

**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): August 6, 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, 39<sup>th</sup> 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 August 6, 2020, iStar Inc. issued an earnings release and made available on its website an earnings presentation for the quarter ended June 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 August 6, 2020, iStar Inc. made available on its website an earnings presentation for the quarter ended June 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.



EXHIBIT INDEX

Exhibit Number	Description
99.1	<a href="#">Earnings Release</a>
99.2	<a href="#">Earnings Presentation</a>



## Press Release

# iStar Reports Second Quarter 2020 Results and Adds Additional Board Member

NEW YORK, August 6, 2020

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

Highlights include:

- Growing intrinsic value of Safehold portfolio as interest rates decline
- Continued recycling of legacy assets into lower risk investments
- Strong balance sheet with approximately \$422 million of current cash and revolver availability
- Net income (loss) of (\$0.31) per diluted common share
- Adjusted earnings (loss) of (\$0.04) per diluted common share
- Subsequent to the end of the quarter, the Board of Directors authorized the repurchase of iStar common stock up to \$50 million

In addition, iStar has appointed David Eisenberg to the company's Board of Directors effective as of August 3, 2020. Mr. Eisenberg is the Founder and Managing Director of Zigg Capital, a venture capital fund focused on the real estate and construction industries. Mr. Eisenberg has been investing for the past decade in companies that provide novel software or hardware solutions to these industries or which create new uses of space. Previously, he served as the Global Senior Vice President of Technology of CBRE Group. He joined CBRE as a result of CBRE's acquisition of Floored, a technology company founded by Mr. Eisenberg which he led as its Chief Executive Officer from June 2012 to January 2017. Earlier in Mr. Eisenberg's career, he was a founding team member of two other retail technology businesses, TellApart

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(subsequently acquired by Twitter) and Bonobos (subsequently acquired by Walmart). Mr. Eisenberg is a graduate of Harvard University with a BA in Psychology.

"iStar remains well-positioned to navigate these uncertain markets. With ample cash availability, no corporate debt maturities for two years and a largely unencumbered asset base, we have been able to continue to focus on our core mission to reinvent the ground lease sector," said Jay Sugarman, Chairman and Chief Executive Officer. "We are also excited to add David Eisenberg to the Board and believe he will bring a new perspective and significant insights to the Company."

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:

Dial-In: 844.291.5491  
International: 409.207.6989  
Access Code: 3482511

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 August 6, 2020 through 12:00 a.m. ET on August 20, 2020 by calling:

Replay: 866.207.1041  
International: 402.970.0847  
Access Code: 2077911

• • •

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

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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](http://www.istar.com).

**Company Contact:**

**Jason Fooks**, Senior Vice President of Investor Relations & Marketing

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Q2 '20  
Earnings Results

(NYSE: STAR)

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# Forward-Looking Statements and Other Matters

Statements in this presentation which are not historical fact may be deemed forward-looking statements within the meaning Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Although iStar believes t expectations reflected in any forward-looking statements are based on reasonable assumptions, the Company can give assurance that its expectations will be attained. The Company undertakes no obligation to update or publicly revise c 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 Quarte Report on Form 10-Q for the quarter ended June 30, 2020 and our Annual Report on Form 10-K for the year ended Decemb 31, 2019. In assessing all forward-looking statements herein, readers are urged to read carefully all cautionary statements our Form 10-K.

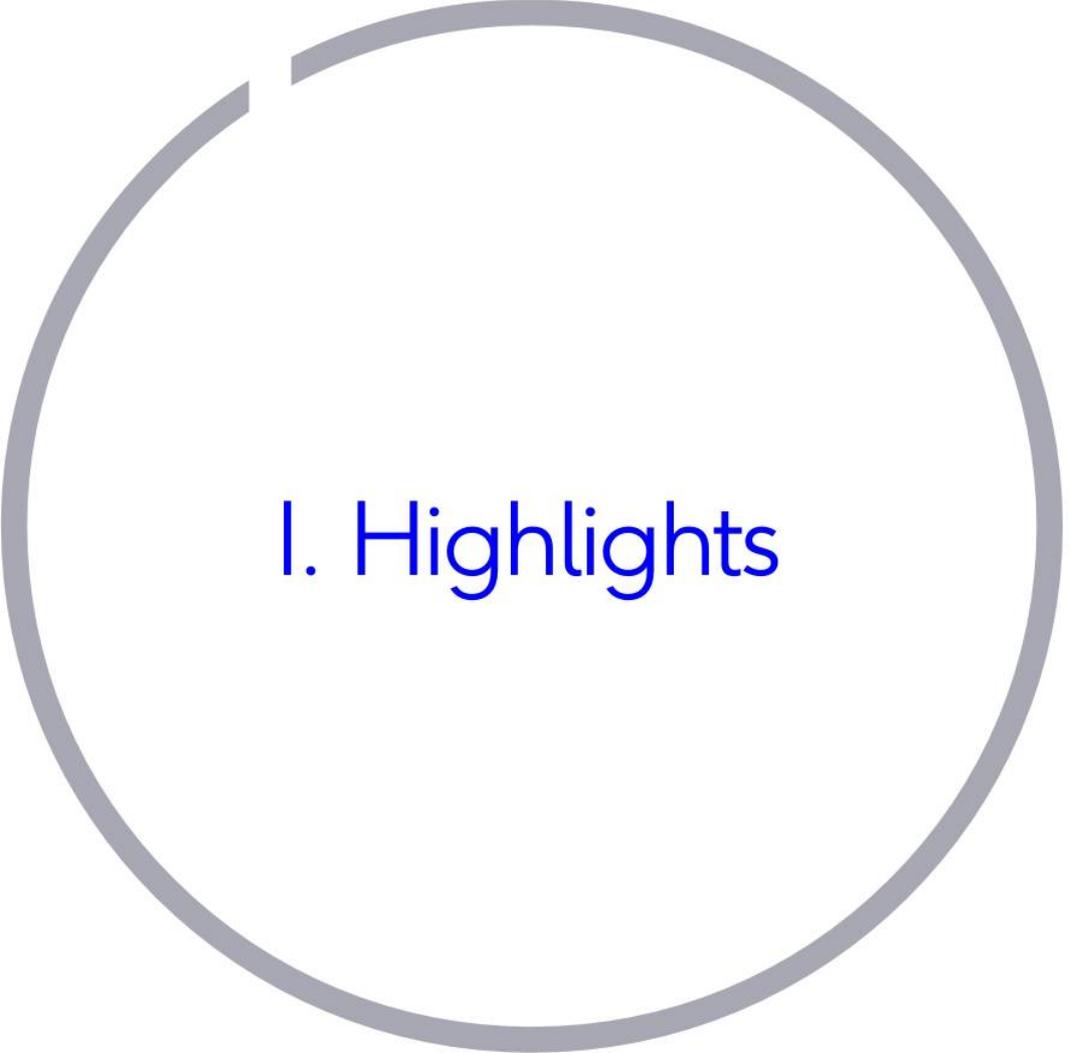
Factors that could cause actual results to differ materially from iStar's expectations include general economic conditions a conditions in the commercial real estate and credit markets, the effect of the COVID-19 pandemic on our business and grow prospects, the Company's ability to grow its ground lease business directly and through SAFE, the Company's ability generate liquidity and to repay indebtedness as it comes due, additional loan loss provisions and asset impairments, t market demand for legacy assets the Company seeks to sell and the pricing and timing of such sales, changes in NP repayment levels, the Company's ability to make new investments, the Company's ability to maintain compliance with its de covenants, the Company's ability to generate income and gains from its portfolio and other risks detailed in "Risk Factors" in c 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 pandemic, our results for the quarter may not be indicative of our results for the remainder of 2020. Readers are urged to re our Quarterly Report on Form 10-Q for the quarter ended June 30, 2020 when it is filed with the SEC for a more fulsor discussion of our quarterly results, including the "Management's Discussion and Analysis of Financial Condition and Results 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 Cor**  
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# I. Highlights

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# Q2 '20 Update – Our Strategy

## Scale Safehold

**\$840m**

Unrealized Gain<sup>(1)</sup>

**\$61m**

Ground Lease Investments  
Made by Safehold

## Strengthen Balance Sheet

**\$422m**

Cash & Revolver Availability  
*(as of August 5, 2020)*

**2.2 Years**

with No Corporate Maturities

## Simplify Business

**14%**

Legacy Asset  
% of Portfolio<sup>(1)</sup>

**\$16m**

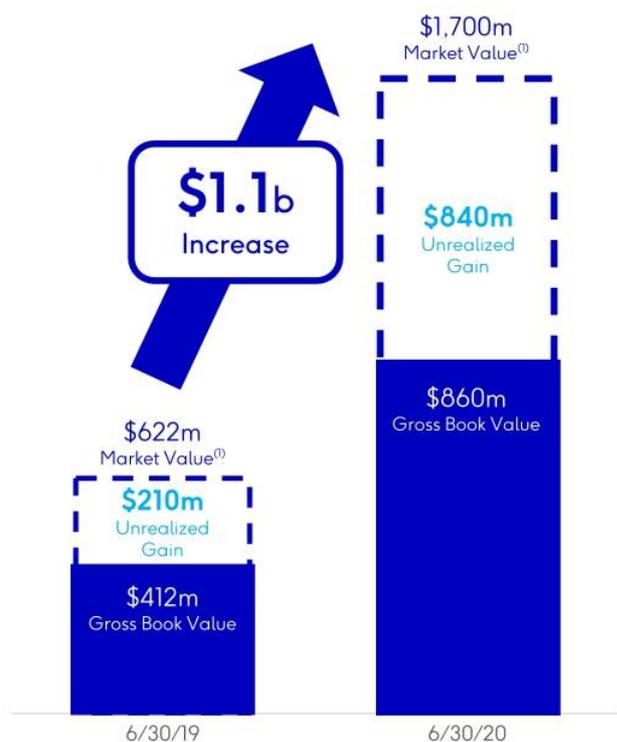
Legacy Asset  
Sales Proceeds



(1) Presented using the market value of SAFE common stock is based on the August 5, 2020 closing stock price of \$50.82. Unrealized gain based on difference between Gross Book Value \$860m and market value of \$1,700m of the share of SAFE common stock held by iStar.

# Safehold Q2 '20 Highlights

## Investment in Safehold



**100%**  
Ground Rent Received

**\$2.9b**  
Safehold Ground Lease Portfolio

**39%**  
EPS Growth Year-Over-Year

**~\$900m**  
Purchasing Power at Safehold



Note: \$ in millions.

(1) SAFE mark-to-market is based on the August 5, 2020 closing stock price of \$50.82 with respect to 33.4m shares held by iStar vs. the June 30, 2019 closing stock price of \$30.20 with respect to 20.6m shares held by iStar.

# Strong Balance Sheet with Improving Credit Metrics

(Q2 '19 to Q2 '20)



Note: Figures are presented using SAFE mark-to-market calculation based on the August 5, 2020 closing stock price of \$50.82 with respect to 33.4m shares held by iStar vs. the June 30, 2019 closing stock price of \$30.20 with respect to 20.6m shares held by iStar.

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

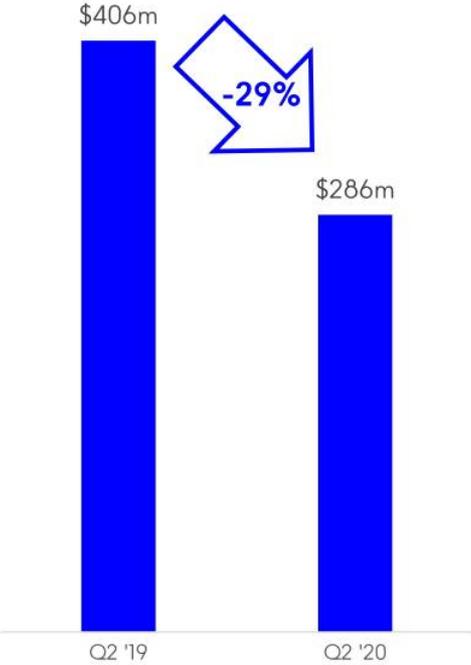
(2) Includes only iStar's share of Net Lease Venture I debt.

# Legacy Asset Progress



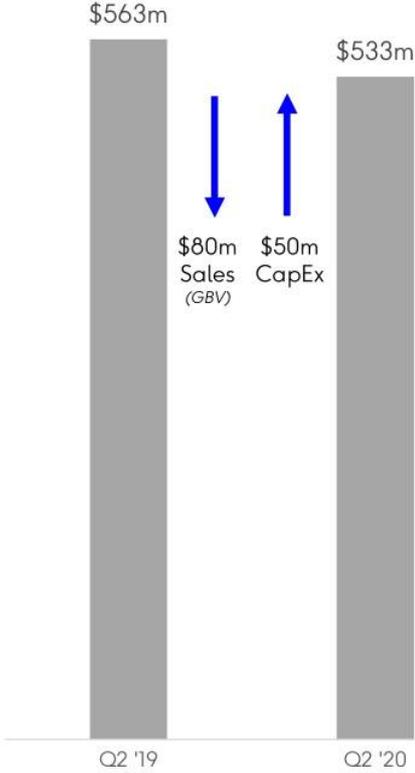
## Short-Term Balance

- Monetizing and recycling proceeds into ground lease business



## Long-Term Balance

- Intent to further develop prior to monetization



# Earnings Results

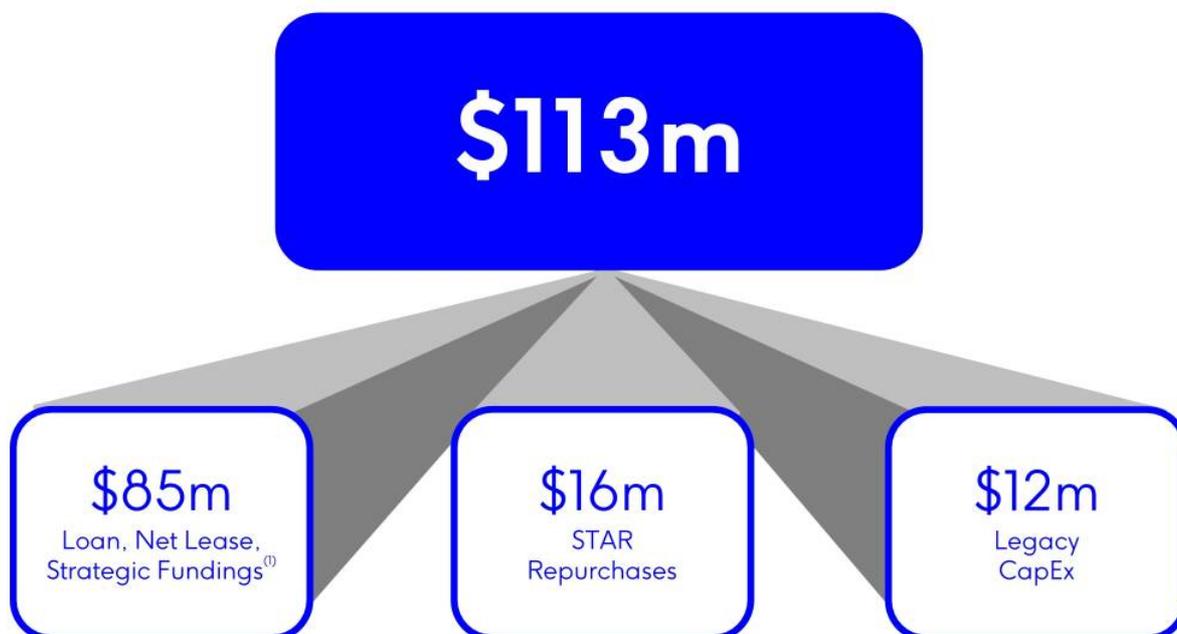
	Q2 '20	Q2 '19	YTD '20	YTD '19
<b>Net Income (Loss)</b> <i>(Allocable to Common Shareholders)</i>	(\$23.3m)	\$362.7m	(\$44.8m)	\$345.2m
<b>W.A. Shares</b> <i>(Diluted)</i>	76.2m	80.3m	76.8m	82.0m
<b>EPS (Loss)</b> <i>(Diluted)</i>	(\$0.31)	\$4.55	(\$0.58)	\$4.26

<b>Adj. Earnings (Loss)</b> <i>(Allocable to Common Shareholders)</i>	(\$2.9m)	\$386.7m	\$7.8m	\$389.3m
<b>W.A. Shares</b> <i>(Diluted)</i>	76.2m	80.3m	77.0m	82.0m
<b>AEPS (Loss)</b> <i>(Diluted)</i>	(\$0.04)	\$4.85	\$0.10	\$4.80



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

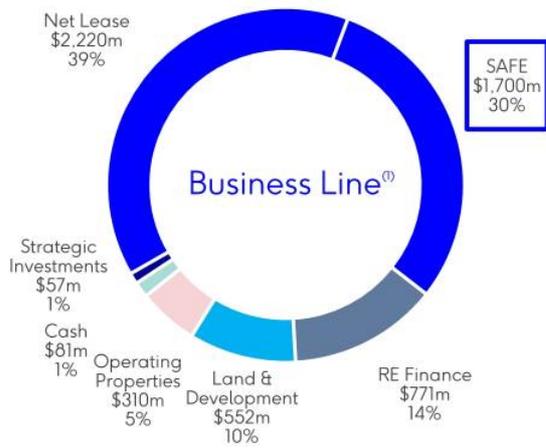
# Q2 '20 Investment Activity



(1) Includes a \$38m unconsolidated investment made within Net Lease Venture II.

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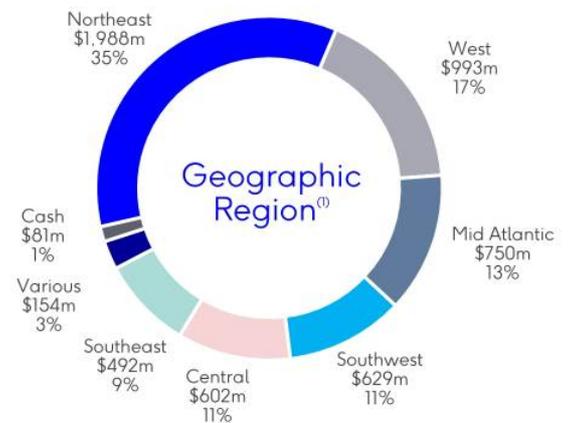
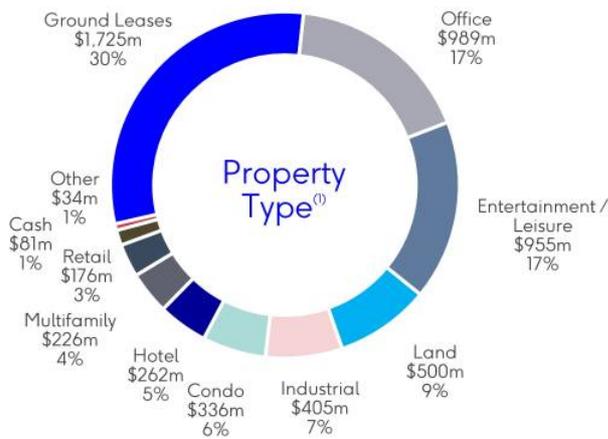
# \$5.7b Diversified Portfolio



## Q2 Cash Rent

Business	Rent Received
SAFE	100%
Net Lease (Incl. Bowlero Agreement)*	98%
RE Finance <sup>(2)</sup>	94%
Operating Properties	80%

\*Note: During the quarter, the Company agreed with Bowlero to apply \$10 million of cash proceeds that received from recent sales of bowling centers that were subject to the iStar-Bowlero master leases to co million of rent otherwise payable over the following months. In exchange, iStar terminated its commitment the master leases to purchase \$10 million of new bowling centers or to reduce Bowlero's rent if new cent 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.

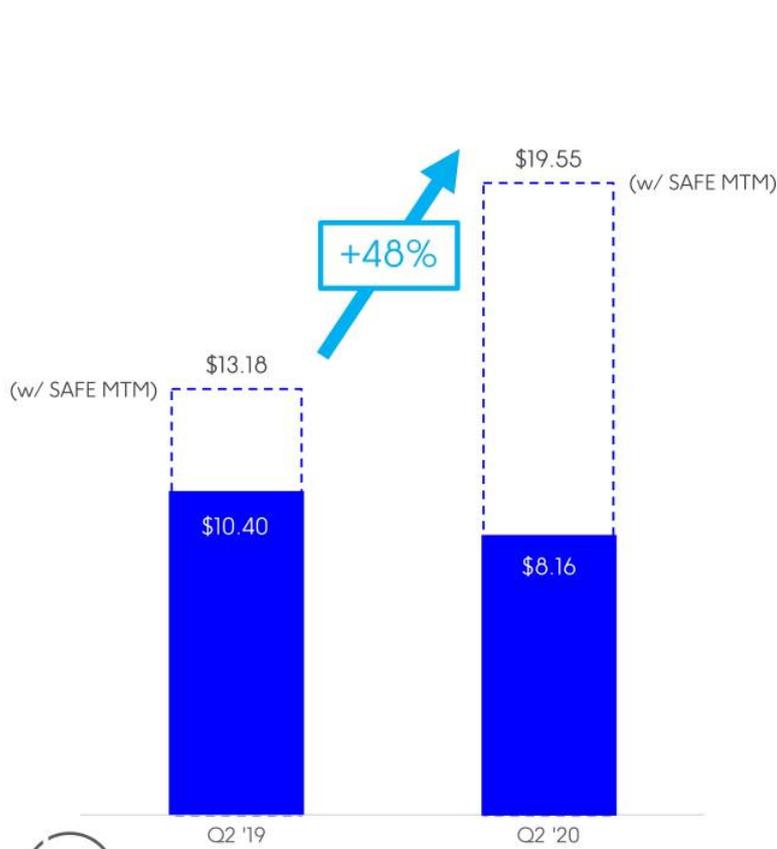
(1) SAFE is presented at market value based on the August 5, 2020 closing stock price of \$50.82 with respect to 33.4m shares held by iStar.

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

# STAR's Equity Value per Share

## Common Equity per Share<sup>(1)</sup>

(Net of Depreciation, Amortization and CECL Allowance)



## Adj. Common Equity per Share<sup>(1)</sup>

(Gross of Depreciation, Amortization and CECL Allowance)



Note: SAFE mark-to-market is based on the August 5, 2020 closing stock price of \$50.82 with respect to 33.4m shares held by iStar vs. the June 30, 2019 closing stock price of \$30.20 with respect to 20.6m shares held by iStar. Please refer to the "Adjusted Common Equity Reconciliation" section of the Appendix for more information.  
 (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

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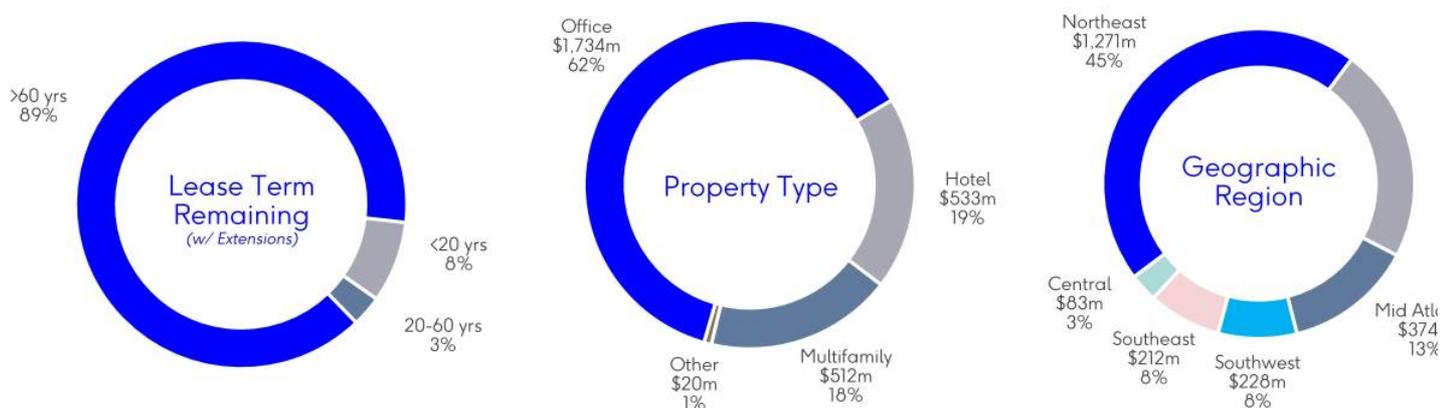
# Safehold (NYSE: SAFE)

## ○ iStar's investment

- 33.4m shares (65.4% of shares outstanding)<sup>(1)</sup>
- Gross Book Value \$860m or \$25.71 per share
- Market value of \$1.7b based on closing price of \$50.82 per share on August 5, 2020

## SAFE Earnings

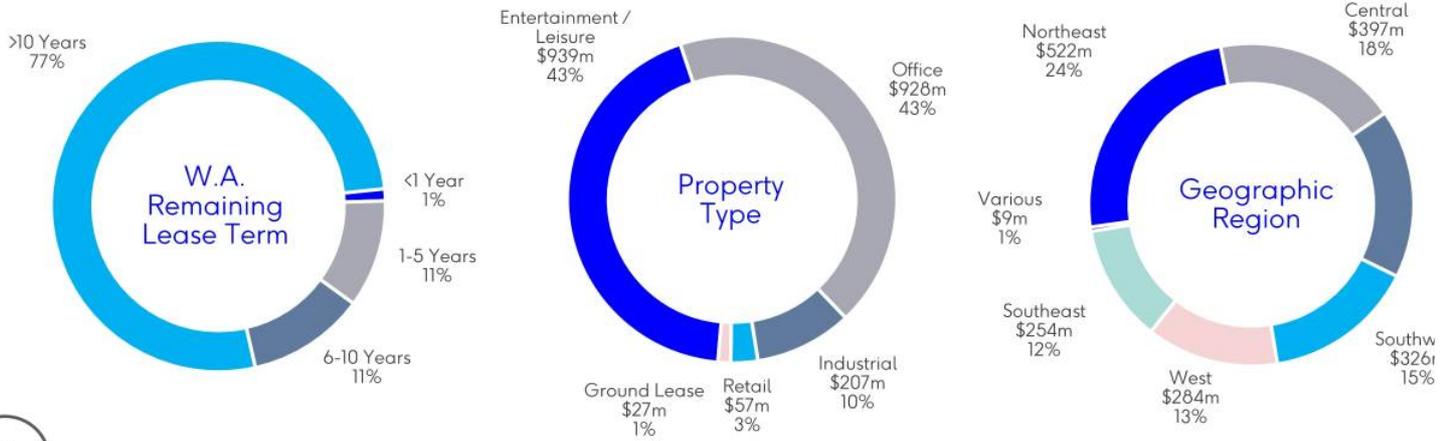
	Q2 '20
Revenue	\$37.4m
Net Income	\$12.6m
EPS	\$0.24



Note: \$ in millions. Graphs are presented as Gross Book Value of SAFE's portfolio of \$2,798m excluding \$72m of forward commitments. Please refer to the SAFE Earnings Presentation 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 (100% Ownership)	Net Lease Venture I (51.9% Ownership)	Total Consolidated
Gross Book Value	\$1,253m	\$905m	\$2,158m
Occupancy	97.8%	100.0%	98.6%
Square Feet (000s)	9,998	5,707	15,705
W.A. Remaining Lease Term	18.3 yrs	16.5 yrs	17.5 yrs
W.A. Yield	7.8%	8.0%	7.9%

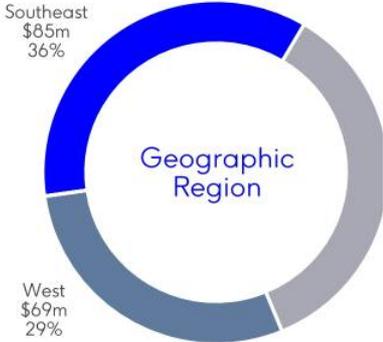
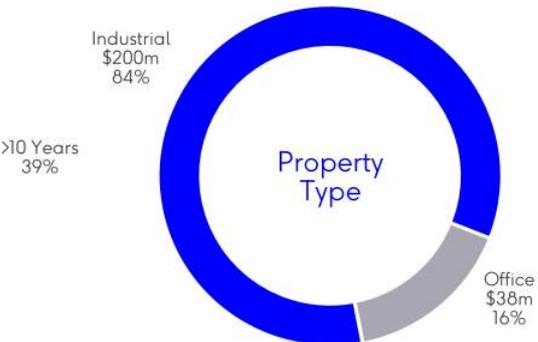


Note: \$ in millions. Please refer to the "Glossary" section of the Appendix for additional details regarding definitions and calculations.

# Net Lease Venture II

	NLJV II (51.9% Ownership)
Gross Book Value	\$238m
Occupancy	100.0%
Square Feet (000s)	2,273
W.A. Remaining Lease Term	13.1 yrs
W.A. Yield	9.9%

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

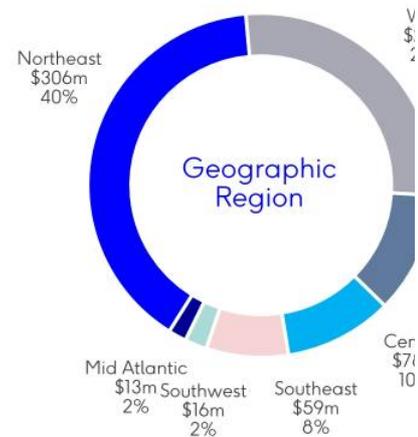
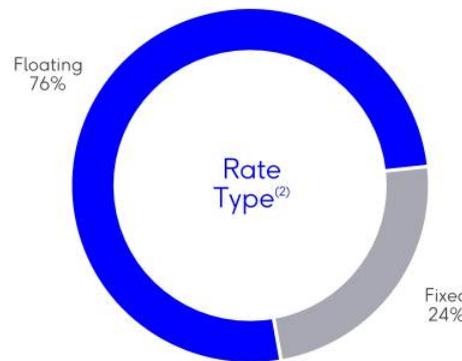
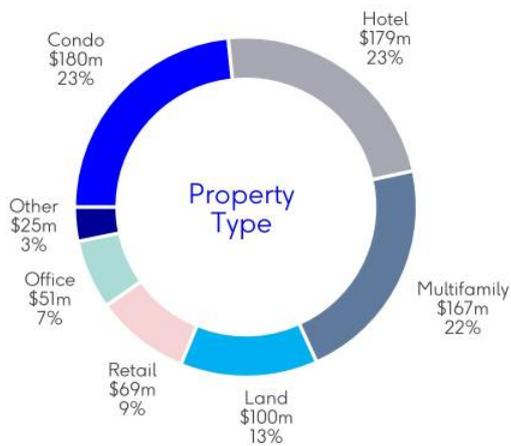


Note: \$ in millions. Table and pie charts presented at the venture level. Please refer to the "Glossary" section of the Appendix for additional details regarding definitions and calculations.

# Real Estate Finance Portfolio

	Loans (\$)	W.A. Last \$ LTV	W.A. Yield	W.A. Maturity (yrs)
First mortgages / Senior debt <sup>(1)</sup>	\$537m	54%	7.2%	1.8
Mezzanine / Subordinated debt <sup>(1)</sup>	218m	77%	9.2%	2.8
<b>Total Performing Loans</b>	<b>\$755m</b>	<b>61%</b>	<b>7.8%</b>	<b>2.1</b>
NPLs	16m			
<b>Total Real Estate Finance</b>	<b>\$771m</b>			

## Real Estate Finance Portfolio Breakdown



Note: \$ in millions. Includes \$40m consolidated first mortgage participations not held by iStar. Excludes financing receivable included in other lending investments and CECL allowances. Please refer to the "Glossary" section of the Appendix for additional details regarding definitions and calculations.

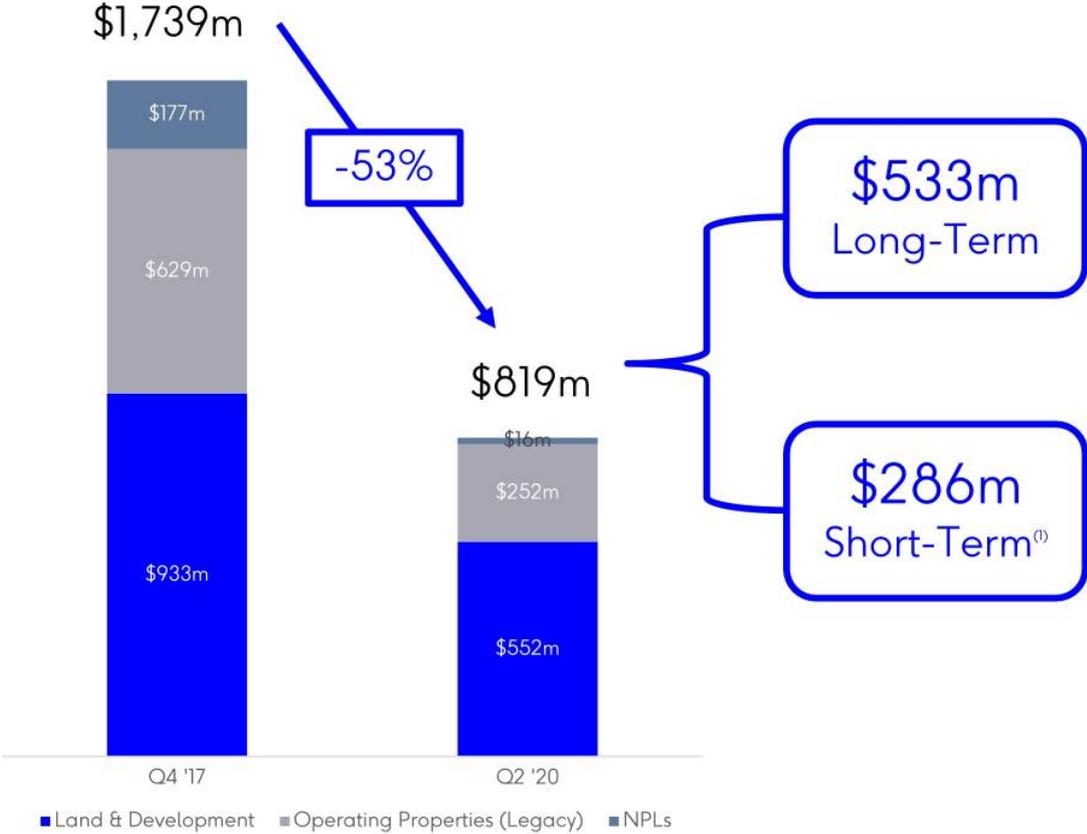
(1) Includes \$25m of other lending investments in first mortgages / senior debt and \$80m of other lending investments in mezzanine / subordinated debt.

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

# Legacy Asset Update

## 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

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# Capital Structure Overview

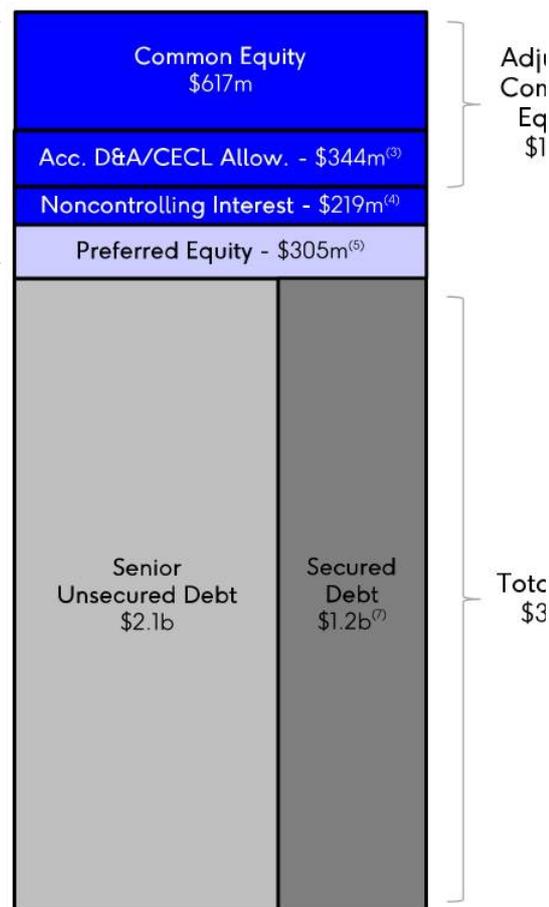
As of 6/30/20

Credit Metrics	6/30/20	SAFE MTM <sup>(1)</sup>
Cash	\$81m	\$81m
Debt, net of cash	\$3,202m	\$3,202m
Total Equity, gross of NCI	\$1,114m	\$1,974m
Adj. Total Equity, gross of NCI	\$1,486m	\$2,325m
Leverage <sup>(2)</sup>	2.2x	1.4x

Shares		
Shares Outstanding (Basic)	75.6m	75.6m
Common Equity	\$617m	\$1,477m
Book Equity per Share	\$8.16	\$19.55
Adjusted Common Equity	\$961m	\$1,801m
Adj. Book Equity per Share	\$12.72	\$23.84

Liquidity		
Cash	\$81m	\$81m
Revolving Credit Facility Availability	\$350m	\$350m
Total Liquidity	\$431m	\$431m

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 August 5, 2020 closing stock price of \$50.82 with respect to 33.4m 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 \$27m 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 \$486m of consolidated, asset-specific non-recourse mortgage debt of Net Lease Venture I.

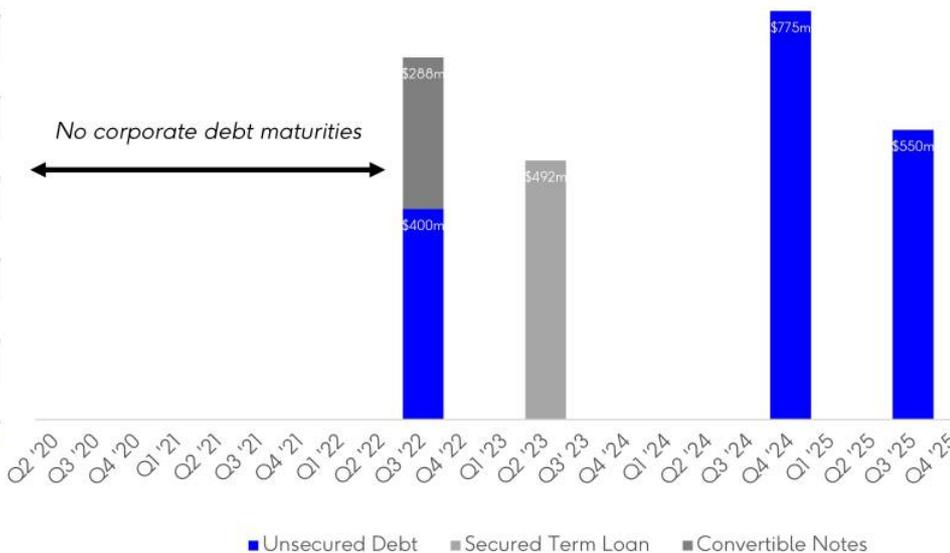


# Corporate Debt Maturity Profile

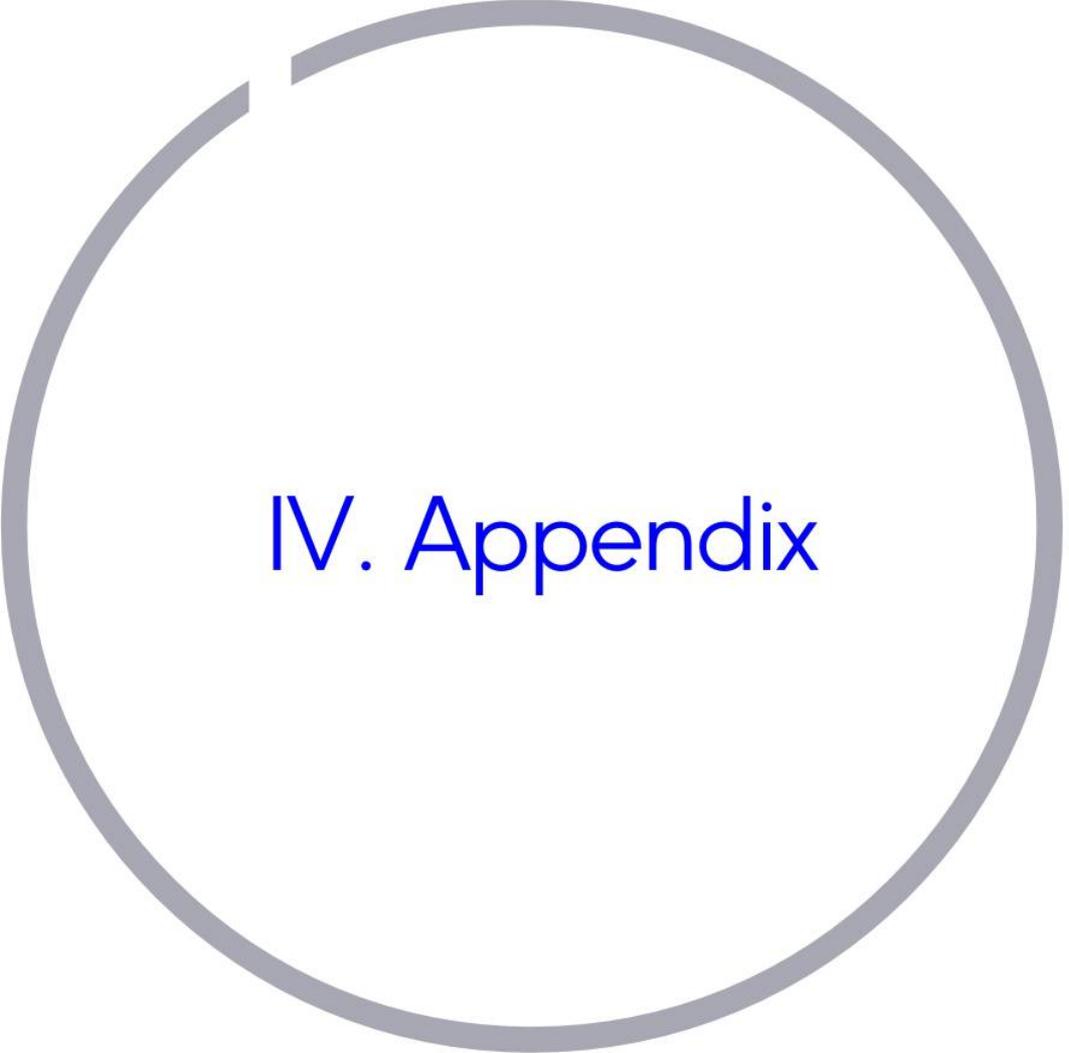
Debt Profile		
2022		
Sep.	\$400m	5.25%
Sep.	288m	3.125%
	<u>\$688m</u>	
2023		
Jun.	\$492m	L + 275
2024		
Oct.	\$775m	4.75%
2025		
Aug.	\$550m	4.25%
2035		
Oct.	\$100m	L + 150
Non-Recourse Mortgage Financings <sup>(1)</sup>		
Various / W.A.	\$721m	4.38%
<b>Total / W.A.</b>	<b>\$3,325m</b>	<b>4.15%<sup>(2)</sup></b>

**4.4 years**  
w.a. maturity

**2.2 years**  
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.



## IV. Appendix

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# Consolidated Statements of Operations

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
<b>Revenues</b>				
Operating lease income	\$46,812	\$55,185	\$94,158	\$114,100
Interest income	15,439	20,341	32,655	40,716
Interest Income from sales-type leases	8,295	3,817	16,650	3,817
Other income	10,292	10,050	30,660	24,863
Land development revenue	15,577	9,075	95,752	21,774
<b>Total revenues</b>	<b>\$96,415</b>	<b>\$98,468</b>	<b>\$269,875</b>	<b>\$205,270</b>
<b>Cost and Expenses</b>				
Interest expense	\$41,950	\$43,752	\$85,341	\$90,329
Real estate expense	14,276	22,038	36,774	47,978
Land development cost of sales	16,287	9,236	93,346	23,684
Depreciation and amortization	14,300	13,718	28,786	29,386
General and administrative	14,254	17,598	32,256	34,448
General and administrative – stock-based compensation	4,744	9,705	21,014	13,954
Provision for loan losses	2,067	110	6,070	13
Provision for net investment in leases	534	-	1,826	-
Impairment of assets	4,783	1,102	6,491	4,953
Other expense	203	11,883	277	12,391
<b>Total costs and expenses</b>	<b>\$113,398</b>	<b>\$129,142</b>	<b>\$312,181</b>	<b>\$257,136</b>
Income from sales of real estate	62	220,523	62	229,930
Income (loss) from operations before earnings from equity method investments and other items	(\$16,921)	\$189,849	(\$42,244)	\$178,064
Earnings from equity method investments	2,586	3,640	19,198	8,949
Selling profit from sales-type leases	-	180,416	-	180,416
Income tax (expense) benefit	(28)	(214)	(88)	(240)
Loss on early extinguishment of debt	-	-	(4,115)	(468)
<b>Net income (loss)</b>	<b>(\$14,363)</b>	<b>\$373,691</b>	<b>(\$27,249)</b>	<b>\$366,721</b>
Net (income) loss attributable to noncontrolling interests	(3,098)	(2,852)	(5,789)	(5,323)
<b>Net income (loss) attributable to iStar</b>	<b>(\$17,461)</b>	<b>\$370,839</b>	<b>(\$33,038)</b>	<b>\$361,398</b>
Preferred dividends	(5,874)	(8,124)	(11,748)	(16,248)
<b>Net income (loss) allocable to common shareholders</b>	<b>(\$23,335)</b>	<b>\$362,715</b>	<b>(\$44,786)</b>	<b>\$345,150</b>



Note: \$ in thousands.

# Earnings per Share

	Three Months Ended June 30,		Six Months Ended June 30,	
Earnings Information for Common Shares	2020	2019	2020	2019
Net income (loss) <sup>(1)</sup>				
Basic	(\$0.31)	\$5.67	(\$0.58)	\$5.24
Diluted	(\$0.31)	\$4.55	(\$0.58)	\$4.26
Adjusted earnings (loss)				
Basic	(\$0.04)	\$6.04	\$0.10	\$5.91
Diluted	(\$0.04)	\$4.85	\$0.10	\$4.80
Weighted average shares outstanding				
Basic	76,232	64,019	76,838	65,873
Diluted (for net income)	76,232	80,259	76,838	82,011
Diluted (for adjusted earnings)	76,232	80,259	76,995	82,011
Common shares outstanding at the end of period	75,559	62,202	75,559	62,202



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 June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Net income (loss) allocable to common shareholders	(\$23,335)	\$362,715	(\$44,786)	\$345,150
Add: Depreciation and amortization	15,675	14,305	30,731	29,740
Add: Stock-based compensation expense	4,744	9,705	21,014	13,950
Add: Non-cash loss on early extinguishment of debt/preferred	-	-	799	468
<b>Adjusted earnings (loss) allocable to common shareholders</b>	<b>(\$2,916)</b>	<b>\$386,725</b>	<b>\$7,758</b>	<b>\$389,312</b>

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 June 30, 2020, and deployed a substantial portion of the proceeds into additional investments in SAFE a 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 lease 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 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 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 we 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 June 30, 2020	As of December 31, 2019
<b>Assets</b>		
Real Estate		
Real estate, at cost	\$1,742,633	\$1,761,079
Less: accumulated depreciation	(246,565)	(233,860)
Real estate, net	1,496,068	1,527,219
Real estate available and held for sale	32,163	8,650
Total real estate	1,528,231	1,535,869
Net investment in leases	413,736	418,915
Land and development, net	504,577	580,545
Loans receivable and other lending investments, net	801,707	827,861
Other investments	1,049,930	907,875
Cash and cash equivalents	80,666	307,172
Accrued interest and operating lease income receivable	10,691	10,162
Deferred operating lease income receivable, net	52,742	54,222
Deferred expenses and other assets, net	440,320	442,488
<b>Total Assets</b>	<b>\$4,882,600</b>	<b>\$5,085,109</b>
<b>Liabilities and Equity</b>		
Accounts payable, accrued expenses and other liabilities	\$445,557	\$424,374
Liabilities associated with properties held for sale	99	57
Loan participations, net	40,097	35,638
Debt obligations, net	3,283,062	3,387,080
<b>Total Liabilities</b>	<b>\$3,768,815</b>	<b>\$3,847,149</b>
Total iStar shareholders' equity	\$921,932	\$1,040,422
Noncontrolling interests	191,853	197,538
<b>Total Equity</b>	<b>\$1,113,785</b>	<b>\$1,237,960</b>
<b>Total Liabilities and Equity</b>	<b>\$4,882,600</b>	<b>\$5,085,109</b>



Note: \$ in thousands.

# Adjusted Common Equity Reconciliation

	As of June 30, 2020	As of June 30, 2019
Total shareholders' equity	\$921,932	\$1,123,000
Less: Liquidation preference of preferred stock	(305,000)	(505,000)
Common shareholders equity	\$616,932	\$618,000
Add: Accumulated depreciation and amortization <sup>(1)</sup>	278,455	25
Add: Proportionate share of depreciation and amortization within equity method investments	38,784	2
Add: CECL allowance <i>(June 30, 2019 balance represents general reserves)</i>	27,213	12
<b>Adjusted common equity</b>	<b>\$961,384</b>	<b>\$910,000</b>
Common shares outstanding – basic	75,559	62,500
Common shares outstanding – pro forma Series J conversion	75,559	78,000
Common equity per share	\$8.16	\$11.50
Common equity per share diluted for Series J convertible preferreds	\$8.16	\$11.50
Common equity per share diluted for Series J convertible preferreds with SAFE MTM	\$19.55	\$25.00
Adjusted common equity per share	\$12.72	\$11.50
Adjusted common equity per share diluted for Series J convertible preferreds	\$12.72	\$11.50
Adjusted common equity per share diluted for Series J convertible preferreds with SAFE MTM	\$23.84	\$25.00

Note: Amounts in thousands, except for per share data. SAFE mark-to-market based on the August 5, 2020 closing stock price of \$50.82 with respect to 33.4m shares held by iStar vs. the June 30, 2019 closing stock price with respect to 20.6m shares held by iStar.

We use 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 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.



# Q2 '20 Gross Book Value Reconciliation

	Real Estate Finance	Net Lease	Operating Properties	Land & Development	Corporate / Other	Totals
Real estate, net	-	\$1,297	\$199	-	-	
Real estate available and held for sale	-	27	6	-	-	
Net investment in leases	-	414	-	-	-	
Land and development, net	-	-	-	\$505	-	
Loans receivable and other lending investments, net	\$758	44	-	-	-	
Real estate-related intangibles, net	-	110	5	-	-	
Other investments	-	898	58	37	\$57	
<b>Net Book Value</b>	<b>\$758</b>	<b>\$2,790</b>	<b>\$267</b>	<b>\$542</b>	<b>\$57</b>	
Add: Accumulated depreciation and CECL allowance	\$13	\$243	\$16	\$10	-	
Add: Accumulated amortization related to intangibles	-	23	12	-	-	
Add: Proportionate share of joint venture accumulated depreciation and amortization	-	23	15	-	-	
<b>Gross Book Value</b>	<b>\$771</b>	<b>\$3,079</b>	<b>\$310</b>	<b>\$552</b>	<b>\$57</b>	
Add: Cash	-	-	-	-	\$81	
Add: SAFE MTM <sup>(1)</sup>	-	\$840	-	-	-	
<b>Portfolio Gross Book Value</b>	<b>\$771</b>	<b>\$3,919</b>	<b>\$310</b>	<b>\$552</b>	<b>\$138</b>	



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

(1) SAFE mark-to-market based on the August 5, 2020 closing stock price of \$50.82 with respect to 33.4m shares held by iStar vs. Gross Book Value of \$860m.

# Glossary

<b>Funding / Capex</b> <i>(Net Lease, Operating Properties, Land &amp; Development)</i>	Acquisition price, capitalized acquisition costs, capital expenditures, contributions to equity method investment capitalized payroll and capitalized interest.
<b>Funding / Capex</b> <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.
<b>Gross Book Value</b> <i>(Net Lease, Operating Properties, Land &amp; 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.
<b>Gross Book Value</b> <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 reserves. This amount is not reduced for general reserves (prior to 2020), or CECL allowances (beginning in 2020).
<b>Net Book Value</b> <i>(Net Lease, Operating Properties, Land &amp; Development)</i>	Gross Book Value net of accumulated depreciation and amortization.
<b>Net Book Value</b> <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).
<b>Net Operating Income</b>	Operating lease income and other income less operating expenses.
<b>Proceeds</b> <i>(Net Lease, Operating Properties, Land &amp; 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.
<b>Proceeds</b> <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.
<b>Yield</b> <i>(Net Lease)</i>	Calculated as Net Operating Income for the quarter, annualized, divided by the average Gross Book Value during the period.
<b>Yield</b> <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.



