



Q3'17 Earnings Supplemental

Forward-Looking Statements and Other Matters

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. The Company undertakes no obligation to update or publicly revise any forward looking statement, 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.

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I. Earnings Highlights

Q3'17 Highlights

- Net income (loss) was (\$0.48) per diluted common share for the third quarter
- Adjusted income (loss) was (\$0.05) per diluted common share for the third quarter
- Executed a comprehensive series of capital markets transactions totaling \$2.0 billion
- Upgraded by all three major rating agencies
- Updated full-year earnings guidance

Notes:

All figures contained in this presentation are as of 9/30/17 unless otherwise indicated. Certain amounts may not sum due to rounding.

Capital structure, leverage, liquidity and other balance sheet metrics in this supplemental are presented as of September 30, 2017 on an actual basis and pro forma for the effects of the capital markets transactions that occurred subsequent to quarter end. Specifically, this activity includes (i) the net use of \$1.4 billion of cash for the redemption of \$1.15 billion of unsecured senior notes and payment of associated interest expense and make-whole amounts, and the redemption of \$240 million of preferred stock and payment of associated dividends, and (ii) the issuance of \$37.5 million of additional convertible notes pursuant to the exercise of the underwriters' overallotment option.





II. Investment Activity

Investment Activity

New Originations (Commitments)

| | Q4'15 | Q1'16 | Q2'16 | Q3'16 | Q4'16 | Q1'17 | Q2'17 | Q3'17 |
|--------------------------|-------------|--------------|-------------|--------------|--------------|------------|--------------|-------------|
| Real Estate Finance | \$98 | \$166 | \$13 | \$83 | \$170 | \$7 | \$136 | \$59 |
| Net Lease ⁽¹⁾ | - | - | 9 | 218 | 33 | - | 104 | 24 |
| Total | \$98 | \$166 | \$22 | \$301 | \$202 | \$7 | \$241 | \$84 |

Fundings / CapEx

| | Q4'15 | Q1'16 | Q2'16 | Q3'16 | Q4'16 | Q1'17 | Q2'17 | Q3'17 |
|--------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Real Estate Finance | \$61 | \$113 | \$79 | \$86 | \$197 | \$73 | \$82 | \$58 |
| Net Lease ⁽¹⁾ | 1 | 1 | 6 | 37 | 43 | 2 | 77 | 26 |
| Operating Properties | 23 | 18 | 17 | 19 | 15 | 7 | 12 | 22 |
| Land & Development | 25 | 41 | 31 | 36 | 28 | 29 | 29 | 34 |
| Corporate & Other | - | - | - | - | - | - | - | - |
| Total | \$111 | \$173 | \$133 | \$177 | \$283 | \$111 | \$200 | \$140 |

Sales / Repayments

| | Q4'15 | Q1'16 | Q2'16 | Q3'16 | Q4'16 | Q1'17 | Q2'17 | Q3'17 |
|----------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------------|--------------|
| Real Estate Finance | \$63 | \$80 | \$183 | \$49 | \$302 | \$171 | \$219 | \$138 |
| Net Lease | 61 | 11 | 20 | 79 | 14 | 21 | 67 | 61 |
| Operating Properties | 20 | 25 | 232 | 86 | 34 | 12 | 9 | 7 |
| Land & Development | 62 | 9 | 25 | 42 | 58 | 42 | 139 ⁽²⁾ | 32 |
| Corporate & Other | 17 | 7 | 1 | 6 | 18 | - | 6 | 9 |
| Total | \$223 | \$132 | \$461 | \$262 | \$427 | \$246 | \$441 | \$247 |

Note: \$ in millions.

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

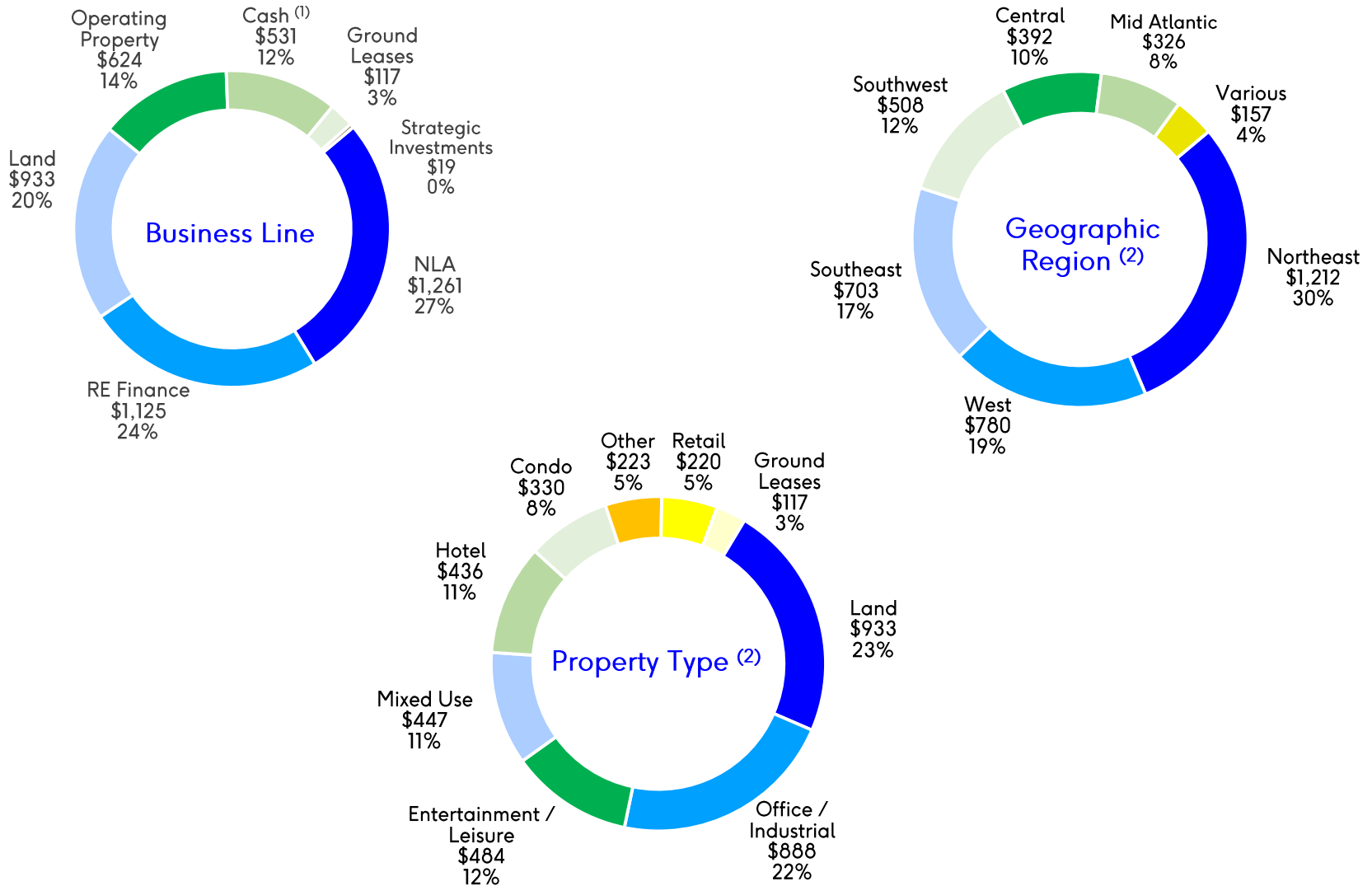
⁽²⁾ Excludes \$123MM of Other Income related to Bevard litigation.





III. Portfolio Overview

\$4.6B 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 assumes market value of SAFE investment.

(1) Cash is shown on a pro forma basis.

(2) Does not include cash.



Q3'17 Portfolio Rollforward

| | Real Estate Finance | Net Lease | Operating Properties | Land & Development | Corporate / Other | Total |
|--|------------------------|-------------------------------|-------------------------|-----------------------|----------------------|-------------------------------|
| Net Book Value (6/30/17) | \$1,170 | \$1,044 | \$555 | \$918 | \$27 | \$3,714 |
| Investments ⁽¹⁾ | 58 | 26 | 22 | 38 | 0 | 144 |
| Principal received / basis sold ⁽²⁾ | (138) | (33) | (6) | (30) | (9) | (216) |
| Other | 19 ⁽³⁾ | (7) | (4) | (1) | 1 | 8 |
| Net Book Value (9/30/17) | \$1,109 | \$1,030 | \$567 | \$925 | \$19 | \$3,649 |
| Add: Accumulated depreciation and general loan loss reserves | 16 | 306 | 57 | 8 | 0 | 387 |
| Gross Book Value (9/30/17) | \$1,125 | \$1,378 ⁽⁴⁾ | \$624 | \$933 | \$19 | \$4,078 ⁽⁴⁾ |

Note: \$ in millions.

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

⁽²⁾ Includes repayment of deferred interest on loans.

⁽³⁾ Other Real Estate Finance activity primarily represents fundings by third parties of loan participations that are consolidated on iStar's balance sheet.

⁽⁴⁾ Adjusted to include the \$42 million difference between SAFE book value of \$75MM and market value of \$117MM as of 9/30/17.

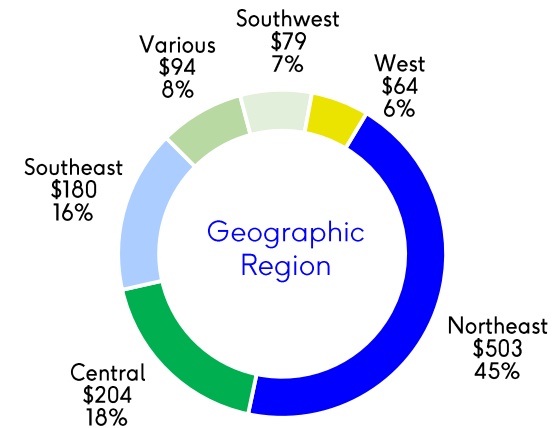
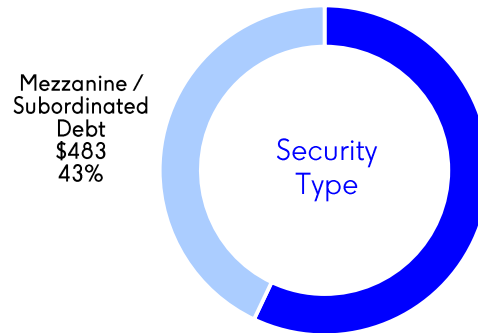
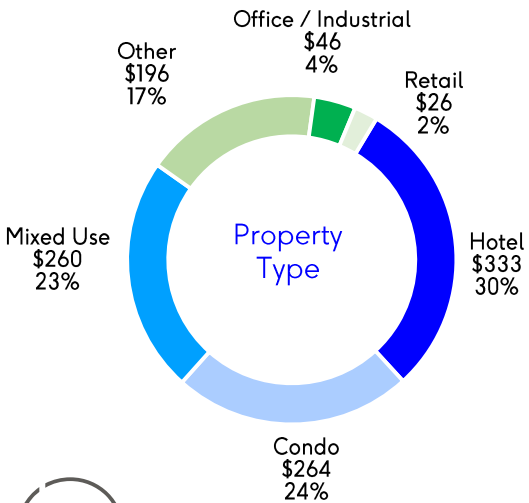




IV. Real Estate Finance

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 | \$587 | 6% | 62% | 80% | 20% | 9.4% | 2.1 | - | \$587 |
| Mezzanine / Subordinated debt | 339 | 46% | 70% | 79% | 21% | 11.4% | 1.9 | - | 339 |
| Total iStar 3.0 Loans⁽¹⁾ | \$927 | 21% | 65% | 79% | 21% | 10.2% | 2.0 | - | \$927 |
| First mortgages / Senior debt | \$21 | - | - | 0% | 100% | 8.9% | 2.5 | \$33 | \$54 |
| Mezzanine / Subordinated debt | - | - | - | - | - | - | - | 144 | 144 |
| Total Legacy Loans | \$21 | - | - | - | 100% | 8.9% | 2.5 | \$177 | \$198 |
| First mortgages / Senior debt | \$608 | 6% | 61% | 77% | 23% | 9.4% | 2.1 | \$33 | \$642 |
| Mezzanine / Subordinated debt | 339 | 46% | 70% | 79% | 21% | 11.4% | 1.9 | 144 | 483 |
| Total Real Estate Finance | \$947 | 20% | 64% | 78% | 22% | 10.1% | 2.0 | \$177 | \$1,125 |



Note: \$ in millions.

⁽¹⁾ iStar 3.0 loans represent loans originated post January 1, 2008. Gross of \$122MM consolidated first mortgage participations not held by iStar.



Real Estate Finance: Trend

| | Q3'16 | Q4'16 | Q1'17 | Q2'17 | Q3'17 |
|-----------------------------|--------------------------|----------------|----------------|----------------|----------------|
| Performing loans | | | | | |
| Beginning Balance | \$1,526 | \$1,431 | \$1,282 | \$1,210 | \$1,000 |
| Fundings | 83 | 196 | 73 | 82 | 58 |
| Repayments | (48) | (302) | (169) | (217) | (125) |
| Other | 22 | (43) | 24 | (75) | 16 |
| Transfers In / (Out) | (152) ⁽¹⁾ | - | - | - | - |
| Ending Balance | \$1,431 | \$1,282 | \$1,210 | \$1,000 | \$947 |
| Non performing loans | | | | | |
| NPLs, gross | 297 ⁽¹⁾ | 254 | 251 | 250 | 238 |
| Specific Reserves | (74) | (62) | (61) | (61) | (61) |
| NPLs, net | 222⁽¹⁾ | 192 | 190 | 189 | 177 |
| Total | \$1,653 | \$1,474 | \$1,400 | \$1,188 | \$1,125 |

| | Q3'16 | Q4'16 | Q1'17 | Q2'17 | Q3'17 |
|------------------------------------|-------|-------|-------|-------|-------|
| % First mortgages / Senior debt | 67% | 68% | 65% | 56% | 57% |
| % Mezzanine / Subordinated debt | 33% | 32% | 35% | 44% | 43% |
| % Floating | 78% | 79% | 79% | 75% | 80% |
| % Fixed | 22% | 21% | 21% | 25% | 20% |
| W.A. First \$ LTV ⁽²⁾ | 16.5% | 16.3% | 18.0% | 20.5% | 20.3% |
| W.A. Last \$ LTV ⁽²⁾ | 61.7% | 63.9% | 62.1% | 65.4% | 64.3% |
| W.A. Yield ⁽²⁾ | 9.0% | 8.9% | 9.2% | 9.7% | 10.1% |
| W.A. Maturity (yrs) ⁽²⁾ | 1.6 | 2.1 | 2.0 | 2.1 | 2.0 |
| Asset Count | 48 | 44 | 44 | 44 | 43 |

Note: \$ in millions. Balances represent carrying value gross of general reserves.

⁽¹⁾ \$145MM Hammons note designated NPL.

⁽²⁾ Based on performing loans only.

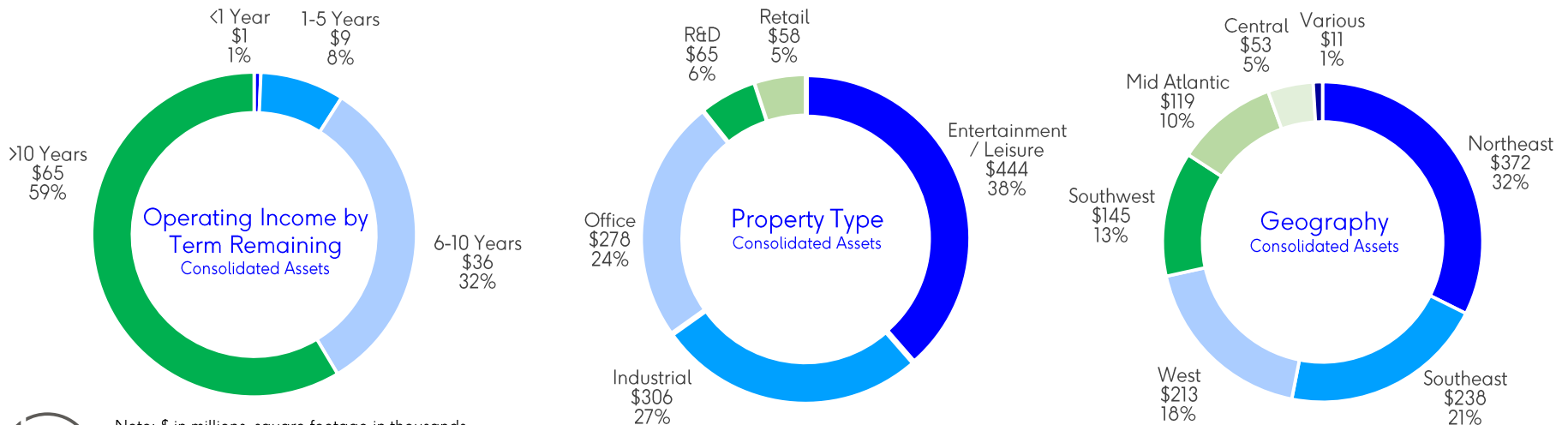




V. Net Lease

Net Lease: Overview

| | Consolidated Real Estate | Net Lease Venture ⁽¹⁾ | SAFE |
|---|--------------------------|----------------------------------|---------------------|
| iStar Ownership | 100.0% | 51.9% | 34.6% |
| Real Estate Value, net | \$844 | \$575 | \$492 |
| Add: Accumulated Depreciation / Amortization | 306 | 43 | 5 |
| Gross Real Estate ⁽²⁾ / Gross Asset Value | \$1,151 | \$618 | \$497 |
| Occupancy | 97.9% | 100.0% | 100.0% |
| Square Footage (000s) | 11,486 | 4,005 | 3,849 |
| W.A. Lease Term | 11.0 yrs | 14.3 yrs | 66.5 yrs |
| W.A. Yield | 8.9% | 8.5% | 3.2% ⁽³⁾ |



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

(1) Real estate value reflects the 9/30/17 balance sheet, including iStar's minority position in 2 office build-to-suit properties, other lease metrics disregard iStar's obligation to acquire these properties at construction completion.

(2) Gross real estate or consolidated assets excludes intangible assets/liabilities

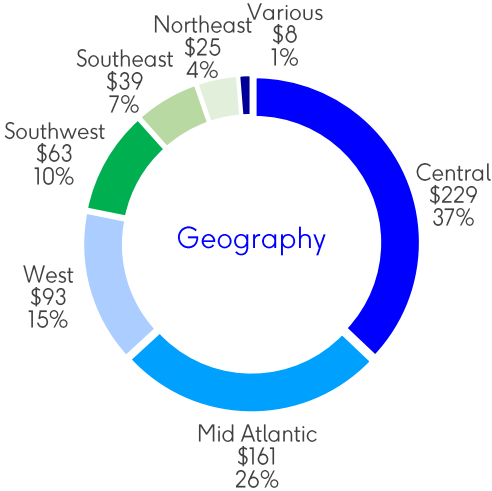
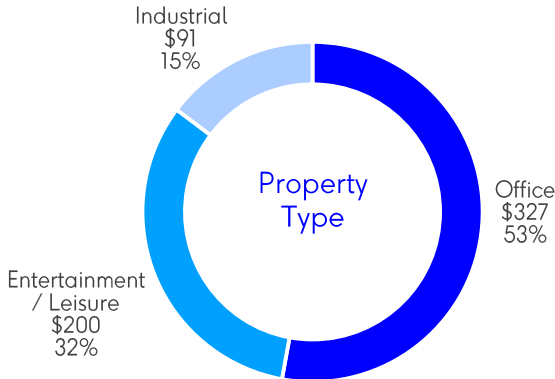
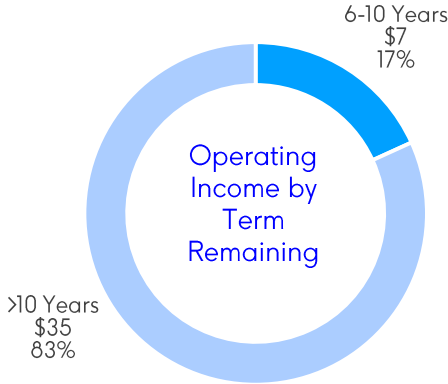
(3) Represents the annualized dividend yield on the Company's shares of SAFE common stock.



Net Lease: Venture Overview (51.9% Ownership)

Balance Sheet

| | |
|----------------------------------|-------|
| Net Leases | \$468 |
| Under Construction | 150 |
| Gross Real Estate ⁽¹⁾ | 618 |
| Other Assets | 45 |
| Accumulated Depreciation | (43) |
| Assets, Net | 620 |
| Liabilities ⁽²⁾ | 385 |
| Equity | 235 |
| Noncontrolling Interests (NCI) | 23 |
| Equity, Net of NCI | \$212 |



Note: \$ in millions.

⁽¹⁾ Gross Real Estate represents the combination of \$496MM of real estate and \$139MM of lease intangible assets less \$17MM of lease intangible liabilities.

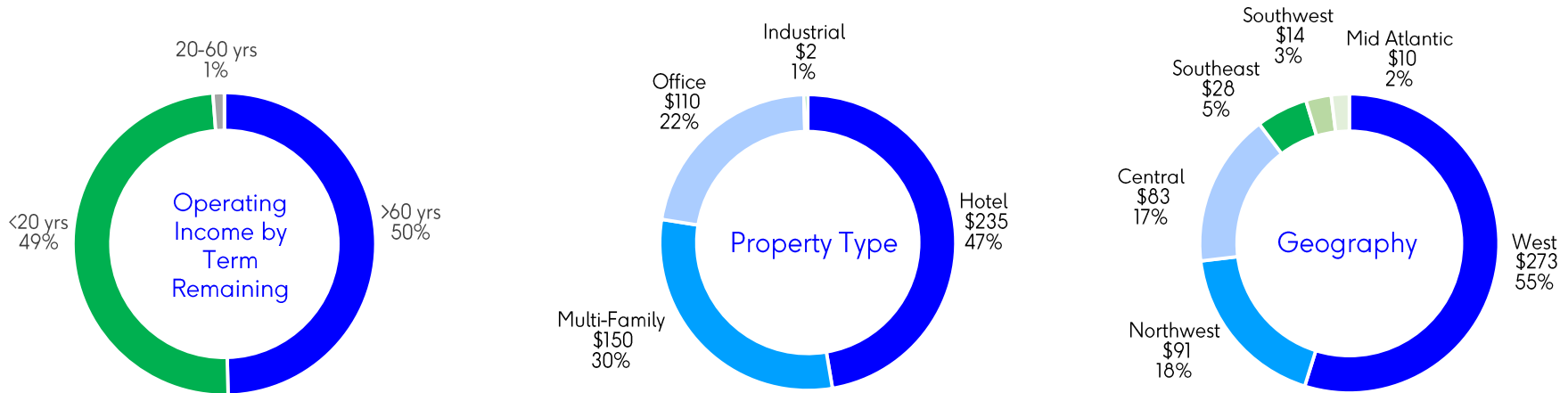
⁽²⁾ Excludes \$15MM of lease intangible liabilities, net of amortization.

SAFE Overview (34.6% Ownership)

- \$117 million⁽¹⁾ equity investment in Safety, Income & Growth Inc. (NYSE: SAFE), the first publicly-traded company focused on ground lease investments

Balance Sheet

| | |
|----------------------------------|-------|
| Gross Real Estate ⁽²⁾ | \$497 |
| Other Assets | 100 |
| Accumulated Depreciation | (5) |
| Assets, Net | 592 |
| Liabilities ⁽³⁾ | 234 |
| Equity | \$358 |



⁽¹⁾ Represents market value of iStar's equity investment as of 9/30/17.

⁽²⁾ Gross Real Estate represents the combination of \$413MM of real estate and \$142MM of lease intangible assets less \$58MM of lease intangible liabilities.

⁽³⁾ Excludes \$58MM of lease intangible liabilities, net of amortization.

Net Lease Assets: Trend

Consolidated

| | Q3'16 | Q4'16 | Q1'17 | Q2'17 ⁽¹⁾ | Q3'17 |
|-----------------------|----------------|----------------|----------------|----------------------|----------------|
| Beginning Balance | \$1,464 | \$1,364 | \$1,386 | \$1,368 | \$1,179 |
| Fundings / Capex | 2 | 25 | 2 | 1 | 2 |
| Sales | (101) | (4) | (18) | (191) | (31) |
| Ending Balance | \$1,364 | \$1,386 | \$1,368 | \$1,179 | \$1,151 |
| % Leased | 99.0% | 98.0% | 98.3% | 98.0% | 97.9% |
| W.A. Lease Term (yrs) | 14.6 | 14.7 | 14.8 | 10.9 | 11.0 |
| Annualized Yield | | | | | |
| Cash Basis | 8.2% | 8.2% | 8.3% | 8.2% | 9.1% |
| GAAP Basis | 8.2% | 8.3% | 8.3% | 7.8% | 8.9% |
| Square Footage (000s) | 13,940 | 14,133 | 13,997 | 11,954 | 11,486 |
| Number of Assets | 37 | 38 | 37 | 28 | 27 |

Net Lease Venture⁽²⁾

| | | | | | |
|-----------------------|--------------|--------------|--------------|--------------|--------------|
| Beginning Balance | \$402 | \$479 | \$488 | \$501 | \$603 |
| Fundings / Capex | 77 | 9 | 13 | 102 | 14 |
| Sales | - | - | - | - | - |
| Ending Balance | \$479 | \$488 | \$501 | \$603 | \$618 |
| % Leased | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| W.A. Lease Term (yrs) | 14.9 | 14.7 | 14.4 | 14.5 | 14.3 |
| Annualized Yield | | | | | |
| Cash Basis | 6.5% | 7.4% | 7.7% | 7.6% | 7.5% |
| GAAP Basis | 7.9% | 8.7% | 8.9% | 8.8% | 8.5% |
| Square Footage | 3,081 | 3,081 | 3,081 | 4,005 | 4,005 |
| Number of Assets | 6 | 6 | 6 | 8 | 8 |

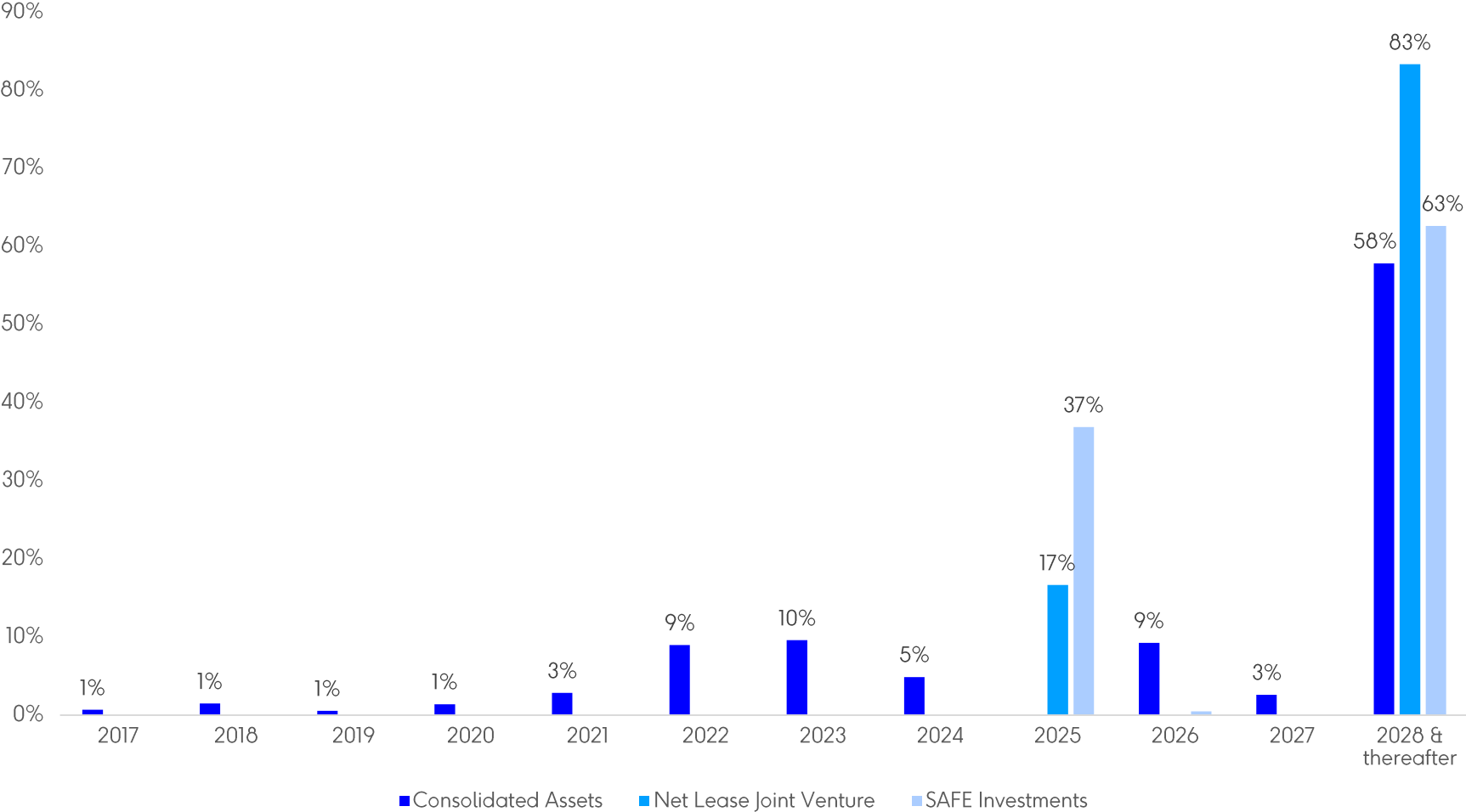
Note: \$ in millions, square footage in thousands.

⁽¹⁾ Excludes percentage rent income associated with Hilton properties, which were acquired by SAFE in April 2017.

⁽²⁾ Real estate value reflects the 9/30/17 balance sheet, including iStar's minority position in 2 office build-to-suit properties. Other lease metrics disregard iStar's obligation to acquire these properties at construction completion.



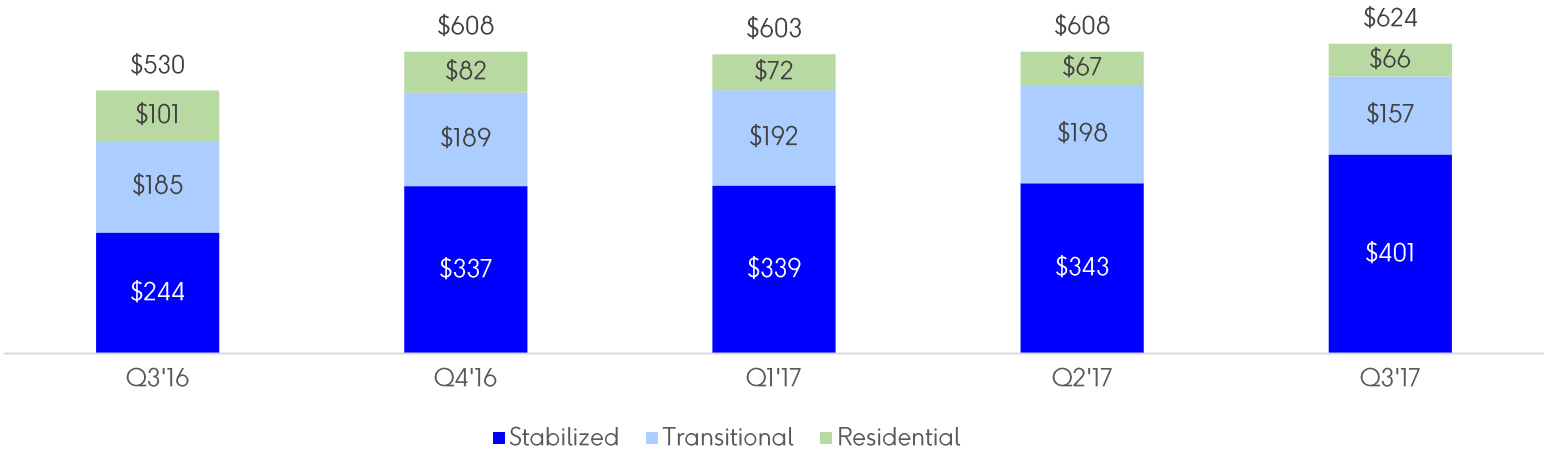
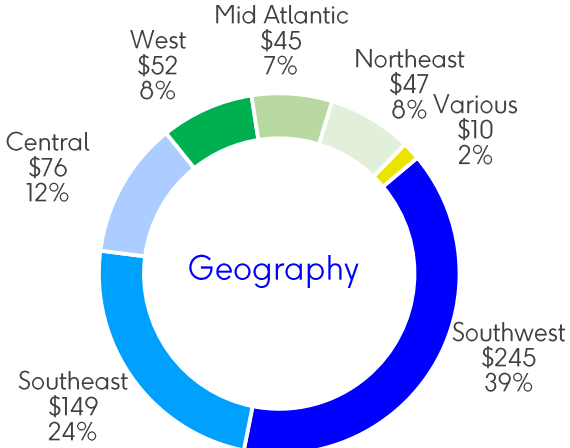
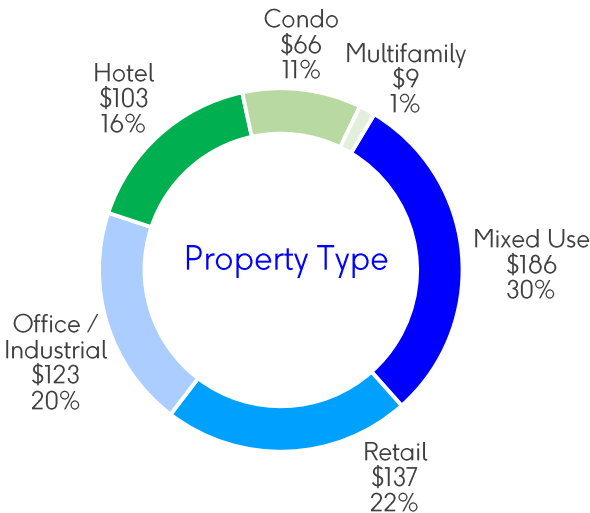
Net Lease: Lease Expiration Profile





VI. Operating Properties

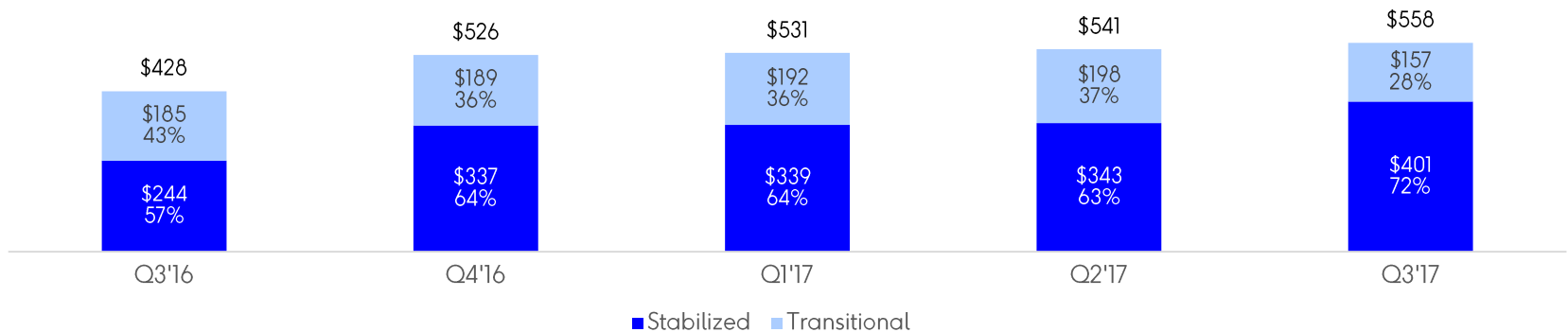
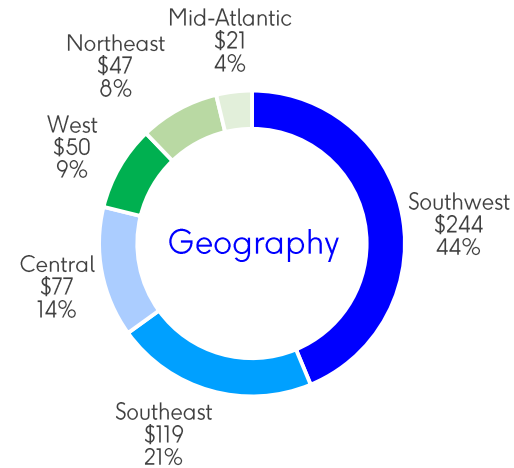
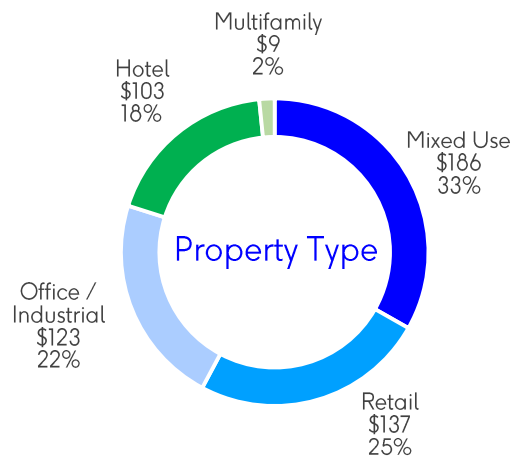
Operating Properties: Overview



Note: \$ in millions.

Commercial Operating Properties: Overview

| | Gross Book Value | Properties ⁽¹⁾ | Occupancy | W.A. Yield ⁽²⁾ | Square Footage |
|--------------------------------|------------------|---------------------------|------------|---------------------------|----------------|
| Stabilized | \$401 | 15 | 86% | 9.1% | 2,871 |
| Transitional | 157 | 10 | 56% | 1.5% | 1,146 |
| Total Commercial Assets | \$558 | 25 | 77% | 7.2% | 4,017 |



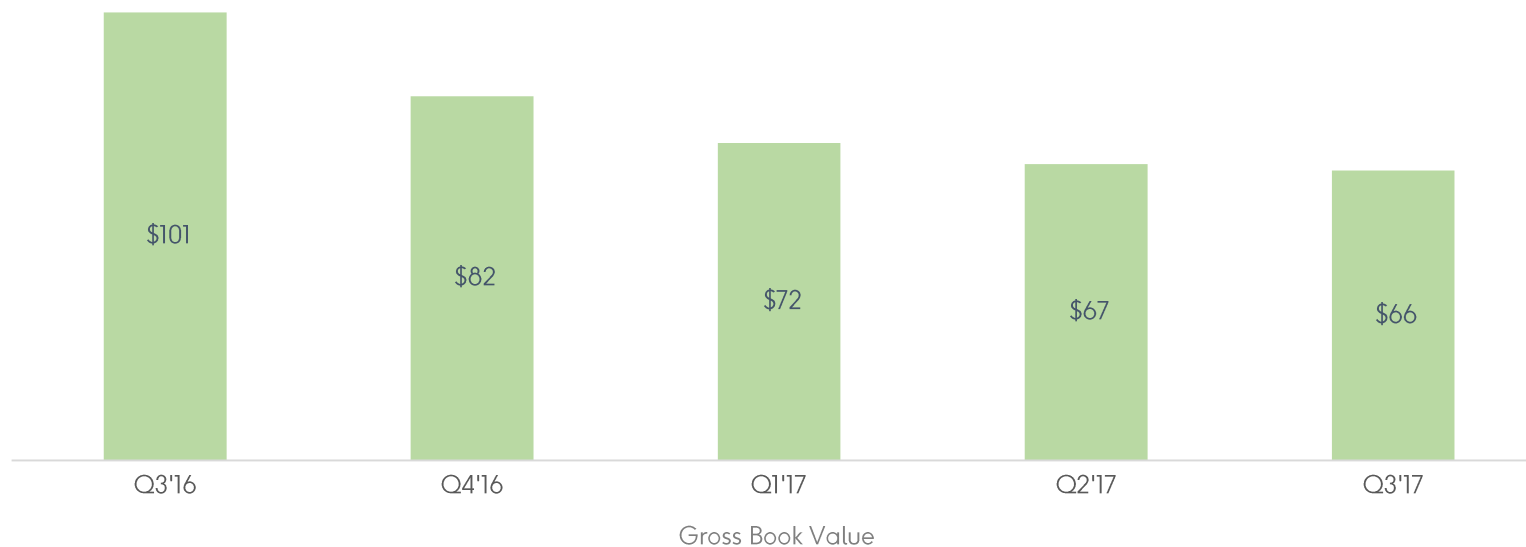
Note: \$ in millions, square footage in thousands.

(1) One property was bi-furcated and appears in stabilized and transitional.

(2) Yield is calculated as the annualized net operating income over the average gross book value during the period. For unconsolidated 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

| | Q3'16 | Q4'16 | Q1'17 | Q2'17 | Q3'17 |
|---------------------------------|-------------------|-------------------|-------|-------|-------|
| Asset Count | 8 | 8 | 8 | 8 | 7 |
| Condominium Units Sold | 11 | 11 | 7 | 5 | 4 |
| Sales Proceeds | \$15 | \$23 | \$10 | \$7 | \$4 |
| Income from Sale of Real Estate | \$4 | \$3 | \$2 | \$1 | \$1 |
| Condominium Units Remaining | 58 ⁽¹⁾ | 48 ⁽¹⁾ | 41 | 36 | 32 |



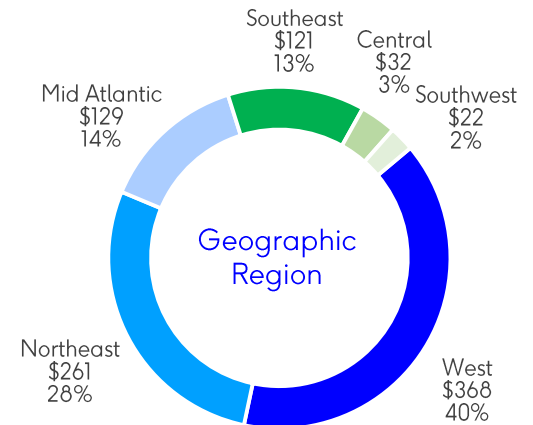
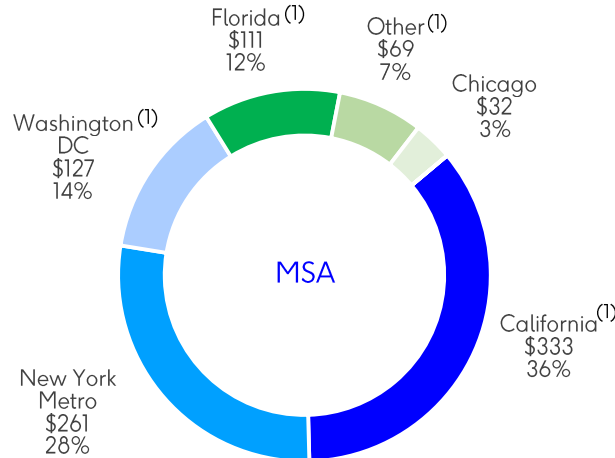
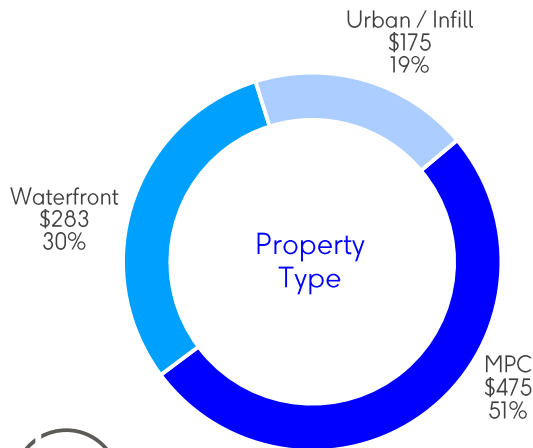
Note: \$ in millions. Excludes fractional units.
⁽¹⁾ Includes one condo acquisition for the quarter.



VII. Land & Development

Land & Development: Overview

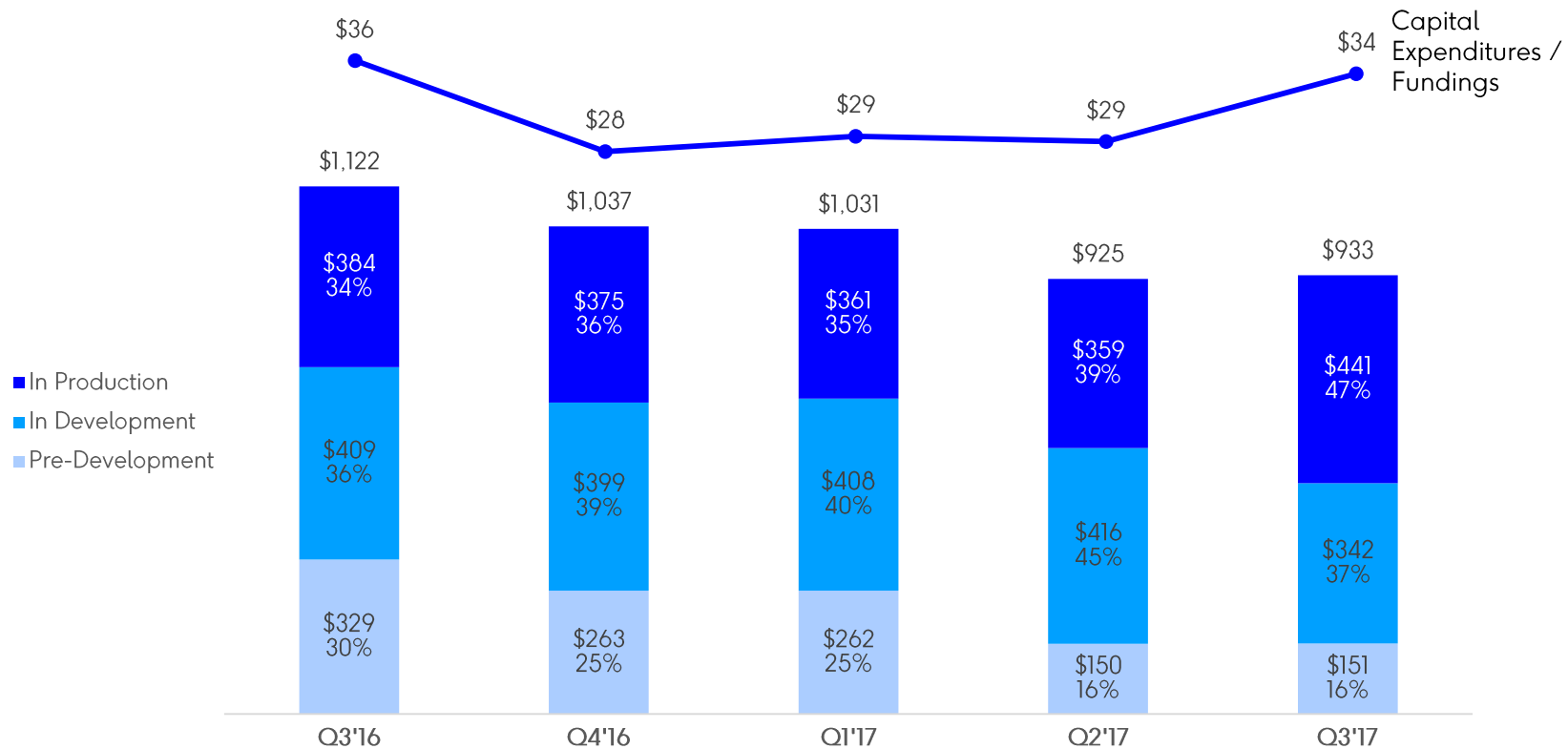
| | Master Planned Communities | Waterfront | Urban / Infill | Total |
|----------------------------------|----------------------------------|--------------|-------------------|--------------|
| In production | \$263 | \$128 | \$50 | \$441 |
| In development | 183 | 148 | 11 | 342 |
| Pre-development | 29 | 8 | 114 | 151 |
| Gross book value | \$475 | \$283 | \$175 | \$933 |
| | | | | |
| # of projects | 8 | 6 | 15 | 29 |
| | | | | |
| | Master Planned Communities | Waterfront | Urban / Infill | Total |
| Land development revenue | \$13 | \$13 | \$1 | \$26 |
| Land development cost of sales | (11) | (16) | (0) | (28) |
| Gross margin | \$2 | (\$3) | \$0 | (\$2) |
| Earnings from unconsolidated JVs | 1 | 0 | (1) | 1 |
| Other income, net of expenses | 0 | 1 | 0 | 1 |
| Total | \$3 | (\$2) | (\$0) | \$1 |



Note: \$ in millions.

⁽¹⁾ Comprised of multiple MSAs.

Land & Development: Trend



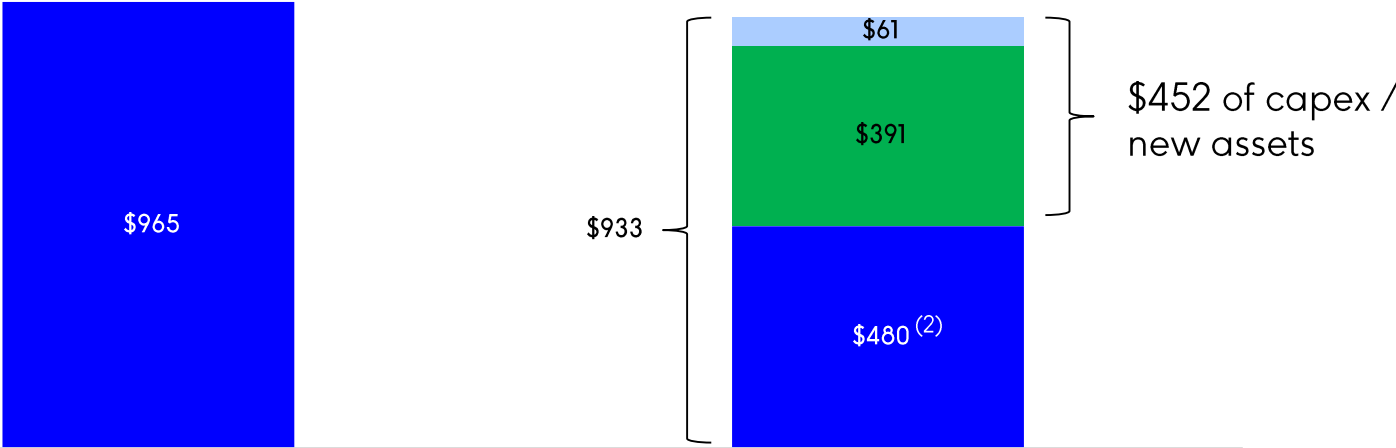
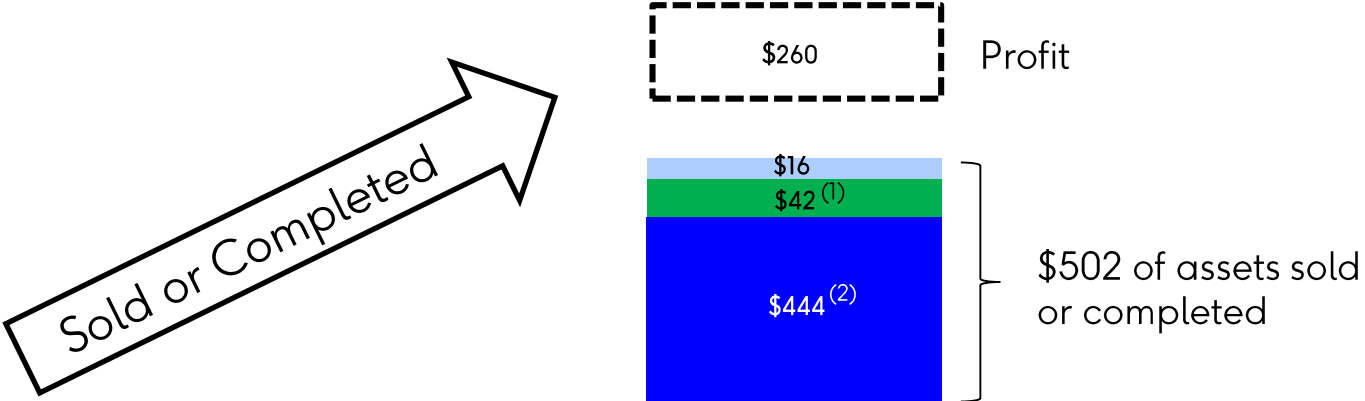
| | | | | | |
|-------------------------------|-------------|------------|------------|--------------------|------------|
| Revenue | \$32 | \$14 | \$20 | \$133 | \$26 |
| Cost of Sales | (22) | (11) | (16) | (122) | (28) |
| Land Gross Margin | \$10 | \$3 | \$4 | \$10 | (\$2) |
| Earnings from Unconsol. JVs | 22 | (1) | 4 | 4 | 1 |
| Other Income, net of expenses | 0 | 0 | 0 | 124 ⁽¹⁾ | 1 |
| Total | \$32 | \$2 | \$8 | \$138 | \$1 |



Note: \$ in millions.

⁽¹⁾ Income from the sale of land, following with the favorable outcome of litigation.

Land & Development Progress Since YE 2013



■ YE 2013 Book Value
 ■ Capital Expenditures
 ■ Assets Transferred-In / Other ⁽³⁾

\$ 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.





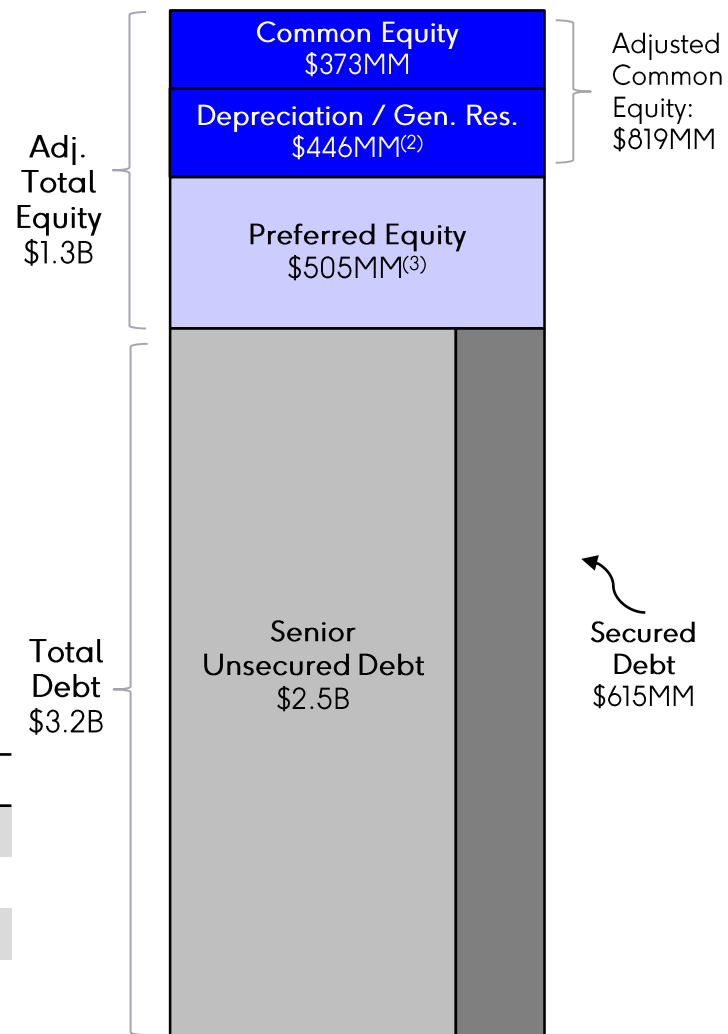
VIII. Capital Structure

Capital Structure Overview - Pro Forma

○ Capital structure is presented pro forma of certain activities that occurred subsequent to quarter end but related to the Company's third quarter capital market transaction:

- Redemption of \$1.15B of unsecured debt and payment of associated interest expense and make-whole amounts
- Redemption of \$240MM of preferred stock and payment of associated dividends
- Issuance of \$37.5MM of additional convertible notes after underwriters exercised overallotment option
- Net use of \$1.4B of cash

| | | | Basic |
|-------------------------|-----------|------------------------|---------|
| Cash | \$531MM | Shares Outstanding | 68.2MM |
| Net Debt | \$2,634MM | Adjusted Common Equity | \$819MM |
| Adj. Total Equity | \$1,324MM | Value per Share | \$12.02 |
| Leverage ⁽¹⁾ | 2.0x | | |



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 \$505MM 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.

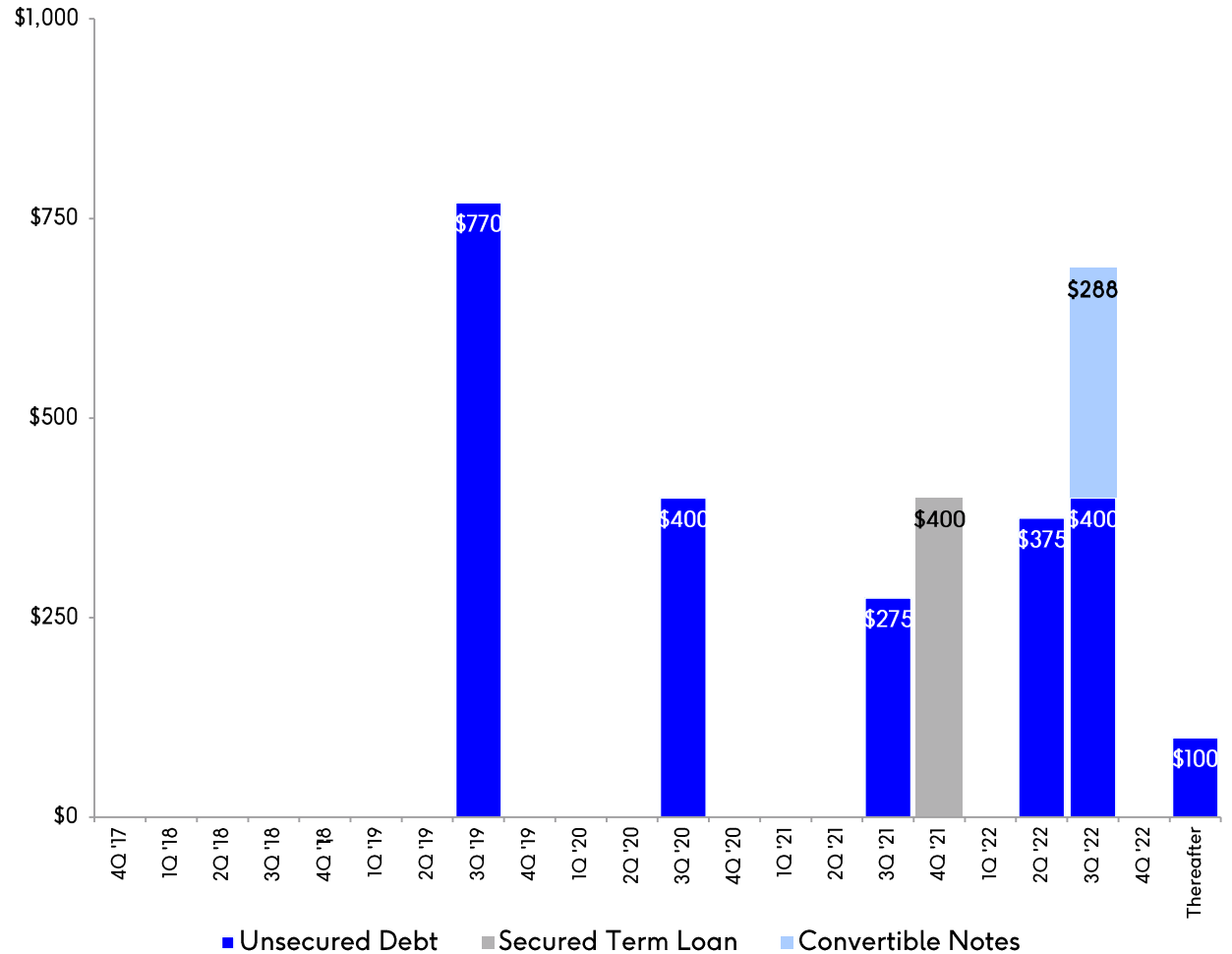


Corporate Debt Maturity Profile

Debt Profile

| | | |
|--------------|----------------|--------------|
| 2019 | | |
| Jul. | \$770 | 5.00% |
| 2020 | | |
| Sep. | \$400 | 4.625% * |
| 2021 | | |
| Jul. | 275 | 6.50% |
| Oct. | \$400 | L + 300 |
| | \$675 | |
| 2022 | | |
| Apr. | \$375 | 6.00% |
| Sep. | 400 | 5.25% * |
| Sep. | 288 | 3.125% * |
| | \$1,063 | |
| 2035 | | |
| Oct. | \$100 | L + 150 |
| Total | \$3,008 | 4.89% |

* New notes issued during quarter.



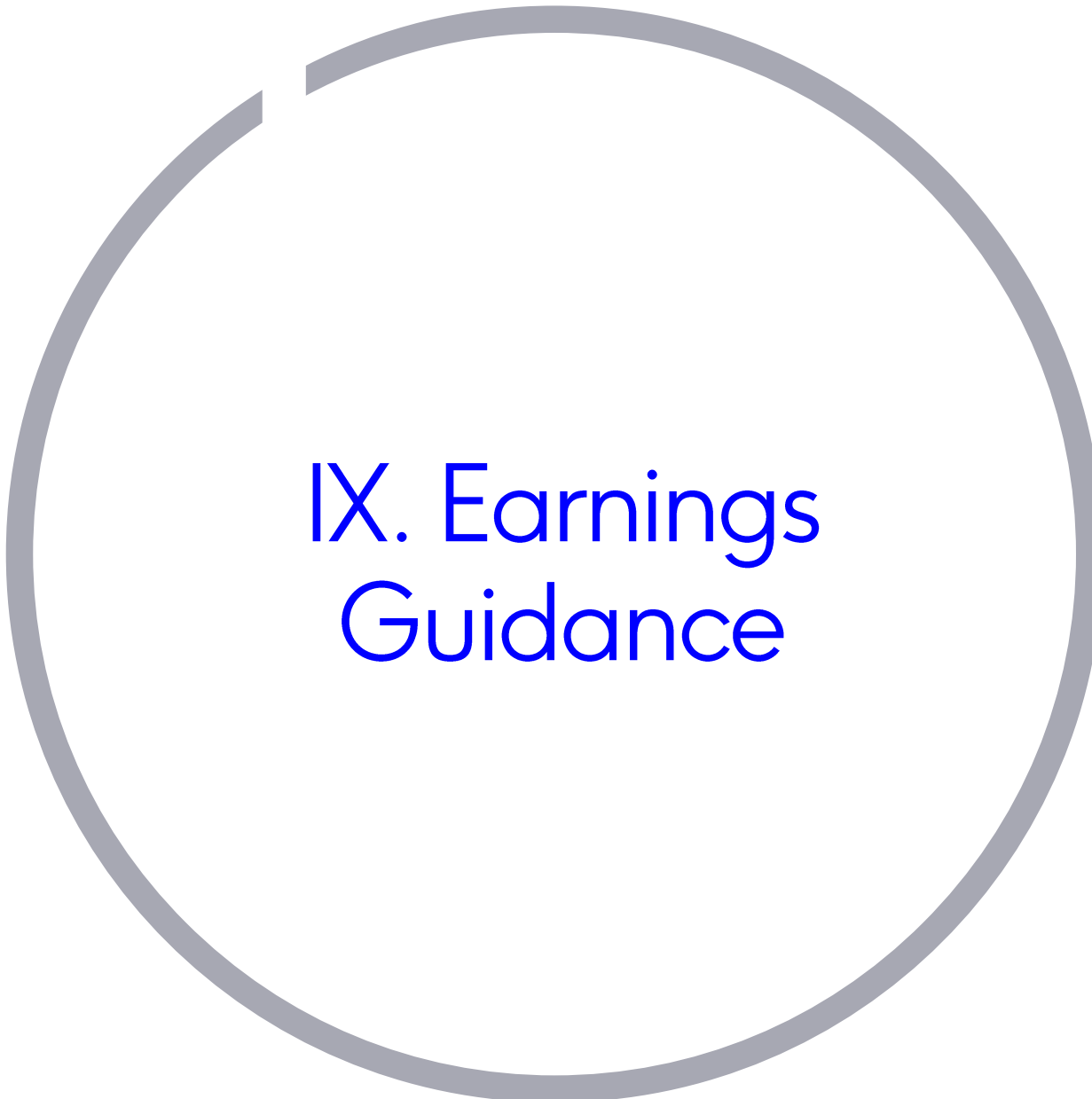
Note: \$ in millions. Presented on a Pro Forma basis. Excludes \$223MM individual mortgages and \$325MM (L+250) revolver which matures in 2020 and had a \$0 outstanding balance at September 30, 2017.

Pro Forma Balance Sheet

Balance sheet presented on an actual basis and pro forma for the effects of the capital markets transactions that occurred subsequent to quarter end. Specifically, this activity includes (i) the net use of \$1.4 billion of cash for the redemption of \$1.15 billion of unsecured senior notes and payment of associated interest expense and make-whole amounts; and, the redemption of \$240 million of preferred stock and payment of associated dividends and (ii) the issuance of \$37.5 million of additional convertible notes pursuant to the exercise of the underwriters' overallotment option.

| | <u>As of September 30, 2017</u> | <u>Adjustments</u> | <u>\$ in Millions Pro Forma</u> |
|---|---------------------------------|-----------------------|-------------------------------------|
| Assets | | | |
| Real Estate: | | | |
| Real estate, at cost | \$1,687 | - | \$1,687 |
| Less: accumulated depreciation | (363) | - | (363) |
| Real estate, net | 1,324 | - | 1,324 |
| Real estate available and held for sale | 66 | - | 66 |
| | <u>1,390</u> | <u>-</u> | <u>1,390</u> |
| Land and development, net | 862 | - | 862 |
| Loans receivable and other lending investments, net | 1,109 | - | 1,109 |
| Other investments | 289 | - | 289 |
| Cash and cash equivalents | 1,912 | (1,381) | 531 |
| Accrued interest and operating lease income receivable, net | 11 | - | 11 |
| Deferred operating lease income receivable | 88 | - | 88 |
| Deferred expenses and other assets, net | 135 | - | 135 |
| Total assets | <u>\$5,795</u> | <u>(1,381)</u> | <u>\$4,414</u> |
| Liabilities and Equity | | | |
| Accounts payable, accrued expenses and other liabilities | 466 | (257) | 209 |
| Loan participations payable, net | 122 | - | 122 |
| Debt obligations, net | 4,279 | (1,114) | 3,165 |
| Total liabilities | <u>4,868</u> | <u>(1,371)</u> | <u>3,497</u> |
| Redeemable non-controlling interests | 4 | - | 4 |
| Total iStar shareholders' equity | 888 | (10) | 878 |
| Non controlling interests | 36 | - | 36 |
| Total equity | <u>924</u> | <u>(10)</u> | <u>914</u> |
| Total liabilities and equity | <u>\$5,795</u> | <u>(1,381)</u> | <u>\$4,414</u> |





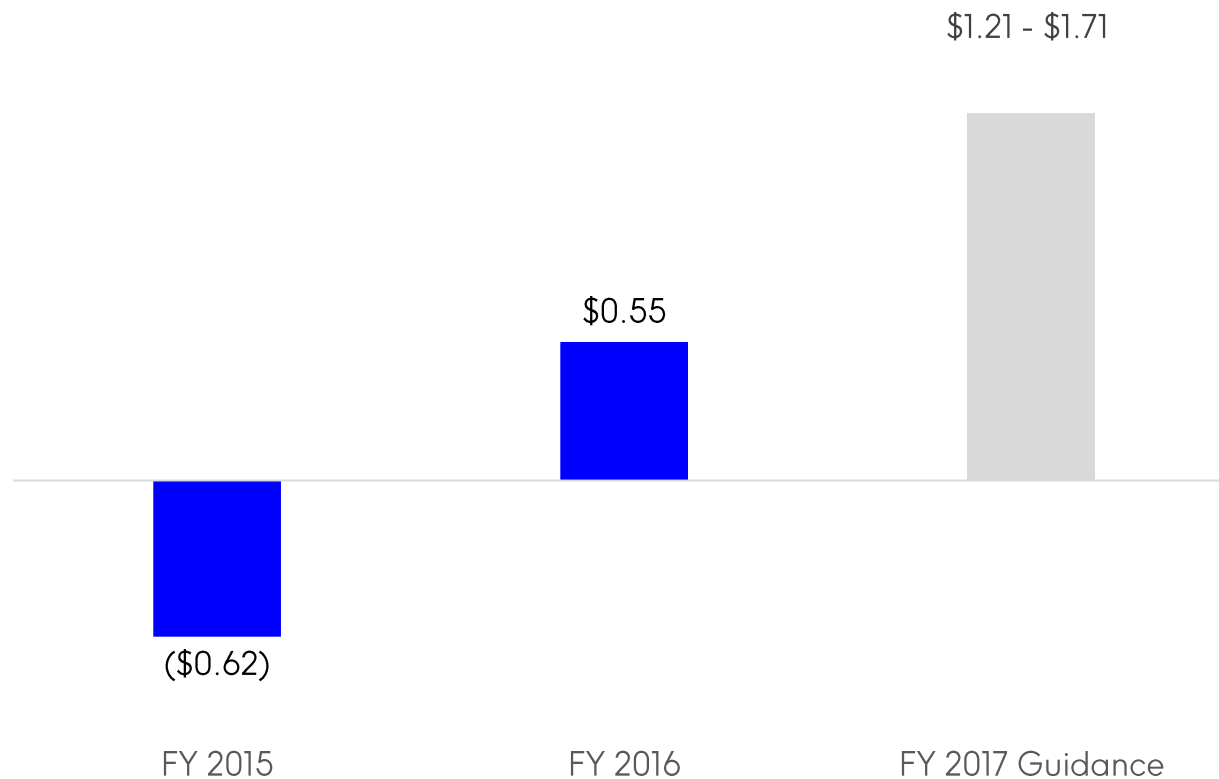
IX. Earnings Guidance

Q3'17 Guidance Summary

| | <u>Net Income</u> | <u>Adjusted Income</u> |
|---|------------------------|------------------------|
| Prior full year 2017 guidance | \$2.15 - \$2.65 | \$3.00 - \$3.50 |
| Updated full year 2017 guidance | \$1.21 - \$1.71 | \$2.25 - \$2.75 |
| Additional SAFE gain | \$0.64 | \$0.64 |
| Full year 2017 guidance (under new accounting standards) | \$1.85 - \$2.35 | \$2.89 - \$3.39 |

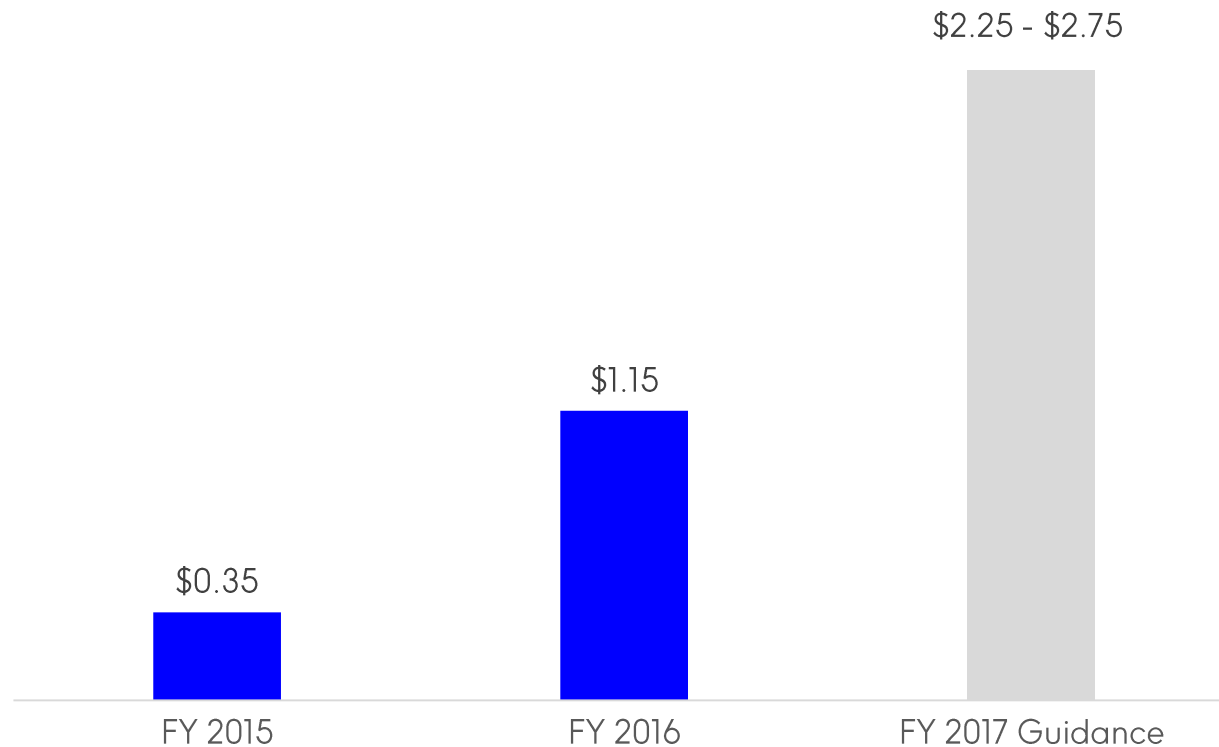
- The \$2.0 billion of comprehensive capital market transactions will result in a one-time pre-payment penalty of approximately \$9 million, or \$0.10 per diluted common share, in the fourth quarter and \$16 million, or \$0.19 per diluted common share, of premium over book value on the redemption of preferred stock in the third quarter. Going forward, the transaction is expected to decrease expenses underlying earnings by \$0.43 per diluted common share.
- Asset sales are a material part of the Company's business and have material impact to earnings and earnings guidance. Several asset sales, representing approximately \$0.65 per diluted common share of forecasted 2017 income, are now expected to occur in 2018.
- In addition, the Company will be required under GAAP to recognize an additional \$55 million, or \$0.64 per diluted common share, gain associated with the second quarter sale of its ground lease business to SAFE. This gain will not initially appear in the Company's 2017 financial results, but will be retrospectively recognized in the Company's 2017 financial results once new accounting standards become effective on January 1, 2018.
- This guidance assumes, among other things, the closing of certain property sales and that general macro economic conditions continue to remain favorable. Please see the financial tables in the appendix of this supplemental for a reconciliation from GAAP net income guidance to adjusted income guidance.

Q3'17 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.

Q3'17 Adjusted Income and Guidance



Note: 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 are presented in the appendix of the supplemental.



X. Financial Measures

Q3'17 Segment Balance Sheet

| | Real Estate Finance | Net Lease ⁽¹⁾ | Operating Properties | Land & Development | Corporate / Other | Total |
|---|------------------------|-------------------------------|-------------------------|-----------------------|----------------------|----------------|
| Real estate | | | | | | |
| Real estate, net | - | \$844 | \$479 | - | - | \$1,323 |
| Add: accumulated depreciation | - | 306 | 57 | \$8 | - | 371 |
| Real estate, gross | - | \$1,151 | \$536 | \$8 | - | \$1,694 |
| Real estate available and held for sale | - | - | 66 | - | - | 66 |
| Total Real Estate, gross | - | \$1,151 | \$602 | \$8 | - | \$1,760 |
| Land and development | - | - | - | 862 | - | 862 |
| Loans receivable, gross ⁽²⁾ | \$1,125 | - | - | - | - | 1,125 |
| Other investments | - | 185 | 22 | 63 | 19 | 289 |
| Total Portfolio Assets, gross ⁽³⁾ | \$1,125 | \$1,335 ⁽⁴⁾ | \$624 | \$933 | \$19 | \$4,036 |
| Cash and other assets | | | | | | \$2,146 |
| Total Assets, gross | | | | | | \$6,182 |

Note: \$ in millions.

⁽¹⁾ Net lease investments include investments in ground leases.

⁽²⁾ Gross of general reserves.

⁽³⁾ Figures based on carrying value, gross of accumulated depreciation and general loan loss reserves.

⁽⁴⁾ Includes \$75MM carrying value of SAFE equity investment which had a market value of \$117MM as of 9/30/17.



Q3'17 Segment Income Statement

| | Real Estate Finance | Net Lease | Operating Properties | Land & Development | Corporate / Other | Total |
|---|------------------------|---------------|-------------------------|-----------------------|----------------------|----------------|
| Operating lease income | - | \$31.5 | \$16.0 | \$0.3 | - | \$47.8 |
| Interest income | \$25.4 | - | - | - | - | 25.4 |
| Other income | 1.3 | 1.0 | 14.1 | 1.2 | \$3.1 | 20.7 |
| Land development revenue | - | - | - | 26.0 | - | 26.0 |
| Earnings from equity method investments | - | 1.3 | (0.4) | 0.9 | 0.6 | 2.5 |
| Income from sales of real estate | - | 18.8 | 0.5 | - | - | 19.3 |
| Total Revenue & Other Earnings | \$26.7 | \$52.5 | \$30.3 | \$28.3 | \$3.8 | \$141.6 |
| Real estate expenses | - | (\$4.4) | (\$23.2) | (\$8.7) | - | (\$36.3) |
| Land development cost of sales | - | - | - | (27.5) | - | (27.5) |
| Other expense | (\$0.3) | - | - | - | (\$2.4) | (2.7) |
| Allocated interest expense | (9.2) | (12.3) | (4.9) | (6.5) | (15.9) | (48.7) |
| Allocated general and administrative | (3.3) | (4.3) | (1.9) | (3.7) | (4.8) | (18.0) |
| Segment Profit (loss) | \$14.0 | \$31.5 | \$0.4 | (\$18.1) | (\$19.4) | \$8.4 |



Note: \$ in millions. Allocated general and administrative excludes \$2.9MM of stock-based compensation expense.



XI. Appendix

Q3'17 Adjusted Income Reconciliation

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|--|-------------------------------------|---------------|------------------------------------|----------------|
| | 2017 | 2016 | 2017 | 2016 |
| Net income (loss) allocable to Common Shareholders | (\$34.5) | \$46.3 | \$115.8 | \$63.2 |
| Add: Depreciation and amortization ⁽¹⁾ | 14.8 | 15.6 | 45.4 | 50.1 |
| Add: (Recovery of) provision for loan losses | (2.6) | (15.0) | (8.1) | (12.7) |
| Add: Impairment of assets ⁽²⁾ | 0.6 | 8.7 | 15.3 | 12.7 |
| Add: Stock-based compensation expense | 2.9 | 1.4 | 12.7 | 7.6 |
| Add: Loss on early extinguishment of debt | 0.6 | - | 1.4 | 1.6 |
| Add: Non-cash interest expense on senior convertible notes | 0.1 | - | 0.1 | - |
| Add: Premium on redemption of preferred stock | 16.3 | - | 16.3 | - |
| Less: Losses on charge-offs and dispositions ⁽³⁾ | (1.8) | (8.0) | (15.9) | (12.6) |
| Adjusted income (loss) allocable to common shareholders | (\$3.6) | \$49.1 | \$183.0 | \$109.9 |

Note: \$ in millions.

In addition to net income (loss) prepared in conformity with GAAP, the Company uses adjusted income, a non-GAAP financial measure, to measure its operating performance. Adjusted income is used internally as a supplemental performance measure adjusting for certain non-cash GAAP measures to give management a view of income more directly derived from current period activity. Adjusted income is calculated as net income (loss) allocable to common shareholders, prior to the effect of depreciation and amortization, provision for (recovery of) loan losses, impairment of assets, stock-based compensation expense, the non-cash portion of gain (loss) on early extinguishment of debt and is adjusted for the effect of gains or losses on charge-offs and dispositions on carrying value gross of loan loss reserves and impairments ("Adjusted Income"). In the third quarter 2017, the Company modified its presentation of Adjusted Income to exclude the effect of the amount of the liquidation preference that was recorded as a premium above book value on the redemption of preferred stock and the imputed non-cash interest expense recognized for the conversion feature of its senior convertible notes. Adjusted Income should be examined in conjunction with net income (loss) as shown in our consolidated statements of operations. Adjusted Income should not be considered as an alternative to net income (loss) (determined in accordance with GAAP), or to cash flows from operating activities (determined in accordance with GAAP), as a measure of our liquidity, nor is Adjusted Income indicative of funds available to fund our cash needs or available for distribution to shareholders. Rather, Adjusted Income is an additional measure we use to analyze our business performance because it excludes the effects of certain non-cash charges that we believe are not necessarily indicative of our operating performance while including the effect of gains or losses on investments when realized. It should be noted that our manner of calculating Adjusted Income may differ from the calculations of similarly-titled measures by other companies.

(1) Depreciation and amortization includes our proportionate share of depreciation and amortization expense relating to equity method investments and excludes the portion on depreciation and amortization expense allocable to non-controlling interests.

(2) Impairment of assets includes impairments on cost and equity method investments recorded in other income and earnings from equity method investments, respectively.

(3) Losses on charge-offs and dispositions represents the impact of charge-offs and dispositions realized during the period. These charge-offs and dispositions were on assets that were previously impaired for GAAP and reflected in net income but not in Adjusted Income.



Q3'17 Adjusted Common Equity Reconciliation

| | As of September 30, 2017 | Adjustment | Pro Forma |
|--|-----------------------------|---------------|--------------|
| Total shareholders' equity | \$888 | (\$10) | \$878 |
| Less: Liquidation preference of preferred stock | (505) | - | (505) |
| Common shareholders equity | \$383 | (\$10) | \$373 |
| Add: Accumulated depreciation and amortization | 403 | - | 403 |
| Add: Proportionate share of depreciation and amortization within equity method investments | 28 | - | 28 |
| Add: General reserves | 15 | - | 15 |
| Adjusted common equity | \$829 | (\$10) | \$819 |

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.



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 | \$1.21 - \$1.71 |
| Add: Depreciation and amortization | \$0.67 - \$0.71 |
| Add: Other non-cash adjustments | \$0.73 - \$0.77 |
| Less: Losses on charge-offs and dispositions | (\$0.36) - (\$0.44) |
| Targeted Adjusted Income per Diluted Common Share Range | \$2.25 - \$2.75 |