ISTAR FINANCIAL INC
Form 424B3
June 09, 2014

Use these links to rapidly review the document
TABLE OF CONTENTS
TABLE OF CONTENTS 2

Table of Contents

Filed Pursuant to Rule 424(b)(3)
Registration No. 333-181470

Subject to Completion, dated June 9, 2014

The information in this prospectus supplement and the accompanying prospectus is not complete and may be changed. This prospectus supplement and the accompanying prospectus are not an offer to sell these securities and are not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

PRELIMINARY PROSPECTUS SUPPLEMENT
(TO PROSPECTUS DATED MAY 29, 2012)

$1,320,000,000

$ % Senior Notes Due 2017
$ % Senior Notes Due 2019

We are offering $ million aggregate principal amount of our % Senior Notes due 2017, or the "2017 Notes" and $ million aggregate principal amount of our % Senior Notes due 2019, or the "2019 Notes" and, together with the 2017 Notes, the "Notes." The 2017 Notes will mature on November , 2017 and the 2019 Notes will mature on July , 2019. We will pay interest on the 2017 Notes on each May and November , commencing on November , 2014. We will pay interest on the 2019 Notes on each January and July , commencing on January , 2015.

We may redeem some or all of the 2017 Notes at any time and from time to time at a price equal to 100% of the principal amount thereof, plus the applicable "make-whole" premium and accrued but unpaid interest, if any, to, but excluding, the date of redemption. If the 2017 Notes are redeemed on or after August , 2017, the redemption price will not include the "make-whole" premium. In addition, prior to August , 2017, we may redeem up to 35% of the 2017 Notes using the proceeds of certain equity offerings.

Prior to July , 2016, we may redeem some or all of the 2019 Notes at any time and from time to time at a price equal to 100% of the principal amount thereof, plus the applicable "make-whole" premium and accrued but unpaid interest, if any, to, but excluding, the date of redemption. On or after July , 2016, we may redeem some or all of the 2019 Notes at any time and from time to time at the prices and as described under the caption "Description of the Notes Optional Redemption." In addition, prior to July , 2016, we may redeem up to 35% of the 2019 Notes using the proceeds of certain equity offerings.

The Notes are our unsecured senior obligations and rank equally with all of our other unsecured, unsubordinated indebtedness from time to time outstanding. The Notes are effectively subordinated to any of our existing and future secured indebtedness to the extent of the value of the assets securing such indebtedness. In addition, the Notes are structurally subordinated to all indebtedness and other liabilities of our subsidiaries.

The Notes are not expected to be listed on any securities exchange or included in any quotation system.

This prospectus supplement and the accompanying prospectus include additional information about the terms of the Notes, including covenants.

See "Risk Factors," beginning on page S-4 of this prospectus supplement and on page 12 of our Annual Report on Form 10-K for the fiscal year ended December 31, 2013, for a discussion of certain risks you should consider before investing in the Notes.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined that this prospectus supplement or the accompanying prospectus is accurate or complete. Any representation to the contrary is a criminal offense.

	Public offering price(1)	**Underwriting discount**	**Proceeds, before expenses, to us(1)**
Per 2017 Note	%	%	%
Total	$	$	$
Per 2019 Note	%	%	%
Total	$	$	$

(1) Plus accrued interest from June , 2014, if settlement occurs after that date.

The public offering price set forth above does not include accrued interest, if any. Interest on the Notes will accrue from June , 2014 and must be paid if the Notes are delivered after June , 2014.

The Notes will be ready for delivery in book-entry form only through the facilities of the Depository Trust Company against payment in New York, New York on or about June , 2014.

BofA Merrill Lynch **Barclays** **J.P. Morgan**

The date of this prospectus supplement is June , 2014.

TABLE OF CONTENTS

This document is in two parts. The first part is the prospectus supplement, which describes the terms of this offering and adds to and updates information contained in the accompanying prospectus. The second part, the accompanying prospectus, provides more general information, some of which may not apply to this offering. Generally, when we refer to this prospectus, we are referring to both parts of this document combined. To the extent there is a conflict between the information contained in this prospectus supplement, on the one hand, and the information contained in the accompanying prospectus, on the other hand, you should rely on the information contained in this prospectus supplement.

In making your investment decision, you should rely only on the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus. We have not, and the underwriters have not, authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference is accurate only as of their respective dates. Our business, financial condition, results of operations and prospects may have changed since those dates.

Table of Contents

Unless otherwise stated or the context requires otherwise, references to "iStar," "the Company," "we," "us" and "our" are to iStar Financial Inc. and its consolidated subsidiaries.

FORWARD-LOOKING STATEMENTS

We make statements in this prospectus supplement, the accompanying prospectus and the documents we incorporate by reference, other than purely historical information, including estimates, projections, statements relating to our business plans, objectives and expected operating results, and the assumptions upon which those statements are based, are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended, or the "Securities Act," and Section 21E of the Securities Exchange Act of 1934, as amended, or the "Exchange Act." Forward-looking statements are included with respect to, among other things, our current business plan, business strategy, portfolio management, prospects and liquidity. These forward-looking statements generally are identified by the words "believe," "project," "expect," "anticipate," "estimate," "intend," "strategy," "plan," "may," "should," "will," "would," "will be," "will continue," "will likely result" and similar expressions. Forward-looking statements are based on current expectations and assumptions that are subject to risks and uncertainties which may cause actual results or outcomes to differ materially from those contained in the forward-looking statements. Certain important factors that we believe might cause such differences are discussed in the section entitled "Risk Factors," beginning on page S-4 of this prospectus supplement and on page 12 of our Annual Report on Form 10-K for the fiscal year ended December 31, 2013. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. In assessing all forward-looking statements, readers are urged to read carefully all cautionary statements contained in this prospectus and the documents we incorporate by reference.

Table of Contents

SUMMARY

iStar Financial Inc.

We are a fully-integrated finance and investment company focused on the commercial real estate industry. We provide custom-tailored investment capital to high-end private and corporate owners of real estate and invest directly across a range of real estate sectors. We are taxed as a real estate investment trust, or "REIT," for U.S. federal income tax purposes and have invested more than $35 billion over the past two decades. Our primary business segments are real estate finance, net lease, operating properties and land.

Our real estate finance portfolio is primarily comprised of senior and mezzanine real estate loans that may be either fixed-rate or variable-rate and are structured to meet the specific financing needs of borrowers. Our portfolio also includes preferred equity investments and senior and subordinated loans to corporations, particularly those engaged in real estate or real estate related businesses, and may be either secured or unsecured. Our loan portfolio includes whole loans and loan participations.

Our net lease portfolio is primarily comprised of properties owned by us and leased to single creditworthy tenants, where the properties are subject to long-term leases. Most of the leases provide for expenses at the facility to be paid by the tenant on a triple net lease basis. The properties in this portfolio are diversified by property type and geographic location.

Our operating properties portfolio is comprised of commercial and residential properties, which represent a diverse pool of assets across a broad range of geographies and property types. We generally seek to reposition or redevelop these assets with the objective of maximizing their value through the infusion of capital and/or intensive asset management efforts. The commercial properties within this portfolio include office, retail, hotel and other property types. The residential properties within this portfolio are generally luxury condominium projects located in major U.S. cities where our strategy is to sell individual condominium units through retail distribution channels.

Our land portfolio is primarily comprised of land entitled for master planned communities as well as waterfront and urban infill land parcels located throughout the United States. Master planned communities represent large-scale residential projects that we will entitle, plan and/or develop and may sell through retail channels to home builders or in bulk. Waterfront parcels are generally entitled for residential projects and urban infill parcels are generally entitled for mixed-use projects. We may develop these properties ourselves or sell to or partner with commercial real estate developers.

Our primary sources of revenues are operating lease income, which is the rent and reimbursements that tenants pay to lease our properties, and interest income, which is the interest that borrowers pay on loans. We primarily generate income through a "spread" or "margin," which is the difference between the revenues generated from leases and loans and interest expense and the cost of real estate operations. In addition, we expect to generate income from commercial operating property revenue and sales of our remaining residential condominium assets and from our land portfolio over time.

Our principal executive offices are located at 1114 Avenue of the Americas, New York, New York 10036, and our telephone number is (212) 930-9400. Our website is *www.istarfinancial.com*. The information on our website is not considered part of this prospectus supplement or the accompanying prospectus.

Table of Contents

The Offering

The following is a brief summary of the terms of this offering. For a complete description of the terms of the Notes, see "Description of the Notes" in this prospectus supplement.

Issuer	iStar Financial Inc.
Securities Offered	$ million principal amount of the 2017 Notes. $ million principal amount of the 2019 Notes.
Maturity	Unless redeemed earlier, the 2017 Notes will mature on November , 2017 and the 2019 Notes will mature on July , 2019.
Interest Rate	The 2017 Notes will bear interest at % per year and the 2019 Notes will bear interest at % per year (in each case calculated using a 360-day year comprised of twelve 30-day months).
Interest Payment Dates	Interest on the 2017 Notes will be paid on each May and November , commencing on November , 2014. Interest on the 2019 Notes will be paid on each January and July , commencing on January , 2015. Interest on the Notes will accrue from the date of issuance.
Ranking	The Notes are our unsecured senior obligations and rank equally with our existing and future unsecured senior indebtedness and, to the extent we incur subordinated indebtedness in the future, senior to such indebtedness. The Notes will be effectively subordinated to all of our secured indebtedness to the extent of the value of the assets securing such indebtedness and all indebtedness and other liabilities of our subsidiaries (including indebtedness of iStar Financial Inc. guaranteed by its subsidiaries). As of March 31, 2014, the aggregate amount of our outstanding consolidated indebtedness was $4.1 billion, of which $2.1 billion was debt of our subsidiaries and $2.0 billion was secured indebtedness (which amount also includes debt of our subsidiaries). After giving effect to the issuance of the Notes in this offering and the application of the net proceeds therefrom as described under "Use of Proceeds," our outstanding consolidated indebtedness on a *pro forma* basis would have been $4.1 billion, of which $0.8 billion would have been debt of our subsidiaries (including indebtedness of iStar Financial Inc. guaranteed by our subsidiaries) and $0.7 billion would have been secured indebtedness (which amount also includes debt of our subsidiaries), and we would have had $5.3 billion of unencumbered assets.
Optional Redemption	We may redeem some or all of the 2017 Notes at any time and from time to time at a price equal to 100% of the principal amount thereof, plus the applicable "make-whole" premium and accrued but unpaid interest, if any, to, but excluding, the date of redemption. If the 2017 Notes are redeemed on or after August , 2017, the redemption price will not include the "make-whole" premium. In addition, prior to August , 2017, we may redeem up to 35% of the 2017 Notes using the proceeds of certain equity offerings.

Table of Contents

Prior to July , 2016, we may redeem some or all of the 2019 Notes at any time and from time to time at a price equal to 100% of the principal amount thereof, plus the applicable "make-whole" premium and accrued but unpaid interest, if any, to, but excluding, the date of redemption. On or after July , 2016, we may redeem some or all of the 2019 Notes at any time and from time to time at the prices and as described under the caption "Description of the Notes Optional Redemption." In addition, prior to July , 2016, we may redeem up to 35% of the 2019 Notes using the proceeds of certain equity offerings.

Change of Control Offer

If a Change of Control Triggering Event, as defined in "Description of the Notes," occurs, we must give holders of the Notes the opportunity to sell us their Notes at 101% of their principal amount, plus accrued and unpaid interest.

Certain Covenants

The indenture governing the Notes contains covenants limiting our and our subsidiaries' ability to:

- incur indebtedness;
- maintain unencumbered assets; or
- merge or consolidate with another person.

These covenants are subject to a number of important limitations and exceptions, and the covenants limiting our and our subsidiaries' ability to incur indebtedness and requiring us to maintain unencumbered assets will cease to apply at all times that the Notes have investment grade ratings. See "Description of the Notes Certain Covenants."

No Prior Market for the Notes

The Notes will be new securities for which there is currently no public market. The Notes will not be listed on any securities exchange or included in any automated quotation system.

Risk Factors

Investing in the Notes involves substantial risks. See "Risk Factors" in this prospectus supplement and our Annual Report on Form 10-K for the fiscal year ended December 31, 2013 for a description of certain risks you should consider before investing in the Notes.

Use of Proceeds

We will use the net proceeds from this offering, together with cash on hand, to repay in full the approximately $1.32 billion outstanding balance under, and terminate, our amended and restated senior secured credit agreement entered into on February 11, 2013, or the "2013 Credit Agreement." See "Use of Proceeds." Certain underwriters and their affiliates act as lenders, agents, arrangers and/or bookrunners under the 2013 Credit Agreement and, as a result, they will receive a portion of the proceeds from this offering.

Table of Contents

RISK FACTORS

This section describes some, but not all, of the risks of purchasing the Notes in the offering. Our Annual Report on Form 10-K for the fiscal year ended December 31, 2013, which is incorporated by reference into this prospectus supplement and the accompanying prospectus, also contains a "Risk Factors" section beginning on page 12 of that report. You should carefully consider the risks described in such "Risk Factors" section, in addition to the other information contained or incorporated by reference in this document, before purchasing the Notes. In addition, you should carefully review the factors discussed below and the cautionary statements referred to in "Forward-Looking Statements."

The Notes will be structurally subordinated to subsidiary debt.

The Notes are not guaranteed by any of our subsidiaries. As a result, the Notes will be structurally subordinated to all indebtedness and other obligations of our subsidiaries. After giving *pro forma* effect to this offering and the repayment and termination of the 2013 Credit Agreement as described in "Use of Proceeds," our subsidiaries would have had $0.8 billion of indebtedness outstanding (including indebtedness of iStar Financial Inc. guaranteed by our subsidiaries).

Creditors of a subsidiary are entitled to be paid what is due to them before assets of the subsidiary become available for creditors of its parent. Accordingly, claims of holders of the Notes will be structurally subordinated to any claims of creditors of our subsidiaries.

The Notes are unsecured and will be effectively subordinated to our secured indebtedness to the extent of the value of the property securing such indebtedness.

Our obligations under the Notes are not secured by any of our assets. After giving *pro forma* effect to this offering and the repayment and termination of the 2013 Credit Agreement as described in "Use of Proceeds," $0.7 billion of our indebtedness would have been secured indebtedness.

Secured creditors are entitled to the proceeds from the sale or other disposition of assets securing their indebtedness in satisfaction of such indebtedness before any of such assets or proceeds become available to unsecured creditors. Accordingly, claims of holders of the Notes will be subordinated to our secured creditors to the extent of the value of the assets securing our secured indebtedness.

Our ability to repurchase Notes upon a change of control may be limited.

Upon the occurrence of a Change of Control Triggering Event, each holder will have the right to require us to repurchase the holder's Notes. Certain of our other debt securities also contain provisions conferring rights upon holders to require us to repurchase such securities at the option of the holders upon the occurrence of a change of control. Additionally, under our $880 million secured credit agreement entered into on March 19, 2012, or the "2012 Credit Agreement," a change of control (as defined therein) constitutes an event of default that permits the lenders to accelerate the maturity of borrowings under the 2012 Credit Agreement and the commitments to lend would terminate. If a Change of Control Triggering Event were to occur, but we did not have sufficient funds to pay the repurchase price for all of the Notes and the other debt securities with repurchase rights which were tendered, that failure would constitute an event of default under the Indenture. Therefore, the occurrence of a Change of Control Triggering Event at a time when we could not pay for the Notes and the other debt securities with repurchase rights which were tendered as a result of the Change of Control Triggering Event could result in holders receiving substantially less than the principal amount of the Notes.

One of the circumstances under which a Change of Control Triggering Event may occur is upon the sale, lease, exchange or other transfer of all or substantially all of our assets. However, the phrase "all or substantially all" will likely be interpreted under applicable state law and will be dependent upon particular facts or circumstances. As a result, there may be a degree of uncertainty in ascertaining whether

Table of Contents

a sale, lease, exchange of other transfer of "all or substantially all" of our assets has occurred, in which case, the ability of a holder of the Notes to obtain the benefit of the offer for repurchase of all or a portion of the Notes held by such holder may be impacted.

Covenants in our indebtedness could limit our flexibility and adversely affect our financial condition.

Our outstanding unsecured debt securities contain corporate level covenants that include a covenant to maintain a ratio of unencumbered assets to unsecured indebtedness of at least 1.2x and a restriction on debt incurrence based upon the effect of the debt incurrence on our fixed charge coverage. If any of our covenants are breached and not cured within applicable cure periods, the breach could result in acceleration of our debt securities unless a waiver or modification is agreed upon with the requisite percentage of the bondholders. While we expect that our ability to incur new indebtedness under the fixed charge coverage ratio will be limited for the foreseeable future, we will continue to be permitted to incur indebtedness for the purpose of refinancing existing indebtedness and for other permitted purposes under the indentures.

The 2012 Credit Agreement contains certain covenants, including covenants relating to collateral coverage, dividend payments, restrictions on fundamental changes, transactions with affiliates, matters relating to the liens granted to the lenders and the delivery of information to the lenders. In particular, we are required to maintain collateral coverage of 1.25x outstanding borrowings. In addition, for so long as we maintain our qualification as a REIT, the 2012 Credit Agreement permits us to distribute 100% of our REIT taxable income on an annual basis. We may not pay common dividends if we cease to qualify as a REIT.

The 2012 Credit Agreement contains cross default provisions that would allow the lenders to declare an event of default and accelerate our indebtedness to them if we fail to pay amounts due in respect of our other recourse indebtedness in excess of specified thresholds or if the lenders under such other indebtedness are otherwise permitted to accelerate such indebtedness for any reason. The indentures governing our unsecured public debt securities permit the bondholders to declare an event of default and accelerate our indebtedness to them if our other recourse indebtedness in excess of specified thresholds is not paid at final maturity or if such indebtedness is accelerated.

The covenants described above could limit our flexibility and make it more difficult and/or expensive to refinance our existing indebtedness. In addition, a default by us on our indebtedness would have a material adverse effect on our business and the market price of our common stock.

As a REIT, we must distribute most of our income to our stockholders.

We must distribute annually at least 90% of our net income, excluding net capital gains, to our stockholders to maintain our REIT qualification. For so long as we maintain our qualification as a REIT, our 2012 Credit Agreement permits us to distribute 100% of our REIT taxable income on an annual basis. We have recorded net operating losses and may record net operating losses in the future, which may reduce our taxable income in future periods and lower or eliminate entirely our obligation to pay dividends for such periods in order to maintain our REIT qualification until the tax benefits of such net operating losses are exhausted.

The financial covenants in the indenture will not apply if the credit ratings of the Notes are upgraded to investment grade.

Our unsecured corporate credit ratings from major national credit rating agencies are currently below investment grade. Certain of the covenants in the indenture governing the Notes will not apply to us if the credit ratings of the Notes are upgraded by such agencies to investment grade. See "Description of the Notes Certain Covenants." The indenture will contain covenants that include a covenant to maintain a ratio of unencumbered assets to unsecured indebtedness of at least 1.2x and a restriction on debt

Table of Contents

incurrence based upon the effect of the debt incurrence on our fixed charge coverage. Suspension of these covenants would allow us to engage in certain transactions that would not be permitted while these covenants were in force. To the extent the covenants are subsequently reinstated, any such actions taken while the covenants were suspended would not result in an event of default under the indenture. There can be no assurance that our unsecured corporate credit ratings will ever be rated investment grade again, or that if they are rated investment grade, that we will maintain these ratings.

There is no public market for the Notes.

Prior to this offering, there was no public market for the Notes and we cannot assure you that an active trading market will develop for the Notes or, if one does develop, that it will be maintained. If the Notes are traded after their initial issuance, they may trade at a discount from their initial offering price, depending upon prevailing interest rates, the market for similar securities, our performance and certain other factors. Historically, there has been substantial volatility in the prices of corporate debt securities, and the price of the Notes is likely to be affected by factors which affect the price of corporate debt securities generally. We do not intend to apply for listing of the Notes on any securities exchange or for inclusion of the Notes on any automated quotation system.

Table of Contents

RATIO OF EARNINGS TO FIXED CHARGES AND EARNINGS TO FIXED CHARGES AND PREFERRED DIVIDENDS

The following table sets forth our ratio of earnings to fixed charges and our ratio of earnings to fixed charges and preferred stock dividends for the periods indicated.

	For the Three Months Ended	For the Years Ended December 31,				
(in thousands except ratios)	**March 31, 2014**	**2013**	**2012**	**2011**	**2010**	**2009**
Ratio of earnings to fixed charges(1)(2)						
Ratio of earnings to fixed charges and preferred stock dividends(2)						

(1) The ratio of earnings to fixed charges is calculated in accordance with SEC Regulation S-K Item 503.

(2) For the three months ended March 31, 2014, earnings were not sufficient to cover fixed charges by $26,666 and earnings were not sufficient to cover fixed charges and preferred dividends by $39,496. For the years ended December 31, 2013, 2012, 2011, 2010 and 2009, earnings were not sufficient to cover fixed charges by $240,912, $305,450, $65,842, $221,634 and $749,144, respectively, and earnings were not sufficient to cover fixed charges and preferred dividends by $289,932, $347,770, $108,162, $263,954 and $791,464, respectively.

Table of Contents

USE OF PROCEEDS

The net proceeds from the sale of the Notes, after deducting underwriting discounts and commissions and fees and expenses related to the offering, are expected to be approximately $1.30 billion. We will use the net proceeds from this offering, together with cash on hand, to repay in full the approximately $1.32 billion outstanding balance under, and terminate, our 2013 Credit Agreement. Certain underwriters and their affiliates act as lenders, agents, arrangers and/or bookrunners under the 2013 Credit Agreement and, as a result, they will receive a portion of the proceeds from this offering.

The interest rate payable on borrowings under the 2013 Credit Agreement is LIBOR plus 3.50% with a 1.00% LIBOR floor. The 2013 Credit Agreement has a final maturity date of October 15, 2017.

Table of Contents

CAPITALIZATION

The following table sets forth our debt capitalization at March 31, 2014 on an actual basis and on an as adjusted basis giving effect to the issuance of the Notes in this offering and the application of the net proceeds as described under "Use of Proceeds." This table should be read in conjunction with our historical consolidated financial statements and the notes thereto incorporated by reference in this prospectus supplement.

	As of March 31, 2014	
	Actual	**As Adjusted**
	(in thousands)	
Secured credit facilities:(1)		
2012 Credit Agreement due 2017	$ 418,145	$ 418,145
2013 Credit Agreement due 2017(2)	1,333,372	
Term loans:		
Term loan collateralized by net lease assets	278,726	278,726
Unsecured notes:		
6.05% Senior Notes due 2015	105,765	105,765
5.875% Senior Notes due 2016	261,403	261,403
3.875% Senior Notes due 2016	265,000	265,000
3.0% Convertible Senior Notes due 2016	200,000	200,000
1.50% Convertible Senior Notes due 2016	200,000	200,000
5.85% Senior Notes due 2017	99,722	99,722
9.0% Senior Notes due 2017	275,000	275,000
7.125% Senior Notes due 2018	300,000	300,000
4.875% Senior Notes due 2018	300,000	300,000
% Senior Notes due 2017		
% Senior Notes due 2019		
Other debt obligations:		
Trust preferred securities	100,000	100,000
Total debt obligations	$ 4,137,133	$ 4,123,761

(1) The due dates of the secured credit facilities reflect their scheduled maturity dates.

(2) Subsequent to March 31, 2014, we repaid approximately $14.9 million of the outstanding balance under the 2013 Credit Agreement.

Table of Contents

DESCRIPTION OF CERTAIN OTHER INDEBTEDNESS

2012 Credit Agreement

On March 19, 2012, we entered into the 2012 Credit Agreement with Barclays Bank PLC, as administrative agent, Bank of America, N.A., as syndication agent, JPMorgan Chase Bank, N.A., as documentation agent and Barclays Capital and Merrill Lynch, Pierce, Fenner & Smith Incorporated, as joint lead arrangers and, together with J.P. Morgan Securities LLC, as joint bookrunners.

The 2012 Credit Agreement originally provided for two tranches of term loans: a $410 million A-1 tranche due March 19, 2016, which tranche was repaid in August 2013, and a $470 million A-2 tranche due March 19, 2017. The A-2 tranche bears annual interest at LIBOR plus 5.75% or a base rate plus 4.75%. The A-2 Tranche was issued at 98.5% of par and is subject to a LIBOR floor of 1.25%.

Outstanding borrowings under the 2012 Credit Agreement are collateralized by a first lien on a fixed pool of assets that had a value of approximately $1.1 billion as of the date of the 2012 Credit Agreement based upon the valuation methodology applied under the 2012 Credit Agreement. Proceeds from principal repayments and sales of collateral are applied to repay outstanding borrowings. Proceeds received for interest, rent, lease payments and fee income are retained by us. Proceeds from principal repayments and collateral sales will be used to repay the A-2 Tranche. Outstanding borrowings under the 2012 Credit Agreement are not guaranteed by any of our subsidiaries, and no equity interests in our subsidiaries are pledged to the lenders under the 2012 Credit Agreement.

The 2012 Credit Agreement contains covenants relating to the collateral, including a covenant to maintain collateral coverage of not less than 1.25x outstanding borrowings, and covenants relating to the provision of information, restricted payments and other customary matters; however, the 2012 Credit Agreement contains no corporate level financial covenants.

The 2012 Credit Agreement contains customary events of default, including payment defaults, failure to perform covenants, defaults under other recourse indebtedness above specified thresholds, change of control (subject to our right to repay outstanding borrowings at par), bankruptcy events and defaults under the collateral agreement. Some of the events of default are subject to cure periods.

Unsecured Notes

As of March 31, 2014, we had approximately $2.0 billion aggregate principal amount of senior unsecured notes outstanding, comprised of nine separate series of notes with maturity dates ranging from 2015 to 2018. The outstanding senior unsecured notes are our unsecured senior obligations and rank equally with all of our other unsecured, unsubordinated indebtedness from time to time outstanding, including the Notes. Our outstanding senior unsecured notes are not guaranteed by any of our subsidiaries. The covenants contained in the indentures governing the outstanding unsecured senior notes are substantially similar to those that will be contained in the indenture governing the Notes, except that permitted indebtedness definitions reference different series and baskets and not all of our outstanding senior unsecured notes contain provisions enabling holders to require us to repurchase such Notes upon the occurrence of a change of control event (as is required under the Notes in certain circumstances).

Table of Contents

DESCRIPTION OF THE NOTES

The Company will issue the Notes under an indenture dated as of February 5, 2001 between itself and U.S. Bank National Association, as trustee, or the "Trustee," and a supplemental indenture with respect to the 2017 Notes and a supplemental indenture with respect to the 2019 Notes, each between itself and the Trustee, each to be dated as of June , 2014, the indenture, together with the supplemental indentures for the Notes, being the "Indenture." The following is a summary of the material provisions of the Indenture and the Notes. It does not include all of the provisions of the Indenture and the Notes. The following description of the particular terms of the Indenture and the Notes supplements the description in the accompanying prospectus of the general terms and provisions of our debt securities. To the extent that the following description of the Notes is inconsistent with the general description in the accompanying prospectus, the following description replaces and supersedes the description in the accompanying prospectus. We urge you to read the Indenture because it defines your rights. The terms of the Notes include those stated in the Indenture and those made part of the Indenture by reference to the Trust Indenture Act of 1939, as amended, or the "TIA." The Trustee will make a copy of the Indenture and the Notes available to you upon request. You can find definitions of certain capitalized terms used in this description under " Certain Definitions." For purposes of this section, references to the "Company," "we" or "our" include only iStar Financial Inc. and not its subsidiaries.

General

The 2017 Notes and the 2019 Notes are initially limited to an aggregate principal amount of $ million and $ million, respectively. The 2017 Notes and the 2019 Notes will be separate series of notes, including for purposes of, among other things, payments of principal and interest, events of default, legal defeasance, covenant defeasance, satisfaction and discharge and amendments to the Indenture and applicable series of notes. The Notes of each series will be treated as a single class for all purposes under the Indenture, including with respect to waivers, amendments, redemptions and offers to purchase. We may issue an unlimited principal amount of additional notes under the Indenture having identical terms and conditions as the 2017 Notes or the 2019 Notes, or the "Additional Notes;" provided that if any Additional Notes are not fungible with the 2017 Notes or the 2019 Notes, as applicable, for U.S. federal income tax purposes, such Additional Notes will be issued as a separate series under the Indenture and will have a separate CUSIP number from the applicable series of Notes. We will only be permitted to issue Additional Notes in compliance with the terms of the Indenture, including the covenant restricting the incurrence of Indebtedness (as described below under " Certain Covenants Limitation on Incurrence of Additional Indebtedness"). The Notes and any Additional Notes subsequently issued under the Indenture will be treated as a single class for all purposes under the Indenture, including with respect to waivers and amendments. Unless the context otherwise requires, in this "Description of the Notes," references to the "Notes," the "2017 Notes" and the "2019 Notes" include any Additional Notes.

The Company will issue the Notes in fully registered form in denominations of $2,000 and integral multiples of $1,000 in excess thereof. The Trustee will initially act as paying agent and registrar for the Notes. The Notes may be presented for registration or transfer and exchange at the offices of the registrar. The Company may change any paying agent and registrar without notice to holders of the Notes, or the "Holders." The Company will pay principal (and premium, if any) on any certificated Notes at the Trustee's corporate office in New York, New York. At the Company's option, interest on any certificated Notes may be paid at the Trustee's corporate trust office or by check mailed to the registered address of the Holders. The Company will pay the principal, premium, if any, and interest on, Notes in global form registered in the name of, or held by, The Depository Trust Company ("DTC") or its nominee in immediately available funds to DTC or its nominee, as the case may be, as registered Holder of such global note.

Table of Contents

Principal, Maturity and Interest

The 2017 Notes will mature on November , 2017 and the 2019 Notes will mature on July , 2019. The Notes will not be entitled to the benefit of any mandatory sinking fund.

Interest on the 2017 Notes will be payable semiannually in cash at a rate of % per annum. Interest on the 2019 Notes will be payable semiannually in cash at a rate of % per annum. Interest will be paid on the 2017 Notes on each May and November , commencing on November , 2014 to the persons who are registered holders on each and . Interest will be paid on the 2019 Notes on each January and July , commencing on January , 2015 to persons who were registered holders on each of and . Interest on the Notes will accrue from June , 2014 and will be calculated on the basis of a 360-day year comprised of twelve 30-day months.

If any interest payment date, redemption date, repurchase date or the maturity date is not a Business Day, the required payment will be postponed and made on the next succeeding Business Day as if made on the date such payment was due, and no interest will accrue on such payment for the period from and after such interest payment date, redemption date, repurchase date or the maturity date, as the case may be, to the date of such payment on the next succeeding Business Day. Interest on the Notes will accrue from the most recent date to which interest has been paid or, if no interest has been paid, from and including the date of issuance.

Transfer and Exchange

A Holder may transfer or exchange Notes in accordance with the Indenture. The registrar and the Trustee may require a Holder to furnish appropriate endorsements and transfer documents in connection with a transfer of Notes. Holders will be required to pay all taxes due on transfer. The Company is not required to transfer or exchange any Note for a period of 15 days before the mailing of a notice of redemption of Notes to be redeemed.

Ranking

The Notes will be our senior, unsecured obligations, and will be:

- equal in right of payment with all of our existing and future obligations that are not expressly subordinated to the Notes;
- effectively subordinated to all of our existing and future indebtedness that is secured by a Lien on any of our assets to the extent of the value of the assets securing such indebtedness;
- senior in right of payment to all of our existing and f