

SAFEHOLD GROUND LEASE

NH&RA – Annual Meeting & Symposium

February 18, 2026



ABOUT SAFEHOLD

- Safehold (NYSE: SAFE) provides low cost, 99 year ground lease capital
- For acquisition or development of market-rate, middle income or LIHTC
- \$7.0+ billion funded since 2017 across top 30 MSAs
- Dedicated Affordable Housing platform – 19 LIHTC ground leases closed



THE STRUCTURE – DEVELOPMENT

- Safehold acquires land (at premium to cost/value)
 - o 99 year ground lease
 - o Proceeds above land cost funded as tenant improvement allowance
- Ground rent set based on total proceeds x lease rate of **~4.85 – 5.25%** today
 - o Hard payment included in operating expenses
 - o Rent increases at 2.0% per year
 - o CPI resets every 10 years (capped at 3.50% per annum)
 - o Permanent loan resized based on NOI net of ground rent

KEY TAKEAWAYS & BENEFITS

Alternative, low-cost capital to help projects move forward

- For Middle Income / Market Rate - Highly Accretive Cost of Capital

- Higher Equity Yield (ROC)
- Lower equity requirement
- Lower blended cost of capital

- For LIHTC Developments – Low Cost Gap Filler

- 10-20% increase in perm proceeds
- Remove cost of land
- Reduce or eliminate budget gaps, need for other subsidy or soft funds
- No impact to eligible basis, income issues at partnership



CASE STUDY – THE BENJAMIN

364 UNIT DEVELOPMENT (WORCESTER, MA), SAFEHOLD + THE MICHAELS ORG

Fee Simple

\$42.0M Equity
35% of Project Costs


\$78.0M Loan
SOFR + 275
65% of Project Costs



Safehold Ground Lease

\$31.0M Equity
26% of Capitalization

\$53.0M Loan
SOFR + 285
63% of Leasehold Cost

\$36.0M Ground Lease 
5.25% Initial Yield



Enhanced Economics

\$42.0M



26% Less Equity Required



\$31.0M

7.11%

80 bps Increase in Unlevered ROC

7.91%

6.42%

41 bps Lower Blended Cost of Capital

6.01%



LIHTC CASE STUDY – 80 SARATOGA

- **Ground-up development of a 200 unit multifamily project in Santa Clara, CA**
 - o Developer: The Pacific Company
 - o 4% LIHTC, 60% average AMI
 - o Construction Loan: Bank of America + Citibank
 - o Permanent Loan: Citibank
 - o Tax Credit Investor: Bank of America
- o **Safehold funded a \$21.5M ground lease**
 - o Proceeds at premium to land value, lease rate inside of permanent debt
 - o Removed cost of land from project budget
 - o Helped to drive +/- 15% increase in total perm proceeds (ground lease + loan)

