

ISTAR FINANCIAL INC
Form 10-Q
May 09, 2007

**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, 2007**

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 FINANCIAL INC.

(Exact name of registrant as specified in its charter)

Maryland
(State or other jurisdiction of
incorporation or organization)

95-6881527
(I.R.S. Employer
Identification Number)

1114 Avenue of the Americas, 27th Floor
New York, NY
(Address of principal executive offices)

10036
(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 12 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 is a large accelerated filer, or a non-accelerated filer, see definition of "accelerated filer" and "large accelerated filer" in Rule 12-b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

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Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of April 30, 2007 there were 128,166,685 shares of common stock, \$0.001/par value per share of iStar Financial Inc., (Common Stock) outstanding.

**iStar Financial Inc.
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PART I. CONSOLIDATED FINANCIAL INFORMATION**Item 1. Financial Statements**

iStar Financial Inc.
Consolidated Balance Sheets
(In thousands, except per share data)
(unaudited)

	As of March 31, 2007	As of December 31, 2006
ASSETS		
Loans and other lending investments, net	\$ 7,691,417	\$ 6,799,850
Corporate tenant lease assets, net	3,177,585	3,084,794
Other investments	444,649	407,617
Investments in joint ventures	366,453	382,030
Assets held for sale	24,124	9,398
Cash and cash equivalents	126,873	105,951
Restricted cash	28,631	28,986
Accrued interest and operating lease income receivable	81,703	72,954
Deferred operating lease income receivable	83,629	79,498
Deferred expenses and other assets	63,178	71,181
Goodwill	17,736	17,736
Total assets	\$ 12,105,978	\$ 11,059,995
LIABILITIES AND SHAREHOLDERS EQUITY		
Liabilities:		
Accounts payable, accrued expenses and other liabilities	\$ 180,809	\$ 200,957
Debt obligations	8,820,821	7,833,437
Total liabilities	9,001,630	8,034,394
Commitments and contingencies		
Minority interest in consolidated entities	35,766	38,738
Shareholders equity:		
Series D Preferred Stock, \$0.001 par value, liquidation preference \$25.00 per share, 4,000 shares issued and outstanding at March 31, 2007 and December 31, 2006	4	4
Series E Preferred Stock, \$0.001 par value, liquidation preference \$25.00 per share, 5,600 shares issued and outstanding at March 31, 2007 and December 31, 2006	6	6
Series F Preferred Stock, \$0.001 par value, liquidation preference \$25.00 per share, 4,000 shares issued and outstanding at March 31, 2007 and December 31, 2006	4	4
Series G Preferred Stock, \$0.001 par value, liquidation preference \$25.00 per share, 3,200 shares issued and outstanding at March 31, 2007 and December 31, 2006	3	3
Series I Preferred Stock, \$0.001 par value, liquidation preference \$25.00 per share, 5,000 shares issued and outstanding at March 31, 2007 and December 31, 2006	5	5
High Performance Units	9,800	9,800
Common Stock, \$0.001 par value, 200,000 shares authorized, 126,708 and 126,565 shares issued and outstanding at March 31, 2007 and December 31, 2006, respectively	127	127
Options	1,682	1,696
Additional paid-in capital	3,466,129	3,464,229
Retained earnings (deficit)	(396,179)	(479,695)
Accumulated other comprehensive income (See Note 14)	13,273	16,956
Treasury stock (at cost)	(26,272)	(26,272)
Total shareholders equity	3,068,582	2,986,863
Total liabilities and shareholders equity	\$ 12,105,978	\$ 11,059,995

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

iStar Financial Inc.
Consolidated Statements of Operations
(In thousands, except per share data)
(unaudited)

	For the Three Months Ended March 31,	
	2007	2006
Revenue:		
Interest income	\$ 180,860	\$ 126,048
Operating lease income	81,486	81,914