ISTAR INC.
Form DEF 14A
April 09, 2019

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934

Filed by the Registrant ý

Filed by a Party other than the Registrant o

Check the appropriate box:

o Preliminary Proxy Statement

o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

ý Definitive Proxy Statement

o Definitive Additional Materials

o Soliciting Material under §240.14a-12

iStar Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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Dear iStar Shareholder:

Throughout our 25-year history, we have dedicated ourselves to building innovative businesses that provide better-structured, better-priced capital to the real estate sector. Identifying these untapped market opportunities and successfully scaling them is the foundation of our firm.

Over the past 18 months, iStar has spearheaded the development of Safehold (NYSE: SAFE) a new business to provide better capital to commercial real estate owners by reinventing the ground lease sector for the modern era. The combination of iStar's historical strength in finance and net lease and Safehold's growing success at reinventing ground leases opens a rich new vein of opportunity for iStar to invest capital at attractive returns. As Safehold's largest shareholder, we are now positioned to increase shareholder value for iStar by rapidly scaling this unique platform.

The attached proxy statement includes important information regarding matters to be presented at the 2019 annual meeting of shareholders. In it, we describe comprehensive conversations we held with many of our shareholders to ensure that we understand and consider the issues that are important to you. We also describe specific actions we have taken to more closely align compensation with iStar's performance.

You will notice one change immediately: we have enhanced our disclosure and made our proxy statement easier to read and understand. We are pleased with the results, and hope you are as well.

I hope to see you at our 2019 annual meeting of shareholders. Thank you for your confidence in iStar.
Sincerely,

Jay Sugarman
Chairman and Chief Executive Officer

Notice of 2019 Annual Meeting of Shareholders

Thursday, May 16, 2019
9:00 a.m. (Eastern time)

Harvard Club of New York City
35 West 44th Street, 3rd Floor
New York, New York 10036

Items of Business

Proposal 1: Election of six directors

Proposal 2: Non-binding, advisory vote to approve executive compensation ("say on pay")

Proposal 3: Approval of amendments to the iStar Inc. 2009 Long-Term Incentive Plan

Proposal 4: Ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2019

In addition, we will transact such other business as may properly come before the annual meeting or any postponement or adjournment of the meeting.

Record Date

The board has fixed the close of business on March 22, 2019, as the record date for the determination of shareholders entitled to receive notice of and to vote at the annual meeting or any postponement or adjournment of the meeting. Only holders of record of our common stock and 8.00% Series D preferred stock at the close of business on that date will be entitled to vote at the annual meeting.

How to Vote

There are four ways for you to vote.

In order to vote online or by telephone, you must have the shareholder identification number that appears on the enclosed Notice of Internet Availability of Proxy Materials.

By internet	By phone	In person	By mail
www.proxyvote.com	In the U.S. or Canada dial toll-free 1-800-000-0000	Attend the meeting and cast your vote	Cast your ballot, sign your proxy card and send in our prepaid envelope

Even if you expect to attend the annual meeting, please vote your proxy in advance to ensure that your shares will be counted.

Important notice regarding the availability of proxy materials for the Annual Meeting of Shareholders to be held on May 16, 2019:

We make proxy materials available to our shareholders online at http://www.edocumentview.com/STAR. You also may request a paper or an e-mail copy of our proxy materials and a paper proxy card by following the instructions included in the Notice of Internet Availability of Proxy Materials.

By Order of the Board of Directors,

Geoffrey M. Dugan

General Counsel,
Corporate and Secretary
New York, NY
April 5, 2019

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Proxy Summary

The meeting will be held:

Harvard Club of New York City
35 West 44th Street, 3rd Floor
New York, New York 10036

This summary highlights information contained elsewhere in this proxy statement, but does not contain all of the information that you should consider. Please read the entire proxy statement carefully before voting.

We Will be Voting on the Following Matters:

Agenda item		Voting recommendation	More information
Proposal 1	Elect six directors nominated by iStar's Board	**FOR each Nominee**	Page 8
Proposal 2	Approve, on an advisory basis, executive compensation	**FOR**	Page 27
Proposal 3	Approve amendments to the iStar 2009 Long Term Incentive Plan	**FOR**	Page 58
Proposal 4	Ratify the selection of the independent auditors	**FOR**	Page 66

iStar management and directors spent considerable time this past year engaging with shareholders to understand their views on our business, strategic plans, financial results, corporate governance, and compensation program. We reached out to shareholders representing more than 80% of our ownership and, ultimately, we spoke with the holders of 45% of our shares. We review the results of our conversations about compensation matters beginning on page 27.

We have redesigned our proxy statement to enhance our disclosure and make it easier for readers to find the information they want.

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Business Highlights

2018 was a year of positive developments for iStar, as we have shaped and implemented a corporate strategy focused on four goals:

Current Board and Nominees

The following table provides summary information about each current director and director nominee. Detailed information about each nominee's background, skill set, and areas of experience can be found beginning on page 9.

* Mr. Lieb will join the Board as of the Annual Meeting if elected.

** Ms. Reiss has decided not to stand for re-election at the 2019 annual meeting, but she will continue to serve as a director until the annual meeting.

Select Compensation Highlights for 2018

Elements of 2018 Compensation

		Annual Incentive		Long-Term Incentive		
NEOs	**Salary**	**Cash**	**Equity**	**Cash**	**Equity**	**Total**
Jay Sugarman Chairman and Chief Executive Officer	$1,000,000				$5,000,000	$6,000,000
Nina B. Matis Vice Chairman and Chief Legal Officer	$500,000	$1,175,000			$690,000	$2,365,000
Marcos Alvarado President & Chief Investment Officer	$490,530	$1,900,000			$3,125,000	$5,515,530
Andrew C. Richardson President of Land & Development & Chief Financial Officer	$376,894	$650,000			$1,517,000	$2,543,894

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Proposal 1

Election of Directors

The board has nominated six directors to hold office for a term of one year. If elected, all directors will serve until the next annual meeting and until their successors have been elected and qualified. Every member of our board is elected annually.

All of the nominees are presently serving as directors, with the exception of Mr. Richard Lieb, who is a nominee for election as a director for the first time. Mr. Lieb is known to members of our board from his professional activities as an investment banker, specifically in the real estate investment banking sector. These professional relationships with several of our directors led to his consideration as a potential nominee to our board.

If a nominee becomes unavailable or unwilling to serve as a director, proxies will be voted for the person, if any, who is designated by the board to replace that nominee. The board has no reason to believe that any nominee will be unavailable or unwilling to serve if elected.

Ms. Dale Anne Reiss, who has served as one of our directors since 2008, has decided not to stand for re-election at the 2019 annual meeting, but she will continue to serve as a director until May 16, 2019.

All of the nominees, other than Mr. Sugarman, are independent under the standards prescribed by the New York Stock Exchange.

Director Qualifications

Our Nominating and Governance Committee believes that all of our directors should have the following qualifications:

- Education, background, skills, and experience that provide knowledge of business, financial, governmental, or legal matters relevant to our business or to our status as a public company;
- A high level of personal and professional ethics, integrity, and values;
- A reputation for exercising good business judgment;
- Commitment to representing the long-term interests of our shareholders; and
- Sufficient available time to fulfill the responsibilities of a member of iStar's board.

Once those threshold criteria are satisfied, the Nominating and Governance Committee endeavors to ensure that our board represents a broad range of experience, attributes, skills, and perspectives. As shown in the biographies below, our board, as a whole, represents a diversity of backgrounds and abilities. In addition, each of the nominees has a long and proven record of professional integrity, intellectual acumen, and analytic skills, together with a strong work ethic and a readiness to contribute to a constructive working environment. We believe the director nominees are well-equipped to oversee management and address the complex issues confronting iStar as we continue to focus on key strategic objectives, including becoming the market leader in the ground lease sector, increasing the pace at which we monetize our legacy assets, and continuing to invest our capital where we believe we can capture appropriate risk-adjusted returns.

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Candidates for Election as Director

Jay Sugarman

Chairman and Chief Executive Officer,
iStar Inc. and Safehold Inc.

Professional experience

Mr. Sugarman has been chief executive officer of iStar Inc. (and its predecessors) since 1997. He also currently serves as chairman and chief executive officer of Safehold Inc., formerly known as Safety, Income & Growth Inc., the first public company focused on ground lease investments. Prior to forming iStar Inc. and its predecessors, Mr. Sugarman managed private investment funds on behalf of the Burden family (a branch of the Vanderbilt family) and the Ziff family.

Age: 56	**Relevant expertise**	**Other public company boards**
Director Since: 1996	As a founder and chief executive officer of iStar, Mr. Sugarman has demonstrated leadership skills and extensive executive experience across a broad range of investment, financial, and operational matters. He also has an in-depth understanding of the commercial real estate industry.	○ Safehold Inc. (and its predecessors) (since 2016)

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Clifford De Souza

Retired Chief Executive Officer,
Mitsubishi UFJ Securities International

Professional experience

Mr. De Souza was chairman of the board of directors and head of international business at Mitsubishi UFJ Securities International from 2012 to 2014, and served as the firm's chief executive officer from 2008 to 2012. In those capacities, Mr. De Souza was responsible for Mitsubishi's securities and investment banking operations and served as the global head of fixed income and commodities for the securities business. From 2005 to 2007, Mr. De Souza served as the chief executive officer and chief investment officer of EMG Investment Management, where he oversaw and developed an alternative asset management business. From 2001 to 2004, Mr. De Souza served as head of the hedge fund group at Citigroup Alternative Investments, where he managed over $40 billion in private equity, real estate, structured product, and hedge fund assets. From 1995 to 2000, Mr. De Souza served as global co-head of the UBS Emerging Markets Debt and Currency Trading Franchise, where he directed the global secondary debt, derivative, local instrument, and foreign exchange trading functions.

Age: 57

Director Since: 2015

Independent

Committees:

Audit

Nominating & Governance

Relevant expertise

Mr. De Souza's experience as chairman and chief executive officer at Mitsubishi, his involvement and experience leading and developing the management of complex businesses, and his in depth expertise as an investor and allocator of capital, enable him to bring critical finance, investment management, and executive leadership skills to our board.

Other public company boards

- None

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Robert W. Holman, Jr.

Retired Chairman and CEO,
TriNet Corporate Realty Trust, Inc.

Professional experience

Mr. Holman was co-founder of TriNet Corporate Realty Trust, Inc., a public real estate investment firm focused on corporate tenant leasing that iStar acquired in 1999, and served as TriNet's chief executive officer and chairman of the board. He was chief executive officer and chairman of TriNet's predecessor, Holman/Shidler Corporate Capital, Inc., for ten years. Mr. Holman has previously served as a director and member of the audit and investment committees of the Parasol Tahoe Community Foundation; as chairman of the board of directors of Amerivest Properties, Inc., a real estate investment trust focused on office properties; and as a senior executive, director, owner, or board advisor for investment and operating companies in the United States, Great Britain, Australia, and Mexico. Mr. Holman currently serves as a Fellow at the Desert Research Institute, a recognized world science and research leader.

Age: 75

Director Since: 1999

Independent

Committees:

Compensation (chair)

Nominating & Governance

Relevant expertise

Mr. Holman has structured, acquired, financed, and managed several billion dollars of commercial and corporate assets in forty states and Canada over his career. He brings to the board valuable skills and industry knowledge arising from his experience as a founder, chief executive, and director of TriNet; his involvement in leadership capacities in other companies and organizations engaged in a broad range of business, finance and investment activities; and his experience as a private investor.

Other public company boards

- None

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Robin Josephs

Lead Director, iStar;
Former Managing Director, Starwood Capital Group

Professional experience

From 2005 to 2007, Ms. Josephs was a managing director of Starwood Capital Group L.P., a private equity firm specializing in real estate investments. Previously, Ms. Josephs was a senior executive with Goldman Sachs & Co. in various capacities. Ms. Josephs is a trustee of the University of Chicago Cancer Research Foundation.

Age: **59**

Director Since: **1998**

Independent

Committees:

Nominating & Governance (chair)

Compensation

Relevant expertise

Ms. Josephs' background as an investment banking professional brings valuable knowledge of finance and capital markets to our board. Her experience as a managing director of Starwood Capital Group, where she evaluated and managed numerous real estate investments, adds vital industry knowledge and expertise. Ms. Josephs' extensive experience as a director of public companies also brings to our board valuable skills and insights into the governance of real estate, investment, and operating companies.

Other public company boards

- Safehold Inc. (and its predecessors) (since 2017)
- MFA Financial, Inc. (since 2010), a real estate investment trust that owns and manages a Portfolio of residential mortgage-backed securities (Compensation Committee (chair), Audit Committee
- QuinStreet, Inc. (since 2013), a vertical marketing and online media company (Audit Committee, Compensation Committee)
- Starwood Real Estate Income Trust, Inc. (since 2017), a non-traded real estate investment trust (Audit Committee)
- Plum Creek Timber Company (until 2016), a timberland owner and manager; forest products, mineral extraction, and property development company

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Richard Lieb

Senior Advisor,
Greenhill & Co., LLC

Professional experience

Mr. Lieb serves as senior advisor at Greenhill & Co., LLC, a publicly-traded independent investment banking firm he joined in 2005. From 2005 through 2018, Mr. Lieb was a managing director and also served as chairman of the firm's real estate group. He served as Greenhill's chief financial officer from 2008 to 2012, and also served as a member of the firm's management committee from 2008 to 2015. During his tenure at Greenhill, Mr. Lieb served at various times as head of the firm's restructuring business and as head of North American Corporate Advisory services. Prior to joining Greenhill, Mr. Lieb spent more than 20 years with Goldman Sachs, where he headed the real estate investment banking department from 2000 to 2005. Mr. Lieb is an active member of the American Jewish Committee (AJC) and has served as a member of Wesleyan University's Career Advisory Council.

Age: **59**

Director Since: New nominee for election as a director

Independent

Relevant expertise

Mr. Lieb has more than 30 years of experience as a strategic advisor to participants in the real estate industry, spanning nearly all property sectors. His work has covered the full range of investment banking services, including IPOs and other securities offerings, asset purchases and sales, property financings, restructurings, and merger and acquisition assignments. In addition to his investment banking experience, Mr. Lieb has also held numerous management roles. Mr. Lieb is licensed with FINRA and holds Series 7/General Securities, Series 63, and Series 24 licenses.

Other public company boards

- VEREIT, Inc. (since 2017), a REIT with a diversified portfolio of retail, restaurant, office, and industrial real estate assets (Audit Committee (chair), Compensation Committee)
- AvalonBay Communities, Inc. (since 2016), an apartment REIT (Audit Committee, Compensation Committee)
- CBL Properties (since 2016), a REIT focused on middle market regional malls (Audit Committee, Nominating/Governance Committee)

Barry W. Ridings

Senior Advisor,
Lazard Frères & Co. LLC

Professional experience

Mr. Ridings is senior advisor at Lazard Frères & Co. LLC, where he has been employed since 1999. Mr. Ridings also serves as chairman of LMDC Holdings LLC. He previously served as vice chairman of U.S. investment banking at Lazard, and as chairman of Lazard Middle Market LLC. He was a managing director of BT Alex Brown from 1990 to 1999. Mr. Ridings is chairman of the Advisory Council for the Cornell University Johnson Graduate School of Business. He serves as a trustee of the Mu chapter of Delta Kappa Epsilon Foundation, a charitable fraternal organization associated with Colgate University; a trustee of The Montclair Kimberley Academy; and a director of the Catholic Charities of the Archdiocese of New York.

Age: **67**

Director Since: **2011**

Independent

Committees:

Audit

Compensation

Relevant expertise

Mr. Ridings has over forty years of experience in debt and equity offerings, mergers and acquisitions, and corporate restructurings. His distinguished career in the finance industry, his experience helping companies access debt and equity capital and navigate challenging market conditions, and his service as a director of other public and private companies, bring valuable strategic, finance, capital markets, and governance skills to our board.

Other public company boards

○ Siem Industries Inc. (since 1993), a diversified company with interests in oil, gas, and shipping

Private company boards

○ Republic Airways Holdings (since 2017), a private regional airline holding company operating as American Eagle, Delta Connection, and United Express.

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Corporate Governance

Board Leadership Structure

Our board has the authority to select the leadership structure it considers most appropriate for iStar. In making leadership structure determinations, the board considers many factors, including the specific needs of our business and the best interests of our shareholders.

Our current leadership structure consists of a combined chairman of the board and chief executive officer position, an independent lead director, an active and involved board consisting mainly of independent directors, and board committees chaired by independent directors. The board believes this is the most appropriate and effective leadership arrangement for iStar right now. The board also believes the current leadership structure functions well and provides an effective balance between strong company leadership and appropriate oversight by independent directors. The board recognizes that circumstances can change, and periodically reviews its leadership structure to ensure it remains appropriate.

Role of the chairman

Under our bylaws, the chairman of the board presides over the meetings of the board and of the shareholders, and performs such other duties as may be assigned to him by the board of directors. Due to the varied and complex nature of our business, the board believes that Jay Sugarman, the CEO, is in the best position to serve in this critical role. Having a chairman who also serves as chief executive officer facilitates timely communication with directors on significant business matters. The board believes that leadership of both the board and the company by Mr. Sugarman, combined with effective oversight by an independent board spearheaded by an independent lead director, is the optimal way to guide iStar and maintain the focus needed to achieve our business goals.

Role of the Lead Director

Every year, the independent members of the board elect an independent lead director. Robin Josephs has served as our lead director since 2007. In that capacity, Ms. Josephs is responsible for:

- Presiding at all meetings of the board at which the chairman is not present and all executive sessions of the independent directors;
- Serving as principal liaison between the chairman and the independent directors;
- Approving agendas for board meetings;
- Approving information presented to the board;
- Approving the schedule of meetings of the board to ensure there is sufficient time for discussion of agenda items;
- Calling meetings of the independent directors as necessary;
- Participating in consultations and direct communication with major shareholders and their representatives when appropriate; and
- Performing such other duties as the board may determine from time to time.

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Board Composition and Diversity

We recognize the value of nominating individuals who will bring a variety of diverse opinions, perspectives, skills, experiences, backgrounds, and orientations to the board's discussions and decision-making processes. An overriding principle is that all nominations to the board should be based on merit and suitability of the candidate. Subject to those considerations, the board recognizes the need to consider director candidates from different backgrounds. The charter of the Nominating and Governance Committee identifies diversity as one factor the committee may consider when nominating a candidate for election to the board. To that end, the committee strives for diversity not just in terms of innate factors like gender, race, and age, but also in the categories of background, experience, skills, accomplishments, personal qualities, and specific traits that would contribute to our board.

The Nominating and Governance Committee believes it is important to have a mix of experienced directors with a deep understanding of our business and others who bring fresh perspectives. The committee discusses potential additions to our board on an ongoing basis. In addition, the Nominating and Governance Committee regularly assesses the size and composition of our board to help ensure that the board functions effectively given the size, diversity, and complexity of our business and the range of business segments and markets in which we operate. The committee believes the current size of the board is appropriate in light of the need for our directors to communicate and act efficiently, the time commitment required of our directors, and the nature of our strategic plans.

Director Independence

Our board has determined that all of our current directors, other than our chairman and chief executive officer, are independent. In determining director independence, the board considers all relevant facts and circumstances, as well as New York Stock Exchange (NYSE) listing standards. Under the NYSE listing standards, no director qualifies as independent unless the board affirmatively determines that the director has no material relationship with iStar, either directly or as a partner, stockholder, or officer of an organization that has a relationship with us.

No arrangement or understanding exists between any director and any other person or entity pursuant to which any director was, or is, to be selected as a director or nominee.

Nominations for the Board

The Nominating and Governance Committee is responsible for recruiting new directors. To contribute to that process, the committee may solicit and consider suggestions regarding possible nominees from current directors, management, or shareholders. In addition, we may retain professional search firms or consultants to help us identify potential directors with desired skills and disciplines.

Shareholder nominations for election to the board should be sent to the attention of our corporate secretary at the address provided under "Communications with the Board." This correspondence should describe the candidate's qualifications and include the candidate's written statement of willingness and affirmative desire to serve as a director and to represent the interests of all shareholders. Shareholders also may nominate candidates directly by following the procedures specified in our bylaws for nominations and other shareholder proposals. See "***When are shareholder proposals due for the 2020 annual meeting?***" in this proxy statement.

Candidates proposed by shareholders will be considered in the same manner and using the same criteria as candidates identified by the Nominating and Governance Committee.

Board's Role in Risk Oversight

Due to the nature of our business, it is not possible or desirable to eliminate risk from our activities. Instead, we believe our focus should be on identifying, pricing, managing, and monitoring risk, with the objective of achieving attractive, long-term, risk-adjusted returns. We have robust internal processes and a strong internal control environment designed to identify, manage, and mitigate material risks and to keep the board and its committees informed with respect to risk management matters.

The board's role in risk oversight is consistent with our leadership structure generally. The CEO and other members of senior management are charged with assessing and managing risks associated with iStar's business on a day-to-day basis. The board oversees management's execution of these responsibilities and assesses our approach to risk management generally as part of its regular meetings. Board committees, which meet regularly and report back to the full board, play a significant role in carrying out the risk oversight function with respect to the areas within each committee's purview. For example, our Audit Committee focuses on oversight of financial risks, our Compensation Committee focuses primarily on risks relating to our equity compensation plans and arrangements, and our Nominating and Governance Committee focuses on reputational and corporate governance risks, including the independence of the members of our board of directors. The board and its committees receive regular reports from members of senior management on areas of material risk including operational, financial, legal, regulatory, strategic, and reputational risk in order to review and understand risk identification, risk management, and risk mitigation strategies.

The board and management are focused on risk management issues pertaining to our information systems and technology, including cybersecurity. Management is pursuing initiatives intended to identify and, if necessary, remediate weaknesses in our information security; enhance our internal cyber awareness training programs; and improve access to key information for the purpose of promoting operational efficiencies in data management. Management reports regularly to the board on the status of these initiatives.

Board and Committee Annual Assessments

To ensure continued effectiveness, our directors engage in an annual assessment of board and committee performance. An independent third party interviews each director individually on a wide range of topics relating to board structure and composition, communications, information furnished to the board, the board's relationship with management, and overall effectiveness, and then summarizes the individual comments and assessments in an oral report to the board that is discussed in executive session.

The board utilizes the results of this process to help refine and improve the operations of the board and its committees. This has led to the addition of two new board members since 2015, including a nominee for election this year. In addition, the board's discussion of executive management priorities has focused on enhancing the strength of our management team. In 2018, those discussions led us to hire a new president and chief investment officer and a new president of land and development, who also serves as our chief financial officer.

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Shareholder Outreach and Engagement

On a regular basis throughout the year, management engages in conversations with our significant shareholders to ensure that management and the board understand and consider the issues that are important to investors. We regularly discuss with our investors matters relating to our business, strategic plans, financial results, corporate governance, compensation program, and related matters. Our lead director and other independent directors have participated in many of these direct conversations.

Over the past year, a specific focus of our shareholder engagement conversations has been executive compensation, as we seek to understand and address issues relating to our compensation practices and policies. See "***2018 Say-on-Pay Vote Results and Shareholder Outreach***," which begins on page 33. We plan to continue these types of discussions with our shareholders on a wide range of matters, as they provide valuable feedback and enable us to address shareholder concerns and interests in designing and implementing our programs and practices.

Board Meetings Held During 2018

During 2018, the board held 13 meetings, either in person or by telephone conference call. Directors are expected to attend a majority of the board meetings. All directors attended at least 83% of the board meetings and applicable committee meetings held during 2018. The board also acts by unanimous written consent in appropriate circumstances. All of our directors were present in person at the 2018 annual meeting and were re-elected at that meeting.

Executive Sessions

Our board of directors meets in executive session at least quarterly without management present. The Audit Committee also meets in executive session at least quarterly, without management present, with representatives of our independent registered public accounting firm and with representatives with the accounting firm engaged to assist us in the preparation of our documentation, testing, and evaluation of internal controls over financial reporting.

Service on Other Boards

In view of the commitment of time and effort that is required of a director of a public company, our board has established a guideline that its directors should not serve on the boards of more than five public companies, including iStar.

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Director Resignation Policy

In an uncontested election, an incumbent nominee for director who fails to receive the requisite majority of votes cast for his or her election must offer to resign from the board promptly following certification of the voting results. The Nominating and Governance Committee will consider any such resignation offer, determine whether to recommend acceptance of that resignation, and submit its recommendation for consideration by the board. The director whose offer to resign is under consideration may not participate in any deliberation or vote of the Nominating and Governance Committee or the board regarding the proposed resignation. The Nominating and Governance Committee and the board may consider any factors they deem relevant in deciding whether to accept a director's resignation.

Within 90 days after the results of the shareholder vote are certified, the board will disclose its decision in a press release, filing with the SEC, or by other public announcement. If an incumbent director's offer to resign is not accepted by the board, such director will continue to serve until a successor is elected and qualifies, or until the director dies, resigns, retires, or is removed, whichever shall occur first. If a director's offer to resign is accepted by the board, then the board, in its sole discretion, may fill the resulting vacancy pursuant to iStar's Bylaws.

Defensive Measures Profile

Opt-out from MUTA provisions

Subtitle 8, Title 3 of the Maryland General Corporation Law commonly referred to as the Maryland Unsolicited Takeover Act, or MUTA permits companies to unilaterally classify their boards into staggered classes and adopt certain other takeover defense measures. Under an amendment to our charter approved by the board in 2015, iStar is prohibited from electing to be subject to those provisions, meaning we cannot implement the takeover defense measures they describe. Our decision to opt out from the MUTA may not be repealed without the approval of a majority of our shareholders.

No staggered board

All of our directors are elected annually.

No poison pill

We do not have a shareholder rights plan, commonly known as a "poison pill," in effect.

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"Whistleblower" Policy

Our Code of Conduct includes a policy on reporting suspected misconduct (a "whistleblower" policy) that describes how employees can report any concerns or suspected violations of our standards of conduct, policies, or laws and regulations to a named Compliance Officer, any other member of our Compliance Committee, our chief executive officer, or the chair of the Audit Committee. This reporting may be done on an anonymous basis. We also have established an independent "hotline" telephone service that may be used by employees who wish to report concerns or suspected violations, on an anonymous basis or otherwise. We prohibit retaliation against employees who report actual or suspected violations; anyone who attempts to retaliate will be subject to disciplinary action, up to and including termination. Reports of misconduct made in bad faith and false or misleading information provided in the course of an investigation will be subject to disciplinary action, up to and including termination.

Governing Documents

The documents described below are available on our website at www.istar.com by choosing "Investors" and then "Governance & Proxy." We will provide paper copies to our shareholders, without charge, on request.

Corporate Governance Guidelines

Our board has approved a set of general guidelines that provide the framework for our corporate governance. The board reviews these guidelines and other aspects of our governance periodically, as necessary.

Code of Conduct

Our Code of Conduct documents the principles of conduct and ethics to be followed by our directors, officers, and employees. The purpose of the Code of Conduct is to promote honest and ethical conduct; compliance with applicable governmental rules and regulations; full, fair, accurate, timely, and understandable disclosure in periodic reports; prompt internal reporting of violations of the Code of Conduct; and a culture of honesty and accountability. All of our directors, officers, and employees are required to acknowledge that they have received and will comply with the Code of Conduct. We will disclose any material changes to the Code of Conduct, and any waivers that are approved for directors or executive officers, in our public SEC filings and on our website within four business days of any such event.

Disclosure Committee

iStar's Disclosure Committee is made up of members of our executive management and senior staff. The purpose of the Disclosure Committee is to oversee our system of disclosure controls and to assist and advise the chief executive officer and chief financial officer in making the required certifications in SEC reports. The Disclosure Committee was established to bring together on a regular basis representatives from our core business lines and employees involved in the preparation of our financial statements. These individuals meet quarterly, or otherwise as needed, to discuss any issues or matters they believe should be considered for disclosure in our public SEC filings, and to review our draft periodic SEC reports before they are filed. The Disclosure Committee reports to our chief executive officer and, as appropriate, to our Audit Committee.

The Disclosure Committee has adopted a written charter to memorialize the committee's purpose and procedures. A copy of the charter will be provided, without charge, to any shareholder who requests one.

Communications with the Board

Interested parties, including shareholders, are welcome to communicate with our lead director, the other independent board members, or the chair of any committee of the board, by e-mail or regular mail. All communications by e-mail should be sent to *CorporateSecretary@istar.com*. Communications sent by regular mail should be addressed to the particular director or directors desired, in care of our corporate secretary, at 1114 Avenue of the Americas, 39th Floor, New York, NY 10036.

Our chief legal officer and our secretary will review each communication directed to the board or individual directors. These officers will forward all appropriate communications received, or a summary of such communications, to the appropriate board member(s). We reserve the right to disregard (or take other appropriate action regarding) any communication that our chief legal officer and our secretary determine is unduly hostile, threatening, or illegal, does not reasonably relate to us or our business, or is similarly inappropriate.

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Board Committees

Our board has three standing committees Audit, Compensation, and Nominating and Governance made up entirely of independent directors. All three standing committees have adopted charters that meet applicable standards prescribed by the NYSE. These charters are available on our website at www.istar.com by choosing "Investors" and then "Governance & Proxy," and will be provided in print, without charge, to any shareholder who requests copies.

Our board appoints special committees from time to time, as necessary.

Audit Committee

Members: Reiss (chair), De Souza, Ridings **# of meetings in 2018: 7**

The Audit Committee is responsible, among other things, for the following matters:

- appointing, compensating, retaining, and overseeing the work of our independent registered public accounting firm;
- ensuring that procedures are established for handling complaints regarding accounting, internal accounting controls or auditing matters, including the confidential and anonymous submission of "whistleblower" reports by our employees regarding questionable accounting or auditing matters;
- meeting periodically with management and our independent registered public accounting firm to review and discuss iStar's annual audited financial statements and quarterly financial statements;
- meeting separately, on a periodic basis, with management, internal auditors, or our personnel responsible for the internal audit function, and with our independent registered public accounting firm;
- receiving reports from management of (i) any significant deficiencies in the design or operation of our internal controls and (ii) any fraud involving management or other employees who have a significant role in our internal controls;
- reviewing analyses of significant financial reporting issues and judgments made in connection with the preparation of iStar's financial statements;
- reviewing any accounting adjustments, any communications between the audit team and the audit firm's national office respecting auditing or accounting, and any "management" or "internal control" letter issued, or proposed to be issued, by the auditing firm;
-

reviewing our hedging policy and the status of hedging transactions on a quarterly basis;

- reviewing our credit loss reserve policy and establishment of reserves on a quarterly basis;
- discussing policies with respect to risk assessment and risk management;
- discussing any material legal matters;
- ensuring that policies are established regarding hiring employees or former employees of the independent auditors;
- reviewing annually internal and external audits, if any, of our employee benefit plans and pension plans; and
- reviewing annually the adequacy of our insurance, management information systems, internal accounting and financial controls, protection of technology and proprietary information, and policies and procedures relating to compliance with legal and regulatory requirements.

Each member of the Audit Committee is independent, as defined by the Audit Committee's charter and the NYSE listing standards. The board has determined that each member also qualifies as an "audit committee financial expert" as defined by Securities and Exchange Commission rules.

Compensation Committee

Members: Holman (chair), Josephs, Ridings **# of meetings in 2018: 8**

The Compensation Committee is responsible for overseeing our executive compensation programs. The principal responsibilities of the committee are to:

- approve performance objectives for our senior executives and evaluate the performance of such executives relative to these objectives;
- approve, either as a committee or together with the other independent directors based on a Compensation Committee recommendation, the base salary, annual incentive awards, long-term incentive awards, and other compensation for our chief executive officer;
- approve base salaries, annual incentive awards, long-term incentive awards, and other compensation for our other senior officers and highly-compensated employees;
- review management's recommendations and advise management and the board on compensation programs and policies, such as salary ranges, annual incentive bonuses, long-term incentive plans, equity-based compensation programs, and other group benefit programs offered to employees generally;
- administer the issuance of any award under our long-term incentive plans and other equity compensation programs;
- retain and oversee third party consultants as needed to assist with the Committee's activities;
- consider and evaluate "Say on Pay" voting results and recommend to the board the frequency with which "Say on Pay" resolutions should be presented to the shareholders;
- perform such other duties and responsibilities pertaining to compensation matters as may be assigned by the board; and
- review the Compensation Discussion and Analysis and recommend to the full board that it be included in our proxy statement.

Each member of the Compensation Committee is independent as defined by the Compensation Committee's charter and the NYSE listing standards. No member of the Compensation Committee is or was formerly an officer or an employee of iStar. No executive officer serves as a member of the board of directors or compensation committee of any entity that has one or more executive officers serving as a member of our board, nor has such an interlocking relationship existed in the past.

Nominating and Governance Committee

Members: Josephs (chair), De Souza, Holman, Reiss **# meetings in 2018: 3**

The Nominating and Governance Committee is responsible for:

- providing counsel to the board of directors with respect to the organization, function, and composition of the board of directors and its committees;
- overseeing the self-evaluation of our board of directors and its committees, and the board's evaluation of management, and report about those reviews to the board;
- periodically reviewing and, if appropriate, recommending to the full board changes to our corporate governance policies and procedures;
- identifying and recommending to our full board potential director candidates for nomination; and
- recommending to the full board the appointment of each of our executive officers.

Each member of the Nominating and Governance Committee is independent as defined by the applicable NYSE listing standards.

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Director Compensation

The compensation program for our non-employee directors provides for the following annual payments:

Recipient	Amount	How paid
All non-employee directors	$100,000	Quarterly cash installments
All non-employee directors	$125,000*	Common stock equivalents (CSEs) or restricted shares of common stock, at the director's option*
Audit Committee chair	$40,000	Quarterly cash installments
Other Audit Committee members	$15,000	Quarterly cash installments
Compensation Committee chair	$40,000	Quarterly cash installments
Other Compensation Committee members	$15,000	Quarterly cash installments
Chair of any other committee	$16,000	Quarterly cash installments
Member of any other committee	$10,000	Quarterly cash installments
Lead Director	$75,000*	CSEs or restricted shares of common stock, at the director's option*

* The number of CSEs or restricted shares is based on the average NYSE closing price for our common stock for the twenty days prior to the date of the annual shareholders meeting.

Directors do not receive additional fees for attending board or committee meetings.

CSEs and restricted shares are granted effective on the date of the annual shareholders meeting and generally vest after one year, on the date of the next annual shareholders meeting. Dividends will accrue in respect of the CSEs and restricted shares from the date of grant as and when dividends are paid on the common stock, but such dividends will not be paid unless and until the associated CSEs or restricted shares vest.

Under the Non-Employee Directors' Deferral Plan, directors may defer the receipt of some or all of their compensation.

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The table below summarizes the compensation information for our non-employee directors for the fiscal year ended December 31, 2018. Jay Sugarman is not included in this table as he is our employee and receives no additional compensation for his services as a director.

Name	Fees Earned or Paid in Cash ($)	Stock Awards ($)(1)	All Other Compensation ($)(2)	Total ($)
Clifford De Souza	$125,000	$128,620	$	$253,620
Robert W. Holman, Jr.	150,000	128,620	5,000	283,620
Robin Josephs	131,000	205,790	5,000	341,790
Dale Anne Reiss	150,000	128,620	5,000	283,620
Barry W. Ridings	130,000	128,620		258,620

(1)

Amounts included in the "Stock Awards" column reflect the grant date fair value of restricted share awards made to directors in 2018 computed in accordance with FASB ASC Topic 718 (without regard to forfeitures). These awards were made to the directors under the Non-Employee Directors' Deferral Plan. Directors may elect to receive these awards in the form of CSEs or restricted shares. No directors have presently elected to receive CSEs. The CSEs or restricted share awards are valued using the closing price of our common stock on the date of grant. Restricted shares are subject to a one-year vesting period from the grant date. As of December 31, 2018, the directors held the following aggregate amounts of previously-awarded CSEs and restricted shares: Clifford De Souza 12,077 restricted shares; Robert W. Holman, Jr. 44,313 CSEs and 12,077 restricted shares; Robin Josephs 76,763 CSEs and 19,323 restricted shares; Dale Anne Reiss 44,313 CSEs and 12,077 restricted shares; and Barry W. Ridings 6,781 CSEs and 12,077 restricted shares.

(2)

Our directors are eligible to participate in our broad-based matching gifts program under which we will donate funds equal to contributions made by directors or employees to qualified nonprofit organizations, up to a maximum annual matching contribution per individual of $5,000 for directors and senior officers, $2,500 for other officers, and $1,500 for other employees. Our directors also are eligible for reimbursement of the costs of attending continuing director education programs. Amounts included in the "All Other Compensation" column include any matching gifts made by us on behalf of the director and any education costs reimbursed by us to the director.

Indemnification

Our charter provides that we will indemnify and advance expenses to our directors and officers to the full extent required or permitted by Maryland law. In addition, we have entered into indemnification agreements with each of our directors and executive officers. These agreements provide that we will indemnify our directors and executive officers to the fullest extent permitted by our charter and Maryland law against certain liabilities (including settlements) and expenses actually and reasonably incurred by them in connection with any threatened or pending legal action, proceeding, or investigation to which any of them is, or is threatened to be, made a party because of their status as our director, officer, or agent, or because they serve as a director, officer, or agent of another company at our request.

To supplement these indemnification provisions, we have obtained directors and officers liability insurance, which covers our directors and executive officers.

Proposal 2:
Advisory Vote To Approve Executive Compensation

Pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act and associated SEC rules, our shareholders are entitled to cast a non-binding, advisory vote to approve the compensation of our executive officers commonly referred to as a "Say on Pay" vote. We conduct an annual Say on Pay vote, consistent with the recommendation of a majority of our shareholders expressed by vote at our 2017 Annual Meeting.

We urge you to read the Executive Compensation section of this proxy statement, which discusses our compensation philosophy and how we implement it. Then we hope you will vote in favor of the following resolution:

RESOLVED, that iStar Inc. shareholders approve, on a non-binding advisory basis, the compensation of the executive officers identified in the Proxy Statement for the 2019 Annual Meeting of Shareholders pursuant to the compensation disclosure rules of the SEC, including the Compensation Discussion and Analysis, the Summary Compensation Table, and the other related tables and narrative disclosure.

Although your vote is non-binding and advisory, the board and the Compensation Committee will consider the outcome of the vote when contemplating future executive compensation arrangements.

From the Chairman of the Compensation Committee

Dear Fellow Shareholders,

There is no better place to start my letter to you than to concur with your disappointment with our stock price performance during 2018. We established some very aggressive operating and earnings targets, and though we exceeded our Target Adjusted Income per diluted share performance target, our stock price did not respond accordingly.

During 2018, we reached out to shareholders representing ownership of more than 80% of our outstanding shares to seek their views on issues within our control that need attention. We have had meetings, calls or other communications with shareholders representing 45% of our ownership. Based on the feedback we received, we instituted the following substantive changes to our executive compensation program during 2018:

- We capped the funding of our Annual Incentive Plan, or AIP, bonus pool at the minimum threshold amount if our total shareholder return, or TSR, for the year is negative.
- We provided enhanced disclosure of our incentive compensation program in particular, the iStar Performance Incentive Plan, or iPIP, and the performance-based characteristics of iPIP compensation.
- We significantly increased stock ownership guidelines for our named executive officers, or NEOs, to reaffirm the alignment between the interests of our management team and the interests of our shareholders.

With this backdrop, I would like to highlight iStar's recent progress and explain how this performance influenced our pay decisions.

During 2018, we achieved some significant positive developments, reflecting our ongoing efforts to implement a corporate strategy focused on four goals: becoming the market leader in the ground lease sector, monetizing our legacy assets more rapidly and efficiently, investing our capital where we believe we can capture appropriate risk-adjusted returns, and achieving a cost structure that is aligned with our

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business objectives and asset base. Here are some of our significant achievements and milestones for the year.

- **We strengthened and expanded our relationship with SAFE, the first publicly-traded company focused on ground lease investments, through our position as SAFE's investment manager and largest shareholder.**
- **We received sales proceeds of $735.6 million from our legacy assets.**
- **We achieved adjusted income of $222.3 million, or $2.76 per diluted common share.**
- **We received an upgrade in our corporate debt rating from Moody's Investors Service.**
- **We upsized, reduced the cost, and extended the maturities of our senior secured term loan facility and an asset level financing.**
- **We reinstituted a dividend on our shares of common stock.**
- **We restructured our organization, including reducing headcount by 21%.**
- **We enhanced the strength of our management team, hiring a new president and chief investment officer and a new president of land and development, who also serves as our chief financial officer.**

Notwithstanding these positive developments, there is no doubt that our stock price performance was extremely disappointing. The Compensation Committee's actions relating to executive compensation balance the progress being made with the dissatisfaction with our stock price, and include the following:

- We did not increase base salaries for the NEOs;
- The 2018 AIP bonus pool was funded at the minimum (or threshold) level and represents a reduction of 40% from the total bonus pool for 2017; and
- Long-term incentive awards to the NEOs continue to be 100% performance-based and consist predominantly of awards with six-year vesting periods.

Moving into 2019, the Compensation Committee will continue to consider ways to enhance the alignment between our executive pay programs and the interests of our shareholders.

We invite you to review the information about our compensation philosophy and decisions on the following pages, and urge you to vote for our Say-on-Pay proposal. I am confident that we have listened to our shareholders, addressed your concerns, and made changes to ensure that our performance-based compensation programs are designed to motivate our executives and only reward performance that is aligned with shareholder interests. The Board and management team remain focused on furthering our progress and, alongside our investors, realizing the value of our investments.

Sincerely,

Robert Holman
Chairman, Compensation Committee of the Board of Directors

Compensation Discussion and Analysis

Executive Summary

This compensation discussion and analysis (CD&A) describes the key principles and factors underlying our executive compensation policies and the 2018 compensation decisions for the executive officers named in this proxy statement. Our four current named executive officers, or NEOs, are identified below. The CD&A should be read in conjunction with the other information presented in this proxy statement, including the information in the compensation tables and the footnotes to those tables.

You can find more information about our current NEOs under the heading "Executive Officer Biographies" at the end of this CD&A. None of our NEOs have employment contracts and all serve "at will."

Contents

Jay Sugarman
Chairman and Chief Executive Officer

Nina B. Matis
Vice Chairman; also Chief Legal Officer until March 11, 2019

Marcos Alvarado
President and Chief Investment Officer

Andrew C. Richardson*
President, Land and Development, and Chief Financial Officer

Geoffrey G. Jervis*
Chief Operating Officer and Chief Financial Officer

*

Mr. Richardson joined us on March 31, 2018, when Geoffrey G. Jervis stepped down as our chief operating officer and chief financial officer.

Performance Overview

2018 was a year of positive developments for iStar, as we have shaped and implemented a corporate strategy focused on four goals:

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Here are some of our significant achievements and milestones for the year:

- **We expanded our relationship with SAFE**, culminating in an additional $250 million equity investment in January 2019 and a revised management agreement that strengthens our relationship, further aligns our respective interests, and promotes our mutual success. We have also pursued and will continue to pursue joint transactions with SAFE, such as offering customers a SAFE ground lease and an iStar leasehold loan.

- **We received sales proceeds of $735.6 million** from legacy assets and recognized $137.8 million of aggregate gains, net of noncontrolling interests.

- **We recorded adjusted income of $222.3 million**, or $2.76 per diluted common share.

- **Reflecting our strategic decision** to monetize our legacy assets more rapidly and refrain from developing certain legacy assets, we recorded $185 million of impairments and provisions, which resulted in net income (loss) of ($64.8) million, or ($0.95) per diluted common share.

- **Moody's Investors Service** upgraded our corporate debt rating.

- **We upsized**, reduced the cost, and extended the maturities on our $650 million senior secured term loan and a $228 million asset level financing.

- **We reinstituted** a dividend on our shares of common stock.

- **We reduced headcount by 21%**.

Also during 2018, we enhanced the strength of our management team, hiring a new president and chief investment officer and a new president of land and development, who also serves as our chief financial officer.

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2018 Pay Actions

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2018 Say-on-Pay Vote Results and Shareholder Outreach

At our 2018 annual meeting of shareholders, 40% of the votes cast by our shareholders supported our Say-on-Pay proposal, which was a significant decrease from the 87% approval at our 2017 annual meeting. Needless to say, the board was disappointed, and committed to take appropriate steps in response to this voting result.

Over the course of 2018, we reached out to our significant shareholders, representing 80% of our outstanding common stock. Members of the board, including our lead director and chairman of our compensation committee, and management held meetings and calls to discuss strategic, compensation and governance issues with shareholders representing over 45% of our outstanding common stock. We view these discussions as an important opportunity to develop broad and enduring relationships with investors and to engage in open dialogue on matters of investor interest.

As summarized below, we took a number of actions in 2018 to address shareholder feedback on our executive compensation program.

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Performance-Based Pay

The Compensation Committee allocates pay among base salary, short-term incentives, and long-term incentives to emphasize performance-based, variable compensation. This mix ensures the appropriate alignment of executive compensation with financial performance and shareholder value creation. Notably, a substantial majority of the compensation opportunity for our CEO and is delivered through iPIP, a long-term, performance-based incentive compensation program.

The chart below illustrates our NEOs' mix of pay for 2018

Alignment with Shareholder Interests

iStar's compensation program reflects best practices and stringent governance.

What we do

Provide the majority of compensation in the form of variable, performance-based elements.

Ensure a strong link between financial and operational goals, shareholder value creation, and executive compensation.

Maintain a fully independent Compensation Committee.

Use an independent compensation consultant, engaged directly by the Compensation Committee, to advise on executive compensation matters.

Enforce robust stock ownership guidelines for executives and non-employee directors.
Provide for a clawback of incentive compensation in the event of a material restatement of financial or operating results.

Impose a double-trigger change-in-control requirement before vesting of outstanding, unvested equity awards is accelerated.

Conduct shareholder engagement on compensation- and governance-related issues, engage in careful consideration of the annual Say-on-Pay results, and respond to shareholder feedback as appropriate.

What we don't do

No change-in-control agreements.

No employment agreements.

Executive officers and non-employee directors are prohibited from hedging shares of iStar stock, or from pledging shares of iStar stock except with prior approval in accordance with guidelines approved by our board from time to time.

No excise tax gross-ups.

No repricing of underwater stock options or granting of stock options at a price less than 100% of fair market value on the grant date.
No preferential retirement plan, severance arrangements, or perquisites available to executives that are not generally available to all employees.

No dividends are paid on equity incentive awards until they are vested.

The terms of equity incentive awards provide for no accelerated vesting in the event employment terminates.

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Compensation Philosophy and Guiding Principles

Our compensation programs are designed to reflect a strong pay-for-performance culture by ensuring we balance emphasis on near-term and long-term performance. The Compensation Committee, and the board as a whole, believe this structure is essential given the nature of our portfolio of assets and investment opportunities.

We strive to provide our employees with meaningful rewards while maintaining alignment with shareholder interests and business imperatives. In setting and overseeing the compensation of our executive officers, the Compensation Committee believes our compensation philosophy is best enacted by designing programs and policies to achieve three specific objectives:

- Attract, motivate, and retain executives who contribute to the achievement of our short-term and long-term goals.
- Encourage our executives to improve business performance and increase shareholder value by providing a mix of compensation that is primarily performance-based and variable.
- Align executives' interests with those of our shareholders by denominating a significant portion of total compensation in long-term incentives that are both performance-based and equity-based.

Roles and Responsibilities in Setting Named Executive Officer Compensation

Compensation Committee

The Committee is currently made up of three independent directors and reports to the Board

The Compensation Committee reviews and approves overall compensation philosophy and strategy, as well as the compensation programs in which our executive officers participate. Ultimately, the Compensation Committee is responsible for approving specific compensation for the executive officers, determining the form and amount of that compensation, and aligning executive compensation with shareholders' interests. To that end, at the beginning of each year the Compensation Committee works with the CEO to set company performance goals and benchmarks for individual executive performance that we expect will positively influence shareholder value. At the end of each year, the Compensation Committee, taking into consideration the CEO's recommendations for his direct reports, determines and approves specific compensation amounts for our executive officers.

With respect to the CEO, the Compensation Committee annually reviews and approves objectives, evaluates the CEO's performance against those objectives and iStar's overall performance, and determines the CEO's compensation level based on that evaluation.

When appropriate, members of the Compensation Committee engage with shareholders and other stakeholders to seek input on executive compensation matters.

The Compensation Committee has authority to retain independent compensation consultants and legal counsel to assist it in fulfilling its obligations.

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Independent Compensation Consultant

Pay Governance, an independent executive compensation consultant, has been retained by the Committee since 2012 to provide consulting advice on matters of governance and executive compensation
As requested by the Compensation Committee, Pay Governance:

- provides advice and opinion on the appropriateness and competitiveness of our executive compensation programs relative to market practice;
- provides advice on our compensation strategy and our internal compensation-setting processes and governance; and
- attends Compensation Committee meetings.

Chief Executive Officer

The CEO is assisted by other members of the management team
The CEO works with iStar's other executive officers to set performance goals for the company and individual executives, as appropriate, at the beginning of each year. Using that collective insight, the CEO recommends incentive plan designs and goals for the Compensation Committee's review and approval.

The CEO makes recommendations to the Compensation Committee regarding compensation for the named executive officers after reviewing iStar's overall performance and each executive's personal contributions. The CEO incorporates numerous qualitative factors into his recommendations. The CEO does not participate in any discussions or deliberations related to his own compensation.

2018 Compensation Program

Our executive compensation program consists of three primary components:

1. Base salary provides a competitive amount of fixed compensation.

2. Awards under the **Annual Incentive Plan (AIP)** provide an opportunity to earn additional compensation if iStar achieves predetermined objective performance goals. For certain NEOs and other employees, a portion of AIP awards made for years prior to 2018 were in the form of shares of our common stock that are fully-vested but subject to sales restrictions for specified periods. For 2018, all AIP awards were made in cash. Mr. Sugarman does not participate in the AIP, and all of his incentive compensation is long-term.

3. Long-term incentive awards under the **iStar Performance Incentive Plan (iPIP)** and the **iStar 2009 Long-Term Incentive Plan (2009 LTIP)** provide an opportunity to earn cash and equity-based compensation. iPIP awards are the primary form of long-term incentive compensation for our named executive officers. No payouts are made in connection with iPIP awards until meaningful performance hurdles are achieved by iStar's investments and long vesting periods are satisfied. In addition, iPIP payouts are reduced if our TSR underperforms. We may also grant equity-based awards under the 2009 LTIP. These awards typically are in the form of restricted stock units (Units) that entitle the holder to receive an equivalent number of shares of our common stock if and when the Units vest.

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For the named executive officers, the Compensation Committee determines the terms and amounts of these compensation components annually after considering:

- Each executive's experience, knowledge, skills, and personal contributions
- iStar's per- formance relative to pre-established goals
- Individual executives' accomplishments and performance
- Real estate industry performance, general economic conditions, and other "macro" factors

We discuss each of the compensation components below.

Base Salaries

The Compensation Committee reviews the base salaries of our named executive officers every year. As shown below, there were no base salary increases in 2018.

Named Executive Officer	2017 Base Salary*	2018 Base Salary
Jay Sugarman	$1,000,000	$1,000,000
Nina Matis	$500,000	$500,000
Marcos Alvarado	n/a (hired during 2018)	$500,000 (annualized; joined iStar in January 2018))
Andrew Richardson	n/a (hired during 2018)	$500,000 (annualized; joined iStar on March 31, 2018)
Geoffrey Jervis	$500,000	$500,000 (annualized; left iStar on March 31, 2018)

* Mr. Sugarman's base salary has been unchanged since 2001 and Ms. Matis' has been unchanged since 2011. Messrs. Alvarado and Richardson were hired in 2018.

Annual Incentive Plan

Funding the 2018 AIP bonus pool

The AIP is structured to require a threshold level of financial performance before any awards are granted. The primary metric for the 2018 AIP is Target Adjusted Income per diluted share.[1] iStar's performance for the year with respect to that metric determines how the AIP bonus pool is funded. The Compensation Committee approved a range of performance requirements and associated bonus pool funding levels for 2018, as shown in the table below.[2]

	Below Threshold	Threshold	Target	Maximum
Target Adjusted Income per diluted share	<$2.00	$2.00	$2.50	$3.00
AIP bonus pool funding ($mil)	$0.0	$15.0	$20.0	$25.0

1 Target Adjusted Income is calculated as Adjusted Income less actual economic losses realized on assets. See Exhibit A to this proxy statement for our methodology and calculations of Target Adjusted Income.

2 A linear scale of performance targets and payout levels is utilized to determine performance and funding for results that fall between the specified amounts.

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Regardless of iStar's Target Adjusted Income per diluted share results, the Compensation Committee approved a TSR modifier for the AIP that will override the funding calculation shown above if iStar's TSR is negative for the performance year. In such a case, funding for the AIP pool for that year will be capped at the threshold amount (which was $15 million in 2018), even if Target Adjusted Income per diluted share exceeds the threshold mark (which was $2.00 in 2018).

iStar's 2018 Target Adjusted Income per diluted share was $2.76 (approximately halfway between the target and maximum goals), which would have resulted in an incentive pool equal to $22.6 million in the absence of the TSR modifier. However, because our TSR for 2018 was negative, the 2018 AIP bonus pool funding was capped at the threshold amount of $15 million 34% less than it otherwise would have been.

To account for unanticipated circumstances and external economic factors, including the impact of shifts in timing of our asset transactions, the Compensation Committee has discretion to adjust the size of the total AIP bonus pool by up to 25% (up or down) based on its assessment of our overall performance; factors relevant to how the performance results were achieved; our financial condition, including liquidity; and other relevant considerations. However, the Committee does not have discretion to override the impact of the TSR modifier when it caps the AIP bonus pool funding amount at the threshold level. There were no discretionary adjustments to the AIP bonus pool in 2018.

AIP awards for 2018

The Compensation Committee believes Mr. Sugarman's compensation should be primarily in the form of long-term incentives, so it elected not to include Mr. Sugarman in the 2018 AIP. The Compensation Committee considers and approves individual awards from the AIP bonus pool for our other NEOs based on recommendations by our CEO following an assessment of each NEO's individual performance.

For 2018, 75% of our AIP bonus pool was awarded to employees other than our NEOs. Individual 2018 AIP awards to our NEOs (other than Mr. Sugarman) were paid entirely in cash, based on the considerations described below.

Marcos Alvarado.

Mr. Alvarado joined us in January 2018 as chief investment officer, and was promoted to president in June. Mr. Alvarado has been charged with overseeing originations and driving growth across iStar's diversified $5 billion investment portfolio, with special focus on the development of the ground lease sector. Mr. Alvarado's significant achievements during 2018 included:

- Our investment team, under Mr. Alvarado's leadership, originated over $800 million in new investments (commitments).
- Mr. Alvarado was a primary driver of the significant growth of the ground lease activity for both iStar and SAFE during 2018. This included 79% growth in SAFE's investment portfolio. Our focus on the ground lease sector has led us to make an additional $250 million investment in SAFE and modify our management agreement so that it aligns our interests, as a SAFE investor and manager, with the successful growth of SAFE's business.
- As a member of our senior executive team, Mr. Alvarado provides insightful leadership as we have redefined our strategic focus across several functions, including investment originations, legacy asset sales and monetizations, and restructuring our corporate organization.

In recognition of his significant contributions and accomplishments during 2018, Mr. Alvarado was awarded an AIP bonus in the amount of $1.9 million.

Nina Matis.

Ms. Matis has served as a key member of our senior executive leadership team for more than 20 years. In recognition of Ms. Matis' outstanding performance of her core responsibilities as vice chairman and chief legal officer during 2018, including strategic leadership, oversight and management of our investment and

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financing transactions, operational responsibilities, and oversight of litigation and other legal matters, she was awarded an AIP bonus in the amount of $1.175 million.

Andrew Richardson.
Mr. Richardson joined us in March 2018 as president, land and development, and chief financial officer. Mr. Richardson's outstanding performance during 2018 included the following significant achievements:

- Strategic evaluation and monetization of our legacy portfolio, including $736 million in asset sales, which decreased the balance of our legacy assets from 35% to 20% of our total portfolio;
- An upgrade in our corporate credit rating by Moody's;
- Execution of an upsized $650 million senior secured term loan and a $228 million asset level financing that generated liquidity, reduced our costs, and extended duration; and
- Strategic leadership and management of our finance and accounting functions.

In recognition of these achievements, Mr. Richardson was awarded an AIP bonus in the amount of $650,000, which is a prorated amount of the AIP bonus specified under the terms of Mr. Richardson's employment offer.

Long-Term Incentive Compensation iPIP

Long-term incentive compensation for the NEOs in 2018 was delivered primarily through the iPIP, which was approved by shareholders in 2013. The ultimate value of awards under the iPIP is directly tied to the performance of our assets and investments, as well as our relative TSR performance.

iPIP investment pools
Under the iPIP, every other year we designate an investment pool consisting of assets and investments that iStar originates in the succeeding two-year period. The performance of each pool is measured on an ongoing basis during the life of the investments in the pool. Three iPIP investment pools have been designated since the iPIP was established for investments originated in 2013-2014, 2015-2016, and 2017-18. We have designated a new iPIP investment pool for investments that will be originated in 2019 2020.

Points in iPIP pools
We grant participation interests, or points, in each iPIP pool, primarily to senior executives and select professionals engaged in our investment activities. In 2018, the Compensation Committee awarded points in the 2017-2018 iPIP pool.

iPIP points vest over a six-year period 40% after the initial two years, and 15% at the end of each of the next four years, provided the recipient is still employed at iStar. Vesting occurs even if the pool has not yet reached the payout stage (described below). However, no payouts are made on vested points unless and until the performance criteria have been met.

The values of iPIP points shown in the Summary Compensation Table are based upon the fair value on the date the points are granted, but for participants the realizable value of iPIP points at the time they are granted is zero. The ultimate value participants may realize from their iPIP points, if any, depends on how well the investments in the iPIP pool perform over time, and that depends on a number of performance tests.

How iPIP payouts are determined

The performance of investments in an iPIP pool are measured over time. Net cash generated by pool investments is applied in the following order:

1. Repay interest expense based on actual asset-specific debt and, for those investments where there is no asset-specific debt, interest expense allocated to assumed debt capital based on our corporate leverage rate
2. Pay iStar a preferred return on equity capital (9% for all current pools)
3. Repay actual asset-specific debt or assumed debt capital
4. Repay iStar's invested capital in excess of the assumed debt capital
5. Pay the iPIP pool until it receives 20% of all profits
6. Pay 80% of all remaiing profits to iStar and 20% of all remaining profits to the iPIP pool

Payouts to iPIP participants from an iPIP pool are subject to a further adjustment based on our TSR for a period commencing January 1, 2013, the year the iPIP was adopted: if the TSR on our common stock underperforms the TSR of two selected market indices, the amount paid out to iPIP participants from an iPIP pool will be reduced by the percentage of such underperformance.

Payments of available funds in an iPIP pool are made to participants to the extent their iPIP points are vested. Distributions are not paid out with respect to unvested points; these amounts are retained in the iPIP pool, to be paid out to participants when those points vest, subject to adjustment based on our TSR performance through the vesting date.

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The following diagram shows how cash generated by iPIP pool investments is applied and distributions are paid out to iPIP participants:

iPIP points awarded in 2018

In February and March 2018, the Compensation Committee awarded the following points in the 2017-2018 iPIP pool (out of approximately 58 points that had not been previously awarded) to our named executive officers. The awards to Mr. Sugarman and Ms. Matis were granted in recognition of their service and

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performance during 2017. The awards to Mr. Alvarado and Mr. Richardson were awarded in connection with their hiring by iStar.

Executive	2017-2018 iPIP Points Awarded in 2018	Grant Date Value(1)	Total 2017-2018 iPIP Points Owned Following 2018 Awards
Jay Sugarman	20.00	$5,000,000	40.00
Nina Matis	1.56	$390,000	5.00
Marcos Alvarado	12.50	$3,125,000	12.50
Andrew Richardson(2)	2.00	$500,000	2.00
Geoffrey Jervis(3)	2.20	$550,000	