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As filed with the Securities and Exchange Commission on April 10, 2017

Registration Statement No. 333-

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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)

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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, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer o	Accelerated filer o	Non-accelerated filer ☒ (Do not check if a smaller reporting company)	Smaller reporting company o

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.

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**.

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The information in this preliminary prospectus is not complete and may be changed. We may not sell these shares until the registration statement filed with the Securities and Exchange Commission becomes effective. This preliminary prospectus is not an offer to sell these shares and it is not soliciting an offer to buy these shares in any jurisdiction where the offer or sale thereof is not permitted.

Subject to Completion,
Preliminary Prospectus Dated April 10, 2017

PROSPECTUS

SHARES

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. We have received clearance to apply to have our common stock listed on the New York Stock Exchange under the symbol "SFTY." 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 175 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 24 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**

The date of this prospectus is , 2017.

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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:

"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 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 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—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 158 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 December 31, 2016.

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 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 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 December 31, 2016, iStar had total assets of approximately $4.8 billion and 196 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 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 17, 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," will have 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 more than 50 potential GNL investment opportunities representing over $3.0 billion of initial GNL value, including approximately $500 million 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. We have not entered into definitive purchase agreements for any of the investments currently being pursued, 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 December 31, 2016, iStar's net lease real estate portfolio (including 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 30-45% 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. All of the properties in the initial portfolio 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 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 196 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 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.

Our Initial Portfolio

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 and triple net terms.

The weighted average Ground Rent Coverage of the initial portfolio as of December 31, 2016 was 4.44x, assuming that the Underlying Property NOI at the One Ally Center for the year ended December 31, 2016 was 5.00x the annualized in place base rent payable under our One Ally Center GNL, and 4.32x 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 December 31, 2016, 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 December 31, 2016.

(3) Total percentage cash rental income during the 12 months ended December 31, 2016.

(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."

(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 December 31, 2016[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	85%	850	579,432	$ 14.4	3.20x
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	9.8	3.64x
Doubletree Mission Valley	San Diego-Carlsbad	7450 Hazard Center Dr., San Diego, CA	Hotel	1991 / 2012	87%	300	236,745	7.6	6.73x
Doubletree Sonoma	San Francisco-San Jose-Oakland	1 Doubletree Dr., Rohnert Park, CA	Hotel	1987 / 2016	75%	245	213,000	4.2	5.68x
Doubletree Durango	Durango	501 Camino Del Rio, Durango, CO	Hotel	1986 / 2009	79%	159	132,384	3.3	3.85x
Dallas Market Center: Sheraton Suites	Dallas-Fort Worth-Arlington	2101 Stemmons Freeway, Dallas, TX	Hotel	1989 / 2017	79%	251	178,331	2.4	6.83x
Northside Forsyth Hospital Medical Center	Atlanta-Sandy Springs-Marietta	4150 Deputy Bill Cantrell Memorial Rd, Cumming, GA	Medical Office Building	2017[4]	95%	N/A	92,573[5]	1.5[6]	3.05x
NASA/JPSS Headquarters	Washington-Arlington-Alexandria	7700 and 7720 Hubble Drive, Lanham, MD	Office	1994	100%	N/A	120,000	2.0[7]	4.63x
The Buckler Apartments	Milwaukee-Waukesha-West Allis	401 West Michigan Street, Milwaukee, WI	Multi-Family	1977 / 2016	75%[1]	207	206,712	2.3[8]	9.20x
Dallas Market Center: Marriott Courtyard	Dallas-Fort Worth-Arlington	2150 Market Center Blvd, Dallas, TX	Hotel	1989 / 2015	72%	184	158,805	2.3	18.04x
Lock Up Self Storage Facility	Minneapolis-St. Paul-Bloomington	221 American Blvd W., Bloomington, MN	Self Storage	2008	84%	812	104,000	0.8	6.34x
Total / Weighted Avg.							**3,404,337**		**4.44/4.32x[9]**

(1) The hotel occupancy rates shown are the average occupancy rates of the hotels for the 12 months ended December 31, 2016. Northside Forsyth Medical Center is currently under construction and occupancy reflects pre-leased percentage as of December 31, 2016. The Buckler Apartments property is currently in its lease-up phase and occupancy is as of March 15, 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 December 31, 2016 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) Medical center that is currently under construction, with completion expected in March 2017.

(5) Represents square footage of initial building currently under construction. The site can accommodate an additional 115,100 square feet.

(6) Represents our underwritten expected net operating income at the property upon completion of construction and stabilization.

(7) Does not reflect $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.

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

(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 4.44x 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 4.32x average excludes One Ally Center from the calculation.

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 manufacture 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. 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.

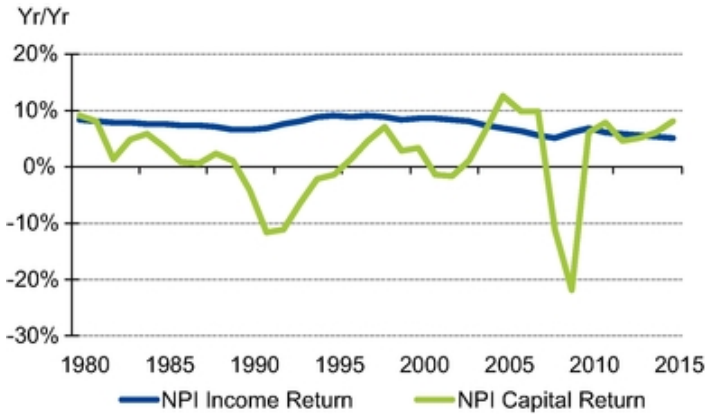
Compelling Investment Characteristics of Ground Net Leases

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 year ended December 31, 2016, we received approximately 58.8% of our total revenues from the tenant under our master lease relating to five hotels and approximately 24.5% 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.
- 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, 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 17, 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 will have 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 will have 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 to be paid to iStar in these transactions, which we refer to as our formation transactions, is $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.

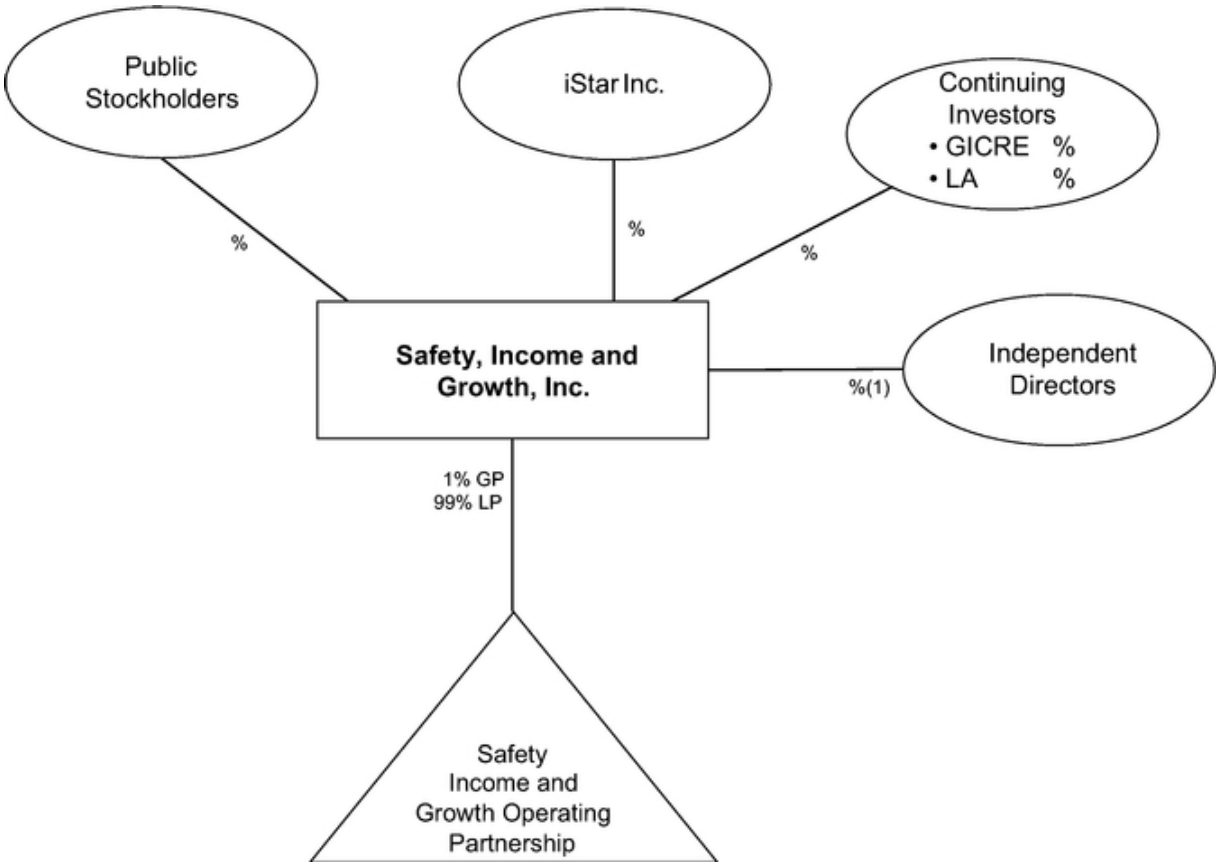
Concurrent iStar Placement

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

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 shares of restricted common stock issued to our directors or director nominees 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 %, and to GICRE to own up to % 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, including shares of restricted common stock issued 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 $511 million at December 31, 2016. 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 $183 million was drawn as of December 31, 2016. 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. 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. 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 %, and to GICRE to own up to %, 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 , 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 $1.0 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.sftyinc.com*. The information on, or otherwise accessible through, our website does not constitute a part of this prospectus.

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 the net proceeds from this offering and the concurrent iStar placement for general business purposes, including future acquisitions and originations of GNLs and the funding of costs of our new revolving credit facility and transaction expenses not paid by iStar (including transfer taxes of $ and expenses of $ incurred in connection with this offering, the concurrent iStar placement and the formation transactions). 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 24 and other information included in this prospectus before making a decision to invest in our common stock.
Proposed NYSE symbol	"SFTY."

(1) Includes 5.65 million shares of our common stock to be 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 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.

(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 information as of December 31, 2016 and 2015 of our predecessor and selected historical combined statements of operations information 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 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 period 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 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 December 31, 2016 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 For the Year Ended December 31, 2016	Historical Combined For the Years Ended December 31, 2016	2015
		(In thousands)	
OPERATING DATA:			
Operating lease income	$ 21,606	$ 21,664	$ 18,558
Total revenues	21,606	21,743	18,565
Total costs and expenses	21,164	15,128	12,848
Net income	442	6,615	5,717
SUPPLEMENTAL DATA:			
FFO(1)	$ 8,035	$ 9,757	$ 8,857
AFFO(1)	3,796	7,161	7,327
EBITDA(1)	16,732	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 December 31, 2016	Historical Combined As of December 31, 2016	2015
		(In thousands)	
BALANCE SHEET DATA:			
Real estate, net	$ 288,965	$ 104,478	$ 103,680
Deferred expenses and other assets, net	49,129	39,284	33,881
Total assets	341,991	155,667	144,256
Total liabilities	228,991	1,576	227
Total equity	113,000	154,091	144,029
Total liabilities and equity	341,991	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.

Our annualized cash base rental income in place for our Doubletree Seattle Airport property as of December 31, 2016 and total percentage cash rental income during the twelve months ended December 31, 2016 for such property totaled an aggregate of $5.5 million, or approximately 31.61% of our entire portfolio. 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 year ended December 31, 2016, the tenant under our master lease relating to five hotels accounted for approximately $12.8 million, or 58.8%, 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 $5.3 million, or 24.5%, 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 year ended December 31, 2016, 65.2% 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 December 31, 2016, 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 and Lock Up Self Storage 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 December 31, 2016 was 4.44x, assuming that the Underlying Property NOI at the One Ally Center for the year ended December 31, 2016 was 5.00x the annualized in place base rent payable under our One Ally Center GNL, and 4.32x 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.

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. 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 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, 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;
- we may be prohibited or otherwise restricted from making distributions under, or if we fail to meet, certain covenants;
- 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, our directors, director nominees and executive officers will beneficially own approximately % of our outstanding shares and voting power of our common stock, 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, our directors, director nominees, executive officers, 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. Therefore, our directors, director nominees, executive officers, iStar and the continuing investors will have substantial influence over us and could exercise influence in a manner that is not in the best interest of our other stockholders. This concentration of voting power 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 will acquire the properties and assets of 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 the date of the formation transactions. 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 did not negotiate the value of the properties of our predecessor at arm's-length as part of the formation transactions, and the consideration given by us in exchange for them may exceed their fair market value.

We did not negotiate the value of the properties of our predecessor at arm's-length 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 in consultation with the underwriters. As a result, the value of all consideration given by us to iStar for the properties of our predecessor may exceed their fair market value or the value that a third party would have paid for them.

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 billion, (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. 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. 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." Except as provided under "Use of Proceeds," we currently have no intention to use the net proceeds from this offering to make distributions. 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.

You will experience immediate and substantial dilution from the purchase of our common stock sold in this offering.

As of December 31, 2016, the aggregate historical combined net tangible book value of our predecessor was approximately $ million, or $ per share. The pro forma net tangible book value per share of our common stock as of December 31, 2016, after giving effect to the consummation of this offering, the concurrent iStar placement and the formation transactions will be less than the initial public offering price per share. The purchasers of shares of our common stock offered hereby will experience immediate and substantial dilution of $ per share in the pro forma net tangible book value per share of our common stock, based on the 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.

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 executive officers, independent directors and director nominees will own an aggregate of 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. 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 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. While we have put in place 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 as a result of ownership of such tenant by iStar and GICRE, 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 $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 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 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 thousands)		Uses (in thousands)	
Gross proceeds from this offering	$	Costs of new revolving credit facility(1)	$
Gross proceeds from concurrent iStar placement	$ 45.0	Transaction expenses not paid by iStar (including transfer taxes of $ and expenses of $ incurred in connection with this offering, the concurrent iStar placement and the formation transactions)	$
		General business purposes	$
Total Sources	$	**Total Uses**	$

(1) We and our operating partnership will be the borrowers under our new $300 million revolving credit facility. Our new revolving credit facility will bear interest at an annual rate of %, will mature on , 2020.

As indicated in the table above, net proceeds remaining after 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 , 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 annual distribution will represent approximately % of our estimated cash available for distribution to our common stockholders for the 12 months ending December 31, 2017, 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 December 31, 2016. It also does not reflect the amount of cash estimated to be used for investing activities for acquisitions and originations and other activities 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 December 31, 2016, 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 our actual and anticipated results of operations, cash flows or financial position, economic or market conditions, prohibitions or other restrictions under financing agreements, our qualification as a REIT, applicable law, or other factors materially different from our current expectations. 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."

Distributions declared by us will be authorized by our board of directors in its sole discretion out of funds legally available therefor 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 and applicable law and other factors described herein.

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 or issue equity to provide funds for such distributions 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. However, we currently have no intention to use the net proceeds from this offering or the concurrent iStar placement to make cash distributions to our stockholders or 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."

The following table describes our pro forma net income from continuing operations for the year ended December 31, 2016, and the adjustments we have made thereto in order to estimate our initial cash available for distribution for the year ending December 31, 2017 (amounts in thousands except share data, per share data and percentages). 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 from continuing operations for the 12 months ended December 31, 2016	$
Less: Straight-line rent	$
Add: Real estate depreciation and amortization	$
Add: Contractual increases in rental revenue(1)	$
Add: Non-cash compensation expense(2)	$
Add: Management fee expense(3)	$
Add: Amortization of lease incentive assets(4)	$
Add: Net effects of non-cash amortization of debt premium, debt discount and debt issuance costs	$
Estimated cash available for distribution to our stockholders for the 12 months ending December 31, 2017	$
Total estimated initial annualized distribution to our stockholders	$
Estimated initial annualized distribution per share of our common stock(5)	$
Payout ratio(6)	%

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

(2) Represents the stock based compensation expense for awards to our independent directors and director nominees in connection with this offering.

(3) 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.

(4) Represents the amortization of lease incentive assets associated with certain of our ground net leases. See the historical combined financial statements of our predecessor included elsewhere in this prospectus.

(5) 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.

(6) 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 December 31, 2017.

CAPITALIZATION

The following table sets forth (i) the historical combined capitalization of our predecessor as of December 31, 2016 and (ii) our unaudited pro forma capitalization as of December 31, 2016, 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 December 31, 2016	
	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	—	
Predecessor equity / Stockholders' equity	—	
Predecessor equity	154,091	
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	154,091	
Total capitalization	$ 154,091	$

(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 to be issued in this offering, the concurrent iStar placement and the formation transactions and 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.

DILUTION

Purchasers of shares of our common stock offered by this prospectus will experience an immediate and material decrease in the net tangible book value of their common stock from the initial public offering price.

At December 31, 2016, our predecessor had a combined net tangible book value of approximately $ million, or $ per share of our common stock.

After giving effect to this offering, the formation transactions, the concurrent iStar placement and the other adjustments described in the unaudited pro forma financial information beginning on page F-16, the pro forma net tangible book value at December 31, 2016 attributable to the common stockholders would have been approximately $ million, or $ per share of our common stock, 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. This amount represents an immediate increase in pro forma net tangible book value of $ per share to iStar and an immediate decrease in pro forma net tangible book value of $ per share from an assumed initial public offering price of $ share of our common stock to new investors in this offering.

The following table illustrates this per share decrease:

Assumed initial public offering price per share of common stock		$
Net tangible book value per share before this offering, the concurrent iStar placement and the formation transactions(1)	$	
Net decrease in pro forma net tangible book value per share attributable to this offering, the formation transactions and the concurrent iStar placement	$	
Pro forma net tangible book value per share after this offering, the concurrent iStar placement and the formation transactions(2)		$
Decrease in pro forma net tangible book value per share to new investors in this offering(3)		$

(1) Net tangible book value per share of our common stock before this offering, the formation transactions and the concurrent iStar placement is determined by dividing net tangible book value based on net book value of the tangible assets (consisting of our total assets net of liabilities to be assumed) of our predecessor by the number of shares of our common stock held by iStar in the formation transactions.

(2) Based on pro forma net tangible book value of approximately $ million divided by the sum of shares of our common stock to be outstanding upon completion of this offering and the concurrent iStar placement.

(3) Decrease is determined by subtracting pro forma net tangible book value per share of our common stock after giving effect to this offering, the concurrent iStar placement and the formation transactions from the assumed initial public offering price paid for a share of our common stock by a new investor in this offering.

The table below summarizes (i) the difference between the number of shares of our common stock to be received by iStar and the continuing investors in the formation transactions and the concurrent iStar placement and the number of shares of our common stock to be received by new investors in this offering, and (ii) the difference between our pro forma net tangible book value as of December 31, 2016 after giving effect to the formation transactions and the concurrent iStar placement and other pro forma adjustments but prior to this offering and the total consideration paid in cash by

the new investors in this offering (based on the mid-point of the initial public offering price range set forth on the cover page of this prospectus) on an aggregate and per share/unit basis (amounts in thousands, expect share amounts).

	Shares Issued		Cash/Book Value of Assets Acquired(1)	
	Number	Percent	Amount	Percent
Common stock issued in connection with the formation transactions and the concurrent iStar placement				
New investors in this offering				
Total		%	$	%

(1) Based on the pro forma net tangible book value of our total assets following the formation transactions (consisting of our total assets net of liabilities to be assumed).

Pro forma total assets	$
Less: pro forma total liabilities	
Pro forma net tangible assets	
Less: proceeds from this offering net of costs associated with this offering payable by us	
Pro forma net tangible assets after the effects of the formation transactions and the concurrent iStar placement, but before the effects of this offering	$

This table assumes no exercise by the underwriters of their option to purchase up to 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 information beginning on page F-16, (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 information as of December 31, 2016 and 2015 of our predecessor and selected historical combined statements of operations information 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 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 period 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 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 December 31, 2016 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 Year Ended December 31, 2016	For the Years Ended December 31, 2016	2015
	(In thousands)		
OPERATING DATA:			
Operating lease income	$ 21,606	$ 21,664	$ 18,558
Total revenues	21,606	21,743	18,565
Total costs and expenses	21,164	15,128	12,848
Net income	442	6,615	5,717
SUPPLEMENTAL DATA:			
FFO(1)	$ 8,035	$ 9,757	$ 8,857
AFFO(1)	3,796	7,161	7,327
EBITDA(1)	16,732	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 December 31, 2016	As of December 31, 2016	2015
	(In thousands)		
BALANCE SHEET DATA:			
Real estate, net	$ 288,965	$ 104,478	$ 103,680
Deferred expenses and other assets, net	49,129	39,284	33,881
Total assets	341,991	155,667	144,256
Total liabilities	228,991	1,576	227
Total equity	113,000	154,091	144,029
Total liabilities and equity	341,991	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 and the notes related thereto and the unaudited pro forma financial statements appearing elsewhere in this prospectus. Since our formation, we have not had any corporate activity. Accordingly, we believe a discussion of our results of operations 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 more than 50 potential GNL investment opportunities representing over $3.0 billion of initial GNL value, including $500 million that we are actively pursuing or negotiating. These opportunities cover each of our sourcing and origination channels within the United States,

including (with percentages based on dollar value): acquiring an existing GNL (46%), originating a GNL for development (16.9%), manufacturing GNL (11.7%), acquiring a property to create a GNL (9.6%) and financing a third party GNL (15.7%). They have also been diversified among property type and include office (66.4%), multi-family (13.3%), hotel (7.4%), mixed use (5.1%), retail (3.2%) and other property types. We have not entered into definitive purchase agreements for any of the opportunities we are actively pursuing, and there can be no assurance that we will do so or that we will acquire or originate any of the investments currently being pursued on favorable terms, or at all.

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 December 31, 2016, iStar had total gross assets of approximately $4.8 billion and 196 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 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 17, 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," will have 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 Year Ended December 31, 2016	For the Years Ended December 31,	
		2016	2015
	(In thousands)		
Funds from Operations			
Net income	$ 442	$ 6,615	$ 5,717
Add: Real estate related depreciation and amortization	7,593	3,142	$ 3,140
FFO	$ 8,035	$ 9,757	$ 8,857
Adjusted Funds from Operations			
FFO	$ 8,035	$ 9,757	$ 8,857
Straight-line rental income	(4,873)	(4,374)	(2,902)
Amortization of real estate-related intangibles, net	671	414	332
Stock-based compensation	—	364	331
Amortization of deferred financing costs and other expenses related to debt obligations	(37)	1,000	709
AFFO	$ 3,796	$ 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 Year Ended December 31, 2016	For the Years Ended December 31,	
		2016	2015
	(In thousands)		
EBITDA			
Net income	$ 442	$ 6,615	$ 5,717
Add: Interest expense	8,697	8,242	7,229
Add: Depreciation and amortization	7,593	3,142	3,140
EBITDA	$ 16,732	$ 17,999	$ 16,086

Results of Operations

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

	For the Years Ended December 31,			
	2016	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.

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 $ 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 expenses will be as a standalone public company for future reporting periods.

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 $ (or $ 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 costs of our new revolving credit facility and expenses of this offering, the concurrent iStar placement not paid by iStar from the gross proceeds, the net proceeds from this offering and the concurrent iStar placement are expected to be approximately $ (or $ 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 for costs of our new revolving credit facility and transaction expenses not paid by iStar (including transfer taxes of $ and expenses of $ incurred in connection with this offering and the formation transactions) and for general business purposes, including future acquisitions and originations of GNLs. We do not intend to use any of the net proceeds from this offering or the concurrent iStar placement to fund distributions to our stockholders. Pending the ultimate use of the net proceeds, we may invest the net proceeds in interest bearing accounts and short term, interest bearing securities that are consistent with our intention to qualify as a REIT.

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 %, will mature on , 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.

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. 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 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 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.

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 the Initial Portfolio Financing" for a description of the terms of the initial portfolio financing. 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 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".

Off-Balance Sheet Arrangements—As of December 31, 2016, 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. However, we currently have no intention to use the net proceeds from this offering or the concurrent iStar placement to make cash distributions to our stockholders or 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 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 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 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.

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, lien position, 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.

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 December 31, 2016 and December 31, 2015, all such intangible assets and liabilities acquired by us 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 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 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 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 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. 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 facility 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.

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 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 December 31, 2016, iStar had total assets of approximately $4.8 billion and 196 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 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 17, 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," will have 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 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 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.

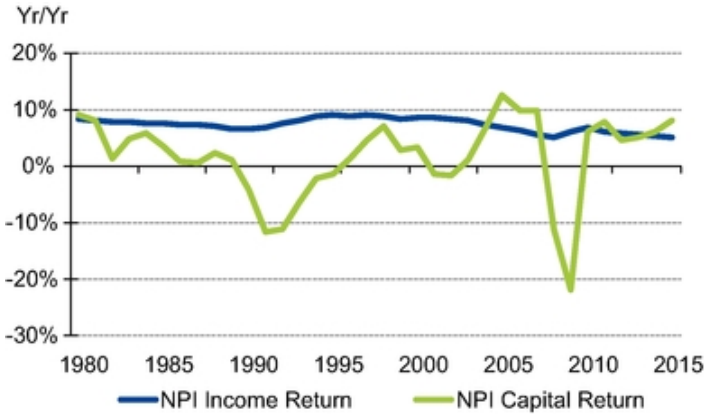
Compelling Investment Characteristics of Ground Net Leases

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.

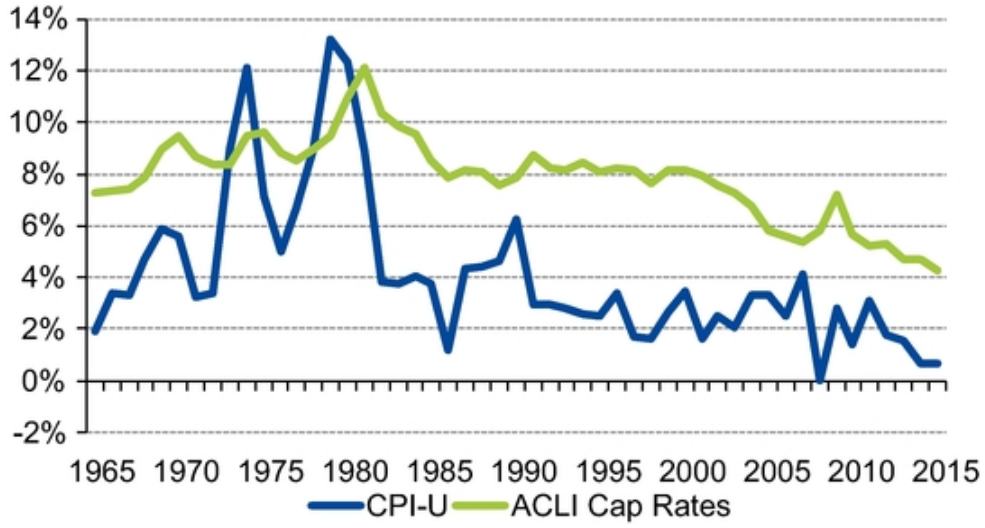
Growth of GNL Income and Underlying Real Estate Value

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

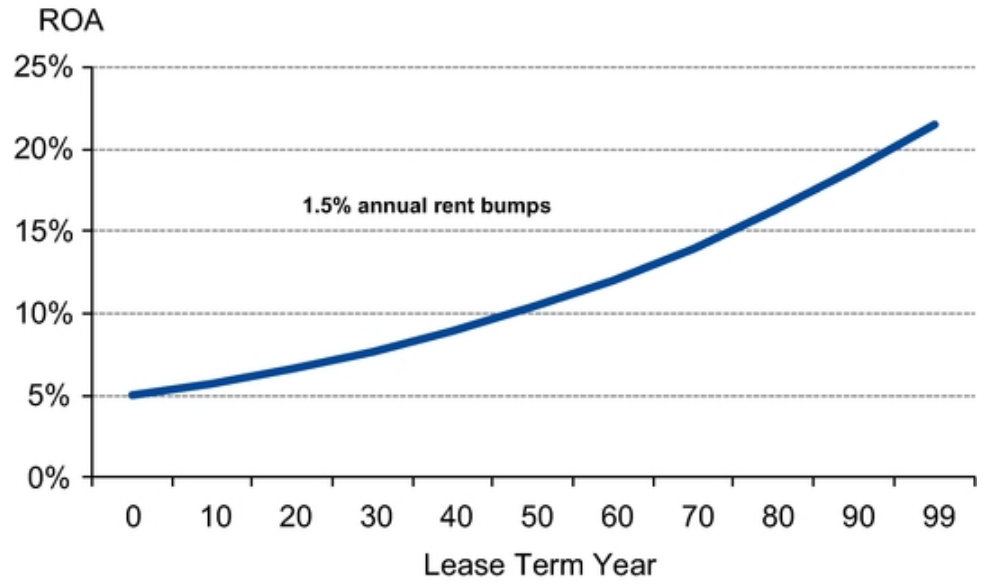
found that the correlation between annual commercial real estate returns and inflation was 0.41 between 1978 and 2010.

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 4% to 5% targeted investment range.

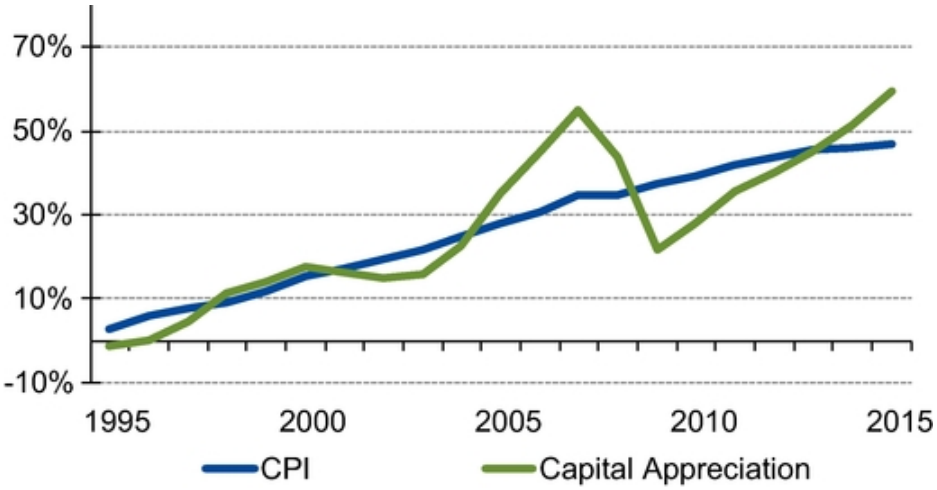
Rising interest rates can be a sign that the economy is improving, which can be a positive for long-term land price appreciation and underlying property revenues. In addition to potentially

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 December 31, 2016, iStar's net lease real estate portfolio (including 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. All of the properties in the initial portfolio 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 more than 50 potential GNL investment opportunities representing over $3.0 billion of initial GNL value, including $500 million that we are currently actively pursuing or negotiating. These opportunities cover each of our sourcing and origination channels within the United States, including (with percentages based on dollar value): acquiring an existing GNL (46%), originating a GNL for development (16.9%), manufacturing GNL (11.7%), acquiring a property to create a GNL (9.6%) and financing a third party GNL (15.7%). They have also been diversified among property type and include office (66.4%), multi-family (13.3%), hotel (7.4%), mixed use (5.1%), retail (3.2%) and other property types. We have not entered into definitive purchase agreements for any of the opportunities we are actively pursuing, and there can be no assurance that we will do so or that we will acquire or originate any of the investments currently being pursued 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 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 196 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 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.

Our Initial Portfolio

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 and triple net terms.

The weighted average Ground Rent Coverage of the initial portfolio as of December 31, 2016 was 4.44x, assuming that the Underlying Property NOI at the One Ally Center for the year ended December 31, 2016 was 5.00x the annualized in place base rent payable under our One Ally Center GNL, and 4.32x 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 December 31, 2016, 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 December 31, 2016.

(3) Total percentage cash rental income during the 12 months ended December 31, 2016.

(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."

(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 December 31, 2016[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	85%	850	579,432	$ 14.4	3.20x
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	9.8	3.64x
Doubletree Mission Valley	San Diego-Carlsbad	7450 Hazard Center Dr., San Diego, CA	Hotel	1991 / 2012	87%	300	236,745	7.6	6.73x
Doubletree Sonoma	San Francisco-San Jose-Oakland	1 Doubletree Dr., Rohnert Park, CA	Hotel	1987 / 2016	75%	245	213,000	4.2	5.68x
Doubletree Durango	Durango	501 Camino Del Rio, Durango, CO	Hotel	1986 / 2009	79%	159	132,384	3.3	3.85x
Dallas Market Center: Sheraton Suites	Dallas-Fort Worth-Arlington	2101 Stemmons Freeway, Dallas, TX	Hotel	1989 / 2017	79%	251	178,331	2.4	6.83x
Northside Forsyth Hospital Medical Center	Atlanta-Sandy Springs-Marietta	4150 Deputy Bill Cantrell Memorial Rd, Cumming, GA	Medical Office Building	2017[4]	95%	N/A	92,573[5]	1.5[6]	3.05x
NASA/JPSS Headquarters	Washington-Arlington-Alexandria	7700 and 7720 Hubble Drive, Lanham, MD	Office	1994	100%	N/A	120,000	2.0[7]	4.63x
The Buckler Apartments	Milwaukee-Waukesha-West Allis	401 West Michigan Street, Milwaukee, WI	Multi-Family	1977 / 2016	75%[1]	207	206,712	2.3[8]	9.20x
Dallas Market Center: Marriott Courtyard	Dallas-Fort Worth-Arlington	2150 Market Center Blvd, Dallas, TX	Hotel	1989 / 2015	72%	184	158,805	2.3	18.04x
Lock Up Self Storage Facility	Minneapolis-St. Paul-Bloomington	221 American Blvd W., Bloomington, MN	Self Storage	2008	84%	812	104,000	0.8	6.34x
Total / Weighted Avg.							**3,404,337**		**4.44/4.32x[9]**

(1) The hotel occupancy rates shown are the average occupancy rates of the hotels for the 12 months ended December 31, 2016. Northside Forsyth Medical Center is currently under construction and occupancy reflects pre-leased percentage as of December 31, 2016. The Buckler Apartments property is currently in its lease-up phase and occupancy is as of March 15, 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 December 31, 2016 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) Medical center that is currently under construction, with completion expected in March 2017.

(5) Represents square footage of initial building currently under construction. The site can accommodate an additional 115,100 square feet.

(6) Represents our underwritten expected net operating income at the property upon completion of construction and stabilization.

(7) Does not reflect $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.

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

(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 4.44x 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 4.32x average excludes One Ally Center from the calculation.

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 December 31, 2016.

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 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 $15.8 million at December 31, 2016, using the straight-line method of depreciation.

Property and Lease Summary

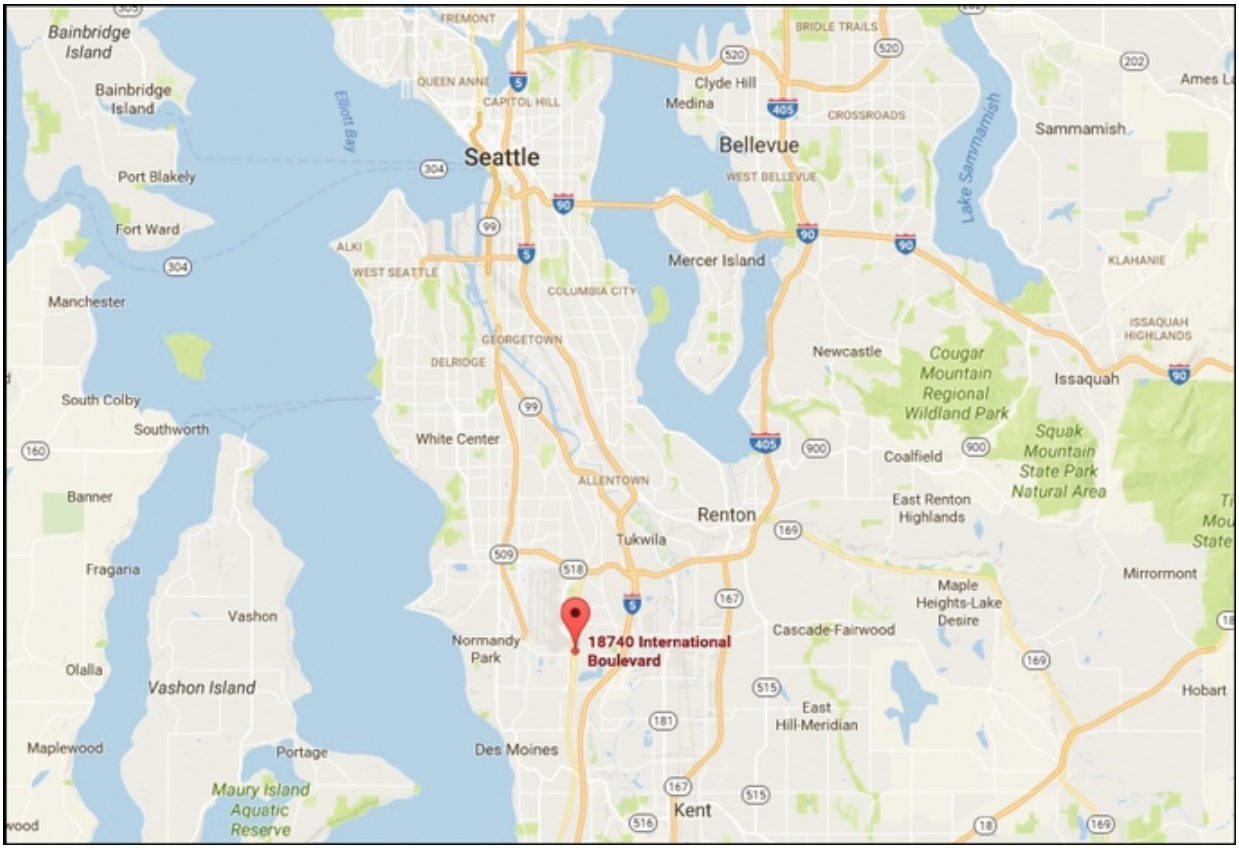
This property, together with Hilton Salt Lake, Doubletree Mission Valley, Doubletree Sonoma and Doubletree Durango, is part of our Hilton Western Portfolio and is subject to a master lease acquired by iStar in 1997. In January 2017, Hilton Worldwide Holdings Inc. announced that it had completed a spinoff 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:	85%	**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:	$14.4M	**In Place Base Rent (Annualized):**	$4.5M
Ground Rent Coverage:	3.20x	**TTM Additional Rent:**	$1.0M
		Total Cash Rent:	$5.5M
		Total GAAP Rent:	$5.5M

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

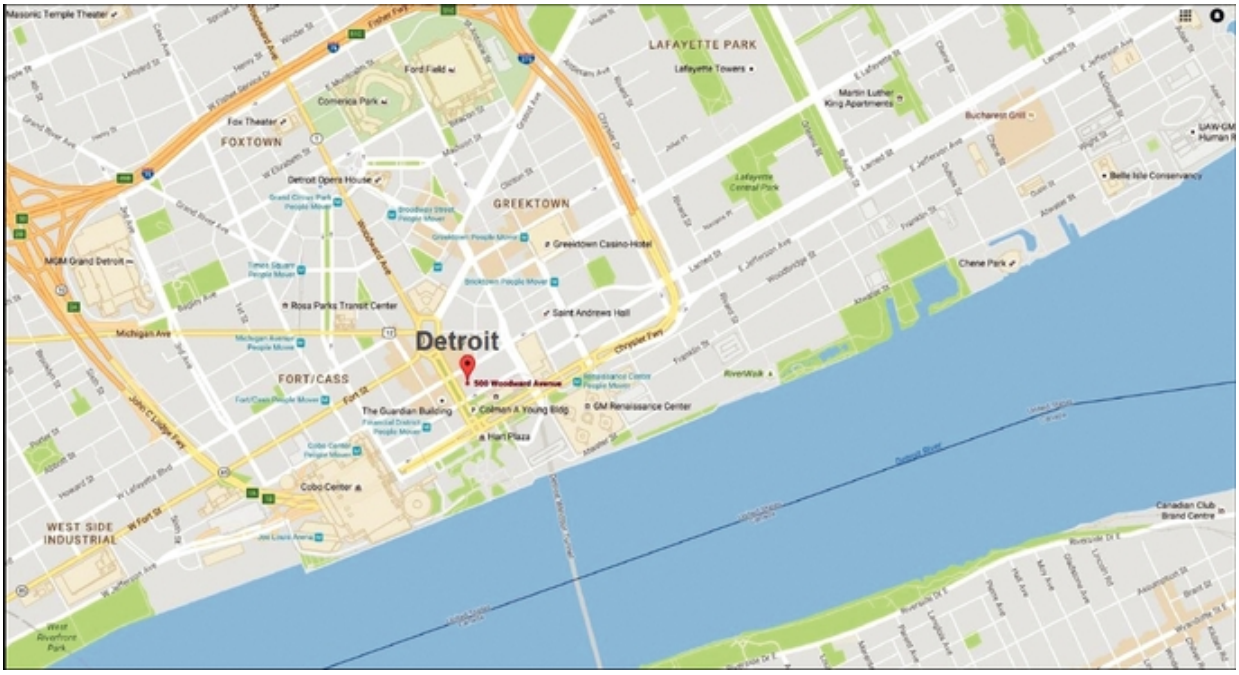
The 957,355 rentable square foot One Ally Center is a Class-A office building designed by Philip Johnson and John Burgee Architects and developed by Hines in 1992. We own the land in fee simple, while the tenant owns the office building and improvements. iStar owned the One Ally Center and split it into 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 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 $17.0 million at December 31, 2016, using the straight-line method of depreciation.

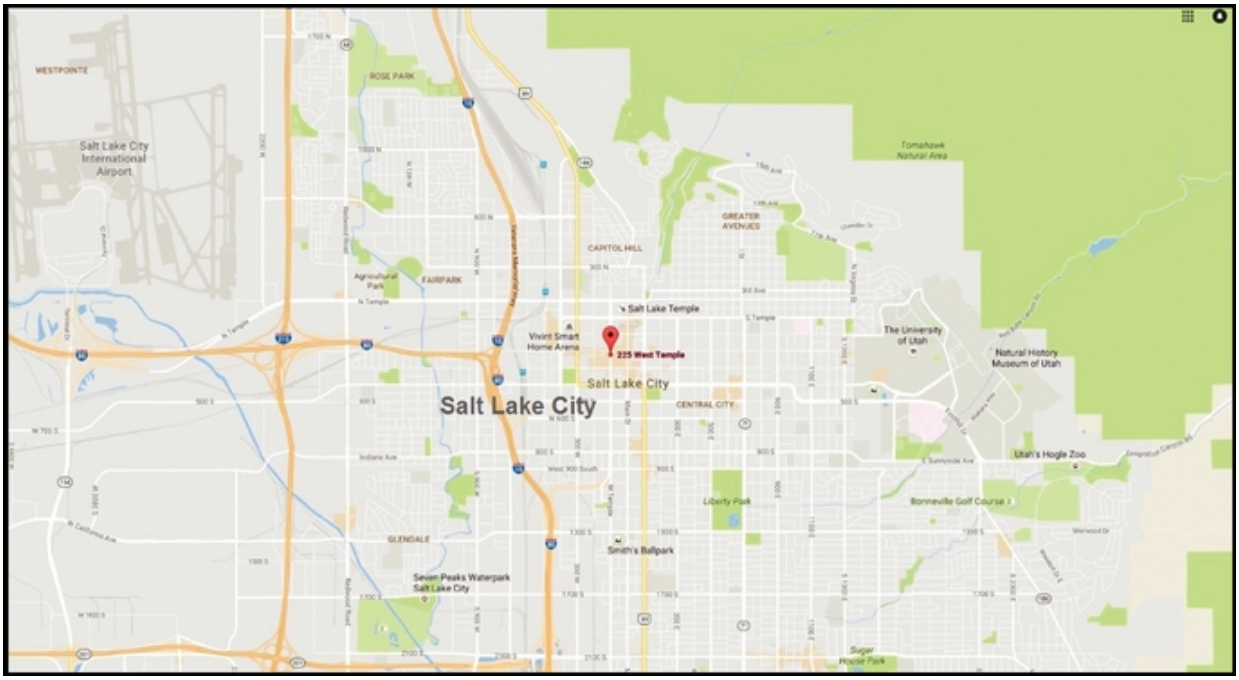
Property and Lease Summary

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:	$9.8M	**In Place Base Rent (Annualized):**	$2.7M
Ground Rent Coverage:	3.64x	**TTM Additional Rent:**	$0.6M
		Total Cash Rent:	$3.3M
		Total GAAP Rent:	$3.3M

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.

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 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:	$7.6M	**In Place Base Rent (Annualized):**	$1.1M
Ground Rent Coverage:	6.73x	**TTM Additional Rent:**	$0.7M
		Total Cash Rent:	$1.8M
		Total GAAP Rent:	$1.8M

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 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

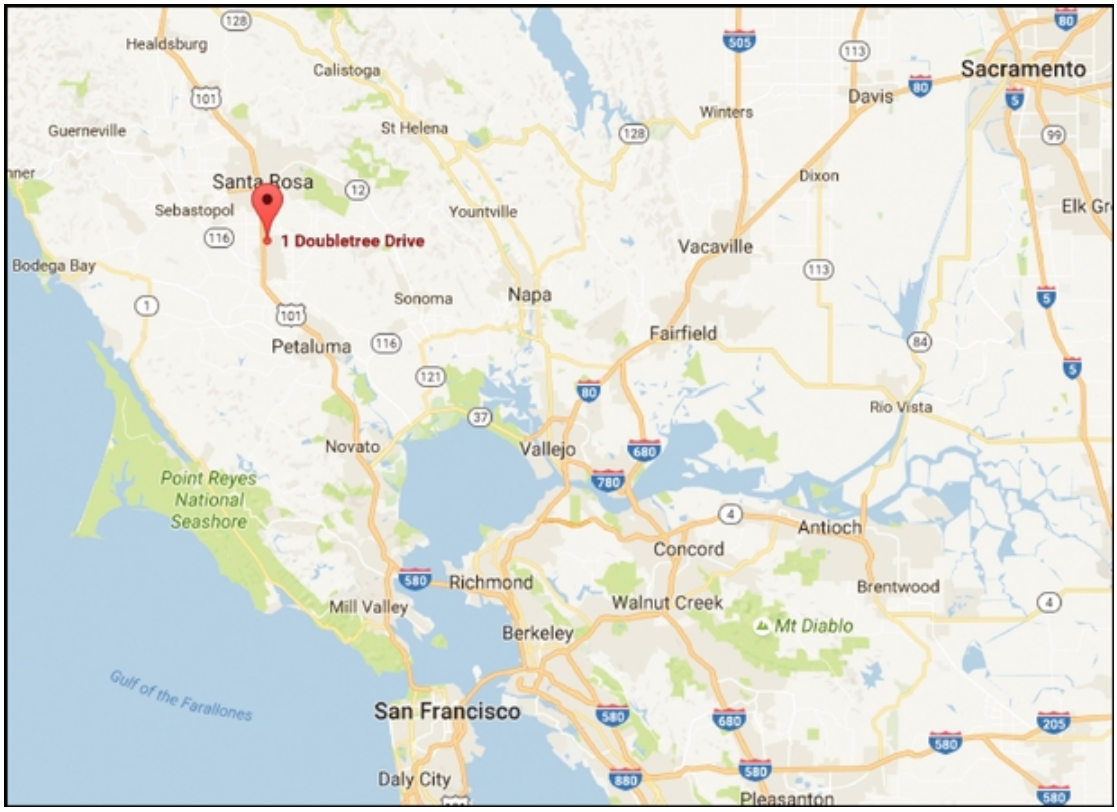
Property and Lease Summary

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:	75%	**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:	5.68x	**TTM Additional Rent:**	$0.4M
		Total Cash Rent:	$1.1M
		Total GAAP Rent:	$1.1M

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.

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 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:	79%	**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:	$3.3M	**In Place Base Rent (Annualized):**	$0.9M
Ground Rent Coverage:	3.85x	**TTM Additional Rent:**	$0.3M
		Total Cash Rent:	$1.2M
		Total GAAP Rent:	$1.2M

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

Dallas Market Center: Sheraton Suites

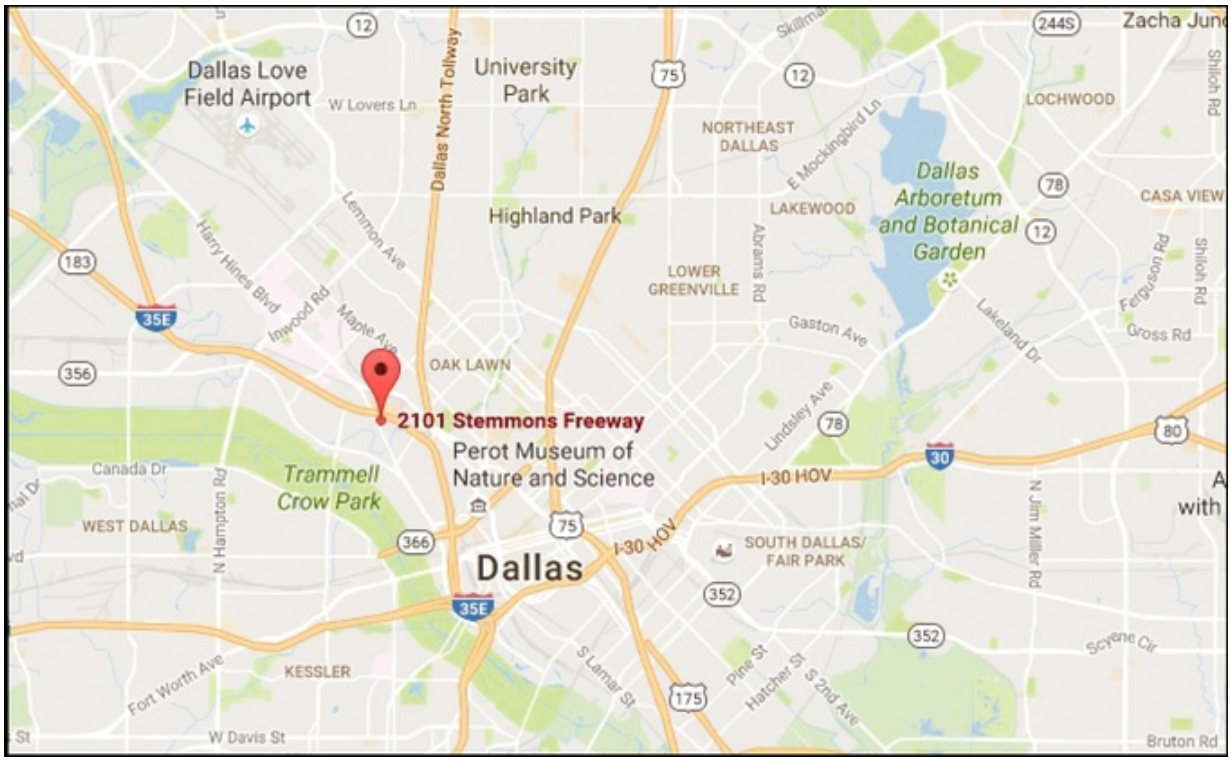
Property Description

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.

Property and Ground Net Lease Summary

Property		Lease	
Address:	2101 Stemmons Freeway, Dallas, TX	**Tenant:**	Dallas Suites RE, LLC
MSA:	Dallas-Fort Worth-Arlington	**Guarantor:**	N/A
Property Type:	Hotel	**Lease Commencement Date:**	9/30/2015
Units / Keys:	251	**Lease Expiration Date:**	9/30/2114
Square Feet:	178,331	**Original Term:**	99 yrs (98 yrs remaining)
Occupancy:	79%	**Tenant Extension Options:**	None
Year Built / Major Reno Date:	1989 / 2017		
		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.
Underlying Property NOI:	$2.4M	**In Place Base Rent (Annualized):**	$0.4M
Ground Rent Coverage:	6.83x	**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 is currently under construction with completion expected in March 2017. We own the land in fee simple, while the tenant will own the completed medical office building and improvements. iStar originated this GNL in 2016. The approximately 13-acre site will initially include 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.

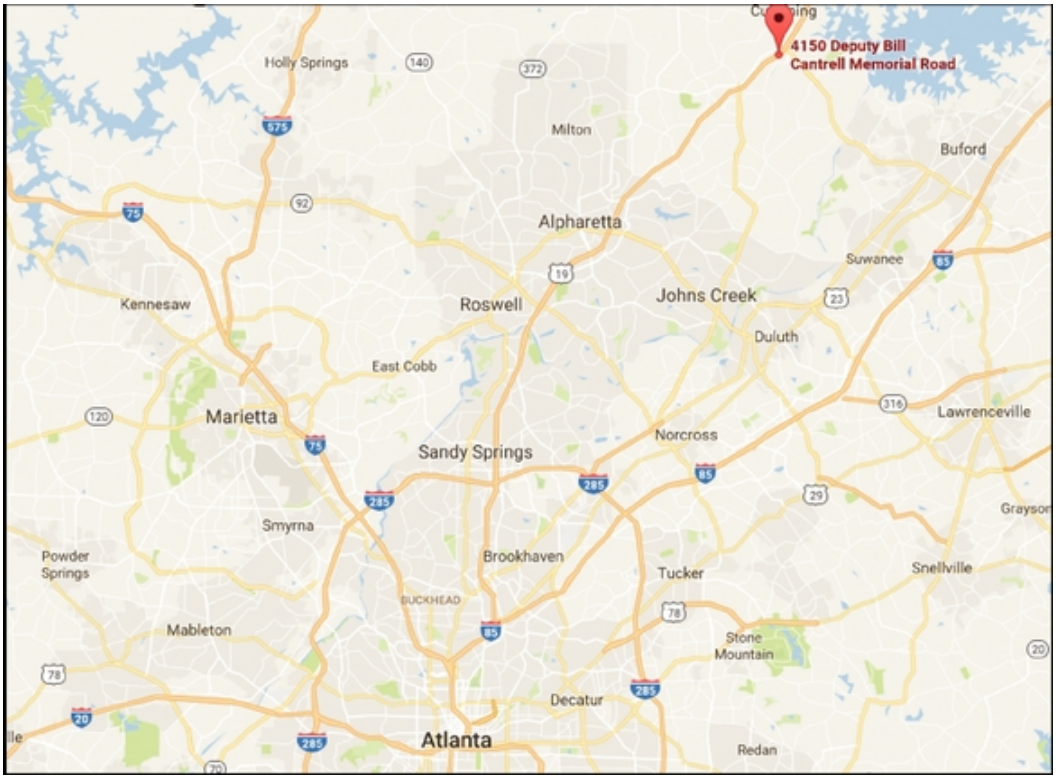
Property and Ground Net Lease Summary

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. Fundings are made in response to draw requests from the borrower. Prior to the completion of this offering, iStar will pay these construction costs. After the completion of this offering, we will pay these amounts using available cash from operations and/or proceeds from our revolving credit facility. 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

Property Map



NASA JPSS Headquarters

Property Description

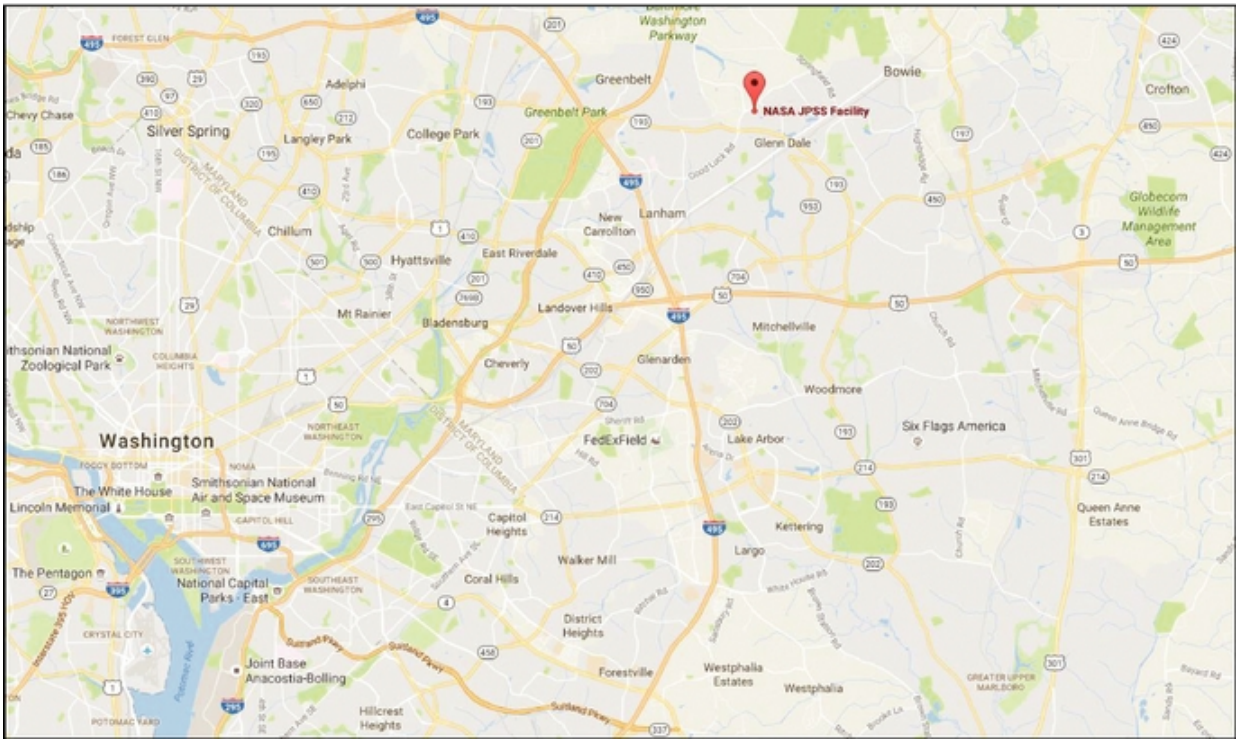
Built in 1994 by Cypress Investment Associates and designed by Brasher Design, the property serves as the headquarters of NASA's Joint Polar Satellite System division and is an extension of the Goddard Space Flight Campus. We own the land in fee simple, while the tenant owns the office building and improvements. 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

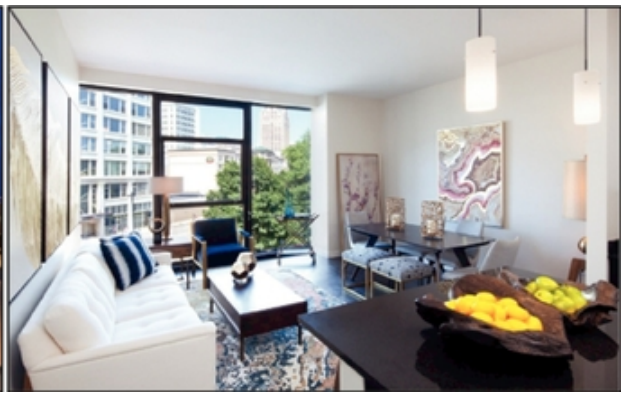
Under the GNL, the tenant has the right of first offer to purchase the property, i.e., we must first offer the property to the tenant before soliciting offers for the sale of the property to any other person. See "Risk Factors—Risks Related to Our Portfolio and Our Business—The tenants under the GNLs 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:	4.63x	**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.

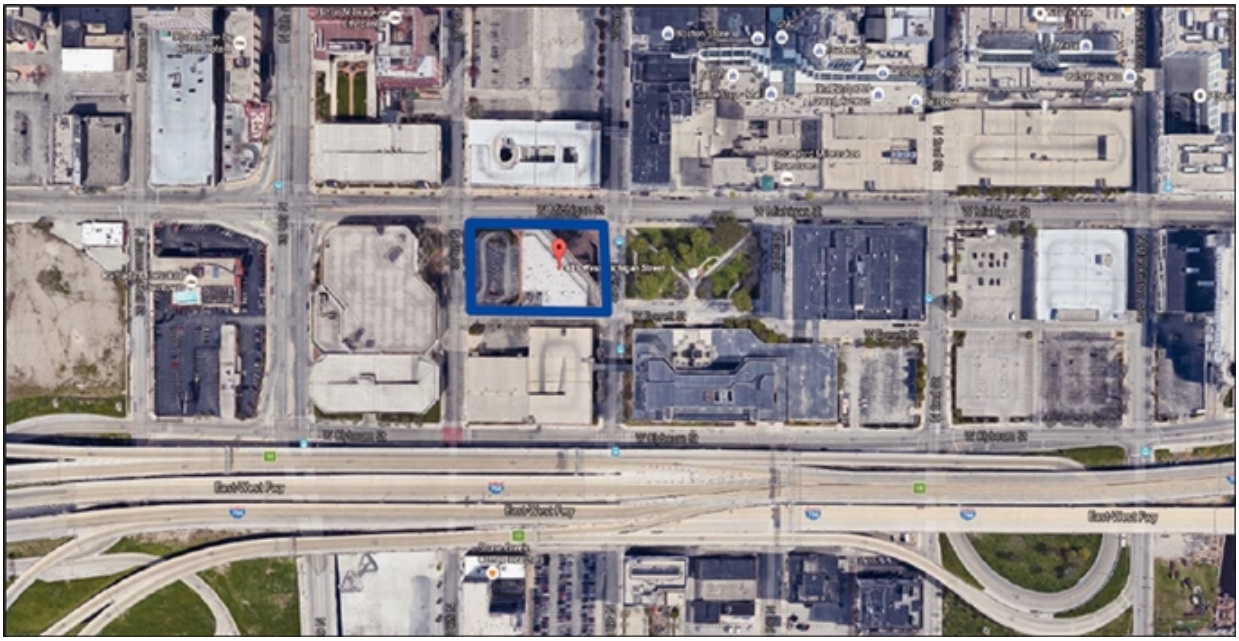
Property and Ground Net Lease Summary

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	75%(1)	**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

(1) As of March 15, 2017.

Property Map



Dallas Market Center: Marriott Courtyard

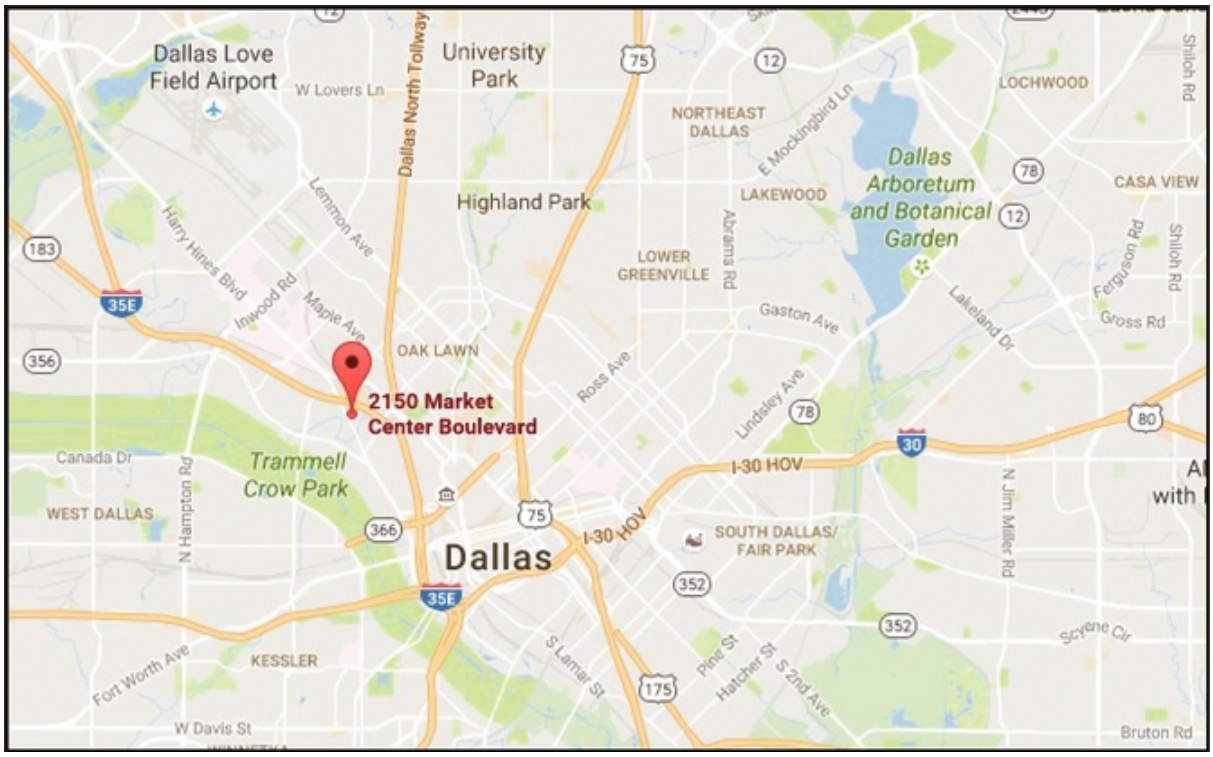
Property Description

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:	72%	**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:	$2.3M	**In Place Base Rent (Annualized):**	$0.1M
Ground Rent Coverage:	18.04x	**TTM Additional Rent:**	$0.2M
		Total Cash Rent:	$0.3M
		Total GAAP Rent:	$0.3M

Property Map



Lock Up Self Storage Facility

Property Description

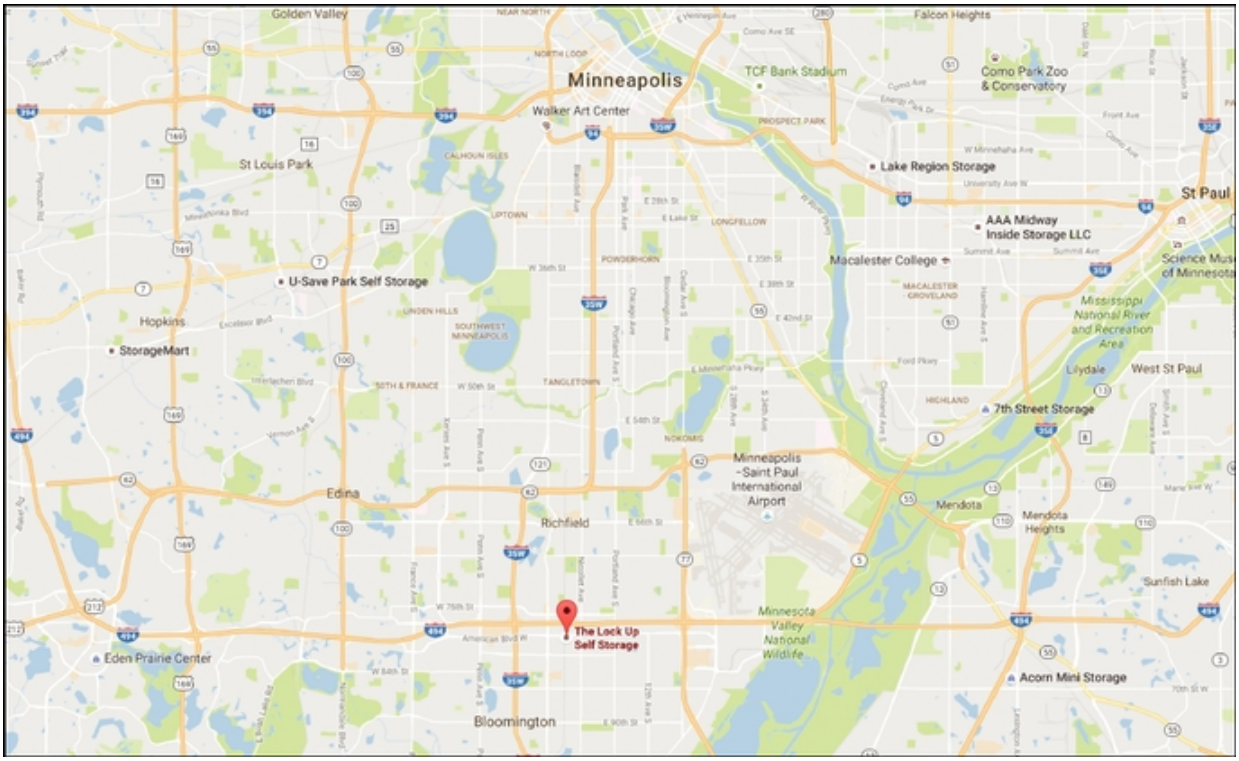
Developed in 2008, the 104,000 square foot Lock Up Self Storage Facility consists of 812 self-storage units. We own the land in fee simple, while the tenant owns the storage facility and other improvements. iStar originated this GNL in 2007 from a property it acquired in 1993. The building features include 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	**Guarantor:**	Evergreen Real Estate Partners, LLC and individual principals of tenant
Property Type:	Self Storage	**Lease Commencement Date:**	9/19/2007
Units / Keys:	812	**Lease Expiration Date:**	9/30/2037
Square Feet:	104,000	**Original Term:**	30 yrs (21 yrs remaining)
Occupancy:	84%	**Tenant Extension Options:**	None
Year Built / Major Reno Date:	2008	**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



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 manufacture 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. 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 $1.0 billion, (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	54	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	45	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) oversight of 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, with our qualification as a REIT and with the investment guidelines;

(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 our manager has 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 monthly basis following the end of each month.

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 (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. 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.

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, third party administrators for the establishment and maintenance of the books and records, 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 in connection with the application for, and participation in, programs established by governmental agencies and programs;
- 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 and programs 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;
- costs and expenses incurred in contracting with third parties, including affiliates of our manager, for the servicing and special servicing of our assets;
- 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 we 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 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 $511 million at December 31, 2016. 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 $183 million was drawn as of December 31, 2016.

MANAGEMENT

Our Directors and Director Nominees

Currently, we have one director. 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 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.

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	54	Chairman of the Board of Directors and Chief Executive Officer
Dean S. Adler	60	Independent director nominee
Jay S. Nydick	52	Independent director nominee
		Independent director nominee
		Director nominee
Nina B. Matis	69	Chief Investment Officer and Chief Legal Officer
Geoffrey B. Jervis	45	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 March 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.

Jay S. Nydick, a director since March 2017, 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.

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.

Our board of directors intends to appoint as the 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 , each of whom will be an independent director and "financially literate" under the rules of the NYSE. will chair our audit committee and serve as our audit committee financial expert, as that term is defined by the applicable SEC regulations.

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 . will chair our compensation committee.

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 . will chair our nominating and corporate governance committee.

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 any shares issued or issuable under our equity incentive plan. 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 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		
Dean S. Adler		
Jay S. Nydick		
Nina B. Matis		
Geoffrey G. Jervis		
All directors, director nominees and executive officers as a group (persons)		

(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.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Formation Transactions

On or before April 17, 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 will have 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 will have 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 to be paid to iStar in these transactions is $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.

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 $511 million at December 31, 2016. 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 $183 million was drawn as of December 31, 2016. 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 will enter 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 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, subject to certain limitations, not later than 12 months from the beginning of the first full calendar month following the closing of this offering, we will file 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 will also enter 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 % , and to GICRE to own up to % , 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 17, 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 will have 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 will have 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 to be paid to iStar in these transactions is $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.

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 the Initial Portfolio Financing." We distributed the proceeds from this financing to iStar.
- On, or before April 17, 2017, the continuing investors will have acquired million shares of our common stock, representing a 51% ownership interest at such time, for $57.5 million. The price to be 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 will issue 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 pay 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 will be accomplished by the following steps:

  - Safety, Income and Growth, Inc. will merge with and into an entity named SIGI Acquisition, Inc., or SIGI, that was recently formed and will be capitalized with $55.5 million of cash from iStar and $57.5 million of cash from the continuing investors. SIGI will survive the merger and be 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 will receive $113 million of cash (including the $55.5 million that iStar had contributed to SIGI, in its initial capitalization);

  - iStar will retain its shares of common stock, and the continuing investors will retain 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 will enter into several agreements governing the affairs of the company and the arrangements of the parties during the periods prior to this public offering.

- In connection with the continuing investors' investment, we will enter 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—Stockholders 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 independent directors, 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 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 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 %, and to GICRE to own up to %, 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, including shares of restricted common stock issued 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 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 expect to have no indebtedness outstanding 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.

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, 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. As of the date of this prospectus, our sole holder of common stock is iStar. After giving effect to this offering, the concurrent iStar placement and the formation transactions, shares of common stock (excluding any exercise of the underwriters' option to purchase additional shares of our 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 does not own, actually or constructively, an interest in one of our tenants (or a tenant of any entity which we own or control) that would cause us to own beneficially or constructively more than a 9.9% interest in the tenant unless the amount of income derived by us from such tenant would not adversely affect our ability to qualify as a REIT. The person seeking an exemption must provide representations and undertakings to the satisfaction of our board of directors that it will not violate these restrictions. 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 % and to GICRE to own up to % 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

We expect to apply and have our common stock listed on the NYSE under the symbol "SFTY."

Transfer Agent and Registrar

We expect the transfer agent and registrar for our shares of common stock to be 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 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. The shares of our common stock issued to iStar in the concurrent iStar placement and the formation transactions and the shares of our common stock granted to our independent directors when they join our board of directors 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 and the formation transactions and the shares of our common stock granted to our independent directors 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, subject to certain limitations, not later than 12 months from the beginning of the first full calendar month following the completion of this offering, we will file 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 also entered into a registration rights agreements with the continuing investors, which 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 resale shelf registration statement providing for the resale of the investors shares of our common stock acquired prior to this offering and in the concurrent iStar placement, and subsequently to include in the registration statement such additional shares of common stock as the investor may acquire from time to time in the future. Each investor may sell its shares in underwritten offerings. We have agreed to use our reasonable best efforts to cause the 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 will be organized 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 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 will be organized and intend 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 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.

Stockholders who are 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 REIT ordinary income for such year, (ii) 95% of our REIT 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, an 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 on such appreciation at the highest corporate income tax rate then applicable if we subsequently recognize gain on a disposition of any 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 could 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), is 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, an 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, or by a combination of the two. Single member limited liability companies that are wholly-owned by a REIT 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. A REIT 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 any TRS for each 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 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 one or more TRSs we may own, 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 partnership, or any limited liability company 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 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 property for 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. Moreover, we are permitted to provide services to tenants through a TRS without disqualifying the rental income received from tenants as rents from real property. Also, rental income will qualify as rents from real property only to

the extent it is not treated as "unrelated 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 perform services considered to be non-customary or rendered to the occupant of the property.

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 GICRE together own, at any time during a taxable year, a 10% or greater interest, applying certain constructive ownership rules. While we have put in place 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 as a result of ownership of such tenant by iStar and GICRE, 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. For taxable years beginning after December 31, 2015, 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.

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 the failure of our company 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 involving us, 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 voting power or value. *Fourth*, the aggregate value of all securities of TRSs held by us may not exceed 25% of the value of our total assets (20% on 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, as 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, as 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 the purposes of a partnership issuer, its interest as a partner in the partners).

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 was 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 upon default under the GNL, and therefore such treatment should not adversely impact our ability to satisfy the REIT asset tests. Accordingly, there can be no assurance that the IRS will not contend that our 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, and recognized built-in gain, as discussed above, *minus*
- the sum of specified items of non-cash income that exceeds a 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 of the taxable year, 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, provided that 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 REIT ordinary income for such year, (ii) 95% of our REIT 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 distribute our net income 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. 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. 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 contributed to 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. Specified relief provisions will be available to us to avoid such disqualification 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 excluded securities as described in 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 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 operating partnership agreement 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 under this section of the Code.

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.

Prior to this offering, we are 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, our company will be treated as contributing its assets to our operating partnership in exchange for operating partnership units for U.S. federal income tax purposes, and therefore our company 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 our company having taxable income that is in excess of its economic or book income as well as its cash distributions from our operating partnership, which might adversely affect our company's 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 applicable 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 noncorporate U.S. stockholders, to the extent of previously claimed depreciation deductions.

A portion of our distributions 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. 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 unrelated business taxable income, or 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 nonetheless 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, effective December 18, 2015, 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, effective beginning December 18, 2015, 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.	
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 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 $. 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. If these persons purchase reserved shares, this 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

We expect the shares to be approved for listing on the NYSE under the symbol "SFTY." 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 representative. 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

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. They have received, or may in the future receive, customary fees and commissions for these transactions. In particular, affiliates of certain of the underwriters are lenders under the initial portfolio financing. Affiliates of certain of the underwriters are also expected to be lenders under our new revolving credit facility that we expect to enter into upon completion of this offering.

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.

Unless otherwise indicated, the statistical and economic market data included in this prospectus, including information relating to the economic conditions within our markets contained in "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.sftyinc.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
Payment of offering costs	(977)	—
Distributions to noncontrolling interest	—	(594)
Acquisition of noncontrolling interest	—	(6,352)
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 the Company 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 the Company 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 as a percentage of iStar's average net assets. Interest

Safety, Income and Growth, Inc. Predecessor

Notes to Combined Financial Statements (Continued)

Note 2—Basis of Presentation and Principles of Combination (Continued)

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 Company's combined balance sheets. In-place leases are amortized over the remaining non-cancelable

Safety, Income and Growth, Inc. Predecessor

Notes to Combined Financial Statements (Continued)

Note 3—Summary of Significant Accounting Policies (Continued)

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 impairment charge to the extent its carrying value exceeds its estimated fair value. Impairments of

Safety, Income and Growth, Inc. Predecessor

Notes to Combined Financial Statements (Continued)

Note 3—Summary of Significant Accounting Policies (Continued)

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 2028. 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.
Unaudited Pro Forma Financial Statements

Safety, Income and Growth, Inc., a Maryland corporation (the "Original Entity"), will engage in a business combination transaction with SIGI Acquisition, Inc. ("SIGI"). SIGI will be 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 for certain matters that require the approval of the directors designated by GICRE and LA regarding approvals of 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 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 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 December 31, 2016 for the

unaudited pro forma balance sheet and on January 1, 2016 for the unaudited pro forma statement 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 December 31, 2016 for the unaudited pro forma balance sheet or on January 1, 2016 for the unaudited pro forma statement 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 December 31, 2016
(Unaudited, in thousands)

	(A) SIGI	(B) Predecessor	(C) Initial Portfolio Financing	(D) Acquisition Accounting Adjustments	Safety, Income and Growth, Inc.	(E) Offering	(F) Other Adjustments	Company Pro Forma
ASSETS								
Real estate								
Real estate, at cost	$ —	$ 165,699	$ —	$ 123,266	$ 288,965	$ —	$ —	$ 288,965
Less: accumulated depreciation	—	(61,221)	—	61,221	—	—	—	—
Real estate, net	—	104,478	—	184,487	288,965	—	—	288,965
Cash and cash equivalents	113,000	—	415	(113,000)	415	—	—	415
Operating lease income receivable	—	3,482	—	—	3,482	—	—	3,482
Deferred operating lease income receivable, net	—	8,423	—	(8,423)	—	—	—	—
Deferred expenses and other assets, net	—	39,284	—	9,845	49,129	—	—	49,129
Total assets	$ 113,000	$ 155,667	$ 415	$ 72,909	$ 341,991	$ —	$ —	$ 341,991
LIABILITIES AND EQUITY								
Liabilities:								
Debt obligations	$ —	$ —	$ 219,000	$ 8,415	$ 227,415	$ —	$ —	$ 227,415
Accounts payable, accrued expenses and other liabilities	—	1,576	—	—	1,576	—	—	1,576
Total liabilities	—	1,576	219,000	8,415	228,991	—	—	228,991
Equity:								
Safety Income and Growth REIT, Inc. Predecessor Equity	—	154,091	(219,000)	64,909	—	—	—	—
Common stock	—	—	—	—	—	—	—	—
Additional paid-in capital	113,000	—	—		113,000	—	—	113,000
Accumulated other comprehensive income			415	(415)	—			—
Retained earnings	—	—	—	—	—	—	—	—
Total equity	113,000	154,091	(218,585)	64,494	113,000	—	—	113,000
Total liabilities and equity	$ 113,000	$ 155,667	$ 415	$ 72,909	$ 341,991	$ —	$ —	$ 341,991

(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 December 31, 2016. Because the entities comprising the Predecessor were under common control as of December 31, 2016, the Predecessor's assets and liabilities are recorded at iStar's historical cost basis.

(C) Represents the proceeds of $227.0 million received from the initial portfolio financing collateralized by the 12 initial properties, the payment of $8.0 million in debt issuance costs by iStar and the immediate distribution of $219 million net proceeds to iStar in the form of a dividend. The $227.0 million loan is being assumed by the Company in the Acquisition.

(D) 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 and liabilities acquired 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 and liabilities acquired. 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	77,314
Buildings and improvements	211,651
	288,965
Intangibles (does not include $1.7 million of deferred offering costs)	47,382
Real estate	336,347
Debt obligations	(227,415)
Other assets and liabilities	4,068
Net assets acquired	$ 113,000

(E) 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.

(F) 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 $ million will be charged against additional paid-in capital as offering costs and $ 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 December 31, 2016, $1.7 million of such costs have been capitalized and are included as a component of deferred expenses and other assets, net. Additionally, $48 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.

Safety, Income and Growth, Inc.
Pro Forma Statement of Operations
(Unaudited, in thousands, except per share data)

	SIGI	(A) Predecessor	(B) Initial Portfolio Financing	(C) Acquisition Accounting Adjustments	Safety, Income and Growth, Inc.	Offering	Other Adjustments	Company Pro Forma
For the Year Ended December 31, 2016								
Revenues:								
Operating lease income	$ —	$ 21,664	$ —	$ (58)	$ 21,606	$ —	$ —	$ 21,606
Other income	—	79	—	(79)	—	—	—	—
Total revenues	—	21,743	—	(137)	21,606	—	—	21,606
Costs and expenses:								
Interest expense	—	8,242	455	—	8,697	—	—	8,697
Real estate expense	—	861	—	—	861	—	—	861
Depreciation and amortization	—	3,142	—	4,451	7,593	—	—	7,593
General and administrative	—	2,883	—	—	2,883	—	1,130(D)(E)	4,013
Total costs and expenses	—	15,128	455	4,451	20,034	—	1,130	21,164
Net income	$ —	$ 6,615	$ (455)	$ (4,588)	$ 1,572	$ —	$ (1,130)	$ 442
Pro forma basic and diluted earnings per share(F)								

(A) Reflects the historical combined statement of operations of the Predecessor for the year ended December 31, 2016. Because the entities comprising the Predecessor were under common control for the period presented, the Predecessor's operations are those of iStar.

(B) Represents annual 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 facility 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 and liabilities acquired 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 and liabilities acquired. 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) 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 $ relating to legal, insurance, accounting and other compliance matters. An adjustment to general and administrative expenses has not been made in the pro forma statement of operations as such expenses are not currently factually supportable.

(E) 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 does not reflect 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.

(F) 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.

Until (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

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	$	11,590
Financial Industry Regulatory Authority, Inc. filing fee	$	*
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	**$**	*****

* To be furnished by amendment.

Item 32. Sales to Special Parties.

None.

Item 33. Recent sales of unregistered securities.

On October 24, 2016, we issued 100 shares of our common stock to iStar Inc. for an aggregate purchase price of $100. We will repurchase these shares at cost upon completion of this offering. On April , 2017, we issued shares 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.

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
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.

Exhibit number	Exhibit description
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
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
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.

† 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 April 10, 2017.

Safety, Income and Growth, Inc.

By: /s/ JAY SUGARMAN

Name: Jay Sugarman
Title: *Chief Executive Officer*

POWER OF ATTORNEY

We, the undersigned officers and directors of Safety, Income and Growth, Inc., hereby severally constitute and appoint Jay Sugarman, Nina B. Matis and Geoffrey G. Jervis, and each of them singly (with full power to each of them to act alone), our true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution in each of them for him and in his name, place and stead, and in any and all capacities, to sign any and all amendments (including post-effective amendments) to this Registration Statement, and any other registration statement for the same offering pursuant to Rule 462(b) under the Securities Act of 1933, and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite or necessary to be done in and about the premises, as full to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

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	April 10, 2017
/s/ GEOFFREY G. JERVIS Geoffrey G. Jervis	Chief Operating and Chief Financial Officer (Principal Accounting and Financial Officer)	April 10, 2017

EXHIBIT INDEX

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
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
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
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.

† Indicates management contract or compensatory plan.

Exhibit 10.12

LOAN AGREEMENT

Dated as of March 30, 2017

Among

EACH OF THE ENTITIES LISTED ON SCHEDULE I ATTACHED HERETO,
individually and/or collectively, as the context may require, as Borrower

and

BARCLAYS BANK PLC,
JPMORGAN CHASE BANK, NATIONAL ASSOCIATION, and
BANK OF AMERICA, N.A.,
collectively, as Lender

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LOAN AGREEMENT

THIS LOAN AGREEMENT, dated as of March 30, 2017 (as amended, restated, replaced, supplemented or otherwise modified from time to time, this "**Agreement**"), between **BARCLAYS BANK PLC**, having an address at 745 Seventh Avenue, New York, New York 10019 ("**Barclays**"), **JPMORGAN CHASE BANK, NATIONAL ASSOCIATION**, having an address at 383 Madison Avenue, New York, New York 10179 ("**JPMorgan**"), and **BANK OF AMERICA, N.A.**, having an address at 214 North Tryon Street, NC1-027-15-01, Charlotte, North Carolina 28255 ("**BOA**"; together with Barclays, JPMorgan and each of their respective successors, transferees and/or assigns, collectively, "**Lender**") and **EACH OF THE ENTITIES LISTED ON SCHEDULE I ATTACHED HERETO**, each having its principal place of business at c/o iStar Inc., 1114 Avenue of the Americas, New York, New York 10036 (individually and/or collectively, as the context may require, together with their respective successors and/or assigns, "**Borrower**").

RECITALS:

Borrower desires to obtain the Loan (defined below) from Lender.

Lender is willing to make the Loan to Borrower, subject to and in accordance with the terms of this Agreement and the other Loan Documents (defined below).

In consideration of the making of the Loan by Lender and the covenants, agreements, representations and warranties set forth in this Agreement, the parties hereto hereby covenant, agree, represent and warrant as follows:

ARTICLE 1

DEFINITIONS; PRINCIPLES OF CONSTRUCTION

Section 1.1. Definitions.

For all purposes of this Agreement, except as otherwise expressly required or unless the context clearly indicates a contrary intent:

"**Acceptable LLC**" shall mean a limited liability company formed under Delaware law which (i) has at least one springing member, which, upon the dissolution of all of the members or the withdrawal or the disassociation of all of the members from such limited liability company, shall immediately become the sole member of such limited liability company, and (ii) otherwise meets the Rating Agency criteria then applicable to such entities.

"**Account Collateral**" shall mean (i) the Accounts, and all cash, checks, drafts, certificates and instruments, if any, from time to time deposited or held in the Accounts from time to time; (ii) any and all amounts invested in Permitted Investments; (iii) all interest, dividends, cash, instruments and other property from time to time received, receivable or otherwise payable in respect of, or in exchange for, any or all of the foregoing; and (iv) to the

extent not covered by clauses (i) - (iii) above, all "proceeds" (as defined under the UCC as in effect in the State in which the Accounts are located) of any or all of the foregoing.

"**Accounts**" shall mean the Cash Management Account, the Debt Service Account, the Restricted Account, the Tax Account, the Insurance Account, the Excess Cash Flow Account, the Operating Expense Account, the Debt Service Coverage Cure Reserve Account, the Ground Rent Account, the Loan Term Cash Collateral Reserve Account, Default Cure Collateral Reserve Account and any other account established by this Agreement or the other Loan Documents.

"**Accrued Interest**" shall have the meaning set forth in Section 2.6 hereof.

"**Act**" shall have the meaning set forth in Section 5.1 hereof.

"Acts of Terrorism" shall have the meaning set forth in Section 7.1 hereof.

"Actual Knowledge" or **"actual knowledge"** shall mean the actual knowledge of Gregory Camia, Spencer Hale and Erich Stiger (being all of the senior asset managers of the Properties) as of the Closing Date after conducting such due diligence as each of them, as senior asset managers of the Properties and commercial properties similar to the Properties have reasonably deemed appropriate in connection with the acquisition, operation and ownership of the Properties and the borrowing of the Loan; provided, however, in all cases where such a qualification is used, there are no unknown breaches or violations of the so qualified representations or warranties that would in the aggregate have a Material Adverse Effect. Lender acknowledges and agrees that the foregoing individuals are identified solely for the purpose of defining the scope of knowledge and not for the purpose of imposing any liability upon any such individual or creating any duties running from any such individual to Borrower, Guarantor, Lender or any other party.

"Adjusted Interest Rate" shall mean a rate per annum equal to (i) from and including the first day of the Interest Accrual Period immediately following the Anticipated Repayment Date through and including the last day of the Interest Accrual Period relating to the Maturity Date, the greater of (A) the ARD Treasury Swap Rate in effect as of 1:00 p.m., New York City time, on the Anticipated Repayment Date (or, if such day is not a Business Day, the first Business Day immediately preceding the Anticipated Repayment Date), as determined by Lender, plus 3.00%, (B) the ARD Treasury Note Rate in effect as of 1:00 p.m., New York City time, on the Anticipated Repayment Date (or, if such day is not a Business Day, the first Business Day immediately preceding the Anticipated Repayment Date), as determined by Lender, plus 3.00%, and (C) the Regular Interest Rate plus 3.00%.

"Affected Property" shall have the meaning set forth in Section 11.8 hereof.

"**Affiliate**" shall mean, as to any Person, any other Person that, directly or indirectly, is in Control of, is Controlled by or is under common Control with such Person or, with respect to any natural Person, is a member of the Family Group of such Person.

"**Affiliated Manager**" shall mean any property manager of any Individual Property in which Borrower, Guarantor, any SPE Component Entity (if any) or any Affiliate of such entities has, directly or indirectly, any legal, beneficial or economic interest.

"**Agent**" shall have the meaning set forth in Section 11.9 hereof.

"**Allocated Loan Amount**" shall mean the portion of the principal amount of the Loan allocated to any applicable Individual Property as set forth on Schedule V hereof.

"**ALTA**" shall mean American Land Title Association, or any successor thereto.

"Anticipated Repayment Date" shall mean April 6, 2027.

"Applicable Contribution" shall have the meaning set forth in Section 17.19 hereof**.**

"**Applicable Interest Rate**" shall mean (a) from the date hereof through and including the last day of the Interest Accrual Period in which the Anticipated Repayment Date occurs, the Regular Interest Rate and (b) from and after the first day of the Interest Accrual Period related to the Monthly Payment Date immediately following the Anticipated Repayment Date, the Adjusted Interest Rate.

"**Approved Accounting Method**" shall mean GAAP, federal tax basis accounting (consistently applied) or such other method of accounting, consistently applied, as may be reasonably acceptable to Lender.

"**Approved Annual Budget**" shall have the meaning set forth in Section 4.12 hereof.

"**Appraisal**" shall mean an appraisal prepared in accordance with the requirements of FIRREA and USPAP, prepared by an independent third party appraiser holding an MAI designation, who is state licensed or state certified if required under the laws of the state where each applicable Individual Property is located, who meets the requirements of FIRREA and USPAP and who otherwise satisfies the Prudent Lender Standard.

"**Approved Bank**" means (a) a bank or other financial institution which has the Required Rating, (b) if a Securitization has not occurred, a bank or other financial institution acceptable to Lender or (c) if a Securitization has occurred, a bank or other financial institution with respect to which Lender shall have received a Rating Agency Confirmation.

"**Approved Extraordinary Expense**" shall mean an operating expense of the applicable Individual Property payable by Borrower and not set forth on the Approved Annual Budget but approved by Lender in writing (which such approval shall not be unreasonably withheld, conditioned or delayed).

"**Approved ID Provider"** shall mean each of CT Corporation, Corporation Service Company, National Registered Agents, Inc., Wilmington Trust Company, Stewart Management Company and Lord Securities Corporation; provided, that, (A) the foregoing shall be deemed Approved ID Providers unless and until disapproved by any Rating Agency and (B) additional national providers of Independent Directors may be deemed added to the foregoing hereunder to the extent approved in writing by Lender and the Rating Agencies.

"**Approved Operating Expense**" shall mean an operating expense of the applicable Individual Property payable by Borrower and set forth on the Approved Annual Budget.

"**ARD Failure Event**" shall mean Borrower's failure to repay the Loan in full in accordance with the terms, covenants and provisions of this Agreement on or before the Anticipated Repayment Date.

"**ARD Treasury Note Rate**" shall mean the rate of interest per annum calculated by the linear interpolation of the yields, as reported in Federal Reserve Statistical Release H.15 Selected Interest Rates under the heading "U.S. Government Securities/Treasury Constant Maturities" for the Business Day ending immediately prior to the Anticipated Repayment Date, of "U.S. Government Securities/Treasury Constant Maturities" with maturity dates (one longer and one shorter) most nearly approximating the Stated Maturity Date. In the event Federal Reserve Statistical Release H.15 Selected Interest Rates is no longer published or in the event Federal Reserve Statistical Release H.15 Selected Interest Rates no longer publishes "U.S. Government Securities/Treasury Constant Maturities", Lender shall select a comparable publication to determine such "U.S. Government Securities/Treasury Constant Maturities" and the applicable ARD Treasury Note Rate.

"**ARD Treasury Swap Rate**" shall mean the rate of interest per annum calculated by the linear interpolation of the yields, as reported in Federal Reserve Statistical Release H.15 Selected Interest Rates under the heading "Interest Rate Swaps" for the Business Day ending immediately prior to the Anticipated Repayment Date, of "Interest Rate Swaps" with maturity dates (one longer and one shorter) most nearly approximating the Stated Maturity Date. In the event Federal Reserve Statistical Release H.15 Selected Interest Rates is no longer published or in the event Federal Reserve Statistical Release H.15 Selected Interest Rates no longer publishes "Interest Rate Swaps", Lender shall select a comparable publication to determine such "Interest Rate Swaps" (i.e., swap rates) and the applicable ARD Treasury Swap Rate.

"**Assignment and Assumption**" shall have the meaning set forth in Section 11.9 hereof.

"**Assignment of Management Agreement**" shall have the meaning set forth in Section 4.15 hereof.

"**Award**" shall mean any compensation paid by any Governmental Authority in connection with a Condemnation in respect of all or any part of any Individual Property.

"**Bail-In Action**" means the exercise of any Write-Down and Conversion Powers by the applicable EEA Resolution Authority in respect of any liability of an EEA Financial Institution.

"**Bail-In Legislation**" means, with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule.

"Bank" shall be deemed to refer to the bank or other institution maintaining the Restricted Account pursuant to the Restricted Account Agreement.

"**Bankruptcy Action**" shall mean with respect to any Person (a) such Person filing a voluntary petition under the Bankruptcy Code; (b) the filing of an involuntary petition against such Person under the Bankruptcy Code, or soliciting or causing to be solicited petitioning

creditors for any involuntary petition against such Person under the Bankruptcy Code; (c) such Person filing an answer consenting to or otherwise acquiescing in or joining in any involuntary petition filed against it, by any other Person under the Bankruptcy Code; (d) such Person consenting to or acquiescing in or joining in an application for the appointment of a custodian, receiver, trustee, or examiner for such Person or any portion of any Individual Property; or (e) such Person making an assignment for the benefit of creditors.

"**Bankruptcy Code**" shall mean Title 11 of the United States Code entitled "Bankruptcy", as amended from time to time, and any successor statute or statutes and all rules and regulations from time to time promulgated thereunder, and any comparable foreign laws relating to bankruptcy, insolvency or creditors' rights.

"**Bankruptcy Event**" shall mean the occurrence of any one or more the of the following: (i) Borrower or any SPE Component Entity shall commence any case, proceeding or other action (A) under the Bankruptcy Code and/or any Creditors Rights Laws seeking to have an order for relief entered with respect to it, or seeking to adjudicate it a bankrupt or insolvent, or seeking reorganization, liquidation or dissolution or (B) seeking appointment of a receiver, trustee, custodian, conservator or other similar official for it or for all or any substantial part of its assets; (ii) Borrower or any SPE Component Entity shall make a general assignment for the benefit of its creditors; (iii) any Restricted Party (or Affiliate thereof) files, or joins or colludes in the filing of, (A) an involuntary petition against Borrower or any SPE Component Entity under the Bankruptcy Code or any other Creditors Rights Laws, or solicits or causes to be solicited or colludes with petitioning creditors for any involuntary petition under the Bankruptcy Code or any other Creditors Rights Laws against Borrower or any SPE Component Entity or (B) any case, proceeding or other action seeking issuance of a warrant of attachment, execution, distraint or similar process against all or any substantial part of Borrower's or any SPE Component Entity's assets; (iv) Borrower or any SPE Component Entity files an answer consenting to or otherwise acquiescing in or joining in any involuntary petition filed against it, by any other Person under the Bankruptcy Code or any other Creditors Rights Laws, or solicits or causes to be solicited or colludes with petitioning creditors for any involuntary petition from any Person; (v) any Restricted Party (or Affiliate thereof) consents to or acquiesces in or joins in an application for the appointment of a custodian, receiver, trustee, or examiner for Borrower, any SPE Component Entity or any portion of any Individual Property; (vi) Borrower or any SPE Component Entity makes an assignment for the benefit of creditors, or admits, in writing (other than to Lender, Servicer, their respective counsel or agents) or in any legal proceeding, its insolvency or inability to pay its debts as they become due; and (vii) any Restricted Party (or Affiliate thereof) contesting or opposing any motion made by Lender to obtain relief from the automatic stay or seeking to reinstate the automatic stay in the event of any proceeding under the Bankruptcy Code or any other Creditors Rights Laws involving Guarantor or its subsidiaries.

"**Barclays**" shall mean the meaning set forth in the preamble hereof.

"**Benefit Amount**" shall have the meaning set forth in Section 17.19 hereof.

"**BOA**" shall have the meaning set forth in the preamble hereof.

"Borrower Party" and **"Borrower Parties"** shall mean each of Borrower, any SPE Component Entity, any Affiliated Manager and Guarantor.

"**Borrower Ground Rent Period**" shall mean, with respect to any Waived Ground Rent Deposit Property, a period commencing, with respect to each Waived Ground Rent Deposit Property, on the earlier to occur of: (i) the date the applicable Lease with respect to such Waived Ground Rent Deposit Property as of the Closing Date is no longer in effect and/or a Leased Fee Lease Termination shall have occurred (unless Borrower shall enter into a replacement Triple Net Leased Fee Lease with respect to such Waived Ground Lease Deposit Property in accordance with the terms and conditions hereof), or (ii) if the Lease with respect to such Waived Ground Lease Deposit Property as of the Closing Date (or a replacement Triple Net Leased Fee Lease is entered into pursuant to the parenthetical clause of clause (i) of this definition) is in effect, the date on which the Tenant under such Lease shall have failed to pay all Ground Rent under such Lease when the same are due and payable and ending on the date a new Triple Net Leased Fee Lease meeting the requirements set forth in the parenthetical clause of clause (i) above is entered into.

"**Borrower Insurance Period**" shall mean, with respect to any Waived Insurance Deposit Property, a period commencing, with respect to each Waived Insurance Deposit Property, on the earlier to occur of: (i) the date the applicable Lease with respect to such Waived Insurance Deposit Property as of the Closing Date is no longer in effect and/or a Leased Fee Lease Termination shall have occurred (unless Borrower shall enter into a replacement Triple Net Leased Fee Lease with respect to such Waived Insurance Deposit Property in accordance with the terms and conditions hereof), or (ii) if the Lease with respect to such Waived Insurance Deposit Property as of the Closing Date (or a replacement Triple Net Leased Fee Lease is entered into pursuant to the parenthetical clause of clause (i) of this definition) is in effect, the date on which the Tenant under such Lease shall have failed to pay all Insurance Premiums under such Lease when the same are due and payable and ending on the date a new Triple Net Leased Fee Lease meeting the requirements set forth in the parenthetical clause of clause (i) above is entered into.

"**Borrower Non-Owned Improvements Conveyance**" shall have the meaning set forth in Section 4.14 hereof.

"**Borrower Tax Period**" shall mean, with respect to any Waived Tax Deposit Property, a period commencing, with respect to each Waived Tax Deposit Property, on the earlier to occur of: (i) the date the applicable Lease with respect to such Waived Tax Deposit Property as of the Closing Date is no longer in effect and/or a Leased Fee Lease Termination shall have occurred (unless Borrower shall enter into a replacement Triple Net Leased Fee Lease with respect to such Waived Tax Deposit Property in accordance with the terms and conditions hereof), or (ii) if the Lease with respect to such Waived Tax Deposit Property as of the Closing Date (or a replacement Triple Net Leased Fee Lease entered into pursuant to the parenthetical clause of clause (i) of this definition) is in effect, the date on which the Tenant under such Lease shall have failed to pay all Taxes and Other Charges under such Lease when the same are due and payable and ending on the date a new Triple Net Leased Fee Lease meeting the requirements set forth in the parenthetical clause of clause (i) above is entered into.

"**Business Day"** shall mean any day other than a Saturday, Sunday or any other day on which commercial banks in New York, New York or the place of business of the trustee under a Securitization (or, if no Securitization has occurred, Lender) or any Servicer or the financial institution that maintains any collection account for or on behalf of any Servicer or any Reserve Funds or the New York Stock Exchange or the Federal Reserve Bank of New York is not open for business.

"**Cash Management Account**" shall have the meaning set forth in Section 9.1 hereof.

"**Cash Management Agreement**" shall mean that certain Cash Management Agreement, dated as of the date hereof, by and between Borrower and Lender, as the same may be amended, restated, replaced, supplemented or otherwise modified from time to time.

"**Cash Management Provisions**" shall mean the representations, covenants and other terms and conditions of this Agreement and the other Loan Documents (including, without limitation, the Restricted Account Agreement) related to, in each case, cash management and/or other related matters (including, without limitation, Article 9 hereof).

"Cash Management Violation" shall mean any violation of or failure to comply with, in each case, the Cash Management Provisions (including, without limitation, the Cash Management Provisions related to the timing of required deposits into the Restricted Account).

"**Casualty**" shall have the meaning set forth in Section 7.2.

"**Casualty Consultant**" shall have the meaning set forth in Section 7.4 hereof.

"**Closing Date**" shall mean the date of the funding of the Loan.

"**Closing Date SFTY IPO**" shall have the meaning set forth in Section 6.3 hereof.

"**Co-Lender**" shall have the meaning set forth in Section 11.9 hereof.

"**Condemnation**" shall mean a temporary or permanent taking by any Governmental Authority as the result, in lieu or in anticipation, of the exercise of the right of condemnation or eminent domain, of all or any part of any Individual Property, or any interest therein or right accruing thereto, including any right of access thereto or any change of grade affecting any Individual Property or any part thereof.

"**Constituent Owner**" shall mean, as to any Person, any Person that owns a direct or indirect interest in such Person.

"**Contribution**" shall have the meaning set forth in Section 17.19 hereof.

"**Control**" shall mean the power to direct the management and policies of an entity, directly or indirectly, whether through the ownership of voting securities or other beneficial interests, by contract or otherwise. The terms **"Controlled"** and **"Controlling"** shall have correlative meanings.

"**Covered Rating Agency Information**" shall mean (i) any Provided Information and (ii) any information that is derived from the Provided Information that is furnished to the Rating Agencies in connection with issuing, monitoring and/or maintaining the Securities.

"**Creditors Rights Laws**" shall mean any existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization, conservatorship, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to its debts or debtors.

"Crowdfunded Person" means a Person capitalized primarily by monetary contributions (A) of less than $35,000 each from more than 35 investors who are individuals and (B) which are funded primarily (I) in reliance upon Regulation Crowdfunding promulgated by the Securities and Exchange Commission pursuant to the Securities Act of 1933, as amended and/or (II) though internet-mediated registries, platforms or similar portals, mail-order subscriptions, benefit events and/or other similar methods.

"**Debt**" shall mean the outstanding principal amount set forth in, and evidenced by, this Agreement and the Note together with all interest accrued and unpaid thereon and all other sums due to Lender in respect of the Loan under the Note, this Agreement or the other Loan Documents (including, without limitation, all costs and expenses payable to Lender thereunder).

"**Debt Service**" shall mean, with respect to any particular period of time, scheduled principal (if applicable) and interest payments hereunder.

"**Debt Service Account**" shall have the meaning set forth in Section 9.1 hereof.

"**Debt Service Coverage Cure Amount**" shall mean an amount that, if applied to the reduction of the outstanding principal balance of the Loan, would result in a Debt Service Coverage Ratio of not less than 1.55 to 1.00.

"**Debt Service Coverage Cure Collateral**" shall mean cash or a Letter of Credit delivered to Lender in accordance with the terms and conditions hereof in an amount equal to the applicable Debt Service Coverage Cure Amount.

"**Debt Service Coverage Cure Reserve Account**" shall have the meaning set forth in Section 8.1 hereof.

"**Debt Service Coverage Cure Reserve Funds**" shall have the meaning set forth in Section 8.1 hereof.

"**Debt Service Coverage Ratio**" shall mean the ratio calculated by Lender on a monthly basis of (i) the Underwritable Cash Flow for the Individual Properties then secured by the Security Instruments to (ii) the aggregate amount of debt service which would be due for the Loan (exclusive of any Defeased Note) for the twelve (12) month period immediately preceding the date of calculation; provided, that, the foregoing shall be calculated by Lender (A) based upon the actual amount of debt service which would be due for such period, and (B) during the first twelve (12) months of the Loan term, assuming that the Loan had been in place for the

entirety of said period. Lender's calculation of the Debt Service Coverage Ratio shall be final and conclusive absent manifest error.

"**Debt Yield**" shall mean, as of any date of calculation, a ratio calculated by Lender and conveyed as a percentage in which: (i) the numerator is the Underwritable Cash Flow for the Individual Properties then secured by the Security Instruments; and (ii) the denominator is the then outstanding principal balance of the Loan (exclusive of any Defeased Note). Lender's calculation of the Debt Yield shall be final and conclusive absent manifest error.

"**Default**" shall mean the occurrence of any event hereunder or under the Note or the other Loan Documents which, but for the giving of notice or passage of time, or both, would be an Event of Default.

"**Default Cure Collateral Funds**" shall have the meaning set forth in Section 8.7 hereof.

"**Default Cure Collateral Reserve Account**" shall have the meaning set forth in Section 8.7 hereof.

"**Default Rate**" shall mean, with respect to the Loan, a rate per annum equal to the lesser of (i) the Maximum Legal Rate, or (ii) four percent (4%) above the Interest Rate.

"**Default Yield Maintenance Premium**" shall mean an amount equal to the greater of (i) 4% of the amount of Debt prepaid or (ii) the Yield Maintenance Premium.

"**Defeasance Approval Item**" shall have the meaning set forth in Section 2.8 hereof.

"**Defeasance Collateral Account**" shall have the meaning set forth in Section 2.8 hereof.

"Defeased Note" shall have the meaning set forth in Section 2.8 hereof.

"**Disclosure Documents**" shall mean, collectively and as applicable, any offering circular, free writing prospectus, prospectus, prospectus supplement, private placement memorandum, term sheet or other offering document, in each case, in connection with a Securitization.

"**EEA Financial Institution**" means (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority, (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition, or (c) any financial institution established in an EEA Member Country which is a subsidiary of an institution described in clauses (a) or (b) of this definition and is subject to consolidated supervision with its parent.

"**EEA Member Country**" means any of the member states of the European Union, Iceland, Liechtenstein, and Norway.

"**EEA Resolution Authority**" means any public administrative authority or any person entrusted with public administrative authority of any EEA Member Country (including any delegee) having responsibility for the resolution of any EEA Financial Institution.

"**Eligibility Requirements**" means, with respect to any Person, that such Person (i) has total assets (in name or under management or advisement) in excess of $650,000,000 and (except with respect to a pension advisory firm, asset manager or similar fiduciary) capital/statutory surplus or shareholder's equity of at least $400,000,000 and (ii) is regularly engaged in the business of making or owning (or, in the case of a pension advisory firm or similar fiduciary, regularly engaged in managing investments in) commercial real estate loans (including mezzanine loans to direct or indirect owners of commercial properties, which loans are secured by pledges of direct or indirect ownership interests in the owners of such commercial properties) or corporate credit loans, or operating commercial properties.

"**Eligible Account**" shall mean a separate and identifiable account from all other funds held by the holding institution that is an account or accounts maintained with a federal or state-chartered depository institution or trust company which (a) complies with the definition of Eligible Institution, (b) has a combined capital and surplus of at least $50,000,000 and (c) has corporate trust powers and is acting in its fiduciary capacity. An Eligible Account will not be evidenced by a certificate of deposit, passbook or other instrument.

"**Eligible Institution**" shall mean (a) a depository institution or trust company insured by the Federal Deposit Insurance Corporation (i) the short term unsecured debt obligations or commercial paper of which are rated at least "A-1+" (or its equivalent) from each of the Rating Agencies (in the case of accounts in which funds are held for thirty (30) days or less) and (ii) the long term unsecured debt obligations of which are rated at least "A+" (or its equivalent) from each of the Rating Agencies (in the case of accounts in which funds are held for more than thirty (30) days) or (b) such other depository institution otherwise approved by the Rating Agencies from time-to-time.

"**Embargoed Person**" shall have the meaning set forth in Section 3.29 hereof.

"**Environmental Indemnity**" shall mean that certain Environmental Indemnity Agreement, dated as of the date hereof, executed by Borrower and Guarantor in connection with the Loan for the benefit of Lender, as the same may be amended, restated, replaced, supplemented or otherwise modified from time to time.

"**Environmental Laws**" shall have the meaning set forth in the Environmental Indemnity.

"**Equity Collateral**" shall have the meaning set forth in Section 11.6 hereof.

"**ERISA**" shall mean the Employee Retirement Income Security Act of 1974, as the same may heretofore have been or shall be amended, restated, replaced or otherwise modified.

"**EU Bail-In Legislation Schedule**" means the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor person), as in effect from time to time.

"**Event of Default**" shall have the meaning set forth in Section 10.1 hereof.

"Excess Cash Flow" shall have the meaning set forth in Section 9.3 hereof.

"Excess Cash Flow Account" shall have the meaning set forth in Section 8.5 hereof.

"Excess Cash Flow Funds" shall have the meaning set forth in Section 8.5 hereof.

"Exchange Act" shall mean the Securities and Exchange Act of 1934, as amended.

"**Exchange Act Filing**" shall have the meaning set forth in Section 11.1 hereof.

"**Excluded Entity**" shall mean (i) iStar for so long as either (a) iStar is a publicly traded company whose shares of common stock are listed on the New York Stock Exchange or another nationally recognized stock exchange (or any shareholder, partner, member and/or non-member of iStar for so long as iStar is a publicly traded company whose shares of common stock are listed on the New York Stock Exchange or another nationally recognized stock exchange) or (b) the SFTY IPO has occurred and SFTY is the Guarantor in accordance with the terms and conditions hereof and (ii) SFTY for so long as (I) SFTY is the Guarantor and (II) SFTY is a publicly traded company whose shares of common stock are listed on the New York Stock Exchange or another nationally recognized stock exchange and has a market capitalization of $500,000,000 or greater (inclusive of the Properties) (or any shareholder, partner, member and/or non-member of SFTY for so long as SFTY is a publicly traded company whose shares of common stock are listed on the New York Stock Exchange or another nationally recognized stock exchange and SFTY satisfies the immediately preceding clauses (I) and (II)).

"**Exculpated Parties**" shall have the meaning set forth in Section 13.1 hereof.

"**Family Group"** shall mean, as to any natural Person, the spouse, children and grandchildren (in each case, by birth or adoption) and other lineal descendants, in each case, of such natural Person and, in each case, family trusts and/or conservatorships for the benefit of any of the foregoing Persons.

"**Fee Acquisition"** shall have the meaning set forth in Section 4.23 hereof.

"Fee Estate" shall mean the fee interest of the lessor under a Ground Lease in the Land and the Improvements demised under such Ground Lease.

"Fee Owner" shall mean the owner of the lessor's interest in a Ground Lease and the related Fee Estate.

"FIRREA" shall mean the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (as the same may have been or may hereafter be amended, restated, supplemented or otherwise modified).

"First Monthly Payment Date" shall mean May 5, 2017.

"**Fitch**" shall mean Fitch, Inc.

"**Flood Insurance Acts**" shall have the meaning set forth in Section 7.1 hereof.

"**Forsyth Individual Property**" shall mean that Individual Property commonly known as Northside Forsyth Hospital Medical Center.

"**Forsyth Leased Fee Lease**" shall mean that certain Ground Lease, dated as of April 25, 2016, originally by and between iStar North Old Atlanta Road LLC and Forsyth Physicians Center SPE 1, LLC (including, without limitation, any guaranty or similar instrument furnished thereunder), as the same may have been or may hereafter be amended, restated, extended, renewed, replaced and/or otherwise modified.

"**Forsyth Partial Release**" shall have the meaning set forth in Section 2.10 hereof.

"**Forsyth Partial Release Approval Item**" shall have the meaning set forth in Section 2.10 hereof.

"**Forsyth Partial Release Notice Date**" shall have the meaning set forth in Section 2.10 hereof.

"**Forsyth Partial Release Property**" shall have the meaning set forth in Section 2.10 hereof.

"**Funding Borrower**" shall have the meaning set forth in Section 17.19 hereof.

"**GAAP**" shall mean generally accepted accounting principles in the United States of America as of the date of the applicable financial report.

"Government Securities" shall mean "government securities" as defined in Section 2(a)(16) of the Investment Company Act of 1940 and within the meaning of Treasury Regulation Section 1.860G-2(a)(8); provided, that, (i) such "government securities" are not subject to prepayment, call or early redemption, (ii) to the extent that any REMIC Requirements require a revised and/or alternate definition of "government securities" in connection with any defeasance hereunder, the foregoing shall be deemed amended in a manner commensurate therewith and (iii) the aforesaid laws and regulations shall be deemed to refer to the same as may be and/or may hereafter be amended, restated, replaced or otherwise modified.

"**Governmental Authority**" shall mean any court, board, agency, commission, office or other authority of any nature whatsoever for any governmental unit (federal, state, county, district, municipal, city or otherwise) whether now or hereafter in existence.

"Ground Lease" shall mean, collectively, (i) the "Ground Lease" as defined in the Security Instrument and (ii) the Ground Lease Estoppel.

"Ground Lease Estoppel" shall mean that certain Landlord Estoppel Certificate executed in favor of Lender in connection with the Loan.

"**Ground Rent**" shall mean the ground rent and other sums and amounts payable by Borrower to the applicable ground lessor under each Ground Lease.

"**Ground Rent Account**" shall have the meaning set forth in Section 8.3 hereof.

"**Ground Rent Funds**" shall have the meaning set forth in Section 8.3 hereof.

"**Guarantor**" shall mean iStar and any successor to and/or replacement of any of the foregoing Person, in each case, pursuant to and in accordance with the applicable terms and conditions of the Loan Documents. At such time as the terms and conditions of Section 6.4 have been satisfied, such Qualified Transferee that is a new guarantor in accordance with the terms and conditions of Section 6.4 shall be the "Guarantor" and iStar shall cease to be the Guarantor with respect to all liability under the Guaranty and the Environmental Indemnity accruing after the date of such assumption in accordance with Section 6.3 (other than liabilities thereunder caused by iStar and/or its Affiliates).

"**Guaranty**" shall mean that certain Limited Recourse Guaranty executed by Guarantor and dated as of the date hereof, as the same may be amended, restated, replaced, supplemented or otherwise modified from time to time.

"**Hilton Individual Property**" shall mean, individually and/or collectively, as the context may require, those certain Individual Properties commonly known as Doubletree Seattle Airport, Hilton Salt Lake, Doubletree Mission Valley, Doubletree Durango and Doubletree Sonoma.

"**Hilton Master Lease**" shall mean that certain Amended and Restated Lease, originally by and between RLH Partnership, L.P. ("Landlord") and HLT Operate DTWC LLC ("Tenant"), dated as of November 11, 2016 (including, without limitation, any guaranty or similar instrument furnished thereunder), as the same may have been or may hereafter be amended, restated, extended, renewed, replaced and/or otherwise modified.

"**Improvements**" shall mean, individually and/or collectively (as the context requires), the "Improvements" as defined in each applicable Security Instrument.

"**Indebtedness**" shall mean, for any Person, any indebtedness or other similar obligation for which such Person is obligated (directly or indirectly, by contract, operation of law or otherwise), including, without limitation, (i) all indebtedness of such Person for borrowed money, for amounts drawn under a letter of credit, or for the deferred purchase price of property for which such Person or its assets is liable, (ii) all unfunded amounts under a loan agreement, letter of credit, or other credit facility for which such Person would be liable if such amounts were advanced thereunder, (iii) all amounts required to be paid

by such Person by contract and/or as a guaranteed payment (including, without limitation, any such amounts required to be paid to partners and/or as a preferred or special dividend, including any mandatory redemption of shares or interests), (iv) all indebtedness incurred and/or guaranteed by such Person, directly or indirectly (including, without limitation, contractual obligations of such Person), (v) all obligations under leases that constitute capital leases for which such Person is liable, (vi) all obligations of such Person under interest rate swaps, caps, floors, collars and other interest hedge agreements, in each case whether such Person is liable contingently or otherwise, as obligor, guarantor or otherwise, or in respect of which obligations such Person otherwise assures a creditor against loss and (vii) any property-assessed clean energy loans or similar indebtedness, including, without limitation, if such loans or indebtedness are made or otherwise provided by any Governmental Authority and/or secured or repaid (directly or indirectly) by any taxes or similar assessments.

"**Indemnified Parties**" shall mean (a) Lender, any Lender Group, any Underwriter Group, (b) any successor owner or holder of the Loan or participations in the Loan, (c) any Person who is or will have been involved in the origination of the Loan, any Servicer or prior Servicer of the Loan, (d) any Investor or any prior Investor in any Securities (or any interest therein), (e) any Person in whose name the encumbrance created by any Security Instrument is or will have been recorded, (f) any trustees, custodians or other fiduciaries who hold or who have held a full or partial interest in the Loan for the benefit of any Investor or other third party, (g) any receiver or other fiduciary appointed in a foreclosure or other Creditors Rights Laws proceeding, (h) any officers, directors, shareholders, partners, members, employees, agents, servants, representatives, contractors, subcontractors, Affiliates or subsidiaries of any and all of the foregoing, and (i) the heirs, legal representatives, successors and assigns of any and all of the foregoing (including, without limitation, any successors by merger, consolidation or acquisition of all or a substantial portion of the Indemnified Parties' assets and business), in all cases whether during the term of the Loan or as part of or following a foreclosure of the Loan.

"**Independent Director**" shall have the meaning set forth in Section 5.2 hereof.

"**Individual Property**" shall mean each parcel of real property, Borrower's interest in the Improvements thereon and all personal property owned by Borrower and encumbered by the applicable Security Instrument, together with all rights pertaining to such parcel of real property and Improvements, to the extent owned by Borrower, as more particularly described in the granting clauses of the applicable Security Instrument and referred to therein as the "Property."

"**Information**" shall have the meaning set forth in Section 11.9 hereof.

"**Insurance Account**" shall have the meaning set forth in Section 8.6 hereof.

"Insurance Payment Date" shall mean, with respect to any applicable Policies, the date occurring 30 days prior to the date the applicable Insurance Premiums associated therewith are due and payable.

"**Insurance Premiums**" shall have the meaning set forth in Section 7.1 hereof.

"**Interest Accrual Period**" shall mean the period beginning on (and including) the sixth (6th) day of each calendar month during the term of the Loan and ending on (and including) the fifth (5th) day of the next succeeding calendar month.

"**Interest Bearing Accounts**" shall mean the Loan Term Cash Collateral Reserve Account.

"**Interest Rate**" shall mean the Applicable Interest Rate (or, when applicable pursuant to this Agreement or any other Loan Document, the Default Rate).

"**Interest Shortfall**" shall have the meaning set forth in Section 2.7 hereof.

"**Investor**" shall mean any investor or potential investor in the Loan (or any portion thereof or interest therein) in connection with any Secondary Market Transaction.

"**IRS Code**" shall mean the Internal Revenue Code of 1986, as amended from time to time or any successor statute.

"**iStar**" means iStar Inc., a Maryland corporation.

"**JPMorgan**" shall have the meaning set forth in the preamble hereof.

"**Land**" shall mean, individually and/or collectively (as the context requires), the "Land" as defined in each applicable Security Instrument.

"**Lease**" shall have the meaning set forth in the Security Instrument and shall include, without limitation, the Leased Fee Leases, but shall, for purposes of Section 4.14 hereof, exclude any Subleases with respect to any Individual Property that is not subject to a Leased Fee Lease Termination Period.

"**Leased Fee Lease Restoration Failure Property**" shall have the meaning set forth in Section 7.2 hereof.

"**Leased Fee Lease Termination**" shall be deemed to occur with respect to any Leased Fee Lease when either (i) such Leased Fee Lease has been terminated, cancelled or otherwise ceases to remain in full force and effect as to any portion of any Individual Property and/or (ii) title to and/or possession of all or any of the leasehold or subleasehold, as applicable, interest created by the Leased Fee Lease (including any improvements owned by the Tenant thereunder) has been returned or otherwise acquired by Borrower.

"**Leased Fee Lease Termination Period**" shall mean, with respect to any Individual Property, the period beginning upon a Leased Fee Lease Termination and ending upon Borrower's entrance into, and the commencement of Tenant paying unabated rent under, a Triple Net Leased Fee Lease entered

into in accordance with the terms and conditions hereof for which no free rent, tenant improvements, tenant allowances or leasing commissions are owed by a Borrower to such Tenant.

"Leased Fee Leases" shall mean those Leases set forth on Schedule II attached hereto, as the same may be amended, restated and/or replaced in accordance with the terms and conditions of this Agreement, including, following a Leased Fee Lease Termination, any Triple Net Leased Fee Lease entered into in accordance with the terms and conditions hereof.

"**Leased Fee Tenant Legal Requirement Obligation**" shall have the meaning set forth in Section 4.2 hereof.

"**Legal Requirements**" shall mean all federal, state, county, municipal and other governmental statutes, laws, rules, orders, regulations, ordinances, judgments, decrees and injunctions of Governmental Authorities affecting Borrower or the Property or any part thereof, or the construction, use, alteration or operation thereof, or any part thereof, whether now or hereafter enacted and in force, including, without limitation, the Americans with Disabilities Act of 1990, and all Permits, authorizations and regulations relating thereto, and all covenants, agreements, restrictions and encumbrances contained in any instruments, either of record or known to Borrower, at any time in force affecting Borrower or the Property or any part thereof,

including, without limitation, any which may (i) require repairs, modifications or alterations in or to the Property or any part thereof, or (ii) in any way limit the use and enjoyment thereof.

"**Lender Affiliate**" shall have the meaning set forth in Section 11.2 hereof.

"**Lender Group**" shall have the meaning set forth in Section 11.2 hereof.

"**Letter of Credit**" shall mean an irrevocable, auto-renewing, unconditional, transferable, clean sight draft standby letter of credit having an initial term of not less than one (1) year and with automatic renewals for one (1) year periods (unless the obligation being secured by, or otherwise requiring the delivery of, such letter of credit is required to be performed at least thirty (30) days prior to the initial expiry date of such letter of credit), for which Borrower shall have no reimbursement obligation and which reimbursement obligation is not secured by the Property or any other property pledged to secure the Note, in favor of Lender and entitling Lender to draw thereon in New York, New York, based solely on a statement that Lender has the right to draw thereon executed by an officer or authorized signatory of Lender. A Letter of Credit must be issued by an Approved Bank. Borrower's delivery of any Letter of Credit hereunder in an amount equal to or greater than $2,000,000 shall, at Lender's option, be conditioned upon Lender's receipt of a New Non-Consolidation Opinion relating to such Letter of Credit.

"**Liabilities**" shall have the meaning set forth in Section 11.2 hereof.

"**Loan**" shall mean the loan made by Lender to Borrower pursuant to this Agreement.

"**Loan Bifurcation**" shall have the meaning set forth in Section 11.1 hereof.

"**Loan Documents**" shall mean, collectively, this Agreement, the Note, the Security Instrument, the Environmental Indemnity, the Guaranty, the Cash Management Agreement, the Restricted Account Agreement and all other documents executed and/or delivered in connection with the Loan, as each of the same may be amended, restated, replaced, extended, renewed, supplemented or otherwise modified from time to time.

"**Loan Term Cash Collateral**" shall mean cash or a Letter of Credit delivered to Lender in accordance with the terms and conditions hereof in an amount equal to $12,000,000.

"**Loan Term Cash Collateral Funds**" shall have the meaning set forth in Section 8.2 hereof.

"**Loan Term Cash Collateral Reserve Funds**" shall have the meaning set forth in Section 8.2 hereof.

"**Losses**" shall mean any and all losses, damages, costs, fees, expenses, claims, suits, judgments, awards, liabilities (including but not limited to strict liabilities), obligations, debts, diminutions in value, fines, penalties, charges, amounts paid in settlement, litigation costs and reasonable attorneys' fees, in the case of each of the foregoing, of whatever kind or nature and whether or not incurred in connection with any judicial or administrative proceedings, actions, claims, suits, judgments or awards, provided, however, in no event shall Losses include punitive

damages or (except as expressly set forth above with respect to diminutions in value) consequential damages.

"**LTV"** shall mean a percentage calculated by multiplying (i) a fraction, the numerator of which is the outstanding principal balance of the Loan and the denominator of which is the value of all applicable Individual Properties based on current Appraisals thereof, by (ii) one hundred (100) percent.

"**Major Lease**" shall mean with respect to each of the Individual Properties commonly known as One Ally Center, Northside Forsyth Medical Center, The Buckler Apartments and the Lock-Up Self Storage Facility (such Individual Properties, individually and/or collectively, the "**Multi-Tenant Subleased Properties**"), solely during a Leased Fee Lease Termination Period, (i) any Lease which, individually or when aggregated with all other leases at the applicable Individual Property with the same Tenant or its Affiliate, either (A) accounts for fifteen percent (15%) or more of the total rental income for the applicable Individual Property, or (B) demises fifteen percent (15%) or more of the applicable Individual Property's gross leasable area, (ii) any Lease which contains any option, offer, right of first refusal or other similar entitlement to acquire or encumber all or any portion of the Property**,** and (iii) any instrument guaranteeing or providing credit support for any Lease meeting the requirements of (i) and/or (ii) above.

"**Management Agreement**" shall mean any management agreement entered into by and between Borrower and Manager in accordance with the terms and conditions of this Agreement, pursuant to which Manager is to provide management and other services with respect to the Property or any portion

thereof, as the same may be amended, restated, replaced, extended, renewed, supplemented or otherwise modified from time to time.

"**Manager**" shall mean any Person selected as the manager of any applicable Individual Property in accordance with the terms of this Agreement or the other Loan Documents.

"**Material Action**" shall mean with respect to any Person, any action to consolidate or merge such Person with or into any Person, or sell all or substantially all of the assets of such Person (other than a release of an Individual Property and/or Properties in accordance with the terms and conditions hereof), or to institute proceedings to have such Person be adjudicated bankrupt or insolvent, or consent to the institution of bankruptcy or insolvency proceedings against such Person or file a petition seeking, or consent to, reorganization or relief with respect to such Person under any applicable federal or state law relating to bankruptcy, or consent to the appointment of a receiver, liquidator, assignee, trustee, sequestrator (or other similar official) of such Person or a substantial part of its property, or make any assignment for the benefit of creditors of such Person, or admit (other than to Lender, Servicer, their respective counsel or agents) in writing such Person's inability to pay its debts generally as they become due, or take action in furtherance of any such action, or, to the fullest extent permitted by law, dissolve or liquidate such Person.

"**Material Adverse Effect**" shall mean a material adverse effect on (i) any Individual Property or any portion thereof, (ii) the business, profits, prospects, management, operations or condition (financial or otherwise) of Borrower, Guarantor or any Individual Property or any portion thereof, (iii) the enforceability, validity, perfection or priority of the lien of any Security

Instrument or the other Loan Documents, or (iv) the ability of any Borrower and/or Guarantor to perform its obligations under any Security Instrument or the other Loan Documents.

"**Maturity Date**" shall mean the date on which the final payment of the principal amount of the Loan becomes due and payable as herein provided, whether at the Stated Maturity Date, by declaration of acceleration, or otherwise.

"**Maximum Legal Rate**" shall mean the maximum non-usurious interest rate, if any, that at any time or from time to time may be contracted for, taken, reserved, charged or received on the indebtedness evidenced by the Note and as provided for herein or the other Loan Documents, under the laws of such state or states whose laws are held by any court of competent jurisdiction to govern the interest rate provisions of the Loan.

"**Maximum LTV**" shall mean a LTV of 65.6%

"**Member**" is defined in Section 5.1 hereof.

"**Mezzanine Borrower**" shall have the meaning set forth in Section 11.6 hereof.

"**Mezzanine Loan**" shall have the meaning set forth in Section 6.5 hereof.

"**Mezzanine Option**" shall have the meaning set forth in Section 11.6 hereof.

"**Minimum Debt Service Coverage Ratio**" shall mean a Debt Service Coverage Ratio of 2.41 to 1.00.

"**Minimum Debt Yield**" shall mean a Debt Yield of 9.20%.

"**Minimum Disbursement Amount**" shall mean Twenty-Five Thousand and No/100 Dollars ($25,000)**.**

"**Monthly Debt Service Payment Amount**" shall mean an amount equal to interest which is scheduled to accrue on the Loan through the end of the Interest Accrual Period in which such Monthly Payment Date occurs.

"**Monthly Insurance Deposit**" shall have the meaning set forth in Section 8.6 hereof.

"**Monthly Payment Date**" shall mean the First Monthly Payment Date and the sixth (6th) day of every calendar month occurring thereafter during the term of the Loan.

"**Monthly Tax Deposit**" shall have the meaning set forth in Section 8.6 hereof.

"**Moody's**" shall mean Moody's Investor Service, Inc.

"**Multi-Tenant Property Lease**" shall have the meaning set forth in Section 4.14 hereof.

"**Multi-Tenant Property Lease Amendment**" shall have the meaning set forth in Section 4.14 hereof.

"**Multi-Tenant Subleased Properties**" shall mean the meaning set forth in the definition of "Major Lease" in this Section 1.1.

"**Net Proceeds**" shall mean: (i) the net amount of all insurance proceeds received by Lender as a result of a Casualty to any Individual Property, after deduction of Lender's reasonable costs and expenses (including, but not limited to, reasonable attorneys' fees), if any, in collecting such insurance proceeds, or (ii) the net amount of the Award, after deduction of Lender's reasonable costs and expenses (including, but not limited to, reasonable attorneys' fees), if any, in collecting such Award.

"**Net Proceeds Deficiency**" shall have the meaning set forth in Section 7.4 hereof.

"**New Manager**" shall mean any Person replacing or becoming the assignee of the then current Manager, in each case, in accordance with the applicable terms and conditions hereof.

"**New Multi-Tenant Property Lease**" shall have the meaning set forth in Section 4.14 hereof.

"**New Non-Consolidation Opinion**" shall mean a substantive non-consolidation opinion provided by outside counsel acceptable to Lender and the Rating Agencies and otherwise in form and substance acceptable to Lender and the Rating Agencies.

"**Non-Conforming Policy**" shall have the meaning set forth in Section 7.1 hereof.

"**Non-Consolidation Opinion**" shall mean that certain substantive non-consolidation opinion delivered to Lender by Katten Muchin Rosenman LLP in connection with the closing of the Loan.

"**Note**" shall mean, individually and/or collectively, as the context may require (i) that certain Promissory Note A-1 of even date herewith in the principal amount of $136,200,000 made by Borrower in favor of Barclays ("**Note A-1**"), (ii) that certain Promissory Note A-2 of even date herewith in the principal amount of $45,400,000 made by Borrower in favor of JPMorgan ("**Note A-2**"), and (iii) that certain Promissory Note A-3 of even date herewith in the principal amount of $45,400,000 made by Borrower in favor of BOA ("**Note A-3**"), as each of the same may be amended, restated, replaced, extended, renewed, supplemented, severed, split, or otherwise modified from time to time (including, without limitation, any Defeased Note(s) and Undefeased Note(s) that may exist from time to time).

"**Note A-1**" shall have the meaning set forth in the definition of "Note" in Section 1.1 hereof.

"**Note A-2**" shall have the meaning set forth in the definition of "Note" in Section 1.1 hereof.

"**Note A-3**" shall have the meaning set forth in the definition of "Note" in Section 1.1 hereof.

"**Obligations**" shall have the meaning set forth in Section 17.19 hereof.

"**OFAC**" shall have the meaning set forth in Section 3.30 hereof.

"**Officer's Certificate**" shall mean a certificate delivered to Lender by Borrower which is signed by Responsible Officer of Borrower.

"Op Ex Monthly Deposit" shall have the meaning set forth in Section 8.4 hereof.

"**Operating Expense Account**" shall have the meaning set forth in Section 8.4 hereof.

"**Operating Expense Funds**" shall have the meaning set forth in Section 8.4 hereof.

"**Other Charges**" shall mean all maintenance charges, impositions other than Taxes, and any other charges, vault charges and license fees for the use of vaults, chutes and similar areas adjoining the Property, now or hereafter levied or assessed or imposed against the Property or any part thereof.

"**Partial Defeasance Collateral**" shall mean Government Securities, which provide payments (i) on or prior to, but as close as possible to, the Business Day immediately preceding all Monthly Payment Dates and other scheduled payment dates, if any, under the Defeased Note after the Partial Defeasance Date and up to and including the Prepayment Release Date (assuming the Defeased Note is required to be prepaid in full as of such Prepayment Release Date), and (ii) in amounts equal to or greater than the Scheduled Defeasance Payments relating to such Monthly Payment Dates and other scheduled payment dates.

"**Partial Defeasance Date**" shall have the meaning set forth in Section 2.8 hereof.

"**Partial Defeasance Event**" shall have the meaning set forth in Section 2.8 hereof.

"**Partial Defeasance Notice Date**" shall have the meaning set forth in Section 2.8 hereof.

"**Participant**" shall have the meaning set forth in Section 11.9 hereof.

"**Patriot Act**" shall have the meaning set forth in Section 3.30 hereof.

"Payment Instructions" have the meaning set forth in Section 4.23 hereof.

"Permits" shall mean all necessary certificates, licenses, permits, franchises, trade names, certificates of occupancy, consents, and other approvals (governmental and otherwise) required under applicable Legal Requirements for the operation of each Individual Property and the conduct of Borrower's business (including, without limitation, all required zoning, building code, land use, environmental, public assembly and other similar permits or approvals).

"**Permitted Encumbrances**" shall mean, with respect to each Individual Property, collectively, (a) the lien and security interests created by this Agreement and the other Loan Documents, (b) all liens, encumbrances and other matters disclosed in the applicable Title Insurance Policy, (c) liens, if any, for Taxes imposed by any Governmental Authority not yet due or delinquent and (d) such other title and survey exceptions as Lender has approved or may approve in writing in Lender's sole discretion.

"**Permitted Equipment Leases**" shall mean equipment leases or other similar instruments entered into with respect to the Personal Property; provided, that, in each case, such equipment leases or similar instruments (i) are entered into on commercially reasonable terms and conditions in the ordinary course of Borrower's business and (ii) relate to Personal Property which is (A) used in connection with the operation and maintenance of the applicable Individual Property in the ordinary course of Borrower's business and (B) readily replaceable without material interference or interruption to the operation of the applicable Individual Property.

"**Permitted Fund Manager**" means any Person that on the date of determination is not subject to a case under the Bankruptcy Code and/or any Creditors Rights Laws and is an entity that is a Qualified Lender pursuant to clauses (iii)(A), (B), (C) or (D) of the definition thereof.

"**Permitted Investment Fund**" shall have the meaning set forth in the definition of "Qualified Lender."

"**Permitted Investments**" shall mean "permitted investments" as then defined and required by the Rating Agencies.

"**Person**" shall mean any individual, corporation, partnership, joint venture, limited liability company, estate, trust, unincorporated association, any federal, state, county or municipal government or any bureau, department or agency thereof and any other entity and, in each case, any fiduciary acting in such capacity on behalf of any of the foregoing.

"**Personal Property**" shall mean, individually and/or collectively (as the context requires), the "Personal Property" owned by Borrower as defined in each applicable Security Instrument.

"**Policies**" shall have the meaning specified in Section 7.1 hereof.

"**Portfolio Material Adverse Effect**" shall mean a material adverse effect on (i) the Properties taken as a whole, (ii) the business, profits, prospects, management, operations or condition (financial or otherwise) of Borrower or the Properties taken as a whole, (iii) the enforceability, validity, perfection or priority of the lien of any Security Instrument or the other Loan Documents, or (iv) the ability of any Borrower and/or Guarantor to perform its obligations under any Security Instrument or the other Loan Documents.

"**Pre-IPO Merger**" shall mean the merger of SFTY with and into SIGI Acquisition, Inc. (so long as such Person is at least fifty-one percent owned by, and Controlled by, one or more of iStar and/or one or more Qualified Transferees) ("**SIGI**") with SFTY as the surviving entity in accordance that that certain Merger Agreement between SFTY and SIGI to be entered into no later than June 30, 2018 and substantially in the form provided to Lender in connection with the closing of the Loan.

"**Prepayment Release Date**" shall mean November 9, 2026.

"**Private Company Transaction**" shall mean a merger, sale or other transaction pursuant to which Guarantor becomes (i) owned directly or indirectly by a privately traded company that is a Qualified Transferee or (ii) a privately traded company that is a Qualified Transferee.

"Prohibited Entity" means any Person which (i) is a statutory trust or similar Person, (ii) owns a direct or indirect interest in Borrower or any Individual Property through a tenancy-in-common or other similar form of ownership interest and/or (iii) is a Crowdfunded Person.

"**Prohibited Transfer**" shall have the meaning set forth in Section 6.2 hereof.

"**Projections**" shall have the meaning set forth in Section 11.9 hereof.

"**Property**" and "**Properties**" shall mean, individually and/or collectively (as the context requires), each Individual Property which is subject to the terms hereof and of the other Loan Documents.

"**Property Condition Report**" shall mean, individually and/or collectively, as the context may require, those certain property condition reports delivered to Lender by Borrower in connection with the origination of the Loan or otherwise obtained by Lender in connection with the origination of the Loan and delivered to Borrower prior to the Closing Date.

"Property Document" shall mean, individually or collectively (as the context may require), the following: (i) the Ground Lease, (ii) the REAs.

"**Property Document Event**" shall mean any event which would, directly or indirectly, cause a termination right, right of first refusal (other than in favor of Borrower), first offer or any other similar right (other than in favor of Borrower), cause any termination fees to be due and payable by Borrower or would cause a Material Adverse Effect to occur under any Property Document (in each case, beyond any applicable notice and cure periods under the applicable Property Document); provided, however, any of the foregoing shall not be deemed a Property Document Event to the extent Lender's prior written consent, not to be unreasonably withheld, conditioned or delayed, is obtained with respect to the same.

"**Property Document Provisions**" shall mean the representations, covenants and other terms and conditions of this Agreement and the other Loan Documents related to, in each case, any Property Document and/or other related matters (including, without limitation, Sections 3.34 and 4.22 of this Agreement).

"Provided Information" shall mean any information provided by or on behalf of any Borrower Party in connection with the Loan, any Individual Property, such Borrower Party and/or any related matter or Person.

"**Prudent Lender Standard**" shall, with respect to any matter, be deemed to have been met if the matter in question (i) prior to a Securitization, is reasonably acceptable to Lender and (ii) after a Securitization, (A) if permitted by REMIC Requirements applicable to such matter, would be reasonably acceptable to Lender or (B) if the Lender discretion in the foregoing subsection (A) is not permitted under such applicable REMIC Requirements, would be acceptable to a prudent lender of securitized commercial mortgage loans.

"**Public Sale**" shall mean the Sale or Pledge in one or a series of transactions, through which SFTY becomes, or is merged with or into, a Public Vehicle.

"**Public Vehicle**" shall mean a Person whose securities are listed and traded on the New York Stock Exchange, AMEX, NASDAQ, or another nationally recognized securities exchange.

"**Qualified Insurer**" shall have the meaning set forth in Section 7.1 hereof.

"**Qualified Lender**" means (i) Barclays, (ii) any Affiliate of Barclays, or (iii) one or more of the following:

(A) a real estate investment trust, bank, saving and loan association, investment bank, insurance company, trust company, commercial credit corporation, pension plan, pension fund or pension advisory firm, mutual fund, government entity or plan, provided that any such Person referred to in this clause (A) satisfies the Eligibility Requirements;

(B) an investment company, money management firm or "qualified institutional buyer" within the meaning of Rule 144A under the Securities Act or an institutional "accredited investor" within the meaning of Regulation D under the Securities Act, provided that any such Person referred to in this clause (B) satisfies the Eligibility Requirements;

(C) an institution substantially similar to any of the foregoing entities described in clause (iii)(A), (iii)(B) or (iii)(E), or any other Person which is subject to supervision and regulation by the insurance or banking department of any state or of the United States, the Board of Governors of the Federal Reserve System, the Comptroller of the Currency, the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation or by any successor hereafter exercising similar functions, in each case, that satisfies the Eligibility Requirements;

(D) any entity Controlled by, Controlling or under common Control with any of the entities described in clause (iii)(A), (iii)(B) or (iii)(C) above or clause (iii)(E) below;

(E) an investment fund, limited liability company, limited partnership or general partnership (a "**Permitted Investment Fund**") where a Permitted Fund Manager or Qualified Lender (other than pursuant to this clause (iii)(E)) acts as general partner, managing member or fund manager and at least fifty percent (50%) of the equity interests in such investment vehicle are owned, directly or indirectly, by one or more of the following: a Qualified Lender under (A), (B), (C) or (D) above or (F) below, an institutional "accredited investor", within the meaning of Regulation D promulgated under the Securities Act, and/or a "qualified institutional buyer" or both within the meaning of Rule 144A promulgated under the Exchange Act, provided such institutional "accredited investors" or "qualified institutional buyers" that are used to satisfy the fifty percent (50%) test set forth above in this clause (E) satisfy the financial tests in clause (i) of the definition of Eligibility Requirements; or

(F) following a Securitization, any Person for which the Rating Agencies have issued a Rating Agency Confirmation.

"**Qualified Management Agreement**" shall mean either (a) a management agreement by and between a Qualified Manager and Borrower entered into on an arm's length basis, on commercially reasonable terms and substantially in the same form and substance as a prior Management Agreement entered into in accordance with the terms and conditions hereof or (b) a management agreement with a Qualified Manager with respect to the applicable Individual Property which is approved by Lender in writing (which such approval may be conditioned upon Lender's receipt of a Rating Agency Confirmation with respect to such management agreement).

"**Qualified Manager**" shall mean (a) any Person that (i) either is a national or regional management company having at least ten (10) years' experience in the management of commercial real estate properties similar in type and location as the Individual Property or Properties to be managed by such Person, (ii) has under management not less than (I) 3,000,000 leasable space in the aggregate of commercial real estate properties (exclusive of the Properties) to the extent that such Person is managing Individual Properties that are not hotels and/or self-storage units, (II) 10,000 guest rooms under management (exclusive of the Properties) for lodging properties similar to the Individual Properties which are hotels to the extent such Person is managing an Individual Property that is a hotel and (III) 5,000 self-storage units (exclusive of the Properties) to the extent such Person is managing an Individual Property that is a self-storage property and (iii) is not the subject of a Bankruptcy Action, has no prior, ongoing or threatened litigation or dispute with Lender or its Affiliates, is in good standing with Lender, and has no felony convictions or indictments or (b) a Person approved by Lender in writing (which such approval may be conditioned upon Lender's receipt of a Rating Agency Confirmation with respect to such Person).

"**Qualified Public Company**" shall mean a Public Vehicle with (i) a market capitalization as reasonably determined by Lender equal to or exceeding $500,000,000 (inclusive of its interest in the Property) or (ii) net worth as reasonably determined by Lender equal to or exceeding $250,000,000 (exclusive of its interest in and liabilities relating to the Properties).

"**Qualified Transferee**" shall mean a bank, saving and loan association, investment bank, insurance company, trust company, commercial credit corporation, pension plan, pension fund or pension advisory firm, mutual fund, government entity or plan, investment management firm, asset management firm, company that invests in or manages or provides financing for commercial real estate, or investment fund, or any institution substantially similar to any of the foregoing, provided that in each case that (a) such institution or entity has total assets (in name or under management) in excess of $600,000,000 (exclusive of the Properties) and (except with respect to a pension advisory firm or similar fiduciary) has capital/statutory surplus or shareholder's equity in excess of $250,000,000 (exclusive of the Properties) (or Controls or is under Control with any Person satisfying the criteria set forth in the clause (a)), (b) such institution or entity (or an entity Controlling such institution or entity) has a senior executive with at least five (5) years' experience in the management or ownership of commercial real estate properties, (c) such institution or entity (or an entity Controlling such institution or entity) is regularly engaged in the business of owning or operating commercial real estate properties, containing, to the extent any Individual Property is subject to a Leased Fee Lease Termination Period, the asset size requirements set forth in clause (a)(ii) of the definition of Qualified Manager with respect to such Individual Properties which are subject to a Leased Fee Lease Termination; provided, however, that if the Properties will be managed by a Qualified Manager

after giving effect to an assumption in accordance with the terms and conditions of Section 6.4 hereof, such Qualified Transferee shall not be required to satisfy the requirements of clauses (b) and (c) hereof, (d) such institution or entity is not subject to any proceeding under the Bankruptcy Code and/or any Creditors Rights Laws or a material governmental or regulatory investigation which resolved in a final, non-appealable conviction for criminal activity involving moral turpitude or a civil proceeding in which such institution or entity has been found liable in a final non-appealable judgment to have attempted to hinder, delay or defraud creditors, in each case, for the past seven (7) years and (c) such institution or entity is able to remake Borrower's representations and warranties contained within Section 3.30 and Section 6.6 hereof as if such institution or entity was Borrower.

"**Rating Agency**" shall mean S&P, Moody's, Fitch, Kroll Bond Rating Agency, Inc., Morningstar Credit Ratings, LLC, DBRS, Inc. or any other nationally-recognized statistical rating agency designated by Lender which actually rates the Securities (and any successor to any of the foregoing) in connection with and/or in anticipation of any Secondary Market Transaction.

"**Rating Agency Condition**" shall be deemed to exist if (i) any Rating Agency fails to respond to any request for a Rating Agency Confirmation with respect to any applicable matter or otherwise elects (orally or in writing) not to consider any applicable matter or (ii) Lender (or its Servicer) is not required to and/or elects not to obtain (or cause to be obtained) a Rating Agency Confirmation with respect to any applicable matter, in each case, pursuant to and in compliance with any pooling and servicing agreement(s) or similar agreement(s), in each case, relating to the servicing and/or administration of the Loan.

"**Rating Agency Confirmation**" shall mean (i) prior to a Securitization or if the Rating Agency Condition exists, that Lender has (in consultation with the Rating Agencies (if required by Lender)) approved the matter in question in writing based upon Lender's good faith determination of applicable Rating Agency standards and criteria and (ii) from and after a Securitization (to the extent the Rating Agency Condition does not exist), a written affirmation from each of the Rating Agencies (obtained at Borrower's sole cost and expense) that the credit rating of the Securities by such Rating Agency immediately prior to the occurrence of the event with respect to which such Rating Agency Confirmation is sought will not be qualified, downgraded or withdrawn as a result of the occurrence of such event, which affirmation may be granted or withheld in such Rating Agency's sole and absolute discretion.

"**REA**" shall mean those certain reciprocal easement agreements and similar agreements listed on Schedule XI attached hereto.

"**Register**" shall have the meaning set forth in Section 11.9 hereof.

"**Registrar**" shall have the meaning set forth in Section 11.7 hereof.

"**Registration Statement**" shall have the meaning set forth in Section 11.2 hereof.

"**Regular Interest Rate**" shall mean a rate per annum equal to 3.795%.

"**Regulation AB**" shall mean Regulation AB under the Securities Act and the Exchange Act, as such Regulation may be amended from time to time.

"**Reimbursement Contribution**" shall have the meaning set forth in Section 17.19 hereof.

"**Related Loan**" shall mean a loan to an Affiliate of Borrower or secured by a Related Property, that is included in a Securitization with the Loan (or any portion thereof or interest therein).

"**Related Property**" shall mean a parcel of real property, together with improvements thereon and personal property related thereto, that is "related" within the meaning of the definition of Significant Obligor, to the Property.

"**Release**" shall have the meaning set forth in Section 2.9 hereof.

"**Release Approval Item**" shall have the meaning set forth in Section 2.9 hereof.

"**Release Date**" shall mean the earlier to occur of (i) the third anniversary of the Closing Date and (ii) the date that is two (2) years from the "startup day" (within the meaning of Section 860G(a)(9) of the IRS Code) of the REMIC Trust established in connection with the last Securitization involving any portion of or interest in the Loan.

"**Release Notice Date**" shall have the meaning set forth in Section 2.9 hereof.

"**Released Property**" shall have the meaning set forth in Section 2.9 hereof.

"Release Price" shall mean, with respect to any Individual Property, an amount equal to 120% of the Allocated Loan Amount with respect to such Individual Property.

"Remaining Loan" shall have the meaning set forth in Section 11.8 hereof.

"Remaining Loan Documents" shall have the meaning set forth in Section 11.8 hereof.

"REMIC Opinion" shall mean, as to any matter, an opinion as to the compliance of such matter with applicable REMIC Requirements (which such opinion shall be, in form and substance and from a provider, in each case, reasonably acceptable to Lender and acceptable to the Rating Agencies).

"**REMIC Payment**" shall have the meaning set forth in Section 7.3 hereof.

"**REMIC Requirements"** shall mean any applicable legal requirements relating to any REMIC Trust (including, without limitation, those relating to the continued treatment of the Loan (or the applicable portion thereof and/or interest therein) as a "qualified mortgage" held by such REMIC Trust, the continued qualification of such REMIC Trust as such under the IRS Code, the non-imposition of any tax on such REMIC Trust under the IRS Code (including, without limitation, taxes on "prohibited transactions and "contributions") and any other constraints, rules and/or other regulations and/or requirements relating to the servicing, modification and/or other similar matters with respect to the Loan (or any portion thereof and/or

interest therein) that may now or hereafter exist under applicable legal requirements (including, without limitation under the IRS Code)).

"**REMIC Trust**" shall mean any "real estate mortgage investment conduit" within the meaning of Section 860D of the IRS Code that holds any interest in all or any portion of the Loan.

"**Rent Roll**" shall have the meaning set forth in Section 3.18 hereof.

"**Rent Loss Proceeds**" shall have the meaning set forth in Section 7.1 hereof.

"**Rents**" shall have the meaning set forth in the Security Instrument.

"**Replacement Guaranteed Documents**" shall have the meaning set forth in Section 6.3 hereof.

"**Reporting Failure**" shall have the meaning set forth in Section 4.12 hereof.

"**Required Financial Item**" shall have the meaning set forth in Section 4.12 hereof.

"**Required Rating**" means (i) a rating of not less than "A-1" (or its equivalent) from each of the Rating Agencies if the term of such Letter of Credit is no longer than three (3) months or if the term of such Letter of Credit is in excess of three (3) months, a rating of not less than "AA-" (or its equivalent) from each of the Rating Agencies or (ii) such other rating with respect to which Lender shall have received a Rating Agency Confirmation.

"**Reserve Accounts**" shall mean the Tax Account, the Insurance Account, the Excess Cash Flow Account, the Operating Expense Account, the Debt Service Coverage Cure Reserve Account, the Ground Rent Account, the Loan Term Cash Collateral Reserve Account, the Default Cure Collateral Reserve Account and any other escrow account established by this Agreement or the other Loan Documents (but specifically excluding the Cash Management Account, the Restricted Account and the Debt Service Account).

"**Reserve Funds**" shall mean the Tax and Insurance Funds, the Excess Cash Flow Funds, the Operating Expense Funds, the Debt Service Coverage Cure Funds, the Ground Rent Funds, the Loan Term Cash Collateral Funds, the Default Cure Collateral Funds and any other escrow funds established by this Agreement or the other Loan Documents.

"**Responsible Officer**" means with respect to a Person, the chairman of the board, president, chief operating officer, chief financial officer, treasurer or vice president of such Person or such other similar officer of such Person reasonably acceptable to Lender.

"**Restoration**" shall mean, following the occurrence of a Casualty or a Condemnation which is of a type necessitating the repair of any Individual Property (or any portion thereof), the completion of the repair and restoration of any Individual Property (or applicable portion thereof) as nearly as possible to the condition such Individual Property (or applicable portion thereof) was in immediately prior to such Casualty or Condemnation, with such alterations as may be reasonably approved by Lender.

"**Restoration Retainage**" shall have the meaning set forth in Section 7.4 hereof.

"**Restoration Threshold**" shall mean, with respect to each Individual Property, an amount equal to 5% of the outstanding principal amount of the Allocated Loan Amount attributable to such Individual Property.

"**Restricted Account**" shall have the meaning set forth in Section 9.1 hereof.

"**Restricted Account Agreement**" shall mean that certain Blocked Account Control Agreement by and among 500 Woodward LLC, Lender and JPMorgan Chase Bank, N.A. dated as of the date hereof, as the same may be amended, restated, replaced, supplemented or otherwise modified from time to time in accordance with the terms hereof.

"**Restricted Party**" shall have the meaning set forth in Section 6.1 hereof.

"**Sale or Pledge**" shall have the meaning set forth in Section 6.1 hereof.

"Sanctions" shall have the meaning set forth in Section 3.30 hereof.

"**Scheduled Defeasance Payments**" shall mean scheduled payments of interest and principal hereunder (with respect to a Total Defeasance) and under the Defeased Note (with respect to a Partial Defeasance), in each case, for all Monthly Payment Dates occurring after the Total Defeasance Date or Partial Defeasance Date (as applicable) and up to and including the Prepayment Release Date (assuming the Note or the Defeased Note (as applicable) is prepaid in full as of such Prepayment Release Date), and all payments required after the Total Defeasance Date or Partial Defeasance Date (as applicable), if any, under the Loan Documents for servicing fees, rating surveillance charges (to the extent applicable) and other similar charges.

"**Secondary Market Transaction**" shall have the meaning set forth in Section 11.1 hereof.

"**Securities**" shall have the meaning set forth in Section 11.1 hereof.

"Securities Act" shall mean the Securities Act of 1933, as amended.

"**Securitization**" shall have the meaning set forth in Section 11.1 hereof.

"**Security Agreement**" shall mean a pledge and security agreement in form and substance satisfying the Prudent Lender Standard pursuant to which Borrower grants Lender a perfected, first priority security interest in the Defeasance Collateral Account and the Total Defeasance Collateral or the Partial Defeasance Collateral (as applicable).

"**Security Deposits**" shall mean any advance deposits or any other deposits collected by Borrower with respect to the Property, whether in the form of cash, letter(s) of credit or other cash equivalents (including, without limitation, such deposits made in connection with any Lease).

"**Security Instrument**" and "**Security Instruments**" shall mean individually and/or collectively (as the context requires), each first priority Mortgage/Deed of Trust/Deed to Secure Debt, Assignment of Leases and Rents, Fixture Filing and Security Agreement dated the date hereof, executed and delivered by Borrower as security for the Loan and encumbering each Individual Property (or any portion thereof), as the same may be amended, restated, replaced, supplemented or otherwise modified from time to time.

"**Security Instrument Taxes**" shall have the meaning set forth in Section 15.2 hereof.

"**Servicer**" shall have the meaning set forth in Section 11.4 hereof.

"**Severed Loan Documents**" shall have the meaning set forth in Article 10.

"**SFTY**" shall mean Safety, Income and Growth, Inc., a Maryland corporation.

"**SFTY IPO**" shall mean the initial public offering of SFTY and the listing of SFTY as a publicly traded entity in accordance with the terms and conditions of this Agreement, provided that such shares of common stock in SFTY are listed on the New York Stock Exchange or another nationally recognized stock exchange.

"**Significant Obligor**" shall have the meaning set forth in Item 1101(k) of Regulation AB under the Securities Act.

"**Single Purpose Entity**" shall mean an entity whose structure and organizational and governing documents are otherwise in form and substance acceptable to the Rating Agencies and satisfying the Prudent Lender Standard.

"**Special Member**" is defined in Section 5.1 hereof.

"**SPE Component Entity**" shall have the meaning set forth in Section 5.1 hereof.

"**S&P**" shall mean Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc.

"**State**" shall mean the applicable state in which the applicable Individual Property is located.

"**Stated Maturity Date**" shall mean, subject to the provisions of Section 2.6(c), April, 6 2028.

"**Sublease**" shall mean any sublease between a Tenant and a Subtenant for any portion of any Individual Property under the Leased Fee Lease.

"**Subtenant**" shall mean any Person subleasing any portion of any Individual Property from any Tenant under the Leased Fee Lease and any tenant of such subtenant.

"**Successor Borrower**" shall have the meaning set forth in Section 2.8 hereof.

"Survey" shall mean, individually or collectively (as the context requires), each survey of each Individual Property certified and delivered to Lender in connection with the closing of the Loan.

"**Syndication**" shall have the meaning set forth in Section 11.9 hereof.

"**Tax Account**" shall have the meaning set forth in Section 8.6 hereof.

"**Tax and Insurance Funds**" shall have the meaning set forth in Section 8.6 hereof.

"**Taxes**" shall mean all taxes, assessments, water rates, sewer rents, and other governmental impositions, including, without limitation, vault charges and license fees for the use of vaults, chutes and similar areas adjoining the Land, now or hereafter levied or assessed or imposed against the Property or any part thereof.

"Tax Payment Date" shall mean, with respect to any applicable Taxes, the date occurring 30 days prior to the date the same are due and payable.

"**Tenant**" shall mean the lessee of all or any portion of any Individual Property under a Lease. Lender acknowledges and agrees that under no circumstances shall "Tenant" mean or include, with respect to any Individual Property that has not been subject to a Leased Fee Lease Termination, a Subtenant.

"Tenant Direction Notice" shall have the meaning set forth in Section 9.2 hereof.

"**Title Insurance Policy**" shall mean those certain ALTA mortgagee title insurance policies issued with respect to each Individual Property and insuring the lien of the Security Instruments.

"**Total Defeasance Collateral**" shall mean Government Securities, which provide payments (i) on or prior to, but as close as possible to, the Business Day immediately preceding all Monthly Payment Dates and other scheduled payment dates, if any, hereunder after the Total Defeasance Date and up to and including the Prepayment Release Date (assuming the Note is required to be prepaid in full as of such Prepayment Release Date), and (ii) in amounts equal to or greater than the Scheduled Defeasance Payments relating to such Monthly Payment Dates and other scheduled payment dates.

"**Total Defeasance Date**" shall have the meaning set forth in Section 2.8 hereof.

"**Total Defeasance Event**" shall have the meaning set forth in Section 2.8 hereof.

"**Trigger Period**" shall mean a period (A) commencing upon the earliest of (i) the occurrence and continuance of an Event of Default, (ii) the Debt Service Coverage Ratio being less than 1.50 to 1.00 as of the final calendar day of two (2) consecutive calendar quarters, (iii) the occurrence of the Monthly Payment Date in October, 2025 (unless on or prior to such date the Loan Term Cash Collateral has been deposited into the Loan Term Cash Collateral Reserve in accordance with the terms and conditions hereof (or Borrower has delivered to Lender a Letter of Credit in the amount of the Loan Term Cash Collateral in accordance with the terms and

conditions hereof)) and (iv) an ARD Failure Event; and (B) expiring upon (x) with regard to any Trigger Period commenced in connection with clause (i) above, the cure (if applicable) of such Event of Default, (y) with regard to any Trigger Period commenced in connection with clause (ii) above, the earlier of (1) the date that the Debt Service Coverage Ratio is equal to or greater than 1.55 to 1.00 as of the final calendar day of two (2) consecutive calendar quarters or (2) the date that Borrower shall have deposited the Debt Service Coverage Cure Collateral into the Debt Service Coverage Cure Collateral Reserve Account in accordance with the terms and conditions hereof and (z) with respect to any Trigger Period commenced in connection with clause (iii) above, the date that Borrower shall have deposited the Loan Term Cash Collateral into the Loan Term Cash Collateral Reserve Account (or Borrower has delivered to Lender a Letter of Credit in accordance with the terms and conditions hereof in such amount). Notwithstanding the foregoing, a Trigger Period shall not be deemed to expire in the event that a Trigger Period then exists for any other reason and in no instance shall a Trigger Period due to an ARD Failure Event expire.

"Triple Net Leased Fee Lease" shall mean an entire Individual Property is subject to a Lease with a single Tenant which is entered into in accordance with the terms and conditions hereof, which Lease provides that such Tenant is obligated to pay all Taxes and Other Charges, insurance, utilities, repair, cost of operations and maintenance with respect to such Individual Property in addition to all other sums payable by such Tenant thereunder.

"TRIPRA" shall have the meaning set forth in Section 7.1 hereof.

"True Up Payment" shall mean a payment into the applicable Reserve Account of a sum which, together with any applicable monthly deposits into the applicable Reserve Account, will be sufficient to discharge the obligations and liabilities for which such Reserve Account was established as and when reasonably appropriate. The amount of the True Up Payment shall be determined by Lender in its reasonable discretion and shall be final and binding absent manifest error.

"**UCC**" or "**Uniform Commercial Code**" shall mean the Uniform Commercial Code as in effect in the State.

"Unaffected Property" shall have the meaning set forth in Section 11.8 hereof.

"Uncrossed Loan" shall have the meaning set forth in Section 11.8 hereof.

"Uncrossed Loan Documents" shall have the meaning set forth in Section 11.8 hereof.

"Uncrossing Event" shall have the meaning set forth in Section 11.8 hereof.

"**Undefeased Note**" shall have the meaning set forth in Section 2.8 hereof.

"Underwritable Cash Flow" shall mean an amount calculated by Lender on a monthly basis equal to the base rent and overage rent actually paid to Borrower under the Leased Fee Leases during the twelve (12) month period immediately preceding the date of calculation (inclusive of straight-lined rent steps), less any Taxes, Other Charges and/or Insurance Premiums paid by Borrower during the twelve (12) month period immediately preceding the date of

calculation; provided, however, that any Taxes, Other Charges and/or Insurance Premiums paid by Borrower and reimbursed by the Tenant under a Leased Fee Lease prior to a Leased Fee Lease Termination shall be excluded from the calculation of "Underwritable Cash Flow." Lender's calculation of Underwritable Cash Flow shall be calculated by Lender in good faith based upon Lender's determination of Rating Agency criteria and shall be final absent manifest error.

"**Underwriter Group**" shall have the meaning set forth in Section 11.2 hereof.

"**Unencumbered Borrower**" shall have the meaning set forth in Section 2.8 hereof.

"**Updated Information**" shall have the meaning set forth in Section 11.1 hereof.

"**U.S. Obligations**" shall mean direct full faith and credit obligations of the United States of America that are not subject to prepayment, call or early redemption.

"USPAP" shall mean the Uniform Standards of Professional Appraisal Practice (as the same may have been or may hereafter be amended, restated, supplemented or otherwise modified).

"**Waived Ground Lease Deposit Property**" shall mean those certain Individual Properties listed on Schedule X attached hereto.

"**Waived Insurance Deposit Property**" shall mean those certain Individual Properties listed on Schedule VI attached hereto.

"**Waived Tax Deposit Property**" shall mean those certain Individual Properties listed on Schedule VII attached hereto.

"Work Charge" shall have the meaning set forth in Section 4.16 hereof.

"**Write-Down and Conversion Powers**" means, with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule.

"**Yield Maintenance Premium**" shall mean an amount equal to the greater of (a) an amount equal to 1% of the amount prepaid; or (b) an amount equal to the present value as of the date on which the prepayment is made of the Calculated Payments (as defined below) from the date on which the prepayment is made through the Prepayment Release Date determined by discounting such payments at the Discount Rate (as defined below). As used in this definition, the term "Calculated Payments" shall mean the monthly payments of interest only which would be due based on the principal amount of the Loan being prepaid on the date on which prepayment is made and assuming an interest rate per annum equal to the difference (if such difference is greater than zero) between (y) the Interest Rate and (z) the Yield Maintenance Treasury Rate (as defined below). As used in this definition, the term "Discount Rate" shall mean the Yield Maintenance Treasury Rate (as defined below). As used in this definition, the term "Yield Maintenance Treasury Rate" shall mean the rate which, when compounded monthly,

is equivalent to the yield calculated by Lender by the linear interpolation of the yields, as reported in the Federal Reserve Statistical Release H.15-Selected Interest Rates under the heading "U.S. Government Securities/Treasury Constant Maturities" for the week ending prior to the date on which prepayment is made, of U.S. Treasury Constant Maturities with maturity dates (one longer or one shorter) most nearly approximating the Prepayment Release Date. In the event Release H.15 is no longer published, Lender shall select a comparable publication to determine the Yield Maintenance Treasury Rate. In no event, however, shall Lender be required to reinvest any prepayment proceeds in U.S. Treasury obligations or otherwise. Lender shall notify Borrower of the amount and the basis of determination of the required prepayment consideration. Lender's calculation of the Yield Maintenance Premium shall be conclusive absent manifest error.

"**Zoning Reports**" shall mean those certain planning and zoning reports provided to Lender in connection with the closing of the Loan.

Section 1.2. Principles of Construction.

All references to sections and schedules are to sections and schedules in or to this Agreement unless otherwise specified. All uses of the word "including" shall mean "including, without limitation" unless the context shall indicate otherwise. Unless otherwise specified, the words "hereof," "herein" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement. Unless otherwise specified, all meanings attributed to defined terms herein shall be equally applicable to both the singular and plural forms of the terms so defined. References herein to "the Property or any portion thereof" and words of similar import shall be deemed to refer, as applicable, to any portion of the Property taken as a whole (including any Individual Property) and any portion of any Individual Property.

ARTICLE 2

GENERAL TERMS

Section 2.1. Loan Commitment; Disbursement to Borrower. Except as expressly and specifically set forth herein, Lender has no obligation or other commitment to loan any funds to Borrower or otherwise make disbursements to Borrower. Borrower hereby waives any right Borrower may have to make any claim to the contrary.

Section 2.2. The Loan. Subject to and upon the terms and conditions set forth herein, Lender hereby agrees to make and Borrower hereby agrees to accept the Loan on the Closing Date.

Section 2.3. Disbursement to Borrower. Borrower may request and receive only one borrowing hereunder in respect of the Loan and any amount borrowed and repaid hereunder in respect of the Loan may not be re-borrowed.

Section 2.4. The Note and the other Loan Documents. The Loan shall be evidenced by the Note and this Agreement and secured by this Agreement and the other Loan Documents.

Section 2.5. Interest Rate.

(a) Interest on the outstanding principal balance of the Loan shall accrue from the Closing Date at the Interest Rate until repaid in accordance with the applicable terms and conditions hereof.

(b) Intentionally Omitted.

(c) In the event that, and for so long as, any Event of Default shall have occurred and be continuing, (i) the then outstanding principal balance of the Loan, and, to the extent permitted by applicable law, overdue interest in respect of the Loan, shall each accrue interest at the Default Rate, calculated from the date the applicable Default occurred without regard to any grace or cure periods contained herein, (ii) without limitation of any rights or remedies contained herein and/or in any other Loan Document, any interest accrued at the Default Rate in excess of the interest component of the Monthly Debt Service Payment Amount shall, to the extent not already paid and/or due and payable hereunder, be due and payable on each Monthly Payment Date and (iii) all references herein and/or in any other Loan Document to the "Interest Rate" shall be deemed to refer to the Default Rate.

(d) Interest on the outstanding principal balance of the Loan shall be calculated by multiplying (a) the actual number of days elapsed in the period for which the calculation is being made by (b) a daily rate based on a three hundred sixty (360) day year (that is, the Interest Rate or the Default Rate, as then applicable, expressed as an annual rate divided by 360) by (c) the outstanding principal balance. The accrual period for calculating interest due on each Monthly Payment Date shall be the Interest Accrual Period immediately prior to such Monthly Payment Date. Borrower understands and acknowledges that such interest accrual requirement results in more interest accruing on the Loan than if either a thirty (30) day month and a three hundred sixty (360) day year or the actual number of days and a three hundred sixty-five (365) day year were used to compute the accrual of interest on the Loan.

(e) This Agreement and the other Loan Documents are subject to the express condition that at no time shall Borrower be required to pay interest on the principal balance of the Loan (including, to the extent applicable, any prepayment premium and/or penalty) at a rate which could subject Lender to either civil or criminal liability as a result of being in excess of the Maximum Legal Rate. If by the terms of this Agreement or the other Loan Documents, Borrower is at any time required or obligated to pay interest on the principal balance due hereunder (including, to the extent applicable, any prepayment premium and/or penalty) at a rate in excess of the Maximum Legal Rate, the Interest Rate or the Default Rate, as the case may be, and/or, to the extent applicable, any prepayment premium and/or penalty shall, in each case, be deemed to be immediately reduced to the Maximum Legal Rate and all previous payments in excess of the Maximum Legal Rate shall be deemed to have been payments in reduction of principal and not on account of the interest due hereunder. All sums paid or agreed to be paid to Lender for the use, forbearance, or detention of the sums due under the Loan, shall, to the extent permitted by applicable law, be amortized, prorated, allocated, and spread throughout the full stated term of the Loan until payment in full so that the rate or amount of interest on account of the Loan (including, to the extent applicable, any prepayment premium and/or penalty) does not

exceed the Maximum Legal Rate from time to time in effect and applicable to the Loan for so long as the Loan is outstanding.

(f) Notwithstanding anything to the contrary in any Loan Document or in any other agreement, arrangement or understanding among any of the following Persons, Borrower, each Borrower Party and Lender acknowledge that any liability of any EEA Financial Institution arising under any Loan Document, to the extent such liability is unsecured, may be subject to the write-down and conversion powers of an EEA Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by (i) the application of any Write-Down and Conversion Powers by an EEA Resolution Authority to any such liabilities arising hereunder which may be payable to it by any party hereto that is an EEA Financial Institution; and (ii) the effects of any Bail-in Action on any such liability, including, if applicable (A) a reduction in full or in part or cancellation of any such liability; (B) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such EEA Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any other Loan Document; and/or (C) the variation of the terms of such liability in connection with the exercise of the write-down and conversion powers of any EEA Resolution Authority.

Section 2.6. Loan Payments.

(a) **Payment Before Anticipated Repayment Date**. Borrower shall make a payment to Lender of interest only on the Closing Date for the period from (and including) the Closing Date through (but excluding) the sixth (6th) day of either (i) the month in which the Closing Date occurs (if such Closing Date is after the first day of such month, but prior to the sixth (6th) day of such month) or (ii) if the Closing Date is after the sixth (6th) day of the then current calendar month, the month following the month in which the Closing Date occurs; provided, however, if the Closing Date is the sixth (6th) day of a calendar month, no such separate payment of interest shall be due. Borrower shall make a payment to Lender of interest and, to the extent applicable, principal in the amount of the Monthly Debt Service Payment Amount on the First Monthly Payment Date and on each Monthly Payment Date occurring thereafter to and including the Anticipated Repayment Date.

(b) **Payment After Anticipated Repayment Date**. To the extent that all or any portion of the Loan is outstanding, from and after the Anticipated Repayment Date, interest shall accrue on the Loan at the Adjusted Interest Rate. Borrower shall continue to be obligated to make payments of interest in monthly installments following the Anticipated Repayment Date on each Monthly Payment Date thereafter up to and including the Maturity Date in an amount equal to the Monthly Debt Service Payment Amount (calculated at the Regular Interest Rate) and, notwithstanding the following provision with respect to Accrued Interest, the failure to make such payment as and when due shall constitute an Event of Default. Interest accrued at the Adjusted Interest Rate and not paid pursuant to the preceding sentence shall remain an obligation of Borrower, but shall be deferred (such accrued interest, together with interest thereon at the Adjusted Interest Rate, the "**Accrued Interest**") and shall be paid on the Maturity Date to the extent not sooner paid pursuant to this Agreement. In addition to payments of interest, from and after the Anticipated Repayment Date, as set forth in Section 8.5 hereof, all Excess Cash Flow

shall be applied first to reduce the outstanding principal balance of the Loan, with any remaining amounts to be applied toward the Accrued Interest. Accrued Interest not paid on a current basis shall itself accrue interest at the Adjusted Interest Rate.

(c) Borrower shall pay to Lender on the Maturity Date the outstanding principal balance of the Loan, all interest which has occurred or would accrue through and including the last date of the Interest Accrual Period in which the Maturity Date occurs (including Accrued Interest) and all other amounts due hereunder and under the Note, the Security Instruments and the other Loan Documents.

(d) If any principal, interest or any other sum due under the Loan Documents, other than the payment of principal due on the Maturity Date, is not paid by Borrower on the date on which (i) it is due, for payment of principal and interest due under the Loan Documents, and (ii) five (5) days after written notice from Lender, for any other sums due under the Loan Documents, Borrower shall pay to Lender upon demand an amount equal to the lesser of five percent (5%) of such unpaid sum or the maximum amount permitted by applicable law in order to defray the expense incurred by Lender in handling and processing such delinquent payment and to compensate Lender for the loss of the use of such delinquent payment. Any such amount shall be secured by the Security Instruments and the other Loan Documents.

(e)

(i) Except as otherwise specifically provided herein, all payments and prepayments under this Agreement and the Note shall be made to Lender not later than 1:00 P.M., New York City time, on the date when due and shall be made in lawful money of the United States of America in immediately available funds at Lender's office, and any funds received by Lender after such time shall, for all purposes hereof, be deemed to have been paid on the next succeeding Business Day.

(ii) Whenever any payment to be made hereunder or under any other Loan Document shall be stated to be due on a day which is not a Business Day, the due date thereof shall be deemed to be the immediately preceding Business Day.

(iii) All payments required to be made by Borrower hereunder or under the Note or the other Loan Documents shall be made irrespective of, and without deduction for, any setoff, claim or counterclaim and shall be made irrespective of any defense thereto.

(f) Application of Payments. Provided no Event of Default shall have occurred and be continuing, each payment of the Monthly Debt Service Payment Amount shall be applied first to accrued and unpaid interest at the Applicable Interest Rate and then to the outstanding principal balance of the Loan. Any amounts recovered by or paid to Lender during the continuance of an Event of Default may be applied to the Debt in such order, proportion and priority as Lender may determine in its sole and absolute discretion. Each Note shall be paid on a pro rata, pari passu basis.

Section 2.7. Prepayments.

(a) Except as otherwise provided herein, Borrower shall not have the right to prepay the Loan in whole or in part.

(b) After the Prepayment Release Date, Borrower may, provided no Event of Default has occurred and is continuing, at its option and upon thirty (30) days prior notice to Lender (or such shorter period of time as may be permitted by Lender in its reasonable discretion), prepay the Debt in whole on any Business Day without payment of any prepayment premium or penalty (including, without limitation, any Yield Maintenance Premium and Default Yield Maintenance Premium). Any prepayment received by Lender on a date other than a Monthly Payment Date shall include interest which would have accrued thereon to the next Monthly Payment Date (such amounts, the "**Interest Shortfall**") and such amounts (i.e., principal and interest prepaid by Borrower) shall be held by Lender as collateral security for the Loan in an interest bearing Eligible Account at an Eligible Institution, with interest accruing on such amounts to the benefit of Borrower; such amounts prepaid shall be applied to the Loan on the next Monthly Payment Date, with any interest on such funds paid to Borrower on such date provided no Event of Default then exists.

(c) In addition to Borrower's right to defeasance pursuant to Section 2.8 below, at any time after the Release Date and on or prior to the Prepayment Release Date, Borrower may, provided (i) no Event of Default has occurred and is continuing and (ii) provided that no Total Defeasance Event and/or Partial Defeasance Event has occurred pursuant to Section 2.8 hereof, at its option and upon thirty (30) days prior notice to Lender (or such shorter period of time as may be permitted by Lender in its reasonable discretion), prepay the Debt in whole or in part on any Business Day provided that such payment is accompanied by payment of a Yield Maintenance Premium. Any prepayment received by Lender on a date other than a Monthly Payment Date shall include payment of the Interest Shortfall and such amounts (i.e., principal and interest prepaid by Borrower) shall be held by Lender as collateral security for the Loan in an interest bearing Eligible Account at an Eligible Institution, with interest accruing on such amounts to the benefit of Borrower; such amounts prepaid shall be applied to the Loan on the next Monthly Payment Date, with any interest on such funds paid to Borrower on such date provided no Event of Default then exists.

(d) On each date on which Lender actually receives a distribution of Net Proceeds, and if Lender does not make such Net Proceeds available for Restoration or for disbursement as Rent Loss Proceeds (as applicable), in each case, in accordance with the applicable terms and conditions hereof, Borrower shall, at Lender's option, prepay the Debt in an amount equal to one hundred percent (100%) of such Net Proceeds together with any applicable Interest Shortfall. In the event that there is a fire or other casualty or Condemnation with respect to any Hilton Individual Property that shall trigger the option of such Tenant to purchase such Hilton Individual Property and Tenant shall exercise such option, Borrower shall have the right to release such Hilton Individual Property by satisfying the provisions of Section 2.9(a), (b), (c), (h) and (k) hereof and paying to Lender the Release Price for such Hilton Individual Property together with any Interest Shortfall. In the event that an Individual Property shall become a Leased Fee Lease Restoration Failure Property, Borrower shall have the right to release such Leased Fee Lease Restoration Failure Property by satisfying the provisions of Section 2.9(a), (b), (h) and (k) hereof and paying to Lender the Release Price for such Leased Fee Lease Restoration Failure Property together with any Interest Shortfall. Borrower shall make the REMIC Payment

as and to the extent required hereunder. No prepayment premium or penalty (including, without limitation, any Yield Maintenance Premium and Default Yield Maintenance Premium) shall be due in connection with any prepayment made pursuant to this Section 2.7(d) (including, without limitation, in connection with any REMIC Payment). Any prepayment received by Lender pursuant to this Section 2.7(d) on a date other than a Monthly Payment Date shall be held by Lender as collateral security for the Loan in an interest bearing, Eligible Account at an Eligible Institution, with such interest accruing to the benefit of Borrower, and shall be applied by Lender on the next Monthly Payment Date, with any interest on such funds paid to Borrower on such date provided no Event of Default then exists.

(e) After the occurrence and during the continuance of an Event of Default and notwithstanding any acceleration of the Debt in accordance with the applicable terms and conditions hereof, the Default Yield Maintenance Premium shall, in all cases, be deemed a portion of the Debt due and owing hereunder and under the other Loan Documents. Without limitation of the foregoing, if, after the occurrence and during the continuance of an Event of Default, (i) payment of all or any part of the Debt is tendered by Borrower (voluntarily or involuntarily), a purchaser at foreclosure or any other Person, (ii) Lender obtains a recovery of all or a portion of the Debt (through an exercise of remedies hereunder or under the other Loan Documents or otherwise) or (iii) the Debt is deemed satisfied (in whole or in part) through an exercise of remedies hereunder or under the other Loan Documents or at law, the Default Yield Maintenance Premium, in addition to the outstanding principal balance, all accrued and unpaid interest and other amounts payable under the Loan Documents, shall be deemed due and payable hereunder. Notwithstanding anything to the contrary contained herein or in any other Loan Document, (i) any prepayment of the Debt shall be applied to the Debt in such order and priority as may be determined by Lender in its sole discretion and (ii) the word "prepayment" when used herein and in the other Loan Documents shall also be deemed to mean repayment and payment.

Section 2.8. Defeasance.

(a) Total Defeasance.

(i) Provided (i) no Event of Default shall have occurred and remain uncured and (ii) Borrower shall not have made a prepayment of the Loan in accordance with Section 2.7 hereof and/or a Release of a Released Property in accordance with Section 2.9 hereof, Borrower shall have the right at any time after the Release Date and prior to the Prepayment Release Date to voluntarily defease the entire Loan and obtain a release of the lien of the Security Instrument by providing Lender with the Total Defeasance Collateral (hereinafter, a "**Total Defeasance Event**"), subject to the satisfaction of the following conditions precedent:

(A) Borrower shall provide Lender not less than thirty (30) days notice (or such shorter period of time if permitted by Lender in its sole discretion) but not more than ninety (90) days notice specifying a date (the "**Total Defeasance Date**") on which the Total Defeasance Event is to occur;

(B) Unless otherwise agreed to in writing by Lender, Borrower shall pay to Lender (1) all payments of principal and interest due and payable on the

Loan to and including the Total Defeasance Date (provided, that, if such Total Defeasance Date is not a Monthly Payment Date, Borrower shall also pay to Lender all payments of principal and interest due on the Loan to and including the next occurring Monthly Payment Date); (2) all other sums, if any, due and payable under the Note, this Agreement, the Security Instrument and the other Loan Documents through and including the Total Defeasance Date (or, if the Total Defeasance Date is not a Monthly Payment Date, the next occurring Monthly Payment Date); (3) all escrow, closing, recording, legal, Rating Agency and other fees, costs and expenses paid or incurred by Lender or its agents in connection with the Total Defeasance Event, the release of the lien of Security Instruments on the Properties, the review of the proposed Defeasance Collateral and the preparation of the Security Agreement, the Defeasance Collateral Account Agreement and related documentation; and (4) any revenue, documentary stamp, intangible or other taxes, charges or fees due in connection with the transfer or assumption of the Note or the Total Defeasance Event;

(C) Borrower shall deposit the Total Defeasance Collateral into the Defeasance Collateral Account and otherwise comply with the provisions of Section 2.8(c) hereof;

(D) Borrower shall execute and deliver to Lender a Security Agreement in respect of the Defeasance Collateral Account and the Total Defeasance Collateral;

(E) Borrower shall deliver to Lender (1) an opinion of counsel for Borrower that is customary in commercial lending transactions and subject only to customary qualifications, assumptions and exceptions opining, among other things, that (I) Lender has a legal and valid perfected first priority security interest in the Defeasance Collateral Account and the Total Defeasance Collateral; (II) the Total Defeasance Event will not result in a deemed exchange for purposes of the IRS Code and will not adversely affect the status of the Note as indebtedness for federal income tax purposes; and (III) delivery of the Total Defeasance Collateral and the grant of a security interest therein to Lender shall not constitute an avoidable preference under Section 547 of the Bankruptcy Code or applicable state law; (2) a REMIC Opinion with respect to the Total Defeasance Event; and (3) a New Non-Consolidation Opinion with respect to Successor Borrower;

(F) Borrower shall deliver to Lender a Rating Agency Confirmation as to the Total Defeasance Event;

(G) Borrower shall deliver an Officer's Certificate certifying that the requirements set forth in this Section 2.8 have been satisfied;

(H) Borrower shall deliver a certificate of a nationally recognized public accounting firm acceptable to Lender certifying that the Total Defeasance Collateral will generate monthly amounts equal to or greater than the Scheduled Defeasance Payments; and

(I) Borrower shall deliver such other certificates, opinions, documents and instruments as Lender may reasonably request.

(ii) If Borrower has elected to defease the entire Loan and the requirements of this Section 2.8 have been satisfied, each Individual Property shall be released from the lien of the Security Instruments and the Total Defeasance Collateral pledged pursuant to the Security Agreement shall be the sole source of collateral securing the Loan. In connection with the release of the lien, Borrower shall submit to Lender, not less than thirty (30) days prior to the Total Defeasance Date (or such shorter time as is acceptable to Lender in its sole discretion), a release of lien (and related Loan Documents) for execution by Lender. Such release shall be in a form appropriate in each jurisdiction in which each Individual Property is

located and that contains standard provisions protecting the rights of the releasing lender. In addition, Borrower shall provide all other documentation Lender reasonably requires to be delivered by Borrower in connection with such release, together with an Officer's Certificate certifying that such documentation (1) is in compliance with all Legal Requirements, and (2) will effect such release in accordance with the terms of this Agreement. Except as set forth in this Article 2, no repayment, prepayment or defeasance of all or any portion of the Loan shall cause, give rise to a right to require, or otherwise result in, the release of the lien of the Security Instruments.

(b) Partial Defeasance.

(i) Provided (i) no Event of Default shall have occurred and remain uncured (unless such Event of Default solely relates to an Individual Property to be released pursuant to this Section 2.8(b) to cure such Event of Default and such Event of Default was not caused in bad faith to circumvent the requirements of this clause (i)) and (ii) Borrower shall not have made a prepayment of the Loan in accordance with Section 2.7 hereof and/or a Release of a Released Property in accordance with Section 2.9 hereof, Borrower shall have the right at any time after the Release Date and prior to the Prepayment Release Date to voluntarily defease a portion of the Loan and obtain a release of the lien of the applicable Security Instrument as to any one or more Individual Properties by providing Lender with the Partial Defeasance Collateral (hereinafter, a "**Partial Defeasance Event**") upon satisfaction of the following conditions precedent:

(A) Borrower shall provide Lender not less than thirty (30) days notice (or a shorter period of time if permitted by Lender in its sole discretion) but not more than ninety (90) days notice specifying a date (the "**Partial Defeasance Date**") on which the Partial Defeasance Event is to occur (the date of Lender's receipt of such notice shall be referred to herein as the **"Partial Defeasance Notice Date")**;

(B) Unless otherwise agreed to in writing by Lender, Borrower shall pay to Lender (1) all payments of principal and interest due and payable on the Loan to and including the Partial Defeasance Date (provided that, if such Partial Defeasance Date is not a Monthly Payment Date, Borrower shall also pay to Lender all payments of principal and interest due on the Loan to and including the next occurring Monthly Payment Date); (2) all other sums, if any, then due and payable under the Note, this Agreement, the Security Instrument and the other Loan Documents through and including the Partial Defeasance Date (or, if the Partial Defeasance Date is not a Monthly Payment Date, the next occurring Monthly Payment Date); (3) all escrow, closing, recording, legal, Appraisal, Rating Agency and other fees, costs and expenses paid or incurred by Lender or its agents in connection with the Partial Defeasance Event, the release of the lien of the applicable Security Instrument on the applicable Individual Property, the review of the proposed Partial Defeasance Collateral and the preparation of the Security Agreement, the Defeasance Collateral Account Agreement and related documentation; and (4) any revenue, documentary stamp, intangible or other taxes, charges or fees due in connection with the transfer or assumption of the Defeased Note and/or the Partial Defeasance Event;

(C) Borrower shall deposit the Partial Defeasance Collateral into the Defeasance Collateral Account and otherwise comply with the provisions of Section 2.8(c) hereof;

(D) Lender shall prepare and Borrower shall execute all necessary documents to modify this Agreement and to amend and restate each Note and issue two substitute notes for each Note, one note having a principal balance equal to the pro rata portion of the Release Price (or applicable portion thereof) for the subject Individual Property related to such Note (the "**Defeased Note**"), and the other note having a principal balance equal to the pro rata portion of the excess of (1) the principal amount of such Note existing immediately prior to the applicable Partial Defeasance Event, over (2) the amount of the related Defeased Note (the "**Undefeased Note**"). The Defeased Note and Undefeased Note shall have identical terms as the Note except for the principal balance. In connection therewith, the Monthly Debt Service Payment Amount and the amount of each such payment applied to principal thereafter (if any) shall be divided between the Defeased Note and the Undefeased Note in the same proportion as the unpaid principal balance (in each case immediately after the Partial Defeasance Event) of the Defeased Note and the Undefeased Note, as the case may be, bears to the aggregate principal balance due under the Defeased Note and the Undefeased Note immediately after the Partial Defeasance Event. Notwithstanding anything to the contrary contained herein or in the other Loan Documents, the Defeased Note and the Undefeased Note shall not be cross defaulted or cross collateralized unless the Rating Agencies or Lender (in its application of the Prudent

Lender Standard) shall require otherwise. A Defeased Note may not be the subject of any further defeasance;

(E) Borrower shall execute and deliver to Lender a Security Agreement in respect of the Defeasance Collateral Account and the Partial Defeasance Collateral;

(F) Borrower shall deliver to Lender (1) an opinion of counsel for Borrower that is customary in commercial lending transactions and subject only to customary qualifications, assumptions and exceptions opining, among other things, that (I) Lender has a legal and valid perfected first priority security interest in the Defeasance Collateral Account and the Partial Defeasance Collateral, (II) the Partial Defeasance Event will not result in a deemed exchange for purposes of the IRS Code and will not adversely affect the status of the Defeased Note and the Undefeased Note as indebtedness for federal income tax purposes and (III) delivery of the Partial Defeasance Collateral and the grant of a security interest therein to Lender shall not constitute an avoidable preference under Section 547 of the Bankruptcy Code or applicable state law; (2) a REMIC Opinion as to the Partial Defeasance Event and (3) a New Non-Consolidation Opinion with respect to the Successor Borrower;

(G) The Partial Defeasance Event shall be permitted under REMIC Requirements in effect as of each of (I) the Partial Defeasance Notice Date and (II) the date of the consummation of the Partial Defeasance Event;

(H) Borrower shall deliver to Lender a Rating Agency Confirmation as to the Partial Defeasance Event;

(I) Borrower shall deliver to Lender an Officer's Certificate certifying that the requirements set forth in this Section 2.8 have been satisfied;

(J) Borrower shall deliver a certificate of a nationally recognized public accounting firm acceptable to Lender certifying that the Partial Defeasance Collateral will generate monthly amounts equal to or greater than the Scheduled Defeasance Payments;

(K) As of each of the Partial Defeasance Notice Date and as of the date of consummation of the Partial Defeasance Event, after giving effect to the release of the lien of the Security Instrument(s) encumbering the Individual Property or Individual Properties proposed by Borrower to be released, the Debt Service Coverage Ratio with respect to the remaining Individual Properties shall be not less than the greater of (1) the Debt Service Coverage Ratio of all Individual Properties encumbered by the Security Instrument immediately prior to the Partial Defeasance Notice Date or the consummation of the Partial Defeasance Event (as applicable)

(but in no event greater than 2.43:1.00) and (2) the Minimum Debt Service Coverage Ratio;

(L) As of each of the Partial Defeasance Notice Date and as of the date of consummation of the Partial Defeasance Event, after giving effect to the release of the lien of the Security Instrument(s) encumbering the Individual Property or Individual Properties proposed by Borrower to be released, the LTV with respect to the remaining Individual Properties shall be not greater than the lesser of (1) the Maximum LTV or (2) the LTV with respect to all of the Individual Properties immediately prior to the Partial Defeasance Notice Date or the consummation of the Partial Defeasance Event, as applicable (but in no event less than 63%) (with each of (1) and (2) being determined based upon updated Appraisals for each of the Individual Properties or such other method as may be determined by Lender pursuant to the Prudent Lender Standard);

(M) As of each of the Partial Defeasance Notice Date and as of the date of consummation of the Partial Defeasance Event, after giving effect to the release of the lien of the Security Instrument(s) encumbering the Individual Property or Individual Properties proposed by Borrower to be released, the Debt Yield with respect to the remaining Individual Properties shall be not less than the greater of (1) the Debt Yield of all Individual Properties encumbered by the Security Instrument immediately prior to the Partial Defeasance Notice Date or the consummation of the Partial Defeasance Event (as applicable) (but in no event greater than 9.35%) and (2) the Minimum Debt Yield;

(N) Borrower shall provide to Lender evidence reasonably acceptable to Lender that such Individual Property shall be conveyed to a Person other than Borrower and/or its Affiliates;

(O) To the extent such Partial Defeasance relates to a release of a Hilton Individual Property, Borrower shall have delivered to Lender evidence reasonably acceptable to Lender that such Hilton Individual Property has been severed from the Hilton Master Lease and that such severing of the Hilton Master Lease shall not have a Material Adverse Effect or an adverse effect on the terms of the Hilton Master Lease, the obligations of Tenant under the Hilton Master Lease or the rights of Borrower under the Hilton Master Lease; and

(P) Borrower shall deliver such other certificates, opinions, documents and instruments as Lender may reasonably request.

(ii) If Borrower has elected to make a partial defeasance and the requirements of this Section 2.8 have been satisfied, the applicable Individual Property shall be released from the lien of the applicable Security Instrument. In connection with the release of the lien, Borrower shall submit to Lender, not less than ten (10) Business Days

prior to the Partial Defeasance Date (or such shorter time as is acceptable to Lender in its sole discretion), a release of lien (and related Loan Documents) for execution by Lender. Such release shall be in a form appropriate in the jurisdiction in which the applicable Individual Property is located and shall contain standard provisions protecting the rights of the releasing lender. In addition, Borrower shall provide all other documentation Lender reasonably requires to be delivered by Borrower in connection with such release, together with an Officer's Certificate certifying that such documentation (1) is in compliance with all Legal Requirements and (2) will effect such release in accordance with the terms of this Agreement. Borrower shall pay all costs, taxes and expenses associated with the release of the lien of the applicable Security Instrument, including Lender's reasonable attorneys' fees. Borrower shall cause title to the Individual Property so released from the lien of the applicable Security Instrument to be transferred to and held by a Person other than Borrower. Except as set forth in this Article 2, no repayment, prepayment or defeasance of all or any portion of the Note shall cause, give rise to a right to require, or otherwise result in, the release of the lien of any Security Instrument from any Individual Property.

(c) On or before the date on which Borrower delivers the Total Defeasance Collateral or Partial Defeasance Collateral (as applicable), Borrower shall open at any Eligible Institution an Eligible Account (the "**Defeasance Collateral Account**"). The Defeasance Collateral Account shall contain only (i) Total Defeasance Collateral or Partial Defeasance Collateral (as applicable) and (ii) cash from interest and principal paid on the Total Defeasance Collateral or Partial Defeasance Collateral (as applicable). All cash from interest and principal payments paid on the Total Defeasance Collateral or Partial Defeasance Collateral (as applicable) shall be paid over to Lender on each Monthly Payment Date and applied first to accrued and unpaid interest and then to principal. Any cash from interest and principal paid on the Total Defeasance Collateral or Partial Defeasance Collateral (as applicable) not needed to pay the Scheduled Defeasance Payments shall be (i) paid to Borrower or Successor Borrower (as applicable) or (ii) to the extent permitted by applicable REMIC Requirements, retained in the Defeasance Collateral Account. Borrower shall cause the Eligible Institution at which the Total Defeasance Collateral or Partial Defeasance Collateral (as applicable) is deposited to enter an agreement with Borrower and Lender, satisfactory to Lender in its sole discretion, pursuant to which such Eligible Institution shall agree to hold and distribute the Total Defeasance Collateral or Partial Defeasance Collateral (as applicable) in accordance with this Agreement (such agreement, the **"Defeasance Collateral Account Agreement"**). Borrower or Successor Borrower (as applicable) shall be the owner of the Defeasance Collateral Account and shall report all income accrued on Total Defeasance Collateral or Partial Defeasance Collateral (as

applicable) for federal, state and local income tax purposes in its income tax return. Borrower shall prepay all cost and expenses associated with opening and maintaining the Defeasance Collateral Account. Lender shall not in any way be liable by reason of any insufficiency in the Defeasance Collateral Account.

(d) In connection with a Total Defeasance Event or Partial Defeasance Event under this Section 2.8, a successor entity (the "**Successor Borrower**") shall be established, which such Successor Borrower shall be (i) a Single Purpose Entity and (ii) at Lender's option and in Lender's sole discretion, established and/or designated by Lender or, if Lender does not so elect, established and/or designated by Borrower. The right of Lender hereunder to designate and/or

establish Successor Borrower may, at the option and in the sole discretion of the initial named Lender hereunder, be retained by the initial named Lender hereunder notwithstanding any Secondary Market Transaction. Borrower shall transfer and assign all obligations, rights and duties under and to the Note or Defeased Note (as applicable), Security Agreement and Defeasance Collateral Account Agreement, together with the Total Defeasance Collateral or Partial Defeasance Collateral (as applicable) to such Successor Borrower. Such Successor Borrower shall assume the obligations under the Note or Defeased Note (as applicable), the Defeasance Collateral Account Agreement and the Security Agreement in a manner acceptable to Lender and the Rating Agencies and Borrower shall be relieved of its obligations under the Loan Documents relating to the Note or the Defeased Note (as applicable) (other than those obligations which by their terms survive a repayment, defeasance or other satisfaction of the Loan and/or a transfer of the Property in connection with Lender's exercise of its remedies under the Loan Documents). Borrower shall pay all costs and expenses incurred by Lender and Successor Borrower, including reasonable attorney's fees and expenses, incurred in connection with the foregoing (including, without limitation, Lender's reasonable costs of establishing and/or designating Successor Borrower, if any).

(e) Notwithstanding anything to the contrary contained in this Section 2.8, the parties hereto hereby acknowledge and agree that after the Securitization of the Loan (or any portion thereof or interest therein), with respect to any Lender approval or similar discretionary rights over any matters contained in this Section 2.8 (any such matter, an "**Defeasance Approval Item**"), such rights shall be construed such that Lender shall only be permitted to withhold its consent or approval with respect to any Defeasance Approval Item if the same fails to meet the Prudent Lender Standard.

(f) In connection with any release under this Section 2.8, in the event that such release would result in the release of all Individual Properties held by an individual Borrower (each an "**Unencumbered Borrower**"), such Unencumbered Borrower shall be released by Lender from the obligations of the Loan Documents, except with respect to those obligations that are expressly provided herein to survive repayment and/or defeasance of the Loan. Notwithstanding the foregoing, in no event shall 500 Woodward LLC be released by Lender from the obligations of the Loan Documents, other than in connection with a Total Defeasance Event, unless the obligations and liabilities of 500 Woodward LLC under the Restricted Account Agreement shall have been transferred to another Borrower whose Individual Property is secured by the Security Instrument, which transfer shall be in form and substance reasonably acceptable to Lender.

Section 2.9. Release of Property. Provided (i) no Event of Default shall have occurred and be continuing (unless such Event of Default solely relates to an Individual Property to be released pursuant to this Section 2.9 to cure such Event of Default and such Event of Default was not caused in bad faith to circumvent the requirements of this clause (i)) and (ii) no Total Defeasance Event and/or Partial Defeasance Event shall have occurred pursuant to Section 2.8 hereof, Borrower shall have the right at any time after the Release Date and prior to the Anticipated Repayment Date to obtain the release (the **"Release"**) of one or more Individual Properties (each such Individual Property, collectively, the **"Released Property")** from the lien of the applicable Security Instrument thereon (and related Loan Documents) and the release of Borrower's obligations under the Loan Documents with respect to such Released Property (other

than those expressly stated to survive), upon the satisfaction of each of the following conditions precedent:

(a) Borrower shall provide Lender with thirty (30) days (or a shorter period of time if permitted by Lender in its sole discretion) prior written notice of the proposed Release (the date of Lender's receipt of such notice shall be referred to herein as a the **"Release Notice Date")**;

(b) Borrower shall submit to Lender, not less than ten (10) days prior to the date of such Release, a release of lien (and related Loan Documents) for the Released Property for execution by Lender. Such release shall be in a form appropriate in each jurisdiction in which the Released Property is located and shall contain standard provisions, if any, protecting the rights of Lender. In addition, Borrower shall provide all other documentation as may be required to satisfy the Prudent Lender Standard in connection with such release, together with an Officer's Certificate certifying that such documentation (i) is in compliance with all applicable Legal Requirements, (ii) will effect such release in accordance with the terms of this Agreement, and (iii) will not impair or otherwise adversely affect the liens, security interests and other rights of Lender under the Loan Documents not being released (or as to the parties to the Loan Documents and Properties subject to the Loan Documents not being released);

(c) The Released Property shall be conveyed to a Person other than Borrower and/or its Affiliates;

(d) Borrower shall (A) partially prepay the Debt in accordance with Section 2.7(b) or Section 2.7(c) hereof, as applicable, in an amount equal to the Release Price for the Released Property, (B) pay any applicable Interest Shortfall due hereunder in connection therewith and (C) pay any Yield Maintenance Premium due in connection therewith;

(e) As of each of the Release Notice Date and as of the date of consummation of the Release, after giving effect to the release of the lien of the Security Instrument(s) encumbering the Individual Property or Individual Properties proposed by Borrower to be released, the Debt Service Coverage Ratio with respect to the remaining Individual Properties shall be not less than the greater of (1) the Debt Service Coverage Ratio of all Individual Properties encumbered by the Security Instrument immediately prior to the Release Notice Date or the consummation of the Release (as applicable) (but in no event greater than 2.43:1.00) and (2) the Minimum Debt Service Coverage Ratio;

(f) As of each of the Release Notice Date and as of the date of consummation of the Release, after giving effect to the release of the lien of the Security Instrument(s) encumbering the Individual Property or Individual Properties proposed by Borrower to be released, the LTV with respect to the remaining Individual Properties shall be not greater than the lesser of (1) the Maximum LTV or (2) the LTV with respect to all of the Individual Properties

immediately prior to the Release Notice Date or the consummation of the Release, as applicable (but in no event less than 63%) (with each of (1) and (2) being determined based upon updated Appraisals for each of the Individual Properties or such other method as may be determined by Lender pursuant to the Prudent Lender Standard);

(g) As of each of the Release Notice Date and as of the date of consummation of the Release, after giving effect to the release of the lien of the Security Instrument(s) encumbering the Individual Property or Individual Properties proposed by Borrower to be released, the Debt Yield with respect to the remaining Individual Properties shall be not less than the greater of (1) the Debt Yield of all Individual Properties encumbered by the Security Instrument immediately prior to the Release Notice Date or the consummation of Release (as applicable) (but in no event greater than 9.35%) and (2) the Minimum Debt Yield;

(h) The Release shall be permitted under REMIC Requirements in effect as of each of (I) the Release Notice Date and (II) the consummation of the Release;

(i) If required by Lender, Lender shall have received a Rating Agency Confirmation with respect to the Release;

(j) To the extent such Release relates to a release of a Hilton Individual Property, Borrower shall have delivered to Lender evidence reasonably acceptable to Lender that such Hilton Individual Property has been severed from the Hilton Master Lease and that such severing of the Hilton Master Lease shall not have a Material Adverse Effect or an adverse effect on the terms of the Hilton Master Lease, the obligations of Tenant under the Hilton Master Lease or the rights of Borrower under the Hilton Master Lease; and

(k) Borrower shall (A) deliver to Lender (1) a REMIC Opinion with respect to the Release and (2) an opinion of counsel satisfying the Prudent Lender Standard and acceptable to the Rating Agencies (issued by counsel satisfying the Prudent Lender Standard and acceptable to the Rating Agencies) with respect to such other matters as may be required by Lender in order to satisfy the Prudent Lender Standard and (B) pay all of Lender's reasonable costs and expenses and the costs and expenses of the Rating Agencies in connection with the Release, including, without limitation, counsel fees.

Notwithstanding anything to the contrary contained in this Section 2.9, the parties hereto hereby acknowledge and agree that after the Securitization of the Loan (or any portion thereof or interest therein), with respect to any Lender approval or similar discretionary rights over any matters contained in this Section 2.9 (any such matter, an "**Release Approval Item**"), such rights shall be construed such that Lender shall only be permitted to withhold its consent or approval with respect to any Partial Release Approval Item if the same fails to meet the Prudent Lender Standard.

In connection with any release under this Section 2.9, in the event that such release would result in the release of all Individual Properties held by an Unencumbered Borrower, such Unencumbered Borrower shall be released by Lender from the obligations of the Loan Documents, except with respect to those obligations that are expressly provided herein to survive repayment and/or defeasance of the Loan. Notwithstanding the foregoing, in no event shall 500 Woodward LLC be released by Lender from the obligations of the Loan Documents, other than in connection with a payment of the Loan in full.

Section 2.10. Forsyth Partial Release. Provided (i) no Event of Default shall have occurred and be continuing and (ii) provided no Leased Fee Lease Termination shall have

occurred with respect to the Forsyth Individual Property, Borrower shall have the right at any time prior to the Anticipated Repayment Date to obtain the partial release of a portion of the Forsyth Individual Property described in the Forsyth Leased Fee Lease as the "Future Pads" (the "**Forsyth Partial Release Property**") from the lien of the Security Instrument thereon (and related Loan Documents) (the "**Forsyth Partial Release**") upon the satisfaction of each of the following conditions precedent:

(a) Borrower shall provide Lender not less than twenty (20) days (or a shorter period of time if permitted by Lender in its sole discretion) prior written notice of the proposed Forsyth Partial Release (the date of Lender's receipt of such notice shall be referred to herein as the **"Forsyth Partial Release Notice Date**"), which notice shall include a legal description, reasonably acceptable to Lender, of Forsyth Partial Release Property (for which notice Lender shall be subject to the deemed approval provisions of Paragraph 37(b) of the Forsyth Leased Fee Lease to the extent that the Tenant under the Forsyth Leased Fee Lease complies therewith);

(b) Borrower shall submit to Lender, not less than ten (10) days prior to the date of such Forsyth Partial Release, a partial release of lien (and related Loan Documents) for the Forsyth Partial Release Property for execution by Lender. Such release shall be in a form appropriate in each jurisdiction in which the Forsyth Partial Release Property is located and shall contain standard provisions, if any, protecting the rights of Lender. In addition, Borrower shall provide all other documentation as may be reasonably required to satisfy the Prudent Lender Standard in connection with such release, together with an Officer's Certificate certifying that such documentation (i) is in compliance in all material respects with all applicable Legal Requirements, (ii) will effect such release in accordance with the terms of this Agreement, and (iii) will not impair or otherwise adversely affect the liens, security interests and other rights of Lender under the Loan Documents not being released (or as to the parties to the Loan Documents and Properties subject to the Loan Documents not being released);

(c) The Forsyth Partial Release Property shall be conveyed to a Person other than Borrower, which Person may be an Affiliate of the Borrower;

(d) Prior to the transfer and release of the Forsyth Partial Release Property, each applicable municipal authority exercising jurisdiction over such Forsyth Partial Release Property shall have approved a lot-split ordinance or other applicable action under local law dividing the Forsyth Partial Release Property from the remainder of the Forsyth Individual Property, and a separate tax identification number shall have been issued (or applied for) for the Forsyth Partial Release Property (with the result that, upon the transfer and release of the Forsyth Partial Release Property, no part of the remaining Forsyth Individual Property shall be part of a tax lot or zoning lot which includes any portion of such Forsyth Partial Release Property), provided, however, if the tax division has not occurred as of such time, such division shall have been applied for or will be applied for upon the applicable lot-split or recordation of the instrument conveying the applicable "Future Pads;"

(e) All Legal Requirements applicable to the Forsyth Partial Release necessary to accomplish the lot split shall, in all material respects, have been fulfilled, and all necessary variances, if any, shall have been obtained, and Borrower shall have delivered to Lender either (i) letters or other evidence from the appropriate municipal authorities confirming such

compliance with laws or (ii) a zoning report, legal opinion or other evidence confirming such compliance with laws, in each case in substance reasonably satisfactory to Lender;

(f) As a result of the lot split, the remaining Forsyth Individual Property (after the release of the Forsyth Partial Release Property) together with all easements appurtenant and other Permitted Encumbrances thereto will not be in violation of the Forsyth Leased Fee Lease and then applicable Legal Requirements and all necessary variances, if any, shall have been obtained and evidence thereof has been delivered to Lender in form and substance as is appropriate for the jurisdiction in which the Forsyth Individual Property is located;

(g) If reasonably necessary, appropriate reciprocal easement agreements for the benefit and burden of the remaining Forsyth Individual Property and the Forsyth Partial Release Property regarding the use of common facilities of such parcels, including, but not limited to, roadways, parking areas, utilities and community facilities, in a form and substance meeting the Prudent Lender Standard and which easements will not materially adversely affect the remaining Forsyth Individual Property, shall be declared and recorded, and the remaining Forsyth Individual Property and the Forsyth Partial Release Property shall be in compliance with all applicable covenants under all easements and property agreements contained in the Permitted Encumbrances for the Forsyth Individual Property, provided, however, it is agreed that a "Declaration of CCRs" (as defined in the Forsyth Leased Fee Lease) approved by Lender in accordance with this Agreement shall be deemed to satisfy this condition (g);

(h) Borrower shall have delivered to Lender evidence meeting the Prudent Lender Standard that the Single Purpose Entity nature and bankruptcy remoteness of Borrower following such release have not been adversely affected and are in accordance with the terms and provisions of this Agreement;

(i) Borrower shall have delivered an Officer's Certificate to the effect that (i), to such officer's knowledge after diligent inquiry, the conditions in subsection (a)—(h) hereof have occurred or shall occur concurrently with the transfer and release of the applicable Forsyth Partial Release Property and (ii) that the release of the Forsyth Partial Release Property will not impair or otherwise adversely affect the liens, security interests and other rights of Lender under the Loan Documents other than the release of the same as to the Forsyth Partial Release Property;

(j) Borrower shall have executed and delivered such other documents and instruments that are reasonably requested by Lender and typical for similar transactions;

(k) If, to the extent that any adjacent parcels to the Forsyth Partial Release Property shall remain collateral for the Loan and the same were not separately described in the Survey delivered in connection with the closing of the Loan, Borrower shall have delivered a new metes and bounds description Survey (or lot-split map) for such remaining parcels that are collateral for the Loan;

(l) If reasonably requested by Lender, Borrower shall have delivered to Lender an endorsement or comfort letter with regard to Lender's Title Insurance Policy with respect to the Forsyth Individual Property that (i) extends the date of the Title Insurance Policy to the effective

date of the release, (ii) insures the priority of the Security Instrument related to the Forsyth Individual Property is not affected, and (iii) insures the rights and benefits of any new or amended reciprocal easement agreement affecting the Forsyth Individual Property;

(m) The Forsyth Partial Release shall be permitted under REMIC Requirements in effect as of each of (I) the Forsyth Partial Release Notice Date and (II) the consummation of the Forsyth Partial Release;

(n) If reasonably required by Lender, Lender shall have received a Rating Agency Confirmation with respect to the Forsyth Partial Release; provided, however, no Rating Agency Confirmation shall be required if Borrower has demonstrated to the reasonable satisfaction of Lender that pursuant to leases or other applicable documentation, the tenant of the Forsyth Partial Release Property, following the conveyance of the Forsyth Partial Release Property, has agreed that it shall not solicit subtenants of the Forsyth Individual Property to relocate to the Forsyth Partial Release Property and, in connection with such relocation, terminate their Subleases (or refuse to extent or renew such Sublease pursuant to extension or renewal options contained in such Subleases);

(o) Borrower shall have delivered to Lender evidence reasonably acceptable to Lender that the Forsyth Partial Release shall not have a Material Adverse Effect or an adverse effect on the terms of the Forsyth Leased Fee Lease, the obligations of Tenant under the Forsyth Leased Fee Lease (including, without limitation, any reduction in the amount of rent and other charges payable by the Tenant under the Forsyth Leased Fee Lease) or the rights of Borrower under the Forsyth Leased Fee Lease; and

(p) Borrower shall (A) deliver to Lender (1) a REMIC Opinion with respect to the Forsyth Partial Release and (2) an opinion of counsel satisfying the Prudent Lender Standard and acceptable to the Rating Agencies (issued by counsel satisfying the Prudent Lender Standard and acceptable to the Rating Agencies) with respect to such other matters as may be required by Lender in order to satisfy the Prudent Lender Standard and (B) pay all of Lender's reasonable costs and expenses and the costs and expenses of the Rating Agencies in connection with the Forsyth Partial Release, including, without limitation, counsel fees.

Notwithstanding anything to the contrary contained in this Section 2.10, the parties hereto hereby acknowledge and agree that after the Securitization of the Loan (or any portion thereof or interest therein), with respect to any Lender approval or similar discretionary rights over any matters contained in this Section 2.10 (any such matter, a "**Forsyth Partial Release Approval Item**"), such rights shall be construed such that Lender shall only be permitted to withhold its consent or approval with respect to any Forsyth Partial Release Approval Item if the same fails to meet the Prudent Lender Standard.

Provided no Event of Default shall have occurred and be continuing, Borrower shall have the right to satisfy, with Lender's approval, the conditions set forth in the immediately preceding subclauses (d), (f) and (g) by submission of the Forsyth Individual Property into a condominium form of ownership pursuant to the terms of the applicable Legal Requirements. Any such condominium created by Borrower pursuant to this Section 2.10 and all documents related thereto (including, without limitation, the condominium declaration, any offering plans, by-laws

and any filings to be made with the applicable Governmental Authorities and/or other approvals from Governmental Authorities with respect to a condominium project) will be subject to the prior written approval of Lender, which approval shall not be unreasonably withheld conditioned or delayed but shall, if required by Lender, be subject to the delivery of a Rating Agency Confirmation. Any such approval by Lender with respect to the creation of a condominium shall be conditioned upon Borrower entering into such amendments (including, without limitation, to establish reserves for payment of common area charges) to the Loan Documents as Lender shall reasonably require. In no event shall the creation of a condominium be deemed to diminish or impair in any way Lender's collateral for the Loan or security interest in the Forsyth Individual Property.

ARTICLE 3

REPRESENTATIONS AND WARRANTIES

Each Borrower represents and warrants as of the Closing Date that:

Section 3.1. Legal Status and Authority. Each Borrower (a) is duly organized, validly existing and in good standing under the laws of its state of formation; (b) is duly qualified to transact business and is in good standing in the State; and (c) has all necessary approvals, governmental and otherwise, and full power and authority to own, operate and lease the applicable Individual Properties. Each Borrower has full power, authority and legal right to mortgage, grant, bargain, sell, pledge, assign, warrant, transfer and convey the applicable Individual Property or Properties pursuant to the terms hereof and to keep and observe all of the terms of this Agreement, the Note, the Security Instruments and the other Loan Documents on Borrower's part to be performed.

Section 3.2. Validity of Documents. (a) The execution, delivery and performance of this Agreement, the Note, the Security Instrument and the other Loan Documents by each Borrower and Guarantor and the borrowing evidenced by the Note and this Agreement (i) are within the power and authority of such parties; (ii) have been authorized by all requisite organizational action of such parties; (iii) have received all necessary approvals and consents, corporate, governmental or otherwise; (iv) will not violate, conflict with, result in a breach of or constitute (with notice or lapse of time, or both) a material default under any provision of law, any order or judgment of any court or Governmental Authority, any license, certificate or other approval required to operate each Individual Property or any portion thereof, any applicable organizational documents, or any applicable indenture, agreement or other instrument; (v) will not result in the creation or imposition of any lien, charge or encumbrance whatsoever upon any of its assets, except the lien and security interest created hereby and by the other Loan Documents; and (vi) will not require any authorization or license from, or any filing with, any Governmental Authority (except for the recordation of each Security Instrument in appropriate land records in each applicable State and except for Uniform Commercial Code filings relating to the security interest created hereby), (b) this Agreement, the Note, the Security Instruments and the other Loan Documents have been duly executed and delivered by each Borrower and Guarantor and (c) this Agreement, the Note, the Security Instruments and the other Loan Documents constitute the legal, valid and binding obligations of each Borrower and Guarantor. The Loan Documents are not subject to any right of rescission, set-off, counterclaim or defense

by any Borrower or Guarantor, including the defense of usury, nor would the operation of any of the terms of the Loan Documents, or the exercise of any right thereunder, render the Loan Documents unenforceable (except as such enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar Creditors Rights Laws, and by general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law)). Neither Borrower nor Guarantor has asserted any right of rescission, set-off, counterclaim or defense with respect to the Loan Documents.

Section 3.3. Litigation. There is no action, suit, proceeding or governmental investigation, in each case, judicial, administrative or otherwise (including any condemnation or similar proceeding), pending against Borrower or Guarantor, or to Borrower's actual knowledge, any Individual Property, or, to Borrower's actual knowledge, threatened or contemplated against Borrower or Guarantor or against or affecting any Individual Property or any portion thereof that could have a Material Adverse Effect.

Section 3.4. Agreements. To Borrower's actual knowledge, no Borrower is a party to any agreement or instrument or subject to any restriction which would have a Material Adverse Effect. No Borrower is in default in any material respect in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any agreement or instrument to which it is a party or by which Borrower or any Individual Property (or any portion thereof) is bound. No Borrower has any material financial obligation under any agreement or instrument to which Borrower is a party or, to Borrower's actual knowledge, by which Borrower or any Individual Property (or any portion thereof) is otherwise bound, other than (a) obligations incurred in the ordinary course of the operation of the Properties and (b) obligations under this Agreement, the Security Instruments, the Note and the other Loan Documents. There is no agreement or instrument to which any Borrower is a party or by which any Borrower is bound that would require the subordination in right of payment of any of Borrower's obligations hereunder or under the Note to an obligation owed to another party.

Section 3.5. Financial Condition.

(a) Each Borrower is solvent and each Borrower has received reasonably equivalent value for the granting of the Security Instruments. No proceeding under Creditors Rights Laws with respect to any Borrower Party has been initiated

(b) In the last ten (10) years, no (i) petition in bankruptcy has been filed by or against any Borrower Party and (ii) Borrower Party has ever made any assignment for the benefit of creditors or taken advantage of any Creditors Rights Laws.

(c) No Borrower Party is contemplating either the filing of a petition by it under any Creditors Rights Laws or the liquidation of its assets or property and Borrower has no actual knowledge of any Person contemplating the filing of any such petition against any Borrower Party.

(d) With respect to any loan or financing in which any Borrower Party or any Affiliate thereof has been directly or directly obligated for or has, in connection therewith, otherwise provided any guaranty, indemnity or similar surety, including, without limitation and

to the extent applicable, the loan which is being refinanced by the Loan, none of such loans or financings has ever been (i) more than 30 days in default or (ii) transferred to special servicing.

Section 3.6. Disclosure. Each Borrower has disclosed to Lender all material facts and has not failed to disclose any material fact that could cause any representation or warranty made herein or in the Provided Information to be materially misleading.

Section 3.7. No Plan Assets. As of the date hereof and until the Debt is repaid in accordance with the applicable terms and conditions hereof, (a) Borrower is not and will not be an "employee benefit plan," as defined in Section 3(3) of ERISA, subject to Title I of ERISA, (b) Borrower is not and will not be a "governmental plan" within the meaning of Section 3(32) of ERISA, (c) transactions by or with Borrower are not and will not be subject to any state statute regulating investments of, or fiduciary obligations with respect to, governmental plans and (d) none of the assets of Borrower constitutes or will constitute "plan assets" of one or more such plans within the meaning of 29 C.F.R. Section 2510.3-101, as modified by Section 3(42) of ERISA. As of the date hereof, neither Borrower, nor any member of a "controlled group of corporations" (within the meaning of Section 414 of the IRS Code), maintains, sponsors or contributes to a "defined benefit plan" (within the meaning of Section 3(35) of ERISA) or a "multiemployer pension plan" (within the meaning of Section 3(37)(A) of ERISA).

Section 3.8. Not a Foreign Person. No Borrower is a "foreign person" within the meaning of § 1445(f)(3) of the IRS Code.

Section 3.9. Intentionally Omitted.

Section 3.10. Business Purposes. The Loan is solely for the business purpose of Borrower, and is not for personal, family, household, or agricultural purposes.

Section 3.11. Borrower's Principal Place of Business. Each Borrower's principal place of business and its chief executive office as of the date hereof is c/o iStar Inc., 1114 Avenue of the Americas, New York, New York 10036. Borrower's mailing address, as set forth in the opening paragraph hereof or as changed in accordance with the provisions hereof, is true and correct. Each Borrower's organizational identification number, if any, assigned by the state of its incorporation or organization is set forth opposite the name of each such Borrower on Schedule I attached hereof. Each Borrower's federal tax identification number is set forth opposite the name of each such Borrower on Schedule I attached hereto. No Borrower is not subject to back-up withholding taxes.

Section 3.12. Status of Property. Except as disclosed in the Surveys, Title Insurance Policies, the Zoning Reports, the Property Conditions Reports and as otherwise expressly disclosed in writing by or on behalf of Borrower to Lender, to Borrower's actual knowledge:

(a) Each Borrower has obtained all Permits for the operation of Borrower's business, all of which are in full force and effect as of the date hereof and not subject to revocation, suspension, forfeiture or modification. Borrower has used commercially reasonable efforts to cause each Tenant under each Leased Fee Lease to obtain all Permits for the operation of such Tenant's business.

(b) Each Individual Property and the present and contemplated use and occupancy thereof are in full compliance with all applicable zoning ordinances, building codes, land use laws, Environmental Laws and other similar Legal Requirements.

(c) Each Individual Property is served by all utilities required for the current or contemplated use thereof. All utility service is provided by public utilities and each Individual Property has accepted or is equipped to accept such utility service.

(d) All public roads and streets necessary for service of and access to each Individual Property for the current or contemplated use thereof have been completed, are serviceable and all-weather and are physically and legally open for use by the public. Each Individual Property has either direct access to such public roads or streets or access to such public roads or streets by virtue of a perpetual easement or similar agreement inuring in favor of Borrower and any subsequent owners of the applicable Individual Property.

(e) Each Individual Property is served by public water and sewer systems.

(f) Each Individual Property is free from damage caused by fire or other casualty. Each Individual Property, including, without limitation, all buildings, improvements, parking facilities, sidewalks, storm drainage systems, roofs, plumbing systems, HVAC systems, fire protection systems, electrical systems, equipment, elevators, exterior sidings and doors, landscaping, irrigation systems and all structural components, are in good condition, order and repair in all material respects and there exists no structural or other material defects or damages in any Individual Property, whether latent or otherwise, and Borrower has not received notice from any insurance company or bonding company of any defects or inadequacies in any Individual Property, or any part thereof, which would adversely affect the insurability of the same or cause the imposition of extraordinary premiums or charges thereon or of any termination or threatened termination of any policy of insurance or bond.

(g) There are no mechanics' or similar liens or claims which have been filed for work, labor or material (and no rights are outstanding that under applicable Legal Requirements could give rise to any such liens) affecting any Individual Property which are or may be prior to or equal to the lien of the Security Instrument.

(h) The use of each Individual Property by the applicable Tenant under the Leased Fee Lease and the accessory uses will not violate in any material respect (i) any Legal Requirements (including any Environmental Laws) or (ii) any building permits affecting any Individual Property or any part thereof.

(i) All liquid and solid waste disposal, septic and sewer systems located on each Individual Property are in a good and safe condition and repair and in compliance with all Legal Requirements.

(j) No portion of the Improvements is located in an area identified by the Federal Emergency Management Agency or any successor thereto as an area having special flood hazards pursuant to the Flood Insurance Acts. No part of any Individual Property consists of or is classified as wetlands, tidelands or swamp and overflow lands.

(k) All the Improvements lie within the boundaries of the Land and any building restriction lines applicable to the Land.

(l) There are no pending or proposed special or other assessments for public improvements or otherwise affecting any Individual Property for which Tenants are not responsible, nor are there any contemplated improvements to any Individual Property that may result in such special or other assessments for which Tenants under the Leased Fee Leases are not responsible.

(m) Borrower has not (i) made, ordered or contracted for any construction, repairs, alterations or improvements to be made on or to any Individual Property which have not been completed and paid for in full, (ii) ordered materials for any such construction, repairs, alterations or improvements which have not been paid for in full or (iii) attached any fixtures to any Individual Property which have not been paid for in full. There is no such construction, repairs, alterations or improvements by Borrower ongoing at any Individual Property as of the Closing Date. There are no outstanding or disputed claims for any Work Charges and there are no outstanding liens or security interests in connection with any Work Charges.

(n) Borrower has no direct employees.

Section 3.13. Financial Information. All financial data, including, without limitation, the balance sheets, statements of cash flow, statements of income and operating expense and rent rolls, that have been delivered to Lender in respect of Borrower, Guarantor, each Borrower's interest in each Individual Property and, to Borrower's actual knowledge, each Individual Property (a) are true, complete and correct in all material respects, (b) accurately represent the financial condition of Borrower, Guarantor, Borrower's interest in each Individual Property and, to Borrower's actual knowledge, each Individual Property, as applicable, as of the date of such reports, and (c) to the extent prepared or audited by an independent certified public accounting firm, have been prepared in accordance with the Approved Accounting Method throughout the periods covered, except as disclosed therein. Borrower does not have any contingent liabilities, liabilities for taxes, unusual forward or long-term commitments or unrealized or anticipated losses from any unfavorable commitments that are known to Borrower and reasonably likely to have a Material Adverse Effect, except as referred to or reflected in said financial statements. Since the date of such financial statements, there has been no materially adverse change in the financial condition, operations or business of Borrower or Guarantor from that set forth in said financial statements. Borrower has delivered to Lender all financial information requested by Lender and received by Borrower from each Tenant under the Leased Fee Leases.

Section 3.14. Condemnation. Except as shown as Schedule IX, no Condemnation or other proceeding has been commenced or, to Borrower's actual knowledge, is threatened or contemplated with respect to all or any portion of the Property or for the relocation of the access to any Individual Property.

Section 3.15. Separate Lots. Each Individual Property is assessed for real estate tax purposes as one or more wholly independent tax lot or lots, separate from any adjoining land or improvements not constituting a part of such lot or lots, and no other land or improvements is assessed and taxed together with any Individual Property or any portion thereof.

Section 3.16. Insurance. Borrower has obtained and has delivered to Lender certificates of insurance (or such other evidence acceptable to Lender) reflecting the insurance coverages, amounts and other requirements set forth in this Agreement. To Borrower's actual knowledge, there are no present claims of any material nature under any of the Policies, and to Borrower's actual knowledge, no Person, including Borrower, has done, by act or omission, anything which would impair the coverage of any of the Policies.

Section 3.17. Use of Property. Each Individual Property is used exclusively, and as applicable, as retail space, commercial office space, a hotel, apartments, self-storage, medical office building and other appurtenant and related uses.

Section 3.18. Leases and Rent Roll. Except as disclosed in the rent roll for the each Individual Property delivered to, certified to and approved by Lender in connection with the closing of the Loan (the "**Rent Roll**"), (a) Borrower is the sole owner of the entire lessor's interest in the Leased Fee Leases; (b) the Leased Fee Leases are valid and enforceable and in full force and effect; (c) all of the Leased Fee Leases are arms-length agreements with bona fide, independent third parties; (d) no party under any Leased Fee Lease is in default; (e) all Rents under the Leased Fee Leases due have been paid in full and no Tenant is in arrears in its payment of Rent; (f) the terms of all alterations, modifications and amendments to the Leased Fee Leases are reflected in the certified occupancy statement delivered to and approved by Lender; (g) none of the Rents under the Leased Fee Leases reserved in the Leased Fee Leases have been assigned or otherwise pledged or hypothecated; (h) none of the Rents under the Leased Fee Leases have been collected for more than one (1) month in advance (except a Security Deposit shall not be deemed rent collected in advance); (i) the Tenants under the Leased Fee Leases have accepted the premises demised thereunder and have taken possession of the same on a rent-paying basis and any payments, credits or abatements required to be given by Borrower to the Tenants under the Leased Fee Leases have been made in full; (j) there exist no offsets or defenses to the payment of any portion of the Rents under the Leased Fee Leases and Borrower has no monetary obligation to any Tenant under any Leased Fee Lease; (k) Borrower has received no written notice from Tenant, and has no actual knowledge of, any Tenant challenging the validity or enforceability of any Leased Fee Lease; (l) there are no agreements with the Tenants under the Leased Fee Leases other than expressly set forth in each Lease; (m) no Leased Fee Lease contains an option to purchase, right of first refusal to purchase, right of first refusal to lease additional space at the Property, or any other similar provision in connection with Lender's exercise of its rights and/or remedies under the Loan; (n) except as set forth in the Leased Fee Leases, no Leased Fee Lease contains an option to purchase, right of first refusal to purchase, right of first refusal to lease additional space at the Property, or any other similar provision; (o) no Person has any possessory interest in, or right to occupy, any Individual Property except under and pursuant to a Leased Fee Lease or a Sublease with a Subtenant; (p) all Security Deposits relating to the Leased Fee Leases are reflected on the Rent Roll and have been collected by Borrower; (q) no brokerage commissions or

finders fees are due and payable regarding any Leased Fee Lease; (r) each Tenant is in actual, physical occupancy of the premises demised under its Leased Fee Lease (except for the Forsyth Individual Property, for which Subtenant fit-out work is ongoing); (s) there are no actions or proceedings (voluntary or otherwise) pending against any Tenants or guarantors under the Leased Fee Leases, in each case, under bankruptcy or similar insolvency laws or regulations; and (t) to Borrower's actual knowledge, no event has occurred giving any Tenant under a Leased Fee Lease a right to terminate its Leased Fee Lease

or pay reduced or alternative Rent under such Leased Fee Lease to Borrower under any of the terms of such Leased Fee Lease. To Borrower's actual knowledge, there are no material inaccuracies or untrue statements of material fact in the estoppel certificates delivered by the Tenants to Lender under the Leased Fee Leases and the estoppel certificates delivered with respect to any REAs in connection with the closing of the Loan.

Section 3.19. Filing and Recording Taxes. All mortgage, mortgage recording, stamp, intangible or other similar tax required to be paid by any Person under applicable Legal Requirements currently in effect in connection with the execution, delivery, recordation, filing, registration, perfection or enforcement of any of this Agreement, the Security Instruments, the Note and the other Loan Documents, including, without limitation, the Security Instruments, have been paid or will be paid, and, under current Legal Requirements, the Security Instruments and the other Loan Documents are enforceable in accordance with their terms by Lender (or any subsequent holder thereof), except as such enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar Creditors Rights Laws, and by general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

Section 3.20. Management Agreement. As of the date hereof, there is no Management Agreement in effect with respect to any Individual Property.

Section 3.21. Illegal Activity/Forfeiture.

(a) No portion of any Individual Property has been or will be purchased, improved, equipped or furnished with proceeds of any illegal activity and to Borrower's actual knowledge, there are no illegal activities or activities relating to controlled substances at any Individual Property.

(b) There has not been and shall never be committed by Borrower or any other Person in occupancy of or involved with the operation or use of any Individual Property any act or omission affording the federal government or any state or local government the right of forfeiture as against any Individual Property or any part thereof or any monies paid in performance of Borrower's obligations under this Agreement, the Note, the Security Instruments or the other Loan Documents. Each Borrower hereby covenants and agrees not to commit, permit or suffer to exist any act or omission affording such right of forfeiture.

Section 3.22. Taxes. Each Borrower has filed all federal, state, county, municipal, and city income, personal property and other tax returns required to have been filed by it and has paid all taxes and related liabilities which have become due pursuant to such returns or pursuant to any assessments received by it. Borrower knows of no basis for any additional assessment in respect of any such taxes and related liabilities for prior years.

Section 3.23. Permitted Encumbrances. None of the Permitted Encumbrances, individually or in the aggregate, materially interferes with the benefits of the security intended to be provided by this Agreement, the Security Instruments, the Note and the other Loan Documents materially and adversely affects the value or marketability of Borrower's interest in

any Individual Property (or any portion thereof), impairs the use or the operation of any Individual Property or impairs Borrower's ability to pay its obligations in a timely manner.

Section 3.24. Third Party Representations. Each of the representations and the warranties made by Guarantor in the other Loan Documents (if any) are true, complete and correct in all material respects.

Section 3.25. Non-Consolidation Opinion Assumptions. All of the assumptions made in the Non-Consolidation Opinion, including, but not limited to, any exhibits attached thereto and/or certificates delivered in connection therewith, are true, complete and correct in all material respects.

Section 3.26. Federal Reserve Regulations. No part of the proceeds of the Loan will be used for the purpose of purchasing or acquiring any "margin stock" within the meaning of Regulation U of the Board of Governors of the Federal Reserve System or for any other purpose which would be inconsistent with such Regulation U or any other Regulations of such Board of Governors, or for any purposes prohibited by Legal Requirements or by the terms and conditions of this Agreement, the Security Instrument, the Note or the other Loan Documents.

Section 3.27. Investment Company Act. Borrower is not (a) an "investment company" or a company "controlled" by an "investment company," within the meaning of the Investment Company Act of 1940, as amended; (b) a "holding company" or a "subsidiary company" of a "holding company" or an "affiliate" of either a "holding company" or a "subsidiary company" within the meaning of the Public Utility Holding Company Act of 1935, as amended; or (c) subject to any other federal or state law or regulation which purports to restrict or regulate its ability to borrow money.

Section 3.28. Fraudulent Conveyance. Borrower (a) has not entered into the Loan or any Loan Document with the actual intent to hinder, delay, or defraud any creditor and (b) received reasonably equivalent value in exchange for its obligations under the Loan Documents. Giving effect to the Loan, the fair saleable value of Borrower's assets exceeds and will, immediately following the execution and delivery of the Loan Documents, exceed Borrower's total liabilities, including, without limitation, subordinated, unliquidated, disputed or contingent liabilities. The fair saleable value of Borrower's assets is and will, immediately following the execution and delivery of the Loan Documents, be greater than Borrower's probable liabilities, including the maximum amount of its contingent liabilities or its debts as such debts become absolute and matured. Borrower's assets do not and, immediately following the execution and delivery of the Loan Documents will not, constitute unreasonably small capital to carry out its business as conducted or as proposed to be conducted. Borrower does not intend to, and does not believe that it will, incur debts and liabilities (including, without limitation, contingent liabilities and other commitments) beyond its ability to pay such debts as they mature (taking into account the timing and amounts to be payable on or in respect of obligations of Borrower).

Section 3.29. Embargoed Person. As of the date hereof and at all times throughout the term of the Loan, including after giving effect to any transfers of interests permitted pursuant to the Loan Documents, (a) none of the funds or other assets of any Borrower Party constitute (or will constitute) property of, or are (or will be) beneficially owned, directly or indirectly, by any

Person or government that is the subject of economic sanctions under U.S. law, including but not limited to, the International Emergency Economic Powers Act, 50 U.S.C. §§ 1701 et seq., the Trading with the Enemy Act, 50 U.S.C. App. 1 et seq., and any Executive Orders or regulations promulgated thereunder with the result that transactions involving or the investment in any such Borrower Party (whether directly or indirectly) is prohibited by applicable law or the Loan made by Lender is in violation of applicable law ("**Embargoed Person**"); (b) no Embargoed Person has (or will have) any interest of any nature whatsoever in any Borrower Party, with the result that transactions involving or the investment in any such Borrower Party (whether directly or indirectly), is prohibited by applicable law or the Loan is in violation of applicable law; and (c) none of the funds of any Borrower Party have been (or will be) derived from any unlawful activity with the result that transactions involving or the investment in any such Borrower Party (whether directly or indirectly), is prohibited by applicable law or the Loan is in violation of applicable law. Any violation of the foregoing shall, at Lender's option, constitute an Event of Default hereunder.

Section 3.30. Anti-Money Laundering and Economic Sanctions. Borrower hereby represents and warrants that each Borrower Party, each and every Person Affiliated with any Borrower Party and, to Borrower's actual knowledge, their directors, officers, employees or agents and any Person that has an economic interest in any Borrower Party, in each case, has not, and at all times throughout the term of the Loan, including after giving effect to any transfers of interests permitted pursuant to the Loan Documents, shall not: (i) itself be (or have been), be (or have been) owned or controlled by, or act for or on behalf of a Person or government that is the subject of, in each case, economic sanctions administered or enforced by the Office of Foreign Assets Control ("**OFAC**") of the Department of the Treasury, the Department of State, or other relevant sanctions authority ("**Sanctions**"); (ii) fail to be (or have been) in full compliance with the requirements of the USA PATRIOT Act or other applicable anti-money laundering laws and regulations and all Sanctions; (iii) fail to operate (or have operated) under policies, procedures and practices, if any, that are (A) in compliance with applicable anti-money laundering laws and regulations and Sanctions and (B) available to Lender for Lender's review and inspection during normal business hours and upon reasonable prior notice; (iv) be (or have been) in receipt of any notice from OFAC, the Secretary of State or the Attorney General of the United States or any other department, agency or office of the United States, in each case, claiming a violation or possible violation of applicable anti-money laundering laws and regulations and/or Sanctions; (v) be (or have been) the subject of Sanctions, including those listed as a Specially Designated National or as a "blocked" Person on any lists issued by OFAC and those owned or controlled by or acting for or on behalf of such Specially Designated National or "blocked" Person; (vi) be (or have been) a Person who has been determined by competent authority to be subject to any of the prohibitions contained in the USA PATRIOT Act; or (vii) be (or have been) owned or controlled by or be (or have been) acting for or on behalf of, in each case, any Person who has been determined to be subject to the prohibitions contained in the USA PATRIOT Act. Borrower covenants and agrees that in the event Borrower receives any notice that any Borrower Party (or any of their respective beneficial owners or Affiliates) became the subject of Sanctions or is indicted, arraigned, or custodially detained on charges involving Sanctions, money laundering or predicate crimes to money laundering, Borrower shall immediately notify Lender. It shall be an Event of Default hereunder if any Borrower Party or any other party to any Loan Document becomes the subject of Sanctions or is indicted, arraigned or custodially detained on charges involving Sanctions, money laundering or predicate crimes to money laundering. All capitalized

words and phrases and all defined terms used in the USA PATRIOT Act of 2001, 107 Public Law 56 (October 26, 2001) and in other statutes and all orders, rules and regulations of the United States government and its various executive departments, agencies and offices related to applicable anti-money laundering laws and regulations (collectively referred as the "**Patriot Act**") are incorporated into this Section.

Section 3.31. Organizational Chart. The organizational chart attached as Schedule III hereto (the **"Organizational Chart"**), relating to Borrower and certain Affiliates and other parties, is true, complete and correct on and as of the date hereof.

Section 3.32. Bank Holding Company. Borrower is not a "bank holding company" or a direct or indirect subsidiary of a "bank holding company" as defined in the Bank Holding Company Act of 1956, as amended, and Regulation Y thereunder of the Board of Governors of the Federal Reserve System.

Section 3.33. Ground Lease Representations.

(a) The Ground Lease is in full force and effect and has not been modified (other than the modifications described in the Ground Lease Estoppel) or amended (other than the modifications described in the Ground Lease Estoppel) in any manner whatsoever, (ii) there are no defaults under the Ground Lease by Borrower, or, to Borrower's actual knowledge, the applicable landlord thereunder, and, to Borrower's actual knowledge, no event has occurred which but for the passage of time, or notice, or both would constitute a default under any Ground Lease, (iii) all rents, additional rents and other sums due and payable under the Ground Lease have been paid in full, (iv) neither Borrower nor the landlord under the Ground Lease has commenced any action or given or received any notice for the purpose of terminating the Ground Lease, (v) the Fee Owner, as debtor in possession or by a trustee for such Fee Owner, has not given any notice of, and Borrower has not consented to, any attempt to transfer the Fee Estate free and clear of the Ground Lease under section 363(f) of the Bankruptcy Code, and (vi) to Borrower's actual knowledge, the Fee Owner under the Ground Lease is not subject to any voluntary or involuntary bankruptcy, reorganization or insolvency proceeding and the Fee Estate under the Ground Lease is not an asset in any voluntary or involuntary bankruptcy, reorganization or insolvency proceeding;

(b) The Ground Lease or a memorandum thereof has been duly recorded, the Ground Lease permits the interest of the lessee thereunder to be encumbered by the related Security Instrument and does not restrict the use of the related Individual Property by such lessee, its successors or assigns in a manner that would adversely affect the security provided by the related Security Instrument and there has not been any modifications, amendments or other changes in the terms of the Ground Lease since its recordation;

(c) The applicable Borrower's interest in the Ground Lease is not subject to any lien superior to, or of equal priority with, the related Security Instrument (other than the Permitted Encumbrances);

(d) The Ground Lease itself provides and/or the related Fee Owner has agreed in a writing for the benefit of Lender, its successors and assigns that the Ground Lease may not be

amended, modified, canceled, surrendered or terminated without the prior written consent of Lender and that any such action without such consent is not binding on Lender, its successors or assigns;

(e) The Ground Lease does not place commercially unreasonable restrictions on the identity of Lender and Borrower's interest in the Ground Lease is assignable upon notice to, but without the consent of, the Fee Owner and, in the event that it is so assigned, it is further assignable upon notice to, but without the need to obtain the consent of, the Fee Owner;

(f) The Ground Lease requires the Fee Owner to give notice of any default by Borrower to Lender and the Ground Lease further provides that notice of default or termination given under the Ground Lease is not effective against Lender unless a copy of the notice has been delivered to Lender in the manner described in the Ground Lease, and requires that the Fee Owner will supply an estoppel certificate containing such information as Lender may reasonably request;

(g) Lender is permitted a reasonable opportunity (including, where necessary, sufficient time to gain possession of the interest of Borrower under each Ground Lease) to cure any default by Borrower under the Ground Lease, which is curable after the receipt of notice of any default before the Fee Owner may terminate such Ground Lease;

(h) The Ground Lease requires the related Fee Owner to enter into a new lease upon termination of such Ground Lease for any reason, and/or upon rejection of such Ground Lease in a bankruptcy proceeding;

(i) Under the terms of the Ground Lease and the applicable Loan Documents, taken together, any Net Proceeds will be applied either to the Restoration of all or part of the related Individual Property, with Lender having the right to hold and disburse such Net Proceeds as the Restoration progresses, or to the payment of the outstanding principal balance of the Loan together with any accrued interest thereon; and

(j) To Borrower's actual knowledge, the Ground Lease does not impose restrictions on subletting that would be viewed as commercially unreasonable by a prudent commercial mortgage lender.

Section 3.34. Property Document Representations. With respect to each Property Document, Borrower hereby represents that (a) each Property Document is in full force and effect and has not been amended, restated, replaced or otherwise modified (except, in each case, as expressly set forth herein) in any material respect, (b) there are no material defaults under any Property Document by any party thereto and, to Borrower's actual knowledge, no event has occurred which, but for the passage of time, the giving of notice, or both, would constitute a material default under any Property Document, (c) all rents, additional rents and other sums due and payable under the Property Documents have been paid in full, (d) no party to any Property Document has commenced any action or given or received any notice for the purpose of terminating any Property Document, and (e) the representations made in any estoppel or similar document delivered with respect to any Property Document in connection with the Loan (including, without limitation, the Ground Lease Estoppel) are true, complete and correct in all

material respects and are hereby incorporated by reference as if fully set forth herein. All rental payments under the Ground Lease are required, per the terms of the Ground Lease and instructions of the lessor thereunder, to be addressed and paid as follows (the **"Payment Instructions")**:

Payee Name:	Robert & Meta Smith Family Limited Partnership Estate
Payee Bank Name:	Chase Bank
Payee Account Number:	3801394177
Payee ABA Number:	325070760

Section 3.35. No Change in Facts or Circumstances; Disclosure.

All information submitted by (or on behalf of) Borrower or Guarantor to Lender and in all financial statements, rent rolls, reports, certificates and other documents submitted in connection with the Loan or in satisfaction of the terms thereof and all statements of fact made by Borrower and/or Guarantor in this Agreement or in the other Loan Documents, are accurate, complete and correct in all material respects. There has been no material adverse change in any condition, fact, circumstance or event that would make any such information inaccurate, incomplete or otherwise misleading in any material respect or that otherwise have a Material Adverse Effect. Borrower has disclosed to Lender all material facts and has not failed to disclose any material fact that could cause any representation or warranty made herein or in any Provided Information to be materially misleading.

Borrower agrees that, unless expressly provided otherwise, all of the representations and warranties of Borrower set forth in this Article 3 and elsewhere in this Agreement and the other Loan Documents shall survive for so long as any portion of the Debt remains owing to Lender. All representations, warranties, covenants and agreements made in this Agreement and in the other Loan Documents shall be deemed to have been relied upon by Lender notwithstanding any investigation heretofore or hereafter made by Lender or on its behalf.

ARTICLE 4

BORROWER COVENANTS

From the date hereof and until payment and performance in full of all obligations of Borrower under this Agreement, the Security Instruments, the Note and the other Loan Documents or the earlier release of the lien of the Security Instrument (and all related obligations) in accordance with the terms of this Agreement, the Security Instrument, the Note and the other Loan Documents, each Borrower hereby covenants and agrees with Lender that:

Section 4.1. Existence. Each Borrower will continuously maintain (a) its existence and shall not dissolve or permit its dissolution, (b) its rights to do business in the State and (c) its franchises and trade names, if any.

Section 4.2. Legal Requirements.

(a) Each Borrower shall promptly comply and shall cause each Individual Property to comply with all Legal Requirements affecting such Individual Property or the use thereof (which

such covenant shall be deemed to (i) include Environmental Laws and (ii) require each Borrower to keep all Permits in full force and effect); provided that notwithstanding the foregoing, to the extent that complying with such Legal Requirements is the responsibility of a Tenant under a Leased Fee Lease prior to a Leased Fee Lease Termination (a "**Leased Fee Tenant Legal Requirement Obligation**"), and such Tenant is not satisfying the Leased Fee Tenant Legal Requirement Obligations, Borrower shall use commercially reasonable efforts to cause such Tenant to satisfy the Leased Fee Tenant Legal Requirement Obligations and the Leased Fee Tenant Legal Requirement Obligations shall in fact be satisfied within the earlier of (A) ninety (90) days after the date Borrower first received actual notice of such Tenant's failure to satisfy the same in accordance with the applicable Leased Fee Lease or (B) thirty (30) days after the date Borrower first received actual notice of such Tenant's failure to satisfy the same in accordance with the Leased Fee Lease if the violation of such underlying Legal Requirement would be life threatening or would reasonable be expected to have a Material Adverse Effect, result in criminal liability or materially and adversely affect such Tenant's obligation to pay rent in accordance with the terms of the Leased Fee Lease.

(b) Each Borrower shall from time to time, upon Lender's request, provide Lender with evidence reasonably satisfactory to Lender that each Individual Property complies with all Legal Requirements or is exempt from compliance with Legal Requirements.

(c) Each Borrower shall promptly after receiving notice and/or knowledge thereof, give prompt notice to Lender of the receipt by Borrower of any notice related to a material violation of any Legal Requirements and, after Borrower's acquires knowledge thereof, of the commencement of any proceedings or investigations which relate to compliance with Legal Requirements.

(d) In addition to any rights a Tenant may have pursuant to a Leased Fee Lease, after prior written notice to Lender, Borrower, at its own expense, may contest by appropriate legal proceeding, promptly initiated and conducted in good faith and with due diligence, the validity of any Legal Requirement, the applicability of any Legal Requirement to Borrower or any Individual Property or any alleged violation of any Legal Requirement, provided that (i) no Event of Default has occurred and remains uncured; (ii) such proceeding shall be permitted under and be conducted in accordance with the provisions of any instrument to which Borrower is subject and shall not constitute a default thereunder and such proceeding shall be permitted by and conducted in accordance with all applicable Legal Requirements; (iii) neither the applicable Individual Property nor any part thereof or interest therein will be in danger of being sold, forfeited, terminated, cancelled or lost; (iv) Borrower shall promptly upon final determination thereof comply with any such Legal Requirement determined to be valid or applicable or cure any violation of any Legal Requirement; (v) such proceeding shall suspend the enforcement of the contested Legal Requirement against Borrower or the applicable Individual Property; and (vi) Borrower shall furnish such security as may be required in the proceeding, or as may be requested by Lender, to insure compliance with such Legal Requirement, together with all interest and penalties payable in connection therewith. Lender may apply any such security or part thereof, as necessary to cause compliance with such Legal Requirement at any time when, in the judgment of Lender, the validity, applicability or violation of such Legal Requirement is finally established or the applicable Individual Property (or any part thereof or interest therein) shall be in danger of being sold, forfeited, terminated, cancelled or lost.

Section 4.3. Maintenance and Use of Property. Prior to a Leased Fee Lease Termination, Borrower shall use such efforts as are required pursuant to Section 4.14(b) hereof to cause each Individual Property to be maintained in all material respects in accordance with the terms and provisions of such Leased Fee Lease. During a Leased Fee Lease Termination Period, Borrower shall cause each Individual Property related to such Leased Fee Lease Termination to be maintained in a good and safe condition and repair. Subject to the terms of the Leased Fee Lease prior to a Leased Fee Lease Termination (and except as otherwise permitted by such Leased Fee Lease prior to such Leased Fee Lease Termination), the Improvements and the Personal Property shall not be removed, demolished (except in connection with a restoration following a Casualty) or materially altered (except for normal replacement of the Personal Property) without the consent of Lender or as otherwise permitted pursuant to Section 4.21 hereof. With respect to any Individual Property during a Leased Fee Lease Termination Period, Borrower shall perform (or shall cause to be performed) the prompt repair, replacement and/or rebuilding of any part of any Individual Property which may be destroyed by any casualty, or become damaged, worn or dilapidated or which may be affected by any proceeding of the character referred to in Section 3.14 hereof and shall complete and pay for (or cause the completion and payment for) any structure at any time in the process of construction or repair on the Land. Subject to the terms of the applicable Leased Fee Lease prior to a Leased Fee Lease Termination Borrower shall operate each Individual Property for the same uses as such Individual Property is currently operated and Borrower shall not, without the prior written consent of Lender, (i) change the use of any Individual Property or (ii) initiate, join in, acquiesce in, or consent to any change in any private restrictive covenant, zoning law or other public or private restriction, limiting or defining the uses which may be made of any Individual Property or any part thereof. Subject to the terms of the applicable Leased Fee Lease prior to a Leased Fee Lease Termination, if under applicable zoning provisions the use of all or any portion of any Individual Property is or shall become a nonconforming use, Borrower will not cause or permit the nonconforming use to be discontinued or the nonconforming Improvement to be abandoned without the express written consent of Lender.

Section 4.4. Waste. Subject to the terms of the Leased Fee Lease prior to a Leased Fee Lease Termination, Borrower shall not commit or suffer any waste of any Individual Property or make any change in the use of any Individual Property which will in any way materially increase the risk of fire or other hazard arising out of the operation of such Individual Property, or take any action that might invalidate or give cause for cancellation of any Policy, or do or permit to be done thereon anything that may in any way impair the value of any Individual Property or the security for the Loan. Borrower will not, without the prior written consent of Lender, permit any drilling or exploration for or extraction, removal, or production of any minerals from the surface or the subsurface of any Individual Property, regardless of the depth thereof or the method of mining or extraction thereof.

Section 4.5. Taxes and Other Charges.

(a) During the existence of a Borrower Tax Period, Borrower shall pay (or cause to be paid) all Taxes and Other Charges now or hereafter levied or assessed or imposed against each Individual Property or any part thereof as the same become due and payable; provided, however, prior to the

occurrence and continuance of an Event of Default, Borrower's obligation to directly pay Taxes shall be suspended for so long as Borrower complies with the terms and

provisions of Section 8.6 hereof. Borrower shall furnish to Lender receipts for the payment of the Taxes and the Other Charges prior to the date the same shall become delinquent (provided, however, that Borrower is not required to furnish such receipts for payment of Taxes in the event that such Taxes have been paid by Lender pursuant to Section 8.6 hereof). With respect to any Individual Property during a Leased Fee Lease Termination Period, Borrower shall not suffer and shall promptly cause to be paid and discharged any lien or charge whatsoever which may be or become a lien or charge against such Individual Property (or any portion thereof), and shall promptly pay for all utility services provided to each Individual Property (or any portion thereof). With respect to any Individual Property that is not subject to a Borrower Tax Period, Borrower shall use commercially reasonable efforts to cause the Tenants under the Leases to pay all Taxes and Other Charges now or hereafter levied or assessed or imposed against each Individual Property or any part thereof as the same become due and payable and Borrower shall not suffer or permit any lien or charge whatsoever incurred by a Tenant to become a lien or charge for which Borrower is responsible.

(b) In addition to any rights of a Tenant under a Leased Fee Lease, after prior written notice to Lender, Borrower, at its own expense, may contest (or permit to be contested) by appropriate legal proceeding, promptly initiated and conducted in good faith and with due diligence, the amount or validity or application in whole or in part of any Taxes or Other Charges, provided that (i) no Event of Default has occurred and remains uncured; (ii) such proceeding shall be permitted under and be conducted in accordance with the provisions of any other instrument to which Borrower is subject and shall not constitute a default thereunder and such proceeding shall be permitted by and conducted in accordance with all applicable Legal Requirements; (iii) neither the applicable Individual Property nor any part thereof or interest therein will be in danger of being sold, forfeited, terminated, canceled or lost; (iv) Borrower shall promptly upon final determination thereof pay the amount of any such Taxes or Other Charges, together with all costs, interest and penalties which may be payable in connection therewith; (v) such proceeding shall suspend the collection of such contested Taxes or Other Charges from the applicable Individual Property; and (vi) Borrower shall furnish such security as may be required in the proceeding, or deliver to Lender such reserve deposits as may be requested by Lender, to insure the payment of any such Taxes or Other Charges, together with all interest and penalties thereon. Lender may pay over any such cash deposit or part thereof held by Lender to the claimant entitled thereto at any time when, in the judgment of Lender, the entitlement of such claimant is established or the applicable Individual Property (or part thereof or interest therein) shall be in danger of being sold, forfeited, terminated, canceled or lost or there shall be any danger of the lien of the Security Instruments being primed by any related lien.

Section 4.6. Litigation. Borrower shall give prompt written notice to Lender of any litigation or governmental proceedings pending or threatened in writing against Borrower which might have a Material Adverse Effect.

Section 4.7. Access to Property. Subject to the rights of Tenants under the applicable Leased Fee Lease, Borrower shall permit agents, representatives and employees of Lender to inspect each Individual Property or any part thereof at reasonable hours upon reasonable advance notice.

Section 4.8. Notice of Event of Default. Borrower shall promptly advise Lender of Borrower's knowledge of any Material Adverse Effect or of the occurrence of any Event of Default of which Borrower has knowledge.

Section 4.9. Cooperate in Legal Proceedings. Borrower shall cooperate fully with Lender with respect to any proceedings before any court, board or other Governmental Authority which may in any way affect the rights of Lender hereunder or any rights obtained by Lender under any of the Note, the Security Instruments or the other Loan Documents and, in connection therewith, permit Lender, at its election, to participate in any such proceedings.

Section 4.10. Performance by Borrower. Borrower hereby acknowledges and agrees that Borrower's observance, performance and fulfillment of each and every covenant, term and provision to be observed and performed by Borrower under this Agreement, the Security Instrument, the Note and the other Loan Documents is a material inducement to Lender in making the Loan.

Section 4.11. Intentionally Omitted.

Section 4.12. Books and Records.

(a) Borrower shall furnish to Lender:

(i) quarterly (and prior to a Securitization (if requested by Lender), monthly) certified rent rolls for Leases between Borrower and a Tenant for each Individual Property within ten (10) days after the end of each calendar month or thirty (30) days after the end of each calendar quarter, as applicable;

(ii) quarterly (and prior to a Securitization (if requested by Lender), monthly) operating statements of each Individual Property detailing the revenues received by Borrower, the expenses incurred by Borrower and the components of Underwritable Cash Flow before and after Debt Service and major capital improvements paid for by Borrower for the period of calculation and containing appropriate year-to-date information, within ten (10) days after the end of each calendar month or thirty (30) days after the end of each calendar quarter, as applicable;

(iii) within eighty five (85) days after the close of each fiscal year of Borrower (or such shorter time period as Lender shall determine in its reasonable discretion is necessary to comply with any applicable Legal Requirements (including, without limitation, Regulation AB), provided, that, (I) Lender shall notify Borrower in writing that such a shorter time period is required and (II) unless there is a change in Regulation AB or any other applicable Legal Requirement after the Closing Date, in no event shall such time period be shortened to sooner than eighty five (85) days after the close of each fiscal year of Borrower), (A) with respect to each Borrower, an annual balance sheet, statement of cash flow, profit and loss statement and statement of change in financial position and (B) an annual operating statement of the Properties, in each case, detailing the revenues received by Borrower, the expenses incurred by Borrower and the components of Underwritable Cash Flow before and after Debt Service and major capital

improvements paid for by Borrower for the period of calculation and containing appropriate year-to-date information;

(iv) with respect to any Individual Property during a Leased Fee Lease Termination Period, by no later than December 1 of each calendar year, an annual operating budget for the next succeeding calendar year presented on a monthly basis consistent with the annual operating statement described above for each Individual Property for which a Leased Fee Lease Termination has occurred, including cash flow projections for the upcoming year and all proposed capital replacements and improvements, which such budget shall not take effect until approved by Lender (after such approval has been given in writing, each such approved budget shall be referred to herein, individually or collectively (as the context requires), as the "**Approved Annual Budget**"). Until such time that Lender approves a proposed Annual Budget, (1) to the extent that an Approved Annual Budget does not exist for the immediately preceding calendar year, all operating expenses of the Property for the then current calendar year shall be deemed extraordinary expenses of the Property and shall be subject to Lender's prior written approval (not to be unreasonably withheld, conditioned or delayed) and (2) to the extent that an Approved Annual Budget exists for the immediately preceding calendar year, such Approved Annual Budget shall apply to the then current calendar year; provided, that such Approved Annual Budget shall be adjusted to reflect actual increases in Taxes, Insurance Premiums and utilities expenses;

(v) by no later than ten (10) days after and as of the end of each calendar month during the period prior to Securitization, and thereafter by no later than thirty (30) days after and as of the end of each calendar quarter, (A) a calculation of the then current Debt Service Coverage Ratio, together with such back-up information as Lender shall require and (B) after the occurrence and during the continuance of a Trigger Period, a calculation of the amount of Excess Cash Flow generated by each Individual Property for such period together with such back-up information as Lender shall require;

(vi) with respect to any Individual Property during a Leased Fee Lease Termination Period, by no later than ten (10) days after and as of the end of each calendar month during the period prior to Securitization, and thereafter by no later than thirty (30) days after and as of the end of each calendar quarter, to the extent not already reported in any other Required Financial Item, a summary report containing each of the following with respect to each such Individual Property for the most recently completed calendar month or quarter (as applicable): rent per square foot payable by each such Tenant;

(vii) within one-hundred twenty (120) days after the close of each fiscal year of Borrower, (A) with respect to each Borrower (or any 100% direct or indirect owner of each Borrower that owns no assets other than such ownership interest and the ownership of any intermediate holding companies that own no assets other than such ownership interest in each Borrower), an annual balance sheet, statement of cash flow, profit and loss statement and statement of change in financial position and (B) an annual operating statement of the Properties, in each case, detailing the revenues received by Borrower, the expenses incurred by Borrower and the components of Underwritable Cash Flow before and after Debt Service and major capital improvements paid for by Borrower for the

period of calculation and containing appropriate year-to-date information each of which shall be audited by Price Waterhouse Coopers or another an independent certified public accountant reasonably acceptable to Lender; and

(viii) within five (5) Business Days of Borrower's receipt thereof, any financial reporting delivered by any Tenant under a Leased Fee Lease.

(b) Upon request from Lender, Borrower shall furnish in a timely manner to Lender:

(i) an accounting of all Security Deposits, including the nature and type of Security Deposit, the name and identification number of the accounts in which such Security Deposits are held (if applicable), such details regarding any Security Deposit not held in the form of cash as Lender may reasonably require, the name and address of the financial institutions in which such Security Deposits are held or have been otherwise issued by and the name of the Person to contact at such financial institution, along with any authority or release necessary for Lender to obtain information regarding such accounts or other information directly from such financial institutions; and

(ii) evidence reasonably acceptable to Lender of compliance with the terms and conditions of Articles 5 and 9 hereof.

(c) Borrower shall, within ten (10) days of request, furnish Lender (and shall cause Guarantor to furnish to Lender) with such other additional financial or management information (including State and Federal tax returns) as may, from time to time, be reasonably required by Lender in form and substance reasonably satisfactory to Lender. Borrower shall furnish to Lender and its agents convenient facilities for the examination and audit of any such books and records.

(d) Borrower agrees that (i) Borrower shall keep adequate books and records of account and (ii) all Required Financial Items (defined below) to be delivered to Lender pursuant to Section 4.12 shall: (A) be complete and correct in all material respects; (B) present fairly the financial condition of the applicable Person; (C) disclose all liabilities that are required to be reflected or reserved against; (D) be prepared (1) in the form required by Lender and certified by a Responsible Officer of Borrower (2) in hardcopy and electronic formats and (3) in accordance with the Approved Accounting Method; and (E) not include any Person other than Borrower and shall show each Borrower and each Individual Property individually and on a combined, aggregate basis with all Borrowers and all Individual Properties. Borrower shall be deemed to warrant and represent that, as of the date of delivery of any such financial statement, there has been no material adverse change in financial condition, nor have any assets or properties of Borrower been sold, transferred, assigned, mortgaged, pledged or encumbered since the date of such financial statement except as disclosed by Borrower in a writing delivered to Lender. Borrower agrees that all Required Financial Items (other than those furnished by Tenants) shall not contain any misrepresentation or omission of a material fact.

(e) Borrower acknowledges the importance to Lender of the timely delivery of each of the items required by this Section 4.12 and the other financial reporting items required by this Agreement (each, a "**Required Financial Item**" and, collectively, the "**Required Financial**

Items"). In the event Borrower fails to deliver to Lender any of the Required Financial Items within the time frame specified herein (each such event, a "**Reporting Failure**"), the same shall, at Lender's option, constitute an immediate Event of Default hereunder and, without limiting Lender's other rights and remedies with respect to the occurrence of such an Event of Default, Borrower shall pay to Lender the sum of $1,000 per occurrence for each Reporting Failure. It shall constitute a further Event of Default hereunder if any such payment is not received by Lender within thirty (30) days of the date on which such payment is due, and Lender shall be entitled to the exercise of all of its rights and remedies provided hereunder.

Section 4.13. Estoppel Certificates.

(a) After request by Lender, Borrower, within ten (10) days of such request, shall furnish Lender or any proposed assignee with a statement, duly acknowledged and certified, setting forth (i) the original principal amount of the Loan, (ii) the unpaid principal amount of the Loan, (iii) the rate of interest of the Loan, (iv) the terms of payment and maturity date of the Loan, (v) the date installments of interest and/or principal were last paid, (vi) that, except as provided in such statement, no Event of Default exists, (vii) that this Agreement, the Note, the Security Instruments and the other Loan Documents are valid, legal and binding obligations and have not been modified or if modified, giving particulars of such modification, (viii) whether any offsets or defenses exist against the obligations secured hereby and, if any are alleged to exist, a detailed description thereof, (ix) that all Leases are in full force and effect and have not been modified (or if modified, setting forth all modifications), (x) the date to which the Rents thereunder have been paid pursuant to the Leases, (xi) whether or not, to the knowledge of Borrower, any of the lessees under the Leases are in default under the Leases, and, if any of the lessees are in default, setting forth the specific nature of all such defaults, (xii) the amount of Security Deposits held by Borrower under each Lease and that such amounts are consistent with the amounts required under each Lease, and (xiii) as to any other matters reasonably requested by Lender and reasonably related to the Leases, the obligations created and evidenced hereby and by the Security Instruments or the Properties.

(b) Borrower shall use commercially reasonable efforts to deliver to Lender, promptly upon request, duly executed estoppel certificates from any one or more Tenants as required by Lender attesting to such facts regarding the Lease as Lender may require, including, but not limited to, attestations that each Lease covered thereby is in full force and effect with no defaults thereunder on the part of any party, that none of the Rents have been paid more than one month in advance, except as security, no free rent or other concessions are due lessee and that the lessee claims no defense or offset against the full and timely performance of its obligations under the Lease.

(c) In connection with any Secondary Market Transaction, at Lender's request, Borrower shall provide an estoppel certificate to any Investor or any prospective Investor in such form, substance and detail as Lender, such Investor or prospective Investor may reasonably require.

(d) Borrower shall use commercially reasonable efforts to deliver to Lender, within ten (10) days of request, estoppel certificates from each party under any Property Document in form and substance reasonably acceptable to Lender.

Section 4.14. Leases and Rents.

(a) Borrower shall not, without the prior written approval of Lender (which approval shall not be unreasonably withheld, conditioned or delayed), enter into, renew, extend, amend, modify, permit any assignment of, waive any provisions of, release any party to, terminate, reduce rents under, accept a surrender of, or shorten the term of, in each case, any Lease. Borrower shall not, without the prior written approval of Lender (which approval shall not be unreasonably withheld, conditioned or delayed) permit any subletting under any Lease (other than a Sublease under a Leased Fee Lease in accordance with the terms and conditions hereof prior to a Leased Fee Lease Termination). Notwithstanding the foregoing and so long as no Event of Default has occurred and is continuing, and solely with respect to Leases at a Multi-Tenant Subleased Property (a "**Multi-Tenant Property Lease**") during a Leased Fee Lease Termination Period, Borrower shall be permitted to enter into a new Multi-Tenant Property Lease (a **"New Multi-Tenant Property Lease**") or renew, extend, amend, modify, permit any assignment of, waive any provisions of, release any party to, terminate, reduce rents under, accept a surrender of, or shorten the term of, in each case, any Multi-Tenant Property Lease (a "**Multi-Tenant Property Lease Amendment**") during such Leased Fee Lease Termination Period without Lender's prior written consent so long as (A) with respect to any New Multi-Tenant Property Lease, the same shall (i) provide for rental rates comparable to existing local market rates for similar properties, (ii) be on commercially reasonable terms with unaffiliated, third parties (unless otherwise consented to by Lender), (iii) provide that such New Multi-Tenant Property Lease is subordinate to the Security Instrument and that the lessee will attorn to Lender and any purchaser at a foreclosure sale and (iv) not contain any terms which would have a Material Adverse Effect and (B) with regard to any Multi-Tenant Property Lease Amendment, the same shall (i) be on commercially reasonable terms, (ii) not be reasonably expected to result in a Material Adverse Effect and (iii) with respect to any surrender or termination of a Multi-Tenant Property Lease, be solely with respect to a default by the Tenant under such Multi-Tenant Property Lease; provided that, Borrower shall not, without the prior written approval of Lender (which approval shall not be unreasonably withheld, conditioned or delayed), enter into, renew, extend, amend, modify, permit any assignment of or subletting under, waive any provisions of, release any party to, terminate, reduce rents under, accept a surrender of space under, or shorten the term of, in each case, any Major Lease and/or any New Multi-Tenant Property Lease and/or Multi-Tenant Property Lease Amendment that does not comply with the foregoing. Lender's consent shall not be required with respect to any "new lease" required pursuant to the terms and conditions of any Leased Fee Lease to the extent provided for in such Leased Fee Lease and Lender shall, at Borrower's sole cost and expense, subordinate (or confirm such subordination of) the Security Instrument to such "new lease" in form and substance reasonably acceptable to Lender promptly after written request from Borrower. So long as no Event of Default has occurred and is continuing, in the event that a Leased Fee Lease terminates and Borrower becomes the owner of improvements previously owned by the applicable Tenant for which Borrower did not previously own such improvements, then in connection with any "new lease" required pursuant to the terms and conditions of any Leased Fee Lease or a Triple Net Leased Fee Lease entered into in accordance with the terms and conditions hereof, Lender shall (I) not unreasonably withhold, condition or delay its consent to a conveyance of such improvements to such tenant under such "new lease" or such Triple Net Leased Fee Lease and (II) at Borrower's sole cost and expense, confirm that any liens held by Lender on such improvements previously owned by the applicable Tenant for which Borrower did not previously own such improvements

are released, which confirmation shall be in form and substance reasonably acceptable to Lender so long as such release of such improvement complies with REMIC Requirements and Lender receives a REMIC Opinion in connection therewith (such conveyance in accordance with this Section 4.14(a), the "**Borrower Non-Owned Improvements Conveyance**"). Following or concurrently with Borrower entering into a "new lease" as contemplated above or a

Triple Net Lease, Lender's consent shall not be required for Borrower to assign its interest in the Subleases to the tenant under the "new lease" or such Triple Net Lease. Promptly after written request by Borrower, Lender shall, at Borrower's sole cost and expense, use commercially reasonable efforts to execute and deliver a non-disturbance and attornment agreement in form and substance reasonably acceptable to Lender with respect to any Multi-Tenant Property Lease entered into in accordance with this Section 4.14(a).

(b) Without limitation of subsection (a) above, Borrower (i) shall observe and perform the obligations imposed upon the lessor under the Leases in a commercially reasonable manner; (ii) shall enforce the terms, covenants and conditions contained in the Leases upon the part of the lessee thereunder to be observed or performed (including, without limitation, delivery of any financial reporting that a Tenant is required to deliver to Borrower under its respective Lease within the time periods specified within such Lease) in a commercially reasonable manner; (iii) shall not collect any of the Rents more than one (1) month in advance; and (iv) shall not execute any assignment of lessor's interest in the Leases or the Rents (except as contemplated by the Loan Documents). Upon request, Borrower shall furnish Lender with executed copies of all Leases.

(c) Notwithstanding anything contained herein to the contrary, (i) Borrower shall not willfully withhold from Lender any material information regarding renewal, extension, amendment, modification, waiver of provisions of, termination, rental reduction of, surrender of space of, or shortening of the term of, any Lease during the term of the Loan and (ii) Borrower shall be permitted, with Lender's consent, such consent not to be unreasonably withheld, conditioned or delayed, to amend the Forsyth Leased Fee Lease to remove, from the premises demised under the Forsyth Leased Fee Lease, each "Future Pad" that is released from the lien of the Security Instrument encumbering the Forsyth Individual Property, in accordance with Section 2.10. Borrower agrees to provide Lender with written notice of any event of default under any Lease within seven (7) Business Days after the occurrence of any such event of default. Borrower's failure to provide any of the aforesaid notices shall, at Lender's option, constitute an Event of Default.

(d) Borrower shall notify Lender in writing, within two (2) Business Days following receipt thereof, of Borrower's receipt of any early termination fee or payment or other termination fee or payment paid by any Tenant under any Lease, and Borrower further covenants and agrees that Borrower shall hold any such termination fee or payment in trust for the benefit of Lender and that any use of such termination fee or payment shall be subject in all respects to Lender's prior written consent in Lender's sole discretion (which consent may include, without limitation, a requirement by Lender that such termination fee or payment be placed in reserve with Lender to be disbursed by Lender for tenant improvement and leasing commission costs with respect to the Property and/or for payment of the Debt or otherwise in connection with the Loan evidenced by the Note and/or the Property, as so determined by Lender).

(e) In the event that any Sublease becomes a direct Lease with Borrower due to a Leased Fee Lease Termination, so long as no Event of Default has occurred and is continuing, Lender agrees, at Borrower's sole cost and expense, to use commercially reasonable efforts to deliver to such Tenant under such Sublease a non-disturbance agreement in form and substance reasonably acceptable to Lender to the extent the same is requested by such Tenant.

Section 4.15. Management Agreement.

(a) As of the Closing Date, there are no Management Agreements. If, at any time, Borrower desires to enter into a Management Agreement with respect to any Individual Property, Borrower shall do so in accordance with the terms and conditions of Section 4.15(g) and (i) hereof. In the event of a Leased Fee Lease Termination, Borrower shall enter into a Management Agreement with respect to the Individual Property related to such Leased Fee Lease Termination in accordance with the terms and conditions of Section 4.15(g) and (i) hereof.

(b) Borrower shall (i) diligently and promptly perform, observe and enforce all of the terms, covenants and conditions of each Management Agreement on the part of Borrower to be performed, observed and enforced to the end that all things shall be done which are necessary to keep unimpaired the rights of Borrower under such Management Agreement, (ii) promptly notify Lender of any default under any Management Agreement beyond applicable notice and cure periods thereunder; (iii) promptly deliver to Lender a copy of any written notice of default or other material notice received by Borrower under the Management Agreement; (iv) promptly give notice to Lender of any written notice that Borrower receives which provides that Manager is terminating the Management Agreement or that Manager is otherwise discontinuing its management of the Property; and (v) promptly use commercially reasonable efforts to enforce the performance and observance of all of the covenants required to be performed and observed by Manager under the Management Agreement.

(c) Borrower shall not, without the prior written consent of Lender (which shall not be unreasonably withheld, conditioned or delayed), (i) surrender, terminate or cancel any Management Agreement, consent to any assignment of any Manager's interest under the related Management Agreement or otherwise replace Manager or renew or extend any Management Agreement (exclusive of, in each case, any automatic renewal or extension in accordance with its terms) or enter into any other new or replacement management agreement with respect to any Individual Property; provided, however, that Borrower may replace a Manager and/or consent to the assignment of a Manager's interest under a Management Agreement, in each case to the extent permitted by and in accordance with the applicable terms and conditions hereof and of the other Loan Documents; (ii) reduce or consent to the reduction of the term of a Management Agreement; (iii) increase or consent to the increase of the amount of any charges under a Management Agreement; or (iv) otherwise modify, change, alter or amend, in any material respect, or waive or release any of its material rights and remedies under, a Management Agreement in any material respect. To the extent that the Deemed Approval Requirements are fully satisfied in connection with any Borrower request for Lender consent under this subparagraph (c) and Lender fails to approve or disapprove the same pursuant thereto, Lender's approval shall be deemed given with respect to the matter for which approval was requested.

(d) If Borrower shall default after applicable notice and cure periods in the performance or observance of any material term, covenant or condition of a Management Agreement on the part of Borrower to be performed or observed, then, without limiting the generality of the other provisions of this Agreement, and without waiving or releasing Borrower from any of its obligations hereunder, Lender shall have the right, but shall be under no obligation, to pay any sums and to perform any act or take any action as may be appropriate to cause all the terms, covenants and conditions of the Management Agreement on the part of Borrower to be performed or observed to be promptly performed or observed on behalf of Borrower, to the end that the rights of Borrower in, to and under the Management Agreement shall be kept unimpaired and free from default. Lender and any Person designated by Lender shall have, and are hereby granted, the right to enter upon the Property, subject to the rights of tenants, at any time and from time to time for the purpose of taking any such action. If Manager shall deliver to Lender a copy of any notice sent to Borrower of default under the Management Agreement,

such notice shall constitute full protection to Lender for any action taken or omitted to be taken by Lender in good faith, in reliance thereon, subject to the rights of tenants. Borrower shall notify Lender if Manager sub-contracts to a third party or an Affiliate any or all of its management responsibilities under the Management Agreement (which sub-contract shall be subject to Lender's reasonable consent).

(e) Borrower shall, from time to time, use commercially reasonable efforts to obtain from Manager under the Management Agreement such certificates of estoppel with respect to compliance by Borrower with the terms of the Management Agreement as may be reasonably requested by Lender.

(f) In the event that the Management Agreement is scheduled to expire at any time during the term of the Loan, Borrower shall submit to Lender by no later than 30 days prior to such expiration a draft replacement management agreement for approval in accordance with the terms and conditions hereof.

(g) Borrower shall have the right to replace Manager or consent to the assignment of Manager's rights under the Management Agreement, in each case, to the extent that (i) no Event of Default has occurred and is continuing, (ii) Lender receives at least thirty (30) days prior written notice of the same, (iii) such replacement or assignment (as applicable) will not result in a Property Document Event and/or any termination or cancellation of any Ground Lease or any default thereunder and (iv) the applicable New Manager is a Qualified Manager engaged pursuant to a Qualified Management Agreement.

(h) Without limitation of the foregoing, if the Management Agreement is terminated or expires (including, without limitation, pursuant to the Assignment of Management Agreement (as defined below)), comes up for renewal or extension (exclusive of, in each case, any automatic renewal or extension in accordance with its terms), ceases to be in full force or effect or is for any other reason no longer in effect (including, without limitation, in connection with any Sale or Pledge), then Lender, at its option, may require Borrower to engage, in accordance with the terms and conditions set forth herein and in the Assignment of Management Agreement, a New Manager to manage the Property, which such New Manager shall (i) to the extent an Event of Default has occurred and is continuing and if opted by Lender, selected by Lender and subject to

the reasonable approval of Borrower if Lender has not foreclosed on the Property and (ii) be a Qualified Manager and shall be engaged pursuant to a Qualified Management Agreement.

(i) As conditions precedent to any engagement of a New Manager hereunder, (i) New Manager and Borrower shall execute an assignment and subordination of Management Agreement in form and substance reasonably acceptable to Lender (with such changes thereto as may be required by the Rating Agencies) (the "**Assignment of Management Agreement**"), (ii) to the extent that such New Manager is an Affiliated Manager, Borrower shall deliver to Lender a New Non-Consolidation Opinion with respect to such New Manager and new management agreement and (iii) if requested by Lender, Borrower shall deliver to Lender an Officer's Certificate certifying that the engagement of such New Manager will not result in a Property Document Event and/or any termination or cancellation of any Ground Lease or any default thereunder.

(j) Borrower shall notify Lender in writing, within ten (10) Business Days following receipt thereof, of Borrower's receipt of any early termination fee or similar payment or other termination fee or similar payment paid by any Manager, and Borrower further covenants and agrees that Borrower shall cause any such termination fee or payment to be promptly deposited into the Cash Management Account.

Section 4.16. Payment for Labor and Materials.

(a) Subject to Section 4.16(b) below, Borrower will promptly pay (or cause to be paid) when due all bills and costs for labor, materials, and specifically fabricated materials incurred in connection with each Individual Property to the extent the payment of such bills and costs are not an obligation of a Tenant under a Leased Fee Lease (any such bills and costs that are the obligation of Borrower, a **"Work Charge"**) and never permit to exist in respect of any Individual Property or any part thereof any lien or security interest, even though inferior to the liens and the security interests hereof, and in any event never permit to be created or exist in respect of any Individual Property or any part thereof any other or additional lien or security interest other than the liens or security interests created hereby and by the Security Instruments, except for the Permitted Encumbrances.

(b) In addition to any contest rights available to a Tenant under a Leased Fee Lease, after prior written notice to Lender, Borrower, at its own expense, may contest by appropriate legal proceeding, promptly initiated and conducted in good faith and with due diligence, the validity of any Work Charge, the applicability of any Work Charge to Borrower or to any Individual Property or any alleged non-payment of any Work Charge and defer paying the same, provided that (i) no Event of Default has occurred and is continuing; (ii) such proceeding shall be permitted under and be conducted in accordance with the provisions of any instrument to which Borrower is subject and shall not constitute a default thereunder and such proceeding shall be conducted in accordance with all applicable Legal Requirements; (iii) neither the applicable Individual Property nor any part thereof or interest therein will be in imminent danger of being sold, forfeited, terminated, cancelled or lost; (iv) Borrower shall promptly upon final determination thereof pay (or cause to be paid) any such contested Work Charge determined to be valid, applicable or unpaid; (v) such proceeding shall suspend the collection of such contested Work Charge from the applicable Individual Property or Borrower shall have paid the same (or

shall have caused the same to be paid) under protest; and (vi) Borrower shall furnish (or cause to be furnished) such security as may be required in the proceeding, or as may be reasonably requested by Lender, to insure payment of such Work Charge, together with all interest and penalties payable in connection therewith. Lender may apply any such security or part thereof, as necessary to pay for such Work Charge at any time when, in the judgment of Lender, the validity, applicability or non-payment of such Work Charge is finally established or the applicable Individual Property (or any part thereof or interest therein) shall be in present danger of being sold, forfeited, terminated, cancelled or lost.

Section 4.17. Performance of Other Agreements. Borrower shall observe and perform in all material respects each and every term to be observed or performed by Borrower pursuant to the terms of any agreement or recorded instrument affecting or pertaining to any Individual Property (or any portion thereof), or given by Borrower to Lender for the purpose of further securing the Debt and any amendments, modifications or changes thereto unless the failure to so observe and perform would not have a Material Adverse Effect.

Section 4.18. Debt Cancellation. Borrower shall not cancel or otherwise forgive or release any claim or debt (other than termination of Leases in accordance herewith) owed to Borrower by any Person, except for adequate consideration and in the ordinary course of Borrower's business.

Section 4.19. ERISA

(a) Borrower shall not engage in any transaction which would cause any obligation, or action taken or to be taken, hereunder (or the exercise by Lender of any of its rights hereunder or under the other Loan Documents) to be a non-exempt prohibited transaction under ERISA.

(b) Borrower further covenants and agrees to deliver to Lender such certifications or other evidence from time to time throughout the term of the Security Instrument, as requested by Lender in its reasonable discretion, that (i) Borrower is not an "employee benefit plan" as defined in Section 3(3) of ERISA, or other retirement arrangement, which is subject to Title I of ERISA or Section 4975 of the IRS Code, or a "governmental plan" within the meaning of Section 3(32) of ERISA; (ii) Borrower is not subject to state statutes regulating investments and fiduciary obligations with respect to governmental plans; and (iii) one or more of the following circumstances is true:

(A) Equity interests in Borrower are publicly offered securities, within the meaning of 29 C.F.R. § 2510.3 101(b)(2);

(B) Less than 25 percent of each outstanding class of equity interests in Borrower are held by "benefit plan investors" within the meaning of 29 C.F.R.§ 2510.3 101(f)(2); or

(C) Borrower qualifies as an "operating company" or a "real estate operating company" within the meaning of 29 C.F.R § 2510.3 101(c) or (e) or an investment company registered under The Investment Company Act of 1940, as amended.

(c) Borrower shall not maintain, sponsor, contribute to or become obligated to contribute to, or suffer or permit any member of Borrower's "controlled group of corporations" to maintain, sponsor, contribute to or become obligated to contribute to a "defined benefit plan" or a "multiemployer pension plan". The terms in quotes above are defined in Section 3.7 of this Agreement.

Section 4.20. No Joint Assessment. Borrower shall not suffer, permit or initiate the joint assessment of any Individual Property with (a) any other real property constituting a tax lot separate from the applicable Individual Property, or (b) any portion of the applicable Individual Property which may be deemed to constitute personal property, or any other procedure whereby the lien of any taxes which may be levied against such personal property shall be assessed or levied or charged to the applicable Individual Property.

Section 4.21. Alterations. Notwithstanding anything contained herein (including, without limitation, Article 8 hereof) to the contrary, Lender's prior approval shall be required in connection with any alterations to the Property (except for Tenant work permitted by a Leased Fee Lease) and/or any Improvements, which approval may be granted or withheld in Lender's sole discretion; provided, however, that Lender's prior approval shall not be required with respect to any alterations performed by a Tenant pursuant to the terms of, or as permitted by, the terms of such Tenant's Lease. Without limiting Lender's right to approval any alterations to the Property and/or any Improvements in its sole discretion, to the extent Lender has the right to approve and approves the same, Borrower shall promptly deliver to Lender as security for the payment of such amounts and as additional security for Borrower's obligations under the Loan Documents any of the following in an amount equal to one hundred and twenty percent (120%) of the cost of such alterations: (i) cash, (ii) U.S. Obligations, (iii) other security acceptable to Lender, (provided that Lender shall have received a Rating Agency Confirmation as to the form and issuer of same), or (iv) a completion bond (provided that Lender shall have received a Rating Agency Confirmation as to the form and issuer of same).

Section 4.22. Property Document Covenants. Without limiting the other provisions of this Agreement and the other Loan Documents, Borrower shall (i) (A) with respect to any Individual Property that is subject to a Leased Fee Lease Termination Period, promptly perform and/or observe, in all material respects, all of the covenants and agreements required to be performed and observed by it under the Property Documents (except to the extent the failure to so perform and observe would not have a Material Adverse Effect) and do all things necessary to preserve and to keep unimpaired its material rights thereunder and (B) with respect to any Individual Property subject to a Leased Fee Lease, use commercially reasonable efforts to cause each Tenant thereunder to promptly perform and/or observe, in all material respects, all of the covenants and agreements required to be performed and observed by it under the Property Documents (except to the extent the failure to so perform and observe would not have a Material Adverse Effect) and do all things necessary to preserve and to keep unimpaired its material rights thereunder; (ii) promptly notify Lender of any material default under the Property Documents of which it is aware; (iii) promptly after request from deliver to Lender a copy of each financial statement, business plan, capital expenditures plan, notice, report and estimate received by it under the Property Documents that have not previously been delivered; (iv) (A) with respect to any Individual Property that is subject to a Leased Fee Lease Termination Period, enforce the performance and observance of all of the covenants and agreements required to be performed

and/or observed under the Property Documents in a commercially reasonable manner and (B) with respect to any Individual Property subject to a Leased Fee Lease, use commercially reasonable efforts to cause each Tenant thereunder to enforce the performance and observance of all of the covenants and agreements required to be performed and/or observed under the Property Documents in a commercially reasonable manner; (v) (A) with respect to any Individual Property that is subject to a Leased Fee Lease Termination Period, use commercially reasonable efforts to cause the applicable Individual Property to be operated, in all material respects, in accordance with the Property Documents and (B) with respect to any Individual Property subject to a Leased Fee Lease, use commercially reasonable efforts to cause each Tenant thereunder to use commercially reasonable efforts to cause the applicable Individual Property to be operated, in all material respects, in accordance with the Property Documents; and (vi) not, without the prior written consent of Lender (not to be unreasonably withheld or as permitted pursuant to Section 4.23 hereof with respect to each Ground Lease), (A) enter into any new Property Document or replace or execute modifications to any existing Property Documents or renew or extend the same (exclusive of, in each case, any automatic renewal or extension in accordance with its terms), (B) surrender, terminate or cancel the Property Documents, (C) reduce or consent to the reduction of the term of the Property Documents, (D) increase or consent to the increase of the amount of any charges under the Property Documents, (E) otherwise modify, change, supplement, alter or amend, or waive or release any of its rights and remedies under, the Property Documents in any material respect or (F) following the occurrence and during the continuance of an Event of Default, exercise any rights, make any decisions, grant any approvals or otherwise take any action under the Property Documents. Notwithstanding any provision contained in this Section 4.22 to the contrary, Lender agrees that it shall not unreasonably

withhold, condition or delay its approval of the "Declaration of CCRs" (as defined in the Forsyth Leased Fee Lease) and agrees, at Borrower's sole cost and expense, Lender shall, at Borrower's sole cost and expense, subordinate the Security Instrument with respect to the Forsyth Individual Property to such "Declaration of CCRs" pursuant to a subordinate agreement in form and substance reasonably acceptable to Lender.

Section 4.23. Ground Lease Covenants. Without limitation of the other provisions herein (including, without limitation, Section 4.22 hereof), Borrower makes the following covenants with respect to the Ground Lease:

(a) Borrower shall (i) pay (or cause to be paid) all rents, additional rents and other sums required to be paid by Borrower, as tenant under and pursuant to the provisions of the Ground Lease, (ii) diligently perform and observe (or cause to be performed and observed) all of the terms, covenants and conditions of the Ground Lease on the part of Borrower, as tenant thereunder, (iii) promptly notify Lender of any change in the Payment Instructions and of the giving of any notice by the landlord under the Ground Lease to Borrower of any default by Borrower and shall, within five (5) Business Days of receipt of such notice or change, (A) deliver to Lender a true copy of each such notice or evidence of such change (as applicable) and (B) in the case of a change in the Payment Instructions, use commercially reasonable efforts to deliver to Lender a new IRS Form W9 with respect to the landlord under the Ground Lease (or evidence reasonably acceptable to Lender that the IRS Form W9 with respect to the landlord under the Ground Lease then held by Lender remains accurate and valid) and (iv) promptly after Borrower acquires knowledge thereof, notify Lender of any bankruptcy, reorganization or

insolvency of the landlord under the Ground Lease or of any notice thereof, and deliver to Lender a true copy of such notice within five (5) Business Days of Borrower's receipt.

(b) Borrower shall not, without the prior consent of Lender, surrender the leasehold estate created by the Ground Lease or terminate or cancel the Ground Lease or modify, change, supplement, alter or amend the Ground Lease (other than an amendment that extends the term of the Ground Lease), either orally or in writing, and if Borrower shall default in any material respect in the performance or observance of any material term, covenant or condition of the Ground Lease on the part of Borrower and shall fail to cure the same prior to the expiration of any applicable cure period provided thereunder, Lender shall have the right, but shall be under no obligation, to pay any sums and to perform any act or take any action as may be appropriate to cause all of the terms, covenants and conditions of the Ground Lease on the part of Borrower to be performed or observed on behalf of Borrower, to the end that the rights of Borrower in, to and under the Ground Lease shall be kept unimpaired and free from default. If the landlord under the Ground Lease shall deliver to Lender a copy of any notice of default under the Ground Lease, such notice shall constitute full protection to Lender for any action taken or omitted to be taken by Lender, in good faith, in reliance thereon.

(c) Borrower, a Borrower Party and/or any Affiliate of the foregoing shall be permitted to acquire the fee interest under the Ground Lease in the Individual Property subject to the Ground Lease without Lender's consent so long as (I) no Event of Default has occurred and is continuing, (II) the Ground Lease shall survive such acquisition, (III) the lien of Lender's Security Instrument shall be spread to be a first priority security interest in such fee interest under the Ground Lease (subject only to Permitted Encumbrances) pursuant to a spreader agreement in form and substance reasonably acceptable to Lender, (IV) Lender's existing first priority interest in the leasehold estate created pursuant to the Ground Lease and Lender's existing first priority fee interest in the portion of such Individual Property not subject to the Ground Lease (subject only to Permitted Encumbrances) shall remain unimpaired, (V) such acquisition shall comply with REMIC Requirements and Lender shall receive a REMIC Opinion in connection therewith, (VI) Lender shall receive endorsements to Lender's Title Insurance Policy insuring such fee interest in the Individual Property subject to the Ground Lease and confirming the priority Lender's interest in such fee interest under the Ground Lease, the leasehold interest under the Ground Lease and Lender's fee interest in the portion of such Individual Property not subject to the Ground Lease, (VII) Borrower and each SPE Component Entity shall continue to be a Single Purpose Entity after giving effect to such acquisition and (VIII) Borrower shall have paid to Lender (x) all out-of-pocket costs and expenses, including reasonable attorneys' fees, incurred by Lender in connection therewith and (y) all fees, costs and expenses of all third parties incurred in connection therewith (the fee acquisition in accordance with the terms and conditions of this Section 4.23(c), the **"Fee Acquisition"**).

ARTICLE 5

ENTITY COVENANTS

Section 5.1. Single Purpose Entity/Separateness.

(a) Each Borrower has not and will not:

(i) engage in any business or activity other than the ownership, operation and maintenance of the applicable Individual Property, and activities incidental thereto;

(ii) acquire or own any assets other than (A) the applicable Individual Property, and (B) such incidental Personal Property as may be necessary for the ownership, leasing, maintenance and operation of such applicable Individual Property;

(iii) merge into or consolidate with any Person, or dissolve, terminate, liquidate in whole or in part, transfer or otherwise dispose of all or substantially all of its assets or change its legal structure;

(iv) fail to observe all organizational formalities, or fail to preserve its existence as an entity duly formed, validly existing and in good standing (if applicable) under the applicable Legal Requirements of the jurisdiction of its organization or formation, or amend, modify, terminate or fail to comply with the provisions of its organizational documents (provided, that, such organizational documents may be amended or modified to the extent that, in addition to the satisfaction of the requirements related thereto set forth therein, Lender's prior written consent, such consent not to be unreasonably withheld or delayed, and, if required by Lender, a Rating Agency Confirmation are first obtained);

(v) own any subsidiary, or make any investment in, any Person (other than, with respect to any SPE Component Entity, in the applicable Borrower);

(vi) commingle its funds or assets with the funds or assets of any other Person (except for one or more other Borrowers);

(vii) incur any Indebtedness, secured or unsecured, direct or contingent (including guaranteeing any obligation), other than (A) the Debt, (B) trade and operational indebtedness incurred in the ordinary course of business with trade creditors, provided such indebtedness is (1) unsecured, (2) not evidenced by a note, (3) on commercially reasonable terms and conditions, and (4) due not more than sixty (60) days past the date incurred and paid on or prior to such date, and/or (C) Permitted Equipment Leases; provided however, the aggregate amount of the indebtedness described in (B) and (C) shall not exceed at any time two percent (2%) of the outstanding aggregate Allocated Loan Amounts associated with the portions of the Property owned by the applicable Borrower. No Indebtedness other than the Debt may be secured (senior, subordinate or pari passu) by any Individual Property;

(viii) fail to maintain all of its books, records and financial statements (if any) separate from those of any other Person (including, without limitation, any Affiliates) (except a bank account or accounts maintained by one Borrower for one or more other Borrowers (but for no other Person)). Borrower's assets have not and will not be listed as assets on the financial statement of any other Person; provided, however, that Borrower's assets may be included in a consolidated financial statement of its Affiliates provided that (i) appropriate notation shall be made on such consolidated financial statements to indicate the separateness of Borrower and such Affiliates and to indicate that Borrower's

assets and credit are not available to satisfy the debts and other obligations of such Affiliates or any other Person and (ii) such assets shall be listed on Borrower's own separate balance sheet. Borrower has maintained and will maintain its books, records, resolutions and agreements as official records;

(ix) enter into any contract or agreement with any partner, member, shareholder, principal or Affiliate, except, in each case, upon terms and conditions that are intrinsically fair and substantially similar to those that would be available on an arm's-length basis with unaffiliated third parties;

(x) maintain its assets in such a manner that it will be costly or difficult to segregate, ascertain or identify its individual assets from those of any other Person;

(xi) assume or guaranty the debts of any other Person (except for one or more other Borrowers), hold itself out to be responsible for the debts of any other Person (other than the statutory liability of any SPE Component Entity to its applicable limited partnership Borrower), or, except pursuant to the Loan Documents, otherwise pledge its assets for the benefit of any other Person or hold out its credit as being available to satisfy the obligations of any other Person;

(xii) make any loans or advances to any Person;

(xiii) fail to file its own tax returns, except (A) to the extent that Borrower is treated as a "disregarded entity" for tax purposes and is not required to file any tax return by applicable Legal Requirements, or (B) if Borrower is prohibited by applicable Legal Requirements from doing so

(xiv) fail to (A) hold itself out to the public and identify itself, in each case, as a legal entity separate and distinct from any other Person and not as a division or part of any other Person, (B) conduct its business solely in its own name, (C) hold its assets in its own name or (D) correct any known misunderstanding regarding its separate identity;

(xv) fail to maintain adequate capital for the normal obligations reasonably foreseeable in a business of its size and character and in light of its contemplated business operations (to the extent there exists sufficient cash flow from the applicable Individual Property to do so and without any requirement for any investor in Borrower to contribute capital to Borrower);

(xvi) without the prior unanimous written consent of all of its partners, shareholders or members, as applicable, the prior unanimous written consent of its board of directors or managers, as applicable, and the prior written consent of each Independent Director (regardless of whether such Independent Director is engaged at the Borrower or SPE Component Entity level), (a) file or consent to the filing of any petition, either voluntary or involuntary, to take advantage of any Creditors Rights Laws, (b) seek or consent to the appointment of a receiver, liquidator or any similar official, (c) take any action that might cause such entity to become insolvent, (d) make an assignment for the benefit of creditors or (e) take any Material Action with respect to Borrower or any SPE Component Entity (provided, that, none of any member, shareholder or partner (as

applicable) of Borrower or any SPE Component Entity or any board of directors or managers (as applicable) of Borrower or any SPE Component Entity may vote on or otherwise authorize the taking of any of the foregoing actions unless, in each case, there are at least two (2) Independent Directors then serving in such capacity in accordance with the terms of the applicable organizational documents and each of such Independent Directors have consented to such foregoing action);

(xvii) fail to allocate shared expenses (including, without limitation, shared office space) or fail to use separate stationery and invoices, except in each case for checks for a bank account shared with one or more other Borrowers (but with no other Person);

(xviii) fail to pay its own liabilities (including, without limitation, salaries of its own employees) from its own funds or fail to maintain or contract for the use of a sufficient number of employees in light of its contemplated business operations (in each case to the extent there exists sufficient cash flow from the applicable Individual Property to do so);

(xix) acquire obligations or securities of its partners, members, shareholders or other Affiliates, as applicable, except that any SPE Component Entity may acquire securities in any applicable Borrower and that any Borrower may be liable for obligations of one or more other Borrowers;

(xx) identify its partners, members, shareholders or other Affiliates, as applicable, as a division or part of it; or

(xxi) violate or cause to be violated the assumptions made with respect to Borrower and its principals in the Non-Consolidation Opinion or in any New Non-Consolidation Opinion.

(b) If Borrower is a partnership or limited liability company (other than an Acceptable LLC), each general partner (in the case of a partnership) and at least one member (in the case of a limited liability company) of Borrower, as applicable, shall be a corporation or an Acceptable LLC (each, an "**SPE Component Entity**") whose sole asset is its interest in Borrower. Each SPE Component Entity (i) will at all times comply with each of the covenants, terms and provisions contained in Section 5.1(a)(iii) - (vi) (inclusive) and (viii) — (xxi) (inclusive) and, if such SPE Component Entity is an Acceptable LLC, Section 5.1(c) and (d) hereof, as if such representation, warranty or covenant was made directly by such SPE Component Entity; (ii) will not engage in any business or activity other than owning an interest in Borrower; (iii) will not acquire or own any assets other than its partnership, membership, or other equity interest in Borrower; (iv) will at all times continue to own no less than a 0.5% direct equity ownership interest in Borrower; (v) will not incur any debt, secured or unsecured, direct or contingent (including guaranteeing any obligation) (other than the statutory liability of any SPE Component Entity to its applicable limited partnership Borrower); and (vi) will cause Borrower to comply with the provisions of this Section 5.1.

(c) In the event Borrower or any SPE Component Entity is an Acceptable LLC, the limited liability company agreement of Borrower or such SPE Component Entity (as applicable)

(the "**LLC Agreement**") shall provide that (i) upon the occurrence of any event that causes the last remaining member of Borrower or such SPE Component Entity (as applicable) ("**Member**") to cease to be the member of Borrower or such SPE Component Entity (as applicable) (other than (A) upon an assignment by Member of all of its limited liability company interest in Borrower or such SPE Component Entity (as applicable) and the admission of the transferee in accordance with the Loan Documents and the LLC Agreement, or (B) the resignation of Member and the admission of an additional member of Borrower or such SPE Component Entity (as applicable) in accordance with the terms of the Loan Documents and the LLC Agreement), any person acting as Independent Director of Borrower or such SPE Component Entity (as applicable) shall, without any action of any other Person and simultaneously with the Member ceasing to be the member of Borrower or such SPE Component Entity (as applicable) automatically be admitted to Borrower or such SPE Component Entity (as applicable) as a member with a 0% economic interest ("**Special Member**") and shall continue Borrower or such SPE Component Entity (as applicable) without dissolution and (ii) Special Member may not resign from Borrower or such SPE Component Entity (as applicable) or transfer its rights as Special Member unless (A) a successor Special Member has been admitted to Borrower or such SPE Component Entity (as applicable) as a Special Member in accordance with requirements of Delaware law and (B) after giving effect to such resignation or transfer, there remains at least two (2) Independent Directors of such SPE Component Entity or Borrower (as applicable) in accordance with Section 5.2 below. The LLC Agreement shall further provide that (i) Special Member shall automatically cease to be a member of Borrower or such SPE Component Entity (as applicable) upon the admission to Borrower or such SPE Component Entity (as applicable) of the first substitute member, (ii) Special Member shall be a member of Borrower or such SPE Component Entity (as applicable) that has no interest in the profits, losses and capital of Borrower or such SPE Component Entity (as applicable) and has no right to receive any distributions of the assets of Borrower or such SPE Component Entity (as applicable), (iii) pursuant to the applicable provisions of the limited liability company act of the State of Delaware (the "**Act**"), Special Member shall not be required to make any capital contributions to Borrower or such SPE Component Entity (as applicable) and shall not receive a limited liability company interest in Borrower or such SPE Component Entity (as applicable), (iv) Special Member, in its capacity as Special Member, may not bind Borrower or such SPE Component Entity (as applicable) and (v) except as required by any mandatory provision of the Act, Special Member, in its capacity as Special Member, shall have no right to vote on, approve or otherwise consent to any action by, or matter relating to, Borrower or such SPE Component Entity (as applicable) including, without limitation, the merger, consolidation or conversion of Borrower or such SPE Component Entity (as applicable); provided, however, such prohibition shall not limit the obligations of Special Member, in its capacity as Independent Director, to vote on such matters required by the Loan Documents or the LLC Agreement. In order to implement the admission to Borrower or such SPE Component Entity (as applicable) of Special Member, Special Member shall execute a counterpart to the LLC Agreement. Prior to its admission to Borrower or such SPE Component Entity (as applicable) as Special Member, Special Member shall not be a member of Borrower or such SPE Component Entity (as applicable), but Special Member may serve as an Independent Director of Borrower or such SPE Component Entity (as applicable).

(d) The LLC Agreement shall further provide that (i) upon the occurrence of any event that causes the Member to cease to be a member of Borrower or such SPE Component

Entity (as applicable) to the fullest extent permitted by law, the personal representative of Member shall, within ninety (90) days after the occurrence of the event that terminated the continued membership of Member in Borrower or such SPE Component Entity (as applicable) agree in writing (A) to continue Borrower or such SPE Component Entity (as applicable) and (B) to the admission of the personal representative or its nominee or designee, as the case may be, as a substitute member of Borrower or such SPE Component Entity (as applicable) effective as of the occurrence of the event that terminated the continued membership of Member in Borrower or such SPE Component Entity (as applicable), (ii) any action initiated by or brought against Member or Special Member under any Creditors Rights Laws shall not cause Member or Special Member to cease to be a member of Borrower or such SPE Component Entity (as applicable) and upon the occurrence of such an event, the business of Borrower or such SPE Component Entity (as applicable) shall continue without dissolution and (iii) each of Member and Special Member waives any right it might have to agree in writing to dissolve Borrower or such SPE Component Entity (as applicable) upon the occurrence of any action initiated by or brought against Member or Special Member under any Creditors Rights Laws, or the occurrence of an event that causes Member or Special Member to cease to be a member of Borrower or such SPE Component Entity (as applicable).

Section 5.2. Independent Director.

(a) The organizational documents of each Borrower (to the extent such Borrower is a corporation or an Acceptable LLC) or the applicable SPE Component Entity, as applicable, shall provide that at all times there shall be at least two duly appointed independent directors or managers of such entity (each, an "**Independent Director**") who each shall (I) not have been at the time of each such individual's initial appointment, and shall not have been at any time during the preceding five years, and shall not be at any time while serving as Independent Director, (i) a shareholder (or other equity owner) of, or an officer, director (other than in its capacity as Independent Director), partner, member or employee of, any Borrower, the applicable SPE Component Entity or any of their respective shareholders, partners, members, subsidiaries or Affiliates, (ii) a customer of, or supplier to, or other Person who derives any of its

purchases or revenues from its activities with, any Borrower, the applicable SPE Component Entity or any of their respective shareholders, partners, members, subsidiaries or Affiliates, (iii) a Person who Controls or is under common Control with any such shareholder, officer, director, partner, member, employee supplier, customer or other Person, (iv) a member of the immediate family of any such shareholder, officer, director, partner, member, employee, supplier, customer or other Person or (v) a trustee or similar Person in any proceeding under Creditors Rights Laws involving any Borrower, the applicable SPE Component Entity or any of their respective shareholders, partners, members, subsidiaries or Affiliates (II) shall have, at the time of their appointment, had at least three (3) years' experience in serving as an independent director and (III) be employed by, in good standing with and engaged by Borrower in connection with, in each case, an Approved ID Provider.

(b) The organizational documents of each Borrower and each SPE Component Entity shall further provide that (I) the board of directors or managers of Borrower and each SPE Component Entity and the constituent equity owners of such entities (constituent equity owners, the **"Constituent Members"**) shall not take any action set forth in Section 5.1(a)(xvi) or any other action which, under the terms of any organizational documents of Borrower or any SPE

Component Entity, requires the vote of the Independent Directors unless, in each case, at the time of such action there shall be at least two Independent Directors engaged as provided by the terms hereof and such Independent Directors vote in favor of or otherwise consent to such action; (II) any resignation, removal or replacement of any Independent Director shall not be effective without (1) prior written notice to Lender and the Rating Agencies (which such prior written notice must be given on the earlier of five (5) Business Days prior to the applicable resignation, removal or replacement) and (2) evidence that the replacement Independent Director satisfies the applicable terms and conditions hereof and of the applicable organizational documents (which such evidence must accompany the aforementioned notice); (III) to the fullest extent permitted by applicable law, including Section 18-1101(c) of the Act and notwithstanding any duty otherwise existing at law or in equity, the Independent Directors shall consider only the interests of the Constituent Members and Borrower and each SPE Component Entity (including Borrower's and each SPE Component Entity's respective creditors) in acting or otherwise voting on the matters provided for herein and in Borrower's and each SPE Component Entity's organizational documents (which such fiduciary duties to the Constituent Members and Borrower and each SPE Component Entity (including Borrower's and each SPE Component Entity's respective creditors), in each case, shall be deemed to apply solely to the extent of their respective economic interests in Borrower or the applicable SPE Component Entity (as applicable) exclusive of (x) all other interests (including, without limitation, all other interests of the Constituent Members), (y) the interests of other Affiliates of the Constituent Members, Borrower and each SPE Component Entity and (z) the interests of any group of Affiliates of which the Constituent Members, Borrower or any SPE Component Entity is a part)); (IV) other than as provided in subsection (III) above, the Independent Directors shall not have any fiduciary duties to any Constituent Members, any directors of Borrower or any SPE Component Entity or any other Person; (V) the foregoing shall not eliminate the implied contractual covenant of good faith and fair dealing under applicable law; (VI) to the fullest extent permitted by applicable law, including Section 18-1101(e) of the Act, an Independent Director shall not be liable to Borrower, any SPE Component Entity, any Constituent Member or any other Person for breach of contract or breach of duties (including fiduciary duties), unless the Independent Director acted in bad faith or engaged in willful misconduct; and (VII) except as provided in the foregoing subsections (III) through (VI), the Independent Directors shall, in exercising their rights and performing their duties under the applicable organizational documents, have a fiduciary duty of loyalty and care similar to that of a director of a business corporation organized under the General Corporation Law of the State of Delaware.

Section 5.3. Change of Name, Identity or Structure. Borrower shall not change (or permit to be changed) Borrower's or any SPE Component Entity's (a) name, (b) identity (including its trade name or names), (c) principal place of business set forth on the first page of this Agreement or (d) if not an individual, Borrower's or any SPE Component Entity's corporate, partnership or other structure or state of formation, without, in each case, notifying Lender of such change in writing at least thirty (30) days prior to the effective date of such change and, in the case of a change in Borrower's or any SPE Component Entity's structure or state of formation, without first obtaining the prior written consent of Lender and, if required by Lender, a Rating Agency Confirmation with respect thereto. Borrower shall execute and deliver to Lender, prior to or contemporaneously with the effective date of any such change, any financing statement or financing statement change required by Lender to establish or maintain the validity, perfection and priority of the security interest granted herein. At the request of Lender,

Borrower shall execute a certificate in form satisfactory to Lender listing the trade names under which Borrower or the applicable SPE Component Entity intends to operate the applicable Individual Property, and representing and warranting that Borrower or the applicable SPE Component Entity does business under no other trade name with respect to the applicable Individual Property.

Section 5.4. Business and Operations. Each Borrower will continue to engage in the businesses now conducted by it as and to the extent the same are necessary for the ownership, maintenance, management and operation of each Individual Property. Each Borrower will qualify to do business and will remain in good standing under the laws of the State and each other applicable jurisdiction in which each applicable Individual Property is located, in each case, as and to the extent the same are required for the ownership, maintenance, management and operation by Borrower of such Individual Property.

Section 5.5. Recycled Entity. With respect to each Borrower, (i) such Borrower is and always has been duly formed, validly existing and in good standing in the state in which it was formed and in any other jurisdictions where it is qualified to do business; (ii) such Borrower has no outstanding judgments or liens of any nature against it other than pursuant to the Loan Documents and Permitted Encumbrances; (iii) such Borrower is in compliance in all material respects with all laws, regulations and orders applicable to such Borrower and has received all material permits necessary for such Borrower to operate and for which a failure to possess would materially and adversely affect the condition, financial or otherwise, of Borrower; (iv) no Borrower is aware of any pending or threatened litigation involving such Borrower that, if adversely determined, might materially adversely affect the condition (financial or otherwise) of such Borrower, or the condition or ownership of the property owned by such Borrower; (v) such Borrower is not involved in any material dispute with any taxing authority; (vi) such Borrower has paid or has caused to be paid all real estate taxes that are due and payable with respect to its applicable Individual Property except as otherwise permitted pursuant to this Agreement; (vii) such Borrower is not now, a party to any lawsuit, arbitration, summons or legal proceeding that, if adversely determined, might materially adversely affect the condition (financial or otherwise) of such Borrower or the condition or ownership of the property owned by such Borrower nor has Borrower ever been a party to any lawsuit, arbitration, summons or legal proceeding that resulted in a judgment against it that has not been paid in full or otherwise resolved; (viii) all financial statements that Borrower has provided to Lender are true, correct and complete in all material respects and reflect an accurate view in all material respects of the financial condition of Borrower (taken as a whole) as of the date hereof; (ix) the most recent Phase One environmental audit for the applicable Individual Property owned by such Borrower recommended no action; (x) such Borrower has no material contingent or actual obligations not related to its applicable Individual Property, (xi) such

Borrower has not owned any property other than its related Individual Property and (xii) at all times since its formation to the date hereof, such Borrower has complied with the separateness covenants set forth in its previous organizational documents and has been a single purpose entity.

ARTICLE 6

NO SALE OR ENCUMBRANCE

Section 6.1. Transfer Definitions. As used herein and in the other Loan Documents, "**Restricted Party**" shall mean Borrower, Guarantor, any SPE Component Entity, any Affiliated Manager, or any shareholder, partner, member or non-member manager, or any direct or indirect legal or beneficial owner of Borrower, Guarantor, any SPE Component Entity, any Affiliated Manager or any non-member manager; provided that an Excluded Entity (and any Person owning a direct or indirect interest in any Excluded Entity) shall not be a Restricted Party (subject to Section 6.3(a) below)); and a "**Sale or Pledge**" shall mean a voluntary or involuntary sale, conveyance, mortgage, grant, bargain, encumbrance, pledge, assignment, grant of any options with respect to, or any other transfer or disposition of (directly or indirectly, voluntarily or involuntarily, by operation of law or otherwise, and whether or not for consideration or of record) of a legal or beneficial interest.

Section 6.2. No Sale/Encumbrance.

(a) It shall be an Event of Default hereof if, without the prior written consent of Lender, a Sale or Pledge of the Property or any part thereof or any legal or beneficial interest therein (including, without limitation, the Loan and/or Loan Documents) occurs, a Sale or Pledge of an equity or beneficial interest in, or a legal ownership interest in, any Restricted Party occurs, the fee interest under the Ground Lease is acquired other than pursuant to a Fee Acquisition and/or, other than a Fee Acquisition, Borrower shall acquire any real property in addition to the real property owned by Borrower as of the Closing Date (each of the foregoing, collectively, a "**Prohibited Transfer**"), other than pursuant (i) a release of an Individual Property pursuant to the terms and conditions of Section 2.7(d) hereof, Section 2.8 and/or Section 2.9 hereof, (ii) a release of the Forsyth Partial Release Property in accordance with Section 2.10 hereof, (iii) the entrance by Borrower into any Lease, including any Leased Fee Lease, Triple Net Leased Fee Lease and any "new leases" provided for in any Leased Fee Lease, in each instance, pursuant to the terms and conditions of this Agreement and the Borrower Non-Owned Improvements Conveyance and (iv) as permitted pursuant to the express terms of this Article 6.

(b) A Prohibited Transfer shall include, but not be limited to, (i) an installment sales agreement wherein Borrower agrees to sell the Property or any part thereof for a price to be paid in installments; (ii) an agreement by Borrower leasing all or a substantial part of the Property for other than actual occupancy by a Tenant (other than pursuant to any Leased Fee Lease or a Triple Net Leased Fee Lease entered into in accordance with this Agreement which is in turn subleased to Subtenants) or a sale, assignment or other transfer of, or the grant of a security interest in, Borrower's right, title and interest in and to any (A) Leases or any Rents or (B) Property Documents; (iii) if a Restricted Party is a corporation, any merger, consolidation or Sale or Pledge of such corporation's stock or the creation or issuance of new stock in one or a series of transactions; (iv) if a Restricted Party is a limited or general partnership or joint venture, any merger or consolidation or the change, removal, resignation or addition of a general partner or the Sale or Pledge of the partnership interest of any general or limited partner or any profits or proceeds relating to such partnership interests or the creation or issuance of new limited partnership interests; (v) if a Restricted Party is a limited liability company, any merger or consolidation or the change, removal, resignation or addition of a managing member or non-member manager (or if no managing member, any member) or the Sale or Pledge of the membership interest of any member or any profits or proceeds relating to such membership interest; (vi) if a Restricted Party is a trust or nominee trust, any merger, consolidation or the

Sale or Pledge of the legal or beneficial interest in a Restricted Party or the creation or issuance of new legal or beneficial interests in a Restricted Party or the revocation, rescission or termination of a Restricted Party; (vii) the removal of Manager (including, without limitation, an Affiliated Manager) or the engagement of a New Manager, in each case, other than in accordance with Section 4.15; (viii) any action for partition of the Property (or any portion thereof or interest therein) or any similar action instituted or prosecuted by Borrower or by any other Person, pursuant to any contractual agreement or other instrument or under applicable law (including, without limitation, common law) and/or any other action instituted by (or at the behest of) Borrower or its Affiliates or consented to or acquiesced in by Borrower or its Affiliates which results in a Property Document Event and/or (ix) the incurrence of any property-assessed clean energy loans or similar indebtedness with respect to Borrower and/or any Individual Property, including, without limitation, if such loans or indebtedness are made or otherwise provided by any Governmental Authority and/or secured or repaid (directly or indirectly) by any taxes or similar assessments.

Section 6.3. Permitted Equity Transfers. Notwithstanding the restrictions contained in this Article 6, the following transfers shall be permitted without Lender's consent:

(a) any Sale or Pledge or issuance of capital stock or other legal or beneficial interest in an Excluded Entity shall be permitted, provided, however, that if a Sale or Pledge or issuance by an Excluded Entity of its capital stock or other legal or beneficial interests in such Excluded Entity (other than a Sale or Pledge or issuance of shares of capital stock or other legal or beneficial ownership interests in an Excluded Entity that is listed on the New York Stock Exchange or another nationally recognized stock exchange) shall result in any Person holding a 10% or greater direct or indirect interest in Borrower and/or any SPE Component Entity or Controlling Borrower and/or any SPE Component Entity who owned less than a 10% direct or indirect interest in Borrower and/or any SPE Component Entity and/or did not Control Borrower and/or any SPE Component Entity as of the Closing Date, then Lender's receipt of satisfactory "know your customer" compliance screening searches for such Person consisting of a search and evaluation of (i) OFAC sanctions and other government-required sanctions lists, (ii) negative news screening of such holders, if any, associated with material derogatory information that would reasonably be expected to result in anti-money laundering risk to Lender related to terrorist, financial crimes or other material felonies and (iii) such statutes and other information reasonably required by Lender to confirm that such Person is not an Embargoed Person shall be a condition precedent to such transfer;

(b) on or prior to June 30, 2018, (i) the Pre-IPO Merger and (ii) the consummation of the initial public offering of SFTY and the listing of SFTY as a publicly traded entity, provided that such shares of common stock in SFTY are listed on the New York Stock Exchange or another nationally recognized stock exchange (the "**Closing Date SFTY IPO**"), provided, that, the foregoing provisions of clauses (i) and (ii) above shall not be deemed to waive, qualify or otherwise limit Borrower's obligation to comply (or to cause the compliance with) the other covenants set forth herein and in the other Loan Documents (including, without limitation, the covenants contained herein relating to ERISA matters)); provided, further, that, with respect to the transfers listed in clauses (i) and (ii) above:

(A) Lender shall receive not less than five (5) days prior written notice of such transfers and no Event of Default shall have occurred and be continuing;

(B) after giving effect to such transfers set forth in the immediately preceding clause (b)(i) and if the Closing Date SFTY IPO has not occurred, (1) iStar and/or one or more Qualified Transferees, individually and/or jointly, shall Control SFTY, (2) iStar and/or one or more Qualified Transferees shall collectively own at least a 51% direct or indirect equity ownership interest in each of SFTY, each Borrower and each SPE Component Entity, (3) iStar shall own at least a 10% direct or indirect equity ownership interest in SFTY, each Borrower and each SPE Component Entity and (4) SFTY shall (I) own at least a 51% direct or indirect equity ownership interest in each of each Borrower and each SPE Component Entity; (II) Control each Borrower and each SPE Component Entity and (III) with respect to an Individual Property during a Leased Fee Lease Termination Period, control the day-to-day operation of the Property (provided, that, solely with respect to the Individual Property commonly known as the NASA/JPSS Headquarters, after giving effect to such transfer, iStar shall (I) own at least a 51% direct or indirect equity ownership interest in each of the related Borrower and any related SPE Component Entity; (II) Control the related Borrower and each SPE Component Entity and (III) if such Individual Property has been subject to a Leased Fee Lease Termination, control the day-to-day operation of the Property);

(C) after giving effect to such transfers set forth in the immediately preceding clause (b)(ii), SFTY shall (I) own at least a 51% direct or indirect equity ownership interest in each of each Borrower and each SPE Component Entity; (II) Control each Borrower and each SPE Component Entity and (III) with respect to an Individual Property that has been subject to a Leased Fee Lease Termination, control the day-to-day operation of the Property;

(D) in the case of the transfer of any direct equity ownership interests in Borrower or in any SPE Component Entity, Borrower and such SPE Component Entity shall continue to be a Single Purpose Entity after giving effect to such transfer;

(E) in the case of (1) if applicable, the transfer of the management of any Individual Property (or any portion thereof) to a new Affiliated Manager or the entrance into a management agreement with a new Affiliated Manager in accordance with the applicable terms and conditions hereof, (2) the addition and/or replacement of a Guarantor in accordance with the applicable terms and conditions hereof and of the Guaranty or (3) if after giving effect to such transfer more than forty-nine percent (49%) in the aggregate of the direct or indirect interests in Borrower or any SPE Component Entity are owned by any Person and/or its Affiliates that owned less than forty-nine percent (49%) of the direct or indirect interests in Borrower or any SPE Component Entity as of the Closing Date, then, with respect to each of the foregoing clauses (1), (2) and (3), Borrower shall deliver to Lender a New Non-Consolidation Opinion or an update to the original Non-Consolidation Opinion delivered in connection with the closing of the Loan reasonably acceptable to Lender and acceptable to the Rating Agencies addressing such transfer;

(F) such transfers described in this clause (b) shall be conditioned upon Borrower's ability to, after giving effect to the transfer in question (I) remake the representations contained herein relating to ERISA matters (and, upon Lender's request, Borrower shall deliver to Lender an Officer's Certificate containing such updated representations effective as of the date of the consummation of the applicable transfer) and (II) continue to comply with the covenants contained herein relating to ERISA matters;

(G) such transfers shall be permitted pursuant to the terms of the Property Documents and the Leases;

(H) to the extent that there has been a Portfolio Material Adverse Effect, Lender shall have received a Rating Agency Confirmation; and

(I) Borrower shall have paid to Lender, concurrently with the closing of such transfer (I) all out-of-pocket costs and expenses, including reasonable attorneys' fees, incurred by Lender in connection therewith and (II) all fees, costs and expenses of all third parties and the Rating Agencies incurred in connection therewith.

Following the completion of the Closing Date SFTY IPO, to the extent that SFTY shall become a Qualified Public Company and no Event of Default has occurred and is continuing, SFTY shall have the right to execute a recourse guaranty and an environmental indemnity in form and substance substantially identical to the Guaranty and Environmental Indemnity, including, without limitation, the net worth covenants thereunder (the "**Replacement Guaranteed Documents**"), and (II) Borrower shall furnish to Lender opinions of counsel reasonably satisfactory to Lender and its counsel (A) that SFTY's formation documents provide for execution of such recourse guaranty and environmental indemnity, (B) that such execution of such recourse guaranty and environmental indemnity has been duly authorized, executed and delivered, and that such recourse guaranty and environmental indemnity are valid, binding and enforceable against such SFTY in accordance with their terms, subject to customary qualifications, and (C) with respect to such other matters as Lender may reasonably request. Upon satisfaction of the requirements set forth in this paragraph, including, without limitation, the delivery of the Replacement Guaranteed Documents in accordance with the terms and conditions hereof, iStar shall be released from all liability under the Guaranty and the Environmental Indemnity accruing after the date of such Replacement Guaranteed Documents (other than liabilities thereunder caused by such iStar or its Affiliates).

Upon request from Lender, Borrower shall promptly provide Lender with (y) a revised version of the organizational chart delivered to Lender in connection with the Loan reflecting any transfer consummated in accordance with this Section 6.3(b) and (z) to the extent such transfer shall result in any Person holding a 10% or greater direct or indirect interest in Borrower and/or any SPE Component Entity or Controlling Borrower and/or any SPE Component Entity who owned less than a 10% direct or indirect interest in Borrower and/or any SPE Component Entity and/or did not Control Borrower and/or any SPE Component Entity as of the Closing Date, satisfactory "know your customer" compliance screening searches for such Person consisting of a search and evaluation of

(i) OFAC sanctions and other government-required sanctions lists, (ii) negative news screening of such holders, if any, associated with material derogatory information that could reasonably result in anti-money laundering risk to Lender related to terrorist, financial crimes or other material felonies and (iii) such statutes and other information reasonably required by Lender to confirm that such Person is not an Embargoed Person (provided, that, notwithstanding the foregoing provisions of this Section, satisfaction of this subsection (z) shall, at Lender's option, be a condition precedent to any such transfer);

(c) a Public Sale (provided, that, the foregoing Public Sale shall not be deemed to waive, qualify or otherwise limit Borrower's obligation to comply (or to cause the compliance) with the other covenants set forth herein and in the other Loan Documents (including, without limitation, the covenants contained herein relating to ERISA matters)); provided, further, that, with respect to such Public Sale:

(A) Lender shall receive not less than thirty (30) days prior written notice of such Public Sale;

(B) in the case of the transfer of any direct equity ownership interests in Borrower or in any SPE Component Entity, Borrower and such SPE Component Entity shall continue to be a Single Purpose Entity after giving effect to such transfer;

(C) in the case of (1) if applicable, the transfer of the management of any Individual Property (or any portion thereof) to a new Affiliated Manager or the entrance into a management agreement with a new Affiliated Manager in accordance with the applicable terms and conditions hereof, (2) the addition and/or replacement of a Guarantor in accordance with the applicable terms and conditions hereof and of the Guaranty or (3) if after giving effect to such transfer more than forty-nine percent (49%) in the aggregate of the direct or indirect interests in Borrower or any SPE Component Entity are owned by any Person and/or its Affiliates that owned less than forty-nine percent (49%) of the direct or indirect interests in Borrower or any SPE Component Entity as of the Closing Date, then, with respect to each of the foregoing clauses (1), (2) and (3), Borrower shall deliver to Lender a New Non-Consolidation Opinion or an update to the original Non-Consolidation Opinion delivered in connection with the closing of the Loan reasonably acceptable to Lender and acceptable to the Rating Agencies addressing such transfer;

(D) such transfer described in clause (b) shall be conditioned upon Borrower's ability to, after giving effect to the transfer in question (I) remake the representations contained herein relating to ERISA matters (and, upon Lender's request, Borrower shall deliver to Lender an Officer's Certificate containing such updated representations effective as of the date of the consummation of the applicable transfer) and (II) continue to comply with the covenants contained herein relating to ERISA matters;

(E) such transfer shall be permitted pursuant to the terms of the Property Documents and the Leases;

(F) Lender shall have received a Rating Agency Confirmation,

(G) after giving effect to such transfers, SFTY or a Qualified Public Company shall (I) own at least a 51% direct or indirect equity ownership interest in each of each Borrower and each SPE Component Entity; (II) Control each Borrower and each SPE Component Entity and (III) with respect to an Individual Property that has been subject to a Leased Fee Lease Termination, control the day-to-day operation of the Property,

(H) no Event of Default has occurred and is continuing and the Anticipated Repayment Date shall not have occurred;

(I) unless the Replacement Guaranteed Documents are being delivered to Lender simultaneously with such transfer pursuant to this clause (b), no such transfers shall result in a change in Control of Guarantor; and

(J) Borrower shall have paid to Lender, concurrently with the closing of such transfer (I) all out-of-pocket costs and expenses, including reasonable attorneys' fees, incurred by Lender in connection therewith and (II) all fees, costs and expenses of all third parties and the Rating Agencies incurred in connection therewith.

Following the completion of the Public Sale, to the extent that SFTY shall become a Qualified Public Company and provided that no Event of Default has occurred and is continuing, SFTY shall have the right to execute and deliver to Lender the Replacement Guaranteed Documents, and (II) Borrower shall furnish to Lender opinions of counsel reasonably satisfactory to Lender and its counsel (A) that SFTY's formation documents provide for execution of such recourse guaranty and environmental indemnity, (B) that such execution of such recourse guaranty and environmental indemnity has been duly authorized, executed and delivered, and that such recourse guaranty and environmental indemnity are valid, binding and enforceable against such SFTY in accordance with their terms, subject to customary qualifications, and (C) with respect to such other matters as Lender may reasonably request. Upon satisfaction of the requirements set forth in this paragraph, including, without limitation, the delivery of the Replacement Guaranteed Documents in accordance with the terms and conditions hereof, iStar shall be released from all liability under the Guaranty and the Environmental Indemnity accruing after the date of such Replacement Guaranteed Documents (other than liabilities thereunder caused by such iStar or its Affiliates).

Upon request from Lender, Borrower shall promptly provide Lender with (y) a revised version of the organizational chart delivered to Lender in connection with the Loan reflecting any transfer consummated in accordance with this Section 6.3(c) and (z) to the extent such transfer shall result in any Person holding a 10% or greater direct or indirect interest in Borrower and/or any SPE Component Entity or Controlling Borrower and/or any SPE Component Entity who owned less than a 10% direct or indirect interest in Borrower and/or any SPE Component Entity and/or did not Control Borrower and/or any SPE Component Entity as of the Closing Date, satisfactory "know your customer" compliance screening searches for such Person consisting of a search and evaluation of (i) OFAC sanctions and other government-required sanctions lists, (ii) negative news

screening of such holders, if any, associated with material derogatory information that could reasonably result in anti-money laundering risk to Lender related to terrorist, financial crimes or other material felonies and (iii) such statutes and other information reasonably required by Lender to

confirm that such Person is not an Embargoed Person (provided, that, notwithstanding the foregoing provisions of this Section, satisfaction of this subsection (z) shall, at Lender's option, be a condition precedent to any such transfer);

(d)(i) a transfer (but not a pledge) by devise or descent or by operation of law upon the death of a Restricted Party or any member, partner or shareholder of a Restricted Party, (ii) the transfer (but not the pledge), in one or a series of transactions, of the stock, partnership interests or membership interests (as the case may be) in a Restricted Party, (iii) the Sale or Pledge or issuance of shares of capital stock or other legal or beneficial interests in any Restricted Party that is a publicly traded entity, provided such shares of capital stock or other legal or beneficial interests are listed on the New York Stock Exchange or another nationally recognized stock exchange, and (iv) the pledge to a Qualified Lender of the right of SFTY or any direct or indirect legal or beneficial owner of SFTY to receive distributions, and the granting of a security interest to such Qualified Lender in such distributions, in an amount such that Guarantor shall continue to comply with the net worth requirements provided in the Guaranty (provided, that, such pledge to a Qualified Lender shall not include the transfer or pledge of any direct and/or indirect stock, partnership, membership and/or other equity interests in any Restricted Party) and provided, further, that, the foregoing provisions of clauses (i), (ii), (iii) and (iv) above shall not be deemed to waive, qualify or otherwise limit Borrower's obligation to comply (or to cause the compliance with) the other covenants set forth herein and in the other Loan Documents (including, without limitation, the covenants contained herein relating to ERISA matters)); provided, further, that, with respect to the transfers listed in clauses (i), (ii) and/or (iv) above:

(A) Lender shall receive not less than thirty (30) days prior written notice of (y) such transfers and (z) with respect to the pledge set forth in clause (iv) above, the exercise of any rights or remedies by such Qualified Lender with respect to such pledge (provided, that, for purposes of clarification, with respect to the transfers contemplated in subsection (i) above, the aforesaid notice shall only be deemed to be required thirty (30) days prior to the consummation of the applicable transfers made as a result of probate or similar process following such death (as opposed to prior notice of the applicable death));

(B) to the extent that SFTY is the Guarantor, no such transfers shall result in a change in Control of Guarantor;

(C) after giving effect to such transfers and provided that the SFTY IPO has not occurred, (1) iStar and/or one or more Qualified Transferees, individually and/or jointly, shall Control SFTY, (2) iStar and/or one or more Qualified Transferees shall collectively own at least a 51% direct or indirect equity ownership interest in each of SFTY, each Borrower and each SPE Component Entity, (3) iStar shall own at least a 10% direct or indirect equity ownership interest in SFTY, each Borrower and each SPE Component Entity and (4) SFTY shall (I) own at least a 51% direct or indirect equity

ownership interest in each of each Borrower and each SPE Component Entity; (II) Control each Borrower and each SPE Component Entity and (III) with respect to an Individual Property that has been subject to a Leased Fee Lease Termination, control the day-to-day operation of the Property (provided, that, solely with respect to the Individual Property commonly known as the NASA/JPSS Headquarters, after giving effect to such transfer, iStar shall (I) own at least a 51% direct or indirect equity ownership interest in each of the related Borrower and any related SPE Component Entity; (II) Control the related Borrower and each SPE Component Entity and (III) if such Individual Property has been subject to a Leased Fee Lease Termination, control the day-to-day operation of the Property);

(D) after giving effect to such transfers and provided that the SFTY IPO has occurred, SFTY shall (I) own at least a 51% direct or indirect equity ownership interest in each of each Borrower and each SPE Component Entity; (II) Control each Borrower and each SPE Component Entity and (III) with respect to an Individual Property that has been subject to a Leased Fee Lease Termination, control the day-to-day operation of the Property;

(E) in the case of the transfer of any direct equity ownership interests in Borrower or in any SPE Component Entity, Borrower and such SPE Component Entity shall continue to be a Single Purpose Entity after giving effect to such transfer;

(F) in the case of (1) if applicable, the transfer of the management of any Individual Property (or any portion thereof) to a new Affiliated Manager or the entrance into a management agreement with a new Affiliated Manager in accordance with the applicable terms and conditions hereof, (2) the addition and/or replacement of a Guarantor in accordance with the applicable terms and conditions hereof and of the Guaranty or (3) if after giving effect to such transfer more than forty-nine percent (49%) in the aggregate of the direct or indirect interests in Borrower or any SPE Component Entity are owned by any Person and/or its Affiliates that owned less than forty-nine percent (49%) of the direct or indirect interests in Borrower or any SPE Component Entity as of the Closing Date, then, with respect to each of the foregoing clauses (1), (2) and (3), Borrower shall deliver to Lender a New Non-Consolidation Opinion or an update to the original Non-Consolidation Opinion delivered in connection with the closing of the Loan reasonably acceptable to Lender and acceptable to the Rating Agencies addressing such transfer;

(G) such transfers described in this clause (d) shall be conditioned upon Borrower's ability to, after giving effect to the transfer in question (I) remake the representations contained herein relating to ERISA matters (and, upon Lender's request, Borrower shall deliver to Lender an Officer's Certificate containing such updated representations effective as of the date of the consummation of the applicable transfer) and (II) continue to comply with the covenants contained herein relating to ERISA matters;

(H) such transfers shall be permitted pursuant to the terms of the Property Documents and the Leases;

(I) with respect to a pledge to a Qualified Lender and any exercise of remedies by such Qualified Lender with respect to the transfer set forth in clause (iv), Lender shall have received a Rating Agency Confirmation; and

(J) Borrower shall have paid to Lender, concurrently with the closing of such transfer (I) all out-of-pocket costs and expenses, including reasonable attorneys' fees, incurred by Lender in connection therewith and (II) all fees, costs and expenses of all third parties and the Rating Agencies incurred in connection therewith.

Upon request from Lender, Borrower shall promptly provide Lender with (y) a revised version of the organizational chart delivered to Lender in connection with the Loan reflecting any transfer consummated in accordance with this Section 6.3(d) and (z) to the extent such transfer shall result in any Person holding a 10% or greater direct or indirect interest in Borrower and/or any SPE Component Entity or Controlling Borrower and/or any SPE Component Entity who owned less than a 10% direct or indirect interest in Borrower and/or any SPE Component Entity and/or did not Control Borrower and/or any SPE Component Entity as of the Closing Date, satisfactory "know your customer" compliance screening searches for such Person consisting of a search and evaluation of (i) OFAC sanctions and other government-required sanctions lists, (ii) negative news screening of such holders, if any, associated with material derogatory information that could reasonably result in anti-money laundering risk to Lender related to terrorist, financial crimes or other material felonies and (iii) such statutes and other information reasonably required by Lender to confirm that such Person is not an Embargoed Person (provided, that, notwithstanding the foregoing provisions of this Section, satisfaction of this subsection (z) shall, at Lender's option, be a condition precedent to any such transfer); and

(e) a Private Company Transaction (provided, that, the foregoing Private Company Transaction shall not be deemed to waive, qualify or otherwise limit Borrower's obligation to comply (or to cause the compliance with) the other covenants set forth herein and in the other Loan Documents (including, without limitation, the covenants contained herein relating to ERISA matters)); provided, further, that, with respect to such Private Company Transaction:

(A) Lender shall receive not less than thirty (30) days prior written notice of such Private Company Transaction;

(B) in the case of the transfer of any direct equity ownership interests in Borrower or in any SPE Component Entity, Borrower and such SPE Component Entity shall continue to be a Single Purpose Entity after giving effect to such transfer;

(C) in the case of (1) if applicable, the transfer of the management of any Individual Property (or any portion thereof) to a new Affiliated Manager or the entrance into a management agreement with a new Affiliated Manager in accordance with the applicable terms and conditions hereof, (2) the addition and/or replacement of a Guarantor in accordance with the applicable terms and conditions hereof and of the Guaranty or (3) if after giving effect to such transfer more than forty-nine percent (49%)

in the aggregate of the direct or indirect interests in Borrower or any SPE Component Entity are owned by any Person and/or its Affiliates that owned less than forty-nine percent (49%) of the direct or indirect interests in Borrower or any SPE Component Entity as of the Closing Date, then, with respect to each of the foregoing clauses (1), (2) and (3), Borrower shall deliver to Lender a New Non-Consolidation Opinion or an update to the original Non-Consolidation Opinion delivered in connection with the closing of the Loan reasonably acceptable to Lender and acceptable to the Rating Agencies addressing such transfer;

(D) such transfer described in this clause (e) shall be conditioned upon Borrower's ability to, after giving effect to the transfer in question (I) remake the representations contained herein relating to ERISA matters (and, upon Lender's request, Borrower shall deliver to Lender an Officer's Certificate containing such updated representations effective as of the date of the consummation of the applicable transfer) and (II) continue to comply with the covenants contained herein relating to ERISA matters;

(E) such transfer shall be permitted pursuant to the terms of the Property Documents and the Leases;

(F) Lender shall have received a Rating Agency Confirmation,

(G) (I) a Qualified Transferee shall have executed and delivered to Lender the Replacement Guaranteed Documents, and (II) Borrower shall furnish to Lender opinions of counsel reasonably satisfactory to Lender and its counsel (A) that such Qualified Transferee's formation documents provide for execution of such recourse guaranty and environmental indemnity, (B) that such execution of such recourse guaranty and environmental indemnity has been duly authorized, executed and delivered, and that such recourse guaranty and environmental indemnity are valid, binding and enforceable against such Qualified Transferee in accordance with their terms, subject to customary qualifications, and (C) with respect to such other matters as Lender may reasonably request;

(H) such Qualified Transferee shall (I) own at least a 51% direct or indirect equity ownership interest in each of each Borrower and each SPE Component Entity; (II) Control each Borrower and each SPE Component Entity and (III) with respect to an Individual Property that has been subject to a Leased Fee Lease Termination, control the day-to-day operation of the Property,

(I) no Event of Default has occurred and is continuing and the Anticipated Repayment Date shall not have occurred; and

(J) Borrower shall have paid to Lender, concurrently with the closing of such transfer (I) all out-of-pocket costs and expenses, including reasonable attorneys' fees, incurred by Lender in connection therewith and (II) all fees, costs and expenses of all third parties and the Rating Agencies incurred in connection therewith.

Upon request from Lender, Borrower shall promptly provide Lender with (y) a revised version of the organizational chart delivered to Lender in connection with the Loan reflecting any transfer consummated in accordance with this Section 6.3(e) and (z) to the extent such transfer shall result in any Person holding a 10% or greater direct or indirect interest in Borrower and/or any SPE Component Entity or Controlling Borrower and/or any SPE Component Entity who owned less than a 10% direct or indirect interest in Borrower and/or any SPE Component Entity and/or did not Control Borrower and/or any SPE Component Entity as of the Closing Date, satisfactory "know your customer" compliance screening searches for such Person consisting of a search and evaluation of (i) OFAC sanctions and other government-required sanctions lists, (ii) negative news screening of such holders, if any, associated with material derogatory information that could reasonably result in anti-money laundering risk to Lender related to terrorist, financial crimes or other material felonies and (iii) such statutes and other information reasonably required by Lender to confirm that such Person is not an Embargoed Person (provided, that, notwithstanding the foregoing provisions of this Section, satisfaction of this subsection (z) shall, at Lender's option, be a condition precedent to any such transfer). Upon satisfaction of the requirements set forth in this Section 6.3(f), including,

without limitation, the delivery of the Replacement Guaranteed Documents in accordance with the terms and conditions hereof, Guarantor shall be released from all liability under the Guaranty and the Environmental Indemnity accruing after the date of such Replacement Guaranteed Documents (other than liabilities thereunder caused by such Guarantor).

Section 6.4. Permitted Property Transfer (Assumption).

(a) Total Assumption. Notwithstanding the foregoing provisions of this Article 6, at any time other than the sixty (60) days prior to and following any Secondary Market Transaction, Lender shall not unreasonably withhold consent to a one-time transfer of the Property in its entirety to (or one hundred percent (100%) of the direct or indirect legal or beneficial interests therein or in each Borrower and each SPE Component Entity), and the related assumption of the Loan by, any Person (a "**Transferee**") provided that each of the following terms and conditions are satisfied:

(i) no Event of Default has occurred and is continuing and the Anticipated Repayment Date shall not have occurred;

(ii) Borrower shall have (A) delivered written notice to Lender of the terms of such prospective transfer not less than sixty (60) days before the date on which such transfer is scheduled to close and, concurrently therewith, all such information concerning the proposed Transferee as Lender shall reasonably require and (B) paid to Lender a non-refundable processing fee in the amount of $25,000. Unless a Qualified Transferee owns more than fifty-one percent of the direct or indirect equity ownership in such Transferee and Controls Transferee and will control the day-to-day operations of the Properties, Lender shall have the right to approve or disapprove the proposed transfer based on its then current underwriting and credit requirements for similar loans secured by similar properties which loans are sold in the secondary market, such approval not to be unreasonably withheld, conditioned or delayed. Unless a Qualified Transferee owns

more than fifty-one percent (51%) of the direct or indirect equity ownership interest in such Transferee and Controls Transferee and will control the day-to-day operations of the Properties, in determining whether to give or withhold its approval of the proposed transfer, Lender shall consider the experience and track record of Transferee and its principals in owning and operating facilities similar to the Properties, the financial strength of Transferee and its principals, the general business standing of Transferee and its principals and Transferee's and its principals' relationships and experience with contractors, vendors, tenants, lenders and other business entities; provided, however, that, notwithstanding Lender's agreement to consider the foregoing factors in determining whether to give or withhold such approval, such approval shall be given or withheld based on what Lender determines to be commercially reasonable and, if given, may be given subject to such conditions as Lender may deem reasonably appropriate;

(iii) Borrower shall have paid to Lender, concurrently with the closing of such prospective transfer, (A) a non-refundable assumption fee in an amount equal to $250,000, (B) all out-of-pocket costs and expenses, including reasonable attorneys' fees, incurred by Lender in connection therewith and (C) all fees, costs and expenses of all third parties and the Rating Agencies incurred in connection therewith;

(iv) Transferee assumes (or, in the case of a sale of all of the ownership interests in Borrower, ratifies) and agrees to pay the Debt as and when due subject to the provisions of Article 13 hereof and, prior to or concurrently with the closing of such transfer, Transferee and its constituent partners, members, shareholders, Affiliates or sponsors as Lender may require, shall execute, without any cost or expense to Lender, such documents and agreements as Lender shall reasonably require to evidence and effectuate said assumption and a Qualified Transferee shall execute a recourse guaranty and an environmental indemnity in form and substance identical to the Guaranty and Environmental Indemnity, including, without limitation, the net worth covenants thereunder. In connection with such transfer, Lender shall release the existing Borrower (to the extent such Transferee is assuming all of the obligations of Borrower under the Loan Documents) and any Guarantor which is being replaced pursuant to this Section 6.3 from the obligations under the Loan Documents and the Guaranty, as applicable, arising from and after the consummation of the transfer pursuant to this Section 6.3, other than obligations which expressly survive and other than liabilities caused by Borrower, Guarantor and/or their respective Affiliates;

(v) Borrower and Transferee, without any cost to Lender, shall furnish any information reasonably requested by Lender for the preparation of, and shall authorize Lender to file, new financing statements and financing statement amendments and other documents to the fullest extent permitted by applicable Legal Requirements, and shall execute any additional documents reasonably requested by Lender;

(vi) Borrower shall have delivered to Lender, without any cost or expense to Lender, such endorsements to Lender's Title Insurance Policy insuring that fee simple or leasehold title to the Property, as applicable, is vested in Transferee (subject to Permitted Encumbrances), hazard insurance endorsements or certificates and other similar materials

as Lender may deem necessary at the time of the transfer, all in form and substance satisfactory to Lender;

(vii) Transferee shall have furnished to Lender all appropriate papers evidencing Transferee's and Qualified Transferee's organization and good standing, and the qualification of the signers to execute the assumption of the Debt, which papers shall include certified copies of all documents relating to the organization and formation of Transferee, Qualified Transferee and of the entities, if any, which are partners or members of Transferee. Transferee and such constituent partners, members or shareholders of Transferee (as the case may be), as Lender shall require, shall comply with the covenants set forth in Article 5 hereof;

(viii) if Management Agreement is in effect as of the closing of such transfer pursuant to this Section 6.4, Transferee shall assume the obligations of Borrower under any Management Agreement or provide a new management agreement with a new manager which meets with the requirements of Section 4.15 hereof and assign to Lender as additional security such new management agreement;

(ix) Transferee shall furnish to Lender a REMIC Opinion, a New Non-Consolidation Opinion and an additional opinion of counsel reasonably satisfactory to Lender and its counsel (A) that Transferee's formation documents provide for the matters described in subparagraph (g) above, (B) that the assumption of the Debt has been duly authorized, executed and delivered, and that the assumption agreement and the other

Loan Documents are valid, binding and enforceable against Transferee in accordance with their terms, subject to customary qualifications, (C) that Transferee and any entity which is a controlling stockholder, member or general partner of Transferee, have been duly organized, and are in existence and good standing and (D) with respect to such other matters as Lender may reasonably request;

(x) if required by Lender, Lender shall have received (A) a Rating Agency Confirmation with respect to such transfer and (B) evidence that the proposed transfer will not result in a Property Document Event or violate any Lease;

(xi) Lender shall have received customary "know your client" searches (in form, scope and substance and from a provider, in each case, reasonably acceptable to Lender) with respect to Person holdings a 10% or greater direct or indirect interest in Transferee, Qualified Transferee, Borrower and/or any SPE Component Entity and

(xii) Borrower's obligations under the contract of sale pursuant to which the transfer is proposed to occur shall expressly be subject to the satisfaction of the terms and conditions of this Section 6.4.

Section 6.5. Intentionally Omitted.

Section 6.6. Lender's Rights. Lender reserves the right to condition the consent to a Prohibited Transfer requested hereunder upon (a) a modification of the terms hereof and on assumption of this Agreement and the other Loan Documents as so modified by the proposed Prohibited Transfer, (b) payment of a transfer fee of 1% of outstanding principal balance of the

Loan and all of Lender's expenses incurred in connection with such Prohibited Transfer, (c) receipt of a Rating Agency Confirmation with respect to the Prohibited Transfer, (d) the proposed transferee's continued compliance with the covenants set forth in this Agreement, including, without limitation, the covenants in Article 5, (e) receipt of a New Non-Consolidation Opinion with respect to the Prohibited Transfer and/or (f) such other conditions and/or legal opinions as Lender shall determine in its sole discretion to be in the interest of Lender. All expenses incurred by Lender shall be payable by Borrower whether or not Lender consents to the Prohibited Transfer. Lender shall not be required to demonstrate any actual impairment of its security or any increased risk of default hereunder in order to declare the Debt immediately due and payable upon a Prohibited Transfer without Lender's consent. This provision shall apply to every Prohibited Transfer, whether or not Lender has consented to any previous Prohibited Transfer.

Section 6.7. Economic Sanctions, Anti-Money Laundering and Transfers. Borrower shall (and shall cause its Constituent Owners and Affiliates to) (a) at all times comply with the representations and covenants contained in Sections 3.29 and 3.30 such that the same remain true, correct and not violated or breached and (b) not permit a Prohibited Transfer to occur and shall cause the ownership requirements specified in this Article 6 (including, without limitation, those stipulated in Section 6.3 and 6.4 hereof) to be complied with at all times. Borrower hereby represents that, other than in connection with the Loan, the Loan Documents and any Permitted Encumbrances, as of the date hereof, there exists no Sale or Pledge of (i) the Property or any part thereof or any legal or beneficial interest therein or (ii) any interest in any Restricted Party. For purposes of clarification, references hereunder and/or under the other Loan Documents to "equity ownership interest" or words of similar import shall be deemed to refer to the legal and/or beneficial interests in a Person (as applicable); provided, that, when hereunder or under the other Loan Documents a specified percentage of the aforesaid "equity ownership interest" (or words of similar import) in a Person is required to be held, the same shall be deemed to refer to both the legal and beneficial interest in such Person. Notwithstanding anything to the contrary contained herein or in any other Loan Document (including, without limitation Sections 6.3 and 6.4 hereof), in no event shall Borrower or any SPE Component Entity be (I) a Prohibited Entity, (II) Controlled (directly or indirectly) by any Prohibited Entity or (II) more than 49% owned (directly or indirectly) by any Prohibited Entities (whether individually or in the aggregate), unless, in the case of each of the foregoing, Lender's prior written consent is first obtained (which such consent shall be given or withheld in Lender's sole discretion and may be conditioned on, among other things, Lender's receipt of a Rating Agency Confirmation).

ARTICLE 7

INSURANCE; CASUALTY; CONDEMNATION; RESTORATION

Section 7.1. Insurance.

(a) Each Borrower shall, subject to Section 7.1(l), obtain and maintain or cause to be maintained insurance for each Borrower's interests in each Individual Property providing at least the following coverages:

(i) insurance with respect to the Improvements and the Personal Property insuring against any peril now or hereafter included within the classification "All Risk" or "Special Perils" (including, without limitation, fire, lightning, windstorm, hail, explosion, riot, riot attending a strike, civil commotion, vandalism, aircraft, vehicles, smoke and "Acts of Terrorism" (hereinafter defined in Section 7.1(b)), in each case (A) in an amount equal to 100% of the "Full Replacement Cost," which for purposes of this Agreement shall mean actual replacement value exclusive of costs of excavations, foundations, underground utilities and footings, with a waiver of depreciation, subject to a loss limit of $150,000,000 per occurrence; (B) in an amount sufficient so that no co-insurance penalties shall apply; (C) providing for no deductible in excess of $50,000 except (I) with respect to windstorm/named storms and high hazard earthquake, which such insurance shall provide for no deductible in relation to such coverage in excess of 5% of the total insurable value of the Property, (II) with respect to flood, $100,000 or $500,000 in high hazard flood zones as designated by FEMA; and (III) as otherwise expressly and specifically permitted herein; (D) at all times insuring against at least those hazards that are commonly insured against under a "special causes of loss" form of policy, as the same shall exist on the date hereof, and together with any increase in the scope of coverage provided under such form after the date hereof; and (E) providing coverage for contingent liability from Operation of Building Laws, Demolition Costs and Increased Cost of Construction Endorsements together with an "Ordinance or Law Coverage" endorsement. The Full Replacement Cost shall be re-determined from time to time (but not more frequently than once in any twelve (12) calendar months) at the request of Lender by an appraiser or contractor designated and paid by Borrower and approved by Lender, or by an engineer or appraiser in the regular employ of the insurer. After the first appraisal, additional appraisals may be based on construction cost indices customarily employed in the trade. No omission on the part of Lender to request any such ascertainment shall relieve Borrower of any of its obligations under this Subsection;

(ii) commercial general liability insurance against all claims for personal injury, bodily injury, death or property damage occurring upon, in or about the applicable Individual Property, including "Dram Shop" or other liquor liability coverage if alcoholic beverages are sold, manufactured or distributed from the applicable Individual Property, such insurance (A) to be on the so-called "occurrence" form with a general aggregate limit of not less than $2,000,000 and a per occurrence limit of not less than $1,000,000 (which may be satisfied through a combination of primary and umbrella/excess limits), with self-insured retentions as approved by Lender but in no event greater than that which is customarily approved by institutional lenders originating comparable mortgage loans for similarly situated properties (provided that, with the respect to coverage provided under the master liability program maintained by Hilton Worldwide Holdings Inc. with respect to that certain Individual Properties known as Doubletree Durango, Doubletree Mission Valley, Hilton Salt Lake, Doubletree Seattle Airport and Doubletree Sonoma, a self-insured retention of $500,000 shall be permitted); (B) to continue at not less than the aforesaid limit until required to be changed by Lender in writing by reason of changed economic conditions making such protection inadequate; and (C) to cover at least the following hazards: (1) premises and operations; (2) products and completed operations on an "if any" basis; (3) independent contractors; (4) contractual liability for all insured

contracts; (5) contractual liability covering the indemnities contained in Article 13 hereof to the extent the same is available; and (6) Acts of Terrorism;

(iii) loss, by Borrower, of rents and/or business interruption insurance (A) with loss payable to Lender; (B) covering all risks required to be covered by the insurance provided for in Subsection 7.1(a)(i), (iv) and (vi) through (viii); (C) in an amount equal to 100% of the projected gross income from the applicable Individual Property (on an actual loss sustained basis) for a period of eighteen (18) months; the amount of such business interruption/loss of rents insurance shall be determined prior to the Closing Date and at least once each year thereafter based on Lender's reasonable determination of the projected annual gross income from the applicable Individual Property; and (D) containing a six (6) month extended period of indemnity endorsement. Notwithstanding anything to the contrary contained herein or in any other Loan Documents, to the extent that insurance proceeds are payable to Lender pursuant to this Subsection (the "**Rent Loss Proceeds**") and Borrower is entitled to disbursement of Net Proceeds for Restoration in accordance with the terms hereof, (1) a Trigger Period shall be deemed to exist and (2) such Rent Loss Proceeds shall be deposited by Lender in the Cash Management Account and disbursed as provided in Article 9 hereof; provided, however, that (I) nothing herein contained shall be deemed to relieve Borrower of its obligations to pay the obligations secured hereunder on the respective dates of payment provided for in the Note except to the extent such amounts are actually paid out of the Rent Loss Proceeds and (II) in the event the Rent Loss Proceeds are paid in a lump sum in advance and Borrower is entitled to disbursement of such Rent Loss Proceeds in accordance with the terms hereof, Lender or Servicer shall hold such Rent Loss Proceeds in a segregated interest-bearing Eligible Account (which shall deemed to be included within the definition of the "Accounts" hereunder) and Lender or Servicer shall estimate the number of months required for Borrower to restore the damage caused by the applicable Casualty, shall divide the applicable aggregate Rent Loss Proceeds by such number of months and shall disburse such monthly installment of Rent Loss Proceeds from such Eligible Account into the Cash Management Account each month during the performance of such Restoration;

(iv) at all times during which structural construction, repairs or alterations are being made with respect to the Improvements and only if the existing property and/or liability coverage forms do not otherwise apply, (A) commercial general liability and umbrella liability insurance covering claims related to the construction, repairs or alterations being made which are not covered by or under the terms or provisions of the commercial general liability and umbrella liability insurance policies required herein the Section 7.1; and (B) the insurance provided for in Subsection 7.1(a)(i) written in a so-called builder's risk completed value form (1) on a non-reporting basis, (2) against all risks insured against pursuant to Subsection 7.1(a)(i), (3) including permission to occupy the applicable Individual Property, and (4) with an agreed amount endorsement waiving co-insurance provisions;

(v) to the extent that Borrower has employees, workers' compensation, subject to the statutory limits of the state in which the applicable Individual Property is located, and employer's liability insurance with a limit of at least $1,000,000 per accident

and per disease per employee, and $1,000,000 for disease aggregate in respect of any work or operations on or about the applicable Individual Property, or in connection with the applicable Individual Property or its operation (if applicable);

(vi) comprehensive boiler and machinery insurance and equipment breakdown coverage, in each case, covering all mechanical and electrical equipment and pressure vessels and boilers in an amount not less than their replacement cost or in such other amount as shall be reasonably required by Lender;

(vii) if any portion of the Improvements is at any time located in an area identified by (A) the Federal Emergency Management Agency in the Federal Register as an area having special flood hazards and/or (B) the Secretary of Housing and Urban Development or any successor thereto as an area having special flood hazards pursuant to the National Flood Insurance Act of 1968, the Flood Disaster Protection Act of 1973 or the National Flood Insurance Reform Act of 1994, as each may be amended, or any successor law (the "**Flood Insurance Acts**"), flood hazard insurance in an amount equal to the maximum limit of coverage available for the applicable Individual Property under the Flood Insurance Acts, subject to deductibles as permitted under the Flood Insurance Acts (plus such higher amount or other related and/or excess coverage as Lender may, in each case, require in its sole discretion and with deductibles acceptable to Lender);

(viii) earthquake, sinkhole and mine subsidence insurance, if required, in amounts equal to one and one-half times (1.5x) the probable maximum loss of the applicable Individual Property as determined by Lender in its sole discretion and in form and substance satisfactory to Lender, provided that the insurance pursuant to this Subsection (viii) shall be on terms consistent with the all risk insurance policy required under Section 7.1(a)(i);

(ix) umbrella liability insurance in an amount not less than $50,000,000 per occurrence on terms consistent with the commercial general liability insurance policy required under subsection (ii) above;

(x) Intentionally Omitted;

(xi) motor vehicle liability coverage for all owned and non-owned vehicles, including rented and leased vehicles containing minimum limits per occurrence, including umbrella coverage, of One Million and No/100 Dollars ($1,000,000); and

(xii) such other insurance and in such amounts (A) as may be required pursuant to the terms of the Property Documents and (B) Lender from time to time may reasonably request against such other insurable hazards which at the time are commonly insured against for property similar to the applicable Individual Property located in or around the region in which the applicable Individual Property is located.

(b) All insurance provided for in Subsection 7.1(a) hereof shall, subject to Section 7.1(l), be obtained under valid and enforceable policies (the "**Policies**" or in the singular, the "**Policy**"), in such forms and, from time to time after the date hereof, in such amounts as may be satisfactory to Lender, issued by financially sound and responsible insurance companies

authorized to do business in the state in which the applicable Individual Property is located and approved by Lender. The insurance companies must have a general policy rating of A or better and a financial class of IX or better by A.M. Best Company, Inc., and a claims paying ability/financial strength rating of "A" or better by S&P and "A2" or better by Moody's, if they rate the insurance company and are rating the Securities (each such insurer shall be referred to below as a "**Qualified Insurer**"). Not less than fifteen (15) days prior to the expiration dates of the Policies theretofore furnished to Lender pursuant to Subsection 7.1(a), Borrower shall deliver certificates of insurance evidencing the Policies providing coverages required to be provided by, or on behalf of, Borrower pursuant to this Agreement and evidence satisfactory to Lender of payment of the premiums due thereunder (the "**Insurance Premiums**"). Borrower shall deliver complete copies of such required Policies upon request by Lender. For so long as the Terrorism Risk Insurance Act of 2015 (as the same may be further modified, amended, or extended, "**TRIPRA**") (a) remains in full force and effect and (b) continues to cover both foreign and domestic acts of terror, the provisions of TRIPRA shall determine what is deemed to be included within the definition of "**Acts of Terrorism**."

(c) Borrower shall not obtain (or permit to be obtained) separate insurance for each Borrower's interests in each Individual Property which is concurrent in form or contributing in the event of loss with that required in Subsection 7.1(a) or with any coverage that may be provided by a Tenant pursuant to the Leased Fee Lease except that contingent property insurance that is excess difference in conditions and difference in limit will not be considered concurrent. Borrower may obtain (or permit to be obtained) coverage for each Borrower's interests in each Individual Property under a blanket Policy for so long as such Policy provides the same protection as would a separate Policy insuring only such Individual Property in compliance with the provisions of Section 7.1(a) and such Policy includes such changes to the coverages and requirements set forth herein as may be required by Lender (including, without limitation, increases to the amount of coverages required herein). In the event Borrower obtains (or causes to be obtained) a blanket Policy, Borrower shall notify Lender of the same and shall cause complete copies of each Policy to be delivered as required herein this Subsection 7.1.

(d) Subject to 7.1(l), all Policies of insurance provided for or contemplated by Subsection 7.1(a) shall name Borrower as the insured (or an additional insured with the respect to coverage provided by any Tenant in satisfaction of the Borrower's obligations herein), and, in the case of Borrower's liability Policies (except for the Policies referenced in Subsections 7.1(a)(v) and (xi)), shall name Lender as an additional insured, as their respective interests may appear, and, in the case of Borrower's property damage Policies (including, but not limited to, Acts of Terrorism, rent loss, business interruption, boiler and machinery, earthquake and flood insurance), such Policies shall contain a standard noncontributing mortgagee clause in favor of Lender providing that the loss thereunder shall be payable to Lender.

(e) All Policies of insurance provided for in Subsection 7.1(a), subject to Section 7.1(l), shall contain clauses or endorsements to the effect that:

(i) the following shall in no way affect the validity or enforceability of the Policy insofar as Lender is concerned: (A) any act or negligence of Borrower, of anyone acting for Borrower or of any other Person named as an insured, additional insured and/or loss payee, (B) any foreclosure or other similar exercise of remedies and (C) the failure to

comply with the provisions of the Policy which might otherwise result in a forfeiture of the insurance or any part thereof;

(ii) the Policy shall not be materially changed (other than to increase the coverage provided thereby), terminated or cancelled without at least 30 days' written notice to Lender and any other party named therein as an insured;

(iii) Borrower shall give written notice to Lender (via certified mail, postage prepaid, return receipt requested) if the Policy has not been renewed thirty (30) days prior to its expiration;

(iv) Lender shall not be liable for any Insurance Premiums thereon or subject to any assessments or commissions thereunder and that the related issuer(s) waive any related claims to the contrary; and

(v) Lender shall, at its option and with no obligation to do so, have the right to directly pay Insurance Premiums in order to avoid cancellation, expiration and/or termination of the Policy due to non-payment of Insurance Premiums.

(f) By no later than five (5) days following the Lender's request of Borrower, Borrower shall furnish to Lender a statement certified by Borrower or a Responsible Officer of Borrower of the amounts of insurance maintained in compliance herewith, of the risks covered by such insurance. Without limitation of the foregoing, Borrower shall also comply with the foregoing within ten (10) days of written request of Lender. Borrower shall promptly forward to Lender a copy of each written notice received by any Borrower Party of any modification, reduction or cancellation of any of the Borrower's Policies or of any of the coverages afforded under any of the Borrower's Policies.

(g) If at any time Lender is not in receipt of written evidence that all insurance required hereunder is in full force and effect, Lender shall have the right, with notice to Borrower to take such action as Lender deems necessary to protect its interest in the Property, including, without limitation, the obtaining of such insurance coverage as Lender in its sole discretion deems appropriate, and all expenses incurred by Lender in connection with such action

or in obtaining such insurance and keeping it in effect shall be paid by Borrower to Lender upon demand and until paid shall be secured by the Security Instrument and shall bear interest at the Default Rate.

(h) In the event of a foreclosure of the Security Instrument or other transfer of title to any Individual Property (or any portion thereof) in extinguishment in whole or in part of the Debt, all right, title and interest of Borrower in and to the proceeds payable under the Borrower's property insurance policy with respect to such Individual Property shall thereupon vest exclusively in Lender or the purchaser at such foreclosure or other transferee in the event of such other transfer of title.

(i) As an alternative to the Policies required to be maintained by Borrower pursuant to the preceding provisions of this Section 7.1, Borrower will not be in default under this Section 7.1 if Borrower maintains (or causes to be maintained) Policies which (i) have coverages, deductibles and/or other related provisions other than those specified above and/or (ii) are

provided by insurance companies not meeting the credit ratings requirements set forth above (any such Policy, a "**Non-Conforming Policy**"), provided, that, prior to obtaining such Non-Conforming Policies (or permitting such Non-Conforming Policies to be obtained), Borrower shall have (1) received Lender's prior written consent thereto and (2) confirmed that Lender has received a Rating Agency Confirmation with respect to any such Non-Conforming Policy. Notwithstanding the foregoing, Lender hereby reserves the right to deny its consent to any Non-Conforming Policy regardless of whether or not Lender has consented to the same on any prior occasion.

(j) Borrower shall cooperate with Lender in obtaining for Lender the benefits of any Awards or insurance proceeds lawfully or equitably payable in connection with any Individual Property (or any portion thereof), and Lender shall be reimbursed for any expenses incurred in connection therewith (including reasonable, actual attorneys' fees and disbursements, and the payment by Borrower of the expense of an appraisal on behalf of Lender in case of a Casualty or Condemnation affecting any Individual Property or any part thereto) out of such Awards or insurance proceeds. Any Net Proceeds related to such Awards or insurance proceeds shall be deposited with Lender and held and applied in accordance with the applicable terms and conditions hereof

(k) Intentionally Omitted.

(l) With respect to a Hilton Individual Property, in the event no leasehold mortgage is in place at a Hilton Individual Property and so long as a Tenant maintains property insurance coverage (1) as required under the Leased Fee Lease with respect to such Individual Property and (2) which satisfies the insurance requirements of this Section 7.1 with respect to such Hilton Individual Property (except that a $500,000 property and terrorism deductible under the master program maintained by Hilton Worldwide Holdings Inc. shall be acceptable to Lender), Borrower may, but shall not be required to, maintain property insurance insuring the improvements at the Individual Property, it being understood that the applicable Tenant's property insurance will serve as primary insurance and shall be deemed to satisfy the requirements herein. Notwithstanding anything to the contrary contained herein, (A) with respect to the Individual Property known as The Buckler Apartments, Borrower's obligation to maintain the coverages required pursuant to Sections 7.1(a)(i), (iii), (iv), (vi), (vii), and (viii) herein with respect to such Individual Property (and the provisions of 7.1(b)-(j) with respect to such coverages) shall be suspended for so long as (I) no Leased Fee Lease Termination Period has occurred and is continuing with respect to such Individual Property and (II) Borrower shall cause the Tenant under such Individual Property known as The Buckler Apartments to maintain the insurance required by the Leased Fee Lease as of the Closing Date and (B) with respect to the following Individual Properties known as: Northside Forsyth Hospital Medical Center, One Ally Center, Dallas Market Center: Marriott Courtyard, Dallas Market Center: Sheraton Suites, NASA/JPSS Headquarters and Lock-Up Self-Storage Facility, Borrower's obligation to maintain the coverages required pursuant to Sections 7.1(a)(i), (iii), (iv), (vi), (vii), and (viii) herein with respect to such Individual Properties (and the provisions of 7.1(b)-(j) with respect to such coverages) shall be suspended for so long as (I) no Leased Fee Lease Termination Period has occurred and is continuing with respect to such Individual Property and (II) Borrower shall cause the Tenants under each such Individual Properties to maintain the insurance required by the Leased Fee Lease as of the Closing Date, it being understood that, with respect to clause (B)(II)

hereof only, if Tenant does not maintain the insurance required by the Leased Fee Lease as of the Closing Date, Borrower shall only be required to purchase property insurance at the Individual Property in which Borrower has an insurable interest and can purchase such property insurance coverage at commercially reasonable rates.

Section 7.2. Casualty. If any Individual Property shall be damaged or destroyed, in whole or in part, by fire or other casualty (a "**Casualty**"), Borrower shall give prompt notice of such damage to Lender and shall promptly commence and diligently prosecute the completion of the Restoration of the applicable Individual Property (or, with respect to any Individual Property for which no Leased Fee Lease Termination Period has occurred and is continuing and to the extent Tenant is obligated to do so pursuant to the Leased Fee Lease, cause the Tenant under the Leased Fee Lease to do the same) and otherwise comply with the provisions of Section 7.4, provided, however, Borrower shall not be required to cause a Tenant to take actions such Tenant is not required to take pursuant to a Leased Fee Lease (nor shall Borrower be obligated to take any such actions so long as no Leased Fee Lease Termination Period has occurred and is continuing with respect to such Individual Property). Borrower shall pay (or cause the Tenant under the Leased Fee Lease to pay) all costs of Restoration (including, without limitation, any applicable deductibles under the Policies) whether or not such costs are covered by the Net Proceeds, provided, however, Borrower shall not be required to cause a Tenant to cause a Tenant to make payments such Tenant is not required to pay pursuant to a Leased Fee Lease (nor shall Borrower be obligated to make such payment so long as no Lease Fee Lease Termination Period has occurred and is continuing with respect to such Individual Property). Lender may, but shall not be obligated to, make proof of loss if not made promptly by Borrower. In the event that the Tenant under a Leased Fee Lease shall be required to restore such Individual Property pursuant to the terms of such Leased Fee Lease and shall fail to do so and a Leased Fee Lease Termination Period shall occur with respect to such Individual Property (such Individual Property, a "**Leased Fee Lease Restoration Failure Property**"), Borrower shall not be required to comply with the terms of this Section 7.2 to complete the Restoration of the applicable Individual Property so long as Borrower shall have released such Individual Property in accordance with the terms and conditions of Section 2.7(d) hereof.

Section 7.3. Condemnation. Borrower shall promptly give Lender notice of the actual or threatened commencement of any proceeding for the Condemnation of any Individual Property (or any portion thereof) of which Borrower has knowledge and shall deliver to Lender copies of any and all papers served on Borrower in connection with such proceedings. Lender may participate in any such proceedings, and Borrower shall from time to time deliver to Lender all instruments requested by it to permit such participation. Borrower shall, at its expense, diligently prosecute any such proceedings, and shall

consult with Lender, its attorneys and experts, and cooperate with them in the carrying on or defense of any such proceedings. Notwithstanding any taking by any public or quasi-public authority through Condemnation or otherwise (including but not limited to any transfer made in lieu of or in anticipation of the exercise of such taking), Borrower shall continue to pay the Debt at the time and in the manner provided for its payment in the Note and in this Agreement and the Debt shall not be reduced until any Award shall have been actually received and applied by Lender, after the deduction of expenses of collection, to the reduction or discharge of the Debt. Lender shall not be limited to the interest paid on the Award by the condemning authority but shall be entitled to receive out of the Award interest at the rate or rates provided herein or in the Note. If any Individual Property

or any portion thereof is taken by a condemning authority, Borrower shall promptly commence and diligently prosecute the Restoration of the Property and otherwise comply with the provisions of Section 7.4. Borrower shall pay all costs of Restoration whether or not such costs are covered by the Net Proceeds. If any Individual Property (or any portion thereof) is sold, through foreclosure or otherwise, prior to the receipt by Lender of the Award, Lender shall have the right, whether or not a deficiency judgment on the Note shall have been sought, recovered or denied, to receive the Award, or a portion thereof sufficient to pay the Debt. Notwithstanding the foregoing or anything to the contrary contained herein, if, in connection with any Casualty or Condemnation (including, without limitation, a release of any Hilton Individual Property in accordance with Section 2.7(d) hereof), a prepayment of the Debt (in whole or in part) is required under REMIC Requirements, (a) the applicable Net Proceeds shall be applied to the Debt in accordance with Section 7.4(c) hereof and (b) to the extent that the amount of the applicable Net Proceeds actually applied to the Debt in connection therewith is insufficient under REMIC Requirements, Borrower shall, within five (5) days of demand by Lender, prepay the principal amount of the Debt in accordance with the applicable terms and conditions hereof in an amount equal to such insufficiency plus the amount of any then applicable Interest Shortfall (such prepayment, together with any related Interest Shortfall payment, collectively, the **"REMIC Payment"**). Lender may require Borrower to deliver a REMIC Opinion in connection with each of the foregoing.

Section 7.4. Restoration. The following provisions shall apply in connection with the Restoration of any Individual Property (provided, that, Borrower shall not be required to restore an Individual Property that is a Leased Fee Leased Restoration Failure Property that has been released in accordance with Section 2.7(d) and Section 7.2 hereof nor shall Borrower be required to restore to the extent such restoration is not required pursuant to the proviso in the first sentence of Section 7.2):

(a) If the Net Proceeds shall be less than the Restoration Threshold and the costs of completing the Restoration shall be less than the Restoration Threshold, the Net Proceeds will be disbursed by Lender to Borrower upon receipt, provided that all of the conditions set forth in Section 7.4(b)(i) are met and Borrower delivers to Lender a written undertaking to expeditiously commence and to satisfactorily complete with due diligence the Restoration in accordance with the terms of this Agreement.

(b) If the Net Proceeds are equal to or greater than the Restoration Threshold or the costs of completing the Restoration are equal to or greater than the Restoration Threshold, Lender shall make the Net Proceeds available for the Restoration in accordance with the provisions of this Section 7.4.

(i) The Net Proceeds shall be made available for Restoration provided that each of the following conditions are met:

(A) no Event of Default shall have occurred and be continuing and the Anticipated Repayment Date shall not have occurred;

(B) (1) in the event the Net Proceeds are insurance proceeds, less than thirty percent (30%) of each of (i) fair market value of the applicable Individual

Property as reasonably determined by Lender, and (ii) rentable area of the applicable Individual Property has been damaged, destroyed or rendered unusable as a result of a Casualty or (2) in the event the Net Proceeds are condemnation proceeds, less than ten percent (10%) of each of (i) the fair market value of the applicable Individual Property as reasonably determined by Lender and (ii) rentable area of the applicable Individual Property is taken, such land is located along the perimeter or periphery of the applicable Individual Property, no portion of the Improvements is located on such land and such taking does not materially impair the existing access to the applicable Individual Property;

(C) the Lease related to such Individual Property which is subject to such Casualty or Condemnation shall remain in full force and effect during and after the completion of the Restoration, notwithstanding the occurrence of any such Casualty or Condemnation, whichever the case may be, and Borrower furnishes to Lender evidence satisfactory to Lender that such Lease shall continue at such Individual Property after the completion of the Restoration;

(D) Borrower shall commence (or shall cause the commencement of) the Restoration as soon as reasonably practicable (but in no event later than thirty (30) days after the issuance of a building permit with respect thereto) and shall diligently pursue the same to satisfactory completion in compliance with all applicable Legal Requirements, including, without limitation, all applicable Environmental Laws, and the applicable requirements of the Property Documents;

(E) Lender shall be satisfied that any operating deficits which will be incurred with respect to the applicable Individual Property as a result of the occurrence of any such fire or other casualty or taking will be covered out of (1) the Net Proceeds, (2) the insurance coverage referred to in Section 7.1(a)(iii) above, or (3) by other funds of Borrower;

(F) Lender shall be satisfied that the Net Proceeds together with any cash or cash equivalent deposited by Borrower with Lender are sufficient to cover the cost of the Restoration;

(G) Lender shall be satisfied that, upon the completion of the Restoration, the fair market value and cash flow of the applicable Individual Property will not be less than the fair market value and cash flow of the applicable Individual Property as the same existed immediately prior to the applicable Casualty or Condemnation;

(H) Lender shall be satisfied that the Restoration will be completed on or before the earliest to occur of (1) six (6) months prior to the Anticipated Repayment Date, (2) six (6) months after the occurrence of such fire or other casualty or taking (or such longer period as Lender may reasonably determine), (3) the earliest date required for such completion under the terms of any Leases and the Property Documents, (4) such time as may be required under applicable

Legal Requirements or (5) the expiration of the insurance coverage referred to in Section 7.1(a)(iii) above;

(I) Borrower and Guarantor shall execute and deliver to Lender a completion guaranty in form and substance satisfactory to Lender and its counsel pursuant to the provisions of which Borrower and Guarantor shall jointly and severally guaranty to Lender the lien-free completion by Borrower of the Restoration in accordance with the provisions of this Subsection 7.4(b);

(J) the applicable Individual Property and the use thereof after the Restoration will be in compliance with and permitted under all applicable Legal Requirements and the Property Documents;

(K) the Restoration shall be done and completed in an expeditious and diligent fashion and in compliance with all applicable Legal Requirements and the Property Documents;

(L) the Property Documents will remain in full force and effect during and after the Restoration and a Property Document Event shall not occur as a result of the applicable Casualty, Condemnation and/or Restoration; and

(M) Lender shall be satisfied that making the Net Proceeds available for Restoration shall be permitted pursuant to REMIC Requirements and, in that regard, Lender may require Borrower to deliver a REMIC Opinion in connection therewith.

(ii) The Net Proceeds shall be held by Lender and, until disbursed in accordance with the provisions of this Section 7.4(b), shall constitute additional security for the Debt and other obligations under this Agreement, the Security Instrument, the Note and the other Loan Documents. The Net Proceeds (other than the Rent Loss Proceeds) shall be disbursed by Lender to, or as directed by, Borrower from time to time during the course of the Restoration, upon receipt of evidence satisfactory to Lender that (A) all materials installed and work and labor performed (except to the extent that they are to be paid for out of the requested disbursement) in connection with the related Restoration item have been paid for in full, and (B) there exist no notices of pendency, stop orders, mechanic's or materialman's liens or notices of intention to file same, or any other liens or encumbrances of any nature whatsoever on the Property which have not either been fully bonded to the satisfaction of Lender and discharged of record or in the alternative fully insured to the satisfaction of Lender by the title company issuing the Title Insurance Policy.

(iii) All plans and specifications required in connection with the Restoration shall be subject to prior review and acceptance in all respects by Lender and by an independent consulting engineer selected by Lender (the "**Casualty Consultant**"). Lender shall have the use of the plans and specifications and all permits, licenses and approvals required or obtained in connection with the Restoration. The identity of the contractors, subcontractors and materialmen engaged in the Restoration shall be subject

to prior review and acceptance by Lender and the Casualty Consultant. All costs and expenses incurred by Lender in connection with making the Net Proceeds available for the Restoration including, without limitation, reasonable counsel fees and disbursements and the Casualty Consultant's fees, shall be paid by Borrower. Borrower shall have the right to settle all claims under the Policies jointly with Lender, provided that (a) no Event of Default exists, (b) Borrower promptly and with commercially reasonable diligence negotiates a settlement of any such claims and (c) the insurer with respect to the Policy under which such claim is brought has not raised any act of the insured as a defense to the payment of such claim. If an Event of Default exists, Lender shall, at its election, have the exclusive right to settle or adjust any claims made under the Policies in the event of a Casualty.

(iv) In no event shall Lender be obligated to make disbursements of the Net Proceeds in excess of an amount equal to the costs actually incurred from time to time for work in place as part of the Restoration, as certified by the Casualty Consultant, minus the Restoration Retainage. The term "**Restoration Retainage**" as used in this Subsection 7.4(b) shall mean an amount equal to 10% of the costs actually incurred for work in place as part of the Restoration, as certified by the Casualty Consultant, until such time as the Casualty Consultant certifies to Lender that Net Proceeds representing 50% of the required Restoration have been disbursed. There shall be no Restoration Retainage with respect to costs actually incurred by Borrower for work in place in completing the last 50% of the required Restoration. The Restoration Retainage shall in no event, and notwithstanding anything to the contrary set forth above in this Subsection 7.4(b), be less than the amount actually held back by Borrower from contractors, subcontractors and materialmen engaged in the Restoration. The Restoration Retainage shall not be released until the Casualty Consultant certifies to Lender that the Restoration has been completed in accordance with the provisions of this Subsection 7.4(b) and that all approvals necessary for the re-occupancy and use of the applicable Individual Property have been obtained from all appropriate governmental and quasi-governmental authorities, and Lender receives evidence satisfactory to Lender that the costs of the Restoration have been paid in full or will be paid in full out of the Restoration Retainage, provided, however, that Lender will release the portion of the Restoration Retainage being held with respect to any contractor, subcontractor or materialman engaged in the Restoration as of the date upon which the Casualty Consultant certifies to Lender that the contractor, subcontractor or materialman has satisfactorily completed all work and has supplied all materials in accordance with the provisions of the contractor's, subcontractor's or materialman's contract, and the contractor, subcontractor or materialman delivers the lien waivers and evidence of payment in full of all sums due to the contractor, subcontractor or materialman as may be reasonably requested by Lender or by the title company insuring the lien of the Security Instrument. If required by Lender, the release of any such portion of the Restoration Retainage shall be approved by the surety company, if any, which has issued a payment or performance bond with respect to the contractor, subcontractor or materialman.

(v) Lender shall not be obligated to make disbursements of the Net Proceeds more frequently than once every calendar month.

(vi) If at any time the Net Proceeds or the undisbursed balance thereof shall not, in the reasonable opinion of Lender in consultation with the Casualty Consultant, be sufficient to pay in full the balance of the costs which are estimated by the Casualty Consultant to be incurred in connection with the completion of the Restoration, Borrower shall deposit the deficiency (the "**Net Proceeds Deficiency**") with Lender before any further disbursement of the Net Proceeds shall be made. The Net Proceeds Deficiency deposited with Lender shall be held by Lender and shall be disbursed for costs actually incurred in connection with the Restoration on the same conditions applicable to the disbursement of the Net Proceeds, and until so disbursed pursuant to this Section 7.4(b) shall constitute additional security for the Debt and other obligations under this Agreement, the Security Instrument, the Note and the other Loan Documents.

(vii) The excess, if any, of the Net Proceeds and the remaining balance, if any, of the Net Proceeds Deficiency deposited with Lender after the Casualty Consultant certifies to Lender that the Restoration has been completed in accordance with the provisions of this Section 7.4(b), and the receipt by Lender of evidence satisfactory to Lender that all costs incurred in connection with the Restoration have been paid in full, shall be remitted by Lender to Borrower, provided no Event of Default shall have occurred and shall be continuing under this Agreement, the Security Instrument, the Note or any of the other Loan Documents.

(c) All Net Proceeds not required (i) to be made available for the Restoration or (ii) to be returned to Borrower as excess Net Proceeds pursuant to Subsection 7.4(b)(vii) shall be retained and applied by Lender toward the payment of the Debt whether or not then due and payable in such order, priority and proportions as Lender in its discretion shall deem proper. If Lender shall receive and retain Net Proceeds, the lien of the Security Instrument shall be reduced only by the amount thereof received and retained by Lender and actually applied by Lender in reduction of the Debt.

ARTICLE 8

RESERVE FUNDS

Section 8.1. Debt Service Coverage Cure Funds.

(a) **Deposits of Debt Service Coverage Cure Funds**. Amounts deposited pursuant to this Section 8.1 (including the proceeds of any Letter of Credit delivered in accordance with the terms and conditions hereof as Debt Service Coverage Cure Collateral) are referred to herein as the "**Debt Service Coverage Cure Funds**" and the account in which such amounts are held by Lender shall hereinafter be referred to as the "**Debt Service Coverage Cure Reserve Account**". In the event Borrower delivers to Lender any cash Debt Service Coverage Cure Collateral in accordance with the terms of this Agreement, Lender shall deposit such cash Debt Service Coverage Cure Collateral into the Debt Service Coverage Cure Reserve Account. Any such Debt Service Coverage Cure Funds (or any Letter of Credit delivered as Debt Service Coverage Cure Collateral) shall be held by Lender as additional collateral for the Loan. In the event Lender shall draw on any Letter of Credit delivered as Debt Service Coverage Cure

Collateral in accordance with the terms of this Agreement, the proceeds thereof shall be deposited into the Debt Service Coverage Cure Reserve Account.

(b) **Release of Debt Service Coverage Cure Funds**.

(i) With respect to any Debt Service Coverage Cure Funds (or any Letter of Credit delivered as Debt Service Coverage Cure Collateral) in connection with a Trigger Period pursuant to clause (A)(ii) of the definition thereof, upon the expiration of such Trigger Period (without regard to any such Debt Service Coverage Cure Collateral), provided no Event of Default has occurred and is continuing, no Trigger Period then exists and that the Anticipated Repayment Date has not occurred, then the applicable Debt Service Coverage Cure Funds shall be disbursed to Borrower and/or any Letter of Credit delivered as Debt Service Coverage Cure Collateral shall be returned to Borrower.

(ii) All reasonable out-of-pocket costs and expenses incurred by Lender in connection with holding and disbursing the Debt Service Coverage Cure Funds (and holding, reducing, drawing upon, transferring or returning any Letter of Credit delivered as Debt Service Coverage Cure Collateral) shall be paid by Borrower.

(iii) Any Debt Service Cure Funds remaining on deposit in the Debt Service Coverage Cure Reserve Account after the Debt has been paid in full or following a Total Defeasance Event shall be paid to Borrower.

Section 8.2. Loan Term Cash Collateral Funds.

(a) **Deposits of Loan Term Cash Collateral Funds**. Amounts deposited pursuant to this Section 8.2 (including the proceeds of any Letter of Credit delivered as Loan Term Cash Collateral) are referred to herein as the "**Loan Term Cash Collateral Funds**" and the account in which such amounts are held by Lender shall hereinafter be referred to as the "**Loan Term Cash Collateral Reserve Account**". In the event Borrower delivers to Lender any cash Loan Term Cash Collateral in accordance with the terms of this Agreement, Lender shall deposit such cash Loan Term Cash Collateral into the Loan Term Cash Collateral Reserve Account. Any such Loan Term Cash Collateral Funds (or any Letter of Credit delivered as Loan Term Cash Collateral) shall be held by Lender as additional collateral for the Loan. In the event Lender shall draw on any Letter of Credit delivered as Loan Term Cash Collateral in accordance with the terms of this Agreement, the proceeds thereof shall be deposited into the Loan Term Cash Collateral Reserve Account.

(b) **Release of Debt Service Coverage Cure Funds**. The Loan Term Cash Collateral Funds shall remain as collateral for the Loan until the Debt has been paid in full or a Total Defeasance Event shall have occurred, in which instance the Loan Term Cash Collateral Funds shall be paid to Borrower.

Section 8.3. Ground Rent Funds. On each Monthly Payment Date occurring during the continuance of a Trigger Period, Borrower shall pay (or cause to be paid) to Lender on each Monthly Payment Date (a) (i) with respect to each Individual Property other than a Waived Ground Rent Deposit Property, one-twelfth of an amount which would be sufficient to pay the Ground Rent payable, or estimated by Lender to be payable, during the next ensuing twelve (12)

months under each Ground Lease (other than a Ground Lease related to a Waived Ground Rent Deposit Property) in order to pay installments of Ground Rent at least thirty (30) days prior to the due date for such Ground Rent and (ii) upon the occurrence and following the continuance of a Borrower Ground Rent Period with respect to any Waived Ground Rent Deposit Property, one-twelfth of an amount which would be sufficient to pay the Ground Rent payable, or estimated by Lender to be payable, during the next ensuing twelve (12) months under each Ground Lease in order to pay installments of Ground Rent at least thirty (30) days prior to the due date for such Ground Rent (the "**Monthly Ground Rent Deposit**"), which deposits shall be held in an Eligible Account by Lender or Servicer (the "**Ground Rent Account**") (amounts held in the Ground Rent Account are hereinafter referred to as the "**Ground Rent Funds**"). Additionally, if, at any time during the continuance of a Trigger Period, Lender determines, in its reasonable discretion, that amounts on deposit in or scheduled to be deposited in the Ground Rent Account will be insufficient to pay all Ground Rent due under the Ground Lease at least ten (10) Business Days prior to the due date for such Ground Rent, Borrower shall make a True Up Payment with respect to such insufficiency into the Ground Rent Account. Borrower agrees to promptly notify Lender of any changes to the amounts, schedules and instructions for payment of any Ground Rent of which it has or obtains knowledge and authorizes Lender or its agent to obtain the bills for Ground Rent directly from the landlord under such applicable Ground Lease. Provided there are sufficient amounts in the Ground Rent Account and no Event of Default exists, Lender shall be obligated to pay the Ground Rent as it becomes due on its respective due dates on behalf of Borrower by applying the Ground Rent Funds to the payment of such Ground Rent. Any Ground Rent Funds remaining on deposit in the Ground Rent Account after the Debt has been paid in full or following a Total Defeasance Event shall be paid to Borrower.

Section 8.4. Operating Expense Funds. On the first Monthly Payment Date occurring after each occurrence of a Trigger Period, Borrower shall make a True Up Payment into the Operating Expense Account. On each Monthly Payment Date occurring on and after the occurrence and continuance of a Trigger Period, Borrower shall deposit (or shall cause there to be deposited) into an Eligible Account held by Lender or Servicer (the "**Operating Expense Account**") an amount equal to the aggregate amount of Approved Operating Expenses and Approved Extraordinary Expenses to be incurred by Borrower for the then current Interest Accrual Period with respect to any Individual Property for which a Leased Fee Lease Termination has occurred (such amount, the "**Op Ex Monthly Deposit**"). Amounts deposited pursuant to this Section 8.4 are referred to herein as the "**Operating Expense Funds**". Provided no Event of Default has occurred and is continuing, Lender shall disburse the Operating Expense Funds to Borrower to pay Approved Operating Expenses and/or Approved Extraordinary Expenses which respect to such Properties (if any) for which a Leased Fee Lease Termination has occurred upon Borrower's request (which such request shall be accompanied by an Officer's Certificate detailing the applicable expenses to which the requested disbursement relates and attesting that such expense shall be paid with the requested disbursement). Any Operating Expense Funds remaining on deposit in the Operating Expense Account after the Debt has been paid in full or following a Total Defeasance Event shall be paid to Borrower.

Section 8.5. Excess Cash Flow Funds. On the first Monthly Payment Date occurring after each occurrence of a Trigger Period and on each Monthly Payment Date occurring thereafter during the continuance of such Trigger Period, Borrower shall make a True Up Payment into the Excess Cash Flow Account (provided, that, (i) such True Up Payments shall

only be required after the occurrence of any Cash Management Violation and (ii) the amount of such True Up Payments shall be determined by Lender based upon Lender's commercially reasonable estimate of the amounts that would have been deposited into the Excess Cash Flow Account on each applicable Monthly Payment Date had the applicable Cash Management Violation not occurred). On each Monthly Payment Date occurring on and after the occurrence and continuance of a Trigger Period, Borrower shall deposit (or cause to be deposited) into an Eligible Account with Lender or Servicer (the "**Excess Cash Flow Account**") an amount equal to the Excess Cash Flow generated by the Property for the immediately preceding Interest Accrual Period (each such monthly deposit being herein referred to as the "**Monthly Excess Cash Flow Deposits**" and the amounts on deposit in the Excess Cash Flow Account being herein referred to as the "**Excess Cash Flow Funds**"). Provided no Event of Default has occurred and is continuing, on each Monthly Payment Date occurring after the Anticipated Repayment Date, all funds in the Excess Cash Flow Account shall be applied by Lender first to reduce the outstanding principal balance of the Loan with any remaining amounts to be applied toward the Accrued Interest. Provided no Event of Default has occurred and is continuing, any Excess Cash Flow Funds remaining in the Excess Cash Flow Account shall be disbursed to Borrower upon the expiration of any Trigger Period in accordance with the applicable terms and conditions hereof. Any Excess Cash Flow Funds remaining on deposit in the Excess Cash Flow Account after the Debt has been paid in full or following a Total Defeasance Event shall be paid to Borrower.

Section 8.6. Tax and Insurance Funds. On each Monthly Payment Date occurring during the continuance of a Trigger Period, Borrower shall pay (or cause to be paid) to Lender on each Monthly Payment Date (a) (i) with respect to each Individual Property other than a Waived Tax Deposit Property, one-twelfth of an amount which would be sufficient to pay the Taxes payable, or estimated by Lender to be payable, during the next ensuing twelve (12) months with respect to such Individual Properties (other than a Waived Tax Deposit Property) assuming that said Taxes are to be paid in full on the Tax Payment Date and (ii) upon the occurrence and following the continuance of a Borrower Tax Period with respect to any Waived Tax Deposit Property, one-twelfth of an amount which would be sufficient to pay the Taxes payable, or estimated by Lender to be payable, during the next ensuing twelve (12) months with respect to such Individual Property assuming that said Taxes are to be paid in full on the Tax Payment Date (the "**Monthly Tax Deposit**"), each of which such deposits shall be held in an Eligible Account with Lender or Servicer (the "**Tax Account**"), and (b) at the option of Lender, if the liability or casualty Policy maintained by Borrower covering the Properties (or any portion thereof) shall not constitute an approved blanket or umbrella Policy pursuant to Subsection 7.1(c) hereof, or Lender shall require Borrower to obtain a separate Policy pursuant to Subsection 7.1(c) hereof, (i) with respect to each Individual Property other than a Waived Insurance Deposit Property, one-twelfth of an amount which would be sufficient to pay the Insurance Premiums due for the renewal of the coverage afforded by the Policies with respect to each Individual Property other than a Waived Insurance Deposit Property upon the expiration thereof and (ii) upon the occurrence and following a Borrower Insurance Period with respect to any Waived Insurance Deposit Property, one-twelfth of an amount which would be sufficient to pay the Insurance Premiums due for renewal of the coverage afforded by the Policies with respect to each Waived Insurance Deposit Property that is subject to a Borrower Insurance Period upon the expiration thereof (the "**Monthly Insurance Deposit**"), each of which such deposits shall be held in an Eligible Account with Lender or Servicer (the "**Insurance Account**") (amounts held in the Tax

Account and the Insurance Account are collectively herein referred to as the "**Tax and Insurance Funds**"). In the event Lender shall elect, during the continuance of a Trigger Period, to collect payments in escrow for Insurance Premiums or Taxes, Borrower shall make a True Up Payment with respect to the same into the applicable Reserve Account. Additionally, if, at any time, Lender determines that amounts on deposit in or scheduled to be deposited in (i) the Tax Account will be insufficient to pay all applicable Taxes in full on the Tax Payment Date and/or (ii) the Insurance Account will be insufficient to pay all

applicable Insurance Premiums in full on the Insurance Payment Date, Borrower shall make a True Up Payment with respect to such insufficiency into the applicable Reserve Account. Borrower agrees to notify Lender immediately of any changes to the amounts, schedules and instructions for payment of any Taxes and Insurance Premiums of which it has or obtains knowledge and authorizes Lender or its agent to obtain the bills for Taxes directly from the appropriate taxing authority. Provided there are sufficient amounts in the Tax Account and Insurance Account, respectively, and no Event of Default exists, Lender shall be obligated to pay the Taxes and Insurance Premiums as they become due on their respective due dates on behalf of Borrower by applying the Tax and Insurance Funds to the payment of such Taxes and Insurance Premiums. If the amount of the Tax and Insurance Funds shall exceed the amounts due for Taxes and Insurance Premiums pursuant to Sections 4.5 and 7.1 hereof, Lender shall, in its discretion, return any excess to Borrower or credit such excess against future payments to be made to the Tax and Insurance Funds. Any Tax and Insurance Funds remaining on deposit in the Tax Account and/or Insurance Account after the Debt has been paid in full or following a Total Defeasance Event shall be paid to Borrower.

Section 8.7. Default Cure Collateral Funds.

(a) **Deposits of Default Cure Collateral Funds**. Amounts deposited pursuant to this Section 8.7 are referred to herein as the "**Default Cure Collateral Funds**" and the account in which such amounts are held by Lender shall hereinafter be referred to as the "**Default Cure Collateral Reserve Account**". In the event that the Release Date shall not have occurred and there is an Event of Default which relates solely to an Individual Property (and no other Event of Default has occurred and is continuing), Borrower shall have the right to cure such Event of Default by paying to Lender an amount equal to the Release Price of such Individual Property to which such Event of Default relates for deposit into the Default Cure Collateral Reserve Account.

(b) **Release of Default Cure Collateral Funds**.

(i) Provided (I) the Release Date shall have occurred, (II) no Event of Default has occurred and is continuing and (III) the Anticipated Repayment Date has not occurred, then, to the extent that Borrower shall enter into a Partial Defeasance Event or a Release of such Individual Property in accordance with the terms and conditions of Section 2.8 or Section 2.9 hereof, as applicable, Lender shall disburse funds from the Default Cure Collateral Reserve Account for such Individual Property to be partially defeased or released, as applicable, to be applied by Borrower in connection with such Partial Defeasance Event or Release, respectively.

(ii) Any Debt Cure Collateral Funds remaining on deposit in the Default Cure Collateral Reserve Account after the Debt has been paid in full or following a Total Defeasance Event shall be paid to Borrower.

Section 8.8. The Accounts Generally.

(a) Borrower grants to Lender a first-priority perfected security interest in each of the Accounts and any and all sums now or hereafter deposited in the Accounts as additional security for payment of the Debt. Until expended or applied in accordance herewith, the Accounts and the funds deposited therein shall constitute additional security for the Debt. The provisions of this Section 8.8 (together with the other related provisions of the other Loan Documents) are intended to give Lender and/or Servicer "control" of the Accounts and the Account Collateral and serve as a "security agreement" and a "control agreement" with respect to the same, in each case, within the meaning of the UCC. Borrower acknowledges and agrees that the Accounts are subject to the sole dominion, control and discretion of Lender, its authorized agents or designees, subject to the terms hereof, and Borrower shall have no right of withdrawal with respect to any Account except with the prior written consent of Lender or as otherwise provided herein. The funds on deposit in the Accounts shall not constitute trust funds and may be commingled with other monies held by Lender. Notwithstanding anything to the contrary contained herein, unless otherwise consented to in writing by Lender, Borrower shall only be permitted to request (and Lender shall only be required to disburse) Reserve Funds on account of the liabilities, costs, work and other matters (as applicable) for which said sums were originally reserved hereunder, in each case, as reasonably determined by Lender.

(b) Borrower shall not, without obtaining the prior written consent of Lender, further pledge, assign or grant any security interest in the Accounts or the sums deposited therein or permit any lien to attach thereto, or any levy to be made thereon, or any UCC-1 Financing Statements, except those naming Lender as the secured party, to be filed with respect thereto. Borrower hereby authorizes Lender to file a financing statement or statements under the UCC in connection with any of the Accounts and the Account Collateral in the form required to properly perfect Lender's security interest therein. Borrower agrees that at any time and from time to time, at the expense of Borrower, Borrower will promptly execute and deliver all further instruments and documents, and take all further action, that may be reasonably necessary or desirable, or that Lender may reasonably request, in order to perfect and protect any security interest granted or purported to be granted hereby (including, without limitation, any security interest in and to any Permitted Investments) or to enable Lender to exercise and enforce its rights and remedies hereunder with respect to any Account or Account Collateral.

(c) Notwithstanding anything to the contrary contained herein or in any other Loan Document, upon the occurrence and during the continuance of an Event of Default, without notice from Lender or Servicer (i) Borrower shall have no rights in respect of the Accounts, (ii) Lender may liquidate and transfer any amounts then invested in Permitted Investments pursuant to the applicable terms hereof to the Accounts or reinvest such amounts in other Permitted Investments as Lender may reasonably determine is necessary to perfect or protect any security interest granted or purported to be granted hereby or pursuant to the other Loan Documents or to

enable Lender to exercise and enforce Lender's rights and remedies hereunder or under any other Loan Document with respect to any Account or any Account Collateral, and (iii) Lender shall have all rights and remedies with respect to the Accounts and the amounts on deposit therein and the Account Collateral as described in this Agreement and in the Security Instrument, in addition to all of the rights and remedies available to a secured party under the UCC, and, notwithstanding anything to the contrary contained in this Agreement or in the Security Instrument, may apply the amounts of such Accounts as Lender determines in its sole discretion including, but not limited to, payment of the Debt.

(d) The insufficiency of funds on deposit in the Accounts shall not absolve Borrower of the obligation to make any payments, as and when due pursuant to this Agreement and the other Loan Documents, and such obligations shall be separate and independent, and not conditioned on any event or circumstance whatsoever.

(e) Borrower shall indemnify Lender and hold Lender harmless from and against any and all actions, suits, claims, demands, liabilities, losses, damages, obligations and costs and expenses (including litigation costs and reasonable attorneys' fees and expenses) arising from or in any way connected with the Accounts, the sums deposited therein or the performance of the obligations for which the Accounts were established, except to the extent arising from the gross negligence or willful misconduct of Lender, its agents or employees. Borrower shall assign to Lender all rights and claims Borrower may have against all Persons supplying labor, materials or other services which are to be paid from or secured by the Accounts; provided, however, that Lender may not pursue any such right or claim unless an Event of Default has occurred and remains uncured.

(f) Borrower and Lender (or Servicer on behalf of Lender) shall maintain each applicable Account as an Eligible Account, except as otherwise expressly agreed to in writing by Lender. In the event that Lender or Servicer no longer satisfies the criteria for an Eligible Institution, Borrower shall cooperate with Lender in transferring the applicable Accounts to an institution that satisfies such criteria. Borrower hereby grants Lender power of attorney (irrevocable for so long as the Loan is outstanding) with respect to any such transfers and the establishment of accounts with a successor institution.

(g) Interest accrued on any Account other than an Interest Bearing Account shall not be required to be remitted either to Borrower or to any Account and may instead be retained by Lender. Funds deposited in the Interest Bearing Accounts shall be invested in Permitted Investments as provided for in Section 8.8(h) hereof. Interest accrued, if any, on sums on deposit in the Interest Bearing Accounts shall be remitted to and become part of the applicable Account. All such interest that so becomes part of the applicable Account shall be disbursed in accordance with the disbursement procedures contained herein applicable to such Account; provided, however, that Lender may, at its election, retain any such interest for its own account during the occurrence and continuance of an Event of Default.

(h) Sums on deposit in the Interest Bearing Accounts shall, upon Borrower's written request, be invested in Permitted Investments selected by Lender or Servicer provided (i) such investments are then regularly offered by Lender (or Servicer on behalf of Lender) for accounts of this size, category and type (Borrower acknowledges that the Servicer or Lender may only

offer as an investment opportunity the right to place funds on deposit in the applicable Accounts in an interest bearing account (bearing interest at the money market rate)), (ii) such investments are permitted by applicable federal, State and local rules, regulations and laws, (iii) the maturity date of the Permitted Investment is not later than the date on which sums in the Interest Bearing Accounts are required to be disbursed pursuant to the terms hereof, and (iv) no Event of Default shall have occurred and be continuing. All income earned from the aforementioned Permitted Investments shall be property of Borrower and Borrower hereby irrevocably authorizes and directs Lender (or Servicer on behalf of Lender) to hold any income earned from the aforementioned Permitted Investments as part of the applicable Interest Bearing Account. Borrower shall be responsible for payment of any federal, State or local income or other tax applicable to income earned from Permitted Investments. No other investments of the sums on deposit in the Interest Bearing Accounts shall be permitted. Lender shall not be liable for any loss sustained on the investment of any funds in the Interest Bearing Accounts.

(i) Borrower acknowledges and agrees that it solely shall be, and shall at all times remain, liable to Lender or Servicer for all fees, charges, costs and expenses in connection with the Accounts, this Agreement and the enforcement hereof and the reasonable fees and expenses of legal counsel to Lender and Servicer as needed to enforce, protect or preserve the rights and remedies of Lender and/or Servicer under this Agreement.

Section 8.9. Letters of Credit.

(a) This Section shall apply to any Letters of Credit which are permitted to be delivered pursuant to the express terms and conditions hereof. Other than in connection with any Letters of Credit delivered in connection with the closing of the Loan, Borrower shall give Lender no less than five (5) Business Days written notice of Borrower's election to deliver a Letter of Credit together with a draft of the proposed Letter of Credit and Borrower shall pay to Lender all of Lender's reasonable out-of-pocket costs and expenses in connection therewith. No party other than Lender shall be entitled to draw on any such Letter of Credit. In the event that any disbursement of any Reserve Funds relates to a portion thereof provided through a Letter of Credit, any "disbursement" of said funds as provided above shall be deemed to refer to (i) Borrower providing Lender a replacement Letter of Credit in an amount equal to the original Letter of Credit posted less the amount of the applicable disbursement provided hereunder and (ii) Lender, after receiving such replacement Letter of Credit, returning such original Letter of Credit to Borrower; provided, that, no replacement Letter of Credit shall be required with respect to the final disbursement of the applicable Reserve Funds such that no further sums are required to be deposited in the applicable Reserve Funds.

(b) Each Letter of Credit delivered hereunder shall be additional security for the payment of the Debt. Upon the occurrence and during the continuance of an Event of Default, Lender shall have the right, at its option, to draw on any Letter of Credit and to apply all or any part thereof to the payment of the items for which such Letter of Credit was established or to apply each such Letter of Credit to payment of the Debt in such order, proportion or priority as Lender may determine. Any such application to the Debt shall be subject to the terms and conditions hereof relating to application of sums to the Debt. Lender shall have the additional rights to draw in full any Letter of Credit: (i) if Lender has received a notice from the issuing bank that the Letter of Credit will not be renewed and a substitute Letter of Credit is not provided

at least forty five (45) days prior to the date on which the outstanding Letter of Credit is scheduled to expire; (ii) if Lender has not received a notice from the issuing bank that it has renewed the Letter of Credit at least forty five (45) days prior to the date on which such Letter of Credit is scheduled to expire and a substitute Letter of Credit is not provided at least forty five (45) days prior to the date on which the outstanding Letter of Credit is scheduled to expire; (iii) upon receipt of notice from the issuing bank that the Letter of Credit will be terminated (except if the termination of such Letter of Credit is permitted pursuant to the terms and conditions hereof or a substitute Letter of Credit is provided by no later than forty five (45) days prior to such termination); (iv) if Lender has received notice that the bank issuing the Letter of Credit shall cease to be an Approved Bank and Borrower has not substituted a Letter of Credit from an Approved Bank within fifteen (15) days after notice; and/or (v) if the bank issuing the Letter of Credit shall fail to (A) issue a replacement Letter of Credit in the event the original Letter of Credit has been lost, mutilated, stolen and/or destroyed or (B) consent to the transfer of the Letter of Credit to any Person designated by Lender. If Lender draws upon a Letter of Credit pursuant to the terms and conditions of this Agreement, provided no Event of Default exists, Lender shall apply all or any part thereof for the purposes for which such Letter of Credit was established. Notwithstanding anything to the contrary contained in the above, Lender is not obligated to draw any Letter of Credit upon the happening of an event specified in (i), (ii), (iii), (iv) or (v) above and shall not be liable for any losses sustained by Borrower due to the insolvency of the bank issuing the Letter of Credit if Lender has not drawn the Letter of Credit.

ARTICLE 9

CASH MANAGEMENT

Section 9.1. Establishment of Certain Accounts.

(a) Borrower shall, simultaneously herewith, establish an Eligible Account (the "**Restricted Account**") pursuant to the Restricted Account Agreement in the name of Borrower for the sole and exclusive benefit of Lender into which Borrower shall deposit, or cause to be deposited, all revenue generated by the Property. Pursuant to the Restricted Account Agreement, funds on deposit in the Restricted Account shall be transferred on each Business Day to or at the direction of Borrower unless a Trigger Period exists, in which case such funds shall be transferred on each Business Day to the Cash Management Account.

(b) Upon the first occurrence of a Trigger Period, Lender, on Borrower's behalf, shall establish an Eligible Account (the "**Cash Management Account**") with Lender or Servicer, as applicable, in the name of Borrower for the sole and exclusive benefit of Lender. Upon the first occurrence of a Trigger Period, Lender, on Borrower's behalf, shall also establish with Lender or Servicer an Eligible Account into which Borrower shall deposit, or cause to be deposited the amounts required for the payment of Debt Service under the Loan (the "**Debt Service Account**").

Section 9.2. Deposits into the Restricted Account; Maintenance of Restricted Account.

(a) Borrower represents, warrants and covenants that, so long as the Debt remains outstanding, (i) Borrower shall, or shall cause Manager to, immediately deposit all revenue derived from the Property and received by Borrower or Manager, as the case may be, into the Restricted Account; (ii) Borrower shall instruct Manager to immediately deposit (A) all revenue derived from the Property collected by Manager, if any, pursuant to the Management Agreement (or otherwise) into the Restricted Account and (B) all funds otherwise payable to Borrower by Manager pursuant to the Management Agreement (or otherwise in connection with the Property) into the Restricted Account; (iii) (A) on or before the Closing Date, Borrower shall have sent (and hereby represents that it has sent) a notice, substantially in the form of Exhibit A attached hereto, to all Tenants now occupying space at the Property directing them to pay all rent and other sums due under the Lease to which they are a party into the Restricted Account (such notice, the "**Tenant Direction Notice**"), (B) simultaneously with the execution of any Lease entered into on or after the date hereof in accordance with the applicable terms and conditions hereof, Borrower shall furnish each Tenant under each such Lease the Tenant Direction Notice and (C) Borrower shall continue to send the aforesaid Tenant Direction Notices until each addressee thereof complies with the terms thereof; (iv) there shall be no other accounts maintained by Borrower or any other Person into which revenues from the ownership and operation of the Property are directly deposited; and (v) neither Borrower nor any other Person shall open any other such account with respect to the direct deposit of income in connection with the Property. Until deposited into the Restricted Account, any Rents and other revenues from the Property held by Borrower shall be deemed to be collateral and shall be held in trust by it for the benefit, and as the property, of Lender pursuant to the Security Instrument and shall not be commingled with any other funds or property of Borrower. Borrower warrants and covenants that it shall not rescind, withdraw or change any notices or instructions required to be sent by it pursuant to this Section 9.2 without Lender's prior written consent.

(b) Borrower shall maintain the Restricted Account for so long as the Debt remains outstanding, which Restricted Account shall be under the sole dominion and control of Lender (subject to the terms hereof and of the Restricted Account Agreement). The Restricted Account shall have a title evidencing the foregoing in a manner reasonably acceptable to Lender. Borrower hereby grants to Lender a first-priority security interest in the Restricted Account and all deposits at any time contained therein and the proceeds thereof and will take all actions necessary to maintain in favor of Lender a perfected first priority security interest in the Restricted Account. Borrower hereby authorizes Lender to file UCC Financing Statements and continuations thereof to perfect Lender's security interest in the Restricted Account and all deposits at any time contained therein and the proceeds thereof. All costs and expenses for establishing and maintaining the Restricted Account (or any successor thereto) shall be paid by Borrower. All monies now or hereafter deposited into the Restricted Account shall be deemed additional security for the Debt. Borrower shall pay all sums due under and otherwise comply with the Restricted Account Agreement. Borrower shall not alter or modify either the Restricted Account or the Restricted Account Agreement, in each case without the prior written consent of Lender. The Restricted Account Agreement shall provide (and Borrower shall provide) Lender online access to bank and other financial statements relating to the Restricted Account (including, without limitation, a listing of the receipts being collected therein). In connection with any Secondary Market Transaction, Lender shall have the right to cause the Restricted Account to be entitled with such other designation as Lender may select to reflect an assignment or transfer of Lender's rights and/or interests with respect to the Restricted Account. Lender

shall provide Borrower with prompt written notice of any such renaming of the Restricted Account. Borrower shall not further pledge, assign or grant any security interest in the Restricted Account or the monies deposited therein or permit any lien or encumbrance to attach thereto, or any levy to be made thereon, or any UCC Financing Statements, except those naming Lender as the secured party, to be filed with respect thereto. The Restricted Account (i) shall be an Eligible Account and (ii) shall not be commingled with other monies held by Borrower or Bank. Upon (A) Bank ceasing to be an Eligible Institution, (B) the Restricted Account ceasing to be an Eligible Account, (C) any resignation by Bank or termination of the Restricted Account Agreement by Bank or Lender and/or (D) the occurrence and continuance of an Event of Default, Borrower shall, within fifteen (15) days of Lender's request, (1) terminate the existing Restricted Account Agreement, (2) appoint a new Bank (which such Bank shall (I) be an Eligible Institution, (II) other than during the continuance of an Event of Default, be selected by Borrower and approved by Lender and (III) during the continuance of an Event of Default, be selected by Lender), (3) cause such Bank to open a new Restricted Account (which such account shall be an Eligible Account) and enter into a new Restricted Account Agreement with Lender on substantially the same terms and conditions as the previous Restricted Account Agreement and (4) send new Tenant Direction Notices and the other notices required pursuant to the terms hereof relating to such new Restricted Account Agreement and Restricted Account. Borrower constitutes and appoints Lender its true and lawful attorney-in-fact with full power of substitution to complete or undertake any action required of Borrower under this Section 9.2 in the name of Borrower in the event Borrower fails to do the same. Such power of attorney shall be deemed to be a power coupled with an interest and cannot be revoked.

Section 9.3. Disbursements from the Cash Management Account. On each Monthly Payment Date during the occurrence and continuance of a Trigger Period, Lender or Servicer, as applicable, shall allocate all funds, if any, on deposit in the Cash Management Account and disburse such funds in the following amounts and order of priority:

(a) First, funds sufficient to pay the Monthly Ground Rent Deposit due for the then applicable Monthly Payment Date, if any, shall be deposited in the Ground Rent Account;

(b) Second, funds sufficient to pay the Monthly Tax Deposit due for the then applicable Monthly Payment Date, if any, shall be deposited in the Tax Account;

(c) Third, funds sufficient to pay the Monthly Insurance Deposit due for the then applicable Monthly Payment Date, if any, shall be deposited in the Insurance Account;

(d) Fourth, funds sufficient to pay any interest accruing at the Default Rate and late payment charges, if any, shall be deposited into the Debt Service Account;

(e) Fifth, funds sufficient to pay the Debt Service (calculated after the Anticipated Repayment Date at the Regular Interest Rate) due on the then applicable Monthly Payment Date shall be deposited in the Debt Service Account;

(f) Sixth, funds sufficient to pay any other amounts due and owing to Lender and/or Servicer pursuant to the terms hereof and/or of the other Loan Documents, if any, shall be deposited with or as directed by Lender;

(g) Seventh, funds sufficient to pay the Op Ex Monthly Deposit for the then applicable Monthly Payment Date, if any, shall be deposited in the Operating Expense Account; and

(h) Eighth, all amounts remaining in the Cash Management Account after deposits for items (a) through (g) above ("**Excess Cash Flow**") shall be deposited into the Excess Cash Flow Account.

Section 9.4. Withdrawals from the Debt Service Account. Prior to the occurrence and continuance of an Event of Default, funds on deposit in the Debt Service Account, if any, shall be used to pay Debt Service when due, together with any late payment charges or interest accruing at the Default Rate.

Section 9.5. Payments Received Under this Agreement. Notwithstanding anything to the contrary contained in this Agreement or the other Loan Documents, provided no Event of Default has occurred and is continuing, Borrower's obligations with respect to the monthly payment of Debt Service and amounts due for the Reserve Accounts shall (provided Lender is not prohibited from withdrawing or applying any funds in the applicable Accounts by operation of law or otherwise) be deemed satisfied to the extent sufficient amounts are deposited in applicable Accounts to satisfy such obligations on the dates each such payment is required, regardless of whether any of such amounts are so applied by Lender.

ARTICLE 10

EVENTS OF DEFAULT; REMEDIES

Section 10.1. Event of Default.

The occurrence of any one or more of the following events shall constitute an "**Event of Default**":

(a) if (A) any monthly Debt Service payment or the payment due on the Maturity Date is not paid when due, (B) the Monthly Ground Rent Deposit is not paid in full on or before the date when due or (C) any other portion of the Debt not specified in the foregoing clause (A) or (B) is not paid when due and such non-payment pursuant to this clause (C) continues for five (5) Business Days following notice to Borrower that the same is due and payable;

(b) if any of the Taxes or Other Charges are not paid when the same are due and payable except to the extent (A) sums sufficient to pay the Taxes or Other Charges in question had been reserved hereunder prior to the applicable due date for the Taxes or Other Charges in question for the express purpose of paying the Taxes or Other Charges in question and Lender failed to pay the Taxes or Other Charges in question when required hereunder, (B) Lender's access to such sums was not restricted or constrained in any manner by Borrower, Guarantor and/or their respective Affiliates and (C) no Event of Default was continuing;

(c) if the Policies are not kept in full force and effect or if evidence of the same is not delivered to Lender as provided in Section 7.1 hereof

(d) if any of the representations or covenants contained in Article 5 are breached or violated; provided, that, any such breach shall not constitute an Event of Default (1) if such breach is inadvertent and non-recurring, (2) if such breach is curable, Borrower shall promptly cure such breach within fifteen (15) days after such breach occurs and (3) if requested by Lender, Borrower shall have delivered to Lender a New Non-Consolidation Opinion or an update from the law firm under the most recent Non-Consolidation Opinion previously delivered to Lender to the effect that such breach or violation does not negate or impair the Non-Consolidation Opinion previously delivered to Lender;

(e) if a Prohibited Transfer shall occur in violation of this Agreement or any representation or covenants contained in Section 6.7 hereof is breached or violated in any material respect;

(f) if any of the representations or covenants contained in Section 4.14 are breached or violated and such breach or violation continues for ten (10) Business Days;

(g) if any representation or warranty made herein, in the Guaranty or in the Environmental Indemnity or in any other guaranty, or in any certificate, report, financial statement or other instrument or document furnished to Lender in connection with the Loan shall have been false or misleading in

any material adverse respect when made; provided that if such untrue representation or warranty is susceptible of being cured, Borrower shall have the right to cure such representation or warranty within thirty (30) days of receipt of notice from Lender;

(h) if (i) Borrower, any SPE Component Entity, any Affiliated Manager or Guarantor shall commence any case, proceeding or other action (A) under any Creditors Rights Laws seeking to have an order for relief entered with respect to it, or seeking to adjudicate it a bankrupt or insolvent, or seeking reorganization, liquidation or dissolution, or (B) seeking appointment of a receiver, trustee, custodian, conservator or other similar official for it or for all or any substantial part of its assets, or Borrower or any managing member or general partner of Borrower, any SPE Component Entity, any Affiliated Manager or Guarantor shall make a general assignment for the benefit of its creditors; (ii) there shall be commenced against Borrower or any managing member or general partner of Borrower, any SPE Component Entity, any Affiliated Manager or Guarantor any case, proceeding or other action of a nature referred to in clause (i) above (other than any case, action or proceeding already constituting an Event of Default by operation of the other provisions of this subsection) which (A) results in the entry of an order for relief or any such adjudication or appointment or (B) remains undismissed, undischarged or unbonded for a period of sixty (60) days; (iii) there shall be commenced against Borrower, any SPE Component Entity, any Affiliated Manager or Guarantor any case, proceeding or other action seeking issuance of a warrant of attachment, execution, distraint or similar process against all or any substantial part of its assets (other than any case, action or proceeding already constituting an Event of Default by operation of the other provisions of this subsection) which results in the entry of any order for any such relief which shall not have been vacated, discharged, or stayed or bonded pending appeal within sixty (60) days from the entry thereof; (iv) Borrower, any SPE Component Entity, any Affiliated Manager or Guarantor shall take any action in furtherance of, in collusion with respect to, or indicating its consent to, approval of, or acquiescence in, any of the acts set forth in clause (i), (ii), or (iii) above; (v) Borrower, any SPE Component Entity, any Affiliated Manager or Guarantor shall generally not,

or shall be unable to, or shall admit in writing its inability to, pay its debts as they become due; (vi) any Restricted Party is substantively consolidated with any other entity in connection with any proceeding under the Bankruptcy Code or any other Creditors Rights Laws involving Guarantor or its subsidiaries; or (vii) a Bankruptcy Event occurs;

(i) if Borrower shall be in default beyond applicable notice and grace periods under any other mortgage, deed of trust, deed to secure debt or other security agreement covering any part of the Property whether it be superior or junior in lien to the Security Instrument;

(j) if any Individual Property (or any portion thereof) becomes subject to any mechanic's, materialman's or other lien other than a lien for any Taxes not then due and payable and the lien shall remain undischarged of record (by payment, bonding or otherwise) for a period of thirty (30) days;

(k) if any federal tax lien is filed against Borrower, any SPE Component Entity, Guarantor or any Individual Property (or any portion thereof) and same is not discharged of record (by payment, bonding or otherwise) within thirty (30) days after same is filed;

(l) if Borrower shall fail to deliver to Lender, within ten (10) days after request by Lender, the estoppel certificates required by Section 4.13(a) or (c) hereof;

(m) if any default occurs under any guaranty or indemnity executed in connection herewith (including, without limitation, the Environmental Indemnity and/or the Guaranty) and such default continues after the expiration of applicable grace periods, if any;

(n) if any of the assumptions contained in the Non-Consolidation Opinion, or in any New Non-Consolidation Opinion (including, without limitation, in any schedules thereto and/or certificates delivered in connection therewith) are untrue or shall become untrue in any material respect;

(o) if Borrower defaults under any applicable Management Agreement beyond the expiration of applicable notice and grace periods, if any, thereunder or if the Management Agreement is canceled, terminated or surrendered, expires pursuant to its terms or otherwise ceased to be in full force and effect, unless, in each such case, Borrower, contemporaneously with such cancellation, termination, surrender, expiration or cessation, enters into a Qualified Management Agreement with a Qualified Manager in accordance with the applicable terms and provisions hereof;

(p) if Borrower fails to comply with any limitations on instructing the Manager, each as required by and in accordance with, as applicable, the terms and provisions of, this Agreement, the Assignment of Management Agreement and the Security Instrument;

(q) if any representation and/or covenant herein relating to ERISA matters is breached;

(r) if (A) Borrower shall fail (beyond any applicable notice or grace period) to pay any rent, additional rent or other charges payable under any Ground Lease as and when payable thereunder, (B) Borrower defaults in its obligations under any Ground Lease beyond the

expiration of applicable notice and grace periods, if any, thereunder, (C) the Ground Lease is amended, supplemented, replaced, restated or otherwise modified without Lender's prior written consent to the extent required hereunder or if Borrower consents to a transfer of any party's interest thereunder without Lender's prior written consent to the extent required hereunder, (D) the Ground Lease and/or the estate created thereunder is canceled, rejected, terminated, surrendered or expires pursuant to its terms, unless in such case Borrower enters into a replacement thereof in accordance with the applicable terms and provisions hereof or (E) a Property Document Event occurs;

(s) if Section 11.1 or 11.6 is violated or breached and such violation or breach continues for five (5) Business Days after notice from Lender of such violation or breach;

(t) With respect to any default or breach of any term, covenant or condition of this Agreement not specified in subsections (a) through (s) above or not otherwise specifically specified as an Event of Default in this Agreement, if the same is not cured (i) within ten (10) days after notice from Lender (in the case of any default which can be cured by the payment of a sum of money) or (ii) for thirty (30) days after notice from Lender (in the case of any other default or breach); provided, that, with respect to any default or breach specified in subsection (ii), if the same cannot reasonably be cured within such thirty (30) day period and Borrower shall have commenced to cure the same within such thirty (30) day period and thereafter diligently and

expeditiously proceeds to cure the same, such thirty (30) day period shall be extended for so long as it shall require Borrower in the exercise of due diligence to cure the same, it being agreed that no such extension shall be for a period in excess of sixty (60) days; or

(u) if any default exists under any of the other Loan Documents beyond any applicable cure periods contained in such Loan Documents or if any other such event shall occur or condition shall exist, if the effect of such event or condition is to accelerate the maturity of any portion of the Debt or to permit Lender to accelerate the maturity of all or any portion of the Debt.

To the extent that an Event of Default relates solely to any Individual Property (and no other Event of Default has occurred and is continuing), Borrower shall have the ability to cure such Event of Default by complying with the terms and conditions of Section 2.8(b), Section 2.9 and Section 8.7 hereof, as applicable.

Section 10.2. Remedies.

(a) Upon the occurrence and during the continuance of an Event of Default (other than an Event of Default described in Section 10.1(f) above with respect to Borrower or any SPE Component Entity) and at any time thereafter Lender may, in addition to any other rights or remedies available to it pursuant to this Agreement, the Security Instruments, the Note and the other Loan Documents or at law or in equity, take such action, without notice or demand, that Lender deems advisable to protect and enforce its rights against Borrower and in the Properties, including, without limitation, declaring the Debt to be immediately due and payable, and Lender may enforce or avail itself of any or all rights or remedies provided in this Agreement, the Security Instrument, the Note and the other Loan Documents against Borrower and the Properties, including, without limitation, all rights or remedies available at law or in equity.

Upon any Event of Default described in Section 10.1(f) above with respect to Borrower or any SPE Component Entity, the Debt and all other obligations of Borrower under this Agreement, the Security Instrument, the Note and the other Loan Documents shall immediately and automatically become due and payable, without notice or demand, and Borrower hereby expressly waives any such notice or demand, anything contained herein or in the Security Instrument, the Note and the other Loan Documents to the contrary notwithstanding.

(b) Upon the occurrence and during the continuance of an Event of Default, all or any one or more of the rights, powers, privileges and other remedies available to Lender against Borrower under this Agreement, the Security Instruments, the Note or the other Loan Documents executed and delivered by, or applicable to, Borrower or at law or in equity may be exercised by Lender at any time and from time to time, whether or not all or any of the Debt shall be declared due and payable, and whether or not Lender shall have commenced any foreclosure proceeding or other action for the enforcement of its rights and remedies under this Agreement, the Security Instruments, the Note or the other Loan Documents with respect to the Properties. Any such actions taken by Lender shall be cumulative and concurrent and may be pursued independently, singularly, successively, together or otherwise, at such time and in such order as Lender may determine in its sole discretion, to the fullest extent permitted by applicable law, without impairing or otherwise affecting the other rights and remedies of Lender permitted by applicable law, equity or contract or as set forth herein or in the Security Instruments, the Note or the other Loan Documents. No delay or omission to exercise any remedy, right or power accruing upon an Event of Default shall impair any such remedy, right or power or shall be construed as a waiver thereof, but any such remedy, right or power may be exercised from time to time and as often as may be deemed expedient. A waiver of one Default or Event of Default with respect to Borrower shall not be construed to be a waiver of any subsequent Default or Event of Default by Borrower or to impair any remedy, right or power consequent thereon.

(c) With respect to Borrower and the Properties, nothing contained herein or in any other Loan Document shall be construed as requiring Lender to resort to any Individual Property for the satisfaction of any of the Debt in preference or priority to any other Individual Property, and Lender may seek satisfaction out of all of the Properties or any part thereof, in its absolute discretion in respect of the Debt. In addition, Lender shall have the right from time to time to partially foreclose the Security Instruments in any manner and for any amounts secured by the Security Instruments then due and payable as determined by Lender in its sole discretion including, without limitation, the following circumstances: (i) in the event Borrower defaults beyond any applicable grace period in the payment of one or more scheduled payments of principal and interest, Lender may foreclose one or more of the Security Instruments to recover such delinquent payments, or (ii) in the event Lender elects to accelerate less than the entire outstanding principal balance of the Loan, Lender may foreclose one or more of the Security Instruments to recover so much of the principal balance of the Loan as Lender may accelerate and such other sums secured by one or more of the Security Instruments as Lender may elect. Notwithstanding one or more partial foreclosures, the Properties shall remain subject to the Security Instruments to secure payment of sums secured by the Security Instruments and not previously recovered.

(d) Lender shall have the right from time to time to sever the Note and the other Loan Documents into one or more separate notes, security instruments and other security documents

(the "**Severed Loan Documents**") in such denominations as Lender shall determine in its sole discretion for purposes of evidencing and enforcing its rights and remedies provided hereunder. Borrower shall execute and deliver to Lender from time to time, promptly after the request of Lender, a severance agreement and such other documents as Lender shall request in order to effect the severance described in the preceding sentence, all in form and substance reasonably satisfactory to Lender. Borrower hereby absolutely and irrevocably appoints Lender as its true and lawful attorney, coupled with an interest, in its name and stead to make and execute all documents necessary or desirable to effect the aforesaid severance, Borrower ratifying all that its said attorney shall do by virtue thereof; provided, however, Lender shall not make or execute any such documents under such power until three (3) days after notice has been given to Borrower by Lender of Lender's intent to exercise its rights under such power. Borrower shall not be obligated to pay any costs or expenses incurred in connection with the preparation, execution, recording or filing of the Severed Loan Documents and the Severed Loan Documents shall not contain any representations, warranties or covenants not contained in the Loan Documents and any such representations and warranties contained in the Severed Loan Documents will be given by Borrower only as of the Closing Date.

(e) Notwithstanding anything to the contrary contained herein or in any other Loan Document, any amounts recovered from the Property (or any portion thereof) or any other collateral for the Loan and/or paid to or received by Lender may, after an Event of Default, be applied by Lender toward the Debt in such order, priority and proportions as Lender in its sole discretion shall determine.

(f) Lender may, but without any obligation to do so and without notice to or demand on Borrower and without releasing Borrower from any obligation hereunder or being deemed to have cured any Event of Default hereunder, make, do or perform any obligation of Borrower hereunder in such manner and to such extent as Lender may deem necessary. Subject to the terms and conditions of the Leased Fee Leases, Lender is authorized to enter upon the Property for such purposes, or appear in, defend, or bring any action or proceeding to protect its interest in the Property for such purposes, and the cost and expense thereof (including reasonable attorneys' fees to the extent permitted by applicable law), with interest as provided in this Section, shall constitute a portion of the Debt and shall be due and payable to Lender upon demand. All such costs and expenses incurred by Lender in remedying such Event of Default or such failed payment or act or in appearing in, defending, or bringing any action or proceeding shall bear interest at the Default Rate, for the period after such cost or expense was incurred into the date of payment to Lender. All such costs and expenses incurred by Lender together with interest thereon calculated at the Default Rate shall be deemed to constitute a portion of the Debt and be secured by the liens, claims and security interests provided to Lender under the Loan Documents and shall be immediately due and payable upon demand by Lender therefore.

ARTICLE 11

SECONDARY MARKET

Section 11.1. Securitization.

(a) Lender shall have the right (i) to sell or otherwise transfer the Loan (or any portion thereof and/or interest therein), (ii) to sell participation interests in the Loan (or any portion thereof and/or interest therein) or (iii) to securitize the Loan (or any portion thereof and/or interest therein) in one or more single asset securitizations or one or more pooled asset securitizations. The transactions referred to in clauses (i), (ii) and (iii) above shall hereinafter be referred to collectively as "**Secondary Market Transactions**" and the transactions referred to in clause (iii) shall hereinafter be referred to as a "**Securitization**". Any certificates, notes or other securities issued in connection with a Securitization are hereinafter referred to as "**Securities**".

(b) If requested by Lender, Borrower and Guarantor shall assist Lender in satisfying the market standards to which Lender customarily adheres or which may be reasonably required in the marketplace or by the Rating Agencies in connection with any Secondary Market Transactions, including, without limitation, to:

(i) provide (A) updated financial and other information with respect to the Properties, the business operated at the Properties, Borrower, Guarantor, SPE Component Entity and Manager, (B) updated budgets relating to Borrower's operations at the Properties, (C) updated appraisals, market studies, environmental reviews (Phase I's and, if appropriate, Phase II's), property condition reports and other due diligence investigations of the Property (the "**Updated Information**"), together, if customary, with appropriate verification of the Updated Information through letters of auditors or opinions of counsel reasonably acceptable to Lender and the Rating Agencies and (D) revisions to and other agreements with respect to the Property Documents in form and substance acceptable to Lender and the Rating Agencies, provided, that, Borrower shall not be in violation of this provision to the extent such information relates to information regarding the Tenants under the Leased Fee Leases and such Tenants are not obligated to deliver such information under their Leased Fee Leases;

(ii) provide new and/or updated opinions of counsel, which may be relied upon by Lender, the Rating Agencies and their respective counsel, agents and representatives, as to substantive non-consolidation, fraudulent conveyance, matters of Delaware and federal bankruptcy law relating to limited liability companies, true sale, true lease and any other opinion customary in Secondary Market Transactions or required by the Rating Agencies with respect to the Properties, Property Documents, Borrower and Borrower's Affiliates, which counsel and opinions shall be satisfactory in form and substance to Lender and the Rating Agencies;

(iii) provide updated, as of the closing date of the Secondary Market Transaction, representations and warranties made in the Loan Documents; and

(iv) execute such amendments to the Loan Documents, the Property Documents and Borrower's or any SPE Component Entity's organizational documents as may be reasonably requested by Lender or requested by the Rating Agencies or otherwise to effect any Secondary Market Transaction, including, without limitation, (A) to amend and/or supplement the Independent Director provisions provided herein and therein, in each case, in accordance with the applicable requirements of the Rating Agencies, (B) further bifurcating the Loan into two or more additional components, re-allocating the

Loan among existing components, reducing the number of components of the Loan and/or creating additional separate notes and/or creating additional senior/subordinate note structure(s) (any of the foregoing, a "**Loan Bifurcation**") and (C) to modify all operative dates (including but not limited to payment dates, interest period start dates and end dates, etc.) under the Loan Documents, by up to ten (10) days; provided, however, that Borrower and/or Guarantor shall not be required to so modify or amend any Loan Document if such modification or amendment would change any material economic or material non-economic term, including the interest rate or the stated maturity (except as provided in subclause (C) above), except in connection with a Loan Bifurcation which may result in varying interest rates but will have the same initial weighted average coupon of the original Note (except that the weighted average coupon of the original Note may vary (i) as a result of the application of proceeds following a casualty or condemnation, (ii) as a result of prepayments of the Loan during the continuance of an Event of Default, or (iii) or any principal prepayments received on the Loan).

(c) If, at the time a Disclosure Document is being prepared for a Securitization, Lender expects that Borrower alone or Borrower and one or more Affiliates of Borrower collectively, or the Property alone or the Property and Related Properties collectively, will be a Significant Obligor, each of Borrower and Guarantor shall furnish to Lender upon request (i) the selected financial data or, if applicable, net operating income, required under Item 1112(b)(1) of Regulation AB, if Lender expects that the principal amount of the Loan together with any Related Loans as of the cut-off date for such Securitization may, or if the principal amount of the Loan together with any Related Loans as of the cut-off date for such Securitization and at any time during which the Loan and any Related Loans are included in a Securitization does, equal or exceed ten percent (10%) (but less than twenty percent (20%)) of the aggregate principal amount of all mortgage loans included or expected to be included, as applicable, in the Securitization, or (ii) the financial statements

required under Item 1112(b)(2) of Regulation AB, if Lender expects that the principal amount of the Loan together with any Related Loans as of the cut-off date for such Securitization may, or if the principal amount of the Loan together with any Related Loans as of the cut-off date for such Securitization and at any time during which the Loan and any Related Loans are included in a Securitization does, equal or exceed twenty percent (20%) of the aggregate principal amount of all mortgage loans included or expected to be included, as applicable, in the Securitization. Such financial data or financial statements shall be furnished to Lender (A) within ten (10) Business Days after notice from Lender in connection with the preparation of Disclosure Documents for the Securitization, (B) not later than thirty (30) days after the end of each fiscal quarter of Borrower and (C) not later than seventy-five (75) days after the end of each fiscal year of Borrower; provided, however, that Borrower shall not be obligated to furnish financial data or financial statements pursuant to clauses (B) or (C) of this sentence with respect to any period for which a filing pursuant to the Exchange Act in connection with or relating to the Securitization (an "**Exchange Act Filing**") is not required. If requested by Lender, Borrower shall furnish to Lender financial data and/or financial statements for any tenant of the Property if, in connection with a Securitization, Lender expects there to be, with respect to such tenant or group of Affiliated tenants, a concentration within all of the mortgage loans included or expected to be included, as applicable, in the Securitization such that such tenant or group of Affiliated tenants would constitute a Significant Obligor.

(d) All financial data and statements provided by Borrower and Guarantor hereunder shall be prepared in accordance with GAAP, and shall meet the requirements of Regulation AB and other applicable legal requirements. All financial statements referred to in this Section shall be audited by independent accountants of Borrower acceptable to Lender in accordance with Regulation AB and all other applicable legal requirements, shall be accompanied by the manually executed report of the independent accountants thereon, which report shall meet the requirements of Regulation AB and all other applicable legal requirements, and shall be further accompanied by a manually executed written consent of the independent accountants, in form and substance acceptable to Lender, to the inclusion of such financial statements in any Disclosure Document and any Exchange Act Filing and to the use of the name of such independent accountants and the reference to such independent accountants as "experts" in any Disclosure Document and Exchange Act Filing, all of which shall be provided at the same time as the related financial statements are required to be provided. All financial data and statements (audited or unaudited) provided by Borrower under this Section shall be accompanied by an Officer's Certificate, which certification shall state that such financial statements meet the requirements set forth in the first sentence of this subsection (d).

(e) If requested by Lender, each of Borrower and Guarantor shall provide Lender, promptly upon request, with any other or additional financial statements, or financial, statistical or operating information, as Lender shall determine to be required pursuant to Regulation AB or any amendment, modification or replacement thereto or other legal requirements in connection with any Disclosure Document or any Exchange Act Filing or as shall otherwise be reasonably requested by Lender.

(f) In the event Lender determines, in connection with a Securitization, that the financial data and financial statements required in order to comply with Regulation AB or any amendment, modification or replacement thereto or other legal requirements are other than as provided herein, then notwithstanding the provisions of this Section, Lender may request, and Borrower shall promptly provide, such other financial data and financial statements as Lender determines to be necessary or appropriate for such compliance.

Section 11.2. Disclosure.

(a) Each of Borrower and Guarantor (on their own behalf and on behalf of each other Borrower Party) understands that information provided to Lender by Borrower, any other Borrower Party and/or their respective agents, counsel and representatives may be (i) included in (A) the Disclosure Documents and (B) filings under the Securities Act and/or the Exchange Act and (ii) made available to Investors, the Rating Agencies and service providers, in each case, in connection with any Secondary Market Transaction.

(b) Borrower and Guarantor shall indemnify Lender and its officers, directors, partners, employees, representatives, contractors, subcontractors, agents and Affiliates against any losses, claims, damages or liabilities (collectively, the "**Liabilities**") to which Lender and/or its officers, directors, partners, employees, representatives, contractors, subcontractors, agents and/or affiliates may become subject in connection with (x) any Disclosure Document and/or any Covered Rating Agency Information, in each case, insofar as such Liabilities arise out of or are based upon any untrue statement of any material fact in the Provided Information and/or arise

out of or are based upon the omission to state a material fact in the Provided Information required to be stated therein or necessary in order to make the statements in the applicable Disclosure Document and/or Covered Rating Agency Information, in light of the circumstances under which they were made, not misleading and (y) after a Securitization, any indemnity obligations incurred by Lender or Servicer in connection with any Rating Agency Confirmation.

(c) Each of Borrower and Guarantor shall provide in connection with each of (i) a preliminary and a final private placement memorandum, offering memorandum or offering circular, (ii) a free writing prospectus, (iii) a preliminary and final prospectus or prospectus supplement or (iv) a term sheet, as applicable (A) certifying that Borrower and Guarantor has examined such Disclosure Documents specified by Lender and that each such Disclosure Document, as it relates to Borrower, Borrower Affiliates, the Properties, Manager, Guarantor, the Leases, the Property Documents and all other aspects of the Loan, does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading, (B) indemnifying Lender (and for purposes of this Section 11.2, Lender hereunder shall include its officers and directors), the Affiliate of Lender ("**Lender Affiliate**") that has filed the registration statement relating to the Securitization (the "**Registration Statement**") or is otherwise acting as "sponsor" or "depositor" of the Securitization, each of their respective officers, directors, partners, employees, representatives, agents and Affiliates and each Person that controls the Affiliate within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act (collectively, the "**Lender Group**"), and Lender Affiliate, and any other placement agent or underwriter with respect to the Securitization, each of their respective officers, directors, partners, employees, representatives, agents and Affiliates and each Person who controls Lender Affiliate or any other placement agent or underwriter within the meaning of Section 15 of the Securities Act and Section 20 of the Exchange Act (collectively, the "**Underwriter Group**")for any Liabilities to which Lender, the Lender Group or the Underwriter Group may become subject insofar as the Liabilities arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in such sections or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated in such sections or necessary in order to make the statements in such sections, in light of the circumstances under which they were made and the date upon which they were made, not misleading and (C) agreeing to reimburse Lender, the Lender Group and/or the Underwriter Group for any legal or other expenses reasonably incurred by Lender, the Lender Group and the Underwriter Group in connection with investigating or defending the Liabilities. The indemnification provided for in clauses (B) and (C) above shall be

effective whether or not the indemnification agreement described above is provided. The aforesaid indemnity will be in addition to any liability which Borrower and Guarantor may otherwise have.

(d) In connection with filings under Exchange Act and/or the Securities Act, Borrower and Guarantor shall (i) indemnify Lender, the Lender Group and the Underwriter Group for Liabilities to which Lender, the Lender Group or the Underwriter Group may become subject insofar as the Liabilities arise out of or are based upon the omission or alleged omission to state in the Disclosure Document a material fact required to be stated in the Disclosure Document in order to make the statements in the Disclosure Document, in light of the circumstances under which they were made and the date upon which they were made, not misleading and (ii) reimburse Lender, the Lender Group or the Underwriter Group for any legal

or other expenses reasonably incurred by Lender, the Lender Group or the Underwriter Group in connection with defending or investigating the Liabilities.

(e) Promptly after receipt by an indemnified party under this Section 11.2 of notice of the commencement of any action, such indemnified party will, if a claim in respect thereof is to be made against the indemnifying person under this Section 11.2, notify the indemnifying person in writing of the commencement thereof (but the omission to so notify the indemnifying person will not relieve the indemnifying person from any liability which the indemnifying person may have to any indemnified party hereunder except to the extent that failure to notify causes prejudice to the indemnifying person). In the event that any action is brought against any indemnified party, and it notifies the indemnifying person of the commencement thereof, the indemnifying person will be entitled, jointly with any other indemnifying person, to participate therein and, to the extent that it (or they) may elect by written notice delivered to the indemnified party promptly after receiving the aforesaid notice from such indemnified party, to assume the defense thereof with counsel satisfactory to such indemnified party. After notice from the indemnifying person to such indemnified party under this Section 11.2, such indemnifying person shall pay for any legal or other expenses subsequently incurred by such indemnified party in connection with the defense thereof; provided, however, if the defendants in any such action include both the indemnified party and the indemnifying person and the indemnified party shall have reasonably concluded that there are any legal defenses available to it and/or other indemnified parties that are different from or additional to those available to the indemnifying person, the indemnified parties shall have the right to select separate counsel to assert such legal defenses and to otherwise participate in the defense of such action on behalf of such indemnified party at the cost of the indemnifying person.

After notice from such indemnifying person to such indemnified party of its election to so assume the defense of such claim or action, such indemnifying person shall not be liable to such indemnified party for any legal or other expenses subsequently incurred by such indemnified party in connection with the defense thereof, unless, (1) if the defendants in any such action include both an indemnified party and any of the indemnifying persons and an indemnified party shall have reasonably concluded that there are any legal defenses available to it and/or other indemnified party that are different from or additional to those available to an indemnifying person, in which case the indemnified parties shall have the right to select separate counsel to assert such legal defenses and to otherwise participate in the defense of such action on behalf of such indemnified party at the expense of the indemnifying persons, (2) the indemnifying person shall not have employed counsel reasonably satisfactory to the indemnified party to represent the indemnified party within a reasonable time after notice of commencement of the action (provided that the indemnified party has provided the indemnifying person with ten (10) days prior written notice that it intends to exercise its rights pursuant to this clause (2) and the indemnifying person has not employed counsel reasonably satisfactory to the indemnified party within such 10-day period), or (3) the indemnifying person has authorized in writing the employment of counsel of the indemnified party at the expense of the indemnifying person. The indemnifying person shall not be liable for expenses of more than one separate counsel unless an indemnified party shall have reasonably concluded that there may be legal defenses available to it that are different from or additional to those available to another indemnified party.

Without the prior written consent of the applicable indemnified parties, no indemnifying person shall settle or compromise or consent to the entry of any judgment in any pending or threatened claim, action, suit or proceeding in respect of which indemnification may be sought hereunder (whether or not any indemnified party is an actual or potential party to such claim, action, suit or proceeding) unless (i) such indemnifying person shall have given the indemnified parties reasonable prior written notice thereof and shall have obtained an unconditional release of each indemnified party from all liability arising out of such claim, action, suit or proceedings and (ii) such settlement, compromise or judgment does not include a statement as to, or admission of, fault, culpability or a failure to act by or on behalf of any indemnified party. As long as an indemnifying person has complied with its obligations to defend and indemnify hereunder, such indemnifying person shall not be liable for any settlement made by any indemnified parties without the consent of such indemnifying person (which consent shall not be unreasonably withheld, conditioned or delayed). Notwithstanding the foregoing sentence, if at any time an indemnified party shall have requested that an indemnifying person reimburse the indemnified party for fees and expenses of counsel to which the indemnified party is entitled pursuant to this Agreement, the indemnifying person shall be liable for any settlement, compromise or entry of a judgment in connection with any proceeding effected without its written consent if (i) such settlement, compromise or judgment is entered into or entered, as applicable, more than ninety (90) days after receipt by the indemnifying person of such request, (ii) the indemnifying person shall not have reimbursed the indemnified party in accordance with such request prior to the date of such settlement, compromise or judgment, and (iii) such settlement, compromise or judgment does not include a statement as to, or an admission of, fault, culpability or failure to act by or on behalf of any such indemnifying person; provided, that the indemnified party has provided the indemnifying person with five (5) Business Days prior notice of its intent to exercise its rights under this sentence.

The indemnifying persons agree that if any indemnification or reimbursement sought pursuant to this Agreement is judicially determined to be unenforceable for any reason or is insufficient to hold any indemnified party harmless (with respect only to the Liabilities that are the subject of this Agreement), then the indemnifying persons, on the one hand, and such indemnified party, on the other hand, shall contribute to the Liabilities for which such indemnification or reimbursement is held unavailable or is insufficient: (x) in such proportion as is appropriate to reflect the relative benefits to the indemnifying persons, on the one hand, and such indemnified party, on the other hand, from the transactions to which such indemnification or reimbursement relates; or (y) if the allocation provided by clause (x) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (x) but also the relative faults of the indemnifying persons, on the one hand, and all indemnified party, on the other hand, as well as any other equitable considerations. Notwithstanding the foregoing, no party found liable for a fraudulent misrepresentation shall be entitled to contribution from any other party who is not also found liable for such fraudulent misrepresentation, and the indemnifying persons agree that in no event shall the amount to be contributed by the indemnified parties collectively pursuant to this paragraph exceed the amount of the fees (by underwriting discount or otherwise) actually received by such indemnified parties in connection with the closing of the Loan or the Securitization.

The indemnifying persons agree that the indemnification, contribution and reimbursement obligations set forth in this Agreement shall apply whether or not any

indemnified party is a formal party to any lawsuits, claims or other proceedings. The indemnifying persons further agree that the indemnified parties are intended third party beneficiaries under this Agreement.

(f) The liabilities and obligations of each of Borrower, Guarantor and Lender under this Section 11.2 shall survive the termination of this Agreement and the satisfaction and discharge of the Debt. Failure by Borrower, Guarantor and/or any Borrower Party to comply with the provisions of Section 11.1 and/or Section 11.2 within the timeframes specified therein and/or as otherwise required by Lender shall, at Lender's option, constitute a breach of the terms thereof and/or an Event of Default. Each of Borrower and Guarantor (on their own behalf and on behalf of each Borrower Party) hereby expressly authorizes and appoints Lender its attorney-in-fact to take any actions required of any Borrower Party under Sections 11.1, 11.2, 11.6 and/or 11.8 in the event any Borrower Party fails to do the same, which power of attorney shall be irrevocable and shall be deemed to be coupled with an interest. Notwithstanding anything to the contrary contained herein, (i) except as may otherwise expressly provided to the contrary in this Article 11, each Borrower Party shall bear its own cost of compliance with this Article (including, without limitation, the costs of any ongoing financial reporting or similar provisions contained herein) and (ii) to the extent that the timeframes for compliance with such ongoing financial reporting and similar provisions are shorter than the timeframes allowed for comparable reporting obligations under Section 4.12 hereof (if any), the timeframes under this Article 11 shall control.

Section 11.3. Reserves/Escrows. In the event that Securities are issued in connection with the Loan, all funds held by Lender in escrow or pursuant to reserves in accordance with this Agreement and the other Loan Documents shall be deposited in "eligible accounts" at "eligible institutions" and, to the extent applicable, invested in "permitted investments" as then defined and required by the Rating Agencies.

Section 11.4. Servicer. At the option of Lender, the Loan may be serviced by a servicer/special servicer/trustee selected by Lender (collectively, the "**Servicer**") and Lender may delegate all or any portion of its responsibilities under this Agreement and the other Loan Documents to such Servicer pursuant to a servicing agreement between Lender and such Servicer.

Section 11.5. Rating Agency Costs. In connection with any Rating Agency Confirmation or other Rating Agency consent, approval or review required hereunder (other than the initial review of the Loan by the Rating Agencies in connection with a Securitization), Borrower shall pay all of the costs and expenses of Lender, Servicer and each Rating Agency in connection therewith, and, if applicable, shall pay any fees imposed by any Rating Agency in connection therewith.

Section 11.6. Mezzanine Option. Lender shall have the option (the "**Mezzanine Option**") at Lender's sole cost and expense and at any time to divide the Loan into two parts, a mortgage loan and a mezzanine loan, provided, that (i) the total loan amounts for such mortgage loan and such mezzanine loan shall equal the then outstanding amount of the Loan immediately prior to Lender's exercise of the Mezzanine Option, and (ii) the weighted average interest rate of such mortgage loan and mezzanine loan shall initially equal the Interest Rate. Borrower shall

cooperate with Lender in Lender's exercise of the Mezzanine Option in good faith and in a timely manner, which such cooperation shall include, but not be limited to, (i) executing such amendments to the Loan Documents and Borrower or any SPE Component Entity's organizational documents as may be reasonably requested by Lender or requested by the Rating Agencies, (ii) creating one or more Single Purpose Entities (the "**Mezzanine Borrower**") and (iii) except as expressly permitted by this Section 11.6, there shall be no other change to the economic terms and/or other material terms, rights or obligations of Borrower or Guarantor under the Loan Documents, which such Mezzanine Borrower shall (A) own, directly or indirectly, 100% of the equity ownership interests in Borrower (the "**Equity Collateral**"), and (B) together with such constituent equity owners of such Mezzanine Borrower as may be designated by Lender, execute such agreements, instruments and other documents as may be required by Lender in connection with the mezzanine loan (including, without limitation, a promissory note evidencing the mezzanine loan and a pledge and security agreement pledging the Equity Collateral to Lender as security for the mezzanine loan); and (iii) delivering such opinions, title endorsements, UCC title insurance policies, documents and/or instruments relating to the Property Documents and other materials as may be required by Lender or the Rating Agencies.

Section 11.7. Conversion to Registered Form. At the request of Lender, Borrower shall appoint, as its agent, a registrar and transfer agent (the "**Registrar**") reasonably acceptable to Lender which shall maintain, subject to such reasonable regulations as it shall provide, such books and records as are necessary for the registration and transfer of the Note in a manner that shall cause the Note to be considered to be in registered form for purposes of Section 163(f) of the IRS Code. The option to convert the Note into registered form once exercised may not be revoked. Any agreement setting out the rights and obligation of the Registrar shall be subject to the reasonable approval of Lender. Borrower may revoke the appointment of any particular person as Registrar, effective upon the effectiveness of the appointment of a replacement Registrar. The Registrar shall not be entitled to any fee from Borrower or Lender or any other lender in respect of transfers of the Note and other Loan Documents.

Section 11.8. Uncross of Properties.

(a) Borrower agrees that at any time Lender shall have the unilateral right to elect to, from time to time, uncross any of the Properties (such uncrossed Property or Properties, collectively, the "**Affected Property**" and the remaining Property or Properties, collectively, the **"Unaffected Property"**) in order to separate the Loan from the portion of the Debt to be secured by the Affected Property (such portion of the Debt to be secured by the Affected Property, the **"Uncrossed Loan"** and the remaining portion of the Debt secured by the Unaffected Property, the **"Remaining Loan"**). In furtherance thereof, Lender shall have the right to (i) sever and/or divide the Note and the other Loan Documents so that (A) the original Loan Documents (collectively, the **"Remaining Loan Documents"**) evidence and secure only the Remaining Loan and relate only to the Unaffected Property and (B) amended and/or new documents and other instruments (collectively, the **"Uncrossed Loan Documents"**) evidence and secure only the Uncrossed Loan and relate only to the Affected Property, (ii) allocate the applicable portion of each of the Reserve Funds relating to the Affected Property to the Uncrossed Loan, (iii) release any cross-default and/or cross-collateralization provisions applicable to such Affected Property (but such Affected Property shall be cross-defaulted an cross-collateralized

with each other Affected Property) and (iv) take such additional actions consistent therewith (including, without limitation, requiring delivery of the Uncrossed Loan Documents and amendments to the Loan Documents, in each case, to give effect to the foregoing); provided, that the Uncrossed Loan Documents and the Remaining Loan Documents, shall not, in the aggregate, increase (A) any monetary obligation of Borrower under the Loan Documents or (B) any other obligation of Borrower under the Loan Documents in any material respect (Borrower acknowledging that the mere act of compliance with this Section 11.8 shall not increase any monetary or other obligation of Borrower). In connection with the uncrossing of any such Affected Property as provided for in this Section 11.8 (an **"Uncrossing Event"**), the Remaining Loan shall be reduced by an amount equal to amount of the Uncrossed Loan and the Uncrossed Loan shall be in an amount equal to the Allocated Loan Amount applicable to the Affected Property.

(b) Borrower shall (and shall cause each Borrower Party to) reasonably cooperate with Lender to effectuate each Uncrossing Event. Without limitation of the foregoing, upon Lender's request, Borrower shall (and shall cause each Borrower Party to), among other things, (i) deliver evidence to Lender that the single purpose nature and bankruptcy remoteness of the Borrower(s) owning Properties other than the Affected Property following such Uncrossing Event have not been adversely affected and are in accordance with the terms and provisions of the Remaining Loan Documents; (ii) deliver evidence to Lender that the single purpose nature and bankruptcy remoteness of the Borrower(s) owning the Affected Property following such release have not been adversely affected and are in accordance with the terms and provisions of the Uncrossed Loan Documents; (iii) deliver to Lender such legal opinions and updated legal opinions as Lender or the Rating Agencies shall require (including, without limitation, a New Non-Consolidation Opinion and a REMIC Opinion); (iv) take the actions contemplated in subsection (a) above (including, without limitation, executing the Uncrossed Loan Documents and amendments to the Loan Documents); and (v) deliver such title endorsements, title insurance policies, documents and/or instruments relating to the Property Documents and other materials as may be required by Lender or the Rating Agencies.

Section 11.9. Syndication. Without limiting Lender's rights under Section 11.1, the provisions of this Section 11.9 shall only apply prior to the first Securitization of the Loan (or any portion thereof) (after which this Section 11.9 shall be of no force and effect).

(a) Sale of Loan, Co-Lenders, Participations and Servicing.

(i) Lender and any Co-Lender may, at their option, without Borrower's consent (but with notice to Borrower), sell with novation all or any part of their right, title and interest in, and to, and under the Loan (the "**Syndication**"), to one or more additional lenders (each a "**Co-Lender**"). Each additional Co-Lender shall enter into an assignment and assumption agreement (the "**Assignment and Assumption**") assigning a portion of Lender's or Co-Lender's rights and obligations under the Loan, and pursuant to which the additional Co-Lender accepts such assignment and assumes the assigned obligations. From and after the effective date specified in the Assignment and Assumption (i) each Co-Lender shall be a party hereto and to each Loan Document to the extent of the applicable percentage or percentages set forth in the Assignment and Assumption and, except as specified otherwise herein, shall succeed to the rights and obligations of Lender

and the Co-Lenders hereunder and thereunder in respect of the Loan, and (ii) Lender, as lender and each Co-Lender, as applicable, shall, to the extent such rights and obligations have been assigned by it pursuant to such Assignment and Assumption, relinquish its rights and be released from its obligations hereunder and under the Loan Documents.

(ii) The liabilities of Lender and each of the Co-Lenders shall be several and not joint, and Lender's and each Co-Lender's obligations to Borrower under this Agreement shall be reduced by the applicable amount assigned under each such Assignment and Assumption. Neither Lender nor any Co-Lender shall be responsible for the obligations of any other Co-Lender. Lender and each Co-Lender shall be liable to Borrower only for their respective proportionate shares of the Loan.

(iii) Borrower agrees that it shall, in connection with any sale of all or any portion of the Loan, whether in whole or to an additional Co-Lender or Participant, within ten (10) Business Days after requested by Agent, furnish Agent with the certificates required under Sections 4.12 and 4.13 hereof and such other information as reasonably requested by any additional Co-Lender or Participant in performing its due diligence in connection with its purchase of an interest in the Loan.

(iv) Barclays (or an Affiliate of Barclays) shall act as administrative agent for itself and the Co-Lenders (together with any successor administrative agent, the "**Agent**") pursuant to this Section 11.9. Borrower acknowledges that Barclays, as Agent, shall have the sole and exclusive authority to execute and perform this Agreement and each Loan Document on behalf of itself, as a Lender and as agent for itself and the Co-Lenders subject to the terms of the Co-Lending Agreement. Each Lender acknowledges that Barclays, as Agent, shall retain the exclusive right to grant approvals and give consents with respect to all matters requiring consent hereunder. Except as otherwise provided herein, Borrower shall have no obligation to recognize or deal directly with any Co-Lender, and no Co-Lender shall have any right to deal directly with Borrower with respect to the rights, benefits and obligations of Borrower under this Agreement, the Loan Documents or any one or more documents or instruments in respect thereof. Borrower may rely conclusively on the actions of Barclays as Agent to bind Barclays and the Co-Lenders, notwithstanding that the particular action in question may, pursuant to this Agreement or the Co-Lending Agreement be subject to the consent or direction of some or all of the Co-Lenders. Barclays may resign as Agent of the Co-Lenders, in its sole discretion, or if required to by the Co-Lenders in accordance with the term of the Co-Lending Agreement, in each case without the consent of but upon prior written notice to Borrower. Upon any such resignation, a successor Agent shall be determined pursuant to the terms of the Co-Lending Agreement. The term Agent shall mean any successor Agent.

(v) Notwithstanding any provision to the contrary in this Agreement, the Agent shall not have any duties or responsibilities except those expressly set forth herein (and in the Co-Lending Agreement) and no covenants, functions, responsibilities, duties, obligations or liabilities of Agent shall be implied by or inferred from this Agreement, the Co-Lending Agreement, or any other Loan Document, or otherwise exist against Agent.

(vi) Except to the extent its obligations hereunder and its interest in the Loan have been assigned pursuant to one or more Assignments and Assumption instruments, Barclays, as Agent, shall have the same rights and powers under this Agreement as any other Co-Lender and may exercise the same as though it were not Agent, respectively. The term "Co-Lender" or "Co-Lenders" shall, unless otherwise expressly indicated, include Barclays in its individual capacity. Barclays and the other Co-Lenders and their respective Affiliates may accept deposits from, lend money to, act as trustee under indentures of, and generally engage in any kind of business with, Borrower, or any Affiliate of Borrower and any Person who may do business with or own securities of Borrower or any Affiliate of Borrower, all as if they were not serving in such capacities hereunder and without any duty to account therefor to each other.

(vii) If required by any Co-Lender, Borrower hereby agrees to execute and deliver (in exchange for the original Note being replaced) supplemental notes in the principal amount of such Co-Lender's pro rata share of the Loan substantially in the form of the Note, and such supplemental note shall (i) be payable to order of such Co-Lender, (ii) be dated as of the Closing Date, and (iii) mature on the Maturity Date. Such supplemental note shall provide that it evidences a portion of the existing indebtedness hereunder and under the Note and not any new or additional indebtedness of Borrower. The term "Note" as used in this Agreement and in all the other Loan Documents shall include all such supplemental notes.

(viii) Barclays, as Agent, shall maintain at its domestic lending office or at such other location as Barclays, as Agent, shall designate in writing to each Co-Lender and Borrower a copy of each Assignment and Assumption delivered to and accepted by it and a register for the recordation of the names and addresses of the Co-Lenders, the amount of each Co-Lender's proportionate share of the Loan (including the principal amounts and stated interest owing to each Co-Lender) and the name and address of each Co-Lender's agent for service of process (the "**Register**"). The entries in the Register shall be conclusive and binding for all purposes, absent manifest error, and Borrower, Barclays, as Agent, and the Co-Lenders may treat each person or entity whose name is recorded in the Register as a Co-Lender hereunder for all purposes of this Agreement. The Register shall be available for inspection and copying by Borrower or any Co-Lender during normal business hours upon reasonable prior notice to the Agent. A Co-Lender may change its address and its agent for service of process upon written notice to Lender, as Agent, which notice shall only be effective upon actual receipt by Barclays, as Agent, which receipt will be acknowledged by Barclays, as Agent, upon request.

(ix) Notwithstanding anything herein to the contrary, any financial institution or other entity may be sold a participation interest in the Loan by Lender or any Co-Lender without Borrower's consent (such financial institution or entity, a "**Participant**"). No Participant shall have any rights under this Agreement, the Note or any of the Loan Documents and the Participant's rights in respect of such participation shall be solely against Lender or Co-Lender, as the case may be, as set forth in the participation agreement executed by and between Lender or Co-Lender, as the case may be, and such Participant. Borrower may rely conclusively on the actions of Lender as Agent to bind Lender and any Participant, notwithstanding that the particular action in question may,

pursuant to this Agreement or any participation agreement be subject to the consent or direction of some or all of the Participants. No participation shall relieve Lender or Co-Lender, as the case may be, from its obligations hereunder or under the Note or the Loan Documents and Lender or Co-Lender, as the case may be, shall remain solely responsible for the performance of its obligations hereunder. Each Lender or Co-Lender that sells a participation shall, acting solely for this purpose as agent of Borrower, maintain a register on which it enters the name and address of each participant and the principal amounts and stated interest of each Participant's interest (the "**Participant Register**"); provided that no Lender or Co-Lender shall have any obligation to disclose all or any portion of the Participant Register to any Person (including the identity of any participant or any information relating to a Participant's interest) except to the extent that such disclosure is necessary to establish that the applicable obligation is in registered form under Section 5f.103-1(c) of the U.S. Department of Treasury regulations. The entries in the Participant Register shall be conclusive absent manifest error. The Borrower, the Lenders and the Servicer may treat each Person whose name is recorded in the Participant Register pursuant to the terms hereof as the owner of such participation for all purposes of this Agreement. Failure to make any such recordation, or any error in such recordation, however, shall not affect Borrower's obligations in respect of the Loan.

(x) Notwithstanding any other provision set forth in this Agreement, Lender or any Co-Lender may at any time create a security interest in all or any portion of its rights under this Agreement (including, without limitation, amounts owing to it in favor of any Federal Reserve Bank in accordance with Regulation A of the Board of Governors of the Federal Reserve System).

(b) Cooperation in Syndication.

(i) Borrower agrees to use (and cause its Affiliates to use) commercially reasonable efforts to assist Lender in completing a Syndication satisfactory to Lender. Such assistance shall include the following, in each case, as reasonably requested by Lender (i) direct contact between senior management and advisors of Borrower and Guarantor and the proposed Co-Lenders, (ii) provision of information for use in the preparation of a confidential information memorandum and other marketing materials to be used in connection with the Syndication, (iii) the hosting, with Lender, of one or more meetings of prospective Co-Lenders or with the Rating Agencies, and (iv) working with Lender to procure a rating for the Loan by the Rating Agencies.

(ii) Lender shall manage all aspects of the Syndication of the Loan, including decisions as to the selection of institutions to be approached and when they will be approached, when their commitments will be accepted, which institutions will participate (subject to the other provisions of this Agreement), the allocations of the commitments among the Co-Lenders and the amount and distribution of fees among the Co-Lenders. To assist Lender in its Syndication efforts, Borrower agrees promptly to prepare and provide to Lender all information with respect to Borrower, Manager, Guarantor, any SPE Component Entity (if any) and the Properties contemplated hereby, including all financial information and projections (the "**Projections**"), as Lender may reasonably request in connection with the Syndication of the Loan. Borrower hereby represents and

covenants that (i) all information other than the Projections (the "**Information**") that has been or will be made available to Lender by Borrower or any of their representatives is or will be, when furnished, complete and correct in all material respects and does not or will not, when furnished, contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements contained therein not materially misleading in light of the circumstances under which such statements are made and (ii) the Projections that have been or will be made

available to Lender by Borrower or any of their representatives have been or will be prepared in good faith based upon reasonable assumptions. Borrower understands that in arranging and syndicating the Loan, Lender, the Co-Lenders and, if applicable, the Rating Agencies, may use and rely on the Information and Projections without independent verification thereof.

(iii) If required in connection with the Syndication, Borrower hereby agrees that, in addition to complying with Section 11.1, it shall use commercially reasonable efforts to obtain and deliver reliance letters reasonably satisfactory to Lender with respect to the environmental assessments and reports delivered to Lender prior to the Closing Date, which will run to Lender, any Co-Lender and their respective successors and assigns.

Lender shall pay the costs of compliance with this Section 11.9 (other than Borrower's legal fees, which shall be paid by Borrower).

(c) No Joint Venture. Notwithstanding anything to the contrary herein contained, neither Agent, Lender nor any Co-Lender by entering into this Agreement or by taking any action pursuant hereto, will be deemed a partner or joint venturer with Borrower.

(d) Voting Rights of Co-Lenders. Borrower acknowledges that the Co-Lending Agreement may contain provisions which require that amendments, waivers, extensions, modifications, and other decisions with respect to the Loan Documents shall require the approval of all or a number of the Co-Lenders holding in the aggregate a specified percentage of the Loan or any one or more Co-Lenders that are specifically affected by such amendment, waiver, extension, modification or other decision. Borrower's rights and obligations hereunder are independent of the Co-Lending Agreement and remain unmodified by the terms and provisions thereof.

ARTICLE 12

INDEMNIFICATIONS

Section 12.1. General Indemnification. Borrower shall, at its sole cost and expense, protect, defend, indemnify, release and hold harmless the Indemnified Parties from and against any and all Losses imposed upon or incurred by or asserted against any Indemnified Parties and directly or indirectly arising out of or in any way relating to any one or more of the following: (a) any accident, injury to or death of persons or loss of or damage to property occurring in, on or about the Property or any part thereof or on the adjoining sidewalks, curbs, adjacent property or

adjacent parking areas, streets or ways; (b) any use, nonuse or condition in, on or about the Property or any part thereof or on the adjoining sidewalks, curbs, adjacent property or adjacent parking areas, streets or ways; (c) performance of any labor or services or the furnishing of any materials or other property in respect of the Property or any part thereof; (d) any failure of the Property (or any portion thereof) to be in compliance with any applicable Legal Requirements; (e) any and all claims and demands whatsoever which may be asserted against Lender by reason of any alleged obligations or undertakings on its part to perform or discharge any of the terms, covenants, or agreements contained in any Lease, management agreement or any Property Document; (f) the payment of any commission, charge or brokerage fee to anyone (other than a broker or other agent retained by Lender) which may be payable in connection with the funding of the Loan evidenced by the Note and secured by the Security Instrument; (g) the holding or investing of the funds on deposit in the Accounts or the performance of any work or the disbursement of funds in each case in connection with the Accounts, (h) any material breach by Borrower of its obligations under, or any material misrepresentation by Borrower contained in, this Agreement or the other Loan Documents; and/or (i) any untrue statement or alleged untrue statement of material fact contained in the Provided Information or any omission or alleged omission to state a material fact required to be stated in the Provided Information or necessary in order to make the statements in the Provided Information, in light of the circumstances under which they were made, not misleading; provided, however, the foregoing indemnity shall not apply to any matter to the extent arising from the gross negligence or willful misconduct of an Indemnified Party. Any amounts payable to Lender by reason of the application of this Section 12.1 shall become immediately due and payable and shall bear interest at the Default Rate from the date loss or damage is sustained by Lender until paid.

Section 12.2. Mortgage and Intangible Tax Indemnification. Borrower shall, at its sole cost and expense, protect, defend, indemnify, release and hold harmless the Indemnified Parties from and against any and all Losses imposed upon or incurred by or asserted against any Indemnified Parties and directly or indirectly arising out of or in any way relating to any tax on the making and/or recording of the Security Instrument, the Note or any of the other Loan Documents.

Section 12.3. ERISA Indemnification. Borrower shall, at its sole cost and expense, protect, defend, indemnify, release and hold harmless the Indemnified Parties from and against any and all Losses (including, without limitation, reasonable attorneys' fees and costs incurred in the investigation, defense, and settlement of Losses incurred in correcting any prohibited transaction or in the sale of a prohibited loan, and in obtaining any individual prohibited transaction exemption under ERISA that may be required, in Lender's sole discretion) that Lender may incur, directly or indirectly, as a result of a default under Sections 3.7 or 4.19 of this Agreement.

Section 12.4. Duty to Defend, Legal Fees and Other Fees and Expenses. Upon written request by any Indemnified Party, Borrower shall defend such Indemnified Party (if requested by any Indemnified Party, in the name of the Indemnified Party) by attorneys and other professionals approved by the Indemnified Parties. Notwithstanding the foregoing, any Indemnified Parties may, in their sole discretion, engage their own attorneys and other professionals to defend or assist them, and, at the option of Indemnified Parties, their attorneys shall control the resolution of any claim or proceeding. Upon demand, Borrower shall pay or, in

the sole discretion of the Indemnified Parties, reimburse, the Indemnified Parties for the payment of reasonable fees and disbursements of attorneys, engineers, environmental consultants, laboratories and other professionals in connection therewith.

Section 12.5. Survival. The obligations and liabilities of Borrower under this Article 12 shall fully survive indefinitely notwithstanding any termination, satisfaction, assignment, entry of a judgment of foreclosure, exercise of any power of sale, or delivery of a deed in lieu of foreclosure of the Security Instrument.

Section 12.6. Environmental Indemnity. Simultaneously herewith, Borrower and Guarantor have executed and delivered the Environmental Indemnity to Lender, which Environmental Indemnity is not secured by the Security Instrument.

ARTICLE 13

EXCULPATION

Section 13.1. Exculpation.

(a) Subject to the qualifications below, Lender shall not enforce the liability and obligation of Borrower to perform and observe the obligations contained in the Note, this Agreement, the Security Instrument or the other Loan Documents by any action or proceeding wherein a money judgment or any deficiency judgment or other judgment establishing personal liability shall be sought against Borrower, any of its Affiliates and/or any of their respective principals, directors, officers, employees, beneficiaries, shareholders, partners, members, trustees, agents, or any legal representatives, successors or assigns of any of the foregoing (collectively, the "**Exculpated Parties**"), except that Lender may bring a foreclosure action, an action for specific performance or any other appropriate action or proceeding to enable Lender to enforce and realize upon its interest under the Note, this Agreement, the Security Instruments and the other Loan Documents, or in any Individual Property (or any portion thereof), the Rents, or any other collateral given to Lender pursuant to the Loan Documents; provided, however, that, except as specifically provided herein, any judgment in any such action or proceeding shall be enforceable against Borrower only to the extent of Borrower's interest in the Properties, in the Rents and in any other collateral given to Lender, and Lender, by accepting the Note, this Agreement, the Security Instruments and the other Loan Documents, shall not sue for, seek or demand any deficiency judgment against Borrower or any of the Exculpated Parties in any such action or proceeding under or by reason of or under or in connection with the Note, this Agreement, the Security Instruments or the other Loan Documents. The provisions of this Section shall not, however, (1) constitute a waiver, release or impairment of any obligation evidenced or secured by any of the Loan Documents; (2) impair the right of Lender to name Borrower as a party defendant in any action or suit for foreclosure and sale under any Security Instrument; (3) affect the validity or enforceability of any indemnity, guaranty or similar instrument (including, without limitation, indemnities set forth in Article 12 hereof, Section 11.2 hereof, in the Guaranty and the Environmental Indemnity) made in connection with the Loan or any of the rights and remedies of Lender thereunder (including, without limitation, Lender's right to enforce said rights and remedies against Borrower and/or Guarantor (as applicable) personally and without the effect of the exculpatory provisions of this Article 13); (4) impair the

rights of Lender to (A) obtain the appointment of a receiver and/or (B) enforce its rights and remedies provided in Articles 8 and 9 hereof; (5) impair the enforcement of the assignment of leases and rents contained in the Security Instruments and in any other Loan Documents; (6) impair the right of Lender to enforce Section 4.12(e) of this Agreement; (7) constitute a prohibition against Lender to seek a deficiency judgment against Borrower in order to fully realize the security granted by the Security Instrument or to commence any other appropriate action or proceeding in order for Lender to exercise its remedies against the Property (or any portion thereof); or (8) constitute a waiver of the right of Lender to enforce the liability and obligation of Borrower, by money judgment or otherwise, to the extent of any Loss incurred by Lender (including reasonable attorneys' fees and costs reasonably incurred) arising out of or in connection with the following:

(i) fraud or intentional misrepresentation by any Borrower Party in connection with the Loan;

(ii) the gross negligence or willful misconduct of any Borrower Party (including, without limitation, any litigation or other legal proceeding related to the Debt filed by any Borrower Party or any other action of any Borrower Party that delays, opposes, impedes, obstructs, hinders, enjoins or otherwise interferes with or frustrates the efforts of Lender to exercise any rights and remedies available to Lender as provided herein and in the other Loan Documents);

(iii) physical waste to any Individual Property (or any 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 Individual Property during the continuance of an Event of Default;

(iv) the misapplication, misappropriation or conversion by any Borrower Party of (A) any insurance proceeds paid by reason of any loss, damage or destruction to any Individual Property (or any portion thereof), (B) any Awards or other amounts received in connection with the Condemnation of all or a portion of any Individual Property, (C) any Rents, (D) any Security Deposits or Rents collected in advance or (E) any other monetary collateral for the Loan (including, without limitation, any Reserve Funds and/or any portion thereof disbursed to (or at the direction of) Borrower);

(v) failure to pay Taxes, charges for labor or materials or other charges that can create liens on any portion of the Property in accordance with the terms and provisions hereof; provided, however, Borrower shall have no liability under this subsection (v) if (A) such Taxes, charges for labor or materials or other charges that can create liens are being contested in accordance with the terms and conditions hereof or (B) sufficient cash flow is not available from the Properties to pay such amounts; provided, that, in no instance shall Borrower be released from any liability pursuant to this clause (v) to the extent (1) such insufficiency of cash flow arises from the intentional misappropriation or conversion of Rent by any Borrower Party or (2) Borrower incurred such charges after the occurrence and during the continuance of an Event of Default;

(vi) failure to pay Insurance Premiums, to maintain the Policies in full force and effect and/or to provide Lender evidence of the same, in each case, as expressly provided herein; provided, however, Borrower shall have no liability under this subsection (vi) if sufficient cash flow is not available from the Properties to pay such amounts; provided, that, in no instance shall Borrower be released from any liability pursuant to this clause (vi) to the extent such insufficiency of cash flow arises from the intentional misappropriation or conversion of Rent by any Borrower Party;

(vii) any Security Deposits which are not delivered to Lender within the timeframe required hereunder except to the extent any such Security Deposits were applied in accordance with the terms and conditions of any of the Leases prior to the occurrence of the applicable Event of Default. For purposes of clarification, for a Security Deposit to be deemed "delivered to Lender" in connection with the foregoing, the same must be in the form of cash or in a letter of credit solely in Lender's name;

(viii) any violation or breach by any Borrower Party of any applicable law mandating the forfeiture or seizure of any Individual Property (or any portion thereof and/or interest therein);

(ix) the failure to make any REMIC Payment as and when required herein;

(x) any indemnity obligations of Lender to Bank under the Restricted Account Agreement;

(xi) Borrower fails to comply with the Cash Management Provision or fails to comply with any limitations on instructing the property manager, each as required by and in accordance with, as applicable, the terms and provisions of, this Agreement and the other Loan Documents;

(xii) without limiting Section 13.1(b)(ii) below, any violation or breach of any representation, warranty or covenants contained in Article 5;

(xiii) without limiting Section 13.1(b)(iii) below, any violation or breach of any representation, warranty or covenants contained in Article 6;

(xiv) any failure of Lender to be paid the Release Price for the Individual Property known as One Ally Center upon a total Condemnation of such Individual Property; and/or

(xv) (1) any (A) material amendment or modification or (B) termination or cancellation of any Leased Fee Lease by Borrower, in each case without Lender's consent, which consent is to be given or withheld in accordance with the terms of Section 4.14 hereof or (2) any termination or cancellation of any Leased Fee Lease due to a default by Borrower thereunder.

(b) Notwithstanding anything to the contrary in this Agreement, the Note or any of the Loan Documents, (A) Lender shall not be deemed to have waived any right which Lender may have under Section 506(a), 506(b), 1111(b) or any other provisions of the Bankruptcy Code to file a claim for the full amount of the Debt or to require that all collateral shall continue to

secure all of the Debt owing to Lender in accordance with the Loan Documents, and (B) the Debt shall be fully recourse to Borrower in the event that: (i) the first full monthly payment of principal and interest under the Note is not paid when due; (ii) any representation, warranty or covenant contained in Article 5 is violation or breached which results in the substantive consolidation of Borrower or any SPE Component with any other Person; (iii) Borrower and/or any SPE Component Entity fails to obtain Lender's prior written consent to any voluntary transfer of any material portion of any Individual Property or any voluntary act that causes a change (directly or indirectly) in the ownership of any Borrower and/or any SPE Component Entity to the extent such ownership change required Lender's consent under this Agreement; (iv) a Bankruptcy Event occurs; or (v) the Ground Lease is terminated, cancelled or otherwise ceases to exist or is rejected in a proceeding under the Bankruptcy Code and/or any Creditors Rights Laws (provided, however, that liability for breach of this clause (v) shall be limited to the Release Price of such Individual Property subject to the Ground Lease together with Lender's fees, costs and expenses in connection therewith (including Lender's reasonable attorneys' fees and expenses) and (II) Borrower shall have no liability with respect to a rejection of the Ground Lease by a ground lessor in a proceeding of the ground lessor under the Bankruptcy Code and/or any Creditors Rights Laws to the extent that (x) Borrower retains its rights under such Ground Lease and (y) Lender's first priority lien in the leasehold estate created by such Ground Lease (subject only to Permitted Encumbrances) is unimpaired.

ARTICLE 14

NOTICES

Section 14.1. Notices. All notices or other written communications hereunder shall be deemed to have been properly given (a) upon delivery, if delivered in person or by facsimile transmission with receipt acknowledged by the recipient thereof and confirmed by telephone by sender, (b) one (1) Business Day after having been deposited for overnight delivery with any reputable overnight courier service, or (c) three (3) Business Days after having been deposited in any post office or mail depository regularly maintained by the U.S. Postal Service and sent by registered or certified mail, postage prepaid, return receipt requested, addressed as follows:

If to Borrower: c/o iStar Inc.
1114 Avenue of the Americas,
New York, New York 10036
Attention: Geoffrey Jervis, COO/CFO; Nina Matis, CLO; Elisha Blechner, EVP, Head of Portfolio Management
Facsimile No.: (212) 930-9494

With a copy to: Katten Muchin Rosenman LLP
525 W. Monroe Street
Chicago, IL 60661-3693
Attn: Marcia W. Sullivan, Esq.
Attn: Kenneth M. Jacobson, Esq.
Attn: Brett Kifferstein, Esq.

Facsimile No.: (312) 902-1061

If to Lender: Barclays Bank PLC
745 Seventh Avenue

New York, New York 10019
Attention: Michael S. Birajiclian
Facsimile No.: N/A

And to: Bank of America, N.A.
One Bryant Park — 11th Floor
New York, New York 10035
Attention: Dominick F. Guerriero
Facsimile No.: (646) 855-5046

And to: JPMorgan Chase Bank, National Association
383 Madison Avenue
New York, New York 10179
Attention: Thomas Nicholas Cassino
Facsimile No.: (212) 834-6029

With a copy to: JPMorgan Chase Bank, National Association
383 Madison Avenue
New York, New York 10178
Attention: Nancy Alto
Facsimile No.: (917) 546-2564

With a copy to: Dechert LLP
Cira Centre
2929 Arch Street
Philadelphia, Pennsylvania 19104
Attention: David W. Forti, Esq.
Facsimile No.: (215) 664-2647

or addressed as such party may from time to time designate by written notice to the other parties.

In addition, with regard to any notices of Event of Default:

Robert and Meta Smith Family Limited Partnership
c/o Mr. Robert G. Smith
3056 - South 188th Street
Seattle, WA 98188

With a copy to:

Mr. Edward Kuhrau
Perkins Cole

1201 Third Avenue, Suite 4000
Seattle, WA 98101-2390

Either party by notice to the other may designate additional or different addresses for subsequent notices or communications.

ARTICLE 15

FURTHER ASSURANCES

Section 15.1. Replacement Documents. Upon receipt of an affidavit of an officer of Lender as to the loss, theft, destruction or mutilation of the Note, this Agreement or any of the other Loan Documents which is not of public record, and, in the case of any such mutilation, upon surrender and cancellation of the Note, this Agreement or such other Loan Document, Borrower will issue, in lieu thereof, a replacement thereof, dated the date of the Note, this Agreement or such other Loan Document, as applicable, in the same principal amount thereof and otherwise of like tenor.

Section 15.2. Recording of Security Instrument, etc.

(a) Borrower forthwith upon the execution and delivery of the Security Instrument and thereafter, from time to time, will cause the Security Instrument and any of the other Loan Documents creating a lien or security interest or evidencing the lien hereof upon the Property and each instrument of further assurance to be filed, registered or recorded in such manner and in such places as may be required by any present or future law in order to publish notice of and fully to protect and perfect the lien or security interest hereof upon, and the interest of Lender in, the Property. Borrower will pay all taxes, filing, registration or recording fees, and all expenses incident to the preparation, execution, acknowledgment and/or recording of the Note, the Security Instrument, this Agreement, the other Loan Documents, any note, deed of trust or mortgage supplemental hereto, any security instrument with respect to the Property and any instrument of further assurance, and any modification or amendment of the foregoing documents, and all federal, state, county and municipal taxes, duties, imposts, assessments and charges arising out of or in connection with the execution and delivery of the Security Instrument, any deed of trust or mortgage supplemental hereto, any security instrument with respect to the Property or any instrument of further assurance, and any modification or amendment of the foregoing documents, except where prohibited by applicable law so to do. The foregoing taxes, fees, expenses, duties, imposts, assessments and charges, as applicable, are herein referred to as the **"Security Instrument Taxes"**.

(b) Borrower represents that it has paid all Security Instrument Taxes imposed upon the execution and recordation of each Security Instrument. If at any time Lender determines, based on applicable Legal Requirements, that Lender is not being afforded the maximum amount of security available from any one or more of the Properties as a direct or indirect result of applicable Security Instrument Taxes not having been paid with respect to any Individual Property, Borrower agrees that Borrower will execute, acknowledge and deliver to Lender, immediately upon Lender's request, supplemental affidavits increasing the amount of the Debt attributable to any such Individual Property to an amount determined by Lender to be equal to

the lesser of (i) the greater of the fair market value of the applicable Individual Property (1) as of the date hereof and (2) as of the date such supplemental affidavits are to be delivered to Lender, and (ii) the amount of the Debt attributable to any such Individual Property (as set forth on Schedule V hereof), and Borrower shall, on demand, pay any additional Security Instrument Taxes.

Section 15.3. Further Acts, etc. Borrower will, at the cost of Borrower, and without expense to Lender, do, execute, acknowledge and deliver all and every further acts, deeds, conveyances, deeds of trust, mortgages, assignments, notices of assignments, transfers and assurances as Lender shall, from time to time, reasonably require, for the better assuring, conveying, assigning, transferring, and confirming unto Lender the property and rights hereby mortgaged, deeded, granted, bargained, sold, conveyed, confirmed, pledged, assigned, warranted and transferred or intended now or hereafter so to be, or which Borrower may be or may hereafter become bound to convey or assign to Lender, or for carrying out the intention or facilitating the performance of the terms of this Agreement or for filing, registering or recording the Security Instrument, or for complying with all Legal Requirements. Borrower, on demand, will execute and deliver, and in the event it shall fail to so execute and deliver, hereby authorizes Lender to execute in the name of Borrower or without the signature of Borrower to the extent Lender may lawfully do so, one or more financing statements to evidence more effectively the security interest of Lender in the Property. Borrower grants to Lender an irrevocable power of attorney coupled with an interest for the purpose of exercising and perfecting any and all rights and remedies available to Lender at law and in equity, including without limitation, such rights and remedies available to Lender pursuant to this Section 15.3.

Section 15.4. Changes in Tax, Debt, Credit and Documentary Stamp Laws.

(a) If any law is enacted or adopted or amended after the date of this Agreement which deducts the Debt from the value of the Property for the purpose of taxation and which imposes a tax, either directly or indirectly, on the Debt or Lender's interest in the Property, Borrower will pay the tax, with interest and penalties thereon, if any. If Lender is advised by counsel chosen by it that the payment of tax by Borrower would be unlawful or taxable to Lender or unenforceable or provide the basis for a defense of usury then Lender shall have the option by written notice of not less than ninety (90) days to declare the Debt immediately due and payable.

(b) Borrower will not claim or demand or be entitled to any credit or credits on account of the Debt for any part of the Taxes or Other Charges assessed against the Property, or any part thereof, and no deduction shall otherwise be made or claimed from the assessed value of the Property, or any part thereof, for real estate tax purposes by reason of the Security Instrument or the Debt. If such claim, credit or deduction shall be required by applicable law, Lender shall have the option, by written notice of not less than ninety (90) days, to declare the Debt immediately due and payable.

(c) If at any time the United States of America, any State thereof or any subdivision of any such State shall require revenue or other stamps to be affixed to the Note, the Security Instrument, or any of the other Loan Documents or impose any other tax or charge on the same, Borrower will pay for the same, with interest and penalties thereon, if any.

ARTICLE 16

WAIVERS

Section 16.1. Remedies Cumulative; Waivers.

The rights, powers and remedies of Lender under this Agreement shall be cumulative and not exclusive of any other right, power or remedy which Lender may have against Borrower pursuant to this Agreement, the Security Instrument, the Note or the other Loan Documents, or existing at law or in equity or otherwise. Lender's rights, powers and remedies may be pursued singularly, concurrently or otherwise, at such time and in such order as Lender may determine in Lender's sole discretion. No delay or omission to exercise any remedy, right or power accruing upon an Event of Default shall impair any such remedy, right or power or shall be construed as a waiver thereof, but any such remedy, right or power may be exercised from time to time and as often as may be deemed expedient. A waiver of one Default or Event of Default with respect to Borrower shall not be construed to be a waiver of any subsequent Default or Event of Default by Borrower or to impair any remedy, right or power consequent thereon.

Section 16.2. Modification, Waiver in Writing.

No modification, amendment, extension, discharge, termination or waiver of any provision of this Agreement, the Security Instrument, the Note and the other Loan Documents, nor consent to any departure by Borrower therefrom, shall in any event be effective unless the same shall be in a writing signed by the party against whom enforcement is sought, and then such waiver or consent shall be effective only in the specific instance, and for the purpose, for which given. Except as otherwise expressly provided herein, no notice to, or demand on Borrower, shall entitle Borrower to any other or future notice or demand in the same, similar or other circumstances.

Section 16.3. Delay Not a Waiver.

Neither any failure nor any delay on the part of Lender in insisting upon strict performance of any term, condition, covenant or agreement, or exercising any right, power, remedy or privilege under this Agreement, the Security Instrument, the Note or the other Loan Documents, or any other instrument given as security therefor, shall operate as or constitute a waiver thereof, nor shall a single or partial exercise thereof preclude any other future exercise, or the exercise of any other right, power, remedy or privilege. In particular, and not by way of limitation, by accepting payment after the due date of any amount payable under this Agreement, the Security Instrument, the Note or the other Loan Documents, Lender shall not be deemed to have waived any

right either to require prompt payment when due of all other amounts due under this Agreement, the Security Instrument, the Note and the other Loan Documents, or to declare a default for failure to effect prompt payment of any such other amount.

Section 16.4. Waiver of Trial by Jury.

BORROWER AND LENDER, BY ACCEPTANCE OF THIS AGREEMENT, HEREBY WAIVE, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER

IN CONTRACT, TORT OR OTHERWISE, RELATING DIRECTLY OR INDIRECTLY TO THE LOAN, THE APPLICATION FOR THE LOAN, THIS AGREEMENT, THE NOTE, THE SECURITY INSTRUMENT OR THE OTHER LOAN DOCUMENTS OR ANY ACTS OR OMISSIONS OF LENDER OR BORROWER.

Section 16.5. Waiver of Notice.

Borrower shall not be entitled to any notices of any nature whatsoever from Lender except (a) with respect to matters for which this Agreement specifically and expressly provides for the giving of notice by Lender to Borrower and (b) with respect to matters for which Lender is required by applicable law to give notice, and Borrower hereby expressly waives the right to receive any notice from Lender with respect to any matter for which this Agreement does not specifically and expressly provide for the giving of notice by Lender to Borrower.

Section 16.6. Remedies of Borrower.

In the event that a claim or adjudication is made that Lender or its agents have acted unreasonably or unreasonably delayed acting in any case where by applicable law or under this Agreement, the Security Instrument, the Note and the other Loan Documents, Lender or such agent, as the case may be, has an obligation to act reasonably or promptly, Borrower agrees that neither Lender nor its agents shall be liable for any monetary damages, and Borrower's sole remedies shall be limited to commencing an action seeking injunctive relief or declaratory judgment. The parties hereto agree that any action or proceeding to determine whether Lender has acted reasonably shall be determined by an action seeking declaratory judgment. Lender agrees that, in such event, it shall cooperate in expediting any action seeking injunctive relief or declaratory judgment.

Section 16.7. Marshalling and Other Matters.

Borrower hereby waives, to the extent permitted by applicable Legal Requirements, the benefit of all appraisement, valuation, stay, extension, reinstatement and redemption laws now or hereafter in force and all rights of marshalling in the event of any sale under the Security Instrument of the Property or any part thereof or any interest therein. Further, Borrower hereby expressly waives any and all rights of redemption from sale under any order or decree of foreclosure of the Security Instrument on behalf of Borrower, and on behalf of each and every person acquiring any interest in or title to the Property subsequent to the date of the Security Instrument and on behalf of all persons to the extent permitted by applicable Legal Requirements.

Section 16.8. Waiver of Statute of Limitations.

To the extent permitted by applicable Legal Requirements, Borrower hereby expressly waives and releases to the fullest extent permitted by applicable Legal Requirements, the pleading of any statute of limitations as a defense to payment of the Debt or performance of its obligations hereunder, under the Note, Security Instrument or other Loan Documents.

Section 16.9. Waiver of Counterclaim. Borrower hereby waives the right to assert a counterclaim, other than a compulsory counterclaim, in any action or proceeding brought against it by Lender or its agents.

Section 16.10. Sole Discretion of Lender. Wherever pursuant to this Agreement (a) Lender exercises any right given to it to approve or disapprove, (b) any arrangement or term is to be satisfactory to Lender, or (c) any other decision or determination is to be made by Lender, the decision to approve or disapprove all decisions that arrangements or terms are satisfactory or not satisfactory, and all other decisions and determinations made by Lender, shall be in the sole discretion of Lender, except as may be otherwise expressly and specifically provided herein.

ARTICLE 17

MISCELLANEOUS

Section 17.1. Survival. This Agreement and all covenants, agreements, representations and warranties made herein and in the certificates delivered pursuant hereto shall survive the making by Lender of the Loan and the execution and delivery to Lender of the Note, and shall continue in full force and effect so long as all or any of the Debt is outstanding and unpaid unless a longer period is expressly set forth in this Agreement, the Security Instrument, the Note or the other Loan Documents. Whenever in this Agreement any of the parties hereto is referred to, such reference shall be deemed to include the legal representatives, successors and assigns of such party. All covenants, promises and agreements in this Agreement, by or on behalf of Borrower, shall inure to the benefit of the legal representatives, successors and assigns of Lender.

Section 17.2. Governing Law. **THIS AGREEMENT WAS NEGOTIATED IN THE STATE OF NEW YORK, THE LOAN WAS MADE BY LENDER AND ACCEPTED BY BORROWER IN THE STATE OF NEW YORK, AND THE PROCEEDS OF THE LOAN DELIVERED PURSUANT HERETO WERE DISBURSED FROM THE STATE OF NEW YORK, WHICH STATE THE PARTIES AGREE HAS A SUBSTANTIAL RELATIONSHIP TO THE PARTIES AND TO THE UNDERLYING TRANSACTION EMBODIED HEREBY, AND IN ALL RESPECTS, INCLUDING, WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE, THIS AGREEMENT, THE NOTE AND THE OTHER LOAN DOCUMENTS AND THE OBLIGATIONS ARISING HEREUNDER AND THEREUNDER SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK APPLICABLE TO CONTRACTS MADE AND PERFORMED IN SUCH STATE (WITHOUT REGARD TO PRINCIPLES OF**

CONFLICTS OF LAWS) AND ANY APPLICABLE LAW OF THE UNITED STATES OF AMERICA, EXCEPT THAT AT ALL TIMES THE PROVISIONS FOR THE CREATION, PERFECTION, AND ENFORCEMENT OF THE LIENS AND SECURITY INTERESTS IN REAL PROPERTY (INCLUDING ALL IMPROVEMENTS AND FIXTURES THEREON) CREATED PURSUANT TO THE LOAN DOCUMENTS SHALL BE GOVERNED BY AND CONSTRUED ACCORDING TO THE LAW OF THE STATE, IT BEING UNDERSTOOD THAT, TO THE FULLEST EXTENT PERMITTED BY THE LAW OF SUCH STATE, THE LAW OF THE STATE OF NEW YORK SHALL

GOVERN THE CONSTRUCTION, VALIDITY AND ENFORCEABILITY OF ALL LOAN DOCUMENTS AND ALL OF THE OBLIGATIONS ARISING HEREUNDER OR THEREUNDER. TO THE FULLEST EXTENT PERMITTED BY LAW, BORROWER HEREBY UNCONDITIONALLY AND IRREVOCABLY WAIVES ANY CLAIM TO ASSERT THAT THE LAW OF ANY OTHER JURISDICTION GOVERNS THIS AGREEMENT, THE NOTE AND THE OTHER LOAN DOCUMENTS, AND THIS AGREEMENT, THE NOTE AND THE OTHER LOAN DOCUMENTS SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK PURSUANT TO SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW.

ANY LEGAL SUIT, ACTION OR PROCEEDING AGAINST LENDER OR BORROWER ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE OTHER LOAN DOCUMENTS WILL, AT LENDER'S OPTION, BE INSTITUTED IN (OR, IF PREVIOUSLY INSTITUTED, MOVED TO) ANY FEDERAL OR STATE COURT DESIGNATED BY LENDER IN THE CITY OF NEW YORK, COUNTY OF NEW YORK. BORROWER HEREBY (I) WAIVES ANY OBJECTIONS WHICH IT MAY NOW OR HEREAFTER HAVE BASED ON VENUE AND/OR FORUM NON CONVENIENS OF ANY SUCH SUIT, ACTION OR PROCEEDING AND (II) IRREVOCABLY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY SUCH COURT IN ANY SUIT, ACTION OR PROCEEDING. BORROWER AND LENDER HEREBY ACKNOWLEDGE AND AGREE THAT THE FOREGOING AGREEMENT, WAIVER AND SUBMISSION ARE MADE PURSUANT TO SECTION 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW.

BORROWER DOES HEREBY DESIGNATE AND APPOINT:

CORPORATION SERVICE COMPANY
2711 CENTERVILLE ROAD, SUITE 400
WILMINGTON, DE 19808

AS ITS AUTHORIZED AGENT TO ACCEPT AND ACKNOWLEDGE ON ITS BEHALF SERVICE OF ANY AND ALL PROCESS WHICH MAY BE SERVED IN ANY SUCH SUIT, ACTION OR PROCEEDING IN ANY FEDERAL OR STATE COURT IN NEW YORK, NEW YORK, AND AGREES THAT SERVICE OF PROCESS UPON SAID AGENT AT SAID ADDRESS AND NOTICE OF SAID SERVICE MAILED OR DELIVERED TO BORROWER IN THE MANNER PROVIDED HEREIN SHALL BE DEEMED IN EVERY RESPECT EFFECTIVE SERVICE OF PROCESS UPON BORROWER IN ANY SUCH SUIT, ACTION OR PROCEEDING IN THE STATE OF NEW YORK. BORROWER (I) SHALL GIVE PROMPT NOTICE TO LENDER OF ANY CHANGED ADDRESS OF ITS AUTHORIZED AGENT HEREUNDER, (II) MAY AT ANY TIME AND FROM TIME TO TIME DESIGNATE A SUBSTITUTE AUTHORIZED AGENT WITH AN OFFICE IN NEW YORK, NEW YORK (WHICH SUBSTITUTE AGENT AND OFFICE SHALL BE DESIGNATED AS THE PERSON AND ADDRESS FOR SERVICE OF PROCESS), AND (III) SHALL PROMPTLY DESIGNATE SUCH A SUBSTITUTE IF ITS AUTHORIZED AGENT CEASES TO

HAVE AN OFFICE IN NEW YORK, NEW YORK OR IS DISSOLVED WITHOUT LEAVING A SUCCESSOR.

Section 17.3. Headings. The Article and/or Section headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose.

Section 17.4. Severability. Wherever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable Legal Requirements, but if any provision of this Agreement shall be prohibited by or invalid under applicable Legal Requirements, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement.

Section 17.5. Preferences. Lender shall have the continuing and exclusive right to apply or reverse and reapply any and all payments by Borrower to any portion of the obligations of Borrower hereunder. To the extent Borrower makes a payment or payments to Lender, which payment or proceeds or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside or required to be repaid to a trustee, receiver or any other party under any Creditors Rights Laws, state or federal law, common law or equitable cause, then, to the extent of such payment or proceeds received, the obligations hereunder or part thereof intended to be satisfied shall be revived and continue in full force and effect, as if such payment or proceeds had not been received by Lender.

Section 17.6. Expenses. Borrower covenants and agrees to pay its own costs and expenses and pay, or, if Borrower fails to pay, to reimburse, Lender, upon receipt of written notice from Lender, for Lender's reasonable costs and expenses (including reasonable, actual attorneys' fees and disbursements) in each case, incurred by Lender in accordance with this Agreement in connection with (i) the preparation, negotiation, execution and delivery of this Agreement, the Security Instrument, the Note and the other Loan Documents and the consummation of the transactions contemplated hereby and thereby and all the costs of furnishing all opinions by counsel for Borrower (including without limitation any opinions requested by Lender as to any legal matters arising under this Agreement, the Security Instrument, the Note and the other Loan Documents with respect to the Property); (ii) Borrower's ongoing performance of and compliance with Borrower's respective agreements and covenants contained in this Agreement, the Security Instrument, the Note and the other Loan Documents on its part to be performed or complied with after the Closing Date, including, without limitation, confirming compliance with environmental and insurance requirements; (iii) Lender's ongoing performance and compliance with all agreements and conditions contained in this Agreement, the Security Instrument, the Note and the other Loan Documents on its part to be performed or complied with after the Closing Date (including, without limitation, those contained in Articles 8 and 9 hereof); (iv) the negotiation, preparation, execution, delivery and administration of any consents, amendments, waivers or other modifications to this Agreement, the Security Instrument, the Note and the other Loan Documents and any other documents or

matters requested by Lender; (v) securing Borrower's compliance with any requests made pursuant to the provisions of this Agreement; (vi) the filing and recording fees and expenses, title insurance and reasonable fees and expenses of counsel for providing to Lender all required legal

opinions, and other similar expenses incurred in creating and perfecting the lien in favor of Lender pursuant to this Agreement, the Security Instrument, the Note and the other Loan Documents; (vii) enforcing or preserving any rights, in response to third party claims or the prosecuting or defending of any action or proceeding or other litigation, in each case against, under or affecting Borrower, this Agreement, the Security Instrument, the Note, the other Loan Documents, the Property, or any other security given for the Loan; (viii) servicing the Loan (including, without limitation, enforcing any obligations of or collecting any payments due from Borrower under this Agreement, the Security Instrument, the Note and the other Loan Documents or with respect to the Property) or in connection with any refinancing or restructuring of the credit arrangements provided under this Agreement in the nature of a "work-out" or of any insolvency or bankruptcy proceedings; and (ix) the preparation, negotiation, execution, delivery, review, filing, recording or administration of any documentation associated with the exercise of any of Borrower's rights hereunder and/or under the other Loan Documents regardless of whether or not any such right is consummated (including, without limitation, Borrower's rights hereunder to defease the Loan and to permit or undertake transfers (including under Sections 6.3 and 6.4 hereof), in each case, in accordance with the applicable terms and conditions hereof); provided, however, that, with respect to each of subsections (i) though (ix) above, (A) none of the foregoing subsections shall be deemed to be mutually exclusive or limit any other subsection, (B) the same shall be deemed to include, without limitation and in each case, any related special servicing fees, if the Loan becomes a specially serviced loan, liquidation fees, modification fees, work-out fees, appraisal costs (including costs of any updates to any existing appraisal), costs of property inspections if the Loan becomes a specially serviced loan, operating advisor fees and other similar fees, costs or expenses payable to any Servicer, trustee, operating advisor and/or special servicer of the Loan (or any portion thereof and/or interest therein), (II) include the reimbursement to Lender of any and all advances made by Servicer, special servicer, and/or trustee pursuant to any pooling and servicing or similar agreement and/or any and all interest on such advances by Servicer, special servicer, and/or trustee to the extent not otherwise paid pursuant to this Section 17.6 or pursuant to any payment of interest accruing at the Default Rate by Borrower, and (III) exclude any "set up fee" or any requirement that Borrower directly pay the base monthly servicing fees due to any master servicer on account of the day to day, routine servicing of the Loan (provided, further, that the foregoing subsection (III) shall not be deemed to otherwise limit any fees, costs, expenses or other sums required to be paid to Lender under this Section, the other terms and conditions hereof and/or of the other Loan Documents)and (C) Borrower shall not be liable for the payment of any such costs and expenses to the extent the same arise by reason of the gross negligence, illegal acts, fraud or willful misconduct of Lender.

Section 17.7. Cost of Enforcement. In the event (a) that the Security Instrument is foreclosed in whole or in part, (b) of the bankruptcy, insolvency, rehabilitation or other similar proceeding in respect of Borrower or any of its constituent Persons or an assignment by Borrower or any of its constituent Persons for the benefit of its creditors, or (c) Lender exercises any of its other remedies under this Agreement, the Security Instrument, the Note and the other Loan Documents, Borrower shall be chargeable with and agrees to pay all costs of collection and defense, including attorneys' fees and costs, incurred by Lender or Borrower in connection therewith and in connection with any appellate proceeding or post judgment action involved therein, together with all required service or use taxes.

Section 17.8. Schedules Incorporated. The Schedules annexed hereto are hereby incorporated herein as a part of this Agreement with the same effect as if set forth in the body hereof.

Section 17.9. Offsets, Counterclaims and Defenses. Any assignee of Lender's interest in and to this Agreement, the Security Instrument, the Note and the other Loan Documents shall take the same free and clear of all offsets, counterclaims or defenses which are unrelated to such documents which Borrower may otherwise have against any assignor of such documents, and no such unrelated counterclaim or defense shall be interposed or asserted by Borrower in any action or proceeding brought by any such assignee upon such documents and any such right to interpose or assert any such unrelated offset, counterclaim or defense in any such action or proceeding is hereby expressly waived by Borrower.

Section 17.10. No Joint Venture or Partnership; No Third Party Beneficiaries.

(a) Borrower and Lender intend that the relationships created under this Agreement, the Security Instrument, the Note and the other Loan Documents be solely that of borrower and lender. Nothing herein or therein is intended to create a joint venture, partnership, tenancy-in-common, or joint tenancy relationship between Borrower and Lender nor to grant Lender any interest in the Property other than that of mortgagee, beneficiary or lender.

(b) This Agreement, the Security Instrument, the Note and the other Loan Documents are solely for the benefit of Lender and Borrower and nothing contained in this Agreement, the Security Instrument, the Note or the other Loan Documents shall be deemed to confer upon anyone other than Lender and Borrower any right to insist upon or to enforce the performance or observance of any of the obligations contained herein or therein. All conditions to the obligations of Lender to make the Loan hereunder are imposed solely and exclusively for the benefit of Lender and no other Person shall have standing to require satisfaction of such conditions in accordance with their terms or be entitled to assume that Lender will refuse to make the Loan in the absence of strict compliance with any or all thereof and no other Person shall under any circumstances be deemed to be a beneficiary of such conditions, any or all of which may be freely waived in whole or in part by Lender if, in Lender's sole discretion, Lender deems it advisable or desirable to do so.

(c) The general partners, members, principals and (if Borrower is a trust) beneficial owners of Borrower are experienced in the ownership and operation of properties similar to the Property, and Borrower and Lender are relying solely upon such expertise and business plan in connection with the ownership and operation of the Property. Borrower is not relying on Lender's expertise, business acumen or advice in connection with the Property.

(d) Notwithstanding anything to the contrary contained herein, Lender is not undertaking the performance of (i) any obligations related to the Property (including, without limitation, under the Leases); or (ii) any obligations with respect to any agreements, contracts, certificates, instruments, franchises, permits, trademarks, licenses and other documents to which any Borrower Party and/or the Property (or any portion thereof) is subject.

(e) By accepting or approving anything required to be observed, performed or fulfilled or to be given to Lender pursuant to this Agreement, the Security Instrument, the Note or the other Loan Documents, including, without limitation, any officer's certificate, balance sheet, statement of profit and loss or other financial statement, survey, appraisal, or insurance policy, Lender shall not be deemed to have warranted, consented to, or affirmed the sufficiency, the legality or effectiveness of same, and such acceptance or approval thereof shall not constitute any warranty or affirmation with respect thereto by Lender.

(f) Borrower recognizes and acknowledges that in accepting this Agreement, the Note, the Security Instrument and the other Loan Documents, Lender is expressly and primarily relying on the truth and accuracy of the representations and warranties set forth in Article 3 of this Agreement without any obligation to investigate the Property and notwithstanding any investigation of the Property by Lender; that such reliance existed on the part of Lender prior to the date hereof, that the warranties and representations are a material inducement to Lender in making the Loan; and that Lender would not be willing to make the Loan and accept this Agreement, the Note, the Security Instrument and the other Loan Documents in the absence of the warranties and representations as set forth in Article 3 of this Agreement.

Section 17.11. Publicity. Except for descriptions of the Loan in SFTY's Form S-11 registration statement and related prospectus used in connection with an initial public offering of SFTY, testing the waters presentations made in connection with such initial public offering; road show presentations made in connection with such initial public offering and correspondence with the Securities and Exchange Commission relating to such initial public offering and the filing of this Agreement and the Guaranty as material contract exhibits to SFTY's Form S-11, all news releases, publicity or advertising by Borrower or its Affiliates through any media intended to reach the general public which refers to this Agreement, the Note, the Security Instrument or the other Loan Documents or the financing evidenced by this Agreement, the Note, the Security Instrument or the other Loan Documents, to Lender or any of its Affiliates shall be subject to the prior written approval of Lender, not to be unreasonably withheld, conditioned or delayed. Without limitation of any other term or provision hereof, nothing contained herein or in the other Loan Documents shall be deemed to restrict Lender and/or Servicer from (and Lender and/or Servicer shall be authorized to) disseminate to any Person any and all information it obtains in connection with the Loan as Lender and/or Servicer deems necessary or appropriate, subject to the terms and conditions of the Leased Fee Leases (and any estoppel from a Tenant related thereto) regarding confidentiality.

Section 17.12. Limitation of Liability. No claim may be made by Borrower, or any other Person against Lender or its Affiliates, directors, officers, employees, attorneys or agents of any of such Persons for any special, indirect, consequential or punitive damages in respect of any claim for breach of contract or any other theory of liability arising out of or related to the transactions contemplated by this Agreement or any act, omission or event occurring in connection therewith; and Borrower hereby waives, releases and agrees not to sue upon any claim for any such damages, whether or not accrued and whether or not known or suspected to exist in its favor.

Section 17.13. Conflict; Construction of Documents; Reliance. In the event of any conflict between the provisions of this Agreement and the Security Instrument, the Note or any

of the other Loan Documents, the provisions of this Agreement shall control. The parties hereto acknowledge that they were represented by competent counsel in connection with the negotiation, drafting and execution of this Agreement, the Note, the Security Instrument and the other Loan Documents and this Agreement, the Note, the Security Instrument and the other Loan Documents shall not be subject to the principle of construing their meaning against the party which drafted same. Borrower acknowledges that, with respect to the Loan, Borrower shall rely solely on its own judgment and advisors in entering into the Loan without relying in any manner on any statements, representations or recommendations of Lender or any parent, subsidiary or Affiliate of Lender. Lender shall not be subject to any limitation whatsoever in the exercise of any rights or remedies available to it under this Agreement, the Note, the Security Instrument and the other Loan Documents or any other agreements or instruments which govern the Loan by virtue of the ownership by it or any parent, subsidiary or Affiliate of Lender of any equity interest any of them may acquire in Borrower, and Borrower hereby irrevocably waives the right to raise any defense or take any action on the basis of the foregoing with respect to Lender's exercise of any such rights or remedies. Borrower acknowledges that Lender engages in the business of real estate financings and other real estate transactions and investments which may be viewed as adverse-to or competitive with the business of Borrower or its Affiliates.

Section 17.14. Entire Agreement. This Agreement, the Note, the Security Instrument and the other Loan Documents contain the entire agreement of the parties hereto and thereto in respect of the transactions contemplated hereby and thereby, and all prior agreements among or between such parties, whether oral or written between Borrower and Lender are superseded by the terms of this Agreement, the Note, the Security Instrument and the other Loan Documents.

Section 17.15. Liability. If Borrower consists of more than one Person, the obligations and liabilities of each such Person hereunder shall be joint and several. This Agreement shall be binding upon and inure to the benefit of Borrower and Lender and their respective successors and assigns forever.

Section 17.16. Duplicate Originals; Counterparts. This Agreement may be executed in any number of duplicate originals and each duplicate original shall be deemed to be an original. The failure of any party hereto to execute this Agreement, or any counterpart hereof, shall not relieve the other signatories from their obligations hereunder.

Section 17.17. Brokers. Borrower agrees (i) to pay any and all fees imposed or charged by all brokers, mortgage bankers and advisors (each a **"Broker"**) hired or contracted by any Borrower Party or their Affiliates in connection with the transactions contemplated by this Agreement and (ii) to indemnify and hold Lender harmless from and against any and all claims, demands and liabilities for brokerage commissions, assignment fees, finder's fees or other compensation whatsoever arising from this Agreement or the making of the Loan which may be asserted against Lender by any Person. The foregoing indemnity shall survive the termination of this Agreement and the payment of the Debt. Borrower hereby represents and warrants that no Broker was engaged by any Borrower Party in connection with the transactions contemplated by this Agreement. Lender hereby agrees to pay any and all fees imposed or charged by any Broker hired solely by Lender. Borrower acknowledges and agrees that (a) any Broker is not an agent of Lender and has no power or authority to bind Lender, (b) Lender is not responsible for any recommendations or advice given to any Borrower Party by any Broker, (c) Lender and the

Borrower Parties have dealt at arms-length with each other in connection with the Loan, (d) no fiduciary or other special relationship exists or shall be deemed or construed to exist among Lender and the Borrower Parties and (e) none of the Borrower Parties shall be entitled to rely on any assurances or waivers given, or statements made or actions taken, by any Broker which purport to bind Lender or modify or otherwise affect this Agreement or the Loan, unless Lender has, in its sole discretion, agreed in writing with any such Borrower Party to such assurances, waivers, statements, actions or modifications. Borrower acknowledges and agrees that Lender may, in its sole discretion, pay fees or compensation to any Broker in connection with or arising out of the closing and funding of the Loan. Such fees and compensation, if any, (i) shall be in addition to any fees which may be paid by any Borrower Party to such Broker and (ii) create a potential conflict of interest for Broker in its relationship with the Borrower Parties. Such fees and compensation, if applicable, may include a direct, one-time payment, servicing fees and/or incentive payments based on volume and size of financings involving Lender and such Broker.

Section 17.18. Set-Off. In addition to any rights and remedies of Lender provided by this Agreement and by law, Lender shall have the right in its sole discretion, without prior notice to Borrower, any such notice being expressly waived by Borrower to the extent permitted by applicable law, upon any amount becoming due and payable by Borrower hereunder (whether at the stated maturity, by acceleration or otherwise), to set-off and appropriate and apply against such amount any and all deposits (general or special, time or demand, provisional or final), in any currency, and any other credits, indebtedness or claims, in any currency, in each case whether direct or indirect, absolute or contingent, matured or unmatured, at any time held or owing by Lender or any Affiliate thereof to or for the credit or the account of Borrower; provided however, Lender may only exercise such right during the continuance of an Event of Default. Lender agrees promptly to notify Borrower after any such set-off and application made by Lender; provided that the failure to give such notice shall not affect the validity of such set-off and application.

Section 17.19. Contributions and Waivers.

(a) As a result of the transactions contemplated by this Agreement and the other Loan Documents, each Borrower will benefit, directly and indirectly, from each Borrower's obligation to pay the Debt and perform its obligations hereunder and under the other Loan Documents (collectively, the "**Obligations**") and in consideration therefore each Borrower desires to enter into an allocation and contribution agreement among themselves as set forth in this Section to allocate such benefits among themselves and to provide a fair and equitable agreement to make contributions among each of Borrowers in the event any payment is made by any individual Borrower hereunder to Lender (such payment being referred to herein as a "**Contribution,**" and for purposes of this Section, includes any exercise of recourse by Lender against any Property of a Borrower and application of proceeds of such Property in satisfaction of such Borrower's obligations, to Lender under the Loan Documents).

(b) Each Borrower shall be liable hereunder with respect to the Obligations only for such total maximum amount (if any) that would not render its Obligations hereunder or under any of the Loan Documents subject to avoidance under Section 548 of the Bankruptcy Code or any comparable provisions of applicable Legal Requirements.

(c) In order to provide for a fair and equitable contribution among Borrowers in the event that any Contribution is made by an individual Borrower (a "**Funding Borrower**"), such Funding Borrower shall be entitled to a reimbursement Contribution ("**Reimbursement Contribution**") from all other Borrowers for all payments, damages and expenses incurred by that Funding Borrower in discharging any of the Obligations, in the manner and to the extent set forth in this Section.

(d) For purposes hereof, the "**Benefit Amount**" of any individual Borrower as of any date of determination shall be the net value of the benefits to such Borrower and its Affiliates from extensions of credit made by Lender to (i) such Borrower and (ii) to the other Borrowers hereunder and the Loan Documents to the extent such other Borrowers have guaranteed or mortgaged their property to secure the Obligations of such Borrower to Lender.

(e) Each Borrower shall be liable to a Funding Borrower in an amount equal to the greater of (i) the (A) ratio of the Benefit Amount of such Borrower to the total amount of Obligations, multiplied by (B) the amount of Obligations paid by such Funding Borrower, or (ii) ninety-five percent (95%) of the excess of the fair saleable value of the property of such Borrower over the total liabilities of such Borrower (including the maximum amount reasonably expected to become due in respect of contingent liabilities) determined as of the date on which the payment made by a Funding Borrower is deemed made for purposes hereof (giving effect to all payments made by other Funding Borrowers as of such date in a manner to maximize the amount of such Contributions).

(f) In the event that at any time there exists more than one Funding Borrower with respect to any Contribution (in any such case, the "**Applicable Contribution**"), then Reimbursement Contributions from other Borrowers pursuant hereto shall be allocated among such Funding Borrowers in proportion to the total amount of the Contribution made for or on account of the other Borrowers by each such Funding Borrower pursuant to the Applicable Contribution. In the event that at any time any Borrower pays an amount hereunder in excess of the amount calculated pursuant to this Section above, that Borrower shall be deemed to be a Funding Borrower to the extent of such excess and shall be entitled to a Reimbursement Contribution from the other Borrowers in accordance with the provisions of this Section.

(g) Each Borrower acknowledges that the right to Reimbursement Contribution hereunder shall constitute an asset in favor of Borrower to which such Reimbursement Contribution is owing.

(h) No Reimbursement Contribution payments payable by a Borrower pursuant to the terms of this Section shall be paid until all amounts then due and payable by all of Borrowers to Lender, pursuant to the terms of the Loan Documents, are paid in full in cash or defeased in full. Nothing contained in this Section shall limit or affect in any way the Obligations of any Borrower to Lender under the Loan Documents.

(i) To the extent permitted by applicable Legal Requirements, each Borrower waives:

(i) any right to require Lender to proceed against any other Borrower or any other Person or to proceed against or exhaust any security held by Lender at any time or to pursue any other remedy in Lender's power before proceeding against Borrower;

(ii) any defense based upon any legal disability or other defense of any other Borrower, any guarantor of any other Person or by reason of the cessation or limitation of the liability of any other Borrower or any guarantor from any cause other than full payment of all sums

payable under the Loan Documents;

(iii) any defense based upon any lack of authority of the officers, directors, partners or agents acting or purporting to act on behalf of any other Borrower or any principal of any other Borrower or any defect in the formation of any other Borrower or any principal of any other Borrower;

(iv) any defense based upon any statute or rule of law which provides that the obligation of a surety must be neither larger in amount nor in any other respects more burdensome than that of a principal;

(v) any defense based upon any failure by Lender to obtain collateral for the indebtedness or failure by Lender to perfect a lien on any collateral;

(vi) presentment, demand, protest and notice of any kind;

(vii) any defense based upon any failure of Lender to give notice of sale or other disposition of any collateral to any other Borrower or to any other Person or any defect in any notice that may be given in connection with any sale or disposition of any collateral;

(viii) any defense based upon any failure of Lender to comply with applicable laws in connection with the sale or other disposition of any collateral, including any failure of Lender to conduct a commercially reasonable sale or other disposition of any collateral;

(ix) any defense based upon any use of cash collateral under Section 363 of the Bankruptcy Code;

(x) any defense based upon any agreement or stipulation entered into by Lender with respect to the provision of adequate protection in any bankruptcy proceeding;

(xi) any defense based upon any borrowing or any grant of a security interest under Section 364 of the Bankruptcy Code;

(xii) any defense based upon the avoidance of any security interest in favor of Lender for any reason;

(xiii) any defense based upon any bankruptcy, insolvency, reorganization, arrangement, readjustment of debt, liquidation or dissolution proceeding, including any

discharge of, or bar or stay against collecting, all or any of the obligations evidenced by the Note or owing under any of the Loan Documents;

(xiv) any defense or benefit based upon Borrower's, or any other party's, resignation of the portion of any obligation secured by the Security Instrument to be satisfied by any payment from any other Borrower or any such party;

(xv) all rights and defenses arising out of an election of remedies by Lender even though the election of remedies, such as non-judicial foreclosure with respect to security for the Loan or any other amounts owing under the Loan Documents, has destroyed Borrower's rights of subrogation and reimbursement against any other Borrower; and

(xvi) all rights and defenses that Borrower may have because any of the Debt is secured by real property. This means, among other things (subject to the other terms and conditions of the Loan Documents): (1) Lender may collect from Borrower without first foreclosing on any real or personal property collateral pledged by any other Borrower, and (2) if Lender forecloses on any real property collateral pledged by any other Borrower, (I) the amount of the Debt may be reduced only by the price for which that collateral is sold at the foreclosure sale, even if the collateral is worth more than the sale price and (II) Lender may collect from Borrower even if any other Borrower, by foreclosing on the real property collateral, has destroyed any right Borrower may have to collect from any other Borrower. This is an unconditional and irrevocable waiver of any rights and defenses Borrower may have because any of the Debt is secured by real property; and except as may be expressly and specifically permitted herein, any claim or other right which Borrower might now have or hereafter acquire against any other Borrower or any other Person that arises from the existence or performance of any obligations under the Loan Documents, including any of the following: (i) any right of subrogation, reimbursement, exoneration, contribution, or indemnification; or (ii) any right to participate in any claim or remedy of Lender against any other Borrower or any collateral security therefor, whether or not such claim, remedy or right arises in equity or under contract, statute or common law.

(j) Each Borrower hereby restates and makes the waivers made by Guarantor in the Guaranty for the benefit of Lender. Such waivers are hereby incorporated by reference as if fully set forth herein (and as if applicable to each Borrower) and shall be effective for all purposes under the Loan (including, without limitation, in the event that any Borrower is deemed to be a surety or guarantor of the Debt (by virtue of each Borrower being co-obligors and jointly and severally liable hereunder, by virtue of each Borrower encumbering its interest in the Property for the benefit or debts of the other Borrowers in connection herewith or otherwise)).

(k) With respect to the representations and warranties of Borrower herein with respect to solvency, the receiving of reasonably equivalent value for the granting of the Security Instruments, and the value of Borrower's assets, such representations and warranties are based on the effects of this Section 17.19.

Section 17.20. Cross-Default; Cross-Collateralization.

(a) Borrower acknowledges that Lender has made the Loan to Borrower upon the security of its collective interest in the Properties and in reliance upon the aggregate of the Properties taken together being of greater value as collateral security than the sum of each Individual Property taken separately. Borrower agrees that each of the Loan Documents (including, without limitation, the Security Instruments) are and will be cross collateralized and cross defaulted with each other so that (i) an Event of Default under any of Loan Documents shall constitute an Event of Default under each of the other Loan

Documents; (ii) an Event of Default hereunder shall constitute an Event of Default under each Security Instrument; (iii) each Security Instrument shall constitute security for the Note as if a single blanket lien were placed on all of the Properties as security for the Note; and (iv) such cross collateralization shall in no event be deemed to constitute a fraudulent conveyance and Borrower waives any claims related thereto.

(b) To the fullest extent permitted by law, Borrower, for itself and its successors and assigns, waives all rights to a marshalling of the assets of Borrower, Borrower's partners and others with interests in Borrower, and of the Properties, or to a sale in inverse order of alienation in the event of foreclosure of all or any of the Security Instruments, and agrees not to assert any right under any laws pertaining to the marshalling of assets, the sale in inverse order of alienation, homestead exemption, the administration of estates of decedents, or any other matters whatsoever to defeat, reduce or affect the right of Lender under the Loan Documents to a sale of the Properties for the collection of the Debt without any prior or different resort for collection or of the right of Lender to the payment of the Debt out of the net proceeds of the Properties in preference to every other claimant whatsoever. In addition, Borrower, for itself and its successors and assigns, waives in the event of foreclosure of any or all of the Security Instruments, any equitable right otherwise available to Borrower which would require the separate sale of the Properties or require Lender to exhaust its remedies against any Individual Property or any combination of the Properties before proceeding against any other Individual Property or combination of Properties; and further in the event of such foreclosure Borrower does hereby expressly consent to and authorize, at the option of Lender, the foreclosure and sale either separately or together of any combination of the Properties.

[NO FURTHER TEXT ON THIS PAGE]

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

BORROWER:

RLH PARTNERSHIP II LP, a Delaware limited partnership

By: **RLH GENPAR II LLC**, a Delaware limited liability company, its general partner

By: /s/ Geoffrey Jervis
Name: Geoffrey Jervis
Title: Chief Operating Officer and Chief Financial Officer

500 WOODWARD LLC, a Delaware limited liability company

By: /s/ Geoffrey Jervis
Name: Geoffrey Jervis
Title: Chief Operating Officer and Chief Financial Officer

HUBBLE DRIVE LANHAM LLC, a Delaware limited liability company

By: /s/ Geoffrey Jervis
Name: Geoffrey Jervis
Title: Chief Operating Officer and Chief Financial Officer

[SIGNATURES CONTINUE ON NEXT PAGE]

iSTAR NORTH OLD ATLANTA ROAD LLC, a Delaware limited liability company

By: /s/ Geoffrey Jervis
Name: Geoffrey Jervis
Title: Chief Operating Officer and Chief Financial Officer

iSTAR DALLAS GL LP, a Delaware limited partnership

By: **iSTAR DALLAS GL GENPAR LLC**, a Delaware limited liability company, its general partner

By: /s/ Geoffrey Jervis
Name: Geoffrey Jervis
Title: Chief Operating Officer and Chief Financial Officer

401 W MICHIGAN STREET – MILWAUKEE LLC, a Delaware limited liability company

By: /s/ Geoffrey Jervis
Name: Geoffrey Jervis
Title: Chief Operating Officer and Chief Financial Officer

221 AMERICAN BOULEVARD – BLOOMINGTON LLC, a Delaware limited liability company

By: /s/ Geoffrey Jervis
Name: Geoffrey Jervis
Title: Chief Operating Officer and Chief Financial Officer

[SIGNATURES CONTINUE ON NEXT PAGE]

LENDER:

BARCLAYS BANK PLC

By: /s/ Michael S. Birajiclian
Name: Michael S. Birajiclian
Title: Authorized Signatory

JPMORGAN CHASE BANK, NATIONAL ASSOCIATION, a banking association chartered under the laws of the United States

By: /s/ Jennifer Lewin
Name: Jennifer Lewin
Title: Vice President

BANK OF AMERICA, N.A., a national banking association

By: /s/ Dominick F. Guerriero
Name: Dominick F. Guerriero
Title: Director

SCHEDULE I

BORROWER

1. RLH Partnership II LP
2. 500 Woodward LLC
3. Hubble Drive Lanham LLC
4. iStar North Old Atlanta Road LLC
5. iStar Dallas GL LP
6. 401 W Michigan Street — Milwaukee LLC
7. 221 American Boulevard — Bloomington LLC

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
April 10, 2017

Exhibit 23.4

CONSENT OF ROSEN CONSULTING GROUP

We hereby consent to the use of our name in the Registration Statement on Form S-11 (together with any amendments or supplements thereto, the "Registration Statement"), to be filed by Safety, Income and Growth, Inc. and the references to the Rosen Consulting Group market research prepared for Safety, Income and Growth, Inc. wherever appearing in the Registration Statement, including, but not limited to the references to our company under the headings "Prospectus Summary," "Business and Properties," and "Experts" in the Registration Statement.

Dated: April 10, 2017

ROSEN CONSULTING GROUP

By: /s/ Randall Sakamoto
Name: Randall Sakamoto
Title: Executive Vice President

Exhibit 99.1

CONSENT OF PERSON TO BE NAMED AS A DIRECTOR

As required by Rule 438 under the Securities Act of 1933, as amended, the undersigned hereby consents to being named in the Registration Statement on Form S-11 (together with any amendments or supplements, the "Registration Statement") of Safety, Income and Growth, Inc., a Maryland corporation (the "Company"), as a person who has agreed to serve as a director of the Company beginning immediately after the closing of the Company's initial public offering and to the inclusion of his biographical information in the Registration Statement.

Signature: /s/ Dean S. Adler
Name: Dean S. Adler
Date: April 10, 2017

Exhibit 99.1

CONSENT OF PERSON TO BE NAMED AS A DIRECTOR

As required by Rule 438 under the Securities Act of 1933, as amended, the undersigned hereby consents to being named in the Registration Statement on Form S-11 (together with any amendments or supplements, the "Registration Statement") of Safety, Income and Growth, Inc., a Maryland corporation (the "Company"), as a person who has agreed to serve as a director of the Company beginning immediately after the closing of the Company's initial public offering and to the inclusion of his biographical information in the Registration Statement.

Signature: /s/ Jay S. Nydick
Name: Jay S. Nydick
Date: April 10, 2017