Safety, Income & Growth Inc.

The Ground Lease Company

Q1'18 Earnings Results

April 26, 2018

(NYSE: SAFE)

Forward-Looking Statements and Other Matters

This release may contain forward-looking statements. All statements other than statements of historical fact are forward-looking statements. These forward-looking statements can be identified by the use of words such as "illustrative", "representative", "expect", "plan", "will", "estimate", "project", "intend", "believe", and other similar expressions that do not relate to historical matters. These forward-looking statements reflect the Company's current views about future events, and are subject to numerous known and unknown risks, uncertainties, assumptions and changes in circumstances that may cause Company's actual results to differ significantly from those expressed in any forward-looking statement. The Company does not guarantee that the transactions and events described will happen as described (or that they will happen at all). The following factors, among others, could cause actual results and future events to differ materially from those set forth or contemplated in the forward-looking statements: market demand for ground lease capital; the Company's ability to source 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 initial 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, and refinancing and interest rate risks); 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 developers, owners and operators of real estate (including life insurance companies, pension funds, high net worth investors, sovereign wealth funds, mortgage REITs, private equity funds and separate accounts); unknown liabilities acquired in connection with real estate; 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, 2017 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.

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I. Earnings

Q1'18 Results

Earnings

	$ in Thousands	Per Share	Aggregated Impact of Certain Material Items Per Share
Net Income	$3,720	$0.20	($0.06)
FFO(1)	$5,990	$0.33	($0.06)
AFFO(1)	$5,471	$0.30	($0.13)

Refer to Impact of Certain Material Items slide for additional details.

Investment Activity

— **$91M** in ground lease investments closed from **3** new deals

— **$588M** gross book value of portfolio at March 31, 2018

Active Pipeline

— **$81M** from **6** deals currently under LOI

— **All** of our post-IPO customers for which we structured a **SAFE Ground Lease™** have returned to explore further opportunities

Note: Refer to the Glossary for definitions of capitalized terms used in this presentation.
(1) Refer to the Non-GAAP financial metrics in the FFO/AFFO slide for reconciliations of these measures to GAAP net income.

Q1'18 Highlights

Rent Growth

1. Excluding Park Percentage Rent

$5.1M → Q/Q +9% → $5.6M

2. Park Percentage Rent

$3.0M → Y/Y +11% → $3.3M

1. Cash rent, excluding Park Hotels percentage rent, increased 9% to $5.6M in Q1'18, driven by 3 new investments.
2. Park Hotels annual portfolio percentage rent, recognized in Q1'18, increased 11% over the prior-year period.

Investment Momentum

+$91M

in new investments

SAFE closed 3 ground lease deals over the quarter, increasing the portfolio by $91M. Notably, returning customers comprise a significant portion of SAFE's pipeline.

Portfolio Expansion

Q/Q Portfolio

↑ 18% to $588M

Q/Q Value Bank

↑ 21% to $1.2B

SAFE's portfolio increased by 18% to $588M since Q4'17 and rose 73% from its IPO portfolio of $340M. Additionally, Value Bank rose to $66 per share, with each new deal adding value.

Income Statement

	Q1'18
Revenues:	
Ground lease and other lease income[1]	$11,280
Other income	413
Total revenues	**$11,693**
Costs and expenses:	
Interest expense	$3,255
Real estate expense	354
Depreciation and amortization	2,270
General and administrative[2]	2,032
Stock based compensation	–
Other expense	39
Total costs and expenses	**$7,950**
Net income	**$3,743**
Net (income) attributable to noncontrolling interests	(23)
Net income attributable to Safety, Income & Growth Inc. and allocable to common shareholders	**$3,720**

Note: $ in thousands.
(1) Includes Park Hotels percentage rent payment of $3.3M recognized in Q1'18. If this were straight-lined over 2018, it would reduce net income by $2.5M for Q1'18.
(2) Includes $1.3 million of expenses associated with management fee and iStar reimbursables for Q1'18. These fees are waived by our manager until June 30, 2018, however are recorded as expenses under GAAP. Refer to the General & Administrative Breakdown slide for additional detail on these expenses.

FFO / AFFO

	Q1'18
Net income allocable to Safety, Income & Growth Inc. common shareholders	$3,720
Add: Real estate related depreciation and amortization	2,270
FFO allocable to Safety, Income & Growth Inc. common shareholders	**$5,990**

FFO allocable to Safety, Income & Growth Inc. common shareholders	$5,990
Less: Straight-line rental income	(2,658)
Add: Amortization of real estate-related intangibles, net	469
Add: Stock-based compensation	–
Add: Non-cash management fee expense	1,308
Add: Non-cash interest expense	347
Add: Allocable share of noncontrolling interests' depreciation, amortization and straight-line rental income	15
AFFO allocable to Safety, Income & Growth Inc. common shareholders	**$5,471**
Weighted avg. share count	**18,190**
FFO per share(1)	**$0.33**
AFFO per share(1)	**$0.30**

Note: $ in thousands except for per share amounts. Refer to the Appendix for an explanation of FFO and AFFO.
(1) The aggregate impact of certain material items is ($0.06) per share to FFO and is ($0.13) per share to AFFO. Impact of certain material items includes: (i) straight-lining Park Hotels percentage rent, which is recorded annually in Q1 and (ii) G&A expenses which are waived but recorded under GAAP. Refer to the Impact of Certain Material Items slide for additional information.

Impact of Certain Material Items

Effected Net Income Items	Q1'18 Per Share	Description
Park Hotel Percentage Rent Recognition[1]	($0.13)	Results for the quarter ended March 31, 2018 include the total annual percentage rent from the Park Hotels Portfolio, which is paid annually in arrears and was received and recorded by SAFE in the first quarter of 2018 in respect of 2017. If the percentage rent payment of $3.3M recognized in Q1'18 was straight-lined over 2018, it would reduce net income by $2.5M for Q1'18.
Waived G&A Expenses	$0.07	Related to $897K in management expenses and $411K of iStar reimbursables that are waived, but expensed under GAAP. Refer to the General & Administrative Breakdown slide for additional information.

(1) Refer to the Asset Summary for more information regarding the Park Hotels Portfolio.

General & Administrative Breakdown

Q1 2018 G&A

$1.3M of $2.0M is waived

- SAFE's management contract waives 100% of the management fee and reimbursables through June 30, 2018
- Management fee and reimbursables are recorded as GAAP expenses during the waiver period, and are offset with an equal credit to equity on the balance sheet

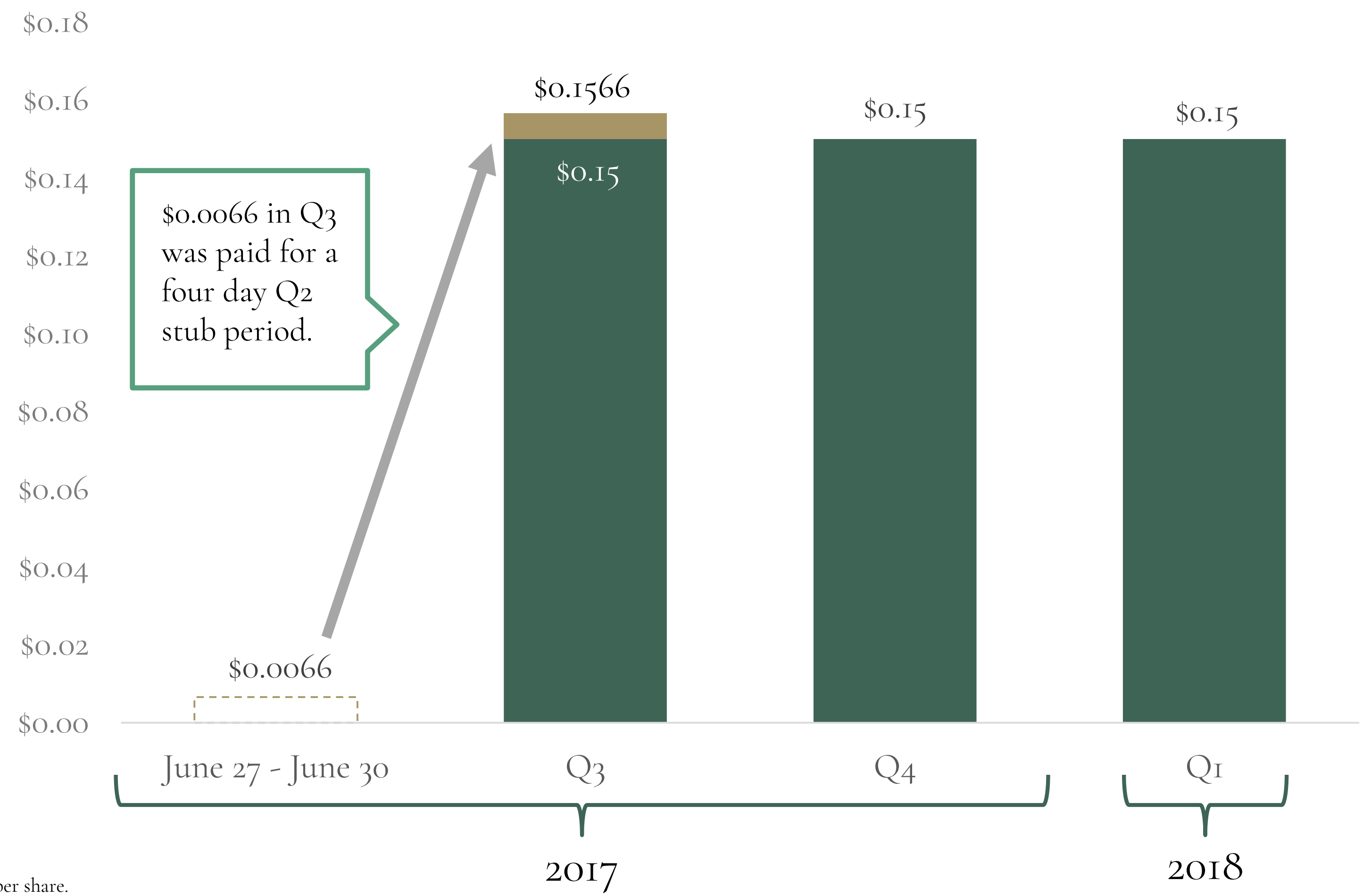
General & Administrative:

	Q1'18	Description	Notes
Management fee	$897	Fee based on 1% of equity. Paid in the form of SAFE stock.	Waived until June 30, 2018. Despite waiver, recorded as an expense offset by a credit to equity.
Reimbursables	411	Includes bookkeeping, tax and other services performed by our manager, iStar, which are subject to reimbursement.	Waived until June 30, 2018. Recorded as an expense offset by a credit to equity.
Public company and other costs	724	Auditors, legal, listing fees and other expenses.	Paid in cash.
Total	**$2,032**		

Note: $ in thousands unless otherwise noted.

Dividends

- $0.15 dividend was declared in the first quarter representing an annualized rate of $0.60 per share.



Note: $ given per share.

II. Portfolio

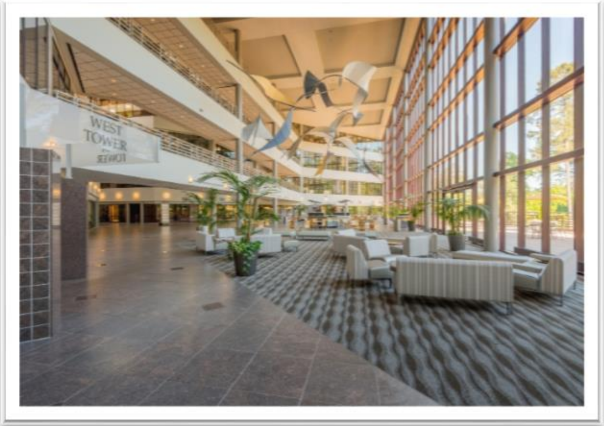
First Quarter Investment Metrics

Q4 2017		Q1 2018
$497M Gross Book Value	+18% **+$91M** From 3 new deals	**$588M** Gross Book Value
15 Ground Lease Assets		**18** Ground Lease Assets

Q1'18 Deals

Avg. Cap Rate	Avg. Rent Escalators	W.A. Ground Rent Coverage	W.A. Basis as a % of CPV
4.2%	2.0% annualized fixed increases over the lease term and all deals include CPI-based adjustments	4.4x	33.5%

New Investments



Onyx on First

A SAFE Ground Lease™ on a luxury 14-story multi-family property containing 266 units in Washington, D.C. The property, constructed in 2008, is well-located in the Navy Yard neighborhood, one block from the Navy Yard metro station and a short walk to Nationals Park.

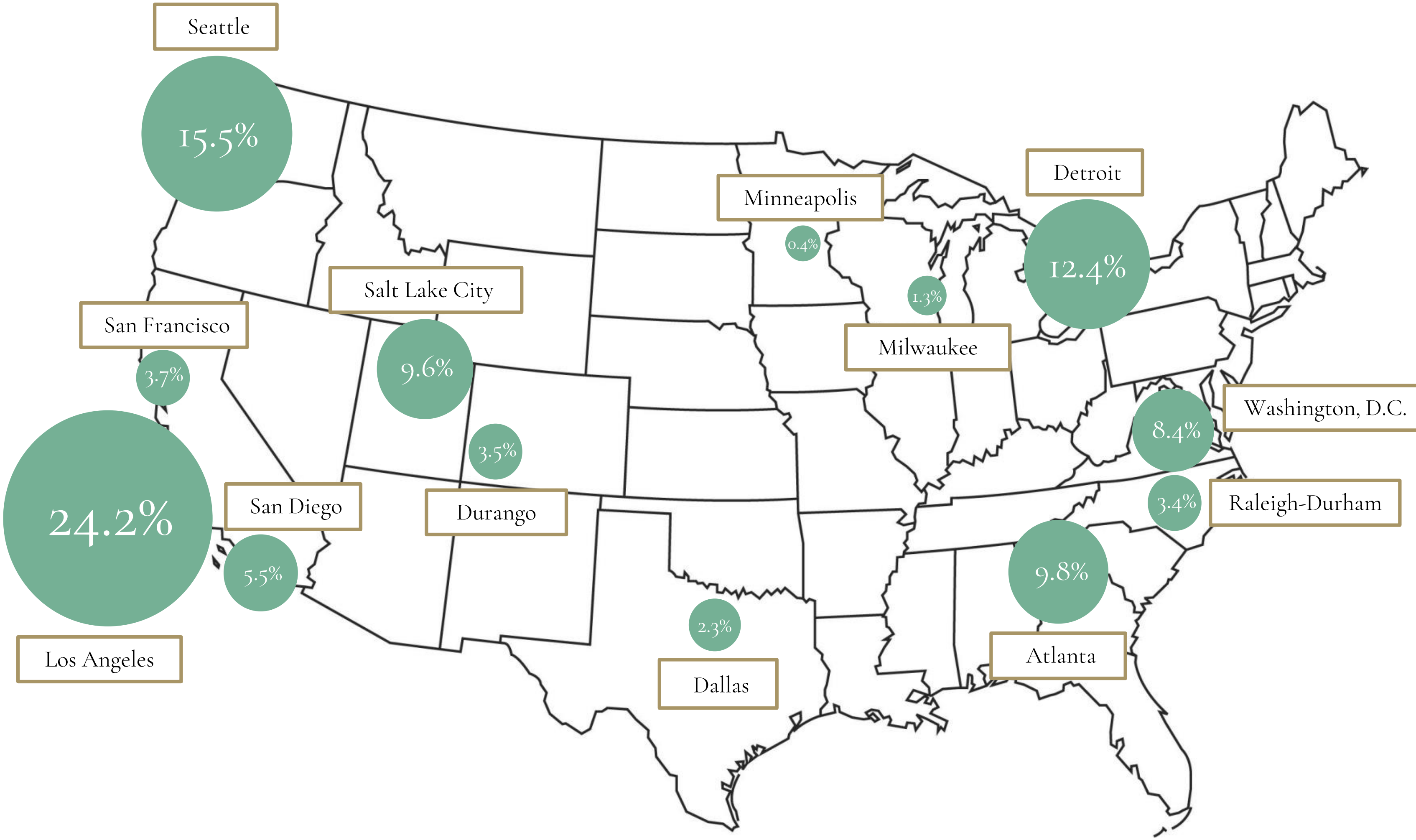
Regency Lakeview

A SAFE Ground Lease™ on a stabilized two-building office campus comprising 376K square feet on 27 acres located in the Research Triangle in Cary, NC

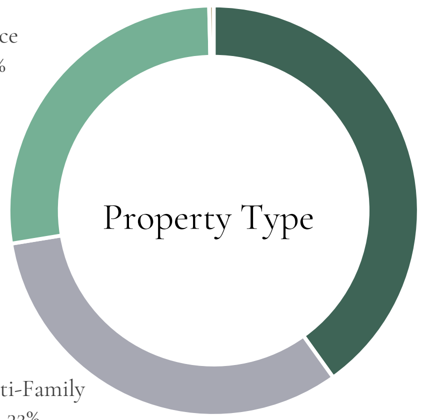
Pershing Point

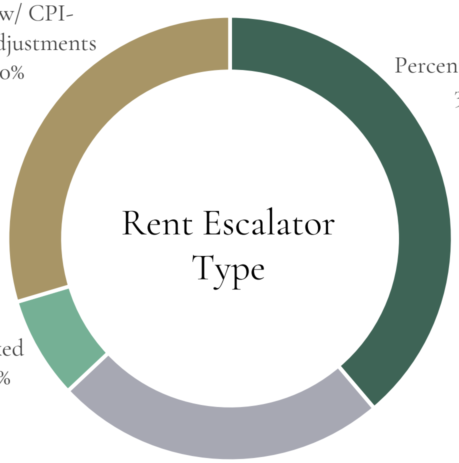
A SAFE Ground Lease™ on a 7-story, 410K square foot office building in the Midtown sub-market of Atlanta, GA. The building is located on the corner of 17th St. and Peachtree St., offering easy access to I-75, I-85 and GA-400.

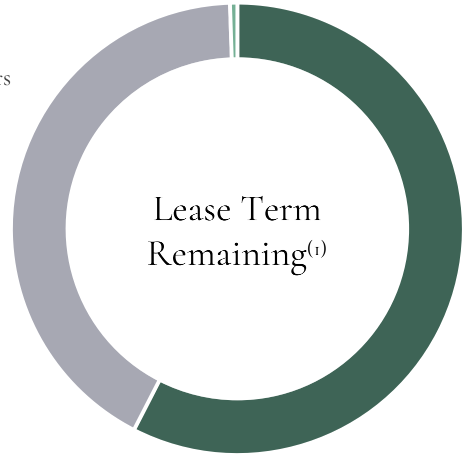
Geographic Diversification by MSA

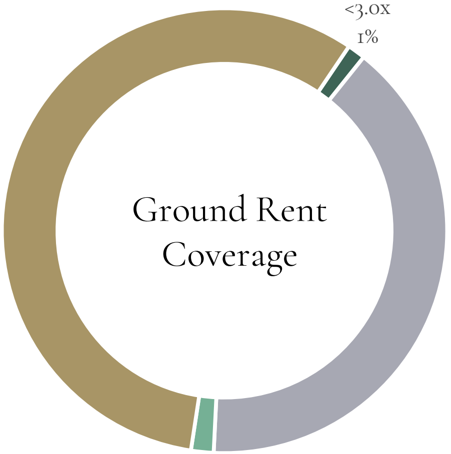


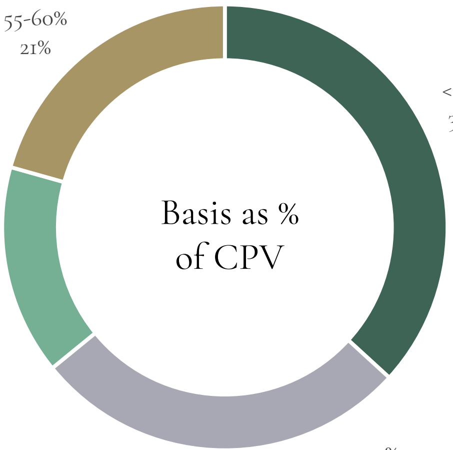
Portfolio Stratification











(1) Weighted based on in-place base rent; assumes leases are fully extended based on in-place rent.

Portfolio Metrics

Rent Statistics

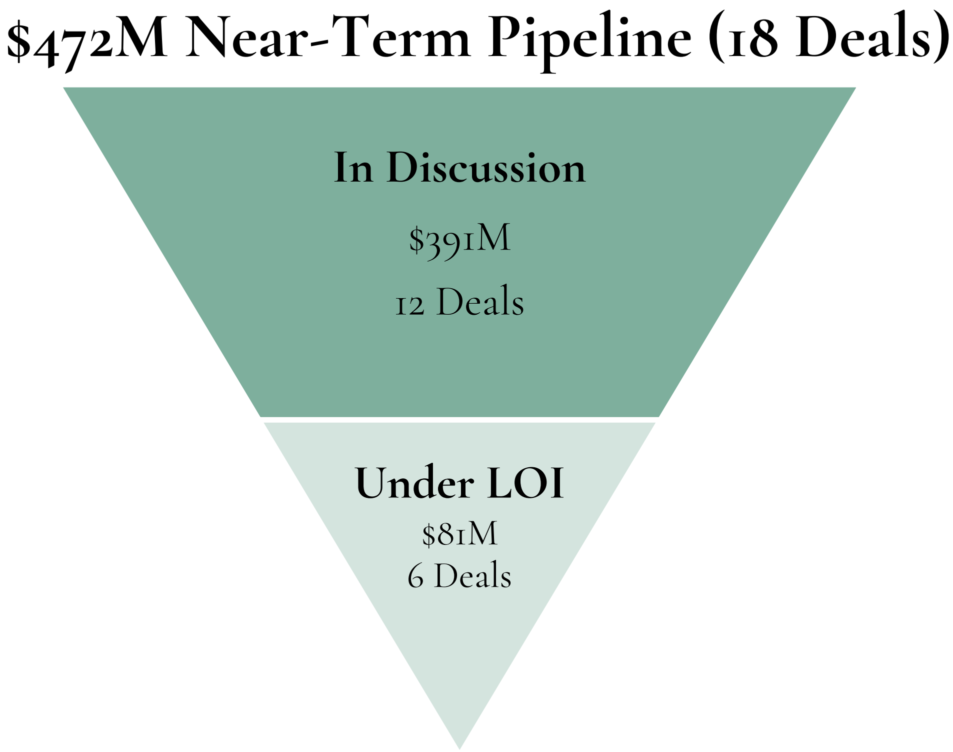
Annualized base rent	$24.1M
TTM Park Hotels percentage rent	$3.3M
Total cash rent	$27.4M
Total GAAP rent *(including TTM % rent)*	$41.0M
Total cash rent as % of Ground Lease Basis	4.7%
W.A. annualized contractual fixed rent escalations	1.7%[(1)]

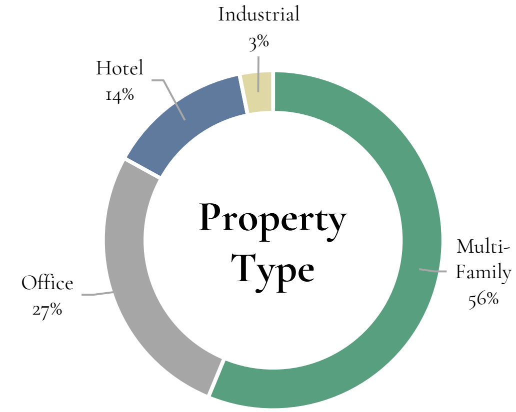
Ground Lease Structure

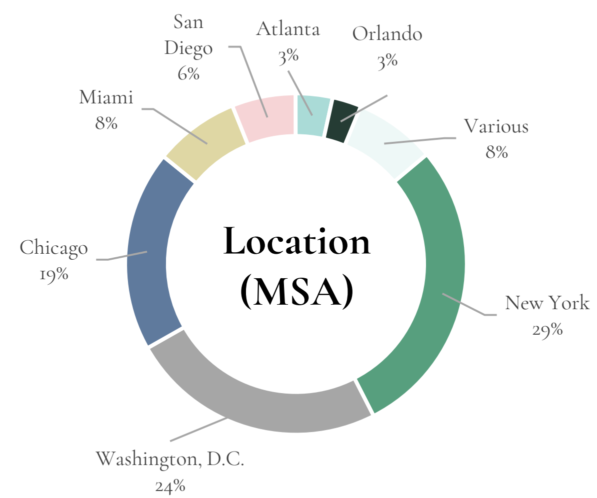
Ground Lease Basis as % of CPV	33.0%
Ground Rent Coverage	4.7x
W.A. lease term remaining	56 years
W.A. lease term remaining including extensions	72 years
Total Ground Lease Basis	$588M

(1) Represents the weighted average annualized escalation of leases that have contractually fixed bumps. Does not include leases with solely inflation-based or percentage rent escalations.

Pipeline (as of April 24)







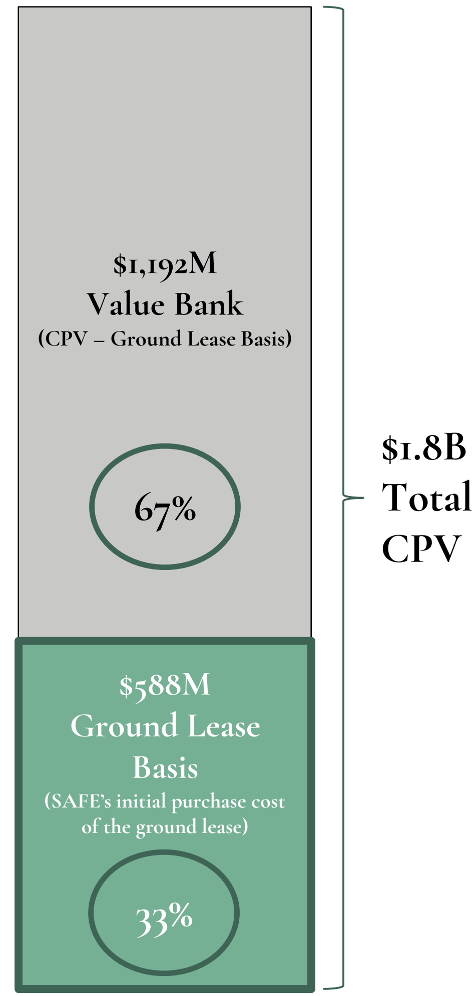
Note: There can be no assurance that SAFE will acquire or originate any of the investments currently being pursued on favorable terms or at all. Percentages are based on estimated ground lease value.

Value Bank of $1.2B or $66 per Share

- Value Bank is calculated as today's estimated Combined Property Value (CPV) less SAFE's Ground Lease Basis
- SAFE uses Value Bank to track the capital appreciation potential at lease expiration from our rights to acquire the buildings on our land.(1)

$1,780M	Combined Property Value
- $588M	Ground Lease Basis
$1,192M	Value Bank

CBRE conducts independent appraisals of the CPV of each asset(2)



(1) Our ability to recognize value through reversion rights may be limited by the rights of our tenants under some of our ground leases, including tenant rights to purchase the properties or level properties under certain circumstances. Refer to our Current Report on Form 8-K filed with the SEC on April 26, 2018 and "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2017, as updated from time to time in our subsequent periodic reports, filed with the SEC, for a further discussion of such tenants rights.

(2) SAFE may utilize management's estimate of CPV for ground lease investments recently acquired that CBRE has not yet appraised. Refer to our 8-K filed April 26, 2018 with the SEC for additional detail on CBRE's valuation and our calculation of Value Bank.

III. Capital Structure

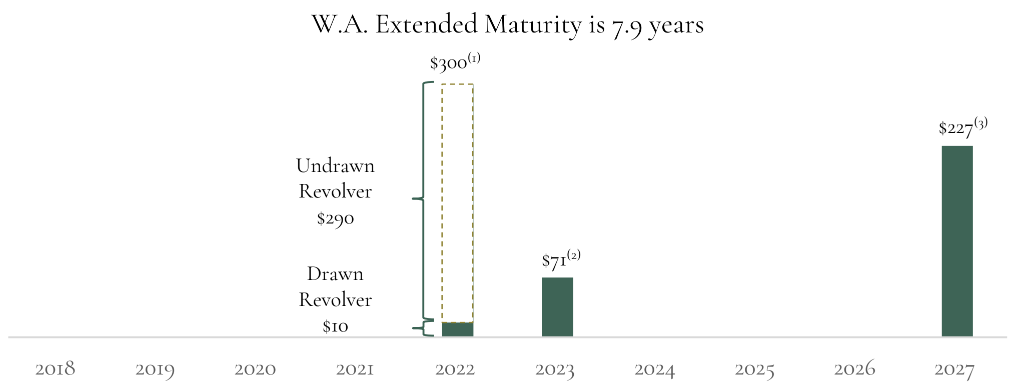
Section 3 – Capital Structure

Debt Overview

As of March 31, 2018

Debt Profile (excludes impact of hedges)		
2022		
Jun.[1]	$10	L+135
2023		
Jan.[2]	$71	L+133
2027		
Apr.[3]	$227	3.77%[4]
Total	**$308**	

Debt Maturity Profile



- Various forms of debt financing solutions provide SAFE with flexibility to capitalize opportunistically.

Target Leverage

(i) 2.0x Debt to Equity
(ii) 25% Debt as a % of CPV

Current Leverage

Book Debt	$308
Book Equity	$362
Leverage (Debt to Equity)	**0.9x**
Combined Property Value (CPV)	$1,780
Debt as a % of CPV	**17.3%**

Note: $ in millions. For additional information on our debt please refer to the 10-Q.
(1) Initial maturity is June 2020 with two 1-year extensions. As of March 31, 2018 $10.0 million remains outstanding.
(2) Callable without pre-payment penalty beginning January 2021.
(3) April 2027 represents Anticipated Repayment Date. Final maturity is April 2028.
(4) 3.795% coupon effectively locked in and reduced to 3.77% with swap rate lock.

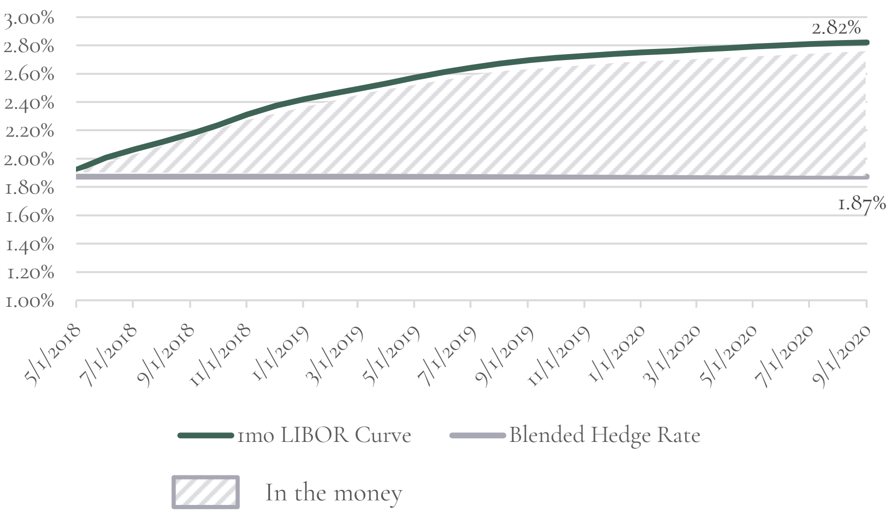
Interest Rate Hedges

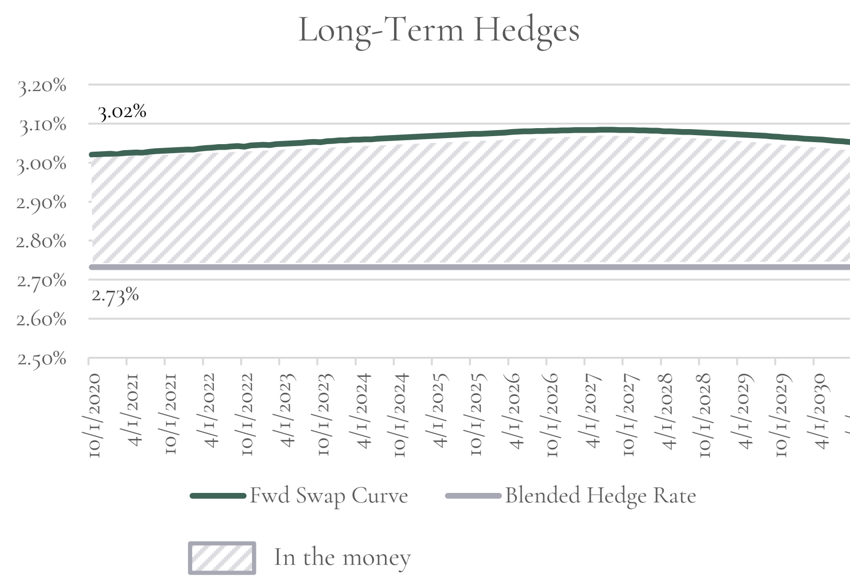
As of March 31, 2018

- SAFE enters into hedging contracts to mitigate the impact of interest rate fluctuations

Short-Term Hedges	End Date	Notional ($M)	Blended Hedge Rate
Total	10/1/20	$137	1.87%

Long-Term Hedges	Start Date	End Date	Notional ($M)	Blended Hedge Rate
Total	10/1/20	10/1/30	$184	2.73%





- Long-term interest rate protection policy
- 12.5 weighted average years of interest rate protection on our existing debt

Balance Sheets

	As of March 31, 2018	As of December 31, 2017
Assets		
Real estate		
Real estate, gross	$456,476	$413,145
Accumulated depreciation	(5,754)	(4,253)
Real estate, net	450,722	408,892
Real estate-related intangibles, net[1]	125,802	80,766
Ground lease assets, net	576,524	489,658
Cash and cash equivalents	83,177	168,214
Other assets	18,719	12,682
Total assets	**$678,420**	**$670,554**
Liabilities and Equity		
Liabilities:		
Debt obligations, net	$307,178	$307,074
Accounts payable and other liabilities	7,585	7,545
Total liabilities	**$314,763**	**$314,619**
Equity:		
Common stock	$182	$182
Additional paid-in capital	366,227	364,919
Retained earnings (deficit)	(8,295)	(9,246)
AOCI	3,770	80
Total shareholders' equity	**$361,884**	**$355,935**
Noncontrolling interests	1,773	-
Total equity	**$363,657**	**$355,935**
Total liabilities and equity	**$678,420**	**$670,554**

Note: $ in thousands.

(1) "Real estate-related intangibles, net" represents real estate-related intangible assets of $184M and $139M for the periods ended March 31, 2018 and December 31, 2017, respectively, less real estate-related intangible liabilities of $58M for the periods ended March 31, 2018 and December 31, 2017, respectively.

Appendix

Appendix

Asset Summary

by Property Type

Property	Location (MSA)	Property Type	Lease Expiration / As Extended	Rent Escalation Structure
6201 Hollywood (North)	Los Angeles, CA	Multi-Family	2104 / 2104	% of CPI
6200 Hollywood (South)	Los Angeles, CA	Multi-Family	2104 / 2104	% of CPI
Onyx on First	Washington, D.C.	Multi-Family	2117 /2117	Fixed w/ CPI-Based Adjustments
The Buckler Apartments	Milwaukee, WI	Multi-Family	2112 / 2112	Fixed
One Ally Center	Detroit, MI	Office	2114 / 2174	Fixed w/ CPI-Based Adjustments
LifeHope Medical Campus	Atlanta, GA	Office	2116 / 2176	Fixed
Northside Forsyth Hospital Medical Center	Atlanta, GA	Office	2115 / 2175	Fixed w/ CPI-Based Adjustments
NASA/JPSS Headquarters	Washington, D.C.	Office	2075 / 2105	Fixed
Pershing Point	Atlanta, GA	Office	2117 /2124	Fixed w/ CPI-Based Adjustments
Regency Lakeview	Raleigh-Durham, NC	Office	2117 /2122	Fixed w/ CPI-Based Adjustments
Doubletree Seattle Airport(1)†	Seattle, WA	Hospitality	2025 /2035	% Rent
Hilton Salt Lake†	Salt Lake City, UT	Hospitality	2025 / 2035	% Rent
Doubletree Mission Valley†	San Diego, CA	Hospitality	2025 / 2035	% Rent
Doubletree Durango†	Durango, CO	Hospitality	2025 /2035	% Rent
Doubletree Sonoma†	San Francisco, CA	Hospitality	2025 / 2035	% Rent
Dallas Market Center: Sheraton Suites	Dallas, TX	Hospitality	2114 / 2114	Fixed
Dallas Market Center: Marriott Courtyard	Dallas, TX	Hospitality	2026 / 2066	% Rent
Lock Up Self Storage Facility	Minneapolis, MN	Industrial	2037 / 2037	Fixed
Weighted Avg.			**56 / 72 yrs**	

Note: Refer to the Glossary for definitions.
†Park Hotels Portfolio Asset which is on a single master lease.
(1) A majority of the land underlying this property is owned by a third party and is ground leased to us through 2044 with rents that are subject to changes in the CPI; however, our tenant pays this cost directly to the third party.

Appendix

Glossary

Ground Lease Basis	Ground Lease Basis is the historical purchase price paid by SAFE to acquire or originate a ground lease.
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 based on independent appraisals by CBRE. The Company will use management estimates for recently acquired and originated ground leases for which appraisals from CBRE are not yet available.
Basis as % of CPV	Calculated as our Ground Lease Basis divided by CPV. We believe the metric is an indicative measure of the safety of our position in a real estate property's capital structure and represents our last-dollar economic exposure to the underlying property values.
Value Bank	Calculated as the difference between CPV and Ground Lease Basis. We believe Value Bank represents additional potential value to SAFE stockholders through the reversion rights embedded in standard ground leases.
Ground Rent Coverage	The ratio of Underlying Property NOI or Estimate Underlying Property NOI to the annualized base rental payment due to us. We believe the metric is indicative of our seniority in a property's cash flow waterfall. Underlying Property NOI is based on information reported to us by our tenants without any independent investigation or verification by us.
Funds from Operations (FFO)	FFO is calculated in accordance with the National Association of Real Estate Investment Trusts (NAREIT) which defines FFO as net income (determined in accordance with GAAP), excluding gains or losses from sales of depreciable operating property, plus real estate-related depreciation and amortization.
Adjusted Funds from Operations (AFFO)	Calculated by adding (or subtracting) to FFO the following items: straight-line rental income, the amortization of real estate-related intangibles, stock-based compensation, acquisition costs, non-cash management fees, and expense reimbursements, the amortization of deferred financing costs and other expenses related to debt obligations.

Appendix

Glossary – *(cont'd)*

Underlying Property NOI	With respect to a property, the net operating income of the commercial real estate being operated at the property without giving effect to any rent paid or payable under our ground lease. Net operating income is calculated as property-level revenues less property-level operating expenses as reported to us by the tenant, or as otherwise publicly available. We rely on net operating income as reported to us by our tenants without any independent investigation by us, or as otherwise publicly available. Note that figures denoted by Underlying Property NOI include One Ally using the source: Prospectus, dated December 14, 2017, of the Wells Fargo Commercial Mortgage Trust 2017-C42.
Leverage	The ratio of book debt to book equity.
Estimated Underlying Property NOI	Management utilizes (i) estimated underlying property net operating income (NOI) in situations where actual underlying property NOI is unavailable and (ii) projected stabilized property NOI when a project is under development. These figures are based on leasing activity at the property and may include other available market information, such as comparable properties or third party valuations.