

**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 3, 2017**

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 Number)

**1114 Avenue of the Americas, 39th Floor
New York, New York**

(Address of principal executive offices)

10036

(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))

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 accounting standards provided pursuant to Section 13(a) of the Exchange Act.

ITEM 2.02 Results of Operations and Financial Condition.

On August 3, 2017, iStar Inc. issued an earnings release and made available on its website a supplemental earnings report for the second quarter ended June 30, 2017. A copy of the earnings release and supplemental earnings report 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 3, 2017, iStar Inc. made available on its website a supplemental earnings report for the second quarter ended June 30, 2017. A copy of the supplemental earnings report is attached as Exhibit 99.2 hereto and incorporated by reference.

The supplemental earnings report, 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 Supplemental Earnings Report.

SIGNATURES

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: August 3, 2017

By:

/s/ GEOFFREY G. JERVIS

Geoffrey G. Jervis
*Chief Operating Officer and Chief Financial Officer (principal financial
and accounting officer)*

EXHIBIT INDEX

Exhibit
Number

Description

99.1	Earnings Release.
99.2	Supplemental Earnings Report.



Press Release

iStar Announces Second Quarter 2017 Results

NEW YORK, August 3, 2017

iStar (NYSE: STAR) today reported results for the quarter ended June 30, 2017.

Highlights

- Net income and adjusted income for the second quarter was \$2.04 and \$2.28, respectively, per diluted common share.
- Successful IPO of Safety, Income & Growth Inc. (NYSE: SAFE), the first publicly traded company exclusively focused on ground leases.
 - Largest shareholder of SAFE (28% of shares outstanding).
- SAFE transactions generated a \$179 million economic gain for iStar, comprised of:
 - \$123 million gain recorded in the second quarter 2017.
 - \$56 million gain to be recorded retrospectively for the second quarter 2017 upon adoption of new accounting standards on January 1, 2018.
- Judgment in favor of iStar on Bevard litigation, which generated \$234 million of net proceeds and \$125 million of income for iStar.

Second Quarter 2017 Results

iStar reported net income allocable to common shareholders for the second quarter of \$177.5 million, or \$2.04 per diluted common share, versus \$38.1 million, or \$0.37 per diluted common share for the second quarter 2016.

Adjusted income allocable to common shareholders for the second quarter was \$198.4 million, or \$2.28 per diluted common share, versus \$61.1 million, or \$0.56 per diluted common share for the second quarter 2016.

Net income and adjusted income for the quarter reflect \$235 million of income from our previously announced transactions to form and capitalize Safety, Income and Growth, Inc. (NYSE:SAFE) and the successful outcome of the Bevard litigation with Lennar Corporation, net of costs.

Adjusted income represents net income computed in accordance with GAAP, prior to the effects of certain non-cash items. The calculation of adjusted income and reconciliation to GAAP net income is presented in the financial tables that follow the text of this press release.

The Company has published a supplemental to this earnings release which is available at www.istar.com in the "Investors" section.

Safety, Income & Growth Inc.

iStar formed SAFE to expand and efficiently capitalize iStar's ground lease business. iStar contributed to SAFE an initial portfolio of 12 assets, many of which iStar had owned for more than a decade, which had a gross book value of \$223 million and a net book value of \$161 million, net of \$62 million of depreciation, on March 31, 2017.

In March, SAFE completed a \$227 million secured debt financing on the initial portfolio and distributed all of the proceeds of the financing to iStar. In April, through a merger and other transactions, two institutional investors acquired a 51% ownership interest in SAFE for \$57.5 million, representing \$20.00 per share, based on a total enterprise value of SAFE of \$340 million, including the \$227 million of in-place secured debt. iStar received the \$57.5 million of cash proceeds from the acquisition transaction and retained a 49% interest in SAFE.

On June 27th, SAFE completed its \$205 million initial public offering (IPO) and a \$45 million concurrent private placement of common stock to iStar, each at a price of \$20.00 per share. After giving effect to the IPO and concurrent private placement, iStar held 28% of SAFE's outstanding common stock.

As a result of the SAFE transactions, iStar:

- received approximately \$285 million of cash proceeds, including \$227 million of financing raised during the first quarter;
- recorded \$123 million of income in the second quarter, partially offset by \$14 million of expensed IPO costs;
- expects to retrospectively record an additional gain of approximately \$56 million in the second quarter 2017 when new revenue recognition accounting standards become effective on January 1, 2018; and
- owns 5,025,000 shares of SAFE (28% of shares outstanding).

"We believe ground leases represent one of the most compelling investment opportunities in the real estate market. There are very few hard assets that offer safety in uncertain times, growing income in an environment in which rates remain at historically low levels, along with an opportunity for significant capital appreciation," said Jay Sugarman, chairman and chief executive officer. "We have created SAFE to allow iStar shareholders to benefit from what we believe is a large and attractive market opportunity."

iStar will manage SAFE pursuant to a management agreement. After the first anniversary of SAFE's IPO, iStar will receive an annual management fee equal to 1% of SAFE's equity which will be paid in shares of SAFE stock.

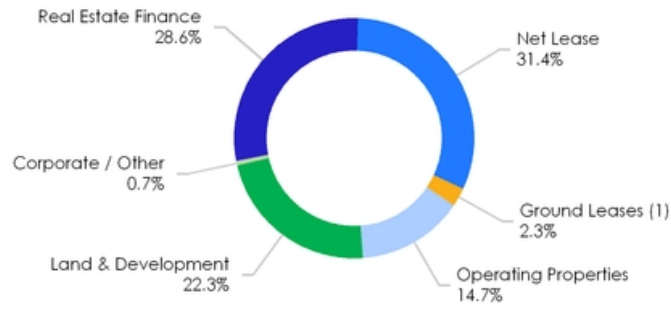
Following SAFE's IPO, iStar, along with two senior executives, have entered into a 10b5-1 stock purchase plan to purchase in the open market up to \$25 million of additional SAFE common stock at prices below \$20 per share.

[Portfolio Overview and Investment Activity](#)

At June 30, 2017, the Company's portfolio totaled \$4.2 billion, which is gross of \$375 million of accumulated depreciation and \$18 million of general loan loss reserves and includes \$96 million market value of SAFE shares as of June 30, 2017.

iStar's strategy is to focus on finding investment opportunities within its real estate finance, net lease and ground leases businesses. In addition, the Company continues to make significant progress in developing and monetizing its operating properties and land & development assets.

\$4.2 Billion of Assets



(1) Represents the market value of our equity method investment in SAFE as of June 30, 2017.

During the second quarter of 2017, the Company invested a total of \$200 million associated with new investments (including SAFE), prior financing commitments and ongoing development across its four segments, and generated \$441 million of proceeds from repayments and sales.

Real Estate Finance

iStar's real estate finance business targets sophisticated and innovative investors by providing one-stop capabilities that encompass financial alternatives ranging from full envelope senior loans to custom-tailored mezzanine and preferred equity capital positions.

At June 30, 2017, the Company's real estate finance portfolio totaled \$1.2 billion. The portfolio is categorized into iStar 3.0 loans, made post January 1, 2008, and legacy loans, which were all made prior to December 31, 2007.

Real Estate Finance Statistics

\$ in millions

	iStar 3.0	Legacy Loans
Gross book value	\$ 975	\$ 213
% of total loan portfolio	82%	18%
Performing loans	\$ 975	\$ 24
Non-performing loans	\$ —	\$ 189
% Performing / Non-performing	100% / 0%	11% / 89%
First mortgages / senior loans	63%	27%
Mezzanine / subordinated debt	37%	73%
Total	100%	100%
Wtd. avg. LTV (1)	66.1%	n/a
Unlevered yield (1)	9.7%	8.9%
Wtd. avg. maturity (years) (1)	2.1	2.4

Note: Gross book value represents the carrying value of iStar's loans, gross of general reserves.

(1) Includes performing loans only.

Net Lease

iStar's net lease business seeks to create stable cash flows through long-term leases to single tenants on its properties. The Company targets mission-critical facilities leased on a long-term basis to tenants, offering structured solutions that combine iStar's capabilities in underwriting, lease structuring, asset management and build-to-suit construction.

At the end of the quarter, iStar's net lease portfolio totaled \$1.4 billion, gross of \$314 million of accumulated depreciation. The portfolio was comprised of \$1.2 billion of wholly-owned assets, a \$129 million equity investment in its net lease joint venture and the \$96 million market value in shares of SAFE.

Since 2014, the Company has invested in new net lease investments primarily through its net lease joint venture with a sovereign wealth fund, in which it holds a 52% interest. At the end of the quarter, the venture's balance sheet, gross of \$23 million of accumulated depreciation, included \$650 million of assets, \$357 million of liabilities and \$270 million of equity (net of a \$23 million non-controlling interest).

The overall net lease portfolio totaled 16 million square feet across 33 states. Occupancy for the portfolio was 98% at the end of the quarter, with a weighted average remaining lease term of 11.5 years. The net lease portfolio generated an unleveraged yield of 8.1% for the quarter.

Operating Properties

At the end of the quarter, iStar's operating property portfolio totaled \$608 million, gross of \$54 million of accumulated depreciation, and was comprised of \$541 million of commercial and \$67 million of residential real estate properties.

Commercial Operating Properties

The Company's commercial operating properties represent a diverse pool of assets across a broad range of geographies and collateral types including office, retail and hotel properties. These properties generated \$28.7 million of revenue offset by \$20.9 million of operating expenses during the quarter. At the end of the second quarter, the Company had \$343 million of stabilized assets and \$198 million of transitional assets. iStar generally seeks to reposition transitional assets with the objective of maximizing their values through the infusion of capital and intensive asset management efforts.

Residential Operating Properties

At the end of the quarter, the \$67 million residential operating portfolio was comprised of 36 units generally located within luxury projects in major U.S. cities. The Company sold 5 units during the quarter, generating \$7.4 million of proceeds and a \$0.8 million gain.

Land & Development

At the end of the quarter, the Company's land & development portfolio totaled \$925 million, including 8 master planned communities, 6 waterfront projects and 15 urban/infill developments. These projects are collectively entitled for approximately 13,000 lots and units.

For the quarter, the Company's land and development portfolio generated \$132.7 million of revenues, offset by \$122.5 million of cost of sales. In addition, the Company earned \$3.6 million of earnings from land development equity method investments. During the quarter, the Company invested \$29.0 million in its land portfolio.

Sales in the quarter included the conveyance of Bevard, a master planned community in Maryland, to Lennar following a judgment in the Company's favor in a long-standing legal dispute. The Company received a total of \$234 million of net proceeds during the quarter which resulted in \$123 million of other income and an \$8 million income from the land sale. The Company had previously announced that Lennar had filed a petition with the Court of Appeals with respect to approximately \$30 million of post-judgment interest, however that motion was denied. iStar is also entitled to recover attorneys' fees and costs which the Company is pursuing. A third party holds a 4.3% participation interest in all proceeds from the judgment.

Capital Markets and Balance Sheet

The Company is capitalized with unsecured and secured debt, preferred equity and common equity. The chart below shows the capital structure of the Company at quarter end.

Capital Structure

\$ in millions

	At June 30, 2017
Secured debt	\$717
Unsecured debt	\$2,652
Total debt	\$3,369
Preferred equity (A) ⁽¹⁾	\$745
Common equity (B)	\$424
Total equity	\$1,169
Accumulated depreciation and amortization and general loan loss reserves ⁽²⁾ (C)	\$448
Adjusted common equity (B) + (C)	\$872
Adjusted total equity (A) + (B) + (C)	\$1,617

(1) Represents liquidation preference value.

(2) Accumulated depreciation and amortization includes iStar's proportionate share of accumulated depreciation and amortization relating to equity method investments.

The Company's weighted average cost of debt for the second quarter was 5.5%. The Company's leverage was 1.5x at the end of the quarter, below the Company's targeted range of 2.0x - 2.5x. The chart below shows the calculation of the Company's leverage.

Leverage

\$ in millions

	At June 30, 2017	
Book debt	\$	3,369
Less: Cash and cash equivalents		(954)
Net book debt (A)	\$	2,415
Book equity (1)	\$	1,169
Add: Accumulated depreciation and amortization (2)		430
Add: General loan loss reserves		18
Sum of book equity, accumulated D&A and general loan loss reserves (B)	\$	1,617
Leverage (A) / (B)		1.5x

(1) Includes preferred equity.

(2) Accumulated depreciation and amortization includes iStar's proportionate share of accumulated depreciation and amortization relating to equity method investments.

Liquidity

At the end of the quarter, iStar had unrestricted cash and capacity on its revolving credit facility of \$1.2 billion, which will be available for investment activity, repayment of debt and working capital.

Liquidity

\$ in millions

	At June 30, 2017
Unrestricted cash	\$954
Revolving credit facility capacity	\$235
Total liquidity	\$1,189

Earnings Guidance

The Company's guidance remains:

- Target net income per diluted common share of \$2.15 - \$2.65.
- Target adjusted income per diluted common share of \$3.00 - \$3.50.

This guidance assumes, among other things, the closing of certain land & development and operating properties that the Company is marketing for sale and that general macro economic conditions continue to remain favorable. Please see the financial tables that follow the text of this press release for a reconciliation from GAAP net income guidance to adjusted income guidance.

iStar (NYSE: STAR) finances, invests in and develops real estate and real estate related projects as part of its fully-integrated investment platform. Building on over two decades of experience and more than \$35 billion of transactions, iStar brings uncommon capabilities and new ways of thinking to commercial real estate and adapts its investment strategy to changing market conditions. The Company is structured as a real estate investment trust (“REIT”), with a diversified portfolio focused on larger assets located in major metropolitan markets.

iStar will hold a quarterly earnings conference call at 10:00 a.m. ET today, August 3, 2017. This conference call will be broadcast live over the internet and can be accessed by all interested parties through iStar’s website, www.istar.com. To listen to the live call, please go to the website’s “Investors” section at least 15 minutes prior to the start of the call to register, download and install any necessary audio software. For those who are not available to listen to the live broadcast, a replay will be available shortly after the call on iStar’s website.

Note: Statements in this press release 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 the 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 revise publicly any forward look statements, whether as a result of new information, future events or otherwise. 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 Company’s ability to generate liquidity and to repay indebtedness as it comes due, additional loan loss provisions, the amount and timing of asset sales, changes in NPLs, 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 operating properties and land and other risks detailed from time to time in iStar SEC reports.

Company Contact:

Jason Fooks, Vice President of Investor Relations & Marketing

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New York, NY 10036
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investors@istar.com

iStar
Consolidated Statements of Operations
(In thousands)
(unaudited)

	Three Months Ended June 30,		For the Six Months Ended June 30,	
	2017	2016	2017	2016
REVENUES				
Operating lease income	\$ 47,002	\$ 49,975	\$ 94,349	\$ 100,470
Interest income	28,645	34,400	57,703	67,620
Other income	139,510	10,096	151,374	21,636
Land development revenue	132,710	27,888	152,760	42,835
Total revenues	\$ 347,867	\$ 122,359	\$ 456,186	\$ 232,561
COST AND EXPENSES				
Interest expense	\$ 48,807	\$ 56,047	\$ 99,952	\$ 113,068
Real estate expense	34,684	35,328	70,274	69,572
Land development cost of sales	122,466	17,262	138,376	28,838
Depreciation and amortization	13,171	13,673	25,451	27,581
General and administrative ⁽¹⁾	27,218	19,665	52,392	42,768
(Recovery of) provision for loan losses	(600)	700	(5,528)	2,206
Impairment of assets	10,284	3,012	14,696	3,012
Other expense	16,276	3,182	18,145	3,922
Total costs and expenses	\$ 272,306	\$ 148,869	\$ 413,758	\$ 290,967
Income (loss) before other items	\$ 75,561	\$ (26,510)	\$ 42,428	\$ (58,406)
Income (loss) from discontinued operations	173	3,633	4,939	7,214
Gain from discontinued operations	123,418	—	123,418	—
Income tax expense from discontinued operations	(4,545)	—	(4,545)	—
Income from sales of real estate	844	43,484	8,954	53,943
Earnings from equity method investments	5,515	39,447	11,217	47,714
Income tax benefit (expense)	(1,644)	1,190	(2,251)	1,604
Loss on early extinguishment of debt	(3,315)	(1,457)	(3,525)	(1,582)
Net income (loss)	\$ 196,007	\$ 59,787	\$ 180,635	\$ 50,487
Net (income) loss attributable to noncontrolling interests	(5,710)	(8,825)	(4,610)	(7,883)
Net income (loss) attributable to iStar	\$ 190,297	\$ 50,962	\$ 176,025	\$ 42,604
Preferred dividends	(12,830)	(12,830)	(25,660)	(25,660)
Net (income) loss allocable to Participating Security holders ⁽²⁾	—	(20)	—	(11)
Net income (loss) allocable to common shareholders	\$ 177,467	\$ 38,112	\$ 150,365	\$ 16,933

(1) For the three months ended June 30, 2017 and 2016, includes \$3,915 and \$1,633 of stock-based compensation expense, respectively. For the six months ended June 30, 2017 and 2016, includes \$9,796 and \$6,211 of stock-based compensation expense, respectively.

(2) Participating Security holders are non-employee directors who hold common stock equivalents and restricted stock awards granted under the Company's LTIP who are eligible to participate in dividends.

iStar
Supplemental Information
(In thousands, except per share data)
(unaudited)

	Three Months Ended June 30,		For the Six Months Ended June 30,	
	2017	2016	2017	2016
ADJUSTED INCOME (1)				
<u>Reconciliation of Net Income to Adjusted Income</u>				
Net income (loss) allocable to common shareholders	\$ 177,467	\$ 38,112	\$ 150,365	\$ 16,933
Add: Depreciation and amortization	15,620	17,335	30,672	34,508
Add: (Recovery of) provision for loan losses	(600)	700	(5,528)	2,206
Add: Impairment of assets	10,284	3,012	14,696	3,927
Add: Stock-based compensation expense	3,915	1,633	9,796	6,211
Add: Loss on early extinguishment of debt	565	1,457	775	1,582
Less: Losses on charge-offs and dispositions	(8,811)	(1,148)	(14,127)	(4,563)
Less: Participating Security allocation	—	(12)	—	(28)
Adjusted income allocable to common shareholders	<u>\$ 198,440</u>	<u>\$ 61,089</u>	<u>\$ 186,649</u>	<u>\$ 60,776</u>

(1) Adjusted Income allocable to common shareholders should be examined in conjunction with net income (loss) as shown in the Consolidated Statements of Operations. This non-GAAP financial measure should not be considered as an alternative to net income (determined in accordance with GAAP) or to cash flows from operating activities (determined in accordance with GAAP) as a measure of the Company's liquidity, nor is it indicative of funds available to fund the Company's cash needs or available for distribution to shareholders. Rather, Adjusted Income is an additional measure the Company uses to analyze its business performance because it excludes the effects of certain non-cash charges that the Company believes are not necessarily indicative of its operating performance while including the effect of gains or losses on investments when realized. It should be noted that the Company's manner of calculating this non-GAAP financial measure may differ from the calculations of similarly-titled measures by other companies. Management considers this non-GAAP financial measure as supplemental information to net income in analyzing the performance of our underlying business. Depreciation and amortization includes our proportionate share of depreciation and amortization expense relating to equity method investments and excludes the portion of depreciation and amortization expense allocable to non-controlling interests. Impairment of assets includes impairments on cost and equity method investments recorded in other income and earnings from equity method investments, respectively. Effective in the second quarter 2016, the Company modified its presentation of Adjusted Income to include losses on charge-offs and dispositions of previously impaired or reserved assets to provide a more informative metric for investors to help evaluate our operating performance. Losses on charge-offs and dispositions represents the impact of charge-offs and dispositions realized during the period. These charge-offs and dispositions were taken on assets that were previously impaired for GAAP and reflected in net income but not in Adjusted Income.

**Reconciliation of Adjusted Income per Share Guidance
to Net Income per Share Guidance**

	For the Year Ending December 31, 2017
Targeted Net Income per Diluted Common Share Range	\$2.15 - \$2.65
Add: Depreciation and amortization	\$0.67 - \$0.71
Add: Other non-cash adjustments	\$0.54 - \$0.58
Less: Losses on charge-offs and dispositions	(\$0.36) - (\$0.44)
Targeted Adjusted Income per Diluted Common Share Range	\$3.00 - \$3.50

iStar
Earnings Per Share Information
(In thousands, except per share data)
(unaudited)

	Three Months Ended June 30,		For the Six Months Ended June 30,	
	2017	2016	2017	2016
EPS INFORMATION FOR COMMON SHARES				
Income (loss) from continuing operations attributable to iStar ⁽¹⁾				
Basic	\$ 0.81	\$ 0.47	\$ 0.37	\$ 0.13
Diluted	\$ 0.69	\$ 0.34	\$ 0.35	\$ 0.13
Net income (loss)				
Basic	\$ 2.46	\$ 0.52	\$ 2.09	\$ 0.22
Diluted	\$ 2.04	\$ 0.37	\$ 1.76	\$ 0.22
Adjusted income				
Basic	\$ 2.75	\$ 0.83	\$ 2.59	\$ 0.80
Diluted	\$ 2.28	\$ 0.56	\$ 2.17	\$ 0.59
Weighted average shares outstanding				
Basic	72,142	73,984	72,104	75,522
Diluted (for net income per share)	88,195	118,510	88,156	75,872
Diluted (for adjusted income per share)	88,195	118,510	88,156	120,006
Common shares outstanding at end of period	72,190	71,891	72,190	71,891

(1) Including preferred dividends, net (income) loss attributable to noncontrolling interests and income from sales of real estate.

iStar
Consolidated Balance Sheets
(In thousands)
(unaudited)

	As of June 30, 2017	As of December 31, 2016
ASSETS		
Real estate		
Real estate, at cost	\$ 1,710,915	\$ 1,740,893
Less: accumulated depreciation	(367,933)	(353,619)
Real estate, net	\$ 1,342,982	\$ 1,387,274
Real estate available and held for sale	68,045	237,531
	\$ 1,411,027	\$ 1,624,805
Land and development, net	855,497	945,565
Loans receivable and other lending investments, net	1,170,565	1,450,439
Other investments	276,821	214,406
Cash and cash equivalents	954,279	328,744
Accrued interest and operating lease income receivable, net	10,501	11,254
Deferred operating lease income receivable	88,944	88,189
Deferred expenses and other assets, net	147,121	162,112
Total assets	\$ 4,914,755	\$ 4,825,514
LIABILITIES AND EQUITY		
Accounts payable, accrued expenses and other liabilities	\$ 230,259	\$ 211,570
Loan participations payable, net	107,442	159,321
Debt obligations, net	3,368,113	3,389,908
Total liabilities	\$ 3,705,814	\$ 3,760,799
Redeemable noncontrolling interests	\$ 3,585	\$ 5,031
Total iStar shareholders' equity	\$ 1,169,278	\$ 1,016,564
Noncontrolling interests	36,078	43,120
Total equity	\$ 1,205,356	\$ 1,059,684
Total liabilities and equity	\$ 4,914,755	\$ 4,825,514

iStar
Segment Analysis
(In thousands)
(unaudited)

FOR THE THREE MONTHS ENDED JUNE 30, 2017

	Real Estate Finance	Net Lease	Operating Properties	Land & Dev	Corporate / Other	Total
Operating lease income	\$ —	\$ 30,852	\$ 15,940	\$ 210	\$ —	\$ 47,002
Interest income	28,645	—	—	—	—	28,645
Other income	479	550	13,333	123,871	1,277	139,510
Land development revenue	—	—	—	132,710	—	132,710
Earnings from equity method investments	—	1,080	469	3,606	360	5,515
Income from disc. operations	—	173	—	—	—	173
Gains from disc. operations	—	123,418	—	—	—	123,418
Income from sales of real estate	—	—	844	—	—	844
Total revenue and other earnings	\$ 29,124	\$ 156,073	\$ 30,586	\$ 260,397	\$ 1,637	\$ 477,817
Real estate expense	—	(4,064)	(22,653)	(7,967)	—	(34,684)
Land development cost of sales	—	—	—	(122,466)	—	(122,466)
Other expense	(399)	—	—	—	(15,877)	(16,276)
Allocated interest expense	(10,508)	(13,669)	(5,006)	(7,122)	(12,502)	(48,807)
Allocated G&A ⁽¹⁾	(4,691)	(5,921)	(2,364)	(5,004)	(5,323)	(23,303)
Segment profit (loss)	\$ 13,526	\$ 132,419	\$ 563	\$ 117,838	\$ (32,065)	\$ 232,281

(1) Excludes \$3,915 of stock-based compensation expense.

AS OF JUNE 30, 2017

	Real Estate Finance	Net Lease	Operating Properties	Land & Dev	Corporate / Other	Total
Real estate						
Real estate, at cost	\$ —	\$ 1,177,779	\$ 533,136	\$ —	\$ —	\$ 1,710,915
Less: accumulated depreciation	—	(314,373)	(53,560)	—	—	(367,933)
Real estate, net	\$ —	\$ 863,406	\$ 479,576	\$ —	\$ —	\$ 1,342,982
Real estate available and held for sale	—	924	67,121	—	—	68,045
Total real estate	\$ —	\$ 864,330	\$ 546,697	\$ —	\$ —	\$ 1,411,027
Land & development, net	—	—	—	855,497	—	855,497
Loans receivable and other lending investments, net	1,170,565	—	—	—	—	1,170,565
Other investments	—	179,284	7,882	62,417	27,238	276,821
Total portfolio assets	\$ 1,170,565	\$ 1,043,614	\$ 554,579	\$ 917,914	\$ 27,238	\$ 3,713,910
Cash and other assets						1,200,845
Total assets						\$ 4,914,755

iStar
Supplemental Information
(In thousands)
(unaudited)

**Three Months Ended June 30,
2017**

OPERATING STATISTICS

<u>Expense Ratio</u>	
General and administrative expenses - trailing twelve months (A)	\$ 93,651
Average total assets (B)	\$ 5,096,440
Expense Ratio (A) / (B)	1.8%

**As of
June 30, 2017**

UNENCUMBERED ASSETS / UNSECURED DEBT

Unencumbered assets (C) ⁽¹⁾	\$ 3,911,045
Unsecured debt (D)	\$ 2,670,000
Unencumbered Assets / Unsecured Debt (C) / (D)	1.5x

UNFUNDED COMMITMENTS

Performance-based commitments ⁽²⁾	\$ 342,921
Strategic investments	45,634
Total Unfunded Commitments	\$ 388,555

LOAN RECEIVABLE CREDIT STATISTICS

As of

	June 30, 2017		December 31, 2016	
Carrying value of NPLs /				
As a percentage of total carrying value of loans	\$ 188,670	17.4%	\$ 191,696	14.0%
Total reserve for loan losses /				
As a percentage of total gross carrying value of loans ⁽³⁾	\$ 78,789	6.8%	\$ 85,545	5.9%

(1) Unencumbered assets are calculated in accordance with the indentures governing the Company's unsecured debt securities.

(2) Excludes \$130.3 million of commitments on loan participations sold that are not the obligation of the Company but are consolidated on the Company's balance sheet.

(3) Gross carrying value represents iStar's carrying value of loans, gross of loan loss reserves.

iStar
Supplemental Information
(In millions)
(unaudited)

PORTFOLIO STATISTICS AS OF JUNE 30, 2017⁽¹⁾

Property Type	Real Estate Finance	Net Lease	Operating Properties	Land & Dev	Total	% of Total
Land & Development	\$ —	\$ —	\$ —	\$ 925	\$ 925	22%
Office / Industrial	37	761	123	—	921	22%
Entertainment / Leisure	—	490	—	—	490	12%
Mixed Use / Collateral	297	—	180	—	477	11%
Hotel	338	—	103	—	441	11%
Condominium	258	—	66	—	324	8%
Other Property Types	229	—	—	—	229	6%
Retail	29	57	136	—	222	5%
Ground Leases	—	96	—	—	96	2%
Strategic Investments	—	—	—	—	27	1%
Total	\$ 1,188	\$ 1,404	\$ 608	\$ 925	\$ 4,153	100%

Geography	Real Estate Finance	Net Lease	Operating Properties	Land & Dev	Total	% of Total
Northeast	\$ 569	\$ 399	\$ 47	\$ 258	\$ 1,273	30%
West	98	312	43	365	818	20%
Southeast	175	250	147	124	696	17%
Southwest	60	160	243	22	485	12%
Central	188	98	72	32	390	9%
Mid-Atlantic	—	154	47	124	325	8%
Various	98	31	10	—	139	3%
Strategic Investments	—	—	—	—	27	1%
Total	\$ 1,188	\$ 1,404	\$ 608	\$ 925	\$ 4,153	100%

(1) Based on carrying value of the Company's total investment portfolio, gross of accumulated depreciation, general loan loss reserves and market value of its investment in shares of SAFE stock.



Q2'17 Earnings Supplemental

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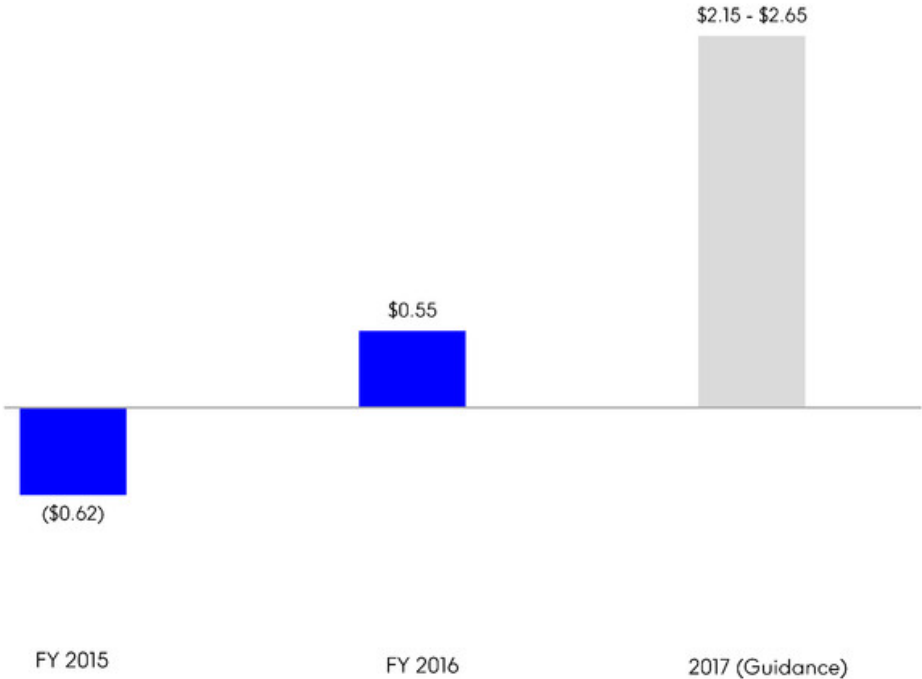
Q2'17 Highlights

- Net income and adjusted income for the second quarter were \$2.04 and \$2.28, respectively, per diluted common share.
- Successful IPO of Safety, Income & Growth Inc. (NYSE: SAFE), the first publicly traded company exclusively focused on ground leases.
 - Largest shareholder of SAFE (28% of shares outstanding).
- SAFE transactions generated \$179MM economic gain for iStar, comprised of:
 - \$123MM gain recorded in the second quarter 2017
 - \$56MM gain to be recorded retrospectively for the second quarter 2017 upon adoption of new accounting standards on January 1, 2018
- Judgment in favor of iStar on Bevard litigation generated \$234MM of net proceeds and \$125MM of income for iStar.
- The Company's guidance remains:
 - Target net income per diluted common share of \$2.15 - \$2.65
 - Target adjusted income per diluted common share of \$3.00 - \$3.50



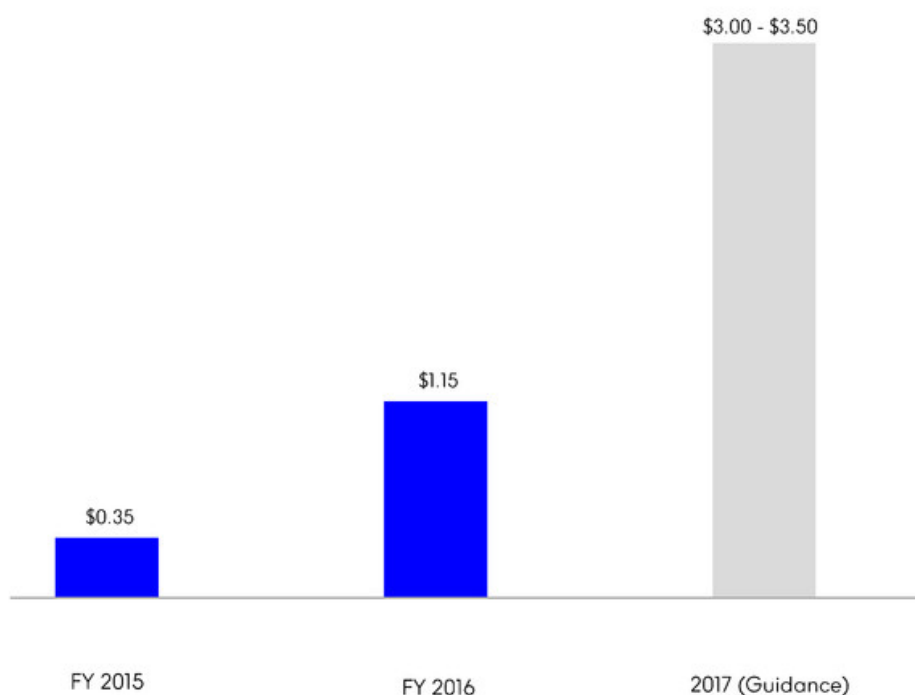
Note: All figures contained in this presentation are as of 6/30/17 unless otherwise indicated. Certain amounts may not add due to rounding.

Q2'17 Net Income and Guidance



Note: This guidance assumes, among other things, the closing of certain land & development and operating properties that the Company is marketing for sale and that general macro economic conditions continue to remain favorable. Please see the financial tables that follow the text of this press release for a reconciliation from GAAP net income guidance to adjusted income guidance.

Q2'17 Adjusted Income and Guidance



Note: Adjusted income is a non-GAAP measure that represents net income prior to the effect of depreciation and amortization, loan loss provisions, impairment of assets, stock-based compensation, and gain (loss) on early extinguishment on debt and is adjusted to reflect the effect of gains or losses on charge-off and disposition on carrying value of loan loss reserves and impairments. Please see the "Financial Measures" section for a reconciliation between net income and adjusted income. This guidance assumes, among other things, the closing of certain land & development and operating properties that the Company is marketing for sale and that general macro economic conditions continue to remain favorable. Please see the financial tables that follow the text of this press release for a reconciliation from GAAP net income guidance to adjusted income guidance.



Investment Activity

New Originations (Commitments)

	Q3'15	Q4'15	Q1'16	Q2'16	Q3'16	Q4'16	Q1'17	Q2'17
Real Estate Finance	\$130	\$98	\$166	\$13	\$83	\$170	\$7	\$136
Net Lease ¹	-	-	-	9	218	33	-	104
Total	\$130	\$98	\$166	\$22	\$301	\$202	\$7	\$241

Fundings / CapEx

	Q3'15	Q4'15	Q1'16	Q2'16	Q3'16	Q4'16	Q1'17	Q2'17
Real Estate Finance	\$186	\$61	\$113	\$79	\$86	\$197	\$73	\$82
Net Lease	3	1	1	6	37	43	2	77
Operating Properties	22	23	18	17	19	15	7	12
Land & Development	26	25	41	31	36	28	29	29
Corporate & Other	-	-	-	-	-	-	-	-
Total	\$236	\$111	\$173	\$133	\$177	\$283	\$111	\$200

Sales / Repayments

	Q3'15	Q4'15	Q1'16	Q2'16	Q3'16	Q4'16	Q1'17	Q2'17
Real Estate Finance	\$165	\$63	\$80	\$183	\$49	\$302	\$171	\$219
Net Lease	15	61	11	20	79	14	21	67
Operating Properties	80	20	25	232	86	34	12	9
Land & Development	20	62	9	25	42	58	42	139 ²
Corporate & Other	3	17	7	1	6	18	-	6
Total	\$283	\$223	\$132	\$461	\$262	\$427	\$246	\$441



Note: \$ in millions.

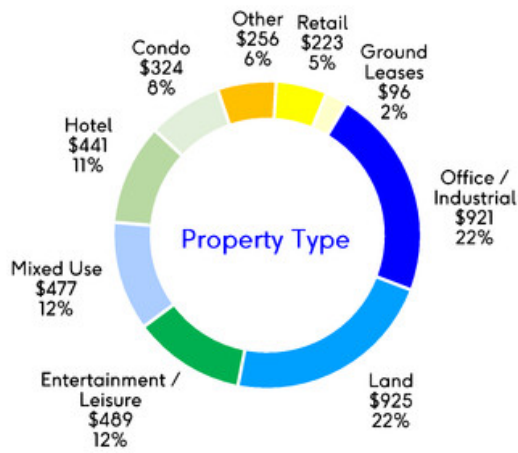
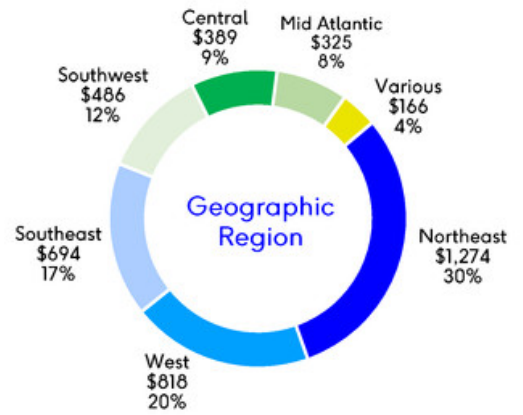
¹ Includes investments made within iStar Net Lease JV and purchase of SAFE equity. Net Lease JV investments include both iStar's and its partner's investment and is gross of financing.

² Excludes \$123MM of Other Income related to Bevard litigation.



Portfolio Overview

\$4.2B Portfolio Breakdown



Note: \$ in millions. Figures based on carrying value of the company's total investment portfolio, gross of accumulated depreciation and general loan loss reserves and includes 6/30/17 market value of SAFE investment.

Q2'17 Portfolio Rollforward

	Real Estate Finance	Net Lease	Operating Properties	Land & Development	Corporate / Other	Total
Net Book Value (3/31/17)	\$1,381	\$1,139³	\$553	\$1,025	\$32	\$4,130
Investments ¹	82	84	13	33	-	211
Principal received / basis sold ²	(219)	(179)	(7)	(132)	(6)	(544)
Other	(74) ⁴	(0)	(4)	(7)	1	(85)
Net Book Value (6/30/17)	\$1,170	\$1,044	\$555	\$918	\$27	\$3,713
Add: Accumulated depreciation and general loan loss reserves	18	314	54	7	-	393
Gross Book Value (6/30/17)	\$1,188	\$1,404⁵	\$608	\$925	\$27	\$4,152

Note: \$ in millions.

¹ Includes fundings, capital expenditures, accruals and deferred capitalized interest on loans.

² Includes repayment of deferred interest on loans.

³ Prior quarter's value has been reclassified to conform to the current period presentation.

⁴ Other Real Estate Finance activity primarily represents fundings by third parties of loan participations that are consolidated on iStar's balance sheet.

⁵ Adjusted to include \$96MM market value of SAFE investment as of 6/30/17.

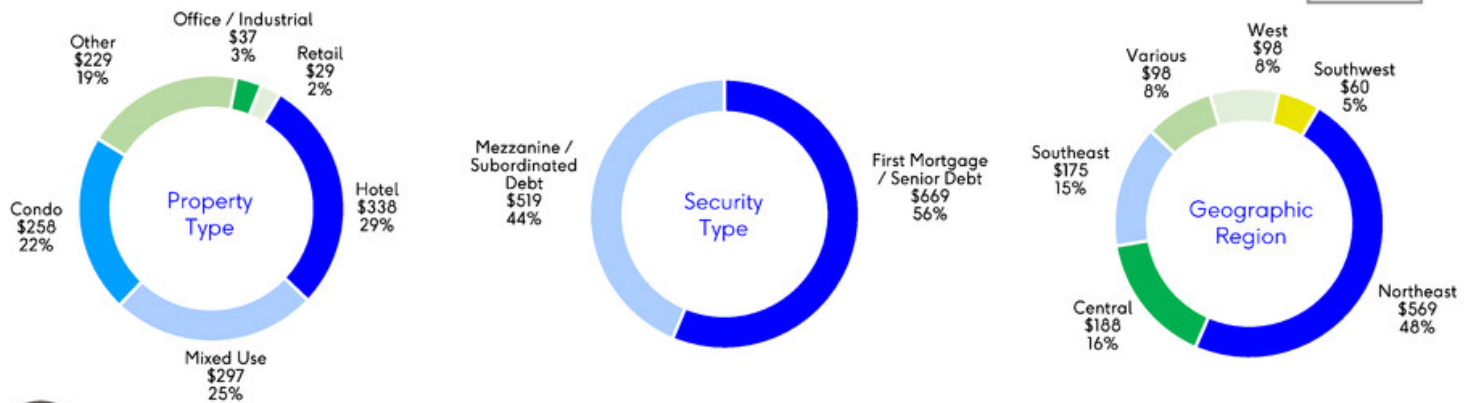




Real Estate Finance

Real Estate Finance: Overview

	Performing Loans (\$ / %)	W.A. First \$ LTV	W.A. Last \$ LTV	% Floating	% Fixed	W.A. Yield	W.A. Maturity (yrs)	NPLs	Total
First mortgages / Senior debt	\$611 (100%)	6%	63%	77%	23%	8.9%	2.2	-	\$611
Mezzanine / Subordinated debt	365 (100%)	46%	71%	71%	29%	11.6%	2.0	-	365
Total iStar 3.0 Loans ¹	\$975 (100%)	21%	66%	75%	25%	9.7%	2.1	-	\$975
First mortgages / Senior debt	\$24 (42%)	N/A	N/A	0%	100%	8.9%	2.4	\$34	\$58
Mezzanine / Subordinated debt	N/A	N/A	N/A	N/A	N/A	N/A	N/A	155	155
Total Legacy Loans	\$24 (11%)	N/A	N/A	0%	100%	8.9%	2.4	\$189	\$213
First mortgages / Senior debt	\$635 (95%)	6%	62%	74%	26%	8.9%	2.2	\$34	\$669
Mezzanine / Subordinated debt	365 (70%)	46%	71%	71%	29%	11.6%	2.0	155	520
Total Real Estate Finance	\$1,000 (84%)	21%	65%	78%	22%	9.7%	2.1	\$189	\$1,188



Note: \$ in millions.

¹ iStar 3.0 loans represent loans originated post January 1, 2008. Gross of \$107MM consolidated first mortgage participations not held by iStar.

Real Estate Finance: Trend

	Q2'16	Q3'16	Q4'16	Q1'17	Q2'17
Performing loans					
Beginning Balance	\$1,606	\$1,526	\$1,431	\$1,282	\$1,210
Fundings	78	83	196	73	82
Repayments	(182)	(48)	(302)	(169)	(217)
Other	13	22	(43)	24	(75)
Transfers In / (Out)	11	(152) ¹	-	-	-
Ending Balance	\$1,526	\$1,431	\$1,282	\$1,210	\$1,000
Non performing loans					
NPLs, gross	153	297 ¹	254	251	250
Specific Reserves	(73)	(74)	(62)	(61)	(61)
NPLs, net	79	222¹	192	190	189
Total	\$1,605	\$1,653	\$1,474	\$1,400	\$1,188

	Q2'16	Q3'16	Q4'16	Q1'17	Q2'17
% First mortgages / Senior debt	65%	67%	68%	65%	56%
% Mezzanine / Subordinated debt	35%	33%	32%	35%	44%
% Floating	76%	78%	79%	79%	75%
% Fixed	24%	22%	21%	21%	25%
W.A. First \$ LTV ²	22.3%	16.5%	16.3%	18.0%	20.5%
W.A. Last \$ LTV ²	65.7%	61.7%	63.9%	62.1%	65.4%
W.A. Yield ²	8.4%	9.0%	8.9%	9.2%	9.7%
W.A. Maturity (yrs) ²	2.2	1.6	2.1	2.0	2.1
Asset Count	49	48	44	44	44



Note: \$ in millions. Balances represent carrying value gross of general reserves.
¹ \$145MM Hammons note designated NPL.
² Based on performing loans only.

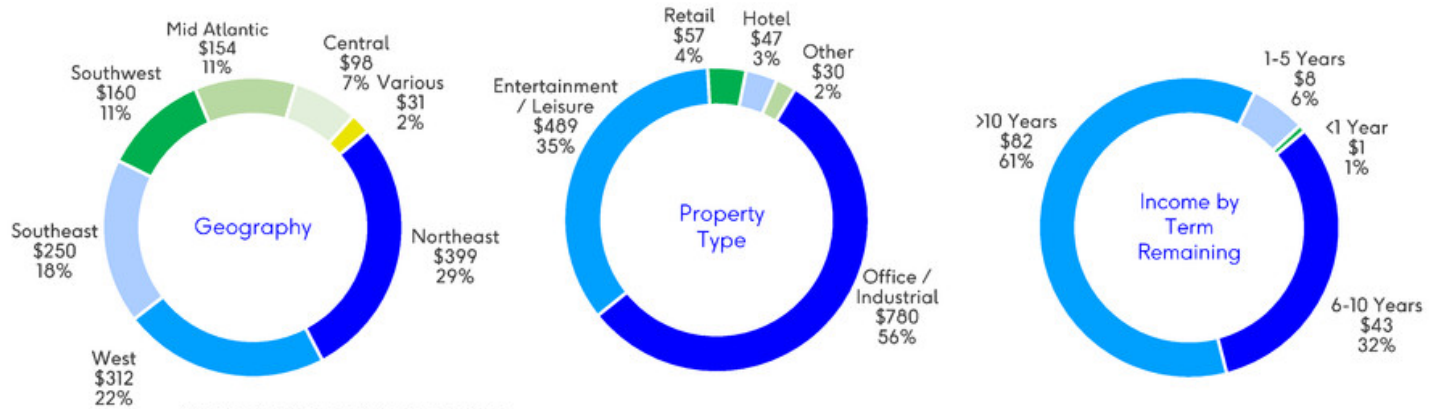


Net Lease

Net Lease: Overview

	Consolidated Assets	Unconsolidated Assets	Total Net Lease Assets
Net Book Value	\$864	\$225 ¹	\$1,090
Accumulated Depreciation	314	-	314
Gross Book Value	\$1,179	\$225	\$1,404

	Consolidated Assets	Unconsolidated Assets	Total Net Lease Assets
Occupancy	98.0%	100.0%	98.5%
Square Footage (000s)	11,954	4,005 ²	15,959
W.A. Lease Term	10.9 yrs ³	14.5 yrs	11.5 yrs
W.A. Yield ⁴	7.8%	10.1%	8.1%



Note: \$ in millions, square footage in thousands.

¹ Includes \$129MM book value of our interest in the Net Lease joint venture investments and \$96MM market value of our equity investments in SAFE as of June 30, 2017.

² Represents total square footage of assets held in net lease joint venture. Excludes square footage of SAFE assets.

³ Reflects AMF lease extension.

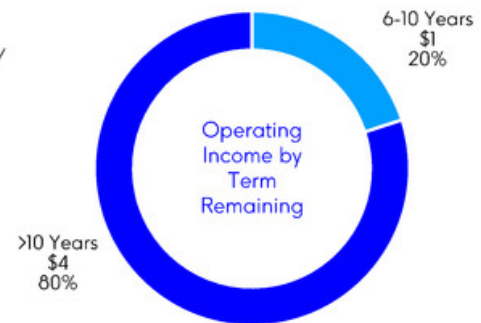
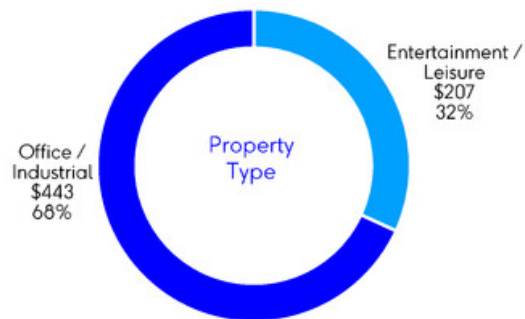
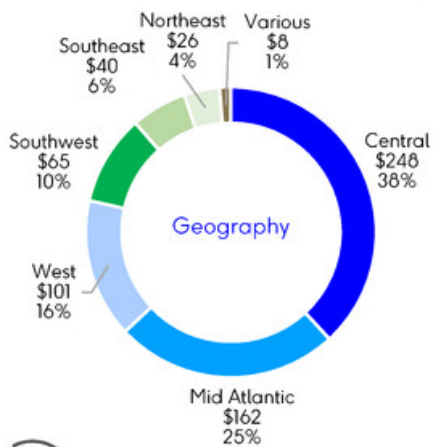
⁴ For wholly owned investments, yield is calculated as the annualized net operating income over the average gross book value during the period. For unconsolidated joint ventures, the yield is calculated as iStar's pro rata share of net operating income divided by the assets' average gross book value.



Net Lease: Joint Venture Overview

Balance Sheet

Assets	\$650
Accumulated Depreciation	(23)
Assets, Net	627
Liabilities	357
Equity	270
Noncontrolling Interests (NCI)	(23)
Equity, Net of NCI	247
iStar Share	52%
iStar Book Value	\$129

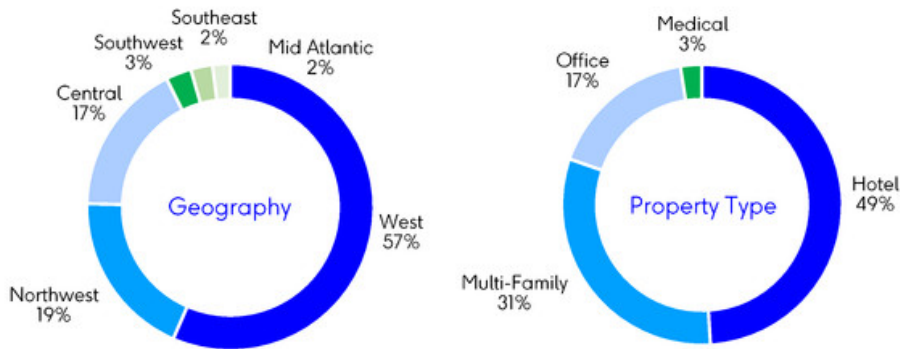


Note: \$ in millions.

SAFE Overview

- \$96 million¹ equity investment (28% of shares outstanding) in Safety, Income and Growth (NYSE: SAFE), the first publicly-traded company focused on ground lease investments

SAFE Portfolio



SAFE Balance Sheet

Assets	\$593 ²
Accumulated Depreciation	(1)
Assets, Net	592
Liabilities	233
Equity	359
iStar Share	28%
iStar Equity	\$99 ³



¹ Represents market value of iStar's equity investment as of 6/30/17.

² Total assets include \$132MM real-estate related intangible assets less \$58MM of real-estate related intangible liabilities.

³ Fair market value of \$96MM on 6/30/17.

Net Lease: Trend

	Q2'16	Q3'16	Q4'16	Q1'17	Q2'17
Beginning Balance	\$1,551	\$1,532	\$1,468	\$1,478	\$1,461
Fundings	6	37	14	0	88
Sales	(24)	(101)	(4)	18	(191)
Ending Balance	\$1,532	\$1,468	\$1,478	\$1,461	\$1,404 ¹
% Leased	98.3%	99.2%	98.4%	98.6%	98.5%
W.A. Lease Term (yrs)	14.6	14.6	14.7	14.8	11.5
Annualized Yield ²					
Cash Basis	7.7%	8.2%	8.3%	8.4%	8.4%
GAAP Basis	8.2%	8.2%	8.4%	8.4%	8.1%
Square Footage	17.3	17.0	17.2	17.1	16.0
Number of Assets	46	43	44	43	37



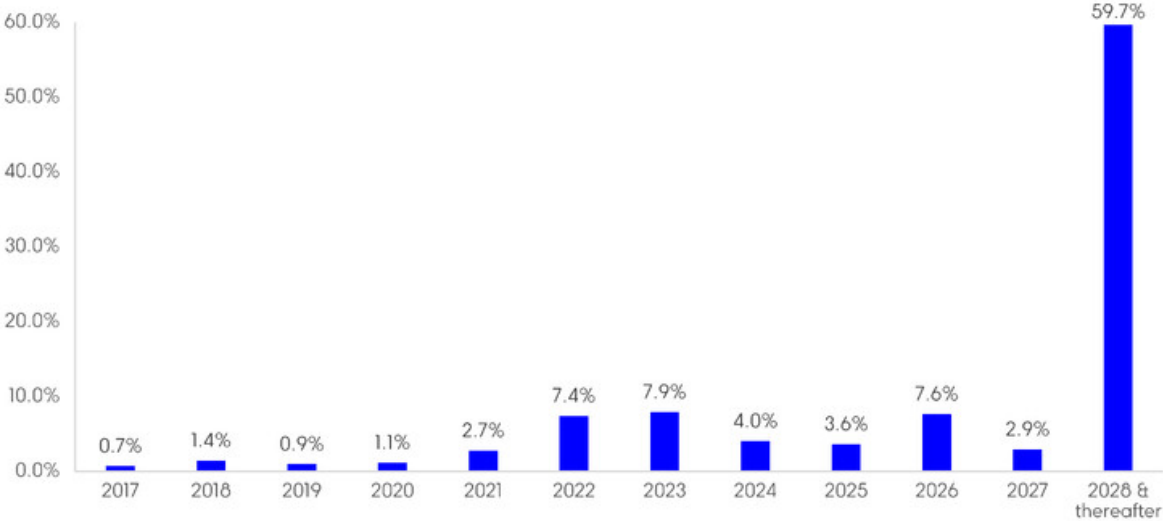
Note: \$ in millions, square footage in thousands. Figures calculated using iStar's ownership percentage in joint ventures.

¹ Adjusted to represent SAFE market value of \$96MM on 6/30/17.

² Excludes percentage rent income.

Net Lease: Lease Expiration Profile

Annualized In-Place Operating Lease Income



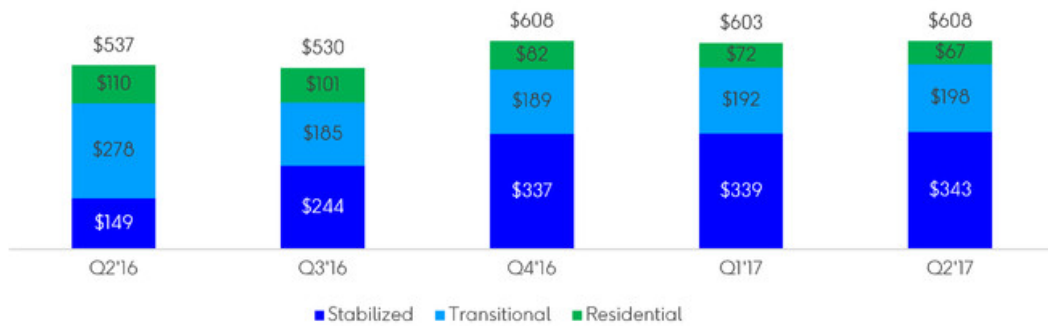
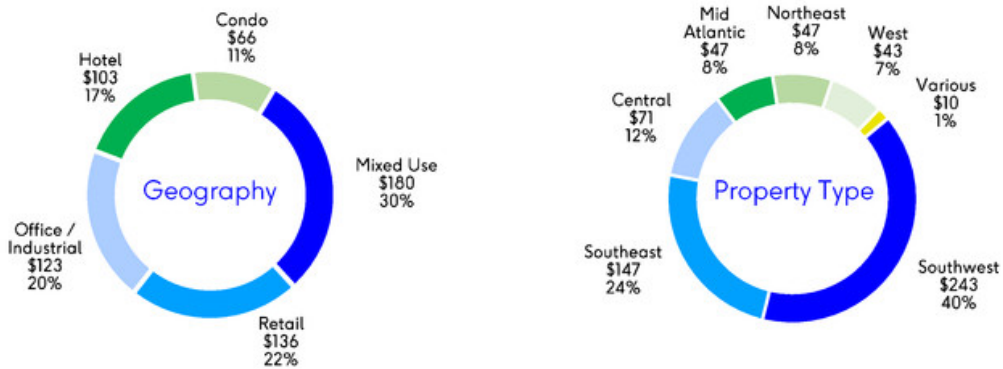
W.A. Lease Term: 11.5 years





Operating Properties

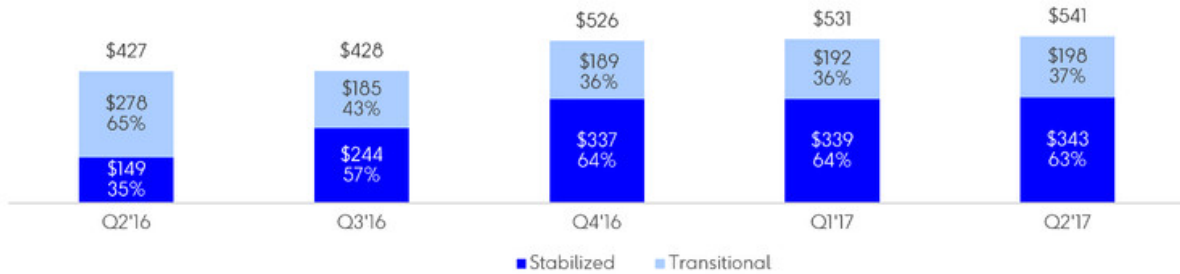
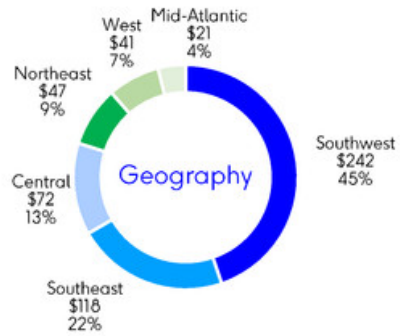
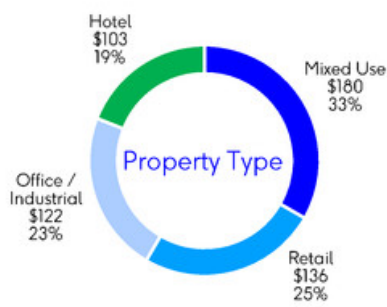
Operating Properties: Overview



Note: \$ in millions.

Commercial Operating Properties: Overview

	Gross Book Value	Properties	Occupancy	W.A. Yield ¹	Square Footage
Stabilized	\$343	14	87%	8.5%	2,569
Transitional	198	8	59%	3.8%	1,485
Total Commercial Assets	\$541	22	77%	6.9%	4,054

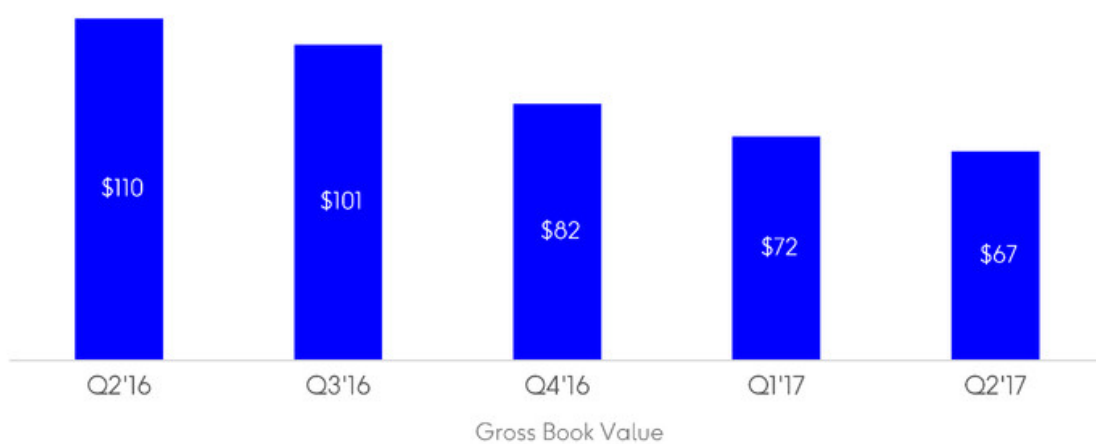


Note: \$ in millions, square footage in thousands.

¹ Yield is calculated as the annualized net operating income over the average gross book value during the period. For unconsolidated joint ventures, the yield is calculated as iStar's pro rata share of net operating income divided by the assets' average gross book value during the period.

Residential Operating Properties

	Q2'16	Q3'16	Q4'16	Q1'17	Q2'17
Asset Count	7	8	8	8	8
Condominium Units Sold	55	11	11	7	5
Sales Proceeds	\$39	\$15	\$23	\$10	\$7
Income from Sale of Real Estate	\$14	\$4	\$3	\$2	\$1
Condominium Units Remaining	68	58 ¹	48 ¹	41	36



Note: \$ in millions. Excludes fractional units.
¹ Includes one condo acquisition for the quarter.

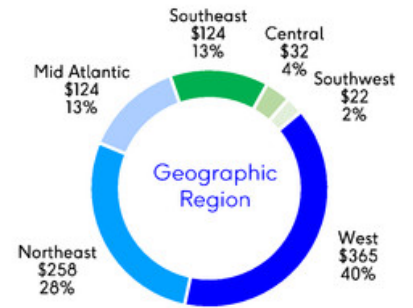
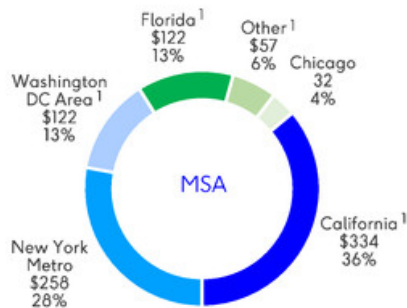
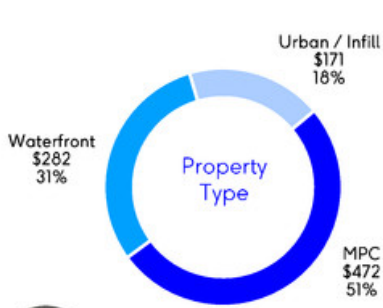


Land &
Development

Land & Development: Overview

	Master Planned			Total
	Communities	Waterfront	Urban / Infill	
In production	\$181	\$129	\$49	\$359
In development	262	146	8	416
Pre-development	29	8	114	150
Gross book value	\$472	\$282	\$171	\$925
# of projects	8	6	15	29

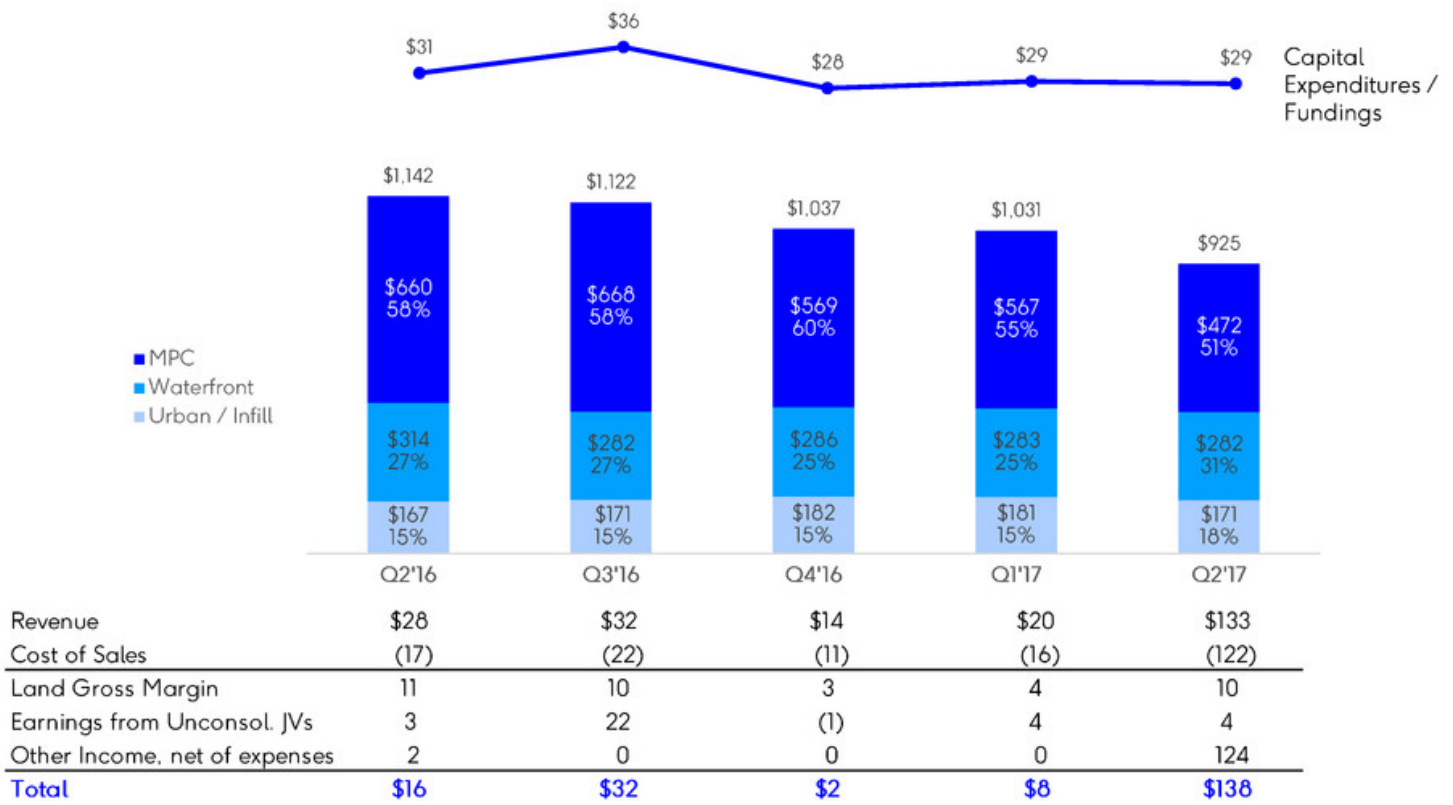
	Master Planned			Total
	Communities	Waterfront	Urban / Infill	
Land development revenue	\$123	\$4	\$6	\$133
Land development cost of sales	(113)	(5)	(4)	(122)
Gross margin	\$9	(\$1)	\$2	\$10
Earnings from unconsolidated JVs	3	1	(0)	4
Other income, net of expenses	123	0	0	124
Total	\$135	\$1	\$1	\$138



Note: \$ in millions.

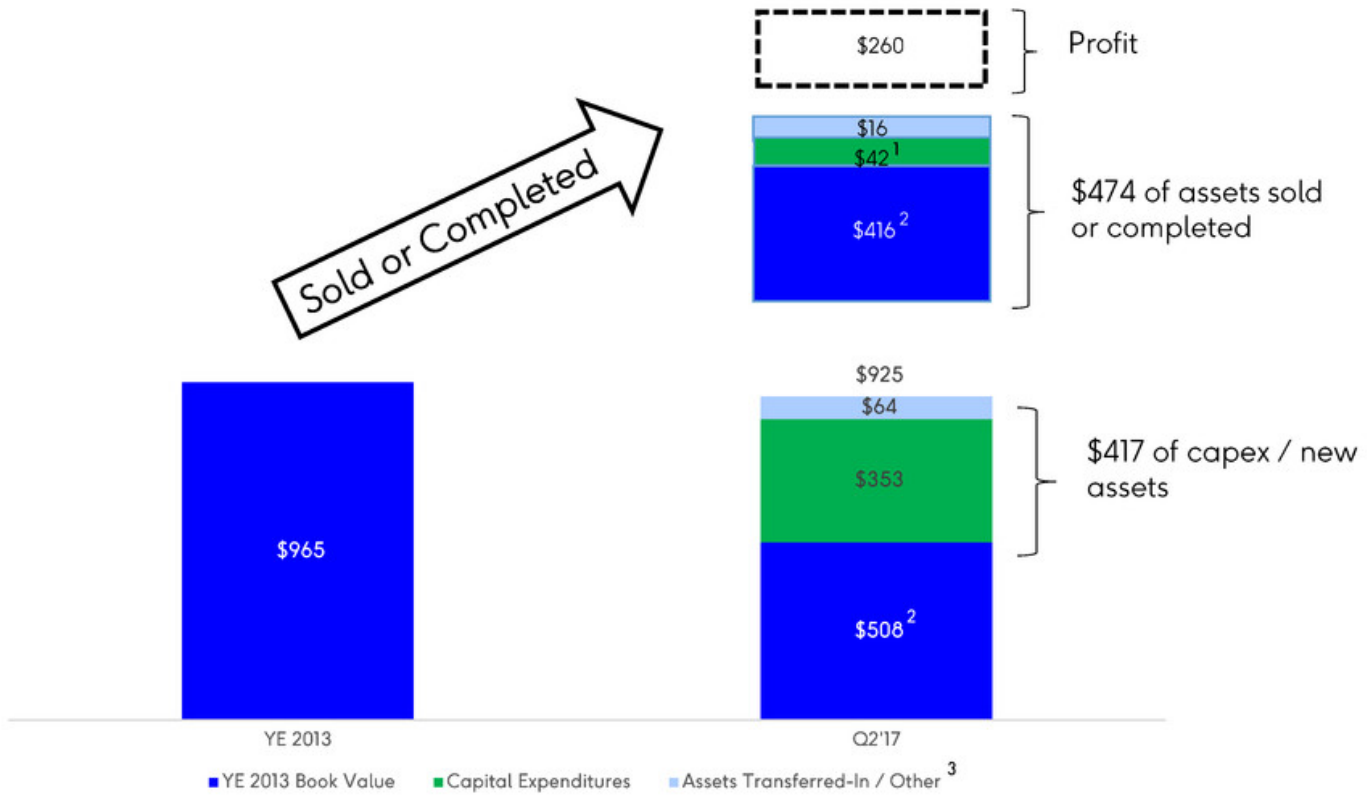
¹ Comprised of multiple MSAs.

Land & Development: Trend



Note: \$ in millions.

Land & Development Progress Since YE 2013



\$ in millions

¹ Includes capital expenditures on fully disposed assets only.

² Net of \$41MM of impairments since YE 2013.

³ Includes net change in equity method investments.



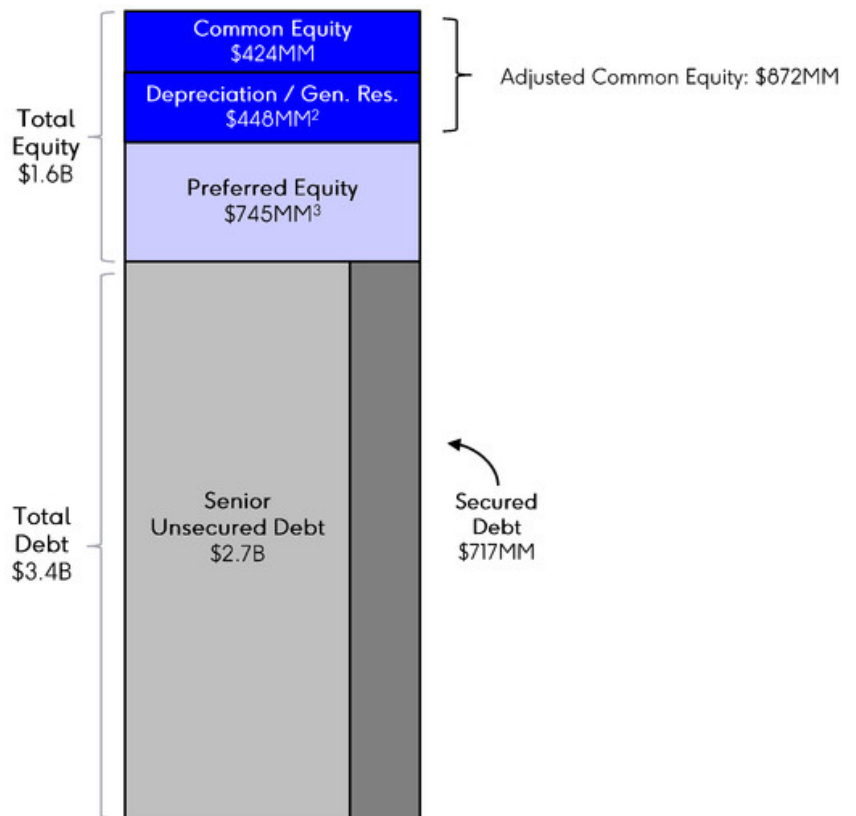


Capital Structure

Capital Structure Overview

Cash	\$954MM
Net Debt	\$2.4B
Total Equity	\$1.6B
Leverage ¹	1.5x

	Basic
Shares Outstanding	72.2MM
Adjusted Common Equity	\$872MM
Value per Share	\$12.09



Note: Please see back of the supplemental for a reconciliation of total shareholders' equity to adjusted common equity.

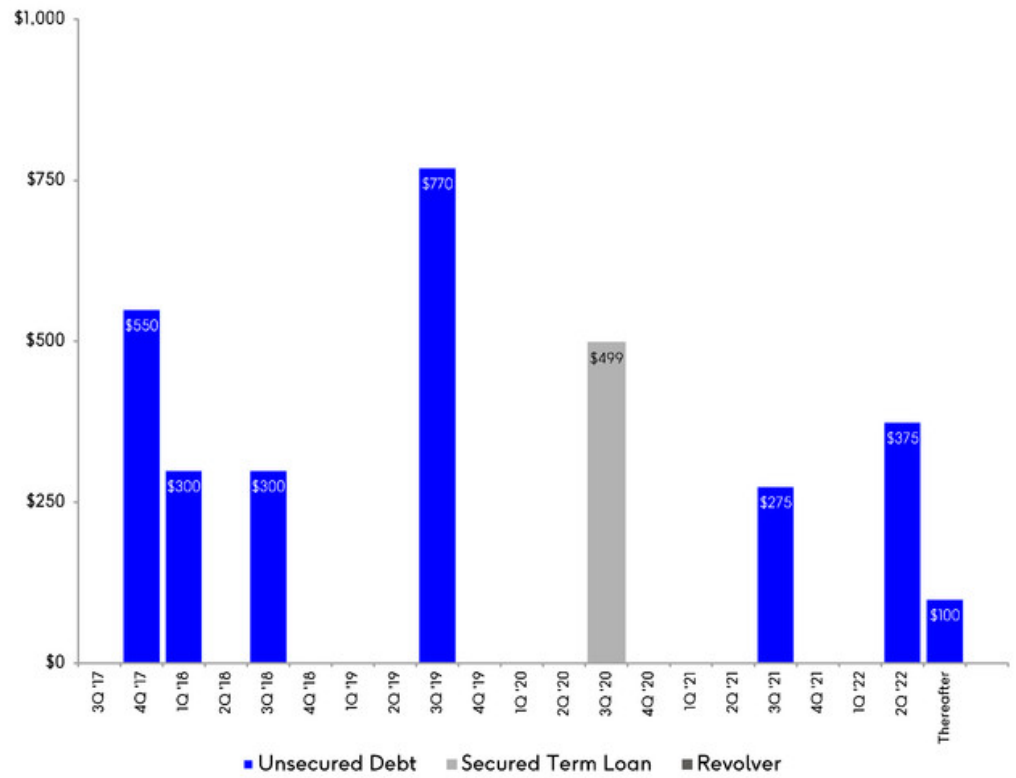
¹ Corporate leverage is the ratio of total equity (common equity plus \$745MM preferred equity) plus accumulated depreciation and amortization (including iStar's proportionate share of accumulated depreciation and amortization relating to equity method investments) and general loan loss reserves divided by total debt less any cash and cash equivalents.

² Accumulated depreciation and amortization includes iStar's proportionate share of accumulated depreciation and amortization relating to equity method investments.

³ Represents liquidation value of preferred equity.

Corporate Debt Maturity Profile

Debt Profile		
2017		
Nov.	\$550	4.00%
2018		
Feb.	\$300	7.13%
Jul.	300	4.88%
	\$600	
2019		
Jul.	\$770	5.00%
2020		
Jul.	\$499	L + 375
2021		
Jul.	\$275	6.50%
2022		
Apr.	\$375	6.00%
2035		
Oct.	\$100	L + 150
Total	\$3,169	5.19%



Note: \$ in millions. Excludes \$226MM individual mortgages and \$250MM (L+275) revolver which matures in 2018 and currently has a \$0 outstanding balance.



Financial Measures

Q2'17 Segment Balance Sheet

	Real Estate Finance	Net Lease	Operating Properties	Land & Development	Corporate / Other	Total
Real estate						
Real estate, net	-	\$864	\$480	-	-	\$1,344
Add: accumulated depreciation	-	314	54	\$7	-	375
Real estate, gross	-	\$1,179	533	7	-	\$1,719
Real estate available and held for sale	-	-	67	-	-	67
Total Real Estate, gross	-	1,179	600	7	-	1,786
Land and development	-	-	-	856	-	856
Loans receivable, net	\$1,171	-	-	-	-	\$1,171
Other investments	-	179 ²	8	62	\$27	277
Total Portfolio Assets, gross¹	\$1,171	\$1,358	\$608	\$925	\$27	\$4,089
Cash and other assets						\$1,201
Total Assets, gross						\$5,290



Note: \$ in millions.

¹ Figures based on carrying value, gross of accumulated depreciation and general loan loss reserves.

² Includes \$50MM carrying value of SAFE equity investment which had a market value of \$96MM as of 6/30/17.

Q2'17 Segment Income Statement

	Real Estate Finance	Net Lease	Operating Properties	Land & Development	Corporate / Other	Total
Operating lease income	-	\$30.9	\$15.9	\$0.2	-	\$47.0
Interest income	\$28.6	-	-	-	-	28.6
Other income	0.5	0.6	13.3	123.9	\$1.3	139.5
Land development revenue	-	-	-	132.7	-	132.7
Earnings from equity method investments	-	1.1	0.5	3.6	0.4	5.5
Income from discontinued operations	-	0.2	-	-	-	0.2
Gain from discontinued operations	-	123.4	-	-	-	123.4
Income from sales of real estate	-	-	0.8	-	-	0.8
Total Revenue & Other Earnings	\$29.1	\$156.1	\$30.6	\$260.4	\$1.6	\$477.8
Real estate expenses	-	(4.1)	(22.7)	(8.0)	-	(34.7)
Land development cost of sales	-	-	-	(122.5)	-	(122.5)
Other expense	(0.4)	-	-	-	(15.9)	(16.3)
Allocated interest expense	(10.5)	(13.7)	(5.0)	(7.1)	(12.5)	(48.8)
Allocated general and administrative	(4.7)	(5.9)	(2.4)	(5.0)	(5.3)	(23.3)
Segment Profit (loss)	\$13.5	\$132.4	\$0.6	\$117.8	(\$32.1)	\$232.3



Note: \$ in millions. Allocated general and administrative excludes \$3.9MM of stock-based compensation expense.

Q2'17 Adjusted Income Reconciliation

	Three Months Ended June 30,	
	2017	2016
Net income allocable to Common Shareholders	\$177.5	\$38.1
Add: Depreciation and amortization	15.6	17.3
Add: (Recovery of) provision for loan losses	(0.6)	0.7
Add: Impairment of assets	10.3	3.0
Add: Stock-based compensation expense	3.9	1.6
Add: Loss on early extinguishment of debt	0.6	1.5
Less: Losses on charge-offs and dispositions	(8.8)	(1.1)
Less: Participating Security allocation adjustment	-	(0.0)
Adjusted income allocable to common shareholders	\$198.4	\$61.1

Adjusted Income allocable to common shareholders should be examined in conjunction with net income (loss) as shown in the Consolidated Statements of Operations. This non-GAAP financial measure should not be considered as an alternative to net income (determined in accordance with GAAP) or to cash flows from operating activities (determined in accordance with GAAP) as a measure of the Company's liquidity, nor is it indicative of funds available to fund the Company's cash needs or available for distribution to shareholders. Rather, Adjusted Income is an additional measure the Company uses to analyze its business performance because it excludes the effects of certain non-cash charges that the Company believes are not necessarily indicative of its operating performance while including the effect of gains or losses on investments when realized. It should be noted that the Company's manner of calculating this non-GAAP financial measure may differ from the calculations of similarly-titled measures by other companies. Management considers this non-GAAP financial measure as supplemental information to net income in analyzing the performance of our underlying business. Depreciation and amortization includes our proportionate share of depreciation and amortization expense relating to equity method investments and excludes the portion of depreciation and amortization expense allocable to non-controlling interests. Impairment of assets includes impairments on cost and equity method investments recorded in other income and earnings from equity method investments, respectively. Effective in the second quarter 2016, the Company modified its presentation of Adjusted Income to include losses on charge-offs and dispositions of previously impaired or reserved assets to provide a more informative metric for investors to help evaluate our operating performance. Losses on charge-offs and dispositions represents the impact of charge-offs and dispositions realized during the period. These charge-offs and dispositions were taken on assets that were previously impaired for GAAP and reflected in net income but not in Adjusted Income.

Note: \$ in millions.



Reconciliation of Adjusted Income per Share Guidance to Net Income per Share Guidance

	For the Year Ending December 31, 2017
Targeted Net Income per Diluted Common Share Range	\$2.15 - \$2.65
Add: Depreciation and amortization	\$0.67 - \$0.71
Add: Other non-cash adjustments	\$0.54 - \$0.58
Less: Losses on charge-offs and dispositions	(\$0.36) - (\$0.44)
Targeted Adjusted Income per Diluted Common Share Range	\$3.00 - \$3.50



Q2'17 Adjusted Common Equity Reconciliation

	As of June 30, 2017
Total shareholders' equity	\$1,169
Less: Liquidation preference of preferred stock	(745)
Common shareholders equity	\$424
Add: Accumulated depreciation and amortization	405
Add: Proportionate share of depreciation and amortization within equity method investments	25
Add: General reserves	18
Adjusted common equity	\$872

Note: We use adjusted common equity, a non-GAAP financial measure, as 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 provisions for general reserves 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.

Important Notes

Special Note Regarding Forward-Looking Statements

Statements in this supplemental disclosure 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 the expectations reflected in any forward-looking statements are based on reasonable assumptions, the Company can give no assurance that its expectations will be attained.

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 Company's ability to generate liquidity and to repay indebtedness as it comes due, additional loan loss provisions, the amount and timing of asset sales, changes in NPLs, 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 operating properties and land and other risks detailed from time to time in iStar SEC reports.



