

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): October 22, 2020

Safehold Inc.

(Exact name of registrant as specified in its charter)

Maryland
(State or other jurisdiction of
incorporation)

001-38122
(Commission File
Number)

30-0971238
(IRS Employer
Identification Number)

1114 Avenue of the Americas
39th Floor
New York, NY
(Address of principal executive offices)

10036
(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 October 22, 2020, Safehold Inc. issued an earnings release and made available on its website an earnings presentation for the quarter ended September 30, 2020. 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 October 22, 2020, Safehold Inc. made available on its website an earnings presentation for the quarter ended September 30, 2020. 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: October 22, 2020

By:

/s/ JEREMY FOX-GEEN

Jeremy Fox-Geen
Chief Financial Officer
(principal financial officer)

EXHIBIT INDEX

Exhibit Number	Description
99.1	Earnings Release
99.2	Earnings Presentation



Press Release

Safehold Reports Third Quarter 2020 Results

NEW YORK, October 22, 2020

Safehold Inc. (NYSE: SAFE) reported results for the third quarter 2020.

Highlights from the third quarter earnings announcement include:

- Revenue of \$38.0 million, a 70% increase year-over-year
- Net income of \$14.2 million, a 159% increase year-over-year
- Earnings per share of \$0.28, an 84% increase year-over-year
- 100% ground rent received
- \$105 million of new investments, including \$71 million closed subsequent to the end of the quarter
- Over \$200 million of signed LOIs in near-term pipeline
- Subsequent to the end of the quarter, added new bank relationship to revolving credit facility and upsized by \$32.5 million

“Amid the ongoing disruption caused by the pandemic, Safehold is beginning to witness a recovery in commercial real estate transaction activity,” said Jay Sugarman, Chairman and Chief Executive Officer. “With a significant war chest ready to be deployed, we are excited to see a growing near-term pipeline as Safehold continues to expand and deliver modern ground lease capital to customers in high-quality markets across the U.S.”

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

The Company will host an earnings conference call reviewing these results and its operations 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 844.291.6362 (U.S. domestic) or 234.720.6995 (international) using the conference ID: 1295502.

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New York, NY 10036
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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 866.207.1041 (U.S. domestic) or 402.970.0847 (international) using the conference ID: 9919992.

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

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New York, NY 10036
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Q3 '20 EARNINGS RESULTS



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: the effect of the COVID-19 pandemic on our business and growth prospects; market demand for ground lease capital; the Company’s ability to source new ground lease investments; the availability of funds to complete 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, 2019, our Quarterly Report on Form 10-Q for the quarter ended September 30, 2020, 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.

Important Note re COVID-19: Readers of this presentation are cautioned that, due to the uncertainty created by the COVID-19 pandemic, our results for the quarter may not be indicative of our results for the remainder of 2020. Similarly, our Ground Rent Coverage and UCA as of September 30, 2020 are likely to decline with respect to certain properties in future periods due to the continuing impact of the pandemic and any such decline may be material. Readers are urged to read our Quarterly Report on Form 10-Q for the quarter ended September 30, 2020 when it is filed with the SEC for a more fulsome discussion of our quarterly results, including the “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Risk Factors” sections included therein.

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

Investor Relations
Jasi
212.
investors@safehold

Q3 '20 Highlights

Strong Results



Safety During Turbulent Times



Building Momentum



⁽¹⁾ Includes \$71m of investments closed subsequent to the end of the quarter.

⁽²⁾ There can be no assurance that we will complete any of these transactions.

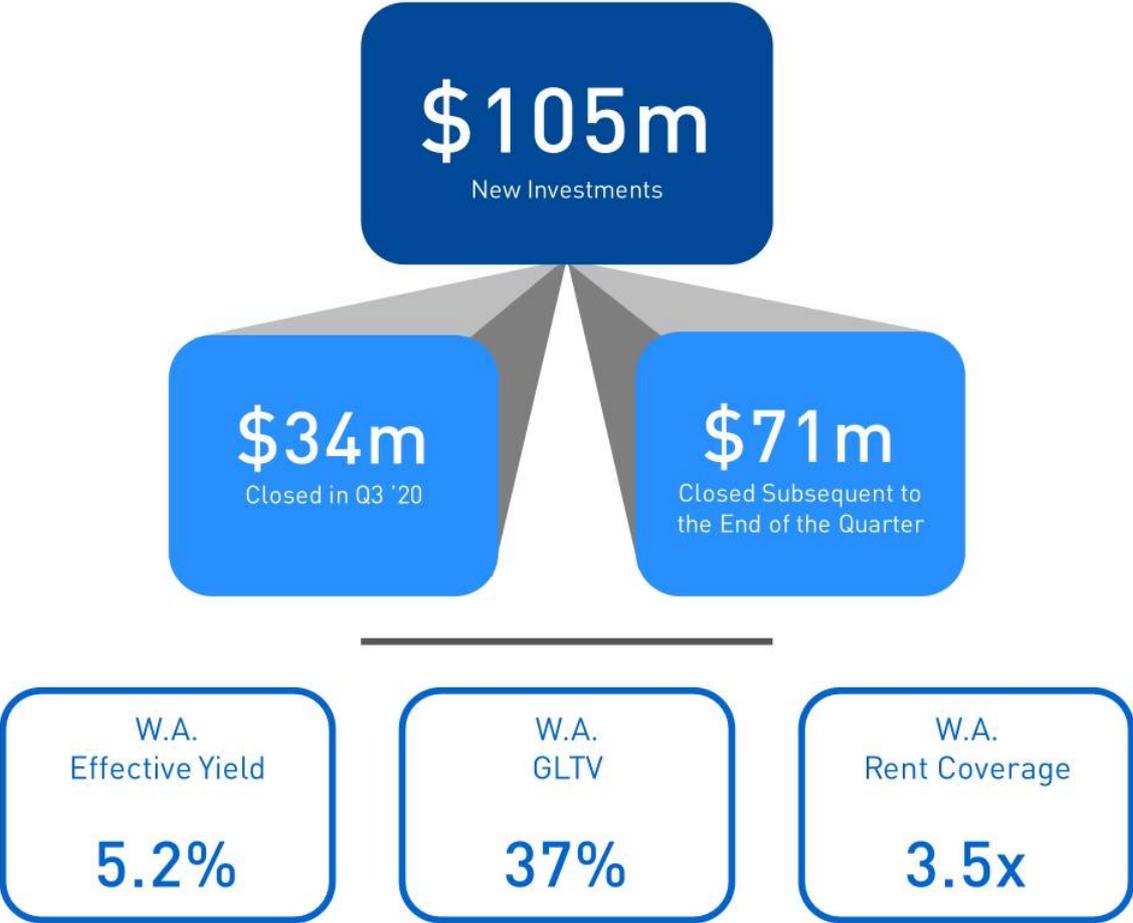
Earnings Results

Quarterly Results

YTD Results

	Q3 '20	Q3 '19	Y/Y Growth	YTD '20	YTD '19	Y/Y Growth
Revenue	\$38.0m	\$22.3m	+70%	\$115.5m	\$63.8m	+81%
Net Income <i>(Gross of NCI)</i>	\$14.2m	\$5.5m	+159%	\$44.2m	\$22.6m	+96%
EPS <i>(Diluted)</i>	\$0.28	\$0.15	+84%	\$0.88	\$0.62	+42%

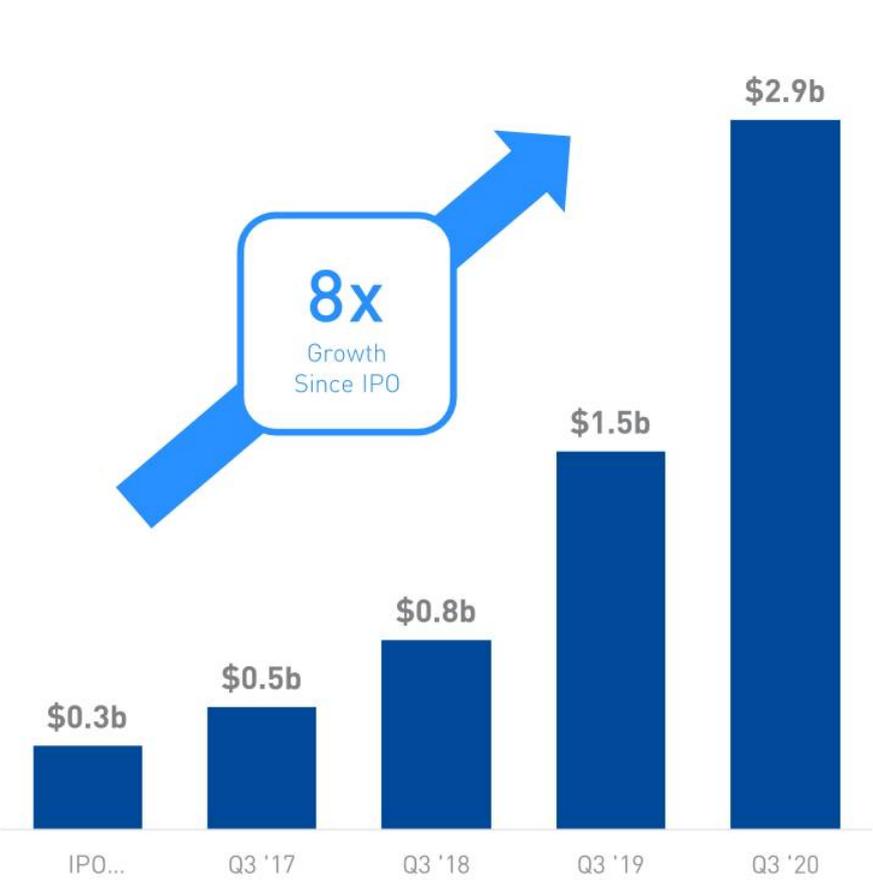
Investment Activity



Note: Please see the "Important Note re COVID-19" in the front of this presentation for a statement about metrics this quarter. Refer to the Glossary and Appendix for Portfolio Reconciliation.

Portfolio Growth

(Aggregate Gross Book Value)



\$71m
Closed Subsequent to the
End of the Quarter

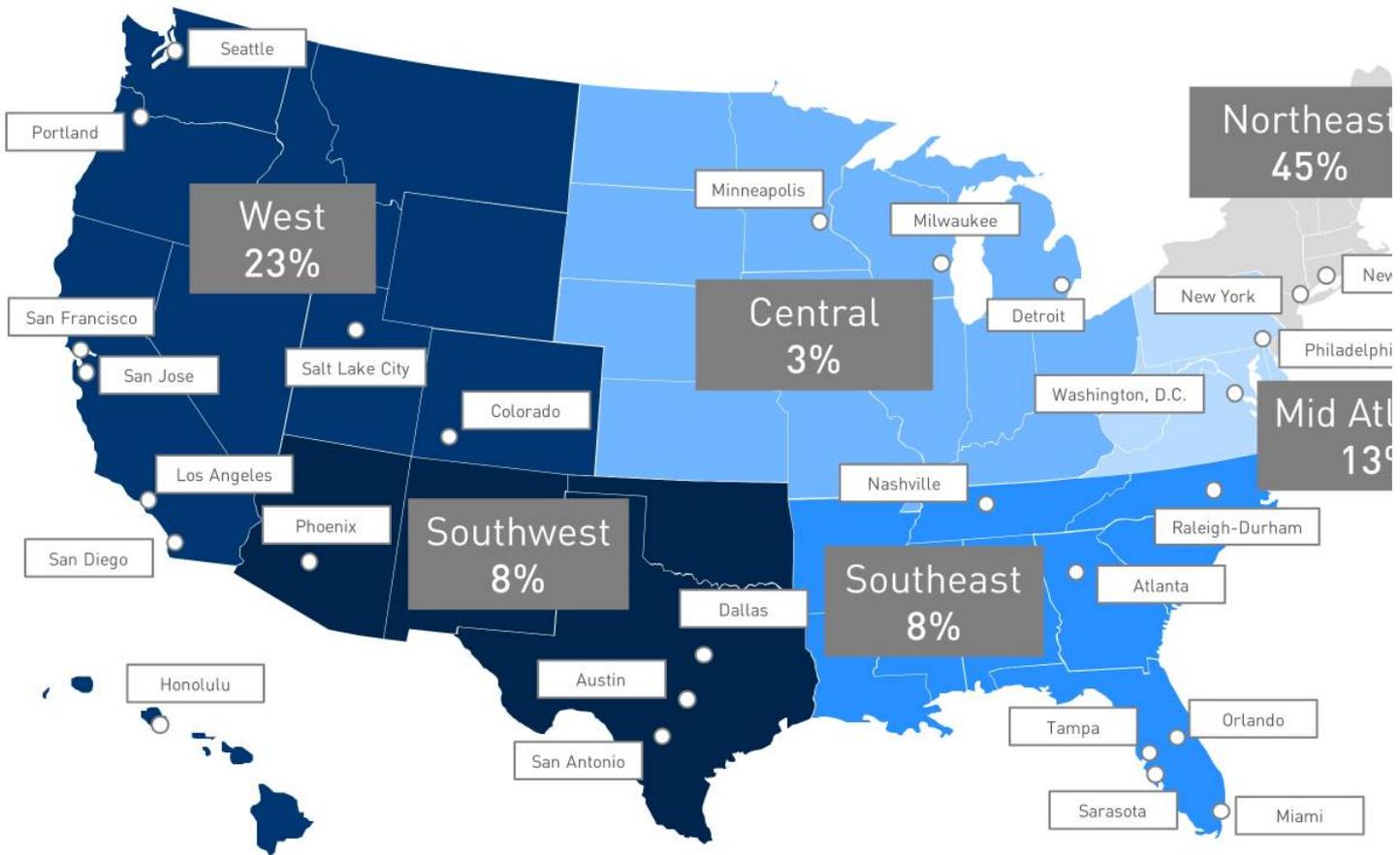
>\$200m
Signed LOIs⁽¹⁾

~\$700m
Purchasing Power
(As of 10/21/20)⁽²⁾

Note: Please see the "Important Note re COVID-19" in the front of this presentation for a statement about metrics this quarter. Refer to Appendix for Portfolio Reconciliation.
(1) Represents transactions with signed LOIs. There can be no assurance that we will complete any of these transactions.
(2) Assumes our target leverage of 2x debt to equity and calculated using cash and revolving credit availability of \$239m as of October 21, 2020.

Geographic Breakdown

[Current Portfolio Gross Book Value: \$2,845m]



Portfolio Metrics

[Current Portfolio Gross Book Value: \$2,845m]

Credit Metrics⁽¹⁾

W.A. Rent Coverage⁽²⁾

3.7x

W.A. GLTV

39%

Property Type



Lease Term



Yield	Total Annualized GAAP Rent <i>(incl. % rent)</i>	-	Less: Annualized Depreciation & Amortization ⁽³⁾	=	Net Amount	Yield <i>(% of GBV)</i>
	\$168.4m		\$11.0m		\$157.4m	5.5%
Cash Yield	Annualized Cash Base Rent	+	Add: TTM Percentage Rent	=	Annualized Cash Rent	Cash Yield <i>(% of GBV)</i>
	\$95.2m		\$4.1m		\$99.3m	3.5%

[1] Please see the "Important Note re COVID-19" in the front of this presentation for a statement about metrics this quarter.

[2] The Company uses estimates of the stabilized Property NOI if it does not receive current tenant information or if the properties are under construction/in transition. These estimates are based on leasing activity at the property, third party appraisals and available market information, such as leasing activity at comparable properties in the relevant market. Please refer to the Glossary in the Appendix for more information on these calculations.

[3] Includes \$1.4m of annualized amortization of right of use asset recorded as real estate expense. Includes our proportionate share of amortization from our equity method investment.

Capital Structure

\$3.3b

Equity
Market Cap

\$1.2b

Book Equity

\$1.7b

Total Debt⁽²⁾

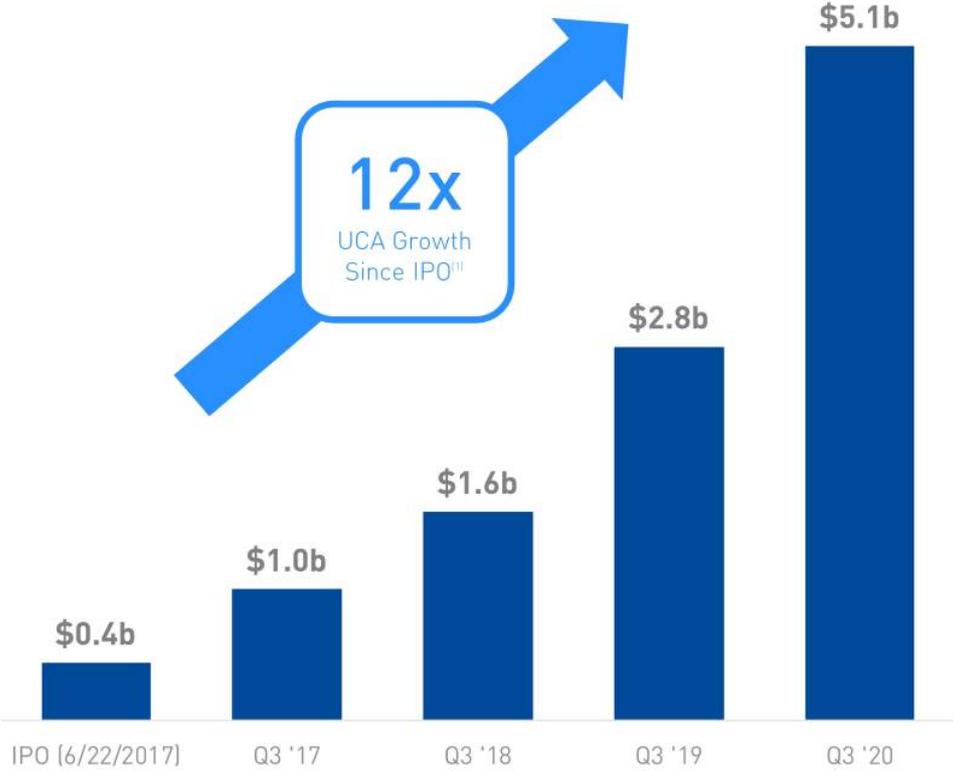
- ☐ \$239m cash and revolver availability
(as of October 21, 2020)
- ☐ ~\$700m purchasing power *(assuming 2x leverage)*
- ☐ 0.5x debt / equity market cap⁽¹⁾
- ☐ 1.4x debt / book equity

- ☐ ~150 bps accretive spread
 - 5.5% w.a. yield of portfolio
 - 4.0% w.a. Effective Interest Rate
- ☐ 3.1% w.a. Cash Interest Rate
- ☐ 31 years w.a. maturity
- ☐ Subsequent to the end of the quarter, added new bank relationship to revolving credit facility and upsized by \$32.5r

(1) Market cap calculated as of 10/21/20 with a share price of \$65.45.

(2) Includes \$0.2b of debt, which represents Safehold's pro-rata share of debt associated with non-consolidated joint ventures (equity method investments).

Unrealized Capital Appreciation



Note: Please see the "Important Note re COVID-19" in the front of this presentation for a statement about metrics this quarter. 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 of the Combined Property Value, or CPV, of our portfolio in calculating Unrealized Capital Appreciation. SAFE may utilize management's estimate of CPV for ground lease investments recently acquired that CBRE has not yet appraised. For unfunded commitments on construction deals, 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 October 22, 2020 and "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2019, and Quarterly Report on Form 10-Q for the quarter ended September 30, 2020 as updated from time to time in our subsequent periodic reports, filed with the SEC, for a discussion of risk factors related to these calculations. The Company formed a wholly-owned subsidiary called "CARET" that is structured to track and capture Unrealized Capital Appreciation. Under a shareholder-approved plan, management has earned up to 15% of UCA, subject to time-based vesting. See the Company's 2019 proxy statement for additional information on the long-term incentive plan.

APPENDIX



Appendix

Income Statements

	For the three months ended Sept 30,		For the nine months ended Sept 30,	
	2020	2019	2020	2019
Revenues:				
Operating lease income	\$17,195	\$17,132	\$55,088	\$54,844
Interest income from sales-type leases	20,583	4,032	59,315	6,834
Other income	222	1,146	1,115	2,132
Total revenues	\$38,000	\$22,310	\$115,518	\$63,810
Costs and expenses:				
Interest expense	\$16,430	\$7,708	\$47,811	\$18,215
Real estate expense	493	625	1,828	2,082
Depreciation and amortization	2,361	2,345	7,064	7,031
General and administrative	5,302	3,096	16,924	10,552
Other expense	34	285	194	600
Total costs and expenses	\$24,620	\$14,059	\$73,821	\$38,480
Income from operations before other items	\$13,380	\$8,251	\$41,697	\$25,330
Loss on early extinguishment of debt	-	(2,011)	-	(2,011)
Earnings (losses) from equity method investments	832	(759)	2,472	(759)
Net income	\$14,212	\$5,481	\$44,169	\$22,560
Net (income) attributable to non-controlling interests	(49)	(49)	(145)	(5,986)
Net income attributable to Safehold Inc. and allocable to common shareholders	\$14,163	\$5,432	\$44,024	\$16,574
Weighted avg. share count (basic)	51,153	36,111	50,158	26,748
Weighted avg. share count (diluted)	51,162	36,111	50,167	26,748
Earnings per share (basic)	\$0.28	\$0.15	\$0.88	\$0.62
Earnings per share (diluted)	\$0.28	\$0.15	\$0.88	\$0.62

Note: Figures in thousands except for share amounts.

Appendix

Balance Sheets

	September 30, 2020	December 31, 2019
Assets:		
Real estate:		
Real estate, at cost	\$707,537	\$687,902
Less: accumulated depreciation	(20,807)	(16,286)
Real estate, net	\$686,730	\$671,616
Real estate-related intangibles assets, net	239,172	242,837
Total real estate, net and real estate-related intangible assets, net	\$925,902	\$914,453
Net investment in sales-type leases	1,088,687	984,598
Ground Lease receivables, net	479,881	397,087
Equity investments in Ground Leases	129,261	127,524
Cash and cash equivalents	65,222	22,704
Restricted cash	42,498	24,078
Deferred operating lease income receivable	84,585	58,303
Deferred expenses and other assets, net	34,751	37,814
Total assets	\$2,850,787	\$2,566,561
Liabilities:		
Accounts payable, accrued expenses, and other liabilities	\$75,185	\$43,008
Real estate-related intangible liabilities, net	56,849	57,333
Debt obligations, net	1,469,570	1,372,922
Total liabilities	\$1,601,604	\$1,473,263
Equity:		
Safehold Inc. shareholders' equity:		
Common stock	\$512	\$478
Additional paid-in capital	1,290,616	1,132,603
Retained earnings (accumulated deficit)	17,311	(2,146)
Accumulated other comprehensive loss	(61,252)	(39,123)
Total Safehold Inc. shareholders' equity	\$1,247,187	\$1,091,812
Noncontrolling interests	\$1,996	\$1,486
Total equity	\$1,249,183	\$1,093,298
Total liabilities and equity	\$2,850,787	\$2,566,561

Note: \$ in thousands.

Appendix

Portfolio Reconciliation

	IPO (6/22/17)	9/30/17	9/30/18	9/30/19	9/30/20
Net investment in Sales-Type Leases	-	-	-	\$465	\$1,089
Ground Lease receivables, net	-	-	-	\$73	\$480
Pro-rata interest in Sales-Type Leases held as equity method investments	-	-	-	-	\$344
Real estate, net (Operating Leases)	\$265	\$410	\$527	\$673	\$687
Add: Accumulated depreciation	1	3	9	15	21
Add: Lease intangible assets, net	123	140	221	245	239
Add: Accumulated amortization	1	2	7	14	21
Add: Other assets	-	-	-	25	24
Less: Lease intangible liabilities, net	(51)	(58)	(58)	(57)	(57)
Less: Non-controlling interest	-	-	(2)	(2)	(2)
Gross Book Value	\$339	\$497	\$705	\$1,450	\$2,845
Unfunded Commitments	-	-	64	83	34
Aggregate Gross Book Value	\$339	\$497	\$769	\$1,534	\$2,879
Less: Accruals to net investment in leases and ground lease receivables	-	-	-	(2)	(33)
Aggregate Cost Basis	\$339	\$497	\$769	\$1,531	\$2,847

Note: \$ in millions. Figures in the reconciliation table may not foot due to rounding.

Appendix

Glossary

Aggregate Cost Basis	Represents Cost Basis plus unfunded commitments. For unfunded commitments, it represents the aggregate future amount to be paid under the commitments.
Aggregate Gross Book Value	Represents the Current Portfolio plus unfunded commitments. For unfunded commitments, it represents the aggregate future amount to be paid under the commitments.
Annualized Cash Rent	Calculated as the annualized base Cash Rent for ground leases plus Percentage Rent.
Cash Interest Rate	The current cash interest rate of debt.
Cash Rent	Represents ground lease income recognized 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, including capitalized acquisition costs.
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 property. CPV is generally based on independent appraisals; however, the Company will use actual sales prices/management estimates for recently acquired and originated ground leases for which appraisals are not yet available. In relation to unfunded commitments, CPV represents the total cost associated with the acquisition, development, and construction of the project.
Current Portfolio	Represents the portfolio of assets owned at the date indicated, measured using Gross Book Value. Does not include unfunded commitments.
Effective Yield	Computed similarly 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 the cost of the land.
Effective Interest Rate	Represents the all-in stated interest rate over the term of debt based on the contractual future payments owed excluding the effect of debt premium, discount and deferred financing costs.
Gross Book Value (GBV)	Represents Cost Basis plus accrued interest on sales-type leases.
Ground Lease-to-Value (GLTV)	Calculated as the Aggregate GBV divided by CPV. Safehold uses this metric to assess risk and our seniority level in a real estate capital structure. Similar to the concept of the LTV metric used in the loan market.
Owned Residual Portfolio	Represents the portfolio of properties under which Safehold owns a ground lease and reflects Safehold's right to the property and tenant improvements at the end of the lease. The current value of the Owned Residual Portfolio is typically represented by the Combined Property Value or CPV of our portfolio.
Percentage Rent	Represents TTM percentage rent of ground lease assets.
Property NOI	Represents the net operating income of the building/Safehold's ground lease tenant prior to paying ground lease rent.
Rent Coverage	The ratio of Property NOI or estimated Property NOI to the Annualized Cash Rent due to Safehold. The Company uses estimates of the stabilized Property NOI if it does not receive current tenant information and for properties under construction or transition, in each case based on leasing activity at the property and available market information, including leasing activity at comparable properties in the relevant market.
Safehold™/Safehold™ Ground Lease	A ground lease originated and structured by Safehold.
Total Annualized GAAP Rent	Current quarter revenue from operating and sales-type leases recognized by GAAP, annualized.
Underwritten Effective Yield	The Effective Yield of a ground lease using our underwriting assumptions. This includes estimated land value annual growth of 2%.
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.

