



Q4 and Fiscal Year 2017
Earnings Supplemental

Forward-Looking Statements and Other Matters

Statements in this supplemental disclosure 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.

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 generate liquidity and to repay indebtedness as it comes due, additional loan loss provisions, 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 from time to time in iStar SEC reports.

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I. Highlights

Q4'17 and Full-Year Highlights

- Results for Q4'17 and FY'17:

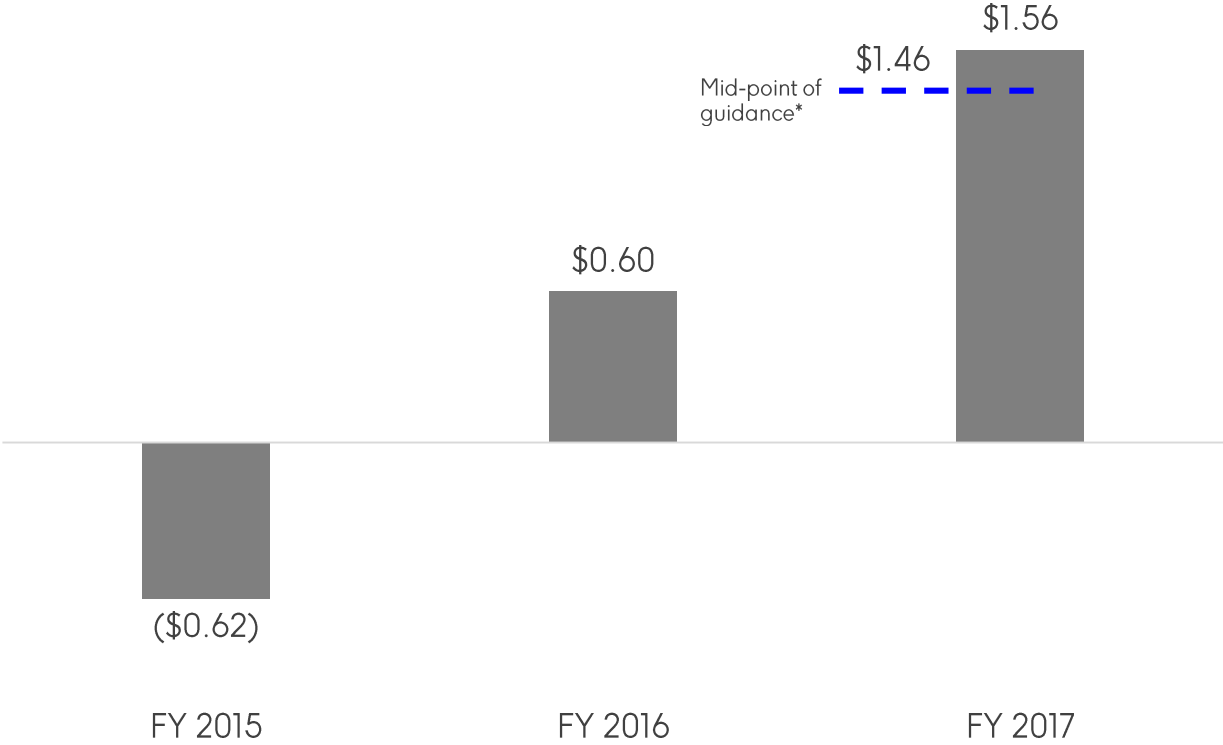
| | Q4'17 | FY'17 |
|---------------------|-----------|-----------|
| Net Income | (\$4,910) | \$110,924 |
| EPS | (\$0.07) | \$1.56 |
| Adjusted Net Income | \$31,543 | \$214,619 |
| Adj. EPS | \$0.40 | \$2.57 |

- Hired new Chief Investment Officer Marcos Alvarado, former Head of Acquisitions & Business Operations at Cadre and former Managing Director at Starwood Capital.
- Increased new loan originations to \$457 million during the quarter.
- Realized \$360 million of proceeds from legacy assets in 2017, goal to outpace this amount in 2018.
- Working with J.P. Morgan Securities LLC to review strategic options for longer-term legacy asset portfolio.



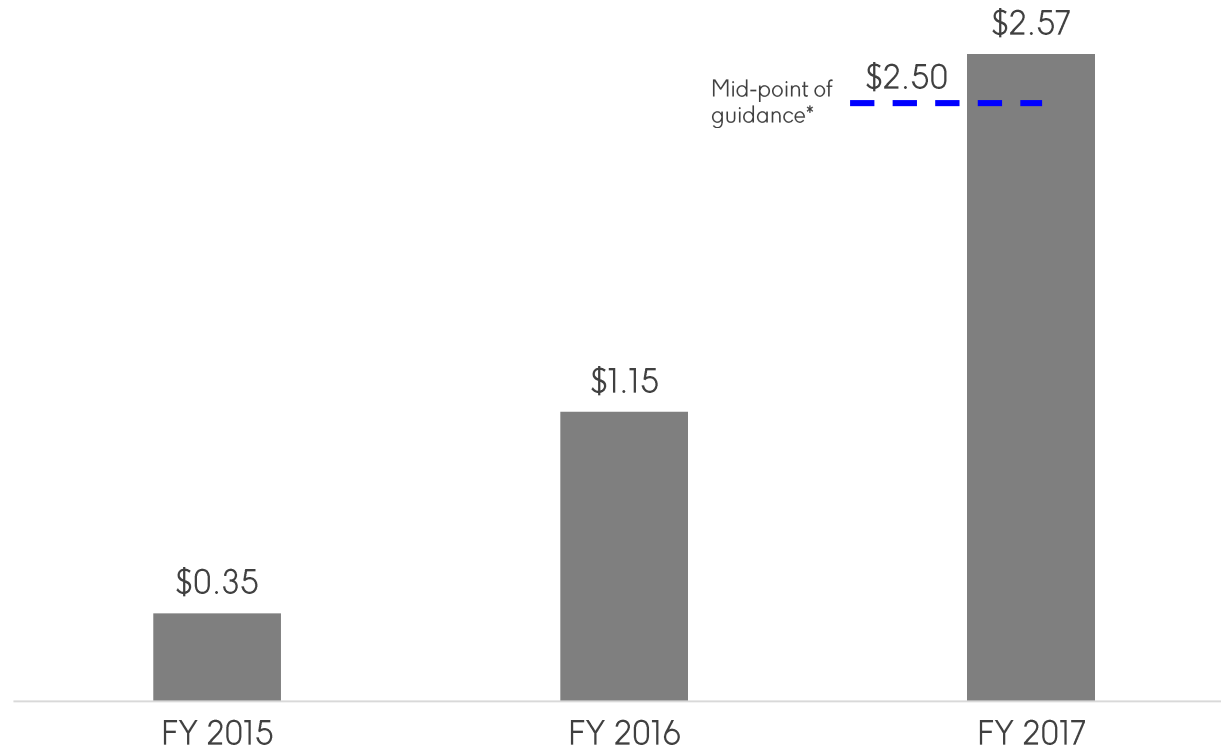
Note: \$ in thousands, except for per share figures. Per share figures are shown on a diluted basis.

Net Income and Guidance



* Full year 2017 net income per share guidance was \$1.21 - \$1.71.

Adjusted Income and Guidance



Note: Adjusted income represents net income computed in accordance with GAAP, prior to the effects of certain non-cash items. The calculation of adjusted income and reconciliation to GAAP net income are presented in the appendix of the supplemental.

* Full year 2017 adjusted net income per share guidance was \$2.25 - \$2.75.





II. Investment Activity

Investment Activity

New Originations (Commitments)

| | Q1'16 | Q2'16 | Q3'16 | Q4'16 | Q1'17 | Q2'17 | Q3'17 | Q4'17 |
|--------------------------|--------------|-------------|--------------|--------------|------------|--------------|-------------|--------------|
| Real Estate Finance | \$166 | \$13 | \$83 | \$170 | \$7 | \$136 | \$59 | \$457 |
| Net Lease ⁽¹⁾ | - | 9 | 218 | 33 | - | 104 | 24 | 17 |
| Total | \$166 | \$22 | \$301 | \$202 | \$7 | \$241 | \$84 | \$474 |

Fundings / CapEx

| | Q1'16 | Q2'16 | Q3'16 | Q4'16 | Q1'17 | Q2'17 | Q3'17 | Q4'17 |
|--------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Real Estate Finance | \$113 | \$79 | \$86 | \$197 | \$73 | \$82 | \$58 | \$405 |
| Net Lease ⁽¹⁾ | 1 | 6 | 37 | 43 | 2 | 77 | 26 | 27 |
| Operating Properties | 18 | 17 | 19 | 15 | 7 | 12 | 22 | 31 |
| Land & Development | 41 | 31 | 36 | 28 | 29 | 29 | 34 | 40 |
| Corporate & Other | - | - | - | - | - | - | - | - |
| Total | \$173 | \$133 | \$177 | \$283 | \$111 | \$200 | \$140 | \$504 |

Sales / Repayments

| | Q1'16 | Q2'16 | Q3'16 | Q4'16 | Q1'17 | Q2'17 | Q3'17 | Q4'17 |
|----------------------|--------------|--------------|--------------|--------------|--------------|--------------------|--------------|--------------|
| Real Estate Finance | \$80 | \$183 | \$49 | \$302 | \$171 | \$219 | \$138 | \$194 |
| Net Lease | 11 | 20 | 79 | 14 | 21 | 67 | 61 | 100 |
| Operating Properties | 25 | 232 | 86 | 34 | 12 | 9 | 7 | 15 |
| Land & Development | 9 | 25 | 42 | 58 | 42 | 139 ⁽²⁾ | 32 | 21 |
| Corporate & Other | 7 | 1 | 6 | 18 | - | 6 | 9 | 5 |
| Total | \$132 | \$461 | \$262 | \$427 | \$246 | \$441 | \$247 | \$335 |



Note: \$ in millions.

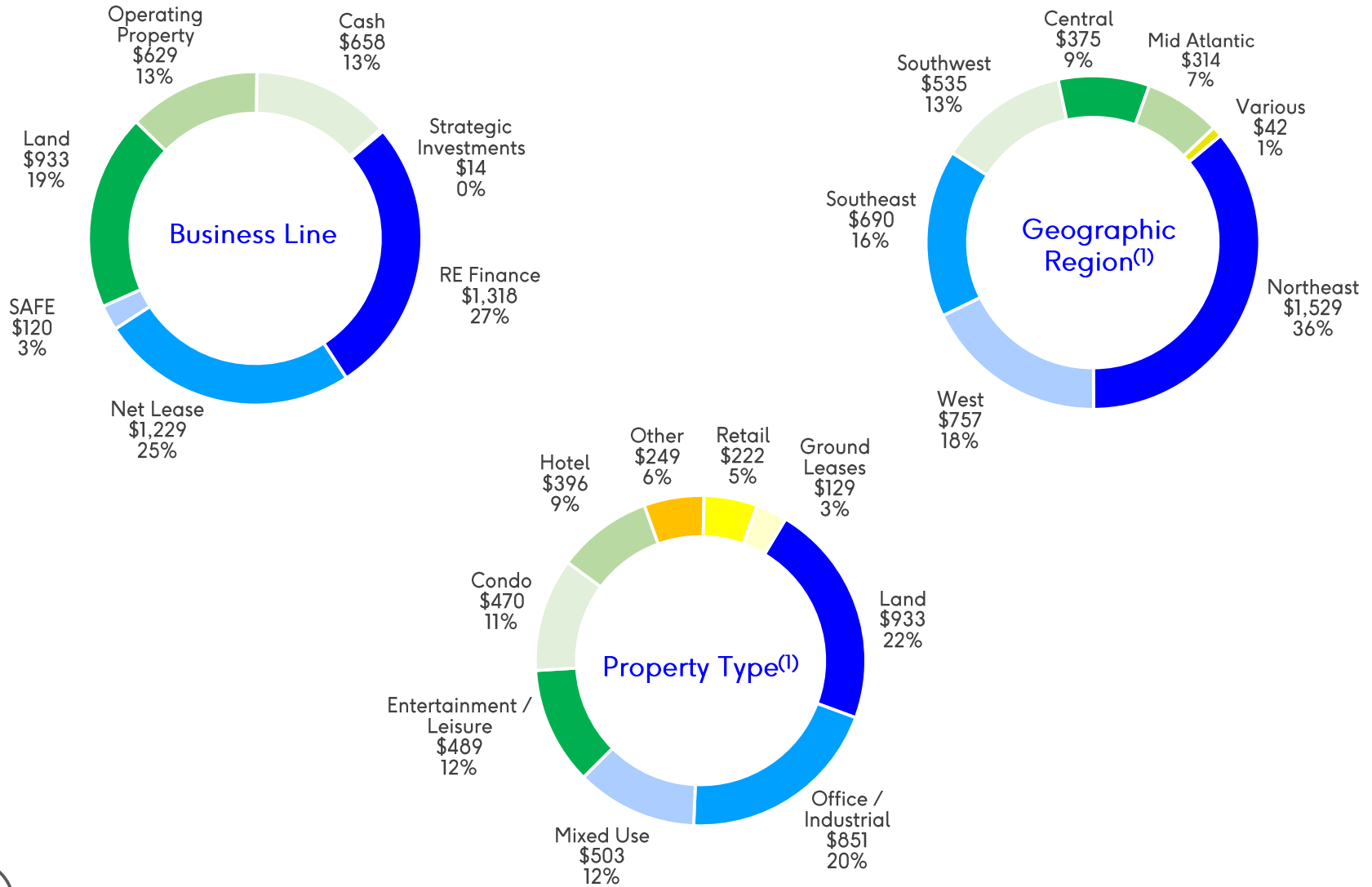
⁽¹⁾ Includes investments made within iStar Net Lease JV and purchase of SAFE equity.

⁽²⁾ Excludes \$123MM of Other Income related to Bevard litigation.



III. Portfolio Overview

\$4.9B Portfolio Breakdown



Note: \$ in millions. Figures based on carrying value of the company's total investment portfolio, gross of accumulated depreciation and general loan loss reserves and assumes market value of SAFE.
 (1) Does not include cash.



Q4'17 Portfolio Rollforward

| | Real Estate Finance | Net Lease | Operating Properties | Land & Development | Corporate / Other | Total |
|--|------------------------|------------------------------|-------------------------|-----------------------|----------------------|----------------|
| Net Book Value (9/30/17) | \$1,109 | \$1,030 | \$567 | \$925 | \$19 | \$3,649 |
| Investments ⁽¹⁾ | 405 | 27 | 30 | 38 | 0 | 501 |
| Principal received / basis sold ⁽²⁾ | (194) | (34) | (20) | (18) | (5) | (271) |
| Other | (20) ⁽³⁾ | (2) | (3) | (21) ⁽⁴⁾ | 1 | (45) |
| Net Book Value (12/31/17) | \$1,301 | \$1,021 | \$574 | \$924 | \$14 | \$3,834 |
| Add: Accumulated depreciation and general loan loss reserves | 17 | 292 | 55 | 8 | 0 | 372 |
| Gross Book Value (12/31/17) | \$1,318 | \$1,349⁽⁵⁾ | \$629 | \$933 | \$14 | \$4,242 |

Note: \$ in millions.

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

⁽²⁾ Includes repayment of deferred interest on loans.

⁽³⁾ Other Real Estate Finance activity primarily represents fundings by (repayments to) by third parties of loan participations that are consolidated on iStar's balance sheet.

⁽⁴⁾ Includes \$10M impairment.

⁽⁵⁾ Adjusted to include the \$36 million difference between SAFE book value of \$84MM and market value of \$120MM as of 12/31/17.

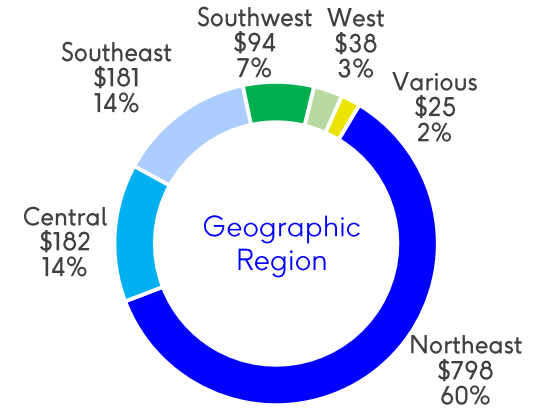
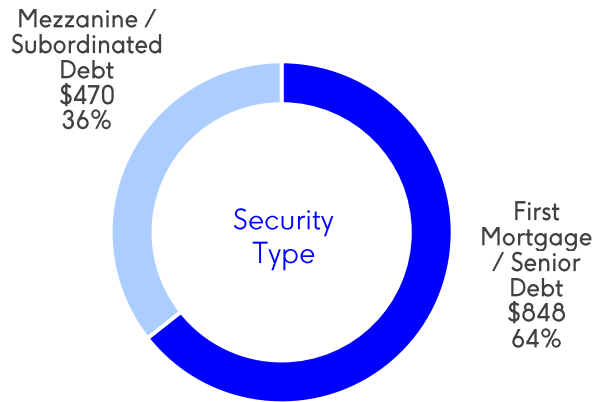
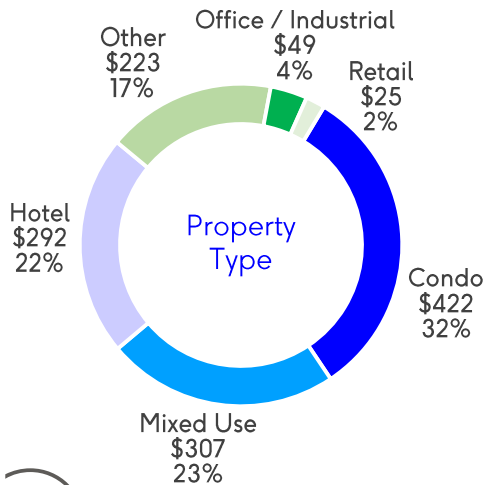




IV. Real Estate Finance

Real Estate Finance: Overview

| | Performing Loans (\$) | W.A. First \$ LTV | W.A. Last \$ LTV | % Floating | % Fixed | W.A. Yield | W.A. Maturity (yrs) | NPLs | Total |
|--|-----------------------|-------------------|------------------|------------|-------------|--------------|---------------------|--------------|----------------|
| First mortgages / Senior debt | \$795 | 5% | 70% | 82% | 18% | 9.5% | 2.1 | - | \$795 |
| Mezzanine / Subordinated debt | 326 | 39% | 62% | 73% | 27% | 11.7% | 1.6 | - | 326 |
| Total iStar 3.0 Loans⁽¹⁾ | \$1,121 | 15% | 67% | 79% | 21% | 10.2% | 2.0 | - | \$1,121 |
| First mortgages / Senior debt | \$20 | - | - | 0% | 100% | 8.9% | 2.3 | \$33 | \$53 |
| Mezzanine / Subordinated debt | - | - | - | - | - | - | - | 144 | 144 |
| Total Legacy Loans | \$20 | - | - | - | 100% | 8.9% | 2.3 | \$177 | \$197 |
| First mortgages / Senior debt | \$815 | 5% | 70% | 80% | 20% | 9.5% | 2.1 | \$33 | \$848 |
| Mezzanine / Subordinated debt | 326 | 39% | 62% | 73% | 27% | 11.7% | 1.6 | 144 | 470 |
| Total Real Estate Finance | \$1,141 | 15% | 67% | 78% | 22% | 10.2% | 2.0 | \$177 | \$1,318 |



Note: \$ in millions.

⁽¹⁾ iStar 3.0 loans represent loans originated post January 1, 2008. Gross of \$102MM consolidated first mortgage participations not held by iStar.



Real Estate Finance: Trend

| | Q4'16 | Q1'17 | Q2'17 | Q3'17 | Q4'17 |
|-----------------------------|----------------|----------------|----------------|----------------|----------------|
| Performing loans | | | | | |
| Beginning Balance | \$1,431 | \$1,282 | \$1,210 | \$1,000 | \$947 |
| Fundings | 196 | 73 | 82 | 58 | 405 |
| Repayments | (302) | (169) | (217) | (125) | (194) |
| Other | (43) | 24 | (75) | 16 | (18) |
| Transfers In / (Out) | - | - | - | - | - |
| Ending Balance | \$1,282 | \$1,210 | \$1,000 | \$947 | \$1,141 |
| Non performing loans | | | | | |
| NPLs, gross | 254 | 251 | 250 | 238 | 238 |
| Specific Reserves | (62) | (61) | (61) | (61) | (61) |
| NPLs, net | 192 | 190 | 189 | 177 | 177 |
| Total | \$1,474 | \$1,400 | \$1,188 | \$1,125 | \$1,318 |

| | Q4'16 | Q1'17 | Q2'17 | Q3'17 | Q4'17 |
|------------------------------------|-------|-------|-------|-------|-------|
| % First mortgages / Senior debt | 68% | 65% | 56% | 57% | 58% |
| % Mezzanine / Subordinated debt | 32% | 35% | 44% | 43% | 42% |
| % Floating | 79% | 79% | 75% | 80% | 80% |
| % Fixed | 21% | 21% | 25% | 20% | 20% |
| W.A. First \$ LTV ⁽¹⁾ | 16.3% | 18.0% | 20.5% | 20.3% | 14.6% |
| W.A. Last \$ LTV ⁽¹⁾ | 63.9% | 62.1% | 65.4% | 64.3% | 66.8% |
| W.A. Yield ⁽¹⁾ | 8.9% | 9.2% | 9.7% | 10.1% | 10.2% |
| W.A. Maturity (yrs) ⁽¹⁾ | 2.1 | 2.0 | 2.1 | 2.0 | 2.0 |
| Asset Count | 44 | 44 | 44 | 43 | 44 |

Note: \$ in millions. Balances represent carrying value gross of general reserves.

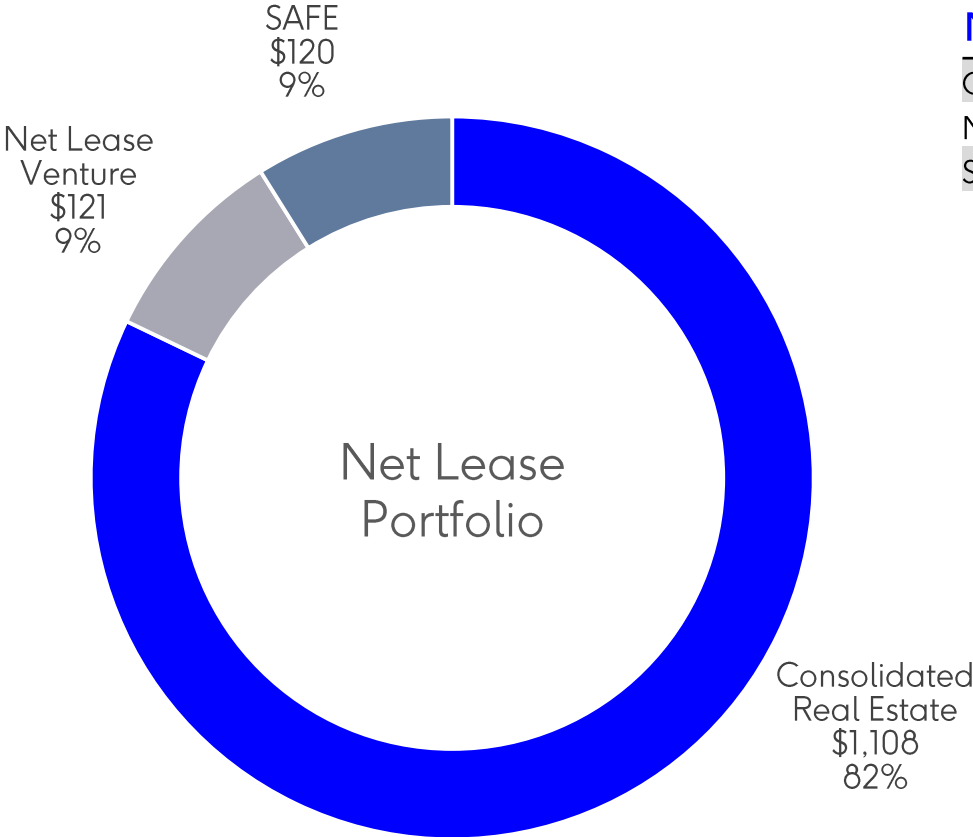
⁽¹⁾ Based on performing loans only.





V. Net Lease

Net Lease: Overview



Net Lease Portfolio Ownership

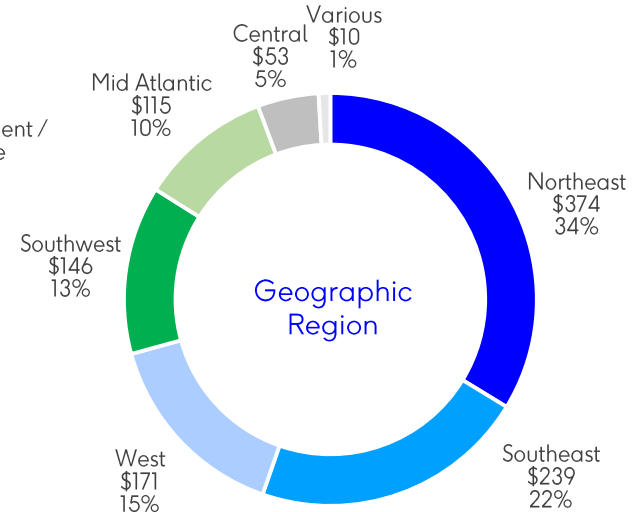
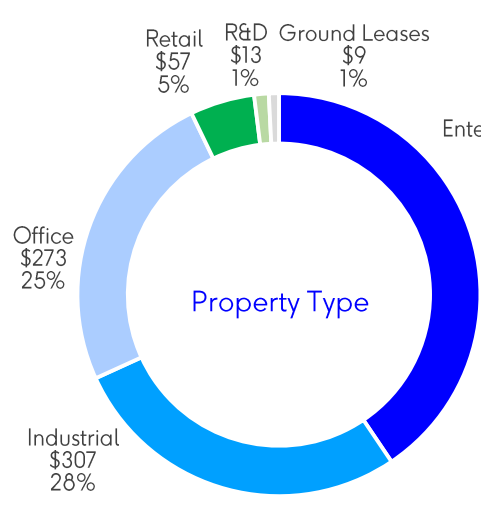
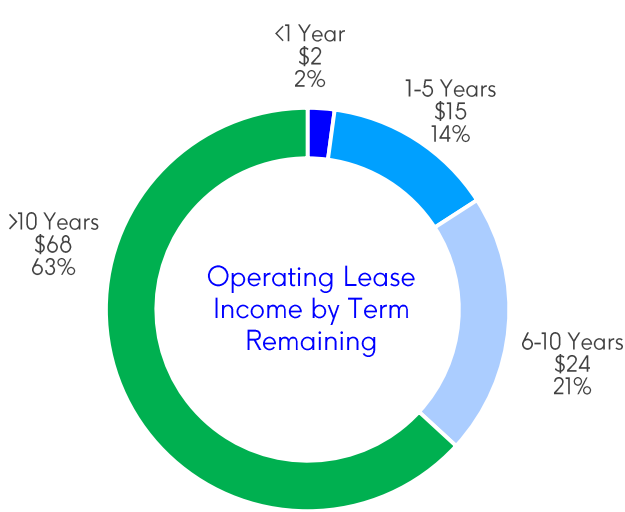
| | |
|--------------------------|-------|
| Consolidated Real Estate | 100% |
| Net Lease Venture | 51.9% |
| SAFE | 37.6% |



Note: The investment in SAFE is represented in market value.

Net Lease: Consolidated Overview (100% Ownership)

| | Consolidated Real Estate |
|--|-----------------------------|
| Real Estate Value, net | \$816 |
| Add: Accumulated Depreciation / Amortization | 292 |
| Gross Real Estate Value⁽¹⁾ | \$1,108 |
| Occupancy | 97.9% |
| Square Footage (000s) | 11,322 |
| W.A. Lease Term | 14.0 yrs |
| W.A. Yield | 8.9% |

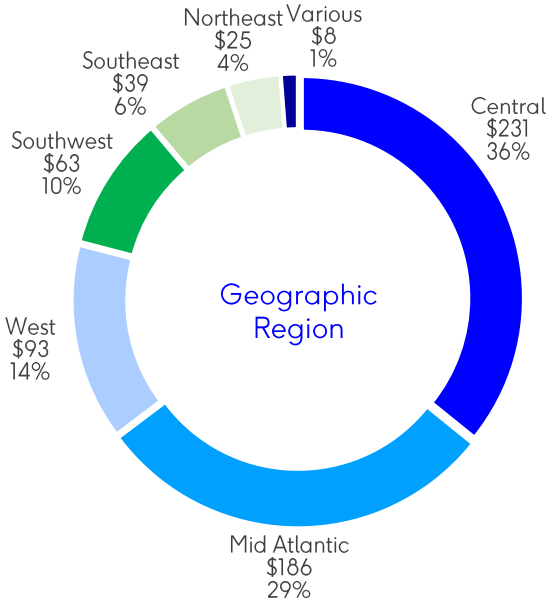
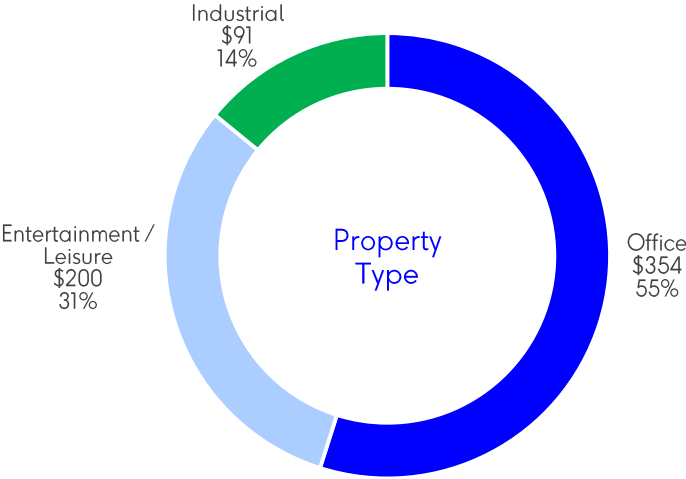
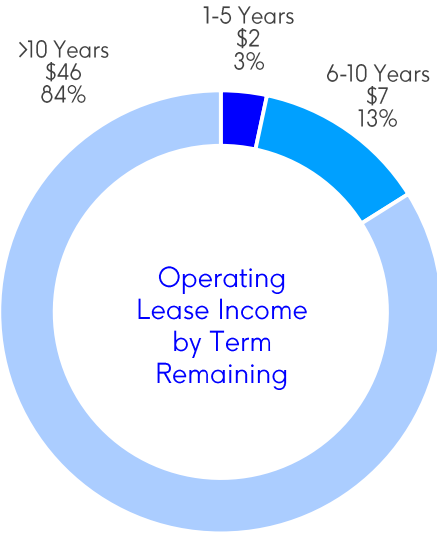


Note: \$ in millions, square footage in thousands.
 (1) Excludes intangible assets/liabilities

Net Lease: Venture Overview (51.9% Ownership)

Balance Sheet

| | |
|----------------------------------|-------|
| Net Leases | \$559 |
| Under Construction | 86 |
| Gross Real Estate ⁽¹⁾ | 645 |
| Other Assets | 46 |
| Accumulated Depreciation | (48) |
| Assets, Net | 643 |
| Liabilities ⁽²⁾ | 406 |
| Equity | 237 |
| Noncontrolling Interests (NCI) | (13) |
| Equity, Net of NCI | \$224 |



Note: \$ in millions.

⁽¹⁾ Gross Real Estate represents the combination of \$523MM of real estate and \$139MM of lease intangible assets less \$17MM of lease intangible liabilities.

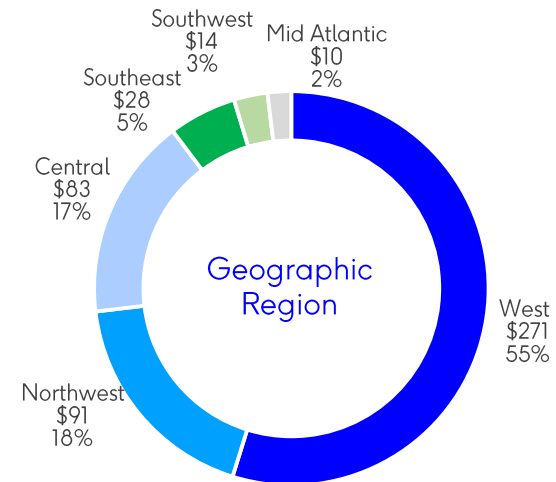
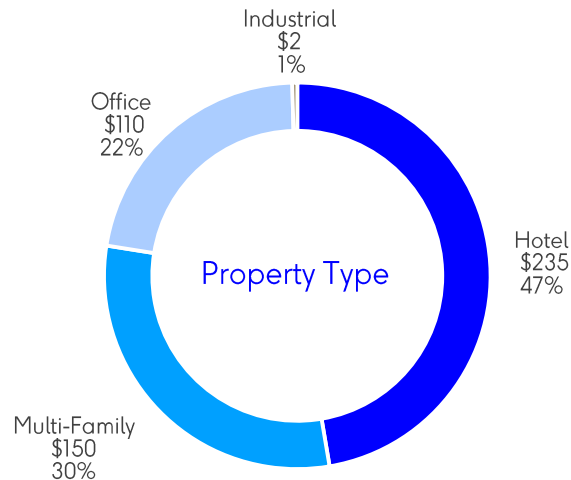
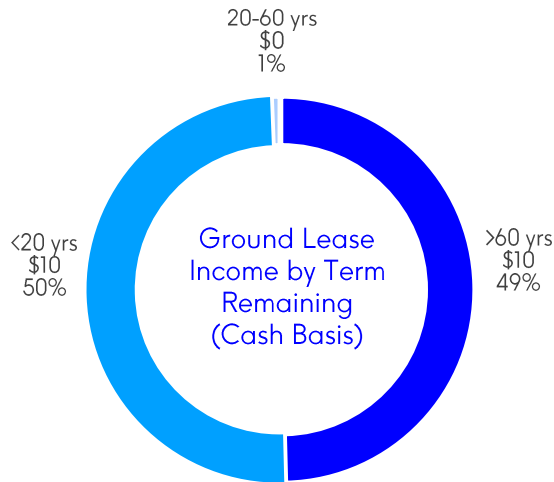
⁽²⁾ Excludes \$15MM of lease intangible liabilities, net of amortization.

SAFE Overview (37.6% Ownership)

- \$120 million⁽¹⁾ equity investment in Safety, Income & Growth Inc. (NYSE: SAFE), the first publicly-traded company focused on ground lease investments
- iStar is the founder, manager, and the largest shareholder of SAFE.

SAFE Balance Sheet

| | |
|---|-------|
| Gross Real Estate ⁽²⁾ | \$497 |
| Other Assets | 181 |
| Accumulated Depreciation & Amortization | (7) |
| Assets, Net | 671 |
| Liabilities ⁽³⁾ | 315 |
| Equity | \$356 |



⁽¹⁾ Represents market value of iStar's equity investment as of 12/31/17.

⁽²⁾ Gross Real Estate represents the combination of \$413MM of real estate and \$142MM of lease intangible assets less \$58MM of lease intangible liabilities.

⁽³⁾ Excludes \$58MM of lease intangible liabilities, net of amortization.

Net Lease Assets: Trend

Consolidated

| | Q4'16 | Q1'17 | Q2'17 ⁽¹⁾ | Q3'17 | Q4'17 |
|--------------------------|----------------|----------------|----------------------|----------------|----------------|
| Beginning Balance | \$1,364 | \$1,386 | \$1,368 | \$1,179 | \$1,151 |
| Fundings / Capex / Other | 25 | 2 | 1 | 2 | 10 |
| Sales | (4) | (18) | (191) | (31) | (52) |
| Ending Balance | \$1,386 | \$1,368 | \$1,179 | \$1,151 | \$1,108 |
| % Leased | 98.0% | 98.3% | 98.0% | 97.9% | 97.9% |
| W.A. Lease Term (yrs) | 14.7 | 14.8 | 10.9 | 11.0 | 14.0 |
| Annualized Yield | | | | | |
| Cash Basis | 8.2% | 8.3% | 8.2% | 9.1% | 8.8% |
| GAAP Basis | 8.3% | 8.3% | 7.8% | 8.9% | 8.9% |
| Square Footage (000s) | 14,133 | 13,997 | 11,954 | 11,486 | 11,322 |
| Number of Assets | 38 | 37 | 28 | 27 | 27 |

Net Lease Venture⁽²⁾

| | Q4'16 | Q1'17 | Q2'17 | Q3'17 | Q4'17 |
|--------------------------|--------------|--------------|--------------|--------------|--------------|
| Beginning Balance | \$479 | \$488 | \$501 | \$603 | \$618 |
| Fundings / Capex / Other | 9 | 13 | 102 | 14 | 27 |
| Sales | - | - | - | - | - |
| Ending Balance | \$488 | \$501 | \$603 | \$618 | \$645 |
| % Leased | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| W.A. Lease Term (yrs) | 14.7 | 14.4 | 14.5 | 14.3 | 19.0 |
| Annualized Yield | | | | | |
| Cash Basis | 7.4% | 7.7% | 7.6% | 7.5% | 7.3% |
| GAAP Basis | 8.7% | 8.9% | 8.8% | 8.5% | 8.5% |
| Square Footage | 3,081 | 3,081 | 4,005 | 4,005 | 4,238 |
| Number of Assets | 6 | 6 | 8 | 8 | 8 |

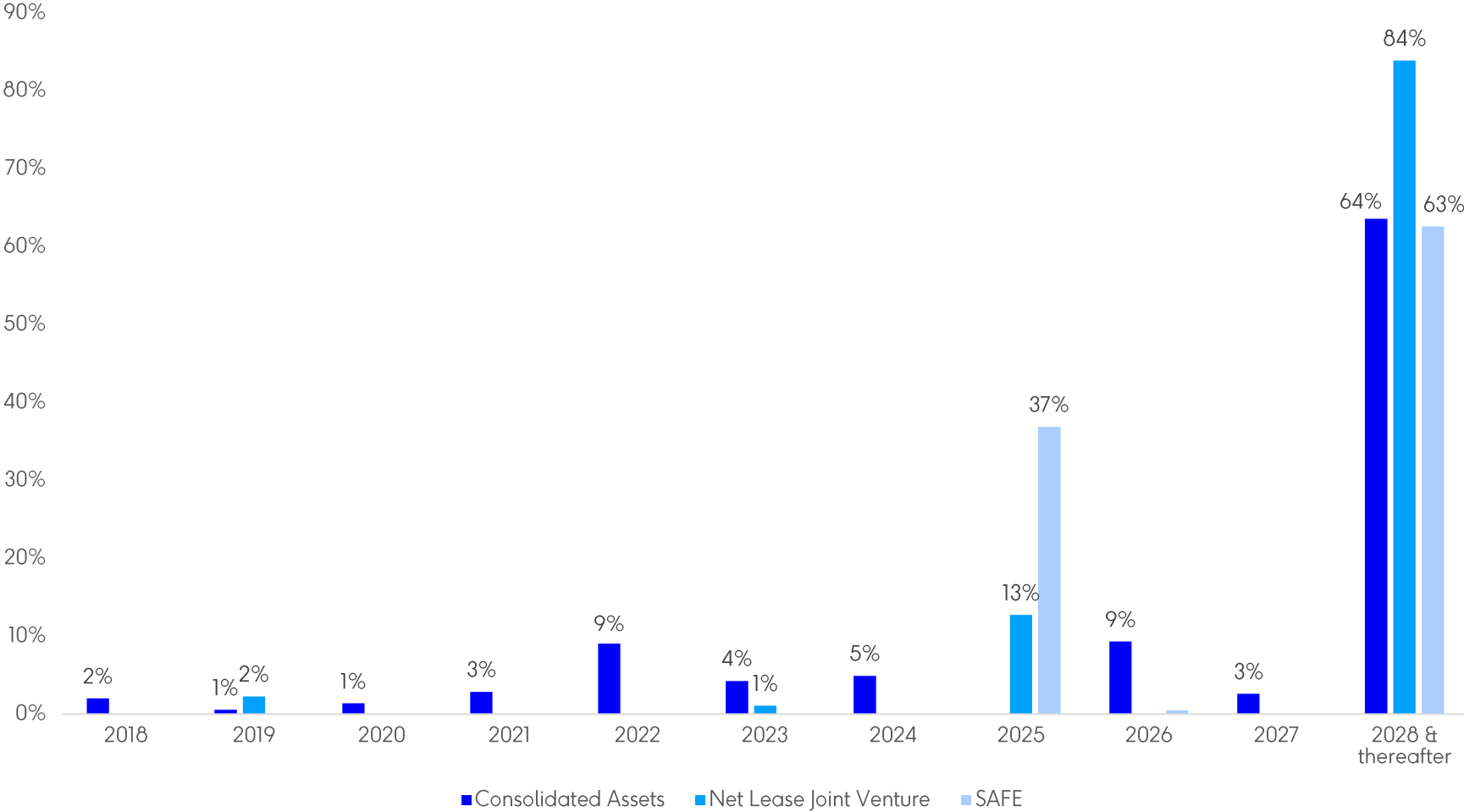
Note: \$ in millions, square footage in thousands.

⁽¹⁾ Sold 12 ground lease assets to Safety, Income & Growth during Q2 2017.

⁽²⁾ Real estate value reflects the 12/31/17 balance sheet, including iStar's minority position in an office property. Other lease metrics disregard iStar's obligation to acquire this property at construction completion.



Net Lease: Lease Expiration Profile

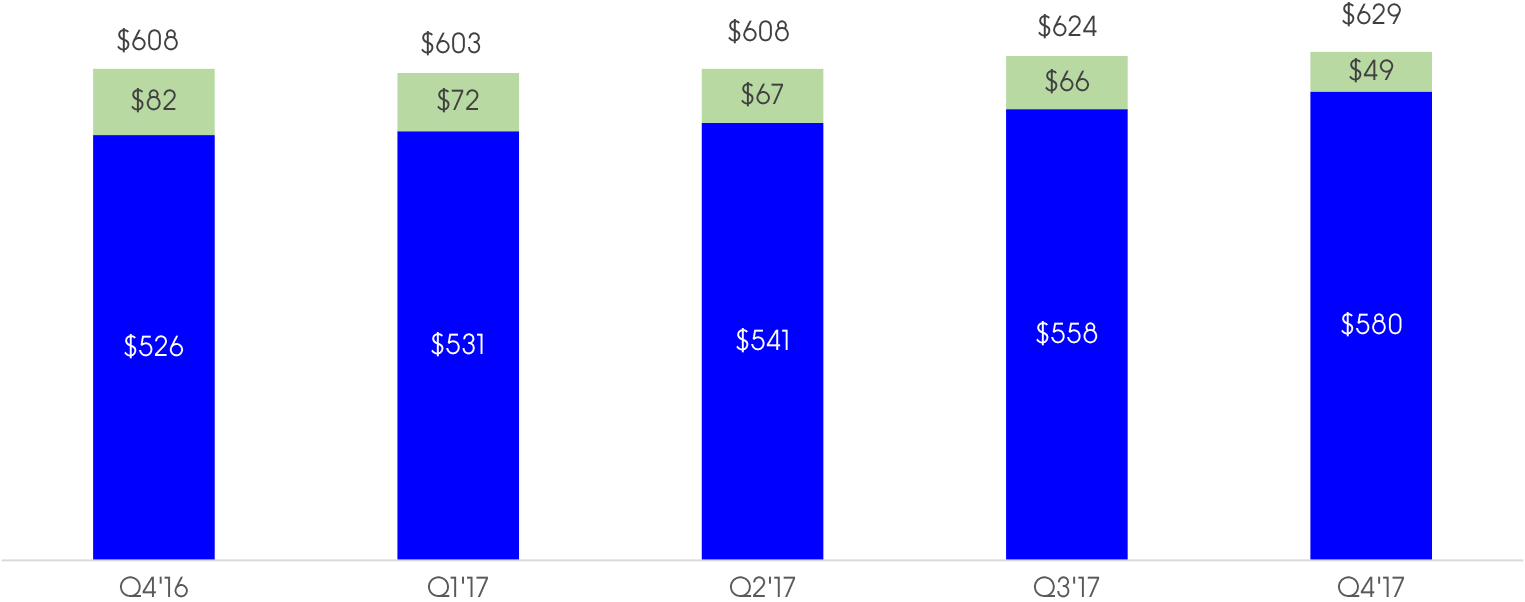
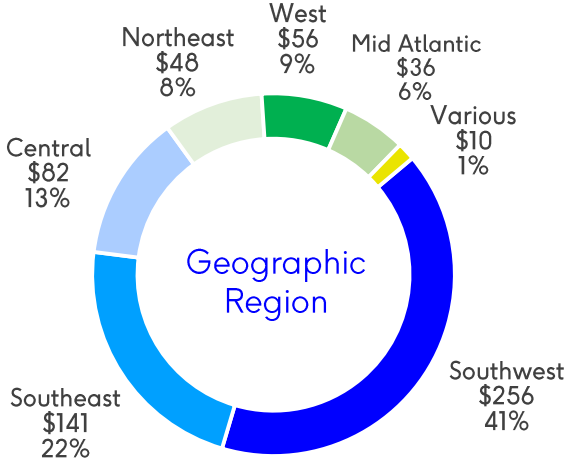
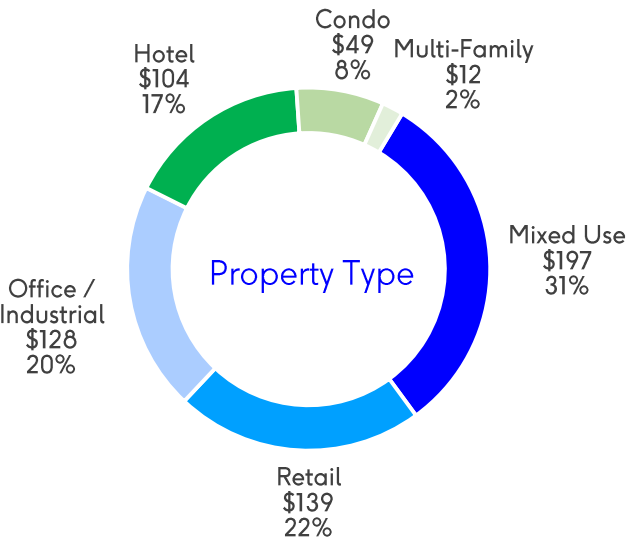


Note: Does not include lease extensions.



VI. Operating Properties

Operating Properties: Overview



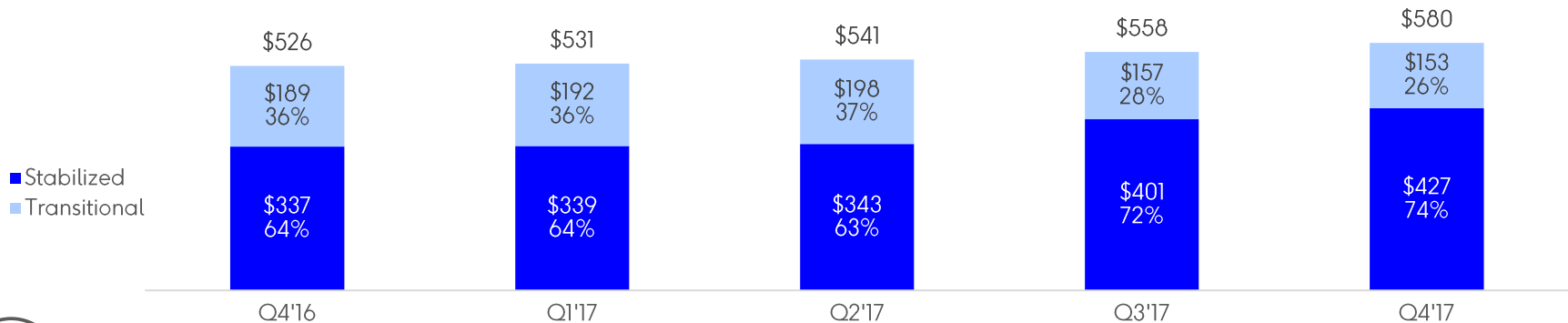
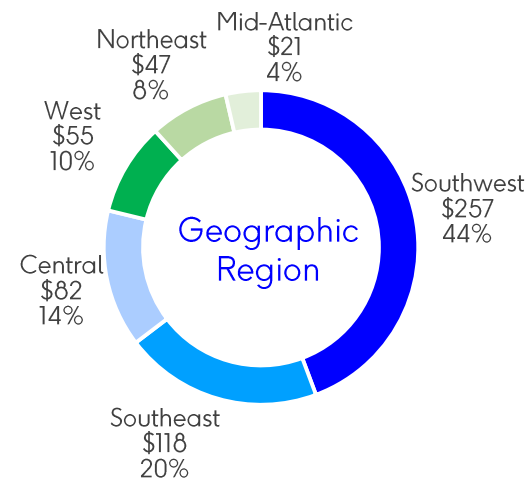
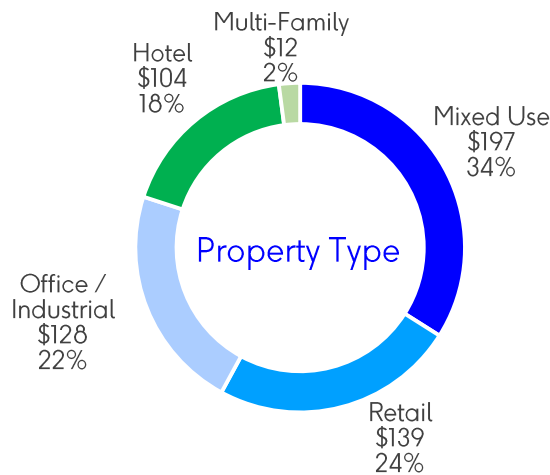
Note: \$ in millions.

■ Commercial ■ Residential



Commercial Operating Properties: Overview

| | Gross Book Value | Properties ⁽¹⁾ | Occupancy | W.A. Yield ⁽²⁾ | Square Footage |
|--------------------------------|------------------|---------------------------|------------|---------------------------|----------------|
| Stabilized | \$427 | 16 | 85% | 6.0% | 2,927 |
| Transitional | \$153 | 10 | 61% | 3.7% | 1,218 |
| Total Commercial Assets | \$580 | 26 | 78% | 5.5% | 4,145 |



Note: \$ in millions, square footage in thousands.

(1) One property was bi-furcated and appears in stabilized and transitional.

(2) Yield is calculated as the annualized net operating income over the average gross book value during the period. For unconsolidated ventures, the yield is calculated as iStar's pro rata share of net operating income divided by the assets' average gross book value during the period.

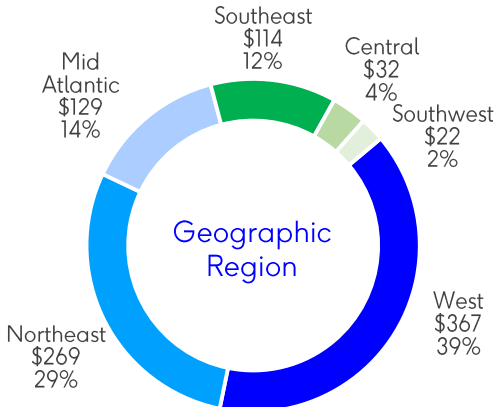
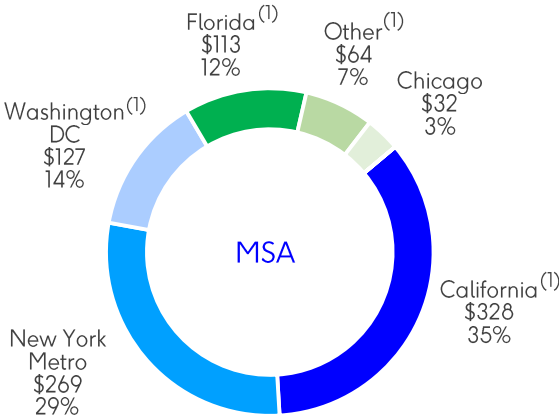
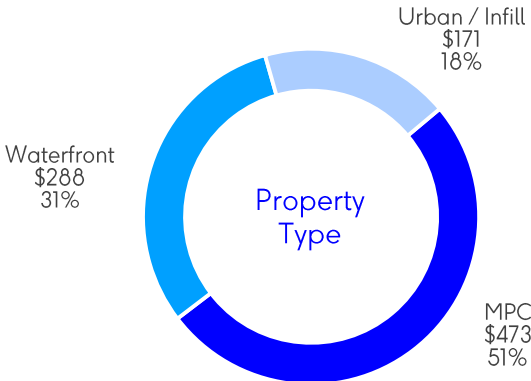


VII. Land & Development

Land & Development: Overview

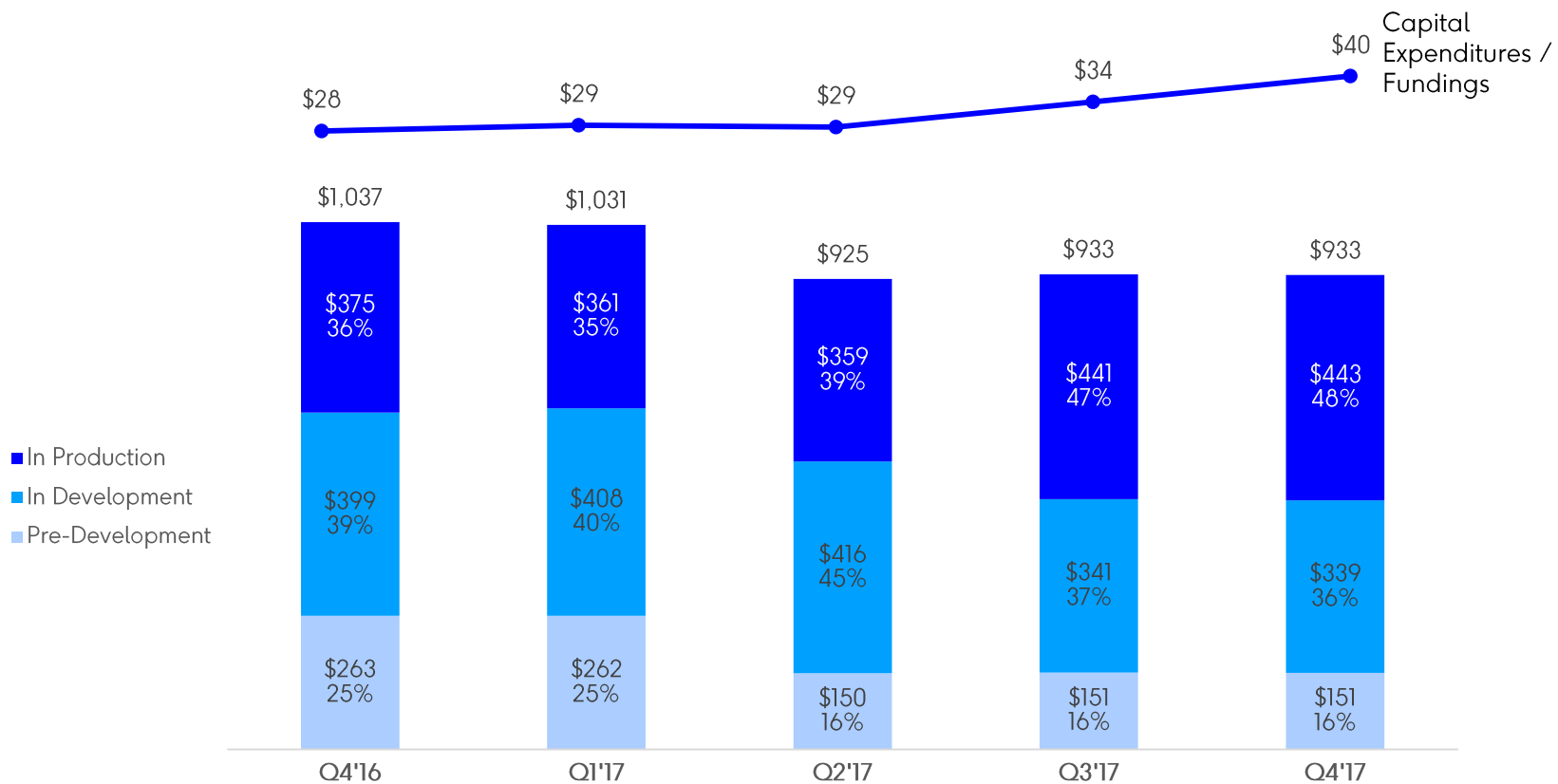
| | Master Planned Communities | Waterfront | Urban / Infill | Total |
|-------------------------|----------------------------|--------------|----------------|--------------|
| In production | \$257 | \$144 | \$42 | \$443 |
| In development | 187 | 137 | 14 | 339 |
| Pre-development | 29 | 8 | 114 | 151 |
| Gross book value | \$473 | \$288 | \$171 | \$933 |
| | | | | |
| # of projects | 8 | 6 | 14 | 28 |

| | Master Planned Communities | Waterfront | Urban / Infill | Total |
|----------------------------------|----------------------------|--------------|----------------|------------|
| Land development revenue | \$18 | \$0 | \$1 | \$18 |
| Land development cost of sales | (15) | 0 | (0) | (15) |
| Gross margin | \$3 | \$0 | \$0 | \$3 |
| Earnings from unconsolidated JVs | 1 | (2) | (0) | (1) |
| Other income, net of expenses | 0 | 0 | 0 | 1 |
| Total | \$4 | (\$2) | \$0 | \$3 |



Note: \$ in millions.
⁽¹⁾ Comprised of multiple MSAs.

Land & Development: Trend



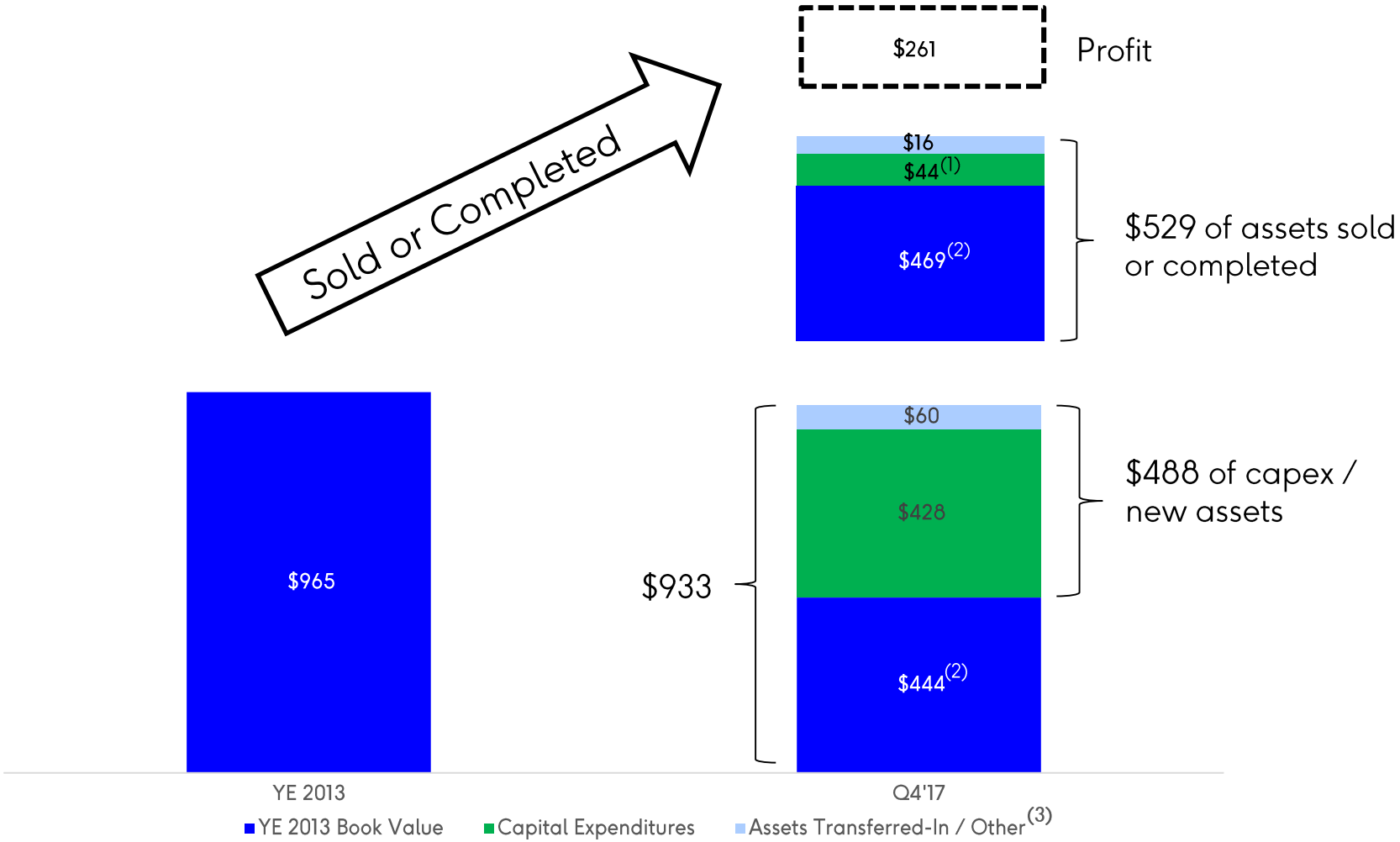
| | Q4'16 | Q1'17 | Q2'17 | Q3'17 | Q4'17 |
|-------------------------------|------------|------------|----------------------|------------|------------|
| Revenue | \$14 | \$20 | \$133 ⁽¹⁾ | \$26 | \$18 |
| Cost of Sales | (11) | (16) | (122) | (28) | (15) |
| Land Gross Margin | \$3 | \$4 | \$10 | (\$2) | \$3 |
| Earnings from Unconsol. JVs | (1) | 4 | 4 | 1 | (1) |
| Other Income, net of expenses | 0 | 0 | 124 ⁽¹⁾ | 1 | 1 |
| Total | \$2 | \$8 | \$138 | \$1 | \$3 |



Note: \$ in millions.

⁽¹⁾ Income from the sale of land, following the favorable outcome of litigation.

Land & Development Progress Since YE 2013



\$ in millions

⁽¹⁾ Includes capital expenditures on fully disposed assets only.

⁽²⁾ Net of \$52MM of impairments since YE 2013.

⁽³⁾ Includes net change in equity method investments.





VIII. Capital Structure

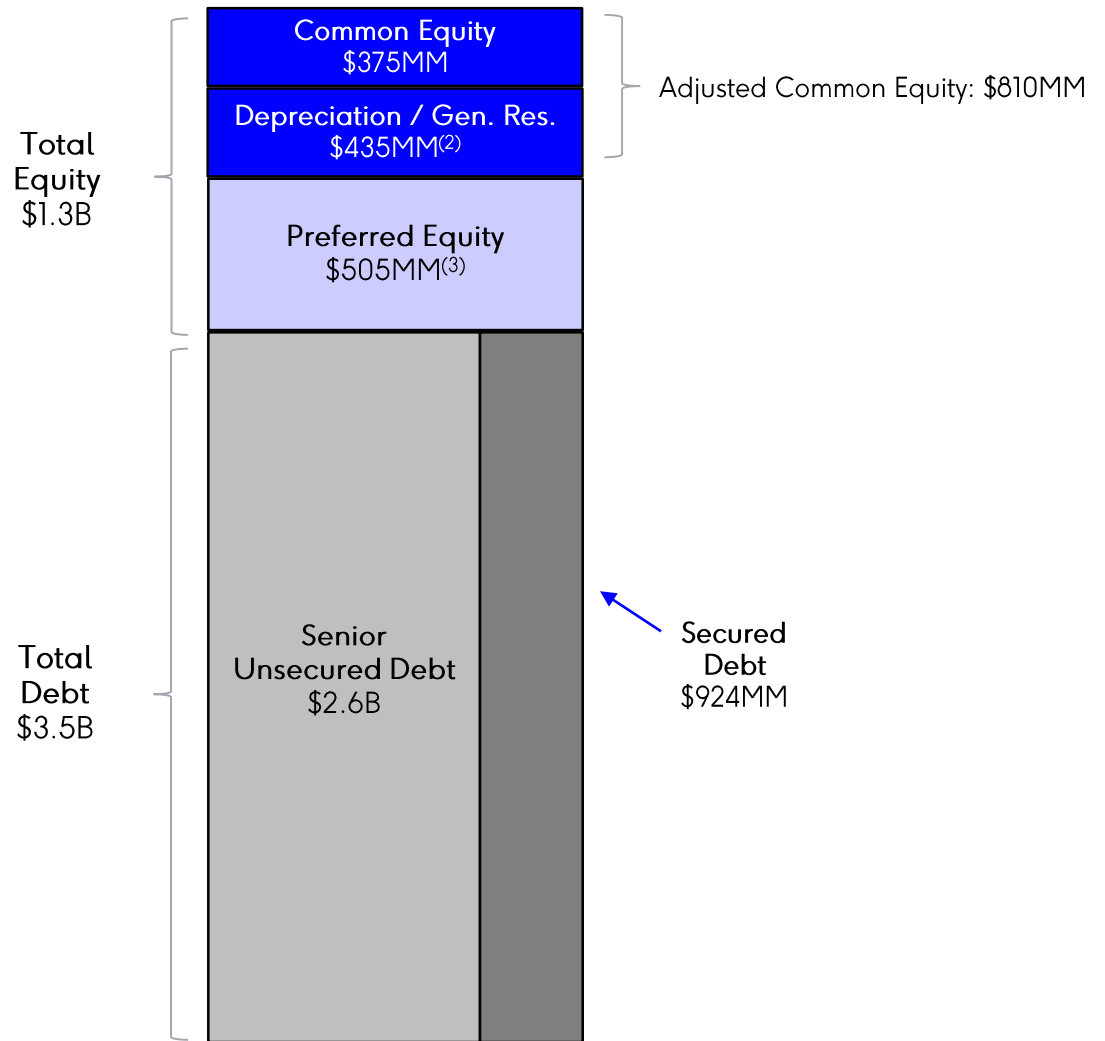
Capital Structure Overview

Credit Metrics

| | |
|-------------------------|-----------|
| Cash | \$658MM |
| Debt, net of cash | \$2,818MM |
| Adj. Total Equity | \$1,315MM |
| Leverage ⁽¹⁾ | 2.1x |

Shares

| | Basic |
|------------------------|---------|
| Shares Outstanding | 68.2MM |
| Adjusted Common Equity | \$810MM |
| Value per Share | \$11.86 |



Note: Please see back of the supplemental for a reconciliation of total shareholders' equity to adjusted common equity.

⁽¹⁾ Corporate leverage is the ratio of total equity (common equity plus \$505MM preferred equity) plus accumulated depreciation and amortization (including iStar's proportionate share of accumulated depreciation and amortization relating to equity method investments) and general loan loss reserves divided by total debt less any cash and cash equivalents.

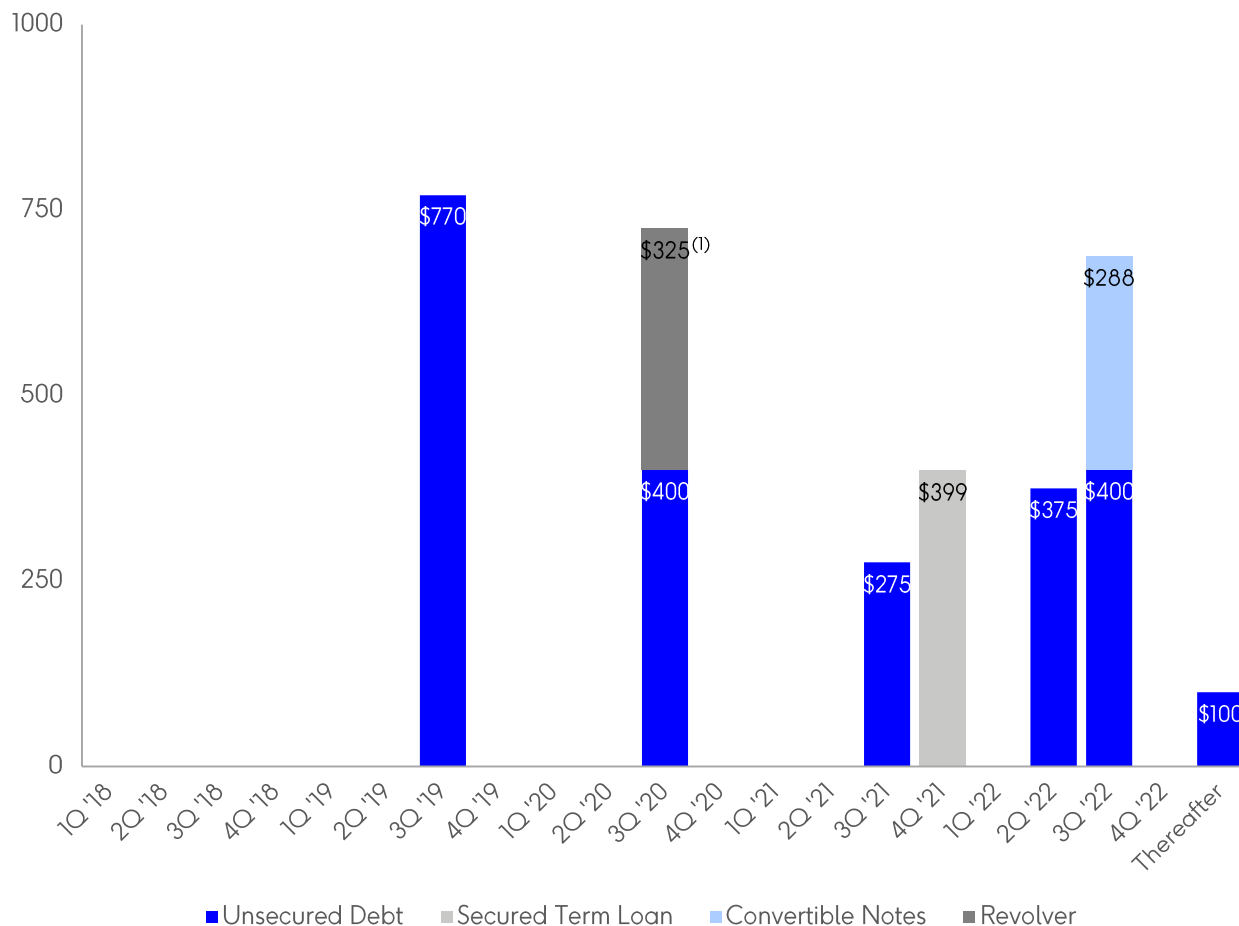
⁽²⁾ Accumulated depreciation and amortization includes iStar's proportionate share of accumulated depreciation and amortization relating to equity method investments.

⁽³⁾ Represents liquidation value of preferred equity.



Corporate Debt Maturity Profile

| Debt Profile | | |
|--------------|--------------------|--------------|
| 2019 | | |
| Jul. | \$770 | 5.00% |
| 2020 | | |
| Sep. | \$400 | 4.625% |
| Sep. | 325 ⁽¹⁾ | L + 250 |
| | <u>\$725</u> | |
| 2021 | | |
| Jul. | \$275 | 6.50% |
| Oct. | 399 | L + 300 |
| | <u>\$674</u> | |
| 2022 | | |
| Apr. | \$375 | 6.00% |
| Sep. | 400 | 5.25% |
| Sep. | 288 | 3.125% |
| | <u>\$1,063</u> | |
| 2035 | | |
| Oct. | \$100 | L + 150 |
| Total | \$3,332 | 4.86% |



Note: \$ in millions. Excludes \$208MM individual mortgages.

(1) Revolver may be converted into a term loan on 9/27/20, with quarterly installments due over the following year.



IX. Financial Measures

Q4'17 Segment Balance Sheet

| | Real Estate Finance | Net Lease ⁽¹⁾ | Operating Properties | Land & Development | Corporate / Other | Total |
|--|------------------------|------------------------------|-------------------------|-----------------------|----------------------|----------------|
| Real estate | | | | | | |
| Real estate, net | - | \$816 | \$466 | - | - | \$1,282 |
| Add: accumulated depreciation | - | 292 | 55 | \$8 | - | 355 |
| Real estate, gross | - | \$1,108 | \$521 | \$8 | - | \$1,637 |
| Real estate available and held for sale | - | - | 69 | - | - | 69 |
| Total Real Estate, gross | - | \$1,108 | \$590 | \$8 | - | \$1,706 |
| Land and development | - | - | - | 860 | - | 860 |
| Loans receivable, gross ⁽²⁾ | \$1,320 | - | - | - | - | 1,320 |
| Other investments | - | 205 | 39 | 64 | 14 | 322 |
| Total Portfolio Assets, gross⁽³⁾ | \$1,320 | \$1,313⁽⁴⁾ | \$629 | \$933 | \$14 | \$4,208 |
| Cash and other assets | | | | | | \$899 |
| Total Assets, gross | | | | | | \$5,107 |

Note: \$ in millions.

⁽¹⁾ Net lease investments include investments in ground leases.

⁽²⁾ Gross of general reserves.

⁽³⁾ Figures based on carrying value, gross of accumulated depreciation and general loan loss reserves.

⁽⁴⁾ Includes \$84MM carrying value of SAFE equity investment which had a market value of \$120MM as of 12/31/17.



Q4'17 Segment Income Statement

| | Real Estate Finance | Net Lease | Operating Properties | Land & Development | Corporate / Other | Total |
|---|------------------------|---------------|-------------------------|-----------------------|----------------------|----------------|
| Operating lease income | - | \$30.1 | \$15.2 | \$0.3 | - | \$45.5 |
| Interest income | \$23.4 | - | - | - | - | 23.4 |
| Other income | 0.8 | 0.6 | 11.9 | 0.8 | \$1.9 | 16.1 |
| Land development revenue | - | - | - | 18.2 | - | 18.2 |
| Earnings (losses) from equity method investments | - | 1.7 | (1.5) | (1.1) | 0.2 | (0.7) |
| Income from sales of real estate | - | 62.5 | 1.2 | - | - | 63.8 |
| Total Revenue & Other Earnings | \$24.2 | \$94.9 | \$26.9 | \$18.1 | \$2.1 | \$166.3 |
| Real estate expenses | - | (\$3.7) | (\$22.4) | (\$15.0) | - | (\$41.1) |
| Land development cost of sales | - | - | - | (15.0) | - | (15.0) |
| Other expense | (\$0.1) | - | - | - | - | (0.1) |
| Allocated interest expense | (8.8) | (12.1) | (4.7) | (6.3) | (14.2) | (46.0) |
| Allocated general and administrative | (3.6) | (4.7) | (2.1) | (3.8) | (5.2) | (19.5) |
| Segment Profit (loss) | \$11.6 | \$74.5 | (\$2.3) | (\$22.0) | (\$17.3) | \$44.6 |



Note: \$ in millions. Allocated general and administrative excludes \$6.1MM of stock-based compensation expense.



X. Appendix

Q4'17 Adjusted Income Reconciliation

| | Three Months Ended December 31, | | Twelve Months Ended December 31, | |
|--|------------------------------------|--------------|-------------------------------------|----------------|
| | 2017 | 2016 | 2017 | 2016 |
| Net income (loss) allocable to Common Shareholders | (\$4.9) | (\$19.3) | \$110.9 | \$44.0 |
| Add: Depreciation and amortization ⁽¹⁾ | 15.4 | 14.3 | 60.8 | 64.4 |
| Add: (Recovery of) provision for loan losses | 2.3 | 0.2 | (5.8) | (12.5) |
| Add: Impairment of assets ⁽²⁾ | 17.1 | 6.3 | 32.4 | 19.0 |
| Add: Stock-based compensation expense | 6.1 | 3.2 | 18.8 | 10.9 |
| Add: Loss on early extinguishment of debt | 1.7 | - | 3.1 | 1.6 |
| Add: Non-cash interest expense on senior convertible notes | 1.1 | - | 1.2 | - |
| Add: Premium on redemption of preferred stock | - | - | 16.3 | - |
| Less: Losses on charge-offs and dispositions ⁽³⁾ | (7.2) | (2.2) | (23.1) | (14.8) |
| Adjusted income (loss) allocable to common shareholders | \$31.6 | \$2.7 | \$214.6 | \$112.6 |

Note: \$ in millions.

In addition to net income (loss) prepared in conformity with GAAP, the Company uses adjusted income, a non-GAAP financial measure, to measure its 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 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"). In the third quarter 2017, the Company modified its presentation of Adjusted Income to exclude the effect of the amount of the liquidation preference that was recorded as a premium above book value on the redemption of preferred stock and the imputed non-cash interest expense recognized for the conversion feature of its senior convertible notes. 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 includes our proportionate share of depreciation and amortization expense relating to equity method investments and excludes the portion on depreciation and amortization expense allocable to non-controlling interests.

(2) Impairment of assets includes impairments on equity method investments recorded in earnings from equity method investments.

(3) Losses on charge-offs and dispositions 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 in Adjusted Income.



Q4'17 Adjusted Common Equity Reconciliation

| | As of December 31, 2017 |
|--|----------------------------|
| Total shareholders' equity | \$880 |
| Less: Liquidation preference of preferred stock | (505) |
| Common shareholders equity | \$375 |
| | |
| Add: Accumulated depreciation and amortization | 385 |
| Add: Proportionate share of depreciation and amortization within equity method investments | 32 |
| Add: General reserves | 18 |
| Adjusted common equity | \$810 |

Note: We use adjusted common equity, a non-GAAP financial measure, as 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.

