

DRIVE SHACK INC.®

INVESTOR MEETING PRESENTATION – OCTOBER 7, 2021



Cautionary Note on Forward-Looking Statements

This disclaimer applies to this document and the verbal or written comments of any person presenting it. This document, taken together with any such verbal or written comments, is referred to herein as the “Presentation.”

This presentation contains forward-looking statements, within the meaning of the Private Securities Litigation Reform Act of 1995, which are subject to known and unknown risks, uncertainties and other important factors that may cause actual results to be materially different.

All statements other than statements of historical fact included in this presentation are forward-looking statements, including, but not limited to, timing of new venue openings, expected financial outlook for fiscal 2021, expected operating performance, time of construction start dates and milestones, expected sales and trends in Drive Shack Inc.'s (the "Company's") operations including statements relating to the effects of COVID-19 and the Company's mitigation efforts and our ability to achieve our growth plans and goals.

Forward-looking statements discuss the Company's current expectations and projections relating to its financial position, results of operations, plans, objectives, future performance and business. You can identify forward-looking statements by the fact that they do not relate strictly to historical or current facts. These statements may include words such as "aim," "anticipate," "believe," "estimate," "expect," "forecast," "outlook," "potential," "project," "projection," "plan," "intend," "seek," "may," "could," "would," "will," "should," "can," "can have," "likely," the negatives thereof and other similar expressions.

Without limiting the generality of the foregoing, targeted returns and growth, including with respect to the number and timing of new venue openings, are forward-looking statements, represent management's view and are estimated based on current and projected future operating performance of our locations, comparable companies in our industry and a variety of other assumptions, many of which are beyond our control, that could prove incorrect. As a result, actual results may vary materially with changes in our liquidity or ability to obtain financing, changes in market conditions and additional factors described in our reports filed with the Securities and Exchange Commission ("SEC"), which we encourage you to review. We undertake no obligation to update these estimates.

For a discussion of some of the risks and important factors that could cause actual results to differ materially from such forward-looking statements, see the sections entitled "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Company's periodic reports filed with the SEC, which are available on the Company's website ([www.http://ir.driveshack.com](http://ir.driveshack.com)). Forward-looking statements speak only as of August 9, 2021. We expressly disclaim any obligation to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in expectations with regard thereto or change in events, conditions or circumstances on which any statement is based.

This Presentation includes forward-looking financial measures that are not recognized under generally accepted accounting principles ("GAAP"), including Adjusted EBITDA and SG&A excluding certain compensation expenses. This non-GAAP financial information does not speak to historical financial results and is an estimate of what could occur in the future and is not an alternative to financial information prepared in accordance with GAAP, which is included in the Company's filings with the SEC. The Company has not reconciled its Adjusted EBITDA expectations set forth in this presentation, as items that impact such expectations are out of the Company's control and/or cannot be reasonably predicted. Accordingly, a reconciliation is not available without unreasonable effort.

- 1. Executive Summary**
2. Our Business
3. Historical Financials



About Drive Shack Inc.

Drive Shack Inc. is a leading owner and operator of golf-related leisure and entertainment businesses focused on **bringing people together through competitive socializing**. Today, our portfolio consists of American Golf, Drive Shack and Puttery.

Our Mission

To become the largest **venue-based competitive socializing** and **entertainment** platform in the country.

Executive Summary

Preliminary Revenue Results for Q3 2021 of ~\$75M

Drive Shack Inc. Announces it is Hosting an Investor Meeting Today at its New Puttery Venue; Reports Preliminary Revenue Results of \$75 Million for Third Quarter 2021

*Drive Shack Inc. is Hosting an Invitation-Only Investor Meeting After-Market Close Today at its New Puttery Venue Located in The Colony, Texas
Announces Preliminary Revenue Results for Third Quarter 2021 of Approximately \$75 Million*

DALLAS, Oct. 7, 2021 -- [Drive Shack Inc.](https://ir.driveshack.com) (the “Company”) (NYSE: DS), a leading owner and operator of golf-related leisure and entertainment businesses, announced it is hosting an invitation-only investor meeting after-market close today at its debut Puttery venue located in The Colony, Texas. The Company opened its first Puttery venue – a new, competitive and social immersive entertainment experience – on Friday, Sept. 3, 2021.

Hana Khouri, President and CEO, Mike Nichols, CFO, and other members of Drive Shack Inc.’s leadership team will be in attendance to share the Puttery experience first-hand with current and prospective investors and analysts. In advance of the meeting, the Company has posted a presentation to its investor relations website at <https://ir.driveshack.com>.

The Company also announced today preliminary revenue results for the third quarter ended Sept. 30, 2021 of approximately \$75 million¹, which includes approximately \$0.8 million in revenue from Puttery for the month of Sept. 2021.

“We are beyond excited with the debut of our first Puttery located in The Colony, Texas just outside of Dallas,” said Drive Shack Inc.’s President and Chief Executive Officer Hana Khouri. “The guest response has been overwhelmingly positive since it opened early last month, and its performance to-date is on pace with our expectations. Charlotte remains on track to open during the fourth quarter 2021 and we look forward to continue expanding this experience across the country in 2022 and beyond.”

Additional Puttery venues are under development in Charlotte, N.C., Washington, D.C., Miami, FL., and Houston, TX.

The Company expects to report its full third quarter 2021 financial results in early November 2021.

¹ Estimated revenue results, including management fee and reimbursable expense revenue for American Golf Corporation, are preliminary and are thus subject to change as we complete our customary quarterly close and review procedures as of and for the three months ended Sept. 30, 2021, and there can be no assurance that our final results for this period will not differ from these estimates.

* See <https://ir.driveshack.com/news-events/press-releases> for full press release

Based on management’s current views and estimates. See “Disclaimers” at the beginning of this Presentation for more information on forward-looking statements.

We Provide a New Type of Leisure – Entertainment Golf

Our Portfolio Of Entertainment Venues Directly Addresses Consumers' Changing Preferences

Consumers are choosing to spend more on experiences:⁽¹⁾

78%

of millennials would rather spend money on an **experience vs. buying something**⁽²⁾

70%

of consumers **prefer to dine at entertainment formats** vs. typical casual restaurants for group occasions⁽³⁾

Drive Shack Inc. combines **3 experiences** under one roof:

- 1 Entertainment**
Guests interact, play and socialize in a sophisticated, fun setting
- 2 Sports**
Anchored on driving range and putting featuring robust gaming platform
- 3 Food & Beverage**
Elevated Food & Beverage with focus on “sharable” options

= Competitive Socializing

1) Source: Pew Research Center (April 2018); Forbes (June 2014).

2) Source: USA Today (June 2017).

3) Source: Technomic Research (2019)

Executive Summary

Our Transformation...How We Got Here

We've transformed from a traditional golf business into an entertainment operating company

Traditional Golf Roots: AGC

American Golf Corp.

As a traditional golf company, we **own, lease and manage courses**

- Sold majority of owned course portfolio, continue to lease and manage courses

Transformed
**Traditional
Golf Business**
into an
**Entertainment
Operating
Company**

Entertainment Golf: Drive Shack and Puttery

Drive Shack Venues

Opened **first Drive Shack in Orlando** – April 2018

- Used as beta site to test enhancements for next generation of venues

Opened **3 Gen 2.0 venues** across 2H 2019

- Raleigh, Richmond and West Palm
- Significantly outperformed expectations in 2019; beat internal revenue plan by +14%

Puttery Venues

Developed new entertainment golf experience – indoor, tech-enabled putting within an immersive experience

Opened **first Puttery in The Colony, Texas** – September 2021

Based on management's current views and estimates. See "Disclaimers" at the beginning of this Presentation for more information on forward-looking statements.

Executive Summary

Our Courses and Venues⁽¹⁾

**AGC
GOLF
COURSES**

OWNED
1 Course

LEASED
33 Courses

MANAGED
22 Courses

CURRENT VENUES

COMMITTED VENUES

**DRIVE
SHACK
VENUES**

**PUTTERY
VENUES**



1) As of 6/30/2021.

2) Drive Shack is committed to leases in New Orleans and Randall's Island. New Orleans development remains "on hold" and Randall's Island is expected to open by the end of 2023.

Based on management's current views and estimates. See "Disclaimers" at the beginning of this Presentation for more information on forward-looking statements.

Puttery – The Colony

The Colony opened to the public on September 3rd

Location-based insights include:

- Average guest duration is ~2 hours
- Guests traveling up to 40 miles away
- Highest traffic day/time is Saturday, late evening
- 70% of guests find us by directly searching “Puttery”

Guest response has been incredibly positive

“Really enjoyed playing the Library course and can't wait to come back and play the other courses! Drinks are good and everyone is super friendly! Love the concept and like that it's 21+ Great place to come for date night or with a group of friends.” – Linda B.

“Not what I expected when my husband said “mini-golf.” Puttery is beautiful! We came to golf and have a drink, only to realize this was much more than that! We played golf on the rooftop course, where the different cocktail options were fabulous. All the little details on the course were fun to look at and the servers in the course were a blast. After we played, we stayed for another drink in the little lounge area. We can't wait to come back!” – Allison M.

Early performance at The Colony is in-line with our expectations

Early performance metrics:

- Q3 revenue of ~\$800K¹
- Over 60% of walk-in guests plan their visit in advance (i.e., gameplay reservations)
- Walk-in revenue on pace with our expectations
- Total revenue mix currently trending:
 - Food & Beverage: 60%
 - Gameplay: 40%
- Alcohol/liquor is averaging ~42% of total revenue and 77% of total F&B revenue

¹ Estimated revenue results, including management fee and reimbursable expense revenue for American Golf Corporation, are preliminary and are thus subject to change as we complete our customary quarterly close and review procedures as of and for the three months ended Sept. 30, 2021, and there can be no assurance that our final results for this period will not differ from these estimates.

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1. Executive Summary
- 2. Our Business**
3. Historical Financials



DRIVE SHACK

Entertainment Golf



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puttery

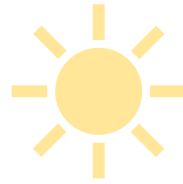
Our Business

Drive Shack... The New Way to Golf

Our Venues Are Designed To Solve Issues Preventing Growth Across The Traditional Golf Industry

**More affordable**

no equipment
purchase required

**Indoor/outdoor**

all-weather
games



Less time
required

**All skill level**

players can play

The **shift** to
entertainment golf
from traditional
golf provides us
with:

- ✓ Higher growth trajectory
- ✓ Lower cyclicality
- ✓ Increased margins
- ✓ Improved capital efficiency
- ✓ Enhanced shareholder value creation



Our Business

DS Venues Surpass Their Pre-Pandemic EBITDA Levels⁽¹⁾

Continue to gain momentum, delivered better than expected results in Q2-21

Q2-21 venue EBITDA⁽¹⁾ was **\$4.6M** vs. \$(1.1M) a year ago

Q2-21 Revenue was **\$11.6M**, with record high walk-in revenue in each venue

Our venues have largely **returned to pre-COVID levels**, with the exception of events

DS Venue Revenue and EBITDA⁽¹⁾ (\$M)

	2019	2020					2021	
	Q4	Q1	Q2	Q3	Q4	FY	Q1	Q2
Revenue	\$12.9	\$10.1	\$1.8	\$6.2	\$7.2	\$25.2	\$8.2	\$11.6
Venue EBITDA ⁽¹⁾	\$1.4	\$0.3	(\$1.1)	\$1.1	\$1.7	\$2.0	\$2.0	\$4.6

¹⁾ Venue EBITDA is a Non-GAAP financial metrics. See Adjusted EBITDA and Venue EBITDA Non-GAAP Reconciliations on page 29 and Non-GAAP Reconciliation to Venue EBITDA from Operating Income for Entertainment Golf on page 30.

Our Business

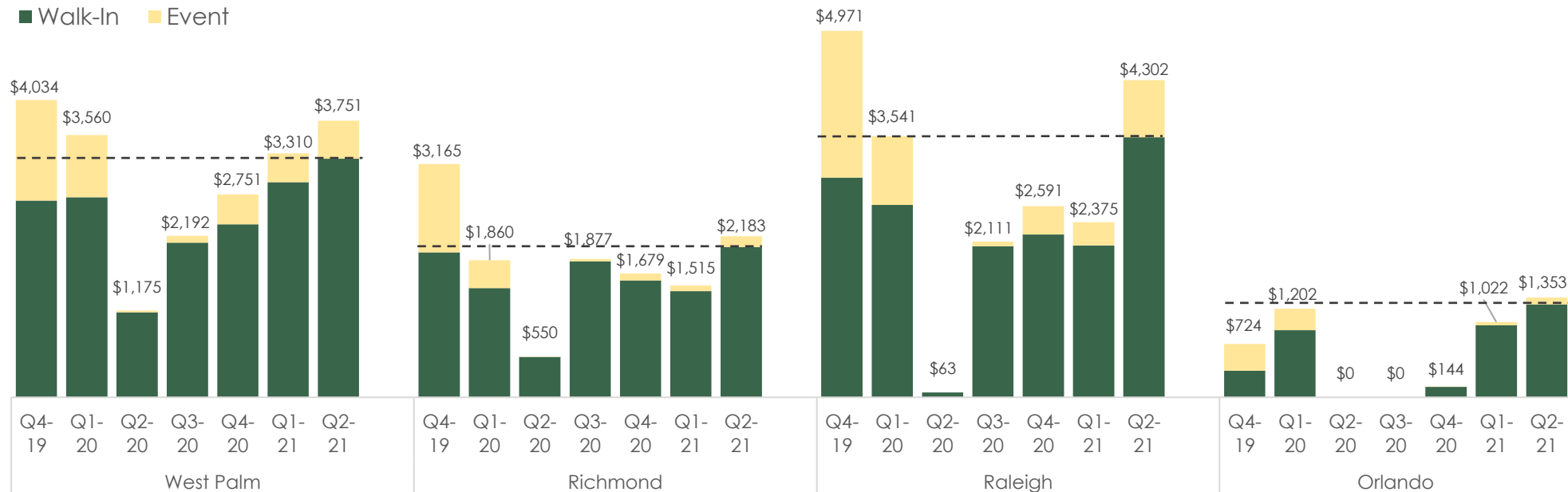
DS Venues Deliver All-Time High Walk-In Revenue in Q2-21

Q2 2021 Total Revenue of \$11.6M – Walk-in Revenue of \$10.1M | Events Revenue of \$1.5M

- Walk-in business is returning to normalized, pre-COVID levels
- Q2-21 walk-in revenue was up +26% to Q4-19 levels of \$8.0M
- Delivered **record high walk-in revenue**⁽¹⁾ in Q2-21 in all venues

Drive Shack Venues: Revenue by Quarter

(\$ in 000's)



1) Excludes Orlando's grand opening quarter in Q2-18 of \$1.8M in total revenue, with \$1.4M in walk-in revenue and \$0.4M in event revenue.

PUTTERY

Entertainment Golf



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puttery

What is Puttery?

Puttery is an adult-focused, modern spin on putting, re-defining the game within an immersive experience and innovative technology focused on competitive socializing.

With a high-energy atmosphere that combines plentiful curated culinary offerings and inventive craft cocktails centered around a lively bar area with great music, guests can relax and enjoy their evening before, during and after their tee time.

The Puttery Experience



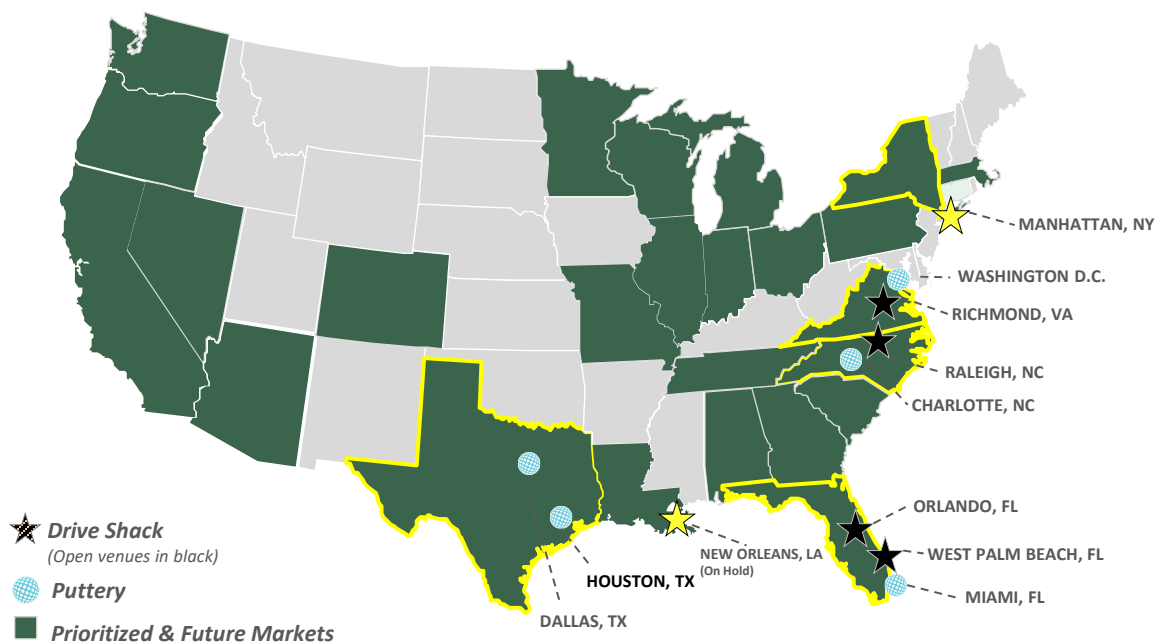
The Colony (Dallas) – Grand Opened September 3rd

Our Puttery in The Colony, Texas has 20,700 sq. ft. spanning two floors with four, uniquely themed nine-hole golf courses – Rooftop, Lodge, Library and Illusion. We have three bars, a patio terrace, multiple lounges, and seating areas throughout.



Prioritized and Future Markets

Believe current market allows for numerous Puttery locations across the U.S.



Development Update

Committed to **develop 7 Puttery venues in 2021**

- 1 site currently **open** (The Colony, TX)
- 4 sites currently **in development**
 - Charlotte, DC, Miami, Houston
- 2 additional sites are **in or nearing lease execution**

Applying learnings to future venues, including Charlotte

Committed to **develop 10 additional Puttery venues in 2022**

- Will be open, under development or in lease at end of 2022

Projected Opening Dates

Current lease commitments:

The Colony, TX – Opened 9/3/2021

Charlotte, NC – Q4 2021

Washington DC – Q1 2022

Miami, FL – Q3 2022

Houston, TX – Q3 2022

Manhattan (Randall's Island) – 2023

Based on management's current views and estimates. See "Disclaimers" at the beginning of this Presentation for more information on forward-looking statements.

Our Business

Attractive Unit Economics

Puttery presents the best path forward for **near-term growth**; it's an adjacency to our current business and gives us the ability to grow quickly with less capital risk

- Plan to build 50 **Puttery** venues and **DS Manhattan** by the end of 2024
- **Puttery** venue **EBITDA** is expected to be **\$2 to \$3** million
- **Drive Shack** venue **EBITDA** is approx. **\$4 to \$6** million

Illustrative Venue-Level Economics⁽¹⁾

\$M	DS Venues 72 to 90+ Bays	Puttery Venues Indoor Putting
Size (sq. ft.)	50K - 60K+	15K - 20K
Development Time	18 - 24 mo.	6 - 9 mo.
Development Cost ⁽²⁾	\$25 - \$40	\$7 - \$11
Total Revenue	\$15 - \$25	\$7 - \$11
Venue EBITDA	\$4 - \$6	\$2 - \$3
Development Yields	10 - 20%	25 - 40%

As we continue to open Puttery venues, yields may be even higher

1) Represents illustrative economics of Puttery and Drive Shack venues, including Total Revenue and Venue EBITDA, without restrictions or impact due to COVID-19.

2) Development cost target is inclusive of all construction costs, soft costs, and pre-opening expenses.

Based on management's current views and estimates. See "Disclaimers" at the beginning of this Presentation for more information on forward-looking statements.

AMERICAN GOLF CORP

Traditional Golf

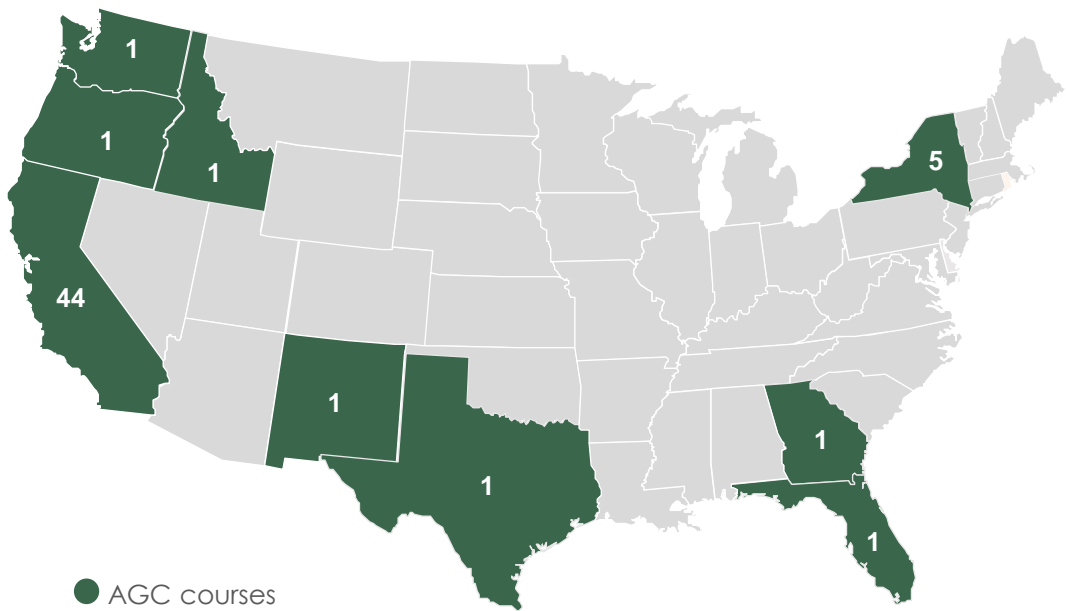


DRIVE SHACK.



puttery

American Golf Corp.



One of the largest operators of golf properties in the U.S.

AGC operates 56 traditional courses⁽¹⁾ nationwide serving over 3 million visitors per year

Municipality partnerships account for ~85% of AGC's leased properties; most relationships have lasted 3+ decades

- *Able to leverage these strong relationships as we build out entertainment venues*

AGC serves as a consistent and stable business

1) As of 6/30/2021.

Our Business

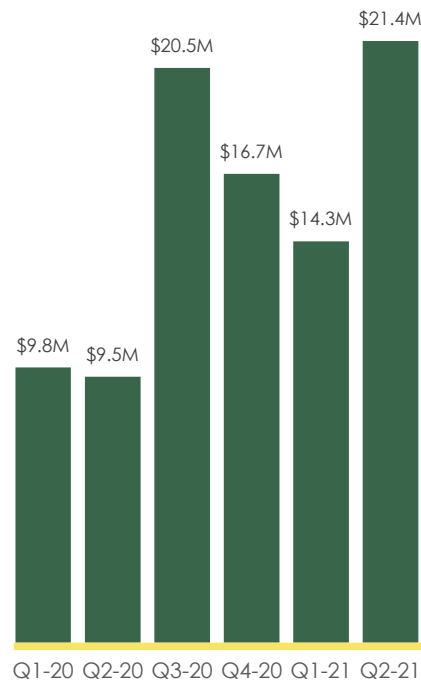
Strong Demand Continues for Traditional Golf⁽¹⁾

- American Golf's exceptional results highlight the **unwavering demand** for traditional golf
- As of Q2-21, private course membership levels are near max capacity at 99%, leaving ~1% availability for new member sales

Public Courses

+126%

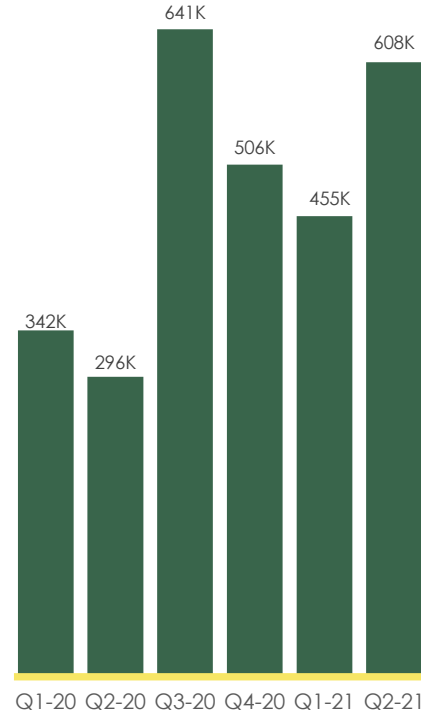
Revenue from green & cart fees
vs. Q2 2020



Revenue from green/cart fees

+106%

Daily fee rounds
vs. Q2 2020

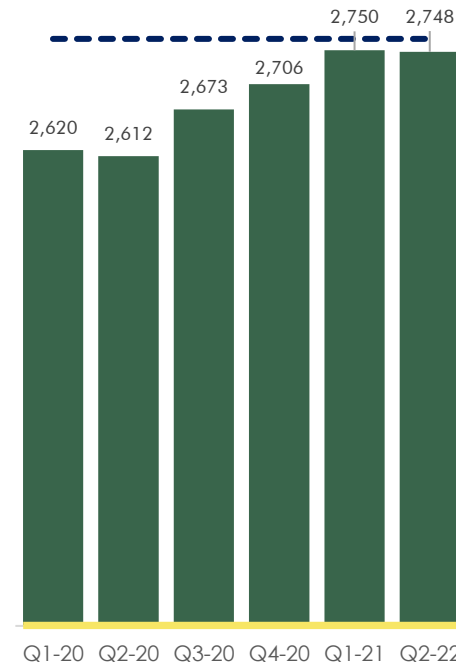


Daily Fee Rounds

Private Courses

at 99%

of Member level max
capacity

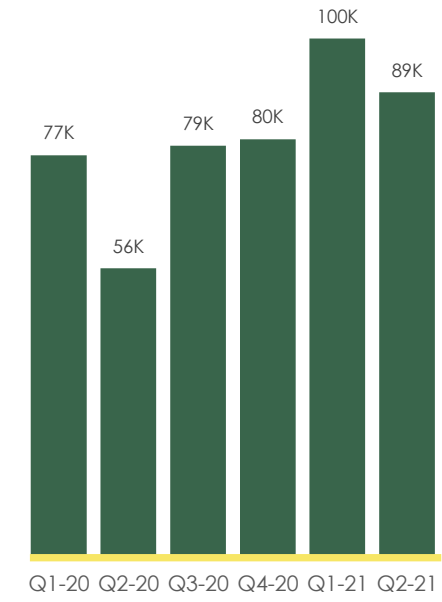


Full Golf Member Levels vs. Max Avail

— Current Golf Member Levels
- - - Max Golf Member Levels

+61%

Total rounds
vs. Q2 2020



Total rounds

1) Comparisons are based on our 30 public and 4 private owned and leased properties as of 6/30/2021.

1. Executive Summary
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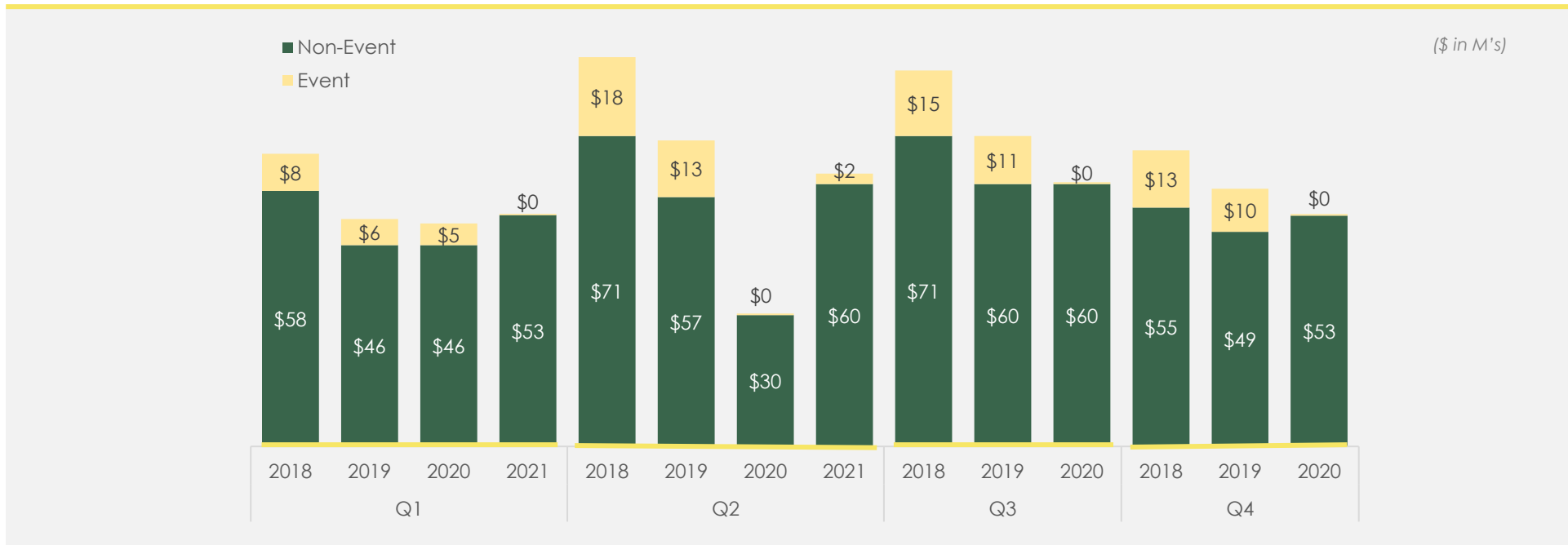


Historical Financials

American Golf Historical Performance

- Closed nearly every traditional golf course by end of Q1 2020 due to COVID
- By June 2020, all AGC properties had reopened and were met with significant demand
- Delivering strong results despite limitations on large group gatherings; event revenue remain challenging

AGC Revenue by Quarter: Q1 – Q4 (2018 – 2021)



The 2020 vs. 2019 decrease is primarily driven by course closures (Q2) and events (Q2/Q3)
 The 2019 vs. 2018 decrease is largely due to fewer golf courses owned or operated in 2019⁽¹⁾

1) Began 2018 with 75 courses, ended 2019 with 59 courses.

Historical Financials

Financial Performance

Operating income of \$1.1M and Adjusted EBITDA⁽¹⁾ of \$7.7M in Q2-2021

Total Company Results	Q2 2020	Q1 2021	Q2 2021	Q2-21 vs Q1-21 Change
Revenue	\$32.1	\$61.1	\$73.9	\$12.8
DS Revenue	\$1.8	\$8.2	\$11.6	\$3.4
AGC Revenue	\$30.3	\$52.9	\$62.3	\$9.4
Total Operating Costs	\$44.2	\$69.0	\$72.8	\$3.9
Operating Income (Loss)	(\$12.1)	(\$7.9)	\$1.1	\$8.9
Net Loss	(\$39.5)	(\$10.9)	(\$2.0)	\$8.9
Net Loss Applicable to Common Stock, per share ⁽²⁾	(\$0.61)	(\$0.15)	(\$0.04)	\$0.11
Adjusted EBITDA ⁽¹⁾	(\$7.0)	\$2.7	\$7.7	\$5.0
Total Debt and Preferred Stock ⁽³⁾	\$112.8	\$112.8	\$112.8	(\$0.0)
Unrestricted Cash on Hand	\$12.6	\$85.9	\$81.4	(\$4.5)

Operating Results Highlights

- DS venues delivered **all-time high walk-in revenue⁽⁴⁾** in Q2-21
- Reported first quarterly **Operating Income** since Q2-2018
- Adjusted EBITDA⁽¹⁾ of \$7.7M (Q2-21) – our **4th consecutive quarter of positive Adjusted EBITDA**
- Unrestricted cash of \$81M at end of Q2-21, **ample liquidity to fund first 7 Puttery venues**

1) Adjusted EBITDA is a Non-GAAP financial metric. See Adjusted EBITDA Non-GAAP Reconciliation on page 29

2) Amounts shown are for both Basic and Diluted per share results for all periods presented.

3) Total debt includes Jr. Subordinated Notes and Preferred Stock

4) Excludes Orlando's grand opening quarter in Q2-18 of \$1.4M in walk-in revenue

Based on management's current views and estimates. See "Disclaimers" at the beginning of this Presentation for more information on forward-looking statements.

2021 Summary Financial Results

(Q2 & 1H)

	Three Months Ended June 30,			
	2021	2020	\$ Variance	% Variance
<i>\$ in millions, except per share data</i>				
Drive Shack Revenue	\$11.6	\$1.8	\$9.8	548%
American Golf Revenue	\$62.3	\$30.3	\$32.0	106%
Total Company Revenue	\$73.9	\$32.1	\$41.8	130%
Operating Income (Loss)	\$1.1	(\$12.1)	\$13.2	109%
Net Loss	(\$2.0)	(\$39.5)	\$37.5	95%
Adjusted EBITDA ⁽¹⁾	\$7.7	(\$7.0)	\$14.8	210%
Net Loss Applicable to Common Stock, per share ⁽²⁾	(\$0.04)	(\$0.61)	\$0.57	93%

	Six Months Ended June 30,			
	2021	2020	\$ Variance	% Variance
Drive Shack Revenue	\$19.8	\$11.9	\$7.9	66%
American Golf Revenue	\$115.2	\$81.3	\$33.8	42%
Total Company Revenue	\$135.0	\$93.2	\$41.7	45%
Operating Loss	(\$6.8)	(\$27.0)	\$20.2	75%
Net Loss	(\$12.9)	(\$56.9)	\$44.0	77%
Adjusted EBITDA ⁽¹⁾	\$10.5	(\$11.7)	\$22.2	189%
Net Loss Applicable to Common Stock, per share ⁽²⁾	(\$0.18)	(\$0.89)	\$0.71	80%

1) Adjusted EBITDA is a Non-GAAP financial metric. See Adjusted EBITDA and Venue EBITDA Non-GAAP Reconciliation on page 29.

2) Amounts shown are for both Basic and Diluted per share results for the periods ended June 30, 2021 and June 30, 2020.

Consolidated Statements of Operations

(unaudited)

CONSOLIDATED STATEMENTS OF OPERATIONS (unaudited)

(dollars in thousands, except share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Revenues				
Golf operations	\$61,750	\$29,675	\$114,912	\$78,300
Sales of food and beverages	12,129	2,425	20,059	14,935
Total revenues	73,879	32,100	134,971	93,235
Operating costs				
Operating expenses	55,635	33,224	104,504	87,591
Cost of sales – food and beverages	3,151	829	5,255	4,484
General and administrative expense	8,028	6,368	16,012	16,186
Depreciation and amortization	5,784	6,682	12,029	13,476
Pre-opening costs	789	270	1,345	822
(Gain) Loss on lease terms/impairment	(561)	(3,125)	2,648	(2,333)
Total operating costs	72,826	44,248	141,793	120,226
Operating income (loss)	1,053	(12,148)	(6,822)	(26,991)
Other income (expenses)				
Interest and investment income	159	135	312	265
Interest expense, net	(2,713)	(2,591)	(5,339)	(5,336)
Other income (loss)	(18)	(24,422)	(79)	(24,055)
Total other income (expenses)	(2,572)	(26,878)	(5,106)	(29,126)
Loss before income tax	(1,519)	(39,026)	(11,928)	(56,117)
Income tax expense	450	500	945	771
Net loss	(1,969)	(39,526)	(12,873)	(56,888)
Preferred dividends	(1,395)	(1,395)	(2,790)	(2,790)
Loss Applicable to Common Stockholders	(\$3,364)	(\$40,921)	(\$15,663)	(\$59,678)
Weighted Average per Share	(\$0.04)	(\$0.61)	(\$0.18)	(\$0.89)

Consolidated Balance Sheets

(condensed and unaudited)

CONSOLIDATED BALANCE SHEETS

(dollars in thousands, except share data)

	(unaudited) June 30, 2021	December 31, 2020
Assets		
Current Assets:		
Cash and cash equivalents	\$81,428	\$47,786
Restricted cash	2,990	2,252
Accounts receivable, net	4,577	4,446
Real estate securities, available-for-sale	3,341	3,223
Other current assets	22,879	14,410
Total Current Assets	115,215	72,117
Restricted cash, noncurrent	1,027	795
Property and equipment, net of acc. depreciation	171,126	169,425
Operating lease right-of-use assets	187,870	192,828
Intangibles, net of accumulated amortization	14,181	15,124
Other assets	6,420	6,765
Total Assets	\$495,839	\$457,054
Liabilities		
Current Liabilities:		
Obligations under finance leases	\$5,794	\$6,470
Membership deposit liabilities	14,748	14,692
Accounts payable and accrued expenses	32,752	29,596
Deferred revenue	16,529	23,010
Other current liabilities	24,775	28,217
Total Current Liabilities	94,598	101,985
Credit facilities & obligations under finance leases - noncurrent	10,402	12,751
Operating lease liabilities - noncurrent	172,372	167,837
Junior subordinated notes payable	51,179	51,182
Membership deposit liabilities, noncurrent	103,859	99,862
Deferred revenue, noncurrent	10,224	9,953
Other liabilities	3,695	3,447
Total Liabilities	446,329	447,017
Stockholders' Equity		
Preferred Stock	61,583	61,583
Common Equity	(12,073)	(51,546)
Total Stockholders' Equity	49,510	10,037
Total Liabilities & Stockholders' Equity	\$495,839	\$457,054

Adjusted EBITDA and Venue EBITDA Non-GAAP Reconciliations

Non-GAAP Financial Measure

Adjusted EBITDA is not a measurement of financial performance under generally accepted accounting principles in the United States ("GAAP") and should not be considered in isolation or as an alternative to GAAP financial measures. We believe this non-GAAP financial measure, as we have defined it, provides a supplemental measure of financial performance of our current operations at our entertainment and traditional golf venues. This measure excludes items that we believe are unrelated to the day-to-day performance of our current golf entertainment or traditional golf venues, including one-time pre-opening costs associated with new venue openings, corporate severance payments, (gain) loss on lease terminations and impairment, stock-based compensation, depreciation and amortization and other income (which does not include revenue from golf entertainment or traditional golf venues). This non-GAAP financial measure is presented so that investors have the same type of financial data that management uses in evaluating the financial performance of the Company.

The principal limitation of this non-GAAP measure is that it excludes significant expenses and income that are required by GAAP to be recorded in our financial statements. A reconciliation is provided for the non-GAAP financial measure to our GAAP net income/(loss). Investors are encouraged to review the related GAAP financial measures and the reconciliation of the non-GAAP financial measure to our GAAP net income/(loss), and not to rely on any single financial measure to evaluate our business.

Adjusted EBITDA. We define Adjusted EBITDA as GAAP net income (loss), adjusted for income tax expenses, other income (loss), interest expenses, interest and investment income, depreciation and amortization, gain (loss) on lease terminations, impairment and other losses, pre-opening costs and certain other non-recurring items (including corporate severance payments, transactional G&A and stock-based compensation).

Adjusted EBITDA and Venue EBITDA Non-GAAP Reconciliations

(dollars in thousands)

	Net Income (Loss)	Adjustments to Operating Income			Operating Income (Loss)	Adjustments to Adjusted EBITDA				Adjusted EBITDA	Add Back	Venue EBITDA
		Income Tax Expense	Other (Income) Loss, net	Net Interest Expense		Deprec. & Amort.	(Gain) Loss on Lease Terminations & Impairment	Pre-opening Costs	Other Items ⁽¹⁾		Core SG&A ⁽²⁾	
Q2 2021												
Total Company	(\$1,969)	\$450	\$18	\$2,554	\$1,053	\$5,784	(\$561)	\$789	\$654	\$7,719	\$7,376	\$15,095
Drive Shack	(\$1,669)	\$0	-	\$77	(\$1,592)	\$2,952	\$0	\$788	\$184	\$2,332	\$2,267	\$4,599
AGC	3,188	0	62	2,333	5,583	2,782	(561)	0	32	7,836	2,662	10,498
Corporate	(3,488)	450	(44)	144	(2,938)	50	0	1	438	(2,449)	2,446	(3)
Q2 2020												
Total Company	(\$39,526)	\$500	\$24,422	\$2,456	(\$12,149)	\$6,682	(\$3,125)	\$270	\$1,272	(\$7,050)	\$5,096	(\$1,953)
Drive Shack	(\$6,697)	\$0	-	\$102	(\$6,596)	\$3,001	\$0	\$270	\$946	(\$2,379)	\$1,245	(\$1,133)
AGC	(5,707)	0	119	2,062	(3,526)	3,608	(3,125)	0	41	(3,002)	2,181	(821)
Corporate	(27,122)	500	24,302	292	(2,028)	73	0	0	285	(1,670)	1,671	1
Q2 2021 (YTD)												
Total Company	(\$12,873)	\$945	\$79	\$5,027	(\$6,822)	\$12,029	\$2,648	\$1,345	\$1,250	\$10,450	\$14,761	\$25,211
Drive Shack	(\$5,666)	\$0	-	\$159	(\$5,507)	\$5,904	\$22	\$1,344	\$525	\$2,288	\$4,316	\$6,603
AGC	3,364	0	176	4,556	8,096	6,003	(561)	0	43	13,581	5,029	18,611
Corporate	(10,571)	945	(97)	312	(9,411)	122	3,187	1	682	(5,418)	5,417	(2)
Q2 2020 (YTD)												
Total Company	(\$56,888)	\$771	\$24,055	\$5,071	(\$26,991)	\$13,476	(\$2,333)	\$822	\$3,280	(\$11,747)	\$12,907	\$1,160
Drive Shack	(\$13,241)	\$0	-	\$206	(\$13,035)	\$6,021	\$0	\$822	\$1,164	(\$5,028)	\$4,231	(\$798)
AGC	(12,808)	0	165	4,185	(8,457)	7,311	(2,333)	0	408	(3,070)	5,029	1,958
Corporate	(30,839)	771	23,889	680	(5,499)	144	0	0	1,708	(3,647)	3,648	1

(1) For the three months ended June 30, 2021 and 2020, other items include (i) corporate severance of \$0 and \$0, respectively; (ii) transactional G&A of \$176 and \$836, respectively; and (iii) stock-based compensation of \$478 and \$436, respectively. For the six months ended June 30, 2021 and 2020, other items include (i) corporate severance of \$130 and \$693, respectively; (ii) transactional G&A of \$372 and \$2,014, respectively; and (iii) stock-based compensation of \$748 and \$572, respectively.

(2) Core SG&A represents Total G&A less transactional G&A, employee stock-based compensation, and severance

Non-GAAP Reconciliation to Venue EBITDA from Operating Income for Entertainment Golf

Non-GAAP Reconciliation to Venue EBITDA from Operating Income for Entertainment Golf ("EG")

(dollars in thousands)

	Qtr2-21	Qtr1-21	Qtr4-20	Qtr3-20	Qtr2-20	Qtr1-20	Qtr4-19
Non-GAAP Reconciliation to Venue EBITDA for EG							
Operating Income (Loss) for EG	(\$1,592)	(\$3,915)	(\$2,182)	(\$4,886)	(\$6,595)	(\$6,440)	(\$16,264)
Depreciation and amortization for EG	\$2,952	\$2,952	\$2,948	\$2,991	\$3,001	\$3,020	\$2,816
(Gain) Loss on lease termination & impairment for EG	-	22	(1,977)	16	-	-	8,927
Pre-opening costs for EG	788	556	280	227	270	552	1,811
Total general & administration expenses for EG	2,451	2,390	2,615	2,745	2,191	3,203	4,128
Venue EBITDA for Entertainment Golf	\$4,599	\$2,004	\$1,685	\$1,094	(\$1,133)	\$335	\$1,418