



Safehold

Q2 '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 June 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 second quarter may not be indicative of our results for the remainder of 2020. Similarly, our Ground Rent Coverage and UCA as of June 30, 2020 are likely to decline with respect to certain properties in future periods due to the 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 June 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.

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Q2 '20 Highlights

Strong Results

39%

EPS Growth
(Year-over-Year)

#1

Returns Across
All REITs YTD⁽¹⁾

Safety During Turbulent Times

100%

Ground Rent Received

4%

Dividend Increase

Well Positioned for Growth

\$61m

New Investments

~\$900m

Purchasing Power⁽²⁾

(1) Based on SAFE's year-to-date total shareholder return of 35% as of July 22, 2020.

(2) Assumes our target leverage of 2x debt-to-equity.

Earnings Results

Quarterly Results

	Q2 '20	Q2 '19
Revenue	\$37.4m	\$19.7m
Net Income <i>(Gross of NCI)</i>	\$12.6m	\$5.9m
EPS <i>(Diluted)</i>	\$0.24	\$0.18

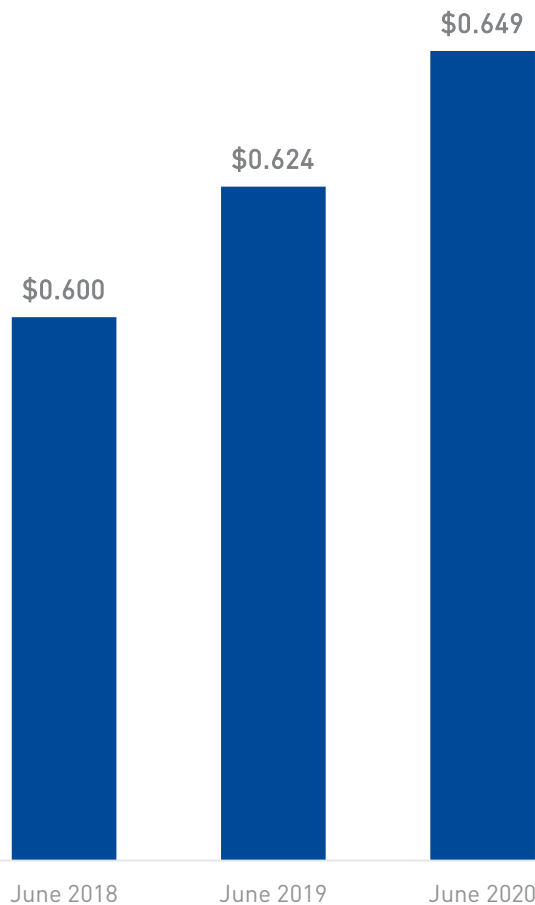
Y/Y Growth
+90%
+111%
+39%

YTD Results

	YTD '20	YTD '19	Y/Y Growth
Revenue	\$77.5m	\$41.5m	+87%
Net Income <i>(Gross of NCI)</i>	\$30.0m	\$17.1m	+75%
EPS <i>(Diluted)</i>	\$0.60	\$0.51	+19%

Dividend & Stock Performance

Annualized Dividend⁽¹⁾



Stock Performance⁽²⁾



(1) All dividends are subject to declaration by the Board of Directors at their discretion and there can be no assurance that future dividends will be paid in amounts, or at increasing rates, consistent with historical dividends.

(2) \$20.00, \$28.00, \$34.00 and \$46.88 represent prior public offering prices.

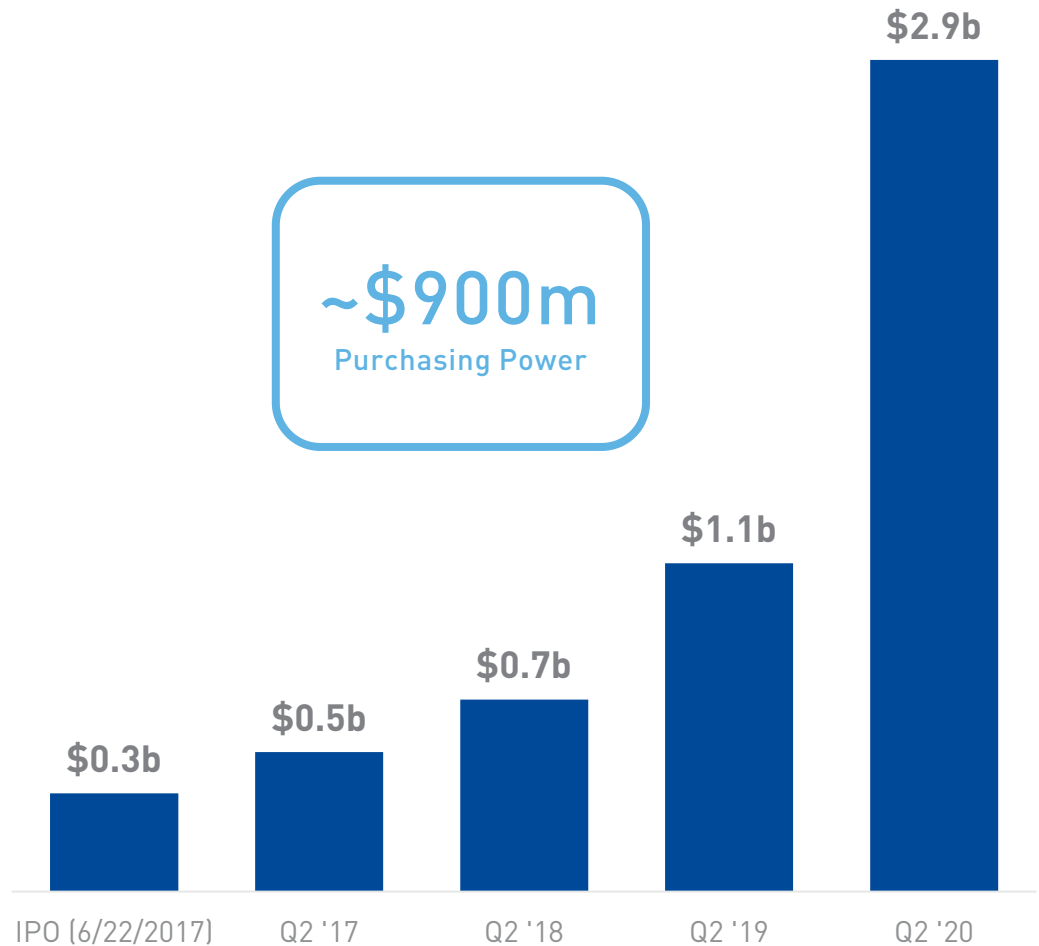
Portfolio Growth

(Aggregate Gross Book Value)

\$61m

Q2 '20 Investment Activity

- ☐ 5.2% w.a. Underwritten Effective Yield⁽¹⁾
- ☐ 4.8% w.a. Effective Yield
- ☐ 33% w.a. GLTV

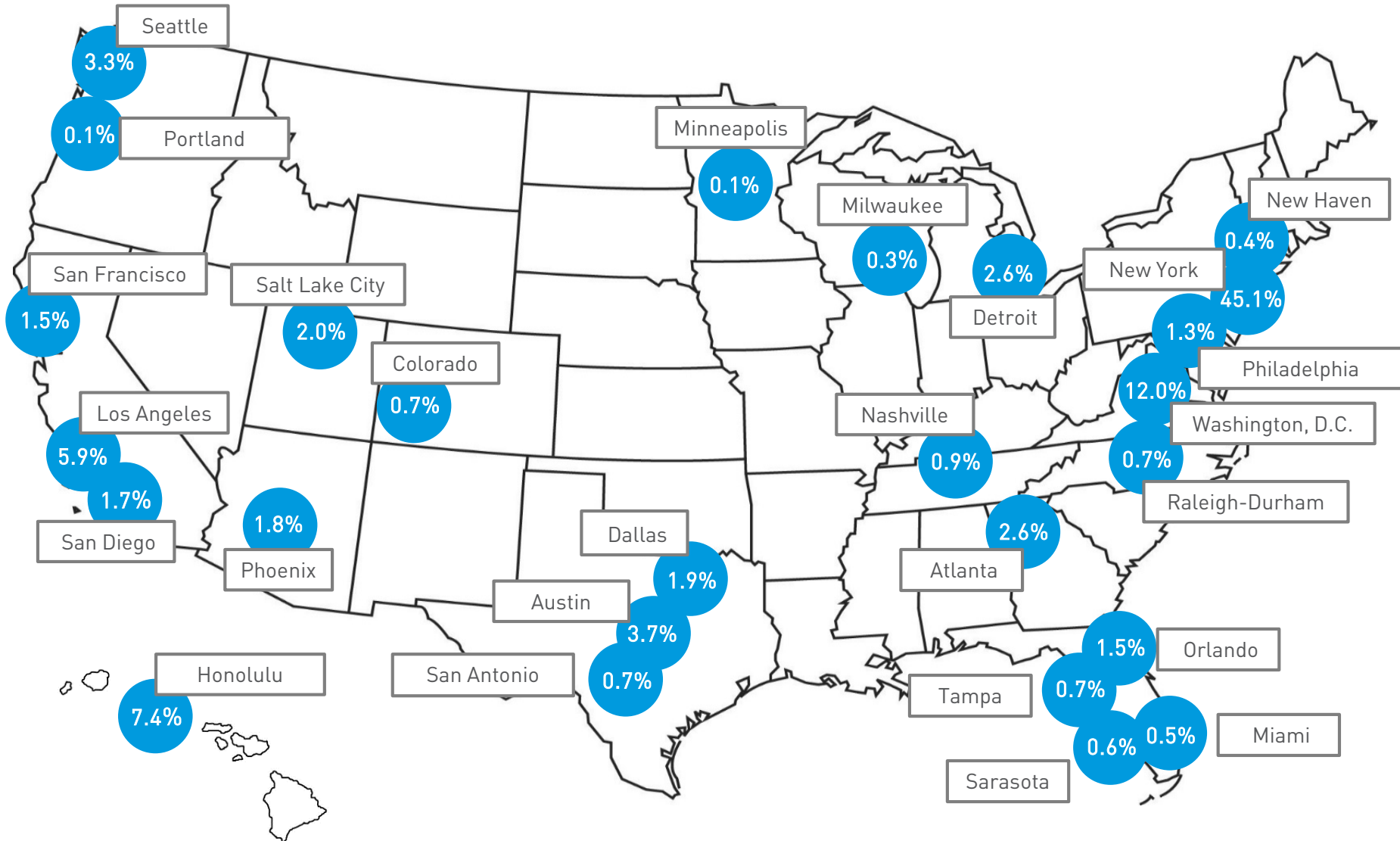


Note: Please see the "Important Note re COVID-19" in the front of this presentation for a statement about metrics this quarter. Refer to Appendix for Portfolio Reconciliation.

(1) Investments this quarter include one or more existing ground leases that contain rent escalators based on (i) a percentage of revenues the building generates, (ii) changes in CPI and/or (iii) periodic fair market valuations of the land. For purposes of calculating the Underwritten Effective Yield of such ground leases over their lease term, our underwriting makes assumptions that building revenues, CPI and land values grow by no more than 2% annually.

Geographic Breakdown

(Current Portfolio Gross Book Value: \$2,798m)



Portfolio Metrics

(Current Portfolio Gross Book Value: \$2,798m)

Credit Metrics⁽¹⁾

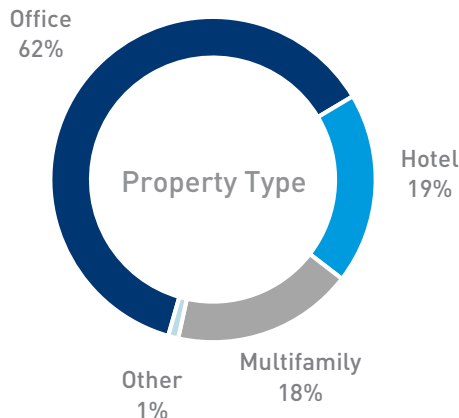
W.A. Rent Coverage⁽²⁾

4.0x

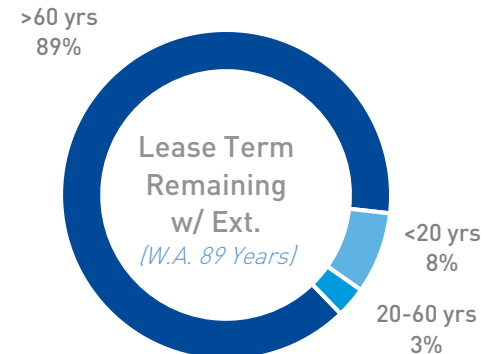
W.A. GLTV

37%

Property Type



Lease Term



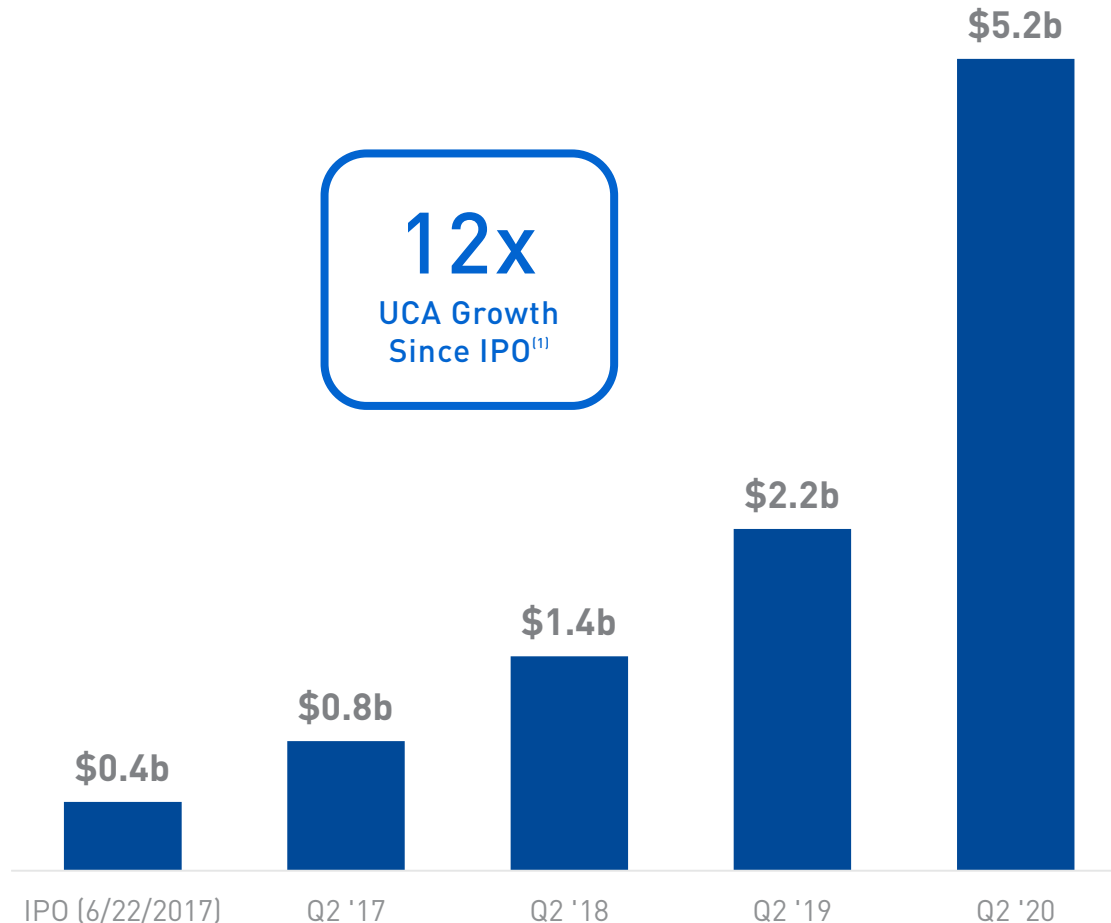
Yield	Total Annualized GAAP Rent <i>(incl. % rent)</i>	-	Less: Annualized Depreciation & Amortization ⁽³⁾	=	Net Amount	Yield <i>(% of GBV)</i>
	\$166.1m		\$11.0m		\$155.1m	5.5%
Cash Yield	Annualized Cash Base Rent	+	Add: TTM Percentage Rent	=	Annualized Cash Rent	Cash Yield <i>(% of GBV)</i>
	\$94.2m		\$4.3m		\$98.5m	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.

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 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 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 July 23, 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 June 30, 2020 as updated from time to time in our subsequent periodic reports, filed with the SEC, for a further discussion of such tenants' rights. 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.

Capital Structure

\$2.7b

Equity
Market Cap

\$1.2b

Book Equity

\$1.7b

Total Debt⁽²⁾

- ☐ \$296m cash and revolver availability
(as of July 22, 2020)
- ☐ ~\$900m purchasing power *(assuming 2x leverage)*
- ☐ 0.6x 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

(1) Market cap calculated as of 7/22/20 with a share price of \$53.78.

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

APPENDIX

Income Statements

	For the three months ended June 30,		For the six months ended June 30,	
	2020	2019	2020	2019
Revenues:				
Operating lease income	\$17,113	\$17,196	\$37,893	\$37,712
Interest income from sales-type leases	19,831	1,880	38,732	2,802
Other income	409	604	893	986
Total revenues	\$37,353	\$19,680	\$77,518	\$41,500
Costs and expenses:				
Interest expense	\$16,233	\$5,986	\$31,381	\$10,507
Real estate expense	536	645	1,335	1,457
Depreciation and amortization	2,355	2,343	4,702	4,686
General and administrative	6,369	4,474	11,622	7,456
Other expense	120	290	160	315
Total costs and expenses	\$25,613	\$13,738	\$49,200	\$24,421
Income from operations before other items	\$11,740	\$5,942	\$28,318	\$17,079
Earnings from equity method investments	822	-	1,640	-
Net income	\$12,562	\$5,942	\$29,958	\$17,079
Net (income) attributable to non-controlling interests	(48)	(1,419)	(97)	(5,937)
Net income attributable to Safehold Inc. and allocable to common shareholders	\$12,514	\$4,523	\$29,861	\$11,142
Weighted avg. share count (basic)	51,084	25,640	49,656	22,001
Weighted avg. share count (diluted)	51,093	25,640	49,664	22,001
Earnings per share (basic & diluted)	\$0.24	\$0.18	\$0.60	\$0.51

Note: Figures in thousands except for share amounts.

Balance Sheets

	June 30, 2020	December 31, 2019
Assets:		
Real estate:		
Real estate, at cost	\$707,381	\$687,902
Less: accumulated depreciation	(19,300)	(16,286)
Real estate, net	\$688,081	\$671,616
Real estate-related intangibles assets, net	240,845	242,837
Total real estate, net and real estate-related intangible assets, net	\$928,926	\$914,453
Net investment in sales-type leases	1,045,003	984,598
Ground Lease receivables, net	477,460	397,087
Equity investments in Ground Leases	128,736	127,524
Cash and cash equivalents	96,700	22,704
Restricted cash	42,373	24,078
Deferred operating lease income receivable	75,841	58,303
Deferred expenses and other assets, net	34,324	37,814
Total assets	\$2,829,363	\$2,566,561
Liabilities:		
Accounts payable, accrued expenses, and other liabilities	\$73,825	\$43,008
Real estate-related Intangible liabilities, net	57,007	57,333
Debt obligations, net	1,460,114	1,372,922
Total liabilities	\$1,590,946	\$1,473,263
Equity:		
Safehold Inc. shareholders' equity:		
Common stock	\$511	\$478
Additional paid-in capital	1,287,385	1,132,603
Retained earnings (deficit)	11,454	(2,146)
Accumulated other comprehensive loss	(62,744)	(39,123)
Total shareholders' equity	\$1,236,606	\$1,091,812
Non-controlling interests	\$1,811	\$1,486
Total equity	\$1,238,417	\$1,093,298
Total liabilities and equity	\$2,829,363	\$2,566,561

Portfolio Reconciliation

	IPO (6/22/17)	6/30/17	6/30/18	6/30/19	6/30/20
Net investment in Sales-Type Leases	-	-	-	\$160	\$1,045
Ground Lease receivables, net	-	-	-	-	\$477
Pro-rata interest in Sales-Type Leases held as equity method investments	-	-	-	-	\$343
Real estate, net (Operating Leases)	\$265	\$406	\$477	\$663	\$688
Add: Accumulated depreciation	1	1	7	13	19
Add: Lease intangible assets, net	123	132	198	235	241
Add: Accumulated amortization	1	1	6	12	19
Add: Other assets	-	-	-	25	24
Less: Lease intangible liabilities, net	(51)	(58)	(58)	(58)	(57)
Less: Non-controlling interest	-	-	(2)	(2)	(2)
Gross Book Value	\$339	\$481	\$629	\$1,050	\$2,798
Forward Commitments	-	-	34	83	72
Aggregate Gross Book Value	\$339	\$481	\$663	\$1,133	\$2,870
Less: Accruals to net investment in leases and ground lease receivables	-	-	-	(1)	(24)
Aggregate Cost Basis	\$339	\$481	\$663	\$1,132	\$2,846

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

Appendix

Glossary

Aggregate Cost Basis	Represents Cost Basis plus forward commitments. For forward commitments, it represents the aggregate contractual purchase price to be paid under the commitments.
Aggregate Gross Book Value	Represents the Current Portfolio plus forward commitments. For forward commitments, it represents the aggregate contractual purchase price 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 the 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 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 at the date indicated, measured using Gross Book Value. Does not include forward 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 our cost of the land.
Effective Interest Rate	Represents the Interest Rate excluding the effect of debt premium, discount and deferred financing costs.
Gross Book Value (GBV)	Represents the historical purchase price of an asset 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.
Interest Rate	The all-in stated interest rate over the term of debt based on the contractual future payments owed.
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.