

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

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): July 26, 2019

Safehold Inc.

(Exact name of registrant as specified in its charter)

| | | |
|---|--------------------------|--------------------------------------|
| Maryland | 001-38122 | 30-0971238 |
| (State or other jurisdiction of incorporation) | (Commission File Number) | (IRS Employer Identification Number) |
| 1114 Avenue of the Americas, 39th Floor New York, New York | | 10036 |
| (Address of principal executive offices) | | (Zip Code) |

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

N/A
(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☒

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

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

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|---------------------|-------------------|---|
| Common Stock | SAFE | NYSE |

Item 2.02 Results of Operations and Financial Condition.

On July 26, 2019, Safehold Inc. issued an earnings release and made available on its website an earnings presentation for the quarter ended June 30, 2019. A copy of the earnings release and earnings presentation are attached as Exhibit 99.1 and Exhibit 99.2, respectively, hereto and incorporated herein by reference.

The information in this Current Report, including the exhibits hereto, is being furnished and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that Section. The information in this Current Report shall not be incorporated by reference into any registration statement or other document pursuant to the Securities Act of 1933, as amended, unless it is specifically incorporated by reference therein.

Item 7.01 Regulation FD Disclosure.

On July 26, 2019, Safehold Inc. made available on its website an earnings presentation for the quarter ended June 30, 2019. A copy of the earnings presentation is attached as Exhibit 99.2 hereto and incorporated by reference.

The earnings presentation, including Exhibit 99.2 hereto, is being furnished and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that Section. The information in this Current Report shall not be incorporated by reference into any registration statement or other document pursuant to the Securities Act of 1933, as amended, unless it is specifically incorporated by reference therein.

Item 9.01 Financial Statements and Exhibits.

Exhibit 99.1 Earnings Release.

Exhibit 99.2 Earnings Presentation.

SIGNATURE

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

Safehold Inc.

Date: July 26, 2019

By:

/s/ MARCOS ALVARADO
Marcos Alvarado
President and Chief Investment Officer
(principal financial officer)

EXHIBIT INDEX

| Exhibit Number | Description |
|-------------------|--|
| 99.1 | Earnings Release. |
| 99.2 | Earnings Presentation. |



Press Release

Safehold Reports Second Quarter 2019 Results

Increases Full-Year Investment Target to \$1B from \$750M

NEW YORK, July 26, 2019

Safehold Inc. (NYSE: SAFE) reported results for the second quarter 2019.

Highlights for the quarter include:

- Net income of \$5.9 million, a 237% increase year-over-year
- Earnings per share of \$0.18, an 88% increase year-over-year
- Revenues of \$19.7M, a 70% increase year-over-year
- New investment commitments totaled \$186 million with \$43M closed this quarter
- Subsequent to the end of the quarter, increased revolving credit facility commitments by \$100M and extended w.a. debt maturity to 23 years

"We have increased our 2019 investment target by 33%, reflecting increased deal flow and expected investment levels during the second half of the year," said Jay Sugarman, Chairman and Chief Executive Officer. "Our long-term growth strategy is gaining momentum and we remain confident in SAFE's ability to achieve scale."

SAFE published a presentation detailing these results which can be found on its new website, www.safeholdinc.com in the "Investor Relations" section.

The Company will host an earnings conference call beginning at 10:00 a.m. ET. This conference call can be accessed by all interested parties through the website (listen only) or by dialing toll-free 844.560.3084 (U.S. domestic) or 647.253.8647 (international) using the conference ID: 9345669.

1114 Avenue of the Americas
New York, NY 10036
T 212.930.9400
investors@safeholdinc.com



For those who are not able to listen to the live broadcast, a replay will be available shortly after the call on the website or by dialing 800.585.8367 (U.S. domestic) or 416.621.4642 (international) using the conference ID: 9345669.

About Safehold:

Safehold Inc. (NYSE: SAFE) is revolutionizing real estate ownership by providing a new and better way for owners to unlock the value of the land beneath their buildings. Through its modern ground lease capital solution, Safehold helps owners of high quality multifamily, office, industrial, hospitality and mixed-use properties in major markets throughout the United States generate higher returns with less risk. The Company, which is taxed as a real estate investment trust (REIT) and is managed by its largest shareholder, iStar Inc., seeks to deliver safe, growing income and long-term capital appreciation to its shareholders. Additional information on Safehold is available on its website at www.safeholdinc.com.

Company Contact:

Jason Fooks, Senior Vice President of Investor Relations & Marketing

1114 Avenue of the Americas
New York, NY 10036
T 212.930.9400
investors@safeholdinc.com

Q2 '19 EARNINGS RESULTS

July 26, 2019

Forward-Looking Statements and Other Matters

This release may contain forward-looking statements. All statements other than statements of historical fact are forward-looking statements. These forward-looking statements can be identified by the use of words such as "illustrative", "representative", "expect", "plan", "will", "estimate", "project", "intend", "believe", and other similar expressions that do not relate to historical matters. These forward-looking statements reflect the Company's current views about future events, and are subject to numerous known and unknown risks, uncertainties, assumptions and changes in circumstances that may cause Company's actual results to differ significantly from those expressed in any forward-looking statement. The Company does not guarantee that the transactions and events described will happen as described (or that they will happen at all).

The following factors, among others, could cause actual results and future events to differ materially from those set forth or contemplated in the forward-looking statements: market demand for ground lease capital; the Company's ability to source new ground lease investments; risks that the rent adjustment clauses in the Company's leases will not adequately keep up with changes in market value and inflation; risks associated with certain tenant and industry concentrations in our portfolio; conflicts of interest and other risks associated with the Company's external management structure and its relationships with iStar and other significant investors; risks associated with using debt to fund the Company's business activities (including changes in interest rates and/or credit spreads, the ability to source financing at rates below the capitalization rates of our assets, and refinancing and interest rate risks); risks that tenant rights in certain of our ground leases will limit or eliminate the Owned Residual realizations from such properties; general risks affecting the real estate industry and local real estate markets (including, without limitation, the potential inability to enter into or renew ground leases at favorable rates, including with respect to contractual rate increases or participating rent); dependence on the creditworthiness of our tenants and their financial condition and operating performance; competition from other ground lease investors and risks associated with our failure to qualify for taxation as a REIT under the Internal Revenue Code of 1986, as amended. Please refer to the section entitled "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2018, our Quarterly Report on Form 10-Q for the quarter ended June 30, 2019, and any subsequent reports filed with the Securities and Exchange Commission (SEC) for further discussion of these and other investment considerations. The Company expressly disclaims any responsibility to update or revise forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

Note: Please refer to the Glossary at the end of this presentation for a list of defined terms and metrics.



Investor Relations C
Jason
212.93
investors@safeholdir



1. EARNINGS

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Highlights

Earnings Growth

| | Q2 '19 | Y-Y |
|------------|--------|-------|
| Net Income | \$5.9M | +237% |
| EPS | \$0.18 | +88% |

Raising Investment Target

\$1B

Upsized 2019 Investment Target from \$750M

Improving Liabilities

Recent Financings Have W.A. Debt Maturity of

38 Years⁽¹⁾

\$100M

Increase to Revolving Credit Facility Commitments⁽¹⁾

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⁽¹⁾ Inclusive of all financings that closed in Q2 '19 and subsequent to the end of the quarter through July 26, 2019.

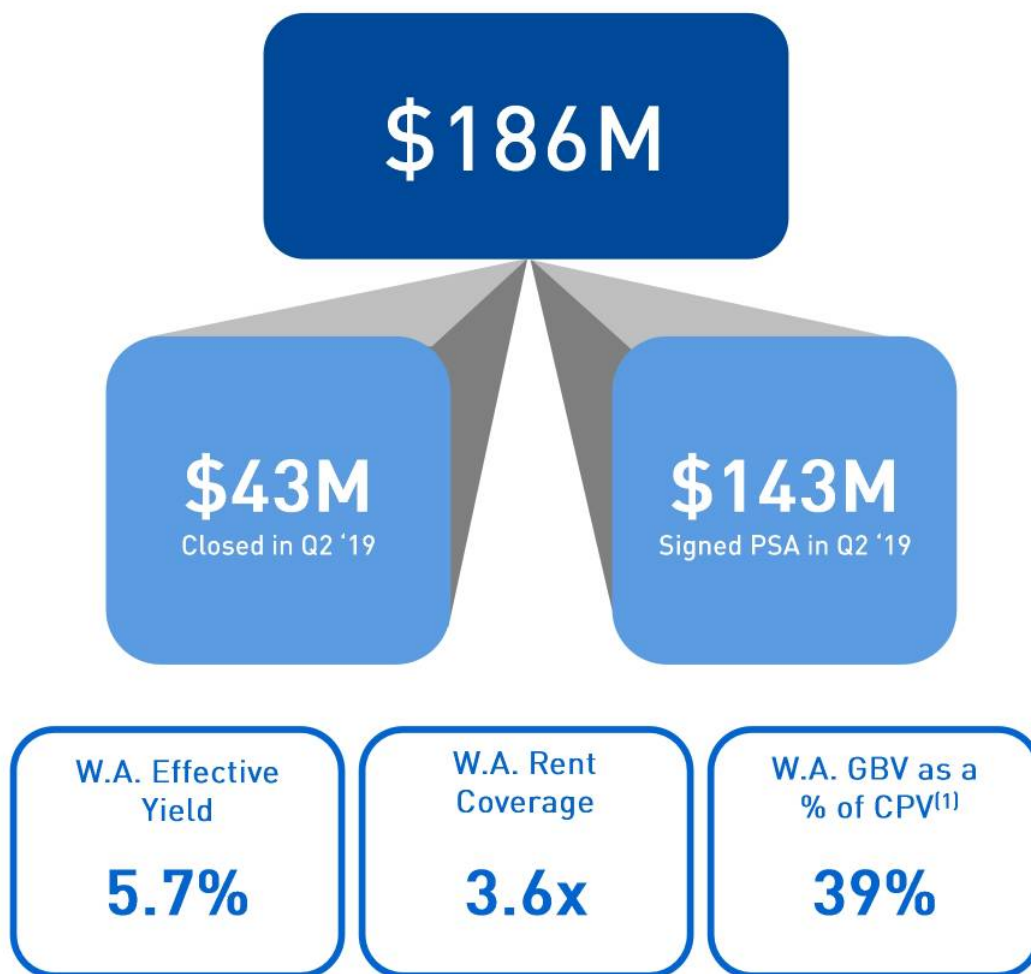
Q2 '19 Earnings Results

| | Q2 '19 | Q2 '18 | % Growth |
|--------------------|---------|---------|--------------|
| Revenue | \$19.7M | \$11.6M | +70% |
| Net Income | \$5.9M | \$1.8M | +237% |
| Earnings per Share | \$0.18 | \$0.09 | +88% |

| | | | |
|---|----------|--------|-------------|
| Aggregate Gross Book Value of Portfolio | \$1,135M | \$664M | +71% |
| Unrealized Capital Appreciation in Owned Residual Portfolio | \$2.2B | \$1.4B | +60% |

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Investment Activity



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Note: Metrics shown above are based on \$186M of total investment activity. Metrics assume investments under PSA close in accordance with their terms.
(1) Presented using Gross Book Value at underwriting.

Gaining Traction and Raising Investment Target



Pipeline Metrics⁽¹⁾



(1) Pipeline refers to transactions under signed letter of intent and purchase agreement as of June 30, 2019. There can be no assurance that transactions under purchase agreement will close, we will enter into definitive purchase agreements for any of the opportunities under letter of intent or that we will acquire or originate any of the opportunities being pursued.

(2) The pipeline includes acquisitions of one or more existing ground leases that contain resets of rent based on periodic fair market valuations of the land. For purposes of calculating the effective yield of such ground leases over their lease terms, we have assumed that the land value has grown by 2% annually.

Debt Overview

(As of July 26, 2019)

Improving Liability Structure⁽¹⁾



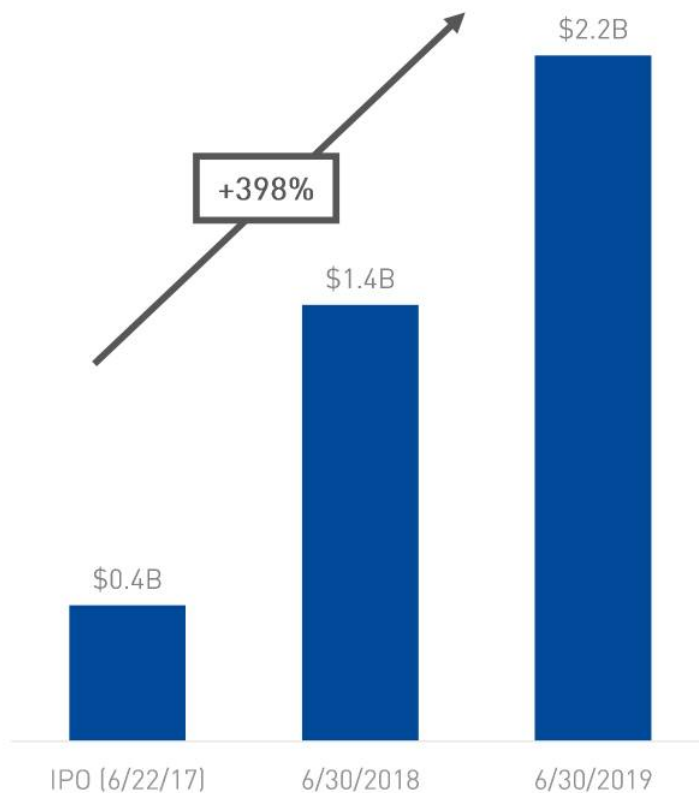
Upsized Revolver⁽²⁾

- ☐ Refinanced short-term debt with long-term financing
- ☐ Expanded Bank Group
- ☐ Upsized Revolver Capacity by \$100M



(1) Includes financings closed subsequent to the end of the second quarter.
(2) Closed subsequent to the end of the second quarter.

Unrealized Capital Appreciation of \$2.2B



The Unrealized Capital Appreciation in Our Owned Residual Portfolio is calculated as today's estimated Combined Property Value (CPV) less the Aggregate Cost Basis of SAFE's portfolio. CBRE conducts independent appraisals of the CPV of each asset.⁽¹⁾

Note: Please refer to the Glossary in the Appendix for a definition of Owned Residual Portfolio and Unrealized Capital Appreciation.

(1) SAFE relies in part on CBRE's appraisals in calculating Owned Residual Portfolio and Unrealized Capital Appreciation. SAFE may utilize management's estimate of CPV for ground lease investments recently acquired that CBRE has not yet appraised. For forward commitments, CPV represents the cost to buy inclusive of the ground lease. Please refer to our Current Report on Form 8-K filed with the SEC on July 26, 2019 and "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2018, and Quarterly Report on 10-Q for the quarter ended June 30, 2019 as updated from time to time in our subsequent periodic reports, filed with the SEC, for a further discussion of such tenants' rights.

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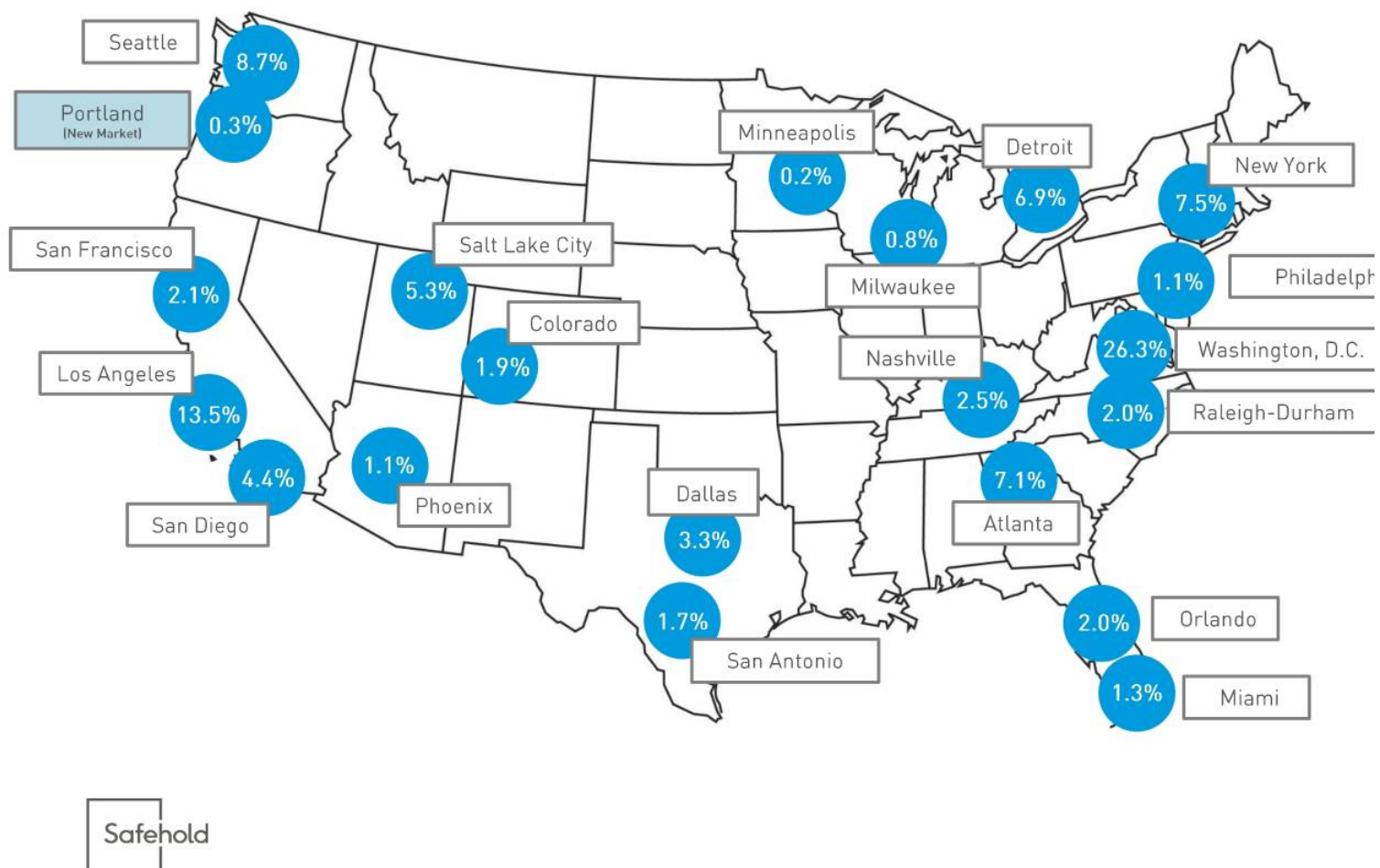


2. PORTFOLIO STATISTICS

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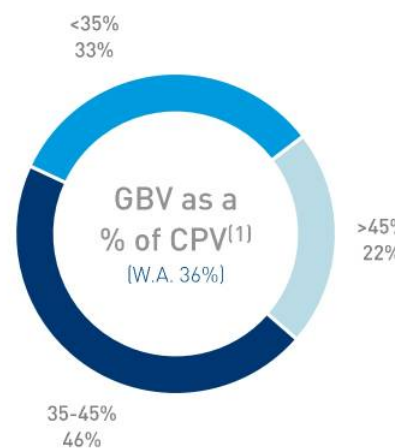
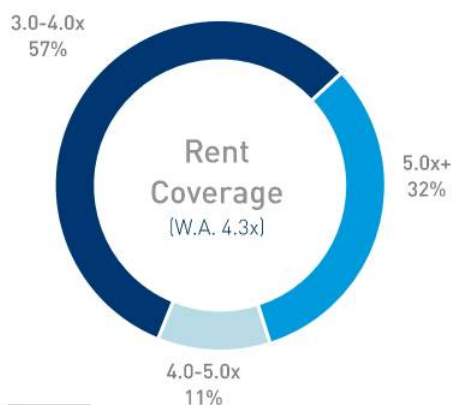
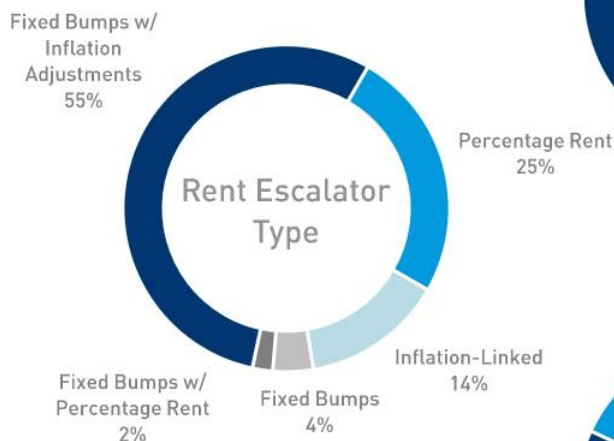
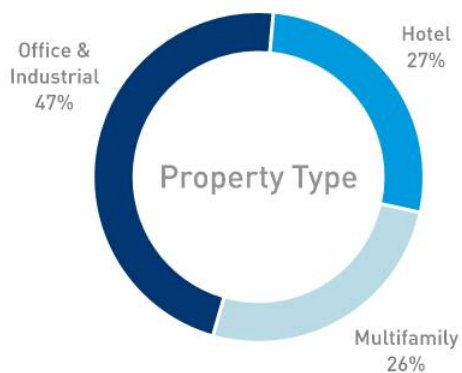
Geographic Diversification by MSA

[Current Portfolio Gross Book Value: \$1,051M]



Portfolio Stratification

[Current Portfolio Gross Book Value: \$1,051M]



Safehold

(1) Includes the five properties master leased to Park Hotels, for which the lease matures in 2035 including extensions. Based on Aggregate Gross Book Value of \$1,135M as of June 30, 2019.

Portfolio Metrics

(Current Portfolio Gross Book Value: \$1,051M)

| | | | | | | |
|------------------|---|---|---|---|--|---|
| Yield | Total Annualized GAAP Rent <i>(incl. % rent)⁽¹⁾</i> \$81.2M | — | Less: Annualized Depreciation & Amortization ⁽²⁾ \$10.8M | = | Net Amount \$70.4M | Yield <i>(% of GBV)</i> 6.7% |
| Credit | Gross Book Value as a % of CPV ⁽³⁾ 36% | | | Rent Coverage 4.3x | | |
| Term | W.A. Lease Term Remaining 72 Years | | | W.A. Lease Term Remaining <i>(Including Extensions)</i> 82 Years | | |
| Cash Rent | Annualized Cash Base Rent \$41.2M | + | Add: Percentage Rent \$4.2M | = | Annualized Cash Rent \$45.5M | |

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- (1) Includes actual % rent received over TTM of \$4.2M.
 (2) Includes \$1.4M of annualized amortization of right of use asset recorded as real estate expense.
 (3) Based on Aggregate Gross Book Value of \$1,135M as of June 30, 2019.

APPENDIX

Owned Residual Portfolio - \$3.3B

Safehold tracks its Owned Residual Portfolio based on its contractual reversion right to own the combined land, buildings and other improvements on its land at the end of the lease.⁽¹⁾

In total, the portfolio encompassed 9.3M square feet of real estate and had an estimated market value of \$3.3B at 6/30/19.⁽²⁾

Sq. Ft. by Property Type



Safehold

(1) Our ability to recognize value through reversion rights may be limited by the rights of our tenants under some of our ground leases, including tenant rights to purchase the properties or level properties under certain circumstances. Please refer to our Current Report on Form 8-K filed with the SEC on July 26, 2019 and "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2018, and Quarterly Report on 10-Q for the quarter ended June 30, 2019 as updated from time to time in our subsequent periodic reports, filed with the SEC, for a further discussion of such tenants' rights.
(2) For properties under development, based on post-development statistics.

Leverage

| | June 30, 2019 |
|--|-----------------|
| Book Debt | \$545 |
| Book Equity | \$593 |
| Leverage (Debt to Equity) | 0.9x |
| Combined Property Value (CPV) ⁽¹⁾ | \$3,223 |
| Debt as a % of CPV | 16.9% |
| <i>Target Leverage</i> | <i><2.0x</i> |
| <i>Target Debt as a % of CPV</i> | <i>25%</i> |

Income Statements

| | For the three months ended June 30, | | For the six months ended June 30, | |
|--|-------------------------------------|-----------------|-----------------------------------|-----------------|
| | 2019 | 2018 | 2019 | 2018 |
| Revenues: | | | | |
| Operating lease income | \$17,196 | \$9,861 | \$37,712 | \$21,141 |
| Interest income from sales-type leases | 1,880 | - | 2,802 | - |
| Other income | 604 | 1,713 | 986 | 2,126 |
| Total revenues | \$19,680 | \$11,574 | \$41,500 | \$23,267 |
| Costs and expenses: | | | | |
| Interest expense | \$5,986 | \$3,376 | \$10,507 | \$6,631 |
| Real estate expense | 645 | 398 | 1,457 | 752 |
| Depreciation and amortization | 2,343 | 2,275 | 4,686 | 4,546 |
| General and administrative | 4,474 | 3,292 | 7,456 | 5,324 |
| Other expense | 290 | 471 | 315 | 510 |
| Total costs and expenses | \$13,738 | \$9,812 | \$24,421 | \$17,763 |
| Net income | \$5,942 | \$1,762 | \$17,079 | \$5,504 |
| Net (income) attributable to non-controlling interests | (\$1,419) ⁽¹⁾ | (\$59) | (\$5,937) ⁽¹⁾ | (\$82) |
| Net income attributable to Safehold Inc. and allocable to common shareholders | \$4,523 | \$1,703 | \$11,142 | \$5,422 |
| Weighted avg. share count | 25,640 | 18,191 | 22,001 | 18,191 |
| Earnings per share | \$0.18 | \$0.09 | \$0.51 | \$0.30 |


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Note: \$ in thousands except for per share amounts.

(1) Safehold exchanged all of iStar's 12.5M LP units into shares of SAFE common stock on a one-for-one basis on May 9, 2019. Represents the allocation of net income for the partial period that the LP units were outstanding. At June 30, 2019 Safehold had 30.9M common shares outstanding.

Balance Sheets

| | June 30, 2019 | December 31, 2018 |
|---|--------------------|-------------------|
| Assets: | | |
| Real estate | | |
| Real estate, gross | \$676,503 | \$669,923 |
| Accumulated depreciation | (13,271) | (10,257) |
| Real estate, net | \$663,232 | 659,666 |
| Real estate-related intangibles, net ⁽¹⁾ | 177,801 | 204,911 |
| Ground lease assets, net | \$841,033 | 864,577 |
| Net investment in leases | 159,847 | - |
| Cash and cash equivalents | 73,004 | 16,418 |
| Other assets | 101,725 | 41,128 |
| Total assets | \$1,175,609 | \$922,123 |
| Liabilities: | | |
| Debt obligations, net | \$544,945 | \$543,965 |
| Accounts payable and other liabilities | 37,600 | 20,800 |
| Total liabilities | \$582,545 | \$564,765 |
| Equity: | | |
| Common stock | \$309 | \$183 |
| Additional paid-in capital | 626,793 | 370,530 |
| Retained earnings (deficit) | (4,926) | (8,486) |
| AOCI | (30,341) | (6,876) |
| Total shareholders' equity | \$591,835 | \$355,351 |
| Non-controlling interests | 1,229 | 2,007 |
| Total equity | \$593,064 | \$357,358 |
| Total liabilities and equity | \$1,175,609 | \$922,123 |


 Safehold

Note: \$ in thousands.

(1) "Real estate-related intangibles, net" represents real estate-related intangible assets of \$235M and \$263M as of June 30, 2019 and December 31, 2018, respectively, less real estate-related intangible liabilities of \$58M as of June 30, 2019 and December 31, 2018, respectively.

Portfolio Reconciliation

| | June 30, 2019 |
|---|----------------|
| Net investment in leases (Sales Type Leases) | \$160 |
| Real estate, net (Operating Leases) | \$663 |
| Add: Accumulated depreciation | 13 |
| Add: Lease intangible assets, net | 235 |
| Add: Accumulated amortization | 12 |
| Add: Other assets | 25 |
| Less: Lease intangible liabilities, net | (58) |
| Gross Book Value | \$1,051 |
| Forward Commitments | 83 |
| Aggregate Gross Book Value | \$1,135 |
| Less: Accruals to net investment in leases | (1) |
| Aggregate Cost Basis | \$1,134 |



Note: \$ in millions.

Appendix

Glossary

| | |
|--|--|
| Aggregate Cost Basis | Represents Cost Basis plus forward commitments. For forward commitments, it represents the contractual amounts purchase price to be paid. |
| Aggregate Gross Book Value | Represents the Current Portfolio plus forward commitments. For forward commitments, it represents the contractual purchase price to be paid. |
| Annualized Cash Rent | Calculated as the annualized base cash rent for both operating and sales type leases at quarter-end plus Percentage Rent. |
| Cash Rent | Represents operating lease income and interest income from sales type ground leases recognized for a period excluding straight-line rent, amortization of lease intangibles, and non-cash income from sales type leases. |
| Cost Basis | Represents the historical purchase price of an asset. |
| Combined Property Value (CPV) | The current combined value of the land, buildings and improvements relating to a commercial property, as if there was no ground lease on the land at the property. CPV is based on independent appraisals. The Company will use management estimates for recently acquired and originated ground leases for which appraisals are not yet available. In relation to forward commitments, CPV represents the total cost associated with the acquisition, development, and construction of the project. |
| Current Portfolio | Represents the portfolio of assets owned currently, measured using Gross Book Value. Does not include forward commitments. |
| Effective Yield | Effective yield is computed similar to effective yield on a bond, using the rate implicit in the lease based on the contractual future cash flows and a residual equal to our cost of the land. |
| Estimated Underlying Property NOI | Management utilizes (i) estimated underlying property net operating income (NOI) in situations where actual underlying property NOI is unavailable and (ii) projected stabilized property NOI when a project is under development. These figures are based on leasing activity at the property and may include other available market information, such as comparable properties or third party valuations. |
| Gross Book Value (GBV) | Represents the historical purchase price of an asset plus accrued interest on sales type leases. |

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Disclaimer: Set forth in the Glossary are the current definitions of certain items that we use in this presentation. This Glossary is intended to facilitate a reader's understanding of this presentation. There can be no assurance that we will not modify these terms in future presentations as we deem necessary or appropriate.

Appendix

Glossary

| | |
|---|---|
| Gross Book Value as % of CPV | Calculated as Gross Book Value divided by CPV. The Company believes the metric is an indicative measure of the safety of its position in a real estate property's capital structure and represents its last-dollar economic exposure to the underlying property values. |
| Interest Rate | The all-in stated interest rate over the term of a bond. |
| Leverage | The ratio of book debt to book equity. |
| Percentage Rent | Represents TTM percentage rent for assets owned for over a year and annualized percentage rent estimate if owned for less than a year. |
| Safehold™/Safehold™ Ground Lease | A ground lease structured by SAFE. |
| Rent Coverage | The ratio of Underlying Property NOI or Estimated Underlying Property NOI to the annualized cash rent or the estimate of annualized cash rent due to SAFE. The Company believes the metric is indicative of its seniority in a property's cash flow waterfall. Underlying Property NOI is based on information reported to the Company by its tenants without any independent investigation or verification by SAFE. |
| Total Annualized GAAP Rent | Current quarter revenue from operating and sales type leases recognized by GAAP annualized. |
| Underlying Property NOI | With respect to a property, the net operating income of the commercial real estate being operated at the property without giving effect to any rent paid or payable under the ground lease. Net operating income is calculated as property-level revenues less property-level operating expenses as reported to the Company by the tenant, or as otherwise publicly available. The Company relies on net operating income as reported to it by its tenants without any independent investigation by SAFE, or as otherwise publicly available. Note that figures denoted by Underlying Property NOI include Ally using the source: Prospectus, dated December 14, 2017, of the Wells Fargo Commercial Mortgage Trust 2017-C42. |
| Unrealized Capital Appreciation | Calculated as the difference between CPV and the portfolio's Aggregate Cost Basis. The Company believes Unrealized Capital Appreciation represents additional potential value to SAFE stockholders through the reversion rights embedded in standard ground leases. |
| Yield | Calculated as Total Annualized GAAP Rent less Annualized Depreciation & Amortization, including amortization of right-of-use assets, as a percentage of Gross Book Value. |



