Safehold

BIGGER, BETTER, BOLDER

THE REVOLUTION IS HERE

2020 Annual Report

LETTER TO SHAREHOLDERS

82%
Total Shareholder Return in 2020

2020 will be remembered as one of the most difficult years in recent US history. The painful toll of a virulent pandemic on our citizens and our economy, during a period of divisive politics and powerful social justice issues, created a deeply challenging business environment.

Yet, 2020 was another strong year for our company. Safehold was one of the best performing public REITs during the year, delivering an exceptional 82% total return to shareholders. While market and transaction activity necessarily slowed, we continued to expand the modern ground lease industry we created four years ago and added new and innovative ways to help us serve our customers.

Now more than ever, we remain convinced we are at the dawn of a new and more efficient way to capitalize real estate through our improved ground lease methodology, and that Safehold will continue to lead the revolution to unlock significant value for owners of real estate.

Bigger, Better, Bolder

Having grown our portfolio from just over $300 million at IPO in 2017 to over $3 billion at the end of 2020, we are starting to see the benefits of scale. With a lower cost of capital, growing transaction efficiency, and a wider network of participants that understand the modern ground lease industry, we are able to further expand our reach and bring the benefits of a Safehold ground lease to more owners, developers and buyers and sellers of real estate across the country.

What this means for our customers is lower-cost, longer-term capital and more ways to optimize their business strategies and maximize the returns from their success. 2021 will see Safehold introduce several new innovations in response to customer requests, and we continue to work hard to drive down our cost of capital to deliver even more benefits to those who own high quality real estate and want to increase their returns and reduce their maturity risk.

There are two key drivers in our quest to drive down our cost of capital and deliver the lowest-cost capital solutions to customers. The first is attaining investment grade corporate credit ratings that will enable us to most efficiently access debt capital going forward. We achieved this important goal early in 2021 with Baa1 ratings from Moody's and BBB+ ratings from Fitch. This sets the stage for more flexible and lower cost debt capital going forward and gives us a key competitive advantage.

The second driver that will lower the cost of capital for our customers is getting our equity to reflect the full value of our growing ground lease portfolio. To date, we have focused on the value of the long-term contractual cash flows Safehold's portfolio generates and the benefits of its principal safety and growing diversification. Comparing our cash flows to other similar high-grade, long-term cash flows available in the bond market has helped investors see the value we are building as our portfolio scales and diversification increases.

But this is only half the value of what we are building. Going forward we need to have our market value reflect the other half of the portfolio value equation as well. This value comes through the growing pool of real estate ownership interests that are embedded in the ground lease structure. Once again, we will demonstrate a simple way for investors to understand this value and show why, as it grows larger and more diversified, it compares favorably to similar assets in the investment world.

Together, investment grade debt ratings and fully valued equity have the potential to accelerate our ability to deliver the benefits of the modern ground lease to our $7 trillion targeted market. With success on these fronts, our dedicated team of professionals can help our customers achieve their full potential and aggressively expand the ground lease marketplace.

Educating and enlightening the market about why the modern ground lease is a better solution is our primary focus, but as we grow we also see a chance to take on a more progressive role in helping think about long-term solutions and opportunities to innovate. During the past twelve months, our teams worked to support small businesses and others hard hit by the crisis, and our long-term vision includes finding new forms of support where we can make an increasing impact over time. We see cracking the code on the ground lease market and developing new ways to solve old problems in society as going hand in hand. We have an exciting future ahead of us.

We thank you for your support and your interest in our company.

Jay Sugarman

Jay Sugarman
CHAIRMAN & CHIEF EXECUTIVE OFFICER

2020 HIGHLIGHTS

REVENUE AND EARNINGS GROWTH

	FY '20	FY '19	Y/Y Growth
Revenue	**$155.4m**	$93.4m	**+66%**
Net Income (Gross of NCI)	**$59.5m**	$33.7m	**+76%**
Earning per Share (Diluted)	**$1.17**	$0.89	**+31%**

Continued Customer Momentum

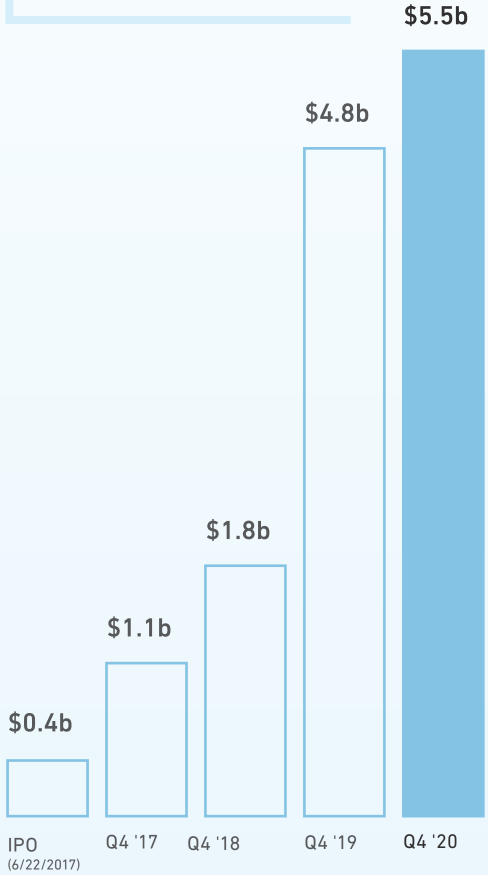
Following a market-wide slow down in Q2 and Q3 due to COVID-19, Safehold closed 13 ground lease transactions in Q4, the most of any quarter in our history.

Significant traction in the multifamily sector and an increase in regional diversification pushed Safehold's year end portfolio to $3.2b.

CAPITAL APPRECIATION
A GROWING ASSET

12x

UCA Growth Since IPO



As the creators of the modern ground lease industry, Safehold harnesses the power of compounding with a high-grade credit profile and makes the value of future exponential growth realizable today.

Safehold's business generates value from its unique and growing rental stream and also generates value from a second component: the growing capital appreciation embedded in the portfolio. At $5.5b, the Unrealized Capital Appreciation (UCA)[(1)] in Safehold's portfolio has grown over 12x since IPO.

(1) SAFE relies in part on CBRE's appraisals of the Combined Property Value, or CPV, of our portfolio in calculating UCA. SAFE may utilize management's estimate of CPV for ground lease investments recently acquired that CBRE has not yet appraised. For unfunded commitments on construction deals, CPV represents the cost to build inclusive of the ground lease. Please refer to our Current Report on Form 8-K filed with the SEC on February 11, 2021 and "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2020, as updated from time to time in our subsequent periodic reports, filed with the SEC, for a discussion of risk factors related to these calculations. The Company formed a wholly-owned subsidiary called "CARET" that is structured to track and capture UCA to the extent UCA is realized upon expiration of our ground leases, sale of our land and ground leases or other certain events. Under a shareholder-approved plan, management has the right to participate in up to 15% of UCA under certain circumstances, subject to time-based vesting. See the Company's 2020 proxy statement for additional information on the long-term incentive plan. Refer to the Glossary in the Appendix of SAFE's Q4 2020 Earnings Presentation for definitions of Owned Residual Portfolio and Unrealized Capital Appreciation.

INVESTMENT GRADE CREDIT RATINGS

In early 2021, Safehold was awarded investment grade credit ratings by Moody's and Fitch, reflecting the high-quality, long-duration nature of our portfolio and unlocking further growth potential in a $7+ trillion industry.

Safehold's access to efficient, attractively priced capital is a key competitive advantage and enables the company to deliver customers lower-cost, longer-term, more efficient capital.

Baa1
Moody's Credit Rating Outlook: Stable

"Safehold has been making inroads modernizing ground leases in the U.S. in the market that has historically been somewhat underdeveloped and fragmented. Modernized ground leases' long-term nature as well as their substantial asset protection support Safehold's robust assets quality."

– Moody's Investor Services

BBB+
Fitch Credit Rating Outlook: Stable

"The ratings reflect SAFE's focus on the relatively low-risk ground lease asset class, which is characterized by growing, long-dated revenue streams and significant overcollateralization, strong asset quality performance, consistent profitability, a scalable business model, low leverage, long-duration funding, solid dividend coverage, and the company's relationship with iStar Inc., which provides access to sponsor relationships and industry expertise."

– Fitch Ratings

#1 PERFORMING NAREIT STOCK

Investors have continued to gravitate towards Safehold's nationally-scaled platform and growing, diversified portfolio of modern ground leases. Safehold was the top-performing Nareit member stock for a second consecutive year (out of nearly 200 member companies), with an 82% total return in 2020 following a 118% return in 2019.

100% Ground Rent Received[1]

The well-protected nature of ground lease cash flows was evident in 2020 as Safehold received 100% of ground lease rent despite the challenging economic environment during the global pandemic.

[1] Important Note re COVID-19: Readers are cautioned that, due to the possibility that the COVID-19 pandemic will have a delayed adverse impact on our financial results, along with the uncertainty created by the pandemic, our results for the period may not be indicative of future results. Similarly, our Ground Rent Coverage and UCA as of December 31, 2020 are likely to decline with respect to certain properties in future periods due to the continuing impact of the pandemic and the fact that certain metrics that we report and monitor may not reflect the full effects of the pandemic as of their dates of determination. Readers are urged to read our Annual Report on Form 10-K for the year ended December 31, 2020 filed with the SEC for a more fulsome discussion of our annual results, including the "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Risk Factors" sections included therein.

West

SEATTLE

PORTLAND

SALT LAKE CITY

DENVER

SAN FRANCISCO

SAN JOSE

LOS ANGELES

SAN DIEGO

HONOLULU

Southwest

PHOENIX

DALLAS

AUSTIN

SAN ANTONIO

Central

MINNEAPOLIS

MILWAUKEE

DETROIT

Safehold's portfolio has increased 10x since our IPO in June 2017 to $3.2 billion.

Geographic Breakdown

West
22%

Central
3%

Southwest
8%

Southeast
9%

Safehold

Southeast

NASHVILLE

ATLANTA

RALEIGH-DURHAM

TAMPA

MIAMI

ORLANDO

SARASOTA

Northeast

NEW YORK

NEW HAVEN

Mid-Atlantic

PHILADELPHIA

WASHINGTON D.C.

Northeast

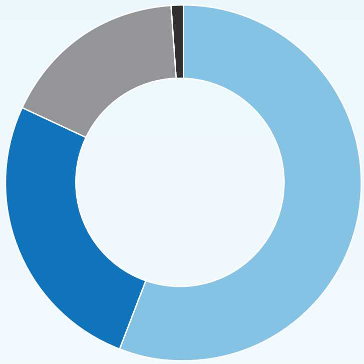
40%

Mid-Atlantic

18%

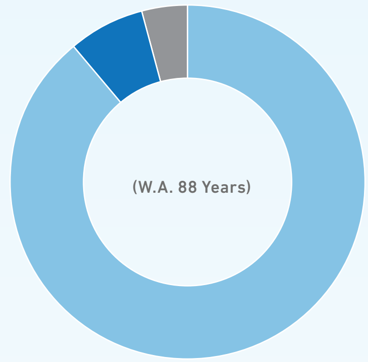
OUR PORTFOLIO

Property Type



56% Office | 26% Multifamily | 17% Hotel | 1% Other

Lease Term Remaining w/ Ext.



89% >60 yrs | 7% <20 yrs | 4% 20-60 yrs

Yield Metrics

5.4%
Annualized Yield[1]
($174M Annualized In-Place GAAP Rent, Net)

3.5%
Annualized Cash Yield[2]
($111M Annualized In-Place Cash Rent)

Credit Metrics[3]

3.4x
W.A. Rent Coverage

40%
W.A. GLTV

(1) Calculated as the annualized base GAAP Rent, Net plus Percentage Rent divided by Gross Book Value.

(2) Calculated as the annualized base Cash Rent plus Percentage Rent divided by Gross Book Value.

(3) The Company uses estimates of the stabilized Property NOI if it does not receive current tenant information or if the properties are under construction/in transition. These estimates are based on leasing activity at the property, third party appraisals and available market information, such as leasing activity at comparable properties in the relevant market.

Note: For additional details on these calculations, please see the Q4 2020 earnings presentation on our website.

POISED FOR GROWTH

Safehold is well positioned for the resurgence we expect as markets and the economy fully recover. We look forward to a brighter tomorrow for all.

$700m
Purchasing Power [1]

New Markets

New Products

New Customers

[1] Assumes our target leverage of 2x debt to equity and calculated using cash and revolving credit facility availability of $233m without pledging any additional assets under the facility.

DIRECTORS & OFFICERS

Directors

Jay Sugarman
Chairman & Chief Executive Officer

Dean S. Adler [(1) (2) (3)]

Robin Josephs

Jay S. Nydick [(1) (2) (3)]

Stefan M. Selig [(1) (2) (3)]
Lead Director

(1) Audit Committee
(2) Compensation Committee
(3) Nominating and Corporate Governance Committee

Executive Officers

Jay Sugarman
Chairman & Chief Executive Officer

Marcos Alvarado
President & Chief Investment Officer

Jeremy Fox-Geen
Chief Financial Officer

Douglas Heitner
Chief Legal Officer

Executive Management

Brett Asnas
Head of Capital Markets

Elisha J. Blechner
Head of Portfolio Management

Kyle Curtin
Chief Administrative Officer

Kate Doerge
Head of Marketing

Timothy Doherty
Head of Investments

Theresa Ulyatt
Head of People, Talent & Inclusion

Steve Wylder
Investments

CORPORATE INFORMATION

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www.computershare.com

Management

Safehold Inc. is managed by a subsidiary of iStar Inc.

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Tel: 310.315.7019
Fax: 310.315.7017

Investor Information Services

Safehold Inc. is a listed company on the New York Stock Exchange and is traded under the ticker "SAFE". The Company has filed all required Annual Chief Executive Officer Certifications with the NYSE. In addition, the Company has filed with the SEC the certifications of the Chief Executive Officer and Chief Financial Officer required under Section 302 and Section 906 of the Sarbanes-Oxley Act of 2002 as exhibits to our most recently filed Annual Report on Form 10-K. For help with questions about the Company, or to receive additional corporate information, please contact:

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Safehold

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