Risk Factors Comparison 2024-02-13 to 2023-02-22 Form: 10-K

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In addition to the other information in this report, you should carefully consider the following risk factors in evaluating an investment in the Company' s securities. Any of these risks or the occurrence of any one or more of the uncertainties described below could have a material adverse effect on the Company' s business, financial condition, results of operations, cash flows, ability to service our indebtedness, ability to pay distributions and the market price of the Company' s common stock. The risks set forth below speak only as of the date of this report and the Company disclaims any duty to update them except as required by law. For purposes of these risk factors, the terms" our Company,"" we,"" our" and" us" refer to ~~iStar~~ **Safehold** Inc. and its consolidated subsidiaries, unless the context indicates otherwise. **Summary** ~~Risks~~ **Risk Factors – ●** ~~Related to the Merger and Related Transactions~~ The ~~Merger and related~~ **market for Ground Lease** transactions **and the availability of investment opportunities may not meet our growth objectives. ● Our operating performance and the market value of our properties are subject to risks associated with real estate assets. ● The rental payments under our leases may not keep up with changes in market value and inflation. ● We may be unable to renew expiring Ground Leases, re- lease the land or sell the properties on favorable terms or at all. ● Counterparty, geographic and industry concentrations may expose us to financial credit risk. ● A lack of recourse to creditworthy counterparties may adversely affect us and our tenants. ● Percentage rent payable under our master lease relating to the Park Hotels Portfolio is calculated on an aggregate portfolio- wide basis. ● Certain tenant rights under our Ground Leases may limit the value and the UCA we are able to realize upon lease expiration, sale of our land and Ground Leases or other events. ● We rely on Property NOI as reported to us by our tenants. ● Our estimates of Ground Rent Coverage for properties in development or transition, or for which we do not receive current tenant financial information, may prove to be incorrect. ● Our estimates of Combined Property Value are based on various assumptions and information supplied to us by our tenants, and accordingly** may not be **indicative** ~~completed on the terms or timeline currently contemplated, or at all. The completion of the Merger and related transactions are subject to certain conditions, including: (i) the approval of SAFE' s stockholders, (ii) the approval of the Company' s stockholders, (iii) completion of the spin- off~~ **of actual values** ~~, (iv) the approval of the shares of New SAFE common stock to be issued in the Merger for listing on the NYSE, (v) the absence of any temporary restraining order, injunction or other order of any court of competent jurisdiction or other legal restraint or prohibition preventing the consummation of the reverse stock split or the Merger, (vi) generation of certain cash proceeds and repayment of the Company' s senior unsecured notes and preferred stock, (vii) the receipt of certain tax opinions by the Company and SAFE that the Merger will qualify as a reorganization under the Internal Revenue Code and that the Company and SAFE each qualifies as a REIT for federal income tax purposes, (viii) the accuracy of certain representations and warranties of the Company and SAFE contained in the Merger agreement and the compliance by the parties with the covenants contained in the Merger agreement (subject to customary materiality qualifiers), and (ix) certain other conditions specified in the Merger agreement~~ . ~~The previously announced proposed sale of shares of SAFE common stock by the Company to MSD Partners is also subject to certain closing conditions and if it did not close for any reason, the Company would have to identify new sources of funds in order to satisfy its obligations under the Merger Agreement that the Company repay its senior unsecured notes and cash out its preferred stock in the Merger. Neither the Company nor SAFE can provide assurances that the Merger and related transactions will be consummated on the terms or timeline currently contemplated, or at all. Failure to complete the Merger and related transactions could adversely affect the stock prices and the future business and financial results of the Company and SAFE. If the Merger and related transactions are not completed, the ongoing businesses of the Company or SAFE may be adversely affected and the Company and SAFE will be subject to numerous risks, including the following:~~ ● ~~upon termination of the Merger Agreement under specified circumstances, a termination fee of $ 63 million may be payable by either the Company or SAFE; ● each of the Company and SAFE having to pay substantial costs relating to the Merger, such as legal, accounting, financial advisor, filing, printing and mailing fees and integration preparation costs that have already been incurred or will continue to be incurred until the closing of the Merger; ● the management of each of the Company and SAFE focusing on the Merger instead of on pursuing other opportunities that could be beneficial to the companies, in each case, without realizing any of the benefits of having the Merger completed; and ● reputational harm due to the adverse perception of any failure to successfully complete the Merger. If the Merger and related transactions are not completed, neither the Company nor SAFE can assure their respective stockholders that these risks will not materialize or will not materially affect the business, financial results and stock prices of either the Company or SAFE. SAFE will have the option to internalize the Company' s management if the Merger has not occurred by the outside date under the Merger Agreement. If the Merger Agreement is terminated because the Merger has not occurred by September 30, 2023, SAFE will have the option under certain circumstances to terminate the existing external management agreement and internalize the Company' s management, which may adversely affect the Company. If SAFE exercises its option under the Merger agreement to become internalized, it must pay the Company $ 100. 0 million, of which up to $ 60. 0 million may be paid in cash, at SAFE' s discretion, with the remainder being paid in shares of SAFE common stock, which is less than the consideration that the Company would receive pursuant to the terms of the Merger. If SAFE exercises this option, the Company would become externally- managed by SAFE pursuant to a management agreement that SAFE and the Company have agreed to negotiate in good faith. These changes in the Company' s management structure may adversely affect the Company and the market value of its securities. The Merger Agreement contains provisions that could discourage a potential competing acquirer of either the Company or SAFE or could result in any competing proposal being at a lower price than it might~~

~~otherwise be. The Merger Agreement contains provisions that, subject to limited exceptions, restrict the ability of each of the Company and SAFE to, directly or indirectly, initiate, solicit, propose, knowingly encourage or facilitate competing third- party proposals to effect, among other things, a merger, reorganization, share exchange, consolidation or the sale of 15 % or more of the stock or consolidated net revenues, net income or total assets of the Company or SAFE. In addition, either the Company or SAFE generally has an opportunity to offer to modify the terms of the Merger Agreement in response to any competing " superior proposal " (as defined in the Merger Agreement) that may be made to the other party before the special committee of the boards of directors of the Company or SAFE, as the case may be, may withdraw or modify its recommendation in response to such superior proposal or terminate the Merger Agreement to enter into such superior proposal. In some circumstances, one of the parties will be required to pay a substantial termination fee to the other party. These provisions could discourage a potential competing acquirer that might have an interest in acquiring all or a significant part of the Company or SAFE from considering or proposing such an acquisition, even if it were prepared to pay consideration with a higher per share cash or market value than that market value proposed to be received or realized in the Merger, or might result in a potential competing acquirer proposing to pay a lower price than it might otherwise have proposed to pay because of the added expense of the termination fee that may become payable in certain circumstances under the Merger Agreement. In addition, the Company' s significant ownership interest and voting power in SAFE could discourage a potential competing acquirer for SAFE. The pendency of the Merger and related transactions could adversely affect the business and operations of the Company and SAFE. In connection with the pending Merger and related transactions, some tenants, vendors or other counterparties of each of the Company and SAFE may delay or defer decisions, which could adversely affect the revenues, earnings, funds from operations, cash flows and expenses of the Company and SAFE, regardless of whether the Merger is completed. Similarly, current and prospective employees of the Company and New SAFE may experience uncertainty about their future roles with New SAFE following the Merger and related transactions, which may materially adversely affect the ability of the Company to attract and retain key personnel during the pendency of the Merger and related transactions. In addition, due to interim operating covenants in the Merger agreement, each of the Company and SAFE may be unable (without the other party' s prior written consent), during the pendency of the Merger and related transactions, to pursue strategic transactions, 7undertake significant capital projects, undertake certain significant financing transactions and otherwise pursue other actions, even if such actions would prove beneficial. Risks Related to Our BusinessOur future success will depend on our ability to execute our corporate strategy, which is subject to risks. After completion of the Net Lease Sale, the Company' s portfolio is primarily comprised of Ground Lease assets and legacy assets. Pending completion of the Merger, Spin- Off and related transactions, as to which there is no assurance, the Company intends to continue its stated corporate strategy of seeking to monetize legacy assets and using the net proceeds to make additional investments in Ground Lease and Ground Lease adjacent assets (directly and through SAFE), repay indebtedness and for general corporate purposes. Our strategy is subject to a number of risks, including the following: ● our success will be highly correlated with the success of SAFE; adverse business developments at SAFE would likely result in a decline in the prices of the SAFE common stock that we own and our common stock and / or cause SAFE to reduce its distributions to shareholders, including us; ● our future operating revenues, earnings and cash flow will be sourced primarily from sales of legacy assets, management fees paid by SAFE, dividends paid by SAFE and income from legacy and Ground Lease adjacent investments, which are generally less predictable in timing and amount than contractual rents. SAFE' s ability to access capital in 2023 and beyond will be subject to a number of factors, many of which are outside of its control, such as general economic conditions, changes in interest rates and conditions prevailing in the credit and real estate markets.~~ There can be no assurance that **we will realize any incremental value from the UCA in our owned residual portfolio or that the market price of our common stock will reflect any value attributable thereto. ● Ground Leases with developers expose us to risks associated with property development and redevelopment that could materially and adversely affect us. ● We may be materially and adversely affected by the exercise of leasehold mortgagee protections. ● We are subject to the risk of bankruptcy of our tenants. ● We may directly own one or more commercial properties, which will expose us to the risks of ownership of operating properties. ● Competition may adversely affect our ability to acquire and originate investments. ● Cybersecurity risk and cyber incidents may adversely affect our business. ● Our business and growth prospects could be adversely affected by future epidemics, pandemics or other health crises, as they were during the peak of the COVID- 19 pandemic. ● Our estimated UCA, Combined Property Value and Ground Rent Coverage, may not accurately reflect the current market value of the properties and may decline materially in future periods. ● Our success depends in part on our ability to attract, retain and develop talented employees, and our failure to do so, including the loss of any of our key employees, could adversely impact our business. ● We are party to several agreements with Star Holdings, and may be unable to collect amounts to which we are contractually entitled, which could negatively affect our performance, financial condition, results of operations and cash flow. ● Star Holdings owns a significant amount of our common stock, all of which serves as collateral for a margin loan. 10 ● The concentration of our voting power may adversely affect the ability of investors to influence our policies. ● There are various potential conflicts of interest in our relationship with Star Holdings, which could result in decisions that are not in the best interest of our shareholders. ● Our management agreement with Star Holdings and other effects from the Spin- Off could distract management time and attention and give rise to disputes or other unfavorable effects, which could materially and adversely affect our business, financial position or results of operations. ● Our debt obligations, which include the substantial amount of indebtedness we assumed in connection with the Merger, will reduce cash available for distribution and expose us to the risk of default. ● Our failure to hedge interest rates effectively could materially and adversely affect us. ● Joint venture investments could be adversely affected by our lack of sole decision- making authority, our reliance on partners' or co- venturers' financial position and liquidity and disputes between us and our co- venturers. ● Our depreciation expenses are expected to be limited for financial and tax reporting purposes, with the result that we will be highly dependent on external capital sources to fund our growth. ●**

Our credit ratings will impact our borrowing costs and our access to debt capital markets. ● We are a holding company and will rely on funds from Portfolio Holdings to pay our obligations and distributions to our shareholders. ● Certain provisions of Maryland law and our organizational documents could inhibit changes in control of our company. ● Certain provisions of our organizational documents limit shareholder recourse and access to judicial fora. ● Cash available for distribution may not be sufficient to make distributions to our shareholders at expected levels, or at all. ● The availability of shares for future sale could adversely affect the market price of our common stock. ● Distributions to holders of Caret units will reduce distributions to us upon certain transactions, and sales of additional Caret units may dilute the economic interests of our common stockholders. ● The changes to the Caret program in connection with the Merger may fail to improve the recognition of SAFE ' s ~~will have access to~~ two ~~liquidity when needed~~ distinct components of value by market participants . ~~As a~~ ● The terms of Caret units could result ~~, we may have to incur indebtedness, sell~~ in conflicts of interest between holders of our common stock and holders of Caret units. Our management' s ownership of Caret units creates potential conflicts of interest. ● The Portfolio Holdings LLCA ~~assets~~ -- sets forth certain limitations on our ability to make changes to such agreement that could be beneficial to us and our stockholders without the consent of certain of the Caret unitholders. ● The Portfolio Holdings LLCA contains provisions that may delay, defer or prevent a change in control. ● Future issuances of debt or preferred equity securities could adversely affect our common shareholders and result in conflicts of interest. ● Following the Merger and the Spin- Off, the Company may not continue to pay dividends at or above the rate previously paid by us or Old SAFE. ● Our failure to remain qualified as a REIT would subject us to taxes, which would reduce the amount of cash available for distribution to our shareholders. ● The REIT distribution requirements could require us to borrow funds or take other ~~steps~~ actions that may be disadvantageous to ~~generate~~ our shareholders. ● Even if we qualify as a REIT, we may incur tax liabilities that reduce our cash flow. 11Risks Related to Our ~~pay operating expenses or satisfy indebtedness when due, and our reported results and common stock price may be less predictable and more volatile; ● the growth rate of SAFE' s portfolio~~ Portfolio and Our BusinessThe market for Ground Lease transactions and the availability of investment opportunities may not meet our ~~expectations because~~ growth objectives. The achievement of our investment objectives depends , ~~among~~ in part, on our ability to continue to grow our portfolio. We cannot assure you that ~~other~~ -- the market ~~reasons, mortgage financing remains a relatively low- cost alternative~~ for Ground Leases will enable us to meet our growth objectives. Potential tenants ~~;~~ ~~potential tenants~~ may prefer to own ~~both~~ the land ~~and~~ underlying the improvements they intend to develop, rehabilitate or ~~on~~ own . ~~their properties; negative~~ Negative publicity about the experience of tenants with non- Safehold Ground Leases may also discourage potential tenants ~~;~~. In addition, increases in interest rates have and may continue to result in a reduction in the availability or ~~and~~ - an ~~terms~~ increase in costs of ~~tenant~~ leasehold financing , which is critical to the growth of a robust Ground Lease market. These and other factors outside our control may ~~be~~ materially adversely ~~affected~~ -- affect the market for our leases and our ability to grow and meet our investment objectives. Our operating performance and the market value of our properties are subject to risks associated with real estate assets. Real estate investments are subject to various risks and fluctuations and cycles in value and demand, many of which are beyond our control. Certain events may adversely affect our operating results and decrease cash available for distributions to our shareholders, as well as the market value of our properties. These events include, but are not limited to: ● adverse changes in international, national, regional or local economic and demographic conditions; ● adverse changes in the financial position or liquidity of tenants and potential buyers of properties; ● competition from other real estate investors with significant capital, including real estate operating companies, other publicly traded REITs, institutional investment funds, banks, insurance companies and individuals; ● potential liability under environmental laws as an owner of real property; ● our tenants' failures to maintain adequate insurance on their properties as is typically required by ~~increases~~ our leases and the inability to insure against certain events, including acts of God; and ● changes in , and changes in enforcement of, laws, regulations and governmental policies, including, without limitation, health, safety, environmental, zoning and tax laws and governmental fiscal policies. In addition, periods of economic slowdown or recession, rising interest rates or declining demand for real estate ~~; and new ventures are seeking to compete with SAFE; ● as of December 31~~ , or ~~2022, we owned approximately 54. 3 % of SAFE' s outstanding common stock;~~ the ~~relatively low~~ public perception that such events ~~float in SAFE common stock~~ may occur ~~contribute to volatility in SAFE' s stock price and make it difficult for~~ - or have occurred ~~us to sell SAFE shares if we were ever to decide to do so; ● there are potential conflicts of interests in our relationship with SAFE~~ , ~~as discussed further below under" There are various potential conflicts of interest in our relationship with SAFE, including our executive officers and / or directors who are also officers and / or directors of SAFE, which~~ could result in ~~decisions~~ a general decline in attractive investment opportunities, the availability of financing for buyers and lessees of our properties or an increased incidence of defaults under our existing leases. As a result of the foregoing, there can be no assurance that we can achieve our investment objectives. The rental payments under our leases may not keep up with changes in market value and inflation. The leases at most of our properties provide for rental payments that are CPI- Linked or fixed with future CPI adjustments. Many of our Ground Leases include a periodic rent increase based on prior years' cumulative CPI growth, with the initial lookback year generally starting between years 11 and 21 of the lease term. These CPI lookbacks are generally capped between 3. 0 %- 3. 5 %. In the event cumulative inflation growth for the lookback period exceeds the cap, these rent adjustments may not keep up fully with changes in inflation. They may also not keep up with increases in market rental rates. As a result, we may not capture the full value of the land underlying our leases at given points in time or the UCA at lease expiration. Future leases that we enter into are likely to contain similar or other limitations on rent increases, which may limit the appreciation in value of our land, our net asset value and our UCA. We may be unable to renew expiring Ground Leases, re- lease the land or sell the properties on favorable terms or at all. Above- market lease rates at some of the properties in our portfolio at the time of any Ground Lease renewal or re- lease

may force us to renew some expiring leases or re- lease properties at lower rates. We cannot assure you existing tenants will exercise any extension options or that our expiring leases will be renewed or that our properties will be re- leased at lease rates equal to or above their ~~the~~ then ~~best interests~~ weighted average lease rates. Tenants may fail to properly maintain their improvements, and certain improvements may become obsolete over the long terms of our Ground Leases, which may impair the value and the UCA that we are able to realize upon a sale ~~our~~ - or ~~shareholders;" ●~~ re- leasing, or require us to make significant investments in order to restore the property to a suitable condition. 12A lack of recourse to creditworthy counterparties may adversely affect us and our tenants. The tenants under our Ground Leases are typically special purpose entities formed to enter into our leases and own the improvements built on our land. Likewise, our tenants' lenders are often special purpose entities formed to enter into their debt arrangements. If we have ~~waived~~ to take action to enforce ~~or~~ our ~~elected~~ leases, we may not have access to ~~seek reimbursement~~ tenants' assets other than our lease and the tenant' s improvements. If our tenants have to take action to enforce their debt arrangements, they may not have access to the lenders' assets. We may have limited or no recourse against a separate creditworthy guarantor. Disputes may arise that result in ~~full~~ the tenant withholding rent payments, possibly for ~~certain expenses~~ an extended period. If a tenant fails to maintain our land and their improvements in accordance with our lease terms, their value may decline materially. Any of these situations may result in extended periods with a significant decline in revenues or no revenues generated by a property or may impair the value of our properties and the UCA that we may realize ~~have incurred on SAFE' s behalf while it is in its growth stage, and will likely continue to do so while we foster SAFE' s growth; ● if we terminate our management agreement with SAFE for convenience, we will be prohibited~~ from them ~~competing with SAFE for one year after such termination; ● SAFE' s board of directors is comprised of a majority of independent directors who may take actions with which we disagree, and our voting power in SAFE is limited to 41~~ . Counterparty, geographic ~~9 % as a result of which SAFE' s shareholders may take actions with which we disagree;~~ and industry ~~● we are exposed to asset~~ concentrations ~~in SAFE' s portfolio; for~~ may expose us to financial credit risk. For the year ended December 31, ~~2022~~ 2023 , ~~11~~ our two largest tenants by revenues each accounted for approximately 4 . ~~9~~ 6 % of ~~SAFE' s~~ our total revenues. For the year ended December 31, 2023, 10. 3 % of our total revenues came from hotel properties ~~, which have been~~ and 37. 4 % came from office properties. We could be materially and adversely affected by negative factors affecting such concentration. For example, our office assets and business growth prospects may be adversely affected, including adverse impacts on our rents collected, Ground Rent Coverage and UCA as a result of reduced demand for office space and / or reduction in rents at our office properties as a result of an economic downturn or permanent shift in office space demand as a result of the COVID- 19 pandemic. ~~SAFE~~ Moreover, certain office assets currently have material vacancies. If our Ground Lease tenants at such assets fail to re- tenant the building such Ground Leases may default and we may suffer losses. In addition, as of December 31, 2023, our portfolio had regional geographic concentrations based on gross book value (refer to " Our Portfolio " in Item 7. Management' s Discussion and Analysis of Financial Condition and Results of Operations). Percentage rent payable under our master lease relating to the Park Hotels Portfolio is calculated on an aggregate portfolio- wide basis. The tenant under our Park Hotels Portfolio master lease pays us percentage rent equal to 7. 5 % of the positive difference between the aggregate annual operating revenues of the five hotels in the portfolio for any year and a threshold amount of approximately $ 81. 4 million. We received $ 2. 8 million of percentage rent payments from our Park Hotels Portfolio in 2023 (which reflect 2022 operations) and received no percentage rent payments in 2022 (which reflect 2021 operations) or 2021 (which reflect 2020 operations). Any deterioration in the operating performance at any of the hotels in the Park Hotels Portfolio would adversely affect our ability to earn percentage rent under such hotels, and it is possible that poor operating performance at one or more such hotels could reduce or eliminate percentage rent for any annual period notwithstanding stable or improving operating performance at other hotels included in the Park Hotels Portfolio. We are the tenant of a Ground Lease underlying a majority of our Doubletree Seattle Airport property. The sum of our cash base rental income in place for our Doubletree Seattle Airport property as of December 31, 2023 and total percentage cash rental income during the year ended December 31, 2023 for such property totaled an aggregate of $ 5. 1 million, or approximately 2. 2 % of the cash revenues of the Company. A majority of the land underlying our Doubletree Seattle Airport property is owned by a third party and is ground leased to us. We are obligated to pay the third- party owner of the Ground Lease $ 0. 5 million, subject to adjustment for changes in the CPI, per year through 2044; however, we pass this cost on to our tenant under the terms of our master lease. If the underlying Ground Lease is not renewed by the landlord on or before its expiration in 2044, our lease of the Doubletree Seattle Airport hotel to our tenant would also terminate which would result in the loss to us of the rental income from this hotel as well as any UCA that had not been realized by that time. Certain tenant rights under our Ground Leases may limit the value and the UCA we are able to realize upon lease expiration, sale of our land and Ground Leases or other events. Certain tenant rights under our Ground Leases may limit the value we are able to realize upon lease expiration, sale of our land or other events, including, among others: (i) our Park Hotels master lease gives the tenant the right to purchase one or more of the hotels at fair market value if the hotel suffers a major casualty or condemnation event, as defined under the master lease; (ii) prior to the expiration of the Ground Lease relating to an office property that represents 1. 1 % of the gross book value of our portfolio as of December 31, 2023, the tenant has the right to demolish the building 13and improvements on the property, although it cannot do so during the last five years of the lease without our prior consent. Rent under our Ground Lease must continue to be paid through the end of the lease, even if the tenant demolishes the building and any improvements on the property; (iii) the tenant under one of our Ground Leases has a buy- out option in year 49 of the lease; (iv) the Lock Up Self Storage Facility lease gives the tenant the right to purchase our interest in the underlying land at fair market value as of the expiration of the lease in 2037; (v) the tenants under certain of our Ground Leases have a right of first offer or a right of first refusal to purchase the land

underlying the Ground Lease should we decide to sell the land together with the Ground Lease to a third party; and (vi) the third party ownership of a majority of the land underlying our Doubletree Seattle Airport property, as described above. The existence of these rights in existing and future leases may adversely affect the value and the UCA we are able to realize upon a sale of our Ground Leases and / or make it more difficult to re- let a property after the expiration of a lease. We rely on Property NOI as reported to us by our tenants. In evaluating Ground Rent Coverages and estimating Combined Property Values as indicators of the security of the rent owed to us pursuant to, and the safety of our investment in, a Ground Lease, we rely, to a significant degree, on Property NOI as reported to us by our tenants, or as otherwise publicly available, without independent investigation or verification on our part. Our tenants do not, nor do we expect that future tenants will, provide us with full financial statements prepared in accordance with GAAP or audited or reviewed by an independent registered public ~~company~~ accounting firm. Our leases generally do not specify the detail upon which such financial information must be prepared or require notice to us or our approval for rent concessions or abatements given by our tenants to their subtenants. We assume the accuracy and completeness of information provided to us by our tenants or that is ~~separately files public~~ publicly ~~reports~~ available and the appropriateness of the accounting methodology or principles, assumptions, estimates and judgments used in its preparation. Accordingly, no assurance can be given that the information provided to us by our tenants, or that is otherwise publicly available, is accurate or complete, which could materially and adversely affect our underwriting decisions. Tenants may also restrict our ability to disclose publicly their Property NOI. In addition, with respect to properties under development or renovation, Ground Rent Coverage reflects our estimated annual rent coverage at the expected stabilization or completion of renovation at the applicable property. There can be no assurance our estimates will prove to be correct. Our estimates of Ground Rent Coverage for properties in development or transition, or for which we do not receive current tenant financial information, may prove to be incorrect. Certain of the Ground Leases in our portfolio relate to properties that are under development or in transition. In such cases, our underwriting and monitoring of the property during development or transition is based on our estimate of the initial net operating income of the building at an assumed stabilization date. Similarly, we use estimates of Property NOI in cases where our tenant is not required to report the actual amount to us on a current basis. Our estimates are based on leasing activity at the building and available market information, including leasing activity at comparable properties in the market. Estimates are inherently uncertain. While we intend to use assumptions that we believe are reasonable when making estimates, our assumptions may prove to be incorrect. No assurance can be given regarding the accuracy of our estimates and assumptions and it is possible that the actual Ground Rent Coverage of ~~the~~ these ~~Securities~~ assets may be materially lower than our estimates. Our estimates of Combined Property Value are based on various assumptions and information supplied to us by our tenants, and accordingly may not be indicative of actual values. When underwriting a potential investment and monitoring our portfolio, our estimate of Combined Property Value is based on expected lease terms, information supplied to us by our prospective tenant or tenant and numerous assumptions made by us. We do not independently investigate or verify the information provided to us by our tenants and no assurance can be given that the information is accurate. See" — We rely on Property NOI as reported to us by our tenants." The use of different information or assumptions could result in valuations that are materially lower than those used in our underwriting and portfolio monitoring processes. Our estimates of Combined Property Values represent our opinion and may not accurately reflect the current market value of the properties relating to our Ground Leases. Such estimates are based on numerous estimates and assumptions and not on contractual sale terms or third- party appraisals and, therefore, are inherently uncertain, and no assurance can be given regarding the accuracy or appropriateness of such estimates and assumptions. The application of alternative estimates or assumptions could result in valuations, by us or others, which are materially lower than those used in our underwriting and portfolio monitoring processes. 14There can be no assurance that we will realize any incremental value from the UCA in our owned residual portfolio or that the market price of our common stock will reflect any value attributable thereto. Pursuant to the typical terms of a Ground Lease, we regain possession of the ~~and~~ land ~~Exchange Commission~~ and generally take title to the building and any improvements thereon, without the payment of any additional consideration by us. We regard the difference between the initial Ground Lease value and the Combined Property Value as UCA in our owned residual portfolio that we may realize at the end of the lease through a releasing or sale transaction, or perhaps by operating the property directly. To the extent we choose to operate a property directly, we will be subject to additional risks associated with leasing commercial real estate, including responsibility for property operating costs, such as taxes, insurance and maintenance, that previously were paid for by our tenant pursuant the Ground Lease. Though we estimate Combined Property Value using one or more valuation methodologies that we consider appropriate, there can be no assurance that this estimate or the amount of any UCA in our owned residual portfolio is accurate at the time we invest in a Ground Lease. Even if we estimate that a UCA exists initially, we will generally not be able to realize that appreciation through a near term transaction, as the property is leased to a tenant pursuant to a long- term lease. While the value of commercial real estate as a broad class has generally increased over extended periods of time and is believed by some to exhibit a positive correlation with rates of inflation, the value of a particular commercial real estate asset is primarily a function of its location, overall quality and the terms of relevant leases. Since our leases are typically long- term (base terms ranging from 30 to 99 years), it is possible that the UCA in our owned residual portfolio will increase in value, but over long periods of time. However, the Combined Property Value of a particular property at the end of a Ground Lease will be highly dependent on its unique attributes and there can be no assurance that it will exceed the amount of our initial investment in the Ground Lease. There can also be no assurance that estimated UCA for properties we acquire in the future will be proportionate with estimated UCA for our current portfolio. Moreover, no assurance can be given that the market price of our common

stock will include any value attributable to the UCA in our owned residual portfolio. The price for our most recent sale of Caret units, in August 2022, implied a $ 2. 0 billion valuation for 100 % of Caret units, but there can be no assurances as to the value that may be attributed to Caret units in the future. In addition, our ability to recognize value through reversion rights may be limited by the rights of our tenants under some of our Ground Leases. See" — Certain tenant rights under our Ground Leases may limit the value and the UCA we are able to realize upon lease expiration, sale of our land and Ground Leases or other events." Moreover, the market price of our common stock may not reflect any value ascribed to the UCA in our owned residual portfolio, as it is difficult and highly speculative to estimate the value of a commercial real estate portfolio that may be realized at a distant point in time. Ground Leases with developers expose us to risks associated with property development and redevelopment that could materially and adversely affect us. In Ground Lease transactions with developers, rent may not commence until construction is completed, which would subject us to risks that the developer will be unable to complete the project and have it begin paying rent to us. Risks associated with development transactions include, without limitation: (i) the availability and pricing of financing for the developer on favorable terms or at all, due to rising interest rates or otherwise; (ii) counterparty risk with leasehold lenders that have future funding obligations; (iii) the availability and timely receipt by the developer of zoning and other regulatory approvals; (iv) the potential for the fluctuation of occupancy rates and rents, which could affect any percentage rents that we may receive; (v) development, repositioning and redevelopment costs may be higher than anticipated by the developer, which may cause the developer to abandon the project; and (vi) cost overruns and untimely completion of construction (including due to risks beyond the developer' s control, such as weather or labor conditions, inflationary pressures, supply chain disruptions or material shortages). In addition, if our tenant has obtained leasehold financing to complete construction, and the construction lender forecloses on the mortgage following a default, there is a risk that the mortgagee or a new tenant may not have necessary or sufficient development experience to complete the project or to do so to the same standards as the original developer. These risks could result in substantial unanticipated delays or expenses and could prevent the initiation or the completion of development, repositioning or redevelopment activities, any of which could materially and adversely affect us. We may be materially and adversely affected by the exercise of leasehold mortgagee protections. We typically permit tenants to obtain mortgage financing secured by their leasehold interest and to assign the lease and the tenant' s rights under the lease to the mortgagee as collateral. The leasehold mortgagee typically has the right to (i) receive notices and cure tenant defaults under the lease, (ii) require us to enter into a new lease with a successor tenant on the same terms as the existing lease and (iii) consent to certain actions. We may grant a leasehold mortgagee additional time to cure certain non- monetary defaults and may agree to defer certain remedies while the leasehold 15mortgagee is endeavoring to cure a default. In addition, some leasehold mortgage lenders may insist, should a casualty, loss or condemnation occur, upon using insurance proceeds to reduce the tenant' s debt to it rather than restoring or repairing the casualty, loss or condemnation, although the tenant would likely not be able to generate sufficient revenues from the resulting property to pay ground rent to us. There can be no assurance that we will not be materially and adversely affected by a leasehold mortgagee' s exercise of such mortgagee protections. We are subject to the risk of bankruptcy of our tenants. The bankruptcy or insolvency of a tenant may materially and adversely affect the income produced by our properties or could force us to" take back" a property as a result of a default or a rejection of the lease by a tenant in bankruptcy, any of which could materially and adversely affect us. If any tenant becomes a debtor in a case under federal bankruptcy law, we cannot evict the tenant and assume ownership of the building and improvements thereon solely because of the bankruptcy if the tenant continues to comply with the terms of our lease. In addition, the bankruptcy court might permit the tenant to reject and terminate its lease with us. Our claim against the tenant for unpaid and future rent would be a general unsecured claim subject to a statutory cap that might be substantially less than the rent actually owed to us under the lease. We may also be unable to re- lease a terminated or rejected space or re- lease it on comparable or more favorable terms. Although our tenants are primarily responsible for any environmental damages and claims related to the properties, a tenant' s bankruptcy or inability to satisfy its obligations for these types of damages or claims could require us to satisfy such liabilities. In addition, we may be held directly liable for any such damages or claims irrespective of the provisions of any lease. It is also possible that a bankruptcy court could re- characterize our Ground Leases as secured lending transactions depending on its interpretation of the terms of the lease. If a lease were judicially recharacterized as a secured lending transaction, we would not be treated as the owner of the property subject to the lease and could lose the legal as well as economic attributes of the owners of the property, which could have a material adverse effect on us. We may directly own one or more commercial properties, which will expose us to the risks of ownership of operating properties. There may be instances where we take ownership of a commercial property for a period of time prior to the separating it into fee and leasehold interests. In addition, we may own and operate commercial properties that revert to us upon the expiration or termination of a Ground Lease. The ownership and operation of commercial properties will expose us to risks, including, without limitation, the risks described above under" — Our operating performance and the market value of our properties are subject to risks associated with real estate assets." Additionally, we may be required to hold a commercial property in a taxable REIT subsidiary (" ~~SEC~~ TRS ") , and any gain from the subsequent sale of the property or a leasehold interest in it would be subject to corporate income tax . ~~In~~ Competition may adversely affect our ability to acquire and originate investments. We compete with commercial developers, other REITs, real estate companies, financial institutions, such as banks and insurance companies, funds, and other investors, such as pension funds, private companies and individuals, for investment opportunities. Our competitors include both competitors seeking to originate or acquire Ground Lease transactions or acquire properties in their entirety and competitors offering debt financing as an alternative to a Ground Lease. Some of our competitors have greater financial and other resources and access to

capital than we do. Due to our focus on Ground Leases throughout the U. S., and because most competitors are often locally and / or regionally focused, we do not always encounter the same competitors in each market. Additionally, the rise in interest rates and increased investment spreads to treasury bonds in the Ground Lease market may attract new competitors, which may result in higher costs for properties, lower returns and impact our ability to grow our business. Cybersecurity risk and cyber incidents may adversely affect our business. We rely on computer systems, hardware, software, technology infrastructure and online sites for the operation of our business and our ability to perform day- to-day operations. We own and manage some of these systems, but also rely on third parties for a range of products and services. We also collect, maintain and process confidential, sensitive, and proprietary information about investors, tenants, employees, and others, including personally identifiable information, as well as confidential, sensitive, and proprietary information belonging to our business. We face numerous and evolving cybersecurity risks that threaten the confidentiality, integrity and availability of our information technology systems and confidential information. A cyber incident may be an intentional attack or unintentional event and could involve gaining unauthorized access to our information systems for purposes of misappropriating assets, stealing confidential information, corrupting data or causing operational disruption. The result of these incidents may include disrupted operations, misstated 16or unreliable financial data, liability for stolen assets or information, increased cybersecurity protection and insurance cost, litigation and damage to our business relationships. As have many companies, we and our third- party vendors have been impacted by cyber incidents in the past and will likely continue to experience cyber incidents of varying degrees. While we do not believe these incidents have had a material impact to date, as reliance on technology and the number, intensity and sophistication of attempted attacks has increased, so have the risks posed to our information systems and those provided by third- party service providers. We have implemented processes, procedures and internal controls to help mitigate cybersecurity risks and cyber intrusions, but there can be no assurance that our cybersecurity risk management program and processes, including our policies, controls or procedures, will be fully implemented, complied with or effective in protecting our systems and information. Our business and growth prospects could be adversely affected by future epidemics, pandemics or other health crises, as they were during the peak of the COVID- 19 pandemic. During its ~~filings with~~ **peak, the COVID- 19 pandemic adversely affected our growth. Epidemics, pandemics or** ~~the~~ **other** ~~SEC~~ **health crises** , ~~SAFE provides~~ **including a resurgence of the COVID- 19 pandemic could adversely affect us due to, among other factors: ●** ~~disclosure~~ --- **closures of, or other operational issues at, one or more of our properties resulting from government or tenant action; ● deteriorations in our tenants' financial condition and access to capital which could cause one or more of our tenants to be unable to meet their Ground Lease obligations to us in full, or at all; ● a negative impact on the travel industry, and** as ~~to its business~~ **a result, the hotel industry, which could adversely affect our hotel assets, which accounted for approximately 10. 3 %, 11. 9 % and 14. 4 % of our total revenues for the years ended December 31, 2023, 2022 and 2021, respectively** , including **percentage rent; ●** ~~disclosure regarding its views as to~~ the ~~drivers~~ **impact on our percentage rent revenues, all** of ~~its~~ **which are based on operating performance at our hotel properties. We recognized $ 2. 8 million of percentage rent from our Park Hotels Portfolio in 2023 in respect of 2022 operating performance versus no percentage rent in 2022 in respect of 2021 hotel operating performance or 2021 in respect of 2020 hotel performance during the peak of the COVID- 19 pandemic; ● deteriorations in our** financial performance **which could cause us to be unable to satisfy debt covenants, including cash flow coverage tests in our revolving credit facility, which could trigger a default and acceleration of outstanding borrowings; ● difficulty accessing debt and equity capital on attractive terms, or at all, to fund business operations, growth or address maturing liabilities; and ● delays in the supply of products or services that are needed for our and our tenants' efficient operations. The after- effects of the COVID- 19 pandemic on certain sectors of the economy and commercial real estate markets remain uncertain. For example, we received no percentage rent payments from our Park Hotels Portfolio in 2022 (which reflect 2021 operations) due to the impact of the COVID- 19 pandemic, and the percentage rent payments in 2023 (which reflect 2022 operations) were below pre-pandemic levels. Although the COVID- 19 pandemic has subsided, there could be declines in corporate budgets and consumer demand for travel and declines in corporate budgets for office space, and such declines may continue for several years, which could adversely affect our business. Percentage rent payments under our Ground Leases are likely to continue to be negatively affected while these conditions persist. The possibility of another epidemic, pandemic or other health crisis presents material uncertainty and risk with respect to our performance, financial condition, results of operations and cash flows. Our estimated UCA, Combined Property Value and Ground Rent Coverage, may not reflect the full potential impact of the COVID- 19 pandemic or resulting shifts in the office sector and may decline materially in future periods. Our reported estimated UCA and Combined Property Value are based, in part, on valuations associated with each Ground Lease that occur every 12 to 24 months. Certain metrics that we report and monitor may not reflect current market values including the decline in office values. Lagging valuations may not accurately capture declines in our UCA and ratio of gross book value to Combined Property Value and such decline could be reflected in future periods, and any such decline could be material. Our estimated Ground Rent Coverage represents the ratio of the property NOI of the commercial properties being operated on our** ~~and~~ **land to the Ground Lease payment due to us, as of the date of determination. With respect to properties under development or in transition or for which financial statements are not available, we use our internal underwritten estimates of Ground Rent Coverage at stabilization and third- party valuations where available, none of which may take into account current demand shifts. With respect to other properties, the property NOI available to us at December 1731, 2023 may not be indicative of future periods, depending on the direction and magnitude of demand shifts for the entire period. Given the limitations of the information used in our estimates it is possible that the actual Ground Rent Coverage may be lower than our estimate, now or in the future. We are part of two joint ventures that have a different investment profile than our typical Ground**

Leases, which could materially and adversely affect us. We have interests in the Ground Lease Plus Fund (refer to Note 7 to the consolidated financial statements), which targets the origination and acquisition of pre- development phase Ground Leases, and the Leasehold Loan Fund (refer to Note 7 to the consolidated financial statements), which provides leasehold loans behind a Ground Lease (the “ Ventures ”). The Ventures are with an institutional third- party partner. The combined gross book value of the Ventures is less than 2 % of our gross book value. The assets owned by these Ventures create higher returns but also may involve additional risk than our typical Ground Leases. Pre- development Ground Leases differ from our typical Ground Leases in that ~~the~~ they may not have all governmental approvals to commence construction and often do not have full capitalizations to fund development; these factors may expose these projects to additional time delays and cost increases. Leasehold loans differ from our typical Ground Leases in that they are serviced by the post- ground rent cash flows of the asset and, in a default scenario, only have recourse to our tenants’ leasehold interests. Our success depends in part on our ability to attract, retain and develop talented employees, and our failure to do so, including the loss of any of our key employees, could adversely impact our business. The success of our business depends, in part, on the leadership and performance of our executive management team and key employees. Our ability to attract, retain and develop talented employees, and develop talent internally, could impact our future performance. Competition for these individuals is intense, and we cannot assure you that we will retain our executive management team and other key employees, or that we will be able to attract and / or develop other qualified individuals for these positions in the future. Additionally, the compensation and benefits packages we may need to offer to remain competitive for these individuals could increase the cost of replacement and retention. Risks Related to the Spin- Off and Our Relationship with Star Holdings The Spin- Off may not deliver its intended results. There are several risks and uncertainties for us related to the Spin- Off, including but not limited to: ● whether Star Holdings may be able to meet ~~it~~ its ~~faces~~ obligations to us and others following the Spin- Off; ● the fact that Star Holdings is a significant stockholder of our common stock and sales of our common stock by Star Holdings could adversely affect the market price of our common stock; and ● the fact that certain cash flows payable by Star Holdings to us may be affected by Star Holdings' performance, including amounts payable under the senior secured term loan and management fees payable under the management agreement with Star Holdings, and any adverse impact on Star Holdings' performance may adversely affect Star Holdings' ability to pay amounts due to us . ~~SAFE~~ Any one or more of these risks and uncertainties, or any other complexity resulting from the Spin- Off, may have an adverse effect on our financial condition, results of operations, cash flow and per share market price of our common stock. We are party to several agreements with Star Holdings, and may be unable to collect amounts to which we are contractually entitled, which could negatively affect our performance, financial condition, results of operations and cash flow. Concurrently with the completion of our spin- off of Star Holdings, Star Holdings entered into a management agreement with one of our subsidiaries (the “ Management Agreement ”). Pursuant to the Management Agreement, we have agreed to provide Star Holdings with a management team and manage Star Holdings ’ ~~s SEC filings~~ assets and its subsidiaries’ day- to- day operations, subject to the supervision of Star Holdings’ board of trustees. In consideration for our management services, Star Holdings has agreed to pay us an annual management fee fixed at $ 25. 0 million, $ 15. 0 million, $ 10. 0 million 18and $ 5. 0 million in each of the first four annual terms of the agreement, and 2. 0 % of the gross book value of Star Holdings’ assets thereafter, excluding the shares of us held by Star Holdings, as of the end of each fiscal quarter. The management fee is payable in cash quarterly, in arrears. Additionally, on March 31, 2023, we, as a lender and an administrative agent, and Star Holdings, as a borrower, entered into a senior secured term loan facility, which was amended on October 4, 2023, in an aggregate principal amount of $ 115. 0 million (the “ Secured Term Loan Facility ”) and an additional commitment amount of up to $ 25. 0 million (the “ Incremental Term Loan Facility, and together with the Secured Term Loan Facility, as amended, the “ Term Loan Facility ”) at Star Holdings’ election. Borrowings under the Term Loan Facility bear an interest at a fixed rate of 8. 00 % per annum, subject to increase in certain circumstances. The Term Loan Facility has certain prepayment obligations, and a maturity of March 31, 2027. As of December 31, 2023, the Term Loan Facility had an outstanding principal balance of $ 115. 0 million and no borrowing had been made under the Incremental Term Loan Facility. If Star Holdings terminates the Management Agreement, fails to comply with its covenants or is otherwise in default under the Term Loan Facility, or fails to pay cash amounts when due under the Management Agreement or Term Loan Facility, our cash flow may be adversely affected. Any significant and negative impact on our cash flow could in turn negatively impact our compliance with covenants under our debt instruments or result in our default thereof, which could materially and adversely affect our performance, financial condition and results of operations. Star Holdings owns a significant amount of our common stock, all of which serves as collateral for a margin loan. As of December 31, 2023, Star Holdings owned approximately 19 % of the outstanding shares of our common stock. Future sales in the public market by Star Holdings, or the perception in the market that Star Holdings intends to sell shares, could reduce the market price of our common stock. Additionally, Star Holdings has entered into a margin loan facility in an aggregate principal amount of $ 140. 0 million with Morgan Stanley Bank, N. A., as lender, Morgan Stanley Senior Funding, Inc., as administrative agent, and Morgan Stanley & Co. LC, as sole custodian, calculation agent and collateral agent (the “ Margin Loan Facility ”). As of November 8, 2023, the outstanding principal balance was $ 80. 2 million. The Margin Loan Facility is secured by all of the shares of our common stock held by Star Holdings. If the market value of our common stock held by Star Holdings drops below certain specified levels, Star Holdings will be required to post additional collateral or, at certain levels, repay the outstanding margin loan amount as well as all accrued and unpaid interest, and a make whole amount. If Star Holdings is unable to satisfy any collateral calls or does not have sufficient funds to repay amounts owed under the Margin Loan Facility, Star Holdings may be forced to sell shares of our common stock or the lender may foreclose on the shares of our common stock held as

collateral, which could reduce the market price of our common stock. Moreover, a collateral call or mandatory repayment may occur at a time when Star Holdings is subject to contractual or statutory prohibitions from selling. The concentration of our voting power may adversely affect the ability of investors to influence our policies. As of December 31, 2023, Star Holdings owned approximately 19 % of the outstanding shares of our common stock. Therefore, subject to the terms of our Governance Agreement with Star Holdings, Star Holdings has the ability to influence the outcome of matters presented to our shareholders, including the election of our board of directors and approval of significant corporate transactions, including business combinations, consolidations and mergers. The concentration of voting power in Star Holdings might also ~~include certifications and disclosure regarding internal~~ **have the effect of delaying, deferring or preventing a change of** ~~controls~~ **control** ~~over financial reporting~~ **that our other shareholders may view as beneficial. We entered into a Governance Agreement with Star Holdings, pursuant to which, among other things, Star Holdings** and ~~disclosure~~ **its subsidiaries agreed to certain lockup and standstill provisions, and to vote all shares of our common stock owned by them (i) in favor of all persons nominated to serve as our directors by our board of directors or our nominating and corporate governance committee, (ii) against any stockholder proposal that is not recommended by our board of directors and (iii) in accordance with the recommendations of our board on all other proposals brought before our stockholders, in each case until the earliest to occur of (a) the termination of our management agreement with Star Holdings, (b) the date on which both (1) Star Holdings ceases to beneficially own at least 7. 5 % of our outstanding common 19stock and (2) Star Holdings is no longer managed by us or our affiliates, or (c) a " change of** ~~controls~~ **control " of us, as defined in the Governance Agreement** . **As a result, the ability of other stockholders to influence the election of directors and other matters submitted to stockholders for approval will be limited. For example, this voting agreement may have the effect of delaying or preventing a transaction that would result in a change of control, if our board of directors does not recommend that our stockholders vote in favor of the transaction, even if certain other stockholders believe that the transaction is in our or their interests.** ~~8There~~ **There** are various potential conflicts of interest in our relationship with ~~SAFE~~ **Star Holdings** , which could result in decisions that are not in the best interest of our shareholders. Potential conflicts of interest in our relationship with ~~SAFE~~ **Star Holdings** include, without limitation: conflicts arising from the enforcement of agreements between us and ~~SAFE~~ **Star Holdings** ; conflicts in the amount of time that our officers and employees will spend on ~~SAFE~~ **Star Holdings** ' ~~s~~ affairs vs. our other affairs; conflicts in determining whether to seek reimbursement from ~~SAFE~~ **Star Holdings** of certain expenses we incur on its behalf; **and** ~~conflicts in transactions that we pursue with SAFE;~~ conflicts between the interests of our shareholders and members of our management who hold ~~SAFE~~ **Star Holdings** common stock ~~and other equity interests in SAFE such as grants of interests in a subsidiary of SAFE' s operating partnership (called Caret units) that will entitle them to participate in distributions arising from certain sales and financings of SAFE' s Ground Leases; and conflicts in allocating investments to, and managing an investment fund (see Ground Lease Plus Fund below) in which we have invested, and SAFE may invest, as discussed further below~~ . Transactions between ~~iStar~~ **Star Holdings** and ~~SAFE~~ **us** are subject to certain approvals of our independent directors; however, there can be no assurance that such approval will be successful in achieving terms and conditions as favorable to us as would be available from a third party. **Certain** ~~Two directors~~ of **our executive officers are also** ~~iStar~~ **Star Holdings** ~~serve on SAFE' s board of directors, including Jay Sugarman, who is the chief~~ executive ~~officer~~ **officers** ~~of SAFE and our chief executive officer~~ . Our ~~directors and~~ executive officers have duties to our company under applicable Maryland law, and our executive officers ~~and our directors~~ who are also ~~directors or~~ officers of ~~SAFE~~ **Star Holdings** have duties to ~~SAFE~~ **Star Holdings** under applicable Maryland law. Those duties may come in conflict from time to time. We also have duties as the manager of ~~SAFE~~ **Star Holdings** which may come in conflict with our duties to our shareholders from time to time. **Our management agreement** ~~We formed an investment fund~~ with **Star Holdings and** ~~a third party (the~~ **other** ~~" Ground Lease Plus Fund ")~~ **effects from the Spin- Off could distract management time and attention and give rise to disputes or other unfavorable effects** , ~~in~~ which **could materially** ~~SAFE may invest, which targets the origination~~ and **adversely affect our business, financial position** ~~acquisition of pre- development phase Ground Leases which do not fit SAFE' s investment criteria. We own a 53 % interest in the Ground Lease Plus Fund and manage it. We may face conflicts of interest in fulfilling our~~ **or results of operations** ~~duties to our shareholders, to the fund as its general partner and manager and to SAFE as its manager~~ . We are ~~responsible for identifying~~ **Star Holdings' external manager** and **our duties under** ~~appropriately allocating investments between~~ the ~~fund~~ **management agreement could distract the time** and ~~SAFE~~ **attention of our management away from Safehold** . In addition, ~~iStar~~ **the Spin- Off may lead to increased recurring operating and other expenses and to changes to certain operations. Disputes with third parties** ~~would~~ **could** ~~be involved in establishing~~ **also arise out of** ~~the~~ **these transactions. These potential management distractions increased expenses, changes to operations, disputes with third parties, or other effects could materially and adversely affect our financial condition, results of operations, cash flow and per share market** price ~~and the conditions~~ of ~~any future~~ **our common stock. The Spin- Off may expose us to** potential ~~purchases~~ **liabilities arising out** of ~~assets by SAFE from the fund~~ **state and federal fraudulent conveyance laws** . If we ~~fail~~ **file for insolvency or bankruptcy within certain timeframes following the Spin- Off, a court could deem the spin- off or certain internal restructuring transactions undertaken by us in connection therewith** to ~~deal appropriately~~ **be a fraudulent conveyance or transfer. Fraudulent conveyances or transfers are defined to include transfers made or obligations incurred** with ~~these~~ -- **the** ~~and other conflicts~~ **actual intent to hinder** , **delay** ~~our~~ **or** ~~business~~ **defraud current or future creditors or transfers made or obligations incurred for less than reasonably equivalent value when the debtor was insolvent, or that rendered the debtor insolvent, inadequately capitalized or unable to pay its debts as they become due. In such circumstances, a court** could **void the** ~~be adversely affected. Transactions~~ **transactions or impose substantial liabilities upon** ~~between iStar and SAFE have been and will be negotiated between related parties and their terms may not be as favorable to~~ us ~~as if they had been negotiated with an unaffiliated third party. We have entered into a number of agreements and transactions with SAFE since its formation in 2017~~ ,

~~including agreements relating to the Merger and related transactions, investments in SAFE common stock, a stockholder' s agreement, registration rights agreements, asset bifurcation transactions, forward sale transactions and other investment transactions, and, pending completion of the Merger and related transactions, as to which there is no assurance, we intend to continue to enter into transactions with SAFE in the future. Transactions between iStar and SAFE have been and will be negotiated between related parties and their terms may not be as favorable to us as if they had been negotiated with an unaffiliated third party. In addition, we may choose not to enforce, or to enforce less vigorously, our rights under agreements with SAFE because of our desire to maintain our ongoing relationship with SAFE. Refer to Note 8 to the consolidated financial statements for a discussion of related party transactions between SAFE and us in 2022. Our stockholder' s agreement with SAFE limits our voting power in SAFE and contains standstill restrictions. Although we own approximately 54. 3 % of the outstanding common stock of SAFE as of December 31, 2022, we are party to a shareholder' s agreement with SAFE that generally limits the discretionary voting power of our shares to 41. 9 % and requires that we vote shares in excess of that amount in proportion to the votes of SAFE' s other shareholders on matters presented for approval. As a result of such limitations, actions may be approved by SAFE' s board and shareholders with which we do not agree. The stockholder' s agreement also subjects us to certain standstill provisions that restricts our ability to acquire additional shares of SAFE common stock in excess of an ownership limit approved by SAFE' s independent directors, participate in certain proxy solicitations, solicit or publicly offer to effect certain extraordinary corporate transactions and take other specified actions, in each case without the prior written consent of SAFE' s independent directors. As a result of such restrictions, we may be restricted from pursuing transactions with which SAFE' s independent directors do not agree. 9We have acquired, and may in the future acquire, commercial properties with the intent create a ground lease and to sell or lease the leasehold interest to a third party. If we are unable to sell or lease the leasehold interest, we will be exposed to the risks of ownership of operating properties. We have acquired, and may in the future acquire, commercial properties with the intent to separate the property into a ground lease and an interest in the buildings and improvements thereon that is sold or leased to a third party. There may be instances where we are unable to find a purchaser or lessee for the improvements, in which case we will be subject to the risks of owning operating properties. The ownership and operation of commercial properties will expose us to risks, including, without limitation: ● adverse changes in international, regional or local economic and demographic conditions; ● tenant vacancies and market pressures to offer tenant incentives to sign or renew leases; ● adverse changes in the financial position or liquidity of tenants; ● the inability to collect rent from tenants; ● tenant bankruptcies; ● higher costs resulting from capital expenditures and property operating expenses; ● civil disturbances, hurricanes and other natural disasters, or terrorist acts or acts of war, which may result in uninsured or underinsured losses; ● liabilities under environmental laws; ● risks of loss from casualty or condemnation; ● changes in, and changes in enforcement of, laws, regulations and governmental policies, including, without limitation, health, safety, environmental, zoning and tax laws; and ● the other risks described under" We are subject to additional risks associated with owning and developing property." Upon taking ownership of a commercial property, we may be required to contribute ownership of the land to a taxable REIT subsidiary (" TRS"), which would subsequently seek to sell the land to SAFE and lease or sell a leasehold interest in such commercial property to a third party. Any gain from the sale of land would be subject to corporate income tax. We and SAFE face competition. The commercial real estate industry is highly competitive, and the Ground Lease business has attracted new competitors as SAFE' s success has become more widely known. Our competitors include finance companies, other REITs, commercial banks and thrift institutions, investment banks and hedge funds, among others. SAFE' s competitors include those same entities, as well as private individuals and pension funds. These competitors may seek to compete aggressively with us or SAFE on a number of factors including transaction pricing, terms and structure. We and SAFE may have difficulty competing to the extent we are unwilling to match the competitors' deal terms in order to maintain our or SAFE' s profit margins and / or credit standards. To the extent that we match competitors' pricing, terms or structure, we or SAFE may experience decreased interest margins and / or increased risk of credit losses, which could have a material adverse effect on our or SAFE' s financial performance, liquidity and the market price of our common stock. Our business and the growth of SAFE were adversely affected by the COVID- 19 pandemic and could be adversely affected in the future by the outbreak of future COVID- 19 variants or other highly infectious or contagious diseases. Future outbreaks of COVID- 19 variants or another pandemic could adversely affect us and SAFE due to, among other factors: ● the impact of mandated or voluntary closures, reduced economic activity, supply chain constraints and other effects on customers' ability to meet their obligations to us and SAFE; ● the adverse impact on SAFE' s hotel Ground Leases, which accounted for approximately 11. 9 % of SAFE' s total revenues in 2022, including percentage rent from certain properties. SAFE recognized no percentage rent from its Park Hotels Portfolio in 2022 in respect of 2021 hotel operating performance; 10 ● a decline in real estate transaction activity and constrained credit conditions~~ which could adversely affect our **financial condition** ~~ability to monetize legacy assets~~ and ~~scale~~ **our results of operations. Whether a transaction is a fraudulent conveyance or transfer will vary depending upon the jurisdiction whose law is being applied. The agreements between Safehold and Star Holdings entered into in connection with the Spin- Off may not reflect terms that would have resulted from arm' s- length negotiations with unaffiliated third parties. The agreements related to the Spin- Off, including the separation and distribution agreement, the management agreement, the governance agreement, the registration rights agreement and the secured term loan were negotiated prior to the consummation of the Spin- Off. As a result, although those agreements are intended to reflect arm' s- length terms, they may not reflect terms that would have resulted from arm' s- length negotiations between unaffiliated third parties. 20Financing and Investment RisksOur debt obligations, which include the substantial amount of indebtedness we assumed in connection with the Merger, will reduce cash available for distribution and expose us to the risk of default. Prior to the Merger, Old SAFE had substantial indebtedness and, in connection with the Merger, we assumed all of Old** SAFE' s ~~portfolio~~ **indebtedness in addition to retaining $ 100. 0 million of our trust preferred securities. Payments of principal and interest on borrowings may leave us with insufficient**

cash resources to fund investment activities or to make distributions currently contemplated or necessary for us to maintain our qualification as ~~its Manager~~ **a REIT. If interest rates, and therefore, the costs of our debt rise faster and by greater amounts than any rent escalations and percentage rents under our leases, we may not generate sufficient cash to pay amounts due under our borrowings. Additionally, given the long term of our Ground Leases and the comparatively shorter term of our debt, there may be a misalignment between interest rates at the time of a refinancing and our expected revenue stream under a Ground Lease. Our organizational documents do not contain any limitation on the amount of indebtedness we may incur. Our level of debt following the Merger, the costs of our debt and the limitations imposed on us by our debt agreements could have significant adverse consequences, including, without limitation, the following: ● our cash flow may be insufficient to meet our required principal and interest payments** ; ● ~~the negative impact~~ **we may be unable to borrow additional funds as needed** on **favorable terms,** ~~our~~ , **or at all** ~~earnings from increased allowances against potential future losses and impairment charges and placing certain assets on accrual status~~ ; ● **we may** ~~deteriorations in our financial condition, if they were to cause us to~~ be unable to ~~satisfy financial covenants in~~ **refinance our indebtedness at maturity** ~~our~~ , **or** ~~debt obligations, which could trigger a default and acceleration~~ **the refinancing terms may be less favorable than the terms** of ~~outstanding borrowings~~ **our original indebtedness** ; ● ~~the negative impacts on our operations if the health of a significant number of our employees were to be impacted by the pandemic; and ● difficulty accessing debt and equity capital on attractive terms, or at all, to fund business operations or address maturing liabilities. Significant~~ increases in interest rates could **materially increase** ~~have an adverse effect on~~ our ~~and SAFE' s operating results. SAFE' s and our operating results depend in part on the difference between the income earned on our respective assets and the~~ interest expense ~~incurred in connection with~~ **and adversely affect our growth by significantly increasing the costs of future investments; ● we may be forced to dispose of one** ~~our~~ , **or** ~~respective interest bearing liabilities. Changes in~~ **more of our assets, possibly on disadvantageous terms; ● restricting us from making strategic acquisitions, developing properties, or exploiting business opportunities; ● our credit agreements prohibit us from paying distributions if** ~~the~~ **there is a default thereunder, subject to limited exceptions relating to the maintenance of our REIT qualification; ● the actions or omissions of our tenants over which we have no direct control, such as a failure to pay required taxes, may trigger an event of default under certain of our mortgages (refer to Note 9 to the consolidated financial statements); ● our default under debt agreements could trigger cross- default or cross acceleration of our other debt; ● exposing us to potential credit rating downgrades; ● increasing our vulnerability to a downturn in** general ~~level of~~ **economic conditions; and ● limiting our ability to react to changing market conditions in our industry. Our failure to hedge** interest rates **effectively could materially and adversely** ~~prevailing in the financial markets will~~ affect **us.** ~~the spread between our and SAFE' s income earning assets and interest bearing liabilities, subject~~ **Subject** to ~~the impact of~~ **our qualification as a REIT, we seek to manage our exposure to** interest rate **volatility** ~~floors and caps, as well as the amounts of floating rate assets and liabilities that we or SAFE may have. Any significant compression of the spreads between income earning assets and interest bearing liabilities could have a material adverse effect on us and SAFE. While interest rates remain low~~ by **using** ~~historical standards, interest rates rose in 2022 and are generally expected to continue to rise in 2023 and perhaps in future years, although there is no certainty as to the amount by which they may rise. Higher rates could exceed the~~ interest rate ~~floors~~ **hedging arrangements** that **involve risk** ~~exist on floating rate debt that we or SAFE may have and create a mismatch between assets and any floating rate debt that could have a significant adverse effect on our and SAFE' s operating results. An increase in interest rates could also~~ , ~~among other things, reduce the value of Ground Lease assets that generate fixed amounts of income or that provide for contractual increases that are lower than increases in interest rates, and our or SAFE' s ability to realize gains from the sale of~~ such ~~assets. In addition, to the extent that market participants believe that increasing interest rates adversely affect SAFE, the value of our investment in SAFE and our own stock price maybe adversely affected,~~ as ~~we and SAFE experienced in 2022. Rising interest rates also tend to negatively impact the residential mortgage market, which in turn may adversely affect the value of and demand for our land assets, including our residential development projects. Interest rates are highly sensitive to many factors, including governmental monetary and tax policies, domestic and international economic and political conditions, and other factors beyond our control. We have recognized losses when a borrower defaults on a loan and the underlying collateral value is not sufficient, and we may recognize additional losses in the future. We have recognized losses arising from borrower defaults on our loan assets and we may recognize additional losses on any loan assets we hold in the future. In the event of a default by a borrower on a non- recourse loan, we will only have recourse to the real estate- related assets collateralizing the loan. If the underlying collateral value is less than the loan amount, we will suffer a loss. Conversely, loans that are unsecured or are secured only by equity interests in the borrowing entities are subject to~~ the risk that **counterparties may fail to honor** ~~other~~ , **their** ~~lenders~~ **obligations under these arrangements, and that these arrangements** may **not** be **effective in reducing** ~~directly secured by the real estate assets of the borrower. In the event of a default, those collateralized lenders would have priority over us with respect to the proceeds of a sale of the underlying real estate. In cases described above, we may lack control over the underlying asset collateralizing our loan or~~ **our exposure** ~~the underlying assets of the borrower prior~~ to **interest rate changes** ~~a default, and as a result the value of the collateral may be reduced by acts or omissions by owners or managers of the assets~~ . **Moreover,** ~~We sometimes obtain individual or corporate guarantees from borrowers or their~~ , **there** ~~affiliates. In cases where guarantees are not fully or partially secured, we typically rely on financial covenants from borrowers and guarantors which are designed to require the borrower or guarantor to maintain certain levels of creditworthiness. Where we do not have recourse to specific collateral pledged to satisfy such guarantees or recourse loans, or where the value of the collateral proves insufficient, we will only have recourse as an unsecured creditor to the general assets of the borrower or guarantor, some or all of which may be pledged to satisfy other lenders. There~~ can be no assurance that ~~a borrower or~~ **our** ~~guarantor~~ **hedging arrangements** will ~~comply~~ **qualify for hedge accounting. Should we desire to terminate a hedging arrangement, we may incur significant costs. When a hedging arrangement is required under the terms of a mortgage loan, it is often a condition that the hedge counterparty**

maintains a specified credit rating. If the credit rating of a counterparty were downgraded and we were unable to renegotiate the credit rating condition with ~~its~~ **the lender or find an alternative counterparty with acceptable credit rating, we would be in default under the loan and the lender could seize that property securing the loan through foreclosure. Joint venture investments could be adversely affected by our lack of sole decision- making authority, our reliance on partners' or co- venturers'** financial **position and liquidity and disputes between** ~~covenants, or that sufficient assets will be available to pay amounts owed to~~ us ~~under our loans~~ and ~~guarantees~~ **our co- venturers** . ~~As a result~~ **We hold certain** of ~~these factors~~ **our Ground Leases through ventures owned by us and a third party** , **and** we may ~~suffer additional losses which could have a material adverse effect on~~ **co- invest in the future with third parties through partnerships, joint ventures** ~~our~~ - **or** ~~financial performance, liquidity and the market price of our common stock. 11In the event of a borrower bankruptcy, we may not have full recourse to the assets of the borrower in order to satisfy our loan. In addition, certain of our loans are subordinate to~~ other **entities** ~~debts of the borrower~~ . **Under** ~~If a borrower defaults on our loan or~~ **our stockholder** ~~on debt senior to our loan, or in the event of a borrower bankruptcy, our loan will be satisfied only after the senior debt receives payment. Where debt senior to our loan exists, the presence of intercreditor arrangements may limit our ability to amend our loan documents, assign our loans, accept prepayments, exercise our remedies (through" standstill" periods) and control decisions made in bankruptcy proceedings relating to borrowers. Bankruptcy and borrower litigation can significantly increase collection costs and losses and the time necessary to acquire title to the underlying collateral, during which time the collateral may decline in value, causing us to suffer additional losses. If the value of collateral underlying our loan declines or interest rates increase during the term of our loan, a borrower may not be able to obtain the necessary funds to repay our loan at maturity through refinancing. Decreasing collateral value and / or increasing interest rates may hinder a borrower~~ ' s ~~ability~~ **agreement with an institutional investor that invested in Old SAFE prior** to **Old SAFE' s initial public offering** ~~refinance our loan because the underlying property cannot satisfy the debt service coverage requirements necessary to obtain new financing. If a borrower is unable to repay our loan at maturity~~ , we **have agreed** ~~could suffer additional loss which may adversely impact our financial performance. Joint venture and other investments we hold or may make in the future may not provide us with full control. We also hold investments in the Ground Lease Plus Fund and a loan fund (refer to Note 8 to the consolidated financial statements) and certain funds and limited partnerships managed by third parties. These and other investments we may make in the future present risks~~ that ~~we may~~ **it will** have ~~differing objectives than our partners or the managers, board of directors, shareholders or other members in such investments, that we may become involved in disputes with them~~ - **the right** ~~and that we may compete with such entities. In addition, we rely on the internal controls and financial reporting controls of these entities and their failure~~ to **participate as** ~~maintain effectiveness or comply with applicable standards may adversely affect us. We are subject to additional risks associated with owning and developing real estate. As of December 31, 2022, we own approximately $ 232. 0 million of land and development assets and $ 112. 9 million of operating properties, based on net carrying values. These assets expose us to additional risks, including, without limitation: ● We must incur costs to carry these assets and in some cases make repairs to defects in construction, make improvements to, or complete the assets, which requires additional liquidity and results in additional expenses that could exceed our original estimates and impact our operating results. ● Real estate projects are not liquid and, to the extent we need to raise liquidity through asset sales, we may be limited in our ability to sell these assets in~~ a ~~short~~ **co** - **investor in** ~~time frame. ● Uncertainty associated with economic conditions, rezoning, obtaining governmental permits and approvals, concerns of community associations, reliance on third party contractors, increasing commodity costs and threatened or pending litigation may materially delay our completion of rehabilitation and development activities and materially increase their cost to us. ● The values of our~~ real estate investments **for which we** are ~~subject to~~ **seeking joint venture partners. In** a ~~number of factors outside of~~ **joint venture, we may not be in a position to exercise sole decision- making authority regarding material decisions. Investments in partnerships, joint ventures** ~~our~~ - **or** ~~control~~ **other entities may, under certain circumstances, involve risks not present were a third party not involved** , including ~~changes in~~ **the possibility that partners or co- venturers might become bankrupt or fail to 21fund** ~~the~~ **their** ~~general~~ **share of required capital contributions. Partners or co- venturers may have** economic **or other business** ~~climate, changes in interest~~ **interests** ~~rates~~ **or goals which are inconsistent with our business interests or goals,** and ~~the~~ **they may have competing interests** ~~availability of attractive financing, over- building or decreasing demand in the markets where we own assets, and changes in law and governmental regulations. The residential market has previously experienced significant downturns~~ that could ~~recur and adversely affect~~ **create conflict of interest issues. Such investments may also have the potential risk of impasses on decisions, such as a sale. In addition, prior consent of our partners or co- venturers may be required for a sale or transfer to a third party of our interests in the partnership or joint venture, which would restrict our ability to dispose of our interest. Disputes between** us **and partners or co- venturers may result in litigation or arbitration that would increase our expenses and create distractions for our executive officers and / or directors** . **In addition** ~~As of December 31, 2022~~ , we **may** ~~owned land and residential properties with a net carrying value of $ 236. 0 million. The housing market in the United States has previously been adversely affected by rising interest rates for mortgage loans, weakness in the economy, high unemployment levels and low consumer confidence. Certain housing markets in the United States have been reported to have experienced a downturn in 2022 and continuing into 2023. A prolonged downturn in the housing market generally, or in the markets in which we hold assets, could adversely impact demand for our land assets including our residential development projects. 12We are subject to certain risks associated with investing in real estate, including potential liabilities under environmental laws and risks of loss from weather conditions, man- made or natural disasters, climate change and terrorism. Under various U. S. federal, state and local environmental laws, ordinances and regulations, a current or previous owner of real estate (including,~~ in certain circumstances **be** ~~, a secured lender that succeeds to ownership or control of a property) may become~~ liable for the ~~costs~~ **actions** of ~~removal or~~ **our partners** ~~remediation of certain hazardous or toxic substances at, on, under or in its property. Those laws typically impose cleanup responsibility and liability without regard to whether the owner or control~~

~~party knew of or was responsible for~~ **or co- venturers** ~~the release or presence of such hazardous or toxic substances~~ . **Our partnerships** ~~The costs of investigation, remediation~~ or **joint ventures** ~~removal of those substances may be substantial. The owner or control party of a site~~ may be subject to ~~common law claims by third~~ **debt and we could be forced to fund our** ~~parties~~ **partners ' or co- venturers' share of such debt if they fail to make the required payments** ~~based on damages and costs resulting from environmental contamination emanating from a site. Certain environmental laws also impose liability~~ in ~~connection~~ **order to preserve our investment. Our depreciation expenses are expected to be limited for financial and tax reporting purposes,** with the **result** ~~handling of or exposure to asbestos- containing materials, pursuant to which third parties may seek recovery from owners of real properties for personal injuries associated with asbestos- containing materials. While a secured lender is not likely to be subject to these forms of environmental liability, when we foreclose on real property, we become an owner and are subject to the risks of environmental liability. Additionally, our remaining net lease assets and SAFE' s Ground Leases generally require the tenants to undertake the obligation for environmental compliance and indemnify us and SAFE from liability with respect thereto. There can be no assurance~~ that ~~the tenants will have sufficient resources to satisfy their obligations to us. Weather conditions and man- made or natural disasters such as hurricanes, tornadoes, earthquakes, floods, droughts, fires and other environmental conditions can damage properties we own. As of December 31, 2022, approximately 20. 2 % of the carrying value of our assets was located in the western United States, geographic areas at higher risk for earthquakes. Additionally, we own properties located near the coastline and the value of our properties will potentially be subject to the risks associated with long- term effects of climate change. A significant number of our properties are located in major urban areas which, in recent years, have been high risk geographical areas for terrorism and threats of terrorism. Certain forms of terrorism including, but not limited to, nuclear, biological and chemical terrorism, political risks, environmental hazards and / or Acts of God may be deemed to fall completely outside the general coverage limits of our insurance policies or may be uninsurable or cost prohibitive to justify insuring against. Furthermore, if the U. S. Terrorism Risk Insurance Program Reauthorization Act is repealed or not extended or renewed upon its expiration, the cost for terrorism insurance coverage may increase and / or the terms, conditions, exclusions, retentions, limits and sublimits of such insurance may be materially amended, and may effectively decrease the scope and availability of such insurance to the point where it is effectively unavailable. Future weather conditions, man- made or natural disasters, effects of climate change or acts of terrorism could adversely impact the demand for, and value of, our assets and could also directly impact the value of our assets through damage, destruction or loss, and could thereafter materially impact the availability or cost of insurance to protect against these events. Although we believe our owned real estate and the properties collateralizing our loan assets are adequately covered by insurance, we cannot predict at this time if we or our borrowers will be able to obtain appropriate coverage at a reasonable cost in the future, or if~~ we will be ~~able~~ **highly dependent on external capital sources** to ~~continue~~ **fund our growth. As an owner of land, we expect** to ~~pass along~~ **record limited depreciation expenses for either financial reporting or tax reporting purposes. As a result, we will not have significant depreciation expenses that will reduce our net taxable income and the payment ratio of our distributions to our cash available for distribution to our shareholders or other metrics is likely to be higher than at many other REITs. This also means that we will be highly dependent on external capital sources to fund our growth. If capital markets are experiencing disruption or are otherwise unfavorable, we may not have access to capital on attractive terms, or at** all ~~of the costs of insurance to our tenants. The foregoing risks also apply generally to SAFE' s properties and the buildings thereon owned by SAFE' s tenants. Any weather conditions, man- made or natural disasters, terrorist attack or effect of climate change, whether or not insured, could have a material adverse effect on our or SAFE' s financial performance, liquidity and the market price of our or SAFE' s common stock. In addition, there is a risk that one or more of our property insurers may not be able to fulfill their obligations with respect to claims payments due to a deterioration in its financial condition. Our ability to retain and attract key personnel is critical to our success. Our success depends on our ability to retain our senior management and the other key members of our management team and recruit additional qualified personnel. We rely in part on equity compensation to retain and incentivize our personnel. In addition, if members of our management join competitors or form competing companies, the competition could have a material adverse effect on our business or SAFE' s business. Efforts to retain or attract professionals may result in additional compensation expense~~ , which could **prevent** ~~affect our financial performance. 13Security breaches and other disruptions could compromise our information and expose~~ us **from achieving** ~~to liability, which would cause our business and reputation to suffer. In the ordinary course of our business, we collect and store sensitive data, including intellectual property, our proprietary business information and that of our customers, and personally identifiable information of our customers and employees, in our data centers and on our networks. The secure processing, maintenance and transmission of this information is critical to our operations and business strategy. Despite our security measures, our information technology and infrastructure may be vulnerable to attacks by hackers or~~ **our investment objectives** ~~breached due to employee error, malfeasance or other disruptions~~ . **Our** ~~Any such breach could compromise our networks and the information stored there could be accessed, publicly disclosed, lost or stolen. Any such access, disclosure or other loss of information could result in legal claims or proceedings, liability under laws that protect the privacy of personal information, disrupt our operations and the services we provide to customers, and damage our reputation, which could have a material adverse effect on our business. Financing RisksOur~~ credit ratings will impact our borrowing costs **and our access to debt capital markets** . Our borrowing costs **on our credit facilities** and our access to ~~the~~ debt capital markets **will** depend significantly on our credit ratings **, which are based on our operating performance, liquidity and leverage ratios, financial condition and prospects, and other factors** . Our unsecured corporate credit ratings from major national credit rating agencies are currently ~~below~~ investment grade. **However** ~~Having below investment grade credit ratings makes our borrowing costs higher than they would be with an investment grade rating and makes restrictive covenants in our public unsecured debt securities operative. These restrictive covenants are described below in" Covenants in our indebtedness could limit our flexibility and adversely affect our financial condition." Covenants in our indebtedness could limit our flexibility and adversely affect our financial condition. Our~~

~~outstanding unsecured debt securities contain corporate level covenants that include a covenant to maintain a ratio of unencumbered assets to unsecured indebtedness of at least 1. 3x and covenant restricting certain incurrences of debt based on a fixed charge coverage ratio, subject to certain permitted debt baskets. If any of our covenants are breached and not cured within applicable cure periods, the breach could result in acceleration of our debt securities unless a waiver or modification is agreed upon with the requisite percentage of the bondholders. Limitations on our ability to incur new indebtedness under the fixed charge coverage ratio may limit the amount of new investments we make. We have significant indebtedness and funding commitments and limitations on our liquidity and ability to raise capital may adversely affect us. Sufficient liquidity is critical to our ability to meet our scheduled debt payments, make additional investments in the Ground Lease business, pay distributions and satisfy funding commitments to borrowers. We have relied on proceeds from the issuance of unsecured debt, secured borrowings, repayments from our loan assets and proceeds from asset sales to fund our operations and other activities, and, pending completion of the Merger and related transactions, as to which there can be no assurance, we expect to continue to rely primarily on these sources of liquidity for the foreseeable future. Our ability to access capital in 2023 and beyond will be subject to a number of factors, many of which are outside of our control, such as general economic conditions, changes in interest rates and conditions prevailing in the credit and real estate markets. There can be no assurance that we will have access to liquidity when needed or on terms that are acceptable to us. We may also encounter difficulty in selling assets or executing capital raising strategies on acceptable terms in a timely manner, which could impact our ability to make scheduled repayments on our outstanding debt. Failure to repay or refinance our borrowings as they come due would be an event of default under the relevant debt instruments, which could result in a cross default and acceleration of our other outstanding debt obligations. Failure to meet funding commitments could cause us to be in default of our financing commitments to borrowers. Any of the foregoing could have a material adverse effect on our business, liquidity and the market price of our common stock. We utilize derivative instruments to hedge risk, which may adversely affect our borrowing cost and expose us to other risks. The derivative instruments we use are typically in the form of interest rate swaps, interest rate caps and foreign exchange contracts. Our use of derivative instruments involves the risk that a counterparty to a hedging arrangement could default on its obligation and the risk that we may have to pay certain costs, such as transaction fees or breakage costs, if a 14hedging arrangement is terminated by us. Developing an effective strategy for dealing with movements in interest rates and foreign currencies is complex and no strategy can completely insulate us from risks associated with such fluctuations. There can be no assurance that any hedging activities will have the desired beneficial impact on our results of operations or financial condition. The replacement of LIBOR may affect the value of certain of our financial obligations and could affect our results of operations or financial condition. In July 2017, the U. K. Financial Conduct Authority, which regulates LIBOR, announced that it intends to stop persuading or compelling banks to submit LIBOR rates after 2021. In March 2021, ICE Benchmark Administration, the administrator of LIBOR, extended the transition dates of certain LIBOR tenors to June 30, 2023, after which LIBOR reference rates will cease to be provided. Despite this deferral, the LIBOR administrator has advised that no new contracts using U. S. Dollar LIBOR should be entered into after December 31, 2021. It is unknown whether any banks will continue to voluntarily submit rates for the calculation of LIBOR, or whether LIBOR will continue to be published by its administrator based on these submissions, or on any other basis, after such dates. Regulators, industry groups and certain committees, such as the Alternative Reference Rates Committee (ARRC) have, among other things, published recommended fallback language for LIBOR- linked financial instruments, identified recommended alternatives for certain LIBOR rates, such as the Secured Overnight Financing Rate (SOFR) as the recommended alternative to U. S. Dollar LIBOR, and proposed implementations of the recommended alternatives in floating rate financial instruments. It is currently unknown the extent to which these recommendations and proposals will be broadly accepted, whether they will continue to evolve, and what the effect of their implementation may be on the markets for floating- rate financial instruments. We are unable to predict the timing or effect of any changes, any establishment of alternative reference rates or any other reforms to LIBOR or any replacement of LIBOR that may be enacted in the United States, the United Kingdom or elsewhere. Such changes, reforms or replacements relating to LIBOR could have an adverse impact on the market for or value of any LIBOR- linked securities, loans, derivatives and other financial obligations or extensions of credit held by or due to us on our overall financial condition or results of operations. Risks Relating to Our Accounting and Valuation EstimatesWe are required to make a number of judgments in applying accounting policies, and different estimates and assumptions could result in changes to our financial condition and results of operations. Material estimates that are particularly susceptible to significant change underlie our determination of the allowance for loan losses, which is based primarily on the estimated fair value of loan collateral and our estimate of expected credit losses, as well as the valuation of real estate assets and deferred tax assets. While we have identified those accounting policies that we consider to be critical and have procedures in place to facilitate the associated judgments, different assumptions in the application of these policies could have a material adverse effect on our financial performance and results of operations and actual results may differ materially from our estimates. The carrying values of our assets held for investment are not determined based upon the prices at which they could be sold currently. As discussed further in the notes to our consolidated financial statements, we record our real estate and land and development assets at cost less accumulated depreciation and amortization. If we hold a property for use or investment, we will only review it for impairment in value if events or changes in circumstances indicate that the carrying amount of the property may not be recoverable, based on management' s determination that the aggregate future cash flows to be generated by the asset (taking into account the anticipated holding period of the asset) is less than the carrying value. Management' s estimates of cash flows considers factors such as expected future operating income trends, as well as the effects of demand, competition and other economic factors. The carrying values of our real estate and land and development assets are not indicative of the prices at which we would be able to sell the properties, if we had to do so before the end of their intended holding period. If we changed our investment intent and decided to sell a property that was being held for investment, including in distressed circumstances as a means of raising liquidity~~ , there can be no assurance that **our credit ratings or outlook will**

not be lowered in the future in response to adverse changes in these metrics caused by our operating results or by actions that we ~~would not realize losses on such sales, which losses~~ **take that may reduce our profitability or that require us to incur additional indebtedness. Any downgrade in our credit ratings will increase our borrowing costs under our credit facilities and** could have a material adverse effect on our **ability to raise capital in** ~~business, financial results, liquidity and~~ the **debt capital** ~~market~~ **markets** ~~price of our common stock. We intend to accelerate the monetization of assets 15in our legacy portfolio. We continue to hold other legacy assets for investment, and there can be no assurance that we will not recognize impairment on such assets, or non- legacy assets in the future. Our allowances for loan losses and net investment in leases may prove inadequate~~ , which could **in turn** have a material adverse effect on our ~~financial results~~ **business, liquidity and the market price of our common stock. Risks Related to Our Organization and StructureWe are a holding company and will rely on funds from Portfolio Holdings to pay our obligations and distributions to our shareholders** . We ~~maintain allowances for~~ **conduct substantially all of** our **operations through** ~~loan and net investment in lease portfolios~~ - **Portfolio Holdings. As a holding company, claims of shareholders are structurally subordinated** to ~~offset potential~~ **all existing and** future **creditors** ~~losses. Our loss allowances reflect management' s then- current estimation of the probability~~ and ~~severity~~ **preferred equity holders** of ~~losses within our portfolio~~ **Portfolio Holdings and its subsidiaries** . **Therefore** ~~In addition~~ , **in the event of a bankruptcy, insolvency, liquidation** ~~our~~ - **or** ~~determination~~ **reorganization** of **Portfolio Holdings or its subsidiaries,** ~~asset~~ **assets** ~~- specific allowances relies on material estimates regarding the fair value~~ of **Portfolio Holdings or** ~~loan collateral. Estimation of ultimate losses, provision expenses and loss allowances is a complex and subjective process. As such, there~~ -- **the applicable subsidiary** ~~can be no assurance that management' s judgment will prove to be correct and that allowances~~ will be **available** ~~adequate over time~~ to **satisfy** ~~protect against potential future losses. Such losses could be caused by factors including, but not limited to, unanticipated adverse changes in the economy or~~ **our claims to us as an equity owner therein only after all of** ~~events adversely affecting specific assets, borrowers, tenants, industries in which our borrowers or tenants operate or markets in which our borrowers / tenants or~~ their **liabilities** ~~properties are located. In particular, during the previous financial crisis, the weak economy~~ and **preferred equity** ~~disruption of the credit markets adversely impacted the ability and willingness of many of our borrowers to service their debt and refinance our loans to them at maturity. If our allowances for credit losses prove inadequate we may suffer additional losses which would~~ have **been paid in full** ~~a material adverse effect on our financial performance, liquidity and the market price of our common stock. Risks Relating to our Organization and StructureWe may change certain of our policies without shareholder approval. Our charter does not set forth specific percentages of the types of investments we may make. We can amend~~ -- **and only to the extent** ~~, revise or eliminate our investment financing and conflict~~ of **the Portfolio Holdings'** ~~interest~~ **interests** ~~policies at any time at our discretion without a vote of our shareholders. A change~~ in ~~these~~ -- **the subsidiaries** ~~policies could have a material adverse effect on our financial performance, liquidity and the market price of our common stock~~ . Certain provisions of Maryland law and our organizational documents could inhibit changes in control of our company. Certain provisions of Maryland law **, including the Maryland General Corporation Law (the " MGCL "),** and our organizational documents could inhibit changes in control of our company that might involve a premium price for our common stock or that our shareholders otherwise believe to be in their best interest, including, among others, the following: ● **Although** ~~Pursuant to the Maryland General Corporation Law, or the MGCL,~~ our board of directors has by resolution exempted business combinations between us and any other person from the business combination provisions of the MGCL, and our bylaws ~~contain a provision exempting~~ --- **exempt** from the control share acquisition statute any and all acquisitions by any person of shares of our stock ~~. However~~ , there can be no assurance that these exemptions will not be amended or eliminated at any time in the future **; ● Our ability as managing member of Portfolio Holdings to make certain amendments to the Portfolio Holdings LLCA is limited** . **See " Risks Related to Our Common Stock — The Portfolio Holdings LLCA contains provisions that may delay, defer or prevent a change in control; " 22** ● Our charter generally prohibits any person from directly or indirectly owning more than 9. 8 % in value or number of shares, whichever is more restrictive, of ~~our~~ **the** outstanding **shares of all classes and series of our** capital stock **or more than 9** . **8 % in value or number of shares, whichever is more restrictive, of the outstanding shares of our common stock; and** ● Our board of directors, without ~~shareholder~~ **stockholder** approval, has the power under our charter to amend our charter from time to time to increase or decrease the aggregate number of shares of stock or the number of shares of stock of any class or series that we are authorized to issue, to authorize us to issue authorized but unissued shares of our common stock or preferred stock and to classify or reclassify any unissued shares of our common stock or preferred stock into one or more classes or series of stock and set the terms of such newly classified or reclassified shares. As a result, our board of directors could establish a class or series of preferred stock that could, depending on the terms of such series, delay, defer or prevent a transaction or a change of control that might involve a premium price for our common stock or that our shareholders otherwise believe to be in their best interest. ~~16Our Investment~~ **These provisions may frustrate or prevent attempts by stockholders to cause a change in control of our** ~~Company~~ **company** ~~Act exemption~~ **or to replace members of our board of directors. Certain provisions of our organizational documents limit shareholder recourse and access to judicial fora. Our charter** limits ~~our investment discretion and loss of~~ the ~~exemption would adversely affect~~ **liability of our present and former directors and executive officers to** us ~~. We believe that we currently are not, and we intend to operate our company so that we will not be, regulated as an~~ **and** ~~investment company~~ **our shareholders for money damages to the maximum extent permitted** under **Maryland law** ~~the Investment Company Act. We believe we are not an investment company under Section 3 (a) (1) (A) of the Investment Company Act because we do not engage primarily, or hold ourselves out as being engaged primarily, in the business of investing, reinvesting or trading in securities~~ . The **Portfolio Holdings LLCA also** ~~Company engages primarily in the non-investment company businesses of investing in, financing and developing real estate and real estate- related projects, generally through subsidiaries and affiliated companies, including SAFE. Maintaining our exemption from regulation as an investment company under the Investment Company Act~~ limits ~~our~~ **the** ~~ability~~ **liability of** ~~to invest in assets that otherwise would meet our~~

~~investment strategies. We will need to monitor our investments and income to ensure that we continue to satisfy our exemption from the Investment Company Act, but there can be no assurance that we will be able to avoid the need to register as an Investment Company. If it were established that we were an unregistered investment company, there would be a risk that we would be subject to monetary penalties and injunctive relief in an action brought by the SEC, that we would be unable to enforce contracts with third parties, or~~ **our directors, officers** ~~that third parties could seek to obtain rescission of transactions and that we would be subject to limitations on corporate leverage that would have an~~ **and others** ~~adverse impact on our investment returns~~ . **Additionally,** ~~This would have a material adverse effect on our financial performance and the market price of our securities. Our bylaws designate the Circuit Court~~ -- **our** ~~for Baltimore City, Maryland as the sole and exclusive forum for some litigation, which could limit the ability of shareholders to obtain a favorable judicial forum for disputes with our company. Our~~ bylaws provide that, unless we consent in writing to the selection of an alternative forum, the sole and exclusive forum for: (~~a~~ **i**) any derivative action or proceeding brought on our behalf; (~~b~~ **ii**) any action asserting a claim of breach of any duty owed by us or by any director or officer or other employee to us or to our shareholders; (~~c~~ **iii**) any action asserting a claim against us or any director or officer or other employee arising pursuant to any provision of the **MGCL** ~~Maryland General Corporation Law~~ or our charter or bylaws; or (~~d~~ **iv**) any action asserting a claim against us or any director or officer or other employee that is governed by the internal affairs doctrine shall be the Circuit Court for Baltimore City, Maryland, or, if that Court does not have jurisdiction, the United States District Court for the District of Maryland, Baltimore Division. **These** ~~This forum selection provision~~ **provisions of our organizational documents** may limit **shareholder recourse for actions of our present and former directors and executive officers and limit** ~~the~~ **their** ability ~~of shareholders of our company~~ to obtain a judicial forum that they find favorable for disputes with our company or our directors, officers, employees, if any, or other shareholders. **Risks Related to Our Common Stock Cash available for distribution may not be sufficient to make distributions to our shareholders at expected levels, or at all. All future distributions will be made at the discretion of our board of directors and will depend on a number of factors, including our actual or anticipated results of operations, cash flows and financial position, our qualification as a REIT, restrictions in our financing agreements, economic and market conditions, applicable law, and other factors as our board of directors may deem relevant from time to time. Our credit agreements prohibit us from paying distributions if there is a default thereunder, subject to limited exceptions relating to the maintenance of our REIT qualification. If sufficient cash is not available for distribution from our operations, we may have to fund distributions from working capital or borrow funds, issue equity or sell assets to pay for such distribution, or eliminate or otherwise reduce the amount of such distribution. Any distributions we make in the future could differ materially from our past distributions or current expectations. If we fail to meet the market' s expectations with regard to future operating results and cash distributions, the market price of our common stock could be adversely affected. The availability of shares for future sale could adversely affect the market price of our common stock. We cannot predict whether future issuances of shares of our common stock or the availability of shares for resale in the open market will decrease the market price of our common stock. Under the terms of registration rights agreements, MSD Partners, L. P. (" MSD "), Star Holdings and SFTY Venture LLC each received rights to have shares of common stock issued from time to time registered for resale under the Securities Act. We may also issue shares of common stock in connection with future acquisitions. Issuances or resales of substantial amounts of shares of our common stock, or the perception that such issuances or resales might occur could adversely affect the market price of our common stock. This potential adverse effect may be increased by the large number of shares of our common stock that are or will be owned by 23Star Holdings to the extent that it resells, or there is a perception that it may resell, a significant portion of its holdings. In addition, future issuances of shares of our common stock may be dilutive to holders of shares of our common stock and may reduce the market price of our common stock. Pursuant to agreements with us, each of MSD and SFTY Venture LLC have certain rights to maintain their percentage interest in us, but other existing shareholders have no preemptive rights. Distributions to holders of Caret units will reduce distributions to us upon certain transactions, and sales of additional Caret units may dilute the economic interests of our common stockholders. Caret units generally entitle holders to a share of the net proceeds from the disposition of Ground Lease Assets in excess of our investment basis in such assets. " Ground Lease Asset " means the fee or other interest in real property that is or (while Portfolio Holdings or we directly or indirectly owned all or a portion of such fee or other interest) was subject to a Ground Lease together with the lessor' s interest under such Ground Lease and, if applicable, the direct or indirect owner of all or part of a Ground Lease Asset, which, for the avoidance of doubt, only includes commercial Ground Lease Assets. The number of authorized Caret units is currently fixed at 12, 000, 000 units. Issuances of additional shares of our common stock will reduce an individual stockholder' s indirect interest in Caret units, while the interests of Caret unit holders are subject to limited dilution. We have established an equity incentive plan (the " Plan ") providing for grants of Caret units to our directors, officers and employees and other eligible participants representing up to 1, 500, 000 Caret units, 1, 496, 982 of which are currently outstanding. In addition to the Caret units reserved for issuance under the Plan, we have sold or contracted to sell an aggregate of 259, 642 Caret units to third- party investors, including affiliates of MSD and an entity affiliated with one of our independent directors. As a result, we currently own the remaining 82. 2 % of the outstanding Caret units. We may choose to issue new Caret units or sell outstanding Caret units to third parties in the future. Any such issuances or sales will not require approval from our common stockholders and would reduce our current percentage interest (and indirectly the interest of our common stockholders) in cash distributions in respect of Caret units. Moreover, the price at which additional Caret units are sold may not be commensurate to the cash distributions we or our common stockholders would have received if we had retained such Caret units. In connection with the sale of 137, 142 Caret units in February 2022 (28, 571 of which were committed to be purchased at the time), we agreed to use commercially reasonable efforts to provide public market liquidity for such**

Caret units, or securities into which they may be exchanged, prior to the second anniversary of such sales. There can be no assurances that we will be able to provide public market liquidity within such timeframe, or at all, and if we are unable to do so, such investors have a right to require us to redeem their 137, 142 Caret units purchased in February 2022. Even if we are able to provide public market liquidity an active trading market may not develop, or be sustained, and the market price of such securities may be volatile. Additionally, in connection with the pursuit of public market liquidity, we may restructure the Caret units, or securities into which they may be exchanged. Certain other changes to the Caret program in connection with the Merger could further impact the economic interests of our common stockholders, including the following: ● A lease extension (other than in accordance with the original terms of a Ground Lease) or other " GL Material Change, " as defined in the Portfolio Holdings LLCA, will result in accelerating, not increasing, the amounts SAFE is entitled to on account of the GL units it owns; ● Portfolio Holdings will have less discretion with respect to sales of Ground Lease Assets, as (i) it may be obligated to sell Ground Lease Assets (thereby triggering a distribution to holders of Caret units and GL units) upon any Ground Lease expiration or termination, not just those related to tenant defaults, as well as upon SAFE' s receipt of all amounts it is entitled to after a lease extension or other GL Material Change, and (ii) it will be required to sell either to an affiliate via an arm' s length marketed process (and, following specified liquidity transactions, as agreed by a majority of a committee of independent directors) or to an unaffiliated third party; ● Under the recently amended Caret program, SAFE, as owner of the GL units, will no longer have a redemption right with respect to GL units; and ● Caret distributions are not reduced for interest and principal repayment obligations of indebtedness (other than certain debt defined in the Portfolio Holdings LLCA as a " Caret Financing "). Therefore, cash available for distribution to GL unit holders will be reduced by all payments with respect to debt by Portfolio Holdings. 24Thus, holders of our common stock bear the risk that Caret units will dilute their economic interests and other attributes of ownership in us and may materially and adversely affect the market price of shares of our common stock. The changes to the Caret program in connection with the Merger may fail to improve the recognition of SAFE' s two distinct components of value by market participants. The Caret program was designed to recognize the two distinct components of value in SAFE' s Ground Lease portfolio: the " bond component, " which consists of the bond- like income stream SAFE receives from contractual rent payments under its Ground Leases and the return of invested capital, and the " Caret component, " which consists of the unrealized capital appreciation above SAFE' s investment basis in its Ground Leases due to SAFE' s ownership of the land and improvements at the end of the term of the applicable Ground Lease. While the changes to the Caret program in connection with the Merger were intended to improve the recognition of these two components, particularly the Caret component, by market participants, there can be no assurances that this will happen or that such recognition will be accretive to the market price of shares of our common stock. The terms of Caret units could result in conflicts of interest between holders of our common stock and holders of Caret units. Our management' s ownership of Caret units creates potential conflicts of interest. Given the disparate economic rights belonging to holders of Caret units in Portfolio Holdings and holders of GL units in Portfolio Holdings with respect to ground lease assets owned directly or indirectly by Portfolio Holdings, there are inherent conflicts of interest between such groups and, accordingly, between holders of Caret units, which includes members of our management, and holders of our common stock due to our ownership of all outstanding GL units but not all outstanding Caret units. Such conflicts may arise with respect to investment, management, capital and operating decisions, including: ● whether to invest in ground leases that hold greater potential for future distributions to Caret unit holders versus current distributions to GL units and therefore common stockholders; ● whether to extend, sell, hold or refinance a ground lease asset in the future; ● whether to issue new shares of common stock; and ● whether to issue or sell additional Caret units. While our management and its board of directors may consider our interest as a Caret unit holder, neither is obligated to separately consider the interests of Caret unit holders when making such decisions. Our board of directors intends to exercise its judgment from time to time, depending on the circumstances, as it believes the advantage of retaining flexibility in determining how to fulfill its responsibilities in any such circumstances as they may arise outweigh any perceived advantages of adopting additional specific procedures. Additionally, our management' s ownership of Caret units creates potential conflicts of interest. Pursuant to the Plan, 1, 500, 000 Caret units were reserved for grants of performance- based awards under the Plan to Plan participants, including certain of our executives. Initial grants under the Plan were subject to vesting based on time- based service conditions and hurdles relating to our common stock price, all of which were satisfied as of December 31, 2023. In connection with the Merger, certain officers entered into re- vesting agreements pursuant to which they have agreed to subject a portion of their otherwise vested Caret units to additional vesting conditions which will be satisfied on the second anniversary of the closing date of the Merger. Additionally, immediately following the Merger, 76, 801 Caret units were awarded to executive officers and other employees that are subject to cliff vesting on the fourth anniversary of their grant date if our common stock has traded at an average per share price of $ 60. 00 or more for at least 30 consecutive trading days during that four year period. As a result, as of December 31, 2023, vested and unvested Caret units beneficially owned by our officers and other employees represent approximately 12. 50 % of the authorized Caret units, including 6. 13 % held directly and indirectly by Jay Sugarman, our Chairman and Chief Executive Officer. This creates potential conflicts of interest when management is faced with decisions that could have different implications for holders of Caret units and holders of our common stock, as management may be incentivized to make decisions that benefit holders of Caret units as opposed to holders of our common stock. 25The Portfolio Holdings LLCA sets forth certain limitations on our ability to make changes to such agreement that could be beneficial to us and our stockholders without the consent of certain of the Caret unitholders. The Portfolio Holdings LLCA sets forth certain limitations on our ability to make changes to such agreement that could be beneficial to us and our common stockholders. Subject to certain agreed exceptions, any

material amendment adverse to the interest of Caret unit holders with respect to: (i) capital contributions, (ii) the designation and number of membership interests in Portfolio Holdings, (iii) economics, (iv) restrictions on the authority of Portfolio Holdings' managing member, us, (v) certain decisions with respect to Ground Leases and the fee or other interest in real property subject to a Ground Lease, (vi) our commitment that, subject to certain exceptions, all commercial Ground Leases, including any improvements built thereon, that are directly or indirectly owned by us must be owned through Portfolio Holdings, (vii) the use of proceeds from the issuance of Caret units by Portfolio Holdings or Caret Financings, (viii) drag- along rights, or (ix) amendments to the Portfolio Holdings LLCA, as well as any definitions related to such matters, will require the consent of (1) prior to a Liquidity Transaction (as defined in the Portfolio Holdings LLCA), a majority of Caret unit holders other than us and persons employed by us or any of our subsidiaries (" Outside Unitholders ") and (2) following a Liquidity Transaction, the majority of the members of a committee of independent directors and, for certain amendments, Outside Unitholders holding a majority of Caret units held by Outside Unitholders. This provision in the Portfolio Holdings LLCA could delay or impede any proposed amendment to the Portfolio Holdings LLCA that might be beneficial to us or our common stockholders, unless such amendment is approved by the Outside Unitholders. The Portfolio Holdings LLCA contains provisions that may delay, defer or prevent a change in control. The Portfolio Holdings LLCA contains provisions, including limitations on our authority to amend the agreement by granting certain approval rights to holders of Caret units, that may delay, defer or prevent a change in control. Under the terms of the Portfolio Holdings LLCA, we will have the sole discretion, prior to a specified liquidity transactions, to acquire all Caret units to consummate a change of control in us or the sale of our ground lease business. However, we will not have such drag- along right after a liquidity transaction. The Portfolio Holdings LLCA further provides that prior to specified liquidity transactions, any amendment or modification of the terms of our drag- along right will require the consent of Caret unit holders (other than us or any person that is employed by us or our subsidiaries) holding a majority of Caret units held by such persons. The absence of the drag- along right after a liquidity transaction could make us a less attractive target for acquisition and therefore delay, deter or prevent a transaction or a change in control that might involve a premium price for our common stock or otherwise be in the best interests of our common stockholders. Future issuances of debt or preferred equity securities could adversely affect our common shareholders and result in conflicts of interest. We may issue additional debt or equity securities in the future. Upon liquidation, holders of our debt and preferred stock will receive a distribution of our available assets before holders of our common stock. Our preferred stock, if issued, would also likely have a preference on periodic dividends, which could limit our ability to make distributions to holders of shares of our common stock. We cannot predict or estimate the amount, timing, nature or impact of our future capital raising efforts. Thus, holders of shares of our common stock bear the risk that our future issuances or sales of debt or equity securities or our incurrence of other borrowings may materially and adversely affect the market price of shares of our common stock and may result in conflicts of interest. Risks Related to Our Recent MergerWe have and may continue to incur substantial expenses related to the Merger and related transactions. While we have incurred certain transaction and internalization expenses, there are a number of factors beyond our control that could affect the total amount or the timing of expenses related to the Merger. Following the Merger, we may be unable to realize the anticipated synergies and related benefits of the Merger or do so within the anticipated time frame. We must devote significant management attention and resources to managing the combined company as a single, internalized enterprise and ensuring that we are fulfilling its obligations under the Star Holdings management agreement. Potential difficulties we may encounter include the following: ● The inability to successfully combine iStar Inc. and Safehold businesses in a manner that permits us to achieve the future cost savings that were anticipated to result from the Merger, which would result in some anticipated benefits of the Merger not being realized in the time frame currently anticipated, or at all; 26 ● potential unknown liabilities and unforeseen increased expenses resulting from the Merger and Spin- Off; and ● performance shortfalls as a result of the diversion of management' s attention caused by managing Star Holdings. For all these reasons, you should be aware that it is possible that we may be adversely affected by the business and financial results of distractions of our management, the disruption of our ongoing business and / or unanticipated costs and expenses or the failure to realize anticipated future cost savings. Our future operating results will suffer if we do not effectively manage our operations following the Merger. Following the Merger, we may continue to expand its operations through additional acquisitions, development opportunities and other strategic transactions, some of which involve complex challenges. Our future success will depend, in part, upon our ability to manage our expansion opportunities, which may pose substantial challenges for us to integrate new operations into its existing business in an efficient and timely manner, and to successfully monitor our operations, costs, regulatory compliance and service quality, and to maintain other necessary internal controls. We cannot assure you that its expansion or acquisition opportunities will be successful, or that we will realize our expected operating efficiencies, cost savings, revenue enhancements, synergies or other benefits. Following the Merger and the Spin- Off, the Company may not continue to pay dividends at or above the rate previously paid by us or Old SAFE. Following the Merger and the Spin- Off, the stockholders of the Company may not receive dividends at the same rate that they did as stockholders of Old SAFE of the Company prior to the Merger and the Spin- Off for various reasons, including the following: · the Company may not have enough cash to pay such dividends due to changes in the Company' s cash requirements, capital spending plans, cash flow or financial position; · decisions on whether, when and in what amounts to pay any future dividends will remain at all times entirely at the discretion of our board of directors, which reserves the right to change the Company' s dividend practices at any time and for any reason, subject to applicable REIT requirements; and · the amount of dividends that our subsidiaries may distribute to us may be subject to restrictions imposed by state law and restrictions imposed by the terms of any current or future indebtedness that these

subsidiaries may incur. Stockholders of the Company have no contractual or other legal right to dividends that have not been declared by our board of directors. Tax Risks Related to Ownership of Our ~~SharesWe~~ **SharesOur failure to remain qualified as a REIT** would ~~be~~ subject **us** to ~~adverse consequences if we fail~~ **taxes, which would reduce the amount of cash available for distribution** to **our shareholders** ~~qualify as a REIT~~. We believe ~~that~~ we have been organized and operated **and intend to continue to operate** in a manner ~~so as~~ **that will enable us** to qualify ~~for taxation~~ as a REIT for U. S. federal income tax purposes commencing with our taxable year ended December 31, 1998. **We have not requested and do not intend to request a ruling from the Internal Revenue Service, or the IRS, that we qualify as a REIT. Qualification as a REIT involves the application of highly technical and complex Code provisions and Treasury Regulations promulgated thereunder for which there are limited judicial and administrative interpretations. The complexity of these provisions and of applicable Treasury Regulations is greater in the case of a REIT that, like us, holds its assets through entities treated as partnerships for U. S. federal income tax purposes. To qualify as a REIT, we must meet, on an ongoing basis, various tests regarding the nature and diversification of our assets and our income, the ownership of our outstanding shares, and the amount of our distributions.** Our **ability to satisfy these asset tests** ~~qualification as a REIT, however, has depended~~ **depends upon the characterization** and **fair market values of our assets, some of which are not susceptible to a precise determination, and for which we** will **not obtain independent appraisals** ~~continue to depend on our ability to meet various requirements concerning, among other things, the ownership of our outstanding stock, the nature of our assets, the sources of our income and the amount of our distributions to our shareholders~~. Our compliance with the REIT income and quarterly asset requirements also depends upon our ability to manage successfully the composition of our income and assets on an ongoing basis. ~~Our ability~~ **In connection with such requirements, for so long as any stockholders, either individually or together in the aggregate, hold 10 % or more of the shares of our common stock, we will be deemed to own any tenant in which such stockholder or such stockholders together own, at any time during a taxable year, a 10 % or greater interest, applying certain constructive 27ownership rules, which could cause us to receive rental income from a related party tenant. We have put in place procedures to diligence whether we will directly or indirectly receive rental income of a related party tenant. However, due to the broad nature of the attribution rules of the Code, we cannot be certain that in all cases we will be able to timely determine whether we are receiving related party rental income in an amount that would cause us to fail the REIT gross income tests. To the extent we fail** to satisfy ~~these asset~~ **a REIT gross income** ~~tests~~ **test** ~~depends upon~~ **as a result of receiving related party tenant income we could fail to qualify as a REIT** ~~our~~ **or** ~~analysis of the characterization of~~ **be subject to a penalty tax which could be significant in amount. Moreover, new legislation, court decisions** ~~our~~ **or administrative guidance, in each case possibly with retroactive effect, may make it more difficult or impossible for us to qualify as a REIT. Thus, while we believe we have been organized and operated and intend to continue to operate so that we will qualify as a REIT, given the highly complex nature of the rules governing REITs, the ongoing importance of factual determinations, and the possibility of future changes in our circumstances, no assurance can be given that we have qualified or will continue to so qualify for any particular year. These considerations also might restrict the types of** assets **that we can acquire** ~~for~~ **or services that we can directly provide** ~~U. S. federal income tax purposes and fair market values of our assets. The fair market values of certain of our assets are not susceptible~~ to ~~a precise determination~~ **our tenants in the future**. If we ~~were to~~ fail to qualify as a REIT ~~for~~ **in** any taxable year, **and we do not qualify for certain statutory relief provisions,** we would ~~not~~ be **required** ~~allowed a deduction for distributions~~ to **pay** ~~our shareholders in computing our net taxable income and would be subject to~~ U. S. federal income tax on our **taxable income at the regular corporate rate, and distributions to our shareholders would not be deductible by us in determining our taxable income. In such a case, we might need to borrow money, sell assets, or reduce or even cease making distributions in order to pay our taxes. Our payment of income tax would reduce significantly the amount of cash available for distribution to our shareholders. Furthermore, if we fail to qualify or maintain our qualification as a REIT, we no longer would be required to distribute substantially all of our** net taxable income **to our shareholders. The REIT distribution requirements could require us to borrow funds or take other actions that may be disadvantageous to our shareholders. In order to qualify as a REIT, we must distribute to our shareholders, on an annual basis, at least 90 % of our REIT taxable income, determined without regard to the deduction for dividends paid and excluding net capital gains. In addition, we will be subject to U. S. federal income tax** at regular corporate rates ~~and applicable state and local taxes. We would also be disqualified from treatment as a REIT for the four subsequent taxable years following the year during which our REIT qualification was lost unless we were entitled to relief under certain Code provisions and obtained a ruling from the IRS. If disqualified and unable to obtain relief, we may need to borrow money or sell assets to pay taxes. As a result, cash available for distribution would be reduced for each of the years involved. Furthermore, it is possible that future economic, market, legal, tax or other 17considerations may cause our REIT qualification to be revoked. This could have a material adverse effect on our business and the market price of our common stock. To qualify as a REIT, we may be forced to borrow funds, sell assets or take other actions during unfavorable market conditions. To qualify as a REIT, we generally must distribute to our shareholders at least 90 % of our net taxable income, excluding net capital gains each year, and we will be subject to U. S. federal income tax, as well as applicable state and local taxes,~~ to the extent that we distribute less than 100 % of our net taxable income ~~each year. In addition, we~~ **(including net capital gains) and** will be subject to a 4 % nondeductible excise tax on the amount ~~, if any,~~ by which **our** distributions ~~paid by us~~ in any calendar year are less than **a minimum amount specified under U. S. federal income tax laws. We intend to distribute our net taxable income to our shareholders in a manner intended to satisfy** the **REIT 90** ~~sum of 85~~ % ~~of our ordinary~~ **distribution requirement and to eliminate U. S. federal** income ~~, 95~~ **tax and the 4** % ~~of~~ **nondeductible excise tax. Our taxable income may exceed** our ~~capital gain~~ net income ~~and 100 % of~~ **as determined by GAAP because, for example, realized capital losses will be deducted in determining** our ~~undistributed~~ **GAAP net** income ~~from prior years~~ **, but may not be deductible in computing our taxable income**. In **addition** ~~the event that principal~~ ,

~~premium or interest payments with respect to a particular debt instrument that~~ we ~~hold are not made when due, we~~ may ~~nonetheless~~ **incur nondeductible capital expenditures or** be required to ~~continue~~ **make debt or amortization payments. Also, certain Ground Lease transactions we enter into may be determined** to ~~recognize~~ **have a financing component, which may result in a timing difference between** the ~~unpaid amounts as taxable~~ **receipt of cash and the recognition of** income **for U. S. federal income tax purposes** . In addition, we may be ~~allocated taxable income in excess of cash flow received from some of our partnership investments. We are generally~~ required to take certain amounts into income no later than the time such amounts are reflected on our financial statements. ~~The application~~ **As a result** of ~~this rule may require~~ the ~~accrual of~~ **foregoing, we may generate less cash flow than taxable** income **in a particular** ~~earlier than would be the case under the otherwise applicable tax rules; however, recently released proposed Treasury Regulations generally would exclude, among other items, original issue discount (whether or not de minimis) and market discount from the applicability of this rule. Although the proposed Treasury Regulations generally will not be effective until taxable years~~ - **year and** ~~beginning after the date on which they are issued in final form,~~ we **may incur** ~~generally are permitted to elect to rely on the proposed Treasury Regulations currently. Also, in certain circumstances our ability to deduct interest expenses for~~ U. S. federal income tax ~~purposes~~ **and the 4 % nondeductible excise tax on that income if we do not distribute such income to shareholders in that year. In that event, we** may be **required to use** ~~limited. From these and other potential timing differences between income recognition or expense deduction and~~ cash **reserves** ~~receipts or disbursements~~ , ~~there is a significant risk~~ **incur debt, issue equity or liquidate assets at rates or times** that we ~~may have substantial~~ **regard as unfavorable or make a** taxable **distribution of our shares in order to satisfy the REIT 90 % distribution requirement and to eliminate U. S. federal** income **tax** ~~in excess of cash available for distribution. In order to qualify as a REIT~~ and ~~avoid~~ the **4 % nondeductible** ~~payment of income and~~ excise ~~taxes~~ -- **tax in that** ~~, we may need to borrow funds or take other actions to meet our REIT distribution requirements for the taxable~~ year ~~in which the phantom income is recognized. Certain of our business activities may potentially be subject to the prohibited transaction tax, which could reduce the return on your investment. For so long as we qualify as a REIT, our ability to dispose of certain properties may be restricted under the REIT rules, which generally impose a 100 % penalty tax on any gain recognized on" prohibited transactions," which refers to the disposition of property that is deemed to be inventory or held primarily for sale to customers in the ordinary course of our business, subject to certain exceptions. Whether property is inventory or otherwise held primarily for sale depends on the particular facts and circumstances. The Code provides a safe harbor that, if met, allows a REIT to avoid being treated as engaged in a prohibited transaction. No assurance can be given that any property that we sell will not be treated as property held for sale to customers, or that we can comply with the safe harbor. The 100 % tax does not apply to gains from the sale of foreclosure property or to property that is held through a taxable REIT subsidiary (" TRS") or other taxable corporation, although such income will be subject to tax in the hands of the corporation at regular corporate rates. We intend to structure our activities to avoid prohibited transaction characterization. Certain of our activities, including our use of TRSs, are subject to taxes that could reduce our cash flows~~ . Even if we qualify as a REIT ~~for~~ **, we may incur tax liabilities that reduce our cash flow. Even if we qualify as a REIT, we may be subject to certain** U. S. federal ~~income tax purposes, we will be required to pay some U. S. federal~~ , state ~~,~~ **and** local ~~and non- U. S.~~ taxes on our income and ~~property~~ **assets** , including taxes on any undistributed income, taxes on income from ~~certain~~ **some** activities conducted as a result of **a** ~~foreclosures~~ - **foreclosure** , and **state or local income, franchise,** property and transfer taxes. **In order** ~~We would be required~~ to ~~pay~~ **meet the REIT qualification requirements, or to avoid the imposition of a 100 %** ~~taxes~~ -- **tax** ~~on net~~ **that applies to certain gains derived by a REIT from sales of inventory or property held primarily for sale to customers in the ordinary course of business, we may hold some of our assets through** taxable **C corporations** ~~income that we fail to distribute to our shareholders. In addition, we may be required to limit certain activities that generate non- qualifying REIT income, such as land development and sales of condominiums, and / or we may be required to conduct such activities through TRS. We hold a significant amount of assets in our TRS~~ , including **TRSs** ~~assets that we have acquired through foreclosure, assets that may be treated as dealer property and other assets that could adversely affect our ability to qualify as a REIT if held at the REIT level~~ . **Such subsidiary corporations** ~~As a result, we will be required to pay income taxes on the taxable income generated by these assets. Furthermore, we~~ will be subject to ~~a 100 %~~ **U. S. federal, state and local corporate income taxes, including potential** penalty ~~tax to the extent our economic arrangements with our TRS are not comparable to similar arrangements among unrelated parties. We will 18also be subject to a 100 % tax to the extent we derive income from the sale of assets to customers in the ordinary course of business other than through our TRS. To the extent we or our TRS are required to pay U. S. federal, state, local or non- U. S.~~ taxes, ~~we will have less~~ **which would decrease the** cash available for distribution to our shareholders. **28** ~~We have substantial net operating loss carryforwards which we use to offset our tax and distribution requirements. Net operating losses that have arisen in taxable years beginning after December 31, 2017 and thereafter may offset up to 80 % of our net taxable income (after the application of the dividends paid deduction), except to the extent those losses are utilized in taxable years prior to 2021, and may not be carried back. In the event that we experience an" ownership change" for purposes of Section 382 of the Code, our ability to use these losses will be limited. An" ownership change" is determined through a set of complex rules which track the changes in ownership that occur in our common stock for a trailing three year period. We have experienced volatility and significant trading in our common stock in recent years. The occurrence of an ownership change is generally beyond our control and, if triggered, may increase our tax and distribution obligations for which we may not have sufficient cash flow. A failure to comply with the limits on our ownership of and relationship with our TRS would jeopardize our REIT qualification and may result in the application of a 100 % excise tax. No more than 20 % of the value of a REIT' s total assets may consist of stock or securities of one or more TRS. This requirement limits the extent to which we can conduct activities through TRS or expand the activities that we conduct through TRS. The values of some of our assets, including assets that we hold through TRSs may not be subject to precise determination, and values are subject to change in the future. In addition, we hold certain mortgage and mezzanine loans within one or more of our TRS that are secured by real property. We~~

treat these loans as qualifying assets for purposes of the REIT asset tests to the extent that such mortgage loans are secured by real property and such mezzanine loans are secured by an interest in a limited liability company that holds real property. We received from the IRS a private letter ruling which holds that we may exclude such loans from the limitation that securities from TRS must constitute no more than 20 % of our total assets. We are entitled to rely upon this private letter ruling only to the extent that we did not misstate or omit a material fact in the ruling request and that we continue to operate in accordance with the material facts described in such request, and no assurance can be given that we will always be able to do so. To the extent that any loan is recharacterized as equity, it would increase the amount of non- real estate securities that we have in our TRS and could adversely affect our ability to meet the limitation described above. If we were not able to exclude such loans to our TRS from the limitation described above, our ability to meet the REIT asset tests and other REIT requirements could be adversely affected. Accordingly, there can be no assurance that we have met or will be able to continue to comply with the TRS limitation. In addition, we may from time to time need to make distributions from a TRS in order to keep the value of our TRS below the TRS limitation. TRS dividends, however, generally will not constitute qualifying income for purposes of the 75 % REIT gross income test. While we will monitor our compliance with both this income test and the limitation on the percentage of our total assets represented by TRS securities, and intend to conduct our affairs so as to comply with both, the two may at times be in conflict with one another. For example, it is possible that we may wish to distribute a dividend from a TRS in order to reduce the value of our TRS to comply with limitation, but we may be unable to do so without simultaneously violating the 75 % REIT gross income test. Although there are other measures we can take in such circumstances to remain in compliance with the requirements for REIT qualification, there can be no assurance that we will be able to comply with both of these tests in all market conditions. Legislative or regulatory tax changes related to REITs could materially and adversely affect us. The U. S. federal income tax laws and regulations governing REITs and their shareholders, as well as the administrative interpretations of those laws and regulations, are constantly under review and may be changed at any time, possibly with retroactive effect. No assurance can be given as to whether, when, or in what form, the U. S. federal income tax laws applicable to us and our shareholders may be enacted. Changes to the U. S. federal income tax laws and interpretations of U. S. federal tax laws could adversely affect an investment in our common stock.