

UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

Amendment No. 1 to  
**SCHEDULE TO**

TENDER OFFER STATEMENT PURSUANT TO SECTION 14(d)(1) OR 13(e)(1)  
OF THE SECURITIES EXCHANGE ACT OF 1934

**Falcon Financial Investment Trust**  
(Name of Subject Company (Issuer))

**FLASH ACQUISITION COMPANY LLC**  
a wholly-owned subsidiary of

**iSTAR FINANCIAL INC.**  
(Names of Filing Persons—Offerors)

**COMMON SHARES OF BENEFICIAL INTEREST**  
(Title of Class of Securities)

**306032 10 3**  
(CUSIP Number of Class of Securities)

**Catherine D. Rice**  
**Chief Financial Officer**  
**iStar Financial Inc.**  
**1114 Avenue of the Americas**  
**New York, New York 10036**  
**(212) 930-9400**

*With a copy to:*  
**Kathleen Werner, Esq.**  
**Clifford Chance US LLP**  
**31 West 52nd Street**  
**New York, New York 10019**  
**(212) 878-8000**

(Name, Address and Telephone No. of Person Authorized to Receive Notices and  
Communications on Behalf of Filing Persons)

**CALCULATION OF FILING FEE**

<b>Transaction Valuation</b>	<b>Amount of Filing Fee</b>
\$119,739,240 <sup>(1)</sup>	\$14,093.31 <sup>(2)</sup>

(1) Estimated for the purposes of calculating the amount of the registration fee pursuant to Rule 0-11(d) under the Securities Exchange Act of 1934, as amended, based on the product of (i) \$7.50 (i.e., the tender offer price) and (ii) 15,965,232, the estimated number of common shares of beneficial interest to be acquired in this tender offer and the merger.

(2) The amount of the filing fee, calculated in accordance with Rule 0-11 under the Securities Exchange Act of 1934, as amended, equals the transaction value multiplied by .01177%.

Check the box if any part of the fee is offset as provided by Rule 0-11(a)(2) and identify the filing with which the offsetting fee was previously paid. Identify the previous filing by registration statement number, or the Form of Schedule and the date of its filing.

Amount Previously Paid: \$14,093.31 Filing Parties: Flash Acquisition Company LLC

Form or Registration No.: Schedule TO-T Date Filed: January 31, 2005

Check the box if the filing relates solely to preliminary communications made before commencement of a tender offer.

Check the appropriate boxes below to designate any transactions to which the statement relates:

third-party tender offer subject to Rule 14d-1.

issuer tender offer subject to Rule 13e-4.

going-private transaction subject to Rule 13e-3.

amendment to Schedule 13D under Rule 13d-2.

Check the following box if the filing is a final amendment reporting the results of the tender offer:

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## Schedule TO

This Amendment No. 1 to the Tender Offer Statement on Schedule TO amends and supplements the Tender Offer Statement on Schedule TO (as amended and supplemented, the "Schedule TO") originally filed on January 31, 2005, by Flash Acquisition Company LLC ("Flash"), a Maryland limited liability company and a wholly owned subsidiary of iStar Financial Inc. ("iStar"), a Maryland corporation. The Schedule TO relates to the offer by Flash to purchase all of the issued and outstanding common shares of beneficial interest, par value \$.01 per share (the "Shares"), of Falcon Financial Investment Trust ("Falcon"), a Maryland real estate investment trust, at a purchase price of \$7.50 per Share, net to the seller in cash, without interest (subject to applicable withholding taxes), upon the terms and subject to the conditions set forth in the Offer to Purchase, dated January 31, 2005 (the "Offer to Purchase"). Except as specifically provided herein, this Amendment No. 1 does not modify any of the information previously reported on the Schedule TO.

Capitalized terms not otherwise defined herein shall have the meanings assigned to them in the Offer to Purchase.

### Item 4. Terms of the Transaction

The answer to the question "Does Falcon intend to declare a dividend prior to the expiration of the Offer?" on page 3 of the Offer to Purchase is hereby amended and restated in its entirety as follows:

"Yes. On February 1, 2005, Falcon announced that its Board of Trustees declared a quarterly cash dividend of \$.11 per Share for the quarter ended December 31, 2004. The dividend is payable on February 18, 2005, to shareholders of record on February 11, 2005. Payment of the dividend will not result in any adjustment to the Offer Price."

The penultimate paragraph under "Section 2—Acceptance for Payment and Payment for Shares" on page 14 of the Offer to Purchase is hereby deleted in its entirety and replaced with the following:

"All conditions of the Offer, other than those relating to required regulatory approvals, must be satisfied or waived as of the Expiration Date and the Purchaser may not accept any tendered Shares until the Offer has expired. The Purchaser will pay for or return tendered shares promptly after the Expiration Date. Notwithstanding the immediately preceding sentence and subject to applicable rules and regulations of the SEC and the terms of the Merger Agreement, the Purchaser expressly reserves the right to delay payment for Shares in order to comply in whole or in part with applicable laws. Any such delay shall be effected in compliance with Rule 14e-1(c) under the Exchange Act, which requires the Purchaser to pay the Offer Price or to return Shares deposited by or on behalf of shareholders promptly after the termination or withdrawal of the Offer."

"Section 3—Procedure for Tendering Shares—Appointment as Proxy" on page 17 of the Offer to Purchase is hereby amended by deleting the penultimate sentence of the section.

"Section 3—Procedure for Tendering Shares—Determination of Validity" on page 17 of the Offer to Purchase is hereby amended by inserting immediately before the penultimate sentence a sentence that reads as follows:

"The Purchaser reserves the absolute right, in its sole discretion, to waive any of the conditions of the Offer, except the Minimum Condition, provided that if the Purchaser waives a condition of the Offer with respect to a particular tender of Shares, the Purchaser will waive that condition with respect to all tenders of Shares."

The last bulleted paragraph under "Section 14—Certain Conditions of the Offer" on page 47 of the Offer to Purchase is hereby amended by replacing the phrase "dated as of the date of the purchase of Shares pursuant to the Offer" with the phrase "dated as of the Expiration Date".

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The paragraph immediately preceding "Section 15—Certain Legal Matters" on page 47 of the Offer to Purchase is hereby amended and restated in its entirety as follows:

"Subject to the provisions of the Merger Agreement, the foregoing conditions are solely for the benefit of Parent and Subsidiary. All conditions of the Offer, other than those relating to required regulatory approvals, must be satisfied or waived prior as of the Expiration Date and the Purchaser may not accept any tendered Shares until the Offer has expired."

The first three paragraphs under "Section 16—Fees and Expenses" on page 48 of the Offer to Purchase are hereby deleted in their entirety and replaced with the following:

"Lehman has acted as financial advisor to Falcon in connection with this transaction. Falcon has agreed to pay Lehman customary compensation for its services as financial advisor and will reimburse Lehman for its reasonable out-of-pocket expenses incurred in connection with its engagement as a financial advisor. Falcon has also agreed to indemnify Lehman and related persons against certain liabilities and expenses in connection with its engagement as financial advisor, including certain liabilities and expenses under the federal securities laws. For more information regarding Lehman's fees, see the information set forth under heading "Item 5—Persons/Assets Retained, Employed, Compensated or Used" in Falcon's Schedule 14D-9, which was filed with the Securities and Exchange Commission and mailed to shareholders with the Offer to Purchase.

"UBS Securities LLC ("UBS") is acting as Dealer Manager in connection with the Offer. iStar has agreed to pay UBS \$150,000 for its services and will also reimburse UBS for its reasonable out-of-pocket expenses incurred in connection with its engagement as a Dealer Manager (which are not expected to be material). iStar has also agreed to indemnify UBS and related persons against certain liabilities and expenses incurred in connection with its engagement as Dealer Manager, including certain liabilities and expenses incurred under the federal securities laws.

"The Purchaser has retained Computershare Trust Company of New York ("Computershare") to act as the Depositary and Georgeson Shareholder Communications Inc. ("Georgeson") to act as the Information Agent in connection with the Offer. Computershare will receive a base fee of \$7,500 and additional fees of \$2,500 each time a midnight expiration passes and each time the Offer is extended. Georgeson will receive a base fee of \$8,500 and an additional fee of \$1,000 each time the Offer is extended. The Purchaser has also agreed to reimburse each of Computershare and Georgeson for their respective reasonable out-of-pocket expenses (which are not expected to be material) and to indemnify each of Computershare and Georgeson against certain liabilities incurred in connection with their respective services, including certain liabilities incurred under the federal securities laws."

After due inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Dated: February 10, 2005

FLASH ACQUISITION COMPANY LLC

By: /s/ JAY SUGARMAN

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Name: Jay Sugarman  
Title: President

By: /s/ CATHERINE D. RICE

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Name: Catherine D. Rice  
Title: Vice President

After due inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Dated: February 10, 2005

ISTAR FINANCIAL INC.

By: /s/ JAY SUGARMAN

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Name: Jay Sugarman  
Title: Chairman and Chief Executive Officer

By: /s/ CATHERINE D. RICE

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Name: Catherine D. Rice  
Title: Chief Financial Officer

QuickLinks

[Schedule TO](#)

[LETTERHEAD OF CLIFFORD CHANCE US LLP]

Kathleen L. Werner  
Partner  
DIRECT TEL +1 212 878 8526  
kathleen.werner@cliffordchance.com

February 10, 2005

**Via Edgar**

Michael Pressman  
Office of Mergers and Acquisitions  
Division of Corporate Finance  
United States Securities and Exchange Commission  
450 Fifth Street, N.W.  
Washington, D.C. 20549-0303

**Re: iStar Financial Inc.  
Schedule TO filed January 31, 2005  
File No. 005-79428**

Dear Mr. Pressman:

On behalf of our clients, iStar Financial Inc. ("iStar") and Flash Acquisition Company LLC ("Purchaser"), we are writing to provide iStar's responses to the comments set forth in the staff's comment letter dated February 8, 2005, with regard to the referenced filing. We are also submitting a draft of an amended Schedule TO reflecting changes to the Offer to Purchase in response to the staff's comments.

**General**

- We refer to Exhibit 99.5 of your Form 8-K filed on January 21, 2005. We remind you and your counsel that statements made in connection with tender offers are specifically excluded from the safe harbor protections of the Private Securities Litigation Reform Act of 1995. See Section 21E(b)(2)(C) of the Exchange Act and Regulation M-A telephone interpretation M.2 of the July 2001 Supplement to the Division of Corporation Finance's Manual of Publicly Available Telephone Interpretations. Please avoid references to the safe harbor provisions of the Reform Act in future filings.***

iStar, Purchaser and we note the staff's comment and confirm that we will avoid references to the Private Securities Litigation Reform Act of 1995 in future filings relating to the tender offer.

**Does Falcon intend to declare a Dividend prior to the expiration of the Offer? page 3**

- Please clarify whether the dividend will result in an adjustment to the \$7.50 offer. If so, please clarify how that adjustment will be calculated. Please be advised that if the offer price is adjusted it is the staff's position that at least 10 days must remain in the offering. See Rule 14e-1(b).***

We note that since the date on which iStar filed its Schedule TO, Falcon Financial Investment Trust ("Falcon") has declared a dividend of \$0.11 per Falcon common share. The dividend will have no effect on iStar's offer price for Falcon's shares. In order to respond to the staff's concern and the declaration of the dividend, we will file an amended Schedule TO amending the Offer to Purchase in the form enclosed to describe the details of the dividend and make clear that payment of the dividend will not affect the offer price.

**Section 2. Acceptance for Payment, page 13**

- We refer to the penultimate paragraph of this section. Please revise the disclosure to clarify that all conditions to the offer, other than those conditions relating to required regulatory approvals, must be satisfied or waived prior to expiration, and that a delay in payment for shares would not necessarily be consistent with Rule 14e-1(c).***

In response to the staff's comment, we will file an amended Schedule TO amending the Offer to Purchase in the form enclosed to clearly state that all conditions to the tender offer, other than those relating to required regulatory approvals, must be satisfied or waived as of the expiration of the tender offer and that Purchaser intends that any delay in payment will only be effected by complying with Rule 14e-1(c) under the Exchange Act.

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### Section 3. Procedures for Tendering Shares, page 14

#### Appointment as Proxy, page 17

4. ***Refer to the disclosure in the penultimate sentence, which states "the Purchaser must be able to exercise full voting rights with respect to such shares." This language seems to exclude current shareholders who are not deemed record holders of the shares for purposes of a shareholder vote, and thus appears to violate Rule 14d-10(a)(1). Please revise.***

In response to the staff's comment, we will file an amended Schedule TO amending the Offer to Purchase in the form enclosed to delete the referenced sentence.

#### Determination of Validity, page 17

5. ***Please revise your disclosure to clarify that, to the extent you waive a condition with respect to one tender of securities, you will waive that condition for all other tenders as well. Please carefully review the document and make corresponding revisions elsewhere as appropriate. Make corresponding changes to Instruction 10 to your Letter of transmittal.***

In response to the staff's comment, we will file an amended Schedule TO amending the Offer to Purchase in the form enclosed to clarify that any waiver of a condition will apply to all tendering shareholders. However, we do not believe that there is a corresponding provision in Instruction 10 or elsewhere in the Letter of Transmittal requiring a similar change. As a result, no changes have been made to the Letter of Transmittal.

### Section 11. Background of the offer, page 25

6. ***With a view towards additional disclosure, supplementally explain the nature of the coordination and computation assistance provided by Goldman Sachs.***

The coordination and computation assistance provided by Goldman Sachs included arranging conference calls and due diligence meetings with Falcon and its advisers; providing iStar with access to a software program that iStar does not maintain internally so that iStar could make computations with respect to one of Falcon's securitization assets using assumptions developed by iStar; and, together with Clifford Chance, computing the amounts of break-up fees in recent mergers involving real estate companies. For the information of the staff, Goldman Sachs was not asked to, and did not, make a presentation to, or participate in any meetings of, the iStar board of directors.

7. ***The first full paragraph on page 27 suggests that the Company may have provided bidder or its representatives with non-public financial forecasts or projections in connection with the negotiation and structuring of this transaction. If so, please disclose those projections or forecasts and the assumptions underlying them in the offer materials. If you do not believe disclosure is required, explain supplementally the basis for that belief.***

iStar's negotiation and structuring of the transaction was based on its own analysis of the value of Falcon's assets, based upon iStar's review of Falcon's loan and securitization portfolio and iStar's knowledge of the real estate finance industry, and iStar's views as to the potential benefits to iStar of combining iStar's significant capital resources with Falcon's customer relationships and knowledge of the auto dealer industry. iStar did not receive any projections and forecasts of Falcon's future results of operations and did not consider projections and forecasts of Falcon's future results of operations on a stand-alone basis to be relevant to its decision to proceed with the transaction or its determination of the price to offer for Falcon's shares. Similarly, iStar's board of directors did not review any projections or forecasts in connection with approving the transaction. Accordingly, we believe that no additional disclosure is warranted.

### Section 14. Conditions of the offer, page 36

8. ***Please revise your disclosure to clarify that all conditions of the offer, other than those relating to necessary governmental approvals, must be satisfied or waived as of the expiration. As currently drafted, your conditions appear to survive expiration through the date of acceptance of tendered shares for payment.***

In response to the staff's comment, we will file an amended Schedule TO amending the Offer to Purchase in the form enclosed to clarify that all conditions of the offer, other than those relating to required regulatory approvals, must be satisfied or waived as of the expiration of the tender offer.

9. *We note your last offer condition relating to the opinion of Hogan & Hartson "as of the date of purchase of Shares pursuant to the Offer." See our last comment above regarding the need to deem all conditions satisfied or waived as of the facts as they exist at the Expiration Date, rather than at any time thereafter. Please revise this condition, or explain supplementally how it is consistent with our position.*

We will file an amended Schedule TO amending the Offer to Purchase in the form enclosed to revise the condition in response to the staff's concern.

**Section 16. Fees and Expenses, page 48**

10. *Quantify the "reasonable and customary compensation" referred to in this section. See Item 1009(s) of Regulation MA.*

We will file an amended Schedule TO amending the Offer to Purchase in the form enclosed to quantify the fees paid to the depository and dealer manager. In addition, we will add a cross reference to the disclosure of Lehman Brothers' fees found in Falcon's Schedule 14D-9.

In addition, iStar has authorized us to confirm that it acknowledges that:

1. iStar is responsible for the adequacy and accuracy of the disclosure in the filings.
2. Staff comments or changes to disclosure in response to staff comments in the filings reviewed by the staff do not foreclose the Commission from taking any action with respect to the filing.
3. iStar may not assert staff comments as a defense in any proceeding initiated by the Commission or any person under the federal securities laws of the United States.

If you have any questions or comments, please call me at 212-878-8526 or Viqar Shariff at 212-878-3345.

Sincerely,

/s/ KATHLEEN L. WERNER

Kathleen L. Werner

cc: Nina Matis, Esq.  
Viqar Shariff, Esq.

