



Q1 '19  
Earnings Results

(NYSE: STAR)

# Forward-Looking Statements and Other Matters

Statements in this presentation which are not historical fact may be deemed forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Although iStar believes the expectations reflected in any forward-looking statements are based on reasonable assumptions, the Company can give no assurance that its expectations will be attained. The Company undertakes no obligation to update or publicly revise any forward looking statement, whether as a result of new information, future events or otherwise.

This presentation should be read in conjunction with our consolidated financial statements and related notes in our Quarterly Report on Form 10-Q for the quarter ended March 31, 2019 and our Annual Report on Form 10-K for the year ended December 31, 2018. In assessing all forward-looking statements herein, readers are urged to read carefully all cautionary statements in our Form 10-K.

Factors that could cause actual results to differ materially from iStar's expectations include general economic conditions and conditions in the commercial real estate and credit markets, the Company's ability to expand its ground lease business directly and through SAFE, the Company's ability to generate liquidity and to repay indebtedness as it comes due, additional loan loss provisions and asset impairments, the amount and timing of asset sales, changes in NPLs, repayment levels, the Company's ability to make new investments, the Company's ability to maintain compliance with its debt covenants, the Company's ability to generate income and gains from operating properties and land and other risks detailed in "Risk Factors" in our 2018 Annual Report on Form 10-K, and any updates thereto made in our subsequent filings with the SEC.

Note: Please refer to the Glossary at the end of this presentation for a list of defined terms and metrics.





# I. Highlights

# Q1 '19 Highlights

Q1 '19

## Earnings

Allocable to Common Shareholders	\$ in millions	Per diluted share
Net Income (Loss)	(\$17.6)	(\$0.26)
Adjusted Income (Loss)	(\$0.1)	(\$0.00)

## Active Quarter

- Deployed \$874M of capital during the quarter into investments and debt reduction
- Invested \$252M in SAFE equity in Q1 '19, increasing its total ownership to 65.8%
- Signed definitive agreement to sell Preferred Freezer for an expected ~\$215M gain

## Legacy Asset Monetization

- Legacy sales proceeds of \$100M; net gain of \$5M associated with legacy assets
- Reduced Short-Term Legacy Portfolio by 18% to \$393M

## Attractive Value

- Repurchased 3.3% of STAR shares outstanding (2.3M total shares) for \$19.2M
- Pro Forma for continued share buybacks in Q2 and gain from Preferred Freezer, GAAP Common Equity of \$7.88 per share and Adj. Common Equity of \$12.92 per share
- Board of Directors approves 11% increase in common dividend to \$0.40 per share on an annual basis

# Q1 Capital Deployment

\$252M

SAFE  
Investment

\$181M

Loan & Net Lease  
Investments

\$47M

CapEx

\$19M

Share  
Repurchases

\$375M

Debt  
Reduction

\$874M

Q1 Capital Deployed

# SAFE x STAR One-Stop Capital Program

SAFE  
Ground Lease

X

STAR  
Leasehold Loan



515 22<sup>nd</sup> St. NW Washington, D.C.

**Solution:** SAFE/STAR One-Stop Capital  
- SAFE provided Safehold™ ground lease capital  
- iStar provided 1<sup>st</sup> mortgage leasehold loan

**Result:** Addressed complex customer need through one-of-a-kind capital structure. Customer received lower blended rate in comparison to other offers, more efficient capital, and the certainty provided by a quick, one-stop capital source.

SAFE  
Ground Lease

X

STAR  
Net Lease



570 Washington Blvd. Jersey City, NJ

**Solution:** SAFE x STAR One-Stop Capital  
- SAFE purchased the land and provided Safehold™ ground lease capital  
- iStar invested in building and expanded its net lease business

**Result:** The unique, proprietary capital structure created greater value in comparison to other forms of capital. The SAFE x STAR Capital Program benefits both companies, allowing for expansion of their respective portfolios within their respective investment profiles and objectives.

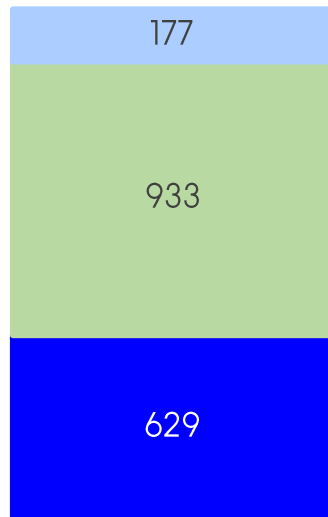
# Legacy Asset Monetization

Q1 '19

**\$100M**  
Sales Proceeds

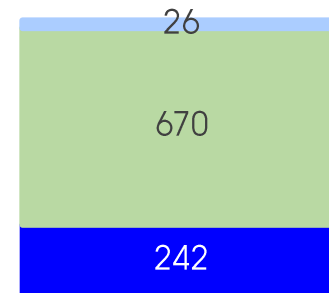
Balance of Legacy Assets

\$1,739



Q4 '17

\$938



Q1 '19

■ Operating Properties (Legacy) ■ Land & Development (Legacy) ■ Real Estate Finance (Legacy)

Note: Figures in millions.



# Legacy Asset Update

\$515M  
Long-Term

Q4 '18

\$485M  
Short-Term<sup>(1)</sup>



\$545M  
Long-Term

Q1 '19

\$393M  
Short-Term



(1) The Company projects to sell the bulk of its short-term legacy assets within 24 months.



# Equity Value per Share

As of 3/31/19

During Q1, repurchased 2.3M shares of STAR for \$19.2M or an average price of \$8.46

**\$4.62**  
GAAP Common  
Equity

Add: Accumulated  
Depreciation, Amortization  
and General Reserves

**\$10.43**  
Adj. Common  
Equity

Sale of Preferred  
Freezer

Additional QTD Stock  
Buyback  
(1.4M shares for \$11.7M)

Pro Forma

Pro Forma Preferred Freezer and  
Additional QTD Stock Buyback

**~\$7.88**  
GAAP Common  
Equity

Add: Accumulated  
Depreciation, Amortization  
and General Reserves

**~\$12.92**  
Adj. Common  
Equity

Note: Adjusted common equity value is calculated as total shareholders' equity less the liquidation preference of preferred shares, excluding accumulated depreciation, amortization and general loan loss reserves. For more details please refer to the Adjusted Common Equity Reconciliation slide. Per share values based on basic shares outstanding.

Preferred Freezer transaction is expected to close in the second quarter of 2019, subject to the satisfaction of customary closing conditions and lender consent. There can be no assurance that the closing of the transaction will happen in the expected timeframe or at all.



# Business Summary

## Safehold (NYSE: SAFE)

- SAFE closed \$143M of new investments in Q1 increasing aggregate portfolio by 15% to \$1.1B
- Q1 deals had a weighted average effective yield of 5.86%
- Raised 30-year debt with 4.25% rate in Q2

## Net Lease

- \$2.1B consolidated net lease portfolio
- 8.8% w.a. yield on consolidated net lease portfolio
- Definitive agreement to sell Preferred Freezer Net Lease asset for gain of ~\$215M

## Real Estate Finance

- \$907M loan portfolio
- 9.1% w.a. yield on performing loan portfolio

## Operating Properties

- \$226M of commercial (legacy), \$16M of residential (legacy), \$65M strategic (non-legacy)
- 6.2% w.a. legacy commercial operating property yield

## Land & Development

- \$670M Land & Development portfolio
- Exploring opportunity zone capital for Asbury Park

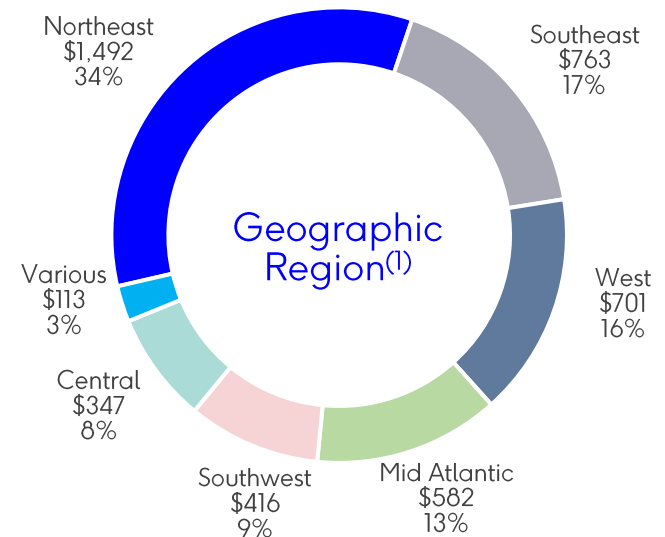
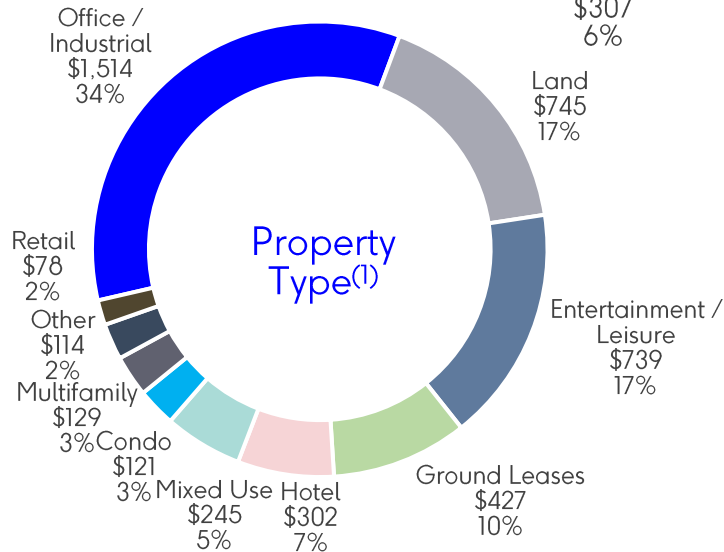
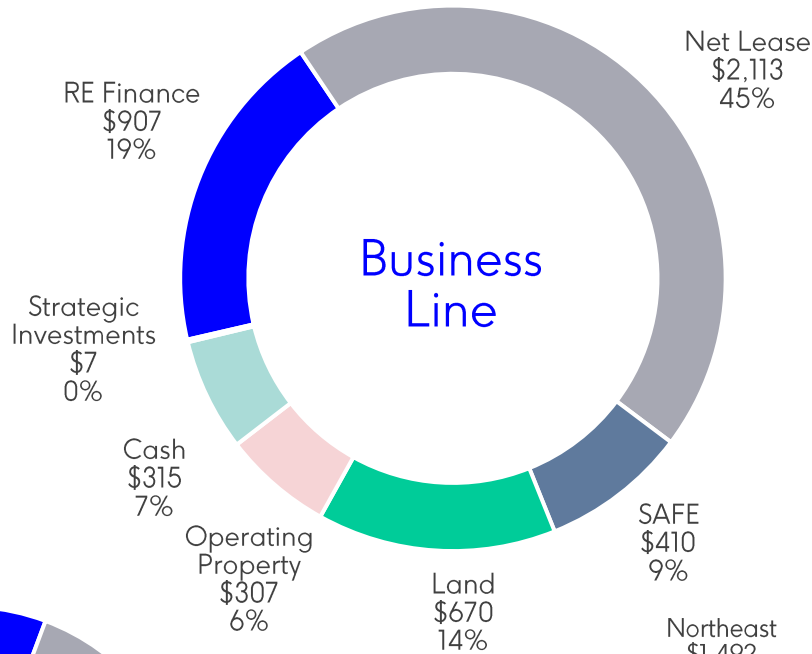
## Corporate

- Repaid remaining 2019 debt maturities of \$375M
- No corporate debt maturities until Sept. '20
- Repurchases of 2.3M common shares in Q1



## II. Portfolio Overview

# \$4.7B Portfolio Breakdown



Note: \$ in millions unless otherwise specified. Figures based on Gross Book Value of the Company's total investment portfolio and includes 100% of the assets of iStar's consolidated joint ventures and the carrying value of iStar's investment in non-consolidated joint ventures and affiliates.

(1) Excludes cash.

# Investment Activity

## New Originations (Commitments)

	Q2 '18	Q3 '18	Q4 '18	Q1 '19
Real Estate Finance	\$267	\$113	\$45	\$13
Net Lease	2	2	52	361
<b>Total</b>	<b>\$269</b>	<b>\$115</b>	<b>\$97</b>	<b>\$375</b>

- STAR invested \$252M in SAFE equity, including open market purchases
- \$111M originated through SAFE x STAR program

## Fundings / CapEx

	Q2 '18	Q3 '18	Q4 '18	Q1 '19
Real Estate Finance	\$198	\$135	\$70	\$66
Net Lease	2	22	55	367
Operating Properties	16	20	8	6
Land & Development	36	38	31	41
<b>Total</b>	<b>\$252</b>	<b>\$215</b>	<b>\$163</b>	<b>\$480</b>

- \$433M in loan/net lease/SAFE fundings in Q1 '19
- Land & Development capex primarily relates to Asbury Park

## Sales / Repayments

	Q2 '18	Q3 '18	Q4 '18	Q1 '19
Real Estate Finance	\$378	\$163	\$118	\$164
Net Lease	37	-	41	11
Operating Properties	113	33	119	67
Land & Development	77	20	40	39
<b>Total</b>	<b>\$606</b>	<b>\$217</b>	<b>\$318</b>	<b>\$281</b>

- \$100M of Q1 sales proceeds from legacy assets
- Focused on monetization of additional legacy assets in 2019 and 2020



Note: \$ in millions.

# Q1 '19 Portfolio Rollforward

	Real Estate Finance	Net Lease	Operating Properties	Land & Development	Corporate / Other	Total
<b>Net Book Value (12/31/18)</b>	<b>\$988</b>	<b>\$1,824</b>	<b>\$328</b>	<b>\$663</b>	<b>\$8</b>	<b>\$3,811</b>
Investments <sup>(1)</sup>	66	367	5	40	-	478
Principal received / basis sold	(163) <sup>(2)</sup>	(12)	(53)	(42)	(1)	(271)
Other	5 <sup>(3)</sup>	19	(7)	-	-	17
<b>Net Book Value (3/31/19)</b>	<b>\$895</b>	<b>\$2,198</b>	<b>\$273</b>	<b>\$661</b>	<b>\$7</b>	<b>\$4,034</b>
Add: Accumulated depreciation and general loan loss reserves	12	299 <sup>(4)</sup>	11 <sup>(4)</sup>	9	-	331
Add: Accumulated amortization related to intangibles	-	18	11	-	-	29
Add: Proportionate share of joint venture accumulated depreciation	-	8	12	-	-	20
Add: Cash	-	-	-	-	315	315
<b>Gross Book Value (3/31/19)</b>	<b>\$907</b>	<b>\$2,523</b>	<b>\$307</b>	<b>\$670</b>	<b>\$322</b>	<b>\$4,729</b>

Note: \$ in millions. Figures in this chart may not foot.

(1) Includes fundings, capital expenditures, exit fees, accruals and capitalized interest on loans.

(2) Includes repayment of capitalized interest on loans.

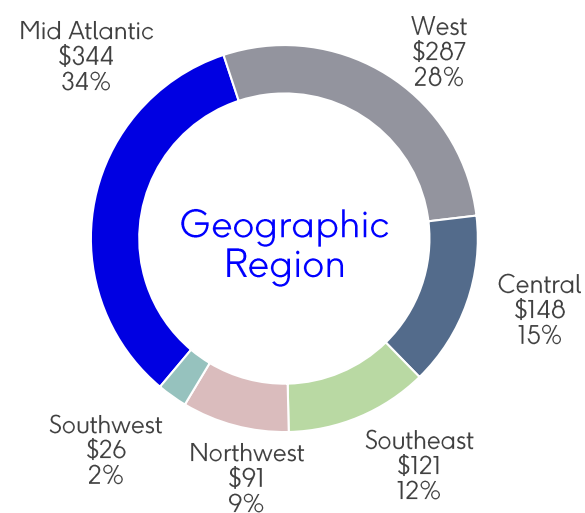
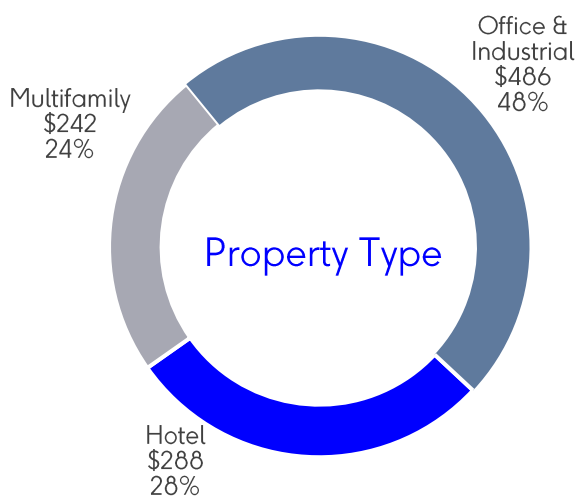
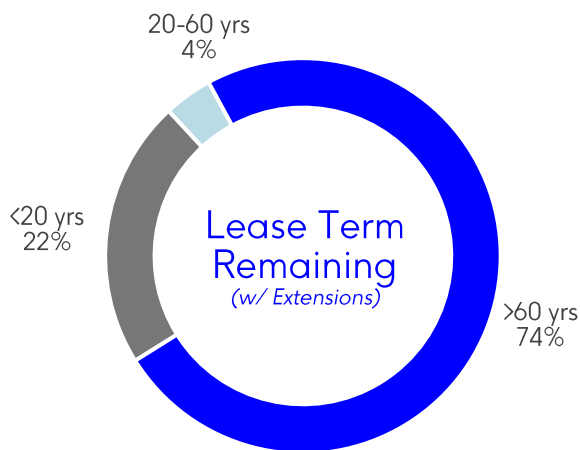
(3) Includes fundings (repayments) by third parties of loan participations that are consolidated on iStar's balance sheet

(4) Includes amounts associated with real estate available and held for sale.



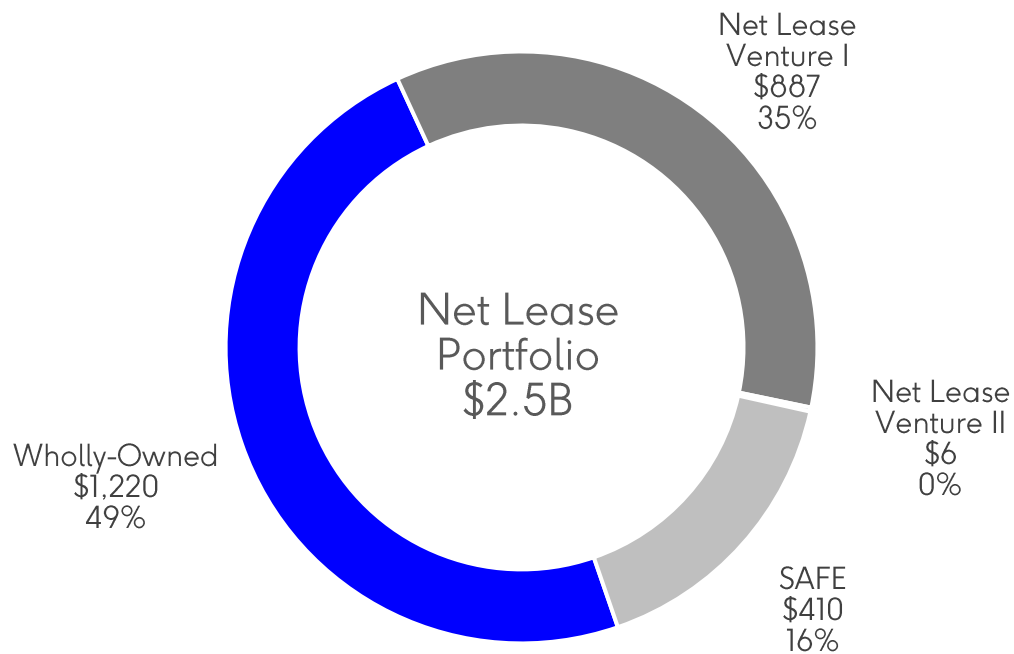
# Safehold (NYSE: SAFE)

- Invested \$252M in SAFE equity in Q1 bringing total investment to \$410M
  - Largest owner with 65.8% of equity, or 20.3M shares of stock and stock equivalents
- Market value of SAFE shares currently trade 27% above carrying value (as of 5/1/19)
- SAFE's Q1 '19 results were highlighted by:
  - \$143M in new investments (with Effective Yield of 5.86%)
  - 76% aggregate portfolio growth from Q1 '18 to \$1.1B
  - Expanded into 3 new markets (MSAs: New York/Philadelphia/San Antonio)
  - Raised 30-year debt with 4.25% rate in Q2



Note: \$ in millions. Graphs are presented as gross book value of portfolio of \$1.016M excluding \$74M of forward commitments. Please refer to SAFE earnings presentation for a Glossary of defined terms.

# Net Lease Portfolio



## iStar Ownership Breakdown

Wholly-Owned	100% Ownership	Consolidated
Net Lease Venture I	51.9% Ownership	Consolidated <sup>(1)</sup>
Net Lease Venture II	51.9% Ownership	Equity Method
SAFE	65.8% Ownership	Equity Method

Note: \$ in millions, unless otherwise specified. Figures presented as of 3/31/19.

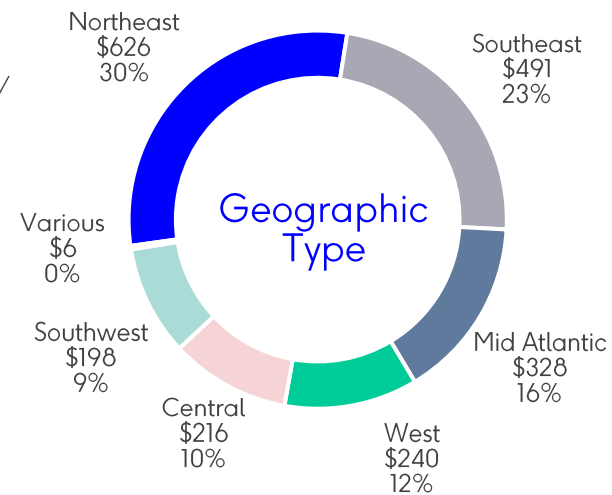
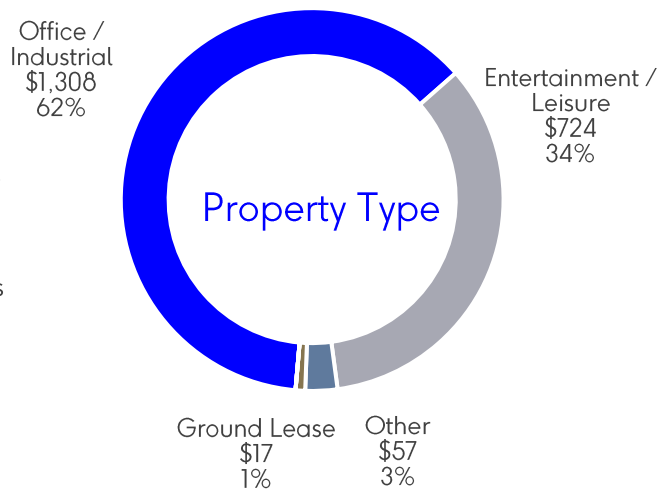
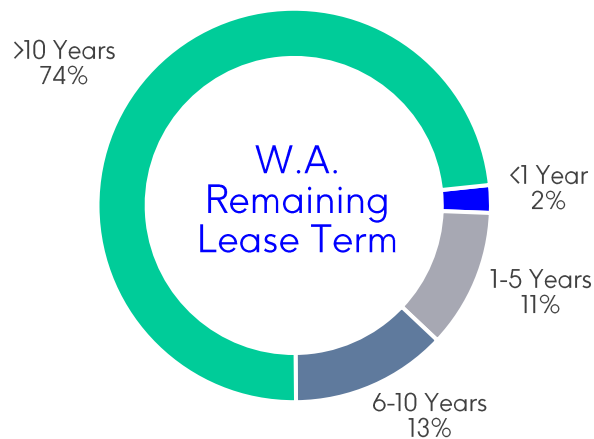
(1) Upon the expiration of the investment period on June 30, 2018, the Company obtained control of Net Lease Venture I through its unilateral rights of management and disposition of the assets. As a result, the expiration of the investment period resulted in a reconsideration event under GAAP and the Company determined that Net Lease Venture I is a VIE for which the Company is the primary beneficiary. Effective June 30, 2018, the Company consolidated Net Lease Venture I as an asset acquisition under ASC 810.





# Net Lease Consolidated Assets

	Wholly-Owned	Net Lease Venture I	Total Consolidated
Gross Book Value	\$1,220	\$887	\$2,107
Occupancy	98.2%	100.0%	98.8%
Square Feet (000s)	11,536	5,707	17,242
W.A. Remaining Lease Term	13.4 yrs	17.8 yrs	15.0 yrs
W.A. Yield	9.3%	8.0%	8.8%

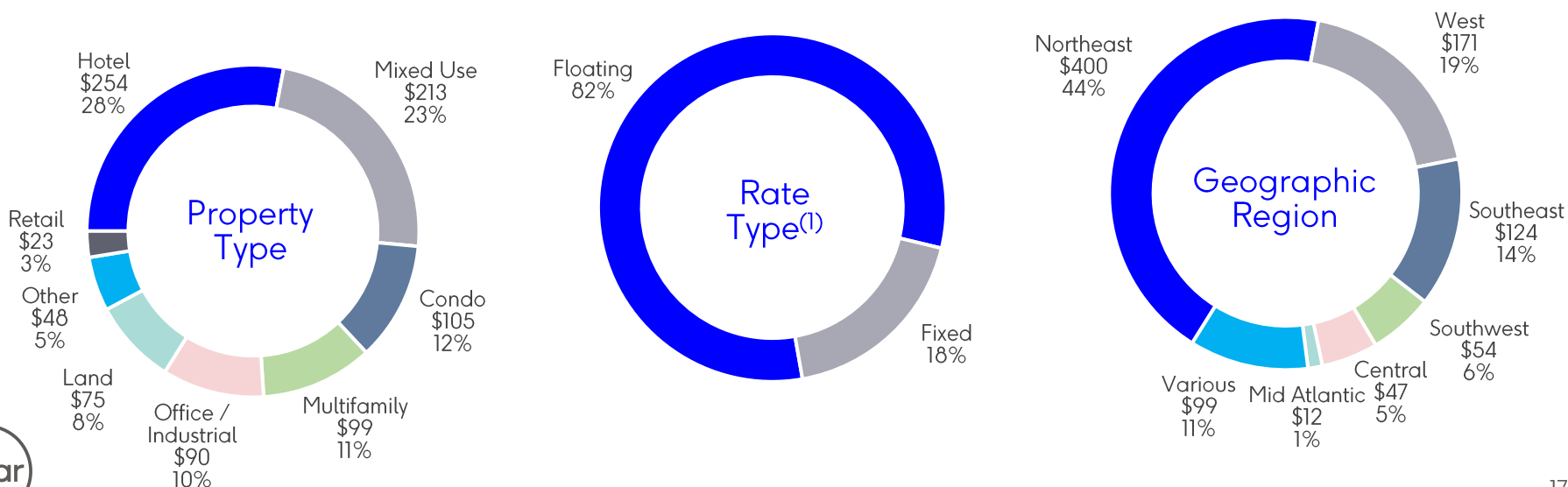


Note: \$ in millions. Please refer to the Glossary slides for additional details regarding definitions and calculations.

# Real Estate Finance Portfolio

	Performing Loans			
	Loans (\$)	W.A. Last \$ LTV	W.A. Yield	W.A. Maturity (yrs)
First mortgages / Senior debt	\$653	54%	9.1%	2.1
Mezzanine / Subordinated debt	229	81%	8.9%	3.3
<b>Total Performing Loans</b>	<b>\$882</b>	<b>61%</b>	<b>9.1%</b>	<b>2.4</b>
NPLs	26			
<b>Total Real Estate Finance</b>	<b>\$907</b>			

## Real Estate Finance Portfolio Breakdown

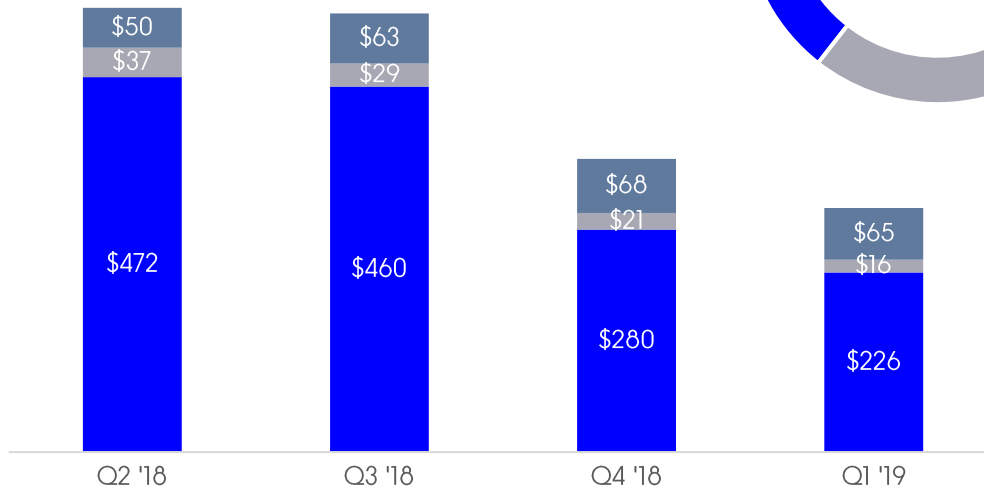
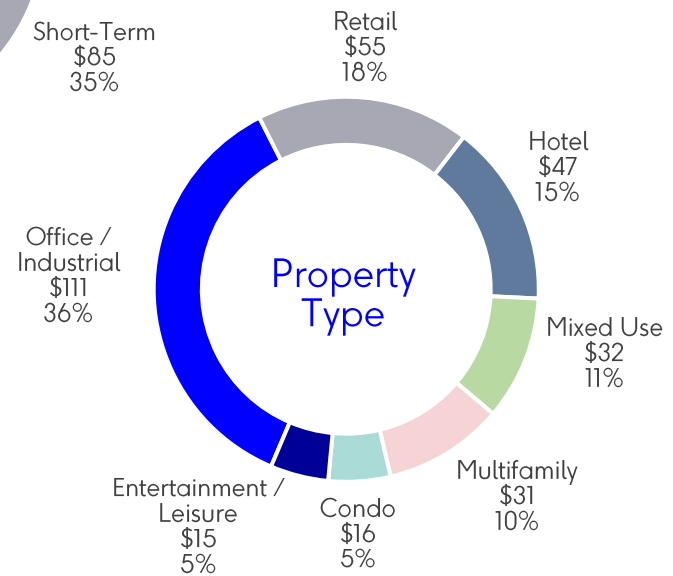
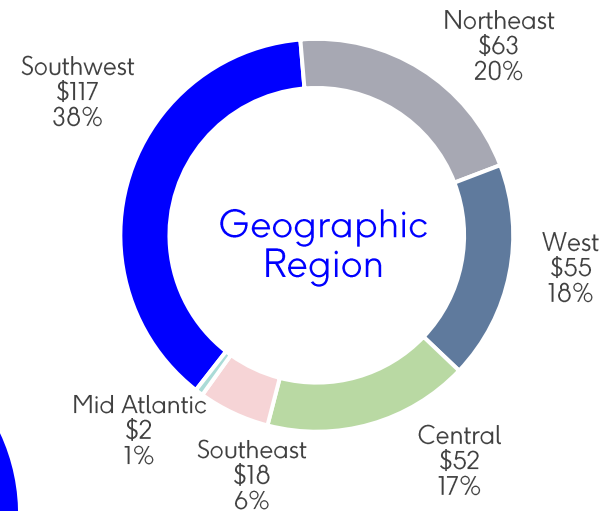


Note: \$ in millions. Includes \$25M consolidated first mortgage participations not held by iStar. Please refer to the Glossary slides for additional details regarding definitions and calculations.  
 (1) Excludes non-performing loans.

# Operating Properties Portfolio

	Gross Book Value	Properties	W.A. Yield
Commercial Assets (Legacy)	\$226	12	6.2%
Residential Assets (Legacy)	\$16		
<b>Total Operating Properties (Legacy)</b>	<b>\$242</b>		
Strategic Assets (Non-Legacy) <sup>(1)</sup>	\$65		
<b>Total Operating Properties</b>	<b>\$307</b>		

Long-Term  
\$158  
65%



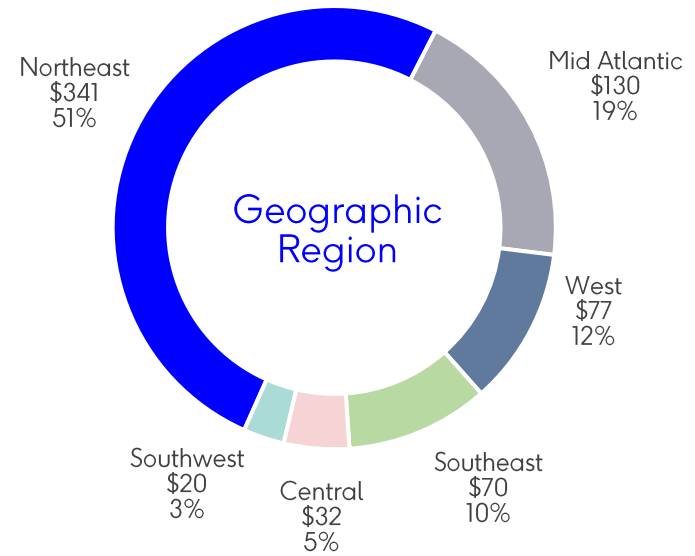
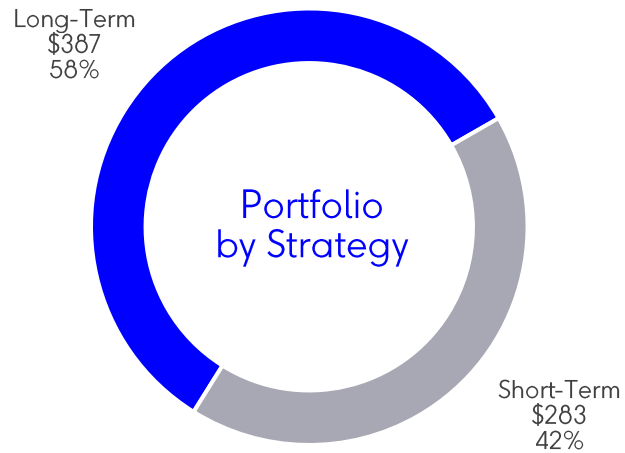
■ Commercial (Legacy) ■ Residential Assets (Legacy) ■ Strategic Assets (Non-Legacy)



Note: \$ in millions. Please refer to the Glossary slides for additional details regarding definitions and calculations.

(1) Unconsolidated assets acquired over the past two years that represent areas of interest which could grow into larger business opportunities.

# Land & Development Portfolio



Note: \$ in millions.



# III. Capital Structure

# Capital Structure Overview

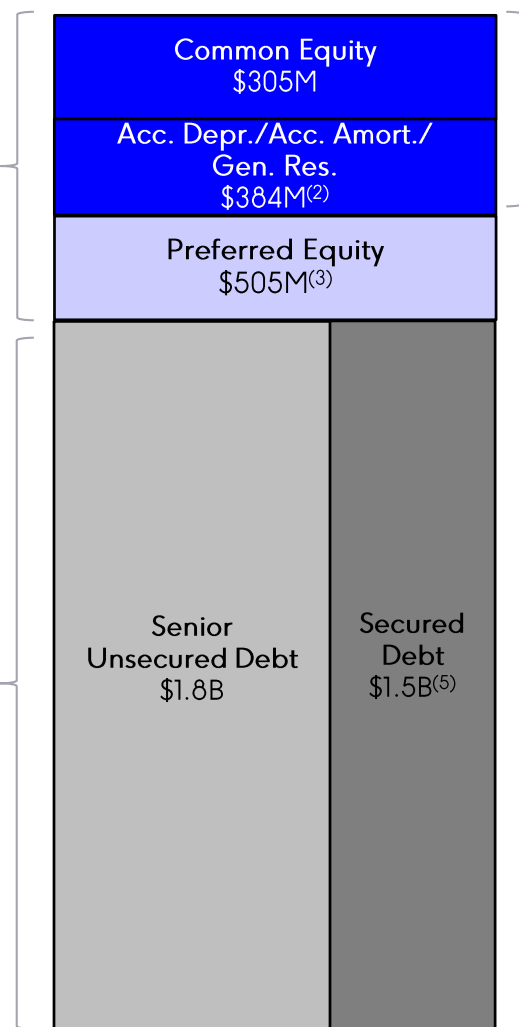
Credit Metrics	
Cash	\$315M
Debt, net of cash	\$2,981
Total Equity	\$810M
Adj. Total Equity	\$1,194M
Leverage <sup>(1)</sup>	2.5x

Shares	Basic
Shares Outstanding	66.1M
Common Equity	\$305M
Book Equity per Share	\$4.62
Adjusted Common Equity	\$689M
Adj. Book Equity per Share	\$10.43

Liquidity	
Cash	\$315M
Revolving Credit Facility Availability	\$325M
Total Liquidity	\$640M

Adjusted  
Total Equity  
\$1.2B

Total Debt  
\$3.3B<sup>(4)</sup>



Adjusted  
Common Equity  
\$689M

Note: Please refer to "Adjusted Common Equity Reconciliation" slide at the end of this presentation for more information.

(1) Corporate leverage is the ratio of total debt less cash and cash equivalents divided by Adjusted Total Equity.

(2) Includes accumulated depreciation, amortization, general reserves, iStar's proportionate share of accumulated depreciation and amortization relating to equity method investments, and accumulated depreciation and amortization from real estate available and held for sale.

(3) Represents liquidation preference of preferred equity.

(4) Debt is presented net of fees and discounts.

(5) Includes \$484M of asset-specific non-recourse mortgage financing from the consolidated Net Lease Venture I, in which iStar owns a 51.9% interest.

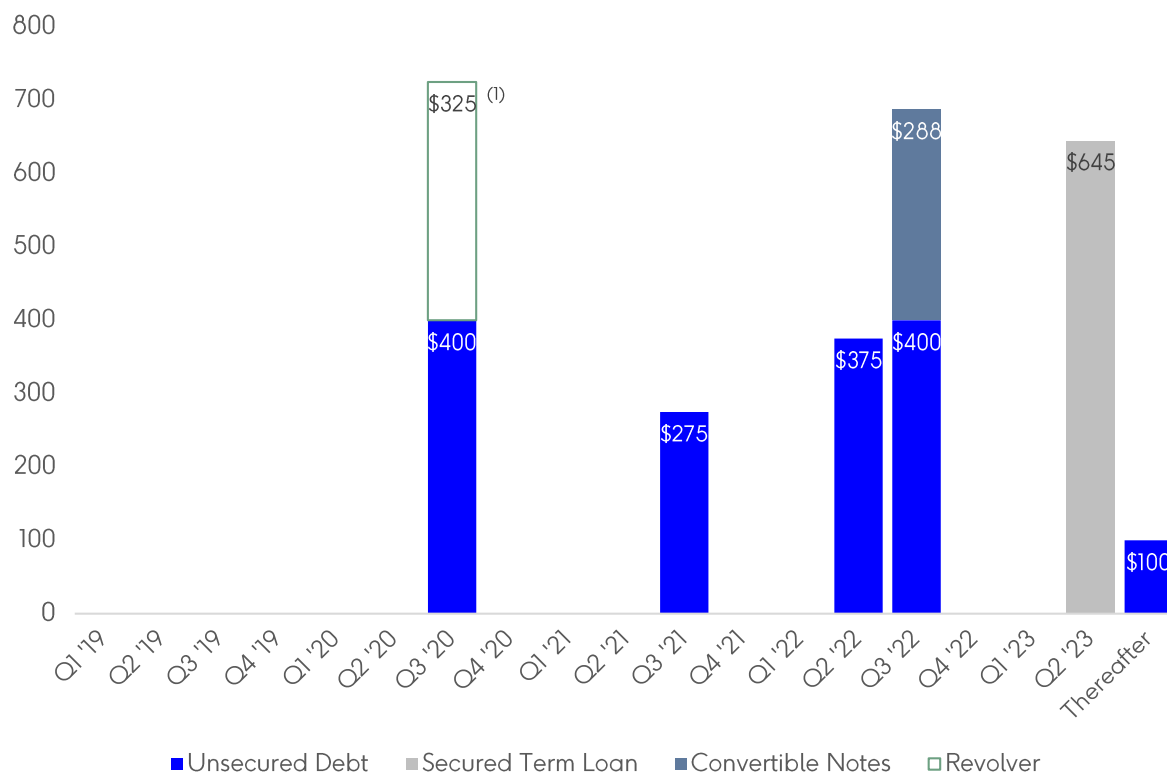


# Corporate Debt Maturity Profile

## Debt Profile

2020		
Sep.	\$400	4.625%
2021		
Jul.	\$275	6.50%
2022		
Apr.	\$375	6.00%
Sep.	400	5.25%
Sep.	288	3.125%
	<u>\$1,063</u>	
2023		
Jun.	\$645	L + 275
2035		
Oct.	\$100	L + 150
Non-Recourse Mortgage Financings <sup>(2)</sup>		
Various	\$863	(W.A.) 4.57%
<b>Total/W.A.</b>	<b>\$3,346</b>	<b>4.97%</b>

STAR redeemed the remaining \$375M of its July 2019 bonds in Q1



Note: \$ in millions. Excludes extension options.

(1) \$325M revolver undrawn as of 3/31/19.

(2) Represents individual non-recourse mortgages on net lease assets, including consolidated mortgage debt on assets held by Net Lease Venture I. Rates presented after giving effect to interest rate hedges.



# IV. Appendix



# Consolidated Statements of Operations

	Three Months Ended March 31,	
	2019	2018
<b>Revenues</b>		
Operating lease income	\$58,915	\$45,799
Interest income	20,375	26,697
Other income	14,813	15,320
Land development revenue	12,699	276,429
<b>Total revenues</b>	<b>\$106,802</b>	<b>\$364,245</b>
<b>Cost and Expenses</b>		
Interest expense	\$46,577	\$45,182
Real estate expense	25,940	36,180
Land development cost of sales	14,449	223,407
Depreciation and amortization	15,668	11,110
General and administrative	16,850	19,723
General and administrative – stock-based compensation	4,249	9,091
(Recovery of) provision for loan losses	(97)	(855)
Impairment of assets	3,851	4,100
Other expense	508	1,166
<b>Total costs and expenses</b>	<b>\$127,995</b>	<b>\$349,104</b>
Income from sales of real estate	9,407	17,048
<b>Income (loss) from operations before earnings from equity method investments and other items</b>	<b>(\$11,786)</b>	<b>\$32,189</b>
Earnings from equity method investments	5,309	3,332
Income tax expense	(25)	(121)
Loss on early extinguishment of debt	(468)	(372)
<b>Net income (loss)</b>	<b>(\$6,970)</b>	<b>\$35,028</b>
Net (income) loss attributable to noncontrolling interests	(2,471)	(95)
<b>Net income (loss) attributable to iStar</b>	<b>(\$9,441)</b>	<b>\$34,933</b>
Preferred dividends	(8,124)	(8,124)
<b>Net income (loss) allocable to common shareholders</b>	<b>(\$17,565)</b>	<b>\$26,809</b>



Note: Unaudited. \$ in thousands.

# Earnings Per Share

	Three Months Ended March 31,	
Earnings Information for Common Shares	2019	2018
Income (loss) from continuing operations attributable to iStar <sup>(1)</sup>		
Basic	(\$0.26)	\$0.39
Diluted	(\$0.26)	\$0.35
Net income (loss)		
Basic	(\$0.26)	\$0.39
Diluted	(\$0.26)	\$0.35
Adjusted income (loss)		
Basic	(\$0.00)	\$1.95
Diluted	(\$0.00)	\$1.61
Weighted average shares outstanding		
Basic	67,747	67,913
Diluted	67,747	83,670
Common shares outstanding at the end of period	66,061	67,901

Note: Unaudited. In thousands, except per share data.

(1) After the effect of preferred dividends, non-controlling interests and income from sales of real estate.



# Adjusted Income Reconciliation

	Three Months Ended March 31,	
	2019	2018
Net income (loss) allocable to Common Shareholders	(\$17,565)	\$26,809
Add: Depreciation and amortization <sup>(1)</sup>	15,437	20,069
Add: (Recovery of) provision for loan losses	(97)	(855)
Add: Impairment of assets	3,851	4,100
Add: Stock-based compensation expense	4,249	9,091
Add: Loss on early extinguishment of debt	468	372
Add: Non-cash interest expense on senior convertible notes	1,222	1,160
Add: Impact from adoption of new accounting standards <sup>(2)</sup>	-	75,869
Less: Losses on charge-offs and dispositions <sup>(3)</sup>	(7,685)	(4,307)
<b>Adjusted income (loss) allocable to common shareholders</b>	<b>(\$120)</b>	<b>\$132,308</b>

Note: \$ in thousands.

In addition to net income (loss) prepared in conformity with GAAP, we use adjusted income, a non-GAAP financial measure, to measure our operating performance. Adjusted income is used internally as a supplemental performance measure adjusting for certain non-cash GAAP measures to give management a view of income more directly derived from current period activity. Adjusted income is calculated as net income (loss) allocable to common shareholders, prior to the effect of depreciation and amortization, provision for (recovery of) loan losses, impairment of assets, stock-based compensation expense, the imputed non-cash interest expense recognized for the conversion feature of our senior convertible notes, the non-cash portion of gain (loss) on early extinguishment of debt and is adjusted for the effect of gains or losses on charge-offs and dispositions on carrying value gross of loan loss reserves and impairments ("Adjusted Income"). Adjusted Income also includes the impact to retained earnings (income that would have been recognized in prior periods had the accounting standards been effective during those prior periods) resulting from the adoption of new accounting standards on January 1, 2018.

Adjusted Income should be examined in conjunction with net income (loss) as shown in our consolidated statements of operations. Adjusted Income should not be considered as an alternative to net income (loss) (determined in accordance with GAAP), or to cash flows from operating activities (determined in accordance with GAAP), as a measure of our liquidity, nor is Adjusted Income indicative of funds available to fund our cash needs or available for distribution to shareholders. Rather, Adjusted Income is an additional measure we use to analyze our business performance because it excludes the effects of certain non-cash charges that we believe are not necessarily indicative of our operating performance while including the effect of gains or losses on investments when realized. It should be noted that our manner of calculating Adjusted Income may differ from the calculations of similarly-titled measures by other companies.

- (1) Depreciation and amortization also includes our proportionate share of depreciation and amortization expense for equity method investments (including from the adoption of ASU 2017-05) and excludes the portion of depreciation and amortization expense allocable to non-controlling interests.
- (2) Represents an increase to retained earnings on January 1, 2018 upon the adoption of ASU 2017-05.
- (3) Represents the impact of charge-offs and dispositions realized during the period. These charge-offs and dispositions were on assets that were previously impaired for GAAP and reflected in net income but not Adjusted Income in the periods in which the impairments were recorded.

# Consolidated Balance Sheets

	As of March 31, 2019	As of December 31, 2018
<b>Assets</b>		
Real Estate		
Real Estate, at cost	\$1,873,642	\$2,076,333
Less: accumulated depreciation	(252,638)	(305,314)
Real estate, net	1,621,004	1,771,019
Real estate available and held for sale	253,336	22,551
Total real estate	1,874,340	1,793,570
Land and development, net	616,350	598,218
Loans receivable and other lending investments, net	894,846	988,224
Other investments	521,999	304,275
Cash and cash equivalents	315,407	931,751
Accrued interest and other lending investments, net	11,723	10,669
Deferred operating lease income receivable, net	68,712	98,302
Deferred expenses and other assets, net	368,036	289,268
<b>Total Assets</b>	<b>\$4,671,413</b>	<b>\$5,014,277</b>
<b>Liabilities and Equity</b>		
Accounts payable, accrued expenses and other liabilities	\$332,358	\$316,251
Liabilities associated with properties held for sale	234,267	2,341
Loan participations, net	25,021	22,484
Debt obligations, net	3,070,296	3,609,086
<b>Total Liabilities</b>	<b>\$3,661,942</b>	<b>\$3,950,162</b>
Total iStar shareholders' equity	810,371	862,978
Noncontrolling interests	199,100	201,137
<b>Total Equity</b>	<b>\$1,009,471</b>	<b>\$1,064,115</b>
<b>Total Liabilities and Equity</b>	<b>\$4,671,413</b>	<b>\$5,014,277</b>



Note: Unaudited. \$ in thousands.

# Adjusted Common Equity Reconciliation

	Pro Forma	As of March 31, 2019
Total shareholders' equity	\$1,014,445	\$810,371
Less: Liquidation preference of preferred stock	(505,000)	(505,000)
Common shareholders equity	\$509,445	\$305,371
Add: Accumulated depreciation and amortization <sup>(1)</sup>	292,376	349,656
Add: Proportionate share of accumulated depreciation and amortization within equity method investments	21,561	21,561
Add: General reserves	12,410	12,410
<b>Adjusted common equity</b>	<b>\$835,792</b>	<b>\$688,998</b>
Common shares outstanding - basic	64,686	66,061
Common equity per share	\$7.88	\$4.62
Adjusted common equity per share	\$12.92	\$10.43

Note: Unaudited. \$ in thousands, except for per share data. Pro Forma for the sale of Preferred Freezer and the second quarter stock buyback of 1.4M shares.

We use adjusted common equity, a non-GAAP financial measure, as a supplemental measure to give management a view of equity allocable to common shareholders prior to the impact of certain non-cash GAAP measures. Management believes that adjusted common equity provides a useful measure for investors to consider in addition to total shareholders equity because cumulative effect of depreciation and amortization expenses and provisions for general reserves calculated under GAAP may not necessarily reflect an actual reduction in the value of the Company's assets.

Adjusted common equity should be examined in conjunction with total shareholders' equity as shown on the Company's consolidated balance sheet. Adjusted common equity should not be considered an alternative to total shareholders' equity (determined in accordance with GAAP), nor is adjusted common equity indicative of funds available for distribution to shareholders. It should be noted that our manner of calculating adjusted common equity may differ from the calculations of similarly-titled measures by other companies.

(1) Net of amounts allocable to non-controlling interests and includes accumulated depreciation and amortization associated with real estate available and held for sale.



# Q1 '19 Gross Book Value Reconciliation

	Real Estate Finance	Net Lease	Operating Properties	Land & Development	Corporate / Other	Total
Real estate, net	-	\$1,450	\$171	-	-	\$1,621
Real estate available and held for sale	-	219	33	-	-	252
Land and development, net	-	-	-	\$616	-	616
Loans receivable and other lending investments, net	\$895	-	-	-	-	895
Real estate-related intangibles, net	-	121	5	-	-	126
Other investments	-	408	62	45	\$7	522
<b>Net Book Value</b>	<b>\$895</b>	<b>\$2,198</b>	<b>\$273</b>	<b>\$661</b>	<b>\$7</b>	<b>\$4,034</b>
Add: Accumulated depreciation and general loan loss reserves	12	299 <sup>(1)</sup>	11 <sup>(1)</sup>	9	-	331
Add: Accumulated amortization related to intangibles	-	18	11	-	-	29
Add: Proportionate share of joint venture accumulated depreciation	-	8	12	-	-	20
<b>Gross Book Value</b>	<b>\$907</b>	<b>\$2,523</b>	<b>\$307</b>	<b>\$670</b>	<b>\$7</b>	<b>\$4,414</b>
Add: Cash	-	-	-	-	\$315	\$315
<b>Portfolio Gross Book Value</b>	<b>\$907</b>	<b>\$2,523</b>	<b>\$307</b>	<b>\$670</b>	<b>\$322</b>	<b>\$4,729</b>



Note: \$ in millions. Figures in this table may not foot.

(1) Includes amounts associated with real estate available and held for sale.

# Glossary

Funding/Capex  
(Net Lease, Operating Properties, Land & Development)

Acquisition price, capitalized acquisition costs, capital expenditures, contributions to equity method investments, capitalized payroll and capitalized interest.

Funding/Capex  
(Real Estate Finance)

Cash funded on loans, plus deferred interest capitalized to the loan balance, exclusive of original issued discount, origination and arrangement fees held back at origination.

Gross Book Value  
(Net Lease, Operating Properties, Land & Development)

Basis assigned to physical real estate property (land & building), net of any impairments taken after acquisition date and net of basis reductions associated with unit/parcel sales, plus our basis in equity method investments, plus lease related intangibles, capitalized leasing costs and excluding accumulated depreciation and amortization, and for equity method investments, excluding the effect of our share of accumulated depreciation and amortization.

Gross Book Value  
(Real Estate Finance)

Principal funded including any deferred capitalized interest receivable, plus protective advances, exit fee receivables and any unamortized origination / modification costs, less purchase discounts and specific reserves. This amount is not reduced for general reserves.

Disclaimer: Set forth in the Glossary are the current definitions of certain items that we use in this presentation. This Glossary is intended to facilitate a reader's understanding of this presentation. There can be no assurance that we will not modify these terms in future presentations as we deem necessary or appropriate.

# Glossary Cont'd

Net Book Value	Gross Book Value net of accumulated depreciation and amortization.
Net Book Value (Real Estate Finance)	Gross Book Value for Real Estate Finance less general reserve for loan loss.
Net Operating Income	Operating lease income and other income less operating expenses.
Proceeds (Net Lease, Operating Properties, Land & Development)	Includes sales price for assets sold, less selling costs, less seller financing plus return of capital from equity method investments.
Proceeds (Real Estate Finance)	Collection of principal, deferred and capitalized interest, exit fees, origination fees previously netted against principal at inception, or original issue discount. Includes proceeds from sales of securities.
Yield (Net Lease)	Calculated as net operating income for the quarter annualized divided by the average Gross Book Value during the period.
Yield (Operating Properties)	Calculated as the net operating income for the quarter annualized, plus our share of depreciation and interest expense attributable to our investment in equity method investments, divided by the sum of the (i) average Gross Book Value during the period plus (ii) our share of accumulated depreciation and amortization, and interest expense attributable to our investment in equity method investments.
Yield (Real Estate Finance)	Interest income, for the quarter, annualized, divided by the average daily Gross Book Value of Real Estate Finance.