Safehold

7/31/20

STONEGATE CAPITAL PARTNERS

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MARKET STATISTICS

Exchange / Symbol	NYSE: SAFE
Price:	$50.21
Market Cap ($mm):	$2,578
Enterprise Value ($mm):	$3,987
Common Shares:	51.1M
Float:	34%
Volume (3 Month Average):	161,733
52 Week Range:	$26.61-$67.18
Industry:	REIT - Specialized

BALANCE SHEET

($mm, except per sh data)	6/30/20
Total Cash:	$96.7
Total Assets:	$2,829
Debt:	$1,703
Equity:	$1,238
Equity per share:	$24.2

INCOME STATEMENT

($mm, except per sh data)

FY - 12/31	Rev	Net Inc	Div/sh	EPS
FY19	$93.4	$30.1	$0.62	$0.97
FY20E	$155.0	$63.2	$0.64	$1.23
FY21E	$171.0	$71.5	$0.65	$1.34

LARGEST INSTITUTIONAL HOLDERS

iStar Inc.	33,442,630
GIC Real Estate, Inc.	3,348,435
UBS Asset Management	2,424,944
BlackRock, Inc.	1,909,754
The Vanguard Group	1,515,731
Lubert-Adler Partners, L.P.	785,500
Goldman Sachs Asset Management	678,851
Jefferies Group LLC	553,125
FMR LLC	483,535
State Street Global Advisors	410,496

STOCK CHART

COMPANY DESCRIPTION

Safehold Inc. (NYSE: SAFE), is real estate ownership company that acquires, manages, and capitalizes a portfolio of ground leases throughout the United States. Safehold is seeking to disrupt the $7 trillion real estate industry by delivering a more efficient solution to the conventional real estate ownership model through its use of ground lease capital and aims to deliver a unique combination of safety, excess returns and capital appreciation to its shareholders. The Company targets top metropolitan areas across property types, operates as a real estate investment trust (REIT) for tax purposes and is managed by its largest shareholder iStar Inc. SAFE held its IPO on June 22, 2017 and is headquartered in New York, NY.

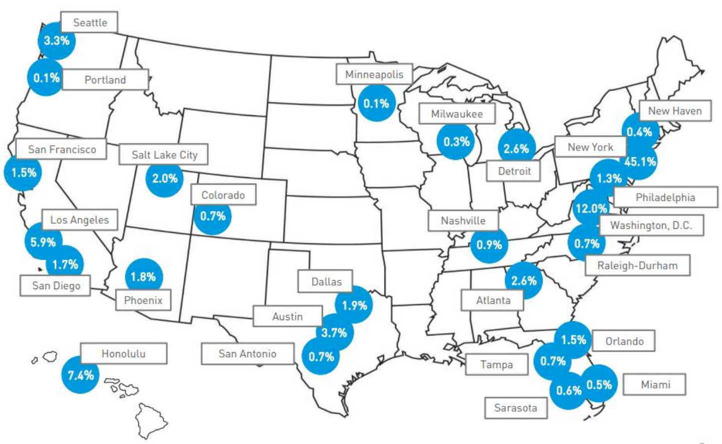
SUMMARY

- **Disruptive Solution to a Large Market -** Safehold has formulated a new approach to ownership in the over $7 trillion US real estate industry by reinventing ground leases. The Company seeks to invest in long-term ground leases with values at ~30 – 40% of the combined land, building and improvements value; SAFE structures its deals so that buildings/improvements are separated from the land beneath them, offering tenants flexible options for financing with less costly terms.
- **More Efficient Solution for Real Estate Owners** – Safehold adds value to real estate owners and investors by separating the lower returning land asset from the higher returning operating asset, the building. This separation increases returns for developers and property investors. Safehold ground leases also reduce the frictional costs associated with selling a building such as taxes and fees as well as decreasing debt maturity risk to the building operator by replacing short term debt with 99-year capital.
- **What is a Ground Lease** – A ground lease is an agreement between a landowner and tenant in which the tenant agrees to pay rent to the landowner in exchange for developing and operating a commercial property. These leases are generally very long term between 30 and 99 years in length with reversion rights of the property to landowner in the event of non-payment or failure to renew the lease.
- **Unique Investment Characteristics** - We note several benefits to SAFE's portfolio of ground lease assets including safety, growing income, and capital appreciation potential. The Company's ground leases hold senior positions in the real estate capital structure, and rent escalations are included in each lease. The land underlying the lease holds capital appreciation potential, as well as the buildings and improvements upon the land which ultimately revert to SAFE upon lease termination.
- **Exponential Growth** - SAFE has demonstrated its ability to deliver exponential yet low-risk growth for investors through its ground lease portfolio. Safehold most recently reported in excess of $2.8B in total assets.
- **Partnership with iStar** – Safehold is an externally managed REIT under an agreement with SFTY Manager, LLC, which is a wholly-owned subsidiary of iStar Inc. (NYSE: STAR). iStar is presently the largest shareholder of SAFE, and thus its interests are heavily aligned with those of SAFE shareholders. iStar's organization of ~170 team members has a long history in the industry as well as extensive connections with brokers, corporate tenants and developers.
- **Valuation** - We believe that SAFE offers a unique and risk-adjusted real estate investment opportunity for the marketplace. Using an adjusted DCF framework we come to a range of $54.23 to 76.06; with a mid-point of $64.43. Additional Details can be found on page 7.

BUSINESS OVERVIEW

Safehold has designed a unique approach to ownership in the US real estate industry. The Company seeks to invest in long-term ground leases with values at ~30– 40% of the combined land, building and improvements value. SAFE structures its deals so that buildings and improvements are separated from the land beneath them; typically, the Company purchases the land or rights to lease the land, and then executes a ground lease with the tenant. Lease terms are generally 99 years and are structured with the contractual base rent escalating per a schedule over time, either by a certain percentage or according to CPI. Terms are similar to those of triple net leases that require the tenant to cover operating costs such as maintenance, real estate taxes, insurance, and all improvements/CAPEX spending.

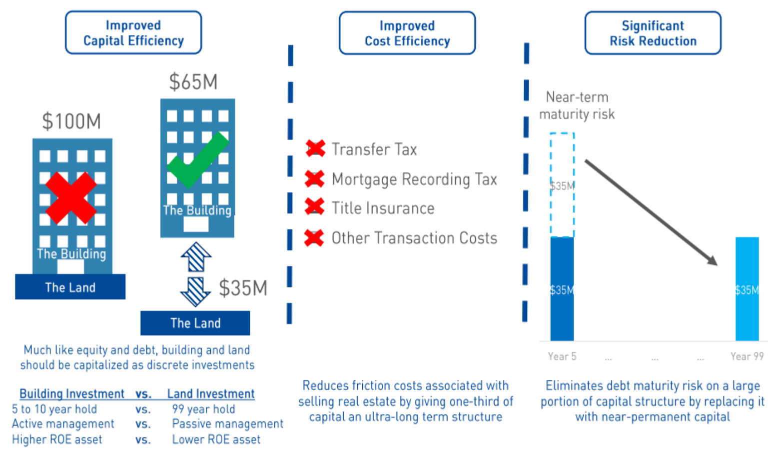
Exhibit 1: Geographic Diversification



Source: Company Reports

Safehold is offering a novel concept on what the Company considers a historically inefficient and archaic forced relationship. Safehold's unique approach brings to the table numerous benefits for building owners and property investors. Many corporations in the United States create a sale-leaseback of their real estate so that they may focus their efforts on the higher returning core operating business and avoid tying up capital in a lower returning real estate asset. Safehold believes the same rationale applies for commercial property owners and developers who would rather focus their capital investments into their higher returning core operating business, the building, as opposed to the lower returning asset, the land. In this way, real estate operators can focus their capital budget into designing, developing, and operating the actual buildings to generate a larger return. SAFE believes that by removing the lower returning underlying land the building sits on, this will create greater capital efficiencies and cash returns for developers, as well as provide a consistent, stable return for Safehold.

Exhibit 2: Improved Capital Efficiencies



Source: Company Reports

Safehold believes an additional benefit to their approach is the elimination of future transaction costs when the property is sold or refinanced. Wherein a typical transaction a property owner would need to pay transfer taxes, mortgage recording taxes, and other transaction costs on the whole property those with a Safehold ground lease would avoid paying those fees on the land, or approximately 30%-40% of the total value of the property. The elimination of these fees would increase returns for developers and investors in the building for the entirety of the lease.

Another strong benefit to Safehold's ground leases is the reduction in overall credit risk to the owner of the building. As buildings and property are traditionally financed by debt, most insolvencies do not come from the inability to pay interest, but the inability to pay the principal upon maturity of the debt. In partnering with Safehold, building operators effectively eliminate 35-50% of their near-term maturity risk by replacing it with near-permanent capital from the ground lease. By reducing the amount of debt owed to creditors of the building, overall credit risk is reduced.

Safehold is seeking to benefit off structuring deals with long-term leases containing gradual rent escalation (vs. FMV resets) and sized to ~35% of the property's value (vs. 100%). SAFE also emphasizes that their ground lease options tend to come with lower rates than the alternatives, no hidden fees, flexible structures that can be custom-tailored for construction, recapitalization, or acquisition capital needs. Lastly, the ground leases can be applied across office, multifamily, hotel and other properties. As Safehold increases their asset mix and geographic diversification, the Company's safety of cash flows will be increased, likening returns to the security of a 100-year bond.

ATTRIBUTES OF A GROUND LEASE

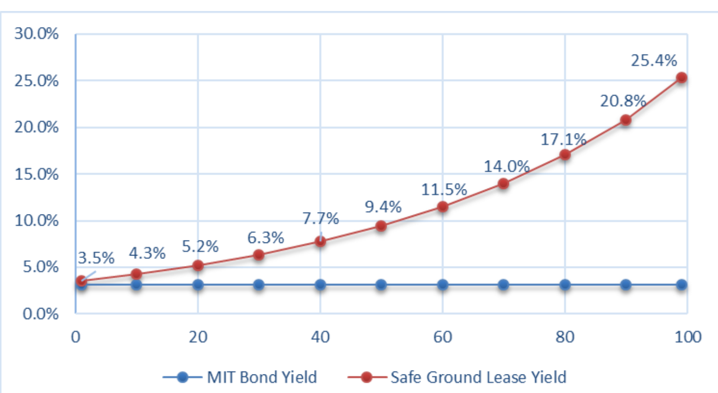
Safehold has chosen to create a portfolio of long-term ground leases, an asset class that performs like a AAA-rated fixed income investment, providing many notable benefits over alternative investment options.

Safety - Because these are typically long-term ground leases around 99-years in length, there is minimal reinvestment risk given the duration of the term. Additionally, the ground leases are structured to give SAFE a senior position in the line of stakeholders with senior priority of rental payments as well. Safehold aligns themselves with a AAA-rated fixed income investment as both tend to have a very low default rate. Importantly, Safehold's ground leases contain reversion rights. What this means, is at the end of the ground lease term or earlier termination, Safehold typically takes the title of the building(s) and all improvements at no additional costs.

Excess returns – The typical 99-year term of the leases with periodic rent escalations included in the agreements in essence provides call protection on this income-generating investment, resulting in superior risk-adjusted returns.

Compounded growth – The expectation is that property values underlying the ground leases will compound over the lifespan of the lease, adding significant appreciation to the asset; additionally, while lease agreements frequently outline renewal terms, building and improvements reversion rights can offer the potential for additional capital appreciation in the event of default or upon termination of the lease.

Exhibit 3: Compounding Income Stream Example



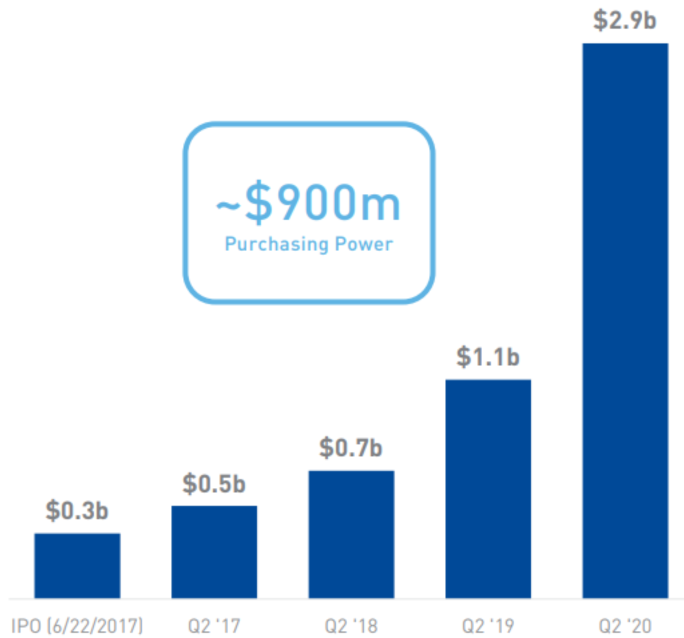
**Illustrative example of a 99-year Safehold Ground Lease with 2.0% annual rent growth and a year one cash rate of 3.5%. Massachusetts Institute of Technology 2116 unsecured AAA-rated bonds trade at a YTM of 3.1% as of 1/29/20*

Source: Company Reports

GROWTH STRATEGY

The Company's primary avenue for growth is through the addition of new ground leases to the real estate portfolio. Since inception, SAFE has shown exponential growth and has grown their portfolio from $1.1 billion in Q2 2019 to over $2.8B in Q2 2020. Based on recently reported transaction activity, Safehold will have seen its portfolio grow over 100% per year on average over the last 3 years

Exhibit 4: Aggregate Portfolio Growth



Source: Company Reports

To date, SAFE has primarily funded its growth as follows:

- $205M from IPO proceeds
- $45M in proceeds from private placement with iStar
- $113M from initial capitalization by iStar, 2 institutional investors and debt facilities (used to acquire an initial portfolio of ground leases from iStar)
- $250M from iStar's most recent purchase of investor units
- $265M from a secondary offering at $28 per share
- $102M from a follow-on equity offering at $34 per share
- $61M from a follow-on equity offering at ~$47 per share

Given the Company's partnership and financial backing with iStar, Safehold has the ability to close much larger transaction sizes, which will help rapidly grow the portfolio value and thus cash flows. In addition, the company has begun to see adoption with owners of "trophy assets" in major markets. In 2019 SAFE saw penetration into two of these major markets by acquiring several first-rate properties in Manhattan and replacing an existing ground lease via a SAFE x SWAP on Waikiki Beach in Honolulu.

The Company reported ~$96.7M in available cash and equivalents as of 6/30/20 as well as access to borrow an additional ~$296M under lending agreements for either general corporate purposes or to acquire additional ground lease assets. Assuming 2X leverage, SAFE has roughly $900m in purchasing power. SAFE has also been utilizing cash flow from operations and additional financings or equity issuances for capital.

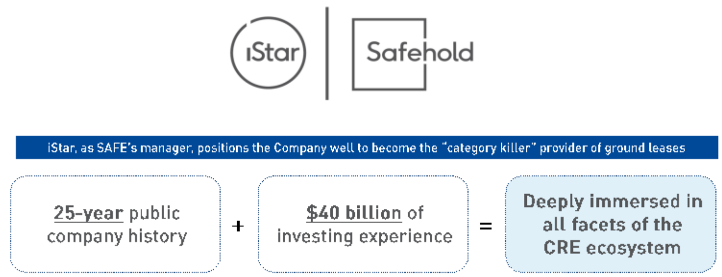
We note that Safehold is currently the only public company executing ground leases. Because of their first mover advantage, they have had a long runway to make their footprint on the addressable $7T commercial real estate market. However, given the current growth and success, we anticipate further entrants into the space in the future. While future entrants into the market will increase price competition, new competitors will also further solidify Safe's novel approach to the real-estate market and could be a future value catalyst.

PARTNERSHIP WITH ISTAR

Safehold is an externally managed REIT under an agreement with SFTY Manager, LLC, which is a wholly-owned subsidiary of iStar Inc. iStar is presently the largest shareholder of SAFE.

Because of the management agreement, Safehold has no employees and relies on the manager for all of its internal operating functions, including investment origination. However, given that iStar's equity investment in SAFE is currently 65.5% of total ownership, interests are aligned towards the success of the Company. Most recently, iStar participated in a private placement concurrent with the latest public offering to purchase a number of shares of common stock equal to 66% of the total number of shares in the offering. Due to restricted voting rights on part of the equity investment, iStar maintains only 41.9% voting power rights. Given iStar's long history in the industry as well as its extensive connections with brokers, corporate tenants and developers, as a manager it can offer SAFE access to an expansive pipeline and employs ~170 team members to execute upon SAFE's long-term growth strategy. iStar has participated in several of the Company's investment deals by providing a source of capital to the ground lease tenants.

Exhibit 5: SAFE Partnering with iStar



Source: Company Reports

The SAFE/STAR relationship is marketed as a one-stop shop for capital sourcing in the marketplace. The program combines iStar's flexible financing capabilities with Safehold's innovative ground lease offerings to provide a comprehensive source of funding that can be efficiently structured to beat out the options offered by independent competitors. Benefits of the program include:

- Uniquely structured offerings/options
- Expedited closing processes
- Simplicity
- Lower blended rates in comparison to those of the competition
- Certainty of close

An example of a deal has been provided below.

Exhibit 6: One-stop Shop Example - 515 22nd St. NW, Washington, DC

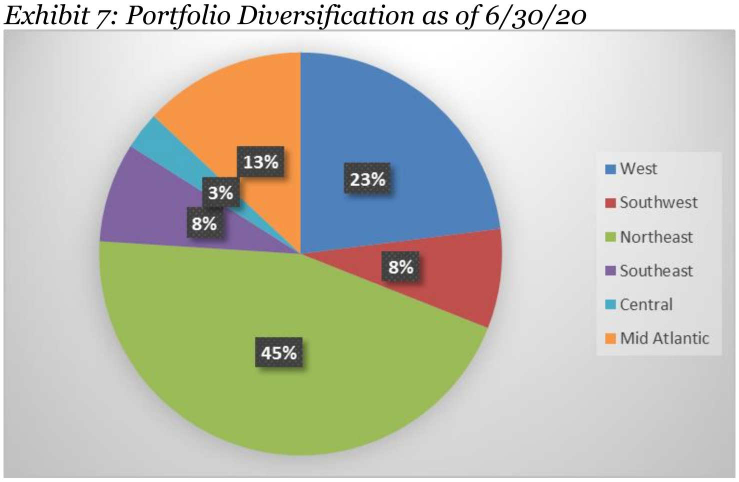
515 22nd St. NW Washington, D.C.	
Closing Date:	January 18, 2019
Customer Need:	Customer seeking to acquire a well-located property in the Foggy Bottom neighborhood of Washington, D.C. with plans to convert from an office to a 153-unit multifamily building. Required a partner with flexibility to capitalize project throughout redevelopment stages.
Solution:	SAFE/STAR One-Stop Capital - SAFE provided Safehold™ capital - iStar provided 1st mortgage leasehold loan
Result:	Addressed complex customer need through one-of-a-kind capital structure. Customer received lower blended rate in comparison to other offers, more efficient capital, and the certainty provided by a quick, one-stop capital source.

Source: Company Reports

PORTFOLIO OVERVIEW

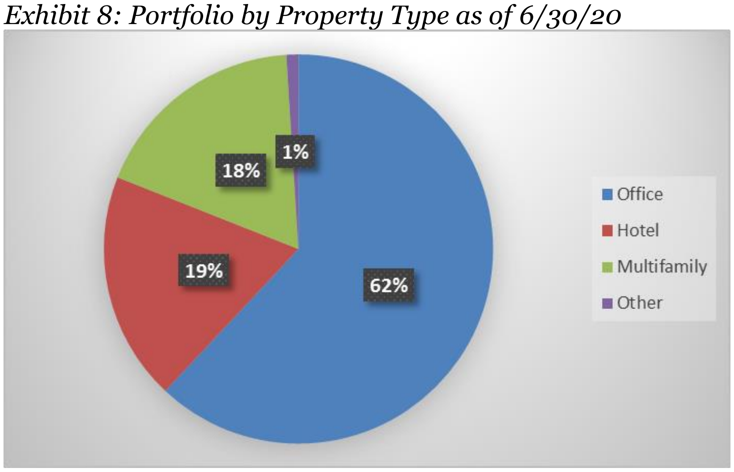
The Company's goal is to create a portfolio that is geographically and property diverse enough to produce a long term steadily growing cash flow stream with credit metrics akin to a triple A rated bond. While we believe the current assets of the business are important, we believe long term cash flow and coverage of liabilities will be the most important metrics as the portfolio grows. Safehold calculates their last dollar exposure as a percent of combined property value (CPV) at 37%. This is to say that unlike most triple net lease companies that can have impaired value after any decline in property value, Safehold would not see capital at risk until a 63% reduction in property value.

Exhibit 7: Portfolio Diversification as of 6/30/20



Source: Company Reports

Exhibit 8: Portfolio by Property Type as of 6/30/20



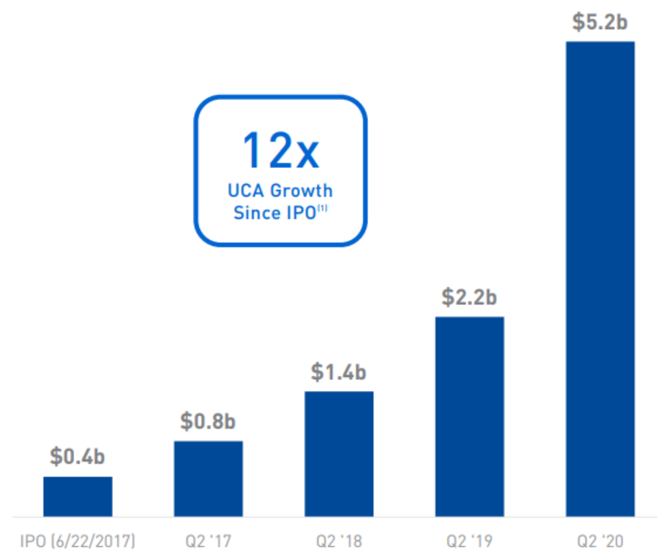
Source: Company Reports

UNREALIZED CAPITAL APPRECIATION (UCA)

As a result of this unique feature for ground leases, Safehold also tracks and publishes what it calls its "Unrealized Capital Appreciation." As mentioned, the Company targets ground lease investments at 30% to 40% of the combined value of the land and buildings as if there were no ground lease. This is called combined property value (CPV). If Safehold initiates a ground lease at 40% of CPV, the remaining 60% of the CPV represents potential value accretion to Safehold upon reversion of the property. As noted previously, if the owner of the building is not able to pay rent on the land or the two parties are not able to agree on terms when a contract renewal is up, the landowner (Safehold) would retain the building. Importantly, Safehold retains an independent third party to provide initial CPV reports and to update these reports on a periodic basis.

Given the above discussion, Safehold's Unrealized Capital Appreciation (UCA) is estimated by the CPV value less the aggregate cost basis of Safehold's portfolio. Safehold's portfolio and subsequent UCA have grown rapidly since inception with Q2'20 portfolio value of $2.8 billion.

Exhibit 9: Unrealized Capital Appreciation



Source: Company Reports

As illustrated in Exhibit 9, Safehold has grown its UCA at 12X from $0.4B at the 6/22/17 IPO to $5.2B in Q2FY20.

RECENT RESULTS

On July 23rd Safehold reported their Q2 2020 financial results. Despite the global economic impacts of COVID-19, Safehold's results continued to show the stability of cash flows highlighted by 90% year over year revenue growth to $37.4 million from $19.7 million in Q2 2019. The growth of revenue translated into net income of $12.6 million in Q2 2020 up from $5.9 million in Q2 2019, but partially offset by increased interest expense and general and administrative expenses. The Company's cash rents showed strong growth up 117% from Q2 2019 to $98.5 million in Q2 2020.

Over the quarter, Safehold made $61 million of new investments. Although overall transaction volumes are still depressed due to COVID-19, the Company is confident they will win their share of new deals. Additionally, they have noted that there are several transactions they are currently reviewing. The Company also increased their dividend 4% in the quarter which is consistent with their strategy of growing the dividend at twice the rate of inflation.

Safehold has performed well despite COVID-19 related challenges. The company has received 100% of rents throughout Q2 and is the number 1 REIT year to date based on total shareholder return.

INDUSTRY OVERVIEW

Prior to the outbreak of COVID-19 the commercial real estate market was poised to have a strong year in 2020 with some challenges including slight oversupply in industrial and class A multifamily according the CBRE Market Outlook Report. However, the COVID outbreak has created vast amounts of uncertainty in the commercial real estate sector.

After peaking in late March, weekly jobless claims had begun to drop as cities began reopening. However, recent surges in certain states have led to certain restrictions being reimplemented. As of June 2020, the unemployment rate in the United States was 11.1% according to the U.S. Bureau of Labor Statistics. Many of the layoffs in the U.S. economy have been in the retail and hospitality segments. Because many office jobs are able to be performed at home, layoffs in office jobs were less drastic. CBRE is anticipating a V-shaped recovery with U.S. office vacancies rising from 12% to 15% and rents declining by more than 9% in 2020. Although CBRE expects to see a rebound in 2021 it is worth noting that as many companies have converted their employees to a remote workforce, certain commercial office space could be vulnerable to long term shifts in demand for square footage.

Historically, the specific ground lease market has been dominated by pension funds, life insurance companies, estates, endowments, and high net worth individuals, creating a fragmented sector. However, SAFE, as a dedicated provider with a unique offering/solution, stands to benefit from tapping into significant opportunities of the larger US commercial real state market by utilizing multiple origination channels. These include manufacturing new ground leases with third party owners and developers of commercial real estate properties, originating ground leases for the purpose of providing capital for deployment or redevelopment, or engaging tenants seeking source of capital in order to begin generating higher returns on already invested equity.

RISKS

As with any investment, there are certain risks associated with Safehold's operations as well as with the surrounding economic and regulatory environments common to the real estate industry as a whole.

- Because SAFE believes that it is the first public company to primarily invest in ground lease assets, management cannot be certain that its strategic growth plans will be successful or that its market size estimates are accurate.
- Safehold Inc. has a limited history as a public company and currently has a low trading volume; the lower trading levels can depress stock pricing and ultimately deter potential investors, and the lack of liquidity can make it difficult for current investors to sell their shares as well.
- Because of SAFE's classification as a REIT, the company is required to distribute annually at least 90% of its taxable income to maintain its elected tax status. This leaves the Company with the need to finance its asset purchases with outside capital at times. Availability and terms for future credit needs might not be favorable, and those as well as any future equity offerings could cause potential dilution.
- As of 4/28/20, iStar owned approximately 65.43% of the Company's outstanding shares and voting power; this concentration of power can be seen as a risk by current and future investors given that iStar's goals for the investment might not always align with those of others.
- Intense competition could limit SAFE's ability to continue originating successful ground leases in its target markets; the Company faces competition from a variety of industry players including commercial developers, other REITS, real estate companies, financial institutions and other investor types.

VALUATION

Safehold has formulated a new approach to ownership in the over $7 trillion US real estate industry. As such, Safehold notes that its unique business model contains three avenues for value creation.

First, is the existing portfolio and its cash flows over the subsequent 99 years (the terms of the ground leases). Given, Safehold's superiority and diversification of cash flows, we have chosen to illustrate the valuation using a bond-like discount rate with the average of past 30 days MIT 100 year bond YTM as well as with a discount rate that we feel more closely exemplifies their equity wrapper.

Next, Safehold is seeking to grow its portfolio on an annual basis, and as such, create additional 99-year cash flow streams. Due to the uncertainty of the amount of cash deployed, yield on deployed capital and costs associated with raising additional capital, we have chosen to employ a more equity-like discount rate of 6.5% on both valuations.

Lastly, the Company has the opportunity for additional capital appreciation via its "Unrealized Capital Appreciation" which we discussed in more detail on page 5. In short, the unrealized capital appreciation represents potential value accretion to Safehold once the reversion of the property and all improvements reverts to the Company after the expiration or termination of the ground lease. We note that given the unpredictability of reversion to Safehold we have not given a valuation to the UCA.

As a result, we calculated two separate valuation buckets. We use many of Safehold's published assumptions.

For the current portfolio's cash flows, assuming no growth, our assumptions include:

(1) Cash rent growth rate of 2.0%
(2) Contract terms of 99 years
(3) Current average discount rate of 3.4% driven by the average of the last 30 days MIT 100 year bond YTM
(4) Annual cash rents of $98.5M in year 1
(5) S/O of 51.1M
(6) Net Debt outstanding at $1.78billion

For the growth of the portfolio, we make the following assumptions:

(1) Anticipated capital deployed in 2020 of $230M due to COVID-19 and $700m in 2021
(2) Capital is raised at a 67% debt to 33% equity mix
(3) 5.3% yield on capital deployed
(4) We assume Safehold ceases capital deployment after 10 years
(5) For equity raises, we use the current share price to calculate additional shares
(6) Median discount rate of 6.5%, which we believe reflects the risk of acquiring additional properties

We employed a sensitivity analysis to discount rates to arrive at a value range. As seen in exhibit 10, our valuation range is from $67.79 to $95.08.

Exhibit 10: Bond-like Valuation Range

Current Portfolio (static):

Rent Grw Rt	Discount Rates 3.15%	3.40%	3.65%
2.00%	$ 81.28	$ 70.67	$ 61.49

Growing Porfolio:

Rent Grw Rt	Discount Rates 6.25%	6.50%	6.75%
2.00%	$ 13.80	$ 9.86	$ 6.30

Combined Value:

	$ 95.08	$ 80.54	$ 67.79

However, given that the Company is still an equity and not a true fixed income investment, we feel it is conservative to discount this range further. We believe as the company continues to scale and diversify its portfolio, the discount should continue to reduce over time. For now, we apply an additional 20% discount to our range, which we believe represents the additional risk of owning the equity.

Exhibit 11: Equity Valuation Range

Current Portfolio (static):

Rent Grw Rt	Discount Rates 3.15%	3.40%	3.65%
2.00%	$ 81.28	$ 70.67	$ 61.49

Growing Porfolio:

Rent Grw Rt	Discount Rates 6.25%	6.50%	6.75%
2.00%	$ 13.80	$ 9.86	$ 6.30

Combined Value:

	$ 95.08	$ 80.54	$ 67.79

Additional 20% Equity Discount

	$ 76.06	$ 64.43	$ 54.23

Source: Stonegate Capital Partners

BALANCE SHEETS

Safehold, Inc. (NYSE: SAFE)
Consolidated Balance Sheets ($000s)
Fiscal Year: December

ASSETS	FY 2017	FY 2018	FY 2019	Q2 2020
Assets				
Real estate				
Real estate, at cost	$413,145	$669,923	$687,902	$707,381
Accumulated depreciation	(4,253)	(10,257)	(16,286)	(19,300)
Real estate, net	408,892	659,666	671,616	688,081
Real estate-related intangible assets, net	138,725	262,531	242,837	240,845
Total real estate, net and real estate-related intangible assets, net	547,617	922,197	914,453	928,926
Net investment in leases	-	-	984,598	1,045,003
Ground Lease Receivables			397,087	477,460
Equity Investments in Ground Leases			127,524	128,736
Cash and cash equivalents	168,214	16,418	22,704	96,700
Restricted cash	1,656	8,007	24,078	42,373
Deferred operating lease income receivable, net	4,097	23,138	58,303	75,841
Deferred expenses and other assets, net	6,929	9,983	37,814	34,324
Total Assets	**$728,513**	**$979,743**	**$2,566,561**	**$2,829,363**
LIABILITIES AND SHAREHOLDERS' EQUITY				
Liabilities				
Accounts payable, accrued expenses, and other liabilities	$7,545	$20,800	$43,008	$73,825
Real estate-related intangible liabilities, net	57,959	57,620	57,333	57,007
Debt obligations, net	307,074	543,965	1,372,922	1,460,114
Total Liabilities	**372,578**	**622,385**	**1,473,263**	**1,590,946**
Shareholders' Equity				
Common stock - par value	182	183	478	511
Additional paid-in capital	364,919	370,530	1,132,603	1,287,385
Reatained Earnings (Deficit)	(9,246)	(8,486)	(2,146)	11,454
Accumulated other comprehensive loss	80	(6,876)	(39,123)	(62,744)
Total Shareholders' Equity (deficit)	**355,935**	**355,351**	**1,091,812**	**1,236,606**
Non-controlling interests	-	2,007	1,486	1,811
Total Liabilities and Shareholders' Equity	**$ 728,513**	**$ 979,743**	**$ 2,566,561**	**$ 2,829,363**
Ratios				
Debt to Equity	86.3%	152.2%	125.6%	117.9%
Debt to Capital	46.3%	60.4%	55.7%	54.1%
Total Liabilities to Total Assets	51.1%	63.5%	57.4%	56.2%

Source: Company Reports, Stonegate Capital Partners

INCOME STATEMENTS

Safehold, Inc. (NYSE: SAFE)
Consolidated Statements of Income ($000s, except per share amounts)
Fiscal Year: December

	FY 2018	FY 2019	FY 2020E	FY 2021E
Revenues (1)				
Operating lease income	$ 47,400	$ 72,071	$ 72,252	$ 69,686
Interest income from sales-type leases	-	18,531	80,393	98,886
Other income	2,324	2,794	2,357	2,384
Total revenues	**49,724**	**93,396**	**155,002**	**170,957**
Costs and expenses				
Interest expense	15,389	29,868	60,825	64,964
Real estate expense	1,600	2,672	2,597	2,552
Depreciation and amortization	9,142	9,379	9,443	9,514
General and administrative	10,662	14,435	21,308	24,835
Other expense	995	900	695	1,025
Total costs and expenses	37,788	57,254	94,868	102,889
Income from operations	**11,936**	**36,142**	**60,134**	**68,067**
Loss on Early Extingiuishment of debt		2,011	3,270	3,597
Earnings (losses) from equity method investments		(403)		
Net income	**11,936**	**33,728**	**63,404**	**71,664**
Net income allocable to noncontrolling interests	(196)	(6,035)	(195.0)	(196.0)
Net income allocable to Safehold, Inc. common shareholders (2)	**$ 11,740**	**$ 27,693**	**$ 63,209**	**$ 71,468**
Basic EPS (loss)	**$ 0.64**	**$ 0.89**	**$ 1.23**	**$ 1.34**
Diluted EPS (loss)	**$ 0.64**	**$ 0.89**	**$ 1.23**	**$ 1.34**
Weighted average basic shares outstanding				
Weighted average diluted shares outstanding	**18,218**	**31,008**	**51,458**	**53,427**
Dividends and distributions declared per common share	$0.60	$0.62	$0.64	$0.65
Payout ratio	93.1%	69.6%	52.4%	48.4%
EBITDA	$ 36,467	$ 72,975	$ 133,672	$ 146,142
EBITDA per basic and diluted weighted average share	$ 2.00	$ 2.35	$ 2.60	$ 2.74
EBITDA per diluted weighted average share	$ 2.00	$ 2.35	$ 2.60	$ 2.74
EBITDA/Interest Expense	2.4x	2.4x	2.2x	2.2x

(1) New accounting standards applied as of 1/1/19 treat SAFE's ground leases as sales-type leases vs. historical treatment as operating leases

IN THE NEWS

June 2020 – Safehold Inc. announced that the Company's Board of Directors has declared common stock dividends of $0.16224 per share for the second quarter of 2020, an increase of 4%.

March 2020 – The Company announced a private placement of 1,706,485 common shares at a price of $46.88 per shares for gross proceeds of $80,000,017 on May 17, 2020. The transaction will involve participation from returning investor iStar Inc.

February 2020 – SAFE announced appointment of Jeremy Fox-Geen as new Chief Financial Officer

January 2020 – Safehold announces that they have agreed to extend the terms of their agreement with iStar from January 2021 to June 2022.

November 2019 – SAFE announced it has entered into a definitive agreement with an institutional investment manager to create a new $180 million Safehold™ ground lease under the office property at 685 Third Avenue in New York City; The Company has also completed a Follow-on Equity Offering in the amount of $102 million.

September 2019 – Safehold closes purchase of existing ground lease under the Alohilani Resort in Waikiki Beach for $195 million and enters into a new ground lease to replace the existing ground lease as part of its SAFE x SWAP program; The Company also announces a definitive agreement with a multi-billion domestic core real estate fund to create a new $285 million ground lease at 135 West 50th Street in New York City expected to close Q4 2019

August 2019 – Safehold announces that it has priced an underwritten public offering of 3,000,000 shares of its common stock for total gross proceeds of approximately $84 million

August 2019 – Safehold closes $140 million of ground leases in New York and Austin. In addition, the Company announces recently signed contracts for another two ground leases totaling nearly $660 million. The largest of these relate to the acquisition of the existing ground lease at 425 Park Avenue in New York, NY for approximately $620 million

May 2019 – Safehold announces the resignation of Andrew Richardson, CFO

March 2019 – Safehold expands into the Greater Philadelphia market with an office complex in the high-end neighborhood of Valley Forge, PA

CORPORATE GOVERNANCE

Jay Sugarman, Chairman and Chief Executive Officer
Mr. Jay S. Sugarman has been the Chairman of the Board and Chief Executive Officer of iStar Inc. since October 2016 and has served as a director of Istar since 1996. Before forming Istar and Safehold, Mr. Sugarman managed investment funds on behalf of the Burden and Ziff families. Mr. Sugarman graduated summa cum laude from Princeton University, where he was nominated for valedictorian and received the Paul Volcker Award in Economics. He received his M.B.A. with high distinction from Harvard Business School, graduating as a Baker Scholar and recipient of the school's academic prizes for both finance and marketing.

Jeremy Fox-Green, Chief Financial Officer
Mr. Jeremy Fox-Green serves as Chief Financial Officer, providing financial leadership with responsibility for overseeing Accounting, Tax, Treasury and Investor Relations. Mr. Fox-Geen has over 20 years of experience across corporate finance and financial services, and was most recently the Chief Financial Officer of McKinsey & Co.'s North American business. He previously held senior leadership roles at PwC, Citigroup and McKinsey, as both a management consulting leader and finance officer. Mr. Fox-Green began his career as an investment banker, advising on M&A, corporate finance and capital markets. He holds an MA in Mathematics and Philosophy from Oxford University.

Marcos Alvarado, President and Chief Investment Officer
Mr. Marcos Alvarado has been Chief Investment Officer at iStar Inc., since February 2018 and has been its President since July 2, 2018. Mr. Alvarado is responsible for overseeing originations across the Company's $5 billion investment portfolio. Mr. Alvarado served as the Head of Acquisitions & Business Operations at Cadre. He served as a Senior Vice President and Managing Director of Starwood Capital Group and served as its Vice President. He was responsible for the origination, underwriting, structuring and execution of investments in all property types across the capital stack with a geographic focus on New York City and sector focus on gaming and the financial services. Prior to joining Starwood Capital in 2008, Mr. Alvarado served as a Vice President in Lehman Brothers' Global Real Estate Group and served in Morgan Stanley's CMBS group. Mr. Alvarado holds a BA from Dartmouth College.

Douglas Heitner, Chief Legal Officer
Mr. Douglas Heitner serves as Chief Legal Officer at iStar Inc. & Safehold Inc. since March 11, 2019. Prior to joining iStar Inc., Mr. Heitner was a partner in Kasowitz Benson Torres' Real Estate Transactions group, where he represented the nation's leading real estate companies in a wide range of real estate matters. Before this, Mr. Heitner was an associate in Skadden, Arps, Slate, Meagher & Flom LLP's real estate group. Mr. Heitner is ranked in Chambers USA and has also been named to Law360's "Rising Stars" list four times, making him one of only 156 lawyers nationwide selected for inclusion in the prestigious listing. He received his J.D. from New York University School of Law and a B.A. from Dartmouth College.

Jason Fooks, SVP of Investor Relations
Mr. Jason Fooks is the Senior Vice President of Investor Relations & Marketing since Safehold's IPO in June 2017. He is also the Senior Vice President of Investor Relations & Marketing at iStar, SAFE's external manager, and has worked there since 2006. Fooks is responsible for communicating the company's strategy, growth opportunities, and business initiatives to shareholders and the investor community. Prior to that, he worked in Capital Markets Intelligence at Thomson Financial (now NASDAQ) from 2003 to 2006. Fooks received an MBA from the Columbia Business School at Columbia University and received a BA in Economics from Brandeis University. Fooks has worked in the financial markets for the entirety of his career and is a long-standing member of the National Institute of Investor Relations (NIRI).

Board of Directors:

Jay S. Sugarman – *Chairman of the Board*
Dean S. Alder – *Independent Director*
Jay S. Nydick – *Independent Director*
Stefan M. Selig – *Lead Independent Director*
Robin Josephs - *Director*

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