

Stock Chart since IPO, June 2017



Price: August 29 \$28.87
52-Week Range: \$34.14-\$16.13

Shares O/S: 39.94 million
Market Cap: \$1,153.1 million

Annual Dividend: \$0.64, paid \$0.16 qtlly
Current Yield: \$2.22%

Average Share Volume
50-day: 149,000
200-day: 66,950

Fiscal Year-End: December 31

Symbol: NYSE: SAFE

Website: <https://www.safeholdinc.com>

Financial Data:

\$000s	As At	As At	As At
	June 30/19	Dec. 31/18	Dec. 31/17
Balance Sheet			
Net Real Estate Assets	676,503	922,197	547,617
Cash + Equivalents	74,004	16,418	168,214
Total Assets	1,175,609	979,743	728,513
Debt	544,945	543,965	307,074
Total Liabilities	582,545	622,385	372,578
Shareholders' Equity	593,064	357,358	355,935
Wtd Avg Shares O/S (000s)	22,001	18,218	14,648
Book Value (S.E.) Per Share	\$26.96	\$19.62	\$24.30
Income/Cash Flow			
	Trailing 12 Months		7 1/2 Mos
	June 30/19	Dec. 31/18	Dec. 31/17
Ground Lease Income	63,971	47,400	16,952
Total Net Income	23,315	11,740	-3,669
Net Income Per Share	\$1.06	\$0.64	-\$0.25
Operating Cash Flow	3,550	13,528	6,088
Operating Cash Flow Per Share	\$0.16	\$0.74	\$0.42

Source: Company/eResearch

eResearch Contributing Analyst:

Bob Weir, B.Sc., B.Comm., CFA

Safehold Inc.

(NYSE: SAFE); SECTOR: NET LEASE REIT

Safehold offers real estate owners/developers ground leases that provide an efficient capital solution relative to fee simple ownership, requiring less equity while delivering attractive long-term, risk-adjusted returns. The ground lease works with various property types, including multi-family, office, hospitality, retail, and industrial.

BACKGROUND

Safehold Inc. ("Safehold" or the "Company") became a public company in June 2017. Its goal is to change the ground lease structure in order to differentiate the reason for a commercial real estate owner or developer to own both the land and the building. This is achieved by convincing the real estate owner/developer that the Company's leaseholds are "lender friendly" and cap rate neutral, thereby creating intrinsic value.

The Company is active in the 25 biggest Metropolitan Statistical Areas (MSAs) across the United States (see map, Page 2). It provides capital to meet the needs of a property at various stages, including construction, refinancing, or at the time of either purchase or sale.

OVERVIEW

- A Safehold ground lease maximizes returns for owners, developers, and operators of high-quality commercial real estate. A ground lease involves the renting of land that is either improved or unimproved for an extended period, usually 50-99 years. The ground lessee, or tenant, pays the land-owner a rent for the use of the land on which the tenant owns the improvements that either exist or are constructed. The land and improvements thereon revert to the land-owner at the end of the lease term.

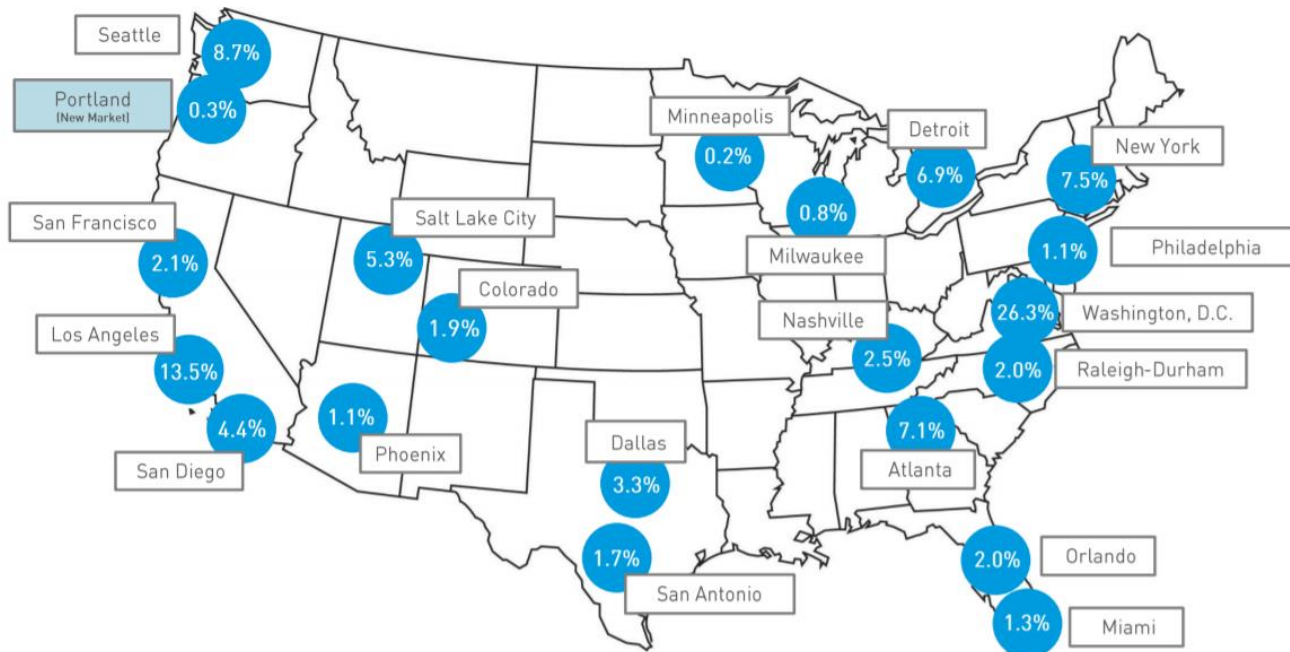
- The Company's premise is that real estate owners/developers targeting a 15% ROE on a project should not encumber itself with owning the underlying land that exhibits probably only a 5% ROE. Entering into a transaction with Safehold would greatly improve the owner's/developer's economics as ground leases provide higher cash-on-cash returns and better overall IRRs than fee simple ownership.

- Safehold's ground leases, which can be customized to meet the needs of the owner/developer, deter maturity risk since the Company is providing long-term capital at low cost, which is a predetermined amount every year. This enhances the owner's/developer's liquidity management.

- Safehold's typical ground lease transaction ranges between \$15 million and \$500 million. They extend to multi-family, office, hospitality, medical buildings, retail, industrial, and student housing. The typical cap rate ranges between 3.50% and 4.75%, and the Loan-to-Value (LTV) between 25% and 40%.

SAFEHOLD'S GEOGRAPHIC OPERATIONS

Geographically, across the continental United States, Safehold targets the largest 25 MSAs with national coverage comprising six regions: East Coast, Northwest, Southwest, Southeast, Midwest, and Texas.



SAFEHOLD GROUND LEASES

The following graphic shows the advantage that an efficient and economic ground lease executed on a property can provide over fee simple ownership.

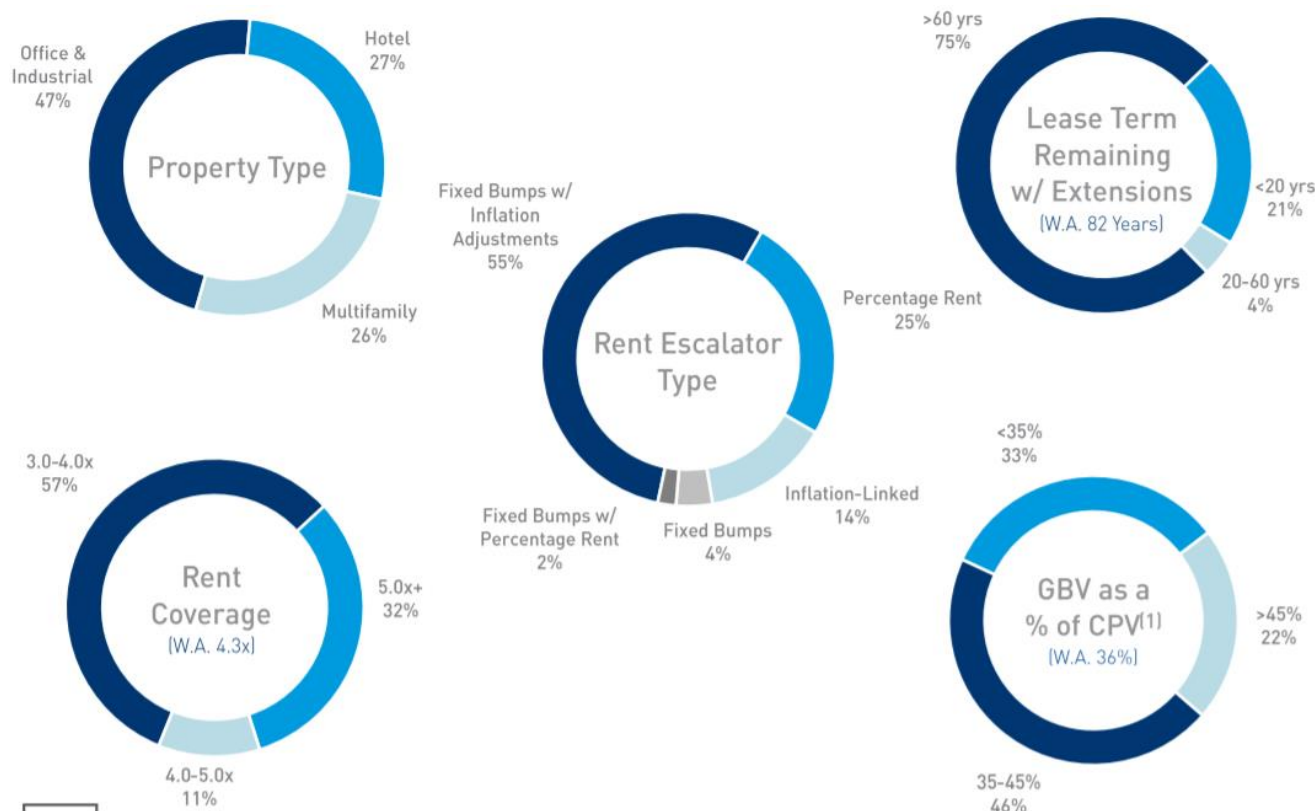
POWER OF A SAFEHOLD™ GROUND LEASE

FEE SIMPLE	PROPERTY	WITH A SAFEHOLD™ GROUND LEASE
<p>\$25.0M EQUITY (25% of Property Value)</p> <p>\$75.0M LOAN T+200 PRICING 10YR TERM (75% of Property Value)</p> <p>Fee Simple Cap Stack \$100.0M</p>	<p>\$5.25M NOI / 5.25% Cap Rate / \$100.0M Value</p> <p>➔</p> <p>SAFEHOLD™ GROUND LEASE \$35.0M / 4.0% Initial Yield</p>	<p>\$16.2M EQUITY (25% of Leasehold Value)</p> <p>\$48.8M LOAN T+200 PRICING 10YR TERM (75% of Leasehold Value)</p> <p>Leasehold Cap Stack \$65.0M</p>
\$100.0M	SAME PURCHASE PRICE	\$100.0M
\$25.0M	LESS EQUITY REQUIRED	\$16.2M
1.40X	BETTER DSCR	1.58X
6.0%	SUPERIOR CASH-ON-CASH RETURNS	8.7%
13.5%	HIGHER IRR'S (10 YEAR HOLD)	18.0%
2.89X	HIGHER MULTIPLES (10 YEAR HOLD)	3.80X

PORTFOLIO STRATIFICATION

As at June 30, 2019, the Company’s portfolio had a gross book value of \$1.051 billion. Its property portfolio comprises the following:

Office & Industrial	47%	4.1 million sq.ft.
Hotel	27%	3,019 rooms
Multi-Family	26%	3,297 units



KEY SHAREHOLDER

iStar Inc. is Safehold’s founder, investment manager, and largest shareholder, owning 73%. iStar has completed over \$40 billion of real estate transactions during its 25-year history. iStar is now applying its extensive resources and network to building a multi-billion dollar Safehold ground lease business.

iStar is listed on the New York Stock Exchange (NYSE:STAR) with a current price of \$12.82, giving it a market cap of \$796 million and a current P/E of 5.7x. Its \$0.40 annual dividend, paid \$0.10 quarterly, provides an annual yield of 3.12%. The 52-week high-low is \$13.75-\$7.84, with a 50-day average volume of 756,450 shares and 200-day volume of 684,950 shares.

SAFEHOLD STOCK CHARTS

ONE-YEAR



SINCE IPO (June 2017)



CAVEAT

eResearch has published this report for information purposes only, and it should not be considered to be a comprehensive analysis of the Company. This report should be construed as neither an endorsement of the Company nor a recommendation to purchase or sell its shares.

eRESEARCH CORPORATION

eResearch was established in 2000 as Canada's first equity issuer-sponsored research organization. As a primary source for professional investment research, our Subscribers (*subscription is free!!!*) benefit by having written research on a variety of small- and mid-cap, under-covered companies. We also provide unsponsored research reports on middle and larger-sized companies, using a combination of fundamental and technical analysis. We complement our corporate research coverage with a diversified selection of informative, insightful, and thought-provoking research publications from a wide variety of investment professionals. We provide our professional investment research and analysis directly to our extensive subscriber network of discerning investors, and electronically through our website: www.eresearch.com

NOTE: eResearch company reports are available FREE on our website < www.eresearch.com >.

eResearch Intellectual Property: No representations, express or implied, are made by eResearch as to the accuracy, completeness or correctness of the comments made in this report. This report is not an offer to sell or a solicitation to buy any security of the Company. Neither eResearch nor any person employed by eResearch accepts any liability whatsoever for any direct or indirect loss resulting from any use of its report or the information it contains. This report may not be reproduced, distributed, or published without the express permission of eResearch.

ANALYST ACCREDITATION

eResearch Analyst on this Report: Bob Weir, B.Sc., B.Comm., CFA

Analyst Affirmation: I, Bob Weir, hereby state that, at the time of issuance of this research report, I do not own shares of Safehold Inc.

eRESEARCH DISCLOSURE STATEMENT

eResearch is engaged solely in the provision of equity research to the investment community. eResearch provides published research and analysis to its Subscribers on its website (www.eresearch.com), and to the general investing public through its extensive electronic distribution network and through newswire agencies. With regards to distribution of its research material, eResearch makes all reasonable efforts to provide its publications, via e-mail, simultaneously to all of its Subscribers.

eResearch does not manage money or trade with the general public, provides disclosure of all fee arrangements, and adheres to the strict application of its Best Practices Guidelines.

In some instances, eResearch accepts fees from the companies it researches (the "Covered Companies"), or from financial institutions or other third parties. The purpose of this policy is to defray the cost of researching small and medium capitalization stocks which otherwise receive little or no research coverage.

To ensure complete independence and editorial control over its research, eResearch follows certain business practices and compliance procedures. For instance, fees from Covered Companies are due and payable prior to the commencement of research. Management of the Covered Companies are sent copies, in draft form without a Recommendation or a Target Price, of the Initiating Report and the Update Report prior to publication to ensure our facts are correct, that we have not misrepresented anything, and have not included any non-public, confidential information. At no time is management entitled to comment on issues of judgment, including Analyst opinions, viewpoints, or recommendations. All research reports must be approved, prior to publication, by eResearch's Director of Research, who is a Chartered Financial Analyst (CFA).

All Analysts are required to sign a contract with eResearch prior to engagement, and agree to adhere at all times to the CFA Institute Code of Ethics and Standards of Professional Conduct. eResearch Analysts are compensated on a per-report, per-company basis and not on the basis of his/her recommendations. Analysts are not allowed to accept any fees or other consideration from the companies they cover for eResearch. Analysts are allowed to trade in the shares, warrants, convertible securities or options of companies they cover for eResearch only under strict, specified conditions, which are no less onerous than the guidelines postulated by IIROC. Similarly, eResearch, its officers and directors, are allowed to trade in shares, warrants, convertible securities or options of any of the Covered Companies under identical restrictions.