

An aerial photograph of a city skyline, likely Chicago, during sunset. The sky is a mix of orange, yellow, and blue. The city is densely packed with skyscrapers and buildings. The Lake Michigan is visible in the distance on the right side.

Safehold

CORPORATE PRESENTATION

June 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 Unrealized Capital Appreciation 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 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.



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I. THE BIG IDEA

Formula for Success

Make a Big Industry
More Efficient

+

Deliver a
Better Customer
Experience

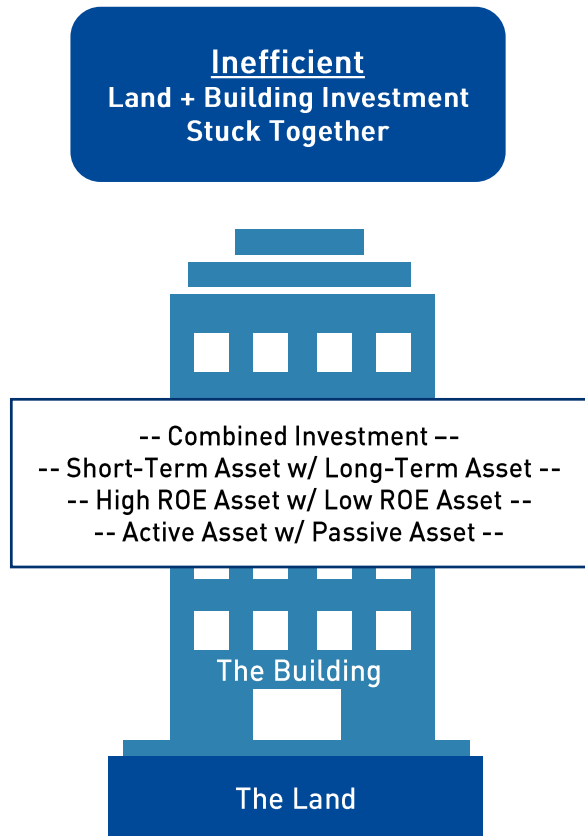
Safehold's mission is to *revolutionize* real estate ownership by providing a better and more efficient way for owners to unlock the value of the land beneath their buildings.

The Next Big Thing

SAFE Addresses a Large Inefficiency in the \$7 Trillion U.S. Institutional Commercial Real Estate Market

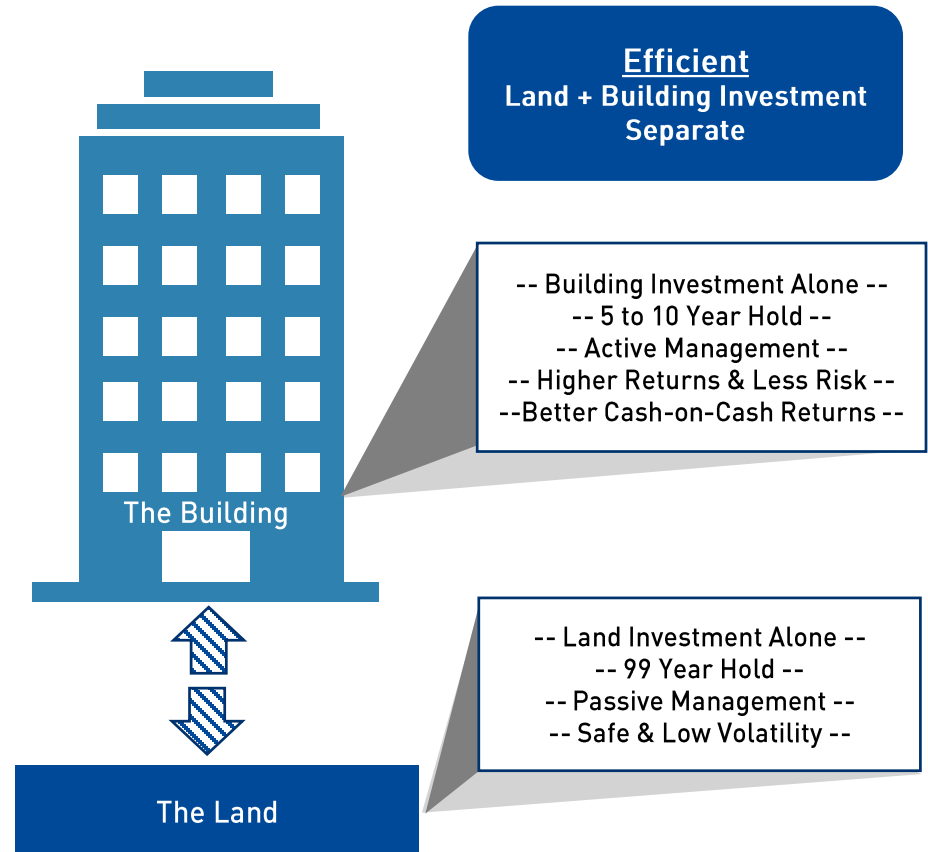
Problem

Real estate owners have had to buy two different investments that do not belong together

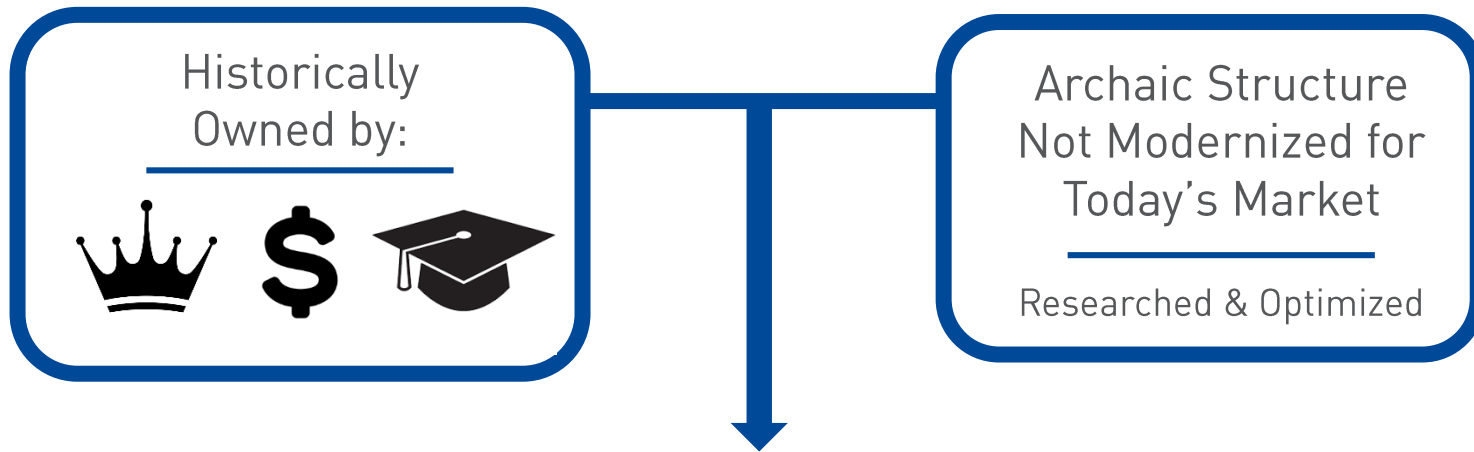


Solution

A **Safehold™ Ground Lease** more efficiently separates the land and the building to match risk-reward profiles and enhance returns for all parties



Why Hasn't This Been Done Before?

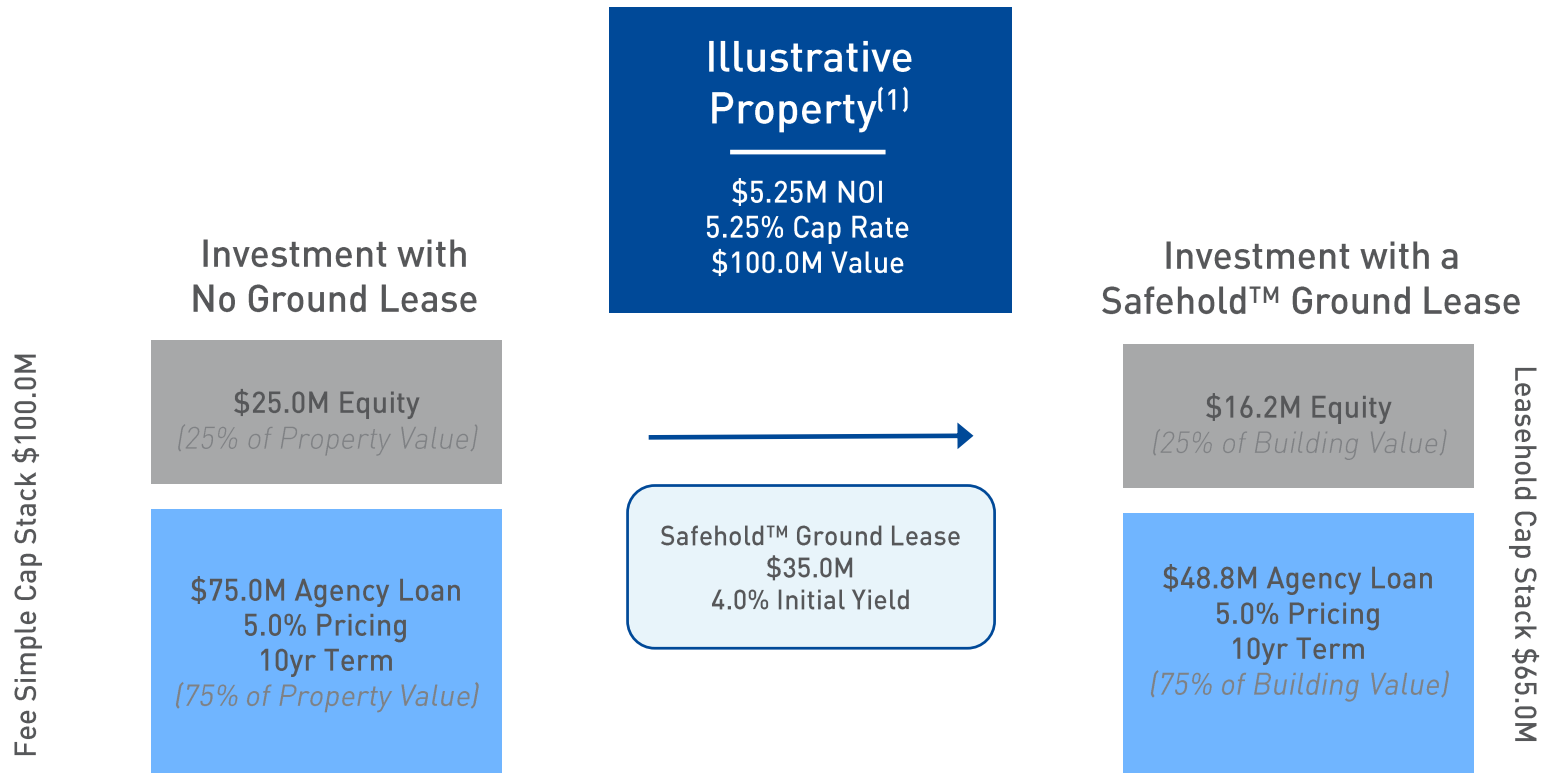


Modern Safehold™ Ground Leases: Reinvented Customer-Focused Solution

Low Rates	Lower effective cost than alternatives
No FMV Resets	Gradual rent bumps instead of large and unpredictable fair market value (FMV) resets
Properly Sized	Sizing at ~35% of the property's value and strong rent coverage for optimal solution
Long Lease Terms	Up to 99 years to reduce near-term rent payments and reduce maturity risk
Cap Rate Neutral	Structured to not disrupt future leasehold sale
Custom-Tailored	Flexible structure that fits in any capital structure (including agency financing) and can be customized for construction, recapitalization, or acquisition capital needs
Flexible	Works across office, multifamily, industrial, hospitality and mixed-use properties
No Fees, Significant Savings	Eliminates sizable financing fees, transfer fees, and mortgage recording fees today and in the future



The Power of a Safehold™ Ground Lease

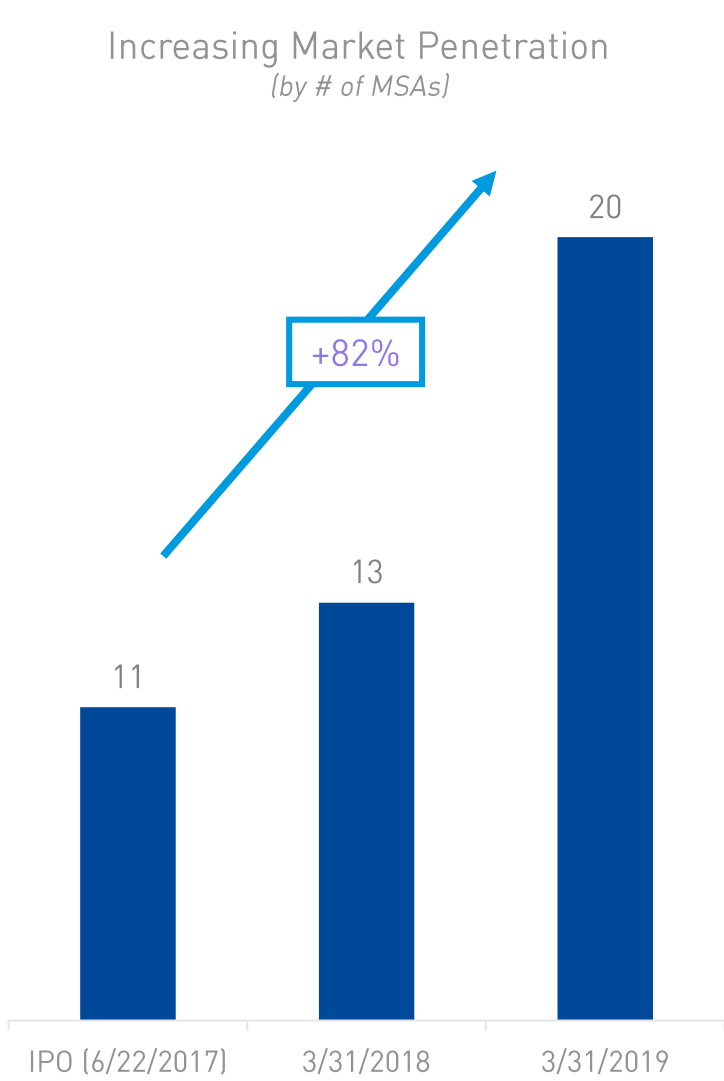
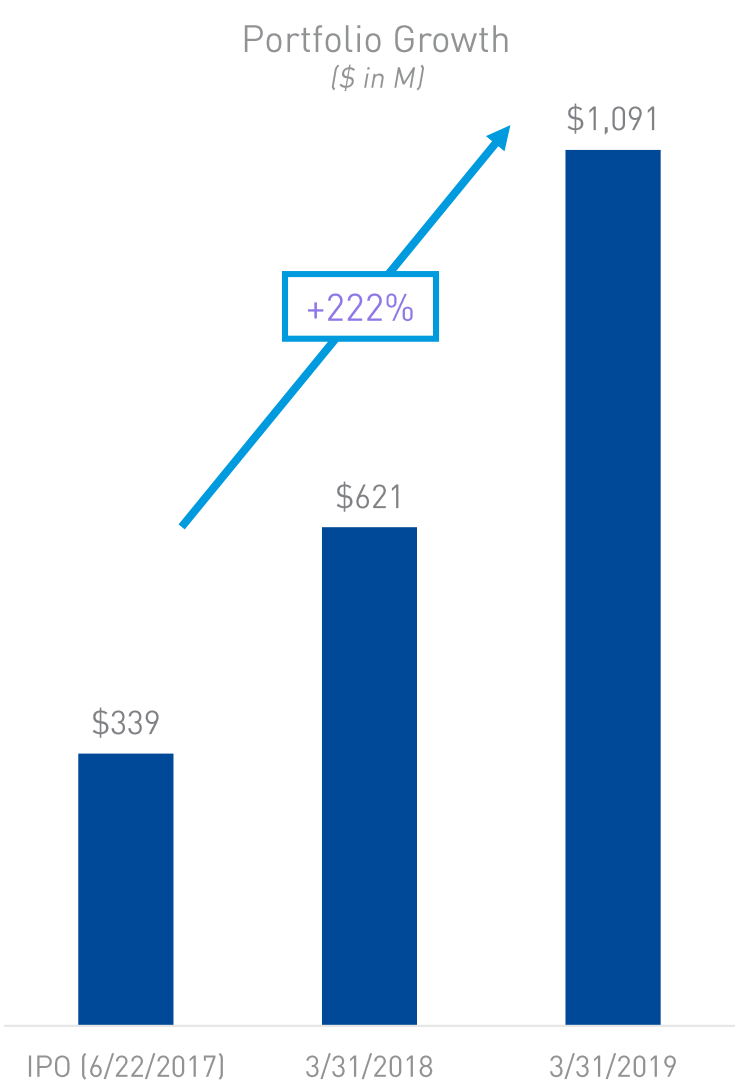


\$100.0M	-----	Same Purchase Price	-----	\$100.0M
\$25.0M	-----	No Land Equity Needed	-----	\$16.2M
1.40x	-----	Better DSCR on Leasehold Loan	-----	1.58x
6.0%	-----	Better Cash-on-Cash Returns	-----	8.7%
12.6%	-----	Better IRRs	-----	18.0%



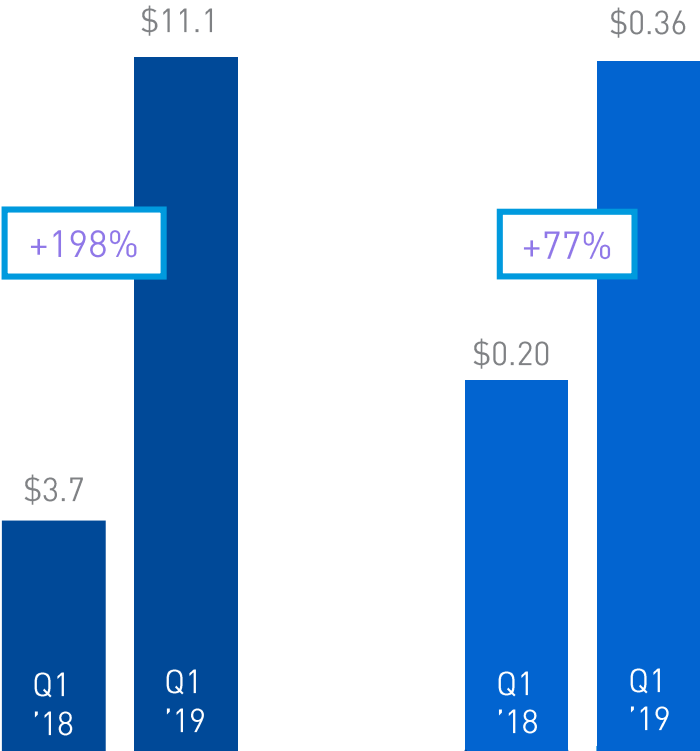
(1) This is an illustrative example based on SAFE's general experience to date. Does not represent specific SAFE assets. Returns shown are illustrative returns to the property owner, not SAFE.

Growing Traction - Customers

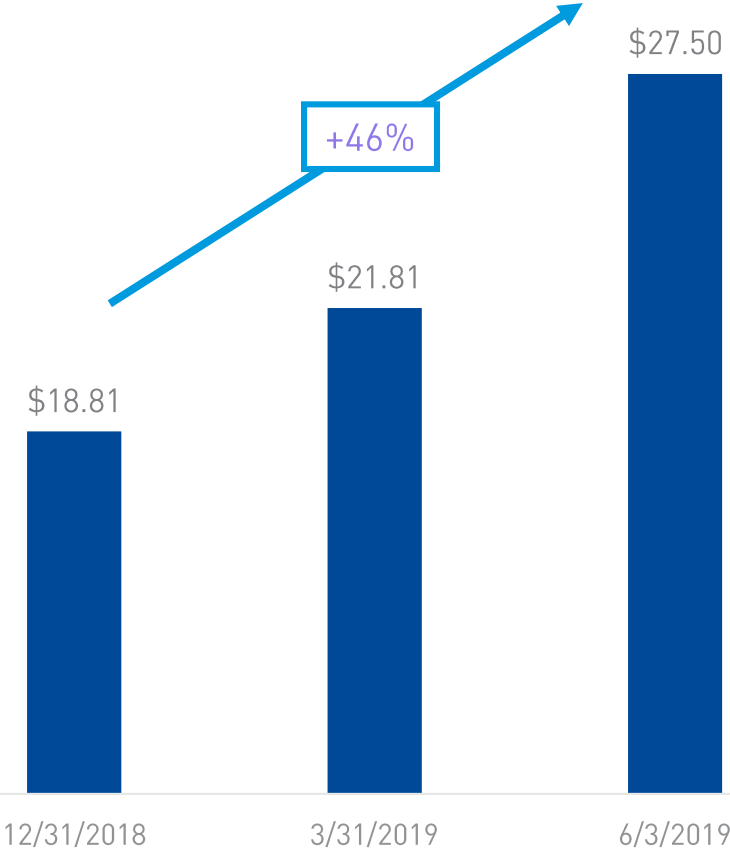


Growing Traction - Investors

Earnings



SAFE YTD Stock Performance *(As of 6/3/19)*





II. GROUND LEASE ATTRIBUTES

What is a Ground Lease?

A ground lease generally represents ownership of the land underlying a commercial real estate property which is triple net leased on a long-term basis by the Landlord (SAFE) to a Tenant that owns and operates the building.

Tenant - receives beneficial ownership of property during lease term. Responsible for all operating costs and improvements.



Landlord (SAFE) - collects ground rent payments during the lease term.

At lease expiration, or upon a Tenant default, the land and building, including all improvements, revert back to SAFE.

3 Key Investment Attributes of a Ground Lease

A One-of-a-Kind Fixed Income Investment

1

**Superior
Principal Safety**

- ❑ Senior position in capital structure
- ❑ Senior priority of rent payment

2

**Premium
Returns**

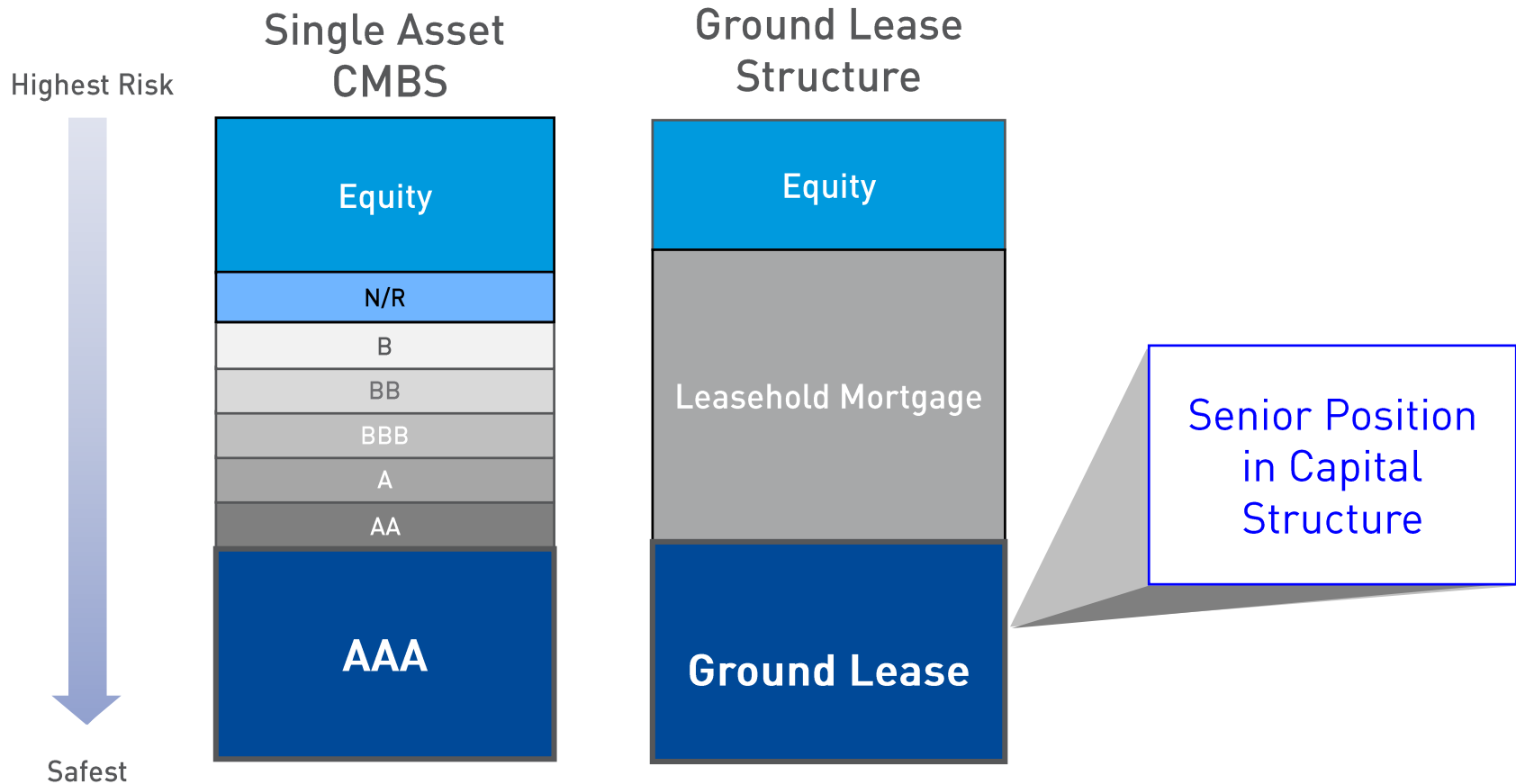
- ❑ Superior risk-adjusted returns
- ❑ Contractual growing income streams with up to 99 years of call protection

3

**Imbedded
Capital
Appreciation**

- ❑ Growing portfolio creates potential for significant unrealized value

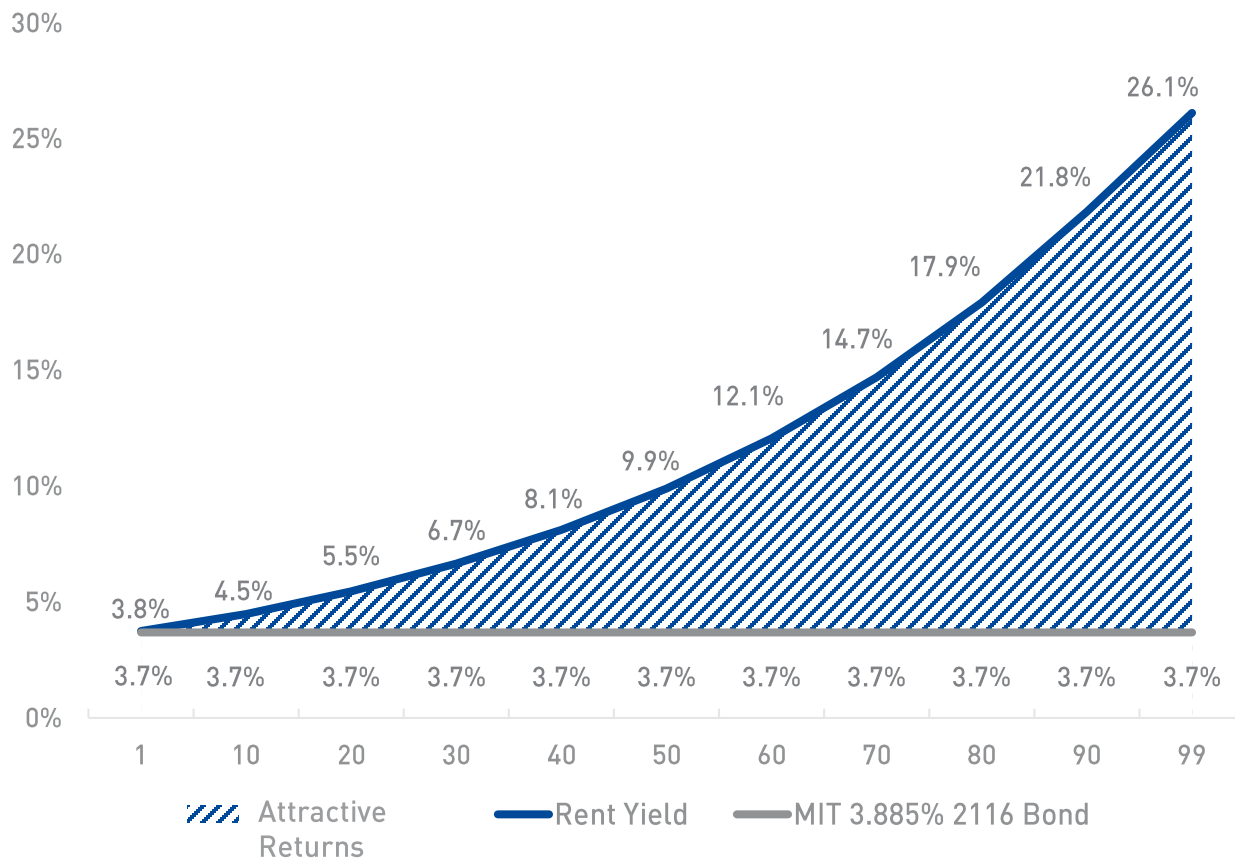
Superior Principal Safety



Attractive Returns – Bond Comparison

Contractual rent increases create long-term compounding cash flows that generate superior risk-adjusted returns versus similar-risk fixed income securities

Ground Lease vs. 100-Year MIT Bond



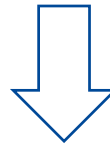
Note: Reflects an illustrative example of how \$100 of initial annual ground rent grows when increased by 2.0% annually over the life of a hypothetical 99-year ground lease assuming a going-in cap rate of 3.75%. MIT 2116 100-year bond trading with a yield of 3.689% as of 6/3/19.

Attractive Returns - Premium Asset & Business

Effective Yield on Assets (ROA) ⁽¹⁾	5.5% - 6.0%	Premium Spread
Effective Cost of Debt (COD) ⁽²⁾	4.5%	2x Leverage
<hr/>		
Return on Equity (Asset ROE)	7.5% - 9.0%	

Premium Asset Value

Portfolio generates superior risk-adjusted returns



Premium Business Value

We believe a business that repeatedly generates superior risk-adjusted returns should trade at a premium to book

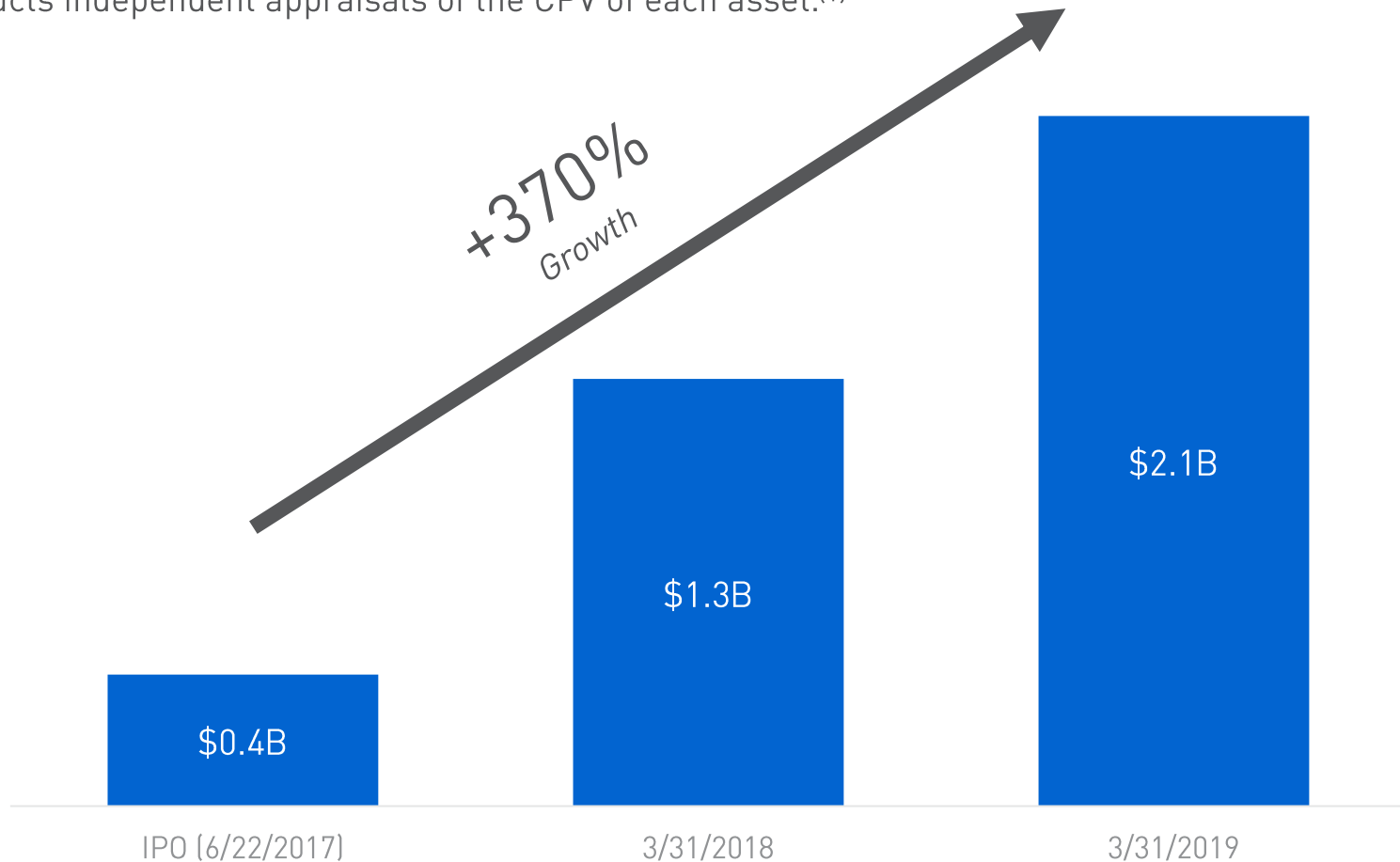
Note: This hypothetical return on equity presentation is illustrative only and may not be indicative of our future performance. This presentation is based on certain assumptions, including those specified herein and the absence of any material GL non-performance, that may prove to be inaccurate. No assurance can be given regarding the timing of future investment activity, that we will achieve the effective yield on assets assumed in this presentation or that our financing and other assumptions will prove to be accurate. Readers are cautioned not to place undue reliance on this presentation, as our future results may be less favorable than implied by this presentation, and should not interpret this presentation as a projection of our future performance.

(1) Effective yield on assets represents the targeted yield on newly originated Safehold ground leases.

(2) Illustrative Effective Cost of Debt based on estimated all-in cost of recent debt issuance, including issuance and hedging costs.

Unrealized Capital Appreciation of \$2.1B

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. \$ in millions.

(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 build inclusive of the ground lease. Please refer to our Current Report on Form 8-K filed with the SEC on April 25, 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 March 31, 2019 as updated from time to time in our subsequent periodic reports, filed with the SEC, for a discussion of certain tenants' rights that may limit our ability to realize value from Unrealized Capital Appreciation, including tenant rights to purchase our land in certain circumstances and the right of one tenant to demolish improvements prior to the expiration of the lease.



III. THE PLATFORM

Strong Sponsorship



Capabilities of SAFE's manager, iStar, enables SAFE to become the leader in re-inventing ground leases

**25-year public
company history**

+

**\$40 billion of
investing experience**

=

**Deeply immersed in
all facets of the
CRE ecosystem**

- ❑ iStar is SAFE's manager and largest shareholder owning ~66% of total equity (as of 3/31/19) creating alignment and performance incentive
- ❑ iStar has demonstrated strong commitment with \$250M equity investment at 10% above market in January 2019 and a strategic shift to make its primary focus scaling SAFE and capturing the ground lease opportunity
- ❑ SAFE x STAR one-stop capital program combines iStar's creative financing capabilities with SAFE's innovative Safehold™ offering to provide a capital solution that seeks to deliver a better, more efficient capital structure to the market



Conclusion

Outsized Opportunity



Use unique skill sets and history of innovation to solve a major market inefficiency in the \$7 trillion U.S. institutional real estate market

Growth & Value Creation



Growing market penetration plus definable value creation as portfolio expands

Sponsorship



Strong sponsorship from largest shareholder and manager, iStar

APPENDIX

Impact of New Accounting Standards

(As of December 31, 2018)

Current Method

(Applied in Q4 '18)

New Method

(Begins in Q1 '19)

Lease Classification

All of SAFE's ground leases qualified as operating leases.

Most ground leases are expected to be classified as sales-type leases. Sales-type leases are accounted for similarly to a loan or bond. Existing leases owned by SAFE prior to 1/1 will retain their classification as operating leases.

Revenue

Recorded as "Ground Lease Income" based on straight-line rent.

Recorded as "**Interest Income from Sales-Type Leases**" based on the effective interest method.

Asset

Purchase price is recorded as "Real Estate" and "Lease Intangibles".

Purchase price represents principal and recorded as "**Net Investment in Lease**".

Conclusion

Overview

SAFE believes straight-line rent does not reflect the economic reality of ground leases, especially given the long duration nature of the asset class.

SAFE believes effective yield is simpler and more indicative of a ground lease's economic characteristics, with features comparable to a high-grade fixed-income security.

Earnings Metrics

Reported typical REIT metrics - FFO and AFFO.

Given the new GAAP treatment of ground leases and the Company's belief that it is a more accurate representation of economic reality, SAFE intends to report GAAP net income and no longer report FFO and AFFO starting in Q1 '19.

Income Statements

	Q4 '18	Q4 '17	FY '18
Revenues:			
Ground lease and other lease income	\$14,692	\$6,579	\$47,400
Other income	121	171	2,324
Total revenues	\$14,813	\$6,750	\$49,724
Costs and expenses:			
Interest expense	\$5,011	\$3,172	\$15,389
Real estate expense	392	364	1,600
Depreciation and amortization	2,307	2,267	9,142
General and administrative	2,559	2,273	10,662
Other expense	182	16	995
Total costs and expenses	\$10,451	\$8,092	\$37,788
Net income (loss)	\$4,362	(\$1,342)	\$11,936
Net (income) attributable to non-controlling interests	(54)	-	(196)
Net income (loss) attributable to Safehold Inc. and allocable to common shareholders	\$4,308	(\$1,342)	\$11,740
Weighted avg. share count	18,261	18,190	18,218
Earnings (loss) per share	\$0.24	(\$0.07)	\$0.64

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

EPS, FFO & AFFO Reconciliation

	Q4 '18	FY '18
Net income allocable to Safehold Inc. common shareholders	\$4,308	\$11,740
Add: Real estate related depreciation and amortization	2,307	9,142
FFO allocable to Safehold Inc. common shareholders	\$6,615	\$20,882
FFO allocable to Safehold Inc. common shareholders	\$6,615	\$20,882
Less: Straight-line rental income	(7,260)	(19,041)
Add: Amortization of real estate-related intangibles, net	809	2,518
Add: Non-cash management fee expense & stock-based compensation	1,015	5,294
Add: Non-cash interest expense	490	1,614
Add: Allocable share of non-controlling interests' straight-line rental income and amortization of real estate-related intangibles	40	134
AFFO allocable to Safehold Inc. common shareholders	\$1,709	\$11,401
Weighted avg. share count	18,261	18,218
Earnings per share	\$0.24	\$0.64
FFO per share	\$0.36	\$1.15
AFFO per share	\$0.09	\$0.63

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



Balance Sheets

	Q4 '18	Q4 '17
Assets		
Real estate		
Real estate, gross	\$669,923	\$413,145
Accumulated depreciation	(10,257)	(4,253)
Real estate, net	\$659,666	408,892
Real estate-related intangibles, net ⁽¹⁾	204,911	80,766
Ground lease assets, net	\$864,577	489,658
Cash and cash equivalents	16,418	168,214
Other assets	41,128	12,682
Total assets	\$922,123	\$670,554
Liabilities:		
Debt obligations, net	\$543,965	\$307,074
Accounts payable and other liabilities	20,800	7,545
Total liabilities	\$564,765	\$314,619
Equity:		
Common stock	183	\$182
Additional paid-in capital	370,530	364,919
Retained earnings (deficit)	(8,486)	(9,246)
AOCI	(6,876)	80
Total shareholders' equity	\$355,351	\$355,935
Non-controlling interests	2,007	-
Total equity	\$357,358	\$355,935
Total liabilities and equity	\$922,123	\$670,554

Note: \$ in thousands.

(1) "Real estate-related intangibles, net" represents real estate-related intangible assets of \$263M and \$139M as of December 31, 2018 and December 31, 2017, respectively, less real estate-related intangible liabilities of \$58M as of December 31, 2018 and December 31, 2017, respectively.

Portfolio Basis Reconciliation

	Q4 '18
Real estate, net	\$659,666
Add: Accumulated depreciation	10,257
Real estate, gross	\$669,923
Add: Lease intangible assets, net	262,531
Add: Leasing costs, net	481
Add: Accumulated amortization	8,986
Less: Lease intangible liabilities, net	(57,620)
Cost Basis	\$884,302
Forward Commitments	\$63,959
Aggregate Portfolio	\$948,261

Note: \$ in thousands.

Appendix

Glossary

Adjusted Funds from Operations (AFFO)	Calculated by adding (or subtracting) to FFO the following items: straight-line rental income, the amortization of real estate-related intangibles, stock-based compensation, acquisition costs, non-cash management fees, expense reimbursements, the amortization of deferred financing costs and other expenses related to debt obligations.
Aggregate Portfolio	Represents the Current Portfolio plus forward commitments.
Annualized Cash Rent	Calculated as the annualized in-place Cash Rent at quarter-end plus Percentage Rent.
Cash Rent	Represents ground lease income recognized for a period excluding straight-line rent and amortization of lease intangibles.
Cost Basis	Represents the historical purchase price of an asset, comprised of the cost of real estate and real estate related intangibles. For forward commitments, Cost Basis represents the contractual purchase price to be paid.
Cost Basis as % of CPV	Calculated as Cost Basis 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.
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 by CBRE. The Company will use management estimates for recently acquired and originated ground leases for which appraisals from CBRE 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, utilizing Cost Basis as the measure of value. Does not include forward commitments.
Effective Yield	Beginning in 2019, we will recognize revenue for Safeholds classified as sales-type leases utilizing their 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.

Appendix

Glossary

Forward Commitments	Represents contractual commitment to purchase a ground lease on a future date, typically related to projects that are under construction.
Funds from Operations (FFO)	FFO is calculated in accordance with the National Association of Real Estate Investment Trusts (NAREIT) which defines FFO as net income (determined in accordance with GAAP), excluding gains or losses from sales of depreciable operating property, plus real estate-related depreciation and amortization.
Ground Rent Coverage	The ratio of Underlying Property NOI or Estimated Underlying Property NOI to the annualized base rental payment 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.
Leverage	The ratio of book debt to book equity.
Percentage Rent	Represents TTM percentage rent for assets owned for over a year and underwritten percentage rent estimate if owned for less than a year.
Quarterly Cash Rent	Calculated as the Cash Rent recorded during the respective quarter, plus Percentage Rent.
Safehold	A ground lease structured by SAFE.
Total Annualized GAAP Rent	Revenue from rent 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 One 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 Cost Basis. The Company believes Unrealized Capital Appreciation represents additional potential value to SAFE stockholders through the reversion rights embedded in standard ground leases.