



Safehold

INVESTOR PRESENTATION

June 2020

Forward-Looking Statements and Other Matters

This release may contain forward-looking statements. All statements other than statements of historical fact are forward-looking statements. These forward-looking statements can be identified by the use of words such as “illustrative”, “representative”, “expect”, “plan”, “will”, “estimate”, “project”, “intend”, “believe”, and other similar expressions that do not relate to historical matters. These forward-looking statements reflect the Company’s current views about future events, and are subject to numerous known and unknown risks, uncertainties, assumptions and changes in circumstances that may cause Company’s actual results to differ significantly from those expressed in any forward-looking statement. The Company does not guarantee that the transactions and events described will happen as described (or that they will happen at all).

The following factors, among others, could cause actual results and future events to differ materially from those set forth or contemplated in the forward-looking statements: the effect of the COVID-19 pandemic on our business and growth prospects; market demand for ground lease capital; the Company’s ability to source new ground lease investments; the availability of funds to complete new ground lease investments; risks that the rent adjustment clauses in the Company’s leases will not adequately keep up with changes in market value and inflation; risks associated with certain tenant and industry concentrations in our portfolio; conflicts of interest and other risks associated with the Company’s external management structure and its relationships with iStar and other significant investors; risks associated with using debt to fund the Company’s business activities (including changes in interest rates and/or credit spreads, the ability to source financing at rates below the capitalization rates of our assets, and refinancing and interest rate risks); risks that tenant rights in certain of our ground leases will limit or eliminate the Owned Residual realizations from such properties; general risks affecting the real estate industry and local real estate markets (including, without limitation, the potential inability to enter into or renew ground leases at favorable rates, including with respect to contractual rate increases or participating rent); dependence on the creditworthiness of our tenants and their financial condition and operating performance; competition from other ground lease investors and risks associated with our failure to qualify for taxation as a REIT under the Internal Revenue Code of 1986, as amended. Please refer to the section entitled “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2019, our Quarterly Report on Form 10-Q for the quarter ended March 31, 2020, and any subsequent reports filed with the Securities and Exchange Commission (SEC) for further discussion of these and other investment considerations. The Company expressly disclaims any responsibility to update or revise forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

Important Note re COVID-19: Our first quarter operations occurred largely before the COVID-19 pandemic materially affected the US economy. Readers of this presentation are cautioned that our results for the first quarter may not be indicative of our results for the remainder of 2020. Similarly, our UCA as of March 31, 2020 are likely to decline with respect to certain properties in future periods due to the impact of the pandemic, and any such decline may be material. Readers are urged to read our Quarterly Report on Form 10-Q for the quarter ended March 31, 2020 for a more fulsome discussion of our first quarter results, including the “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Risk Factors” sections included therein.

Note: Please refer to the Glossary at the end of this presentation for a list of defined terms and metrics.

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Executive Summary

Unique Business

- ❑ First and only publicly-traded company focused on creating a better and more efficient capital structure for the \$7 trillion U.S. institutional commercial real estate industry through the use of ground leases
-

Fast Growing

- ❑ Portfolio has increased by 8x since IPO as the company addresses a significant market opportunity
-

High Quality

- ❑ Strong principal protection from senior position in capital structure and seniority of cash flows derived from ground lease structure
-

Driving Value

- ❑ Intrinsic value of cash flows, business platform, and capital appreciation are significant drivers of value for shareholders
-

Strong Balance Sheet

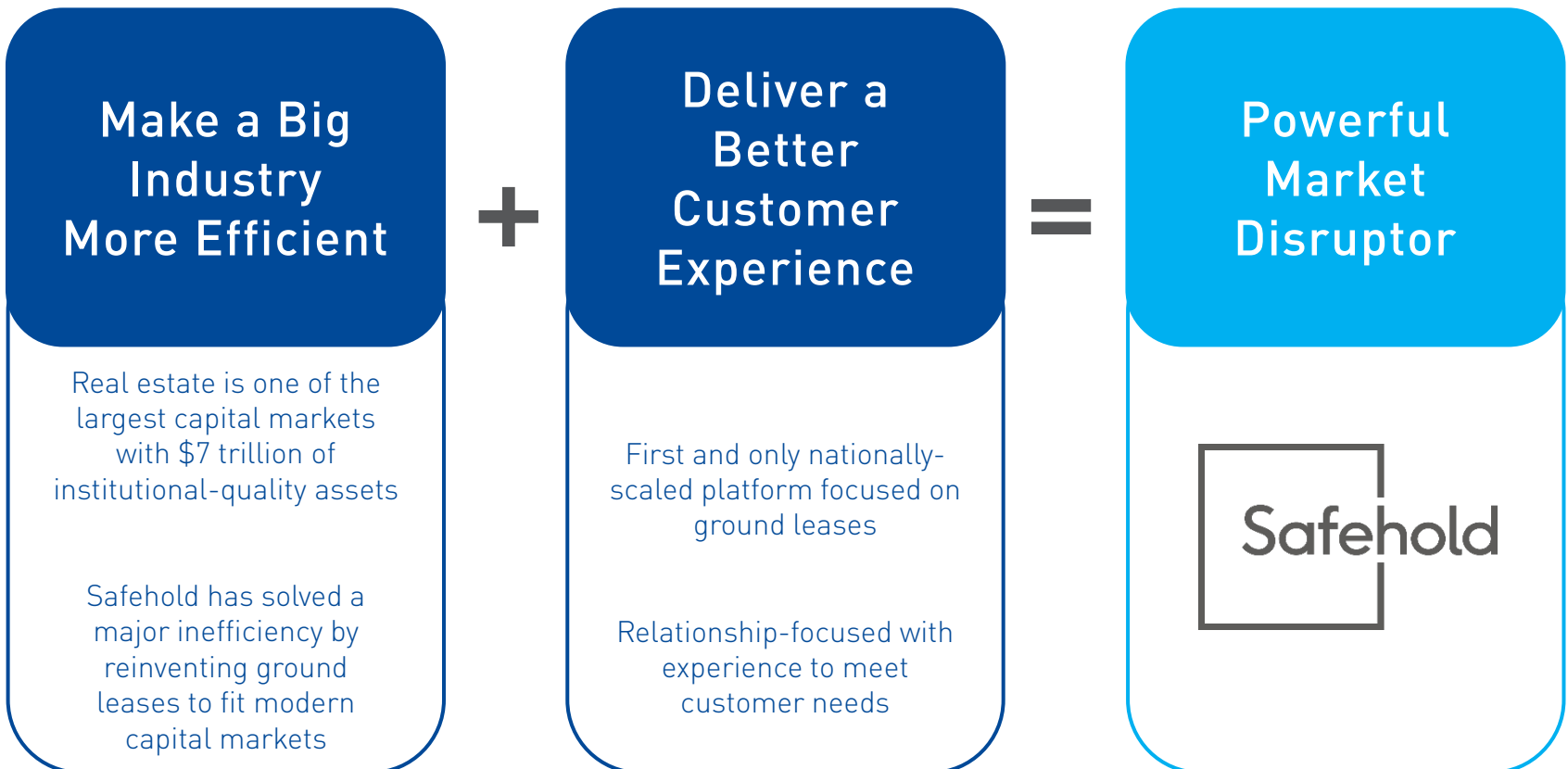
- ❑ Long-term funding with debt maturities of 30 years and more



I. BUSINESS STRATEGY

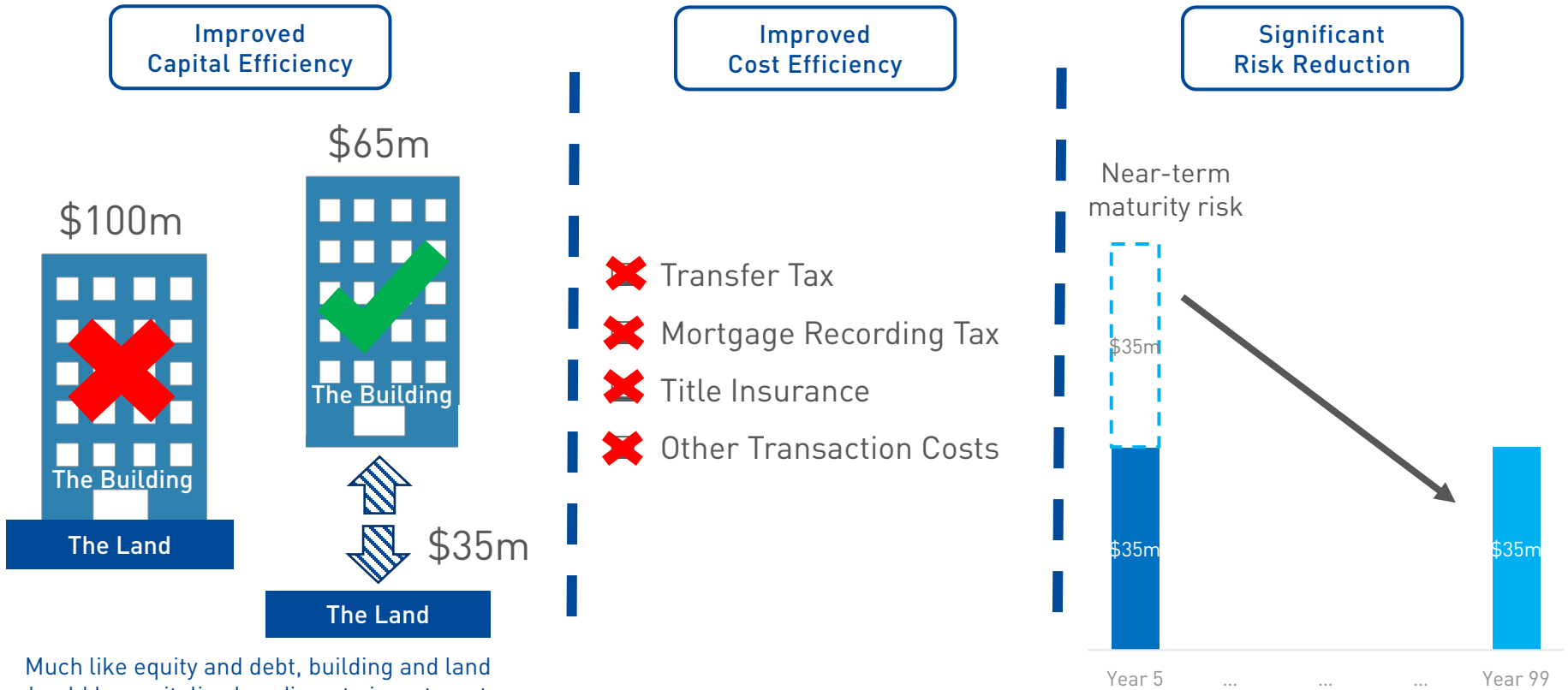
Proven Formula for Success

Safehold's mission is to *revolutionize* commercial real estate ownership by providing a *better and more efficient way* for owners to *unlock the value* of the land beneath their buildings.



A Better, More Efficient Solution

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



Much like equity and debt, building and land should be capitalized as discrete investments

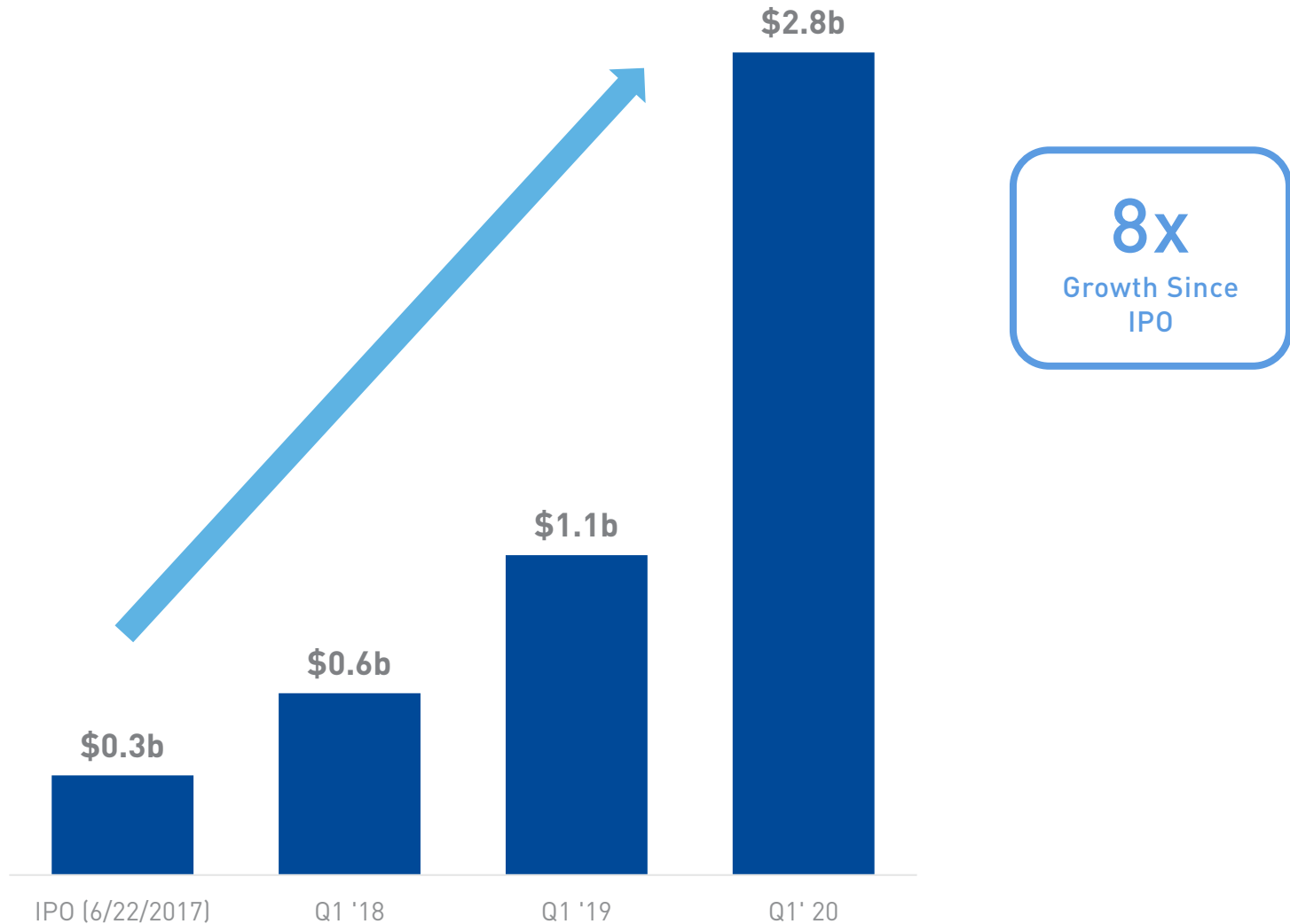
<u>Building Investment</u>	vs.	<u>Land Investment</u>
5 to 10 year hold	vs.	99 year hold
Active management	vs.	Passive management
Higher ROE asset	vs.	Lower ROE asset

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

Eliminates debt maturity risk on a large portion of capital structure by replacing it with near-permanent capital

Gaining Traction – Growing Customer Penetration

(Aggregate Gross Book Value)⁽¹⁾

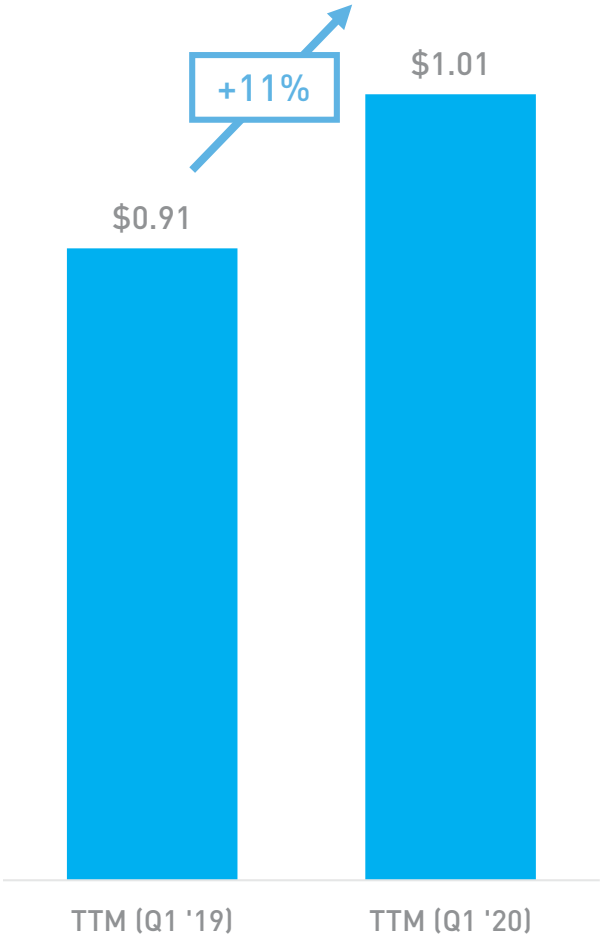


Note: Please see the "Important Note re COVID-19" in the front of this presentation for a statement about metrics. Refer to Appendix for Portfolio Reconciliation.

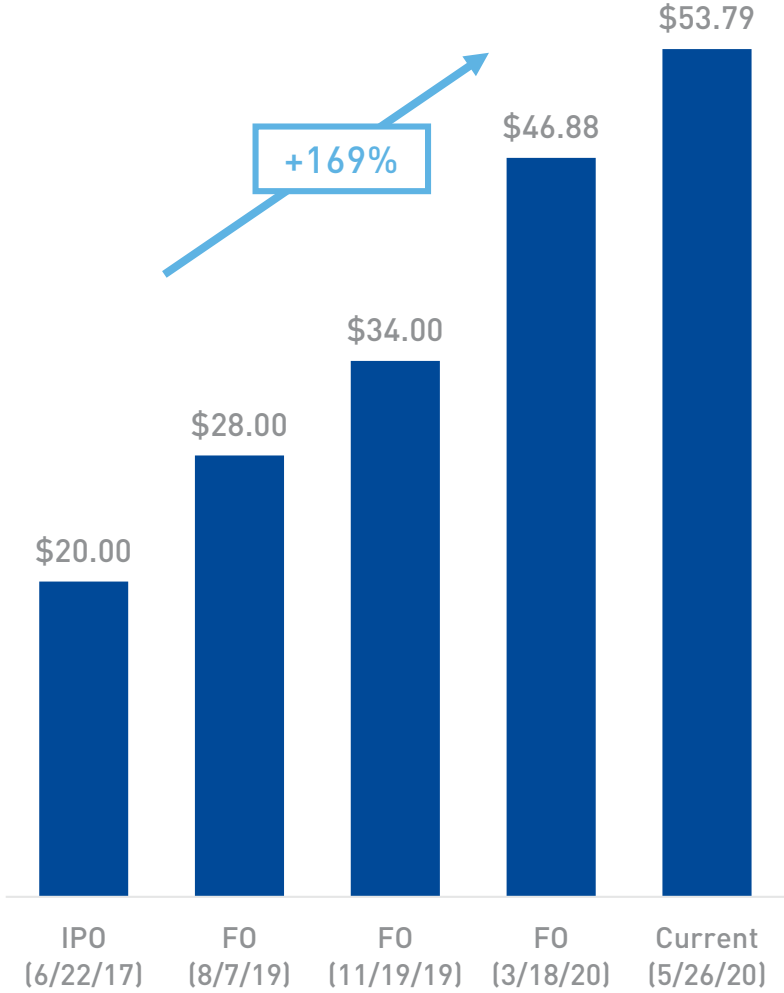
(1) See Appendix for reconciliation.

Gaining Traction – Strong Financial Performance

EPS Growth



SAFE Stock Performance Since IPO⁽¹⁾



(1) \$20.00, \$28.00, \$34.00 and \$46.88 represent prior public offering prices.

Breaking Through

Trophy Assets & Institutional Customers



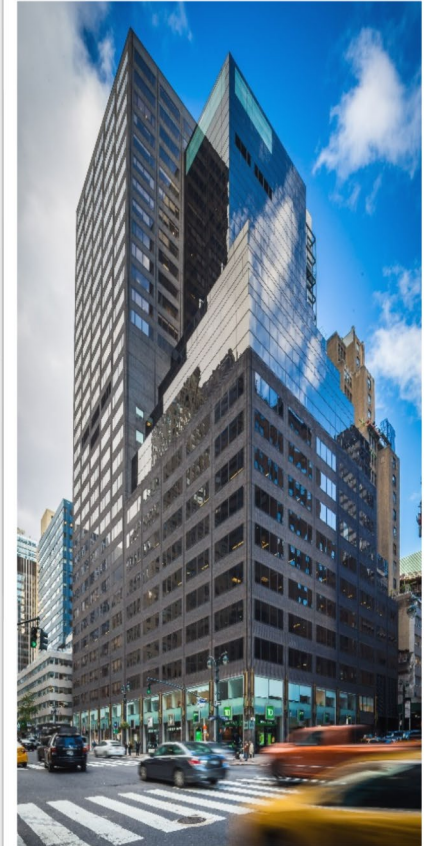
195 Broadway:
Landmark New York Office



Alohilani Resort:
SAFE x SWAP for
Large European
Institutional Investor



135 West 50th Street:
\$25b Core Fund Client



685 Third Ave:
Global Real Estate Fund

Capital Structure

\$1.2b
Total Equity

- ☐ \$338m cash and revolver availability
(as of April 22, 2020)
- ☐ ~\$1.0b purchasing power *(assuming 2x leverage)*
- ☐ 1.4x debt / equity *(0.6x debt / equity mkt cap⁽¹⁾)*

\$1.7b
Total Debt⁽²⁾

- ☐ ~150 bps accretive spread
 - 5.5% w.a. yield of portfolio
 - 4.0% w.a. effective interest rate⁽³⁾
- ☐ 3.1% w.a. cash interest rate⁽³⁾
- ☐ 31 years w.a. maturity

(1) Market cap calculated as of 5/26/20 with a share price of \$53.79.

(2) Shown pro forma for the \$106m financing closed subsequent to the end of the first quarter. Includes \$0.2b of debt, which represents Safehold's pro-rata share of debt associated with non-consolidated joint ventures (equity method investments). Excludes the revolving credit facility, which had a \$0.2b outstanding balance at March 31, 2020.

(3) W.A. effective interest rate represents the weighted average interest rate of mortgage debt in effect over the life of the mortgage debt and excludes the effect of debt premium, discount and deferred financing costs. The weighted average cash interest rate is based on the actual interest rates in effect at March 31, 2020.



III. INVESTMENT OPPORTUNITY

Key Investment Attributes of Safehold's Portfolio

Low Risk

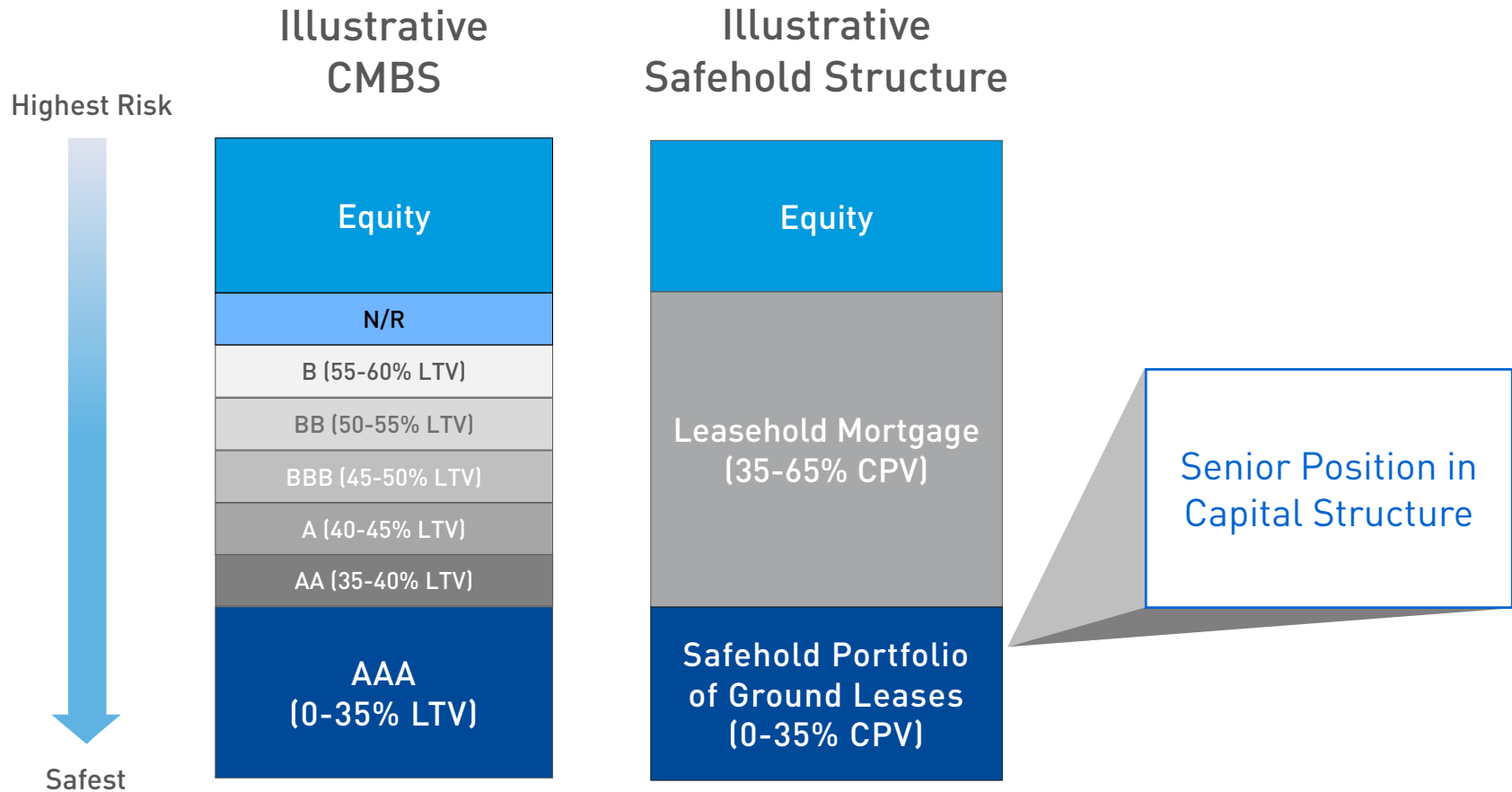
High Return Potential

Principal
Safety

Contractual,
Escalating
Cash Flows

Unrealized
Capital
Appreciation

Principal Safety



Note: Safety and seniority derived from typical structure of a Ground Lease under which landlord has a residual right to regain possession of land and take ownership of the building and improvements thereon upon a tenant default the landlord's residual right provides strong incentive for a Ground Lease tenant or its leasehold lender to make the required ground lease payments. Additionally, Combined Property Value typically significantly exceeds ground lease landlord's investment, providing protection against loss.

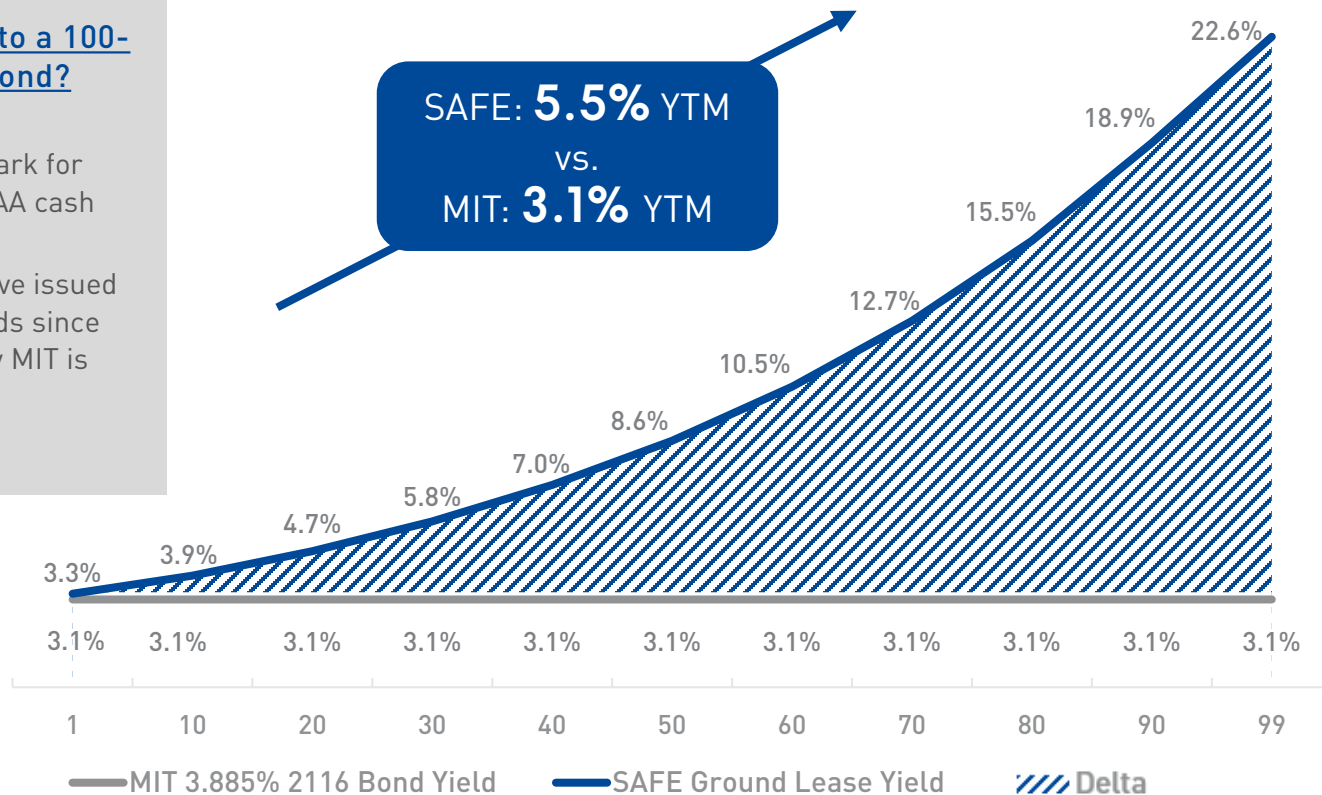
Attractive Returns vs. Bond Comparison

Portfolio with contractual rent increases creates long-term compounding cash flows that generate superior returns versus similar risk and similar maturity fixed income securities

Ground Lease vs. 100-Year MIT Bond

Why Compare to a 100-Year MIT bond?

- ❑ Best benchmark for long-dated AAA cash flows
- ❑ 43 entities have issued 100-year bonds since 2000, but only MIT is AAA rated



Note: Illustrative example of a 99-year Safehold™ Ground Lease with 2.0% annual rent growth and a year one cash rate of 3.25%. Massachusetts Institute of Technology 2116 unsecured AAA-rated bonds trade at a yield to maturity of 3.12% as of 5/26/20.

Illustrative Cash Flow Analysis

Illustrative Model for Target Ground Leases

Safehold ground leases offer the opportunity for superior risk-adjusted returns

Target Ground Lease
Portfolio YTM⁽¹⁾

5% - 5.5%



Discount Rate

3.1%

(MIT Bond YTM)



Value Multiplier⁽²⁾

~2x

(NPV per \$ invested)

Note: This presentation is illustrative only and may not be indicative of our actual ground lease investments or future performance. This presentation is based on certain assumptions, including those specified herein and the absence of any material GL non-performance, that may prove to be inaccurate, and it does not give effect to G&A expenses. No assurance can be given regarding the timing of future investment activity, that we will achieve the Ground Lease yields assumed in this presentation or that other assumptions will prove to be accurate. Readers are cautioned not to place undue reliance on this presentation, as our future results may be less favorable than implied by this presentation, and should not interpret this presentation as a projection of our future investments or performance.

(1) Represents the targeted yield to maturity on newly originated Safehold ground leases.

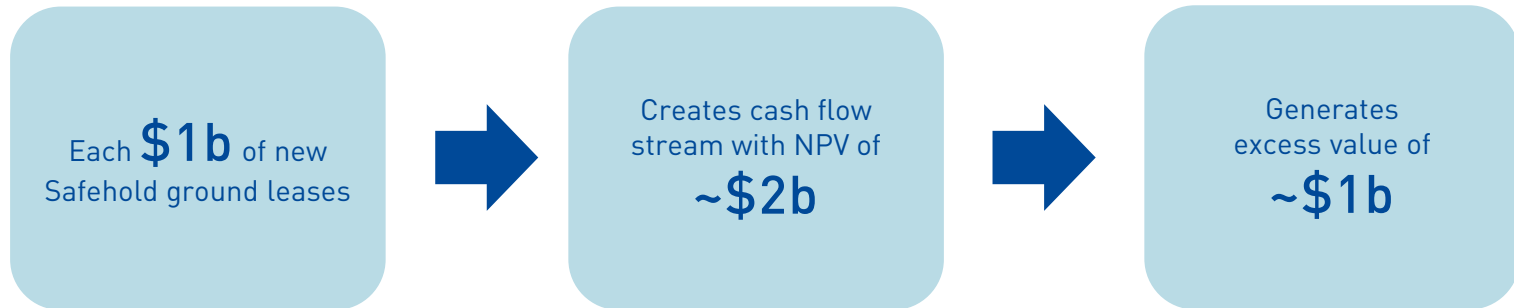
(2) We define the "value multiplier" associated with an illustrative newly originated Safehold ground lease meeting our yield to maturity target as the net present value of the cash flows (discounted using the Massachusetts Institute of Technology 2116 unsecured AAA-rated bonds trading at a yield to maturity of 3.12% as of 5/26/20) divided by our initial investment in the lease.

Growing Platform

Illustrative Platform Model

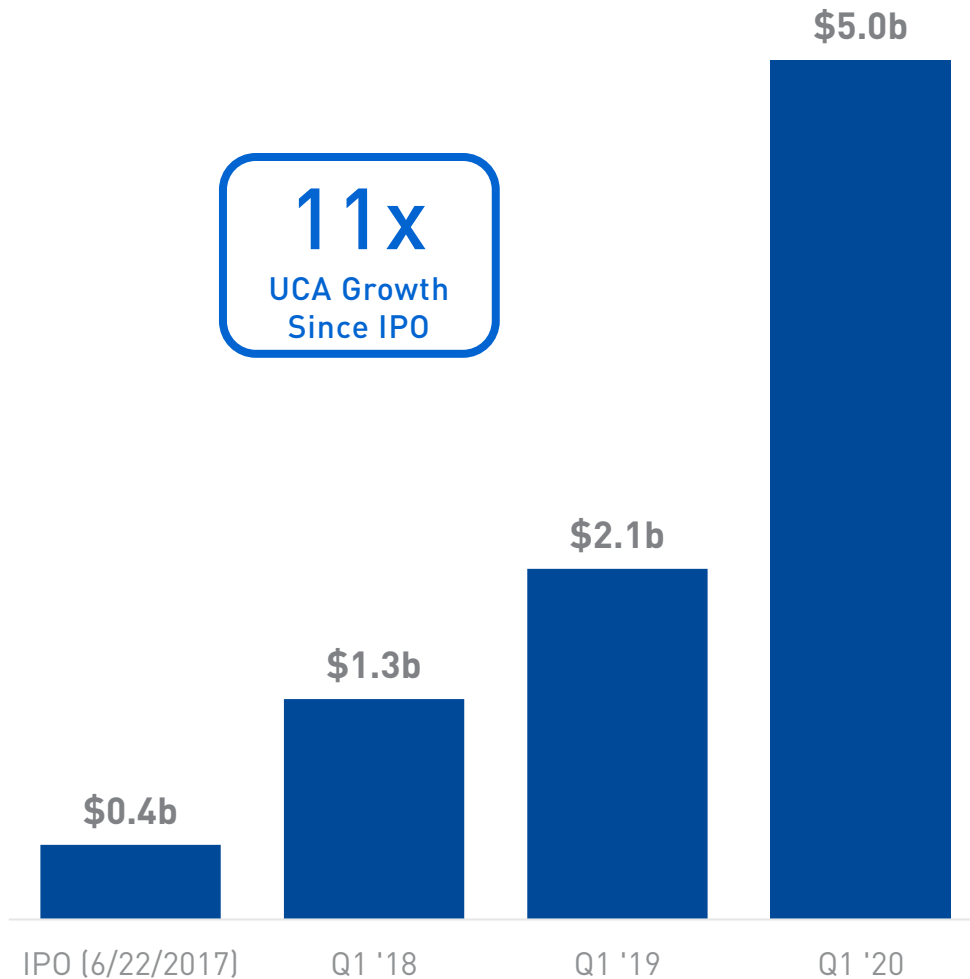
We believe the investment community rewards businesses that repeatedly generate superior risk-adjusted returns

(Based on assumptions from prior page)



Note: This presentation is illustrative only and no assurance can be given that any value multiplier will be assigned to our investment or that the trading price of our stock will reflect any such premium. Readers are cautioned not to place undue reliance on this presentation and should not interpret this presentation as a projection of our future performance or valuation.

Unrealized Capital Appreciation



Unrealized Capital Appreciation (UCA) is calculated as today's estimated Combined Property Value (CPV) less the Aggregate Cost Basis of SAFE's portfolio. CBRE conducts independent appraisals of the CPV of each property⁽¹⁾.

The Company formed a wholly-owned subsidiary called "CARET" that is structured to track and capture Unrealized Capital Appreciation. Under a shareholder-approved plan, management has earned up to 15% of UCA, subject to time-based vesting⁽²⁾.

Note: Please see the "Important Note re COVID-19" in the front of this presentation for a statement about metrics. Refer to the Glossary in the Appendix for a definition of Owned Residual Portfolio and Unrealized Capital Appreciation.

(1) SAFE relies in part on CBRE's appraisals in calculating Owned Residual Portfolio and Unrealized Capital Appreciation. SAFE may utilize management's estimate of CPV for ground lease investments recently acquired that CBRE has not yet appraised. For forward commitments on construction deals, CPV represents the cost to build inclusive of the ground lease. Please refer to our Current Report on Form 8-K filed with the SEC on April 23, 2020 and "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2019, and Quarterly Report on Form 10-Q for the quarter ended March 31, 2020 as updated from time to time in our subsequent periodic reports, filed with the SEC, for a further discussion of such tenants' rights.

(2) See the Company's 2019 proxy statement for additional information on the long-term incentive plan.

Conclusion

Outsized Opportunity

- ❑ Using a deep skill set and history of innovation to solve a major market inefficiency in the \$7 trillion U.S. institutional commercial real estate market
-

Growth and Value

- ❑ Fast growing platform offers the potential for premium risk-adjusted returns and creates unique shareholder opportunity
-

Sponsorship

- ❑ Strong sponsorship from largest shareholder and manager, iStar

APPENDIX

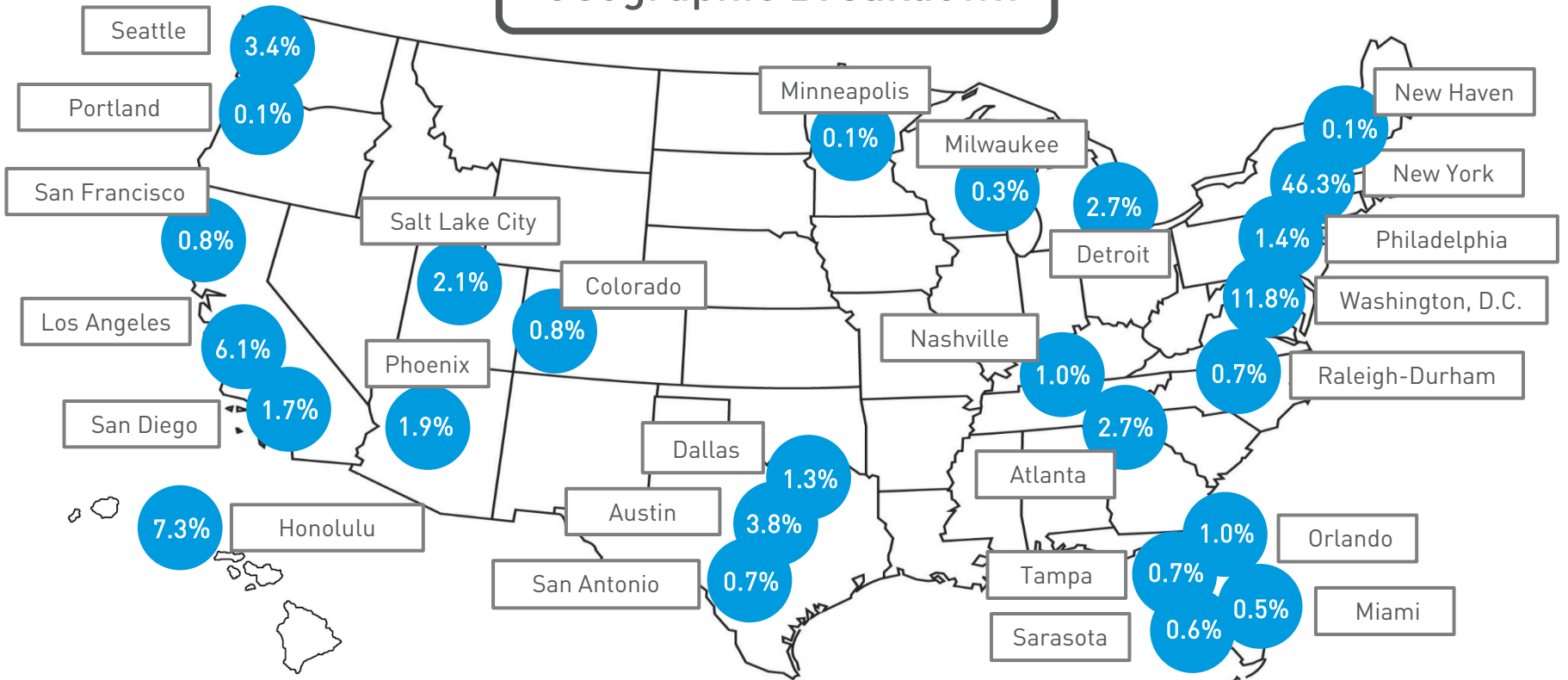
Portfolio Breakdown

(Current Portfolio Gross Book Value: \$2,705m)

Property Type



Geographic Breakdown



Income Statements

	For the three months ended Mar 31,	
	2020	2019
Revenues:		
Operating lease income	\$20,780	\$20,516
Interest income from sales-type leases	18,901	922
Other income	484	382
Total revenues	\$40,165	\$21,820
Costs and expenses:		
Interest expense	\$15,148	\$4,521
Real estate expense	798	812
Depreciation and amortization	2,348	2,343
General and administrative	5,253	2,982
Other expense	40	25
Total costs and expenses	\$23,587	\$10,683
Income from operations before other items	\$16,578	\$11,137
Earnings from equity method investments	818	-
Net income	\$17,396	\$11,137
Net (income) attributable to non-controlling interests	(49)	(4,518)
Net income attributable to Safehold Inc. and allocable to common shareholders	\$17,347	\$6,619
Weighted avg. share count (basic)	48,228	18,296
Weighted avg. share count (diluted)	48,228	30,657
Earnings per share (basic & diluted)	\$0.36	\$0.36

Note: Figures in thousands except for share amounts.

Balance Sheets

	March 31, 2020	December 31, 2019
Assets:		
Real estate:		
Real estate, at cost	\$687,902	\$687,902
Less: accumulated depreciation	(17,793)	(16,286)
Real estate, net	\$670,109	\$671,616
Real estate-related intangibles, net	241,171	242,837
Total real estate, net and real estate-related intangible assets, net	\$911,280	\$914,453
Net investment in sales-type leases	1,028,980	984,598
Ground Lease receivables, net	422,217	397,087
Equity investments in Ground Leases	128,123	127,524
Cash and cash equivalents	257,739	22,704
Restricted cash	42,009	24,078
Deferred operating lease income receivable	67,082	58,303
Deferred expenses and other assets, net	42,197	37,814
Total assets	\$2,899,627	\$2,566,561
Liabilities:		
Accounts payable, accrued expenses, and other liabilities	\$68,821	\$43,008
Real estate-related Intangible liabilities, net	57,172	57,333
Debt obligations, net	1,542,396	1,372,922
Total liabilities	\$1,668,389	\$1,473,263
Equity:		
Safehold Inc. shareholders' equity:		
Common stock	\$510	\$478
Additional paid-in capital	1,283,643	1,132,603
Retained earnings (deficit)	7,236	(2,146)
Accumulated other comprehensive loss	(61,779)	(39,123)
Total shareholders' equity	\$1,229,610	\$1,091,812
Non-controlling interests	\$1,628	\$1,486
Total equity	\$1,231,238	\$1,093,298
Total liabilities and equity	\$2,899,627	\$2,566,561

Portfolio Reconciliation

	IPO (6/22/17)	3/31/18	3/31/19	3/31/20
Net investment in Sales-Type Leases	-	-	\$129	\$1,029
Ground Lease receivables, net	-	-	-	\$422
Pro-rata interest in Sales-Type Leases held as equity method investments	-	-	-	\$342
Real estate, net (Operating Leases)	\$265	\$451	\$661	\$670
Add: Accumulated depreciation	1	6	12	18
Add: Lease intangible assets, net	123	184	237	241
Add: Accumulated amortization	1	5	11	18
Add: Other assets	-	-	25	24
Less: Lease intangible liabilities, net	(51)	(58)	(58)	(57)
Less: Non-controlling interest	-	(2)	(2)	(2)
Gross Book Value	\$339	\$585	\$1,015	\$2,705
Forward Commitments	-	34	74	96
Aggregate Gross Book Value	\$339	\$619	\$1,089	\$2,800
Less: Accruals to net investment in leases and ground lease receivables	-	-	-	(15)
Aggregate Cost Basis	\$339	\$619	\$1,089	\$2,785

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

Glossary

Aggregate Cost Basis	Represents Cost Basis plus forward commitments. For forward commitments, it represents the aggregate contractual purchase price to be paid under the commitments.
Aggregate Gross Book Value	Represents the Current Portfolio plus forward commitments. For forward commitments, it represents the contractual purchase price to be paid under the commitments.
Annualized Cash Rent	Calculated as the annualized base Cash Rent for ground leases plus Percentage Rent.
Cash Rent	Represents ground lease income recognized excluding straight-line rent, amortization of lease intangibles, and non-cash income from sales-type leases.
Cost Basis	Represents the historical purchase price of an asset, including capitalized acquisition costs.
Combined Property Value (CPV)	The current combined value of the land, buildings and improvements relating to a commercial property, as if there was no ground lease on the land at the property. CPV is generally based on independent appraisals; however, the Company will use actual sales prices/management estimates for recently acquired and originated ground leases for which appraisals are not yet available. In relation to forward commitments, CPV represents the total cost associated with the acquisition, development, and construction of the project.
Current Portfolio	Represents the portfolio of assets owned at the date indicated, measured using Gross Book Value. Does not include forward commitments.
Effective Yield	Effective Yield is computed similarly to effective yield on a bond, using the rate implicit in the lease based on the contractual future cash flows and a residual equal to our cost of the land.
Gross Book Value (GBV)	Represents the historical purchase price of an asset plus accrued interest on sales type leases.
Ground Lease-to-Value (GLTV)	Calculated as the Aggregate GBV divided by CPV. Safehold uses this metric to assess risk and our seniority level in a real estate capital structure. Similar to the concept of the LTV metric used in the loan market.
Interest Rate	The all-in stated interest rate over the term of debt.
Owned Residual Portfolio	Represents the portfolio of properties under which Safehold owns a ground lease and reflects Safehold's right to the property and tenant improvements at the end of the lease. The current value of the Owned Residual Portfolio is typically represented by the Combined Property Value or CPV of our portfolio.
Percentage Rent	Represents TTM percentage rent of ground lease assets.
Property NOI	Represents the net operating income of the building/Safehold's ground lease tenant prior to paying ground lease rent.
Rent Coverage	The ratio of Property NOI or estimated Property NOI to the Annualized Cash Rent due to Safehold. The Company uses estimates of the stabilized Property NOI if it does not receive current tenant information and for properties under construction or transition, in each case based on leasing activity at the property and available market information, including leasing activity at comparable properties in the relevant market.
Safehold™/Safehold™ Ground Lease	A ground lease originated and structured by Safehold.
Total Annualized GAAP Rent	Current quarter revenue from operating and sales type leases recognized by GAAP annualized.
Underwritten Effective Yield	The Effective Yield of a ground lease using our underwriting assumptions. This includes estimated land value annual growth of 2%.
Unrealized Capital Appreciation	Calculated as the difference between CPV and the portfolio's Aggregate Cost Basis. The Company believes Unrealized Capital Appreciation represents additional potential value to SAFE stockholders through the reversion rights embedded in standard ground leases.