

OMB APPROVAL	
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STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934 or Section 30(h) of the Investment Company Act of 1940

1. Name and Address of Reporting Person* <u>LUSTIG MATTHEW J</u> (Last) (First) (Middle) <u>C/O LAZARD FRERES REAL ESTATE INVESTORS</u> <u>30 ROCKEFELLER PLAZA</u> (Street) <u>NEW YORK NY 10020</u> (City) (State) (Zip)	2. Issuer Name and Ticker or Trading Symbol <u>ISTAR FINANCIAL INC [SFI]</u>	5. Relationship of Reporting Person(s) to Issuer (Check all applicable) <input checked="" type="checkbox"/> Director 10% Owner Officer (give title below) Other (specify below)
	3. Date of Earliest Transaction (Month/Day/Year) <u>04/08/2004</u>	
	4. If Amendment, Date of Original Filed (Month/Day/Year)	

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed Of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock	04/08/2004		C		546,131.29	A	\$34.35 ⁽¹⁾	546,131.29	I	See footnote ⁽²⁾

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Securities Underlying Derivative Security (Instr. 3 and 4)	8. Price of Derivative Security (Instr. 5)	9. Number of derivative Securities Beneficially Owned Following Reported Transaction(s) (Instr. 4)	10. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	11. Nature of Indirect Beneficial Ownership (Instr. 4)	
				Code	V	(A)	(D)	Date Exercisable	Expiration Date						Title
Warrant	\$34.35	04/08/2004		C ⁽³⁾		1		12/15/1999	12/15/2005	Common Stock	3,031,519.29	(4)	0	I	See footnote ⁽²⁾

Explanation of Responses:

- In lieu of paying an exercise price, Lazard Freres Real Estate Fund II L.P. ("Onshore") exercised its right to acquire the shares using the cashless net exercise method set forth in the Warrant. Onshore surrendered the warrant certificate for cancellation and received in exchange therefor 546,131.29 shares representing (x) the total number of shares specified in the Warrant, as adjusted (i.e., 3,031,519.29) less (y) the number of shares with a fair market value (as defined in the Warrant) equal to the aggregate exercise price that would have been payable for the number of shares in clause (x) above absent the use of the cashless net exercise method (i.e., 2,485,388 shares with a fair market value of \$41,900.5 per share representing an aggregate exercise price of \$104,139,000).
- Mr. Matthew J. Lustig is Managing Principal of Lazard Freres Real Estate Investors L.L.C. ("LFREI") and a Managing Director of Lazard Freres & Co. LLC ("LFC"). LFC is the managing member of LFREI. LFREI is the sole general partner of Onshore. Matthew J. Lustig disclaims any and all beneficial ownership of the shares held by Onshore except to the extent of his indirect pecuniary interest as an officer and director of LFREI and LFC. LFREI is also the investment advisor to Lazard Freres Real Estate Offshore Fund II L.P. (which owns 345,349.39 shares of common stock having exercised its warrants to purchase 1,916,999.37 shares utilizing the cashless net exercise method) and LF Offshore Investment L.P. (which owns 209,812.51 shares of common stock having exercised its warrants to purchase 1,164,647.89 shares utilizing the cashless net exercise method) but has no right to bind them or otherwise direct their actions.
- Exercise of cashless net exercise feature set forth in Warrant to acquire the Common Stock disclosed in Table I above.
- The Warrant was acquired in connection with a preferred stock investment in the Issuer.

Remarks:

/s/ Matthew J. Lustig 04/12/2004
 ** Signature of Reporting Person Date

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

* If the form is filed by more than one reporting person, see Instruction 4 (b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB Number.