

**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): November 3, 2020

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 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 2.02 Results of Operations and Financial Condition.

On November 3, 2020, iStar Inc. issued an earnings release and made available on its website an earnings presentation for the quarter ended September 30, 2020. A copy of the earnings release and earnings presentation are attached as Exhibit 99.1 and Exhibit 99.2, respectively, hereto and incorporated herein by reference.

The information in this Current Report, including the exhibits 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 7.01 Regulation FD Disclosure.

On November 3, 2020, iStar Inc. made available on its website an earnings presentation for the quarter ended September 30, 2020. A copy of the earnings presentation is attached as Exhibit 99.2 hereto and incorporated by reference.

The earnings presentation, including Exhibit 99.2 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.

Exhibit 99.2 Earnings Presentation.

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: November 3, 2020

By:

/s/ JEREMY FOX-GEEN

Jeremy Fox-Geen
Chief Financial Officer
(principal financial officer)

EXHIBIT INDEX

Exhibit Number	Description
99.1	Earnings Release
99.2	Earnings Presentation



Press Release

iStar Reports Third Quarter 2020 Results

NEW YORK, November 3, 2020

iStar Inc. (NYSE: STAR) today reported results for the third quarter ended September 30, 2020.

Highlights include:

- Unrealized gain on Safehold investment increased to \$1.2 billion
- Continued recycling of legacy assets into lower risk investments
- Strong balance sheet with weighted average debt maturity profile of approximately 4.5 years
- Net income (loss) of (\$0.03) per diluted common share
- Adjusted earnings of \$0.29 per diluted common share

“As transaction activity in the real estate markets begins to increase, iStar is well positioned to continue delivering modern ground lease capital to customers across the country,” said Jay Sugarman, Chairman and Chief Executive Officer. “With the unrealized gain on our investment in Safehold now well over \$1 billion, we are focused on helping more market participants understand the significant intrinsic value of our platform and the large opportunity still ahead of us.”

The Company published a presentation detailing its results and a reconciliation of non-GAAP financial metrics, which can be found on its website, in the "Investors" section.

The Company will host an earnings conference call reviewing this presentation beginning at 10:00 a.m. ET. This conference call will be broadcast live and can be accessed by all interested parties through iStar's website and by using the dial-in information listed below:

1114 Avenue of the Americas
New York, NY 10036
T 212.930.9400
investors@istar.com



Dial-In: 844.291.5494
International: 409.207.6995
Access Code: 8381806

A replay of the call will be archived on the Company's website. Alternatively, the replay can be accessed via dial-in from 1:00 p.m. ET on November 3, 2020 through 12:00 a.m. ET on November 17, 2020 by calling:

Replay: 866.207.1041
International: 402.970.0847
Access Code: 7947936

• • •

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 all types of properties. As the founder, investment manager and largest shareholder of Safehold Inc. (NYSE: SAFE), the first publicly traded company to focus on modern ground leases, iStar is helping create a logical new approach to the way real estate is owned, and continues to use its historic strengths in finance and net lease to expand this unique platform. 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.

Company Contact:

Jason Fooks, Senior Vice President of Investor Relations & Marketing

1114 Avenue of the Americas
New York, NY 10036
T 212.930.9400
investors@istar.com



Q3 '20
Earnings Results

(NYSE: STAR)

Forward-Looking Statements and Other Matters

Statements in this presentation 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 that expectations reflected in any forward-looking statements are based on reasonable assumptions, the Company can give no assurance that its expectations will be attained. The Company undertakes no obligation to update or publicly revise a forward-looking statement, whether as a result of new information, future events or otherwise.

This presentation should be read in conjunction with our consolidated financial statements and related notes in our Quarterly Report on Form 10-Q for the quarter ended September 30, 2020 and our Annual Report on Form 10-K for the year ended December 31, 2019. In assessing all forward-looking statements herein, readers are urged to read carefully all cautionary statements in our Form 10-K and Form 10-Q.

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 effect of the COVID-19 pandemic on our business and growth prospects, the Company's ability to grow its ground lease business directly and through SAFE, the Company's ability to generate liquidity and to repay indebtedness as it comes due, additional loan loss provisions and asset impairments, the market demand for legacy assets the Company seeks to sell and the pricing and timing of such sales, changes in NPV 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 its portfolio and other risks detailed in "Risk Factors" in our 2019 Annual Report on Form 10-K, and any updates thereto made in our subsequent filings with the SEC.

Important Note re COVID-19: Readers of this presentation are cautioned that, due to the uncertainty created by the COVID-19 pandemic, our results for the quarter may not be indicative of our results for the remainder of 2020. Readers are urged to refer to our Quarterly Report on Form 10-Q for the quarter ended September 30, 2020 when it is filed with the SEC for a more full and complete discussion of our quarterly results, including the "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Risk Factors" sections included therein.

Note: Please refer to the "Glossary" section in the Appendix for a list of defined terms and metrics.



Investor Relations Contact
Jason F. ...
Senior Vice President
212.930.4...
investors@istar



I. Highlights

Q3 '20 Update – Our Strategy

Scale Safehold

\$1.2b

Unrealized Gain⁽¹⁾

\$105m

Ground Lease Investments
Made by Safehold⁽²⁾

Strengthen Balance Sheet

Refinanced
\$400m

of Unsecured Senior Notes

Extended W.A. debt
maturity profile to
4.5 Years

Simplify Business

13%

Legacy Asset
% of Portfolio

\$21m

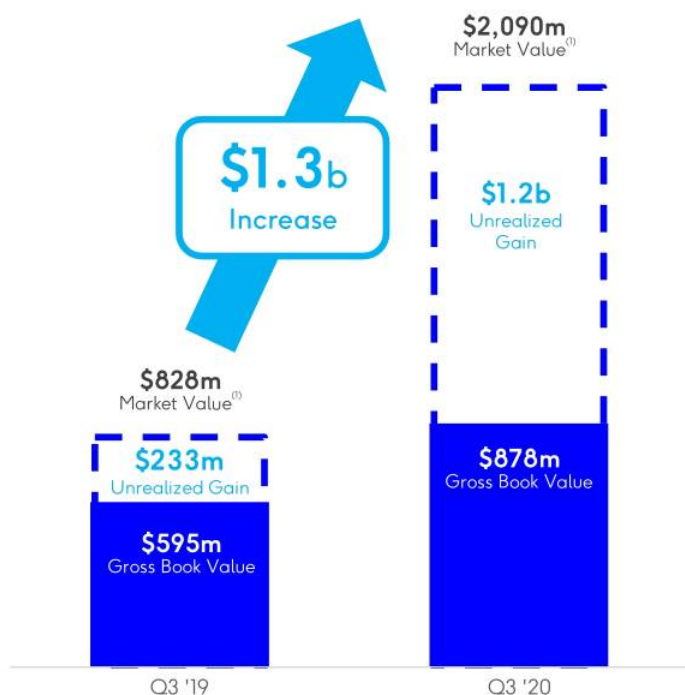
Legacy Asset
Sales Proceeds



(1) Market value of iStar's investment in Safehold is \$2,090m, calculated as iStar's ownership of 33.7m shares of SAFE at the September 30, 2020 closing stock price of \$62.10. Unrealized gain calculated as the difference between the \$2,090m market value and the \$878m Gross Book Value of iStar's investment in Safehold.
(2) Includes \$71m closed subsequent to the end of the quarter.

Safehold Q3 '20 Highlights

Investment in Safehold



100%

Ground Rent Received

\$2.9b

Safehold Ground Lease Portfolio

>\$200m

Signed LOIs

56%

Total Shareholder Return YTD
(As of 9/30/20)



(1) Q3 '20 market value of iStar's investment in Safehold is \$2,090m, calculated as iStar's ownership of 33.7m shares of SAFE at the September 30, 2020 closing stock price of \$62.10. Q3 '19 value of iStar's investment in Safehold is \$828m calculated as iStar's ownership of 27.1m shares of SAFE at the September 30, 2019 closing stock price of \$30.50.

Strong Balance Sheet with Improving Credit Metrics

(Q3 '19 to Q3 '20)⁽¹⁾

In Q3 '20, issued \$400m of New Senior Notes due February 2026 and redeemed \$400m of Senior Notes due September 2022



Note: Figures are presented using the SAFE mark-to-market value of iStar's investment in Safehold. Q3 '20 market value is \$2,090m, calculated as iStar's ownership of 33.7m shares of SAFE September 30, 2020 closing stock price of \$62.10. Q3 '19 market value is \$828m calculated as iStar's ownership of 27.1m shares of SAFE at the September 30, 2019 closing stock price of \$30.18.

(1) Q3 '19 figures presented pro forma for the redemption of \$675m of unsecured notes due 2020 and 2021, announced in Q3 '19 and completed in Q4 '19.

(2) Leverage is calculated using debt, net of cash and adjusted total equity presented gross of non-controlling interests, or "NCI". Please refer to the "Capital Structure Overview" section presentation for more information.

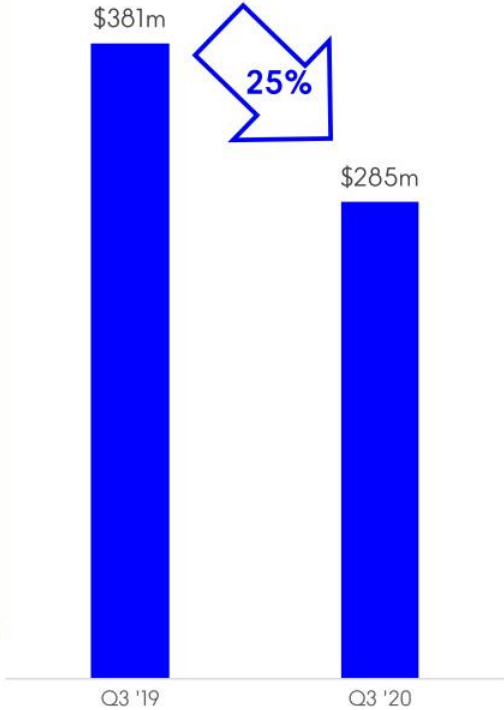
(3) Includes only iStar's share of Net Lease Venture I debt.

Legacy Asset Progress



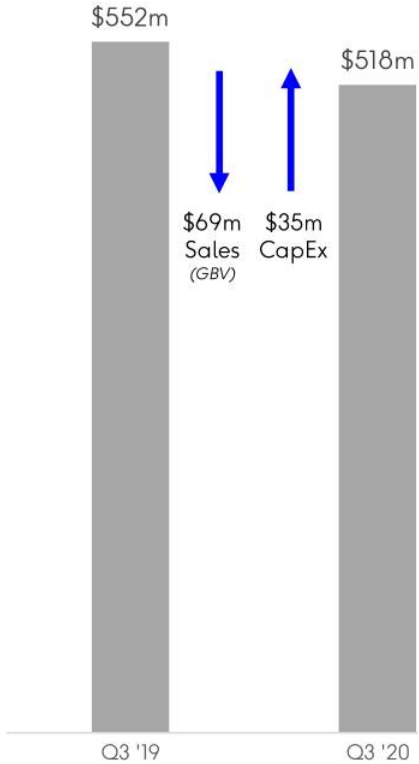
Short-Term Balance

- Simplifying the business by monetizing short-term legacy assets

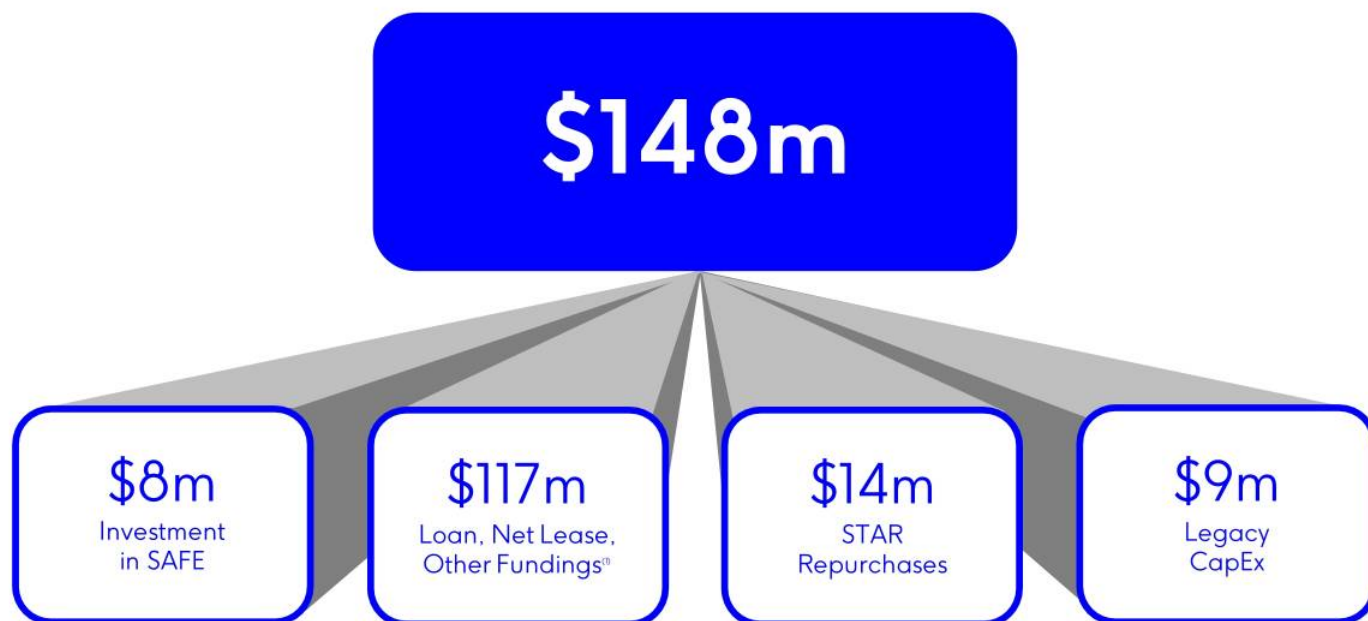


Long-Term Balance

- Intent to further develop prior to monetization

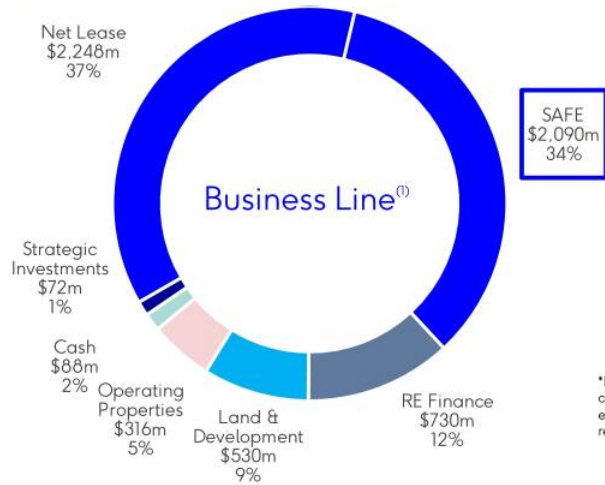


Q3 '20 Investment Activity



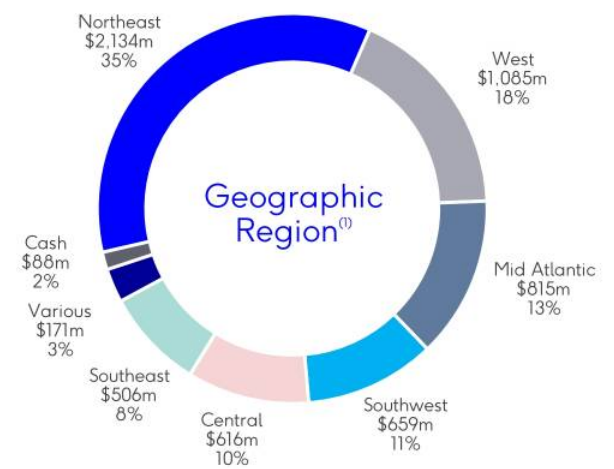
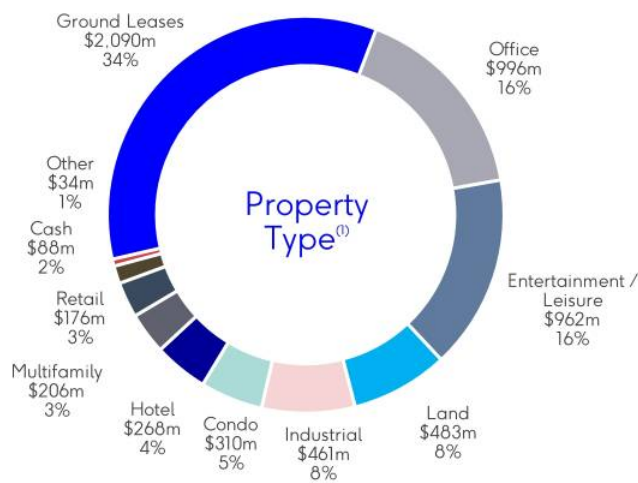
(1) Includes \$83m of investments made within Net Lease Venture II of which iStar owns 51.9%.

\$6.1b Diversified Portfolio



Business	Q3 '20
SAFE	100%
Net Lease (Incl. Bowlero Agreement)*	98%
RE Finance ⁽²⁾	92%
Operating Properties	80%

*Note: In Q2 '20, the Company agreed with Bowlero to apply \$10m of cash proceeds that iStar received from recent sales of centers that were subject to the iStar-Bowlero master leases to cover \$10m of rent otherwise payable over the following month. iStar terminated its commitment under the master leases to purchase \$10m of new bowling centers or to reduce rent if new centers were not acquired.



Note: Figures based on Gross Book Value of the Company's total investment portfolio and includes 100% of the assets of iStar's consolidated joint ventures and the carrying value of iStar's investment in non-consolidated joint ventures and affiliates

(1) SAFE market value is calculated as iStar's ownership of 33.7m shares of SAFE at the September 30, 2020 closing stock price of \$62.10.

(2) Excludes one pre-existing legacy nonperforming loan.

Earnings Results

	Q3 '20	Q3 '19	YTD '20	YTD '19
Net Income (Loss) <i>(Allocable to Common Shareholders)</i>	(\$2.1m)	(\$7.3m)	(\$46.9m)	\$337.8m
W.A. Shares <i>(Diluted)</i>	75.0m	62.2m	76.2m	80.9m
EPS (Loss) <i>(Diluted)</i>	(\$0.03)	(\$0.12)	(\$0.61)	\$4.26

Adj. Earnings <i>(Allocable to Common Shareholders)</i>	\$22.1m	\$13.7m	\$29.8m	\$403.0m
W.A. Shares <i>(Diluted)</i>	75.3m	78.6m	76.4m	80.9m
AEPS <i>(Diluted)</i>	\$0.29	\$0.20	\$0.39	\$5.07



Note: Please refer to the "Adjusted Earnings Reconciliation" section of the Appendix for more information with regard to the calculation of this metric.

STAR's Equity Value per Share

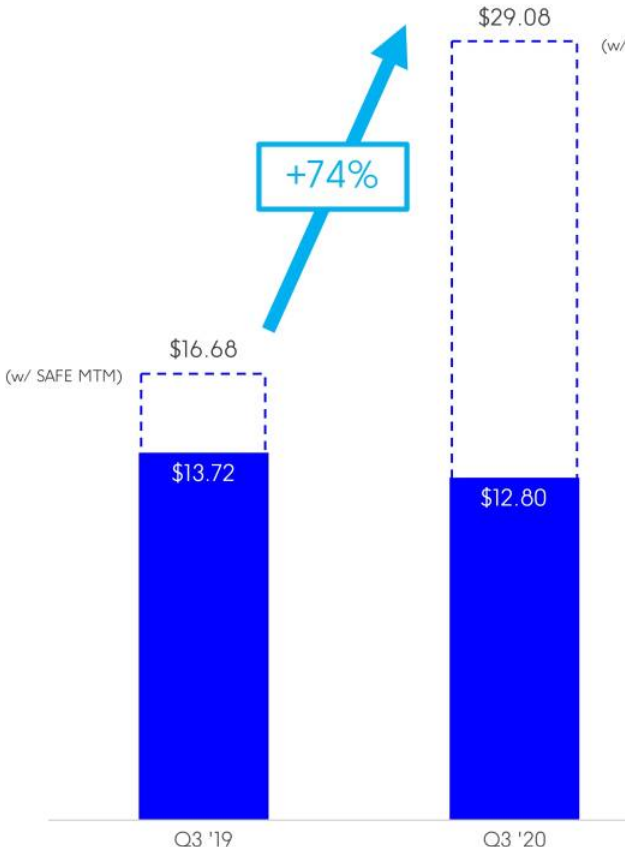
Common Equity per Share⁽¹⁾

(Net of Depreciation, Amortization and CECL Allowance)



Adj. Common Equity per Share⁽¹⁾

(Gross of Depreciation, Amortization and CECL Allowance)



Note: Q3 '20 SAFE mark-to-market value of iStar's investment in Safehold is \$2,090m, calculated as iStar's ownership of 33.7m shares of SAFE at the September 30, 2020 closing stock price of \$62.00. Q3 '19 SAFE mark-to-market value of iStar's investment in Safehold is \$828m calculated as iStar's ownership of 27.1m shares of SAFE at the September 30, 2019 closing stock price of \$30.55. (1) 2019 amounts are presented on a diluted basis for Series J Convertible Preferred shares which were converted into 16.5m shares of STAR common stock as of December 20, 2019.



II. Portfolio Overview

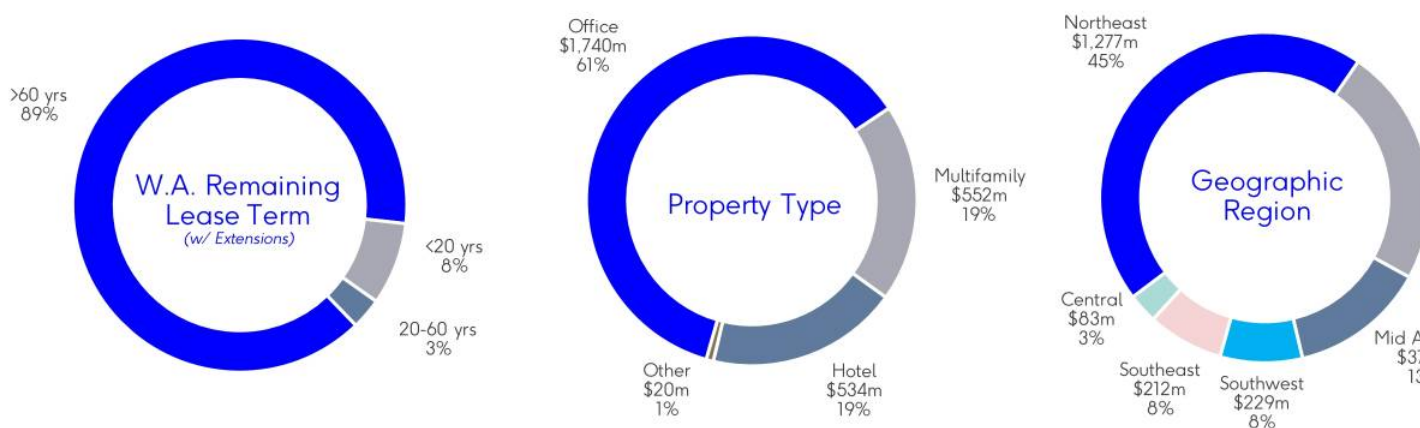
Safehold (NYSE: SAFE)

○ iStar's investment

- 33.7m shares (65.8% of shares outstanding)⁽¹⁾
- Gross Book Value \$878m or \$26.10 per share
- Market value of \$2.1b based on closing price of \$62.10 per share on September 30, 2020

SAFE Earnings

	Q3 '20
Revenue	\$38.0m
Net Income	\$14.2m
EPS	\$0.28

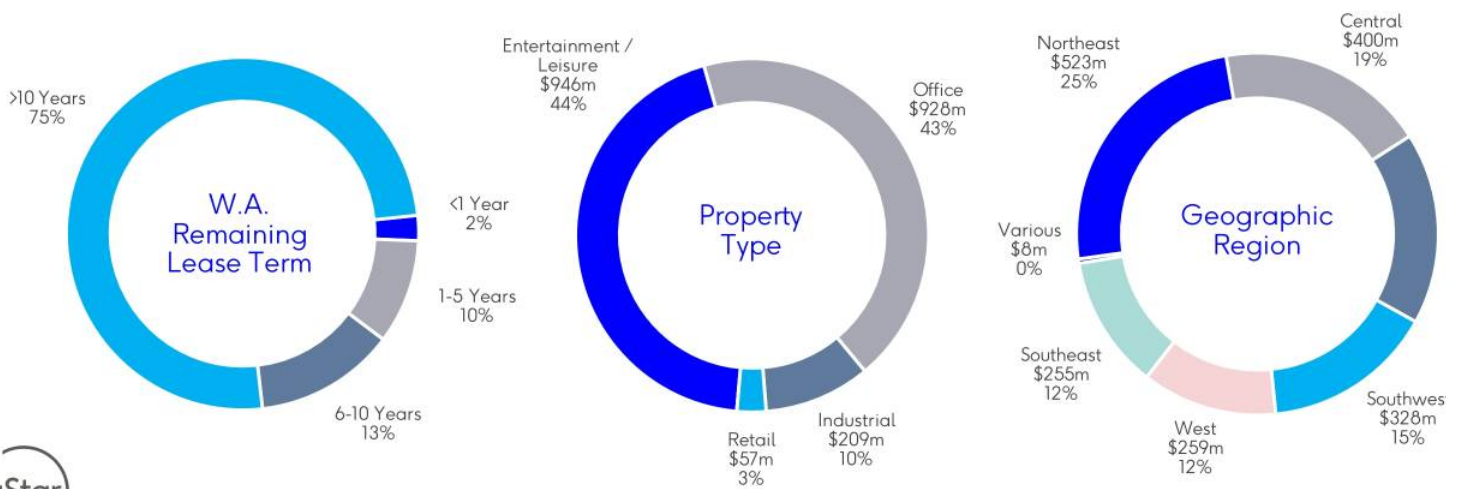


Note: \$ in millions. Graphs are presented as Gross Book Value of SAFE's portfolio of \$2,845m excluding \$34m of unfunded commitments. Please refer to the SAFE Earnings Presentation available on SAFE's website for a Glossary of defined terms.

(1) iStar's discretionary voting in SAFE is capped at 41.9% and will vote remaining shares with respect to any matter in the same proportions as SAFE's non-iStar shareholders.

Net Lease Consolidated Assets

	Wholly-Owned <i>(100% Ownership)</i>	Net Lease Venture I <i>(51.9% Ownership)</i>	Total Consolidated
Gross Book Value	\$1,234m	\$906m	\$2,140m
Occupancy	97.8%	100.0%	98.6%
Square Feet (000s)	9,998	5,707	15,705
W.A. Remaining Lease Term	15.2 yrs	16.2 yrs	15.6 yrs
W.A. Yield	7.4%	8.0%	7.7%

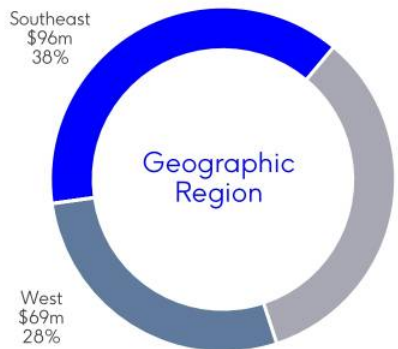
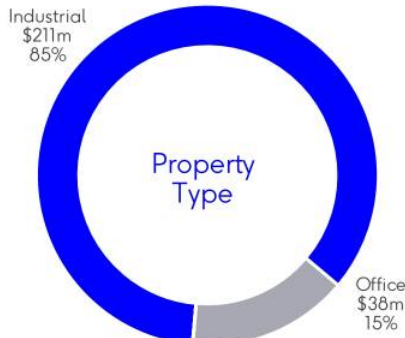


Note: \$ in millions. Please refer to the "Glossary" section of the Appendix for additional details regarding definitions and calculations.

Net Lease Venture II

Net Lease Venture II (51.9% Ownership)	
Gross Book Value	\$249m
Occupancy	100.0%
Square Feet (000s)	2,273
W.A. Remaining Lease Term	12.9 yrs
W.A. Yield	9.9%

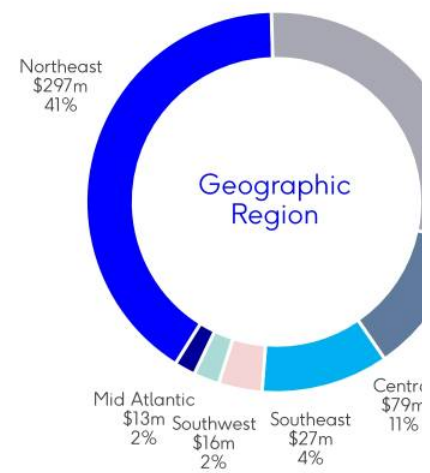
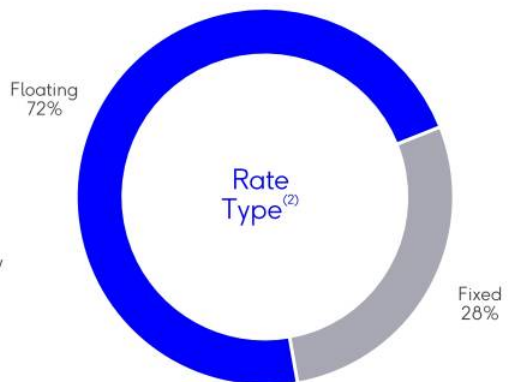
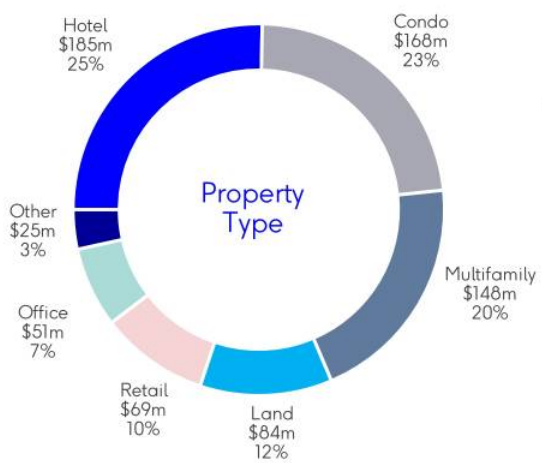
Net Lease Venture II is unconsolidated and 51.9% owned by iStar. Presented here at the venture level.



Note: \$ in millions. Table and pie charts presented at the venture level. Please refer to the "Glossary" section of the Appendix for additional details regarding definitions and calculations.

Real Estate Finance Portfolio

	Loans (\$)	W.A. Last \$ LTV	W.A. Yield	W.A. Maturity (yrs)
First mortgages / Senior debt ⁽¹⁾	\$457m	55%	6.9%	1.9
Mezzanine / Subordinated debt ⁽¹⁾	208m	81%	9.1%	2.8
Total Performing Loans	\$665m	63%	7.6%	2.2
NPLs	65m			
Total Real Estate Finance	\$730m			

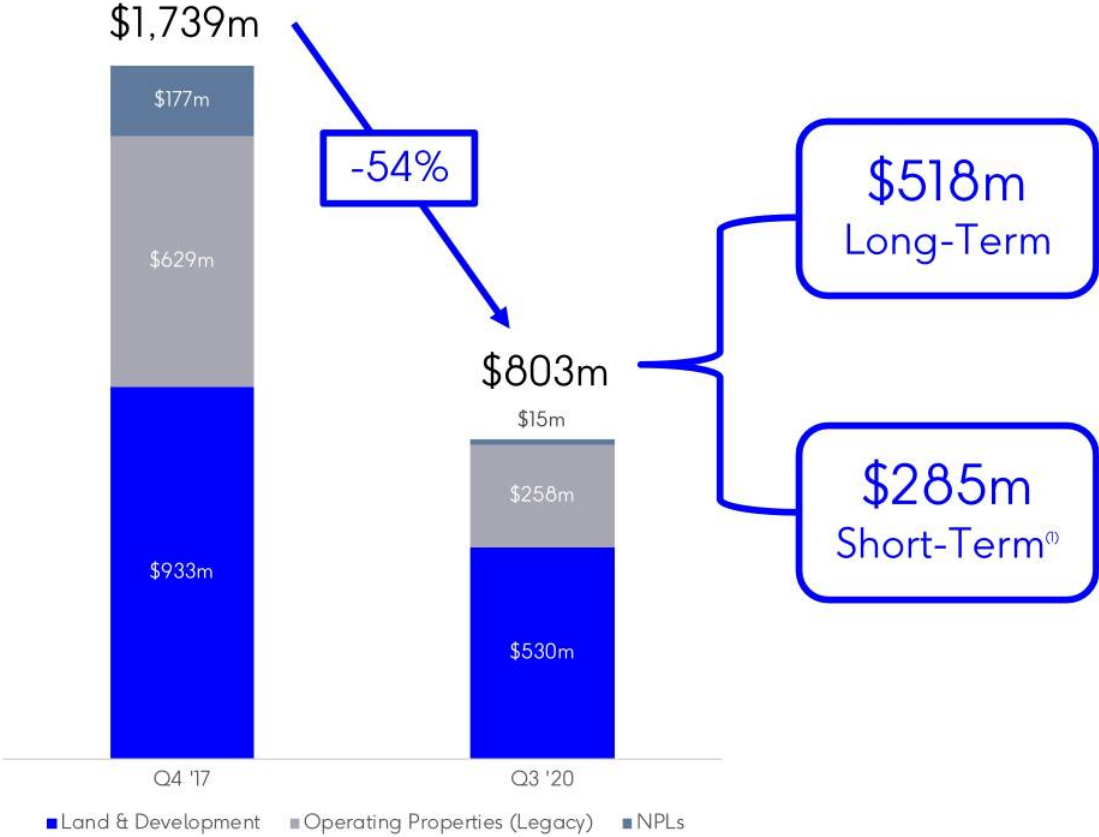


Note: \$ in millions. Includes \$42m consolidated first mortgage participations not held by iStar. Excludes financing receivable included in other lending investments and CECL allowance. Please refer to the "Glossary" section of the Appendix for additional details regarding definitions and calculations.
 (1) Includes \$25m of other lending investments in first mortgages / senior debt and \$89m of other lending investments in mezzanine / subordinated debt.
 (2) Excludes nonperforming loans.

Legacy Asset Portfolio

Legacy Asset Balance

Short-Term vs. Long-Term



Note: Figures in millions.

(1) The Company intends to monetize the bulk of its short-term legacy assets as quickly as reasonably possible over the next 12 to 24 months.



III. Capital Structure

Capital Structure Overview

As of 9/30/20

Credit Metrics	9/30/20	SAFE MTM ⁽¹⁾
Cash	\$88m	\$88m
Debt, net of cash	\$3,219m	\$3,219m
Total Equity, gross of NCI	\$1,093m	\$2,328m
Adj. Total Equity, gross of NCI	\$1,481m	\$2,693m
Leverage ⁽²⁾	2.2x	1.2x

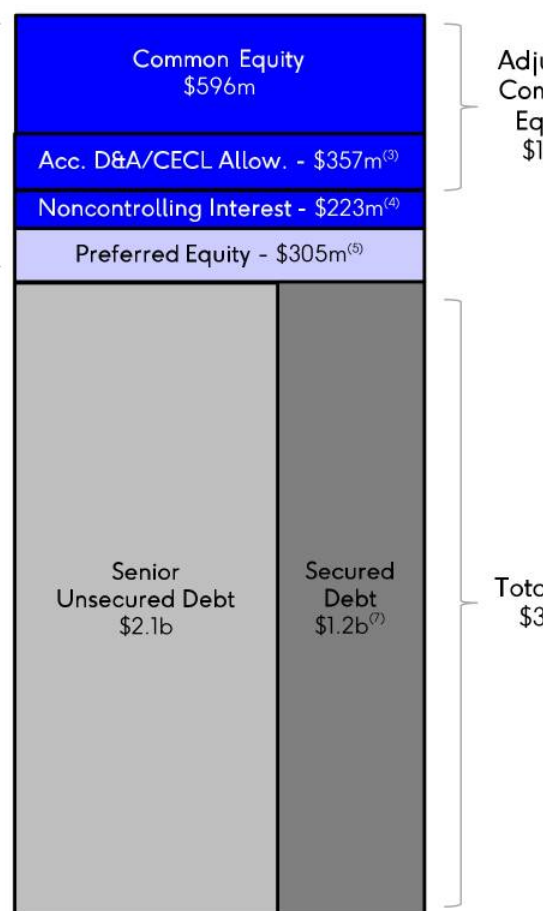
Shares

Shares Outstanding (Basic)	74.4m	74.4m
Common Equity	\$596m	\$1.830m
Common Equity per Share	\$8.00	\$24.58
Adj. Common Equity	\$953m	\$2,164m
Adj. Common Equity per Share	\$12.80	\$29.08

Liquidity

Cash	\$88m
Revolving Credit Facility Availability	\$330m
Total Liquidity	\$418m

Adjusted
Total Equity
\$1.5b



Note: Please refer to the "Adjusted Common Equity Reconciliation" section of the Appendix for more information.

(1) SAFE mark-to-market calculations based on the September 30, 2020 closing stock price of \$62.10 with respect to 33.7m shares held by iStar.

(2) Corporate leverage is the ratio of total debt less cash and cash equivalents divided by Adjusted Total Equity, gross of NCI.

(3) Includes accumulated depreciation, amortization, CECL allowance, and iStar's proportionate share of accumulated depreciation and amortization relating to equity method investments.

(4) Includes \$31m of the proportionate share of accumulated depreciation and amortization relating to noncontrolling interests.

(5) Represents liquidation preference of preferred equity.

(6) Debt is presented net of fees and discounts.

(7) Includes \$49m of consolidated, asset-specific non-recourse mortgage debt of Net Lease Venture I.

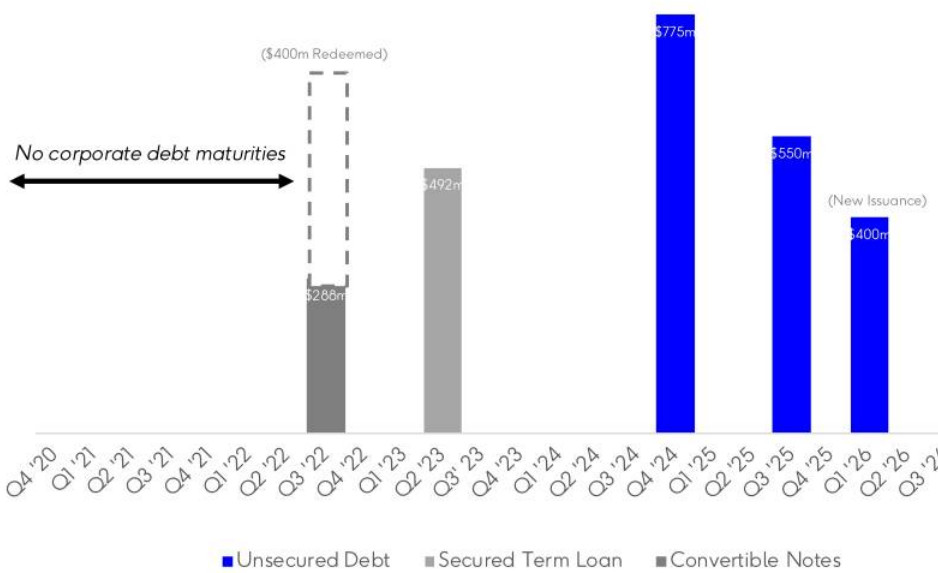


Corporate Debt Maturity Profile

Debt Profile		
2022		
Sep. (Redeemed)	\$400m	5.25%
Sep.	\$288m	3.125%
2023		
Jun.	\$492m	L + 275
2024		
Oct.	\$775m	4.75%
2025		
Aug.	\$550m	4.25%
2026		
Feb. (New Issuance)	\$400m	5.50%
2035		
Oct.	\$100m	L + 150
Non-Recourse Mortgage Financings ⁽¹⁾		
Various / W.A.	\$725m	4.38%
Total / W.A. ⁽²⁾	\$3,329m	4.17%

4.5 years
w.a. maturity

23 months
with no corporate debt maturities



Note: \$ in millions. Excludes extension options.
 (1) Represents individual non-recourse mortgages on net lease assets, including consolidated mortgage debt on assets held by Net Lease Venture I.
 (2) Rates presented after giving effect to interest rate hedges. Excludes \$20m of drawn revolver as of 9/30/20.



IV. Appendix

Consolidated Statements of Operations

	Three Months		Nine Months	
	Ended	September 30,	Ended	September 30,
	2020	2019	2020	2019
Revenues				
Operating lease income	\$46,370	\$44,110	\$140,529	\$158,210
Interest income	14,270	19,701	46,925	60,417
Interest Income from sales-type leases	8,360	8,339	25,010	12,157
Other income	25,552	18,270	56,212	43,133
Land development revenue	20,502	54,918	116,254	76,691
Total revenues	\$115,054	\$145,338	\$384,930	\$350,608
Cost and Expenses				
Interest expense	\$42,407	\$46,522	\$127,748	\$136,851
Real estate expense	16,935	23,187	53,708	71,165
Land development cost of sales	21,358	48,101	114,704	71,785
Depreciation and amortization	14,621	14,199	43,407	43,586
General and administrative	14,207	17,370	46,463	51,818
General and administrative – stock-based compensation	5,661	6,740	26,675	20,694
Provision for (recovery of) for loan losses	(1,976)	(3,805)	4,093	(3,792)
Provision for net investment in leases	175	-	2,001	-
Impairment of assets	-	-	6,491	4,953
Other expense	73	407	351	12,798
Total costs and expenses	\$113,461	\$152,721	\$425,641	\$409,858
Income from sales of real estate	6,055	3,476	6,118	233,406
Income (loss) from operations before earnings from equity method investments and other items	\$7,648	(\$3,907)	(\$34,593)	\$174,156
Earnings (losses) from equity method investments	6,805	7,617	26,003	16,566
Selling profit from sales-type leases	-	-	-	180,416
Income tax (expense) benefit	(78)	(84)	(165)	(323)
Loss on early extinguishment of debt	(7,924)	-	(12,038)	(468)
Net income (loss)	\$6,451	\$3,626	(\$20,793)	\$370,347
Net (income) loss attributable to noncontrolling interests	(2,646)	(2,845)	(8,435)	(8,168)
Net income (loss) attributable to iStar	\$3,805	\$781	(\$29,228)	\$362,179
Preferred dividends	(5,874)	(8,124)	(17,622)	(24,372)
Net income (loss) allocable to common shareholders	(\$2,069)	(\$7,343)	(\$46,850)	\$337,807



Note: \$ in thousands.

Earnings per Share

	Three Months Ended September 30,		Nine Months Ended September 30,	
Earnings Information for Common Shares	2020	2019	2020	2019
Net income (loss) ⁽¹⁾				
Basic	(\$0.03)	(\$0.12)	(\$0.61)	\$5.23
Diluted	(\$0.03)	(\$0.12)	(\$0.61)	\$4.26
Adjusted earnings (loss)				
Basic	\$0.29	\$0.22	\$0.39	\$6.24
Diluted	\$0.29	\$0.20	\$0.39	\$5.07
Weighted average shares outstanding				
Basic	75,033	62,168	76,232	64,624
Diluted (for net income)	75,033	62,168	76,232	80,876
Diluted (for adjusted earnings)	75,271	78,645	76,439	80,876
Common shares outstanding at the end of period	74,433	62,168	74,433	62,168



Note: In thousands, except per share data.

(1) Allocable to common shareholders after the effect of preferred dividends, non-controlling interests and income from sales of real estate.

Adjusted Earnings Reconciliation

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Net income (loss) allocable to common shareholders	(\$2,069)	(\$7,343)	(\$46,850)	\$337,800
Add: Depreciation and amortization	15,795	14,266	46,526	44,000
Add: Stock-based compensation expense	5,661	6,740	26,675	20,690
Add: Non-cash loss on early extinguishment of debt/preferred	2,672	-	3,470	460
Adjusted earnings (loss) allocable to common shareholders	\$22,059	\$13,663	\$29,821	\$402,970

Note: \$ in thousands.

In 2019, we announced a new business strategy that would focus our management personnel and our investment resources primarily on scaling our Ground Lease platform. As part of this strategy, we accelerated the monetization of legacy assets, reducing our legacy portfolio to approximately 17% of our overall portfolio as of September 30, 2020, and deployed a substantial portion of the proceeds into additional investments in new loan and net lease originations relating to the Ground Lease business. Management has determined that, effective for the first quarter 2020, a modified non-GAAP earnings metric, designated "adjusted earnings" metric it uses to assess our execution of this strategy and the performance of our operations. Adjusted earnings reflects impairment charges and loan provisions in the same period in which they are recognized in net (loss) prepared in conformity with generally accepted accounting principles in the United States of America ("GAAP"), rather than in a later period when the asset is sold. We believe this change is appropriate as legacy asset sales become less central to our business, even though sales may be material to particular periods when they occur.

Adjusted earnings is used internally as a supplemental performance measure adjusting for certain items to give management a view of income more directly derived from operating activities in the period in which it is earned. Adjusted earnings is calculated as net income (loss) allocable to common shareholders, prior to the effect of depreciation and amortization, including our proportionate share of depreciation and amortization from investment method investments and excluding depreciation and amortization allocable to noncontrolling interests, stock-based compensation expense, the non-cash portion of loss on early extinguishment of debt and the liquidation preference recorded as a premium above book value on the redemption of preferred stock ("Adjusted Earnings"). All prior periods have been calculated in accordance with this definition.

Adjusted Earnings should be examined in conjunction with net income (loss) as shown in our consolidated statements of operations. Adjusted Earnings should not be considered as an alternative to net income (loss) (determined in accordance with GAAP), or to cash flows from operating activities (determined in accordance with GAAP), as a measure of our liquidity, nor is Adjusted Earnings indicative of funds available to fund capital needs or available for distribution to shareholders. Rather, Adjusted Earnings is an additional measure we use to analyze our business performance because it excludes the effects of certain non-cash charges that vary and are not necessarily indicative of our operating performance. It should be noted that our manner of calculating Adjusted Earnings may differ from the calculations of similarly-titled measures by other companies.



Consolidated Balance Sheets

	As of September 30, 2020	As of December 31, 2019
Assets		
Real Estate		
Real estate, at cost	\$1,744,613	\$1,761,079
Less: accumulated depreciation	(257,518)	(233,860)
Real estate, net	1,487,095	1,527,219
Real estate available and held for sale	5,519	8,650
Total real estate	1,492,614	1,535,869
Net investment in leases	420,417	418,915
Land and development	488,916	580,545
Loans receivable and other lending investments, net	765,073	827,861
Other investments	1,123,093	907,875
Cash and cash equivalents	88,187	307,172
Accrued interest and operating lease income receivable, net	8,053	10,162
Deferred operating lease income receivable, net	55,625	54,222
Deferred expenses and other assets, net	446,145	442,488
Total Assets	\$4,888,123	\$5,085,109
Liabilities and Equity		
Accounts payable, accrued expenses, and other liabilities	\$444,956	\$424,374
Liabilities associated with properties held for sale	105	57
Loan participations payable, net	41,931	35,638
Debt obligations, net	3,307,683	3,387,080
Total Liabilities	\$3,794,675	\$3,847,149
Total iStar shareholders' equity	\$900,760	\$1,040,422
Noncontrolling interests	192,688	197,538
Total Equity	\$1,093,448	\$1,237,960
Total Liabilities and Equity	\$4,888,123	\$5,085,109



Note: \$ in thousands.

Adjusted Common Equity Reconciliation

	As of September 30, 2020	As of September 30, 2019
Total shareholders' equity	\$900,760	\$1,110,000
Less: Liquidation preference of preferred stock	(305,000)	(505,000)
Common shareholders equity	\$595,760	\$605,000
Add: Accumulated depreciation and amortization ⁽¹⁾	289,019	26,000
Add: Proportionate share of depreciation and amortization within equity method investments	44,278	2,000
Add: CECL allowance <i>(September 30, 2019 balance represents general reserves)</i>	23,640	-
Adjusted common equity	\$952,697	\$898,000
Common shares outstanding – basic	74,433	67,000
Common shares outstanding – pro forma Series J conversion	74,433	74,000
Common equity per share	\$8.00	\$12.14
Common equity per share diluted for Series J convertible preferreds	\$8.00	\$12.14
Common equity per share diluted for Series J convertible preferreds with SAFE MTM	\$24.58	\$12.14
Adjusted common equity per share	\$12.80	\$12.14
Adjusted common equity per share diluted for Series J convertible preferreds	\$12.80	\$12.14
Adjusted common equity per share diluted for Series J convertible preferreds with SAFE MTM	\$29.08	\$12.14

Note: Amounts in thousands, except for per share data. Q3'20 SAFE mark-to-market value of iStar's investment in Safehold is \$2.090m, calculated as iStar's ownership of 33.7m shares of SAFE at the September 30, 2020 stock price of \$62.10. Q3'19 SAFE mark-to-market value of iStar's investment in Safehold is \$828m calculated as iStar's ownership of 27.1m shares of SAFE at the September 30, 2019 closing stock price of \$30.50.

We use adjusted common equity, a non-GAAP financial measure, as a supplemental measure to give management a view of equity allocatable 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 cumulative effect of depreciation and amortization expenses and 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.

(1) Net of amounts allocable to non-controlling interests and includes accumulated depreciation and amortization associated with real estate available and held for sale.
(2) Includes \$200.0m of liquidation preference attributable to our Series J convertible preferred shares which were converted in the fourth quarter of 2019.



Q3 '20 Gross Book Value Reconciliation

	Real Estate Finance	Net Lease	Operating Properties	Land & Development	Corporate / Other	Totals
Real estate, net	-	\$1,289	\$198	-	-	
Real estate available and held for sale	-	-	6	-	-	
Net investment in leases	-	420	-	-	-	
Land and development, net	-	-	-	\$489	-	
Loans receivable and other lending investments, net	\$720	45	-	-	-	
Real estate-related intangibles, net	-	108	4	-	-	
Other investments	-	959	61	30	\$72	
Net Book Value	\$720	\$2,821	\$269	\$519	\$72	
Add: Accumulated depreciation and CECL allowance	\$10	\$253	\$17	\$10	-	
Add: Accumulated amortization related to intangibles	-	25	13	-	-	
Add: Proportionate share of joint venture accumulated depreciation and amortization	-	28	16	-	-	
Gross Book Value	\$730	\$3,127	\$316	\$530	\$72	
Add: Cash	-	-	-	-	\$88	
Add: SAFE MTM ⁽¹⁾	-	\$1,212	-	-	-	
Portfolio Gross Book Value	\$730	\$4,338	\$316	\$530	\$160	



Note: \$ in millions. Figures in this table may not foot due to rounding.

(1) Market value of iStar's investment in Safehold is \$2.090m, calculated as iStar's ownership of 33.7m shares of SAFE at the September 30, 2020 closing stock price of \$62.10. Unrealized gain calculated as the difference between the \$2.090m market value and the \$878m Gross Book Value of iStar's investment in Safehold.

Glossary

Funding / Capex <i>(Net Lease, Operating Properties, Land & Development)</i>	Acquisition price, capitalized acquisition costs, capital expenditures, contributions to equity method investment capitalized payroll and capitalized interest.
Funding / Capex <i>(Real Estate Finance)</i>	Cash funded on loans, plus deferred interest capitalized to the loan balance, exclusive of original issued discount origination and arrangement fees held back at origination.
Gross Book Value <i>(Net Lease, Operating Properties, Land & Development)</i>	Basis assigned to physical real estate property (land & building), net of any impairments taken after acquisition date and net of basis reductions associated with unit / parcel sales, plus our basis in equity method investment plus lease related intangibles, capitalized leasing costs and excluding accumulated depreciation and amortization, and for equity method investments, excluding the effect of our share of accumulated depreciation and amortization.
Gross Book Value <i>(Real Estate Finance)</i>	Principal funded including any deferred capitalized interest receivable, plus protective advances, exit fee receivables and any unamortized origination / modification costs, less purchase discounts and specific reserve. This amount is not reduced for general reserves (prior to 2020), or CECL allowances (beginning in 2020).
Net Book Value <i>(Net Lease, Operating Properties, Land & Development)</i>	Gross Book Value net of accumulated depreciation and amortization.
Net Book Value <i>(Real Estate Finance)</i>	Gross Book Value for Real Estate Finance less general reserve for loan loss (prior to 2020) and CECL allowance (beginning in 2020).
Net Operating Income	Operating lease income and other income less operating expenses.
Proceeds <i>(Net Lease, Operating Properties, Land & Development)</i>	Includes sales price for assets sold, less selling costs, less seller financing plus return of capital and distributed proceeds arising from sales within our equity method investments.
Proceeds <i>(Real Estate Finance)</i>	Collection of principal, deferred and capitalized interest, exit fees, origination fees previously netted against principal at inception, or original issue discount. Includes proceeds from sales of securities.
Yield <i>(Net Lease)</i>	Calculated as Net Operating Income for the quarter, annualized, divided by the average Gross Book Value during the quarter.
Yield <i>(Real Estate Finance)</i>	Interest income, for the quarter, annualized, divided by the average Gross Book Value of Real Estate Finance.

Disclaimer: Set forth in the Glossary are the current definitions of certain items that we use in this presentation. This Glossary is intended to facilitate a reader's understanding of this presentation. There can be no assurance that we will not modify these terms in future presentations as we deem necessary or appropriate.



