

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): August 3, 2022

Safehold Inc.

(Exact name of registrant as specified in its charter)

Maryland
(State or other jurisdiction of
incorporation)

001-38122
(Commission File
Number)

30-0971238
(IRS Employer
Identification Number)

1114 Avenue of the Americas
39th Floor
New York , NY
(Address of principal executive offices)

10036
(Zip Code)

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

N/A

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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.

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 |

Item 2.02 Results of Operations and Financial Condition.

On August 3, 2022, Safehold Inc. issued an earnings release and made available on its website an earnings presentation for the quarter ended June 30, 2022. A copy of the earnings release and earnings presentation are attached as Exhibit 99.1 and Exhibit 99.2, respectively, hereto and incorporated herein by reference.

The information in this Current Report, including the exhibits hereto, is being furnished and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that Section. The information in this Current Report shall not be incorporated by reference into any registration statement or other document pursuant to the Securities Act of 1933, as amended, unless it is specifically incorporated by reference therein.

Item 7.01 Regulation FD Disclosure.

On August 3, 2022, Safehold Inc. made available on its website an earnings presentation for the quarter ended June 30, 2022. A copy of the earnings presentation is attached as Exhibit 99.2 hereto and incorporated by reference.

The earnings presentation, including Exhibit 99.2 hereto, is being furnished and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that Section. The information in this Current Report shall not be incorporated by reference into any registration statement or other document pursuant to the Securities Act of 1933, as amended, unless it is specifically incorporated by reference therein.

Item 8.01 Other Events.

On August 3, 2022, iStar Inc. filed an amendment to its Form 13D and noted that a special committee of its board of directors and a special committee of our board of directors are in advanced discussions with respect to a potential business combination transaction and are proceeding to negotiate definitive transaction agreements. According to the 13D amendment, the potential transaction would involve a stock-for-stock merger of the companies to form a self-managed, ground lease-focused REIT. No definitive agreements with respect to the potential transaction have been executed, and there can be no assurance that definitive agreements will be executed between the companies.

Item 9.01 Financial Statements and Exhibits.

Exhibit 99.1 [Earnings Release.](#)

Exhibit 99.2 [Earnings Presentation.](#)

Exhibit 104 Inline XBRL for the cover page of this Current Report on Form 8-K.



Press Release

Safehold Reports Second Quarter 2022 Results

NEW YORK, August 3, 2022

Safehold Inc. (NYSE: SAFE) reported results for the second quarter 2022.

SAFE published a presentation detailing these results which can be found on its website, www.safeholdinc.com in the “Investor Relations” section.

Highlights from the earnings announcement include:

- ^{3/4} Q2 '22 earnings per share were \$0.37, a 32% increase year-over-year
- ^{3/4} Q2 '22 revenue was \$64.9 million, a 47% increase year-over-year
- ^{3/4} Closed \$381 million¹ of new originations in Q2'22, bringing total aggregate portfolio to \$5.9 billion
- ^{3/4} Portfolio generates annualized in-place cash rent of \$178 million with an annualized yield of 5.1% and an inflation-adjusted yield of 5.6% (based on the Federal Reserve's current 30-year inflation expectation of 2.22%)
- ^{3/4} UCA grew by an estimated \$543 million in Q2'22, bringing total UCA to an estimated \$9.9 billion

“Safehold reported a strong second quarter with over \$380 million of new originations, growing the portfolio by 7% quarter-over-quarter to \$5.9 billion,” said Jay Sugarman, Chairman and Chief Executive Officer. “With \$930 million of available liquidity at the end of the

¹ Investments in Q2 '22 include \$43m of new forward commitments that have not yet been funded. Such funding commitments are subject to certain conditions. There can be no assurance that Safehold will complete these transactions.

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quarter, Safehold is well positioned to fund additional ground lease opportunities.”

The Company will host an earnings conference call reviewing this presentation beginning at 10:00 a.m. ET. This conference call will be broadcast live and can be accessed by all interested parties through Safehold's website and by using the dial-in information listed below:

Dial-In: 844.867.6163
International: 409.207.6969
Access Code: 1619818

A replay of the call will be archived on the Company's website. Alternatively, the replay can be accessed via dial-in from 2:30 p.m. ET on August 3, 2022 through 12:00 a.m. ET on August 17, 2022 by calling:

Replay: 866.207.1041
International: 402.970.0847
Access Code: 7436202

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About Safehold:

Safehold Inc. (NYSE: SAFE) is revolutionizing real estate ownership by providing a new and better way for owners to unlock the value of the land beneath their buildings. Having created the modern ground lease industry in 2017, Safehold continues to help owners of high quality multifamily, office, industrial, hospitality, student housing, life science and mixed-use properties generate higher returns with less risk. The Company, which is taxed as a real estate investment trust (REIT) and is managed by its largest shareholder, iStar Inc., seeks to deliver safe, growing income and long-term capital appreciation to its shareholders. Additional information on Safehold is available on its website at www.safeholdinc.com.

Company Contact:

Jason Fooks

Senior Vice President

Investor Relations & Marketing

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Q2 '22 EARNINGS RESULTS



Forward-Looking Statements and Other Matters

This presentation may contain forward-looking statements. All statements other than statements of historical fact are forward-looking statements. These forward-looking statements can be identified by the use of words such as "illustrative", "representative", "expect", "plan", "will", "estimate", "project", "intend", "believe", and other 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 the 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 war in Ukraine and escalating geopolitical tensions as a result of Russia's invasion of Ukraine, the effect of the COVID-19 pandemic on our business and growth prospects and on our tenants' business; 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 Portfolio 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, 2021 and any subsequent reports filed with the Securities and Exchange Commission (SEC) for further discussion of these and other investment considerations. The Company expressly disclaims any responsibility to update or revise forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

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

Important Note re COVID-19: Readers of this presentation are cautioned that, due to the possibility that the COVID-19 pandemic will have a delayed adverse impact on our financial results, along with the uncertainty created by the pandemic, our results for the period may not be indicative of future results. Similarly, our Rent Coverage and Unrealized Capital Appreciation as of June 30, 2022 may decline with respect to certain properties in future periods due to the continuing impact of the pandemic 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 Quarterly Report on Form 10-Q for the quarter ended June 30, 2022 when it is filed with the SEC for a more fulsome discussion of our quarterly results, including the "Management's Discussion and Analysis of Financial Condition and Results of Operations" section included therein.

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

Investor Relations Contact
Jason Fooks
212.930.9400
investors@safeholdinc.com

Safehold / iStar Transaction

On August 3, 2022, iStar filed an amendment to its Form 13D and noted that a special committee of the Board of Directors of iStar and a special committee of the Board of Directors of Safehold are in advanced discussions with respect to a potential strategic corporate transaction and are proceeding to negotiate definitive transaction agreements. No definitive agreements with respect to the potential transaction have been executed, and there can be no assurance that definitive agreements will be executed. iStar does not intend to provide further information as to developments, if any, in the parties' discussions until definitive transaction agreements are executed, or as may otherwise be required by law or determined in its discretion.

Q2 '22 Highlights

Strong Earnings

32%

Quarterly Y/Y
EPS Growth

47%

Quarterly Y/Y
Revenue Growth

Robust Investments

\$381m

New Ground Lease
Investments⁽¹⁾

\$543m

Net UCA Growth

Capital for Growth

\$150m

30-Year Stairstep
Unsecured Debt
Raised

\$930m

Cash & Credit Facility
Availability⁽²⁾

Note: Please see "Unrealized Capital Appreciation Details" in the Appendix for more information.

(1) Investments in Q2 '22 include \$43m of new forward commitments that have not yet been funded. There can be no assurance that Safehold will complete these transactions.

(2) Based on cash & cash equivalents and the unused capacity of the new unsecured revolving credit facility as of 6/30/22, which may be fully drawn, subject to certain conditions.

Investment Activity

Quarterly Activity



Origination Metrics

- 7 ground lease transactions
- 5 property types (office, life science, multifamily, hotel and mixed use)
- 4 markets
- 5 new clients
- 5.7% w.a. Inflation Adjusted Yield⁽²⁾
 - 5.5% with 0% inflation
- 38% w.a. GLTV⁽³⁾
- 4.6x w.a. Rent Coverage⁽³⁾

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

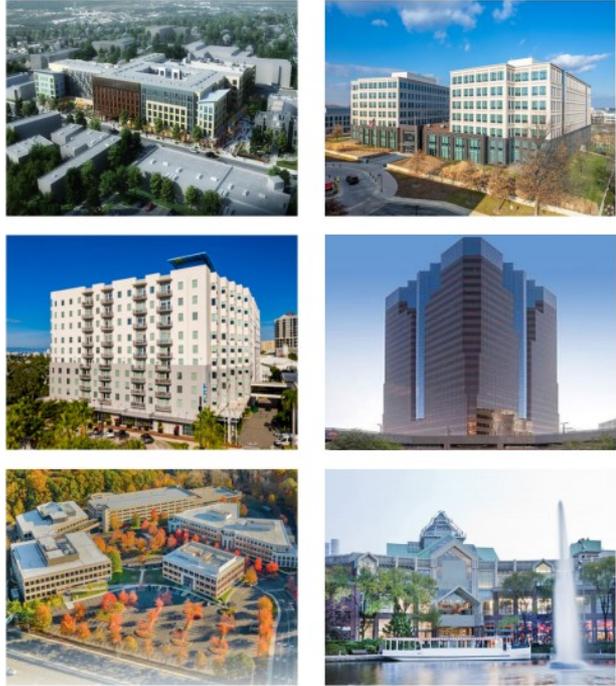
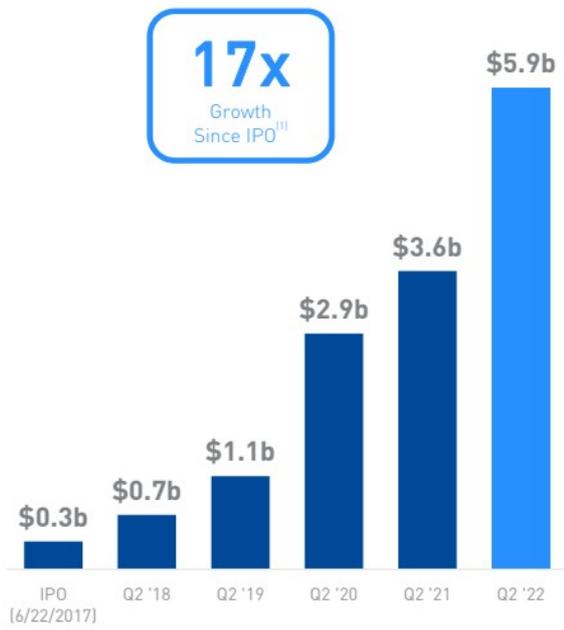
[1] Investments in Q2 '22 include \$43m of new forward commitments that have not yet been funded (such funding commitments are subject to certain conditions). There can be no assurance that Safehold will complete these transactions.

[2] SafeholdTM originated ground leases typically include a periodic rent increase based on prior years cumulative CPI growth with the initial lookback year generally starting between lease year 11 and 21. These CPI lookbacks are generally capped between 3.0% - 3.5% per annum compounded. In the event cumulative inflation growth for the lookback period exceeds the cap, the excess is not captured by the CPI lookback. Other forms of inflation capture include fair market value resets and percentage rent, typically for acquired ground leases. 82% of our investments this quarter as determined by cash rent has some form of a CPI lookback. Assumes current FRED 30-yr Breakeven Inflation Rate of 2.22% annually. (Federal Reserve Bank of St. Louis, 30-year Breakeven Inflation Rate, retrieved from FRED, Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/T30YIEM>, August 2, 2022)

[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.

Portfolio Growth

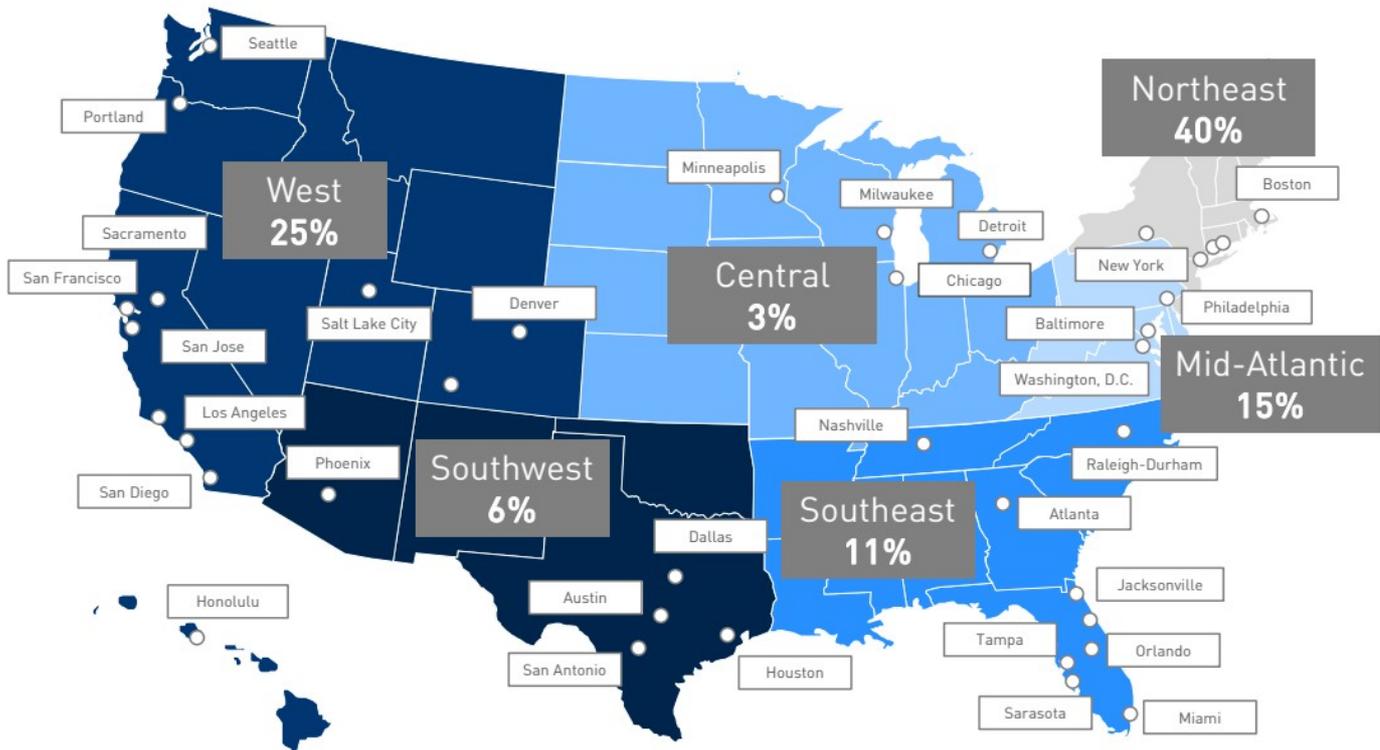
Q2'22 Investments



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

Geographic Breakdown

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



Earnings Results

Quarterly Results

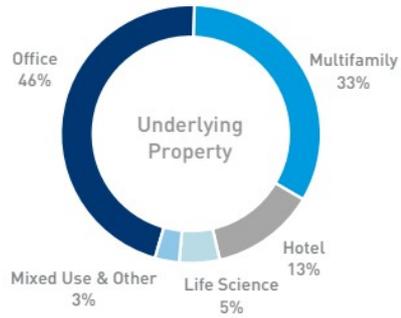
Year-To-Date Results

| | Q2 '22 | Q2 '21 | Y/Y Growth | YTD '22 | YTD '21 | Y/Y Growth |
|---|---------|---------|-------------|----------|---------|-------------|
| Revenue | \$64.9m | \$44.2m | +47% | \$125.2m | \$87.7m | +43% |
| Net Income Attributable to Safehold Inc. common shareholders | \$22.7m | \$14.7m | +54% | \$47.6m | \$31.6m | +50% |
| Earnings Per Share | \$0.37 | \$0.28 | +32% | \$0.79 | \$0.59 | +33% |

Portfolio Metrics

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

Property Type



Lease Term



Credit Metrics⁽¹⁾

W.A. Rent Coverage

3.8x

W.A. GLTV

40%

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

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

Inflation Captured Cash Flows

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

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

In-Place with 0% Inflation

Annualized Cash Yield

3.3%

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

Annualized Yield

5.1%

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

Including Contractual Inflation Capture

2.0% Inflation

5.5%

Inflation Adjusted Yield

2.22% Inflation

5.6%

Inflation Adjusted Yield

Current FRED Breakeven
Inflation Rate ⁽²⁾

3.0% Inflation

6.1%

Inflation Adjusted Yield

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

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

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

Capital Structure

Debt Overview



24 year w.a. maturity⁽¹⁾

| Debt and Liquidity Metrics | Q2 '22 |
|---------------------------------------|-------------|
| Total debt | \$3,590m |
| Total book equity | \$2,037m |
| Equity market cap ⁽²⁾ | \$2,541m |
| Total debt / book equity | 1.8x |
| Total debt / equity market cap | 1.4x |
| Unencumbered assets | \$3,017m |
| Cash & credit facility availability | \$930m |

Capital Updates

\$150m

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

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

Credit Ratings

Baa1

Moody's
(Stable Outlook)

BBB+

Fitch
(Stable Outlook)

| Interest Rates and Spreads ⁽¹⁾ | Q2 '22 |
|---|----------------|
| Portfolio Annualized Yield | 5.1% |
| Effective Interest Rate | 3.7% |
| Effective spread | 134 bps |
| Portfolio Inflation Adjusted Yield ⁽³⁾ | 5.6% |
| Effective Interest Rate | 3.7% |
| Effective spread | 192 bps |
| Portfolio Annualized Cash Yield | 3.3% |
| Cash Interest Rate | 3.2% |
| Cash spread | 12 bps |

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

(2) Based on SAFE closing share price of \$40.95 on August 2, 2022.

(3) Assumes current FRED 30-yr Breakeven Inflation Rate of 2.22%. Federal Reserve Bank of St. Louis, 30-year Breakeven Inflation Rate, retrieved from FRED, Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/T30YIEM>, August 2, 2022. 5.1% without inflation adjustment.

Estimated Unrealized Capital Appreciation



Total Square Feet: 32.3m⁽¹⁾



Note: Please see the "Important Note re COVID-19" in the front of this presentation for a statement about metrics this quarter. Please see "Unrealized Capital Appreciation Details" in the Appendix for more information. 12
 (1) Square footage and total units/keys are based on information provided by the building owners, public records, broker reports and other third-party sources and are based on the primary usage of the building. No assurance can be made to the accuracy of these figures.

APPENDIX

Income Statements

| | For the three months ended June 30, | | For the six months ended June 30, | |
|---|-------------------------------------|-----------------|-----------------------------------|-----------------|
| | 2022 | 2021 | 2022 | 2021 |
| Revenues: | | | | |
| Interest income from sales-type leases | \$48,247 | \$27,126 | \$91,278 | \$53,100 |
| Operating lease income | 16,452 | 16,964 | 33,418 | 34,374 |
| Other income | 185 | 123 | 551 | 246 |
| Total revenues | \$64,884 | \$44,213 | \$125,247 | \$87,720 |
| Costs and expenses: | | | | |
| Interest expense | \$30,266 | \$19,160 | \$55,586 | \$36,327 |
| Real estate expense | 699 | 722 | 1,407 | 1,319 |
| Depreciation and amortization | 2,406 | 2,385 | 4,808 | 4,770 |
| General and administrative | 10,458 | 8,074 | 19,651 | 14,729 |
| Other expense | 596 | 21 | 705 | 391 |
| Total costs and expenses | \$44,425 | \$30,362 | \$82,157 | \$57,536 |
| Income from operations before other items | \$20,459 | \$13,851 | \$43,090 | \$30,184 |
| Loss on early extinguishment of debt | - | - | - | (216) |
| Earnings from equity method investments | 2,252 | 929 | 4,528 | 1,768 |
| Net income | \$22,711 | \$14,780 | \$47,618 | \$31,736 |
| Net income attributable to noncontrolling interests | (33) | (48) | (67) | (96) |
| Net income attributable to Safehold Inc. | | | | |
| common shareholders | \$22,678 | \$14,732 | \$47,551 | \$31,640 |
| Weighted avg. share count (basic) | 62,011 | 53,309 | 60,077 | 53,271 |
| Weighted avg. share count (diluted) | 62,011 | 53,321 | 60,077 | 53,283 |
| Earnings per share (basic & diluted) | \$0.37 | \$0.28 | \$0.79 | \$0.59 |

Note: Figures in thousands except for per share amounts.

Balance Sheets

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

Note: Figures in thousands.

Portfolio Reconciliation

| | IPO | | | | | |
|---|---------|---------|---------|---------|---------|---------|
| | 6/22/17 | 6/30/18 | 6/30/19 | 6/30/20 | 6/30/21 | 6/30/22 |
| Net investment in Sales-Type Leases | - | - | \$160 | \$1,045 | \$1,432 | \$2,912 |
| Ground Lease receivables | - | - | - | \$477 | \$680 | \$1,236 |
| Pro-rata interest in Ground Leases held as equity method investments | - | - | - | \$343 | \$438 | \$443 |
| Real estate, net (Operating Leases) | \$265 | \$477 | \$663 | \$688 | \$727 | \$710 |
| Add: Accumulated depreciation | 1 | 7 | 13 | 19 | 25 | 31 |
| Add: Lease intangible assets, net | 123 | 198 | 235 | 241 | 240 | 223 |
| Add: Accumulated amortization | 1 | 6 | 12 | 19 | 26 | 33 |
| Add: Other assets | - | - | 25 | 24 | 23 | 22 |
| Less: Lease intangible liabilities, net | (51) | (58) | (58) | (57) | (66) | (65) |
| Less: Noncontrolling interest | - | (2) | (2) | (2) | (2) | (2) |
| Gross Book Value | \$339 | \$629 | \$1,050 | \$2,798 | \$3,524 | \$5,542 |
| Add: Forward Commitments | - | 34 | 83 | 72 | 105 | 316 |
| Aggregate Gross Book Value | \$339 | \$663 | \$1,133 | \$2,870 | \$3,629 | \$5,858 |
| Less: Accruals to net investment in leases and ground lease receivables | - | - | (1) | (24) | (64) | (137) |
| Less: Future acquisition commitment | - | - | - | - | (83) | - |
| Aggregate Cost Basis | \$339 | \$663 | \$1,132 | \$2,846 | \$3,483 | \$5,722 |
| Less: Forward Commitments | - | (34) | (83) | (72) | (23) | (316) |
| Cost Basis | \$339 | \$629 | \$1,049 | \$2,774 | \$3,460 | \$5,405 |

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

Unrealized Capital Appreciation Details

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

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

We formed a subsidiary called Caret Ventures LLC that is structured to track and capture UCA to the extent UCA is realized upon expiration of our Ground Leases, sale of our land and Ground Leases or certain other specified events. Under a shareholder-approved plan, management was granted up to 15% of Caret units, some of which remains subject to time-based vesting. See our 2021 proxy statement for additional information on the long-term incentive plan.

We announced on February 15, 2022 that we sold 108,571 Caret units and received a commitment for the sale of 28,571 Caret units for an aggregate \$24.0 million. Those 137,142 Caret units equal 1.37% of the authorized Caret units in Caret Ventures LLC, implying a total Caret unit valuation of \$1.75 billion. As part of the sale, we are obligated to seek to provide a public market listing for the Caret units, or securities into which they may be exchanged, within two years. If we are unable to provide public market liquidity within the two years at a value in excess of the new investors' basis, the investors have the right to cause us to redeem their Caret units at their original purchase price.

Appendix Glossary

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| Aggregate Cost Basis | Represents Cost Basis plus unfunded commitments. For unfunded commitments, it represents the aggregate future amount to be paid under the commitments. |
| Aggregate Gross Book Value | Represents the Current Portfolio plus unfunded commitments. For unfunded commitments, it represents the aggregate future amount to be paid under the commitments. |
| Annualized Cash Yield | Calculated as the annualized base Cash Rent plus Percentage Rent divided by Cost Basis. |
| Annualized Yield | Calculated as the annualized base Net Rent plus Percentage Rent divided by GBV. |
| Cash Interest Rate | The current cash interest rate of debt. |
| Cash Rent | Represents base ground lease income recognized excluding straight-line rent, amortization of lease intangibles, and non-cash income from sales-type leases. |
| 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 unfunded commitments, CPV represents the total cost associated with the acquisition, development, and construction of the project. |
| Cost Basis | Represents the historical purchase price of an asset, including capitalized acquisition costs. |
| Current Portfolio | Represents the portfolio of assets owned at the date indicated, measured using Gross Book Value. Does not include unfunded commitments. |
| Effective Interest Rate | Represents the all-in stated interest rate over the term of debt based on the contractual future payments owed excluding the effect of debt premium, discount and deferred financing costs. |
| GAAP Rent | Current period revenue from operating and sales-type leases recognized under GAAP. |
| Gross Book Value (GBV) | Represents Cost Basis 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. |
| Ground Lease Plus Commitment (GL+) | Safehold's commitment or option to purchase ground leases from iStar or a third-party contingent on certain development and timing criteria. |
| Inflation Adjusted Yield | Computed similarly to effective yield on a bond, the Inflation Adjusted Yield is calculated using cash flows for the duration of the lease and a residual value equal to our cost of the land. The cash flows incorporate contractual fixed escalators and the impact of an assumed inflation scenario on variable rate escalators such as (i) CPI adjustments and CPI lookbacks, (ii) percentage of revenues the building generates and/or (iii) periodic fair market valuations of the land. For CPI adjustments and CPI lookbacks, this metric uses the assumed inflation scenario for the duration of the leases. For ground leases that have other forms of inflation capture including fair market value resets and percentage rent based on building revenue, this metric assumes fair market value and building revenue increase by the assumed inflation scenario annually. |
| Net Rent | GAAP Rent less depreciation & amortization. This includes the amortization of a right of use asset recorded as real estate expense (totals \$1.0m annualized). Includes our proportionate share of GAAP rent and amortization from our equity method investment. |
| Owned Residual Portfolio | Represents the portfolio of properties under which Safehold owns a ground lease and reflects Safehold's right to the land, 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 cash percentage rent paid by the property. |
| Property NOI | Represents the net operating income (NOI) of the building/Safehold's ground lease tenant prior to paying ground lease rent. |
| Rent Coverage | The ratio of Property NOI as provided by the building owner or estimated Property NOI to the annualized Cash Rent due to Safehold. The Company adjusts Property NOI for material non-recurring items and 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. |
| Unrealized Capital Appreciation (UCA) | Calculated as the difference between CPV and the portfolio's Aggregate Cost Basis. The Company tracks UCA 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 CPV of the portfolio that will ultimately revert to us. |