|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Credit Exposure Name:** | Safehold Inc. | **Public / Private:** | - | **Servicing Category:** | - |
| **iRisk Parent Name:** | SAFEHOLD INC. | **Headquarters:** | - | **PruScore:** | - |
| **Industry:** | - | **Region:** | - | **NAIC Designation:** | - |
| **Real Assets Category:** | - | **MD:** | - | **S&P / M / Fitch:** | - |
| **Stat. Country:** | - | **Team Leader:** | - | **Other Ratings:** | - |
| **Economic Risk Country:** | - | **Secondary:** | - | **Unqualified Audit:** | - |
| **Valuation Country:** | - | **Analyst:** | - |  |  |

|  |  |
| --- | --- |
| **Key Credit Merits** | **Key Credit Risks** |
| Long-term, senior ground lease cash flows | Office sector exposure |
| Investment-grade credit ratings | Refinancing and interest rate risk |
| Diversified property and tenant base | Tenant concentration and credit risk |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Safehold Inc. - Capitalization Table** | | | | | |
| **Item** | **Amount** | **PPC Holdings** | **Coupon** | **Secured** | **Maturity** |
| Cash and Equivalents | 13,907 |  |  |  |  |
| 2024 Unsecured Revolving Credit Facility | 812,000 | - | S + 85 | N | 2029 |
| Mortgages | 1,498,113 | - | 3.99% | Y | 2027-2069 |
| 2.80% Senior Notes | 400,000 | - | 2.80% | N | 2031 |
| 2.85% Senior Notes | 350,000 | - | 2.85% | N | 2032 |
| 6.10% Senior Notes | 300,000 | - | 6.10% | N | 2034 |
| 5.65% Senior Notes | 400,000 | - | 5.65% | N | 2035 |
| 3.98% Senior Notes | 475,000 | - | 3.98% | N | 2052 |
| 5.15% Senior Notes | 162,327 | - | 5.15% | N | 2052 |
| Trust Preferred Securities | 100,000 | - | S + 150 | N | 2035 |
| (Less: Debt Issuance Costs) | -53,028 | - | - | - | - |
| **Total Debt** | **4,444,412** |  |  |  |  |
| Book Value of Equity | 2,404,067 |  |  |  |  |
| **Book Capitalization** | **6,848,479** |  |  |  |  |
| ***Key Financial Ratios:*** | | | | | |
| Total Debt To Adj Ebitda | - |  |  |  |  |
| Total Debt To Market Capitalization | - |  |  |  |  |

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Safehold Inc. - Historical Financial Analysis** | **Fiscal Year Ended** | |  |  |  | **YTD** | | **LTM** |
| **Metric** | **2020** | **2021** | **2022** | **2023** | **2024** | **03/31/24** | **03/31/25** | **03/31/25** |
| **Revenue** | **188,722** | **16,824** | **12,859** | **352,578** | **365,685** | **93,213** | **97,677** | **370,149** |
| ***% YoY Growth*** | - | (91.1%) | (23.6%) | 2641.9% | 3.7% | - | - | - |
| Cost of Goods Sold | - | 2,663 | 3,110 | 4,653 | 4,224 | 1,079 | 1,158 | 4,303 |
| **Gross Profit** | **188,722** | **14,161** | **9,749** | **347,925** | **361,461** | **92,134** | **96,519** | **365,846** |
| ***% Margin*** | 100.0% | 84.2% | 75.8% | 98.7% | 98.8% | - | - | 98.8% |
| Operating Expenses | 159,540 | 146,889 | 35,654 | 96,367 | 66,847 | 18,915 | 20,792 | 68,724 |
| Adjustments | 118,601 | 85,583 | 2,237 | 43,158 | 40,619 | 41,817 | 46,802 | 45,604 |
| **Adjusted EBITDA** | **-** | **65,461** | **135,629** | **(77,075)** | **87,083** | **66,405** | **72,103** | **92,781** |
| ***% Margin*** | - | 389.1% | 1054.7% | (21.9%) | 23.8% | - | - | 98.8% |
| Interest Expense | - | - | 128,969 | 181,011 | 198,042 | - | 53,147 | 251,189 |
| Taxes | 235 | (118) | 567 | 1,719 | 3,445 | 471 | 883 | 3,857 |
| Change in Working Capital | 3,488 | 10,231 | (33,704) | (19,047) | 2,807 | (8,670) | 4,261 | 15,738 |
| *Other* | (19,496) | 720 | (13,043) | (1,448) | (7,021) | 64 | 4,656 | (2,429) |
| Capital Expenditures | 40,954 | 23,929 | 21,875 | - | - | 88,393 | 19,804 | (68,589) |
| **Free Cash Flow** | **(19,068)** | **(44,256)** | **25,792** | **15,391** | **37,855** | **-** | **-** | **-** |
| Acq. / Disp. | 48,415 | 157,258 | 2,021,821 | (11,447) | 5,764 | (68,928) | (9,067) | 65,625 |
| Change in Debt | - | 1,018,439 | 825,000 | 427,000 | 263,584 | 90,871 | 23,000 | 195,713 |
| Equity / Dividends | - | 207,398 | 266,973 | 105,901 | (50,589) | 12,572 | 12,800 | (50,361) |
| *Other* | - | - | (153) | (137) | - | 7,926 | 3,235 | (4,691) |
| **Change in Cash** | **(201,640)** | **243,430** | **1,054,696** | **(1,650)** | **(29,622)** | **(7,565)** | **8,865** | **(13,192)** |
| **Cash - End of Period** | **98,633** | **339,601** | **1,442,269** | **18,761** | **8,346** | **11,000** | **17,000** | **17,000** |
| **Total Debt** | **3,286,975** | **10,000** | **1,682,521** | **4,054,365** | **4,317,439** | **2,671,001** | **2,869,415** | **2,869,415** |
| **Book Equity** | **870,969** | **(10,000)** | **1,408,518** | **2,231,253** | **2,344,018** | **2,283,473** | **2,350,832** | **2,350,832** |
| ***Key Financial Ratios:*** | |  |  |  |  |  |  |  |
| EBITDA / Int. Exp. | - | 0.57x | 1.38x | (0.43x) | - | 1.37x | - | 0.37x |
| Total Debt / EBITDA | - | 0.15x | 12.41x | (52.60x) | 49.58x | - | - | 30.93x |
| Total Debt / Book Capital | - | - | - | - | - | - | - | 55.0% |
| Total Debt + Leases / EBITDA | - | 0.15x | 12.41x | (52.60x) | 49.58x | - | - | 30.93x |
| Total Debt + Leases / Book Capital | - | - | - | - | - | - | - | 55.0% |
| EBITDAR / Interest + Rent | - | 1.97x | 1.03x | (0.02x) | 0.59x | - | - | 0.37x |

## Income Statement

* \*\*FY2024 (ended December 31, 2024):\*\* Revenue was $365.7M, up from $352.6M in FY2023 (+$13.1M). Growth was driven primarily by originations of new Ground Leases, additional fundings on existing Ground Leases classified as sales-type leases/Ground Lease receivables, and a full year of interest income from the Star Holdings Term Loan Facility. Operating lease income decreased modestly year-over-year ($71.1M in 2024 vs. $71.3M in 2023) while 'other income' declined due to a decrease in management fees received from Star Holdings and non-recurring 2023 income from a hedge settlement.
* \*\*LTM Q2 2025 (ended June 30, 2025):\*\* Revenue for the LTM period was $377.7M, demonstrating sequential growth. LTM sales-type lease interest income increased reflecting continued origination/funding of new leases. Interest income rose via leasehold loan originations. Management fee (other income) contributions declined as contractual amounts from Star Holdings ratcheted down per the management agreement.
* \*\*EBITDA/Margin Trends FY2024 & LTM:\*\* FY2024 operating income totaled $87.1M. FY2024 margin improved primarily due to (1) the absence of the $145.4M goodwill impairment charge recognized in FY2023, (2) reduced G&A from the absence of one-off post-merger integration & stock comp costs, and (3) a partial offset from increased interest expense ($198M in FY24 vs. $181M FY23), reflecting higher borrowings and rates. In LTM Q2 2025, EBITDA increased further, with continued margin expansion as revenue growth outpaced G&A and interest cost increases. Margin gains were mitigated by higher provisions for credit losses as SAFE fine-tuned its reserve methodology and absorbed some portfolio stress.
* \*\*Segment/Portfolio Notes:\*\* Concentration risk remains in office and multifamily segments (41% and 40% of portfolio GBV), and geographic exposure is highest in Manhattan (22% of portfolio). No single tenant represents over 5.4% of portfolio GBV. Portfolio Ground Rent Coverage held at ~3.5x as of LTM Q2 2025.
* \*\*Summary Table:\*\* FY2024 Revenue: $365.7M (+3.7% y/y); LTM Q2 2025 Revenue: $377.7M; FY2024 Operating Income: $87.1M (ex-impairments margin improvement y/y).
* \*\*Impairments:\*\* $145.4M in goodwill was fully impaired in 2023 due to share price decline post-merger.

## Cash Flow Statement

* \*\*Free Cash Flow (FCF):\*\*
* \*\*FY2024:\*\* Operating cash flow was $37.9M, capex on real estate was minimal (no new consolidated real estate asset acquisitions), and tangible capex needs are structurally low as ground leases are net of property O&M. Major investing outflows were lease originations/fundings ($304.3M), contributions to equity method investees ($10.0M), and acquisition of a Ground Lease from a fund. FCF (Operating cash flow – investing outflows + distribution received) was meaningfully negative due to portfolio growth funding, but core/debt-funded FCF (operating cash flow less maintenance/recurring investing) remains positive. Weighted average recurring capex is negligible.
* \*\*LTM Q2 2025:\*\* For six months ended June 30, 2025, operating cash flow was $36.9M, capex remained modest, and investing cash outflow ($124.0M) included new leasehold loans ($42.1M) and fundings. SAFE’s FCF, after considering operating cash less recurring investing and excluding portfolio expansion, remains robust. Outflows continue to reflect asset growth, not increased operational needs. FCF to equity remains positive and consistent with historical payout coverage; FCF before growth investments comfortably covers dividends.
* \*\*Dividend Payout/FCF Ratio:\*\* SAFE’s dividends represented roughly 50-60% of core FCF (operating less basic investing; >100% of reported FCF if all investments included). This is consistent with prior years, and payout stability is aided by the recurring rent structure.
* \*\*Acquisitions (FY2024 & LTM):\*\* In January 2024, SAFE acquired a Ground Lease from its Ground Lease Plus Fund for $38.3M. There were no transformative corporate acquisitions; the only material related-party transaction was the internalization/post-merger management of SAFE/iStar in 2023.
* \*\*Other Cash Movements:\*\* SAFE issued $700M in new senior notes in late 2024, providing capital for portfolio investments. No share repurchases conducted as of LTM Q2 2025; a $50M buyback was authorized but not utilized.
* \*\*Key FCF Table:\*\* FY2024 Op Cash Flow: $37.9M, Capex: $0, Major Growth Investments: $>300M, Dividends Paid: $50.6M; 1H 2025 Op Cash Flow: $36.9M, Capex: $0, Dividends Paid: $25.5M.
* \*\*Summary:\*\* SAFE continues to generate strong core FCF, with negative net FCF a feature of ongoing portfolio growth. Dividend is well covered by recurring operating cash flows.

## Balance Sheet

* \*\*Leverage Profile:\*\* As of June 30, 2025 (Q2 LTM), total debt outstanding was $4.50B (gross; $4.44B net). SAFE does not disclose total capitalized operating lease liabilities, but its off-balance ground lease obligation is largely passed through to tenants, with $7.6M in operating lease liabilities carried on-balance at LTM. Using Total Debt/EBITDAR as a proxy (and since almost all lease expense is passed to tenants), leverage is moderately rising but within SAFE’s stated target (≤25% of combined property value / ≤2x debt-to-equity).
* \*\*Change in Leverage:\*\* Total debt increased from $4.32B at 2024YE to $4.44B at Q2 2025 (LTM), offset by equity gains, resulting in stable to slightly increased leverage. Net debt/EBITDA multiples were not explicitly disclosed but implied leverage is moderately trending up, mainly due to senior note issuance and revolver draws to fund new originations.
* \*\*Liquidity – Q2 2025 LTM:\*\* As of June 30, 2025, unrestricted cash was $13.9M. Undrawn borrowing capacity on the $2.0B unsecured revolver was $1.2B. Total available liquidity (cash + undrawn revolver) was \*\*$1.2B\*\*.
* \*\*Dividend Payouts – FY2024/LTM:\*\* FY2024 dividends declared were $50.9M ($0.708/sh; 4.8% y/y increase). LTM through Q2 2025 payments remain comparable at $25.6M for the first half ($0.354/sh), suggesting a similar run-rate (~$51.2M projected for FY2025). FY2024’s dividend was a mix of return of capital and qualified income (95% ROC, 4.8% QDI per tax reporting).
* \*\*Equity and Noncontrolling Interests:\*\* Shareholders’ equity increased to $2.40B in LTM Q2 2025 (from $2.34B at YE 2024), with noncontrolling interests at $30.7M.
* \*\*Notable Borrowing – Senior Notes Issuance:\*\* In Nov 2024 and Feb 2024, SAFE issued a total of $700M in new fixed-rate senior notes, extending debt maturities and increasing overall borrowing at higher coupon rates (5.65-6.10%).
* \*\*Summary Table Q2 2025 (rounded):\*\* Cash: $13.9M; Total Debt: $4.44B; Ave. revolver undrawn: $1.2B; Shareholders’ Equity: $2.4B; Noncontrolling Interest: $30.7M.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **ESG Factor** | **Risk Rating** | **ESG Factor** | **Risk Rating** | **ESG Factor** | **Risk Rating** |
| **Climate Regulation** | \* | **Product Safety** | \* | **Board Composition** | \* |
| **Climate Change** | \* | **Workplace Safety** | \* | **Succession planning** | \* |
| **Habitat** | \* | **Health & Wellness** | \* | **Data Security** | \* |
| **Sustainability** | \* | **Stakeholder Engagement** | \* | **Labor Relations** | \* |
| **Blended Score** | \* | **Max Factor Score** | \* | **Aggregate Risk** | \* |
| **ESG Engagement** | \* | \* | \* | \* | \* |

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Safehold Inc. - Credit Comparable Analysis** | | | | | | | | | | | |
|  | **LTM** | |  |  |  |  |  |  |  |  |  |
| **Ticker** | **LTM Rev (000s)** | **LTM EBITDA (000s)** | **EBITDA Mrgn %** | **EBITDAR (Int + Rents)** | **(Tot Debt + COL) EBITDAR** | **(Net Debt + COL) EBITDAR** | **(Tot Debt + COL) Tot Cap** | **(FCF + Rents) (Tot Debt + COL)** | **3-Year Average Total Debt + COL / EBITDAR** | **3-Year Average Total Debt + COL / Total Cap** | **3-Year Average FCF + Rents / Total Debt + COL** |
| *SAFEHOLD INC.* | 714813.0 | 117912.0 | 16.5% | 2.65x | 15.16x | 15.02x | 0.55x | -0.01x | 11.07x | 0.61x | 0.53x |
| *ELME COMMUNITIES* | 241779.0 | 80100.0 | 33.1% | 3.12x | 0.00x | -0.05x | 0.00x | - | 0.00x | 0.00x | - |
| *STAG INDUSTRIAL, INC.* | 785415.0 | 659818.0 | 84.0% | 2.93x | 3.74x | 3.69x | 0.47x | -0.08x | 3.90x | 0.45x | -0.02x |
| *KITE REALTY GROUP TRUST* | - | - | - | - | - | - | - | - | - | - | - |
| *WELLTOWER INC.* | - | - | - | - | - | - | - | - | - | - | - |
| **AVERAGE** | **580669.0** | **285943.0** | **44.5%** | **2.90x** | **6.30x** | **6.22x** | **0.34x** | **-0.05x** | **4.99x** | **0.35x** | **0.25x** |
| **MEDIAN** | **714813.0** | **117912.0** | **33.1%** | **2.93x** | **3.74x** | **3.69x** | **0.47x** | **-0.05x** | **3.90x** | **0.45x** | **0.25x** |

|  |  |  |
| --- | --- | --- |
| **Safehold Inc. - Covenant Summary** | | |
| **3/31/2025** | | |
| **Term** | **Covenant Level** | **Reported** |
| **Maximum Leverage Ratio** | \* | \* |
| **Unconsolidated Affiliates / Total Asset Value** | \* | \* |
| **Total Marketable Securities, etc. / Total Asset Value** | \* | \* |
| **Minimum Fixed Charge Coverage Ratio** | \* | \* |
| **Maximum Secured Indebtedness** | \* | \* |
| **Maximum Unencumbered Leverage Ratio** | \* | \* |
| **Additional Covenants / Baskets** | | |
| **Unimprovement Land / Unencumbered Pool Value** | \* | \* |
| **Development, JVs, etc. / Unencumbered Pool Value** | \* | \* |

Note: '\*' indicates the data source are private.