



Safety, Income & Growth Inc.
The Ground Lease Company

Q3 '18 Earnings Results

October 25, 2018

(NYSE: SAFE)

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 initial 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, and refinancing and interest rate risks); 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 as amended for the year ended December 31, 2017 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. Earnings

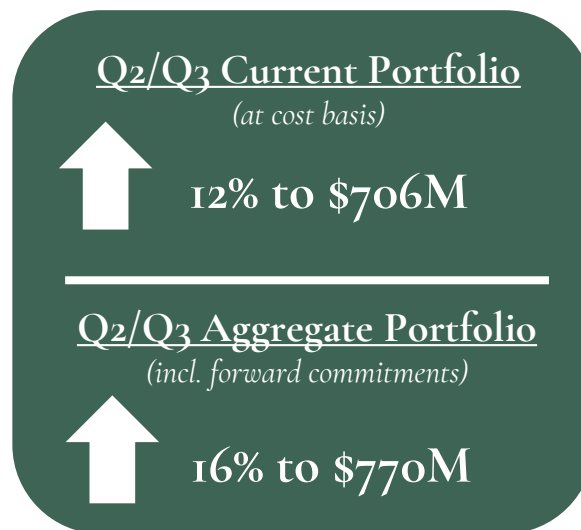
Q3 '18 Highlights

Earnings

	Q3 '18		Q3 '17	
	\$ in 000's	Per share	\$ in 000's	Per share
Net Income	\$2,009	\$0.11	(\$721)	(\$0.04)
FFO	\$4,299	\$0.24	\$1,545	\$0.08
AFFO	\$1,198	\$0.07	\$2,019	\$0.11

- Earnings driven by top-line growth from new investment activity, partially offset by higher G&A expenses and the end of the management fee waiver period
- Value Bank grew 16% to \$1.6B, or \$86 per share since Q2⁽¹⁾

Investment Activity



- Closed 4 deals and 1 forward commitment totaling \$106M
- New investments continue to be driven by a mix of new and returning customers

Scaling the Business

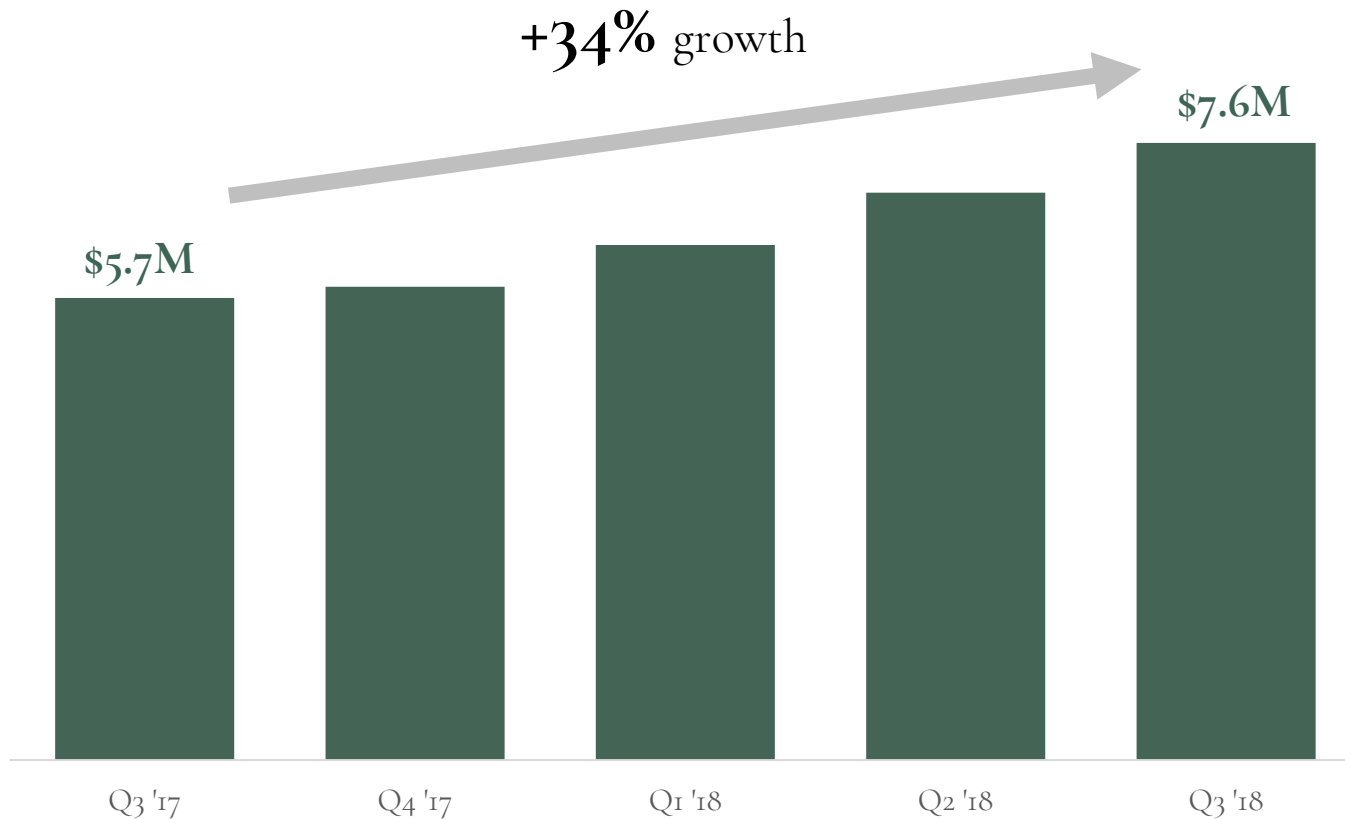


- Expanding senior originations team to help drive growth
- Added one new banking relationship with a \$50M commitment to our revolving credit facility, bringing total capacity to \$350M
- \$408M under LOI in pipeline

⁽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 October 25, 2018 and "Risk Factors" in our Annual Report on Form 10-K as amended for the year ended December 31, 2017, as updated from time to time in our subsequent periodic reports, filed with the SEC, for a further discussion of such tenants rights. SAFE relies in part on CBRE's appraisals in calculating Value Bank. 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 8-K filed October 25, 2018 with the SEC for additional detail on CBRE's valuation and our calculation of Value Bank. Please refer to the "Value Bank" slide and the Glossary for more details.

Rent Growth

Quarterly Cash Rent Since Q3 '17



○ At September 30th, our Annualized In-Place Cash Rent was \$31.2M

Note: Quarterly cash rent represents ground lease and other lease income for the quarter calculated in accordance with GAAP less straight-line rent, plus the pro-rata share of annual percentage rent received over the trailing twelve months. Please refer to the Glossary in the Appendix for more information on this term and other defined terms used throughout the presentation.

General & Administrative Breakdown

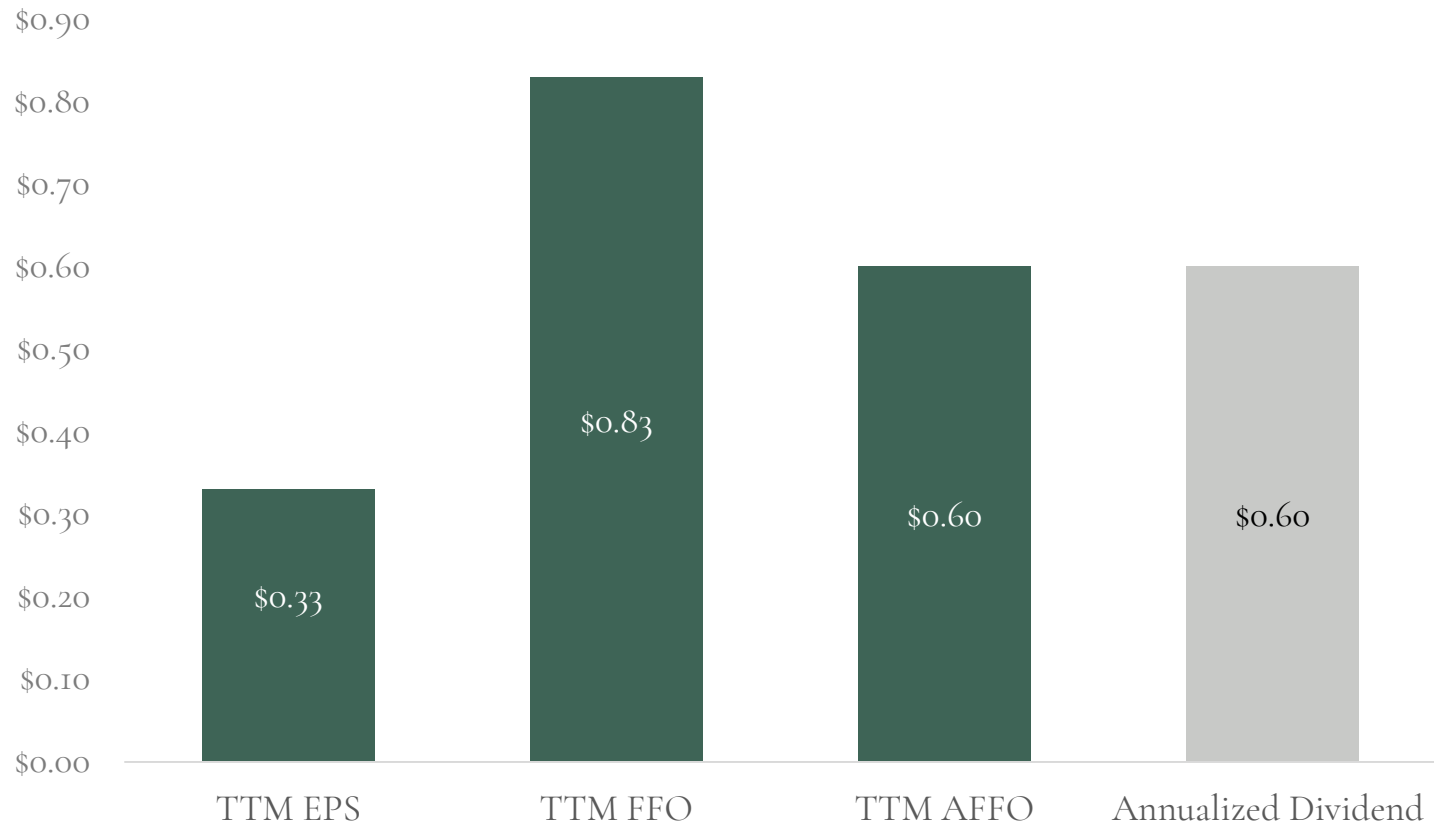
- After a one-year waiver, SAFE began paying its management fee and reimbursables this quarter

	Q3 '18	Explanation
Management fee	\$919	Represents 0.25% of equity. Paid quarterly in stock valued at the greater of the market price and the IPO price of \$20 per share. Excluded from AFFO.
Reimbursables	356	Paid in cash. Includes bookkeeping, tax and other services performed by our manager, iStar, which are subject to reimbursement.
Public company and other costs	1,504	Paid in cash. Includes auditors, legal, marketing, listing fees and other expenses.
Total	\$2,779	

Note: \$ in thousands unless otherwise noted.

Dividend Coverage

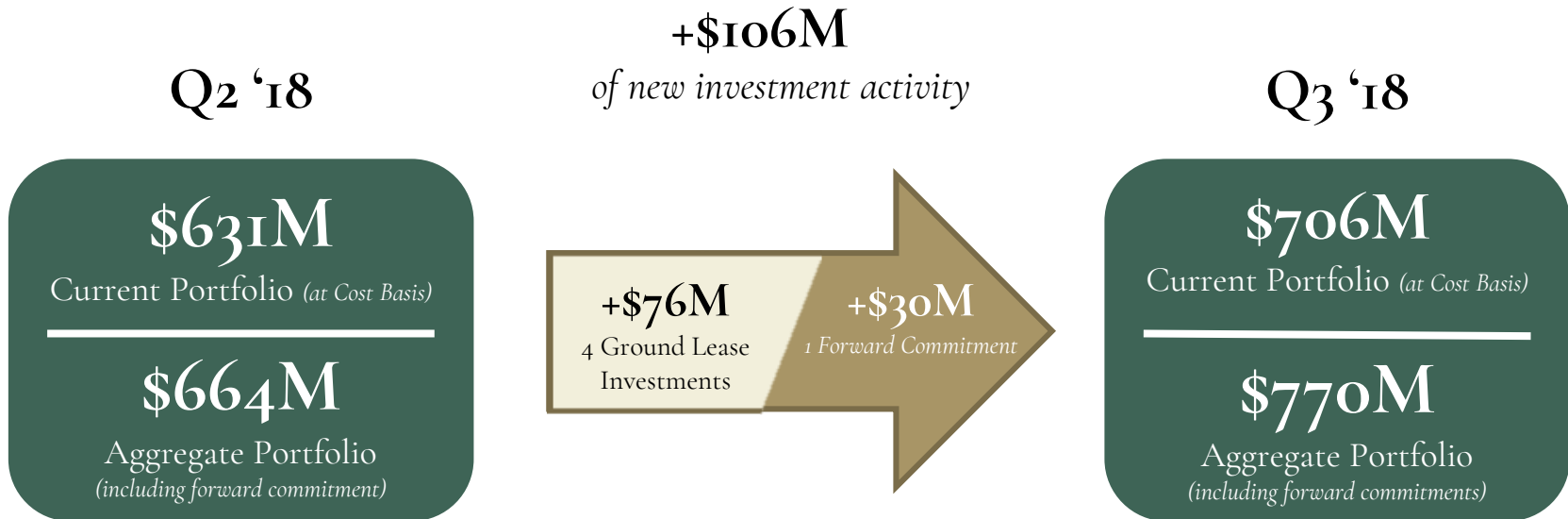
- \$0.15 dividend was declared in the third quarter representing an annualized rate of \$0.60 per share.



Note: \$ amounts are given per share. Please refer to the “EPS, FFO & AFFO Reconciliation” slide in the Appendix for additional details.

II. Portfolio

Q3 '18 Portfolio Growth



- **+16%** growth in Aggregate Portfolio
- More than **doubled portfolio** since IPO

Q3 '18 Investment Metrics

(Origination vs Acquisition)

Originations: \$72M⁽¹⁾

SAFE Ground LeasesTM

W.A. Cap Rate (Initial)

4.1%

W.A. Rent Escalators

2.0% annualized fixed increases with periodic CPI Adjustments

W.A. Ground Rent Coverage

4.4X

W.A. Cost Basis as a % of CPV

30.7%

Acquisition: \$34M

Existing Ground Lease

Rent Structure

1.8% initial cap rate, with rent resets to 8.0% of land fair market value every 10 years beginning in 2025

Ground Rent Coverage

9.3X

Cost Basis as a % of CPV

30.1%

- Q3 originations fit within target metric range
- SAFE has the ability to customize forward commitment ground leases for development projects

- SAFE believes the acquisition provides significant upside with an expected fair market reset in the near future
- 57 years remaining on lease term after all extension options

(1) Includes forward commitment, CPV based on cost and coverage based on management's underwritten NOI.

New Investments



Balboa Executive Center San Diego, CA

A **SAFE Ground Lease™** on a five-story, 121K sq. ft. Class A office building in the Kearney Mesa submarket of San Diego. This marks the second ground lease with this client. The building recently completed renovations on the lobby, corridors, cooling tower & fitness center. Balboa Executive Center is well-located near the I-15 Freeway.



Hyatt Centric Washington, D.C.

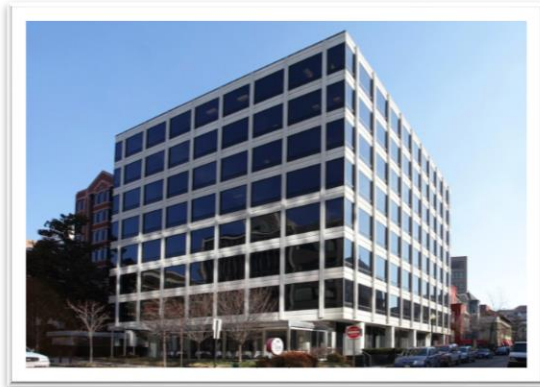
An acquisition of an existing ground lease on a 318-key, 16-story Hyatt-branded hotel. The property has a 300 space parking garage below grade, 7.6K sq. ft. of meeting space, two food & beverage outlets, and a fitness center. The property is located across the street from the Rosslyn Metrorail station, with access to three different metro lines.



The Madison Phoenix, AZ

A **SAFE Ground Lease™** on a 177K sq. ft. Class A office property in the Camelback Corridor with quick access to 51 Freeway. The Madison features two separate multi-level subterranean parking garages with 660 spaces. The property has recently undergone a major renovation with upgrades to the lobbies, corridors, and exterior.

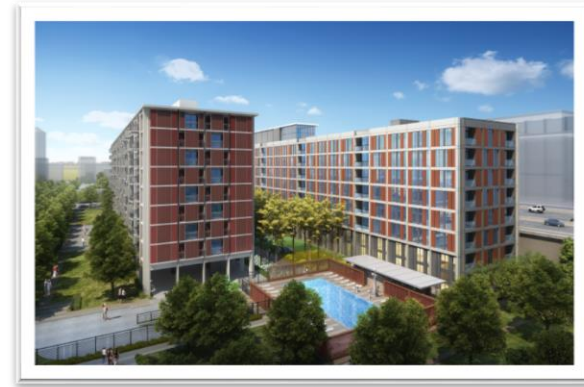
New Investments (cont'd)



The Jefferson

Washington, D.C.

A **SAFE Ground Lease™** on a 73K sq. ft., eight-story office building located less than a mile from the White House in the Golden Triangle submarket. The property is within walking distance of Dupont Circle, four Metrorail stations, numerous hotels, shops, and attractions.



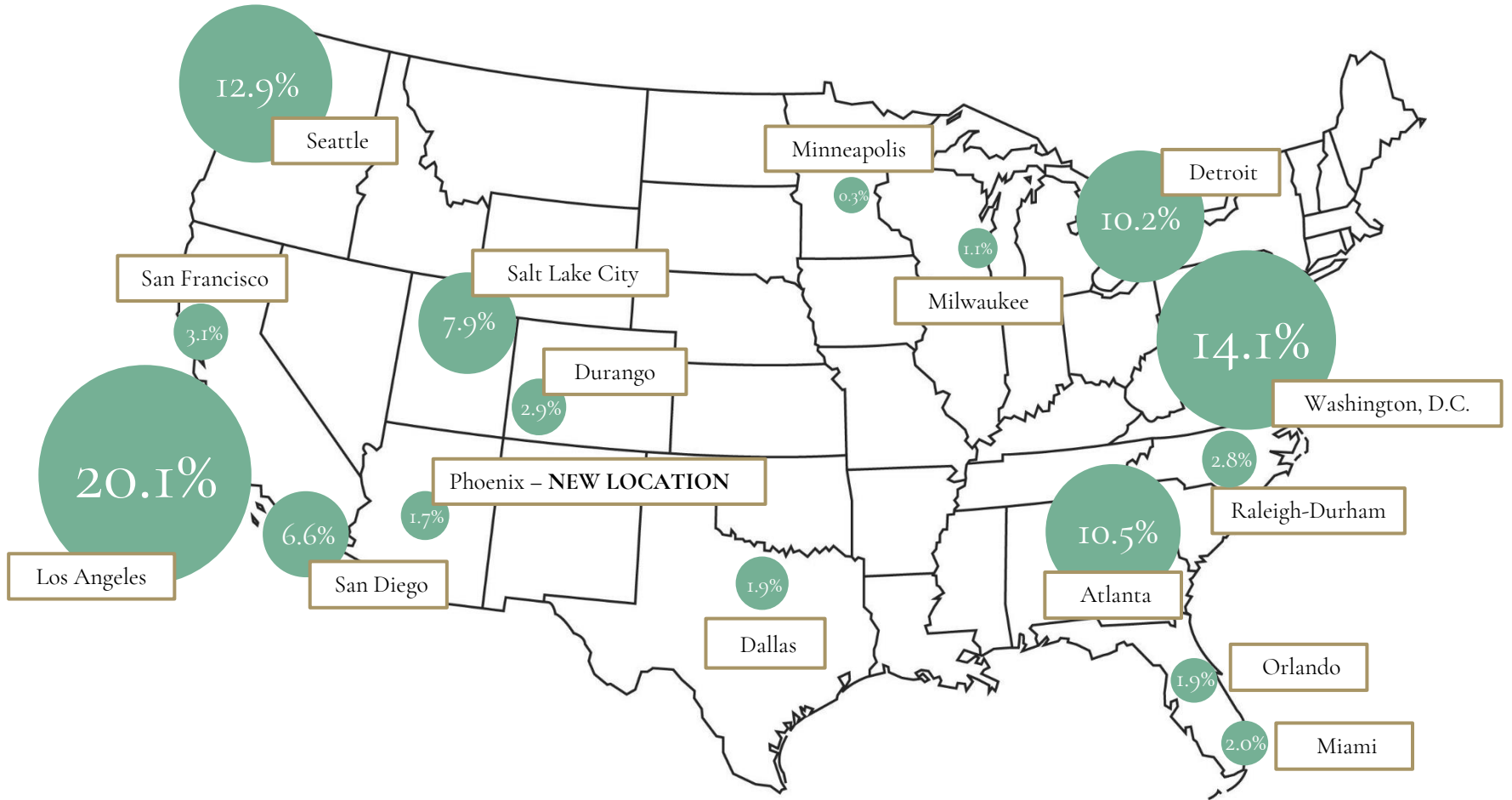
D.C. Multifamily

Washington, D.C.

A forward commitment to create a **SAFE Ground Lease™** on a 300+-unit, to-be-built mid-rise multifamily property along D.C.'s Southwest Waterfront submarket. When completed, amenities will include 99 covered parking spaces, a roof deck with a pool, a gym, a bocce court, and storage space.

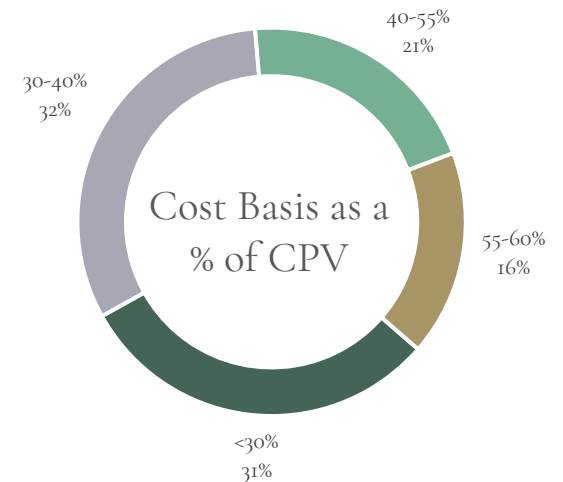
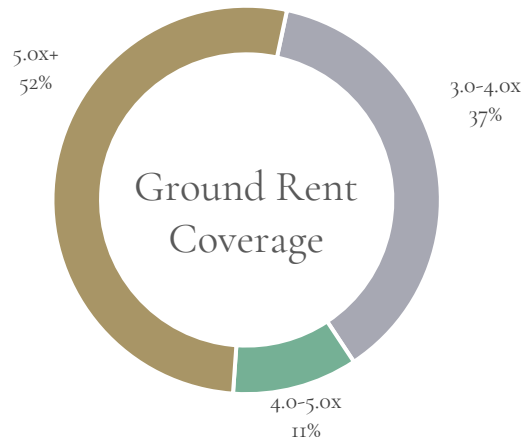
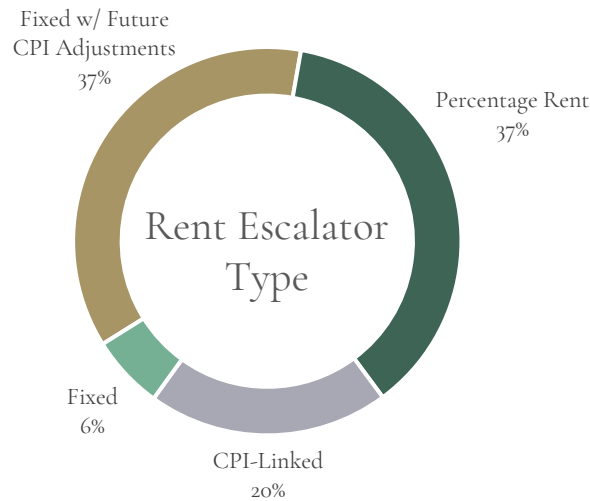
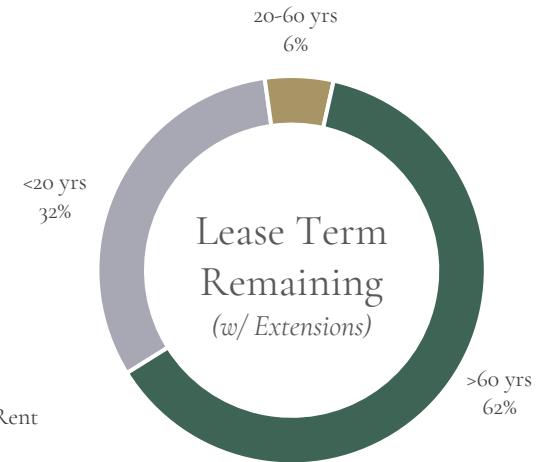
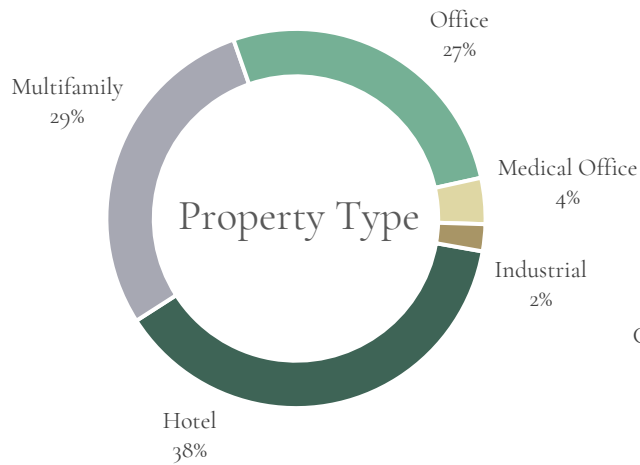
Geographic Diversification by MSA

(Current Portfolio at Cost Basis: \$706M)



Portfolio Stratification

(Current Portfolio at Cost Basis: \$706M)



Portfolio Metrics

(Current Portfolio at Cost Basis: \$706M)

Portfolio Rent Statistics

Annualized base rent	\$27.7
TTM percentage rent	\$3.5
Total Annualized Cash Rent	\$31.2
Total GAAP rent (<i>including TTM % rent</i>)	\$51.0
Total Annualized Cash Rent as % of Cost Basis	4.4%
W.A. annualized contractual fixed rent escalations ⁽ⁱ⁾	1.8%

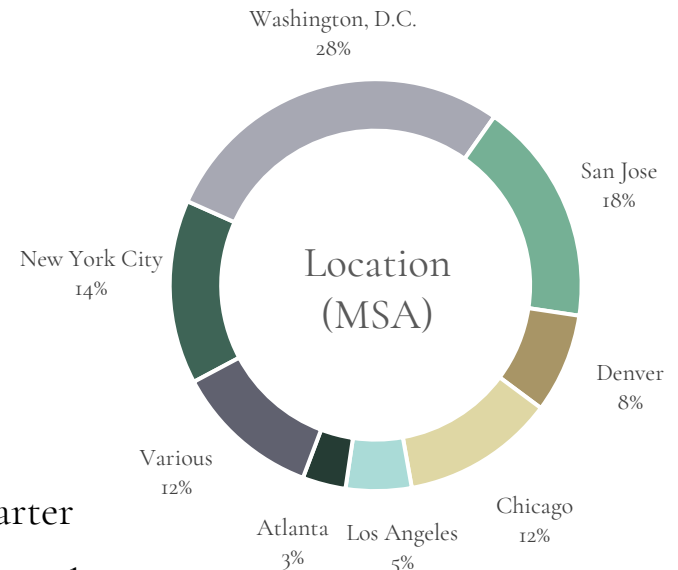
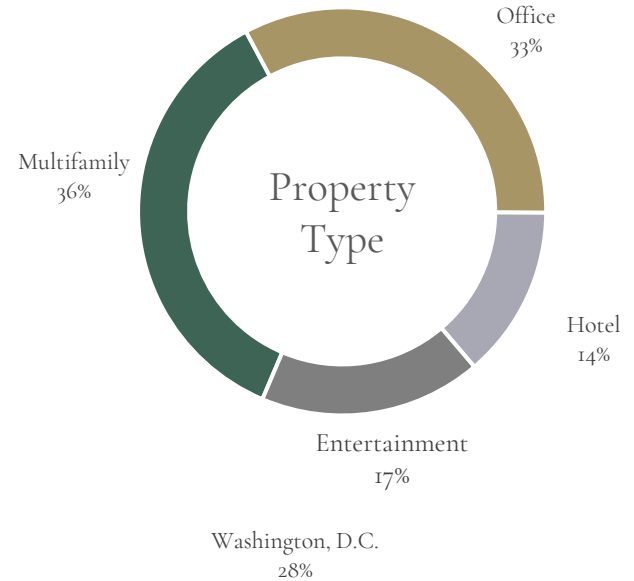
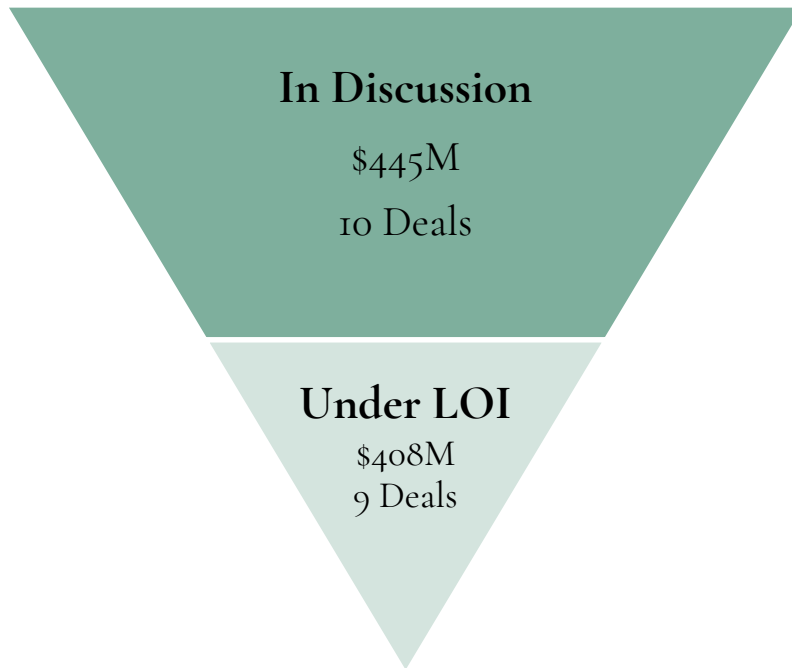
Portfolio Ground Lease Statistics

Cost Basis as % of CPV	33.8%
Ground Rent Coverage	4.65x
W.A. lease term remaining	61 years
W.A. lease term remaining including extensions	76 years

(i) Represents the weighted-average annualized escalation of leases that have contractual fixed bumps. Does not include leases with solely inflation-based or percentage rent escalations, which represent 20% and 37%, respectively, of the total portfolio cost basis.

Pipeline (as of October 22)

\$853M Near-Term Pipeline (19 Deals)



- The pipeline has grown significantly from the last quarter
- Includes a strong mix of new customers and repeat client business
- SAFE is targeting new MSA markets to expand and diversify its ground lease business

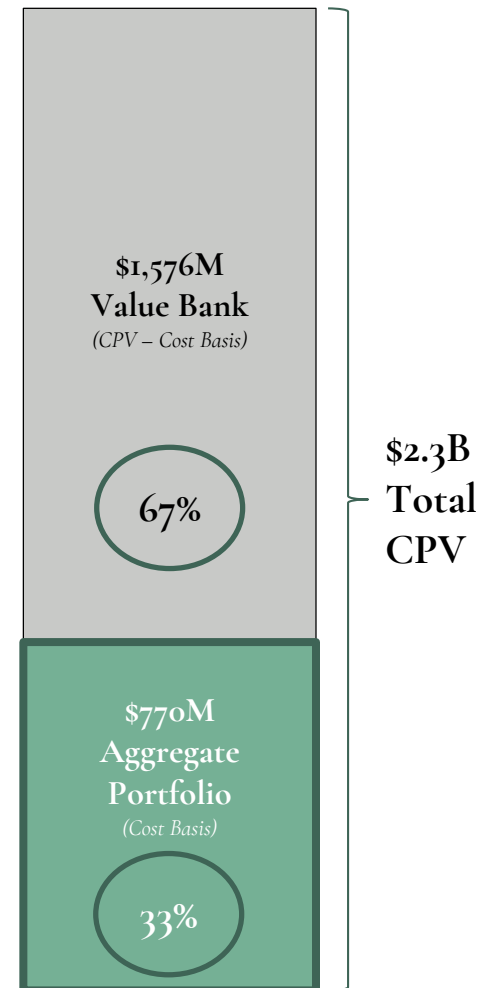
Note: There can be no assurance that SAFE will acquire or originate any of the investments currently being pursued on favorable terms or at all. Percentages are based on estimated ground lease value.

Value Bank of \$1.6B or \$86 per Share

- Value Bank is calculated as today’s estimated Combined Property Value (CPV) less the Cost Basis of SAFE’s portfolio
- SAFE uses Value Bank to track the capital appreciation potential at lease expiration from our rights to acquire the buildings on our land⁽¹⁾

\$2,346M	Combined Property Value
- \$770M	Aggregate Portfolio (Cost Basis)
<hr/>	
\$1,576M	Value Bank

CBRE conducts independent appraisals of the CPV of each asset⁽²⁾



(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 October 25, 2018 and “Risk Factors” in our Annual Report on Form 10-K as amended for the year ended December 31, 2017, as updated from time to time in our subsequent periodic reports, filed with the SEC, for a further discussion of such tenants rights.

(2) SAFE relies in part on CBRE’s appraisals in calculating Value Bank. 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 8-K filed October 25, 2018 with the SEC for additional detail on CBRE’s valuation and our calculation of Value Bank.



III. Capital Structure

Section 3 – Capital Structure

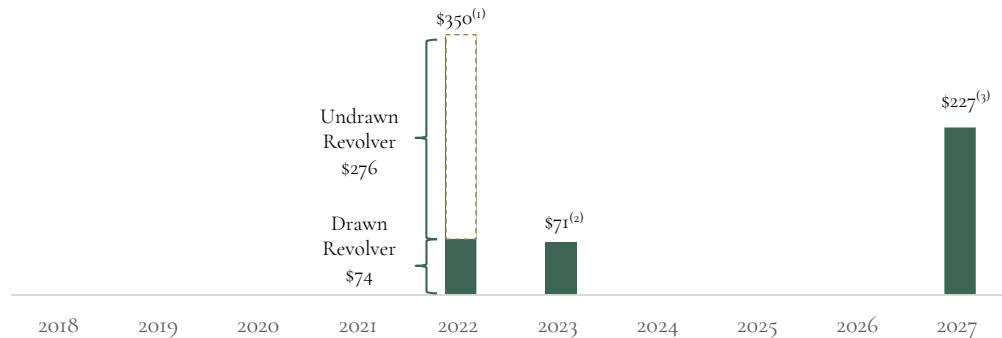
Debt Overview

As of September 30, 2018

Debt Profile

2022	(Principal Amt)	(Effective Rate)
Jun. ⁽¹⁾	\$74	L+135
2023		
Jan. ⁽²⁾	\$71	3.04%
2027		
Apr. ⁽³⁾	\$227	3.77%
Total	\$372	

Debt Maturity Profile



- Upsized revolver by \$50M in Q3, bringing total capacity to \$350M
- Six banks now on credit line

Leverage Metrics

Book Debt	\$371
Book Equity	\$369
Leverage (Debt to Equity)	1.0x
Combined Property Value (CPV)	\$2,346
Debt as a % of CPV	15.8%
<i>Target Leverage</i>	<i><2.0x</i>
<i>Target Debt as a % of CPV</i>	<i>25%</i>

Note: \$ in millions. For additional information on our debt please refer to the 10-Q.

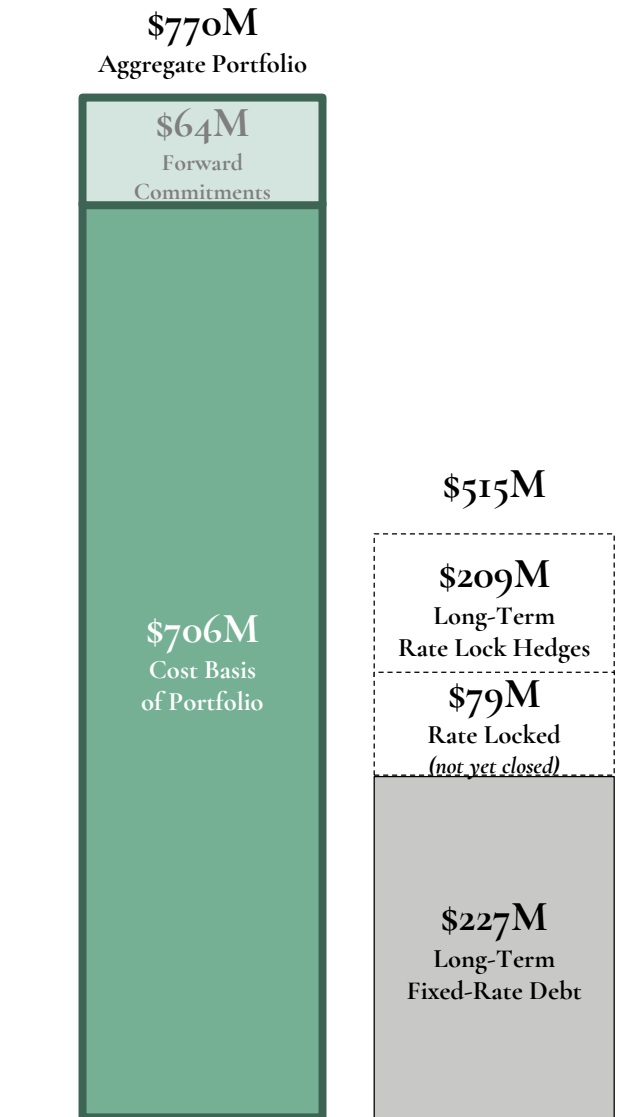
- (1) Initial maturity is June 2020 with two 1-year extensions.
- (2) Callable without pre-payment penalty beginning January 2021.
- (3) April 2027 represents Anticipated Repayment Date. Final maturity is April 2028.

Section 3 – Capital Structure

Interest Rate Protection

As of September 30, 2018

- The Company seeks to mitigate the impact of interest rate fluctuations by entering into hedges associated with each ground lease prior to taking on long-term debt
- The Company's interest rate protection consists of:
 - \$227M of long-term fixed-rate debt
 - \$79M of rate locked long-term fixed rate debt, but not yet closed
 - \$209M of aggregate notional value of long-term rate lock hedges for prospective long-term financings on unlevered ground leases
- Hedges sufficient to allow Company to leverage up to debt/equity target of 2x with interest rate protection, with a weighted average of more than 10 years of interest rate protection on existing portfolio



Appendix

Appendix

Income Statement

	For the Three Months Ended September 30, 2018	For the Nine Months Ended September 30, 2018
Revenues:		
Ground lease and other lease income	\$11,567	\$32,708
Other income	77	2,203
Total revenues	\$11,644	\$34,911
Costs and expenses:		
Interest expense	\$3,747	\$10,378
Real estate expense	456	1,208
Depreciation and amortization	2,290	6,836
General and administrative	2,779	8,103
Other expense	303	812
Total costs and expenses	\$9,575	\$27,337
Net income	\$2,069	\$7,574
Net (income) attributable to non-controlling interests	(60)	(142)
Net income attributable to Safety, Income & Growth Inc. and allocable to common shareholders	\$2,009	\$7,432
Weighted avg. share count	18,230	18,204
Earnings per share	\$0.11	\$0.41

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

Appendix

EPS, FFO & AFFO Reconciliation

	For the Three Months Ended September 30, 2018	For the Nine Months Ended September 30, 2018	Trailing Twelve Months
Net income allocable to Safety, Income & Growth Inc. common shareholders	\$2,009	\$7,432	\$6,090
Add: Real estate related depreciation and amortization	2,290	6,836	9,102
FFO allocable to Safety, Income & Growth Inc. common shareholders	\$4,299	\$14,268	\$15,192
FFO allocable to Safety, Income & Growth Inc. common shareholders	\$4,299	\$14,268	\$15,192
Less: Straight-line rental income	(5,179)	(11,781)	(13,456)
Add: Amortization of real estate-related intangibles, net	692	1,709	2,131
Add: Non-cash management fee expense & stock based compensation	932	4,278	5,512
Add: Non-cash interest expense	414	1,124	1,363
Add: Allocable share of non-controlling interests' depreciation, amortization and straight-line rental income	40	94	95
AFFO allocable to Safety, Income & Growth Inc. common shareholders	\$1,198	\$9,692	\$10,837
Weighted avg. share count	18,230	18,204	18,200
Earnings per share	\$0.11	\$0.41	\$0.33
FFO per share	\$0.24	\$0.78	\$0.83
AFFO per share	\$0.07	\$0.53	\$0.60

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

Appendix

Balance Sheets

	As of September 30, 2018	As of December 31, 2017
Assets		
Real estate		
Real estate, gross	\$535,318	\$413,145
Accumulated depreciation	(8,756)	(4,253)
Real estate, net	\$526,562	408,892
Real estate-related intangibles, net ⁽ⁱ⁾	163,314	80,766
Ground lease assets, net	\$689,876	489,658
Cash and cash equivalents	19,248	168,214
Other assets	42,095	12,682
Total assets	\$751,219	\$670,554
Liabilities and Equity		
Liabilities:		
Debt obligations, net	\$371,375	\$307,074
Accounts payable and other liabilities	9,247	7,545
Total liabilities	\$380,622	\$314,619
Equity:		
Common stock	182	\$182
Additional paid-in capital	369,625	364,919
Retained earnings (deficit)	(10,053)	(9,246)
AOCI	8,978	80
Total shareholders' equity	\$368,732	\$355,935
Non-controlling interests	1,865	-
Total equity	\$370,597	\$355,935
Total liabilities and equity	\$751,219	\$670,554

Note: \$ in thousands.

(i) "Real estate-related intangibles, net" represents real estate-related intangible assets of \$221M and \$139M as of September 30, 2018 and December 31, 2017, respectively, less real estate-related intangible liabilities of \$58M as of September 30, 2018 and December 31, 2017, respectively.

Cost Basis Reconciliation

As of
September 30, 2018

Real estate, net	\$526,562
Add: Accumulated depreciation	8,756
Real estate, gross	\$535,318
Add: Lease intangible assets, net	221,090
Add: Leasing costs, net	437
Add: Accumulated amortization	7,372
Less: Lease intangible liabilities, net	(57,776)
Cost Basis	\$706,441
Forward Commitments	\$63,959
Aggregate Portfolio	\$770,400

Note: \$ in thousands.

Asset Summary

by Property Type

Property	Location (MSA)	Property Type	Lease Expiration / As Extended	Rent Escalation Structure
6201 Hollywood (North)	Los Angeles, CA	Multifamily	2104 / 2104	CPI-Linked
6200 Hollywood (South)	Los Angeles, CA	Multifamily	2104 / 2104	CPI-Linked
Onyx on First	Washington, D.C.	Multifamily	2117 / 2117	Fixed w/ Future CPI Adjustments
The Buckler Apartments	Milwaukee, WI	Multifamily	2112 / 2112	Fixed
Promenade Crossing	Orlando, FL	Multifamily	2117 / 2117	Fixed w/ Future CPI Adjustments
LifeHope Medical Campus	Atlanta, GA	Medical Office	2116 / 2176	Fixed
Northside Forsyth Hospital Medical Center	Atlanta, GA	Medical Office	2115 / 2175	Fixed w/ Future CPI Adjustments
One Ally Center	Detroit, MI	Office	2114 / 2174	Fixed w/ Future CPI Adjustments
NASA/JPSS Headquarters	Washington, D.C.	Office	2075 / 2105	Fixed
Pershing Point	Atlanta, GA	Office	2117 / 2124	Fixed w/ Future CPI Adjustments
Regency Lakeview	Raleigh-Durham, NC	Office	2117 / 2122	Fixed w/ Future CPI Adjustments
Glenridge Point	Atlanta, GA	Office	2117 / 2117	Fixed w/ Future CPI Adjustments
Balboa Executive Center	San Diego, CA	Office	2117 / 2117	Fixed w/ Future CPI Adjustments
The Jefferson	Washington, D.C.	Office	2117 / 2117	Fixed w/ Future CPI Adjustments
The Madison	Phoenix, AZ	Office	2117 / 2117	Fixed w/ Future CPI Adjustments
Hyatt Centric	Washington, D.C.	Hotel	2035 / 2075	% Rent
Doubletree Seattle Airport ^{(i)†}	Seattle, WA	Hotel	2025 / 2035	% Rent
Hilton Salt Lake [†]	Salt Lake City, UT	Hotel	2025 / 2035	% Rent
Doubletree Mission Valley [†]	San Diego, CA	Hotel	2025 / 2035	% Rent
Doubletree Durango [†]	Durango, CO	Hotel	2025 / 2035	% Rent
Doubletree Sonoma [†]	San Francisco, CA	Hotel	2025 / 2035	% Rent
Dallas Market Center: Sheraton Suites	Dallas, TX	Hotel	2114 / 2114	Fixed
Dallas Market Center: Marriott Courtyard	Dallas, TX	Hotel	2026 / 2066	% Rent
Lock Up Self Storage Facility	Minneapolis, MN	Industrial	2037 / 2037	Fixed
Miami Airport 1 (3500 N.W. 24th Street)	Miami, FL	Industrial	2117 / 2117	Fixed w/ Future CPI Adjustments
Miami Airport 2 (3630 N.W. 25th Street)	Miami, FL	Industrial	2117 / 2117	Fixed w/ Future CPI Adjustments
Forward Commitments				
D.C. Multifamily	Washington, D.C.	Multifamily	2117 / 2117	Fixed w/ Future CPI Adjustments
Great Oaks	San Jose, CA	Multifamily	2116 / 2116	Fixed w/ Future CPI Adjustments

Note: Refer to the "Glossary" for definitions.

[†]Park Hotels Portfolio Asset which is on a single master lease.

(i) A majority of the land underlying this property is owned by a third party and is ground leased to us through 2044 with rents that are subject to changes in the CPI; however, our tenant pays this cost directly to the third party.

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, and 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 the trailing 12-month percentage rent.
Cash Rent	Represents ground lease income recorded 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.

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 – (cont'd)

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.
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.
Quarterly Cash Rent	Calculated as the Cash Rent recorded during the respective quarter, plus the trailing 12-month percentage rent divided by four.
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.
Value Bank	Calculated as the difference between CPV and Cost Basis. The Company believes Value Bank represents additional potential value to SAFE stockholders through the reversion rights embedded in standard ground leases.