as a result of a foreclosure, and state or local income, franchise, property and transfer taxes. See "Certain U.S. Federal Income Tax Considerations—Taxation of the Company—Taxation of REITs in General." In addition, any TRSs we own will be subject to U.S. federal, state and local corporate income taxes. In order to meet the REIT qualification requirements, or to avoid the imposition of a 100% tax that applies to certain gains derived by a REIT from sales of inventory or property held primarily for sale to customers in the ordinary course of business, we may hold some of our assets through taxable C corporations, including TRSs. Any taxes paid by such subsidiary corporations would decrease the cash available for distribution to our stockholders.

Our TRSs are subject to special rules that may result in increased taxes.

We may conduct certain activities or invest in assets through one or more TRSs. A TRS is a corporation other than a REIT in which a REIT directly or indirectly holds stock, and that has made a joint election with such REIT to be treated as a TRS. Other than some activities relating to hotel and health care properties, a TRS may generally engage in any business, including the provision of customary or non-customary services to tenants of its parent REIT. A TRS is subject to U.S. federal income tax as a regular C corporation.

No more than 25% (20% for tax years beginning after December 31, 2017) of the value of a REIT's total assets may consist of stock or securities of one or more TRSs. This requirement limits the extent to which we can conduct our activities through TRSs. The values of some of our assets, including assets that we hold through TRSs, may not be subject to precise determination, and values are subject to change in the future. Furthermore, if a REIT lends money to a TRS, the TRS may be unable to deduct all or a portion of the interest paid to the REIT, which could increase the tax liability of the TRS. In addition, as a REIT, we must pay a 100% penalty tax on certain payments that we receive if the economic arrangements between us and any of our TRSs are not comparable to similar arrangements between unrelated parties. We intend to structure transactions with any TRS on terms that we believe are arm's length to avoid incurring the 100% excise tax described above; however, the IRS may successfully assert that the economic arrangements of any of our inter-company transactions are not comparable to similar arrangements between unrelated parties.

Dividends payable by REITs do not qualify for the reduced tax rates on dividend income from regular corporations, which could adversely affect the value of our common stock.

The maximum U.S. federal income tax rate for certain qualified dividends payable to U.S. stockholders that are individuals, trusts and estates is 20%. Dividends payable by REITs, however, are generally not eligible for the reduced rates and therefore may be subject to a 39.6% maximum U.S. federal income tax rate on ordinary income when paid to such stockholders. Although the reduced U.S. federal income tax rate applicable to dividend income from regular corporate dividends does not adversely affect the taxation of REITs or dividends paid by REITs, the more favorable rates applicable to regular corporate dividends could cause investors who are individuals, trusts and estates to perceive investments in REITs to be relatively less attractive than investments in the stocks of non-REIT corporations that pay dividends, which could adversely affect the value of the shares of REITs, including our common stock.

Complying with REIT requirements may limit our ability to hedge effectively and may cause us to incur tax liabilities.

The REIT provisions of the Code may limit our ability to hedge our assets and operations. Under these provisions, any income that we generate from transactions intended to hedge our interest rate risk will be excluded from gross income for purposes of the REIT 75% and 95% gross income tests if: (i) the instrument (A) hedges interest rate risk or foreign currency exposure on liabilities used to carry or acquire real estate assets, (B) hedges risk of currency fluctuations with respect to any item of income or gain that would be qualifying income under the 75% or 95% gross income tests or (C) hedges a position entered into pursuant to clause (A) or (B) after the extinguishment of such liability or disposition of the asset producing such income; and (ii) such instrument is properly identified under applicable Treasury Regulations. Income from hedging transactions that do not meet these requirements will generally constitute non-qualifying income for purposes of both the REIT 75% and 95% gross income tests. See "Certain U.S. Federal Income Tax Considerations—Requirements for Qualification—General—Gross Income Tests" and "—Hedging Transactions." As a result of these rules, we may have to limit our use of hedging techniques that might otherwise be advantageous or implement those hedges through a TRS. This could increase the cost of our hedging activities because our TRS would be subject to tax on gains or expose us to greater risks associated with changes in interest rates than we would otherwise want to bear. In addition, losses in our TRS will generally not provide any tax benefit, except for being carried forward against future taxable income in the TRS.

The ability of our board of directors to revoke our REIT election without stockholder approval may cause adverse consequences on our total return to our stockholders.

Our charter provides that the board of directors may revoke or otherwise terminate our REIT election, without the approval of our stockholders, if the board determines that it is no longer in our best interest to continue to qualify as a REIT. If we cease to qualify as a REIT, we would become subject to U.S. federal income tax on our net taxable income and we generally would no longer be required to distribute any of our net taxable income to our stockholders, which may have adverse consequences on our total return to our stockholders.

Legislative or regulatory tax changes related to REITs could materially and adversely affect us.

At any time, the U.S. federal income tax laws or regulations governing REITs or the administrative interpretations of those laws or regulations may be changed, possibly with retroactive effect. We cannot predict if or when any new U.S. federal income tax law, regulation or administrative interpretation, or any amendment to any existing U.S. federal income tax law, regulation or administrative interpretation, will be adopted, promulgated or become effective or whether any such law, regulation or interpretation may take effect retroactively. We and our stockholders could be materially and adversely affected by any such change in, or any new, U.S. federal income tax law, regulation or administrative interpretation.

Your investment has various tax risks.

Although provisions of the Code generally relevant to an investment in shares of our common stock are described in "Certain U.S. Federal Income Tax Considerations," you should consult your tax advisor concerning the effects of U.S. federal, state, local and foreign tax laws to you with regard to an investment in shares of our common stock.

FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements. In particular, statements pertaining to our capital resources, portfolio performance, distribution policy and operating results contain forward-looking statements. Likewise, our unaudited pro forma financial statements and all our statements regarding anticipated growth in our portfolio from operations, acquisitions and anticipated market conditions, demographics and operating results are forward-looking statements. Forward-looking statements involve numerous risks and uncertainties and you should not rely on them as predictions of future events. You can identify forward-looking statements by the use of forward-looking terminology such as "believes," "expects," "may," "will," "should," "seeks," "approximately," "intends," "plans," "pro forma," "estimates," "contemplates," "aims," "continues," "would" or "anticipates" or the negative of these words and phrases or similar words or phrases. Forward-looking statements depend on assumptions, data or methods which may be incorrect or imprecise and we may not be able to realize them. We do not guarantee that the transactions, events and other developments described will happen as described (or that they will happen at all). The following factors, among others, could cause actual results and future events to differ materially from those set forth or contemplated in the forward-looking statements:

- the factors included in this prospectus, including those set forth under the headings "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business and Properties";
- changes in our industry and changes in the real estate markets in particular, either nationally or regionally;
- use of proceeds from this offering and the concurrent iStar placement;
- general volatility of the capital and credit markets and the market price of our common stock;
- changes in our business and growth strategies;
- market demand for our ground net leases;
- the terms of our long-term leases, particularly the efficacy of the rent adjustment provisions in keeping up with changes in inflation and market values;
- defaults on, or non-renewal of, leases by tenants;
- bankruptcy or insolvency of a material tenant;
- the effects of interest rates on demand for ground net leases and our ability to service our debt obligations as they come due;
- declining real estate valuations;
- availability, terms and deployment of capital;
- our failure to obtain necessary outside financing, including our new revolving credit facility;
- our leverage;
- the ability of tenants to obtain financing for their leasehold interests;
- our failure to generate sufficient cash flows to service our outstanding indebtedness;
- difficulties in identifying and completing acquisitions and other investment opportunities on favorable terms;

- risks of real estate acquisitions, dispositions and development, including costs associated therewith;
- our projected operating results;
- our ability to manage our growth effectively;
- estimates relating to our ability to make distributions to our stockholders in the future;
- impact of changes in governmental regulations, tax law and rates and similar matters;
- our failure to qualify, and maintain our qualification, as a REIT;
- a future terrorist event in the U.S.;
- environmental uncertainties and risks related to adverse weather conditions and natural disasters;
- lack or insufficient amounts of insurance by our tenants;
- financial market fluctuations;
- availability of, and our manager's ability to attract, retain and make available to us, qualified personnel or the termination of our manager;
- conflicts of interest with iStar, including our manager, and the continuing investors;
- our understanding of our competition;
- our ability to comply with the laws, rules and regulations applicable to companies and, in particular, public companies.

While forward-looking statements reflect our good faith beliefs, they are not guarantees of future performance. We disclaim any obligation to publicly update or revise any forward-looking statement to reflect changes in underlying assumptions or factors, of new information, data or methods, future events or other changes after the date of this prospectus, except as required by applicable law. For a further discussion of these and other factors that could impact our future results, performance or transactions, see the section above entitled "Risk Factors." You should not place undue reliance on any forward-looking statements, which are based only on information currently available to us (or to third parties making the forward-looking statements).

USE OF PROCEEDS

We expect to receive gross proceeds from this offering of approximately $ million (approximately $ million if the underwriters exercise their option to purchase additional shares in full), assuming shares of common stock are sold in this offering at an initial public offering price of $ per share, which is the mid-point of the initial public offering price range set forth on the cover page of this prospectus. iStar has agreed to pay the underwriting discounts and commissions payable to the underwriters in connection with this offering, our other offering expenses and our expenses incurred in connection with the concurrent iStar placement, in an aggregate amount not to exceed $25 million. After deducting the estimated expenses of this offering not paid by iStar, we expect to receive net proceeds from this offering of approximately $ million (or approximately $ million if the underwriters exercise their option to purchase additional shares in full). In addition, concurrently with the completion of this offering, we will sell to iStar shares of our common stock having an aggregate value of $ million, equivalent to shares of our common stock based on the mid-point of the initial public offering price range set forth on the cover page of this prospectus, in the concurrent iStar placement at a price per share equal to the initial public offering price in this offering, and we estimate that we will receive gross proceeds of $45.0 million therefrom, resulting in total net proceeds to us of $ million from this offering and the concurrent iStar placement.

We expect to use approximately $142.0 million of the net proceeds from this offering and the concurrent iStar placement to purchase the acquisition GNLs. iStar entered into definitive purchase agreements for each of the acquisition GNL transactions in May 2017. We will assume the purchase agreements at the closing of this offering or, if iStar has acquired the acquisition GNLs before the closing of this offering, we will acquire the acquisition GNLs from iStar shortly after the completion of this offering. The closings of the purchases of the acquisition GNLs are subject to customary conditions, and there can be no assurance that either of the transactions will occur. If an acquisition GNL transaction does not occur for any reason, we will instead use the net proceeds intended for such transaction for general business purposes.

We will contribute the net proceeds from this offering and the concurrent iStar placement to our operating partnership in exchange for a number of operating partnership units equal to the number of shares of our common stock issued in this offering and the concurrent iStar placement. The following table sets forth the estimated sources and estimated uses of funds by our operating partnership that we expect in connection with this offering and the concurrent iStar placement.

Sources (in millions)		Uses (in millions)	
Gross proceeds from this offering	$	Purchases of acquisition GNLs	$ 142.0
Gross proceeds from concurrent iStar placement	45.0	Costs of new revolving credit facility(1)	2.2
		Transaction expenses not paid by iStar (comprised of transfer taxes)	1.4
		General business purposes	
Total Sources	$	**Total Uses**	$

(1) We expect to enter into our new $300 million revolving credit facility at the closing of this offering that will bear interest at an annual rate of LIBOR plus 1.35% and will mature in May 2020. See "Description of Indebtedness—The New Revolving Credit Facility" for more information about the new revolving credit facility.

As indicated in the table above, net proceeds remaining after purchasing the acquisition GNLs, paying the new revolving credit facility costs and transaction expenses identified above not paid by iStar will be used for general business purposes, including future acquisitions and originations of GNLs. Pending the use of the net proceeds as described above, we intend to invest such proceeds in interest-bearing accounts and short-term, interest-bearing securities in a manner that is consistent with our intention to qualify as a REIT.

DISTRIBUTION POLICY

We intend to make regular quarterly distributions to holders of shares of our common stock. Although we have not previously paid distributions, we intend to pay a pro rata initial distribution with respect to the period commencing on the completion of this offering and ending on June 30, 2017, based on a distribution of $ per share for a full quarter. On an annualized basis, this would be $ per share, or an annual distribution rate of approximately %, based on an assumed initial public offering price of $ per share, which is the mid-point of the initial public offering price range set forth on the cover page of this prospectus. We estimate that this initial annualized distribution will represent approximately 100% of our estimated cash available for distribution to our common stockholders for the 12 months ending March 31, 2018, as adjusted to exclude certain items we do not expect to recur during the 12-month period, and reflects certain assumptions regarding our future cash flows during this period as presented in the table and footnotes below.

Our estimate of cash available for distribution does not reflect the effect of any changes in our working capital after March 31, 2017. In addition, our estimate of cash available for distribution does not include $3.2 million of incremental general and administrative expenses expected to be incurred subsequent to the completion of this offering in order to operate as a public company. It also does not reflect the amount of cash estimated to be used for investing activities for acquisitions and originations and other activities, other than the purchases of the acquisition GNLs, or the amount of cash estimated to be used for financing activities. Although we have included all material investing and financing activities that we have commitments to undertake as of March 31, 2017, as well as the purchases of the acquisition GNLs, we may undertake other investing and/or financing activities in the future. Any such investing and/or financing activities may have a material effect on our estimate of cash available for distribution. Because we have made the assumptions set forth above in estimating cash available for distribution, we do not intend this estimate to be a projection or forecast of our actual results of operations or our liquidity and have estimated cash available for distribution for the sole purpose of estimating our initial annual distribution rate. Our estimate of cash available for distribution should not be considered as an alternative to cash flow from operating activities (computed in accordance with GAAP) or as an indicator of our liquidity or our ability to pay dividends or make other distributions to our stockholders. In addition, the methodology upon which we made the adjustments described below is not necessarily intended to be a basis for determining future distributions.

We intend to maintain our initial distribution rate for the 12-month period following completion of this offering unless our actual or anticipated results of operations, cash flows or financial position, economic or market conditions or other factors differ materially from the assumptions used in our estimate. However, any distributions we make in the future will be determined by our board of directors in its sole discretion out of funds legally available therefor and will depend upon a number of factors, including our actual and anticipated results of operations, cash flows and financial position, economic or market conditions, prohibitions or other restrictions under financing agreements, our qualification as a REIT, applicable law and other factors described herein. Our results of operations, cash flows and financial position will be affected by a number of factors, including the revenue we receive from our investments, our ability to grow our portfolio of investments, interest expense and any unanticipated expenditures. For more information regarding risk factors that could materially and adversely affect our results of operations, cash flows and financial position, and our ability to pay dividends and make other distributions to our stockholders, see "Risk Factors."

We believe our estimate of cash available for distribution constitutes a reasonable basis for estimating the initial distribution amount; however, no assurance can be given that the estimate will prove accurate, and actual distributions, if any, may therefore be significantly different from the estimated distributions. We do not intend to reduce the estimated distribution per share if the underwriters exercise their option to purchase up to additional shares of our common stock. Unless our operating cash flow increases, we may be required to fund distributions from working capital or borrow funds or issue equity or we may choose to make a portion of the required distributions in the form of a taxable stock dividend to preserve our cash balance or eliminate or otherwise reduce our distributions. We currently expect that our operating cash flow will cover our initial distribution for the 12 months following completion of this offering. We currently have no intention to make distributions using shares of our common stock.

In order to qualify as a REIT, we must distribute to our stockholders, 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. In addition, we will be subject to U.S. federal income tax at regular corporate rates to the extent that we distribute less than 100% of our net taxable income (including net capital gains) and will be subject to a 4% nondeductible excise tax on the amount by which our distributions in any calendar year are less than a minimum amount specified under U.S. federal income tax laws. We intend to make distributions to our stockholders in a manner intended to satisfy the REIT 90% distribution requirement and to eliminate U.S. federal income tax liability on our income and the 4% nondeductible excise tax. We anticipate that our estimated cash available for distribution will exceed the annual distribution requirements applicable to REITs. However, under some circumstances, we may be required to use cash reserves, incur debt, issue equity or liquidate assets on terms or at times that we regard as unfavorable or make a taxable distribution of our shares in order to satisfy the REIT 90% distribution requirement and to eliminate U.S. federal income tax and the 4% nondeductible excise tax in that year. For more information, see "Certain U.S. Federal Income Tax Considerations."

Our new $300 million revolving credit facility will prohibit us from paying distributions except: (i) to the extent required to qualify or maintain our qualification as a REIT; and (ii) so long as no default has occurred and is continuing, to the extent required to avoid paying income or excise taxes. See "Description of Indebtedness—The New Revolving Credit Facility" for more information.

The following table describes our pro forma net income from continuing operations for the 12 months ended March 31, 2017, and the adjustments we have made thereto in order to estimate our initial cash available for distribution for the 12 months ending March 31, 2018 (amounts in thousands except share data, per share data and percentages). These calculations assume that we do not invest or earn any income from the net proceeds from this offering and the concurrent iStar placement, other than income from the acquisition GNLs. These calculations do not assume any changes to our operations or any acquisitions or dispositions or other developments or occurrences which could affect substantially our results of operations and cash flows, or changes in our outstanding shares of common stock. We cannot assure you that our actual results will be the same as or comparable to the calculations below.

The prospective financial information was not prepared with a view toward compliance with published guidelines of the SEC or the guidelines established by the American Institute of Certified Public Accountants for preparation and presentation of prospective financial information. The prospective financial information included in this registration statement has been prepared by and is the responsibility of, our management. PricewaterhouseCoopers LLP has neither examined, compiled nor performed any procedures with respect to the accompanying prospective financial information and, accordingly, PricewaterhouseCoopers LLP does not express an opinion or any other form of assurance with respect thereto. The PricewaterhouseCoopers LLP report included in this prospectus relates to our predecessor's historical financial information. It does not extend to the prospective financial information below and should not be read to do so.

Pro forma net income for the 12 months ended December 31, 2016	$ 4,981
Less: Pro forma net income for the 3 months ended March 31, 2016	(543)
Add: Pro forma net income for the 3 months ended March 31, 2017	1,344
Pro forma net income for the 12 months ended March 31, 2017	**$ 5,782**
Less: Straight-line rent	(5,084)
Less: Percentage rent adjustment(1)	(526)
Add: Real estate depreciation and amortization	7,522
Add: Contractual increases in rental revenue(2)	225
Add: Non-cash compensation expense(3)	434
Add: Management fee expense(4)	1,130
Add: Amortization of real estate-related intangibles(5)	1,594
Add: Net effects of non-cash amortization of debt premium, debt discount and debt issuance costs	(37)
Estimated cash available for distribution to our stockholders for the 12 months ending March 31, 2018	**$ 11,040**
Total estimated initial annualized distribution to our stockholders	$ 11,040
Estimated initial annualized distribution per share of our common stock(6)	$
Payout ratio(7)	%

(1) Our master lease relating to the five assets constituting the Hilton Western Portfolio obligates the tenant to pay us percentage rent equal to 7.5% of the positive difference between the aggregate operating revenues of the five hotels in the Hilton Western Portfolio for any year and the aggregate base revenues of the five hotels specified in the master lease of approximately $81.4 million for a trailing 12 month period. In November 2016, the master lease was amended to change the look back period for which annual percentage rent is computed from the trailing twelve months ended September 30th to the trailing twelve months ended December 31st. In March 2017, we recorded $0.5 million of income representing a one-time stub payment of percentage rent for the 3 months ended December 31, 2016, to account for the change in the look back period. This stub payment has been deducted in calculating estimated cash available for distribution to our stockholders for the 12 months ending March 31, 2018.

(2) Represents the contractual increases in rental revenue from tenants pursuant to existing leases.

(3) Non-cash compensation expense represents stock based compensation allocated to us from iStar. In addition, stock based compensation expense will include amounts for awards to our directors who are not officers or employees of our manager or iStar in connection with this offering.

(4) Represents the management fee expense that is reflected in our pro forma statement of operations but is not actually paid by us during the first year of the management agreement.

(5) Represents the amortization of real estate-related intangibles.

(6) Based on a total of shares of our common stock and no operating partnership units (other than units held by us) to be outstanding upon completion of this offering and the concurrent iStar placement. The estimated initial annualized distribution per share of our common stock assumes that we do not invest or earn any income from the net proceeds from this offering and the concurrent iStar placement, other than income from the acquisition GNLs.

(7) Calculated as estimated initial annualized distribution per share of our common stock divided by the estimated cash available for distribution to our stockholders for the 12 months ending March 31, 2018.

CAPITALIZATION

The following table sets forth (i) the historical combined capitalization of our predecessor as of March 31, 2017 and (ii) our unaudited pro forma capitalization as of March 31, 2017, adjusted to give effect to this offering, the concurrent iStar placement and the formation transactions, and the use of the net proceeds from this offering and the concurrent iStar placement as set forth in "Use of Proceeds." You should read this table in conjunction with "Use of Proceeds," "Selected Historical Combined and Unaudited Pro Forma Financial and Other Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources" and our unaudited pro forma financial statements and related notes and the combined financial statements and related notes of our predecessor appearing elsewhere in this prospectus.

	As of March 31, 2017	
	Predecessor Historical Combined	Pro Forma
	(amounts in thousands, except share and per share data) (unaudited)	
Cash and cash equivalents	$ —	$
Debt		
New revolving credit facility(1)	$ —	$ —
Initial portfolio financing	219,691	
Predecessor equity / Stockholders' equity		
Predecessor equity	(65,547)	—
Preferred stock, $0.01 par value per share, 50,000,000 shares authorized, none issued or outstanding	—	—
Common stock, $0.01 par value per share, 400,000,000 shares authorized, 0 and shares issued and outstanding on a historical combined basis before this offering and on a pro forma basis, respectively(2)	—	
Additional paid in capital	—	
Total equity	(65,547)	
Total capitalization	$ 154,144	$

(1) We expect to enter into a new $300 million revolving credit facility upon completion of this offering. We expect the new revolving credit facility will be undrawn upon completion of this offering.

(2) The common stock outstanding as shown includes shares of our common stock issued or to be issued in this offering, the concurrent iStar placement and the formation transactions and 40,000 shares of our common stock to be issued to our directors who are not officers or employees of our manager or iStar at the closing of this offering, and excludes (i) shares of our common stock issuable upon exercise of the underwriters' option to purchase up to additional shares of our common stock and (ii) additional shares of our common stock available for future issuance under our equity incentive plan (assuming no exercise by the underwriters of any portion of their option to purchase additional shares of our common stock).

SELECTED HISTORICAL COMBINED AND UNAUDITED PRO FORMA FINANCIAL AND OTHER DATA

The following table sets forth selected financial and other data on (i) a historical combined basis for our predecessor and (ii) a pro forma basis for our company giving effect to (a) the formation transactions, (b) this offering and the concurrent iStar placement and the use of the net proceeds therefrom as described under "Use of Proceeds," (c) certain other transactions described in the unaudited pro forma financial statements beginning on page F-28, (d) entry into our management agreement with our manager and (e) the reimbursement by iStar of certain of our expenses in an amount not to exceed $25 million.

The selected historical combined balance sheet data as of December 31, 2016 and 2015 of our predecessor and selected historical combined operating data for the years ended December 31, 2016 and 2015 of our predecessor have been derived from the audited historical combined financial statements of our predecessor included elsewhere in this prospectus. The selected historical combined balance sheet data as of March 31, 2017 of our predecessor and the selected historical combined operating data for the three months ended March 31, 2017 and 2016 of our predecessor have been derived from the unaudited historical combined financial statements of our predecessor included elsewhere in this prospectus. Our predecessor's results of operations for the three months ended March 31, 2017 are not necessarily indicative of our results of operations for the year ending December 31, 2017.

The accompanying historical combined financial data of our predecessor does not represent the financial position, results of operations and cash flows of one legal entity, but rather a combination of entities under common control that have been "carved out" from iStar's historical consolidated financial statements. The historical combined financial statements of our predecessor include expense allocations of certain iStar corporate functions, including executive oversight, treasury, finance, human resources, tax planning, internal audit, financial reporting, information technology and investor relations. These allocations are not indicative of the actual expense that would have been incurred had our predecessor operated as an independent, publicly-traded, externally-managed company for the periods presented. We believe that the assumptions and estimates used in preparation of the underlying combined financial statements of our predecessor are reasonable. However, the combined financial statements herein do not necessarily reflect what our predecessor's financial position, results of operations or cash flows would have been if it had been a standalone company during the periods presented, nor are they necessarily indicative of our future financial position, results of operations or cash flows.

The unaudited selected pro forma financial data as of and for the three months ended March 31, 2017 and for the year ended December 31, 2016 is presented as if: (i) our capitalization; (ii) the acquisition by the continuing investors; (iii) this offering, the concurrent iStar placement and the use of proceeds therefrom as described under "Use of Proceeds"; (iv) entry into our management agreement with our manager; (v) the initial portfolio financing; (vi) the payment by iStar of certain of our expenses in an amount not to exceed $25 million; and (vii) other related transactions, each as more fully described in this prospectus, took place concurrently on March 31, 2017 for the balance sheet data and on January 1, 2016 for the operating data. The unaudited pro forma financial data are not necessarily indicative of what our actual financial position and results of operations would have been as of the date and for the periods indicated, nor do they purport to represent our future financial position or results of operations.

You should read the following selected financial data in conjunction with the historical combined financial statements and the unaudited pro forma financial statements and the related notes and with "Management's Discussion and Analysis of Financial Condition and Results of Operations."

	Pro Forma		Historical Combined			
	For the Three Months Ended March 31, 2017	For the Year Ended December 31, 2016	For the Three Months Ended March 31, 2017	For the Three Months Ended March 31, 2016	For the Years Ended December 31, 2016	For the Years Ended December 31, 2015
	(In thousands)					
OPERATING DATA:						
Operating lease income	$ 6,629	$ 27,363	$ 5,244	$ 4,593	$ 21,664	$ 18,558
Total revenues	6,629	27,363	5,333	4,593	21,743	18,565
Total costs and expenses	5,793	22,382	4,049	3,679	15,128	12,848
Net income	1,344	4,981	1,792	914	6,615	5,717
SUPPLEMENTAL DATA:						
FFO(1)	$ 2,716	$ 12,503	$ 2,071	$ 1,704	$ 9,757	$ 8,857
AFFO(1)	2,110	9,551	1,503	1,125	7,161	7,327
EBITDA(1)	5,369	21,200	4,678	3,665	17,999	16,086

(1) See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Non-GAAP Financial Measures" for a definition of this metric and a reconciliation to the most directly comparable GAAP number and a statement of why our management believes the presentation of the metric provides useful information to investors.

	Pro Forma	Historical Combined		
	As of March 31, 2017	As of March 31, 2017	As of December 31, 2016	As of December 31, 2015
	(In thousands)			
BALANCE SHEET DATA:				
Real estate, net	$	$ 103,697	$ 104,478	$ 103,680
Deferred expenses and other assets, net		41,563	39,284	33,881
Total assets		155,766	155,667	144,256
Total liabilities		221,313	1,576	227
Total equity (deficit)		(65,547)	154,091	144,029
Total liabilities and equity		155,766	155,667	144,256

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This prospectus contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in our forward-looking statements for many reasons, including the risks described in "Risk Factors" and elsewhere in this prospectus. The accompanying historical combined financial data of our predecessor does not represent the financial position, results of operations and cash flows of one legal entity, but rather a combination of entities under common control that have been "carved out" from iStar's consolidated financial statements. The historical financial position, results of operations and cash flows, as reflected in the accompanying historical combined financial statements of our predecessor and related notes, are subject to management's evaluation and interpretation of business conditions, changing capital market conditions and other factors that could affect the ongoing viability of our properties. You should read the following discussion together with "Forward-Looking Statements" and the combined financial statements and unaudited pro forma financial statements and, in each case, the related notes included elsewhere in this prospectus.

Upon completion of this offering, the concurrent iStar placement and the formation transactions, the historical operations of our predecessor will be combined with our company. The following discussion and analysis should be read in conjunction with "Selected Historical Combined and Unaudited Pro Forma Financial and Other Data," the audited combined financial statements as of December 31, 2016 and 2015 and for the years ended December 31, 2016 and 2015, the unaudited combined financial statements as of March 31, 2017 and for the three months ended March 31, 2017 and 2016 and the unaudited pro forma financial statements as of March 31, 2017 and for the year ended December 31, 2016 and the three months ended March 31, 2017 and, in each case, the notes related thereto appearing elsewhere in this prospectus. Since our formation and through March 31, 2017, we had no material corporate activity except through our predecessor. Accordingly, we believe a discussion of our results of operations for such period would not be meaningful, and, in lieu thereof, this Management's Discussion and Analysis of Financial Condition and Results of Operations therefore discusses the historical operations of our predecessor.

Unless the context otherwise requires or indicates, references in this section to "we," "our" and "us" refer to (i) our company and its consolidated subsidiaries (including our operating partnership) after giving effect to the formation transactions and (ii) our predecessor before giving effect to the formation transactions.

Introduction

We believe that we are the first publicly-traded company formed primarily to acquire, own, manage, finance and capitalize ground net leases, or GNLs. GNLs 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. GNLs are typically "triple net" leases, meaning that the tenant is responsible for development costs, capital expenditures and all property operating expenses, such as maintenance, real estate taxes and insurance. GNLs 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 CPI-based, or both) and sometimes include percentage rent participations.

We have a diverse initial portfolio that is comprised of 12 properties located in major metropolitan areas that were acquired or originated by iStar over the past 20 years. All of the properties in our initial portfolio are subject to long-term net leases consisting of seven GNLs and one master lease (covering five properties) that provide for periodic contractual rental escalations or percentage rent participations in gross revenues generated at the relevant properties.

We intend to grow our portfolio through future acquisitions and originations of GNLs. Since August 2016, when we began actively evaluating the capitalization of a GNL-focused business separate from iStar, we have reviewed approximately 60 potential GNL investment opportunities representing over $5.0 billion of initial GNL value, including our acquisition GNLs, and an additional greater than $900 million of GNLs that we are actively pursuing or negotiating. The opportunities that we are actively pursuing or negotiating cover the following sourcing and origination channels within the United States (with percentages based on dollar value): acquiring an existing GNL (38%), originating a GNL for development (18%), manufacturing GNL (37%) and acquiring a property to create a GNL (7%). They are also been diversified among property type and include office (41%), multi-family (19%), hotel (6%), mixed use (21%), retail (5%) and other property types. Other than with respect to our acquisition GNLs, we have not entered into definitive purchase agreements for any of the investments currently being pursued or negotiated, and there can be no assurance that we will do so or will acquire or originate any of the investments on favorable terms, or at all.

We intend to acquire the two acquisition GNLs shortly after the closing of this offering. The acquisition GNLs are located in Los Angeles, California and total approximately 330,000 square feet of land area containing a mix of apartments, retail and parking. Each of the acquisition GNLs has approximately 87 years remaining on its term. The aggregate purchase price for both acquisition GNLs is $142.0 million. iStar has entered into separate definitive purchase agreements to acquire the acquisition GNLs. We will assume the purchase agreements at the closing of this offering or, if iStar has acquired the acquisition GNLs before the closing of this offering, we will acquire the acquisition GNLs from iStar. We intend to complete the purchases using a portion of the net proceeds from this offering and the concurrent iStar placement.

We will be externally managed by SFTY Manager LLC, a wholly-owned subsidiary of iStar. Although our manager was recently formed, iStar has been an active real estate investor for over 20 years and has executed transactions with an aggregate value in excess of $35.0 billion. iStar has an extensive network for sourcing investments, which includes relationships with brokers, corporate tenants and developers, that it has established over its long operating history. As of March 31, 2017, iStar had total gross assets of approximately $5.3 billion and 191 employees in its New York City headquarters and its seven regional offices across the United States.

We have designed our management agreement with terms that we believe are beneficial to our stockholders. We will pay no management fee to our manager during the first year of the management agreement. Thereafter, our manager will be entitled to a management fee based on our total equity (as defined in our management agreement), which will be payable solely in shares of our common stock, but will not be entitled to receive any additional performance or incentive compensation. Our manager will be restricted from selling shares of our common stock paid to it as management fees for two years from the date such shares are issued, subject to certain exceptions. Our management agreement will have an initial term of one year with annual renewals to be approved by a majority of the independent members of our board of directors. The management agreement may be terminated by us or our manager at the end of each annual term without the payment of a termination fee; provided, however, that we may not terminate the management agreement unless a successor guarantor reasonably acceptable to iStar has (i) agreed to replace iStar under its limited recourse guaranty with respect to our initial portfolio financing or (ii) provided iStar with a reasonably acceptable indemnity for any losses suffered by iStar on its limited recourse guaranty after its termination as our manager. We will have no employees. See "Our Manager and the Management Agreement—Management Agreement" for more detail on our management agreement. Additionally, concurrently with the completion of this offering, we will enter into an exclusivity agreement with iStar, pursuant to which iStar will agree, subject to certain exceptions, that it will not acquire, originate, invest in, or provide financing for a third party's acquisition of, a GNL unless it has first offered that opportunity to us and a majority of our independent directors has declined the opportunity. See "Our Manager and the Management Agreement—Exclusivity."

On or before April 14, 2017, (i) we completed a series of transactions through which we acquired our initial portfolio from iStar, (ii) we entered into the $227.0 million "initial portfolio financing," which is a loan secured by our initial portfolio of 12 properties; and (iii) two institutional investors, GICRE and LA, whom we refer to as the "continuing investors," acquired shares of our common stock, representing a 51% ownership interest in our company at such time. Concurrently with the completion of this offering, iStar will purchase shares of our common stock, having an aggregate value of $45.0 million, equivalent to shares of our common stock based on the mid-point of the initial public offering price range set forth on the cover page of this prospectus, in the concurrent iStar placement at a price per share equal to the initial public offering price in this offering. Immediately after giving effect to this offering, the formation transactions and the concurrent iStar placement, assuming shares of our common stock are sold in this offering at the mid-point of the initial public offering price range set forth on the cover page of this prospectus and the valuation of our initial portfolio implied by the pricing of this offering is at least $340 million (see "Certain Relationships and Related Party Transactions—Stockholder's Agreements with Continuing Investors" and "Structure and Formation of Our Company"), iStar will own approximately % of our outstanding common stock and the continuing investors will own approximately % of our outstanding common stock.

Non-GAAP Financial Measures

In addition to net income (loss) prepared in conformity with GAAP, we use certain non-GAAP financial measures to measure our operating performance. We present below a discussion of funds from operations, or FFO, and adjusted funds from operations, or AFFO. We compute FFO in accordance with the National Association of Real Estate Investment Trusts, or NAREIT, which defines FFO as net income (loss) (determined in accordance with GAAP), excluding gains or losses from sales of depreciable operating property, plus real estate-related depreciation and amortization. We compute AFFO by adding (or subtracting) to FFO the following items: straight-line rental income, the amortization of real estate-related intangibles, stock-based compensation and the amortization of deferred financing costs and other expenses related to debt obligations.

We present FFO and AFFO because we consider them important supplemental measures of our operating performance and believe that they are frequently used by securities analysts, investors and other interested parties in the evaluation of REITs. FFO is a widely recognized non-GAAP financial measure for REITs that we believe, when considered with financial statements determined in accordance with GAAP, is useful to investors in understanding financial performance and providing a relevant basis for comparison among REITs. In addition, we believe FFO and AFFO are useful to investors as they capture features particular to real estate performance by recognizing that real estate has generally appreciated over time or maintains residual value to a much greater extent than do other depreciable assets.

Investors should review FFO and AFFO, along with GAAP net income (loss), when trying to understand the operating performance of an equity REIT like us. However, because FFO and AFFO exclude depreciation and amortization and do not capture the changes in the value of our properties that result from use or market conditions, which have real economic effect and could materially impact our results from operations, the utility of FFO and AFFO as measures of our performance is limited. There can be no assurance that FFO and AFFO as presented by us is comparable to similarly titled measures of other REITs. FFO and AFFO do not represent cash generated from operating activities and should not be considered as alternatives to net income (loss) (determined in accordance with GAAP) or to cash flow from operating activities (determined in accordance with GAAP). FFO and AFFO are not indicative of cash available to fund ongoing cash needs, including the ability to make cash distributions to our stockholders. Although FFO and AFFO are measures used for comparability in assessing the performance of REITs, as the NAREIT White Paper only provides guidelines for computing FFO, the computation of FFO and AFFO may vary from one company to another.

The following table presents a reconciliation of our pro forma and historical combined net income (loss), the most directly comparable GAAP measure, to FFO and AFFO, for the periods presented:

	Pro Forma		Historical Combined			
	For the Three Months Ended March 31, 2017	For the Year Ended December 31, 2016	For the Three Months Ended March 31,		For the Years Ended December 31,	
			2017	2016	2016	2015
	(In thousands)					
Funds from Operations						
Net income	$ 1,344	$ 4,981	$ 1,792	$ 914	$ 6,615	$ 5,717
Add: Real estate related depreciation and amortization	1,880	7,522	787	790	3,142	3,140
Less: Income from sales of real estate	(508)	—	(508)	—	—	—
FFO	$ 2,716	$ 12,503	$ 2,071	$ 1,704	$ 9,757	$ 8,857
Adjusted Funds from Operations						
FFO	$ 2,716	$ 12,503	$ 2,071	$ 1,704	$ 9,757	$ 8,857
Straight-line rental income	(1,211)	(4,873)	(1,112)	(1,055)	(4,374)	(2,902)
Amortization of real estate-related intangibles, net	399	1,594	103	103	414	332
Stock-based compensation	215	364	215	145	364	331
Amortization of deferred financing costs and other expenses related to debt obligations	(9)	(37)	226	228	1,000	709
AFFO	$ 2,110	$ 9,551	$ 1,503	$ 1,125	$ 7,161	$ 7,327

We present below a discussion of earnings before interest, depreciation and amortization, or EBITDA. We compute EBITDA as the sum of net income (loss) before interest expense and depreciation and amortization. We present EBITDA because we believe that EBITDA, along with cash flow from operating activities, investing activities and financing activities, provides investors with an additional indicator of our ability to incur and service debt. EBITDA should not be considered as an alternative to net income (loss) (determined in accordance with GAAP), as an indication of our financial performance, as an alternative to net cash flows from operating activities (determined in accordance with GAAP), or as a measure of our liquidity.

The following table presents a reconciliation of our pro forma and historical combined net income (loss), the most directly comparable GAAP measure to EBITDA, for the periods presented:

	Pro Forma		Historical Combined			
	For the Three Months Ended March 31, 2017	For the Year Ended December 31, 2016	For the Three Months Ended March 31, 2017	For the Three Months Ended March 31, 2016	For the Years Ended December 31, 2016	For the Years Ended December 31, 2015
			(In thousands)			
EBITDA						
Net income	$ 1,344	$ 4,981	$ 1,792	$ 914	$ 6,615	$ 5,717
Add: Interest expense	2,145	8,697	2,099	1,961	8,242	7,229
Add: Depreciation and amortization	1,880	7,522	787	790	3,142	3,140
EBITDA	$ 5,369	$ 21,200	$ 4,678	$ 3,665	$ 17,999	$ 16,086

Results of Operations

Three Months Ended March 31, 2017 compared to the Three Months Ended March 31, 2016

	For the Three Months Ended March 31, 2017	For the Three Months Ended March 31, 2016	$ Change	% Change
		(in thousands)		
Revenues:				
Operating lease income	$ 5,244	$ 4,593	$ 651	14%
Other income	89	—	89	100%
Total revenues	5,333	4,593	740	16%
Costs and expenses:				
Interest expense	2,099	1,961	138	7%
Real estate expense	151	196	(45)	(23)%
Depreciation and amortization	787	790	(3)	—
General and administrative	1,012	732	280	38%
Total costs and expenses	4,049	3,679	370	10%
Income from operations	**1,284**	**914**	**370**	40%
Income from sales of real estate	508	—	508	100%
Net income	**$ 1,792**	**$ 914**	**$ 878**	96%

Revenues—Operating lease income increased to $5.2 million during the three months ended March 31, 2017 from $4.6 million for the same period in 2016. The increase in 2017 was primarily due to a one-time stub payment of $0.5 million of percentage rent in respect of the Hilton Western Portfolio, due to a change in the look back period for which percentage rent is calculated, and our entering into the 99-year ground net lease relating to the Northside Forsyth Hospital Medical Center subsequent to April 1, 2016. See "Business and Properties—Description of Properties in Our Initial Portfolio" for more information about the Hilton Western Portfolio lease.

Other income consists of interest income earned on fundings provided to a certain investment in a ground net lease.

Costs and expenses—Interest expense generally represents the amount of interest expense allocated to us by iStar. Except for March 30, 2017 through March 31, 2017 (when our initial portfolio financing was consummated), interest expense was allocated to us by calculating our average net assets as a percentage of the average net assets in iStar's net lease business segment and multiplying that percentage by the interest expense allocated to iStar's net lease business segment (for the period March 30, 2017 through March 31, 2017, interest expense equals our actual interest expense on the initial portfolio financing). The increase during the three months ended March 31, 2017 was primarily due to an increase in our allocable base of assets in 2017 from 2016. We expect that, based on the nature of our assets and the relatively stable income they generate, as well as our strategy of maintaining lower leverage than iStar, we will have a lower cost of borrowing as a standalone company relative to that of iStar. In addition, during the three months ended March 31, 2017, we entered into our $227 million initial portfolio financing and incurred interest expense of $51 thousand.

Real estate expense was $0.2 million during the three months ended March 31, 2017 and 2016. Real estate expenses consist primarily of recoverable property taxes at one of our properties.

Depreciation and amortization was $0.8 million during the three months ended March 31, 2017 and 2016 and primarily relates to our ownership of the hotels under our master lease and our ownership of the structure at the Buckler Apartments property.

General and administrative expenses include legal and offering costs and an allocation of expenses to us from iStar. General and administrative expenses include certain iStar corporate functions, including executive oversight, treasury, finance, human resources, tax compliance and planning, internal audit, financial reporting, information technology and investor relations. General and administrative expenses, including stock based compensation, represent a pro rata allocation of costs from iStar's net lease and corporate business segments based on our average net assets. General and administrative expenses increased to $1.0 million for the three months ended March 31, 2017 from $0.7 million for the same period in 2016, primarily due to an increase in our allocable base of assets in 2016 from 2015.

As a publicly-traded, externally-managed company separate from iStar, in addition to management fees and expense reimbursements payable to our manager, we estimate our annual general and administrative expenses will include approximately $3.2 million due to increased legal, insurance, accounting and other expenses related to corporate governance, SEC reporting and other compliance matters. Accordingly, the general and administrative expense allocation presented in our combined statements of operations for historical periods does not necessarily reflect what our general and administrative expense will be as a standalone public company for future reporting periods.

We recognized income from sales of real estate of $0.5 million during the three months ended March 31, 2017 resulting from the sale of a parking facility from our Hilton Western Portfolio that had been previously impaired by iStar and had a carrying value of zero.

Year Ended December 31, 2016 compared to the Year Ended December 31, 2015

	For the Years Ended December 31, 2016	For the Years Ended December 31, 2015	$ Change	% Change
		(in thousands)		
Revenues:				
Operating lease income	$ 21,664	$ 18,558	$ 3,106	17%
Other income	79	7	72	>100%
Total revenues	21,743	18,565	3,178	17%
Costs and expenses:				
Interest expense	8,242	7,229	1,013	14%
Real estate expense	861	217	644	>100%
Depreciation and amortization	3,142	3,140	2	—%
General and administrative	2,883	2,262	621	27%
Total costs and expenses	15,128	12,848	2,280	18%
Net income	**$ 6,615**	**$ 5,717**	**$ 898**	**16%**

Revenues—Operating lease income increased to $21.7 million during the year ended December 31, 2016 from $18.6 million for the same period in 2015. The increase in 2016 was primarily the result of us acquiring a property subject to a 99-year ground net lease in March 2015 and an increase in lease income at one of our hotel properties due to a lease amendment executed on September 30, 2015.

Other income represents interest income earned on fundings provided to a certain investment in a ground net lease and other ancillary income at a multi-family property.

Costs and expenses—Interest expense represents the amount of interest expense allocated to us by iStar. Interest expense was allocated to us by calculating our average net assets as a percentage of the average net assets in iStar's net lease business segment and multiplying that percentage by the interest expense allocated to iStar's net lease business segment. The increase during the year ended December 31, 2016 was primarily due to an increase in our allocable base of assets in 2016 from 2015. We expect that, based on the nature of our assets and the relatively stable income they generate, as well as our strategy of maintaining lower leverage than iStar, we will have a lower cost of borrowing as a standalone company relative to that of iStar.

Real estate expenses increased to $0.9 million during the year ended December 31, 2016 from $0.2 million during the same period in 2015. The increase was primarily related to an increase in recoverable property taxes at one of our properties.

Depreciation and amortization was $3.1 million during the year ended December 31, 2016 and 2015 and primarily relates to our ownership of the hotels under our master lease and our ownership of the structure at the Buckler Apartments property.

General and administrative expenses represent an allocation of expenses to us from iStar. General and administrative expenses include certain iStar corporate functions, including executive oversight, treasury, finance, human resources, tax compliance and planning, internal audit, financial reporting, information technology and investor relations. General and administrative expenses, including stock based compensation, represent a pro rata allocation of costs from iStar's net lease and corporate business segments based on our average net assets. General and administrative expenses increased to $2.9 million for the year ended December 31, 2016 from $2.3 million for the same period in 2015, primarily due to an increase in our allocable base of assets in 2016 from 2015.

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 stockholders and meet other general business needs. In order to qualify as a REIT, we are required under the Code to distribute to our stockholders, 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 stockholders sufficient to meet REIT qualification requirements.

While we may be able to anticipate and plan for certain liquidity needs, there may be unexpected increases in uses of cash that are beyond our control and which would affect our financial position, liquidity and results of operations. Even if there are no material changes to our anticipated liquidity requirements, our sources of liquidity may be fewer than, and the funds available from such sources may be less than, anticipated or needed. Our primary sources of liquidity will generally consist of cash on hand and cash generated from our operating activities, financings and unused borrowing capacity under our new revolving credit facility.

We expect our short-term liquidity requirements to include:

- distributions to our stockholders;
- operating expenses;
- working capital; and
- debt service.

We expect to meet our short-term liquidity requirements through our cash flows from operations, the net proceeds from this offering and the concurrent iStar placement and our new $300 million revolving credit facility that we expect to enter into at the closing of this offering. The availability of these borrowings is subject to the conditions set forth in the applicable loan agreement.

We expect our long-term liquidity requirements to include:

- acquisitions and originations of ground net lease investments; and
- debt maturities.

We expect to meet our long-term liquidity requirements through our cash flows from operations, the net proceeds from this offering and the concurrent iStar placement, our new revolving credit facility that we expect to enter into at the closing of this offering, mortgage financings, debt issuances, common and/or preferred equity issuances and asset sales.

Upon completion of this offering, the concurrent iStar placement and the formation transactions, we estimate we will receive gross proceeds of approximately $ million (or $ million if the underwriters' option to purchase additional shares is exercised in full), assuming shares of our common stock are sold in this offering at an initial public offering price of $ per share, which is the mid-point of the initial public offering price range set forth on the cover page of this prospectus. iStar has agreed to pay the underwriting discounts and commissions payable to the underwriters in connection with this offering, our other offering expenses and our expenses incurred in connection with the concurrent iStar placement, in an aggregate amount not to exceed $25 million. After deducting the costs of our new revolving credit facility and expenses of this offering and the concurrent iStar placement not paid by iStar (comprised of transfer taxes), the net proceeds from this offering and the concurrent iStar placement are expected to be approximately $ million (or $ million if the underwriters' option to purchase additional shares is exercised in full).

We will contribute the net proceeds from this offering and the concurrent iStar placement to our operating partnership in exchange for operating partnership units in the same number as the number of shares of our common stock issued in this offering and the concurrent iStar placement. We will use the net proceeds from this offering and the concurrent iStar placement to purchase the acquisition GNLs for an aggregate purchase price of $142.0 million, for funding $2.2 million of costs of our new revolving credit facility and transaction expenses not paid by iStar (comprised of transfer taxes of approximately $1.4 million) and for general business purposes, including future acquisitions and originations of GNLs. If an acquisition GNL transaction does not close for any reason, we will instead use the net proceeds intended for such transaction for general business purposes.

Concurrently with the completion of this offering, we and our operating partnership expect to enter into an agreement for a new $300 million revolving credit facility from lenders that will include certain of the underwriters of this offering or their respective affiliates. Our new revolving credit facility will bear interest at an annual rate of applicable LIBOR plus 1.35%, will mature in May 2020 and will be secured by a borrowing base of assets not otherwise pledged to secure the initial portfolio financing. We expect to use this new revolving credit facility to, among other things, fund the acquisition and origination of investments, general business purposes and working capital. See "Description of Indebtedness—The New Revolving Credit Facility" for more information about the new revolving credit facility.

We will enter into the management agreement with our manager effective upon the completion of this offering. We will also reimburse our manager for all operating expenses incurred by our manager in providing services under the management agreement, including expenses related to legal, accounting, due diligence and other services, except that our manager has agreed not to seek reimbursement for certain personnel expense allocations during the first year of the management agreement. We have designed our management agreement with terms that we believe are beneficial to us and our stockholders. Specifically, during the first year of the management agreement, we will pay no management fee to our manager. Thereafter, we will pay our manager a management fee, payable solely in shares of our common stock, equal to the sum of 1.0% of our total equity up to $2.5 billion and 0.75% of our total equity in excess of $2.5 billion. Our manager will be restricted from selling shares of our common stock paid to it as management fees for two years from the date such shares are issued, subject to certain exceptions. Our manager will not be entitled to receive any additional performance or incentive compensation. Our management agreement will have an initial term of one year with annual renewals to be approved by a majority of the independent members of our board of directors. Additionally, the management agreement may be terminated by us or our manager at the end of each annual term without the payment of a termination fee; provided, however, that we may not terminate the management agreement unless a successor guarantor reasonably acceptable to iStar has (i) agreed to replace iStar under its limited recourse guaranty and environmental indemnity with respect to our initial portfolio financing or (ii) provided iStar with a reasonably acceptable indemnity for any losses suffered by iStar on its limited recourse guaranty and environmental indemnity after its termination as our manager. See "Our Manager and the Management Agreement—Management Agreement."

Upon completion of this offering, the concurrent iStar placement and the formation transactions, we expect to have $227 million of debt outstanding, consisting solely of the initial portfolio financing.

Leverage Policies

We expect to utilize leverage. Our current strategy is to generally target overall leverage at an amount that is approximately 25% of the aggregate Combined Property Value of our portfolio, but not to exceed a ratio of 2:1 relative to our total equity. However, our organizational documents do not limit the amount of indebtedness that we may incur. We anticipate that our manager, under the supervision of our board of directors, will consider a number of factors in evaluating our level of indebtedness from time to time, as well as the amount of such indebtedness that will be either fixed or floating rate. We expect to have $227 million of debt outstanding upon the completion of this offering, the concurrent iStar placement and the formation transactions. Our overall leverage will depend on our mix of investments and the cost of leverage. Our board of directors may from time to time modify our leverage policies in light of the then-current economic conditions, relative costs of debt and equity capital, market values of our properties, general market conditions for debt and equity issuances, fluctuations in the market price of our common stock, growth and acquisition opportunities and other factors, including the restrictive covenants under our initial portfolio financing and our new revolving credit facility. See "Description of Indebtedness."

Indebtedness to be Outstanding Upon Completion of This Offering

As part of our formation transactions, we entered into the $227 million initial portfolio financing and concurrently with the completion of this offering, we and our operating partnership expect to enter into a new revolving credit facility in an aggregate original principal amount of $300 million. See "Description of Indebtedness" for a description of the terms of the initial portfolio financing and the expected terms of our new revolving credit facility. In connection with and prior to the closing of the initial portfolio financing, we entered into a $200 million notional rate lock swap, bringing the effective rate of the initial portfolio financing down from 3.795% to 3.773%.

Contractual Obligations—We did not have any contractual obligations as of December 31, 2015. The following table summarizes our contractual obligations as of December 31, 2016.

	Amounts Due By Period					
	Total	Less Than 1 Year	1 - 3 Years	3 - 5 Years	5 - 10 Years	After 10 Years
	(in thousands)					
Interest expense	—	—	—	—	—	—
Northside Forsyth Hospital Medical Center Funding Commitment[(1)]	1,042	1,042	—	—	—	—
Total	**$ 1,042**	**$ 1,042**	**$ —**	**$ —**	**$ —**	**$ —**

(1) Represents the balance as of December 31, 2016 of a commitment by us to fund a portion of the development costs of this property under the GNL relating to the Northside Forsyth Hospital Medical Center. See "Business and Properties—Descriptions of Properties in Our Initial Portfolio—Northside Forsyth Hospital Medical Center." The remaining balance was fully funded as of March 31, 2017.

The following table summarizes our contractual obligations as of March 31, 2017.

	Amounts Due By Period					
	Total	Less Than 1 Year	1 - 3 Years	3 - 5 Years	5 - 10 Years	After 10 Years
	(in thousands)					
Interest expense[(1)]	$ 87,534	$ 8,734	$ 17,492	$ 17,469	$ 43,695	$ 143
Debt obligations	227,000	—	—	—	—	227,000
Total	**$ 314,534**	**$ 8,734**	**$ 17,492**	**$ 17,469**	**$ 43,695**	**$ 227,143**

(1) The initial portfolio financing bears interest at an annual rate of 3.795%. In connection with and prior to the closing of the loan, we entered into a $200 million national rate lock swap, bringing the effective rate of the financing down from 3.795% to 3.773%. For purposes of

calculating interest expense, we have assumed that the initial portfolio financing will be repaid on or before April 6, 2027.

Off-Balance Sheet Arrangements—As of March 31, 2017, we did not have any off-balance sheet arrangements.

Distribution Policy

In order to qualify as a REIT, we must distribute to our stockholders, 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. In addition, we will be subject to U.S. federal income tax at regular corporate rates to the extent that we distribute less than 100% of our net taxable income (including net capital gains) and will be subject to a 4% nondeductible excise tax on the amount, if any, by which our distributions in any calendar year are less than a minimum amount specified under U.S. federal income tax laws. We intend to distribute our net taxable income to our stockholders in a manner intended to satisfy the REIT 90% distribution requirement and to eliminate U.S. federal income tax liability on our income and the 4% nondeductible excise tax.

Before we make any distribution to our stockholders, whether for U.S. federal income tax purposes or otherwise, we must first meet both our operating requirements and obligations to make payments of principal and interest, if any, on our outstanding debt obligations. However, under some circumstances, we may be required to use cash reserves, incur debt or liquidate assets at times or upon terms that we regard as unfavorable or make a taxable distribution of shares of our common stock in order to satisfy the REIT 90% distribution requirement and to eliminate U.S. federal income tax and the 4% nondeductible excise tax in that year. We currently expect that our operating cash flow will cover our initial distribution for the 12 months following completion of this offering. We currently have no intention to make distributions using shares of our common stock.

Inflation

Substantially all of the leases at our properties allow for periodic contractual rent escalators. Such types of leases serve to minimize the risks of inflation on our business. While we do not believe inflation has had a material impact on our predecessor's historical financial position, cash flows or results of operations, our leases are long-term and we may not be able to provide adequate protection against inflation over the entire term of each lease. See "Risk Factors—Risks Related to Our Portfolio and Our Business—The rental payments under our leases may not keep up with changes in market value and inflation."

Seasonality

We do not consider our business to be subject to material seasonal fluctuations except for those GNLs for which the tenant operates hotels.

Quantitative and Qualitative Disclosures About Market Risk

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.

We had no debt outstanding at December 31, 2016. As of March 31, 2017, we had $227 million of fixed-rate debt outstanding from the initial portfolio financing.

Critical Accounting Policies

Basis of Presentation—The combined financial statements have been prepared on a carve-out basis and have been prepared from the historical balance sheets, statements of operations and cash flows attributed to the predecessor of our business as reflected in the audited and unaudited financial statements contained elsewhere in this prospectus, in conformity with GAAP. Historically, combined financial statements of our predecessor have not been prepared as it has not operated separately from iStar. These combined financial statements reflect the revenues and expenses of our predecessor and include material assets and liabilities of iStar that are specifically identifiable and generated through, or associated with, an in-place ground net lease, which have been reflected at iStar's historical basis given that the transaction through which it obtains such assets and liabilities is a transaction among entities under common control. These combined financial statements exclude the assets, liabilities and activities that occurred prior to the contribution of the in-place ground net lease related to the contribution transaction described in Notes 4 and 5 of our combined financial statements.

The preparation of these combined financial statements in conformity with GAAP requires us 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. These combined financial statements include an allocation of general and administrative expenses and interest expense from iStar related to our predecessor. General and administrative expenses include certain iStar corporate functions, including executive oversight, treasury, finance, human resources, tax compliance and planning, internal audit, financial reporting, information technology and investor relations. Interest expense represents the amount of interest expense allocated to us by iStar. Interest expense was allocated to us by calculating our average net assets as a percentage of the average net assets in iStar's net lease business segment and multiplying that percentage by the interest expense allocated to iStar's net lease business segment. We believe the allocation methodology for general and administrative expenses and interest expense is reasonable. The amounts allocated in the accompanying combined financial statements are not necessarily indicative of the actual amount of such indirect expenses that would have been recorded had our predecessor been a separate independent entity.

Principles of Combination—The combined financial statements include on a carve-out basis the historical balance sheets, statements of operations and cash flows attributed to our predecessor.

Real estate—Real estate assets are recorded at cost less accumulated depreciation and amortization, as follows:

Capitalization and depreciation—Certain improvements and replacements are capitalized when they extend the useful life of the asset. Repair and maintenance costs are expensed as incurred. Depreciation is computed using the straight-line method over the estimated useful life, which is generally 40 years for facilities, the shorter of the remaining lease term or expected life for tenant improvements and the remaining useful life of the facility for facility improvements.

Purchase price allocation—Upon acquisition of real estate, we determine whether the transaction is a business combination, which is accounted for under the acquisition method, or an acquisition of assets. For both types of transactions, we recognize and measure identifiable assets acquired, liabilities assumed and any noncontrolling interest in the acquiree based on their relative fair values. For business combinations, we recognize and measure goodwill or gain from a bargain purchase, if applicable, and expense acquisition-related costs in the periods in which the costs are incurred. For acquisitions of assets, acquisition-related costs are capitalized and recorded in "Real estate, net" on our combined balance sheets. If we acquire real estate and simultaneously enter into a lease of the real estate, the acquisition will be accounted for as an asset acquisition.

We account for our acquisition of properties by recording the purchase price of tangible and intangible assets acquired and liabilities assumed based on their estimated fair values. The value of the tangible assets, consisting of land, buildings, building improvements and tenant improvements is determined as if these assets are vacant. Intangible assets may include the value of lease incentive assets, above-market leases, and in-place leases, which are each recorded at their estimated fair values and included in "Deferred expenses and other assets, net" on our combined balance sheets. Intangible liabilities may include the value of below-market leases, which are recorded at their estimated fair values and included in "Accounts payable, accrued expenses and other liabilities" on our combined balance sheets. In-place leases are amortized over the remaining non-cancelable term and the amortization expense is included in "Depreciation and amortization" in our combined statements of operations. Lease incentive assets and above-market (or below-market) lease value are amortized as a reduction of (or, increase to) operating lease income over the remaining non-cancelable term of each lease plus any renewal periods with fixed rental terms that are considered to be below-market. We may also engage in sale/leaseback transactions whereby we execute a net lease with the occupant simultaneously with the purchase of the asset.

Deferred financing fees—Deferred financing fees associated with debt obligations are recorded as a reduction of the carrying value of "Debt obligations, net" on our consolidated balance sheets. The amortization of deferred financing fees is included in "Interest expense" in our consolidated statements of operations.

Impairments—We review real estate assets for impairment in value whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. The value of a long-lived asset held for use is impaired if management's estimate of the aggregate future cash flows (undiscounted and without interest charges) to be generated by the asset (taking into account the anticipated holding period of the asset) are less than its carrying value. Such estimate of cash flows considers factors such as expected future operating income trends, as well as the effects of demand, competition and other economic factors. To the extent impairment has occurred, the loss will be measured as the excess of the carrying amount of the asset over the estimated fair value of the asset and reflected as an adjustment to the basis of the asset. Impairments of real estate assets are recorded in "Impairment of assets" in our combined statements of operations.

We consider funding receivables (refer to Note 5 of our combined financial statements) to be impaired when, based upon current information and events, we believe that it is probable that we will be unable to collect all amounts due under the contractual terms of the agreement. This assessment is made each quarter based on such factors as payment status, borrower financial resources and investment in collateral, collateral type, project economics and geographical location as well as national and regional economic factors. A reserve is established for an impaired receivable when the present value of payments expected to be received or the estimated fair value of the collateral (for receivables that are dependent on the collateral for repayment) is lower than the carrying value of that receivable.

Deferred expenses and other assets—Deferred expenses include leasing costs such as brokerage, legal and other costs which are amortized over the life of the respective leases and presented as an operating activity in our combined statements of cash flows. Amortization of leasing costs is included in "Depreciation and amortization" in our combined statements of operations. Other assets primarily includes a receivable related to the funding provided to a certain investment in a ground net lease. This receivable is classified as held-for-investment and is reported at its outstanding unpaid principal balance and includes accrued and paid-in-kind interest.

Dispositions—Gains on the sale of real estate assets are recognized in accordance with Accounting Standards Codification ("ASC") 360-20, *Real Estate Sales*. Gains on sales of real estate are recognized for full profit recognition upon closing of the sale transactions, when the profit is determinable, the earnings process is virtually complete, the parties are bound by the terms of the contract, all consideration has been exchanged, any permanent financing for which the seller is responsible has been arranged and all conditions for closing have been performed. We primarily use specific identification and the relative sales value method to allocate costs.

Identified intangible assets and liabilities—Upon the acquisition of a business, we record intangible assets or liabilities acquired at their estimated fair values and determine whether such intangible assets or liabilities have finite or indefinite lives. As of March 31, 2017, December 31, 2016 and December 31, 2015, all such intangible assets acquired and liabilities assumed by us had finite lives. Intangible assets are included in "Deferred operating lease income receivable, net" and intangible liabilities are included in "Accounts payable, accrued expenses and other liabilities" on our combined balance sheets. We amortize finite lived intangible assets and liabilities over the period during which the assets or liabilities are expected to contribute directly or indirectly to the future cash flows of the business acquired. We review finite lived intangible assets for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. If we determine the carrying value of an intangible asset is not recoverable we will record an impairment charge to the extent its carrying value exceeds its estimated fair value. Impairments of intangible assets are recorded in "Impairment of assets" in our combined statements of operations.

Revenue recognition—Our revenue recognition policies are as follows:

Operating lease income—Our leases have all been determined to be operating leases. Operating lease income is recognized on the straight-line method of accounting, generally from the later of the date the lessee takes possession of the space and it is ready for its intended use or the date of acquisition of the asset subject to existing leases. Accordingly, contractual lease payment increases are recognized evenly over the term of the lease. The periodic difference between lease income recognized under this method and contractual lease payment terms is recorded as deferred operating lease income receivable and is included in "Deferred expenses and other assets, net" on our combined balance sheets. We are also entitled to percentage rent pursuant to some of our leases and record percentage rent as operating lease income when earned.

We estimate losses within operating lease income receivable and deferred operating lease income receivable balances as of the balance sheet date and incorporates an asset-specific reserve based on management's evaluation of the credit risks associated with these receivables. As of March 31, 2017 and December 31, 2016, we did not have an allowance for doubtful accounts related to real estate tenant receivables or deferred operating lease income.

Other income—Other income includes interest income, non-recurring lease termination fees and other ancillary income. Interest income on other assets is recognized on an accrual basis using the effective interest method. We consider receivables to be non-performing and place receivables on non-accrual status at such time as: (1) the receivable becomes 90 days delinquent; (2) the receivable 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 receivable.

Income taxes—We intend to elect and qualify to be taxed as a REIT under sections 856 through 859 of the Code beginning with our taxable year ending December 31, 2017. We will be subject to U.S. federal and state income taxation at corporate rates on our net taxable income; we, however, may claim a deduction for the amount of dividends paid to our stockholders. Amounts distributed as dividends by us will be subject to taxation at the stockholder level only. While we must distribute at least 90% of our REIT taxable income (excluding net capital gains) to qualify as a REIT, we intend to distribute substantially all of our net taxable income, if any, and eliminate U.S. federal and state taxes on undistributed net taxable income. Certain states may impose minimum franchise taxes. In addition, we are allowed certain other non-cash deductions or adjustments, such as depreciation expense attributable to certain of our assets (not including land), when computing our net taxable income and distribution requirement. These deductions permit us to reduce our dividend payout requirement under federal tax laws. We intend to operate in a manner consistent with our intention to qualify as a REIT. For the periods presented, we did not have any TRS that would be subject to taxation.

New accounting pronouncements—In June 2016, the FASB issued ASU 2016-13, *Financial Instruments—Credit Losses: Measurement of Credit Losses on Financial Instruments* ("ASU 2016-13") which was issued to provide financial statement users with more decision-useful information about the expected credit losses on financial instruments held by a reporting entity. This amendment replaces the incurred loss impairment methodology in current GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. ASU 2016-13 is effective for interim and annual reporting periods beginning after December 15, 2019. Early adoption is permitted for interim and annual reporting periods beginning after December 15, 2018. Management does not believe the guidance will have a material impact on the Company's consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, which requires the recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases. For operating leases, a lessee will be required to: (i) recognize a right-of-use asset and a lease liability, initially measured at the present value of the lease payments, in its statement of financial position; (ii) recognize a single lease cost, calculated so that the cost of the lease is allocated over the lease term, generally on a straight-line basis; and (iii) classify all cash payments within operating activities in its statement of cash flows. The accounting applied by a lessor is largely unchanged from that applied under previous GAAP. However, in certain instances where the lessee effectively obtains control of the underlying asset, a long-term lease of land could be classified as a sales-type lease, resulting in the lessor derecognizing the underlying asset from its books and recording a profit or loss on the sale and a net investment in the lease. ASU 2016-02 is effective for interim and annual reporting periods beginning after December 15, 2018. Early adoption is permitted. We are evaluating the impact of the guidance on the Company's combined financial statements.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* ("ASU 2014-09") which supersedes existing industry-specific guidance, including ASC 360-20, Real Estate Sales. The new standard is principles-based and requires more estimates and judgment than current guidance. Certain contracts with customers, including lease contracts and financial instruments and other contractual rights, are not within the scope of the new guidance. In August 2015, the FASB issued ASU 2015-14, Revenue from Contracts with Customers—Deferral of the Effective Date, to defer the effective date of ASU 2014-09 by one year. ASU 2014-09 is now effective for interim and annual reporting periods beginning after December 15, 2017. Early adoption is permitted beginning January 1, 2017. We are evaluating the impact of the guidance on the Company's combined financial statements.

DESCRIPTION OF INDEBTEDNESS

The Initial Portfolio Financing

On March 30, 2017, certain of our wholly-owned subsidiaries (the "borrowers") entered into a Loan Agreement with Barclays Bank PLC, JPMorgan Chase Bank, National Association and Bank of America, N.A., affiliates of certain underwriters in this offering, under which the borrowers borrowed $227 million. The loan is secured by first mortgage or analogous liens on our initial portfolio and is generally non-recourse to the borrowers, except in certain cases as described below. We refer to the loan as the "initial portfolio financing."

The initial portfolio financing bears interest at an annual rate of 3.795%. In connection with and prior to the closing of the loan, we entered into a $200 million notional rate lock swap, bringing the effective rate of the financing down from 3.795% to 3.773%. The loan requires interest-only payments until October 2025, at which time all revenue available from the collateral will be applied in accordance with an order of priorities as set forth in the Loan Agreement unless the borrowers deposit $12.0 million of cash collateral with the lenders or obtain a letter of credit in such amount. If the borrowers have not repaid the initial portfolio financing on or before the "anticipated repayment date" of April 6, 2027, the interest rate will be increased to the greater of (i) 6.795%, (ii) the then current one year treasury note rate plus 3.00% and (iii) the then current one year treasury swap rate plus 3.00% (the "Adjusted Interest Rate"). In addition, if the borrowers have not repaid the initial portfolio financing on or before the anticipated repayment date, all revenue available from the collateral after the anticipated repayment date will be applied in accordance with an order of priorities set forth in the Loan Agreement, including to fund certain reserves, to the extent required under the Loan Agreement, for the benefit of the lenders under the initial portfolio financing, payment of interest at an annual rate of 3.795% and other amounts due to the lenders with any remaining excess funds being used to pay down the initial portfolio financing. Interest not paid at the Adjusted Interest Rate shall itself accrue at the Adjusted Interest Rate. The final maturity date of the initial portfolio financing is April 6, 2028.

Beginning on the date that is the earlier of (i) March 30, 2020 and (ii) the second anniversary of the date on which the lenders securitize the last portion of the initial portfolio financing, until November 9, 2026, the borrowers may:

- prepay the indebtedness under the initial portfolio financing in whole or in part if the borrowers pay a yield maintenance premium;
- defease the indebtedness under the initial portfolio financing in whole or in part by depositing U.S. treasury securities with the lenders in amounts that will generate sufficient cash flows to pay amounts due under the initial portfolio financing as close as possible to the originally scheduled payment dates with respect to the portions of the initial portfolio financing being defeased; or
- obtain a partial release of a property by paying down the initial portfolio financing in an amount equal to 120% of a specified loan amount allocated to the property plus a yield maintenance premium (except that no yield maintenance premium will be required in certain circumstances with respect to releases of properties in connection with a major casualty or condemnation event).

If the borrowers elect an option to prepay or defease the initial portfolio financing in part, the borrowers are only permitted to elect the same option thereafter with respect to early paydowns of defeasances or releases of collateral security for the initial portfolio financing. The borrowers may generally only prepay or defease the loan in part, or obtain a partial release of a property, only if the remaining collateral pool continues to meet certain financial tests. The borrowers may prepay the loan without payment of a yield maintenance premium in connection with the sale of any of the Hilton hotels subject to the master lease with Hilton to the tenant upon exercise of the tenant's purchase option under the lease in the event of a major casualty or condemnation event.

Following November 9, 2026, the borrowers are permitted to prepay the indebtedness under the initial portfolio financing in whole or in part without payment of a yield maintenance premium, provided, that, in no instance are the borrowers permitted to release any properties encompassing the initial portfolio following the anticipated repayment date. During periods commencing upon the earliest to occur of any of the following conditions, and until such condition (other than a condition arising by virtue of the occurrence and continuance of an event of default) is remedied in accordance with the Loan Agreement: (i) the occurrence and continuance of an event of default, (ii) the debt service coverage ratio, as defined in the Loan Agreement, is less than 1.50 to 1.0 for two consecutive calendar quarters, and (iii) the occurrence of the monthly payment date under the initial portfolio financing occurring on October 6, 2025 (unless the borrowers deposit $12.0 million in cash collateral with the lenders or obtain a letter of credit in such amount), all revenue available from the collateral will be applied in accordance with an order of priorities set forth in the Loan Agreement, including to fund certain reserves, to the extent required under the Loan Agreement, for the benefit of the lenders under the initial portfolio financing, default interest, if any, regular interest and other amounts due to the lenders with all excess amounts "trapped" as additional collateral for the initial portfolio financing. Our borrowers may forestall a triggering event arising other than from an event of default by delivering cash or a letter of credit to the lenders sufficient to cause the triggering event to be avoided or ended. In addition to the foregoing, excess cash shall be applied following the anticipated repayment date as set forth above.

With respect to any period for which we are the guarantor of the initial portfolio financing, the initial portfolio financing will become recourse to us to the extent of losses incurred by the lenders under the initial portfolio financing with respect to:

- fraud and intentional misrepresentation by a borrower party (including a borrower, guarantor, affiliated manager and certain borrower-owned entities) in connection with the loan;

- gross negligence or willful misconduct of a borrower party (including, without limitation, any litigation or other legal proceedings filed by a borrower party that delays, hinder or otherwise interferes with or frustrates the lenders' exercise of its rights and remedies;

- physical waste to any property (or portion thereof) caused by the intentional acts or intentional omissions of any borrower party and/or the removal or disposal by a borrower party or its affiliates of any portion of any property during the continuance of an event of default;

- misapplication, misappropriation or conversion by any borrower party of insurance proceeds, rents, security deposits or other monetary collateral for the initial portfolio financing;

- failure to pay taxes, labor or materials charges that can result in liens on a property, unless the liens are being properly contested or sufficient cash flow is not available from the collateral to pay amounts for reasons other than misappropriation by a borrower;

- failure to pay insurance premiums and maintain insurance policies in full force and effect and/or provide the lenders under the initial portfolio financing evidence of the same, unless sufficient cash flow is not available from the collateral to pay such amounts for reasons other than misappropriation by a borrower;

- any security deposits which are not delivered to the lenders under the initial portfolio financing within the time frames required under the initial portfolio financing loan agreement except to the extent the same are applied in accordance with the terms and conditions of the leases prior to the occurrence of an event of default;

- any violation or breach of law by an borrower party of any applicable law mandating the forfeiture or seizure of any property;
- failure to apply payments of condemnation proceeds and additional amounts needed to any applicable securitization trust to maintain its tax status as a REMIC to reduce the principal balance of the loan;
- any indemnity obligation of the lenders under the initial portfolio financing with respect to any lockbox agreement related to such initial portfolio financing;
- any failure by the borrowers to comply with cash management provisions of such initial portfolio financing loan agreement or failure to comply with any limitations on instructing any property manager;
- without limiting the full recourse described below, any violation of the single purpose entity representations, warranties and covenants contained in the initial portfolio financing loan agreement;
- without limiting the full recourse described below, any violation or breach of any representation, warranties and covenants related to transfer restrictions contained in the initial portfolio financing agreement;
- the failure of the lenders under the initial portfolio financing to be paid 120% of a specified loan amount allocated to the property known as One Ally Center upon a total condemnation of such property;
- (1) any amendment or modification or termination of cancellation of any GNL by borrower without the lenders' consent under the initial portfolio financing loan agreement in accordance with the terms and conditions thereof or (2) any termination or cancellation of any GNL due to a default by borrower thereunder.

In addition to the foregoing, with respect to any period for which we are the guarantor of the initial portfolio financing, the initial portfolio financing will be fully recourse to us if (i) the first full monthly payment of interest for the initial portfolio financing is not paid when due in May 2017, (ii) any single purpose entity representation, warranty or covenant contained in the initial portfolio financing loan agreement is violated or breached which results in the substantive consolidation of borrower with any other person, (iii) a borrower fails to obtain lenders' prior written consent to any voluntary transfer of any material portion of any property or any voluntary act that causes a change (directly or indirectly) in the ownership of a borrower to the extent lender's consent was required under the initial portfolio financing loan agreement, (iv) a voluntary and/or collusive involuntary bankruptcy of borrower occurs and/or certain related action as set forth in the initial portfolio financing loan agreement or (v) the ground lease related to the property known as Doubletree Seattle Airport is terminated, cancelled and/or otherwise ceases to exist or is rejecting in a proceeding under the bankruptcy code and/or any creditors rights laws (however, our full recourse liability with respect to this clause (v) is limited to 120% of the loan amount allocated to such property together with lenders' fees, costs and expenses in connection therewith).

A limited recourse guaranty and environmental indemnity from iStar will remain in effect until we have achieved either an equity market capitalization of at least $500.0 million (inclusive of the initial portfolio) or a net worth of at least $250.0 million (exclusive of the initial portfolio), and we or a replacement guarantor provides similar guaranties and indemnities to the lenders. Our management agreement with our manager provides that we may not terminate the management agreement unless a successor guarantor reasonably acceptable to iStar has agreed to replace iStar under its limited recourse guaranty and environmental indemnity with respect to our initial portfolio financing or has provided iStar with a reasonably acceptable indemnity for any losses suffered by iStar on its limited recourse guaranty and environmental indemnity after its termination as our manager. We have agreed to indemnify iStar for any amounts it is required to pay, or other losses it suffers, under its limited recourse guaranty and environmental indemnity, other than as a result of iStar's material breach of its obligations under the initial portfolio financing.

Events of default under the initial portfolio financing include the following:

- failure to pay monthly debt service, amounts due at maturity or reserves for ground rent to the extent due;
- failure of pay amounts other than those set forth immediately above when due and such failure continues for five business days after notice;
- failure to pay taxes and other charges when due, unless such amounts had been reserved and were available to the lenders;
- failure to maintain insurance policies in full force and effect or failure to provide the lenders with evidence of the same;
- breach of representations, warranties and covenants, including restrictions on transfers;
- bankruptcy-related events;
- the occurrence of defaults under other mortgages or security documents covering the initial portfolio;
- the imposition of mechanics liens, tax liens or other similar liens, other than liens for taxes not yet due, which liens remain undischarged;
- failure to deliver required estoppels;
- defaults under any guaranty or indemnity executed in connection with the initial portfolio financing;
- any assumptions underlying the non-consolidation legal opinion rendered to the lenders are or become untrue in any material respect;
- defaults under, or the cancellation or termination of, property management agreements, unless a replacement agreement with a qualified manager is entered into;
- breach of ERISA-related representations and covenants;
- failure to make ground rent and other payments due by us under agreements affecting the initial portfolio; and
- breach of our obligations to assist the lenders in their securitization efforts or efforts to divide the loan into a mortgage and mezzanine loan.

Certain of the defaults are subject to certain notice and cure periods. In some cases, such as a failure of a tenant to pay required taxes, a default may be triggered by the actions or omissions of our tenants who have substantial control over the activities conducted on the properties subject to our GNLs. It may be difficult for us to address such default in a timely manner, which may result in an event of default under the initial portfolio financing.

The New Revolving Credit Facility

Concurrently with the closing of this offering, we expect to enter into an agreement with a group of lenders for a senior secured revolving credit facility in the maximum aggregate initial original principal amount of up to $300.0 million. We expect that Merrill Lynch, Pierce, Fenner & Smith Incorporated, JPMorgan Chase Bank, N.A. and Barclays Bank PLC, each an underwriter or an affiliate of an underwriter in this offering, will act as joint lead arrangers, with Merrill Lynch, Pierce, Fenner & Smith Incorporated acting as sole bookrunner and Bank of America, N.A. acting as administrative agent.

We expect that the new revolving credit facility will have a term of three years with two 12-month extension options exercisable by us, subject to certain conditions, and will initially bear interest at an annual rate of applicable LIBOR plus 1.35%. The applicable LIBOR will be the rate with a term equivalent to the interest period applicable to the relevant borrowing. Borrowings will be available based on a borrowing base of assets comprised of GNLs and first priority mortgage loans held by us on GNLs owned by third parties; provided, however, that GNLs of unimproved land or properties under development may not exceed 10% of the borrowing base assets and mortgage loans may not exceed 10% of the borrowing base assets. The facility will be freely prepayable at any time and will be mandatorily prepayable by us if the borrowing base availability is at any time less than zero (in an amount equal to such deficiency in coverage). We will be able to re-borrow amounts paid down, subject to the borrowing base and other borrowing conditions. We will be required to pay revolving credit fees throughout the term of the facility based upon our usage of the facility during the period before we receive an investment grade corporate credit rating from S&P Global Ratings, or S&P, or Moodys Investors Service, Inc., or Moody's, and based on the aggregate amount of commitments under the facility, regardless of usage, from and after the time, if applicable, we receive an investment grade corporate credit rating from S&P or Moody's. The facility will provide an accordion feature to increase, subject to certain conditions, the maximum availability of the facility to up to $500.0 million.

Our operating partnership and each of our subsidiaries that owns a direct or indirect interest in a borrowing base asset will be guarantors under the facility until we receive an investment grade corporate credit rating from S&P or Moody's, and provided that the guarantors are not borrowers or guarantors in respect of any of our unsecured or pari passu secured indebtedness at such time. We will pledge equity interests in the guarantors, other than the operating partnership, as collateral for the facility. Under certain circumstances, we may also be required to grant mortgages to the lenders on borrowing base assets. Collateral will be released if we achieve an investment grade rating from S&P or Moody's and satisfy other conditions.

We will be subject to financial covenants under the facility, including maintaining: a limitation on total consolidated leverage of not more than 70%, or 75% for no more than 180 days, of our total consolidated assets; a consolidated fixed charge coverage ratio of at least 1.75x; a consolidated tangible net worth of at least 75% of our tangible net worth at the date of the facility plus 75% of future issuances of net equity; a consolidated secured leverage ratio of not more than 70%, or 75% for no more than 180 days, of our total consolidated assets; and a secured recourse debt ratio of not more than 5.0% of our total consolidated assets. Additionally, although we are generally prohibited from making distributions to our shareholders during the term of our new revolving credit facility, we may make distributions in the amount required for us to qualify or maintain our status as a REIT and, subject to the absence of certain defaults, to avoid the payment of federal or state income or excise tax.

Closing of the facility is conditioned on our satisfaction of certain conditions.

BUSINESS AND PROPERTIES

Overview

We believe that we are the first publicly-traded company formed primarily to acquire, own, manage, finance and capitalize ground net leases, or GNLs. GNLs 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. GNLs are typically "triple net" leases, meaning that the tenant is responsible for development costs, capital expenditures and all property operating expenses, such as maintenance, real estate taxes and insurance. GNLs 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 CPI-based, or both) and sometimes include percentage rent participations.

We believe that a GNL represents a safe position in a property's capital structure. This safety is derived from the typical structure of a GNL, which we believe creates a low likelihood of a tenant default and a low likelihood of a loss by the GNL owner in the event of a tenant default. A GNL lessor typically has the right to regain possession of its land and take ownership of the buildings and improvements thereon upon a tenant default, which provides a strong incentive for a GNL tenant to make the required GNL rent payments. Additionally, the Combined Property Value of a property subject to a GNL typically exceeds the amount of the GNL owner's investment at the time it was made; therefore, even if the GNL owner takes over the property following a tenant default or upon expiration of the GNL, the owner is reasonably likely to recover substantially all of its GNL investment, and possibly amounts in excess of its investment, depending upon prevailing market conditions.

We target GNLs because we believe that rental income from GNLs can provide us with a safe, secure and growing cash flow stream. We believe that GNLs offer us the opportunity to realize superior risk-adjusted total returns when compared to certain other alternative commercial property debt and equity investments. We intend to target investments in long-term GNLs in which: (i) the initial value of our GNL represents 30% to 45% of the Combined Property Value; (ii) the Ground Rent Coverage of the GNL is between 2.0x to 5.0x; and (iii) the GNL contains contractual rent escalation clauses or percentage rent that participates in gross revenues generated by the commercial real estate on the land. We believe that these target attributes will mitigate the effects of inflation, compensate for anticipated increases in land values over time and establish a conservative position in the case of defaults. We also believe that the GNL structure provides an opportunity for future investment value accretion through the reversion to us, as the GNL owner, of the buildings and improvements on the land at the expiration or earlier termination of the lease, for no additional consideration from us. We intend to construct a portfolio of GNLs diversified by property type, geography, tenant and lease term.

We believe that there is a significant market opportunity for a dedicated provider of GNL capital like us. We believe that the market for existing GNLs is a fragmented market 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 GNLs, our investment thesis is predicated, in part, on what we believe is an untapped market opportunity to expand the use of the GNL structure to a broader component of the approximately $7.0 trillion institutional commercial property market in the United States. We intend to capitalize on this market opportunity by utilizing multiple GNL sourcing and origination channels, including acquiring existing GNLs, manufacturing new GNLs with third-party owners of commercial real estate and originating GNLs to provide capital for development and redevelopment. We further believe that GNLs 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. We intend to draw on the extensive investment origination and sourcing platform of iStar, the parent company of our manager, to actively promote the benefits of the GNL structure to prospective GNL tenants.

We have a diverse initial portfolio that is comprised of 12 properties located in major metropolitan areas that were acquired or originated by iStar over the past 20 years. All of the properties in our initial portfolio are subject to long-term net leases consisting of seven GNLs and one master lease (covering five properties) that provide for periodic contractual rental escalations or percentage rent participations in gross revenues generated at the relevant properties.

We intend to acquire the two acquisition GNLs shortly after the closing of this offering. The acquisition GNLs are located in Los Angeles, California and total approximately 330,000 square feet of land area containing a mix of apartments, retail and parking. Each of the acquisition GNLs has approximately 87 years remaining on its term. The aggregate purchase price for both acquisition GNLs is $142.0 million. iStar has entered into separate definitive purchase agreements to acquire the acquisition GNLs. We will assume the purchase agreements at the closing of this offering or, if iStar has acquired the acquisition GNLs before the closing of this offering, we will acquire the acquisition GNLs from iStar. We intend to complete the purchases using a portion of the net proceeds from this offering and the concurrent iStar placement.

We will be externally managed by SFTY Manager LLC, a wholly-owned subsidiary of iStar. Although our manager was recently formed, iStar has been an active real estate investor for over 20 years and has executed transactions with an aggregate value in excess of $35.0 billion. iStar has an extensive network for sourcing investments, which includes relationships with brokers, corporate tenants and developers, that it has established over its long operating history. As of March 31, 2017, iStar had total assets of approximately $5.3 billion and 191 employees in its New York City headquarters and its seven regional offices across the United States.

We have designed our management agreement with terms that we believe are beneficial to our stockholders. We will pay no management fee to our manager during the first year of the management agreement. Thereafter, our manager will be entitled to a management fee based on our total equity (as defined in our management agreement), which will be payable solely in shares of our common stock, but will not be entitled to receive any additional performance or incentive compensation. Our manager will be restricted from selling shares of our common stock paid to it as management fees for two years from the date such shares are issued, subject to certain exceptions. Our management agreement will have an initial term of one year with annual renewals to be approved by a majority of the independent members of our board of directors. The management agreement may be terminated by us or our manager at the end of each annual term without the payment of a termination fee; provided, however, that we may not terminate the management agreement unless a successor guarantor reasonably acceptable to iStar has (i) agreed to replace iStar under its limited recourse guaranty with respect to our initial portfolio financing or (ii) provided iStar with a reasonably acceptable indemnity for any losses suffered by iStar on its limited recourse guaranty after its termination as our manager. Additionally, concurrently with the completion of this offering, we will enter into an exclusivity agreement with iStar, pursuant to which iStar will agree, subject to certain exceptions, that it will not acquire, originate, invest in, or provide financing for a third party's acquisition of, a GNL unless it has first offered that opportunity to us and a majority of our independent directors has declined the opportunity. See "Our Manager and the Management Agreement—Exclusivity."

On or before April 14, 2017, (i) we completed a series of transactions through which we acquired our initial portfolio from iStar, (ii) we entered into the $227.0 million "initial portfolio financing," which is a loan secured by our initial portfolio of 12 properties and (iii) two institutional investors, GICRE and LA, whom we refer to as the "continuing investors," acquired shares of our common stock, representing a 51% ownership interest in our company at such time. Concurrently with the completion of this offering, iStar will purchase shares of our common stock, having an aggregate value of $45.0 million, equivalent to shares of our common stock based on the mid-point of the initial public offering price range set forth on the cover page of this prospectus, in the concurrent iStar placement at a price per share equal to the initial public offering price in this offering. Immediately after giving effect to this offering, the formation transactions and the concurrent iStar placement, assuming shares of our common stock are sold in this offering at the mid-point of the initial public offering price range set forth on the cover page of this prospectus and the valuation of our initial portfolio implied by the pricing of this offering is at least $340 million (see "Certain Relationships and Related Party Transactions—Stockholder's Agreements with Continuing Investors" and "Structure and Formation of Our Company"), iStar will own approximately % of our outstanding common stock and the continuing investors will own approximately % of our outstanding common stock.

We intend to elect and qualify to be taxed as a real estate investment trust, or REIT, for U.S. federal income tax purposes, commencing with our taxable year ending December 31, 2017.

GNL Market Overview

Unless otherwise indicated, all information contained in this GNL Market Overview section is derived from a market study prepared for us by Rosen Consulting Group ("RCG"), a nationally recognized real estate consulting firm, as of February 10, 2017 and the projections and beliefs of RCG stated herein are as of that date.

According to RCG, there is a significant opportunity to expand the utilization of the ground net lease structure across a large variety of property types and prospective leasehold investors and other counterparties given that there is potential for the favorable risk adjusted returns associated with GNLs relative to those of other real estate assets.

Introduction

Ground net leases have existed for centuries and are currently used to finance all major property types of the commercial real estate market in the United States. Ownership of ground net leases is fragmented and currently dominated primarily by owners seeking long duration assets, such as endowments, pension funds, life insurance companies, religious institutions, family offices, high net worth individuals, and federal and municipal governmental entities, with limited institutional capital dedicated exclusively to the pursuit of the GNL market as an investment class.

Despite the significant volume of ground net lease transaction activity that takes place each year, the fragmented market, combined with limited historical data, makes it difficult to determine the size of the current ground net lease market. According to Real Capital Analytics, over $4.4 billion of existing GNLs were sold in the secondary market in 2015 and 2016 in the United States. This total does not include GNLs that were created (i.e., newly structured leases with underlying assets owned in fee simple in privately negotiated transactions) during this time period, as data regarding newly created GNLs is limited. In addition to existing GNLs, there is a significant opportunity to expand the market size and prevalence of GNLs by creating new GNLs with assets currently owned in fee simple. The U.S. commercial real estate market is the largest in the world with both existing commercial assets and developable raw land. Savills World reports approximately $13.1 trillion of high-quality commercial (office, industrial, lodging, industrial and residential) real estate exists in North America, with the vast majority concentrated in the United States.

History of Ground Net Leases

The introduction of ground or land leasing dates back to the 9th century when lords, who received land directly from the Crown, would lease the land to lesser tenants in exchange for services (often military protection) or rent, which was often payable in the form of livestock or crops produced on the land. The lesser tenants often divided the land into smaller plots that were leased to additional tenants, which today are referred to as "sub-tenants". Since all land was ultimately owned by the Crown, all tenants effectively "held" the land of a superior owner, which today is referred to as a "leasehold interest".

The standard of a 99 year lease term was developed by American colonists, perhaps due to the common law "rule against perpetuities," which generally precludes contracts that tie up property for too long a period of time beyond the lives of people living at the time the contract was entered into.

Today, GNLs are used to capitalize all major segments of the commercial real estate market throughout the world, including office, industrial, retail, lodging, residential and healthcare properties. They are relatively common in England, Scotland, Northern Ireland, Hong Kong, Mainland China and throughout the United States, with concentrations in California, New York and Hawaii. Well-regarded properties in the United States that are on leased land include iconic properties such as the Chrysler Building, Lipstick Building and Saks Fifth Avenue Flagship Headquarters in New York City, along with several other New York City properties such as Battery Park City, Hotel Palomar in the Westwood neighborhood of Los Angeles, the new apartment development, One Santa Fe, in the downtown Los Angeles Arts District, Trump International Hotel in Washington D.C., and the Royal Hawaiian Hotel in Honolulu.

Ground Net Lease Structure

A ground net lease is created when a fee simple landowner, the "lessor" or "landlord," enters into a contract with a person or entity, the "lessee" or "tenant," to grant an interest in a parcel of land for an extended period of time, which generally ranges from 30 to 99 years (prior to any tenant extension options, if applicable). Comparatively, typical tenant operating lease terms on commercial real estate properties are generally between 3 and 20 years.

The ground net lease structure generally separates the ownership of the land from the ownership of the improvements thereon. However, due to the long duration of a typical GNL, the "value" of the improvements is effectively transferred to the tenant given that the useful life of the improvements is typically less than the term of the GNL.

In most GNLs, the landlord and tenant agree to a pre-determined rent payment schedule, which generally includes a rent escalation provision that provides for contractual rent increases at fixed intervals or time periods, for example every year or every 10 years. This rent escalation provision is intended to mitigate the landowner's exposure to inflation risk and compensate the landlord for any increase in the value of the parcel of land underlying the GNL since the time of lease inception.

Rent escalation provisions in GNLs typically include one or a combination of the following components: (a) a fixed percentage escalation, such as 2% per year or 10% every 5 years, (b) an escalation based on the change in an index, such as the consumer price index, or (c) a percentage of the tenant's revenue derived from the operating performance of the commercial real estate on the land.

The tenant, or lessee, is generally responsible for all costs and expenses associated with the leased property including development costs, capital expenditures and all property operating expenses, including maintenance, real estate taxes and insurance. This is referred to as a "true triple net lease," as the lessee's rent payment to the lessor is not subject to any deductions and represents the lessor's absolute net return on its investment. Subject to requirements specified in the lease, the lessee has the right to sell or finance its leasehold interest and to lease the improvements to another party (a "sub-tenant").

At the end of the term of the ground net lease, which often may be extended on one or more occasions by the tenant pursuant to contractual options contained in the lease, the land and improvements thereon revert to the landlord for no additional consideration. This is referred to as a "reversionary interest" and is typical in GNLs. At the end of a GNL's term, if it is not extended, the lessor regains possession of the land and any improvements thereon, whereupon the land owner may enter a new GNL on then current market terms, sell the land and improvements thereon or operate the property directly and lease the space to tenants at prevailing market rates. In the event the GNL's term is extended, the rent during the extension period is typically based on a fair market valuation of the land at the time of extension, at the highest and best use, as determined by an independent appraiser.

The landlord, or lessor, is typically limited in its ability to control how the land is used other than through the provisions negotiated in the GNL. In exchange for generally giving up use of the land pursuant to the GNL, the landlord usually has no operating involvement or obligation, financial or otherwise, to maintain any improvements on the land. For the landlord, the GNL effectively transfers the responsibility, risks and potential profit or loss associated with operating a property on the land to the tenant during the term of the GNL in exchange for the right to receive the recurring ground rent payment from the lessee. Such transfer creates a potentially more stable, lower risk investment for a landlord when compared with many other commercial real estate investments.

The landlord under a ground net lease typically holds the senior and unsubordinated fee interest in the land, and the interests of the leasehold tenant, or lessee, and any leasehold interest mortgage lender are subordinate to the landlord's fee interest. As a result, unsubordinated ground leases provide the landlord with significant protection against tenant default. In the event of a tenant default under the GNL that remains uncured by the tenant or, if applicable, the leasehold interest mortgage lender, the landlord generally has the right to terminate the lease, evict the tenant and regain possession of the land and any improvements thereon.

GNLs can be an attractive option for capitalizing the acquisition, redevelopment, development or recapitalization of commercial real estate assets because they have the potential to efficiently allocate an investment's risk among various capital providers based upon their desired or targeted risk profile. It is very common for mortgage financing on real estate assets to be separated into several components, for example an A note and a B note with the potential for an additional mezzanine tranche. Equity has traditionally been tranched through joint ventures that may allocate profits and losses on a pro rata basis or may include a "promote" to the sponsor/developer based on a "waterfall" or other pre-determined profit sharing arrangement. Ground net leases take this process one meaningful step further by allocating the most secure position in the capital stack of a particular commercial real estate asset, with a priority in cash flow and legal ownership, to the ground lessor, thereby providing the real estate equity investor with an alternative to seeking mezzanine financing and/or joint venture partners. This alternative may allow the real estate equity investor to reduce its capital investment in the project and/or to retain a greater degree of control with respect to the property.

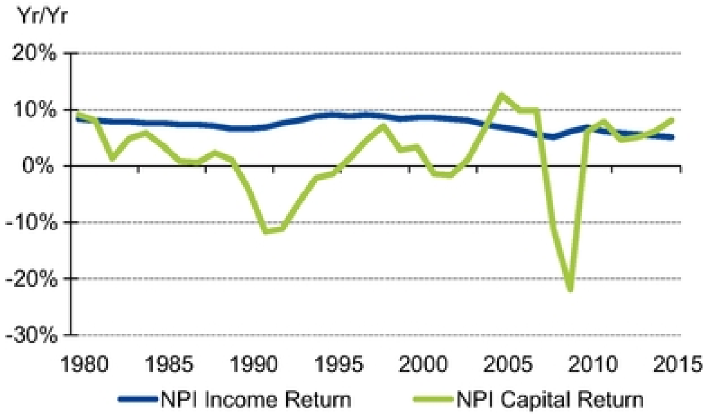
Compelling Investment Characteristics of Ground Net Leases

Four key characteristics of ground net leases account for much of their investment appeal. These include the (1) stability of GNL value, (2) seniority of GNL position in the capital stack, (3) growth of GNL income and the value of the underlying real estate collateral and (4) reversion of the land and any improvements thereon to the GNL landlord at the expiration or earlier termination of the GNL.

Stability of GNL Value

In most commercial real estate investments, the portion of investment return attributed to rental income is more stable than that attributed to any capital appreciation of the asset. The NCREIF Property Index measures the return components of high quality commercial real estate. The index, as depicted below, demonstrates that from 1980 to 2015, the income component of a commercial property's investment return is much more stable than that of the capital appreciation component.

Income Return vs. Capital Appreciation Return



Source: NCREIF

With GNLs, income stability and capital return can be even greater than those associated with direct fee ownership, due to the long lease terms and rent escalation provisions included in most GNLs, which often result in a narrower cap rate trading range than that associated with direct fee ownership over time, as explained further below.

As described above, in addition to ground net leases' senior position, ground net leases offer several return-generating components which provide stable returns in a range of economic environments. Because long-term historical cap rate data for ground net lease transactions is limited, RCG has compared the cap rates associated with ground net lease transactions to those associated with fee simple transactions from data from Real Capital Analytics for ground net lease and fee simple sales in 2015 and 2016, as indicated in the table below, for transactions for which cap rate data was available.

Ground Net Lease to Fee Simple Cap Rate Comparison	**2015**	**2016**	**Average**
Average Fee Simple Cap Rate	6.25%	6.14%	6.19%
All Metropolitan Areas:			
Weighted Average GNL Cap Rate	4.44%	4.48%	4.46%
GNL Cap Rate Spread to Fee Simple Cap Rate	**1.81%**	**1.66%**	**1.73%**
Total GNL Transactions ($ Millions)	$ 752.3	$ 1,060.3	—
Major Metropolitan Areas:			
Weighted Average Comparable GNL Cap Rate	4.24%	4.18%	4.21%
GNL Cap Rate Spread to Fee Simple Cap Rate	**2.01%**	**1.96%**	**1.98%**
Total Comparable GNL Transactions ($ Millions)	$ 663.9	$ 994.6	—

As indicated in the table above, weighted average ground net lease cap rates by transaction volume have achieved a spread to average fee simple cap rates of 172 basis points over the past two years. When adjusting for major metropolitan areas ("Comparable Ground Net Leases") the spread increases to 197 basis points.

Investors in typical fee simple single or multi-tenant real estate investments generally have a greater exposure to a) vacancy risks (and the related re-leasing costs) and b) market-wide economic or property specific shocks (such as changing economic or demographic conditions or changes in tax base rates) that can cause greater volatility in income or unexpectedly increase operating expenses as compared to investors in the ground lessor position who are well-insulated from such variability. Similarly, a lessor under a GNL typically has no responsibility for any capital expenditures, whereas investors in typical fee-simple real estate investments are responsible for capital expenditures, including the unpredictability thereof, necessary to repair, maintain or improve the property. RCG believes that the predictable and reliable nature of the receipt of GNL rent payments by the landlord supports the observation that cap rates on GNL investments are typically lower than those on fee simple property investments.

In a ground net lease, the landlord has a contractual relationship typically with only one tenant who is obligated to pay rent regardless of the occupancy or profitability of the leased land (i.e., the underlying property), or the macro-economic environment. Ground net lease rental payments are typically funded from the underlying property's operating cash flow, which generally ranges from three to five times the amount of the ground lease rental payment on an annual basis, which enhances the security of the long-term lease payments.

Over the long term, ownership of land can provide a hedge against inflation and lower volatility when compared with other types of investments. Due to the similarities of direct ownership of land with maintaining a lessor interest in leased land, GNLs may offer similar benefits in terms of offering protection from inflation pressure and price volatility that is greater than in other types of investments. Real property often appeals to investors during inflationary periods as land has both intrinsic value and, in the case of major metropolitan areas, is limited in supply.

Seniority of GNL Position in the Capital Stack

In general, due to the unsubordinated nature of ground net lease rental payments, a landlord under a ground net lease is less likely to suffer a loss of rental income than an investor in other types of commercial real estate investments. If the lessee under a GNL experiences financial difficulties due to poor performance of the underlying property or otherwise, the landlord's ability to recapture the land and any improvements thereon in the event of a lessee default typically motivates the lessee to use all available cash to remain current on the ground lease payments. If there is a leasehold interest loan on the asset, secured by the lessee's leasehold interest, the leasehold interest mortgage lender provides additional protection to the ground lessor, as it will often be incentivized to protect its interest. If a leasehold interest mortgage lender forecloses on the borrower-lessee, the leasehold interest mortgage lender generally becomes the lessee under the GNL. However, in order for the leasehold interest mortgage lender to retain its rights to recover the principal balance of its loan it would need to keep the ground net lease current, or else the lessor could terminate the lease thereby resulting in a loss of principal to the leasehold interest mortgage lender.

If neither the lessee nor the leasehold interest mortgage lender cure the default, additional security to the lessor lies in the fact that any improvements on the land revert to the lessor upon termination of the lease or completion of an eviction proceeding. Furthermore, any sub-leases with sub-tenants occupying the underlying property will inure to the benefit of the ground lessor, who will benefit from such sub-tenants' obligations to pay rent under their respective sub-leases.

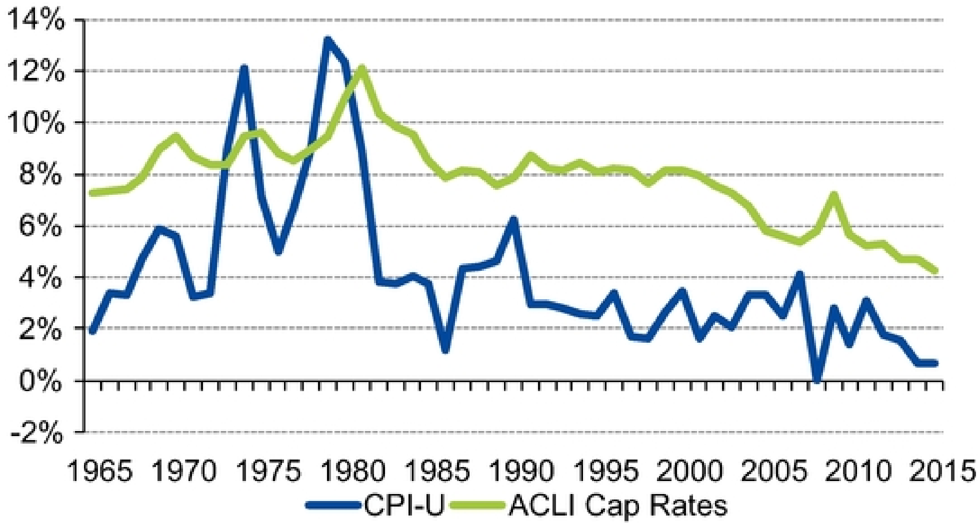
In addition to having features that mitigate some of the adverse effects of inflation and interest rate increases, ground net leases also have a further benefit of occupying the senior position in the capitalization of a commercial real estate asset, which often will result in a full payment in the event a lessee has insufficient resources to meet all of its obligations or defaults on the ground net lease. This provides additional downside protection to lessors under a ground net lease that is not available in other types of real estate debt and equity investments. This position protects the lessor under a ground net lease from losing all of its investment, since it will regain possession of the land and any improvements thereon in the event of an uncured lessee default. This contrasts with the position of, for example, an unsecured bondholder who, in the event of an issuer default, is simply a senior unsecured creditor.

Growth of GNL Income and Underlying Real Estate Value

As detailed in "Ground Net Lease Structure" above, most GNLs have relatively long lease terms and provide a steady, long-term, bond-like income stream. However, unlike fixed-rate bonds, which decrease in value in a rising interest rate environment (unless held to maturity), most GNLs provide for some inflation protection due to rent escalation provisions that generally obligate the lessee to pay an increasing amount of rent over time.

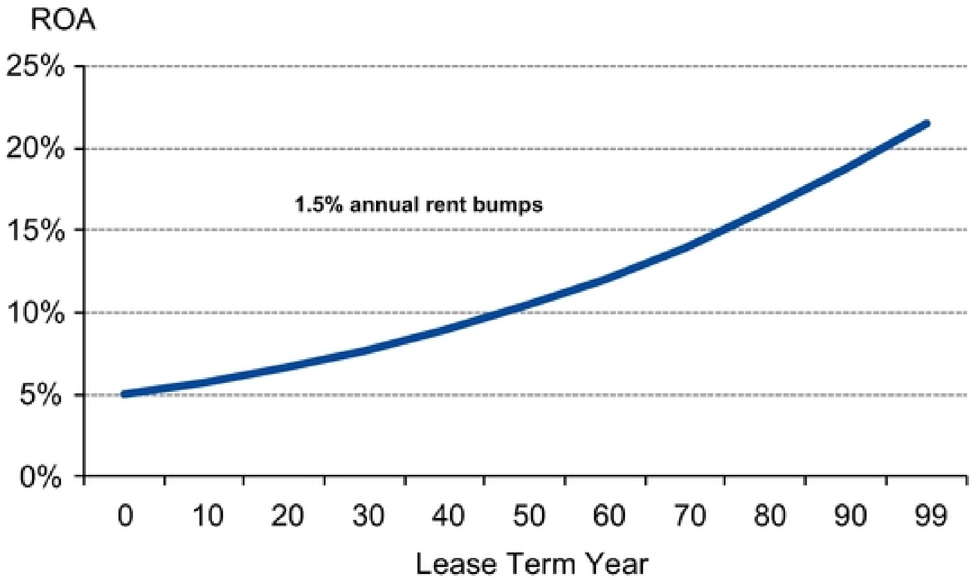
Additional inflation protection for a ground lessor is provided by the value bank or its ownership of the reversionary interest (i.e., upon expiration of the ground lease the lessor will regain possession of the land and take ownership of any improvements thereon). Accordingly, any increase in value of the underlying land and the value of the improvements thereon will inure to the benefit of the lessor who will be able to seek to realize such increase in value by re-leasing or selling the property based on market conditions prevailing at the time. As evidence of the inflation-hedging capabilities of this asset class, there is a very strong relationship between inflation and commercial real estate performance over time. Between 1965 and 2015, the correlation between cap rates for commercial properties taken from the American Council of Life Insurers, or ACLI, and the All Items Consumer Price Index for All Urban Consumers, or CPI-U, was a strong 0.63. A study conducted by TIAA-CREF found that the correlation between annual commercial real estate returns and inflation was 0.41 between 1978 and 2010.

Commercial Real Estate Cap Rates vs. Inflation



Sources: Bureau of Labor Statistics, ACLI

Example of GNL Income Growth



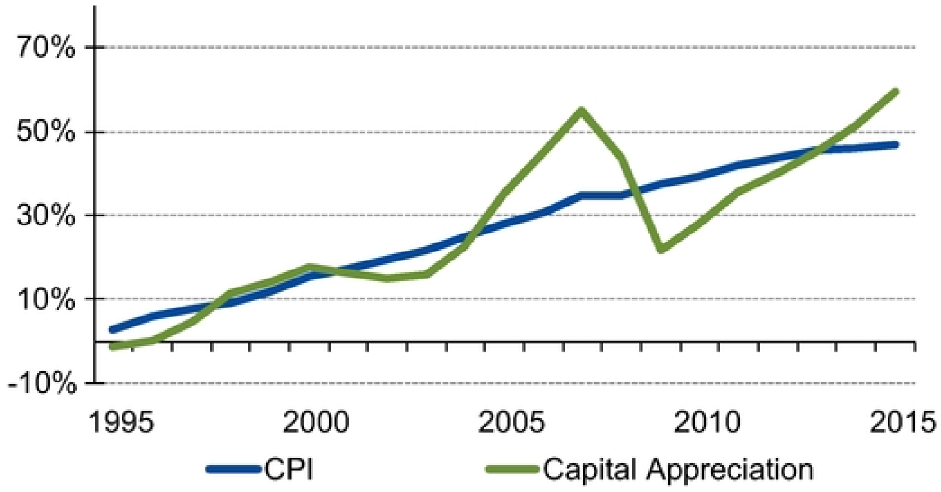
Note: Reflects on illustrative example of how $100 of initial annual rent grows when increased 1.5% annually over the life of a hypothetical 99-year ground lease. Illustrative first year cash return is within the 3% to 5% targeted investment range.

Rising interest rates can be a sign that the economy is improving, which can be a positive for long-term land price appreciation and underlying property revenues. In addition to potentially increasing ground net lease rental coverage ratios (and therefore the security of the ground net lease rental payment), this could increase the residual value of the property and potentially mitigate the impact of any increases in interest rates and cap rates. This is in contrast to fixed-rate bond returns, whose coupon payments are fixed and include only interest and principal payments, and whose values are typically inversely related to interest rate movements. In addition, many ground net leases have escalations indexed to CPI, further linking the ground net lease value to improvement in the economy as well as long term underlying building appreciation.

For commercial properties across the nation for example, while income growth accounts for the bulk of longer-term returns gains, the capital appreciation component of total returns, as reported by NCREIF, outpaced CPI growth during the last two decades. Between 1995 and 2015, the cumulative national average capital appreciation return of 59.5% was close to 30% higher than cumulative CPI growth of 46.7% for the same period. Income returns during the 20-year period totaled 149.9%.

In a deflationary environment, the value of GNLs with fixed rental rate increases may increase in a manner similar to that of fixed-rate bonds in a declining interest rate environment, in that the value of the GNL will tend to increase to reduce or eliminate the "premium yield" that the fixed rental increases might otherwise generate.

Cumulative CPI Growth vs. Capital Appreciation Return



Sources: Bureau of Labor Statistics, NCREIF

Business and Growth Strategies

Our primary investment objective is to construct a diversified portfolio of GNLs that will generate attractive risk-adjusted returns and support stable and growing distributions to our stockholders. The strategies we intend to use to seek to achieve our objective include:

- *Utilize Multiple GNL Sourcing and Origination Channels.* We have identified several channels for pursuing GNL investment opportunities:

  - ***Acquire*** *Existing GNLs.* We will seek to acquire existing GNLs that are marketed for sale and actively solicit potential sellers and related property brokers of existing GNLs to engage in off-market transactions. Our structure as an UPREIT gives us the ability to acquire GNLs from owners, particularly estates and high net worth individuals, using operating partnership units that may provide the seller with tax advantages, as well as liquidity, portfolio diversification and professional management. The GNLs relating to The Dallas Market Center: Sheraton Suites and the Dallas Market Center: Marriott Courtyard are examples of assets in our initial portfolio that were acquired as existing GNLs.

  - ***Manufacture*** *a GNL with a Third Party.* We will seek to pursue opportunities where a third party owner of a commercial property may be interested in utilizing a GNL structure to facilitate its options with respect to its interests in the property. We will manufacture the GNL by splitting ownership of the property into an ownership interest and GNL on the land, and a separate leasehold interest of the building and improvements thereon. We will acquire the ownership interest and GNL on the land from the third party.

  - ***Originate*** *GNLs to Provide Capital For Development or Value-Add Redevelopment or Repositioning.* We will seek opportunities where we can purchase land and simultaneously lease it pursuant to a new GNL to a tenant who plans to develop a new, or significantly improve an existing, commercial property on the land. The GNL relating to the Northside Forsyth Hospital Medical Center is an example of a GNL in our initial portfolio that was originated to provide financing for development.

- *Acquire a Commercial Real Estate Property to* ***Create*** *a GNL.* We will seek in select instances to acquire commercial real estate properties that have the potential to be converted into an ownership structure that includes a GNL retained by us and a leasehold interest that we will seek to sell to a third party. The GNL relating to One Ally Center is an example of a GNL in our initial portfolio that was split from a commercial property after it had been acquired by iStar. We may, if necessary to avoid being subject to a prohibited transaction penalty tax, subsequently sell such leasehold interest through a TRS, which would subject any gain from the sale of such leasehold interest to corporate income tax.

- ***Finance*** *Third Party GNLs.* Combining our capital resources with iStar's relationships and GNL expertise (which will be available to us through our manager), we will seek opportunities to generate attractive risk-adjusted returns by financing the acquisition of GNLs by third parties.

- *Follow a Disciplined Investment Strategy.* We generally intend to target GNLs that meet some or all of the following investment criteria:

  - Underlying properties located in major metropolitan areas;
  - Average remaining initial lease terms of 30 to 99 years;
  - Periodic contractual rent escalators or percentage rent participations;
  - Value of approximately 30% to 45% of the Combined Property Value at the commencement of the lease or the acquisition date;
  - Ground Rent Coverage of approximately 2.0x to 5.0x for the initial twelve month period of the lease;
  - First year cash return on asset of between 3.0% and 5.0%;
  - Underlying properties that we believe are well located in markets with high barriers to entry and that have durable cash flow; and
  - Transaction sizes ranging from $20 to $250 million.

- *Leverage iStar's Network and Expertise.* Through our manager, we will have access to iStar's fully-integrated real estate investment platform. iStar has an extensive network for sourcing investments, which includes relationships with brokers, corporate tenants and developers, that it has established over more than 20 years of operations. In particular, iStar has invested more than $5.0 billion in net leased assets over 15 years. As of March 31, 2017, iStar's net lease real estate portfolio (including properties comprising our initial portfolio and properties owned in its net lease joint venture) had a gross carrying value of approximately $1.9 billion. In addition, iStar has significant experience in the direct ownership of operating real estate as well as construction and land development.

- *Maintain Access to Multiple Sources of Capital.* We intend to maintain sufficient capital resources to pursue our investment strategy through access to multiple capital sources, including a new $300 million revolving credit facility that we expect to obtain upon completion of this offering, possible future secured debt, unsecured corporate debt and the potential issuance of equity securities. We will also have the ability to offer operating partnership units to sellers of properties as a potentially tax efficient acquisition currency. We believe that having access to multiple sources of capital, including the public capital markets, and the ability to offer operating partnership units to sellers of properties may provide us with a cost of capital advantage and an advantage in acquisitions relative to non-public competitors.

Investment Highlights

- *Cash Flow Safety with Growth.* We generally seek to invest in GNLs that have conservative Ground Rent Coverage of 2.0x to 5.0x for the first 12 month period of the lease and that have a value of between 30% and 45% of the Combined Property Value at the commencement of the lease or acquisition date. The periodic contractual rental escalations and, in some cases, percentage rent participations, structured in our leases create embedded revenue growth and are intended to mitigate the effects of inflation and compensate us for the anticipated increases in land values over time. In addition, GNLs are typically triple net structures under which we have no responsibility for development costs, capital expenditures or any property operating expenses, such as maintenance, real estate taxes and insurance. We believe that the stability and growth prospects of our cash flows, combined with the relative safety of our assets, offer the opportunity to generate attractive risk-adjusted returns for our stockholders.

- *Opportunity for Value Accretion Through Reversion Rights Embedded in GNLs.* At the expiration or earlier termination of a typical GNL, we regain possession of the land and take title to the buildings and other improvements thereon for no additional consideration. This reversion right creates additional potential value to our stockholders that may be realized by us at the end of the lease by entering into a new GNL on then current market terms, selling the land and improvements thereon or operating the property directly and leasing the space to tenants at prevailing market rates. We intend to target GNLs in which the initial value of the GNL represents 30 to 45% of the Combined Property Value. The balance of the Combined Property Value is potential additional value that may revert to us at the end of the lease term, which we refer to as a value bank. As an example, if the initial value of a GNL is equal to 35% of the Combined Property Value, the Combined Property Value balance of 65% represents potential value accretion to us upon the reversion of the property, assuming no intervening decline in the Combined Property Value. Furthermore, according to studies cited by RCG, there is a strong correlation between inflation and commercial real estate values over time, which supports our belief that the value of our reversionary interest should increase over time as inflation increases.

  Furthermore, we believe that the value bank should increase over time as inflation increases. According to studies cited by RCG, there is a strong relationship between inflation and commercial real estate values over long periods of time. The correlation between capitalization rates for commercial properties taken from ACLI and the CPI between 1965 and 2015 was a strong 0.63. A TIAA-CREF study cited by RCG found that the correlation between annual commercial real estate returns and inflation was 0.41 between 1978 and 2010. In conjunction with the Federal Open Market Committee (FOMC) meeting held in December 2016, almost all FOMC participants projected that inflation, as measured by the four-quarter percentage change in the price index for personal consumption expenditures (PCE), would increase in 2017 and 2018 with a median inflation projection of 2 percent by 2018. Our ability to recognize value through reversion rights may be limited by the rights of our tenants under some of our GNLs, including tenant rights to purchase our land in certain circumstances and the right of one tenant to level improvements prior to the expiration of the GNL. These rights are described further in "Risk Factors—Risks Related to Our Portfolio and Our Business—The tenant under our GNL relating to the One Ally Center property has the right to level the building before the expiration of the lease," "—Our master lease relating to five hotel properties and our GNL relating to the Lock Up Self Storage Facility provide the tenants with the right to purchase our hotel properties or land, as the case may be, in certain circumstances" and "—The tenants under the GNLs relating to the One Ally Center, Northside Forsyth Hospital Medical Center, NASA/JPSS Headquarters and The Buckler Apartments properties have certain preemptive rights should we decide to sell the properties" and "Business and Properties—Descriptions of Properties in Our Initial Portfolio."

- *First Mover Advantage in Untapped Market.* We believe that the market for existing GNLs is fragmented with ownership comprised primarily of high net worth individuals, pension funds, life insurance companies, estates and endowments. We also believe that there are significant opportunities to create and acquire GNLs outside of the existing market, because we believe we can offer attractive capital to property owners. As the first publicly-traded company focusing primarily on GNLs, we believe that we can offer property owners a unique opportunity to contribute their properties to a real estate focused, diversified and professionally managed company. In addition, we believe that our capital resources, including availability under the new $300 million revolving credit facility that we expect to obtain upon completion of this offering, and potential access to both public and private capital markets, will give us a competitive advantage when seeking to acquire and originate GNLs.

- *Attractive Initial Portfolio.* Our initial portfolio is comprised of 12 properties located in major metropolitan areas that were acquired or originated by iStar over the past 20 years. We also expect to acquire the acquisition GNLs at or shortly after the closing of this offering. All of the properties in the initial portfolio and the acquisition GNLs are subject to long-term leases that provide for periodic contractual rental escalations or percentage rent that participates in gross revenues generated at the properties. We intend, over time, to increase the diversity of our portfolio by property type, geography, tenant and lease term in an effort to further enhance the safety of our cash flow by limiting the risks of concentration.

  Since August 2016, when we began actively evaluating the capitalization of a GNL-focused business separate from iStar, we have reviewed approximately 60 potential GNL investment opportunities representing over $5.0 billion of initial GNL value, including our acquisition GNLs, and an additional greater than $900 million of GNLs that we are currently actively pursuing or negotiating. The opportunities that we are actively pursuing or negotiating cover the following sourcing and origination channels within the United States (with percentages based on dollar value): acquiring an existing GNL (38%), originating a GNL for development (18%), manufacturing GNL (37%) and acquiring a property to create a GNL (7%). They are also been diversified among property type and include office (41%), multi-family (19%), hotel (6%), mixed use (21%), retail (5%) and other property types. Other than with respect to our acquisition GNLs, we have not entered into definitive purchase agreements for any of the investments currently being pursued or negotiated, and there can be no assurance that we will do so or will acquire or originate any of the investments on favorable terms, or at all.

- *New Undrawn Credit Facility to Support Growth.* We expect to enter into a new $300 million revolving credit facility upon completion of this offering that we expect to use to fund future investment activity. Our current strategy is to generally target overall leverage, resulting from indebtedness under this facility or otherwise, at an amount that is approximately 25% of the aggregate Combined Property Value of our portfolio, but not to exceed a ratio of 2:1 relative to our total equity. However, our organizational documents do not limit the amount of indebtedness that we may incur.

- *Sponsorship by iStar.* We believe that our relationship with iStar will provide us with opportunities to source and originate GNL transactions that may not otherwise be available to us. iStar currently has 191 professionals dedicated to investment origination, underwriting, asset management, legal review, accounting and other disciplines that will be available to us through our manager. As we seek to grow our business, we believe that we will benefit from iStar's geographic reach and more than 20 years of experience sourcing, underwriting and executing investments in all major property types, through numerous real estate cycles and negotiating with major sponsors. We further believe that the terms of our management agreement, including the elimination of the management fee during its first year, payment of the management fees solely in shares of our common stock, restrictions on the manager's ability to sell such shares for two years from the date such shares are issued (subject to certain exceptions) and the absence of any incentive compensation or termination fees significantly aligns iStar's interests with ours. Additionally, iStar's ownership of % of our outstanding common stock, assuming shares of our common stock are sold in this offering at the mid-point of the initial public offering price range set forth on the cover page of this prospectus and the valuation of our initial portfolio implied by the pricing of this offering is at least $340 million, immediately after giving effect to this offering, the formation transactions and the concurrent iStar placement, further aligns iStar's interests with ours. iStar has also agreed to pay the underwriting discounts and commissions payable to the underwriters in connection with this offering, our other offering expenses and our expenses in connection with the concurrent iStar placement, in an aggregate amount not to exceed $25 million.

Our Initial Portfolio and Acquisition GNLs

Our initial portfolio is comprised of 12 properties located in ten states with eight tenants. Our initial portfolio is comprised of seven GNLs and a master lease (relating to five hotel assets that we refer to as our "Hilton Western Portfolio") that has many of the characteristics of a GNL, including length of lease term, percentage rent participations, triple net terms and strong Ground Rent Coverage.

The weighted average Ground Rent Coverage of the initial portfolio as of March 31, 2017 was 4.43x, assuming that the Underlying Property NOI at the One Ally Center for the 12 months ended March 31, 2017 was 5.00x the annualized in place base rent payable under our One Ally Center GNL, and 4.31x excluding One Ally Center from the weighted average Ground Rent Coverage calculation. We are prohibited from publicly disclosing the Underlying Property NOI at One Ally Center pursuant to a confidentiality agreement with the tenant.

The tables below present an overview of our initial portfolio as of March 31, 2017, unless otherwise indicated.

Our Leases

				Lease Terms						Rent[(1)] ($ in millions)			
										Cash			GAAP
Property Name	**Tenant**	**Guarantor**	**Occupancy**	**Lease Commencement Date**	**Lease Expiration Date**	**Original Term**	**Remaining Term**	**Tenant Extension Options**	**Contractual Rent Escalations or Percentage Rent During Initial Lease Term**	**A In Place Base Rent (Annualized)[(2)]**	**B TTM Percentage Rent[(3)]**	**C Total (A + B)**	**D Total GAAP Income[(4)]**
Doubletree Seattle Airport[(5)(7)]	HLT Operate DTWC LLC	Park Intermediate Holdings LLC	100%	8/1/1995	12/31/2025	30 yrs	9 yrs	2 × 5 yrs	% Rent	$ 4.5	$ 1.0	$ 5.5	$ 5.5
One Ally Center	500 Webward LLC	N/A	100%	3/31/2015	3/31/2114	99 yrs	97 yrs	2 × 30 yrs	1.5% / p.a.; CPI Lookback[(6)]	2.5	N/A	2.5	5.3
Hilton Salt Lake[(5)]	HLT Operate DTWC LLC	Park Intermediate Holdings LLC	100%	8/1/1995	12/31/2025	30 yrs	9 yrs	2 × 5 yrs	% Rent	2.7	0.6	3.3	3.3
Doubletree Mission Valley[(5)]	HLT Operate DTWC LLC	Park Intermediate Holdings LLC	100%	8/1/1995	12/31/2025	30 yrs	9 yrs	2 × 5 yrs	% Rent	1.1	0.7	1.8	1.8
Doubletree Sonoma[(5)]	HLT Operate DTWC LLC	Park Intermediate Holdings LLC	100%	8/1/1995	12/31/2025	30 yrs	9 yrs	2 × 5 yrs	% Rent	0.7	0.4	1.1	1.1
Doubletree Durango[(5)]	HLT Operate DTWC LLC	Park Intermediate Holdings LLC	100%	8/1/1995	12/31/2025	30 yrs	9 yrs	2 × 5 yrs	% Rent	0.9	0.3	1.2	1.2
Dallas Market Center: Sheraton Suites	Dallas Suites RE, LLC	N/A	100%	9/30/2015	9/30/2114	99 yrs	98 yrs	None	2.0% / p.a.[(8)]	0.4	N/A	0.4	1.1
Northside Forsyth Hospital Medical Center	Forsyth Physicians Center SPE 1, LLC	Individual principal at property developer[(9)]	100%	4/25/2016	4/25/2115	99 yrs	98 yrs	2 × 30 yrs	1.5% / p.a.; CPI Lookback[(10)]	0.5	N/A	0.5	0.8
NASA/JPSS Headquarters	DRV Greentec, LLC	N/A	100%	10/31/2005	10/31/2075	70 yrs	59 yrs	2 × 15 yrs	3.0% / 5yrs	0.4	N/A	0.4	0.5
The Buckler Apartments	CA/Phoenix 401 Property Owner, LLC	N/A	100%	11/21/2014	11/30/2112	98 yrs	96 yrs	None	15% / 10yrs	0.3	N/A	0.3	0.5
Dallas Market Center: Marriott Courtyard	ARC Hospitality Portfolio I DLGL Owner, LP	American Realty Capital Hospitality Trust, Inc.	100%	2/21/1989	1/2/2026	37 yrs	9 yrs	4 × 10 yrs	% Rent	0.1	0.2	0.3	0.3
Lock Up Self Storage Facility	Lock Up-Evergreen Development Series, LLC / Bloomington Development Series	Evergreen Real Estate Partners, LLC[(11)]	100%	9/19/2007	9/30/2037	30 yrs	21 yrs	None	3.5% / 2yrs	0.1	N/A	0.1	0.1
Total / Weighted Avg.										**$ 14.2**	**$ 3.2**	**$ 17.4**	**$ 21.5**

(1) For the avoidance of doubt, rent payments do not include any payments made by our tenants to us in respect of reimbursement expenses.
(2) Annualized cash base rental income in place as of March 31, 2017.

(3) Total percentage cash rental income during the 12 months ended March 31, 2017.

(4) Column "D" represents column "C" adjusted for non-cash income, primarily consisting of straight-line rent, to conform with GAAP.

(5) Property is part of the Hilton Western Portfolio and is subject to a master lease. See "—Descriptions of Properties in Our Initial Portfolio." In November 2016, the master lease governing the Hilton Western Portfolio was amended to change the look back period for which annual percentage rent is computed from the trailing twelve months ended September 30 to the trailing twelve months ended December 31. In March 2017, the Company recorded $0.5 million of income representing a one-time stub payment of percentage rent for the three months ended December 31, 2016, to account for the change in the look back period. The aggregate $3.0 million percentage rent shown above excludes the one time $0.5 million stub period payment.

(6) During each 10th lease year, annual fixed rent is adjusted to the greater of (i) 1.5% over the prior year's rent, or (ii) the product of the rent applicable in the initial year of the 10 year period multiplied by a CPI factor, subject to a cap on the increase of 20% of the rent applicable in that initial year.

(7) A majority of the land underlying this property is owned by a third party and is ground leased to us through 2044 for $0.4 million per year (subject to adjustment for changes in the CPI; however, we pass this cost on to our tenant under the terms of our master lease). See "Risk Factors—Risks Related to Our Portfolio and Our Business—We are the tenant of a ground net lease underlying a majority of our Doubletree Seattle Airport property."

(8) For the 51st through 99th years of the lease, the base rent is the greater of (i) the annual rent calculated based on 2.0% annual rent escalation throughout the term of the lease, and (ii) the fair market rental value of the property.

(9) Guarantee expires upon completion of construction.

(10) During each 10th lease year, annual fixed rent is adjusted to the greater of (i) 1.5% over the prior year's rent, or (ii) the product of the rent applicable in the initial year of the 10 year period multiplied by a CPI factor, subject to a cap on the increase of 20% of the prior year's rent.

(11) The individual principals' guaranty covers tenant obligations to the extent not guaranteed by Evergreen Real Estate Partners, LLC.

Underlying Property and Tenant Information

	Property							Financial Data ($ in millions)	
Property Name	**MSA**	**Address**	**Property Type**	**Year Built / Major Renovation Date**	**Occupancy as of March 31, 2017(1)**	**Units / Keys**	**Square Feet**	**Underlying Property NOI(2)**	**Ground Rent Coverage**
Doubletree Seattle Airport	Seattle-Tacoma-Bellevue	18740 International Blvd, Seattle, WA	Hotel	1969 / 2011	86%	850	579,432	$ 15.1	3.34x
One Ally Center	Detroit-Warren-Dearborn	500 Woodward Ave, Detroit, MI	Office	1992	100%	N/A	957,355	(3)	>5.0x(3)
Hilton Salt Lake	Salt Lake City	255 S. West Temple, Salt Lake City, UT	Hotel	1983 / 2012	72%	499	425,000	9.6	3.56x
Doubletree Mission Valley	San Diego-Carlsbad	7450 Hazard Center Dr., San Diego, CA	Hotel	1991 / 2012	87%	300	236,745	7.4	6.55x
Doubletree Sonoma	San Francisco-San Jose-Oakland	1 Doubletree Dr., Rohnert Park, CA	Hotel	1987 / 2016	77%	245	213,000	4.2	5.72x
Doubletree Durango	Durango	501 Camino Del Rio, Durango, CO	Hotel	1986 / 2009	76%	159	132,384	3.2	3.69x
Dallas Market Center: Sheraton Suites	Dallas-Fort Worth-Arlington	2101 Stemmons Freeway, Dallas, TX	Hotel	1989 / 2017	77%	251	178,331	2.0	5.54x
Northside Forsyth Hospital Medical Center	Atlanta-Sandy Springs-Marietta	4150 Deputy Bill Cantrell Memorial Rd, Cumming, GA	Medical Office Building	2017	95%	N/A	92,573(4)	1.5(5)	3.05x
NASA/JPSS Headquarters	Washington-Arlington-Alexandria	7700 and 7720 Hubble Drive, Lanham, MD	Office	1994	100%	N/A	120,000	2.0(6)	4.52x
The Buckler Apartments	Milwaukee-Waukesha-West Allis	401 West Michigan Street, Milwaukee, WI	Multi-Family	1977 / 2016	79%	207	206,712	2.3(7)	9.20x
Dallas Market Center: Marriott Courtyard	Dallas-Fort Worth-Arlington	2150 Market Center Blvd, Dallas, TX	Hotel	1989 / 2015	77%	184	158,805	2.5	20.31x
Lock Up Self Storage Facility	Minneapolis-St. Paul-Bloomington	221 American Blvd W., Bloomington, MN	Self Storage	2008	84%	812	104,000	0.8(8)	6.34x
Total / Weighted Avg.							**3,404,337**		**4.43/4.31x**(9)

(1) The hotel occupancy rates shown are the average occupancy rates of the hotels for the 12 months ended March 31, 2017. Construction of Northside Forsyth Medical Center was completed on May 11, 2017 and occupancy reflects pre-leased percentage as of March 31, 2017. The Buckler Apartments property is currently in its lease-up phase and occupancy is as of March 31, 2017. The occupancy rate of Lock Up Self Storage Facility is the most recent mid-point of the occupancy range provided to us by the tenant, which was June 30, 2016. We rely on the occupancy information reported to us by our tenants and do not independently investigate or verify the information supplied to us by our tenants.

(2) Underlying Property NOI for the 12 months ended March 31, 2017 unless otherwise noted.

(3) Represents the Company's estimate of Ground Rent Coverage based on a stabilized net operating income, without giving effect to any rent abatements. Underlying Property NOI information provided by our GNL tenant is confidential. Company estimate is based on available market information.

(4) Represents square footage of initial building. The site can accommodate an additional 115,100 square feet.

(5) Represents our underwritten expected net operating income at the property upon stabilization.

(6) Does not reflect (i) $0.8 million of rent concessions given by our GNL tenant to one of its subtenants for the period from June 1, 2016 through August 31, 2016 or (ii) $0.2 million of legal expenses incurred by our GNL tenant from January 1, 2017 to March 31, 2017.

(7) Represents tenant's expected net operating income at the property upon stabilization.

(8) Underlying Property NOI for the 12 months ended December 31, 2016.

(9) The weighted average of the Ground Rent Coverage is calculated by dividing the Underlying Property NOI shown in this table by the in-place base rent of $14.2 million shown in the table titled "Our Leases" above. The 4.43x average assumes the Underlying Property NOI of One Ally Center was 5.00x the in-place base rent shown in the table above, and the 4.31x average excludes One Ally Center from the calculation.

The tables below present an overview of our acquisition GNLs as of March 31, 2017.

Leases

Property Name	Tenant	Guarantor	Occupancy	Lease Terms: Lease Commencement Date	Lease Terms: Lease Expiration Date	Lease Terms: Original Term	Lease Terms: Remaining Term	Lease Terms: Tenant Extension Options	Lease Terms: Contractual Rent Escalations or Percentage Rent During Initial Lease Term	Rent[(1)] ($ in millions) Cash: A In Place Base Rent (Annualized)[(2)]	Cash: B TTM Percentage Rent[(3)]	Cash: C Total (A + B)	GAAP: D Total GAAP Rent
6201 Hollywood (North)	Blvd 6200 Owner North, LLC	N/A	100%	5/4/2012	1/25/2104	92 yrs	87 yrs	None	50% CPI / 4 Years[(4)]	2.4	N/A	2.4	2.4
6200 Hollywood (South)	Blvd 6200 Owner South, LLC	N/A	100%	1/25/2005	1/25/2104	99 yrs	87 yrs	None	50% CPI / 4 Years[(5)]	2.6	N/A	2.6	2.6
Total / Weighted Avg.										**$ 5.0**	**N/A**	**$ 5.0**	**$ 5.0**

(1) For the avoidance of doubt, rent payments do not include any payments made by our tenants to us in respect of reimbursement expenses.

(2) Annualized cash base rental income in place as of March 31, 2017.

(3) Total percentage cash rental income during the 12 months ended March 31, 2017.

(4) Base rent is subject to increase every 4 years based on 50.0% of the increase in the CPI for the greater Los Angeles area, California in that time span. Rent increase capped at 12.0% from one rent period to the next. Next potential base increase is February 2019. Notwithstanding the foregoing, in 2059 and 2079, the annual base rent will be reset based on a calculation derived from the then fair market value of the land, but not less than the annual base rent that was in effect before the reset.

(5) Base rent is subject to increase every 4 years based on 50.0% of the increase in the CPI for the greater Los Angeles area, California in that time span. Rent increase capped at 12.0% from one rent period to the next. Next potential base increase is May 2018. Notwithstanding the foregoing, in 2058 and 2078, the annual base rent will be reset based on a calculation derived from the then fair market value of the land, but not less than the annual base rent that was in effect before the reset.

Underlying Property and Tenant Information

Property Name	Property: MSA	Property: Address	Property: Property Type	Property: Year Built/ Renovation Date	Property: Units[(1)]	Financial Data ($ in millions): Underlying Property NOI	Financial Data ($ in millions): Ground Rent Coverage
6201 Hollywood (North)	Los Angeles-Riverside-Orange County	6201 Hollywood Boulevard, Los Angeles, CA	Multi-Family	2016	530	>14.5[(2)]	>6.0x[(2)]
6200 Hollywood (South)	Los Angeles-Riverside-Orange County	6200 Hollywood Boulevard, Los Angeles, CA	Multi-Family	2018	500	>14.0[(3)]	>5.4x[(3)]
Total / Weighted Avg.					**1,030**		

(1) Reflects the number of apartments at 6201 Hollywood and to be constructed at 6200 Hollywood.

(2) Construction was completed in 2016 and the property is currently in the lease up phase. A full year of property results is not yet available. Represents our underwritten expected net operating income at the property upon stabilization and our estimated ground rent coverage. Company estimates are based on leasing activity at the property and available market information, including leasing activity at comparable properties in the market.

(3) The property is currently under construction. We currently expect construction to be completed in 2018. Represents our underwritten expected net operating income at the property upon stabilization and our estimated ground rent coverage, assuming that construction is completed within our expected timeframe. Company estimates are based on available market information, including leasing activity at comparable properties in the market.

Table of Contents

Descriptions of Properties in Our Initial Portfolio

Set forth below is additional information about each property in our initial portfolio. These descriptions should be read in conjunction with the tables set forth above under the captions "—Our Initial Portfolio—Our Leases" and "—Underlying Property and Tenant Information," including all footnotes to such tables, which contain additional clarifying information that is necessary to understand the information set forth below. Unless otherwise noted below or in the table set forth above under the caption "—Our Initial Portfolio—Underlying Property and Tenant Information," all occupancy data is as of March 31, 2017.

Doubletree Seattle Airport

Property Description

The 850 key Doubletree Seattle Airport is a full service, upper upscale hotel developed in 1969 and last renovated in 2011. The hotel benefits from significant group demand and airline crew business due to its location (less than one mile from the Seattle-Tacoma International Airport) and its size (850 rooms and 36,000 square feet of meeting space in 26 meeting rooms capable of accommodating 1,200 guests). Additional amenities include an outdoor pool and a complimentary airport shuttle, as well as access to the Light Link rail.

The following table shows the occupancy rate, average daily rate, or ADR, and revenue per available room, or RevPAR (which includes only room revenue and excludes revenue from other operating departments), for the last five calendar years at this property:

Occupancy					ADR					RevPAR				
2012	2013	2014	2015	2016	2012	2013	2014	2015	2016	2012	2013	2014	2015	2016
79.7%	81.3%	84.4%	87.0%	84.9%	$ 99	$ 106	$ 116	$ 125	$ 131	$ 79	$ 86	$ 98	$ 108	$ 112

For U.S. federal tax purposes, we depreciate the building improvements at this property over a 40 year life. Our depreciable tax basis in the building is approximately $32.6 million and our tax basis, net of depreciation, was approximately $15.7 million at March 31, 2017, using the straight-line method of depreciation.

Property and Lease Summary

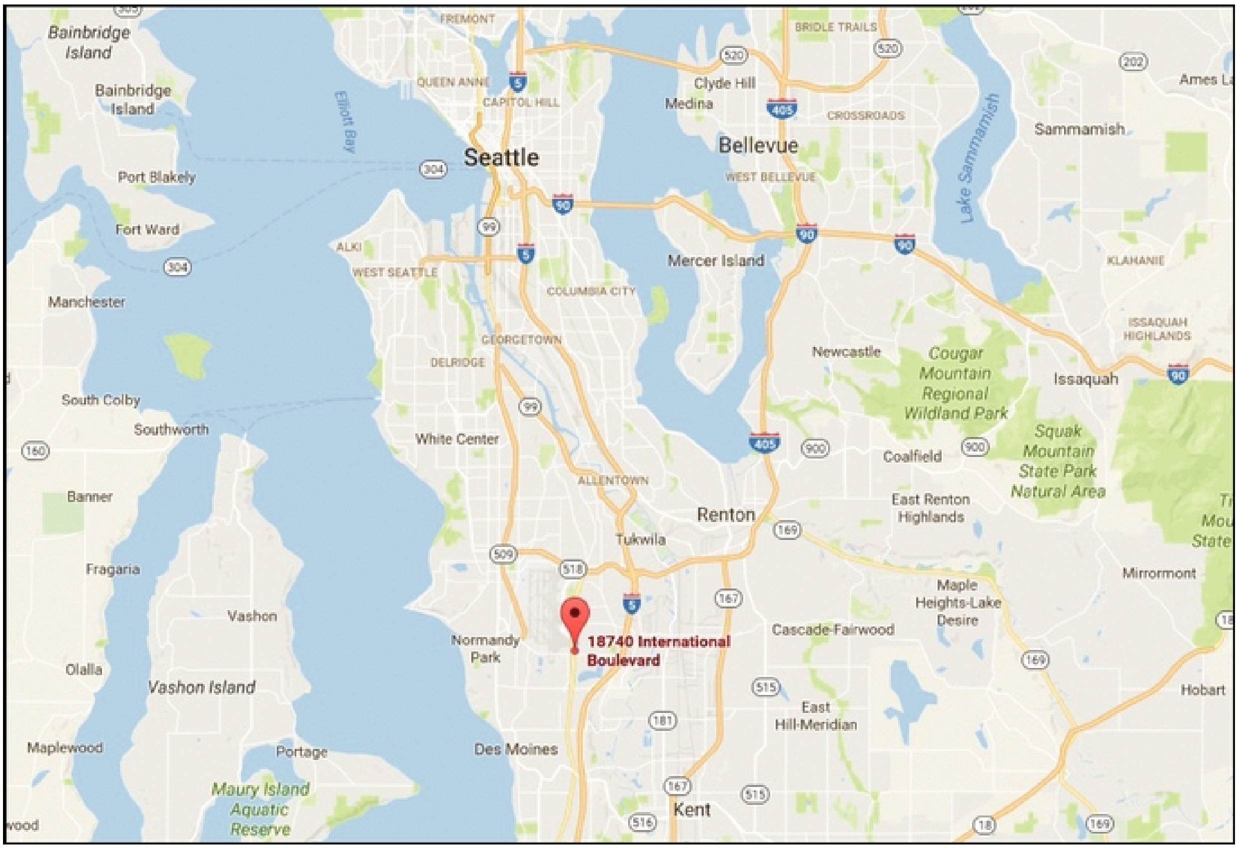
This property, together with Hilton Salt Lake, Doubletree Mission Valley, Doubletree Sonoma and Doubletree Durango, is part of our Hilton Western Portfolio and is subject to a master lease acquired by iStar in 1997. In January 2017, Hilton Worldwide Holdings Inc. announced that it had completed a spinoff of Park Hotels & Resorts Inc. (NYSE: PK). We have amended the master lease to substitute a wholly-owned subsidiary of Park Hotels & Resorts Inc. as the guarantor of the tenant's obligations under the master lease. A majority of the land underlying our Doubletree Seattle Airport property is owned by a third party and is ground leased to us. We own the buildings and improvements thereon and lease them to the tenant. We are obligated to pay the third-party owner of the ground lease $0.4 million per year, subject to adjustment for changes in the CPI through 2044; however, we pass this cost on to our tenant under the terms of our master lease. We are currently in discussions with the third party owner to extend or restructure the ground lease; however, we can give no assurance that we will be successful in consummating any such extension or restructuring or that the terms of any extension or restructuring will be attractive to us. See "Risk Factors—Risks Related to Our Portfolio and Our Business—We are the tenant of a ground net lease underlying a majority of our Doubletree Seattle Airport property." In addition, under the master lease, the tenant has the right to purchase this hotel at fair market value if the hotel suffers a major casualty or condemnation event, as defined in the master lease. See "Risk Factors—Risks Related to Our Portfolio and Our Business—Our master lease relating to five hotel properties and our GNL relating to the Lock Up Self Storage Facility provide the tenants with the right to purchase our hotel properties or land, as the case may be, in certain circumstances."

Property		Lease	
Address:	18740 International Blvd, Seattle, WA	**Tenant:**	HLT Operate DTWC LLC
MSA:	Seattle-Tacoma-Bellevue	**Guarantor:**	Park Intermediate Holdings LLC
Property Type:	Hotel	**Lease Commencement Date:**	8/1/1995
Units / Keys:	850	**Lease Expiration Date:**	12/31/2025
Square Feet:	579,432	**Original Term:**	30 yrs (9 yrs remaining)
Occupancy:	86%	**Tenant Extension Options:**	Two 5-year options
Year Built / Major Reno Date:	1969 / 2011		
		Contractual Rent Escalations or Percentage Rent:	Percentage rent equal to 7.5% of the positive difference between the aggregate operating revenue of the Hilton Western Portfolio and the approximately $81.4 million aggregate base operating revenue of the Hilton Western Portfolio
Underlying Property NOI:	$15.1M	**In Place Base Rent (Annualized):**	$4.5M
Ground Rent Coverage:	3.34x	**TTM Additional Rent:**	$1.0M
		Total Cash Rent:	$5.5M(1)
		Total GAAP Rent:	$5.5M

(1) In November 2016, the master lease governing the Hilton Western Portfolio was amended to change the look back period for which annual percentage rent is computed from the trailing twelve months ending September 30 to the trailing twelve months ending December 31 of each year during the remaining term of the lease. In March 2017, the Company recorded $0.5 million of income representing a one-time stub payment of percentage rent for the 3 months ended December 31, 2016, to account for the change in the look back period. The $0.5 million stub payment is allocated among the five hotels in the Hilton Western Portfolio, with the Doubletree Seattle Airport hotel accounting for $0.2 million. The one time stub period payment is excluded from the information in the table above.

In the event the master lease of the Hilton Western Portfolio is partially terminated with respect to this hotel only, the aggregate base operating revenue of the Hilton Western Portfolio for purposes of calculating the percentage rent would be reduced by approximately $33.0 million.

Property Map



One Ally Center


Property Description

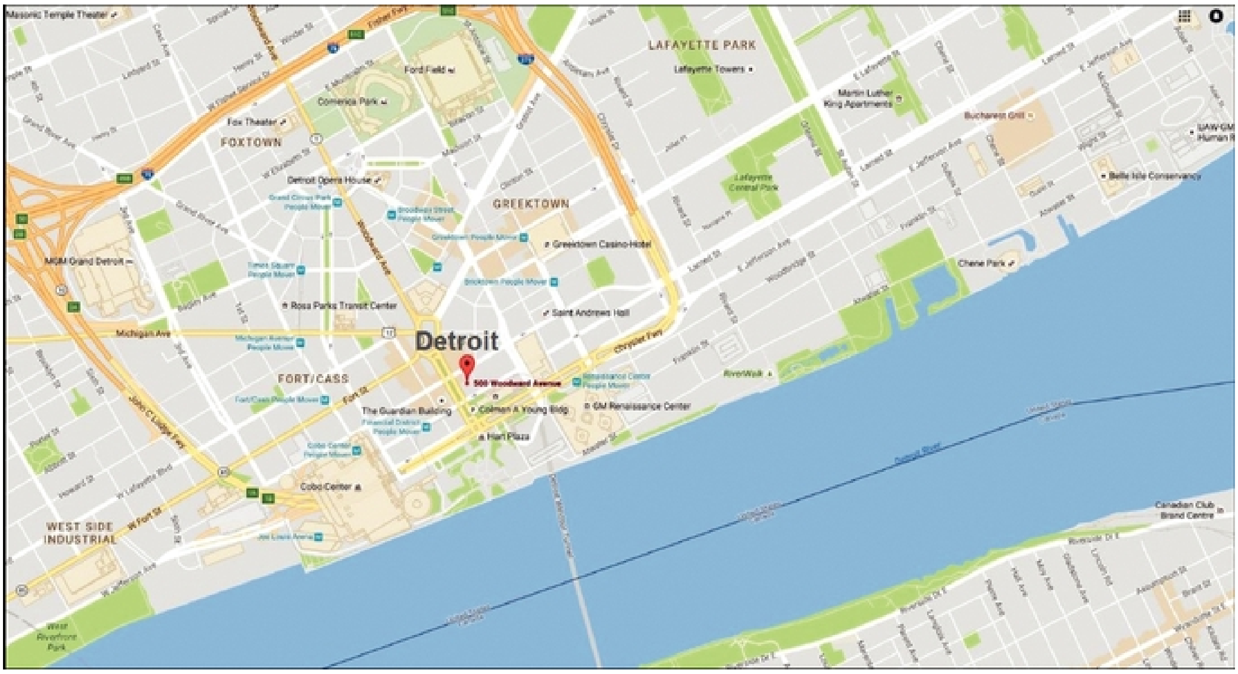
The 957,355 rentable square foot One Ally Center is a Class-A office building designed by Philip Johnson and John Burgee Architects and developed by Hines in 1992. We own the land in fee simple, while the tenant owns the office building and improvements. iStar owned the One Ally Center and split it into a GNL in 2015 by selling the building and improvements to a third party and entering into a GNL for the underlying land. The building features column-free floor plates and 360-degree views. The 43-story tower is the tallest office building in Michigan and is occupied by tenants such as Ally Financial and PricewaterhouseCoopers LLP. The property's design, development standards and advanced systems are similar to those of its new construction peers. One Ally Center offers Class-A amenities, including a state-of-the-art 10,000-square-foot fitness center, first-floor café and bistro and on-site parking.

Property and Ground Net Lease Summary

Under the GNL, the tenant has the right of first refusal to purchase the property before we can sell the property to a third party. See "Risk Factors—Risks Related to Our Portfolio and Our Business—The tenants under the GNLs relating to the One Ally Center, Northside Forsyth Hospital Medical Center, NSA/JPSS Headquarters and The Buckler Apartments properties have certain preemptive rights should we decide to sell the properties." In addition, the tenant has the right to level the building and improvements on the property before the expiration of the lease, although it cannot do so during the last five years of the lease without our prior consent. Rent under the ground lease must continue to be paid through the end of the term, even if the tenant levels the building and any improvements on the property. See "Risk Factors—Risks Related to Our Portfolio and Our Business—The tenant under our GNL relating to the One Ally Center property has the right to level the building before the expiration of the lease."

Property		**Lease**	
Address:	500 Woodward Ave, Detroit, MI	**Tenant:**	500 Webward LLC
MSA:	Detroit-Warren-Dearborn	**Guarantor**	N/A
Property Type:	Office	**Lease Commencement Date:**	3/31/2015
Units / Keys:	N/A	**Lease Expiration Date:**	3/31/2114
Square Feet:	957,355	**Original Term:**	99 yrs (97 yrs remaining)
Occupancy	100%	**Tenant Extension Options:**	Two 30-year options
Year Built / Major Reno Date:	1992		
		Contractual Rent Escalations or Percentage Rent:	1.5% per year, During each 10th lease year, annual fixed rent is adjusted to the greater of (i) 1.5% over the prior year's rent, or (ii) the product of the rent applicable in the initial year of the 10 year period multiplied by a CPI factor, subject to a cap of 20% of the rent applicable in that initial year.
Underlying Property NOI:	N/A	**In Place Base Rent (Annualized):**	$2.5M
Ground Rent Coverage:	>5.0x	**TTM Additional Rent:**	N/A
		Total Cash Rent:	$2.5M
		Total GAAP Rent:	$5.3M

Property Map



Hilton Salt Lake

Property Description

Developed in 1983 and last renovated in 2012, the 499 key Hilton Salt Lake City Center is a full-service, upper upscale conference hotel. The hotel is centrally located in downtown Salt Lake City within walking distance to over 60 restaurants, clubs and shops. It is located one-half block from the Salt Palace Convention Center and is on the Salt Lake light rail system. Many rooms offer panoramic mountain views and guests can enjoy an indoor pool and whirlpool, a fitness center, and an award-winning steakhouse restaurant and café.

The following table shows the occupancy rate, ADR and RevPAR (which includes only room revenue and excludes revenue from other departments) for the last five calendar years at this property:

Occupancy					ADR					RevPAR				
2012	2013	2014	2015	2016	2012	2013	2014	2015	2016	2012	2013	2014	2015	2016
66.6%	70.3%	71.1%	73.4%	71.6%	$ 123	$ 133	$ 137	$ 145	$ 150	$ 82	$ 93	$ 97	$ 107	$ 107

For U.S. federal tax purposes, we depreciate the building improvements at this property over a 40 year life. Our depreciable tax basis in the building is approximately $33.2 million and our tax basis, net of depreciation, was approximately $16.9 million at March 31, 2017, using the straight-line method of depreciation.

Property and Lease Summary

This property is part of our Hilton Western Portfolio and is subject to a master lease acquired by iStar in 1997. In January 2017, Hilton Worldwide Holdings Inc. announced that it had completed a spinoff of Park Hotels & Resorts Inc. (NYSE: PK). We have amended the master lease to substitute a wholly owned subsidiary of Park Hotels & Resorts Inc. as the guarantor of the tenant's obligations under the master lease. We own the land and the improvements at this property. Under the master lease, the tenant has the right to purchase this hotel at fair market value if the hotel suffers a major casualty or condemnation event, as defined in the master lease. See "Risk Factors—Risks Related to Our Portfolio and Our Business—Our master lease relating to five hotel properties and our GNL relating to the Lock Up Self Storage Facility provide the tenants with the right to purchase our hotel properties or land, as the case may be, in certain circumstances."

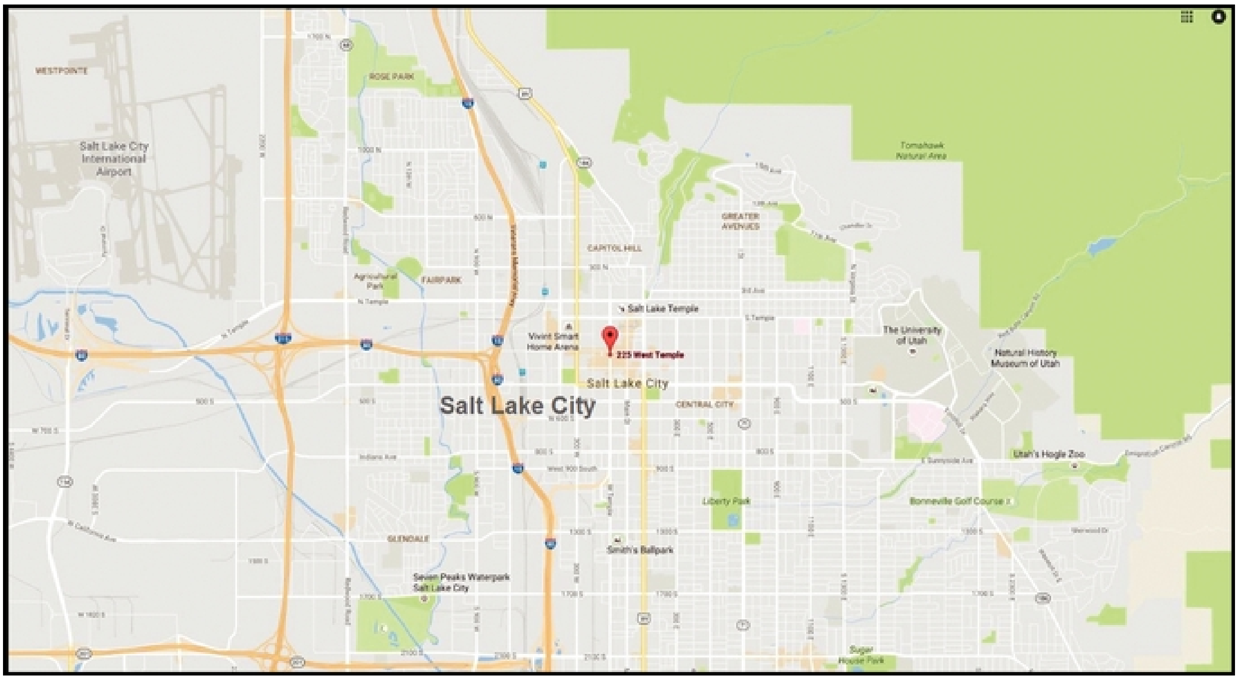
Property		Lease	
Address:	255 S. West Temple, Salt Lake City, UT	**Tenant:**	HLT Operate DTWC LLC
MSA:	Salt Lake City	**Guarantor:**	Park Intermediate Holdings LLC
Property Type:	Hotel	**Lease Commencement Date:**	8/1/1995
Units / Keys:	499	**Lease Expiration Date:**	12/31/2025
Square Feet:	425,000	**Original Term:**	30 yrs (9 yrs remaining)
Occupancy:	72%	**Tenant Extension Options:**	Two 5-year options
Year Built / Major Reno Date:	1983 / 2012		
		Contractual Rent Escalations or Percentage Rent:	Percentage rent equal to 7.5% of the positive difference between the aggregate operating revenue of the Hilton Western Portfolio and the approximately $81.4 million aggregate base operating revenue of the Hilton Western Portfolio
Underlying Property NOI:	$9.6M	**In Place Base Rent (Annualized):**	$2.7M
Ground Rent Coverage:	3.56x	**TTM Additional Rent:**	$0.6M(1)
		Total Cash Rent:	$3.3M(1)
		Total GAAP Rent:	$3.3M(1)

(1) In November 2016, the master lease governing the Hilton Western Portfolio was amended to change the look back period for which annual percentage rent is computed from the trailing twelve months ending September 30 to the trailing twelve months ending December 31 of each year during the remaining term of the lease. In March 2017, the Company recorded $0.5 million of income representing a one-time stub payment of percentage rent for the 3 months ended December 31, 2016, to account for the change in the look back period. The $0.5 million stub payment is allocated among the five hotels in the Hilton Western Portfolio, with the Hilton Salt Lake hotel accounting for $0.1 million. The one time stub period payment is excluded from the information in the table above.

In the event the master lease of the Hilton Western Portfolio is partially terminated with respect to this hotel only, the aggregate base operating revenue of the Hilton Western Portfolio for purposes of calculating the percentage rent would be reduced by approximately $20.7 million.

[Table of Contents](#)

Property Map



Doubletree Mission Valley


Property Description

The 300 key Doubletree Mission Valley was developed in 1991 and renovated in 2012. The property is a full-service, upper upscale hotel located in the heart of San Diego's retail corridor, surrounded by over 4.4 million square feet of shops and malls. The Hazard Center mall is attached to the hotel via a pedestrian bridge, and the city's famed Fashion Valley Mall is within walking distance. The hotel is also adjacent to a San Diego Trolley stop, offering guests access to the city's top attractions, which include QualComm Stadium, the San Diego Zoo, SeaWorld, Old Town, Little Italy and the Gaslamp Quarter. Amenities include a café, heated indoor and outdoor pools, a fitness center, scenic event patios and 25,000 square feet of meeting space capable of accommodating 1,000 people.

The following table shows the occupancy rate, ADR and RevPAR (which includes only room revenue and excludes revenue from other departments) for the last five calendar years at this property:

Occupancy					ADR					RevPAR				
2012	2013	2014	2015	2016	2012	2013	2014	2015	2016	2012	2013	2014	2015	2016
75.3%	82.6%	84.7%	85.9%	86.9%	$ 134	$ 137	$ 146	$ 154	$ 159	$ 101	$ 113	$ 124	$ 132	$ 139

Property and Lease Summary

This property is part of our Hilton Western Portfolio and is subject to a master lease acquired by iStar in 1997. In January 2017, Hilton Worldwide Holdings Inc. announced that it had completed a spinoff of Park Hotels & Resorts Inc. (NYSE: PK). We have amended the master lease to substitute a wholly owned subsidiary of Park Hotels & Resorts Inc. as the guarantor of the tenant's obligations under the master lease. We own the land and the improvements at this property. Under the master lease, the tenant has the right to purchase this hotel at fair market value if the hotel suffers a major casualty or condemnation event, as defined in the master lease.

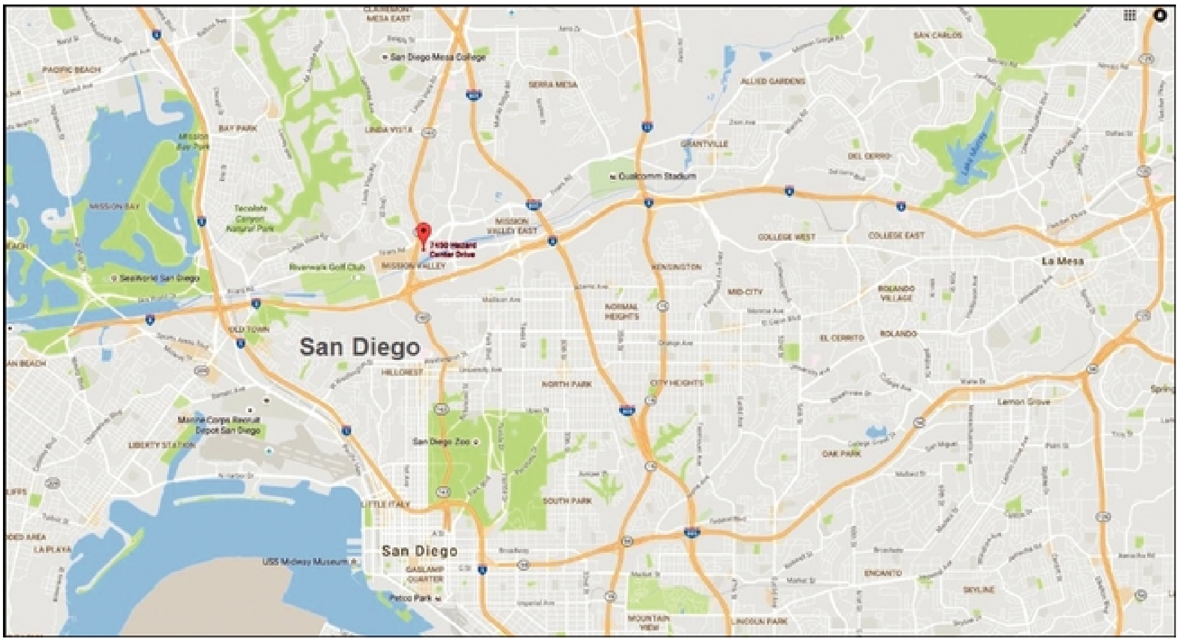
See "Risk Factors—Risks Related to Our Portfolio and Our Business—Our master lease relating to five hotel properties and our GNL relating to the Lock Up Self Storage Facility provide the tenants with the right to purchase our hotel properties or land, as the case may be, in certain circumstances."

Property		Lease	
Address:	7450 Hazard Center Dr., San Diego, CA	**Tenant:**	HLT Operate DTWC LLC
MSA:	San Diego—Carlsbad	**Guarantor:**	Park Intermediate Holdings LLC
Property Type:	Hotel	**Lease Commencement Date:**	8/1/1995
Units / Keys:	300	**Lease Expiration Date:**	12/31/2025
Square Feet:	236,745	**Original Term:**	30 yrs (9 yrs remaining)
Occupancy:	87%	**Tenant Extension Options:**	Two 5-year options
Year Built / Major Reno Date:	1991 / 2012		
		Contractual Rent Escalations or Percentage Rent:	Percentage rent equal to 7.5% of the positive difference between the aggregate operating revenue of the Hilton Western Portfolio and the approximately $81.4 million aggregate base operating revenue of the Hilton Western Portfolio
Underlying Property NOI:	$7.4M	**In Place Base Rent (Annualized):**	$1.1M
Ground Rent Coverage:	6.55x	**TTM Additional Rent:**	$0.7M(1)
		Total Cash Rent:	$1.8M(1)
		Total GAAP Rent:	$1.8M(1)

(1) In November 2016, the master lease governing the Hilton Western Portfolio was amended to change the look back period for which annual percentage rent is computed from the trailing twelve months ending September 30 to the trailing twelve months ending December 31 of each year during the remaining term of the lease. In March 2017, the Company recorded $0.5 million of income representing a one-time stub payment of percentage rent for the 3 months ended December 31, 2016, to account for the change in the look back period. The $0.5 million stub payment is allocated among the five hotels in the Hilton Western Portfolio, with the Doubletree Mission Valley hotel accounting for $0.1 million. The one time stub period payment is excluded from the information in the table above.

In the event the master lease of the Hilton Western Portfolio is partially terminated with respect to this hotel only, the aggregate base operating revenue of the Hilton Western Portfolio for purposes of calculating the percentage rent would be reduced by approximately $12.4 million.

Property Map



Doubletree Sonoma

Property Description

The 245 key Doubletree Sonoma is a full-service, upper upscale resort hotel developed in 1987 and renovated in 2016. Located in the heart of Sonoma County's wineries, the hotel is near Santa Rosa and Petaluma and less than an hour drive from Napa and San Francisco. The hotel surrounds a courtyard with views of the surrounding golf courses and Sonoma Mountains. Guests have access to Sonoma County's world renowned wineries, dining and popular attractions, such as Armstrong Redwoods and the Safari West Wildlife Reserve. Additional amenities include a lobby bar and Starbucks Café, fitness center, outdoor pool, tennis courts, two adjacent golf courses and 30,000 square feet of meeting space.

The following table shows the occupancy rate, ADR and RevPAR (which includes only room revenue and excludes revenue from other departments) for the last five calendar years at this property:

Occupancy					ADR					Revpar				
2012	2013	2014	2015	2016	2012	2013	2014	2015	2016	2012	2013	2014	2015	2016
66.5%	73.4%	82.3%	82.6%	74.5%	$ 126	$ 129	$ 136	$ 148	$ 166	$ 83	$ 95	$ 112	$ 123	$ 124

Property and Lease Summary

This property is part of our Hilton Western Portfolio and is subject to a master lease acquired by iStar in 1997. In January 2017, Hilton Worldwide Holdings Inc. announced that it had completed a spinoff of Park Hotels & Resorts Inc. (NYSE: PK). We have amended the master lease to substitute a wholly owned subsidiary of Park Hotels & Resorts Inc. as the guarantor of the tenant's obligations under the master lease. We own the land and the improvements at this property. Under the master lease, the tenant has the right to purchase this hotel at fair market value if the hotel suffers a major casualty or condemnation event, as defined in the master lease. See "Risk Factors—Risks Related to Our Portfolio and Our Business—Our master lease relating to five hotel properties and our GNL relating to the Lock Up Self Storage Facility provide the tenants with the right to purchase our hotel properties or land, as the case may be, in certain circumstances."

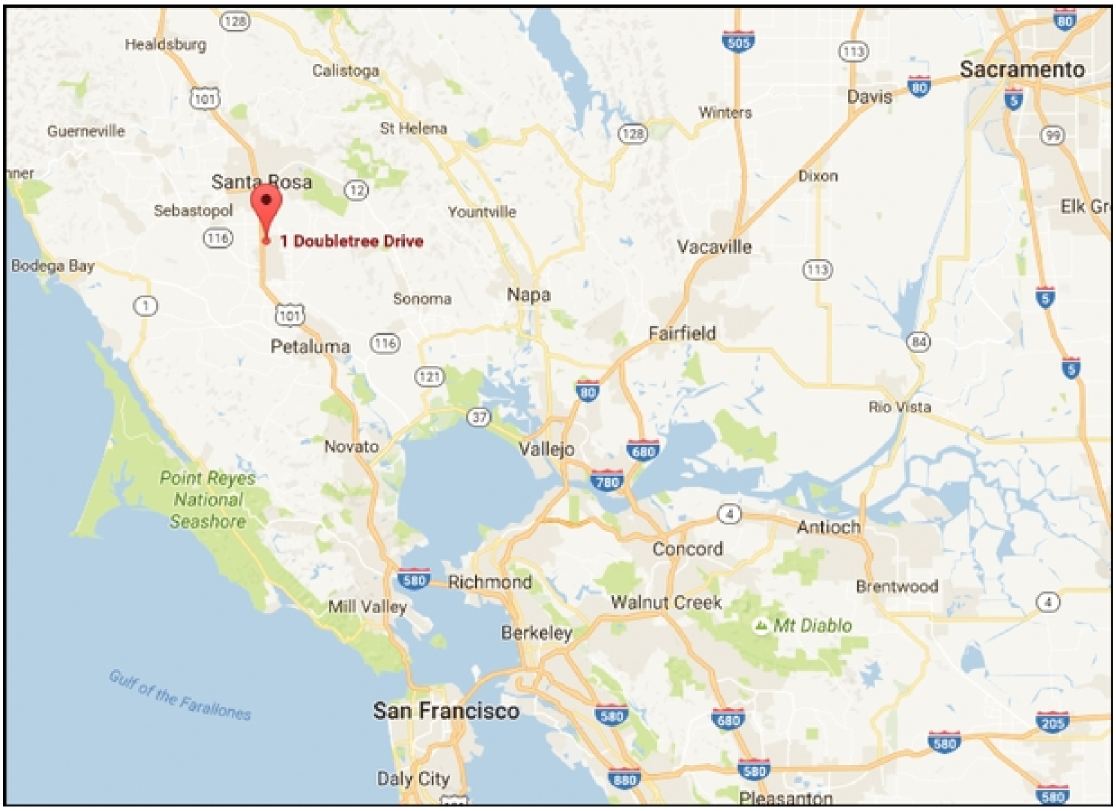
Property		**Lease**	
Address:	1 Doubletree Dr., Rohnert Park, CA	**Tenant:**	HLT Operate DTWC LLC
MSA:	San Francisco-San Jose-Oakland	**Guarantor:**	Park Intermediate Holdings LLC
Property Type:	Hotel	**Lease Commencement Date:**	8/1/1995
Units / Keys:	245	**Lease Expiration Date:**	12/31/2025
Square Feet:	213,000	**Original Term:**	30 yrs (9 yrs remaining)
Occupancy:	77%	**Tenant Extension Options:**	Two 5-year options
Year Built / Major Reno Date:	1987 / 2016		
		Contractual Rent Escalations or Percentage Rent:	Percentage rent equal to 7.5% of the positive difference between the aggregate operating revenue of the Hilton Western Portfolio and the approximately $81.4 million aggregate base operating revenue of the Hilton Western Portfolio
Underlying Property NOI:	$4.2M	**In Place Base Rent (Annualized):**	$0.7M
Ground Rent Coverage:	5.72x	**TTM Additional Rent:**	$0.4M(1)
		Total Cash Rent:	$1.1M(1)
		Total GAAP Rent:	$1.1M(1)

(1) In November 2016, the master lease governing the Hilton Western Portfolio was amended to change the look back period for which annual percentage rent is computed from the trailing twelve months ending September 30 to the trailing twelve months ending December 31 of each year during the remaining term of the lease. In March 2017, the Company recorded $0.5 million of income representing a one-time stub payment of percentage rent for the 3 months ended December 31, 2016, to account for the change in the look back period. The $0.5 million stub payment is allocated among the five hotels in the Hilton Western Portfolio, with the Doubletree Sonoma hotel accounting for $0.08 million. The one time stub period payment is excluded from the information in the table above.

In the event the master lease of the Hilton Western Portfolio is partially terminated with respect to this hotel only, the aggregate base operating revenue of the Hilton Western Portfolio for purposes of calculating the percentage rent would be reduced by approximately $9.3 million.

Table of Contents

Property Map



Doubletree Durango

Property Description

The 159 key Doubletree Durango is a full-service, upscale hotel developed in 1986 and last renovated in 2009. The property sits along the Animas River and is within walking distance to downtown Durango and the historic Durango Silverton Narrow Gauge Railroad. The downtown Main Avenue contains a wide array of restaurants, bars and shops. Two restaurants at the hotel offer riverside dining. Additional amenities include an indoor pool, fitness center, seven meeting rooms for large group events and complimentary airport shuttle and parking.

The following table shows the occupancy rate, ADR and RevPAR (which includes only room revenue and excludes revenue from other departments) for the last five calendar years at this property:

Occupancy					ADR					Revpar				
2012	2013	2014	2015	2016	2012	2013	2014	2015	2016	2012	2013	2014	2015	2016
85.7%	80.6%	81.3%	80.7%	78.7%	$ 161	$ 167	$ 168	$ 175	$ 176	$ 138	$ 135	$ 137	$ 141	$ 138

Property and Lease Summary

This property is part of our Hilton Western Portfolio and is subject to a master lease acquired by iStar in 1997. In January 2017, Hilton Worldwide Holdings Inc. announced that it had completed a spinoff of Park Hotels & Resorts Inc. (NYSE: PK). We have amended the master lease to substitute a wholly owned subsidiary of Park Hotels & Resorts Inc. as the guarantor of the tenant's obligations under the master lease. We own the land and the improvements at this property. Under the master lease, the tenant has the right to purchase this hotel at fair market value if the hotel suffers a major casualty or condemnation event, as defined in the master lease. See "Risk Factors—Risks Related to Our Portfolio and Our Business—Our master lease relating to five hotel properties and our GNL relating to the Lock Up Self Storage Facility provide the tenants with the right to purchase our hotel properties or land, as the case may be, in certain circumstances."

Property		Lease	
Address:	501 Camino Del Rio, Durango, CO	**Tenant:**	HLT Operate DTWC LLC
MSA:	Durango	**Guarantor:**	Park Intermediate Holdings LLC
Property Type:	Hotel	**Lease Commencement Date:**	8/1/1995
Units / Keys:	159	**Lease Expiration Date:**	12/31/2025
Square Feet:	132,384	**Original Term:**	30 yrs (9 yrs remaining)
Occupancy:	76%	**Tenant Extension Options:**	Two 5-year options
Year Built / Major Reno Date:	1986 / 2009		
		Contractual Rent Escalations or Percentage Rent:	Percentage rent equal to 7.5% of the positive difference between the aggregate operating revenue of the Hilton Western Portfolio and the approximately $81.4 million aggregate base operating revenue of the Hilton Western Portfolio
Underlying Property NOI:	$3.2M	**In Place Base Rent (Annualized):**	$0.9M
Ground Rent Coverage:	3.69x	**TTM Additional Rent:**	$0.3M(1)
		Total Cash Rent:	$1.2M(1)
		Total GAAP Rent:	$1.2M(1)

(1) In November 2016, the master lease governing the Hilton Western Portfolio was amended to change the look back period for which annual percentage rent is computed from the trailing twelve months ending September 30 to the trailing twelve months ending December 31 of each year during the remaining term of the lease. In March 2017, the Company recorded $0.5 million of income representing a one-time stub payment of percentage rent for the 3 months ended December 31, 2016, to account for the change in the look back period. The $0.5 million stub payment is allocated among the five hotels in the Hilton Western Portfolio, with the Doubletree Durango hotel accounting for $0.05 million. The one time stub period payment is excluded from the information in the table above.

In the event the master lease of the Hilton Western Portfolio is partially terminated with respect to this hotel only, the aggregate base operating revenue of the Hilton Western Portfolio for purposes of calculating the percentage rent would be reduced by approximately $6.0 million.

Property Map

Table of Contents

Dallas Market Center: Sheraton Suites

Property Description

The 251 key Sheraton Suites Market Center Dallas is a full-service hotel developed in 1989 and renovated in 2017. We own the land in fee simple, while the tenant owns the hotel and other improvements. iStar acquired this GNL in 2005. The hotel includes over 4,000 square feet of meeting space, a full-service restaurant, lounge area, outdoor and indoor heated pools, whirlpool, fitness center and business center. Area demand drivers include the five million square foot Dallas Market Center, the Medical District, Design District, Victory Park, Uptown and the Dallas CBD.

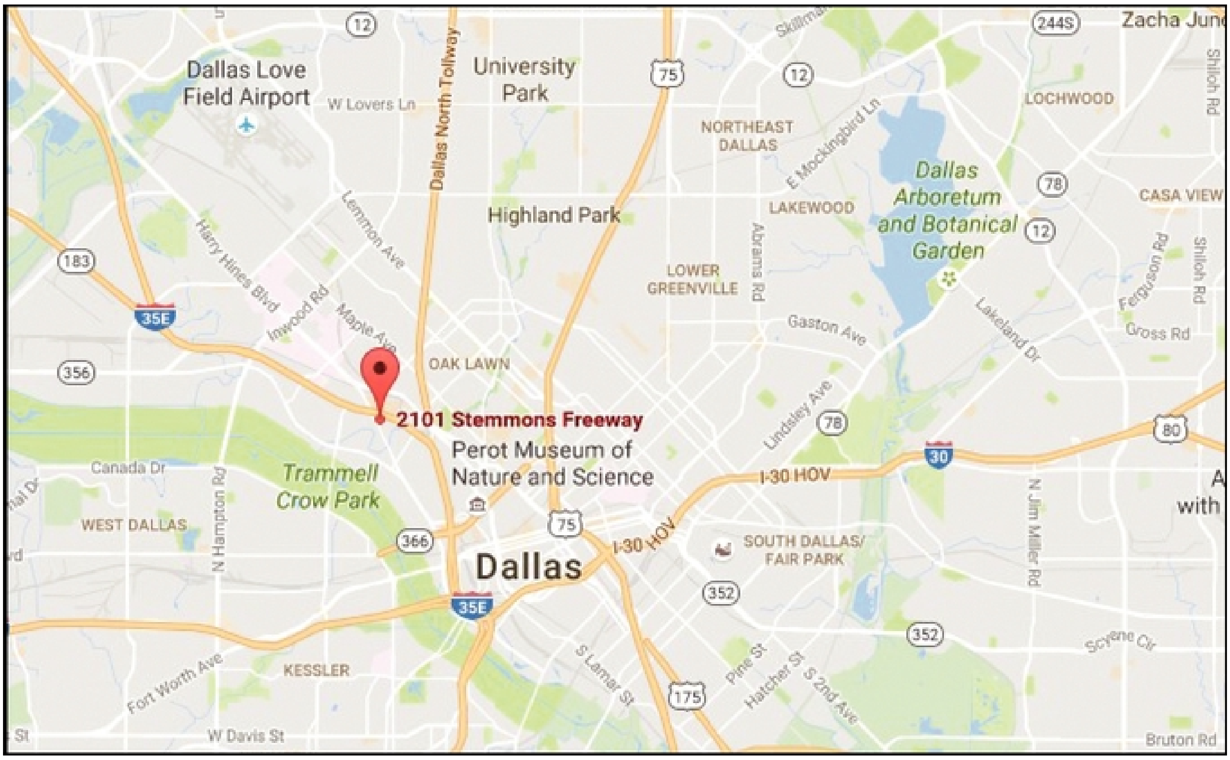
Table of Contents

Property and Ground Net Lease Summary

Property	
Address:	2101 Stemmons Freeway, Dallas, TX
MSA:	Dallas-Fort Worth-Arlington
Property Type:	Hotel
Units / Keys:	251
Square Feet:	178,331
Occupancy:	77%
Year Built / Major Reno Date:	1989 / 2017
Underlying Property NOI:	$2.0M
Ground Rent Coverage:	5.54x

Lease	
Tenant:	Dallas Suites RE, LLC
Guarantor:	N/A
Lease Commencement Date:	9/30/2015
Lease Expiration Date:	9/30/2114
Original Term:	99 yrs (98 yrs remaining)
Tenant Extension Options:	None
Contractual Rent Escalations or Percentage Rent:	2.0% annual rent escalations. For the 51st through 99th years of the lease, the base rent is the greater of (i) the annual rent calculated based on 2.0% annual rent escalation throughout the term of the lease, and (ii) the fair market rental value of the property.
In Place Base Rent (Annualized):	$0.4M
TTM Additional Rent:	N/A
Total Cash Rent:	$0.4M
Total GAAP Rent:	$1.1M

Property Map



__Northside Forsyth Hospital Medical Center__

Property Description

The Northside Forsyth Hospital Medical Center is 95% pre-leased and construction was completed on May 11, 2017. We own the land in fee simple, while the tenant owns the completed medical office building and improvements. iStar originated this GNL in 2016. The approximately 13-acre site includes a 92,573 square foot Class-A medical office building. The site can accommodate an additional 115,100 square feet of buildings and is strategically located adjacent to the 231-bed Northside Forsyth Hospital in one of the fastest growing counties in the United States. The site borders and has convenient access to GA-400, a major artery that funnels traffic to and from Atlanta's suburban neighborhoods to core employment centers.

Property and Ground Net Lease Summary

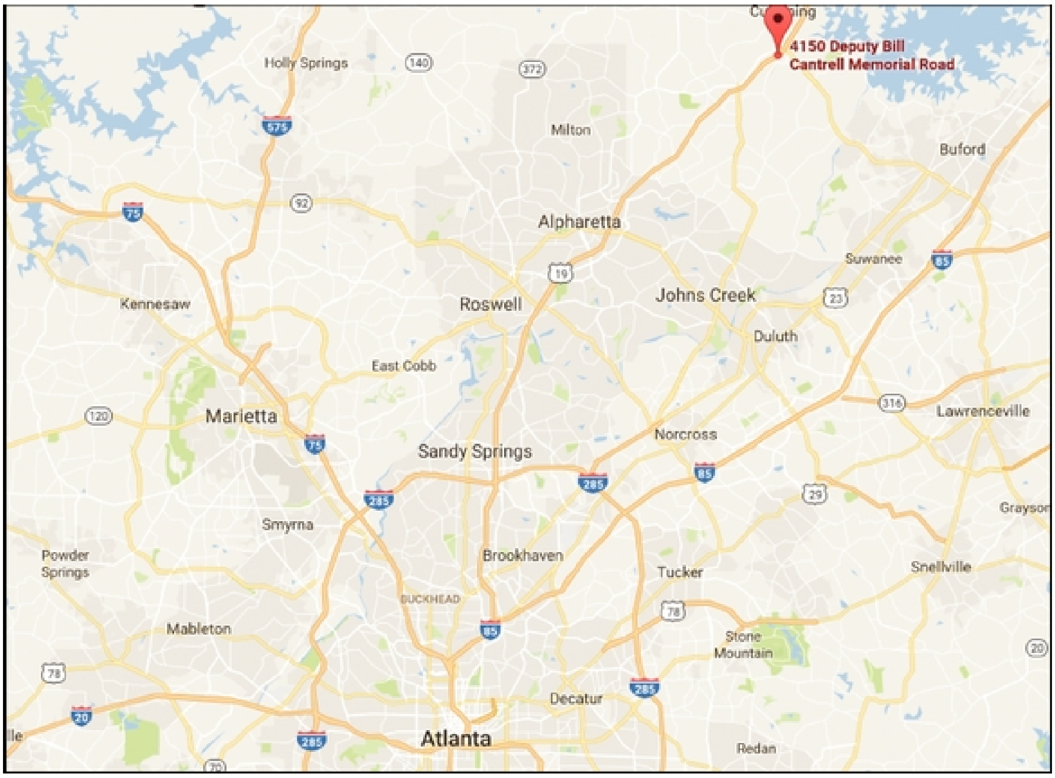
We agreed to fund $9.0 million of the construction and land costs for this property, all of which has been funded as of March 31, 2017. Under the GNL, the tenant has the right of first refusal to purchase the property before we can sell the property to a third party. See "Risk Factors—Risks Related to Our Portfolio and Our Business—The tenants under the GNLs relating to the One Ally Center, Northside Forsyth Hospital Medical Center, NSA/JPSS Headquarters and The Buckler Apartments properties have certain preemptive rights should we decide to sell the properties."

Property		**Lease**	
Address:	4150 Deputy Bill Cantrell Memorial Rd, Cumming, GA	**Tenant:**	Forsyth Physicians Center SPE 1, LLC
MSA:	Atlanta-Sandy Springs-Marietta	**Guarantor**	Individual principal of property developer; guarantee expires upon completion of construction
Property Type:	Medical Office Building	**Lease Commencement Date:**	4/25/2016
Units / Keys:	N/A	**Lease Expiration Date:**	4/25/2115
Square Feet:	92,573	**Original Term:**	99 yrs (98 yrs remaining)
Occupancy	95%	**Tenant Extension Options:**	Two 30-year options
Year Built / Major Reno Date:	2017		
		Contractual Rent Escalations or Percentage Rent:	Upon completion of construction, 1.5% per year. During each 10th lease year, annual fixed rent is adjusted to the greater of (i) 1.5% over the prior year's rent, or (ii) the product of the prior year's rent multiplied by a CPI factor, subject to a cap on the increase of 20% of the prior year's rent.
Underlying Property NOI:	$1.5M	**In Place Base Rent (Annualized):**	$0.5M
Ground Rent Coverage:	3.05x	**TTM Additional Rent:**	N/A
		Total Cash Rent:	$0.5M
		Total GAAP Rent[(1)]:	$0.8M

(1) Includes $0.4 million of interest income

Table of Contents

Property Map



NASA JPSS Headquarters

Property Description

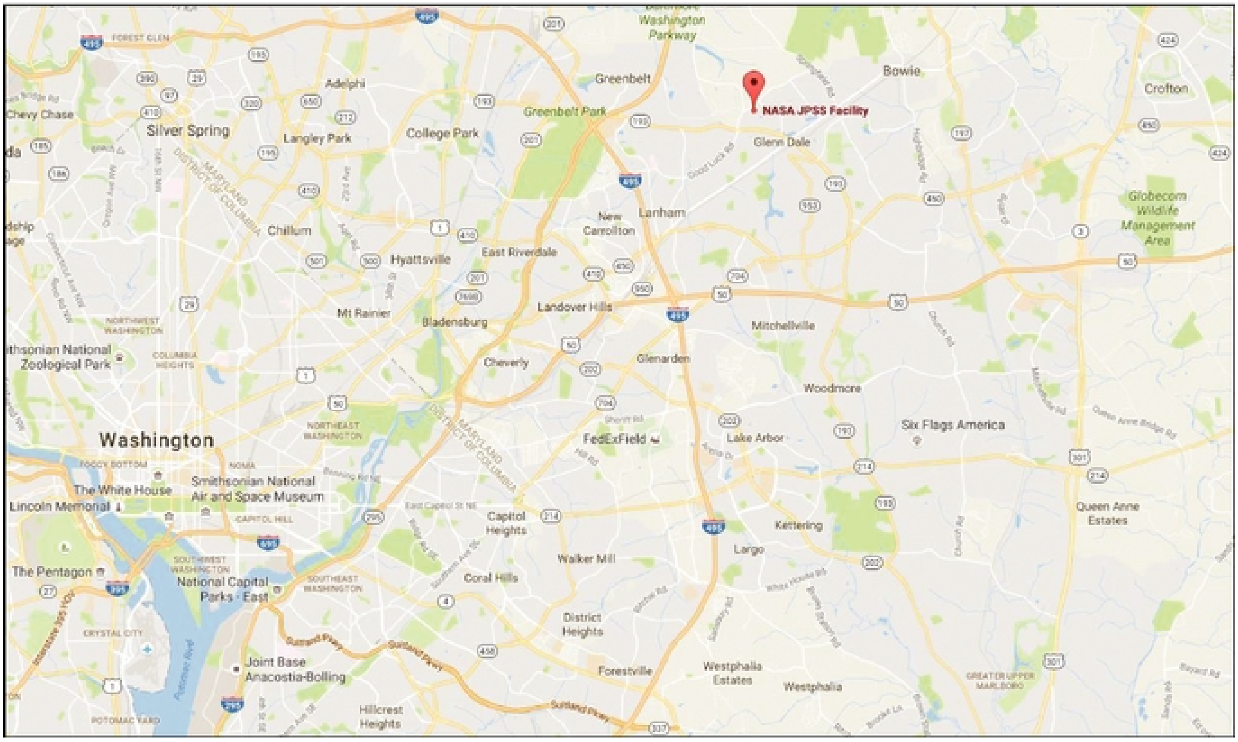
Built in 1994 by Cypress Investment Associates and designed by Brasher Design, the property serves as the headquarters of NASA's Joint Polar Satellite System division and is an extension of the Goddard Space Flight Campus. We own the land in fee simple, while the tenant owns the office building and improvements. iStar originated this GNL in 2005 from a property it acquired in 1997. The property is a 120,000 square foot secure facility designed to Goddard's on-campus requirements with a direct, secure fiber optic connection. The property is situated at the intersection of two of the region's most heavily trafficked thoroughfares, the Baltimore-Washington Parkway and I-495.

Property and Ground Net Lease Summary

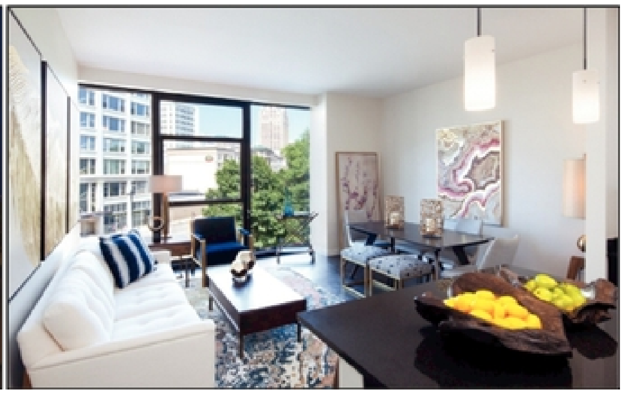
Under the GNL, the tenant has the right of first offer to purchase the property, i.e., we must first offer the property to the tenant before soliciting offers for the sale of the property to any other person. See "Risk Factors—Risks Related to Our Portfolio and Our Business—The tenants under the GNLs relating to the One Ally Center, Northside Forsyth Hospital Medical Center, NASA/JPSS Headquarters and The Buckler Apartments properties have certain preemptive rights should we decide to sell the properties."

Property		**Lease**	
Address:	7700 and 7720 Hubble Drive, Lanham, MD	**Tenant:**	DRV Greentec, LLC
MSA:	Washingston-Arlington-Alexandria	**Guarantor**	N/A
Property Type:	Office	**Lease Commencement Date:**	10/31/2005
Units / Keys:	N/A	**Lease Expiration Date:**	10/31/2075
Square Feet:	120,000	**Original Term:**	70 yrs (59 yrs remaining)
Occupancy	100%	**Tenant Extension Options:**	Two 15-year options
Year Built / Major Reno Date:	1994		
		Contractual Rent Escalation or Percentage Rent:	3.0% every five years
Underlying Property NOI:	$2.0M	**In Place Base Rent (Annualized):**	$0.4M
Ground Rent Coverage:	4.52x	**TTM Additional Rent:**	N/A
		Total Cash Rent:	$0.4M
		Total GAAP Rent:	$0.5M

Property Map



The Buckler Apartments

Property Description

Originally built as an office building in 1977, the property was converted to 207 Class-A residential apartment units in 2016, including the addition of a penthouse level on the 10th floor. We own the land on which The Buckler Apartments are located and the external building structure built thereon, and the tenant owns the improvements made within the building. iStar originated this GNL in 2014 from a property it acquired in 1996. The building includes 19 studio/micro units, 113 one bedroom units and 75 two bedroom units. The property is located in Downtown Milwaukee within walking distance of downtown restaurants, convention centers, hotels, shopping and Marquette University. Amenities include a first-class fitness facility, 24 hour concierge, an outdoor courtyard with lounge seating, grill stations and a fire pit. Unit amenities include ceiling heights ranging from 9 to 13 feet, washers and dryers, granite counters and views of downtown Milwaukee.

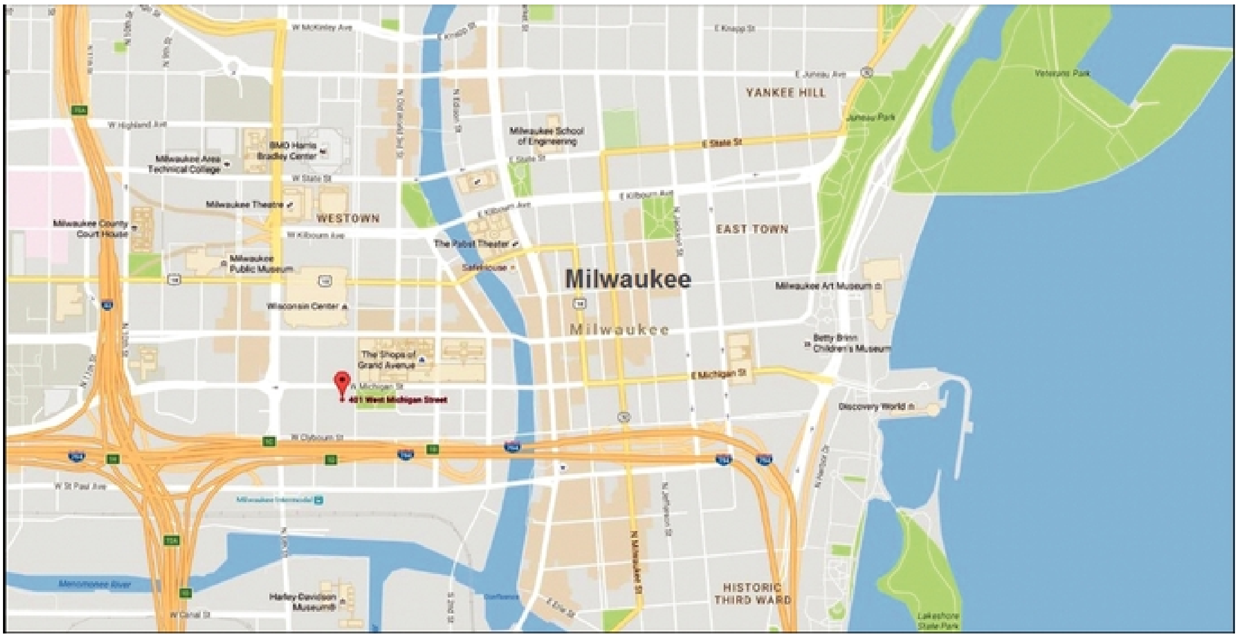
Property and Ground Net Lease Summary

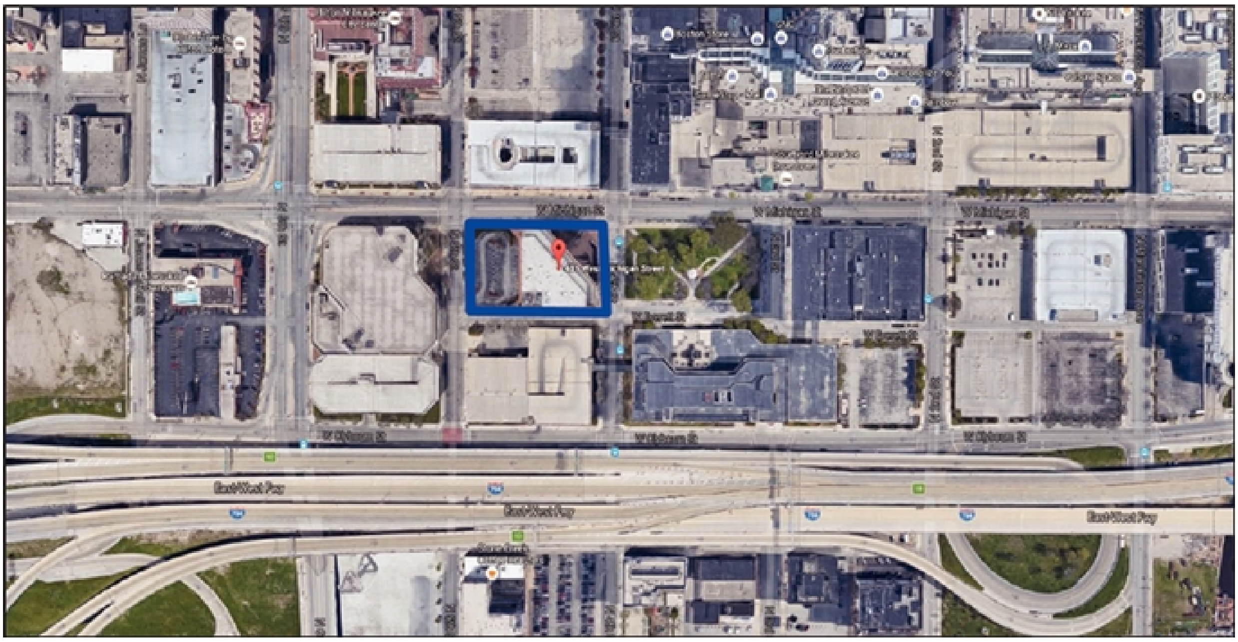
Under the GNL, the tenant has the right of first offer to purchase the property, i.e., we must first offer the property to the tenant before soliciting offers for the sale of the property to any other person. See "Risk Factors—Risks Related to Our Portfolio and Our Business—The tenants under the GNLs relating to the One Ally Center, Northside Forsyth Hospital Medical Center, NSA/JPSS Headquarters and The Buckler Apartments properties have certain preemptive rights should we decide to sell the properties."

Property		**Lease**	
Address:	401 West Michigan Street, Milwaukee, WI	**Tenant:**	CA/Phoenix 401 Property Owner, LLC
MSA:	Milwaukee-Waukesha-West Allis	**Guarantor**	N/A
Property Type:	Multi-Family	**Lease Commencement Date:**	11/21/2014
Units / Keys:	207	**Lease Expiration Date:**	11/30/2112
Square Feet:	206,712	**Original Term:**	98 yrs (96 yrs remaining)
Occupancy	79%	**Tenant Extension Options:**	None
Year Built / Major Reno Date:	1977 / 2016		
		Contractual Rent Escalations or Percentage Rent:	15% rent escalation every 10th year of the lease
Underlying Property NOI:	$2.3M	**In Place Base Rent (Annualized):**	$0.3M
Ground Rent Coverage:	9.20x	**TTM Additional Rent:**	N/A
		Total Cash Rent:	$0.3M
		Total GAAP Rent:	$0.5M

Table of Contents

Property Map





Dallas Market Center: Marriott Courtyard


Property Description

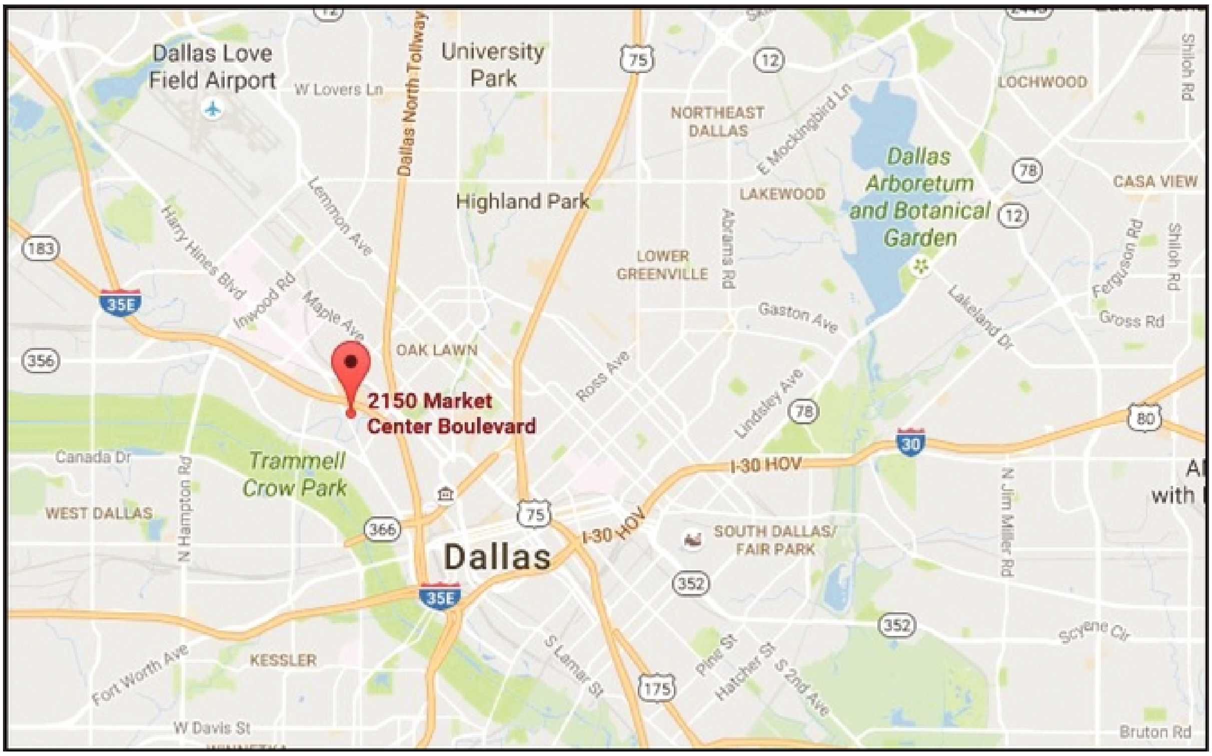
The 184 key Courtyard Dallas Market Center is a select service hotel developed in 1989 and last renovated in 2015. We own the land in fee simple, while the tenant owns the hotel and other improvements. iStar acquired this GNL in 2005. The hotel includes a pool, fitness center, bar/lounge, convenience store, business center and meeting rooms. Area demand drivers include the five million square foot Dallas Market Center, the Medical District, Design District, Victory Park, Uptown and the Dallas CBD.

Property and Ground Net Lease Summary

Property		Lease	
Address:	2150 Market Center Blvd, Dallas, TX	**Tenant:**	ARC Hospitality Portfolio I DLGL Owner, LP
MSA:	Dallas-Fort Worth-Arlington	**Guarantor:**	American Realty Capital Hospitality Trust, Inc.
Property Type:	Hotel	**Lease Commencement Date:**	2/21/1989
Units / Keys:	184	**Lease Expiration Date:**	1/2/2026
Square Feet:	158,805	**Original Term:**	37 yrs (9 yrs remaining)
Occupancy:	77%	**Tenant Extension Options:**	Four 10-year options
Year Built / Major Reno Date:	1989 / 2015		
		Contractual Rent Escalations or Percentage Rent:	The tenant pays (i) minimum annual rent in the amount of $125,000 per fiscal year, and (ii) 5% of annual gross room sales (provided that the minimum annual rent shall be credited to the amount of percentage rent provided that any credit unused at the end of each fiscal year shall lapse and not be applied as a credit against percentage rent due in the following fiscal year); provided, however, commencing on the first day of the extended term and every 5 years thereafter, minimum annual rental shall be adjusted to be the greater of (a) $200,000, or (b) 80% of the average annual rental paid in each of the then previous 5 fiscal years.
Underlying Property NOI:	$2.5M	**In Place Base Rent (Annualized):**	$0.1M
Ground Rent Coverage:	20.31x	**TTM Additional Rent:**	$0.2M
		Total Cash Rent:	$0.3M
		Total GAAP Rent:	$0.3M

Table of Contents

Property Map



Lock Up Self Storage Facility

Property Description

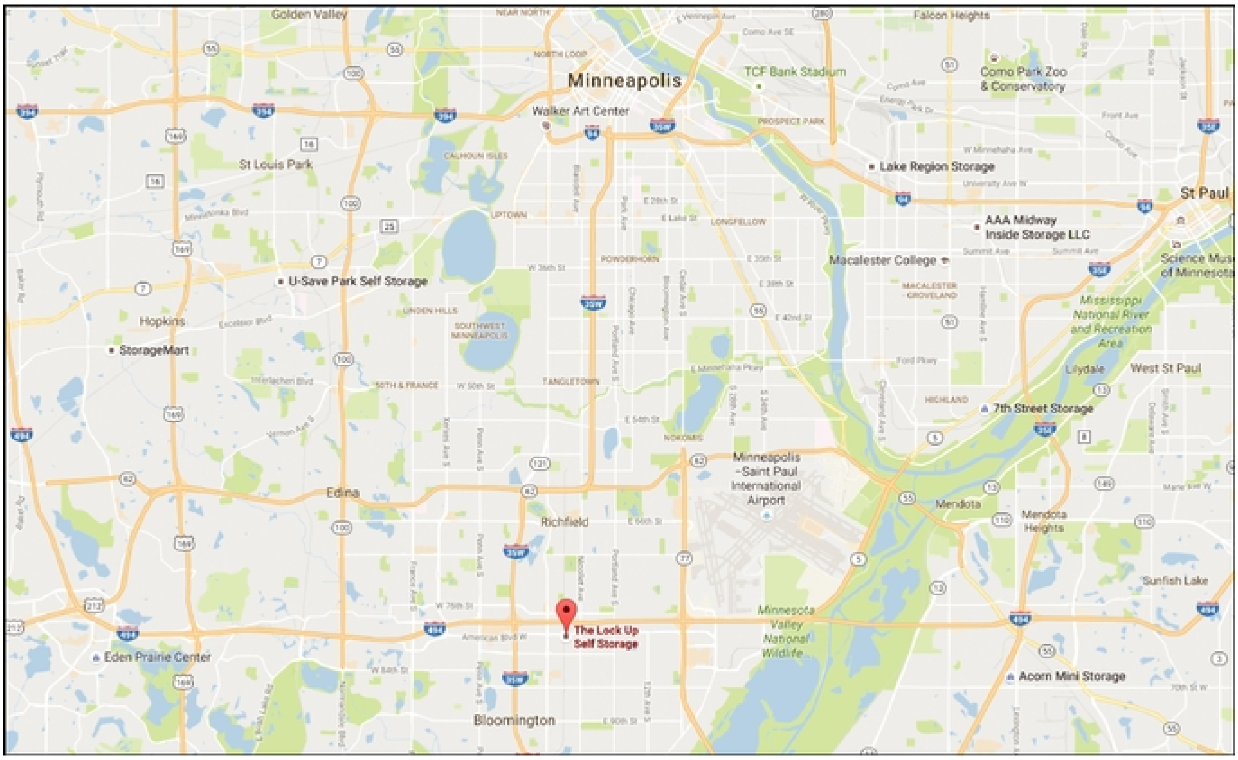
Developed in 2008, the 104,000 square foot Lock Up Self Storage Facility consists of 812 self-storage units. We own the land in fee simple, while the tenant owns the storage facility and other improvements. iStar originated this GNL in 2007 from a property it acquired in 1993. The building features include on-site management, secure self-storage units, climate controlled interiors, drive up storage units, electronic coded access, a full size passenger elevator, indoor loading bay, motion lighting and security cameras. The building is located near the heart of the southern Minneapolis metro area, the Minneapolis International Airport and The Mall of America.

Property and Ground Net Lease Summary

Under the GNL, the tenant has the right to purchase our interest in the underlying land at fair market value as of the expiration of the lease in 2037. See "Risk Factors—Risks Related to Our Portfolio and Our Business—Our master lease relating to five hotel properties and our GNL relating to the Lock Up Self Storage Facility provide the tenants with the right to purchase our hotel properties or land, as the case may be, in certain circumstances."

Property		**Lease**	
Address:	221 American Blvd W., Bloomington, MN	**Tenant:**	Lock Up-Evergreen Development Series, LLC / Bloomington Development Series
MSA:	Minneapolis-St. Paul-Bloomington		
Property Type:	Self Storage	**Guarantor:**	Evergreen Real Estate Partners, LLC and individual principals of tenant
Units / Keys:	812		
Square Feet:	104,000	**Lease Commencement Date:**	9/19/2007
Occupancy:	84%	**Lease Expiration Date:**	9/30/2037
Year Built / Major Reno Date:	2008	**Original Term:**	30 yrs (21 yrs remaining)
		Tenant Extension Options:	None
		Contractual Rent Escalations or Percentage Rent	3.5% rent increases every two years
Underlying Property NOI:	$0.8M	**In Place Base Rent (Annualized):**	$0.1M
Ground Rent Coverage:	6.34x	**TTM Additional Rent:**	N/A
		Total Cash Rent:	$0.1M
		Total GAAP Rent:	$0.1M

Property Map



Acquisition GNLs

We intend to acquire our two acquisition GNLs shortly after the closing of this offering. The acquisition GNLs are located at 6200 Hollywood Boulevard (south parcel) and 6201 Hollywood Boulevard (north parcel) in Los Angeles, California and comprise approximately 146,000 and 184,000 square feet of land area, respectively. Construction of the north parcel was completed in 2016. The north parcel contains approximately 530 apartments, retail and parking. The south parcel is currently under construction and is intended to contain approximately 500 apartments, retail and parking, with completion currently expected in 2018. The acquisition GNLs are separate GNLs that are not cross defaulted with each other and do not have cross termination provisions.

iStar entered into definitive purchase agreements for each of the acquisition GNL transactions in May 2017. The transactions are not conditioned on one another. The closings of the purchases of the acquisition GNLs are subject to customary closing conditions and there can be no assurance that the closings will occur; however, we believe it is probable that both transactions will occur. Pursuant to an assignment, assumption and transfer agreement, we will assume the purchase agreements at the closing of this offering or, if iStar has acquired the acquisition GNLs before the closing of this offering, we will acquire the acquisition GNLs from iStar shortly after the completion of this offering. The aggregate purchase price for the acquisition GNLs is $142.0 million. We intend to complete the purchases using a portion of the net proceeds from this offering and the concurrent iStar placement.

North Parcel, 6201 Hollywood Boulevard

The GNL for 6201 Hollywood Boulevard has a remaining term that expires in January 2104. The current annual base rent is approximately $2.4 million. Except for two fair market value rent resets in 2059 and 2079, the annual base rent adjusts every four years based on 50% of the increase in the CPI in the greater Los Angeles area, California since the previous adjustment date, but in no event will such adjustment increase the annual base rent by more than 12% from one rent period to the next. The next annual base rent adjustment is scheduled to occur in February 2019. In 2059 and 2079, the annual base rent is reset based on a calculation derived from the then fair market value of the land, but not less than the annual base rent that was in effect before the reset. The tenant under this GNL is Blvd 6200 Owner North, LLC.

Construction of the improvements on the north parcel was completed in 2016 and the property is currently in the lease-up phase. We currently anticipate that leasing will be stabilized by the end of 2017. We estimate that the initial annual stabilized Underlying Property NOI will be more than $14.5 million, which would represent a Ground Rent Coverage of greater than 6.0x. Our estimate of the initial annual stabilized Underlying Property NOI is based on leasing activity at the property and available market information, including leasing activity at comparable properties in the market.

The purchase price for this acquisition GNL is $68.4 million.

South Parcel, 6200 Hollywood Boulevard

The GNL for 6200 Hollywood Boulevard has a remaining term that expires in January 2104. The current annual base rent is approximately $2.6 million. Except for two fair market value rent resets in 2058 and 2078, the annual base rent adjusts every four years based on 50% of the increase in the CPI in the greater Los Angeles area, California since the previous adjustment date, but in no event will such adjustment increase the annual base rent by more than 12% from one rent period to the next. The next annual base rent adjustment is scheduled to occur in May 2018. In 2058 and 2078, the annual base rent is reset based on a calculation derived from the then fair market value of the land, but not less than the annual base rent that was in effect before the reset. The tenant under this GNL is Blvd 6200 Owner South, LLC.

We currently expect that construction of the improvements on the south parcel will be completed in 2018. We estimate that the initial annual stabilized Underwritten Property NOI will be more than $14.0 million, which would represent a Ground Rent Coverage of greater than 5.4x. Our estimate of the initial annual stabilized Underwritten Property NOI assumes that construction is completed within our expected timeframe and is based on available market information, including leasing activity at comparable properties in the market.

The purchase price for this acquisition GNL is $73.6 million.

Option GNL

Concurrently with the completion of this offering, we will enter into an option agreement with iStar that grants us the right to acquire the Apple Silicon Valley GNL, which is a GNL that is currently being pursued by iStar.

iStar currently owns a 224,548 square foot office building and the underlying land located in Sunnyvale, California that is 100% leased to Apple Inc. Apple Inc. conducts back office operations from this location. iStar is seeking to create a GNL by selling the building to, and entering a ground lease with, a third party who will lease the property to Apple Inc. The term of the GNL under negotiation is expected to be 80 years at an annual rent of $1.4 million per year, with periodic escalations every five years during the first 20 years of the lease based on a cumulative annual increase of 2.0% per year, and escalations every five years thereafter based on the cumulative changes in CPI, subject to a floor of 2.0% and a ceiling of 3.0%. The tenant is expected to have one 20 year renewal option. Rent during the renewal period would equal the greater of: (i) base rent in place at the end of the initial term; or (ii) fair market rent, with adjustments every five years during the renewal term based on cumulative changes in CPI. In addition, the tenant would have a one-time right of first offer to purchase the land if we elect to offer it for sale. The terms of the transaction remain subject to negotiation and documentation with third parties.

We will have the exclusive option to acquire the Apple Silicon Valley GNL during the one year period after iStar has manufactured the GNL. Exercise of the option is subject to approval of our independent directors, and the purchase price is expected to be approximately $35.0 million, which reflects the fair value of the land and associated GNL with the anticipated terms described above. The purchase price may be paid in cash, shares of our common stock or units of our operating partnership, or a combination thereof. There can be no assurance that iStar will complete the Apple Silicon Valley GNL transaction on the anticipated terms (and purchase price) described above or at all, and we do not believe that our acquisition of this option GNL is probable as of the date of this prospectus.

Acquisitions

We intend to acquire and originate GNL investments that meet our primary investment objective in our existing markets and in additional markets that we believe exhibit attractive characteristics.

We intend to leverage iStar's extensive network for sourcing investments developed over its more than two decade history. Given the highly fragmented nature of the existing GNL market and the lack of broad institutional ownership, acquisition and origination activity often occurs at the local market level. We will seek to expand the use of GNL financing to a broader component of the institutional commercial property market in the United States. As a publicly-traded company, we believe our liquidity and transparency will enhance our ability to acquire and originate investments, including through the issuance of operating partnership units to sellers who wish to defer taxable gains. These transactions may be completed through our subsidiaries or through joint ventures, mergers, partnerships or other structures involving third parties.

In evaluating acquisition and origination opportunities, our manager will take into account the following market and asset considerations.

Market Considerations. Our manager's acquisition and origination process entails a rigorous review of market conditions, including:

- demand for GNLs and availability of alternative capital options for potential tenants;
- economic dynamics and the tax and regulatory environment of the surrounding area;
- the potential tenant's position in the market;
- property location; and
- existing and potential competition from other capital providers.

Asset Considerations. In connection with acquiring and originating GNL investments, our manager reviews a variety of asset considerations, including:

- terms and structure of the GNL;
- opportunities to create revenue growth by including rent escalation or participating rent clauses in the GNL;
- property type;
- property quality;
- tenant credit quality;
- the ability to mitigate the impact of inflation through rent adjustment clauses that take into account changes in CPI; and
- the expected residual value of the entire property (land and improvements) that will revert to us at the expiration or earlier termination of the lease.

Regulation

General

Our properties are subject to various laws, ordinances and regulations. We believe that we are in compliance in all material respects with the necessary permits and approvals to conduct our business.

Environmental Matters

Under various federal, state and local environmental laws, statutes, ordinances, rules and regulations, as an owner of real property, we may be liable for the costs of removal or remediation of certain hazardous or toxic substances at, on, in or under the properties we own as well as certain other potential costs relating to hazardous or toxic substances. These liabilities may include government fines and penalties and damages for injuries to persons and adjacent property. These laws may impose liability without regard to whether we knew of, or were responsible for, the presence or disposal of those substances. This liability may be imposed on us in connection with the activities of an operator of, or tenant at, the property. The cost of any required remediation, removal, fines or personal or property damages, and our liability therefor, could be significant and could exceed the value of the property and/have a material adverse effect on us. In addition, the presence of those substances, or the failure to properly dispose of or remove those substances, may adversely affect our ability to sell or rent the affected property or to borrow using such property as collateral, which, in turn, would reduce our revenues and ability to satisfy our debt service obligations and to make distributions to our stockholders.

A property can also be adversely affected either through physical contamination or by virtue of an adverse effect upon value attributable to the migration of hazardous or toxic substances, or other contaminants that have or may have emanated from other properties.

Although our tenants are primarily responsible for any environmental damages and claims related to the leased properties, a tenant's bankruptcy or inability to satisfy its obligations for these types of damages or claims could require us to satisfy such liabilities. In addition, we may be held directly liable for any such damages or claims irrespective of the provisions of any lease.

From time to time, in connection with the conduct of our business, we authorize the preparation of Phase I environmental reports and, when recommended, Phase II environmental reports, with respect to our properties. There can be no assurance that these environmental reports will reveal all environmental conditions at the properties in which we have an interest or that the following will not expose us to material liability in the future:

- the discovery of previously unknown environmental conditions;
- changes in law;
- activities of prior owners or tenants;
- activities of current tenants; or
- activities relating to properties in the vicinity of our properties.

Changes in laws increasing the potential liability for environmental conditions existing on properties or increasing the restrictions on discharges or other conditions may result in significant unanticipated expenditures or may otherwise adversely affect the operations of the tenants of our properties, which could materially and adversely affect us.

Insurance

Our leases generally require the tenant to maintain all insurance on the property, and the failure of the tenant to maintain the required insurance could adversely impact our interest in a property in the event of a loss. Furthermore, there are certain types of losses, such as losses resulting from wars, terrorism or certain acts of God, that generally are not insured, because they are either uninsurable or not economically insurable. Should an uninsured loss or a loss in excess of insured limits occur, we could lose capital invested in a GNL as well as the anticipated future revenues from a GNL, while remaining obligated for any indebtedness we may have incurred related to the GNL. Any loss of these types could materially and adversely affect us. In the opinion of our management, our properties are adequately covered by insurance.

Competition

We compete with numerous commercial developers, real estate companies (including other REITs), financial institutions (such as banks and insurance companies) and other investors (such as pension funds, investment funds, private companies and individuals) for investment opportunities and tenants. This competition may result in a higher costs for properties, lower returns and impact our ability to grow. Some of these competitors have greater financial and other resources and access to more attractive capital than we do. However, due to our focus on GNLs located throughout the United States, and because some of our competitors are locally and/or regionally focused, we do not always encounter the same competitors in each market.

Implications of Being an Emerging Growth Company

We are an "emerging growth company" as defined in the JOBS Act, and we are eligible to take advantage of certain specified reduced disclosure and other requirements that are otherwise generally applicable to public companies that are not "emerging growth companies," including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act. Although we have not made a determination whether to take advantage of any or all of these exemptions, we have irrevocably opted-out of the extended transition period afforded to emerging growth companies in Section 7(a)(2)(B) of the Securities Act for complying with new or revised accounting standards. As a result, we will comply with new or revised accounting standards on the same time frames as other public companies that are not emerging growth companies.

We expect to remain an "emerging growth company" for up to five years, or until the earliest of (i) the last day of the first fiscal year in which our annual gross revenues exceed $1.07 billion (subject to adjustment for inflation), (ii) December 31 of the fiscal year that we become a "large accelerated filer" as defined in Rule 12b-2 under the Exchange Act, which would occur if the market value of our shares of common stock held by non-affiliates exceeds $700 million as of the last business day of our most recently completed second fiscal quarter and we have been publicly reporting for at least 12 months or (iii) the date on which we have issued more than $1.0 billion in non-convertible debt securities during the preceding three-year period.

Employees

We have no employees.

Offices

Our principal executive offices are located at 1114 Avenue of the Americas, New York, New York 10036. Our current facilities are adequate for our present and future operations, although we may add regional offices or relocate our headquarters, depending upon our future operations.

Legal Proceedings

From time to time, we may be party to various lawsuits, claims for negligence and other legal proceedings that arise in the ordinary course of our business. We are not currently a party, as plaintiff or defendant, to any legal proceedings which, individually or in the aggregate, would be expected to have a material effect on our business, financial position, liquidity or results of operations if determined adversely to us.

OUR MANAGER AND THE MANAGEMENT AGREEMENT

General

We are externally managed by our manager. All of our executive officers are employees of our manager or its affiliates. The executive offices of our manager are located at 1114 Avenue of the Americas, New York, New York 10036, and the telephone number of our manager's executive offices is (212) 930-9400.

Executive Officers and Key Personnel of Our Manager

The following table sets forth certain information with respect to each of our executive officers and certain other key personnel of our manager:

Executive officer	Age	Position	Position held with iStar
Jay Sugarman	55	Chief Executive Officer	Chairman and Chief Executive Officer
Nina B. Matis	69	Chief Investment Officer and Chief Legal Officer	Chief Investment Officer and Chief Legal Officer
Geoffrey G. Jervis	46	Chief Operating Officer and Chief Financial Officer	Chief Operating Officer and Chief Financial Officer

Biographical Information

Set forth below is biographical information for our executive officers.

Jay Sugarman has served as chief executive of our manager since October 2016, and has served as chairman and a director of iStar since 1996 and its chief executive officer since 1997. Prior to forming iStar and its predecessors, Mr. Sugarman managed private investment funds on behalf of the Burden family (a branch of the Vanderbilt family) and the Ziff family. Mr. Sugarman received his undergraduate degree *summa cum laude* from Princeton University, where he was nominated for valedictorian and received the Paul Volcker Award in Economics, and his M.B.A. with high distinction from Harvard Business School, graduating as a Baker Scholar and recipient of the school's academic prizes for both finance and marketing. As founder of iStar and chief executive officer since 1997, Mr. Sugarman has demonstrated the leadership skills and extensive executive experience across a broad range of investment, financial and operational matters that are necessary to lead iStar, a fully-integrated finance and investment company focused on the commercial real estate industry.

Nina B. Matis has served as chief investment officer and chief legal officer of our manager since October 2016, and serves as iStar's executive vice president, chief legal officer and chief investment officer. She assumed her current position with iStar in February 2008 after serving as iStar's general counsel since 1996, executive vice president since November 1999 and chief investment officer since April 2007. Ms. Matis is responsible for overseeing and managing the strategic consideration and execution of iStar's investment and financing transactions, restructurings and resolutions of loans and other problem assets, significant operational responsibilities and litigation and other legal matters. She serves as a member of iStar's Senior Management Investment Committee, which has authority to approve any of iStar's investments in an amount greater than $25 million and up to and including $60 million. Ms. Matis previously served as a partner in the law firm of Katten Muchin Rosenman LLP, one of iStar's principal outside law firms, and was an inactive special capital partner of the firm until her withdrawal from this position during 2010. From 1984 through 1987, Ms. Matis was an adjunct professor at Northwestern University School of Law where she taught real estate transactions. Ms. Matis previously served as a director of New Plan Excel Realty Trust, Inc. She is a director of Signature Theater Company, Thomas Cole House, a National Historic Landmark that includes the home and the studio of painter Thomas Cole, and National Partnership for Women & Families and WIN (Women in Need), both of which are nonprofit, nonpartisan 501(c)(3) organizations. Ms. Matis received a B.A. degree, with honors, from Smith College and a J.D. degree from New York University School of Law.

Geoffrey G. Jervis has served as our manager's chief financial officer and chief operating officer since October 2016. Mr. Jervis joined iStar in June 2016 and serves as iStar's chief operating officer and chief financial officer. From July 2014 to February 2016, Mr. Jervis was the Chief Financial Officer of STAG Industrial, Inc. (NYSE: STAG). From 2005 to 2013, Mr. Jervis served as the Chief Financial Officer of Blackstone Mortgage Trust, Inc. (NYSE: BXMT) and its predecessor, Capital Trust, Inc. (NYSE: CT). From 2012 to 2013, Mr. Jervis also served as the Chief Financial Officer and a member of the investment committee of BXMT Advisors L.L.C., a managing director of The Blackstone Group L.P. and the Chief Financial Officer of Blackstone Real Estate Debt Strategies. Before joining Blackstone in 2012, Mr. Jervis was also the Chief Financial Officer of CTIMCO, a commercial real estate investment manager and rated special servicer that was wholly-owned by Capital Trust and acquired by affiliates of Blackstone in December 2012. Mr. Jervis, received a B.A. in History from Vanderbilt University, and an honors (Beta Gamma Sigma) M.B.A. from Columbia Business School.

Investment Committee

Our manager formed an Investment Committee which advises and consults with our manager's senior management team with respect to our investment strategy, investment portfolio holdings, sourcing, financing and leverage strategies and investment guidelines, and approves our investments. The Investment Committee is chaired by Ms. Matis and also includes Messrs. Sugarman and Jervis. For biographical information on the members of the Investment Committee, see "—Biographical Information." The Investment Committee meets as frequently as it believes is necessary.

Management Agreement

We will enter into the management agreement with our manager concurrently with the completion of this offering. Pursuant to the management agreement, our manager provides our company with our management team and appropriate support personnel.

The management agreement requires our manager to manage our business affairs in conformity with the policies and the investment guidelines that are approved and monitored by our board of directors. Our manager's role as manager is under the supervision and direction of our board of directors. Our manager is responsible for (1) the selection, purchase and sale of our portfolio of assets, (2) our financing activities and (3) providing us with advisory services. Our manager is responsible for our day-to-day operations and performs (or causes to be performed) such services and activities relating to our assets and operations as may be appropriate, which may include, without limitation, the following:

(i) serving as our consultant with respect to the periodic review of the investment guidelines and other parameters for our acquisition and origination of assets, financing activities and operations, any material modification to which will be approved by a majority of our independent directors;

(ii) forming our manager's investment committee, which advises and consults with our manager's senior management team with respect to our investment strategy, investment portfolio holdings, sourcing, financing and leveraging strategies and investment guidelines;

(iii) investigating, analyzing and selecting possible investment opportunities and acquiring, originating, financing, retaining, selling, restructuring or disposing of investments;

(iv) advising on the terms of our leases;

(v) representing and making recommendations to us in connection with the purchase, origination and finance of, and commitment to purchase, originate and finance, assets consistent with the investment guidelines and the sale and commitment to sell such assets;

(vi) with respect to prospective purchases, originations, leases, sales or exchanges of assets, conducting negotiations on our behalf with sellers, tenants, developers, construction agents, purchasers and brokers and, if applicable, their respective agents and representatives;

(vii) advising us on, negotiating and entering into, on our behalf, credit facilities (including term loans and revolving facilities), mortgage indebtedness, agreements relating to borrowings under programs established by governmental agencies or programs, commercial paper, interest rate swap and cap agreements and other hedging instruments, and all other agreements and engagements required for us to conduct our business;

(viii) establishing and implementing networks for servicing investments and, conducting underwriting of tenants, markets and real properties and the execution of transactions;

(ix) overseeing tenants;

(x) providing us with portfolio management;

(xi) engaging and supervising, on our behalf and at our expense, service providers and independent contractors which provide construction consulting, real estate brokerage investment banking, mortgage brokerage, securities brokerage, other real estate and financial services, due diligence services, underwriting review services, legal and accounting services and all other services as may be required relating to our assets;

(xii) advising us on, preparing, negotiating and entering into, on our behalf, applications and agreements relating to governmental programs;

(xiii) coordinating and managing operations of any co-investment interests or joint venture held by us and conducting all matters with the co-investment partners or joint ventures;

(xiv) arranging marketing materials, advertising, industry group activities (such as conference participations and industry organization memberships) and other promotional efforts designed to promote our business;

(xv) providing executive and administrative personnel, office space and office services required in rendering services to us;

(xvi) administering the day-to-day operations and performing and supervising the performance of such other administrative functions necessary to our management as may be agreed upon by our manager and our board of directors, including, without limitation, the collection of rents and the payment of our debts and obligations and maintenance of appropriate computer services to perform such administrative functions;

(xvii) communicating on our behalf with the holders of any of our equity or debt securities and lenders as required to satisfy the reporting and other requirements of any governmental bodies or agencies or trading markets and to maintain effective relations with such holders and lenders;

(xviii) counseling us in connection with policy decisions to be made by our board of directors;

(xix) evaluating and recommending to our board of directors hedging strategies and engaging in hedging activities on our behalf, consistent with such strategies as so modified from time to time, and with our qualification as a REIT;

(xx) counseling us regarding our qualification and maintenance of our qualification as a REIT and monitoring compliance with the various REIT qualification tests and other rules set out in the Code and Treasury Regulations thereunder and using commercially reasonable efforts to cause us to qualify and maintain our qualification as a REIT;

(xxi) counseling us regarding the maintenance of our exemption from the status of an investment company required to register under the Investment Company Act of 1940, as amended, or the 1940 Act, monitoring compliance with the requirements for maintaining such exemption and using commercially reasonable efforts to cause us to maintain such exemption from such status;

(xxii) furnishing reports and statistical and economic research to us regarding our activities and services performed for us by our manager;

(xxiii) monitoring the performance of our assets and providing periodic reports with respect thereto to the board of directors, including comparative information with respect to such operating performance and budgeted or projected operating results;

(xxiv) investing and reinvesting any moneys and securities of ours (including investing in short-term investments pending the acquisition or origination of other assets, payment of fees, costs and expenses, or payments of dividends or distributions to our stockholders and partners) and advising us as to our capital structure and capital raising;

(xxv) assisting us in retaining qualified accountants and legal counsel, as applicable, to assist in developing appropriate accounting systems and procedures, internal controls and other compliance procedures and testing systems with respect to financial reporting obligations and compliance with the provisions of the Code applicable to REITs and to conduct quarterly compliance reviews with respect thereto;

(xxvi) assisting us to qualify to do business in all applicable jurisdictions and to obtain and maintain all appropriate licenses;

(xxvii) assisting us in complying with all regulatory requirements applicable to us in respect of our business activities, including preparing or causing to be prepared all financial statements required under applicable regulations and contractual undertakings and all reports and documents, if any, required under the Exchange Act, the Securities Act, or by the NYSE;

(xxviii) assisting us in taking all necessary action to enable us to make required tax filings and reports, including soliciting stockholders for required information to the extent required by the provisions of the Code applicable to REITs;

(xxix) handling and resolving all claims, disputes or controversies (including all litigation, arbitration, settlement or other proceedings or negotiations) on our behalf in which we may be involved or to which we may be subject arising out of our day-to-day operations (other than with our manager or its affiliates), subject to such limitations or parameters as may be imposed from time to time by the board of directors;

(xxx) using commercially reasonable efforts to cause expenses incurred by us or on our behalf to be commercially reasonable or commercially customary and within any budgeted parameters or expense guidelines set by the board of directors from time to time;

(xxxi) advising us with respect to and structuring long-term financing vehicles for our portfolio of assets, and offering and selling securities publicly or privately in connection with any such financing;

(xxxii) serving as our consultant with respect to decisions regarding any of our financings, hedging activities or borrowings undertaken by us, including (1) assisting us in developing criteria for debt and equity financing that is specifically tailored to our investment objectives, and (2) advising us with respect to obtaining appropriate financing for our investments;

(xxxiii) performing such other services as may be required from time to time for management and other activities relating to our assets and business as our board of directors shall reasonably request or our manager shall deem appropriate under the particular circumstances; and

(xxxiv) using commercially reasonable efforts to cause us to comply with all applicable laws.

Pursuant to the management agreement, our manager does not assume any responsibility other than to render the services called for thereunder and is not responsible for any action of our board of directors in following or declining to follow its advice or recommendations. To the extent that officers of our manager also serve as our executive officers, these executive officers owe us duties under Maryland law in their capacity as our executive officers, which may include the duty to exercise reasonable care in the performance of the executive officers' responsibilities, as well as the duties of loyalty, good faith and candid disclosure. Under the management agreement, our manager, its officers, stockholders, members, managers, directors, personnel, any person or entity controlling or controlled by our manager and any of their officers, stockholders, members, managers, directors, employees, consultants and personnel, and any person providing advisory services to our manager are not liable to us, any subsidiary of ours, our directors, our stockholders or any subsidiary's stockholders or partners for acts or omissions performed in accordance with and pursuant to the management agreement, except because of acts constituting bad faith, willful misconduct, gross negligence, or reckless disregard of their duties under the management agreement, as determined by a final non-appealable order of a court of competent jurisdiction. We have agreed to indemnify our manager, its officers, stockholders, members, managers, directors, personnel, any person or entity controlling or controlled by our manager and any of their officers, stockholders, members, managers, directors, employees, consultants and personnel, and any person providing advisory services to our manager with respect to all expenses, losses, damages, liabilities, demands, charges and claims arising from acts of our manager not constituting bad faith, willful misconduct, gross negligence, or reckless disregard of duties, performed in accordance with and pursuant to the management agreement. Our manager has agreed to indemnify us, our directors and executive officers with respect to all expenses, losses, damages, liabilities, demands, charges and claims arising from acts of our manager constituting bad faith, willful misconduct, gross negligence or reckless disregard of its duties under the management agreement or any claims by our manager's personnel relating to the terms and conditions of their employment by our manager. Our manager carries errors and omissions and other customary insurance.

Pursuant to the terms of our management agreement, our manager is required to provide us with our management team, including a chief executive officer, a chief financial officer and a chief compliance officer, along with appropriate support personnel, to provide the management services to be provided by our manager to us. None of the officers or employees of our manager are dedicated exclusively to us and may be changed at any time at the discretion of iStar.

The management agreement may be amended or modified by agreement between us and our manager. The initial term of the management agreement will expire on the first anniversary of the completion of this offering, and will be automatically renewed for a one-year term each anniversary date thereafter unless previously terminated as described below. Our independent directors review our manager's performance and the management fees annually and, following the initial term, the management agreement may be terminated annually upon the affirmative vote of a majority of our independent directors; provided, however, that we may not terminate the management agreement unless a successor guarantor reasonably acceptable to iStar has (i) agreed to replace iStar under its limited recourse guaranty and environmental indemnity with respect to our initial portfolio financing or (ii) provided iStar with a reasonably acceptable indemnity for any losses suffered by iStar on its limited recourse guaranty and environmental indemnity after its termination as our manager. We must provide 90 days prior written notice of any such termination.

We may also terminate the management agreement at any time, including during the initial term, with 30 days prior written notice from our board of directors for cause, which is defined as:

- our manager's continued material breach of any provision of the management agreement following a period of 30 days after written notice thereof (or 60 days after written notice of such breach if our manager has taken steps to cure such breach within 30 days after the written notice);
- our manager's fraud, misappropriation of funds, or embezzlement against us;
- our manager's bad faith, willful misconduct, gross negligence or reckless disregard of duties under the management agreement;
- the occurrence of certain events with respect to the bankruptcy or insolvency of our manager, including an order for relief in an involuntary bankruptcy case or our manager authorizing or filing a voluntary bankruptcy petition;
- our manager is convicted (including a plea of nolo contendere) of a felony; and
- the dissolution of our manager.

Our manager may generally only assign the management agreement or any of its duties thereunder with the written approval of a majority of our independent directors; provided, however, our manager may assign the management agreement or any of its duties thereunder to any of its affiliates without the approval of a majority of our independent directors if such assignment does not require our approval under the Investment Advisers Act of 1940.

Our manager may terminate the management agreement if we become required to register as an investment company under the 1940 Act, with such termination deemed to occur immediately before such event. Our manager may also decline to renew the management agreement at the end of each annual period by providing us with 90 days, written notice. In addition, if we default in the performance of any material term of the management agreement and the default continues for a period of 30 days after written notice to us (or 60 days after written notice of such breach if we have taken steps to cure such breach within 30 days after the written notice), our manager may terminate the management agreement upon 60 days' written notice.

Management Fees and Expense Reimbursements

We do not maintain an office or employ personnel. Instead, we rely on the facilities and resources of our manager to conduct our day-to-day operations. Expense reimbursements to our manager are made in cash on a quarterly basis.

We will pay no management fee to our manager during the first year of the management agreement. Thereafter, we will pay our manager a management fee, payable solely in shares of our common stock, equal to the sum of 1.0% of our total equity up to $2.5 billion and 0.75% of our total equity in excess of $2.5 billion. Our manager will not be entitled to receive any additional performance or incentive compensation. The management fee will be calculated and payable quarterly in arrears. The management fee will be paid solely in shares of our common stock valued at the greater of (i) the volume weighted average market price of our common stock during the quarter for which the fee is being calculated, or (ii) the initial public offering price per share of our common stock set forth on the cover of this prospectus, before underwriting discounts and commissions. For purposes of calculating the management fee, our total equity means the sum of the net cash proceeds and the value of non-cash consideration from all issuances of our equity securities since inception, including operating partnership units and shares of common stock issued to the manager as payment of management fees (calculated on a daily weighted average basis), less any amount that we pay for repurchases of our common stock and operating partnership units since inception. This amount may be adjusted to exclude one-time events pursuant to changes in GAAP, and certain non-cash items after discussions between our manager and our independent directors and approved by a majority of our independent directors. Our total equity, for purposes of calculating the management fee, could be greater than or less than the amount of total equity shown on our financial statements. Our manager will use the proceeds from its management fee in part to pay compensation to its officers and personnel who, notwithstanding that certain of them also are our executive officers, receive no cash compensation directly from us.

The management fee owed to our manager will be calculated within 45 days after the end of each quarter by our manager and such calculation will promptly be delivered to us in writing. We are obligated to pay the management fee in shares of our common stock within five business days after delivery to us of the written statement of our manager setting forth the computation of the management fee for such quarter.

Our manager will be restricted from selling shares of our common stock paid to it as management fees for two years from the date such shares are issued, except that such restrictions will terminate at the effective date of the termination of the management agreement, and, for the avoidance of doubt, such restrictions will not apply to distributions of such shares to iStar in contemplation of a further distribution of such shares to iStar's stockholders.

Incentive fee

None.

Reimbursement of expenses

Because our manager's personnel perform certain legal, accounting, due diligence tasks and other services that outside professionals or outside consultants otherwise would perform, our manager is reimbursed for the documented cost of performing such tasks.

We also pay all operating expenses, except those specifically required to be borne by our manager under the management agreement. The expenses required to be paid by us include, but are not limited to:

- expenses in connection with the transaction costs incident to the acquisition, origination, disposition and financing of our assets;
- costs of legal, tax, accounting, consulting, auditing, administrative and other similar services rendered for us by providers retained by our manager;

- the compensation and expenses of our directors and the allocable share of cost of liability insurance under a universal insurance policy covering our manager, iStar or its affiliates and/or us to indemnify our directors and executive officers;

- costs associated with the establishment and maintenance of any of our credit facilities, repurchase agreements, and securitization vehicles or other indebtedness of ours (including commitment fees, accounting fees, legal fees, closing and other similar costs) or any of our securities offerings (including this offering, exclusive of the fees iStar has agreed to pay, which include the underwriting discounts and commissions payable in connection with this offering, other offering expenses and expenses incurred in connection with the concurrent iStar placement, in an aggregate amount not to exceed $25 million);

- expenses connected with communications to lenders and holders of our securities or of our subsidiaries and other bookkeeping and clerical work necessary in maintaining relations with lenders and holders of such securities and in complying with the continuous reporting and other requirements of governmental bodies or agencies, including, without limitation, all costs of preparing and filing required reports with the SEC, the costs payable by us to any transfer agent and registrar in connection with the listing and/or trading of our stock on any exchange, the fees payable by us to any such exchange in connection with its listing, costs of preparing, printing and mailing our annual report to our stockholders and proxy materials with respect to any meeting of our stockholders;

- costs associated with any computer software or hardware, electronic equipment or purchased information technology services from third-party vendors that is used for us;

- expenses incurred by managers, officers, personnel and agents of our manager for travel on our behalf and other out-of-pocket expenses incurred by managers, officers, personnel and agents of our manager in connection with the purchase, origination, financing, refinancing, sale or other disposition of an asset or establishment and maintenance of any of our credit facilities, financing vehicles and borrowings under programs established by governmental agencies or any of our securities offerings (including this offering, subject to the $25 million iStar obligation referred to above);

- costs and expenses incurred with respect to market information systems and publications, pricing and valuation services, research publications and materials, and settlement, clearing and custodial fees and expenses;

- compensation and expenses of our custodian and transfer agent, if any;

- the costs of maintaining compliance with all federal, state and local rules and regulations or any other regulatory agency;

- all taxes and license fees;

- all insurance costs incurred in connection with the operation of our business;

- all other costs and expenses relating to our business operations, including, without limitation, the costs and expenses of acquiring, owning, protecting, maintaining, developing and disposing of assets, including appraisal, reporting, audit and legal fees;

- expenses relating to any office(s) or office facilities, including, but not limited to, disaster backup recovery sites and facilities, maintained for us or our assets separate from the office or offices of our manager;

- expenses connected with the payments of interest, dividends or distributions in cash or any other form authorized or caused to be made by the board of directors to or on account of lenders or holders of our securities or of our subsidiaries, including, without limitation, in connection with any dividend reinvestment plan;

- any judgment or settlement of pending or threatened proceedings (whether civil, criminal or otherwise), including any costs or expenses incurred in connection therewith, against us or any subsidiary, or against any trustee, director or executive officer of us or of any subsidiary in his or her capacity as such for which we or any subsidiary is required to indemnify such trustee, director or executive officer by any court or governmental agency;

- all costs and expenses relating to the development and management of our website;

- the allocable share of expenses under a universal insurance policy covering our manager, iStar or its affiliates in connection with obtaining and maintaining "errors and omissions" insurance coverage and other insurance coverage which is customarily carried by property, asset and investment managers performing functions similar to those of our manager in an amount which is comparable to that customarily maintained by other managers or servicers of similar assets; and

- all other expenses actually incurred by our manager (except as described below) which are reasonably necessary for the performance by our manager of its duties and functions under the management agreement.

We do not reimburse our manager or its affiliates for the salaries and other compensation of its personnel except that beginning after the first anniversary of the management agreement, we will reimburse our manager or its affiliates for the allocable share of the compensation, including, without limitation, annual base salary, bonus, any related withholding taxes and employee benefits, paid to corporate finance, tax, accounting, internal audit, legal, risk management, operations, compliance and other non-investment personnel of our manager and its affiliates who spend all or a portion of their time managing our affairs based upon the percentage of time devoted by such personnel to our affairs.

In addition, we may be required to pay our pro rata portion of rent, telephone, utilities, office furniture, equipment, machinery and other office, internal and overhead expenses attributable to the personnel of our manager and its affiliates required for our operations. These expenses are allocated to us based upon the percentage of time devoted by such personnel to our affairs.

Termination fee

No termination fee is payable by us in connection with the termination of the management agreement.

Exclusivity

Concurrently with the completion of this offering, we will enter into an exclusivity agreement with iStar, pursuant to which iStar will agree, except as set forth below, that it will not acquire, originate, invest in, or provide financing for a third party's acquisition of, a GNL unless it has first offered that opportunity to us and a majority of our independent directors has declined the opportunity. The exclusivity agreement will have an initial term of one year and will automatically renew with each annual renewal of the management agreement. The exclusivity agreement will automatically terminate upon any termination of the management agreement and will not otherwise be terminable. Notwithstanding the foregoing, the exclusivity agreement will not restrict iStar from engaging in a transaction that may include an incidental interest in GNLs. An interest will be considered incidental if iStar will be acquiring or investing in an entity or portfolio of assets where not more than 20% of the value of the entity's or portfolio's assets, as reasonably determined by iStar, consist of GNLs, or providing financing for a third party's acquisition of an entity or portfolio of assets where not more than 20% of the value of the entity's or portfolio's assets, as reasonably determined by iStar, consist of GNLs. In addition, the exclusivity agreement will not apply to opportunities to manufacture or otherwise create a GNL from a property that has been owned by iStar's existing net lease venture with GICRE for at least three years after the closing of this offering. The existing net lease venture invests in single tenant properties leased to corporate entities under triple net leases. The venture had total assets of approximately $517 million at March 31, 2017. The investment period of the venture is scheduled to expire in February 2018 and the term of the venture is scheduled to end in February 2022 (subject to two one-year extensions), although both dates may be extended by joint agreement of the partners. iStar owns a 51.9% interest in, and manages the day to day operations of, the net lease venture and several of its executives whose time is substantially devoted to the venture own a 0.6% equity interest in the venture and are entitled to participate in promote payments made to iStar. The parties have committed a total of $500 million to the net lease venture, of which $198 million was drawn as of March 31, 2017.

MANAGEMENT

Our Directors and Director Nominees

Upon completion of this offering and the formation transactions, our board of directors will consist of 5 directors, including the independent director nominees named below who will become directors upon completion of this offering. Each of our directors is elected by our stockholders to serve until the next annual meeting of our stockholders and until his or her successor is duly elected and qualifies. Of the 5 directors, we expect that our board of directors will determine that each of them other than Mr. Sugarman and Ms. Josephs will be considered independent in accordance with the requirements of the NYSE. The first annual meeting of our stockholders after this offering will be held in 2018. Our charter and bylaws provide that a majority of the entire board of directors may at any time increase or decrease the number of directors. However, unless our charter and bylaws are amended, the number of directors may never be less than the minimum number required by the MGCL nor more than 15. Executive officers serve at the pleasure of our board of directors.

Under our stockholders agreement with LA that will become effective at the closing of this offering, LA will be entitled to nominate one member of our board of directors for so long as LA owns the lesser of (i) 4.0% of our outstanding common stock and (ii) common stock with a value of $15.0 million. Mr. Dean Adler joined our board upon the closing of LA's initial purchase of shares of our common stock and will continue to serve as a director after the closing of this offering.

The following table sets forth certain information concerning the individuals who will be our directors and executive officers upon the completion of this offering:

Name	Age	Position
Jay Sugarman	55	Chairman of the Board of Directors and Chief Executive Officer
Dean S. Adler	60	Independent director
Robin Josephs	57	Director nominee
Jay S. Nydick	52	Independent director nominee
Stefan M. Selig	53	Independent director nominee
Nina B. Matis	69	Chief Investment Officer and Chief Legal Officer
Geoffrey G. Jervis	46	Chief Operating Officer and Chief Financial Officer

For biographical information on Messrs. Sugarman and Jervis and Ms. Matis, see "Our Manager and the Management Agreement—Biographical Information."

The following sets forth biographical information concerning the other individuals who will be our directors upon the completion of this offering.

Dean S. Adler, a director since April 14, 2017, is a Co-Founder and Chief Executive Officer of Lubert-Adler Partners, L.P., a private real estate investment firm. He has served as a Principal of Lubert-Adler Partners, L.P. for over ten years. Mr. Adler has been a director of Bed Bath and Beyond Inc. since 2001. Mr. Adler also previously has served as a director of Developers Diversified Realty Corp., a shopping center real estate investment trust, and Electronics Boutique, Inc., a mall retailer. Among other things, Mr. Adler has wide experience and involvement in commercial real estate including, in particular, retail real estate. Mr. Adler graduated magna cum laude from The Wharton School, University of Pennsylvania and also holds a juris doctor degree with honors from the University of Pennsylvania Law School.

Robin Josephs serves as a member of iStar's board of directors and as its lead director, with duties that include presiding at all executive sessions of the independent directors and serving as principal liaison between the chairman and the independent directors. Ms. Josephs is also chair of iStar's nominating and corporate governance committee and a member of iStar's compensation committee. From 2005 to 2007, Ms. Josephs was a managing director of Starwood Capital Group L.P., a private equity firm specializing in real estate investments. Previously, Ms. Josephs was a senior executive with Goldman Sachs & Co. in various capacities. She currently serves as a director, chair of the compensation committee and a member of the audit committee of MFA Financial, Inc. (NYSE: MFA), which is primarily engaged in investing in residential mortgage-backed securities, and as a director and member of the audit committee and compensation committee of QuinStreet, Inc. (NASDAQ: QNST), a vertical marketing and online media company. Ms. Josephs previously served until 2016 as a director and member of the audit and compensation committees of Plum Creek Timber Company, Inc. (NYSE: PCL) until its sale to Weyerhaeuser. Ms. Josephs is a trustee of the University of Chicago Cancer Research Foundation. Ms. Josephs received a B.S. degree in economics *magna cum laude* from the Wharton School (Phi Beta Kappa) and an M.B.A. degree from Columbia University. Ms. Josephs' previous employment as an investment banking professional brings valuable knowledge of finance and capital markets to our board. Her background working as a managing director of Starwood Capital Group, where she evaluated and managed numerous real estate investments, adds knowledge and expertise in this area of vital importance to our company. Ms. Josephs' extensive experience as a director of public companies also brings to our board valuable skills and insights into the governance of real estate, investment and operating companies.

Jay S. Nydick, has been the Co-Head and Co-Chief Investment Officer of the Real Estate Investment Group at AB Global since October 2009. Mr. Nydick was the president of iStar from November 2004 until September 2009. Prior to joining iStar, Mr. Nydick spent 14 years as an investment banker at Goldman, Sachs & Co. Mr. Nydick has significant experience in capital markets and commercial real estate. Mr. Nydick holds a bachelors degree from Cornell University where he graduated as a Presidential Scholar and an M.B.A. degree from Columbia University.

Stefan M. Selig served as Under Secretary of Commerce for International Trade at the U.S. Department of Commerce from June 2014 to June 2016, and during this period headed the International Trade Administration, a global bureau of more than 2,200 trade and investment professionals. During this period, he also served as the Executive Director of the Travel and Tourism Advisory Board, sat on the board of directors of the Overseas Private Investment Corporation, was a Commissioner for the Congressional Executive Commission on China and was the Executive Director of the President's Advisory Council on Doing Business in Africa. Prior to that, he held various senior level leadership positions at Bank of America Merrill Lynch, one of the underwriters in this offering, beginning in 1999, including being the Executive Vice Chairman of Global Corporate & Investment Banking from 2009 to 2014, and prior to that, he was Vice Chairman of Global Investment Banking and Global Head of Mergers & Acquisitions. Prior to joining Bank of America Merrill Lynch, he held various senior investment banking positions at UBS Securities and Wasserstein Parella & Co., and began his investment banking career at The First Boston Corporation. With over 28 years of investment banking experience and his service as one of the nation's most senior commercial diplomats, Mr. Selig will provide our board with a sophisticated strategic and financial advisor, with invaluable insight into global economic matters.

Corporate Governance Profile

We have structured our corporate governance in a manner we believe closely aligns our interests with those of our stockholders. Notable features of our corporate governance structure include the following:

- our board of directors is not staggered, with each of our directors subject to re-election annually;
- of the 5 persons who will serve on our board of directors immediately after the completion of this offering and the formation transactions, we expect that our board of directors will

determine that three, or 60%, of our directors are independent for purposes of the NYSE's corporate governance listing standards and Rule 10A-3 under the Exchange Act;

- we anticipate that at least one of our directors will qualify as an "audit committee financial expert" as defined by the SEC;

- we have opted out of the business combination and control share acquisition statutes in the MGCL;

- we do not have a stockholder rights plan and our board of directors has adopted a policy that our board may not adopt any stockholder rights plan unless the adoption of the plan has been approved by stockholders representing a majority of the votes cast on the matter, except that our board of directors may adopt a stockholder rights plan without the prior approval of our stockholders if our board, in the exercise of its duties, determines that seeking prior stockholder approval would not be in our best interests under the circumstances then existing. The policy further provides that if a stockholder rights plan is adopted by our board without the prior approval of our stockholders, the stockholder rights plan will expire on the date of the first annual meeting of stockholders held after the first anniversary of the adoption of the plan, unless an extension of the plan is approved by our common stockholders; and

- we have opted out of the unsolicited takeover (Title 3, Subtitle 8) provisions of the MGCL (commonly known as the Maryland Unsolicited Takeover Act, which we may not opt in to without the approval of a majority of the votes cast by our stockholders entitled to vote thereon. See "Certain Provisions of the Maryland General Corporation Law and Our Charter and Bylaws—Subtitle 8."

Our Board's Leadership Structure

Our board of directors understands there is no single, generally accepted approach to providing board leadership and that given the dynamic and competitive environment in which we operate, the appropriate leadership may vary as circumstances warrant. Our board of directors currently believes it is in our company's best interests to have Jay Sugarman serve as Chairman of our Board of Directors and Chief Executive Officer. Our board of directors believes combining these roles promotes effective leadership and provides the clear focus needed to execute our business strategies and objectives.

We expect that our board of directors will designate a lead independent director upon completion of this offering. The lead independent director's duties will include chairing executive sessions of the independent directors, facilitating communications and resolving conflicts between the independent directors, other members of our board of directors and the management of our company, and consulting with and providing counsel to our chief executive officer as needed or requested.

Our Board's Role in Risk Oversight

Our board of directors will play an active role in overseeing management of our risks. Upon the completion of this offering and the formation transactions, the committees of our board of directors will assist our full board in risk oversight by addressing specific matters within the purview of each committee. Our audit committee will focus on oversight of financial risks relating to us, our compensation committee will focus primarily on risks relating to our equity compensation plans and arrangements and our nominating and corporate governance committee will focus on reputational and corporate governance risks relating to our company, including the independence of the members of our board of directors. While each committee will be responsible for evaluating certain risks and overseeing the management of such risks, our full board of directors plans to keep itself regularly informed regarding such risks through committee reports and otherwise. We believe the leadership structure of our board of directors supports effective risk management and oversight.

Board Committees

Upon completion of this offering, our board of directors will form an audit committee, a compensation committee and a nominating and corporate governance committee and will adopt charters for each of these committees. The audit committee will be the only committee composed exclusively of independent directors, as defined by the listing standards of the NYSE. Moreover, the compensation committee will be composed exclusively of individuals intended to be, to the extent provided by Rule 16b-3 of the Exchange Act, non-employee directors and will, at such times as we are subject to Section 162(m) of the Code, qualify as outside directors for purposes of Section 162(m) of the Code.

Audit Committee

The audit committee will be comprised of Messrs. Adler, Nydick and Selig, each of whom will be an independent director and "financially literate" under the rules of the NYSE.

The audit committee assists our board of directors in overseeing:

- our financial reporting, auditing and internal control activities, including the integrity of our financial statements;
- our compliance with legal and regulatory requirements and ethical behavior;
- the independent auditor's qualifications and independence;
- the performance of our internal audit function and independent auditor; and
- the preparation of audit committee reports.

The audit committee is also responsible for engaging our independent registered public accounting firm, reviewing with the independent registered public accounting firm the plans and results of the audit engagement, approving professional services provided by the independent registered public accounting firm, reviewing the independence of the independent registered public accounting firm, considering the range of audit and non-audit fees and reviewing the adequacy of our internal accounting controls.

Compensation Committee

The compensation committee will be comprised of Messrs. Adler, Nydick and Selig.

The principal functions of the compensation committee will be to:

- oversee any equity-based remuneration plans and programs;
- determine from time to time the remuneration for our non-executive directors; and
- prepare compensation committee reports.

Nominating and Corporate Governance Committee

The nominating and corporate governance committee will be comprised of Messrs. Adler, Nydick and Selig.

The nominating and corporate governance committee will be responsible for:

- providing counsel to the board of directors with respect to the organization, function and composition of the board of directors and its committees;
- overseeing the self-evaluation of our board of directors as a whole and of the individual directors and the board's evaluation of management and report thereon to the board;

- periodically reviewing and, if appropriate, recommending to the board of directors changes to, our corporate governance policies and procedures;
- identifying and recommending to our board of directors potential director candidates for nomination; and
- recommending to the full board of directors the appointment of each of our executive officers.

Code of Business Conduct and Ethics

Upon completion of this offering, our board of directors will establish a code of business conduct and ethics that applies to our directors and executive officers. Among other matters, our code of business conduct and ethics will be designed to deter wrongdoing and to promote:

- honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- full, fair, accurate, timely and understandable disclosure in our SEC reports and other public communications;
- compliance with applicable governmental laws, rules and regulations;
- prompt internal reporting of violations of the code to appropriate persons identified in the code; and
- accountability for adherence to the code.

Any waiver of the code of business conduct and ethics for our directors or executive officers may be made only by our board of directors or one of our board committees and will be promptly disclosed as required by law or stock exchange regulations.

Director Compensation

We intend to approve and implement a compensation program for our directors who are not officers or employees of our manager or iStar that will consist of annual cash retainer fees and long-term equity awards. We intend to provide additional cash or equity compensation to such directors who also serve on a committee. We will reimburse each of our directors who are not officers or employees of our manager or iStar for his or her travel expenses incurred in connection with his or her attendance at full board of director and committee meetings. We have not made any payments to our director or director nominees to date. Directors who are officers or employees of our manager or iStar will not receive compensation for serving on our board of directors.

Executive Compensation

Because our management agreement provides that our manager is responsible for managing our affairs, our chief executive officer and each of our other executive officers, each of whom is an executive of iStar, do not receive cash compensation from us for serving as our executive officers. Instead we will pay our manager the management fees described in "Our Manager and the Management Agreement—Management Fees and Expense Reimbursements" and, in the discretion of the compensation committee of our board of directors, we may also grant our manager equity based awards pursuant to our equity incentive plan described below.

Equity Incentive Plan

Prior to the completion of this offering, we will adopt an equity incentive plan to provide equity incentive opportunities to members of our manager's management team and employees who perform services for us, our independent directors, advisers, consultants and other personnel. Our equity incentive plan provides 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 ("LTIP") units.

Our equity incentive plan will be administered by the compensation committee (once formed), as appointed by our board of directors for such purposes. The compensation committee will have the full authority to (i) authorize the granting of awards to eligible persons, (ii) determine the eligibility of directors, our manager, members of our manager's management team and employees who perform services for us, advisors, consultants and other personnel to receive an equity award, (iii) determine the number of shares of common stock to be covered by each award (subject to the individual participant limitations provided in our equity incentive plan), (iv) determine the terms, provisions and conditions of each award (which may not be inconsistent with the terms of our equity incentive plan), (v) prescribe the form of instruments evidencing such awards, (vi) construe and interpret the equity incentive plan and award agreements and correct defects, supply omissions and reconcile inconsistencies therein, (vii) suspend the right to exercise awards during any period that the compensation committee deems appropriate to comply with applicable securities laws, and thereafter extend the exercise period of an award by an equivalent period of time and (viii) take any other actions and make all other determinations that it deems necessary or appropriate in connection with our equity incentive plan or the administration or interpretation thereof. In connection with this authority, the compensation committee may, among other things, establish performance goals that must be met in order for awards to be granted or to vest, or for the restrictions on any such awards to lapse. From and after the consummation of this offering, each of the directors on our compensation committee is intended to be, to the extent required by Rule 16b-3 under the Exchange Act, a non-employee director and will, at such times as we are subject to Section 162(m) of the Code and intend for awards to be treated as performance-based compensation for purposes of Section 162(m), qualify as an outside director for purposes of Section 162(m) of the Code, or, if no committee exists, the board of directors.

Available Shares

Our equity incentive plan provides for grants of stock options, shares of restricted common stock, phantom shares, dividend equivalent rights and other equity-based awards up to an aggregate of 5% of the issued and outstanding shares of our common stock as of the later of the closing of this offering or the last closing date of any exercise by the underwriters of their option to purchase up to an additional   shares of our common stock in this offering (assuming, if applicable, the exercise of all outstanding stock options, the conversion of all warrants and convertible securities into shares of common stock and the exchange of all outstanding operating partnership units into shares of common stock), but excluding the 40,000 shares to be issued to our directors under our equity incentive plan at the closing of this offering. If an award granted under our equity incentive plan expires, is forfeited or terminates, the shares of our common stock subject to any portion of the award that expires, is forfeited or terminates without having been exercised or paid, as the case may be, will again become available for the issuance of additional awards. Shares of stock withheld in payment of the exercise price or taxes related to an award and shares equal to the number surrendered in the payment of any exercise price or taxes related to an award will not again be available for award under the plan. Unless previously terminated by our board of directors, no new award may be granted under our equity incentive plan after the tenth anniversary of the earlier of the date that such plan was approved by our board of directors or the holders of our common stock.

To the extent the compensation committee deems appropriate, it will establish performance criteria and satisfy such other requirements as may be applicable in order to satisfy the requirements for performance-based compensation under Section 162(m) of the Code.

Awards Under the Plan

Stock Options. The terms of specific stock options, including whether stock options shall constitute "incentive stock options" for purposes of Section 422(b) of the Code, shall be determined by the compensation committee. The exercise price of a stock option shall be determined by the committee and reflected in the applicable award agreement. The exercise price with respect to stock options may not be lower than 100% (110% in the case of an incentive stock option granted to a 10% stockholder, if permitted under our equity incentive plan) of the fair market value of our common stock on the date of grant. Each stock option will be exercisable after the period or periods specified in the award agreement, which will generally not exceed ten years from the date of grant (or five years in the case of an incentive stock option granted to a 10% stockholder, if permitted under our equity incentive plan). Incentive stock options may only be granted to our employees and employees of our subsidiaries. Stock options will be exercisable at such times and subject to such terms as determined by the compensation committee. We may also grant stock appreciation rights, which are stock options that permit the recipient to exercise the stock option without payment of the exercise price and to receive shares of common stock (or cash or a combination of the foregoing) with a fair market value equal to the excess of the fair market value of the shares of our common stock with respect to which the stock option is being exercised over the exercise price of the stock option with respect to those shares. The exercise price with respect to stock appreciation rights may not be lower than 100% of the fair market value of our common stock on the date of grant.

Shares of Restricted Common Stock. A restricted stock award is an award of shares of common stock that is subject to restrictions on transferability and such other restrictions the compensation committee may impose at the date of grant. Grants of shares of restricted common stock will be subject to vesting schedules and other restrictions as determined by the compensation committee. The restrictions may lapse separately or in combination at such times, under such circumstances, including, without limitation, a specified period of employment or the satisfaction of pre-established criteria, in such installments or otherwise, as the compensation committee may determine. Except to the extent restricted under the award agreement relating to the shares of restricted common stock, a participant granted shares of restricted common stock has all of the rights of a stockholder, including, without limitation, the right to vote and the right to receive dividends on the shares of restricted common stock. Although dividends may be paid on shares of restricted common stock, whether or not vested, at the same rate and on the same date as on shares of our common stock (unless otherwise provided in an award agreement), holders of shares of restricted common stock are prohibited from selling such shares until they vest. Holders of restricted stock that vests based upon performance conditions shall generally be subject to the same forfeiture conditions as the underlying shares of restricted stock.

Phantom Shares. A phantom share represents a right to receive the fair market value of a share of common stock, or, if provided by the compensation committee, the right to receive the fair market value of a share of common stock in excess of a base value established by the compensation committee at the time of grant. Phantom shares may generally be settled in cash or by transfer of shares of common stock (as may be elected by the participant or the compensation committee or as may be provided by the compensation committee at grant). The compensation committee may, in its discretion and under certain circumstances (taking into account, without limitation, Section 409A of the Code), permit a participant to receive as settlement of the phantom shares installment payments over a period not to exceed ten years.

Dividend Equivalents. A dividend equivalent is a right to receive (or have credited) the equivalent value (in cash or shares of common stock) of dividends paid on shares of common stock otherwise subject to an award. The compensation committee may provide that amounts payable with respect to dividend equivalents shall be converted into cash or additional shares of common stock. The compensation committee will establish all other limitations and conditions of awards of dividend equivalents as it deems appropriate.

Other Share-Based Awards. Our equity incentive plan authorizes the granting of other awards based upon shares of our common stock (including the grant of securities convertible into shares of common stock and the grant of LTIP units), subject to terms and conditions established at the time of grant. LTIP units are awards of units of our operating partnership intended to constitute "profits interests" within the meaning of the relevant IRS guidance, which may be convertible on a one-for-one basis into our operating partnership units. See "Description of the Partnership Agreement of Safety Income and Growth Operating Partnership LP—LTIP Units."

We intend to file with the SEC a registration statement on Form S-8 covering the shares of our common stock issuable under our equity incentive plan.

Change in Control

Under our equity incentive plan, a change in control is defined as the occurrence of any of the following events: (i) the acquisition of more than 50% of our then outstanding shares of common stock or the combined voting power of our outstanding securities by any person; (ii) the sale or disposition of all or substantially all of our assets, other than certain sales and dispositions to entities owned by our stockholders; (iii) a merger, consolidation or statutory share exchange where our stockholders immediately prior to such event hold less than 50% of the voting power of the surviving or resulting entity; (iv) during any consecutive twenty-four calendar month period, the members of our board of directors at the beginning of such period, the "incumbent directors," cease for any reason (other than due to death) to constitute at least a majority of the members of our board (for these purposes, any director whose election or nomination for election was approved or ratified by a vote of at least a majority of the incumbent directors shall be deemed to be an incumbent director); or (v) a termination of the management agreement.

Upon a change in control, and certain other corporate events, the compensation committee may make such adjustments as it, in its discretion, determines are necessary or appropriate in light of the change in control, but only if the compensation committee determines that the adjustments do not have an adverse economic impact on the participants (as determined at the time of the adjustments).

Amendments and Termination

Our board of directors may amend, suspend, alter or discontinue our equity incentive plan but cannot take any action that would materially impair the rights of an award recipient with respect to an award previously granted without such award recipient's consent unless such amendments are required in order to comply with applicable laws. Our board of directors may not amend our equity incentive plan without stockholder approval in any case in which amendment in the absence of such approval would cause our equity incentive plan to fail to comply with any applicable legal requirement or applicable exchange or similar requirement, such as an amendment that would:

- other than through adjustment as provided in our equity incentive plan, increase the total number of shares of common stock reserved for issuance under our equity incentive plan;
- materially expand the class of directors, officers, employees, consultants and advisors eligible to participate in our equity incentive plan;
- reprice any stock options under our equity incentive plan; or
- otherwise require such approval.

Limitation of Liability and Indemnification

Maryland law permits a Maryland corporation to include in its charter a provision limiting the liability of its directors and officers to the corporation and its stockholders for money damages, except for liability resulting from (i) actual receipt of an improper benefit or profit in money, property or services or (ii) active and deliberate dishonesty that was established by a final judgment and was material to the cause of action. Our charter contains such a provision and eliminates the liability of our directors and executive officers to the maximum extent permitted by Maryland law. For further details with respect to the limitation on the liability of our directors and executive officers, the indemnification of our directors and executive officers and the relevant provisions of the MGCL, see "Certain Provisions of the Maryland General Corporation Law and Our Charter and Bylaws—Indemnification and Limitation of Directors' and Executive Officers' Liability." In addition, our directors and executive officers will be entitled to indemnification under the partnership agreement of our operating partnership; for further details see "Description of the Partnership Agreement of Safety Income and Growth Operating Partnership LP—Management Liability and Indemnification."

We will obtain a policy of insurance under which our directors and executive officers will be insured, subject to the limits of the policy, against certain losses arising from claims made against such directors and executive officers by reason of any acts or omissions covered under such policy in their respective capacities as directors or executive officers, including certain liabilities under the Securities Act. Additionally, we intend to enter into indemnification agreements with each of our directors and executive officers upon the completion of this offering, which will require, among other things, that we maintain a comparable "tail" directors' and officers' liability insurance policy for six years after each director or executive officer ceases to serve in such capacity in connection with a change in control transaction.

Rule 10b5-1 Sales Plans

Our directors and executive officers may adopt written plans, known as Rule 10b5-1 plans, in which they will contract with a broker to buy or sell shares of our common stock on a periodic basis. Under a Rule 10b5-1 plan, a broker executes trades pursuant to parameters established by the director or executive officer when entering into the plan, without further direction from them. The director or executive officer may amend a Rule 10b5-1 plan in some circumstances and may terminate a plan at any time. Our directors and executive officers also may buy or sell additional shares outside of a Rule 10b5-1 plan when they are not in possession of material non-public information subject to compliance with the terms of our insider trading policy. The sale of any shares under any such plan will be subject to the lock-up agreements that the directors or executive officer have entered into with the underwriters.

Compensation Committee Interlocks and Insider Participation

No member of the compensation committee is a current or former executive officer or employee of ours or any of our subsidiaries. None of our executive officers other than Mr. Sugarman serves as a member of the board of directors or compensation committee of any company that has one or more of its executive officers serving as a member of our board of directors or compensation committee.

PRINCIPAL STOCKHOLDERS

The following table sets forth certain information regarding the beneficial ownership of shares of our common stock immediately following the completion of this offering, the concurrent iStar placement and the formation transactions for:

- each of our directors and director nominees;
- each of our executive officers;
- each person who is expected to be the beneficial owner of 5% or more of the outstanding shares of our common stock immediately following the completion of this offering and the concurrent iStar placement; and
- all of our directors, director nominees and executive officers as a group.

In accordance with SEC rules, each listed person's beneficial ownership includes:

- all shares the investor actually owns beneficially or of record;
- all shares over which the investor has or shares voting or investment power (such as in the capacity as a general partner of an investment fund); and
- all shares the investor has the right to acquire within 60 days (such as shares of restricted common stock that are currently vested or which are scheduled to vest within 60 days), though such shares shall be disregarded in calculating the percentage ownership of any other investor.

Unless otherwise indicated, all shares are owned directly, and the indicated person has sole voting and investment power. Unless otherwise indicated in the footnotes to the table below, the business address of the stockholders listed below is the address of our principal executive office, 1114 Avenue of the Americas, New York, New York 10036. No shares beneficially owned by any executive officer, director or director nominee have been pledged as security. The information in the following table assumes that iStar purchases shares of our common stock having an aggregate value of $45.0 million, equivalent to shares of our common stock based on the mid-point of the initial public offering price range set forth on the cover page of this prospectus, in the concurrent iStar placement at a price per share equal to the initial public offering price in this offering, and a valuation of our initial portfolio implied by the pricing of this offering of at least $340 million.

Name and Address	Number of Shares of Common Stock Beneficially Owned(1)	Percent of All Shares of Common Stock(1)
iStar Inc.		
GICRE(2)		%
LA(3)		%
Jay Sugarman(4)		
Dean S. Adler		
Robin Josephs		
Jay S. Nydick		
Stefan M. Selig		
Nina B. Matis(4)		
Geoffrey G. Jervis(4)		
All directors, director nominees and executive officers as a group (persons)	40,000	*

* Less than 1.0%

(1) There will be no operating partnership units outstanding upon completion of this offering, the concurrent iStar placement and the formation transactions, other than units owned by us.

(2) GICRE's address is 280 Park Avenue, New York, New York 10017.

(3) LA's address is 2929 Arch Street, Philadelphia, PA 19104-2868.

(4) Does not include any reserved shares which may be purchased by such individual. See "Underwriting—Reserved Shares."

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Formation Transactions

On or before April 14, 2017, (i) we acquired our initial portfolio from iStar, (ii) completed the $227 million initial portfolio financing and distributed the proceeds therefrom to iStar, (iii) the continuing investors acquired shares of our common stock for $57.5 million in cash (representing a 51% ownership interest in our company at such time), and (iv) we issued shares of our common stock (representing a 49% ownership interest in our company at such time) and paid $57.5 million in cash to iStar in consideration of its contribution of our initial portfolio to us, subject to the indebtedness of the initial portfolio financing. The total value of the cash and stock paid to iStar in these transactions was $340 million, assuming the value of a share of our common stock is equal to the mid-point of the initial public offering price range set forth on the cover page of this prospectus.

Upon completion of this offering, we and our operating partnership expect to enter into a new $300 million revolving credit facility to, among other things, fund future GNL investments, which we refer to in this prospectus as "our new revolving credit facility." Affiliates of certain of the underwriters are lenders under the initial portfolio financing and will be lenders under our new revolving credit facility.

Upon completion of this offering, the concurrent iStar placement and the formation transactions, we will hold substantially all of our assets, and will conduct substantially all of our operations, through our operating partnership, and we will be the sole general partner of our operating partnership. Additionally, we will contribute the net proceeds from this offering and the concurrent iStar placement to our operating partnership in exchange for a number of operating partnership units equal to the number of shares of our common stock issued in this offering and the concurrent iStar placement.

Acquisition GNLs

iStar entered into definitive purchase agreements for each of the acquisition GNL transactions in May 2017. The closings of the purchases of the acquisition GNLs are subject to customary closing conditions and there can be no assurance that the closings will occur; however, we believe it is probable that both transactions will occur. We will enter into an assignment, assumption and transfer agreement with iStar pursuant to which we will assume the purchase agreements at the closing of this offering or, if iStar has acquired the acquisition GNLs before the closing of this offering, we will acquire the membership interests in the subsidiary being formed by iStar to hold the acquisition GNLs. The aggregate purchase price for the acquisition GNLs is $142.0 million. We intend to complete the purchases using a portion of the net proceeds from this offering and the concurrent iStar placement.

Concurrent iStar Placement

Concurrently with the completion of this offering, we will sell to iStar shares of our common stock, having an aggregate value of $45.0 million, equivalent to shares of our common stock based on the mid-point of the initial public offering price range set forth on the cover page of this prospectus, in the concurrent iStar placement at a price per share equal to the initial public offering price in this offering.

Partnership Agreement

Concurrently with the completion of this offering, we will enter into the operating partnership agreement. See "Description of the Partnership Agreement of Safety Income and Growth Operating Partnership LP."

Pursuant to the operating partnership agreement, limited partners of our operating partnership will have rights beginning 12 months after the completion of this offering to require our operating partnership to redeem all or part of their operating partnership units for cash equal to the then-current market value of an equal number of shares of our common stock (determined in accordance with and subject to adjustment under the partnership agreement) or, at our election, to exchange their operating partnership units for shares of our common stock on a one-for-one basis subject to certain adjustments and the restrictions on ownership and transfer of our stock set forth in our charter and described under "Description of Securities—Restrictions on Ownership and Transfer." We do not expect to have any outstanding operating partnership units at the closing of this offering, except operating partnership units owned by us.

Management Agreement

Concurrently with the completion of this offering, we will enter into the management agreement with the manager, a wholly-owned subsidiary of iStar. See "Our Manager and the Management Agreement—Management Agreement."

Exclusivity Agreement

Concurrently with the completion of this offering, we will enter into an agreement with iStar pursuant to which iStar will agree that it will not acquire, originate, invest in, or provide financing for a third party's acquisition of, a GNL unless it has first offered that opportunity to us and a majority of our independent directors has declined the opportunity. The exclusivity agreement will not apply to opportunities that include only an incidental interest in GNLs or opportunities to manufacture or otherwise create a GNL from a property that has been owned by iStar's existing net lease venture with GICRE for at least three years after the closing of this offering. The existing net lease venture invests in single tenant properties leased to corporate entities under triple net leases. The venture had total assets of approximately $517 million at March 31, 2017. The investment period of the venture is scheduled to expire in February 2018 and the term of the venture is scheduled to end in February 2022 (subject to two one-year extensions), although both dates may be extended by joint agreement of the partners. iStar owns a 51.9% interest in, and manages the day to day operations of, the net lease venture and several of its executives whose time is substantially devoted to the venture own a 0.6% equity interest in the venture and are entitled to participate in promote payments made to iStar. The parties have committed a total of $500 million to the net lease venture, of which $198 million was drawn as of March 31, 2017. See "Our Manager and the Management Agreement—Exclusivity." The exclusivity agreement will automatically terminate upon any termination of the management agreement and will not otherwise be terminable.

Stockholder's Agreements with Continuing Investors

In connection with the continuing investors' investment, we entered into a stockholder's agreement with them that will terminate at the closing of this offering. New stockholder's agreements between each continuing investor and us will take effect at the closing of this offering which provides the continuing investors the right to:

- GICRE: purchase additional shares of our common stock up to an amount equal to 10% of future issuances of common stock by us in single issuances of at least $1 million, and on a quarterly basis in respect of other issuances. The purchase price paid by GICRE will be the same price as the price per share implied by the transaction that resulted in the relevant issuance, and for issuances pursuant to our equity incentive plans, will be based on prevailing market prices for our common stock, except that, if iStar purchases shares in a particular issuance net of discounts and commissions, then GICRE will also be entitled to purchase shares net of discounts and commissions. GICRE will have the right to designate a non-voting board observer who will be entitled to participate in meetings of our board of directors, present matters for consideration, speak on matters presented by others, receive notices of board meetings, receive board minutes and meet with management, subject to certain confidentiality and other restrictions. In addition, GICRE will have the right to participate as a co-investor in real estate investments for which we are seeking coinvestment partners. The foregoing rights are conditioned on GICRE owning at least the lesser of (i) 5.0% of our outstanding common stock and (ii) common stock with a value of $50 million. Notwithstanding the foregoing, GICRE's co-investment right are conditioned on the same ownership requirement only after the third anniversary of the closing of this offering. We have also agreed to indemnify GICRE for certain taxes related to the Foreign Investment in Real Property Tax Act of 1980, or FIRPTA, that it may be required to pay in respect of capital gains distributions by us attributable to sales of real properties made before the earlier of (1) the second anniversary of the closing date of this offering and (2) one year after GICRE owns less than 10% of our outstanding common stock.

- LA: purchase additional shares of our common stock up to an amount equal to 4.0% of future issuances of common stock by us in single issuances of at least $1 million, and on a quarterly basis in respect of other issuances. The purchase price paid by LA will be the same price as the price per share implied by the transaction that resulted in the relevant issuance, and for issuances pursuant to our equity incentive plans, will be based on prevailing market prices for our common stock, except that, if iStar purchases shares in a particular issuance net of fees and commissions, then LA will also be entitled to purchase shares net of discounts and commissions. LA will also have to right to designate one director as a nominee for election to our board. The foregoing rights are conditioned on LA owning the lesser of (i) 4.0% of our outstanding common stock and (ii) common stock with a value of $15.0 million.

iStar has agreed that if the valuation of our initial portfolio implied by the pricing of this offering is less than $340 million, iStar will pay to the continuing investors 51% of the amount by which such valuation is less than $340 million but greater than $325 million. The $340 million amount represents the valuation of our initial portfolio that iStar and the continuing investors agreed upon in negotiating the terms of the continuing investors' acquisition of a 51% ownership interest in our company at such time the agreement was made. iStar will satisfy its payment obligation to GICRE with cash and to LA with shares of our common stock iStar then owns. The valuation of our initial portfolio implied by the pricing of this offering will be determined by multiplying the initial public offering price per share in this offering by the shares of our common stock owned by iStar and the continuing investors immediately prior to the pricing of this offering and the concurrent iStar placement plus the $227 million of our initial portfolio financing.

Registration Rights

Upon completion of this offering, the concurrent iStar placement and the formation transactions, we will enter into a registration rights agreement with iStar. Under the registration rights agreement, we will file, as promptly as practicable on or after the date that is 12 months after the closing of this offering, one or more registration statements, which we refer to as the resale shelf registration statements, with the Securities and Exchange Commission covering the resale of all shares of common stock issued or to be issued to iStar in the formation transactions, the concurrent iStar placement and under the management agreement. We have agreed to use our commercially reasonable efforts to cause each resale shelf registration statement to be declared effective within 120 days of filing, which we refer to as the shelf effective date. We have also agreed to provide iStar an unlimited number of "demand" registrations.

We have entered into a registration rights agreement with the continuing investors which will require us to, among other things, file with the Securities and Exchange Commission, as promptly as practicable on or after the date that is 180 days after the closing of this offering, a shelf registration statement providing for the resale of the continuing investor shares of our common stock acquired in the formation transactions and, if applicable, from iStar if the valuation of our initial portfolio implied by the pricing of this offering is less than $340 million, and subsequently to include in the registration statement such additional shares of common stock as the continuing investor may acquire from time to time in the future. A continuing investor may sell its shares in underwritten offerings. We have agreed to use our reasonable best efforts to cause a resale shelf registration statement to become effective as soon as practicable after its filing.

We have agreed to indemnify iStar and the continuing investors against specified liabilities, including certain potential liabilities arising under the Securities Act, or to contribute to the payments iStar or the continuing investors may be required to make in respect thereof. We have agreed to pay all of the expenses relating to the registration of such securities, including, without limitation, all registration, listing, filing and stock exchange or the Financial Industry Regulatory Authority, or FINRA, fees, all fees and expenses of complying with securities or "blue sky" laws, all printing expenses and all fees and disbursements of counsel and independent public accountants retained by us, but excluding underwriting discounts and commissions, any out-of-pocket expenses of iStar and the continuing investors and any transfer taxes.

Indemnification of Our Directors and Executive Officers and GICRE's Board Observer

Upon completion of this offering, we intend to enter into indemnification agreements with each of our directors, executive officers, board observer and certain other parties providing for the indemnification by us for certain liabilities and expenses incurred as a result of actions brought, or threatened to be brought, against (i) our directors, executive officers and board observer and (ii) our executive officers and certain other parties who are former members, managers, stockholders, directors, limited partners, general partners, officers, board observers or controlling persons of our predecessor in their capacities as such as described in "Management—Limitation of Liability and Indemnification."

Expense Reimbursement

iStar has agreed to pay the underwriting discounts and commissions payable to the underwriters in connection with this offering, our other offering expenses and our expenses incurred in connection with the concurrent iStar placement, including legal, accounting, consulting, and regulatory filing expenses, in an aggregate amount not to exceed $25 million. iStar paid all fees and expenses associated with the initial portfolio financing. We are not obligated to reimburse iStar for these amounts and they will not count against iStar's $25 million obligation referred to above.

Ownership Limit Waiver

Our charter generally prohibits, with certain exceptions, any stockholder from beneficially or constructively owning more than 9.8% in value or number of shares, whichever is more restrictive, of the outstanding shares of our common stock, or all classes and series of our capital stock. We have granted a waiver to iStar to own up to 35.0%, and to GICRE to own up to 15.0%, of the outstanding shares of our common stock in the aggregate.

Statement of Policy Regarding Transactions with Related Persons

Prior to the completion of this offering, our board of directors will adopt a written statement of policy regarding transactions with related persons, which we refer to as our "related person policy." Our related person policy requires that a "related person" (as defined as in paragraph (a) of Item 404 of Regulation S-K) must promptly disclose to our Chief Compliance Officer any "related person transaction" (defined as any transaction that is anticipated would be reportable by us under Item 404(a) of Regulation S-K in which we were or are to be a participant and the amount involved exceeds $120,000 and in which any related person had or will have a direct or indirect material interest) and all material facts with respect thereto. Our Chief Compliance Officer will then promptly communicate that information to our board of directors. No related person transaction, and no transaction with iStar, including a joint venture with iStar, will be executed without the approval or ratification of a majority of disinterested directors of our board of directors or a duly authorized committee of our board of directors. In addition, if a potential investment transaction could be structured either as a GNL or a financing within iStar's investment focus, the transaction would meet the investment objectives of both iStar and us (including economic, diversification, geographic, maturity date, tenant and other investment objectives) and both we and iStar have the available capital to pursue the investment, iStar will agree in the exclusivity agreement to present both a financing and a GNL investment proposal to the property owner for potential selection by the owner. It is our policy that directors interested in a related person transaction will recuse themselves from any vote on a related person transaction in which they have an interest.

STRUCTURE AND FORMATION OF OUR COMPANY

Formation Transactions

On or before April 14, 2017, (i) we acquired our initial portfolio from iStar, (ii) completed the $227 million initial portfolio financing and distributed the proceeds therefrom to iStar, (iii) the continuing investors acquired shares of our common stock for $57.5 million in cash (representing a 51% ownership interest in our company at such time), and (iv) we issued shares of our common stock (representing a 49% ownership interest in our company at such time) and paid $57.5 million in cash to iStar in consideration of its contribution of our initial portfolio to us, subject to the indebtedness of the initial portfolio financing. The total value of the cash and stock paid to iStar in these transactions was $340 million, assuming the value of a share of our common stock is equal to the mid-point of the initial public offering price range set forth on the cover page of this prospectus.

iStar entered into definitive purchase agreements for each of the acquisition GNL transactions in May 2017. We will assume the purchase agreements at the closing of this offering or, if iStar has acquired the acquisition GNLs before the closing of this offering, we will acquire the acquisition GNLs from iStar shortly after the completion of this offering. However, the closings of the purchases of the acquisition GNLs are subject to customary conditions, and there can be no assurance that either of the transactions will occur.

Upon completion of this offering, we and our operating partnership expect to enter into a new $300 million revolving credit facility to, among other things, fund future GNL investments, which we refer to in this prospectus as "our new revolving credit facility." Affiliates of certain of the underwriters are lenders under the initial portfolio financing and will be lenders under our new revolving credit facility.

Upon completion of this offering, the concurrent iStar placement and the formation transactions, we will hold substantially all of our assets, and will conduct substantially all of our operations, through our operating partnership, and we will be the sole general partner of our operating partnership. Additionally, we will contribute the net proceeds from this offering and the concurrent iStar placement to our operating partnership in exchange for a number of operating partnership units equal to the number of shares of our common stock issued in this offering and the concurrent iStar placement.

Pursuant to the formation transactions, the following have occurred or will occur prior to or concurrently with the completion of this offering. All amounts are based on the mid-point of the initial public offering price range set forth on the front cover page of this prospectus.

- We were formed as a Maryland corporation on October 24, 2016.

- Our operating partnership was formed as a Delaware limited partnership on October 17, 2016. We are the sole general partner of our operating partnership.

- iStar transferred to us all the equity interests in our predecessor entities, all of which were wholly-owned, directly or indirectly, by iStar, on December 1, 2016.

- To accomplish these transfers, we entered into assignment agreements with iStar pursuant to which iStar assigned all of its right, title and interest in the equity interests to us. iStar will make representations, warranties and covenants to us regarding the entities and assets that iStar has transferred to us comprising our initial portfolio, and will indemnify us for breaches of these representations, warranties or covenants, subject to limitations. The representations and warranties will survive for one year after the completion of this offering.

- On March 30, 2017 we and our subsidiaries entered into a $227 million initial portfolio financing with affiliates of certain of the underwriters. See "Description of Indebtedness—The Initial Portfolio Financing." We distributed the proceeds from this financing to iStar.

- On April 14, 2017, the continuing investors acquired shares of our common stock, representing a 51% ownership interest at such time, for $57.5 million. The price paid by the continuing investors reflects a valuation of our company of $340 million less the $227 million of initial portfolio financing, or a $113 million valuation of the company's equity. We issued shares of our common stock (having a value of $55.5 million based on the mid-point of the initial public offering price range set forth on the cover page of this prospectus) to iStar and paid iStar $57.5 million of cash. An increase in the actual initial public offering price of our common stock in this offering will result in an increase in the value of the consideration for the initial portfolio previously paid to iStar. Likewise, a decrease in the actual initial public offering price of our common stock in this offering will result in a decrease in the value of the consideration for the initial portfolio previously paid to iStar.

- The investments by the continuing investors and iStar and the payment of consideration for the initial portfolio to iStar was accomplished by the following steps:

  – Safety, Income and Growth, Inc. merged with and into an entity named SIGI Acquisition, Inc., or SIGI, that was recently formed and capitalized with $55.5 million of cash from iStar and $57.5 million of cash from the continuing investors. SIGI survived the merger and was renamed Safety, Income and Growth, Inc.;

  – In the merger, iStar, as the sole stockholder of Safety, Income and Growth, Inc. immediately prior to the merger, received $113 million of cash (including the $55.5 million that iStar had contributed to SIGI, in its initial capitalization);

  – iStar retained its shares of common stock, and the continuing investors retained their shares of common stock, in us as the surviving corporation of the merger; and

  – iStar, the continuing investors, we (as the surviving corporation of the merger) and SFTY Manager LLC entered into several agreements governing the affairs of the company and the arrangements of the parties during the periods prior to this offering.

- In connection with the continuing investors' investment, we entered into a stockholder's agreement with them that will terminate at the closing of this offering. New stockholder's agreements and a registration rights agreement between each continuing investor and us will take effect at the closing of this offering. See "Certain Relationships and Related Party Transactions—Stockholder's Agreements with Continuing Investors" and "—Registration Rights."

- We will sell shares of our common stock in this offering and an additional shares of our common stock if the underwriters exercise their option to purchase additional shares of our common stock in full.

- Concurrently with the completion of this offering, we will sell shares of our common stock to iStar having an aggregate value of $45.0 million, equivalent to shares of our common stock based on the mid-point of the initial public offering price range set forth on the cover page of this prospectus, in the concurrent iStar placement at a price per share equal to the initial public offering price in this offering.

- We will contribute the net proceeds from this offering and the concurrent iStar placement to our operating partnership in exchange for operating partnership units (or operating partnership units if the underwriters exercise their option to purchase up to an additional shares of our common stock in full).

- Concurrently with the completion of this offering, we expect to enter into a $300 million revolving credit facility from lenders that will include affiliates of certain of the underwriters of this offering. We expect to use this revolving credit facility to, among other things, fund the acquisition and origination of investments, general business purposes and working capital. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Indebtedness to be Outstanding Upon Completion of This Offering."

- We will adopt our equity incentive plan to provide equity incentive opportunities to members of our manager's management team and employees who perform services for us, our directors, director nominees, advisers, consultants and other personnel. See "Management—Equity Incentive Plan" for further details.

Consequences of This Offering, the Concurrent iStar Placement and the Formation Transactions

Upon completion of this offering, the concurrent iStar placement and the formation transactions (all amounts assume shares of our common stock are sold in this offering at the mid-point of the initial public offering price range set forth on the cover page of this prospectus and the valuation of our initial portfolio implied by the pricing of this offering is $340 million):

- Our operating partnership will directly or indirectly own 100% of the properties in our portfolio.

- Purchasers of shares of our common stock in this offering will own % of the outstanding shares of our common stock. If the underwriters exercise their option to purchase an additional shares of our common stock in full, purchasers of shares of our common stock in this offering will own % of the outstanding shares of our common stock.

- iStar will own % of the outstanding shares of our common stock. If the underwriters exercise their option to purchase an additional shares of our common stock in full, iStar will own % of the outstanding shares of our common stock.

- The continuing investors will own % of the outstanding shares of our common stock. If the underwriters exercise their option to purchase an additional shares of our common stock in full, the continuing investors will own % of the outstanding shares of our common stock.

- We will contribute the net proceeds from this offering and the concurrent iStar placement to our operating partnership in exchange for operating partnership units (or operating partnership units if the underwriters exercise their option to purchase up to an additional shares of our common stock in full).

- We will own 100% of the operating partnership units.

- We will have $227 million of indebtedness outstanding, and we expect to enter into our new $300 million revolving credit facility.

Benefits to Related Parties

Upon completion of this offering, the concurrent iStar placement and the formation transactions, iStar, the continuing investors and our directors and executive officers will receive material benefits, including the following:

- iStar will have received $340 million of consideration for our initial portfolio, comprised of (i) shares of our common stock having an aggregate value of $55.5 million, based on the mid-point of the initial public offering price range set forth on the cover page of this prospectus, (ii) the proceeds from our $227 million initial portfolio financing and

(iii) $57.5 million of proceeds from our sale of common stock to the continuing investors in the formation transactions.

- iStar will have purchased shares of our common stock having an aggregate value of $45.0 million, equivalent to shares of our common stock based on the mid-point of the initial public offering price range set forth on the cover page of this prospectus, in the concurrent iStar placement at a price per share equal to the initial public offering price in this offering.

- We will enter into the management agreement with our manager, a wholly-owned subsidiary of iStar, pursuant to which our manager will be entitled to a management fee for its services and reimbursement of certain expenses.

- We will have entered into new stockholder's agreements and a registration rights agreement with the continuing investors. See "Certain Relationships and Related Party Transactions—Stockholder's Agreements with Continuing Investors" and "—Registration Rights."

- If the valuation of our initial portfolio implied by the pricing of this offering is less than $340 million, iStar will pay to the continuing investors 51% of the amount by which such valuation is less than $340 million but greater than $325 million.

- We will have entered into indemnification agreements with our directors, executive officers and board observer providing for the indemnification by us for certain liabilities and expenses incurred as a result of actions brought, or threatened to be brought, against (i) our directors, executive officers and board observer and (ii) our executive officers who are former members, managers, stockholders, directors, limited partners, general partners, officers, board observers, or controlling persons of our predecessor in their capacities as such.

- We will have entered into a registration rights agreement with iStar with respect to resales of shares of our common stock received as consideration for the sale of the initial portfolio to us, purchased in the concurrent iStar placement and received as management fees under the management agreement.

- iStar will have agreed to guaranty certain of our obligations to the lenders and indemnify the lenders under our initial portfolio financing, including with respect to customary environmental matters and recourse carveout matters, such as fraud, gross negligence, failure to pay taxes, triggering certain tenant rights and certain other items. We have agreed to indemnify iStar for any losses suffered by it under the guaranty and environmental indemnity other than as a result of iStar's material breach of its obligations under the initial portfolio financing.

- In connection with the formation transactions and the concurrent iStar placement, we will have granted a waiver from the ownership limit contained in our charter to iStar to own up to 35.0%, and to GICRE to own up to 15.0%, of the outstanding shares our common stock in the aggregate.

- We will have adopted our equity incentive plan to provide equity incentive opportunities to members of our manager's management team and employees who perform services for us, our directors, director nominees, advisers, consultants and other personnel, and will have issued, in the aggregate, thereunder 40,000 shares of restricted common stock to our directors who are not officers or employees of our manager or iStar at the closing of this offering. See "Management—Equity Incentive Plan" for further details.

POLICIES WITH RESPECT TO CERTAIN ACTIVITIES

The following is a discussion of certain of our investment, financing and other policies. These policies have been determined by our board of directors and, in general, may be amended and revised from time to time at the discretion of our board of directors without notice to or a vote of our stockholders.

Investment Policies

Investment in Real Estate or Interests in Real Estate

We will conduct substantially all of our investment activities through our operating partnership and its affiliates. Our primary investment objective is to enhance stockholder value by increasing cash flow from our operations. For a discussion of our initial portfolio and our acquisition, origination and other strategic objectives, see "Business and Properties."

We expect to pursue our primary investment objective primarily through the ownership, directly or indirectly, by our operating partnership of the initial portfolio and future GNL investments. Future investment activities will not be limited to any geographic area or to a specified percentage of our assets. While we may diversify in terms of property type, geography, tenant and lease term, we do not have any limit on the amount or percentage of our assets that may be invested in any one of the foregoing categories. We intend to engage in such future investment activities in a manner that is consistent with our qualification and maintenance of our qualification as a REIT for U.S. federal income tax purposes. We do not have a specific policy to acquire assets primarily for capital gain or primarily for income. In addition, we may purchase, lease and/or finance ground net lease assets for long-term investment, or sell such assets, in whole or in part, when circumstances warrant.

We may also participate with third parties in joint ventures or other types of co-ownership, if we determine that doing so would be the most effective means of raising capital. We will not, however, enter into a joint venture or other partnership arrangement to make an investment that would not otherwise meet our investment policies. We also may acquire real estate or interests in real estate in exchange for the issuance of common stock, operating partnership units, preferred stock or options to purchase stock.

Investments may be subject to existing mortgage financing and other indebtedness or to new indebtedness which may be incurred in connection with acquiring or refinancing these investments, and we expect to have corporate level indebtedness through credit facilities and debt securities. Principal of and interest on our debt will have a priority over any dividends and any liquidation amounts with respect to our common stock. Investments are also subject to our policy not to be treated as an investment company under the 1940 Act.

Investments in Real Estate Mortgages

Our current portfolio consists primarily of, and our business objectives emphasize, equity investments in real estate. We may also finance GNL transactions in the future and invest in mortgages or deeds of trust. Debt investments run the risk that one or more borrowers may default under the debt and the collateral securing the debt may not be sufficient to enable us to recoup our full investment. See "Risk Factors—Risks Related to Our Portfolio and Our Business—Loans that we make to GNL owners will be subject to delinquency, foreclosure and loss, which could result in losses to us."

Investments in Securities of or Interests in Persons Primarily Engaged in Real Estate Activities and Other Issuers

Subject to our qualification as a REIT, we may invest in securities of other REITs, other entities engaged in real estate activities or securities of other issuers, including for the purpose of exercising control over such entities. We do not currently have any policy limiting the types of entities in which we may invest or the proportion of assets to be so invested, whether through acquisition of an entity's common stock, limited liability or partnership interests, interests in another REIT or entry into a joint venture. We intend to invest primarily in entities that own real estate and provide GNL capital. We have no current plans to make material investments entities that are not engaged in real estate activities. Our business objectives are to enhance stockholder value by increasing cash flow from operations, acquire and originate target investments and provide cash distributions and long-term capital appreciation to our stockholders through increases in the value of our company. We have not established a specific policy regarding the relative priority of the foregoing objectives.

Investment in Other Securities

Other than as described above, we do not intend to invest in any additional securities such as loans, bonds, preferred stock or common stock.

Disposition Policies

We may from time to time dispose of investments if, based upon our manager's and our board's periodic review of our portfolio, we determine such action would be in our best interest. In addition, we may elect to enter into joint ventures or other types of co-ownership with respect to properties that we own, either in connection with acquiring interests in other properties (as discussed above in "—Investment Policies—Investment in Real Estate or Interests in Real Estate") or from investors to raise equity capital.

Financing Policies

We expect to utilize leverage. Our current strategy is to generally target overall leverage at an amount that is approximately 25% of the aggregate Combined Property Value of our portfolio, but not to exceed a ratio of 2:1 relative to our total equity. However, our organizational documents do not limit the amount of indebtedness that we may incur. We anticipate that our manager, under the supervision of our board of directors, will consider a number of factors in evaluating our level of indebtedness from time to time, as well as the amount of such indebtedness that will be either fixed or floating rate. Upon the completion of this offering, we will have $227 million of indebtedness outstanding under the initial portfolio financing and we expect to enter into our new $300 million revolving credit facility. Our overall leverage will depend on our mix of investments and the cost of leverage. Our board of directors may from time to time modify our leverage policies in light of the then-current economic conditions, relative costs of debt and equity capital, market values of our properties, general market conditions for debt and equity issuances, fluctuations in the market price of our common stock, growth and acquisition opportunities and other factors, including the restrictive covenants under our initial portfolio financing and our new revolving credit facility. See "Description of Indebtedness."

To the extent our board of directors determines to obtain additional capital, we may, without stockholder approval, borrow funds or issue debt or equity securities, including additional operating partnership units, retain earnings (subject to the distribution requirements applicable to REITs under the Code) or pursue a combination of these methods. As long as our operating partnership is in existence, the proceeds of all equity capital raised by us will be contributed to our operating partnership in exchange for additional interests in our operating partnership, which will dilute the ownership interests of the then existing limited partners in our operating partnership.

Conflict of Interest Policies

Conflicts of interest may exist or could arise in the future with iStar and its affiliates, including our manager, our executive officers and/or directors who are also officers and/or directors of iStar, as well as with our continuing investors, and any limited partner of our operating partnership. Conflicts may include, without limitation: conflicts arising from the enforcement of agreements between us and iStar or our manager; conflicts in the amount of time that officers and employees of our manager will spend on our affairs versus iStar's other affairs; conflicts in future transactions that we may pursue with iStar; and conflicts in pursuing transactions that could be structured as either a GNL or as another type of transaction that is within iStar's investment focus. We do not generally expect to enter into joint ventures with iStar, but if we do so, the terms and conditions of our joint venture investment will be subject to the approval of a majority of disinterested directors of our board of directors. In addition, if a potential investment transaction could be structured either as a GNL or a financing within iStar's investment focus, the transaction would meet the investment objectives of both iStar and us (including economic, diversification, geographic, maturity date, tenant and other investment objectives) and both we and iStar have the available capital to pursue the investment, iStar will agree in the exclusivity agreement to present both a financing and a GNL investment proposal to the property owner for potential selection by the owner. Upon completion of this offering, the concurrent iStar placement and the formation transactions, assuming shares of our common stock are sold in this offering and the valuation of our initial portfolio implied by the pricing of this offering is at least $340 million, iStar will own approximately % of the outstanding shares of our common stock and will have registration rights for resales of such shares. Two directors of iStar will also serve on our board of directors, including Jay Sugarman, who is the chief executive officer of iStar and our chief executive officer. Our manager is a wholly-owned subsidiary of iStar. As a result of the foregoing relationships, iStar will have significant influence over us. Additionally, although we will enter into an exclusivity agreement with iStar, the agreement contains exceptions to iStar's exclusivity for opportunities that include only an incidental interest in GNLs and opportunities to manufacture or otherwise create a GNL from a property that has been owned by iStar's existing net lease venture with GICRE for at least three years after the closing of this offering. Accordingly, the exclusivity agreement will not prevent iStar from pursuing certain GNL opportunities directly or through the aforementioned net lease venture. See "Our Manager and the Management Agreement—Exclusivity." Conflicts of interest may exist or could arise in the future with GICRE, LA and their respective affiliates in the enforcement of the stockholders and registration rights agreements between us and such investors and with respect to the existing net lease joint venture with iStar and other investment opportunities.

Our directors and executive officers have duties to our company under applicable Maryland law in connection with their management of our company. At the same time, we have fiduciary duties, as a general partner, to our operating partnership and to the limited partners under Delaware law in connection with the management of our operating partnership. Our duties as a general partner to our operating partnership and its partners may come into conflict with the duties of our directors and executive officers to our company. Unless otherwise provided for in the relevant partnership agreement, Delaware law generally requires a general partner of a Delaware limited partnership to adhere to fiduciary duty standards under which it owes its limited partners the highest duties of loyalty and care and which generally prohibits such general partner from taking any action or engaging in any transaction as to which it has a conflict of interest. The limited partners of our operating partnership have agreed that in the event of such a conflict, we will fulfill our fiduciary duties to such limited partners by acting in the best interests of our company.

Additionally, the operating partnership agreement expressly limits our liability by providing that neither the general partner of the operating partnership, nor any of its directors or officers, will be liable or accountable in damages to our operating partnership, the limited partners or assignees for errors in judgment, mistakes of fact or law or for any act or omission if we, or such director or officer, acted in good faith. In addition, our operating partnership is required to indemnify us, our affiliates and each of our respective executive officers, directors and employees and any person we may designate from time to time in our sole and absolute discretion, including present and former members, managers, stockholders, directors, limited partners, general partners, officers or controlling persons of our predecessor, to the fullest extent permitted by applicable law against any and all losses, claims, damages, liabilities (whether joint or several), expenses (including, without limitation, attorneys' fees and other legal fees and expenses), judgments, fines, settlements and other amounts arising from any and all claims, demands, actions, suits or proceedings, civil, criminal, administrative or investigative, that relate to the operations of the operating partnership, provided that our operating partnership will not indemnify such person for (i) willful misconduct or a knowing violation of the law, (ii) any transaction for which such person received an improper personal benefit in violation or breach of any provision of the operating partnership agreement, or (iii) in the case of a criminal proceeding, the person had reasonable cause to believe the act or omission was unlawful.

The provisions of Delaware law that allow the common law fiduciary duties of a general partner to be modified by an operating partnership agreement have not been resolved in a court of law, and we have not obtained an opinion of counsel covering the provisions set forth in the operating partnership agreement that purport to waive or restrict our fiduciary duties that would be in effect under common law were it not for the operating partnership agreement.

Our charter and bylaws do not restrict any of our directors, executive officers, stockholders or affiliates from having a pecuniary interest in an investment or transaction that we have an interest in or from conducting, for their own account, business activities of the type we conduct. We have, however, adopted certain policies designed to eliminate or minimize certain potential conflicts of interest. Specifically, we will adopt a code of business conduct and ethics that prohibits conflicts of interest between our executive officers, employees and directors on the one hand, and our company on the other hand, except in compliance with the policy. Our code of business conduct and ethics will state that a conflict of interest exists when a person's private interest interferes with our interest. For example, a conflict of interest will arise when any of our employees, executive officers or directors or any immediate family member of such employee, executive officer or director receives improper personal benefits as a result of his or her position with us. Our code of business conduct and ethics will also limit our employees, executive officers and directors from engaging in any activity that is competitive with the business activities and operations of our company, except as disclosed in this prospectus. In addition, our code of business conduct and ethics will also restrict the ability of our employees, executive officers and directors to participate in a joint venture, partnership or other business arrangement with us, except in compliance with the policy. Waivers of our code of business conduct and ethics will be required to be disclosed in accordance with NYSE and SEC requirements. In addition, we will adopt corporate governance guidelines to assist our board of directors in the exercise of its responsibilities and to serve our interests and those of our stockholders. However, we cannot assure you these policies or provisions of law will always succeed in eliminating the influence of such conflicts. If they are not successful, decisions could be made that might fail to reflect the best interest of all stockholders.

Policies with Respect to Other Activities

We have authority to offer common stock, operating partnership units, preferred stock, options to purchase stock or other securities in exchange for property, repurchase or otherwise acquire our common stock or other securities in the open market or otherwise, and we may engage in such activities in the future. As described in "Description of the Partnership Agreement of Safety Income and Growth Operating Partnership LP," we expect, but are not obligated, to issue common stock to holders of operating partnership units upon exercise of their redemption rights. Except in connection with our organization, the formation transactions, this offering and the concurrent iStar placement, we have not issued common stock, units or any other securities in exchange for property or any other purpose, although, as discussed above in "—Investment Policies—Investment in Real Estate or Interests in Real Estate," we may elect to do so. Our board of directors has no present intention of causing us to repurchase any common stock, although we may do so in the future. We may issue preferred stock from time to time, in one or more classes or series, as authorized by our board of directors without the need for stockholder approval. See "Description of Securities." We have not engaged in trading, underwriting or agency distribution or sale of securities of other issuers other than our operating partnership and do not intend to do so. At all times, we intend to make investments in a manner consistent with our qualification as a REIT unless our board of directors determines that it is no longer in our best interest to qualify as a REIT. We have not made any loans to third parties, although we may make loans to third parties in the future, including, without limitation, to joint ventures in which we participate. We intend to make investments in such a way that we will not be treated as an investment company under the 1940 Act.

Reporting Policies

We intend to make available to our stockholders our annual reports, including our audited financial statements. After this offering, we will become subject to the information reporting requirements of the Exchange Act. Pursuant to those requirements, we will be required to file annual and periodic reports, proxy statements and other information, including audited financial statements, with the SEC.

DESCRIPTION OF THE PARTNERSHIP AGREEMENT OF SAFETY INCOME AND GROWTH OPERATING PARTNERSHIP LP

The following is a summary of the material provisions of the Agreement of Limited Partnership of Safety Income and Growth Operating Partnership LP, which we refer to as the partnership agreement, a copy of which is filed as an exhibit to the registration statement of which this prospectus is a part. The following description does not purport to be complete and is subject to and qualified in its entirety by reference to applicable provisions of the Delaware Revised Uniform Limited Partnership Act, as amended, and the operating partnership agreement. See "Where You Can Find More Information." For the purposes of this section, references to the "general partner" refer to SIGOP Gen Par LLC, a wholly-owned subsidiary of Safety, Income and Growth, Inc.

General

Safety Income and Growth Operating Partnership LP, our operating partnership, is a Delaware limited partnership that was formed on October 17, 2016. Our wholly-owned subsidiary, SIGOP Gen Par LLC, is the sole general partner of our operating partnership. Pursuant to the operating partnership agreement, we have, subject to certain protective rights of limited partners described below, full, exclusive and complete responsibility and discretion in the management and control of our operating partnership, including the ability to cause our operating partnership to enter into certain major transactions, including a merger of our operating partnership or a sale of substantially all of the assets of our operating partnership. The limited partners have no power to remove the general partner without the general partner's consent.

We may not conduct any business without the consent of a majority of the limited partners other than in connection with the ownership, acquisition and disposition of partnership units, the management of the business of our operating partnership, our operation as a reporting company with a class of securities registered under the Exchange Act, the offering, sale syndication, private placement or public offering of stock, bonds, securities or other interests, financing or refinancing of any type related to our operating partnership or its assets or activities and such activities as are incidental to those activities discussed above. In general, we must contribute any assets or funds that we acquire to our operating partnership in exchange for additional operating partnership units. We may, however, in our sole and absolute discretion, from time to time hold or acquire assets in our own name or otherwise other than through our operating partnership so long as we take commercially reasonable measures that the economic benefits and burdens of such assets are otherwise vested in our operating partnership. We and our affiliates may also engage in any transactions with our operating partnership on such terms as we may determine in our sole and absolute discretion.

We are not liable under the operating partnership agreement to our operating partnership or to any partner for monetary damages for losses sustained, liabilities incurred, or benefits not derived by limited partners in connection with such decisions, provided that we have acted in good faith.

Upon completion of this offering, the concurrent iStar placement and the formation transactions, we expect that substantially all of our business activities, including all activities pertaining to the acquisition and operation of properties, will be conducted through our operating partnership, and that our operating partnership will be operated in a manner that will enable us to satisfy the requirements for qualification as a REIT.

Operating Partnership Units

Interests in our operating partnership are denominated in units of limited partnership interest. Following this offering, the concurrent iStar placement and the formation transactions, our operating partnership will have one class of limited partnerships interests, which will be operating partnership units.

Management Liability and Indemnification

Neither we nor our directors and executive officers are liable to our operating partnership, the limited partners or assignees for losses sustained, liabilities incurred or benefits not derived as a result of errors in judgment or mistakes of fact or law or of any act or omission, so long as such person acted in good faith. The operating partnership agreement provides for indemnification of us, our affiliates and each of our respective executive officers, directors, employees and any persons we may designate from time to time in our sole and absolute discretion, including present and former members, managers, stockholders, directors, limited partners, general partners, officers or controlling persons of our predecessor, to the fullest extent permitted by applicable law against any and all losses, claims, damages, liabilities (whether joint or several), expenses (including, without limitation, attorneys' fees and other legal fees and expenses), judgments, fines, settlements and other amounts arising from any and all claims, demands, actions, suits or proceedings, civil, criminal, administrative or investigative, that relate to the operations of the operating partnership, provided that our operating partnership will not indemnify such person, for (i) material acts or omissions that were committed in bad faith or were the result of active and deliberate dishonesty, (ii) any transaction for which such person received an improper personal benefit in violation or breach of any provision of the operating partnership agreement, or (iii) in the case of a criminal proceeding, the person had reasonable cause to believe the act or omission was unlawful, as set forth in the operating partnership agreement (subject to the exceptions described below under "—Fiduciary Responsibilities").

Fiduciary Responsibilities

Our directors and executive officers have duties under applicable Maryland law to manage us in a manner consistent with our best interests. At the same time, the general partner of our operating partnership has fiduciary duties to manage our operating partnership in a manner beneficial to our operating partnership and its partners. Our duties as the general partner to our operating partnership and its limited partners, therefore, may come into conflict with the duties of our directors and executive officers to us and our stockholders. We will be under no obligation to give priority to the separate interests of the limited partners of our operating partnership in deciding whether to cause the operating partnership to take or decline to take any actions. If there is a conflict between the interests of our stockholders on one hand and the limited partners on the other, we will endeavor in good faith to resolve the conflict in a manner not adverse to either our stockholders or the limited partners. The operating partnership agreement requires limited partners of our operating partnership to agree that in the event of a conflict in the duties owed by our directors and executive officers to us and the fiduciary duties owed by us, in our capacity as general partner of our operating partnership, to such limited partners, we will fulfill our fiduciary duties to such limited partners by acting in the best interests of our stockholders.

LTIP Units

Our operating partnership is authorized to issue LTIP units to our independent directors, executive officers and other employees. These LTIP units will be subject to certain vesting requirements. In general, LTIP units are a class of partnership units in our operating partnership and will receive the same quarterly per unit profit distributions as the other outstanding units in our operating partnership. The rights, privileges, and obligations related to each series of LTIP units will be established at the time the LTIP units are issued. As profits interests, LTIP units initially will not have full parity, on a per unit basis, with our operating partnership's common units with respect to liquidating distributions. Upon the occurrence of specified events, LTIP units can over time achieve full parity with operating partnership common units and therefore accrete to an economic value for the holder equivalent to operating partnership units. If such parity is achieved, vested LTIP units may be converted on a one-for-one basis into operating partnership common units, which in turn are redeemable by the holder for cash or, at our election, exchangeable for shares of our common stock on a one-for-one basis. However, there are circumstances under which LTIP units will not achieve parity with operating partnership common units, and until such parity is reached, the value that a participant could realize for a given number of LTIP units will be less than the value of an equal number of shares of our common stock and may be zero.

Distributions

The operating partnership agreement provides that we may cause our operating partnership to make quarterly (or more frequent) distributions of all, or such portion as we may, in our sole and absolute discretion, determine, of available cash (which is defined to be cash available for distribution as determined by our general partner) (i) *first*, with respect to any operating partnership units that are entitled to any preference in accordance with the rights of such operating partnership unit (and, within such class, pro rata according to their respective percentage interests) and (ii) *second*, with respect to any operating partnership units that are not entitled to any preference in distribution (including LTIP units), in accordance with the rights of such class of operating partnership unit (and, within such class, pro rata in accordance with their respective percentage interests).

Allocations of Net Income and Net Loss

During all times that our operating partnership is treated as a partnership for U.S. federal income tax purposes, net income and net loss of our operating partnership are determined and allocated with respect to each fiscal year of our operating partnership as of the end of the year. In addition, except as otherwise provided in the operating partnership agreement, an allocation of a share of net income or net loss is treated as an allocation of the same share of each item of income, gain, loss or deduction that is taken into account in computing net income or net loss. Except as otherwise provided in the operating partnership agreement, net income and net loss are allocated to the holders of operating partnership units holding the same class or series of operating partnership units in accordance with their respective percentage interests in the class or series at the end of each fiscal year. In particular, upon the occurrence of certain specified events, our operating partnership will revalue its assets and any net increase in valuation will be allocated first to the holders of LTIP units to equalize the capital accounts of such holders with the capital accounts of operating partnership units. See "Management—Equity Incentive Plan." The operating partnership agreement contains provisions for special allocations intended to comply with certain regulatory requirements, including the requirements of Treasury Regulations Sections 1.704-1(b) and 1.704-2. Except as otherwise required by the operating partnership agreement or the Code and the Treasury Regulations, each operating partnership item of income, gain, loss and deduction is allocated among the limited partners of our operating partnership for U.S. federal income tax purposes in the same manner as its correlative item of book income, gain, loss or deduction is allocated pursuant to the operating partnership agreement. In addition, under Section 704(c) of the Code, items of income, gain, loss and deduction with respect to appreciated or depreciated property which is contributed to a partnership, such as our operating partnership, in a tax-free transaction must be specially allocated among the partners in such a manner so as to take into account such variation between tax basis and fair market value. The operating partnership will allocate tax items to the holders of operating partnership units or taking into consideration the requirements of Section 704(c). See "Certain U.S. Federal Income Tax Considerations."

We, as the general partner of the operating partnership, have the sole and absolute discretion to ensure that allocations of income, gain, loss and deduction of the operating partnership are in accordance with the interests of the partners as determined under the Code and all matters concerning allocations of tax items not expressly provided for in the operating partnership agreement may be determined by us in our sole and absolute discretion. In addition, we, as general partner of the operating partnership, may adopt such conventions and methods of accounting for determining asset values, basis and identities of partners for proper administration of the operating partnership and to preserve the uniformity of each series of operating partnership units that will be traded on the NYSE.

Redemption Rights

After 12 months of becoming a holder of operating partnership units, each limited partner of our operating partnership will have the right, subject to the terms and conditions set forth in the operating partnership agreement, to require our operating partnership to redeem all or a portion of the operating partnership units held by such limited partner in exchange for a cash amount equal to the number of tendered operating partnership units multiplied by the market price of a share of our common stock (determined in accordance with, and subject to adjustment under, the terms of the operating partnership agreement), unless the terms of such operating partnership units or a separate agreement entered into between our operating partnership and the holder of such operating partnership units provide that they are not entitled to a right of redemption or provide for a shorter or longer period before such limited partner may exercise such right of redemption or impose conditions on the exercise of such right of redemption. On or before the close of business on the fifth business day after we receive a notice of redemption, we may, in our sole and absolute discretion, but subject to the restrictions on the ownership and transfer of our common stock imposed under our charter, elect to acquire some or all of the tendered operating partnership units from the tendering partner in exchange for shares of our common stock, based on an exchange ratio of one share of our common stock for each operating partnership unit (subject to anti-dilution adjustments provided in the operating partnership agreement). It is our current intention to exercise this right in connection with any redemption of operating partnership units.

Transferability of Operating Partnership Units; Extraordinary Transactions

We will not be able to withdraw voluntarily from the operating partnership or transfer our interest in the operating partnership, including our limited partner interest, unless the transfer is (i) made in connection with any merger, consolidation or other combination in which, following the consummation of such transaction, the equity holders of the surviving entity are substantially identical to our stockholders, (ii) made to a qualified REIT subsidiary or entity that is disregarded as any entity separate from us for U.S. federal income tax purposes or (iii) otherwise expressly permitted under the operating partnership agreement. The operating partnership agreement permits us to engage in a merger, consolidation or other combination, or sale of substantially all of our assets, if:

- we receive the consent of a majority in interest of the limited partners (excluding our company);
- following the consummation of such transaction, substantially all of the assets of the surviving entity consist of operating partnership units; or
- as a result of such transaction all limited partners (excluding our company) will receive, or will have the right to receive, for each operating partnership unit an amount of cash, securities or other property equal in value to the greatest amount of cash, securities or other property paid in the transaction to a holder of one share of our common stock, provided that if, in connection with the transaction, a purchase, tender or exchange offer shall have been made to and accepted by the holders of more than 50% of the outstanding shares of our common stock, each holder of operating partnership units shall be given the option to exchange its operating partnership units for the greatest amount of cash, securities or other property that a limited partner would have received had it exercised its redemption right (described above) and received shares of our common stock immediately prior to the expiration of the offer.

With certain limited exceptions, the limited partners who own operating partnership units may not transfer their interests in our operating partnership, in whole or in part, without our prior written consent, which consent may be withheld in our sole and absolute discretion. Except with our consent to the admission of the transferee as a limited partner with respect to operating partnership units, no transferee of such units shall have any rights by virtue of the transfer other than the rights of an assignee, and will not be entitled to vote or effect a redemption with respect to such units in any matter presented to the limited partners for a vote. We, as general partner, will have the right to consent to the admission of a transferee of the interest of a limited partner with respect to operating partnership units, which consent may be given or withheld by us in our sole and absolute discretion. To the extent they are then listed on a national securities exchange, operating partnership units generally will be freely transferable, and any transferee of such units will be admitted to the partnership with respect to such units. Notwithstanding the foregoing, transfers of operating partnership units and admission of transferees to the partnership are subject to certain limitations described in the partnership agreement.

Issuance of Our Stock and Additional Partnership Interests

Pursuant to the operating partnership agreement, upon the issuance of our stock other than in connection with a redemption of operating partnership units, we will generally be obligated to contribute or cause to be contributed the cash proceeds or other consideration received from the issuance to our operating partnership in exchange for, in the case of common stock, operating partnership common units or, in the case of an issuance of preferred stock, operating partnership preferred units with designations, preferences and other rights, terms and provisions that are substantially the same as the designations, preferences and other rights, terms and provisions of the preferred stock. In addition, we may cause our operating partnership to issue additional operating partnership units or other partnership interests and to admit additional limited partners to our operating partnership from time to time, on such terms and conditions and for such capital contributions as we may establish in our sole and absolute discretion, without the approval or consent of any limited partner, including: (i) upon the conversion, redemption or exchange of any debt, operating partnership units or other partnership interests or other securities issued by our operating partnership; (ii) for less than fair market value; or (iii) in connection with any merger of any other entity into our operating partnership.

Tax Matters

Pursuant to the operating partnership agreement, during all times that our operating partnership is treated as a partnership for U.S. federal income tax purposes, the general partner is the tax matters partner of our operating partnership and has certain other rights relating to tax matters. Accordingly, as both the general partner and tax matters partner, we have authority to handle tax audits and to make tax elections under the Code, in each case, on behalf of our operating partnership. Our operating partnership is currently treated as an entity disregarded from its owner for U.S. federal income tax purposes.

Term

The term of the operating partnership commenced on October 17, 2016 and will continue perpetually, unless earlier terminated in the following circumstances:

- a final and non-appealable judgment is entered by a court of competent jurisdiction ruling that the general partner is bankrupt or insolvent, or a final and non-appealable order for relief is entered by a court with appropriate jurisdiction against the general partner, in each case under any federal or state bankruptcy or insolvency laws as now or hereafter in effect, unless, prior to the entry of such order or judgment, a majority in interest of the remaining outside limited partners agree in writing, in their sole and absolute discretion, to continue the business of the operating partnership and to the appointment, effective as of a date prior to the date of such order or judgment, of a successor general partner;

- an election to dissolve the operating partnership made by the general partner in its sole and absolute discretion, with or without the consent of a majority in interest of the outside limited partners;
- entry of a decree of judicial dissolution of the operating partnership pursuant to the provisions of the Delaware Revised Uniform Limited Partnership Act;
- the occurrence of any sale or other disposition of all or substantially all of the assets of the operating partnership or a related series of transactions that, taken together, result in the sale or other disposition of all or substantially all of the assets of the operating partnership;
- if determined by the general partner in its sole and absolute discretion, upon the redemption (or acquisition by the general partner) of all operating partnership units that the general partner has authorized other than those held by our company; or
- the incapacity or withdrawal of the general partner, unless all of the remaining partners, in their sole and absolute discretion, agree in writing to continue the business of the operating partnership and to the appointment, effective as of a date prior to the date of such incapacity, of a substitute general partner.

Amendments to the Operating Partnership Agreement

Amendments to the operating partnership agreement may only be proposed by the general partner. Generally, the operating partnership agreement may be amended with the general partner's approval, except that certain amendments that would disproportionately effect the limited partners (excluding limited partner units held by us or our subsidiaries) require the approval of the limited partners holding a majority of all outstanding limited partner units (excluding limited partner units held by us or our subsidiaries). In addition, certain amendments that would, among other things, have the following effects must be approved by each partner adversely affected thereby:

- convert a limited partner's interest into a general partner's interest (except as a result of the general partner acquiring such interest);
- modify the limited liability of a limited partner;
- alter the rights of any partner to receive the distributions to which such partner is entitled (subject to certain exceptions);
- alter or modify the redemption rights provided by the operating partnership agreement; or
- alter or modify the provisions governing transfer of the general partner's partnership interest.

Notwithstanding the foregoing, we will have the power, without the consent of the limited partners, to amend the operating partnership agreement as may be required to:

- add to our obligations or surrender any right or power granted to us or any of our affiliates for the benefit of the limited partners;
- reflect the admission, substitution, or withdrawal of partners or the termination of the operating partnership in accordance with the operating partnership agreement and to cause the operating partnership or the operating partnership's transfer agent to amend its books and records to reflect the operating partnership unit holders in connection with such admission, substitution or withdrawal;

- reflect a change that is of an inconsequential nature or does not adversely affect the limited partners as such in any material respect, or to cure any ambiguity, correct or supplement any provision in the operating partnership agreement not inconsistent with the law or with other provisions, or make other changes with respect to matters arising under the operating partnership agreement that will not be inconsistent with the law or with the provisions of the operating partnership agreement;

- satisfy any requirements, conditions, or guidelines contained in any order, directive, opinion, ruling or regulation of a U.S. federal or state agency or contained in U.S. federal or state law;

- set forth or amend the designations, preferences, conversion or other rights, voting powers, duties restrictions, limitations as to distributions, qualifications or terms or conditions of redemption of any additional operating partnership units issued or established pursuant to the operating partnership agreement even if adverse to holders of such operating partnership units;

- reflect such changes as are reasonably necessary for us to qualify, maintain or restore our qualification as a REIT, to satisfy the REIT requirements or to reflect the transfer of all or any part of a partnership interest among our company and any qualified REIT subsidiary or entity that is disregarded as an entity separate from us for U.S. federal income tax purposes;

- modify either or both the manner in which items of net income or net loss are allocated or the manner in which capital accounts are computed (but only to the extent set forth in the operating partnership agreement, or to the extent required by the Code or applicable income tax regulations under the Code);

- issue additional partnership interests;

- reflect the admission, substitution, termination or withdrawal of the general partner and limited partners in accordance with the operating partnership agreement;

- impose restrictions on the transfer of operating partnership units if the general partner of the operating partnership receives an opinion of counsel reasonably to the effect that such restrictions are necessary in order to comply with any U.S. federal or state securities laws or regulations applicable to the operating partnership or the operating partnership units; and

- reflect any other modification to the operating partnership agreement as is reasonably necessary for the business or operations of the operating partnership or the general partner of the operating partnership and which does not otherwise require the consent of each partner adversely affected.

Certain provisions affecting our rights and duties as general partner, either directly or indirectly (*e.g.*, restrictions relating to certain extraordinary transactions involving us or the operating partnership), may not be amended without the approval of a majority of the limited partnership units (excluding limited partnership units held by us).

DESCRIPTION OF SECURITIES

The following is a summary of the rights and preferences of our securities. While we believe the following description covers the material terms of our securities, the description does not purport to be complete and is subject to and is qualified in its entirety by reference to the MGCL and our charter and bylaws. We encourage you to read carefully this entire prospectus, our charter and bylaws and the other documents we refer to for a more complete understanding of our securities. Copies of our charter and bylaws are filed as exhibits to the registration statement of which this prospectus is a part. See "Where You Can Find More Information."

General

Our charter provides that we may issue up to 400,000,000 shares of common stock, $0.01 par value per share, which we refer to herein as the common stock, and up to 50,000,000 shares of preferred stock, $0.01 par value per share. Our charter authorizes our board of directors to amend our charter from time to time to increase or decrease the aggregate number of authorized shares of stock or the number of shares of stock of any class or series that we have authority to issue without stockholder approval. Immediately prior to this offering, iStar and the continuing investors owned all of our outstanding common stock and, upon completion of this offering and the concurrent iStar placement, will own shares of common stock and no shares of preferred stock will be issued and outstanding. Under Maryland law, stockholders are not generally liable for our debts or obligations solely as a result of their status as stockholders.

Shares of Common Stock

All of the shares of common stock offered by this prospectus will be duly authorized, validly issued, fully paid and nonassessable. Subject to the preferential rights of any other class or series of our stock and to the provisions of our charter regarding the restrictions on ownership and transfer of our stock, holders of shares of common stock are entitled to receive distributions on such shares of common stock out of assets legally available therefore if, as and when authorized by our board of directors and declared by us, and the holders of our shares of common stock are entitled to share ratably in our assets legally available for distribution to our stockholders in the event of our liquidation, dissolution or winding up after payment of or adequate provision for all our known debts and liabilities.

Subject to the provisions of our charter regarding the restrictions on ownership and transfer of our stock and except as may otherwise be specified in our charter, each outstanding share of common stock entitles the holder thereof to one vote on all matters on which the stockholders of common stock are entitled to vote, including the election of directors, and, except as provided with respect to any other class or series of stock, the holders of shares of common stock will vote together as a single class and will possess the exclusive voting power. There is no cumulative voting in the election of our directors, which means that the stockholders entitled to cast a majority of the votes of the outstanding shares of common stock can elect all of the directors then standing for election, and the holders of the remaining shares will not be able to elect any directors. Directors are elected by a plurality of all the votes cast in the election of directors. Under a plurality voting standard, directors who receive the greatest number of votes cast in their favor are elected to the board of directors.

Holders of shares of common stock have no preference, conversion, exchange, sinking fund or redemption rights, have no preemptive rights to subscribe for any securities of our company and generally have no appraisal rights unless our board of directors determines that appraisal rights apply, with respect to all or any such classes or series of stock, to one or more transactions occurring after the date of such determination in connection with which holders of such shares would otherwise be entitled to exercise appraisal rights. Subject to the provisions of our charter regarding the restrictions on ownership and transfer of our stock and except as otherwise provided in our charter, shares of common stock will have equal distribution, liquidation and other rights.

Under the MGCL, a Maryland corporation generally cannot dissolve, amend its charter, merge or consolidate with, or convert into, another entity, sell all or substantially all of its assets or engage in a share exchange unless the action is approved by the affirmative vote of stockholders entitled to cast at least two-thirds of the votes entitled to be cast on the matter unless a lesser percentage (but not less than a majority of all of the votes entitled to be cast on the matter) is specified in the corporation's charter. Our charter provides that these actions (other than certain amendments to the provisions of our charter related to the removal of directors, the restrictions on ownership and transfer of our stock and the vote required to amend these provisions) may be approved by a majority of all of the votes entitled to be cast on the matter.

Power to Reclassify Our Unissued Shares of Stock

Our charter authorizes our board of directors to classify and reclassify any unissued shares of common or preferred stock into other classes or series of stock. Prior to the issuance of shares of each class or series, our board of directors is required by Maryland law and by our charter to set, subject to the provisions of our charter regarding restrictions on ownership and transfer of our stock, the preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications and terms and conditions of redemption for each class or series. Therefore, our board of directors could authorize the issuance of shares of common or preferred stock with terms and conditions that may have the effect of delaying, deferring or preventing a change in control or other transaction that might involve a premium price for our shares of common stock or otherwise be in the best interest of our stockholders. No shares of preferred stock are presently outstanding, and we have no present plans to issue any shares of preferred stock.

Power to Increase or Decrease Authorized Shares of Common Stock and Issue Additional Shares of Common and Preferred Stock

We believe the power of our board of directors to amend our charter from time to time to increase or decrease the number of authorized shares of stock, to issue additional authorized but unissued shares of common or preferred stock and to classify or reclassify unissued shares of common or preferred stock and thereafter to issue such classified or reclassified shares of stock will provide us with increased flexibility in structuring possible future financings and acquisitions and in meeting other needs that might arise. The additional classes or series, as well as the additional shares of common stock, will be available for issuance without further action by our stockholders, unless such approval is required by applicable law or the rules of any stock exchange or automated quotation system on which our securities may be listed or traded. Although our board of directors does not intend to do so, it could authorize us to issue a class or series of stock that may, depending upon the terms of the particular class or series, delay, defer or prevent a change in control or other transaction that might involve a premium price for our shares of common stock or otherwise be in the best interest of our stockholders.

Restrictions on Ownership and Transfer

In order for us to qualify as a REIT under the Code, our shares of stock must be beneficially owned by 100 or more persons during at least 335 days of a taxable year of 12 months (other than the first year for which an election to be a REIT has been made) or during a proportionate part of a shorter taxable year. In addition, no more than 50% of the value of the outstanding shares of stock may be owned, directly or indirectly, by five or fewer individuals (as defined in the Code to include certain entities) during the last half of any taxable year (other than the first year for which an election to be a REIT has been made). To qualify as a REIT, we must satisfy other requirements as well. See "Certain U.S. Federal Income Tax Considerations—Requirements for Qualification—General."

Our charter contains restrictions on the ownership and transfer of our shares of common stock and other outstanding shares of stock. The relevant sections of our charter provide that no person or entity may own, or be deemed to own, by virtue of the applicable constructive ownership provisions of the Code, more than 9.8% in value or number of shares, whichever is more restrictive, of the outstanding shares of our common stock (the common stock ownership limit), or 9.8% in value or number of shares, whichever is more restrictive, of the outstanding shares of all classes and series of our capital stock (the aggregate stock ownership limit). We refer to the common stock ownership limit and the aggregate stock ownership limit collectively as the "ownership limits." A person or entity that, but for operation of the ownership limits or another restriction on ownership and transfer of our stock as described below, would beneficially own or be deemed to beneficially own, by virtue of the applicable constructive ownership provisions of the Code, shares of our stock and/or, if appropriate in the context, a person or entity that would have been the record owner of such shares of our stock is referred to as a "prohibited owner."

The constructive ownership rules under the Code are complex and may cause shares of stock owned actually or constructively by a group of related individuals and/or entities to be owned constructively by one individual or entity. As a result, the acquisition of less than 9.8% in value or number of shares, whichever is more restrictive, of the outstanding shares of our common stock or 9.8% in value or number of shares, whichever is more restrictive, of the outstanding shares of all classes or series of our stock (or the acquisition of an interest in an entity that owns, actually or constructively, shares of our stock) by an individual or entity, could, nevertheless, cause that individual or entity, or another individual or entity, to own shares constructively in excess of the ownership limits.

Our board of directors may, in its sole and absolute discretion and subject to the receipt of such certain representations, covenants and undertakings deemed reasonably necessary by the board, prospectively or retroactively, exempt a person from the ownership limits and establish an excepted holder limit for such person. However, our board of directors may not exempt any person whose ownership of our outstanding stock would result in our being "closely held" within the meaning of Section 856(h) of the Code (without regard to whether the ownership interest is held during the last half of a taxable year) or otherwise would result in our failing to qualify as a REIT. In order to be considered by the board of directors for exemption, a person also must provide our board of directors with information and undertakings deemed satisfactory to our board of directors that such person's ownership of stock in excess of the ownership limits would not cause us to own (directly or indirectly) an interest in a tenant that is described in Section 856(d)(2)(B) of the Code if the income derived by us (either directly or indirectly through one or more partnerships or limited liability companies) from such tenant for the taxable year of the Company during which such determination is being made would reasonably be expected to equal or exceed the lesser of (i) one percent (1%) of our gross income (as determined for purposes of Section 856(c) of the Code), or (ii) an amount that would cause us to fail to satisfy any of the gross income requirements of Section 856(c) of the Code. The person also must agree that any violation or attempted violation of these restrictions will result in the automatic transfer to a trust of the shares of stock causing the violation. As a condition of its waiver, our board of directors may require an opinion of counsel or IRS ruling satisfactory to our board of directors with respect to our qualification as a REIT. We have granted a waiver to iStar to own up to 35.0%, and to GICRE to own up to 15.0%, of the outstanding shares of our common stock in the aggregate.

In connection with the waiver of the ownership limits, creating an excepted holder limit or at any other time, our board of directors may, in its sole and absolute discretion, from time to time increase or decrease the ownership limits subject to the restrictions in the paragraph above; provided, however, that the ownership limits may not be decreased or increased if, after giving effect to such decrease or increase, five or fewer persons could own or beneficially own in the aggregate, more than

49.9% in value of our shares then outstanding. Prior to the modification of the ownership limits, our board of directors may require such opinions of counsel, affidavits, undertakings or agreements as it may deem necessary or advisable in order to determine or ensure our qualification as a REIT. Reduced ownership limits will not apply to any person or entity whose percentage ownership in our shares of common stock or stock of all classes and series, as applicable, is in excess of such decreased ownership limits until such time as such person's or entity's percentage ownership of our common stock or stock of all classes and series, as applicable, equals or falls below the decreased ownership limits, but any further acquisition of shares of our common stock or stock of all classes and series, as applicable, in excess of such percentage ownership of our shares of common stock or total shares of stock will be in violation of the ownership limits.

Our charter further prohibits:

- any person from beneficially or constructively owning (taking into account applicable attribution rules under the Code) shares of our stock that would result in our being "closely held" under Section 856(h) of the Code or otherwise cause us to fail to qualify as a REIT (including, without limitation, any person beneficially or constructively owning shares of our stock that would result in us owning (directly or indirectly) an interest in a tenant that is described in Section 856(d)(2)(B) of the Code if the income derived by us from such tenant would cause us to fail to satisfy any of the gross income requirements of Section 856(c) of the Code); and

- any person from transferring our shares of stock if such transfer would result in our shares of stock being beneficially owned by fewer than 100 persons (determined, as a general matter, without reference to any attribution rules).

Any person who acquires or attempts or intends to acquire beneficial or constructive ownership of shares of our stock that will or may violate the ownership limits or any of the foregoing restrictions on ownership and transfer will be required to give written notice immediately to us (or, in the case of a proposed or attempted acquisition, at least 15 days prior written notice to us) and provide us with such other information as we may request in order to determine the effect of such transfer on our qualification as a REIT.

If any transfer of shares of our stock would result in shares of our stock being beneficially owned by fewer than 100 persons, such transfer will be null and void and the intended transferee will acquire no rights in such shares. In addition, if any purported transfer of shares of our stock or any other event would otherwise result in any person violating the ownership limits or such other limit established by our board of directors or in our being "closely held" under Section 856(h) of the Code or otherwise failing to qualify as a REIT, then generally that number of shares (rounded up to the nearest whole share) that would cause us to violate such restrictions will be automatically transferred to, and held by, a trust for the exclusive benefit of one or more charitable organizations selected by us and the intended transferee will acquire no rights in such shares. The automatic transfer will be effective as of the close of business on the business day prior to the date of the violative transfer or other event that results in a transfer to the trust. Any dividend or other distribution paid to the prohibited owner, prior to our discovery that the shares had been automatically transferred to a trust as described above, must be repaid to the trustee upon demand for the benefit of the charitable beneficiary of the trust. If the transfer to the trust as described above is not automatically effective, for any reason, to prevent violation of the applicable ownership limits, or our being "closely held" under Section 856(h) of the Code or otherwise failing to qualify as a REIT or the ownership and transfer restrictions described above, then our charter provides that the transfer of the shares will be null and void.

Shares of stock transferred to the trustee are deemed offered for sale to us, or our designee, at a price per share equal to the lesser of (i) the price paid by the prohibited owner for the shares (or, in the event of a gift, devise or other such transaction, the last reported sales price reported on the NYSE (or other applicable exchange) on the day of the event which resulted in the transfer of such shares of stock to the trust) and (ii) the market price on the date we, or our designee, accepts such offer. We have the right to accept such offer until the trustee has sold the shares of our stock held in the trust pursuant to the clauses discussed below. Upon a sale to us, the interest of the charitable beneficiary in the shares sold terminates, the trustee must distribute the net proceeds of the sale to the prohibited owner but the trustee may reduce the amount payable to the prohibited owner by the amount of dividends and other distributions which have been paid to the prohibited owner and are owed by the prohibited owner to the trustee. To the extent the prohibited owner would receive an amount for such shares that exceeds the amount that such prohibited owner would have been entitled to receive had the trustee sold the shares held in the trust to a third party, such excess shall be retained by the trustee for the benefit of the charitable beneficiary.

If we do not buy the shares, the trustee must, within 20 days of receiving notice from us of the transfer of shares to the trust, sell the shares to a person designated by the trustee who could own the shares without violating the ownership limitations set forth in the charter. Upon such sale, the trustee must distribute to the prohibited owner an amount equal to the lesser of (i) the price paid by the prohibited owner for the shares (or, in the event of a gift, devise or other such transaction, the last reported sales price reported on the NYSE (or other applicable exchange) on the day of the event which resulted in the transfer of such shares of stock to the trust) and (ii) the sales proceeds (net of commissions and other expenses of sale) received by the trustee for the shares. The trustee will reduce the amount payable to the prohibited owner by the amount of dividends and other distributions which have been paid to the prohibited owner and are owed by the prohibited owner to the trustee. Any net sales proceeds in excess of the amount payable to the prohibited owner will be immediately paid to the beneficiary of the trust and any dividend or other distribution paid to trustee shall be held in trust for the charitable beneficiary. In addition, if, prior to discovery by us that shares of stock have been transferred to a trust, such shares of stock are sold by a prohibited owner, then such shares will be deemed to have been sold on behalf of the trust and to the extent that the prohibited owner received an amount for such shares that exceeds the amount that such prohibited owner was entitled to receive, such excess amount will be paid to the trustee upon demand. The prohibited owner has no rights in the shares held by the trustee.

The trustee will be designated by us and will be unaffiliated with us and with any prohibited owner. Prior to the sale of any shares by the trust, the trustee will receive, in trust for the beneficiary of the trust, all dividends and other distributions paid by us with respect to the shares held in trust and may also exercise all voting rights with respect to the shares held in trust. These rights will be exercised for the exclusive benefit of the beneficiary of the trust. Any dividend or other distribution paid prior to our discovery that shares of stock have been transferred to the trust will be paid by the recipient to the trustee upon demand. Any dividend or other distribution authorized but unpaid will be paid when due to the trustee.

Subject to Maryland law, effective as of the date that the shares have been transferred to the trust, the trustee will have the authority, at the trustee's sole discretion:

- to rescind as void any vote cast by a prohibited owner prior to our discovery that the shares have been transferred to the trust; and
- to recast the vote in accordance with the desires of the trustee acting for the benefit of the beneficiary of the trust.

However, if we have already taken irreversible corporate action, then the trustee may not rescind and recast the vote.

In addition, if our board of directors determine that a proposed transfer would violate the restrictions on ownership and transfer of our shares of stock set forth in our charter, our board of directors will take such action as it deems or they deem advisable to refuse to give effect to or to prevent such transfer, including, but not limited to, causing us to redeem the shares of stock, refusing to give effect to the transfer on our books or instituting proceedings to enjoin the transfer.

Every owner of 5% or more (or such lower percentage as required by the Code or the regulations promulgated thereunder) of our stock, within 30 days after the end of each taxable year, is required to give us written notice, stating the stockholder's name and address, the number of shares of each class and series of our stock that the stockholder beneficially owns and a description of the manner in which the shares are held. Each such owner must provide us with such additional information as we may request in order to determine the effect of the stockholder's beneficial ownership on our qualification as a REIT and to ensure compliance with the ownership limits. In addition, each stockholder must provide us with such information as we may request in good faith in order to determine our qualification as a REIT and to comply with the requirements of any taxing authority or governmental authority or to determine such compliance.

Any certificates, or written statements of information delivered in lieu of certificates, representing shares of our stock will bear a legend referring to the restrictions described above.

These restrictions on ownership and transfer will not apply if our board of directors determines that it is no longer in our best interests to qualify as a REIT or that compliance with such provisions is no longer required for REIT qualification.

These ownership limits could delay, defer or prevent a transaction or a change in control that might involve a premium price for our common stock or otherwise be in the best interest of our stockholders.

Listing

Our common stock has been approved for listing on the NYSE, subject to official notice of issuance, under the symbol "SAFE."

Transfer Agent and Registrar

The transfer agent and registrar for our shares of common stock is Computershare.

CERTAIN PROVISIONS OF THE MARYLAND GENERAL CORPORATION LAW AND OUR CHARTER AND BYLAWS

The following is a summary of certain provisions of Maryland law applicable to us and of our charter and bylaws. For a complete description, we refer you to the MGCL and our charter and bylaws. This summary does not purport to be complete and is subject to and qualified in its entirety by reference to Maryland law and our charter and bylaws. Copies of our charter and bylaws are filed as exhibits to the registration statement of which this prospectus is a part. See "Where You Can Find More Information."

Our Board of Directors

Our charter and bylaws provide that the number of directors we have may be established by our board of directors but that the number may not be less than the minimum number required by the MGCL nor more than 15. Our charter and bylaws currently provide that, except as may be provided by the board of directors in setting the terms of any class or series of preferred stock, any vacancy may be filled by a majority of the remaining directors, even if the remaining directors do not constitute a quorum.

Each of our directors is elected by our stockholders to serve until the next annual meeting and until his or her successor is duly elected and qualifies. Holders of shares of common stock will have no right to cumulative voting in the election of directors. Consequently, at each annual meeting of stockholders, the holders of a majority of the shares of common stock entitled to vote will be able to elect all of our directors at any annual meeting. Directors are elected by a plurality of all votes cast in the election of directors.

Removal of Directors

Our charter provides that, subject to the rights of holders of one or more classes or series of preferred stock to elect or remove one or more directors, any director or the entire board of directors may be removed only for cause and only by the affirmative vote of stockholders entitled to cast at least two-thirds of the votes entitled to be cast generally in the election of directors. Cause means, with respect to any particular director, a conviction of a felony or a final judgment of a court of competent jurisdiction holding that such director caused demonstrable, material harm to us through bad faith or active and deliberate dishonesty.

Business Combinations

Under the MGCL, certain "business combinations" (including a merger, consolidation, share exchange or, in certain circumstances, an asset transfer or issuance or reclassification of equity securities) between a Maryland corporation and an interested stockholder (defined generally as any person who beneficially owns, directly or indirectly, 10% or more of the voting power of the corporation's outstanding voting stock or an affiliate or associate of the corporation who, at any time within the two-year period prior to the date in question, was the beneficial owner of 10% or more of the voting power of the then outstanding stock of the corporation) or an affiliate of such an interested stockholder are prohibited for five years after the most recent date on which the interested stockholder becomes an interested stockholder. Thereafter, any such business combination must generally be recommended by the board of directors of such corporation and approved by the affirmative vote of at least (i) 80% of the votes entitled to be cast by holders of outstanding voting stock of the corporation and (ii) two-thirds of the votes entitled to be cast by holders of voting stock of the corporation other than shares held by the interested stockholder with whom (or with whose affiliate) the business combination is to be effected or held by an affiliate or associate of the interested stockholder, unless, among other conditions, the corporation's common stockholders receive a minimum price (as defined in the MGCL) for their shares and the consideration is received in cash or in the same form as previously paid by the interested stockholder for its shares. A person is not an interested stockholder under the statute if the board of directors approved in advance the transaction by which the person otherwise would have become an interested stockholder. The board of directors may provide that its approval is subject to compliance with any terms and conditions determined by it.

These provisions of the MGCL do not apply, however, to business combinations that are approved or exempted by a board of directors prior to the time that the interested stockholder becomes an interested stockholder. Pursuant to the statute, our board of directors has by resolution exempted business combinations between us and any other person and, consequently, the five-year prohibition and the supermajority vote requirements will not apply to business combinations between us and any person as described above. As a result, any person described above may be able to enter into business combinations with us that may not be in the best interest of our stockholders without compliance by our company with the supermajority vote requirements and other provisions of the statute.

We cannot assure you our board of directors will not opt to be subject to such business combination provisions in the future. However, an alteration or repeal of the resolution described above will not have any effect on any business combinations that have been consummated or upon any agreements existing at the time of such modification or repeal. If our board of directors opts back into the business combination statute, the business combination statute may discourage others from trying to acquire control of us and increase the difficulty of consummating any offer.

Control Share Acquisitions

The MGCL provides that "control shares" of a Maryland corporation acquired in a "control share acquisition" have no voting rights except to the extent approved by the affirmative vote of two-thirds of the votes entitled to be cast on the matter, excluding shares of stock in a corporation in respect of which any of the following persons is entitled to exercise or direct the exercise of the voting power of such shares in the election of directors: (i) a person who makes or proposes to make a control share acquisition; (ii) an officer of the corporation; or (iii) an employee of the corporation who is also a director of the corporation. "Control shares" are voting shares of stock which, if aggregated with all other such shares of stock previously acquired by the acquirer, or in respect of which the acquirer is able to exercise or direct the exercise of voting power (except solely by virtue of a revocable proxy), would entitle the acquirer to exercise voting power in electing directors within one of the following ranges of voting power: (a) one-tenth or more but less than one-third; (b) one-third or more but less than a majority; or (c) a majority or more of all voting power. Control shares do not include shares that the acquiring person is then entitled to vote as a result of having previously obtained stockholder approval or shares acquired directly from the corporation. A "control share acquisition" means the acquisition, directly or indirectly, of ownership of, or the power to direct the exercise of voting power with respect to, issued and outstanding control shares, subject to certain exceptions.

A person who has made or proposes to make a control share acquisition, upon satisfaction of certain conditions (including an undertaking to pay expenses and making an "acquiring person statement" as described in the MGCL), may compel the corporation to call a special meeting of stockholders to be held within 50 days of demand to consider the voting rights of the shares. If no request for a meeting is made, the corporation may itself present the question at any stockholders' meeting.

If voting rights are not approved at the meeting or if the acquiring person does not deliver an "acquiring person statement" as required by the statute, then, subject to certain conditions and limitations, the corporation may redeem any or all of the control shares (except those for which voting rights have previously been approved) for fair value determined, without regard to the absence of voting rights for the control shares, as of the date of the last control share acquisition by the acquirer or of any meeting of stockholders at which the voting rights of such shares are considered and not approved. If voting rights for control shares are approved at a stockholders meeting and the acquirer becomes entitled to vote a majority of the shares entitled to vote, all other stockholders may exercise appraisal rights. The fair value of the shares as determined for purposes of such appraisal rights may not be less than the highest price per share paid by the acquirer in the control share acquisition.

The control share acquisition statute does not apply to (i) shares acquired in a merger, consolidation or share exchange if the corporation is a party to the transaction or (ii) acquisitions approved or exempted by the charter or bylaws of the corporation.

Our bylaws contain a provision exempting from the control share acquisition statute any acquisitions by any person of shares of our stock. There is no assurance that such provision will not be amended or eliminated at any time in the future.

Subtitle 8

Subtitle 8 of Title 3 of the MGCL permits a Maryland corporation with a class of equity securities registered under the Exchange Act and at least three independent directors to elect to be subject, by provision in its charter or bylaws or a resolution of its board of directors and notwithstanding any contrary provision in the charter or bylaws, to any or all of five provisions:

- a classified board;
- a two-thirds vote requirement for removing a director;
- a requirement that the number of directors be fixed only by vote of the directors;
- a requirement that a vacancy on the board be filled only by the remaining directors and for the remainder of the full term of class of directors in which the vacancy occurred; and
- a majority requirement for the calling of a special meeting of stockholders.

We have not elected to be subject to any of the provisions of Subtitle 8. Moreover, our charter provides that, without the affirmative vote of a majority of the votes cast on the matter by our stockholders entitled to vote generally in the election of directors, we may not elect to be subject to any of the provisions of Subtitle 8.

Stockholder Rights Plan

We do not have a stockholder rights plan and our board of directors has adopted a policy that our board may not adopt any stockholder rights plan unless the adoption of the plan has been approved by the affirmative vote of a majority of the votes cast on the matter by stockholders entitled to vote generally in the election of directors, except that our board of directors may adopt a stockholder rights plan without the prior approval of our stockholders if our board, in the exercise of its duties, determines that seeking prior stockholder approval would not be in our best interests under the circumstances then existing. The policy further provides that if a stockholder rights plan is adopted by our board without the prior approval of our stockholders, the stockholder rights plan will expire on the date of the first annual meeting of stockholders held after the first anniversary of the adoption of the plan, unless an extension of the plan is approved by our stockholders.

Meetings of Stockholders

Pursuant to our bylaws, a meeting of our stockholders for the election of directors and the transaction of any business will be held annually at a date, time and place set by our board of directors beginning in 2018. The chairman of our board of directors, our chief executive officer, our president or our board of directors may call a special meeting of our stockholders. Subject to the provisions of our bylaws, a special meeting of our stockholders will also be called by our secretary upon the written request of the stockholders entitled to cast a majority of all the votes entitled to be cast on any matter that may be properly considered at a meeting of stockholders and containing the information required in our bylaws.

Amendments to Our Charter and Bylaws

Except for amendments to the provisions of our charter relating to the removal of directors, the restrictions on ownership and transfer of our shares of stock and the vote required to amend these provisions (each of which must be advised by our board of directors and approved by the affirmative vote of the stockholders entitled to cast not less than two-thirds of all the votes entitled to be cast on the matter), our charter generally may be amended only with the approval of our board of directors and the affirmative vote of the stockholders entitled to cast a majority of all of the votes entitled to be cast on the matter. However, our board of directors, without stockholder approval, has the power under our charter to amend our charter from time to time to increase or decrease the aggregate number of shares of stock or the number of shares of stock of any class or series that we are authorized to issue, to authorize us to issue authorized but unissued shares of our common stock or preferred stock and to classify or reclassify any unissued shares of our common stock or preferred stock into one or more classes or series of stock and set the terms of such newly classified or reclassified shares. See "Description of Securities—Power to Reclassify Our Unissued Shares of Stock" and "—Power to Increase or Decrease Authorized Shares of Common Stock and Issue Additional Shares of Common and Preferred Stock."

Our board of directors has the exclusive power to adopt, alter or repeal any provision of our bylaws and to make new bylaws.

Dissolution of Our Company

The dissolution of our company must be declared advisable by a majority of our entire board of directors and approved by the affirmative vote of the stockholders entitled to cast a majority of all of the votes entitled to be cast on the matter.

Advance Notice of Director Nominations and New Business

Our bylaws provide that, with respect to an annual meeting of stockholders, nominations of individuals for election to our board of directors and the proposal of other business to be considered by stockholders may be made only (i) pursuant to our notice of the meeting, (ii) by or at the direction of our board of directors or (iii) by a stockholder who is a stockholder of record as of the record date for the meeting, at the time of giving the notice required by our bylaws and at the time of the meeting, who is entitled to vote at the meeting in the election of each individual so nominated or on such other business and who has complied with the advance notice provisions set forth in our bylaws.

With respect to special meetings of stockholders, only the business specified in our notice of meeting may be brought before the meeting. Nominations of individuals for election to our board of directors may be made only (i) by or at the direction of our board of directors or (ii) provided that the meeting has been called in accordance with our bylaws for the purpose of electing directors, by a stockholder who is a stockholder of record as of the record date for the meeting, at the time of giving the notice required by our bylaws and at the time of the meeting, who is entitled to vote at the meeting in the election of each individual so nominated and who has complied with the advance notice provisions set forth in our bylaws.

The purpose of requiring stockholders to give us advance notice of nominations and other business is to afford our board of directors a meaningful opportunity to consider the qualifications of the proposed nominees and the advisability of any other proposed business and, to the extent deemed necessary or desirable by our board of directors, to inform stockholders and make recommendations about such qualifications or business, as well as to provide a more orderly procedure for conducting meetings of stockholders. Although our bylaws do not give our board of directors any power to disapprove stockholder nominations for the election of directors or proposals recommending certain action, they may have the effect of precluding a contest for the election of directors or the consideration of stockholder proposals if proper procedures are not followed and of discouraging or deterring a third party from conducting a solicitation of proxies to elect its own slate of directors or to approve its own proposal without regard to whether consideration of such nominees or proposals might be harmful or beneficial to us and our stockholders.

Anti-Takeover Effect of Certain Provisions of Maryland Law and of Our Charter and Bylaws

Our charter and bylaws and Maryland law contain provisions that may delay, defer or prevent a change in control or other transaction that might involve a premium price for our shares of common stock or otherwise be in the best interest of our stockholders, including restrictions on ownership and transfer of our stock and advance notice requirements for director nominations and stockholder proposals. Likewise, if the provision in the bylaws opting out of the control share acquisition provisions of the MGCL were rescinded, if we were to opt into the business combination provisions of the MGCL, or if our stockholders were to approve our election to be subject to a classified board or other provisions of Subtitle 8, these provisions of the MGCL could have similar anti-takeover effects.

Interested Director and Executive Officer Transactions

Pursuant to the MGCL, a contract or other transaction between us and a director or between us and any other corporation or other entity in which any of our directors is a director or has a material financial interest is not void or voidable solely on the grounds of such common directorship or interest, the presence of such director at the meeting at which the contract or transaction is authorized, approved or ratified or the counting of the director's vote in favor thereof, if:

- the fact of the common directorship or interest is disclosed or known to our board of directors or a committee of our board, and our board or committee authorizes, approves or ratifies the contract or transaction by the affirmative vote of a majority of disinterested directors, even if the disinterested directors constitute less than a quorum;

- the fact of the common directorship or interest is disclosed or known to our stockholders entitled to vote thereon, and the contract or transaction is authorized, approved or ratified by a majority of the votes cast by the stockholders entitled to vote other than the votes of shares owned of record or beneficially by the interested director or corporation or other entity; or

- the contract or transaction is fair and reasonable to us.

Upon the completion of this offering, we intend to adopt a policy that requires all contracts and transactions between us or any of our subsidiaries, on the one hand, and any of our directors or executive officers or any entity in which such director or executive officer is a director or has a material financial interest, including iStar, on the other hand, to be approved by the affirmative vote of a majority of the disinterested directors, even if less than a quorum.

Exclusive Forum

Our bylaws provide that, unless we consent in writing to the selection of an alternative forum, the Circuit Court for Baltimore City, Maryland, or, if that Court does not have jurisdiction, the U.S. District Court for the District of Maryland, Baltimore Division, is the sole and exclusive forum for: (i) any derivative action or proceeding brought on our behalf; (ii) any action asserting a claim of breach of any duty owed by any of our directors or executive officers or other employees us or our stockholders; (iii) any action asserting a claim against us or any of our directors or executive officers or other employees arising pursuant to any provision of the MGCL or our charter or bylaws; or (iv) any action asserting a claim against us or any or any of our directors or executive officers or other employees that is governed by the internal affairs doctrine.

Indemnification and Limitation of Directors' and Executive Officers' Liability

Maryland law permits a Maryland corporation to include in its charter a provision limiting the liability of its directors and officers to the corporation and its stockholders for money damages except for liability resulting from actual receipt of an improper benefit or profit in money, property or services or active and deliberate dishonesty that was established by a final judgment and was material to the cause of action. Our charter contains such a provision and eliminates the liability of our directors and executive officers to the maximum extent permitted by Maryland law.

The MGCL requires a Maryland corporation (unless its charter provides otherwise, which our charter does not) to indemnify a director or officer who has been successful, on the merits or otherwise, in the defense of any proceeding to which he or she is made or threatened to be made a party by reason of his or her service in that capacity. The MGCL permits a Maryland corporation to indemnify its present and former directors and officers, among others, against judgments, penalties, fines, settlements and reasonable expenses actually incurred by them in connection with any proceeding to which they may be made or threatened to be made a party by reason of their service in those or other capacities unless it is established that:

- the act or omission of the director or officer was material to the matter giving rise to the proceeding and (i) was committed in bad faith or (ii) was the result of active and deliberate dishonesty;
- the director or officer actually received an improper personal benefit in money, property or services; or
- in the case of any criminal proceeding, the director or officer had reasonable cause to believe that the act or omission was unlawful.

However, under the MGCL, a Maryland corporation may not indemnify a director or officer in a suit by or in the right of the corporation, in which the director or officer was adjudged liable to the corporation or in any proceeding charging improper personal benefit in which the director or officer was adjudged liable on the basis that personal benefit was improperly received. A court may order indemnification if it determines that the director or officer is fairly and reasonably entitled to indemnification, even though the director or officer did not meet the prescribed standard of conduct or was adjudged liable on the basis that personal benefit was improperly received. However, indemnification for an adverse judgment in a suit by the corporation or in its right, or for a judgment of liability on the basis that personal benefit was improperly received, is limited to expenses.

In addition, the MGCL permits a Maryland corporation to advance reasonable expenses to a director or officer upon the corporation's receipt of:

- a written affirmation by the director or officer of his or her good faith belief that he or she has met the standard of conduct necessary for indemnification by the corporation; and
- a written undertaking by the director or officer or on the director's or officer's behalf to repay the amount paid or reimbursed by the corporation if it is ultimately determined that the director or officer did not meet the standard of conduct.

Our charter and bylaws obligate us, to the maximum extent permitted by Maryland law in effect from time to time, to indemnify and, without requiring a preliminary determination of the ultimate entitlement to indemnification, pay or reimburse reasonable expenses in advance of final disposition of a proceeding to:

- any present or former director or executive officer who is made, or threatened to be made, a party to or witness in the proceeding by reason of his or her service in that capacity;
- any individual who, while a director or executive officer of our company and at our request, serves or has served as a director, officer, partner, member, manager or trustee of another corporation, real estate investment trust, partnership, limited liability company, joint venture, trust, employee benefit plan or other enterprise and who is made, or threatened to be made, a party to or witness in the proceeding by reason of his or her service in that capacity; or
- any individual who served any predecessor of our company in a similar capacity, who is made or threatened to be made a party to or witness in the proceeding by reason of his or her service in such capacity.

Our charter and bylaws also permit us, with the approval of our board of directors, to indemnify and advance expenses to any employee or agent of our company or a predecessor of our company.

Upon completion of this offering, we intend to enter into indemnification agreements with each of our directors and executive officers providing for the indemnification by us for certain liabilities and expenses incurred as a result of actions brought, or threatened to be brought, against (i) our directors and executive officers and (ii) our executive officers who are former members, managers, stockholders, directors, limited partners, general partners, officers or controlling persons of our predecessor in their capacities as such. Insofar as the foregoing provisions permit indemnification of directors, officers or persons controlling us for liability arising under the Securities Act, we have been informed that, in the opinion of the SEC, this indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

REIT Qualification

Our charter provides that our board of directors may revoke or otherwise terminate our REIT election, without approval of our stockholders, if it determines that it is no longer in our best interests to continue to qualify as a REIT.

SHARES ELIGIBLE FOR FUTURE SALE

General

Upon completion of this offering, the concurrent iStar placement and the formation transactions, we expect to have outstanding shares of our common stock (shares if the underwriters exercise their option to purchase additional shares of our common stock in full).

Of these shares, the shares of our common stock sold in this offering (shares if the underwriters exercise their option to purchase additional shares of our common stock in full) will be freely transferable without restriction or further registration under the Securities Act, subject to the limitations on ownership and transfer set forth in our charter, except for any shares held by our "affiliates," as that term is defined by Rule 144 under the Securities Act, including any reserved shares purchased by our directors and executive officers. The shares of our common stock issued to iStar in the concurrent iStar placement, the shares issued to iStar and the continuing investors in the formation transactions and the 40,000 shares of our common stock to be granted to our directors who are not officers or employees of our manager or iStar at the closing of this offering will be "restricted shares" as defined in Rule 144 and may not be sold unless registered under the Securities Act or sold in accordance with any exemption from registration, including Rule 144.

Prior to this offering, there has been no public market for our common stock. Trading of our common stock on the NYSE is expected to commence on the business day following the date of this prospectus. No prediction can be made as to the effect that future issuances or resales of shares, or the availability of shares for future issuances or resales, will have on the market price of our common stock from time to time. Issuances or resales of substantial amounts of our common stock (including shares of our common stock issued upon the exchange of operating partnership units or LTIP units that we may issue in the future), or the perception that such issuances or resales are occurring or may occur, could materially and adversely affect market price of our common stock. See "Risk Factors—Risks Related to This Offering—There has been no public market for our common stock prior to this offering and an active trading market may not develop or be sustained or be liquid following this offering, which may cause the market price of our common stock to decline significantly and make it difficult for investors to sell their shares" and "Description of the Partnership Agreement of Safety Income and Growth Operating Partnership LP—Transferability of Operating Partnership Units; Extraordinary Transactions."

Rule 144

After giving effect to this offering, the shares of our common stock issued to iStar in the concurrent iStar placement, the shares issued to iStar and the continuing investors in the formation transactions, the 40,000 shares of our common stock granted to our directors who are not officers or employees of our manager or iStar at the closing of this offering and reserved shares purchased by our directors and executive officers will be "restricted" securities under the meaning of Rule 144 under the Securities Act, and may not be sold in the absence of registration under the Securities Act unless an exemption from registration is available, including the exemption provided by Rule 144.

In general, under Rule 144 as currently in effect, beginning 90 days after the date of this prospectus, a person (or persons whose shares are aggregated) who is not deemed to have been an affiliate of ours at any time during the three months preceding a sale, and who has beneficially owned restricted securities within the meaning of Rule 144 for at least six months (including any period of consecutive ownership of preceding non-affiliated holders) would be entitled to sell those shares, subject only to the availability of current public information about us. A non-affiliated person who has beneficially owned restricted securities within the meaning of Rule 144 for at least one year would be entitled to sell those shares without regard to the provisions of Rule 144.

A person (or persons whose shares are aggregated) who is deemed to be an affiliate of ours and who has beneficially owned restricted securities within the meaning of Rule 144 for at least six months would be entitled to sell within any three-month period a number of shares that does not exceed the greater of 1% of the then outstanding shares of our common stock or the average weekly trading volume of our common stock during the four calendar weeks preceding the date on which notice of the sale is filed with the SEC. Such sales are also subject to certain manner of sale provisions, notice requirements and the availability of current public information about us (which requires that we are current in our periodic reports under the Exchange Act).

Redemption/Exchange Rights

Beginning on or after the date which is 12 months after the date of becoming a holder of operating partnership units, each limited partner of our operating partnership will have the right to require our operating partnership to redeem part or all of their operating partnership units for cash, or, at our election, to exchange for shares of our common stock, based upon the fair market value of an equivalent number of shares of our common stock at the time of the redemption, subject to the restrictions on ownership and transfer of our stock set forth in our charter and described under the section entitled "Description of Securities—Restrictions on Ownership and Transfer." See "Description of the Partnership Agreement of Safety Income and Growth Operating Partnership LP." We do not expect to have any outstanding operating partnership units at the closing of this offering, except operating partnership units owned by us.

Registration Rights

Upon completion of this offering, the concurrent iStar placement and the formation transactions, we will enter into a registration rights agreement with iStar. Under the registration rights agreement, we will file, as promptly as practicable on or after the date that is 12 months after the closing of this offering, one or more registration statements, which we refer to as the resale shelf registration statements, covering the resale of all shares of common stock issued or to be issued to iStar in the formation transactions, the concurrent iStar placement and under the management agreement. We have agreed to use our commercially reasonable efforts to cause each shelf registration statement to be declared effective within 120 days of filing, which we refer to as the shelf effective date. We have also agreed to provide iStar an unlimited number of "demand" registrations.

We have entered into a registration rights agreement with the continuing investors which will require us to, among other things, file with the Securities and Exchange Commission, as promptly as practicable on or after the date that is 180 days after the closing of this offering, a shelf registration statement providing for the resale of the continuing investor shares of our common stock acquired in the formation transactions and, if applicable, from iStar if the valuation of our initial portfolio implied by the pricing of this offering is less than $340 million, and subsequently to include in the registration statement such additional shares of common stock as the continuing investor may acquire from time to time in the future. A continuing investor may sell its shares in underwritten offerings. We have agreed to use our reasonable best efforts to cause a resale shelf registration statement to become effective as soon as practicable after its filing.

We have also agreed to indemnify iStar and the continuing investors against specified liabilities, including certain potential liabilities arising under the Securities Act, or to contribute to the payments iStar and the continuing investors may be required to make in respect thereof. We have agreed to pay all of the expenses relating to the registration of such securities, including, without limitation, all registration, listing, filing and stock exchange or FINRA fees, all fees and expenses of complying with securities or "blue sky" laws, all printing expenses and all fees and disbursements of counsel and independent public accountants retained by us, but excluding underwriting discounts and commissions, any out-of-pocket expenses of iStar and the continuing investors and any transfer taxes.

Lock-up Agreements and Other Contractual Restrictions on Resale

We, our manager, our executive officers, our directors, the continuing investors and iStar have agreed not to sell or transfer any common stock or securities convertible into or exchangeable or exercisable for, or repayable with shares of our common stock (including operating partnership units) for 180 days after the date of this prospectus without first obtaining the written consent of Merrill Lynch, Pierce, Fenner & Smith Incorporated, J.P. Morgan Securities LLC and Barclays Capital Inc. Specifically, we and these other persons have agreed, with certain limited exceptions, not to directly or indirectly:

- offer, pledge, sell or contract to sell any common stock;
- sell any option or contract to purchase any common stock;
- purchase any option or contract to sell any common stock;
- grant any option, right or warrant for the sale of any common stock;
- lend or otherwise dispose of or transfer any common stock;
- request or demand that we file a registration statement related to the common stock; or
- enter into any swap or other agreement that transfers, in whole or in part, the economic consequence of ownership of any common stock whether any such swap or other agreement is to be settled by delivery of shares or other securities, in cash or otherwise.

This lock-up provision applies to common stock and to securities convertible into or exchangeable or exercisable for or repayable with common stock. It also applies to common stock owned now or acquired later by the person executing the agreement or for which the person executing the agreement later acquires the power of disposition.

CERTAIN U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following is a summary of certain U.S. federal income tax considerations relating to our qualification and taxation as a REIT and the acquisition, holding, and disposition of our common stock. For purposes of this section under the heading "Certain U.S. Federal Income Tax Considerations," references to "the company," "we," "our" and "us" mean only Safety, Income and Growth, Inc. and not its subsidiaries or other lower-tier entities, except as otherwise indicated. You are urged to both review the following discussion and to consult your tax advisor to determine the effects of ownership and disposition of our shares on your individual tax situation, including any state, local or non-U.S. tax consequences.

This summary is based upon the Code, the regulations promulgated by the U.S. Treasury Department, or the Treasury Regulations, current administrative interpretations and practices of the IRS, (including administrative interpretations and practices expressed in private letter rulings which are binding on the IRS only with respect to the particular taxpayers who requested and received those rulings) and judicial decisions, all as currently in effect, and all of which are subject to differing interpretations or to change, possibly with retroactive effect. No assurance can be given that the IRS would not assert, or that a court would not sustain, a position contrary to any of the tax consequences described below. No advance ruling has been or will be sought from the IRS regarding any matter discussed in this summary.

This summary is also based upon the assumption that the operation of the company, and of its subsidiaries and other lower-tier and affiliated entities, will in each case be in accordance with its applicable organizational documents or partnership agreements. This summary does not discuss the impact that U.S. state and local taxes and taxes imposed by non-U.S. jurisdictions could have on the matters discussed in this summary. In addition, this summary assumes that stockholders hold our common stock as a capital asset, which generally means as property held for investment. This summary is for general information only, and does not purport to discuss all aspects of U.S. federal income taxation that may be important to a particular stockholder in light of the stockholder's investment or tax circumstances, or to stockholders subject to special tax rules, such as:

- U.S. expatriates;
- persons who mark-to-market our common stock;
- subchapter S corporations;
- U.S. stockholders, as defined below, whose functional currency is not the U.S. dollar;
- financial institutions;
- insurance companies;
- broker-dealers;
- regulated investment companies, or "RICs";
- REITs;
- holders who receive our common stock through the exercise of employee stock options or otherwise as compensation;
- persons holding our common stock as part of a "straddle," "hedge," "conversion transaction," "synthetic security" or other integrated investment;
- persons subject to the alternative minimum tax provisions of the Code;
- persons holding their interest through a partnership or similar pass-through entity;
- persons holding a 10% or more (by vote or value) beneficial interest in us;

and, except to the extent discussed below:

- trusts and estates;
- tax-exempt organizations; and
- non-U.S. stockholders, as defined below.

For purposes of this summary, a U.S. stockholder is a beneficial owner of our common stock who for U.S. federal income tax purposes is:

- a citizen or resident of the U.S.;
- a corporation (including an entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the U.S., any state thereof or the District of Columbia;
- an estate whose income is subject to U.S. federal income taxation regardless of its source; or
- any trust if (i) a U.S. court is able to exercise primary supervision over the administration of such trust and one or more U.S. persons have the authority to control all substantial decisions of the trust or (ii) it has a valid election in place to be treated as a U.S. person.

A non-U.S. stockholder is a beneficial owner of our common stock who is neither a U.S. stockholder nor an entity that is treated as a partnership or a disregarded entity for U.S. federal income tax purposes.

If an entity or arrangement treated as a partnership for U.S. federal income tax purposes holds our stock, the U.S. federal income tax treatment of a partner generally will depend upon the status of the partner and the activities of the partnership. A partner of a partnership holding our common stock should consult its tax advisor regarding the U.S. federal income tax consequences to the partner of the acquisition, ownership and disposition of our stock by the partnership.

THE U.S. FEDERAL INCOME TAX TREATMENT OF HOLDERS OF OUR COMMON STOCK DEPENDS IN SOME INSTANCES ON DETERMINATIONS OF FACT AND INTERPRETATIONS OF COMPLEX PROVISIONS OF U.S. FEDERAL INCOME TAX LAW FOR WHICH NO CLEAR PRECEDENT OR AUTHORITY MAY BE AVAILABLE. IN ADDITION, THE TAX CONSEQUENCES OF HOLDING OUR COMMON STOCK TO ANY PARTICULAR STOCKHOLDER WILL DEPEND ON THE STOCKHOLDER'S PARTICULAR TAX CIRCUMSTANCES. YOU ARE URGED TO CONSULT YOUR TAX ADVISOR REGARDING THE U.S. FEDERAL, STATE, LOCAL, AND FOREIGN INCOME AND OTHER TAX CONSEQUENCES TO YOU, IN LIGHT OF YOUR PARTICULAR INVESTMENT OR TAX CIRCUMSTANCES, OF ACQUIRING, HOLDING, AND DISPOSING OF OUR COMMON STOCK.

Taxation of the Company

We intend to elect and to qualify to be taxed as a REIT under the Code, commencing with our taxable year ending December 31, 2017. We believe we have been organized and we intend to operate in a manner that will allow us to qualify as a REIT under the Code commencing with our taxable year ending December 31, 2017.

The law firm of Clifford Chance US LLP has acted as our counsel in connection with this offering. We will receive the opinion of Clifford Chance US LLP prior to effectiveness of the registration statement of which this prospectus forms a part to the effect that, commencing with our taxable year ending December 31, 2017, we have been organized and operated in conformity with the requirements for qualification and taxation as a REIT under the Code, and our proposed method of operation will enable us to continue to meet the requirements for qualification and taxation as a REIT under the Code. The opinion of Clifford Chance US LLP will be based on various assumptions relating to our organization and operation, including that all factual representations and statements set forth in all relevant documents, records and instruments are true and correct, all actions described herein are completed in a timely fashion and that we will at all times operate in accordance with the method of operation described in our organizational documents and registration statement. Additionally, the opinion of Clifford Chance US LLP is conditioned upon factual representations and covenants made by our management regarding our organization, assets, and present and future conduct of our business operations and other items regarding our ability to meet the various requirements for qualification as a REIT, and assumes that such representations and covenants are accurate and complete and that we will take no action that could adversely affect our qualification as a REIT. Although we believe we have been organized and operated and intend to continue to operate so that we will qualify as a REIT commencing with our taxable year ending December 31, 2017, given the highly complex nature of the rules governing REITs, the ongoing importance of factual determinations, and the possibility of future changes in our circumstances or applicable law, no assurance can be given by Clifford Chance US LLP or us that we will so qualify for any particular year. Clifford Chance US LLP will have no obligation to advise us or the holders of our common stock of any subsequent change in the matters stated, represented or assumed, or of any subsequent change in the applicable law. You should be aware that opinions of counsel are not binding on the IRS or any court, and no assurance can be given that the IRS will not challenge the conclusions set forth in such opinions. Clifford Chance US LLP's opinion does not foreclose the possibility that we may have to utilize one or more REIT savings provisions discussed below, which could require the payment of an excise or penalty tax (which could be significant in amount) in order to maintain our REIT qualification.

Qualification and taxation as a REIT depend on our ability to meet, on a continuing basis, through actual operating results, distribution levels, and diversity of stock ownership, various qualification requirements imposed upon REITs by the Code, the compliance with which will not be reviewed by Clifford Chance US LLP. In addition, our ability to qualify as a REIT depends in part upon the operating results, organizational structure and entity classification for U.S. federal income tax purposes of certain entities in which we invest. Our ability to qualify as a REIT for a particular year also requires that we satisfy certain asset and income tests during such year, some of which depend upon the fair market values of assets in which we directly or indirectly own an interest. Such values may not be susceptible to a precise determination. In addition, if we are treated as a "successor" of iStar (within the meaning of Treasury Regulations Section 1.856-8(c)(2)) and iStar's REIT status were terminated or revoked, we would be prohibited from electing to be taxed as a REIT until the fifth calendar year following the year in which iStar Inc.'s qualification was lost. Accordingly, no assurance can be given that the actual results of our operations for any taxable year will satisfy such requirements for qualification and taxation as a REIT.

Taxation of REITs in General

As indicated above, our qualification and taxation as a REIT for a particular year depend upon our ability to meet, on a continuing basis during such year, through actual results of operations, distribution levels, diversity of share ownership and various qualification requirements imposed upon REITs by the Code. The material qualification requirements are summarized below under "—Requirements for Qualification—General." While we intend to operate so that we qualify as a REIT, no assurance can be given that the IRS will not challenge our qualification as a REIT, or that we will be able to operate in accordance with the REIT requirements in the future. See "—Failure to Qualify."

Provided that we qualify as a REIT, we will generally be entitled to a deduction for dividends that we pay and therefore will not be subject to U.S. federal corporate income tax on our net taxable income that is currently distributed to our stockholders. This treatment substantially eliminates the "double taxation" at the corporate and stockholder levels that generally results from investment in a corporation. Rather, income generated by a REIT generally is taxed only at the stockholder level upon a distribution of dividends by the REIT.

Noncorporate U.S. stockholders are generally taxed on corporate dividends at a maximum rate of 20% (the same as long-term capital gains), thereby substantially reducing, though not completely eliminating, the double taxation that has historically applied to corporate dividends. With limited exceptions, however, ordinary dividends received by noncorporate U.S. stockholders from us or from other entities that are taxed as REITs are taxed at rates applicable to ordinary income, which are as high as 39.6%. Net operating losses, foreign tax credits and other tax attributes of a REIT generally do not pass through to the stockholders of the REIT, subject to special rules for certain items such as capital gains recognized by REITs. See "—Taxation of Stockholders."

If we qualify as a REIT, we will nonetheless be subject to U.S. federal income tax as follows:

- We will be taxed at regular corporate rates on any undistributed income, including undistributed net capital gains.

- We may be subject to the "alternative minimum tax" on our items of tax preference, if any.

- If we have net income from prohibited transactions, which are, in general, sales or other dispositions of property held primarily for sale to customers in the ordinary course of business, other than foreclosure property, as described below, such income will be subject to a 100% tax. See "—Requirements for Qualification—General—Prohibited Transactions," and "Foreclosure Property," below.

- If we elect to treat property that we acquire in connection with a foreclosure of a mortgage loan or leasehold as "foreclosure property," we may thereby avoid (i) the 100% tax on gain from a resale of that property (if the sale would otherwise constitute a prohibited transaction), and (ii) the inclusion of any income from such property not qualifying for purposes of the REIT gross income tests discussed below, but the income from the sale or operation of the property may be subject to corporate income tax at the highest applicable rate (currently 35%).

- If we fail to satisfy the 75% gross income test or the 95% gross income test, as discussed below, but nonetheless maintain our qualification as a REIT because other requirements are met, we will be subject to a 100% tax on an amount equal to (i) the greater of (a) the amount by which we fail the 75% gross income test or (b) the amount by which we fail the 95% gross income test, as the case may be, *multiplied by* (ii) a fraction intended to reflect our profitability.

- If we fail to satisfy any of the REIT asset tests, as described below, other than a failure of the 5% or 10% REIT assets tests that does not exceed a statutory *de minimis* amount as described more fully below, but our failure is due to reasonable cause and not due to willful neglect and we nonetheless maintain our REIT qualification because of specified cure provisions, we will be required to pay a tax equal to the greater of $50,000 or the highest corporate tax rate (currently 35%) of the net income generated by the non-qualifying assets during the period in which we failed to satisfy the asset tests.

- If we fail to satisfy any provision of the Code that would result in our failure to qualify as a REIT (other than a gross income or asset test requirement) and that violation is due to reasonable cause, we may retain our REIT qualification, but we will be required to pay a penalty of $50,000 for each such failure.

- If we fail to distribute on an annual basis at least the sum of (i) 85% of our ordinary income for such year, (ii) 95% of our capital gain net income for such year and (iii) any undistributed taxable income from prior periods, or the "required distribution," we will be subject to a 4% non-deductible excise tax on the excess of the required distribution over the sum of (a) the amounts actually distributed (taking into account excess distributions from prior years), *plus* (b) retained amounts on which U.S. federal income tax is paid at the corporate level.

- We may be required to pay monetary penalties to the IRS in certain circumstances, including if we fail to meet record-keeping requirements intended to monitor our compliance with rules relating to the composition of our stockholders, as described below in "—Requirements for Qualification—General."

- We may be subject to a 100% excise tax on some items of income and expense that are directly or constructively paid between us, our tenants and/or any TRSs if and to the extent that the IRS successfully adjusts the reported amounts of these items.

- If we acquire appreciated assets from a subchapter C corporation (generally a corporation that is not a REIT, a RIC or an S corporation) in a transaction in which the adjusted tax basis of the assets in our hands is determined by reference to the adjusted tax basis of the assets in the hands of the subchapter C corporation, we will be subject to tax at the highest corporate income tax rate then applicable on any gain from the disposition of such assets to the extent of the excess of the fair market value of the assets on the date they were acquired by us over the basis of such assets on such date if we dispose of the assets during the 5-year period following our acquisition of the assets from the subchapter C corporation. The results described in this paragraph assume that the subchapter C corporation will not elect, in lieu of this treatment, to be subject to an immediate tax when we acquire the assets. Gain from the sale of property which we acquired in an exchange under Section 1031 (a like kind exchange) or 1033 (an involuntary conversion) of the Code is generally excluded from the application of this built-in gains tax. See "—Requirements for Qualification—General—Tax on Built-In Gains" below.

- We may elect to retain and pay income tax on our net long-term capital gain. In that case, a stockholder would include the stockholder's proportionate share of our undistributed long-term capital gain (to the extent we make a timely designation of such gain to the stockholder) in the stockholder's income, would be deemed to have paid the tax that we paid on such gain, and would be allowed a credit for the stockholder's proportionate share of the tax deemed to have been paid, and an adjustment would be made to increase the stockholder's basis in our common stock. Stockholders that are U.S. corporations will also appropriately adjust their earnings and profits for the retained capital gain in accordance with Treasury Regulations to be promulgated.

- We may have subsidiaries or own interests in other lower-tier entities that are taxable C corporations, the earnings of which would be subject to U.S. federal corporate income tax.

In addition, we and our subsidiaries may be subject to a variety of taxes other than U.S. federal income tax, including payroll taxes and state, local, and foreign income, transfer, franchise, property and other taxes. We could also be subject to tax in situations and on transactions not presently contemplated.

Requirements for Qualification—General

The Code defines a REIT as a corporation, trust or association:

(1) that is managed by one or more trustees or directors;

(2) the beneficial ownership of which is evidenced by transferable shares, or by transferable certificates of beneficial interest;

(3) that would be taxable as a domestic corporation but for the special Code provisions applicable to REITs;

(4) that is neither a financial institution nor an insurance company subject to specific provisions of the Code;

(5) the beneficial ownership of which is held by 100 or more persons;

(6) in which, during the last half of each taxable year, not more than 50% in value of the outstanding stock is owned, directly or indirectly, by five or fewer "individuals" (as defined in the Code to include specified entities);

(7) that makes an election to be a REIT for the current taxable year or has made such an election for a previous taxable year that has not been terminated or revoked;

(8) that has no earnings and profits from any non-REIT taxable year or as a successor to any subchapter C corporation at the close of any taxable year;

(9) that uses the calendar year for U.S. federal income tax purposes; and

(10) that meets other tests described below, including with respect to the nature of its income and assets and the amount of its distributions.

The Code provides that conditions (1) through (4) must be met during the entire taxable year, and that condition (5) must be met during at least 335 days of a taxable year of 12 months, or during a proportionate part of a shorter taxable year. Conditions (5) and (6) do not need to be satisfied for the first taxable year for which an election to become a REIT has been made. Our charter provides restrictions regarding the ownership and transfer of our shares, which are intended, among other purposes, to assist us in satisfying the share ownership requirements described in conditions (5) and (6) above. We intend to monitor the beneficial owners of our stock to ensure that conditions (5) and (6) will be met, but no assurance can be given that we will be successful in this regard. For purposes of condition (6), an "individual" generally includes a supplemental unemployment compensation benefit plan, a private foundation, or a portion of a trust permanently set aside or used exclusively for charitable purposes, but does not include a qualified pension plan or profit sharing trust.

To monitor compliance with the share ownership requirements, we are required to maintain records regarding the actual ownership of our shares. To do so, we must demand written statements each year from the record holders of significant percentages of our stock in which the record holders are to disclose the actual owners of the shares (*i.e.*, the persons required to include in gross income the dividends paid by us). A list of those persons failing or refusing to comply with this demand must be maintained as part of our records. Failure by us to comply with these record-keeping requirements could subject us to monetary penalties. If we satisfy these requirements and after exercising reasonable diligence would not have known that condition (6) is not satisfied, we will be deemed to have satisfied such condition. A stockholder that fails or refuses to comply with the demand is required by Treasury Regulations to submit a statement with the stockholder's tax return disclosing the actual ownership of the shares and other information.

With respect to condition (8), we believe we will not initially have any earnings and profits from any non-REIT taxable year or as a successor to any subchapter C corporation.

With respect to condition (9), we intend to adopt December 31 as our taxable year-end and thereby satisfy this requirement.

Effect of Subsidiary Entities

Ownership of Partnership Interests. In the case of a REIT that is a partner in a partnership (references herein to "partnership" include limited liability companies that are classified as partnerships for U.S. federal income tax purposes), such as our operating partnership at any time that our operating partnership has two or more partners for U.S. federal income tax purposes, Treasury Regulations provide that the REIT is deemed to own its proportionate share of the partnership's assets and to earn its proportionate share of the partnership's gross income based on its pro rata share of capital interests in the partnership for purposes of the asset and gross income tests applicable to REITs, as described below. However, solely for purposes of the 10% value test described below, the determination of a REIT's interest in partnership assets will be based on the REIT's proportionate interest in any securities issued by the partnership, excluding, for these purposes, certain excluded securities as described in the Code. In addition, the assets and gross income of the partnership generally are deemed to retain the same character in the hands of the REIT. Thus, our proportionate share of the assets and items of income of partnerships in which we own an equity interest (including our interest in our operating partnership and its equity interests in any lower-tier partnerships), will be treated as our assets and items of income for purposes of applying the REIT requirements described below. Consequently, to the extent that we directly or indirectly hold a preferred or other equity interest in a partnership, the partnership's assets and operations may affect our ability to qualify as a REIT, even though we may have no control, or only limited influence, over the partnership.

As discussed in greater detail in "—Tax Aspects of Investments in Partnerships" below, our investment in a partnership involves special tax considerations. For example, it is possible that the IRS could treat a subsidiary partnership as a corporation for U.S. federal income tax purposes. In this case, the subsidiary partnership would be subject to entity-level tax and the character of our assets and items of gross income would change, possibly causing us to fail the requirements to qualify as a REIT. See "—Failure to Qualify" and "—Tax Aspects of Investments in Partnerships—Entity Classification" below. In addition, special rules apply in the case of appreciated or depreciated property that is contributed to a partnership in exchange for an interest in the partnership. In general terms, these rules require that certain items of income, gain, loss and deduction associated with the contributed property be allocated to the contributing partner for U.S. federal income tax purposes. These rules could adversely affect us, for example, by requiring that a lower amount of depreciation deductions be allocated to us, which in turn would cause us to have a greater amount of taxable income without a corresponding increase in cash and result in a greater portion of our distributions being taxed as dividend income. See "—Tax Aspects of Investments in Partnerships—Tax Allocations with Respect to Partnership Properties" below.

Disregarded Subsidiaries. If a REIT owns a corporate subsidiary that is a "qualified REIT subsidiary," that subsidiary is disregarded for U.S. federal income tax purposes, and all assets, liabilities and items of income, deduction and credit of the subsidiary are treated as assets, liabilities and items of income, deduction and credit of the REIT, including for purposes of the gross income and asset tests applicable to REITs as summarized below. A qualified REIT subsidiary is any corporation, other than a TRS, as described below under "—Taxable REIT Subsidiaries," that is wholly-owned by a REIT, or by other disregarded subsidiaries of the REIT or by a combination of the two. Single member limited liability companies that are wholly-owned by a REIT that have not elected to be taxed as corporations for U.S. federal income tax purposes are also generally disregarded as separate entities for U.S. federal income tax purposes, including for purposes of the REIT gross income and asset tests. Disregarded subsidiaries, along with partnerships in which we hold an equity interest, are sometimes referred to herein as "pass-through subsidiaries."

In the event that a disregarded subsidiary ceases to be wholly-owned by us—for example, if any equity interest in the subsidiary is acquired by a person other than us or another disregarded subsidiary of us—the subsidiary's separate existence would no longer be disregarded for U.S. federal income tax purposes. Instead, it would have multiple owners and would be treated as either a partnership or a taxable corporation. Such an event could, depending on the circumstances, adversely affect our ability to satisfy the various asset and gross income tests applicable to REITs, including the requirement that REITs generally may not own, directly or indirectly, more than 10% of the value or voting power of the outstanding securities of another corporation. See "—Gross Income Tests" and "—Asset Tests."

Taxable REIT Subsidiaries. We generally may jointly elect with a subsidiary corporation, whether or not wholly-owned, to treat the subsidiary corporation as a TRS. The separate existence of a TRS or other taxable corporation, unlike a disregarded subsidiary as discussed above, is not ignored for U.S. federal income tax purposes. Accordingly, such an entity would generally be subject to corporate U.S. federal, state, local income and franchise taxes on its earnings, which may reduce the cash flow generated by us and our subsidiaries in the aggregate, and our ability to make distributions to our stockholders. We intend to jointly elect with each taxable subsidiary for the subsidiary to be treated as a TRS. This will allow a TRS to invest in assets and engage in activities that could not be held or conducted directly by us or through a pass-through subsidiary without jeopardizing our qualification as a REIT or causing us to be subject to a 100% penalty tax on gains from "prohibited transactions." For example, where we acquire a commercial real estate property to create a GNL to be held by us and a leasehold interest that we will seek to sell to a third party, such leasehold interest may be held by a TRS so that a subsequent sale would not be treated as a prohibited transaction.

For purposes of the gross income and asset tests applicable to REITs, a REIT is not treated as holding the assets of a TRS or other taxable subsidiary corporation or as receiving any income that the subsidiary earns. Rather, the stock issued by the subsidiary is an asset in the hands of the REIT, and the REIT recognizes as income the dividends that it receives from the subsidiary. This treatment can affect the gross income and asset test calculations that apply to the REIT, as described below. Because a REIT does not include the assets and income of such subsidiary corporations in determining the REIT's compliance with the REIT requirements, such entities may be used by the parent REIT to undertake indirectly activities that a REIT, due to the requirements applicable to REITs, might otherwise not be able to undertake directly or through pass-through subsidiaries (or, if such activities could be undertaken, it would only be in a commercially unfeasible manner) such as, for example, activities that give rise to certain categories of income such as management fees. If dividends are paid to us by a TRS, then a portion of the dividends that we distribute to stockholders who are taxed at individual rates generally will be eligible for taxation at preferential qualified dividend income tax rates rather than at ordinary income rates. See "—Annual Distribution Requirements" and "—Taxation of Stockholders—Taxation of Taxable U.S. Stockholders."

Certain restrictions imposed on TRSs are intended to ensure that such entities will be subject to appropriate levels of U.S. federal income taxation. First, if a TRS has a debt to equity ratio as of the close of the taxable year exceeding 1.5 to 1, it may not deduct interest payments made in any year to an affiliated REIT to the extent that such payments exceed, generally, 50% of the TRS's adjusted taxable income for that year (although the TRS may carry forward to, and deduct in, a succeeding year the disallowed interest amount if the 50% test is satisfied in that year). In addition, if amounts are paid to a REIT or deducted by a TRS due to transactions between a REIT, its tenants and/or a TRS, that exceed the amount that would be paid to or deducted by a party in an arm's-length transaction, the REIT generally will be subject to an excise tax equal to 100% of such excess.

Rents received by us that include amounts for services furnished by a TRS to any of our tenants will not be subject to the excise tax if such amounts qualify for the safe harbor provisions contained in the Code. Safe harbor provisions are provided where (i) amounts are excluded from the definition of impermissible tenant service income as a result of satisfying a 1% *de minimis* exception; (ii) a TRS renders a significant amount of similar services to unrelated parties and the charges for such services are substantially comparable; (iii) rents paid to us by tenants leasing at least 25% of the net leasable space at a property that are not receiving services from the TRS are substantially comparable to the rents paid to us by tenants leasing comparable space at such property and that are receiving such services from the TRS (and the charge for the services is separately stated); or (iv) the TRS's gross income from the service is not less than 150% of the TRS's direct cost of furnishing the service. To the extent we organize any TRS, we intend to structure transactions with any such TRS on terms that we believe are arm's length to avoid incurring the 100% excise tax described above. There can be no assurance, however, that we will, in all circumstances, be able to avoid the application of the 100% excise tax.

Gross Income Tests

In order to satisfy the requirements for qualification as a REIT, we annually must satisfy two gross income tests. First, at least 75% of our gross income for each taxable year, excluding gross income from sales of inventory or dealer property in "prohibited transactions" and certain hedging and foreign currency transactions, must be derived from investments relating to real property or mortgages on real property, including "rents from real property," dividends received from and gain from the disposition of shares of other REITs, interest income derived from mortgage loans secured by real property (including certain types of mortgage-backed securities), and gains from the sale of real estate assets (other than income or gains with respect to debt instruments issued by public REITs that are not otherwise secured by real property), as well as income from certain kinds of temporary investments. Second, at least 95% of our gross income in each taxable year, excluding gross income from prohibited transactions and certain hedging and foreign currency transactions, must be derived from some combination of income that qualifies under the 75% income test described above, as well as other dividends, interest, and gain from the sale or disposition of stock or securities, which need not have any relation to real property.

For purposes of the 75% and 95% gross income tests, a REIT is deemed to have earned a proportionate share of the income earned by any entity or arrangement treated as a partnership for U.S. federal income tax purposes, in which it owns an interest, which share is determined by reference to its capital interest in such entity, and is deemed to have earned the income earned by any qualified REIT subsidiary.

Rents received by us will qualify as "rents from real property" in satisfying the 75% gross income test described above only if several conditions are met, including the following. The rent must not be based in whole or in part on the income or profits of any person. However, an amount will not be excluded from rents from real property solely by reason of being based on a fixed percentage or percentages of receipts or sales or being based on the net income or profits of a tenant which derives substantially all of its income with respect to such property from subleasing of substantially all of such property, to the extent that the rents paid by the sublessees would qualify as rents from real property if earned directly by us. If rent is partly attributable to personal property leased in connection with a lease of real property, the portion of the total rent that is attributable to the personal property will not qualify as rents from real property unless it constitutes 15% or less of the total rent received under the lease. Moreover, for rents received to qualify as rents from real property, we generally must not operate or manage the property or furnish or render certain services to the tenants of such property, other than through an "independent contractor" who is adequately compensated and from which we derive no income, or through a TRS. We are permitted, however, to perform services that are "usually or customarily rendered" in connection with the rental of space for occupancy only and are not otherwise considered rendered to the occupant of the property. In addition, we may directly or indirectly provide non-customary services to tenants of our properties if the gross income from such services does not exceed 1% of the total gross income from the property for the relevant taxable year. In such a case, only the amounts for non-customary services are not treated as rents from real property and the provision of the services does not otherwise disqualify the rents from treatment as rents from real property. If, however, the gross income from such non-customary services exceeds this 1% threshold, none of the gross income derived from the relevant property is treated as rents from real property. For purposes of this test, the gross income received from such non-customary services is deemed to be at least 150% of the direct cost of providing the services. Also, rental income will qualify as rents from real property only to the extent it is not treated as "related party rent," which generally includes rent received or accrued, directly or indirectly, from a tenant if we directly or indirectly (through application of certain constructive ownership rules) own, (i) in the case of any tenant which is a corporation, stock possessing 10% or more of the total combined voting power of all classes of stock entitled to vote, or 10% or more of the total value of shares of all classes of stock of such tenant, or (ii) in the case of any tenant which is not a corporation, an interest of 10% or more in the assets or net profits of such tenant. However, rental payments from a TRS will qualify as rents from real property even if we own more than 10% of the total value or combined voting power of the TRS if at least 90% of the property is leased to unrelated tenants and the rent paid by the TRS is substantially comparable to the rent paid by the unrelated tenants for comparable space.

Unless we determine that the resulting non-qualifying income under any of the following situations, taken together with all other non-qualifying income earned by us in the taxable year, will not jeopardize our qualification as a REIT, we do not intend to:

- charge rent for any property that is based in whole or in part on the income or profits of any person, except by reason of being based on a fixed percentage or percentages of receipts or sales, as described above;

- rent any property to a related party tenant, including any TRS, unless the rent from the lease to the TRS would qualify for the special exception from the related party tenant rule applicable to certain leases with a TRS;

- derive rental income attributable to personal property other than personal property leased in connection with the lease of real property, the amount of which is no more than 15% of the total rent received under the lease; or

- directly or indirectly perform services considered to be non-customary or rendered to the occupant of the property other than through a TRS or independent contractor.

In connection with determining whether we receive related party rental income, for so long as iStar or GICRE, either individually or together in the aggregate, holds 10% or more of the shares of our common stock, we will be deemed to own any tenant in which, iStar, GICRE or iStar and/or GICRE together own, at any time during a taxable year, a 10% or greater interest, applying certain constructive ownership rules. We have put in place, together with GICRE and iStar, procedures to diligence whether we will directly or indirectly receive rental income of a related party tenant, including as a result of our constructive ownership of a tenant due to ownership of such tenant by iStar and/or GICRE, and, in the event we receive rental income from a tenant in which GICRE owns a greater than 10% interest that could reasonably cause us to fail to qualify as a REIT, iStar has agreed to purchase our common shares from GICRE in an amount necessary to reduce GICRE's ownership interest in us below 10% on one occasion. However, due to the broad nature of the attribution rules of the Code, we cannot be certain that in all cases we will be able to timely determine whether we are receiving related party rental income in an amount that would cause us to fail the REIT gross income tests. To the extent we failed to satisfy a REIT gross income test as a result of receiving related party tenant income we could fail to qualify as a REIT or be subject to a penalty tax, which could be significant in amount. See—"Failure to Satisfy the Gross Income Tests."

We may receive distributions from a TRS or other C corporations that are neither REITs nor qualified REIT subsidiaries. These distributions will be classified as dividend income to the extent of the earnings and profits of the distributing corporation. Such distributions will generally constitute qualifying income for purposes of the 95% gross income test, but not for purposes of the 75% gross income test. Any dividends received by us from a REIT, however, will be qualifying income for purposes of both the 95% and 75% gross income tests.

Interest income constitutes qualifying mortgage interest for purposes of the 75% gross income test, as described above, to the extent that the obligation is secured by a mortgage on real property. If we receive interest income with respect to a mortgage loan that is secured by both real property and other property, and the highest principal amount of the loan outstanding during a taxable year exceeds the fair market value of the real property on the date that we acquired or originated the mortgage loan, then, subject to the exception described below, the interest income will be apportioned between the real property and the other property, and our income from the loan will qualify for purposes of the 75% gross income test only to the extent that the interest is allocable to the real property. If a loan is secured by both real property and personal property and the fair market value of the personal property does not exceed 15% of the fair market value of all real and personal property securing the loan, the loan is treated as secured solely by the real property for purposes of these rules. Even if a loan is not secured by real property or is undersecured, the income that it generates may nonetheless qualify for purposes of the 95% gross income test. In certain cases, the terms of a negotiated GNL transaction may be determined to have a financing component pursuant to which we may be considered as receiving interest income. To the extent all or a portion of a GNL was treated as a financing for tax purposes, we believe such financing should be considered as secured by real property because of our ability to take back the leasehold interest upon default under the GNL, and therefore such treatment should not adversely impact our ability to satisfy the REIT gross income tests.

To the extent that the terms of a loan provide for contingent interest that is based on the cash proceeds realized upon the sale of the property securing the loan, income attributable to the participation feature will be treated as gain from sale of the underlying property, which generally will be qualifying income for purposes of both the 75% and 95% gross income tests, provided that the property is not inventory or dealer property in the hands of the borrower.

Hedging Transactions

We may enter into hedging transactions with respect to one or more of our assets or liabilities. Hedging transactions could take a variety of forms, including interest rate swap agreements, interest rate cap agreements, options, futures contracts, forward rate agreements or similar financial instruments. Except to the extent provided by Treasury Regulations, any income from a hedging transaction we enter into (i) in the normal course of our business primarily to manage risk of interest rate or price changes or currency fluctuations with respect to borrowings made or to be made, or ordinary obligations incurred or to be incurred, to acquire or carry real estate assets, which we clearly identify as specified in Treasury Regulations before the close of the day on which it was acquired, originated, or entered into, including gain from the sale or disposition of such a transaction, or (ii) primarily to manage risk of currency fluctuations with respect to any item of income or gain that would be qualifying income under the 75% or 95% income tests which is clearly identified as such before the close of the day on which it was acquired, originated, or entered into, or (iii) primarily to manage risk with respect to a hedging transaction described in clause (i) or (ii) after the extinguishment of such borrowings or disposal of the asset producing such income that is hedged by the hedging transaction, provided, in each case, that the hedging transaction is clearly identified as such before the close of the day on which it was acquired, originated or entered into, will not constitute gross income for purposes of the 75% or 95% gross income test. To the extent that we enter into other types of hedging transactions, the income from those transactions is likely to be treated as non-qualifying income for purposes of both of the 75% and 95% gross income tests. We intend to structure any hedging transactions in a manner that does not jeopardize our qualification as a REIT.

Failure to Satisfy the Gross Income Tests

We intend to monitor our sources of income, including any non-qualifying income received by us, so as to ensure our compliance with the gross income tests. If we fail to satisfy one or both of the 75% or 95% gross income tests for any taxable year, we may still qualify as a REIT for the year if we are entitled to relief under applicable provisions of the Code. These relief provisions will generally be available if our failure to meet these tests was due to reasonable cause and not due to willful neglect and, following the identification of such failure, we set forth a description of each item of our gross income that satisfies the gross income tests in a schedule for the taxable year filed in accordance with the Treasury Regulations. It is not possible to state whether we would be entitled to the benefit of these relief provisions in all circumstances. If we fail to satisfy one or both of the gross income tests described above and these relief provisions are inapplicable to a particular set of circumstances, we will not qualify as a REIT. As discussed above under "—Taxation of the Company—Taxation of REITs in General," even where these relief provisions apply, a tax would be imposed upon the profit attributable to the amount by which we fail to satisfy the particular gross income test, which could be significant in amount.

Asset Tests

At the close of each calendar quarter we must also satisfy five tests relating to the nature of our assets. *First*, at least 75% of the value of our total assets must be represented by some combination of "real estate assets," cash, cash items, U.S. government securities, and, under some circumstances, stock or debt instruments purchased with new capital. For this purpose, real estate assets include interests in real property (such as land, buildings, leasehold interests in real property), stock of other REITs, interests in mortgages secured by real property or by interests in real property, certain kinds of mortgage-backed securities and mortgage loans and debt instruments issued by publicly offered REITs, interests in obligations secured by both real property and personal property if the fair market value of the personal property does not exceed 15% of the total fair market value securing such mortgage, and personal property to the extent income from such personal property is treated as "rents from real property" because the personal property is rented in connection with a rental of real property and constitutes less than 15% of the aggregate property rented. Assets that do not qualify for purposes of the 75% asset test are subject to the additional asset tests described below.

Second, the value of any one issuer's securities owned by us may not exceed 5% of the value of our total assets. *Third*, we may not own more than 10% of any one issuer's outstanding securities, as measured by either (a) voting power (the 10% voting test) or (b) value (the 10% value test) . *Fourth*, the aggregate value of all securities of TRSs held by us may not exceed 25% of the value of our total assets (20% for tax years beginning after December 31, 2017). *Fifth*, the aggregate value of debt instruments issued by publicly offered REITs held by us that are not otherwise secured by real property may not exceed 25% of the value of our total assets.

The 5% and 10% asset tests described above do not apply to securities of TRSs, qualified REIT subsidiaries or securities that are "real estate assets" for purposes of the 75% asset test described above. In addition, the 10% value test does not apply to certain "straight debt" and other excluded securities described in the Code including, but not limited to, any loan to an individual or estate, any obligation to pay rents from real property and any security issued by a REIT. For these purposes, (1) a REIT's interest as a partner in a partnership is not considered a security; (2) any debt instrument issued by a partnership (other than straight debt or another security that is excluded from the 10% value test) will not be considered a security issued by the partnership if at least 75% of the partnership's gross income is derived from sources that would qualify for the 75% gross income test; and (3) any debt instrument issued by a partnership (other than straight debt or another excluded security) will not be considered a security issued by the partnership to the extent of the REIT's interest as a partner in the partnership. For purposes of the 10% value test, "straight debt" means a written unconditional promise to pay on demand on a specified date a sum certain in money if (i) debt is not convertible, directly or indirectly, into stock, (ii) the interest rate and interest payment dates are not contingent on profits, the borrower's discretion, or similar factors other than certain contingencies relating to the timing and amount of principal and interest payments described in the Code and (iii) in the case of an issuer that is a corporation or a partnership, securities that otherwise would be considered straight debt will not be so considered if we, and any of our "controlled taxable REIT subsidiaries," as defined in the Code, hold any securities of the corporate or partnership issuer which (a) are not straight debt or other excluded securities (prior to the application of this rule), and (b) have an aggregate value greater than 1% of the issuer's outstanding securities (including, for purposes of a partnership issuer, its interest as a partner in the partnership).

After initially meeting the asset tests at the close of a quarter, we will not lose our qualification as a REIT for failure to satisfy the asset tests at the end of a later quarter solely by reason of changes in asset values. If we fail to satisfy the asset tests because we acquire or increase our ownership interest in securities during a quarter, we can cure this failure by disposing of the non-qualifying assets within 30 days after the close of that quarter. If we fail the 5% asset test, the 10% vote test, or the 10% value test at the end of any quarter, and such failure is not cured within 30 days thereafter, we may dispose of sufficient assets (generally, within six months after the last day of the quarter in which our identification of the failure to satisfy those asset tests occurred) to cure the violation, provided that the non-permitted assets do not exceed the lesser of 1% of our assets at the end of the relevant quarter or $10,000,000. If we fail any of the other asset tests, or our failure of the 5% and 10% asset tests is in excess of the *de minimis* amount described above, as long as the failure was due to reasonable cause and not willful neglect, we are permitted to avoid disqualification as a REIT after the 30-day cure period by taking steps including the disposition of sufficient assets to meet the asset tests (generally within six months after the last day of the quarter in which our identification of the failure to satisfy the REIT asset test occurred), and paying a tax equal to the greater of $50,000 or 35% of the net income generated by the non-qualifying assets during the period in which we failed to satisfy the relevant asset test.

We believe our holdings of GNLs and other assets will comply with the foregoing REIT asset requirements, and we intend to monitor compliance with such tests on an ongoing basis. There can be no assurance, however, that we will be successful in this effort. Moreover, the values of some of our assets, including securities of TRSs or other non-publicly traded investments, may not be susceptible to a precise determination and are subject to change in the future. Furthermore, the proper classification of an instrument as debt or equity for U.S. federal income tax purposes may be uncertain in some circumstances, which could affect the application of the REIT asset tests. As an example, certain GNLs we enter into may, in certain circumstances, be determined to have a financing component. To the extent all or a portion of a GNL were treated as a loan for tax purposes, we believe such loan should be considered as secured by real property because of our ability to take back the leasehold interest and any improvements thereon upon default under the GNL, and therefore such treatment should not adversely impact our ability to satisfy the REIT asset tests. There can be no assurance that the IRS will not contend that certain of our GNL assets do not meet the requirements of the REIT asset tests.

Annual Distribution Requirements

In order to qualify as a REIT, we are required to distribute dividends, other than capital gain dividends, to our stockholders in an amount at least equal to:

- the sum of:

  - 90% of our "REIT taxable income" (computed without regard to our deduction for dividends paid and our net capital gains), and

  - 90% of the net income from foreclosure property (after tax) as described below, *minus*

- the sum of specified items of non-cash income that exceeds a specified percentage of our income.

These distributions must be paid in the taxable year to which they relate, or in the following taxable year if such distributions are declared in October, November or December, are payable to stockholders of record on a specified date in any such month, and are actually paid before the end of January of the following year. Such distributions are treated as both paid by us and received by each stockholder on December 31 of the year in which they are declared. In addition, at our election, a distribution for a taxable year may be declared before we timely file our tax return for the year, provided we pay such distribution with or before our first regular dividend payment after such declaration and such payment is made during the 12-month period following the close of such taxable year. These distributions are taxable to our stockholders in the year in which paid, even though the distributions relate to our prior taxable year for purposes of the 90% distribution requirement.

To the extent that we distribute at least 90%, but less than 100%, of our net taxable income, we will be subject to tax at ordinary corporate tax rates on the retained portion. In addition, we may elect to retain, rather than distribute, our net long-term capital gains and pay tax on such gains. In this case, we would elect to have our stockholders include their proportionate share of such undistributed long-term capital gains in their income and receive a corresponding credit for their proportionate share of the tax paid by us. Our stockholders would then increase their adjusted basis in our stock by the difference between the designated amounts included in their long-term capital gains and the tax deemed paid with respect to their proportionate shares.

If we fail to distribute on an annual basis at least the sum of (i) 85% of our ordinary income for such year, (ii) 95% of our capital gain net income for such year and (iii) any undistributed taxable income from prior periods, we will be subject to a nondeductible 4% excise tax on the excess of such amount over the sum of (a) the amounts actually distributed (taking into account excess distributions from prior periods) and (b) the amounts of income retained on which we have paid corporate income tax. We intend to make distributions to our stockholders in a manner that satisfies the REIT 90% distribution requirement and that protects us from being subject to U.S. federal income tax on our income and the 4% nondeductible excise tax.

It is possible that we, from time to time, may not have sufficient cash to meet the REIT distribution requirements due to timing differences between (i) the actual receipt of cash, including the receipt of distributions from any partnership subsidiaries and (ii) the inclusion of items in income by us for U.S. federal income tax purposes. For example, certain GNL transactions we enter into may be determined to have a financing component, which may result in a timing difference between the receipt of cash and the recognition of income for U.S. federal income tax purposes. In the event that such timing differences occur, in order to meet the distribution requirements, it might be necessary to arrange for short-term, or possibly long-term, borrowings, or to pay dividends in the form of taxable in-kind distributions of property, including taxable stock dividends. In the case of a taxable stock dividend, stockholders would be required to include the dividend as income and would be required to satisfy the tax liability associated with the distribution with cash from other sources including sales of our common stock. Both a taxable stock distribution and sale of common stock resulting from such distribution could adversely affect the price of our common stock.

We may be able to rectify a failure to meet the distribution requirements for a year by paying "deficiency dividends" to stockholders in a later year, which may be included in our deduction for dividends paid for the earlier year. In this case, we may be able to avoid losing our REIT qualification. However, we will be required to pay interest and a penalty based on the amount of any deduction taken for deficiency dividends.

Tax on Built-In Gains

If we acquire appreciated assets from a subchapter C corporation in a transaction in which the adjusted tax basis of the assets in our hands is determined by reference to the adjusted tax basis of the assets in the hands of the subchapter C corporation (a "carry-over basis transaction"), and if we subsequently dispose of any such assets during the 5 year period following the acquisition of the assets from the subchapter C corporation, we will be subject to tax at the highest corporate tax rates on any gain from such assets to the extent of the excess of the fair market value of the assets on the date that they were acquired by us over the basis of such assets on such date, which we refer to as built-in gains. However, the built-in gains tax will not apply if the subchapter C corporation elects to be subject to an immediate tax when the asset is acquired by us. Gain from the sale of property which we acquired in an exchange under Section 1031 (a like kind exchange) or 1033 (an involuntary conversion) of the Code is generally excluded from the application of this built-in gains tax.

Recordkeeping Requirements

We are required to maintain records and request on an annual basis information from specified stockholders. These requirements are designed to assist us in determining the actual ownership of our outstanding stock and maintaining our qualification as a REIT.

Prohibited Transactions

Net income we derive from a prohibited transaction is subject to a 100% tax. The term "prohibited transaction" generally includes a sale or other disposition of property (other than foreclosure property) that is held as inventory or primarily for sale to customers in the ordinary course of a trade or business by a REIT, by a lower-tier partnership in which the REIT holds an equity interest or by a borrower that has issued a shared appreciation mortgage or similar debt instrument in the REIT. We intend to conduct our operations so that no asset owned by us or our pass-through subsidiaries will be held as inventory or primarily for sale to customers, and that a sale of any assets owned by us directly or through a pass-through subsidiary will not be treated as in the ordinary course of business. However, whether property is held as inventory or "primarily for sale to customers in the ordinary course of a trade or business" depends on the particular facts and circumstances. No assurance can be given that any particular property in which we hold a direct or indirect interest will not be treated as property held as inventory or primarily for sale to customers, or that certain safe-harbor provisions of the Code that prevent such treatment will apply. The 100% tax will not apply to gains from the sale of property by a TRS or other taxable corporation, although such income will be subject to tax in the hands of the corporation at regular corporate income tax rates.

Foreclosure Property

Foreclosure property is real property (including interests in real property) and any personal property incident to such real property (i) that is acquired by a REIT as a result of the REIT having bid on the property at foreclosure, or having otherwise reduced the property to ownership or possession by agreement or process of law, after there was a default (or default was imminent) on a lease of the property or a mortgage loan held by the REIT and secured by the property, (ii) for which the related loan or lease was made, entered into or acquired by the REIT at a time when default was not imminent or anticipated and (iii) for which such REIT makes a proper election to treat the property as foreclosure property. REITs generally are subject to tax at the maximum corporate rate (currently 35%) on any net income from foreclosure property, including any gain from the disposition of the foreclosure property, other than income that would otherwise be qualifying income for purposes of the 75% gross income test. Any gain from the sale of property for which a foreclosure property election has been made will not be subject to the 100% tax on gains from prohibited transactions described above, even if the property would otherwise constitute inventory or dealer property in the hands of the selling REIT.

Failure to Qualify

In the event that we violate a provision of the Code that would result in our failure to qualify as a REIT, we may nevertheless continue to qualify as a REIT under specified relief provisions that will be available to us if (i) the violation is due to reasonable cause and not due to willful neglect, (ii) we pay a penalty of $50,000 for each failure to satisfy a requirement for qualification as a REIT and (iii) the violation does not include a violation under the gross income or asset tests described above (for which other specified relief provisions are available). This cure provision reduces the instances that could lead to our disqualification as a REIT for violations due to reasonable cause. If we fail to qualify as a REIT in any taxable year and none of the relief provisions of the Code apply, we will be subject to tax, including any applicable alternative minimum tax, on our taxable income at regular corporate rates. Distributions to our stockholders in any year in which we are not a REIT will not be deductible by us, nor will they be required to be made. In this situation, to the extent of current and accumulated earnings and profits, and, subject to limitations of the Code, distributions to our stockholders will generally be taxable in the case of noncorporate U.S. stockholders at a maximum rate of 20%, and dividends in the hands of our corporate U.S. stockholders may be eligible for the dividends received deduction. Unless we are entitled to relief under the specific statutory provisions, we will also be disqualified from re-electing to be taxed as a REIT for the four taxable years following the year during which qualification was lost. It is not possible to state whether we will be entitled to statutory relief in all circumstances.

Tax Aspects of Investments in Partnerships

General

We will hold investments through entities that are classified as partnerships for U.S. federal income tax purposes, including our interest in our operating partnership and equity interests in lower-tier partnerships at any time that such partnerships have two or more partners for U.S. federal income tax purposes. In general, partnerships are "pass-through" entities that are not subject to U.S. federal income tax. Rather, partners are allocated their proportionate shares of the items of income, gain, loss, deduction and credit of a partnership, and are subject to tax on these items without regard to whether the partners receive a distribution from the partnership. We will include in our income our proportionate share of these partnership items for purposes of the various REIT income tests, based on our capital interest in such partnerships. Moreover, for purposes of the REIT asset tests, we will include our proportionate share of assets held by subsidiary partnerships, based on our capital interest in such partnerships (other than for purposes of the 10% value test, for which the determination of our interest in partnership assets will be based on our proportionate interest in any securities issued by the partnership excluding, for these purposes, certain securities excluded under the Code). Consequently, to the extent that we hold an equity interest in a partnership, the partnership's assets and operations may affect our ability to qualify as a REIT, even though we may have no control, or have only limited influence, over the partnership.

Entity Classification

The investment by us in partnerships involves special tax considerations, including the possibility of a challenge by the IRS of the status of any of our subsidiary partnerships as a partnership, as opposed to an association taxable as a corporation, for U.S. federal income tax purposes. For example, an entity that would otherwise be classified as a partnership for federal income tax purposes may nonetheless be taxable as a corporation if it is a "publicly traded partnership" and certain other requirements are met. A partnership would be treated as a publicly traded partnership if its interests are traded on an established securities market or are readily tradable on a secondary market or a substantial equivalent thereof, within the meaning of applicable Treasury Regulations. In addition, under the relevant Treasury Regulations, interests in a partnership will not be considered readily tradable on a secondary market or on the substantial equivalent of a secondary market if the partnership qualifies for specified safe harbors, which are based on the specific facts and circumstances relating to the partnership. Although our operating partnership may, depending on the number of parties in our operating partnership and the percentage of interests in our operating partnership transferred during a taxable year, qualify for one of these safe harbors, we cannot provide any assurance that our operating partnership will, in each of its taxable years, qualify for one of these safe harbors. If any of these entities were treated as an association for U.S. federal income tax purposes, it would be taxable as a corporation and, therefore, would be subject to an entity-level tax on its income. In such a situation, the character of our assets and items of our gross income would change and could preclude us from satisfying the REIT asset tests (particularly the tests generally preventing a REIT from owning more than 10% of the voting securities, or more than 10% of the value of the securities, of a corporation) and the gross income tests as discussed in "—Requirements for Qualification—General—Gross Income Tests" and "—Asset Tests" above, and in turn would prevent us from qualifying as a REIT. See "—Failure to Qualify," above, for a discussion of the effect of our failure to meet these tests for a taxable year. In addition, any change in the status of any of our subsidiary partnerships for tax purposes might be treated as a taxable event, in which case we could have taxable income that is subject to the REIT distribution requirements without receiving any cash.

Tax Allocations with Respect to Partnership Properties

The partnership agreement of our operating partnership generally provides that items of operating income and loss will be allocated to the holders of units in accordance with their respective percentage interests. If an allocation of partnership income or loss does not comply with the requirements of Section 704(b) of the Code and the Treasury Regulations thereunder, the item subject to the allocation will be reallocated in accordance with the partners' interests in the partnership. This reallocation will be determined by taking into account all of the facts and circumstances relating to the economic arrangement of the partners with respect to such item. Our operating partnership's allocations of income and loss are intended to comply with the requirements of Section 704(b) of the Code of the Treasury Regulations promulgated thereunder.

Under Section 704(c) of the Code, income, gain, loss and deduction attributable to appreciated or depreciated property that is contributed to a partnership in exchange for an interest in the partnership must be allocated for tax purposes in a manner such that the contributing partner is charged with, or benefits from, the unrealized gain or unrealized loss associated with the property at the time of the contribution. The amount of the unrealized gain or unrealized loss is generally equal to the difference between the fair market value, or book value, of the contributed property and the adjusted tax basis of such property at the time of the contribution (a "book-tax difference"). Such allocations are solely for U.S. federal income tax purposes and do not affect partnership capital accounts or other economic or legal arrangements among the partners.

In connection with future asset acquisitions, appreciated property may be acquired by our operating partnership in exchange for interests in our operating partnership. The operating partnership agreement requires that allocations with respect to such acquired property be made in a manner consistent with Section 704(c) of the Code. Treasury Regulations issued under Section 704(c) of the Code provide partnerships with a choice of several methods of allocating book-tax differences. The operating partnership expects that in connection with a tax-deferred acquisition of assets, the contributor of such assets would request our operating partnership to use the traditional method for purposes of allocating its book-tax differences among its partners. Under the traditional method, which is the least favorable method from our perspective, the carryover basis of the acquired properties in the hands of our operating partnership (i) may cause us to be allocated lower amounts of depreciation and other deductions for tax purposes than would be allocated to us if all of the acquired properties were to have a tax basis equal to their fair market value at the time of acquisition and (ii) in the event of a sale of such properties, could cause us to be allocated gain in excess of our corresponding economic or book gain (or taxable loss that is less than our economic or book loss), with a corresponding benefit to the partners transferring such properties to our operating partnership for interests in our operating partnership. Therefore, the use of the traditional method could result in our having taxable income that is in excess of our economic or book income as well as our cash distributions from our operating partnership, which might adversely affect our ability to comply with the REIT distribution requirements or result in a greater portion of our distributions being treated as taxable dividend income.

We are currently treated as the sole owner of our operating partnership for U.S. federal income tax purposes, and as a result our operating partnership is disregarded as an entity separate from our company for U.S. federal income tax purposes. If our operating partnership issues operating partnership units at some point in the future, we will be treated as contributing our assets to our operating partnership in exchange for operating partnership units for U.S. federal income tax purposes, and therefore we will be subject to the allocation provisions described above to the extent of any book-tax difference in its assets at the time of the contribution. These allocation provisions could result in us having taxable income that is in excess of its economic or book income as well as our cash distributions from our operating partnership, which might adversely affect our ability to comply with the REIT distribution requirements or result in a greater portion of its distributions being treated as taxable dividend income.

Taxation of Stockholders

Taxation of Taxable U.S. Stockholders

This section summarizes the taxation of U.S. stockholders that are not tax-exempt organizations.

Distributions. Provided that we qualify as a REIT, distributions made to our taxable U.S. stockholders out of our current or accumulated earnings and profits, and not designated as capital gain dividends, will generally be taken into account by them as ordinary dividend income and will not be eligible for the dividends received deduction for corporations. In determining the extent to which a distribution with respect to our common stock constitutes a dividend for U.S. federal income tax purposes, our earnings and profits will be allocated first to distributions with respect to our preferred stock, if any is outstanding, and then to our common stock. Dividends received from REITs are generally not eligible to be taxed at the preferential qualified dividend income rates available to noncorporate U.S. stockholders who receive qualified dividend income from taxable subchapter C corporations.

In addition, distributions from us that are designated as capital gain dividends will be taxed to U.S. stockholders as long-term capital gains, to the extent that they do not exceed our actual net capital gain for the taxable year, without regard to the period for which the U.S. stockholder has held the stock. To the extent that we elect under the applicable provisions of the Code to retain our net capital gains, U.S. stockholders will be treated as having received, for U.S. federal income tax purposes, our undistributed capital gains as well as a corresponding credit for taxes paid by us on such retained capital gains.

U.S. stockholders will increase their adjusted tax basis in our common stock by the difference between their allocable share of such retained capital gain and their share of the tax paid by us. Corporate U.S. stockholders may be required to treat up to 20% of some capital gain dividends as ordinary income. Long-term capital gains are generally taxable at maximum U.S. federal rates of 20% in the case of noncorporate U.S. stockholders, and 35% for corporations. Capital gains attributable to the sale of depreciable real property held for more than 12 months are subject to a 25% maximum U.S. federal income tax rate for U.S. stockholders taxed as individuals, to the extent of previously claimed depreciation deductions.

As a general matter, a portion of our distributions will be treated as a return of capital for U.S. federal income tax purposes if the aggregate amount of our distributions for a year exceeds our current and accumulated earnings and profits for that year. To the extent that a distribution is treated as a return of capital for U.S. federal income tax purposes, it will reduce a holder's adjusted tax basis in the holder's shares, and to the extent that it exceeds the holder's adjusted tax basis will be treated as gain resulting from a sale or exchange of such shares. As a general matter, any such gain will be long-term capital gain if the shares have been held for more than one year. In addition, any dividend declared by us in October, November or December of any year and payable to a U.S. stockholder of record on a specified date in any such month will be treated as both paid by us and received by the U.S. stockholder on December 31 of such year, provided that the dividend is actually paid by us before the end of January of the following calendar year.

With respect to noncorporate U.S. stockholders, we may elect to designate a portion of our distributions paid to such U.S. stockholders as "qualified dividend income." A portion of a distribution that is properly designated as qualified dividend income is taxable to noncorporate U.S. stockholders as capital gain, provided that the U.S. stockholder has held the common stock with respect to which the distribution is made for more than 60 days during the 121-day period beginning on the date that is 60 days before the date on which such common stock became ex-dividend with respect to the relevant distribution. The maximum amount of our distributions eligible to be designated as qualified dividend income for a taxable year is equal to the sum of:

(1) the qualified dividend income received by us during such taxable year from subchapter C corporations (including any TRSs);

(2) the excess of any "undistributed" REIT taxable income recognized during the immediately preceding year over the U.S. federal income tax paid by us with respect to such undistributed REIT taxable income; and

(3) the excess of any income recognized during the immediately preceding year attributable to the sale of a built-in-gain asset that was acquired in a carry-over basis transaction from a non-REIT corporation or had appreciated at the time our REIT election became effective over the U.S. federal income tax paid by us with respect to such built-in gain.

provided that, in no case may the amount we designate as qualified dividend income exceed the amount we distribute to our stockholders as dividends with respect to the taxable year.

Generally, dividends that we receive will be treated as qualified dividend income for purposes of (1) above if the dividends are received from a domestic subchapter C corporation, such as a TRS, and specified holding period and other requirements are met.

To the extent that we have available net operating losses and capital losses carried forward from prior tax years, such losses may reduce the amount of distributions that must be made in order to comply with the REIT distribution requirements. See "—Requirements for Qualification—General—Annual Distribution Requirements." Such losses, however, are not passed through to U.S. stockholders and do not offset income of U.S. stockholders from other sources, nor do they affect the character of any distributions that are actually made by us, which are generally subject to tax in the hands of U.S. stockholders to the extent that we have current or accumulated earnings and profits.

Dispositions of Our Common Stock. In general, a U.S. stockholder will realize gain or loss upon the sale, redemption or other taxable disposition of our common stock in an amount equal to the difference between the sum of the fair market value of any property and the amount of cash received in such disposition and the U.S. stockholder's adjusted tax basis in the common stock at the time of the disposition. A U.S. stockholder's adjusted tax basis generally will equal the U.S. stockholder's acquisition cost, increased by the excess of net capital gains deemed distributed to the U.S. stockholder (as discussed above), less tax deemed paid on it and reduced by returns of capital. In general, capital gains recognized by individuals and other noncorporate U.S. stockholders upon the sale or disposition of shares of our common stock will be subject to a maximum U.S. federal income tax rate of 20% if our common stock is held for more than 12 months, and will be taxed at ordinary income rates of up to 39.6% if our common stock is held for 12 months or less. Gains recognized by U.S. stockholders that are corporations are subject to U.S. federal income tax at a maximum rate of 35%, whether or not classified as long-term capital gains. The IRS has the authority to prescribe, but has not yet prescribed, regulations that would apply a capital gain tax rate of 25% (which is generally higher than the long-term capital gain tax rates for noncorporate holders) to a portion of capital gain realized by a noncorporate holder on the sale of REIT stock that would correspond to the REIT's "unrecaptured Section 1250 gain."

Prospective stockholders are advised to consult their tax advisors with respect to their capital gain tax liability. Capital losses recognized by a U.S. stockholder upon the disposition of our common stock held for more than one year at the time of disposition will be considered long-term capital losses, and are generally available only to offset capital gain income of the U.S. stockholder but not ordinary income (except in the case of noncorporate taxpayers, which may offset up to $3,000 of ordinary income each year). In addition, any loss upon a sale or exchange of shares of our common stock by a U.S. stockholder who has held the shares for six months or less, after applying holding period rules, will be treated as a long-term capital loss to the extent of distributions received from us that were required to be treated by the U.S. stockholder as long-term capital gain.

If a U.S. stockholder recognizes a loss upon a subsequent disposition of our common stock in an amount that exceeds a prescribed threshold, it is possible that the provisions of certain Treasury Regulations involving "reportable transactions" could apply, with a resulting requirement to separately disclose the loss generating transactions to the IRS. Although these regulations are directed towards "tax shelters," they are written quite broadly, and apply to transactions that would not typically be considered tax shelters. Significant penalties apply for failure to comply with these requirements. You should consult your tax advisors concerning any possible disclosure obligation with respect to the receipt or disposition of our common stock, or transactions that might be undertaken directly or indirectly by us. Moreover, you should be aware that we and other participants in transactions involving us (including our advisors) might be subject to disclosure or other requirements pursuant to these regulations.

Passive Activity Losses and Investment Interest Limitations. Distributions made by us and gain arising from the sale or exchange by a U.S. stockholder of our common stock will not be treated as passive activity income. As a result, U.S. stockholders will not be able to apply any "passive losses" against income or gain relating to our common stock. Distributions made by us, to the extent they do not constitute a return of capital, generally will be treated as investment income for purposes of computing the investment interest limitation. A U.S. stockholder that elects to treat capital gain dividends, capital gains from the disposition of stock or qualified dividend income as investment income for purposes of the investment interest limitation will be taxed at ordinary income rates on such amounts.

Medicare Tax on Unearned Income. Certain U.S. stockholders that are individuals, estates, or trusts will be required to pay a 3.8% tax on "net investment income," which includes, among other things, dividends on and gains from the sale or other disposition of shares. Prospective U.S. stockholders should consult their tax advisors regarding the application of this additional tax to their investment in our common stock.

Taxation of Tax-Exempt U.S. Stockholders

U.S. tax-exempt entities, including qualified employee pension and profit sharing trusts and individual retirement accounts, generally are exempt from U.S. federal income taxation. However, they are subject to taxation on their unrelated business taxable income, which is referred to in this registration statement as UBTI. Although many investments in real estate may generate UBTI, the IRS has ruled that dividend distributions from a REIT to a tax-exempt entity do not constitute UBTI. Based on that ruling, and provided that a tax-exempt U.S. stockholder has not held our common stock as "debt financed property" within the meaning of the Code (*i.e.*, where the acquisition or ownership of the property is financed through a borrowing by the tax-exempt stockholder), distributions from us and income from the sale of our common stock generally should not give rise to UBTI to a tax-exempt U.S. stockholder.

Tax-exempt U.S. stockholders that are social clubs, voluntary employee benefit associations, supplemental unemployment benefit trusts, and qualified group legal services plans exempt from U.S. federal income taxation under Sections 501(c)(7), (c)(9), (c)(17) and (c)(20) of the Code, respectively, are subject to different UBTI rules, which generally will require them to characterize distributions from us as UBTI unless they are able to properly claim a deduction for amounts set aside or placed in reserve for specific purposes so as to offset the income generated by their investment in our common stock. These prospective investors should consult their tax advisors concerning these "set aside" and reserve requirements.

In certain circumstances, a pension trust (i) that is described in Section 401(a) of the Code, (ii) is tax exempt under Section 501(a) of the Code, and (iii) that owns more than 10% of our stock could be required to treat a percentage of the dividends from us as UBTI if we are a "pension-held REIT." We will not be a pension-held REIT unless (1) either (a) one pension trust owns more than 25% of the value of our stock, or (b) a group of pension trusts, each individually holding more than 10% of the value of our stock, collectively owns more than 50% of such stock and (2) we would not have qualified as a REIT but for the fact that Section 856(h)(3) of the Code provides that stock owned by such trusts shall be treated, for purposes of the requirement that not more than 50% of the value of the outstanding stock of a REIT is owned, directly or indirectly, by five or fewer "individuals" (as defined in the Code to include certain entities), as owned by the beneficiaries of such trusts.

Tax-exempt U.S. stockholders are urged to consult their tax advisors regarding the U.S. federal, state, local and foreign tax consequences of the acquisition, ownership and disposition of our stock.

Taxation of Non-U.S. Stockholders

The following is a summary of certain U.S. federal income tax consequences of the acquisition, ownership and disposition of our common stock applicable to non-U.S. stockholders. The discussion is based on current law and is for general information only. It addresses only selective and not all aspects of U.S. federal income taxation.

Ordinary Dividends. The portion of dividends received by non-U.S. stockholders payable out of our earnings and profits that are (A) not attributable to gains from sales or exchanges of U.S. real property interests, (B) not attributable to our net capital gains and (C) not effectively connected with a U.S. trade or business of the non-U.S. stockholder generally will be treated as ordinary income and will be subject to U.S. federal withholding tax at the rate of 30%, unless reduced or eliminated by an applicable income tax treaty. Under some treaties, however, lower rates generally applicable to dividends do not apply to dividends from REITs.

In general, non-U.S. stockholders will not be considered to be engaged in a U.S. trade or business solely as a result of their ownership of our stock. In cases where the dividend income from a non-U.S. stockholder's investment in our common stock is treated as effectively connected with the non-U.S. stockholder's conduct of a U.S. trade or business, the non-U.S. stockholder generally will not be subject to the 30% withholding tax described above, but will be subject to U.S. federal income tax at graduated rates, in the same manner as U.S. stockholders are taxed with respect to such dividends, and may also be subject to the 30% branch profits tax (unless reduced or eliminated by an applicable income tax treaty) on the income after the application of the income tax in the case of a non-U.S. stockholder that is a corporation.

Non-Dividend Distributions. Unless (i) our common stock constitutes a U.S. real property interest, or USRPI, or (ii) either (a) the non-U.S. stockholder's investment in our common stock is effectively connected with a U.S. trade or business conducted by such non-U.S. stockholder (in which case the non-U.S. stockholder will be subject to the same treatment as U.S. stockholders with respect to such gain) or (b) the non-U.S. stockholder is a nonresident alien individual who was present in the United States for 183 days or more during the taxable year and has a "tax home" in the United States (in which case the non-U.S. stockholder will be subject to a 30% tax on the individual's net capital gain for the year), distributions by us which are not treated as dividends for U.S. federal income tax purposes (*i.e.*, not treated as being paid out of our current and accumulated earnings and profits) will not be subject to U.S. federal income tax. If it cannot be determined at the time at which a distribution is made whether or not the distribution will constitute a dividend for U.S. federal income tax purposes, the distribution will be subject to withholding at the rate applicable to dividends. However, the non-U.S. stockholder may seek a refund from the IRS of any amounts withheld if it is subsequently determined that the distribution was, in fact, in excess of our current and accumulated earnings and profits and, therefore, did not constitute a dividend for U.S. federal income tax purposes.

In addition, if our company's common stock constitutes a USRPI, as described below, distributions by us in excess of the sum of our earnings and profits plus the non-U.S. stockholder's adjusted tax basis in our common stock will be taxed under the Foreign Investment in Real Property Tax Act of 1980, or FIRPTA, at the rate of tax, including any applicable capital gains rates, that would apply to a U.S. stockholder of the same type (*e.g.*, an individual or a corporation, as the case may be), and the collection of the tax will be enforced by a refundable withholding tax (at a rate of 15%) of the amount by which the distribution exceeds the stockholder's share of our earnings and profits. As discussed below, we expect that our common stock will not be treated as a USRPI in the hands of a non-U.S. stockholder who holds less than 10% of our common stock. Non-U.S. stockholders that are treated as "qualified foreign pension funds" are exempt from U.S. federal income and applicable withholding taxes under FIRPTA on such distributions by us.

Because it will not generally be possible for us to determine the extent to which a distribution will be from our current or accumulated earnings and profits at the time the distribution is made, we intend to withhold and remit to the IRS 30% of distributions to non-U.S. stockholders (other than distributions that are deemed to be attributable to USRPI capital gains, as described in greater detail below) unless (i) a lower treaty rate applies and the non-U.S. stockholder files an IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable, evidencing eligibility for that reduced treaty rate with us; or (ii) the non-U.S. stockholder files an IRS Form W-8ECI with us claiming that the distribution is income effectively connected with the non-U.S. stockholder's trade or business. However, if we determine that any of our stock held by a non-U.S. stockholder is likely to be treated as a USRPI, we intend to withhold and remit to the IRS at least 15% of distributions on such stock even if a lower rate would apply under the preceding discussion.

Capital Gain Dividends. Under FIRPTA, a distribution made by us to a non-U.S. stockholder, to the extent attributable to gains from dispositions of USRPIs held by us directly or through pass-through subsidiaries, or "USRPI capital gains," will be considered effectively connected with a U.S. trade or business of the non-U.S. stockholder and will be subject to U.S. federal income tax at the rates applicable to U.S. stockholders, without regard to whether the distribution is designated as a capital gain dividend. In addition, we will be required to withhold tax equal to 35% of the amount of any distribution to the extent it is attributable to USRPI capital gains. Distributions subject to FIRPTA may also be subject to a 30% branch profits tax in the hands of a non-U.S. stockholder that is a corporation. However, this 35% withholding tax will not apply to any distribution with respect to any class of our stock which is "regularly traded" on an established securities market located in the United States (as defined by applicable Treasury Regulations) if the non-U.S. stockholder did not own more than 10% of such class of stock at any time during the one-year period ending on the date of such dividend. Instead, any such distribution will be treated as a distribution subject to the rules discussed above under "—Ordinary Dividends." Also, the branch profits tax will not apply to such a distribution. In addition, non-U.S. stockholders that are treated as "qualified foreign pension funds" are exempt from income and withholding taxes applicable under FIRPTA on distributions from us to the extent attributable to USRPI capital gains.

A distribution is not attributable to USRPI capital gain if we held the underlying asset solely as a creditor, although the holding of a shared appreciation mortgage loan would not be solely as a creditor. Capital gain dividends received by a non-U.S. stockholder from a REIT that are not attributable to USRPI capital gains are generally not subject to U.S. federal income or withholding tax, unless either (i) the non-U.S. stockholder's investment in our common stock is effectively connected with a U.S. trade or business conducted by such non-U.S. stockholder (in which case the non-U.S. stockholder will be subject to the same treatment as U.S. stockholders with respect to such gain) or (ii) the non-U.S. stockholder is a nonresident alien individual who was present in the United States for 183 days or more during the taxable year and has a "tax home" in the United States (in which case the non-U.S. stockholder will be subject to a 30% tax on the individual's net capital gain for the year). We intend to withhold and remit to the IRS 35% of a distribution to a non-U.S. stockholder only to the extent that such distribution is attributable to USRPI capital gains. The amount withheld is creditable against the non-U.S. stockholder's U.S. federal income tax liability or refundable when the non-U.S. stockholder properly and timely files a tax return with the IRS.

Retention of Net Capital Gains. Although the law is not clear on the matter, it appears that amounts designated by us as retained capital gains in respect of the stock held by U.S. stockholders generally should be treated with respect to non-U.S. stockholders in the same manner as actual distributions by us of capital gain dividends. Under that approach, a non-U.S. stockholder would be able to offset as a credit against its U.S. federal income tax liability resulting therefrom, an amount equal to its proportionate share of the tax paid by us on such undistributed capital gains, and to receive from the IRS a refund to the extent its proportionate share of such tax paid by us were to exceed its actual U.S. federal income tax liability, and the non-U.S. stockholder timely files an appropriate claim for refunds.

Dispositions of Our Common Stock. Unless our common stock constitutes a USRPI, a sale of the stock by a non-U.S. stockholder generally will not be subject to U.S. federal income taxation under FIRPTA. The stock will not be treated as a USRPI if less than 50% of our assets throughout a prescribed testing period consist of interests in real property located within the United States, excluding, for this purpose, interests in real property solely in a capacity as a creditor. However, we expect that more than 50% of our assets will consist of interests in real property located in the United States.

However, our common stock will not constitute a USRPI if we are a "domestically controlled qualified investment entity." A REIT is a domestically controlled qualified investment entity if, at all times during a specified testing period (generally the lesser of the five-year period ending on the date of disposition of its shares of common stock or the period of existence), less than 50% in value of its outstanding stock is held directly or indirectly by non-U.S. stockholders. For this purpose, a REIT may generally presume that any class of the REIT's stock that is "regularly traded," as defined by the applicable Treasury Regulations, on an established securities market is held by U.S. persons, except in the case of holders of 5% or more of such class of stock, and except to the extent that the REIT has actual knowledge that such stock is held by non-U.S. persons. In addition, certain look-through and presumption rules apply for these purposes to any stock of a REIT that is held by a RIC or another REIT. We expect to be a domestically controlled qualified investment entity and, therefore, the sale of our common stock should not be subject to taxation under FIRPTA. Because our stock will be publicly traded, however, no assurance can be given that we will be, or that if we are, that we will remain, a domestically controlled qualified investment entity.

Specific "wash sale" rules applicable to sales of shares in a REIT could result in gain recognition, taxable under FIRPTA, upon the sale of our common stock. These rules would apply if a non-U.S. stockholder (i) disposes of our common stock within a 30-day period preceding the ex-dividend date of a distribution, any portion of which, but for the disposition, would have been taxable to such non-U.S. stockholder as gain from the sale or exchange of a USRPI, (ii) is treated as acquiring, or as entering into a contract or option to acquire, other shares of our common stock during the 61-day period that begins 30 days prior to such ex-dividend date, and (iii) if shares of our common stock are "regularly traded" on an established securities market in the United States, such non-U.S.

stockholder has owned more than 5% of our common stock at any time during the one-year period ending on the date of such distribution.

In the event that we do not constitute a domestically controlled qualified investment entity, a non-U.S. stockholder's sale of our common stock nonetheless will generally not be subject to tax under FIRPTA as a sale of a USRPI, provided that (i) our common stock is "regularly traded on an established securities market located in the United States" (as defined by applicable Treasury Regulations), and (ii) the selling non-U.S. stockholder owned, actually or constructively, 10% or less of our outstanding common stock at all times during the five-year period ending on the date of sale. In addition, even if we do not qualify as a domestically controlled REIT and our common stock is not regularly traded on an established securities market, non-U.S. stockholders that are treated as "qualified foreign pension funds" are exempt from tax under FIRPTA on the sale of our common stock.

If gain on the sale of our common stock were subject to taxation under FIRPTA, the non-U.S. stockholder would be subject to the same treatment as a U.S. stockholder with respect to such gain, including applicable alternative minimum tax (and a special alternative minimum tax in the case of non-resident alien individuals), and the purchaser of the stock could be required to withhold 10% of the purchase price and remit such amount to the IRS.

Gain from the sale of our common stock that would not otherwise be subject to FIRPTA will nonetheless be taxable in the United States to a non-U.S. stockholder in two cases: (i) if the non-U.S. stockholder's investment in our common stock is effectively connected with a U.S. trade or business conducted by such non-U.S. stockholder, the non-U.S. stockholder will be subject to the same treatment as a U.S. stockholder with respect to such gain, or (ii) if the non-U.S. stockholder is a nonresident alien individual who was present in the United States for 183 days or more during the taxable year and has a "tax home" in the United States, the nonresident alien individual will be subject to a 30% tax on the individual's capital gain.

Backup Withholding and Information Reporting

We will report to our U.S. stockholders and the IRS the amount of dividends paid during each calendar year and the amount of any tax withheld. Under the backup withholding rules, a U.S. stockholder may be subject to backup withholding at a rate of 28% with respect to dividends paid, unless the holder (i) is a corporation or comes within other exempt categories and, when required, demonstrates this fact or (ii) provides a taxpayer identification number or social security number, certifies under penalties of perjury that such number is correct and that such holder is not subject to backup withholding and otherwise complies with applicable requirements of the backup withholding rules. A U.S. stockholder that does not provide his or her correct taxpayer identification number or social security number may also be subject to penalties imposed by the IRS. In addition, we may be required to withhold a portion of capital gain distribution to any U.S. stockholder who fails to certify its non-foreign status.

We must report annually to the IRS and to each non-U.S. stockholder the amount of dividends paid to such holder and the tax withheld with respect to such dividends, regardless of whether withholding was required. Copies of the information returns reporting such dividends and withholding may also be made available to the tax authorities in the country in which the non-U.S. stockholder resides under the provisions of an applicable income tax treaty. A non-U.S. stockholder may be subject to backup withholding unless applicable certification requirements are met.

Payment of the proceeds of a sale of our common stock within the United States is subject to both backup withholding and information reporting requirements unless the beneficial owner certifies under penalties of perjury that it is a non-U.S. stockholder (and the payor does not have actual knowledge or reason to know that the beneficial owner is a United States person) or the holder otherwise establishes an exemption. Payment of the proceeds of a sale of our common stock conducted through certain United States related financial intermediaries is subject to information reporting requirements (but not backup withholding) unless the financial intermediary has documentary evidence in its records that the beneficial owner is a non-U.S. stockholder and specified conditions are met or an exemption is otherwise established.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against such holder's U.S. federal income tax liability, provided the required information is furnished to the IRS.

Foreign Accounts

Withholding taxes may be imposed (at a 30% rate) on certain U.S. source payments made to "foreign financial institutions" and certain other non-U.S. entities and disposition proceeds of U.S. securities realized after December 31, 2018. Under these withholding rules, the failure to comply with additional certification, information reporting and other specified requirements could result in withholding tax being imposed on payments of dividends and sales proceeds to U.S. stockholders who own shares of our common stock through foreign accounts or foreign intermediaries and to certain non-U.S. stockholders. The withholding tax may be imposed on dividends on, and gross proceeds from the sale or other disposition of, our common stock paid to a foreign financial institution or to a foreign entity other than a financial institution, unless (i) the foreign financial institution undertakes certain diligence and reporting obligations or certifies that it is exempt from such obligations or, (ii) the foreign entity that is not a financial institution either certifies it does not have any substantial U.S. owners or furnishes identifying information regarding each substantial U.S. owner. If the payee is a foreign financial institution that is not otherwise exempt, it must either enter into an agreement with the U.S. Treasury requiring, among other things, that it undertake to identify accounts held by certain U.S. persons or U.S.-owned foreign entities, annually report certain information about such accounts, and withhold 30% on payments to account holders whose actions prevent it from complying with these reporting and other requirements, or, in the case of a foreign financial institution that is a resident in a jurisdiction that has entered into an intergovernmental agreement to implement these rules, comply with the revised diligence and reporting obligations of such intergovernmental agreement. Prospective stockholders should consult their tax advisors regarding these withholding rules.

State, Local and Foreign Taxes

We and our subsidiaries and stockholders may be subject to state, local and foreign taxation in various jurisdictions, including those in which they or we transact business, own property or reside. We will likely own interests in properties located in a number of jurisdictions, and we may be required to file tax returns and pay taxes in certain of those jurisdictions. The state, local or foreign tax treatment of our company and our stockholders may not conform to the U.S. federal income tax treatment discussed above. Any foreign taxes incurred by us would not pass through to stockholders as a credit against their U.S. federal income tax liability. Prospective investors should consult their tax advisor regarding the application and effect of state, local and foreign income and other tax laws on an investment in our common stock.

Proposed Legislation or Other Actions Affecting REITs

The rules dealing with U.S. federal income taxation are constantly under review by persons involved in the legislative process and by the IRS and the U.S. Treasury Department. No assurance can be given as to whether, when, or in what form, the U.S. federal income tax laws applicable to us and our stockholders may be enacted. Changes to the U.S. federal income tax laws and interpretations of U.S. federal tax laws could adversely affect an investment in our common stock.

ERISA CONSIDERATIONS

A fiduciary of a pension, profit sharing, retirement or other employee benefit plan, or plan, subject to the Employee Retirement Income Security Act of 1974, as amended, or ERISA, should consider the fiduciary standards under ERISA in the context of the plan's particular circumstances before authorizing an investment of a portion of such plan's assets in the shares of our common stock. Accordingly, such fiduciary should consider, among other factors, (i) whether the investment satisfies the diversification requirements of Section 404(a)(1)(C) of ERISA, (ii) whether the investment is in accordance with the documents and instruments governing the plan as required by Section 404(a)(1)(D) of ERISA, and (iii) whether the investment is prudent under ERISA. In addition to the imposition of general fiduciary standards of investment prudence and diversification, ERISA and the corresponding provisions of the Code prohibit a wide range of transactions involving the assets of the plan and persons who have certain specified relationships to the plan ("parties in interest" within the meaning of ERISA, "disqualified persons" within the meaning of Code). Thus, a plan fiduciary considering an investment in the shares of our common stock should also consider whether the acquisition or the continued holding of the shares of our common stock might constitute or give rise to a direct or indirect prohibited transaction that is not subject to an exemption issued under ERISA, the Code or the guidance related thereto.

The Department of Labor, or the DOL, has issued final regulations, or the DOL Regulations, as to what constitutes assets of an employee benefit plan under ERISA. Under the DOL Regulations, if a plan acquires an equity interest in an entity, which interest is neither a "publicly offered security" nor a security issued by an investment company registered under the 1940 Act, the plan's assets would include, for purposes of the fiduciary responsibility provision of ERISA, both the equity interest and an undivided interest in each of the entity's underlying assets unless certain specified exceptions apply. The DOL Regulations define a publicly offered security as a security that is "widely held," "freely transferable," and either part of a class of securities registered under the Exchange Act, or sold pursuant to an effective registration statement under the Securities Act (provided the securities are registered under the Exchange Act within 120 days after the end of the fiscal year of the issuer during which the public offering occurred). The shares of our common stock are being sold in an offering registered under the Securities Act and will be registered under the Exchange Act.

The DOL Regulations provide that a security is "widely held" only if it is part of a class of securities that is owned by 100 or more investors independent of the issuer and of one another. A security will not fail to be "widely held" because the number of independent investors falls below 100 subsequent to the initial public offering as a result of events beyond the issuer's control. We expect our common stock to be "widely held" upon completion of this offering.

The DOL Regulations provide that whether a security is "freely transferable" is a factual question to be determined on the basis of all relevant facts and circumstances. The DOL Regulations further provide that when a security is part of an offering in which the minimum investment is $10,000 or less, as is the case with this offering, certain restrictions ordinarily will not, alone or in combination, affect the finding that such securities are "freely transferable." We believe the restrictions imposed under our charter on the transfer of our common stock are limited to the restrictions on transfer generally permitted under the DOL Regulations and are not likely to result in the failure of common stock to be "freely transferable." The DOL Regulations only establish a presumption in favor of the finding of free transferability, and, therefore, no assurance can be given that the DOL will not reach a contrary conclusion.

We believe our common stock will be "widely held" and "freely transferable," and therefore that our common stock should be publicly offered securities for purposes of the DOL Regulations and that our assets should not be deemed to be "plan assets" of any plan that invests in our common stock.

However, no assurance can be given that this will be the case. Operating partnership units may not be sold to or held by any "benefit plan investor" as defined under Section 3(42) of ERISA.

Each holder of our common stock will be deemed to have represented and agreed that either it is not subject to ERISA or Section 4975 of the Code, or its purchase and holding of such common stock (or any interest therein) will not constitute or result in a non-exempt prohibited transaction under ERISA or Section 4975 of the Code.

Each fiduciary of an employee benefit plan subject to ERISA or plan subject to the Code should consult with its legal counsel or other advisor concerning the potential consequences to such a plan under ERISA and the Code of an investment in our common stock.

UNDERWRITING

Merrill Lynch, Pierce, Fenner & Smith Incorporated, J.P. Morgan Securities LLC and Barclays Capital Inc. are acting as representatives of each of the underwriters named below. Subject to the terms and conditions set forth in an underwriting agreement among Safety, Income and Growth, Inc., Safety Income and Growth Operating Partnership LP and our manager, on the one hand, and the underwriters, on the other hand, we have agreed to sell to the underwriters, and each of the underwriters has agreed, severally and not jointly, to purchase from us, the number of shares of common stock set forth opposite its name below.

Underwriters	Number of Shares
Merrill Lynch, Pierce, Fenner & Smith Incorporated	
J.P. Morgan Securities LLC	
Barclays Capital Inc.	
Citigroup Global Markets Inc.	
Raymond James & Associates, Inc.	
Mizuho Securities USA LLC	
Total	

Subject to the terms and conditions set forth in the underwriting agreement, the underwriters have agreed, severally and not jointly, to purchase all of the shares sold under the underwriting agreement if any of these shares are purchased. If an underwriter defaults, the underwriting agreement provides that the purchase commitments of the nondefaulting underwriters may be increased or the underwriting agreement may be terminated.

We have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act, or to contribute to payments the underwriters may be required to make in respect of those liabilities.

The underwriters are offering the shares, subject to prior sale, when, as and if issued to and accepted by them, subject to approval of legal matters by their counsel, including the validity of the shares, and other conditions contained in the underwriting agreement, such as the receipt by the underwriters of officer's certificates and legal opinions. The underwriters reserve the right to withdraw, cancel or modify offers to the public and to reject orders in whole or in part.

Commissions and Discounts

The representatives have advised us that the underwriters propose initially to offer the shares to the public at the public offering price set forth on the cover page of this prospectus and to dealers at that price less a concession not in excess of $ per share. After the initial offering, the public offering price, concession or any other term of this offering may be changed.

The following table shows the public offering price, underwriting discount and proceeds before expenses to us. The information assumes either no exercise or full exercise by the underwriters of their option to purchase additional shares.

	Per Share	Without Option	With Option
Public offering price	$	$	$
Underwriting discounts and commissions	$	$	$
Proceeds, before expenses, to us	$	$	$

The expenses of this offering, not including the underwriting discount, are estimated at $. Additionally, we will pay (i) the reasonable legal fees and disbursements incident to securing any required review by FINRA of the terms of the sale of the shares up to $25,000 and (ii) all costs and expenses of the underwriters, including fees and disbursements of counsel for the underwriters, in connection with matters related to the reserved shares described below up to $20,000. iStar has agreed to pay the underwriting discounts and commissions payable to the underwriters in connection with this offering, our other offering expenses and our expenses incurred in connection with the concurrent iStar placement, in an aggregate amount not to exceed $25 million.

Option to Purchase Additional Shares

We have granted an option to the underwriters, exercisable for 30 days after the date of this prospectus, to purchase up to additional shares at the public offering price, less the underwriting discount. If the underwriters exercise this option, each will be obligated, subject to conditions contained in the underwriting agreement, to purchase a number of additional shares proportionate to that underwriter's initial amount reflected in the above table.

Reserved Shares

At our request, the underwriters have reserved for sale, at the initial public offering price, up to 5.0% of the shares offered by this prospectus for sale to some of our directors, director nominees, officers and employees of iStar or its affiliates, iStar's business associates and related persons. Jay Sugarman (the Chairman of our Board of Directors and our Chief Executive Officer), Nina B. Matis (our Chief Investment Officer and Chief Legal Officer) and Geoffrey G. Jervis (our Chief Operating Officer and Chief Financial Officer) have requested that we allocate reserved shares having a value of $1.0 million, $400,000 and $500,000, respectively, for purchase by each of them in this offering. Purchases of reserved shares will reduce the number of shares available for sale to the general public. Any reserved shares that are not so purchased will be offered by the underwriters to the general public on the same terms as the other shares offered by this prospectus.

No Sales of Similar Securities

We, our manager, our executive officers, our directors, the continuing investors and iStar have agreed not to sell or transfer any common stock or securities convertible into, exchangeable for, exercisable for, or repayable with common stock, for 180 days after the date of this prospectus without first obtaining the written consents of Merrill Lynch, Pierce, Fenner & Smith Incorporated, J.P. Morgan Securities LLC and Barclays Capital Inc. Specifically, we and these other persons have agreed, with certain limited exceptions, not to directly or indirectly

- offer, pledge, sell or contract to sell any common stock,
- sell any option or contract to purchase any common stock,
- purchase any option or contract to sell any common stock,
- grant any option, right or warrant for the sale of any common stock,
- lend or otherwise dispose of or transfer any common stock,
- request or demand that we file a registration statement related to the common stock, or
- enter into any swap or other agreement that transfers, in whole or in part, the economic consequence of ownership of any common stock, whether any such swap or other agreement is to be settled by delivery of shares or other securities, in cash or otherwise.

This lock-up provision applies to shares of our common stock and to securities convertible into or exchangeable or exercisable for or repayable with shares of our common stock. It also applies to shares of our common stock owned now or acquired later by the person executing the agreement or for which the person executing the agreement later acquires the power of disposition.

New York Stock Exchange Listing

Our common stock has been approved for listing on the NYSE, subject to official notice of issuance, under the symbol "SAFE." In order to meet the requirements for listing on that exchange, the underwriters have undertaken to sell a minimum number of shares to a minimum number of beneficial owners as required by that exchange.

Before this offering, there has been no public market for our common stock. The initial public offering price per share of our common stock sold in this offering will be determined through negotiations between us and the representatives. In addition to prevailing market conditions, the factors to be considered in determining the initial public offering price are

- the valuation multiples of publicly traded companies that the representatives believe to be comparable to us,
- our financial information,
- our competitive advantages and business and growth strategies,
- the attractiveness of our initial portfolio,
- the history of, and the financial and operating prospects for, our company and the industry in which we compete,
- an assessment of our manager and iStar generally, and
- the above factors in relation to market values and various valuation measures of other companies engaged in activities similar to ours.

An active trading market for the shares may not develop or, if one develops, may not be sustained following this offering. It is also possible that after this offering the shares will not trade in the public market at or above the initial public offering price.

The underwriters do not expect to sell more than 5% of the shares in the aggregate to accounts over which they exercise discretionary authority.

Price Stabilization, Short Positions and Penalty Bids

Until the distribution of the shares of our common stock in this offering is completed, SEC rules may limit underwriters and selling group members from bidding for and purchasing our common stock. However, the representatives may engage in transactions that stabilize the price of the common stock, such as bids or purchases to peg, fix or maintain that price.

In connection with this offering, the underwriters may purchase and sell our common stock in the open market. These transactions may include short sales, purchases on the open market to cover positions created by short sales and stabilizing transactions. Short sales involve the sale by the underwriters of a greater number of shares than they are required to purchase in this offering. "Covered" short sales are sales made in an amount not greater than the underwriters' option to purchase additional shares described above. The underwriters may close out any covered short position by either exercising their option to purchase additional shares or purchasing shares in the open market. In determining the source of shares to close out the covered short position, the underwriters will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which they may purchase shares through the option granted to them. "Naked" short sales are sales in excess of such option. The underwriters must close out any naked short position by purchasing shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of our common stock in the open market after pricing of this offering that could adversely affect investors who purchase in this offering. Stabilizing transactions consist of various bids for or purchases of shares of common stock made by the underwriters in the open market prior to the completion of this offering.

The underwriters may also impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discount received by it because the representatives have repurchased shares sold by or for the account of such underwriter in stabilizing or short covering transactions.

Similar to other purchase transactions, the underwriters' purchases to cover the syndicate short sales may have the effect of raising or maintaining the market price of our common stock or preventing or retarding a decline in the market price of our common stock. As a result, the market price of our common stock may be higher than the price that might otherwise exist in the open market. The underwriters may conduct these transactions on the NYSE, in the over-the-counter market or otherwise.

Neither we nor any of the underwriters make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the market price of our common stock. In addition, neither we nor any of the underwriters make any representation that the representatives will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

Electronic Distribution

In connection with this offering, certain of the underwriters or securities dealers may distribute prospectuses by electronic means, such as e-mail.

Other Relationships

Affiliates of Barclays Capital Inc., J.P. Morgan Securities LLC and Merrill Lynch, Pierce, Fenner & Smith Incorporated, underwriters in this offering, are parties to a loan agreement with certain of our subsidiaries relating to the initial portfolio financing, pursuant to which we borrowed $227 million. In connection with this financing, we paid these parties customary fees for their services. See "Description of Indebtedness—The Initial Portfolio Financing." Additionally, concurrently with the closing of this offering, we expect to enter into an agreement with a group of lenders, including affiliates of certain underwriters in this offering, for a senior secured revolving credit facility in the maximum aggregate initial original principal amount of up to $300 million. Merrill Lynch, Pierce, Fenner & Smith Incorporated (an underwriter in this offering), JPMorgan Chase Bank, N.A. (an affiliate of J.P. Morgan Securities LLC, an underwriter in this offering) and Barclays Bank PLC (an affiliate of Barclays Capital Inc., an underwriter in this offering) will act as joint lead arrangers, with Merrill Lynch, Pierce, Fenner & Smith Incorporated acting as sole bookrunner and Bank of America, N.A. (an affiliate of Merrill Lynch, Pierce, Fenner & Smith Incorporated) acting as administrative agent. These parties will receive customary fees for their services in connection with our obtaining this senior secured revolving credit facility. See "Description of Indebtedness—The New Revolving Credit Facility."

In addition to the foregoing, some of the underwriters and their affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with us or our affiliates, including iStar. They have received, or may in the future receive, customary fees and commissions for these transactions.

In addition, in the ordinary course of their business activities, the underwriters and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of ours or our affiliates. The underwriters and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Selling Restrictions

Notice to Prospective Investors in Australia

No placement document, prospectus, product disclosure statement or other disclosure document has been lodged with the Australian Securities and Investments Commission, in relation to this offering. This prospectus does not constitute a prospectus, product disclosure statement or other disclosure document under the Corporations Act 2001 (the "Corporations Act"), and does not purport to include the information required for a prospectus, product disclosure statement or other disclosure document under the Corporations Act.

Any offer in Australia of the shares may only be made to persons (the "Exempt Investors") who are "sophisticated investors" (within the meaning of section 708(8) of the Corporations Act), "professional investors" (within the meaning of section 708(11) of the Corporations Act) or otherwise pursuant to one or more exemptions contained in section 708 of the Corporations Act so that it is lawful to offer the shares without disclosure to investors under Chapter 6D of the Corporations Act.

The shares applied for by Exempt Investors in Australia must not be offered for sale in Australia in the period of 12 months after the date of allotment under this offering, except in circumstances where disclosure to investors under Chapter 6D of the Corporations Act would not be required pursuant to an exemption under section 708 of the Corporations Act or otherwise or where the offer is pursuant to a disclosure document which complies with Chapter 6D of the Corporations Act. Any person acquiring shares must observe such Australian on-sale restrictions.

This prospectus contains general information only and does not take account of the investment objectives, financial situation or particular needs of any particular person. It does not contain any securities recommendations or financial product advice. Before making an investment decision, investors need to consider whether the information in this prospectus is appropriate to their needs, objectives and circumstances, and, if necessary, seek expert advice on those matters.

Notice to Prospective Investors in Canada

The shares may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 *Prospectus Exemptions* or subsection 73.3(1) of the *Securities Act* (Ontario), and are permitted clients, as defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*. Any resale of the shares must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 (or, in the case of securities issued or guaranteed by the government of a non-Canadian jurisdiction, section 3A.4) of National Instrument 33-105 *Underwriting Conflicts* (NI 33-105), the underwriters are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

Notice to Prospective Investors in the Dubai International Financial Centre

This prospectus relates to an Exempt Offer in accordance with the Offered Securities Rules of the Dubai Financial Services Authority ("DFSA"). This prospectus is intended for distribution only to persons of a type specified in the Offered Securities Rules of the DFSA. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this prospectus nor taken steps to verify the information set forth herein and has no responsibility for the prospectus. The shares to which this prospectus relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the shares offered should conduct their own due diligence on the shares. If you do not understand the contents of this prospectus you should consult an authorized financial advisor.

Notice to Prospective Investors in Hong Kong

The contents of this prospectus have not been reviewed or approved by any regulatory authority in Hong Kong. This prospectus does not constitute an offer or invitation to the public in Hong Kong to acquire shares. Accordingly, unless permitted by the securities laws of Hong Kong, no person may issue or have in its possession for the purpose of issue, this prospectus or any advertisement, invitation or document relating to the shares, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong other than in relation to shares which are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" (as such term is defined in the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) ("SFO") and the subsidiary legislation made thereunder) or in circumstances which do not result in this prospectus being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance of Hong Kong (Cap. 32 of the Laws of Hong Kong) (the "CO") or which do not constitute an offer or an invitation to the public for the purposes of the SFO or the CO. The offer of the shares is personal to the person to whom this prospectus has been delivered by or on behalf of our company, and a subscription for shares will only be accepted from such person. No person to whom a copy of this prospectus is issued may issue, circulate or distribute this prospectus in Hong Kong or make or give a copy of this prospectus to any other person. You are advised to exercise caution in relation to the offer. If you are in any doubt about any of the contents of this prospectus, you should obtain independent professional advice.

LEGAL MATTERS

Certain legal matters relating to this offering will be passed upon for us by Clifford Chance US LLP, New York, New York. Certain legal matters relating to Maryland law will be passed upon for us by Venable LLP. In addition, the description of U.S. federal income tax consequences contained in the section of the prospectus entitled "Certain U.S. Federal Income Tax Considerations" is based on the opinion of Clifford Chance US LLP, New York, New York. Sidley Austin LLP, New York, New York, will act as counsel to the underwriters.

EXPERTS

The financial statements as of December 31, 2016 and December 31, 2015 and for each of the two years in the period ended December 31, 2016, included in this prospectus have been so included in reliance on the report of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

The combined statement of revenue of 6200 and 6201 Hollywood Boulevard for the year ended December 31, 2016 included in this prospectus have been audited by Marcum LLP, an independent registered public accounting firm, as stated in their report, and have been so included in reliance on their report and upon the authority of such firm as experts in accounting and auditing.

Unless otherwise indicated, the statistical and economic market data included in this prospectus under the captions "Prospectus Summary—GNL Market Overview" and "Business and Properties—GNL Market Overview" is derived from market information prepared for us by RCG Consulting Group, or RCG, a nationally recognized real estate consulting firm, and is included in this prospectus in reliance on RCG's authority as an expert in such matters. We paid RCG a fee of $40,000 for its services.

WHERE YOU CAN FIND MORE INFORMATION

We maintain a website at *www.safetyincomegrowth.com*. Information contained on, or accessible through, our website is not incorporated by reference into and does not constitute a part of this prospectus or any other report or documents we file with or furnish to the SEC.

We have filed with the SEC a registration statement on Form S-11, including exhibits and schedules filed with the registration statement of which this prospectus is a part, under the Securities Act, with respect to the shares of common stock to be sold in this offering. This prospectus does not contain all of the information set forth in the registration statement and exhibits and schedules to the registration statement. For further information with respect to us and the shares of common stock to be sold in this offering, reference is made to the registration statement, including the exhibits and schedules to the registration statement. Copies of the registration statement, including the exhibits and schedules to the registration statement, may be examined without charge at the public reference room of the Securities and Exchange Commission, 100 F Street, N.E., Room 1580, Washington, D.C. 20549. Information about the operation of the public reference room may be obtained by calling the SEC at 1-800-SEC-0300. Copies of all or a portion of the registration statement may be obtained from the public reference room of the SEC upon payment of prescribed fees. Our SEC filings, including our registration statement, are also available to you, free of charge, on the SEC's website at www.sec.gov.

As a result of this offering, we will become subject to the information and reporting requirements of the Exchange Act and will file periodic reports, proxy statements and will make available to our stockholders annual reports containing audited financial information for each year and quarterly reports for the first three quarters of each fiscal year containing unaudited interim financial information.

INDEX TO FINANCIAL STATEMENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholder of Safety, Income and Growth, Inc.

In our opinion, the accompanying combined balance sheets and the related combined statements of operations, changes in equity and cash flows present fairly, in all material respects, the financial position of Safety, Income and Growth, Inc. as of December 31, 2016 and 2015, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2016 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule presents fairly, in all material respects, the information set forth therein when read in conjunction with the related combined financial statements. These financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audits. We conducted our audits of these financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

/s/ PricewaterhouseCoopers LLP

New York, New York
April 10, 2017

Safety, Income and Growth, Inc. Predecessor

Combined Balance Sheets

	As of December 31, 2016	2015
	(In thousands)	
ASSETS		
Real estate		
Real estate, at cost	$ 165,699	$ 161,784
Less: accumulated depreciation	(61,221)	(58,104)
Real estate, net	104,478	103,680
Cash and cash equivalents	—	22
Operating lease income receivable	3,482	2,624
Deferred operating lease income receivable, net	8,423	4,049
Deferred expenses and other assets, net	39,284	33,881
Total assets	**$ 155,667**	**$ 144,256**
LIABILITIES AND EQUITY		
Liabilities:		
Accounts payable, accrued expenses and other liabilities	$ 1,576	$ 227
Total liabilities	1,576	227
Commitments and contingencies (refer to Note 6)	—	—
Equity:		
Safety, Income and Growth, Inc. Predecessor equity	154,091	144,029
Total equity	154,091	144,029
Total liabilities and equity	**$ 155,667**	**$ 144,256**

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

Safety, Income and Growth, Inc. Predecessor

Combined Statements of Operations

	For the Years Ended December 31, 2016	2015
	(In thousands)	
Revenues:		
Operating lease income	$ 21,664	$ 18,558
Other income	79	7
Total revenues	21,743	18,565
Costs and expenses:		
Interest expense	8,242	7,229
Real estate expense	861	217
Depreciation and amortization	3,142	3,140
General and administrative	2,883	2,262
Total costs and expenses	15,128	12,848
Net income	6,615	5,717
Net income attributable to noncontrolling interest	—	(368)
Net income attributable to Safety, Income and Growth, Inc. Predecessor	**$ 6,615**	**$ 5,349**

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

Safety, Income and Growth, Inc. Predecessor

Combined Statements of Changes in Equity

For the Years Ended December 31, 2016 and 2015 (In thousands)

	Safety, Income and Growth, Inc. Predecessor Equity	Noncontrolling Interest	Total Equity
Balance as of December 31, 2014	$ 105,124	$ —	$ 105,124
Net income	5,349	368	5,717
Net transactions with iStar Inc.	36,315	—	36,315
Contribution from noncontrolling interest	—	3,819	3,819
Distributions to noncontrolling interest	—	(594)	(594)
Acquisition of noncontrolling interest	(2,759)	(3,593)	(6,352)
Balance as of December 31, 2015	**$ 144,029**	**$ —**	**$ 144,029**
Net income	6,615	—	6,615
Net transactions with iStar Inc.	3,447	—	3,447
Balance as of December 31, 2016	**$ 154,091**	**$ —**	**$ 154,091**

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

Safety, Income and Growth, Inc. Predecessor

Combined Statements of Cash Flows

	For the Years Ended December 31, 2016	2015
	(In thousands)	
Cash flows from operating activities:		
Net income	$ 6,615	$ 5,717
Adjustments to reconcile net income to cash flows from operating activities:		
Depreciation and amortization	3,142	3,140
Deferred operating lease income	(4,374)	(2,902)
Amortization of lease incentives	414	332
Changes in assets and liabilities:		
Changes in operating lease income receivable	(858)	(588)
Changes in deferred expenses and other assets, net	(39)	(430)
Changes in accounts payable, accrued expenses and other liabilities, net	580	(244)
Cash flows provided by operating activities	5,480	5,025
Cash flows from investing activities:		
Acquisition of real estate	(3,915)	—
Other investing activities	(4,057)	—
Cash flows used in investing activities	(7,972)	—
Cash flows from financing activities:		
Net transactions with iStar Inc.	3,447	1,943
Distributions to noncontrolling interest	—	(594)
Acquisition of noncontrolling interest	—	(6,352)
Payment of offering costs	(977)	—
Cash flows provided by (used in) financing activities	2,470	(5,003)
Changes in cash and cash equivalents	(22)	22
Cash and cash equivalents at beginning of period	22	—
Cash and cash equivalents at end of period	**$ —**	**$ 22**
Non-cash investing and financing activity (refer to Note 4 and Note 5):		
Contribution from noncontrolling interest	$ —	$ 3,819
Net transactions with iStar Inc.	—	34,372
Accrued offering costs	769	—

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

Safety, Income and Growth, Inc. Predecessor

Notes to Combined Financial Statements

Note 1—Business and Organization

Safety, Income and Growth, Inc. (the "Company") is a Maryland corporation that was formed on October 24, 2016 as a wholly-owned subsidiary of iStar Inc. ("iStar"). Through a series of internal formation transactions, iStar intends to contribute a portfolio of 12 properties to the Company, all of which were owned as of December 31, 2016 and 11 of which were owned as of December 31, 2015. The properties are subject to long-term net leases consisting of seven ground net leases and one master lease relating to five properties. The Company intends to complete an initial public offering of shares of its common stock (the "Offering"). In connection with the Offering, the Company intends to file a registration statement on Form S-11 with the Securities and Exchange Commission. Upon completion of the Offering, it is expected that the Company will be externally managed by SFTY Manager LLC, an indirect, wholly-owned subsidiary of iStar pursuant to a management agreement.

The combined financial statements of Safety, Income and Growth, Inc. Predecessor (see Note 2) include (A) for the year ended December 31, 2016: (i) 7 ground net leases; and (ii) one master lease covering the accounts of five related properties; and (B) for the year ended December 31, 2015: (i) 6 ground net leases; and (ii) one master lease covering the accounts of five related properties. These 12 properties are located in nine states.

The Company operates its business through one segment by owning, managing, acquiring and financing commercial properties subject to long-term net leases. The Company's leases are typically triple-net leases, meaning that the tenant is responsible for development costs, capital expenditures and all property operating expenses, such as maintenance, real estate taxes and insurance.

Note 2—Basis of Presentation and Principles of Combination

Basis of Presentation—The accompanying combined financial statements of Safety, Income and Growth, Inc. Predecessor do not represent the financial position and results of operations of one legal entity, but rather a combination of entities under common control that have been "carved out" from iStar's consolidated financial statements. Historically, financial statements of Safety, Income and Growth, Inc. Predecessor have not been prepared as it has not operated separately from iStar. These combined financial statements reflect the revenues and expenses of Safety, Income and Growth, Inc. Predecessor and include certain material assets and liabilities of iStar that are specifically identifiable and generated through, or associated with, an in-place net lease, which have been reflected at iStar's historical basis given the contribution of the predecessor's business to the Company is a transaction under common control. The combined financial statements exclude the assets, liabilities and activities that occurred prior to the contribution of the in-place ground net lease related to the contribution transaction described in Notes 4 and 5.

The preparation of these combined financial statements in conformity with generally accepted accounting principles in the United States of America ("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. These combined financial statements include an allocation of general and administrative expenses and interest expense to Safety, Income and Growth, Inc. Predecessor from iStar. General and administrative expenses include certain iStar corporate functions, including executive oversight, treasury, finance, human resources, tax compliance and planning, internal audit, financial reporting, information technology and investor relations. General and administrative expenses, including stock based compensation, represent a pro rata allocation of costs

Safety, Income and Growth, Inc. Predecessor

Notes to Combined Financial Statements (Continued)

Note 2—Basis of Presentation and Principles of Combination (Continued)

from iStar's net lease and corporate business segments based on our average net assets as a percentage of iStar's average net assets. Interest expense was allocated to us by calculating our average net assets as a percentage of the average net assets in iStar's net lease business segment and multiplying that percentage by the interest expense allocated to iStar's net lease business segment. The Company believes the allocation methodology for general and administrative expenses and interest expense is reasonable. Accordingly, the general and administrative expense allocation presented in our combined statements of operations for historical periods does not necessarily reflect what our general and administrative expenses will be as a standalone public company for future reporting periods.

Most of the entities included in our predecessor's financial statements did not have bank accounts for the periods presented, and most cash transactions for our predecessor were transacted through bank accounts owned by iStar. The combined statements of cash flows for the periods presented were prepared as if operating, investing and financing transactions (refer to Note 4 and Note 5 for non-cash activity) for our predecessor had been transacted through its own bank accounts.

Principles of Combination—The combined financial statements include on a carve-out basis the historical balance sheets and statements of operations and cash flows attributed to the Company.

Note 3—Summary of Significant Accounting Policies

Real estate—Real estate assets are recorded at cost less accumulated depreciation and amortization, as follows:

Capitalization and depreciation—Certain improvements and replacements are capitalized when they extend the useful life of the asset. Repair and maintenance costs are expensed as incurred. Depreciation is computed using the straight-line method over the estimated useful life, which is generally 40 years for facilities, the shorter of the remaining lease term or expected life for tenant improvements and the remaining useful life of the facility for facility improvements.

Purchase price allocation—Upon acquisition of real estate, the Company determines whether the transaction is a business combination, which is accounted for under the acquisition method, or an acquisition of assets. For both types of transactions, the Company recognizes and measures identifiable assets acquired, liabilities assumed and any noncontrolling interest in the acquiree based on their relative fair values. For business combinations, the Company recognizes and measures goodwill or gain from a bargain purchase, if applicable, and expenses acquisition-related costs in the periods in which the costs are incurred. For acquisitions of assets, acquisition-related costs are capitalized and recorded in "Real estate, net" on the Company's combined balance sheets. If the Company acquires real estate and simultaneously enters into a new lease of the real estate the acquisition will be accounted for as an asset acquisition.

The Company accounts for its acquisition of properties by recording the purchase price of tangible and intangible assets and liabilities acquired based on their estimated fair values. The value of the tangible assets, consisting of land, buildings, building improvements and tenant improvements is determined as if these assets are vacant. Intangible assets may include the value of lease incentive assets, above-market leases, and in-place leases, which are each recorded at their estimated fair values and included in "Deferred expenses and other assets, net" on the Company's combined balance sheets. Intangible liabilities may include the value of below-market leases, which are recorded at their estimated fair values and included in "Accounts payable, accrued expenses and other liabilities" on the

Safety, Income and Growth, Inc. Predecessor

Notes to Combined Financial Statements (Continued)

Note 3—Summary of Significant Accounting Policies (Continued)

Company's combined balance sheets. In-place leases are amortized over the remaining non-cancelable term and the amortization expense is included in "Depreciation and amortization" in the Company's combined statements of operations. Lease incentive assets and above-market (or below-market) lease value are amortized as a reduction of (or, increase to) operating lease income over the remaining non-cancelable term of each lease plus any renewal periods with fixed rental terms that are considered to be below-market. The Company may also engage in sale/leaseback transactions whereby the Company executes a net lease with the occupant simultaneously with the purchase of the asset.

Impairments—The Company reviews real estate assets for impairment in value whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. The value of a long-lived asset held for use is impaired if management's estimate of the aggregate future cash flows (undiscounted and without interest charges) to be generated by the asset (taking into account the anticipated holding period of the asset) are less than its carrying value. Such estimate of cash flows considers factors such as expected future operating income trends, as well as the effects of demand, competition and other economic factors. To the extent impairment has occurred, the loss will be measured as the excess of the carrying amount of the asset over the estimated fair value of the asset and reflected as an adjustment to the basis of the asset. Impairments of real estate assets are recorded in "Impairment of assets" in the Company's combined statements of operations.

The Company considers funding receivables (refer to Note 5) to be impaired when, based upon current information and events, it believes that it is probable that it will be unable to collect all amounts due under the contractual terms of the agreement. This assessment is made each quarter based on such factors as payment status, borrower financial resources and investment in collateral, collateral type, project economics and geographical location as well as national and regional economic factors. A reserve is established for an impaired receivable when the present value of payments expected to be received or the estimated fair value of the collateral (for receivables that are dependent on the collateral for repayment) is lower than the carrying value of that receivable.

Deferred expenses and other assets—Deferred expenses include leasing costs such as brokerage, legal and other costs which are amortized over the life of the respective leases and presented as an operating activity in the Company's combined statements of cash flows. Amortization of leasing costs is included in "Depreciation and amortization" in the Company's combined statements of operations. Other assets primarily includes a receivable related to the funding provided to a certain investment in a ground net lease. This receivable is classified as held-for-investment and is reported at its outstanding unpaid principal balance and includes accrued and paid-in-kind interest.

Identified intangible assets or liabilities—Upon the acquisition of a business, the Company records intangible assets or liabilities acquired at their estimated fair values and determines whether such intangible assets or liabilities have finite or indefinite lives. As of December 31, 2016 and 2015, all such intangible assets and liabilities acquired by the Company had finite lives. Intangible assets are included in "Deferred expenses and other assets, net" and intangible liabilities are included in "Accounts payable, accrued expenses and other liabilities" on the Company's combined balance sheets. The Company amortizes finite lived intangible assets and liabilities over on the period during which the assets or liabilities are expected to contribute directly or indirectly to the future cash flows of the business acquired. The Company reviews finite lived intangible assets for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. If the Company determines the carrying value of an intangible asset is not recoverable it will record an

Note 3—Summary of Significant Accounting Policies (Continued)

impairment charge to the extent its carrying value exceeds its estimated fair value. Impairments of intangible assets are recorded in "Impairment of assets" in the Company's combined statements of operations.

Revenue recognition—The Company's revenue recognition policies are as follows:

Operating lease income—The Company's leases have all been determined to be operating leases. Operating lease income is recognized on the straight-line method of accounting, generally from the later of the date the lessee takes possession of the space and it is ready for its intended use or the date of acquisition of the asset subject to existing leases. Accordingly, contractual lease payment increases are recognized evenly over the term of the lease. The periodic difference between lease income recognized under this method and contractual lease payment terms (i.e., straight-line rent) is recorded as deferred operating lease income receivable and is included in "Deferred operating lease income receivable, net" on the Company's combined balance sheets. The Company is also entitled to percentage rent pursuant to certain of its leases and records percentage rent as operating lease income when earned.

Management estimates losses within its operating lease income receivable and deferred operating lease income receivable balances as of the balance sheet date and incorporates an asset-specific reserve based on management's evaluation of the credit risks associated with these receivables. As of December 31, 2016 and 2015, the Company did not have an allowance for doubtful accounts related to real estate tenant receivables or deferred operating lease income.

Other income—Other income includes interest income, non-recurring lease termination fees and other ancillary income. Interest income on other assets is recognized on an accrual basis using the effective interest method. The Company considers receivables to be non-performing and places receivables on non-accrual status at such time as: (1) the receivable becomes 90 days delinquent; (2) the receivable 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 receivable.

Income taxes—The Company operates its business in a manner consistent with its intention to qualify as a real estate investment trust (a "REIT"). As such, the combined financial statements of the Company have been prepared as if the Company qualified as a REIT for the periods presented. The Company intends to qualify as and elect to be taxed as a REIT under sections 856 through 859 of the Internal Revenue Code of 1986, as amended (the "Code") beginning with its taxable year ending December 31, 2017. The Company will be subject to federal and state income taxation at corporate rates on its net taxable income; the Company, however, may claim a deduction for the amount of dividends paid to its stockholders. Amounts distributed as dividends by the Company will be subject to taxation at the stockholder level only. While the Company must distribute at least 90% of its net taxable income to qualify as a REIT, the Company intends to distribute all of its net taxable income, if any, and eliminate federal and state taxes on undistributed net taxable income. Certain states may impose minimum franchise taxes. In addition, the Company is allowed certain other non-cash deductions or adjustments, such as depreciation expense, when computing its net taxable income and distribution requirement. These deductions permit the Company to reduce its dividend payout requirement under federal tax laws. For the periods presented, the Company did not have any taxable REIT subsidiaries that would be subject to taxation.

Safety, Income and Growth, Inc. Predecessor

Notes to Combined Financial Statements (Continued)

Note 3—Summary of Significant Accounting Policies (Continued)

Fair Values—The Company is required to disclose fair value information with regard to its financial instruments, whether or not recognized in the combined 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 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. The Company determined the carrying values of its financial instruments including cash and cash equivalents; operating lease income receivable; deferred operating lease income receivable, net; deferred expenses and other assets, net; and accounts payable, accrued expenses, and other liabilities approximated their the fair values of the instruments.

New accounting pronouncements—In June 2016, the FASB issued Accounting Standards Update ("ASU") 2016-13, *Financial Instruments—Credit Losses: Measurement of Credit Losses on Financial Instruments* ("ASU 2016-13") which was issued to provide financial statement users with more decision-useful information about the expected credit losses on financial instruments held by a reporting entity. This amendment replaces the incurred loss impairment methodology in current GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. ASU 2016-13 is effective for interim and annual reporting periods beginning after December 15, 2019. Early adoption is permitted for interim and annual reporting periods beginning after December 15, 2018. Management does not believe the guidance will have a material impact on the Company's consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases* ("ASU 2016-02"), which requires the recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases. For operating leases, a lessee will be required to: (i) recognize a right-of-use asset and a lease liability, initially measured at the present value of the lease payments, in its statement of financial position; (ii) recognize a single lease cost, calculated so that the cost of the lease is allocated over the lease term, generally on a straight-line basis and (iii) classify all cash payments within operating activities in its statement of cash flows. The accounting applied by a lessor is largely unchanged from that applied under previous GAAP. However, in certain instances a long-term lease of land could be classified as a sales-type lease, resulting in the lessor derecognizing the underlying asset from its books and recording a profit or loss on the sale and a net investment in the lease. ASU 2016-02 is effective for interim and annual reporting periods beginning after December 15, 2018. Early adoption is permitted. Management is evaluating the impact of the guidance on the Company's combined financial statements.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* ("ASU 2014-09") which supersedes existing industry-specific guidance, including ASC 360-20, *Real Estate Sales*. The new standard is principles-based and requires more estimates and judgment than current guidance. Certain contracts with customers, including lease contracts and financial instruments and other contractual rights, are not within the scope of the new guidance. In August 2015, the FASB issued ASU 2015-14, *Revenue from Contracts with Customers—Deferral of the Effective Date*, to defer the effective date of ASU 2014-09 by one year. ASU 2014-09 is now effective for interim and annual reporting periods beginning after December 15, 2017. Early adoption is permitted beginning January 1, 2017. Management is evaluating the impact of the guidance on the Company's combined financial statements.

Safety, Income and Growth, Inc. Predecessor

Notes to Combined Financial Statements (Continued)

Note 4—Real Estate

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

	December 31, 2016	December 31, 2015
Land and land improvements, at cost(1)	$ 41,160	$ 37,245
Buildings and improvements, at cost	124,539	124,539
Less: accumulated depreciation	(61,221)	(58,104)
Real estate, net	**$ 104,478**	**$ 103,680**

(1) During the year ended December 31, 2016, the Company acquired land for $3.9 million and simultaneously entered into a 99-year ground net lease with the seller. During the year ended December 31, 2015, land with a carrying value of $5.4 million was contributed to the Company by iStar and a noncontrolling interest holder (refer to Note 5).

Future Minimum Operating Lease Payments—Future minimum operating lease payments to be collected under non-cancelable leases, excluding percentage rent and other lease payments that are not fixed and determinable, in effect as of December 31, 2016, are as follows by year ($ in thousands):

	Leases with Fixed Escalations	Leases with Revenue Participation	Total
2017	$ 3,947	$ 10,032	$ 13,979
2018	3,999	10,032	14,031
2019	4,049	10,032	14,081
2020	4,105	10,032	14,137
2021	4,168	10,032	14,200

Note 5—Deferred Expenses and Other Assets, Net

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

	As of December 31,	
	2016	2015
Lease incentives, net(1)	$ 32,545	$ 32,959
Leasing costs, net	763	772
Intangible assets(2)	135	150
Other(3)	5,841	—
Deferred expenses and other assets, net	**$ 39,284**	**$ 33,881**

(1) The amortization of lease incentives decreased operating lease income by $0.4 million and $0.3 million, respectively, for the years ended December 31, 2016 and 2015.

(2) Accumulated amortization on intangible assets was $0.2 million as of December 31, 2016 and 2015.

Safety, Income and Growth, Inc. Predecessor

Notes to Combined Financial Statements (Continued)

Note 5—Deferred Expenses and Other Assets, Net (Continued)

(3) Other assets includes a $4.1 million receivable related to the funding provided to a certain investment in a ground net lease the Company entered into during the year ended December 31, 2016. The Company is entitled to receive cash payments equal to 5.5% per annum on its funded balance with 1.5% annual increases over the 99-year lease term. As of December 31, 2016, the fair value of this receivable approximates its carrying value. Other assets also includes $1.7 million in deferred offering costs.

Lease incentives, net—During the year ended December 31, 2015, iStar and a noncontrolling interest sold a leasehold interest in a commercial operating property with a carrying value of $126.3 million for net proceeds of $93.5 million and simultaneously entered into a ground lease with the buyer with an initial term of 99 years. iStar and the noncontrolling interest sold the leasehold interest at below fair value to incentivize the buyer to enter into an above market ground lease. As a result, iStar recorded a lease incentive asset of $32.8 million. After the sale, the retained land with a carrying value of $5.4 million and the lease incentive asset of $32.8 million were contributed to the Company by iStar and the noncontrolling interest holder (refer to Note 4).

The estimated expense from the amortization of lease incentive assets for each of the five succeeding fiscal years is as follows ($ in thousands):

2017	$ 414
2018	414
2019	414
2020	394
2021	331

Note 6—Commitments and Contingencies

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 combined financial statements.

Unfunded Commitments—In connection with a ground lease entered into during the year ended December 31, 2016, the Company committed to fund $5.1 million in construction costs associated with the construction of the Northside Forsyth Hospital Medical Center (refer to Note 5). As of December 31, 2016, $1.0 million of the Company's commitment remains unfunded.

Note 7—Risk Management

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

Safety, Income and Growth, Inc. Predecessor

Notes to Combined Financial Statements (Continued)

Note 7—Risk Management (Continued)

that their ability to meet contractual obligations, including those to the Company, could be similarly affected by changes in economic conditions.

The Company underwrites the credit of prospective tenants and often requires them to provide some form of credit support such as corporate guarantees. Although the Company's real estate assets 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 operating lease income from any tenant, the inability of that tenant to make its payment could have a material adverse effect on the Company. During the year ended December 31, 2016, the Company's two largest tenants accounted for approximately $12.8 million and $5.3 million, or 59% and 25%, respectively, of the Company's revenues.

The five Hilton and Doubletree hotels leased by the Company under a master lease guaranteed by Park Intermediate Holdings LLC represented 53.4% of the Company's total assets at December 31, 2016. Park Intermediate Holdings LLC is a subsidiary of Park Hotels & Resorts Inc., which is a public reporting company. According to Park Hotels & Resorts Inc.'s public Securities and Exchange Commission filings, Park Hotels & Resorts Inc. conducts substantially all of its business and holds substantially all of its assets through Park Intermediate Holdings LLC. For detailed financial information regarding Park Hotels & Resorts Inc., please refer to its financial statements, which are publicly available on the website of the Securities and Exchange Commission at http://www.sec.gov.

Note 8—Equity

Safety, Income and Growth, Inc. Predecessor Equity—Safety, Income and Growth, Inc. Predecessor Equity represents net contributions from and distributions to iStar. Most of the entities included in the predecessor's financial statements did not have bank accounts for the periods presented and most cash transactions for the predecessor were transacted through bank accounts owned by iStar and are included in Safety, Income and Growth, Inc. Predecessor Equity.

Noncontrolling Interest—Noncontrolling interest represents a third-party interest in the Company that was consolidated by one of the entities in the Company's combined financial statements. In December 2015, the Company acquired the entire noncontrolling interest from the third party for $6.4 million.

Note 9—Subsequent Events

The Company has evaluated events and transactions that have occurred since December 31, 2016 through April 10, 2017, the date the financial statements were available for issuance. On March 30, 2017, the Company entered into a $227.0 million secured financing (the "Initial Portfolio Financing") that bears interest at 3.795% and matures in April 2027. In connection with and prior to the closing of the Initial Portfolio Financing, the Company entered into a $200 million notional rate lock swap, bringing the effective rate of the facility down from 3.795% to 3.773%. The Initial Portfolio Financing is secured by the 12 properties, including seven ground net leases and one master lease covering the accounts of five related properties, that iStar contributed to the Company.

Safety, Income and Growth, Inc. Predecessor

Schedule III—Real Estate and Accumulated Depreciation

	As of December 31, 2016								
	Initial Cost to Company		Cost Capitalized Subsequent to Acquisition	Gross Amount Carried at Close of Period					
State	Land	Building and Improvements		Land	Building and Improvements	Total	Accumulated Depreciation	Date Acquired	Depreciable Life (Years)
					($ in thousands)				
MD	$ 2,486	$ —	$ —	$ 2,486	$ —	$ 2,486	$ —	1999	—
TX	3,375	—	—	3,375	—	3,375	—	2005	—
TX	3,621	—	—	3,621	—	3,621	—	2005	—
CA	4,314	26,239	—	4,314	26,239	30,553	12,636	1998	39
CA	3,248	20,020	—	3,248	20,020	23,268	9,623	1998	39
CO	1,219	7,635	—	1,219	7,635	8,854	3,662	1998	39
UT	5,518	31,738	—	5,518	31,738	37,256	15,407	1998	39
WA	5,009	31,141	—	5,009	31,141	36,150	14,951	1998	39
MN	1,206	—	—	1,206	—	1,206	—	1999	—
MI	5,374	—	—	5,374	—	5,374	—	2015	—
WI	1,875	7,766	—	1,875	7,766	9,641	4,942	1999	40
GA	3,915	—	—	3,915	—	3,915	—	2016	—
Total	**$ 41,160**	**$ 124,539**	**$ —**	**$ 41,160**	**$ 124,539**	**$ 165,699**	**$ 61,221(1)**		

(1) The aggregate cost for federal income tax purposes was approximately $112.3 million at December 31, 2016.

The following table reconciles real estate from January 1, 2016 to December 31, 2016 ($ in thousands):

Balance at January 1	$ 161,784
Other acquisitions	3,915
Balance at December 31	**$ 165,699**

The following table reconciles accumulated depreciation from January 1, 2016 to December 31, 2016 ($ in thousands):

Balance at January 1	$ 58,104
Depreciation expense	3,117
Balance at December 31	**$ 61,221**

Safety, Income and Growth, Inc. Predecessor
Combined Balance Sheets

	March 31, 2017	December 31, 2016
	(In thousands)	
	(unaudited)	
ASSETS		
Real estate		
Real estate, at cost	$ 165,699	$ 165,699
Less: accumulated depreciation	(62,002)	(61,221)
Real estate, net	103,697	104,478
Cash and cash equivalents	—	—
Operating lease income receivable	971	3,482
Deferred operating lease income receivable, net	9,535	8,423
Deferred expenses and other assets, net	41,563	39,284
Total assets	**$ 155,766**	**$ 155,667**
LIABILITIES AND EQUITY		
Liabilities:		
Accounts payable, accrued expenses and other liabilities	$ 1,622	$ 1,576
Debt obligations, net	219,691	—
Total liabilities	221,313	1,576
Commitments and contingencies (refer to Note 7)	—	—
Equity:		
Safety, Income and Growth, Inc. Predecessor (deficit) equity	(65,547)	154,091
Total (deficit) equity	(65,547)	154,091
Total liabilities and (deficit) equity	**$ 155,766**	**$ 155,667**

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

Safety, Income and Growth, Inc. Predecessor

Combined Statements of Operations

	For the Three Months Ended March 31, 2017	For the Three Months Ended March 31, 2016
	(In thousands) (unaudited)	
Revenues:		
Operating lease income	$ 5,244	$ 4,593
Other income	89	—
Total revenues	5,333	4,593
Costs and expenses:		
Interest expense	2,099	1,961
Real estate expense	151	196
Depreciation and amortization	787	790
General and administrative	1,012	732
Total costs and expenses	4,049	3,679
Income from operations	**1,284**	**914**
Income from sales of real estate	508	—
Net income	**$ 1,792**	**$ 914**

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

Safety, Income and Growth, Inc. Predecessor

Combined Statements of Comprehensive Income

	For the Three Months Ended March 31, 2017	2016
	(In thousands) (unaudited)	
Net income	$ 1,792	$ 914
Other comprehensive income:		
Unrealized gain on cash flow hedge	415	—
Other comprehensive income	415	—
Comprehensive income	$ 2,207	$ 914

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

Safety, Income and Growth, Inc. Predecessor

Combined Statements of Changes in (Deficit) Equity

For the Three Months Ended March 31, 2017 and 2016

	Safety, Income and Growth, Inc. Predecessor (Deficit) Equity (In thousands) (unaudited)
Balance as of December 31, 2015	$ 144,029
Net income	914
Net transactions with iStar Inc.	(3,449)
Balance as of March 31, 2016	**$ 141,494**
Balance as of December 31, 2016	$ 154,091
Net income	1,792
Unrealized gain on cash flow hedge	415
Net transactions with iStar Inc.	(221,845)
Balance as of March 31, 2017	**$ (65,547)**

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

Safety, Income and Growth, Inc. Predecessor

Combined Statements of Cash Flows

	For the Three Months Ended March 31, 2017	2016
	(In thousands) (unaudited)	
Cash flows from operating activities:		
Net income	$ 1,792	$ 914
Adjustments to reconcile net income to cash flows from operating activities:		
Depreciation and amortization	787	790
Deferred operating lease income	(1,112)	(1,055)
Amortization of lease incentives	103	103
Amortization of deferred financing costs	3	—
Income from sales of real estate	(508)	—
Changes in assets and liabilities:		
Changes in operating lease income receivable	2,511	2,449
Changes in deferred expenses and other assets, net	(312)	166
Changes in accounts payable, accrued expenses and other liabilities, net	18	60
Cash flows provided by operating activities	3,282	3,427
Cash flows from investing activities:		
Proceeds from sales of real estate	508	—
Other investing activities	(1,042)	—
Cash flows used in investing activities	(534)	—
Cash flows from financing activities:		
Net transactions with iStar Inc.	(221,845)	(3,449)
Payment of offering costs	(686)	—
Proceeds from debt obligations	227,000	—
Payment of finance costs	(7,217)	—
Cash flows used in financing activities	(2,748)	(3,449)
Changes in cash and cash equivalents	—	(22)
Cash and cash equivalents at beginning of period	—	22
Cash and cash equivalents at end of period	**$ —**	**$ —**
Non-cash financing activity:		
Accrued financing costs	95	—

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

Safety, Income and Growth, Inc. Predecessor

Notes to Combined Financial Statements

(unaudited)

Note 1—Business and Organization

Safety, Income and Growth, Inc. (the "Company") is a Maryland corporation that was formed on October 24, 2016 as a wholly-owned subsidiary of iStar Inc. ("iStar"). Through a series of internal formation transactions, iStar contributed a portfolio of 12 properties to the Company, all of which were owned as of March 31, 2017 and December 31, 2016. The properties are subject to long-term net leases consisting of seven ground net leases and one master lease relating to five properties. The Company intends to complete an initial public offering of shares of its common stock (the "Offering"). In connection with the Offering, the Company has filed a registration statement on Form S-11 with the Securities and Exchange Commission. Upon completion of the Offering, it is expected that the Company will be externally managed by SFTY Manager LLC, an indirect, wholly-owned subsidiary of iStar pursuant to a management agreement.

The combined financial statements of Safety, Income and Growth, Inc. Predecessor (see Note 2) include (A) for the three months ended March 31, 2017: (i) 7 ground net leases; and (ii) one master lease covering the accounts of five related properties; and (B) for the three months ended March 31, 2016: (i) 6 ground net leases; and (ii) one master lease covering the accounts of five related properties. These 12 properties are located in nine states.

The Company operates its business through one segment by owning, managing, acquiring and financing commercial properties subject to long-term net leases. The Company's leases are typically triple-net leases, meaning that the tenant is responsible for development costs, capital expenditures and all property operating expenses, such as maintenance, real estate taxes and insurance.

Note 2—Basis of Presentation and Principles of Combination

Basis of Presentation—The accompanying combined financial statements of Safety, Income and Growth, Inc. Predecessor do not represent the financial position and results of operations of one legal entity, but rather a combination of entities under common control that have been "carved out" from iStar's consolidated financial statements. Historically, financial statements of Safety, Income and Growth, Inc. Predecessor have not been prepared as it has not operated separately from iStar. These combined financial statements reflect the revenues and expenses of Safety, Income and Growth, Inc. Predecessor and include certain material assets and liabilities of iStar that are specifically identifiable and generated through, or associated with, an in-place net lease, which have been reflected at iStar's historical basis given the contribution of the predecessor's business to the Company is a transaction under common control. These combined financial statements exclude the assets, liabilities and activities that occurred prior to the contribution of the in-place ground net lease related to the contribution transaction described in Notes 4 and 5.

The preparation of these combined financial statements in conformity with generally accepted accounting principles in the United States of America ("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. These combined financial statements include an allocation of general and administrative expenses and interest expense to Safety, Income and Growth, Inc. Predecessor from iStar. General and administrative expenses include certain iStar corporate functions, including executive oversight, treasury, finance, human resources, tax compliance and planning, internal audit, financial reporting, information technology and investor relations. General and

Safety, Income and Growth, Inc. Predecessor

Notes to Combined Financial Statements (Continued)

(unaudited)

Note 2—Basis of Presentation and Principles of Combination (Continued)

administrative expenses, including stock based compensation, represent a pro rata allocation of costs from iStar's net lease and corporate business segments based on our average net assets as a percentage of iStar's average net assets. Interest expense was allocated to the Company by calculating its average net assets as a percentage of the average net assets in iStar's net lease business segment and multiplying that percentage by the interest expense allocated to iStar's net lease business segment (only for the number of days in the period in which the Company did not have debt obligations outstanding—refer to Note 6). The Company believes the allocation methodology for the general and administrative expenses and interest expense is reasonable. Accordingly, the general and administrative expense allocation presented in our combined statements of operations for historical periods does not necessarily reflect what our general and administrative expenses will be as a standalone public company for future reporting periods. In the opinion of management, the accompanying combined financial statements contain all adjustments consisting of normal recurring adjustments necessary for a fair statement of the results for the interim periods presented.

Most of the entities included in our predecessor's financial statements did not have bank accounts for the periods presented, and most cash transactions for our predecessor were transacted through bank accounts owned by iStar. The combined statements of cash flows for the periods presented were prepared as if operating, investing and financing transactions (refer to Note 4 and Note 5 for non-cash activity) for our predecessor had been transacted through its own bank accounts.

Principles of Combination—The combined financial statements include on a carve-out basis the historical balance sheets and statements of operations and cash flows attributed to the Company.

Note 3—Summary of Significant Accounting Policies

Deferred financing fees—Deferred financing fees associated with debt obligations are recorded as a reduction of the carrying value of "Debt obligations, net" on the Company's combined balance sheets. The amortization of deferred financing fees is included in "Interest expense" in the Company's combined statements of operations.

Dispositions—Gains on the sale of real estate assets are recognized in accordance with Accounting Standards Codification ("ASC") 360-20, *Real Estate Sales*. Gains on sales of real estate are recognized for full profit recognition upon closing of the sale transactions, when the profit is determinable, the earnings process is virtually complete, the parties are bound by the terms of the contract, all consideration has been exchanged, any permanent financing for which the seller is responsible has been arranged and all conditions for closing have been performed. The Company primarily uses specific identification and the relative sales value method to allocate costs.

As of March 31, 2017, the remainder of the Company's significant accounting policies, which are detailed in the Company's 2016 audited financial statements, have not changed materially.

New accounting pronouncements—In June 2016, the FASB issued Accounting Standards Update ("ASU") 2016-13, *Financial Instruments—Credit Losses: Measurement of Credit Losses on Financial Instruments* ("ASU 2016-13") which was issued to provide financial statement users with more decision-useful information about the expected credit losses on financial instruments held by a reporting entity. This amendment replaces the incurred loss impairment methodology in current GAAP with a

Safety, Income and Growth, Inc. Predecessor

Notes to Combined Financial Statements (Continued)

(unaudited)

Note 3—Summary of Significant Accounting Policies (Continued)

methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. ASU 2016-13 is effective for interim and annual reporting periods beginning after December 15, 2019. Early adoption is permitted for interim and annual reporting periods beginning after December 15, 2018. Management does not believe the guidance will have a material impact on the Company's combined financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases* ("ASU 2016-02"), which requires the recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases. For operating leases, a lessee will be required to: (i) recognize a right-of-use asset and a lease liability, initially measured at the present value of the lease payments, in its statement of financial position; (ii) recognize a single lease cost, calculated so that the cost of the lease is allocated over the lease term, generally on a straight-line basis and (iii) classify all cash payments within operating activities in its statement of cash flows. The accounting applied by a lessor is largely unchanged from that applied under previous GAAP. However, in certain instances a long-term lease of land could be classified as a sales-type lease, resulting in the lessor derecognizing the underlying asset from its books and recording a profit or loss on the sale and a net investment in the lease. ASU 2016-02 is effective for interim and annual reporting periods beginning after December 15, 2018. Early adoption is permitted. Management is evaluating the impact of the guidance on the Company's combined financial statements.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* ("ASU 2014-09") which supersedes existing industry-specific guidance, including ASC 360-20, *Real Estate Sales*. The new standard is principles-based and requires more estimates and judgment than current guidance. Certain contracts with customers, including lease contracts and financial instruments and other contractual rights, are not within the scope of the new guidance. In August 2015, the FASB issued ASU 2015-14, *Revenue from Contracts with Customers—Deferral of the Effective Date*, to defer the effective date of ASU 2014-09 by one year. ASU 2014-09 is now effective for interim and annual reporting periods beginning after December 15, 2017. Early adoption is permitted beginning January 1, 2017. Management is evaluating the impact of the guidance on the Company's combined financial statements.

Note 4—Real Estate

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

	March 31, 2017	December 31, 2016
Land and land improvements, at cost	$ 41,160	$ 41,160
Buildings and improvements, at cost	124,539	124,539
Less: accumulated depreciation	(62,002)	(61,221)
Real estate, net(1)	**$ 103,697**	**$ 104,478**

(1) During the three months ended March 31, 2017, the Company sold a parking facility from its Hilton Western Portfolio for $0.5 million that had been previously impaired by iStar and had a carrying value of zero.

Safety, Income and Growth, Inc. Predecessor

Notes to Combined Financial Statements (Continued)

(unaudited)

Note 4—Real Estate (Continued)

Future Minimum Operating Lease Payments—Future minimum operating lease payments to be collected under non-cancelable leases, excluding percentage rent and other lease payments that are not fixed and determinable, in effect as of March 31, 2017, are as follows by year ($ in thousands):

	Leases with Fixed Escalations	Leases with Revenue Participation	Total
2017 (remaining nine months)	$ 2,968	$ 7,524	$ 10,492
2018	3,999	10,032	14,031
2019	4,049	10,032	14,081
2020	4,105	10,032	14,137
2021	4,168	10,032	14,200

Note 5—Deferred Expenses and Other Assets, Net

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

	March 31, 2017	December 31, 2016
Lease incentives, net(1)	$ 32,442	$ 32,545
Leasing costs, net	761	763
Intangible assets(2)	132	135
Other assets(3)	8,228	5,841
Deferred expenses and other assets, net	**$ 41,563**	**$ 39,284**

(1) The amortization of lease incentives decreased operating lease income by $0.1 million for the three months ended March 31, 2017 and 2016.

(2) Accumulated amortization on intangible assets was $0.2 million as of March 31, 2017 and December 31, 2016.

(3) As of March 31, 2017 and December 31, 2016, other assets includes a $5.1 million and $4.1 million receivable, respectively, related to the funding provided to a certain investment in a ground net lease the Company entered into during the year ended December 31, 2016. The Company is entitled to receive cash payments equal to 5.5% per annum on its funded balance with 1.5% annual increases over the 99-year lease term. As of March 31, 2017 and December 31, 2016, the fair value of this receivable approximates its carrying value. Other assets also includes $2.4 million and $1.7 million in deferred offering costs as of March 31, 2017 and December 31, 2016, respectively.

Lease incentives, net—During the year ended December 31, 2015, iStar and a noncontrolling interest sold a leasehold interest in a commercial operating property with a carrying value of $126.3 million for net proceeds of $93.5 million and simultaneously entered into a ground lease with the buyer with an initial term of 99 years. iStar and the noncontrolling interest sold the leasehold

Note 5—Deferred Expenses and Other Assets, Net (Continued)

interest at below fair value to incentivize the buyer to enter into an above market ground lease. As a result, iStar recorded a lease incentive asset of $32.8 million. After the sale, the retained land with a carrying value of $5.4 million and the lease incentive asset of $32.8 million were contributed to the Company by iStar and the noncontrolling interest holder (refer to Note 4).

The estimated expense from the amortization of lease incentive assets for each of the five succeeding fiscal years is as follows ($ in thousands):

2017 (remaining nine months)	$ 311
2018	414
2019	414
2020	394
2021	331

Note 6—Debt obligations, net

On March 30, 2017, the Company entered into a $227.0 million loan agreement with Barclays Bank PLC, JPMorgan Chase Bank, National Association and Bank of America, N.A. (the "Initial Portfolio Financing"). The Initial Portfolio Financing is secured by first mortgage or analogous liens on the Company's portfolio and is generally non-recourse to the Company. The net proceeds from the Initial Portfolio Financing were distributed to iStar and are included in "Net transactions with iStar Inc." on the Company's combined statements of cash flows and combined statements of changes in equity.

The Initial Portfolio Financing accrues interest at an annual rate of 3.795%. In connection with and prior to the closing of the loan, the Company entered into a $200 million notional rate lock swap, bringing the effective rate of the financing down from 3.795% to 3.773%. The Intitial Portfolio Financing requires interest-only payments until October 2025, at which time all revenue available from the collateral will be applied in accordance with an order of priorities as set forth in the governing documents unless the Company deposits $12.0 million of cash collateral with the lenders or obtain a letter of credit in such amount. If the Company has not repaid the Initial Portfolio Financing on or before the "anticipated repayment date" of April 6, 2027, the interest rate will be increased to the greater of (i) 6.795%, (ii) the then current one year treasury note rate plus 3.00% and (iii) the then current one year treasury swap rate plus 3.00% (the "Adjusted Interest Rate"). In addition, if the Company has not repaid the Initial Portfolio Financing on or before the anticipated repayment date, all revenue available from the collateral after the anticipated repayment date will be applied in accordance with an order of priorities set forth in the governing documents, including to fund certain reserves, to the extent required, for the benefit of the lenders under the Initial Portfolio Financing, payment of interest at an annual rate of 3.795% and other amounts due to the lenders with any remaining excess funds being used to pay down the Initial Portfolio Financing. Interest not paid at the Adjusted Interest Rate shall itself accrue at the Adjusted Interest Rate. The final maturity date of the Initial Portfolio Financing is April 6, 2028.

In connection with the Initial Portfolio Financing, the Company incurred approximately $7.3 million in deferred financing costs. The deferred financing costs are recorded in "Debt obligations, net" on the Company's combined balance sheets.

Safety, Income and Growth, Inc. Predecessor

Notes to Combined Financial Statements (Continued)

(unaudited)

Note 7—Commitments and Contingencies

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 combined financial statements.

Note 8—Risk Management

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.

The Company underwrites the credit of prospective tenants and often requires them to provide some form of credit support such as corporate guarantees. Although the Company's real estate assets 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 operating lease income from any tenant, the inability of that tenant to make its payment could have a material adverse effect on the Company. During the three months ended March 31, 2017, the Company's two largest tenants accounted for approximately $3.0 million and $1.3 million, or 56% and 25%, respectively, of the Company's revenues.

The five Hilton and Doubletree hotels leased by the Company under a master lease guaranteed by Park Intermediate Holdings LLC represented 51.3% of the Company's total assets at March 31, 2017. Park Intermediate Holdings LLC is a subsidiary of Park Hotels & Resorts Inc., which is a public reporting company. According to Park Hotels & Resorts Inc.'s public Securities and Exchange Commission filings, Park Hotels & Resorts Inc. conducts substantially all of its business and holds substantially all of its assets through Park Intermediate Holdings LLC. For detailed financial information regarding Park Hotels & Resorts Inc., please refer to its financial statements, which are publicly available on the website of the Securities and Exchange Commission at http://www.sec.gov.

Note 9—Equity

Safety, Income and Growth, Inc. Predecessor Equity—Safety, Income and Growth, Inc. Predecessor Equity represents net contributions from and distributions to iStar. Most of the entities included in the predecessor's financial statements did not have bank accounts for the periods presented and most cash transactions for the predecessor were transacted through bank accounts owned by iStar and are included in Safety, Income and Growth, Inc. Predecessor Equity.

Accumulated Other Comprehensive Income—During the three months ended March 31, 2017, the Company entered into and settled a rate lock swap in connection with its Initial Portfolio Financing. As a result of the settlement, the Company recorded a $0.4 million unrealized gain in other

Safety, Income and Growth, Inc. Predecessor

Notes to Combined Financial Statements (Continued)

(unaudited)

Note 9—Equity (Continued)

comprehensive income, which is recorded in "Safety, Income and Growth, Inc. Predecessor equity" on the Company's combined balance sheets. The unrealized gain will be amortized from accumulated other comprehensive income as a reduction to interest expense over the term of the Initial Portfolio Financing.

Note 10—Subsequent Events

The Company has evaluated events and transactions that have occurred since March 31, 2017 through May 5, 2017, the date the combined financial statements for the quarter ended March 31, 2017 were available for issuance. Subsequent to March 31, 2017, the Company merged with and into an entity named SIGI Acquisition, Inc.("SIGI"), that was recently formed and capitalized with $55.5 million of cash from iStar and $57.5 million of cash from other investors. SIGI survived the merger and was renamed Safety, Income and Growth, Inc. In the merger, iStar, as the sole stockholder of Safety, Income and Growth, Inc. immediately prior to the merger, received $113 million of cash (including the $55.5 million that iStar had contributed to SIGI in its initial capitalization).

Safety, Income and Growth, Inc.
Unaudited Pro Forma Financial Statements

Safety, Income and Growth, Inc., a Maryland corporation (the "Original Entity"), has engaged in a business combination transaction with SIGI Acquisition, Inc. ("SIGI"). SIGI had been initially capitalized by iStar Inc ("iStar"), SFTY Venture LLC ("GICRE") and SFTY VII-B, LLC ("LA," and with iStar and GICRE, the "Initial Investors"), with each investor contributing cash of $55.5 million, $42.5 million and $15 million, respectively, in exchange for an equity interest of 49%, 38%, and 13%, respectively. The Original Entity was formed on October 24, 2016 and SIGI was formed on March 9, 2017. SIGI, the surviving corporation of the merger, will be renamed Safety, Income and Growth, Inc. and is referred to herein as the "Company." As used in these unaudited pro forma financial statements, unless the context otherwise requires, "we," "us," and "our company" mean the Company.

The Company will be governed by a Board of Directors, which, while the Company is owned by the Initial Investors, will be comprised of one member designated by each of the Initial Investors. The board acts by majority vote except that the approval of the directors designated by GICRE and LA is required for all new investments, all incurrences of indebtedness and each annual budget, and certain protective matters, which require unanimous approval. The control of the GICRE and LA Initial Investors in: designating a majority of the Company's board of directors; having the rights to approve all new investments, all incurrences of indebtedness and each annual budget; and holding a majority of the outstanding voting power of the Company's common stock, in each case, before giving effect to the Company's initial public offering, result in the GICRE and LA Initial Investors jointly controlling the Company, consistent with their majority economic interest.

We will engage in a series of formation transactions, some of which have been consummated and some of which will be consummated prior to or concurrently with the completion of this offering and the concurrent iStar placement, that will enable us to: (i) be formed and capitalized; (ii) acquire the ground and other net lease properties that constitute our initial portfolio originally owned by iStar (the "Predecessor") through the transactions described in the preceding paragraphs (the "Acquisition"); (iii) facilitate this offering and the concurrent iStar placement; and (iv) elect and qualify to be taxed as a REIT for U.S. federal income tax purposes commencing with the taxable year ending December 31, 2017. We will become the sole general partner of the Company's operating partnership subsidiary, Safety Income and Growth Operating Partnership LP, or Operating Partnership, own 100% of its interests, and have control over all of its decisions, including the decisions related to the sale or refinancing of its properties. Substantially all of our business activities will be conducted through the Operating Partnership. Refer to the "Business and Properties" section of this prospectus for a more detailed description of each of the properties included in the Predecessor.

The Acquisition will be accounted for as a business combination with the Company having been identified as both the legal and accounting acquirer due to its accounting substance, the significance of the dilution in iStar's ownership interest in the Original Entity, and control of the Company resting with the GICRE and LA Initial Investors consistent with their economic interest. Accordingly, the assets (including identifiable intangible assets) and liabilities (including executory contracts and commitments) of the Predecessor will be recorded at their respective fair values as of the date of the Acquisition. The estimated fair values of the assets acquired and liabilities assumed may change until such time that the Acquisition closes.

The unaudited pro forma financial statements as of and for the three months ended March 31, 2017 and for the year ended December 31, 2016 are presented as if: (i) our capitalization; (ii) the Acquisition; (iii) this offering, the concurrent iStar placement and the use of proceeds therefrom; (iv) entry into our management agreement with our external manager, SFTY Manager LLC; (v) the initial portfolio financing; (vi) the payment by iStar of certain of our expenses in an amount not to exceed $25 million; and (vii) other related transactions, each as more fully described in this prospectus, took place concurrently on March 31, 2017 for the unaudited pro forma balance sheet and on January 1, 2016 for the unaudited pro forma statements of operations.

The unaudited pro forma financial statements should be read in conjunction with the historical combined financial statements of the Predecessor, including the notes thereto, and "Management's Discussion and Analysis of Financial Condition and Results of Operations" presented elsewhere in this prospectus. The unaudited pro forma financial statements: (i) are based on available information and assumptions that we believe are reasonable; (ii) are presented for informational purposes only; (iii) do not purport to represent our actual financial position or results of operations assuming the formation transactions, this offering, the concurrent iStar placement and the other adjustments described above had occurred on March 31, 2017 for the unaudited pro forma balance sheet or on January 1, 2016 for the unaudited pro forma statements of operations; and (iv) do not purport to be indicative of our future financial position or results of operations.

Safety, Income and Growth, Inc.
Pro Forma Balance Sheet
As of March 31, 2017
(Unaudited, in thousands)

	(A) SIGI	(B) Predecessor	(C) Acquisition Accounting Adjustments	Company	(D) Offering	(E) Other Adjustments	(F) Acquisition GNLs	Company Pro Forma
ASSETS								
Real estate								
Real estate, at cost	$ —	$ 165,699	$ 98,313	$ 264,012	$	$	$ 140,977	$
Less: accumulated depreciation	—	(62,002)	62,002	—			—	
Real estate, net	—	103,697	160,315	264,012			140,977	
Cash and cash equivalents	113,000	—	(113,000)				(142,000)	
Operating lease income receivable	—	971	—	971			—	
Deferred operating lease income receivable, net	—	9,535	(9,535)	—			—	
Deferred expenses and other assets, net	—	41,563	35,491	77,054			1,023	
Total assets	$ 113,000	$ 155,766	$ 73,271	$ 342,037	$	$	$ —	$
LIABILITIES AND EQUITY								
Liabilities:								
Debt obligations, net	$ —	$ 219,691	$ 7,724	$ 227,415			—	$
Accounts payable, accrued expenses and other liabilities	—	1,622	—	1,622			—	
Total liabilities	—	221,313	7,724	229,037			—	
Equity:								
Safety Income and Growth REIT, Inc. Predecessor Equity	—	(65,547)	65,547	—			—	
Common stock	—	—	—	—			—	
Additional paid-in capital	113,000	—	—	113,000			—	
Accumulated other comprehensive income	—	—	—	—			—	
Retained earnings	—	—	—	—			—	
Total equity	113,000	(65,547)	65,547	113,000			—	
Total liabilities and equity	$ 113,000	$ 155,766	$ 73,271	$ 342,037	$	$	$ —	$

(A) Represents the initial cash contributions from the Initial Investors: iStar $55.5 million; GICRE $42.5 million; and LA $15 million.

(B) Reflects the historical combined balance sheet of the Predecessor as of March 31, 2017. Because the entities comprising the Predecessor were under common control as of March 31, 2017, the Predecessor's assets and liabilities are recorded at iStar's historical cost basis.

(C) Represents the acquisition by the Company of the assets and liabilities associated with the 12 initial properties from iStar, the corresponding step up in basis to measure identifiable assets acquired and liabilities assumed at fair value, and the distribution of $113.0 million to iStar (including the $55.5 million contributed by iStar in the initial capitalization of the Company) in the Acquisition. The transaction will be accounted for as an acquisition under the purchase method of accounting in accordance with ASC 805-10, Business Combinations. The allocation of purchase price is based on our preliminary estimates and is subject to change based on the final determination of the fair values of assets acquired and liabilities assumed. The amounts allocated to real estate, net, which for certain of the properties includes buildings and building improvements, are depreciated over the lesser of their estimated useful lives or 40 years. The amounts allocated to site improvements are depreciated over the lesser of their estimated useful lives or 15 years. The amounts allocated to in-place lease assets, above- and below-market leases and to intangible lease assets are amortized over the lives of the respective remaining lease terms.

The following presents our preliminary purchase price allocation for the acquisition of the 12 initial properties:

Cash consideration	$ 113,000
Land	$ 68,620
Buildings and improvements	195,392
	264,012
Intangibles (does not include $2.4 million of deferred offering costs)	73,866
Real estate	337,878
Debt obligations	(227,415)
Other assets and liabilities	2,537
Net assets acquired	$ 113,000

(D) Represents assumed gross proceeds from this offering of $ million and the concurrent iStar placement of $45.0 million and the amount attributable to common stock and additional paid-in capital.

(E) Represents estimated offering expenses, which include the underwriting discounts and commissions and other offering costs (assuming no exercise of the underwriters' option to purchase additional shares). These costs will be charged against gross offering proceeds upon completion of this offering and the concurrent iStar placement. We expect that $24.9 million will be charged against additional paid-in capital as offering costs and $0.1 million will be charged against retained earnings as formation costs. iStar has agreed to pay the underwriting discounts and commissions payable to the underwriters in connection with this offering, our other offering expenses and our expenses incurred in connection with the concurrent iStar placement, in an aggregate amount not to exceed $25 million. Through March 31, 2017, $2.4 million of such costs have been capitalized and are included as a component of deferred expenses and other assets, net. Additionally, $79 thousand has been expensed as formation costs, which is included as a component of general and administrative expenses in the Predecessor financial statements. The payment of such costs will be accounted for as a deemed equity contribution from iStar.

Also includes the payment by the Company of $2.2 million in revolving credit facility costs and $1.4 million in transfer taxes and the issuance of shares of our common stock to iStar and the continuing investors in connection with the formation transactions. The revolving credit facility costs are included in deferred expenses and other assets, net and the transfer taxes were charged against additional paid-in capital.

(F) Represents the probable acquisition by the Company of the acquisition GNLs. The acquisition will be accounted for as an acquisition under the purchase method of accounting in accordance with ASC 805-10, Business Combinations. The allocation of purchase price is based on our preliminary estimates and is subject to change based on the final determination of the fair values of assets acquired and liabilities assumed. The amounts allocated to in-place lease assets, above-and below-market leases and to intangible lease assets are amortized over the lives of the respective remaining lease terms.

Safety, Income and Growth, Inc.
Pro Forma Statements of Operations
(Unaudited, in thousands, except per share data)

	SIGI	(A) Predecessor	(B) Initial Portfolio Financing	(C) Acquisition Accounting Adjustments	Company	Offering	Other Adjustments	(D) Acquisition GNLs	Company Pro Forma
For the Year Ended December 31, 2016									
Revenues:									
Operating lease income	$ —	$ 21,664	$ —	$ 645	$ 22,309	$	$ —	$ 5,054	$ 27,363
Other income	—	79	—	(79)	—		—	—	—
Total revenues	—	21,743	—	566	22,309		—	5,054	27,363
Costs and expenses:									
Interest expense	—	8,242	455	—	8,697		—	—	8,697
Real estate expense	—	861	—	1,284	2,145		—	—	2,145
Depreciation and amortization	—	3,142	—	4,307	7,449		—	73	7,522
General and administrative	—	2,883	—	—	2,883		1,130(E)(F)	5	4,018
Total costs and expenses	—	15,128	455	5,591	21,174		1,130	78	22,382
Net income (loss)	$ —	$ 6,615	$ (455)	$ (5,025)	$ 1,135		$ (1,130)	$ 4,976	$ 4,981
Pro forma basic and diluted earnings per share(G)	—	—	—	—	—		—	—	—
For the Three Months Ended March 31, 2017									
Revenues									
Operating lease income	$ —	$ 5,244	$ —	$ 122	$ 5,366		$ —	$ 1,263	$ 6,629
Other income	—	89	—	(89)	—		—	—	—
Total revenues	—	5,333	—	33	5,366		—	1,263	6,629
Cost and expenses									
Interest expense	—	2,099	46	—	2,145		—	—	2,145
Real estate expense	—	151	—	321	472		—	—	472
Depreciation and amortization	—	787	—	1,075	1,862		—	18	1,880
General and administrative	—	1,012	—	—	1,012		283(E)(F)	1	1,296
Total costs and expenses	—	4,049	46	1,396	5,491		283	19	5,793
Income (loss) from operations	—	1,284	(46)	(1,363)	(125)		(283)	1,244	836
Income from sales of real estate	—	508	—	—	508		—	—	508
Net income (loss)	$ —	$ 1,792	$ (46)	$ (1,363)	$ 383	$	$ (283)	$ 1,244	$ 1,344
Pro forma basic and diluted earnings per share(G)	—	—	—	—	—		—	—	—

(A) Reflects the historical combined statement of operations of the Predecessor for the year ended December 31, 2016 and the three months ended March 31, 2017, as applicable. Because the entities comprising the Predecessor were under common control for the periods presented, the Predecessor's operations are those of iStar.

(B) Represents interest expense attributable to the $227 million of initial portfolio financing, which bears interest at an annual rate of 3.795%, after giving effect to a $200 million notional rate lock swap which brings the effective rate of the financing to 3.773%.

(C) Represents the acquisition by the Company of the assets and liabilities associated with the 12 initial properties from iStar and the corresponding step up in basis to measure identifiable assets acquired and liabilities assumed at fair value. The acquisition of the 12 initial properties will be accounted for as an acquisition under the purchase method of accounting in accordance with ASC 805-10, Business Combinations. The allocation of purchase price is based on our preliminary estimates and is subject to change based on the final determination of the fair values of assets acquired and liabilities assumed. The amounts allocated to real estate, net, which for certain of the properties includes buildings and building improvements, are depreciated over the lesser of their estimated useful lives or 40 years. The amounts allocated to site improvements are depreciated over the lesser of their estimated useful lives or 15 years. The amounts allocated to in-place lease assets, above- and below-market leases and to intangible lease assets are amortized over the lives of the respective remaining lease terms.

(D) Represents the revenues and expenses relating to the probable acquisition by the Company of the acquisition GNLs. The acquisition will be accounted for as an acquisition under the purchase method of accounting in accordance with ASC 805-10, Business Combinations. The allocation of purchase price is based on our preliminary estimates and is subject to change based on the final determination of the fair values of assets acquired and liabilities assumed. The amounts allocated to in-place lease assets, above- and below-market leases and to intangible lease assets are amortized over the lives of the respective remaining lease terms.

(E) The Company expects that its general and administrative expense will change from its historical general and administrative expense as a result of becoming a stand-alone publicly-traded company, including but not limited to expenses of approximately $3.2 million relating to legal, insurance, accounting and other compliance matters. An adjustment to general and administrative expenses has not been made in the pro forma statements of operations as such expenses are not currently factually supportable.

(F) The Company's management fee is calculated based upon the sum of 1.0% per annum of the Company's total equity up to and including $2.5 billion and 0.75% of the Company's total equity in excess of $2.5 billion. For purposes of calculating the management fee, our total equity means the sum of the net cash proceeds and the value of non-cash consideration from all issuances of our equity securities since inception, including operating partnership units (allocated on a pro rata basis for such issuances during the fiscal quarter of any such issuance) and shares of common stock issued to the manager as payment of management fees, less any amount that we pay for repurchases of our common stock and operating partnership units since inception. This amount may be adjusted to exclude one-time events pursuant to changes in GAAP, and certain non-cash items after discussions between our manager and our independent directors and approved by a majority of our independent directors. Our total equity, for purposes of calculating the management fee, could be greater than or less than the amount of total equity shown on our financial statements. The pro forma adjustment reflects the effect of the $ million gross proceeds from this offering and the concurrent iStar placement and the resulting increase in total equity. The management fee will not be charged by our manager for the first year of the management agreement. We will also reimburse our manager for all operating expenses incurred by our manager in providing services under the management agreement from the outset of the agreement, including expenses related to legal, accounting, due diligence and other services, except that our manager has agreed not to seek reimbursement for certain personnel expense allocations during the first year of the management agreement.

(G) Pro forma basic and diluted earnings per share of common stock equals pro forma net income attributable to common stock divided by the pro forma number of shares of common stock outstanding.

INDEPENDENT AUDITORS' REPORT

To the Stockholder of Safety, Income and Growth, Inc.
iStar Inc.

To the Owners
The Nederlander Organization

Report on the Financial Statement

We have audited the accompanying combined statement of revenue of 6200 Hollywood Boulevard and 6201 Hollywood Boulevard (the "Properties") for the year ended December 31, 2016, and the related notes to the combined statement of revenue.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statement referred to above presents fairly, in all material respects, the combined revenue, described in Note 2, of the Properties for the year ended December 31, 2016, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

We draw attention to Note 2 to the financial statement, which describes that the accompanying combined financial statement was prepared for the purpose of complying with rules and regulations of the U.S. Securities and Exchange Commission and it is not intended to be a complete presentation of the Properties' combined revenues. Our opinion is not modified with respect to that matter.

New York, NY
June 7, 2017

6200 and 6201 Hollywood Boulevard

Combined Statements of Revenue

For the Year Ended December 31, 2016
and the Three Months Ended March 31, 2017 (unaudited)

(In thousands)

	Three Months Ended March 31, 2017 (Unaudited)	Year Ended December 31, 2016
Revenue		
Rental revenue	$ 1,248	$ 4,993
Revenue—Total	$ 1,248	$ 4,993

The accompanying notes are an integral part of the combined statements of revenue.

6200 and 6201 Hollywood Boulevard

Notes to Combined Statements of Revenue

For the Year Ended December 31, 2016 and
For the Three Months Ended March 31, 2017 (unaudited)

Note 1—Organization and Description of Business

The accompanying combined statements of revenue include the operations of 6200 Hollywood Boulevard and 6201 Hollywood Boulevard (the "Properties"), land assets leased to two independent commercial property operators, located in Los Angeles, CA. The Properties are currently owned by Future Hollywood LLC (the "Company"). Safety, Income and Growth, Inc. expects to acquire the Properties along with the in-place leases.

Note 2—Summary of Significant Accounting Policies

Basis of Presentation

The accompanying combined statements of revenue have been prepared for the purpose of complying with Rule 3-14 of Regulation S-X promulgated under the Securities Act of 1933, as amended. Accordingly, the statements are not representative of the actual results of operations for the periods presented as revenues and certain expenses, which may not be directly attributable to the revenue and expenses to be incurred in the future operations of the Properties, have been excluded. Such excluded items include depreciation and amortization, related party fees, management fees, and non-recurring professional fees.

Interim Unaudited Information

The statement of revenue for the three month period ended March 31, 2017 is unaudited. In the opinion of the Company, such statement reflects all adjustments necessary for a fair presentation of revenue in accordance with Rule 3-14 of Regulation S-X as described above. All such adjustments are of a normal recurring nature.

Revenue Recognition

Rental revenue includes base rents that each tenant pays in accordance with the terms of its respective lease and is reported on a straight-line basis over the non-cancellable term of the lease which includes the effects of rent steps and rent abatements, if any, under the leases. The Company commences rental revenue recognition when the tenant takes possession of the leased space and the leased space is substantially ready for its intended use.

Accounting Estimates

The preparation of a financial statement in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that in certain circumstances may affect the reported revenues. Actual results could materially differ from these estimates.

Note 3—Minimum Future Lease Rentals

The Properties are leased to two distinct tenants with leases commencing in 2005 and 2012 which are both set to expire in January 2104. The leases are triple net ground leases where all operating expenses, including the real estate taxes, are paid by the lessee. The leases provide for periodic base annual rent escalations linked to the Consumer Price Index as well as certain future adjustments based upon the fair market value of the underlying land.

6200 and 6201 Hollywood Boulevard

Notes to Combined Statements of Revenue (Continued)

For the Year Ended December 31, 2016 and
For the Three Months Ended March 31, 2017 (unaudited)

Note 3—Minimum Future Lease Rentals (Continued)

Future minimum operating lease payments to be collected under non-cancelable leases, excluding other lease payments that are not fixed and determinable, in effect as of March 31, 2017, are as follows by year ($ in thousands):

2017	$ 4,993
2018	4,993
2019	4,993
2020	4,993
2021	4,993
Thereafter	409,819
Total	$ 434,784

Note 4—Concentration of Credit Risk

The tenants of 6200 Hollywood Boulevard and 6201 Hollywood Boulevard contributed 52% and 48%, respectively, of rental revenue for both the three-months ended March 31, 2017 and the year ended December 31, 2016.

Note 5—Subsequent Events

The Company has evaluated events and transactions for potential recognition or disclosure through June 7, 2017, the date the financial statement was available to be issued.

Table of Contents

Until , 2017 (25 days after the date of this prospectus), all dealers that effect transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealer's obligation to deliver a prospectus when acting as an underwriter and with respect to unsold allotments or subscriptions.

SHARES

SAFETY, INCOME AND GROWTH, INC.

Common Stock

PROSPECTUS

BofA Merrill Lynch

J.P. Morgan

Barclays

Citigroup

Raymond James

Mizuho Securities

, 2017

PART II
INFORMATION NOT REQUIRED IN PROSPECTUS

Item 31. Other expenses of issuance and distribution.

The following table shows the fees and expenses, other than underwriting discounts and commissions, to be paid by us in connection with the sale and distribution of the securities being registered hereby. All amounts except the SEC registration fee are estimated.

Securities and Exchange Commission registration fee	$	27,323.43
Financial Industry Regulatory Authority, Inc. filing fee	$	35,862.50
New York Stock Exchange listing fee	$	
Legal fees and expenses (including Blue Sky fees)	$	
Accounting fees and expenses	$	
Printing and engraving expenses	$	
Transfer agent fees and expenses	$	
Miscellaneous	$	
Total	**$**	*****

* iStar has agreed to pay the underwriting discounts and commissions payable to the underwriters in connection with the offering to which this registration statement relates, our other expenses incurred in connection with such offering and our expenses incurred in connection with the concurrent iStar placement as described in the prospectus forming a part of this registration statement, in an aggregate amount not to exceed $25 million.

Item 32. Sales to Special Parties.

None.

Item 33. Recent sales of unregistered securities.

On April 14, 2017, we issued shares of our common stock to iStar for an aggregate purchase price of $55.5 million, shares of our common stock to GICRE for an aggregate purchase price of $42.5 million and shares of our common stock to LA for an aggregate purchase price of $15 million. All of the foregoing issuances were exempt from the registration requirements of the Securities Act pursuant to Section 4(a)(2) thereof.

Concurrently with the completion of this offering, iStar will purchase shares of our common stock having an aggregate value of $45.0 million, equivalent to shares of our common stock based on the mid-point of the initial public offering price range set forth on the cover page of the prospectus constituting part of this registration statement, at a price per share equal to the initial public offering price in the offering to which the prospectus relates. The foregoing issuance will be exempt from the registration requirements of the Securities Act pursuant to Section 4(a)(2) thereof.

Item 34. Indemnification and limitation of directors' and executive officers' liability.

Maryland law permits a Maryland corporation to include in its charter a provision eliminating the liability of its directors and officers to the corporation and its stockholders for money damages except for liability resulting from (1) actual receipt of an improper benefit or profit in money, property or services or (2) active and deliberate dishonesty that was established by a final judgment and was material to the cause of action. Our charter contains a provision that eliminates the liability of our directors and executive officers to the maximum extent permitted by Maryland law.

The MGCL requires us (unless our charter provides otherwise, which our charter does not) to indemnify a director or executive officer who has been successful, on the merits or otherwise, in the defense of any proceeding to which he or she is made a party by reason of his or her service in that capacity. The MGCL permits us to indemnify our present and former directors and executive officers, among others, against judgments, penalties, fines, settlements and reasonable expenses actually incurred by them in connection with any proceeding to which they may be made or threatened to be made a party by reason of their service in those or other capacities unless it is established that:

- the act or omission of the director or executive officer was material to the matter giving rise to the proceeding and (1) was committed in bad faith or (2) was the result of active and deliberate dishonesty;

- the director or executive officer actually received an improper personal benefit in money, property or services; or

- in the case of any criminal proceeding, the director or executive officer had reasonable cause to believe that the act or omission was unlawful.

However, under the MGCL, we may not indemnify a director or officer in a suit by us or in our right in which the director or officer was adjudged liable to us or in a suit in which the director or officer was adjudged liable on the basis that personal benefit was improperly received. A court may order indemnification if it determines that the director or officer is fairly and reasonably entitled to indemnification, even though the director or officer did not meet the prescribed standard of conduct or was adjudged liable on the basis that personal benefit was improperly received. However, indemnification for an adverse judgment in a suit by us or in our right, or for a judgment of liability on the basis that personal benefit was improperly received, is limited to expenses.

In addition, the MGCL permits us to advance reasonable expenses to a director or officer upon our receipt of:

- a written affirmation by the director or officer of his or her good faith belief that he or she has met the standard of conduct necessary for indemnification by us; and

- a written undertaking by the director or officer or on the director's or officer's behalf to repay the amount paid or reimbursed by the corporation if it is ultimately determined that the director or officer did not meet the standard of conduct.

Our charter and bylaws obligate us to the fullest extent permitted by Maryland law in effect from time to time, to indemnify and, without requiring a preliminary determination of the ultimate entitlement to indemnification, pay or reimburse reasonable expenses in advance of final disposition of a proceeding to:

- any present or former director or executive officer who is made or threatened to be made a party to or witness in the proceeding by reason of his or her service in that capacity;

- any individual who, while a director or executive officer of our company and at our request, serves or has served as a director, executive officer, partner, member manager, or trustee of another corporation, real estate investment trust, partnership, limited liability company, joint venture, trust, employee benefit plan or any other enterprise and who is made or threatened to be made a party to or witness in the proceeding by reason of his or her service in that capacity; or

- any individual who served any predecessor of our company in a similar capacity, who is made or threatened to be made a party to or witness in the proceeding by reason of his or her service in such capacity.

Our charter and bylaws also permit us, with the approval of our board of directors, to indemnify and advance expenses to any employee or agent of our company or a predecessor of our company.

Upon completion of this offering, we intend to enter into indemnification agreements with each of our directors and executive officers providing for the indemnification by us for certain liabilities and expenses incurred as a result of actions brought, or threatened to be brought, against (i) our directors and executive officers and (ii) our executive officers who are former members, managers, stockholders, directors, limited partners, general partners, officers or controlling persons of our predecessor in their capacities as such.

Insofar as the foregoing provisions permit indemnification of directors, officers or persons controlling us for liability arising under the Securities Act, we have been informed that, in the opinion of the SEC, this indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

Item 35. Treatment of proceeds from stock being registered.

None of the proceeds will be credited to an account other than the appropriate capital share account.

Item 36. Financial statements and exhibits.

(a) ***Financial Statements.***

See page F-1 for an index to the financial statements and schedules included in this registration statement.

(b) ***Exhibits.*** The following is a complete list of exhibits filed as part of the registration statement, which are incorporated herein:

Exhibit number	Exhibit description
1.1*	Form of Underwriting Agreement among Safety, Income and Growth, Inc., Safety Income and Growth Operating Partnership LP, SFTY Manager LLC and the underwriters named therein
2.1**	Agreement and Plan of Merger between Safety, Income and Growth, Inc. and SIGI Acquisition, Inc.
3.1**	Form of Articles of Amendment and Restatement of Safety, Income and Growth, Inc.
3.2**	Form of Bylaws of Safety, Income and Growth, Inc.
4.1**	Specimen Common Stock Certificate of Safety, Income and Growth, Inc.
5.1*	Opinion of Clifford Chance US LLP (including consent of such firm)
8.1*	Tax Opinion of Clifford Chance US LLP (including consent of such firm)
10.1	Form of First Amended and Restated Limited Partnership Agreement of Safety Income and Growth Operating Partnership LP
10.2**†	Form of Equity Incentive Plan
10.3**	Form of Indemnification Agreement
10.4	Form of Management Agreement

Exhibit number	Exhibit description
10.5	Form of Exclusivity Agreement
10.6*	Form of Revolving Credit Agreement
10.7	Form of Registration Rights Agreement among Safety, Income and Growth, Inc. and iStar Inc.
10.8	Form of Initial Portfolio Agreement
10.9**	Stockholder's Agreement, between Safety, Income and Growth, Inc. and SFTY Venture LLC
10.10**	Stockholder's Agreement, between Safety, Income and Growth, Inc. and SFTY VII-B, LLC
10.11**	Registration Rights Agreement, among Safety, Income and Growth, Inc., SFTY Venture LLC and SFTY VII-B, LLC
10.12**	Loan Agreement, dated March 30, 2017, among Barclays Bank PLC, JP Morgan Chase National Association and Bank of America, N.A., the company and the company subsidiaries named therein as borrower
10.13*	Form of Option GNL Agreement
10.14*	Form of Assignment, Assumption and Transfer Agreement
21.1**	List of subsidiaries of Safety, Income and Growth, Inc.
23.2*	Consent of Clifford Chance US LLP (included in Exhibit 5.1)
23.2*	Consent of Clifford Chance US LLP (included in Exhibit 8.1)
23.3	Consent of PricewaterhouseCoopers
23.4**	Consent of Rosen Consulting Group
23.5	Consent of Marcum LLP
24.1**	Power of Attorney (included on the signature page of the registration statement)
99.1**	Consents of director nominees

* To be filed by amendment.

** Previously filed.

† Indicates management contract or compensatory plan.

Item 37. Undertakings.

1. (a) The undersigned registrant hereby undertakes to provide to the underwriters at the closing specified in the underwriting agreement, certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.

2. (b) Insofar as indemnification for liabilities arising under the Securities Act of 1933, as amended (or the Securities Act), may be permitted to directors, officers or controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange

Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. If a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

3. (c) The undersigned registrant hereby further undertakes that:

(1) For purposes of determining any liability under the Securities Act the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4), or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-11 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, State of New York, on June 7, 2017.

Safety, Income and Growth, Inc.

By: /s/ JAY SUGARMAN

Name: Jay Sugarman
Title: *Chief Executive Officer*

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities and on the dates as indicated.

Name	Title	Date
/s/ JAY SUGARMAN Jay Sugarman	Chairman of the Board, Chief Executive Officer (Principal Executive Officer) and Director	June 7, 2017
* Dean Adler	Director	June 7, 2017
Jesse Hom	Director	June 7, 2017
/s/ GEOFFREY G. JERVIS Geoffrey G. Jervis	Chief Operating and Chief Financial Officer (Principal Accounting and Financial Officer)	June 7, 2017
* /s/ JAY SUGARMAN Jay Sugarman Attorney in Fact		

EXHIBIT INDEX

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99.1**	Consents of director nominees

* To be filed by amendment.

** Previously filed.

† Indicates management contract or compensatory plan.

Exhibit 10.1

CERTAIN OF THE SECURITIES EVIDENCED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR THE SECURITIES LAWS OF ANY STATE AND MAY NOT BE SOLD, TRANSFERRED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION, UNLESS IN THE OPINION OF COUNSEL SATISFACTORY TO THE PARTNERSHIP THE PROPOSED SALE, TRANSFER OR OTHER DISPOSITION MAY BE EFFECTED WITHOUT REGISTRATION UNDER THE SECURITIES ACT AND UNDER APPLICABLE STATE SECURITIES OR "BLUE SKY" LAWS.

DATED AS OF [·], 2017

FORM OF FIRST AMENDED AND RESTATED
AGREEMENT OF LIMITED PARTNERSHIP
OF
SAFETY INCOME AND GROWTH
OPERATING PARTNERSHIP LP

A DELAWARE LIMITED PARTNERSHIP

TABLE OF CONTENTS

THIS FIRST AMENDED AND RESTATED AGREEMENT OF LIMITED PARTNERSHIP OF SAFETY INCOME AND GROWTH OPERATING PARTNERSHIP, LP, dated as of [·], 2017 is entered into by and among SIGOP Gen Par LLC, a Delaware limited liability company (the "**General Partner**"), SAFETY, INCOME AND GROWTH, INC., a Maryland corporation ("**SFTY**"), and the Additional Limited Partners (defined below).

WHEREAS, a Certificate of Limited Partnership of the Partnership was filed in the office of the Secretary of State of the State of Delaware on October 17, 2016;

WHEREAS, the General Partner and SFTY, as the initial Limited Partner, entered into an Agreement of Limited Partnership of Safety Income and Growth Operating Partnership, LP, dated as of October 17, 2016, pursuant to which the Partnership was formed (the "**Original Agreement**"); and

WHEREAS, SFTY has consummated the IPO on the date hereof and will contribute: (i) 1% of the gross proceeds of the IPO to the General Partner, which will in turn contribute such proceeds to the Partnership to acquire additional OP Units in respect of its General Partner Interest in the Partnership; and (ii) 99% of the gross proceeds of the IPO directly to the Partnership, to acquire OP Units representing Limited Partner Interests in the Partnership;

WHEREAS, the General Partner and SFTY desire to amend and restate the Original Agreement in its entirety by entering into this Agreement;

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree to amend and restate the Original Agreement in its entirety and agree to continue the Partnership as a limited partnership under the Delaware Revised Uniform Limited Partnership Act, as amended from time to time, as follows:

ARTICLE I

DEFINED TERMS

The following definitions shall be for all purposes, unless otherwise clearly indicated to the contrary, applied to the terms used in this Agreement.

"**Act**" means the Delaware Revised Uniform Limited Partnership Act (6 Del. C. § 17-101 *et seq.*), as it may be amended from time to time, and any successor to such statute.

"**Additional Funds**" has the meaning set forth in Section 4.4(a) hereof.

"**Additional Limited Partner**" means a Person who is admitted to the Partnership as a Limited Partner pursuant to Section 4.3 and Section 12.2 hereof and who is shown as such on the books and records of the Partnership.

"**Adjusted Capital Account**" means the Capital Account maintained for each Partner as of the end of each Fiscal Year (i) increased by any amounts which such Partner is obligated to restore pursuant to any provision of this Agreement or is deemed to be obligated to restore pursuant to the penultimate sentences of Regulations Sections 1.704-2(g)(1) and 1.704-2(i)(5) and (ii) decreased by the items described in Regulations Sections 1.704-1(b)(2)(ii)(d)(4), 1.704-1(b)(2)(ii)(d)(5) and 1.704-1(b)(2)(ii)(d)(6). The foregoing definition of Adjusted Capital Account is intended to comply with the provisions of Regulations Section 1.704-1(b)(2)(ii)(d) and shall be interpreted consistently therewith.

“**Adjusted Capital Account Deficit**” means, with respect to any Partner, the deficit balance, if any, in such Partner’s Adjusted Capital Account as of the end of the relevant Partnership Year or other applicable period.

“**Adjustment Event**” shall have the meaning set forth in Section 4.6(a)) hereof.

“**Adjustment Factor**” means 1.0; **provided**, **however**, **that** in the event that:

(i) SFTY (a) declares or pays a dividend on its outstanding REIT Shares wholly or partly in REIT Shares or makes a distribution to all holders of its outstanding REIT Shares wholly or partly in REIT Shares, (b) splits or subdivides its outstanding REIT Shares or (c) effects a reverse stock split or otherwise combines its outstanding REIT Shares into a smaller number of REIT Shares, the Adjustment Factor shall be adjusted by multiplying the Adjustment Factor previously in effect by a fraction, (i) the numerator of which shall be the number of REIT Shares issued and outstanding on the record date for such dividend, distribution, split, subdivision, reverse split or combination (assuming for such purposes that such dividend, distribution, split, subdivision, reverse split or combination has occurred as of such time) and (ii) the denominator of which shall be the actual number of REIT Shares (determined without the above assumption) issued and outstanding on the record date for such dividend, distribution, split, subdivision, reverse split or combination;

(ii) SFTY distributes any rights, options or warrants to all holders of its REIT Shares to subscribe for or to purchase or to otherwise acquire REIT Shares (or other securities or rights convertible into, exchangeable for or exercisable for REIT Shares) at a price per share less than the Value of a REIT Share on the record date for such distribution (each a “**Distributed Right**”), then, as of the distribution date of such Distributed Rights, or, if later, the time such Distributed Rights become exercisable, the Adjustment Factor shall be adjusted by multiplying the Adjustment Factor previously in effect by a fraction (a) the numerator of which shall be the number of REIT Shares issued and outstanding on the record date (or, if later, the date such Distributed Rights become exercisable) plus the maximum number of REIT Shares purchasable under such Distributed Rights and (b) the denominator of which shall be the number of REIT Shares issued and outstanding on the record date (or, if later, the date such Distributed Rights become exercisable) plus a fraction (1) the numerator of which is the maximum number of REIT Shares purchasable under such Distributed Rights times the minimum purchase price per REIT Share under such Distributed Rights and (2) the denominator of which is the Value of a REIT Share as of the record date (or, if later, the date such Distributed Rights become exercisable); **provided**, **however**,

that if any such Distributed Rights expire or become no longer exercisable, then the Adjustment Factor shall be adjusted, effective retroactive to the date of distribution of the Distributed Rights, to reflect a reduced maximum number of REIT Shares or any change in the minimum purchase price for the purposes of the above fraction;

(iii) SFTY shall, by dividend or otherwise, distribute to all holders of its REIT Shares evidences of its indebtedness or assets (including securities, but excluding any dividend or distribution referred to in subsection (i) or (ii) above), which evidences of indebtedness or assets relate to assets not received by SFTY or its Subsidiaries pursuant to a *pro rata* distribution by the Partnership, then the Adjustment Factor shall be adjusted to equal the amount determined by multiplying the Adjustment Factor in effect immediately prior to the close of business on the date fixed for determination of stockholders of SFTY entitled to receive such distribution by a fraction (i) the numerator of which shall be such Value of a REIT Share on the date fixed for such determination and (ii) the denominator of which shall be the Value of a REIT Share on the dates fixed for such determination less the then fair market value (as determined by the REIT, whose determination shall be conclusive) of the portion of the evidences of indebtedness or assets so distributed applicable to one REIT Share; and

(iv) an entity other than an Affiliate of SFTY shall become General Partner pursuant to any merger, consolidation or combination of SFTY with or into another entity (the “**Successor Entity**”), the Adjustment Factor shall be adjusted by multiplying the Adjustment Factor by the number of shares of the Successor Entity into which one REIT Share is converted pursuant to such merger, consolidation or combination, determined as of the date of such merger, consolidation or combination.

Any adjustments to the Adjustment Factor shall become effective immediately after the effective date of such event, retroactive to the record date, if any, for such event. Notwithstanding the foregoing, the Adjustment Factor shall not be adjusted in connection with an event described in clauses (i) or (ii) above if, in connection with such event, the Partnership makes a distribution of cash, Partnership Units, REIT Shares and/or rights, options or warrants to acquire Partnership Units and/or REIT Shares with respect to all applicable OP Units (including LTIP Units) or effects a reverse split of, or otherwise combines, the OP Units (including LTIP Units), as applicable, that is comparable as a whole in all material respects with such an event, or if in connection with an event described in clause (iv) above, the consideration in Section 11.2 hereof is paid.

“**Affiliate**” means, with respect to any Person, (i) any Person directly or indirectly controlling or controlled by or under common control with such Person, (ii) any Person owning or controlling ten percent (10%) or more of the outstanding voting interests of such Person, (iii) any Person of which such Person owns or controls ten percent (10%) or more of the voting interests or (iv) any officer, director, general partner or trustee of such Person or any Person referred to in clauses (i), (ii), and (iii) above. For the purposes of this definition, “control” when used with respect to any Person means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise, and the terms “controlling” and “controlled” have meanings correlative to the foregoing.

“**Agreement**” means this First Amendment and Restated Agreement of Limited Partnership of Safety Income and Growth Operating Partnership, LP, as it may be amended, supplemented or restated from time to time.

“**Assignee**” means a Person to whom one or more Partnership Units have been Transferred in a manner permitted under this Agreement, but who has not become a Substituted Limited Partner, and who has the rights set forth in Section 11.5 hereof.

“**Available Cash**” means, with respect to any period for which such calculation is being made, the amount of cash available for distribution by the Partnership as determined by the General Partner in its sole and absolute discretion.

“**Board of Directors**” means the board of directors of SFTY.

“**Business Day**” means any day except a Saturday, Sunday or other day on which commercial banks in New York, New York are authorized or required by law to close.

“**Bylaws**” means the Bylaws of SFTY, as amended, supplemented or restated from time to time.

“**Capital Account**” means, with respect to any Partner, the Capital Account maintained by the General Partner for such Partner on the Partnership’s books and records in accordance with the following provisions:

(A) To each Partner’s Capital Account, there shall be added such Partner’s Capital Contributions, such Partner’s distributive share of Net Income and any items in the nature of income or gain that are specially allocated pursuant to Section 6.3 hereof, and the principal amount of any Partnership liabilities assumed by such Partner or that are secured by any property distributed to such Partner.

(B) From each Partner’s Capital Account, there shall be subtracted the amount of cash and the Gross Asset Value of any property distributed to such Partner pursuant to any provision of this Agreement, such Partner’s distributive share of Net Losses and any items in the nature of expenses or losses that are specially allocated pursuant to Section 6.3 hereof, and the principal amount of any liabilities of such Partner assumed by the Partnership or that are secured by any property contributed by such Partner to the Partnership.

(C) In the event any interest in the Partnership is Transferred in accordance with the terms of this Agreement, the transferee shall succeed to the Capital Account of the transferor to the extent that it relates to the Transferred interest.

(D) In determining the principal amount of any liability for purposes of subsections (a) and (b) hereof, there shall be taken into account Code Section 752(c) and any other applicable provisions of the Code and Regulations.

(E) The provisions of this Agreement relating to the maintenance of Capital Accounts are intended to comply with Regulations Sections 1.704-1(b) and 1.704-2, and shall be interpreted and applied in a manner consistent with such Regulations. If the General Partner shall determine that it is prudent to modify the manner in which the Capital Accounts are maintained in order to comply with such Regulations, the General Partner may make such modification **provided**, **that** such modification will not have a material effect on the amounts distributable to any Partner without such Partner’s Consent. The General Partner may, in its sole discretion, (i) make any adjustments that are necessary or appropriate to maintain equality between the Capital Accounts of the Partners and the amount of Partnership capital reflected on the Partnership’s balance sheet, as computed for book purposes, in accordance with Regulations Section 1.704-1(b)(2)(iv)(q) and (ii) make any appropriate modifications in the event that unanticipated events might otherwise cause this Agreement not to comply with Regulations Section 1.704-1(b) or Section 1.704-2.

“**Capital Account Limitation**” has the meaning set forth in Section 4.7(b) hereof.

“**Capital Contribution**” means, with respect to any Partner, the amount of money and the initial Gross Asset Value of any Contributed Property that such Partner contributes to the Partnership or is deemed to contribute to the Partnership pursuant to Section 4.4 hereof.

“**Cash Amount**” means, with respect to a Tendering Party, an amount of cash equal to the product of (A) the Value of a REIT Share and (B) such Tendering Party’s REIT Shares Amount determined as of the date of receipt by the General Partner of such Tendering Party’s Notice of Redemption or, if such date is not a Business Day, the immediately preceding Business Day.

“**Certificate of Limited Partnership**” means the Certificate of Limited Partnership of the Partnership filed in the office of the Secretary of State of the State of Delaware on October 17, 2016, as amended from time to time in accordance with the terms hereof and the Act.

“**Charity**” means an entity described in Section 501(c)(3) of the Code or any trust all the beneficiaries of which are such entities.

“**Charter**” means the Articles of Incorporation of SFTY as filed with the State Department of Assessments and Taxation of Maryland, as amended, supplemented or restated from time to time.

“**Closing Price**” has the meaning set forth in the definition of “Value.”

"**Code**" means the Internal Revenue Code of 1986, as amended and in effect from time to time or any successor statute thereto, as interpreted by the applicable Regulations thereunder. Any reference herein to a specific section or sections of the Code shall be deemed to include a reference to any corresponding provision of future law.

"**Consent**" means the consent to, approval of, or vote in favor of a proposed action by a Partner given in accordance with Article XIV hereof.

"**Constituent Person**" shall have the meaning set forth in Section 4.7(f).

"**Contributed Entity**" has the meaning set forth in the definition of "Indemnitee."

"**Contributed Property**" means each item of Property or other asset, in such form as may be permitted by the Act, but excluding cash, contributed or deemed contributed to the Partnership (or deemed contributed by the Partnership to a "new" partnership pursuant to Code Section 708) net of any liabilities assumed by the Partnership relating to such Contributed Property and any liability to which such Contributed Property is subject.

"**Controlled Entity**" means, as to any Partner, (a) any corporation more than twenty-five percent (25%) of the outstanding voting stock of which is owned by such Partner and such Partner's Family Members and Affiliates, (b) any trust, whether or not revocable, of which such Partner and such Partner's Family Members and Affiliates are the sole initial income beneficiaries, (c) any partnership of which such Partner or such Partner's Family Members and Affiliates are the managing partners and in which such Partner, such Partner's Family Members and Affiliates hold partnership interests representing at least twenty-five percent (25%) of such partnership's capital and profits and (d) any limited liability company of which such Partner or such Partner's Family Members and Affiliates are the managers and in which such Partner, such Partner's Family Members and Affiliates hold membership interests representing at least twenty-five percent (25%) of such limited liability company's capital and profits.

"**Conversion Date**" shall have the meaning set forth in Section 4.7(b).

"**Conversion Notice**" shall have the meaning set forth in Section 4.7(b).

"**Conversion Right**" shall have the meaning set forth in Section 4.7(a).

"**Debt**" means, as to any Person, as of any date of determination, (i) all indebtedness of such Person for borrowed money or for the deferred purchase price of property or services; (ii) all amounts owed by such Person to banks or other Persons in respect of reimbursement obligations under letters of credit, surety bonds and other similar instruments guaranteeing payment or other performance of obligations by such Person; (iii) all indebtedness for borrowed money or for the deferred purchase price of property or services secured by any lien on any property owned by such Person, to the extent attributable to such Person's interest in such property, even though such Person has not assumed or become liable for the payment thereof; and (iv) lease obligations of such Person that, in accordance with generally accepted accounting principles, should be capitalized.

"**Depreciation**" means, for each Partnership Year or other applicable period, an amount equal to the federal income tax depreciation, amortization or other cost recovery deduction allowable with respect to an asset for such year or other period, except that if the Gross Asset Value of an asset differs from its adjusted basis for federal income tax purposes at the beginning of such year or period, Depreciation shall be in an amount that bears the same ratio to such beginning Gross Asset Value as the federal income tax depreciation, amortization or other cost recovery deduction for such year or other period bears to such beginning adjusted tax basis; **provided**, **however**, **that** if the federal income tax depreciation, amortization or other cost recovery deduction for such year or period is zero, Depreciation shall be determined with reference to such beginning Gross Asset Value using any reasonable method selected by the General Partner.

"**Distributed Right**" has the meaning set forth in the definition of "**Adjustment Factor**."

"**Economic Capital Account Balances**" has the meaning set forth in Section 6.3(c) hereof.

"**Effective Date**" means the date of closing of the initial public offering of REIT Shares.

"**Equity Incentive Plan**" means any equity incentive plan hereafter adopted by the Partnership or SFTY, including SFTY 's initial equity incentive plan adopted at the time of the IPO.

"**ERISA**" means the Employee Retirement Income Security Act of 1974, as amended.

"**Exchange Act**" means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

"**Exclusivity Agreement**" means the Exclusivity and Expense Reimbursement Agreement, dated , 2017, between SFTY and iStar Inc., as the same maybe amended from time to time.

"**Family Member**" means, as to a Person that is an individual, such Person's spouse, ancestors (whether by blood or by adoption or step-ancestors by marriage), descendants (whether by blood or by adoption or step-descendants by marriage), brothers and sisters, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, sister-in-law and descendants (whether by blood or by adoption or step-descendants by marriage) of a brother or sister and any limited liability company or *inter vivos* or testamentary trusts (whether revocable or irrevocable) of which only such Person, his or her spouse, ancestors (whether by blood or by adoption or step-ancestors by marriage), descendants (whether by blood or by adoption or step-descendants by marriage), brothers and sisters, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, sister-in-law and descendants (whether by blood or by adoption or step-descendants by marriage) of a brother or sister are initial income beneficiaries.

"**Flow-Through Entity**" has the meaning set forth in Section 3.4(a)(iv).

"**Flow-Through Partner**" has the meaning set forth in Section 3.4(a)(iv).

"**Forced Redemption**" shall have the meaning set forth in Section 4.7(c).

"**Forced Redemption Notice**" shall have the meaning set forth in Section 4.7(c).

"**Funding Debt**" means the incurrence of any Debt for the purpose of providing funds to the Partnership by or on behalf of SFTY or any wholly owned subsidiary of SFTY.

"**General Partner**" means SIGOP Gen Par LLC, and its successors and assigns, as the general partner of the Partnership.

"**General Partner Interest**" means the Partnership Interest held by the General Partner, which Partnership Interest is an interest as a general partner under the Act. A General Partner Interest may be expressed as a number of Partnership Units.

"**Governmental Entity**" means any federal, state, county, city, local or foreign governmental, administrative or regulatory authority, commission, committee, agency or body (including any court, tribunal or arbitral body).

"**Gross Asset Value**" means, with respect to any asset, the asset's adjusted basis for federal income tax purposes, except as follows:

(a) The initial Gross Asset Value of any asset contributed by a Partner to the Partnership shall be the gross fair market value of such asset as determined by the General Partner in its sole discretion.

(b) The Gross Asset Values of all Partnership assets immediately prior to the occurrence of any event described in clause (i), clause (ii), clause (iii) or clause (iv) hereof shall be adjusted to equal their respective gross fair market values, as determined by the General Partner in its sole discretion using such reasonable method of valuation as it may adopt, as of the following times:

(i) the acquisition of an additional interest in the Partnership (other than in connection with the execution of this Agreement but including, without limitation, acquisitions pursuant to Section 4.2 hereof or contributions or deemed contributions by the General Partner pursuant to Section 4.2 hereof) by a new or existing Partner in exchange for more than a *de minimis* Capital Contribution, if the General Partner reasonably determines that such adjustment is necessary or appropriate to reflect the relative economic interests of the Partners in the Partnership; **provided**, **that** the issuance of any LTIP Unit shall be deemed to require a recalculation pursuant to this subsection;

(ii) the distribution by the Partnership to a Partner of more than a *de minimis* amount of Property as consideration for an interest in the Partnership, if the General Partner reasonably determines that such adjustment is necessary or appropriate to reflect the relative economic interests of the Partners in the Partnership;

(iii) the liquidation of the Partnership within the meaning of Regulations Section 1.704-1(b)(2)(ii)(g); and

(iv) at such other times as the General Partner shall reasonably determine necessary or advisable in order to comply with Regulations Sections 1.704-1(b) and 1.704-2.

(c) The Gross Asset Value of any Partnership asset distributed to a Partner shall be the gross fair market value of such asset on the date of distribution as determined by the distributee and the General Partner **provided**, **that**, if the distributee is the General Partner or if the distributee and the General Partner cannot agree on such a determination, such gross fair market value shall be determined by an independent third party experienced in the valuation of similar assets, selected by the General Partner in good faith.

(d) The Gross Asset Values of Partnership assets shall be increased (or decreased) to reflect any adjustments to the adjusted basis of such assets pursuant to Code Section 734(b) or Code Section 743(b), but only to the extent that such adjustments are taken into account in determining Capital Accounts pursuant to Regulations Section 1.704-1(b)(2)(iv)(m); **provided**, **however**, **that** Gross Asset Values shall not be adjusted pursuant to this subsection (d) to the extent that the General Partner reasonably determines that an adjustment pursuant to subsection (b) above is necessary or appropriate in connection with a transaction that would otherwise result in an adjustment pursuant to this subsection (d).

(e) If the Gross Asset Value of a Partnership asset has been determined or adjusted pursuant to subsection (a), subsection (b) or subsection (d) above, such Gross Asset Value shall thereafter be adjusted by the Depreciation taken into account with respect to such asset for purposes of computing Net Income and Net Losses.

"**Holder**" means either (a) a Partner or (b) an Assignee, owning a Partnership Unit, that is treated as a partner of the Partnership for federal income tax purposes.

"**Incapacity**" or "**Incapacitated**" means, (i) as to any Partner who is an individual, death, total physical disability or entry by a court of competent jurisdiction adjudicating such Partner incompetent to manage his or her person or his or her estate; (ii) as to any Partner that is a corporation or limited liability company, the filing of a certificate of dissolution, or its equivalent, or the revocation of the corporation's charter; (iii) as to any Partner that is a partnership, the dissolution and commencement of winding up of the partnership; (iv) as to any Partner that is an estate, the distribution by the fiduciary of the estate's entire interest in the Partnership; (v) as to any trustee of a trust that is a Partner, the termination of the trust (but not the substitution of a new trustee); or (vi) as to any Partner, the bankruptcy of such Partner. For purposes of this definition, bankruptcy of a Partner shall be deemed to have occurred when (a) the Partner commences a voluntary proceeding seeking liquidation, reorganization or other relief of or against such Partner under any bankruptcy, insolvency or other similar law now or hereafter in effect, (b) the Partner is adjudged as bankrupt or insolvent, or a final and nonappealable order for relief under any bankruptcy, insolvency or similar law now or hereafter in effect has been entered against the Partner, (c) the Partner executes and delivers a general assignment for the benefit of the Partner's creditors, (d) the Partner files an answer or other pleading admitting or failing to contest the material allegations of a petition filed against the Partner in any proceeding of the nature described in clause (b) above, (e) the Partner seeks, consents to or acquiesces in the appointment of a trustee, receiver or liquidator for the Partner or for all or any substantial part of the Partner's properties, (f) any proceeding seeking liquidation, reorganization or other relief under any bankruptcy, insolvency or other similar law now or hereafter in effect has not been dismissed within 120 days after the commencement thereof, (g) the appointment without the Partner's consent or acquiescence of a trustee, receiver or liquidator has not been vacated or stayed within ninety (90) days of such appointment, or (h) an appointment referred to in clause (g) above is not vacated within ninety (90) days after the expiration of any such stay.

"**Indemnitee**" means (i) any Person made a party to a proceeding by reason of its status as (A) the General Partner or any successor thereto or (B) an officer or director or controlling Person, as applicable, of the Partnership, the General Partner or a Subsidiary thereof (including by reason of being named a Person who is about to become a director) and (ii) such other Persons (including (A) Affiliates of the General Partner or the Partnership or (B) a present or former member, manager, shareholder, director, limited partner, general partner, officer or controlling person of an entity that owned an interest in properties or other assets that are going to be or were contributed to SFTY, the General Partner, the Partnership or their subsidiaries (each such entity, a "**Contributing Entity**") in connection with the IPO) as the General Partner may designate from time to time (whether before or after the event giving rise to potential liability), in its sole and absolute discretion.

"**Independent Directors**" means the independent directors of the Board of Directors of SFTY as determined by the rules and regulations then in effect of the stock exchange on which SFTY's common stock is then traded.

"**IPO**" means the initial public offering of the common stock of SFTY.

"**IRS**" means the Internal Revenue Service.

"**Junior Share**" means a share of capital stock of SFTY now or hereafter authorized or reclassified that has dividend rights, or rights upon liquidation, winding up and dissolution, that are junior in rank to the REIT Shares.

"**Junior Unit**" means a fractional share of the Partnership Interests that the General Partner has authorized pursuant to Sections 4.1, 4.3 or 4.4 hereof that has distribution rights, or rights upon liquidation, winding up and dissolution, that are junior in rank to the OP Units.

"**Limited Partner**" means any Person named as a Limited Partner on Exhibit A attached hereto, as such Exhibit A may be amended from time to time, or any Substituted Limited Partner or Additional Limited Partner, in such Person's capacity as a Limited Partner in the Partnership.

"**Limited Partner Interest**" means a Partnership Interest of a Limited Partner in the Partnership representing a fractional part of the Partnership Interests of all Limited Partners and includes any and all benefits to which the holder of such a Partnership Interest may be entitled as

provided in this Agreement, together with all obligations of such Person to comply with the terms and provisions of this Agreement. A Limited Partner Interest may be expressed as a number of OP Units, LTIP Units, Preferred Units, Junior Units or other Partnership Units.

"**Liquidating Event**" has the meaning set forth in Section 13.1 hereof.

"**Liquidating Gains**" has the meaning set forth in Section 6.3(c) hereof.

"**Liquidator**" has the meaning set forth in Section 13.2(a) hereof.

"**LTIP Award**" means each or any, as the context requires, LTIP Award issued under any Equity Incentive Plan.

"**LTIP Unit**" means a Partnership Unit which is designated as an LTIP Unit and which has the rights, preferences and other privileges and restrictions, qualifications, and limitations set forth in Section 4.6 hereof (except as may be varied by the designations applicable to any particular class or series of LTIP Units) and elsewhere in this Agreement (including any exhibit hereto creating any new class or series of LTIP Units) or in the Equity Incentive Plan or the award, vesting, or other agreement pursuant to which an LTIP Unit is granted to the holder thereof. The allocation of LTIP Units among the Partners shall be set forth on Exhibit A attached hereto, as such Exhibit A may be amended from time to time.

"**LTIP Unitholder**" means a Partner that holds LTIP Units.

"**Majority in Interest of the Outside Limited Partners**" means Limited Partners (excluding for this purpose (i) any Limited Partnership Interests held by SFTY or its Subsidiaries, (ii) any Person of which SFTY or its Subsidiaries directly or indirectly owns or controls more than fifty percent (50%) of the voting interests and (iii) any Person directly or indirectly owning or controlling more than fifty percent (50%) of the outstanding interests of SFTY) holding in the aggregate Percentage Interests that are greater than fifty percent (50%) of the aggregate Percentage Interests of all such Limited Partners of all classes who are not excluded for the purpose of granting Consent to the applicable action.

"**Management Agreement**" means the Management Agreement, dated , 2017, among SFTY, the Partnership and the Manager, as the same maybe amended from time to time, providing for the Manager to manage the day to day operations of SFTY and its Subsidiaries, including the Partnership.

"**Manager**" means SFTY Manager LLC, the external manager of SFTY, or any successor external manager to SFTY selected by the Board of Directors.

"**Market Price**" has the meaning set forth in the definition of "Value."

“**National Securities Exchange**” means an exchange registered with the SEC under Section 6(a) of the Exchange Act or any other exchange (domestic or foreign, and whether or not so registered) designated by the General Partner as a National Securities Exchange.

“**Net Income**” or “**Net Loss**” means, for each Partnership Year of the Partnership, an amount equal to the Partnership’s taxable income or loss for such year, determined in accordance with Code Section 703(a) (for this purpose, all items of income, gain, loss or deduction required to be stated separately pursuant to Code Section 703(a)(1) shall be included in taxable income or loss), with the following adjustments:

(a) Any income of the Partnership that is exempt from federal income tax and not otherwise taken into account in computing Net Income (or Net Loss) pursuant to this definition of “Net Income” or “Net Loss” shall be added to (or subtracted from, as the case may be) such taxable income (or loss);

(b) Any expenditure of the Partnership described in Code Section 705(a)(2)(B) or treated as a Code Section 705(a)(2)(B) expenditure pursuant to Regulations Section 1.704-1(b)(2)(iv)(i), and not otherwise taken into account in computing Net Income (or Net Loss) pursuant to this definition of “Net Income” or “Net Loss,” shall be subtracted from (or added to, as the case may be) such taxable income (or loss);

(c) In the event the Gross Asset Value of any Partnership asset is adjusted pursuant to subsection (b) or subsection (c) of the definition of “Gross Asset Value,” the amount of such adjustment shall be taken into account as gain or loss from the disposition of such asset for purposes of computing Net Income or Net Loss;

(d) Gain or loss resulting from any disposition of property with respect to which gain or loss is recognized for federal income tax purposes shall be computed by reference to the Gross Asset Value of the property disposed of, notwithstanding that the adjusted tax basis of such property differs from its Gross Asset Value;

(e) In lieu of the depreciation, amortization and other cost recovery deductions that would otherwise be taken into account in computing such taxable income or loss, there shall be taken into account Depreciation for such Partnership Year;

(f) To the extent that an adjustment to the adjusted tax basis of any Partnership asset pursuant to Code Section 734(b) or Code Section 743(b) is required pursuant to Regulations Section 1.704-1(b)(2)(iv)(m)(4) to be taken into account in determining Capital Accounts as a result of a distribution other than in liquidation of a Partner’s interest in the Partnership, the amount of such adjustment shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases the basis of the asset) from the disposition of the asset and shall be taken into account for purposes of computing Net Income or Net Loss; and

(g) Notwithstanding any other provision of this definition of “Net Income” or “Net Loss,” any item that is specially allocated pursuant to Section 6.3 hereof shall not be taken into account in computing Net Income or Net Loss. The amounts of the items of Partnership income, gain, loss or deduction available to be specially

allocated pursuant to Section 6.3 hereof shall be determined by applying rules analogous to those set forth in this definition of “Net Income” or “Net Loss.”

“**New Securities**” means (i) any rights, options, warrants or convertible or exchangeable securities having the right to subscribe for or purchase REIT Shares, Preferred Shares or Junior Shares, except that “New Securities” shall not mean any Preferred Shares, Junior Shares or grants under the Equity Incentive Plans or (ii) any Debt issued by SFTY that provides any of the rights described in clause (i).

“**Nonrecourse Deductions**” has the meaning set forth in Regulations Section 1.704-2(b)(1), and the amount of Nonrecourse Deductions for a Partnership Year shall be determined in accordance with the rules of Regulations Section 1.704-2(c).

“**Nonrecourse Liability**” has the meaning set forth in Regulations Section 1.752-1(a)(2).

“**Notice of Redemption**” means the Notice of Redemption substantially in the form of Exhibit B attached to this Agreement.

“**OP Unit**” means a fractional share of the Partnership Interests of all Partners that is designated as a Partnership Unit and issued pursuant to Sections 4.1 and 4.2 hereof, but does not include any LTIP Unit, Preferred Unit, Junior Unit or any other Partnership Unit specified in a Partnership Unit Designation as being other than an OP Unit; **provided**, **however**, **that** the General Partner Interest and the Limited Partner Interests shall have the differences in rights and privileges as specified in this Agreement.

“**OP Unit Economic Balance**” has the meaning set forth in Section 6.3(c) hereof.

“**Original Agreement**” means the original Agreement of Limited Partnership, dated as of October 17, 2016.

“**Outside Interest**” has the meaning set forth in Section 5.2 hereof.

“**Ownership Limit**” means the applicable restriction or restrictions on ownership of shares of SFTY imposed under the Charter.

“**Partner**” means the General Partner or a Limited Partner, and “**Partners**” means the General Partner and the Limited Partners.

“**Partner Minimum Gain**” means an amount, with respect to each Partner Nonrecourse Debt, equal to the Partnership Minimum Gain that would result if such Partner Nonrecourse Debt were treated as a Nonrecourse Liability, determined in accordance with Regulations Section 1.704-2(i)(3).

“**Partner Nonrecourse Debt**” has the meaning set forth in Regulations Section 1.704-2(b)(4).

“**Partner Nonrecourse Deductions**” has the meaning set forth in Regulations Section 1.704-2(i)(2), and the amount of Partner Nonrecourse Deductions with respect to a

Partner Nonrecourse Debt for a Partnership Year shall be determined in accordance with the rules of Regulations Section 1.704-2(i)(2).

“**Partnership**” means the limited partnership formed under the Act and pursuant to this Agreement, and any successor thereto.

“**Partnership Interest**” means an ownership interest in the Partnership held by either a Limited Partner or the General Partner and includes any and all benefits to which the holder of such a Partnership Interest may be entitled as provided in this Agreement, together with all obligations of such Person to comply with the terms and provisions of this Agreement. There may be one or more classes or series of Partnership Interests. A Partnership Interest may be expressed as a number of OP Units, LTIP Units, Preferred Units, Junior Units or other Partnership Units.

“**Partnership Minimum Gain**” has the meaning set forth in Regulations Section 1.704-2(b)(2), and the amount of Partnership Minimum Gain, as well as any net increase or decrease in Partnership Minimum Gain, for a Partnership Year shall be determined in accordance with the rules of Regulations Section 1.704-2(d).

“**Partnership Record Date**” means the record date established by the General Partner in its sole discretion (a) for determining the Partners entitled to notice of or to vote at any meeting of Partners or to Consent to any matter or (b) for the distribution of Available Cash pursuant to Section 5.1 hereof, which record date shall generally be the same as the record date established by the General Partner for a distribution to its stockholders of some or all of its portion of such distribution.

“**Partnership Unit**” shall mean an OP Unit, an LTIP Unit, a Preferred Unit, a Junior Unit or any other fractional share of the Partnership Interests that the General Partner has authorized pursuant to Sections 4.1, 4.2, 4.3 or 4.4 hereof.

“**Partnership Unit Designation**” has the meaning set forth in Section 4.3 hereof.

“**Partnership Unit Distribution**” shall have the meaning set forth in Section 4.6(a) hereof.

“**Partnership Year**” means the fiscal year of the Partnership and the Partnership’s taxable year for federal income tax purposes, each of which shall be the calendar year unless otherwise required under the Code.

“**Percentage Interest**” means, (i) as to any holder of OP Units (subject to Section 4.6(a)), the quotient obtained by dividing the number of OP Units owned by such Partner as shown on Exhibit A attached hereto, as such Exhibit A may be amended from time to time, by the total number of OP Units then outstanding as specified on Exhibit A attached hereto, as such Exhibit A may be amended from time to time, and (ii) as to a Partner holding any class (other than OP Units) or series of Partnership Interests, its interest in such class or series as determined by dividing the Partnership Units of such class or series owned by such Partner as shown on Exhibit A attached hereto, as such Exhibit A may be amended from time to time, by the total number of Partnership Units of such class then outstanding as specified on Exhibit A attached hereto, as

such Exhibit A may be amended from time to time. If the Partnership issues additional classes or series of Partnership Interests other than as contemplated herein, the interest in the Partnership among the classes or series of Partnership Interests shall be determined as set forth in the amendment to the Partnership Agreement setting forth the rights and privileges of such additional classes or series of Partnership Interest, if any, as contemplated by Section 4.3(a).

“**Person**” means an individual or a corporation, partnership (general or limited), trust, estate, custodian, nominee, unincorporated organization, association, limited liability company or any other individual or entity in its own or any representative capacity.

“**Preferred Share**” means a share of capital stock of SFTY now or hereafter authorized or reclassified that has dividend rights, or rights upon liquidation, winding up and dissolution, that are superior or prior to the REIT Shares.

“**Preferred Unit**” means a fractional share of the Partnership Interests that the General Partner has authorized pursuant to Sections 4.1, 4.3 or 4.4 hereof that has distribution rights, or rights upon liquidation, winding up and dissolution, that are superior or prior to the OP Units.

“**Properties**” means any assets and property of the Partnership such as, but not limited to, interests in real property and personal property, including, without limitation, fee interests, interests in ground leases, interests in leases other than ground leases, interests in Debt instruments, interests in mortgages, interests in securities, easements and rights of way, and interests in limited liability companies, corporations, joint ventures, partnerships or other entities as the Partnership may hold from time to time and “**Property**” shall mean any one such asset or property.

“**Publicly Traded**” means listed or admitted to trading on the New York Stock Exchange, the American Stock Exchange, the NASDAQ Stock Market or another National Securities Exchange or any successor to the foregoing.

“**Qualified Assets**” means any of the following assets: (i) interests, rights, options, warrants or convertible or exchangeable securities of the Partnership; (ii) Debt issued by the Partnership or any Subsidiary thereof in connection with the incurrence of Funding Debt; (iii) equity interests in Qualified REIT Subsidiaries and limited liability companies (or other entities disregarded from their sole owner for U.S. federal income tax purposes, including wholly owned grantor trusts) whose assets consist solely of Qualified Assets; (iv) up to a one percent (1%) equity interest in any partnership or limited liability company at least ninety-nine percent (99%) of the equity of which is owned, directly or indirectly, by the Partnership; (v) cash held for payment of administrative expenses or pending distribution to security holders of the General Partner or any wholly owned Subsidiary thereof or pending contribution to the Partnership; and (vi) other tangible and intangible assets that, taken as a whole, are *de minimis* in relation to the net assets of the Partnership and its Subsidiaries.

"**Qualified REIT Subsidiary**" means any Subsidiary of SFTY or the General Partner that is a "qualified REIT subsidiary" within the meaning of Code Section 856(i).

"**Qualified Transferee**" means an "Accredited Investor" as defined in Rule 501 promulgated under the Securities Act.

"**Recourse Liabilities**" means the amount of liabilities owed by the Partnership (other than Nonrecourse Liabilities and liabilities to which Partner Nonrecourse Deductions are attributable in accordance with Section 1.704-(2)(i) of the Regulations).

"**Redemption**" has the meaning set forth in Section 8.6(a) hereof.

"**Regulations**" means the applicable income tax regulations under the Code, whether such regulations are in proposed, temporary or final form, as such regulations may be amended from time to time (including corresponding provisions of succeeding regulations).

"**Regulatory Allocations**" has the meaning set forth in Section 6.3(a)(vii) hereof.

"**REIT**" means a real estate investment trust qualifying under Code Section 856.

"**REIT Payment**" has the meaning set forth in Section 15.11 hereof.

"**REIT Requirements**" has the meaning set forth in Section 5.1 hereof.

"**REIT Share**" means a share of SFTY's common stock, par value $0.01 per share. Where relevant in this Agreement, "REIT Share" includes shares of SFTY's common stock, par value $0.01 per share, issued upon conversion of Preferred Shares or Junior Shares.

"**REIT Shares Amount**" means a number of REIT Shares equal to the product of (a) the number of Tendered Units and (b) the Adjustment Factor in effect on the Specified Redemption Date with respect to such Tendered Units; **provided**, **however**, **that** in the event that SFTY issues to all holders of REIT Shares as of a certain record date rights, options, warrants or convertible or exchangeable securities entitling SFTY's stockholders to subscribe for or purchase REIT Shares, or any other securities or property (collectively, the "**Rights**"), with the record date for such Rights issuance falling within the period starting on the date of the Notice of Redemption and ending on the day immediately preceding the Specified Redemption Date, which Rights will not be distributed before the relevant Specified Redemption Date, then the REIT Shares Amount shall also include such Rights that a holder of that number of REIT Shares would be entitled to receive, expressed, where relevant hereunder, in a number of REIT Shares determined by the General Partner in good faith.

"**Rights**" has the meaning set forth in the definition of "REIT Shares Amount."

"**SEC**" means the United States Securities and Exchange Commission or any similar agency then having jurisdiction to enforce the Securities Act.

"**Securities Act**" means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

"**Services Agreement**" means any brokerage, management, construction, development or advisory agreement with a property and/or asset manager for the provision of brokerage, property management, asset management, leasing, construction, development and/or similar services with respect to the Properties and any agreement for the provision of services of

accountants, legal counsel, appraisers, insurers, brokers, transfer agents, registrars, developers, financial advisors and other professional services.

"**Specified Redemption Date**" means the 10th Business Day following receipt by the General Partner of a Notice of Redemption; **provided**, **that**, if the REIT Shares are not Publicly Traded, the Specified Redemption Date means the thirtieth (30th) Business Day following receipt by the General Partner of a Notice of Redemption.

"**SFTY Employee**" means any employee of the Manager, SFTY, the Partnership, the General Partner and any of their Subsidiaries.

"**SFTY Loan**" has the meaning set forth in Section 4.4(d) hereof.

"**Subsidiary**" means, with respect to any Person, any other Person (which is not an individual) of which a majority of (i) the voting power of the voting equity securities or (ii) the outstanding equity interests is owned, directly or indirectly, by such Person.

"**Substituted Limited Partner**" means a Person who is admitted as a Limited Partner to the Partnership pursuant to Section 11.4 hereof.

"**Successor Entity**" has the meaning set forth in the definition of "Adjustment Factor."

"**Target Balance**" has the meaning set forth in Section 6.3(c) hereof.

"**Tax Items**" has the meaning set forth in Section 6.4(a) hereof.

"**Tendered Units**" has the meaning set forth in Section 8.6(a) hereof.

“**Tendering Partner**” has the meaning set forth in Section 8.6(a) hereof.

“**Tendering Party**” has the meaning set forth in Section 8.6(a) hereof.

“**Terminating Capital Transaction**” means any sale or other disposition of all or substantially all of the assets of the Partnership or a related series of transactions that, taken together, result in the sale or other disposition of all or substantially all of the assets of the Partnership.

“**Termination Transaction**” has the meaning set forth in Section 11.2(b) hereof.

“**Transaction**” shall have the meaning set forth in Section 4.7(f).

“**Transfer**,” when used with respect to a Partnership Unit, or all or any portion of a Partnership Interest, means any sale, assignment, bequest, conveyance, devise, gift (outright or in trust), pledge, encumbrance, hypothecation, mortgage, exchange, transfer or other disposition or act of alienation, whether voluntary or involuntary or by operation of law; **provided**, **however**, **that** when the term is used in Article XI hereof, “Transfer” does not include (a) any Redemption of Partnership Units by the Partnership or the General Partner, or acquisition of Tendered Units by the General Partner, pursuant to Section 8.6 hereof or (b) any redemption of Partnership Units

pursuant to any Partnership Unit Designation. The terms “**Transferred**” and “**Transferring**” have correlative meanings.

“**Unvested LTIP Units**” has the meaning set forth in Section 4.6(c)(i) hereof.

“**U.S. GAAP**” means U.S. generally accepted accounting principles consistently applied.

“**Value**” means, on any date of determination with respect to a REIT Share, the Market Price of a REIT Share on such date of determination except that, as provided in Section 4.5(b) hereof, the Market Price for the trading day immediately preceding the date of exercise of a stock option under any Equity Incentive Plan shall be substituted for such price for purposes of Section 4.5 hereof; **provided**, **however**, **that** for purposes of Section 8.6, the “date of determination” shall be the date of receipt by the General Partner of a Notice of Redemption or, if such date is not a Business Day, the immediately preceding Business Day. The term “**Market Price**” on any date shall mean, with respect to any class or series of outstanding REIT Shares, the Closing Price for such REIT Shares on such date. The “**Closing Price**” on any date shall mean: (i) if the REIT Shares are listed or admitted to trading on any National Securities Exchange, the closing price, regular way, on such day as reported by such National Securities Exchange, or if no such sale takes place on such day, the average of the closing bid and asked prices on such day; (ii) if the REIT Shares are not listed or admitted to trading on any National Securities Exchange, the last reported sale price on such day or, if no sale takes place on such day, the average of the closing bid and asked prices on such day, as reported by a reliable quotation source designated by the General Partner; (iii) if the REIT Shares are not listed or admitted to trading on any National Securities Exchange and no such last reported sale price or closing bid and asked prices are available, the average of the reported high bid and low asked prices on such day, as reported by a reliable quotation source designated by the General Partner, or if there shall be no bid and asked prices on such day, the average of the high bid and low asked prices, as so reported, on the most recent day (not more than ten (10) days prior to the date in question) for which prices have been so reported; or (iv) if none of the conditions set forth in clauses (i), (ii), or (iii) is met then, unless the holder of the REIT Shares or Common Units and the General Partner otherwise agree, with respect to a REIT Share per Common Unit offered for redemption, the amount that a Holder of one Common Unit would receive if each of the assets of the Partnership were sold for its fair market value on the Specified Redemption Date, the Partnership were to pay all of its outstanding liabilities, and the remaining proceeds were to be distributed to the Partners in accordance with the terms of this Agreement.

In the event that the REIT Shares Amount includes Rights that a holder of REIT Shares would be entitled to receive, then the Value of such Rights shall be determined by the General Partner acting in good faith on the basis of such quotations and other information as it considers, in its reasonable judgment, appropriate.

“**Vested LTIP Units**” has the meaning set forth in Section 4.6(c)(i) hereof.

“**Vesting Agreement**” means each or any, as the context implies, Equity Incentive Plan entered into by an LTIP Unitholder upon acceptance of an award of LTIP Units under an Equity Incentive Plan.

ARTICLE II

ORGANIZATIONAL MATTERS

Section 2.1. **Organization**. The Partnership is a limited partnership organized pursuant to the provisions of the Act and upon the terms and subject to the conditions set forth in this Agreement. Except as expressly provided herein to the contrary, the rights and obligations of the Partners and the administration and termination of the Partnership shall be governed by the Act. The Partnership Interest of each Partner shall be personal property for all purposes.

Section 2.2. **Name**. The name of the Partnership is “Safety Income and Growth Operating Partnership LP”. The Partnership’s business may be conducted under any other name or names deemed advisable by the General Partner, including the name of the General Partner or any Affiliate thereof. The words “Limited Partnership,” “LP,” “L.P.,” “Ltd.” or similar words or letters shall be included in the Partnership’s name where necessary for the purposes of complying with the laws of any jurisdiction that so requires. The General Partner in its sole and absolute discretion may change the name of the Partnership at any time and from time to time and shall notify the Partners of such change in the next regular communication to the Partners.

Section 2.3. **Registered Office and Agent; Principal Office**. The address of the registered office of the Partnership in the State of Delaware is located at 2711 Centerville Road, Suite 400, Wilmington, Delaware 19808, and the registered agent for service of process on the Partnership in the State of Delaware at such registered office is Corporation Service Company. The principal office of the Partnership is located at 1114 Avenue of the Americas, 39th Floor, New York, New York 10036 or such other place as the General Partner may from time to time designate by notice to the Limited Partners. The Partnership may maintain offices at such other place or places within or outside the State of Delaware as the General Partner deems advisable.

Section 2.4. **Power of Attorney**.

(a) By executing this Agreement, each Limited Partner and each Assignee irrevocably constitutes and appoints the General Partner, any Liquidator, and authorized officers and attorneys-in-fact of each, and each of those acting singly, in each case with full power of substitution, as its true and lawful agent and attorney-in-fact, with full power and authority in its name, place and stead to:

(i) execute, swear to, seal, acknowledge, deliver, file and record in the appropriate public offices (a) all certificates, documents and other instruments (including, without limitation, this Agreement and the Certificate of Limited Partnership and all amendments, supplements or restatements thereof) that the General Partner or the Liquidator deems appropriate or necessary to form, qualify or continue the existence or qualification of the Partnership as a limited partnership (or a partnership in which the limited partners have limited liability to the extent provided by applicable law) in the State of Delaware and in all other jurisdictions in which the Partnership may conduct business or own property; (b) all instruments that the General Partner or the Liquidator deems appropriate or necessary to reflect any amendment, change, modification or restatement of this Agreement in accordance with its terms; (c) all conveyances and other instruments or documents that the General Partner or the

Liquidator deems appropriate or necessary to reflect the dissolution and liquidation of the Partnership pursuant to the terms of this Agreement, including, without limitation, a certificate of cancellation; (d) all conveyances and other instruments or documents that the General Partner or the Liquidator deems appropriate or necessary to reflect the distribution or exchange of assets of the Partnership pursuant to the terms of this Agreement; (e) all instruments relating to the admission, withdrawal, removal or substitution of any Partner pursuant to, or other events described in, Article XI, Article XII or Article XIII hereof or the Capital Contribution of any Partner; and (f) all certificates, documents and other instruments relating to the determination of the rights, preferences and privileges relating to Partnership Interests; and

(ii) execute, swear to, acknowledge and file all ballots, consents, approvals, waivers, certificates and other instruments appropriate or necessary, in the sole and absolute discretion of the General Partner or the Liquidator, to make, evidence, give, confirm or ratify any vote, consent, approval, agreement or other action that is made or given by the Partners hereunder or is consistent with the terms of this Agreement or appropriate or necessary, in the sole and absolute discretion of the General Partner or the Liquidator, to effectuate the terms or intent of this Agreement.

Nothing contained herein shall be construed as authorizing the General Partner or the Liquidator to amend this Agreement except in accordance with Article XIV hereof or as may be otherwise expressly provided for in this Agreement.

(b) The foregoing power of attorney is hereby declared to be irrevocable and a special power coupled with an interest, in recognition of the fact that each of the Limited Partners and Assignees will be relying upon the power of the General Partner or the Liquidator to act as contemplated by this Agreement in any filing or other action by it on behalf of the Partnership, and it shall survive and not be affected by the subsequent Incapacity of any Limited Partner or Assignee and the Transfer of all or any portion of such Limited Partner's or Assignee's Partnership Units or Partnership Interest and shall extend to such Limited Partner's or Assignee's heirs, successors, assigns and personal representatives. Each such Limited Partner or Assignee hereby agrees to be bound by any representation made by the General Partner or the Liquidator, acting in good faith pursuant to such power of attorney; and each such Limited Partner or Assignee hereby waives any and all defenses that may be available to contest, negate or disaffirm the action of the General Partner or the Liquidator, taken in good faith under such power of attorney. Each Limited Partner or Assignee shall execute and deliver to the General Partner or the Liquidator, within fifteen (15) days after receipt of the General Partner's or the Liquidator's request therefor, such further designation, powers of attorney and other instruments as the General Partner or the Liquidator, as the case may be, deems necessary to effectuate this Agreement and the purposes of the Partnership. Notwithstanding anything else set forth in this Section 2.4(b), no Limited Partner shall incur any personal liability for any action of the General Partner or the Liquidator taken under such power of attorney.

Section 2.5. **Term**. Pursuant to Sections 17-201(b) and 17-801 of the Act, the term of the Partnership commenced on October 17, 2017 and shall continue perpetually, unless it is dissolved pursuant to the provisions of Article Xhereof or as otherwise provided by law.

Section 2.6. **Partnership Interests as Securities**. All Partnership Interests shall be securities within the meaning of, and governed by, (i) Article 8 of the Delaware Uniform Commercial Code and (ii) Article 8 of the Uniform Commercial Code of any other applicable jurisdiction.

ARTICLE III

PURPOSE

Section 3.1. **Purpose and Business**. The purpose and nature of the Partnership is to conduct any business, enterprise or activity permitted by or under the Act; **provided**, **however**, such business and arrangements and interests may be limited to and conducted in such a manner as to permit SFTY, at all times to be classified as a REIT unless SFTY, in its sole discretion has chosen to cease to qualify as a REIT or has chosen not to attempt to qualify as a REIT for any reason. Without limiting SFTY's right in its sole discretion to cease qualifying as a REIT, the Partners acknowledge that the qualification of SFTY as a REIT inures to the benefit of all Partners and not solely to the General Partner or its Affiliates. In connection with the foregoing, the Partnership shall have full power and authority to enter into, perform and carry out contracts of any kind, to borrow and lend money and to issue and guarantee evidence of indebtedness, whether or not secured by mortgage, deed of trust, pledge or other lien and, directly or indirectly, to acquire and originate additional Properties necessary, useful or desirable in connection with its business.

Section 3.2. **Powers**.

(a) The Partnership shall be empowered to do any and all acts and things necessary, appropriate, proper, advisable, incidental to or convenient for the furtherance and accomplishment of the purposes and business described herein and for the protection and benefit of the Partnership.

(b) The Partnership may contribute from time to time Partnership capital to one or more newly formed entities solely in exchange for equity interests therein (or in a wholly owned subsidiary entity thereof).

(c) Notwithstanding any other provision in this Agreement, the General Partner may cause the Partnership not to take, or to refrain from taking, any action that, in the judgment of the General Partner, in its sole and absolute discretion, (i) could adversely affect the ability of SFTY to continue to qualify as a REIT, (ii) could subject SFTY to any additional taxes under Code Section 857 or Code Section 4981 or any other related or successor provision of the Code or (iii) could violate any law or regulation of any governmental body or agency having jurisdiction over the General Partner, SFTY, their respective securities or the Partnership.

Section 3.3. **Partnership Only for Partnership Purposes Specified**. This Agreement shall not be deemed to create a company, venture or partnership between or among the Partners with respect to any activities whatsoever other than the activities within the purposes of the Partnership as specified in Section 3.1 hereof. Except as otherwise provided in this Agreement, no Partner shall have any authority to act for, bind, commit or assume any obligation or

responsibility on behalf of the Partnership, its properties or any other Partner. No Partner, in its capacity as a Partner under this Agreement, shall be responsible or liable for any indebtedness or obligation of another Partner, and the Partnership shall not be responsible or liable for any indebtedness or obligation of any Partner, incurred either before or after the execution and delivery of this Agreement by such Partner, except as to those responsibilities, liabilities, indebtedness or obligations incurred pursuant to and as limited by the terms of this Agreement and the Act.

Section 3.4. **Representations and Warranties by the Parties**.

(a) Each Partner (including, without limitation, each Additional Limited Partner or Substituted Limited Partner as a condition to becoming an Additional Limited Partner or a Substituted Limited Partner, respectively) represents and warrants to, and covenants with, each other Partner that (i) the consummation of the transactions contemplated by this Agreement to be performed by such Partner will not result in a breach or violation of, or a default under, any material agreement by which such Partner or any of such Partner's property is bound, or any statute, regulation, order or other law to which such Partner is subject, (ii) subject to the last sentence of this Section 3.4(a), such Partner is neither a "foreign person" within the meaning of Code Section 1445(f) nor a "foreign partner" within the meaning of Code Section 1446(e), (iii) such Partner has the legal capacity to enter into this Agreement and perform such Partner's obligations hereunder, (iv) without the consent of the General Partner, such Partner shall not take any action that would cause the Partnership at any time to have more than 100 Partners, including as Partners those Persons (each such Person, a "Flow-Through Partner") indirectly owning an interest in the Partnership through an entity treated as a partnership, disregarded entity, S corporation or grantor trust for U.S. federal income tax purposes (each such entity, a "Flow-Through Entity"), but only if substantially all of the value of such Person's interest in the Flow-Through Entity is attributable to the Flow-Through Entity's interest (direct or indirect) in the Partnership, and (v) this Agreement is binding upon, and enforceable against, such Partner in accordance with its terms. Notwithstanding anything contained herein to the contrary, in the event that the representation contained in the foregoing clause (ii) would be inaccurate if given by a Partner, such Partner (w) shall not be required to make and shall not be deemed to have made such representation, if it delivers to the General Partner in connection with or prior to its execution of this Agreement written notice that it may not truthfully make such representation, (x) hereby agrees that it is subject to, and hereby authorizes the General Partner to withhold, all withholdings to which such a "foreign person" or "foreign partner," as applicable, is subject under the Code and (y) hereby agrees to cooperate fully with the General Partner with respect to such withholdings, including by effecting the timely completion and delivery to the General Partner of all governmental forms required in connection therewith.

(b) Each Partner acquiring OP Units (including, without limitation, each Additional Limited Partner or Substituted Limited Partner as a condition to becoming an Additional Limited Partner or a Substituted Limited Partner) represents, warrants and agrees that it has acquired and continues to hold its interest in the Partnership for its own account for investment purposes only and not for the purpose of, or with a view toward, the resale or distribution of all or any part thereof in violation of applicable laws, and not with a view toward selling or otherwise distributing such interest or any part thereof at any particular time or under any predetermined circumstances in violation of applicable laws. Each Partner acquiring OP

Units further represents and warrants that it is a sophisticated investor, able and accustomed to handling sophisticated financial and tax matters for itself, particularly real estate investments, and that it has a sufficiently high net worth that it does not anticipate a need for the funds that it has invested in the Partnership in what it understands to be a highly speculative and illiquid investment.

(c) The representations and warranties contained in Sections 3.4(a) and 3.4(b) hereof shall survive the execution and delivery of this Agreement by each Partner (and, in the case of an Additional Limited Partner or a Substituted Limited Partner, the admission of such Additional Limited Partner or Substituted Limited Partner as a Limited Partner in the Partnership) and the dissolution, liquidation and termination of the Partnership.

(d) Each Partner (including, without limitation, each Additional Limited Partner or Substituted Limited Partner as a condition to becoming an Additional Limited Partner or a Substituted Limited Partner) hereby acknowledges that no representations as to potential profit, cash flows, funds from operations or yield, if any, in respect of the Partnership, the General Partner or SFTY have been made by the General Partner, any Partner or any employee or representative or Affiliate of the General Partner or any Partner, and that projections and any other information, including, without limitation, financial and descriptive information and documentation, that may have been in any manner submitted to such Partner shall not constitute any representation or warranty of any kind or nature, express or implied.

(e) Notwithstanding the foregoing, the General Partner may, in its sole and absolute discretion, permit the modification of any of the representations and warranties contained in Sections 3.4(a) and 3.4(b) above as applicable to any Partner (including, without limitation any Additional Limited Partner or Substituted Limited Partner or any transferee of either), **provided, that** such representations and warranties, as modified, shall be set forth in either (i) a Partnership Unit Designation applicable to the Partnership Units held by such Partner or (ii) a separate writing addressed to the Partnership and the General Partner

ARTICLE IV

CAPITAL CONTRIBUTIONS

Section 4.1. **Capital Contributions of the Partners**.

(a) **Capital Contributions**. Each Partner has made a Capital Contribution to the Partnership and owns Partnership Units in the amount and designation set forth for such Partner on Exhibit A attached hereto, as such Exhibit A may be amended from time to time by the General Partner to the extent necessary to reflect accurately sales, exchanges, conversions or other Transfers, redemptions, Capital Contributions, the issuance of additional Partnership Units, or similar events having an effect on a Partner's ownership of Partnership Units. Except as provided by law or in Section 4.4, 10.4 or Section 13.2(c) hereof, the Partners shall have no obligation or right to make any additional Capital Contributions or loans to the Partnership.

(b) **General Partnership Interest**. A number of OP Units held by the General Partner equal to one percent (1%) of all outstanding OP Units shall be deemed to be the

General Partner Interest of the General Partner. All other Partnership Units, if any, held by the General Partner shall be deemed to be Limited Partner Interests and shall be held by the General Partner in its capacity as a Limited Partner in the Partnership.

Section 4.2. **Classes and Series of Partnership Units**. From and after the Effective Date, until such time as additional classes or series of Partnership Units are created pursuant to Section 4.3(a) below, the Partnership shall have two classes of Partnership Units, entitled "OP Units" and "LTIP Units." The OP Units shall consist of one series of Partnership Units, entitled "Operating Partnership Units". Subject to Section 4.6, OP Units, LTIP Units, or Partnership Units of any additional class or series, at the election of the General Partner, in its sole and absolute discretion, may be issued to newly admitted Partners in exchange for any Capital Contributions by such Partners and/or the provision of services by such Partners. Any Partnership Unit that is not specifically designated by the General Partner as being of a particular class or series shall be deemed to be an OP Unit.

Section 4.3. **Issuances of Additional Partnership Interests**.

(a) **General**. Notwithstanding Section 7.3(b) hereof, the General Partner is hereby authorized to cause the Partnership to issue additional Partnership Interests, in the form of Partnership Units, for any Partnership purpose, at any time or from time to time, to the Partners (including the General Partner) or to other Persons, and to admit such Persons as Additional Limited Partners, for such consideration and on such terms and conditions as shall be established by the General Partner in its sole and absolute discretion, all without the approval of any Limited Partners. Without limiting the foregoing, the General Partner is expressly authorized to cause the Partnership to issue Partnership Units (i) upon the conversion, redemption or exchange of any Debt, Partnership Units or other securities issued by the Partnership, (ii) for less than fair market value, so long as the General Partner concludes in good faith that such issuance is in the best interests of the General Partner and the Partnership and (iii) in connection with any merger of any other Person into the Partnership or any Subsidiary of the Partnership if the applicable merger agreement provides that Persons are to receive Partnership Units in exchange for their interests in the Person merging into the Partnership or any Subsidiary of the Partnership. Any Partnership Unit that is not specifically designated by the General Partner as being of a particular class or series shall be deemed to be an OP Unit. Subject to Delaware law, any additional Partnership Interests may be issued in one or more classes, or one or more series of any of such classes, with such designations, preferences and relative, participating, optional or other special rights, powers and duties as shall be determined by the General Partner, in its sole and absolute discretion without the approval of any Limited Partner, and set forth in a written document thereafter attached to and made an exhibit to this Agreement which exhibit shall be an amendment to this Agreement and shall be incorporated herein by this reference (each, a "**Partnership Unit Designation**"). Without limiting the generality of the foregoing, the General Partner shall have authority to specify (a) the allocations of items of Partnership income, gain, loss, deduction and credit to each such class or series of Partnership Interests; (b) the right of each such class or series of Partnership Interests to share (on a *pari passu*, junior or preferred basis) in Partnership distributions; (c) the rights of each such class or series of Partnership Interests upon dissolution and liquidation of the Partnership; (d) the voting rights, if any, of each such class or series of Partnership Interests; and (e) the conversion, redemption or exchange rights applicable to each such class or series of Partnership Interests. Upon the issuance of any

additional Partnership Interest, the General Partner shall amend Exhibit A attached hereto as appropriate to reflect such issuance.

(b) **Issuances to the General Partner**. No additional Partnership Units shall be issued to the General Partner or SFTY unless (i) the additional Partnership Units are issued to all Partners in proportion to their respective Percentage Interests with respect to the class of Partnership Units so issued, (ii) (a) the additional Partnership Units are (x) OP Units issued in connection with an issuance of REIT Shares or (y) Partnership Units (other than OP Units) issued in connection with an issuance of Preferred Shares, Junior Shares, New Securities or other interests in SFTY (other than REIT Shares), which Preferred Shares, Junior Shares, New Securities or other interests have designations, preferences and other rights, terms and provisions that are substantially the same as the designations, preferences and other rights, terms and provisions of the additional Partnership Units issued to the General Partner or SFTY and (b) each of the General Partner and SFTY directly or indirectly contributes or otherwise causes to be transferred to the Partnership the cash proceeds or other consideration, if any, received in connection with the issuance of such REIT Shares, Preferred Shares, Junior Shares, New Securities or other interests in SFTY or (iii) the additional Partnership Units are issued upon the conversion, redemption or exchange of Debt, Partnership Units or other securities issued by the Partnership. In the event that the Partnership issues additional Partnership Units pursuant to this Section 4.3(b), the General Partner shall make such revisions to this Agreement (including but not limited to the revisions described in Sections 6.2(b) and 8.6) as it determines are necessary to reflect the issuance of such additional Partnership Interests, without the approval of any Limited Partner.

(c) **No Preemptive Rights**. No Person, including, without limitation, any Partner or Assignee, shall have any preemptive, preferential, participation or similar right or rights to subscribe for or acquire any Partnership Interest.

Section 4.4. **Additional Funds and Capital Contributions**.

(a) **General**. The General Partner may, at any time and from time to time, determine that the Partnership requires additional funds ("**Additional Funds**") for the acquisition or origination of additional Properties, for the redemption of Partnership Units or for such other purposes as the

General Partner may determine in its sole and absolute discretion. Additional Funds may be obtained by the Partnership, at the election of the General Partner, in any manner provided in, and in accordance with, the terms of this Section 4.4 without the approval of any Limited Partners.

(b) **Additional Capital Contributions**. The General Partner, on behalf of the Partnership, may obtain any Additional Funds by accepting Capital Contributions from any Partners or other Persons. In connection with any such Capital Contribution (of cash or property), the General Partner is hereby authorized to cause the Partnership from time to time to issue additional Partnership Units (as set forth in Section 4.3 above) in consideration therefor and the Percentage Interests of the General Partner and the Limited Partners shall be adjusted to reflect the issuance of such additional Partnership Units.

(c) **Loans by Third Parties**. The General Partner, on behalf of the Partnership, may obtain any Additional Funds by causing the Partnership to incur Debt to any Person upon such terms as the General Partner determines appropriate, including making such Debt convertible, redeemable or exchangeable for Partnership Units or REIT Shares; **provided**, **however**, **that** the Partnership shall not incur any such Debt if any Partner would be personally liable for the repayment of such Debt (unless such Partner otherwise agrees).

(d) **General Partner Loans**. The General Partner, on behalf of the Partnership, may obtain any Additional Funds by causing the Partnership to incur Debt to SFTY or an Affiliate of SFTY (a "**SFTY Loan**"), if (i) such Debt is, to the extent permitted by law, on substantially the same terms and conditions (including interest rate, repayment schedule, and conversion, redemption, repurchase and exchange rights) as Funding Debt incurred by SFTY or such Affiliate, the net proceeds of which are loaned to the Partnership to provide such Additional Funds or (ii) such Debt is on terms and conditions no less favorable to the Partnership than would be available to the Partnership from any third party; **provided**, **however**, **that** the Partnership shall not incur any such Debt if (a) a breach, violation or default of such Debt would be deemed to occur by virtue of the Transfer by any Limited Partner of any Partnership Interest or (b) such Debt is recourse to any Partner (unless the Partner otherwise agrees).

(e) **Issuance of Securities by SFTY**. SFTY shall not issue any additional REIT Shares, Preferred Shares, Junior Shares or New Securities unless SFTY contributes directly or indirectly the cash proceeds or other consideration, if any, received from the issuance of such additional REIT Shares, Preferred Shares, Junior Shares or New Securities, as the case may be, and from the exercise of the rights contained in any such additional New Securities, to the Partnership in exchange for (x) in the case of an issuance of REIT Shares, Partnership Units or (y) in the case of an issuance of Preferred Shares, Junior Shares or New Securities, Partnership Units with designations, preferences and other rights, terms and provisions that are substantially the same as the designations, preferences and other rights, terms and provisions of such Preferred Shares, Junior Shares or New Securities; **provided**, **however**, **that** notwithstanding the foregoing, SFTY may issue REIT Shares, Preferred Shares, Junior Shares or New Securities (a) pursuant to Section 4.5 or 8.6(b) hereof, (b) pursuant to a dividend or distribution (including any stock split) wholly or partly of REIT Shares, Preferred Shares, Junior Shares or New Securities to all of the holders of REIT Shares, Preferred Shares, Junior Shares or New Securities, as the case may be, (c) upon a conversion, redemption or exchange of Preferred Shares, (d) upon a conversion of Junior Shares into REIT Shares, (e) upon a conversion, redemption, exchange or exercise of New Securities or, (f) pursuant to share grants or awards made pursuant to any equity Incentive Plan. In the event of any issuance of additional REIT Shares, Preferred Shares, Junior Shares or New Securities by SFTY, and the direct or indirect contribution to the Partnership, by SFTY, of the cash proceeds or other consideration received from such issuance, if any, the Partnership shall pay any expenses associated with such issuance, including any underwriting discounts or commissions (it being understood that if the proceeds actually received by SFTY are less than the gross proceeds of such issuance as a result of any underwriter's discount or other expenses paid or incurred in connection with such issuance, then SFTY shall be deemed to have made a Capital Contribution to the Partnership in the amount of the gross proceeds of such issuance and the Partnership shall be deemed simultaneously to have reimbursed SFTY pursuant to Section 7.4(b) for the amount of such underwriter's discount or other expenses, which discount and

expense shall be treated as an expense for the benefit of the Partnership for purposes of such Section).

(f) **Redemption of Securities of SFTY**. Except as otherwise provided in Section 8.6(b), if, at any time, any REIT Shares, Preferred Shares, Junior Shares or New Securities are redeemed or otherwise repurchased (whether by exercise of a put or call, automatically or by means of another arrangement) by SFTY for cash, the Partnership shall, immediately prior to such redemption or repurchase, redeem or repurchase an equal number of Partnership Units held by SFTY, in the case of REIT Shares, or, in the case of Preferred Shares, Junior Shares or New Securities, an equal number of Partnership Units held by SFTY with designations, preferences and other rights, terms and provisions that are substantially the same as the designations, preferences and other rights, terms and provisions of such Preferred Shares, Junior Shares or New Securities upon the same terms and for the same price per Partnership Unit as such REIT Shares, Preferred Shares, Junior Shares or New Securities are redeemed. If, at any time, any REIT Shares are redeemed or otherwise repurchased by SFTY, the Partnership shall, immediately prior to such redemption or repurchase, redeem or repurchase a number of Partnership Units held by SFTY equal to the quotient of (i) the REIT Shares so redeemed or repurchased, divided by (ii) the Adjustment Factor then in effect, such redemption or repurchase to be upon the same terms and for the same price per Partnership Unit (after giving effect to application of the Adjustment Factor) as such REIT Shares are redeemed or repurchased.

Section 4.5. **Equity Incentive Plan**.

(a) **Options Granted to General Partner Employees and Independent Directors**. If at any time or from time to time, in connection with an Equity Incentive Plan, a stock option granted for REIT Shares to a General Partner Employee or Independent Director is duly exercised:

(i) SFTY shall, as soon as practicable after such exercise, make or cause to be made directly or indirectly a Capital Contribution to the Partnership in an amount equal to the exercise price paid to SFTY by such exercising party in connection with the exercise of such stock option.

(ii) Notwithstanding the amount of the Capital Contribution actually made pursuant to Section 4.5(a)(i) hereof, SFTY shall be deemed to have contributed directly or indirectly to the Partnership, as a Capital Contribution, in consideration of an additional Limited Partner Interest (expressed in and as additional Partnership Units), an amount equal to the Value of a REIT Share as of the date of exercise multiplied by the number of REIT Shares then being issued in connection with the exercise of such stock option.

(iii) An equitable Percentage Interest adjustment shall be made in which SFTY shall be treated as having made a cash contribution equal to the amount described in Section 4.5(a)(ii) hereof.

(b) **Special Valuation Rule**. For purposes of this Section 4.5, in determining the Value of a REIT Share, only the trading date immediately preceding the exercise of the relevant stock option under the Equity Incentive Plan shall be considered.

(c) **Future Equity Incentive Plans**. Nothing in this Agreement shall be construed or applied to preclude or restrain SFTY from adopting, modifying or terminating any Equity Incentive Plan, for the benefit of employees, directors or other business associates of SFTY, the Manager, the General Partner, the Partnership or any of their Affiliates. The Limited Partners acknowledge and agree that, in the event that any such plan is adopted, modified or terminated by SFTY, amendments to this Section 4.5 may become necessary or advisable and that any approval or consent of the Limited Partners required pursuant to the terms of this Agreement in order to effect any such amendments requested by the General Partner shall not be unreasonably withheld or delayed.

Section 4.6. **LTIP Units**.

(a) **Issuance of LTIP Units**. The General Partner may from time to time issue LTIP Units, in one or more classes or series established in accordance with Section 4.3, to Persons who provide services to the Partnership, for such consideration as the General Partner may determine to be appropriate, and admit such Persons as Limited Partners. Any provision herein relating to LTIP Units or LTIP Unitholders may be varied by the provisions applicable to an individual class or series of LTIP Units. Except to the extent a Capital Contribution is made with respect to an LTIP Unit, each LTIP Unit is intended to qualify as a profits interest in the Partnership within the meaning of the Code, the Regulations, and any published guidance by the IRS with respect thereto. Subject to the following provisions of this Section 4.6 and the special provisions of Section 4.7 and 6.3(c), LTIP Units shall be treated as OP Units, with all of the rights, privileges and obligations attendant thereto. For purposes of computing the Partners' Percentage Interests, holders of LTIP Units shall be treated as holders of OP Units and LTIP Units shall be treated as OP Units. In particular, the Partnership shall maintain at all times a one-to-one correspondence between LTIP Units and OP Units for conversion, distribution and other purposes, including without limitation complying with the following procedures:

(i) If an Adjustment Event (as defined below) occurs, then the General Partner shall make a corresponding adjustment to the LTIP Units to maintain the same correspondence between OP Units and LTIP Units as existed prior to such Adjustment Event. The following shall be Adjustment Events: (A) the Partnership makes a distribution on all outstanding OP Units in Partnership Units, (B) the Partnership subdivides the outstanding OP Units into a greater number of units or combines the outstanding OP Units into a smaller number of units, or (C) the Partnership issues any Partnership Units in exchange for its outstanding OP Units by way of a reclassification or recapitalization of its OP Units. If more than one Adjustment Event occurs, the adjustment to the LTIP Units need be made only once using a single formula that takes into account each and every Adjustment Event as if all Adjustment Events occurred simultaneously. For the avoidance of doubt, the following shall not be Adjustment Events: (x) the issuance of Partnership Units in a financing, reorganization, acquisition or other similar business transaction, (y) the issuance of Partnership Units pursuant to any employee benefit or compensation plan or distribution reinvestment plan, or (z) the issuance of any Partnership Units to SFTY or the General Partner in respect of a capital contribution to the Partnership of proceeds from the sale of securities by SFTY. If the Partnership takes an action affecting the OP Units other than actions specifically described above as "**Adjustment Events**" and in the opinion of the General Partner such action would require an adjustment to the LTIP Units to maintain the one-to-one correspondence described above, the General Partner

shall have the right to make such adjustment to the LTIP Units, to the extent permitted by law and by any Equity Incentive Plan, in such manner and at such time as the General Partner, in its sole discretion, may determine to be appropriate under the circumstances. If an adjustment is made to the LTIP Units as herein provided the Partnership shall promptly file in the books and records of the Partnership an officer's certificate setting forth such adjustment and a brief statement of the facts requiring such adjustment, which certificate shall be conclusive evidence of the correctness of such adjustment absent manifest error. Promptly after filing of such certificate, the Partnership shall mail a notice to each LTIP Unitholder setting forth the adjustment to his or her LTIP Units and the effective date of such adjustment; and

(ii) Unless otherwise provided in an LTIP Award or Vesting Agreement or by the General Partner with respect to any particular class or series of LTIP Units, the LTIP Unitholders shall, when, as and if authorized and declared by the General Partner out of assets legally available for that purpose, be entitled to receive distributions in an amount per LTIP Unit equal to the distributions per OP Unit (the "**Partnership Unit Distribution**"), paid to holders of OP Units on such Partnership Record Date established by the General Partner with respect to such distribution. Subject to the terms of any LTIP Award or Vesting Agreement, so long as any LTIP Units are outstanding, no distributions (whether in cash or in kind) shall be authorized, declared or paid on OP Units, unless equal distributions have been or contemporaneously are authorized, declared and paid on the LTIP Units. Subject to the terms of any LTIP Award or Vesting Agreement, an LTIP Unitholder shall be entitled to transfer his or her LTIP Units to the same extent, and subject to the same restrictions as holders of OP Units are entitled to transfer their OP Units pursuant to Article XI of this Agreement.

(b) **Priority**. Subject to the provisions of this Section 4.6, the special provisions of Section 6.3(c) and the terms of any LTIP Award or Vesting Agreement, the LTIP Units shall rank *pari passu* with the OP Units as to the payment of regular and special periodic or other distributions and, subject to Sections 13.2(a)(iv) and Section 13.2(c) distribution of assets upon liquidation, dissolution or winding up. As to the payment of distributions and as to distribution of assets upon liquidation, dissolution or winding up, any class or series of Partnership Units or Partnership Interests which by its terms specifies that it shall rank junior to, on a parity with, or senior to the OP Units shall also rank junior to, or *pari passu* with, or senior to, as the case may be, the LTIP Units.

(c) **Special Provisions**. LTIP Units shall be subject to the following special provisions:

(i) **Vesting Agreements**. LTIP Units may, in the sole discretion of the General Partner, be issued subject to vesting, forfeiture and additional restrictions on transfer pursuant to the terms of a Vesting Agreement. The terms of any Vesting Agreement may be modified by the General Partner from time to time in its sole discretion, subject to any restrictions on amendment imposed by the relevant Vesting Agreement or by the Equity

Incentive Plan, if applicable. LTIP Units that have vested under the terms of a Vesting Agreement are referred to as "**Vested LTIP Units**;" all other LTIP Units shall be treated as "**Unvested LTIP Units**."

(ii) **Forfeiture**. Unless otherwise specified in the Vesting Agreement, upon the occurrence of any event specified in a Vesting Agreement as resulting in either the right of the Partnership or the General Partner to repurchase LTIP Units at a specified purchase price or some other forfeiture of any LTIP Units, then if the Partnership or the General Partner exercises such right to repurchase or forfeiture in accordance with the applicable Vesting Agreement, the relevant LTIP Units shall immediately, and without any further action, be treated as cancelled and no longer outstanding for any purpose. Unless otherwise specified in the Vesting Agreement, no consideration or other payment shall be due with respect to any LTIP Units that have been forfeited, other than any distributions declared with respect to a Partnership Record Date prior to the effective date of the forfeiture.

(iii) **Allocations**. LTIP Unitholders shall be entitled to certain special allocations of gain under Section 6.3(c).

(iv) **Redemption**. The Redemption right provided to Limited Partners under Section 8.6 shall not apply with respect to LTIP Units unless and until they are converted to OP Units as provided in clause (v) below and Section 4.7.

(v) **Conversion to OP Units**. Vested LTIP Units are eligible to be converted into OP Units under Section 4.7.

(d) **Voting**. Unless otherwise provided in an LTIP Award or Vesting Agreement or by the General Partner with respect to any particular class or series of LTIP Units, LTIP Unitholders shall (a) have the same voting rights as a holder of OP Units, with the LTIP Units voting as a single class with the OP Units and having one vote per LTIP Unit; and (b) have the additional voting rights that are expressly set forth below. Unless otherwise provided in an LTIP Award or Vesting Agreement or by the General Partner with respect to any particular class or series of LTIP Units, so long as any LTIP Units remain outstanding, the Partnership shall not, without the affirmative vote of the holders of at least a majority of the LTIP Units outstanding at the time that would be adversely affected by the proposed action, given in person or by proxy, either in writing or at a meeting (voting separately as a class), amend, alter or repeal, whether by merger, consolidation or otherwise, the provisions of this Agreement applicable to LTIP Units as such so as to materially and adversely affect any right, privilege or voting power of the LTIP Units or the LTIP Unitholders as such, unless such amendment, alteration, or repeal affects equally, ratably and proportionately in all material respects the rights, privileges and voting powers of the holders of OP Units; but subject, in any event, to the following provisions:

(i) With respect to any Transaction, so long as the LTIP Units are treated in accordance with Section 4.7(f) hereof, the consummation of such Transaction shall not be deemed to materially and adversely affect such rights, preferences, privileges or voting powers of the LTIP Units or the LTIP Unitholders as such; and

(ii) Any creation or issuance of any Partnership Units or of any class or series of Partnership Interest including without limitation additional OP Units, LTIP Units or Preferred Units, whether ranking senior to, junior to, or on a parity with the LTIP Units with respect to distributions and the distribution of assets upon liquidation, dissolution or winding up,

shall not be deemed to materially and adversely affect such rights, preferences, privileges or voting powers of the LTIP Units or the LTIP Unitholders as such.

The foregoing voting provisions will not apply if, at or prior to the time when the act with respect to which such vote would otherwise be required will be effected, all outstanding LTIP Units shall have been converted into OP Units.

Section 4.7. **Conversion of LTIP Units**.

(a) Unless otherwise provided in an LTIP Award or Vesting Agreement or by the General Partner with respect to any particular class or series of LTIP Units, an LTIP Unitholder shall have the right (the "**Conversion Right**"), at his or her option, at any time to convert all or a portion of his or her Vested LTIP Units into OP Units; **provided**, **however**, **that** a holder may not exercise the Conversion Right for less than one thousand (1,000) Vested LTIP Units or, if such holder holds less than one thousand (1,000) Vested LTIP Units, all of the Vested LTIP Units held by such holder. LTIP Unitholders shall not have the right to convert Unvested LTIP Units into OP Units until they become Vested LTIP Units; **provided**, **however**, **that** when an LTIP Unitholder is notified of the expected occurrence of an event that will cause his or her Unvested LTIP Units to become Vested LTIP Units, such LTIP Unitholder may give the Partnership a Conversion Notice conditioned upon and effective as of the time of vesting and such Conversion Notice, unless subsequently revoked by the LTIP Unitholder, shall be accepted by the Partnership subject to such condition. In all cases, the conversion of any LTIP Units into OP Units shall be subject to the conditions and procedures set forth in this Section 4.7.

(b) Unless otherwise provided in an LTIP Award or Vesting Agreement or by the General Partner with respect to any particular class or series of LTIP Units, a holder of Vested LTIP Units may convert such Units into an equal number of fully paid and nonassessable OP Units, giving effect to all adjustments (if any) made pursuant to Section 4.6. Notwithstanding the foregoing, in no event may a holder of Vested LTIP Units convert a number of Vested LTIP Units that exceeds (x) the Economic Capital Account Balance of such Limited Partner, to the extent attributable to its ownership of LTIP Units, divided by (y) the OP Unit Economic Balance, in each case as determined as of the effective date of conversion (the "**Capital Account Limitation**"). In order to exercise his or her Conversion Right, an LTIP Unitholder shall deliver a notice (a "**Conversion Notice**") in the form attached as Exhibit D to the Partnership (with a copy to the General Partner) not less than ten (10) nor more than sixty (60) days prior to a date (the "**Conversion Date**") specified in such Conversion Notice; **provided**, **however**, **that** if the General Partner has not given to the LTIP Unitholders notice of a proposed or upcoming Transaction (as defined below in Section 4.7(f)) at least thirty (30) days prior to the effective date of such Transaction, then LTIP Unitholders shall have the right to deliver a Conversion Notice until the earlier of (x) the 10th day after such notice from the General Partner of a Transaction or (y) the third business day immediately preceding the effective date of such Transaction. A Conversion Notice shall be provided in the manner provided in Section 15.1. Each LTIP Unitholder covenants and agrees with the Partnership that all Vested LTIP Units to be converted pursuant to this Section 4.7(b) shall be free and clear of all liens. Notwithstanding anything herein to the contrary, a holder of LTIP Units may deliver a Notice of Redemption pursuant to Section 8.6(a) of this Agreement relating to those OP Units that will be issued to such holder upon conversion of such LTIP Units into OP Units in advance of the Conversion Date; **provided**, **however**, **that** the redemption of such OP Units by the Partnership shall in no event take place until after the Conversion Date. For clarity, it is noted that the objective of this paragraph is to put an LTIP Unitholder in a position where, if he or she so wishes, the OP Units into which his or her Vested LTIP Units will be converted can be redeemed by the Partnership simultaneously with such conversion, with the further consequence that, if SFTY elects to assume the Partnership's redemption obligation with respect to such OP Units under Section 8.6(b) of this Agreement by delivering to such holder REIT Shares rather than cash, then such holder can have such REIT Shares issued to him or her simultaneously with the conversion of his or her Vested LTIP Units into OP Units. The General Partner and SFTY shall reasonably cooperate with an LTIP Unitholder to coordinate the timing of the different events described in the foregoing sentence.

(c) The Partnership, at any time at the election of the General Partner, may cause any number of Vested LTIP Units held by an LTIP Unitholder to be converted (a "**Forced Redemption**") into an equal number of OP Units, giving effect to all adjustments (if any) made pursuant to Section 4.6; **provided**, **however**, **that** the Partnership may not cause a Forced Redemption of any LTIP Units that would not at the time be eligible for conversion at the option of such LTIP Unitholder pursuant to Section 4.7(b). In order to exercise its right of Forced Redemption, the Partnership shall deliver a notice (a "**Forced Redemption Notice**") in the form attached as Exhibit E to the applicable LTIP Unitholder not less than ten (10) nor more than sixty (60) days prior to the Conversion Date specified in such Forced Redemption Notice. A Forced Redemption Notice shall be provided in the manner provided in Section 15.1.

(d) A conversion of Vested LTIP Units for which the holder thereof has given a Conversion Notice or the Partnership has given a Forced Redemption Notice shall occur automatically after the close of business on the applicable Conversion Date without any action on the part of such LTIP Unitholder, as of which time such LTIP Unitholder shall be credited on the books and records of the Partnership with the issuance as of the opening of business on the next day of the number of OP Units issuable upon such conversion. After the conversion of LTIP Units as aforesaid, the Partnership shall deliver to such LTIP Unitholder, upon his or her written request, a certificate of the General Partner certifying the number of OP Units and remaining LTIP Units, if any, held by such person immediately after such conversion. The Assignee of any Limited Partner pursuant to Article XI hereof may exercise the rights of such Limited Partner pursuant to this Section 4.7 and such Limited Partner shall be bound by the exercise of such rights by the Assignee.

(e) For purposes of making future allocations under Section 6.3(c) and applying the Capital Account Limitation, the portion of the Economic Capital Account balance of the applicable LTIP Unitholder that is treated as attributable to his or her LTIP Units shall be reduced, as of the date of conversion, by the product of the number of LTIP Units converted and the OP Unit Economic Balance.

(f) If the Partnership or SFTY shall be a party to any transaction (including without limitation a merger, consolidation, unit exchange, self tender offer for all or substantially all OP Units or other business combination or reorganization, or sale of all or substantially all of the Partnership's assets, but excluding any transaction which constitutes an Adjustment Event) in each case as a result of which OP Units shall be exchanged for or converted into the right, or the

holders of such Units shall otherwise be entitled, to receive cash, securities or other property or any combination thereof (any of the foregoing being referred to herein as a "**Transaction**"), then the General Partner shall, immediately prior to the Transaction, exercise its right to cause a Forced Redemption with respect to the maximum number of LTIP Units then eligible for conversion, taking into account any allocations that occur in connection with the Transaction or that would occur in connection with the Transaction if the assets of the Partnership were sold at the Transaction price or, if applicable, at a value determined by the General Partner in good faith using the value attributed to the Partnership Units in the context of the Transaction (in which case the Conversion Date shall be the effective date of the Transaction).

In anticipation of such Forced Redemption and the consummation of the Transaction, the Partnership shall use commercially reasonable efforts to cause each LTIP Unitholder to be afforded the right to receive in connection with such Transaction in consideration for the OP Units into which his or her LTIP Units will be converted the same kind and amount of cash, securities and other property (or any combination thereof) receivable upon the consummation of such Transaction by a holder of the same number of OP Units, assuming such holder of OP Units is not a Person with which the Partnership consolidated or into which the Partnership merged or which merged into the Partnership or to which such sale or transfer was made, as the case may be (a "**Constituent Person**"), or an affiliate of a Constituent Person. In the event that holders of OP Units have the opportunity to elect the form or type of consideration to be received upon consummation of the Transaction, prior to such Transaction the General Partner shall give prompt written notice to each LTIP Unitholder of such election, and shall use commercially reasonable efforts to afford the LTIP Unitholders the right to elect, by written notice to the General Partner, the form or type of consideration to be received upon conversion of each LTIP Unit held by such holder into OP Units in connection with such Transaction. If an LTIP Unitholder fails to make such an election, such holder (and any of its transferees) shall receive upon conversion of each LTIP Unit held by him or her (or by any of his or her transferees) the same kind and amount of consideration that a holder of a OP Unit would receive if such OP Unit holder failed to make such an election.

Subject to the rights of the Partnership , SFTY and the General Partner under any LTIP Award or Vesting Agreement and any Equity Incentive Plan, the Partnership shall use commercially reasonable effort to cause the terms of any Transaction to be consistent with the provisions of this Section 4.7(f) and to enter into an agreement with the successor or purchasing entity, as the case may be, for the benefit of any LTIP Unitholders whose LTIP Units will not be converted into OP Units in connection with the Transaction that will (i) contain provisions enabling the holders of LTIP Units that remain outstanding after such Transaction to convert their LTIP Units into securities as comparable as reasonably possible under the circumstances to the OP Units and (ii) preserve as far as reasonably possible under the circumstances the distribution, special allocation, conversion, and other rights set forth in this Agreement for the benefit of the LTIP Unitholders.

Section 4.8. **No Interest; No Return**. No Partner shall be entitled to interest on its Capital Contribution or on such Partner's Capital Account. Except as provided herein or by law, no Partner shall have any right to demand or receive the return of its Capital Contribution from the Partnership.

Section 4.9. **Other Contribution Provisions**. In the event that any Partner is admitted to the Partnership and is given a Capital Account in exchange for services rendered to the Partnership, unless otherwise determined by the General Partner in its sole and absolute discretion, such transaction shall be treated by the Partnership and the affected Partner as if the Partnership had compensated such partner in cash and such Partner had contributed the cash to the capital of the Partnership. In addition, with the consent of the General Partner, one or more Limited Partners may enter into contribution agreements with the Partnership which have the effect of providing a guarantee of certain obligations of the Partnership.

Section 4.10. **Not Taxable as a Corporation**. The General Partner, on behalf of the Partnership, shall use its best efforts not to take any action which would result in the Partnership being a publicly traded partnership taxable as a corporation under Code Section 7704.

Section 4.11. **No Third Party Beneficiary**. No creditor or other third party having dealings with the Partnership shall have the right to enforce the right or obligation of any Partner to make Capital Contributions or loans or to pursue any other right or remedy hereunder or at law or in equity, it being understood and agreed that the provisions of this Agreement shall be solely for the benefit of, and may be enforced solely by, the parties hereto and their respective successors and assigns. None of the rights or obligations of the Partners herein set forth to make Capital Contributions or loans to the Partnership shall be deemed an asset of the Partnership for any purpose by any creditor or other third party, nor may such rights or obligations be sold, transferred or assigned by the Partnership or pledged or encumbered by the Partnership to secure any debt or other obligation of the Partnership or of any of the Partners. In addition, it is the intent of the parties hereto that no distribution to any Limited Partner shall be deemed a return of money or other property in violation of the Act. However, if any court of competent jurisdiction holds that, notwithstanding the provisions of this Agreement, any Limited Partner is obligated to return such money or property, such obligation shall be the obligation of such Limited Partner and not of the General Partner. Without limiting the generality of the foregoing, a deficit Capital Account of a Partner shall not be deemed to be a liability of such Partner nor an asset or property of the Partnership.

ARTICLE V

DISTRIBUTIONS

Section 5.1. **Requirement and Characterization of Distributions**. Subject to the terms of any Partnership Unit Designation, the General Partner may cause the Partnership to distribute at least quarterly all, or such portion as the General Partner may in its sole and absolute discretion determine, of Available Cash generated by the Partnership during such quarter to the Holders of Partnership Units on such Partnership Record Date with respect to such quarter: (1) first, with respect to any Partnership Interests that are entitled to any preference in distribution, in accordance with the rights of such class(es) of Partnership Interests (and, within such class(es), *pro rata* in proportion to the respective Percentage Interests on such Partnership Record Date) and (2) second, with respect to any Partnership Interests that are not entitled to any preference in distribution, in accordance with the rights of such class of Partnership Interests (and, within such class, *pro rata* in proportion to the respective Percentage Interests on such Partnership Record Date). At the election of the General Partner, distributions payable with

respect to any Partnership Units that were not outstanding during the entire quarterly period in respect of which any distribution is made may be prorated based on the portion of the period that such Partnership Units were outstanding.

The General Partner in its sole and absolute discretion may distribute to the Holders Available Cash on a more frequent basis and provide for an appropriate Partnership Record Date. Notwithstanding anything herein to the contrary, the General Partner shall make such reasonable efforts, as determined by it in its sole and absolute discretion and consistent with SFTY's qualification as a REIT, to cause the Partnership to distribute sufficient amounts to enable SFTY, for so long as SFTY has determined to qualify as a REIT, to pay stockholder dividends that will (a) satisfy the requirements for its qualification as a REIT under the Code and Regulations (the "**REIT Requirements**") and (b) except to the extent otherwise determined by SFTY, in its sole and absolute discretion, avoid any federal income or excise tax liability of SFTY.

Each distribution in respect of a Partnership Unit shall be paid by the Partnership, directly or through any other Person or agent, only to the Holder of such Partnership Unit as shown on Exhibit A attached hereto, as such Exhibit A may be amended from time to time, as of the Partnership Record Date set for such distribution. Such payment shall constitute full payment and satisfaction of the Partnership's liability in respect of such payment, regardless of any claim of a Person who may have an interest in such payment by reason of an assignment or otherwise.

Section 5.2. **Interests in Property not Held Through the Partnership**. To the extent amounts distributed by the Partnership are attributable to amounts received from a property in which the General Partner or any Affiliate of the General Partner holds a direct or indirect interest (other than through the Partnership) (an "**Outside Interest**"), (i) such amounts distributed to the General Partner will be reduced so as to take into account amounts received pursuant to the Outside Interest and (ii) the amounts distributed to the Limited Partners will be increased to the extent necessary so that the overall effect of the distribution is to distribute what would have been distributed had such Outside Interest been held through the Partnership (treating any distribution made in respect of the Outside Interest as if such distribution had been received by the General Partner).

Section 5.3. **Distributions In-Kind**. No right is given to any Partner to demand and receive property other than cash as provided in this Agreement. The General Partner may determine, in its sole and absolute discretion, to make a distribution in-kind of Partnership assets to the Holders, and such assets shall be distributed in such a fashion as to ensure that the fair market value is distributed and allocated in accordance with Articles V, VI and X hereof.

Section 5.4. **Amounts Withheld**. All amounts withheld pursuant to the Code or any provisions of any state or local tax law and Section 10.4 hereof with respect to any allocation, payment or distribution to any Holder shall be treated as amounts paid or distributed to such Holder pursuant to Section 5.1 hereof for all purposes under this Agreement.

Section 5.5. **Distributions Upon Liquidation**. Notwithstanding the other provisions of this Article V, net proceeds from a Terminating Capital Transaction, and any other cash received or reductions in reserves made after commencement of the liquidation of the Partnership, shall be distributed to the Holders in accordance with Section 13.2 hereof.

Section 5.6. **Distributions to Reflect Issuance of Additional Partnership Units**. Notwithstanding Section 7.3(b) hereof, in the event that the Partnership issues additional Partnership Units pursuant to the provisions of Article IV hereof, subject to Section 7.3(d), the General Partner is hereby authorized to make such revisions to this Article V as it determines are necessary or desirable to reflect the issuance of such additional Partnership Units, including, without limitation, making preferential distributions to certain classes of Partnership Units.

Section 5.7. **Restricted Distributions**. Notwithstanding any provision to the contrary contained in this Agreement, neither the Partnership nor the General Partner, on behalf of the Partnership, shall make a distribution to any Holder on account of its Partnership Interest or interest in Partnership Units if such distribution would violate Section 17-607 of the Act or other applicable law.

ARTICLE VI

ALLOCATIONS

Section 6.1. **Timing and Amount of Allocations of Net Income and Net Loss**. Net Income and Net Loss of the Partnership shall be determined and allocated with respect to each Partnership Year of the Partnership as of the end of each such year. Except as otherwise provided in this Article VI, and subject to Section 11.6(c) hereof, an allocation to a Holder of a share of Net Income or Net Loss shall be treated as an allocation of the same share of each item of income, gain, loss or deduction that is taken into account in computing Net Income or Net Loss.

Section 6.2. **General Allocations**.

(a) **Allocations of Net Income and Net Loss**.

(i) **Net Income**. Except as otherwise provided herein, Net Income for any Partnership Year or other applicable period shall be allocated in the following order and priority:

(A) *First*, to the General Partner to the extent the cumulative Net Loss allocated to the General Partner pursuant to subparagraph (ii)(D) below exceeds the cumulative Net Income allocated to the General Partner pursuant to this subparagraph (i)(A);

(B) *Second*, to the Holders of any Partnership Interests that are entitled to any preference in distribution upon liquidation until the cumulative Net Income allocated under this subparagraph (i)(B) equals the cumulative Net Loss allocated to such Partners under subparagraph (ii)(C);

(C) *Third*, to the Holders of any Partnership Units that are entitled to any preference in distribution in accordance with the rights of any other class of Partnership Units until each such Partnership Unit has been allocated, on a cumulative basis pursuant to this subparagraph (i)(C), Net Income equal to the amount of distributions received which are attributable to the preference of such class of Partnership Unit (and, within such class,

pro rata in proportion to the respective Percentage Interests as of the last day of the period for which such allocation is made); and

(D) *Thereafter*, with respect to Partnership Units that are not entitled to any preference in distribution or with respect to which distributions are not limited to any preference in distribution, *pro rata* to each such class in accordance with the terms of such class (and, within such class, *pro rata* in proportion to the respective Percentage Interests as of the last day of the period for which such allocation is being made).

(ii) **Net Loss**. Except as otherwise provided herein, Net Loss for any Partnership Year or other applicable period shall be allocated in the following order and priority:

(A) *First*, to each Holder of Partnership Units in proportion to and to the extent of the amount by which the cumulative Net Income allocated to such Partner pursuant to subparagraph (i)(D) above exceeds, on a cumulative basis, the sum of (a) distributions with respect to such Partnership Units pursuant to clause (2) of Section 5.1 and (b) Net Loss allocated to such Partner pursuant to this subparagraph (ii)(A);

(B) *Second*, with respect to classes of Partnership Units that are not entitled to any preference in distribution or with respect to which distributions are not limited to any preference in distribution, *pro rata* to each such class in accordance with the terms of such class (and within such class, *pro rata* in proportion to the respective Percentage Interests as of the last day of the period for which such allocation is being made); **provided**, **that** Net Loss shall not be allocated to any Partner pursuant to this subparagraph (ii)(B) to the extent that such allocation would cause such Partner to have an Adjusted Capital Account Deficit (or increase any existing Adjusted Capital Account Deficit) (determined in each case (1) with respect to a Partner who also holds classes of Partnership Units that are entitled to any preferences in distribution upon liquidation, by subtracting from such Partners' Adjusted Capital Account the amount of such preferred distribution to be made upon liquidation at the end of such Partnership Year or other applicable period;

(C) *Third*, with respect to classes of Partnership Units that are entitled to any preference in distribution upon liquidation, in reverse order of the priorities of each such class (and within each such class, *pro rata* in proportion to their respective Percentage Interests as of the last day of the period for which such allocation is being made); **provided**, **that** Net Loss shall not be allocated to any Partner pursuant to this subparagraph (ii)(C) to the extent that such allocation would cause such Partner to have an Adjusted Capital Account Deficit (or increase any existing Adjusted Capital Account Deficit) at the end of such Partnership Year or other applicable period;

(D) *Thereafter*, to the General Partner.

(b) **Allocations to Reflect Issuance of Additional Partnership Units**. Notwithstanding Section 7.3(b) hereof, in the event that the Partnership issues additional Partnership Units pursuant to the provisions of Article IV hereof, the General Partner is hereby authorized to make such revisions to this Section 6.2 as it determines are necessary or desirable to reflect the terms of the issuance of such additional Partnership Units.

Section 6.3. **Additional Allocation Provisions**. Notwithstanding the foregoing provisions of this Article VI:

(a) **Regulatory Allocations**.

(i) **Minimum Gain Chargeback**. Except as otherwise provided in Regulations Section 1.704-2(f), notwithstanding the provisions of Section 6.2 hereof, or any other provision of this Article VI, if there is a net decrease in Partnership Minimum Gain during any Partnership Year, each Holder shall be specially allocated items of Partnership income and gain for such year (and, if necessary, subsequent years) in an amount equal to such Holder's share of the net decrease in Partnership Minimum Gain, as determined under Regulations Section 1.704-2(g). Allocations pursuant to the previous sentence shall be made in proportion to the respective amounts required to be allocated to each Holder pursuant thereto. The items to be allocated shall be determined in accordance with Regulations Sections 1.704-2(f)(6) and 1.704-2(j)(2). This Section 6.3(a)(i) is intended to qualify as a "minimum gain chargeback" within the meaning of Regulations Section 1.704-2(f) and shall be interpreted consistently therewith.

(ii) **Partner Minimum Gain Chargeback**. Except as otherwise provided in Regulations Section 1.704-2(i)(4) or in Section 6.3(a)(i) hereof, if there is a net decrease in Partner Minimum Gain attributable to a Partner Nonrecourse Debt during any Partnership Year, each Holder who has a share of the Partner Minimum Gain attributable to such Partner Nonrecourse Debt, determined in accordance with Regulations Section 1.704-2(i)(5), shall be specially allocated items of Partnership income and gain for such year (and, if necessary, subsequent years) in an amount equal to such Holder's share of the net decrease in Partner Minimum Gain attributable to such Partner Nonrecourse Debt, determined in accordance with Regulations Section 1.704-2(i)(4). Allocations pursuant to the previous sentence shall be made in proportion to the respective amounts required to be allocated to each General Partner, Limited Partner and other Holder pursuant thereto. The items to be so allocated shall be determined in accordance with Regulations Sections 1.704-2(i)(4) and 1.704-2(j)(2). This Section 6.3(a)(ii) is intended to qualify as a "chargeback of partner nonrecourse debt minimum gain" within the meaning of Regulations Section 1.704-2(i) and shall be interpreted consistently therewith.

(iii) **Nonrecourse Deductions and Partner Nonrecourse Deductions**. Any Nonrecourse Deductions for any Partnership Year shall be specially allocated to the Holders of Partnership Units in accordance with their Percentage Interests . Any Partner Nonrecourse Deductions for any Partnership Year shall be specially allocated to the Holder(s) who bears the economic risk of loss with respect to the Partner Nonrecourse Debt to which such Partner Nonrecourse Deductions are attributable, in accordance with Regulations Section 1.704-2(i).

(iv) **Qualified Income Offset**. If any Holder unexpectedly receives an adjustment, allocation or distribution described in Regulations Section 1.704-1(b)(2)(ii)(d)(4), (5), or (6), items of Partnership income and gain shall be allocated, in accordance with Regulations Section 1.704-1(b)(2)(ii)(d), to such Holder in an amount and manner sufficient to eliminate, to the extent required by such Regulations, the Adjusted Capital Account Deficit of such Holder as quickly as possible. It is intended that this Section 6.3(a)(iv) qualify and be construed as a "qualified income offset" within the meaning of Regulations Section 1.704-1(b)(2)(ii)(d) and shall be interpreted consistently therewith.

(v) **No Excess Deficit**. Loss or items thereof shall not be allocated to any Holder to the extent such allocation would cause an Adjusted Capital Account Deficit with respect to such Holder at the end of any Partnership Year.

(vi) **Section 754 Adjustment**. To the extent that an adjustment to the adjusted tax basis of any Partnership asset pursuant to Code Section 734(b) or Code Section 743(b) is required, pursuant to Regulations Section 1.704-1(b)(2)(iv)(m)(2) or Regulations Section 1.704-1(b)(2)(iv)(m)(4), to be taken into account in determining Capital Accounts as the result of a distribution to a Holder in complete liquidation of its interest in the Partnership, the amount of such adjustment to the Capital Accounts shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis), and such gain or loss shall be specially allocated to the Holders in accordance with their Partnership Units in the event that Regulations Section 1.704-1(b)(2)(iv)(m)(2) applies, or to the Holders to whom such distribution was made in the event that Regulations Section 1.704-1(b)(2)(iv)(m)(4) applies.

(vii) **Curative Allocations**. The allocations set forth in Section 6.3(a)(i), (ii), (iii), (iv), (v), and (vi) hereof (the "**Regulatory Allocations**") are intended to comply with certain regulatory requirements, including the requirements of Regulations Sections 1.704-1(b) and 1.704-2. Notwithstanding the provisions of Section 6.1 hereof, the Regulatory Allocations shall be taken into account in allocating other items of income, gain, loss and deduction among the Holders of Partnership Units so that to the extent possible without violating the requirements giving rise to the Regulatory Allocations, the net amount of such allocations of other items and the Regulatory Allocations to each Holder of a Partnership Unit shall be equal to the net amount that would have been allocated to each such Holder if the Regulatory Allocations had not occurred.

(b) **Allocation of Excess Nonrecourse Liabilities**. The Partnership shall allocate "nonrecourse liabilities" (within the meaning of Regulations Section 1.752-1(a)(2)) of the Partnership that are secured by multiple Properties under any reasonable method chosen by the General Partner in accordance with Regulations Section 1.752-3(a)(3) and (b). The Partnership shall allocate "excess nonrecourse liabilities" of the Partnership under any method approved under Regulations Section 1.752-3(a)(3) as chosen by the General Partner.

(c) **Special Allocations Regarding LTIP Units**.

(i) Notwithstanding the provisions of Section 6.2 above after giving effect to the allocations in Sections 6.3(a)(i) through (v) and Sections 6.2(a)(i)(A) through (C), Liquidating Gains shall first be allocated to the LTIP Unitholders until the Economic Capital Account Balances of such Holders, to the extent attributable to their ownership of LTIP Units, are equal to (i) the OP Unit Economic Balance, multiplied by (ii) the number of their LTIP Units. Any such allocations shall be made (the "Target Balance") among the Partners in proportion to the aggregate amounts required to be allocated to each Partner pursuant to this Section 6.3(c). For this purpose, "**Liquidating Gains**" means net capital gains realized in connection with the actual or hypothetical sale of all or substantially all of the assets of the Partnership, including but not limited to net capital gain realized in connection with an adjustment to the Gross Asset Value of Partnership assets under Code Section 704(b). The "**Economic Capital Account Balances**" of the LTIP Unitholders will be equal to their Capital Account balances to the extent attributable to their ownership of LTIP Units, plus the amount of their allocable share of any Partner Minimum Gain or Partnership Minimum Gain attributable to such LTIP Units. Similarly, the "**OP Unit Economic Balance**" shall mean (i) the Capital Account balance of the General Partner, plus the amount of the General Partner's share of any Partner Minimum Gain or Partnership Minimum Gain, in either case to the extent attributable to the General Partner's ownership of OP Units and computed on a hypothetical basis after taking into account all allocations through the date on which any allocation is made under this Section 6.3(c) (including, without limitation, any expenses of the Partnership reimbursed to the General Partner pursuant to Section 7.4(b)), divided by (ii) the number of the General Partner's OP Units. Any such allocations shall be made among the LTIP Unitholders in proportion to the amounts required to be allocated to each under this Section 6.3(c). The parties agree that the intent of this Section 6.3(c) is to make the Capital Account balance associated with each LTIP Unit to be economically equivalent to the Capital Account balance associated with the General Partner's OP Units (on a per-OP Unit/LTIP Unit basis). The General Partner shall be permitted to interpret this Section 6.3(c) or to amend this Agreement to the extent necessary and consistent with this intention.]

(ii) Liquidating Gain allocated to an LTIP Unit holder will generally be attributed in the following order: (A) first, to Vested LTIP Units held for more than two years, (B) second, to Vested LTIP Units held for two years or less, (C) third, to Unvested LTIP Units that have remaining vesting conditions that only require continued employment or service to the SFTY, the Partnership or an Affiliate of either for a certain period of time (with such Liquidating Gains being attributed in order of vesting from soonest vesting to latest vesting), and (D) fourth, to other Unvested LTIP Units (with such Liquidating Gains being attributed in order of issuance from earliest issued to latest issued). Within each category, Liquidating Gain will be allocated seriatim (i.e., entirely to the first unit in a set, then entirely to the next unit in the set, and so on, until a full allocation is made to the last unit in the set) in the order of smallest Book-Up Target to largest Book-Up Target. For purposes of the previous sentence, "**Book-Up Target**" for an LTIP unit means (i) initially the OP Unit Economic Balance as determined on the date such LTIP Unit was granted and (ii) thereafter, the remaining balance, if any required to be allocated to such LTIP Unit for the Economic Capital Account Balance of the holder of such LTIP Unit, to the extent attributable to such LTIP Unit, to be equal to the OP Unit Economic Balance.

(iii) After giving effect to the special allocations set forth above, if, due to distributions with respect to OP Units in which the LTIP Unit holders do not participate, forfeitures or otherwise, the Economic Capital Account Balance of any present or former LTIP Unit holder attributable to such LTIP Unit holder's LTIP Units, exceeds the Target Balance, then Liquidating Losses shall be allocated to such LTIP Unit holder, or Liquidating Gains shall be allocated to the other Partners, to reduce or eliminate the disparity; provided, however, that if Liquidating Losses or Liquidating Gains are insufficient to completely eliminate all such disparities, such losses or gains shall be allocated among Partners in a manner reasonably determined by the General Partner. For this purpose, "**Liquidating Loss**" means any net loss realized in connection with the actual or hypothetical sale of substantially all of the assets of the partnership, including but not limited to net loss realized in connection with an adjustment to the Gross Asset Value of Partnership Assets under Code Section 704(b).

(iv) The parties agree that the intent of this Section 6.3(c) is (A) to the extent possible to make the Economic Capital Account Balance associated with each LTIP Unit economically equivalent to the OP Unit Economic Balance and (B) to allow conversion of an LTIP Unit (assuming prior vesting) into an OP Unit when sufficient Liquidating Gains have been allocated to such LTIP Unit pursuant to Section 6.3(c)(i) so that parity described in the definition of Target Balance has been achieved. The General Partner shall be permitted to interpret this Section 6.3(c)(iv) or to amend this Agreement to the extent necessary and consistent with this intention.

(v) In the event that Liquidating Gains or Liquidating Losses are allocated under this Section 6.3(c), Profits allocable under clause 6.2 and any Losses shall be recomputed without regard to the Liquidating Gains or Liquidating Losses so allocated.

(vi) If an LTIP Unit holder forfeits any LTIP Units to which Liquidating Gain has previously been allocated under Section 6.3(c), (A) the portion of such LTIP Unit holder's Capital Account attributable to such Liquidating Gain allocated to such forfeited LTIP Units will be re-allocated to that LTIP Unit holder's remaining LTIP Units that were outstanding on the date of the initial allocation of such Liquidating Gain, using a methodology similar to that described in Section 6.3(c)(ii) above as reasonably determined by the General Partner, to the extent necessary to cause such LTIP Unit holder's Economic Capital Account Balance attributable to each such LTIP Unit to equal the OP Unit Economic Balance and (B) such LTIP Unit holder's Capital Account will be reduced by the amount of any such Liquidating Gain not re-allocated pursuant to clause (A) above.

(d) **Allocations to Reflect Outside Interests**. Any income or loss to the Partnership associated with an Outside Interest shall be specially allocated so as to take into account amounts received by, and income or loss allocated to, the General Partner or any Affiliate of the General Partner with respect to such Outside Interest so that the overall effect is to allocate income or loss in the same manner as would have occurred had such Outside Interest been held through the Partnership (treating any allocation in respect of the Outside Interest as if such allocation had been made to the General Partner).

(e) **Agreement to Bear Disproportionate Losses.** At the request and with the consent of the applicable Limited Partner, the General Partner may modify the allocation provisions contained herein to provide for disproportionate allocations of Loss (or items of loss or deduction) and chargebacks thereof to a Limited Partner that agrees to restore all or part of any deficit in its Capital Account.

Section 6.4. **Tax Allocations**.

(a) **In General**. Except as otherwise provided in this Section 6.4, for income tax purposes under the Code and the Regulations each Partnership item of income, gain, loss and deduction (collectively, "**Tax Items**") shall be allocated among the Holders of Partnership Units in the same manner as its correlative item of "book" income, gain, loss or deduction is allocated pursuant to Sections 6.2 and 6.3 hereof.

(b) **Allocations Respecting Section 704(c) Revaluations**. Notwithstanding Section 6.4(a) hereof, Tax Items with respect to Property that is contributed to the Partnership with a Gross Asset Value that varies from its basis in the hands of the contributing Partner immediately preceding the date of contribution shall be allocated among the Holders of Partnership Units for income tax purposes pursuant to Regulations promulgated under Code Section 704(c) so as to take into account such variation. The Partnership shall account for such variation under any method approved under Code

Section 704(c) and the applicable Regulations as chosen by the General Partner, including, without limitation, the "remedial allocation method" as described in Regulations Section 1.704-3(d); **provided**, **however**, **that** the "traditional method" shall be used for any assets acquired by the Partnership pursuant to any contribution that results in the treatment of the Partnership as a partnership for U.S. federal income tax purposes.. In the event that the Gross Asset Value of any partnership asset is adjusted pursuant to subsection (b) of the definition of "Gross Asset Value" (provided in Article I hereof), subsequent allocations of Tax Items with respect to such asset shall take account of the variation, if any, between the adjusted basis of such asset and its Gross Asset Value in the same manner as under Code Section 704(c) and the applicable Regulations or under any method approved under Code Section 7.04(c) and the applicable Regulations as chosen by the General Partner.

(c) Notwithstanding the foregoing provisions of this Agreement, the General Partner in its sole discretion shall make such allocations as may be needed to ensure that allocations are in accordance with the interests of the Partners of the Partnership, within the meaning of the Code and Regulations. The General Partner shall determine all matters concerning allocations for tax purposes not expressly provided for herein in its sole discretion. Notwithstanding anything to the contrary contained in this Agreement, for the proper administration of the Partnership, the General Partner may (A) amend the provisions of this Agreement as appropriate to reflect the proposal or promulgation of Regulations under Section 704(b) or Section 704(c) of the Code, and (B) adopt and employ or modify such conventions and methods of the General Partner determines in his sole discretion to be appropriate for (i) the determination of Tax Items and the allocation of such Tax Items among Partners and between transferors and transferees under this Agreement pursuant to the Code and Regulations promulgated thereunder, (ii) the determination of the identities and tax classifications of Partners, (iii) the valuation of the Partnership's assets and the determination of tax basis, (iv) the allocation of asset values and tax basis, (v) the adoption and maintenance of accounting methods, and (vi) taking into account differences between the Gross Asset Values of the assets of the Partnership and adjusted tax basis pursuant to Section 704(c) of the Code and the Regulations promulgated thereunder.

(d) Allocations that would otherwise be made to a Partner under the provisions of this Article VI shall instead be made to the beneficial owner of OP Units held by a nominee in any case in which the nominee has furnished the identity of such owner to the Partnership in accordance with Section 6031(c) of the Code, or pursuant to any other method determined by the General Partner in its sole discretion.

ARTICLE VII

MANAGEMENT AND OPERATIONS OF BUSINESS

Section 7.1. **Management**.

(a) Except as otherwise expressly provided in this Agreement, all management powers over the business and affairs of the Partnership are and shall be exclusively vested in the General Partner, and no Limited Partner shall have any right to participate in or exercise control or management power over the business and affairs of the Partnership. The General Partner may not be removed by the Partners with or without cause, except with the consent of the General Partner. In addition to the powers now or hereafter granted to a general partner of a limited partnership under applicable law or that are granted to the General Partner under any other provision of this Agreement, the General Partner, subject to the other provisions hereof including, without limitation, Section 7.3, shall have full power and authority to do all things deemed necessary or desirable by it to conduct the business of the Partnership, to exercise all powers set forth in Section 3.2 hereof and to effectuate the purposes set forth in Section 3.1 hereof, including, without limitation, taking the actions and decisions set forth below. Each of the Limited Partners acknowledges and agrees that on the date hereof, SFTY, the Partnership and the Manager have entered into the Management Agreement pursuant to which SFTY and the Partnership have retained the Manager to manage the day to day operations of SFTY and its Subsidiaries, including the Partnership. Each of the Limited Partners further acknowledges and agrees that the General Partner is authorized to delegate to the Manager the power and authority to conduct the day to day operations of the Partnership subject to and in accordance with the terms and the Management Agreement, including without limitation, the power and authority of the General Partner to take such of the following actions and decisions as the General Partner determines in its sole discretion, to be reasonably necessary or desirable in order to permit the Manager to perform the services under the Management Agreement:

(i) the making of any expenditures, the lending or borrowing of money (including, without limitation, making prepayments on loans and borrowing money or selling assets to permit the Partnership to make distributions in such amounts as will permit SFTY (so long as SFTY desires to maintain or restore its qualification as a REIT) to avoid the payment of any income or excise tax under the Code and to make distributions to its stockholders sufficient to permit SFTY to maintain or restore REIT qualification or otherwise to satisfy the REIT Requirements), the assumption or guarantee of, or other contracting for, indebtedness and other liabilities, the issuance of evidences of indebtedness (including the securing of same by deed to secure debt, mortgage, deed of trust or other lien or encumbrance on the Partnership's assets) and the incurring of any obligations that it deems necessary for the conduct of the activities of the Partnership;

(ii) the making of tax, regulatory and other filings, or rendering of periodic or other reports to governmental or other agencies having jurisdiction over the business or assets of the Partnership, the registration of any class of securities of the Partnership under the Exchange Act and the listing of any debt securities of the Partnership on any exchange;

(iii) subject to Section 11.2 hereof, the acquisition, sale, lease, transfer, exchange or other disposition of any, all or substantially all of the assets of the Partnership (including, but not limited to, the exercise or grant of any conversion, option, privilege or subscription right or any other right available in connection with any assets at any time held by the Partnership) or the merger, consolidation, reorganization or other combination of the Partnership with or into another entity;

(iv) the mortgage, pledge, encumbrance or hypothecation of any assets of the Partnership, the assignment of any assets of the Partnership in trust for creditors or on the promise of the assignee to pay the debts of the Partnership, the use of the assets of the Partnership (including, without limitation, cash on hand) for any purpose consistent with the terms of this Agreement and on any terms that it sees fit, including, without limitation, the financing of the operations and activities of the General Partner, the Partnership or any of the Partnership's Subsidiaries, the lending of funds to other Persons (including, without limitation, the Partnership's Subsidiaries) and the repayment of obligations of the Partnership, its Subsidiaries and any other Person in which the Partnership has an equity investment, and the making of capital contributions to and equity investments in the Partnership's Subsidiaries;

(v) the use of the assets of the Partnership (including, without limitation, cash on hand) for any purpose consistent with the terms of this Agreement and on any terms it sees fit, including, without limitation, the financing of the conduct of the operations of the General Partner, the Partnership or any of the Partnership's Subsidiaries, the lending of funds to other Persons (including, without limitation, the General Partner and its Subsidiaries and the Partnership's Subsidiaries) and the repayment of obligations of the Partnership and its Subsidiaries and any other Person in which the Partnership has an equity investment and the making of capital contributions to its Subsidiaries;

(vi) the management, operation, leasing, landscaping, repair, alteration, demolition, replacement or improvement of any Property, including, without limitation, any Contributed Property, or other asset of the Partnership or any Subsidiary, whether pursuant to a Services Agreement or otherwise;

(vii) the negotiation, execution and performance of any contracts, leases, conveyances or other instruments that the General Partner considers useful or necessary to the conduct of the Partnership's operations or the implementation of the General Partner's powers under this Agreement, including contracting with contractors, developers, consultants, government authorities, accountants, legal counsel, other professional advisors and other agents and the payment of their expenses and compensation out of the Partnership's assets;

(viii) the distribution of Partnership cash or other Partnership assets in accordance with this Agreement, the holding, management, investment and reinvestment of cash and other assets of the Partnership and the collection and receipt of revenues, rents and income of the Partnership;

(ix) the maintenance of such insurance (including, without limitation, directors and officers insurance) for the benefit of the Partnership and the Partners (including, without limitation, the General Partner) as the General Partner deems necessary or appropriate,

including, without limitation, (i) casualty, liability and other insurance on the Properties and (ii) liability insurance for the Indemnitees hereunder;

(x) the formation of, or acquisition of an interest in, and the contribution of property to, any further limited or general partnerships, limited liability companies, joint ventures or other relationships that the General Partner deems desirable (including, without limitation, the acquisition of interests in, and the contributions of property to, any Subsidiary and any other Person in which it has an equity investment from time to time); **provided**, **however**, **that** as long as SFTY desires to maintain or restore its qualification as a REIT, SFTY , the General Partner and the Partnership may not engage in any such formation, acquisition or contribution that would cause it to fail to qualify as a REIT;

(xi) the filing of applications, communicating and otherwise dealing with any and all governmental agencies having jurisdiction over, or in any way affecting, the Partnership's assets or any other aspect of the Partnership business;

(xii) the taking of any action necessary or appropriate to comply with all regulatory requirements applicable to the Partnership in respect of its business, including preparing or causing to be prepared all financial statements required under applicable regulations and contractual undertakings and all reports, filings and documents, if any, required under the Exchange Act, the Securities Act, or by National Securities Exchange requirements;

(xiii) the control of any matters affecting the rights and obligations of the Partnership, including the settlement, compromise, submission to arbitration or any other form of dispute resolution, or abandonment, of any claim, cause of action, liability, debt or damages, due or owing to or from the Partnership, the commencement or defense of suits, legal proceedings, administrative proceedings, arbitrations or other forms of dispute resolution, and the representation of the Partnership in all suits or legal proceedings, administrative proceedings, arbitrations or other forms of dispute resolution, the incurring of legal expense, and the indemnification of any Person against liabilities and contingencies to the extent permitted by law;

(xiv) the undertaking of any action in connection with the Partnership's direct or indirect investment in any Subsidiary or any other Person (including, without limitation, the contribution or loan of funds by the Partnership to such Persons);

(xv) except as otherwise specifically set forth in this Agreement, the determination of the fair market value of any Partnership property distributed in-kind using such reasonable method of valuation as it may adopt; **provided**, **that** such methods are otherwise consistent with the requirements of this Agreement;

(xvi) the enforcement of any rights against any Partner pursuant to representations, warranties, covenants and indemnities relating to such Partner's contribution of property or assets to the Partnership;

(xvii) the exercise, directly or indirectly, through any attorney-in-fact acting under a general or limited power-of-attorney, of any right, including the right to vote, appurtenant to any asset or investment held by the Partnership;

(xviii) the exercise of any of the powers of the General Partner enumerated in this Agreement on behalf of or in connection with any Subsidiary of the Partnership or any other Person in which the Partnership has a direct or indirect interest, or jointly with any such Subsidiary or other Person;

(xix) the exercise of any of the powers of the General Partner enumerated in this Agreement on behalf of any Person in which the Partnership does not have an interest, pursuant to contractual or other arrangements with such Person;

(xx) the making, execution and delivery of any and all deeds, leases, notes, deeds to secure Debt, mortgages, deeds of trust, security agreements, conveyances, contracts, guarantees, warranties, indemnities, waivers, releases or legal instruments or agreements in writing necessary or appropriate in the judgment of the General Partner for the accomplishment of any of the powers of the General Partner enumerated in this Agreement;

(xxi) the issuance of additional Partnership Units, as appropriate and in the General Partner's sole and absolute discretion, in connection with Capital Contributions by Additional Limited Partners and additional Capital Contributions by Partners pursuant to Article IV hereof;

(xxii) the selection and dismissal of agents, outside attorneys, accountants, consultants and contractors of the Partnership or the General Partner, the determination of their compensation and other terms of hiring;

(xxiii) the distribution of cash to acquire Partnership Units held by a Limited Partner in connection with a Limited Partner's exercise of its Redemption right under Section 8.6 hereof;

(xxiv) the amendment and restatement of Exhibit A hereto to reflect accurately at all times the Capital Contributions and Percentage Interests of the Partners as the same are adjusted from time to time to the extent necessary to reflect redemptions, Capital Contributions, the number of Partnership Units (including any issuance thereof), the admission of any Additional Limited Partner or any Substituted Limited Partner or otherwise, which amendment and restatement, notwithstanding anything in this Agreement to the contrary, shall not be deemed an amendment to this Agreement, as long as the matter or event being reflected in Exhibit A hereto otherwise is authorized by this Agreement;

(xxv) the determination regarding whether a payment to a Partner who exercises its Redemption Right under Section 8.6 that is assumed by the General Partner will be paid in the form of the Cash Amount or the REIT Shares Amount, except as such determination may be limited by Section 8.6.

(xxvi) the collection and receipt of revenues and income of the Partnership;

(xxvii) the registration of any class of securities of the Partnership under the Securities Act or the Exchange Act;

(xxviii) the entering into of listing agreements with any National Securities Exchange and the listing of any securities of the Partnership on any such exchange;

(xxix) an election to dissolve the Partnership pursuant to Section 13.1(d) hereof; and

(xxx) the taking of any action necessary or appropriate to enable SFTY to qualify as a REIT (so long as SFTY desires to maintain or restore its qualification as a REIT).

(b) Each of the Limited Partners agrees that, except as provided in Section 7.3 hereof, the General Partner is authorized to execute, deliver and perform the above-mentioned agreements and transactions on behalf of the Partnership, and to delegate such authority to the Manager to the extent the General Partner, in its sole discretion, deems necessary or desirable in order to permit the Manager to perform the services under the Management Agreement, without any further act, approval or vote of the Partners, notwithstanding any other provision of this Agreement, the Act or any applicable law, rule or regulation and, in the absence of any specific corporate action on the part of the General Partner to the contrary, the taking of any action or the execution of any such document or writing by an officer of the General Partner or the Manager, in the name and on behalf of the General Partner, in its capacity as the general partner of the Partnership, shall conclusively evidence (1) the approval thereof by the General Partner, in its capacity as the general partner of the Partnership, (2) the General Partner's determination that such action, document or writing is necessary or desirable to conduct the business and affairs of the Partnership, exercise the powers of the Partnership under this Agreement and the Act or effectuate the purposes of the Partnership, or any other determination by the General Partner required by this Agreement in connection with the taking of such action or execution of such document or writing, and (3) the authority of such officer with respect thereto.

(c) At all times from and after the date hereof, the General Partner may cause (and may authorize the Manager pursuant to the Management Agreement to cause) the Partnership to obtain and maintain (i) casualty, liability and other insurance on the Properties and (ii) liability insurance for the Indemnitees hereunder.

(d) At all times from and after the date hereof, the General Partner may cause (and may authorize the Manager pursuant to the Management Agreement to cause) the Partnership to establish and maintain working capital and other reserves in such amounts as the General Partner (or the Manager), in its sole and absolute discretion, deems appropriate and reasonable from time to time.

(e) In exercising its authority under this Agreement, the General Partner may, (and may authorize the Manager to, but shall be under no obligation to, take into account the tax consequences to any Partner (including the General Partner) of any action taken (or not taken) by it. Except as may be provided in a separate written agreement between the Partnership and the Limited Partners, the General Partner, the Partnership, SFTY and the Manager shall not have liability to a Limited Partner under any circumstances as a result of a tax liability incurred by such Limited Partner as a result of an action (or inaction) by the General Partner pursuant to its authority under this Agreement or by the Manager pursuant to the Management Agreement

provided, **that** the General Partner or the Manager, as applicable has acted in good faith and pursuant to its authority under this Agreement or the Management Agreement, as applicable.

Section 7.2. **Certificate of Limited Partnership**. To the extent that such action is determined by the General Partner to be reasonable and necessary or appropriate, the General Partner shall file amendments to and restatements of the Certificate of Limited Partnership and do all the things to maintain the Partnership as a limited partnership (or a partnership in which the limited partners have limited liability) under the laws of the State of Delaware and each other state, the District of Columbia or any other jurisdiction, in which the Partnership may elect to do business or own property. Except as otherwise required under the Act, the General Partner shall not be required, before or after filing, to deliver or mail a copy of the Certificate of Limited Partnership or any amendment thereto to any Limited Partner. The General Partner shall use all reasonable efforts to cause to be filed such other certificates or documents as may be reasonable and necessary or appropriate for the formation, continuation, qualification and operation of a limited partnership (or a partnership in which the limited partners have limited liability to the extent provided by applicable law) in the State of Delaware and any other state, or the District of Columbia or other jurisdiction, in which the Partnership may elect to do business or own property.

Section 7.3. **Restrictions on General Partner's Authority**.

(a) The General Partner may not, and may not authorize the Manager pursuant to the Management Agreement to, take any action in contravention of an express prohibition or limitation of this Agreement without the written consent of a Majority in Interest of the Outside Limited Partners or such other percentage of the Limited Partners as may be specifically provided for under a provision of this Agreement and may not, and may not authorize the Manager pursuant to the Management Agreement to, (1) perform any act that would subject a Limited Partner to liability as a general partner in any jurisdiction or any other liability except as provided herein or under the Act; or (2) enter into any contract, mortgage, loan or other agreement that expressly prohibits or restricts (a) the General Partner or the Partnership from performing its specific obligations under Section 8.6 hereof in full or (b) a Limited Partner from exercising its rights under Section 8.6 hereof to effect a Redemption in full, except, in either case, with the written consent of such Limited Partner affected by the prohibition or restriction.

(b) The General Partner shall not, and shall not authorize the Manager pursuant to the Management Agreement to, without the written consent of a Majority in Interest of the Outside Limited Partners amend this Agreement in a manner that disproportionately effects such Limited Partners, if such amendment would amend Section 4.3, Article V, Article VI, Article VII, Section 8.6, Section 11.2 or this Section 7.3(b).

(c) Notwithstanding Sections 7.3(b) and 14.2, the General Partner shall have the exclusive power, without the prior consent of the Limited Partners, to amend this Agreement as may be required to facilitate or implement any of the following purposes:

(i) to add to the obligations of the General Partner or surrender any right or power granted to the General Partner or any Affiliate of the General Partner for the benefit of the Limited Partners;

(ii) to reflect the admission, substitution or withdrawal of Partners or the termination of the Partnership in accordance with this Agreement, and to amend Exhibit A attached hereto in connection with such admission, substitution or withdrawal;

(iii) to reflect a change that is of an inconsequential nature or does not adversely affect the Limited Partners as such in any material respect, or to cure any ambiguity, correct or supplement any provision in this Agreement not inconsistent with law or with other provisions, or make other changes with respect to matters arising under this Agreement that will not be inconsistent with law or with the provisions of this Agreement;

(iv) to satisfy any requirements, conditions or guidelines contained in any order, directive, opinion, ruling or regulation of a federal or state agency or contained in federal or state law;

(v) to set forth or amend the designations, preferences, conversion or other rights, voting powers, restrictions, limitations as to distributions, qualifications or terms or conditions of redemption of the holders of any additional Partnership Units or Partnership Interests issued or established pursuant to this Agreement;

(vi) (a) to reflect such changes as are reasonably necessary for SFTY to maintain or restore its qualification as a REIT or to satisfy the REIT Requirements; or (b) to reflect the Transfer of all or any part of a Partnership Interest among the General Partner, and any Qualified REIT Subsidiary or entity that is disregarded as an entity separate from SFTY for U.S. federal income tax purposes;

(vii) to modify either or both the manner in which items of Net Income or Net Loss are allocated pursuant to Article VI or the manner in which Capital Accounts are adjusted, computed or maintained (but only to the extent set forth in the definition of "Capital Account" or contemplated by the Code or the Regulations);

(viii) to issue additional Partnership Interests in accordance with Section 4.3;

(ix) to reflect any other modification to this Agreement as is reasonably necessary for the business or operations of the Partnership or the General Partner and which does not violate Section 7.3(d);

(x) as may be required to reflect the admission, substitution, termination or withdrawal of Partners in accordance with this Agreement (which may be affected through the replacement of Exhibit C with an amended Exhibit C); and

(xi) for the purposes contemplated by Section 11.3(e).

The General Partner will provide notice to the Limited Partners whenever any action under this Section 7.3(c) is taken.

(d) Notwithstanding Sections 7.3(b) and 7.3(c) hereof, this Agreement shall not be amended, and no action may be taken by the General Partner (and the General Partner

shall not authorize the Manager pursuant to the Management Agreement to take any action), without the consent of each Partner adversely affected thereby, if such amendment or action would (i) convert a Limited Partner Interest in the Partnership into a General Partner Interest (except as a result of the General Partner acquiring such Partnership Interest), (ii) modify the limited liability of a Limited Partner (iii) alter the rights of any Partner to receive the distributions to which such Partner is entitled, pursuant to Article V or Section 13.2(a)(iv) hereof, or alter the allocations specified in Article VI hereof (except, in any case, as permitted pursuant to Sections 4.3, 7.3(c) and Article VI hereof), (iv) alter or modify the Redemption rights, Cash Amount or REIT Shares Amount as set forth in Section 8.6 hereof, or amend or modify any related definitions, (v) alter or modify Section 11.2 hereof or (vi) amend this Section 7.3(d). Further, no amendment may alter the restrictions on the General Partner's authority set forth elsewhere in this Section 7.3 without the consent specified therein. Any such amendment or action consented to by any Partner shall be effective as to that Partner, notwithstanding the absence of such consent by any other Partner.

Section 7.4. **Reimbursement of the General Partner**.

(a) Except as provided in this Section 7.4 and elsewhere in this Agreement (including the provisions of Articles V and VI regarding distributions, payments and allocations to which it may be entitled), the General Partner shall not be compensated for its services as general partner of the Partnership. The Limited Partners acknowledge and agree that the Manager shall be compensated for its services pursuant to the Management Agreement.

(b) The Partnership shall be responsible for and shall pay all expenses relating to the Partnership's the General Partner's and SFTY's organization, the ownership of their assets and their operations. The General Partner is hereby authorized to pay compensation under the Management Agreement and for accounting, administrative, legal, technical, management and other services rendered to the Partnership. Except to the extent provided in this Agreement and the Management Agreement, the General Partner and its Affiliates shall be reimbursed on a monthly basis, or such other basis as the General Partner may determine in its sole and absolute discretion, for all expenses that the General Partner and its Affiliates incur relating to the ownership and operation of, or for the benefit of, the Partnership (including, without limitation, administrative expenses); **provided**, **that** the amount of any such reimbursement shall be reduced by any interest earned by the General Partner with respect to bank accounts or other instruments or accounts held by it on behalf of the Partnership. The Partners acknowledge that all such expenses of the General Partner are deemed to be for the benefit of the Partnership. Such reimbursement shall be in addition to any reimbursement made as a result of the Management Agreement or as a result of indemnification pursuant to Section 7.7 hereof. In the event that certain expenses are incurred for the benefit of the Partnership and other entities (including the General Partner), such expenses will be allocated to the Partnership and such other entities in such a manner as the General Partner in its sole and absolute discretion deems fair and reasonable. All payments and reimbursements hereunder shall be characterized for federal income tax purposes as expenses of the Partnership incurred on its behalf, and not as expenses of the General Partner.

(c) If SFTY shall elect to purchase from its stockholders REIT Shares for the purpose of delivering such REIT Shares to satisfy an obligation under any dividend reinvestment

program adopted by SFTY, any employee stock purchase plan adopted by SFTY or any similar obligation or arrangement undertaken by SFTY in the future or for the purpose of retiring such REIT Shares, the purchase price paid by SFTY for such REIT Shares and any other expenses incurred by SFTY in connection with such purchase shall be considered expenses of the Partnership and shall be advanced to SFTY or reimbursed to SFTY, subject to the condition that: (1) if such REIT Shares subsequently are sold by SFTY, SFTY shall pay or cause to be paid to the Partnership any proceeds received by SFTY for such REIT Shares (which sales proceeds shall include the amount of dividends reinvested under any dividend reinvestment or similar program; **provided**, **that** a transfer of REIT Shares for Partnership Units pursuant to Section 8.6 would not be considered a sale for such purposes); and (2) if such REIT Shares are not retransferred by SFTY within 30 days after the purchase thereof, or SFTY otherwise determines not to retransfer such REIT Shares, SFTY shall cause the Partnership to redeem a number of Partnership Units held by SFTY equal to the number of such REIT Shares, as adjusted for stock dividends and distributions, stock splits and subdivisions, reverse stock splits and combinations, distributions of rights, warrants or options, and distributions of evidences of indebtedness or assets relating to assets not received by SFTY pursuant to a *pro rata* distribution by the Partnership (in which case such advancement or reimbursement of expenses shall be treated as having been made as a distribution in redemption of such number of Partnership Units held by SFTY).

(d) As set forth in Section 4.3, SFTY shall be treated as having made a Capital Contribution in the amount of all expenses that it incurs relating to its offering of REIT Shares, Preferred Shares, Junior Shares or New Securities.

(e) If and to the extent any reimbursements to the General Partner or SFTY pursuant to this Section 7.4 constitute gross income of the General Partner or SFTY (as opposed to the repayment of advances made by the General Partner or SFTY on behalf of the Partnership), such amounts shall constitute guaranteed payments with respect to capital within the meaning of Code Section 7.7(c), shall be treated consistently therewith by the Partnership and all Partners, and shall not be treated as distributions for purposes of computing the Partners' Capital Accounts.

Section 7.5. **Outside Activities of SFTY and the General Partner**. Neither SFTY nor the General Partner shall directly or indirectly enter into or conduct any business, other than in connection with (a) the ownership, acquisition and disposition of Partnership Interests, (b) the management of the business of the Partnership (including the retention of the Manager), (c) the operation of SFTY as a reporting company with one or more classes of securities registered under the Exchange Act, (d) the offering, sale, syndication, private placement or public offering of stock, bonds, securities or other interests, (e) financing or refinancing of any type related to the Partnership or its assets or activities, (f) any of the foregoing activities as they relate to a Subsidiary of the Partnership, and (g) such activities as are incidental thereto. Nothing contained herein shall be deemed to prohibit SFTY or the General Partner from (i) executing guarantees of Partnership Debt, (ii) holding such bank accounts or similar instruments or accounts in its name as it deems necessary to carry out its responsibilities and purposes as contemplated under this Agreement and its organizational documents (**provided, that** accounts held on behalf of the Partnership to permit the General Partner to carry out its responsibilities under this Agreement shall be considered to belong to the Partnership and the interest earned thereon shall, subject to Section 7.4(b), be applied for the benefit of the Partnership) or (iii) acquiring Qualified Assets.

Section 7.6. **Contracts with Affiliates**.

(a) The Partnership may lend or contribute funds or other assets to its Subsidiaries or other Persons in which it has an equity investment, and such Persons may borrow funds from the Partnership, on terms and conditions established in the sole and absolute discretion of the General Partner. The foregoing authority shall not create any right or benefit in favor of any Subsidiary or any other Person.

(b) The Partnership may transfer assets to joint ventures, limited liability companies, partnerships, corporations, business trusts or other business entities in which it is or thereby becomes a participant upon such terms and subject to such conditions consistent with this Agreement and applicable law as the General Partner, in its sole and absolute discretion, believes to be advisable.

(c) Except as expressly permitted by this Agreement, neither the General Partner nor any of its Affiliates shall sell, transfer or convey any property to the Partnership, directly or indirectly, except pursuant to transactions that are determined by the General Partner in good faith to be fair and reasonable.

(d) The General Partner, in its sole and absolute discretion and without the approval of the Limited Partners, may propose and adopt on behalf of the Partnership employee benefit plans funded by the Partnership for the benefit of employees of the General Partner, the Partnership, Subsidiaries of the Partnership or any Affiliate of any of them in respect of services performed, directly or indirectly, for the benefit of the Partnership or any of the Partnership's Subsidiaries.

(e) The General Partner is expressly authorized to enter into, in the name and on behalf of the Partnership, any Services Agreement with Affiliates of any of the Partnership or the General Partner, on such terms as the General Partner, in its sole and absolute discretion, believes are advisable.

Section 7.7. **Indemnification**.

(a) The Partnership shall, to the maximum extent permitted by applicable law in effect from time to time, indemnify, and, without requiring a preliminary determination of the ultimate entitlement to indemnification, pay or reimburse reasonable expenses in advance of final disposition of a proceeding to each Indemnitee; **provided**, **however**, **that** the Partnership shall not indemnify an Indemnitee (1) for material acts or omissions that were committed in bad faith or were the result of active and deliberate dishonesty, (2) for any transaction for which such Indemnitee received an improper personal benefit in money, property or services in violation or breach of any provision of this Agreement, or (3) in the case of any criminal proceeding, the Indemnitee had reasonable cause to believe that the act or omission was unlawful. Without limitation, the foregoing indemnity shall extend to any liability of any Indemnitee, pursuant to a loan guaranty or otherwise (unless otherwise provided by the terms of any such guaranty or other instrument), for any indebtedness of the Partnership or any Subsidiary of the Partnership (including, without limitation, any indebtedness which the Partnership or any Subsidiary of the Partnership has assumed or taken subject to), and the General Partner is hereby authorized and

empowered, on behalf of the Partnership, to enter into one or more indemnity agreements consistent with the provisions of this Section 7.7 in favor of any Indemnitee having or potentially having liability for any such indebtedness. The termination of any proceeding by judgment, order or settlement does not create a presumption that the Indemnitee did not meet the requisite standard of conduct set forth in this Section 7.7(a). The termination of any proceeding by conviction of an Indemnitee or upon a plea of *nolo contendere* or its equivalent by an Indemnitee, or an entry of an order of probation against an Indemnitee prior to judgment, does not create a presumption that such Indemnitee acted in a manner contrary to that specified in this Section 7.7(a) with respect to the subject matter of such proceeding. Any indemnification pursuant to this Section 7.7 shall be made only out of the assets of the Partnership and any insurance proceeds from the liability policy covering the General Partner and any Indemnitees, and neither the General Partner nor any Limited Partner shall have any obligation to contribute to the capital of the Partnership or otherwise provide funds to enable the Partnership to fund its obligations under this Section 7.7.

(b) To the fullest extent permitted by law, and without requiring a preliminary determination of the Indemnitee's ultimate entitlement to indemnification under Section 7.7(a) above, expenses incurred by an Indemnitee who is a party to a proceeding or otherwise subject to or the focus of or is involved in any proceeding shall be paid or reimbursed by the Partnership as incurred by the Indemnitee in advance of the final disposition of the proceeding upon receipt by the Partnership of (1) a written affirmation by the Indemnitee of the Indemnitee's good faith belief that the standard of conduct necessary for indemnification by the Partnership as authorized in this Section 7.7(b) has been met and (2) a written undertaking by or on behalf of the Indemnitee to repay the amount if it shall ultimately be determined that the standard of conduct has not been met.

(c) The indemnification provided by this Section 7.7 shall be in addition to any other rights to which an Indemnitee or any other Person may be entitled under any agreement, pursuant to any vote of the Partners, as a matter of law or otherwise, and shall continue as to an Indemnitee who has ceased to serve in such capacity and shall inure to the benefit of the heirs, successors, assigns and administrators of the Indemnitee unless otherwise provided in a written agreement with such Indemnitee or in the writing pursuant to which such Indemnitee is indemnified.

(d) The Partnership may, but shall not be obligated to, purchase and maintain insurance, on behalf of any of the Indemnitees and such other Persons as the General Partner shall determine, against any liability that may be asserted against or expenses that may be incurred by such Person in connection with the Partnership's activities, regardless of whether the Partnership would have the power to indemnify such Person against such liability under the provisions of this Agreement.

(e) Any liabilities which an Indemnitee incurs as a result of acting on behalf of the Partnership, the General Partner or SFTY (whether as a fiduciary or otherwise) in connection with the operation, administration or maintenance of an employee benefit plan or any related trust or funding mechanism (whether such liabilities are in the form of excise taxes assessed by the IRS, penalties assessed by the Department of Labor, restitutions to such a plan or trust or other funding mechanism or to a participant or beneficiary of such plan, trust or other

funding mechanism, or otherwise) shall be treated as liabilities or judgments or fines under this Section 7.7, unless such liabilities arise as a result of (1) material acts or omissions that were committed in bad faith or were the result of active and deliberate dishonesty, (2) any transaction in which such Indemnitee received an improper personal benefit in money, property or services in violation or breach of any provision of this Agreement or applicable law, or (3) in the case of any criminal proceeding, the Indemnitee had reasonable cause to believe that the act or omission was unlawful.

(f) In no event may an Indemnitee subject any of the Partners to personal liability by reason of the indemnification provisions set forth in this Agreement.

(g) An Indemnitee shall not be denied indemnification in whole or in part under this Section 7.7 because the Indemnitee had an interest in the transaction with respect to which the indemnification applies if the transaction was otherwise permitted by the terms of this Agreement.

(h) The provisions of this Section 7.7 are for the benefit of the Indemnitees, their heirs, successors, assigns and administrators and shall not be deemed to create any rights for the benefit of any other Persons. Any amendment, modification or repeal of this Section 7.7 or any provision hereof shall be prospective only and shall not in any way affect the obligations of the Partnership or the limitations on the Partnership's liability to any Indemnitee under this Section 7.7 as in effect immediately prior to such amendment, modification or repeal with respect to claims arising from or relating to matters occurring, in whole or in part, prior to such amendment, modification or repeal, regardless of when such claims may arise or be asserted.

(i) If and to the extent any payments to the General Partner or SFTY pursuant to this Section 7.7 constitute gross income SFTY (as opposed to the repayment of advances made on behalf of the Partnership) such amounts shall be treated as "guaranteed payments" for the use of capital within the meaning of Code Section 7.7(c), shall be treated consistently therewith by the Partnership and all Partners, and shall not be treated as distributions for purposes of computing the Partners' Capital Accounts.

Section 7.8. **Liability of the General Partner and Affiliates**.

(a) Notwithstanding anything to the contrary set forth in this Agreement, to the maximum extent that Delaware law in effect from time to time permits, none of the General Partner, its Affiliates and their respective directors or officers shall be liable or accountable in damages or otherwise to the Partnership, any Partners or any Assignees for losses sustained, liabilities incurred or benefits not derived as a result of errors in judgment or mistakes of fact or law or of any act or omission if the General Partner or such Affiliate or such director or officer acted in good faith.

(b) The Limited Partners expressly acknowledge that the General Partner is acting for the benefit of the Partnership, the Limited Partners and SFTY and its stockholders collectively and that the General Partner is under no obligation to give priority to the separate interests of the Limited Partners or the stockholders of SFTY (including, without limitation, the tax consequences to Limited Partners, Assignees or the stockholders of SFTY) in deciding

whether to cause the Partnership to take (or decline to take) any actions. If there is a conflict between the interests of the stockholders of SFTY on one hand and the Limited Partners on the other, the Limited Partners expressly acknowledge that the General Partner will fulfill its fiduciary duties to such Limited Partners by acting in the best interests of the stockholders of SFTY. The General Partner shall not be liable under this Agreement to the Partnership or to any Partner for monetary damages for losses sustained, liabilities incurred, or benefits not derived by Limited Partners in connection with such decisions; **provided**, **that** the General Partner has acted in good faith.

(c) Subject to its obligations and duties as General Partner set forth in Section 7.1 hereof, the General Partner may exercise any of the powers granted to it by this Agreement and perform any of the duties imposed upon it hereunder either directly or by or through its employees or agents (subject to the supervision and control of the General Partner), including the Manager pursuant to the Management Agreement. The General Partner shall not be responsible for any misconduct or negligence on the part of any such agent appointed by it in good faith.

(d) To the extent that, at law or in equity, the General Partner has duties (including fiduciary duties) and liabilities relating thereto to the Partnership or the Limited Partners, the General Partner shall not be liable to the Partnership or to any other Partner for its good faith reliance on the provisions of this Agreement.

(e) Notwithstanding anything herein to the contrary, except for fraud, willful misconduct or gross negligence, or pursuant to any express indemnities given to the Partnership by any Partner pursuant to any other written instrument, no Partner shall have any personal liability whatsoever, to the Partnership or to the other Partner(s), for the debts or liabilities of the Partnership or the Partnership's obligations hereunder, and the full recourse of the other Partner(s) shall be limited to the interest of that Partner in the Partnership. To the fullest extent permitted by law, no officer, director or stockholder of the General Partner or any of its Affiliates shall be liable to the Partnership for money damages except for (1) active and deliberate dishonesty established by a nonappealable final judgment or (2) actual receipt of an improper benefit or profit in money, property or services. Without limitation of the foregoing, and except for fraud, willful misconduct or gross negligence, or pursuant to any such express indemnity, no property or assets of any Partner, other than its interest in the Partnership, shall be subject to levy, execution or other enforcement procedures for the satisfaction of any judgment (or other judicial process) in favor of any other Partner(s) and arising out of, or in connection with, this Agreement.

(f) Any amendment, modification or repeal of this Section 7.8 or any provision hereof shall be prospective only and shall not in any way affect the limitations on the General Partner's, and its Affiliates' or their officers' and directors', liability to the Partnership and the Limited Partners under this Section 7.8 as in effect immediately prior to such amendment, modification or repeal with respect to claims arising from or relating to matters occurring, in whole or in part, prior to such amendment, modification or repeal, regardless of when such claims may arise or be asserted.

Section 7.9. **Other Matters Concerning the General Partner**.

(a) The General Partner may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, bond, debenture or other paper or document believed by it in good faith to be genuine and to have been signed or presented by the proper party or parties.

(b) The General Partner may consult with legal counsel, accountants, appraisers, management consultants, investment bankers, architects, engineers, environmental consultants and other consultants and advisers selected by it, and any act taken or omitted to be taken in reliance upon the opinion of such Persons as to matters that the General Partner reasonably believes to be within such Person's professional or expert competence shall be conclusively presumed to have been done or omitted in good faith and in accordance with such opinion.

(c) The General Partner shall have the right, in respect of any of its powers or obligations hereunder, to act through any of its duly authorized officers and a duly appointed attorney or attorneys-in-fact. Each such attorney shall, to the extent provided by the General Partner in the power of attorney, have full power and authority to do and perform all and every act and duty that is permitted or required to be done by the General Partner hereunder.

(d) Notwithstanding any other provision of this Agreement or the Act, any action of the General Partner on behalf of the Partnership or any decision of the General Partner to refrain from acting on behalf of the Partnership, undertaken in the good faith belief that such action or omission is necessary or advisable in order (1) to protect the ability of SFTY to continue to qualify as a REIT or the Partnership to be taxed as a partnership for U.S. federal income tax purposes, or (2) without limitation of the foregoing clauses (1) or (2), to avoid the General Partner, SFTY or the Partnership incurring any income or excise taxes under the Code, is expressly authorized under this Agreement and is deemed approved by all of the Limited Partners.

Section 7.10. **Title to Partnership Assets**. Title to Partnership assets, whether real, personal or mixed and whether tangible or intangible, shall be deemed to be owned by the Partnership as an entity, and no Partner, individually or collectively with other Partners or Persons, shall have any ownership interest in such Partnership assets or any portion thereof. Title to any or all of the Partnership assets may be held in the name of the Partnership, the General Partner or one or more nominees, as the General Partner may determine, including Affiliates of the General Partner. The General Partner hereby declares and warrants that any Partnership assets for which legal title is held in the name of the General Partner or any nominee or Affiliate of the General Partner shall be held by the General Partner for the use and benefit of the Partnership in accordance with the provisions of this Agreement. All Partnership assets shall be recorded as the property of the Partnership in its books and records, irrespective of the name in which legal title to such Partnership assets is held.

Section 7.11. **Reliance by Third Parties**. Notwithstanding anything to the contrary in this Agreement, any Person dealing with the Partnership shall be entitled to assume that the General Partner and the Manager each has full power and authority, without the consent or approval of any other Partner or Person, to encumber, sell or otherwise use in any manner any and all assets of the Partnership and to enter into any contracts on behalf of the Partnership, and

take any and all actions on behalf of the Partnership, and such Person shall be entitled to deal with the General Partner and the Manager as if each were the Partnership's sole party in interest, both legally and beneficially. Each Limited Partner hereby waives any and all defenses or other remedies that may be available against such Person to contest, negate or disaffirm any action of the General Partner or the Manager in connection with any such dealing. In no event shall any Person dealing with the General Partner or the Manager or their respective representatives be obligated to ascertain that the terms of this Agreement have been complied with or to inquire into the necessity or expediency of any act or action of the General Partner or the Manager or their respective representatives. Each and every certificate, document or other instrument executed on behalf of the Partnership by the General Partner or the Manager or their respective representatives shall be conclusive evidence in favor of any and every Person relying in good faith thereon or claiming thereunder that (1) at the time of the execution and delivery of such certificate, document or instrument, this Agreement was in full force and effect, (2) the Person executing and delivering such certificate, document or instrument was duly authorized and empowered to do so for and on behalf of the Partnership, and (3) such certificate, document or instrument was duly executed and delivered in accordance with the terms and provisions of this Agreement and is binding upon the Partnership.

ARTICLE VIII

RIGHTS AND OBLIGATIONS OF LIMITED PARTNERS

Section 8.1. **Limitation of Liability**. The Limited Partners shall have no liability under this Agreement (other than for breach thereof) except as expressly provided in Sections 10.4 and Section 13.2(c) or under the Act.

Section 8.2. **Management of Business**. No Limited Partner or Assignee (other than the General Partner, any of its Affiliates or any officer, director, member, employee, partner, agent or director of the General Partner, the Partnership or any of their Affiliates, in their capacity as such) shall take part in the operations, management or control (within the meaning of the Act) of the Partnership's business, transact any business in the Partnership's name or have the power to sign documents for or otherwise bind the Partnership. The transaction of any such business by the General Partner, any of its Affiliates or any officer, director, member, employee, partner, agent, representative, stockholder or trustee of the General Partner, the Partnership or any of their Affiliates, in their capacity as such, shall not affect, impair or eliminate the limitations on the liability of the Limited Partners or Assignees under this Agreement.

Section 8.3. **Outside Activities of Limited Partners**. Subject to any agreements entered into pursuant to Section 7.6(e) hereof and any other agreements entered into by a Limited Partner or its Affiliates with the General Partner, including the Exclusivity Agreement, the Partnership or any Affiliate thereof (including, without limitation, any employment agreement), any Limited Partner and any Assignee, officer, director, employee, agent, trustee, Affiliate, member or shareholder of any Limited Partner shall be entitled to and may have business interests and engage in business activities in addition to those relating to the Partnership, including business interests and activities that are in direct or indirect competition with the Partnership or that are enhanced by the activities of the Partnership. Neither the Partnership nor any Partner shall have any rights by virtue of this Agreement in any business ventures of any

Limited Partner or Assignee. Subject to such agreements, none of the Limited Partners nor any other Person shall have any rights by virtue of this Agreement or the partnership relationship established hereby in any business ventures of any other Person (other than the General Partner, to the extent expressly provided herein), and such Person shall have no obligation pursuant to this Agreement, subject to Section 7.6(e) hereof and any other agreements entered into by a Limited Partner or its Affiliates with the General Partner, the Partnership or any Affiliate thereof, to offer any interest in any such business ventures to the Partnership, any Limited Partner or any such other Person, even if such opportunity is of a character that, if presented to the Partnership, any Limited Partner or such other Person, could be taken by such Person.

Section 8.4. **Return of Capital**. Except pursuant to the rights of Redemption set forth in Section 8.6 hereof, no Limited Partner shall be entitled to the withdrawal or return of its Capital Contribution, except to the extent of distributions made pursuant to this Agreement, upon termination of the Partnership as provided herein. Except to the extent provided in Article VI hereof or otherwise expressly provided in this Agreement, no Limited Partner or Assignee shall have priority over any other Limited Partner or Assignee either as to the return of Capital Contributions or as to profits, losses or distributions.

Section 8.5. **Adjustment Factor**. The Partnership shall notify any Limited Partner, on request, of the then current Adjustment Factor or any change made to the Adjustment Factor.

Section 8.6. **Redemption Rights**.

(a) On or after the date twelve (12) months after the date of the initial issuance of the OP Units, each Limited Partner shall have the right (subject to the terms and conditions set forth herein and in any other such agreement, as applicable) to require the Partnership to redeem all or a portion of the OP Units held by such Limited Partner (such OP Units being hereafter referred to as "**Tendered Units**") in exchange for the Cash Amount (a "**Redemption**") unless the terms of such OP Units or a separate agreement entered into between the Partnership and the holder of such OP Units provide that such OP Units are not entitled to a right of Redemption or provide for a shorter or longer period before such Holder may exercise such right of Redemption or impose conditions on the exercise of such right of Redemption. The Tendering Partner shall have no right, with respect to any OP Units so redeemed, to receive any distributions paid on or after the Specified Redemption Date. Any Redemption shall be exercised pursuant to a Notice of Redemption delivered to the General Partner and SFTY by the Limited Partner who is exercising the right (the "**Tendering Partner**"). The Cash Amount shall be payable to the Tendering Partner on the Specified Redemption Date.

(b) Notwithstanding Section 8.6(a) above, if a Limited Partner has delivered to the General Partner a Notice of Redemption then SFTY may, in its sole and absolute discretion, (subject to the limitations on ownership and transfer of REIT Shares set forth in the Charter) elect to assume and satisfy the Partnership's Redemption obligation and acquire some or all of the Tendered Units from the Tendering Partner in exchange for the REIT Shares Amount (as of the Specified Redemption Date) and, if SFTY so elects, the Tendering Partner shall sell the Tendered Units to SFTY in exchange for the REIT Shares Amount. In such event, the Tendering Partner shall have no right to cause the Partnership to redeem such Tendered Units. SFTY shall

give such Tendering Partner written notice of its election on or before the close of business on the fifth Business Day after the its receipt of the Notice of Redemption.

(c) The REIT Shares Amount, if applicable, shall be delivered as duly authorized, validly issued, fully paid and nonassessable REIT Shares and, if applicable, free of any pledge, lien, encumbrance or restriction, other than those provided in the Charter or the Bylaws of SFTY, the Securities Act, relevant state securities or blue sky laws and any applicable registration rights agreement with respect to such REIT Shares entered into by the Tendering Partner. Notwithstanding any delay in such delivery (but subject to Section 8.6(e)), the Tendering Partner shall be deemed the owner of such REIT Shares for all purposes, including without limitation, rights to vote or consent, and receive dividends, as of the Specified Redemption Date. In addition, the REIT Shares for which the Partnership Units might be exchanged shall also bear the legend set forth in the Charter.

(d) Each Limited Partner covenants and agrees with the General Partner and SFTY that all Tendered Units shall be delivered to the General Partner or SFTY, as applicable, free and clear of all liens, claims and encumbrances whatsoever and should any such liens, claims and/or encumbrances exist or arise with respect to such Tendered Units, the General Partner or SFTY, as applicable, shall be under no obligation to acquire the same. Each Limited Partner further agrees that, in the event any state or local property transfer tax is payable as a result of the transfer of its Tendered Units to the General Partner or SFTY, as applicable, (or their designee), such Limited Partner shall assume and pay such transfer tax.

(e) Notwithstanding the provisions of Sections 8.6(a), 8.6(b), 8.6(c) or any other provision of this Agreement, a Limited Partner (i) shall not be entitled to effect a Redemption for cash or an exchange for REIT Shares to the extent the ownership or right to acquire REIT Shares pursuant to such exchange by such Partner on the Specified Redemption Date could cause such Partner or any other Person to violate the restrictions on ownership and transfer of REIT Shares set forth in the Charter of SFTY and (ii) shall have no rights under this Agreement to acquire REIT Shares which would otherwise be prohibited under the Charter. To the extent any attempted Redemption or exchange for REIT Shares would be in violation of this Section 8.6(e), it shall be null and void *ab initio* and such Limited Partner shall not acquire any rights or economic interest in the cash otherwise payable upon such Redemption or the REIT Shares otherwise issuable upon such exchange.

(f) Notwithstanding anything herein to the contrary (but subject to Section 8.6(e)), with respect to any Redemption or exchange for REIT Shares pursuant to this Section 8.6: (i) a portion of the OP Units acquired by the General Partner or SFTY, as applicable, pursuant thereto shall automatically, and without further action required, be converted into and deemed to be General Partner Interests and all other OP Units shall be deemed to be Limited Partner Interests and held by SFTY in its capacity as a Limited Partner in the Partnership such that, immediately after such Redemption, the requirements of Section 4.1(b) continue to be met; (ii) without the consent of the General Partner, each Limited Partner may effect a Redemption only one time in each fiscal quarter; (iii) without the consent of the General Partner, each Limited Partner may not effect a Redemption for less than one thousand (1,000) OP Units or, if the Limited Partner holds less than one thousand (1,000) OP Units, all of the OP Units held by such Limited Partner; (iv) without the consent of the General Partner, each Limited Partner may

not effect a Redemption during the period after the Partnership Record Date with respect to a distribution and before the record date established by the General Partner for a distribution to its stockholders of some or all of its portion of such distribution; (v) the consummation of any Redemption or exchange for REIT Shares shall be subject to the expiration or termination of the applicable waiting period, if any, under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended; and (vi) each Tendering Partner shall continue to own all OP Units subject to any Redemption or exchange for REIT Shares, and be treated as a Limited Partner with respect to such OP Units for all purposes of this Agreement, until such OP Units are transferred to the General Partner or SFTY, as applicable, and paid for or exchanged on the Specified Redemption Date. Until a Specified Redemption Date, the Tendering Partner shall have no rights as a stockholder of SFTY with respect to such Tendering Partner's OP Units.

(g) In the event that the Partnership issues additional Partnership Interests to any Additional Limited Partner pursuant to Section 4.4, the General Partner shall make such revisions to this Section 8.6 as it determines are necessary to reflect the issuance of such additional Partnership Interests.

ARTICLE IX

BOOKS, RECORDS, ACCOUNTING AND REPORTS

Section 9.1. **Records and Accounting**.

(a) The General Partner shall keep or cause to be kept at the principal office of the Partnership those records and documents required to be maintained by the Act and other books and records deemed by the General Partner to be appropriate with respect to the Partnership's business, including, without limitation, all books and records necessary to provide to the Limited Partners any information, lists and copies of documents required to be provided pursuant to Section 8.5 or 9.3 hereof. Any records maintained by or on behalf of the Partnership in the regular course of its business may be kept on, or be in the form for, magnetic tape, photographs, micrographics or any other information storage device, **provided**, **that** the records so maintained are convertible into clearly legible written form within a reasonable period of time. The books of the Partnership shall be maintained, for financial reporting purposes, on an accrual basis in accordance with generally U.S. GAAP.

(b) The books of the Partnership shall be maintained, for financial reporting purposes, on an accrual basis in accordance with U.S. GAAP, or on such other basis as the General Partner determines to be necessary or appropriate. To the extent permitted by sound accounting practices and principles, the Partnership and the General Partner may operate with integrated or consolidated accounting records, operations and principles. The Partnership also shall maintain its tax books on the accrual basis.

Section 9.2. **Partnership Year**. The Partnership Year of the Partnership shall be the calendar year unless otherwise required under the Code.

Section 9.3. **Reports**.

(a) As soon as practicable, but in no event later than the date on which the General Partner mails its annual report to its stockholders, the General Partner shall cause to be mailed to each Limited Partner an annual report, as of the close of the most recently ended Partnership Year, containing financial statements of the Partnership, or of the General Partner if such statements are prepared solely on a consolidated basis with the Partnership, for such Partnership Year, presented in accordance with U.S. GAAP, such statements to be audited by a nationally recognized firm of independent public accountants selected by the General Partner.

(b) If and to the extent that the General Partner mails quarterly reports to its stockholders, as soon as practicable, but in no event later than the date on such reports are mailed, the General Partner shall cause to be mailed to each Limited Partner a report containing unaudited financial statements, as of the last day of such fiscal quarter, of the Partnership, or of the General Partner if such statements are prepared solely on a consolidated basis with the Partnership, and such other information as may be required by applicable law or regulations, or as the General Partner determines to be appropriate.

(c) The General Partner shall have satisfied its obligations under Sections 9.3(a) and 9.3(b) by posting or making available the reports required by this Section 9.3 on the website maintained from time to time by the Partnership **provided**, **that** such reports are able to be printed or downloaded from such website.

(d) At the request of any Limited Partner, the General Partner shall provide access to the books, records and work paper upon which the reports required by this Section 9.3 are based, to the extent required by the Act.

ARTICLE X

TAX MATTERS

Section 10.1. **Preparation of Tax Returns**. The General Partner shall arrange for the preparation and timely filing of all returns with respect to Partnership income, gains, deductions, losses and other items required of the Partnership for federal and state income tax purposes and shall use all reasonable effort to furnish, within ninety (90) days of the close of each taxable year, the tax information reasonably required by Limited Partners for federal and state income tax reporting purposes. The Limited Partners shall promptly provide the General Partner with such information relating to the Contributed Properties, including tax basis and other relevant information, as may be reasonably requested by the General Partner from time to time.

Section 10.2. **Tax Elections**.

(a) Except as otherwise provided herein, the General Partner shall, in its sole and absolute discretion, determine whether to make any available election pursuant to the Code, including, but not limited to, the election under Code Section 754. The General Partner shall have the right to seek to revoke any such election (including, without limitation, any election under Code Sections 461(h) and 754) upon the General Partner’s determination in its sole and absolute discretion that such revocation is in the best interests of the Partners.

(b) To the extent provided for in Regulations, revenue rulings, revenue procedures and/or other IRS guidance issued after the date hereof, the Partnership is hereby authorized to, and at the direction of the General Partner shall, elect a safe harbor under which the fair market value of any Partnership Interests issued in connection with the performance of services after the effective date of such Regulations (or other guidance) will be treated as equal to the liquidation value of such Partnership Interests (i.e., a value equal to the total amount that would be distributed with respect to such interests if the Partnership sold all of its assets for their fair market value immediately after the issuance of such Partnership Interests, satisfied its liabilities (excluding any non-recourse liabilities to the extent the balance of such liabilities exceed the fair market value of the assets that secure them) and distributed the net proceeds to the Partners under the terms of this agreement). In the event that the Partnership makes a safe harbor election as described in the preceding sentence, each Partner hereby agrees to comply with all safe harbor requirements with respect to transfers of such Partnership Interests while the safe harbor election remains effective.

Section 10.3. **Tax Matters Partner.**

(a) The General Partner shall be designated the “tax matters partner” pursuant to Code Section 6231(a)(7) for Partnership Years beginning before January 1, 2018 and the “partnership representative” pursuant to Code Section 6223 for Partnership Years beginning after December 31, 2017 (collectively, the “**Tax Matters Partner**”) with respect to operations conducted by the Partnership pursuant to this Agreement. The Tax Matters Partner is authorized to represent the Partnership (at the expense of the Partnership) in connection with all examinations of the affairs of the Partnership by any U.S. federal, state or local tax authorities, including any resulting administrative and judicial proceedings, and to expend funds of the Partnership for professional services and costs associated therewith. The Tax Matters Partner shall at the expense of the Partnership furnish the Partners with status reports regarding any negotiation between the IRS (or any relevant state or local taxing authority) and the Partnership. As the Tax Matters Partner, the General Partner may cause the Partnership to make all elections required or permitted to be made by the Partnership under the Code or any state or local tax law (except as otherwise provided herein) including, if the Partnership is eligible, the election out of the partnership audit rules for partnerships with 100 or fewer partners, as provided in Code Section 6221(b), and the election under Code Section 6226, in each case applicable to Partnership Years beginning after December 31, 2017. In exercising its responsibilities as Tax Matters Partner, the General Partner shall have final decision making authority with respect to all federal, state, local, and foreign tax matters involving the Partnership. Any expenses incurred by the Tax Matters Partner in carrying out its responsibilities and duties under this Agreement shall be allocated to and charged to the Partnership as an expense of the Partnership for which the Tax Matters Partner shall be reimbursed.

(b) Each Partner shall give prompt notice to the Tax Matters Partner of any and all notices it receives from the IRS or any relevant state or local taxing authority concerning the Partnership and its federal, state or local income tax return. If any administrative proceeding contemplated under Code Section 6223 has begun, the Partners shall, upon request by the Tax Matters Partner, notify the Tax Matters Partner of their treatment of any Partnership item on their U.S. federal income tax return, if applicable, which is or may be inconsistent with the treatment of that item on the Partnership's return. Any Partner who enters into a settlement agreement with

the IRS with respect to Partnership items shall notify the General Partner of such settlement agreement and its terms within 30 days after the date of such settlement.

(c) The Tax Matters Partner shall use its commercially reasonable efforts to minimize the financial burden of any adjustment of an item of Partnership income, gain, loss, deduction or credit, or the allocation of all or a portion of any such item among the Partners (each such item or allocation thereof, a "Partnership Item") to each Partner and former Partner that held an Interest in the Partnership during a reviewed Partnership Year, through the application of the procedures established pursuant to Code Section 6225(c), or through an election and the furnishing of statements pursuant to Code Section 6226, in each case as applicable to Partnership Years beginning after December 31, 2017, provided that the Tax Matters Partner shall not make such election or furnish such statements if the Tax Matters Partner reasonably determines that doing so would preclude the contest of any adjustment of a Partnership Item that the Tax Matters Partner intends to pursue.

(d) Each Partner and former Partner agrees to indemnify and hold harmless the Partnership and the General Partner from and against any liability for any "imputed underpayment" as defined in Code Section 6225 (including any interest and penalties) imposed on the Partnership and attributable to such Partner's allocable share of any adjustment to any item of Partnership income, gain, loss, deduction or credit, or the allocation of all or a portion of any such item among the Partners, in any Partnership Year in which such Partner or former Partner was a partner in the Partnership, as determined by the General Partner in its discretion.

(e) The obligations of this Section 10.3 shall survive the Transfer of a Partnership Unit, the withdrawal of any Limited Partner, and the termination of the Partnership and this Agreement.

(f) The taking of any action and the incurring of any expense by the Tax Matters Partner in connection with any such proceeding, except to the extent required by law, is a matter in the sole and absolute discretion of the Tax Matters Partner and the provisions relating to indemnification of the General Partner set forth in Section 7.7 hereof shall be fully applicable to the Tax Matters Partner in its capacity as such.

Section 10.4. **Withholding**. Each Limited Partner hereby authorizes the Partnership to withhold from or pay on behalf of or with respect to such Limited Partner any amount of federal, state, local or foreign taxes that the General Partner determines that the Partnership is required to withhold or pay with respect to any amount distributable or allocable to such Limited Partner pursuant to this Agreement, including, without limitation, any taxes required to be withheld or paid by the Partnership pursuant to Code Sections 1441, 1442, 1445, 1446, or 1471-1474 and the Treasury Regulations thereunder. Any amount paid on behalf of or with respect to a Limited Partner, in excess of any withheld amounts shall constitute a loan by the Partnership to such Limited Partner, which loan shall be repaid by such Limited Partner within fifteen (15) days after notice from the General Partner that such payment must be made unless (i) the Partnership withholds such payment from a distribution that would otherwise be made to the Limited Partner or (ii) the General Partner determines, in its sole and absolute discretion, that such payment may be satisfied out of the Available Cash of the Partnership that would, but for such payment, be distributed to the Limited Partner. Each Limited Partner hereby unconditionally and irrevocably

grants to the Partnership a security interest in such Limited Partner's Partnership Interest to secure such Limited Partner's obligation to pay to the Partnership any amounts required to be paid pursuant to this Section 10.4. In the event that a Limited Partner fails to pay any amounts owed to the Partnership pursuant to this Section 10.4 when due, the General Partner may, in its sole and absolute discretion, elect to make the payment to the Partnership on behalf of such defaulting Limited Partner, and in such event shall be deemed to have loaned such amount to such defaulting Limited Partner and shall succeed to all rights and remedies of the Partnership as against such defaulting Limited Partner (including, without limitation, the right to receive distributions). Any amounts payable by a Limited Partner hereunder shall bear interest at the base rate on corporate loans at large United States money center commercial banks, as published from time to time in The Wall Street Journal, plus four percentage points (but not higher than the maximum lawful rate) from the date such amount is due (*i.e.*, fifteen (15) days after demand) until such amount is paid in full. Each Limited Partner shall take such actions as the Partnership or the General Partner shall request in order to perfect or enforce the security interest created hereunder.

Section 10.5. **Organizational Expenses**. The Partnership shall elect to amortize expenses, if any, incurred by it in organizing the Partnership ratably over a one hundred eighty (180) month period as provided in Code Section 709.

ARTICLE XI

TRANSFERS AND WITHDRAWALS

Section 11.1. **Transfer**.

(a) No part of the interest of a Partner shall be subject to the claims of any creditor, to any spouse for alimony or support, or to legal process, and may not be voluntarily or involuntarily alienated or encumbered except as may be specifically provided for in this Agreement.

(b) No Partnership Interest shall be Transferred, in whole or in part, except in accordance with the terms and conditions set forth in this Article XI. Any Transfer or purported Transfer of a Partnership Interest not made in accordance with this Article XI shall be null and void *ab initio* unless consented to by the General Partner in its sole and absolute discretion.

(c) Except in accordance with the terms and conditions set forth in this Article XI, no Transfer of any Partnership Interest may be made to a lender to the Partnership or any Person who is related (within the meaning of Section 1.752-4(b) of the Regulations) to any lender to the Partnership whose loan constitutes a Nonrecourse Liability, without the consent of the General Partner in its sole and absolute discretion; **provided**, **that** as a condition to such consent, the lender will be required to enter into an arrangement with the Partnership, the General Partner and SFTY to redeem or exchange for REIT Shares any Partnership Units in which a security interest is held by such lender concurrently with such time as such lender would be deemed to be a partner in the Partnership for purposes of allocating liabilities to such lender under Code Section 752.

Section 11.2. **Transfer of General Partner's Partnership Interest and SFTY's Limited Partnership Interests**.

(a) Neither the General Partner nor SFTY may Transfer any of its Partnership Interests except in connection with (i) a transaction permitted under Section 11.2(b), (ii) any merger (including a triangular merger), consolidation or other combination of the General Partner or SFTY with or into another Person following the consummation of which the equity holders of the ultimate parent of the General Partner are substantially identical to the stockholders of SFTY immediately prior to such transaction, (iii) a transfer to any Subsidiary of SFTY or (iv) as otherwise expressly permitted under this Agreement, nor shall the General Partner or SFTY withdraw as a Partner except in connection with a transaction permitted under Section 11.2(b) or any merger, consolidation, or other combination permitted under clause (ii) of this Section 11.2(a).

(b) Neither the General Partner nor SFTY shall engage in any merger (including, without limitation, a triangular merger), consolidation or other combination with or into another Person (other than any transaction permitted by Section 11.2(a)), any sale of all or substantially all of its assets or any reclassification, recapitalization or change of outstanding REIT Shares (other than a change in par value, or from par value to no par value, or as a result of a subdivision or combination as described in the definition of "Adjustment Factor") ("**Termination Transaction**"), unless (i) it receives the consent of a Majority in Interest of the Outside Limited Partners, (ii) following such merger or other consolidation, substantially all of the assets of the surviving entity consist of OP Units or (iii) in connection with which all Partners (other than the General Partner and SFTY) who hold OP Units either will receive, or will have the right to receive, for each OP Unit an amount of cash, securities, or other property equal to the product of the Adjustment Factor and the greatest amount of cash, securities or other property paid to a holder of REIT Shares in consideration of one such REIT Share at any time during the period from and after the date on which the Termination Transaction is consummated; **provided**, **however**, **that**, if in connection with the Termination Transaction, a purchase, tender or exchange offer shall have been made to and accepted by the holders of the percentage required for the approval of mergers under the organizational documents of SFTY, each holder of OP Units shall receive, or shall have the right to receive without any right of Consent set forth above in this Section 11.2(b), the greatest amount of cash, securities, or other property which such holder would have received had it exercised the Redemption Right and received REIT Shares in exchange for its OP Units immediately prior to the expiration of such purchase, tender or exchange offer and had thereupon accepted such purchase, tender or exchange offer.

(c) The General Partner and SFTY shall not enter into an agreement or other arrangement providing for or facilitating the creation of a General Partner other than the General Partner, unless the successor General Partner executes and delivers a counterpart to this Agreement in which such General Partner agrees to be fully bound by all of the terms and conditions contained herein that are applicable to a General Partner.

Section 11.3. **Transfer of Limited Partners' Partnership Interests**.

(a) Except as permitted in Section 11.2 for Transfers by SFTY, no Limited Partner shall Transfer all or any portion of its Partnership Interest to any transferee without the

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written consent of the General Partner, which consent may be withheld in its sole and absolute discretion; **provided, however, that** any Limited Partner may, at any time, without the consent or approval of the General Partner, (i) Transfer all or part of its Partnership Interest to any Family Member (including a Transfer by a Family Member that is an *inter vivos* or testamentary trust (whether revocable or irrevocable) to a Family Member that is a beneficiary of such trust), any Charity, any Controlled Entity or any Affiliate or (ii) pledge all or any portion of its Partnership Interest to a lending institution as collateral or security for a bona fide loan or other extension of credit, and Transfer such pledged Partnership Interest to such lending institution in connection with the exercise of remedies under such loan or extension of credit. To the extent such a Transfer is made to a Controlled Entity or any Affiliate and such Transferee thereafter ceases to be a Controlled Entity or Affiliate of the Transferor, then a Transfer shall be deemed to occur at such time as such Transferee ceases to be a Controlled Entity or any Affiliate of the Transferor.

(b) Without limiting the generality of Section 11.3(a) hereof, it is expressly understood and agreed that, to the extent the General Partner has the right to consent to any Transfer pursuant to Section 11.3(a) above, the General Partner will not consent to any Transfer of all or any portion of any Partnership Interest pursuant to Section 11.3(a) above unless such Transfer meets each of the following conditions:

(i) Such Transfer is made only to a single Qualified Transferee; **provided**, **however**, **that** for such purposes, all Qualified Transferees that are Affiliates, or that comprise investment accounts or funds managed by a single Qualified Transferee and its Affiliates, shall be considered together to be a single Qualified Transferee.

(ii) The transferee in such Transfer assumes by operation of law or express agreement all of the obligations of the transferor Limited Partner under this Agreement with respect to such Transferred Partnership Interest; **provided**, **that** no such Transfer (unless made pursuant to a statutory merger or consolidation wherein all obligations and liabilities of the transferor Partner are assumed by a successor corporation by operation of law) shall relieve the transferor Partner of its obligations under this Agreement without the approval of the General Partner, in its sole and absolute discretion.

Notwithstanding the foregoing, any transferee of any Transferred Partnership Interest shall be subject to any and all ownership limitations contained in the Charter that may limit or restrict such transferee's ability to exercise its Redemption rights, including, without limitation, the Ownership Limit. Any transferee, whether or not admitted as a Substituted Limited Partner, shall take subject to the obligations of the transferor hereunder. Unless admitted as a Substituted Limited Partner, no transferee, whether by a voluntary Transfer, by operation of law or otherwise, shall have any rights hereunder, other than the rights of an Assignee as provided in Section 11.5 hereof.

(iii) Such Transfer is effective as of the first day of a fiscal quarter of the Partnership.

(c) If a Limited Partner is subject to Incapacity, the executor, administrator, trustee, committee, guardian, conservator or receiver of such Limited Partner's estate shall have all the rights of a Limited Partner, but not more rights than those enjoyed by other Limited Partners, for the purpose of settling or managing the estate, and such power as the Incapacitated

Limited Partner possessed to Transfer all or any part of its interest in the Partnership. The Incapacity of a Limited Partner, in and of itself, shall not dissolve or terminate the Partnership.

(d) In connection with any proposed Transfer of a Limited Partner Interest, the General Partner shall have the right to receive an opinion of counsel reasonably satisfactory to it to the effect that the proposed Transfer may be effected without registration under the Securities Act and will not otherwise violate any federal or state securities laws or regulations applicable to the Partnership or the Partnership Interests Transferred.

(e) The General Partner may impose restrictions on the Transfer of a Limited Partner Interest if it receives an opinion of counsel reasonably to the effect that such restrictions are necessary in order to comply with any federal or state securities laws or regulations applicable to the Partnership or the Partnership Interests. The General Partner may impose such restrictions by amending this Agreement without the approval of the Partners.

(f) No Transfer by a Limited Partner of its Partnership Interests (including any Redemption, any other acquisition of Partnership Units by the Partnership, the General Partner or SFTY) may be made to or by any person if (i) in the opinion of legal counsel for the Partnership, there is a significant risk that it would result in the Partnership being treated as an association taxable as a corporation for U.S. federal income tax purposes (except as a result of the redemption or exchange of all Units held by all Limited Partners for REIT Shares), (ii) such Transfer would be effectuated through an "established securities market" or a "secondary market (or the substantial equivalent thereof)" within the meaning of Code Section 7704 (**provided**, **that** this clause (ii) shall not be the basis for limiting or restricting in any manner the exercise of a Redemption right unless, and only to the extent that, in the absence of such limitation or restriction, in the opinion of legal counsel for the Partnership, there is a significant risk that the Partnership will be treated as a "publicly traded partnership" and, by reason thereof, taxable as a corporation) or (iii) in the opinion of legal counsel for the Partnership, there is a risk that such transfer would adversely affect the ability of SFTY to continue to qualify as a REIT or subject SFTY to any additional taxes under Code Section 857 or Code Section 4981.

Section 11.4. **Substituted Limited Partners**.

(a) A transferee of the interest of a Limited Partner in accordance with Section 11.3(a) may be admitted as a Substituted Limited Partner only with the consent of the General Partner, which consent may be given or withheld by the General Partner in its sole and absolute discretion. The failure or refusal by the General Partner to permit a transferee of any such interests to become a Substituted Limited Partner shall not give rise to any cause of action against the Partnership or the General Partner. Subject to the foregoing, an Assignee shall not be admitted as a Substituted Limited Partner until and unless it furnishes to the General Partner (i) evidence of acceptance, in form and substance satisfactory to the General Partner, of all the terms, conditions and applicable obligations of this Agreement, including, without limitation, the power of attorney granted in Section 2.4 hereof, (ii) a counterpart signature page to this Agreement executed by such Assignee, and (iii) such other documents and instruments as may be required or advisable, in the sole and absolute discretion of the General Partner, to effect such Assignee's admission as a Substituted Limited Partner.

(b) A transferee who has been admitted as Substituted Limited Partner in accordance with this Article XI shall have all the rights and powers and be subject to all the restrictions and liabilities of a Limited Partner under this Agreement.

(c) Upon the admission of a Substituted Limited Partner, the General Partner shall amend Exhibit A attached hereto to reflect the name, address and number of Partnership Units of such Substituted Limited Partner and to eliminate or adjust, if necessary, the name, address and number of Partnership Units of the predecessor of such Substituted Limited Partner.

Section 11.5. **Assignees**. If the General Partner, in its sole and absolute discretion, does not consent to the admission of any transferee of any Partnership Interest as a Substituted Limited Partner in connection with a transfer required to be consented to by the General Partner pursuant to Section 11.3(a), such transferee shall be considered an Assignee for purposes of this Agreement. An Assignee shall be entitled to all the rights of an assignee of a limited partnership interest under the Act, including the right to receive distributions from the Partnership and the share of Net Income, Net Losses and other items of income, gain, loss, deduction and credit of the Partnership attributable to the Partnership Units assigned to such transferee and the rights to Transfer the Partnership Units only in accordance with the provisions of this Article XI, but shall not be deemed to be a holder of Partnership Units for any other purpose under this Agreement, and shall not be entitled to effect a Consent or vote or effect a Redemption with respect to such Partnership Units on any matter presented to the Limited Partners for approval (such right to Consent or vote or effect a Redemption, to the extent provided in this Agreement or under the Act, fully remaining with the transferor Limited Partner). In the event that any such transferee desires to make a further assignment of any such Partnership Units, such transferee shall be subject to all the provisions of this Article XI to the same extent and in the same manner as any Limited Partner desiring to make an assignment of Partnership Units.

Section 11.6. **General Provisions**.

(a) No Limited Partner may withdraw from the Partnership other than as a result of a permitted Transfer of all of such Limited Partner's Partnership Units in accordance with this Article XI or pursuant to a redemption (or acquisition by the General Partner) of all of its Partnership Units pursuant to a Redemption under Section 8.6 hereof and/or pursuant to any Partnership Unit Designation.

(b) Any Limited Partner who shall Transfer all of its Partnership Units in a Transfer (i) consented to by the General Partner or otherwise permitted pursuant to this Article XI where such transferee was admitted as a Substituted Limited Partner, (ii) pursuant to the exercise of its rights to effect a redemption of all of its Partnership Units pursuant to a Redemption under Section 8.6 hereof and/or pursuant to any Partnership Unit Designation, or (iii) to the General Partner or SFTY, whether or not pursuant to Section 8.6(b) hereof, shall cease to be a Limited Partner.

(c) Subject to Section 6.4, if any Partnership Unit is Transferred in compliance with the provisions of this Article XI, or is redeemed by the Partnership, or acquired by SFTY pursuant to Section 8.6 hereof, on any day other than the first day of a Partnership Year, then Net Income, Net Losses, each item thereof and all other items of income, gain, loss,

deduction and credit attributable to such Partnership Unit for such Partnership Year shall be allocated to the transferor Partner or the Tendering Party, as the case may be, and, in the case of a Transfer or assignment other than a Redemption, to the transferee Partner, by taking into account their varying interests during the Partnership Year in accordance with Code Section 706(d) and the corresponding Regulations, using the "interim closing of the books" method or another permissible method selected by the General Partner (unless the General Partner in its sole and absolute discretion elects to adopt a daily, weekly or monthly proration period, in which case Net Income or Net Loss shall be allocated based upon the applicable method selected by the General Partner). All distributions of Available Cash attributable to such Partnership Unit with respect to which the Partnership Record Date is before the date of such Transfer, assignment or Redemption shall be made to the transferor Partner or the Tendering Party, as the case may be, and, in the case of a Transfer other than a Redemption, all distributions of Available Cash thereafter attributable to such Partnership Unit shall be made to the transferee Partner.

ARTICLE XII

ADMISSION OF PARTNERS

Section 12.1. **Admission of Successor General Partner**. A successor to all of the General Partner's General Partner Interest pursuant to Section 11.2 hereof who is proposed to be admitted as a successor General Partner shall be admitted to the Partnership as the General Partner, effective immediately prior to such Transfer. Any such successor shall carry on the business of the Partnership without dissolution. In each case, the admission shall be subject to the successor General Partner executing and delivering to the Partnership an acceptance of all of the terms and conditions of this Agreement and such other documents or instruments as may be required to effect the admission. Concurrently with, and as evidence of, the admission of an Additional Limited Partner, the General Partner shall amend Exhibit A attached hereto and the books and records of the Partnership to reflect the name, address and number of Partnership Units of such Additional Limited Partner.

Section 12.2. **Admission of Additional Limited Partners**.

(a) After the date hereof, a Person (other than an existing Partner) who makes a Capital Contribution to the Partnership in accordance with this Agreement shall be admitted to the Partnership as an Additional Limited Partner only upon furnishing to the General Partner (i) evidence of acceptance, in form and substance satisfactory to the General Partner, of all of the terms and conditions of this Agreement, including, without limitation, the power of attorney granted in Section 2.4 hereof, (ii) a counterpart signature page to this Agreement executed by such Person, and (iii) such other documents or instruments as may be required in the sole and absolute discretion of the General Partner in order to effect such Person's admission as an Additional Limited Partner and the satisfaction of all the conditions set forth in this Section 12.2.

(b) Notwithstanding anything to the contrary in this Section 12.2, no Person shall be admitted as an Additional Limited Partner without the consent of the General Partner, which consent may be given or withheld in the General Partner's sole and absolute discretion. The admission of any Person as an Additional Limited Partner shall become effective on the date

upon which the name of such Person is recorded on the books and records of the Partnership, following the consent of the General Partner to such admission.

(c) Subject to Section 6.4, if any Additional Limited Partner is admitted to the Partnership on any day other than the first day of a Partnership Year, then Net Income, Net Losses, each item thereof and all other items of income, gain, loss, deduction and credit allocable among Partners and Assignees for such Partnership Year shall be allocated *pro rata* among such Additional Limited Partner and all other Partners and Assignees by taking into account their varying interests during the Partnership Year in accordance with Code Section 706(d), using the "interim closing of the books" method or another permissible method selected by the General Partner. Solely for purposes of making such allocations, each of such items for the calendar month in which an admission of any Additional Limited Partner occurs shall be allocated among all the Partners and Assignees including such Additional Limited Partner, in accordance with the principles described in Section 11.6(c) hereof. All distributions of Available Cash with respect to which the Partnership Record Date is before the date of such admission shall be made solely to Partners and Assignees other than the Additional Limited Partner, and all distributions of Available Cash thereafter shall be made to all the Partners and Assignees including such Additional Limited Partner.

Section 12.3. **Amendment of Agreement and Certificate of Limited Partnership**. For the admission to the Partnership of any Partner, the General Partner shall take all steps necessary and appropriate under the Act to amend the books and records of the Partnership and, if necessary, to prepare as soon as practical an amendment of this Agreement (including an amendment of Exhibit A) and, if required by law, shall prepare and file an amendment to the Certificate of Limited Partnership and may for this purpose exercise the power of attorney granted pursuant to Section 2.4.

Section 12.4. **Limit on Number of Partners**. Unless otherwise permitted by the General Partner, no Person shall be admitted to the Partnership as an Additional Limited Partner if the effect of such admission would be to cause the Partnership to have a number of Partners that would cause the Partnership to become a reporting company under the Exchange Act.

Section 12.5. **Admission**. A Person shall be admitted to the Partnership as a Limited Partner of the Partnership only upon strict compliance, and not upon substantial compliance, with the requirements set forth in this Agreement for admission to the Partnership as an Additional Limited Partner.

Concurrently with, and as evidence of, the admission of an Additional Limited Partner, the General Partner shall amend Exhibit A attached hereto to reflect the name, address and number of Partnership Units of such Additional Limited Partner.

ARTICLE XIII

DISSOLUTION, LIQUIDATION AND TERMINATION

Section 13.1. **Dissolution**. The Partnership shall not be dissolved by the admission of Additional Limited Partners or Substituted Limited Partners or by the admission of a successor General Partner in accordance with the terms of this Agreement. Upon the withdrawal of the General Partner, any successor General Partner shall continue the business of the Partnership

without dissolution. However, the Partnership shall dissolve, and its affairs shall be wound up, upon the first to occur of any of the following (each a "**Liquidating Event**"):

(a) a final and nonappealable judgment is entered by a court of competent jurisdiction ruling that the General Partner is bankrupt or insolvent, or a final and nonappealable order for relief is entered by a court with appropriate jurisdiction against the General Partner, in each case under any federal or state bankruptcy or insolvency laws as now or hereafter in effect, unless, prior to the entry of such order or judgment, of the remaining Outside Limited Partners agree in writing, in their sole and absolute discretion, to continue the business of the Partnership and to the appointment, effective as of a date prior to the date of such order or judgment, of a successor General Partner;

(b) an election to dissolve the Partnership made by the General Partner in its sole and absolute discretion;

(c) entry of a decree of judicial dissolution of the Partnership pursuant to the provisions of the Act;

(d) the occurrence of a Terminating Capital Transaction; or

(e) the Redemption (or acquisition by the General Partner) of all Partnership Units other than Partnership Units held by the General Partner or SFTY; or

(f) the Incapacity or withdrawal of the General Partner, unless all of the remaining Partners in their sole and absolute discretion agree in writing to continue the business of the Partnership and to the appointment, effective as of a date prior to the date of such Incapacity, of a substitute General Partner.

Section 13.2. **Winding Up**.

(a) Upon the occurrence of a Liquidating Event, the Partnership shall continue solely for the purposes of winding up its affairs in an orderly manner, liquidating its assets and satisfying the claims of its creditors and Partners. After the occurrence of a Liquidating Event, no Partner shall take any action that is inconsistent with, or not necessary to or appropriate for, the winding up of the Partnership's business and affairs. The General Partner or, in the event that there is no remaining General Partner or the General Partner has dissolved, become bankrupt within the meaning of the Act or ceased to operate, any Person elected by a Majority in Interest of the Outside Limited Partners (the General Partner or such other Person being referred to herein as the "**Liquidator**") shall be responsible for overseeing the winding up and dissolution of the Partnership and shall take full account of the Partnership's liabilities and property, and the Partnership property shall be liquidated as promptly as is consistent with obtaining the fair value thereof, and the proceeds therefrom (which may, to the extent determined by the General Partner, include shares of stock in the General Partner) shall be applied and distributed in the following order:

(i) *First*, to the satisfaction of all of the Partnership's Debts and liabilities to creditors other than the Partners and their Assignees (whether by payment or the making of reasonable provision for payment thereof);

(ii) *Second*, to the satisfaction of all of the Partnership's Debts and liabilities to the General Partner (whether by payment or the making of reasonable provision for payment thereof), including, but not limited to, amounts due as reimbursements under Section 7.4 hereof;

(iii) *Third*, to the satisfaction of all of the Partnership's Debts and liabilities to the other Partners and any Assignees (whether by payment or the making of reasonable provision for payment thereof); and

(iv) *The balance*, if any, to the General Partner, the Limited Partners and any Assignees in accordance with their Capital Account balances, after giving effect to all contributions, distributions and allocations for all periods.

The General Partner shall not receive any additional compensation for any services performed pursuant to this Article XIII.

(b) Notwithstanding the provisions of Section 13.2(a) hereof that require liquidation of the assets of the Partnership, but subject to the order of priorities set forth therein, if prior to or upon dissolution of the Partnership the Liquidator determines that an immediate sale of part or all of the Partnership's assets would be impractical or would cause undue loss to the Partners, the Liquidator may, in its sole and absolute discretion, defer for a reasonable time the liquidation of any assets except those necessary to satisfy liabilities of the Partnership (including to those Partners as creditors) and/or distribute to the Partners, in lieu of cash, as tenants in common and in accordance with the provisions of Section 13.2(a) hereof, undivided interests in such Partnership assets as the Liquidator deems not suitable for liquidation. Any such distributions in kind shall be made only if, in the good faith judgment of the Liquidator, such distributions in kind are in the best interest of the Partners, and shall be subject to such conditions relating to the disposition and management of such properties as the Liquidator deems reasonable and equitable and to any agreements governing the operation of such properties at such time. The Liquidator shall determine the fair market value of any property distributed in kind using such reasonable method of valuation as it may adopt.

(c) If the General Partner has a deficit balance in its Capital Account at such time as the Partnership (or the General Partner's interest therein, including its interest as a Limited Partner) is "liquidated" within the meaning of Regulations Section 1.704-1(b)(2)(ii)(g) (after giving effect to all contributions, distributions and allocations for the taxable years, including the year during which such liquidation occurs), the General Partner shall contribute to the capital of the Partnership the amount necessary to restore such deficit balance to zero in compliance with Regulations Section 1.704-1(b)(2)(ii)(b)(3). If any Limited Partner has a deficit balance in its Capital Account (after giving effect to all contributions, distributions and allocations for the taxable years, including the year during which such liquidation occurs), such Limited Partner shall have no obligation to make any contribution to the capital of the Partnership with respect to such deficit, and such deficit at any time shall not be considered a Debt owed to the Partnership or to any other Person for any purpose whatsoever, except to the extent otherwise expressly agreed to by such Partner and the Partnership.

(d) In the sole and absolute discretion of the General Partner or the Liquidator, a *pro rata* portion of the distributions that would otherwise be made to the Partners pursuant to this Article XIII may be:

(i) distributed to a trust established for the benefit of the General Partner and the Limited Partners for the purpose of liquidating Partnership assets, collecting amounts owed to the Partnership, and paying any contingent or unforeseen liabilities or obligations of the Partnership or of the General Partner arising out of or in connection with the Partnership and/or Partnership activities. The assets of any such trust shall be distributed to the General Partner and the Limited Partners, from time to time, in the reasonable discretion of the General Partner or the Liquidator, in the same proportions and amounts as would otherwise have been distributed to the General Partner and the Limited Partners pursuant to this Agreement; or

(ii) withheld or escrowed to provide a reasonable reserve for Partnership liabilities (contingent or otherwise) and to reflect the unrealized portion of any installment obligations owed to the Partnership, **provided**, **that** such withheld or escrowed amounts shall be distributed to the General Partner and Limited Partners in the manner and order of priority set forth in Section 13.2(a) hereof as soon as practicable.

Section 13.3. **Deemed Distribution and Recontribution**. Notwithstanding any other provision of this Article XIII, in the event that the Partnership is liquidated within the meaning of Regulations Section 1.704-1(b)(2)(ii)(g), but no Liquidating Event has occurred, the Partnership's Property shall not be liquidated, the Partnership's liabilities shall not be paid or discharged and the Partnership's affairs shall not be wound up. Instead, for federal income tax purposes the Partnership shall be deemed to have contributed all of its assets and liabilities to a new partnership in exchange for an interest in the new partnership; and, immediately thereafter, distributed interests in the new partnership to the Partners in accordance with their respective Capital Accounts in liquidation of the Partnership, and the new partnership is deemed to continue the business of the Partnership. Nothing in this Section 13.3 shall be deemed to have constituted any Assignee as a Substituted Limited Partner without compliance with the provisions of Section 11.4 hereof.

Section 13.4. **Rights of Limited Partners**. Except as otherwise provided in this Agreement, (a) each Limited Partner shall look solely to the assets of the Partnership for the return of its Capital Contribution, (b) no Limited Partner shall have the right or power to demand or receive property other than cash from the Partnership, and (c) no Limited Partner (other than any Limited Partner who holds Preferred Units, to the extent specifically set forth herein and in the applicable Partnership Unit Designation) shall have priority over any other Limited Partner as to the return of its Capital Contributions, distributions or allocations.

Section 13.5. **Notice of Dissolution**. In the event that a Liquidating Event occurs or an event occurs that would, but for an election or objection by one or more Partners pursuant to Section 13.1 hereof, result in a dissolution of the Partnership, the General Partner shall, within thirty (30) days thereafter, provide written notice thereof to each of the Partners and, in the General Partner's sole and absolute discretion or as required by the Act, to all other parties with whom the Partnership regularly conducts business (as determined in the sole and absolute discretion of the General Partner), and the General Partner may, or, if required by the Act, shall,

publish notice thereof in a newspaper of general circulation in each place in which the Partnership regularly conducts business (as determined in the sole and absolute discretion of the General Partner).

Section 13.6. **Cancellation of Certificate of Limited Partnership**. Upon the completion of the liquidation of the Partnership cash and property as provided in Section 13.2 hereof, the Partnership shall be terminated, a certificate of cancellation shall be filed with the State of Delaware, all qualifications of the Partnership as a foreign limited partnership or association in jurisdictions other than the State of Delaware shall be cancelled, and such other actions as may be necessary to terminate the Partnership shall be taken.

Section 13.7. **Reasonable Time for Winding-Up**. A reasonable time shall be allowed for the orderly winding-up of the business and affairs of the Partnership and the liquidation of its assets pursuant to Section 13.2 hereof, in order to minimize any losses otherwise attendant upon such winding-up, and the provisions of this Agreement shall remain in effect between the Partners during the period of liquidation.

ARTICLE XIV

PROCEDURES FOR ACTIONS AND CONSENTS OF PARTNERS; AMENDMENTS; MEETINGS

Section 14.1. **Procedures for Actions and Consents of Partners**. The actions requiring consent or approval of Limited Partners pursuant to this Agreement, including Section 7.3 hereof, or otherwise pursuant to applicable law, rule or regulation, are subject to the procedures set forth in this Article XIV.

Section 14.2. **Amendments**. Amendments to this Agreement requiring Consent of the Limited Partners may be proposed only by the General Partner. Following such proposal, the General Partner shall submit any proposed amendment to the Limited Partners. The General Partner shall seek the written consent of the Limited Partners on the proposed amendment or shall call a meeting to vote thereon and to transact any other business that the General Partner may deem appropriate. For purposes of obtaining a written consent, the General Partner may require a response within a reasonable specified time, but not less than ten (10) days, and failure to respond in such time period shall constitute a consent that is consistent with the General Partner's recommendation with respect to the proposal; **provided**, **however**, **that** an action shall become effective at such time as requisite consents are received even if prior to such specified time. Notwithstanding anything to the contrary in this Agreement, the General Partner shall have the power, without the consent of the Limited Partners, to amend this Agreement as contemplated by Section 7.3(c) or as is otherwise contemplated by this Agreement.

Section 14.3. **Meetings of the Partners**.

(a) Meetings of the Partners may be called by the General Partner. The call shall state the nature of the business to be transacted. Notice of any such meeting shall be given to all Partners not less than seven days nor more than ninety (90) days prior to the date of such meeting. Partners may vote in person or by proxy at such meeting. Whenever the vote or

Consent of Partners is permitted or required under this Agreement, such vote or Consent may be given at a meeting of Partners or may be given in accordance with the procedure prescribed in Section 14.3(b) hereof.

(b) Any action required or permitted to be taken at a meeting of the Partners may be taken without a meeting if a written consent setting forth the action so taken is signed by a majority of the Percentage Interests of the Partners (or such other percentage as is expressly required by this Agreement for the action in question). Such consent may be in one instrument or in several instruments, and shall have the same force and effect as a vote of a majority of the Percentage Interests of the Partners (or such other percentage as is expressly required by this Agreement). Such consent shall be filed with the General Partner. An action so taken shall be deemed to have been taken at a meeting held on the effective date so certified.

(c) Each Limited Partner may authorize any Person or Persons to act for it by proxy on all matters in which a Limited Partner is entitled to participate, including waiving notice of any meeting, or voting or participating at a meeting. Every proxy must be signed by the Limited Partner or its attorney-in-fact. No proxy shall be valid after the expiration of eleven (11) months from the date thereof unless otherwise provided in the proxy (or there is receipt of a proxy authorizing a later date). Every proxy shall be revocable at the pleasure of the Limited Partner executing it, such revocation to be effective upon the Partnership's receipt of written notice of such revocation from the Limited Partner executing such proxy. The use of proxies will be governed in the same manner as in the case of corporations organized under the Delaware General Corporation Law (including Section 212 thereof).

(d) Each meeting of Partners shall be conducted by the General Partner or such other Person as the General Partner may appoint pursuant to such rules for the conduct of the meeting as the General Partner or such other Person deems appropriate in its sole and absolute discretion. Without limitation, meetings of Partners may be conducted in the same manner as meetings of the General Partner's stockholders and may be held at the same time as, and as part of, the meetings of the General Partner's stockholders.

(e) On matters on which Limited Partners are entitled to vote, each Limited Partner holding OP Units shall have a vote equal to the number of OP Units held.

(f) Except as otherwise expressly provided in this Agreement, the Consent of Holders of Partnership Interests representing a majority of the Partnership Interests of the Limited Partners shall control.

ARTICLE XV

GENERAL PROVISIONS

Section 15.1. **Addresses and Notice**. Any notice, demand, request or report required or permitted to be given or made to a Partner or Assignee under this Agreement shall be in writing and shall be deemed given or made when delivered in person or when sent by first class United States mail or by other means of written or electronic communication (including by telecopy, facsimile, electronic mail or commercial courier service) to the Partner or Assignee at the

address set forth on Exhibit A attached hereto, as such Exhibit A may be amended from time to time, or such other address of which the Partner shall notify the General Partner in accordance with this Section 15.1.

Section 15.2. **Titles and Captions**. All article or section titles or captions in this Agreement are for convenience only. They shall not be deemed part of this Agreement and in no way define, limit, extend or describe the scope or intent of any provisions hereof. Except as specifically provided otherwise, references to "Articles" or "Sections" are to Articles and Sections of this Agreement.

Section 15.3. **Pronouns and Plurals**. Whenever the context may require, any pronouns used in this Agreement shall include the corresponding masculine, feminine or neuter forms, and the singular form of nouns, pronouns and verbs shall include the plural and *vice versa*.

Section 15.4. **Further Action**. The parties shall execute and deliver all documents, provide all information and take or refrain from taking action as may be necessary or appropriate to achieve the purposes of this Agreement.

Section 15.5. **Binding Effect**. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their heirs, executors, administrators, successors, legal representatives and permitted assigns.

Section 15.6. **Waiver**.

(a) No failure by any party to insist upon the strict performance of any covenant, duty, agreement or condition of this Agreement or to exercise any right or remedy consequent upon a breach thereof shall constitute waiver of any such breach or any other covenant, duty, agreement or condition.

(b) The restrictions, conditions and other limitations on the rights and benefits of the Limited Partners contained in this Agreement, and the duties, covenants and other requirements of performance or notice by the Limited Partners, are for the benefit of the Partnership and, except for an obligation to pay money to the Partnership, may be waived or relinquished by the General Partner, in its sole and absolute discretion, on behalf of the Partnership in one or more instances from time to time and at any time.

Section 15.7. **Counterparts**. This Agreement may be executed in counterparts, all of which together shall constitute one agreement binding on all the parties hereto, notwithstanding that all such parties are not signatories to the original or the same counterpart. Each party shall become bound by this Agreement immediately upon affixing its signature hereto.

Section 15.8. **Applicable Law**.

(a) This Agreement shall be construed and enforced in accordance with and governed by the laws of the State of Delaware, without regard to the principles of conflicts of law. In the event of a conflict between any provision of this Agreement and any non-mandatory provision of the Act, the provisions of this Agreement shall control and take precedence.

(b) Each Partner hereby (i) submits to the non-exclusive jurisdiction of any state or federal court sitting in the State of New York (collectively, the "**New York Courts**"), with respect to any dispute arising out of this Agreement or any transaction contemplated hereby to the extent such courts would have subject matter jurisdiction with respect to such dispute, (ii) irrevocably waives, and agrees not to assert by way of motion, defense, or otherwise, in any such action, any claim that it is not subject personally to the jurisdiction of any of the New York Courts, that its property is exempt or immune from attachment or execution, that the action is brought in an inconvenient forum, or that the venue of the action is improper, (iii) agrees that notice or the service of process in any action, suit or proceeding arising out of or relating to this Agreement or the transactions contemplated hereby shall be properly served or delivered if delivered to such Partner at such Partner's last known address as set forth in the Partnership's books and records, and (iv) irrevocably waives any and all right to trial by jury in any legal proceeding arising out of or related to this Agreement or the transactions contemplated hereby.

Section 15.9. **Entire Agreement**. This Agreement contains all of the understandings and agreements between and among the Partners with respect to the subject matter of this Agreement and the rights, interests and obligations of the Partners with respect to the Partnership. Notwithstanding the immediately preceding sentence, the Partners hereby acknowledge and agree that the General Partner, without the approval of any Limited Partner, may enter into side letters or similar written agreements with Limited Partners that are not Affiliates of the General Partner, executed contemporaneously with the admission of such Limited Partner to the Partnership, affecting the terms hereof, as negotiated with such Limited Partner and which the General Partner in its sole discretion deems necessary, desirable or appropriate. The parties hereto agree that any terms, conditions or provisions contained in such side letters or similar written agreements with a Limited Partner shall govern with respect to such Limited Partner notwithstanding the provisions of this Agreement.

Section 15.10. **Invalidity of Provisions**. If any provision of this Agreement is or becomes invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not be affected thereby.

Section 15.11. **Limitation to Preserve REIT Qualification**. Notwithstanding anything else in this Agreement, to the extent that the amount paid, credited, distributed or reimbursed by the Partnership to the General Partner, SFTY, the Manager (pursuant to the Management Agreement) or their respective officers, directors, employees or agents, whether as a reimbursement, fee, expense or indemnity (a "**REIT Payment**"), would constitute gross income to SFTY for purposes of Code Section 856(c)(2) or Code Section 856(c)(3), then, notwithstanding any other provision of this Agreement, the amount of such REIT Payments, as selected by the General Partner in its discretion from among items of potential distribution, reimbursement, fees, expenses and indemnities, shall be reduced for any Partnership Year so that the REIT Payments, as so reduced, shall not exceed the lesser of:

(i) an amount equal to the excess, if any, of (a) four point nine percent (4.9%) of SFTY's total gross income (but excluding the amount of any REIT Payments) for the Partnership Year that is described in subsections (A) through (H) of Code Section 856(c)(2) over (b) the amount of gross income (within the meaning of Code Section 856(c)(2)) derived by the

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General Partner from sources other than those described in subsections (A) through (H) of Code Section 856(c)(2) (but not including the amount of any REIT Payments); or

(ii) an amount equal to the excess, if any, of (a) twenty-four percent (24%) of the General Partner's total gross income (but excluding the amount of any REIT Payments) for the Partnership Year that is described in subsections (A) through (I) of Code Section 856(c)(3) over (b) the amount of gross income (within the meaning of Code Section 856(c)(3)) derived by the General Partner from sources other than those described in subsections (A) through (I) of Code Section 856(c)(3) (but not including the amount of any REIT Payments); **provided**, **however**, **that** REIT Payments in excess of the amounts set forth in clauses (i) and (ii) above may be made if the General Partner, as a condition precedent, obtains an opinion of tax counsel that the receipt of such excess amounts shall not adversely affect SFTY's ability to qualify as a REIT. To the extent that REIT Payments may not be made in a Partnership Year as a consequence of the limitations set forth in this Section 15.11, such REIT Payments shall carry over and shall be treated as arising in the following Partnership Year. The purpose of the limitations contained in this Section 15.11 is to prevent SFTY from failing to qualify as a REIT by reason of its share of items, including distributions, payments, reimbursements, fees, expenses or indemnities, receivable directly or indirectly from the Partnership, and this Section 15.11 shall be interpreted and applied to effectuate such purpose.

Section 15.12. **No Partition**. No Partner nor any successor-in-interest to a Partner shall have the right while this Agreement remains in effect to have any property of the Partnership partitioned, or to file a complaint or institute any proceeding at law or in equity to have such property of the Partnership partitioned, and each Partner, on behalf of itself and its successors and assigns hereby waives any such right. It is the intention of the Partners that the rights of the parties hereto and their successors-in-interest to Partnership property, as among themselves, shall be governed by the terms of this Agreement, and that the rights of the Partners and their successors-in-interest shall be subject to the limitations and restrictions as set forth in this Agreement.

Section 15.13. **No Third-Party Rights Created Hereby**. The provisions of this Agreement are solely for the purpose of defining the interests of the Partners, *inter se*; and no other person, firm or entity (*i.e.*, a party who is not a signatory hereto or a permitted successor to such signatory hereto) shall have any right, power, title or interest by way of subrogation or otherwise, in and to the rights, powers, title and provisions of this Agreement, except that the Manager is expressly made a third-party beneficiary of the provisions of Section 7.1(a), Section 7.4(a) and Section 7.11 of this Agreement. No creditor or other third party having dealings with the Partnership (other than as expressly set forth herein with respect to Indemnitees) shall have the right to enforce the right or obligation of any Partner to make Capital Contributions or loans to the Partnership or to pursue any other right or remedy hereunder or at law or in equity. None of the rights or obligations of the Partners herein set forth to make Capital Contributions or loans to the Partnership shall be deemed an asset of the Partnership for any purpose by any creditor or other third party, nor may any such rights or obligations be sold, transferred or assigned by the Partnership or pledged or encumbered by the Partnership to secure any debt or other obligation of the Partnership or any of the Partners.

Section 15.14. **No Rights as Stockholders of General Partner**. Nothing contained in this Agreement shall be construed as conferring upon the Holders of Partnership Units any rights whatsoever as stockholders of SFTY, including without limitation any right to receive dividends or other distributions made to stockholders of SFTY or to vote or to consent or receive notice as stockholders in respect of any meeting of stockholders for the election of directors of SFTY or any other matter.

Section 15.15. **Creditors**. Other than as expressly set forth herein with respect to Indemnitees, none of the provisions of this Agreement shall be for the benefit of, or shall be enforceable by, any creditor of the Partnership.

[*signature page follows*]

IN WITNESS WHEREOF, this First Amended and Restated Agreement of Limited Partnership has been executed as of the date first written above.

GENERAL PARTNER:

SIGOP GEN PAR LLC

By: ______________________________
Name:
Title:

SFTY:

SAFETY, INCOME AND GROWTH, INC.

By: ______________________________
Name:
Title:

ALL LIMITED PARTNERS LISTED ON EXHIBIT A ATTACHED HERETO

By: ______________________________
Name:
Title: as Attorney-in-Fact for the Limited Partners

[Signature Page to Amended and Restated Agreement of Limited Partnership of Safety Income and Growth Operating Partnership LP]

EXHIBIT A

PARTNERS AND PARTNERSHIP UNITS

As of [·], 2017

Name of Limited Partners	OP Units	LTIP Units	Other Units	Address

EXHIBIT B

NOTICE OF REDEMPTION

To: Safety, Income and Growth, Inc.
SIGOP Gen Par LLC
1114 Avenue of the Americas
39th Floor
New York, New York 10036
Attn: Chief Executive Officer

The undersigned Limited Partner or Assignee hereby irrevocably tenders for Redemption [·] OP Units (the "**OP Units**") in Safety Income and Growth Operating Partnership LP in accordance with the terms of the First Amended and Restated Agreement of Limited Partnership of Safety Income and Growth Operating Partnership LP, dated as of [·], 2017 (the "**Agreement**"), and the Redemption rights referred to therein. The undersigned Limited Partner or Assignee:

(a) undertakes (i) to surrender such OP Units and any certificate therefor at the closing of the Redemption and (ii) to furnish to the General Partner, prior to the Specified Redemption Date, the documentation, instruments and information required under Section 8.6(g) of the Agreement;

(b) directs that the certified check representing the Cash Amount, or the REIT Shares Amount, as applicable, deliverable upon the closing of such Redemption be delivered to the address specified below;

(c) represents, warrants, certifies and agrees that:

(i) the undersigned Limited Partner or Assignee is a Qualifying Party,

(ii) the undersigned Limited Partner or Assignee has, and at the closing of the Redemption will have, good, marketable and unencumbered title to such OP Units, free and clear of the rights or interests of any other person or entity,

(iii) the undersigned Limited Partner or Assignee has, and at the closing of the Redemption will have, the full right, power and authority to tender and surrender such Partnership Units as provided herein, and

(iv) the undersigned Limited Partner or Assignee has obtained the consent or approval of all persons and entities, if any, having the right to consent to or approve such tender and surrender; and

(d) acknowledges that he will continue to own such OP Units until and unless either (1) such OP Units are acquired by SFTY pursuant to Section 8.6(b) of the Agreement or (2) such redemption transaction closes.

All capitalized terms used herein and not otherwise defined shall have the same meaning ascribed to them respectively in the Agreement.

Dated:

Name of Limited Partner or Assignee:

____

____
(Signature of Limited Partner or Assignee)

____
(Street Address)

____
(City) (State) (Zip Code)

Signature Medallion Guaranteed by:

____

Issue Check Payable/REIT Shares to: ______________________________

Name: ______________________________

Please insert social security or identifying number: ______________________________

EXHIBIT D

NOTICE OF ELECTION BY PARTNER TO CONVERT LTIP UNITS INTO OP UNITS

The undersigned Holder of LTIP Units hereby irrevocably (i) elects to convert the number of LTIP Units in Safety Income and Growth Operating Partnership LP (the "**Partnership**") set forth below into OP Units in accordance with the terms of the Amended and Restated Agreement of Limited Partnership of the Partnership, as amended; and (ii) directs that any cash in lieu of OP Units that may be deliverable upon such conversion be delivered to the address specified below. The undersigned hereby represents, warrants, and certifies that the undersigned (a) has title to such LTIP Units, free and clear of the rights of interests of any other person or entity other than the Partnership; (b) has the full right, power, and authority to cause the conversion of such LTIP Units as provided herein; and (c) has obtained the consent or approval of all persons or entitles, if any, having the right to consent or approve such conversion.

Name of Holder: ______________________________
(Please Print: Exact Name as Registered with Partnership)

Number of LTIP Units to be Converted: ______________________________

Date of this Notice: ______________________________

____
(Signature of Holder: Sign Exact Name as Registered with Partnership)

____
(Street Address)

____
(City) (State) (Zip Code)

Signature Medallion Guaranteed by: ______________________________

EXHIBIT E

NOTICE OF ELECTION BY PARTNERSHIP TO FORCE CONVERSION OF LTIP UNITS INTO OP UNITS

Safety Income and Growth Operating Partnership LP (the "**Partnership**") hereby irrevocably elects to cause the number of LTIP Units held by the Holder of LTIP Units set forth below to be converted into OP Units in accordance with the terms of the Amended and Restated Agreement of Limited Partnership of the Partnership, as amended.

Name of Holder: ______________________________
(Please Print: Exact Name as Registered with Partnership)

Number of LTIP Units to be Converted: ______________________________

Date of this Notice: ______________________________

FORM OF MANAGEMENT AGREEMENT

THIS MANAGEMENT AGREEMENT is made as of [•], 2017, by and among SAFETY, INCOME AND GROWTH, INC., a Maryland corporation (the "Company"), SAFETY INCOME AND GROWTH OPERATING PARTNERSHIP LP, a Delaware limited partnership (the "Operating Partnership"), SFTY MANAGER LLC, a Delaware limited liability company (together with its permitted assignees, the "Manager") and iStar Inc., a Maryland corporation ("iStar"), solely with respect to its rights under Section 14(a) and Section 21.

WHEREAS, the Company is a corporation that intends to elect and qualify to be taxed as a REIT for federal income tax purposes; and

WHEREAS, the Company and the Operating Partnership desire to retain the Manager to provide investment advisory services to them and their Subsidiaries on the terms and conditions hereinafter set forth, and the Manager wishes to be retained to provide such services.

NOW THEREFORE, in consideration of the mutual agreements herein set forth, the parties hereto agree as follows:

Section 1. Definitions. The following terms have the following meanings assigned to them:

(a) "Agreement" means this Management Agreement, as amended, restated or supplemented from time to time.

(b) "Affiliate" means a Person that directly, or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, the Person specified.

(c) "Assets" means the GNL assets and other assets of the Company and the Subsidiaries.

(d) "Bankruptcy" means, with respect to any Person, (a) the filing by such Person of a voluntary petition seeking liquidation, reorganization, arrangement or readjustment, in any form, of its debts under Title 11 of the United States Code or any other federal, state or foreign insolvency law, or such Person's filing an answer consenting to or acquiescing in any such petition, (b) the making by such Person of any assignment for the benefit of its creditors, (c) the expiration of 60 days after the filing of an involuntary petition under Title 11 of the Unites States Code, an application for the appointment of a receiver for a material portion of the assets of such Person, or an involuntary petition seeking liquidation, reorganization, arrangement or readjustment of its debts under any other federal, state or foreign insolvency law, *provided* that the same shall not have been vacated, set aside or stayed within such 60-day period or (d) the entry against it of a final and non-appealable order for relief under any bankruptcy, insolvency or similar law now or hereinafter in effect.

(e) "Board of Directors" means the Board of Directors of the Company.

(f) "CMBS Guaranty Agreements" means both (i) the Environmental Indemnity Agreement, dated as of March 30, 2017, among iStar, certain Subsidiaries of the Company and Barclays Bank PLC, JPMorgan Chase Bank, National Association and Bank of America, N.A. and (ii) the Limited Recourse Guaranty, dated as of March 30, 2017, among iStar, Barclays Bank PLC, JPMorgan Chase Bank, National Association and Bank of America, N.A.

(g) "Code" means the Internal Revenue Code of 1986, as amended.

(h) "Combined Property Value" means the combined value of the land, buildings and improvements relating to a commercial property, as if there were no GNL on the land at the property, as such value is determined by the Manager, on behalf of the Company, using one or more valuation methodologies that the Manager considers appropriate.

(i) "Company" shall have the meaning set forth in the introductory paragraph of this Agreement.

(j) "Company Account" shall have the meaning set forth in Section 5 of this Agreement.

(k) "Company Common Stock" means the common stock, $0.01 par value per share, of the Company.

(l) "Company Indemnified Party" shall have the meaning set forth in Section 12(b) of this Agreement.

(m) "Effective Termination Date" shall have the meaning set forth in Section 14(a) of this Agreement.

(n) "Excess Funds" shall have the meaning set forth in Section 2(j) of this Agreement.

(o) "Exchange Act" means the Securities Exchange Act of 1934, as amended.

(p) "Exclusivity and Expense Reimbursement Agreement" means the Exclusivity and Expense Reimbursement Agreement entered into between iStar and the Company on the date hereof, as amended from time to time.

(q) "Expenses" shall have the meaning set forth in Section 10 of this Agreement.

(r) "GAAP" means generally accepted accounting principles, as applied in the United States.

(s) "GNL" means a ground net lease and any other lease that the Manager, on behalf of the Company, determines has the characteristics of a ground net lease, including length of lease term, value to Combined Property Value, periodic rent escalations or percentage rent participations and triple net terms.

(t) "Governing Instruments" means, with regard to any entity, the articles of incorporation and bylaws in the case of a corporation, certificate of limited partnership (if applicable) and the partnership agreement in the case of a general or limited partnership, the articles of formation and the operating or limited liability company agreement in the case of a limited liability company, the trust instrument in the case of a trust, or similar governing documents, in each case as amended from time to time.

(u) "Indemnitee" shall have the meaning set forth in Section 12(b) of this Agreement.

(v) "Indemnitor" shall have the meaning set forth in Section 12(c) of this Agreement.

(w) "Independent Directors" means the members of the Board of Directors who are not officers, personnel or employees of the Manager or any Person directly or indirectly controlling or controlled by the Manager, and who are otherwise "independent" in accordance with the Company's Governing Instruments and, if applicable, the rules of any national securities exchange on which the Company Common Stock is listed.

(x) "Initial Term" shall have the meaning set forth in Section 14 of this Agreement.

(y) "Initial Public Offering" means the initial public offering of Company Common Stock.

(z) "Investment Committee" means the Manager's investment committee that will oversee, advise and consult with respect to the Company's investment strategy, acquisition and origination of Assets, sourcing, financing and leveraging strategies.

(aa) "Investment Company Act" means the Investment Company Act of 1940, as amended.

(bb) "iStar" means iStar Inc., a Maryland corporation, together with its subsidiaries.

(cc) "LIBOR" means London Interbank Offered Rate.

(dd) "Management Fee" means a per annum management fee equal to the sum of 1.0% of the Company's Total Equity up to $2.5 billion, and 0.75% of the Company's Total Equity in excess of $2.5 billion, calculated and payable quarterly in arrears.

(ee) "Management Fee Shares" means shares of Company Common Stock issued by the Company and delivered to the Manager as payment for the Management Fee.

(ff) "Manager" shall have the meaning set forth in the introductory paragraph of this Agreement.

(gg) "Manager Indemnified Party" shall have the meaning set forth in Section 12(a) of this Agreement.

(hh) "Market Disruption Event" means the occurrence or existence for more than one half-hour period in the aggregate on any Trading Day for the Company Common Stock of any suspension or limitation imposed on trading (by reason of movements in price exceeding limits permitted by the New York Stock Exchange or otherwise) in the Company Common Stock or in any options, contracts or future contracts relating to the Company Common Stock, and such suspension or limitation occurs or exists at any time before 1:00 p.m. (New York City time) on such day.

(ii) "NYSE" means the New York Stock Exchange.

(jj) "Operating Partnership" shall have the meaning set forth in the introductory paragraph of this Agreement.

(kk) "OP Units" means units of partnership interest of the Operating Partnership.

(ll) "Person" means any individual, corporation, partnership, joint venture, limited liability company, estate, trust, unincorporated association, any federal, state, county or municipal

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government or any bureau, department or agency thereof and any fiduciary acting in such capacity on behalf of any of the foregoing.

(mm) "Portfolio Management Services" shall have the meaning set forth in Section 2(c) of this Agreement.

(nn) "REIT" means a "real estate investment trust," as defined under the Code.

(oo) "Renewal Term" shall have the meaning set forth in Section 14(a) of this Agreement.

(pp) "Restricted Period" shall have the meaning set forth in Section 9 of this Agreement.

(qq) "Securities Act" means the Securities Act of 1933, as amended.

(rr) "Subsidiary" means any subsidiary of the Company; any partnership, the general partner of which is the Company or any subsidiary of the Company; any limited liability company, the managing member of which is the Company or any subsidiary of the Company; and any corporation or other entity of which a majority of (i) the voting power of the voting equity securities or (ii) the outstanding equity interests is owned, directly or indirectly, by the Company or any subsidiary of the Company.

(ss) "Termination Notice" shall have the meaning set forth in Section 14(a) of this Agreement.

(tt) "Total Equity" means:

(i) the sum of the net cash proceeds and the value of non-cash consideration from all issuances of the Company's equity securities since inception, including OP units and shares of Company Common Stock issued to the Manager under this Agreement (calculated on a daily weighted average basis), less

(ii) any amount that the Company pays for repurchases of its common stock and common OP Units since inception, as adjusted to exclude

(iii) one-time events pursuant to changes in GAAP and certain non-cash items after discussions between the Manager and the Independent Directors and approved by a majority of the Independent Directors.

(uu) "Trading Day" means a day on which (i) there is no Market Disruption Event and (ii) trading in securities generally occurs on the New York Stock Exchange or, if the Company Common Stock is not then listed on the New York Stock Exchange, on the principal other United States national or regional securities exchange on which the Company Common Stock is then listed or, if the Company Common Stock is not then listed on a United States national or regional securities exchange, in the principal other market on which the Company Common Stock is then traded. If the Company Common Stock (or other security for which a Daily VWAP must be determined) is not so listed or quoted, "Trading Day" means a day on which banks are open for business in New York City.

(vv) "Treasury Regulations" means the regulations promulgated under the Code as amended from time to time.

(ww) "VWAP Amount" means, for purposes of determining the number of shares of Company Common Stock payable to the Manager in respect of the Management Fee for any particular quarter (or portion thereof), the volume-weighted average price of a share of Company Common Stock for each of the Trading Days during such quarter (or portion thereof), as displayed under the heading "Bloomberg VWAP" on Bloomberg page "SFTY <equity> AQR" (or any successor thereto) in respect of the period from the scheduled open of the primary exchange or market on which the Company Common Stock is listed or traded to the scheduled close of such exchange or market on such Trading Day (or if such volume-weighted average price is unavailable, the market value per share of Company Common Stock on such Trading Day determined, using a volume-weighted average method, by a nationally recognized independent investment banking firm retained for this purpose by the Company).

Section 2. Appointment and Duties of the Manager.

(a) The Company and the Operating Partnership hereby appoint the Manager to manage the Assets subject to the terms and conditions set forth in this Agreement, and the Manager hereby agrees to perform each of the duties set forth herein. The appointment of the Manager shall be exclusive to the Manager subject to the terms and conditions set forth in this Agreement.

(b) The parties acknowledge that (i) the Manager is a special purpose vehicle formed for the principal purpose of serving as the investment manager of the Company and its Subsidiaries and the Assets; (ii) the Manager is an affiliate of iStar; (iii) the Manager performs its services for the Company and its Subsidiaries through the personnel and facilities of iStar; and (iv) the Manager has no, and will have no, employees or other persons acting on its behalf other than (A) officers, partners and employees of iStar, or (B) other persons who are subject to the supervision and control of iStar.

(c) The Manager, in its capacity as manager of the Assets and the day to day operations of the Company and the Subsidiaries, at all times will be subject to the supervision of the Board of Directors and will have only such functions and authority as the Company may delegate to it including, without limitation:

i. serving as the Company's and the Subsidiaries' consultant with respect to the periodic review of the investment criteria and other parameters for acquisitions and originations of Assets, financing activities and operations, any material modification to which shall be subject to the approval of a majority of the Independent Directors, and subject to other policies for approval by the Board of Directors;

ii. forming the Investment Committee;

iii. investigating, analyzing and selecting possible investment opportunities and acquiring, originating, financing, retaining, selling, restructuring or disposing of Assets;

iv. advising on the terms of the Company's and the Subsidiaries' GNL and other investments and transactions;

v. representing and making recommendations to the Company in connection with the purchase, origination and finance of, and commitment to purchase, originate and finance, assets consistent with the Company's investment guidelines, and the sale and commitment to sell assets;

vi. with respect to prospective purchases, originations, leases, sales or exchanges of Assets, conducting negotiations on behalf of the Company and the Subsidiaries with sellers, tenants,

developers, construction agents, purchasers and brokers and, if applicable, their respective agents and representatives;

vii. advising the Company on and, negotiating and entering into, on behalf of the Company and the Subsidiaries, credit facilities (including term loans and revolving facilities), mortgage indebtedness, financing vehicles, agreements relating to borrowings under programs established by governmental agencies or programs, commercial paper programs, interest rate swap and cap agreements and other hedging instruments, and all other agreements and engagements required for the Company and the Subsidiaries to conduct their business;

viii. establishing and implementing networks for sourcing investments, conducting underwriting of tenants, markets and real properties and the execution of transactions;

ix. overseeing tenants;

x. providing the Company with Portfolio Management Services;

xi. engaging and supervising, on behalf of the Company and the Subsidiaries and at the Company's expense, independent contractors which provide construction consulting, real estate brokerage, investment banking, mortgage brokerage, securities brokerage, other real estate and financial services, due diligence services, underwriting review services, legal and accounting services, and all other services as may be required relating to Assets;

xii. advising the Company on, preparing, negotiating and entering into, on behalf of the Company, applications and agreements relating to governmental programs;

xiii. coordinating and managing operations of any co-investment interests or joint venture held by the Company and the Subsidiaries and conducting all matters with the co-investment partners or joint ventures;

xiv. arranging marketing materials, advertising, industry group activities (such as conference participations and industry organization memberships) and other promotional efforts designed to promote the Company's business;

xv. providing executive and administrative personnel, office space and office services required in rendering services to the Company and the Subsidiaries;

xvi. administering the day-to-day operations and performing and supervising the performance of such other administrative functions necessary to the management of the Company and the Subsidiaries as may be agreed upon by the Manager and the Board of Directors, including, without limitation, the collection of rents and interest payments, the payment of the debts and obligations of the Company and the Subsidiaries and maintenance of appropriate computer services to perform such administrative functions;

xvii. communicating on behalf of the Company and the Subsidiaries with the holders of any of their equity or debt securities and lenders as required to satisfy the reporting and other requirements of any governmental bodies or agencies or trading markets and to maintain effective relations with such holders and lenders;

xviii. counseling the Company in connection with policy decisions to be made by the Board of Directors;

xix. evaluating and recommending to the Board of Directors hedging strategies and engaging in hedging activities on behalf of the Company and the Subsidiaries, consistent with such strategies as so modified from time to time, and with the Company's qualification as a REIT;

xx. counseling the Company regarding its qualification and maintenance of its qualification as a REIT and monitoring compliance with the various REIT qualification tests and other rules set out in the Code and Treasury Regulations thereunder and using commercially reasonable efforts to cause the Company to qualify and maintain its qualification as a REIT;

xxi. counseling the Company and the Subsidiaries regarding the maintenance of their exemptions from the status of an investment company required to register under the Investment Company Act, monitoring compliance with the requirements for maintaining such exemptions and using commercially reasonable efforts to cause them to maintain such exemptions from such status;

xxii. furnishing reports and statistical and economic research to the Company and the Subsidiaries regarding their activities and services performed for the Company and the Subsidiaries by the Manager;

xxiii. monitoring the performance of the Assets and providing periodic reports with respect thereto to the Board of Directors, including comparative information with respect to such operating performance and budgeted or projected operating results;

xxiv. investing and reinvesting any moneys and securities of the Company and the Subsidiaries (including investing in short-term Assets pending the acquisition or origination of other Assets, payment of fees, costs and expenses, or payments of dividends or distributions to stockholders and partners of the Company and the Subsidiaries) and advising the Company and the Subsidiaries as to their capital structure and capital raising;

xxv. assisting the Company and the Subsidiaries in retaining qualified accountants and legal counsel, as applicable, to assist in developing appropriate accounting systems and procedures, internal controls and other compliance procedures and testing systems with respect to financial reporting obligations and compliance with the provisions of the Code applicable to REITs and to conduct quarterly compliance reviews with respect thereto;

xxvi. assisting the Company and the Subsidiaries to qualify to do business in all applicable jurisdictions and to obtain and maintain all appropriate licenses;

xxvii. assisting the Company and the Subsidiaries in complying with all regulatory requirements applicable to them in respect of their business activities, including preparing or causing to be prepared all financial statements required under applicable regulations and contractual undertakings and all reports and documents, if any, required under the Exchange Act, the Securities Act, or by stock exchange requirements;

xxviii. assisting the Company and the Subsidiaries in taking all necessary action to enable them to make required tax filings and reports, including soliciting stockholders for required information to the extent required by the provisions of the Code applicable to REITs;

xxix. handling and resolving all claims, disputes or controversies (including all litigation, arbitration, settlement or other proceedings or negotiations) on the Company's and/or the Subsidiaries' behalf in which the Company and/or the Subsidiaries may be involved or to

which they may be subject arising out of their day-to-day operations (other than with the Manager or its Affiliates), subject to such limitations or parameters as may be imposed from time to time by the Board of Directors;

xxx. using commercially reasonable efforts to cause expenses incurred by the Company and the Subsidiaries or on their behalf to be commercially reasonable or commercially customary and within any budgeted parameters or expense guidelines set by the Board of Directors from time to time;

xxxi. advising the Company and the Subsidiaries with respect to and structuring long term financing vehicles for the Assets, and offering and selling securities publicly or privately in connection with any such financing;

xxxii. serving as the Company's and the Subsidiaries' consultant with respect to decisions regarding any of their financings, hedging activities or borrowings undertaken by the Company and the Subsidiaries including (1) assisting the Company and the Subsidiaries in developing criteria for debt and equity financing that are specifically tailored to their investment objectives, and (2) advising the Company and the Subsidiaries with respect to obtaining appropriate financing for their investments;

xxxiii. performing such other services as may be required from time to time for management and other activities relating to the Assets and business of the Company and the Subsidiaries as the Board of Directors shall reasonably request or the Manager shall deem appropriate under the particular circumstances; and

xxxiv. using commercially reasonable efforts to cause the Company and the Subsidiaries to comply with all applicable laws.

Without limiting the foregoing, the Manager will perform portfolio management services (the "Portfolio Management Services") on behalf of the Company and the Subsidiaries with respect to the Assets. Such services will include, but not be limited to, consulting with the Company and the Subsidiaries on the underwriting, purchase, origination and sale of, and other opportunities in connection with, the Company's portfolio of Assets; the collection of information and the submission of reports pertaining to the Company's Assets, tenants, market conditions, interest rates and general economic conditions; periodic review and evaluation of the performance of the Company's portfolio of Assets; acting as liaison between the Company and the Subsidiaries and real estate brokerage, tenant, banking, mortgage banking, investment banking and other parties with respect to the purchase, origination, financing and disposition of Assets; and other customary functions related to portfolio management.

(d) For the period and on the terms and conditions set forth in this Agreement, the Company and each of the Subsidiaries hereby constitutes, appoints and authorizes the Manager as its true and lawful agent and attorney-in-fact, in its name, place and stead, to negotiate, execute, deliver and enter into such leases, purchase agreements, financing agreements, organizational documents, guaranties, joint venture agreements, brokerage agreements, hedging agreements, custodial agreements and such other agreements, instruments and authorizations on their behalf, on such terms and conditions as the Manager, acting in its sole and absolute discretion, deems necessary or appropriate. This power of attorney is deemed to be coupled with an interest.

(e) The Manager may enter into agreements with other parties, including its Affiliates, for the purpose of engaging one or more parties for and on behalf, and at the sole cost and expense, of the Company and the Subsidiaries to provide services to the Company and the Subsidiaries

(including, without limitation, Portfolio Management Services) pursuant to agreement(s) with terms which are then customary for agreements regarding the provision of services to companies that have assets similar in type, quality and value to the Assets of the Company and the Subsidiaries; *provided* that any such agreements entered into with Affiliates of the Manager shall be on terms no more favorable to such Affiliate than would be obtained from a third party on an arm's-length basis and shall be subject to approval by a majority of the Independent Directors. Except as otherwise agreed by the Company, the Manager shall remain personally liable for the performance of such services by its Affiliates.

(f) In addition, to the extent that the Manager deems necessary or advisable, the Manager may, from time to time, propose to retain one or more additional entities for the provision of sub-advisory services to the Manager in order to enable the Manager to provide the services to the Company and the Subsidiaries specified by this Agreement; *provided* that any such agreement (i) shall be on terms and conditions substantially identical to the terms and conditions of this Agreement or otherwise not adverse to the Company and the Subsidiaries, and (ii) shall be subject to approval by a majority of the Independent Directors of the Company.

(g) The Manager may retain, for and on behalf and at the sole cost and expense of the Company and the Subsidiaries, such services of accountants, legal counsel, appraisers, insurers, brokers, transfer agents, registrars, developers, investment banks, valuation firms, financial advisors, due diligence firms, underwriting review firms, construction consulting firms, banks and other lenders and others as the Manager deems necessary or advisable in connection with the management and operations of the Company and the Subsidiaries. Notwithstanding anything contained herein to the contrary, the Manager shall have the right to cause any such services to be rendered by its personnel or Affiliates. Except as otherwise provided herein, the Company and the Subsidiaries shall pay or reimburse the Manager or its Affiliates performing such services for the cost thereof; *provided* that, subject to Section 10 of this Agreement, such costs and reimbursements are no greater than those which would be payable to outside professionals or consultants engaged to perform such services pursuant to agreements negotiated on an arm's-length basis.

(h) The Manager may effect transactions by or through the agency of another Person through an arrangement under which that party or its Affiliates will from time to time provide to or procure for the Manager and/or its Affiliates goods, services or other benefits, the nature of which is such that provision can reasonably be expected to benefit the Company and the Subsidiaries as a whole and may contribute to an improvement in the performance of the Company and the Subsidiaries or the Manager or its Affiliates in providing services to the Company and the Subsidiaries on terms that no direct payment is made but instead the Manager and/or its Affiliates undertake to place business with that party.

(i) The Manager shall prepare, or cause to be prepared at the sole cost and expense of the Company and the Subsidiaries:

(i) regular reports for the Board of Directors to enable the Board of Directors to review the Company's and the Subsidiaries' investments, financing arrangements, performance, compliance with the Governing Instruments and compliance with other policies approved by the Board of Directors from time to time;

(ii) with respect to any Asset, such reports and other information as may be reasonably requested by the Company;

(iii) any materials required to be filed with any governmental body or agency; and

(iv) such reports and other materials including, without limitation, an annual audit of the Company's and the Subsidiaries' books of account by a nationally recognized registered independent public accounting firm.

(j) Notwithstanding anything contained in this Agreement to the contrary, except to the extent that the payment of additional moneys is proven by the Company to have been required as a direct result of the Manager's acts or omissions which result in the right of the Company and the Subsidiaries to terminate this Agreement pursuant to Section 16 of this Agreement, the Manager shall not be required to expend money ("Excess Funds") in connection with any expenses that are required to be paid for or reimbursed by the Company and the Subsidiaries pursuant to Section 10 in excess of that contained in any applicable Company Account (as herein defined) or otherwise made available by the Company and the Subsidiaries to be expended by the Manager hereunder. Failure of the Manager to expend Excess Funds out-of-pocket shall not give rise or be a contributing factor to the right of the Company and the Subsidiaries under Section 14(a) of this Agreement to terminate this Agreement due to the Manager's unsatisfactory performance.

(k) In performing its duties under this Section 2, the Manager shall be entitled to rely reasonably on qualified experts and professionals (including, without limitation, accountants, legal counsel and other service providers) hired by the Manager at the Company's and the Subsidiaries' sole cost and expense.

Section 3. Devotion of Time; Additional Activities.

(a) The Manager and its Affiliates will provide the Company and the Subsidiaries with a management team, including a chief executive officer, a chief financial officer, a chief compliance officer and other appropriate support personnel, to provide the management services hereunder. None of the Manager or its Affiliates shall be obligated to dedicate any of its officers or employees exclusively to the Company, nor is the Manager or any of its Affiliates or any of their respective personnel obligated to dedicate any specific portion of its or their time to the Company.

(b) The Manager acknowledges that the Company and iStar have entered into the Exclusivity and Expense Reimbursement Agreement. Except as set forth in the Exclusivity and Expense Reimbursement Agreement, nothing in this Agreement shall (i) prevent the Manager or any of its Affiliates, officers, directors, employees or personnel, from engaging in other businesses or from rendering services of any kind to any other Person, including, without limitation, investing in, or rendering advisory services to others investing in, any type of business (including, without limitation, acquisitions of assets that meet the principal objectives of the Company), whether or not the objectives or policies of any such other Person or entity are similar to those of the Company or (ii) in any way bind or restrict the Manager or any of its Affiliates, officers, directors, employees or personnel from buying, selling or trading any securities or assets for their own accounts or for the account of others for whom the Manager or any of its Affiliates, officers, directors, employees or personnel may be acting. When making decisions where a conflict of interest may arise, the Manager will use its reasonable best efforts to allocate acquisition and financing opportunities in a fair and equitable manner over time as between the Company and the Subsidiaries and the Manager's other clients, subject to the Exclusivity and Expense Reimbursement Agreement.

(c) Managers, partners, officers, employees, personnel and agents of the Manager or Affiliates of the Manager may serve as directors, officers, employees, personnel, agents, nominees or signatories for the Company and/or any Subsidiary, to the extent permitted by their Governing Instruments or by any resolutions duly adopted by the Board of Directors pursuant to the Company's Governing Instruments. When executing documents or otherwise acting in such capacities for the

Company or the Subsidiaries, such persons shall use their respective titles in the Company or the Subsidiaries.

Section 4. Agency. The Manager shall act as agent of the Company and the Subsidiaries in making, acquiring, originating, leasing, financing and disposing of Assets, disbursing and collecting the funds of the Company and the Subsidiaries, paying the debts and fulfilling the obligations of the Company and the Subsidiaries, supervising the performance of professionals engaged by or on behalf of the Company and the Subsidiaries and handling, prosecuting and settling any claims of or against the Company and the Subsidiaries, the Board of Directors, holders of the Company's securities or representatives or property of the Company and the Subsidiaries.

Section 5. Bank Accounts. At the direction of the Board of Directors, the Manager may establish and maintain one or more bank accounts in the name of the Company or any Subsidiary (any such account, a "Company Account"), and may collect and deposit funds into any such Company Account or Company Accounts, and disburse funds from any such Company Account or Company Accounts, under such terms and conditions as the Board of Directors may approve; and the Manager shall from time to time render appropriate accountings of such collections and payments to the Board of Directors and, upon request, to the auditors of the Company or any Subsidiary.

Section 6. Records; Confidentiality. The Manager shall maintain appropriate books of accounts and records relating to services performed under this Agreement, and such books of account and records shall be accessible for inspection by representatives of the Company or any Subsidiary at any time during normal business hours upon reasonable advance notice. The Manager shall keep confidential any and all information obtained in connection with the services rendered under this Agreement and shall not disclose any such information (or use the same except in furtherance of its duties under this Agreement) to unaffiliated third parties except (i) with the prior written consent of a majority of the Independent Directors; (ii) to legal counsel, accountants and other professional advisors; (iii) to appraisers, financing sources and others in the ordinary course of the Company's business; (iv) to governmental officials having jurisdiction over the Company or any Subsidiary; (v) in connection with any governmental or regulatory filings of the Company or any Subsidiary or disclosure or presentations to the Company's stockholders or prospective stockholders; (vi) as required by law or legal process to which the Manager or any Person to whom disclosure is permitted hereunder is a party; or (vii) to the extent such information is otherwise publicly available. The foregoing shall not apply to information which has previously become publicly available through the actions of a Person other than the Manager not resulting from the Manager's violation of this Section 6. Clauses (v) and (vi) of this Section 6 shall survive the expiration or earlier termination of this Agreement for a period of one year.

Section 7. Obligations of Manager; Restrictions.

(a) The Manager shall require each seller or transferor of assets or lessee or guarantor to the Company and the Subsidiaries to make such representations and warranties as may, in the judgment of the Manager, be customary, necessary and/or appropriate. In addition, the Manager shall take such other action as it deems necessary or appropriate with regard to the protection of the Assets.

(b) The Manager shall refrain from any action that, in its sole judgment made in good faith, (i) would adversely and materially affect the status of the Company as a REIT under the Code, (ii) would adversely and materially affect the Company's or any Subsidiary's status as an entity intended to be exempted or excluded from investment company status under the Investment Company Act or (iii) would violate any law, rule or regulation of any governmental body or agency having jurisdiction over the Company or any Subsidiary or that would otherwise not be permitted by the Company's Governing Instruments. If the Manager is ordered to take any such action by the Board of Directors, the

Manager shall promptly notify the Board of Directors of the Manager's judgment that such action would adversely and materially affect such status or violate any such law, rule or regulation or the Governing Instruments. Notwithstanding the foregoing, the Manager, its directors, members, officers, stockholders, managers, personnel, employees and any Person controlling or controlled by the Manager and any person providing sub-advisory services to the Manager shall not be liable to the Company or any Subsidiary, the Board of Directors, or the Company's or any Subsidiary's stockholders, members or partners, for any act or omission by the Manager, its directors, officers, stockholders, personnel or employees except as provided in Section 12 of this Agreement.

(c) The Board of Directors shall periodically review the Company's portfolio of Assets but will not review each proposed Asset, except as otherwise provided herein. If a majority of the Independent Directors determines in their periodic review of transactions that a particular transaction does not comply with the Company's investment criteria, then a majority of the Independent Directors will consider what corrective action, if any, can be taken. The Manager shall be permitted to rely upon the direction of the Secretary of the Company to evidence the approval of the Board of Directors or the Independent Directors with respect to a proposed acquisition.

(d) Neither the Company nor the Subsidiaries shall acquire any security issued by any entity managed by the Manager or any Affiliate thereof, or purchase or sell any Asset from or to any entity managed by the Manager or its Affiliates, unless (i) the transaction is approved in advance by a majority of the Independent Directors; and (ii) the transaction is made in accordance with applicable laws.

(e) In the event that the Company or any Subsidiary invests in, acquires or sells assets to any joint ventures with iStar or its Affiliates, or if the Company or any Subsidiary purchases assets from, sells assets to, arranges financing from, or provides financing to, iStar or any of its Affiliates, any such transactions shall require the approval of the Independent Directors.

(f) The Manager shall at all times during the term of this Agreement maintain "errors and omissions" insurance coverage and other insurance coverage which is customarily carried by asset and investment managers performing functions similar to those of the Manager under this Agreement with respect to assets similar to the assets of the Company and the Subsidiaries, in an amount which is comparable to that customarily maintained by other managers or servicers of similar assets.

Section 8. Compensation.

(a) During the Initial Term, the Company shall have no obligation to pay the Manager any Management Fee. Beginning with the quarter in which the first Renewal Term commences, the Company will pay the Manager the Management Fee, with such initial payment pro-rated based on the number of days during such quarter that this Agreement was in effect. The Management Fee shall be paid solely in a number of shares of Company Common Stock equal to the quotient obtained by dividing (1) the dollar amount of the Management Fee payable in respect of a quarter (or portion thereof) by (2) the greater of (x) the VWAP Amount and (y) $ [the IPO price per share].

(b) The Manager shall compute each installment of the Management Fee within 45 days after the end of the fiscal quarter with respect to which such installment is payable. A copy of the computations made by the Manager to calculate such installment shall thereafter, for informational purposes only and subject in any event to Section 14(a) of this Agreement, promptly be delivered to the Board of Directors. Delivery of the shares of Company Common Stock payable in respect of such installment of the Management Fee shall be due no later than five business days after the date of delivery of such computations to the Board of Directors.

Section 9. Restriction on Sale of Management Fee Shares. The Manager shall not, directly or indirectly, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase or otherwise dispose of any Management Fee Shares during the two year period from and including the date such Management Fee Shares were issued (the "Restricted Period"). Notwithstanding the foregoing, the Manager may transfer Management Fee Shares during the Restricted Period applicable to such Management Fee Shares as a distribution to the members of the Manager and to any affiliate of the Manager or iStar, provided that each such transferee agrees to be bound by the transfer restrictions set forth in this Section 9 for any period remaining in the Restricted Period applicable to the relevant Management Fee Shares, except that any Management Fee Shares held by iStar may be distributed by iStar to its stockholders during the applicable Restricted Period and such Management Fee Shares shall not be subject to the restrictions on transfer contained in this Section 9.

Section 10. Expenses of the Company. The Company shall pay all of its expenses and shall reimburse the Manager for documented expenses of the Manager incurred on its behalf (collectively, the "Expenses") except those expenses that are specifically the responsibility of the Manager as set forth herein. Expenses include all costs and expenses which are expressly designated elsewhere in this Agreement as the Company's, together with the following:

(i) expenses in connection with the transaction costs incident to the acquisition, origination, leasing, disposition and financing of Assets;

(ii) costs of legal, tax, accounting, consulting, auditing, administrative and other similar services rendered for the Company and the Subsidiaries by providers retained by the Manager;

(iii) the compensation and expenses of the Company's directors and the allocable share of the cost of directors' and officers' liability insurance;

(iv) costs associated with the establishment and maintenance of any of the Company's credit facilities, mortgage indebtedness or other indebtedness of the Company (including commitment fees, accounting fees, legal fees, closing and other similar costs) or any of the Company's or any Subsidiary's securities offerings (including the Initial Public Offering, exclusive of the fees iStar has agreed to pay pursuant to the Exclusivity and Expense Reimbursement Agreement);

(v) expenses connected with communications to lenders and holders of the Company's or any Subsidiary's securities and other bookkeeping and clerical work necessary in maintaining relations with lenders and holders of such securities and in complying with the continuous reporting and other requirements of governmental bodies or agencies, including, without limitation, all costs of preparing and filing required reports with the Securities and Exchange Commission, the costs payable by the Company to any transfer agent and registrar in connection with the listing and/or trading of the Company's stock on any exchange, the fees payable by the Company to any such exchange in connection with its listing, and the costs of preparing, printing and mailing the Company's annual report to its stockholders and proxy materials with respect to any meeting of the Company's stockholders;

(vi) costs associated with any computer software or hardware, electronic equipment or purchased information technology services from third-party vendors that is used for the Company and the Subsidiaries;

(vii) expenses incurred by managers, officers, personnel and agents of the Manager for travel on the Company's behalf and other out-of-pocket expenses incurred by managers, officers, personnel and agents of the Manager in connection with the purchase, origination, financing, refinancing, sale or other disposition of an Asset or establishment and maintenance of any of the Company's credit facilities, financing vehicles and borrowings under programs established by the U.S. government or any of the Company's or any of the Subsidiary's securities offerings (including the Initial Public Offering, subject to the Exclusivity and Expense Reimbursement Agreement);

(viii) costs and expenses incurred with respect to market information systems and publications, pricing and valuation services, research publications, and materials and settlement, clearing and custodial fees and expenses;

(ix) compensation and expenses of the Company's custodian and transfer agent, if any;

(x) the costs of maintaining compliance with all federal, state and local rules and regulations or any other regulatory agency;

(xi) all taxes and license fees;

(xii) all insurance costs incurred in connection with the operation of the Company's business;

(xiii) all other costs and expenses relating to the business operations of the Company and the Subsidiaries, including, without limitation, the costs and expenses of acquiring, owning, protecting, maintaining, developing and disposing of Assets, including appraisal, reporting, audit and legal fees;

(xiv) expenses relating to any office(s) or office facilities, including, but not limited to, disaster backup recovery sites and facilities, maintained for the Company and the Subsidiaries or Assets separate from the office or offices of the Manager;

(xv) expenses connected with the payments of interest, dividends or distributions in cash or any other form authorized or caused to be made by the Board of Directors to or on account of lenders or holders of the Company's or any Subsidiary's securities, including, without limitation, in connection with any dividend reinvestment plan;

(xvi) any judgment or settlement of pending or threatened proceedings (whether civil, criminal or otherwise), including any costs or expenses in connection therewith, against the Company or any Subsidiary, or against any trustee, director or officer of the Company or of any Subsidiary in

his capacity as such for which the Company or any Subsidiary is required to indemnify such trustee, director or officer by any court or governmental agency;

(xvii) all costs and expenses relating to the development and management of the Company's website;

(xviii) the allocable share of expenses under a universal insurance policy covering the Manager, iStar or its affiliates in connection with obtaining and maintaining "errors and omissions" insurance coverage and other insurance coverage which is customarily carried by property, asset and investment managers performing functions similar to those of our manager in an amount which is comparable to that customarily maintained by other managers or servicers of similar assets; and

(xix) all other expenses actually incurred by the Manager (except as described below) which are reasonably necessary for the performance by the Manager of its duties and functions under this Agreement.

The Company shall have no obligation to reimburse the Manager or its Affiliates for the salaries and other compensation of the Manager's investment professionals who provide services to the Company under this Agreement except that, beginning after the first anniversary of this Agreement, the Company shall reimburse the Manager or its Affiliates, as applicable, for the Company's allocable share of the compensation, including without limitation, annual base salary, bonus, any related withholding taxes and employee benefits, paid to corporate finance, tax, accounting, internal audit, legal, risk management, operations, compliance and other non-investment personnel of the Manager and its Affiliates who spend all or a portion of their time managing the Company's affairs. The Company's share of such costs shall be based upon the percentage of time devoted by such personnel of the Manager or its Affiliates to the Company's and the Subsidiaries' affairs. The Manager shall provide the Company with such written detail as the Company may reasonably request to support the determination of the Company's share of such costs.

In addition, the Company, at the option of the Manager, shall be required to pay the Company's *pro rata* portion of rent, telephone, utilities, office furniture, equipment, machinery and other office, internal and overhead expenses attributable to the personnel of the Manager and its Affiliates required for the operations of the Company and the Subsidiaries. These expenses will be allocated to the Company based upon the percentage of time devoted by such personnel of the Manager or its Affiliates to the Company's and the Subsidiaries' affairs as calculated at each fiscal quarter end. The Manager and the Company may modify this allocation methodology, subject to the approval of a majority of the Independent Directors'.

The Manager may, at its option, elect not to seek reimbursement for certain expenses during a given quarterly period, which determination shall not be deemed to construe a waiver of reimbursement for similar expenses in future periods.

The provisions of this Section 10 shall survive the expiration or earlier termination of this Agreement to the extent such expenses have previously been incurred or are incurred in connection with such expiration or termination.

Section 11. Calculations of Expenses. The Manager shall prepare a statement documenting the Expenses of the Company and the Subsidiaries and the Expenses incurred by the Manager on behalf of the Company and the Subsidiaries during each fiscal quarter, and shall deliver such statement to the

Company within 45 days after the end of each fiscal quarter. Expenses incurred by the Manager on behalf of the Company and the Subsidiaries, including expenses allocated to the Company pursuant to Section 10 above, shall be reimbursed by the Company to the Manager on the fifth business day immediately following the date of delivery of such statement; *provided*, *however*, that such reimbursements may be offset by the Manager against amounts due to the Company and the Subsidiaries. The provisions of this Section 11 shall survive the expiration or earlier termination of this Agreement.

Section 12. Limits of Manager Responsibility; Indemnification.

(a) The Manager assumes no responsibility under this Agreement other than to render the services called for under this Agreement and shall not be responsible for any action of the Board of Directors in following or declining to follow any advice or recommendations of the Manager, including as set forth in Section 7(b) of this Agreement. The Manager, its officers, stockholders, members, managers, directors, employees, consultants, personnel, any Person controlling or controlled by the Manager and any of such Person's officers, stockholders, members, managers, directors, employees, consultants and personnel, and any Person providing sub-advisory services to the Manager (each a "Manager Indemnified Party") will not be liable to the company or any Subsidiary, to the Board of Directors, or the Company's or any Subsidiary's stockholders, members or partners for any acts or omissions by any such Person (including, without limitation, trade errors that may result from ordinary negligence, such as errors in the investment decision making process or in the trade process), pursuant to or in accordance with this Agreement, except by reason of acts or omissions constituting bad faith, willful misconduct, gross negligence or reckless disregard of the Manager's duties under this Agreement, as determined by a final non-appealable order of a court of competent jurisdiction. The Company shall, to the full extent lawful, reimburse, indemnify and hold each Manager Indemnified Party harmless of and from any and all expenses, losses, damages, liabilities, demands, charges and claims of any nature whatsoever (including attorney's fees) in respect of or arising from any acts or omissions of such Manager Indemnified Party made in good faith in the performance of the Manager's duties under this Agreement and not constituting such Manager Indemnified Party's bad faith, willful misconduct, gross negligence or reckless disregard of the Manager's duties under this Agreement.

(b) The Manager shall, to the full extent lawful, reimburse, indemnify and hold the Company (or any Subsidiary), its stockholders, directors and officers and each other Person, if any, controlling the Company (each, a "Company Indemnified Party" and together with a Manager Indemnified Party, the "Indemnitee"), harmless of and from any and all expenses, losses, damages, liabilities, demands, charges and claims of any nature whatsoever (including attorneys' fees) in respect of or arising from the Manager's bad faith, willful misconduct, gross negligence or reckless disregard of its duties under this Agreement or any claims by the Manager's personnel relating to the terms and conditions of their employment by the Manager.

(c) The Indemnitee will promptly notify the party against whom indemnity is claimed (the "Indemnitor") of any claim for which it seeks indemnification; *provided, however*, that the failure to so notify the Indemnitor will not relieve the Indemnitor from any liability which it may have hereunder, except to the extent such failure actually prejudices the Indemnitor. The Indemnitor shall have the right to assume the defense and settlement of such claim; *provided*, that the Indemnitor notifies the Indemnitee of its election to assume such defense and settlement within 30 days after the Indemnitee gives the Indemnitor notice of the claim. In such case, the Indemnitee will not settle or compromise such claim, and the Indemnitor will not be liable for any such settlement made without its prior written consent. If the Indemnitor is entitled to, and does, assume such defense by delivering the aforementioned notice to the Indemnitee, the Indemnitee will (i) have the right to approve the Indemnitor's counsel (which approval will not be unreasonably withheld, delayed or conditioned), (ii) be obligated to cooperate in furnishing evidence and testimony and in any other manner in which the Indemnitor may reasonably request and (iii) be entitled to participate in (but not control) the defense of any such action, with its own counsel and at its own expense.

Section 13. No Joint Venture. Nothing in this Agreement shall be construed to make the Company and the Manager partners or joint venturers or impose any liability as such on either of them.

Section 14. Term; Termination.

(a) This Agreement shall be in effect until the one-year anniversary of the Effective Date (the "Initial Term"), and shall be automatically renewed for successive one-year terms on each annual anniversary of the Effective Date thereafter (a "Renewal Term"), unless this Agreement is terminated in accordance with its terms upon the affirmative vote of a majority of the Independent Directors; **provided, however**, that, notwithstanding anything in this Agreement to the contrary, no termination or non-renewal of this Agreement, for any reason or no reason, shall become effective unless and until the Company shall have caused iStar to be released and discharged from all liabilities and obligations under the CMBS Guaranty Agreements by all parties thereto, or the Company shall have caused an entity reasonably acceptable to iStar to agree to indemnify, defend and hold harmless iStar from and against any loss or liability arising under the CMBS Guaranty Agreements. iStar is made an express beneficiary of the foregoing obligations of the Company.

(b) The Company, by the affirmative vote of a majority of the Independent Directors, may elect not to renew this Agreement effective at the expiration of the Initial Term or any Renewal Term, by delivering to the Manager prior written notice (the "Termination Notice") of the non-renewal not less than 90 days prior to the expiration of the then existing term.

(c) No later than 90 days prior to the end of the Initial Term or any Renewal Term, the Manager may deliver written notice to the Company informing it of the Manager's election to terminate this Agreement, effective as of the end of such Initial Term or Renewal Term on the anniversary date of this Agreement next following the delivery of such notice.

(d) If this Agreement is terminated pursuant to Section 14, such termination shall be without any further liability or obligation of either party to the other, except as provided in Sections 6, 10, 11, and 17 of this Agreement. In addition, Sections 12 and 22 of this Agreement shall survive termination of this Agreement.

Section 15. Assignment.

(a) Except as set forth in Section 15(b) of this Agreement, this Agreement shall terminate automatically in the event of its assignment, in whole or in part, by the Manager, unless such assignment is consented to in writing by the Company with the approval of a majority of the Independent Directors. Any such permitted assignment shall bind the assignee under this Agreement in the same manner as the Manager is bound, and the Manager shall be liable to the Company for all errors or omissions of the assignee under any such assignment. In addition, the assignee shall execute and deliver to the Company a counterpart of this Agreement naming such assignee as Manager. This Agreement shall not be assigned by the Company without the prior written consent of the Manager, except in the case of assignment by the Company to another REIT or other organization which is a successor (by merger, consolidation, purchase of assets, or similar transaction) to the Company, in which case such successor organization shall be bound under this Agreement and by the terms of such assignment in the same manner as the Company is bound under this Agreement.

(b) Notwithstanding any provision of this Agreement, the Manager may subcontract and assign any or all of its responsibilities under Sections 2(c), 2(d) and 2(e) of this Agreement to any of its Affiliates in accordance with the terms of this Agreement applicable to any such subcontract or assignment, and the Company hereby consents to any such assignment and subcontracting. In addition, *provided* that the Manager provides prior written notice to the Company for informational purposes only, nothing contained in this Agreement shall preclude any pledge, hypothecation or other transfer of any amounts payable to the Manager under this Agreement. In addition, the Manager may assign this Agreement to any of its Affiliates without the approval of the Independent Directors, provided that, such assignment does not require the Company's approval under applicable law.

Section 16. Termination for Cause.

(a) The Company may terminate this Agreement effective upon 30 days' prior written notice of termination from the Board of Directors of the Company to the Manager, if (i) the Manager, its agents or its assignees materially breaches any provision of this Agreement and such breach shall continue for a period of 30 days after written notice thereof specifying such breach and requesting that the same be remedied in such 30-day period (or 60 days after written notice of such breach if the Manager takes steps to cure such breach within 30 days of the written notice), (ii) the Manager engages in any act of fraud, misappropriation of funds, or embezzlement against the Company or any Subsidiary, (iii) there is an event of any bad faith, willful misconduct, gross negligence or reckless disregard on the part of the Manager in the performance of its duties under this Agreement, (iv) there is a commencement of any proceeding relating to the Manager's Bankruptcy or insolvency, including an order for relief in an involuntary bankruptcy case or the Manager authorizing or filing a voluntary bankruptcy petition, (v) the Manager is convicted (including a plea of *nolo contendere*) of a felony, or (vi) there is a dissolution of the Manager.

(b) The Manager may terminate this Agreement effective upon 60 days' prior written notice of termination to the Company in the event that the Company shall default in the performance or observance of any material term, condition or covenant contained in this Agreement and such default shall continue for a period of 30 days after written notice thereof specifying such default and requesting that the same be remedied in such 30-day period (or 60 days after written notice of such breach if the Company takes steps to cure such breach within 30 days of the written notice).

(c) The Manager may terminate this Agreement in the event the Company becomes regulated as an "investment company" under the Investment Company Act, with such termination deemed to have occurred immediately prior to such event.

Section 17. Action Upon Termination. From and after the effective date of termination of this Agreement, pursuant to Sections 14 or 16 of this Agreement, the Manager shall not be entitled to compensation for further services under this Agreement, but shall be paid all compensation accruing to the date of termination. Upon such termination, the Manager shall promptly:

(i) after deducting any accrued compensation and reimbursement for its expenses to which it is then entitled, pay over to the Company or a Subsidiary all money collected and held for the account of the Company or a Subsidiary pursuant to this Agreement;

(ii) deliver to the Board of Directors a full accounting, including a statement showing all payments collected by it and a statement of all money held by it, covering the period following the date of the last accounting

furnished to the Board of Directors with respect to the Company or a Subsidiary; and

(iii) deliver to the Board of Directors all property and documents of the Company or any Subsidiary then in the custody or control of the Manager, all of which are and shall be the Company's property.

Section 18. Release of Money or Other Property Upon Written Request. The Manager agrees that any money or other property of the Company or any Subsidiary held by the Manager under this Agreement shall be held by the Manager as custodian for the Company or such Subsidiary, and the Manager's records shall be appropriately and clearly marked to reflect the ownership of such money or other property by the Company or such Subsidiary. Upon the receipt by the Manager of a written request signed by a duly authorized officer of the Company requesting the Manager to release to the Company or any Subsidiary any money or other property then held by the Manager for the account of the Company or any Subsidiary under this Agreement, the Manager shall release such money or other property to the Company or any Subsidiary within a reasonable period of time, but in no event later than 30 days following such request. The Manager shall not be liable to the Company, any Subsidiary, the Independent Directors, or the Company's or a Subsidiary's stockholders or partners for any acts performed or omissions to act by the Company or any Subsidiary in connection with the money or other property released to the Company or any Subsidiary in accordance with the second sentence of this Section 18. The Company and any Subsidiary shall indemnify the Manager and its officers, directors, personnel and managers against any and all expenses, losses, damages, liabilities, demands, charges and claims of any nature whatsoever, which arise in connection with the Manager's release of such money or other property to the Company or any Subsidiary in accordance with the terms of this Section 18. Indemnification pursuant to this provision shall be in addition to any right of the Manager to indemnification under Section 12 of this Agreement.

Section 19. Notices. Unless expressly provided otherwise in this Agreement, all notices, requests, demands and other communications required or permitted under this Agreement shall be in writing and shall be deemed to have been duly given, made and received when delivered against receipt or upon actual receipt of (i) personal delivery, (ii) delivery by reputable overnight courier, (iii) delivery by facsimile transmission with telephonic confirmation or (iv) delivery by registered or certified mail, postage prepaid, return receipt requested, addressed as set forth below:

(a) If to the Company or the Operating Partnership:

Safety, Income and Growth, Inc.
1114 Avenue of the Americas
New York, New York 10036
Attention:
Facsimile:

(b) If to the Manager:

SFTY Manager LLC
1114 Avenue of the Americas
New York, New York 10036
Attention:
Facsimile:

Either party may alter the address to which communications or copies are to be sent by giving notice of such change of address in conformity with the provisions of this Section 19 for the giving of notice.

Section 20. Binding Nature of Agreement; Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, personal representatives, successors and permitted assigns as provided in this Agreement.

Section 21. Entire Agreement. This Agreement contains the entire agreement and understanding among the parties hereto with respect to the subject matter of this Agreement, and supersedes all prior and contemporaneous agreements, understandings, inducements and conditions, express or implied, oral or written, of any nature whatsoever with respect to the subject matter of this Agreement and, except for the rights of iStar under Section 14(a) and this Section 22 is not intended to and shall not confer upon any person other than the parties any rights or remedies hereunder. The express terms of this Agreement control and supersede any course of performance and/or usage of the trade inconsistent with any of the terms of this Agreement. This Agreement may not be modified or amended other than by an agreement in writing signed by the Company, the Operating Partnership and the Manager; provided, however, that no modification or amendment to this Agreement that would affect iStar's rights hereunder may be made other than by an agreement in writing signed by iStar and all the other parties hereto.

Section 22. GOVERNING LAW. THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES UNDER THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO CONFLICTS OF LAW PRINCIPLES TO THE CONTRARY.

Section 23. No Waiver; Cumulative Remedies. No failure to exercise and no delay in exercising, on the part of any party hereto, any right, remedy, power or privilege hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law. No waiver of any provision hereunder shall be effective unless it is in writing and is signed by the party asserted to have granted such waiver.

Section 24. Headings. The headings of the sections of this Agreement have been inserted for convenience of reference only and shall not be deemed part of this Agreement.

Section 25. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original as against any party whose signature appears thereon, and all of which shall together constitute one and the same instrument. This Agreement shall become binding when one or more counterparts of this Agreement, individually or taken together, shall bear the signatures of all of the parties reflected hereon as the signatories.

Section 26. Severability. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Section 27. Gender. Words used herein regardless of the number and gender specifically used, shall be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine or neuter, as the context requires.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

SAFETY, INCOME AND GROWTH, INC.

By: ______________________________
Name: Jay Sugarman
Title: Chief Executive Officer and President

SAFETY INCOME AND GROWTH
OPERATING PARTNERSHIP LP

By: ______________________________
Name: Jay Sugarman
Title: Authorized Person

SFTY MANAGER LLC

By: ______________________________
Name: Geoffrey G. Jervis
Title: Chief Operating Officer and
Chief Financial Officer

iSTAR INC.
(Solely with respect to its rights under
Sections 14(a) and 21)

By: ______________________________
Name:
Title:

FORM OF EXCLUSIVITY AND EXPENSE REIMBURSEMENT AGREEMENT

This EXCLUSIVITY AND EXPENSE REIMBURSEMENT AGREEMENT (this "Agreement") is entered into as of , 2017 by and between iStar Inc., a Maryland corporation ("iStar"), and Safety, Income and Growth, Inc., a Maryland corporation ("Safety"). Capitalized terms used but not otherwise defined herein shall have the meanings set forth in this agreement.

RECITALS

WHEREAS, in connection with Safety's initial underwritten public offering (the "IPO") of common stock, $0.01 par value per share (the "Safety Common Stock"), iStar has contributed a portfolio of assets to Safety and a subsidiary of iStar will enter into a Management Agreement (the "Management Agreement") with Safety, effective as of the closing date of the IPO, pursuant to which the iStar subsidiary will act as Safety's external manager; and

WHEREAS, as described in the final prospectus used in connection with the IPO (the "Final Prospectus"), iStar has agreed to provide certain exclusivity commitments to Safety and to pay, on behalf of Safety, the underwriting discounts and commissions and other offering expenses of Safety related to the IPO and the concurrent private placement of Safety Common Stock to iStar, all as more fully described in the Final Prospectus (the "Concurrent Private Placements").

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are acknowledged by each signatory hereto, it is agreed as follows:

1. Exclusivity. (a) Between the date of the Final Prospectus and the expiration or earlier termination of the Management Agreement (the "Restricted Period"), iStar will not, and will cause each of its Affiliates not to, acquire, originate, invest in or provide debt or equity financing for a third party's acquisition of, a Ground Net Lease (a "GNL Opportunity") unless (i) iStar has notified Safety of the GNL Opportunity by delivering a written notice (which may be by email) containing a description of the GNL Opportunity and the terms of the GNL Opportunity of which iStar is aware, to the chair of the nominating and corporate governance committee (or any successor committee performing one or more of the functions of such committee) of Safety's board of directors and Safety has affirmatively rejected in writing (which may be by email) the GNL Opportunity or has failed to notify iStar in writing (which may be by email) within 10 Business Days after receipt of iStar's notice that Safety intends to pursue the GNL Opportunity; (ii) the GNL Opportunity involves an Incidental GNL Interest; or (iii) the GNL Opportunity is the manufacture or other creation of a GNL by iStar Net Lease I LLC and its subsidiaries (the "Net Lease Venture") from a property that has been owned by the Net Lease Venture for at least three years after the closing date of the IPO.

(b) During the Restricted Period, if a potential investment opportunity could be structured as either a Ground Net Lease or a financing within iStar's investment focus, the potential transaction would meet the investment objectives of both iStar and Safety (including

economic, diversification, geographic, maturity date, tenant and other investment objectives) and both iStar and Safety have the available capital to consummate the potential transaction, iStar will present alternative proposals for both a Ground Net Lease and a financing transaction to the potential customer for its consideration.

(c) For purpose of Section 1(a), the following terms shall have the following meanings:

"*Affiliate*" means, with respect to a person, any person controlling, controlled by or under common control with, the first person. The term "control" shall mean the power to direct the management and policies of a person, whether through the ownership of voting securities, by contract or otherwise. For the purposes of this Agreement, Safety and its consolidated subsidiaries shall be deemed not to be Affiliates of iStar and its consolidated subsidiaries.

"*Business Day*" means a day in which commercial banks in New York, New York are open for business and is not a Saturday or Sunday.

"*Ground Net Lease*" means a real property consisting of a ground net lease of the land underlying a commercial real estate project that is net leased, on a triple net lease basis, by the fee owner of the land to a tenant that separately owns or will own the buildings and improvements either built or to be built thereon.

"*Incidental GNL Interest*" means an opportunity to acquire or invest in, or lend to, an entity or portfolio of assets where not more than 20% of the value of the entity's or portfolio's assets, as reasonably determined by iStar, consists of GNLs, or an opportunity to provide debt, preferred equity or equity financing for a third party's acquisition of an entity or portfolio of assets where not more than 20% of the value of the entity's or portfolio's assets, as reasonably determined by iStar, consists of GNLs.

(d) The parties recognize that the legal requirements and public policies of the various states of the United States or other applicable jurisdictions may differ as to the validity and enforceability of covenants similar to those set forth in Section 1(a) of this Agreement. It is the intention of the parties that the provisions of this Agreement be enforced to the fullest extent permissible under the legal requirements and public policies of each jurisdiction in which enforcement may be sought, and that the unenforceability (or the modification to conform to such requirements or policies) of any provisions of this Agreement shall not render unenforceable, or impair, the remainder of the provisions of this Agreement. Accordingly, if any provision of this Agreement shall be determined to be invalid or unenforceable, such invalidity or unenforceability shall be deemed to apply only with respect to the operation of such provision in the particular jurisdiction in which such determination is made and not with respect to any other provision or jurisdiction.

2. Expense Reimbursement. On the closing date of the IPO, and on each subsequent closing date of the sale of Safety Common Stock to the IPO underwriters pursuant to the underwriters' exercise of their option to purchase additional Safety Common Stock (each, a

"Subsequent Purchase"), iStar agrees to pay Safety, by wire transfer of immediately available funds, the aggregate amount of underwriting discounts and commissions paid or payable to the underwriters in connection with the closing of the IPO and such Subsequent Purchase. In addition, iStar agrees to reimburse Safety for its reasonably-documented, out-of-pocket expenses incurred in connection with the IPO, each Subsequent Purchase and the Concurrent Private Placements, within 30 days after the incurrence of such expenses. iStar's obligation to pay amounts to Safety under this Section 2 is limited to $25.0 million in the aggregate. All amounts in excess of $25.0 million shall be borne by Safety.

3. Notices. Except as otherwise expressly provided herein, all notices, requests, demands, claims and other communications required or permitted hereunder will be in writing and will be sent by personal delivery or nationally recognized overnight courier. Any notice, request, demand, claim, or other communication required or permitted hereunder will be deemed duly given, as applicable, (a) upon personal delivery or (b) one Business Day following the date sent when sent by a reputable overnight courier service, addressed as follows:

If to iStar, to:

1114 Avenue of the Americas
39th Floor
New York, New York 10036
Attention: General Counsel

If to Safety, to:

1114 Avenue of the Americas
39th Floor
New York, New York 10036
Attention: Chair, Nominating and
Corporate Governance Committee

Any party may change the address to which notices, requests, demands, claims, and other communications required or permitted hereunder are to be delivered by providing to the other parties written notice in the manner herein set forth.

4. Entire Agreement. The agreement of the parties that is comprised of this Agreement sets forth the entire agreement and understanding between the parties hereto with respect to the subject matter hereof and supersedes any and all prior agreements, understandings, negotiations and communications, whether oral or written, relating to the subject matter of this Agreement.

5. Amendments. This Agreement may be amended or modified, but only by an instrument in writing executed by each of the parties hereto.

6. No Third Party Beneficiaries. This Agreement will be binding upon and inure solely to the benefit of the parties hereto, and nothing in this Agreement, express or implied, is

intended to or will be construed to or will confer upon any other Person any right, claim, cause of action, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

7. Assignments. This Agreement will be binding upon and inure to the benefit of and be enforceable by the successors and permissible assigns of the parties hereto. Neither this Agreement nor any rights and obligations hereunder may be assigned, hypothecated or otherwise transferred by any party hereto (by operation of law or otherwise) without the prior written agreement of the other party.

8. Governing Law. This Agreement, and all claims arising in whole or in part out of, related to, based upon, or in connection herewith or the subject matter hereof will be governed by and construed in accordance with the laws of the State of New York, without giving effect to any choice or conflict of law provision or rule that would cause the application of the laws of any other jurisdiction.

9. Jurisdiction. Each party to this Agreement, by its execution hereof, hereby (a) irrevocably submits to the exclusive jurisdiction of the state courts of the State of New York, located in New York City, or in the United States District Court for the Southern District of New York, for the purpose of any and all actions, suits or proceedings arising in whole or in part out of, related to, based upon or in connection with this Agreement or the subject matter hereof, (b) waives to the extent not prohibited by applicable law, and agrees not to assert, by way of motion, as a defense or otherwise, in any such action, suit, or proceeding, any claim that it is not subject personally to the jurisdiction of the above-named courts, that its property is exempt or immune from attachment or execution, that any such action brought in one of the above-named courts should be dismissed on grounds of *forum non conveniens*, should be transferred to any court other than one of the above-named courts, or should be stayed by reason of the pendency of some other proceeding in any other court other than one of the above-named courts, or that this Agreement or the subject matter hereof may not be enforced in or by such court and (c) agrees not to commence any such action, suit or proceeding other than before one of the above-named courts nor to make any motion or take any other action seeking or intending to cause the transfer or removal of any such action to any court other than one of the above-named courts whether on the grounds of inconvenient forum or otherwise. Each party hereby (x) consents to service of process in any such action in any manner permitted by the laws of the State of New York; (y) agrees that service of process made in accordance with clause (x) or made pursuant to Section 3, will constitute good and valid service of process in any such action; and (z) waives and agrees not to assert (by way of motion, as a defense, or otherwise) in any such action any claim that service of process made in accordance with clause (x) or clause (y) does not constitute good and valid service of process.

10. Waiver of Jury Trial. TO THE EXTENT NOT PROHIBITED BY APPLICABLE LEGAL REQUIREMENTS WHICH CANNOT BE WAIVED, EACH OF THE PARTIES HERETO HEREBY WAIVES AND COVENANTS THAT IT SHALL NOT ASSERT (WHETHER AS PLAINTIFF, DEFENDANT OR OTHERWISE) ANY RIGHT TO TRIAL BY JURY IN ANY FORUM IN RESPECT OF ANY ISSUE, ACTION, CLAIM, CAUSE OF

ACTION, SUIT (IN CONTRACT, TORT OR OTHERWISE), INQUIRY, PROCEEDING OR INVESTIGATION ARISING OUT OF OR BASED UPON THIS AGREEMENT OR THE SUBJECT MATTER HEREOF, IN EACH CASE WHETHER NOW

EXISTING OR HEREAFTER ARISING. ANY PARTY HERETO MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION 10 WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF EACH SUCH PARTY TO THE WAIVER OF ITS RIGHT TO TRIAL BY JURY.

11. Specific Performance. Each of the parties acknowledges and agrees that the other parties would be damaged immediately, extensively and irreparably and no adequate remedy at law would exist in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached or violated. Accordingly, in addition to, and not in limitation of, any other remedy available to any party, the parties agrees that, without posting bond or similar undertaking, each of the other parties shall be entitled to an injunction or injunctions to prevent breaches or violations of the provisions of this Agreement and to the remedy of specific performance of this Agreement and the terms and provisions hereof in any action instituted in any court having jurisdiction over the parties and the matter in addition to any other remedy to which such party may be entitled, at law or in equity. Such remedies, and any and all other remedies provided for in this Agreement, will, however, be cumulative in nature and not exclusive and will be in addition to any other remedies to which such party may be entitled. Each of the parties hereby acknowledges and agrees that it may be difficult to prove damages with reasonable certainty, that it may be difficult to procure suitable substitute performance, and that injunctive relief and/or specific performance will not cause an undue hardship to any party. Each party further agrees that, in the event of any action for specific performance in respect of any breach or violation, or threatened breach or violation, of this Agreement, it shall not assert the defense that a remedy at law would be adequate or that specific performance or injunctive relief in respect of such breach or violation should not be available on any other grounds.

12. No Waiver. No failure or delay on the part of any party hereto in the exercise of any right hereunder will impair such right or be construed to be a waiver of, or acquiescence in, any breach of any representation, warranty, covenant or agreement herein, nor will any single or partial exercise of any such right preclude any other or further exercise thereof or of any other right. No waiver of any provision of this Agreement shall be deemed or shall constitute a waiver of any other provision hereof (whether or not similar), or shall constitute a continuing waiver unless otherwise expressly provided. No waiver of any right or remedy hereunder shall be valid unless the same shall be in writing and signed by the party against whom such waiver is intended to be effective.

13. Construction. The parties have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the parties and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Agreement.

14. Counterparts. This Agreement may be executed in any number of counterparts, and by the different parties hereto in separate counterparts, each of which will be deemed an original for all purposes and all of which together will constitute one and the same instrument. This Agreement may be executed by facsimile or PDF signature by any party and such signature

will be deemed binding for all purposes hereof without delivery of an original signature being thereafter required.

[*Remainder of Page Intentionally Left Blank*]

IN WITNESS WHEREOF, the parties have duly executed this Exclusivity and Expense Reimbursement Agreement as of the date first written above.

iSTAR INC.

By: ______________________________
Name:
Title:

SAFETY, INCOME AND GROWTH, INC.

By: ______________________________
Name:
Title:

[Signature Page to Exclusivity Expense Reimbursement Agreement]

Exhibit 10.7

Dated as of [·], 2017

SAFETY, INCOME AND GROWTH, INC.,

and

ISTAR INC.

FORM OF REGISTRATION RIGHTS AGREEMENT

TABLE OF CONTENTS

This REGISTRATION RIGHTS AGREEMENT (as the same may be amended, modified or supplemented from time to time, this "**Agreement**"), dated as of [·], 2017, is made and entered into by and among SAFETY, INCOME AND GROWTH, INC., a Maryland corporation (the "**Company**"), and ISTAR INC., a Maryland corporation (together with any of its subsidiaries that owns Registrable Shares from time to time, the "**Holder**").

WHEREAS, on April 14, 2017, the Holder purchased 2,775,000 shares (the "**Subscription Shares**") of the Company's common stock, par value $0.01 per share (the "**Common Stock**"), from the Company on the terms and conditions set forth in that certain Subscription Agreement, dated as of April 14, 2017 (the "**Subscription Agreement**"), relating to the Subscription Shares;

WHEREAS, contemporaneously with its entry into this Agreement, the Holder is purchasing [·] shares (the "**Private Placement Shares**" and together with the Subscription Shares, the "**Purchased Shares**") of the Company's Common Stock from the Company, on the terms and conditions set forth in that certain Private Placement Purchase Agreement, of even date herewith, relating to the Private Placement Shares (the "**Private Placement Purchase Agreement**"), and is entering into an Agreement Regarding Waiver of Ownership Limit with the Company relating to the Holder's ownership of Common Stock from time to time (the "**Ownership Waiver**" and together with the Subscription Agreement and the Private Placement Purchase Agreement, the "**Related Documents**");

WHEREAS, the Company desires to enter into this Agreement with the Holder in order to grant the Holder the registration rights contained herein.

NOW, THEREFORE, in consideration of the mutual representations, warranties, covenants and agreements contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company and the Holder hereby agree as follows:

ARTICLE 1

DEFINED TERMS

Section 1.1 **Defined Terms**. The following definitions shall be for all purposes, unless otherwise clearly indicated to the contrary, applied to the terms used in this Agreement.

"**Automatic Shelf Registration Statement**" means an "Automatic Shelf Registration Statement," as defined in Rule 405 under the Securities Act.

"**Business Day**" means any day except a Saturday, Sunday or other day on which commercial banks in New York, New York are authorized or required by law to be closed.

"**Commission**" means the U.S. Securities and Exchange Commission.

"**Exchange Act**" means the U.S. Securities Exchange Act of 1934, as amended from time to time (or any corresponding provision of succeeding law), and the rules and regulations thereunder.

"**IPO**" means the Company's initial underwritten public offering of its Common Stock.

"**IPO Closing Date**" means the closing date of the IPO.

"**Management Agreement**" means the Management Agreement, dated the date hereof, among the Company, the Manager and the Holder.

"**Manager**" means SFTY Manager LLC, a Delaware limited liability company.

"**Person**" means any individual, partnership, corporation, limited liability company, joint venture, association, trust, unincorporated organization or other governmental or legal entity.

"**Prospectus**" means any prospectus or prospectuses included in, or relating to, any Registration Statement (including without limitation, any prospectus subject to completion and a prospectus that includes any information previously omitted from a prospectus filed as part of an effective registration statement in reliance upon Rule 430A promulgated under the Securities Act and any term sheet filed pursuant to Rule 434 under the Securities Act), as amended or supplemented by any prospectus supplement with respect to the terms of the offering of any portion of the Registrable Shares covered by such Registration Statement and by all other amendments and supplements to the prospectus, including post-effective amendments and all material incorporated by reference or deemed to be incorporated by reference in such prospectus or prospectuses.

"**Registrable Shares**" with respect to the Holder, means at any time (i) the Holder's Purchased Shares, (ii) shares of Common Stock issued to the Manager under the Management Agreement from time to time, and (iii) any other shares of Common Stock or other equity securities acquired by the Holder or any of its subsidiaries from the Company or an affiliate of the Company from time to time not in excess of any restriction or limit on such ownership as set forth in any of the Related Documents, including, in each case, any additional shares of Common Stock or other equity securities issued as a dividend or distribution on, in exchange for, or otherwise in respect of, shares of Common Stock or other equity securities that otherwise constitute Registrable Shares with respect to the Holder (including as a result of combinations, recapitalizations, mergers, consolidations, reorganizations or similar event or otherwise); **provided**, **however**, **that** Registrable Shares shall cease to be Registrable Shares with respect to the Holder upon the earliest to occur of (A) when such Registrable Shares shall have been disposed of pursuant to an effective Registration Statement under the Securities Act, (B) when all of the Holder's Registrable Shares may be sold without restriction pursuant to Rule 144(b) under the Securities Act or any replacement rule or (C) when the Holder's Registrable Shares shall have ceased to be outstanding.

"**Registration Expenses**" means any and all fees and expenses incident to the performance of or compliance with this Agreement, which shall be borne and paid by the Company as provided below, whether or not any Registration Statement is filed or becomes effective, including, without limitation: (i) all registration, qualification and filing fees (including fees and expenses with respect to (A) filings required to be made with the Commission and the U.S.

Financial Industry Regulatory Authority and (B) compliance with securities or "blue sky" laws), (ii) typesetting and printing expenses, (iii) internal expenses of the Company (including,

without limitation, all salaries and expenses of its officers and employees performing legal or accounting duties), (iv) the fees and expenses incurred in connection with the listing of the Registrable Shares, (v) the fees and disbursements of legal counsel for the Company and customary fees and expenses for independent certified public accountants retained by the Company, and any transfer agent and registrar fees and (vi) the reasonable fees and expenses of any special experts retained by the Company; **provided**, **however**, **that** "Registration Expenses" shall not include, and the Company shall not have any obligation to pay, any underwriting fees, discounts, commissions, or taxes (including transfer taxes) attributable to the sale of securities by the Holder, or any legal fees and expenses of counsel to the Holder and any underwriter engaged by the Holder or any other expenses incurred in connection with the performance by the Holder of its obligations under the terms of this Agreement.

"**Registration Statement**" means any registration statement of the Company filed with the Commission under the Securities Act which permits the public offering of any of the Registrable Shares pursuant to the provisions of this Agreement, including any Prospectus, amendments and supplements to such Registration Statement, including post-effective amendments, all exhibits and all materials incorporated by reference or deemed to be incorporated by reference in such Registration Statement.

"**Securities Act**" means the U.S. Securities Act of 1933, as amended from time to time (or any corresponding provision of succeeding law), and the rules and regulations thereunder.

Section 1.2 **Table of Defined Terms**. Terms that are not defined in Section 1.1 have the respective meanings set forth in the following Sections:

Defined Term	Section No.
Agreement	Preamble
Common Stock	Recitals
Company	Preamble
Company Offering	Section 3.2(b)
Controlling Person	Section 4.1
Demand Registration	Section 2.2(a)(i)
Demand Request	Section 2.2(a)(i)
Holder	Preamble
Liabilities	Section 4.1(a)
Offering Blackout Period	Section 3.2(b)
Ownership Waiver	Recitals
Private Placement Purchase Agreement	Recitals
Purchased Shares	Recitals
Related Documents	Recitals
Required Filing Date	Section 2.2(a)(ii)
Suspension Event	Section 3.1(b)

ARTICLE 2

REGISTRATION RIGHTS

Section 2.1 **Shelf Registration**. The Company agrees to file, as promptly as practicable on or after the date that is 12 months after the IPO Closing Date, with the Commission a Registration Statement on an appropriate form (which shall be, if the Company is then eligible, an Automatic Shelf Registration Statement) providing for the registration of, and the sale by the Holder of, all of the Registrable Shares held by the Holder at the time of such filing on a continuous or delayed basis by the Holder, from time to time in accordance with the methods of distribution elected by the Holder, pursuant to Rule 415 under the Securities Act or any similar rule that may be adopted by the Commission. The Company will use its reasonable best efforts to cause the Registration Statement to be declared effective by the Commission as soon as practicable after the filing thereof. To the extent that the Company has an effective shelf registration statement on file and it is effective with the Commission at the time the Company is going to file a Registration Statement hereunder, the Company may (but will not be required to) instead file a prospectus or post-effective amendment, as applicable, to include in such shelf registration statement the Registrable Shares to be registered pursuant to this Agreement (in such a case, such prospectus or post-effective amendment together with the previously filed shelf registration statement will be considered the Registration Statement).

Section 2.2 **Demand Registrations**.

(a) **Request for Registration**.

(i) From and after the date that is 12 months after the IPO Closing Date, the Holder shall have the right to require the Company to file a Registration Statement under the Securities Act for a public offering of all or part of the Registrable Shares (a "**Demand Registration**") by delivering to the Company written notice stating that such right is being exercised by the Holder, specifying the number of Registrable Shares to be included in such registration and, subject to Section 2.2(b) hereof, describing the intended method of distribution thereof (a "**Demand Request**"). The Holder may exercise its rights under this Section 2.2 in the Holder's sole discretion.

(ii) Each Demand Request shall specify the aggregate number of Registrable Shares proposed to be sold. Subject to Section 3.1, the Company shall file the Registration Statement in respect of a Demand Registration within 45 days after receiving a Demand Request (the

"**Required Filing Date**") and shall use reasonable best efforts to cause the same to be declared effective by the Commission as promptly as practicable after such filing; provided, however, that:

(A) the Company shall not be obligated to cause a Registration Statement with respect to a Demand Registration to be declared effective pursuant to Section 2.2(a)(ii) unless the Demand Request is for a number of Registrable Shares with a market value that is equal to at least $10 million as of the date of such Demand Request; provided, however, that this Section 2.2(a)(ii)(A) shall not apply if the applicable Demand Request is for all of the Registrable Shares held by the Holder as of the date of such Demand Request; and

(B) the Holder shall have the right to withdraw a Demand Request at any time prior to the relevant Registration Statement being declared effective by the Commission in which event the Company shall not be obligated to cause a Registration Statement with respect to a Demand Registration to be declared effective pursuant to Section 2.2(a)(ii).

(b) **Priority on Demand Registrations**. The Company shall include in a Demand Registration only the Registrable Shares requested by the Holder to be included therein.

(c) **Selection of Underwriters**. The holder may (i) request that the offering of Registrable Shares pursuant to a Demand Registration be in the form of a "firm commitment" underwritten offering and (ii) select the investment banking firm or firms to manage the underwritten offering.

Section 2.3 **Effectiveness**. The Company shall use its reasonable best efforts to keep each Registration Statement continuously effective (or in the event a Registration Statement expires pursuant to Rule 415(a)(5) under the Securities Act, file a replacement Registration Statement and keep such replacement Registration Statement effective) for the period beginning on the date on which the Registration Statement is declared or becomes effective and ending on the date that no Registrable Shares registered thereunder remain as Registrable Shares.

Section 2.4 **Notification and Distribution of Materials**. The Company shall notify the Holder of the effectiveness of any Registration Statement applicable to the Registrable Shares and shall furnish to the Holder such number of copies of such Registration Statement (including any amendments, supplements and exhibits), the Prospectus contained therein (including each preliminary prospectus and all related amendments and supplements, if any) and any documents incorporated by reference in such Registration Statement or such other documents as the Holder may reasonably request in order to facilitate the sale of the Registrable Shares in the manner described in such Registration Statement.

Section 2.5 **Amendments and Supplements**. During the period that a Registration Statement is effective, the Company shall prepare and file with the Commission from time to time such amendments and supplements to such Registration Statement and Prospectus used in connection therewith as may be necessary to keep such Registration Statement (or a successor Registration Statement filed with respect to such Registrable Shares) effective and to comply with the provisions of the Securities Act with respect to the disposition of the Registrable Shares covered thereby. The Company shall file, as promptly as practicable (and within fifteen (15) Business Days), any supplement or post-effective amendment to a Registration Statement, to add Registrable Shares to any shelf Registration Statement as a result of the issuance of Common Stock pursuant to the Management Agreement, or as is otherwise reasonably necessary to permit the sale of the Holder's Registrable Shares pursuant to such Registration Statement. The Company shall furnish to and afford the Holder a reasonable opportunity to review and comment on all amendments and supplements proposed to be filed to a Registration Statement (in each case at least five (5) Business Days prior to such filing). The Company shall use its reasonable best efforts to have such supplements and amendments declared effective, if required, as soon as practicable after filing. The Holder agrees to deliver such notices, questionnaires and other

information as the Company may reasonably request in writing, if any, to the Company within ten (10) Business Days after such request.

Section 2.6 **Underwritten Offerings**. The Holder may request, by written notice to the Company, that the Company cooperate with the Holder in any underwritten offering of Registrable Shares initiated by the Holder under a Registration Statement. The Company agrees to reasonably cooperate with any such request for an underwritten offering and to take all such other reasonable actions in connection therewith, including entering into such agreements (including an underwriting agreement in form, scope and substance as is customary for similar underwritten offerings) and taking all such other reasonable actions in connection therewith in order to expedite or facilitate the disposition of Registrable Shares included in such underwritten offering, including (i) making such representations and warranties to the underwriters with respect to the business of the Company and the Registration Statement and documents, if any, incorporated or deemed to be incorporated by reference therein, in each case, in form, substance and scope as are customarily made by issuers to underwriters in underwritten offerings by selling stockholders; (ii) obtaining customary opinions and negative assurance letters of counsel to the Company; and (iii) obtaining customary "cold comfort" letters and updates thereof from the independent registered public accountants of the Company (to the extent permitted by applicable accounting rules and guidelines).

Section 2.7 **New York Stock Exchange**. The Company shall file any necessary listing applications or amendments to the existing applications to cause the Registrable Shares registered under any Registration Statement to be then listed or quoted on the New York Stock Exchange or such other primary exchange or quotation system on which the Common Stock is then listed or quoted.

Section 2.8 **Notice of Certain Events**.

(a) The Company shall promptly notify the Holder in writing of the filing of any Registration Statement or Prospectus, amendment or supplement related thereto or any post-effective amendment to a Registration Statement and the effectiveness of any post-effective amendment; **provided**, **however**, **that** this Section 2.8(a) shall not apply to (i) an amendment or supplement relating solely to securities other than the Registrable Shares, and (ii) an amendment or supplement by means of an Annual Report on Form 10-K, a Quarterly Report on Form 10-Q, a Proxy Statement on Schedule 14A, a Current Report on Form 8-K or a Registration Statement on Form 8-A or any amendments thereto filed with the Commission under the Exchange Act and incorporated or deemed to be incorporated by reference into a Registration Statement or Prospectus.

(b) At any time when a Prospectus relating to a Registration Statement is required to be delivered under the Securities Act by the Holder to a transferee, the Company shall immediately notify the Holder of the happening of any event as a result of which the Company believes the

Prospectus included in such Registration Statement, as then in effect, includes an untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. In such event, the Company shall promptly prepare and, if applicable, furnish to the Holder a reasonable number of copies of a supplement to or an

amendment of such Prospectus as may be necessary so that, as thereafter delivered to the purchasers of Registrable Shares sold under the Prospectus, such Prospectus shall not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they are made, not misleading. The Company shall, if necessary, promptly amend the Registration Statement of which such Prospectus is a part to reflect such amendment or supplement. The Holder agrees that, upon receipt of any notice from the Company of the occurrence of an event as set forth above, the Holder will forthwith discontinue disposition of Registrable Shares pursuant to any Registration Statement covering such Registrable Shares until the Holder's receipt of written notice from the Company that the use of the Registration Statement may be resumed. The Holder also agrees that it will treat as confidential the receipt of any notice from the Company of the occurrence of an event as set forth above and shall not disclose or use the information contained in such notice without the prior written consent of the Company until such time as the information contained therein is or becomes available to the public generally, other than as a result of disclosure by the Holder in breach of the terms of this Agreement.

ARTICLE 3

SUSPENSION OF REGISTRATION REQUIREMENTS; SALES RESTRICTIONS

Section 3.1 **Suspension of Registration Requirements**.

(a) The Company shall promptly notify the Holder in writing of the issuance by the Commission or any state instrumentality of any stop order suspending the effectiveness of a Registration Statement with respect to the Holder's Registrable Shares or the initiation of any proceedings for that purpose. The Company shall use its reasonable best efforts to obtain the withdrawal of any order suspending the effectiveness of such a Registration Statement as promptly as practicable after the issuance thereof.

(b) Notwithstanding anything to the contrary set forth in this Agreement, the Company's obligation under this Agreement to file, amend or supplement a Registration Statement, or to cause a Registration Statement, or any filings under any state securities laws, to become or remain effective shall be suspended, as the Company may reasonably determine necessary and advisable (but in no event more than twice in any rolling 12-month period commencing on the date of this Agreement or more than 60 consecutive days, except as a result of a refusal by the Commission to declare any post-effective amendment to the Registration Statement effective after the Company has used its reasonable best efforts to cause the post-effective amendment to be declared effective by the Commission, in which case, the Company must terminate the black-out period immediately following the effective date of the post-effective amendment) in the event of pending negotiations relating to, or consummation of, a material transaction or the occurrence of a material event that, in the good faith judgment of the board of directors of the Company, (i) would require additional disclosure of material non-public information by the Company in the Registration Statement or such filing, as to which the Company has a bona fide business purpose for preserving confidentiality, and the premature disclosure of which would adversely affect the Company, or (ii) render the Company unable to comply with Commission requirements (any such circumstances being hereinafter referred to as

a "**Suspension Event**"). The Company shall notify the Holder of the existence of any Suspension Event by promptly delivering to the Holder a certificate signed by an executive officer of the Company stating that a Suspension Event has occurred and is continuing. The Holder agrees that it will treat as confidential the receipt of any notice from the Company of the occurrence of an event as set forth above and shall not disclose or use the information contained in such notice without the prior written consent of the Company until such time as the information contained therein is or becomes available to the public generally, other than as a result of disclosure by the Holder in breach of the terms of this Agreement.

Section 3.2 **Restriction on Sales**.

(a) The Holder agrees that, following the effectiveness of any Registration Statement relating to its Registrable Shares, the Holder will not effect any dispositions of any of its Registrable Shares pursuant to such Registration Statement or any filings under any state securities laws at any time after the Holder has received notice from the Company to suspend dispositions as a result of the occurrence or existence of any Suspension Event or so that the Company may correct or update the Registration Statement or such filing. The Holder will maintain the confidentiality of any information included in the written notice delivered by the Company unless otherwise required by law or subpoena. The Holder may recommence effecting dispositions of the Registrable Shares pursuant to the Registration Statement or such filings, and all other obligations which are suspended as a result of a Suspension Event shall no longer be so suspended, following further notice to such effect from the Company, which notice shall be given by the Company promptly after the conclusion of any such Suspension Event.

(b) The Holder further agrees, if requested by the managing underwriter or underwriters in a Company-initiated underwritten offering (each, a "**Company Offering**"), not to effect any disposition of any of the Registrable Shares during the period (the "**Offering Blackout Period**") beginning upon receipt by the Holder of written notice from the Company, but in any event no earlier than the fifteenth (15th) day preceding the anticipated date of pricing of such Company Offering, and ending no later than ninety (90) days after the closing date of such Company Offering, and in no event for any longer period of time than is applicable to iStar Inc. in connection with such Company Offering. Such Offering Blackout Period notice shall be in writing in a form reasonably satisfactory to the Company and the managing underwriter or underwriters. The Holder will maintain the confidentiality of any information included in such notice delivered by the Company unless otherwise required by law or subpoena.

ARTICLE 4

INDEMNIFICATION

Section 4.1 **Indemnification by the Company**. The Company agrees to indemnify and hold harmless the Holder, and the officers, directors, stockholders, members, managers, partners, affiliates, accountants, attorneys, trustees, employees, representatives and agents of the Holder, and each Person (a "**Controlling Person**"), if any, who controls (within the meaning of Section 15(a) of the Securities Act or Section 20(a) of the Exchange Act) any of the foregoing Persons, as follows (to the fullest extent permitted by applicable law):

(a) from and against any and all costs, losses, liabilities, obligations, claims, damages, judgments, fines, penalties, awards, actions, other liabilities and expenses whatsoever (the "**Liabilities**"), as incurred by any of them, arising out of or in connection with (A) any untrue statement or alleged untrue statement of a material fact contained in any Registration Statement (or any amendment or supplement thereto) pursuant to which Registrable Shares were registered under the Securities Act, including all documents incorporated therein by reference, or the omission or alleged omission therefrom of a material fact required to be stated therein or necessary to make the statements therein not misleading, or (B) any untrue statement or alleged untrue statement of a material fact contained in any Prospectus (or any amendment or supplement thereto) or the omission or alleged omission therefrom at such date of a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(b) from and against any and all Liabilities, as incurred, to the extent of the aggregate amount paid in settlement of any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or of any claim whatsoever based upon any such untrue statement or omission, or any such alleged untrue statement or omission; **provided that** (subject to Section 4.4 below) any such settlement is effected with the prior written consent of the Company; and

(c) from and against any and all legal or other expenses whatsoever, as incurred (including the reasonable fees and disbursements of one counsel chosen by any indemnified party) in investigating, preparing or defending against any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or any claim whatsoever based upon any such untrue statement or omission, or any such alleged untrue statement or omission, to the extent that any such expense is not paid under subparagraph (a) or (b) above;

provided, **however**, **that** this indemnity agreement shall not apply to any Liabilities to the Holder or its Controlling Persons to the extent arising out of any untrue statement or omission or alleged untrue statement or omission made in reliance upon and in conformity with written information furnished to the Company by the Holder expressly for use in a Registration Statement (or any amendment thereto) or any Prospectus (or any amendment or supplement thereto).

Section 4.2 **Indemnification by the Holder**. The Holder agrees to indemnify and hold harmless the Company, and the officers, directors, stockholders, members, partners, managers, employees, trustees, executors, representatives and agents of the Company, and each of their respective Controlling Persons, to the fullest extent permitted by applicable law, from and against any and all Liabilities described in the indemnity contained in Section 4.1 hereof, as incurred, but only with respect to untrue statements or omissions, or alleged untrue statements or omissions, made in the Registration Statement (or any amendment thereto) or any Prospectus included therein (or any amendment or supplement thereto) in reliance upon and in conformity with written information with respect to the Holder furnished to the Company by the Holder expressly for use in the Registration Statement (or any amendment thereto) or such Prospectus (or any amendment or supplement thereto); **provided**, **however**, **that** the Holder shall not be liable for any claims hereunder in excess of the amount of net proceeds (after deducting

underwriters' discounts and commissions) received by the Holder from the sale of Registrable Shares pursuant to such Registration Statement, and **provided further, that** the obligations of the Holder hereunder shall not apply to amounts paid in settlement of any such Liabilities if such settlement is effected without the prior written consent of the Holder to the extent such consent is required under Section 4.3.

Section 4.3 **Notices of Claims, etc.** Each indemnified party shall give notice as promptly as reasonably practicable to each indemnifying party of any action or proceeding commenced against it in respect of which indemnity may be sought hereunder, but failure to so notify an indemnifying party shall not relieve such indemnifying party from any liability hereunder unless the indemnifying party is actually materially prejudiced as a result thereof, and in such case, only to the extent of such prejudice, and in any event shall not relieve it from any liability which it may have otherwise than on account of this indemnity agreement. An indemnifying party may participate therein at its own expense and, to the extent that it shall wish, assume the defense of such action; **provided**, **however**, **that** counsel to the indemnifying party shall not (except with the consent of the indemnified party) also be counsel to the indemnified party. Notwithstanding the indemnifying party's rights in the immediately preceding sentence, the indemnified party shall have the right to employ its own counsel (in addition to any local counsel), and the indemnifying party shall bear the reasonable fees, costs, and expenses of such separate counsel if (a) the use of counsel chosen by the indemnifying party to represent the indemnified party would present such counsel with a conflict of interest; (b) actual or potential defendants in, or targets of, any such proceeding include both the indemnified party and the indemnifying party, and the indemnified party shall have reasonably concluded that there may be a legal defense available to it and/or other indemnified parties which are different from or additional to those available to the indemnifying party; (c) the indemnifying party shall not have employed counsel to represent the indemnified party within a reasonable time after notice of the institution of such proceeding; or (d) the indemnifying party shall authorize the indemnified party to employ separate counsel at the expense of the indemnifying party. In no event shall the indemnifying party or parties be liable for the fees and expenses of more than one counsel (in addition to any local counsel) separate from their own counsel for all indemnified parties in connection with any one action or separate but similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances. No indemnifying party shall, without the prior written consent of the indemnified parties, settle or compromise or consent to the entry of any judgment with respect to any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or any claim whosoever in respect of which indemnification or contribution could be sought under this Article 4 (whether or not the indemnified parties are actual or potential parties thereto), unless such settlement, compromise or consent (i) includes an unconditional release of each indemnified party from all liability arising out of such litigation, investigation, proceeding or claim and (ii) does not include a statement as to or an admission of fault, culpability or a failure to act by or on behalf of any indemnified party.

Section 4.4 **Indemnification Payments**. If at any time an indemnified party shall have requested an indemnifying party consent to any settlement of the nature contemplated by Section 4.1(b), such indemnifying party agrees that it shall be liable for such settlement, including any such related fees and expenses of counsel, effected without its written consent if (i) such settlement is entered into more than 45 days after receipt by such indemnifying party of the aforesaid request, (ii) such indemnifying party shall have received notice of the terms of such settlement at least 30 days prior to such settlement being entered into, and (iii) such indemnifying party shall not have responded to such indemnified party in accordance with such request prior to the date of such settlement.

Section 4.5 **Contribution**.

(a) If the indemnification provided for in this Article 4 is for any reason unavailable to or insufficient to hold harmless an indemnified party in respect of any Liabilities referred to therein, then each indemnifying party shall contribute to the aggregate amount of such Liabilities incurred by such indemnified party, as incurred, in such proportion as is appropriate to reflect the relative fault of the Company on the one hand and the applicable Holder on the other hand in connection with the statements or omissions which resulted in such Liabilities, as well as any other relevant equitable considerations.

(b) The relative fault of the Company on the one hand and the Holder on the other hand shall be determined by reference to, among other things, whether any such untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact relates to information supplied by the Company or the Holder and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

(c) The Company and the Holder agree that it would not be just and equitable if contribution pursuant to this Section 4.5 were determined by *pro rata* allocation or by any other method of allocation which does not take account of the equitable considerations referred to above in this Article 4. The aggregate amount of Liabilities incurred by an indemnified party and referred to above in this Article 4 shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in investigating, preparing or defending against any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or any claim whatsoever based upon any such untrue or alleged untrue statement or omission or alleged omission.

(d) No Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation.

ARTICLE 5

TERMINATION; SURVIVAL

Section 5.1 **Termination; Survival**. The rights of the Holder under this Agreement shall terminate upon the date that the Holder ceases to hold Registrable Shares. Notwithstanding the foregoing, the rights and obligations of the parties under Article 4 and Article 6 of this Agreement shall remain in full force and effect following such time**.**

ARTICLE 6

MISCELLANEOUS

Section 6.1 **Covenants Relating to Rule 144**. For so long as the Company is subject to the reporting requirements of Section 13 or 15 of the Exchange Act, the Company covenants that it will file the reports required to be filed by it under the Securities Act and Section 13(a) or 15(d) of the Exchange Act and the rules and regulations adopted by the Commission thereunder. If the Company ceases to be so required to file such reports, the Company covenants that it will upon the request of the Holder of Registrable Shares (a) make publicly available such information as is necessary to permit sales pursuant to Rule 144 under the Securities Act, (b) deliver such information to a prospective purchaser as is necessary to permit sales pursuant to Rule 144A under the Securities Act and it will take such further action as the Holder of Registrable Shares may reasonably request, and (c) take such further action that is reasonable in the circumstances, in each case to the extent required from time to time to enable the Holder to sell its Registrable Shares without registration under the Securities Act within the limitation of the exemptions provided by (i) Rule 144 under the Securities Act, as such Rule may be amended from time to time, (ii) Rule 144A under the Securities Act, as such rule may be amended from time to time, or (iii) any similar rules or regulations hereafter adopted by the Commission. Upon the request of the Holder of Registrable Shares, the Company will deliver to the Holder a written statement as to whether it has complied with such requirements and of the Securities Act and the Exchange Act, a copy of the most recent annual and quarterly report(s) of the Company, and such other reports, documents or stockholder communications of the Company, and take such further actions consistent with this Section 6.1, as the Holder may reasonably request in availing itself of any rule or regulation of the Commission allowing the Holder to sell any such Registrable Shares without registration.

Section 6.2 **No Conflicting Agreements**. The Company hereby represents and warrants that the Company has not entered into and the Company will not after the date of this Agreement enter into any agreement which conflicts with the rights granted to the Holder of Registrable Shares pursuant to this Agreement or otherwise conflicts with the provisions of this Agreement. The Company hereby represents and warrants that the rights granted to the Holder hereunder do not and will not for the term of this Agreement in any way conflict with the rights granted to the holders of the Company's other issued and outstanding securities under any such agreements.

Section 6.3 **Additional Shares**. The Company, at its option, may register, under any Registration Statement and any filings under any state securities laws filed pursuant to this Agreement, any number of unissued, treasury or other Common Stock of or owned by the Company and any of its subsidiaries or any Common Stock or other securities of the Company owned by any other security holder or security holders of the Company.

Section 6.4 **Governing Law; Arbitration**. (a) All questions concerning the construction, validity, enforcement and interpretation of this Agreement shall be governed by, and shall be construed and interpreted in accordance with, the internal laws of the State of New York, without giving effect to any choice of law or conflict of law provision or rule (whether of the State of New York or any other jurisdictions) that would cause the application of the laws of any jurisdiction other than the State of New York. Subject to paragraph (b), the Company and the Holder hereby agree that (a) any and all litigation arising out of this Agreement shall be conducted only in state or Federal courts located in the State of New York and (b) such courts shall have the exclusive jurisdiction to hear and decide such matters. The Holder accepts, for itself and in respect of the Holder's property, expressly and unconditionally, the nonexclusive jurisdiction of such courts and hereby waives any objection that the Holder may now or hereafter have to the laying of venue of such actions or proceedings in such courts. Insofar as is permitted under applicable law, this consent to personal jurisdiction shall be self-operative and no further instrument or action, other than service of process in the manner set forth in Section 6.9 hereof or as otherwise permitted by law, shall be necessary in order to confer jurisdiction upon the Holder in any such courts. The Company and the Holder hereby agree that the provisions of this Section 6.4 for service of process are intended to constitute a "special arrangement for service" in accordance with the provisions of the Foreign Sovereign Immunities Act of 1976, 28. U.S.C. Section 1608(a)(1) *et seq*. Nothing contained herein shall affect the right serve process in any manner permitted by law or to commence any legal action or proceeding in any other jurisdiction. The Company and the Holder hereby (i) expressly waive any right to a trial by jury in any action or proceeding to enforce or defend any right, power or remedy under or in connection with this Agreement or arising from any relationship existing in connection with this Agreement, and (ii) agree that any such action shall be tried before a court and not before a jury.

(b) Notwithstanding anything to the contrary contained in Section 6.4(a) the Company and the Holder hereby agrees that the Company and the Holder shall have the right to elect to arbitrate and compel arbitration of any dispute hereunder through final and binding arbitration before JAMS (or its successor) ("**JAMS**"). Any party hereto may commence the arbitration process by filing a written demand for arbitration with JAMS, with a copy to the other parties; **provided**, **however**, **that** any party may, without inconsistency with this arbitration provision, apply to any court in accordance with Section 6.4(a) and seek injunctive relief until the arbitration award is rendered or the controversy is otherwise resolved. Any arbitration to be conducted pursuant to this Section 6.4(b) will be conducted in New York, New York by a three-member Arbitration Panel operating in accordance with the provisions of JAMS Streamlined Arbitration Rules and Procedures in effect at the time the demand for arbitration is filed. Each of the Company and the Holder shall nominate one neutral arbitrator from the JAMS panel of neutrals, and the two arbitrators thus nominated shall select the Chair of the Arbitration Panel, also from the JAMS panel of neutrals. The arbitrators shall have the authority to award any remedy or relief that a court of competent jurisdiction could order or grant, including, but not limited to, the issuance of an injunction; **provided**, **however**, **that** the arbitration award shall not include factual findings or conclusions of law and no punitive damages shall be awarded. The fees and expenses of such arbitration shall be borne by the non-prevailing party, as determined by such arbitration. The provisions of this Section 6.4(b) with respect to the arbitration conducted pursuant to this Section 6.4(b) before JAMS may be enforced by any court of competent jurisdiction, and the parties seeking enforcement shall be entitled to an award of all costs, fees and expenses, including reasonable out-of-pocket attorney's fees, to be paid by the party (or parties) against whom enforcement is ordered. The parties agree that this Section 6.4(b) has been included to rapidly and inexpensively resolve any disputes between them with respect to the matters described herein, and that this Section 6.4(b) shall be grounds for dismissal of any court action commenced by any party with respect to a dispute arising out of such matters, in the event the Company or the Holder elects to compel arbitration.

Section 6.5 **Counterparts**. This Agreement may be executed in two or more identical counterparts, all of which shall be considered one and the same agreement and shall become effective when counterparts have been signed by each party and delivered to the other party; **provided that** a signature delivered by facsimile, email pdf or other electronic form shall be considered due execution and shall be binding upon the signatory thereto with the same force and effect as if the signature were an original.

Section 6.6 **Headings**. The headings of this Agreement are for convenience of reference and shall not form part of, or affect the interpretation of, this Agreement.

Section 6.7 **Severability**. If any provision of this Agreement shall be invalid or unenforceable in any jurisdiction, such invalidity or unenforceability shall not affect the validity or enforceability of the remainder of this Agreement in that jurisdiction or the validity or enforceability of any provision of this Agreement in any other jurisdiction.

Section 6.8 **Entire Agreement; Amendments; Waiver**. This Agreement and the Related Documents supersede all other prior oral or written agreements between the Holder, the Company, their respective affiliates and Persons acting on their behalf with respect to the matters discussed herein, and this Agreement and the Related Documents contain the entire understanding of the parties with respect to the matters covered herein and therein and, except as specifically set forth herein or therein, neither the Company nor the Holder makes any representation, warranty, covenant or undertaking with respect to such matters. No provision of this Agreement may be amended other than by an instrument in writing signed by the Company and the Holder. No provision hereof may be waived other than by an instrument in writing signed by the party against whom enforcement is sought.

Section 6.9 **Notices**. Any notices, consents, waivers or other communications required or permitted to be given under the terms of this Agreement must be in writing and will be deemed to have been delivered: (i) upon receipt, when delivered personally; (ii) upon receipt, when sent by facsimile (**provided** confirmation of transmission is mechanically or electronically generated and kept on file by the sending party); or (iii) one Business Day after deposit with an overnight courier service, in each case properly addressed to the party to receive the same. The addresses and facsimile numbers for such communications shall be:

If to the Company:

Safety, Income and Growth, Inc.
1114 Avenue of the Americas
39th Floor
New York, New York 10036
Attention: Nina B. Matis, Chief Investment and Legal Officer
Facsimile: 212-930-9494

with a copy (for informational purposes only) to:

Clifford Chance US LLP
31 W. 52nd Street
New York, New York 10019

Attention: Kathleen L. Werner
Facsimile: 212-878-8375

If to the Holder:

iStar Inc.
1114 Avenue of the Americas
39th Floor
New York, New York 10036
Attention: Nina B. Matis, Chief Investment and Legal Officer
Facsimile: 212-930-9494

with a copy (for informational purposes only) to:

Clifford Chance US LLP
31 W. 52nd Street
New York, New York 10019
Attention: Kathleen L. Werner
Facsimile: 212-878-8375

Section 6.10 **Successors and Assigns**. This Agreement shall be binding upon and inure to the benefit of the parties and their respective permitted successors and assigns. The Company shall not assign this Agreement or any rights or obligations hereunder without the prior written consent of the Holder. The Holder may assign this Agreement or any rights hereunder without the prior written consent of the Company, only in connection with any assignment, transfer or other disposition of Registrable Shares in compliance with the terms of the Subscription Agreement and the other Related Documents. If any transferee of the Holder shall acquire Registrable Shares, in any manner, whether by operation of law or otherwise, such Registrable Shares shall be held subject to all of the terms of this Agreement, and by taking and holding such Registrable Shares such Person shall be conclusively deemed to have agreed to be bound by and to perform all of the terms and provisions of this Agreement, including the restrictions on resale set forth in this Agreement and, if applicable, the Related Documents, and such Person shall be entitled to receive the benefits hereof.

Section 6.11 **No Third Party Beneficiaries**. This Agreement is intended for the benefit of the parties hereto and their respective permitted successors and assigns, and is not for the benefit of, nor may any provision hereof be enforced by, any other Person other than as expressly set forth in Article 4 and this Section 6.11.

Section 6.12 **Further Assurances**. Each party shall do and perform, or cause to be done and performed, all such further acts and things, and shall execute and deliver all such other agreements, certificates, instruments and documents, as any other party may reasonably request in order to carry out the intent and accomplish the purposes of this Agreement and the consummation of the transactions contemplated hereby.

Section 6.13 **Specific Performance**. The parties acknowledge and agree that in the event of a breach or threatened breach of its covenants hereunder, the harm suffered would not be compensable by monetary damages alone and, accordingly, in addition to other available legal

or equitable remedies, each non-breaching party shall be entitled to apply for an injunction or specific performance with respect to such breach or threatened breach, without proof of actual damages (and without the requirement of posting a bond, undertaking or other security), and the Holder and the Company agree not to plead sufficiency of damages as a defense in such circumstances.

Section 6.14 **Costs and Expenses**. The Company shall bear all Registration Expenses incurred in connection with the registration of the Registrable Shares pursuant to this Agreement and the Company's performance of its other obligations under the terms of this Agreement; **provided, however, that** the Holder shall bear all underwriting fees, discounts, commissions, or taxes (including transfer taxes) attributable to the sale of securities by the Holder, or any legal fees and expenses of counsel to the Holder and any underwriter engaged by the Holder and all other expenses incurred in connection with the performance by the Holder of its obligations under the terms of this Agreement. All other costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby will be paid by the party incurring such costs and expenses, whether or not any of the transactions contemplated hereby are consummated.

[*Signature Page Follows.*]

IN WITNESS WHEREOF, the Holder and the Company have caused their respective signature page to this Agreement to be duly executed as of the date first written above.

SAFETY, INCOME AND GROWTH, INC.

By: ______________________________
Name:
Title:

iSTAR INC.

By: ____________________________

Name:

Title:

[*Signature Page to Registration Rights Agreement*]

Exhibit 10.8

FORM OF INITIAL PORTFOLIO AGREEMENT

AMONG

iSTAR INC.,

SAFETY, INCOME AND GROWTH, INC.

AND

SAFETY INCOME AND GROWTH OPERATING PARTNERSHIP LP

DATED: , 2017

TABLE OF CONTENTS

LIST OF DEFINED TERMS

INITIAL PORTFOLIO AGREEMENT

This Initial Portfolio Agreement (this "**Agreement**") is made and entered into by and among iStar, Safety and the Operating Partnership.

RECITALS

A. Defined terms are indicated by initial capital letters. Defined terms shall have the meanings set forth herein, whether or not such terms are used before or after the definitions are set forth.

B. Safety intends to conduct the IPO;

C. On December 1, 2016, iStar contributed the Contributed Interests to the Operating Partnership. iStar has agreed to make certain representations and warranties regarding the Contributed Interests and the Properties to Safety and the Operating Partnership in connection with the IPO;

D. Through a series of transactions that occurred between December 1, 2016 and April 14, 2017, iStar received total consideration valued at $340.0 million in respect of the Contributed Interests, which it confirms is adequate consideration for its agreements hereunder; and

E. A wholly-owned subsidiary of iStar has been the external manager of Safety since April 1, 2014.

NOW, THEREFORE, in consideration of the mutual terms, provisions, covenants and agreements set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are acknowledged, iStar, Safety and the Operating Partnership agree as follows:

ARTICLE 1
BASIC INFORMATION

1.1 **Certain Basic Terms**. The following defined terms shall have the meanings set forth below:

1.1.1 "**Business Day**": A day on which banks in New York City are open for business.

1.1.2 "**Closing**": The closing of the IPO.

1.1.3 "**Closing Date**": The date of the Closing.

1.1.4 "**Contributed Entities**": The limited liability companies and limited partnerships listed in Exhibit A hereto.

1.1.5 "**Contributed Interests**": All of the issued and outstanding limited liability company and limited partnership interests in the Contributed Entities.

1.1.6 "**Contribution**": The contribution of the Contributed Interests by iStar to the Operating Partnership effected as of December 1, 2016.

1.1.7 "**Effective Date**": The effective date of the Registration Statement.

1.1.8 "**Environmental Law**": any present and future federal, state and local laws, statutes, ordinances, rules, regulations, standards, policies and other governmental directives or requirements, as well as common law, relating to the protection of human health or the environment, Hazardous Materials, liability for, or costs of, other actual or threatened danger to human health or the environment.

1.1.9 "**Governmental Authority**": any government or agency, bureau, board, commission, court, department, official, political subdivision, tribunal or other instrumentality of any government, whether federal, state or local, domestic or foreign.

1.1.10 “**Hazardous Materials**”: “Hazardous Material,” “Hazardous Substance,” “Pollutant or Contaminant,” and “Petroleum” and “Natural Gas Liquids,” as those terms are defined or used in Section 101 of the Comprehensive Environmental Response, Compensation and Liability Act Of 1980 (42 U.S.C. Sections 9601 et seq.), as amended, and any other substances regulated because of their effect or potential effect on public health and the environment, including, without limitation, PCBs, lead paint, asbestos, urea formaldehyde, radioactive materials, putrescible materials, and infectious materials.

1.1.11 “**IPO**”: The initial underwritten public offering of Safety Common Stock.

1.1.12 “**iStar**”: iStar Inc., a Maryland corporation

1.1.13 “**iStar Material Adverse Effect**”: a material adverse effect on the assets, business, financial condition or results of operation of iStar and its consolidated subsidiaries, taken as a whole.

1.1.14 “**Laws**”: laws, statutes, rules, regulations, codes, orders, ordinances, judgments, injunctions, decrees and policies of any Governmental Authority.

1.1.15 “**Leases**”: means the master lease and ground leases listed in Exhibit B hereto, as amended from time to time.

1.1.16 “**Liens**”: all pledges, claims, security interests, liens, charges, restrictions, controls, easements, rights of way, exceptions, reservations, leases, licenses, grants, covenants and conditions, encumbrances and security interests of any kind or nature whatsoever.

1.1.17 “**Operating Partnership**”: Safety Income and Growth Operating Partnership LP, a Delaware limited partnership.

1.1.18 “**Permitted Liens**”: (i) Liens for non-delinquent Taxes; (ii) zoning and other Laws generally applicable to the districts in which the Properties are located; (iii) easements for public utilities, encroachments, rights of access and/or other non-monetary matters that do not materially interfere with the use of the Properties; (iv) Liens arising in the ordinary course of business; (v) Liens securing indebtedness described in the Registration Statement; (vi) rights of tenants under leases and those claiming by, through or under such tenants, (vii) rights of lessors under ground and other leases of portions of the Properties; and (viii) any exceptions contained in the title policies relating to the Properties as of the Closing Date.

1.1.19 “**Properties**”: The assets of the Contributed Entities, including their right, title and interest in the Leases and the real properties listed in Exhibit C hereto; provided, however, that for the avoidance of doubt, the term Properties shall not include any buildings or other improvements or any property (real or personal), fixtures, furniture or equipment on, in, adjacent to or appurtenant to, the real properties listed in Exhibit C hereto, that are owned by the lessees under the Leases or other third parties.

1.1.20 “**Registration Statement**”: The registration statement on Form S-11 filed by Safety with the SEC registering Safety Common Stock to be sold in the IPO.

1.1.21 “**Safety**”: Safety, Income and Growth, Inc., a Maryland corporation.

1.1.22 “**Safety Common Stock**”: Common Stock, $0.01 par value per share, of Safety.

1.1.23 “**SEC**”: The United States Securities and Exchange Commission.

1.1.24 “**Tax**”: All applicable U.S. federal, state, local and foreign income, gross receipts, property, withholding, sales, use, transfer, unclaimed property, franchise, payroll, employment, excise, stamp, environmental and other taxes, tariffs or other governmental charges of any nature whatsoever, including estimated taxes, together with penalties, interest or additions to Tax with respect thereto, whether disputed or not.

1.1.25 “**Tax Return**”: Any return, statement, schedule, declaration, claim for refund, document or form filed or required to be filed with respect to Taxes, including any amendment, attachment and supplement thereof.

1.1.26 “**Trading Day**”: A day during which trading in securities generally occurs on the New York Stock Exchange or, if the Safety Common Stock is not listed on the New York Stock Exchange, on the principal other national or regional securities exchange on which the Safety Common Stock is then listed or, if the Safety Common Stock is not listed on a national or regional securities exchange, on the principal other market on which the Safety Common Stock is then traded. If the Safety Common Stock is not so listed or traded, “Trading Day” means a Business Day.

1.1.27 “**Value**”: On any date of determination with respect to a share of Safety Common Stock, the average of the daily Market Prices (as defined below) for 10 consecutive Trading Days immediately preceding the date of determination. The term “**Market Price**” on any date shall mean the Closing Price (as defined below) for a share of Safety Common Stock on

such date. The “Closing Price” on any Trading Day shall mean the last sale price for Safety Common Stock, regular way, or, in case no such sale takes place on such Trading Day, the average of the closing bid and asked prices, regular way, in either case as reported on the principal national securities exchange on which Safety Common Stock is listed or admitted to trading or, if Safety Common Stock is not listed or admitted to trading on any national securities exchange, the last quoted price, or, if not so quoted, the average of the high bid and low asked prices in the over-the-counter market, as reported by the principal other automated quotation system that may then be in use or, if Safety Common Stock is not quoted by any such organization, the average of the closing bid and asked prices as furnished by a professional market maker making a market in Safety Common Stock selected by the board of directors of Safety or, in the event that no trading price is available for Safety Common Stock, the fair market value of the Safety Common Stock, as determined in good faith by the board of directors of Safety.

1.2 **Notice Addresses:**

iStar: iStar Inc.
1114 Avenue of the Americas
39th Floor
New York, New York 10036
Attention: Chief Legal Officer
Copy: General Counsel
Telephone: 212-930-9400
Facsimile: 212-930-9494
E-mail: nmatis@iStar.com

Operating Partnership: Safety, Income and Growth, Inc.
1114 Avenue of the Americas
New York, NY 10036
Attention: Mary-Beth Roselle, Esq.
Telephone: 212-930-9481
Facsimile: 212-930-9494
E-mail: mroselle@istar.com

ARTICLE 2
REPRESENTATIONS AND WARRANTIES

2.1 **iStar's Representations and Warranties**. iStar represents and warrants to Safety and the Operating Partnership that:

2.1.1 **Organization and Authority**. iStar and each of the Contributed Entities is validly existing, and in good standing in the state in which it was formed. At the time of the Contribution, iStar had the full right and authority, and had obtained any and all material consents required, to contribute the Contributed Interests to the Operating Partnership. iStar has the full right and authority to enter into this Agreement. This Agreement has been authorized and executed by iStar, and constitutes the valid and binding obligation of iStar, enforceable in accordance with their terms.

2.1.2 **Pending Actions**. To iStar's Knowledge, there is and has been no action or proceeding pending or threatened against iStar or relating to the Contributed Entities, the Contributed Interests or the Properties, which challenges or impairs iStar's ability to effect to Contribution or to execute and deliver this Agreement or to perform its obligations under this Agreement.

2.1.3 **Notices from Governmental Authorities**. To iStar's Knowledge, iStar has not received from any Governmental Authority written notice of any material violation of any Laws applicable (or alleged to be applicable) to the Contributed Entities, the Contributed Interests or, to the extent compliance is not the responsibility of the tenant under a Lease, the Properties, or any part thereof, that has not been corrected.

2.1.4 **Ownership of Contributed Interests**. iStar was the owner of the Contributed Interests at the time of Contribution and the transfer of the Contributed Interests to the Operating Partnership was made free and clear of any Liens (other than Permitted Liens). Except as provided for or contemplated by this Agreement or any other agreements referenced herein, there are no, and, as of the Closing, there will not be any, rights, subscriptions, warrants, options, conversion rights, preemptive rights, agreements, instruments or understandings of any kind outstanding entitling any person to acquire any equity interests in the Contributed Entities, except pursuant to Permitted Liens.

2.1.5 **Taxes**.

(a) Each Contributed Entity has timely filed all Tax Returns required to be filed by it (after giving effect to any filing extension properly granted by a Governmental Authority having authority to do so) in accordance with all applicable Laws. All such Tax Returns are correct and complete in all material respects, and each Contributed Entity has paid (or had paid on its behalf) all Taxes required to be paid by it (whether or not shown on such Tax Returns), and no deficiencies for any Taxes have been proposed, asserted or assessed in writing against any Contributed Entity, and no requests for waivers of the time to assess any such Taxes are pending and no such waivers have been granted.

(b) There are no Liens as a result of any delinquent Taxes (that are not the responsibility of tenants under the Leases) upon any of the assets of the Contributed Entities.

(c) Except as would not reasonably be expected to have an iStar Material Adverse Effect, there are no pending or, to iStar's Knowledge, threatened audits, assessments or other actions for or relating to a liability in respect of income or non-income Taxes of any Contributed Entity.

(d) Each Contributed Entity is classified as a partnership for U.S. federal income tax purposes.

2.1.6 **No Violation**. None of the Contribution, or the execution, delivery or performance of this Agreement, any agreement contemplated hereby between the parties to this Agreement and the transactions contemplated hereby between the parties to this Agreement does or will, with or without the giving of notice, lapse of time, or both, violate, conflict with, result in a breach of, or constitute a default under or give to others any right of termination, acceleration, cancellation or other right under, (a) the organizational documents of iStar or any Contributed Entity, (b) any agreement, document or instrument to which iStar or any Contributed Entity is a party or by which iStar or any Contributed Entity are bound or (c) any term or provision of any judgment, order, writ, injunction, or decree binding on iStar or any Contributed Entity (or its Properties), except, in the case of clause (b) and (c), any such breaches or defaults that would not reasonably be expected to have an iStar Material Adverse Effect.

2.1.7 **Solvency**. iStar has been solvent at all times prior to the Contribution. No bankruptcy or similar insolvency proceeding has been filed or is currently contemplated by any Contributed Entity.

2.1.8 **Properties**.

(a) The real Properties listed on Exhibit C are owned directly, in fee simple, by the Contributed Entities shown on such Exhibit or their direct or indirect wholly owned subsidiaries, except that a portion of the Doubletree Seattle Airport Property is leased to the Contributed Entity that owns such Property as described in the Registration Statement. Each Contributed Entity is insured under a policy of title insurance as the owner of the fee simple or leasehold estate of such real Property, in each case free and clear of all Liens except for Permitted Liens. Prior to the Closing Date, iStar shall not take or omit to take any action to cause any Lien to attach to any Contributed Interests or any Property, except for Permitted Liens.

(b) Except for matters that would not, individually or in the aggregate, have an iStar Material Adverse Effect, (i) no Contributed Entity and no other party to a Lease has given or received any notice of default with respect to any term or condition of any such Lease that remains uncured, which default, if not timely cured, would permit, subject to expiration of applicable cure periods, application of leasehold mortgagee cure rights and giving of required notices, termination of the related Lease, set off of material amounts under the related Lease or, in the case of a default by the tenant, termination of the tenant's right to possession of the related leased premises, (ii) no event has occurred or has been threatened in writing, which with or without the passage of time or the giving of notice, or both, would, individually or together with all such other events, constitute a default under any Lease that, if not timely cured would permit, subject to expiration of applicable cure periods, application of leasehold mortgagee cure rights and giving of required notices, termination of the related Lease, set off of material amounts under the related Lease or, in the case of a default by the tenant, termination of the tenant's right to possession of the related leased premises, or would, individually or together with all such

other events, reasonably be expected to cause the acceleration of any material obligation of any party thereto or the creation of a Lien upon any asset of any Contributed Entity, except for Permitted Liens, and (iii) each of the Leases is in full force and effect, and constitutes the legal, valid and binding obligation of the applicable Contributed Entity, and to iStar's Knowledge, each other party thereto, enforceable against each Contributed Entity, and to iStar's Knowledge, each other party thereto, in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium and similar Laws affecting creditors' rights generally and subject, as to enforceability, to general principles of equity (regardless of whether enforcement is sought in a proceeding at law or in equity). Except as set forth in the Leases, no Contributed Entity has granted an option or right of first refusal or offer pursuant to the Leases with respect to the sale of any Property.

(c) To iStar's Knowledge, except as previously disclosed to Safety or the Operating Partnership, no tenant under a Lease is presently the subject of any voluntary or involuntary bankruptcy or insolvency proceedings, except for matters that would not, individually or in the aggregate, reasonably be expected to have an iStar Material Adverse Effect.

2.1.9 **Environmental Matters**. Except for matters that would not, individually or in the aggregate, reasonably be expected to have an iStar Material Adverse Effect (a) each Contributed Entity is in compliance with all applicable Environmental Laws, (b) neither iStar nor any Contributed Entity has received within the past three years any written notice from any Governmental Authority or third party alleging that any Contributed Entity or Property is not in compliance with applicable Environmental Laws, and (c) there has not been a release of Hazardous Materials on any Property that would require investigation or remediation under applicable Environmental Laws. The representations and warranties contained in this Section 2.1.9 constitute the sole and exclusive representations and warranties made by iStar concerning environmental matters.

2.1.10 **Broker**. None of iStar or any Contributed Entity, or any of their managing members, members, partners, general partners, officers directors or employees, to the extent applicable, has entered into any agreement with any broker, finder, or similar agent of any person or firm that will result in the obligation of Safety, the Operating Partnership or any of their affiliates to pay any finder's fees, brokerage fees or commissions or similar payment in connection with the Contribution or the transactions contemplated by this Agreement.

IN NO EVENT SHALL iSTAR'S DIRECT OR INDIRECT PARTNERS, SHAREHOLDERS, MEMBERS, MANAGERS, OWNERS OR AFFILIATES, ANY OFFICER, MANAGER, DIRECTOR, EMPLOYEE OR AGENT OF THE FOREGOING, OR ANY AFFILIATE OR CONTROLLING PERSON THEREOF HAVE ANY LIABILITY FOR ANY CLAIM, CAUSE OF ACTION OR OTHER LIABILITY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE PROPERTIES, WHETHER BASED ON CONTRACT, COMMON LAW, STATUTE, EQUITY OR OTHERWISE, OTHER THAN SAFETY'S AND THE OPERATING PARTNERSHIP'S LIABILITIES FOR BREACH OF THIS AGREEMENT.

2.1.11 **No Other Representations or Warranties**. Other than the representations and warranties expressly set forth in this Article 2, iStar shall not be deemed to

have made any other representation or warranty to Safety or the Operating Partnership in connection with the Contribution, this Agreement or the transactions contemplated hereby.

2.2 **Safety and Operating Partnership's Representations and Warranties**. Safety and the Operating Partnership, jointly and severally, represent and warrant to iStar that:

2.2.1 **Organization and Authority**. The Operating Partnership is validly existing as a limited liability in good standing in the State of Delaware. Safety is validly existing as a corporation in good standing under the laws of Maryland. The Operating Partnership has the full right and authority and has obtained any and all consents required to enter into this Agreement. This Agreement has been authorized and properly executed by the Operating Partnership, and constitutes, as appropriate, the valid and binding obligation of the Operating Partnership, enforceable in accordance with their terms.

2.2.2 **Pending Actions**. To Safety's and the Operating Partnership's Knowledge, there is no action or proceeding pending or threatened against Safety or the Operating Partnership which challenges or impairs Safety's or the Operating Partnership's ability to execute or perform its obligations under this Agreement.

IN NO EVENT SHALL SAFETY'S OR THE OPERATING PARTNERSHIP'S DIRECT OR INDIRECT PARTNERS, SHAREHOLDERS, MEMBERS, MANAGERS, OWNERS OR AFFILIATES, ANY OFFICER, MANAGER, DIRECTOR, EMPLOYEE OR AGENT OF THE FOREGOING, OR ANY AFFILIATE OR CONTROLLING PERSON THEREOF HAVE ANY LIABILITY FOR ANY CLAIM, CAUSE OF ACTION OR OTHER LIABILITY ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE CONTRIBUTED ENTITY INTERESTS OR THE PROPERTIES, WHETHER BASED ON CONTRACT, COMMON LAW, STATUTE, EQUITY OR OTHERWISE, OTHER THAN ISTAR'S LIABILITIES FOR ITS BREACH OF THIS AGREEMENT.

ARTICLE 3
SURVIVAL; INDEMNITY

3.1 **Survival of Representations, Warranties and Covenants**. The representations and warranties set forth in Article 2 are made as of the Effective Date and the Closing Date, and shall not be deemed to be merged into or waived by the instruments of Closing, but shall survive the Closing for a period of 12 months (the "**Survival Period**"). All covenants set forth in this Agreement shall survive the Closing indefinitely and shall not be deemed to be merged into or waived by the instruments of Closing. Terms such as "to iStar's Knowledge," "to the best of iStar's Knowledge" or like phrases mean the actual knowledge of Jay Sugarman, Nina Matis and Geoffrey Jervis ("**iStar's Representatives**"), without any duty of inquiry or investigation; provided that so qualifying iStar's knowledge shall in no event give rise to any personal liability on the part of iStar's Representatives, or any of them, or any other officer or employee of iStar, on account of any breach of any representation or warranty made by iStar herein. Said terms do not include constructive knowledge, imputed knowledge, or knowledge iStar or such persons do not have but could have obtained through further investigation or inquiry. No broker, agent, or party other than iStar is authorized to make any representation or warranty for or on behalf of iStar. Each party shall have the right to bring an action against the other on the breach of a

representation or warranty or covenant hereunder or in the documents delivered by iStar at the Closing, but only on the following conditions: (1) the party bringing the action for breach first learns of the breach after Closing and, in the case of a claim for breach of representatives or warranties, files such action within the Survival Period and (2) neither party shall have the right to bring a cause of action for a breach of a representation or warranty or covenant unless the damage to such party on account of such breach (individually or when combined with damages from other breaches) equals or exceeds the greater of (a) [4.5% of the indemnity cap] or (b) $250,000, and then only to the extent of such excess. Neither party shall have any liability after Closing for the breach of a representation or warranty or covenant hereunder of which the other party hereto had knowledge as of Closing. Notwithstanding any other provision of this Agreement, any agreement contemplated by this Agreement, or any rights which Safety, the Operating Partnership might otherwise have at law, equity, or by statute, whether based on contract or some other claim, Safety, the Operating Partnership agree that: (i) any liability of iStar to Safety, the Operating Partnership and their affiliates will be limited to [$](1); and (ii) iStar may satisfy any liability to Safety, the Operating Partnership and their affiliates in full by delivering (a) a number of shares of Safety Common Stock equal to the total liability of iStar divided by the Value of the Safety Common Stock on the date that is three Trading Days prior to, but excluding, the date on which Safety and the Operating Partnership notified iStar in writing of the claims that resulted in the liability; (b) a cash lump sum; or (c) a combination of cash and Safety Common Stock valued in accordance with subclause (a). In no event shall either party be liable to the other party for incidental, consequential, or punitive damages as a result of the breach of any or all representations or warranties set forth in this Agreement. The provisions of this Section 3.1 shall survive the Closing.

3.2 **Survival**. The terms and conditions of this Article 3 shall expressly survive the Closing, and shall not merge with the provisions of any closing documents.

Safety and the Operating Partnership acknowledge and agree that the disclaimers and other agreements set forth herein are an integral part of this Agreement and that iStar would not have agreed to the Contribution and the other transactions contemplated hereby without the disclaimers and other agreements set forth herein.

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(1) NTD — 1.5% of the value of the consideration paid to iStar for the Properties.

ARTICLE 4
MISCELLANEOUS

4.1 **Parties Bound; Assignment**. This Agreement, and the terms, covenants, and conditions herein contained, shall inure to the benefit of and be binding upon the heirs, personal representatives, successors, and assigns of each of the parties hereto. Safety and the Operating Partnership may assign their rights under this Agreement upon the following conditions: (a) the assignee must be an entity controlling, controlled by, or under common control with Safety, (b) the assignee shall assume all obligations of Safety and the Operating Partnership hereunder, but Safety and the Operating Partnership shall remain, jointly and severally, primarily liable for the performance of their obligations, and (c) a copy of the fully executed written assignment and assumption agreement shall be delivered to iStar at least five (5) Business Days prior to Closing.

4.2 **Headings**. The article, section, subsection, paragraph and/or other headings of this Agreement are for convenience only and in no way limit or enlarge the scope or meaning of the language hereof.

4.3 **Invalidity and Waiver**. If any portion of this Agreement is held invalid or inoperative, then so far as is reasonable and possible the remainder of this Agreement shall be deemed valid and operative, and, to the greatest extent legally possible, effect shall be given to the intent manifested by the portion held invalid or inoperative. The failure by either party to enforce against the other any term or provision of this Agreement shall not be deemed to be a waiver of such party's right to enforce against the other party the same or any other such term or provision in the future.

4.4 **Governing Law**. This Agreement shall, in all respects, be governed, construed, applied, and enforced in accordance with the laws of the state New York.

4.5 **<u>Survival</u>**. The provisions of this Agreement that contemplate performance after the Closing and the obligations of the parties not fully performed at the Closing (other than any unfulfilled closing conditions which have been waived or deemed waived by the other party) shall survive the Closing and shall not be deemed to be merged into or waived by the instruments of Closing.

4.6 **<u>Entirety and Amendments</u>**. This Agreement embodies the entire agreement between the parties and supersedes all prior agreements and understandings relating to the Property. This Agreement may be amended or supplemented only by an instrument in writing executed by the party against whom enforcement is sought. All Exhibits hereto are incorporated herein by this reference for all purposes.

4.7 **<u>Notices</u>**. All notices required or permitted hereunder shall be in writing and shall be served on the parties at the addresses set forth in Section 1.2. Any such notices shall, unless otherwise provided herein, be given or served (a) by depositing the same in the United States mail, postage paid, certified and addressed to the party to be notified, with return receipt requested, (b) by overnight delivery using a nationally recognized overnight courier, (c) by personal delivery, or (d) by facsimile transmission during normal business hours with a confirmation copy delivered by another method permitted under this Section 4.7. Notice given

in accordance herewith for all permitted forms of notice other than by electronic mail, shall be effective upon the earlier to occur of actual delivery to the address of the addressee or refusal of receipt by the addressee. Except for facsimile notices as described above, no notice hereunder shall be effective if sent or delivered by electronic means. In no event shall this Agreement be altered, amended or modified by electronic mail or electronic record. A party's address may be changed by written notice to the other party; provided, however, that no notice of a change of address shall be effective until actual receipt of such notice. Copies of notices are for informational purposes only, and a failure to give or receive copies of any notice shall not be deemed a failure to give notice. Notices given by counsel to Safety and the Operating Partnership shall be deemed given by Safety and the Operating Partnership and notices given by counsel to the iStar shall be deemed given by iStar.

4.8 **<u>Construction</u>**. The parties acknowledge that the parties and their counsel have reviewed and revised this Agreement and agree that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement or any exhibits or amendments hereto.

4.9 **<u>Calculation of Time Periods; Business Day</u>**. Unless otherwise specified, in computing any period of time described herein, the day of the act or event after which the designated period of time begins to run is not to be included and the last day of the period so computed is to be included, unless such last day is not a Business Day, in which event the period shall run until the end of the next day which is a Business Day. The last day of any period of time described herein shall be deemed to end at 5:00 p.m. local time in the state in which the Property is located.

4.10 **<u>Execution in Counterparts</u>**. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, and all of such counterparts shall constitute one Agreement.

4.11 **<u>Further Assurances</u>**. In addition to the acts and deeds recited herein and contemplated to be performed, executed and/or delivered by either party at Closing, each party agrees to perform, execute and deliver, but without any obligation to incur any additional liability or expense, on or after the Closing any further deliveries and assurances as may be reasonably necessary to consummate the transactions contemplated hereby or to further perfect the conveyance, transfer and assignment of the Contributed Interests to the Operating Partnership.

4.12 **<u>No Third Party Beneficiary</u>**. The provisions of this Agreement and of the documents to be executed and delivered at Closing are and will be for the benefit of iStar, Safety and the Operating Partnership only and are not for the benefit of any third party, and accordingly, no third party shall have the right to enforce the provisions of this Agreement or of the documents to be executed and delivered at Closing.

[SIGNATURE PAGES AND EXHIBITS TO FOLLOW]

SIGNATURE PAGE TO INITIAL PORTFOLIO AGREEMENT
BY AND AMONG
iSTAR INC.,
SAFETY, INCOME AND GROWTH, INC.
AND
SAFETY INCOME AND GROWTH OPERATING PARTNERSHIP LP

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year written below.

iSTAR INC.:

Date

By: ______________________
Name: ______________________
Title: ______________________

SAFETY, INCOME AND GROWTH, INC.

Date

By: ______________________
Name: ______________________
Title:

SAFETY INCOME AND GROWTH OPERATING PARTNERSHIP LP:

By: SIGOP GenPar LLC,
its general partner

Date

By:
Name:
Title:

Signature Page to Initial Portfolio Agreement

LIST OF EXHIBITS AND SCHEDULES

EXHIBIT A

Contributed Entities

(Attached)

EXHIBIT B

Leases

(Attached)

EXHIBIT C

Real Properties

(Attached)

Exhibit 23.3

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the use in this Registration Statement on Form S-11 of Safety, Income and Growth, Inc. of our report dated April 10, 2017 relating to the financial statements, and financial statement schedule, which appears in such Registration Statement. We also consent to the reference to us under the heading “Experts” in such Registration Statement.

/s/ PricewaterhouseCoopers LLP
New York, New York
June 7, 2017

Exhibit 23.5

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the inclusion in this Registration Statement of Safety, Income and Growth, Inc. on Form S-11 of our report dated June 7, 2017, with respect to our audit of the Combined Statement of Revenue of 6200 Hollywood Boulevard and 6201 Hollywood Boulevard for the year ended December 31, 2016, which report appears in the Prospectus, which appears in such Registration Statement. We also consent to the reference to us under the heading "Experts" in such Prospectus.

/S/ MARCUM LLP

New York, NY
June 7, 2017