

**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): **June 12, 2015 (June 10, 2015)**

**iStar Financial 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))

**Item 7.01. Regulation FD Disclosure.**

Officers of iStar Financial Inc. participated in an investor presentation on June 10, 2015. A copy of the presentation materials used is furnished as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated herein by reference.

The information in this Current Report, including the exhibit 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 Investor Presentation.

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**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.

Date: June 12, 2015

By: /s/ David DiStaso  
David DiStaso  
Chief Financial Officer

- Signature Page -

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# iStar 3.0 The Next Big Thing

## iStar 1.0 (1993)

- A new concept to create a high-end, premium financing source in the real estate space
- Flexible and opportunity driven, with integrated skill sets across real estate, corporate finance and capital markets
- Bespoke capital targeting top 5 - 10% of market only

Private Fund Performance: 24% annual returns over 7 years (YE 1994 – YE 2001)<sup>1</sup>



## iStar 2.0 (1999)

- Unique Scale – large permanent equity base significantly greater than other competitors
- Added Duration – acquired/built large net lease platform to extend duration
- Unsecured, Inv Grade Balance Sheet – maximum flexibility to pursue contrarian investments, custom-tailored marketplace

Shareholder Returns during 2.0: **22% annual returns over 6 years (YE 1999 – YE 2005)<sup>2</sup>**

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## iStar 2.5 (2006)

Predicted real estate CDO model would end badly and targeted non-CDO eligible collateral with short asset/long liability strategy

- Sought to acquire short duration assets and fund with long duration liabilities to set up favorable capital positioning when markets corrected
- Bought large pool of discounted short duration assets via Fremont acquisition using short term bridge loan. Prepared to place long term liabilities and equity post acquisition
- Financial crash closed capital markets and created reverse outcome – asset durations lengthened and long-term financing became unavailable forcing liquidity driven asset sales

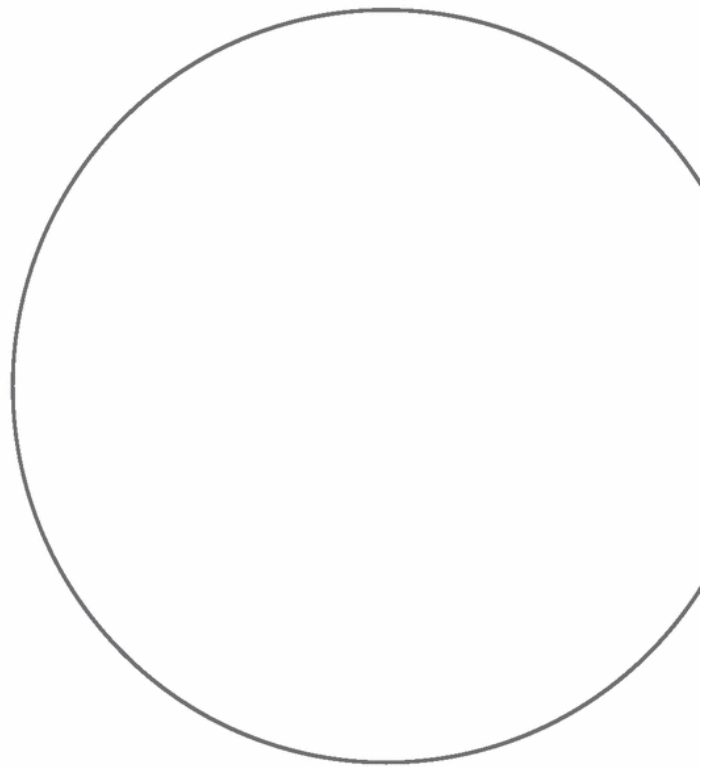
Loss during CDO/Crash Era: **-8% annual returns over 7 years (BoY 2006 – YE 2012)<sup>3</sup>**

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## iStar 3.0 (2013)

Defining a New White Space



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## New and Expanded Capabilities

- Development/Design capabilities to capture more of the profit opportunity
- Land infrastructure expertise built to create value in a long duration, often capital-starved sector
- Deep team of “battle-hardened” professionals who have been in the field “making the tough calls”

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## New Value-Enhancing Partners

- Sovereign Wealth Fund JV
- Development JV's

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## New Flexible Capital Structure

- Primarily Unsecured and Unencumbered Balance Sheet
  - More than 80% of assets unencumbered
- Ability to shelter over \$750 million of income at REIT level
  - Flexibility to increase equity capital base w/o frequent equity raise

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## New Investment Pipeline Dynamic

- Steady flow of proprietary investments from iStar portfolio
- Selective flow of capital into new investment opportunities
- Multiple investment areas to evaluate and compare

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## iStar 3.0: Defining a New Space

- Multiple Investing Capabilities with No Silos, No Square Boxes
- Unencumbered Asset Base/Unsecured Debt strategy
- Tax Advantaged
- Mix of Short and Long Duration portfolios
- Deep Experience and Expertise (and Scars)
- Potential to Materially Grow Earnings without Materially Growing Assets

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# iStar 3.0: Defining a New Sector

- Not a Mortgage REIT,
  - but able to execute high end tailored financings
- Not an Equity REIT,
  - but able to execute high return equity investments and design, develop and construct across multiple property types
- Not a Net Lease REIT,
  - but able to create long duration, high return investments using real estate, corporate finance and capital markets expertise
- Not a Homebuilder
  - but able to conceptualize, entitle and execute across single family/multifamily/condo residential spectrum

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## iStar 3.0 Adaptive Investment REIT

Innovative, Risk-Reward Driven

with

Core, Value-Add and High Value-Add Capabilities

Shareholder Returns since 3.0 investments began: **28%** annual returns  
over past 30 months (BoY 2013 – June 3, 2015)<sup>4</sup>

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## New look, new name



Not "unique", just:

**Uncommon.**

flexibility

tax advantages

integrity

platform

experience

contrarian strategies

creativity

unencumbered assets

tenacity

earnings potential

investment pipeline

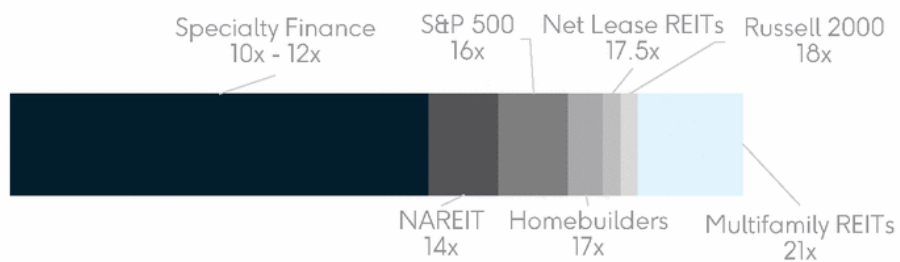
teamwork



# Earnings Goals

2015 \$0.75 Adj Inc/share

2016 \$1.75 Adj Inc/share



See reconciliation to GAAP net income and earnings multiple metrics in the appendix of this presentation

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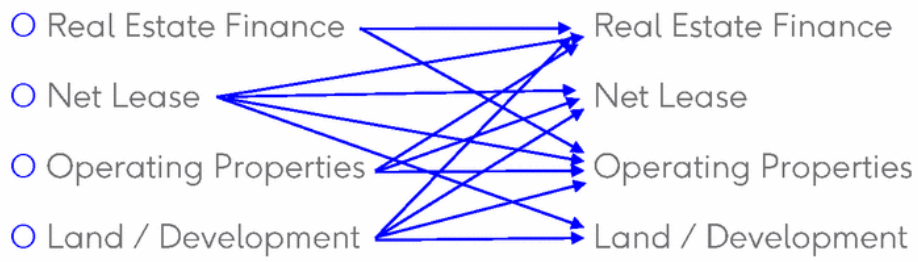
## What We've Been Doing

- Value extracting investments in existing portfolio and thematic investments in financing sector
  - Value Extraction: Extract retail, not wholesale, value of assets
  - Financing Theme: Big deals, big equity sponsorship, big cities, big capital flows, better spreads
  - Watching for holes to develop in market as rates rise, regulations continue to reshape finance marketplace

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# What We've Been Doing



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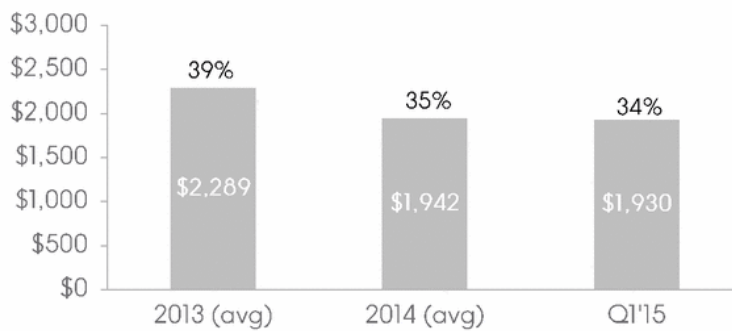


## Non-Contributing Assets

Creates Potential for Materially Growing Earnings without Materially Growing Assets

Non-Contributing Assets and % of Total Assets

\$ in millions



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# Case Studies

## “High Grade Lending”

### High Grade Portfolio

Where to lend right now?

- Pricing relative to pre-crash levels
- Pricing relative to LTV exposure and equity commitment
- Pricing relative quality of collateral, quality of location

#### “TRAC” Transactions:

- 20 Times Square – New York City
- 1812 North Moore – Washington, DC
- 181 Fremont – San Francisco
- 9 West Walton – Chicago
- 212 5<sup>th</sup> Avenue – New York City
- 100 Barclay – New York City



# High Grade Portfolio Stats

# of Deals	6
Average Investment Size	\$238 million
Average Effective Spread excl Pts	728 bps over Libor
Average First Dollar Position	0%
Average LTV (based on Borrower u/w)	49%
Average LTV (based on iStar u/w)	59%
Average size of equity commitment:	\$156 million
Pricing relative to quality of collateral	all Class A/AA assets
Pricing relative to quality of location	all major metropolitan cities

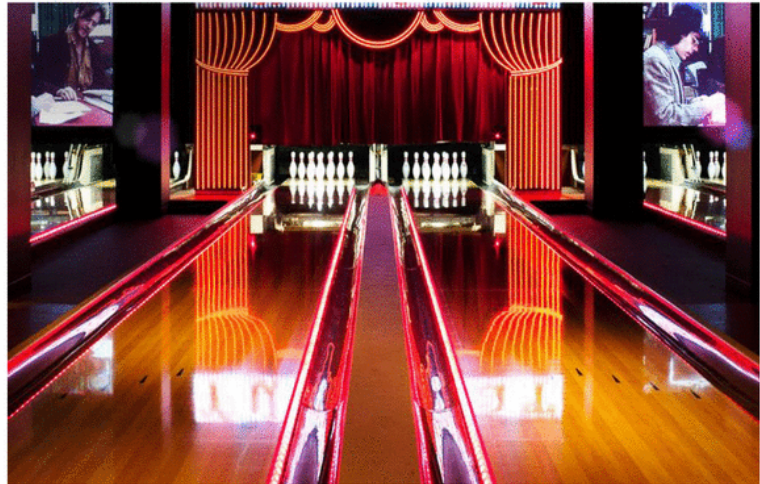


## Case Studies “Inventive Net Lease”

# Bowlmor AMF / Brunswick

Help build company with dominant market share by providing \$200 million via new proprietary S/L investment and upgrading existing sale leaseback portfolio

- More than 10 years of experience studying industry
- Attractive new unlevered investment opportunity at 600 over treasuries with bumps and 20 yr term
- Enhanced existing S/L portfolio by providing flexibility in return for increased lease term and improved lease structure



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# One Detroit Center

Innovative ways to extract full value and manufacture core long term net lease positions

- Created competitive playing field by reducing investment size using ground lease structure
- Positioned to mutually benefit from buyer's superior ability to lease up building (win-win)
- Now own long term ground lease with annual rent bumps under 100% leased Class A+ office



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# Case Studies

## “Value Enhancing JV’s”

### Marina Palms – Miami, FL

Investment Decision: Sell vs Develop

#### Sell As-Is

- Previous owner threw in the towel
- Neighboring owner filing lawsuits to disrupt entitlement and force cheap sale to him
- Miami condo market overwhelmed with supply



# Marina Palms – Miami, FL

## Key Performance Metrics:

- First tower 95% sold at an average price of over \$400 psf versus basis of \$265 psf
- Generated \$19 million of earnings from equity method investments to date
- Second tower units selling at over \$500 psf
- Total of 991,000 sf across both towers
- Expect to begin deliveries as early as end of 2015
- Approx 40% ownership



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# 1000 S. Clark – Chicago, IL

## Investment Decision: Sell vs Develop

### Sell As-Is

- Small property
- No clear view on market
- Brokers said highest and best use was a surface parking lot
- Limited financing sources



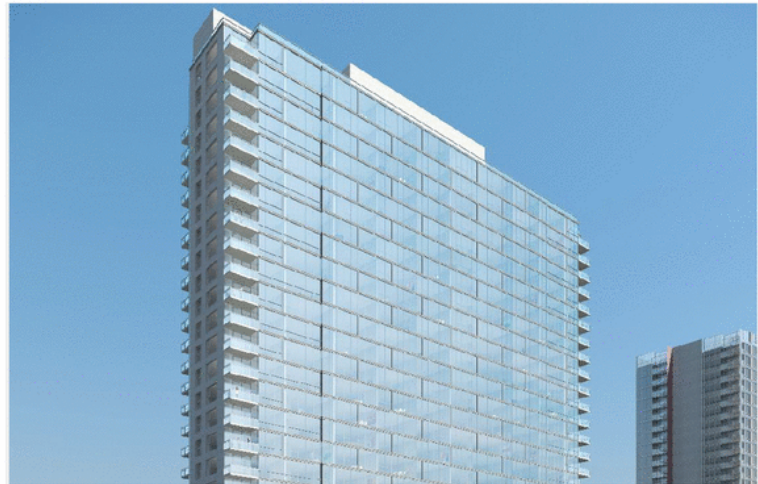
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# 1000 S. Clark – Chicago, IL

## Key Performance Metrics:

- In first group of new developments in South Loop to deliver (early '16)
- Same store rents for comp set increasing
- Chicago saw record absorption of units in 1Q'15
- Building to a 7% cap
- Total cost of ~\$120 million
- iStar provided mezzanine, bank provided senior
- 50% ownership minimum above senior debt



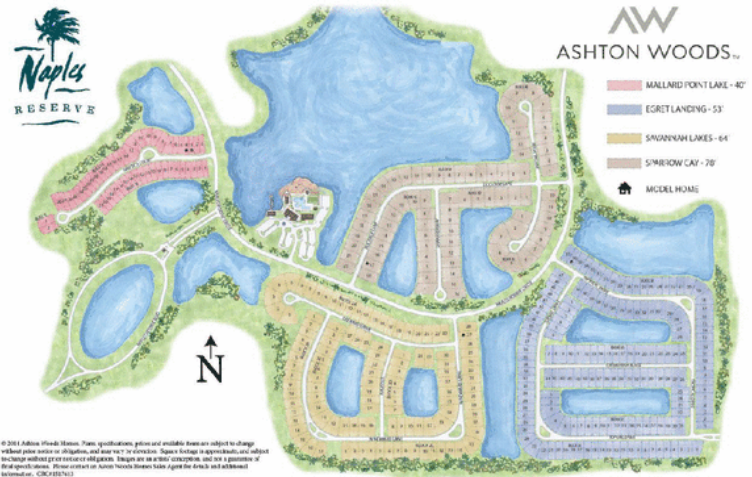
Case Studies  
“Land Reimagined”



# Naples Reserve – Naples, FL

Develop new vision for 1,116 lots in market dominated by golf-based communities

- Entitled and Master Planned by iStar
- Infrastructure developed by iStar
- One of strongest markets in US with 25% home price gains since Jan '13<sup>5</sup>
- Current book: \$60 mm
- Future development cost: \$30 mm
- First phase contracted at \$2,000 per front foot, plus profit participation
- Total 70k of front feet

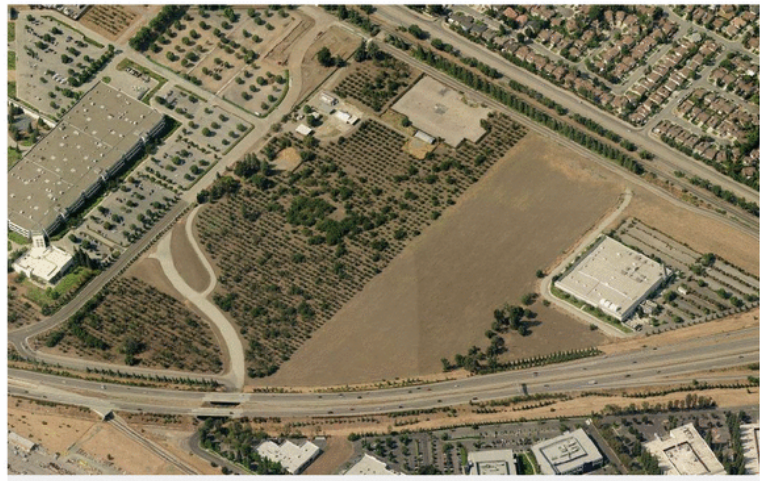


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# Great Oaks – San Jose, CA

Redeveloped as transit oriented MPC

- One of the strong residential markets in US
- 75 acres at intersection of Rt. 101 and Rt. 85
- Entitled by iStar and local JV partner
- 720 residential units plus two large commercial parcels
- 50% ownership after each party recovers their investment



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# Case Studies

## “Legacy Litigation”

### Assets in Litigation

- While majority of legacy assets in our control,
- Certain legacy assets remain tied up in litigation with uncertain outcomes
- Working to create positive outcomes, but results are uncertain and could lead to NPL / earnings impact

# Hotel Credit Line

Two-part credit

- Majority of principal guaranteed by high net worth entity and pledge of equity in seven hotels and other collateral (portfolio 1)
- Minority of principal backed by separate hotel portfolio owned by entity other than Guarantor (portfolio 2)
- iStar litigation relates in part to guarantor's net worth covenant
- Value of portfolio 2 impacted by non-iStar litigation and disputes



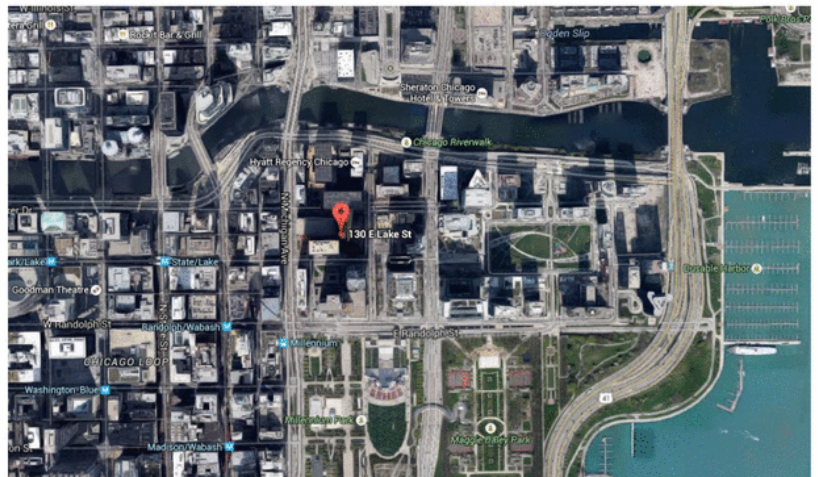
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# Chicago Mandarin Site

Former site of Mandarin Oriental Hotel and Residences development

- 900,000 developable feet
- Liens filed against original borrower are in litigation. Title company is responsible party
- Property location appears to have significant value above book once liens resolved



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# Bevard Land

iStar and minority partner have sought specific performance of 2007 land purchase contract

- Court has ruled in our favor
- Judgment calls for
  - Purchase at full price
  - Interest since 2008 at 12%
  - All legal fees and property taxes reimbursed
- Expect appeal to be filed

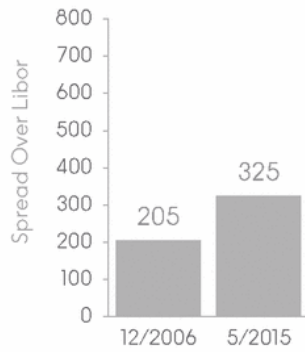


State of  
the Markets

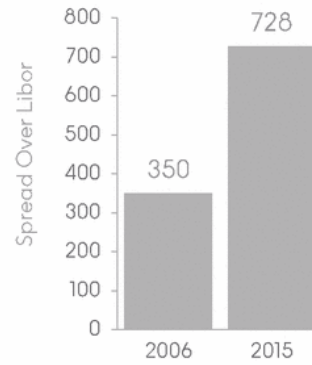
## What We See in Real Estate Finance<sup>6</sup>

- \$350 bn of CRE loans coming due each year for the next three years
- Pullback by banks leads to spreads gapping out in certain areas

JPMorgan BB Levered Loan Index



65% High Grade Asset "TRAC" Loans



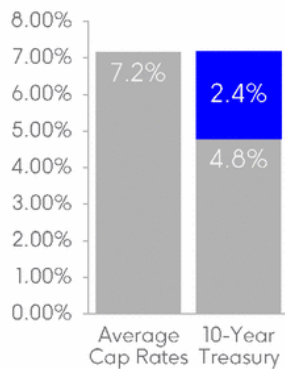
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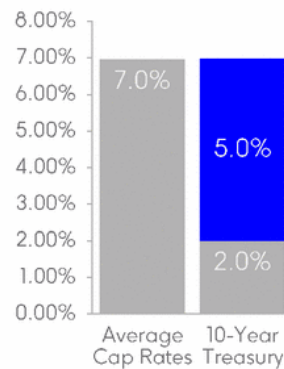
## What We See in Net Lease<sup>7</sup>

- Spreads remain attractive relative to treasuries

2006



2015



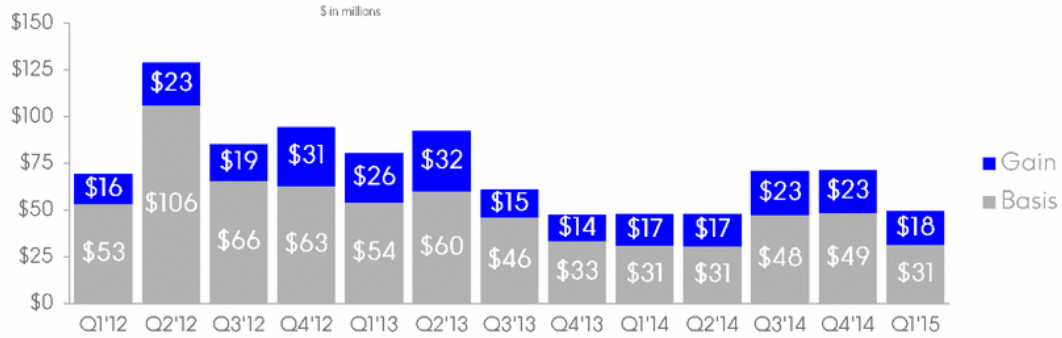
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# What We See in Operating Properties

- Falling cap rates / higher prices creating higher margin opportunities for transitional-to-stabilized execution

Residential Operating – 2012 through 2015



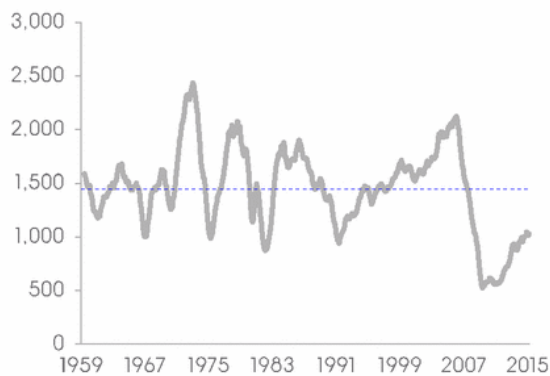
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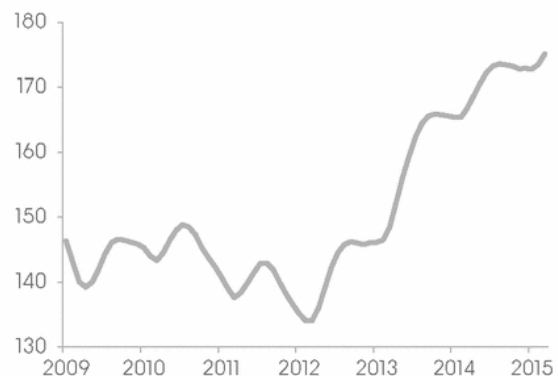
# What We See in Land

- Supply/Demand Picture Suggests Upside Potential

US Housing Starts (1959 – 2015)<sup>6</sup>



Case-Shiller 20-City Home Prices (2009 – 2015)<sup>9</sup>



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# Conclusion

What is the next big thing?

It's a platform built for today's market, that can adapt and seek to capture the best opportunities and extract their full potential once they are identified

The next big thing is a public platform built to find the next big things.

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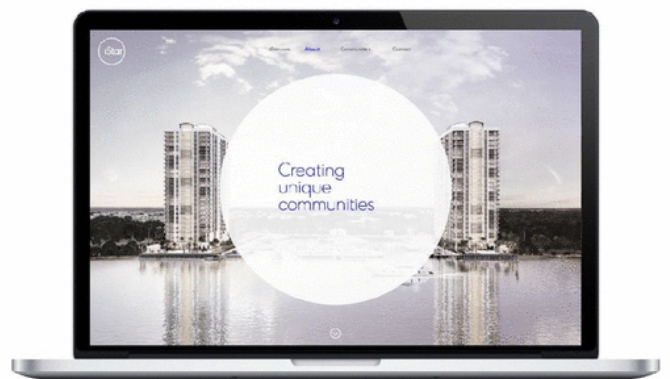


## New Websites Launching Next Week

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

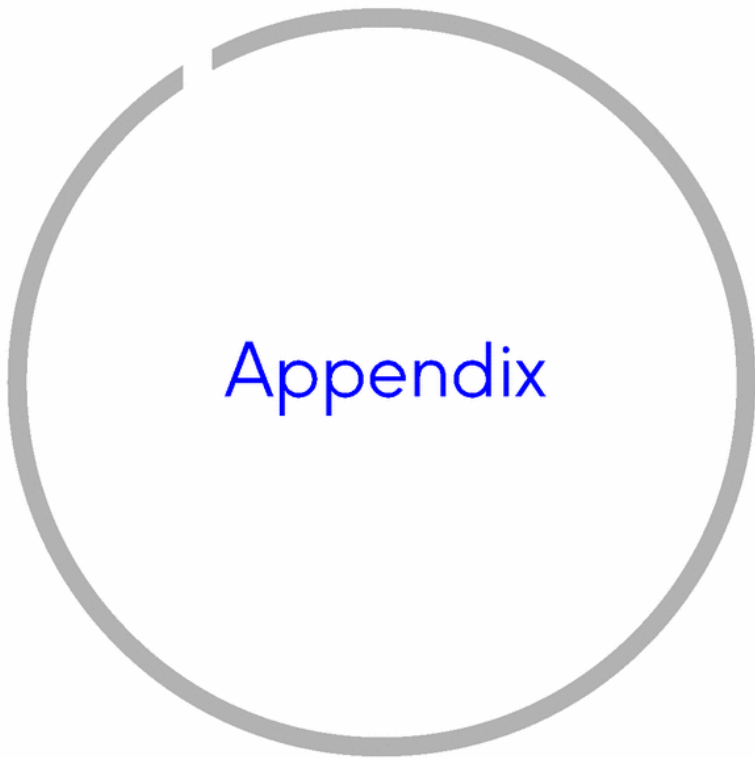


[www.istarlanddev.com](http://www.istarlanddev.com)





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# Forward-Looking Statements

This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are based on the current beliefs and expectations of iStar's management and are subject to significant risks and uncertainties. Actual results may differ from those set forth in the forward-looking statements. Factors that could cause iStar's actual results to differ materially from those described in the forward-looking statements can be found in iStar's Annual Report on Form 10-K for the year ended December 31, 2014, which has been filed with the Securities and Exchange Commission and is available on iStar's website, and on the Securities and Exchange Commission's website ([www.sec.gov](http://www.sec.gov)). iStar does not undertake to update the forward-looking statements to reflect the impact of circumstances or events that may arise after the date of the forward-looking statements.

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## Footnotes

Note: All data is as of March 31, 2015 unless otherwise noted.

1. Source: SMI LP Report 2001
2. Source: Bloomberg, assumes actual dividends paid during the period reinvested at the average 12-month LIBOR over the same period (3.40%)
3. Source: Bloomberg, assumes actual dividends paid during the period reinvested at the average 12-month LIBOR over the same period (3.43%)
4. Source: Bloomberg
5. Source: Zillow Naples Home Values
6. Source: JPMorgan, iStar estimates
7. Source: JLL, average of industrial and office single tenant cap rates
8. Source: U.S. Bureau of the Census, 6 month moving average
9. Source: Case-Shiller

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# GAAP Net Income to Adjusted Income

## Reconciliation

	2015	2016
Net Income Per Diluted Common Share	(0.35)	0.65
Add: Depreciation & Amortization	0.55	0.55
Add: Provisions & Impairments	0.30	0.30
Add: Other Adjustments	0.25	0.25
<u>Adjusted Income Per Diluted Common Share</u>	<u>0.75</u>	<u>1.75</u>

Earnings goals reflect current expectations of future economic conditions, the dynamics of the finance and commercial real estate markets in which it operates and the judgment of the Company's management with regard to matters including, without limitation, the pace of new origination activity, the availability and cost of capital, the amount of reserves and loan loss provisions, maintenance of compliance with debt covenants, and sales of condo and land assets.

**Earnings Multiples** Multifamily REITs: FFO | Russell 2000: EPS | Homebuilders: EPS | Net Lease: FFO |  
S&P 500: EPS | NAREIT: FFO | Specialty Finance: Company specific adjusted metric

