

ISTAR INC.
Form 10-Q
May 03, 2018
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q
(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934

For the quarterly period ended March 31, 2018

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934

For the transition period from _____ to _____
Commission File No. 1-15371

iStar Inc.
(Exact name of registrant as specified in its charter)
Maryland 95-6881527
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification Number)
1114 Avenue of the Americas, 39th Floor
New York, NY 10036
(Address of principal executive offices) (Zip code)
Registrant's telephone number, including area code: (212) 930-9400

Indicate by check mark whether the registrant: (i) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding twelve months (or for such shorter period that the registrant was required to file such reports); and (ii) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Emerging
(Do not check if a smaller reporting company) Smaller reporting company growth
company company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No
If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

As of May 2, 2018, there were 67,901,019 shares, \$0.001 par value per share, of iStar Inc. common stock outstanding.

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PART I. CONSOLIDATED FINANCIAL INFORMATION

Item 1. Financial Statements

iStar Inc.

Consolidated Balance Sheets

(In thousands, except per share data)

(unaudited)

	As of March 31, 2018	December 31, 2017
ASSETS		
Real estate		
Real estate, at cost	\$ 1,659,651	\$ 1,629,436
Less: accumulated depreciation	(357,508)	(347,405)
Real estate, net	1,302,143	1,282,031
Real estate available and held for sale	41,857	68,588
Total real estate	1,344,000	1,350,619
Land and development, net	681,410	860,311
Loans receivable and other lending investments, net	1,400,474	1,300,655
Other investments	422,853	321,241
Cash and cash equivalents	366,723	657,688
Accrued interest and operating lease income receivable, net	11,030	11,957
Deferred operating lease income receivable, net	88,820	86,877
Deferred expenses and other assets, net	134,749	141,730
Total assets	\$ 4,450,059	\$ 4,731,078
LIABILITIES AND EQUITY		
Liabilities:		
Accounts payable, accrued expenses and other liabilities	\$ 217,874	\$ 238,004
Loan participations payable, net	85,354	102,425
Debt obligations, net	3,130,934	3,476,400
Total liabilities	3,434,162	3,816,829
Commitments and contingencies (refer to Note 11)		
Equity:		
iStar Inc. shareholders' equity:		
Preferred Stock Series D, G and I, liquidation preference \$25.00 per share (refer to Note 13)	12	12
Convertible Preferred Stock Series J, liquidation preference \$50.00 per share (refer to Note 13)	4	4
Common Stock, \$0.001 par value, 200,000 shares authorized, 67,901 and 68,236 shares issued and outstanding as of March 31, 2018 and December 31, 2017, respectively	68	68
Additional paid-in capital	3,350,250	3,352,665
Retained earnings (deficit)	(2,368,162)	(2,470,564)
Accumulated other comprehensive income (loss) (refer to Note 13)	(925)	(2,482)
Total iStar Inc. shareholders' equity	981,247	879,703
Noncontrolling interests	34,650	34,546
Total equity	1,015,897	914,249
Total liabilities and equity	\$ 4,450,059	\$ 4,731,078

The accompanying notes are an integral part of the consolidated financial statements.

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iStar Inc.

Consolidated Statements of Operations

(In thousands, except per share data)

(unaudited)

	For the Three Months Ended March 31,	
	2018	2017
Revenues:		
Operating lease income	\$45,799	\$47,347
Interest income	26,697	29,058
Other income	15,320	11,864
Land development revenue	276,429	20,050
Total revenues	364,245	108,319
Costs and expenses:		
Interest expense	45,182	51,145
Real estate expense	36,180	35,590
Land development cost of sales	223,407	15,910
Depreciation and amortization	11,110	12,280
General and administrative ⁽¹⁾	28,814	25,173
Recovery of loan losses	(855)	(4,928)
Impairment of assets	4,100	4,413
Other expense	1,166	1,869
Total costs and expenses	349,104	141,452
Income (loss) before earnings from equity method investments and other items	15,141	(33,133)
Loss on early extinguishment of debt, net	(372)	(210)
Earnings from equity method investments	3,332	5,702
Income (loss) from continuing operations before income taxes	18,101	(27,641)
Income tax expense	(121)	(607)
Income (loss) from continuing operations	17,980	(28,248)
Income from discontinued operations	—	4,766
Income from sales of real estate ⁽²⁾	17,048	8,110
Net income (loss)	35,028	(15,372)
Net (income) loss attributable to noncontrolling interests	(95)	1,100
Net income (loss) attributable to iStar Inc.	34,933	(14,272)
Preferred dividends	(8,124)	(12,830)
Net income (loss) allocable to common shareholders		