

ISTAR FINANCIAL INC  
Form 10-Q  
November 08, 2006

# UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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## 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 September 30, 2006

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

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**iSTAR FINANCIAL INC.**  
(Exact name of registrant as specified in its charter)

**Maryland**  
(State or other jurisdiction of  
incorporation or organization)  
**1114 Avenue of the Americas, 27th Floor**  
**New York, NY**  
(Address of principal executive offices)

**95-6881527**  
(I.R.S. Employer  
Identification Number)  
**10036**  
(Zip code)

Registrant's telephone number, including area code: **(212) 930-9400**

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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

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

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As of November 1, 2006, there were 113,838,126 shares of common stock of iStar Financial Inc. \$0.001/par value per share outstanding ( Common Stock ).

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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)

	<b>As of September 30, 2006</b>	<b>As of December 31, 2005</b>
<b>ASSETS</b>		
Loans and other lending investments, net	\$ 6,123,911	\$ 4,661,915
Corporate tenant lease assets, net	3,113,402	3,115,361
Other investments	395,054	240,470
Investments in joint ventures	194,985	202,128
Assets held for sale	12,016	
Cash and cash equivalents	177,042	115,370
Restricted cash	74,474	28,804
Accrued interest and operating lease income receivable	67,794	32,166
Deferred operating lease income receivable	73,432	76,874
Deferred expenses and other assets	72,144	50,005
Goodwill	9,203	9,203
<b>Total assets</b>	<b>\$ 10,313,457</b>	<b>\$ 8,532,296</b>
<b>LIABILITIES AND SHAREHOLDERS EQUITY</b>		
<b>Liabilities:</b>		
Accounts payable, accrued expenses and other liabilities	\$ 206,535	\$ 192,522
Debt obligations	7,517,251	5,859,592
<b>Total liabilities</b>	<b>7,723,786</b>	<b>6,052,114</b>
<b>Commitments and contingencies</b>		
Minority interest in consolidated entities	54,657	33,511
<b>Shareholders equity:</b>		
Series D Preferred Stock, \$0.001 par value, liquidation preference \$25.00 per share, 4,000 shares issued and outstanding at September 30, 2006 and December 31, 2005	4	4
Series E Preferred Stock, \$0.001 par value, liquidation preference \$25.00 per share, 5,600 shares issued and outstanding at September 30, 2006 and December 31, 2005	6	6
Series F Preferred Stock, \$0.001 par value, liquidation preference \$25.00 per share, 4,000 shares issued and outstanding at September 30, 2006 and December 31, 2005	4	4
Series G Preferred Stock, \$0.001 par value, liquidation preference \$25.00 per share, 3,200 shares issued and outstanding at September 30, 2006 and December 31, 2005	3	3
Series I Preferred Stock, \$0.001 par value, liquidation preference \$25.00 per share, 5,000 shares issued and outstanding at September 30, 2006 and December 31, 2005	5	5
High Performance Units	10,896	8,797
Common Stock, \$0.001 par value, 200,000 shares authorized, 113,820 and 113,209 shares issued and outstanding at September 30, 2006 and December 31, 2005, respectively	114	113
Options	2,001	