

Supplement to Prospectus Dated June 27, 2001

AMENDMENT TO THE ISTAR FINANCIAL INC.
DIVIDEND REINVESTMENT AND DIRECT STOCK PURCHASE PLAN

The iStar Financial Inc. Dividend Reinvestment and Direct Stock Purchase Plan is hereby amended as of this 3rd day of August, 2001.

1. Page 6. "Summary of the Plan -- Purchase Date."

The first paragraph is replaced by the following language:

"When the Administrator purchases shares of common stock from us through optional cash investments, such purchases shall be made on the "Purchase Date" in each month. If the Administrator is buying shares of common stock directly from us through optional cash investments of up to \$10,000, then the Purchase Date will occur on the last trading day of each month. If the Administrator is buying shares of common stock directly from us through an optional cash investment in excess of \$10,000, then the Administrator will purchase the common stock each month over a ten day pricing period, with each day being considered a Purchase Date, as more fully discussed below.

If the Administrator purchases shares of common stock directly from us through dividend reinvestment, then the Purchase Date will occur on the dividend payment date (or if such date is not a trading day, then the first trading day immediately preceding such date.)"

2. Page 6. "Summary of the Plan -- Purchase Price."

The second sentence of the second paragraph is replaced by the following language:

"The ten day pricing period is the ten consecutive trading days ending on the last trading day of each month."

3. Page 12. "The Plan -- Investment Options -- AUTOMATIC INVESTMENTS."

The third paragraph is replaced by the following language:

"Once automatic deductions begin, funds will be withdrawn from your bank account on the third business day preceding each monthly Purchase Date."

4. Page 14. "The Plan - Purchase Date."

The first sentence of the second bullet point is replaced by the following language:

"Optional Cash Investments up to \$10,000: If the Administrator purchases the shares directly from us, the Purchase Date for optional cash investments up to \$10,000 will be on the last trading day of each month."

The second paragraph of the third bullet point is replaced by the following language:

"The Pricing Period" is the period encompassing the ten consecutive trading days ending on the last trading day of each month. For your reference we've attached as Exhibit A to this prospectus a list of the expected Pricing Period commencement and conclusion dates."

Please see the reverse side of this amendment for an updated list of expected Pricing Period commencement and conclusion dates.

(OVER)

5. Page 27. "Exhibit A."

Exhibit A is replaced by the following:

ISTAR FINANCIAL INC.
(EXHIBIT A)

MINIMUM
WAIVER
PRICE/WAIVER
WAIVER CASH
PRICING
PERIOD
DISCOUNT
PAYMENT DUE
COMMENCEMENT
PRICING
PERIOD DATE
DATE DATE
CONCLUSION
DATE -----

-- August
15, 2001
August 17,
2001 August
20, 2001
August 31,
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12, 2001
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28, 2001
October 15,
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