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): March 22, 2022

iStar Inc.

(Exact name of registrant as specified in its charter)

Maryland	**1-15371**	**95-6881527**
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

1114 Avenue of the Americas, 39th Floor
New York, New York 10036
(Address of principal executive offices, including 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))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $0.001 par value	STAR	New York Stock Exchange
8.00% Series D Cumulative Redeemable Preferred Stock, $0.001 par value	STAR-PD	New York Stock Exchange
7.65% Series G Cumulative Redeemable Preferred Stock, $0.001 par value	STAR-PG	New York Stock Exchange
7.50% Series I Cumulative Redeemable Preferred Stock, $0.001 par value	STAR-PI	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 2.01 Completion of Acquisition or Disposition of Assets.

On March 22, 2022, iStar Inc. (together with its subsidiaries, the "Company") completed the sale of a portfolio of net lease assets, as contemplated by the previously announced Purchase and Sale Agreement, dated as of February 2, 2022, among certain subsidiaries of, and entities managed by, the Company ("Sellers") and an affiliate of Carlyle's Global Credit platform ("Carlyle") for a gross purchase price of $3.07 billion (the "Net Lease Sale").

On March 23, 2022, Safehold Inc. purchased three properties that were sold under the Purchase and Sale Agreement from Carlyle for a total price of $122.0 million. The three properties were subject to a sale leaseback with Carlyle.

The foregoing description of the Purchase and Sale Agreement is qualified in its entirety by reference to the full text of the Purchase and Sale Agreement, which was filed as Exhibit 2.1 to the Company's Current Report on Form 8-K filed on February 2, 2022, and is incorporated herein by reference. A press release announcing the completion of the sale transaction is filed as exhibit 99.3 and incorporated herein by reference.

Item 7.01 Regulation FD Disclosure.

The Company has made available a supplemental financial presentation related to the Net Lease Sale. A copy of the supplemental financial presentation is attached as Exhibit 99.1 hereto and incorporated by reference.

The supplemental financial presentation, including Exhibit 99.1 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 Item 7.01 of 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.

(b) Pro Forma Financial Information

The pro forma financial information of the Company reflecting the Net Lease Sale and dispositions of two other net lease properties is filed as exhibit 99.2 and incorporated herein by reference.

(d) Exhibits

Exhibit 2.1	Purchase and Sale Agreement, dated as of February 2, 2022, (filed as Exhibit 2.1 to the Company's Current Report on Form 8-K filed on February 2, 2022 and incorporated herein by reference).
Exhibit 99.1	Supplemental Financial Presentation
Exhibit 99.2	Pro Forma Financial Information
Exhibit 99.3	Press Release dated March 22, 2022
Exhibit 104	Inline XBRL for the cover page of this Current Report on Form 8-K.

SIGNATURE

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: March 28, 2022

By: /s/ BRETT ASNAS

Brett Asnas

Chief Financial Officer

(principal financial officer)

iStar Inc.
Supplemental Financial Presentation

The supplemental financial presentation below presents:

- iStar Inc.'s (references to the "Company," "we," "us" or "our" refer to iStar Inc.) Ground Lease-related and Non-Core assets, on a pro forma basis, after giving effect to the Net Lease Sale, using GAAP carrying values as of December 31, 2021;
- our liabilities and equity, on a pro forma basis, after giving effect to the Net Lease Sale, using GAAP amounts as of December 31, 2021; and
- adjustments to our GAAP common equity for the Company's estimated future distribution obligation to holders of interests in its incentive performance program, or "iPIP," less amounts that have previously been accrued in the Company's financial statements, assuming for purposes of this estimate that (i) the Safehold Inc. ("SAFE") common stock held by the Company has a market value of $56.77 per share (the closing price on the NYSE on March 22, 2022) and (ii) the Company's other assets perform in accordance with the Company's current underwriting expectations for such assets.

The supplemental financial presentation also includes a sensitivity analysis showing changes in the estimated iPIP amounts and common equity that would result solely from changes in the assumed stock price of SAFE.

The presentation below includes non-GAAP financial measures. It should be read in conjunction with the pro forma balance sheet and other pro forma financial information filed by the Company as Exhibit 99.2 (the "Pro Formas") to this Current Report on Form 8-K reporting the closing of the Net Lease Sale, as well as the Company's audited financial statements and other information included in the Company's Annual Report on Form 10-K for the year ended December 31, 2021. The supplemental presentation below is not intended to replace the Pro Formas or audited financial statements. It is intended to be supplemental information to provide investors in the Company's securities with additional information about the Company's financial position.

Readers are cautioned that the iPIP estimates presented below are based on material assumptions regarding the price of SAFE common stock and the performance of the Company's other assets. Under the iPIP program, participants who hold vested interests are entitled to receive 20% of the disposition (or deemed disposition) proceeds of Company assets, if the Company has received a specified minimum return and only if the Company has achieved a minimum total stockholder return. If the Company's shares of SAFE common stock are the last material asset in an iPIP pool, the Company may elect not to sell the shares and in lieu thereof to distribute a portion of the shares to iPIP participants having a value based on the cash proceeds that would have been received by the Company from an actual sale of the SAFE shares, provided that the relevant performance and total stockholder return hurdles are satisfied.

There can be no assurance that the actual market prices of SAFE common stock or other Company assets in the future will align with the assumptions used to prepare the supplemental presentation. The sensitivity analysis is intended to give readers a sense of how the potential iPIP distributions may change as the market price of SAFE common stock changes because the shares of SAFE common stock owned by iStar are the largest asset in the iPIP plans. It is not intended to be a prediction of what the actual iPIP distributions may be. There are factors in addition to the market price of SAFE common stock that will affect the potential iPIP distributions that are not taken into account in the sensitivity analysis, including, without limitation, changes in the market price of iStar common stock and the performance of the other assets in the iPIP plans. For additional information about the iPIP program, please read the company's definitive Proxy Statement for its 2021 annual meeting filed with the SEC on April 2, 2021, and the definitive Proxy Statement for the 2022 annual meeting expected to be filed with the SEC on or about April 1, 2022.

The Company's supplemental financial presentation, assuming the Company's Net Lease Sale occurred on December 31, 2021, is as follows ($ in thousands):

	As of December 31, 2021		
ASSETS	**Carrying Value**	**Change**	**As Adjusted**
Cash	$ 339,601	$ 1,252,946	$ 1,592,547
Ground lease ecosystem			
SAFE stock (36.6m shares)	1,168,532	—	1,168,532
Leasehold loans	48,862	—	48,862
Ground lease plus	104,060	—	104,060
Total ground lease ecosystem	1,321,454	—	1,321,454
Non-core assets			
Real estate finance (loans)	332,844	—	332,844
Legacy and strategic	441,518	—	441,518
Real estate and other assets available and held for sale	2,299,711	(2,299,711)	—
Total non-core assets	3,074,073	(2,299,711)	774,362
Other balance sheet assets	105,406	(51,263)	54,143
Total assets	$ 4,840,534	$ (1,098,028)	$ 3,742,506
LIABILITIES AND EQUITY			
Liabilities:			
iPIP liability (accrued)	$ 118,743	$ (39,000)	$ 79,743
Accounts payable, accrued expenses and other liabilities	117,989	—	117,989
Debt obligations, net	2,572,174	(490,278)	2,081,896
Liabilities associated with real estate held for sale	968,422	(968,419)	3
Total liabilities	3,777,328	(1,497,697)	2,279,631
Total equity	1,063,206	399,669	1,462,875
Total liabilities and equity	$ 4,840,534	$ (1,098,028)	$ 3,742,506
Total equity	$ 1,063,206	$ 399,669	$ 1,462,875
Less: Noncontrolling Interest	(201,931)	201,350	(581)
Less: Noncontrolling Interest - iPIP	(9,980)	—	(9,980)
Less: Preferred stock liquidation preference	(305,000)	—	(305,000)
Total common equity	546,295	601,019	1,147,314
Add: SAFE mark-to-market adjustment[1]	908,796	—	908,796
Less: Incremental iPIP amount (current estimate)[2]	(174,528)	—	(174,528)
Total common equity (as adjusted)	1,280,563	601,019	1,881,582
Shares outstanding	78,074	423	78,497
Total common equity (as adjusted) / shares outstanding	$ 16.40		$ 23.97

(1) SAFE mark-to-market adjustment represents the market value of SAFE common shares owned by the Company, using a price per share of $56.77, less the Company's carrying value of its investment in SAFE.

(2) Represents current estimate of the distribution obligation associated with all existing iPIP plans as of December 31, 2021, less amounts that have previously been accrued on the Company's balance sheet. This estimated amount is based on assumptions and estimates of asset cash flows (e.g. sales, repayments, fundings, interest, rent and other cash flow activity), relative TSR performance, corporate leverage, investment general loss assumptions and changes to participant interests based on issuances or forfeitures. These assumptions and estimates are reviewed and updated quarterly, and there can be no assurance that future estimates and assumptions will not change materially from those reflected in this presentation. The calculation above assumes the Company monetizes its shares of SAFE common stock at a price of $56.77 per share.

The following table presents the marginal impact to the estimated incremental iPIP amount and common equity (as adjusted) if the price of SAFE's common stock were to increase or decrease by $10.00 per share ($ in thousands, except per share amounts):

Change in price of SAFE common stock	+$10	-$10
Change in incremental iPIP amount	$ 61,214	($ 61,214)
Change in SAFE mark-to-market adjustment	365,920	(365,920)
Change in total common equity (as adjusted)	304,706	(304,706)

iStar Inc.
Pro Forma Financial Information

iStar Inc.’s (the “Company”) net lease assets and liabilities included in the sale to Carlyle described in Item 2.01 and two other net lease assets and liabilities that were sold to other third parties subsequent to December 31, 2021 were classified as “Real estate and other assets available and held for sale and classified as discontinued operations” and “Liabilities associated with real estate held for sale and classified as discontinued operations,” respectively, on the Company’s consolidated balance sheets as of December 31, 2021 and 2020 in the Company’s Annual Report on Form 10-K for the year ended December 31, 2021 (the “2021 Annual Report”). The operations of such assets and liabilities were classified in “Net income from discontinued operations” in the Company’s consolidated statements of operations for the years ended December 31, 2021, 2020 and 2019 in the Company’s 2021 Annual Report. The completion of the dispositions of the Company’s net lease assets and liabilities will have no pro forma impact on continuing operations in the Company’s consolidated statements of operations for the years ended December 31, 2021, 2020 and 2019 and, as such, unaudited pro forma statements of operations are not being presented.

The unaudited condensed consolidated pro forma balance sheet assumes that the sale of the Company’s net lease portfolio and the two other net lease assets occurred on December 31, 2021. The unaudited pro forma adjustments are based on available information and certain estimates and assumptions that the Company believes are directly attributable to the transaction.

Pro forma adjustments include: (i) the receipt of cash and the derecognition of all assets and liabilities associated with the properties that were sold to Carlyle; (ii) the repayment of mortgage debt and prepayment penalties in respect of the assets that were sold to Carlyle; (iii) the payment of transaction expenses resulting from the sale to Carlyle, including payments to terminate derivative contracts and payments that will be made in respect of the Company’s performance incentive plans (“iPIP”); (iv) the payment of amounts due to noncontrolling interests; (v) the receipt of cash and the derecognition of all assets and liabilities associated with the two net lease properties that were sold to other third parties; (vi) the settlement of miscellaneous operating accounts such as tenant receivables, property taxes payable, unearned rents, interest payable and other items; (vii) the repayment of the Company’s senior term loan; and (viii) the reclassification of amounts previously recorded as restricted cash in deferred expenses and other assets, net to cash and cash equivalents.

This pro forma condensed consolidated balance sheet is presented for informational purposes only in accordance with Article 11 of Regulation S-X and is not necessarily indicative of what the Company's financial position would have been for the period presented, nor does it purport to represent the future financial position of the Company. The pro forma financial information should be read in conjunction with the historical consolidated financial statements and notes thereto as filed in the Company's 2021 Annual Report.

The pro forma impact to the Company's consolidated balance sheet, assuming the Company's sale of net lease assets to Carlyle and the other third party purchasers occurred on December 31, 2021, would be as follows:

	As of December 31, 2021		
ASSETS	As Reported	Pro Forma Adjustments	Pro Forma
Real estate			
Real estate, at cost	$ 113,510	$ —	$ 113,510
Less: accumulated depreciation	(21,360)	—	(21,360)
Real estate, net	92,150	—	92,150
Real estate available and held for sale	301	—	301
Total real estate	92,451	—	92,451
Real estate and other assets available and held for sale and classified as discontinued operations	2,299,711	(2,299,711)(1)	—
Net investment in leases	43,215	—	43,215
Land and development, net	286,810	—	286,810
Loans receivable and other lending investments, net ($4,769 of allowances as of December 31, 2021)	332,844	—	332,844
Loans receivable held for sale	43,215	—	43,215
Other investments	1,297,281	—	1,297,281
Cash and cash equivalents	339,601	1,252,946 (2)	1,592,547
Accrued interest and operating lease income receivable, net	1,813	—	1,813
Deferred operating lease income receivable, net	3,159	—	3,159
Deferred expenses and other assets, net	100,434	(51,263)(3)	49,171
Total assets	$ 4,840,534	$ (1,098,028)	$ 3,742,506
LIABILITIES AND EQUITY			
Liabilities:			
Accounts payable, accrued expenses and other liabilities	$ 236,732	$ (39,000)(4)	$ 197,732
Liabilities associated with real estate held for sale and classified as discontinued operations	968,419	(968,419)(5)	—
Liabilities associated with properties held for sale	3	—	3
Debt obligations, net	2,572,174	(490,278)(6)	2,081,896
Total liabilities	3,777,328	(1,497,697)	2,279,631
Commitments and contingencies			
Equity:			
iStar Inc. shareholders' equity:			
Preferred Stock Series D, G and I, liquidation preference $25.00 per share	12	—	12
Common Stock, $0.001 par value, 200,000 shares authorized, 68,870 shares issued and outstanding as of December 31, 2021	69	—	69
Additional paid-in capital	3,100,015	10,300 (7)	3,110,315
Accumulated deficit	(2,227,213)	590,719 (8)	(1,636,494)
Accumulated other comprehensive loss	(21,587)	—	(21,587)
Total iStar Inc. shareholders' equity	851,296	601,019	1,452,315
Noncontrolling interests	211,910	(201,350)(9)	10,560
Total equity	1,063,206	399,669	1,462,875
Total liabilities and equity	$ 4,840,534	$ (1,098,028)	$ 3,742,506

(1) Represents the sale or collection of all "Real estate and other assets available and held for sale and classified as discontinued operations."
(2) Represents the receipt of $2.79 billion of net cash from Carlyle (excludes the cash attributable to the other members in our unconsolidated equity method investment) and other third parties for asset sales, the repayment of $653 million in mortgages, the payment of $82 million in expenses (including iPIP), prepayment penalties, hedge payments and the settlement of operating accounts and liabilities, distributions of $355 million to noncontrolling interests, the repayment of the Company's $492 million principal amount senior term loan and the reclassification of $51 million of restricted cash to unrestricted cash.
(3) Represents the reclassification of amounts previously recorded as restricted cash in deferred expenses and other assets, net to cash and cash equivalents.
(4) Represents the settlement of accrued expenses associated with iPIP.
(5) Represents the settlement/transfer of all "Liabilities associated with real estate held for sale and classified as discontinued operations."
(6) Represents the repayment of the Company's senior term loan. For the years ended December 31, 2021, 2020 and 2019, the Company incurred interest expense of $15.4 million, $17.8 million, and $33.8 million, respectively, from its senior term loan.
(7) Represents the portion of iPIP to be paid in shares of the Company's common stock net of tax.
(8) Represents an estimate of the expected gain the Company expects to recognize from the Net Lease Sale and other dispositions.
(9) Represents the settlement of all noncontrolling interests in assets that were included in the Net Lease Sale.

Press Release

iStar Closes Previously Announced Sale of Net Lease Asset Portfolio

NEW YORK, March 22, 2022

iStar Inc. (NYSE: STAR) announced today that it has completed the previously announced sale of a portfolio of owned and managed net lease assets to an affiliate of Carlyle's Global Credit platform for a gross purchase price of $3.07 billion. The portfolio consists of 18.3 million square feet of institutional quality office, entertainment, and industrial properties located throughout the country.

"The sale of this net lease portfolio represents a meaningful step forward in the strategy we laid out at the beginning of last year to simplify our business and strengthen our balance sheet," said Jay Sugarman, Chairman and Chief Executive Officer. "As a result, we'll be able to capture a significant gain, de-leverage the balance sheet and pay off nearly all of our secured debt, enabling us to continue scaling the ground lease ecosystem."

The Company currently estimates that the transaction will generate a positive impact in the first quarter of approximately $570 million to net income allocable to common shareholders, approximately $580 million to common equity and approximately $310 million to adjusted common equity[i]. In addition, the Company estimates that the transaction will generate net cash proceeds to iStar of approximately $1.2 billion after associated fees, distributions to our JV partner, repayment of debt collateralized by the assets, repayment of the Company's senior secured term loan, distributions under iStar's long-term incentive plan, iPIP, and other costs.

Separately, the Company announced that during the first quarter it also sold additional net lease assets for a total gross purchase price of $108 million, which is expected to generate additional positive impacts in the first quarter. The Company continues to hold net lease assets associated with its ground lease investments.

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About iStar

iStar Inc. (NYSE: STAR) is focused on reinventing the ground lease sector, unlocking value for real estate owners throughout the country by providing modern, more efficient ground leases on institutional quality properties. As the founder, investment manager and largest shareholder of Safehold Inc. (NYSE: SAFE), the creator of the modern ground lease industry, iStar is using its national investment platform and its historic strengths in finance and net lease to expand the use of modern ground leases within the $7 trillion institutional commercial real estate market. Recognized as a consistent innovator in the real estate markets, iStar specializes in identifying and scaling newly discovered opportunities and has completed more than $40 billion of transactions over the past two decades. Additional information on iStar is available on its website at www.istar.com.

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[i] iStar uses adjusted common equity, a non-GAAP financial measure, as a supplemental measure to give management a view of equity allocable to common shareholders prior to the impact of certain non-cash GAAP measures. Management believes that adjusted common equity provides a useful measure for investors to consider in addition to total shareholders' equity because the cumulative effect of depreciation and amortization expenses and CECL allowances calculated under GAAP may not necessarily reflect an actual reduction in the value of the Company's assets. Adjusted common equity should be examined in conjunction with total shareholders' equity as shown on the Company's consolidated balance sheet. Adjusted common equity should not be considered an alternative to total shareholders' equity (determined in accordance with GAAP), nor is adjusted common equity indicative of funds available for distribution to shareholders. It should be noted that our manner of calculating adjusted common equity may differ from the calculations of similarly-titled measures by other companies.