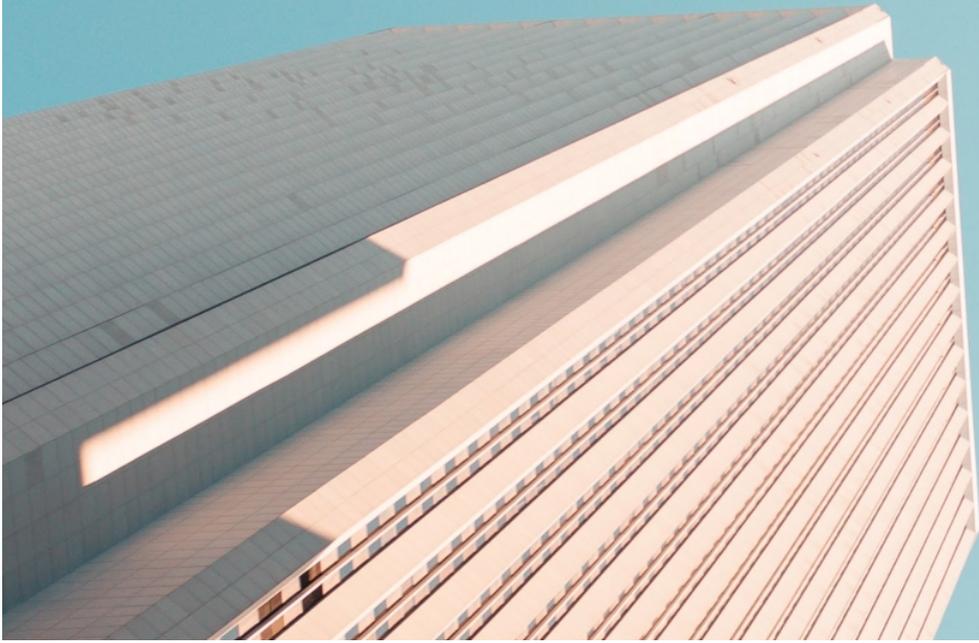




Filed pursuant to  
Securities Act of 1933  
pursuant to Rule  
Exchange Act of 1934  
Filing Person: Saf  
Subject Company  
Commission File N

# INVESTOR PRESENTATION



September 2022

# Forward-Looking Statements and Other Matters

This presentation 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 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 known and unknown risks, uncertainties, assumptions and changes in circumstances that may cause the Company’s actual results to differ significantly from those set forth 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).

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: (1) the war in Ukraine and escalating geopolitical tensions as a result of Russia’s invasion of Ukraine; (2) the ability to consummate the announced transactions on time and within the anticipated time periods, or at all, which is dependent on the parties’ ability to satisfy certain closing conditions, including the approval of SAFE’s stockholders, completion of the Spin-Off, sales of assets and other factors; (3) any delay or inability of New Safehold and/or SpinCo to realize the expected benefits of the transactions; (4) changes in tax laws, regulations, rates, policies or interpretations; (5) the value of New Safehold shares to be issued in the transaction; (6) the value of SAFE’s shares and liquidity in SpinCo’s shares; (7) the risk of unexpected significant transaction costs and/or unknown liabilities; (8) potential litigation relating to the proposed transactions; (9) the impact of actions taken by significant stockholders; (9) the potential disruption to STAR’s or SAFE’s respective businesses of diverted management and the unanticipated loss of key members of senior management or other employees, in each case as a result of the announced transactions; (10) general economic conditions that could affect New Safehold and SpinCo following the transactions; (11) market demand for ground lease capital; (12) the Company’s ability to source and complete new ground lease investments; (13) the availability of funds to complete new ground lease investments; (14) risks that the rent adjustment clauses in the Company’s leases will not keep up with changes in market value and inflation; (15) risks associated with certain tenant and industry concentrations in our portfolio; (16) conflicts of interest associated with the Company’s external management structure and its relationships with iStar and other significant investors; (17) risks associated with using debt to finance 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 debt, and interest rate risks); (18) risks that tenant rights in certain of our ground leases will limit or eliminate the Owned Residual Portfolio realizations from certain properties; (19) general risks affecting the real estate industry and local real estate markets (including, without limitation, the potential inability to enter into or complete ground leases at favorable rates, including with respect to contractual rate increases or participating rent); (20) dependence on the creditworthiness of our tenants and their operating performance; and (21) competition from other ground lease investors and risks associated with our failure to qualify for taxation as a REIT. Please refer to the section entitled “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2021 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 these forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

This presentation also contains modeling and information relating to potential inflation, which are presented for illustrative purposes only, and are not guaranteed to be necessarily indicative of future performance. In addition, this presentation contains certain figures, projections and calculations based in part on management’s assumptions. Management believes these assumptions are reasonable; however, other reasonable assumptions could provide differing outputs.

**Important Note re COVID-19:** Readers of this presentation are cautioned that, due to the possibility that the COVID-19 pandemic will have a delayed adverse impact on our financial results, along with the uncertainty created by the pandemic, our results for the period may not be indicative of future results. Similarly, our Rent Coverage and Unrealized Capital Appreciation as of June 30, 2022 may decline with respect to certain properties in future periods due to the continuing impact of the pandemic. That certain metrics that we report and monitor may not reflect the full effects of the pandemic as of their dates of determination. Readers are urged to read our most recent report on Form 10-Q for the quarter ended June 30, 2022 filed with the SEC for a more fulsome discussion of our quarterly results, including the “Management’s Discussion of Financial Condition and Results of Operations” section included therein.

**Note:** Please refer to the Glossary at the end of this presentation for a list of defined terms and metrics. Everything as of 6/30/22 unless otherwise noted.

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# Forward-Looking Statements and Other Matters

**Inflation Adjusted Yield / CPI Adjustments:** Safehold™ originated ground leases typically include a periodic rent increase based on prior years cumulative CPI growth. The initial lookback year generally starts between lease year 11 and 21. These CPI lookbacks are generally capped between 3.0% - 3.5% per annum compounded. If cumulative inflation growth for the lookback period exceeds the cap, the excess is not captured by the CPI lookback. Other forms of inflation capture include fair resets and percentage rent, typically for acquired ground leases. 83% of our portfolio as determined by cash rent has some form of a CPI lookback and 95% of our portfolio determined by cash rent has some form of inflation capture. For Inflation Adjusted Yield calculation, we assume the current FRED 30-yr Breakeven Inflation Rate of 2.29 (Federal Reserve Bank of St. Louis, 30-year Breakeven Inflation Rate, retrieved from FRED, Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/T3> September 12, 2022)

**Rent Coverage / Property NOI:** 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 property appraisals and available market information, such as leaseable comparable properties in the relevant market.

## Additional Information and Where You Can Find It

In connection with the proposed transactions, STAR will file with the SEC a registration statement on Form S-4 that will include a joint proxy statement of STAR and SAFE, and also will constitute a prospectus for the shares of STAR Common Stock being issued to SAFE's stockholders in the proposed Merger. In addition, SpinCo will file a Form 10 registration statement that will register its common shares. STAR, SAFE and SpinCo also may file other documents with the SEC regarding the proposed transactions. This document is not a substitute for the joint proxy statement/prospectus or Form 10 registration statement or any other document which STAR, SAFE and SpinCo may file with the SEC. INVESTORS AND SECURITY HOLDERS OF STAR AND SAFE, AS APPLICABLE, ARE URGED TO READ THE JOINT PROXY STATEMENT/PROSPECTUS, THE FORM 10 REGISTRATION STATEMENT AND ANY OTHER RELEVANT DOCUMENTS THAT ARE FILED OR WILL BE FILED WITH THE SEC, AS WELL AS ANY AMENDMENTS OR SUPPLEMENTS TO THEM, CAREFULLY AND IN THEIR ENTIRETY BECAUSE THEY CONTAIN OR WILL CONTAIN IMPORTANT INFORMATION ABOUT THE PROPOSED TRANSACTIONS AND RELATED MATTERS. Investors and security holders may obtain free copies of the joint proxy statement/prospectus and the Form 10 registration statement (when available) and other documents filed with the SEC by STAR, SAFE and SpinCo through the web site maintained by the SEC at [www.sec.gov](http://www.sec.gov) or by contacting the investor relations departments of STAR and SAFE as follows:

iStar, Inc.  
1114 Avenue of the Americas  
39<sup>th</sup> Floor  
New York, NY 10036  
Attention: Investor Relations

Safehold, Inc.  
1114 Avenue of the Americas  
39<sup>th</sup> Floor  
New York, NY 10036  
Attention: Investor Relations

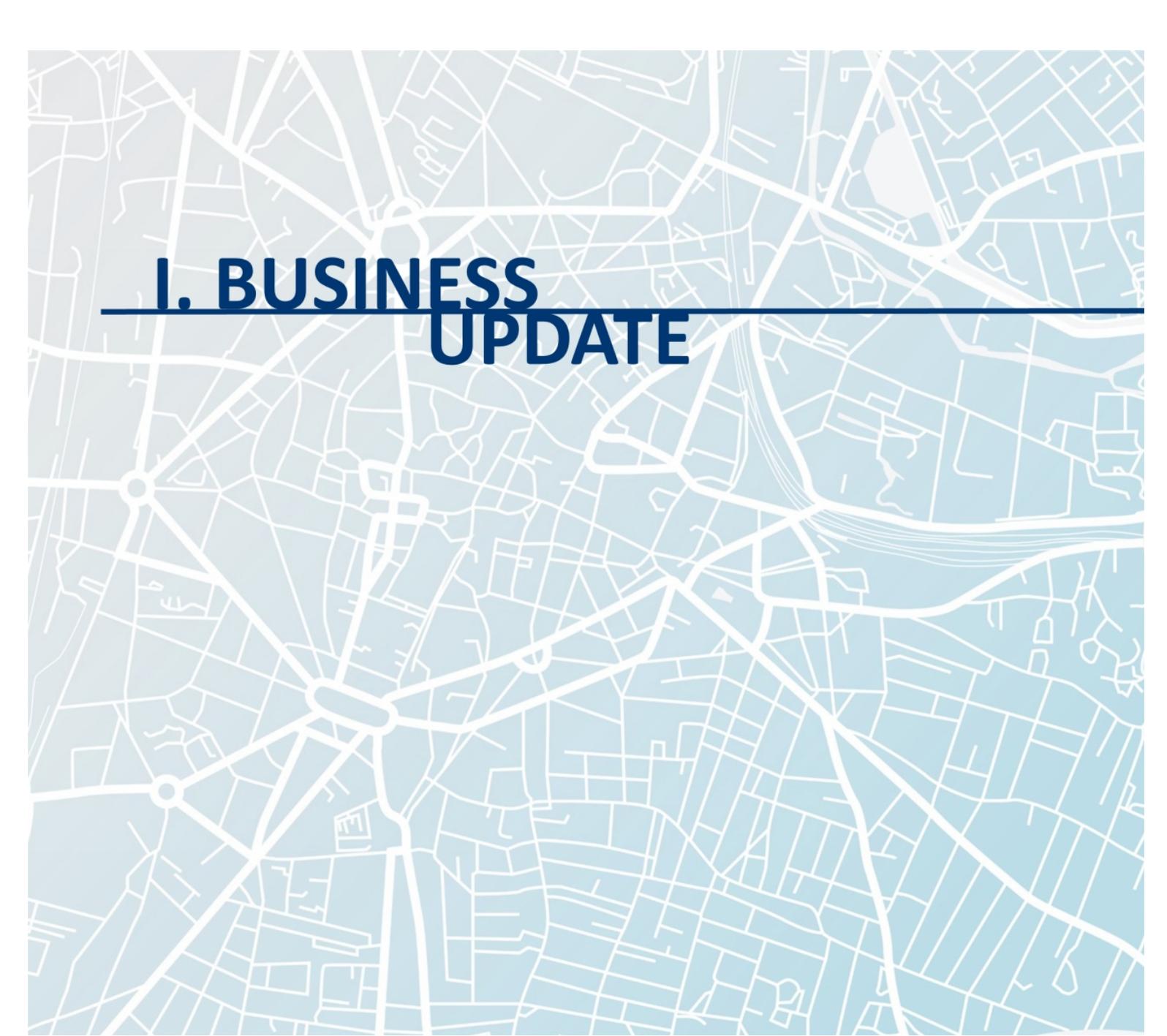
This document is for informational purposes only and shall not constitute an offer to sell or the solicitation of an offer to buy any securities, nor shall there be an offer in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to the registration or qualification under the securities laws of any such jurisdiction. This document is not a substitute for the prospectus or any other document that STAR, SAFE or SpinCo may file with the SEC in connection with the proposed transactions. All offers of securities shall be made, except by means of a prospectus meeting the requirements of Section 10 of the Securities Act of 1933, as amended.

## Participants in the Solicitation

STAR, SAFE and their respective directors and executive officers may be deemed to be participants in the solicitation of proxies in respect of the proposed transactions. Information regarding STAR's directors and executive officers, including a description of their direct interests, by security holdings or otherwise, is contained in STAR's proxy statement for its 2022 annual meeting, which is on file with the SEC. Information regarding SAFE's directors and executive officers, including a description of their direct interests, by security holdings or otherwise, is contained in SAFE's definitive proxy statement for its 2022 annual meeting, which is filed with the SEC. A more complete list of participants will be included in the registration statement on Form S-4, the joint proxy statement/prospectus and the Form 10 registration statement.

**Investor Relations**

[investors@sa](mailto:investors@sa)



# **I. BUSINESS UPDATE**

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# The Next Step in Safehold's Progression

## A Better Safehold

Safehold and iStar have agreed to combine to create the only self-managed, pure-play ground lease company in the public markets

### Better Structure

Enhances governance, widely distributes voting power, expands number of independent directors on Board

Internalizes and better aligns management team which helped revolutionize ground lease industry

### Better Cost & Economics

Lowers costs as New Safehold scales compared to projected external management fees and reimbursable expenses

Launches fund management business and creates transitional revenue streams with SpinCo

### Better Debt & Equity

Improves equity appeal by adding Partners as new investor while also doubling flow

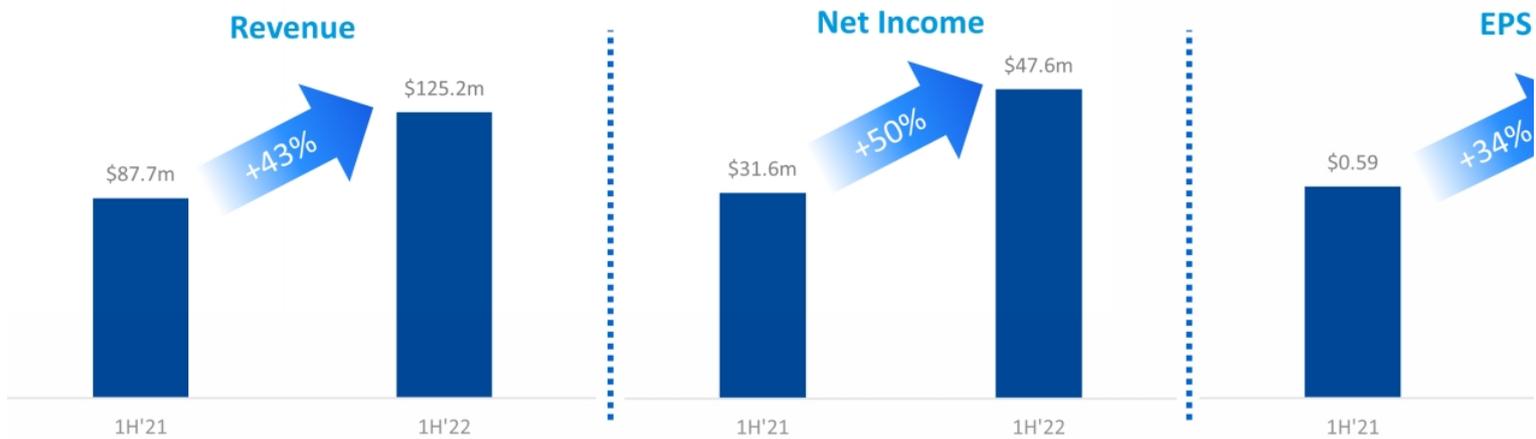
Clears path for creating momentum by addressing key ratios

# Strong 1H '22 Results

## Robust Origination Volume...



## ...Drove Double Digit Earnings Growth



(1) Investments in 1H '22 include \$194m of new forward commitments that have not yet been funded as of 6/30/22 (such funding commitments are subject to certain conditions). Assurance that Safehold will complete these transactions.

(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.

# 2022 Capital Highlights

## First 30-Year Unsecured Notes (\$475m)

- ☐ 3.98% unsecured debt (T+180) due 2052 with strong institutional sponsorship
- ☐ Proving access to long-term debt in the unsecured markets

## Innovative 30-Year Structured Unsecured Notes (\$150m)

- ☐ 5.15% unsecured debt (T+195) due 2052, 4.93% cost when including treasury lock hedge
- ☐ Stairstep coupon structure better matches the structure of our ground leases

## Raised \$309m of Equity Capital

- ☐ Issued 5.2m shares in an over-subscribed and upsized offering at \$59/share

## First Sales of Caret Units – Latest Round at \$2.0b Valuation

- ☐ In February, sold and received commitments to purchase 1.37% of the total authorized Caret Units at a total valuation of \$1.75b with redemption options for purchasers<sup>(1)</sup>
- ☐ Concurrent with and conditioned upon the closing of Safehold and iStar business combination, Partners will purchase 1.0% of Caret Units at a total valuation of \$2.0b with no redemption options

(1) We are obligated to seek to provide a public market listing for the Caret Units by Q1'24. If we are unable to achieve a public market liquidity event at a value in excess of \$1.75b, investors in the initial round will have the right to cause the redemption of their Caret Units at their original purchase price.

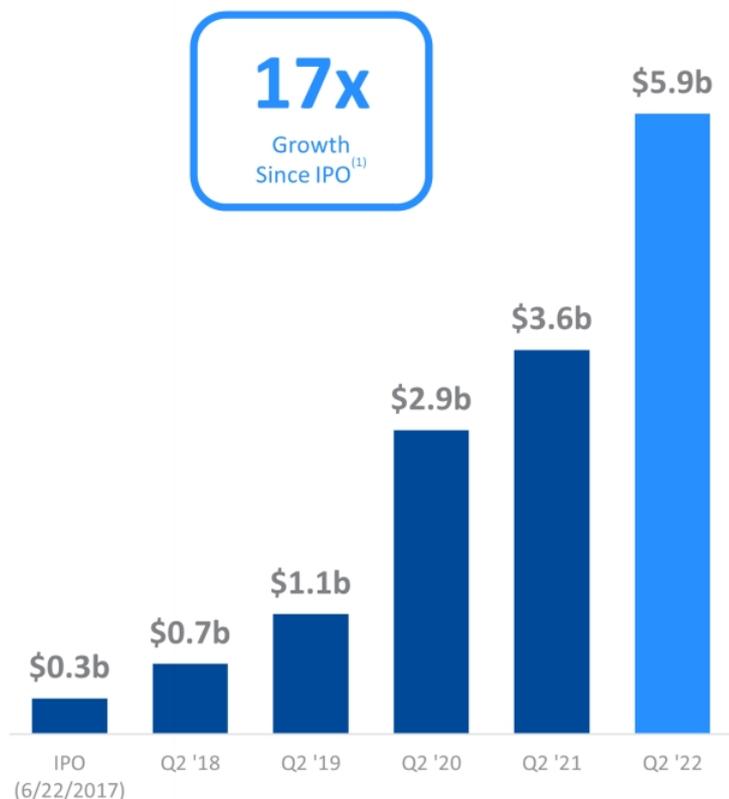


## **II. SIGNIFICANT GROWTH POTENTIAL**

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# Strong Portfolio Growth

## 1H '22 Momentum



**\$1.1b**  
Originations<sup>(2)</sup>



**17**  
Ground I  
Transact





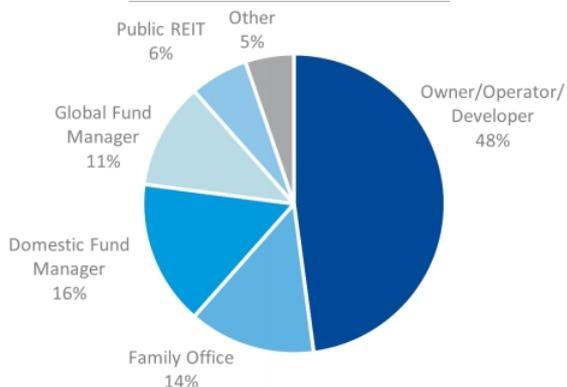




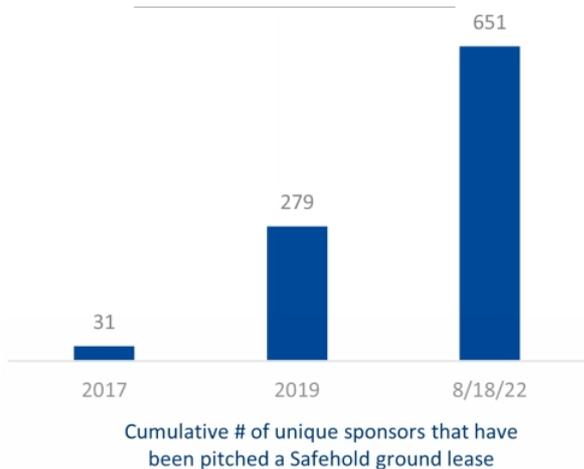
Note: Please see the "Important Note re COVID-19" in the front of this presentation for a statement about metrics this quarter. Pictures of properties that are currently under development are presented as illustrative only. There can be no assurance that the properties will be completed or that the developer will complete the project. (1) The portfolio is presented using Aggregate Gross Book Value. As of 6/30/22, the portfolio included \$316m of forward commitments that have not yet been funded (such funding commitments are subject to certain conditions). There can be no assurance that Safehold will complete these transactions. (2) Investments in Q2 '22 include \$43m of new forward commitments that have not yet been funded (such funding commitments are subject to certain conditions). There can be no assurance that Safehold will complete these transactions.

# Growing Customer Adoption

## Diversifying Customer Base<sup>(1)</sup>



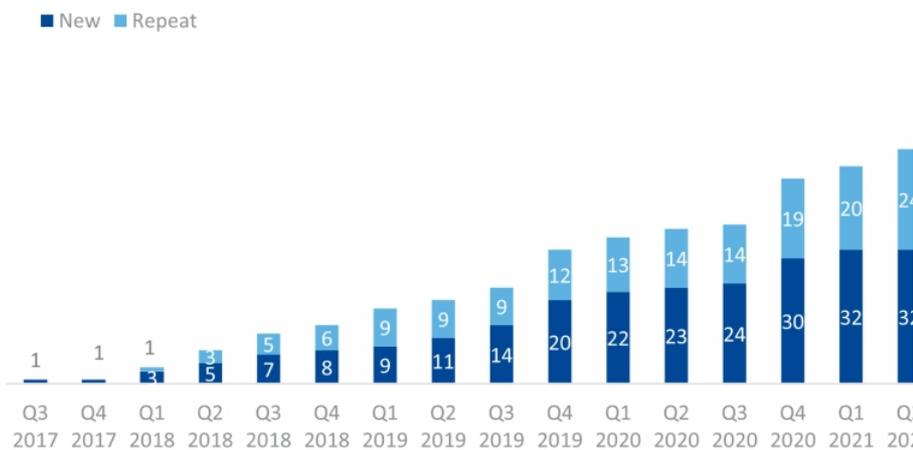
## Increasing Customer Awareness



## High Customer "Stickiness" & Improving Efficiency



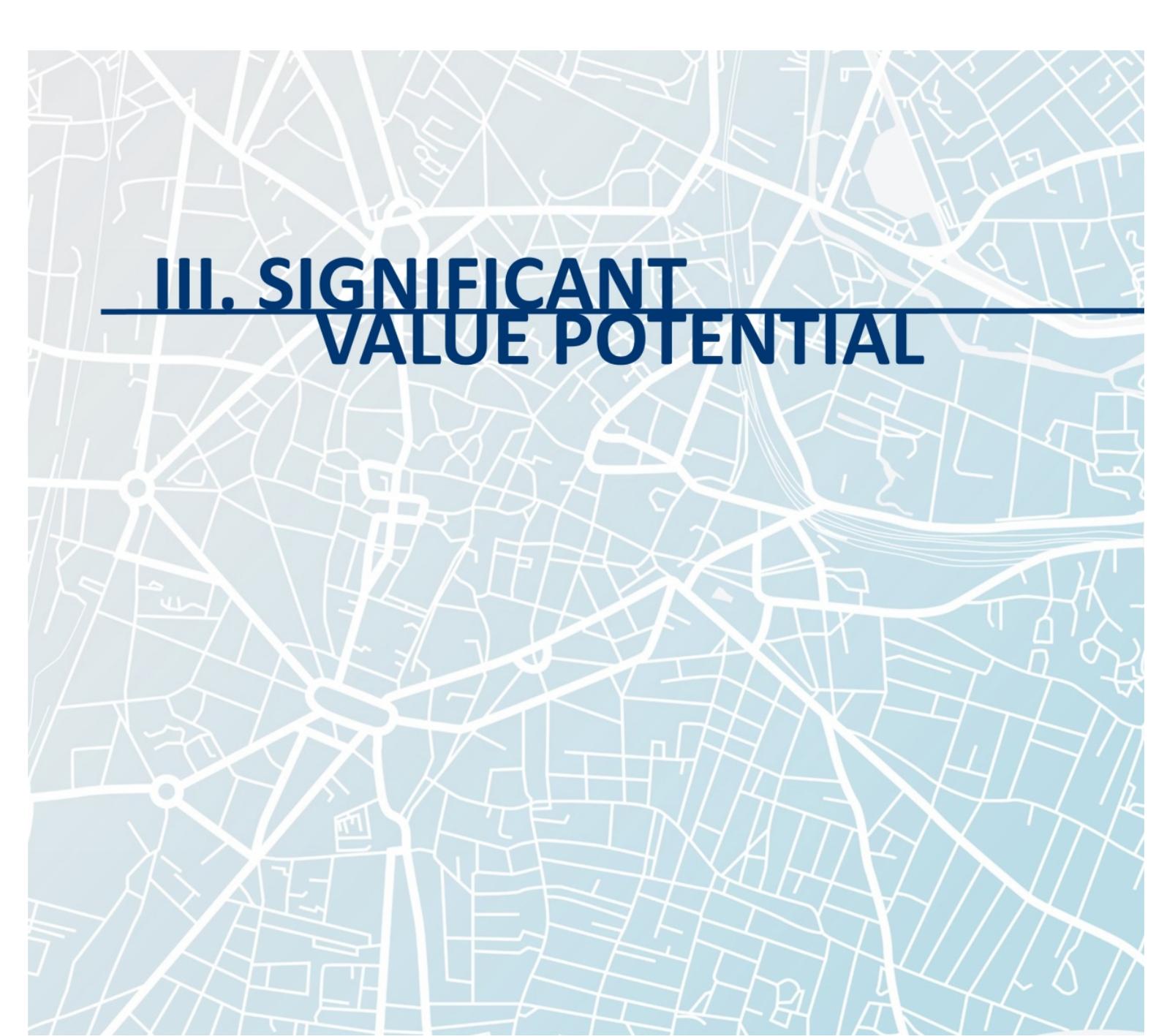
## New vs. Repeat Customers Cumulative Transactions<sup>(2)</sup>



Source: Internal CRM tracking metrics.

(1) Based on number of unique sponsors.

(2) Excludes Ground Lease Plus, IPO assets, deals in which iStar was the sponsor, and acquisition of existing ground leases.

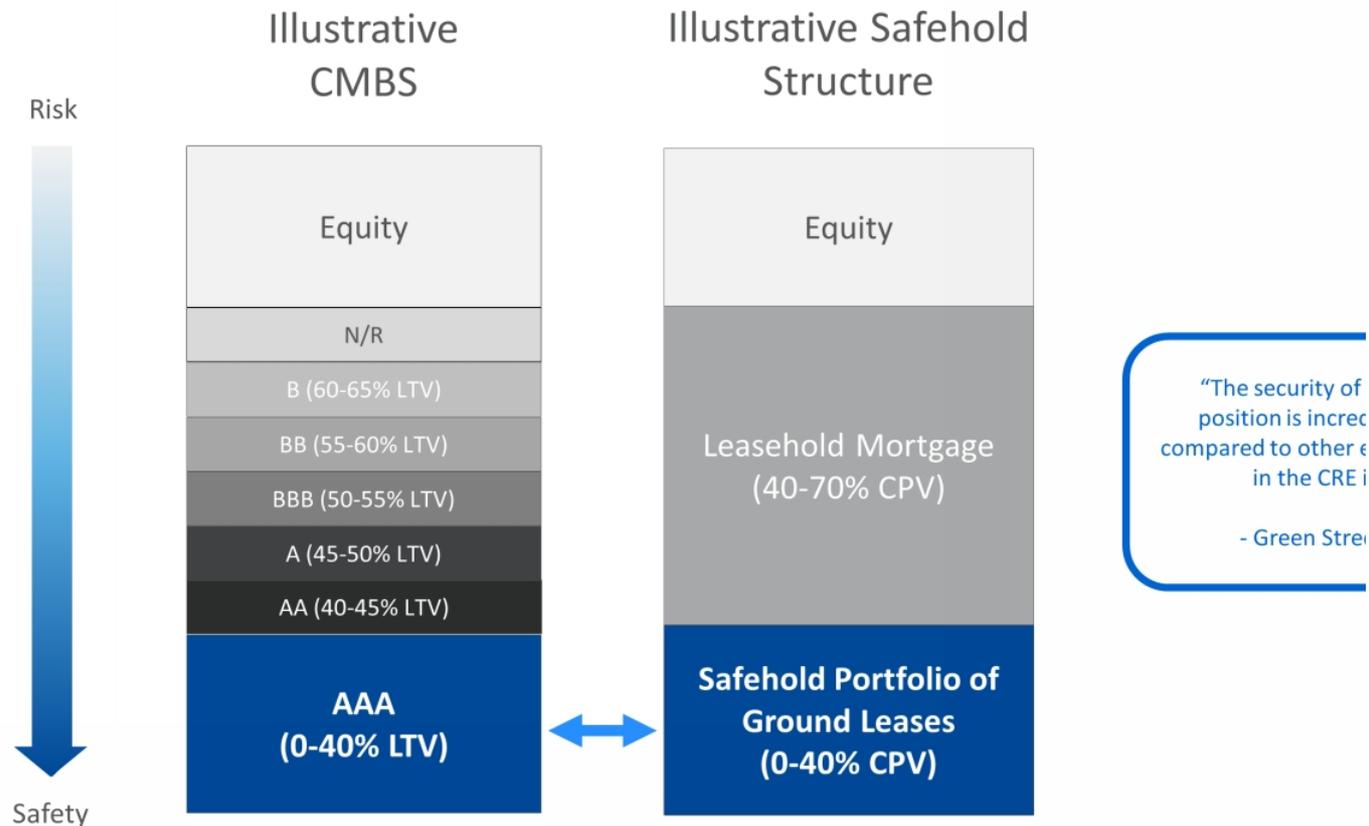


# **III. SIGNIFICANT VALUE POTENTIAL**

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# Cash Flow Seniority and Principal Safety

Tenants are highly incentivized to make monthly ground rent payments, which typically represent a very small percentage of overall property value. Safehold typically has the right to take ownership of the land and building upon a tenant's default and termination of the ground lease upon such default. A second layer of protection often exists via a leasehold mortgage who is also highly incentivized, if necessary, to cure ground rent to protect loan made on the building.



# Inflation Captured Cash Flows

(Current Portfolio Gross Book Value: \$5,542m)

CPI Lookbacks continue periodically through the life of the lease, which can provide meaningful inflation capture that is significantly better than the long-term fixed-rate bonds we benchmark against.<sup>(1)</sup>

## In-Place with 0% Inflation

Annualized Cash Yield

**3.3%**

(\$178m Annualized  
In-Place Cash Rent)

Annualized Yield

**5.1%**

(\$282m Annualized  
In-Place Net Rent)

## Including Contractual Inflation Capture

2.0% Inflation

**5.5%**

*Inflation Adjusted Yield*

2.29% Inflation

**5.6%**

*Inflation Adjusted Yield*

Current FRED Breakeven Inflation  
Rate <sup>(2)</sup>

3.0% Inflation

**6.1%**

*Inflation Adjusted Yield*

Note: Refer to the Glossary in the Appendix for yield calculations and additional details.

(1) Safehold™ originated ground leases typically include a periodic rent increase based on prior years cumulative CPI growth with the initial lookback year generally starting between lease year 11 and 21. The increase is generally capped between 3.0% - 3.5% per annum compounded. In the event cumulative inflation growth for the lookback period exceeds the cap, the excess is not captured by the CPI lookback. Other forms of inflation capture include fair market value resets and percentage rent, typically for acquired ground leases. 83% of our portfolio as determined by cash rent has some form of a CPI lookback and 95% of our portfolio as determined by some form of inflation capture.

(2) Federal Reserve Bank of St. Louis, 30-year Breakeven Inflation Rate, retrieved from FRED, Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/T30YIEM>, September 12, 2022.

# Growing Unrealized Capital Appreciation Portfolio

**86%**  
CAGR  
(From IPO to Q2 '22)

**+\$543m**  
Estimated Growth  
in Q2 '22

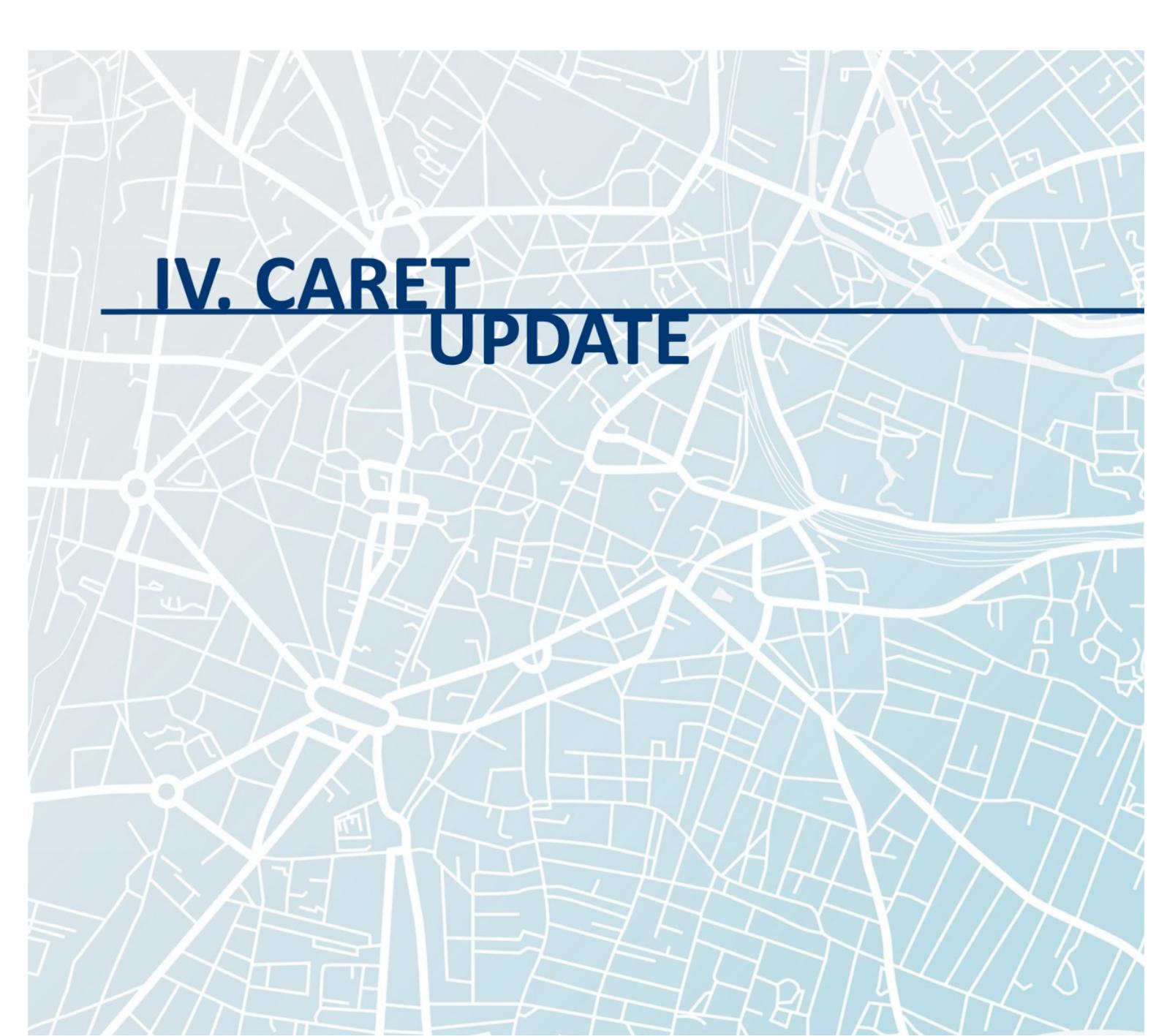


IPO  
**\$0.4b**

Q2 '20  
**\$5.2b**

Q2 '22  
**\$9.9b**

Note: Please see the "Important Note re COVID-19" in the front of this presentation for a statement about metrics this quarter. Pictures of properties that are currently under development are presented as of June 30, 2022 and the methodology used to calculate it. See also the discussion of certain limitations and qualifications of estimated UCA set forth in that 8-K and the Risk Factors referenced therein, Annual Report on Form 10-K for the year ended December 31, 2021. Please refer to the "Unrealized Capital Appreciation Details" slide in the Appendix for additional information.



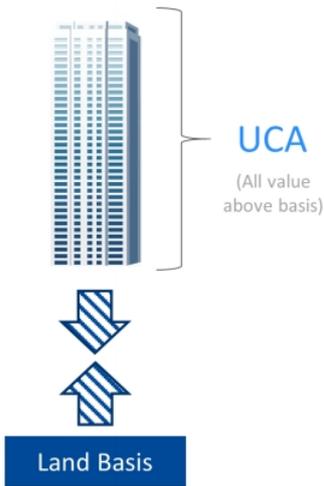
# IV. CARET UPDATE

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# Unrealized Capital Appreciation (UCA)

## Ownership

- At the end of its typical ground lease, **SAFE will own everything on top of the land**



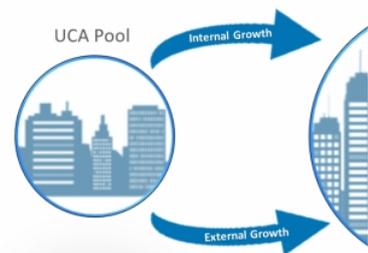
## Capital Appreciation Tracker

- We track and report the estimated current **spot value** of UCA
- UCA is marked each quarter using current market estimates from CBRE

$$\begin{array}{ccc}
 \text{CPV} & - & \text{Basis} & = & \text{UCA} \\
 \text{Combined Property Value} & & \text{SAFE Land Basis} & & \text{Unrealized Capital Appreciation} \\
 \text{(Land \& Building)} & & & & 
 \end{array}$$

## Growth Dynamics

- "**External Growth**" - each ground lease is closed, more value is added to the pool of value
- "**Internal Growth**" - appreciation of buildings in the existing UCA Pool



Because UCA is **tangible**, its value **transparent** and its growth **trackable**, we believe this asset can be valued and unlocked separate from the cash flow stream via an asset-backed security structure. **Caret**

Please refer to SAFE's Current Report on Form 8-K filed with the SEC on August 3, 2022, which is incorporated herein by reference, for a more detailed explanation and presentation of the estimated UCA of the Portfolio as of June 30, 2022 and the methodology used to calculate it. See also the discussion of certain limitations and qualifications of estimated UCA set forth in that 8-K and the Risk Factors referenced found in our Annual Report on Form 10-K for the year ended December 31, 2021. Please refer to the "Unrealized Capital Appreciation Details" slide in the Appendix for additional information.

# Caret Update

## What is Caret?

Just as a ground lease splits the land from the building, Caret™ generally enables us to split our portfolio of ground into (1) **the right to the rent stream, the original cost basis and certain other cash flows (GL Units)** and (2) **the right to the cash appreciation above the original cost basis under specified circumstances (Caret Units)**.

## Recent Caret Transactions

In Q1'22, we sold and received commitments to purchase 1.37% of the total authorized Caret Units for an aggregate **valuation of \$1.75 billion**, from a group of leading private equity, sovereign wealth and high net worth investors.<sup>(1)</sup>

In Q3'22, we announced that concurrent with and conditioned on, among other things, the closing of the business subject to Safehold shareholders' consent to certain CARET modifications, MSD Partners will purchase 1.0% of the total Caret Units for an aggregate \$20.0 million at a **valuation of \$2.0 billion with no redemption options**. MSD Partners will acquire 1.0% of the shares of SAFE in a direct sale from iStar, becoming one of New Safehold's largest shareholders.

## Caret Investors and Advisory Board

An Advisory Board comprised of some of the investors was formed in order to help maximize the value of Caret over the long term.

### Advisory Board Members

The Advisory Board Members section features five logos arranged in two rows. The top row contains ZIGG, the MSD logo (a blue square with a white diagonal line and the letters MSD below it), and Michael Rubin Family Office. The bottom row contains Ribbit Capital and the FIFTH WALL logo (the words FIFTH and WALL in a black box separated by a vertical line).

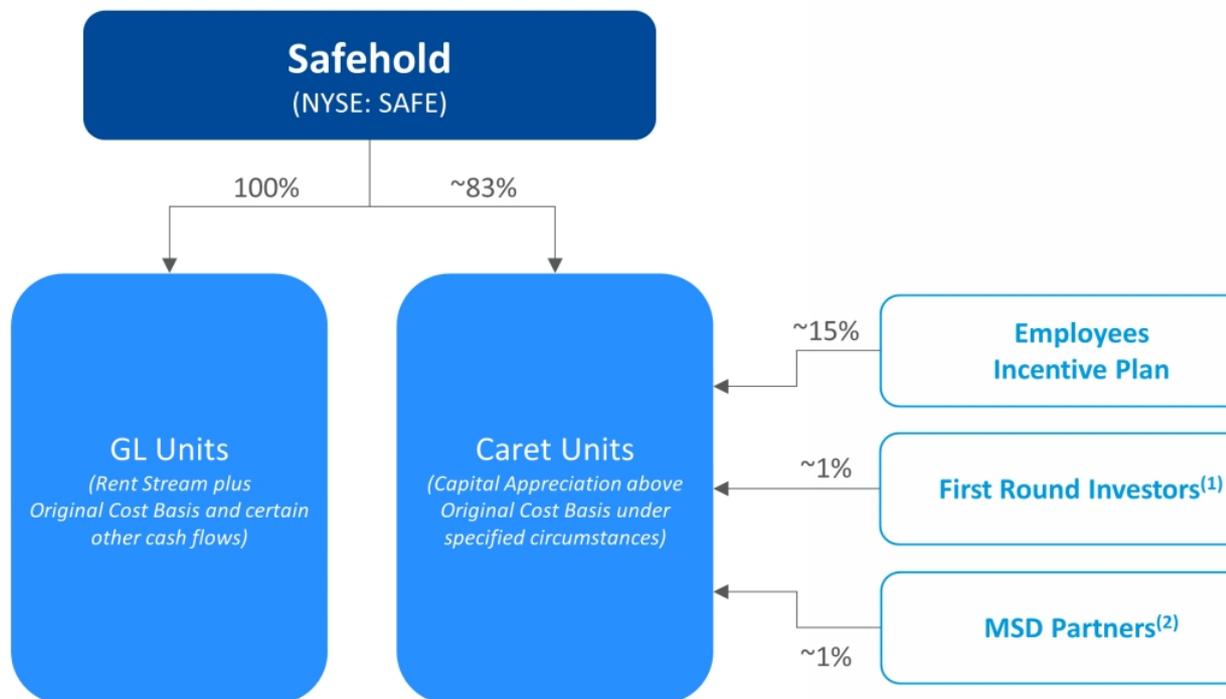
### Other Investors

The Other Investors section features two logos. On the left is Kevin Durant. On the right is Leading Sovereign Wealth.

Note: See page 19 for a breakdown of ownership.

(1) We are obligated to seek to provide a public market listing for the Caret Units by Q1'24. If we are unable to achieve a public market liquidity event at a value in excess of \$1.75b, investors in the initial round will have the right to cause the redemption of their Caret Units at their original purchase price.

# Caret Ownership Summary



Note: Caret unit percentages reflect percentage of 10,000,000 authorized units.

(1) Includes shares committed to be purchased.

(2) MSD Partners' ownership is subject to the closing of the business combination and Safehold shareholders' consent to certain Caret modifications.

# APPENDIX

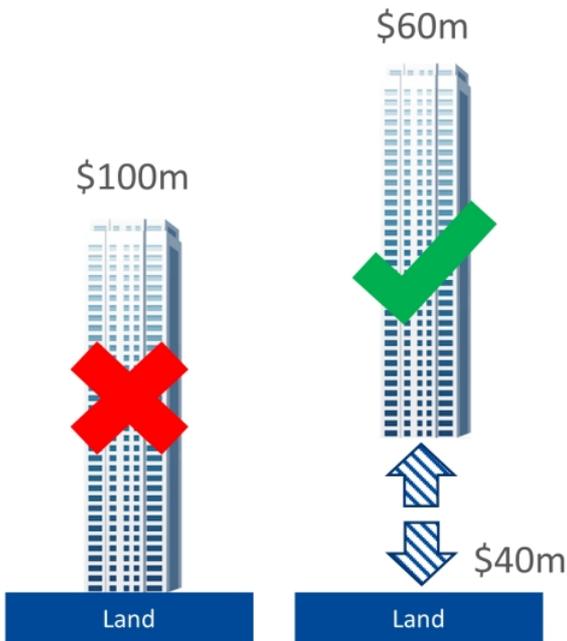
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# A Better Capital Solution

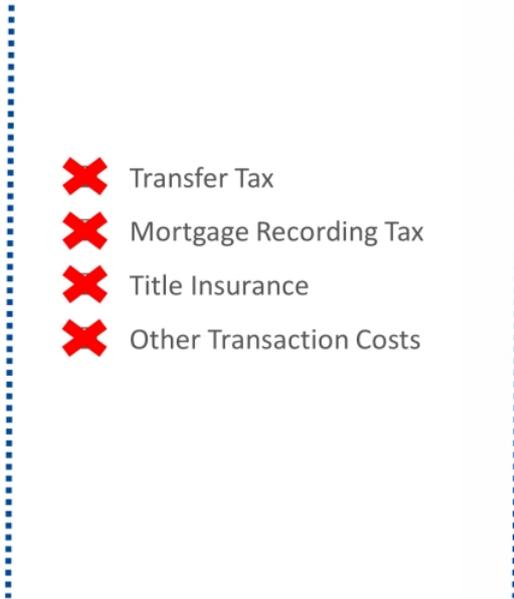
Making ground leases *modern, efficient, and value-enhancing* for building owners

Improved Capital Efficiency



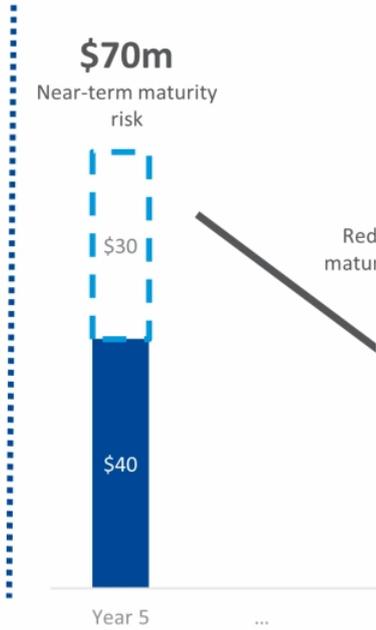
Buildings and land are different investments, most efficiently capitalized by different investors

Improved Cost Efficiency



Reduces friction costs associated with selling real estate by giving 40% of capital a long-term structure of up to 99 years

Significant Risk Reduction



Eliminates debt maturing by replacing it with a long-term structure of up to 99 years

# Internalized Management Creates Efficiency

Under identical acquisition and capitalization scenarios, internalization allows for maximized operating leverage without proportionate increase in overhead

**Status Quo External:**

- Management Fee <sup>(1)</sup>
- Expense Reimbursables
- Other Costs

**Management fee and expense reimbursables grow as the business expands**

**New Internalized:**

- Internalized Net G&A <sup>(2)</sup>  
(After SpinCo Management Fees)

**Significant operating leverage gained as New Safehold grows**

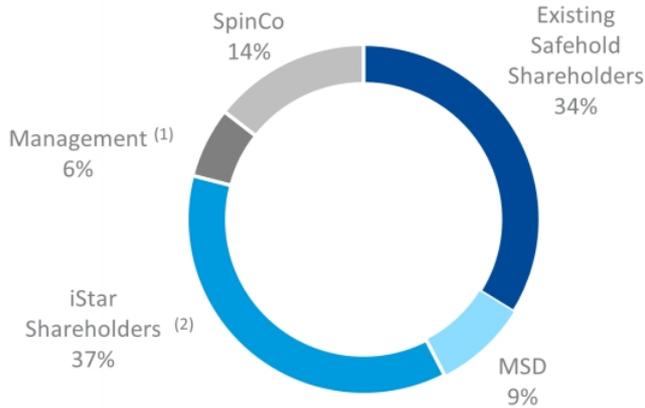


Note: \$ in millions. Numbers are illustrative. Status Quo External assumes \$1.25b origination volume per year capitalized using 2x debt-to-equity (equity proceeds raised June 30 each year), iStar Reimbursat \$22.5m, \$30m and \$30m in 2022-2026 and other overhead increases 2% per year.  
 (1) iStar receives a fee equal to 1.0% of total Safehold equity (as defined in the management agreement) up to \$1.5b; 1.25% of total Safehold equity (for incremental equity of \$1.5b - \$3.0b); 1.375% of total incremental equity of \$3.0b - \$5.0b); and 1.5% of total Safehold equity (for incremental equity over \$5.0b).  
 (2) Includes payroll, public company costs, occupancy, information technology, board grants and other G&A costs. Amounts are netted by SpinCo management fees of \$25m, \$15m, \$10m and \$5m in 2023-;

# Increased Float and Broader Shareholder Base

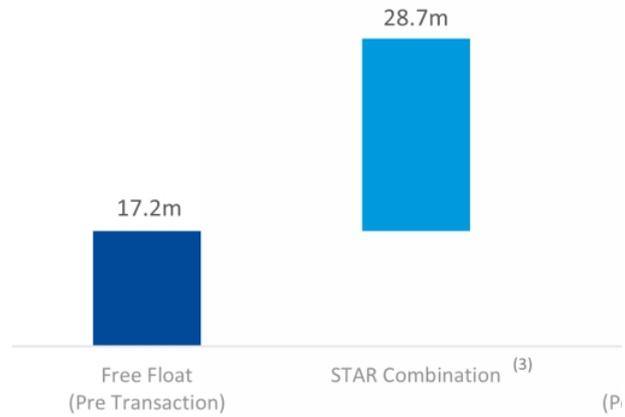
Transaction more than doubles Safehold's free float and diversifies its shareholder base

## New Safehold Shareholder Makeup



Diversifies shareholder base across Existing Safehold and iStar Shareholders, Management and SpinCo

## New Safehold Free Float



~2.5x increase in free float

Note: Assumes a SAFE share price of \$43.45 per share as of August 10, 2022.

(1) Based on figures compiled internally and includes estimated distributions associated with the transaction.

(2) Excludes shares of STAR held by management prior to transaction that will be exchanged for New Safehold (reflected in management ownership) and includes distribution of SAFE shares under iStar's long-term incentive plan to iStar employees not defined as executive management.

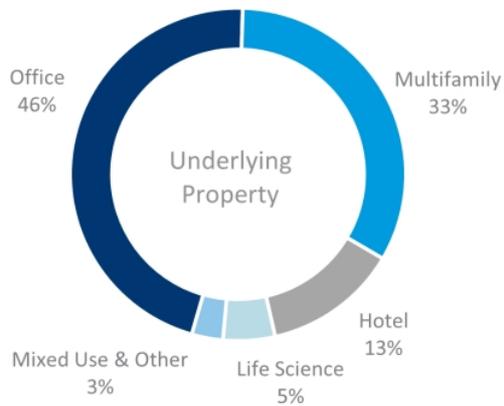
(3) Excludes shares issued to Company insiders.

Q2'22 Snapshot

# Portfolio Metrics

(Current Portfolio Gross Book Value: \$5,542m)

## Property Type



## Lease Term



## Credit Metrics<sup>(1)</sup>

W.A. Rent Coverage

**3.8x**

W.A. GLTV

**40%**

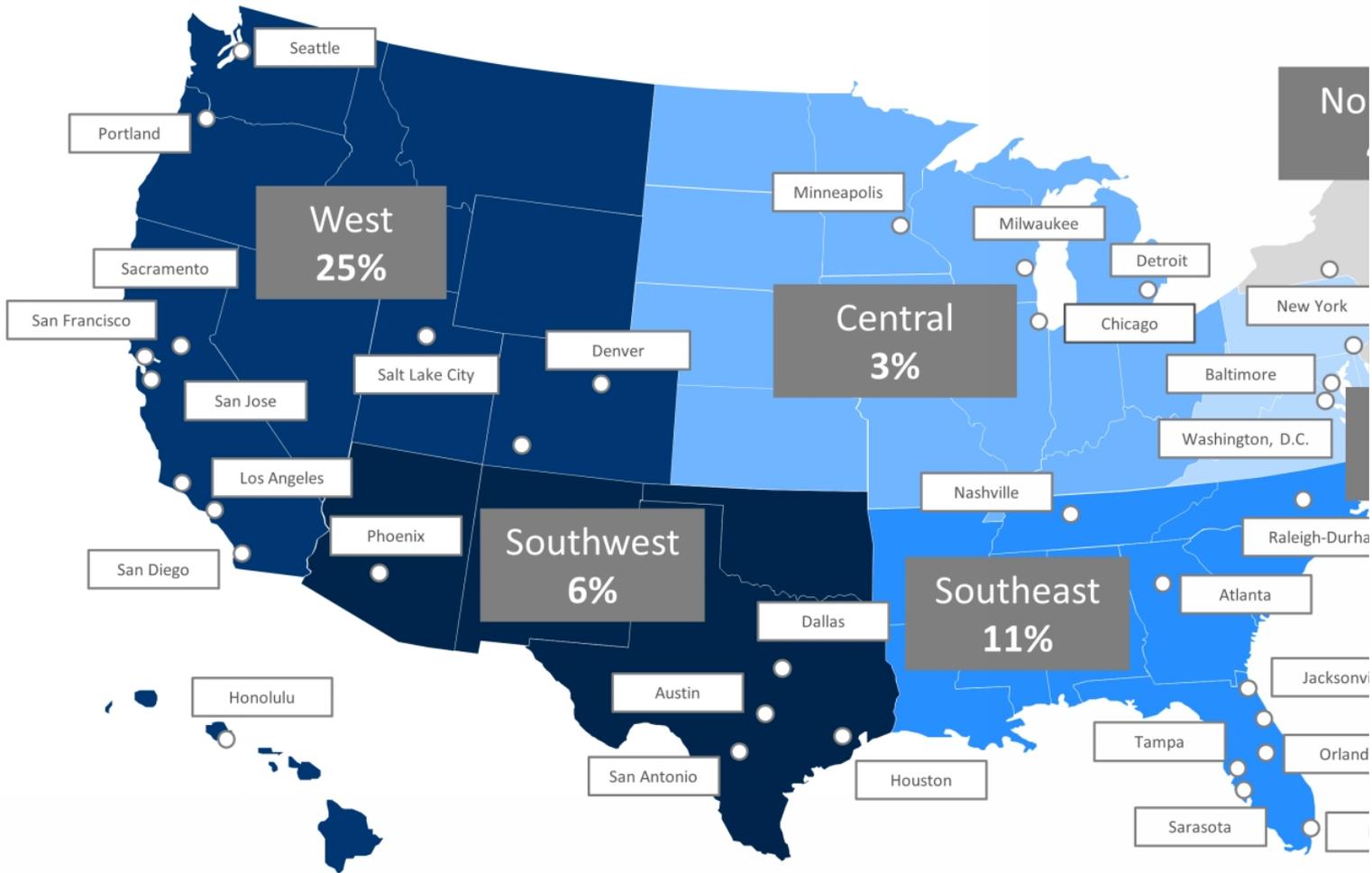
Note: Please see the "Important Note re COVID-19" in the front of this presentation for a statement about metrics this quarter.

(1) 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 third party appraisals and available market information, such as leasing activity at comparable properties in the relevant market.

Q2'22 Snapshot

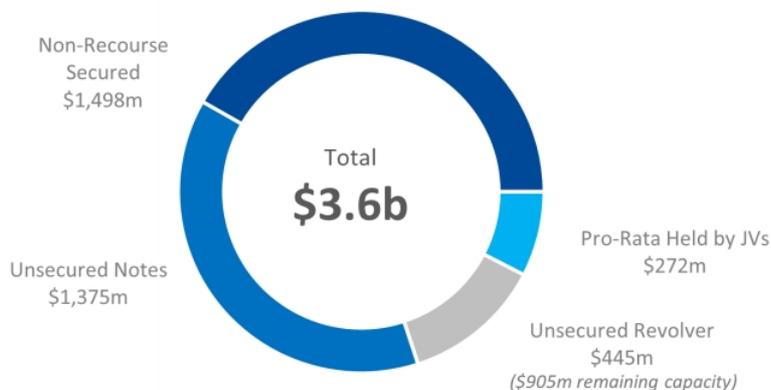
# Geographic Breakdown

(Current Portfolio Gross Book Value \$5,542m)



# Capital Structure

## Debt Overview



**24 year w.a. maturity<sup>(1)</sup>**

Debt and Liquidity Metrics	Q2 '22
Total debt	\$3,590m
Total book equity	\$2,037m
Equity market cap <sup>(2)</sup>	\$2,521m
<b>Total debt / book equity</b>	<b>1.8x</b>
<b>Total debt / equity market cap</b>	<b>1.4x</b>
Unencumbered assets	\$3,017m
Cash & credit facility availability	\$930m

## Capital Updates

**\$150m**

Closed and funded 5.15% unsecured notes with stairstep coupon; accrued principal due 2052

Years	Cash Rate
1-10	2.50%
11-20	3.75%
21-30	5.15%

### Interest Rates and Spreads<sup>(1)</sup>

Portfolio Annualized Yield

Effective Interest Rate

**Effective spread**

Portfolio Inflation Adjusted Yield<sup>(3)</sup>

Effective Interest Rate

**Effective spread**

Portfolio Annualized Cash Yield

Cash Interest Rate

**Cash spread**

(1) Excludes outstanding borrowings under the Company's unsecured revolving credit facility.

(2) Based on SAFE closing share price of \$40.62 on September 12, 2022.

(3) Assumes current FRED 30-yr Breakeven Inflation Rate of 2.29%. Federal Reserve Bank of St. Louis, 30-year Breakeven Inflation Rate, retrieved from FRED, Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/T30YIEM>, September 12, 2022. 5.1% without inflation adjustment.

## Income Statements

	For the three months ended June 30,		For the six months
	2022	2021	2022
<b>Revenues:</b>			
Interest income from sales-type leases	\$48,247	\$27,126	\$91,278
Operating lease income	16,452	16,964	33,418
Other income	185	123	551
<b>Total revenues</b>	<b>\$64,884</b>	<b>\$44,213</b>	<b>\$125,247</b>
<b>Costs and expenses:</b>			
Interest expense	\$30,266	\$19,160	\$55,586
Real estate expense	699	722	1,407
Depreciation and amortization	2,406	2,385	4,808
General and administrative	10,458	8,074	19,651
Other expense	596	21	705
<b>Total costs and expenses</b>	<b>\$44,425</b>	<b>\$30,362</b>	<b>\$82,157</b>
<b>Income from operations before other items</b>	<b>\$20,459</b>	<b>\$13,851</b>	<b>\$43,090</b>
Loss on early extinguishment of debt	-	-	-
Earnings from equity method investments	2,252	929	4,528
<b>Net income</b>	<b>\$22,711</b>	<b>\$14,780</b>	<b>\$47,618</b>
Net income attributable to noncontrolling interests	(33)	(48)	(67)
<b>Net income attributable to Safehold Inc.</b>			
<b>common shareholders</b>	<b>\$22,678</b>	<b>\$14,732</b>	<b>\$47,551</b>
<b>Weighted avg. share count (basic)</b>	<b>62,011</b>	<b>53,309</b>	<b>60,077</b>
<b>Weighted avg. share count (diluted)</b>	<b>62,011</b>	<b>53,321</b>	<b>60,077</b>
<b>Earnings per share (basic &amp; diluted)</b>	<b>\$0.37</b>	<b>\$0.28</b>	<b>\$0.79</b>

Note: Figures in thousands except for per share amounts.

# Balance Sheets

	June 30, 2022	December 31, 2021
<b>Assets:</b>		
Net investment in sales-type leases	\$2,911,681	\$2,412,716
Ground Lease receivables	1,235,744	796,252
Realestate:		
Realestate, at cost	740,971	740,971
Less: accumulated depreciation	(81,357)	(28,343)
Realestate, net	709,614	712,628
Realestate-related intangible assets, net	223,304	224,182
Total realestate, net and realestate-related intangible assets, net	932,918	936,810
Equity investments in Ground Leases	176,854	173,374
Cash and cash equivalents	25,002	29,619
Restricted cash	86,623	8,897
Deferred operating lease income receivable	133,123	117,311
Deferred expenses and other assets, net	40,588	40,747
<b>Total assets</b>	<b>\$5,542,533</b>	<b>\$4,515,726</b>
<b>Liabilities:</b>		
Accounts payable, accrued expenses, and other liabilities	\$147,775	\$67,592
Realestate-related intangible liabilities, net	65,010	65,429
Debt obligations, net	3,273,419	2,697,503
<b>Total liabilities</b>	<b>\$3,486,204</b>	<b>\$2,830,524</b>
Redeemable noncontrolling interests	\$19,000	-
<b>Equity:</b>		
Safehold Inc. shareholders' equity:		
Common stock	\$621	\$566
Additional paid-in capital	1,975,933	1,663,324
Retained earnings	85,405	59,368
Accumulated other comprehensive loss	(27,950)	(40,980)
<b>Total Safehold Inc. shareholders' equity</b>	<b>\$2,034,009</b>	<b>\$1,682,278</b>
Noncontrolling interests	\$3,320	\$2,924
<b>Total equity</b>	<b>\$2,037,329</b>	<b>\$1,685,202</b>
<b>Total liabilities, redeemable noncontrolling interests and equity</b>	<b>\$5,542,533</b>	<b>\$4,515,726</b>

Note: Figures in thousands.

# Portfolio Reconciliation

	IPO 6/22/17)	6/30/18	6/30/19	6/30/20
<b>Net investment in Sales-Type Leases</b>	-	-	\$160	\$1,045
<b>Ground Lease receivables</b>	-	-	-	\$477
<b>Pro-rata interest in Ground Leases held as equity method investments</b>	-	-	-	\$343
<b>Real estate, net (Operating Leases)</b>	<b>\$265</b>	<b>\$477</b>	<b>\$663</b>	<b>\$688</b>
Add: Accumulated depreciation	1	7	13	19
Add: Lease intangible assets, net	123	198	235	241
Add: Accumulated amortization	1	6	12	19
Add: Other assets	-	-	25	24
Less: Lease intangible liabilities, net	(51)	(58)	(58)	(57)
Less: Noncontrolling interest	-	(2)	(2)	(2)
<b>Gross Book Value</b>	<b>\$339</b>	<b>\$629</b>	<b>\$1,050</b>	<b>\$2,798</b>
Add: Forward Commitments	-	34	83	72
<b>Aggregate Gross Book Value</b>	<b>\$339</b>	<b>\$663</b>	<b>\$1,133</b>	<b>\$2,870</b>
Less: Accruals to net investment in leases and ground lease receivables	-	-	(1)	(24)
Less: Future acquisition commitments	-	-	-	-
<b>Aggregate Cost Basis</b>	<b>\$339</b>	<b>\$663</b>	<b>\$1,132</b>	<b>\$2,846</b>
Less: Forward Commitments	-	(34)	(83)	(72)
<b>Cost Basis</b>	<b>\$339</b>	<b>\$629</b>	<b>\$1,049</b>	<b>\$2,774</b>

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

# Unrealized Capital Appreciation Details

Refer to the Glossary in the Appendix for a definition of Owned Residual Portfolio, Unrealized Capital Appreciation (“UCA”), and “Combined Pro” (“CPV”). SAFE relies in part on CBRE’s appraisals of the CPV of our portfolio in calculating UCA. SAFE may utilize management’s estimate of CPV lease investments recently acquired that CBRE has not yet appraised. For unfunded commitments on construction deals, CPV represents the cost inclusive of the ground lease. For a Ground Lease in our portfolio, CBRE estimates its CPV by determining a hypothetical value of the as-improved property as of the date of the report, based on an assumed ownership structure different from the actual ownership structure. At our request, analysis does not take into account the in-place Ground Lease or other contractual obligations and is based on the hypothetical condition that the property is leased at market rent at stabilized levels, where applicable, as of the valuation date, without consideration of any costs to achieve stabilization or start-up and associated costs. In determining the CPV of each property, CBRE has utilized the sales comparison approach, based on sales of comparable properties adjusted for differences, and the income capitalization approach, based on the subject property’s income-producing capabilities. The assumptions used to determine values for these purposes vary by property type and are selected for use based on a number of factors, including information supplied by tenants, market data and other factors. We currently intend that the CPV associated with each Ground Lease in our portfolio will be valued approximately every 12 calendar months and no less frequently than every 24 months.

The calculation of the estimated UCA in our Owned Residual Portfolio is subject to a number of limitations and qualifications. We do not typically prepare financial statements prepared in accordance with U.S. GAAP for the commercial properties being operated on the land subject to our Ground Leases. In such cases, we are prohibited by confidentiality provisions in our Ground Leases from disclosing information that we receive from our tenants to CBRE. Additionally, we do not independently investigate or verify the information supplied by our tenants, but rather assume the accuracy and completeness of such information and the appropriateness of the accounting methodology or principles, assumptions, estimates and judgments made by our tenants in providing the information to us. Our calculation of UCA in our Owned Residual Portfolio is not subject to U.S. GAAP and will not be subject to an audit. We conduct rolling property valuations; therefore, our estimated UCA and CPV may not reflect current market conditions and may decline in the future. There can be no assurance that we will realize any incremental value from the UCA in our Owned Residual Portfolio or that the market value of our common stock will reflect any value attributable thereto. We will generally not be able to realize value from UCA through near term transactions as properties are leased to tenants pursuant to long-term leases. For more information on UCA, including additional limitations and qualifications, refer to our Current Report on Form 8-K filed with the SEC on August 3, 2022 and “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2021, as updated from time to time in our subsequent periodic reports, filed with the SEC.

We formed a subsidiary called Caret Ventures LLC that is structured to track and capture UCA to the extent UCA is realized upon expiration of our Ground Leases, sale of our land and Ground Leases or certain other specified events. Under a shareholder-approved plan, management was granted options to purchase Caret units, some of which remains subject to time-based vesting. See our 2021 proxy statement for additional information on the long-term incentive plan.

We announced on February 15, 2022 that we sold 108,571 Caret units and received a commitment for the sale of 28,571 Caret units for an aggregate price of \$1.7 million. Those 137,142 Caret units equal 1.37% of the authorized Caret units in Caret Ventures LLC, implying a total Caret unit valuation of \$1.7 million. As part of the sale, we are obligated to seek to provide a public market listing for the Caret units, or securities into which they may be exchanged, within two years. If we are unable to provide public market liquidity within the two years at a value in excess of the new investors’ basis, the investors have the right to cause us to redeem their Caret units at their original purchase price.

Additionally, we announced on August 11, 2022 that MSD Partners, L.P. subscribed to purchase 100,000 Caret units from SAFE for an aggregate price of \$20.0 million, conditioned on, among other things, the closing of the merger and spin-off and the implementation of certain changes to our corporate program.

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# 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 commi
<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
<b>Annualized Cash Yield</b>	Calculated as the annualized base Cash Rent plus Percentage Rent divided by Cost Basis.
<b>Annualized Yield</b>	Calculated as the annualized base Net Rent plus Percentage Rent divided by GBV.
<b>Cash Interest Rate</b>	The current cash interest rate of debt.
<b>Cash Rent</b>	Represents base ground lease income recognized excluding straight-line rent, amortization of lease intangibles, and non-cash income from sales-type lea
<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 th based on independent appraisals; however, the Company will use actual sales prices/management estimates for recently acquired and originated ground are not yet available. In relation to unfunded commitments, CPV represents the total cost associated with the acquisition, development, and constructio
<b>Cost Basis</b>	Represents the historical purchase price of an asset, including capitalized acquisition costs.
<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 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, di costs.
<b>GAAP Rent</b>	Current period revenue from operating and sales-type leases recognized under GAAP.
<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 t metric used in the loan market.
<b>Ground Lease Plus Commitment (GL+)</b>	Safehold's commitment or option to purchase ground leases from iStar or a third-party contingent on certain development and timing criteria.
<b>Inflation Adjusted Yield</b>	Computed similarly to effective yield on a bond, the Inflation Adjusted Yield is calculated using cash flows for the duration of the lease and a residual val land. The cash flows incorporate contractual fixed escalators and the impact of an assumed inflation scenario on variable rate escalators such as (i) CPI a lookbacks, (ii) percentage of revenues the building generates and/or (iii) periodic fair market valuations of the land. For CPI adjustments and CPI lookbac assumed inflation scenario for the duration of the leases. For ground leases that have other forms of inflation capture including fair market value resets building revenue, this metric assumes fair market value and building revenue increase by the assumed inflation scenario annually.
<b>Net Rent</b>	GAAP Rent less depreciation & amortization. This includes the amortization of a right of use asset recorded as real estate expense (totals \$1.0m annualiz proportionate share of GAAP rent and amortization from our equity method investment.
<b>Owned Residual Portfolio</b>	Represents the portfolio of properties under which Safehold owns a ground lease and reflects Safehold's right to the land, property and tenant improv 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 cash percentage rent paid by the property.
<b>Property NOI</b>	Represents the net operating income (NOI) of the building/Safehold's ground lease tenant prior to paying ground lease rent.
<b>Rent Coverage</b>	The ratio of Property NOI as provided by the building owner or estimated Property NOI to the annualized Cash Rent due to Safehold. The Company adjus non-recurring items and uses estimates of the stabilized Property NOI if it does not receive current tenant information and for properties under construc case based on leasing activity at the property and available market information, including leasing activity at comparable properties in the relevant marke
<b>Safehold™/Safehold™ Ground Lease</b>	A ground lease originated and structured by Safehold.
<b>Unrealized Capital Appreciation (UCA)</b>	Calculated as the difference between CPV and the portfolio's Aggregate Cost Basis. The Company tracks UCA because we believe it provides relevant info three key investment characteristics of our ground leases: (1) the safety of our position in a tenant's capital structure; (2) the quality of the long-term ca portfolio rent that increases over time; and (3) increases and decreases in CPV of the portfolio that will ultimately revert to us.