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CORPORATE PARTICIPANTS

Jason Fooks *iStar Inc. - SVP of IR & Marketing*
Jay S. Sugarman *iStar Inc. - Executive Chairman & CEO*
Jeremy Fox-Geen *iStar Inc. - CFO*
Marcos Alvarado *iStar Inc. - President & CIO*

CONFERENCE CALL PARTICIPANTS

Jade Joseph Rahmani *Keefe, Bruyette, & Woods, Inc., Research Division - Director*
Stephen Albert Laws *Raymond James & Associates, Inc., Research Division - Research Analyst*

PRESENTATION

Operator

Good morning, and welcome to iStar's First Quarter 2020 Earnings Call. (Operator Instructions) As a reminder, today's conference is being recorded.

At this time, for opening remarks and introductions, I would like to turn the conference over to Jason Fooks, Senior Vice President of Investor Relations and Marketing. Please go ahead.

Jason Fooks ***iStar Inc. - SVP of IR & Marketing***

Thank you, and good morning, everyone. Thank you for joining us today to review iStar's first quarter 2020 earnings. On the call with me today are Jay Sugarman, Chairman and Chief Executive Officer; Marcos Alvarado, our President, and Chief Investment Officer; and Jeremy Fox-Green, our Chief Financial Officer.

This morning, we published an earnings presentation highlighting our first quarter results, and our call will refer to these slides, which can be found on our recently revamped website at istar.com in the Investors section. There will be a replay of the call beginning at 1:00 p.m. Eastern Time today. The replay is accessible on our website or by dialing 1-866-207-1041 with the confirmation code of 3183044.

Before I turn the call over to Jay, I'd like to remind everyone that statements in this earnings call which are not historical facts will be forward-looking. iStar's actual results may differ materially from these forward-looking statements, and the risk factors that could cause these differences are detailed in our SEC reports. iStar disclaims any intent or obligation to update these forward-looking statements except as expressly required by law.

Now, I'd like to turn the call over to iStar's Chairman and CEO, Jay Sugarman. Jay?

Jay S. Sugarman ***iStar Inc. - Executive Chairman & CEO***

Thanks, Jason. Let me just start by expressing our sympathies to those who have experienced loss from COVID-19 and our gratitude to those on the front lines of this fight. Everyone who's working to mitigate the impact of this global crisis has our thanks and our support.

Turning to iStar, our 3-part strategy begun in 2019 has us well-positioned to weather this storm and continue growing our new ground lease platform. We lay this strategy out in some detail on our website and in our 2019 Annual Report, and the earnings deck we provided this morning includes a recap of this strategy and highlights from the first quarter.

Here's the key takeaway: the steps we took to strengthen our balance sheet last year, by growing our equity base, increasing our unencumbered assets, and bolstering liquidity provided us the resources and flexibility to continue investing in Safehold during the first quarter and enabled us to keep our focus squarely on the engine that is the primary driver of value for shareholders. Safehold's unique ground lease portfolio proved to be a strong performer in the first quarter, and with yields on comparable quality, comparable maturity bonds falling to historically low levels, the value of Safehold's portfolio, and of iStar's investment in Safe, have increased significantly since the beginning of the year. At nearly $2 billion, this is our largest investment by far, and its positive impact on shareholder value should take center stage as we continue to build out the platform.

While our SAFE investment has performed well, assets in other parts of the portfolio are clearly being negatively impacted by the crisis. We have a diversified portfolio of loans, net leases and operating and development properties, and we've provided some statistics from April to show their initial resilience in the face of these difficult economic conditions. This is a good thing, but we expect things to become more difficult the longer the lockdown continues, mostly in the entertainment, hotel, and land categories. I'll come back to that in a minute, but let's first have Jeremy walk through the numbers from the first quarter. Jeremy?

Jeremy Fox-Geen ***iStar Inc. - CFO***

Thanks, Jay, and good morning, everyone. My comments will refer to the earnings deck we published this morning, which you can find on our website.

Let me begin with Slide 3, with an update on our strategy, which we laid out a year ago. The first part of that strategy is to scale our core ground lease business at Safehold. Today, the market value of our position in Safe is $1.9 billion, with a $1.1 billion unrealized gain. The second part of our strategy is to strengthen our balance sheet, enhancing our credit profile and maintaining liquidity. We have $435 million of cash and revolver availability and no corporate debt maturities for 2.5 years, which puts us in an advantageous position during this period of uncertainty.

And finally, we have continued to simplify our business with $88 million of legacy asset sales proceeds this quarter, reducing that portfolio by 8%. I'll walk through each of these components in more depth before reviewing our first quarter results.

Slide 4 shows our progress scaling Safehold, our core ground lease business. During the quarter, we invested $105 million in Safehold, $80 million through our participation ins Safehold's follow-on equity offering, and most of the balance through open market purchases of stock. We continue to believe Safehold's market value represents a meaningful discount to the intrinsic value of a large diversified portfolio of high-quality institutional ground leases.

A year ago, the market value of our investment in Safehold was $442 million, which represented a relatively small part of our total portfolio. Over the last year, the market value of our investment in Safehold has grown by $1.5 billion through a combination of continued investment and strong market performance, leading to a $1.1 billion unrecognized gain. During this period, our Investments team more than doubled Safehold's portfolio to $2.8 billion of ground lease assets.

Slide 5 shows our progress on the second part of our strategy, which has been to strengthen our balance sheet and improve our credit profile. As a result of the capital market's actions taken over the past year, capped off by the January retirement of the remaining $111 million of unsecured notes we had refinanced and called for redemption in December, we have materially strengthened our balance sheet. We have reduced secured indebtedness, including fully paying down our revolver subsequent to the end of the quarter. Today, approximately 75% of our portfolio, including Safe, marked to market, or $4.5 billion of our assets, are unencumbered, which provides us additional flexibility and 2.1X coverage relative to our unsecured debt.

We have extended our corporate debt maturity profile so that we have no maturities for 2.5 years, not until September 2022. Our leverage has decreased to 1.3X. Our corporate debt is 68% unsecured, and we do not rely on repurchase facilities. Our balance sheet affords us the ability to be patient so we can act thoughtfully and deliberately during uncertain times.

Slide 6 shows our legacy asset progress. We sold legacy assets for proceeds of $88 million during the quarter, generating a slight $3 million gain above our book value. Most of these sales were from our short-term bucket, reducing that balance by 19%.

So, with that update on how we performed against our strategy, let me turn to Slide 7 to walk through our first quarter results. We reported a GAAP loss of $21.5 million, or $0.28 per share. Beginning this quarter, we are reporting a new simplified non-GAAP earnings metric. The primary change, reflecting the shift in our strategy towards scaling Safehold and simplifying our business, is to eliminate adjustments for loan loss reserves and impairments. Those charges will now be reflected in adjusted earnings in the same period in which they are recorded in accordance with GAAP.

A reconciliation of our adjusted earnings metric to net income can be found in the back of our deck and in our 10-Q, and we have conformed our prior period amounts to the modified definition. Adjusted earnings were $10.7 million, or $0.14 per share versus $2.6 million, or $0.04 per share a year ago.

Slide 8 highlights our investment activity during the quarter. We invested a total of $195 million, with $105 million in Safehold. We funded $61 million of prior commitments on loans and net lease investments and made $16 million of capital investments in our legacy assets.

During the quarter, we repurchased $12 million of iStar stock. And based on the equity value per share we'll review shortly, we continue to believe that our stock trades at a significant discount to intrinsic value. At the end of the first quarter, we had remaining authorization to repurchase approximately $22 million of additional shares.

Slide 9 shows our [$5.9 billion] (corrected by company after the call) portfolio, which is well-diversified by business, by property type, and by geography. Our largest asset is our position in Safehold, which represents 32% of the portfolio. As many of you heard on Safe's earnings call a week ago, it received 100% of its April ground rent and continues to perform well in this challenging environment.

We received 97% of our April cash rent from our net lease portfolio, 100% of cash interest due within our real estate financial portfolio, excluding one pre-existing legacy nonperforming loan and 79% of our cash rent from our operating properties, our smallest business segment representing only 5% of our assets. We cannot be certain we will receive this level of collections in future periods.

Lastly, on Slide 10, want to highlight our intrinsic equity value per share, including Safehold marked to market. On the left side, our common equity value was $22.55 per share, up 241% from the first quarter '19; on the right side, adjusted for depreciation, amortization, and loan loss reserves. Our common equity value was $26.52 per share, up 138% from Q1 '19. We believe that there is a material disconnect between iStar's current market value and its intrinsic value.

I'll finish by saying I'm excited to join iStar. It's been an interesting month, and I look forward to speaking with many of you in the future. With that, let me turn it back with Jay. Jay, you may be on mute.

Jay S. Sugarman ***iStar Inc. - Executive Chairman & CEO***

Thanks, Jeremy, and welcome aboard. It's great to have you.

Let me finish by touching on 2 key assets that we've been fielding the most calls on - Bowlero and Asbury Park. Our three master leases with Bowlero represent a combined $700 million net lease investment and make up approximately 75% of our entertainment and leisure category. Bowlero is a very well-run company with a dominant market position, and the assets in our master leases generate the majority of the company's cash flow.

The company entered the year in the strongest financial position we've seen in the 16 years we've been involved, with excellent liquidity and some $1.2 billion invested between outstanding corporate debt and equity from a well-capitalized PE sponsor. Operations were curtailed beginning in March and will likely ramp up slowly once they reopen. But we believe the company's strong liquidity, management, sponsorship and reserves should hold them in good stead.

I should also note that approximately 15% of our overall position is owned by a JV partner in one of the mater leases, so our actual exposure is somewhat less than the number above. Asbury Park is a $350 million-ish investment comprising oceanfront land parcels, innovative hotel assets, and Asbury Ocean Club, a recently completed oceanfront condominium tower. Values in Asbury Park have been growing consistently since we began investing in this unique city. And while the virus has put a hard pause on our efforts, we expect Asbury Park's beachfront lifestyle and proximity to major employment centers will prove attractive in the post-pandemic world. Year two, we expect the rebound to be slower at first, with our hotels taking every precaution to ensure our guests' safety when they reopen; sales in our new Tower to take time to kick back into gear; and land sales to other developers to be pushed back a bit. And our initiatives to make Asbury Park the creative hub of New Jersey and a go-to choice for entrepreneurs and start-up that will restart once we get past the current economic dislocation. The slower pacing and some challenges to be sure, but nothing that changes our long-term strategy.

My conclusion from all this is that we will need to continue to lean on our experienced asset management team to navigate any issues that come up in the portfolio, but that we are in a solid position to be patient, and our top priority remains the scaling of Safehold and getting the market to fully realize the value that is embedded in that platform. That will be the key driver for creating shareholder value now and in the future.

And with that, Operator, let's go ahead and open it up for questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Our first question comes from Jade Rahmani with KBW.

Jade Joseph Rahmani ***Keefe, Bruyette, & Woods, Inc., Research Division - Director***

Thanks very much, and glad to hear from all of you. I was wondering if you could provide any perspective as to whether anything that's taking place right now in the market, or anything that you expect to transpire in commercial real estate, could cause a shift in strategy, whether it be in terms of accelerating disposition of noncore assets, not just legacy assets but perhaps other assets; or if, on the other hand, there might be some interesting investment opportunities or other business lines that become top of mind for management beyond ground lease.

Jay S. Sugarman ***iStar Inc. - Executive Chairman & CEO***

Hey, Jade, thanks. Let me take the second piece first, which is we still believe Safehold and the ground lease business represents the best risk-adjusted returns by far, so nothing's changed in terms of our focus and our strategy. Again, we think that's a business where we can lock in excess returns. We earn that excess return for decades and decades, up to 99 years. There's certainly some interesting short-term credit plays out there where you can earn some excess returns, but they will tend to be short-lived, and we're certainly not going to get distracted from a business that we're fundamentally the largest and biggest player in. So, no change from our strategy standpoint.

I think you heard Jeremy say, and me say, that we're in a great position to be patient, so I don't think you'll see us trying to accelerate monetization into a relatively uncertain market. We'll continue to be thoughtful about how we monetize those assets. But we're sitting on a lot of liquidity, so there's no real reason to try to push faster on any of that, particularly in a market where values are still a little bit up in the air.

I think, in the beginning of the question, what are we seeing out there in terms of changes going on, it's almost too early to tell. Obviously, the credit side of the market, shock is rippling through the system. We have not seen a lot of transaction activity, Jade. A lot of deals that we were working on have been paused, not so much because ground lease. We were ready to move forward. But the lending markets and the equity markets people are starting to figure out how to reprice and reforecast.

And so, I think there's been a pretty hard stop on most transactions, and so we don't have a good sense. But I think the markets are starting to come to grips with the data coming in in terms of the economy. And certainly, what the Fed has done and what the administration has done has helped on the liquidity side. So, again, our watchword right now is focus on the things that we believe creates the most value for shareholders and be patient and thoughtful on everything else.

Jade Joseph Rahmani ***Keefe, Bruyette, & Woods, Inc., Research Division - Director***

Thanks very much. Are you seeing any inbounds in terms of the [Star Safe] program from holders of assets that could potentially be for sellers, whether it be mortgage REITs facing margin calls or equity REITs that, rather than pursue an outright sale, might want to pursue the sale of a partial interest, or perhaps a ground lease? I would think, given the liquidity position you cited and the duration of your capital, that iStar could be an attractive source of capital to such parties.

Jay S. Sugarman ***iStar Inc. - Executive Chairman & CEO***

I'm going to throw it to Marcos, but I will say we came into the end of the quarter thinking that [Star Safe] was a big competitive advantage and had some really interesting deals teed up. Unfortunately, equity stepped away on a couple of those deals, so we ended up not being able to deploy that capital. So, it's sitting there, both at Safe and at Star. And Marcos can give you a sense of what he's seeing on the front lines.

Marcos Alvarado ***iStar Inc. - President & CIO***

Jade, I may take you on my Zoom origination call, going forward. We've seen a lot of reverse inquiry from groups that we actually weren't pursuing. I wouldn't call it necessarily distressed. I think the capital markets, whether that's asset-level finance or corporate finance, has dislocated so dramatically, and our perspective is we're taking a long-term 100-year view. And so, we haven't changed our pricing. And so, we thought we were the best option pre-COVID. We certainly look much more attractive. So, we're spending a lot of time with institutions on high-quality assets, educating them on our Safehold, and we hope to reap the benefits of all this work on the back end of the year.

As it relates to the pipeline at Safehold, I think you saw in our offering materials when we raised equity, we had approximately an $800 million pipeline. As Jay said, we expect a large majority of those things not to close, but we remain optimistic that a few of those things get across the finish line.

Jade Joseph Rahmani ***Keefe, Bruyette, & Woods, Inc., Research Division - Director***

Thanks very much. On the collections that you cited, with respect to operating properties, I was wondering how that 73% compared with last month. I assume it's probably similar since there are some non-stabilized assets there.

Jay S. Sugarman ***iStar Inc. - Executive Chairman & CEO***

That's such a small part of the portfolio that there's one or two things happening can change the whole number around pretty hard. So, I think this number probably represents about $500,000 in total, so it's just not material to the overall enterprise.

Jade Joseph Rahmani ***Keefe, Bruyette, & Woods, Inc., Research Division - Director***

Do you have a sense for what expected cash use is for the year are and how that compares to -- just trying to put the liquidity position in context.

Jay S. Sugarman ***iStar Inc. - Executive Chairman & CEO***

Yes. I mean, look, we have -- our [forward] commitments are down to a couple hundred million, Jade, over the next 12 months, so, again, they're not material relative to the size of the repayment streams and unencumbered asset profile and liquidity. We will obviously see some of those commitments be delayed. But even if they all got accelerated, it's just not a big number. I think it's somewhere in the $200 million range right now over the next 12 months.

Jade Joseph Rahmani ***Keefe, Bruyette, & Woods, Inc., Research Division - Director***

Turning to the loan portfolio, how are you feeling about the hotel/condo land and mixed-use exposure within that portfolio? Do you expect any non-performance? Have you gotten any requests for either interest deferrals or other types of forbearance?

Jay S. Sugarman ***iStar Inc. - Executive Chairman & CEO***

Yes, just give you a number overall, if you exclude Bowlero, which I talked about we feel pretty good about, deferral request on net lease and finance came in around 15%, not so much I think in terms of concerns about long-term value, but some of those business plans are definitely on hold.

You mentioned hospitality. We have a few assets in there. They tend to be relatively large and with relatively strong sponsors, but with hotels running at 0% or 5% occupancy, it's hard for anybody to make long-term predictions. We do think they're good assets in good locations, and we'll certainly hope that the recovery is perhaps slow; but, ultimately, we'll protect our positions. I don't think the deferral conversations are fully fleshed out in terms of what people are needing and what they're thinking, but we have had those categories be where most of the deferral requests have come from.

Jade Joseph Rahmani ***Keefe, Bruyette, & Woods, Inc., Research Division - Director***

And within Safe's portfolio, I was curious about what impact do you expect from not just hotel ground leases, but also the overall lease-hold mortgage. If there is a default, how would the ground lease be impacted? Does the lender in that case make the ground rent payments?

Jay S. Sugarman ***iStar Inc. - Executive Chairman & CEO***

Yes, absolutely. So, if the equity is not able to fulfill the obligation, which, again, as we saw from April's 100% performance, that is -- [we're] sort of the capital that is meant to be quiet and not get phone calls, and that certainly proved out in April. We'll see, the longer this lockdown goes, whether markets change a little bit. But, right now, we feel pretty good, and I think lease-hold lenders have every incentive to continue to protect the significant value they have in the asset. So, multiple layers of protective capital that should make the ground lease not get the phone call.

Jason Fooks ***iStar Inc. - SVP of IR & Marketing***

Jade, appreciate the discussion. We just had one more person queue up for a question. Maybe you want to just re-queue back in?

Jade Joseph Rahmani ***Keefe, Bruyette, & Woods, Inc., Research Division - Director***

Yes, sure, thanks.

Operator

Our next question comes from Stephen Laws with Raymond James.

Stephen Albert Laws ***Raymond James & Associates, Inc., Research Division - Research Analyst***

Hi, good morning. To follow up on a couple of questions of Jade's, relating to the $540 million of long-term assets that looks like they'll be developed, what is the expected CapEx or development cost there? And what's the timeline, or when should we expect that cash to be used there?

Jay S. Sugarman ***iStar Inc. - Executive Chairman & CEO***

Yes. So, remember that it's made up of 3 assets - Asbury Park, Magnolia Green, which is a successful master plan development that is moving into its later phases, should be self-sufficient, and a large parcel of land that is actually being used by a Fortune 100 company under a net lease. So, those are longer term assets that we need to continue to do some work on, but they're starting to reach sort of self-sufficiency in terms of capital. Any discretionary CapEx is certainly being looked at, but I don't think you're going to see a lot of net investment in those assets, going forward. For the most part, they're starting to be self-sufficient and, at least in Asbury's case, at some point will turn out to be a large provider of capital, certainly if the condominium sales begin to ramp up and close.

So, I don't think that's going to be the driver of CapEx out the door. We do have a small amount of capital going into net lease assets, small amount of capital going into some of our loan positions that are funding up. So, I think that's when I say there's $200 million of CapEx, I'd say a relatively small percentage of that will be in the long-term bucket over the next couple months. Most of those are handling their own capital.

Stephen Albert Laws ***Raymond James & Associates, Inc., Research Division - Research Analyst***

Great. And to follow up on the real estate debt investments, I know you touched on it a few minutes ago, 21% hotel, 8% retail, about $250 million. Are there any concentrations or exposures there, either; one, you're concerned about watching very closely; or, on the flip side, are there characteristics about any of these particular loans that make you less concerned relative to the average for those property types?

Jay S. Sugarman ***iStar Inc. - Executive Chairman & CEO***

Yes. Look, hotel is the tricky one. One of those is a construction loan in a great location in New York City. I think it's actually good news to not be open these days, and so that one will open up into a market that's going to be a bit roiled, but there's a strong equity sponsor. And again, we kind of love the location.

So, I think the one asset that some of you know about from the past is a artifact of our legacy portfolio and has large amount of collateral backing it, not just direct hotels, but lots of other collateral. That one we're going to watch carefully, but it actually doesn't come due till 2024. So, there's quite a bit of time now for those assets to recover.

So, right now, Stephen, I think we're watching, as everybody is, but if we see a change or we see a diminution in value, we'll certainly reflect it in our financials. But we don't see that just yet.

Stephen Albert Laws ***Raymond James & Associates, Inc., Research Division - Research Analyst***

Thanks for the color there, Jay. And lastly, just as we close the discussion, or at least for me right now on use of liquidity, appreciate the update, $22 million on the authorization remaining, looking at the first half last year when the stock was at similar levels but the safe mark-to-market was lower, you bought back around $20 million or $25 million per quarter. So, should we expect to see an increase in that authorization? Are you more focused near-term on building liquidity as opposed to repurchasing stock? Clearly, continued purchases of Safe through that, but can you talk about the priority of maybe how you view those things as to buying Safe, repurchasing Star or simply building liquidity, or new investments?

Jay S. Sugarman ***iStar Inc. - Executive Chairman & CEO***

Sure. I mean, look, we came into the year. We felt Safe was a very attractive place to put capital. Early in the year, we switched and started to focus on putting in place a program to buy small amounts of iStar pretty consistently. It's not a big program, but it's a consistent program. And we knew that blackouts come and go, and in the past, we've seen that as a challenge to be able to express our view on the value of the company. So, we do have a program in place that continues to nibble away at these very attractive prices, and we'll continue to do that.

As we come out of blackouts, certainly depending on our balance sheet strength and our financial position, we always balance the desire to be as strong as possible. As I keep saying, the story here is Safehold. The value created in the first quarter in Safehold far outweighs, in our minds at least, the impact of COVID on any of our other assets. So, we want to protect that business strategy as much as possible. But at the same time, if we can deploy excess proceeds carefully into things that are mispriced, you know we do that, and we do it deliberately, but we also do it very thoughtfully, looking at the balance sheet and our leverage metrics.

As Jeremy went through, we've done a lot of work to get those credit metrics and that balance sheet into a very good position. We're certainly not going to jeopardize that, but we've created enough liquidity that we have some options here.

Stephen Albert Laws ***Raymond James & Associates, Inc., Research Division - Research Analyst***

Great. Yes, that question was really driven by the prepared remarks that cited the valuation disconnect I think with Star and Safe, given how well Safe has held up during this recent volatility. So, was looking to get your thoughts around how that's impacted the relative attractiveness of repurchasing Star more aggressively here.

Jay S. Sugarman ***iStar Inc. - Executive Chairman & CEO***

Yes. Look, we're surprised. When you look at the pluses and minuses of the first quarter, you can see the pluses certainly outweighed the minuses, and [yet] we saw the discount to intrinsic value actually widen. So, to tell our story, when we're all sitting at home, we certainly think it's a strong story. We think the Safehold story continues to be one that, even on just the bond values of the cash flows of the assets we already have still represents a sizable discount, given where we're trading. All of that flows back into iStar in an even more concentrated way.

So, we've got a few stories we need to tell. We need to tell the Safehold story more fully and get more investors aware of that story. And then, some of that interest will clearly flow back into iStar, and we think both stories right now are things we need to focus on coming out of these prices.

Stephen Albert Laws ***Raymond James & Associates, Inc., Research Division - Research Analyst***

Thanks for the color and the comments this morning, Jay, and I hope all are well on your end. Take care.

Operator

Our next question comes from Jade Rahmani.

Jade Joseph Rahmani ***Keefe, Bruyette, & Woods, Inc., Research Division - Director***

Thanks for taking the follow-up. I guess one big-picture question, and then one technical item. With the governments globally taking on so much additional obligations, trillions, and longer-term, the potential for potentially more in-sourcing of manufacturing because people are realizing how dependent supply chains are on China, how do you look at the risk of an increase in inflation and the potential impact that could have on ground lease valuations?

Jay S. Sugarman ***iStar Inc. - Executive Chairman & CEO***

That's a great question, Jade. I mean, look, we're watching the pundits all talk about deflation and lower-longer and Japanification and what's happening in the Euro Zone over the last -- really since the last crisis is 12 years of near-zero and negative interest rates. Fundamentally, this is a brave new world in terms of credit markets and base rates. I don't think we have a perfect crystal ball, but certainly there's plenty of reasons to think that rates and/or inflation could remain relatively low for quite a long time. That obviously accrues to Safe's benefited from its cash flow stream.

The flip side is high inflation, or higher inflation, certainly increases the value, we think, of all real estate. Replacement costs all go up. And our large embedded capital gain at Safehold is certainly going to be a beneficiary of rising replacement costs. So, if you had to ask me today, I'd say I'd probably put a little more of my money on lower-longer, but we are nicely hedged because we have a large intrinsic embedded portfolio that will increase as replacement costs increase. So, can't give you any better answer than anybody else out there, but I'm looking at Japan. I'm looking at the Euro Zone. And I'm looking at what happens when rates go to zero. And it seems like it's very, very difficult to change that dynamic. This is completely new. The pandemic may have different rules. But looking at those two major economies, lower-longer seems to be not such a bad place to be.

Jade Joseph Rahmani ***Keefe, Bruyette, & Woods, Inc., Research Division - Director***

Thanks for that. And just a technical question. Other income on the income statement spiked quite meaningfully. I was wondering what drove that.

Jay S. Sugarman ***iStar Inc. - Executive Chairman & CEO***

Yes. We had one of our private investments actually got marked up through a new raise. But Jeremy, any other color you want to give there?

Jeremy Fox-Geen ***iStar Inc. - CFO***

No. That was the primary driver.

Jade Joseph Rahmani ***Keefe, Bruyette, & Woods, Inc., Research Division - Director***

Is that within the strategic investment category?

Jay S. Sugarman ***iStar Inc. - Executive Chairman & CEO***

It is.

Jade Joseph Rahmani ***Keefe, Bruyette, & Woods, Inc., Research Division - Director***

Can you give any additional color on what that relates to?

Jay S. Sugarman ***iStar Inc. - Executive Chairman & CEO***

We have a small interest in a cold storage company from when we sold our (inaudible) portfolio.

Marcos Alvarado ***iStar Inc. - President & CIO***

Jade, just one more thing on the ground lease valuation. If you remember, almost all of our leases have inflation look-back so there's a catch-up to the extent inflation runs.

Jade Joseph Rahmani ***Keefe, Bruyette, & Woods, Inc., Research Division - Director***

Okay. So, if there were a spike in -- what is the look-back period?

Marcos Alvarado ***iStar Inc. - President & CIO***

Depends on the lease, but it's typically 10 years.

Jade Joseph Rahmani ***Keefe, Bruyette, & Woods, Inc., Research Division - Director***

So, once every 10 years, there would be some kind of a true-up?

Marcos Alvarado ***iStar Inc. - President & CIO***

Correct.

Operator

(Operator Instructions) Mr. Fooks, we have no further questions.

Jason Fooks ***iStar Inc. - SVP of IR & Marketing***

Okay, thank you. If anyone should have additional questions on today's earnings release, please feel free to contact me directly. Tiffany, would you please give the conference call replay instructions once again for everyone? Thanks.

Operator

Thank you. Ladies and gentlemen, this conference will be available for replay after 1:00 p.m. Eastern today through midnight, May 14, 2020. You may access the AT&T Teleconference replay system at any time by pressing 1-866-207-1041 and entering access code 3183044. Those numbers again are 1-866-207-1041, access code of 3183044.

That does conclude our conference for today. Thank you for your participation and for using AT&T Teleconference. You may now disconnect.