UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended

June 30, 2024

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission File No. 001-15371

Safehold Inc.
(Exact name of registrant as specified in its charter)

Maryland	**95-6881527**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
1114 Avenue of the Americas	
39th Floor	
New York , NY	**10036**
(Address of principal executive offices)	(Zip code)

Registrant's telephone number, including area code: **(212) 930-9400**

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

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding twelve months (or for such shorter period that the registrant was required to file such reports); and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated filer	Accelerated filer	Non-accelerated filer	Smaller reporting company	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. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

As of July 29, 2024, there were 71,435,951 shares, $0.01 par value per share, of Safehold Inc. common stock outstanding.

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PART I. CONSOLIDATED FINANCIAL INFORMATION

Item 1. Financial Statements

Safehold Inc.
Consolidated Balance Sheets(1)
(In thousands)
(unaudited)

	As of	
	June 30, 2024	**December 31, 2023**
ASSETS		
Net investment in sales-type leases ($1,522 and $465 of allowances as of June 30, 2024 and December 31, 2023, respectively)	$ 3,380,007	$ 3,255,195
Ground Lease receivables, net ($773 and $369 of allowances as of June 30, 2024 and December 31, 2023, respectively)	1,746,567	1,622,298
Real estate		
Real estate, at cost	740,971	744,337
Less: accumulated depreciation	(43,414)	(40,400)
Real estate, net	697,557	703,937
Real estate-related intangible assets, net	210,988	211,113
Real estate available and held for sale	9,654	9,711
Total real estate, net and real estate-related intangible assets, net and real estate available and held for sale	918,199	924,761
Loans receivable, net - related party ($2,356 and $2,429 of allowances as of June 30, 2024 and December 31, 2023, respectively)	112,247	112,111
Equity investments	243,302	310,320
Cash and cash equivalents	13,418	18,761
Restricted cash	8,604	27,979
Deferred tax asset, net	6,607	7,619
Deferred operating lease income receivable	195,444	180,032
Deferred expenses and other assets, net(2)	144,571	89,238
Total assets	$ 6,768,966	$ 6,548,314
LIABILITIES, REDEEMABLE NONCONTROLLING INTERESTS AND EQUITY		
Liabilities:		
Accounts payable, accrued expenses and other liabilities	$ 132,582	$ 134,518
Real estate-related intangible liabilities, net	63,338	63,755
Debt obligations, net	4,190,587	4,054,365
Total liabilities	4,386,507	4,252,638
Commitments and contingencies (refer to Note 10)		
Redeemable noncontrolling interests (refer to Note 3)	—	19,011
Equity:		
Safehold Inc. shareholders' equity:		
Common stock, $0.01 par value, 400,000 shares authorized, 71,435 and 71,077 shares issued and outstanding as of June 30, 2024 and December 31, 2023, respectively	714	711
Additional paid-in capital	2,191,354	2,184,299
Retained earnings	82,597	47,580
Accumulated other comprehensive income (loss)	38,239	(1,337)
Total Safehold Inc. shareholders' equity	2,312,904	2,231,253
Noncontrolling interests	69,555	45,412
Total equity	2,382,459	2,276,665
Total liabilities, redeemable noncontrolling interests and equity	$ 6,768,966	$ 6,548,314

(1) Refer to Note 2 for details on the Company's consolidated variable interest entities ("VIEs").
(2) As of June 30, 2024 and December 31, 2023, includes $5.2 million and $7.1 million, respectively, due from related parties.

The accompanying notes are an integral part of the consolidated financial statements.

Safehold Inc.
Consolidated Statements of Operations
(In thousands, except per share data)
(unaudited)

	For the Three Months Ended June 30, 2024	For the Three Months Ended June 30, 2023	For the Six Months Ended June 30, 2024	For the Six Months Ended June 30, 2023
Revenues:				
Interest income from sales-type leases	$ 65,235	$ 58,158	$ 128,453	$ 115,220
Operating lease income	16,691	16,750	37,694	37,651
Interest income - related party[1]	2,357	2,381	4,714	2,381
Other income[2]	5,612	8,372	12,247	8,738
Total revenues	89,895	85,661	183,108	163,990
Costs and expenses:				
Interest expense	49,107	46,055	97,738	86,929
Real estate expense	1,041	1,013	2,120	2,218
Depreciation and amortization	2,490	2,527	4,977	4,925
General and administrative[3]	12,276	18,916	27,904	33,983
Provision for (recovery of) credit losses	626	47	1,335	2,289
Other expense	359	1,274	450	15,363
Total costs and expenses	65,899	69,832	134,524	145,707
Income (loss) from operations before other items	23,996	15,829	48,584	18,283
Earnings (losses) from equity method investments	6,469	6,807	13,381	9,069
Net income (loss) before income taxes	30,465	22,636	61,965	27,352
Income tax expense	(910)	(525)	(1,381)	(525)
Net income (loss)	29,555	22,111	60,584	26,827
Net (income) loss attributable to noncontrolling interests	110	19	(191)	(15)
Net income (loss) attributable to Safehold Inc. common shareholders	$ 29,665	$ 22,130	$ 60,393	$ 26,812
Per common share data:				
Net income (loss)				
Basic	$ 0.42	$ 0.35	$ 0.85	$ 0.42
Diluted	$ 0.42	$ 0.35	$ 0.85	$ 0.42
Weighted average number of common shares:				
Basic	71,435	63,944	71,303	63,809
Diluted	71,462	63,944	71,351	63,809

(1) Refer to Note 6.
(2) For the three and six months ended June 30, 2024, includes $4.4 million and $9.9 million, respectively, of management fees from related parties. For both the three and six months ended June 30, 2023, includes $7.2 million of management fees from related parties.
(3) For the six months ended June 30, 2023, includes $8.3 million of general and administrative expenses incurred to related parties that includes management fees and expense reimbursements to the Former Manager (refer to Note 1).

The accompanying notes are an integral part of the consolidated financial statements.

Safehold Inc.
Consolidated Statements of Comprehensive Income (Loss)
(In thousands)
(unaudited)

	For the Three Months Ended June 30, 2024	For the Three Months Ended June 30, 2023	For the Six Months Ended June 30, 2024	For the Six Months Ended June 30, 2023
Net income (loss)	$ 29,555	$ 22,111	$ 60,584	$ 26,827
Other comprehensive income (loss):				
Reclassification of (gains) losses on derivatives into earnings	(1,688)	(902)	(3,302)	41
Unrealized gain (loss) on derivatives	13,469	34,221	42,878	5,797
Other comprehensive income (loss):	11,781	33,319	39,576	5,838
Comprehensive income (loss)	41,336	55,430	100,160	32,665
Comprehensive (income) loss attributable to noncontrolling interests	110	19	(191)	(15)
Comprehensive income (loss) attributable to Safehold Inc.	$ 41,446	$ 55,449	$ 99,969	$ 32,650

The accompanying notes are an integral part of the consolidated financial statements.

Safehold Inc.
Consolidated Statements of Changes in Equity
(In thousands)
(unaudited)

	Redeemable Noncontrolling Interests[1]	Common Stock at Par	Additional Paid-In Capital	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interests	Total Equity
Balance at March 31, 2024	$ 19,011	$ 714	$ 2,190,671	$ 65,630	$ 26,458	$ 46,038	$ 2,329,511
Net income (loss)	(576)	—	—	29,665	—	466	30,131
Issuance of common stock, net / amortization	—	—	683	—	—	(260)	423
Dividends declared ($0.177 per share)	—	—	—	(12,698)	—	—	(12,698)
Change in accumulated other comprehensive income (loss)	—	—	—	—	11,781	—	11,781
Contributions from noncontrolling interests	—	—	—	—	—	23,559	23,559
Distributions to noncontrolling interests	—	—	—	—	—	(248)	(248)
Redemption of noncontrolling interests	(18,435)	—	—	—	—	—	—
Balance at June 30, 2024	$ —	$ 714	$ 2,191,354	$ 82,597	$ 38,239	$ 69,555	$ 2,382,459
Balance at March 31, 2023	$ 19,011	$ 639	$ 2,031,026	$ 144,164	$ (24,200)	$ 27,498	$ 2,179,127
Net income (loss)	—	—	—	22,130	—	(19)	22,111
Issuance of common stock, net / amortization	—	—	3,652	—	—	488	4,140
Dividends declared ($0.177 per share)	—	—	—	(11,468)	—	—	(11,468)
Change in accumulated other comprehensive income (loss)	—	—	—	—	33,319	—	33,319
Contributions from noncontrolling interests	—	—	—	—	—	6,525	6,525
Distributions to noncontrolling interests	—	—	—	—	—	(12)	(12)
Balance at June 30, 2023	$ 19,011	$ 639	$ 2,034,678	$ 154,826	$ 9,119	$ 34,480	$ 2,233,742
Balance at December 31, 2023	$ 19,011	$ 711	$ 2,184,299	$ 47,580	$ (1,337)	$ 45,412	$ 2,276,665
Net income (loss)	(576)	—	—	60,393	—	767	61,160
Issuance of common stock, net / amortization	—	3	7,055	—	—	113	7,171
Dividends declared ($0.354 per share)	—	—	—	(25,376)	—	—	(25,376)
Change in accumulated other comprehensive income (loss)	—	—	—	—	39,576	—	39,576
Change in noncontrolling interests	—	—	—	—	—	—	—
Contributions from noncontrolling interests	—	—	—	—	—	23,682	23,682
Distributions to noncontrolling interests	—	—	—	—	—	(419)	(419)
Redemption of noncontrolling interests	(18,435)	—	—	—	—	—	—
Balance at June 30, 2024	$ —	$ 714	$ 2,191,354	$ 82,597	$ 38,239	$ 69,555	$ 2,382,459
Balance at December 31, 2022	$ 19,011	$ 624	$ 1,986,417	$ 151,226	$ 3,281	$ 4,056	$ 2,145,604
Impact from adoption of new accounting standard	—	—	—	(640)	—	—	(640)
Net income (loss)	—	—	—	26,812	—	15	26,827
Issuance of common stock, net / amortization	—	3	14,128	—	—	497	14,628
Dividends declared ($0.354 per share)	—	—	—	(22,572)	—	—	(22,572)
Change in accumulated other comprehensive income (loss)	—	—	—	—	5,838	—	5,838
Contributions from noncontrolling interests, net	—	—	(1,443)	—	—	30,439	28,996
Distributions to noncontrolling interests	—	—	—	—	—	(527)	(527)
Merger consideration (refer to Note 1 and Note 3)	—	12	35,576	—	—	—	35,588
Balance at June 30, 2023	$ 19,011	$ 639	$ 2,034,678	$ 154,826	$ 9,119	$ 34,480	$ 2,233,742

(1) Refer to Note 3.

The accompanying notes are an integral part of the consolidated financial statements.

Safehold Inc.
Consolidated Statements of Cash Flows
(In thousands)
(unaudited)

	For the Six Months Ended June 30,	
	2024	2023
Cash flows from operating activities:		
Net income (loss)	$ 60,584	$ 26,827
Adjustments to reconcile net income to cash flows from operating activities:		
Depreciation and amortization	4,977	4,925
Stock-based compensation expense	6,658	12,670
Deferred operating lease income	(15,411)	(15,630)
Non-cash interest income from sales-type leases	(44,420)	(41,084)
Non-cash interest expense	7,258	7,421
Amortization of real estate-related intangibles, net	1,155	1,152
Provision for credit losses	1,335	2,289
Earnings from equity method investments	(13,381)	(9,069)
Distributions from operations of equity method investments	9,578	1,860
Amortization of premium, discount and deferred financing costs on debt obligations, net	3,617	3,623
Non-cash management fees	—	5,199
Other operating activities	(3,785)	242
Changes in assets and liabilities:		
Changes in deferred expenses and other assets, net	2,120	(10,234)
Changes in accounts payable, accrued expenses and other liabilities	1,410	339
Cash flows provided by (used in) operating activities	21,695	(9,470)
Cash flows from investing activities:		
Origination/acquisition of net investment in sales-type leases and Ground Lease receivables	(180,649)	(130,744)
Origination of loans receivable, net	—	(114,450)
Payment for merger consideration	—	(88,685)
Cash and cash equivalents acquired upon merger	—	3,213
Contributions to equity method investments	(9,621)	(18,362)
Distributions from equity method investments	52,425	—
Funding reserves received from Ground Lease tenant net of disbursements	—	(218)
Net proceeds received from sale of real estate available and held for sale	3,332	1,631
Return of deposits on Ground Lease investments	536	—
Funding of cash collateral for debt obligations	(19,112)	—
Proceeds received from derivative transaction	9,687	—
Other investing activities	6,579	(8,211)
Cash flows provided by (used in) investing activities	(136,823)	(355,826)
Cash flows from financing activities:		
Proceeds from debt obligations	491,871	358,000
Repayments of debt obligations	(356,000)	—
Payments for deferred financing costs	(19,747)	(4,615)
Dividends paid to common shareholders	(25,310)	(22,144)
Payment of offering costs	(51)	(1,822)
Payments for withholding taxes upon vesting for stock-based compensation	(5,059)	—
Redemption of redeemable noncontrolling interests	(18,435)	—
Distributions to noncontrolling interests	(419)	(527)
Contributions from noncontrolling interests	23,560	30,439
Cash flows provided by (used in) financing activities	90,410	359,331
Changes in cash, cash equivalents and restricted cash	(24,718)	(5,965)
Cash, cash equivalents and restricted cash at beginning of period	46,740	48,390
Cash, cash equivalents and restricted cash at end of period	$ 22,022	$ 42,425
Reconciliation of cash and cash equivalents and restricted cash presented on the consolidated statements of cash flows		
Cash and cash equivalents	$ 13,418	$ 14,281
Restricted cash	8,604	28,144
Total cash and cash equivalents and restricted cash	$ 22,022	$ 42,425
Supplemental disclosure of cash flow information:		
Supplemental disclosure of non-cash investing and financing activity:		
Debt obligations assumed (refer to Note 3)	$ —	$ 99,995
Issuance of common stock for acquisition of assets (refer to Note 3)	—	35,588
Dividends declared to common shareholders	12,745	11,471
Non-cash interest accrued to debt balances	2,068	2,014
Accrued finance costs	661	—
Accrued offering costs	—	327
Real estate transferred to real estate available and held for sale	3,366	—

The accompanying notes are an integral part of the consolidated financial statements.

Safehold Inc.
Notes to Consolidated Financial Statements
(unaudited)

Note 1—Business and Organization

Business—On March 31, 2023, Safehold Inc. ("Old SAFE") merged with and into iStar (see Merger Transaction below), at which time Old SAFE ceased to exist and iStar continued as the surviving corporation and changed its name to "Safehold Inc." (the "Merger"). References to iStar refer to iStar prior to the Merger. For accounting purposes, the Merger is treated as a "reverse acquisition" in which iStar is considered the legal acquirer and Old SAFE is considered the accounting acquirer. Unless context otherwise requires, references to the "Company" refer to the business and operations of Old SAFE and its consolidated subsidiaries prior to the Merger and to Safehold Inc. (formerly known as iStar) and its consolidated subsidiaries following the consummation of the Merger.

The Company operates its business through one reportable segment by acquiring, managing and capitalizing ground leases. The Company also manages entities focused on ground leases (refer to Note 7) and a wholly-owned subsidiary of the Company serves as external manager to Star Holdings ("Star Holdings"), a Maryland statutory trust that holds the legacy non-ground lease assets previously held by iStar. Ground leases are long-term contracts between the landlord (the Company) and a tenant or leaseholder. Ground leases generally represent ownership of the land underlying commercial real estate projects that is net leased by the fee owner of the land to the owners/operators of the real estate projects built thereon ("Ground Leases"). Under a Ground Lease, the tenant is generally responsible for all property operating expenses, such as maintenance, real estate taxes and insurance and is also responsible for development costs and capital expenditures. Ground Leases are typically long-term (base terms ranging from 30 to 99 years, often with tenant renewal options) and have contractual base rent increases (either at a specified percentage or consumer price index ("CPI") based, or both) and sometimes include percentage rent participations. The Company's CPI lookbacks are generally capped between 3.0% - 3.5% and generally start between years 11 and 21 of the lease term. In the event cumulative inflation growth for the lookback period exceeds the cap, these rent adjustments may not keep up fully with changes in inflation.

The Company intends to target investments in long-term Ground Leases in which: (i) the initial cost of its Ground Lease represents 30% to 45% of the combined value of the land and buildings and improvements thereon as if there was no Ground Lease on the land ("Combined Property Value"); (ii) the ratio of property net operating income to the Ground Lease payment due the Company ("Ground Rent Coverage") is between 2.0x to 4.5x, and for this purpose the Company uses estimates of the stabilized property net operating income if it does not receive current tenant information and for properties under construction or in 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; and (iii) the Ground Lease contains contractual rent escalation clauses or percentage rent that participates in gross revenues generated by the commercial real estate on the land. As Ground Lease lessor, the Company typically has the right to regain possession of its land and take ownership of the buildings and improvements thereon upon tenant default and the termination of the Ground Lease on account of such default. The Company believes that the Ground Lease structure provides an opportunity for potential value accretion through the reversion to the Company, as the Ground Lease owner, of the buildings and improvements on the land at the expiration or earlier termination of the lease, for no additional consideration from the Company.

Prior to the Merger, Old SAFE was managed by SFTY Manager, LLC (the "Former Manager"), a wholly-owned subsidiary of iStar, pursuant to a management agreement. Old SAFE had no employees, as the Former Manager provided all services to it. Old SAFE relied on the extensive investment origination and sourcing platform of its Former Manager to actively promote the benefits of the Ground Lease structure to prospective Ground Lease tenants. Subsequent to the Merger, the Company is internally managed.

Organization—The Company is a Maryland corporation and its common stock is listed on the New York Stock Exchange ("NYSE") under the symbol "SAFE." The Company (then known as iStar) elected to be treated as a real estate investment trust ("REIT") for U.S. federal income tax purposes, commencing with the tax year ended December 31, 1998.

Safehold Inc.
Notes to Consolidated Financial Statements
(unaudited)

As part of a restructuring in connection with the Merger (the "Caret Restructuring"), Safehold Operating Partnership LP converted into a Delaware limited liability company and renamed itself "Safehold GL Holdings LLC" ("Portfolio Holdings"), with the Company as its managing member. The Company conducts all of its business and owns all of its properties through Portfolio Holdings. In addition, holders of Caret units in Old SAFE's subsidiary, Caret Ventures LLC ("Caret Ventures"), contributed their interests in Caret Ventures to Portfolio Holdings in return for Caret units issued by Portfolio Holdings. Following the restructuring, 100% of the equity interests in Caret Ventures is held by Portfolio Holdings. The Company, management of the Company, employees and former employees of the Company, affiliates of MSD Partners (as defined below) and other outside investors own the issued and outstanding equity of Portfolio Holdings.

Merger Transaction—On August 10, 2022, Old SAFE entered into an Agreement and Plan of Merger (the "Merger Agreement") with iStar, and on March 31, 2023, the Merger was completed in accordance with the terms of the Merger Agreement. For accounting purposes, the Merger was accounted for as a business combination using the acquisition method of accounting under Accounting Standards Codification ("ASC") 805, Business Combinations ("ASC 805") and treated as a "reverse acquisition" in which iStar is considered the legal acquirer and Old SAFE is considered the accounting acquirer. The Company considered the following relevant facts for this determination:

- At the time of the Merger closing, Old SAFE shareholders, excluding the Old SAFE shares held directly by iStar, members of iStar management and Star Holdings, control a majority of the voting interests in the Company and the combined company operates under the name "Safehold Inc.;"
- The composition of the combined company's board of directors, which includes three directors from Old SAFE, two directors from iStar, and two management members of both Old SAFE and iStar;
- Old SAFE was the larger entity by size when comparing the key metrics of total assets, total revenue and net income (loss) from continuing operations and allocable to common shareholders; and
- Substantially all of the assets and liabilities of the Company consist of the historical assets and liabilities of Old SAFE, and the go-forward business plan of the Company is to conduct the Ground Lease business conducted by Old SAFE prior to the Merger.

As a result, the historical financial statements of Old SAFE become the historical financial statements of the Company.

Immediately before the closing of the Merger, iStar separated its remaining legacy non-ground lease assets and businesses, approximately $50.0 million of cash, exclusive of working capital reserves and restricted cash, and approximately 13.5 million shares of Old SAFE common stock into Star Holdings by distributing to iStar's stockholders, on a pro rata basis, the issued and outstanding equity interests of Star Holdings (the "Spin-Off").

Other Merger related transactions

On August 10, 2022, iStar entered into an agreement (the "MSD Stock Purchase Agreement") with MSD Partners, L.P. ("MSD Partners") pursuant to which MSD Partners agreed to purchase 5,405,406 shares of Old SAFE's common stock then owned by iStar (the "MSD Stock Purchase") for an aggregate purchase price of approximately $200 million, or $37.00 per share, payable in cash. MSD Partners' rights and obligations under the MSD Stock Purchase Agreement were subsequently assigned to certain of its affiliates. The MSD Stock Purchase closed on March 31, 2023, shortly before the closing of the Merger. MSD Partners has the right to designate an observer to the board of directors of the Company, a top-up right on future equity issuances (subject to certain exceptions) and registration rights. MSD Partners is subject to a customary standstill and certain restrictions on sales of its shares of the Company's common stock.

Safehold Inc.
Notes to Consolidated Financial Statements
(unaudited)

On August 10, 2022, MSD Partners also agreed to purchase 100,000 Caret units (refer to Note 12) from the Company for an aggregate purchase price of $20.0 million (the “MSD Caret Purchase”). MSD Partners received a credit against their purchase price for Caret units equal to the amount they would have received had they held Caret units at the time of a December 2022 distribution to other Caret unit holders, which was equal to $0.6 million. MSD Partners’ rights and obligations under the purchase agreement were subsequently assigned to certain of its affiliates. The closing of the MSD Caret Purchase took place in conjunction with the closing of the Merger on March 31, 2023.

Star Holdings was capitalized in part with an 8.0%, four-year term loan from the Company having an initial principal amount of $115.0 million, as well as SOFR plus 3.00% bank debt with an initial principal balance of $140.0 million from Morgan Stanley Bank, N.A. which is secured by approximately 13.5 million shares of the Company (refer to Note 6).

In connection with the Spin-Off, Safehold Management Services Inc. (“SpinCo Manager”), a Delaware corporation and a subsidiary of the Company, entered into a management agreement with Star Holdings effective as of March 31, 2023, pursuant to which SpinCo Manager will continue to operate and pursue the orderly monetization of Star Holding’s assets. Star Holdings paid SpinCo Manager an annual management fee of $25.0 million for the term ended March 31, 2024, and will pay an annual fee of $15.0 million for the term ended March 31, 2025. The annual fee declines to $10.0 million and $5.0 million, respectively, for each of the following annual terms, and adjusts to 2.0% of the gross book value of Star Holdings’ assets, excluding shares of the Company’s common stock, thereafter. The Company and Star Holdings also entered into a governance agreement that places certain restrictions on the transfer and voting of the shares of the Company owned by Star Holdings, and a registration rights agreement under which the Company agreed to register such shares for resale in accordance with applicable securities laws.

Note 2—Basis of Presentation and Principles of Consolidation

Basis of Presentation—The accompanying unaudited condensed consolidated financial statements have been prepared in conformity with the instructions to Form 10-Q and Article 10-01 of Regulation S-X for interim financial statements. Accordingly, they do not include all the information and footnotes required by generally accepted accounting principles in the United States of America (“GAAP”) for complete financial statements. These unaudited consolidated financial statements and related notes should be read in conjunction with the consolidated financial statements and related notes included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2023 (the “2023 Annual Report”).

The preparation of these consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

In the opinion of management, the accompanying consolidated financial statements contain all adjustments consisting of normal recurring adjustments necessary for a fair statement of the results for the interim periods presented. Such operating results may not be indicative of the expected results for any other interim periods or the entire year.

Principles of Consolidation—The consolidated financial statements include the accounts and operations of the Company, its wholly-owned subsidiaries and VIEs for which the Company is the primary beneficiary. All intercompany balances and transactions have been eliminated in consolidation.

Consolidated VIEs—The Company consolidates VIEs for which it is considered the primary beneficiary. As of June 30, 2024, the total assets of these consolidated VIEs were $75.2 million and total liabilities were $30.0 million. The classifications of these assets are primarily within “Net investment in sales-type leases,” “Real estate, net,” “Real estate-related intangible assets, net” and “Deferred operating lease income receivable” on the Company’s consolidated balance sheets. The classifications of liabilities are primarily within “Debt obligations, net” and “Accounts payable, accrued expenses and other liabilities” on the Company’s consolidated balance sheets. The liabilities of these VIEs are non-recourse to the Company and can only be satisfied from each VIE’s respective assets. The Company has provided no financial support to VIEs that it was not previously contractually required to provide and did not have any unfunded commitments related to consolidated VIEs as of June 30, 2024.

Note 3—Summary of Significant Accounting Policies

Significant Accounting Policies

Fair Values—The Company is required to disclose fair value information with regard to its financial instruments, whether or not recognized in the consolidated balance sheets, for which it is practical to estimate fair value. The Financial Accounting Standards Board (“FASB”) guidance defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. The following fair value hierarchy prioritizes the inputs to be used in valuation techniques to measure fair value: Level 1: unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities; Level 2: quoted prices in markets that are not active, or inputs which are observable, either directly or indirectly, for substantially the full term of the asset or liability; and Level 3: prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (i.e., supported by little or no market activity). The Company determines the estimated fair values of financial assets and liabilities based on a hierarchy that distinguishes between market participant assumptions based on market data obtained from sources independent of the Company and the Company’s own assumptions about market participant assumptions.

The following table presents the carrying value and fair value for the Company’s financial instruments ($ in millions):

	As of June 30, 2024		As of December 31, 2023	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Assets				
Net investment in sales-type leases[1]	$ 3,380	$ 3,547	$ 3,255	$ 3,118
Ground Lease receivables[1]	1,747	1,910	1,622	1,603
Loans receivable, net - related party[1]	112	114	112	114
Cash and cash equivalents[2]	13	13	19	19
Restricted cash[2]	9	9	28	28
Liabilities				
Debt obligations, net[1]				
Level 1	1,035	919	739	617
Level 3	3,156	2,585	3,315	2,874
Total debt obligations, net	4,191	3,504	4,054	3,491

(1) The fair value of the Company’s net investment in sales-type leases, Ground Lease receivables and loans receivable, net – related party are classified as Level 3 within the fair value hierarchy. The fair value of the Company’s debt obligations traded in secondary markets are classified as Level 1 within the fair value hierarchy and the fair value of the Company’s debt obligations not traded in secondary markets are classified as Level 3 within the fair value hierarchy.

(2) The Company determined the carrying values of its cash and cash equivalents and restricted cash approximated their fair values and are classified as Level 1 within the fair value hierarchy.

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Redeemable Noncontrolling Interests—In February 2022, the Company sold 108,571 Caret units (refer to Note 12) for $19.0 million to third-party investors and received a commitment from an existing shareholder (which is affiliated with one of the Company's independent directors) for the purchase of 28,571 Caret units for $5.0 million (which did not close). As part of the sale, the Company agreed to use commercially reasonable efforts to provide public market liquidity for such Caret units by seeking to provide a listing of the Caret units, or securities into which they may be exchanged, within two years of the sale. Because public market liquidity was not achieved by February 2024, the investors in the February 2022 transaction had the right to cause their Caret units purchased in February 2022 to be redeemed by Portfolio Holdings at their original purchase price less the amount of distributions previously made on such units. During the three months ended March 31, 2024, the redemption option was extended to April 2024. In April 2024, all of the investors in the February 2022 transaction exercised this right and elected to have their Caret units redeemed at the original purchase price less the amount of distributions previously made on such units.

The Company classified these redeemable Caret units in accordance with Accounting Standards Codification ("ASC") 480: Distinguishing Liabilities from Equity. ASC 480-10-S99-3A requires that equity securities redeemable at the option of the holder be classified outside of permanent stockholders' equity. The Company classified redeemable Caret units as "Redeemable noncontrolling interests" in its consolidated balance sheets and consolidated statements of changes in equity. The redeemable noncontrolling interest's carrying amount was equal to the higher of (i) the initial carrying amount, increased or decreased for the redeemable noncontrolling interest's share of net income or loss and dividends; or (ii) the redemption value.

Acquisitions—The Company evaluates each acquisition transaction to determine whether the acquired asset meets the definition of a business. Under ASC 805, an acquisition does not qualify as a business when (i) substantially all of the fair value is concentrated in a single identifiable asset or group of similar identifiable assets; (ii) the acquisition does not include a substantive process in the form of an acquired workforce; or (iii) there is an acquired contract that cannot be replaced without significant cost, effort or delay. Acquisitions of a business are accounted for as business combinations and other acquisition transactions are accounted for as asset acquisitions. Transaction costs related to asset acquisitions are capitalized as part of the cost basis of the acquired assets, while transaction costs related to business combinations are expensed as incurred.

The Company's acquisition of iStar in 2023 was accounted for as a business combination. For business combinations, the Company recognizes and measures identifiable assets acquired, liabilities assumed and any noncontrolling interest in the acquiree at their fair values on the Company's consolidated balance sheets. In a business combination, the difference, if any, between the purchase consideration and the fair value of identifiable net assets acquired is either recorded as goodwill or as a bargain purchase gain.

Fair values are based on available information including discounted cash flow analysis or similar fair value models. Fair value estimates are also made using significant assumptions such as capitalization rates, discount rates, fair market lease rates and other market data. The fair value of the Company's interests in equity investments acquired is calculated using the fair value of the investments held by the venture, which are valued using methods as described above, and considers the Company's economics in the venture.

The fair value of financial instruments, which could include loans receivable or net investment in sales-type leases, is based on current market conditions and loan or lease agreements in place. The fair value of tangible assets, which could include land, buildings, building improvements and tenant improvements is determined as if these assets are vacant. Intangible assets may include the value of right of use lease assets, above-market leases and in-place leases. As lessee, right of use lease assets and lease liabilities are measured at the present value of lease payments not yet paid, discounted at the implied rate charged by the lessor if that rate is readily determinable, or if that rate is not readily determinable, the Company's incremental borrowing rate, as of the date of the acquisition. As lessee, operating lease

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right of use assets are included in “Deferred expenses and other assets, net” and operating lease liabilities are recorded in “Accounts payable, accrued expenses and other liabilities” on the Company’s consolidated balance sheets. As lessee, above-market operating lease intangibles and below-market lease assets are each recorded at their fair values and included in “Deferred expenses and other assets, net” on the Company’s consolidated balance sheets.

The table below shows the Company’s purchase consideration for the acquisition of iStar ($ in thousands):

Total Company shares as purchase price[1]		1,195,034
Stock price of the Company’s common stock[2]	$	29.78
Fair value of the Company's stock transferred		35,588
Cash consideration paid by the Company to iStar		88,685
Purchase consideration	$	124,273

(1) The total post-Merger shares of the Company to be held by iStar shareholders includes 12.7 million shares that were issued as consideration for the investment in Old SAFE previously held by iStar as of March 30, 2023 that were retired in connection with the Merger. Accordingly, these shares are excluded from the purchase consideration as they are reflected as a treasury stock repurchase and retirement by Old SAFE.
(2) Based on the closing price of Old SAFE’s common stock as of March 30, 2023, representing the final closing price prior to the effective time of the Merger.

The Merger was accounted for as a business combination pursuant to ASC 805 and all Merger related costs were expensed as incurred. The Company recorded $0.1 million of Merger expenses and $0.3 million of related non-recurring charges during the three months ended June 30, 2023 in “Other expense” in the Company’s consolidated statements of operations. The Company recorded $18.9 million of Merger expenses during the six months ended June 30, 2023, of which $14.1 million was recorded in “Other expense” and $4.8 million was recorded in “General and administrative” in the Company’s consolidated statements of operations. During the six months ended June 30, 2023, the Company also recorded $0.9 million of related non-recurring charges in “Other expense” and a provision for credit losses of $2.3 million on the Secured Term Loan Facility (refer to Note 6) which was originated at the time of the Merger in conjunction with the Spin-Off. Excluding $3.0 million of related non-recurring charges and the $2.3 million provision for credit losses on the Secured Term Loan Facility, the Company has incurred $26.6 million of Merger expenses.

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The following table sets forth the preliminary allocation as of March 31, 2023 of the purchase consideration to the fair values of identifiable tangible and intangible assets acquired and liabilities assumed, recognized as a result of the acquisition described in Note 1 above, measurement period adjustments and a final allocation of the purchase consideration ($ in thousands):

	Preliminary Purchase Price Allocation	Measurement Period Adjustments	Final Purchase Price Allocation
Cash and cash equivalents	$ 3,213	$ —	$ 3,213
Real estate	1,508	—	1,508
Equity investments(1)	61,247	—	61,247
Deferred tax asset(2)	—	6,292	6,292
Deferred expenses and other assets(2)(3)	25,442	6,480	31,922
Total assets acquired	91,410	12,772	104,182
Accounts payable, accrued expenses and other liabilities(2)(4)	(22,939)	(2,340)	(25,279)
Debt obligations(5)	(99,995)	—	(99,995)
Total liabilities assumed	(122,934)	(2,340)	(125,274)
Net identifiable (liabilities assumed) assets acquired	(31,524)	10,432	(21,092)
Purchase consideration	$ 124,273	$ —	$ 124,273
Add: net identifiable liabilities assumed	31,524	(10,432)	21,092
Goodwill(6)	155,797	(10,432)	145,365

(1) Equity investments were valued using discount rates between 7.2% and 13.9% and are classified as Level 3 within the fair value hierarchy.

(2) During the three months ended June 30, 2023, the Company recorded a deferred tax asset in the amount of $6.3 million, net of a valuation allowance in the amount of $2.8 million, and reduced goodwill by $6.3 million. The net deferred tax asset relates to net operating loss carryovers to which the Company's taxable REIT subsidiary is a successor and were finalized upon filing tax returns subsequent to the Merger for periods prior to the Merger. During the three months ended September 30, 2023, the Company recognized $6.5 million of deferred expenses and other assets related to final state tax receivables and $2.3 million in accounts payable, accrued expenses and other liabilities as a result of finalizing its tax returns which produced additional information not available at the time of the Merger. The following table presents a rollforward of the Company's goodwill:

Balance at December 31, 2022	$ —
Goodwill recognized at Merger	155,797
Reduction to goodwill resulting from measurement period adjustments	(10,432)
Impairment	(145,365)
Balance at December 31, 2023	$ —

(3) Deferred expenses and other assets includes $11.0 million attributable to operating lease right of use assets, $4.7 million attributable to prepaid expenses resulting from the settlement of iStar's compensation plans, $2.1 million attributable to in-place prepaid contracts, $1.3 million attributable to office furniture and equipment and $6.3 million attributable to other receivables.

(4) Accounts payable, accrued expenses and other liabilities primarily includes a $14.2 million operating lease liability. In addition, under the Merger Agreement, iStar was required to fund its share of merger-related costs and to provide sufficient cash to fund any unresolved corporate obligations and accrued liabilities or costs yet-to-be incurred prior to the Merger. Accounts payable, accrued expenses and other liabilities includes approximately $8.7 million of obligations assumed from iStar, which are offset with corresponding amounts in cash and cash equivalents and amounts receivable in deferred expenses and other assets, net sufficient to settle such obligations.

(5) Debt obligations were valued using a discount rate of 6.7% and are classified as Level 3 within the fair value hierarchy.

(6) Goodwill is calculated as the excess of purchase consideration over the fair value of the net identifiable assets acquired and primarily relates to the acquisition of iStar's workforce and future synergies expected to be realized after the completion of the Merger.

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The following table summarizes the Company's pro forma revenues and net income (loss) for the three and six months ended June 30, 2023 as if the Merger described in Note 1 was completed on January 1, 2022 ($ in thousands):(1)

	Three Months Ended June 30, 2023	Six Months Ended June 30, 2023
Pro forma revenues	$ 85,661	$ 182,917
Pro forma net income	22,111	56,434

(1) The pro forma revenues and net income are presented for informational purposes only and may not be indicative of what the actual results of operations of the Company would have been assuming the transaction occurred on January 1, 2022, nor do they purport to represent the Company's results of operations for future periods. From the date of the Merger closing through June 30, 2023, $0.1 million of total revenues and $4.6 million of net income of the acquiree are included in the Company's consolidated statements of operations.

New accounting pronouncements—In August 2023, the FASB issued ASU 2023-05, Business Combinations - Joint Venture Formations (Subtopic 805-60): Recognition and Initial Measurement ("ASU 2023-05"). ASU 2023-05 requires a joint venture to initially measure all contributions received upon its formation at fair value and is effective for all joint venture entities with a formation date on or after January 1, 2025. ASU 2023-05 is to be applied on a prospective basis, while retrospective application can be elected for joint ventures formed before the effective date. The Company is currently evaluating ASU 2023-05 but does not expect this standard to have a material impact on its consolidated financial statements.

In November 2023, the FASB issued ASU 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures ("ASU 2023-07"). ASU 2023-07 improves disclosures for reportable segments primarily through enhanced disclosures about significant segment expenses. ASU 2023-07 is effective on a retrospective basis for annual periods beginning after December 15, 2023 and for interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted. The Company is currently evaluating ASU 2023-07 but does not expect the adoption of ASU 2023-07 to have a material impact on its consolidated financial statements.

In December 2023, the FASB issued ASU No. 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures ("ASU 2023-09"). ASU 2023-09 requires greater disaggregation of information in the rate reconciliation, income taxes paid disaggregated by jurisdiction and certain other amendments to improve income tax disclosures. The amendments in ASU 2023-09 are effective for fiscal years beginning after December 15, 2024. Early adoption is permitted. The Company is currently evaluating ASU 2023-09 but does not expect this standard to have a material impact on its consolidated financial statements.

Note 4—Net Investment in Sales-type Leases and Ground Lease Receivables

The Company classifies certain of its Ground Leases as sales-type leases and records the leases within "Net investment in sales-type leases" on the Company's consolidated balance sheets and records interest income in "Interest income from sales-type leases" in the Company's consolidated statements of operations. In addition, the Company may enter into transactions whereby it acquires land and enters into Ground Leases directly with the seller. These Ground Leases qualify as sales-type leases and, as such, do not qualify for sale leaseback accounting and are accounted for as financing receivables in accordance with ASC 310 - Receivables and are included in "Ground Lease receivables" on the Company's consolidated balance sheets. The Company records interest income from Ground Lease receivables in "Interest income from sales-type leases" in the Company's consolidated statements of operations.

In May 2023, the Company entered into a joint venture with a sovereign wealth fund, which is also an existing shareholder, focused on new acquisitions for certain Ground Lease investments. The Company committed approximately $275 million for a 55% controlling interest in the joint venture and the sovereign wealth fund committed approximately $225 million for a 45% noncontrolling interest in the joint venture. Each party's commitment is discretionary. The joint venture is a voting interest entity and the Company consolidates the joint venture in its financial statements due to its controlling interest. The Company's joint venture partners' interest is recorded in "Noncontrolling interests" on the Company's consolidated balance sheets. The Company receives a management fee, measured on an asset-by-asset basis, equal to 25 basis points on invested equity for such asset for the first five years following its acquisition, and 15 basis points on invested equity thereafter. The Company will also receive a promote of 15% over a 9% internal rate of return, subject to a 1.275x multiple on invested capital. The venture has first look rights on qualifying investments for 18 months. Since formation, the joint venture acquired eight Ground Leases for an aggregate purchase price of $146.7 million, of which $88.9 million has been funded as of June 30, 2024.

In January 2024, the Company acquired a Ground Lease from the Ground Lease Plus Fund for $38.3 million, excluding $36.5 million funded by the Company pursuant to a leasehold improvement allowance (refer to Note 14).

The Company's net investment in sales-type leases were comprised of the following ($ in thousands):

	June 30, 2024	December 31, 2023
Total undiscounted cash flows[1]	$ 32,029,582	$ 30,586,189
Unguaranteed estimated residual value[1]	2,993,536	2,946,928
Present value discount	(31,641,589)	(30,277,457)
Allowance for credit losses	(1,522)	(465)
Net investment in sales-type leases[2]	$ 3,380,007	$ 3,255,195

(1) As of June 30, 2024, total discounted cash flows were approximately $3,350 million and the discounted unguaranteed estimated residual value was $31.2 million. As of December 31, 2023, total discounted cash flows were approximately $3,225 million and the discounted unguaranteed estimated residual value was $30.4 million.
(2) As of June 30, 2024 and December 31, 2023, $16.5 million and $16.4 million, respectively, was attributable to noncontrolling interests.

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The following table presents a rollforward of the Company's net investment in sales-type leases and Ground Lease receivables for the six months ended June 30, 2024 and 2023 ($ in thousands):

Six Months Ended June 30, 2024	Net Investment in Sales-type Leases	Ground Lease Receivables	Total
Beginning balance	$ 3,255,195	$ 1,622,298	$ 4,877,493
Origination/acquisition/fundings[1]	95,916	110,206	206,122
Accretion	29,953	14,467	44,420
(Provision for) recovery of credit losses	(1,057)	(404)	(1,461)
Ending balance[2]	$ 3,380,007	$ 1,746,567	$ 5,126,574

Six Months Ended June 30, 2023	Net Investment in Sales-type Leases	Ground Lease Receivables	Total
Beginning balance	$ 3,106,599	$ 1,374,716	$ 4,481,315
Impact from adoption of new accounting standard	(351)	(199)	(550)
Origination/acquisition/fundings[1]	33,122	97,948	131,070
Accretion	28,579	12,505	41,084
(Provision for) recovery of credit losses	15	(22)	(7)
Ending balance[2]	$ 3,167,964	$ 1,484,948	$ 4,652,912

(1) The net investment in sales-type leases is initially measured at the present value of the fixed and determinable lease payments, including any guaranteed or unguaranteed estimated residual value of the asset at the end of the lease, discounted at the rate implicit in the lease. For newly originated or acquired Ground Leases, the Company's estimate of residual value equals the fair value of the land at lease commencement.

(2) As of June 30, 2024 and December 31, 2023, all of the Company's net investment in sales-type leases and Ground Lease receivables were current in their payment status. As of June 30, 2024, the Company's weighted average accrual rate for its net investment in sales-type leases and Ground Lease receivables was 5.3% and 5.5%, respectively. As of June 30, 2024, the weighted average remaining life of the Company's 39 Ground Lease receivables was 97.7 years.

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Allowance for Credit Losses—Changes in the Company's allowance for credit losses on net investment in sales-type leases for the three and six months ended June 30, 2024 and 2023 were as follows ($ in thousands):

	Net investment in sales-type leases			
Three Months Ended June 30, 2024	Stabilized Properties	Development Properties	Unfunded Commitments	Total
Allowance for credit losses at beginning of period	$ 712	$ 195	$ 11	$ 918
Provision for (recovery of) credit losses(1)	719	(104)	(10)	605
Allowance for credit losses at end of period(2)	$ 1,431	$ 91	$ 1	$ 1,523
Three Months Ended June 30, 2023				
Allowance for credit losses at beginning of period	$ 255	$ 70	$ 1	$ 326
Provision for (recovery of) credit losses(1)	4	7	—	11
Allowance for credit losses at end of period(2)	$ 259	$ 77	$ 1	$ 337
Six Months Ended June 30, 2024				
Allowance for credit losses at beginning of period	$ 387	$ 78	$ —	$ 465
Provision for (recovery of) credit losses(1)	1,044	13	1	1,058
Allowance for credit losses at end of period(2)	$ 1,431	$ 91	$ 1	$ 1,523
Six Months Ended June 30, 2023				
Allowance for credit losses at beginning of period	$ —	$ —	$ —	$ —
Impact from adoption of new accounting standard (3)	280	71	6	357
Provision for (recovery of) credit losses(1)	(21)	6	(5)	(20)
Allowance for credit losses at end of period(2)	$ 259	$ 77	$ 1	$ 337

(1) During the three and six months ended June 30, 2024, the Company recorded a provision for credit losses on net investment in sales-type leases of $0.6 million and $1.1 million, respectively. The provision for credit losses was due primarily to current market conditions, including an increase in the Ground Lease cost to value ratio on the Company's portfolio of Ground Leases since March 31, 2024 and December 31, 2023. During the three and six months ended June 30, 2023, the Company recorded a provision for (recovery of) credit losses on net investment in sales-type leases of $11 thousand and ($20) thousand, respectively. The provision for credit losses for the three months ended June 30, 2023 was due primarily to a declining macroeconomic forecast since March 31, 2023. The recovery of credit losses for the six months ended June 30, 2023 was due primarily to an improving macroeconomic forecast since December 31, 2022.

(2) Allowance for credit losses on unfunded commitments is recorded in "Accounts payable and accrued expenses" on the Company's consolidated balance sheets.

(3) On January 1, 2023, the Company recorded an allowance for credit losses on net investment in sales-type leases of $0.4 million upon the adoption of ASU 2016-13, of which an aggregate of $6 thousand related to expected credit losses for unfunded commitments and was recorded in "Accounts payable, accrued expenses and other liabilities."

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Changes in the Company's allowance for credit losses on Ground Lease receivables for the three and six months ended June 30, 2024 and 2023 were as follows ($ in thousands):

	Ground Lease receivables			
Three Months Ended June 30, 2024	Stabilized Properties	Development Properties	Unfunded Commitments	Total
Allowance for credit losses at beginning of period	$ 234	$ 458	$ 38	$ 730
Provision for (recovery of) credit losses(1)	237	(156)	(25)	56
Allowance for credit losses at end of period(2)	$ 471	$ 302	$ 13	$ 786
Three Months Ended June 30, 2023				
Allowance for credit losses at beginning of period	$ 93	$ 102	$ 63	$ 258
Provision for (recovery of) credit losses(1)	1	25	(3)	23
Allowance for credit losses at end of period(2)	$ 94	$ 127	$ 60	$ 281
Six Months Ended June 30, 2024				
Allowance for credit losses at beginning of period	$ 123	$ 246	$ 37	$ 406
Provision for (recovery of) credit losses(1)	348	56	(24)	380
Allowance for credit losses at end of period(2)	$ 471	$ 302	$ 13	$ 786
Six Months Ended June 30, 2023				
Allowance for credit losses at beginning of period	$ —	$ —	$ —	$ —
Impact from adoption of new accounting standard(3)	102	97	84	283
Provision for (recovery of) credit losses(1)	(8)	30	(24)	(2)
Allowance for credit losses at end of period(2)	$ 94	$ 127	$ 60	$ 281

(1) During the three and six months ended June 30, 2024, the Company recorded a provision for credit losses on Ground Lease receivables of $0.1 million and $0.4 million, respectively. The provision for credit losses was due primarily to current market conditions, including an increase in the Ground Lease cost to value ratio on the Company's portfolio of Ground Leases since March 31, 2024 and December 31, 2023. During the three and six months ended June 30, 2023, the Company recorded a provision for (recovery of) credit losses on Ground Lease receivables of $23 thousand and ($2) thousand, respectively. The provision for credit losses for the three months ended June 30, 2023 was due primarily to a declining macroeconomic forecast since March 31, 2023. The recovery of credit losses for the six months ended June 30, 2023 was due primarily to an improving macroeconomic forecast since December 31, 2022.

(2) Allowance for credit losses on unfunded commitments is recorded in "Accounts payable and accrued expenses" on the Company's consolidated balance sheets.

(3) On January 1, 2023, the Company recorded an allowance for credit losses on Ground Lease receivables of $0.3 million upon the adoption of ASU 2016-13, of which an aggregate of $0.1 million related to expected credit losses for unfunded commitments and was recorded in "Accounts payable, accrued expenses and other liabilities."

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The Company's amortized cost basis in net investment in sales-type leases and Ground Lease receivables, presented by year of origination and by stabilized or development status, was as follows as of June 30, 2024 ($ in thousands):

	Year of Origination						
	2024	2023	2022	2021	2020	Prior to 2020	Total
Net investment in sales-type leases							
Stabilized properties	$ 11,057	$ 49,785	$ 648,018	$ 1,087,078	$ 212,419	$ 1,079,701	$ 3,088,058
Development properties	85,403	21,845	38,137	120,296	—	27,790	293,471
Total	**$ 96,460**	**$ 71,630**	**$ 686,155**	**$ 1,207,374**	**$ 212,419**	**$ 1,107,491**	**$ 3,381,529**

	Year of Origination						
	2024	2023	2022	2021	2020	Prior to 2020	Total
Ground Lease receivables							
Stabilized properties	$ —	$ 19,314	$ 154,443	$ 198,975	$ 182,397	$ 454,512	$ 1,009,641
Development properties	47,659	5,472	606,672	77,896	—	—	737,699
Total	**$ 47,659**	**$ 24,786**	**$ 761,115**	**$ 276,871**	**$ 182,397**	**$ 454,512**	**$ 1,747,340**

The Company's amortized cost basis in net investment in sales-type leases and Ground Lease receivables, presented by year of origination and by stabilized or development status, was as follows as of December 31, 2023 ($ in thousands):

	Year of Origination						
	2023	2022	2021	2020	2019	Prior to 2019	Total
Net investment in sales-type leases							
Stabilized properties	$ 49,266	$ 642,340	$ 1,077,813	$ 210,481	$ 1,069,583	$ —	$ 3,049,483
Development properties	21,634	37,793	119,191	—	27,559	—	206,177
Total	**$ 70,900**	**$ 680,133**	**$ 1,197,004**	**$ 210,481**	**$ 1,097,142**	**$ —**	**$ 3,255,660**

	Year of Origination						
	2023	2022	2021	2020	2019	Prior to 2019	Total
Ground Lease receivables							
Stabilized properties	$ 19,106	$ 152,966	$ 171,664	$ 180,739	$ 450,123	$ —	$ 974,598
Development properties	139	545,509	102,421	—	—	—	648,069
Total	**$ 19,245**	**$ 698,475**	**$ 274,085**	**$ 180,739**	**$ 450,123**	**$ —**	**$ 1,622,667**

Future Minimum Lease Payments under Sales-type Leases—Future minimum lease payments to be collected under sales-type leases accounted for under ASC 842 - Leases, excluding lease payments that are not fixed and determinable, in effect as of June 30, 2024, are as follows by year ($ in thousands):

	Fixed Bumps with Inflation Adjustments	Fixed Bumps	Fixed Bumps with Percentage Rent	Total
2024 (remaining six months)	$ 60,660	$ 1,974	$ 293	$ 62,927
2025	109,805	4,001	586	114,392
2026	111,909	4,067	586	116,562
2027	113,944	4,135	586	118,665
2028	115,980	4,294	637	120,911
Thereafter	30,234,155	1,162,938	99,032	31,496,125
Total undiscounted cash flows	$ 30,746,453	$ 1,181,409	$ 101,720	$ 32,029,582

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During the three and six months ended June 30, 2024 and 2023, the Company recognized interest income from sales-type leases in its consolidated statements of operations as follows ($ in thousands):

Three Months Ended June 30, 2024	Net Investment in Sales-type Leases	Ground Lease Receivables	Total
Cash	$ 27,846	$ 14,826	$ 42,672
Non-cash	15,026	7,537	22,563
Total interest income from sales-type leases	$ 42,872	$ 22,363	$ 65,235

Three Months Ended June 30, 2023	Net Investment in Sales-type Leases	Ground Lease Receivables	Total
Cash	$ 25,168	$ 12,286	$ 37,454
Non-cash	14,353	6,351	20,704
Total interest income from sales-type leases	$ 39,521	$ 18,637	$ 58,158

Six Months Ended June 30, 2024	Net Investment in Sales-type Leases	Ground Lease Receivables	Total
Cash	$ 55,116	$ 28,917	$ 84,033
Non-cash	29,953	14,467	44,420
Total interest income from sales-type leases	$ 85,069	$ 43,384	$ 128,453

Six Months Ended June 30, 2023	Net Investment in Sales-type Leases	Ground Lease Receivables	Total
Cash	$ 50,050	$ 24,090	$ 74,140
Non-cash	28,575	12,505	41,080
Total interest income from sales-type leases	$ 78,625	$ 36,595	$ 115,220

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Note 5—Real Estate, Real Estate-Related Intangibles and Real Estate Available and Held for Sale

The Company's real estate assets consist of the following ($ in thousands):

	As of	
	June 30, 2024	December 31, 2023
Land and land improvements, at cost	$ 547,739	$ 551,105
Buildings and improvements, at cost	193,232	193,232
Less: accumulated depreciation	(43,414)	(40,400)
Total real estate, net	$ 697,557	$ 703,937
Real estate-related intangible assets, net	210,988	211,113
Real estate available and held for sale	9,654	9,711
Total real estate, net and real estate-related intangible assets, net and real estate available and held for sale	$ 918,199	$ 924,761

Real estate-related intangible assets, net consist of the following items ($ in thousands):

	As of June 30, 2024		
	Gross Intangible	Accumulated Amortization	Carrying Value
Above-market lease assets, net(1)	$ 186,002	$ (19,956)	$ 166,046
In-place lease assets, net(2)	68,551	(24,310)	44,241
Other intangible assets, net	750	(49)	701
Total	$ 255,303	$ (44,315)	$ 210,988

	As of December 31, 2023		
	Gross Intangible	Accumulated Amortization	Carrying Value
Above-market lease assets, net(1)	$ 186,002	$ (18,388)	$ 167,614
In-place lease assets, net(2)	65,345	(22,551)	42,794
Other intangible assets, net	750	(45)	705
Total	$ 252,097	$ (40,984)	$ 211,113

(1) Above-market lease assets are recognized during asset acquisitions when the present value of market rate rental cash flows over the term of a lease is less than the present value of the contractual in-place rental cash flows. Above-market lease assets are amortized over the non-cancelable term of the leases.
(2) In-place lease assets are recognized during asset acquisitions and are estimated based on the value associated with the costs avoided in originating leases comparable to the acquired in-place leases as well as the value associated with lost rental revenue during the assumed lease-up period. In-place lease assets are amortized over the non-cancelable term of the leases.

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The amortization of real estate-related intangible assets had the following impact on the Company's consolidated statements of operations for the three and six months ended June 30, 2024 and 2023 ($ in thousands):

Intangible asset	Income Statement Location	For the Three Months Ended June 30, 2024	For the Three Months Ended June 30, 2023
Above-market lease assets (decrease to income)	Operating lease income	$ 784	$ 784
In-place lease assets (decrease to income)	Depreciation and amortization	884	889
Other intangible assets (decrease to income)	Operating lease income	2	2

Intangible asset	Income Statement Location	For the Six Months Ended June 30, 2024	For the Six Months Ended June 30, 2023
Above-market lease assets (decrease to income)	Operating lease income	$ 1,567	$ 1,567
In-place lease assets (decrease to income)	Depreciation and amortization	1,760	1,778
Other intangible assets (decrease to income)	Operating lease income	4	4

The estimated amortization of real estate-related intangible assets for each of the five succeeding fiscal years is as follows ($ in thousands):(1)

Year	Amount
2024 (remaining six months)	$ 3,333
2025	6,667
2026	3,288
2027	3,288
2028	3,280

(1) As of June 30, 2024, the weighted average amortization period for the Company's real estate-related intangible assets was approximately 81.0 years.

Real estate-related intangible liabilities, net consist of the following items ($ in thousands):

	As of June 30, 2024 Gross Intangible	As of June 30, 2024 Accumulated Amortization	As of June 30, 2024 Carrying Value
Below-market lease liabilities(1)	$ 68,618	$ (5,280)	$ 63,338

	As of December 31, 2023 Gross Intangible	As of December 31, 2023 Accumulated Amortization	As of December 31, 2023 Carrying Value
Below-market lease liabilities(1)	$ 68,618	$ (4,863)	$ 63,755

(1) Below-market lease liabilities are recognized during asset acquisitions when the present value of market rate rental cash flows over the term of a lease exceeds the present value of the contractual in-place rental cash flows. Below-market lease liabilities are amortized over the non-cancelable term of the leases.

The amortization of real estate-related intangible liabilities had the following impact on the Company's consolidated statements of operations for the three and six months ended June 30, 2024 and 2023 ($ in thousands):

Intangible liability	Income Statement Location	For the Three Months Ended June 30, 2024	For the Three Months Ended June 30, 2023
Below-market lease liabilities (increase to income)	Operating lease income	$ 208	$ 209

Intangible liability	Income Statement Location	For the Six Months Ended June 30, 2024	For the Six Months Ended June 30, 2023
Below-market lease liabilities (increase to income)	Operating lease income	$ 416	$ 419

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Future Minimum Operating Lease Payments—Future minimum lease payments to be collected under non-cancelable operating leases, excluding lease payments that are not fixed and determinable, in effect as of June 30, 2024, are as follows by year ($ in thousands):

Year	Inflation-Linked	Fixed Bumps with Inflation Adjustments	Fixed Bumps	Percentage Rent(1)	Fixed Bumps with Percentage Rent	Total
2024 (remaining six months)	$ 2,903	$ 8,871	$ 1,130	$ 5,509	$ 210	$ 18,623
2025	5,807	18,004	2,313	11,018	421	37,563
2026	5,807	18,370	2,357	986	421	27,941
2027	5,807	18,755	2,388	986	421	28,357
2028	5,807	19,101	2,421	986	304	28,619
Thereafter	429,125	4,289,009	430,688	14,841	—	5,163,663

(1) During the three months ended June 30, 2024 and 2023, the Company recognized $0.2 million and $0.3 million, respectively, of percentage rent in "Operating lease income" in the Company's consolidated statements of operations. During the six months ended June 30, 2024 and 2023, the Company recognized $4.8 million and $4.0 million, respectively, of percentage rent in "Operating lease income" in the Company's consolidated statements of operations.

Note 6—Loan Receivable, net – Related Party

On March 31, 2023, the Company, as lender and as administrative agent, and Star Holdings, as borrower, entered into a senior secured term loan facility, which was amended on October 4, 2023, in an aggregate principal amount of $115.0 million (the "Secured Term Loan Facility") and an additional commitment amount of up to $25.0 million at Star Holding's election (the "Incremental Term Loan Facility", together with the Secured Term Loan Facility, as amended, the "Star Holdings Term Loan Facility"). During the three and six months ended June 30, 2024, the Company recorded $2.4 million and $4.7 million, respectively, of interest income on the Star Holdings Term Loan Facility, which is recorded in "Interest income – related party" in the Company's consolidated statements of operations. During the three and six months ended June 30, 2023, the Company recorded $2.4 million of interest income on the Star Holdings Term Loan Facility, which is recorded in "Interest income – related party" in the Company's consolidated statements of operations. As of June 30, 2024, the Star Holdings Term Loan Facility had a principal balance of $115.0 million and a carrying value of $112.2 million. As of December 31, 2023, the Star Holdings Term Loan Facility had a principal balance of $115.0 million and a carrying value of $112.1 million.

The Star Holdings Term Loan Facility is a secured credit facility. Borrowings under the Star Holdings Term Loan Facility bear interest at a fixed rate of 8.00% per annum, which may increase to 10.00% per annum if any loans remain outstanding under the Incremental Term Loan Facility. The Star Holdings Term Loan Facility has a maturity date of March 31, 2027. The Star Holdings Term Loan Facility is secured by a first-priority perfected security pledge of all the equity interests in Star Holding's primary real estate subsidiary. Starting the quarter that is six months after closing, within five business days after Star Holdings has delivered its unaudited quarterly financial statements, Star Holdings will apply any unrestricted cash on its balance sheet in excess of the aggregate of (i) an operating reserve; and (ii) $50 million, to prepay its Star Holdings Term Loan Facility or alternatively, with the consent of the Company, Star Holdings may apply such cash to prepay its margin loan facility in lieu of any prepayment of the Star Holdings Term Loan Facility. The operating reserve will be calculated quarterly and is equal to the aggregate of projected operating expenses (including payments to the Star Holdings local property consultants but excluding management fees and public company costs), projected land carry costs, projected capital expenditure and projected interest expense on the margin loan facility and Star Holdings Term Loan Facility for the next twelve months; less the projected operating revenues for the next twelve months consistent with the operating budget approved by the Company.

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The Star Holdings Term Loan Facility contains certain customary covenants, including affirmative covenants on reporting, maintenance of property, continued ownership of interests in the Company as well as negative covenants relating to investments, indebtedness and liens, fundamental changes, asset dispositions, repayments, distributions and affiliate transactions. Furthermore, the Star Holdings Term Loan Facility contains customary events of default, including payment defaults, failure to perform covenants, cross-default and cross acceleration to other indebtedness, including the margin loan facility, impairment of security interests and change of control.

During the three and six months ended June 30, 2024, the Company recorded a recovery of credit losses of $36 thousand and $0.1 million, respectively, on the Star Holdings Term Loan Facility, including amounts on the Incremental Term Loan Facility, which was undrawn as of June 30, 2024 and December 31, 2023. During the three and six months ended June 30, 2023, the Company recorded a provision for credit losses of $11 thousand and $2.3 million, respectively, on the Star Holdings Term Loan Facility which was originated at the time of the Merger in conjunction with the Spin-Off. As of June 30, 2024 and December 31, 2023, the Company had $0.1 million and $0.1 million, respectively, of accrued interest receivable which is recorded in “Deferred expenses and other assets, net” on the Company’s consolidated balance sheets. The Company did not reverse any accrued interest on its loan asset during the three and six months ended June 30, 2024 and 2023.

Note 7—Equity Investments

The Company’s equity investments and its proportionate share of earnings (losses) from equity investments were as follows ($ in thousands):

	Carrying Value as of		Earnings (losses) from Equity Method Investments For the Three Months Ended June 30,		Earnings (losses) from Equity Method Investments[1] For the Six Months Ended June 30,	
	June 30, 2024	December 31, 2023	2024	2023	2024	2023
Equity investment						
425 Park Avenue	$ 136,447	$ 135,288	$ 856	$ 872	$ 1,735	$ 1,708
32 Old Slip	55,003	52,425	1,417	1,420	2,842	2,846
Ground Lease Plus Fund[1]	29,901	73,428	453	1,688	1,342	1,688
Leasehold Loan Fund[2]	21,951	49,179	3,743	2,827	7,462	2,827
Total	$ 243,302	$ 310,320	$ 6,469	$ 6,807	$ 13,381	$ 9,069

(1) As of June 30, 2024, the Company has a basis difference of $19.3 million in the Ground Lease Plus Fund that will be amortized over a weighted average remaining term of 106.1 years using the effective interest method. During the three and six months ended June 30, 2024, ($0.1) million and $0.1 million, respectively, of the basis difference was amortized as an increase (decrease) to earnings from equity method investments. During both the three and six months ended June 30, 2023, $0.8 million of the basis difference was amortized as an increase to earnings from equity method investments.

(2) As of June 30, 2024, the Company has a basis difference of $8.1 million in the Leasehold Loan Fund that will be amortized over a weighted average remaining term of 2.7 years using the effective interest method. During the three and six months ended June 30, 2024, $2.2 million and $3.2 million, respectively, of the basis difference was amortized as an increase to earnings from equity method investments. During both the three and six months ended June 30, 2023, $1.0 million of the basis difference was amortized as an increase to earnings from equity method investments.

425 Park Avenue—In August 2019, the Company formed a venture with a sovereign wealth fund that is an existing shareholder of the Company to acquire the existing Ground Lease at 425 Park Avenue in New York City. The venture acquired the Ground Lease in November 2019. The Company has a 54.8% noncontrolling equity interest in the venture and is the manager of the venture. iStar was the manager prior to the Merger.

32 Old Slip—In June 2021, the Company acquired a 29.2% noncontrolling equity interest in a Ground Lease at an office property in New York City.

Ground Lease Plus Fund—In connection with Merger, the Company acquired from iStar an investment fund that iStar managed that targets the origination and acquisition of Ground Leases for commercial real estate projects that are in a pre-development phase (the "Ground Lease Plus Fund"). The Company owns a 53.2% noncontrolling equity interest in the Ground Lease Plus Fund. The Company does not have a controlling interest in the Ground Lease Plus Fund due to the substantive participating rights of its partner and accounts for this investment as an equity method investment. The Company receives a fee from its partner in exchange for managing the entity and is also entitled to a promote payment on investments in the Ground Lease Plus Fund.

In November 2021, iStar acquired land for $33.3 million and simultaneously structured and entered into a Ground Lease on which a multi-family project will be constructed (refer also to Note 14). In December 2021, iStar sold the Ground Lease to the Ground Lease Plus Fund and recognized no gain or loss on the sale. At the time of iStar's acquisition in November 2021, the Company and iStar entered into an agreement pursuant to which the Company would acquire the land and related Ground Lease from the Ground Lease Plus Fund when certain construction related conditions are met by a specified time period. In January 2024, the Company acquired the Ground Lease from the Ground Lease Plus Fund for $38.3 million, excluding $36.5 million funded by the Company pursuant to a leasehold improvement allowance (refer to Note 14).

In June 2021, the Company entered into two agreements (refer to Note 14) pursuant to each of which it agreed to acquire land and a related Ground Lease originated by iStar when certain construction related conditions are met by a specified time period. In January 2022, iStar sold the two Ground Leases to the Ground Lease Plus Fund, which remain subject to the June 2021 agreement with the Company.

Leasehold Loan Fund—In connection with the Merger, the Company acquired from iStar an investment fund that iStar managed that targets customers that may require a mortgage leasehold loan as well as a Ground Lease (the "Leasehold Loan Fund"). The Company owns a 53.2% noncontrolling equity interest in the Leasehold Loan Fund. The Company does not have a controlling interest in the Leasehold Loan Fund due to the substantive participating rights of its partner. The Company accounts for this investment as an equity method investment and receives a fixed annual administrative fee and an asset management fee from its partner in exchange for managing the entity. The Company is also entitled to a promote payment on certain investments in the Leasehold Loan Fund.

In March 2021, iStar acquired land and simultaneously structured and entered into with the seller a Ground Lease on which a multi-family project will be constructed. iStar also committed to provide a $75.0 million construction loan to the Ground Lease tenant. In September 2021, the construction loan commitment was transferred to the Leasehold Loan Fund. The construction loan was repaid in full in April 2024. The Leasehold Loan Fund funded $69.4 million of the commitment prior to its repayment.

In February 2022, the Leasehold Loan Fund committed to provide a $130.0 million loan to the ground lessee of a Ground Lease originated by the Company. The loan was for the Ground Lease tenant's recapitalization of a life science property. As of June 30, 2024, the Leasehold Loan Fund has not funded any of the commitment.

In June 2022, the Leasehold Loan Fund committed to provide a $105.0 million loan to the ground lessee of a Ground Lease originated by the Company. The loan was for the Ground Lease tenant's recapitalization of a mixed-use property. As of June 30, 2024, the Leasehold Loan Fund funded $40.8 million of the commitment.

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Note 8—Deferred Expenses and Other Assets, Net and Accounts Payable, Accrued Expenses and Other Liabilities

Deferred expenses and other assets, net, consist of the following items ($ in thousands):

	As of June 30, 2024	As of December 31, 2023
Operating lease right-of-use asset[1]	$ 31,874	$ 33,964
Interest rate hedge assets	59,567	34,864
Deferred finance costs, net[2]	18,760	3,692
Other assets[3]	31,579	13,210
Purchase deposits	1,555	2,090
Leasing costs, net	435	439
Corporate furniture, fixtures and equipment, net	801	979
Deferred expenses and other assets, net	$ 144,571	$ 89,238

(1) Operating lease right-of-use asset (and operating lease liability below) relates primarily to a property that is majority-owned by a third party and is ground leased to the Company. The Company is obligated to pay the owner of the property $0.5 million, subject to adjustment for changes in the CPI, per year through 2044; however, the Company's Ground Lease tenant at the property pays this expense directly under the terms of a master lease. Operating lease right-of-use asset is amortized on a straight-line basis over the term of the lease and is recorded in "Real estate expense" in the Company's consolidated statements of operations. During both the three months ended June 30, 2024 and 2023, the Company recognized $0.1 million in "Real estate expense" and $0.1 million in "Other income" from its operating lease right-of-use asset. During both the six months ended June 30, 2024 and 2023, the Company recognized $0.3 million in "Real estate expense" and $0.3 million in "Other income" from its operating lease right-of-use asset. The related operating lease liability (see table below) equals the present value of the minimum rental payments due under the lease discounted at the Company's incremental secured borrowing rate for a similar asset estimated to be 5.5%. The Company also has operating leases for office space that it assumed from iStar in connection with the Merger (refer to Note 10).

(2) Accumulated amortization of deferred finance costs was $1.0 million and $11.0 million as of June 30, 2024 and December 31, 2023, respectively.

(3) As of June 30, 2024, includes $19.1 million of cash posted as temporary replacement collateral in a pool that has asset substitution rights related to certain of the Company's debt obligations. As of June 30, 2024 and December 31, 2023, includes $4.3 million and $6.9 million, respectively, of management fees due from Star Holdings. Through June 30, 2024, the Company has earned $29.3 million of management fees from Star Holdings and as of June 30, 2024, $20.7 million of the transaction price is attributable to performance obligations that remain unsatisfied.

Accounts payable, accrued expenses and other liabilities consist of the following items ($ in thousands):

	As of June 30, 2024	As of December 31, 2023
Interest payable	$ 82,014	$ 68,821
Other liabilities	14,400	17,626
Dividends declared and payable	13,104	13,049
Operating lease liabilities[1]	13,103	15,751
Accrued expenses[2]	9,961	19,271
Accounts payable, accrued expenses and other liabilities	$ 132,582	$ 134,518

(1) Refer to Note 10.

(2) As of June 30, 2024 and December 31, 2023, accrued expenses includes accrued compensation, legal, audit and property expenses.

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Note 9—Debt Obligations, net

The Company's outstanding debt obligations consist of the following ($ in thousands):

	As of		Interest	Scheduled
	June 30, 2024	December 31, 2023	Rate[1]	Maturity Date[2]
Secured credit financing:				
Mortgages	$ 1,498,113	$ 1,498,113	3.99 %	April 2027 to November 2069
Total secured credit financing[3]	1,498,113	1,498,113		
Unsecured financing:				
2.80% senior notes	400,000	400,000	2.80 %	June 2031
2.85% senior notes	350,000	350,000	2.85 %	January 2032
6.10% senior notes	300,000	—	6.10 %	April 2034
3.98% senior notes	475,000	475,000	3.98 %	February 2052
5.15% senior notes	158,109	156,042	5.15 %	May 2052
2024 Unsecured Revolver	956,000	—	Adjusted SOFR plus 0.85 %	May 2029
2021 Unsecured Revolver	—	1,117,000	Adjusted SOFR plus 0.90 %	N/A
Trust preferred securities	100,000	100,000	Adjusted SOFR plus 1.50 %	October 2035
Total unsecured financing	2,739,109	2,598,042		
Total debt obligations	4,237,222	4,096,155		
Debt premium, discount and deferred financing costs, net	(46,635)	(41,790)		
Total debt obligations, net	$ 4,190,587	$ 4,054,365		

(1) For mortgages, represents the weighted average stated interest rate over the term of the debt from funding through maturity based on the contractual payments owed excluding the effect of debt premium, discount and deferred financing costs. As of June 30, 2024, the weighted average cash interest rate for the Company's consolidated mortgage debt, based on interest rates in effect at that date, was 3.33%. The difference between the weighted average interest rate and the weighted average cash interest rate is recorded to interest payable within "Accounts payable, accrued expenses, and other liabilities" on the Company's consolidated balance sheets. As of June 30, 2024, the Company's combined weighted average stated interest rate and combined weighted average cash interest rate of the Company's consolidated mortgage debt, the mortgage debt of the Company's unconsolidated ventures (applying the Company's percentage interest in the ventures - refer to Note 7), unsecured senior notes and trust preferred securities were 4.04% and 3.58%, respectively.
(2) Represents the extended maturity date for all debt obligations.
(3) As of June 30, 2024, $2.0 billion of real estate, at cost, net investment in sales-type leases and Ground Lease receivables served as collateral for the Company's debt obligations.

Mortgages—Mortgages consist of asset specific non-recourse borrowings that are secured by the Company's real estate and Ground Leases. As of June 30, 2024, the Company's mortgages are full term interest only, bear interest at a weighted average interest rate of 3.99% and have maturities between April 2027 and November 2069.

Unsecured Notes—In May 2021, Portfolio Holdings, then known as Safehold Operating Partnership LP, (as issuer) and the Company (as guarantor), issued $400.0 million aggregate principal amount of 2.80% senior notes due June 2031 (the "2.80% Notes"). The 2.80% Notes were issued at 99.127% of par. The Company may redeem the 2.80% Notes in whole at any time or in part from time to time prior to March 15, 2031, at the Company's option and sole discretion, at a redemption price equal to the greater of: (i) 100% of the principal amount of the 2.80% Notes being redeemed; and (ii) a make-whole premium calculated in accordance with the indenture, plus, in each case, accrued and unpaid interest thereon to, but not including, the applicable redemption date. If the 2.80% Notes are redeemed on or after March 15, 2031, the

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redemption price will be equal to 100% of the principal amount of the 2.80% Notes being redeemed, plus accrued and unpaid interest thereon to, but not including, the applicable redemption date.

In November 2021, Portfolio Holdings, then known as Safehold Operating Partnership LP, (as issuer) and the Company (as guarantor), issued $350.0 million aggregate principal amount of 2.85% senior notes due January 2032 (the “2.85% Notes”). The 2.85% Notes were issued at 99.123% of par. The Company may redeem the 2.85% Notes in whole at any time or in part from time to time prior to October 15, 2031, at the Company’s option and sole discretion, at a redemption price equal to the greater of: (i) 100% of the principal amount of the 2.85% Notes being redeemed; and (ii) a make-whole premium calculated in accordance with the indenture, plus, in each case, accrued and unpaid interest thereon to, but not including, the applicable redemption date. If the 2.85% Notes are redeemed on or after October 15, 2031, the redemption price will be equal to 100% of the principal amount of the 2.85% Notes being redeemed, plus accrued and unpaid interest thereon to, but not including, the applicable redemption date.

In January 2022, Portfolio Holdings, then known as Safehold Operating Partnership LP, (as issuer) and the Company (as guarantor), issued $475.0 million aggregate principal amount of privately-placed 3.98% senior notes due February 2052 (the “3.98% Notes”). Safehold Operating Partnership LP elected to draw these funds in March 2022. The Company may, at its option, prepay at any time all, or from time to time any part of, the 3.98% Notes, in an amount not less than 5% of the aggregate principal amount of the 3.98% Notes then outstanding in the case of a partial prepayment, at 100% of the principal amount so prepaid, and the applicable make-whole amount calculated in accordance with the indenture, for such tranche determined for the prepayment date with respect to such principal amount; provided, that, so long as no default or event of default shall then exist, at any time on or after November 15, 2051, the Company may, at its option, prepay all or any part of the 3.98% Notes at 100% of the principal amount so prepaid, together with, in each case, accrued interest to the prepayment date, without any make-whole amount.

In May 2022, Portfolio Holdings, then known as Safehold Operating Partnership LP, (as issuer) and the Company (as guarantor), issued $150.0 million aggregate principal amount of privately-placed 5.15% senior notes due May 2052 (the “5.15% Notes”). The structure of the 5.15% Notes features a stairstep coupon rate in which the Company will pay cash interest at a rate of 2.50% in years 1 through 10, 3.75% in years 11 through 20, and 5.15% in years 21 through 30. The difference between the 5.15% stated rate and the cash interest rate will accrue in each semi-annual payment period and be paid in kind by adding such accrued interest to the outstanding principal balance, to be repaid at maturity in May 2052. The Company may, at its option, prepay at any time all, or from time to time any part of, the 5.15% Notes, in an amount not less than 5% of the aggregate principal amount of the 5.15% Notes then outstanding in the case of a partial prepayment, at 100% of the principal amount so prepaid, and the applicable make-whole amount calculated in accordance with the indenture; provided, that, so long as no default or event of default shall then exist, at any time on or after February 13, 2052, the Company may, at its option, prepay all or any part of the 5.15% Notes at 100% of the principal amount so prepaid, together with, in each case, accrued interest to the prepayment date, without any make-whole amount.

In February 2024, Portfolio Holdings (as issuer) and the Company (as guarantor) issued $300.0 million aggregate principal amount of 6.10% senior notes due April 2034 (the “6.10% Notes”). The 6.10% Notes were issued at 98.957% of the principal amount. The Company may redeem the 6.10% Notes in whole at any time or in part from time to time prior to January 1, 2034, at the Company’s option and sole discretion, at a redemption price equal to the greater of: (i) 100% of the principal amount of the 6.10% Notes being redeemed; and (ii) a make-whole premium calculated in accordance with the indenture, plus, in each case, accrued and unpaid interest thereon to, but not including, the applicable redemption date. If the 6.10% Notes are redeemed on or after January 1, 2034, the redemption price will be equal to 100% of the principal amount of the 6.10% Notes being redeemed, plus accrued and unpaid interest thereon to, but not including, the applicable redemption date.

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2024 Unsecured Revolver—In April 2024, the Company entered into a $2.0 billion unsecured revolving credit facility (the “2024 Unsecured Revolver”), which replaced the Company’s 2021 Unsecured Revolver (see below) and 2023 Unsecured Revolver (see below), each of which were terminated. At the time of termination, $916 million was drawn on the 2021 Unsecured Revolver, all of which rolled over into the 2024 Unsecured Revolver. The 2024 Unsecured Revolver has a borrowing rate of Adjusted SOFR, as defined in the applicable agreement, plus 0.85%, subject to the Company’s credit ratings, with an extended maturity date of May 1, 2029, which includes two six-month extension options. The Company also pays a facility fee of 0.10%, subject to the Company’s credit ratings. As of June 30, 2024, there was $1.0 billion of undrawn capacity on the 2024 Unsecured Revolver.

2021 Unsecured Revolver—In March 2021, Portfolio Holdings, then known as Safehold Operating Partnership LP, (as borrower) and the Company (as guarantor), entered into an unsecured revolving credit facility with an initial maximum aggregate principal amount of up to $1.0 billion (the “2021 Unsecured Revolver”), which amount was increased to $1.35 billion in December 2021. The 2021 Unsecured Revolver had an initial maturity of March 2024 with two 12-month extension options exercisable by the Company, subject to certain conditions, and accrued interest at an annual rate of applicable SOFR plus 0.90%, subject to the Company’s credit ratings. In March 2024, the Company exercised one of its options to extend the maturity to March 2025. The 2024 Unsecured Revolver replaced the 2021 Unsecured Revolver.

2023 Unsecured Revolver—In January 2023, Portfolio Holdings, then known as Safehold Operating Partnership LP (as borrower) and the Company (as guarantor) entered into a $500 million unsecured revolving credit facility (the “2023 Unsecured Revolver”). The 2023 Unsecured Revolver accrued interest at a rate of Adjusted SOFR, as defined in the applicable agreement, plus 0.90%, subject to the Company’s credit ratings. The 2024 Unsecured Revolver replaced the 2023 Unsecured Revolver.

Trust Preferred Securities—The Company assumed trust preferred securities from iStar in connection with the Merger. The trust preferred securities bear interest at three-month Adjusted Term SOFR plus 1.50% and mature in October 2035.

Commercial Paper Program— In June 2024, Portfolio Holdings, as issuer, entered into a new U.S. commercial paper program (the “Commercial Paper Program”) on a private placement basis, pursuant to which the Company may issue up to $750.0 million of short-term, unsecured commercial paper notes (the “Notes”) outstanding at any time, which are guaranteed by the Company.

Under the Commercial Paper Program, the Company may issue the Notes from time to time and will use the proceeds for general corporate purposes. The Commercial Paper Program is backed by the Company’s 2024 Unsecured Revolver. The Notes will be sold under customary terms in the commercial paper market and will rank pari passu with all of Portfolio Holding’s other unsecured senior indebtedness. The interest rates will vary based on the ratings assigned to the Notes by credit rating agencies and market conditions at the time of issuance. As of June 30, 2024, the Company had no outstanding balance under the Commercial Paper Program. Borrowings reduce amounts otherwise available under the 2024 Unsecured Revolver.

The documents governing the Commercial Paper Program contain customary representations, warranties, covenants, defaults and indemnification provisions, and provide the terms under which the Notes will be sold pursuant to an exemption from the federal and state securities laws.

Debt Covenants—The Company is subject to financial covenants under the 2024 Unsecured Revolver, including maintaining: (i) a ratio of total unencumbered assets to total unsecured debt of at least 1.33x; and (ii) a consolidated fixed charge coverage ratio of at least 1.15x, as such terms are defined in the documents governing the 2024 Unsecured Revolver, as applicable. In addition, the 2024 Unsecured Revolver contains customary affirmative and negative covenants. Among other things, these covenants may restrict the Company or certain of its subsidiaries' ability to incur additional debt or liens, engage in certain mergers, consolidations and other fundamental changes, make other investments or pay dividends. The Company's 2.80% Notes, 2.85% Notes, 3.98% Notes, 5.15% Notes and 6.10% Notes are subject to a financial covenant requiring a ratio of unencumbered assets to unsecured debt of at least 1.25x and contain customary affirmative and negative covenants. The Company's 6.10% Notes are also subject to a financial covenant limiting the incurrence of any secured debt that would cause the Company's secured debt to total assets ratio to exceed 50%. The Company's 3.98% Notes and 5.15% Notes contain a provision whereby they will be deemed to include additional financial covenants and negative covenants to the extent such covenants are incorporated into Portfolio Holdings' and/or the Company's existing or future material credit facilities, including the 2024 Unsecured Revolver, and to the extent such covenants are more favorable to the lenders under such material credit facilities than the covenants contained in the 3.98% Notes and 5.15% Notes. The Company's mortgages contain no significant maintenance or ongoing financial covenants. As of June 30, 2024, the Company was in compliance with all of its financial covenants.

Future Scheduled Maturities—As of June 30, 2024, future scheduled maturities of outstanding debt obligations, assuming all extensions that can be exercised at the Company's option, are as follows ($ in thousands):

	Secured[(1)]	Unsecured	Total
2024 (remaining six months)	$ —	$ —	$ —
2025	—	—	—
2026	—	—	—
2027	237,000	—	237,000
2028	79,193	—	79,193
Thereafter	1,181,920	2,739,109	3,921,029
Total principal maturities	1,498,113	2,739,109	4,237,222
Debt premium, discount and deferred financing costs, net	(26,062)	(20,573)	(46,635)
Total debt obligations, net	$ 1,472,051	$ 2,718,536	$ 4,190,587

(1) As of June 30, 2024, the Company's weighted average maturity for its secured mortgages was 27.0 years.

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Note 10—Commitments and Contingencies

Lease Commitments—Future minimum lease obligations under non-cancelable operating leases as of June 30, 2024 are as follows ($ in thousands):(1)

2024 (remaining six months)	$	3,120
2025		6,223
2026		543
2027		543
2028		543
Thereafter		8,192
Total undiscounted cash flows(1)		19,164
Present value discount(2)		(6,061)
Lease liabilities	$	13,103

(1) Includes cash flows that relate to a property that is majority-owned by a third party and is ground leased to the Company. The Company is obligated to pay the owner of the property $0.5 million, subject to adjustment for changes in the CPI, per year through 2044; however, the Company's Ground Lease tenant at the property pays this expense directly under the terms of a master lease.

(2) The lease liability equals the present value of the minimum rental payments due under the lease discounted at the rate implicit in the lease or the Company's incremental secured borrowing rate for similar collateral. For operating leases, lease liabilities were discounted at the Company's weighted average incremental secured borrowing rate for similar collateral estimated to be 5.7% and the weighted average remaining lease term is 9.1 years. The Company assumed its operating leases from iStar in connection with the Merger and therefore did not directly make any payments under its operating leases for the three months ended March 31, 2023. During the three months ended June 30, 2023, the Company made payments of $1.5 million related to its operating leases. During the three and six months ended June 30, 2024, the Company made payments of $1.4 million and $2.8 million, respectively, related to its operating leases.

Unfunded Commitments—The Company has unfunded commitments to certain of its Ground Lease tenants related to leasehold improvement allowances that it expects to fund upon the completion of certain conditions. As of June 30, 2024, the Company had $50.6 million of such commitments, excluding commitments to be funded by noncontrolling interests.

The Company also has unfunded forward commitments related to agreements that it entered into for the acquisition of new Ground Leases or additions to existing Ground Leases if certain conditions are met (refer to Note 14). These commitments may also include leasehold improvement allowances that will be funded to the Ground Lease tenants when certain conditions are met. As of June 30, 2024, the Company had an aggregate $150.4 million of such commitments. There can be no assurance that the conditions to closing for these transactions will be satisfied and that the Company will acquire the Ground Leases or fund the leasehold improvement allowances.

Other Commitments—Through the Leasehold Loan Fund, the Company will generally fund construction and development loans and build-outs of space in real estate assets over a period of time if and when the borrowers and tenants meet established milestones and other performance criteria. We refer to these arrangements as performance-based commitments. As of June 30, 2024, the Company had $103.3 million of such commitments.

Legal Proceedings—The Company evaluates developments in legal proceedings that could require a liability to be accrued and/or disclosed. Based on its current knowledge, and after consultation with legal counsel, the Company believes it is not a party to, nor are any of its properties the subject of, any pending legal proceeding that would have a material adverse effect on the Company's consolidated financial statements.

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Note 11—Risk Management and Derivatives

In the normal course of its ongoing business operations, the Company encounters credit risk. Credit risk is the risk of default on the Company's leases that result from a tenant's inability or unwillingness to make contractually required payments.

Risk concentrations—Concentrations of credit risks arise when the Company has multiple leases with a particular tenant or credit party, or a number of the Company's tenants are engaged in similar business activities, or activities in the same geographic region, or have similar economic features, such that their ability to meet contractual obligations, including those to the Company, could be similarly affected by changes in economic conditions.

Although the Company's Ground Leases are geographically diverse and the tenants operate in a variety of industries and property types, to the extent the Company has a significant concentration of interest income from sales-type leases or operating lease income from any tenant, the inability of that tenant to make its payment could have a material adverse effect on the Company. The Company did not have a significant concentration of interest income from sales-type leases or operating lease income from any tenant for the periods presented.

Derivative instruments and hedging activity—The Company's use of derivative financial instruments has been associated with debt issuances and primarily limited to the utilization of interest rate swaps, interest rate caps and treasury locks to manage interest rate risk exposure. The Company does not enter into derivatives for trading purposes.

The Company recognizes derivatives, if any, as either assets or liabilities on the Company's consolidated balance sheets at fair value. Interest rate hedge assets are recorded in "Deferred expenses and other assets, net" and interest rate hedge liabilities are recorded in "Accounts payable, accrued expenses and other liabilities" on the Company's consolidated balance sheets. If certain conditions are met, a derivative may be specifically designated as a hedge of the exposure to changes in the fair value of a recognized asset or liability, a hedge of a forecasted transaction or the variability of cash flows to be received or paid related to a recognized asset or liability.

For the Company's derivatives designated and qualifying as cash flow hedges, changes in the fair value of the derivatives are reported as a component of accumulated other comprehensive income (loss) and subsequently reclassified into interest expense in the same periods during which the hedged transaction affects earnings. Amounts reported in accumulated other comprehensive income (loss) related to derivatives will be reclassified to interest expense as interest payments are made on the Company's debt. If an interest rate hedge is terminated prior to maturity it could result in a net derivative instrument gain or loss that continues to be reported in accumulated other comprehensive (loss) and is reclassified into earnings over the period of the original forecasted hedged transaction. However, if it is probable that the original forecasted hedged transaction will not occur by the end of the original specified time period, the derivative instrument gain or loss reported in accumulated other comprehensive income (loss) will be reclassified into earnings immediately. If a derivative includes an other-than-insignificant financing element at inception, when the Company is deemed to be the lender all cash inflows and outflows of the derivative are considered cash flows from investing activities in the Company's consolidated statements of cash flows and when the Company is deemed to be the borrower all cash inflows and outflows of the derivative are considered cash flows from financing activities in the Company's consolidated statements of cash flows.

For the Company's derivatives not designated as hedges, the changes in the fair value of the derivatives are reported in "Interest expense" in the Company's consolidated statements of operations. Derivatives not designated as hedges are not speculative and are used to manage the Company's exposure to interest rate movements and other identified risks but do not meet the strict hedge accounting requirements.

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The table below presents the Company's derivatives as well as their classification on the consolidated balance sheets as of June 30, 2024 and December 31, 2023 ($ in thousands):(1)(2)(3)

Derivative Type	June 30, 2024 Fair Value	December 31, 2023 Fair Value	Balance Sheet Location
Assets			
Interest rate swaps	$ 59,567	$ 34,864	Deferred expenses and other assets, net
Total	$ 59,567	$ 34,864	
Liabilities			
Interest rate swaps	$ —	$ 2,546	Accounts payable, accrued expenses and other liabilities
Total	$ —	$ 2,546	

(1) As of June 30, 2024, the Company has two interest rate swap derivatives outstanding that mature in April 2028 and have an aggregate $500.0 million notional amount, which hedge in-place floating-rate debt. The Company also has three designated derivatives outstanding that protect the Company against interest rate volatility with respect to long-term debt to be placed in the future, which have an aggregate $350.0 million notional amount, one of which matures in December 2024 and two that mature in December 2025. These designated hedges protect the Company against interest rate volatility with respect to future debt with a tenor of approximately 30 years.

(2) Over the next 12 months, the Company expects that $4.4 million related to cash flow hedges will be reclassified from "Accumulated other comprehensive income (loss)" as a decrease to interest expense.

(3) The fair value of the Company's derivatives is estimated using valuation techniques utilized by a third-party specialist using observable inputs such as interest rates and contractual cash flow and are classified as Level 2 within the fair value hierarchy.

Credit Risk-Related Contingent Features—The Company reports derivative instruments, if any, on a gross basis in its consolidated financial statements. The Company has agreements with each of its derivative counterparties that contain a provision whereby if the Company either defaults or is capable of being declared in default on any of its indebtedness, then the Company could also be declared in default on its derivative obligations.

The table below presents the effect of the Company's derivative financial instruments in the consolidated statements of operations and the consolidated statements of comprehensive income (loss) for the three and six months ended June 30, 2024 and 2023 ($ in thousands):

Derivatives Designated in Hedging Relationships	Location of Gain (Loss) When Recognized in Income	Amount of Gain (Loss) Recognized in Accumulated Other Comprehensive Income	Amount of Gain (Loss) Reclassified from Accumulated Other Comprehensive Income into Earnings
For the Three Months Ended June 30, 2024			
Interest rate swaps	Interest expense	$ 13,469	$ 1,688
For the Three Months Ended June 30, 2023			
Interest rate swaps	Interest expense	$ 34,221	$ 902
For the Six Months Ended June 30, 2024			
Interest rate swaps	Interest expense	$ 42,878	$ 3,302
For the Six Months Ended June 30, 2023			
Interest rate swaps	Interest expense	$ 5,797	$ (41)

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Note 12—Equity

Common Stock—At the effective time of the Merger on March 31, 2023, each share of Old SAFE common stock issued and outstanding immediately prior to the effective time (other than any shares owned directly by iStar or any of the wholly-owned subsidiaries of iStar and in each case not held on behalf of third parties) was converted into the right to receive one share of newly issued common stock of the Company. As of June 30, 2024, the Company has one class of common stock outstanding.

In April 2023, the Company filed with the U.S. Securities and Exchange Commission (the "SEC") an automatic shelf registration statement on Form S-3ASR. In addition, the Company and Portfolio Holdings entered into an ATM Equity Offering Sales Agreement (the "Primary Sales Agreement") with the sales agents named therein pursuant to which the Company may sell, from time to time, shares of its common stock, $0.01 par value per share ("Common Stock"), having an aggregate gross sales price of up to $300.0 million (the "Primary Shares") through or to the sales agents. The Company may sell the Primary Shares in amounts and at times to be determined by the Company from time to time but has no obligation to sell any of the Primary Shares. Actual sales, if any, will depend on a variety of factors to be determined by the Company from time to time, including, among other things, market conditions, the trading price of the Common Stock, capital needs and determinations by the Company of the appropriate sources of its funding. Through June 30, 2024, the Company has not sold any shares of its common stock through the Primary Sales Agreement.

In August 2023, the Company sold 6,500,000 shares of its common stock in an underwritten public offering for gross proceeds of $139.1 million. The Company's Chief Executive Officer purchased $1.4 million in shares, or 65,420 shares, from the underwriters in the offering. The underwriters received the same underwriting discount with respect to these shares as they did from other shares of common stock sold to the public in the underwritten offering. Concurrently with the public offering, the Company sold $12.8 million in shares, or 599,983 shares, of its common stock to affiliates of MSD Partners in a private placement. The Company incurred a total of approximately $6.6 million of offering costs in connection with these transactions which were recorded as a reduction to additional paid-in capital.

Equity Plans—Old SAFE adopted an equity incentive plan to provide equity incentive opportunities to members of the Former Manager's management team and employees who performed services for Old SAFE, Old SAFE's non-management directors, advisers, consultants and other personnel (the "2017 Equity Incentive Plan"). The 2017 Equity Incentive Plan provided for grants of stock options, shares of restricted common stock, phantom shares, dividend equivalent rights and other equity-based awards, including long-term incentive plan units. Grants under the 2017 Equity Incentive Plan were recognized as compensation costs ratably over the applicable vesting period and recorded in "General and administrative" in the Company's consolidated statements of operations. Prior to the effective time of the Merger, Old SAFE awarded all shares of Old SAFE common stock remaining available for issuance under the 2017 Equity Incentive Plan to members of its Former Manager's management team and employees who performed services for Old SAFE. As of June 30, 2024, there were no shares available for issuance for future awards under Old SAFE's 2017 Equity Incentive Plan.

iStar's amended and restated 2009 Long-Term Incentive Program (the "LTIP") was approved by stockholders in 2021 and remained in effect after the closing of the Merger. The LTIP is designed to provide incentive compensation for officers, key employees, directors and advisors of the Company. The LTIP provides for awards of stock options, shares of restricted stock, phantom shares, restricted stock units, dividend equivalent rights and other share-based performance awards. All awards under the LTIP are made at the discretion of the Company's Board of Directors. Grants under the LTIP are recognized as compensation costs ratably over the applicable vesting period and recorded in "General and administrative" in the Company's consolidated statements of operations. In March 2023, the Company granted awards to employees with an aggregate grant date fair value of $25.0 million, or $28.89 per share. In June 2023, the Company issued an aggregate 24,336 vested shares of its common stock with a grant date fair value of $23.58 per share to its directors in consideration for their annual service as directors. On June 20, 2023, the LTIP was further amended to, among other things, increase the aggregate number of shares of common stock available for issuance. In May 2024, the Company issued an aggregate 32,300 shares of its common stock with a grant date fair value of $20.78 per share to its directors that vest after one year in consideration for their annual service as directors. In addition, in May 2024, the Company's shareholders approved an increase to the LTIP of 1,000,000 shares. As of June 30, 2024, an aggregate of 1,054,733 shares of the Company's common stock remains available for awards under the LTIP. As of June 30, 2024, there was $9.9 million of total unrecognized compensation cost related to all unvested restricted stock units that is expected to be recognized over a weighted average remaining vesting/service period of 2.0 years.

Caret Performance Incentive Plan—During the third quarter of 2018, Old SAFE adopted, and in the second quarter of 2019, its stockholders approved, the Caret Performance Incentive Plan (the "Original Caret Performance Incentive Plan"). Under the Original Caret Performance Incentive Plan, 1,500,000 Caret units were reserved for grants of performance-based awards to Original Caret Performance Incentive Plan participants, including certain of executives of iStar, and Old SAFE's directors and service providers. Grants under the Original Caret Performance Incentive Plan were subject to vesting based on time-based service conditions and hurdles relating to Old SAFE's common stock price, all of which have been satisfied. In connection with the Merger, certain of Old SAFE's former executive officers, entered into re-vesting agreements pursuant to which the executives agreed to subject 25% of their previously vested Caret units to additional vesting conditions which will be satisfied on the second anniversary of the Merger, subject to the applicable executive's continued employment through such date. In the event of a termination of the executive's employment by the Company without "cause", or due to the executive's death, disability or retirement, the unvested Caret units shall continue to vest as and when the vesting conditions described above are satisfied.

In connection with the consummation of the Merger and the Caret Restructuring, Old SAFE, Caret Ventures and CARET Management Holdings LLC assigned each Award Agreement (as defined in the Original Caret Performance Incentive Plan) relating to outstanding Caret unit awards to Portfolio Holdings pursuant to the Omnibus Assignment, Assumption and Amendment Agreement, dated as of March 31, 2023 (the "Caret Assignment Agreement").

Following the effectiveness of the Caret Assignment Agreement, Old SAFE amended and restated the Original Caret Performance Incentive Plan (the "Amended Caret Performance Incentive Plan").

Prior to the Merger, the Old SAFE compensation committee, and following the Merger, the Company's compensation committee, approved the award of 76,801 new Caret units with an estimated grant date fair value of $8.1 million to executive officers and other employees, other than the Company's Chief Executive Officer and the Company's President and Chief Investment Officer, including 15,000 Caret units to the Company's Chief Financial Officer. The new Caret unit awards were granted immediately following the Merger and the effectiveness of the Amended Caret Performance Incentive Plan, and cliff vest on the fourth anniversary of their grant date if the Company's common stock has traded at an average per share price of $60.00 or more for at least 30 consecutive trading days during that four-year period. As of June 30, 2024, there was $3.8 million of total unrecognized compensation cost related to all unvested Caret units that is expected to be recognized over a remaining vesting/service period of 2.75 years.

As of June 30, 2024, and after giving effect to the Caret Restructuring and the post-Merger Caret unit awards, Amended Caret Performance Incentive Plan participants held 1,371,254 Caret units, representing 14.4% of the then-outstanding Caret units and 11.4% of the then-authorized Caret units.

During the three and six months ended June 30, 2024, the Company recognized ($0.3) million and $0.2 million, respectively, of (income) expense from Caret units, which is recorded in "General and administrative" in the Company's consolidated statements of operations and "Noncontrolling interests" on the Company's consolidated balance sheets. During both the three and six months ended June 30, 2023, the Company recognized $0.5 million in expense from Caret units, which is recorded in “General and administrative” in the Company’s consolidated statements of operations and “Noncontrolling interests” on the Company’s consolidated balance sheets.

401(K) Plan—The Company has a savings and retirement plan (the "401(k) Plan"), which is a voluntary, defined contribution plan. All employees are eligible to participate in the 401(k) Plan following completion of three months of continuous service with the Company. Each participant may contribute on a pretax basis up to the maximum percentage of compensation and dollar amount permissible under Section 402(g) of the Internal Revenue Code not to exceed the limits of Code Sections 401(k), 404 and 415. At the discretion of the Company’s Board of Directors, the Company may make matching contributions on the participant’s behalf of up to 50% of the participant’s contributions, up to a maximum of 10% of the participants’ compensation. The Company made gross contributions of $0.5 million for the six months ended June 30, 2024.

Accumulated Other Comprehensive Income (Loss)—Accumulated other comprehensive income (loss) consists of net unrealized gains (losses) on the Company’s derivative transactions.

Noncontrolling Interests—Noncontrolling interests includes unrelated third-party equity interests in ventures that are consolidated in the Company’s consolidated financial statements and Caret units that have been sold to third-parties (refer to Note 1) or have been granted to employees of the Company’s Former Manager. See also “*Redeemable Noncontrolling Interests”* in Note 3.

Dividends—The Company (then known as iStar) elected to be taxed as a REIT beginning with its taxable year ended December 31, 1998. To qualify as a REIT, the Company must annually distribute, at a minimum, an amount equal to 90% of its taxable income, excluding net capital gains, and must distribute 100% of its taxable income (including net capital gains) to eliminate corporate federal income taxes payable by the REIT. Because taxable income differs from cash flow from operations due to non-cash revenues and expenses (such as depreciation and other items), in certain circumstances, the Company may generate operating cash flow in excess of its dividends, or alternatively, may need to make dividend payments in excess of operating cash flows. During the six months ended June 30, 2024 and 2023, the Company declared cash dividends on its common stock of $25.4 million, or $0.354 per share, and $22.6 million, or $0.354 per share, respectively.

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Note 13—Earnings Per Share

Earnings per share ("EPS") is calculated by dividing net income attributable to common shareholders by the weighted average number of shares outstanding for the period. The following tables present a reconciliation of net income used in the basic and diluted EPS calculations ($ and shares in thousands, except for per share data):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Net income (loss)	$ 29,555	$ 22,111	$ 60,584	$ 26,827
Net (income) loss attributable to noncontrolling interests	110	19	(191)	(15)
Net income (loss) attributable to Safehold Inc. common shareholders for basic and diluted earnings per common share	$ 29,665	$ 22,130	$ 60,393	$ 26,812

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Earnings attributable to common shares:				
Numerator for basic and diluted earnings per share:				
Net income (loss) attributable to Safehold Inc. common shareholders - basic	$ 29,665	$ 22,130	$ 60,393	$ 26,812
Net income (loss) attributable to Safehold Inc. common shareholders - diluted	$ 29,665	$ 22,130	$ 60,393	$ 26,812
Denominator for basic and diluted earnings per share:(1)				
Weighted average common shares outstanding for basic earnings per common share	71,435	63,944	71,303	63,809
Add: Effect of assumed shares under treasury stock method for restricted stock units	27	—	48	—
Weighted average common shares outstanding for diluted earnings per common share	71,462	63,944	71,351	63,809
Basic and diluted earnings per common share:(1)				
Net income (loss) attributable to Safehold Inc. common shareholders - basic	$ 0.42	$ 0.35	$ 0.85	$ 0.42
Net income (loss) attributable to Safehold Inc. common shareholders - diluted	$ 0.42	$ 0.35	$ 0.85	$ 0.42

(1) For the three months ended June 30, 2024 and 2023, the effect of 9 thousand and 452 thousand, respectively, of the Company's restricted stock awards were antidilutive. For the six months ended June 30, 2024 and 2023, the effect of 31 thousand and 456 thousand, respectively, of the Company's restricted stock awards were antidilutive.

Note 14—Related Party Transactions

Prior to the Merger, the Company was externally managed by an affiliate of iStar. iStar was an active real estate investor for over 20 years and had an extensive network for sourcing investments, which included relationships with brokers, corporate tenants and developers that it has established over its long operating history.

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Management Agreement

A summary of the terms of the management agreement with iStar prior to the Merger is below:

Manager	SFTY Manager, LLC, a wholly-owned subsidiary of iStar Inc.
Management Fee	Annual fee of 1.00% of total equity (up to $1.5 billion) Annual fee of 1.25% of total equity (for incremental equity of $1.5 billion to $3.0 billion) Annual fee of 1.375% of total equity (for incremental equity of $3.0 billion to $5.0 billion) and Annual fee of 1.5% of total equity (for incremental equity over $5.0 billion)
Management Fee Consideration	At the discretion of the Company's independent directors, payment will be made in cash or in shares of the Company's common stock (valued at the greater of: (i) the volume weighted average market price during a specified pricing period; or (ii) the initial public offering price of $20.00 per share)
Lock-up	Restriction from selling common stock received for management fees for two years from the date of such issuance (restriction will terminate in the event of and effective with the termination of the management agreement)
Incentive Fee	None
Term	Non-terminable through June 30, 2023, except for cause. Automatic annual renewals thereafter, subject to non-renewal upon certain findings by the Company's independent directors and payment of termination fee.
Termination Fee	3x prior year's management fee

The Company did not incur management fees to the Former Manager for the three months ended June 30, 2023. During the six months ended June 30, 2023, the Company recorded $5.2 million in management fees to the Former Manager. These management fees are recorded in "General and administrative" in the Company's consolidated statements of operations.

Expense Reimbursements

The Company paid, or reimbursed iStar for, certain of the Company's operating expenses as well as the costs of personnel performing certain legal, accounting, finance, due diligence tasks and other services, in each case except those specifically required to be borne or elected not to be charged by the iStar under the management agreement.

The Company was not allocated any expenses from iStar for the three months ended June 30, 2023. During the six months ended June 30, 2023, the Company was allocated $3.1 million in expenses from iStar.

These expenses are recorded in "General and administrative" in the Company's consolidated statements of operations.

Acquisitions and Commitments

Prior to the Merger, iStar participated in certain of the Company's investment transactions, as the Company's tenant or either as a seller of land or by providing financing to the Company's Ground Lease tenants. Following is a list of transactions in which the Company and iStar or other persons deemed to be related parties have participated for the periods presented. These transactions were approved by the Company's independent directors in accordance with the Company's policy with respect to related party transactions.

In November 2021, the Company entered into an agreement pursuant to which it agreed to acquire land and a related Ground Lease originated by iStar when certain construction related conditions are met by a specified time period. The purchase price to be paid is $33.3 million, plus an amount necessary for iStar to achieve the greater of a 1.25x multiple or a 12% return on its investment. In December 2021, iStar contributed the Ground Lease to the Ground Lease Plus Fund (refer to Note 7). The Company has a noncontrolling interest in the Ground Lease Plus Fund and an affiliate of an existing shareholder (which is affiliated with one of the Company's independent directors) has a noncontrolling interest in the Ground Lease Plus Fund. The terms of the Company's commitment under the agreement did not change upon iStar's contribution of the Ground Lease to the Ground Lease Plus Fund. In January 2024, the Company acquired the Ground Lease from the Ground Lease Plus Fund for $38.3 million. In addition, the Ground Lease documents contain future funding obligations to the Ground Lease tenant of approximately $51.8 million of leasehold improvement allowance upon achievement of certain milestones. In May 2023, certain milestones were met by the tenant as it exited the pre-development stage and the tenant began accessing the leasehold improvement allowance. As of June 30, 2024, the Company funded $49.3 million of the leasehold improvement allowance.

In June 2021, the Company acquired from iStar a purchase option agreement for $1.2 million, which amount was equal to the deposit previously made by iStar under such option agreement plus assumption of iStar's out of pocket costs and expenses in connection with entering into such option agreement. Under the option agreement, the Company had the right to acquire for $215.0 million a property that is under a separate option for the benefit of a third party, whereby such third party has the right to enter into a Ground Lease and develop approximately 1.1 million square feet of office space. In September 2023, the Company terminated its acquisition right under the option agreement for $0.3 million and recognized a loss of $1.9 million, inclusive of the derecognition of previously-capitalized deal structuring costs.

In June 2021, the Company entered into two agreements pursuant to each of which it agreed to acquire land and a related Ground Lease originated by iStar when certain construction related conditions are met by a specified time period. The purchase price to be paid for each is $42.0 million, plus an amount necessary for iStar to achieve the greater of a 1.25x multiple and a 9% return on its investment. In addition, each Ground Lease provides for a leasehold improvement allowance up to a maximum of $83.0 million, which obligation would be assumed by the Company upon acquisition. In January 2022, iStar sold the Ground Leases to the Ground Lease Plus Fund in which the Company owns a noncontrolling interest and an existing shareholder (which is affiliated with one of the Company's independent directors) owns a noncontrolling interest. One of the agreements expired in June 2024. There can be no assurance that the conditions to closing will be satisfied and that the Company will acquire the other property and Ground Lease from the Ground Lease Plus Fund.

Caret units

In February 2022, Old SAFE sold an aggregate of 108,571 Caret units, 1.08% of the then-authorized Caret units, to a group of investors (refer to Note 3). In addition, an affiliate of an existing shareholder (which is affiliated with one of the Company's independent directors) made a commitment to purchase 28,571 Caret units, or 0.29% of the then-authorized Caret units, for a purchase price of $5.0 million. As part of the sale, Old SAFE agreed to use commercially reasonable efforts to provide public market liquidity for such Caret units by seeking to provide a listing of the Caret units (or securities into which they may be exchanged) on a public exchange within two years of the sale. Because public market liquidity was not achieved by February 2024, the investors in the February 2022 transaction had the right to cause their Caret units purchased in February 2022 to be redeemed by Portfolio Holdings at such purchase price less the amount of distributions previously made on such units. In April 2024, all of the investors in the February 2022 transaction exercised this right and elected to have their Caret units redeemed.

Safehold Inc.
Notes to Consolidated Financial Statements
(unaudited)

On March 31, 2023, shortly before the closing of the Merger, iStar sold and affiliates of MSD Partners bought 5,405,406 shares of Old SAFE's common stock then owned by iStar. On March 31, 2023, in conjunction with the closing of the Merger, affiliates of MSD Partners also purchased 100,000 Caret units (refer to Note 12) from the Company for an aggregate purchase price of $20.0 million. Additionally, on March 31, 2023, existing third-party Caret unit holders purchased an aggregate of 22,500 Caret units from the Company for an aggregate $4.5 million.

Star Holdings

On March 31, 2023, immediately prior to the closing of the Merger, the Company (then known as iStar Inc.) completed the Spin-Off, resulting in the spin-off of its remaining legacy assets and certain other assets pursuant to a separation and distribution agreement (the "Separation and Distribution Agreement"), dated as of March 31, 2023, by and between the Company and Star Holdings. The Separation and Distribution Agreement sets forth, among other things, Star Holdings' agreements with the Company regarding the principal transactions necessary to separate Star Holdings from the Company. It also sets forth other agreements that govern certain aspects of Star Holdings' relationship with the Company after the Spin-Off relating to the transfer of assets and assumption of liabilities, cash assets, release of claims, insurance, non-solicitation, segregation of accounts and other matters. The Separation and Distribution Agreement also includes a mutual release by Star Holdings, on the one hand, and the Company, on the other hand, of the other party from certain specified liabilities, as well as mutual indemnification covenants pursuant to which Star Holdings and the Company have agreed to indemnify each other from certain specified liabilities.

SpinCo Manager has entered into a management agreement with Star Holdings, pursuant to which it will operate and pursue the orderly monetization of Star Holding's assets. Pursuant to the management agreement, Star Holdings paid to SpinCo Manager an annual management fee of $25.0 million for the term ended March 31, 2024. The annual fee declines to $15.0 million, $10.0 million and $5.0 million, respectively, in each of the following annual terms, and adjusts to 2.0% of the gross book value of Star Holding's assets, excluding shares of the Company's common stock, thereafter. The management agreement had an initial one-year term and automatically renews for successive one-year terms each anniversary date thereafter unless previously terminated. The management agreement may be terminated by Star Holdings without cause by not less than one hundred eighty days' written notice to SpinCo Manager upon the affirmative vote of at least two-thirds of Star Holdings' independent directors, provided, however, that if the date of termination occurs prior to the fourth anniversary of the Spin-Off, the termination will be subject to payment of the applicable termination fee to SpinCo Manager. Star Holdings may also terminate the management agreement at any time with 30 days' prior written notice from Star Holdings' board of trustees for "cause," as defined in the management agreement.

In the event of a termination without cause by Star Holdings prior to the fourth anniversary of the Spin-Off, Star Holdings will pay SpinCo Manager a termination fee of $50.0 million minus the aggregate amount of management fees actually paid to SpinCo Manager prior to the termination date. However, if Star Holdings has completed the liquidation of its assets on or before the termination date, the termination fee will consist of any portion of the annual management fee that remained unpaid for the remainder of the then current annual term plus, if the termination date occurs on or before the third anniversary of the Spin-Off, the amount of the management fee that would have been payable for the next succeeding annual term, or if the termination date occurs after the third anniversary of the Spin-Off, zero.

In the event of a termination by the Company based on a reduction in the amount of Star Holdings' consolidated assets below designated thresholds, Star Holdings will pay SpinCo Manager a termination fee of $30.0 million if the termination occurs in the first year, $15.0 million if the termination occurs in the second year and $5.0 million if the termination occurs in the third year, in each case, plus the balance of any unpaid portion of the annual management fee for the applicable year.

Safehold Inc.
Notes to Consolidated Financial Statements
(unaudited)

During the three and six months ended June 30, 2024, the Company recorded $4.4 million and $9.9 million, respectively, in management fees from Star Holdings. During both the three and six months ended June 30, 2023, the Company recorded $7.2 million in management fees from Star Holdings. The management fees are included in “Other income” in the Company’s consolidated statements of operations.

The Company and Star Holdings also entered into a governance agreement that places certain restrictions on the transfer and voting of the shares of the Company owned by Star Holdings, and a registration rights agreement under which the Company agreed to register such shares for resale in accordance with applicable securities laws. As of June 30, 2024, Star Holdings owned approximately 18.9% of the Company’s common stock outstanding through a wholly-owned subsidiary.

In April 2023, the Company, Portfolio Holdings and Star Investment Holdings SPV LLC (“Star Investment Holdings”), a subsidiary of Star Holdings, entered into an ATM Equity Offering Sales Agreement (the “Selling Stockholder Sales Agreement”) with the sales agents named therein pursuant to which Star Investment Holdings may sell, from time to time, subject to receiving the Company’s consent, up to 1,000,000 shares of the Company’s common stock (the “Selling Stockholder Shares”) through or to the sales agents. Star Investment Holdings may sell the Selling Stockholder Shares in amounts and at times to be determined by the Star Investment Holdings, subject to receiving the Company’s consent, from time to time but has no obligation to sell any of the Selling Stockholder Shares. Actual sales, if any, will depend on a variety of factors to be determined by Star Investment Holdings from time to time, including, among other things, market conditions, the trading price of the Company’s common stock, capital needs and determinations by Star Investment Holdings of the appropriate sources of its funding.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Certain statements in this report, other than purely historical information, including estimates, projections, statements relating to our business plans, objectives and expected operating results, and the assumptions upon which those statements are based, are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Forward-looking statements are included with respect to, among other things, Safehold Inc.'s (the "Company's") current business plan, business strategy, portfolio management, prospects and liquidity. These forward-looking statements generally are identified by the words "believe," "project," "expect," "anticipate," "estimate," "intend," "strategy," "plan," "may," "should," "will," "would," "will be," "will continue," "will likely result," and similar expressions. Forward-looking statements are based on current expectations and assumptions that are subject to risks and uncertainties which may cause actual results or outcomes to differ materially from those contained in the forward-looking statements. We undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise. In assessing all forward-looking statements, readers are urged to read carefully all cautionary statements contained in this Form 10-Q and the uncertainties and risks described in Item 1A. "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2023 (the "2023 Annual Report"), all of which could affect our future results of operations, financial condition and liquidity.

The discussion below should be read in conjunction with our consolidated financial statements and related notes in this quarterly report on Form 10-Q and our 2023 Annual Report. These historical financial statements may not be indicative of our future performance.

Merger Transaction

On August 10, 2022, Safehold Inc. ("Old SAFE") entered into an Agreement and Plan of Merger (the "Merger Agreement") with iStar Inc. ("iStar"), and on March 31, 2023, in accordance with the terms of the Merger Agreement, Old SAFE merged with and into iStar, at which time Old SAFE ceased to exist, and iStar continued as the surviving corporation and changed its name to "Safehold Inc." For accounting purposes, the Merger is treated as a "reverse acquisition" in which iStar is considered the legal acquirer and Old SAFE is considered the accounting acquirer. As a result, the historical financial statements of Old SAFE became the historical financial statements of Safehold Inc. Unless the context otherwise requires, references to "iStar" refer to iStar prior to the Merger, and references to "we," "our" and "the Company" refer to the business and operations of Old SAFE and its consolidated subsidiaries prior to the Merger and to Safehold Inc. (formerly known as iStar Inc.) and its consolidated subsidiaries following the consummation of the Merger. Periods presented prior to the Merger date of March 31, 2023 reflect the operations of Old SAFE and periods presented as of June 30, 2024 represent the financial statements of the Company.

Additionally, in connection with the Merger, Safehold Operating Partnership LP converted from a Delaware limited partnership into a Delaware limited liability company and changed its name to "Safehold GL Holdings LLC" ("Portfolio Holdings"), with the Company as its managing member. The Company conducts all of its business and owns all of its properties through Portfolio Holdings. In addition, holders of Caret units in Old SAFE's subsidiary, Caret Ventures, contributed their interests in Caret Ventures to Portfolio Holdings in return for Caret units issued by Portfolio Holdings. Following the restructuring, 100% of the equity interests in Caret Ventures is held by Portfolio Holdings, and Portfolio Holdings is owned by the Company, management, of the Company, employees and former employees of the Company, affiliates of MSD Partners, and other outside investors.

Business Overview

We acquire, manage and capitalize Ground Leases and report our business as a single reportable segment. We believe owning a portfolio of Ground Leases affords our investors the opportunity for safe, growing income. Safety is derived from a Ground Lease's senior position in the commercial real estate capital structure. Growth is realized through long-term leases with contractual periodic increases in rent. Capital appreciation is realized though appreciation in the value of the land over time and through our typical rights as landlord to acquire the commercial buildings on our land at the end of a Ground Lease, which may yield substantial value to us. As of June 30, 2024, the percentage breakdown of the gross book value of our portfolio was 41% office, 39% multi-family, 11% hotels, 6% life science and 3% mixed use and other. The diversification by geographic location, property type and sponsor in our portfolio further reduces risk and enhances potential upside.

Many of our Ground Leases have CPI lookbacks, generally starting between years 11 and 21 of the lease term, to mitigate the effects of inflation that are typically capped between 3.0% - 3.5%; however, in the event cumulative inflation growth for the lookback period exceeds the cap, these rent adjustments may not keep up fully with changes in inflation. In 2022, the Consumer Price Index ("CPI") rose to its highest rate in over 40 years. Since then, the Federal Reserve has raised interest rates multiple times and has kept rates high. Any further increase in interest rates may result in a reduction in the availability or an increase in costs of leasehold financing, which is critical to the growth of a robust Ground Lease market. An increase in interest rates could also increase the leasehold financing costs of our Ground Lease tenants and their ability to obtain leasehold financing.

The COVID-19 pandemic is not currently materially impacting our new investment activity, but we continue to monitor its potential impact, which could slow new investment activity because of reduced levels of real estate transactions and constrained conditions for equity and debt financing for real estate transactions, including leasehold loans. In addition, following the onset of the COVID-19 pandemic, the U.S. office sector has been adversely affected by office vacancies, the rise in interest rates and a decline in market liquidity, all of which could negatively impact our tenants, Ground Rent Coverages and estimated Combined Property Values. Moreover, certain office assets currently have material vacancies. If our Ground Lease tenants at such assets fail to re-tenant the building such Ground Leases may default and we may suffer losses. The rise in interest rates and increased investment spreads to treasury bonds in the Ground Lease market may attract new competitors, which may result in higher costs for properties, lower returns and impact our ability to grow. See the "Risk Factors" section of our 2023 Annual Report for additional discussion of certain potential risks to our business arising from the COVID-19 pandemic and certain potential risks to our business related to competition and industry concentrations.

We have chosen to focus on Ground Leases because we believe they meet an important need in the real estate capital markets for our customers. We also believe Ground Leases offer a unique combination of safety, income growth and the potential for capital appreciation for investors for the following reasons:

High Quality Long-Term Cash Flow: We believe that a Ground Lease represents a safe position in a property's capital structure. The combined value of the land and buildings and improvements thereon subject to a Ground Lease (the "Combined Property Value") typically significantly exceeds the Ground Lease landlord's investment in the Ground Lease; therefore, even if the landlord takes over the property following a tenant default or upon expiration of the Ground Lease, the landlord is reasonably likely to recover substantially all of its Ground Lease investment, and possibly amounts in excess of its investment, depending upon prevailing market conditions. Additionally, the typical structure of a Ground Lease provides the landlord with a residual right to regain possession of its land and take ownership of the buildings and improvements thereon upon a tenant default. The landlord's residual right provides a strong incentive for a Ground Lease tenant or its leasehold lender to make the required Ground Lease rent payments.

Income Growth: Ground Leases typically provide growing income streams through contractual base rent escalators that may compound over the duration of the lease. These rent escalators may be based on fixed increases, a CPI or a combination thereof, and may also include a participation in the gross revenues of the property. We believe that this growth in the lease rate over time can mitigate the effects of inflation and capture anticipated increases in land values over time, as well as serving as a basis for growing our dividend.

Opportunity for Capital Appreciation: The opportunity for capital appreciation comes in two forms. First, as the ground rent grows over time, the value of the Ground Lease should grow under market conditions in which capitalization rates remain flat. Second, our residual right to regain possession of the land underlying the Ground Lease and take title to the buildings and other improvements thereon at lease expiration or earlier termination of the lease for no additional consideration creates additional potential value to our shareholders.

We generally target Ground Lease investments in which the initial cost of the Ground Lease represents 30% to 45% of the Combined Property Value as if the Ground Lease did not exist. If the initial cost of a Ground Lease is equal to 35% of the Combined Property Value, the remaining 65% of the Combined Property Value represents potential excess value over the amount of our investment that would be turned over to us upon the reversion of the property, assuming no intervening change in the Combined Property Value. In our view, there is a strong correlation between inflation and commercial real estate values over time, which supports our belief that the value of our owned residual portfolio should increase over time as inflation increases, although our ability to recognize value in certain cases may be limited by the rights of our tenants under some of our Ground Leases, including tenant rights to purchase our land in certain circumstances and the right of one tenant to demolish improvements prior to the expiration of the lease. See “Risk Factors” in our 2023 Annual Report for additional discussion of these tenant rights.

Owned Residual Portfolio: We believe that the residual right is a unique feature distinguishing Ground Leases from other fixed income investments and property types. We refer to the value of the land and improvements subject to a Ground Lease in excess of our investment basis as unrealized capital appreciation (“UCA”). We track the UCA in our owned residual portfolio over our basis because we believe it provides relevant information with regard to the 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 cash flows generated by our portfolio rent that increases over time; and (3) increases and decreases in the Combined Property Value of the portfolio that reverts to us pursuant to such residual rights.

We believe that, similar to a loan to value metric, tracking changes in the value of our owned residual portfolio is useful as an indicator of the quality of our cash flows and the safety of our position in a tenant’s capital structure, which, in turn, supports our objective to pay and grow dividends over time. Observing changes in our owned residual portfolio value also helps us monitor changes in the value of the real estate portfolio that reverts to us under the terms of the leases, either at the expiration or earlier termination of the lease. The value may be realized by us at the relevant time by entering into a new lease reflecting then current market terms and values, selling the building, selling the building with the land, or operating the building directly and leasing the spaces to tenants at prevailing market rates.

We have engaged an independent valuation firm to prepare: (a) initial reports of the Combined Property Value associated with our Ground Lease portfolio; and (b) periodic updates of such reports, which we use, in part, to determine the current estimated value of our owned residual portfolio. We calculate this estimated value by subtracting our original aggregate cost basis in the Ground Leases from our estimated aggregate Combined Property Value, based on estimates by the valuation firm and by management.

The table below shows the current estimated UCA in our owned residual portfolio as of June 30, 2024 and December 31, 2023 ($ in millions):[(1)]

	June 30, 2024	December 31, 2023
Combined Property Value[(2)]	$ 15,318	$ 16,001
Ground Lease Cost[(2)]	6,233	6,174
Unrealized Capital Appreciation in Our Owned Residual Portfolio	9,085	9,827

(1) Please review our Current Report on Form 8-K filed on July 29, 2024 for a discussion of the valuation methodology used and important limitations and qualifications of the calculation of UCA. See “Risk Factors-*Certain tenant rights under our Ground Leases may limit the value and the UCA we are able to realize upon lease expiration, sale of our land and Ground Leases or other events*” included in “Risk Factors” of our 2023 Annual Report for a discussion of certain tenant rights and other terms of the leases that may limit our ability to realize value from the UCA.

(2) Combined Property Value as of December 31, 2023 includes one investment in our Ground Lease Plus Fund (which we acquired from the Ground Lease Plus Fund in January 2024 - refer to Note 7 to the consolidated financial statements), and for both periods includes our applicable percentage interests in our unconsolidated Ground Lease ventures and $1,142.9 million and $1,357.4 million related to transactions with remaining unfunded commitments as of June 30, 2024 and December 31, 2023, respectively. Combined Property Value excludes the term loan to Star Holdings, the assets in the Leasehold Loan Fund (refer to Note 7 to the consolidated financial statements), the assets in the Ground Lease Plus Fund and amounts attributable to noncontrolling interests. Ground Lease Cost as of December 31, 2023 includes one investment in our Ground Lease Plus Fund (which we acquired from the Ground Lease Plus Fund in January 2024), and for both periods includes our applicable percentage interests in our unconsolidated Ground Lease ventures and $50.6 million and $135.6 million (including amounts paid to the Ground Lease Plus Fund in January 2024 to acquire the investment) of unfunded commitments as of June 30, 2024 and December 31, 2023, respectively. Ground Lease Cost excludes the term loan to Star Holdings, the assets in the Leasehold Loan Fund, the assets in the Ground Lease Plus Fund and amounts attributable to noncontrolling interests. As of June 30, 2024, our gross book value as a percentage of combined property value was 48%.

In 2018, Old SAFE established the Caret program (as defined below). The Caret program is designed to recognize the two distinct components of value in our Ground Lease portfolio by separating them into:

- the "bond component," which consists of the bond-like income stream we receive from contractual rent payments under our Ground Leases, plus the return of our investment basis in each asset; and
- the "Caret component," which consists of the UCA above our investment basis in our Ground Leases due to our ownership of the land and improvements at the end of the term of the applicable Ground Lease.

Portfolio Holdings' two classes of limited liability company interests are designed to track these two components: "GL units" are intended to track the bond component and "Caret units" are designed to track the Caret component (the "Caret program"). We currently hold all of the issued and outstanding GL units of Portfolio Holdings.

In general, all of our Ground Leases are subject to the Caret program, except for non-commercial Ground Leases and pre-development Ground Leases. Holders of Caret units are generally entitled to amounts equal to the net proceeds from the disposition of a Ground Lease asset in excess of the cost borne by us to acquire such asset (including amounts paid to the tenant in connection with the initial development of improvements at the properties). However, we are entitled to deduct (i) unrecovered acquisition costs borne by Portfolio Holdings following the termination of an applicable Ground Lease by reason of defaults of tenants; (ii) accrued unpaid rent under the applicable Ground Lease; and (iii) unrecovered costs relating to the issuance, maintenance and management of Caret units as a separate security, among other costs, from the amount payable to the holders of Caret units on account of such net proceeds. See "SAFE Proposal 2: The SAFE Caret Amendment Proposal" in our Registration Statement on Form S-4, filed with the SEC on December 16, 2022, for more information on the Caret program.

During the third quarter of 2018, Old SAFE adopted, and in the second quarter of 2019, its stockholders approved, the Caret Performance Incentive Plan (the "Original Caret Performance Incentive Plan"). Under the Original Caret Performance Incentive Plan, 1,500,000 Caret units were reserved for grants of performance-based awards to Original Caret Performance Incentive Plan participants, including certain executives of the Company, or its affiliates, directors of Old SAFE and service providers of Old SAFE. Initial grants under the Original Caret Performance Incentive Plan were subject to graduated vesting based on time-based service conditions and hurdles of our common stock price, all of which have been satisfied. In connection with the Merger, certain of Old SAFE's executive officers entered into re-vesting agreements pursuant to which the executives agreed to subject 25% of their previously vested Caret units to additional vesting conditions which will be satisfied on the second anniversary of the Merger, subject to the applicable executive's continued employment through such date. In connection with the Merger, each Award Agreement (as defined in the Original Caret Performance Incentive Plan) related to outstanding Caret unit awards was assigned to Portfolio Holdings, and Old SAFE amended and restated the Original Caret Performance Incentive Plan (the "Caret Performance Incentive Plan"). Following the merger, 76,801 Caret units were awarded to executive officers and other employees under such plan that are subject to cliff vesting on the fourth anniversary of their grant date if our common stock has traded at an average price of $60.00 or more for at least 30 consecutive trading days during that four-year period. As a result, as of June 30, 2024, vested and unvested Caret units beneficially owned by our officers and other employees represent approximately 14.4% of the outstanding Caret units and 11.4% of the authorized Caret units, including 6.1% held directly and indirectly by Jay Sugarman, our Chairman and Chief Executive Officer.

In addition to the Caret units awarded or reserved for issuance under our Caret Performance Incentive Plan, as of June 30, 2024, Old SAFE sold or contracted to sell an aggregate of 259,642 Caret units to third-party investors, including affiliates of MSD Partners and an entity affiliated with one of our independent directors. As of June 30, 2024, the Company owns 84.3% of the outstanding Caret units. In connection with the sale of 137,142 Caret units in February 2022 (28,571 of which were committed to be purchased at the time, but did not close), Old SAFE agreed to use commercially reasonable efforts to provide public market liquidity for such Caret units by seeking to provide a listing of the Caret units (or securities into which they may be exchanged) on a public exchange within two years of the sale. Because public market liquidity was not achieved by February 2024, the investors in the February 2022 transaction had the right to cause their Caret units purchased in February 2022 to be redeemed by Portfolio Holdings at such purchase price less the amount of distributions previously made on such units. In April 2024, all of the investors in the February 2022 transaction exercised this right and elected to have their Caret units redeemed at the original purchase price less the amount of distributions previously made on such units.

On March 31, 2023, Old SAFE sold 100,000 Caret units to affiliates of MSD Partners for an aggregate purchase price of $20.0 million (refer to Note 1 to the consolidated financial statements) pursuant to a subscription agreement entered into on August 10, 2022 and sold an aggregate of 22,500 Caret units to third-party investors for an aggregate $4.5 million pursuant to a subscription agreement entered into in November 2022.

In September 2022, Old SAFE sold a Ground Lease in the Washington, D.C. market for $136.0 million to a third-party purchaser. The transaction generated a net book gain for us of approximately $46.4 million. After paying closing costs, establishing reserves for Caret-related expenses and deducting the original $76.7 million cost basis to us, the remaining proceeds have been distributed approximately 84% to Old SAFE and approximately 16% to the minority holders of Caret units. In addition, the affiliates of MSD Partners received a credit against their purchase price for Caret units equal to the amount they would have received had they held Caret units at the time of the distribution.

Market Opportunity: We believe that there is a significant market opportunity for a dedicated provider of Ground Lease capital like us. We believe that the market for existing Ground Leases is fragmented with ownership comprised primarily of high net worth individuals, pension funds, life insurance companies, estates and endowments. However, while we intend to pursue acquisitions of existing Ground Leases, our investment thesis is predicated, in part, on what we believe is an untapped market opportunity to expand the use of Ground Leases to a broader component of the approximately $7.0 trillion institutional commercial property market in the U.S. We intend to capture this market opportunity by utilizing multiple sourcing and origination channels, including manufacturing new Ground Leases with third-party owners and developers of commercial real estate and originating Ground Leases to provide capital for development and redevelopment. We further believe that Ground Leases generally represent an attractive source of capital for our tenants and may allow them to generate superior returns on their invested equity as compared to utilizing alternative sources of capital. Prior to the Merger, we relied on the extensive investment origination and sourcing platform of iStar, the parent company of our Former Manager, to actively promote the benefits of the Ground Lease structure to prospective Ground Lease tenants. Subsequent to the Merger and the acquisition of iStar and its employees, we are internally managed.

Additionally, we have created additional channels and products that allows us to build a larger, captive pipeline. In connection with the Merger, Old SAFE acquired iStar's interests in iStar's two Ground Lease ecosystem funds, Ground Lease Plus Fund and Leasehold Loan Fund (refer to Note 7 to the consolidated financial statements). The Ground Lease Plus Fund includes two assets and targets high quality projects in pre-construction development phase with institutional developers. The Leasehold Loan Fund currently includes four assets and allows for customers to receive their full capital structure needs in one place. Customers are able to receive a mortgage leasehold loan as well as a Ground Lease through us. We also created "SAFExSWAP," which is a program that allows real estate investors with existing ground leases to swap into one of our Ground Leases. Additionally, our product "SAFExSELL" provides clients with an opportunity to enter into a Ground Lease at the time of the sale of a real estate asset, generating greater proceeds than would normally be expected in connection with a fee simple sale.

Our Portfolio

Our portfolio of properties is diversified by property type and region. Our portfolio is comprised of Ground Leases and a master lease (relating to five hotel assets that we refer to as our "Park Hotels Portfolio") that has many of the characteristics of a Ground Lease. As of June 30, 2024, our estimated portfolio Ground Rent Coverage was 3.6x (see "Risk Factors -*Our estimated UCA, Combined Property Value and Ground Rent Coverage, may not reflect the full potential impact of the COVID-19 pandemic and may decline materially in future periods*, -*We rely on Property NOI as reported to us by our tenants*, -*Our estimates of Ground Rent Coverage for properties in development or transition, or for which we do not receive current tenant financial information, may prove to be incorrect*" in our 2023 Annual Report for a discussion of our estimated Ground Rent Coverage).

Below is an overview of the top 10 assets in our portfolio as of June 30, 2024 (based on gross book value and excluding unfunded commitments):[(1)]

Property Name	Property Type	Location	Lease Expiration / As Extended	Rent Escalation Structure	% of Gross Book Value
425 Park Avenue[(2)]	Office	New York, NY	2090 / 2090	Fixed with Inflation Adjustments	5.6 %
135 West 50th Street	Office	New York, NY	2123 / 2123	Fixed with Inflation Adjustments	4.9 %
195 Broadway	Office	New York, NY	2118 / 2118	Fixed with Inflation Adjustments	4.6 %
20 Cambridgeside	Life Science	Cambridge, MA	2121 / 2121	Fixed with Inflation Adjustments	4.2 %
Park Hotels Portfolio[(3)]	Hotel	Various	2025 / 2035	% Rent	3.4 %
Alohilani	Hotel	Honolulu, HI	2118 / 2118	Fixed with Inflation Adjustments	3.4 %
685 Third Avenue	Office	New York, NY	2123 / 2123	Fixed with Inflation Adjustments	3.0 %
1111 Pennsylvania Avenue	Office	Washington, DC	2117 / 2117	Fixed with Inflation Adjustments	2.3 %
100 Cambridgeside	Mixed Use and Other	Cambridge, MA	2121 / 2121	Fixed with Inflation Adjustments	2.2 %
Columbia Center	Office	Washington, DC	2120 / 2120	Fixed with Inflation Adjustments	2.2 %

(1) Gross book value represents the historical purchase price plus accrued interest on sales-type leases.
(2) Gross book value for this property represents our pro rata share of the gross book value of our unconsolidated venture (refer to Note 7 to the consolidated financial statements).
(3) The Park Hotels Portfolio consists of five properties and is subject to a single master lease. A majority of the land underlying one of these properties is owned by a third party and is ground leased to us through 2044 subject to changes in the CPI; however, our tenant at the property pays this cost directly to the third party.

The following tables show our portfolio by top 10 markets and property type as of June 30, 2024, excluding unfunded commitments:

Market	% of Gross Book Value
Manhattan[(1)]	22 %
Washington, DC	11
Boston	8
Los Angeles	6
Denver	4
San Francisco	4
Honolulu	4
Nashville	3
Miami	3
Atlanta	3

(1) Total New York MSA including areas outside of Manhattan makes up 29% of gross book value.

Property Type	% of Gross Book Value
Office	41 %
Multifamily	39
Hotel	11
Life Science	6
Mixed Use and Other	3

Unfunded Commitments

We have unfunded commitments to certain of our Ground Lease tenants related to leasehold improvement allowances that we expect to fund upon the completion of certain conditions. As of June 30, 2024, we had $50.6 million of such commitments, excluding commitments to be funded by noncontrolling interests.

We also have unfunded forward commitments related to agreements that we entered into for the acquisition of new Ground Leases or additions to existing Ground Leases if certain conditions are met (refer to Note 14 to the consolidated financial statements). These commitments may also include leasehold improvement allowances that will be funded to the Ground Lease tenants upon the completion of certain conditions. As of June 30, 2024, we had an aggregate

$150.4 million of such commitments. There can be no assurance that the conditions to closing for these transactions will be satisfied and that we will acquire the Ground Leases or fund the leasehold improvement allowances.

Through the Leasehold Loan Fund, we also fund construction and development loans and build-outs of space in real estate assets over a period of time if and when the borrowers and tenants meet established milestones and other performance criteria. We refer to these arrangements as performance-based commitments. As of June 30, 2024, we had $103.3 million of such commitments.

Results of Operations for the Three Months Ended June 30, 2024 compared to the Three Months Ended June 30, 2023

	For the Three Months Ended June 30,		
	2024	2023	$ Change
	(in thousands)		
Interest income from sales-type leases	$ 65,235	$ 58,158	$ 7,077
Operating lease income	16,691	16,750	(59)
Interest income - related party	2,357	2,381	(24)
Other income	5,612	8,372	(2,760)
Total revenues	89,895	85,661	4,234
Interest expense	49,107	46,055	3,052
Real estate expense	1,041	1,013	28
Depreciation and amortization	2,490	2,527	(37)
General and administrative	12,276	18,916	(6,640)
Provision for (recovery of) credit losses	626	47	579
Other expense	359	1,274	(915)
Total costs and expenses	65,899	69,832	(3,933)
Earnings (losses) from equity method investments	6,469	6,807	(338)
Net income (loss) before income taxes	30,465	22,636	7,829
Income tax expense	(910)	(525)	(385)
Net income (loss)	$ 29,555	$ 22,111	$ 7,444

Interest income from sales-type leases increased to $65.2 million for the three months ended June 30, 2024 from $58.2 million for the same period in 2023. The increase was due primarily to acquisitions of Ground Leases and additional fundings on existing Ground Leases classified as sales-type leases and Ground Lease receivables.

Operating lease income was $16.7 million during the three months ended June 30, 2024 compared to $16.8 million for the same period in 2023. Operating lease income consists of rent from our operating leases and percentage rent from certain properties, including our Park Hotels Portfolio.

Interest income – related party was $2.4 million for both the three months ended June 30, 2024 and 2023 and relates to the Star Holdings Term Loan Facility.

Other income for the three months ended June 30, 2024 and 2023 includes $4.4 million and $7.2 million, respectively, of management fees from Star Holdings. In addition, other income for both the three months ended June 30, 2024 and 2023 includes $0.1 million of other income relating to a Ground Lease in which we are the lessee but our tenant at the property pays this expense directly under the terms of a master lease. Other income for both the three months ended June 30, 2024 and 2023 also includes $1.1 million of other ancillary income from our investments. Other ancillary income primarily includes sublease income earned in periods subsequent to the Merger, recoverable expenses and interest income earned on our cash balances.

During the three months ended June 30, 2024 and 2023, we incurred interest expense from our debt obligations of $49.1 million and $46.1 million, respectively. The increase in 2024 was primarily the result of increased indebtedness to fund acquisition activity and higher interest rates.

Real estate expense was $1.0 million during both the three months ended June 30, 2024 and 2023, which consisted primarily of the amortization of an operating lease right-of-use asset, legal fees, property taxes and insurance expense. In addition, during both the three months ended June 30, 2024 and 2023, we also recorded $0.1 million of real estate expense relating to a Ground Lease in which we are the lessee but our tenant at the property pays this expense directly under the terms of a master lease.

Depreciation and amortization was $2.5 million during both the three months ended June 30, 2024 and 2023. Depreciation and amortization primarily relates to our ownership of the Park Hotels Portfolio and a multi-family property, the amortization of in-place lease assets, and beginning in the second quarter of 2023, depreciation on corporate fixed assets acquired in the Merger.

Subsequent to the Merger closing on March 31, 2023, general and administrative expenses primarily includes public company costs such as compensation (including equity-based compensation), occupancy and other costs. The following table presents our general and administrative expenses for the three months ended June 30, 2024 and 2023 ($ in thousands):

	For the Three Months Ended June 30,	
	2024	2023
Public company and other costs(1)	$ 10,383	$ 10,926
Stock-based compensation	1,893	7,990
Total general and administrative expenses(2)	$ 12,276	$ 18,916

(1) For the three months ended June 30, 2024 and 2023, public company and other costs primarily includes compensation, legal, insurance and occupancy costs.
(2) For the three months ended June 30, 2024 and 2023, general and administrative expenses were partially offset by $4.4 million and $7.2 million, respectively, of management fees earned from Star Holdings, which are included in "Other income" in our consolidated statements of operations.

During the three months ended June 30, 2024, we recorded a provision for credit losses of $0.6 million. The provision was primarily the result of current market conditions, including an increase in our Ground Lease cost to value ratios on our Ground Lease portfolio. During the three months ended June 30, 2023, we recorded a provision for credit losses of $0.1 million. The provision was primarily the result of a declining macroeconomic forecast on commercial real estate markets since March 31, 2023.

During the three months ended June 30, 2024, other expense consists primarily of costs related to our debt obligations. During the three months ended June 30, 2023, other expense consists primarily of legal and consulting costs and costs incurred from the formation of a venture.

During the three months ended June 30, 2024, earnings from equity method investments (refer to Note 7 to the consolidated financial statements) resulted from our $0.9 million share of income from our 425 Park Avenue venture, our $1.4 million share of income from our 32 Old Slip venture, our $0.5 million share of income from the Ground Lease Plus Fund and our $3.7 million share of income from the Leasehold Loan Fund. During the three months ended June 30, 2023, earnings from equity method investments resulted from our $0.9 million pro rata share of income from our 425 Park Avenue venture, our $1.4 million pro rata share of income from our 32 Old Slip venture, our $1.7 million pro rata share of income from the Ground Lease Plus Fund and our $2.8 million pro rata share of income from the Leasehold Loan Fund.

During the three months ended June 30, 2024, we recorded consolidated income tax expense of $0.9 million, which was attributable to our taxable REIT subsidiary ("TRS"). Included in our consolidated income tax expense, our TRS recorded current and deferred tax expense in the amounts of $0.7 million and $0.2 million, respectively. The deferred tax expense relates primarily to equity-based compensation expense and utilization of net operating loss carryovers to which our TRS is a successor. During the three months ended June 30, 2023, we recorded income tax expense of $0.5 million. The income tax expense was primarily the result of our taxable REIT subsidiary recording a current and deferred income tax expense of $0.4 million and $0.1 million respectively.

Results of Operations for the Six Months Ended June 30, 2024 compared to the Six Months Ended June 30, 2023

	For the Six Months Ended June 30,		
	2024	2023	$ Change
		(in thousands)	
Interest income from sales-type leases	$ 128,453	$ 115,220	$ 13,233
Operating lease income	37,694	37,651	43
Interest income - related party	4,714	2,381	2,333
Other income	12,247	8,738	3,509
Total revenues	183,108	163,990	19,118
Interest expense	97,738	86,929	10,809
Real estate expense	2,120	2,218	(98)
Depreciation and amortization	4,977	4,925	52
General and administrative	27,904	33,983	(6,079)
Provision for (recovery of) credit losses	1,335	2,289	(954)
Other expense	450	15,363	(14,913)
Total costs and expenses	134,524	145,707	(11,183)
Earnings (losses) from equity method investments	13,381	9,069	4,312
Net income (loss) before income taxes	61,965	27,352	34,613
Income tax expense	(1,381)	(525)	(856)
Net income (loss)	$ 60,584	$ 26,827	$ 33,757

Interest income from sales-type leases increased to $128.5 million for the six months ended June 30, 2024 from $115.2 million for the same period in 2023. The increase was due primarily to the origination of new Ground Leases in 2023 and additional fundings on existing Ground Leases classified as sales-type leases and Ground Lease receivables.

Operating lease income was $37.7 million during both the six months ended June 30, 2024 and 2023. Operating lease income consists of rent from our operating leases and percentage rent from certain properties, including our Park Hotels Portfolio.

Interest income – related party was $4.7 million and $2.4 million, respectively, for the six months ended June 30, 2024 and 2023 and relates to the Star Holdings Term Loan Facility.

Other income for the six months ended June 30, 2024 and 2023 primarily includes $9.9 million and $7.2 million, respectively, of management fees from Star Holdings. In addition, other income for the six months ended June 30, 2024 and 2023 includes $0.3 million and $0.3 million, respectively, of other income relating to a Ground Lease in which we are the lessee but our tenant at the property pays this expense directly under the terms of a master lease. Other income for the six months ended June 30, 2024 and 2023 also includes $2.0 million and $1.2 million, respectively, of other ancillary income from our investments. The increase in other ancillary income in 2024 as compared to 2023 was primarily due to sublease income earned in periods subsequent to the Merger, interest income on our cash balances and management and other fees earned from the ventures that we manage.

During the six months ended June 30, 2024 and 2023, we incurred interest expense from our debt obligations of $97.7 million and $86.9 million, respectively. The increase in 2024 was primarily the result of additional borrowings on our revolvers, which also accrued interest at higher rates in 2024 due to an increase in base interest rates, and interest expense on our trust preferred securities and our 6.10% Notes.

Real estate expense was $2.1 million and $2.2 million during the six months ended June 30, 2024 and 2023, respectively, which consisted primarily of the amortization of an operating lease right-of-use asset, legal fees, property taxes and insurance expense. In addition, during both the six months ended June 30, 2024 and 2023, we also recorded $0.3 million of real estate expense relating to a Ground Lease in which we are the lessee but our tenant at the property pays this expense directly under the terms of a master lease. The decrease in 2024 was primarily the result of a decrease in legal costs at certain of our properties.

Depreciation and amortization was $5.0 million and $4.9 million during the six months ended June 30, 2024 and 2023, respectively, and primarily relates to our ownership of the Park Hotels Portfolio and a multi-family property, the amortization of in-place lease assets, and beginning in the second quarter of 2023, depreciation on our corporate fixed assets.

Subsequent to the Merger closing on March 31, 2023, general and administrative expenses primarily includes public company costs such as compensation (including equity-based compensation), occupancy and other costs. Prior to the Merger closing, general and administrative expenses included management fees, an allocation of expenses to us from our Former Manager, costs of operating as a public company and stock-based compensation (primarily to our non-management directors). The following table presents our general and administrative expenses for the six months ended June 30, 2024 and 2023 ($ in thousands):

	For the Six Months Ended June 30,	
	2024	2023
Public company and other costs(1)	$ 21,246	$ 12,989
Stock-based compensation(2)	6,658	12,670
Management fees(3)	—	5,199
Expense reimbursements to the Manager(3)	—	3,125
Total general and administrative expenses(4)	$ 27,904	$ 33,983

(1) For the six months ended June 30, 2024 and 2023, public company and other costs primarily includes compensation, legal, insurance and occupancy costs.
(2) For the six months ended June 30, 2023, $4.7 million relates to the accelerated vesting of iStar's equity-based compensation plans in connection with the Merger.
(3) Refer to Note 14 to the consolidated financial statements.
(4) For the six months ended June 30, 2024 and 2023, general and administrative expenses were partially offset by $9.9 million and $7.2 million, respectively, of management fees earned from Star Holdings, which are included in "Other income" in our consolidated statements of operations.

During the six months ended June 30, 2024 and 2023, we recorded a provision for credit losses of $1.3 million and $2.3 million, respectively. The provision in 2024 was primarily the result of current market conditions, including an increase in our Ground Lease to cost value ratios on our Ground Lease portfolio. The provision in 2023 was primarily the result of a $2.3 million provision on our loan receivable, net – related party.

During the six months ended June 30, 2024, other expense consists primarily of costs related to our debt obligations. During the six months ended June 30, 2023, other expense consists primarily of legal and consulting costs and transfer taxes associated with the Merger (refer to Note 1 to the consolidated financial statements).

During the six months ended June 30, 2024, earnings from equity method investments resulted from our $1.7 million pro rata share of income from our 425 Park Avenue venture, our $2.8 million pro rata share of income from our 32 Old Slip venture, our $1.4 million pro rata share of income from the Ground Lease Plus Fund and our $7.5 million pro rata share of income from the Leasehold Loan Fund. During the six months ended June 30, 2023, earnings from equity method investments resulted from our $1.7 million pro rata share of income from our 425 Park Avenue venture, our $2.8 million pro rata share of income from our 32 Old Slip venture, our $1.7 million pro rata share of income from the Ground Lease Plus Fund and our $2.8 million pro rata share of income from the Leasehold Loan Fund.

During the six months ended June 30, 2024, we recorded consolidated income tax expense of $1.4 million, of which $1.3 million was attributable to our TRS. Included in our consolidated income tax expense for the six months ended June 30, 2024, our TRS recorded a deferred tax expense in the amount of $1.0 million. The net deferred tax expense relates primarily to equity-based compensation expense and utilization of net operating loss carryovers to which our TRS is a successor. During the six months ended June 30, 2023, we recorded income tax expense of $0.5 million. The income tax expense was primarily the result of our taxable REIT subsidiary recording a current and deferred income tax expense of $0.4 million and $0.1 million respectively.

Liquidity and Capital Resources

Liquidity is a measure of our ability to meet potential cash requirements, including to pay interest and repay borrowings, fund and maintain our assets and operations, complete acquisitions and originations of investments, make distributions to our shareholders and meet other general business needs. In order to qualify as a REIT, we are required under the Internal Revenue Code of 1986 to distribute to our shareholders, on an annual basis, at least 90% of our REIT taxable income, determined without regard to the deduction for dividends paid and excluding net capital gains. We expect to make quarterly cash distributions to our shareholders sufficient to meet REIT qualification requirements.

We believe the strong credit profile we have established utilizing our modern Ground Leases and our current investment-grade credit ratings from Moody's Investors Services of A3 and Fitch Ratings of BBB+ will accelerate our ability to bring commercial real estate owners, developers and sponsors more efficiently priced capital and allows us significant operational and financial flexibility and supports our ability to scale our Ground Lease platform.

In June 2024, we entered into a U.S. commercial paper program (the "Commercial Paper Program") on a private placement basis, pursuant to which we may issue up to $750.0 million of short-term, unsecured commercial paper notes (the "Notes") outstanding at any time, which are guaranteed by us. Under the Commercial Paper Program, we may issue the Notes from time to time and intend to use the proceeds for general corporate purposes. The Commercial Paper Program is backed by our 2024 Unsecured Revolver (see below). As of June 30, 2024, we had no outstanding balance under the Commercial Paper Program. Borrowings under the Commercial Paper Program reduce amounts otherwise available under the 2024 Unsecured Revolver.

In April 2024, we closed on a new $2.0 billion unsecured revolving credit facility (the "2024 Unsecured Revolver"), which replaces our 2021 Unsecured Revolver and 2023 Unsecured Revolver (refer to Note 9 to the consolidated financial statements), each of which were terminated. At the time of termination, $916 million was drawn on the 2021 Unsecured Revolver, all of which rolled over into the 2024 Unsecured Revolver. The 2024 Unsecured Revolver has a borrowing rate of Adjusted SOFR, as defined in the applicable agreement, plus 0.85%, subject to our credit ratings, with an extended maturity date of May 1, 2029, which includes two six-month extension options. The 2024 Unsecured Revolver replaced our nearest term maturities, reduces the overall facility cost and increased our liquidity by $150 million. Additionally, we gained greater financial flexibility through changes to certain financial covenants. As of June 30, 2024, there was $1.0 billion of undrawn capacity on the 2024 Unsecured Revolver.

In August 2023, we sold 6,500,000 shares of our common stock in a public offering for gross proceeds of $139.1 million. Concurrently with the public offering, we sold $12.8 million in shares, or 599,983 shares, of our common stock to affiliates of MSD Partners in a private placement.

In the second quarter 2021, the fourth quarter 2021, the first quarter 2022, the second quarter 2022 and the first quarter of 2024, we issued five tranches of unsecured notes with varying fixed-rates and maturities ranging from June 2031 to May 2052 (collectively the "Notes"). Our issuance in May 2022 features a stairstep coupon structure (refer to Note 9 to the consolidated financial statements) that is unique in the unsecured and investment-grade market and will benefit key cash flow metrics.

In April 2023, we entered into an at-the-market equity offering (the "ATM") pursuant to which we may sell shares of our common stock up to an aggregate purchase price of $300.0 million. We may sell such shares in amounts and at times to be determined by us from time to time, but we have no obligation to sell any of the shares. Actual sales, if any, will depend on a variety of factors to be determined by us from time to time, including, among other things, market conditions, the trading price of our common stock, capital needs, and our determinations of the appropriate sources of funding. As of June 30, 2024, we had not sold any shares under the ATM.

As of June 30, 2024, we had $13 million of unrestricted cash. We also have an aggregate $1.0 billion of undrawn capacity on our new 2024 Unsecured Revolver (refer to Note 9 to the consolidated financial statements). We refer to this unrestricted cash and additional borrowing capacity on our 2024 Unsecured Revolver as our "equity" liquidity which can be used for general corporate purposes or leveraged to acquire or originate new Ground Lease assets. Our primary sources of cash to date have been proceeds from equity offerings and private placements, proceeds from our initial capitalization by iStar and two institutional investors and borrowings from our debt facilities, unsecured notes and mortgages. Our primary uses of cash to date have been the acquisition/origination of Ground Leases, repayments on our debt facilities and distributions to our shareholders.

We expect our short-term liquidity requirements to include debt service on our debt obligations (refer to Note 9 to the consolidated financial statements), distributions to our shareholders, working capital, new acquisitions and originations of Ground Lease investments. We expect our long-term liquidity requirements to include debt service on our debt obligations (refer to Note 9 to the consolidated financial statements), distributions to our shareholders, working capital, new acquisitions and originations of Ground Lease investments (including in respect of unfunded commitments – refer to Note 10 to the consolidated financial statements) and debt maturities. Our primary sources of liquidity going forward will generally consist of cash on hand and cash flows from operations, new financings, funds from our joint venture partners, unused borrowing capacity under our 2024 Unsecured Revolver (subject to the conditions set forth in the applicable loan agreement) and Commercial Paper Program, and common and/or preferred equity issuances. We expect that we will be able to meet our liquidity requirements over the next 12 months and beyond.

The following table outlines our cash flows provided by (used in) operating activities, cash flows used in investing activities and cash flows provided by financing activities for the six months ended June 30, 2024 and 2023 ($ in thousands):

	For the Six Months Ended June 30,	
	2024	2023
Cash flows provided by (used in) operating activities	$ 21,695	$ (9,470)
Cash flows provided by (used in) investing activities	(136,823)	(355,826)
Cash flows provided by (used in) financing activities	90,410	359,331

The increase in cash flows provided by operating activities during 2024 was due primarily to an increase in distributions received from equity method investments in 2024 and the payment of Merger expenses during the six months ended June 30, 2023, which was partially offset by the payment of annual performance awards during the six months ended June 30, 2024. The decrease in cash flows used in investing activities during 2024 was due primarily to the origination of the Star Holdings Term Loan Facility in 2023, consideration paid in connection with the Merger in 2023 and an increase in net distributions received from equity method investments in 2024, which was partially offset by an increase in the funding of Ground Leases in 2024. The decrease in cash flows provided by financing activities during 2024 was due primarily to a decrease in net borrowings on debt obligations.

Supplemental Guarantor Disclosure

In March 2020, the Securities and Exchange Commission ("SEC") adopted amendments to Rule 3-10 of Regulation S-X and created Rule 13-01 to simplify disclosure requirements related to certain registered securities. The amendments became effective on January 4, 2021. We and Portfolio Holdings have filed a registration statement on Form S-3 with the SEC registering, among other securities, debt securities of Portfolio Holdings, which will be fully and unconditionally guaranteed by us. As of June 30, 2024, Portfolio Holdings had issued and outstanding the Notes, which were registered on a Form S-3 filed by Old SAFE and Portfolio Holdings (then known as Safehold Operating Partnership LP). The obligations of Portfolio Holdings to pay principal, premiums, if any, and interest on the Notes are guaranteed on a senior basis by us. The guarantee is full and unconditional, and Portfolio Holdings is a consolidated subsidiary of ours.

As a result of the amendments to Rule 3-10 of Regulation S-X, subsidiary issuers of obligations guaranteed by the parent are not required to provide separate financial statements, provided that the subsidiary obligor is consolidated into the parent company's consolidated financial statements, the parent guarantee is "full and unconditional" and, subject to certain exceptions as set forth below, the alternative disclosure required by Rule 13-01 is provided, which includes narrative disclosure and summarized financial information. Accordingly, separate consolidated financial statements of Portfolio Holdings have not been presented. Furthermore, as permitted under Rule 13-01(a)(4)(vi) of Regulation S-X, we have excluded the summarized financial information for Portfolio Holdings because the assets, liabilities and results of operations of Portfolio Holdings are not materially different than the corresponding amounts in our consolidated financial statements, and management believes such summarized financial information would be repetitive and would not provide incremental value to investors.

Critical Accounting Estimates

The preparation of financial statements in accordance with generally accepted accounting principles in the United States of America ("GAAP") requires management to make estimates and judgments in certain circumstances that affect amounts reported as assets, liabilities, revenues and expenses. We have established detailed policies and control procedures intended to ensure that valuation methods, including any judgments made as part of such methods, are well controlled, reviewed and applied consistently from period to period. We base our estimates on historical corporate and industry experience and various other assumptions that we believe to be appropriate under the circumstances. For all of these estimates, we caution that future events rarely develop exactly as forecasted, and, therefore, routinely require adjustment.

For a discussion of our critical accounting policies, refer to Note 3 to the consolidated financial statements of our 2023 Annual Report.

New Accounting Pronouncements—For a discussion of the impact of new accounting pronouncements on our financial condition or results of operations, refer to Note 3 to the consolidated financial statements.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Market Risks

Our future income, cash flows and fair values relevant to financial instruments are dependent upon prevalent market prices and interest rates. Market risk refers to the risk of loss from adverse changes in market prices and interest rates. One of the principal market risks facing us is interest rate risk on our floating rate indebtedness.

Subject to qualifying and maintaining our qualification as a REIT for U.S. federal income tax purposes, we may mitigate the risk of interest rate volatility through the use of hedging instruments, such as interest rate swap agreements and interest rate cap agreements. Our primary objectives when undertaking hedging transactions will be to reduce our floating rate exposure and to fix a portion of the interest rate for anticipated financing and refinancing transactions. However, we can provide no assurances that our efforts to manage interest rate volatility will successfully mitigate the risks of such volatility on our portfolio. Our current portfolio is not subject to foreign currency risk.

Our objectives with respect to interest rate risk are to limit the impact of interest rate changes on operations and cash flows, and to lower our overall borrowing costs. To achieve these objectives, we may borrow at fixed rates and may enter into hedging instruments such as interest rate swap agreements and interest rate cap agreements in order to mitigate our interest rate risk on a related floating rate financial instrument. We do not enter into derivative or interest rate transactions for speculative purposes.

As of June 30, 2024, we had $3.2 billion principal amount of fixed-rate debt outstanding and $1.1 billion principal amount of floating-rate debt outstanding. The following table quantifies the potential changes in annual net income should interest rates decrease or increase by 10, 50 and 100 basis points, assuming no change in our interest earning assets, interest bearing liabilities, derivative contracts or the shape of the yield curve (i.e., relative interest rates). Actual results could differ significantly from those estimated in the table.

Estimated Change In Net Income
($ in thousands)(1)

Change in Interest Rates	Net Income (Loss)
-100 Basis Points	$ 5,230
-50 Basis Points	2,615
-10 Basis Points	523
Base Interest Rate	—
+10 Basis Points	(523)
+ 50 Basis Points	(2,615)
+100 Basis Points	(5,230)

(1) The table above includes the effect of interest rate swaps and our share of the impact of floating-rate loans in our Leasehold Loan Fund.

Item 4. Controls and Procedures

The Company maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in the Company's Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and that such information is accumulated and communicated to the Company's management, including its Chief Executive Officer and its Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. The Company has formed a disclosure committee that is responsible for considering the materiality of information and determining the disclosure obligations of the Company on a timely basis. The disclosure committee reports directly to the Company's Chief Executive Officer and Chief Financial Officer.

As of the end of the period covered by this report, the Company carried out an evaluation, under the supervision and with the participation of the disclosure committee and other members of management, including its Chief Executive

Officer and Chief Financial Officer, of the effectiveness of the Company’s disclosure controls and procedures pursuant to Exchange Act Rule 13a-15(b) or Rule 15d-15. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company’s disclosure controls and procedures are effective to provide reasonable assurance that the information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is: (i) recorded, processed, summarized and reported within the time periods specified in SEC rules and forms; and (ii) accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding disclosure.

There have been no changes in the Company’s internal control over financial reporting during the period covered by this quarterly report that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting.

Notwithstanding the foregoing, a control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that it will detect or uncover failures within the Company to disclose material information otherwise required to be set forth in the Company’s periodic reports.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

We are not currently party to any pending legal proceedings that we believe could have a material adverse effect on our business or financial condition. However, we may be subject to various claims and legal actions arising in the ordinary course of business from time to time.

Item 1A. Risk Factors

There were no material changes from the risk factors previously disclosed in our 2023 Annual Report.

Item 2. Unregistered Sales of Equity Securities, Use of Proceeds and Issuer Purchases of Equity Securities

Unregistered Sales of Equity Securities

We did not have any sales of unregistered shares of our common stock during the three months ended June 30, 2024.

Issuer Purchases of Equity Securities

We did not purchase any shares of our common stock during the three months ended June 30, 2024.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

INDEX TO EXHIBITS

Exhibit Number	Document Description
2.1	Agreement and Plan of Merger, dated as of August 10, 2022, by and between iStar Inc. and Safehold Inc. (incorporated by reference to Exhibit 2.1 of our Current Report on Form 8-K, filed August 11, 2022).
3.1	Amended and Restated Charter of Safehold Inc. (incorporated by reference to Exhibit 3.3 to our Current Report on Form 8-K, filed April 4, 2023).
3.2	Amended and Restated Bylaws of Safehold Inc. (incorporated by reference to Exhibit 3.4 to our Current Report on Form 8-K, filed April 4, 2023).
10.1	Credit Agreement, dated as of April 12, 2024, among Safehold Inc., as guarantor, Safehold GL Holdings LLC, as borrower, JPMorgan Chase Bank, N.A., as administrative agent, and certain other financial institutions party thereto as lenders, agents, arrangers and bookrunners (incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed on April 15, 2024).
22.1	Subsidiary Guarantors and Issuers of Guaranteed Securities.
31.0	Certifications pursuant to Section 302 of the Sarbanes-Oxley Act.
32.0	Certifications pursuant to Section 906 of the Sarbanes-Oxley Act.
101*	The following financial information from the Company's Quarterly Report on Form 10-Q for the period ended June 30, 2024 is formatted in iXBRL ("eXtensible Business Reporting Language"): (i) the Consolidated Balance Sheets (unaudited) as of June 30, 2024 and December 31, 2023; (ii) the Consolidated Statements of Operations (unaudited) for the three and six months ended June 30, 2024 and 2023; (iii) the Consolidated Statements of Comprehensive Income (Loss) (unaudited) for the three and six months ended June 30, 2024 and 2023; (iv) the Consolidated Statements of Changes in Equity (unaudited) for the three and six months ended June 30, 2024 and 2023; (v) the Consolidated Statements of Cash Flows (unaudited) for the six months ended June 30, 2024 and 2023; and (vi) the Notes to the Consolidated Financial Statements (unaudited).
104	Cover Page Interactive Data File (formatted in iXBRL and contained in Exhibit 101)

* In accordance with Rule 406T of Regulation S-T, the iXBRL related information in Exhibit 101 is deemed not filed or part of a registration statement or prospectus for purposes of sections 11 or 12 of the Securities Act of 1933, is deemed not filed for purposes of section 18 of the Exchange Act of 1934 and otherwise is not subject to liability under these sections.

SIGNATURES

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.
Registrant

Date: July 30, 2024

/s/ JAY SUGARMAN
Jay Sugarman
Chairman of the Board of Directors and Chief Executive Officer (principal executive officer)

Safehold Inc.
Registrant

Date: July 30, 2024

/s/ BRETT ASNAS
Brett Asnas
Chief Financial Officer
(principal financial officer and principal accounting officer)

Exhibit 22.1

List of Issuers of Guaranteed Securities

As of June 30, 2024, the following subsidiary was the issuer of the 2.80% senior notes due June 2031, the 2.85% senior notes due January 2032 and the 6.10% notes due April 2034 guaranteed by Safehold Inc.

Name of Subsidiary	Jurisdiction of Organization
Safehold GL Holdings LLC	Delaware

Exhibit 31.0

CERTIFICATION

I, Jay Sugarman, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Safehold Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 30, 2024

By: /s/ JAY SUGARMAN
Name: Jay Sugarman
Title: *Chief Executive Officer*

CERTIFICATION

I, Brett Asnas, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Safehold Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 30, 2024

By: /s/ BRETT ASNAS
Name: Brett Asnas
Title: *Chief Financial Officer (principal financial officer)*

Exhibit 32.0

Certification of Chief Executive Officer

Pursuant to Section 906 of The Sarbanes-Oxley Act of 2002

The undersigned, the Chief Executive Officer of Safehold Inc. (the "Company"), hereby certifies on the date hereof, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of The Sarbanes-Oxley Act of 2002, that the Quarterly Report on Form 10-Q for the quarter ended June 30, 2024 (the "Form 10-Q"), filed concurrently herewith by the Company, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and that the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: July 30, 2024

By: /s/ JAY SUGARMAN
Name: Jay Sugarman
Title: *Chief Executive Officer*

Certification of Principal Financial Officer

Pursuant to Section 906 of The Sarbanes-Oxley Act of 2002

The undersigned, the Chief Financial Officer of Safehold Inc. (the "Company"), hereby certifies on the date hereof, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of The Sarbanes-Oxley Act of 2002, that the Quarterly Report on Form 10-Q for the quarter ended June 30, 2024 (the "Form 10-Q"), filed concurrently herewith by the Company, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and that the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: July 30, 2024

By: /s/ BRETT ASNAS
Name: Brett Asnas
Title: *Chief Financial Officer (principal financial officer)*