

**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
March 31, 2023

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

(State or other jurisdiction of incorporation or organization)

37-6762818

(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
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

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 May 9, 2023, there were 13,319,552 shares, \$0.001 par value per share, of Star Holdings common stock outstanding.

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Introductory Note

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 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 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 is more fully described in the preliminary information statement included as Exhibit 99.1 to Star Holdings' Registration Statement on Form 10 (File No. 001-41572) initially filed with the U.S. Securities and Exchange Commission (the "SEC") on December 16, 2022 (the "Form 10"), the final version of which was included as Exhibit 99.1 to the Current Report on Form 8-K filed with the SEC on March 22, 2023 (the "Information Statement").

The Spin-Off became effective at 12:02 a.m., Eastern Time, on March 31, 2023. 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 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."

The financial statements of the Company included in this report present the financial condition of the Company as of March 31, 2023, which is also the closing date of the Spin-Off, the Merger and related transactions. Therefore, the discussion of the Company's results of operations, cash flows and financial condition set forth in this report is not necessarily indicative of the future results of operations, cash flows or financial condition of the Company as an independent, publicly traded company. Moreover, the financial results of "iStar Included Assets" (as defined below) are not necessarily indicative of the Company's results of operations, cash flows or financial position following the completion of the Spin-Off, the Merger and related transactions. For information regarding the risks related to our business, refer to the risk factors contained in the Form 10 and the Information Statement.

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	
	March 31, 2023	December 31, 2022
ASSETS		
Real estate		
Real estate, at cost	\$ 94,748	\$ 94,593
Less: accumulated depreciation	(18,934)	(18,096)
Real estate, net	75,814	76,497
Land and development, net	224,489	232,014
Loans receivable and other lending investments, net (\$458 and \$925 of allowances as of March 31, 2023 and December 31, 2022, respectively)	19,862	48,655
Loans receivable held for sale	—	37,650
Other investments	397,909	587,138
Cash and cash equivalents	70,238	4,227
Deferred tax asset	3,325	—
Accrued interest and operating lease income receivable, net	1,483	1,132
Deferred operating lease income receivable, net	1,108	1,137
Deferred expenses and other assets, net	18,892	16,921
Total assets	<u>\$ 813,120</u>	<u>\$ 1,005,371</u>
LIABILITIES AND EQUITY		
Liabilities:		
Accounts payable, accrued expenses and other liabilities	\$ 37,376	\$ 33,102
Deferred tax liability	3,325	—
Debt obligations, net	251,784	—
Total liabilities	<u>292,485</u>	<u>33,102</u>
Commitments and contingencies (refer to Note 10)		
Equity:		
Net Parent Investment	—	971,543
Star Holdings shareholders' equity:		
Common Stock, \$0.001 par value, 200,000 shares authorized, 13,320 and zero shares issued and outstanding as of March 31, 2023 and December 31, 2022, respectively	13	—
Additional paid-in capital	607,623	—
Accumulated deficit	(90,800)	—
Star Holdings shareholders' equity	<u>516,836</u>	<u>—</u>
Noncontrolling interests	3,799	726
Total equity	<u>520,635</u>	<u>972,269</u>
Total liabilities and equity	<u>\$ 813,120</u>	<u>\$ 1,005,371</u>

(1) Refer to Note 2 for details on the Company's combined and consolidated variable interest entities ("VIEs").

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 March 31,	
	2023	2022
Revenues:		
Operating lease income	\$ 1,701	\$ 3,109
Interest income	1,115	4,873
Other income ⁽¹⁾	4,406	3,989
Land development revenue	9,564	14,900
Total revenues	<u>16,786</u>	<u>26,871</u>
Costs and expenses:		
Interest expense	10,099	13,240
Real estate expense	9,594	9,869
Land development cost of sales	9,976	14,496
Depreciation and amortization	1,080	1,215
General and administrative	14,098	944
Provision for loan losses	1,701	135
Other expense	288	115
Total costs and expenses	<u>46,836</u>	<u>40,014</u>
Unrealized loss on equity investment	<u>(90,664)</u>	<u>—</u>
Income (loss) from operations before earnings from equity method investments and other items	(120,714)	(13,143)
Earnings from equity method investments	29,974	12,605
Net income (loss)	<u>(90,740)</u>	<u>(538)</u>
Net (income) loss from operations attributable to noncontrolling interests	25	18
Net income (loss) allocable to common shareholders	<u>\$ (90,715)</u>	<u>\$ (520)</u>
Per common share data:		
Net income (loss) allocable to common shareholders		
Basic and diluted	\$ (6.81)	\$ (0.04)
Weighted average number of common shares:		
Basic and diluted	13,320	13,320

(1) For the three months ended March 31, 2023 and 2022, includes \$2.1 million and \$2.0 million, respectively, of revenues from hotel properties.

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 March 31,	
	2023	2022
Net income (loss)	\$ (90,740)	\$ (538)
Other comprehensive income:		
Reclassification of losses on cash flow hedges into earnings upon realization ⁽¹⁾	5,933	233
Unrealized losses on available-for-sale securities	—	(3,013)
Unrealized gains (losses) on cash flow hedges	(6,922)	1,033
Other comprehensive income (loss)	(989)	(1,747)
Comprehensive income (loss)	(91,729)	(2,285)
Comprehensive (income) loss attributable to noncontrolling interests	25	18
Comprehensive income (loss) attributable to common shareholders	<u>\$ (91,704)</u>	<u>\$ (2,267)</u>

(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	Net Parent Investment	Noncontrolling Interests	Total Equity
Balance as of December 31, 2022	\$ —	\$ —	\$ —	\$ 971,543	\$ 726	\$ 972,269
Net income (loss)	—	—	(90,800)	85	(25)	(90,740)
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)
Balance as of March 31, 2023	<u>\$ 13</u>	<u>\$ 607,623</u>	<u>\$ (90,800)</u>	<u>\$ —</u>	<u>\$ 3,799</u>	<u>\$ 520,635</u>
Balance as of December 31, 2021	\$ —	\$ —	\$ —	\$ 1,223,695	\$ 689	\$ 1,224,384
Net income (loss)	—	—	—	(520)	(18)	(538)
Change in accumulated other comprehensive income (loss)	—	—	—	(1,747)	—	(1,747)
Stock-based compensation	—	—	—	(4,622)	—	(4,622)
Net transactions with iStar Inc.	—	—	—	83,882	—	83,882
Balance as of March 31, 2022	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 1,300,688</u>	<u>\$ 671</u>	<u>\$ 1,301,359</u>

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 Three Months Ended March 31,	
	2023	2022
Cash flows from operating activities:		
Net income (loss)	\$ (90,740)	\$ (538)
Adjustments to reconcile net income (loss) to cash flows from operating activities:		
Provision for loan losses	1,701	135
Depreciation and amortization	1,080	1,215
Stock-based compensation	1,778	(4,622)
Amortization of discounts/premiums and deferred interest on loans, net	(246)	(2,785)
Deferred interest on loans received	4,517	—
Earnings from equity method investments	(29,974)	(12,605)
Distributions from operations of other investments	19,459	5,944
Deferred operating lease income	29	113
Unrealized loss on equity investment	90,664	—
Land development revenue (in excess of) cost of sales	412	(404)
Other operating activities, net	162	46
Changes in assets and liabilities:		
Changes in accrued interest and operating lease income receivable	59	135
Changes in deferred expenses and other assets, net	(283)	1,609
Changes in accounts payable, accrued expenses and other liabilities	828	1,007
Cash flows provided by (used in) operating activities	<u>(554)</u>	<u>(10,750)</u>
Cash flows from investing activities:		
Originations and fundings of loans receivable, net	(2,168)	(4,000)
Capital expenditures on real estate assets	(83)	(239)
Capital expenditures on land and development assets	(2,134)	(4,689)
Repayments of and principal collections on loans receivable and other lending investments, net	24,990	4,612
Net proceeds from sales of loans receivable	37,650	—
Net proceeds from sales of land and development assets	9,564	14,407
Distributions from other investments	46,488	907
Contributions to and acquisition of interest in other investments	—	(80,296)
Other investing activities, net	2,472	582
Cash flows provided by (used in) investing activities	<u>116,779</u>	<u>(68,716)</u>
Cash flows from financing activities:		
Net transactions with iStar Inc.	(290,077)	82,655
Borrowings from debt obligations	253,070	—
Repayments of debt obligations	(10,000)	—
Payment of deferred financing costs	(1,261)	—
Cash flows provided by (used in) financing activities	<u>(48,268)</u>	<u>82,655</u>
Changes in cash, cash equivalents and restricted cash	67,957	3,189
Cash, cash equivalents and restricted cash at beginning of period	7,474	17,074
Cash, cash equivalents and restricted cash at end of period	<u>\$ 75,431</u>	<u>\$ 20,263</u>

	For the Three Months Ended March 31,	
	2023	2022
Reconciliation of cash and cash equivalents and restricted cash presented on the combined and consolidated statements of cash flows		
Cash and cash equivalents	\$ 70,238	\$ 18,590
Restricted cash included in deferred expenses and other assets, net	5,193	1,673
Total cash and cash equivalents and restricted cash	<u>\$ 75,431</u>	<u>\$ 20,263</u>
Supplemental disclosure of non-cash investing and financing activity:		
Net transactions with iStar Inc.	\$ (74,704)	\$ 1,227
Settlement of debt obligations	115,000	—
Assumption of debt obligations from iStar Inc.	125,000	—
Accounts payable for capital expenditures on land and development and real estate assets	1,472	2,053

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

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

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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 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.

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.

The accompanying combined and consolidated financial statements of the Company prior to March 31, 2023 represent 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

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

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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 capitalized interest, 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 future reporting periods. For the three months ended March 31, 2023 and 2022, the Company was allocated \$14.1 million and \$0.9 million, respectively, of general and administrative expense and \$8.0 million and \$13.2 million, respectively, of interest expense. For the three months ended March 31, 2023 and 2022, the general and administrative expense allocation includes \$1.8 million and \$(4.6) million, respectively, of stock-based compensation (refer to Note 3). Subsequent to the Spin-Off, the Company has its own general and administrative expense and interest expense as a stand-alone public company.

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)
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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 as of and for the period ended March 31, 2023 reflects 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 March 31, 2023 and December 31, 2022. The following table presents the assets and liabilities of the Company’s consolidated VIEs as of March 31, 2023 and December 31, 2022 (\$ in thousands):

	As of	
	March 31, 2023	December 31, 2022
ASSETS		
Real estate		
Real estate, at cost	\$ 94,130	\$ 94,159
Less: accumulated depreciation	(18,838)	(18,033)
Real estate, net	75,292	76,126
Land and development, net	125,003	128,717
Cash and cash equivalents	12,320	3,754
Accrued interest and operating lease income receivable, net	25	—
Deferred operating lease income receivable, net	6	6
Deferred expenses and other assets, net	6,144	6,921
Total assets	<u>\$ 218,790</u>	<u>\$ 215,524</u>
LIABILITIES		
Accounts payable, accrued expenses and other liabilities	\$ 25,401	\$ 24,406
Total liabilities	25,401	24,406

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

Note 3—Summary of Significant Accounting Policies

Real estate and land and development—Real estate and land and development assets are recorded at cost less accumulated depreciation and amortization, as follows:

Capitalization and depreciation — Certain improvements and replacements are capitalized when they extend the useful life of the asset. For real estate projects, the Company begins to capitalize qualifying development and construction costs, including interest, real estate taxes, compensation and certain other carrying costs incurred which are specifically identifiable to a development project once activities necessary to get the asset ready for its intended use have commenced. If specific allocation of costs is not practicable, the Company will allocate costs based on relative fair value prior to construction or relative sales value, relative size or other methods as appropriate during construction. The Company’s policy for interest capitalization on qualifying real estate assets is to use the average amount of accumulated expenditures during the period the asset is being prepared for its intended use, which is typically when physical construction commences, and a capitalization rate which is derived from specific borrowings on the qualifying asset or the Company’s corporate borrowing rate in the absence of specific borrowings. The Company ceases capitalization on the portions substantially completed and ready for their intended use. Repairs and

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

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maintenance costs are expensed as incurred. Depreciation is computed using the straight-line method of cost recovery over the estimated useful life, which is generally 40 years for facilities, five years for furniture and equipment, the shorter of the remaining lease term or expected life for tenant improvements and the remaining useful life of the facility for facility improvements.

Purchase price allocation—The Company’s acquisition of properties is generally accounted for as an acquisition of assets. For asset acquisitions, the Company recognizes and measures identifiable assets acquired, liabilities assumed and any noncontrolling interest in the acquiree based on their relative fair values and acquisition-related costs are capitalized and recorded in “Real estate, net” on the Company’s combined and consolidated balance sheets.

The Company accounts for its acquisition of properties by recording the purchase price of tangible and intangible assets and liabilities acquired based on their relative fair values. The value of the tangible assets, consisting of land, buildings, building improvements and tenant improvements is determined as if these assets are vacant. Intangible assets may include the value of above-market leases and in-place leases which are each recorded at their relative fair values and included in “Deferred expenses and other assets, net” on the Company’s combined and consolidated balance sheets. Intangible liabilities may include the value of below-market leases, which are recorded at their relative fair values and included in “Accounts payable, accrued expenses and other liabilities” on the Company’s combined and consolidated balance sheets. In-place leases are amortized over the remaining non-cancelable term and the amortization expense is included in “Depreciation and amortization” in the Company’s combined and consolidated statements of operations. Above-market (or below-market) lease value is amortized as a reduction of (or increase to) operating lease income over the remaining non-cancelable term of each lease plus any renewal periods with fixed rental terms that are considered to be below-market. The Company may also engage in sale/leaseback transactions and execute leases with the occupant simultaneously with the purchase of the asset. These transactions are accounted for as asset acquisitions.

Impairments—The Company reviews real estate assets to be held for use and land and development assets, for impairment in value whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. The value of a long-lived asset held for use and land and development assets are impaired only if management’s estimate of the aggregate future cash flows (undiscounted and without interest charges) to be generated by the asset (taking into account the anticipated holding period of the asset) is less than the carrying value. Such estimate of cash flows considers factors such as expected future operating income trends, as well as the effects of demand, competition and other economic factors. To the extent impairment has occurred, the loss will be measured as the excess of the carrying amount of the property over the estimated fair value of the asset and reflected as an adjustment to the basis of the asset. Impairments of real estate assets and land and development assets, when applicable, are recorded in “Impairment of assets” in the Company’s combined and consolidated statements of operations.

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

Loans receivable and other lending investments, net—Loans receivable and other lending investments, net includes both senior mortgages and subordinate mortgages. Management considers nearly all of its loans to be held-for-investment, although certain investments may be classified as held-for-sale or available-for-sale.

Loans receivable classified as held-for-investment are reported at their outstanding unpaid principal balance net of any unamortized acquisition premiums or discounts and unamortized deferred loan costs or fees. These loans

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

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could also include accrued and paid-in-kind interest and accrued exit fees that the Company determines are probable of being collected.

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

Based on the Company's strategic plan to realize the maximum value from the collateral received, property is classified as "Land and development, net," "Real estate, net" or "Real estate available and held for sale," when the appropriate held for sale criteria are met, at its estimated fair value when title to the property is obtained. Any excess of the carrying value of the loan over the estimated fair value of the property (less costs to sell for assets held for sale) is charged-off against the allowance for loan losses as of the date of foreclosure.

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

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

Cash and cash equivalents—Cash and cash equivalents include cash held in bank accounts. Certain of the entities included in the Company's combined and consolidated 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. Cash and cash equivalents presented on the Company's combined and consolidated balance sheets represents cash held in bank accounts directly attributable to the Company.

Restricted cash—Restricted cash represents amounts required to be maintained for certain of the Company's loans, real estate and land and development properties. Restricted cash is included in "Deferred expenses and other assets, net" on the Company's combined and consolidated balance sheets.

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

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analysis. The Company reassesses its evaluation of the primary beneficiary of a VIE on an ongoing basis and assesses its evaluation of an entity as a VIE upon certain reconsideration events.

Deferred expenses and other assets / Accounts payable, accrued expenses and other liabilities — Deferred expenses and other assets include right-of-use operating lease assets, prepaid expenses, certain non-tenant receivables and leasing costs. Leasing costs that include brokerage, legal and other costs are amortized over the life of the respective leases and presented as an operating activity in the Company's combined and consolidated statements of cash flows. Accounts payable, accrued expenses and other liabilities primarily includes unearned revenue and accrued expenses.

The Company, as lessee, records right-of-use operating lease assets in "Deferred expenses and other assets" and operating lease liabilities in "Accounts payable, accrued expenses and other liabilities," both initially measured at the present value of the fixed and determinable lease payments. Some of the Company's lease agreements include extension options, which are not included in the lease payments unless the extensions are reasonably certain to be exercised. For operating leases, the Company recognizes a single lease cost for ground leases in "Real estate expense" in the combined and consolidated statements of operations, calculated so that the cost of the lease is allocated generally on a straight-line basis over the term of the lease, and classifies all cash payments within operating activities in the combined and consolidated statements of cash flows.

Identified intangible assets and liabilities — Upon the acquisition of a business or an asset, the Company records intangible assets or liabilities acquired at their relative fair values and determines whether such intangible assets or liabilities have finite or indefinite lives. As of March 31, 2023, all such intangible assets and liabilities acquired by the Company have finite lives. Intangible assets are included in "Deferred expenses and other assets, net" and intangible liabilities are included in "Accounts payable, accrued expenses and other liabilities" on the Company's combined and consolidated balance sheets. The Company amortizes finite lived intangible assets and liabilities based on the period over which the assets are expected to contribute directly or indirectly to the future cash flows of the business acquired. The Company reviews finite lived intangible assets for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. If the Company determines the carrying value of an intangible asset is not recoverable it will record an impairment charge to the extent its carrying value exceeds its estimated fair value. Impairments of intangible assets, when applicable, are recorded in "Impairment of assets" in the Company's combined and consolidated statements of operations.

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

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

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

The Company moves to cash basis operating lease income recognition in the period in which collectability of all lease payments is no longer considered probable. At such time, any operating lease receivable or deferred

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operating lease income receivable balance will be written off. If and when lease payments that were previously not considered probable of collection become probable, the Company will move back to the straight-line method of income recognition and record an adjustment to operating lease income in that period as if the lease was always on the straight-line method of income recognition.

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

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

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

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

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

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

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

Allowance for loan losses—The Company performs quarterly a comprehensive analysis of its loan portfolio and assigns risk ratings that incorporate management’s current judgments about credit quality based on all known and relevant internal and external factors that may affect collectability. The Company considers, among other things, payment status, lien position, borrower or tenant financial resources and investment collateral, collateral type, project economics and geographical location as well as national and regional economic factors. This methodology results in

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loans being risk rated, with ratings ranging from “1” to “5” with “1” representing the lowest risk of loss and “5” representing the highest risk of loss.

Upon adoption of ASU 2016-13 on January 1, 2020, the Company implemented procedures to estimate its expected loss (“Expected Loss”) on its loans (including unfunded loan commitments) and held-to-maturity debt securities based on relevant information including historical realized loss rates, current market conditions and reasonable and supportable forecasts that affect the collectability of its investments. The estimate of the Company’s Expected Loss requires significant judgment and the Company analyzes its loan portfolio based upon its different categories of financial assets, which includes: (i) loans and held-to-maturity debt securities; and (ii) construction loans.

For the Company’s loans, held-to-maturity debt securities and construction loans, the Company analyzed its historical realized loss experience to estimate its Expected Loss. The Company adjusts its Expected Loss through the use of third-party market data that provided current and future economic conditions that may impact the performance of the commercial real estate assets securing its investments.

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

The Company made the accounting policy election to record accrued interest on its loan portfolio separate from its loans receivable and other lending investments and to exclude accrued interest from its amortized cost basis disclosures (refer to Note 6). As of March 31, 2023 and December 31, 2022, accrued interest was \$0.1 million and \$0.1 million, respectively, and is recorded in “Accrued interest and operating lease income receivable, net” on the Company’s combined and consolidated balance sheets. The Company places loans on non-accrual status once interest on the loan becomes 90 days delinquent and reverses any accrued interest as a reduction to interest income or recognizes a credit loss expense at such time. As such, the Company elected the practical expedient to not record an allowance against accrued interest receivable. During the three months ended March 31, 2023 and 2022, the Company did not reverse any accrued interest on its loan portfolio.

As of March 31, 2023, the Company did not have any non-performing loans. Loans receivable held for sale are carried at the lower of amortized cost or estimated fair value. The Company generally uses the income approach through internally developed valuation models to estimate the fair value of the collateral for such loans. In some cases, the Company obtains external “as is” appraisals for loan collateral, generally when third party participations exist. Valuations are performed or obtained at the time a loan is determined to be impaired or designated non-performing, and they are updated if circumstances indicate that a significant change in value has occurred. In limited cases, appraised values may be discounted when real estate markets rapidly deteriorate.

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

The Company also adopted ASU 2022-02, Financial Instruments—Credit Losses: Troubled Debt Restructurings and Vintage Disclosures (“ASU 2022-02”) on January 1, 2023. ASU 2022-02 eliminated troubled debt restructuring recognition and measurement guidance and requires disclosure of gross write-offs by vintage for public business entities. The adoption of ASU 2022-02 did not have a material impact on the Company’s combined and consolidated financial statements.

Stock-based compensation—The Company does not have any stock-based compensation plans; however, the Company has been allocated stock-based compensation expense from iStar, related to awards made to employees of iStar under its 2009 Long-Term Incentive Plan, for the three months ended March 31, 2023 and 2022 (refer to Note 2).

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

Income taxes—The Company is subject to U.S. federal and state income taxation at corporate rates on its net taxable income. The Company utilizes the asset and liability method of accounting for income taxes. Under this method, deferred tax assets and liabilities are determined based on the difference between the carrying amounts in accordance with GAAP and the tax bases of assets and liabilities using enacted tax rates in effect for years in which the temporary differences are expected to reverse. Deferred income taxes could also reflect the impact of net operating loss and tax credit carryforwards.

The Company evaluates whether its deferred tax assets are realizable and recognizes a valuation allowance if, based on the available evidence, both positive and negative, it is more likely than not that some portion or all of its deferred tax assets will not be realized. When evaluating whether its deferred tax assets are realizable, the Company considers, among other matters, estimates of expected future taxable income, nature of current and cumulative losses, existing and projected book/tax differences, tax planning strategies available, and the general and industry specific economic outlook. This analysis is inherently subjective, and requires the Company to forecast its business and general economic environment in future periods. Changes in estimates of our valuation allowance, if any, are included in “Income tax (expense) benefit” in the combined and consolidated statements of operations. The Company recognizes interest expense and penalties related to uncertain tax positions, if any, as “Income tax (expense) benefit” in the Company’s combined and consolidated statements of operations.

For the three months ended March 31, 2023, the Company recorded deferred income tax expense in the amount of \$3.5 million to record the net deferred tax expense associated with establishing a deferred tax liability related to

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the contribution of the Safe Shares in which the tax basis of such contributed assets is less than their carrying value for financial reporting. The Company also recognized the benefit in the amount of \$3.5 million for current period net operating loss carryovers that the Company estimates are more likely than not available to offset the recognition of the deferred tax liability associated with the Safe Shares.

Other—The Company is an “emerging growth company” as defined in the Jumpstart Our Business Startups Act of 2012 (the “JOBS Act”) and is eligible to take advantage of certain exemptions from various reporting requirements that are applicable to other publicly-traded companies that are not “emerging growth companies.”

In addition, the JOBS Act provides that an “emerging growth company” can take advantage of the extended transition period provided in the Securities Act of 1933, as amended, for complying with new or revised accounting standards. In other words, an emerging growth company can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. However, the Company has chosen to “opt out” of this extended transition period, and as a result, it will comply with new or revised accounting standards on the relevant dates on which adoption of such standards is required for all public companies that are not emerging growth companies. The Company’s decision to opt out of the extended transition period for complying with new or revised accounting standards is irrevocable.

The Company will remain an “emerging growth company” until the earliest to occur of: (i) the last day of the fiscal year during which our total annual revenue equals or exceeds \$1.235 billion (subject to adjustment for inflation); (ii) the last day of the fiscal year following the fifth anniversary of the Company’s registration statement becoming effective; (iii) the date on which the Company has, during the previous three-year period, issued more than \$1.0 billion in non-convertible debt; or (iv) the date on which the Company is deemed to be a “large accelerated filer” under the Securities Exchange Act of 1934, as amended.

Note 4—Real Estate

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

	As of	
	March 31, 2023	December 31, 2022
Land, at cost	\$ 5,570	\$ 5,570
Buildings and improvements, at cost	89,178	89,023
Less: accumulated depreciation	(18,934)	(18,096)
Real estate, net	\$ 75,814	\$ 76,497

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 \$0.7 million for the three months ended March 31, 2023 and 2022, 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 March 31, 2023 and December 31, 2022, the allowance for doubtful accounts related to real estate tenant receivables was \$0.2 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.

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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 March 31, 2023, are as follows by year (\$ in thousands):

Year	Amount
2023 (remaining nine months)	\$ 3,152
2024	4,130
2025	4,145
2026	4,203
2027	1,570
Thereafter	1,117

Note 5—Land and Development

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

	As of	
	March 31, 2023	December 31, 2022
Land and land development, at cost	\$ 236,427	\$ 243,727
Less: accumulated depreciation	(11,938)	(11,713)
Total land and development, net	<u>\$ 224,489</u>	<u>\$ 232,014</u>

Dispositions—During the three months ended March 31, 2023 and 2022, the Company sold land parcels and residential lots and units and recognized land development revenue of \$9.6 million and \$14.9 million, respectively. During the three months ended March 31, 2023 and 2022, the Company recognized land development cost of sales of \$10.0 million and \$14.5 million, respectively, from its land and development portfolio.

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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):

	As of	
	March 31, 2023	December 31, 2022
Construction loans		
Senior mortgages	\$ 6,762	\$ 36,249
Subtotal - gross carrying value of construction loans ⁽¹⁾	6,762	36,249
Loans		
Subordinate mortgages	13,558	13,331
Subtotal - gross carrying value of loans	13,558	13,331
Total gross carrying value of loans receivable and other lending investments	20,320	49,580
Allowance for loan losses	(458)	(925)
Total loans receivable and other lending investments, net	\$ 19,862	\$ 48,655

(1) As of March 31, 2023, 100% of gross carrying value of construction loans had completed construction.

Allowance for Loan Losses—Changes in the Company's allowance for loan losses were as follows for the three months ended March 31, 2023 and 2022 (\$ in thousands):

	General Allowance					Total
	Construction		Held to Maturity Debt		Specific Allowance	
	Loans	Loans	Securities	Securities		
Three Months Ended March 31, 2023						
Allowance for loan losses at beginning of period	\$ 92	\$ 437	\$ —	\$ —	\$ 396	\$ 925
Recovery of loan losses ⁽¹⁾	(14)	(57)	—	—	(396)	(467)
Allowance for loan losses at end of period	\$ 78	\$ 380	\$ —	\$ —	\$ —	\$ 458
Three Months Ended March 31, 2022						
Allowance for loan losses at beginning of period	\$ 1,213	\$ 676	\$ 2,304	\$ —	\$ 576	\$ 4,769
Provision for (recovery of) loan losses ⁽¹⁾	39	(2)	111	—	15	163
Allowance for loan losses at end of period	\$ 1,252	\$ 674	\$ 2,415	\$ —	\$ 591	\$ 4,932

(1) During the three months ended March 31, 2023 and 2022, the Company recorded a provision for loan losses of \$1.7 million and \$0.1 million, respectively, in its combined and consolidated statements of operations. The provision in 2023 was due primarily 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 three months ended March 31, 2023. The provision in 2022 was due primarily to accretion on the Company's held-to-maturity debt security.

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The Company's investment in loans and other lending investments and the associated allowance for loan losses were as follows as of March 31, 2023 and December 31, 2022 (\$ in thousands):

	Individually Evaluated for Impairment ⁽¹⁾	Collectively Evaluated for Impairment	Total
As of March 31, 2023			
Construction loans	\$ —	\$ 6,762	\$ 6,762
Loans	—	13,558	13,558
Less: Allowance for loan losses	—	(458)	(458)
Total	<u>\$ —</u>	<u>\$ 19,862</u>	<u>\$ 19,862</u>
As of December 31, 2022			
Construction loans	\$ 29,493	\$ 6,756	\$ 36,249
Loans	—	13,331	13,331
Less: Allowance for loan losses	(396)	(529)	(925)
Total	<u>\$ 29,097</u>	<u>\$ 19,558</u>	<u>\$ 48,655</u>

(1) The carrying value of this loan includes amortized fees of \$0.1 million as of December 31, 2022. The Company's loans individually evaluated for impairment represent loans on non-accrual status and the unamortized amounts associated with these loans are not currently being amortized into income.

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 March 31, 2023 were as follows (\$ in thousands):

	Year of Origination						Total
	2023	2022	2021	2020	2019	Prior to 2019	
Senior mortgages							
Risk rating							
1.0	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
1.5	—	—	—	—	—	—	—
2.0	—	—	—	—	—	—	—
2.5	—	—	—	—	—	—	—
3.0	—	—	—	—	—	—	—
3.5	—	—	—	—	—	6,762	6,762
4.0	—	—	—	—	—	—	—
4.5	—	—	—	—	—	—	—
5.0	—	—	—	—	—	—	—
Subtotal	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 6,762</u>	<u>\$ 6,762</u>
Subordinate mortgages							
Risk rating							
1.0	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
1.5	—	—	—	—	—	—	—
2.0	—	—	—	—	—	—	—
2.5	—	—	—	—	—	—	—
3.0	—	—	—	—	—	13,558	13,558
3.5	—	—	—	—	—	—	—
4.0	—	—	—	—	—	—	—
4.5	—	—	—	—	—	—	—
5.0	—	—	—	—	—	—	—
Subtotal	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 13,558</u>	<u>\$ 13,558</u>
Total	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 20,320</u>	<u>\$ 20,320</u>

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, 2022 were as follows (\$ in thousands):

	Year of Origination						Total
	2022	2021	2020	2019	2018	Prior to 2018	
Senior mortgages							
Risk rating							
1.0	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
1.5	—	—	—	—	—	—	—
2.0	—	—	—	—	—	—	—
2.5	—	—	—	—	—	—	—
3.0	—	—	—	—	—	—	—
3.5	—	—	—	—	6,756	—	6,756
4.0	—	—	—	—	—	—	—
4.5	—	—	—	—	—	—	—
5.0	—	—	—	—	—	—	—
Subtotal	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 6,756</u>	<u>\$ —</u>	<u>\$ 6,756</u>
Subordinate mortgages							
Risk rating							
1.0	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
1.5	—	—	—	—	—	—	—
2.0	—	—	—	—	—	—	—
2.5	—	—	—	—	—	—	—
3.0	—	—	—	—	—	13,331	13,331
3.5	—	—	—	—	—	—	—
4.0	—	—	—	—	—	—	—
4.5	—	—	—	—	—	—	—
5.0	—	—	—	—	—	—	—
Subtotal	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 6,756</u>	<u>\$ 13,331</u>	<u>\$ 20,087</u>
Total	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 6,756</u>	<u>\$ 13,331</u>	<u>\$ 20,087</u>

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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 March 31, 2023					
Senior mortgages	\$ 6,762	\$ —	\$ —	\$ —	\$ 6,762
Subordinate mortgages	13,558	—	—	—	13,558
Total	<u>\$ 20,320</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 20,320</u>
As of December 31, 2022					
Senior mortgages	\$ 6,756	\$ 29,493	\$ —	\$ 29,493	\$ 36,249
Subordinate mortgages	13,331	—	—	—	13,331
Total	<u>\$ 20,087</u>	<u>\$ 29,493</u>	<u>\$ —</u>	<u>\$ 29,493</u>	<u>\$ 49,580</u>

Impaired Loans—In the fourth quarter 2022, the Company classified a loan with a carrying value of \$29.1 million as non-performing upon maturity default. The loan was repaid in full in March 2023. The Company's impaired loan was as follows (\$ in thousands):

	As of March 31, 2023			As of December 31, 2022		
	Amortized Cost	Unpaid Principal Balance	Related Allowance	Amortized Cost	Unpaid Principal Balance	Related Allowance
With an allowance recorded:						
Senior mortgages ⁽¹⁾	\$ —	\$ —	\$ —	\$ 29,493	\$ 29,358	\$ (396)
Total	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 29,493</u>	<u>\$ 29,358</u>	<u>\$ (396)</u>

(1) The Company had one non-accrual loan as of December 31, 2022 that was considered impaired and included in the table above. The Company did not record any interest income on impaired loans for the three months ended March 31, 2023 and 2022.

Loans receivable held for sale—In December 2022, the Company began marketing a non-performing loan for sale and classified the loan in "Loans receivable held for sale" on the Company's combined and consolidated balance sheet as of December 31, 2022. Prior to its transfer to loans receivable held for sale, the Company recorded a provision for loan losses of \$23.8 million on the loan based on the Company's intent to sell the loan based on a bid received from a third-party. The loan was sold in March 2023 for \$37.7 million and the Company recognized a loss of \$2.2 million on the sale.

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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	
	March 31, 2023	December 31, 2022	March 31,	
			2023	2022
Real estate equity investments				
Safehold Inc. ("Safe") ⁽¹⁾	\$ 397,160	\$ 554,733	\$ 1,089	\$ 6,384
Other real estate and strategic equity investments ⁽²⁾	749	32,405	28,885	6,221
Total	<u>\$ 397,909</u>	<u>\$ 587,138</u>	<u>\$ 29,974</u>	<u>\$ 12,605</u>

(1) As of March 31, 2023, the Company owned 13.5 million shares of Safe common stock which, based on the closing price of \$29.37 on March 31, 2023, had a market value of \$397.1 million. 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. As such, the Company recognized an "Unrealized loss on equity investment" of \$90.7 million in its combined and consolidated statements of operations for the three months ended March 31, 2023. 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. Pursuant to ASC 323-10-40-1, an equity method investor shall account for a share issuance by an investee as if the investor had sold a proportionate share of its investment. Any gain or loss to the investor resulting from an investee's share issuance shall be recognized in earnings. For the three months ended March 31, 2022, equity in earnings includes \$0.3 million of dilution gains resulting from Safe equity offerings. 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 three months ended March 31, 2023, the Company recorded \$28.9 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 March 31, 2023, the Company owned approximately 13.5 million shares, or 21.2% 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.

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The initial term of the Management Agreement will expire on the first anniversary of the date of the Management Agreement and will be automatically renewed for a one-year term each anniversary date thereafter unless previously terminated pursuant to the terms thereof. The Company will pay the manager fixed cash management fees of \$25.0 million, \$15.0 million, \$10.0 million and \$5.0 million, respectively, in each of the initial four annual terms of the Management Agreement and 2.0% of the gross book value of the Company's assets excluding the Safe Shares for each annual term thereafter, and will reimburse the manager for third party expenses incurred in connection with its services.

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 for nine months. 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.

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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 March 31, 2023, the Company's other real estate equity investments include equity interests of 95% in real estate ventures comprised of investments of \$0.5 million in two operating properties and \$0.2 million in a land and development venture. As of December 31, 2022, the Company's other real estate equity investments include equity interests of 95% in real estate ventures comprised of investments of \$32.4 million in three operating properties.

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

	<u>Revenues</u>	<u>Expenses</u>	<u>Net Income Attributable to Safe⁽¹⁾</u>
For the Three Months Ended March 31, 2023			
Safe	\$ 78,329	\$ 75,875	\$ 4,682
For the Three Months Ended March 31, 2022			
Safe	\$ 60,363	\$ 37,732	\$ 24,873

(1) Net Income Attributable to Safe also includes earnings from equity method investments.

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Note 8—Other Assets and Other Liabilities

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

	As of	
	March 31, 2023	December 31, 2022
Other assets ⁽¹⁾	\$ 9,744	\$ 9,471
Operating lease right-of-use assets ⁽²⁾	1,714	1,860
Restricted cash	5,193	3,247
Other receivables	1,816	1,895
Leasing costs, net ⁽³⁾	121	129
Intangible assets, net ⁽⁴⁾	304	319
Deferred expenses and other assets, net	\$ 18,892	\$ 16,921

- (1) As of March 31, 2023 and December 31, 2022, 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 March 31, 2023 and 2022, the Company recognized and \$0.1 million and \$0.1 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 \$0.1 million and 0.1 million as of March 31, 2023 and December 31, 2022, 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 \$0.1 million and \$0.1 million as of March 31, 2023 and December 31, 2022, respectively. The amortization of above market leases decreased operating lease income in the Company’s combined and consolidated statements of operations by \$0.1 million for the three months ended March 31, 2022. These intangible lease assets are amortized over the remaining term of the lease. As of March 31, 2023, the weighted average remaining amortization period for the Company’s intangible assets was approximately 5.5 years.

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

	As of	
	March 31, 2023	December 31, 2022
Other liabilities ⁽¹⁾	\$ 31,366	\$ 26,235
Accrued expenses	4,090	4,861
Accrued interest payable	56	—
Operating lease liabilities (see table above)	1,864	2,006
Accounts payable, accrued expenses and other liabilities	\$ 37,376	\$ 33,102

- (1) As of March 31, 2023 and December 31, 2022, “Other liabilities” includes \$21.3 million and \$21.2 million, respectively, of deferred income.

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Note 9—Debt Obligations, net

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

	Carrying Value as of		Stated Interest Rates	Scheduled Maturity Date
	March 31, 2023	December 31, 2022		
Debt obligations:				
Safe Credit Facility	\$ 115,000	\$ —	8.00 %	March 2027
Margin Loan Facility	140,000	—	SOFR plus 3.00 %	March 2026
Total debt obligations	255,000	—		
Debt discounts and deferred financing costs, net	(3,216)	—		
Total debt obligations, net	\$ 251,784	\$ —		

Future Scheduled Maturities—As of March 31, 2023, future scheduled maturities of outstanding debt obligations are as follows (\$ in thousands):

2023	\$ —
2024	—
2025	—
2026	140,000
2027	115,000
Thereafter	—
Total principal maturities	255,000
Unamortized discounts and deferred financing costs, net	(3,216)
Total debt obligations, net	\$ 251,784

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 million, plus up to \$25 million in incremental borrowing capacity for specified purposes (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 or in kind; *provided*, that so long as no event of default has occurred and is continuing, the Company may, at its option, elect that the interest for any two interest periods be paid-in-kind (any such period, a "Safe Loan PIK Period"). Amounts outstanding under the Safe Credit Facility accrue interest at a rate equal to (i) at any time during a Safe Loan PIK Period, (x) 10.00% per annum, or (y) to the extent any loan remains outstanding under an incremental facility at such time, 12.00% per annum, as applicable, and (ii) at any time other than during a Safe Loan PIK Period, (x) 8.00% per annum or (y) to the extent any loan remains outstanding under an Incremental 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.

Margin Loan Facility—Additionally, 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 (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 Margin Loan Facility is initially secured by a first priority pledge of the Safe Shares and has a maturity of March 31, 2026.

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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.

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.

Note 10—Commitments and Contingencies

Commitments— Total operating lease expense for the three months ended March 31, 2023 and 2022 was \$0.1 million and \$0.1 million, respectively. Future minimum lease obligations under non-cancelable operating leases as of March 2031, 2023 are as follows (\$ in thousands):⁽¹⁾

2023 (remaining nine months)	\$	365
2024		486
2025		486
2026		486
2027		162
Thereafter		—
Total undiscounted cash flows		1,985
Present value discount ⁽¹⁾		(121)
Lease liabilities	\$	1,864

(1) The lease liability equals the present value of the minimum rental payments due under the lease discounted at the rate implicit in the lease or the Company's incremental secured borrowing rate for similar collateral. For operating leases, lease liabilities were discounted at the Company's weighted average incremental secured borrowing rate for similar collateral estimated to be 3.0% and the weighted average remaining lease term is 4.0 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.

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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 or tenants related to the Company's investments are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations, including those to the Company, to be similarly affected by changes in economic conditions.

All of the Company's real estate and assets collateralizing its loans receivable are located in the United States. As of March 31, 2023, the Company's portfolio contains concentrations in the following property types: entertainment/leisure, land and development, multifamily, hotel, condominium and retail.

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.

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 March 31, 2023, the Company has one class of common stock with 13,319,552 shares outstanding.

Net Parent Investment—The Company's net parent investment represents 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. The Company does not have any derivatives as of March 31, 2023.

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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 March 31,	
	2023	2022
Net income (loss)	\$ (90,740)	\$ (538)
Net (income) loss from operations attributable to noncontrolling interests	25	18
Net income (loss) allocable to common shareholders	<u>\$ (90,715)</u>	<u>\$ (520)</u>
	For the Three Months Ended March 31,	
	2023	2022
Earnings allocable to common shares:		
<i>Numerator for basic and diluted earnings per share:</i>		
Net income (loss) allocable to common shareholders	<u>\$ (90,715)</u>	<u>\$ (520)</u>
<i>Denominator for basic and diluted earnings per share:⁽¹⁾</i>		
Weighted average common shares outstanding for basic and diluted earnings per common share	<u>13,320</u>	<u>13,320</u>
Basic and diluted earnings per common share:		
Net income (loss) allocable to common shareholders	<u>\$ (6.81)</u>	<u>\$ (0.04)</u>

(1) 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 for all periods presented.

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

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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 March 31, 2023 and December 31, 2022 (\$ 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 March 31, 2023				
Recurring basis:				
Other investments (refer to Note 7)	\$ 397,160	\$ 397,160	\$ —	\$ —
As of December 31, 2022				
Non-recurring basis:				
Real estate, net ⁽¹⁾	\$ 811	\$ —	\$ —	\$ 811
Impaired land and development ⁽²⁾	26,300	—	—	26,300
Loans receivable held for sale (refer to Note 6)	37,650	—	—	37,650

(1) During the year ended December 31, 2022, the Company recorded a \$1.8 million impairment on an operating property with an estimated fair value of \$0.8 million. The estimated fair value is based on the cash flows expected to be received.

(2) During the year ended December 31, 2022, the Company recorded a \$12.7 million impairment on a land and development asset with an estimated fair value of \$26.3 million. The estimated fair value is based on future cash flows expected to be received using a discount rate of 12.5%.

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 March 31, 2023		As of December 31, 2022	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Assets				
Loans receivable and other lending investments, net ⁽¹⁾	\$ 20	\$ 18	\$ 49	\$ 46
Loans receivable held for sale ⁽¹⁾	—	—	38	38
Equity investment in Safe ⁽²⁾	397	397	—	—
Cash and cash equivalents ⁽³⁾	70	70	4	4
Restricted cash ⁽³⁾	5	5	3	3
Liabilities				
Debt obligations, net ⁽¹⁾	252	252	—	—

(1) The fair value of the Company's loans receivable and other lending investments, net, loans receivable held for sale 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 Exhibit 99.1 to our Amendment No. 3 to Form 10 filed with the SEC on March 20, 2023, 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 Exhibit 99.1 to our Amendment No. 3 to Form 10 filed with the SEC on March 20, 2023. These historical financial statements may not be indicative of our future performance.

The Spin-Off

On March 31, 2023, we 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 the Company and iStar Inc., a Maryland corporation (“iStar”). 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 to us; and (ii) iStar distributed 100% of the common shares of beneficial interest in us to holders of common stock of iStar 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.

Following the Spin-Off, we became an independent, publicly traded company. Our 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”).

In connection with the Spin-off, the Company entered into the Separation and Distribution Agreement, a management agreement with a subsidiary of Safe (the “Management Agreement”), a governance agreement with Safe (the “Governance Agreement”) and a registration rights agreement with Safe (the “Registration Rights Agreement”). We also entered into a credit facility with Safe (the “Safe Credit Facility”) and a margin loan facility with a third-party lender (the “Margin Loan Facility”).

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 \$170.5 million as of March 31, 2023.

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 March 31, 2023, eight 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, connected to The Asbury, and is 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 March 31, 2023 was \$86.0 million.

As of March 31, 2023, 1,825 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 three 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 March 31, 2023, 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 March 31, 2023 had an aggregate carrying value of approximately \$64.4 million and were comprised primarily of loans, operating properties, land and other assets. Summarized information regarding these assets is set forth below.

Loans. The loans included in our monetizing portfolio as of March 31, 2023 include three assets with an aggregate carrying value of \$19.9 million. The assets are secured by real properties or equity interests in entities that own directly or indirectly real properties.

Operating Properties. The operating properties included in our portfolio as of March 31, 2023 include two ventures which sold residential active adult properties and have an aggregate carrying value of \$0.5 million as the ventures liquidate.

Land. The land assets included in our portfolio as of March 31, 2023 include three assets with an aggregate carrying value of approximately \$39.8 million and one venture with a carrying value of \$0.2 million. Our general strategy is to seek to sell the land assets to third party developers.

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 \$4.0 million as of March 31, 2023, 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 these 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 \$397.2 million based on the closing price of \$29.37 as of March 31, 2023.

The Safe Shares collateralize our \$140.0 million Margin Loan Facility and we are prohibited from transferring any Safe Shares for nine months following the closing of the Merger, except as may be required under the terms of the Margin Loan Facility. After the expiration of the 9 month lockup and repayment of the Margin Loan Facility, our Safe Shares would be available to us as a source of liquidity to address future capital needs subject to market conditions.

Results of Operations for the Three Months Ended March 31, 2023 compared to the Three Months Ended March 31, 2022

	For the Three Months Ended March 31,		\$ Change
	2023	2022 (in thousands)	
Operating lease income	\$ 1,701	\$ 3,109	\$ (1,408)
Interest income	1,115	4,873	(3,758)
Other income	4,406	3,989	417
Land development revenue	9,564	14,900	(5,336)
Total revenue	16,786	26,871	(10,085)
Interest expense	10,099	13,240	(3,141)
Real estate expense	9,594	9,869	(275)
Land development cost of sales	9,976	14,496	(4,520)
Depreciation and amortization	1,080	1,215	(135)
General and administrative	14,098	944	13,154
Provision for loan losses	1,701	135	1,566
Other expense	288	115	173
Total costs and expenses	46,836	40,014	6,822
Unrealized loss on equity investment	(90,664)	—	(90,664)
Earnings from equity method investments	29,974	12,605	17,369
Net loss	\$ (90,740)	\$ (538)	\$ (90,202)

Revenue—Operating lease income, which primarily includes income from commercial operating properties, decreased to \$1.7 million during the three months ended March 31, 2023 from \$3.1 million for the same period in 2022. The decrease was primarily due to the sale of assets.

Interest income decreased to \$1.1 million during the three months ended March 31, 2023 from \$4.9 million for the same period in 2022. The decrease in interest income was due primarily to a decrease in the average balance of our performing loans and other lending investments due to loan sales and the repayment of loans during 2022 and 2023.

Other income increased to \$4.4 million during the three months ended March 31, 2023 from \$4.0 million for the same period in 2022. Other income consists primarily of income from our loan portfolio, hotel properties and other operating properties, such as Asbury Lanes.

Land development revenue and cost of sales—During the three months ended March 31, 2023, we sold residential lots and units and recognized land development revenue of \$9.6 million which had associated cost of sales of \$10.0 million. During the three months ended March 31, 2022, we sold residential lots and units and recognized land development revenue of \$14.9 million which had associated cost of sales of \$14.5 million. The decrease in land development revenue in 2023 was due primarily to a decrease in revenues from our Naples Reserve (fully sold out in 2022), Magnolia Green and Asbury Park properties. As we execute future sales and have fewer remaining residential and development assets, we expect our land development revenue will further decline. The timing and amount of such sales cannot be predicted with certainty.

Costs and expenses—Interest expense represents 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 included in our financial statements (refer to Note 2 to the combined and consolidated financial statements). For the three months ended March 31, 2023 and 2022, we were allocated \$8.0 million and \$13.2 million, respectively, of interest expense. The decrease in 2023 was due primarily to a decrease in our average net assets and a decrease in iStar's average outstanding debt and average cost of debt as compared to 2022. For the three months ended March 31, 2023, interest expense also included amounts payable to iStar.

Real estate expense was \$9.6 million during the three months ended March 31, 2023 and \$9.9 million for the same period in 2022. Real estate expense primarily represents expenses at our hotel and retail operating properties.

Depreciation and amortization was \$1.1 million during the three months ended March 31, 2023 and \$1.2 million for the same period in 2022.

General and administrative expense represents an allocation of costs, including performance-based compensation, to us from iStar. General and administrative expenses, including stock-based compensation, represents 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). During the three months ended March 31, 2023 and 2022, we were allocated \$14.1 million and \$0.9 million, respectively, of general and administrative expense from iStar. The increase in 2023 from 2022 was due primarily to an increase in general and administrative expense at iStar resulting from an increase in performance-based compensation.

The provision for loan losses was \$1.7 million for the three months ended March 31, 2023 as compared to a provision for loan losses of \$0.1 million for the same period in 2022. The provision for loan losses for the three months ended March 31, 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 the first quarter 2023. The provision for loan losses for the three months ended March 31, 2022 resulted from the accretion on our held-to-maturity security.

Other expense was \$0.3 million during the three months ended March 31, 2023 and \$0.1 million for the same period in 2022. The increase in other expenses for the three months ended March 31, 2023 was due primarily to legal and consulting costs in connection with sale and repayments of non-performing loans.

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 represents the difference between the fair value of our investment in the Safe Shares as of March 31, 2023 and iStar's historical carrying amount of the Safe Shares at the time of the Spin-Off.

Earnings from equity method investments—Earnings from equity method investments was \$30.0 million during the three months ended March 31, 2023 and \$12.6 million for the same period in 2022. During the three months ended March 31, 2023, we recognized \$1.1 million of income from our historical equity method investment in Safe and \$28.9 million of net aggregate income from our remaining equity method investments due to asset sales at the ventures. During the three months ended March 31, 2022, we recognized \$6.4 million of income from our historical equity method investment

in Safe (which included a dilution gain of \$0.3 million – refer to Note 7) and \$6.2 million of net aggregate income from our remaining equity method investments. After completion of the Spin-Off, we no longer treat our investment in Safe Shares as an equity method investment.

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 are a recently formed company and, as a result, we have not paid any dividends as of March 31, 2023. 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. 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;
- 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 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 could be adversely affected by a number of factors, some of which are outside of our control, including the macroeconomic factors discussed below. In addition, we are prohibited from selling our Safe Shares for a period of nine months following the completion of the Spin-off, except as may be required under the Margin Loan Facility. 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.

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The following table outlines our cash flows provided by operating activities, cash flows used in investing activities and cash flows provided by financing activities for the three months ended March 31, 2023 and 2022 (\$ in thousands):

	For the Three Months Ended March 31,	
	2023	2022
Cash flows provided by (used in) operating activities	\$ (554)	\$ (10,750)
Cash flows provided by (used in) investing activities	116,779	(68,716)
Cash flows provided by (used in) financing activities	(48,268)	82,655

The increase in cash flows provided by operating activities during 2023 was due primarily to an increase in distributions from equity method investments. The increase in cash flows provided by investing activities during 2023 was due primarily to an increase in proceeds from the repayment and sale of loans receivable, an increase in distributions from other investments and a decrease in contributions to other investments. The decrease in cash flows provided by financing activities during 2023 was due primarily to greater contributions from iStar in 2022 to fund investment activities in the prior period and greater distributions of proceeds to iStar from asset liquidations during 2023, partially offset by loan proceeds during 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.

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.

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.

The following is a summary of accounting policies that require more significant management estimates and judgments:

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

Upon the adoption of ASU 2016-13 on January 1, 2020, we implemented procedures to estimate our expected loss (“Expected Loss”) on our loans (including unfunded loan commitments) and held-to-maturity debt securities

based on relevant information including historical realized loss rates, current market conditions and reasonable and supportable forecasts that affect the collectability of our investments. The estimate of our Expected Loss requires significant judgment and we analyze our loan portfolio based upon our different categories of financial assets, which includes: (i) loans and held-to-maturity debt securities and (ii) construction loans.

For our loans, held-to-maturity debt securities and construction loans, we analyzed our historical realized loss experience to estimate our Expected Loss. We adjusted our Expected Loss through the use of third-party market data that provided current and future economic conditions that may impact the performance of the commercial real estate assets securing our investments.

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

The provision for loan losses for the three months ended March 31, 2023 and 2022 was \$1.7 million and \$0.1 million, respectively.

Impairment or disposal of long-lived assets — We periodically review real estate to be held for use and land and development assets for impairment in value whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. The asset's value is impaired only if management's estimate of the aggregate future cash flows (undiscounted and without interest charges) to be generated by the asset (taking into account the anticipated holding period of the asset) is less than the carrying value. Such estimate of cash flows considers factors such as expected future operating income, trends and prospects, as well as the effects of demand, competition and other economic factors. To the extent impairment has occurred, the loss will be measured as the excess of the carrying amount of the property over the fair value of the asset and reflected as an adjustment to the basis of the asset. Impairments of real estate and land and development assets, when applicable, are recorded in "Impairment of assets" in our combined and consolidated statements of operations. Estimating future cash flows and fair values is highly subjective and such estimates could differ materially from actual results.

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

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). The base interest rate scenario assumes the one-month LIBOR rate of 4.86% and three-month SOFR rate of 4.91% as of March 31, 2023. 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	\$ 630
-50 Basis Points	315
-10 Basis Points	63
Base Interest Rate	—
+10 Basis Points	(63)
+50 Basis Points	(315)
+100 Basis Points	(630)

(1) As of March 31, 2023, we had \$140.0 million principal amount of floating-rate debt obligations outstanding, \$6.8 million principal amount of floating-rate loans receivable outstanding and \$70.2 million of cash and cash equivalents.

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 the preliminary information statement included as Exhibit 99.1 to Star Holdings' Registration Statement on Form 10 (File No. 001-41572) initially filed with the U.S. Securities and Exchange Commission (the "SEC") on December 16, 2022, the final version of which was included as Exhibit 99.1 to the Current Report on Form 8-K filed with the SEC on March 22, 2023.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Issuer Purchases of Equity Securities

We did not purchase any shares of our common stock during the three months ended March 31, 2023.

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
10.1	Amended and Restated Credit Agreement, dated as of March 31, 2023, by and between Star Holdings and Safehold Inc.
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 March 31, 2023 is formatted in Inline XBRL ("eXtensible Business Reporting Language"): (i) the Combined and Consolidated Balance Sheets (unaudited) as of March 31, 2023 and December 31, 2022, (ii) the Combined and Consolidated Statements of Operations (unaudited) for the three months ended March 31, 2023 and 2022, (iii) the Combined and Consolidated Statements of Comprehensive Income (Loss) (unaudited) for the three months ended March 31, 2023 and 2022, (iv) the Combined and Consolidated Statements of Changes in Equity (unaudited) for the three months ended March 31, 2023 and 2022, (v) the Combined and Consolidated Statements of Cash Flows (unaudited) for three months ended March 31, 2023 and 2022 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: May 11, 2023

/s/ JAY SUGARMAN

Jay Sugaman
*Chairman of the Board of Directors and Chief
Executive Officer (principal executive officer)*

Star Holdings
Registrant

Date: May 11, 2023

/s/ BRETT ASNAS

Brett Asnas
*Chief Financial Officer
(principal financial officer)*

Star Holdings
Registrant

Date: May 11, 2023

/s/ GARETT ROSENBLUM

Garett Rosenblum
Chief Accounting Officer

AMENDED AND RESTATED CREDIT AGREEMENT

dated as of

March 31, 2023

between

STAR HOLDINGS,
as Borrower

and

SAFEHOLD INC.,
as Lender

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SCHEDULES

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AMENDED AND RESTATED CREDIT AGREEMENT dated as of March 31, 2023 (this "Agreement"), between STAR HOLDINGS, a Maryland statutory trust, as borrower (together with its successors and permitted assigns, the "Borrower") and Safehold Inc., a Maryland corporation, as lender (together with its successors and permitted assigns, the "Lender").

SFI Penn Properties Statutory Trust (as successor to iSTAR REO Holdings TRS, LLC), a Delaware statutory trust ("SFI Penn") and iSTAR INC. ("iSTAR") are parties to that certain Credit Agreement, dated as of December 31, 2022 (the "Original Effective Date") (such Credit Agreement, as amended, restated, supplemented or otherwise modified prior to the date hereof, the "Existing Credit Agreement"), pursuant to which SFI Penn distributed that certain promissory note with an aggregate principal amount of \$125,000,000 (the "Existing Note") to iSTAR.

iSTAR and Safehold Inc., a Maryland corporation ("SAFE"), are parties to a Merger Agreement dated as of August 10, 2022, pursuant to which, on March 31, 2023, iSTAR and SAFE combined through a stock-for-stock merger (the "Merger"), with SAFE merging with and into iSTAR, and with the Lender (operating under the name "Safehold Inc.") continuing as the surviving corporation. Pursuant to the Merger, the Lender acquired iSTAR's rights and obligations under the Existing Credit Agreement and the Existing Note.

Prior to the Merger, iSTAR consummated a series of reorganization and separation transactions pursuant to which, among other things, iSTAR contributed its remaining legacy non-ground lease assets and businesses and certain cash amounts to the Borrower and its Subsidiaries, and the Borrower and its Subsidiaries were then separated from iSTAR through a distribution by iSTAR of all of the Equity Interests in the Borrower to iSTAR's common stockholders (the "Spin-Off Transactions"). As part of the Spin-Off Transactions, SFI Penn merged with and into the Borrower, with the Borrower continuing as the surviving entity, and the Borrower assumed the rights and obligations of SFI Penn under the Existing Credit Agreement and the Existing Note. On March 31, 2023, the Existing Note was prepaid to reduce the aggregate principal amount outstanding in respect of the Existing Note to \$115,000,000.

As partial consideration for the contribution by iSTAR to the Borrower of the assets in the Spin-Off Transactions, the Borrower and the Lender have agreed to amend and restate the Existing Credit Agreement on the terms and conditions as set forth in this Agreement, and it has been agreed by such parties that amounts outstanding under the Existing Note prior to effectiveness of this Agreement and other "Obligations" under and as defined in the Existing Credit Agreement shall be governed by and deemed to be outstanding under this Agreement with the intent that the terms of the Existing Credit Agreement shall hereafter have no further effect upon the parties thereto, and all references to the "Credit Agreement" in the Existing Note and any Loan Document (as defined in the Existing Credit Agreement) or other document or instrument delivered in connection therewith shall be deemed to refer to this Agreement and the provisions hereof.

In consideration of the mutual covenants and agreements herein contained, the parties hereto covenant and agree to amend and restate the Existing Credit Agreement as follows:

ARTICLE I.

DEFINITIONS

SECTION 1.01 Defined Terms. As used in this Agreement, the following terms have the meanings specified below:

"Affiliate" means, with respect to a specified Person, another Person that directly or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control

with the Person specified. For purposes of this Agreement and each other Loan Document, the Borrower and its Subsidiaries and the Lender and its Subsidiaries shall not be deemed to be Affiliates of each other.

“Agreement” has the meaning specified in introductory paragraph hereof.

“Applicable Law” means, as to any Person, all applicable Laws binding upon such Person or to which such a Person is subject.

“Applicable Rate” means (a) at any time during a PIK Period, (i) 10.00% per annum, or (ii) to the extent any Loan remains outstanding under an Incremental Facility at such time, 12.00% per annum, as applicable, and (b) at any time other than during a PIK Period, (i) 8.00% per annum or (ii) to the extent any Loan remains outstanding under an Incremental Facility at such time, 10.00% per annum, as applicable.

“Attributable Indebtedness” means, as of any date of determination, (a) in respect of any Capitalized Lease of any Person, the capitalized amount thereof that would appear on a balance sheet of such Person prepared as of such date in accordance with GAAP, and (b) in respect of any Synthetic Lease Obligation, the capitalized amount of the remaining lease payments under the relevant lease that would appear on a balance sheet of such Person prepared as of such date in accordance with GAAP if such lease were accounted for as a capital lease.

“Burdensome Restrictions” means any consensual encumbrance or restriction of the type described in clause (a) or (b) of Section 6.08.

“Business Day” means any day that is not a Saturday, Sunday or other day that is a legal holiday under the laws of the State of New York or is a day on which banking institutions in such state are authorized or required by Law to close.

“Borrowing Request” means a request for a borrowing of Loans, which in each case shall be in such form as the Lender may reasonably approve.

“Capitalized Lease” means each lease that has been or is required to be, in accordance with GAAP, recorded as a capital or financing lease.

“Cash Equivalents” means:

(a) direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America (or by any agency thereof to the extent such obligations are backed by the full faith and credit of the United States of America), in each case maturing within one year from the date of acquisition thereof;

(b) investments in commercial paper maturing within 270 days from the date of acquisition thereof and having, at such date of acquisition, the highest credit rating obtainable from a Credit Rating Agency;

(c) investments in certificates of deposit, banker’s acceptances and time deposits maturing within 180 days from the date of acquisition thereof issued or guaranteed by or placed with, and money market deposit accounts issued or offered by, any domestic office of any commercial bank organized under the laws of the United States of America or any State thereof that has a combined capital and surplus and undivided profits of not less than \$500,000,000;

(d) fully collateralized repurchase agreements with a term of not more than 30 days for securities described in clause (a) above and entered into with a financial institution satisfying the criteria described in clause (c) above; and

(e) money market funds that (i) comply with the criteria set forth in SEC Rule 2a-7 under the Investment Company Act of 1940, (ii) are rated AAA and Aaa (or equivalent rating) by at least two Credit Rating Agencies and (iii) have portfolio assets of at least \$5,000,000,000.

“Change in Law” means the occurrence, after the date of this Agreement, of any of the following: (a) the adoption or taking effect of any law, rule, regulation or treaty, (b) any change in any law, rule, regulation or treaty or in the administration, interpretation, implementation or application thereof by any Governmental Authority or (c) the making or issuance of any request, rule, guideline or directive (whether or not having the force of law) by any Governmental Authority; provided that notwithstanding anything herein to the contrary, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith and (y) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a “Change in Law”, regardless of the date enacted, adopted or issued.

“Change of Control” means an event or series of events by which any “person” or “group” (as such terms are used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, but excluding any employee benefit plan of such person or its Subsidiaries, and any person or entity acting in its capacity as trustee, agent or other fiduciary or administrator of any such plan) becomes the “beneficial owner” (as defined in Rules 13d-3 and 13d-5 under the Securities Exchange Act of 1934, except that a person or group shall be deemed to have “beneficial ownership” of all securities that such person or group has the right to acquire, whether such right is exercisable immediately or only after the passage of time (such right, an “option right”), directly or indirectly, of 40% or more of the Equity Interests of the Borrower entitled to vote for members of the board of directors or equivalent governing body of the Borrower on a fully-diluted basis (and taking into account all such securities that such person or group has the right to acquire pursuant to any option right).

“Closing Date” means the first date all the conditions precedent in Section 4.01 are satisfied or waived in accordance with Section 9.02.

“Code” means the Internal Revenue Code of 1986, as amended from time to time.

“Commitments” mean the Incremental Commitments.

“Commitment Fee” has the meaning specified in Section 2.10.

“Connection Income Taxes” means Other Connection Taxes that are imposed on or measured by net income (however denominated) or that are franchise Taxes or branch profits Taxes.

“Contractual Obligation” means, as to any Person, any provision of any security issued by such Person or of any agreement, instrument or other undertaking to which such Person is a party or by which it or any of its property is bound.

“Control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. “Controlling” and “Controlled” have meanings analogous thereto.

“Credit Rating Agency” means a nationally recognized credit rating agency that evaluates the financial condition of issuers of debt instruments and then assigns a rating that reflects its assessment of the issuer’s ability to make debt payments.

“Debtor Relief Laws” means the Bankruptcy Code of the United States of America, and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief Laws of the United States or other applicable jurisdictions from time to time in effect.

“Default” means any event or condition that constitutes an Event of Default or that, with the giving of any notice, the passage of time, or both, would be an Event of Default.

“Default Rate” means an interest rate (before as well as after judgment) equal to the Applicable Rate plus 3.50% per annum.

“Disposition” or “Dispose” means the sale, transfer, license, lease or other disposition of any property by any Person (including any sale and leaseback transaction and any issuance of Equity Interests by a Subsidiary of such Person), including any sale, assignment, transfer or other disposal, with or without recourse, of any notes or accounts receivable or any rights and claims associated therewith.

“Disqualified Equity Interest” means any Equity Interest that, by its terms (or the terms of any security or other Equity Interests into which it is convertible or for which it is exchangeable), or upon the happening of any event or condition (a) matures or is mandatorily redeemable (other than solely for Equity Interests that are not Disqualified Equity Interests), pursuant to a sinking fund obligation or otherwise (except as a result of a change of control or asset sale so long as any rights of the holders thereof upon the occurrence of a change of control or asset sale event shall be subject to the prior repayment in full of the Loans and all other Obligations that are accrued and payable and the termination of the Commitments), (b) is redeemable at the option of the holder thereof, in whole or in part, (c) provides for scheduled payments of dividends in cash, or (d) is or becomes convertible into or exchangeable for Indebtedness or any other Equity Interests that would constitute Disqualified Equity Interests, in each case, prior to the date that is ninety-one days after the Maturity Date; provided that if such Equity Interests are issued pursuant to a plan for the benefit of employees of the Borrower or any Subsidiary or by any such plan to such employees, such Equity Interests shall not constitute Disqualified Equity Interests solely because they may be required to be repurchased by the Borrower or its Subsidiaries in order to satisfy applicable statutory or regulatory obligations or as a result of such employee’s termination, death or disability.

“Dollar” and “\$” mean the lawful money of the United States.

“Environmental Laws” means any and all federal, state, local, and foreign statutes, Laws, regulations, ordinances, rules, judgments, orders, decrees, permits, concessions, grants, franchises, licenses, agreements or governmental restrictions, including all common law, relating to pollution or the protection of health, safety or the environment or the release of any materials into the environment, including those related to Hazardous Materials, air emissions, discharges to waste or public systems and health and safety matters.

“Environmental Liability” means any liability or obligation, contingent or otherwise (including any liability for damages, costs of environmental remediation, fines, penalties or indemnities), directly or indirectly, resulting from or based upon (a) violation of any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment, disposal or permitting or arranging for the disposal of any Hazardous Materials, (c) exposure to any Hazardous Materials, (d) the release or threatened

release of any Hazardous Materials or (e) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

“Equity Interests” means, as to any Person, all of the shares of capital stock of (or other ownership or profit interests in) such Person, all of the warrants, options or other rights for the purchase or acquisition from such Person of shares of capital stock of (or other ownership or profit interests in) such Person, all of the securities convertible into or exchangeable for shares of capital stock of (or other ownership or profit interests in) such Person or warrants, rights or options for the purchase or acquisition from such Person of such shares (or such other interests), and all of the other ownership or profit interests in such Person (including partnership, member or trust interests therein), whether voting or nonvoting, and whether or not such shares, warrants, options, rights or other interests are outstanding on any date of determination.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended, and the rules and regulations promulgated thereunder.

“ERISA Affiliate” means any trade or business (whether or not incorporated) under common control with the Borrower within the meaning of Section 414(b) or (c) of the Code (and Sections 414(m) and (o) of the Code for purposes of provisions relating to Section 412 of the Code or Section 302 of ERISA).

“Event of Default” has the meaning specified in Article VII.

“Excess Cash Flow” has the meaning specified in Section 2.06(b)(ii).

“Excluded Taxes” means any of the following Taxes imposed on or with respect to a Recipient or required to be withheld or deducted from a payment to a Recipient, (a) Taxes imposed on or measured by net income (however denominated), franchise Taxes, and branch profits Taxes, in each case, (i) imposed as a result of such Recipient being organized under the laws of, or having its principal office or, in the case of the Lender, its applicable lending office located in, the jurisdiction imposing such Tax (or any political subdivision thereof) or (ii) that are Other Connection Taxes, (b) in the case of the Lender, U.S. federal withholding Taxes imposed on amounts payable to or for the account of the Lender with respect to an applicable interest in a Loan or Commitment pursuant to a law in effect on the date on which (i) the Lender acquires such interest in the Loan or Commitment or (ii) the Lender changes its lending office, except in each case to the extent that, pursuant to Section 2.13, amounts with respect to such Taxes were payable either to the Lender’s assignor immediately before the Lender became a party hereto or to the Lender immediately before it changed its lending office, (c) Taxes attributable to such Recipient’s failure to comply with Section 2.13(g) and (d) any withholding Taxes imposed under FATCA.

“Facility” means an Incremental Facility.

“FATCA” means Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof, any agreements entered into pursuant to Section 1471(b)(1) of the Code and any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement, treaty or convention among Governmental Authorities and implementing such Sections of the Code.

“FCPA” has the meaning specified in Section 3.16(b).

“Federal Funds Rate” means, for any day, the greater of (a) the rate calculated by the Federal Reserve Bank of New York based on such day’s Federal funds transactions by depository

institutions (as determined in such manner as the Federal Reserve Bank of New York shall set forth on its public website from time to time) and published on the next succeeding Business Day by the Federal Reserve Bank of New York as the Federal funds effective rate and (b) 0%.

“Federal Reserve Board” means the Board of Governors of the Federal Reserve System of the United States.

“GAAP” means, subject to Section 1.03, United States generally accepted accounting principles as in effect as of the date of determination thereof.

“Governmental Authority” means the government of the United States of America or any other nation, or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supra-national bodies such as the European Union or the European Central Bank).

“Guarantee” means, as to any Person, (a) any obligation, contingent or otherwise, of such Person guaranteeing or having the economic effect of guaranteeing any Indebtedness or other obligation payable or performable by another Person (the “primary obligor”) in any manner, whether directly or indirectly, and including any obligation of such Person, direct or indirect, (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation, (ii) to purchase or lease property, securities or services for the purpose of assuring the obligee in respect of such Indebtedness or other obligation of the payment or performance of such Indebtedness or other obligation, (iii) to maintain working capital, equity capital or any other financial statement condition or liquidity or level of income or cash flow of the primary obligor so as to enable the primary obligor to pay such Indebtedness or other obligation or (iv) entered into for the purpose of assuring in any other manner the obligee in respect of such Indebtedness or other obligation of the payment or performance thereof or to protect such obligee against loss in respect thereof (in whole or in part) or (b) any Lien on any assets of such Person securing any Indebtedness or other obligation of any other Person, whether or not such Indebtedness or other obligation is assumed by such Person (or any right, contingent or otherwise, of any holder of such Indebtedness to obtain any such Lien); provided, that the term “Guarantee” shall not include endorsements for collection or deposit in the ordinary course of business. The amount of any Guarantee shall be deemed to be an amount equal to the stated or determinable amount of the related primary obligation, or portion thereof, in respect of which such Guarantee is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof as determined by the guaranteeing Person in good faith. The term “Guarantee” as a verb has a corresponding meaning.

“Hazardous Materials” means all explosive or radioactive substances or wastes and all hazardous or toxic substances, wastes or other pollutants, including petroleum or petroleum distillates, asbestos or asbestos-containing materials, polychlorinated biphenyls, radon gas, infectious or medical wastes, and other substances or wastes of any nature regulated under or with respect to which liability or standards of conduct are imposed pursuant to any Environmental Law.

“Incremental Commitment” has the meaning specified in Section 2.15(a).

“Incremental Commitment Effective Date” has the meaning specified in Section 2.15(c).

“Incremental Facility” means any facility consisting of Incremental Commitments and all borrowings thereunder.

“Indebtedness” means, as to any Person at a particular time, without duplication, all of the following, whether or not included as indebtedness or liabilities in accordance with GAAP:

- (a) all obligations of such Person for borrowed money and all obligations of such Person evidenced by bonds, debentures, notes, loan agreements or other similar instruments;
- (b) all direct or contingent obligations of such Person arising under or in respect of (i) letters of credit (including standby and commercial), bankers' acceptances, demand guarantees and similar independent undertakings and (ii) surety bonds, performance bonds and similar instruments issued or created by or for the account of such Person;
- (c) net obligations of such Person under any Swap Contract;
- (d) all obligations of such Person to pay the deferred purchase price of property or services (other than trade accounts payable in the ordinary course of business);
- (e) indebtedness (excluding prepaid interest thereon) secured by a Lien on property owned or being purchased by such Person (including indebtedness arising under conditional sales or other title retention agreements), whether or not such indebtedness shall have been assumed by such Person or is limited in recourse;
- (f) all Attributable Indebtedness;
- (g) all obligations of such Person in respect of Disqualified Equity Interests; and
- (h) all Guarantees of such Person in respect of any of the foregoing.

For all purposes hereof, the Indebtedness of any Person shall include the Indebtedness of any partnership or joint venture (other than a joint venture that is itself a corporation or limited liability company) in which such Person is a general partner or a joint venturer, unless such Indebtedness is expressly made non-recourse to such Person. The amount of any net obligation under any Swap Contract on any date shall be deemed to be the Swap Termination Value thereof as of such date. The amount of any Indebtedness of any Person for purposes of clause (e) that is expressly made non-recourse or limited-recourse (limited solely to the assets securing such Indebtedness) to such Person shall be deemed to be equal to the lesser of (i) the aggregate principal amount of such Indebtedness and (ii) the fair market value of the property encumbered thereby as determined by such Person in good faith.

“Indemnified Taxes” means (a) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of the Borrower under any Loan Document and (b) to the extent not otherwise described in clause (a), Other Taxes.

“Indemnitee” has the meaning specified in Section 9.03(b).

“Information” has the meaning specified in Section 9.12.

“Interest Payment Date” means the last day of each Interest Period and the Maturity Date.

“Interest Period” means each calendar quarter; provided, that (i) if any Interest Period would end on a day other than a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless such next succeeding Business Day would fall in the next calendar month, in which case such Interest Period shall end on the next preceding Business Day, (ii) any Interest Period that commences on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the last calendar month of such Interest Period) shall end on the last Business Day of the last calendar month of such Interest Period and (iii) no Interest Period shall extend beyond the Maturity Date.

“Investment” means, as to any Person, any direct or indirect acquisition or investment by such Person, whether by means of (a) the purchase or other acquisition of Equity Interests or debt or other securities of another Person, (b) a loan, advance or capital contribution to, Guarantee or assumption of debt of, or purchase or other acquisition of any other debt or equity participation or interest in, another Person, including any partnership or joint venture interest in such other Person and any arrangement pursuant to which the investor incurs Indebtedness of the type referred to in clause (h) of the definition of “Indebtedness” in respect of such other Person, or (c) the purchase or other acquisition (in one transaction or a series of transactions) of all or substantially all of the property and assets or business of another Person or assets constituting a business unit, line of business or division of such Person. For purposes of covenant compliance, the amount of any Investment shall be the amount actually invested, without adjustment for subsequent increases or decreases in the value of such Investment but giving effect to any returns or distributions of capital or repayment of principal actually received in case by such Person with respect thereto.

“IRS” means the United States Internal Revenue Service.

“Joinder Agreement” means a joinder or similar agreement entered into by the Lender under Section 2.14 pursuant to which the Lender shall provide an Incremental Commitment hereunder.

“Laws” means, collectively, all international, foreign, federal, state and local statutes, treaties, rules, guidelines, regulations, ordinances, codes and administrative or judicial precedents or authorities, including the interpretation or administration thereof by any Governmental Authority charged with the enforcement, interpretation or administration thereof, and all applicable administrative orders, directed duties, requests, licenses, authorizations and permits of, and agreements with, any Governmental Authority, in each case whether or not having the force of law.

“Lien” means any mortgage, pledge, hypothecation, collateral assignment, deposit arrangement, encumbrance, lien (statutory or other), charge, or preference, priority or other security interest or preferential arrangement of any kind or nature whatsoever (including any conditional sale or other title retention agreement, any easement, right of way or other encumbrance on title to real property, and any financing lease having substantially the same economic effect as any of the foregoing).

“Loan” means, collectively, (a) Indebtedness under the Existing Note and (b) any loan under an Incremental Facility made pursuant to Section 2.15.

“Loan Documents” means, collectively, this Agreement, the Pledge Agreement and any other documents entered into in connection herewith.

“Management Agreement” means the Management Agreement, dated as of March 31, 2023, between the Borrower and SAFE.

“Margin Loan Borrower” means Star Investment Holdings SPV LLC, a Delaware limited liability company.

“Margin Loan Facility” means that certain margin loan facility agreement dated as of March 31, 2023 between the Margin Loan Borrower and Morgan Stanley Bank, N.A.

“Margin Stock” means margin stock within the meaning of Regulations T, U and X.

“Material Adverse Effect” means (a) a material adverse change in, or a material adverse effect on, the operations, business, properties, liabilities (actual or contingent) or financial condition of the Borrower and its Subsidiaries taken as a whole except to the extent resulting from (i) market-wide or

macro-economic events generally applicable globally or to the United States and/or the region where the Borrower, its Subsidiaries or the properties of either of them is located or (ii) general disruptions of capital markets; or (b) a material adverse effect on (i) the ability of the Borrower to perform its Obligations, (ii) the legality, validity, binding effect or enforceability against the Borrower of any Loan Document to which it is a party or (iii) the rights, remedies and benefits available to, or conferred upon, the Lender under any Loan Document, except to the extent resulting from (x) market-wide or macro-economic events generally applicable globally or to the United States and/or the region where the Borrower, its Subsidiaries or the properties of either of them is located, (y) general disruptions of capital markets or (z) the action or inaction of the Lender.

“Maturity Date” means March 31, 2027 (except that, if such date is not a Business Day, the Maturity Date shall be the next preceding Business Day).

“Merger Agreement” has the meaning given to that term in the Margin Loan Facility.

“Maximum Rate” has the meaning specified in Section 9.14.

“Multiemployer Plan” means any employee benefit plan of the type described in Section 4001(a)(3) of ERISA, to which the Borrower or any ERISA Affiliate makes or is obligated to make contributions, during the preceding five plan years has made or been obligated to make contributions, or has any liability.

“Multiple Employer Plan” means a Plan with respect to which the Borrower or any ERISA Affiliate is a contributing sponsor, and that has two or more contributing sponsors at least two of whom are not under common control, as such a plan is described in Section 4064 of ERISA.

“Net Cash Proceeds” shall mean, in connection with any Recovery Event, the proceeds thereof in the form of cash and Cash Equivalents (including any such proceeds received by way of deferred payment of principal pursuant to a note or installment receivable or purchase price adjustment receivable or otherwise, but only as and when received) received by the Borrower or any of its Subsidiaries, net of (i) attorneys’ fees, accountants’ fees, investment banking fees, consulting fees, and other customary fees and expenses actually incurred by the Borrower or any of its Subsidiaries (as applicable) in connection therewith; (ii) taxes paid or reasonably estimated to be payable by the Borrower or any of its Subsidiaries (as applicable) as a result thereof (after taking into account any available tax credits or deductions and any tax sharing arrangements); (iii) the amount of any reasonable reserve established in accordance with GAAP against any liabilities (other than any taxes deducted pursuant to clause (ii) above) (A) associated with the assets that are the subject of such event and (B) retained by the Borrower or any of its Subsidiaries (as applicable), provided that the amount of any subsequent reduction of such reserve (other than in connection with a payment in respect of any such liability) shall be deemed to be Net Cash Proceeds of such event occurring on the date of such reduction and (iv) the pro rata portion of the Net Cash Proceeds thereof (calculated without regard to this clause (iv)) attributable to minority interests and not available for distribution to or for the account of the Borrower or any of its Subsidiaries (as applicable) as a result thereof.

“Obligations” means all advances to, and debts, liabilities, obligations, covenants and duties of, the Borrower arising under any Loan Document or otherwise with respect to any Loan, whether direct or indirect (including those acquired by assumption), absolute or contingent, due or to become due, now existing or hereafter arising and including interest and fees that accrue after the commencement by or against the Borrower or any Affiliate thereof of any proceeding under any Debtor Relief Laws naming such Person as the debtor in such proceeding, regardless of whether such interest and fees are allowed claims in such proceeding. Without limiting the foregoing, the Obligations include (a) the obligation to pay principal, interest, charges, expenses, fees, indemnities and other amounts payable by the Borrower under any Loan

Document and (b) the obligation of the Borrower to reimburse any amount in respect of any of the foregoing that the Lender, in its sole discretion, may elect to pay or advance on behalf of the Borrower.

“OFAC” has the meaning specified in Section 3.16(a).

“Operating Reserve” means the aggregate amount (calculated as of the last day of each calendar quarter) of the Borrower’s and its Subsidiaries’ (a) projected operating expenses (including, without limitation, payments to the Borrower’s local property consultants, but excluding management fees payable under the Management Agreement and public company costs), (b) projected land carry costs, (c) projected capital expenditure and committed loan fundings, (d) projected costs and expenses incurred in connection with the making of Investments contemplated by Section 6.06(g) (including, without limitation, costs and expenses incurred in connection with the incurrence of Indebtedness used to make such Investments) and (e) projected interest expense payments on the Loans and the Margin Loan Facility, in each case, for the following twelve (12) months, less the Borrower’s and its Subsidiaries’ projected operating revenues (excluding, for the avoidance of doubt, revenues from any sale of the Equity Interests of the Lender and Net Cash Proceeds from any Dispositions permitted hereunder) for the following twelve (12) months, in each case, as set forth in the Borrower’s consolidated budget, as approved by the Lender.

“Organizational Documents” means (a) as to any corporation, the charter or certificate or articles of incorporation and the bylaws (or equivalent or comparable constitutive documents with respect to any non-U.S. jurisdiction), (b) as to any limited liability company, the certificate or articles of formation or organization and operating or limited liability agreement and (c) as to any partnership, joint venture, trust or other form of business entity, the partnership, joint venture or other applicable agreement of formation or organization and any agreement, instrument, filing or notice with respect thereto filed in connection with its formation or organization with the applicable Governmental Authority in the jurisdiction of its formation or organization and, if applicable, any certificate or articles of formation or organization of such entity.

“Other Connection Taxes” means, with respect to any Recipient, Taxes imposed as a result of a present or former connection between such Recipient and the jurisdiction imposing such Tax (other than connections arising from such Recipient having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Loan Document, or sold or assigned an interest in any Loan or Loan Document).

“Other Taxes” means all present or future stamp, court or documentary, intangible, recording, filing or similar Taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, any Loan Document, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment.

“Outstanding Amount” means, with respect to any Loan on any date, the aggregate outstanding principal amount thereof after giving effect to any prepayments or repayments of such Loan occurring on such date.

“PATRIOT Act” means the USA PATRIOT Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)).

“Person” means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

“PIK Interest” has the meaning specified in Section 2.09(c).

“PIK Period” has the meaning specified in Section 2.09(c).

“Pledge Agreement” means the Amended and Restated Pledge Agreement, dated as of the date hereof, between the Borrower and the Lender.

“Pledged Collateral” has the meaning specified in the Pledge Agreement.

“Prepayment Notice” means a notice by the Borrower to prepay Loans, which shall be in such form as the Lender may approve.

“Property Level Agreement” means any asset level agreement that exists on the Closing Date and any future agreement with any Governmental Authority having jurisdiction over Borrower’s properties and assets.

“Recipient” means the Lender.

“Recovery Event” shall mean the receipt by the Borrower or any of its Subsidiaries of any cash payments or proceeds under any casualty insurance policy in respect of a covered loss thereunder or as a result of the taking of any assets of the Borrower or any of its Subsidiaries by any Person pursuant to the power of eminent domain, condemnation or otherwise, or pursuant to a sale of any such assets to a purchaser with such power under threat of such a taking, in each case in excess of 7.5% of the fair market value of the relevant asset.

“Regulation T” means Regulation T of the Federal Reserve Board, as in effect from time to time and all official rulings and interpretations thereunder or thereof.

“Regulation U” means Regulation U of the Federal Reserve Board, as in effect from time to time and all official rulings and interpretations thereunder or thereof.

“Regulation X” means Regulation X of the Federal Reserve Board, as in effect from time to time and all official rulings and interpretations thereunder or thereof.

“Related Parties” means, with respect to any Person, such Person’s Affiliates and the partners, directors, officers, employees, agents, trustees, administrators, managers, advisors and representatives of such Person and of such Person’s Affiliates.

“Responsible Officer” means the chief executive officer, president, executive vice president, senior vice president, vice president, chief financial officer, chief legal officer, treasurer or secretary of the Borrower. Any document delivered hereunder that is signed by a Responsible Officer of the Borrower shall be conclusively presumed to have been authorized by all necessary corporate, partnership or other action on the part of the Borrower and such Responsible Officer shall be conclusively presumed to have acted on behalf of the Borrower.

“Restricted Payment” means any dividend or other distribution (whether in cash, securities or other property) with respect to any Equity Interest of any Person, or any payment (whether in cash, securities or other property), including any sinking fund or similar deposit, on account of the purchase, redemption, retirement, acquisition, cancellation or termination of any such Equity Interest, or on account of any return of capital to such Person’s shareholders, partners or members (or the equivalent Persons thereof).

“Sanctions” has the meaning specified in Section 3.16(a).

“Solvent” means, as to any Person as of any date of determination, that on such date (a) the fair value of the property of such Person is greater than the total amount of liabilities, including contingent liabilities, of such Person, (b) the present fair saleable value of such Person is not less than the amount that will be required to pay the probable liability of such Person on its debts as they become absolute and matured, (c) such Person does not intend to, and does not believe that it will, incur debts or liabilities beyond such Person’s ability to pay such debts and liabilities as they mature and (d) such Person is not engaged in a business or a transaction, and is not about to engage in a business or a transaction, for which such Person’s property would constitute an unreasonably small capital. The amount of any contingent liability at any time shall be computed as the amount that, in light of all of the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability.

“Star Breach Event” means any action of, or failure to take any action by, Star Holdings’ Manager (as defined in the Management Agreement) or its Affiliates during the term of the Management Agreement that resulted in (a) any representation or warranty set forth in this Agreement to be untrue or incorrect, (b) a breach of any representation, warranty, covenant or agreement set forth in this Agreement or (c) any other failure to comply with the provisions of this Agreement, in each case, other than at the express direction of the Borrower’s board of trustees.

“Subsidiary” of a Person means a corporation, partnership, limited liability company, association or joint venture or other business entity of which a majority of the Equity Interests having ordinary voting power for the election of directors or other governing body (other than securities or interests having such power only by reason of the happening of a contingency) are at the time owned or the management of which is controlled, directly, or indirectly through one or more intermediaries, by such Person. Unless otherwise specified, all references herein to a “Subsidiary” or to “Subsidiaries” shall refer to a Subsidiary or Subsidiaries of the Borrower.

“Swap Contract” means (a) any and all rate swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options, forward foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions, currency options, spot contracts, or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement, and (b) any and all transactions of any kind, and the related confirmations, that are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement, or any other master agreement (any such master agreement, together with any related schedules, a “Master Agreement”), including any such obligations or liabilities under any Master Agreement.

“Swap Termination Value” means, as to any one or more Swap Contracts, after taking into account the effect of any legally enforceable netting agreement relating to such Swap Contracts, (a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) determined in accordance therewith, such termination value(s), and (b) for any date prior to the date referenced in clause (a), the amount(s) determined as the mark-to-market value(s) for such Swap Contracts, as determined based upon one or more mid-market or other readily available quotations provided by any recognized dealer in such Swap Contracts.

“Synthetic Lease Obligation” means the monetary obligation of a Person under (a) a so-called synthetic, off-balance sheet or tax retention lease or (b) an agreement for the use or possession of property creating obligations that do not appear on the balance sheet of such Person but, upon the insolvency

or bankruptcy of such Person, would be characterized as the indebtedness of such Person (without regard to accounting treatment).

“Taxes” means all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

“UCC” means the Uniform Commercial Code as in effect from time to time in any applicable state or jurisdiction.

“United States” and “U.S.” mean the United States of America.

“Unrestricted Cash” shall mean, as of any date of determination, the aggregate amount of all cash and Cash Equivalents on the consolidated balance sheet of the Borrower and its Subsidiaries that are not “restricted” for purposes of GAAP.

“Wholly-Owned” means, as to a Subsidiary of a Person, a Subsidiary of such Person all of the outstanding Equity Interests of which (other than (a) director’s qualifying shares and (b) shares issued to foreign nationals to the extent required by Applicable Law) are owned by such Person or by one or more Wholly-Owned Subsidiaries of such Person.

“Withholding Agent” means the Borrower and the Lender.

SECTION 1.02 Terms Generally. The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words “include,” “includes” and “including” shall be deemed to be followed by the phrase “without limitation.” The word “will” shall be construed to have the same meaning and effect as the word “shall.” The word “or” is not exclusive. The word “year” shall refer (i) in the case of a leap year, to a year of three hundred sixty-six (366) days, and (ii) otherwise, to a year of three hundred sixty-five (365) days. Unless the context requires otherwise (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein), (b) any reference herein to any Person shall be construed to include such Person’s successors and assigns, (c) the words “herein,” “hereof” and “hereunder,” and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (d) all references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement, (e) any reference to any law or regulation herein shall, unless otherwise specified, refer to such law or regulation as amended, modified or supplemented from time to time, and (f) the words “asset” and “property” shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

SECTION 1.03 Accounting Terms; Changes in GAAP.

(a) Accounting Terms. Except as otherwise expressly provided herein, all accounting terms not otherwise defined herein shall be construed in conformity with GAAP. Financial statements and other information required to be delivered by the Borrower to the Lender pursuant to Sections 5.01(a) and 5.01(b) shall be prepared in accordance with GAAP as in effect at the time of such preparation.

(b) Changes in GAAP. If the Borrower notifies the Lender that the Borrower requests an amendment to any provision hereof to eliminate the effect of any change occurring after the date hereof

in GAAP or in the application thereof on the operation of such provision (or if the Lender notifies the Borrower that the Lender requests an amendment to any provision hereof for such purpose), regardless of whether any such notice is given before or after such change in GAAP or in the application thereof, then such provision shall be interpreted on the basis of GAAP as in effect and applied immediately before such change shall have become effective until such notice shall have been withdrawn or such provision amended in accordance herewith.

SECTION 1.04 Divisions. For all purposes under the Loan Documents, in connection with any division or plan of division under Delaware law (or any comparable event under a different jurisdiction's laws): (a) if any asset, right, obligation or liability of any Person becomes the asset, right, obligation or liability of a different Person, then it shall be deemed to have been transferred from the original Person to the subsequent Person, and (b) if any new Person comes into existence, such new Person shall be deemed to have been organized on the first date of its existence by the holders of its Equity Interests at such time.

ARTICLE II.

NOTE, COMMITMENTS AND BORROWINGS

SECTION 2.01 Note; Commitments. As of the date hereof, the outstanding principal amount of the Existing Note is \$115,000,000. Subject to the terms and conditions set forth herein and in the applicable Joinder Agreement with respect to the applicable Incremental Facility, the Lender agrees to make Loans to the Borrower on such applicable Incremental Commitment Effective Date in an aggregate principal amount equal to the Lender's Incremental Commitment under such Incremental Facility. Amounts borrowed under this Section 2.01 and repaid or prepaid may not be re-borrowed.

SECTION 2.02 [Reserved].

SECTION 2.03 [Reserved].

SECTION 2.04 [Reserved].

SECTION 2.05 [Reserved].

SECTION 2.06 Prepayments.

(a) Optional Prepayments. The Borrower may, upon notice to the Lender, at any time and from time to time prepay the Loans in whole or in part without premium or penalty, subject to the requirements of this Section.

(b) Mandatory Prepayments.

(i) Recovery Events. Subject to any requirements and restrictions contained in any Property Level Agreement, no later than the fifth Business Day following the date of receipt by the Borrower (or any of its Subsidiaries) of any Net Cash Proceeds of any Recovery Event, the Borrower shall prepay the Loans in an aggregate amount equal to such Net Cash Proceeds; provided that so long as no Default or Event of Default shall have occurred and be continuing, the Borrower shall have the option, directly or through one or more of its Subsidiaries to invest such Net Cash Proceeds within 360 days of receipt thereof (or, if the Borrower or any Subsidiary enters into a commitment to invest such Net Cash Proceeds within 360 days of receipt thereof, 180 days after the 360 day period that follows receipt of such Net Cash Proceeds) in the repair, restoration or replacement of the affected assets. In the event that such Net Cash Proceeds are not reinvested by

the Borrower prior to the last day of such 360-day period, the Borrower shall prepay the Loans in an amount equal to such Net Cash Proceeds.

(ii) Excess Cash Sweep. Commencing with the fiscal quarter of the Borrower ended September 30, 2022, no later than the fifth Business Day following the date on which the Borrower's financial statements are due pursuant to Sections 5.01(a) and (b), the Borrower shall apply the amount of its Unrestricted Cash as of such date that is in excess of the aggregate of (x) the Operating Reserve and (y) \$50,000,000 (the amount of such excess Unrestricted Cash, the "Excess Cash Flow") to prepay the Loans; provided that, if at the time any amount is required to be paid pursuant to this Section 2.06(b)(ii), the Borrower may, with the prior written consent of the Lender (or shall, in the sole discretion of the Lender), apply all or a portion of such Excess Cash Flow towards prepayment of the Margin Loan Facility (in lieu of any prepayment as required pursuant to this Section 2.06(b)(ii)).

(c) Notices. Each such notice pursuant to this Section shall be in the form of a written Prepayment Notice, appropriately completed and signed by a Responsible Officer of the Borrower and must be received by the Lender not later than 11:00 a.m. (New York City time) one (1) Business Day before the date of prepayment. Each Prepayment Notice shall specify (x) the prepayment date and (y) the principal amount of the applicable Loan or portion thereof to be prepaid. Each Prepayment Notice shall be irrevocable except that it may be conditioned upon a transaction (including a refinancing) to be closed or consummated in connection with such prepayment and may be revoked by the Borrower prior to the effective date thereof.

(d) Amounts; Application. All prepayments shall be applied as directed by the Borrower and shall be accompanied by accrued interest to the extent required by Section 2.09.

SECTION 2.07 Termination of Commitments. As of the date hereof, the Lender has no commitment to make any further extension of credit to the Borrower under the Existing Note. The Incremental Commitments under such Incremental Facility shall automatically and permanently terminate on the applicable Incremental Commitment Effective Date upon the funding of the Loans under such Incremental Facility.

SECTION 2.08 Repayment. Subject to Section 2.06, the Borrower shall repay to the Lender the aggregate Outstanding Amount of the Loans and any accrued but unpaid interest thereon on the Maturity Date.

SECTION 2.09 Interest.

(a) Interest Rates. Subject to paragraph (b) of this Section, the Loans shall bear interest at a rate per annum equal to the Applicable Rate.

(b) Default Interest. If an Event of Default has occurred and is continuing, any amount payable by the Borrower under this Agreement or any other Loan Document (including principal of any Loan, interest, fees and other amount) not paid when due, whether at stated maturity, by acceleration or otherwise, shall thereafter bear interest at a rate per annum equal to the Default Rate.

(c) Payment Dates. Accrued interest on the Loans shall be payable in arrears on each Interest Payment Date and at such other times as may be specified herein; provided, that (i) interest accrued pursuant to paragraph (b) of this Section shall be payable on demand and (ii) in the event of any repayment or prepayment of any Loan, accrued interest on the principal amount repaid or prepaid shall be payable on the date of such repayment or prepayment. Accrued interest shall be payable in cash, provided that, so long as no Event of Default has occurred and is continuing, the Borrower may, at its option, elect for the interest

for any Interest Period (but not to exceed in the aggregate more than two (2) Interest Periods) (any such Interest Period, a “PIK Period”) to be paid-in-kind by adding such interest to the principal amount of the Loans which shall thereafter bear interest as set forth herein (such interest, the “PIK Interest”) and shall be payable in full on the Maturity Date in cash if not otherwise paid prior to such date; provided, that all PIK Interest shall accrue cumulatively whether or not the Borrower has capital, surplus, earnings, or other amounts sufficient lawfully to pay such amounts.

(d) Interest Computation. All interest hereunder shall be computed on the basis of a year of 360 days and shall be payable for the actual number of days elapsed (including the first day but excluding the last day). All interest hereunder on any Loan shall be computed on a daily basis based upon the outstanding principal amount of such Loan as of the applicable date of determination.

SECTION 2.10 Commitment Fee. The Borrower agrees to pay to the Lender a commitment fee for its own account, in an amount equal to \$550,000.00 (the “Commitment Fee”), which Commitment Fee shall be payable on, and subject to the occurrence of, the Effective Date (as defined in the Merger Agreement).

SECTION 2.11 Evidence of Debt. The Lender shall maintain in accordance with its usual practice records evidencing the indebtedness of the Borrower owed to the Lender resulting from the Loans made to the Borrower. The entry made in the records maintained pursuant to Section 2.11 shall be prima facie evidence absent manifest error of the existence and amounts of the obligations recorded therein. Any failure of the Lender to maintain such records or make any entry therein or any error therein shall not in any manner affect the obligations of the Borrower under this Agreement and the other Loan Documents.

SECTION 2.12 Payments Generally.

(a) Payments by Borrower. All payments to be made by the Borrower hereunder and the other Loan Documents shall be made without condition or deduction for any counterclaim, defense, recoupment or setoff. Except as otherwise expressly provided herein, all such payments shall be made to the Lender at the address specified by the Lender to the Borrower in immediately available funds not later than 4:00 p.m. (New York City time) on the date specified herein. All amounts received by the Lender after such time on any date shall be deemed to have been received on the next succeeding Business Day and any applicable interest or fees shall continue to accrue. If any payment to be made by the Borrower shall fall due on a day that is not a Business Day, payment shall be made on the next succeeding Business Day and such extension of time shall be reflected in computing interest or fees, as the case may be; provided, that, if such next succeeding Business Day would fall after the Maturity Date, payment shall be made on the immediately preceding Business Day. All payments hereunder or under any other Loan Document shall be made in Dollars.

(b) Application of Insufficient Payments. Subject to Section 7.02, if at any time insufficient funds are received by and available to the Lender to pay fully all amounts of principal, interest, fees and other amounts then due hereunder, such funds shall be applied (i) first, to pay interest, fees and other amounts then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of interest, fees and other amounts then due to such parties, and (ii) second, to pay principal then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of principal then due to such parties.

SECTION 2.13 Taxes.

(a) Defined Terms. For purposes of this Section, the term “Applicable Law” includes FATCA.

(b) Payments Free of Taxes. Any and all payments by or on account of any obligation of the Borrower under any Loan Document shall be made without deduction or withholding for any Taxes, except as required by Applicable Law. If any Applicable Law (as determined in the good faith discretion of an applicable Withholding Agent) requires the deduction or withholding of any Tax from any such payment by a Withholding Agent, then the applicable Withholding Agent shall be entitled to make such deduction or withholding and shall timely pay the full amount deducted or withheld to the relevant Governmental Authority in accordance with Applicable Law and, if such Tax is an Indemnified Tax, then the sum payable by the Borrower shall be increased as necessary so that after such deduction or withholding has been made (including such deductions and withholdings applicable to additional sums payable under this Section) the applicable Recipient receives an amount equal to the sum it would have received had no such deduction or withholding been made.

(c) Payment of Other Taxes by Borrower. The Borrower shall timely pay to the relevant Governmental Authority in accordance with Applicable Law, or at the option of the Lender timely reimburse it for the payment of, any Other Taxes.

(d) Indemnification by Borrower. The Borrower shall indemnify each Recipient, within ten (10) days after demand therefor, for the full amount of any Indemnified Taxes (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this Section) payable or paid by such Recipient or required to be withheld or deducted from a payment to such Recipient and any reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the Borrower by the Lender shall be conclusive absent manifest error.

(e) [Reserved].

(f) Evidence of Payments. If requested by the Lender, as soon as practicable after any payment of Taxes by the Borrower to a Governmental Authority pursuant to this Section, the Borrower shall deliver to the Lender the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Lender.

(g) Status of Lender. (i) If the Lender is entitled to an exemption from or reduction of withholding Tax with respect to payments made under any Loan Document, it shall deliver to the Borrower, at the time or times reasonably requested by the Borrower, such properly completed and executed documentation reasonably requested by the Borrower as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, the Lender, if reasonably requested by the Borrower, shall deliver such other documentation prescribed by Applicable Law or reasonably requested by the Borrower as will enable the Borrower to determine whether or not the Lender is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation shall not be required if in the Lender's reasonable judgment such completion, execution or submission would subject the Lender to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of the Lender.

(ii) Without limiting the generality of the foregoing, if requested by the Borrower, the Lender shall deliver to the Borrower on or about the date on which the Lender becomes the Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower), executed copies of IRS Form W-9 certifying that the Lender is exempt from U.S. federal backup withholding tax.

(iii) If a payment made to the Lender under any Loan Document would be subject to U.S. federal withholding Tax imposed by FATCA if the Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), the Lender shall deliver to the Borrower at the time or times prescribed by law and at such time or times reasonably requested by the Borrower such documentation prescribed by Applicable Law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Borrower as may be necessary for the Borrower to comply with its obligations under FATCA and to determine that the Lender has complied with the Lender's obligations under FATCA or to determine the amount, if any, to deduct and withhold from such payment. Solely for purposes of this clause (iii), "FATCA" shall include any amendments made to FATCA after the date of this Agreement.

The Lender agrees that if any form or certification it previously delivered expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify the Borrower in writing of its legal inability to do so.

(h) Treatment of Certain Refunds. If any party determines, in its sole discretion exercised in good faith, that it has received a refund of any Taxes as to which it has been indemnified pursuant to this Section (including by the payment of additional amounts pursuant to this Section), it shall pay to the indemnifying party an amount equal to such refund (but only to the extent of indemnity payments made under this Section with respect to the Taxes giving rise to such refund), net of all out-of-pocket expenses (including Taxes) of such indemnified party and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund). Such indemnifying party, upon the request of such indemnified party, shall repay to such indemnified party the amount paid over pursuant to this paragraph (h) (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) in the event that such indemnified party is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this paragraph (h), in no event will the indemnified party be required to pay any amount to an indemnifying party pursuant to this paragraph (h) the payment of which would place the indemnified party in a less favorable net after-Tax position than the indemnified party would have been in if the Tax subject to indemnification and giving rise to such refund had not been deducted, withheld or otherwise imposed and the indemnification payments or additional amounts with respect to such Tax had never been paid. This paragraph shall not be construed to require any indemnified party to make available its Tax returns (or any other information relating to its Taxes that it deems confidential) to the indemnifying party or any other Person.

(i) Survival. Each party's obligations under this Section shall survive any assignment of rights by a Lender and the repayment, satisfaction or discharge of all obligations under any Loan Document.

SECTION 2.14 Incremental Commitments.

(a) Request for Incremental Facility. So long as a Collateral Shortfall (as defined in the Margin Loan Facility) has occurred and is continuing, the Borrower may, by notice to the Lender, request (and the Lender shall provide for) the establishment of one or more new term loan commitments to increase the existing tranche of Loans (each, an "Incremental Commitment") pursuant to an Incremental Facility for an aggregate amount (for all such requests) not exceeding \$25,000,000; provided that any such request for an Incremental Facility shall be in a minimum amount of the lesser of (x) \$250,000 (or such lesser amount as may be approved by the Lender) and (y) the entire remaining amount available under this Section.

(b) Terms of Incremental Commitments. The Lender and the Borrower shall determine the effective date for such Incremental Facility pursuant to this Section (an "Incremental Commitment Effective Date"); provided that such date shall be a Business Day no more than three (3) Business Days after delivery of the request for such Incremental Facility and at least 30 days prior to the Maturity Date then in effect.

In order to effect such Incremental Facility, the Borrower and the Lender shall enter into one or more Joinder Agreements, each in form and substance satisfactory to the Borrower and the Lender, pursuant to which the Lender will provide the Incremental Commitment(s).

Effective as of the applicable Incremental Commitment Effective Date, subject to the terms and conditions set forth in this Section, each Incremental Commitment shall be a Commitment, the Lender providing such Incremental Commitment shall be, and have all the rights of, a Lender, and the Loans made by it on such Incremental Commitment Effective Date pursuant to this Section shall be Loans, for all purposes of this Agreement.

(c) Conditions to Effectiveness. Notwithstanding the foregoing, the Incremental Commitments pursuant to this Section shall not be effective unless:

(i) no Default or Event of Default shall have occurred and be continuing on the Incremental Commitment Effective Date and after giving effect to the borrowings under the Incremental Facility to be made on the Incremental Commitment Effective Date;

(ii) the representations and warranties contained in this Agreement are true and correct on and as of the Incremental Commitment Effective Date and after giving effect to such Incremental Facility, as though made on and as of such date (or, if any such representation or warranty is expressly stated to have been made as of a specific date, as of such specific date);

(iii) the Lender shall have received one or more Joinder Agreements contemplated above, providing for Incremental Commitments in the amount of such Incremental Facility; and

(iv) the Lender shall have received such legal opinions and other documents reasonably requested by the Lender in connection therewith.

ARTICLE III.

REPRESENTATIONS AND WARRANTIES

The Borrower represents and warrants to the Lender that as of the date hereof:

SECTION 3.01 Existence, Qualification and Power. The Borrower and each Subsidiary (a) is duly organized or formed, validly existing and, as applicable, in good standing under the Laws of the jurisdiction of its incorporation or organization, (b) has all requisite power and authority and all requisite governmental licenses, authorizations, consents and approvals to (i) own or lease its assets and carry on its business and (ii) execute, deliver and perform its obligations under the Loan Documents to which it is a party, and (c) is duly qualified and is licensed and, as applicable, in good standing under the Laws of each jurisdiction where its ownership, lease or operation of properties or the conduct of its business requires such qualification or license, except, in each case referred to in clause (a) (other than with respect to the Borrower), (b)(i) or (c), to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect.

SECTION 3.02 Authorization; No Contravention. The execution, delivery and performance by the Borrower of each Loan Document to which it is party have been duly authorized by all necessary corporate or other organizational action, and do not and will not (a) contravene the terms of its Organizational Documents, (b) conflict with or result in any breach or contravention of, or the creation of any Lien under, or require any payment to be made under (i) any material Contractual Obligation to which the Borrower is a party or affecting the Borrower or the properties of the Borrower or any Subsidiary or (ii) any material order, injunction, writ or decree of any Governmental Authority or any arbitral award to which the Borrower or any Subsidiary or its property is subject or (c) violate any Law in any material respect.

SECTION 3.03 Governmental Authorization; Other Consents. No approval, consent, exemption, authorization, or other action by, or notice to, or filing with, any Governmental Authority or any other Person is necessary or required in connection with the execution, delivery or performance by, or enforcement against, the Borrower of this Agreement or any other Loan Document, except for such approvals, consents, exemptions, authorizations, actions or notices that have been duly obtained, taken or made and in full force and effect.

SECTION 3.04 Execution and Delivery; Binding Effect. This Agreement has been, and each other Loan Document, when delivered hereunder, will have been, duly executed and delivered by the Borrower. This Agreement constitutes, and each other Loan Document when so delivered will constitute, a legal, valid and binding obligation of the Borrower, enforceable against the Borrower in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, receivership, moratorium or other Laws affecting creditors' rights generally and by general principles of equity.

SECTION 3.05 Financial Statements. The audited consolidated balance sheet of the Borrower and its Subsidiaries and the related consolidated statements of income or operations, shareholders' equity and cash flows for the fiscal year ended on December 31, 2022 were prepared in accordance with GAAP consistently applied throughout the period covered thereby, except as otherwise expressly noted therein, and fairly present in all material respects the financial condition of the Borrower and its Subsidiaries as of the date thereof and their results of operations and cash flows for the period covered thereby, subject to the absence of notes and to normal year-end audit adjustments.

SECTION 3.06 Litigation. There are no actions, suits, proceedings, claims, disputes or investigations pending or, to the knowledge of the Borrower, threatened, at Law, in equity, in arbitration or before any Governmental Authority, by or against the Borrower or any Subsidiary or against any of their properties or revenues that (a) could reasonably be expected to be adversely determined, and, if so determined, either individually or in the aggregate could reasonably be expected to have a Material Adverse Effect or (b) purport to affect or pertain to this Agreement or any other Loan Document or any of the transactions contemplated hereby.

SECTION 3.07 No Material Adverse Effect; No Default. Neither the Borrower nor any Subsidiary thereof is in default under or with respect to any Contractual Obligation that, either individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect. No Default has occurred and is continuing or would result from the consummation of the transactions contemplated by this Agreement or any other Loan Document.

SECTION 3.08 Property.

(a) Ownership of Properties. Each of the Borrower and its Subsidiaries has good record and marketable title in fee simple to, or valid leasehold interests in, all real property necessary or

used in the ordinary conduct of its business, except for such defects in title that, either individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect.

(b) Intellectual Property. Each of the Borrower and its Subsidiaries owns, licenses or possesses the right to use all of the trademarks, tradenames, service marks, trade names, copyrights, patents, franchises, licenses and other intellectual property rights that are necessary for the operation of their respective businesses, as currently conducted, business, and the use thereof by the Borrower and its Subsidiaries does not conflict with the rights of any other Person, except to the extent that such failure to own, license or possess or such conflicts, either individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect. The conduct of the business of the Borrower or any Subsidiary as currently conducted or as contemplated to be conducted does not infringe upon or violate any rights held by any other Person, except to the extent that such infringements and violations, either individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect. No claim or litigation regarding any of the foregoing is pending or, to the knowledge of the Borrower, threatened that could reasonably be expected to be adversely determined, and, if so determined, could reasonably be expected to have a Material Adverse Effect.

SECTION 3.09 Taxes. The Borrower and its Subsidiaries have filed all federal, state and other tax returns and reports required to be filed, and have paid all federal, state and other taxes, assessments, fees and other governmental charges levied or imposed upon them or their properties, income or assets otherwise due and payable, except (a) Taxes that are being contested in good faith by appropriate proceedings diligently conducted and for which adequate reserves are being maintained in accordance with GAAP or (b) to the extent that the failure to do so could not reasonably be expected to have a Material Adverse Effect.

SECTION 3.10 Disclosure. The Borrower has disclosed to the Lender all agreements, instruments and corporate or other restrictions to which the Borrower or any of its Subsidiaries is subject, and all other matters known to it, that, either individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect. The reports, financial statements, certificates and other written information (other than projected or pro forma financial information) furnished by or on behalf of the Borrower to the Lender in connection with the transactions contemplated hereby and the negotiation of this Agreement or delivered hereunder or under any other Loan Document (as modified or supplemented by other information so furnished), taken as a whole, do not contain any material misstatement of fact or omit to state any material fact necessary to make the statements therein (when taken as a whole), in the light of the circumstances under which they were made, not misleading; provided, that, with respect to projected or pro forma financial information, the Borrower represents only that such information was prepared in good faith based upon assumptions believed to be reasonable at the time of preparation and delivery (it being understood that such projected information may vary from actual results and that such variances may be material).

SECTION 3.11 Compliance with Laws. Each of the Borrower and its Subsidiaries is in compliance with the requirements of all Laws (including Environmental Laws) and all orders, writs, injunctions and decrees applicable to it or to its properties, except in such instances in which (a) such requirement of Law or order, writ, injunction or decree is being contested in good faith by appropriate proceedings diligently conducted or (b) the failure to so comply, either individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect.

SECTION 3.12 ERISA Compliance. None of the Borrower nor any of its ERISA Affiliates maintains, contributes to, or has any actual or contingent, direct or indirect obligation to maintain or contribute to, or has, at any time within the past six years, maintained, contributed to or had any actual

or contingent obligation to maintain or contribute to, any employee benefit plan that is subject to Title I or Title IV of ERISA or section 4975 of the Code.

SECTION 3.13 Environmental Matters. Except with respect to any matters that, either individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect, neither the Borrower nor any Subsidiary (a) has failed to comply with any Environmental Law or to obtain, maintain or comply with any permit, license or other approval required under any Environmental Law, (b) knows of any basis for any permit, license or other approval required under any Environmental Law to be revoked, canceled, limited, terminated, modified, appealed or otherwise challenged, (c) currently is or could reasonably be expected to become subject to any Environmental Liability, (d) has received notice of any currently outstanding claim, complaint, proceeding, investigation or inquiry with respect to any Environmental Liability (and no such claim, complaint, proceeding, investigation or inquiry is pending or, to the knowledge of the Borrower, is threatened or contemplated) or (e) knows of any facts, events or circumstances that could give rise to any basis for any Environmental Liability of the Borrower or any Subsidiary.

SECTION 3.14 Margin Regulations. The Borrower is not engaged and will not engage, principally or as one of its important activities, in the business of purchasing or carrying Margin Stock, or extending credit for the purpose of purchasing or carrying Margin Stock, and no part of the proceeds of Loans will be used to buy or carry any Margin Stock. For the avoidance of doubt, the Lender acknowledges that the Borrower's ownership of shares of common stock of the Lender and the Borrower's financing of such shares pursuant to the Margin Loan Facility does not breach this Section 3.14.

SECTION 3.15 Investment Company Act. As of the Closing Date, neither the Borrower nor any of its Subsidiaries is an "investment company" as defined in, or subject to regulation under, the Investment Company Act of 1940.

SECTION 3.16 Sanctions: Anti-Corruption.

(a) None of the Borrower, any of its Subsidiaries or, to the knowledge of the Borrower, any director, officer, employee, agent, or affiliate of the Borrower or any of its Subsidiaries is an individual or entity ("person") that is, or is owned or controlled by persons that are: (i) the target of any sanctions administered or enforced by the U.S. Department of the Treasury's Office of Foreign Assets Control ("OFAC"), the U.S. Department of State, the United Nations Security Council, the European Union, His Majesty's Treasury, or other relevant sanctions authority (collectively, "Sanctions"), or (ii) located, organized or resident in a country or territory that is the subject of Sanctions (including, currently, Crimea, the so-called Luhansk People's Republic, the so-called Donetsk People's Republic, Cuba, Iran, North Korea and Syria).

(b) The Borrower, its Subsidiaries and their respective directors, officers and employees and, to the knowledge of the Borrower, the agents of the Borrower and its Subsidiaries, are in compliance with all applicable Sanctions and with the Foreign Corrupt Practices Act of 1977, as amended, and the rules and regulations thereunder (the "FCPA") and any other applicable anti-corruption law, in all material respects. The Borrower and its Subsidiaries have instituted and maintain policies and procedures designed to promote and achieve continued compliance with applicable Sanctions, the FCPA and any other applicable anti-corruption laws.

SECTION 3.17 Solvency. As of the Closing Date, the Borrower and its Subsidiaries, on a consolidated basis, are Solvent.

SECTION 3.18 Security Interest. The Pledge Agreement is effective to create in favor of the Lender legal, valid and enforceable Liens on and security interests in, the Pledged Collateral and to the

extent intended to be created thereby, except as such enforceability may be limited by Debtor Relief Laws and by general principles of equity, and (i) when all appropriate filings or recordings are made in the appropriate offices as may be required under Applicable Law (which filings or recordings shall be made to the extent required by the Pledge Agreement) and (ii) upon the taking of possession or control by the Lender of such Pledged Collateral with respect to which a security interest may be perfected only by possession or control (which possession or control shall be given to the Lender to the extent required by the Pledge Agreement), the Liens created by the Pledge Agreement will constitute so far as possible under relevant Law, fully perfected Liens on, and security interests in, all right, title and interest of the Borrower and each other grantor thereunder in such Pledged Collateral to the extent perfection can be obtained by appropriate filings (including UCC financing statements) or recordings made in the appropriate offices or upon the taking of possession or control, in each case subject to no Liens other than Liens that are expressly subordinated to the Lien in favor of the Lender.

SECTION 3.19 Margin Loan Facility. As of the Closing Date, the Borrower has provided the Lender with true, correct and complete copies of all Margin Loan Documents (as defined in the Margin Loan Facility). The Borrower shall cause the Margin Loan Borrower to comply in all material respects with the Margin Loan Documents.

SECTION 3.20 Subsidiaries; Equity Interests. As of the Closing Date, the Borrower does not have any Subsidiaries other than those specifically disclosed in Schedule 3.20, and all of the outstanding Equity Interests owned by the Borrower in such Subsidiaries have been validly issued and are fully paid and all Equity Interests owned by the Borrower in such Subsidiaries are owned free and clear of all Liens except (i) those created under the Pledge Agreement and (ii) any other Lien that is permitted under Section 6.02.

SECTION 3.21 Use of Proceeds. The Borrower will use the proceeds of the Loans only for the purposes specified in Section 5.12. The proceeds of the Loans will not be used in violation of applicable Sanctions, the FCPA and any other applicable anti-corruption laws.

SECTION 3.22 Labor Matters. As of the Closing Date, except as, in the aggregate, could not reasonably be expected to have a Material Adverse Effect: (a) there are no strikes or other labor disputes against the Borrower and its Subsidiaries pending or, to the knowledge of the Borrower, threatened in writing, (b) hours worked by and payments made to employees of the Borrower and its Subsidiaries have not been in violation of the Fair Labor Standards Act (if applicable) or any other applicable Laws dealing with such matters; and (c) all payments due from the Borrower and its Subsidiaries on account of employee health and welfare insurance have been paid or accrued as a liability on the books of the relevant party.

SECTION 3.23 No Burdensome Restrictions. The Borrower and its Subsidiaries are not subject to any Burdensome Restrictions, except Burdensome Restrictions permitted under Section 6.08.

SECTION 3.24 Insurance. The Borrower maintains, and has caused each Subsidiary to maintain, with financially sound and reputable insurance companies, insurance with respect to its properties and business against loss or damage of the kinds customarily insured against by Persons engaged in the same or similar business, of such types and in such amounts (after giving effect to any self-insurance reasonable and customary for similarly situated Persons engaged in the same or similar businesses as the Borrower and its Subsidiaries) as are customarily carried under similar circumstances by such Persons.

CONDITIONS

SECTION 4.01 Closing Date. This amendment and restatement of the Existing Credit Agreement shall become effective, and the Existing Credit Agreement shall be amended, restated and superseded in its entirety, on the date that each of the following conditions precedent has been satisfied (and, in the case of each document specified in this Section to be received by the Lender, such document shall be in form and substance satisfactory to the Lender):

(a) Executed Counterparts. The Lender shall have received from each party hereto a counterpart of this Agreement and the Pledge Agreement, in each case, signed on behalf of such party (or written evidence satisfactory to the Lender (which may include telecopy transmission of a signed signature page to this Agreement) that such party has signed a counterpart of this Agreement and the Pledge Agreement).

(b) Certificates. The Lender shall have received such customary certificates of resolutions or other action, incumbency certificates or other certificates of Responsible Officers of the Borrower as the Lender may require evidencing the identity, authority and capacity of each Responsible Officer thereof authorized to act as a Responsible Officer in connection with the Loan Documents;

(c) Corporate Documents. The Lender shall have received such other documents and certificates (including Organizational Documents and good standing certificates) as the Lender may reasonably request relating to the organization, existence and good standing of the Borrower and any other legal matters relating to the Borrower, the Loan Documents, the Pledged Collateral or the transactions contemplated thereby.

(d) Opinion of Counsel to Borrower. The Lender shall have received an enforceability opinion of Clifford Chance US LLP, counsel to the Borrower, addressed to the Lender and dated the Closing Date, in form and substance satisfactory to the Lender (and the Borrower hereby instructs such counsel to deliver such opinion to the Lender).

(e) Fees and Expenses. The Borrower shall have paid all fees, costs and expenses (including legal fees and expenses) agreed in writing to be paid by it to the Lender in connection herewith to the extent due (and, in the case of expenses (including legal fees and expenses), to the extent that statements for such expenses shall have been delivered to the Borrower on or prior to the Closing Date).

(f) Financial Statements. The Borrower shall have delivered to the Lender the audited annual financial statements of the Borrower referred to in Section 3.05.

(g) Officer's Certificate. The Lender shall have received a certificate, dated the Closing Date and signed by a Responsible Officer of the Borrower, confirming satisfaction of the conditions set forth in this Section and compliance with the conditions set forth in clauses (b) and (c) of the first sentence of Section 4.02.

(h) Other Documents. The Lender shall have received such other documents as the Lender may reasonably request.

The Lender shall notify the Borrower of the Closing Date, and such notice shall be conclusive and binding.

SECTION 4.02 Conditions to All Borrowings. The obligation of the Lender to make any Loan under an Incremental Facility and to continue the Existing Note on or after the Closing Date is additionally subject to the satisfaction of the following conditions:

(a) solely in the case of a Loan under an Incremental Facility, to the extent requested by the Lender, the Lender shall have received a written Borrowing Request in accordance with the requirements hereof;

(b) the representations and warranties of the Borrower set forth in this Agreement and in any other Loan Document shall be true and correct in all material respects (or, in the case of any such representation or warranty already qualified by materiality, in all respects) on and as of the date of such borrowing (or, in the case of any such representation or warranty expressly stated to have been made as of a specific date, as of such specific date); and

(c) no Default shall have occurred and be continuing or would result from such borrowing or from the application of proceeds thereof.

Each Borrowing Request by the Borrower hereunder and each borrowing shall be deemed to constitute a representation and warranty by the Borrower on and as of the date of the applicable borrowing as to the matters specified in clauses (b) and (c) above in this Section.

ARTICLE V.

AFFIRMATIVE COVENANTS

Until the Commitments have expired or been terminated and all Obligations shall have been paid in full (other than contingent obligations for which no claim has been made), the Borrower covenants and agrees with the Lender that:

SECTION 5.01 Financial Statements. The Borrower will furnish to the Lender:

(a) as soon as available, and in any event within 90 days after the end of each fiscal year of the Borrower (commencing with the fiscal year ending December 31, 2023), a consolidated balance sheet of the Borrower and its Subsidiaries as at the end of such fiscal year and the related consolidated statements of income or operations, shareholders' equity and cash flows for such fiscal year, setting forth in each case in comparative form the figures for the previous fiscal year, audited and accompanied by a report and opinion of independent public accountants of nationally recognized standing, which report and opinion shall be prepared in accordance with generally accepted auditing standards (and shall not be subject to any "going concern" or like qualification, exception or explanatory paragraph or any qualification, exception or explanatory paragraph as to the scope of such audit) to the effect that such consolidated financial statements present fairly in all material respects the financial condition, results of operations, shareholders' equity and cash flows of the Borrower and its Subsidiaries on a consolidated basis in accordance with GAAP consistently applied; and

(b) as soon as available, but in any event within 45 days after the end of each of the first three fiscal quarters of each fiscal year of the Borrower, a consolidated balance sheet of the Borrower and its Subsidiaries as at the end of such fiscal quarter, the related consolidated statements of income or operations, shareholders' equity and cash flows for such fiscal quarter and for the portion of the Borrower's fiscal year then ended, in each case setting forth in comparative form, as applicable, the figures for the corresponding fiscal quarter of the previous fiscal year and the corresponding portion of the previous fiscal year, certified by a Financial Officer of the Borrower as fairly presenting in all material respects the financial condition, results of operations, shareholders' equity and cash flows of the Borrower and its

SECTION 5.02 Certificates; Other Information. The Borrower will deliver to the Lender:

(a) concurrently with the delivery of the financial statements referred to in Sections 5.01(a) and (b), a duly completed certificate signed by a Responsible Officer of the Borrower certifying as to whether a Default has occurred and, if a Default has occurred, specifying the details thereof and any action taken or proposed to be taken with respect thereto;

(b) promptly after the same are publicly available, copies of each annual report, proxy or financial statement or other report or communication sent to the shareholders of the Borrower, and copies of all annual, regular, periodic and special reports and registration statements that the Borrower or any Subsidiary may file or be required to file with the SEC or any Governmental Authority succeeding to any or all of the functions of the SEC, or with any national securities exchange, and not otherwise required to be delivered pursuant hereto;

(c) no later than sixty (60) days following the first day of each fiscal year of the Borrower, the Borrower shall submit an annual budget for such fiscal year to the Lender for approval; provided, that if the Lender does not approve the annual budget submitted by the Borrower within fifteen (15) days of its submission to the Lender, the Borrower will prepare and deliver to the Lender a revised annual budget for such fiscal year;

(d) commencing with the fiscal quarter ending September 30, 2023, no later than thirty (30) days following the first day of each fiscal quarter (other than the fourth fiscal quarter) of the Borrower, the Borrower shall submit a quarterly budget (which budget shall include a projected budget for the subsequent twelve (12) months) for such fiscal quarter to the Lender for approval; provided, that if the Lender does not approve the quarterly budget submitted by the Borrower within ten (10) days of its submission to the Lender, the Borrower will prepare and deliver to the Lender a revised quarterly budget for such fiscal quarter;

(e) promptly after the furnishing thereof, copies of any material request or notice received by the Borrower or any Subsidiary, or any statement or report furnished by the Borrower or any Subsidiary to any holder of debt securities of the Borrower or any Subsidiary, pursuant to the terms of any indenture, loan or credit or similar agreement and not otherwise required to be furnished pursuant hereto;

(f) promptly after the furnishing thereof, copies of any material request or notice received by the Borrower or any Subsidiary, or any statement or report furnished by the Borrower or any Subsidiary to, the lenders party to the Margin Loan Facility, pursuant to the terms of the Margin Loan Facility and not otherwise required to be furnished pursuant hereto;

(g) promptly after receipt thereof by the Borrower or any Subsidiary, copies of each notice or other correspondence received from the SEC (or comparable agency in any applicable non-U.S. jurisdiction) concerning any investigation or possible investigation or other inquiry by such agency regarding financial or other operational results of the Borrower or any Subsidiary thereof;

(h) promptly following request therefor, copies of any detailed audit reports, management letters or recommendations submitted to the board of directors (or the audit committee of the board of directors) of the Borrower by independent accountants in connection with the accounts or books of the Borrower or any Subsidiary, or any audit of any of them as the Lender may from time to time reasonably request; and

(i) promptly following any request therefor, (i) such other information regarding the operations, business, properties, liabilities (actual or contingent), condition (financial or otherwise) or prospects of the Borrower or any Subsidiary, or compliance with the terms of the Loan Documents, as the Lender may from time to time reasonably request.

Documents required to be delivered pursuant to Section 5.01(a) or (b) or Section 5.02(b) or (c) (to the extent any such documents are included in materials otherwise filed with the SEC) may be delivered electronically and, if so delivered, shall be deemed to have been delivered on the date (i) on which such materials are publicly available as posted on the Electronic Data Gathering, Analysis and Retrieval system (EDGAR); or (ii) on which such documents are posted on the Borrower's behalf on an Internet or intranet website, if any, to which the Lender has access; provided that: (A) upon written request by the Lender, the Borrower shall deliver paper copies of such documents to the Lender upon its request to the Borrower to deliver such paper copies until a written request to cease delivering paper copies is given by the Lender and (B) the Borrower shall notify the Lender (by telecopier or electronic mail) of the posting of any such documents and provide to the Lender by electronic mail electronic versions (i.e., soft copies) of such documents.

SECTION 5.03 Notices. The Borrower will promptly notify the Lender of:

- (a) the occurrence of any Default;
- (b) the filing or commencement of any action, suit, investigation or proceeding by or before any arbitrator or Governmental Authority against or affecting the Borrower or any Affiliate thereof, including pursuant to any applicable Environmental Laws, that could reasonably be expected to be adversely determined, and, if so determined, could reasonably be expected to have a Material Adverse Effect;
- (c) [reserved];
- (d) notice of any action arising under any Environmental Law or of any noncompliance by the Borrower or any Subsidiary with any Environmental Law or any permit, approval, license or other authorization required thereunder that, if adversely determined, could reasonably be expected to have a Material Adverse Effect;
- (e) any material change in accounting or financial reporting practices by the Borrower or any Subsidiary; and
- (f) any matter or development that has had or could reasonably be expected to have a Material Adverse Effect.

Each notice delivered under this Section shall be accompanied by a statement of a Responsible Officer of the Borrower setting forth the details of the occurrence requiring such notice and stating what action the Borrower has taken and proposes to take with respect thereto.

SECTION 5.04 Preservation of Existence, Etc. The Borrower will, and will cause each of its Subsidiaries to, (a) preserve, renew and maintain in full force and effect its legal existence and good standing under the Laws of the jurisdiction of its organization except in a transaction permitted by Section 6.03 or 6.04; (b) take all reasonable action to maintain all rights, licenses, permits, privileges and franchises necessary or desirable in the normal conduct of its business, except to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect; and (c) preserve or renew all of its registered patents, trademarks, trade names and service marks, the non-preservation of which could reasonably be expected to have a Material Adverse Effect.

SECTION 5.05 Maintenance of Properties. The Borrower will, and will cause each of its Subsidiaries to, (a) maintain, preserve and protect all of its properties and equipment necessary in the operation of its business in good working order and condition (ordinary wear and tear excepted) and (b) make all necessary repairs thereto and renewals and replacements thereof, except to the extent that the failure to do so could not reasonably be expected to have a Material Adverse Effect.

SECTION 5.06 Maintenance of Insurance. The Borrower will, and will cause each of its Subsidiaries to, maintain with financially sound and reputable insurance companies, insurance with respect to its properties and business against loss or damage of the kinds customarily insured against by Persons engaged in the same or similar business, of such types and in such amounts (after giving effect to any self-insurance reasonable and customary for similarly situated Persons engaged in the same or similar businesses as the Borrower and its Subsidiaries) as are customarily carried under similar circumstances by such Persons.

SECTION 5.07 Payment of Obligations. The Borrower will, and will cause each of its Subsidiaries to, pay, discharge or otherwise satisfy as the same shall become due and payable, all of its obligations and liabilities, including Tax liabilities, unless the same are being contested in good faith by appropriate proceedings diligently conducted and adequate reserves in accordance with GAAP are being maintained by the Borrower or such Subsidiary, except to the extent that the failure to do so could not reasonably be expected to have a Material Adverse Effect.

SECTION 5.08 Compliance with Laws. The Borrower will, and will cause each of its Subsidiaries to, comply with the requirements of all Laws and all orders, writs, injunctions and decrees applicable to it or to its business or property, except to the extent that the failure to do so could not reasonably be expected to have a Material Adverse Effect.

SECTION 5.09 Environmental Matters. Except to the extent that the failure to do so could not reasonably be expected to have a Material Adverse Effect, the Borrower will, and will cause each of its Subsidiaries to, (a) comply with all Environmental Laws, (b) obtain, maintain in full force and effect and comply with any permits, licenses or approvals required for the facilities or operations of the Borrower or any of its Subsidiaries, and (c) conduct and complete any investigation, study, sampling or testing, and undertake any corrective, cleanup, removal, response, remedial or other action necessary to identify, report, remove and clean up all Hazardous Materials present or released at, on, in, under or from any of the facilities or real properties of the Borrower or any of its Subsidiaries.

SECTION 5.10 Books and Records. The Borrower will, and will cause each of its Subsidiaries to, maintain proper books of record and account, in which full, true and correct entries in conformity with GAAP consistently applied shall be made of all financial transactions and matters involving the assets and business of the Borrower or such Subsidiary, as the case may be.

SECTION 5.11 Inspection Rights. The Borrower will, and will cause each of its Subsidiaries to, permit representatives and independent contractors of the Lender to visit and inspect any of its properties, to examine its corporate, financial and operating records, and make copies thereof or abstracts therefrom, and to discuss its affairs, finances and accounts with its directors, officers, and independent public accountants, all at the reasonable expense of the Borrower and at such reasonable times during normal business hours and as often as may be reasonably requested; provided that, other than with respect to such visits and inspections during the continuation of an Event of Default, the Lender shall not exercise such rights more often than two times during any calendar year; provided, further, that when an Event of Default exists the Lender (or any of their respective representatives or independent contractors) may do any of the foregoing under this Section at the expense of the Borrower and at any time during normal business hours and without advance notice. The Lender shall give the Borrower the opportunity to participate in any discussions with the Borrower's accountants.

SECTION 5.12 Use of Proceeds. The Borrower will, and will cause each of its Subsidiaries to, use the proceeds of the (a) Existing Note for general corporate purposes of the Borrower and its Subsidiaries (including, without limitation, to repay existing Indebtedness of iSTAR) not in contravention of any Law or of any Loan Document, and (b) Loans under any Incremental Commitment solely to satisfy any Collateral Shortfall under the Margin Loan Facility.

SECTION 5.13 Sanctions; Anti-Corruption Laws. The Borrower will maintain in effect policies and procedures designed to promote compliance by the Borrower, its Subsidiaries, and their respective directors, officers, employees, and agents with applicable Sanctions and with the FCPA and any other applicable anti-corruption laws.

SECTION 5.14 Continued Ownership of Safehold, Inc. The Borrower will continue to have, directly or indirectly, "beneficial ownership" of 7.5% or more of the Equity Interests of the Lender entitled to vote for members of the board of directors or equivalent governing body of the Lender on a fully-diluted basis.

SECTION 5.15 Further Assurances. Promptly upon reasonable request by the Lender (i) correct any mutually identified material defect or error that may be discovered in the execution, acknowledgment, filing or recordation of the Pledge Agreement and or other document or instrument relating to any Pledged Collateral, and (ii) do, execute, acknowledge, deliver, record, re-record, file, re-file, register and re-register any and all such further acts, deeds, certificates, assurances and other instruments as the Lender may reasonably request from time to time in order to carry out more effectively the purposes of the Pledge Agreement, to the extent required pursuant to the Loan Documents and subject in all respects to the limitations herein and therein.

ARTICLE VI.

NEGATIVE COVENANTS

Until the Commitments have expired or been terminated and all Obligations have been paid in full (other than contingent obligations for which no claim has been made), the Borrower covenants and agrees with the Lender that:

SECTION 6.01 Indebtedness. The Borrower will not, nor will it permit any Subsidiary to, create, incur, assume or suffer to exist any Indebtedness, except:

- (a) Indebtedness under the Loan Documents;
- (b) Indebtedness outstanding on the date hereof and listed on Schedule 6.01 and any refinancings, refundings, renewals or extensions thereof; provided that the amount of such Indebtedness is not increased at the time of such refinancing, refunding, renewal or extension except by an amount equal to a reasonable premium or other reasonable amount paid, and fees and expenses reasonably incurred, in connection with such refinancing and by an amount equal to any existing commitments unutilized thereunder;
- (c) Guarantees of the Borrower or any Subsidiary in respect of Indebtedness otherwise permitted hereunder of the Borrower or any Wholly-Owned Subsidiary;
- (d) Indebtedness of the Borrower or any Subsidiary as an account party in respect of commercial letters of credit; provided that the aggregate amount of all such Indebtedness at any time outstanding shall not exceed \$3,000,000;

(e) Indebtedness in respect of performance bonds, bid bonds, appeal bonds, surety bonds and completion guarantees and similar obligations not in connection with money borrowed, in each case provided in the ordinary course of business, including those incurred to secure health, safety and environmental obligations in the ordinary course of business;

(f) Indebtedness (i) resulting from a bank or other financial institution honoring a check, draft or similar instrument in the ordinary course of business or (ii) arising under or in connection with cash management services in the ordinary course of business;

(g) Indebtedness consisting of the financing of insurance premiums payable within one (1) year;

(h) Indebtedness incurred to fund Investments permitted under Section 6.06(g); and

(i) Indebtedness arising in connection with the Asbury Park bond program.

SECTION 6.02 Liens. The Borrower will not, nor will it permit any Subsidiary to, create, incur, assume or suffer to exist any Lien upon any of its property, assets or revenues, whether now owned or hereafter acquired, other than the following:

(a) Liens existing on the date hereof and listed on Schedule 6.02 and any renewals or extensions thereof, provided that (i) the property covered thereby is not changed, (ii) the amount secured or benefited thereby is not increased except as contemplated by Section 6.01(b), (iii) the direct or any contingent obligor with respect thereto is not changed and (iv) any renewal or extension of the obligations secured or benefited thereby is permitted by Section 6.01(b);

(b) Liens for Taxes not yet due or that are being contested in good faith and by appropriate proceedings diligently conducted, if adequate reserves with respect thereto are maintained on the books of the applicable Person in accordance with GAAP;

(c) carriers', warehousemen's, mechanics', materialmen's, repairmen's or other like Liens arising in the ordinary course of business that are not overdue for a period of more than 30 days or that are being contested in good faith and by appropriate proceedings diligently conducted, if adequate reserves with respect thereto are maintained on the books of the applicable Person; provided that to the extent such Liens secure any Indebtedness, that the aggregate amount of all such Indebtedness at any time outstanding shall not exceed \$3,000,000;

(d) pledges or deposits in the ordinary course of business in connection with (i) workers' compensation, unemployment insurance and other social security legislation, other than any Lien imposed by ERISA, and (ii) public utility services provided to the Borrower or a Subsidiary;

(e) deposits to secure the performance of bids, trade contracts and leases (other than Indebtedness), statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature incurred in the ordinary course of business;

(f) easements, rights-of-way, restrictions and other similar encumbrances affecting real property that, in the aggregate, are not substantial in amount, and that do not in any case materially detract from the value of the property subject thereto or materially interfere with the ordinary conduct of the business of the applicable Person, and any zoning or similar law or right reserved to or vested in any Governmental Authority to control or regulate the use of any real property that does not materially interfere with the ordinary conduct of the business of the Borrower and its Subsidiaries;

(g) Liens securing judgments for the payment of money not constituting an Event of Default under Section 7.01(j);

(h) Liens (i) of a collecting bank arising under Section 4-210 of the UCC on items in the course of collection, and (ii) in favor of a banking institution arising as a matter of law encumbering deposits (including the right of setoff) that are customary in the banking industry;

(i) Liens pursuant to Section 5-118 of the UCC of any state (or any comparable provision of any foreign Law) in favor of the issuer or nominated person of letters of credit permitted pursuant to Section 6.01;

(j) any interest or title of a lessor, sublessor, licensor or sublicensor under leases or licenses permitted by this Agreement that are entered into in the ordinary course of business;

(k) leases, licenses, subleases or sublicenses granted to others in the ordinary course of business that do not (i) interfere in any material respect with the ordinary conduct of the business of the Borrower and its Subsidiaries, or (ii) secure any Indebtedness;

(l) Liens in favor of customs and revenue authorities arising as a matter of law to secure payment of customs duties in connection with the importation of goods in the ordinary course of business;

(m) Liens securing Indebtedness and other obligations in an aggregate amount not exceed \$250,000 at any time outstanding;

(n) Liens securing Indebtedness permitted under Section 6.01(h); and

(o) in the case of any joint venture or non-Wholly-Owned Subsidiary, customary encumbrances or other restrictions contained in any shareholders agreements, joint venture agreements, Organizational Documents or similar binding agreements relating to the ownership of the Equity Interest in such joint venture or non-Wholly-Owned Subsidiary.

SECTION 6.03 Fundamental Changes. The Borrower will not, nor will it permit any Subsidiary to, merge, dissolve, liquidate, consolidate with or into another Person, or Dispose of (whether in one transaction or in a series of transactions) all or substantially all of its assets (whether now owned or hereafter acquired) to or in favor of any Person, except that, so long as no Default exists or would result therefrom:

(a) any Subsidiary may merge with (i) the Borrower, provided that the Borrower shall be the continuing or surviving Person, or (ii) any one or more other Subsidiaries, provided that when any Wholly-Owned Subsidiary is merging with another Subsidiary, a Wholly-Owned Subsidiary shall be the continuing or surviving Person;

(b) any Subsidiary may Dispose of all or substantially all of its assets (upon voluntary liquidation or otherwise) to the Borrower or to another Subsidiary; provided that if the transferor in such a transaction is a Wholly-Owned Subsidiary, then the transferee shall either be the Borrower or another Wholly-Owned Subsidiary;

(c) the Borrower and its Subsidiaries may make Dispositions permitted by Section 6.04;

(d) any Investment permitted by Section 6.06 may be structured as a merger, consolidation or amalgamation; and

(e) any Subsidiary may dissolve, liquidate or wind up its affairs if it owns no material assets, engages in no business and otherwise has no activities other than activities related to the maintenance of its existence and good standing.

SECTION 6.04 Dispositions. The Borrower will not, and will not permit any Subsidiary to, make any Disposition or enter into any agreement to make any Disposition, except:

(a) So long as no Event of Default shall have occurred and be continuing, Dispositions by the Borrower and its Subsidiaries on fair and reasonable terms and pursuant to arm's-length transactions; provided, that the Borrower or such Subsidiary shall receive not less than 100% of consideration for any such Disposition in the form of cash; provided, further, (i) the Borrower may receive reasonable profit participations as part of any such Disposition and (ii) any seller financing shall require the prior written consent of the Lender; and

(b) Dispositions of the Equity Interests of the Lender which are required pursuant to the terms of the Margin Loan Facility.

SECTION 6.05 Restricted Payments. The Borrower will not, and will not permit any Subsidiary to, declare or make, directly or indirectly, any Restricted Payment, or incur any obligation (contingent or otherwise) to do so, except that, so long as no Default shall have occurred and be continuing at the time of any action described below or would result therefrom:

(a) each Subsidiary may make Restricted Payments to the Borrower and any other Person that owns an Equity Interest in such Subsidiary, ratably according to their respective holdings of such Equity Interests in respect of which such Restricted Payment is being made; and

(b) the Borrower and each Subsidiary may pay withholding or similar taxes payable by any future, present or former employee, director or officer (or any spouses, former spouses, successors, executors, administrators, heirs, legatees or distributees of any of the foregoing) in connection with any repurchases of Equity Interests or the exercise of stock options.

SECTION 6.06 Investments. The Borrower will not, and will not permit any Subsidiary to, make any Investments, except:

(a) Investments held by the Borrower or such Subsidiary in the form of Cash Equivalents;

(b) (i) Investments in Subsidiaries in existence on the Closing Date, and (ii) other Investments in existence on the Closing Date and identified on Schedule 6.06, and any refinancing, refunding, renewal or extension of any such Investment that does not increase the amount thereof;

(c) Investments of the Borrower in any Wholly-Owned Subsidiary and Investments of any Wholly-Owned Subsidiary in the Borrower or in another Wholly-Owned Subsidiary;

(d) Investments consisting of extensions of credit in the nature of accounts receivable or notes receivable arising from the grant of trade credit in the ordinary course of business, and Investments received in satisfaction or partial satisfaction thereof from financially troubled account debtors to the extent reasonably necessary in order to prevent or limit loss;

(e) Investments consisting of the indorsement by the Borrower or any Subsidiary of negotiable instruments payable to such Person for deposit or collection in the ordinary course of business;

(f) Investments consisting of funding protective advances on loans by the Borrower or any Subsidiary in the ordinary course of business;

(g) Investments consisting of the purchase of mortgage-backed securities in an amount not to exceed the amount reasonably necessary (as determined by the Borrower in good faith) for the Borrower to maintain its exemption from registration under the Investment Company Act of 1940; and

(h) Investments pursuant to the Asbury Park bond program.

SECTION 6.07 Transactions with Affiliates. The Borrower will not, and will not permit any Subsidiary to, enter into any transaction of any kind with any Affiliate of the Borrower, whether or not in the ordinary course of business, other than on fair and reasonable terms substantially as favorable to the Borrower or such Subsidiary as would be obtainable by the Borrower or such Subsidiary at the time in a comparable arm's-length transaction with a Person other than an Affiliate; provided that the foregoing restriction shall not apply to (a) transactions between or among the Borrower and any of its Wholly-Owned Subsidiaries or between and among any Wholly-Owned Subsidiaries, (b) Restricted Payments permitted by Section 6.05, (c) Investments permitted by Section 6.06(b) or (c) or (d) transactions and payments contemplated by the Management Agreement.

SECTION 6.08 Certain Restrictive Agreements. The Borrower will not, and will not permit any Subsidiary to, enter into any Contractual Obligation (other than this Agreement or any other Loan Document) that, directly or indirectly, (a) limits the ability of (i) any Subsidiary to make Restricted Payments to the Borrower or to otherwise transfer property to the Borrower, (ii) any Subsidiary to Guarantee Indebtedness of the Borrower or (iii) the Borrower or any Subsidiary to create, incur, assume or suffer to exist Liens on property of such Person to secure the Obligations; or (b) requires the grant of a Lien to secure an obligation of such Person if a Lien is granted to secure another obligation of such Person; provided, that the foregoing restriction shall not apply to (x) restrictions imposed pursuant to the Margin Loan Facility, (y) agreements between the Borrower and the Lender and (z) customary provisions in shareholders agreements, joint venture agreements, Organizational Documents or similar binding agreements relating to any joint venture or any non-Wholly-Owned Subsidiary and applicable solely to such joint venture or non-Wholly-Owned Subsidiary and the Equity Interests issued thereby.

SECTION 6.09 Changes in Nature of Business. The Borrower will not, and will not permit any Subsidiary to, engage to any material extent in any business other than those businesses conducted by the Borrower and its Subsidiaries on the date hereof or any business reasonably related or incidental thereto or representing a reasonable expansion thereof.

SECTION 6.10 Restriction on Use of Proceeds. The Borrower will not use the proceeds of any borrowing, whether directly or indirectly, and whether immediately, incidentally or ultimately, to purchase or carry Margin Stock, or to extend credit to others for the purpose of purchasing or carrying Margin Stock or to refund indebtedness originally incurred for such purpose.

SECTION 6.11 Prepayments; Modifications of Margin Loan Facility and Organizational Documents. The Borrower will not, and will not permit any Subsidiary to

(a) make or offer to make (or give any notice in respect thereof) any optional or voluntary payment, prepayment, repurchase or redemption of, or voluntarily or optionally defease, or otherwise satisfy prior to the scheduled maturity thereof in any manner, the Margin Loan Facility, or

segregate funds for any such payment, prepayment, repurchase, redemption or defeasance, except as otherwise permitted pursuant to Section 2.06(b)(ii);

(b) without the prior written consent of the Lender, amend, modify, waive or otherwise change, or consent or agree to any amendment, modification, waiver or other change to, any of the terms of the Margin Loan Facility in any manner materially adverse to the interests of the Lender, as determined in good faith by the Borrower;

(c) amend, restate, supplement or otherwise modify any of its Organizational Documents or any agreement to which it is a party with respect to its Equity Interests (including any stockholders' agreement), or enter into any new agreement with respect to its Equity Interests, other than any such amendments, modifications or changes or such new agreements which are not, and could not reasonably be expected to be, adverse in any material respect to the interests of the Lender.

SECTION 6.12 Negative Pledges. The Borrower shall not permit nor allow any of its Subsidiaries (other than the Margin Loan Borrower to create, incur, assume or otherwise cause or suffer to exist or become effective any Lien of any kind securing Indebtedness for borrowed money upon any of their property or assets, now owned or hereafter acquired, except as permitted under Section 6.02(b), (c), (g), (h) or (i).

ARTICLE VII.

EVENTS OF DEFAULT

SECTION 7.01 Events of Default. If any of the following events (each, an "Event of Default") shall occur:

(a) the Borrower shall fail to pay any principal of any Loan when and as the same shall become due and payable, whether at the due date thereof or at a date fixed for prepayment thereof or otherwise;

(b) the Borrower shall fail to pay any interest on any Loan, or any fee or any other amount (other than an amount referred to in clause (a) of this Section) payable under this Agreement or under any other Loan Document, when and as the same shall become due and payable, and such failure shall continue unremedied for a period of three (3) or more Business Days;

(c) any representation or warranty made or deemed made by or on behalf of the Borrower in or in connection with this Agreement or any other Loan Document or any amendment or modification hereof or thereof, or any waiver hereunder or thereunder, or in any report, certificate, financial statement or other document furnished pursuant to or in connection with this Agreement or any other Loan Document or any amendment or modification hereof or thereof, or any waiver hereunder or thereunder, shall prove to have been incorrect in any material respect (or, in the case of any such representation or warranty under this Agreement or any other Loan Document already qualified by materiality, such representation or warranty shall prove to have been incorrect) when made or deemed made;

(d) the Borrower shall fail to observe or perform any covenant, condition or agreement contained in Section 5.03(a), 5.04 (with respect to the Borrower's existence) or 5.12 or in Article VI;

(e) the Borrower shall fail to observe or perform any covenant, condition or agreement contained in this Agreement or any other Loan Document (other than those specified in clause (a), (b) or (d) of this Section) and such failure shall continue unremedied for a period of thirty (30) or more days after notice thereof by the Lender to the Borrower;

(f) (i) the Borrower or any Subsidiary shall fail to make any payment when due (whether by scheduled maturity, required prepayment, acceleration, demand, or otherwise) in respect of the Margin Loan Facility or any other Indebtedness (other than Indebtedness under the Loan Documents), in each case beyond the applicable grace period with respect thereto, if any; or (ii) the Borrower or any Subsidiary shall fail to observe or perform any other agreement or condition relating to the Margin Loan Facility or such other Indebtedness or contained in any instrument or agreement evidencing, securing or relating thereto, or any other event occurs, the effect of which default or other event is to cause, or to permit the holder or holders or beneficiary or beneficiaries of such Indebtedness (or a trustee or agent on behalf of such holder or holders or beneficiary or beneficiaries) to cause, with the giving of notice if required, such Indebtedness to become due or to be repurchased, prepaid, defeased or redeemed (automatically or otherwise), or an offer to repurchase, prepay, defease or redeem such Indebtedness to be made, prior to its stated maturity; provided, that this clause (f)(ii) shall not apply to secured Indebtedness that becomes due as a result of the voluntary sale or transfer of the property or assets securing such Indebtedness, if such sale or transfer is permitted hereunder and under the documents providing for such Indebtedness and such Indebtedness is repaid when required under the documents providing for such Indebtedness;

(g) an involuntary proceeding shall be commenced or an involuntary petition shall be filed seeking (i) liquidation, reorganization or other relief in respect of the Borrower or any of its Subsidiaries or its debts, or of a substantial part of its assets, under any Debtor Relief Law now or hereafter in effect or (ii) the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for the Borrower or any of its Subsidiaries or for a substantial part of its assets, and, in any such case, such proceeding or petition shall continue undismissed for a period of sixty (60) or more days or an order or decree approving or ordering any of the foregoing shall be entered;

(h) the Borrower or any of its Subsidiaries shall (i) voluntarily commence any proceeding or file any petition seeking liquidation, reorganization or other relief under any Debtor Relief Law now or hereafter in effect, (ii) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or petition described in clause (g) of this Section, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for the Borrower or any of its Subsidiaries or for a substantial part of its assets, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors or (vi) take any action for the purpose of effecting any of the foregoing;

(i) the Borrower or any of its Subsidiaries shall become unable, admit in writing its inability or fail generally to pay its debts as they become due;

(j) there is entered against the Borrower or any Subsidiary (i) a final judgment or order for the payment of money in an aggregate amount (as to all such judgments and orders) exceeding \$3,000,000 (to the extent not covered by independent third-party insurance as to which the insurer has been notified of such judgment or order and has not denied or failed to acknowledge coverage), or (ii) a non-monetary final judgment or order that, either individually or in the aggregate, has or could reasonably be expected to have a Material Adverse Effect and, in either case, (A) enforcement proceedings are commenced by any creditor upon such judgment or order, or (B) there is a period of thirty (30) consecutive days during which a stay of enforcement of such judgment, by reason of a pending appeal or otherwise, is not in effect;

(k) [reserved];

(l) a Change of Control shall occur;

(m) any material provision of any Loan Document, at any time after its execution and delivery and for any reason other than as expressly permitted hereunder or thereunder or satisfaction in full

of all Obligations, ceases to be in full force and effect; or the Borrower or any other Person contests in writing the validity or enforceability of any provision of any Loan Document; or the Borrower denies in writing that it has any or further liability or obligation under any Loan Document, or purports in writing to revoke, terminate or rescind any Loan Document; or

(n) any material provision of the Pledge Agreement, at any time after its execution and delivery and for any reason other than as expressly permitted hereunder or thereunder or solely as a result of acts or omissions by the Lender or the satisfaction in full of all the Obligations, ceases to be in full force and effect or ceases to create a valid and perfected lien, with the priority set forth in the Pledge Agreement, on a material portion of the Pledged Collateral covered thereby;

then, and in every such event (other than an event with respect to the Borrower described in clause (g) or (h) of this Section), and at any time thereafter during the continuance of such event, the Lender may, by notice to the Borrower, take any or all of the following actions, at the same or different times:

(i) declare the Loans then outstanding to be due and payable in whole (or in part, in which case any principal not so declared to be due and payable may thereafter be declared to be due and payable), and thereupon the principal of the Loans so declared to be due and payable, together with accrued interest thereon and all fees and other Obligations of the Borrower accrued hereunder, shall become due and payable immediately, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrower; and

(ii) exercise all rights and remedies available to it and the Lenders under the Loan Documents and Applicable Law;

provided that, in case of any event with respect to the Borrower described in clause (g) or (h) of this Section, the principal of the Loans then outstanding, together with accrued interest thereon and all fees and other Obligations accrued hereunder, shall automatically become due and payable, in each case without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrower.

Notwithstanding anything to the contrary contained herein or in any other Loan Document, no Default or Event of Default under this Agreement or any other Loan Document shall occur or be deemed to occur as a result of a Star Breach Event.

SECTION 7.02 Application of Payments. Notwithstanding anything herein to the contrary, following the occurrence and during the continuance of an Event of Default, all payments received on account of the Obligations shall be applied by the Lender as follows:

(i) first, to payment of that portion of the Obligations constituting fees, indemnities and other amounts (other than principal and interest) payable to the Lender (including fees and disbursements and other charges of counsel payable under Section 9.03) arising under the Loan Documents;

(ii) second, to payment of that portion of the Obligations constituting accrued and unpaid interest on the Loans;

(iii) third, to payment of that portion of the Obligations constituting unpaid principal of the Loans;

(iv) fourth, to the payment in full of all other Obligations; and

(v) finally, the balance, if any, after all Obligations have been indefeasibly paid in full, to the Borrower or as otherwise required by Law.

ARTICLE VIII.

[RESERVED]

ARTICLE IX.

MISCELLANEOUS

SECTION 9.01 Notices.

(a) Notices Generally. Except in the case of notices and other communications expressly permitted to be given by telephone (and except as provided in paragraph (b) below), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by facsimile or email as follows:

(i) if to the Borrower, to it at:

Star Holdings
1114 Avenue of the Americas
39th Floor
New York, NY 10036
Attn: Chief Legal Officer

(ii) if to the Lender, to it at:

Safehold, Inc.
1114 Avenue of the Americas
39th Floor
New York, NY 10036
Attn: Chief Legal Officer

with a copy to (which shall not constitute notice):

Latham & Watkins LLP
1271 Avenue of the Americas
New York, NY 10020
Attn: David Teh
Telephone: 212-906-2985
Email: david.teh@lw.com

Notices sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received; notices sent by facsimile shall be deemed to have been given when sent (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next business day for the recipient). Notices delivered through electronic communications, to the extent provided in paragraph (b) below, shall be effective as provided in said paragraph (b).

(b) Electronic Communications. Notices and other communications to the Borrower and the Lender hereunder may be delivered or furnished by electronic communication (including e-mail,

FpML, and Internet or intranet websites) pursuant to procedures approved by it; provided that approval of such procedures may be limited to particular notices or communications.

Unless the Lender otherwise prescribes, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement), and (ii) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient, at its e-mail address as described in the foregoing clause (i), of notification that such notice or communication is available and identifying the website address therefor; provided that, for both clauses (i) and (ii) above, if such notice, email or other communication is not sent during the normal business hours of the recipient, such notice or communication shall be deemed to have been sent at the opening of business on the next business day for the recipient.

(c) Change of Address, etc. Any party hereto may change its address or facsimile number for notices and other communications hereunder by notice to the other parties hereto.

SECTION 9.02 Waivers; Amendments.

(a) No Waiver; Remedies Cumulative; Enforcement. No failure or delay by the Lender in exercising any right, remedy, power or privilege hereunder or under any other Loan Document shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, remedy, power or privilege, or any abandonment or discontinuance of steps to enforce such a right remedy, power or privilege, preclude any other or further exercise thereof or the exercise of any other right remedy, power or privilege. The rights, remedies, powers and privileges of the Lender hereunder and under the Loan Documents are cumulative and are not exclusive of any rights, remedies, powers or privileges that any such Person would otherwise have.

(b) Amendments, Etc. Except as otherwise expressly set forth in this Agreement, no amendment or waiver of any provision of this Agreement or any other Loan Document, and no consent to any departure by the Borrower therefrom, shall be effective unless in writing executed by the Borrower and the Lender and each such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

SECTION 9.03 Expenses; Indemnity; Damage Waiver.

(a) Costs and Expenses. The Borrower shall pay (i) all reasonable out-of-pocket expenses incurred by the Lender (including the reasonable fees, charges and disbursements of counsel for the Lender), in connection with the preparation, negotiation, execution, delivery and administration of this Agreement and the other Loan Documents, or any amendments, modifications or waivers of the provisions hereof or thereof (whether or not the transactions contemplated hereby or thereby shall be consummated), and (ii) all out-of-pocket expenses incurred by the Lender (including the fees, charges and disbursements of any counsel for the Lender), in connection with the enforcement or protection of its rights (A) in connection with this Agreement and the other Loan Documents, including its rights under this Section, or (B) in connection with the Loans, including all such out-of-pocket expenses incurred during any workout, restructuring or negotiations in respect of the Loans.

(b) Indemnification by the Borrower. The Borrower shall indemnify the Lender and each Related Party of the Lender (each such Person being called an "Indemnitee") against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related expenses (including the fees, charges and disbursements of any counsel for any Indemnitee), incurred by any Indemnitee or asserted against any Indemnitee by any Person (including the Borrower) arising out of, in connection with,

or as a result of (i) the execution or delivery of this Agreement, any other Loan Document or any agreement or instrument contemplated hereby or thereby, the performance by the parties hereto of their respective obligations hereunder or thereunder or the consummation of the transactions contemplated hereby or thereby, (ii) the Loans or the use or proposed use of the proceeds therefrom, (iii) any actual or alleged presence or release of Hazardous Materials on or from any property owned or operated by the Borrower or any of its Subsidiaries, or any Environmental Liability related in any way to the Borrower or any of its Subsidiaries, or (iv) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory, whether brought by a third party or by the Borrower, and regardless of whether any Indemnitee is a party thereto; provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses (x) are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnitee, (y) result from a claim brought by the Borrower against an Indemnitee for breach in bad faith of such Indemnitee's obligations hereunder or under any other Loan Document, if the Borrower has obtained a final and nonappealable judgment in its favor on such claim as determined by a court of competent jurisdiction or (z) result from a claim not involving an act or omission of the Borrower and that is brought by an Indemnitee against another Indemnitee. Paragraph (b) of this Section shall not apply with respect to Taxes other than any Taxes that represent losses, claims, damages, etc. arising from any non-Tax claim.

(c) [Reserved].

(d) Waiver of Consequential Damages, Etc. To the fullest extent permitted by Applicable Law, the Borrower shall not assert, and hereby waives, any claim against any Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any other Loan Document or any agreement or instrument contemplated hereby, the transactions contemplated hereby or thereby, the Loans, or the use of the proceeds thereof. No Indemnitee referred to in paragraph (b) above shall be liable for any damages arising from the use by unintended recipients of any information or other materials distributed by it through telecommunications, electronic or other information transmission systems in connection with this Agreement or the other Loan Documents or the transactions contemplated hereby or thereby.

(e) Payments. All amounts due under this Section shall be payable promptly after demand therefor.

(f) Survival. Each party's obligations under this Section shall survive the termination of the Loan Documents and payment of the obligations hereunder.

SECTION 9.04 Successors and Assigns.

(a) Successors and Assigns Generally. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that neither the Borrower nor the Lender may assign or otherwise transfer any of its respective rights or obligations hereunder without the prior written consent of the other party (and any other attempted assignment or transfer by any party hereto shall be null and void). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby, and, to the extent expressly contemplated hereby, the Related Parties of the Lender) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) Assignments by Lenders. The Lender may at any time assign to one or more assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its

Commitment and the Loans at the time owing to it); provided that the consent of the Borrower (such consent not to be unreasonably withheld or delayed) shall be required unless (x) an Event of Default has occurred and is continuing at the time of such assignment, or (y) such assignment is to an Affiliate of a Lender; provided that the Borrower shall be deemed to have consented to any such assignment unless it shall object thereto by written notice to the Lender within ten (10) Business Days after having received notice thereof; provided further that no such assignment shall be made to a natural person (or a holding company, investment vehicle or trust for, or owned and operated for the primary benefit of, a natural person).

SECTION 9.05 Survival. All covenants, agreements, representations and warranties made by the Borrower herein and in any Loan Document or other documents delivered in connection herewith or therewith or pursuant hereto or thereto shall be considered to have been relied upon by the other parties hereto and shall survive the execution and delivery hereof and thereof and the making of the Loans hereunder, regardless of any investigation made by any such other party or on its behalf and notwithstanding that the Lender may have had notice or knowledge of any Default at the time of any borrowing, and shall continue in full force and effect as long as any Loan or any other Obligation hereunder shall remain unpaid or unsatisfied. The provisions of Sections 9.03 and 9.15 shall survive and remain in full force and effect regardless of the consummation of the transactions contemplated hereby, the payment in full of the Obligations or the termination of this Agreement or any provision hereof.

SECTION 9.06 Counterparts; Integration; Effectiveness; Electronic Execution.

(a) Counterparts; Integration; Effectiveness. This Agreement may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement and the other Loan Documents constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. This Agreement shall become effective when it shall have been executed by the Lender and the Lender shall have received counterparts hereof that, when taken together, bear the signatures of each of the other parties hereto. Delivery of an executed counterpart of a signature page of this Agreement by facsimile or in electronic (e.g., "pdf" or "tif") format shall be effective as delivery of a manually executed counterpart of this Agreement.

(b) Electronic Execution of Loan Documents. The words "execution," "signed," "signature," and words of like import in this Agreement and the other Loan Documents, shall be deemed to include electronic signatures or electronic records, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any Applicable Law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act.

SECTION 9.07 Severability. If any provision of this Agreement or the other Loan Documents is held to be illegal, invalid or unenforceable, (a) the legality, validity and enforceability of the remaining provisions of this Agreement and the other Loan Documents shall not be affected or impaired thereby and (b) the parties shall endeavor in good faith negotiations to replace the illegal, invalid or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the illegal, invalid or unenforceable provisions. The invalidity of a provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

SECTION 9.08 Non-Recourse. Notwithstanding anything to the contrary contained herein or in any other Loan Document, the Borrower shall not have any personal recourse liability for the Obligations incurred under, evidenced by, created pursuant to, or arising under, this Agreement or the other Loan Documents and no deficiency judgment therefore shall be enforced against the personal assets of the

Borrower other than the Pledged Collateral. Notwithstanding the foregoing, a judgment may be sought, obtained, entered and enforced against the Borrower to the extent necessary to preserve or enforce the rights and remedies of the Lender in, to or against the Pledged Collateral and nothing contained herein shall be construed to limit, prejudice or impair the rights of Lender to enforce its rights and remedies against the Pledged Collateral.

SECTION 9.09 Governing Law; Jurisdiction; Etc.

(a) Governing Law. This Agreement and the other Loan Documents and any claims, controversy, dispute or cause of action (whether in contract or tort or otherwise) based upon, arising out of or relating to this Agreement or any other Loan Document (except, as to any other Loan Document, as expressly set forth therein) and the transactions contemplated hereby and thereby shall be governed by, and construed in accordance with, the law of the State of New York.

(b) Jurisdiction. The Borrower irrevocably and unconditionally agrees that it will not commence any action, litigation or proceeding of any kind or description, whether in law or equity, whether in contract or in tort or otherwise, against the Lender or any Related Party of the Lender in any way relating to this Agreement or any other Loan Document or the transactions relating hereto or thereto, in any forum other than the courts of the State of New York sitting in New York County, and of the United States District Court for the Southern District of New York sitting in New York County, and any appellate court from any thereof, and each of the parties hereto irrevocably and unconditionally submits to the jurisdiction of such courts and agrees that all claims in respect of any such action, litigation or proceeding may be heard and determined in such New York State court or, to the fullest extent permitted by Applicable Law, in such federal court. Each of the parties hereto agrees that a final judgment in any such action, litigation or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement or in any other Loan Document shall affect any right that the Lender may otherwise have to bring any action or proceeding relating to this Agreement or any other Loan Document against the Borrower or its properties in the courts of any jurisdiction.

(c) Waiver of Venue. The Borrower irrevocably and unconditionally waives, to the fullest extent permitted by Applicable Law, any objection that it may now or hereafter have to the laying of venue of any action or proceeding arising out of or relating to this Agreement or any other Loan Document in any court referred to in paragraph (b) of this Section. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by Applicable Law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(d) Service of Process. Each party hereto irrevocably consents to service of process in the manner provided for notices in Section 9.01. Nothing in this Agreement will affect the right of any party hereto to serve process in any other manner permitted by Applicable Law.

SECTION 9.10 WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

SECTION 9.11 Headings. Article and Section headings and the Table of Contents used herein are for convenience of reference only, are not part of this Agreement and shall not affect the construction of, or be taken into consideration in interpreting, this Agreement.

SECTION 9.12 Treatment of Certain Information; Confidentiality. The Lender agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its Affiliates and to its Related Parties (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential); (b) to the extent required or requested by any regulatory authority purporting to have jurisdiction over such Person or its Related Parties (including any self-regulatory authority, such as the National Association of Insurance Commissioners); (c) to the extent required by Applicable Laws or by any subpoena or similar legal process; (d) to any other party hereto; (e) in connection with the exercise of any remedies hereunder or under any other Loan Document or any action or proceeding relating to this Agreement or any other Loan Document or the enforcement of rights hereunder or thereunder; (f) subject to an agreement containing provisions substantially the same as (or no less restrictive than) those of this Section, to (i) any assignee of, or any prospective assignee of, any of its rights and obligations under this Agreement, or (ii) any actual or prospective party (or its Related Parties) to any swap, derivative or other transaction under which payments are to be made by reference to the Borrower and its obligations, this Agreement or payments hereunder; (g) on a confidential basis to (i) any rating agency in connection with rating the Borrower or its Subsidiaries or this Agreement or (ii) the CUSIP Service Bureau or any similar agency in connection with the issuance and monitoring of CUSIP numbers with respect to this Agreement; (h) with the consent of the Borrower; or (i) to the extent such Information (x) becomes publicly available other than as a result of a breach of this Section, or (y) becomes available to the Lender or any of its Affiliates on a nonconfidential basis from a source other than the Borrower who did not acquire such information as a result of a breach of this Section.

For purposes of this Section, "Information" means all information received from the Borrower or any of its Subsidiaries relating to the Borrower or any of its Subsidiaries or any of their respective businesses, other than any such information that is available to the Lender on a nonconfidential basis prior to disclosure by the Borrower or any of its Subsidiaries; provided, that, in the case of information received from the Borrower or any of its Subsidiaries after the date hereof, such information is clearly identified at the time of delivery as confidential. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

SECTION 9.13 PATRIOT Act. To the extent the Lender is subject to the PATRIOT Act, it hereby notifies the Borrower that, pursuant to the requirements of the PATRIOT Act, it may be required to obtain, verify and record information that identifies the Borrower, which information includes the name and address of the Borrower and other information that will allow the Lender to identify the Borrower in accordance with the PATRIOT Act.

SECTION 9.14 Interest Rate Limitation. Notwithstanding anything herein to the contrary, if at any time the interest rate applicable to any Loan or other Obligation owing under this Agreement, together with all fees, charges and other amounts that are treated as interest on such Loan or other Obligation under Applicable Law (collectively, "charges"), shall exceed the maximum lawful rate (the "Maximum Rate") that may be contracted for, charged, taken, received or reserved by the Lender in accordance with Applicable Law, the rate of interest payable in respect of such Loan or other Obligation hereunder, together with all charges payable in respect thereof, shall be limited to the Maximum Rate. To the extent lawful, the interest and charges that would have been paid in respect of such Loan or other Obligation but were not paid as a result of the operation of this Section shall be cumulated and the interest and charges payable to

the Lender in respect of the Loans or Obligations or periods shall be increased (but not above the amount collectible at the Maximum Rate therefor) until such cumulated amount, together with interest thereon at the Federal Funds Rate for each day to the date of repayment, shall have been received by the Lender. Any amount collected by the Lender that exceeds the maximum amount collectible at the Maximum Rate shall be applied to the reduction of the principal balance of such Loan or other Obligation or refunded to the Borrower so that at no time shall the interest and charges paid or payable in respect of such Loan or other Obligation exceed the maximum amount collectible at the Maximum Rate.

SECTION 9.15 Payments Set Aside. To the extent that any payment by or on behalf of the Borrower is made to the Lender and such payment or any part thereof is subsequently invalidated, declared to be fraudulent or preferential, set aside or required (including pursuant to any settlement entered into by the Lender in its discretion) to be repaid to a trustee, receiver or any other party, in connection with any proceeding under any Debtor Relief Law or otherwise, then to the extent of such recovery, the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made.

SECTION 9.16 Amendment and Restatement. This Agreement shall, except (a) as otherwise expressly set forth herein, supersede the Existing Credit Agreement from and after the Closing Date. The parties hereto acknowledge and agree, however, that (i) this Agreement and all other Loan Documents executed and delivered herewith do not constitute a novation or termination of the Obligations (under and as defined in the Existing Credit Agreement) and the other Loan Documents (as defined in the Existing Credit Agreement), in each case, as in effect prior to the Closing Date except as expressly provided for herein and (ii) the Obligations (under and as defined in the Existing Credit Agreement) are in all respects continuing with the terms being modified as provided in this Agreement and the other Loan Documents. The parties hereto further acknowledge and agree that (A) the liens and security interests in favor of the Lender securing payment of the Obligations (under and as defined in the Existing Credit Agreement) are in all respects continuing and in full force and effect with respect to all Obligations and (B) all references in the other Loan Documents to the Existing Credit Agreement shall be deemed to refer without further amendment to this Agreement.

[Remainder intentionally left blank. Signature pages follow.]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

STAR HOLDINGS
as Borrower

By: /s/ Geoffrey Dugan
Name: Geoffrey Dugan
Title: General Counsel, Corporate & Secretary

[Signature Page to Credit Agreement]

SAFEHOLD INC.,
as Lender

By: /s/ Geoffrey Dugan
Name: Geoffrey Dugan
Title: General Counsel, Corporate & Secretary

[Signature Page to Credit Agreement]

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: May 11, 2023

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: May 11, 2023

By: /s/ BRETT ASNAS

Name: Brett Asnas

Title: *Chief Financial Officer (principal financial officer)*

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 March 31, 2023 (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: May 11, 2023

By: /s/ JAY SUGARMAN

Name: Jay Sugarman

Title: *Chief Executive Officer*

Certification of Chief Financial Officer

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

The undersigned, the Chief Financial Officer of 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 March 31, 2023 (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: May 11, 2023

By: /s/ BRETT ASNAS

Name: Brett Asnas

Title: *Chief Financial Officer (principal financial officer)*
