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

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended

June 30, 2024

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. 001-41572

Star Holdings
(Exact name of registrant as specified in its charter)

Maryland	**37-6762818**
(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 each exchange on which registered
Common Shares of Beneficial Interest, $0.001 par value	STHO	Nasdaq Global Market

Indicate by check mark whether the registrant: (1) 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 (2) 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 (§232.405 of this chapter) 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, a 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 is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

As of August 5, 2024, there were 13,319,552 shares, $0.001 par value per share, of Star Holdings common stock outstanding.

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PART I. COMBINED AND CONSOLIDATED FINANCIAL INFORMATION

Item 1. Financial Statements

Star Holdings
Combined and Consolidated Balance Sheets
(In thousands, except per share data)(1)
(unaudited)

	As of June 30, 2024	As of December 31, 2023
ASSETS		
Real estate		
Real estate, at cost	$ 97,907	$ 97,481
Less: accumulated depreciation	(23,863)	(22,075)
Real estate, net	74,044	75,406
Real estate available and held for sale	1,746	—
Total real estate	75,790	75,406
Land and development, net	160,829	181,394
Loans receivable and other lending investments, net ($512 and $497 of allowances as of June 30, 2024 and December 31, 2023, respectively)	30,681	20,898
Other investments	260,852	316,451
Cash and cash equivalents	48,277	50,663
Accrued interest and operating lease income receivable, net	624	929
Deferred operating lease income receivable, net	930	997
Deferred expenses and other assets, net	23,057	22,459
Total assets	$ 601,040	$ 669,197
LIABILITIES AND EQUITY		
Liabilities:		
Accounts payable, accrued expenses and other liabilities(2)	$ 47,076	$ 42,462
Debt obligations, net	197,209	192,895
Total liabilities	244,285	235,357
Commitments and contingencies (refer to Note 10)		
Equity:		
Star Holdings shareholders' equity:		
Common Stock, $0.001 par value, 200,000 shares authorized, 13,320 and 13,320 shares issued and outstanding as of June 30, 2024 and December 31, 2023, respectively	13	13
Additional paid-in capital	607,623	607,623
Accumulated deficit	(272,537)	(196,441)
Accumulated other comprehensive income	216	359
Star Holdings shareholders' equity	335,315	411,554
Noncontrolling interests	21,440	22,286
Total equity	356,755	433,840
Total liabilities and equity	$ 601,040	$ 669,197

(1) Refer to Note 2 for details on the Company's combined and consolidated variable interest entities ("VIEs").
(2) As of June 30, 2024 and December 31, 2023, includes $4.8 million and $7.2 million, respectively, of management fees due to Safe (refer to Note 1).

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

Star Holdings
Combined and Consolidated Statements of Operations
(In thousands, except per share data)
(unaudited)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2024	2023	2024	2023
Revenues:				
Operating lease income	$ 1,701	$ 1,610	$ 3,581	$ 3,310
Interest income	442	397	830	1,512
Other income[1]	12,707	11,655	19,259	16,062
Land development revenue	15,701	11,818	32,316	21,382
Total revenues	30,551	25,480	55,986	42,266
Costs and expenses:				
Interest expense	1,725	2,609	3,433	12,708
Interest expense - related party	2,108	2,100	4,196	2,100
Real estate expense	12,178	12,395	23,954	21,989
Land development cost of sales	19,007	12,356	31,353	22,332
Depreciation and amortization	1,178	1,090	2,361	2,171
General and administrative[2]	4,586	7,552	11,979	21,650
Provision for (recovery of) loan losses	(2)	(69)	15	1,632
Other expense	8	315	63	602
Total costs and expenses	40,788	38,348	77,354	85,184
Unrealized and realized gains (losses) on equity investments	(17,715)	(76,268)	(55,578)	(166,932)
Income (loss) from operations before earnings from equity method investments and other items	(27,952)	(89,136)	(76,946)	(209,850)
Loss on early extinguishment of debt, net	—	(1,040)	—	(1,040)
Earnings from equity method investments	—	242	—	30,216
Net income (loss) from operations before income taxes	(27,952)	(89,934)	(76,946)	(180,674)
Income tax expense	—	—	(2)	—
Net income (loss)	(27,952)	(89,934)	(76,948)	(180,674)
Net (income) loss from operations attributable to noncontrolling interests	837	(27)	852	(2)
Net income (loss) allocable to common shareholders	$ (27,115)	$ (89,961)	$ (76,096)	$ (180,676)
Per common share data:				
Net income (loss) allocable to common shareholders				
Basic and diluted	$ (2.04)	$ (6.75)	$ (5.71)	$ (13.56)
Weighted average number of common shares:				
Basic and diluted	13,320	13,320	13,320	13,320

(1) For the three months ended June 30, 2024 and 2023, includes $6.4 million and $6.1 million, respectively, of revenues from hotel properties. For the six months ended June 30, 2024 and 2023, includes $8.4 million and $8.1 million, respectively, of revenues from hotel properties.
(2) For the three months ended June 30, 2024 and 2023, includes $3.8 million and $7.2 million, respectively, of management fees incurred to related parties. For the six months ended June 30, 2024 and 2023, includes $10.0 million and $7.2 million, respectively, of management fees incurred to related parties.

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

Star Holdings
Combined and Consolidated Statements of Comprehensive Income (Loss)
(In thousands)
(unaudited)

	For the Three Months Ended June 30, 2024	For the Three Months Ended June 30, 2023	For the Six Months Ended June 30, 2024	For the Six Months Ended June 30, 2023
Net income (loss)	$ (27,952)	$ (89,934)	$ (76,948)	$ (180,674)
Other comprehensive income:				
Reclassification of losses on cash flow hedges into earnings upon realization(1)	—	—	—	5,933
Unrealized gains (losses) on available-for-sale securities	10	—	(143)	—
Unrealized gains (losses) on cash flow hedges	—	—	—	(6,922)
Other comprehensive income (loss)	10	—	(143)	(989)
Comprehensive income (loss)	(27,942)	(89,934)	(77,091)	(181,663)
Comprehensive (income) loss attributable to noncontrolling interests	837	(27)	852	(2)
Comprehensive income (loss) attributable to common shareholders	$ (27,105)	$ (89,961)	$ (76,239)	$ (181,665)

(1) Reclassified to "Earnings from equity method investments" in the Company's combined and consolidated statements of operations for the Company' impact of designated cash flow hedges at Safe (refer to Note 7).

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

Star Holdings
Combined and Consolidated Statements of Changes in Equity
(In thousands)
(unaudited)

	Common Stock At Par	Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Net Parent Investment	Noncontrolling Interests	Total Equity
Balance as of March 31, 2024	$ 13	$ 607,623	$ (245,422)	$ 206	$ —	$ 22,288	$ 384,708
Net income (loss)	—	—	(27,115)	—	—	(837)	(27,952)
Change in accumulated other comprehensive income (loss)	—	—	—	10	—	—	10
Distributions to noncontrolling interests	—	—	—	—	—	(9)	(9)
Change in noncontrolling interests	—	—	—	—	—	(2)	(2)
Balance as of June 30, 2024	$ 13	$ 607,623	$ (272,537)	$ 216	$ —	$ 21,440	$ 356,755
Balance as of March 31, 2023	$ 13	$ 607,623	$ (90,800)	$ —	$ —	$ 3,799	$ 520,635
Net income (loss)	—	—	(89,961)	—	—	27	(89,934)
Change in noncontrolling interests	—	—	—	—	—	(23)	(23)
Balance as of June 30, 2023	$ 13	$ 607,623	$ (180,761)	$ —	$ —	$ 3,803	$ 430,678
Balance as of December 31, 2023	$ 13	$ 607,623	$ (196,441)	$ 359	$ —	$ 22,286	$ 433,840
Net income (loss)	—	—	(76,096)	—	—	(852)	(76,948)
Change in accumulated other comprehensive income (loss)	—	—	—	(143)	—	—	(143)
Distributions to noncontrolling interests	—	—	—	—	—	(16)	(16)
Contributions from noncontrolling interests	—	—	—	—	—	27	27
Change in noncontrolling interests	—	—	—	—	—	(5)	(5)
Balance as of June 30, 2024	$ 13	$ 607,623	$ (272,537)	$ 216	$ —	$ 21,440	$ 356,755
Balance as of December 31, 2022	$ —	$ —	$ —	$ —	$ 971,543	$ 726	$ 972,269
Net income (loss)	—	—	(180,761)	—	85	2	(180,674)
Change in accumulated other comprehensive income (loss)	—	—	—	—	(989)	—	(989)
Common shares issued in conjunction with Spin-Off (refer to Note 1)	13	607,623	—	—	(607,636)	—	—
Contributions from noncontrolling interests	—	—	—	—	—	3,098	3,098
Stock-based compensation	—	—	—	—	1,778	—	1,778
Net transactions with iStar Inc.	—	—	—	—	(364,781)	—	(364,781)
Change in noncontrolling interests	—	—	—	—	—	(23)	(23)
Balance as of June 30, 2023	$ 13	$ 607,623	$ (180,761)	$ —	$ —	$ 3,803	$ 430,678

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

Star Holdings
Combined and Consolidated Statements of Cash Flows
(In thousands)
(unaudited)

	For the Six Months Ended June 30, 2024	2023
Cash flows from operating activities:		
Net income (loss)	$ (76,948)	$ (180,674)
Adjustments to reconcile net income (loss) to cash flows from operating activities:		
Provision for (recovery of) loan losses	15	1,632
Depreciation and amortization	2,361	2,171
Stock-based compensation	—	1,778
Amortization of discounts/premiums and deferred interest on loans, net	(492)	(484)
Deferred interest on loans received	—	4,517
Amortization of premium, discount and deferred financing costs and paid-in-kind interest on debt obligations, net	3,899	215
Earnings from equity method investments	—	(30,216)
Distributions from operations of other investments	—	19,459
Deferred operating lease income	68	60
Unrealized and realized (gains) losses on equity investments	55,578	166,932
Loss on early extinguishment of debt	—	1,040
Land development revenue (in excess of) cost of sales	(963)	950
Other operating activities, net	(268)	292
Changes in assets and liabilities:		
Changes in accrued interest and operating lease income receivable	168	756
Changes in deferred expenses and other assets, net	(1,764)	(3,452)
Changes in accounts payable, accrued expenses and other liabilities	(2,291)	10,368
Cash flows used in operating activities	(20,637)	(4,656)
Cash flows from investing activities:		
Originations and fundings of loans receivable and other lending investments, net	(8,950)	(2,168)
Capital expenditures on real estate assets	(240)	(680)
Capital expenditures on land and development assets	(6,340)	(6,761)
Repayments of and principal collections on loans receivable and other lending investments, net	—	31,757
Net proceeds from sales of loans receivable	—	37,650
Net proceeds from sales of land and development assets	32,727	21,185
Distributions from other investments	—	47,165
Other investing activities, net	313	732
Cash flows provided by investing activities	17,510	128,880
Cash flows from financing activities:		
Net transactions with iStar Inc.	—	(290,077)
Borrowings from debt obligations	—	253,070
Repayments of debt obligations	—	(35,000)
Payment of deferred financing costs	—	(1,262)
Other financing activities, net	—	(635)
Cash flows used in financing activities	—	(73,904)
Changes in cash, cash equivalents and restricted cash	(3,127)	50,320
Cash, cash equivalents and restricted cash at beginning of period	60,714	7,474
Cash, cash equivalents and restricted cash at end of period	$ 57,587	$ 57,794
Reconciliation of cash and cash equivalents and restricted cash presented on the combined and consolidated statements of cash flows		
Cash and cash equivalents	$ 48,277	$ 54,944
Restricted cash included in deferred expenses and other assets, net	9,310	2,850
Total cash and cash equivalents and restricted cash	$ 57,587	$ 57,794

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

Star Holdings
Notes to Combined and Consolidated Financial Statements
(unaudited)

Note 1—Business and Organization

On March 31, 2023, Star Holdings, a Maryland statutory trust (the "Company," "Star Holdings," "we" or "us") completed a series of reorganization and separation transactions (collectively, the “Spin-Off”) in accordance with the terms of a Separation and Distribution Agreement (the “Separation and Distribution Agreement”), dated as of March 31, 2023, by and between iStar Inc., a Maryland corporation ("iStar"), and Star Holdings. To effectuate the Spin-Off: (i) iStar contributed its remaining legacy non-ground lease assets, 13,522,651 shares of common stock of Safehold Inc. (the “Safe Shares”) and certain other assets (“iStar Included Assets”) to Star Holdings; and (ii) iStar distributed 100% of the common shares of beneficial interest in Star Holdings to holders of common stock of iStar ("iStar Common Stock") by way of a pro rata distribution of 0.153 common shares of Star Holdings for each outstanding share of iStar Common Stock held on the record date of the distribution.

The Spin-Off became effective at 12:02 a.m., Eastern Time, on March 31, 2023 (the “Spin-Off Effective Time”). Following the Spin-Off, Star Holdings became an independent, publicly traded company. Star Holdings' common shares commenced regular-way trading on the Nasdaq Global Market (the “Nasdaq”) under the symbol “STHO” on March 31, 2023. Shortly after the Spin-Off, iStar completed its previously-announced merger (the "Merger") with Safehold Inc., a Maryland corporation. iStar continued as the surviving corporation in the Merger and changed its name to “Safehold Inc.” ("Safe").

The Company operates its business as one segment that focuses on realizing value for shareholders primarily by generating cash flows through active asset management and sales of its existing loans, operating properties and land and development properties. The Company’s short-term and long-term liquidity requirements include capital expenditures on its development projects, debt service, management fees and expense reimbursements payable to its Manager (refer to Note 7) and operating expenses, among others. The Company expects to meet its short-term liquidity requirements through any cash flows from operations, proceeds from asset sales, borrowings on the incremental facility under the Safe Credit Facility (refer to Note 9) and unrestricted cash. The Company expects to meet its long-term liquidity requirements through any cash flows from operations and proceeds from asset sales.

The combined and consolidated financial statements of the Company include loans and other lending investments, operating properties and land and development assets that represent the assets, liabilities and operations from the assets included in the Spin-Off. References to "iStar" in the notes to the Company's financial statements refer to iStar prior to the closing of the Merger and the Spin-Off.

Note 2—Basis of Presentation and Principles of Consolidation

Basis of Presentation—The accompanying unaudited combined and consolidated financial statements have been prepared in conformity with the instructions to Form 10-Q and Article 10-01 of Regulation S-X for interim financial statements. Accordingly, they do not include all the information and footnotes required by generally accepted accounting principles in the United States of America (“GAAP”) for complete financial statements. These unaudited combined and consolidated financial statements and related notes should be read in conjunction with the combined and consolidated financial statements and related notes included in the Information Statement.

The preparation of these combined and consolidated 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.

In the opinion of management, the accompanying combined and consolidated financial statements contain all adjustments consisting of normal recurring adjustments necessary for a fair statement of the results for the interim periods presented. Such operating results may not be indicative of the expected results for any other interim periods or the entire year.

Star Holdings
Notes to Combined and Consolidated Financial Statements (Continued)
(unaudited)

The combined and consolidated financial statements of the Company prior to the Spin-off on March 31, 2023 represented a combination of entities under common control that have been "carved out" from iStar's consolidated financial statements. Historically, financial statements of the Company have not been prepared as it was not operated separately from iStar. These combined and consolidated financial statements reflect the revenues and expenses of the Company and include certain assets and liabilities that were included in the Spin-Off, which have been reflected at iStar's historical basis. All intercompany balances and transactions have been eliminated. The combined and consolidated financial statements may not be indicative of the Company's future performance and do not necessarily reflect what the financial position, results of operations and cash flows would have been had the Company operated as a standalone company during the periods presented.

These combined and consolidated financial statements include an allocation of general and administrative expenses and interest expense to the Company from iStar through the date of the Spin-Off. General and administrative expenses include certain iStar corporate functions, including executive oversight, treasury, finance, human resources, tax compliance and planning, internal audit, financial reporting, information technology and investor relations. General and administrative expenses, including stock-based compensation, represent a pro rata allocation of costs from iStar's real estate finance, operating properties, land and development and corporate business segments based on the Company's average net assets for those segments as a percentage of iStar's average net assets for those segments. Interest expense, net of amounts capitalized, was allocated to the Company by calculating the Company's average net assets as a percentage of the average net assets in iStar's segments and multiplying that percentage by the interest expense allocated to iStar's segments. The Company believes the allocation methodology for general and administrative expenses and interest expense is reasonable. Accordingly, the general and administrative expense and interest expense allocations presented in our combined and consolidated statements of operations for historical periods does not necessarily reflect what our general and administrative expenses and interest expense will be as a standalone public company. For the six months ended June 30, 2023, the Company was allocated $14.1 million of general and administrative expense and $8.0 million of interest expense. For the six months ended June 30, 2023, the general and administrative expense allocation includes $1.8 million of stock-based compensation. Subsequent to the Spin-Off, the Company has its own general and administrative expense and interest expense as a stand-alone public company.

Prior to the Spin-Off, certain of the entities included in the Company's financial statements did not have bank accounts for the periods presented, and certain cash transactions for the Company were transacted through bank accounts owned by iStar. The combined and consolidated statements of cash flows for the periods presented were prepared as if operating, investing and financing transactions for the Company had been transacted through its own bank accounts.

Star Holdings
Notes to Combined and Consolidated Financial Statements (Continued)
(unaudited)

Principles of Combination and Consolidation—The combined and consolidated financial statements include on a carve-out basis the historical balance sheets and statements of operations and cash flows of assets, liabilities and operations included in the Spin-Off. For periods prior to March 31, 2023, the Company was allocated a number of shares of Safe common stock based on estimates driven by the total value of stock that iStar expected to contribute to the Company and the price per share of Safe common stock (refer to Note 7). Information for the periods subsequent to March 31, 2023 reflect the actual number of Safe Shares contributed to the Company.

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 June 30, 2024 and December 31, 2023. The following table presents the assets and liabilities of the Company's consolidated VIEs as of June 30, 2024 and December 31, 2023 ($ in thousands):

	As of	
	June 30, 2024	December 31, 2023
ASSETS		
Real estate		
Real estate, at cost	$ 95,108	$ 94,682
Less: accumulated depreciation	(23,045)	(21,349)
Real estate, net	72,063	73,333
Real estate available and held for sale	1,746	—
Total real estate	73,809	73,333
Land and development, net	89,096	108,284
Cash and cash equivalents	15,797	31,479
Accrued interest and operating lease income receivable, net	—	24
Deferred expenses and other assets, net	7,158	8,758
Total assets	$ 185,860	$ 221,878
LIABILITIES		
Total liabilities	$ 31,007	$ 23,600

Note 3—Summary of Significant Accounting Policies

The Company's significant accounting policies have not changed materially from those described in its Annual Report on Form 10-K for the fiscal year ended December 31, 2023 (the "2023 Annual Report"). Please refer to the 2023 Annual Report for the Company's significant accounting policies.

New accounting pronouncements—In August 2023, the Financial Accounting Standards Board ("FASB") issued ASU 2023-05, Business Combinations - Joint Venture Formations (Subtopic 805-60): Recognition and Initial Measurement ("ASU 2023-05"). ASU 2023-05 requires a joint venture to initially measure all contributions received upon its formation at fair value and is effective for all joint venture entities with a formation date on or after January 1, 2025. ASU 2023-05 is to be applied on a prospective basis, while retrospective application can be elected for joint ventures formed before the effective date. The Company is currently evaluating ASU 2023-05 but does not expect this standard to have a material impact on its consolidated financial statements.

In November 2023, the FASB issued ASU 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures ("ASU 2023-07"). ASU 2023-07 improves disclosures for reportable segments primarily through enhanced disclosures about significant segment expenses. ASU 2023-07 is effective on a retrospective basis for annual periods beginning after December 15, 2023 and for interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted. The Company is currently evaluating ASU 2023-07 but does not expect this standard to have a material impact on its consolidated financial statements.

Star Holdings
Notes to Combined and Consolidated Financial Statements (Continued)
(unaudited)

In December 2023, the FASB issued ASU No. 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures ("ASU 2023-09"). ASU 2023-09 requires greater disaggregation of information in the rate reconciliation, income taxes paid disaggregated by jurisdiction and certain other amendments to improve income tax disclosures. The amendments in ASU 2023-09 are effective for fiscal years beginning after December 15, 2024. Early adoption is permitted. The Company is currently evaluating ASU 2023-09 but does not expect this standard to have a material impact on its consolidated financial statements.

Note 4—Real Estate

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

	As of	
	June 30, 2024	December 31, 2023
Land, at cost	$ 5,570	$ 5,570
Buildings and improvements, at cost	92,337	91,911
Less: accumulated depreciation	(23,863)	(22,075)
Real estate, net	74,044	75,406
Real estate available and held for sale (1)	1,746	—
Total real estate	$ 75,790	$ 75,406

(1) During the six months ended June 30, 2024, the Company transferred $1.7 million of residential condominiums from land and development to real estate available and held for sale. The condominiums were sold in July 2024.

Tenant Reimbursements—The Company receives reimbursements from tenants for certain facility operating expenses including common area costs, insurance, utilities and real estate taxes. Tenant reimbursements were $0.4 million and $0.4 million for the three months ended June 30, 2024 and 2023, respectively. Tenant reimbursements were $0.8 million and $0.8 million for the six months ended June 30, 2024 and 2023, respectively. These amounts are included in "Operating lease income" in the Company's combined and consolidated statements of operations.

Allowance for Doubtful Accounts—As of June 30, 2024 and December 31, 2023, the allowance for doubtful accounts related to real estate tenant receivables was $0.1 million and $0.1 million, respectively. These amounts are included in "Accrued interest and operating lease income receivable, net" on the Company's combined and consolidated balance sheets.

Future Minimum Operating Lease Payments—Future minimum operating lease payments to be collected under non-cancelable operating leases, excluding tenant reimbursements of expenses, in effect as of June 30, 2024, are as follows by year ($ in thousands):

Year	Amount
2024 (remaining six months)	$ 2,169
2025	4,310
2026	4,225
2027	1,578
2028	242
Thereafter	875

Note 5—Land and Development

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

	As of	
	June 30, 2024	December 31, 2023
Land and land development, at cost	$ 173,221	$ 193,360
Less: accumulated depreciation	(12,392)	(11,966)
Total land and development, net	$ 160,829	$ 181,394

Dispositions—During the three months ended June 30, 2024 and 2023, the Company sold land parcels and residential lots and units and recognized land development revenue of $15.7 million and $11.8 million, respectively, and land development cost of sales of $19.0 million and $12.4 million, respectively, from its land and development portfolio. During the six months ended June 30, 2024 and 2023, the Company sold land parcels and residential lots and units and recognized land development revenue of $32.3 million and $21.4 million, respectively, and land development cost of sales of $31.4 million and $22.3 million, respectively, from its land and development portfolio.

In September 2023, the Company sold a land parcel to a third-party and provided the buyer with a loan to finance the acquisition. The buyer had the option to prepay the loan in full on or before a specified date, it would receive a discounted purchase price. At origination, the Company recorded the loan based on the discounted purchase price since collection of the discounted portion of the sale was undetermined. The buyer elected to not prepay the loan and receive the discounted purchase price and, as such, the Company recorded additional land development revenue during the six months ended June 30, 2024. The loan to the buyer is included in "Loans receivable and other lending investments, net" on the Company's combined and consolidated balance sheets.

In December 2023, the Company transferred the ownership interests in a subsidiary land owner to a third-party venture (the "Venture") for its development and construction of a multifamily project in Asbury Park, NJ (the "Project"). In connection with this transfer, the Company (i) provided the Venture with a $10.6 million mezzanine loan that was fully funded at closing and is secured by the ownership interests in the subsidiary land owner; and (ii) provided a completion and carry guaranty on the Venture's $80.0 million senior construction mortgage loan (refer to Note 9) with a third-party lender in return for a fee. The Company is a non-member manager of the Venture and is entitled to certain fees, but otherwise has no expected member-related economics. Until the mezzanine loan is repaid and the guaranties are released, the Company controls all decision-making of the Venture. The Venture is responsible for the funding and performance of all development and construction activities and the Company is not obligated to provide any capital contributions to the Venture. At closing, the third-party members provided $21.0 million in cash capital contributions to the Venture, exclusive of a $3.0 million deferred profits interest, which combined represent the total equity capitalization.

The Company determined that the Venture (and its consolidated subsidiaries developing the Project) is a VIE for which the Company is the primary beneficiary and thus consolidated it under ASC 810. As a result, for accounting purposes, the Project will be recorded on the Company's combined and consolidated financial statements and the mezzanine loan will eliminate in consolidation. The $21.0 million in third-party cash capital contributions to the Venture represents noncontrolling interests in the Company's combined and consolidated balance sheet. The Company expects this consolidation treatment to continue until the mezzanine loan is paid in full by the Venture and the Company's senior loan guaranties are released by the lender.

Star Holdings
Notes to Combined and Consolidated Financial Statements (Continued)
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Note 6—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): (1)

	As of	
	June 30, 2024	December 31, 2023
Loans		
Senior mortgages	$ 3,050	$ 2,550
Subordinate mortgages	14,757	14,266
Subtotal - gross carrying value of loans	17,807	16,816
Other lending investments		
Available-for-sale debt securities	13,386	4,579
Subtotal - other lending investments	13,386	4,579
Total gross carrying value of loans receivable and other lending investments	31,193	21,395
Allowance for loan losses	(512)	(497)
Total loans receivable and other lending investments, net	$ 30,681	$ 20,898

(1) As of June 30, 2024 and December 31, 2023, accrued interest was $0.4 million and $0.2 million, respectively, and is recorded in "Accrued interest and operating lease income receivable, net" on the Company's combined and consolidated balance sheets. During the three and six months ended June 30, 2024 and 2023, the Company did not reverse any accrued interest on its loan portfolio.

Allowance for Loan Losses—Changes in the Company's allowance for loan losses were as follows for the three months ended June 30, 2024 and 2023 ($ in thousands):

	General Allowance			
Three Months Ended June 30, 2024	Construction Loans	Loans	Specific Allowance	Total
Allowance for loan losses at beginning of period	$ —	$ 514	$ —	$ 514
Provision for (recovery of) loan losses(1)	—	(2)	—	(2)
Allowance for loan losses at end of period	$ —	$ 512	$ —	$ 512
Three Months Ended June 30, 2023				
Allowance for loan losses at beginning of period	$ 78	$ 380	$ —	$ 458
Provision for (recovery of) loan losses(1)	(78)	9	—	(69)
Allowance for loan losses at end of period	$ —	$ 389	$ —	$ 389

(1) During the three months ended June 30, 2024 and 2023, the Company recorded a recovery of loan losses of $2 thousand and $0.1 million, respectively, in its combined and consolidated statements of operations. The recovery in 2024 was due primarily to an improving macroeconomic forecast since March 31, 2024. The recovery in 2023 was due primarily to the repayment of loans during the three months ended June 30, 2023.

Changes in the Company's allowance for loan losses were as follows for the six months ended June 30, 2024 and 2023 ($ in thousands):

	General Allowance			
Six Months Ended June 30, 2024	**Construction Loans**	**Loans**	**Specific Allowance**	**Total**
Allowance for loan losses at beginning of period	$ —	$ 497	$ —	$ 497
Provision for (recovery of) loan losses(1)	—	15	—	15
Allowance for loan losses at end of period	$ —	$ 512	$ —	$ 512
Six Months Ended June 30, 2023				
Allowance for loan losses at beginning of period	$ 92	$ 437	$ 396	$ 925
Provision for (recovery of) loan losses(1)	(92)	(48)	(396)	(536)
Allowance for loan losses at end of period	$ —	$ 389	$ —	$ 389

(1) During the six months ended June 30, 2024 and 2023, the Company recorded a provision for loan losses of $15 thousand and $1.6 million, respectively, in its combined and consolidated statements of operations. The provision in 2024 was due primarily to a principal addition to a loan originated in September 2023 (refer to Note 5). The provision in 2023 was due primarily to a $2.2 million provision on the sale of a loan held for sale, which was partially offset by a recovery due to the repayment of loans during the six months ended June 30, 2023.

The Company's investment in loans, all of which were collectively evaluated for impairment, and the associated allowance for loan losses were as follows as of June 30, 2024 and December 31, 2023 ($ in thousands):

As of June 30, 2024	
Loans	$ 17,807
Less: Allowance for loan losses	(512)
Total	$ 17,295
As of December 31, 2023	
Loans	$ 16,816
Less: Allowance for loan losses	(497)
Total	$ 16,319

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. The Company designates 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.

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The Company's amortized cost basis in performing senior mortgage and subordinate mortgages, presented by year of origination and by credit quality, as indicated by risk rating, as of June 30, 2024 were as follows ($ in thousands):

	Year of Origination 2024	2023	2022	2021	2020	Prior to 2020	Total
Senior mortgages							
Risk rating							
1.0	$ —	$ —	$ —	$ —	$ —	$ —	$ —
1.5	—	—	—	—	—	—	—
2.0	—	—	—	—	—	—	—
2.5	—	—	—	—	—	—	—
3.0	—	3,050	—	—	—	—	3,050
3.5	—	—	—	—	—	—	—
4.0	—	—	—	—	—	—	—
4.5	—	—	—	—	—	—	—
5.0	—	—	—	—	—	—	—
Subtotal	$ —	$ 3,050	$ —	$ —	$ —	$ —	$ 3,050
Subordinate mortgages							
Risk rating							
1.0	$ —	$ —	$ —	$ —	$ —	$ —	$ —
1.5	—	—	—	—	—	—	—
2.0	—	—	—	—	—	—	—
2.5	—	—	—	—	—	—	—
3.0	—	—	—	—	—	14,757	14,757
3.5	—	—	—	—	—	—	—
4.0	—	—	—	—	—	—	—
4.5	—	—	—	—	—	—	—
5.0	—	—	—	—	—	—	—
Subtotal	$ —	$ —	$ —	$ —	$ —	$ 14,757	$ 14,757
Total	**$ —**	**$ 3,050**	**$ —**	**$ —**	**$ —**	**$ 14,757**	**$ 17,807**

The Company's amortized cost basis in performing senior mortgages and subordinate mortgages, presented by year of origination and by credit quality, as indicated by risk rating, as of December 31, 2023 were as follows ($ in thousands):

	Year of Origination 2023	2022	2021	2020	2019	Prior to 2019	Total
Senior mortgages							
Risk rating							
1.0	$ —	$ —	$ —	$ —	$ —	$ —	$ —
1.5	—	—	—	—	—	—	—
2.0	—	—	—	—	—	—	—
2.5	—	—	—	—	—	—	—
3.0	2,550	—	—	—	—	—	2,550
3.5	—	—	—	—	—	—	—
4.0	—	—	—	—	—	—	—
4.5	—	—	—	—	—	—	—
5.0	—	—	—	—	—	—	—
Subtotal[(1)]	$ 2,550	$ —	$ —	$ —	$ —	$ —	$ 2,550
Subordinate mortgages							
Risk rating							
1.0	$ —	$ —	$ —	$ —	$ —	$ —	$ —
1.5	—	—	—	—	—	—	—
2.0	—	—	—	—	—	—	—
2.5	—	—	—	—	—	—	—
3.0	—	—	—	—	—	14,266	14,266
3.5	—	—	—	—	—	—	—
4.0	—	—	—	—	—	—	—
4.5	—	—	—	—	—	—	—
5.0	—	—	—	—	—	—	—
Subtotal	$ —	$ —	$ —	$ —	$ —	$ 14,266	$ 14,266
Total	**$ 2,550**	**$ —**	**$ —**	**$ —**	**$ —**	**$ 14,266**	**$ 16,816**

Star Holdings
Notes to Combined and Consolidated Financial Statements (Continued)
(unaudited)

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 June 30, 2024					
Senior mortgages	$ 3,050	$ —	$ —	$ —	$ 3,050
Subordinate mortgages	14,757	—	—	—	14,757
Total	$ 17,807	$ —	$ —	$ —	$ 17,807
As of December 31, 2023					
Senior mortgages	$ 2,550	$ —	$ —	$ —	$ 2,550
Subordinate mortgages	14,266	—	—	—	14,266
Total	$ 16,816	$ —	$ —	$ —	$ 16,816

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

	Face Value	Amortized Cost Basis	Net Unrealized Gain (Loss)	Estimated Fair Value	Net Carrying Value
As of June 30, 2024					
Available-for-sale securities					
Municipal debt securities(1)	$ 13,170	$ 13,170	$ 216	$ 13,386	$ 13,386
Total	$ 13,170	$ 13,170	$ 216	$ 13,386	$ 13,386
As of December 31, 2023					
Available-for-Sale Securities					
Municipal debt securities(1)	$ 4,220	$ 4,220	$ 359	$ 4,579	$ 4,579
Total	$ 4,220	$ 4,220	$ 359	$ 4,579	$ 4,579

(1) In September 2023, the Company acquired two securities for $4.2 million. In February 2024, the Company acquired one security for $0.8 million. In May 2024, the Company acquired three securities for $8.2 million.

As of June 30, 2024, the contractual maturities of the Company's securities were as follows ($ in thousands):

	Amortized Cost Basis	Estimated Fair Value
Maturities		
Within one year	$ —	$ —
After one year through 5 years	—	—
After 5 years through 10 years	—	—
After 10 years	13,170	13,386
Total	$ 13,170	$ 13,386

Note 7—Other Investments

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

	Carrying Value as of		Earnings from Equity Method Investments For the Three Months Ended June 30,		Earnings from Equity Method Investments For the Six Months Ended June 30,	
	June 30, 2024	December 31, 2023	2024	2023	2024	2023
Safehold Inc. ("Safe")(1)	$ 260,852	$ 316,430	$ —	$ —	$ —	$ 1,089
Other real estate and strategic equity investments(2)	—	21	—	242	—	29,127
Total	$ 260,852	$ 316,451	$ —	$ 242	$ —	$ 30,216

(1) As of June 30, 2024, the Company owned 13.5 million shares of Safe common stock which, based on the closing price of $19.29 on June 28, 2024, had a market value of $260.9 million. The Company does not have significant influence over Safe and accounts for its investment in Safe as an equity investment under ASC 321 – Investments – Equity Securities ("ASC 321"), which requires that the Company adjust its investment in Safe to fair value through income at each reporting period. As such, the Company recognized an "Unrealized loss on equity investment" of $17.7 million and $76.3 million, respectively, in its combined and consolidated statements of operations for the three months ended June 30, 2024 and 2023, respectively. The Company recognized an "Unrealized loss on equity investment" of $55.6 million and $166.9 million, respectively, in its combined and consolidated statements of operations for the six months ended June 30, 2024 and 2023, respectively. Prior to the Spin-Off, iStar accounted for its investment in Safe as an equity method investment under ASC 323 – Investments – Equity Method and Joint Ventures ("ASC 323") due to its ability to exercise significant influence. 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. As of December 31, 2022, the Company was allocated ownership of approximately 15.2 million shares of Safe common stock from iStar. The allocation was adjusted based upon the final terms of the Spin-Off on March 31, 2023, and the Company's investment basis was reduced by approximately 1.8 million shares with a carrying value of approximately $65.6 million, which was adjusted against additional paid-in capital within equity.

(2) For the six months ended June 30, 2023, the Company recorded $29.1 million in earnings from equity method investments primarily from the sale of properties within its equity method investments.

Safehold Inc.—Safe is a publicly-traded company that acquires, owns, manages, finances and capitalizes 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"). As of June 30, 2024, the Company owned approximately 13.5 million shares, or 18.9%, of Safe's outstanding common stock. The Company accounts for its investment in the Safe Shares as an equity investment due to the terms of the governance agreement described below.

On March 31, 2023, the Company entered into the following agreements with Safe:

Separation and Distribution Agreement—The Separation and Distribution Agreement provides for, among other things, the principal corporate transactions required to effect the Spin-Off and provisions governing Star Holdings' relationship with Safe with respect to and following the Spin-Off. The Separation and Distribution Agreement includes provisions allocating assets and liabilities between Star Holdings and Safe and various post-closing covenants relating to, among other things, the treatment of the parties' insurance policies, information sharing and other operational matters. The Separation and Distribution Agreement includes a mutual release by Star Holdings, on the one hand, and Safe, on the other hand, of the other party from certain specified liabilities, as well as mutual indemnification covenants pursuant to which Star Holdings and Safe have agreed to indemnify each other from certain specified liabilities.

Management Agreement—The Company entered into the Management Agreement with Safehold Management Services Inc. (the "Manager"), a subsidiary of Safe. The Management Agreement requires the Manager to manage the Company's assets and its and its subsidiaries' day-to-day operations, subject to the supervision of Board of Trustees of the Company (the "Board"). Pursuant to the Management Agreement, the Manager is required to provide the Company with a management team, including a chief executive officer, a chief financial officer and a chief compliance officer, along with support personnel, to provide the management services to be provided by the Manager to the Company. The Manager does not assume any responsibility other than to render the services called for thereunder and is not responsible for any action of the Board in following or declining to follow its advice or recommendations.

The Management Agreement has an annual term that automatically renews on March 31 of each year. The Company pays a fixed cash management fee and reimburses the Manager for third party expenses incurred in connection with its services. The Company paid the Manager management fees of $25.0 million for the term ended March 31, 2024. The annual fee declines to $15.0 million, $10.0 million and $5.0 million, respectively, in each of the following annual terms, and adjusts to 2.0% of the gross book value of the Company's assets, excluding the Safe Shares, thereafter. During the three months ended June 30, 2024 and 2023, the Company recorded $3.8 million and $7.2 million, respectively, of management fees to the Manager. During the six months ended June 30, 2024 and 2023, the Company recorded $10.0 million and $7.2 million, respectively, of management fees to the Manager.

The Management Agreement may be terminated by the Company without cause by not less than one hundred eighty days' written notice to the Manager upon the affirmative vote of at least two-thirds of the Company's independent directors, provided, however, that if the date of termination occurs prior to the fourth anniversary of the Spin-Off, the termination will be subject to payment of the applicable termination fee to the Manager. The Company may also terminate the Management Agreement at any time, including during the initial term, with 30 days' prior written notice from the Company's board of trustees for "cause," as defined in the Management Agreement.

In the event of a termination without cause by the Company prior to the fourth anniversary of the Spin-Off, the Company will pay the Manager a termination fee of $50.0 million minus the aggregate amount of management fees actually paid to the Manager prior to the termination date. However, if the Company has completed the liquidation of its assets on or before the termination date, the termination fee will consist of any portion of the annual management fee that remained unpaid for the remainder of the then current annual term plus, if the termination date occurs on or before the third anniversary of the Spin-Off, the amount of the management fee that would have been payable for the next succeeding annual term, or if the termination date occurs after the third anniversary of the Spin-Off, zero.

In the event of a termination by the Manager based on a reduction in the amount of the Company's combined and consolidated assets below designated thresholds, the Company will pay the Manager a termination fee of $30.0 million if the termination occurs in the first year, $15.0 million if the termination occurs in the second year and $5.0 million if the termination occurs in the third year, in each case, plus the balance of any unpaid portion of the annual management fee for the applicable year.

Governance Agreement—The Company and Safe entered into a governance agreement (the "Governance Agreement") in order to establish various arrangements and restrictions with respect to the governance of the Company and certain rights and restrictions with respect to the Safe Shares owned by the Company.

Pursuant to the terms of the Governance Agreement, the Company and its subsidiaries are subject to customary restrictions on the transfer of Safe Shares held by the Company. Furthermore, the Company and its subsidiaries are prohibited from transferring at any time any the Safe Shares held by the Company or its subsidiaries to any person who is known by the Company or its subsidiaries to be an "Activist" or "Company Competitor" (as such terms are defined in the Governance Agreement), or to any group that, to the knowledge of the Company or its subsidiaries, includes as "Activist" or "Company Competitor," without first obtaining the Safe's prior written consent.

During a "restrictive period" which lasts until the earliest to occur of (i) the effective date on which Safe terminates the Management Agreement; or (ii) the date on which we beneficially own less than 7.5% of Safe's outstanding common stock and Safe is no longer our external Manager; or (iii) a Change of Control of Safe (as defined in the Governance Agreement), we and our directly or indirectly wholly owned subsidiaries are required to vote the Safe Shares in accordance with the recommendations of the board of directors of Safe. We have irrevocably designated and appointed the board of directors of Safe as our sole and exclusive attorney-in-fact and proxy with full power of substitution and re-substitution to exercise the voting power of our shares of Safe in accordance with these requirements. We will also be subject to certain standstill agreements during the restrictive period. The terms of such standstill agreements will restrict us from making certain acquisitions of Safe securities, seeking representation on Safe's board of directors, participating in the solicitation of proxies or written consents of Safe shareholders, and taking other actions which could seek to influence or result in a change of control of Safe or cause or require Safe to make certain public announcements, except as permitted by the governance agreement or with the prior written consent of the independent directors of the board of directors of Safe.

Registration Rights Agreement—Under the Registration Rights Agreement, Safe has agreed to (i) register Star Holdings' shares of Safe common stock and the other registrable securities for resale by filing and maintaining a shelf registration statement; (ii) file a registration statement covering Star Holdings' shares of Safe common stock and other registrable securities pursuant to the demand right and (iii) allow Star Holdings to piggyback on certain other registration statements filed by Safe. Star Holdings may use the registration rights to sell its shares of Safe common stock in underwritten offerings, block trades and other methods of distribution. Star Holdings will be subject to certain suspension and lockup obligations. Star Holdings' registration rights will end, among other times, when it owns less than 2% of Safe's outstanding common stock and is able to sell all of the shares of Safe common stock pursuant to Rule 144(b) without restriction.

Safe Credit Facility—Refer to Note 9 for additional information on the Safe Credit Facility.

Other real estate and strategic equity investments—As of December 31, 2023, the Company's other real estate equity investments include equity interests of 95% in real estate ventures comprised primarily of investments in two operating properties that have been sold and are in the process of liquidating.

Summarized investee financial information—The following table presents the investee level summarized financial information for the Company's equity method investment in Safe that was significant for the periods presented ($ in thousands):

	Revenues	Expenses	Net Income Attributable to Safe[1]
For the Three Months Ended March 31, 2023			
Safe[2]	$ 78,329	$ 75,875	$ 4,682

(1) Net Income Attributable to Safe also includes earnings from equity method investments and income tax expense.
(2) Prior to the Spin-Off, iStar accounted for its investment in Safe as an equity method investment under ASC 323 due to its ability to exercise significant influence. Subsequent to the Spin-Off, the Company does not have significant influence over Safe and accounts for its investment in Safe as an equity investment under ASC 321, which requires that the Company adjust its investment in Safe to fair value through income at each reporting period.

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Note 8—Other Assets and Other Liabilities

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

	As of	
	June 30, 2024	December 31, 2023
Other assets[(1)]	$ 9,161	$ 8,882
Operating lease right-of-use assets[(2)]	1,154	1,380
Restricted cash	9,310	10,051
Other receivables	3,196	1,865
Leasing costs, net[(3)]	85	101
Intangible assets, net[(4)]	151	180
Deferred expenses and other assets, net	$ 23,057	$ 22,459

(1) As of June 30, 2024 and December 31, 2023, other assets primarily includes prepaid expenses and deposits for certain real estate assets.
(2) Right-of use lease assets initially equal the lease liability. For operating leases, rent expense is recognized on a straight-line basis over the term of the lease and is recorded in "Real estate expense" in the Company's combined and consolidated statements of operations. During the three months ended June 30, 2024 and 2023, the Company recognized $0.1 million and $0.1 million, respectively, in "Real estate expense" in its combined and consolidated statements of operations relating to operating leases. During the six months ended June 30, 2024 and 2023, the Company recognized $0.2 million and $0.2 million, respectively, in "Real estate expense" in its combined and consolidated statements of operations relating to operating leases.
(3) Accumulated amortization of leasing costs was $0.2 million and $0.2 million as of June 30, 2024 and December 31, 2023, respectively.
(4) Intangible assets, net includes above market and in-place lease assets related to the acquisition of real estate assets. Accumulated amortization on intangible assets, net was $0.2 million and $0.2 million as of June 30, 2024 and December 31, 2023, respectively. These intangible lease assets are amortized over the remaining term of the lease. As of June 30, 2024, the weighted average remaining amortization period for the Company's intangible assets was approximately 2.6 years.

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

	As of	
	June 30, 2024	December 31, 2023
Other liabilities[(1)]	$ 34,455	$ 35,010
Accrued expenses	11,304	5,914
Operating lease liabilities (see table above)	1,317	1,538
Accounts payable, accrued expenses and other liabilities	$ 47,076	$ 42,462

(1) As of June 30, 2024, "Other liabilities" includes $20.7 million of deferred income and liabilities, $4.8 million of management fees due Safe and $6.1 million of other payables related to real estate properties. As of December 31, 2023, "Other liabilities" includes $20.1 million of deferred income and liabilities, $7.2 million of management fees due Safe and $4.9 million of other payables related to real estate properties.

Note 9—Debt Obligations, net

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

	Carrying Value as of		Stated		Scheduled
	June 30, 2024	December 31, 2023	Interest Rates		Maturity Date
Debt obligations:					
Safe Credit Facility	$ 115,000	$ 115,000	8.00	%	March 2027
Margin Loan Facility[1]	85,504	81,914	SOFR plus 3.00	%	March 2026
Total debt obligations	200,504	196,914			
Debt discounts and deferred financing costs, net	(3,295)	(4,019)			
Total debt obligations, net[2]	$ 197,209	$ 192,895			

(2) In June 2024 and March 2024, the Company elected to pay interest in kind ("PIK") of $1.8 million and $1.8 million, respectively, which was added to the principal balance on the Margin Loan Facility at such time. The applicable margin on the Margin Loan Facility increases by 25 basis points for the entirety of the interest period immediately succeeding any interest period with respect to which the Company makes a PIK election.

(3) During the three and six months ended June 30, 2024, the Company capitalized interest expense on qualifying real estate assets of $0.5 million and $1.0 million, respectively. During the three and six months ended June 30, 2023, the Company capitalized interest expense on qualifying real estate assets of $0.6 million and $1.0 million, respectively.

Future Scheduled Maturities—As of June 30, 2024, future scheduled maturities of outstanding debt obligations are as follows ($ in thousands):

2024 (remaining six months)	$ —
2025	—
2026	85,504
2027	115,000
2028	—
Thereafter	—
Total principal maturities	200,504
Unamortized discounts and deferred financing costs, net	(3,295)
Total debt obligations, net	$ 197,209

Safe Credit Facility—In connection with the Spin-Off, on March 31, 2023, the Company, as borrower, entered into a credit agreement with Safe for a secured term loan with an outstanding principal amount of $115.0 million, plus up to $25.0 million in incremental borrowing capacity for specified purposes (as amended from time to time, the "Safe Credit Facility"). The Safe Credit Facility matures on March 31, 2027.

Interest on borrowings under the Safe Credit Facility is payable in cash and accrues interest at a rate of (x) 8.00% per annum or (y) to the extent any loan remains outstanding under an incremental facility available under the Safe Credit Facility at such time, 10.00% per annum, as applicable. Amounts outstanding under the Safe Credit Facility may be prepaid at any time, in whole or in part, without premium or penalty.

The Company paid a $0.6 million commitment fee in connection with the Safe Credit Facility. The Safe Credit Facility is secured by a first priority pledge of the equity interests in certain subsidiaries of the Company.

During the three and six months ended June 30, 2024, the Company incurred $2.4 million and $4.7 million, respectively, of interest expense gross of amounts capitalized on the Safe Credit Facility, which is included in "Interest expense – related party" in the Company's combined and consolidated statements of operations. During both the three and six months ended June 30, 2023, the Company incurred $2.4 million of interest expense gross of amounts capitalized on the Safe Credit Facility, which is included in “Interest expense – related party” in the Company’s combined and consolidated statements of operations.

Margin Loan Facility—On March 31, 2023, STAR Investment Holdings SPV LLC, a Delaware limited liability company and wholly-owned subsidiary of the Company ("STAR SPV"), as borrower, entered into a margin loan agreement providing for a three-year, $140.0 million senior secured margin loan facility (as amended from time to time, the "Margin Loan Facility"), with Morgan Stanley Senior Funding, Inc., as administrative agent, Morgan Stanley & Co. LLC, as calculation agent, and Morgan Stanley Bank, N.A., as initial lender. STAR SPV drew the full amount of the Margin Loan Facility on March 31, 2023 and directed that approximately $88.0 million of the proceeds be applied to redeem iStar’s senior unsecured notes due 2024, 2025 and 2026. The Company repaid $60.0 million principal amount of the Margin Loan Facility through June 30, 2024. The Margin Loan Facility is initially secured by a first priority pledge of the Safe Shares and has a maturity of March 31, 2026.

Interest on the Margin Loan Facility is payable in cash; provided, that STAR SPV may, at its option, elect that the interest for any future interest period be paid-in-kind. Amounts outstanding under the Margin Loan Facility accrue interest at a rate equal to term SOFR for a three-month tenor plus a spread. Amounts outstanding under the Margin Loan Facility may be prepaid at any time upon prior notice, in whole or in part, subject to the payment of any applicable make-whole amount.

Senior Construction Mortgage Loan—In December 2023, the Venture (refer to Note 5) entered into an $80.0 million senior construction mortgage loan (the “Loan”). The Loan has a 3-year term with one 12-month extension option subject to a 1.0% fee. The Loan is interest only during the term and accrues interest at SOFR + 6.85% (with a SOFR floor of 3.65%) and features a 1.0% origination fee and a 1.85% exit fee, both on the total loan commitment. As of June 30, 2024, the Venture has not drawn any amount under the Loan.

Other Debt Obligations—During the three months ended March 31, 2023, the Company assumed a $125.0 million loan payable to iStar. The loan had an interest rate of 8.0%. As a result, the Company recognized $2.5 million of interest expense during the three months ended March 31, 2023. The loan was repaid during the three months ended March 31, 2023.

Debt Covenants—The Safe Credit Facility requires that the Company comply with various covenants, including, without limitation, covenants restricting, subject to certain exceptions, indebtedness, liens, investments, mergers, asset sales and the payment of certain dividends. Additionally, the Safe Credit Facility includes customary representations and warranties as well as customary events of default, the occurrence of which, following any applicable grace period, would permit New Safe to, among other things, declare the principal, accrued interest and other obligations of the Company under the Safe Credit Facility to be immediately due and payable and foreclose on the collateral securing the Safe Credit Facility.

The Margin Loan Facility requires that STAR SPV comply with various covenants, including, without limitation, covenants restricting, subject to certain exceptions, indebtedness, liens, investments and the payment of dividends. Additionally, the Margin Loan Facility includes customary representations and warranties, events of default and other creditor protections for this type of facility. Upon the occurrence of certain events which are customary for this type of facility, STAR SPV may be required to prepay all amounts due under the Margin Loan Facility or post additional collateral in accordance with the Margin Loan Facility and related agreements.

A subsidiary of the Company provided a completion and carry guaranty on the Loan and is required to maintain a minimum net worth and a minimum liquidity amount both prior to and after the completion of the Project while the Loan is outstanding.

Note 10—Commitments and Contingencies

Commitments—Future minimum lease obligations under non-cancelable operating leases as of June 30, 2024 are as follows ($ in thousands):[1]

2024 (remaining six months)	$	243
2025		486
2026		486
2027		162
2028		—
Thereafter		—
Total undiscounted cash flows		1,377
Present value discount[1]		(60)
Lease liabilities	$	1,317

(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 inception at the Company's weighted average incremental secured borrowing rate for similar collateral estimated to be 3.0% and the weighted average remaining lease term is 2.8 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 effect on the Company's combined and consolidated financial statements.

Note 11—Risk Management

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, tenants or investees 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.

All of the Company's real estate and assets collateralizing its loans receivable are located in the United States. As of June 30, 2024, the Company's portfolio contains concentrations in the following property types: entertainment/leisure, land and development, hotel, condominium and retail and the Safe Shares.

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. In addition, declines in the market price of Safe common stock could require the Company to post additional collateral or prepay some or all of the outstanding borrowings under the Margin Loan Facility.

Note 12—Equity

Common Stock—On March 31, 2023, in connection with the Spin-Off, iStar distributed 100% of the common shares of beneficial interest in the Company to holders of common stock of iStar ("iStar Common Stock") by way of a pro rata distribution of 0.153 common shares of the Company for each outstanding share of iStar Common Stock held on the record date of the distribution. As of June 30, 2024, the Company has one class of common stock with 13,319,552 shares outstanding.

Net Parent Investment—The Company's net parent investment represented net contributions from and distributions to iStar through the date of the Spin-Off. Certain of the entities included in the Company's financial statements did not have bank accounts for the periods presented and most cash transactions for the Company were transacted through bank accounts owned by iStar and are included in the Company's equity.

Accumulated Other Comprehensive Income (Loss)— "Accumulated other comprehensive income (loss)" reflected in the Company's shareholders' equity is comprised of the Company's share of unrealized gains or losses on cash flow hedges of its equity method investments and unrealized gains or losses on the Company's available-for-sale securities. The Company does not have any derivatives as of June 30, 2024.

Note 13—Earnings Per Share

The following table presents a reconciliation of income from operations used in the basic and diluted earnings per share ("EPS") calculations ($ in thousands, except for per share data):

	For the Three Months Ended June 30, 2024	For the Three Months Ended June 30, 2023	For the Six Months Ended June 30, 2024	For the Six Months Ended June 30, 2023
Net income (loss)	$ (27,952)	$ (89,934)	$ (76,948)	$ (180,674)
Net (income) loss from operations attributable to noncontrolling interests	837	(27)	852	(2)
Net income (loss) allocable to common shareholders	$ (27,115)	$ (89,961)	$ (76,096)	$ (180,676)

	For the Three Months Ended June 30, 2024	For the Three Months Ended June 30, 2023	For the Six Months Ended June 30, 2024	For the Six Months Ended June 30, 2023
Earnings allocable to common shares:				
Numerator for basic and diluted earnings per share:				
Net income (loss) allocable to common shareholders	$ (27,115)	$ (89,961)	$ (76,096)	$ (180,676)
Denominator for basic and diluted earnings per share:(1)				
Weighted average common shares outstanding for basic and diluted earnings per common share	13,320	13,320	13,320	13,320
Basic and diluted earnings per common share:				
Net income (loss) allocable to common shareholders	$ (2.04)	$ (6.75)	$ (5.71)	$ (13.56)

(1) For periods presented prior to the Spin-Off, the weighted average shares outstanding for the EPS calculation assumes the pro rata distribution of 0.153 common shares of the Company's common stock for each outstanding share of iStar Common Stock on the record date of the distribution were issued and outstanding.

Note 14—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 recorded at fair value on a recurring or non-recurring basis by the above categories as of June 30, 2024 and December 31, 2023 ($ 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 June 30, 2024				
Recurring basis:				
Available-for-sale debt securities[1]	$ 13,386	$ —	$ —	$ 13,386
Other investments (refer to Note 7)	260,852	260,852	—	—
As of December 31, 2023				
Non-recurring basis:				
Available-for-sale debt securities[1]	$ 4,579	$ —	$ —	$ 4,579
Other investments (refer to Note 7)	316,430	316,430	—	—

(1) The fair value of the Company's available-for-sale debt securities are based upon unadjusted third-party broker quotes and are classified as Level 3.

The following table summarizes changes in Level 3 available-for-sale securities reported at fair value on the Company's combined and consolidated balance sheets for the six months ended June 30, 2024 ($ in thousands):

Beginning balance	$ 4,579
Purchases	8,950
Unrealized gain (loss) recorded in other comprehensive income (loss)	(143)
Ending balance	$ 13,386

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 June 30, 2024		As of December 31, 2023	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Assets				
Loans receivable and other lending investments, net[1]	$ 31	$ 28	$ 21	$ 17
Equity investment in Safe[2]	261	261	316	316
Cash and cash equivalents[3]	48	48	51	51
Restricted cash[3]	9	9	10	10
Liabilities				
Debt obligations, net[1]	197	201	193	193

(1) The fair value of the Company's loans receivable and other lending investments, net and debt obligations are classified as Level 3 within the fair value hierarchy.
(2) The fair value of the Company's investment in approximately 13.5 million shares of Safe common stock is classified as Level 1 within the fair value hierarchy, and is included within "Other investments" on the Company's balance sheet.
(3) 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.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

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, Star Holdings' (the "Company's") current business plan, 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. 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-Q and the uncertainties and risks described in Item 1A. "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2023 (the "2023 Annual Report"), all of which could affect our future results of operations, financial condition and liquidity. For purposes of Management's Discussion and Analysis of Financial Condition and Results of Operations, the terms "we," "our" and "us" refer to Star Holdings and its combined and consolidated subsidiaries, unless the context indicates otherwise.

The discussion below should be read in conjunction with our combined and consolidated financial statements and related notes in this quarterly report on Form 10-Q and our 2023 Annual Report. These historical financial statements may not be indicative of our future performance.

Our Development Portfolio

Asbury Park Waterfront

We are the managing member in Asbury Partners, LLC, which is the joint venture that owns the Asbury Park Waterfront investment. The aggregate carrying value of the Asbury Park Waterfront investment was approximately $132.5 million as of June 30, 2024.

The Asbury Park Waterfront investment includes the following:

- Asbury Ocean Club Surfside Resort and Residences: a 16-story mixed use project featuring 130 residential condominium units, a 54-key luxury boutique hotel, 24,000 square feet of retail space, 410 structured parking spaces and a 15,000 square foot gym and spa amenity area. The property was completed in 2019. The hotel is managed by a third party. As of June 30, 2024, two residential condominium units remain unsold.
- The Asbury: a 110-key independent boutique hotel with indoor and outdoor event spaces, and a rooftop bar. The hotel was completed in 2016 and is managed by a third party.
- Asbury Lanes: a 12,000 square foot music and entertainment venue. The venue was completed in 2018, is connected to The Asbury and managed by a third party.

Our current strategy for the Asbury Park Waterfront investment is to sell the remaining residential condominium units at Asbury Ocean Club, actively asset manage our operating assets, and strategically monetize the remaining development sites and our operating assets through sales to third party developers and operators while meeting our obligations under the redevelopment agreement with the city of Asbury Park.

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. The aggregate carrying value of our Magnolia Green assets as of June 30, 2024 was $50.2 million.

As of June 30, 2024, 2,077 residential lots have been sold to homebuilders. We anticipate selling our remaining residential lots to homebuilders either upon completion of horizontal lot development or in bulk as unimproved lots over the next two years and it could take substantially longer. We anticipate selling the golf course operations to a third party upon completion of residential lot sellout. There can be no assurance, however, that these sales will be completed.

Our Monetizing Portfolio

As of June 30, 2024, we owned assets that we expect to monetize primarily through asset sales, loan repayments or active asset management. These assets included in our portfolio as of June 30, 2024 had an aggregate carrying value of approximately $84.6 million and were comprised primarily of loans, operating properties, land and other assets. Summarized information regarding these assets is set forth below.

***Loans and other lending investments**.* The loans and other lending investments included in our monetizing portfolio as of June 30, 2024 include two loans with an aggregate carrying value of $17.3 million and six available-for-sale debt securities with an aggregate carrying value of $13.4 million.

***Land**.* The land assets included in our portfolio as of June 30, 2024 include two assets with an aggregate carrying value of approximately $23.3 million. Our general strategy is to seek to sell the land assets to third party developers. In addition, we have another land asset related to a venture at Asbury Park with a carrying value of $27.3 million (refer to Note 5 to the combined and consolidated financial statements).

***Other**.* The remainder of the monetizing assets primarily consist of two short term leases that we have subleased to third parties, which had an aggregate carrying value of $3.4 million as of June 30, 2024, and a group of loans and equity interests that are recorded as having no carrying value in our financial statements. Our general strategy is to seek to sell the leased assets, although we may hold one or both leases until they expire. For the assets with no carrying value, we may seek to sell these assets but can give no assurance that we will recover any value from them.

***Investment in Safe**.* In addition to the assets described above, we also own the Safe Shares which had a fair value of $260.9 million based on the closing price of $19.29 as of June 28, 2024.

The Safe Shares collateralize our Margin Loan Facility and the net proceeds from the sale of any Safe Shares must be applied first to repay the Margin Loan Facility.

In the second half of 2023, we took certain steps intended to address declines in the market value of the Safe Shares. We paid down the outstanding balance of the Margin Loan Facility which has a principal balance of $85.5 million as of June 30, 2024. We also entered into amendments to the Margin Loan Facility and the Safe Credit Facility to, among other things, reduce the floor price of the Safe Shares that would trigger a mandatory prepayment in full of the Margin Loan Facility and enable us to access incremental borrowings under the Safe Credit Facility to replenish funds used to voluntarily prepay the Margin Loan Facility. Further declines in the market value of the Safe

Shares could require us to make additional prepayments of some or all of the outstanding borrowings under the Margin Loan Facility. Accessing incremental borrowings under the Safe Credit Facility will increase our interest expense because the interest rate on all borrowings increases to 10.0% per annum while incremental borrowings remain outstanding.

Results of Operations for the Three Months Ended June 30, 2024 compared to the Three Months Ended June 30, 2023

	For the Three Months Ended June 30, 2024	For the Three Months Ended June 30, 2023	$ Change
		(in thousands)	
Operating lease income	$ 1,701	$ 1,610	$ 91
Interest income	442	397	45
Other income	12,707	11,655	1,052
Land development revenue	15,701	11,818	3,883
Total revenue	30,551	25,480	5,071
Interest expense	1,725	2,609	(884)
Interest expense - related party	2,108	2,100	8
Real estate expense	12,178	12,395	(217)
Land development cost of sales	19,007	12,356	6,651
Depreciation and amortization	1,178	1,090	88
General and administrative	4,586	7,552	(2,966)
Provision for (recovery of) loan losses	(2)	(69)	67
Other expense	8	315	(307)
Total costs and expenses	40,788	38,348	2,440
Unrealized loss on equity investment	(17,715)	(76,268)	58,553
Loss on early extinguishment of debt	—	(1,040)	1,040
Earnings from equity method investments	—	242	(242)
Net income (loss)	$ (27,952)	$ (89,934)	$ 61,982

Revenue—Operating lease income, which primarily includes income from commercial operating properties, increased to $1.7 million during the three months ended June 30, 2024 from $1.6 million for the same period in 2023. The increase was primarily due to an increase in percentage rent at certain of our properties.

Interest income was $0.4 million for both the three months ended June 30, 2024 and 2023. Our interest income is earned on our loans and available-for-sale securities.

Other income increased to $12.7 million during the three months ended June 30, 2024 from $11.7 million for the same period in 2023. Other income consists primarily of dividend income from our investment in Safe and income from our hotel properties and other operating properties, including Asbury Lanes and the Magnolia Green Golf Club. The increase was due primarily to an increase in revenues at our operating properties.

Land development revenue and cost of sales—During the three months ended June 30, 2024, we had a bulk sale at our Coney Island property and sold residential lots at our Magnolia Green property and recognized land development revenue of $15.7 million which had associated cost of sales of $19.0 million. During the three months ended June 30, 2023, we sold residential lots and units and recognized land development revenue of $11.8 million which had associated cost of sales of $12.4 million. The increase in 2024 was primarily due to the bulk sale at our Coney Island property, which was partially offset by a decrease in condominium sales at our Asbury Park property. As we execute future sales and have fewer remaining residential and development assets, we expect our land development revenue will decline. The timing and amount of such sales cannot be predicted with certainty.

Costs and expenses—For the three months ended June 30, 2024, we incurred $1.7 million of interest expense on our Margin Loan Facility, net of amounts capitalized. We elected to pay interest in kind ("PIK") on the Margin Loan Facility in respect of the $1.8 million interest payment payable for the second quarter of 2024. That amount was added to the principal balance of the loan. The applicable margin on the Margin Loan Facility increases by 25 basis points for the entirety of the interest period immediately succeeding any interest period with respect to which we make a PIK election. For the three months ended June 30, 2023, we incurred $2.5 million of interest expense on our Margin Loan Facility, net of amounts capitalized.

Interest expense - related party represents the interest cost on our Safe Credit Facility, net of amounts capitalized.

Real estate expense was $12.2 million during the three months ended June 30, 2024 and $12.4 million for the same period in 2023. Real estate expense primarily represents expenses at our hotel and retail operating properties and land properties. The decrease in 2024 was due primarily to a decrease in expenses at our Asbury Park and Magnolia Green properties.

Depreciation and amortization was $1.2 million during the three months ended June 30, 2024 and $1.1 million for the same period in 2023.

During the three months ended June 30, 2024, we incurred $4.6 million of general and administrative expense, primarily resulting from management fees to Safe and director fees. The annual management fee payable to our Manager under the Management Agreement declined from $25.0 million to $15.0 million for the second annual term of the Management Agreement which began on March 31, 2024. During the three months ended June 30, 2023, we incurred $7.6 million of general and administrative expense, primarily resulting from management fees to Safe and director fees.

The recovery of loan losses was $2 thousand for the three months ended June 30, 2024 as compared to a recovery of loan losses of $0.1 million for the same period in 2023. The recovery of loan losses for the three months ended June 30, 2024 resulted primarily from an improving economic forecast. The recovery of loan losses for the three months ended June 30, 2023 resulted primarily from the repayment of a loan during the quarter.

Other expense was $8 thousand during the three months ended June 30, 2024 and $0.3 million for the same period in 2023.

Unrealized gain (loss) on equity investment represents the unrealized loss on our Safe Shares. Subsequent to the Spin-Off, we account for our Safe Shares as an equity investment under ASC 321, which requires that we adjust our investment in the Safe Shares to fair value through income at each reporting period. The unrealized loss for the three months ended June 30, 2024 represents the difference between the fair value of our investment in the Safe Shares as of June 30, 2024 and March 31, 2024. The unrealized loss for the three months ended June 30, 2023 represents the difference between the fair value of our investment in the Safe Shares as of June 30, 2023 and March 31, 2023.

Loss on early extinguishment of debt, net**—**During the three months ended June 30, 2023, we incurred losses on early extinguishment of debt from the repayment of our Margin Loan Facility (refer to Note 9 to the consolidated financial statements).

Earnings from equity method investments—Earnings from equity method investments was $0.2 million for the three months ended June 30, 2023. During the three months ended June 30, 2023, we recognized $0.2 million of net aggregate income from our land and operating property ventures.

Results of Operations for the Six Months Ended June 30, 2024 compared to the Six Months Ended June 30, 2023

	For the Six Months Ended June 30, 2024	For the Six Months Ended June 30, 2023	$ Change
	(in thousands)		
Operating lease income	$ 3,581	$ 3,310	$ 271
Interest income	830	1,512	(682)
Other income	19,259	16,062	3,197
Land development revenue	32,316	21,382	10,934
Total revenue	55,986	42,266	13,720
Interest expense	3,433	12,708	(9,275)
Interest expense - related party	4,196	2,100	2,096
Real estate expense	23,954	21,989	1,965
Land development cost of sales	31,353	22,332	9,021
Depreciation and amortization	2,361	2,171	190
General and administrative	11,979	21,650	(9,671)
Provision for loan losses	15	1,632	(1,617)
Other expense	63	602	(539)
Total costs and expenses	77,354	85,184	(7,830)
Unrealized and realized gains (losses) on equity investments	(55,578)	(166,932)	111,354
Loss on early extinguishment of debt, net	—	(1,040)	1,040
Earnings from equity method investments	—	30,216	(30,216)
Income tax expense	(2)	—	(2)
Net income (loss)	$ (76,948)	$ (180,674)	$ 103,726

Revenue—Operating lease income, which primarily includes income from commercial operating properties, increased to $3.6 million during the six months ended June 30, 2024 from $3.3 million for the same period in 2023. The increase was primarily due to an increase in percentage rent at certain of our properties.

Interest income decreased to $0.8 million during the six months ended June 30, 2024 from $1.5 million for the same period in 2023. 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 the repayment of loans.

Other income increased to $19.3 million during the six months ended June 30, 2024 from $16.1 million for the same period in 2023. Other income consists primarily of dividend income from our investment in Safe and income from our hotel properties and other operating properties, including Asbury Lanes and the Magnolia Green Golf Club. The increase was due primarily to an additional $2.4 million of dividend income from Safe for the six months ended June 30, 2024 as compared to the same period in 2023.

Land development revenue and cost of sales—During the six months ended June 30, 2024, we had bulk sales and sold residential lots and recognized land development revenue of $32.3 million which had associated cost of sales of $31.4 million. During the six months ended June 30, 2023, we sold residential lots and units and recognized land development revenue of $21.4 million which had associated cost of sales of $22.3 million. The increase in land development revenue in 2024 was due primarily to an increase in revenues from bulk sales at our Magnolia Green, Asbury and Coney Island properties. As we execute future sales and have fewer remaining residential and development assets, we expect our land development revenue will decline. The timing and amount of such sales cannot be predicted with certainty.

Costs and expenses—Prior to the Spin-Off, interest expense represented an allocation to us from iStar. Interest expense was allocated to us by calculating our average net assets by property type as a percentage of the average net assets of iStar's segments and multiplying that percentage by the interest expense allocated to each of iStar's segments (refer to Note 2 to the combined and consolidated financial statements). Subsequent to the Spin-Off, interest expense represents the interest cost on our Margin Loan Facility. For the six months ended June 30, 2024 and 2023, we incurred $3.4 million and $2.5 million, respectively, of interest expense on our Margin Loan Facility, net of amounts capitalized. We elected to pay interest in kind ("PIK") on the Margin Loan Facility in respect of the $1.8 million interest payments payable for each of the first and second quarters of 2024. These amounts were added to the principal balance of the loan. The applicable margin on the Margin Loan Facility increases by 25 basis points for the entirety of the interest period immediately succeeding any interest period with respect to which we make a PIK election. For the six months ended June 30, 2023, we were also allocated $8.0 million of interest expense and interest expense also included amounts payable to iStar.

Interest expense - related party represents the interest cost on our Safe Credit Facility, net of amounts capitalized.

Real estate expense was $24.0 million during the six months ended June 30, 2024 and $22.0 million for the same period in 2023. Real estate expense primarily represents expenses at our hotel and retail operating properties and land properties. The increase in 2024 was due primarily to an increase in expenses at our Asbury Park and Coney Island properties.

Depreciation and amortization was $2.4 million during the six months ended June 30, 2024 and $2.2 million for the same period in 2023.

Prior to the Spin-Off, general and administrative expense represented an allocation of costs, including performance-based compensation, to us from iStar. General and administrative expenses, including stock-based compensation, represented a pro rata allocation of costs from iStar's real estate finance, operating properties, land and development and corporate business segments based on our average net assets for those property types as a percentage of iStar's average net assets for those segments (refer to Note 2 to the combined and consolidated financial statements). Subsequent to the Spin-Off, general and administrative expense includes management fees to our Manager and other costs of operating as a public company. During the six months ended June 30, 2024, we incurred $12.0 million of general and administrative expense, primarily resulting from $10.0 million of management fees to Safe and director fees. The annual management fee payable to our Manager under the Management Agreement declined from $25.0 million to $15.0 million for the second annual term of the Management Agreement which began on March 31, 2024. During the six months ended June 30, 2023, we incurred $21.7 million of general and administrative expense, primarily resulting from management fees to Safe, audit and legal fees and a $14.1 million allocation from iStar.

The provision for loan losses was $15 thousand for the six months ended June 30, 2024 as compared to a provision for loan losses of $1.6 million for the same period in 2023. The provision for loan losses for the six months ended June 30, 2024 resulted primarily from the addition to a loan during the year (refer to Note 5 to the combined and consolidated financial statements). The provision for loan losses for the six months ended June 30, 2023 resulted primarily from the sale of a non-performing loan, which was partially offset by a reversal of Expected Loss allowances on loans that repaid in full in during 2023.

Other expense was $0.1 million during the six months ended June 30, 2024 and $0.6 million for the same period in 2023.

Unrealized loss on equity investment represents the unrealized loss on our Safe Shares. Subsequent to the Spin-Off, we account for our Safe Shares as an equity investment under ASC 321, which requires that we adjust our investment in the Safe Shares to fair value through income at each reporting period. The unrealized loss for the six months ended June 30, 2024 represents the difference between the fair value of our investment in the Safe Shares as of June 30, 2024 and December 31, 2023. The unrealized loss for the six months ended June 30, 2023 represents the difference between the fair value of our investment in the Safe Shares as of June 30, 2023 and iStar’s historical carrying amount of the Safe Shares at the time of the Spin-Off.

Loss on early extinguishment of debt, net—During the six months ended June 30, 2023, we incurred losses on early extinguishment of debt from the repayment of our Margin Loan Facility (refer to Note 9 to the consolidated financial statements).

Earnings from equity method investments—Earnings from equity method investments was $30.2 million for the six months ended June 30, 2023. During the six months ended June 30, 2023, we recognized $1.1 million of income from our historical equity method investment in Safe and $29.1 million of net aggregate income from our remaining equity method investments due to asset sales at the ventures.

Liquidity and Capital Resources

Liquidity is a measure of our ability to meet potential cash requirements, including to pay interest and repay borrowings, develop our assets and maintain our operations, make distributions to our shareholders and meet other general business needs. We were formed in 2023 and we have not paid any dividends. We do not expect to pay regular dividends. We intend to make distributions of available cash from time to time, primarily dependent upon our ability to sell assets and the prices at which we sell our assets.

Our sources of cash will be largely dependent on asset sales, which are difficult to predict in terms of timing and amount. While we may be able to anticipate and plan for certain liquidity needs, there may be unexpected increases in uses of cash that are beyond our control and which would affect our financial position, liquidity and results of operations, such as prepayments on the Margin Loan Facility resulting from declines in the market value of the Safe Shares. Even if there are no material changes to our anticipated liquidity requirements, our sources of liquidity may be fewer than, and the funds available from such sources may be less than, anticipated or needed. Our primary sources of liquidity will generally consist of our cash on hand and proceeds from asset sales.

We expect our short-term and long-term liquidity requirements to include:

- capital expenditures on our Asbury Park Waterfront and Magnolia Green development projects;
- debt service on the Safe Credit Facility and the Margin Loan Facility (refer to Note 9 to the combined and consolidated financial statements), and any other indebtedness including any repurchase agreements;
- management fees and expense reimbursements payable to our Manager (refer to Note 7 to the combined and consolidated financial statements);
- operating expenses; and
- distributions to shareholders if we have any excess cash on hand from asset sales after the repayment of our debt obligations.

We expect to meet our short-term liquidity requirements through any cash flows from operations, proceeds from asset sales, borrowings on the incremental facility under the Safe Credit Facility and our unrestricted cash. We expect to meet our long-term liquidity requirements through any cash flows from operations and proceeds from asset sales.

Our future cash sources will be largely dependent on proceeds from asset sales. The amount and timing of asset sales, including the sale of Safe Shares, could be adversely affected by a number of factors, some of which are outside of our control, including the macroeconomic factors discussed below. 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 uncertainty related to macroeconomic factors such as inflation, interest rate increases, market volatility, disruptions in the banking sector and the availability of financing, and the effects of these factors on the economy generally and on the commercial real estate markets in which we operate, make it impossible for us to predict or to quantify the impact of these or other trends on our financial results or liquidity.

The following table outlines our cash flows used in operating activities, cash flows provided by investing activities and cash flows used in financing activities for the six months ended June 30, 2024 and 2023 ($ in thousands):

	For the Six Months Ended June 30,	
	2024	2023
Cash flows used in operating activities	$ (20,637)	$ (4,656)
Cash flows provided by investing activities	17,510	128,880
Cash flows used in financing activities	—	(73,904)

The increase in cash flows used in operating activities during 2024 was due primarily to a decrease in distributions from other investments. The decrease in cash flows provided by investing activities during 2024 was due primarily to a decrease in proceeds from the repayment and sale of loans receivable and a decrease in distributions from other investments. Cash flows used in financing activities during 2023 was due primarily to distributions to iStar in 2023, which was partially offset by net borrowings from debt obligations in 2023.

Debt Covenants—The Margin Loan Facility requires that we comply with various covenants, including, without limitation, covenants restricting, subject to certain exceptions, indebtedness, liens, investments and the payment of dividends. Additionally, the Margin Loan Facility includes customary representations and warranties, events of default and other creditor protections for this type of facility. Upon the occurrence of certain events which are customary for this type of facility, we may be required to prepay all amounts due under the Margin Loan Facility or post additional collateral in accordance with the Margin Loan Facility and related agreements. In October 2023, we entered into an amendment to the Margin Loan Facility primarily to reduce the floor price at which the market price of the Safe Shares would trigger a mandatory prepayment of outstanding borrowings under the facility.

The Safe Credit Facility requires that we comply with various covenants, including, without limitation, covenants restricting, subject to certain exceptions, indebtedness, liens, investments, mergers, asset sales and the payment of certain dividends. Additionally, the Safe Credit Facility includes customary representations and warranties as well as customary events of default, the occurrence of which, following any applicable grace period, would permit Safe to, among other things, declare the principal, accrued interest and other obligations of ours under the Safe Credit Facility to be immediately due and payable and foreclose on the collateral securing the Safe Credit Facility. In October 2023, we entered into an amendment to the Safe Credit Facility primarily to enable us to access the $25.0 million incremental facility to replenish funds that we use to make voluntary prepayments under the Margin Loan Facility.

A subsidiary of ours provided a completion and carry guaranty on the Loan (refer to Note 9 to the combined and consolidated financial statements) and is required to maintain a minimum net worth and a minimum liquidity amount both prior to and after the completion of the Project while the Loan is outstanding.

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.

For a discussion of our critical accounting policies, refer to Note 3 to the combined and consolidated financial statements of our 2023 Annual Report.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Market Risks

Market risk is the exposure to loss resulting from changes in interest 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 our floating liabilities. Any significant increase in interest rates on our interest-bearing liabilities could have a material adverse effect on us. There can be no assurance that our profitability will not be materially adversely affected during any period as a result of changing interest rates.

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.

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). 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	$ 279
-50 Basis Points	140
-10 Basis Points	28
Base Interest Rate	—
+10 Basis Points	(28)
+50 Basis Points	(140)
+100 Basis Points	(279)

(1) As of June 30, 2024, we had $85.5 million principal amount of floating-rate debt obligations outstanding and $57.6 million of cash and cash equivalents and restricted cash.

Item 4. Controls and Procedures

The Company 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 Securities and Exchange Commission'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, as appropriate, 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. The disclosure committee reports directly to the Company's Chief Executive Officer and Chief Financial Officer.

As of the end of the period covered by this report, the Company carried out an evaluation, under the supervision and with the participation of the disclosure committee and other members of management, including its Chief Executive Officer and Chief Financial Officer, of the effectiveness of the Company's disclosure controls and procedures pursuant to Exchange Act Rule 13a-15(b) or Rule 15d-15. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures are effective to provide reasonable assurance that the information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is: (i) recorded, processed, summarized and reported within the time periods specified in SEC rules and forms; and (ii) accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding disclosure.

There have been no changes in the Company's internal control over financial reporting during the period covered by this quarterly report that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Notwithstanding the foregoing, a control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that it will detect or uncover failures within the Company to disclose material information otherwise required to be set forth in the Company's periodic reports.

PART II. OTHER INFORMATION

Item 1. 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 combined and consolidated financial statements.

Item 1A. Risk Factors

There were no material changes from the risk factors previously disclosed in our 2023 Annual Report.

Item 2. Unregistered Sales of Equity Securities, Use of Proceeds and Issuer Purchases of Equity Securities

Issuer Purchases of Equity Securities

We did not purchase any shares of our common stock during the three months ended June 30, 2024.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

INDEX TO EXHIBITS

Exhibit Number	Document Description
31.0	Certifications pursuant to Section 302 of the Sarbanes-Oxley Act.
32.0	Certifications pursuant to Section 906 of the Sarbanes-Oxley Act.
101*	The following financial information from the Company’s Quarterly Report on Form 10-Q for the period ended June 30, 2024 is formatted in Inline XBRL (“eXtensible Business Reporting Language”): (i) the Combined and Consolidated Balance Sheets (unaudited) as of June 30, 2024 and December 31, 2023, (ii) the Combined and Consolidated Statements of Operations (unaudited) for the three and six months ended June 30, 2024 and 2023, (iii) the Combined and Consolidated Statements of Comprehensive Income (Loss) (unaudited) for the three and six months ended June 30, 2024 and 2023, (iv) the Combined and Consolidated Statements of Changes in Equity (unaudited) for the three and six months ended June 30, 2024 and 2023, (v) the Combined and Consolidated Statements of Cash Flows (unaudited) for the six months ended June 30, 2024 and 2023 and (vi) the Notes to the Combined and Consolidated Financial Statements (unaudited).
104	Cover Page Interactive Data File (formatted in iXBRL and contained in Exhibit 101)

* In accordance with Rule 406T of Regulation S-T, the 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.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

	Star Holdings *Registrant*
Date: August 6, 2024	/s/ JAY SUGARMAN Jay Sugarman *Chief Executive Officer (principal executive officer)*
	Star Holdings *Registrant*
Date: August 6, 2024	/s/ BRETT ASNAS Brett Asnas *Chief Financial Officer* *(principal financial and accounting officer)*

Exhibit 31.0

CERTIFICATION

I, Jay Sugarman, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Star Holdings;

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: August 6, 2024

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

CERTIFICATION

I, Brett Asnas, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Star Holdings;

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: August 6, 2024

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 Star Holdings (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 Quarterly Report on Form 10-Q for the quarter ended June 30, 2024 (the "Form 10-Q"), 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-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 6, 2024

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 Star Holdings (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 Quarterly Report on Form 10-Q for the quarter ended June 30, 2024 (the "Form 10-Q"), 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-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 6, 2024

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