
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported February 25, 2016)

iStar Inc.

(Exact name of registrant as specified in its charter)

Maryland
(State or other jurisdiction of
incorporation)

1-15371
(Commission File Number)

95-6881527
(IRS Employer
Identification Number)

1114 Avenue of the Americas, 39th Floor
New York, New York
(Address of principal executive offices)

10036
(Zip Code)

Registrant's telephone number, including area code: **(212) 930-9400**

N/A
(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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ITEM 2.02 Results of Operations and Financial Condition.

On February 25, 2016, iStar Inc. issued an earnings release announcing its financial results for the fourth quarter and fiscal year ended December 31, 2015. A copy of the earnings release is attached as Exhibit 99.1 hereto and incorporated herein by reference.

The information in this Current Report, including the exhibit hereto, is being furnished and shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that Section. The information in this Current Report shall not be incorporated by reference into any registration statement or other document pursuant to the Securities Act of 1933, as amended, unless it is specifically incorporated by reference therein.

ITEM 9.01 Financial Statements and Exhibits.

Exhibit 99.1 Earnings Release.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

iSTAR INC.

Date: February 25, 2016

By: /s/ David DiStaso
David DiStaso
Chief Financial Officer

EXHIBIT INDEX

| <u>Exhibit Number</u> | <u>Description</u> |
|----------------------------------|---------------------------|
| 99.1 | Earnings Release. |



Press Release

iStar Announces Fourth Quarter and Fiscal Year 2015 Results

- Full year adjusted income allocable to common shareholders was \$84 million, or \$0.81 per diluted common share.
- Quarterly adjusted income allocable to common shareholders was \$39 million, or \$0.34 per diluted common share.
- Current unrestricted cash balance is approximately \$650 million.
- Repurchased 9.2 million shares since the beginning of the fourth quarter through February 24th.

NEW YORK, February 25, 2016

iStar (NYSE: STAR) today reported results for the fourth quarter and fiscal year ended December 31, 2015.

Fourth Quarter 2015 Results

iStar reported adjusted income allocable to common shareholders for the fourth quarter of \$38.5 million, or \$0.34 per diluted common share, an increase from \$28.3 million, or \$0.26 per diluted common share for the fourth quarter 2014.

Adjusted income represents net income computed in accordance with GAAP, prior to the effects of certain non-cash items. Please see the financial tables that follow the text of this press release for the Company's calculations of adjusted income and reconciliation to GAAP net income (loss).

Net income allocable to common shareholders for the fourth quarter was \$7.7 million, or \$0.09 per diluted common share, compared to a loss of \$(13.3) million, or \$(0.16) per diluted common share for the fourth quarter 2014.

- more -

Fiscal Year 2015 Results

iStar reported adjusted income allocable to common shareholders for the year ended December 31, 2015 of \$84.0 million, or \$0.81 per diluted common share, compared to \$109.4 million, or \$1.00 per diluted common share for the year ended December 31, 2014.

"We took a cautious view in the fourth quarter regarding new investments, opting to maintain a significant cash balance. At the same time, we exceeded our adjusted income goals by realizing upon the work and value created within our development businesses," said Jay Sugarman, iStar's chairman and chief executive officer.

Net income (loss) allocable to common shareholders for the year was \$(52.7) million, or \$(0.62) per diluted common share, compared to \$(33.7) million, or \$(0.40) per diluted common share for the year ended December 31, 2014.

Capital Markets

The Company continued its stock repurchase activity, completing open market purchases of 9.2 million shares for \$102.1 million from the beginning of the fourth quarter through February 24th. Since the beginning of 2015 to date, iStar repurchased 12.5 million shares, net, of common stock and common stock equivalents, or 14.2% of outstanding iStar common equity, for an aggregate of \$132.2 million at an average price of \$10.59 per share.

On February 15, 2016, the Board of Directors authorized a new \$50 million stock repurchase program.

The Company's weighted average cost of debt for the fourth quarter was 5.4%, down from 5.5% for the fourth quarter of last year. The Company's leverage was 2.1x at December 31, 2015, the low end of the Company's targeted range of 2.0x — 2.5x. Please see the financial tables that follow the text of this press release for a calculation of the Company's leverage.

Investment Activity

iStar funded a total of \$92.5 million during the quarter associated with new investments, prior financing commitments and ongoing development, bringing total fundings for the year to \$662.5 million.

iStar generated \$223.0 million of repayments and sales during the fourth quarter, bringing total proceeds for the year to \$971.2 million.

The Company's current balance of unrestricted cash is approximately \$650 million.

Portfolio Overview

At December 31, 2015, the Company's portfolio totaled \$5.09 billion, which is gross of \$462.6 million of accumulated depreciation and \$36.0 million of general loan loss reserves.

Real Estate Finance

At December 31, 2015, the Company's real estate finance portfolio totaled \$1.64 billion, gross of general loan loss reserves. The portfolio included \$1.58 billion of performing loans with a weighted average maturity of 2.3 years. The performing loans were comprised of 56% first mortgages / senior loans and 44% mezzanine / subordinated debt. The performing loans had a weighted average last dollar loan-to-value ratio of 67% and generated an 8.3% yield for the quarter. The Company invested \$43.1 million and received \$62.9 million of proceeds within its real estate finance portfolio during the quarter.

At December 31, 2015, the Company's non-performing loans (NPLs) had a carrying value of \$60.3 million, down from \$82.6 million in the third quarter. The Company recorded a \$5.6 million provision for loan losses during the quarter. At December 31, 2015, loan loss reserves totaled \$108.2 million, comprised of \$36.0 million of general reserves and \$72.2 million of asset specific reserves.

Net Lease

At the end of the quarter, iStar's net lease portfolio totaled \$1.56 billion, gross of \$377.4 million of accumulated depreciation. During the quarter, the Company received \$61.4 million of sales proceeds from its net lease portfolio and recorded \$24.5 million of gains associated with these sales.

The Company's net lease portfolio totaled 18 million square feet across 33 states. Occupancy for the portfolio was 96.4% at the end of the quarter, with a weighted average remaining lease term of 14.9 years. The net lease portfolio generated an unleveraged yield of 8.4% for the quarter.

Operating Properties

At the end of the quarter, iStar's operating properties portfolio totaled \$709.0 million, gross of \$79.1 million of accumulated depreciation, and was comprised of \$571.8 million of commercial and \$137.2 million of residential real estate properties. During the quarter, the Company invested \$23.3 million within its operating properties portfolio and received \$19.7 million of proceeds from sales.

Commercial Operating Properties

The Company's commercial operating properties represent a diverse pool of assets across a broad range of geographies and collateral types including office, retail and hotel properties. These properties generated \$26.3 million of revenue offset by \$19.5 million of expenses during the quarter. iStar generally seeks to reposition or redevelop these assets

with the objective of maximizing their values through the infusion of capital and/or intensive asset management efforts.

At the end of the quarter, the Company had \$123.8 million of stabilized commercial operating properties that were 89% leased and generated an unleveraged yield of 8.8% for the quarter. The remainder of the commercial operating portfolio was comprised of \$448.0 million of transitional properties that were 65% leased and generated an unleveraged yield of 2.8% for the quarter. iStar is actively working to lease up and stabilize these properties.

During the quarter, the Company executed commercial operating property leases covering approximately 83,000 square feet.

Residential Operating Properties

At the end of the quarter, the residential operating portfolio was comprised of condominium units generally located within luxury projects in major U.S. cities. During the quarter, iStar sold 19 condominium units, resulting in \$14.6 million of proceeds and recorded \$3.6 million of income, offset by \$2.5 million of expenses.

Land & Development

At the end of the quarter, the Company's land & development portfolio totaled \$1.11 billion, with seven projects in production, 10 in development and 13 in the pre-development phase. These projects are collectively entitled for approximately 30,000 lots and units.

For the quarter, the Company's land and development portfolio generated \$71.1 million of revenues, offset by \$44.6 million of cost of sales, plus \$3.0 million from land development equity method investments. This resulted in total gross margin and earnings from equity method investments of \$29.5 million compared \$15.7 million for the same period last year. During the quarter, the Company invested \$25.1 million in its land portfolio.

For the year, the Company's gross margin and earnings from equity method investments grew to \$49.5 million from \$17.3 million in the prior year.

"We are beginning to realize the embedded value in our land portfolio and development efforts over the past few years as sales and profitability grew significantly year-over-year," said Sugarman. "We look forward to continuing our efforts to unlock the value in our land portfolio during 2016."

iStar (NYSE: STAR) finances, invests in and develops real estate and real estate related projects as part of its fully-integrated investment platform. Building on over two decades of experience and more than \$35 billion of transactions, iStar brings uncommon capabilities and new ways of thinking to commercial real estate and adapts its investment strategy to changing market conditions. The Company is structured as a real estate investment trust (“REIT”), with a diversified portfolio focused on larger assets located in major metropolitan markets.

iStar will hold a quarterly earnings conference call at 10:00 a.m. ET today, February 25, 2016. This conference call will be broadcast live over the internet and can be accessed by all interested parties through iStar’s website, www.istar.com. To listen to the live call, please go to the website’s “Investor” section at least 15 minutes prior to the start of the call to register, download and install any necessary audio software. For those who are not available to listen to the live broadcast, a replay will be available shortly after the call on iStar’s website.

Note: Statements in this press release which are not historical fact may be deemed forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Although iStar believes the expectations reflected in any forward-looking statements are based on reasonable assumptions, the Company can give no assurance that its expectations will be attained. Factors that could cause actual results to differ materially from iStar’s expectations include general economic conditions and conditions in the commercial real estate and credit markets, the Company’s ability to generate liquidity and to repay indebtedness as it comes due, additional loan loss provisions, the amount and timing of asset sales, changes in NPLs, repayment levels, the Company’s ability to make new investments, the Company’s ability to maintain compliance with its debt covenants, the Company’s ability to generate income and gains from operating properties and land and other risks detailed from time to time in iStar SEC reports.

Company Contacts:

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5

iStar
Consolidated Statements of Operations
(In thousands)
(unaudited)

| | Three Months Ended December 31, | | Twelve Months Ended December 31, | |
|--|------------------------------------|--------------------|-------------------------------------|---------------------|
| | 2015 | 2014 | 2015 | 2014 |
| REVENUES | | | | |
| Operating lease income | \$ 58,730 | \$ 59,334 | \$ 229,720 | \$ 243,100 |
| Interest income | 32,463 | 28,565 | 134,687 | 122,704 |
| Other income | 9,718 | 18,780 | 49,931 | 81,033 |
| Land development revenue | 71,114 | 3,271 | 100,216 | 15,191 |
| Total revenues | \$ 172,025 | \$ 109,950 | \$ 514,554 | \$ 462,028 |
| COST AND EXPENSES | | | | |
| Interest expense | \$ 57,302 | \$ 55,073 | \$ 224,639 | \$ 224,483 |
| Real estate expense | 35,607 | 38,937 | 146,750 | 163,389 |
| Land development cost of sales | 44,554 | 2,812 | 67,382 | 12,840 |
| Depreciation and amortization | 15,443 | 18,414 | 65,247 | 73,571 |
| General and administrative(1) | 18,757 | 18,780 | 81,277 | 88,287 |
| Provision for (recovery of) loan losses | 5,623 | 5,151 | 36,567 | (1,714) |
| Impairment of assets | 4,934 | 12,893 | 10,524 | 34,634 |
| Other expense | 29 | 1,433 | 6,374 | 6,340 |
| Total costs and expenses | \$ 182,249 | \$ 153,493 | \$ 638,760 | \$ 601,830 |
| Income (loss) before other items | \$ (10,224) | \$ (43,543) | \$ (124,206) | \$ (139,802) |
| Income from sales of real estate | 27,794 | 28,478 | 93,816 | 89,943 |
| Earnings from equity method investments | 6,249 | 18,057 | 32,153 | 94,905 |
| Income tax expense | (3,843) | (4,531) | (7,639) | (3,912) |
| Loss on early extinguishment of debt | (2) | (416) | (281) | (25,369) |
| Net income (loss) | \$ 19,974 | \$ (1,955) | \$ (6,157) | \$ 15,765 |
| Net (income) loss attributable to noncontrolling interests | 546 | 1,071 | 3,722 | 704 |
| Net income (loss) attributable to iStar | \$ 20,520 | \$ (884) | \$ (2,435) | \$ 16,469 |
| Preferred dividends | (12,830) | (12,830) | (51,320) | (51,320) |
| Net (income) loss allocable to HPU holders and Participating Security holders(2) | (5) | 442 | 1,080 | 1,129 |
| Net income (loss) allocable to common shareholders | \$ 7,685 | \$ (13,272) | \$ (52,675) | \$ (33,722) |

(1) For the three months ended December 31, 2015 and 2014, includes \$1,947 and \$4,770 of stock-based compensation expense, respectively. For the twelve months ended December 31, 2015 and 2014, includes \$12,013 and \$13,314 of stock-based compensation expense, respectively.

(2) HPU Holders are current and former Company employees who purchased high performance common stock units under the Company’s High Performance Unit Program. During the twelve months ended December 31, 2015, the Company repurchased and retired 100% of the outstanding HPU shares through an

exchange offer. Participating Security holders are non-employee directors who hold common stock equivalents and restricted stock awards granted under the Company's LTIP who are eligible to participate in dividends.

iStar
Earnings Per Share Information
(In thousands, except per share data)
(unaudited)

| | Three Months Ended December 31, | | Twelve Months Ended December 31, | |
|---|------------------------------------|-----------|-------------------------------------|-----------|
| | 2015 | 2014 | 2015 | 2014 |
| EPS INFORMATION FOR COMMON SHARES | | | | |
| Income (loss) from continuing operations attributable to iStar(1) | | | | |
| (2) | | | | |
| Basic | \$ 0.09 | \$ (0.16) | \$ (0.62) | \$ (0.40) |
| Diluted | \$ 0.09 | \$ (0.16) | \$ (0.62) | \$ (0.40) |
| Net income (loss) | | | | |
| Basic | \$ 0.09 | \$ (0.16) | \$ (0.62) | \$ (0.40) |
| Diluted | \$ 0.09 | \$ (0.16) | \$ (0.62) | \$ (0.40) |
| Adjusted income | | | | |
| Basic | \$ 0.46 | \$ 0.33 | \$ 0.99 | \$ 1.29 |
| Diluted | \$ 0.34 | \$ 0.26 | \$ 0.81 | \$ 1.00 |
| Weighted average shares outstanding | | | | |
| Basic | 83,162 | 85,188 | 84,987 | 85,031 |
| Diluted (for net income per share) | 83,581 | 85,188 | 84,987 | 85,031 |
| Diluted (for adjusted income per share) | 127,775 | 129,954 | 129,589 | 129,789 |
| Common shares outstanding at end of period | 81,109 | 85,191 | 81,109 | 85,191 |

(1) Including preferred dividends, net (income) loss attributable to noncontrolling interests and income from sales of real estate.

(2) During the twelve months ended December 31, 2015, the Company repurchased and retired 100% of the outstanding HPU shares through an exchange offer. A portion of income during the twelve months ended December 31, 2015 and in all periods during 2014 is allocable to HPU holders.

iStar
Consolidated Balance Sheets
(In thousands)
(unaudited)

| | As of December 31, 2015 | As of December 31, 2014 |
|---|-------------------------------|-------------------------------|
| ASSETS | | |
| Real estate | | |
| Real estate, at cost | \$ 2,050,541 | \$ 2,276,913 |
| Less: accumulated depreciation | (456,558) | (460,482) |
| Real estate, net | \$ 1,593,983 | \$ 1,816,431 |
| Real estate available and held for sale | 137,274 | 167,303 |
| | \$ 1,731,257 | \$ 1,983,734 |
| Land and development | 1,001,963 | 978,962 |
| Loans receivable and other lending investments, net | 1,601,985 | 1,377,843 |
| Other investments | 254,172 | 354,119 |
| Cash and cash equivalents | 711,101 | 472,061 |
| Accrued interest and operating lease income receivable, net | 18,436 | 16,367 |
| Deferred operating lease income receivable | 97,421 | 98,262 |
| Deferred expenses and other assets, net | 206,557 | 181,785 |
| Total assets | \$ 5,622,892 | \$ 5,463,133 |
| LIABILITIES AND EQUITY | | |
| Accounts payable, accrued expenses and other liabilities | \$ 214,835 | \$ 180,902 |
| Loan participations payable, net | 152,326 | — |
| Debt obligations, net | 4,143,683 | 4,022,684 |
| Total liabilities | \$ 4,510,844 | \$ 4,203,586 |
| Redeemable noncontrolling interests | \$ 10,718 | \$ 11,199 |
| Total iStar shareholders' equity | \$ 1,059,112 | \$ 1,197,092 |
| Noncontrolling interests | 42,218 | 51,256 |

| | | | | |
|-------------------------------------|----|-----------|----|-----------|
| Total equity | \$ | 1,101,330 | \$ | 1,248,348 |
| Total liabilities and equity | \$ | 5,622,892 | \$ | 5,463,133 |

8

iStar
Segment Analysis
(In thousands)
(unaudited)

FOR THE THREE MONTHS ENDED DECEMBER 31, 2015

| | Real Estate Finance | Net Lease | Operating Properties | Land & Dev | Corporate / Other | Total |
|---|---------------------|------------------|----------------------|------------------|--------------------|-------------------|
| Operating lease income | \$ — | \$ 39,982 | \$ 18,599 | \$ 149 | \$ — | \$ 58,730 |
| Interest income | 32,463 | — | — | — | — | 32,463 |
| Other income | 903 | 225 | 7,568 | 56 | 966 | 9,718 |
| Land development revenue | — | — | — | 71,114 | — | 71,114 |
| Earnings from equity method investments | — | 951 | 361 | 2,964 | 1,973 | 6,249 |
| Income from sales of real estate | — | 24,497 | 3,297 | — | — | 27,794 |
| Total revenue and other earnings | \$ 33,366 | \$ 65,655 | \$ 29,825 | \$ 74,283 | \$ 2,939 | \$ 206,068 |
| Real estate expense | — | (5,590) | (22,076) | (7,941) | — | (35,607) |
| Land development cost of sales | — | — | — | (44,554) | — | (44,554) |
| Other expense | (32) | — | — | — | 3 | (29) |
| Allocated interest expense | (14,281) | (16,378) | (6,565) | (8,402) | (11,676) | (57,302) |
| Allocated general and administrative(1) | (3,378) | (3,923) | (1,690) | (2,729) | (5,090) | (16,810) |
| Segment profit (loss) | \$ 15,675 | \$ 39,764 | \$ (506) | \$ 10,657 | \$ (13,824) | \$ 51,766 |

(1) Excludes \$1,947 of stock-based compensation expense.

9

iStar
Segment Analysis
(In thousands)
(unaudited)

FOR THE TWELVE MONTHS ENDED DECEMBER, 2015

| | Real Estate Finance | Net Lease | Operating Properties | Land & Dev | Corporate / Other | Total |
|---|---------------------|-------------------|----------------------|--------------------|--------------------|-------------------|
| Operating lease income | \$ — | \$ 151,481 | \$ 77,454 | \$ 785 | \$ — | \$ 229,720 |
| Interest income | 134,687 | — | — | — | — | 134,687 |
| Other income | 9,737 | 357 | 34,637 | 1,219 | 3,981 | 49,931 |
| Land development revenue | — | — | — | 100,216 | — | 100,216 |
| Earnings from equity method investments | — | 5,221 | 1,663 | 16,683 | 8,586 | 32,153 |
| Income from sales of real estate | — | 40,082 | 53,734 | — | — | 93,816 |
| Total revenue and other earnings | \$ 144,424 | \$ 197,141 | \$ 167,488 | \$ 118,903 | \$ 12,567 | \$ 640,523 |
| Real estate expense | — | (21,855) | (95,888) | (29,007) | — | (146,750) |
| Land development cost of sales | — | — | — | (67,382) | — | (67,382) |
| Other expense | (2,291) | — | — | — | (4,083) | (6,374) |
| Allocated interest expense | (57,109) | (66,504) | (28,014) | (32,087) | (40,925) | (224,639) |
| Allocated general and administrative(1) | (13,128) | (15,569) | (6,988) | (11,488) | (22,091) | (69,264) |
| Segment profit (loss) | \$ 71,896 | \$ 93,213 | \$ 36,598 | \$ (21,061) | \$ (54,532) | \$ 126,114 |

(1) Excludes \$12,013 of stock-based compensation expense.

AS OF DECEMBER 31, 2015

| | Real Estate Finance | Net Lease | Operating Properties | Land & Dev | Corporate / Other | Total |
|---|---------------------|--------------|----------------------|------------|-------------------|--------------|
| Real estate | | | | | | |
| Real estate, at cost | \$ — | \$ 1,489,895 | \$ 560,646 | \$ — | \$ — | \$ 2,050,541 |
| Less: accumulated depreciation | — | (377,416) | (79,142) | — | — | (456,558) |
| Real estate, net | \$ — | \$ 1,112,479 | \$ 481,504 | \$ — | \$ — | \$ 1,593,983 |
| Real estate available and held for sale | — | — | 137,274 | — | — | 137,274 |

| | | | | | | | | | | |
|---|-----------|------------------|-----------|------------------|-----------|----------------|-----------|------------------|-----------|---------------------|
| Total real estate | \$ | — | \$ | 1,112,479 | \$ | 618,778 | \$ | — | \$ | 1,731,257 |
| Land and development | | — | | — | | — | | 1,001,963 | | 1,001,963 |
| Loans receivable and other lending investments, net | | 1,601,985 | | — | | — | | — | | 1,601,985 |
| Other investments | | — | | 69,096 | | 11,124 | | 100,419 | | 73,533 |
| Total portfolio assets | \$ | 1,601,985 | \$ | 1,181,575 | \$ | 629,902 | \$ | 1,102,382 | \$ | 73,533 |
| Cash and other assets | | | | | | | | | | 1,033,515 |
| Total assets | | | | | | | | | | \$ 5,622,892 |

10

iStar
Supplemental Information
(In thousands)
(unaudited)

| | Three Months Ended December 31, | | Twelve Months Ended December 31, | |
|--|---------------------------------|--------|----------------------------------|----------|
| | 2015 | 2014 | 2015 | 2014 |
| ADJUSTED INCOME (1) | | | | |
| <u>Reconciliation of Net Income to Adjusted Income</u> | | | | |
| Net income (loss) allocable to common shareholders | \$ | 7,685 | \$ | (13,272) |
| Add: Depreciation and amortization | | 17,207 | | 19,763 |
| Add: Provision for (recovery of) loan losses | | 5,623 | | 5,151 |
| Add: Impairment of assets | | 6,100 | | 12,893 |
| Add: Stock-based compensation expense | | 1,947 | | 4,770 |
| Add: Loss on early extinguishment of debt | | 2 | | 416 |
| Less: HPU/Participating Security allocation | | (21) | | (1,386) |
| Adjusted income allocable to common shareholders | \$ | 38,543 | \$ | 28,335 |
| | | | \$ | 83,977 |
| | | | \$ | 109,377 |

(1) Adjusted Income (loss) allocable to common shareholders should be examined in conjunction with net income (loss) as shown in the Consolidated Statements of Operations. This non-GAAP financial measure should not be considered as an alternative to net income (determined in accordance with GAAP) as an indicator of the Company's performance, or to cash flows from operating activities (determined in accordance with GAAP) as a measure of the Company's liquidity, nor is it indicative of funds available to fund the Company's cash needs or available for distribution to shareholders. It should be noted that the Company's manner of calculating this non-GAAP financial measure may differ from the calculations of similarly-titled measures by other companies. Management believes that it is useful to consider Adjusted Income because the adjustments are non-cash items that do not necessarily reflect an actual change in the long-term economic value or performance of our assets. Management considers this non-GAAP financial measure as supplemental information to net income in analyzing the performance of our underlying business. Depreciation and amortization includes our proportionate share of depreciation and amortization expense relating to equity method investments and excludes the portion of depreciation and amortization expense allocable to non-controlling interests. Impairment of assets includes impairments on cost and equity method investments recorded in other income and earnings from equity method investments, respectively.

11

iStar
Supplemental Information
(In thousands)
(unaudited)

| | Twelve Months Ended December 31, 2015 |
|--|---------------------------------------|
| OPERATING STATISTICS | |
| <u>Expense Ratio</u> | |
| General and administrative expenses (A) | \$ 81,277 |
| Average total assets (B) | \$ 5,610,953 |
| Expense Ratio (A) / (B) | 1.4% |
| <u>Leverage</u> | |
| Book debt | \$ 4,143,683 |
| Less: Cash and cash equivalents | (711,101) |
| Net book debt (C) | \$ 3,432,582 |
| Book equity | \$ 1,101,330 |
| Add: Accumulated depreciation and amortization(1) | 514,801 |
| Add: General loan loss reserves | 36,000 |
| Sum of book equity, accumulated D&A and general loan loss reserves (D) | \$ 1,652,131 |
| Leverage (C) / (D) | 2.1x |

UNENCUMBERED ASSETS / UNSECURED DEBT

| | | |
|---|----|-------------|
| Unencumbered assets (E)(2) | \$ | 4,681,809 |
| Unsecured debt (F) | \$ | 3,321,125 |
| Unencumbered Assets / Unsecured Debt (E) / (F) | | 1.4x |

(1) Accumulated depreciation and amortization includes iStar's proportionate share of accumulated depreciation and amortization relating to equity method investments.

(2) Unencumbered assets are calculated in accordance with the indentures governing the Company's unsecured debt securities.

12

iStar
Supplemental Information
(In thousands)
(unaudited)

| UNFUNDED COMMITMENTS | As of December 31, 2015 |
|-----------------------------------|------------------------------------|
| Performance-based commitments | \$ 728,000 |
| Strategic investments | 45,940 |
| Discretionary fundings | 5,000 |
| Total Unfunded Commitments | \$ 778,940 |

LOAN RECEIVABLE CREDIT STATISTICS

| | As of | | | | |
|---|-------------------|------|-------------------|------|--|
| | December 31, 2015 | | December 31, 2014 | | |
| Carrying value of NPLs / | | | | | |
| As a percentage of total carrying value of loans | \$ 60,327 | 3.9% | \$ 65,047 | 5.5% | |
| Total reserve for loan losses / | | | | | |
| As a percentage of total gross carrying value of loans(1) | \$ 108,165 | 6.6% | \$ 98,490 | 7.6% | |

(1) Gross carrying value represents iStar's carrying value of loans, gross of loan loss reserves.

13

iStar
Supplemental Information
(In millions)
(unaudited)

PORTFOLIO STATISTICS AS OF DECEMBER 31, 2015(1)

| Property Type | Real Estate Finance | Net Lease | Operating Properties | Land & Dev | Total | % of Total |
|-------------------------|---------------------|-----------------|----------------------|-----------------|-----------------|-------------|
| Land & Development | \$ 45 | \$ — | \$ — | \$ 1,108 | \$ 1,153 | 23% |
| Office / Industrial | 154 | 854 | 136 | — | 1,144 | 22% |
| Mixed Use / Collateral | 546 | — | 257 | — | 803 | 16% |
| Hotel | 349 | 136 | 55 | — | 540 | 11% |
| Entertainment / Leisure | — | 502 | — | — | 502 | 10% |
| Condominium | 250 | — | 137 | — | 387 | 8% |
| Retail | 78 | 58 | 124 | — | 260 | 5% |
| Other Property Types | 216 | 9 | — | — | 225 | 4% |
| Strategic Investments | — | — | — | — | 74 | 1% |
| Total | \$ 1,638 | \$ 1,559 | \$ 709 | \$ 1,108 | \$ 5,088 | 100% |

| Geography | Real Estate Finance | Net Lease | Operating Properties | Land & Dev | Total | % of Total |
|-----------------------|---------------------|-----------|----------------------|------------|----------|------------|
| Northeast | \$ 928 | \$ 383 | \$ — | \$ 229 | \$ 1,540 | 30% |
| West | 78 | 410 | 58 | 357 | 903 | 18% |
| Southeast | 136 | 235 | 277 | 152 | 800 | 16% |
| Mid-Atlantic | 227 | 140 | 142 | 203 | 712 | 14% |
| Southwest | 53 | 169 | 143 | 150 | 515 | 10% |
| Central | 155 | 80 | 58 | 6 | 299 | 6% |
| Various | 61 | 142 | 31 | 11 | 245 | 5% |
| Strategic Investments | — | — | — | — | 74 | 1% |

| | | | | | | | | | | | |
|-------|----|--------------|----|--------------|----|------------|----|--------------|----|--------------|-------------|
| Total | \$ | <u>1,638</u> | \$ | <u>1,559</u> | \$ | <u>709</u> | \$ | <u>1,108</u> | \$ | <u>5,088</u> | <u>100%</u> |
|-------|----|--------------|----|--------------|----|------------|----|--------------|----|--------------|-------------|

(1) Based on carrying value of the Company's total investment portfolio, gross of accumulated depreciation and general loan loss reserves.

- end -