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

FORM 10-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended
December 31, 2022
OR

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

For the transition period from to

Commission File No. 1-15371

iStar Inc.

(Exact name of registrant as specified in its charter)

Maryland	**95-6881527**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
1114 Avenue of the Americas, 39th Floor	
New York, NY	**10036**
(Address of principal executive offices)	(Zip code)

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

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

Title of each class:	Trading Symbol(s)	Name of Exchange on which registered:
Common Stock, $0.001 par value	STAR	New York Stock Exchange
8.00% Series D Cumulative Redeemable Preferred Stock, $0.001 par value	STAR-PD	New York Stock Exchange
7.65% Series G Cumulative Redeemable Preferred Stock, $0.001 par value	STAR-PG	New York Stock Exchange
7.50% Series I Cumulative Redeemable Preferred Stock, $0.001 par value	STAR-PI	New York Stock Exchange

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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

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

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

Large accelerated filer	Accelerated filer	Non-accelerated filer	Smaller reporting company	Emerging growth company
☒	☐	☐	☐	☐

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

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal controls over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

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

As of June 30, 2022 the aggregate market value of iStar Inc. common stock, $0.001 par value per share, held by non-affiliates (1) of the registrant was approximately $1.1 billion, based upon the closing price of $13.71 on the New York Stock Exchange composite tape on such date.

As of February 17, 2023, there were 86,836,030 shares of common stock outstanding.

(1) For purposes of this Annual Report only, includes all outstanding common stock other than common stock held directly by the registrant's directors and executive officers.

DOCUMENTS INCORPORATED BY REFERENCE

1. Portions of the registrant's definitive proxy statement for the registrant's 2023 Annual Meeting, to be filed within 120 days after the close of the registrant's fiscal year, are incorporated by reference into Part III of this Annual Report on Form 10-K.

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PART I

Item 1. Business

Explanatory Note for Purposes of the "Safe Harbor Provisions" of Section 21E of the Securities Exchange Act of 1934, as amended

Certain statements in this report, other than purely historical information, including estimates, projections, statements relating to our business plans, objectives and expected operating results, and the assumptions upon which those statements are based, are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Forward-looking statements are included with respect to, among other things, iStar Inc.'s (the "Company's") current business plan, including the planned Merger with Safehold Inc. ("SAFE") and the Spin-Off and related transactions (refer to "Business – Overview" and Note 1 to the consolidated financial statements), business strategy, portfolio management, prospects and liquidity. These forward-looking statements generally are identified by the words "believe," "project," "expect," "anticipate," "estimate," "intend," "strategy," "plan," "may," "should," "will," "would," "will be," "will continue," "will likely result," and similar expressions. Forward-looking statements are based on current expectations and assumptions that are subject to risks and uncertainties which may cause actual results or outcomes to differ materially from those contained in the forward-looking statements. Important factors that iStar Inc. believes might cause such differences are discussed in the section entitled, "Risk Factors" in Part I, Item 1A of this Form 10-K or otherwise accompany the forward-looking statements contained in this Form 10-K. We undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise. In assessing all forward-looking statements, readers are urged to read carefully all cautionary statements contained in this Form 10-K.

Overview

iStar Inc. (references to the "Company," "we," "us" or "our" refer to iStar Inc.) finances, invests in and develops real estate and real estate related projects as part of its fully-integrated investment platform. The Company also manages entities focused on ground lease ("Ground Lease") investments. The Company has invested over $40 billion over the past two decades and is structured as a real estate investment trust ("REIT") with a diversified portfolio focused on larger assets located in major metropolitan markets. The Company's primary reportable business segments are net lease (refer to note 3 to the consolidated financial statements), real estate finance, operating properties and land and development.

Merger with Safehold Inc. On August 10, 2022, we entered into an Agreement and Plan of Merger (the "Merger Agreement") with Safehold Inc. ("SAFE") pursuant to which SAFE will merge with and into the Company (the "Merger"), with the Company surviving the Merger and changing its name to Safehold Inc. ("New SAFE"). New SAFE's shares of common stock will trade on the New York Stock Exchange under the symbol "SAFE." We currently expect that the Merger will close in the first half of 2023. In the Merger and related transactions, each outstanding share of common stock of SAFE will be converted into one share of common stock of New Safe. Each outstanding share of common stock of the Company will undergo a reverse split and will be converted into a fraction of a share of New Safe common stock based on the number of shares of Safe common stock held by the Company at the time of the reverse split, after giving effect to certain adjustments. Each outstanding share of preferred stock of the Company will be converted into a cash amount equal to the liquidation preference of the share plus accrued and unpaid dividends to and including the closing date of the Merger.

Shortly before the closing of the Merger, the Company intends to separate its remaining legacy non-ground lease assets and businesses into a separate public company ("Star Holdings") by distributing to the Company's stockholders, on a pro rata basis, the issued and outstanding equity interests of Star Holdings (the "Spin-Off").

If the Merger, Spin-Off and related transactions are completed, the Company's business thereafter will be focused on its Ground Lease and Ground Lease-adjacent businesses. Completion of the Merger, Spin-Off and related transactions is subject to a number of conditions, some of which are outside of our control, including, without limitation, approval of the stockholders of each of the Company and SAFE, and there can be no assurance that they will close within our currently anticipated time frame or at all. See note 1 to the consolidated financial statements and "Risk Factors – Risks Related to the Merger and Related Transactions" for more information. In addition, the Company has filed a joint proxy

statement/prospectus with the Securities and Exchange Commission with respect to the special meeting of the Company's stockholders to consider and approve the Merger.

The Company's primary sources of revenues and earnings in 2022 were rent and reimbursements that tenants pay to lease the Company's properties, interest that borrowers pay on loans, land development revenue from condo, lot and parcel sales, income from our operating properties, proceeds from asset sales and income from management fees and equity investments.

Our Portfolio. As of December 31, 2022, based on our book value, our total investment portfolio has the following property/collateral type characteristics ($ in thousands):

Property/Collateral Types	Net Lease	Real Estate Finance	Operating Properties	Land & Development	Corporate	Total	% of Total
Ground Leases	$ 1,302,877	$ —	$ —	$ —	$ —	$ 1,302,877	74.0 %
Land and Development	—	—	—	207,997	—	207,997	11.8 %
Multifamily	—	39,304	36,382	—	—	75,686	4.3 %
Hotel	—	12,893	61,863	—	—	74,756	4.2 %
Retail	—	37,650	371	8,784	—	46,805	2.7 %
Condominium	—	6,665	—	15,233	—	21,898	1.2 %
Office	—	15,183	—	—	—	15,183	0.9 %
Entertainment / Leisure	—	—	14,262	—	—	14,262	0.8 %
Other Property Types	—	—	—	—	11	11	— %
Total	$ 1,302,877	$ 111,695	$ 112,878	$ 232,014	$ 11	$ 1,759,475	100.0 %
Percentage of Total	74%	6%	6%	13%	<1%	100%	

Net Lease: In March 2022, we, through certain subsidiaries of ours and entities managed by us, sold our portfolio of net lease assets for an aggregate gross sales price of $3.07 billion (the "Net Lease Sale"). Refer also to Note 3 to the consolidated financial statements.

The portfolio sold consisted of office, entertainment and industrial properties located in the United States comprising approximately 18.3 million square feet. It included assets wholly-owned by us and assets owned by two joint ventures managed by us and in which we owned 51.9% interests. At the time of the sale, the portfolio was encumbered by an aggregate of $702.0 million of mortgage indebtedness, including indebtedness of equity method investments, which was repaid with proceeds from the sale. After repayment of the mortgage indebtedness and prepayment penalties, repayment of our Senior Term Loan (refer to Note 10 to the consolidated financial statements), payments to terminate derivative contracts, payments to joint venture partners, and payments of promotes, transaction expenses and amounts due under employee incentive plans, we retained net cash proceeds of $1.2 billion from the transaction. Two net lease properties were not included in the sale but were sold to other third parties in the first quarter 2022. Our net lease assets associated with our Ground Lease businesses were not included in the sale.

Prior to the Net Lease Sale, our net lease business created stable cash flows through long-term net leases primarily to single tenants on our properties. We targeted mission-critical facilities leased on a long-term basis to tenants, offering structured solutions that combined our capabilities in underwriting, lease structuring, asset management and build-to-suit construction. Leases typically provide for expenses at the facility to be paid by the tenant on a triple net lease basis. Under a typical net lease agreement, the tenant agrees to pay a base monthly operating lease payment and most or all of the facility operating expenses (including taxes, utilities, maintenance and insurance).

After the Net Lease Sale, the net lease segment includes our Ground Lease investments made primarily through Safehold Inc. ("SAFE"), a publicly traded REIT focused exclusively on Ground Leases that we launched in 2017 and manage pursuant to a management agreement, and our Ground Lease adjacent businesses. As of December 31, 2022, we owned approximately 54.3% of SAFE's outstanding common stock.

Real Estate Finance: The real estate finance portfolio is comprised of leasehold loans (including leasehold loans to SAFE's tenants) and senior and subordinated loans to business entities and may be either secured or unsecured. The

Company's loan portfolio includes whole loans and loan participations. The Company's real estate loans may be either fixed-rate or variable-rate and are structured to meet the specific financing needs of borrowers.

Operating Properties: The operating properties portfolio is comprised of commercial and residential properties, which represent a pool of assets across a range of geographies and property types. The Company generally seeks to reposition or redevelop its transitional properties with the objective of maximizing their value through the infusion of capital and/or concentrated asset management efforts. The commercial properties within this portfolio include hotel, multifamily, entertainment/leisure, retail and other property types. The residential properties within this portfolio are comprised of single-family homes that the Company intends to sell through retail channels.

Land & Development: The land and development portfolio is primarily comprised of land entitled for master planned communities and waterfront and urban infill land parcels located throughout the United States. Master planned communities represent large-scale residential projects that the Company will entitle, plan and/or develop and may sell through retail channels to homebuilders or in bulk ("MPCs"). The communities also typically have a smaller portion of their land reserved for future commercial development. Waterfront parcels are generally entitled for residential projects and urban infill parcels are generally entitled for mixed-use projects. The Company may develop these properties itself, or in partnership with commercial real estate developers, or may sell the properties.

Investment Strategy

Throughout our history, we have focused on providing capital to the commercial real estate sector in a differentiated way that emphasizes custom-tailored solutions over commoditized products. We have adjusted the allocation of our capital and resources from time to time based on market conditions. Our Ground Lease strategy is the most recent example of our approach. We believe that investment and financing opportunities in the Ground Lease sector currently offer more attractive risk adjusted returns than other investment opportunities, and should enable us to benefit from the unique insights and competitive advantages we have gained through SAFE.

We have been actively transitioning our portfolio to be primarily focused on Ground Lease and Ground Lease adjacent investments, held directly and through our investment in SAFE. In furtherance of this objective, we completed the Net Lease Sale in March 2022 and have significantly reduced the level of our "legacy assets," which refer primarily to properties that we took back from defaulting borrowers in the financial crisis. As we sell these assets, we expect to use the net proceeds primarily to make additional investments in our Ground Lease business, to repay indebtedness and for general corporate purposes.

Financing Strategy

We use leverage to enhance our return on assets. As of December 31, 2022 our principal financing sources are unsecured bonds issued in capital markets transactions and trust preferred securities. Beginning in April 2022 and continuing through September 2022, we completed separate, privately-negotiated transactions with holders of our 3.125% convertible notes in which the noteholders exchanged their convertible notes with us for newly issued shares of our common stock and cash (refer to Note 10 to the consolidated financial statements). We also repaid $0.5 million principal amount of our 3.125% convertible notes for cash at maturity.

We have covenanted to redeem all of our outstanding preferred stock at the liquidation preference per share plus accrued and unpaid dividends and to retire all of our remaining senior unsecured notes in connection with the Merger. A more detailed discussion of the Company's current liquidity and capital resources is provided in Item 7—"Management's Discussion and Analysis of Financial Condition and Results of Operations."

Underwriting Process

The Company reviews investment opportunities with its investment professionals, as well as representatives from its legal, credit, risk management and capital markets departments. The Company has developed a process for screening potential investments called the Six Point Methodology℠. Through this proprietary process, the Company internally evaluates an investment opportunity by: (1) evaluating the source of the opportunity; (2) evaluating the quality of the collateral, corporate credit or lessee, as well as the market and industry dynamics; (3) evaluating the borrower equity,

corporate sponsorship and/or guarantors; (4) determining the optimal legal and financial structure for the transaction given its risk profile; (5) performing an alternative investment test; and (6) evaluating the liquidity of the investment. The Company uses a similar screening methodology for leasehold loans to tenants of SAFE and related party transactions with SAFE. The Company maintains an internal investment committee, and certain investments, including related party transactions and leasehold loans to tenants of SAFE, are subject to the approval of the Board of Directors or a committee thereof.

Hedging Strategy

The Company finances its business with a combination of fixed-rate and variable-rate debt and its asset base consists of fixed-rate and variable-rate investments. Its variable-rate assets and liabilities are intended to be matched against changes in variable interest rates. This means that as interest rates increase, the Company earns more on its variable-rate lending assets and pays more on its variable-rate debt obligations and, conversely, as interest rates decrease, the Company earns less on its variable-rate lending assets and pays less on its variable-rate debt obligations. When the Company’s variable-rate debt obligations differ from its variable-rate lending assets, the Company may utilize derivative instruments to limit the impact of changing interest rates on its net income. The Company may also use derivative instruments to limit its exposure to changes in currency rates in respect of certain investments denominated in foreign currencies. The derivative instruments the Company uses are typically in the form of interest rate swaps, interest rate caps and foreign exchange contracts.

Investment Restrictions or Limitations

The Company does not have any prescribed allocation among investments or product lines. Instead, the Company focuses on corporate and real estate credit underwriting to develop an analysis of the risk/reward trade-offs in determining the pricing and advisability of each particular transaction.

The Company believes that it is not, and intends to conduct its operations so as not to become, regulated as an investment company under the Investment Company Act. The Company engages primarily in the non-investment company businesses of investing in, financing and developing real estate and real estate-related projects, generally through subsidiaries and affiliated companies, including SAFE. Subject to applicable limitations resulting from the Company’s intentions to continue to qualify as a REIT and remain exempt from registration as an investment company, the Company may make additional investments in the securities of other REITs, other entities engaged in real estate activities or other issuers, including for the purpose of exercising control over such entities.

Competition

The Company operates in a competitive market. See Item 1A—Risk factors—"We compete with a variety of financing and leasing sources for our customers," for a discussion of how we may be affected by competition.

Regulation

The operations of the Company are subject, in certain instances, to supervision and regulation by state and federal governmental authorities and may be subject to various laws and judicial and administrative decisions imposing various requirements and restrictions, which, among other things: (1) regulate credit granting activities; (2) establish maximum interest rates, finance charges and other charges; (3) require disclosures to customers; (4) govern secured transactions; (5) set collection, foreclosure, repossession and claims-handling procedures and other trade practices; (6) govern privacy of customer information; and (7) regulate anti-terror and anti-money laundering activities. Although most states do not regulate commercial finance, certain states impose limitations on interest rates and other charges and on certain collection practices and creditor remedies, and require licensing of lenders and financiers and adequate disclosure of certain contract terms. The Company is also required to comply with certain provisions of the Equal Credit Opportunity Act that are applicable to commercial loans.

In the judgment of management, the Company’s compliance with existing statutes and regulations, including environmental regulations, is not currently expected to have a material effect on the Company’s capital expenditures, earnings and competitive position. It is not possible at this time to forecast the exact nature of any future legislation,

regulations, judicial decisions, orders or interpretations, nor their impact upon the future capital expenditures, earnings or competitive position of the Company.

The Company has elected and expects to continue to qualify to be taxed as a REIT under Section 856 through 860 of the Internal Revenue Code of 1986, as amended (the "Code"). As a REIT, the Company must generally distribute at least 90% of its net taxable income, excluding capital gains, to its shareholders each year. In addition, the Company must distribute 100% of its net taxable income (including net capital gains) each year to eliminate U.S. corporate federal income taxes payable by it. REITs are also subject to a number of organizational and operational requirements in order to elect and maintain REIT qualification. These requirements include specific share ownership tests and asset and gross income tests. If the Company fails to qualify as a REIT in any taxable year, the Company will be subject to U.S. federal income tax on its net taxable income at regular corporate tax rates. Even if the Company qualifies for taxation as a REIT, the Company may be subject to state and local taxes and to U.S. federal income tax and excise tax on its undistributed income.

Code of Conduct

The Company has adopted a code of conduct that sets forth the principles of conduct and ethics to be followed by our directors, officers and employees (the "Code of Conduct"). The purpose of the Code of Conduct is to promote honest and ethical conduct, compliance with applicable governmental rules and regulations, full, fair, accurate, timely and understandable disclosure in periodic reports, prompt internal reporting of violations of the Code of Conduct and a culture of honesty and accountability. A copy of the Code of Conduct has been provided to each of our directors, officers and employees, who are required to acknowledge that they have received and will comply with the Code of Conduct. A copy of the Company's Code of Conduct has been previously filed with the SEC and is incorporated by reference in this Annual Report on Form 10-K as Exhibit 14.0. The Code of Conduct is also available on the Company's website at *www.istar.com*. The Company will disclose to shareholders material changes to its Code of Conduct, or any waivers for directors or executive officers, if any, within four business days of any such event. As of December 31, 2022, there have been no amendments to the Code of Conduct and the Company has not granted any waivers from any provision of the Code of Conduct to any directors or executive officers.

Employees and Human Capital Resources

Central to our business strategy is attracting, developing and retaining a talented, diverse and engaged workforce to drive our success. As of December 31, 2022, the Company had 118 employees. The Company believes it has good relationships with its employees. Substantially all of our employees are full time employees and they are not represented by any collective bargaining agreements.

As we have transitioned the focus of our business to growing our Ground Lease platform, we have sought to recruit new talent and provide training to existing employees to support our business strategy. In our recruiting efforts, we generally strive to have a diverse group of candidates to consider for roles. We have designed a compensation structure, including an array of benefits, that we believe is attractive to current and prospective personnel. We also offer our professionals the opportunity to participate in a variety of development programs, including discussions led by outside speakers on topics of interest and a learning management tool that enables employees and their managers to select courses that enhance professional development.

In March 2022, we sold our net lease portfolio and in August 2022, we and SAFE announced the proposed Merger, Spin-Off and related transactions. In light of these transactions, we have reduced and may continue to reduce the number of our employees.

We maintain a number of health and wellness programs to support the welfare of our people. These programs include an employee assistance program that offers confidential assessment, counseling and referral services at no cost to the employee. We seek to provide a safe workplace for our employees. In addition to the safety protocols that we instituted in response to the pandemic, we have established emergency procedures that address emergency health and safety situations.

Additional Information

We maintain a website at *www.istar.com*. The information on our website is not incorporated by reference in this report, and our web address is included only as an inactive textual reference. In addition to this Annual Report on Form 10-K, the Company files quarterly and special reports, proxy statements and other information with the SEC. Through the Company's corporate website, *www.istar.com*, the Company makes available free of charge its annual proxy statement, annual reports to shareholders, annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act as soon as reasonably practicable after the Company electronically files such material with, or furnishes it to, the SEC. These documents also may be accessed through the SEC's electronic data gathering, analysis and retrieval system via electronic means, including on the SEC's homepage, which can be found at *www.sec.gov*.

Item 1A. Risk Factors

In addition to the other information in this report, you should carefully consider the following risk factors in evaluating an investment in the Company's securities. Any of these risks or the occurrence of any one or more of the uncertainties described below could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows, ability to service our indebtedness, ability to pay distributions and the market price of the Company's common stock. The risks set forth below speak only as of the date of this report and the Company disclaims any duty to update them except as required by law. For purposes of these risk factors, the terms "our Company," "we," "our" and "us" refer to iStar Inc. and its consolidated subsidiaries, unless the context indicates otherwise.

Risks Related to the Merger and Related Transactions

The Merger and related transactions may not be completed on the terms or timeline currently contemplated, or at all.

The completion of the Merger and related transactions are subject to certain conditions, including: (i) the approval of SAFE's stockholders, (ii) the approval of the Company's stockholders, (iii) completion of the spin-off, (iv) the approval of the shares of New SAFE common stock to be issued in the Merger for listing on the NYSE, (v) the absence of any temporary restraining order, injunction or other order of any court of competent jurisdiction or other legal restraint or prohibition preventing the consummation of the reverse stock split or the Merger, (vi) generation of certain cash proceeds and repayment of the Company's senior unsecured notes and preferred stock, (vii) the receipt of certain tax opinions by the Company and SAFE that the Merger will qualify as a reorganization under the Internal Revenue Code and that the Company and SAFE each qualifies as a REIT for federal income tax purposes, (viii) the accuracy of certain representations and warranties of the Company and SAFE contained in the Merger agreement and the compliance by the parties with the covenants contained in the Merger agreement (subject to customary materiality qualifiers), and (ix) certain other conditions specified in the Merger agreement. The previously announced proposed sale of shares of SAFE common stock by the Company to MSD Partners is also subject to certain closing conditions and if it did not close for any reason, the Company would have to identify new sources of funds in order to satisfy its obligations under the Merger Agreement that the Company repay its senior unsecured notes and cash out its preferred stock in the Merger. Neither the Company nor SAFE can provide assurances that the Merger and related transactions will be consummated on the terms or timeline currently contemplated, or at all.

Failure to complete the Merger and related transactions could adversely affect the stock prices and the future business and financial results of the Company and SAFE.

If the Merger and related transactions are not completed, the ongoing businesses of the Company or SAFE may be adversely affected and the Company and SAFE will be subject to numerous risks, including the following:

- upon termination of the Merger Agreement under specified circumstances, a termination fee of $63 million may be payable by either the Company or SAFE;
- each of the Company and SAFE having to pay substantial costs relating to the Merger, such as legal, accounting, financial advisor, filing, printing and mailing fees and integration preparation costs that have already been incurred or will continue to be incurred until the closing of the Merger;

- the management of each of the Company and SAFE focusing on the Merger instead of on pursuing other opportunities that could be beneficial to the companies, in each case, without realizing any of the benefits of having the Merger completed; and
- reputational harm due to the adverse perception of any failure to successfully complete the Merger.

If the Merger and related transactions are not completed, neither the Company nor SAFE can assure their respective stockholders that these risks will not materialize or will not materially affect the business, financial results and stock prices of either the Company or SAFE.

SAFE will have the option to internalize the Company's management if the Merger has not occurred by the outside date under the Merger Agreement.

If the Merger Agreement is terminated because the Merger has not occurred by September 30, 2023, SAFE will have the option under certain circumstances to terminate the existing external management agreement and internalize the Company's management, which may adversely affect the Company. If SAFE exercises its option under the Merger agreement to become internalized, it must pay the Company $100.0 million, of which up to $60.0 million may be paid in cash, at SAFE’s discretion, with the remainder being paid in shares of SAFE common stock, which is less than the consideration that the Company would receive pursuant to the terms of the Merger. If SAFE exercises this option, the Company would become externally-managed by SAFE pursuant to a management agreement that SAFE and the Company have agreed to negotiate in good faith. These changes in the Company's management structure may adversely affect the Company and the market value of its securities.

The Merger Agreement contains provisions that could discourage a potential competing acquirer of either the Company or SAFE or could result in any competing proposal being at a lower price than it might otherwise be.

The Merger Agreement contains provisions that, subject to limited exceptions, restrict the ability of each of the Company and SAFE to, directly or indirectly, initiate, solicit, propose, knowingly encourage or facilitate competing third-party proposals to effect, among other things, a merger, reorganization, share exchange, consolidation or the sale of 15% or more of the stock or consolidated net revenues, net income or total assets of the Company or SAFE. In addition, either the Company or SAFE generally has an opportunity to offer to modify the terms of the Merger Agreement in response to any competing “superior proposal” (as defined in the Merger Agreement) that may be made to the other party before the special committee of the boards of directors of the Company or SAFE, as the case may be, may withdraw or modify its recommendation in response to such superior proposal or terminate the Merger Agreement to enter into such superior proposal. In some circumstances, one of the parties will be required to pay a substantial termination fee to the other party.

These provisions could discourage a potential competing acquirer that might have an interest in acquiring all or a significant part of the Company or SAFE from considering or proposing such an acquisition, even if it were prepared to pay consideration with a higher per share cash or market value than that market value proposed to be received or realized in the Merger, or might result in a potential competing acquirer proposing to pay a lower price than it might otherwise have proposed to pay because of the added expense of the termination fee that may become payable in certain circumstances under the Merger Agreement. In addition, the Company's significant ownership interest and voting power in SAFE could discourage a potential competing acquirer for SAFE.

The pendency of the Merger and related transactions could adversely affect the business and operations of the Company and SAFE.

In connection with the pending Merger and related transactions, some tenants, vendors or other counterparties of each of the Company and SAFE may delay or defer decisions, which could adversely affect the revenues, earnings, funds from operations, cash flows and expenses of the Company and SAFE, regardless of whether the Merger is completed. Similarly, current and prospective employees of the Company and New SAFE may experience uncertainty about their future roles with New SAFE following the Merger and related transactions, which may materially adversely affect the ability of the Company to attract and retain key personnel during the pendency of the Merger and related transactions. In addition, due to interim operating covenants in the Merger agreement, each of the Company and SAFE may be unable (without the other party’s prior written consent), during the pendency of the Merger and related transactions, to pursue strategic transactions,

undertake significant capital projects, undertake certain significant financing transactions and otherwise pursue other actions, even if such actions would prove beneficial.

Risks Related to Our Business

Our future success will depend on our ability to execute our corporate strategy, which is subject to risks.

After completion of the Net Lease Sale, the Company's portfolio is primarily comprised of Ground Lease assets and legacy assets. Pending completion of the Merger, Spin-Off and related transactions, as to which there is no assurance, the Company intends to continue its stated corporate strategy of seeking to monetize legacy assets and using the net proceeds to make additional investments in Ground Lease and Ground Lease adjacent assets (directly and through SAFE), repay indebtedness and for general corporate purposes. Our strategy is subject to a number of risks, including the following:

- our success will be highly correlated with the success of SAFE; adverse business developments at SAFE would likely result in a decline in the prices of the SAFE common stock that we own and our common stock and/or cause SAFE to reduce its distributions to shareholders, including us;
- our future operating revenues, earnings and cash flow will be sourced primarily from sales of legacy assets, management fees paid by SAFE, dividends paid by SAFE and income from legacy and Ground Lease adjacent investments, which are generally less predictable in timing and amount than contractual rents. SAFE’s ability to access capital in 2023 and beyond will be subject to a number of factors, many of which are outside of its control, such as general economic conditions, changes in interest rates and conditions prevailing in the credit and real estate markets. There can be no assurance that SAFE will have access to liquidity when needed. As a result, we may have to incur indebtedness, sell assets or take other steps to generate cash to pay operating expenses or satisfy indebtedness when due, and our reported results and common stock price may be less predictable and more volatile;
- the growth rate of SAFE's portfolio may not meet our expectations because, among other reasons, mortgage financing remains a relatively low-cost alternative for tenants; potential tenants may prefer to own both the land and the improvements on their properties; negative publicity about non-Safehold Ground Leases may discourage potential tenants; the availability and terms of tenant leasehold financing may be adversely affected by increases in interest rates; and new ventures are seeking to compete with SAFE;
- as of December 31, 2022, we owned approximately 54.3% of SAFE's outstanding common stock; the relatively low public float in SAFE common stock may contribute to volatility in SAFE's stock price and make it difficult for us to sell SAFE shares if we were ever to decide to do so;
- there are potential conflicts of interests in our relationship with SAFE, as discussed further below under "There are various potential conflicts of interest in our relationship with SAFE, including our executive officers and/or directors who are also officers and/or directors of SAFE, which could result in decisions that are not in the best interests of our shareholders;"
- we have waived or elected not to seek reimbursement in full for certain expenses that we have incurred on SAFE’s behalf while it is in its growth stage, and will likely continue to do so while we foster SAFE’s growth;
- if we terminate our management agreement with SAFE for convenience, we will be prohibited from competing with SAFE for one year after such termination;
- SAFE's board of directors is comprised of a majority of independent directors who may take actions with which we disagree, and our voting power in SAFE is limited to 41.9% as a result of which SAFE's shareholders may take actions with which we disagree; and
- we are exposed to asset concentrations in SAFE’s portfolio; for the year ended December 31, 2022, 11.9% of SAFE’s total revenues came from hotel properties, which have been adversely affected by the COVID-19 pandemic.

SAFE is a public company that separately files public reports with the Securities and Exchange Commission ("SEC"). In its filings with the SEC, SAFE provides disclosure as to its business, including disclosure regarding its views as to the drivers of its financial performance and the risks it faces. SAFE’s SEC filings also include certifications and disclosure regarding internal controls over financial reporting and disclosure controls.

There are various potential conflicts of interest in our relationship with SAFE, which could result in decisions that are not in the best interest of our shareholders.

Potential conflicts of interest in our relationship with SAFE include, without limitation: conflicts arising from the enforcement of agreements between us and SAFE; conflicts in the amount of time that our officers and employees will spend on SAFE’s affairs vs. our other affairs; conflicts in determining whether to seek reimbursement from SAFE of certain expenses we incur on its behalf; conflicts in transactions that we pursue with SAFE; conflicts between the interests of our shareholders and members of our management who hold SAFE common stock and other equity interests in SAFE such as grants of interests in a subsidiary of SAFE’s operating partnership (called Caret units) that will entitle them to participate in distributions arising from certain sales and financings of SAFE’s Ground Leases; and conflicts in allocating investments to, and managing an investment fund (see Ground Lease Plus Fund below) in which we have invested, and SAFE may invest, as discussed further below. Transactions between iStar and SAFE are subject to certain approvals of our independent directors; however, 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.

Two directors of iStar serve on SAFE’s board of directors, including Jay Sugarman, who is the chief executive officer of SAFE and our chief executive officer. 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 SAFE have duties to SAFE under applicable Maryland law. Those duties may come in conflict from time to time. We also have duties as the manager of SAFE which may come in conflict with our duties to our shareholders from time to time.

We formed an investment fund with a third party (the “Ground Lease Plus Fund”), in which SAFE may invest, which targets the origination and acquisition of pre-development phase Ground Leases which do not fit SAFE’s investment criteria. We own a 53% interest in the Ground Lease Plus Fund and manage it. We may face conflicts of interest in fulfilling our duties to our shareholders, to the fund as its general partner and manager and to SAFE as its manager. We are responsible for identifying and appropriately allocating investments between the fund and SAFE. In addition, iStar would be involved in establishing the price and the conditions of any future potential purchases of assets by SAFE from the fund. If we fail to deal appropriately with these and other conflicts, our business could be adversely affected.

Transactions between iStar and SAFE have been and will be 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.

We have entered into a number of agreements and transactions with SAFE since its formation in 2017, including agreements relating to the Merger and related transactions, investments in SAFE common stock, a stockholder's agreement, registration rights agreements, asset bifurcation transactions, forward sale transactions and other investment transactions, and, pending completion of the Merger and related transactions, as to which there is no assurance, we intend to continue to enter into transactions with SAFE in the future. Transactions between iStar and SAFE have been and will be 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. In addition, we may choose not to enforce, or to enforce less vigorously, our rights under agreements with SAFE because of our desire to maintain our ongoing relationship with SAFE. Refer to Note 8 to the consolidated financial statements for a discussion of related party transactions between SAFE and us in 2022.

Our stockholder's agreement with SAFE limits our voting power in SAFE and contains standstill restrictions.

Although we own approximately 54.3% of the outstanding common stock of SAFE as of December 31, 2022, we are party to a shareholder’s agreement with SAFE that generally limits the discretionary voting power of our shares to 41.9% and requires that we vote shares in excess of that amount in proportion to the votes of SAFE’s other shareholders on matters presented for approval. As a result of such limitations, actions may be approved by SAFE’s board and shareholders with which we do not agree. The stockholder's agreement also subjects us to certain standstill provisions that restricts our ability to acquire additional shares of SAFE common stock in excess of an ownership limit approved by SAFE's independent directors, participate in certain proxy solicitations, solicit or publicly offer to effect certain extraordinary corporate transactions and take other specified actions, in each case without the prior written consent of SAFE's independent directors. As a result of such restrictions, we may be restricted from pursuing transactions with which SAFE's independent directors do not agree.

We have acquired, and may in the future acquire, commercial properties with the intent create a ground lease and to sell or lease the leasehold interest to a third party. If we are unable to sell or lease the leasehold interest, we will be exposed to the risks of ownership of operating properties.

We have acquired, and may in the future acquire, commercial properties with the intent to separate the property into a ground lease and an interest in the buildings and improvements thereon that is sold or leased to a third party. There may be instances where we are unable to find a purchaser or lessee for the improvements, in which case we will be subject to the risks of owning operating properties.

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;
- changes in, and changes in enforcement of, laws, regulations and governmental policies, including, without limitation, health, safety, environmental, zoning and tax laws; and
- the other risks described under "We are subject to additional risks associated with owning and developing property."

Upon taking ownership of a commercial property, we may be required to contribute ownership of the land to a taxable REIT subsidiary ("TRS"), which would subsequently seek to sell the land to SAFE and lease or sell a leasehold interest in such commercial property to a third party. Any gain from the sale of land would be subject to corporate income tax.

We and SAFE face competition.

The commercial real estate industry is highly competitive, and the Ground Lease business has attracted new competitors as SAFE's success has become more widely known. Our competitors include finance companies, other REITs, commercial banks and thrift institutions, investment banks and hedge funds, among others. SAFE’s competitors include those same entities, as well as private individuals and pension funds. These competitors may seek to compete aggressively with us or SAFE on a number of factors including transaction pricing, terms and structure. We and SAFE may have difficulty competing to the extent we are unwilling to match the competitors’ deal terms in order to maintain our or SAFE’s profit margins and/or credit standards. To the extent that we match competitors’ pricing, terms or structure, we or SAFE may experience decreased interest margins and/or increased risk of credit losses, which could have a material adverse effect on our or SAFE’s financial performance, liquidity and the market price of our common stock.

Our business and the growth of SAFE were adversely affected by the COVID-19 pandemic and could be adversely affected in the future by the outbreak of future COVID-19 variants or other highly infectious or contagious diseases.

Future outbreaks of COVID-19 variants or another pandemic could adversely affect us and SAFE due to, among other factors:

- the impact of mandated or voluntary closures, reduced economic activity, supply chain constraints and other effects on customers' ability to meet their obligations to us and SAFE;
- the adverse impact on SAFE’s hotel Ground Leases, which accounted for approximately 11.9% of SAFE’s total revenues in 2022, including percentage rent from certain properties. SAFE recognized no percentage rent from its Park Hotels Portfolio in 2022 in respect of 2021 hotel operating performance;

- a decline in real estate transaction activity and constrained credit conditions which could adversely affect our ability to monetize legacy assets and scale SAFE’s portfolio as its Manager;
- the negative impact on our earnings from increased allowances against potential future losses and impairment charges and placing certain assets on accrual status;
- deteriorations in our financial condition, if they were to cause us to be unable to satisfy financial covenants in our debt obligations, which could trigger a default and acceleration of outstanding borrowings;
- the negative impacts on our operations if the health of a significant number of our employees were to be impacted by the pandemic; and
- difficulty accessing debt and equity capital on attractive terms, or at all, to fund business operations or address maturing liabilities.

Significant increases in interest rates could have an adverse effect on our and SAFE's operating results.

SAFE's and our operating results depend in part on the difference between the income earned on our respective assets and the interest expense incurred in connection with our respective interest bearing liabilities. Changes in the general level of interest rates prevailing in the financial markets will affect the spread between our and SAFE's income earning assets and interest bearing liabilities, subject to the impact of interest rate floors and caps, as well as the amounts of floating rate assets and liabilities that we or SAFE may have. Any significant compression of the spreads between income earning assets and interest bearing liabilities could have a material adverse effect on us and SAFE. While interest rates remain low by historical standards, interest rates rose in 2022 and are generally expected to continue to rise in 2023 and perhaps in future years, although there is no certainty as to the amount by which they may rise. Higher rates could exceed the interest rate floors that exist on floating rate debt that we or SAFE may have and create a mismatch between assets and any floating rate debt that could have a significant adverse effect on our and SAFE's operating results. An increase in interest rates could also, among other things, reduce the value of Ground Lease assets that generate fixed amounts of income or that provide for contractual increases that are lower than increases in interest rates, and our or SAFE's ability to realize gains from the sale of such assets. In addition, to the extent that market participants believe that increasing interest rates adversely affect SAFE, the value of our investment in SAFE and our own stock price maybe adversely affected, as we and SAFE experienced in 2022. Rising interest rates also tend to negatively impact the residential mortgage market, which in turn may adversely affect the value of and demand for our land assets, including our residential development projects. Interest rates are highly sensitive to many factors, including governmental monetary and tax policies, domestic and international economic and political conditions, and other factors beyond our control.

We have recognized losses when a borrower defaults on a loan and the underlying collateral value is not sufficient, and we may recognize additional losses in the future.

We have recognized losses arising from borrower defaults on our loan assets and we may recognize additional losses on any loan assets we hold in the future. In the event of a default by a borrower on a non-recourse loan, we will only have recourse to the real estate-related assets collateralizing the loan. If the underlying collateral value is less than the loan amount, we will suffer a loss. Conversely, loans that are unsecured or are secured only by equity interests in the borrowing entities are subject to the risk that other lenders may be directly secured by the real estate assets of the borrower. In the event of a default, those collateralized lenders would have priority over us with respect to the proceeds of a sale of the underlying real estate. In cases described above, we may lack control over the underlying asset collateralizing our loan or the underlying assets of the borrower prior to a default, and as a result the value of the collateral may be reduced by acts or omissions by owners or managers of the assets.

We sometimes obtain individual or corporate guarantees from borrowers or their affiliates. In cases where guarantees are not fully or partially secured, we typically rely on financial covenants from borrowers and guarantors which are designed to require the borrower or guarantor to maintain certain levels of creditworthiness. Where we do not have recourse to specific collateral pledged to satisfy such guarantees or recourse loans, or where the value of the collateral proves insufficient, we will only have recourse as an unsecured creditor to the general assets of the borrower or guarantor, some or all of which may be pledged to satisfy other lenders. There can be no assurance that a borrower or guarantor will comply with its financial covenants, or that sufficient assets will be available to pay amounts owed to us under our loans and guarantees. As a result of these factors, we may suffer additional losses which could have a material adverse effect on our financial performance, liquidity and the market price of our common stock.

In the event of a borrower bankruptcy, we may not have full recourse to the assets of the borrower in order to satisfy our loan. In addition, certain of our loans are subordinate to other debts of the borrower. If a borrower defaults on our loan or on debt senior to our loan, or in the event of a borrower bankruptcy, our loan will be satisfied only after the senior debt receives payment. Where debt senior to our loan exists, the presence of intercreditor arrangements may limit our ability to amend our loan documents, assign our loans, accept prepayments, exercise our remedies (through "standstill" periods) and control decisions made in bankruptcy proceedings relating to borrowers. Bankruptcy and borrower litigation can significantly increase collection costs and losses and the time necessary to acquire title to the underlying collateral, during which time the collateral may decline in value, causing us to suffer additional losses.

If the value of collateral underlying our loan declines or interest rates increase during the term of our loan, a borrower may not be able to obtain the necessary funds to repay our loan at maturity through refinancing. Decreasing collateral value and/or increasing interest rates may hinder a borrower's ability to refinance our loan because the underlying property cannot satisfy the debt service coverage requirements necessary to obtain new financing. If a borrower is unable to repay our loan at maturity, we could suffer additional loss which may adversely impact our financial performance.

Joint venture and other investments we hold or may make in the future may not provide us with full control.

We also hold investments in the Ground Lease Plus Fund and a loan fund (refer to Note 8 to the consolidated financial statements) and certain funds and limited partnerships managed by third parties. These and other investments we may make in the future present risks that we may have differing objectives than our partners or the managers, board of directors, shareholders or other members in such investments, that we may become involved in disputes with them and that we may compete with such entities. In addition, we rely on the internal controls and financial reporting controls of these entities and their failure to maintain effectiveness or comply with applicable standards may adversely affect us.

We are subject to additional risks associated with owning and developing real estate.

As of December 31, 2022, we own approximately $232.0 million of land and development assets and $112.9 million of operating properties, based on net carrying values. These assets expose us to additional risks, including, without limitation:

- We must incur costs to carry these assets and in some cases make repairs to defects in construction, make improvements to, or complete the assets, which requires additional liquidity and results in additional expenses that could exceed our original estimates and impact our operating results.
- Real estate projects are not liquid and, to the extent we need to raise liquidity through asset sales, we may be limited in our ability to sell these assets in a short-time frame.
- Uncertainty associated with economic conditions, rezoning, obtaining governmental permits and approvals, concerns of community associations, reliance on third party contractors, increasing commodity costs and threatened or pending litigation may materially delay our completion of rehabilitation and development activities and materially increase their cost to us.
- The values of our real estate investments are subject to a number of factors outside of our control, including changes in the general economic climate, changes in interest rates and the availability of attractive financing, over-building or decreasing demand in the markets where we own assets, and changes in law and governmental regulations.

The residential market has previously experienced significant downturns that could recur and adversely affect us.

As of December 31, 2022, we owned land and residential properties with a net carrying value of $236.0 million. The housing market in the United States has previously been adversely affected by rising interest rates for mortgage loans, weakness in the economy, high unemployment levels and low consumer confidence. Certain housing markets in the United States have been reported to have experienced a downturn in 2022 and continuing into 2023. A prolonged downturn in the housing market generally, or in the markets in which we hold assets, could adversely impact demand for our land assets including our residential development projects.

We are subject to certain risks associated with investing in real estate, including potential liabilities under environmental laws and risks of loss from weather conditions, man-made or natural disasters, climate change and terrorism.

Under various U.S. federal, state and local environmental laws, ordinances and regulations, a current or previous owner of real estate (including, in certain circumstances, a secured lender that succeeds to ownership or control of a property) may become liable for the costs of removal or remediation of certain hazardous or toxic substances at, on, under or in its property. Those laws typically impose cleanup responsibility and liability without regard to whether the owner or control party knew of or was responsible for the release or presence of such hazardous or toxic substances. The costs of investigation, remediation or removal of those substances may be substantial. The owner or control party of a site may be subject to common law claims by third parties based on damages and costs resulting from environmental contamination emanating from a site. Certain environmental laws also impose liability in connection with the handling of or exposure to asbestos-containing materials, pursuant to which third parties may seek recovery from owners of real properties for personal injuries associated with asbestos-containing materials. While a secured lender is not likely to be subject to these forms of environmental liability, when we foreclose on real property, we become an owner and are subject to the risks of environmental liability. Additionally, our remaining net lease assets and SAFE's Ground Leases generally require the tenants to undertake the obligation for environmental compliance and indemnify us and SAFE from liability with respect thereto. There can be no assurance that the tenants will have sufficient resources to satisfy their obligations to us.

Weather conditions and man-made or natural disasters such as hurricanes, tornadoes, earthquakes, floods, droughts, fires and other environmental conditions can damage properties we own. As of December 31, 2022, approximately 20.2% of the carrying value of our assets was located in the western United States, geographic areas at higher risk for earthquakes. Additionally, we own properties located near the coastline and the value of our properties will potentially be subject to the risks associated with long-term effects of climate change. A significant number of our properties are located in major urban areas which, in recent years, have been high risk geographical areas for terrorism and threats of terrorism. Certain forms of terrorism including, but not limited to, nuclear, biological and chemical terrorism, political risks, environmental hazards and/or Acts of God may be deemed to fall completely outside the general coverage limits of our insurance policies or may be uninsurable or cost prohibitive to justify insuring against. Furthermore, if the U.S. Terrorism Risk Insurance Program Reauthorization Act is repealed or not extended or renewed upon its expiration, the cost for terrorism insurance coverage may increase and/or the terms, conditions, exclusions, retentions, limits and sublimits of such insurance may be materially amended, and may effectively decrease the scope and availability of such insurance to the point where it is effectively unavailable. Future weather conditions, man-made or natural disasters, effects of climate change or acts of terrorism could adversely impact the demand for, and value of, our assets and could also directly impact the value of our assets through damage, destruction or loss, and could thereafter materially impact the availability or cost of insurance to protect against these events. Although we believe our owned real estate and the properties collateralizing our loan assets are adequately covered by insurance, we cannot predict at this time if we or our borrowers will be able to obtain appropriate coverage at a reasonable cost in the future, or if we will be able to continue to pass along all of the costs of insurance to our tenants. The foregoing risks also apply generally to SAFE's properties and the buildings thereon owned by SAFE's tenants. Any weather conditions, man-made or natural disasters, terrorist attack or effect of climate change, whether or not insured, could have a material adverse effect on our or SAFE's financial performance, liquidity and the market price of our or SAFE's common stock. In addition, there is a risk that one or more of our property insurers may not be able to fulfill their obligations with respect to claims payments due to a deterioration in its financial condition.

Our ability to retain and attract key personnel is critical to our success.

Our success depends on our ability to retain our senior management and the other key members of our management team and recruit additional qualified personnel. We rely in part on equity compensation to retain and incentivize our personnel. In addition, if members of our management join competitors or form competing companies, the competition could have a material adverse effect on our business or SAFE's business. Efforts to retain or attract professionals may result in additional compensation expense, which could affect our financial performance.

Security breaches and other disruptions could compromise our information and expose us to liability, which would cause our business and reputation to suffer.

In the ordinary course of our business, we collect and store sensitive data, including intellectual property, our proprietary business information and that of our customers, and personally identifiable information of our customers and employees, in our data centers and on our networks. The secure processing, maintenance and transmission of this information is critical to our operations and business strategy. Despite our security measures, our information technology and infrastructure may be vulnerable to attacks by hackers or breached due to employee error, malfeasance or other disruptions. Any such breach could compromise our networks and the information stored there could be accessed, publicly disclosed, lost or stolen. Any such access, disclosure or other loss of information could result in legal claims or proceedings, liability under laws that protect the privacy of personal information, disrupt our operations and the services we provide to customers, and damage our reputation, which could have a material adverse effect on our business.

Financing Risks

Our credit ratings will impact our borrowing costs.

Our borrowing costs and our access to the debt capital markets depend significantly on our credit ratings. Our unsecured corporate credit ratings from major national credit rating agencies are currently below investment grade. Having below investment grade credit ratings makes our borrowing costs higher than they would be with an investment grade rating and makes restrictive covenants in our public unsecured debt securities operative. These restrictive covenants are described below in "Covenants in our indebtedness could limit our flexibility and adversely affect our financial condition."

Covenants in our indebtedness could limit our flexibility and adversely affect our financial condition.

Our outstanding unsecured debt securities contain corporate level covenants that include a covenant to maintain a ratio of unencumbered assets to unsecured indebtedness of at least 1.3x and covenant restricting certain incurrences of debt based on a fixed charge coverage ratio, subject to certain permitted debt baskets. If any of our covenants are breached and not cured within applicable cure periods, the breach could result in acceleration of our debt securities unless a waiver or modification is agreed upon with the requisite percentage of the bondholders. Limitations on our ability to incur new indebtedness under the fixed charge coverage ratio may limit the amount of new investments we make.

We have significant indebtedness and funding commitments and limitations on our liquidity and ability to raise capital may adversely affect us.

Sufficient liquidity is critical to our ability to meet our scheduled debt payments, make additional investments in the Ground Lease business, pay distributions and satisfy funding commitments to borrowers. We have relied on proceeds from the issuance of unsecured debt, secured borrowings, repayments from our loan assets and proceeds from asset sales to fund our operations and other activities, and, pending completion of the Merger and related transactions, as to which there can be no assurance, we expect to continue to rely primarily on these sources of liquidity for the foreseeable future. Our ability to access capital in 2023 and beyond will be subject to a number of factors, many of which are outside of our control, such as general economic conditions, changes in interest rates and conditions prevailing in the credit and real estate markets. There can be no assurance that we will have access to liquidity when needed or on terms that are acceptable to us. We may also encounter difficulty in selling assets or executing capital raising strategies on acceptable terms in a timely manner, which could impact our ability to make scheduled repayments on our outstanding debt. Failure to repay or refinance our borrowings as they come due would be an event of default under the relevant debt instruments, which could result in a cross default and acceleration of our other outstanding debt obligations. Failure to meet funding commitments could cause us to be in default of our financing commitments to borrowers. Any of the foregoing could have a material adverse effect on our business, liquidity and the market price of our common stock.

We utilize derivative instruments to hedge risk, which may adversely affect our borrowing cost and expose us to other risks.

The derivative instruments we use are typically in the form of interest rate swaps, interest rate caps and foreign exchange contracts. Our use of derivative instruments involves the risk that a counterparty to a hedging arrangement could default on its obligation and the risk that we may have to pay certain costs, such as transaction fees or breakage costs, if a

hedging arrangement is terminated by us. Developing an effective strategy for dealing with movements in interest rates and foreign currencies is complex and no strategy can completely insulate us from risks associated with such fluctuations. There can be no assurance that any hedging activities will have the desired beneficial impact on our results of operations or financial condition.

The replacement of LIBOR may affect the value of certain of our financial obligations and could affect our results of operations or financial condition.

In July 2017, the U.K. Financial Conduct Authority, which regulates LIBOR, announced that it intends to stop persuading or compelling banks to submit LIBOR rates after 2021. In March 2021, ICE Benchmark Administration, the administrator of LIBOR, extended the transition dates of certain LIBOR tenors to June 30, 2023, after which LIBOR reference rates will cease to be provided. Despite this deferral, the LIBOR administrator has advised that no new contracts using U.S. Dollar LIBOR should be entered into after December 31, 2021. It is unknown whether any banks will continue to voluntarily submit rates for the calculation of LIBOR, or whether LIBOR will continue to be published by its administrator based on these submissions, or on any other basis, after such dates. Regulators, industry groups and certain committees, such as the Alternative Reference Rates Committee (ARRC) have, among other things, published recommended fallback language for LIBOR-linked financial instruments, identified recommended alternatives for certain LIBOR rates, such as the Secured Overnight Financing Rate (SOFR) as the recommended alternative to U.S. Dollar LIBOR, and proposed implementations of the recommended alternatives in floating rate financial instruments. It is currently unknown the extent to which these recommendations and proposals will be broadly accepted, whether they will continue to evolve, and what the effect of their implementation may be on the markets for floating-rate financial instruments. We are unable to predict the timing or effect of any changes, any establishment of alternative reference rates or any other reforms to LIBOR or any replacement of LIBOR that may be enacted in the United States, the United Kingdom or elsewhere. Such changes, reforms or replacements relating to LIBOR could have an adverse impact on the market for or value of any LIBOR-linked securities, loans, derivatives and other financial obligations or extensions of credit held by or due to us on our overall financial condition or results of operations.

Risks Relating to Our Accounting and Valuation Estimates

We are required to make a number of judgments in applying accounting policies, and different estimates and assumptions could result in changes to our financial condition and results of operations.

Material estimates that are particularly susceptible to significant change underlie our determination of the allowance for loan losses, which is based primarily on the estimated fair value of loan collateral and our estimate of expected credit losses, as well as the valuation of real estate assets and deferred tax assets. While we have identified those accounting policies that we consider to be critical and have procedures in place to facilitate the associated judgments, different assumptions in the application of these policies could have a material adverse effect on our financial performance and results of operations and actual results may differ materially from our estimates.

The carrying values of our assets held for investment are not determined based upon the prices at which they could be sold currently.

As discussed further in the notes to our consolidated financial statements, we record our real estate and land and development assets at cost less accumulated depreciation and amortization. If we hold a property for use or investment, we will only review it for impairment in value if events or changes in circumstances indicate that the carrying amount of the property may not be recoverable, based on management's determination that the aggregate future cash flows to be generated by the asset (taking into account the anticipated holding period of the asset) is less than the carrying value. Management's estimates of cash flows considers factors such as expected future operating income trends, as well as the effects of demand, competition and other economic factors. The carrying values of our real estate and land and development assets are not indicative of the prices at which we would be able to sell the properties, if we had to do so before the end of their intended holding period. If we changed our investment intent and decided to sell a property that was being held for investment, including in distressed circumstances as a means of raising liquidity, there can be no assurance that we would not realize losses on such sales, which losses could have a material adverse effect on our business, financial results, liquidity and the market price of our common stock. We intend to accelerate the monetization of assets

in our legacy portfolio. We continue to hold other legacy assets for investment, and there can be no assurance that we will not recognize impairment on such assets, or non-legacy assets in the future.

Our allowances for loan losses and net investment in leases may prove inadequate, which could have a material adverse effect on our financial results.

We maintain allowances for our loan and net investment in lease portfolios to offset potential future losses. Our loss allowances reflect management's then-current estimation of the probability and severity of losses within our portfolio. In addition, our determination of asset-specific allowances relies on material estimates regarding the fair value of loan collateral. Estimation of ultimate losses, provision expenses and loss allowances is a complex and subjective process. As such, there can be no assurance that management's judgment will prove to be correct and that allowances will be adequate over time to protect against potential future losses. Such losses could be caused by factors including, but not limited to, unanticipated adverse changes in the economy or events adversely affecting specific assets, borrowers, tenants, industries in which our borrowers or tenants operate or markets in which our borrowers/tenants or their properties are located. In particular, during the previous financial crisis, the weak economy and disruption of the credit markets adversely impacted the ability and willingness of many of our borrowers to service their debt and refinance our loans to them at maturity. If our allowances for credit losses prove inadequate we may suffer additional losses which would have a material adverse effect on our financial performance, liquidity and the market price of our common stock.

Risks Relating to our Organization and Structure

We may change certain of our policies without shareholder approval.

Our charter does not set forth specific percentages of the types of investments we may make. We can amend, revise or eliminate our investment financing and conflict of interest policies at any time at our discretion without a vote of our shareholders. A change in these policies could have a material adverse effect on our financial performance, liquidity and the market price of our common stock.

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

Certain provisions of Maryland law and our organizational documents could inhibit changes in control of our company that might involve a premium price for our common stock or that our shareholders otherwise believe to be in their best interest, including, among others, the following:

- Pursuant to the Maryland General Corporation Law, or the MGCL, our board of directors has by resolution exempted business combinations between us and any other person from the business combination provisions of the MGCL, and 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 generally prohibits any person from directly or indirectly owning more than 9.8% in value or number of shares, whichever is more restrictive, of our outstanding capital stock.
- Our board of directors, without shareholder 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. As a result, our board of directors 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 shareholders otherwise believe to be in their best interest.

Our Investment Company Act exemption limits our investment discretion and loss of the exemption would adversely affect us.

We believe that we currently are not, and we intend to operate our company so that we will not be, regulated as an investment company under the Investment Company Act. We believe we are not an investment company under Section 3(a)(1)(A) of the Investment Company Act because we do not engage primarily, or hold ourselves out as being engaged primarily, in the business of investing, reinvesting or trading in securities. The Company engages primarily in the non-investment company businesses of investing in, financing and developing real estate and real estate-related projects, generally through subsidiaries and affiliated companies, including SAFE. Maintaining our exemption from regulation as an investment company under the Investment Company Act limits our ability to invest in assets that otherwise would meet our investment strategies.

We will need to monitor our investments and income to ensure that we continue to satisfy our exemption from the Investment Company Act, but there can be no assurance that we will be able to avoid the need to register as an Investment Company. If it were established that we were an unregistered investment company, there would be a risk that we would be subject to monetary penalties and injunctive relief in an action brought by the SEC, that we would be unable to enforce contracts with third parties, or that third parties could seek to obtain rescission of transactions and that we would be subject to limitations on corporate leverage that would have an adverse impact on our investment returns. This would have a material adverse effect on our financial performance and the market price of our securities.

Our bylaws designate the Circuit Court for Baltimore City, Maryland as the sole and exclusive forum for some litigation, which could limit the ability of shareholders to obtain a favorable judicial forum for disputes with our company.

Our bylaws provide that, unless we consent in writing to the selection of an alternative forum, the sole and exclusive forum for: (a) any derivative action or proceeding brought on our behalf; (b) any action asserting a claim of breach of any duty owed by us or by any director or officer or other employee to us or to our shareholders; (c) any action asserting a claim against us or any director or officer or other employee arising pursuant to any provision of the Maryland General Corporation Law or our charter or bylaws; or (d) any action asserting a claim against us or any director or officer or other employee that is governed by the internal affairs doctrine shall be the Circuit Court for Baltimore City, Maryland, or, if that Court does not have jurisdiction, the United States District Court for the District of Maryland, Baltimore Division. This forum selection provision may limit the ability of shareholders of our company to obtain a judicial forum that they find favorable for disputes with our company or our directors, officers, employees, if any, or other shareholders.

Tax Risks Related to Ownership of Our Shares

We would be subject to adverse consequences if we fail to qualify as a REIT.

We believe that we have been organized and operated in a manner so as to qualify for taxation as a REIT for U.S. federal income tax purposes commencing with our taxable year ended December 31, 1998. Our qualification as a REIT, however, has depended and will continue to depend on our ability to meet various requirements concerning, among other things, the ownership of our outstanding stock, the nature of our assets, the sources of our income and the amount of our distributions to our shareholders. 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. Our ability to satisfy these asset tests depends upon our analysis of the characterization of our assets for U.S. federal income tax purposes and fair market values of our assets. The fair market values of certain of our assets are not susceptible to a precise determination.

If we were to fail to qualify as a REIT for any taxable year, we would not be allowed a deduction for distributions to our shareholders in computing our net taxable income and would be subject to U.S. federal income tax on our net taxable income at regular corporate rates and applicable state and local taxes. We would also be disqualified from treatment as a REIT for the four subsequent taxable years following the year during which our REIT qualification was lost unless we were entitled to relief under certain Code provisions and obtained a ruling from the IRS. If disqualified and unable to obtain relief, we may need to borrow money or sell assets to pay taxes. As a result, cash available for distribution would be reduced for each of the years involved. Furthermore, it is possible that future economic, market, legal, tax or other

considerations may cause our REIT qualification to be revoked. This could have a material adverse effect on our business and the market price of our common stock.

To qualify as a REIT, we may be forced to borrow funds, sell assets or take other actions during unfavorable market conditions.

To qualify as a REIT, we generally must distribute to our shareholders at least 90% of our net taxable income, excluding net capital gains each year, and we will be subject to U.S. federal income tax, as well as applicable state and local taxes, to the extent that we distribute less than 100% of our net taxable income each year. In addition, we will be subject to a 4% nondeductible excise tax on the amount, if any, by which distributions paid by us in any calendar year are less than the sum of 85% of our ordinary income, 95% of our capital gain net income and 100% of our undistributed income from prior years.

In the event that principal, premium or interest payments with respect to a particular debt instrument that we hold are not made when due, we may nonetheless be required to continue to recognize the unpaid amounts as taxable income. In addition, we may be allocated taxable income in excess of cash flow received from some of our partnership investments. We are generally required to take certain amounts into income no later than the time such amounts are reflected on our financial statements. The application of this rule may require the accrual of income earlier than would be the case under the otherwise applicable tax rules; however, recently released proposed Treasury Regulations generally would exclude, among other items, original issue discount (whether or not de minimis) and market discount from the applicability of this rule. Although the proposed Treasury Regulations generally will not be effective until taxable years beginning after the date on which they are issued in final form, we generally are permitted to elect to rely on the proposed Treasury Regulations currently. Also, in certain circumstances our ability to deduct interest expenses for U.S. federal income tax purposes may be limited. From these and other potential timing differences between income recognition or expense deduction and cash receipts or disbursements, there is a significant risk that we may have substantial taxable income in excess of cash available for distribution. In order to qualify as a REIT and avoid the payment of income and excise taxes, we may need to borrow funds or take other actions to meet our REIT distribution requirements for the taxable year in which the phantom income is recognized.

Certain of our business activities may potentially be subject to the prohibited transaction tax, which could reduce the return on your investment.

For so long as we qualify as a REIT, our ability to dispose of certain properties may be restricted under the REIT rules, which generally impose a 100% penalty tax on any gain recognized on "prohibited transactions," which refers to the disposition of property that is deemed to be inventory or held primarily for sale to customers in the ordinary course of our business, subject to certain exceptions. Whether property is inventory or otherwise held primarily for sale depends on the particular facts and circumstances. The Code provides a safe harbor that, if met, allows a REIT to avoid being treated as engaged in a prohibited transaction. No assurance can be given that any property that we sell will not be treated as property held for sale to customers, or that we can comply with the safe harbor. The 100% tax does not apply to gains from the sale of foreclosure property or to property that is held through a taxable REIT subsidiary ("TRS") or other taxable corporation, although such income will be subject to tax in the hands of the corporation at regular corporate rates. We intend to structure our activities to avoid prohibited transaction characterization.

Certain of our activities, including our use of TRSs, are subject to taxes that could reduce our cash flows.

Even if we qualify as a REIT for U.S. federal income tax purposes, we will be required to pay some U.S. federal, state, local and non-U.S. taxes on our income and property, including taxes on any undistributed income, taxes on income from certain activities conducted as a result of foreclosures, and property and transfer taxes. We would be required to pay taxes on net taxable income that we fail to distribute to our shareholders. In addition, we may be required to limit certain activities that generate non-qualifying REIT income, such as land development and sales of condominiums, and/or we may be required to conduct such activities through TRS. We hold a significant amount of assets in our TRS, including assets that we have acquired through foreclosure, assets that may be treated as dealer property and other assets that could adversely affect our ability to qualify as a REIT if held at the REIT level. As a result, we will be required to pay income taxes on the taxable income generated by these assets. Furthermore, we will be subject to a 100% penalty tax to the extent our economic arrangements with our TRS are not comparable to similar arrangements among unrelated parties. We will

also be subject to a 100% tax to the extent we derive income from the sale of assets to customers in the ordinary course of business other than through our TRS. To the extent we or our TRS are required to pay U.S. federal, state, local or non-U.S. taxes, we will have less cash available for distribution to our shareholders.

We have substantial net operating loss carryforwards which we use to offset our tax and distribution requirements. Net operating losses that have arisen in taxable years beginning after December 31, 2017 and thereafter may offset up to 80% of our net taxable income (after the application of the dividends paid deduction), except to the extent those losses are utilized in taxable years prior to 2021, and may not be carried back. In the event that we experience an "ownership change" for purposes of Section 382 of the Code, our ability to use these losses will be limited. An "ownership change" is determined through a set of complex rules which track the changes in ownership that occur in our common stock for a trailing three year period. We have experienced volatility and significant trading in our common stock in recent years. The occurrence of an ownership change is generally beyond our control and, if triggered, may increase our tax and distribution obligations for which we may not have sufficient cash flow.

A failure to comply with the limits on our ownership of and relationship with our TRS would jeopardize our REIT qualification and may result in the application of a 100% excise tax.

No more than 20% of the value of a REIT's total assets may consist of stock or securities of one or more TRS. This requirement limits the extent to which we can conduct activities through TRS or expand the activities that we conduct through TRS. 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. In addition, we hold certain mortgage and mezzanine loans within one or more of our TRS that are secured by real property. We treat these loans as qualifying assets for purposes of the REIT asset tests to the extent that such mortgage loans are secured by real property and such mezzanine loans are secured by an interest in a limited liability company that holds real property. We received from the IRS a private letter ruling which holds that we may exclude such loans from the limitation that securities from TRS must constitute no more than 20% of our total assets. We are entitled to rely upon this private letter ruling only to the extent that we did not misstate or omit a material fact in the ruling request and that we continue to operate in accordance with the material facts described in such request, and no assurance can be given that we will always be able to do so. To the extent that any loan is recharacterized as equity, it would increase the amount of non-real estate securities that we have in our TRS and could adversely affect our ability to meet the limitation described above. If we were not able to exclude such loans to our TRS from the limitation described above, our ability to meet the REIT asset tests and other REIT requirements could be adversely affected. Accordingly, there can be no assurance that we have met or will be able to continue to comply with the TRS limitation.

In addition, we may from time to time need to make distributions from a TRS in order to keep the value of our TRS below the TRS limitation. TRS dividends, however, generally will not constitute qualifying income for purposes of the 75% REIT gross income test. While we will monitor our compliance with both this income test and the limitation on the percentage of our total assets represented by TRS securities, and intend to conduct our affairs so as to comply with both, the two may at times be in conflict with one another. For example, it is possible that we may wish to distribute a dividend from a TRS in order to reduce the value of our TRS to comply with limitation, but we may be unable to do so without simultaneously violating the 75% REIT gross income test.

Although there are other measures we can take in such circumstances to remain in compliance with the requirements for REIT qualification, there can be no assurance that we will be able to comply with both of these tests in all market conditions.

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

The U.S. federal income tax laws and regulations governing REITs and their shareholders, as well as the administrative interpretations of those laws and regulations, are constantly under review and may be changed at any time, possibly with retroactive effect. 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 shareholders 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.

Shareholders are urged to consult with their tax advisors regarding any legislative, regulatory or administrative developments on an investment in the Company's common stock.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

The Company's principal executive and administrative offices are located at 1114 Avenue of the Americas, New York, NY 10036. The Company's principal regional offices are located in the Atlanta, Georgia and Los Angeles, California metropolitan areas. See Item 8—"Financial Statements and Supplemental Data—Schedule III" for a detailed listing of properties held by the Company for investment purposes.

Item 3. Legal Proceedings

The Company and/or one or more of its subsidiaries is party to various pending litigation matters that are considered ordinary routine litigation incidental to the Company's business as a finance and investment company focused on the commercial real estate industry, including foreclosure-related proceedings. The Company believes it is not a party to, nor are any of its properties the subject of, any pending legal proceeding that would have a material adverse effect on the Company's consolidated financial statements.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. Market for Registrant's Equity and Related Stock Matters

The Company's common stock trades on the New York Stock Exchange ("NYSE") under the symbol "STAR." The Company had 1,354 holders of record of common stock as of February 17, 2023. This figure does not represent the actual number of beneficial owners of our common stock because shares of our common stock are frequently held in "street name" by securities dealers and others for the benefit of beneficial owners who may vote the shares and who would report dividends paid by us in their taxable income.

Issuer Purchases of Equity Securities

We did not purchase any shares of our common stock during the three months ended December 31, 2022.

Disclosure of Equity Compensation Plan Information

Plans Category	(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights	(b) Weighted-average exercise price of outstanding options, warrants and rights	(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders-restricted stock awards(1)(2)	793,590	N/A	2,333,815

(1) Restricted Stock—The amount shown in column (a) includes 633,550 unvested restricted stock units which may vest in the future based on the employees' continued service to the Company (see Item 8—"Financial Statements and Supplemental Data—Note 15" for a more detailed description of the Company's restricted stock grants). All of the unvested restricted stock units included in column (a) are required to be settled on a net, after-tax basis (after deducting shares for minimum required statutory withholdings); therefore, the actual number of shares issued will be less than the gross amount of the awards. The amount shown in column (a) also includes 160,040 of common stock equivalents and restricted stock awarded to our non-employee directors in consideration of their service to the Company as directors. Common stock equivalents represent rights to receive shares of common stock at the date the common stock equivalents are settled. Common stock equivalents have dividend equivalent rights beginning on the date of grant. The amount in column (c) represents the aggregate amount of stock options, shares of restricted stock units or other performance awards that could be granted under compensation plans approved by the Company's security holders after giving effect to previously issued awards of stock options, shares of restricted stock units and other performance awards (see Item 8—"Financial Statements and Supplemental Data—Note 15" for a more detailed description of the Company's Long-Term Incentive Plans).

(2) The amount shown in column (a) does not include a currently indeterminable number of shares that may be issued upon the satisfaction of performance and vesting conditions of awards made under the Company's Performance Incentive Plan ("iPIP") approved by shareholders. In no event may the number of shares issued exceed the amount available in column (c) unless shareholders authorize additional shares (see Item 8—"Financial Statements and Supplemental Data—Note 15" for a more detailed description of iPIP.)

Item 6. RESERVED

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Please read the following discussion of our consolidated operating results, financial condition and liquidity together with our consolidated financial statements and related notes included elsewhere in this Annual Report on Form 10-K. Our discussion related to the results of operations and changes in financial condition for 2021 compared to 2020 is included in Part II, Item 7 of our 2021 Annual Report on Form 10-K. Our historical results may not be indicative of our future performance. Certain prior year amounts have been reclassified in our consolidated financial statements and the related notes to conform to the current period presentation.

Executive Overview

Merger with SAFE—In August 2022, we entered into the Merger Agreement with SAFE. We expect that the Merger will accelerate SAFE's market leadership in the Ground Lease industry and will make SAFE the only internally-managed, pure-play Ground Lease company in the public markets. We currently expect that the Merger and related transactions will close in the first half of 2023, however, completion of the Merger and related transactions is subject to a number of conditions, some of which are outside of our control, including, without limitation, approval of the stockholders of each of the Company and SAFE, and there can be no assurance they will close within our currently anticipated timeframe or at all. Refer to "Business – Overview" and Note 1 to the consolidated financial statements for more information on the Merger.

Corporate Strategy. We continue to execute our stated corporate strategy which is to grow our Ground Lease and Ground Lease adjacent businesses and simplify our portfolio through sales of other assets. In March 2022, we, through certain subsidiaries of ours and entities managed by us, sold our portfolio of net lease assets for an aggregate gross sales price of $3.07 billion (the "Net Lease Sale"). If the Merger, Spin-Off and related transactions are completed our corporate strategy will be dedicated to growing our Ground Lease and Ground Lease – adjacent businesses.

COVID-19 and Other Factors. The COVID-19 pandemic adversely affected our strategies of monetizing legacy assets and materially scaling SAFE's portfolio, primarily because of reduced levels of real estate transactions and constrained conditions for equity and debt financing for real estate transactions. In addition, other macroeconomic factors such as interest rates, inflation and the market reaction and response of government policy to inflation may impact our or SAFE's business. See the Risk Factors section of this report for additional discussion of certain potential risks to our business arising from the COVID-19 pandemic and other factors.

Portfolio Overview

Our portfolio is diversified by business, property type and geography. As of December 31, 2022, based on our book value, our total investment portfolio has the following property/collateral type and geographic characteristics ($ in thousands):

Property/Collateral Types	Net Lease	Real Estate Finance	Operating Properties	Land & Development	Corporate	Total	% of Total
Ground Leases	$ 1,302,877	$ —	$ —	$ —	$ —	$ 1,302,877	74.0 %
Land and Development	—	—	—	207,997	—	207,997	11.8 %
Multifamily	—	39,304	36,382	—	—	75,686	4.3 %
Hotel	—	12,893	61,863	—	—	74,756	4.2 %
Retail	—	37,650	371	8,784	—	46,805	2.7 %
Condominium	—	6,665	—	15,233	—	21,898	1.2 %
Office	—	15,183	—	—	—	15,183	0.9 %
Entertainment / Leisure	—	—	14,262	—	—	14,262	0.8 %
Other Property Types	—	—	—	—	11	11	— %
Total	$ 1,302,877	$ 111,695	$ 112,878	$ 232,014	$ 11	$ 1,759,475	100.0 %
Percentage of Total	74%	6%	6%	13%	<1%	100%	

Geographic Region	Net Lease	Real Estate Finance	Operating Properties	Land & Development	Corporate	Total	% of Total
Northeast	$ 497,301	$ 65,726	$ 76,124	$ 133,317	$ —	$ 772,468	43.9 %
West	318,016	10,206	18,462	8,939	—	355,623	20.2 %
Mid-Atlantic	164,317	—	4,260	89,758	—	258,335	14.7 %
Southeast	165,487	29,098	—	—	—	194,585	11.1 %
Southwest	124,973	—	—	—	—	124,973	7.1 %
Central	32,783	6,665	14,032	—	—	53,480	3.0 %
Various	—	—	—	—	11	11	— %
Total	$ 1,302,877	$ 111,695	$ 112,878	$ 232,014	$ 11	$ 1,759,475	100.0 %

Net Lease

Prior to the Net Lease Sale, our net lease business created stable cash flows through long-term net leases primarily to single tenants on our properties. We targeted mission-critical facilities leased on a long-term basis to tenants, offering structured solutions that combined our capabilities in underwriting, lease structuring, asset management and build-to-suit construction. Leases typically provide for expenses at the facility to be paid by the tenant on a triple net lease basis. Under a typical net lease agreement, the tenant agrees to pay a base monthly operating lease payment and most or all of the facility operating expenses (including taxes, utilities, maintenance and insurance).

After the Net Lease Sale, the net lease segment includes our Ground Lease investments made primarily through SAFE and our Ground Lease adjacent businesses.

SAFE—SAFE is a publicly-traded company that originates and acquires Ground Leases in order to generate attractive long-term risk-adjusted returns. We believe its business has characteristics comparable to a high-grade fixed income investment business, but with certain unique advantages. Relative to alternative fixed income investments generally, SAFE's Ground Leases typically benefit from built-in growth derived from contractual base rent increases and the opportunity to realize value from SAFE's right to regain possession of the buildings and other improvements on its land upon expiration or earlier termination of the lease at no additional cost. We believe that these features offer us the opportunity through our ownership in SAFE to realize superior risk-adjusted total returns when compared to certain alternative highly-rated investments. As of December 31, 2022, we owned approximately 54.3% of SAFE's common stock outstanding, subject to voting limitations described below.

We account for our investment in SAFE as an equity method investment (refer to Note 8 to the consolidated financial statements). We act as SAFE's external manager pursuant to a management agreement. The management agreement generally provides for a base management fee that ranges from a minimum of 1.0% to a maximum of 1.5% as SAFE's Total Equity (as defined in the agreement) increases. The management fee is payable in cash or in shares of SAFE common stock at SAFE's election (as determined by SAFE's independent directors). The initial term of the management agreement ends on June 30, 2023 during which the agreement is non-terminable, except for certain cause events. After the initial term, the agreement will be automatically renewed for additional one year terms, subject to certain rights of SAFE's independent directors to terminate the agreement based on the manager's materially detrimental long-term performance or, beginning with the seventh annual renewal term after the initial term, unfair management fees that the manager declines to renegotiate. SAFE will be obligated to pay the manager a termination fee equal to three times the annual management fee paid in respect of the last completed fiscal year prior to the termination.

We are party to an exclusivity agreement with SAFE pursuant to which we agreed, subject to certain exceptions, that we will not acquire, originate, invest in, or provide financing for a third party's acquisition of, a Ground Lease unless we have first offered that opportunity to SAFE and a majority of its independent directors has declined the opportunity. We are also party to a shareholders agreement with SAFE that:

- limits our discretionary voting power to 41.9% of the outstanding voting power of SAFE's Common Stock until our aggregate ownership of SAFE common stock is less than 41.9%;
- subjects us to certain standstill provisions; and
- provides us certain preemptive rights.

The complete management agreement, exclusivity agreement and shareholder's agreement between SAFE and us, as amended, are incorporated by reference as exhibits to this Annual Report on Form 10-K.

Ground Lease Plus Fund—The Company formed and manages an investment fund that targets the origination and acquisition of Ground Leases for commercial real estate projects that are in a pre-development phase (the "Ground Lease Plus Fund"). We own a 53.0% noncontrolling interest in the Ground Lease Plus Fund. We do not have a controlling interest in the Ground Lease Plus Fund due to the substantive participating rights of our partner and account for this investment as an equity method investment. In addition, the Ground Lease Plus Fund has first look rights on qualifying pre-development projects through December 2023.

Net Lease Venture—In February 2014, the Company partnered with a sovereign wealth fund to form a venture to acquire and develop net lease assets and gave a right of first refusal to the venture on all new net lease investments that met specified investment criteria. We obtained control over the Net Lease Venture when the investment period expired on June 30, 2018 and consolidated the assets and liabilities of the venture, which had previously been accounted for as an equity method investment. The Net Lease Venture was part of the Net Lease Sale.

Net Lease Venture II—In July 2018, we entered into Net Lease Venture II with similar investment strategies as the Net Lease Venture. The Net Lease Venture II had a right of first offer on all new net lease investments (excluding Ground Leases) originated by us. We had an equity interest in the venture of approximately 51.9%, which was accounted for as an equity method investment, and were responsible for managing the venture in exchange for a management fee and incentive fee. The Net Lease Venture II was part of the Net Lease Sale.

As of December 31, 2022, our net lease portfolio consisted of our equity method investments in SAFE and the Ground Lease Plus Fund. The table below provides certain statistics for our net lease portfolio.

	SAFE	Ground Lease Plus Fund
Ownership %	54.3 %	53.0 %
Book value (millions)[1]	$ 1,237	$ 66
% Leased	100.0 %	100.0 %
Weighted average lease term (years)[2]	91.9	104.3
Weighted average yield[3]	4.2 %	5.7 %

(1) Represents the book value of our unconsolidated equity method investments.
(2) Weighted average lease term is calculated using GAAP rent and the initial maturity and does not include extension options. SAFE includes its pro rata share of its unconsolidated equity method investments.
(3) Yield for our investment in SAFE (refer to Note 8 to the consolidated financial statements) is calculated over the trailing twelve months and excludes dilution gains, the loss realized on our dividend of SAFE shares of common stock to our shareholders, management fees earned by us and a gain recognized by SAFE in connection with the sale of a Ground Lease.

Portfolio Activity— In March 2022, we, through certain subsidiaries of and entities managed by us, closed on a definitive purchase and sale agreement to sell a portfolio of net lease properties owned and managed by such subsidiaries and entities to a third party for an aggregate gross sales price of approximately $3.07 billion and recognized a gain of $663.7. We refer to this transaction as the "Net Lease Sale" in this report. The Net Lease Sale is consistent with the Company’s stated corporate strategy which is to grow its Ground Lease and Ground Lease adjacent businesses (refer to Note 8) and simplify its portfolio through sales of other assets.

The portfolio sold consisted of office, entertainment and industrial properties located in the United States comprising approximately 18.3 million square feet. It included assets wholly-owned by the Company and assets owned by two joint ventures managed by the Company and in which it owned 51.9% interests. At the time of closing, the portfolio was encumbered by an aggregate of $702.0 million of mortgage indebtedness, including indebtedness from equity method investments, which was repaid with proceeds from the sale. After repayment of the mortgage indebtedness and prepayment penalties, a senior term loan secured by certain of the assets (refer to Note 10), payments to terminate derivative contracts, payments to joint venture partners, and payments of promotes, transaction expenses and amounts due under employee incentive plans, the Company retained net cash proceeds of $1.2 billion from the transaction. In addition, as part of the transaction, the buyer sold three of the properties to SAFE for $122.0 million and entered into three Ground Leases with SAFE. Two net lease properties were sold to different third parties in the first quarter of 2022 and the Company’s net lease assets associated with its Ground Lease businesses were not included in the sale. The Company received net cash proceeds of $33.9 million from the sale of the two net lease properties and recognized a gain of $23.9 million.

Real Estate Finance

Our real estate finance business targets sophisticated and innovative owner/operators of real estate and real estate related projects by providing one-stop capabilities that encompass financing alternatives ranging from full envelope senior loans to mezzanine and preferred equity capital positions. Our real estate finance portfolio consists of leasehold loans to Ground Lease tenants, including tenants of SAFE, senior mortgage loans that are secured by commercial and residential real estate assets where we are the first lien holder, subordinated mortgage loans that are secured by second lien or junior interests in commercial and residential real estate assets and corporate/partnership loans, which represent mezzanine or subordinated loans to entities for which we do not have a lien on the underlying asset, but may have a pledge of underlying equity ownership of such assets. Our real estate finance portfolio includes Ground Leases, loans on stabilized and transitional properties and ground-up construction projects. In addition, we also own loans through equity method investments and have preferred equity investments and debt securities classified as other lending investments.

Our real estate finance portfolio included the following ($ in thousands):

	As of December 31,			
	2022		2021	
	Total	% of Total	Total	% of Total
Performing loans:				
Senior mortgages	$ 6,756	6.2 %	$ 139,968	32.6 %
Corporate/partnership loans	—	— %	618	0.1 %
Subordinate mortgages	13,331	12.3 %	12,457	2.9 %
Subtotal	20,087	18.5 %	153,043	35.6 %
Non-performing loans:				
Senior mortgages	29,493	27.2 %	59,640	13.9 %
Subtotal	29,493	27.2 %	59,640	13.9 %
Total carrying value of loans	49,580	45.7 %	212,683	49.5 %
Other lending investments	—	— %	124,930	29.1 %
Total carrying value of loans and other lending investments	49,580	45.7 %	337,613	78.6 %
Loans receivable held for sale	37,650	34.7 %	43,215	10.1 %
Our share of loans held through equity method investments	21,685	20.0 %	48,862	11.4 %
Specific Allowance	(396)	(0.4)%	(576)	(0.1)%
Total gross carrying value of real estate finance portfolio	$ 108,519	100.0 %	$ 429,114	100.0 %

Portfolio Activity—During the year ended December 31, 2022, the Company received net repayments and proceeds from sales of $310.0 million (including the receipt of previously capitalized deferred interest) from its real estate finance portfolio.

Summary of Interest Rate Characteristics—Our loans receivable and other lending investments, excluding loans held through equity method investments, had the following interest rate characteristics ($ in thousands):

	As of December 31,					
	2022			2021		
	Carrying Value	% of Total	Weighted Average Accrual Rate	Carrying Value	% of Total	Weighted Average Accrual Rate
Fixed-rate loans and other lending investments	$ 13,331	26.9 %	6.8 %	$ 140,443	41.6 %	7.2 %
Variable-rate loans[(1)]	6,756	13.6 %	9.6 %	137,530	40.7 %	5.1 %
Non-performing loans[(2)]	29,493	59.5 %	N/A	59,640	17.7 %	N/A
Total carrying value	49,580	100.0 %		337,613	100.0 %	
Allowance for loan losses	(925)			(4,769)		
Total loans receivable and other lending investments, net	$ 48,655			$ 332,844		

(1) As of December 31, 2022 and 2021, includes $6.8 million and $136.9 million, respectively, of loans with a weighted average LIBOR floor of 2.1% and 2.1%, respectively.
(2) The non-performing loan as of December 31, 2021 was transferred to loans receivable held for sale as of December 31, 2022.

Summary of Maturities—As of December 31, 2022, our loans receivable and other lending investments had the following maturities ($ in thousands):

Year of Maturity[1]	Number of Loans Maturing	Carrying Value	% of Total
2023	1	$ 6,756	13.6 %
2024	—	—	— %
2025	—	—	— %
2026	—	—	— %
2027	—	—	— %
2028 and thereafter [2]	1	13,331	26.9 %
Total performing loans	2	$ 20,087	40.5 %
Non-performing loans	1	29,493	59.5 %
Total carrying value	3	$ 49,580	100.0 %
Allowance for loan losses		(925)	
Total loans receivable, net		$ 48,655	

(1) Year of maturity for our performing loans represents the initial maturity and does not include any extension options.
(2) The maturity for this loan is September 2057.

The tables below summarize our loan portfolio and the allowances for loan losses associated with our loan portfolio ($ in thousands):

	December 31, 2022					
	Number of Loans	Gross Book Value	Allowance for Loan Losses	Net Book Value	% of Total	Allowance for Loan Losses as a % of Gross Book Value
Performing loans	2	$ 20,087	$ (529)	$ 19,558	40.2%	2.6%
Non-performing loans	1	29,493	(396)	29,097	59.8%	1.3%
Total	3	$ 49,580	$ (925)	$ 48,655	100.0%	1.9%

	December 31, 2021					
	Number of Loans	Gross Book Value	Allowance for Loan Losses	Net Book Value	% of Total	Allowance for Loan Losses as a % of Gross Book Value
Performing loans	8	$ 153,043	$ (1,888)	$ 151,155	45.5%	1.2%
Non-performing loans	1	59,640	(576)	59,064	17.7%	1.0%
Other lending investments	2	124,930	(2,305)	122,625	36.8%	1.8%
Total	11	$ 337,613	$ (4,769)	$ 332,844	100.0%	1.4%

Performing Loans-The table below summarizes our performing loans, excluding loans held through equity method investments, gross of allowances ($in thousands):

	December 31, 2022	December 31, 2021
Senior mortgages	$ 6,756	$ 139,968
Corporate/Partnership loans	—	618
Subordinate mortgages	13,331	12,457
Total	$ 20,087	$ 153,043

Non-Performing Loans—We designate loans as non-performing at such time as: (1) interest payments become 90 days delinquent; (2) the loan has a maturity default; or (3) management determines it is probable that we will be unable to collect all amounts due according to the contractual terms of the loan. All non-performing loans are placed on non-accrual status and income is only recognized in certain cases upon actual cash receipt. As of December 31, 2022, we had

two non-performing loans (one of which is classified as held for sale as of December 31, 2022) which had an aggregate carrying value of $66.7 million. As of December 31, 2021, we had one non-performing loan which had a carrying value of $59.1 million. We expect that our level of non-performing loans will fluctuate from period to period.

Allowance for Loan Losses—The allowance for loan losses was $0.9 million as of December 31, 2022, or 1.9% of total loans and other lending investments, compared to $4.8 million, or 1.4%, as of December 31, 2021. We expect that our level of Expected Losses (refer to Note 3 to the consolidated financial statements) will fluctuate from period to period. Due to the volatility of the commercial real estate market, the process of estimating collateral values and Expected Losses requires the use of significant judgment. We currently believe there is adequate collateral and allowances to support the carrying values of the loans and other lending investments.

The allowance for loan losses includes an asset-specific component and a formula-based component. An asset-specific allowance is established for an impaired loan when the estimated fair value of the loan's collateral less costs to sell is lower than the carrying value of the loan. As of December 31, 2022 and 2021, asset-specific allowances were $0.4 million and $0.6 million, respectively.

We estimate the formula-based component based on historical realized losses experienced within our portfolio and take into account current economic conditions affecting the commercial real estate market. In addition, we use third-party market data that includes forecasted economic trends, including unemployment rates.

The Expected Loss (refer to Note 3 to the consolidated financial statements) general allowance decreased to $0.5 million, or 2.6% of performing loans, as of December 31, 2022, compared to $4.2 million, or 1.5% of performing loans and other lending investments, as of December 31, 2021. The decrease was due primarily to the repayment of loans during the year ended December 31, 2022.

Operating Properties

Our operating properties represent a pool of assets across a broad range of geographies and property types including hotel, multifamily, retail and entertainment/leisure properties. As of December 31, 2022, the book value of our operating property portfolio, including the carrying value of our equity method investments, totaled $112.9 million.

Portfolio Activity—During the year ended December 31, 2022, we sold a legacy commercial operating property with a carrying value of $14.1 million and recognized gains of $22.5 million and sold residential operating properties with a carrying value of $0.3 million and recognized gains of $2.6 million in “Income from sales of real estate” in our consolidated statements of operations.

Land and Development

As of December 31, 2022, the Company's land and development portfolio includes master planned communities, infill land parcels and waterfront land parcels located throughout the United States. The Company's land and development portfolio included the following, based on net carrying values ($ in thousands):

	As of December 31,	
	2022	2021
Land and development, net	$ 232,014	$ 286,810
Other investments	—	1,096
Total	$ 232,014	$ 287,906

Portfolio Activity—During the year ended December 31, 2022, we sold land parcels and residential lots and units and recognized $61.8 million in "Land development revenue" and $63.4 million in "Land development cost of sales" in our consolidated statement of operations.

The following table presents a land and development portfolio rollforward for the year ended December 31, 2022.

	Land and Development Portfolio Rollforward (in millions)			
	Asbury Park Waterfront	Magnolia Green	All Others	Total Segment
Beginning balance[1]	$ 137.8	$ 95.8	$ 53.2	$ 286.8
Asset sales[2]	(41.0)	(18.9)	(0.5)	(60.4)
Capital expenditures	5.7	14.9	—	20.6
Other	(0.1)	(2.1)	(12.8)	(15.0)
Ending balance	$ 102.4	$ 89.7	$ 39.9	$ 232.0

(1) As of December 31, 2021, Total Segment excludes $1.1 million of equity method investments.
(2) Represents gross book value of the assets sold, rather than proceeds received.

The following is a description of some of our major land and development projects that we are holding for further development. There can be no assurance that we will not change our current strategy for any of the projects described below:

Asbury Park Waterfront

iStar owns 30 acres of oceanfront property in the Asbury Park waterfront redevelopment area in Asbury Park, N.J. iStar serves as the master developer and its land holdings represent approximately 70% of the undeveloped land along the waterfront. Over the past several years, iStar has strategically developed a limited number of residential and commercial projects to re-establish the local housing market and drive momentum for future growth. The existing redeveloper agreement with the city permits up to approximately 2,500 additional units, comprised of for-sale residential homes, hotel keys and multi-family apartments. Future projects are positioned to be developed by iStar or in conjunction with joint venture partners. These individual land parcels could also be sold to third party developers.

Asbury Ocean Club is a 16-story mixed-use project comprised of 130 residential condominium units, a 54-unit boutique hotel, 24,000 square feet of retail space, a 15,000 square foot spa, 26,000 square feet of outdoor amenity space and 410 structured parking spaces, located at 1101 Ocean Avenue in Asbury Park, New Jersey.

Magnolia Green

Magnolia Green is an approximately 1,900 acre multi-generational master-planned residential community that is entitled for 3,550 single and multifamily dwelling units and approximately 193 acres of land for commercial development. The community is located 19 miles southwest of Richmond, Virginia and offers distinct phases designed for people in different life stages, from first home buyers to empty nesters in single family and townhomes built by the area's top homebuilders. The project is anchored by the Magnolia Green Golf Club, a semi-private 18-hole Nicklaus Design championship golf course with full-service clubhouse and driving range. There are also numerous community amenities, including the Aquatic Center, featuring multiple pools and a snack bar, Arbor Walk, featuring a junior Olympic competition pool, water slide and sports courts, the Tennis Center, featuring tennis and pickleball courts and a pro shop, and miles of paved trails.

Results of Operations for the Year Ended December 31, 2022 compared to the Year Ended December 31, 2021

	For the Year Ended December 31,		
	2022	2021	$ Change
	(in thousands)		
Operating lease income	$ 12,859	$ 16,824	$ (3,965)
Interest income	12,415	31,229	(18,814)
Interest income from sales-type leases	869	1,215	(346)
Other income	70,155	70,259	(104)
Land development revenue	61,753	189,103	(127,350)
Total revenue	158,051	308,630	(150,579)
Interest expense	98,051	115,400	(17,349)
Real estate expense	51,614	45,994	5,620
Land development cost of sales	63,441	171,961	(108,520)
Depreciation and amortization	5,470	7,072	(1,602)
General and administrative	21,271	131,703	(110,432)
Provision for (recovery of) loan losses	44,998	(8,085)	53,083
Impairment of assets	15,109	678	14,431
Other expense	8,913	8,114	799
Total costs and expenses	308,867	472,837	(163,970)
Income from sales of real estate	26,629	26,319	310
Loss on early extinguishment of debt, net	(131,200)	—	(131,200)
Earnings from equity method investments	58,680	154,344	(95,664)
Income tax benefit (expense)	(567)	118	(685)
Net income from discontinued operations	797,688	121,452	676,236
Net income (loss)	$ 600,414	$ 138,026	$ 462,388

Revenue—Operating lease income, which primarily includes income from commercial operating properties, decreased to $12.9 million in 2022 from $16.8 million in 2021. The decrease was primarily due to the sale of assets, partially offset by an increase in rent of $1.2 million at certain of our properties.

Interest income decreased to $12.4 million in 2022 from $31.2 million in 2021. The decrease in interest income was due primarily to a decrease in the average balance of our performing loans and other lending investments due to loan sales and the repayment of loans during 2022.

Interest income from sales-type leases decreased to $0.9 million in 2022 from $1.2 million for the year ended December 31, 2021 and resulted from the sale of Ground Leases in 2022 (refer to Note 5 to the consolidated financial statements).

Other income decreased to $70.2 million in 2022 from $70.3 million in 2021. Other income in 2022 consisted primarily of income from our hotel properties, management fees, gains on the sale of available-for-sale securities, other ancillary income from our land and development projects and operating properties and interest income earned on our cash balances. Other income in 2021 consisted primarily of mark-to-market gains on an equity investment, income from our hotel properties, management fees from SAFE, lease termination fees and other ancillary income from our land and development projects and loan portfolio.

Land development revenue and cost of sales— In 2022, we sold residential lots and units and recognized land development revenue of $61.8 million which had associated cost of sales of $63.4 million. In 2021, we sold residential lots and units and recognized land development revenue of $189.1 million which had associated cost of sales of $172.0 million. The decrease in land development revenue in 2022 was due primarily to five bulk parcel sales in 2021 which contributed $96.9 million to our revenues for the period and a decrease of $30.4 million in revenues from our Naples Reserve (fully sold out in 2022), Magnolia Green and Asbury Park properties.

Costs and expenses—Interest expense decreased to $98.1 million in 2022 from $115.4 million in 2021. The decrease in 2022 was primarily due to a decrease in the average balance of our outstanding debt as we repaid our Senior Term Loan and certain unsecured notes in 2022 (refer to Note 10 to the consolidated financial statements). The balance of

our average outstanding debt was $1.97 billion for 2022 and $2.59 billion for 2021. Our weighted average cost of debt was 5.0% for 2022 and 4.4% for 2021.

Real estate expense increased to $51.6 million in 2022 from $46.0 million in 2021. The increase was primarily due to an increase in expenses at certain of our hotel and retail operating properties that have increased operations from the prior year due to COVID-19.

Depreciation and amortization was $5.5 million in 2022 and $7.1 million in 2021 and relates primarily to our operating properties portfolio. The decrease in 2022 was due primarily to a $1.3 million decrease in expense at one of our properties due to a lease termination in 2021.

General and administrative expense includes payroll and related costs, performance-based compensation, public company costs and occupancy costs. General and administrative expense decreased to $21.3 million in 2022 from $131.7 million in 2021. The decrease in 2022 was due primarily to a $111.0 million decrease in performance-based compensation. Our primary forms of performance-based compensation are our iPIP Plans and our annual bonus pool (refer to Note 14 to the consolidated financial statements for more information on the iPIP Plans). In addition, illustrative examples of our iPIP Plans may be found in our 2021 definitive proxy statement which is publicly available on the SEC's website.

The provision for loan losses was $45.0 million in 2022 as compared to a recovery of loan losses of $8.1 million in 2021. The provision for loan losses in 2022 resulted primarily from a $22.2 million provision on our held-to-maturity security, which was repaid in December 2022 and a $23.8 million provision on a loan prior to it being classified as held for sale. The recovery of loan losses for the year ended December 31, 2021 resulted from the reversal of Expected Loss (refer to Note 3 to the consolidated financial statements) allowances on loans that repaid in full during the year ended December 31, 2021 and from an improving macroeconomic forecast on commercial real estate markets since December 31, 2020.

During the year ended December 31, 2022, we recognized an impairment of $12.7 million on a land property, a $1.8 million impairment on an operating property and a $0.6 million impairment on residential homes. The impairments were based on the expected cash flows to be received. During the year ended December 31, 2021, we recorded an aggregate impairment of $0.7 million in connection with the sale of residential condominiums.

Other expense increased to $8.9 million in 2022 from $8.1 million in 2021. The increase in 2022 was due primarily to legal and consulting costs in connection with our anticipated Merger with SAFE, which was partially offset by fees incurred from debt transactions in 2021.

Income from sales of real estate—Income from sales of real estate increased to $26.6 million in 2022 from $26.3 million in 2021. During the year ended December 31, 2022, we recorded $25.2 million income from sales of real estate from the sale of an operating property and $1.4 million from the sale of Ground Leases. During the year ended December 31, 2021, we recorded $26.3 million of income from sales of real estate from the sale of an operating property and residential condominiums.

Loss on early extinguishment of debt, net—During the year ended December 31, 2022, we incurred losses on early extinguishment of debt of $131.2 million resulting primarily from the redemption of our unsecured convertible notes (refer to Note 3 and Note 10 to the consolidated financial statements) and the repayment of our senior term loan in connection with our Net Lease Sale.

Earnings from equity method investments—Earnings from equity method investments decreased to $58.7 million in 2022 from $154.3 million in 2021. In 2022, we recognized $38.9 million of income from our equity method investment in SAFE (which included a realized loss of $49.3 million on our distribution of SAFE shares of common stock to our shareholders at a fair value below our carrying value), $11.5 million primarily from the sale of a multifamily property at one of our venturers, $5.0 million primarily from the settlement of our interest in a venture and $3.3 million of net aggregate income from our remaining equity method investments. In 2021, we recognized $108.4 million of income from our equity method investment in SAFE (which included a dilution gain of $60.7 million – refer to Note 8 to the consolidated financial statements) and $45.9 million of net aggregate income from our remaining equity method investments, which included $18.6 million of income and gains from one equity method investment and $17.3 million from another of our equity method investments resulting from our share of income from land sales at the venture.

Income tax expense—An income tax expense of $0.6 million was recorded in 2022 due primarily to state and local taxes related to the sale of our net lease assets and a $0.1 million income tax benefit was recorded in 2021.

Net income from discontinued operations—In March 2022, we closed on the sale of the majority of our net lease properties owned directly and through ventures. Our net lease assets were comprised of office, entertainment and industrial properties located in the United States. Our net lease assets associated with our Ground Lease businesses were not included in the sale. Net income from discontinued operations represents the operating results from the net lease assets that are not associated with our Ground Lease businesses (refer to Note 3 to the consolidated financial statements - Net Lease Sale and Discontinued Operations).

Adjusted Earnings

In 2019, we announced a new business strategy that would focus our management personnel and our investment resources primarily on scaling our Ground Lease platform. As part of this strategy, we accelerated the monetization of legacy assets and deployed a substantial portion of the proceeds into additional investments in SAFE and new loan and net lease originations relating to the Ground Lease business. Adjusted earnings is a non-GAAP metric management uses to assess our execution of this strategy and the performance of our operations.

Adjusted earnings is used internally as a supplemental performance measure adjusting for certain items to give management a view of income more directly derived from operating activities in the period in which they occur. Adjusted earnings is calculated as net income (loss) allocable to common shareholders, prior to the effect of depreciation and amortization, including our proportionate share of depreciation and amortization from equity method investments and excluding depreciation and amortization allocable to noncontrolling interests, stock-based compensation expense, the non-cash portion of loss on early extinguishment of debt and the liquidation preference recorded as a premium above book value on the redemption of preferred stock ("Adjusted Earnings").

Adjusted Earnings should be examined in conjunction with net income (loss) as shown in our consolidated statements of operations. Adjusted Earnings should not be considered as an alternative to net income (loss) (determined in accordance with generally accepted accounting principles in the United States of America ("GAAP")), or to cash flows from operating activities (determined in accordance with GAAP), as a measure of our liquidity, nor is Adjusted Earnings indicative of funds available to fund our cash needs or available for distribution to shareholders. Rather, Adjusted Earnings 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. It should be noted that our manner of calculating Adjusted Earnings may differ from the calculations of similarly-titled measures by other companies.

	For the Year Ended December 31,	
	2022	2021
	(in thousands)	
Adjusted Earnings		
Net income (loss) allocable to common shareholders	$ 397,792	$ 108,985
Add: Depreciation and amortization	15,359	66,629
Add: Stock-based compensation expense	(27,664)	69,261
Add: Non-cash portion of loss on early extinguishment of debt	136,464	—
Adjusted earnings allocable to common shareholders	$ 521,951	$ 244,875

Liquidity and Capital Resources

As of December 31, 2022, we had unrestricted cash of $1.4 billion. Our primary cash uses over the next 12 months are expected to be repayment of our debt obligations (refer to Note 1 and Note 10 to the consolidated financial statements), redemption of our preferred stock (refer to Note 1 and Note 13 to the consolidated financial statements), funding of investments in our Ground Lease and Ground Lease adjacent businesses, capital expenditures on legacy assets, distributions to shareholders through dividends and funding ongoing business operations, including operating lease payments (refer to Note 11 to the consolidated financial statements). The amount we actually invest will depend on the closing of the Merger with SAFE, asset sales, the continuing impact of the COVID-19 pandemic, inflation, interest rate increases, market volatility and other macroeconomic factors on our business.

Beginning in April 2022 and continuing through September 2022, we completed separate, privately-negotiated transactions with holders of our 3.125% convertible notes in which the noteholders exchanged their convertible notes with us for newly issued shares of our common stock and cash (refer to Note 10 to the consolidated financial statements). We also repaid $0.5 million principal amount of our 3.125% convertible notes for cash at maturity. The Merger Agreement provides that we will cash out all of our outstanding preferred stock in the Merger at the liquidation preference per share plus accrued and unpaid dividends and contains a covenant that we retire all of our remaining senior unsecured notes in connection with the Merger. We had approximately $146.6 million of maximum unfunded commitments associated with our investments as of December 31, 2022, of which we expect to fund the majority of over the next two years, assuming borrowers and tenants meet all milestones, performance hurdles and all other conditions to fundings (see "Unfunded Commitments" below). We also have approximately $36.1 million principal amount of scheduled real estate finance maturities over the next 12 months, exclusive of any extension options that can be exercised by our borrowers.

We also have amounts due under our liability-classified and equity-classified iPIP Plans. We currently estimate the total amount due under our iPIP Plans to be $105 million, assuming SAFE is valued at a price of $32.11 per share and our other assets perform with current underwriting expectations. Of this amount, $60 million has been accrued in our financial statements (refer to Note 14 to the consolidated financial statements). Distributions on our iPIP Plans are expected to be 50% in cash and 50% in shares of our common stock; provided, however, that (a) the cash portion will be increased if we do not have sufficient shares available under shareholder approved equity plans; and (b) if the principal remaining material asset in a plan is unsold SAFE shares, we may elect to distribute SAFE shares in lieu of cash and our common stock. Additional information on our iPIP Plans can be found in Note 14 to the consolidated financial statements and our 2021 Proxy Statement, both of which are available on our website.

We expect that we will be able to meet our liquidity requirements over the next 12 months and for the reasonably foreseeable future. Our capital sources to meet such cash requirements are expected to include cash on hand, income from our portfolio, loan repayments from borrowers, proceeds from asset sales and, additionally in connection with the Merger, proceeds from financings. We cannot predict with certainty the specific transactions we will undertake to generate sufficient liquidity to meet our obligations as they come due. We will adjust our plans as appropriate in response to changes in our expectations and changes in market conditions.

The following table outlines our cash flows provided by operating activities, cash flows used in investing activities and cash flows provided by financing activities for the years ended December 31, 2022 and 2021 ($ in thousands):

	For the Years Ended December 31,		
	2022	**2021**	**Change**
Cash flows provided by (used in) operating activities	$ 47,667	$ (20,327)	$ 67,994
Cash flows provided by investing activities	2,787,812	514,016	2,273,796
Cash flows used in financing activities	(1,780,704)	(250,135)	(1,530,569)

The increase in cash flows provided by operating activities during 2022 was due primarily to proceeds received from the sale of a loan receivable held for sale and an increase in distributions of earnings from other investments in 2022, which was partially offset by iPIP Plan payments and a decrease in the amount of deferred interest on loans collected in 2022 versus 2021. The increases in cash flows provided by investing activities during 2022 was due primarily to the Net Lease Sale (refer to Note 3 to the consolidated financial statements). The increase in cash flows used in financing activities during 2022 was due primarily to the Net Lease Sale (refer to Note 3 to the consolidated financial statements) and settlements and repayments of our unsecured notes.

Unsecured Notes— As of December 31, 2022, the Company has senior unsecured notes outstanding with varying fixed-rates and maturities ranging from October 2024 to February 2026. The Company's senior unsecured notes are interest only, are generally redeemable at the option of the Company and contain certain financial covenants (see below).

Debt Covenants—Our outstanding unsecured debt securities contain corporate level covenants that include a covenant to maintain a ratio of unencumbered assets to unsecured indebtedness, as such terms are defined in the indentures governing the debt securities, of at least 1.3x and a covenant restricting certain incurrences of debt based on a fixed charge

coverage ratio. If any of our covenants are breached and not cured within applicable cure periods, the breach could result in acceleration of our debt securities unless a waiver or modification is agreed upon with the requisite percentage of the bondholders.

Derivatives—Our use of derivative financial instruments, if necessary, has primarily been limited to the utilization of interest rate swaps, interest rate caps or other instruments to manage interest rate risk exposure and foreign exchange contracts to manage our risk to changes in foreign currencies. See Item 8—"Financial Statements and Supplemental Data—Note 13" for further details.

Unfunded Commitments—We generally fund construction and development loans and build-outs of space in real estate assets over a period of time if and when the borrowers and tenants meet established milestones and other performance criteria. We refer to these arrangements as Performance-Based Commitments.

As of December 31, 2022, the maximum amount of fundings we may be obligated to make under each category, assuming all performance hurdles and milestones are met under the Performance-Based Commitments are as follows (in thousands):

	Other Investments
Performance-Based Commitments	$ 146,560

Stock Repurchase Program—We may repurchase shares in negotiated transactions or open market transactions, including through one or more trading plans. We did not repurchase any shares of our common stock during the year ended December 31, 2022. During the year ended December 31, 2021, we repurchased 5.5 million shares of our outstanding common stock for $122.4 million, for an average cost of $22.38 per share. During the year ended December 31, 2020, we repurchased 4.2 million shares of our outstanding common stock for $48.4 million, for an average cost of $11.48 per share. We generally maintain continuing authorization to repurchase up to $50.0 million in shares of our common stock. As of December 31, 2022, we had remaining authorization to repurchase up to $50.0 million of our common stock under our stock repurchase program.

Critical Accounting Estimates

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

During 2022, management reviewed and evaluated these critical accounting estimates and believes they are appropriate. Our significant accounting policies are described in Item 8—"Financial Statements and Supplemental Data—Note 3." The following is a summary of accounting policies that require more significant management estimates and judgments:

Allowance for loan losses and losses on net investment in leases—We perform a quarterly comprehensive analysis of our loan and sales-type lease portfolios and assign risk ratings that incorporate management's current judgments about credit quality based on all known and relevant internal and external factors that may affect collectability. We consider, among other things, payment status, lien position, borrower or tenant financial resources and investment collateral, collateral type, project economics and geographical location as well as national and regional economic factors. This methodology results in loans and sales-type leases being risk rated, with ratings ranging from "1" to "5" with "1" representing the lowest risk of loss and "5" representing the highest risk of loss.

We estimate our expected loss ("Expected Loss") on our loans (including unfunded loan commitments), held-to-maturity debt securities and net investment in leases based on relevant information including historical realized loss rates,

current market conditions and reasonable and supportable forecasts that affect the collectability of our investments. The estimate of our Expected Loss requires significant judgment and we analyze our loan portfolio based upon our different categories of financial assets, which includes: (i) loans and held-to-maturity debt securities; (ii) construction loans; and (iii) net investment in leases and financings that resulted from the acquisition of properties that did not qualify as a sale leaseback transaction and, as such, are accounted for as financing receivables (refer to Note 5 to the consolidated financial statements).

For our loans, held-to-maturity debt securities, construction loans, net investment in leases and financings that resulted from the acquisition of properties that did not qualify as sale leaseback transactions, we analyzed our historical realized loss experience to estimate our Expected Loss. We adjusted our Expected Loss through the use of third-party market data that provided current and future economic conditions that may impact the performance of the commercial real estate assets securing our investments.

We consider a loan or sales-type lease to be non-performing and place it on non-accrual status at such time as: (1) interest payments become 90 days delinquent; (2) it has a maturity default; or (3) management determines it is probable that it will be unable to collect all amounts due according to the contractual terms of the loan or sales-type lease. Non-accrual loans or sales-type leases are returned to accrual status when they have become contractually current and management believes all amounts contractually owed will be received. We will record a specific allowance on a non-performing loan or sales-type lease if we determine that the collateral fair value less costs to sell is less than the carrying value of the collateral-dependent asset. The specific allowance is increased (decreased) through "Provision for (recovery of) loan losses" or "Provision for losses on net investment in leases" in our consolidated statements of operations and is decreased by charge-offs. During delinquency and the foreclosure process, there are typically numerous points of negotiation with the borrower or tenant as we work toward a settlement or other alternative resolution, which can impact the potential for repayment or receipt of collateral. Our policy is to charge off a loan when we determine, based on a variety of factors, that all commercially reasonable means of recovering the loan balance have been exhausted. This may occur at different times, including when we receive cash or other assets in a pre-foreclosure sale or take control of the underlying collateral in full satisfaction of the loan upon foreclosure or deed-in-lieu, or when we have otherwise ceased significant collection efforts. We consider circumstances such as the foregoing to be indicators that the final steps in the loan collection process have occurred and that a loan is uncollectible. At this point, a loss is confirmed and the loan and related allowance will be charged off.

The provision for (recovery of) loan losses for the years ended December 31, 2022, 2021 and 2020 were $45.0 million, $(8.1) million and $8.9 million, respectively.

Impairment or disposal of long-lived assets— We periodically review real estate to be held for use and land and development assets for impairment in value whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. The asset's value is impaired only 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) is less than the carrying value. Such estimate of cash flows considers factors such as expected future operating income, trends and prospects, 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 property over the fair value of the asset and reflected as an adjustment to the basis of the asset. Impairments of real estate and land and development assets are recorded in "Impairment of assets" in our consolidated statements of operations. Estimating future cash flows and fair values is highly subjective and such estimates could differ materially from actual results.

Real estate assets to be disposed of are reported at the lower of their carrying amount or estimated fair value less costs to sell and are included in "Real estate available and held for sale" on our consolidated balance sheets. The difference between the estimated fair value less costs to sell and the carrying value will be recorded as an impairment charge. Impairment for real estate assets are included in "Impairment of assets" in our consolidated statements of operations. Once the asset is classified as held for sale, depreciation expense is no longer recorded.

During the year ended December 31, 2022, we recorded aggregate impairments on real estate and land and development assets of $15.1 million. During the year ended December 31, 2021, we recorded an impairment of $0.7 million in connection with the sale of residential condominiums. During the year ended December 31, 2020, we recorded an aggregate impairment of $5.8 million on a real estate asset held for sale and land and development assets.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk

Market Risks

Market risk is the exposure to loss resulting from changes in interest rates, foreign currency exchange rates, commodity prices and equity prices. In pursuing our business plan, the primary market risk to which we are exposed is interest rate risk. Our operating results will depend in part on the difference between the interest and related income earned on our assets and the interest expense incurred in connection with our interest-bearing liabilities. Changes in the general level of interest rates prevailing in the financial markets will affect the spread between our floating rate assets and liabilities subject to the net amount of floating rate assets/liabilities and the impact of interest rate floors and caps. Any significant compression of the spreads between interest-earning assets and interest-bearing liabilities could have a material adverse effect on us.

In the event of a significant rising interest rate environment or economic downturn, defaults could increase and cause us to incur additional credit losses which would adversely affect our liquidity and operating results. Such delinquencies or defaults would likely have a material adverse effect on the spreads between interest-earning assets and interest-bearing liabilities. In addition, an increase in interest rates could, among other things, reduce the value of our fixed-rate interest-bearing assets and our ability to realize gains from the sale of such assets.

Interest rates are highly sensitive to many factors, including governmental monetary and tax policies, domestic and international economic and political conditions, and other factors beyond our control. We monitor the spreads between our interest-earning assets and interest-bearing liabilities and may implement hedging strategies to limit the effects of changes in interest rates on our operations, including engaging in interest rate swaps, interest rate caps and other interest rate-related derivative contracts. Such strategies are designed to reduce our exposure, on specific transactions or on a portfolio basis, to changes in cash flows as a result of interest rate movements in the market. We do not enter into derivative contracts for speculative purposes or as a hedge against changes in our credit risk or the credit risk of our borrowers.

While a REIT may utilize derivative instruments to hedge interest rate risk on its liabilities incurred to acquire or carry real estate assets without generating non-qualifying income, use of derivatives for other purposes will generate non-qualified income for REIT income test purposes. This includes hedging asset related risks such as credit, foreign exchange and interest rate exposure on our loan assets. As a result our ability to hedge these types of risks is limited. There can be no assurance that our profitability will not be materially adversely affected during any period as a result of changing interest rates.

The following table quantifies the potential changes in annual net income, assuming no change in our interest earning assets or interest bearing liabilities, should interest rates decrease or increase by 10, 50 or 100 basis points, assuming no change in the shape of the yield curve (i.e., relative interest rates). The base interest rate scenario assumes the one-month LIBOR rate of 4.39157% as of December 31, 2022. Actual results could differ significantly from those estimated in the table.

Estimated Change In Net Income
($ in thousands)

Change in Interest Rates	Net Income[(1)]
-100 Basis Points	$ (13,848)
-50 Basis Points	(6,924)
-10 Basis Points	(1,385)
Base Interest Rate	—
+10 Basis Points	1,385
+50 Basis Points	6,924
+100 Basis Points	13,848

(1) We have an overall net variable-rate liability position. In addition, as of December 31, 2022, $36.1 million of our floating rate loans have a weighted average LIBOR floor of 2.1%.

Item 8. Financial Statements and Supplementary Data

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All other schedules are omitted because they are not applicable or the required information is shown in the financial statements or notes thereto.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and the Board of Directors of iStar Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of iStar Inc. and subsidiaries (the "Company") as of December 31, 2022 and 2021, the related consolidated statements of operations, comprehensive income (loss), changes in equity, and cash flows, for each of the three years in the period ended December 31, 2022, and the related notes and the schedules listed in the Index at Item 15 (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2022, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2022, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 21, 2023, expressed an unqualified opinion on the Company's internal control over financial reporting.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current-period audit of the financial statements that was communicated or required to be communicated to the audit committee and that (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Current Expected Credit Loss ("Expected Loss") – Estimation of Fair Value of Underlying Collateral of Loans Exhibiting Signs of Financial Difficulty - Refer to Note 3 and Note 7 to the financial statements

Critical Audit Matter Description

The Company estimates its Expected Loss on its collateral-dependent non-performing loans where the borrower is experiencing financial difficulty using the estimated fair value of the collateral. The estimate of the Company's Expected Loss on such loans required judgment when determining the fair value of the collateral securing the loans.

The Company records a specific allowance using a practical expedient in accordance with the CECL standard if the Company determines that the collateral fair value is less than the carrying value of the loan. The Company generally uses the income approach through internally developed valuation models to estimate the fair value of the collateral for such loans. In some cases, the Company obtains external "as is" appraisals for loan collateral. Significant judgments are required in determining the specific allowance, including estimates and assumptions regarding the fair value of the

collateral and other estimates.

The determination of the Company's specific allowance for these loans represents a critical audit matter given the level of subjectivity and judgement involved. Performing audit procedures to evaluate the specific allowance for non-performing loans required a high degree of auditor judgment, and an increased extent of effort to evaluate whether management reasonably and appropriately quantified the fair value of the collateral.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the determination of the fair value for those assets in which the borrower exhibits signs of financial difficulty as part of estimation of the Expected Loss included the following, among others:

- We tested the design and effectiveness of controls implemented by the Company in relation to the calculation of the specific allowance, including management's review of the fair value analysis performed in relation to collateral including related assumptions and inputs used within the fair value analysis.
- We evaluated the Company's determination of fair value of the collateral with the assistance of fair value specialists, by evaluating the reasonableness of the (1) valuation methodology; (2) significant assumptions made, including whether the significant inputs used in the model were appropriate and consistent with what market participants would use to value the collateral; and (3) mathematical accuracy of the overall valuation model.
- We tested the underlying data used to develop the fair value to determine that the information used in the analysis was accurate and complete.
- We considered whether events or transactions that occurred after the balance sheet date but before the completion of the audit affect the conclusions reached on the fair value measures and disclosures.

/s/ DELOITTE & TOUCHE LLP

New York, New York
February 21, 2023

We have served as the Company's auditor since 2018.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and the Board of Directors of iStar, Inc.

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of iStar Inc. and subsidiaries (the “Company”) as of December 31, 2022, based on criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2022, based on criteria established in Internal Control — Integrated Framework (2013) issued by COSO.
We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended December 31, 2022, of the Company and our report dated February 21, 2023, expressed an unqualified opinion on those financial statements.

Basis for Opinion

The Company’s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management’s Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company’s internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company’s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ DELOITTE & TOUCHE LLP

New York, New York
February 21, 2023

iStar Inc.
Consolidated Balance Sheets
(In thousands, except per share data)[1]

	As of December 31, 2022	As of December 31, 2021
ASSETS		
Real estate		
Real estate, at cost	$ 94,593	$ 113,510
Less: accumulated depreciation	(18,096)	(21,360)
Real estate, net	76,497	92,150
Real estate available and held for sale	3,977	301
Total real estate	80,474	92,451
Real estate and other assets available and held for sale and classified as discontinued operations[2]	2,939	2,299,711
Net investment in leases	—	43,215
Land and development, net	232,014	286,810
Loans receivable and other lending investments, net ($925 and $4,769 of allowances as of December 31, 2022 and 2021, respectively)	48,655	332,844
Loans receivable held for sale	37,650	43,215
Other investments	1,360,682	1,297,281
Cash and cash equivalents	1,442,269	339,601
Accrued interest and operating lease income receivable, net	1,132	1,813
Deferred operating lease income receivable, net	1,137	3,159
Deferred expenses and other assets, net	46,276	100,434
Total assets	$ 3,253,228	$ 4,840,534
LIABILITIES AND EQUITY		
Liabilities:		
Accounts payable, accrued expenses and other liabilities	$ 143,477	$ 236,732
Liabilities associated with real estate held for sale and classified as discontinued operations[2]	333	968,419
Liabilities associated with properties held for sale	—	3
Debt obligations, net	1,682,521	2,572,174
Total liabilities	1,826,331	3,777,328
Commitments and contingencies (refer to Note 11)		
Equity:		
iStar Inc. shareholders' equity:		
Preferred Stock Series D, G and I, liquidation preference $25.00 per share	12	12
Common Stock, $0.001 par value, 200,000 shares authorized, 86,724 and 68,870 shares issued and outstanding as of December 31, 2022 and 2021, respectively	87	69
Additional paid-in capital	3,459,459	3,100,015
Accumulated deficit	(2,053,270)	(2,227,213)
Accumulated other comprehensive income (loss)	2,230	(21,587)
Total iStar Inc. shareholders' equity	1,408,518	851,296
Noncontrolling interests	18,379	211,910
Total equity	1,426,897	1,063,206
Total liabilities and equity	$ 3,253,228	$ 4,840,534

(1) Refer to Note 2 for details on the Company's consolidated variable interest entities ("VIEs"). Certain items have been reclassified to "Real estate and other assets available and held for sale and classified as discontinued operations" and "Liabilities associated with real estate held for sale and classified as discontinued operations" (refer to Note 3).
(2) Refer to Note 3 – Net Lease Sale and Discontinued Operations.

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

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

	For the Years Ended December 31,		
	2022	2021	2020
Revenues:			
Operating lease income	$ 12,859	$ 16,824	$ 24,276
Interest income	12,415	31,229	56,676
Interest income from sales-type leases	869	1,215	—
Other income[(1)]	70,155	70,259	78,445
Land development revenue	61,753	189,103	164,702
Total revenues	158,051	308,630	324,099
Costs and expenses:			
Interest expense	98,051	115,400	126,828
Real estate expense	51,614	45,994	46,083
Land development cost of sales	63,441	171,961	177,727
Depreciation and amortization	5,470	7,072	7,327
General and administrative	21,271	131,703	100,879
Provision for (recovery of) loan losses	44,998	(8,085)	8,866
Impairment of assets	15,109	678	5,791
Other expense	8,913	8,114	569
Total costs and expenses	308,867	472,837	474,070
Income from sales of real estate	26,629	26,319	6,318
Loss from operations before earnings from equity method investments and other items	(124,187)	(137,888)	(143,653)
Loss on early extinguishment of debt, net	(131,200)	—	(12,038)
Earnings from equity method investments	58,680	154,344	39,472
Net income (loss) from continuing operations before income taxes	(196,707)	16,456	(116,219)
Income tax benefit (expense)	(567)	118	(89)
Net income (loss) from continuing operations	(197,274)	16,574	(116,308)
Net income from discontinued operations[(2)]	797,688	121,452	85,455
Net income (loss)	600,414	138,026	(30,853)
Net loss (income) from continuing operations attributable to noncontrolling interests	(37)	75	(337)
Net (income) from discontinued operations attributable to noncontrolling interests	(179,089)	(5,620)	(11,251)
Net income (loss) attributable to iStar Inc.	421,288	132,481	(42,441)
Preferred dividends	(23,496)	(23,496)	(23,496)
Net income (loss) allocable to common shareholders	$ 397,792	$ 108,985	$ (65,937)
Per common share data:			
Net income (loss) allocable to common shareholders			
Basic and diluted	$ 4.92	$ 1.51	$ (0.87)
Net loss from continuing operations and allocable to common shareholders:			
Basic and diluted	$ (2.74)	$ (0.10)	$ (1.85)
Net income from discontinued operations and allocable to common shareholders:			
Basic and diluted	$ 7.66	$ 1.61	$ 0.98
Weighted average number of common shares:			
Basic and diluted	80,722	71,831	75,684

(1) During the years ended December 31, 2022, 2021, and 2020, includes $20.7 million, $15.1 million and $12.9 million, respectively, of management fees from related parties.
(2) Refer to Note 3 – Net Lease Sale and Discontinued Operations.

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

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

	For the Years Ended December 31,		
	2022	2021	2020
Net income (loss)	$ 600,414	$ 138,026	$ (30,853)
Other comprehensive income (loss):			
Reclassification of losses on cash flow hedges into earnings upon realization[1]	7,737	24,566	8,075
Reclassification of losses on available-for-sale securities	386	—	—
Unrealized gains (losses) on available-for-sale securities	(4,623)	(357)	1,838
Unrealized gains (losses) on cash flow hedges	20,317	13,386	(28,290)
Other comprehensive income (loss)	23,817	37,595	(18,377)
Comprehensive income (loss)	624,231	175,621	(49,230)
Comprehensive (income) attributable to noncontrolling interests[2]	(179,126)	(21,860)	(7,184)
Comprehensive income (loss) attributable to iStar Inc.	$ 445,105	$ 153,761	$ (56,414)

(1) Reclassified to "Net income from discontinued operations" in the Company's consolidated statements of operations are $22,623 and $6,974 for the years ended December 31, 2021 and 2020, respectively. Reclassified to "Earnings (losses) from equity method investments" in the Company's consolidated statements of operations are $7,737, $1,943 and $1,101, respectively, for the years ended December 31, 2022, 2021 and 2020.

(2) For the years ended December 31, 2022, 2021 and 2020, includes $179.1 million, $16.3 million and $6.8 million, respectively, of comprehensive income attributable to noncontrolling interests was from discontinued operations.

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

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

	iStar Inc. Shareholders' Equity						
	Preferred Stock	Common Stock at Par	Additional Paid-In Capital	Retained Earnings (Deficit)	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interests	Total Equity
Balance as of December 31, 2019	$ 12	$ 78	$ 3,284,877	$ (2,205,838)	$ (38,707)	$ 197,538	$ 1,237,960
Impact from adoption of new accounting standards (refer to Note 3)	—	—	—	(12,382)	—	—	(12,382)
Dividends declared—preferred	—	—	—	(23,496)	—	—	(23,496)
Dividends declared—common ($0.43 per share)	—	—	—	(32,815)	—	—	(32,815)
Issuance of stock/restricted stock unit amortization, net[1]	—	1	4,060	—	—	3,363	7,424
Net income (loss)	—	—	—	(42,441)	—	11,588	(30,853)
Change in accumulated other comprehensive income (loss)	—	—	—	—	(13,973)	(4,404)	(18,377)
Repurchase of stock	—	(5)	(48,402)	—	—	—	(48,407)
Contributions from noncontrolling interests	—	—	—	—	—	496	496
Distributions to noncontrolling interests	—	—	—	—	—	(15,167)	(15,167)
Balance as of December 31, 2020	$ 12	$ 74	$ 3,240,535	$ (2,316,972)	$ (52,680)	$ 193,414	$ 1,064,383
Impact from adoption of new accounting standards (refer to Note 3)	—	—	(25,869)	15,850	—	—	(10,019)
Dividends declared—preferred	—	—	—	(23,496)	—	—	(23,496)
Dividends declared—common ($0.485 per share)	—	—	—	(35,076)	—	—	(35,076)
Issuance of stock/restricted stock unit amortization, net[1]	—	—	8,098	—	—	3,752	11,850
Net income	—	—	—	132,481	—	5,545	138,026
Change in accumulated other comprehensive income (loss)	—	—	—	—	31,093	10,670	41,763
Repurchase of stock	—	(5)	(122,414)	—	—	—	(122,419)
Contributions from noncontrolling interests	—	—	—	—	—	12,027	12,027
Distributions to noncontrolling interests	—	—	(335)	—	—	(13,424)	(13,759)
Change to noncontrolling interest	—	—	—	—	—	(74)	(74)
Balance as of December 31, 2021	$ 12	$ 69	$ 3,100,015	$ (2,227,213)	$ (21,587)	$ 211,910	$ 1,063,206
Dividends declared—preferred	—	—	—	(23,496)	—	—	(23,496)
Dividends declared—common ($0.375 per share)	—	—	—	(31,839)	—	—	(31,839)
Issuance of stock/restricted stock unit amortization, net[1]	—	1	11,646	—	—	4,581	16,228
Net income	—	—	—	421,288	—	179,126	600,414
Change in accumulated other comprehensive income (loss)	—	—	—	—	18,380	—	18,380
Paid-in-kind dividend to common shareholders ($2.19 per share)	—	—	—	(192,010)	5,437	—	(186,573)
Issuance of common stock in connection with 3.125% convertible notes[2]	—	17	347,798	—	—	—	347,815
Contributions from noncontrolling interests	—	—	—	—	—	7,893	7,893
Distributions to noncontrolling interests	—	—	—	—	—	(385,131)	(385,131)
Balance as of December 31, 2022	$ 12	$ 87	$ 3,459,459	$ (2,053,270)	$ 2,230	$ 18,379	$ 1,426,897

(1) Net of payments for withholding taxes upon vesting of stock-based compensation.

(2) Refer to Note 10 for details on the Company's 3.125% convertible notes.

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

iStar Inc.
Consolidated Statements of Cash Flows
(In thousands)

	For the Years Ended December 31,		
	2022	2021	2020
Cash flows from operating activities:			
Net income (loss)	$ 600,414	$ 138,026	$ (30,853)
Adjustments to reconcile net income (loss) to cash flows from operating activities:			
(Recovery of) provision for loan losses	44,998	(9,235)	9,052
(Recovery of) provision for losses on net investment in leases	—	(10,872)	1,760
Impairment of assets	16,600	2,965	7,827
Depreciation and amortization	5,470	59,294	58,092
Non-cash interest income from sales-type leases	(1,748)	(25,054)	(24,969)
Stock-based compensation expense	(27,664)	69,261	39,354
Amortization of discounts/premiums and deferred financing costs on debt obligations, net	9,322	8,572	13,328
Amortization of discounts/premiums and deferred interest on loans, net	(6,859)	(14,481)	(30,738)
Deferred interest on loans received	8,725	27,526	20,661
Selling profit from sales-type leases	—	(25,034)	—
Earnings from equity method investments	(185,809)	(162,467)	(42,126)
Distributions from operations of other investments	158,427	51,588	24,826
Deferred operating lease income	(2,055)	(11,310)	(14,052)
Income from sales of real estate	(710,367)	(34,794)	(6,318)
Land development revenue in excess of cost of sales	1,688	(17,142)	13,025
Loss on early extinguishment of debt, net	172,608	—	12,038
Other operating activities, net	(13,043)	720	(19,496)
Changes in assets and liabilities:			
Origination and fundings of loans receivable held for sale, net	—	(59,624)	—
Proceeds from sale of loans receivable held for sale	43,536	—	—
Changes in accrued interest and operating lease income receivable	2,252	5,493	(2,311)
Changes in deferred expenses and other assets, net	(17,562)	(11,995)	(5,351)
Changes in accounts payable, accrued expenses and other liabilities	(51,266)	(1,764)	(1,863)
Cash flows provided by (used in) operating activities	47,667	(20,327)	21,886
Cash flows from investing activities:			
Originations and fundings of loans receivable, net	(6,740)	(75,250)	(119,368)
Capital expenditures on real estate assets	(1,178)	(6,762)	(15,798)
Capital expenditures on land and development assets	(21,875)	(23,929)	(40,954)
Acquisitions of real estate, net investments in leases and land assets	(40,273)	(42,652)	—
Repayments of and principal collections on loans receivable and other lending investments, net	129,109	270,393	208,240
Net proceeds from sales of loans receivable	128,585	122,609	11,000
Net proceeds from sales of real estate	2,021,821	157,258	48,415
Net proceeds from sales of land and development assets	59,946	182,723	161,063
Net proceeds from sales of other investments	608,238	111,429	—
Distributions from other investments	175,398	35,036	39,871
Contributions to and acquisition of interest in other investments	(274,544)	(216,997)	(260,121)
Other investing activities, net	9,325	158	(1,169)
Cash flows provided by investing activities	2,787,812	514,016	31,179
Cash flows from financing activities:			
Borrowings from debt obligations	50,000	25,000	802,913
Repayments and repurchases of debt obligations	(1,154,033)	(73,559)	(913,501)
Purchase of marketable securities in connection with the defeasance of mortgage notes payable	(252,571)	—	—
Preferred dividends paid	(23,496)	(23,496)	(23,496)
Common dividends paid	(30,224)	(34,783)	(32,664)
Repurchase of stock	—	(122,618)	(54,565)
Payments for deferred financing costs	(25)	(14,288)	(7,711)
Payments for withholding taxes upon vesting of stock-based compensation	(10,567)	(4,093)	(2,716)
Contributions from noncontrolling interests	7,893	11,127	496
Distributions to noncontrolling interests	(351,005)	(13,425)	(15,167)
Payments for debt prepayment or extinguishment costs	(16,676)	—	(8,567)
Cash flows used in financing activities	(1,780,704)	(250,135)	(254,978)
Effect of exchange rate changes on cash	(79)	(124)	273
Changes in cash, cash equivalents and restricted cash	1,054,696	243,430	(201,640)
Cash, cash equivalents and restricted cash at beginning of period	393,996	150,566	352,206
Cash, cash equivalents and restricted cash at end of period	$ 1,448,692	$ 393,996	$ 150,566
Supplemental disclosure of cash flow information:			
Cash paid during the period for interest, net of amount capitalized	$ 103,068	$ 143,451	$ 142,453

iStar Inc.
Consolidated Statements of Cash Flows
(In thousands)

	For the Years Ended December 31,		
	2022	2021	2020
Reconciliation of cash and cash equivalents and restricted cash presented on the consolidated statements of cash flows			
Cash and cash equivalents	$ 1,442,269	$ 339,601	$ 98,633
Restricted cash included in deferred expenses and other assets, net	6,423	54,395	51,933
Total cash and cash equivalents and restricted cash	$ 1,448,692	$ 393,996	$ 150,566
Supplemental disclosure of non-cash investing and financing activity:			
Fundings and (repayments) of loan receivables and loan participations, net	$ —	$ (42,501)	$ 6,720
Accounts payable for capital expenditures on land and development and real estate assets	828	3,085	7,604
Contributions to other investments	—	1,000	—
Sales-type lease origination	—	41,000	—
Distributions to noncontrolling interests	34,467	—	—
Defeasance of mortgage notes payable	230,452	—	—
Marketable securities transferred in connection with the defeasance of mortgage notes payable	252,571	—	—
Settlement of senior unsecured notes (refer to Note 10)	218,945	—	—
Increase in net lease assets upon consolidation of equity method investment	—	45,313	—
Increase in debt obligations upon consolidation of equity method investment	—	44,672	—
Non-cash proceeds from sale of land and development asset	—	1,200	—
Financing provided on sales of real estate	—	8,000	—
Accrued finance costs	—	—	115
Accrued repurchase of stock	—	—	200
Transfer of loan receivable to loans receivable held for sale (refer to Note 7)	37,650	—	—
Payment of non-cash dividend (refer to Note 13)	192,010	—	—
Assumption of mortgage by third party	62,825	—	—

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

iStar Inc.
Notes to Consolidated Financial Statements

Note 1—Business and Organization

Business—iStar Inc. (the "Company") finances, invests in and develops real estate and real estate related projects as part of its fully-integrated investment platform. The Company also manages entities focused on ground lease investments (refer to Note 8). The Company has invested capital over the past two decades and is structured as a real estate investment trust ("REIT") with a diversified portfolio focused on larger assets located in major metropolitan markets. The Company's primary reportable business segments are net lease (refer to Note 3 - Net Lease Sale and Discontinued Operations), real estate finance, operating properties and land and development (refer to Note 17).

Organization—The Company began its business in 1993 through the management of private investment funds and became publicly traded in 1998. Since that time, the Company has grown through the origination of new investments and corporate acquisitions.

Merger with Safehold Inc.—On August 10, 2022, the Company entered into an Agreement and Plan of Merger (the "Merger Agreement") with Safehold Inc. ("SAFE"). The Merger Agreement provides that, subject to the terms and conditions thereof, SAFE will merge with and into the Company (the "Merger"). The surviving company of the Merger will be named Safehold Inc. ("New SAFE") and its shares of common stock will trade on the New York Stock Exchange under the symbol "SAFE." The Company expects that the Merger will close in the first quarter or second quarter of 2023.

As discussed further below, shortly before the closing of the Merger, the Company intends to separate its remaining legacy non-ground lease assets and businesses into a separate public company ("Star Holdings") by distributing to the Company's stockholders, on a pro rata basis, the issued and outstanding equity interests of Star Holdings (the "Spin-Off").

Conditions to the Merger

The consummation of the Merger is subject to the satisfaction or waiver of certain closing conditions, including: (i) the approval of the Company's stockholders, (ii) the approval of SAFE's stockholders, (iii) completion of the Spin-Off, (iv) the approval of the shares of STAR Common Stock to be issued in the Merger for listing on the NYSE, (v) the absence of any temporary restraining order, injunction or other order of any court of competent jurisdiction or other legal restraint or prohibition preventing the consummation of the reverse stock split or the Merger, (vi) generation of certain cash proceeds, (vii) the receipt of certain tax opinions by the Company and SAFE that the Merger will qualify as a reorganization under the Internal Revenue Code and that the Company and SAFE each qualifies as a REIT for federal income tax purposes, (viii) the accuracy of certain representations and warranties of the Company and SAFE contained in the Merger Agreement and the compliance by the parties with the covenants contained in the Merger Agreement (subject to customary materiality qualifiers), and (ix) other conditions specified in the Merger Agreement.

Conditions to the Spin-Off

Completion of the Spin-Off is subject to: (i) completion of the documents for the Spin-Off related financings; (ii) the satisfaction or waiver of relevant conditions to the consummation of the Merger; (iii) effectiveness of a registration statement on Securities and Exchange Commission ("SEC") Form 10; (iv) the absence of an injunction or law preventing the consummation of the Spin-Off, the distribution and the transactions related thereto; and (v) other customary closing conditions.

Other Merger related transactions

The Company has entered into an agreement (the "MSD Stock Purchase Agreement") with MSD Partners, L.P. ("MSD Partners") and SAFE under which the Company has agreed to sell and MSD Partners has agreed to buy 5,405,406 shares of the SAFE's common stock owned by the Company for $200.0 million (the "MSD Stock Purchase") shortly before the closing of the Merger. If the Merger Agreement is terminated for any reason, the parties' obligations to consummate the purchase and sale will also terminate. In addition to customary closing conditions, MSD Partners' obligations to purchase SAFE's common stock owned by the Company are subject to the condition that the closing of the MSD Caret Purchase (as defined below) will take place substantially concurrently with the closing of the MSD Stock

Purchase. Upon closing of the transaction, MSD Partners will have a right to designate an observer to the board of directors of New SAFE, a preemptive right on future equity issuances (subject to certain exceptions) and registration rights. MSD Partners will be subject to a customary standstill and certain restrictions on sales of its New SAFE Common Stock.

MSD Partners has also subscribed to purchase 100,000 Caret units from SAFE for an aggregate purchase price of $20.0 million (the "MSD Caret Purchase"), conditioned on the closing of the Spin-Off and the Merger. MSD Partners' obligations to purchase the Caret units are also subject to the closing of the MSD Stock Purchase and the implementation by SAFE of certain changes to its Caret program.

Star Holdings will be capitalized in part with an 8.0%, four-year term loan from New SAFE having an initial principal amount of $100.0 million or such other amount as the parties may agree prior to the closing of the Merger, as well as up to $140.0 million of bank debt from Morgan Stanley Bank, N.A. which will be secured by $400.0 million in shares of SAFE common stock.

New SAFE will enter into a management agreement with Star Holdings, under which it will continue to operate and pursue the orderly monetization of Star Holding's assets. Star Holdings will pay to New SAFE an annual management fee of $25.0 million in year one, $15.0 million in year two, $10.0 million in year three and $5.0 million in year four and 2.0% of the gross book value of Star Holding's assets, excluding shares of SAFE common stock, for each annual term thereafter. New SAFE and Star Holdings will also enter into a governance agreement that will place certain restrictions on the transfer and voting of the shares of New SAFE owned by Star Holdings, and a registration rights agreement under which New SAFE will agree to register such shares for resale in accordance with applicable securities laws.

The Company and SAFE have entered into a voting agreement pursuant to which the Company has agreed vote its shares representing 41.9% of the outstanding SAFE Common Stock to approve the Merger and take certain other actions, including voting against any alternative acquisition proposal or other proposal which could reasonably be expected to materially delay, postpone or materially adversely affect the consummation of the transactions contemplated by the Merger Agreement. In accordance with the terms of the existing stockholders' agreement between SAFE and the Company, the remainder of the SAFE Common Stock owned by the Company will be voted in the same manner and proportion as the votes cast by the remaining shareholders of SAFE. The voting agreement and the obligations thereunder terminate upon the termination of the Merger Agreement in accordance with its terms.

As noted above, the Merger and related transactions are subject to a number of conditions, several of which are outside the Company's control; therefore, there can be no assurance that the Merger and related transactions will occur within the time frame currently expected by the parties, or at all. The foregoing descriptions of the Merger and the Merger Agreement and the related transactions and agreements do not purport to be complete and are subject to, and qualified in their entirety by, the full text of such agreements. Please see the Company's filings with the Securities and Exchange Commission for additional information, including copies of such agreements.

The Company has covenanted to redeem all of its outstanding preferred stock at the liquidation preference per share plus accrued and unpaid dividends and to retire all of its remaining senior unsecured notes in connection with the Merger. The Company's trust preferred securities will remain outstanding at New SAFE.

Note 2—Basis of Presentation and Principles of Consolidation

Basis of Presentation—The accompanying consolidated financial statements have been prepared in conformity with generally accepted accounting principles in the United States of America ("GAAP"). The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

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

involvement with VIEs affects its financial performance and cash flows primarily through amounts recorded in "Net income from discontinued operations," "Operating lease income," "Interest income," "Earnings from equity method investments," "Real estate expense" and "Interest expense" in the Company's consolidated statements of operations. The Company has provided no financial support to those VIEs that it was not previously contractually required to provide.

Consolidated VIEs—The Company consolidates VIEs for which it is considered the primary beneficiary. The liabilities of these VIEs are non-recourse to the Company and can only be satisfied from each VIE's respective assets. The Company did not have any unfunded commitments related to consolidated VIEs as of December 31, 2022. The following table presents the assets and liabilities of the Company's consolidated VIEs as of December 31, 2022 and 2021 ($ in thousands):

	As of	
	December 31, 2022	December 31, 2021
ASSETS		
Real estate		
Real estate, at cost	$ 94,159	$ 93,477
Less: accumulated depreciation	(18,033)	(14,987)
Real estate, net	76,126	78,490
Real estate and other assets available and held for sale and classified as discontinued operations	—	886,845
Land and development, net	128,717	176,833
Cash and cash equivalents	11,886	23,908
Deferred operating lease income receivable, net	6	3
Deferred expenses and other assets, net	6,921	5,001
Total assets	$ 223,656	$ 1,171,081
LIABILITIES		
Accounts payable, accrued expenses and other liabilities	$ 24,406	$ 24,744
Liabilities associated with real estate held for sale and classified as discontinued operations	146	493,739
Total liabilities	24,552	518,483

Unconsolidated VIEs—The Company has investments in VIEs where it is not the primary beneficiary, and accordingly, the VIEs have not been consolidated in the Company's consolidated financial statements. As of December 31, 2022, the Company's maximum exposure to loss from these investments does not exceed the sum of the $32.1 million carrying value of the investments, which are classified in "Other investments" on the Company's consolidated balance sheets.

Note 3—Summary of Significant Accounting Policies

Significant Accounting Policies

Real estate and land and development—Real estate and land and development 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. For real estate projects, the Company begins to capitalize qualifying development and construction costs, including interest, real estate taxes, compensation and certain other carrying costs incurred which are specifically identifiable to a development project once activities necessary to get the asset ready for its intended use have commenced. If specific allocation of costs is not practicable, the Company will allocate costs based on relative fair value prior to construction or relative sales value, relative size or other methods as appropriate during construction. The Company's policy for interest capitalization on qualifying real estate assets is to use the average amount of accumulated expenditures during the period the asset is being prepared for its intended use, which is typically when physical construction commences, and a capitalization rate which is derived from specific borrowings on the qualifying asset or the Company's corporate borrowing rate in the absence of specific borrowings. The Company ceases capitalization on the portions substantially completed and ready for their intended use. Repairs and maintenance costs are expensed as incurred. Depreciation is computed using the straight-line method of cost recovery over the estimated useful life, which is generally 40 years for

facilities, five years for furniture and equipment, 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—The Company's acquisition of properties is generally accounted for as an acquisition of assets. For asset acquisitions, the Company recognizes and measures identifiable assets acquired, liabilities assumed and any noncontrolling interest in the acquiree based on their relative fair values and acquisition-related costs are capitalized and recorded in "Real estate, net" on the Company's consolidated balance sheets.

The Company accounts for its acquisition of properties by recording the purchase price of tangible and intangible assets and liabilities acquired based on their relative 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 relative fair values and included in "Deferred expenses and other assets, net" on the Company's consolidated balance sheets. Intangible liabilities may include the value of below-market leases, which are recorded at their relative fair values and included in "Accounts payable, accrued expenses and other liabilities" on the Company's consolidated balance sheets. In-place leases are amortized over the remaining non-cancelable term and the amortization expense is included in "Depreciation and amortization" in the Company's consolidated statements of operations. Lease incentive assets and above-market (or below-market) lease value is 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 and execute leases with the occupant simultaneously with the purchase of the asset. These transactions are accounted for as asset acquisitions.

Impairments—The Company reviews real estate assets to be held for use and land and development 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 and land and development assets are impaired only 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) is less than the 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 property over the estimated fair value of the asset and reflected as an adjustment to the basis of the asset. Impairments of real estate assets and land and development assets are recorded in "Impairment of assets" in the Company's consolidated statements of operations.

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

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

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

Dispositions—Gains or losses on the sale of real estate assets, including residential property, are recognized in accordance with Accounting Standards Codification ("ASC") 610-20*,* Gains and Losses from the Derecognition of Nonfinancial Assets. The Company primarily uses specific identification and the relative sales value method to allocate costs. Gains on sales of real estate are included in "Income from sales of real estate" or “Net income from discontinued operations” in the Company’s consolidated statements of operations.

Net Investment in Leases—Net investment in leases are recognized when the Company’s leases qualify as sales-type leases. The net investment in leases is initially measured at the present value of the fixed and determinable lease payments, including any guaranteed or unguaranteed estimated residual value of the asset at the end of the lease, discounted at the rate implicit in the lease. Acquisition-related costs are capitalized and recorded in "Net Investment in Leases" on the Company’s consolidated balance sheets. If a lease qualifies as a sales-type lease, it is further evaluated to determine whether the transaction is considered a sale leaseback transaction. If the sales-type lease does not qualify as a sale leaseback transaction, the lease is considered a financing receivable and is recognized in accordance with ASC 310 - Receivables (refer to Note 5) and recorded in "Loans receivable and other lending investments, net" on the Company’s consolidated balance sheets.

Loans receivable and other lending investments, net—Loans receivable and other lending investments, net includes the following investments: senior mortgages, corporate/partnership loans, subordinate mortgages, preferred equity investments and debt securities. Management considers nearly all of its loans to be held-for-investment, although certain investments may be classified as held-for-sale or available-for-sale.

Loans receivable classified as held-for-investment and debt securities classified as held-to-maturity are reported at their outstanding unpaid principal balance net of any unamortized acquisition premiums or discounts and unamortized deferred loan costs or fees. These loans and debt securities could also include accrued and paid-in-kind interest and accrued exit fees that the Company determines are probable of being collected. Debt securities classified as available-for-sale are reported at fair value with unrealized gains and losses recorded in "Accumulated other comprehensive income (loss)" on the Company’s consolidated balance sheets. Realized gains on the sale of available-for-sale securities are recorded in “Other income” in the Company’s consolidated statements of operations.

Loans receivable and other lending investments designated for sale are classified as held-for-sale and are carried at lower of amortized cost or estimated fair value. The amount by which carrying value exceeds fair value is recorded as a valuation allowance. Subsequent changes in the valuation allowance are included in the determination of net income (loss) in the period in which the change occurs.

The Company may acquire properties through foreclosure or by deed-in-lieu of foreclosure in full or partial satisfaction of non-performing loans. Based on the Company’s strategic plan to realize the maximum value from the collateral received, property is classified as "Land and development, net," "Real estate, net" or "Real estate available and held for sale" at its estimated fair value when title to the property is obtained. Any excess of the carrying value of the loan over the estimated fair value of the property (less costs to sell for assets held for sale) is charged-off against the allowance for loan losses as of the date of foreclosure.

Equity method investments—Equity interests are accounted for pursuant to the equity method of accounting if the Company can significantly influence the operating and financial policies of an investee. The Company’s periodic share of earnings and losses in equity method investees is included in "Earnings from equity method investments" in the consolidated statements of operations. Equity method investments are included in "Other investments" on the Company’s consolidated balance sheets. The Company also has equity interests that are not accounted for pursuant to the equity method of accounting. These equity interests are carried at cost, plus or minus any changes in value identified through observable comparable price changes in transactions in identical or similar investments of the same entity. The changes in fair value for these investments are included in "Other income" in the consolidated statements of operations.

The Company periodically reviews equity method investments for impairment in value whenever events or changes in circumstances indicate that the carrying amount of such investments may not be recoverable. The Company will record an impairment charge to the extent that the estimated fair value of an investment is less than its carrying value and the Company determines the impairment is other-than-temporary. Impairment charges are recorded in "Earnings from equity method investments" in the Company’s consolidated statements of operations.

Cash and cash equivalents—Cash and cash equivalents include cash held in banks or invested in money market funds with original maturity terms of less than 90 days.

Restricted cash—Restricted cash represents amounts required to be maintained under certain of the Company's debt obligations, loans, leasing, land development and derivative transactions. Restricted cash is included in "Deferred expenses and other assets, net" on the Company's consolidated balance sheets.

Variable interest entities—The Company evaluates its investments and other contractual arrangements to determine if they constitute variable interests in a VIE. A VIE is an entity where a controlling financial interest is achieved through means other than voting rights. A VIE is consolidated by the primary beneficiary, which is the party that has the power to direct matters that most significantly impact the activities of the VIE and has the obligation to absorb losses or the right to receive benefits of the VIE that could potentially be significant to the VIE. This overall consolidation assessment includes a review of, among other factors, which interests create or absorb variability, contractual terms, the key decision making powers, their impact on the VIE's economic performance, and related party relationships. Where qualitative assessment is not conclusive, the Company performs a quantitative analysis. The Company reassesses its evaluation of the primary beneficiary of a VIE on an ongoing basis and assesses its evaluation of an entity as a VIE upon certain reconsideration events.

Deferred expenses and other assets / Accounts payable, accrued expenses and other liabilities—Deferred expenses and other assets include right-of-use lease assets, prepaid expenses, certain non-tenant receivables, leasing costs, lease incentives and financing fees associated with revolving-debt arrangements. Financing fees associated with other debt obligations are recorded as a reduction of the carrying value of "Debt obligations, net" on the Company's consolidated balance sheets. Lease incentives and leasing costs that include brokerage, legal and other costs are amortized over the life of the respective leases and presented as an operating activity in the Company's consolidated statements of cash flows. External fees and costs incurred to obtain long-term debt financing have been deferred and are amortized over the term of the respective borrowing using the effective interest method. Amortization of leasing costs is included in "Depreciation and amortization" and amortization of deferred financing fees is included in "Interest expense" in the Company's consolidated statements of operations.

The Company, as lessee, records right-of-use operating lease assets in "Deferred expenses and other assets," operating lease liabilities in "Accounts payable, accrued expenses and other liabilities," right-of-use finance lease assets in "Finance lease right of use assets" and finance lease liabilities in "Finance lease liabilities" on its consolidated balance sheets, all measured at the present value of the fixed and determinable lease payments. Some of the Company's lease agreements include extension options, which are not included in the lease payments unless the extensions are reasonably certain to be exercised. For operating leases, the Company recognizes a single lease cost for office leases in "General and administrative" and a single lease cost for ground leases in "Real estate expense" in the consolidated statements of operations, calculated so that the cost of the lease is allocated generally on a straight-line basis over the term of the lease, and classifies all cash payments within operating activities in the consolidated statements of cash flows. For finance leases, the Company recognizes amortization of the right-of-use assets on a straight-line basis over the term of the lease in "Depreciation and amortization" and interest expense on the lease liability using the effective interest method in "Interest expense" in the consolidated statements of operations. Repayments of the principal portion of the finance lease liability are classified within financing activities in the consolidated statements of cash flows and payments of interest on a finance lease liability are classified within operating activities in the consolidated statement of cash flows.

Identified intangible assets and liabilities—Upon the acquisition of a business or an asset, the Company records intangible assets or liabilities acquired at their relative fair values and determines whether such intangible assets or liabilities have finite or indefinite lives. As of December 31, 2022, all such intangible assets and liabilities acquired by the Company have 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 consolidated balance sheets. The Company amortizes finite lived intangible assets and liabilities based on the period over which the assets 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 amount 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 intangible assets are recorded in "Impairment of assets" in the Company’s consolidated statements of operations.

Revenue recognition—The Company’s revenue recognition policies are as follows:

Operating lease income: For the Company’s leases classified as 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 or the space is ready for its intended use. If the Company acquires a facility subject to an existing operating lease, the Company will recognize operating lease income on the straight-line method beginning on the date of acquisition. Accordingly, contractual lease payment increases are recognized evenly over the term of the lease. The periodic difference between lease revenue recognized under this method and contractual lease payment terms is recorded as "Deferred operating lease income receivable, net" on the Company’s consolidated balance sheets.

The Company also recognizes revenue from certain tenant leases for reimbursements of all or a portion of operating expenses, including common area costs, insurance, utilities and real estate taxes of the respective property. This revenue is accrued in the same periods as the expense is incurred and is recorded as “Operating lease income” in the Company’s consolidated statements of operations. Revenue is also recorded from certain tenant leases that is contingent upon tenant sales exceeding defined thresholds. These rents are recognized only after the defined threshold has been met for the period.

The Company moves to cash basis operating lease income recognition in the period in which collectability of all lease payments is no longer considered probable. At such time, any operating lease receivable or deferred operating lease income receivable balance will be written off. If and when lease payments that were previously not considered probable of collection become probable, the Company will move back to the straight-line method of income recognition and record an adjustment to operating lease income in that period as if the lease was always on the straight-line method of income recognition.

Interest Income: Interest income on loans receivable and financing receivables is recognized on an accrual basis using the interest method.

On occasion, the Company may acquire loans at premiums or discounts. These discounts and premiums in addition to any deferred costs or fees, are typically amortized over the contractual term of the loan using the interest method. Exit fees are also recognized over the lives of the related loans as a yield adjustment, if management believes it is probable that such amounts will be received. If loans with premiums, discounts, loan origination or exit fees are prepaid, the Company immediately recognizes the unamortized portion, which is included in "Other income" or "Other expense" in the Company’s consolidated statements of operations.

The Company considers a loan to be non-performing and places it on non-accrual status at such time as: (1) interest payments become 90 days delinquent; (2) it has a maturity default; or (3) management determines it is probable that it will be unable to collect all amounts due according to the contractual terms of the loan. While on non-accrual status, based on the Company’s judgment as to collectability of principal, loans are either accounted for on a cash basis, where interest income is recognized only upon actual receipt of cash, or on a cost-recovery basis, where all cash receipts reduce a loan’s carrying value. Non-accrual loans are returned to accrual status when a loan has become contractually current and management believes all amounts contractually owed will be received.

Certain of the Company’s loans contractually provide for accrual of interest at specified rates that differ from current payment terms. Interest is recognized on such loans at the accrual rate subject to management’s determination that accrued interest and outstanding principal are ultimately collectible, based on the underlying collateral and operations of the borrower.

Certain of the Company’s loan investments provide for additional interest based on the borrower’s operating cash flow or appreciation of the underlying collateral. Such amounts are considered contingent interest and are reflected as interest income only upon receipt of cash.

Interest Income from Sales-Type Leases: Interest income from sales-type leases is recognized in "Interest income from sales-type leases" in the Company’s consolidated statements of operations under the effective interest method. The effective interest method produces a constant yield on the net investment in the lease over the term of the lease. Rent payments that are not fixed and determinable at lease inception, such as percentage rent and CPI adjustments, are not included in the effective interest method calculation and are recognized in the Company’s consolidated statements of operations in the period earned.

Other income: Other income includes mark-to-market gains on equity investments, management fees, other ancillary income from our operating properties, land and development projects and loan portfolio and revenues from hotel operations, which are recognized when rooms are occupied and the related services are provided. Hotel revenues include room sales, food and beverage sales, parking, telephone, spa services and gift shop sales. Other ancillary income could include gains from sales of loans, loan prepayment fees, yield maintenance payments, lease termination fees and other ancillary income.

Land development revenue and cost of sales: Land development revenue includes lot and parcel sales from wholly-owned properties and is recognized for full profit recognition upon closing of the sale transactions, when the profit is determinable, the earnings process is virtually complete, the parties are bound by the terms of the contract, all consideration has been exchanged, any permanent financing for which the seller is responsible has been arranged and all conditions for closing have been performed. The Company primarily uses specific identification and the relative sales value method to allocate costs.

Allowance for loan losses and net investment in leases—The Company performs quarterly a comprehensive analysis of its loan and sales-type lease portfolios and assigns risk ratings that incorporate management’s current judgments about credit quality based on all known and relevant internal and external factors that may affect collectability. The Company considers, among other things, payment status, lien position, borrower or tenant financial resources and investment collateral, collateral type, project economics and geographical location as well as national and regional economic factors. This methodology results in loans and sales-type leases being risk rated, with ratings ranging from "1" to "5" with "1" representing the lowest risk of loss and "5" representing the highest risk of loss.

The Company estimates its expected loss (“Expected Loss”) on its loans (including unfunded loan commitments), held-to-maturity debt securities and net investment in leases based on relevant information including historical realized loss rates, current market conditions and reasonable and supportable forecasts that affect the collectability of its investments. The estimate of the Company’s Expected Loss requires significant judgment and the Company analyzes its loan portfolio based upon its different categories of financial assets, which includes: (i) loans and held-to-maturity debt securities; (ii) construction loans; and (iii) net investment in leases and financings that resulted from the acquisition of properties that did not qualify as a sale leaseback transaction and, as such, are accounted for as financing receivables (refer to Note 5).

For the Company’s loans, held-to-maturity debt securities, construction loans, net investment in leases and financings that resulted from the acquisition of properties that did not qualify as sale leaseback transactions, the Company analyzed its historical realized loss experience to estimate its Expected Loss. The Company adjusted its Expected Loss through the use of third-party market data that provided current and future economic conditions that may impact the performance of the commercial real estate assets securing its investments.

The Company considers a loan or sales-type lease to be non-performing and places it on non-accrual status at such time as: (1) interest payments become 90 days delinquent; (2) it has a maturity default; or (3) management determines it is probable that it will be unable to collect all amounts due according to the contractual terms of the loan or sales-type lease. Non-accrual loans or sales-type leases are returned to accrual status when they have become contractually current and management believes all amounts contractually owed will be received. The Company will record a specific allowance on a non-performing loan or sales-type lease if the Company determines that the collateral fair value less costs to sell is less than the carrying value of the collateral-dependent asset. The specific allowance is increased (decreased) through "Provision for (recovery of) loan losses" or "Provision for losses on net investment in leases" in the Company’s consolidated statements of operations and is decreased by charge-offs. During delinquency and the foreclosure process, there are typically numerous points of negotiation with the borrower or tenant as the Company works toward a settlement or other alternative resolution, which can impact the potential for repayment or receipt of collateral. The Company’s policy

is to charge off a loan when it determines, based on a variety of factors, that all commercially reasonable means of recovering the loan balance have been exhausted. This may occur at different times, including when the Company receives cash or other assets in a pre-foreclosure sale or takes control of the underlying collateral in full satisfaction of the loan upon foreclosure or deed-in-lieu, or when the Company has otherwise ceased significant collection efforts. The Company considers circumstances such as the foregoing to be indicators that the final steps in the loan collection process have occurred and that a loan is uncollectible. At this point, a loss is confirmed and the loan and related allowance will be charged off.

The Company made the accounting policy election to record accrued interest on its loan portfolio separate from its loans receivable and other lending investments and to exclude accrued interest from its amortized cost basis disclosures (refer to Note 7). As of December 31, 2022 and 2021, accrued interest was $0.1 million and $1.6 million, respectively, and is recorded in "Accrued interest and operating lease income receivable, net" on the Company's consolidated balance sheets. The Company places loans on non-accrual status once interest on the loan becomes 90 days delinquent and reverses any accrued interest as a reduction to interest income or recognizes a credit loss expense at such time. As such, the Company elected the practical expedient to not record an allowance against accrued interest receivable. During the years ended December 31, 2022, 2021 and 2020, the Company did not reverse any accrued interest on its loan portfolio.

The Company's two impaired loans are collateral dependent and impairment is measured using the estimated fair value of the collateral, less costs to sell. The Company generally uses the income approach through internally developed valuation models to estimate the fair value of the collateral for such loans. In some cases, the Company obtains external "as is" appraisals for loan collateral, generally when third party participations exist. Valuations are performed or obtained at the time a loan is determined to be impaired or designated non-performing, and they are updated if circumstances indicate that a significant change in value has occurred. In limited cases, appraised values may be discounted when real estate markets rapidly deteriorate.

A loan is also considered impaired if its terms are modified in a troubled debt restructuring ("TDR"). A TDR occurs when the Company has granted a concession and the debtor is experiencing financial difficulties. Impairments on TDR loans are generally measured based on the present value of expected future cash flows discounted at the effective interest rate of the original loan.

Management evaluates available-for-sale debt securities held in "Loans receivable and other lending investments, net" for impairment if the security's fair value is less than its amortized cost. If the Company has an impaired security, it will then determine if: (1) the Company has the intent to sell the security; (2) it is more likely than not that it will be required to sell the security before recovery; or (3) it does not expect to recover the entire amortized cost basis of the security. If the Company does not intend to sell the security, it is more likely than not that the entity will not be required to sell the security or it does not expect to recover its amortized cost, the Company will record an allowance for credit losses. The credit loss component of the allowance will be recorded (or reversed, if necessary) as an "Impairment of assets" in the Company's consolidated statements of operations, and the remainder of the allowance will be recorded in "Accumulated other comprehensive income (loss)" on the Company's consolidated balance sheets.

Loss on debt extinguishments—The Company recognizes the difference between the reacquisition price of debt and the net carrying amount of extinguished debt currently in earnings. Such amounts may include prepayment penalties or the write-off of unamortized debt issuance costs, and are recorded in "Loss on early extinguishment of debt, net" in the Company's consolidated statements of operations.

Derivative instruments and hedging activity—The Company's use of derivative financial instruments, including derivative financial instruments at some of its equity method investments, is primarily limited to the utilization of interest rate swaps, interest rate caps or other instruments to manage interest rate risk exposure. The Company does not enter into derivatives for trading purposes.

The Company recognizes its derivatives as either assets or liabilities on the Company's consolidated balance sheets at fair value. If certain conditions are met, a derivative may be specifically designated as a hedge of the exposure to changes in the fair value of a recognized asset or liability, a hedge of a forecasted transaction or the variability of cash flows to be received or paid related to a recognized asset or liability.

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

For the Company's derivatives not designated as hedges, the changes in the fair value of the derivatives are reported in "Other expense" in the Company's consolidated statements of operations.

Stock-based compensation—Compensation cost for stock-based awards is measured on the grant date and adjusted over the period of the employees' services to reflect: (i) actual forfeitures; and (ii) the outcome of awards with performance or service conditions through the requisite service period. Compensation cost for market-based awards is determined using a Monte Carlo model to simulate a range of possible future stock prices for the Company's common stock, which is reflected in the grant date fair value. All compensation cost for market-based awards in which the service conditions are met is recognized regardless of whether the market-condition is satisfied. Compensation costs are recognized ratably over the applicable vesting/service period and recorded in "General and administrative" in the Company's consolidated statements of operations.

Income taxes—The Company has elected to be qualified and taxed as a REIT under section 856 through 860 of the Internal Revenue Code of 1986, as amended (the "Code"). The Company is subject to federal income taxation at corporate rates on its REIT taxable income; the Company, however, is allowed a deduction for the amount of dividends paid to its shareholders, thereby subjecting the distributed net income of the Company to taxation at the shareholder level only. While the Company must distribute at least 90% of its taxable income to maintain its REIT status, the Company typically distributes all of its taxable income, if any, to eliminate any tax on undistributed taxable income. In addition, the Company is allowed several other deductions in computing its REIT taxable income, including non-cash items such as depreciation expense and certain specific allowance amounts that the Company deems to be uncollectable. These deductions allow the Company to reduce its dividend payout requirement under federal tax laws. The Company intends to operate in a manner consistent with, and its election to be treated as, a REIT for tax purposes. Beginning in 2018, the Tax Cuts and Jobs Act reduced the corporate tax rate to 21% from 35% and net income from foreclosure property, if any, is subject to a 21% tax rate.

As of December 31, 2021, the Company had $614.6 million of REIT net operating loss ("NOL") carryforwards at the corporate REIT level that can generally be used to offset both ordinary taxable income and capital gain net income in future years. For the year ended December 31, 2022, the Company expects to report REIT taxable income before the deduction for dividends paid and the NOL deduction. The Company will fully utilize its NOL carryforward in its year ended December 31, 2022. The Company's tax years from 2018 through 2021 remain subject to examination by major tax jurisdictions. The Company recognizes interest expense and penalties related to uncertain tax positions, if any, as "Income tax (expense) benefit" in the Company's consolidated statements of operations.

The Company may participate in certain activities from which it would be otherwise precluded and maintain its qualification as a REIT. These activities are conducted in entities that elect to be treated as taxable subsidiaries under the Code, subject to certain limitations. As such, the Company, through its taxable REIT subsidiaries ("TRS"), is engaged in various real estate related opportunities, primarily related to managing activities related to certain foreclosed assets, as well as managing various investments in equity affiliates. As of December 31, 2022, $430.1 million of the Company's assets were owned by TRS entities. The Company's TRS entities are not consolidated with the REIT for federal income tax purposes and are taxed as corporations. For financial reporting purposes, current and deferred taxes are provided for on the portion of earnings recognized by the Company with respect to its interest in TRS entities.

The following represents the Company's TRS income tax benefit (expense) ($ in thousands):

	For the Years Ended December 31,		
	2022	2021	2020
Current tax benefit (expense)[1][2]	$ —	$ 82	$ (106)
Total income tax (expense) benefit	$ —	$ 82	$ (106)

(1) For the years ended December 31, 2022, 2021 and 2020, excludes a REIT tax expense of $13.5 million, $0.1 million, $0.1 million, respectively.
(2) Under the Tax Cuts and Jobs Act, the alternative minimum tax credit carryforward is a refundable tax credit over a four year period beginning in 2018 and ending in 2021 upon which the full amount of the credit will be allowed. The CARES Act enacted on March 27, 2020 permits corporate taxpayers to accelerate the full amount of its alternative minimum tax credits. The Company filed a claim for refund and received a $3.0 million refund in 2020 for which the benefit had been recognized in 2017. An additional refund of alternative minimum taxes in the amount of $0.7 million was received during the year ended December 31, 2021 for which a tax benefit was recorded.

During the year ended December 31, 2022, the Company's TRS entities generated a taxable loss of $7.1 million for which the Company did not recognize a net current tax benefit or expense. As of December 31, 2021, the Company's TRS entities had $165.4 million of NOL carryforwards that can generally be used to offset both ordinary taxable income and capital gain net income in future years. The NOL carryforwards will begin to expire in 2036, of which $73.6 million will fully expire in 2037, if unused. NOL carryforwards generated in 2018 and thereafter do not expire and are limited to 80% of taxable income when utilized. The amount of NOL carryforwards as of December 31, 2022 will be determined upon finalization of the Company's 2022 tax return.

Total cash paid for taxes for the years ended December 31, 2022, 2021 and 2020 was $14.6 million, $0.3 million and $0.8 million, respectively.

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts for income tax purposes, as well as operating loss and tax credit carryforwards. The Company applied the corporate tax rate enacted December 22, 2017 under the Tax Cuts and Jobs Act effective for years beginning after 2017 to value its deferred tax assets and liabilities. The Company evaluates whether its deferred tax assets are realizable and recognizes a valuation allowance if, based on the available evidence, both positive and negative, it is more likely than not that some portion or all of its deferred tax assets will not be realized. When evaluating whether its deferred tax assets are realizable, the Company considers, among other matters, estimates of expected future taxable income, nature of current and cumulative losses, existing and projected book/tax differences, tax planning strategies available, and the general and industry specific economic outlook. This analysis is inherently subjective, as it requires the Company to forecast its business and general economic environment in future periods. Based on an assessment of all factors, including historical losses and continued volatility of the activities within the TRS entities, it was determined that full valuation allowances were required on the net deferred tax assets as of December 31, 2022 and 2021, respectively. Changes in estimates of our valuation allowance, if any, are included in "Income tax (expense) benefit" in the consolidated statements of operations. The valuation allowance was reduced to reflect the change in value of our net deferred tax assets that reflects a reduced rate of tax under the Tax Cuts and Jobs Act.

Deferred tax assets and liabilities of the Company's TRS entities were as follows ($ in thousands):

	As of December 31,	
	2022	2021
Deferred tax assets[1]	$ 64,900	$ 69,360
Valuation allowance	(64,900)	(69,360)
Net deferred tax assets (liabilities)	$ —	$ —

(1) Deferred tax assets as of December 31, 2022 include temporary differences related primarily to asset basis of $16.1 million, deferred expenses and other items of $5.7 million, NOL carryforwards of $40.8 million and other credits of $2.3 million. Deferred tax assets as of December 31, 2021 include temporary differences related primarily to asset basis of $18.7 million, deferred expenses and other items of $8.0 million, NOL carryforwards of $40.3 million and other credits of $2.4 million. The Company has determined that the change in tax law associated with the Tax Cuts and Jobs Act will not have a material effect on whether its deferred tax assets are realizable.

Earnings per share—The Company uses the two-class method in calculating earnings per share ("EPS") when it issues securities other than common stock that contractually entitle the holder to participate in dividends and earnings

of the Company when, and if, the Company declares dividends on its common stock. Basic earnings per share ("Basic EPS") for the Company's common stock are computed by dividing net income allocable to common shareholders by the weighted average number of shares of common stock outstanding for the period, respectively. Diluted earnings per share ("Diluted EPS") is calculated similarly, however, it reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock, where such exercise or conversion would result in a lower earnings per share amount.

Net Lease Sale and Discontinued Operations—A discontinued operation represents: (i) a component of the Company or group of components that has been disposed of or is classified as held for sale in a single transaction and represents a strategic shift that has or will have a major effect on the Company's operations and financial results or (ii) an acquired business that is classified as held for sale on the date of acquisition.

In March 2022, the Company, through certain subsidiaries of and entities managed by the Company, closed on a definitive purchase and sale agreement to sell a portfolio of net lease properties owned and managed by such subsidiaries and entities to a third party for an aggregate gross sales price of approximately $3.07 billion and recognized a gain of $663.7 million in "Net income from discontinued operations" in the Company's consolidated statements of operations. The Company refers to this transaction as the "Net Lease Sale." The Net Lease Sale is consistent with the Company's stated corporate strategy which is to grow its Ground Lease and Ground Lease adjacent businesses (refer to Note 8) and simplify its portfolio through sales of other assets.

The portfolio sold consisted of office, entertainment and industrial properties located in the United States comprising approximately 18.3 million square feet. It included assets wholly-owned by the Company and assets owned by two joint ventures (see Net Lease Venture and Net Lease Venture II below) managed by the Company and in which it owned 51.9% interests. At the time of closing, the portfolio was encumbered by an aggregate of $702.0 million of mortgage indebtedness, including indebtedness from equity method investments, which was repaid with proceeds from the sale. After repayment of the mortgage indebtedness and prepayment penalties, a senior term loan secured by certain of the assets (refer to Note 10), payments to terminate derivative contracts, payments to joint venture partners, and payments of promotes, transaction expenses and amounts due under employee incentive plans, the Company retained net cash proceeds of $1.2 billion from the transaction. In addition, as part of the transaction, the buyer sold three of the properties
to SAFE for $122.0 million and entered into three Ground Leases with SAFE. Two net lease properties were sold to different third parties in the first quarter of 2022 and the Company's net lease assets associated with its Ground Lease businesses were not included in the sale. After the assumption of debt by the buyer, the Company received net cash proceeds of $33.9 million from the sale of the two net lease properties and recognized a gain of $23.9 million in "Net income from discontinued operations" in the Company's consolidated statements of operations.

Net Lease Venture—In February 2014, the Company partnered with a sovereign wealth fund to form a venture to acquire and develop net lease assets (the "Net Lease Venture") and gave a right of first offer to the venture on all new net lease investments. The Company was responsible for sourcing new opportunities and managing the venture and its assets in exchange for a management fee and incentive fee. Several of the Company's senior executives whose time was substantially devoted to the Net Lease Venture owned a total of 0.6% equity ownership in the venture via co-investment. These senior executives were also entitled to an amount equal to 50% of any incentive fee received based on the 47.5% external partner's interest. Net Lease Venture was part of the Net Lease Sale. As of December 31, 2022, $3.1 million of "Noncontrolling interests" was attributable to the Net Lease Venture and represented proceeds from the Net Lease Sale that were not yet distributed to the Company's partners in the venture as of December 31, 2022.

Net Lease Venture II—In July 2018, the Company entered into a new venture (the "Net Lease Venture II") with an investment strategy similar to the Net Lease Venture. The Company was responsible for managing the venture in exchange for a management fee and incentive fee. During the year ended December 31, 2022, the Company recorded $0.4 million of management fees from Net Lease Venture II in "Net income from discontinued operations" in the Company's consolidated statements of operations. During the year ended December 31, 2021 and 2020, the Company recorded $1.7 million and $1.5 million, respectively, of management fees from Net Lease Venture II in "Net income from discontinued operations" in the Company's consolidated statements of operations. Net Lease Venture II was part of the Net Lease Sale. As of December 31, 2022, $2.0 million of "Real estate and other assets available and held for sale and

classified as discontinued operations" was attributable to the Net Lease Venture II and represented proceeds from the Net Lease Sale that were not yet distributed to the Company as of December 31, 2022.

The Company's net lease assets and liabilities associated with the Net Lease Sale and the Company's other two net lease assets are classified as "Real estate and other assets available and held for sale and classified as discontinued operations" and "Liabilities associated with real estate held for sale and classified as discontinued operations," respectively, on the Company's consolidated balance sheets as of December 31, 2021. There are also some residual assets and liabilities from the Net Lease Sale that are classified as "Real estate and other assets available and held for sale and classified as discontinued operations" and "Liabilities associated with real estate held for sale and classified as discontinued operations," respectively, on the Company's consolidated balance sheets as of December 31, 2022. For the years ended December 31, 2022, 2021 and 2020, the operations of such assets are classified in "Net income from discontinued operations" in the Company's consolidated statements of operations.

The following table presents the Company's consolidated assets and liabilities recorded in "Real estate and other assets available and held for sale and classified as discontinued operations" and "Liabilities associated with real estate held for sale and classified as discontinued operations," respectively, on the Company's consolidated balance sheets as of December 31, 2022 and 2021 ($ in thousands).

	As of December 31,	
	2022	2021
ASSETS		
Real estate		
Real estate, at cost	$ —	$ 1,537,655
Less: accumulated depreciation	—	(271,183)
Total real estate, net	—	1,266,472
Net investment in leases	—	486,389
Loans receivable held for sale	—	48,675
Other investments	1,963	103,229
Finance lease right of use assets	—	150,099
Accrued interest and operating lease income receivable, net	492	2,997
Deferred operating lease income receivable, net	—	63,156
Deferred expenses and other assets, net	484	178,694
Total real estate and other assets available and held for sale and classified as discontinued operations	**$ 2,939**	**$ 2,299,711**
LIABILITIES		
Accounts payable, accrued expenses and other liabilities	$ 333	$ 92,865
Finance lease liabilities	—	161,258
Debt obligations, net	—	714,296
Total liabilities associated with real estate held for sale and classified as discontinued operations	**$ 333**	**$ 968,419**

The transaction described above involving the Company's net lease business qualified for discontinued operations and the following table summarizes net income from discontinued operations for the years ended December 31, 2022, 2021 and 2020 ($ in thousands):

	For the Years Ended December 31,		
	2022	2021	2020
Revenues:			
Operating lease income	$ 35,596	$ 164,811	$ 164,446
Interest income	885	3,717	3,440
Interest income from sales-type leases	8,803	35,826	33,552
Other income	4,292	5,178	5,412
Total revenues	49,576	209,532	206,850
Costs and expenses:			
Interest expense[(1)]	7,484	43,232	42,746
Real estate expense	5,072	27,366	26,410
Depreciation and amortization[(1)]	—	52,221	50,765
(Recovery of) provision for loan losses	—	(1,150)	186
(Recovery of) provision for losses on net investment in leases	—	(10,871)	1,760
Impairment of assets	1,492	2,286	2,036
Other expense[(2)]	(5,669)	16,476	—
Total costs and expenses	8,379	129,560	123,903
Income from sales of real estate	683,738	8,476	—
Income from discontinued operations before earnings from equity method investments and other items	724,935	88,448	82,947
Loss on early extinguishment of debt, net	(41,408)	—	—
Earnings from equity method investments	127,129	8,123	2,654
Selling profit from sales-type leases	—	25,034	—
Net income from discontinued operations before income taxes	810,656	121,605	85,601
Income tax expense	(12,968)	(153)	(146)
Net income from discontinued operations	**797,688**	**121,452**	**85,455**
Net (income) from discontinued operations attributable to noncontrolling interests	(179,089)	(5,620)	(11,251)
Net income from discontinued operations attributable to iStar Inc.	**$ 618,599**	**$ 115,832**	**$ 74,204**

(1) For the years ended December 31, 2022, 2021 and 2020, the Company recorded $1.3 million, $8.4 million and $8.2 million, respectively, of "Interest expense" in its consolidated statements of operations from its Ground Leases with SAFE. During the years ended December 31, 2021 and 2020, the Company recognized $1.5 million and $1.5 million, respectively, of "Depreciation and amortization" in its consolidated statements of operations from its Ground Leases with SAFE.

Represents the reversal of other expenses recognized in connection with the settlement of interest rate hedges during the year ended December 31, 2022.

(2) The following table presents cash flows provided by operating activities and cash flows used in investing activities from discontinued operations for the years ended December 31, 2022, 2021 and 2020 ($ in thousands):

	For the Years Ended December 31,		
	2022	2021	2020
Cash flows provided by operating activities	$ 115,140	$ 85,249	$ 112,783
Cash flows provided by (used in) investing activities	2,668,531	2,030	(51,998)

New accounting pronouncements—In March 2020, the Financial Accounting Standards Board issued ASU 2020-04, Reference Rate Reform ("ASU 2020-04"). ASU 2020-04 contains practical expedients for reference rate reform related activities that impact debt, leases, derivatives and other contracts. The guidance in ASU 2020-04 is optional and may be elected over time as reference rate reform activities occur. In March 2020, the Company elected to apply the hedge accounting expedients related to probability and the assessments of effectiveness for future LIBOR-indexed cash flows to assume that the index upon which future hedged transactions will be based matches the index on the corresponding derivatives. Application of these expedients preserves the presentation of derivatives consistent with past presentation. The Company continues to evaluate the impact of the guidance and may apply other elections as applicable as additional changes in the market occur.

In March 2022, the Financial Accounting Standards Board issued ASU 2022-02, Financial Instruments—Credit Losses: Troubled Debt Restructurings and Vintage Disclosures ("ASU 2022-02"). ASU 2022-02 was issued to eliminate troubled debt restructuring recognition and measurement guidance and required disclosure of gross write-offs by vintage for public business entities. ASU 2022-02 is effective for annual reporting periods beginning after December 15, 2022. Early adoption is permitted. Management is currently evaluating the impact of ASU 2022-02 and does not expect ASU 2022-02 to have a material impact on the Company's consolidated financial statements.

Note 4—Real Estate

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

	December 31, 2022	December 31, 2021
Land, at cost	$ 5,570	$ 6,831
Buildings and improvements, at cost	89,023	106,679
Less: accumulated depreciation	(18,096)	(21,360)
Real estate, net	76,497	92,150
Real estate available and held for sale[1]	3,977	301
Total real estate	$ 80,474	$ 92,451

(1) As of December 31, 2022 and 2021, the Company had $4.0 million and $0.3 million, respectively, of residential homes/condominiums available for sale in its operating properties portfolio.

Dispositions—Refer to Note 3 - Net Lease Sale and Discontinued Operations.

During the year ended December 31, 2022, the Company sold an operating property with a carrying value of $14.4 million and recognized gains of $25.2 million in "Income from sales of real estate" in the Company's consolidated statements of operations. During the year ended December 31, 2021, the Company sold a commercial operating property with a carrying value of $96.8 million and recognized gains of $25.6 million and sold residential operating properties and recognized gains of $0.7 million in "Income from sales of real estate" in the Company's consolidated statements of operations.

Real Estate Available and Held for Sale—During the year ended December 31, 2021, the Company transferred an operating property with a carrying value of $96.8 million to held for sale prior to its disposition in 2021.

Impairments—During the years ended December 31, 2022, 2021 and 2020, the Company recorded aggregate impairments on real estate assets totaling $2.4 million, $0.6 million and $3.1 million, respectively. During the year ended

December 31, 2022, the Company recognized an aggregate impairment of $2.4 million on residential homes held for sale and on an operating property based on the expected cash flows to be received. During the year ended December 31, 2021, the Company recorded an impairment of $0.6 million on an operating property. During the year ended December 31, 2020, the Company recorded an impairment of $3.1 million on a real estate asset held for sale.

Tenant Reimbursements—The Company receives reimbursements from tenants for certain facility operating expenses including common area costs, insurance, utilities and real estate taxes and are included in “Operating lease income” in the Company’s consolidated statements of operations. Tenant expense reimbursements were $3.1 million, $2.9 million and $3.6 million for the years ended December 31, 2022, 2021 and 2020, respectively.

Allowance for Doubtful Accounts—As of both December 31, 2022 and 2021, the allowance for doubtful accounts related to real estate tenant receivables was $0.1 million. These amounts are included in “Accrued interest and operating lease income receivable, net” on the Company’s consolidated balance sheets.

Future Minimum Operating Lease Payments—Future minimum operating lease payments to be collected under non-cancelable operating leases, excluding lease payments for assets that are classified as discontinued operations and customer reimbursements of expenses, in effect as of December 31, 2022, are as follows by year ($ in thousands): (1)

Year	Operating Properties
2023	$ 4,183
2024	4,129
2025	4,145
2026	4,203
2027	1,570
Thereafter	1,117
Total	$ 19,347

(1) Refer to Note 3 - Net Lease Sale and Discontinued Operations. .

Note 5—Net Investment in Leases

In June 2021, the Company acquired two parcels of land for $42.0 million each and simultaneously entered into two Ground Leases with the respective tenants. Each Ground Lease also provides for a leasehold improvement allowance up to a maximum of $83.0 million. The Company also concurrently entered into an agreement pursuant to which SAFE would acquire the Ground Leases from the Company. If certain construction conditions are not met within a specified time period, SAFE will have no obligation to acquire the Ground Leases or fund the leasehold improvement allowances. The Company classified one of the Ground Leases as a sales-type lease and it was recorded in “Net investment in leases” on the Company’s consolidated balance sheet at the time of acquisition. One Ground Lease was entered into with the seller of the land and did not qualify for sale leaseback accounting, and as such, was accounted for as a financing transaction and $42.0 million was recorded in “Loans receivable held for sale” on the Company’s consolidated balance sheet at the time of acquisition. In January 2022, the Company sold the Ground Leases to an investment fund in which the Company owns a 53% noncontrolling interest (refer to Note 8 – Ground Lease Plus Fund). There can be no assurance that the conditions to closing will be satisfied and that SAFE will acquire the properties and Ground Leases from the Ground Lease Plus Fund.

In January 2022, the Company entered into a commitment to acquire land for $36.0 million and simultaneously structured and entered into a Ground Lease as part of the Ground Lease tenant’s recapitalization of an existing multifamily property. The Company funded $34.6 million of its commitment and then, pursuant to an agreement with SAFE (refer to Note 8) and upon certain construction related conditions being met, sold the Ground Lease to SAFE in July 2022 for $36.0 million and recognized a gain of $1.0 million in “Income from sales of real estate” in its consolidated statements of operations.

The Company's net investment in leases were comprised of the following as of December 31, 2022 and 2021 ($ in thousands):

	December 31, 2022	December 31, 2021
Total undiscounted cash flows	$ —	$ 524,712
Unguaranteed estimated residual value	—	42,000
Present value discount	—	(523,497)
Net investment in leases(1)	$ —	$ 43,215

(1) As of December 31, 2021, the Company's net investment in lease was current in its payment status and performing in accordance with the terms of the lease. As of December 31, 2021, the risk rating on the Company's net investment in leases was 1.0.

Allowance for Losses on Net Investment in Leases—Changes in the Company's allowance for losses on net investment in leases for the years ended December 31, 2022 and 2021 were as follows ($ in thousands):

	Year Ended	
	December 31, 2022	December 31, 2021
Allowance for losses on net investment in leases at beginning of period(1)	$ —	$ 10,871
Provision for (recovery of) losses on net investment in leases included in discontinued operations(1)	—	(10,871)
Allowance for losses on net investment in leases at end of period(1)	$ —	$ —

(1) Refer to Note 3 - Net Lease Sale and Discontinued Operations. During the year ended December 31, 2021, the Company recorded a recovery of losses on net investment in leases of $10.9 million. The recovery of losses on net investment in leases for the year ended December 31, 2021 resulted primarily from the cash flows the Company received upon disposition of the Company's net investment in leases included in "Real estate and other assets available and held for sale and classified as discontinued operations" and "Net investment in leases" on the Company's consolidated balance sheets.

Note 6—Land and Development

The Company's land and development assets were comprised of the following ($ in thousands):

	As of	
	December 31, 2022	December 31, 2021
Land and land development, at cost	$ 243,727	$ 297,621
Less: accumulated depreciation	(11,713)	(10,811)
Total land and development, net	$ 232,014	$ 286,810

Dispositions—During the years ended December 31, 2022, 2021 and 2020, the Company sold land parcels and residential lots and units and recognized land development revenue of $61.8 million, $189.1 million and $164.7 million, respectively. During the years ended December 31, 2022, 2021 and 2020, the Company recognized land development cost of sales of $63.4 million, $172.0 million and $177.7 million, respectively, from its land and development portfolio.

Impairments— During the year ended December 31, 2022, the Company recorded an impairment of $12.7 million on a land and development asset due to a change in business strategy. During the year ended December 31, 2020, the Company recorded an aggregate impairment of $2.7 million on two land and development assets.

.**Note 7—Loans Receivable and Other Lending Investments, net**

The following is a summary of the Company's loans receivable and other lending investments by class ($ in thousands):

	As of	
	December 31, 2022	December 31, 2021
Construction loans		
Senior mortgages	$ 36,249	$ 184,643
Corporate/Partnership loans	—	618
Subtotal - gross carrying value of construction loans[1]	36,249	185,261
Loans		
Senior mortgages	—	14,965
Subordinate mortgages	13,331	12,457
Subtotal - gross carrying value of loans	13,331	27,422
Other lending investments		
Held-to-maturity debt securities	—	96,838
Available-for-sale debt securities	—	28,092
Subtotal - other lending investments	—	124,930
Total gross carrying value of loans receivable and other lending investments	49,580	337,613
Allowance for loan losses	(925)	(4,769)
Total loans receivable and other lending investments, net	$ 48,655	$ 332,844

(1) As of December 31, 2022, 100% of gross carrying value of construction loans had completed construction.

Allowance for Loan Losses—Changes in the Company's allowance for loan losses were as follows for the years ended December 31, 2022, 2021 and 2020 ($ in thousands):

	General Allowance				
Year Ended December 31, 2022	Construction Loans	Loans	Held to Maturity Debt Securities	Specific Allowance	Total
Allowance for loan losses at beginning of period	$ 1,213	$ 676	$ 2,304	$ 576	$ 4,769
Provision for (recovery of) loan losses[1]	(725)	(239)	—	46,034	45,070
Transfers	(396)	—	(2,304)	2,700	—
Charge-offs[1]	—	—	—	(48,914)	(48,914)
Allowance for loan losses at end of period	$ 92	$ 437	$ —	$ 396	$ 925
Year Ended December 31, 2021					
Allowance for loan losses at beginning of period	$ 6,541	$ 1,643	$ 3,093	$ 743	$ 12,020
Recovery of loan losses[1]	(5,328)	(967)	(789)	(167)	(7,251)
Allowance for loan losses at end of period	$ 1,213	$ 676	$ 2,304	$ 576	$ 4,769
Year Ended December 31, 2020					
Allowance for loan losses at beginning of period	$ 6,668	$ 265	$ —	$ 21,701	$ 28,634
Adoption of new accounting standard[2]	(353)	98	20	—	(235)
Provision for loan losses[1]	226	1,280	3,073	4,931	9,510
Charge-offs[3]	—	—	—	(25,889)	(25,889)
Allowance for loan losses at end of period	$ 6,541	$ 1,643	$ 3,093	$ 743	$ 12,020

(1) During the year ended December 31, 2022, the Company recorded a provision for (recovery of) loan losses of $45.0 million in its consolidated statements of operations. The provision in 2022 was due primarily to a $22.2 million specific provision on the Company's held-to-maturity debt security, which was recorded at its repayment proceeds and a provision of $23.8 million on one loan prior to it being transferred to held for sale. During the year ended December 31, 2021, the Company recorded a recovery of loan losses of $8.1 million in its consolidated statement of operations resulting from the repayment of loans during the period and an improving macroeconomic impact of the COVID-19 pandemic on commercial real estate markets, of which $1.0 million related to a provision for credit losses for unfunded loan commitments and is recorded as a reduction to "Accounts payable, accrued expenses and other liabilities". During the year ended December 31, 2020, the Company recorded a provision for loan losses of $8.9 million in its consolidated statement of operations resulting from the macroeconomic impact of the COVID-19 pandemic on commercial real estate markets, of which $1.5 million related to a recovery of credit losses for unfunded loan commitments and is recorded as a reduction to "Accounts payable, accrued expenses and other liabilities" and $0.9 million related to a provision on a non-performing loan that was recorded as a reduction to "Accrued interest and operating lease income receivable, net."

(2) On January 1, 2020, the Company recorded an increase to its allowance for loan losses of $2.3 million upon the adoption of ASU 2016-13, of which $2.5 million related to expected credit losses for unfunded loan commitments and was recorded in "Accounts payable, accrued expenses and other liabilities."

(3) During the year ended December 31, 2020, the Company charged-off $25.9 million from the specific allowance due to the sale of a non-performing loan.

The Company's investment in loans and other lending investments and the associated allowance for loan losses were as follows ($ in thousands):

	Individually Evaluated for Impairment[(1)]	Collectively Evaluated for Impairment	Total
As of December 31, 2022			
Construction loans[(2)]	$ 29,493	$ 6,756	$ 36,249
Loans[(2)]	—	13,331	13,331
Less: Allowance for loan losses	(396)	(529)	(925)
Total	$ 29,097	$ 19,558	$ 48,655
As of December 31, 2021			
Construction loans[(2)]	$ 59,640	$ 125,621	$ 185,261
Loans[(2)]	—	27,422	27,422
Held-to-maturity debt securities	—	96,838	96,838
Available-for-sale debt securities[(3)]	—	28,092	28,092
Less: Allowance for loan losses	(576)	(4,193)	(4,769)
Total	$ 59,064	$ 273,780	$ 332,844

(1) The carrying value of these loans includes amortized fees of $0.1 million and $0.8 million as of December 31, 2022 and 2021, respectively. The Company's loans individually evaluated for impairment represent loans on non-accrual status and the unamortized amounts associated with these loans are not currently being amortized into income.
(2) The carrying value of these loans includes an unamortized net discount of $0.2 million as of December 31, 2021.
(3) Available-for-sale debt securities were evaluated for impairment under ASC 326-30 – Financial Instruments-Credit Losses.

Credit Characteristics—As part of the Company's process for monitoring the credit quality of its loans, it performs a quarterly loan portfolio assessment and assigns risk ratings to each of its performing loans. Risk ratings, which range from 1 (lower risk) to 5 (higher risk), are based on judgments which are inherently uncertain and there can be no assurance that actual performance will be similar to current expectation.

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The Company's amortized cost basis in performing senior mortgages, corporate/partnership loans and subordinate mortgages, presented by year of origination and by credit quality, as indicated by risk rating, was as follows as of December 31, 2022 ($ in thousands):

	Year of Origination						
	2022	2021	2020	2019	2018	Prior to 2018	Total
Senior mortgages							
Risk rating							
1.0	$ —	$ —	$ —	$ —	$ —	$ —	$ —
1.5	—	—	—	—	—	—	—
2.0	—	—	—	—	—	—	—
2.5	—	—	—	—	—	—	—
3.0	—	—	—	—	—	—	—
3.5	—	—	—	—	6,756	—	6,756
4.0	—	—	—	—	—	—	—
4.5	—	—	—	—	—	—	—
5.0	—	—	—	—	—	—	—
Subtotal[1]	$ —	$ —	$ —	$ —	$ 6,756	$ —	$ 6,756
Corporate/partnership loans							
Risk rating							
1.0	$ —	$ —	$ —	$ —	$ —	$ —	$ —
1.5	—	—	—	—	—	—	—
2.0	—	—	—	—	—	—	—
2.5	—	—	—	—	—	—	—
3.0	—	—	—	—	—	—	—
3.5	—	—	—	—	—	—	—
4.0	—	—	—	—	—	—	—
4.5	—	—	—	—	—	—	—
5.0	—	—	—	—	—	—	—
Subtotal	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Subordinate mortgages							
Risk rating							
1.0	$ —	$ —	$ —	$ —	$ —	$ —	$ —
1.5	—	—	—	—	—	—	—
2.0	—	—	—	—	—	—	—
2.5	—	—	—	—	—	—	—
3.0	—	—	—	—	—	13,331	13,331
3.5	—	—	—	—	—	—	—
4.0	—	—	—	—	—	—	—
4.5	—	—	—	—	—	—	—
5.0	—	—	—	—	—	—	—
Subtotal	$ —	$ —	$ —	$ —	$ —	$ 13,331	$ 13,331
Total	**$ —**	**$ —**	**$ —**	**$ —**	**$ 6,756**	**$ 13,331**	**$ 20,087**

(1) As of December 31, 2022, excludes $29.5 million for one loan on non-accrual status.

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The Company's amortized cost basis in performing senior mortgages, corporate/partnership loans and subordinate mortgages, presented by year of origination and by credit quality, as indicated by risk rating, was as follows as of December 31, 2021 ($ in thousands):

	Year of Origination						
	2021	2020	2019	2018	2017	Prior to 2017	Total
Senior mortgages							
Risk rating							
1.0	$ —	$ —	$ —	$ —	$ —	$ —	$ —
1.5	—	—	—	—	—	—	—
2.0	—	—	—	11,909	—	—	11,909
2.5	—	—	—	52,161	—	—	52,161
3.0	—	—	—	58,522	—	3,056	61,578
3.5	—	—	—	14,320	—	—	14,320
4.0	—	—	—	—	—	—	—
4.5	—	—	—	—	—	—	—
5.0	—	—	—	—	—	—	—
Subtotal[(1)]	$ —	$ —	$ —	$ 136,912	$ —	$ 3,056	$ 139,968
Corporate/partnership loans							
Risk rating							
1.0	$ —	$ —	$ —	$ 618	$ —	$ —	$ 618
1.5	—	—	—	—	—	—	—
2.0	—	—	—	—	—	—	—
2.5	—	—	—	—	—	—	—
3.0	—	—	—	—	—	—	—
3.5	—	—	—	—	—	—	—
4.0	—	—	—	—	—	—	—
4.5	—	—	—	—	—	—	—
5.0	—	—	—	—	—	—	—
Subtotal	$ —	$ —	$ —	$ 618	$ —	$ —	$ 618
Subordinate mortgages							
Risk rating							
1.0	$ —	$ —	$ —	$ —	$ —	$ —	$ —
1.5	—	—	—	—	—	—	—
2.0	—	—	—	—	—	—	—
2.5	—	—	—	—	—	—	—
3.0	—	—	—	—	—	12,457	12,457
3.5	—	—	—	—	—	—	—
4.0	—	—	—	—	—	—	—
4.5	—	—	—	—	—	—	—
5.0	—	—	—	—	—	—	—
Subtotal	$ —	$ —	$ —	$ —	$ —	$ 12,457	$ 12,457
Total	**$ —**	**$ —**	**$ —**	**$ 137,530**	**$ —**	**$ 15,513**	**$ 153,043**

(1) As of December 31, 2021, excludes $59.6 million for one loan on non-accrual status.

The Company's amortized cost basis in loans, aged by payment status and presented by class, was as follows ($ in thousands):

	Current	Less Than or Equal to 90 Days	Greater Than 90 Days	Total Past Due	Total
As of December 31, 2022					
Senior mortgages	$ 6,756	$ 29,493	$ —	29,493	$ 36,249
Subordinate mortgages	13,331	—	—	—	13,331
Total	$ 20,087	$ 29,493	$ —	$ 29,493	$ 49,580
As of December 31, 2021					
Senior mortgages[(1)]	$ 139,968	$ —	$ 59,640	59,640	$ 199,608
Corporate/Partnership loans	618	—	—	—	618
Subordinate mortgages	12,457	—	—	—	12,457
Total	$ 153,043	$ —	$ 59,640	$ 59,640	$ 212,683

(1) Loan past due was transferred to held for sale as of December 31, 2022.

Impaired Loans—In the fourth quarter 2022, the Company classified a loan with a carrying value of $29.1 million as non-performing upon maturity default.

In the fourth quarter 2020, the Company sold a non-performing loan with a carrying value of $15.2 million and received proceeds of $11.0 million. In addition, the Company recorded a $4.2 million loan loss provision and simultaneously charged-off of the remaining unpaid balance.

The Company's impaired loans, presented by class, were as follows ($ in thousands):

	As of December 31, 2022			As of December 31, 2021		
	Amortized Cost	Unpaid Principal Balance	Related Allowance	Amortized Cost	Unpaid Principal Balance	Related Allowance
With an allowance recorded:						
Senior mortgages[(1)]	$ 29,493	$ 29,358	$ (396)	$ 59,640	$ 58,888	$ (576)
Total	$ 29,493	$ 29,358	$ (396)	$ 59,640	$ 58,888	$ (576)

(1) The Company has one non-accrual loan as of December 31, 2022 and 2021 that is considered impaired and included in the table above. The Company did not record any interest income on impaired loans for the years ended December 31, 2022, 2021 and 2020.

The Company's average recorded investment in impaired loans and interest income recognized, presented by class, was as follows ($ in thousands):

	Years Ended December 31,					
	2022		2021		2020	
	Average Recorded Investment	Interest Income Recognized	Average Recorded Investment	Interest Income Recognized	Average Recorded Investment	Interest Income Recognized
With an allowance recorded:						
Senior mortgages	$ 45,032	$ —	$ 57,853	$ —	$ 50,205	$ 2,145
Total	$ 45,032	$ —	$ 57,853	$ —	$ 50,205	$ 2,145

Loans receivable held for sale—In December 2022, the Company began marketing a non-performing loan for sale and classified the loan in "Loans receivable held for sale" on the Company's consolidated balance sheet. Prior to its transfer to loans receivable held for sale, the Company recorded a provision for loan losses of $23.8 million on the loan based on the Company's intent to sell the loan based on a bid received from a third-party. The loan is recorded on the Company's consolidated balance sheet at the estimated sales price of $37.7 million.

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In March 2021, the Company acquired land and simultaneously structured and entered into with the seller a Ground Lease on which a multi-family project will be constructed. The Company funded $16.1 million at closing and the Ground Lease documents provided for future funding obligations to the Ground Lease tenant of approximately $11.9 million of deferred purchase price and $52.0 million of leasehold improvement allowance upon achievement of certain milestones. At closing, the Company entered into an agreement with SAFE pursuant to which, subject to certain conditions being met, SAFE would acquire the ground lessor entity from the Company. The Company determined that the transaction did not qualify as a sale leaseback transaction and recorded the Ground Lease in “Loans receivable held for sale” on the Company’s consolidated balance sheet. Subsequent to closing, the Company funded approximately $6.0 million of the deferred purchase price to the Ground Lease tenant. The Company sold the ground lessor entity (and SAFE assumed all future funding obligations to the Ground Lease tenant) to SAFE in September 2021 for $22.1 million and recorded no gain or loss on the sale.

In June 2021, the Company acquired a parcel of land for $42.0 million and simultaneously entered into a Ground Lease (refer to Note 5). The Company also concurrently entered into an agreement pursuant to which SAFE would acquire the Ground Lease from the Company. The Ground Lease was entered into with the seller of the land and did not qualify for sale leaseback accounting, and as such, was accounted for as a financing transaction and $42.0 million was recorded in “Loans receivable held for sale” on the Company’s consolidated balance sheet at the time of acquisition. In January 2022, the Company sold its loan receivable held for sale to the Ground Lease Plus Fund (refer to Note 8).

Other lending investments—Other lending investments includes the following securities ($ in thousands):

	Face Value	Amortized Cost Basis	Net Unrealized Gain	Estimated Fair Value	Net Carrying Value
As of December 31, 2021					
Available-for-Sale Securities[1]					
Municipal debt securities	$ 23,855	$ 23,855	$ 4,237	$ 28,092	$ 28,092
Held-to-Maturity Securities[2]					
Debt securities	100,000	96,838	—	96,838	96,838
Total	$ 123,855	$ 120,693	$ 4,237	$ 124,930	$ 124,930

(1) During the year ended December 31, 2022, the Company sold its available-for-sale securities and recognized a gain of $2.9 million, which is recorded in “Other income” in the Company’s consolidated statements of operations.

(2) During the year ended December 31, 2022, the Company received $75.0 million of repayments and recorded a $22.2 million provision in ‘Provision for (recovery of) loan losses” in its consolidated statements of operations on its debt security.

Note 8—Other Investments

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

	Carrying Value As of December 31,		Equity in Earnings (Losses) For the Years Ended December 31,		
	2022	2021	2022	2021	2020
Real estate equity investments					
Safehold Inc. ("SAFE")(1)	$ 1,237,086	$ 1,168,532	$ 38,885	$ 108,393	$ 53,476
Ground Lease Plus Fund	65,791	17,630	2,807	6	—
Other real estate equity investments(2)	32,405	44,349	19,625	36,600	(12,929)
Subtotal	1,335,282	1,230,511	61,317	144,999	40,547
Other strategic investments(3)	25,400	66,770	(2,637)	9,345	(1,075)
Total	$ 1,360,682	$ 1,297,281	$ 58,680	$ 154,344	$ 39,472

(1) As of December 31, 2022, the Company owned 33.9 million shares of SAFE common stock which, based on the closing price of $28.62 on December 31, 2022, had a market value of $1.0 billion. Pursuant to ASC 323-10-40-1, an equity method investor shall account for a share issuance by an investee as if the investor had sold a proportionate share of its investment. Any gain or loss to the investor resulting from an investee's share issuance shall be recognized in earnings. For the years ended December 31, 2022, 2021 and 2020, equity in earnings includes $0.9 million, $60.7 million and $14.4 million, respectively, of dilution gains resulting from SAFE equity offerings. During the year ended December 31, 2022, the Company distributed shares of SAFE common stock to its shareholders in the form of a dividend and realized a loss of $49.3 million on the distribution in equity in earnings from equity method investments.

(2) During the year ended December 31, 2022, one of the Company's real estate equity investments closed on the sale of a multifamily property. The Company received a distribution of $15.9 million from the sale and recognized a gain of $11.5 million in "Earnings from equity method investments" in the Company's consolidated statements of operations.

(3) During the years ended December 31, 2021 and 2020, the Company identified observable price changes in an equity security held by the Company as evidenced by orderly private issuances of similar securities by the same issuer. In accordance with ASC 321, the Company remeasured its equity investment at fair value and recognized aggregate mark-to-market gains during the years ended December 31, 2021 and 2020 of $18.9 million and $23.9 million, respectively, in "Other income" in the Company's consolidated statements of operations. The Company's equity security was redeemed at its carrying value in the fourth quarter of 2021.

Safehold Inc.—Refer to Note 1 – Merger with Safehold Inc.

SAFE is a publicly-traded company formed by the Company primarily to acquire, own, manage, finance and capitalize ground leases. Ground leases generally represent ownership of the land underlying commercial real estate projects that is net leased by the fee owner of the land to the owners/operators of the real estate projects built thereon ("Ground Leases").

In January 2019, the Company purchased 12.5 million newly designated limited partnership units (the "Investor Units") in SAFE's operating partnership ("SAFE OP"), at a purchase price of $20.00 per unit, for a total purchase price of $250.0 million. In May 2019, after the approval of SAFE's shareholders, the Investor Units were exchanged for shares of SAFE's common stock on a one-for-one basis. Following the exchange, the Investor Units were retired.

In connection with the Company's purchase of the Investor Units, it entered into a Stockholder's Agreement with SAFE in January 2019. The Stockholder's Agreement:

- limits the Company's discretionary voting power to 41.9% of the outstanding voting power of SAFE's common stock until its aggregate ownership of SAFE common stock is less than 41.9%; and
- provides the Company certain preemptive rights.

A wholly-owned subsidiary of the Company is the external manager of SAFE and is entitled to a management fee. In addition, the Company is also the external manager of a venture in which SAFE is a member. Following are the key terms of the management agreement with SAFE:

- The Company receives a fee equal to 1.0% of total SAFE equity (as defined in the management agreement) up to $1.5 billion; 1.25% of total SAFE equity (for incremental equity of $1.5 billion - $3.0 billion); 1.375%

of total SAFE equity (for incremental equity of $3.0 billion - $5.0 billion); and 1.5% of total SAFE equity (for incremental equity over $5.0 billion);

- Fee to be paid in cash or in shares of SAFE common stock, at the discretion of SAFE's independent directors;
- The stock is locked up for two years, subject to certain restrictions;
- There is no additional performance or incentive fee;
- The management agreement is non-terminable by SAFE through June 30, 2023 except for cause; and
- Automatic annual renewals thereafter, subject to non-renewal upon certain findings by SAFE's independent directors and payment of termination fee equal to three times the prior year's management fee.

During the year ended December 31, 2022, the Company purchased 0.2 million shares of SAFE's common stock for $10.5 million, for an average cost of $66.83 per share, in open market purchases made in accordance with Rules 10b5-1 and 10b-18 under the Securities and Exchange Act of 1934, as amended. In March 2022, the Company acquired 3,240,000 shares of SAFE's common stock in a private placement for $191.2 million. In December 2022, the Company paid a non-cash dividend of approximately 6.63 million shares of SAFE common stock to its shareholders.

During the year ended December 31, 2021, the Company purchased 1.0 million shares of SAFE's common stock for $69.5 million, for an average cost of $72.96 per share, in open market purchases made in accordance with Rules 10b5-1 and 10b-18 under the Securities and Exchange Act of 1934, as amended. In addition, in the fourth quarter 2021 the Company purchased 24,108 shares of SAFE's common stock for $1.8 million, for an average cost of $73.86 per share, in an open market transaction.

In September 2021, the Company acquired 657,894 shares of SAFE's common stock in a private placement for $50.0 million. In November 2020, the Company acquired 1.1 million shares of SAFE's common stock in a private placement for $65.0 million. In March 2020, the Company acquired 1.7 million shares of SAFE's common stock in a private placement for $80.0 million. As of December 31, 2022, the Company owned approximately 54.3% of SAFE's common stock outstanding.

During the years ended December 31, 2022, 2021 and 2020, the Company recorded $20.3 million, $14.9 million and $12.7 million, respectively, of management fees pursuant to its management agreement with SAFE.

The Company is also entitled to receive certain expense reimbursements, including for the allocable costs of its personnel that perform certain legal, accounting, due diligence tasks and other services that third-party professionals or outside consultants otherwise would perform. Historically, pursuant to the Company's option under the management agreement, the Company has elected to not seek reimbursement for certain expenses. This historical election is not a waiver of reimbursement for similar expenses in future periods and the Company has started to elect to seek, and may further seek in the future, reimbursement of such additional expenses that it has not previously sought, including, without limitation, rent, overhead and certain personnel costs. During the years ended December 31, 2022, 2021 and 2020, the Company recognized $12.5 million, $7.5 million and $5.0 million, respectively, of expense reimbursements pursuant to its management agreement with SAFE.

The Company has an exclusivity agreement with SAFE pursuant to which it agreed, subject to certain exceptions, that it will not acquire, originate, invest in, or provide financing for a third party's acquisition of, a Ground Lease unless it has first offered that opportunity to SAFE and a majority of its independent directors has declined the opportunity.

Following is a list of investments that the Company has transacted with SAFE, all of which were approved by the Company's and SAFE's independent directors, for the periods presented:

In October 2017, the Company closed on a 99-year Ground Lease and a $80.5 million construction financing commitment to support the ground-up development of a to-be-built luxury multi-family project. The transaction included a combination of: (i) a newly created Ground Lease and a $7.2 million leasehold improvement allowance, which was fully

funded; and (ii) an $80.5 million leasehold first mortgage. The Company sold the Ground Lease to SAFE in September 2020 for $34.0 million and recognized a gain of $6.1 million in “Income from sales of real estate” in connection with the sale and in January 2021 sold the leasehold first mortgage to an entity in which the Company has a 53% noncontrolling equity interest (refer to “Other strategic investments” below) for $63.3 million.

In June 2020, Net Lease Venture II (see Note 3) acquired the leasehold interest in an office laboratory property in Honolulu, HI and simultaneously entered into a 99 year Ground Lease with SAFE. In November 2021, the Company acquired the property from Net Lease Venture II. The Company paid $0.6 million to its partner to acquire its equity interest in the property and assumed a $44.4 million mortgage on the property. The Company sold the property in the first quarter of 2022. Prior to the sale, SAFE paid $0.3 million to terminate a purchase option that allowed the Company to purchase the land at the expiration of the Ground Lease.

In October 2020, the Company provided a $22.5 million loan to the ground lessee of a Ground Lease originated at SAFE. The loan was for the Ground Lease tenant’s recapitalization of an existing multi-family property. The Company received $2.3 million of consideration from SAFE in connection with this transaction.

In February 2021, the Company provided a $50.0 million loan to the ground lessee of a Ground Lease originated at SAFE. The loan was for the Ground Lease tenant’s recapitalization of a hotel property. The Company received $1.9 million of consideration from SAFE in connection with this transaction. The Company sold the loan in July 2021 and recorded no gain or loss on the sale.

In March 2021, the Company acquired land and simultaneously structured and entered into with the seller a Ground Lease on which a multi-family project will be constructed. At closing, the Company entered into an agreement with SAFE pursuant to which, subject to certain conditions being met, SAFE would acquire the ground lessor entity from the Company. The Company sold the ground lessor entity to SAFE in September 2021 and recognized no gain or loss on the sale (refer to Note 7 - Loans receivable held for sale). The Company also committed to provide a $75.0 million construction loan to the Ground Lease tenant. The Company received $2.7 million of consideration from SAFE in connection with this transaction. In September 2021, the construction loan commitment and the $2.7 million of consideration was transferred to the Loan Fund (refer to “Other strategic investments” below).

In June 2021, the Company sold to SAFE its rights under a purchase option agreement for $1.2 million. The Company had previously acquired such purchase option agreement from a third-party property owner for $1.0 million and incurred $0.2 million of expenses. Under the option agreement, upon certain conditions being met by an outside developer who may become the Ground Lease tenant, SAFE has the right to acquire for $215.0 million a property and hold a Ground Lease under approximately 1.1 million square feet of office space that may be developed on the property. No gain or loss was recognized by the Company as a result of the sale.

In June 2021, the Company and SAFE entered into two agreements pursuant to each of which SAFE would acquire land and a related Ground Lease originated by the Company when certain construction related conditions are met by a specified time period. The purchase price to be paid for each is $42.0 million, plus an amount necessary for the Company to achieve the greater of a 1.25x multiple and a 9% return on its investment. In addition, each Ground Lease provides for a leasehold improvement allowance up to a maximum of $83.0 million, which obligation would be assumed by SAFE upon acquisition. If certain construction conditions are not met within a specified time period, SAFE will have no obligation to acquire the Ground Leases or fund the leasehold improvement allowances. In January 2022, the Company sold the Ground Leases to the Ground Lease Plus Fund (see below). There can be no assurance that the conditions to closing will be satisfied and that SAFE will acquire the properties and Ground Leases from the Ground Lease Plus Fund.

In November 2021, the Company and SAFE entered into an agreement pursuant to which SAFE would acquire land and a related Ground Lease originated by the Company when certain construction related conditions are met by a specified time period. The purchase price to be paid is $33.3 million, plus an amount necessary for the Company to achieve the greater of a 1.25x multiple and a 12% return on its investment. In addition, the Ground Lease provides for a leasehold improvement allowance up to a maximum of $51.8 million, which obligation would be assumed by SAFE upon acquisition. If certain construction conditions are not met within a specified time period, SAFE will have no obligation to acquire the Ground Lease or fund the leasehold improvement allowance. There can be no assurance that the conditions to

closing will be satisfied and that SAFE will acquire the land and Ground Lease from the Ground Lease Plus Fund (refer to Ground Lease Plus Fund below).

In December 2021, the Company's partner in a venture recapitalized an existing multifamily property, which included a Ground Lease provided by SAFE. As part of the recapitalization, the Company's partner acquired its 50% equity interest in the entity and the mezzanine loan held by the Company was repaid in full. During the years ended December 31, 2021 and 2020, the Company recorded $2.3 million and $2.4 million respectively, of interest income on the mezzanine loan.

In January 2022, the Company and SAFE entered into an agreement pursuant to which SAFE would acquire land and a related Ground Lease originated by the Company when certain construction related conditions are met. The Company sold the Ground Lease to SAFE in July 2022 for $36.0 million when the construction related conditions were met and recognized a gain of $1.0 million in "Income from sales of real estate" in its consolidated statements of operations.

In February 2022, the Loan Fund (refer to Other Strategic Investments below) committed to provide a $130.0 million loan to the ground lessee of a Ground Lease originated at SAFE. The loan is for the Ground Lease tenant's recapitalization of a life science property. The Loan Fund received $9.0 million of consideration from SAFE in connection with this transaction.

In April 2022, the Company exchanged its 50% equity interest with a carrying value of $4.4 million in a venture that owned a hotel property for land underlying the property with an in-place Ground Lease valued at $9.0 million and recorded a gain of $4.6 million in "Earnings from equity method investments" in the consolidated statements of operations. Subsequently, the Company sold the Ground Lease on the land to SAFE for $9.0 million and did not recognize any gain or loss on the sale.

In June 2022, the Loan Fund (refer to Other Strategic Investments below) committed to provide a $105.0 million loan to the ground lessee of a Ground Lease originated at SAFE. The loan is for the Ground Lease tenant's recapitalization of a mixed-use property. The Loan Fund received $5.0 million of consideration from SAFE in connection with this transaction.

Ground Lease Plus Fund—The Company formed and manages an investment fund that targets the origination and acquisition of Ground Leases for commercial real estate projects that are in a pre-development phase (the "Ground Lease Plus Fund"). The Company owns a 53% noncontrolling equity interest in the Ground Lease Plus Fund. The Company does not have a controlling interest in the Ground Lease Plus Fund due to the substantive participating rights of its partner and accounts for this investment as an equity method investment. In addition, the Ground Lease Plus Fund has first look rights through December 2023 on qualifying pre-development projects that SAFE has elected to not originate.

In November 2021, the Company acquired land for $33.3 million and simultaneously structured and entered into a Ground Lease on which a multi-family project will be constructed. In December 2021, the Company sold the Ground Lease to the Ground Lease Plus Fund and recognized no gain or loss on the sale. The Company and SAFE entered into an agreement pursuant to which SAFE would acquire the land and related Ground Lease from the Ground Lease Plus Fund when certain construction related conditions are met by a specified time period (refer to "Safehold Inc." above).

In January 2022, the Company sold two Ground Leases to the Ground Lease Plus Fund (refer to Note 5) and recognized an aggregate $0.5 million of gains in "Income from sales of real estate" on the sale. The Company and SAFE entered into an agreement pursuant to which SAFE would acquire the land properties and related Ground Leases from the Ground Lease Plus Fund when certain construction related conditions are met by a specified time period (refer to "Safehold Inc." above).

Other real estate equity investments—As of December 31, 2022, the Company's other real estate equity investments include equity interests of 95% in real estate ventures comprised of investments of $32.4 million in three operating properties. As of December 31, 2021, the Company's other real estate equity investments included $43.3 million in operating properties and $1.1 million in land assets.

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In August 2018, the Company provided a mezzanine loan with a principal balance of $33.0 million to an unconsolidated entity in which the Company owns a 50% equity interest. In December 2021, the Company's partner in the venture recapitalized the existing multifamily property, which included a Ground Lease provided by SAFE. As part of the recapitalization, the Company's partner acquired its 50% equity interest in the entity and the mezzanine loan was repaid in full. During the years ended December 31, 2021 and 2020, the Company recorded $2.3 million, $2.4 million, respectively, of interest income on the mezzanine loan.

Other strategic investments—As of December 31, 2022 and 2021, the Company also had investments in real estate related funds and other strategic investments in real estate entities.

In January 2021, the Company sold two loans for $83.4 million to a newly formed entity in which the Company owns a 53.0% noncontrolling equity interest (the "Loan Fund"). The Company did not recognize any gain or loss on the sales. In September 2021, the Company transferred a $75.0 million construction loan commitment to the Loan Fund. The Company does not have a controlling interest in the Loan Fund due to the substantive participating rights of its partner. The Company accounts for this investment as an equity method investment and receives a fixed annual fee in exchange for managing the entity.

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

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

Summarized investee financial information—The following table presents the investee level summarized financial information of the Company's equity method investments ($ in thousands):

	As of December 31,			For the Years Ended December 31,		
	2022	2021		2022	2021	2020
Balance Sheets			**Income Statements**			
Total assets	$ 6,124,451	$ 6,107,890	Revenues	$ 640,429	$ 889,131	$ 129,789
Total liabilities	3,754,720	3,019,208	Expenses	(237,671)	(254,001)	(188,605)
Noncontrolling interests	23,587	3,024	Net income (loss) attributable to parent entities	393,492	634,896	(59,010)
Total equity attributable to parent entities	2,346,143	3,085,657				

During the years ended December 31, 2022, 2021 and 2020, SAFE represented a significant subsidiary of the Company. For detailed financial information regarding SAFE, please refer to its financial statements, which are publicly available on the website of the Securities and Exchange Commission at http://www.sec.gov under the ticker symbol "SAFE" and are incorporated herein by reference.

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Note 9—Other Assets and Other Liabilities

Deferred expenses and other assets, net, consist of the following items ($ in thousands):[1]

	As of	
	December 31, 2022	December 31, 2021
Intangible assets, net[2]	$ 319	$ 1,209
Restricted cash	6,423	54,395
Operating lease right-of-use assets[3]	16,110	20,437
Other assets[4]	19,009	16,040
Other receivables	2,845	5,054
Leasing costs, net[5]	129	818
Corporate furniture, fixtures and equipment, net[6]	1,441	1,852
Deferred financing fees, net	—	629
Deferred expenses and other assets, net	$ 46,276	$ 100,434

(1) Certain items have been reclassified to “Real estate and other assets available and held for sale and classified as discontinued operations” (refer to Note 3).
(2) Intangible assets, net includes above market and in-place lease assets and lease incentives related to the acquisition of real estate assets. Accumulated amortization on intangible assets, net was $0.1 million and $10.2 million as of December 31, 2022 and 2021, respectively. The amortization of above market leases and lease incentive assets decreased operating lease income in the Company’s consolidated statements of operations by $0.1 million, $0.3 million and $0.2 million for the years ended December 31, 2022, 2021 and 2020, respectively. These intangible lease assets are amortized over the remaining term of the lease. The amortization expense for in-place leases was $0.1 million, $1.0 million and $0.2 million for the years ended December 31, 2022, 2021 and 2020, respectively. These amounts are included in “Depreciation and amortization” in the Company’s consolidated statements of operations. As of December 31, 2022, the weighted average remaining amortization period for the Company’s intangible assets was approximately 5.8 years.
(3) Right-of-use lease assets relate primarily to the Company’s leases of office space and certain other leases. Right-of use lease assets initially equal the lease liability. The lease liability (see table below) equals the present value of the minimum rental payments due under the lease discounted at the rate implicit in the lease or the Company's incremental secured borrowing rate for similar collateral. For operating leases, rent expense is recognized on a straight-line basis over the term of the lease and is recorded in “General and administrative” and “Real estate expense” in the Company’s consolidated statements of operations. During the years ended December 31, 2022, 2021 and 2020, the Company recognized $4.8 million, $4.9 million and $4.7 million, respectively, in “General and administrative” and $0.7 million, $0.6 million and $0.6 million, respectively, in “Real estate expense” in its consolidated statements of operations relating to operating leases.
(4) Other assets primarily includes prepaid expenses, deposits for certain real estate assets and management fees and expense reimbursements due from SAFE (refer to Note 8).
(5) Accumulated amortization of leasing costs was $0.1 million and $1.1 million as of December 31, 2022 and 2021, respectively.
(6) Accumulated depreciation on corporate furniture, fixtures and equipment was $12.3 million and $14.8 million as of December 31, 2022 and 2021, respectively.

Accounts payable, accrued expenses and other liabilities consist of the following items ($ in thousands):[1]

	As of	
	December 31, 2022	December 31, 2021
Other liabilities[2]	$ 29,375	30,362
Accrued expenses	70,445	151,810
Operating lease liabilities (see table above)	17,645	23,267
Accrued interest payable	26,012	31,293
Accounts payable, accrued expenses and other liabilities	$ 143,477	$ 236,732

(1) Certain items have been reclassified to “Liabilities associated with real estate held for sale and classified as discontinued operations” (refer to Note 3).
(2) As of December 31, 2022 and 2021, "Other liabilities" includes $21.2 million and $20.1 million, respectively, of deferred income. As of December 31, 2021, other liabilities includes $0.1 million of expected credit losses for unfunded loan commitments.

Note 10—Debt Obligations, net

The Company's debt obligations were as follows ($ in thousands):

	Carrying Value as of		Stated	Scheduled
	December 31, 2022	December 31, 2021	Interest Rates	Maturity Date
Secured credit facilities:				
Revolving Credit Facility	$ —	$ —	LIBOR + 2.00% (1)	—
Senior Term Loan	—	491,875	LIBOR + 2.75% (2)	—
Total secured credit facilities	—	491,875		
Unsecured notes:				
3.125% senior convertible notes(3)	—	287,500	3.125 %	—
4.75% senior notes(4)	753,561	775,000	4.75 %	October 2024
4.25% senior notes(5)	501,997	550,000	4.25 %	August 2025
5.50% senior notes(6)	346,906	400,000	5.50 %	February 2026
Total unsecured notes	1,602,464	2,012,500		
Other debt obligations:				
Trust preferred securities	100,000	100,000	LIBOR + 1.50%	October 2035
Total debt obligations	1,702,464	2,604,375		
Debt discounts and deferred financing costs, net	(19,943)	(32,201)		
Total debt obligations, net(7)	$ 1,682,521	$ 2,572,174		

(1) The Revolving Credit Facility accrued interest at the Company's election of either: (i) a base rate, which is the greater of (a) prime, (b) federal funds plus 0.50% or (c) LIBOR plus 1.00% and subject to a margin ranging from 1.00% to 1.50%; or (ii) LIBOR subject to a margin ranging from 2.00% to 2.50%. The Company terminated the Revolving Credit Facility in August 2022.
(2) The loan accrued interest at the Company's election of either: (i) a base rate, which is the greater of (a) prime, (b) federal funds plus 0.50% or (c) LIBOR plus 1.00% and subject to a margin of 1.75%; or (ii) LIBOR subject to a margin of 2.75%.
(3) During the years ended December 31, 2022, 2021 and 2020, the Company recognized $3.5 million, $9.0 million, $9.0 million, respectively, of contractual interest on the 3.125% Convertible Notes. Refer to Unsecured Notes below.
(4) The Company can prepay these senior notes without penalty beginning July 1, 2024.
(5) The Company can prepay these senior notes without penalty beginning May 1, 2025.
(6) The Company can prepay these senior notes without penalty beginning August 15, 2024.
(7) The Company capitalized interest relating to development activities of $1.5 million, $1.0 million and $1.4 million for the years ended December 31, 2022, 2021 and 2020, respectively.

Future Scheduled Maturities—As of December 31, 2022, future scheduled maturities of outstanding debt obligations are as follows ($ in thousands):

	Unsecured Debt	Secured Debt	Total
2023	$ —	$ —	$ —
2024	753,561	—	753,561
2025	501,997	—	501,997
2026	346,906	—	346,906
2027	—	—	—
Thereafter	100,000	—	100,000
Total principal maturities	1,702,464	—	1,702,464
Unamortized discounts and deferred financing costs, net	(19,943)	—	(19,943)
Total debt obligations, net	$ 1,682,521	$ —	$ 1,682,521

Senior Term Loan—The Company had a $650.0 million senior term loan that accrued interest at LIBOR plus 2.75% per annum and matured in June 2023 (the "Senior Term Loan"). The Senior Term Loan was secured by pledges of equity of certain subsidiaries that own a defined pool of assets. The Senior Term Loan permitted substitution of collateral, subject to overall collateral pool coverage and concentration limits, over the life of the facility. The Company repaid the Senior Term Loan in full in March 2022 using proceeds from the Net Lease Sale (refer to Note 3 - Net Lease Sale and

Discontinued Operations). During the year ended December 31, 2022, the Company incurred a "Loss on extinguishment of debt" of $1.4 million in connection with the repayment of the Senior Term Loan.

Revolving Credit Facility—The Company had a secured revolving credit facility with a maximum capacity of $350.0 million and a maturity of September 2022 (the "Revolving Credit Facility"). The Company terminated the Revolving Credit Facility in August 2022. Outstanding borrowings under the Revolving Credit Facility were secured by pledges of the equity interests in the Company's subsidiaries that own a defined pool of assets. Borrowings under this credit facility accrued interest at a floating rate indexed to one of several base rates plus a margin which adjusted upward or downward based upon the Company's corporate credit rating, ranging from 1.0% to 1.5% in the case of base rate loans and from 2.0% to 2.5% in the case of LIBOR loans. In addition, there was an undrawn credit facility commitment fee that ranges from 0.25% to 0.45%, based on corporate credit ratings.

Unsecured Notes— As of December 31, 2022, the Company has senior unsecured notes outstanding with varying fixed-rates and maturities ranging from October 2024 to February 2026. In connection with the Net Lease Sale, in the fourth quarter 2021, the Company obtained the consents of holders of its outstanding 4.75% senior notes due 2024, 4.25% senior notes due 2025 and 5.50% senior notes due 2026 to certain amendments to the indentures governing the notes intended to align the indentures with the sale of the Company's net lease assets. The Company paid holders consent fees ranging from 0.75% to 1.00% of the principal amount of consenting notes, depending on the relevant series. The Company's senior unsecured notes are interest only, are generally redeemable at the option of the Company and contain certain financial covenants (see below).

3.125% Senior Convertible Notes—In April 2022, the Company completed separate, privately-negotiated transactions with holders of $194 million aggregate principal amount of the Company's 3.125% Convertible Notes in which the noteholders exchanged their convertible notes with the Company for 13.75 million newly issued shares of the Company's common stock and aggregate cash payments of $14 million. The 3.125% Convertible Senior Notes received by the Company were retired. The Company applied extinguishment accounting and recognized a net increase in shareholders' equity of $180.6 million inclusive of a $118.1 million loss on extinguishment of debt in connection with these transactions.

In July and August 2022, the Company completed a series of privately-negotiated exchange transactions with holders of approximately $80.9 million aggregate principal amount of the Company's 3.125% Convertible Notes in which the noteholders exchanged their convertible notes with the Company for an aggregate of approximately 3.3 million newly issued shares of the Company's common stock and aggregate cash payments of approximately $43.6 million inclusive of accrued interest. The convertible notes received by the Company were retired. The Company applied extinguishment accounting and recognized a net increase in shareholders' equity of $38.2 million inclusive of a $12.1 million loss on extinguishment of debt in connection with these transactions.

In September 2022, the holders of approximately $11.7 million aggregate principal amount of the Company's 3.125% Convertible Notes executed their conversion rights under the notes and exchanged their convertible notes with the Company for an aggregate of approximately 92,011 newly issued shares of the Company's common stock and aggregate cash payments of approximately $11.7 million. The convertible notes received by the Company were retired. The Company also repaid $0.5 million principal amount of its 3.125% Convertible Notes for cash at maturity.

4.75% Senior Notes—In April 2022, the Company redeemed $7.1 million principal amount of its 4.75% senior notes due October 2024 for $7.2 million. The Company recognized a $0.2 million loss on extinguishment of debt in connection with these transactions. In July and August 2022, the Company redeemed an aggregate $14.4 million principal amount of its senior notes due October 2024 for $14.5 million. The Company recognized a $0.3 million net loss on extinguishment of debt in connection with these transactions.

5.50% Senior Notes—In June 2022, the Company redeemed $53.1 million principal amount of its 5.50% senior notes due February 2026 for $50.6 million. The Company recognized a $1.7 million net gain on extinguishment of debt in connection with these transactions.

4.25% Senior Notes— In August and September 2022, the Company redeemed an aggregate $48.0 million principal amount of its senior notes due August 2025 for $48.1 million. The Company recognized a $0.7 million loss on extinguishment of debt in connection with these transactions.

Debt Covenants

The Company's outstanding unsecured debt securities contain corporate level covenants that include a covenant to maintain a ratio of unencumbered assets to unsecured indebtedness, as such terms are defined in the indentures governing the debt securities, of at least 1.3x and a covenant restricting certain incurrences of debt based on a fixed charge coverage ratio. If any of the Company's covenants are breached and not cured within applicable cure periods, the breach could result in acceleration of its debt securities unless a waiver or modification is agreed upon with the requisite percentage of the bondholders.

Note 11—Commitments and Contingencies

Unfunded Commitments—The Company generally funds construction and development loans and build-outs of space in real estate assets over a period of time if and when the borrowers and tenants meet established milestones and other performance criteria. The Company refers to these arrangements as Performance-Based Commitments.

As of December 31, 2022, the maximum amount of fundings the Company may be required to make under each category, assuming all performance hurdles and milestones are met under the Performance-Based Commitments are as follows ($ in thousands):

	Other Investments
Performance-Based Commitments	$ 146,560

Other Commitments—Total operating lease expense for the years ended December 31, 2022, 2021 and 2020 was $5.2 million, $5.2 million and $5.4 million, respectively. Future minimum lease obligations under non-cancelable operating leases, excluding lease obligations for liabilities included in discontinued operations, as of December 31, 2022 are as follows ($ in thousands):

	Operating[(1)]
2023	$ 6,295
2024	6,178
2025	6,166
2026	142
2027	162
Thereafter	—
Total undiscounted cash flows	18,943
Present value discount[(1)]	(1,298)
Lease liabilities	$ 17,645

(1) The lease liability equals the present value of the minimum rental payments due under the lease discounted at the rate implicit in the lease or the Company's incremental secured borrowing rate for similar collateral. For operating leases, lease liabilities were discounted at the Company's weighted average incremental secured borrowing rate for similar collateral estimated to be 4.7% and the weighted average remaining lease term is 3.7 years.

Legal Proceedings—The Company and/or one or more of its subsidiaries is party to various pending litigation matters that are considered ordinary routine litigation incidental to the Company's business as a finance and investment company focused on the commercial real estate industry, including foreclosure-related proceedings. The Company believes it is not a party to, nor are any of its properties the subject of, any pending legal proceeding that would have a material adverse effect on the Company's consolidated financial statements.

Note 12—Risk Management and Derivatives

Risk management

In the normal course of its on-going business operations, the Company encounters economic risk. There are three main components of economic risk: interest rate risk, credit risk and market risk. The Company is subject to interest rate risk to the degree that its interest-bearing liabilities mature or reprice at different points in time and potentially at different bases, than its interest-earning assets. Credit risk is the risk of default on the Company's lending investments or leases that result from a borrower's or tenant's inability or unwillingness to make contractually required payments. Market risk reflects changes in the value of loans and other lending investments due to changes in interest rates or other market factors, including the rate of prepayments of principal and the value of the collateral underlying loans, the valuation of real estate assets by the Company as well as changes in foreign currency exchange rates.

Risk concentrations—Concentrations of credit risks arise when a number of borrowers or tenants related to the Company's investments are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations, including those to the Company, to be similarly affected by changes in economic conditions.

Substantially all of the Company's real estate and net investment in leases, including those classified in real estate and other assets available and held for sale and classified as discontinued operations, and assets collateralizing its loans receivable are located in the United States. As of December 31, 2022, the Company's portfolio contains concentrations in the following property types: Ground Leases, land and development, multifamily, hotel, entertainment/leisure, condominium, retail and other property types.

The Company underwrites the credit of prospective borrowers and tenants and often requires them to provide some form of credit support such as corporate guarantees, letters of credit and/or cash security deposits. Although the Company's loans and real estate assets are geographically diverse and the borrowers and tenants operate in a variety of industries, to the extent the Company has a significant concentration of interest or operating lease revenues from any single borrower or tenant, the inability of that borrower or tenant to make its payment could have a material adverse effect on the Company.

Derivatives

The Company's use of derivative financial instruments has historically been limited to the utilization of interest rate swaps, interest rate caps and foreign exchange contracts. The principal objective of such financial instruments is to minimize the risks and/or costs associated with the Company's operating and financial structure and to manage its exposure to interest rates and foreign exchange rates. The Company may have derivatives that are not designated as hedges because they do not meet the strict hedge accounting requirements. Although not designated as hedges, such derivatives are entered into to manage the Company's exposure to interest rate movements and other identified risks.

The Company did not have any derivative financial instruments as of December 31, 2022. The table below presents the fair value of the Company's derivative financial instruments as well as their classification on the consolidated balance sheets as of December 31, 2021 ($ in thousands):[(1)]

	Derivative Liabilities	
As of December 31, 2021	Balance Sheet Location	Fair Value
Derivatives Designated in Hedging Relationships		
Interest rate swaps	Liabilities associated with real estate held for sale and classified as discontinued operations	$ 8,395
Total		$ 8,395

(1) Over the next 12 months, the Company expects that $2.0 million related to its proportionate share of cash flow hedges held by SAFE will be reclassified from "Accumulated other comprehensive income (loss)" as a decrease to earnings from equity method investments.

The table below presents the effect of the Company's derivative financial instruments, including the Company's share of derivative financial instruments at certain of its equity method investments, in the consolidated statements of operations and the consolidated statements of comprehensive income (loss) ($ in thousands):

Derivatives Designated in Hedging Relationships	Location of Gain (Loss) When Recognized in Income	Amount of Gain (Loss) Recognized in Accumulated Other Comprehensive Income	Amount of Gain (Loss) Reclassified from Accumulated Other Comprehensive Income into Earnings
For the Year Ended December 31, 2022			
Interest rate swaps	Earnings from equity method investments	$ 20,317	$ (7,737)
For the Year Ended December 31, 2021			
Interest rate swaps	Net income from discontinued operations	$ 4,748	$ (8,140)
Interest rate swaps	Earnings from equity method investments	8,638	(1,943)
For the Year Ended December 31, 2020			
Interest rate swaps	Net income from discontinued operations	$ (14,940)	$ (6,974)
Interest rate swaps	Earnings from equity method investments	(13,350)	(1,101)

Note 13—Equity

Preferred Stock—The Company had the following series of Cumulative Redeemable Preferred Stock outstanding as of December 31, 2022 and 2021:

			Cumulative Preferential Cash Dividends[(1)(2)]			
Series	Shares Issued and Outstanding (in thousands)	Par Value	Liquidation Preference[(3)]	Rate per Annum	Annual Dividend per share	Carrying Value (in thousands)
D	4,000	$ 0.001	$ 25.00	8.00 %	$ 2.00	$ 89,041
G	3,200	0.001	25.00	7.65 %	1.91	72,664
I	5,000	0.001	25.00	7.50 %	1.88	120,785
Total	12,200					$ 282,490

(1) Holders of shares of the Series D, G and I preferred stock are entitled to receive dividends, when and as declared by the Company's Board of Directors, out of funds legally available for the payment of dividends. Dividends are cumulative from the date of original issue and are payable quarterly in arrears on or before the 15th day of each March, June, September and December or, if not a business day, the next succeeding business day. Any dividend payable on the preferred stock for any partial dividend period will be computed on the basis of a 360-day year consisting of twelve 30-day months. Dividends will be payable to holders of record as of the close of business on the first day of the calendar month in which the applicable dividend payment date falls or on another date designated by the Company's Board of Directors for the payment of dividends that is not more than 30 nor less than 10 days prior to the dividend payment date.

(2) The Company declared and paid dividends of $8.0 million, $6.1 million and $9.4 million on its Series D, G and I Cumulative Redeemable Preferred Stock during both the years ended December 31, 2022 and 2021, respectively. The character of the 2022 dividends was 100% capital gain distribution. The character of the 2021 dividends was 100% capital gain distribution, of which 18.31% represented unrecaptured section 1250. There are no dividend arrearages on any of the preferred shares currently outstanding.

(3) The Company may, at its option, redeem the Series G and I Preferred Stock, in whole or in part, at any time and from time to time, for cash at a redemption price equal to 100% of the liquidation preference of $25.00 per share, plus accrued and unpaid dividends, if any, to the redemption date.

Dividends—To maintain its qualification as a REIT, the Company must annually distribute, at a minimum, an amount equal to 90% of its taxable income, excluding net capital gains, and must distribute 100% of its taxable income (including net capital gains) to eliminate corporate federal income taxes payable by the REIT. The Company has recorded NOLs in the past and may record NOLs in the future, which may reduce its taxable income in future periods and lower or eliminate entirely the Company's obligation to pay dividends for such periods in order to maintain its REIT qualification. As of December 31, 2021, the Company had $614.6 million of NOL carryforwards at the corporate REIT level that can generally be used to offset both ordinary taxable income and capital gain net income in future years. In its year ended December 31, 2022, the Company expects to report REIT taxable income before the deduction for dividends paid and will fully utilize its NOL carryforward. Because taxable income differs from cash flow from operations due to non-cash revenues and expenses (such as depreciation and certain asset impairments), in certain circumstances, the Company may generate operating cash flow in excess of its dividends, or alternatively, may need to make dividend payments in excess of operating cash flows. The Company declared common stock dividends of $31.8 million, or $0.375 per share, for the year ended December 31, 2022 and $35.1 million, or $0.485 per share, for the year ended December 31, 2021. The Company designated all of its 2022 dividends as a capital gain distribution. The character of the 2021 dividends was 100% capital gain distribution, of which 18.31% represented unrecaptured section 1250 gain. In addition, in December 2022 the Company paid a dividend of 6.63 million shares of SAFE common stock, or $2.19 per share of the Company's common stock, to its shareholders.

Stock Repurchase Program—The Company may repurchase shares in negotiated transactions or open market transactions, including through one or more trading plans. The Company did not repurchase any shares of its common stock during the year ended December 31, 2022. During the year ended December 31, 2021, the Company repurchased 5.5 million shares of its outstanding common stock for $122.4 million, for an average cost of $22.38 per share. During the year ended December 31, 2020, the Company repurchased 4.2 million shares of its outstanding common stock for $48.4 million, for an average cost of $11.48 per share. The Company is generally authorized to repurchase up to $50.0 million in shares of its common stock. As of December 31, 2022, the Company had remaining authorization to repurchase up to $50.0 million of common stock under its stock repurchase program.

Accumulated Other Comprehensive Income (Loss)—"Accumulated other comprehensive income (loss)" reflected in the Company's shareholders' equity is comprised of the following ($ in thousands):

	As of	
	December 31, 2022	December 31, 2021
Unrealized gains on available-for-sale securities	$ —	$ 4,237
Unrealized gains (losses) on cash flow hedges	2,230	(25,824)
Accumulated other comprehensive income (loss)	$ 2,230	$ (21,587)

Note 14—Stock-Based Compensation Plans and Employee Benefits

Stock-Based Compensation—The Company recorded stock-based compensation expense, including the expense related to performance incentive plans (see below), of ($27.7) million, $69.3 million and $39.4 million, respectively, during the years ended December 31, 2022, 2021 and 2020 in "General and administrative" in the Company's consolidated statements of operations. As of December 31, 2022, there was $5.2 million of total unrecognized compensation cost related to all unvested restricted stock units that is expected to be recognized over a weighted average remaining vesting/service period of 1.08 years.

Performance Incentive Plans—The Company's Performance Incentive Plans ("iPIP") are designed to provide, primarily to senior executives and select professionals engaged in the Company's investment activities, long-term compensation which has a direct relationship to the realized returns on investments included in the plans. Awards vest over six years, with 40% being vested at the end of the second year and 15% each year thereafter. As of December 31, 2022, there are five iPIP Plans, each covering a two-year investment period beginning with the 2013-2014 Plan through the 2021-2022 Plan.

2019-2022 iPIP Plans—The Company's 2019-2020 and 2021-2022 iPIP plans are equity-classified awards which are measured at the grant date fair value and recognized as compensation cost in "General and administrative" in the Company's consolidated statements of operations and "Noncontrolling interests" in the Company's consolidated statements of changes in equity over the requisite service period. Investments in the 2019-2022 iPIP plans will be held by consolidated subsidiaries of the Company and have two ownership classes, class A units and class B units. The Company owns 100% of the class A units and the class B units were issued to employees as long-term compensation. Except for certain clawback provisions, participants can retain vested class B units upon their termination of employment with the Company. The class B units are entitled to distributions from the net cash realized from the investments in the plan after the Company, through its ownership of the class A units, has received a specified return on its invested capital and a return of its invested capital. Distributions on the class B units are also subject to reductions under a total shareholder return ("TSR") adjustment. The fair value of the class B units was determined using a model that forecasts the underlying cash flows from the investments within the entity to which the class B units have ownership rights. During the years ended December 31, 2022, 2021 and 2020, the Company recorded $4.6 million, $3.8 million and $3.4 million, respectively, of expense related to the 2019-2022 iPIP plans. Distributions on the class B units are expected to be 50% in cash and 50% in shares of the Company's common stock; provided, however, that (a) the cash portion will be increased if the Company does not have sufficient shares available under shareholder approved equity plans; and (b) if the principal remaining material asset in a plan is unsold SAFE shares, the Company may elect to distribute SAFE shares in lieu of cash and Company stock.

The following is a summary of the status of the Company's equity-classified iPIP plans and changes during the year ended December 31, 2022.

	iPIP Investment Pool	
	2019-2020	2021-2022
Points at beginning of period	95.20	84.75
Granted	—	7.95
Forfeited	—	(0.95)
Points at end of period	95.20	91.75

As of December 31, 2022, investments with an aggregate gross book value of $764 million, including 26.7 million shares of SAFE common stock acquired by the Company, were attributable to the 2019-2020 Plan and investments with an aggregate gross book value of $406 million, including 5.0 million shares of SAFE common stock acquired by the Company, were attributable to the 2021-2022 Plan.

2013-2018 iPIP Plans—The remainder of the Company's iPIP plans, as shown in the table below, are liability-classified awards and are remeasured each reporting period at fair value until the awards are settled. Certain employees will be granted awards that entitle employees to receive the residual cash flows from the investments in the plans after the Company has received a specified return on its invested capital and a return of its invested capital. Awards are also subject to reductions under a TSR adjustment. The fair value of awards is determined using a model that forecasts the Company's projected investment performance. Settlement of the awards will be 50% in cash and 50% in shares of the Company's common stock or in shares of SAFE's common stock owned by the Company.

The following is a summary of the status of the Company's liability-classified iPIP plans and changes during the year ended December 31, 2022.

	iPIP Investment Pool		
	2013-2014	2015-2016	2017-2018
Points at beginning of period	80.17	70.40	75.34
Granted	—	—	—
Points at end of period	80.17	70.40	75.34

During the years ended December 31, 2022, 2021 and 2020, the Company recorded ($38.3) million, $58.2 million and $30.7 million, respectively, of expense related to the 2013-2018 iPIP plans. The reduction in expense for the year ended December 31, 2022 was primarily due to a decrease in the price per share of SAFE common stock.

As of December 31, 2022, investments with an aggregate gross book value of $13 million were attributable to the 2013-2014 Plan and investments with an aggregate gross book value of $159 million, including 7.6 million shares of SAFE common stock acquired by the Company, were attributable to the 2017-2018 Plan. As of December 31, 2022 there were no investments attributable to the 2015-2016 Plan.

During the year ended December 31, 2022, the Company made distributions to participants in the 2013-2014 investment pool. The iPIP participants received total distributions in the amount of $19.6 million as compensation, comprised of cash and 412,041 shares of the Company's common stock with a fair value of $16.06 per share, which are fully-vested and issued under the 2009 LTIP. After deducting statutory minimum tax withholdings, a total of 215,657 shares of the Company's common stock were issued.

During the year ended December 31, 2022, the Company made distributions to participants in the 2015-2016 investment pool. The iPIP participants received total distributions in the amount of $19.2 million as compensation, comprised of cash and 402,731 shares of the Company's common stock with a fair value of $16.06 per share, which are fully-vested and issued under the 2009 LTIP. After deducting statutory minimum tax withholdings, a total of 193,416 shares of the Company's common stock were issued.

During the year ended December 31, 2021, the Company made distributions to participants in the 2015-2016 investment pool. The iPIP participants received total distributions in the amount of $10.7 million as compensation, comprised of cash and 243,044 shares of the Company's common stock with a fair value of $22.66 per share, which are fully-vested and issued under the 2009 LTIP (see below). After deducting statutory minimum tax withholdings, a total of 131,757 shares of the Company's common stock were issued.

During the year ended December 31, 2020, the Company made distributions to participants in the 2015-2016 investment pool. The iPIP participants received total distributions in the amount of $1.5 million as compensation, comprised of cash and 54,245 shares of the Company's common stock with a fair value of $14.51 per share, which are fully-vested and issued under the 2009 LTIP (see below). After deducting statutory minimum tax withholdings, a total of 32,825 shares of the Company's common stock were issued.

As of December 31, 2022 and 2021, the Company had accrued compensation costs relating to iPIP of $45.8 million and $116.6 million, respectively, which are included in “Accounts payable, accrued expenses and other liabilities” on the Company’s consolidated balance sheets.

Long-Term Incentive Plan—The Company’s 2009 Long-Term Incentive Plan (the “2009 LTIP”) is designed to provide incentive compensation for officers, key employees, directors and advisors of the Company. The 2009 LTIP provides for awards of stock options, shares of restricted stock, phantom shares, restricted stock units, dividend equivalent rights and other share-based performance awards. All awards under the 2009 LTIP are made at the discretion of the Company’s Board of Directors or a committee of the Board of Directors. The Company’s shareholders approved the 2009 LTIP in 2009 and approved the performance-based provisions of the 2009 LTIP, as amended, in 2014. In May 2021, the Company’s shareholders approved an increase in the number of shares available for issuance under the 2009 LTIP from a maximum of 8.9 million to 9.9 million and extended the expiration date of the 2009 LTIP from May 2029 to May 2031.

As of December 31, 2022, an aggregate of 2.3 million shares remain available for issuance pursuant to future awards under the Company’s 2009 LTIP.

Restricted Stock Units—Changes in non-vested restricted stock units (“Units”) during the year ended December 31, 2022 were as follows (number of shares and $ in thousands, except per share amounts):

	Number of Shares	Grant Date Fair Value Per Share	Aggregate Intrinsic Value
Nonvested at beginning of period	754	$ 14.67	$ 19,480
Granted	221	$ 24.77	
Vested	(316)	$ 11.14	
Forfeited	(25)	$ 20.54	
Nonvested at end of period	634	$ 19.74	$ 4,833

The total fair value of Units vested during the years ended December 31, 2022, 2021 and 2020 was $7.3 million, $1.7 million and $3.6 million, respectively. The weighted average grant date fair value per share of Units granted during the years ended December 31, 2022, 2021 and 2020 was $24.77, $18.59 and $14.68, respectively.

Directors’ Awards—Non-employee directors are awarded CSEs or restricted share awards at the time of the annual shareholders’ meeting in consideration for their services on the Company’s Board of Directors. During the year ended December 31, 2022, the Company awarded to non-employee Directors 38,953 restricted shares of common stock at a fair value per share of $16.33 at the time of grant for their annual equity awards and also issued 29,377 common stock equivalents ("CSEs") at a fair value of $8.28 per CSE in respect of dividend equivalents on outstanding CSEs. Dividends will accrue as and when dividends are declared by the Company on shares of its common stock, but will not be paid unless and until the CSEs and restricted shares of common stock vest and are settled. As of December 31, 2022, a combined total of 160,040 CSEs and restricted shares of common stock granted to members of the Company’s Board of Directors remained outstanding under the Company’s Non-Employee Directors Deferral Plan, with an aggregate intrinsic value of $1.2 million.

401(k) Plan—The Company has a savings and retirement plan (the "401(k) Plan"), which is a voluntary, defined contribution plan. All employees are eligible to participate in the 401(k) Plan following completion of three months of continuous service with the Company. Each participant may contribute on a pretax basis up to the maximum percentage of compensation and dollar amount permissible under Section 402(g) of the Internal Revenue Code not to exceed the limits of Code Sections 401(k), 404 and 415. At the discretion of the Company’s Board of Directors, the Company may make matching contributions on the participant’s behalf of up to 50% of the participant’s contributions, up to a maximum of 10% of the participants’ compensation. The Company made gross contributions of $1.1 million, $0.9 million and $1.1 million, respectively, for the years ended December 31, 2022, 2021 and 2020.

Note 15—Earnings Per Share

Earnings per share ("EPS") is calculated using the two-class method, which allocates earnings among common stock and participating securities, if applicable, to calculate EPS when an entity's capital structure includes either two or more classes of common stock or common stock and participating securities.

The following table presents a reconciliation of income (loss) allocable to common shareholders used in the basic and diluted EPS calculations ($ in thousands, except for per share data):

	For the Years Ended December 31,		
	2022	2021	2020
Net income (loss) from continuing operations	$ (197,274)	$ 16,574	$ (116,308)
Net loss (income) from continuing operations attributable to noncontrolling interests	(37)	75	(337)
Preferred dividends	(23,496)	(23,496)	(23,496)
Net loss from continuing operations and allocable to common shareholders for basic and diluted earnings per common share	$ (220,807)	$ (6,847)	$ (140,141)

	For the Years Ended December 31,		
	2022	2021	2020
Earnings allocable to common shares:			
Numerator for basic and diluted earnings per share:			
Net loss from continuing operations and allocable to common shareholders	$ (220,807)	$ (6,847)	$ (140,141)
Net income from discontinued operations	797,688	121,452	85,455
Net (income) from discontinued operations attributable to noncontrolling interests	(179,089)	(5,620)	(11,251)
Net income (loss) allocable to common shareholders	$ 397,792	$ 108,985	$ (65,937)
Denominator for basic and diluted earnings per share:			
Weighted average common shares outstanding for basic and diluted earnings per common share	80,722	71,831	75,684
Basic and diluted earnings per common share:[1]			
Net loss from continuing operations and allocable to common shareholders	$ (2.74)	$ (0.10)	$ (1.85)
Net income from discontinued operations and allocable to common shareholders	7.66	1.61	0.98
Net income (loss) allocable to common shareholders	$ 4.92	$ 1.51	$ (0.87)

(1) For the year ended December 31, 2022, 2021 and 2020, the effect of certain of the Company's restricted stock awards were anti-dilutive due to the Company having a net loss from continuing operations and allocable to common shareholders for the period. For the years ended December 31, 2022 and 2021, 2,737,451 and 6,441,572 shares, respectively, of the 3.125% Convertible Notes were anti-dilutive due to the Company having a net loss from continuing operations and allocable to common shareholders for the period. For the year ended December 31, 2020, no shares of common stock would have been issuable upon conversion of the 3.125% Convertible Notes, and therefore the 3.125% Convertible Notes had no effect on diluted EPS for such period.

Note 16—Fair Values

Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following fair value hierarchy prioritizes the inputs to be used in valuation techniques to measure fair value:

Level 1: Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2: Quoted prices in markets that are not active, or inputs which are observable, either directly or indirectly, for substantially the full term of the asset or liability; and

Level 3: Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (i.e., supported by little or no market activity).

Certain of the Company's assets and liabilities are recorded at fair value either on a recurring or non-recurring basis. Assets required to be marked-to-market and reported at fair value every reporting period are classified as being valued on a recurring basis. Assets not required to be recorded at fair value every period may be recorded at fair value if a specific provision or other impairment is recorded within the period to mark the carrying value of the asset to market as of the reporting date. Such assets are classified as being valued on a non-recurring basis.

The following fair value hierarchy table summarizes the Company's assets and liabilities recorded at fair value on a recurring and non-recurring basis by the above categories ($ in thousands):

		Fair Value Using		
	Total	Quoted market prices in active markets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
As of December 31, 2022				
Non-recurring basis:				
Real estate, net[1]	$ 811	$ —	$ —	$ 811
Impaired land and development[2]	26,300	—	—	26,300
Loans receivable held for sale (refer to Note 7)	37,650	—	—	37,650
As of December 31, 2021				
Recurring basis:				
Derivative liabilities[3]	$ 8,395	$ —	$ 8,395	$ —
Available-for-sale securities[3]	28,092	—	—	28,092

(1) The Company recorded a $1.8 million impairment on an operating property with an estimated fair value of $0.8 million. The estimated fair value is based on the cash flows expected to be received.
(2) The Company recorded a $12.7 million on a land and development asset with an estimated fair value of $26.3 million. The estimated fair value is based on future cash flows expected to be received using a discount rate of 12.5%.
(3) The fair value of the Company's derivatives are based upon widely accepted valuation techniques utilized by a third-party specialist using observable inputs such as interest rates and contractual cash flow and are classified as Level 2. The fair value of the Company's available-for-sale securities are based upon unadjusted third-party broker quotes and are classified as Level 3. As of December 31, 2021, derivative liabilities are recorded in "Liabilities associated with real estate held for sale and classified as discontinued operations" on the Company's consolidated balance sheet.

The following table summarizes changes in Level 3 available-for-sale securities reported at fair value on the Company's consolidated balance sheets for the years ended December 31, 2022 and 2021 ($ in thousands):

	2022	2021
Beginning balance	$ 28,092	$ 25,274
Purchases	—	3,375
Sales and Repayments	(26,752)	(200)
Realized gain recorded in other income	2,897	—
Unrealized losses recorded in other comprehensive income	(4,237)	(357)
Ending balance	$ —	$ 28,092

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

	As of December 31, 2022		As of December 31, 2021	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Assets				
Net investment in leases (refer to Note 5)(1)	$ —	$ —	$ 43	$ 43
Loans receivable and other lending investments, net(1)	49	46	333	345
Loans receivable held for sale(1)	38	38	43	43
Cash and cash equivalents(2)	1,442	1,442	340	340
Restricted cash(2)	6	6	54	54
Liabilities				
Debt obligations, net(1)(3)				
Level 1	1,584	1,588	2,473	2,799
Level 3	99	98	99	104
Total debt obligations, net	1,683	1,686	2,572	2,903

(1) The fair value of the Company's net investment in leases, loans receivable and other lending investments, net, loans receivable held for sale and certain debt obligations, net are classified as Level 3 within the fair value hierarchy.
(2) The Company determined the carrying values of its cash and cash equivalents and restricted cash approximated their fair values. Restricted cash is recorded in "Deferred expenses and other assets, net" on the Company's balance sheet. The fair value of the Company's cash and cash equivalents and restricted cash are classified as Level 1 within the fair value hierarchy.
(3) As of December 31, 2022 and 2021, the fair value of the Company's unsecured notes and Senior Term Loan are classified as Level 1 within the fair value hierarchy. As of December 31, 2021, the fair value of the Company's 3.125% Senior Convertible Notes was $527.5 million.

Derivatives—The Company may use interest rate swaps, interest rate caps and foreign exchange contracts to manage its interest rate and foreign currency risk. The valuation of these instruments is determined using discounted cash flow analysis on the expected cash flows of each derivative. This analysis reflects the contractual terms of the derivatives, including the period to maturity, and uses observable market-based inputs, including interest rate curves, foreign exchange rates, and implied volatilities. The Company incorporates credit valuation adjustments to appropriately reflect both its own non-performance risk and the respective counterparty's non-performance risk in the fair value measurements. In adjusting the fair value of its derivative contracts for the effect of non-performance risk, the Company has considered the impact of netting and any applicable credit enhancements, such as collateral postings, thresholds, mutual puts and guarantees. The Company has determined that the significant inputs used to value its derivatives fall within Level 2 of the fair value hierarchy.

Impaired real estate— The Company reviews real estate assets to be held for use and land and development 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 and land and development assets are impaired only 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) is less than the 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.

If the Company determines a real estate asset available and held for sale is impaired, it records an impairment charge to adjust the asset to its estimated fair market value less costs to sell. Due to the nature of individual real estate properties, the Company generally uses a discounted cash flow methodology through internally developed valuation models to estimate the fair value of the assets. This approach requires the Company to make judgments with respect to significant unobservable inputs, which may include discount rates, capitalization rates and the timing and amounts of estimated future cash flows. For income producing properties, cash flows generally include property revenues, operating costs and capital expenditures that are based on current observable market rates and estimates for market rate growth and occupancy levels. For other real estate, cash flows may include lot and unit sales that are based on current observable market rates and estimates for annual market rate growth, operating costs, costs of completion and the inventory sell out pricing and timing. The Company will also consider comparable market transactions, if available. In some cases, the

Company obtains external “as is” appraisals for real estate assets and appraised values may be discounted when real estate markets rapidly deteriorate. The Company has determined that significant inputs used in its internal valuation models and appraisals fall within Level 3 of the fair value hierarchy. Additionally, in certain cases, if the Company is under contract to sell an asset, it will mark the asset to the contracted sales price less costs to sell. The Company considers this to be a Level 3 input under the fair value hierarchy.

Loans receivable and other lending investments, net—The Company estimates the fair value of its performing loans and other lending investments using a discounted cash flow methodology. This method discounts estimated future cash flows using rates management determines best reflect current market interest rates that would be offered for loans with similar characteristics and credit quality. The Company determined that the significant inputs used to value its loans and other lending investments fall within Level 3 of the fair value hierarchy. For certain lending investments, the Company uses market quotes, to the extent they are available, that fall within Level 2 of the fair value hierarchy or broker quotes that fall within Level 3 of the fair value hierarchy.

The Company estimates the fair value of its non-performing loans using a discounted cash flow methodology through internally developed valuation models to estimate the fair value of the collateral. This approach requires the Company to make judgments in respect to significant unobservable inputs, which may include discount rates, capitalization rates and the timing and amounts of estimated future cash flows. For income producing properties, cash flows generally include property revenues, operating costs and capital expenditures that are based on current observable market rates and estimates for market rate growth and occupancy levels. For other real estate, cash flows may include lot and unit sales that are based on current observable market rates and estimates for annual revenue growth, operating costs, costs of completion and the inventory sell out pricing and timing. The Company will also consider comparable market transactions, if available. In some cases, the Company obtains external “as is” appraisals for loan collateral, generally when third party participations exist, and appraised values may be discounted when real estate markets rapidly deteriorate. The Company has determined that significant inputs used in its internal valuation models and appraisals fall within Level 3 of the fair value hierarchy.

Debt obligations, net—For debt obligations traded in secondary markets, the Company uses market quotes, to the extent they are available, to determine fair value and are considered Level 2 on the fair value hierarchy. For debt obligations not traded in secondary markets, the Company determines fair value using a discounted cash flow methodology, whereby contractual cash flows are discounted at rates that management determines best reflect current market interest rates that would be charged for debt with similar characteristics and credit quality. The Company has determined that the inputs used to value its debt obligations under the discounted cash flow methodology fall within Level 3 of the fair value hierarchy.

Note 17—Segment Reporting

The Company has determined that it has four reportable segments based on how management reviews and manages its business. These reportable segments include: Net Lease, Real Estate Finance, Operating Properties and Land and Development. The Net Lease segment (Refer to Note 3 - Net Lease Sale and Discontinued Operations) includes the Company’s investments in SAFE and its Ground Lease adjacent businesses (refer to Note 8). The Real Estate Finance segment includes all of the Company’s activities related to senior and mezzanine real estate loans and real estate related securities. The Operating Properties segment includes the Company’s activities and operations related to its commercial and residential properties. The Land and Development segment includes the Company’s activities related to its developable land portfolio.

The Company evaluates performance based on the following financial measures for each segment. The Company's segment information is as follows ($ in thousands):

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	Net Lease[1]	Real Estate Finance	Operating Properties	Land and Development	Corporate/ Other[2]	Company Total
Year Ended December 31, 2022						
Operating lease income	$ —	$ —	$ 12,454	$ 405	$ —	$ 12,859
Interest income	75	12,340	—	—	—	12,415
Interest income from sales-type leases	861	—	8	—	—	869
Other income	20,560	3,570	27,188	6,323	12,514	70,155
Land development revenue	—	—	—	61,753	—	61,753
Earnings (losses) from equity method investments	41,692	4,623	14,850	4,775	(7,260)	58,680
Income from sales of real estate	1,443	—	25,186	—	—	26,629
Total revenue and other earnings	64,631	20,533	79,686	73,256	5,254	243,360
Real estate expense	(1,387)	—	(33,900)	(16,327)	—	(51,614)
Land development cost of sales	—	—	—	(63,441)	—	(63,441)
Other expense	(595)	(308)	—	(498)	(7,512)	(8,913)
Allocated interest expense	(54,781)	(8,306)	(4,649)	(10,865)	(19,450)	(98,051)
Allocated general and administrative[3]	(15,596)	(4,044)	(2,255)	(8,197)	(18,843)	(48,935)
Segment profit (loss)[4]	$ (7,728)	$ 7,875	$ 38,882	$ (26,072)	$ (40,551)	$ (27,594)
Other significant items:						
Provision for loan losses	$ —	$ 44,998	$ —	$ —	$ —	$ 44,998
Impairment of assets	—	—	2,364	12,727	18	15,109
Depreciation and amortization	—	—	3,797	1,113	560	5,470
Capitalized expenditures	—	—	881	20,518	—	21,399
Year Ended December 31, 2021						
Operating lease income	$ —	$ —	$ 16,445	$ 379	$ —	$ 16,824
Interest income	1,707	29,522	—	—	—	31,229
Interest income from sales-type leases	1,215	—	—	—	—	1,215
Other income	14,888	1,260	27,342	6,899	19,870	70,259
Land development revenue	—	—	—	189,103	—	189,103
Earnings (losses) from equity method investments	108,399	3,074	15,108	21,492	6,271	154,344
Income from sales of real estate	—	—	26,319	—	—	26,319
Total revenue and other earnings	126,209	33,856	85,214	217,873	26,141	489,293
Real estate expense	(424)	—	(27,020)	(18,550)	—	(45,994)
Land development cost of sales	—	—	—	(171,961)	—	(171,961)
Other expense	(587)	(515)	—	(70)	(6,942)	(8,114)
Allocated interest expense	(61,685)	(14,830)	(6,949)	(15,242)	(16,694)	(115,400)
Allocated general and administrative[3]	(25,077)	(4,736)	(2,227)	(9,555)	(20,847)	(62,442)
Segment profit (loss)[4]	$ 38,436	$ 13,775	$ 49,018	$ 2,495	$ (18,342)	$ 85,382
Other significant items:						
Provision for loan losses	$ —	$ (8,085)	$ —	$ —	$ —	$ (8,085)
Impairment of assets	—	—	678	—	—	678
Depreciation and amortization	—	—	5,585	902	585	7,072
Capitalized expenditures	2,578	—	655	24,036	—	27,269
Year Ended December 31, 2020						
Operating lease income	$ 2,706	$ —	$ 21,214	$ 356	$ —	$ 24,276
Interest income	—	56,676	—	—	—	56,676
Other income	12,704	11,975	8,065	19,030	26,671	78,445
Land development revenue	—	—	—	164,702	—	164,702
Earnings (losses) from equity method investments	53,476	—	(16,361)	3,432	(1,075)	39,472
Income from sales of real estate	6,056	—	262	—	—	6,318
Total revenue and other earnings	74,942	68,651	13,180	187,520	25,596	369,889
Real estate expense	(161)	—	(22,936)	(22,986)	—	(46,083)
Land development cost of sales	—	—	—	(177,727)	—	(177,727)
Other expense	—	(266)	—	—	(303)	(569)
Allocated interest expense	(58,462)	(23,390)	(8,951)	(17,940)	(18,085)	(126,828)
Allocated general and administrative[5]	(23,223)	(6,622)	(2,591)	(9,990)	(19,099)	(61,525)
Segment profit (loss)[4]	$ (6,904)	$ 38,373	$ (21,298)	$ (41,123)	$ (11,891)	$ (42,843)
Other significant non-cash items:						
Provision for loan losses	$ —	$ 8,866	$ —	$ —	$ —	$ 8,866
Impairment of assets	—	—	3,053	2,738	—	5,791
Depreciation and amortization	—	—	5,142	952	1,233	7,327
Capitalized expenditures	21,764	—	1,636	30,506	—	53,906

As of December 31, 2022						
Real estate, net	$ —	$ —	$ 76,497	$ —	$ —	$ 76,497
Real estate available and held for sale	—	—	3,977	—	—	3,977
Total real estate	—	—	80,474	—	—	80,474
Real estate and other assets available and held for sale and classified as discontinued operations[1]	2,939	—	—	—	—	2,939
Land and development, net	—	—	—	232,014	—	232,014
Loans receivable and other lending investments, net	—	48,655	—	—	—	48,655
Loan receivable held for sale	—	37,650	—	—	—	37,650
Other investments	1,302,877	25,389	32,405	—	11	1,360,682
Total portfolio assets	$ 1,305,816	$ 111,694	$ 112,879	$ 232,014	$ 11	1,762,414
Cash and other assets						1,490,814
Total assets						$ 3,253,228
As of December 31, 2021						
Real estate, net	$ —	$ —	$ 92,150	$ —	$ —	$ 92,150
Real estate available and held for sale	—	—	301	—	—	301
Total real estate	—	—	92,451	—	—	92,451
Real estate and other assets available and held for sale and classified as discontinued operations[1]	2,299,711	—	—	—	—	2,299,711
Net investment in leases	43,215	—	—	—	—	43,215
Land and development, net	—	—	—	286,810	—	286,810
Loans receivable and other lending investments, net	—	332,844	—	—	—	332,844
Loan receivable held for sale	43,215	—	—	—	—	43,215
Other investments	1,186,162	48,862	43,252	1,096	17,909	1,297,281
Total portfolio assets	$ 3,572,303	$ 381,706	$ 135,703	$ 287,906	$ 17,909	4,395,527
Cash and other assets						445,007
Total assets						$ 4,840,534

(1) Refer to Note 3 – Net Lease Sale and Discontinued Operations.
(2) Corporate/Other represents all corporate level and unallocated items including any intercompany eliminations necessary to reconcile to consolidated Company totals. This caption also includes the Company's joint venture investments and strategic investments that are not included in the other reportable segments above.
(3) General and administrative excludes stock-based compensation of ($27.7) million, $69.3 million and $39.4 million for the years ended December 31, 2022, 2021 and 2020, respectively.
(4) The following is a reconciliation of segment profit to net income (loss) ($ in thousands):

	For the Years Ended December 31,		
	2022	2021	2020
Segment profit	$ (27,594)	$ 85,382	$ (42,843)
Less: (Provision for) recovery of loan losses	(44,998)	8,085	(8,866)
Less: Impairment of assets	(15,109)	(678)	(5,791)
Less: Stock-based compensation	27,664	(69,261)	(39,354)
Less: Depreciation and amortization	(5,470)	(7,072)	(7,327)
Less: Income tax benefit (expense)	(567)	118	(89)
Less: Loss on early extinguishment of debt, net	(131,200)	—	(12,038)
Less: Net income from discontinued operations	797,688	121,452	85,455
Net income (loss)	$ 600,414	$ 138,026	$ (30,853)

iStar Inc.
Notes to Consolidated Financial Statements

Note 18—Selected Quarterly Financial Data (unaudited)

The following table sets forth the selected quarterly financial data (unaudited) for the Company ($ in thousands, except per share amounts). Certain amounts have been reclassified from the prior period presentation (Refer to Note 3 - Net Lease Sale and Discontinued Operations).

	For the Quarters Ended			
	December 31,	September 30,	June 30,	March 31,
2022				
Revenue	$ 30,278	$ 47,757	$ 48,063	$ 31,953
Net income (loss) from continuing operations	(80,844)	17,952	(132,494)	(1,888)
Net income from discontinued operations	—	—	—	797,688
Net income (loss) allocable to common shareholders	(86,709)	12,131	(138,485)	610,855
Earnings per share[1]				
Net income (loss) from continuing operations				
Basic	$ (1.00)	$ 0.14	$ (1.70)	$ (0.11)
Diluted	(1.00)	0.14	(1.70)	(0.11)
Net income from discontinued operations				
Basic	$ —	$ —	$ —	$ 8.96
Diluted	—	—	—	8.96
Net income (loss) allocable to common shareholders				
Basic	$ (1.00)	$ 0.14	$ (1.70)	$ 8.85
Diluted	(1.00)	0.14	(1.70)	8.85
Weighted average number of common shares				
Basic	86,704	85,458	81,442	69,037
Diluted	86,704	85,687	81,442	69,037
2021				
Revenue	$ 50,760	$ 143,632	$ 54,254	$ 59,984
Net income (loss) from continuing operations	(41,578)	109,380	(36,731)	(14,497)
Net income from discontinued operations	52,037	21,614	25,315	22,486
Net income (loss) allocable to common shareholders	7,077	121,856	(19,543)	(405)
Earnings per share[1]				
Net income (loss) from continuing operations				
Basic	$ (0.68)	$ 1.45	$ (0.59)	$ (0.28)
Diluted	(0.68)	1.28	(0.59)	(0.28)
Net income from discontinued operations				
Basic	$ 0.79	$ 0.26	$ 0.32	$ 0.27
Diluted	0.79	0.23	0.32	0.27
Net income (loss) allocable to common shareholders				
Basic	$ 0.11	$ 1.71	$ (0.27)	$ (0.01)
Diluted	0.11	1.51	(0.27)	(0.01)
Weighted average number of common shares				
Basic	69,328	71,299	72,872	73,901
Diluted	69,328	80,487	72,872	73,901

(1) Basic and diluted EPS are computed independently based on the weighted-average shares of common stock and stock equivalents outstanding for each period. Accordingly, the sum of the quarterly EPS amounts may not agree to the total for the year.

iStar Inc.
Schedule II—Valuation and Qualifying Accounts and Reserves
($ in thousands)

	Balance at Beginning of Period	Charged to Costs and Expenses	Adjustments to Valuation Accounts	Deductions	Balance at End of Period
For the Year Ended December 31, 2020					
Continuing Operations					
Reserve for loan losses[1][2]	$ 28,634	$ 8,866	$ 409	$ (25,889)	$ 12,020
Allowance for doubtful accounts[2]	731	1,324	—	(896)	1,159
Allowance for deferred tax assets[2]	79,645	456	—	—	80,101
	$ 109,010	$ 10,646	$ 409	$ (26,785)	$ 93,280
Discontinued Operations					
Reserve for loan losses[1][2]	$ —	$ 186	$ 964	$ —	$ 1,150
Reserve for losses on net investment in leases	—	1,760	9,111	—	10,871
Allowance for doubtful accounts[2]	1,211	(488)	—	(204)	519
	$ 1,211	$ 1,458	$ 10,075	$ (204)	$ 12,540
For the Year Ended December 31, 2021					
Continuing Operations					
Reserve for loan losses[1][2]	$ 12,020	$ (8,085)	$ 834	$ —	$ 4,769
Allowance for doubtful accounts[2]	1,159	(907)	—	(198)	54
Allowance for deferred tax assets[2]	80,101	(13,216)	2,475	—	69,360
	$ 93,280	$ (22,208)	$ 3,309	$ (198)	$ 74,183
Discontinued Operations					
Reserve for loan losses[1][2]	$ 1,150	$ (1,150)	$ —	$ —	$ —
Reserve for losses on net investment in leases	10,871	(10,871)	—	—	—
Allowance for doubtful accounts[2]	519	666	—	(902)	283
	$ 12,540	$ (11,355)	$ —	$ (902)	$ 283
For the Year Ended December 31, 2022					
Continuing Operations					
Reserve for loan losses[1][2]	$ 4,769	$ 45,070	$ —	$ (48,914)	$ 925
Allowance for doubtful accounts[2]	54	189	—	(161)	82
Allowance for deferred tax assets[2]	69,360	(4,460)	—	—	64,900
	$ 74,183	$ 40,799	$ —	$ (49,075)	$ 65,907
Discontinued Operations					
Allowance for doubtful accounts[2]	$ 283	$ (80)	$ —	$ (203)	$ —
	$ 283	$ (80)	$ —	$ (203)	$ —

(1) Refer to Note 7 to the Company's consolidated financial statements.
(2) Refer to Note 3 to the Company's consolidated financial statements.

iStar Inc.
Schedule III—Real Estate and Accumulated Depreciation
As of December 31, 2022
($ in thousands)

Location		Encumbrances	Initial Cost to Company		Cost Capitalized Subsequent to Acquisition[2]	Gross Amount Carried at Close of Period			Accumulated Depreciation	Date Acquired	Depreciable Life (Years)
			Land	Building and Improvements		Land	Building and Improvements	Total			
LAND:											
California	LAN003	$ -	$ 28,464	$ 2,836	$ (19,453)	$ 9,011	$ 2,836	$ 11,847	$ 2,908 (3)	2010	—
New Jersey	LAN006	-	43,300	-	36,355	79,655	-	79,655	1,255 (3)	2009	—
New Jersey	LAN007	-	3,992	-	11,241	15,233	-	15,233	-	2009	—
New Jersey	LAN008	-	111	5,954	2,719	2,830	5,954	8,784	-	2009	—
New York	LAN009	-	58,900	-	(32,600)	26,300	-	26,300	-	2011	—
New York	LAN011	-	4,600	-	-	4,600	-	4,600	-	2018	—
Virginia	LAN012	-	72,138	-	25,170	97,308	-	97,308	7,550 (3)	2009	—
Subtotal		-	211,505	8,790	23,432	234,937	8,790	243,727	11,713		
RETAIL:											
Illinois	RET004	$ -	$ -	$ 336	$ 98	$ -	$ 434	$ 434	$ 63	2010	40.0
Subtotal		-	-	336	98	-	434	434	63		
HOTEL:											
New Jersey	HOT002	$ -	$ 297	$ 18,299	$ 4,032	$ 297	$ 22,331	$ 22,628	$ 4,333	2019	40.0
New Jersey	HOT003	-	120	6,548	23	120	6,571	6,691	578	2019	40.0
New Jersey	HOT004	-	3,815	40,194	4,632	3,815	44,827	48,642	11,185	2016	40.0
Subtotal		-	4,232	65,041	8,687	4,232	73,729	77,961	16,096		
APARTMENT/RESIDENTIAL											
Virginia	APA005	$ -	$ 264	$ 616	$ (76)	$ 264	$ 540	$ 804	$ -	2022	40.0
Virginia	APA006	-	267	622	(133)	267	489	756	-	2022	40.0
Virginia	APA007	-	267	622	(133)	267	489	756	-	2022	40.0
Virginia	APA008	-	266	620	(132)	266	487	753	-	2022	40.0
Virginia	APA009	-	147	344	(73)	147	271	418	-	2022	40.0
Virginia	APA010	-	147	344	-	146	344	490	-	2022	40.0
Subtotal		$ -	$ 1,358	$ 3,168	$ (547)	$ 1,357	$ 2,620	$ 3,977	$ -		
ENTERTAINMENT:											
New Jersey	ENT060	$ -	$ 750	$ 10,670	$ 855	$ 750	$ 11,525	$ 12,275	$ 1,586	2017	40.0
New York	ENT063	-	3,277	-	646	587	3,336	3,923	350	2013	40.0
Subtotal		-	4,027	10,670	1,501	1,337	14,861	16,198	1,936		
TOTAL		$ -	$221,122	$ 88,005	$ 33,171	$241,863	$ 100,434	$342,297	$ 29,808 (4)		

(1) Includes impairments and unit sales.
(2) These properties have land improvements which have depreciable lives of 15 to 20 years.
(3) The aggregate cost for Federal income tax purposes was approximately $0.5 billion at December 31, 2022.
(4) Includes $11.7 million relating to accumulated depreciation for land and development assets as of December 31, 2022.

iStar Inc.
Schedule III—Real Estate and Accumulated Depreciation
As of December 31, 2022
($ in thousands)

The following table reconciles real estate, excluding real estate classified as discontinued operations, from January 1, 2020 to December 31, 2022:

	2022	2021	2020
Balance at January 1	$ 415,963	$ 660,896	$ $ 817,382
Improvements and additions	21,430	24,691	32,142
Acquisitions through foreclosure	—	—	-
Other acquisitions	5,213	—	-
Dispositions	(86,137)	(268,945)	(182,838)
Impairments	(14,172)	(679)	(5,790)
Balance at December 31	$ 342,297	$ 415,963	$ 660,896

The following table reconciles accumulated depreciation, excluding accumulated depreciation for real estate classified as discontinued operations, from January 1, 2020 to December 31, 2022:

	2022	2021	2020
Balance at January 1	$ (36,702)	$ (32,643)	$ (28,049)
Additions	(4,555)	(5,086)	(5,482)
Dispositions	11,449	1,027	888
Balance at December 31	$ (29,808)	$ (36,702)	$ (32,643)

iStar Inc.
Schedule III—Real Estate and Accumulated Depreciation
As of December 31, 2022
($ in thousands)

The following table reconciles real estate classified as discontinued operations from January 1, 2020 to December 31, 2022:

	2022	2021	2020
Balance at January 1	$ 1,537,655	$ 1,542,101	$ 1,547,031
Improvements and additions	—	2,578	21,764
Other acquisitions	—	42,177	—
Dispositions	(1,537,443)	(23,201)	(26,694)
Other	(212)	(26,000)	—
Balance at December 31	$ —	$ 1,537,655	$ 1,542,101

The following table reconciles accumulated depreciation classified as discontinued operations from January 1, 2020 to December 31, 2022:

	2022	2021	2020
Balance at January 1	$ (271,183)	$ (250,198)	$ (219,949)
Additions	—	(40,268)	(38,787)
Dispositions	271,183	8,224	8,538
Other	—	11,059	—
Balance at December 31	$ —	$ (271,183)	$ (250,198)

iStar Inc.
Schedule IV—Mortgage Loans on Real Estate
As of December 31, 2022
($ in thousands)

Type of Loan/Borrower	Underlying Property Type	Contractual Interest Accrual Rates	Contractual Interest Payment Rates	Effective Maturity Dates	Periodic Payment Terms[1]	Prior Liens	Face Amount of Mortgages	Carrying Amount of Mortgages[2][3]
Senior Mortgages:								
Borrower A	Apartment/Residential	LIBOR + 5.25%	LIBOR + 5.25%	June, 2023	IO	—	$6,765	$ 6,756
Borrower B[4]	Mixed Use/Mixed Collateral	SOFR + 9.00 %	SOFR + 9.00 %	October, 2026	IO	—	80,832	37,650
Borrower C	Apartment/Residential	LIBOR + 5.25%	LIBOR + 5.25%	December, 2022	IO	—	29,358	29,097
Subordinate Mortgages:								
Borrower D	Hotel	Fixed: 6.80 %	Fixed: 6.80 %	September, 2057	IO	—	13,327	13,331
Total mortgages							$130,282	$ 86,834

(1) IO = Interest only.
(2) Amounts are presented net of asset-specific allowances of $0.4 million on impaired loans and loans held for sale. Impairment is measured using the estimated fair value of collateral, less costs to sell.
(3) The carrying amount of mortgages approximated the federal income tax basis.
(4) Classified as held for sale as of December 31, 2022. The Company has the intent to sell the loan based on a bid received from a third-party and the loan is recorded on the Company's consolidated balance sheet at the estimated sales price.

iStar Inc.
Schedule IV—Mortgage Loans on Real Estate (Continued)
As of December 31, 2022
($ in thousands)

Reconciliation of Mortgage Loans on Real Estate:

The following table reconciles Mortgage Loans on Real Estate from January 1, 2020 to December 31, 2022:[1]

	2022	2021	2020
Balance at January 1	$ 211,488	$ 496,553	$ 561,761
Additions:			
New mortgage loans	—	32,942	19,975
Additions under existing mortgage loans	6,482	20,958	72,574
Other[2]	4,233	7,455	25,867
Deductions[3]:			
Collections of principal	(111,112)	(304,053)	(178,662)
Change in provision for loan losses	(24,237)	166	(4,930)
Transfers to real estate and equity investments	—	(42,501)	—
Amortization of premium	(20)	(32)	(32)
Balance at December 31	$ 86,834	$ 211,488	$ 496,553

(1) Balances represent the carrying value of loans, which are net of asset specific allowances.
(2) Amount includes amortization of discount and deferred interest capitalized.
(3) Amounts are presented net of charge-offs for the years ended December 31, 2022 and 2020.

Item 9. Changes and Disagreements with Registered Public Accounting Firm on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

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

Based upon their evaluation as of December 31, 2022, the Chief Executive Officer and the Chief Financial Officer concluded that the Company's disclosure controls and procedures (as such term is defined in Rules 13a-15(e) under the Securities and Exchange Act of 1934, as amended (the "Exchange Act")) are effective.

Management's Report on Internal Control Over Financial Reporting—Management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Exchange Act Rule 13a-15(f). Under the supervision and with the participation of the disclosure committee and other members of management, including the Chief Executive Officer and Chief Financial Officer, management carried out its evaluation of the effectiveness of the Company's internal control over financial reporting based on the framework in *Internal Control—Integrated Framework* issued in 2013 by the Committee of Sponsoring Organizations of the Treadway Commission.

Based on management's assessment under the framework in *Internal Control—Integrated Framework*, management has concluded that its internal control over financial reporting was effective as of December 31, 2022.

The Company's effectiveness of internal control over financial reporting as of December 31, 2022 has been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report, which is included in Item 8 of this Annual Report on Form 10-K.

Changes in Internal Controls Over Financial Reporting—There have been no changes during the last fiscal quarter in the Company's internal controls identified in connection with the evaluation required by paragraph (d) of Exchange Act Rules 13a-15 or 15d-15 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Item 9B. Other Information

None.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance of the Registrant

Portions of the Company’s definitive proxy statement for the 2023 annual meeting of shareholders to be filed within 120 days after the close of the Company’s fiscal year are incorporated herein by reference.

Item 11. Executive Compensation

Portions of the Company’s definitive proxy statement for the 2023 annual meeting of shareholders to be filed within 120 days after the close of the Company’s fiscal year are incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Portions of the Company’s definitive proxy statement for the 2023 annual meeting of shareholders to be filed within 120 days after the close of the Company’s fiscal year are incorporated herein by reference.

Item 13. Certain Relationships, Related Transactions and Director Independence

Portions of the Company’s definitive proxy statement for the 2023 annual meeting of shareholders to be filed within 120 days after the close of the Company’s fiscal year are incorporated herein by reference.

Item 14. Principal Registered Public Accounting Firm Fees and Services

Portions of the Company’s definitive proxy statement for the 2023 annual meeting of shareholders to be filed within 120 days after the close of the Company’s fiscal year are incorporated herein by reference.

PART IV

Item 15. Exhibits, Financial Statement Schedules and Reports on Form 8-K

(a) and (c) Financial statements and schedules—see Index to Financial Statements and Schedules included in Item 8. Consolidated financial statements of Safehold Inc. are incorporated by reference to Item 8 of Safehold Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2022 (File No. 001-38122) filed with the SEC on February 14, 2023.

(b) Exhibits—see index on following page.

INDEX TO EXHIBITS

Exhibit Number	Document Description
2.1	Merger Agreement, dated as of August 10, 2022, by and between iStar Inc. and Safehold Inc. (Schedules have been omitted pursuant to Item 601(b)(5) of Regulation S-K. STAR agrees to furnish supplementally to the SEC a copy of any omitted schedule upon request.) (incorporated by reference to Exhibit 2.1 of our Current Report on Form 8-K, filed August 11, 2022)
3.1	Restated Charter of the Company (including the Articles Supplementary for each Series of the Company's Preferred Stock).(1)
3.2	Amended and Restated Bylaws of the Company.(2)
3.6	Articles Supplementary relating to Series D Preferred Stock.(1)
3.8	Articles Supplementary relating to Series G Preferred Stock.(1)
3.9	Articles Supplementary relating to Series I Preferred Stock.(1)
4.1	Form of 8.00% Series D Cumulative Redeemable Preferred Stock Certificate.(3)
4.2	Form of 7.65% Series G Cumulative Redeemable Preferred Stock Certificate.(4)
4.3	Form of 7.50% Series I Cumulative Redeemable Preferred Stock Certificate.(5)
4.4	Form of Stock Certificate for the Company's Common Stock.(6)
4.5	Base Indenture, dated as of February 5, 2001, between the Company and State Street Bank and Trust Company.(6)
4.6	Form of Global Note, No. 1, evidencing 5.500% Senior Notes due 2026(7)
4.7	Thirty-Fifth Supplemental Indenture, dated September 1, 2020, governing the 5.500% Senior Notes due 2026(7)
4.8	Thirty-Third Supplemental Indenture, dated as of September 16, 2019, governing the 4.75% Senior Notes due 2024.(8)
4.9	Thirty-Fourth Supplemental Indenture, dated as of December 16, 2019, governing the 4.25% Senior Notes due 2025.(9)
4.10	Thirty-Sixth Supplemental Indenture, dated as of October 29, 2021, governing the 4.75% Notes due 2024.(10)
4.11	Thirty-Seventh Supplemental Indenture, dated as of October 29, 2021, governing the 4.25% Notes due 2025. (10)
4.12	Thirty-Eighth Supplemental Indenture, dated as of October 29, 2021, governing the 5.50% Notes due 2026. (10)
4.13	Description of Common and Preferred Stock(11)
10.1	iStar Inc. 2009 Long Term Incentive Compensation Plan.(12)
10.2	iStar Inc. 2013 Performance Incentive Plan.(13)
10.3	Form of Restricted Stock Unit Award Agreement.(14)
10.4	Form of Restricted Stock Unit Award Agreement (Performance-Based Vesting).(15)
10.5	Form of Award Agreement For Investment Pool.(16)
10.6	Amended and Restated Credit Agreement, dated as of June 23, 2016, by the Company, the banks set forth therein and J.P. Morgan Chase Bank, N.A., as administrative agent, and J.P. Morgan Chase Bank, N.A., Bank Of America, N.A. and Barclays Bank PLC as joint lead arrangers.(17)
10.7	Security Agreement, dated as of June 23, 2016, made by the Company, and the other parties thereto in favor of J.P. Morgan Chase Bank, N.A., as administrative agent.(17)

10.8	Third Amendment, dated as of June 28, 2018, to the Amended and Restated Credit Agreement referenced at Exhibit 10.8 (18)
10.9	Amended and Restated Credit Agreement dated as of September 27, 2019, among the Company, the other parties named therein and JPMorgan Chase Bank, N.A. as administrative agent.(19)
10.10	Stockholder Agreement, dated as of January 2, 2019, between iStar Inc., and Safehold Inc.(20)
10.11	Amended and Restated Management Agreement, dated as of January 2, 2019, among Safehold Inc., SFTY Manager LLC and iStar Inc.(20)
10.12	First Amendment to Stockholder Agreement, dated as of January 14, 2020, between iStar Inc. and Safehold Inc. (21)
10.13	First Amendment to Amended and Restated Management Agreement, dated as of January 14, 2020, among Safehold Inc., SFTY Manager LLC and iStar Inc.(21)
10.14	First Amendment to Exclusivity Agreement, dated as of January 14, 2020, between the Company and Safehold Inc. (21)
10.15	Voting Agreement, dated as of August 10, 2022, by and between iStar Inc. and Safehold Inc. (incorporated by reference to Exhibit 10.1 of our Current Report on Form 8-K, filed August 11, 2022)
10.16	Stock Purchase Agreement, dated August 10, 2022, by and among iStar Inc., Safehold Inc., MSD Partners, L.P. and, with respect to certain specified sections, MSD Capital, L.P. (incorporated by reference to Exhibit 10.2 of our Current Report on Form 8-K, filed August 11, 2022)
10.17	Purchase and Sale Agreement, dated as of February 2, 2022, among iStar Net Lease I LLC, iStar Net Lease II LLC and other seller parties, and Carlyle Net Lease Income, L.P. (incorporated by reference to Exhibit 2.1 to our Current Report on Form 8-K filed February 2, 2022)
14.0	iStar Inc. Code of Conduct.(22)
21.1*	Subsidiaries of the Company.
23.1*	Consent of Deloitte & Touche LLP.
23.2*	Consent of Deloitte & Touche LLP.
31.0*	Certifications pursuant to Section 302 of the Sarbanes-Oxley Act.
32.0*	Certifications pursuant to Section 906 of the Sarbanes-Oxley Act.
99.1	Consolidated financial statements of Safehold Inc., Report of Independent Registered Public Accounting Firm thereon and Notes to Such Consolidated Financial Statements – Incorporated by reference to Item 8 of Safehold Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2022 (File No. 001-38122) filed with the Securities Exchange Commission on February 14, 2023.
101**	Interactive data file
104	Cover Page Interactive Data File (formatted in iXBRL and contained in Exhibit 101)

(1) Incorporated by reference from the Company's Current Report on Form 8-K filed on December 15, 2016.
(2) Incorporated by reference from the Company's Current Report on Form 8-K filed on April 3, 2018.
(3) Incorporated by reference from the Company's Current Report on Form 8-A filed on December 10, 2003.
(4) Incorporated by reference from the Company's Current Report on Form 8-A filed on February 27, 2004.
(5) Incorporated by reference from the Company's Annual Report on Form 10-K for the year ended December 31, 2014 filed on March 2, 2015.
(6) Incorporated by reference from the Company's Current Report on Form S-3 Registration Statement filed on February 12, 2001.
(7) Incorporated by reference from the Company's Current Report on Form 8-K filed on September 1, 2020.
(8) Incorporated by reference from the Company's Current Report on Form 8-K filed on September 16, 2019.
(9) Incorporated by reference from the Company's Current Report on Form 8-K filed on December 16, 2019.
(10) Incorporated by reference from the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2021 filed on November 2, 2021.
(11) Incorporated by reference from the Company's Annual Report on Form 10-K for the year ended December 31, 2019 filed on February 24, 2020.
(12) Incorporated by reference from the Company's Definitive Proxy Statement filed on April 9, 2019.
(13) Incorporated by reference from the Company's Definitive Proxy Statement filed on April 11, 2014.
(14) Incorporated by reference from the Company's Current Report on Form 8-K filed on January 25, 2007.
(15) Incorporated by reference from the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2008 filed on May 9, 2008.
(16) Incorporated by reference from the Company's Annual Report on Form 10-K/A for the year ended December 31, 2014 filed on March 27, 2015.
(17) Incorporated by reference from the Company's Current Report on Form 8-K filed on June 29, 2016
(18) Incorporated by reference from the Company's Current Report on Form 8-K filed on July 5, 2018.
(19) Incorporated by reference from the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2019 filed on October 31, 2019.
(20) Incorporated by reference from the Company's Current Report on Form 8-K filed on January 3, 2019.
(21) Incorporated by reference from the Company's Current Report on Form 8-K filed on January 15, 2020.
(22) Incorporated by reference from the Company's Annual Report on Form 10-K for the year ended December 31, 2004 filed on March 16, 2005.

* Filed herewith.

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

Item 16. Form 10-K Summary

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

	iStar Inc. *Registrant*
Date: February 21, 2023	/s/ JAY SUGARMAN
	Jay Sugarman *Chairman of the Board of Directors and Chief Executive Officer (principal executive officer)*
	iStar Inc. *Registrant*
Date: February 21, 2023	/s/ BRETT ASNAS
	Brett Asnas *Chief Financial Officer (principal financial officer)*
	iStar Inc. *Registrant*
Date: February 21, 2023	/s/ GARETT ROSENBLUM
	Garett Rosenblum *Chief Accounting Officer*

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Date:	February 21, 2023	/s/ JAY SUGARMAN
		Jay Sugarman *Chairman of the Board of Directors* *Chief Executive Officer*
Date:	February 21, 2023	/s/ CLIFFORD DE SOUZA
		Clifford De Souza *Director*
Date:	February 21, 2023	/s/ DAVID EISENBERG
		David Eisenberg *Director*
Date:	February 21, 2023	/s/ ROBIN JOSEPHS
		Robin Josephs *Director*
Date:	February 21, 2023	/s/ RICHARD LIEB
		Richard Lieb *Director*
Date:	February 21, 2023	/s/ BARRY W. RIDINGS
		Barry W. Ridings *Director*

Exhibit 21.1

List of Subsidiaries

Name of Entity	State of Formation
100 Cambridgeside Lender LLC	Delaware
100 Cambridgeside Lender Member LLC	Delaware
100 Riverview Condominium Association Inc.	New Jersey
1101 Ocean Ave Parking LLC	New Jersey
1101 Ocean Ave Venture LLC	New Jersey
17093 Biscayne Boulevard – North Miami LLC	Delaware
20 Cambridgeside Lender LLC	Delaware
20 Cambridgeside Lender Member LLC	Delaware
204 East 4th Street Ground Owner LLC	Delaware
210 5th Ave. Venture Urban Renewal LLC	New Jersey
215 North Michigan Owner LLC	Delaware
300 Riverview Condominium Association Inc.	New Jersey
3376 Peachtree Residential LLC	Georgia
3376 Peachtree Road – Atlanta Restaurant LL Inc.	Delaware
411 Brazos Street Ground Owner LLC	Delaware
4200 SW 54th Court Ground Owner LLC	Delaware
425 Park REIT Manager LLC	Delaware
67 Prince Street Ground Owner LLC	Delaware
6801 Woolridge Road – Moseley LP	Delaware
6801 Woolridge Road GenPar LLC	Delaware
AP at Monroe Urban Renewal LLC	New Jersey
AP at South Grand Urban Renewal LLC	New Jersey
AP Block 146 Developer Urban Renewal, LLC	New Jersey
AP Block 176 Venture Urban Renewal LLC	New Jersey
AP Block 178 Venture LLC	New Jersey
AP Block 3801 & 3904 Venture LLC	New Jersey
AP Block 3802 Venture LLC	New Jersey
AP Block 4001 Investor LLC	Delaware
AP Block 4001 QOZ Fund Manager LLC	Delaware
AP Block 4001 Partners LLC	Delaware
AP Block 4001 Venture Urban Renewal LLC	New Jersey
AP Block 4502 Beach Club LLC	New Jersey
AP Fifteen Property Holdings, L.L.C.	New Jersey
AP Five Property Holdings, L.L.C.	New Jersey
AP Mortgagee LLC	Delaware
AP Retail Venture LLC	Delaware
AP Ten Property Holdings, L.L.C.	New Jersey
AP Triangle LLC	Delaware
AP Wesley Lake LLC	Delaware
Asbury Convention Hall Limited Liability Company	New Jersey
Asbury Partners, LLC	New Jersey
Asbury Three Liquor License LLC	New Jersey
Asbury Two Liquor License LLC	New Jersey
ASTAR Finance Falcon I LLC	Delaware
ASTAR Finance Falcon II LLC	Delaware
Avenida Naperville Partners LLC	Delaware
Bath Site LLC	Delaware
Bond Portfolio Holdings II LLC	Delaware
Bond Portfolio Holdings LLC	Delaware
Bond Portfolio Holdings III LLC	Delaware
Cajun Fish Holdings, L.L.C.	New Jersey
Childs Associates LLC	Delaware
Coney Childs Lender LLC	Delaware
Coney Entertainment LLC	Delaware
Coney Island Holdings LLC	Delaware
Florida Lien Investor LLC	Delaware
Grand Monarch Partners LLC	Delaware

Groundly Home Owner LLC	Delaware
Groundly Land Owner LLC	Delaware
Highland View Associates LLC	Delaware
IS CI Bath Member LLC	Delaware
iStar 100 LLC	Delaware
iStar 100 Management Inc.	Delaware
iStar 200-300 LLC	Delaware
iStar 200-300 Management Inc.	Delaware
iStar Asset Services, Inc.	Delaware
iStar DH Holdings TRS Inc.	Cayman Islands
iStar Financial Protective Trust	Maryland
iStar Financial Statutory Trust I	Delaware
iStar FM Loans LLC	Delaware
iStar GL Plus Fund Administrator LLC	Delaware
iStar GL Plus Fund Member LLC	Delaware
iStar GL Plus REIT LLC	Delaware
iStar GL Plus Venture LLC	Delaware
iStar Grand Monarch Investor LLC	Delaware
iStar Harrisburg Business Trust	Delaware
iStar iPIP 2019 LLC	Delaware
iStar iPIP 2021 LLC	Delaware
iStar LH Fund LLC	Delaware
iStar LH Fund Manager LLC	Delaware
iStar LH Fund Member LLC	Delaware
iStar Net Lease I LLC	Delaware
iStar Net Lease II LLC	Delaware
iStar Net Lease Member I LLC	Delaware
iStar Net Lease Member II LLC	Delaware
iStar Real Estate Services, Inc.	Maryland
iStar Reeder Lender LLC	Delaware
iStar REO Holdings II TRS LLC	Delaware
iStar REO Holdings TRS LLC	Delaware
iStar Residential LLC	Delaware
iStar SPP II LLC	Delaware
iStar SPP LLC	Delaware
iStar Tara LLC	Delaware
iStar Transition Services LLC	Delaware
iStar WALH Investor TRS LLC	Delaware
Jade Eight Properties LLC	Delaware
Jersey Star GenPar LLC	Delaware
Jersey Star LP	Delaware
LH Fund REIT LLC	Delaware
Long Beach Wayfarer LLC	Delaware
Madison Asbury Retail, LLC	Delaware
Magnolia Green Development Partners LLC	Delaware
MF III Albion LLC	New Jersey
MG Apartment Entity, LLC	Delaware
MG Apartments Parcel 3 LLC	Delaware
Naples AW Holdco LLC	Delaware
Parrot Cay Holdco LLC	Delaware
Potomac TC Owner LLC	West Virginia
Royal Oaks Lane (Biscayne Landing) – North Miami LLC	Delaware
Seaside Park LLC	Delaware
SFI Belmont LLC	Delaware
SFI Bullseye – Chicago LLC	Delaware
SFI Chicago Tollway LLC	Delaware
SFI Coney Island Manager LLC	Delaware
SFI Euro Holdings II LLC	Delaware
SFI Euro Holdings LLC	Delaware
SFI Grand Vista LLC	Delaware
SFI Ilikai 104 LLC	Delaware
SFI Ilikai GenPar LLC	Delaware

SFI Ilikai LL Inc.	Delaware
SFI Ilikai LP	Delaware
SFI Ilikai Property Owner LLC	Delaware
SFI Ilikai Retail Owner LLC	Delaware
SFI Kua 4 Partner LLC	Delaware
SFI Mammoth Crossing LLC	Delaware
SFI Mammoth Finance LLC	Delaware
SFI Mammoth GenPar LLC	Delaware
SFI Mammoth Owner LP	Delaware
SFI MG Investor LLC	Delaware
SFI Naples Reserve LLC	Delaware
SFI One Palm Partner LLC	Delaware
SFI Penn Properties Statutory Trust	Delaware
SFI Raintree – Scottsdale LLC	Delaware
SFTY Manager LLC	Delaware
Shore Road – Long Beach Superblock LLC	Delaware
SN Legacy Holdings LLC	Delaware
STAR 61 Bond Street Lender LLC	Delaware
STAR 1111 Church Street Lender LLC	Delaware
STAR 570 LH Holdings LLC	Delaware
STAR 2019 Lender LLC	Delaware
STAR Artesia 2 Member LLC	Delaware
STAR Domain LH Holdings LLC	Delaware
STAR Dream Lender LLC	Delaware
Star FW Ventures II Investor LLC	Delaware
STAR Germantown Lender LLC	Delaware
STAR GL Plus 67 Prince REIT	Maryland
STAR GL Plus 41 North REIT	Maryland
STAR GL Plus 41 South REIT	Maryland
Star Holdings	Maryland
STAR Investment Holdco LLC	Delaware
Star Jadian Investor LLC	Delaware
STAR Naperville Investor LLC	Delaware
STAR Nevele Owner LLC	Delaware
STAR North Clark Lender LLC	Delaware
STAR Palm Desert Lender GenPar LLC	Delaware
STAR Palm Desert Lender LP	Delaware
STAR Preferred Holdings LLC	Delaware
STAR Shidler-Terra Lender LLC	Delaware
Stone Pony Partners LLC	New Jersey
Talking Partners LLC	New Jersey
TDM Kua 4, LLC	Delaware
THCF LLC	New Jersey
The Lanes at AP LLC	New Jersey
TPRJC Owner LLC	New Jersey
TriNet Essential Facilities XXVII, Inc.	Maryland

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement No. 333-239073 on Form S-3 and Registration Statement No. 333-259173 on Form S-8 of our reports dated February 21, 2023, relating to the financial statements of iStar Inc. and the effectiveness of iStar Inc.'s internal control over financial reporting appearing in this Annual Report on Form 10-K for the year ended December 31, 2022.

/s/ DELOITTE & TOUCHE LLP

New York, New York
February 21, 2023

Exhibit 23.2

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement No. 333-239073 on Form S-3 of iStar Inc. and Registration Statement No. 333-259173 on Form S-8 of iStar Inc., of our report dated February 14, 2023, relating to the financial statements of Safehold Inc., appearing in the Annual Report on Form 10-K of Safehold Inc. for the year ended December 31, 2022, incorporated by reference in this Annual Report on Form 10-K of iStar Inc. for the year ended December 31, 2022.

/s/ DELOITTE & TOUCHE LLP

New York, New York
February 21, 2023

Exhibit 31.0

CERTIFICATION

I, Jay Sugarman, certify that:

1. I have reviewed this annual report on Form 10-K of iStar Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 21, 2023

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

CERTIFICATION

I, Brett Asnas, certify that:

1. I have reviewed this annual report on Form 10-K of iStar Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 21, 2023

By: /s/ BRETT ASNAS
Name: Brett Asnas
Title: *Chief Financial Officer*
(principal financial officer)

Exhibit 32.0

Certification of Chief Executive Officer

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

The undersigned, the Chief Executive Officer of iStar Inc. (the "Company"), hereby certifies on the date hereof, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of The Sarbanes-Oxley Act of 2002, that the Annual Report on Form 10-K for the year ended December 31, 2022 (the "Form 10-K"), filed concurrently herewith by the Company, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and that the information contained in the Form 10-K fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 21, 2023

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

Certification of Chief Financial Officer

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

The undersigned, the Chief Financial Officer of iStar Inc. (the "Company"), hereby certifies on the date hereof, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of The Sarbanes-Oxley Act of 2002, that the Annual Report on Form 10-K for the year ended December 31, 2022 (the "Form 10-K"), filed concurrently herewith by the Company, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and that the information contained in the Form 10-K fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 21, 2023

By: /s/ BRETT ASNAS
Name: Brett Asnas
Title: *Chief Financial Officer*
(principal financial officer)