

# 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.

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# Q3 '20 Highlights

## Strong Results

**81%**

Revenue Growth  
*(YTD Year-over-Year)*

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**42%**

EPS Growth  
*(YTD Year-over-Year)*

## Safety During Turbulent Times

**100%**

Ground Rent  
Received

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**64%**

Total Shareholder  
Return YTD  
*(As of October 21, 2020)*

## Building Momentum

**\$105m**

New Investments<sup>(1)</sup>

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**>\$200m**

Signed LOIs<sup>(2)</sup>

(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

	Q3 '20	Q3 '19
Revenue	\$38.0m	\$22.3m
Net Income <i>(Gross of NCI)</i>	\$14.2m	\$5.5m
EPS <i>(Diluted)</i>	\$0.28	\$0.15

Y/Y  
Growth

+70%

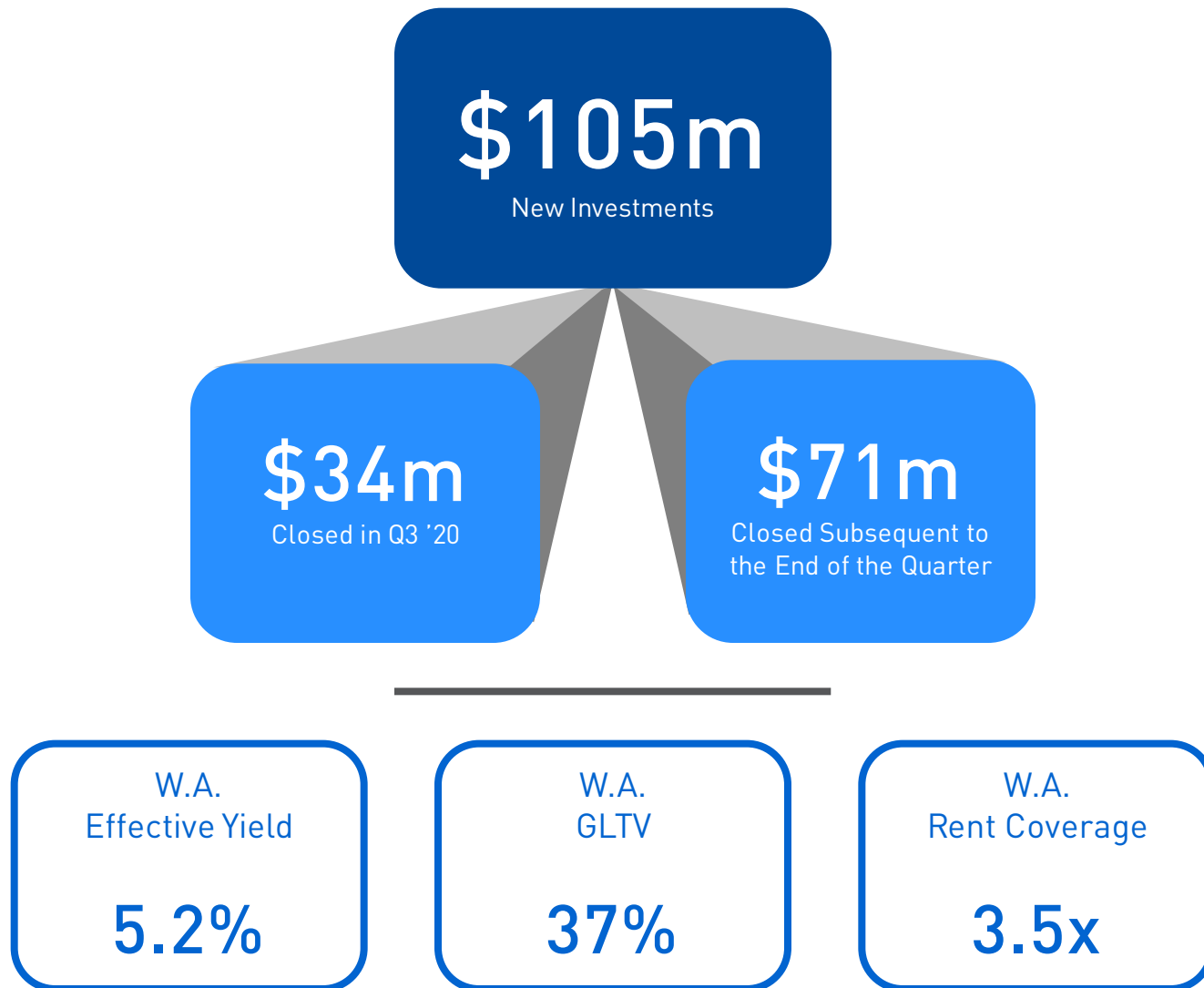
+159%

+84%

## YTD Results

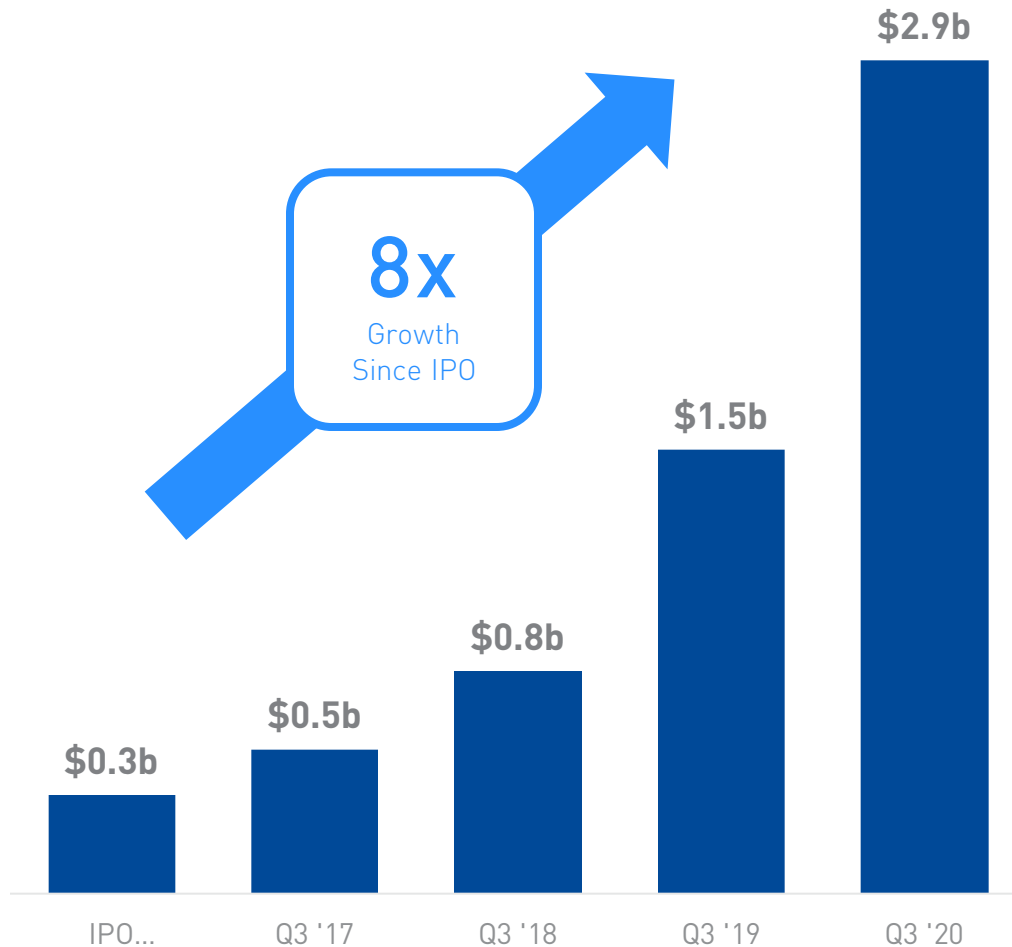
	YTD '20	YTD '19	Y/Y Growth
Revenue	\$115.5m	\$63.8m	+81%
Net Income <i>(Gross of NCI)</i>	\$44.2m	\$22.6m	+96%
EPS <i>(Diluted)</i>	\$0.88	\$0.62	+42%

# Investment Activity



# Portfolio Growth

(Aggregate Gross Book Value)



**\$71m**

Closed Subsequent to the  
End of the Quarter

**>\$200m**

Signed LOIs<sup>(1)</sup>

**~\$700m**

Purchasing Power  
(As of 10/21/20)<sup>(2)</sup>

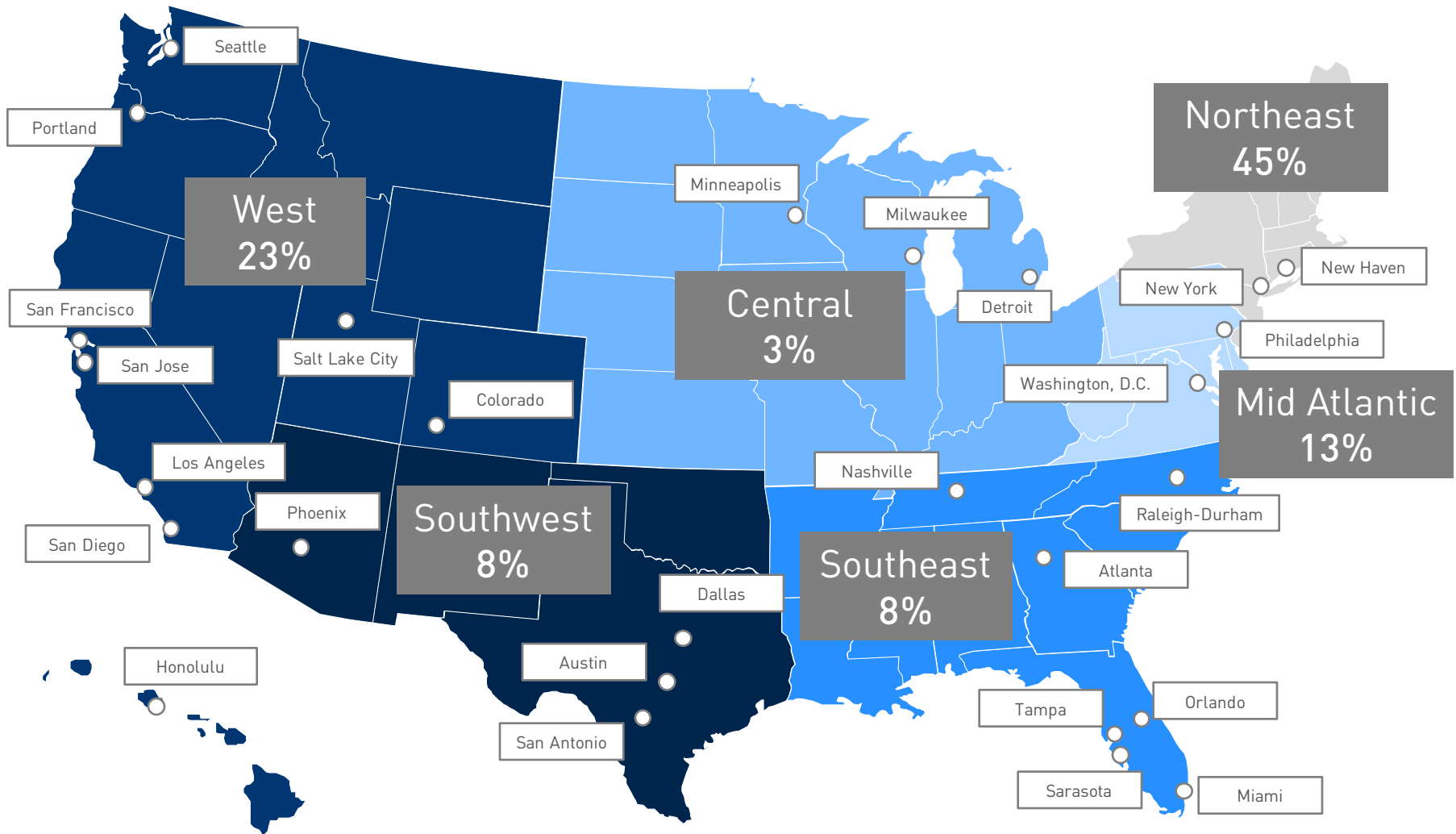
Note: Please see the "Important Note re COVID-19" in the front of this presentation for a statement about metrics this quarter. Refer to Appendix for Portfolio Reconciliation.

(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<sup>(1)</sup>

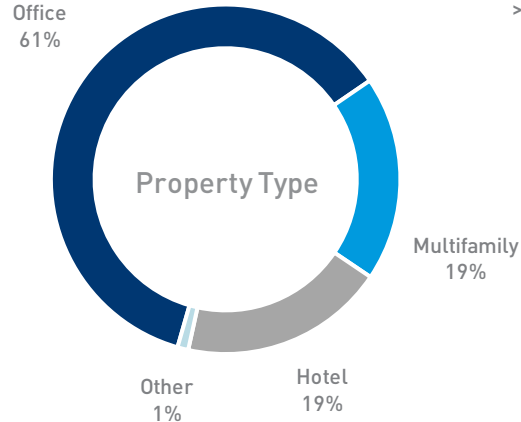
W.A. Rent Coverage<sup>(2)</sup>

3.7x

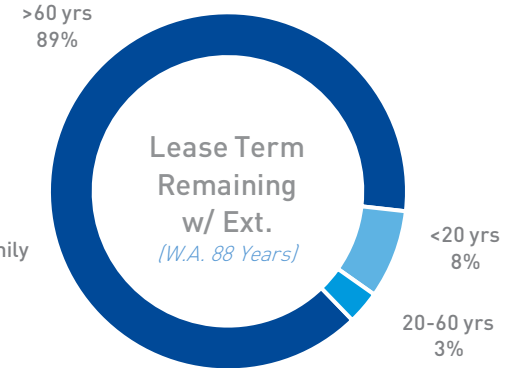
W.A. GLTV

39%

## Property Type



## Lease Term



<b>Yield</b>	Total Annualized GAAP Rent <i>(incl. % rent)</i>	-	Less: Annualized Depreciation & Amortization <sup>(3)</sup>	=	Net Amount	Yield <i>(% of GBV)</i>
	\$168.4m		\$11.0m		\$157.4m	5.5%
<b>Cash Yield</b>	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<sup>(2)</sup>

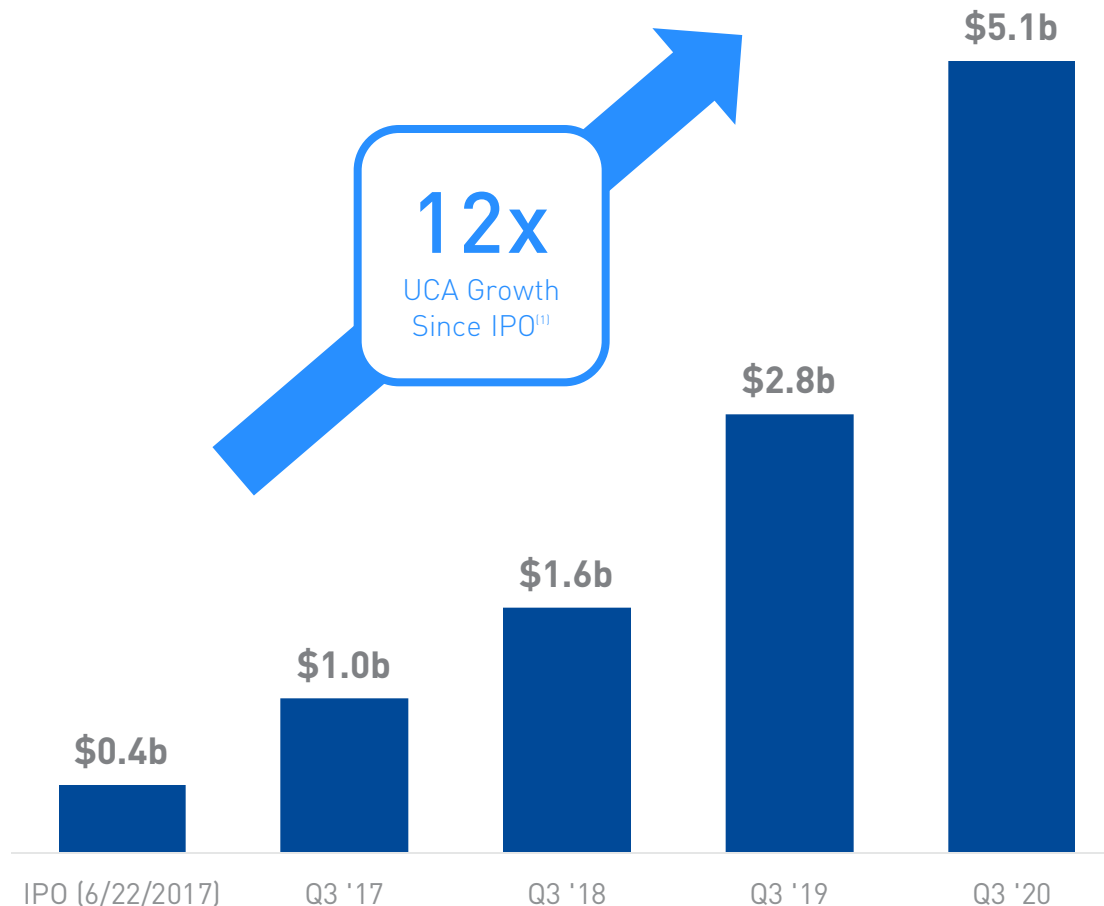
- ☐ \$239m cash and revolver availability  
*(as of October 21, 2020)*
- ☐ ~\$700m purchasing power *(assuming 2x leverage)*
- ☐ 0.5x debt / equity market cap<sup>(1)</sup>
- ☐ 1.4x debt / book equity

- ☐ ~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 \$32.5m

(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

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# Income Statements

	For the three months ended Sept 30,		For the nine months ended Sept 30,	
	2020	2019	2020	2019
<b>Revenues:</b>				
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
<b>Total revenues</b>	<b>\$38,000</b>	<b>\$22,310</b>	<b>\$115,518</b>	<b>\$63,810</b>
<b>Costs and expenses:</b>				
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
<b>Total costs and expenses</b>	<b>\$24,620</b>	<b>\$14,059</b>	<b>\$73,821</b>	<b>\$38,480</b>
<b>Income from operations before other items</b>	<b>\$13,380</b>	<b>\$8,251</b>	<b>\$41,697</b>	<b>\$25,330</b>
Loss on early extinguishment of debt	-	(2,011)	-	(2,011)
Earnings (losses) from equity method investments	832	(759)	2,472	(759)
<b>Net income</b>	<b>\$14,212</b>	<b>\$5,481</b>	<b>\$44,169</b>	<b>\$22,560</b>
Net (income) attributable to non-controlling interests	(49)	(49)	(145)	(5,986)
<b>Net income attributable to Safehold Inc. and allocable to common shareholders</b>	<b>\$14,163</b>	<b>\$5,432</b>	<b>\$44,024</b>	<b>\$16,574</b>
<b>Weighted avg. share count (basic)</b>	<b>51,153</b>	<b>36,111</b>	<b>50,158</b>	<b>26,748</b>
<b>Weighted avg. share count (diluted)</b>	<b>51,162</b>	<b>36,111</b>	<b>50,167</b>	<b>26,748</b>
<b>Earnings per share (basic)</b>	<b>\$0.28</b>	<b>\$0.15</b>	<b>\$0.88</b>	<b>\$0.62</b>
<b>Earnings per share (diluted)</b>	<b>\$0.28</b>	<b>\$0.15</b>	<b>\$0.88</b>	<b>\$0.62</b>

Note: Figures in thousands except for share amounts.

# Balance Sheets

	September 30, 2020	December 31, 2019
<b>Assets:</b>		
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
<b>Total assets</b>	<b>\$2,850,787</b>	<b>\$2,566,561</b>
<b>Liabilities:</b>		
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
<b>Total liabilities</b>	<b>\$1,601,604</b>	<b>\$1,473,263</b>
<b>Equity:</b>		
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]
<b>Total Safehold Inc. shareholders' equity</b>	<b>\$1,247,187</b>	<b>\$1,091,812</b>
Noncontrolling interests	\$1,996	\$1,486
<b>Total equity</b>	<b>\$1,249,183</b>	<b>\$1,093,298</b>
<b>Total liabilities and equity</b>	<b>\$2,850,787</b>	<b>\$2,566,561</b>

# Portfolio Reconciliation

	IPO (6/22/17)	9/30/17	9/30/18	9/30/19	9/30/20
<b>Net investment in Sales-Type Leases</b>	-	-	-	\$465	\$1,089
<b>Ground Lease receivables, net</b>	-	-	-	\$73	\$480
<b>Pro-rata interest in Sales-Type Leases held as equity method investments</b>	-	-	-	-	\$344
<b>Real estate, net (Operating Leases)</b>	\$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)
<b>Gross Book Value</b>	<b>\$339</b>	<b>\$497</b>	<b>\$705</b>	<b>\$1,450</b>	<b>\$2,845</b>
Unfunded Commitments	-	-	64	83	34
<b>Aggregate Gross Book Value</b>	<b>\$339</b>	<b>\$497</b>	<b>\$769</b>	<b>\$1,534</b>	<b>\$2,879</b>
Less: Accruals to net investment in leases and ground lease receivables	-	-	-	(2)	(33)
<b>Aggregate Cost Basis</b>	<b>\$339</b>	<b>\$497</b>	<b>\$769</b>	<b>\$1,531</b>	<b>\$2,847</b>

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



# Appendix

# Glossary

<b>Aggregate Cost Basis</b>	Represents Cost Basis plus unfunded commitments. For unfunded commitments, it represents the aggregate future amount to be paid under the commitments.
<b>Aggregate Gross Book Value</b>	Represents the Current Portfolio plus unfunded commitments. For unfunded commitments, it represents the aggregate future amount to be paid under the commitments.
<b>Annualized Cash Rent</b>	Calculated as the annualized base Cash Rent for ground leases plus Percentage Rent.
<b>Cash Interest Rate</b>	The current cash interest rate of debt.
<b>Cash Rent</b>	Represents ground lease income recognized excluding straight-line rent, amortization of lease intangibles, and non-cash income from sales-type leases.
<b>Cost Basis</b>	Represents the historical purchase price of an asset, including capitalized acquisition costs.
<b>Combined Property Value (CPV)</b>	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 unfunded commitments, CPV represents the total cost associated with the acquisition, development, and construction of the project.
<b>Current Portfolio</b>	Represents the portfolio of assets owned at the date indicated, measured using Gross Book Value. Does not include unfunded commitments.
<b>Effective Yield</b>	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.
<b>Effective Interest Rate</b>	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.
<b>Gross Book Value (GBV)</b>	Represents Cost Basis plus accrued interest on sales-type leases.
<b>Ground Lease-to-Value (GLTV)</b>	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.
<b>Owned Residual Portfolio</b>	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.
<b>Percentage Rent</b>	Represents TTM percentage rent of ground lease assets.
<b>Property NOI</b>	Represents the net operating income of the building/Safehold's ground lease tenant prior to paying ground lease rent.
<b>Rent Coverage</b>	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.
<b>Safehold™/Safehold™ Ground Lease</b>	A ground lease originated and structured by Safehold.
<b>Total Annualized GAAP Rent</b>	Current quarter revenue from operating and sales-type leases recognized by GAAP, annualized.
<b>Underwritten Effective Yield</b>	The Effective Yield of a ground lease using our underwriting assumptions. This includes estimated land value annual growth of 2%.
<b>Unrealized Capital Appreciation</b>	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.