



DRIVE SHACK

Investor Presentation

Fourth Quarter & Full Year 2016

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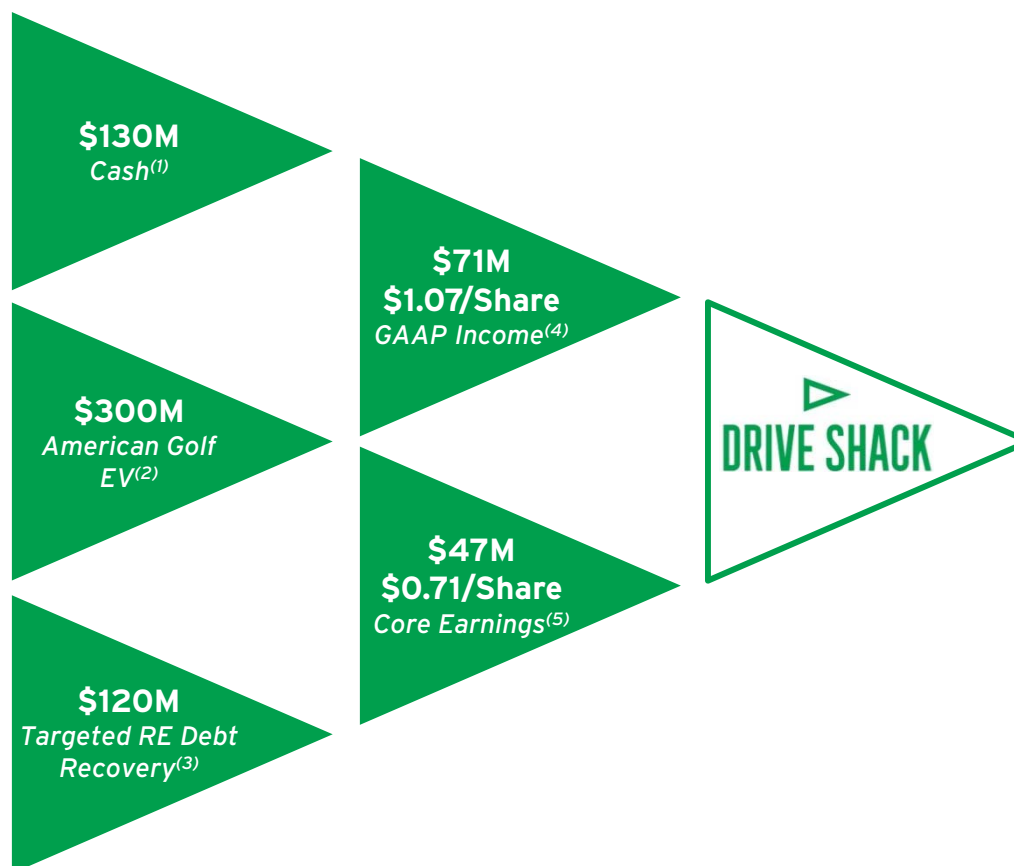
FORWARD-LOOKING STATEMENTS. Certain items in this Presentation may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including, but not limited to, statements regarding Drive Shack Inc.’s (NYSE: DS; “DS Inc.” or the “Company” and “we,” “us” and “our,” as applicable) targeted recovery including real estate debt investments, estimated American Golf enterprise value, continuing to monetize our legacy debt portfolio, ability to and timing for recovery of remaining \$120 million of debt, potential returns on our investments, ability to outperform initial monetization expectations for our debt business, reinvention of the golf business and our targeted investment returns for the golf business, 2017 Target Adjusted EBITDA (“2017E Adjusted EBITDA”) for the golf business, ability to drive growth in our golf business, targeted yields and returns, continued ability to drive growth of existing properties and selectively pursue acquisitions of the Golf business, ability to leverage (i) relationship with American Golf, (ii) the Company’s strong real estate and entertainment expertise and (iii) the Company’s manager’s global relationships to build internationally, and ability to execute Drive Shack business plan, including (i) the number of Drive Shack sites that we may be able to develop, (ii) timing for opening sites, (iii) current management renderings and expectations for such sites, and (iv) ability of Drive Shack to serve as a growth engine for Drive Shack Inc. These statements are based on management’s current expectations and beliefs and are subject to a number of risks, trends and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements, many of which are beyond our control. Neither Drive Shack Inc. or FIG LLC, an affiliate of Fortress Investment Group (“Fortress”) that is Drive Shack Inc.’s manager, can give any assurance that expectations will be attained. Factors that could cause actual results to differ materially from expectations include, but are not limited to, the risk that we do not deploy investable cash as quickly as we anticipate or our acquisitions are not as successful as anticipated, competition, an unfavorable supply-demand imbalance, or reputational harm, and the other risks detailed in Drive Shack Inc.’s periodic reports filed with the Securities and Exchange Commission (“SEC”). In addition, new risks and uncertainties emerge from time to time, and it is not possible to predict or assess the impact of every factor that may cause its actual results to differ from those contained in any forward-looking statements. Accordingly, you should not place undue reliance on any forward-looking statements contained in this Presentation. Forward-looking statements speak only as of the date of this Presentation. 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.

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Drive Shack Inc. - Business Overview

Drive Shack Inc. is a leading owner and operator of golf-related leisure and entertainment businesses



1) \$130mm of cash is \$140mm of cash less \$10mm of dividends payable as of December 31, 2016, which were paid on January 31, 2017.

2) \$300mm of estimated enterprise value is calculated based on 2016 Adjusted ("Adj.") EBITDA of \$33mm at a 9x multiple, excluding other assets, \$102mm of long-term financing and other liabilities. Adj. EBITDA multiple of 9x is based on the median EBITDA multiple of our leisure trading comparables, including ClubCorp, Vail Resorts Inc., Intrawest Resorts and Peak Resorts, Inc. 2016 Adj. EBITDA is a non-GAAP measure. See reconciliation to the most comparable GAAP measure at the end of this Presentation. See "Disclaimers" at the beginning of this Presentation for more information on forward-looking statements.

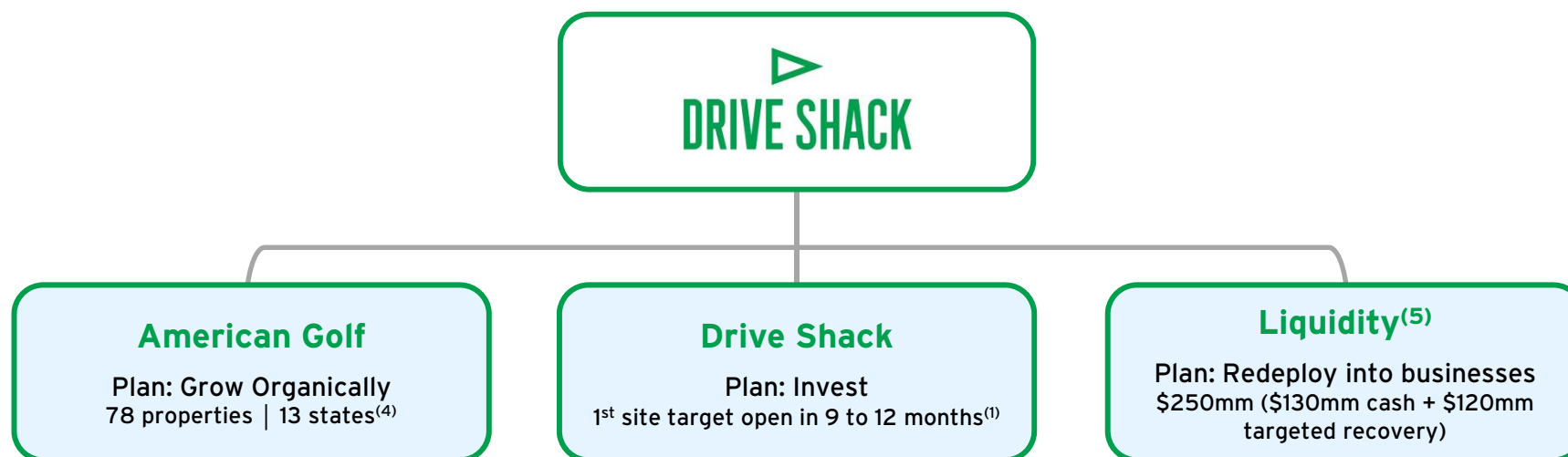
3) Targeted RE debt recovery is management's current targeted real estate debt recovery, and is based on management's current assessment of market conditions, credit quality of relevant borrowers and any losses or gains on the underlying collateral. The timing and amounts of such recovery are outside of our control. As a result, actual recovery may vary materially from targeted recovery. See "Disclaimers" at the beginning of this Presentation for more information on forward-looking statements.

4) GAAP Income for Full Year 2016 includes: (i) \$26.5 million of depreciation and amortization, (ii) \$4.5 million of amortization of favorable or unfavorable leasehold intangibles and (iii) \$5.8 million of accretion on the golf membership deposit liability.

5) Core Earnings is a non-GAAP measure. See reconciliation to the most comparable GAAP measure and endnotes at the end of this Presentation.

2016 Was A Transformative Year

- **Converted corporate structure from a commercial mortgage REIT to an leisure-focused C-Corp**
 - ✓ Name and ticker changed to Drive Shack Inc. and NYSE: DS, respectively
- **Largely completed debt monetization, \$139 million of recovery in 2016**
 - ✓ Recovered over \$700 million since 2013
 - ✓ Expect the majority of the remaining recovery of \$120 million during 2017^(1,2)
- **Go forward business will consist of two core businesses:**
 - ✓ American Golf - Achieved 2016 Adjusted EBITDA of \$33 million, +6% YoY⁽³⁾
 - ✓ Drive Shack - Announced development of site in Orlando, FL and have an active pipeline of +25 sites⁽¹⁾



1) See "Disclaimers" at the beginning of this Presentation for more information on forward-looking statements.

2) Recovery is based on management's current assessment of market conditions, credit quality of relevant borrowers, and any losses or gains on the underlying collateral. The timing and amounts of such recovery are outside of our control. As a result, actual recovery may vary materially from targeted recovery. See "Disclaimers" at the beginning of this Presentation for more information on forward-looking statements.

3) 2016 Adj. EBITDA is a non-GAAP measure. See reconciliation to the most comparable GAAP measure at the end of this presentation.

4) American Golf began 2016 with 86 properties, exited 8 leases and 1 management agreement and entered into 1 new management agreement during 2016.

5) \$130mm of cash is \$140mm of cash less \$10mm of dividends payable as of December 31, 2016, which was paid on January 31, 2017. Includes \$120mm of expected remaining recovery of our real estate debt portfolio.

One of the largest owners & operators of golf properties in the U.S.⁽²⁾



 <p>4.0mm Rounds/TTM⁽⁴⁾</p>	 <p>4.6K acres Owned Real Estate</p>
 <p>1.4K Holes of Golf</p>	 <p>75%+ Top 20 MSAs⁽⁵⁾</p>

 <p>37K The Players Club Total Members⁽⁶⁾</p>	 <p>14K Private Members⁽⁷⁾</p>
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7) Includes full golf members, limited golf members and other members (e.g., social members).

American Golf - Performing Well & Positioned for Growth in 2017⁽¹⁾

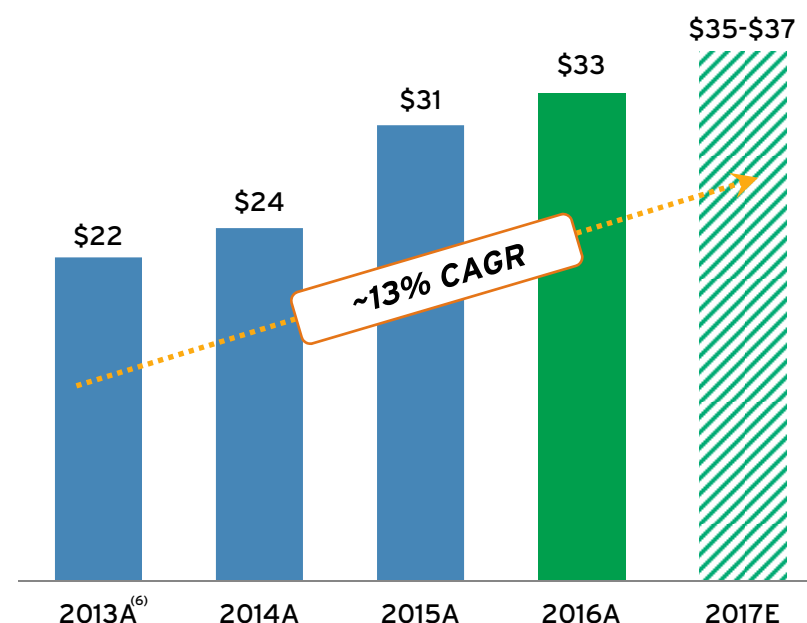
- FY 2016 same-store revenue of \$289 million is +3%, or +\$7 million, vs. FY 2015⁽²⁾
- FY 2016 Adj. EBITDA of \$33 million is +6%, or +\$2 million, vs. FY 2015⁽³⁾
- 2017E Adj. EBITDA of \$35 to \$37 million - at the midpoint, implies a 9% year-over-year increase⁽⁴⁾

2016 FY Same Store Results⁽²⁾

	FY 2016	FY 2015	vs. FY 2015 Δ	% Δ
Private Metrics (19 properties)				
Revenue (\$mm)	\$129	\$126	\$3	+3%
Full Golf Members	8,545	8,511	34	+0%
Full Golf Occupancy	82.0%	81.7%	33 bps	+0%
Avg. Dues/Avg. Full Golf Member	\$5,933	\$5,711	\$223	+4%
Public Metrics (48 properties)				
Revenue (\$mm)	\$160	\$156	\$4	+2%
Total Rounds	3.2M	3.1M	0.1M	+3%
Avg. Fees / Round ⁽⁵⁾	\$39.91	\$39.56	\$0.35	+1%
The Players Club Members	36K	19K	17K	+89%

Adjusted EBITDA Growth^(3,4)

(mm)



Note: Discrepancies may exist due to rounding.

1) See "Disclaimers" at the beginning of this Presentation for more information on forward-looking statements.

2) Same Store properties include properties that were owned or leased as of December 31, 2015 and December 31, 2016, and excludes the 10 managed properties.

3) Adjusted EBITDA is a non-GAAP measure. See reconciliation to the most comparable GAAP measure at the end of this Presentation.

4) There can be no assurance that we will achieve 2017E Adjusted EBITDA and actual results may differ materially. See "Disclaimers" at the beginning of this Presentation for more information on forward-looking statements.

5) Avg. Fees / Round is calculated by dividing the sum of greens fees, cart fees, range revenue, merchandise and a portion of food & beverage revenue by the total number of public golf rounds.

6) DS acquired AGC in December 2013. FY 2013 reflects unaudited predecessor financial information prior to the acquisition and may not be comparable to FY 2014 financial information.

Continued Growth Drives Value Creation

- Assuming 2017E Adj. EBITDA, the team will have grown Adj. EBITDA +60% since acquisition^(1,2)
 - As a result, enterprise value has the potential to rise by +\$100 million
- To date, DS invested \$121 million with an implied equity value of ~\$222 million
 - Implying a ~1.8x investment multiple

Pre-Acquisition | FY 2013

Adj. EBITDA: \$22mm⁽³⁾
Enterprise Value: ~\$220mm⁽⁴⁾



Estimate | FY 2017

Adj. EBITDA: \$35-37mm^(1,2)
Enterprise Value: ~\$324mm⁽⁵⁾



- There can be no assurance that we will achieve 2017E Adjusted EBITDA and actual results may differ materially. See "Disclaimers" at the beginning of this Presentation for more information on forward-looking statements.
- Adj. EBITDA growth is based on \$36mm, the midpoint of 2017E Adj. EBITDA range. Adj. EBITDA is a non-GAAP measure. See reconciliation to the most comparable GAAP measure at the end of this Presentation.
- DS acquired the Golf Business in December 2013. FY 2013 reflects unaudited predecessor financial information prior to the acquisition and may not be comparable to YE 2014 financial information.
- \$220mm of estimated enterprise value is calculated based on 2013 Adj. EBITDA of \$22mm at 10x multiple at the time, excluding other assets or liabilities. Adj. EBITDA multiple of 10x was based on the EBITDA multiple of ClubCorp (NYSE: MYCC) at the time.
- \$324mm of estimated enterprise value is calculated based on \$36mm, the midpoint of 2017E Adj. EBITDA range at 9x multiple, excluding other assets or liabilities. Adj. EBITDA multiple of 9x is based on the average EBITDA multiples of our leisure trading comparables, including ClubCorp, Vail Resorts Inc., Intrawest Resorts and Peak Resorts, Inc.
- Invested equity of Drive Shack Mezzanine Debt of \$29mm represents the fair value at time of acquisition in Dec 2013.
- Total invested equity includes: (1) \$29mm (representing the fair value at time of acquisition in Dec 2013) of a \$50mm Mezzanine loan made through the CDOs in Nov 2006; (2) \$54mm of 1st mortgage & AGC equity acquired in Dec 2013; and (3) \$71mm invested in the August 2015 debt buyback; less (4) \$33mm of proceeds received from the long-term financing.

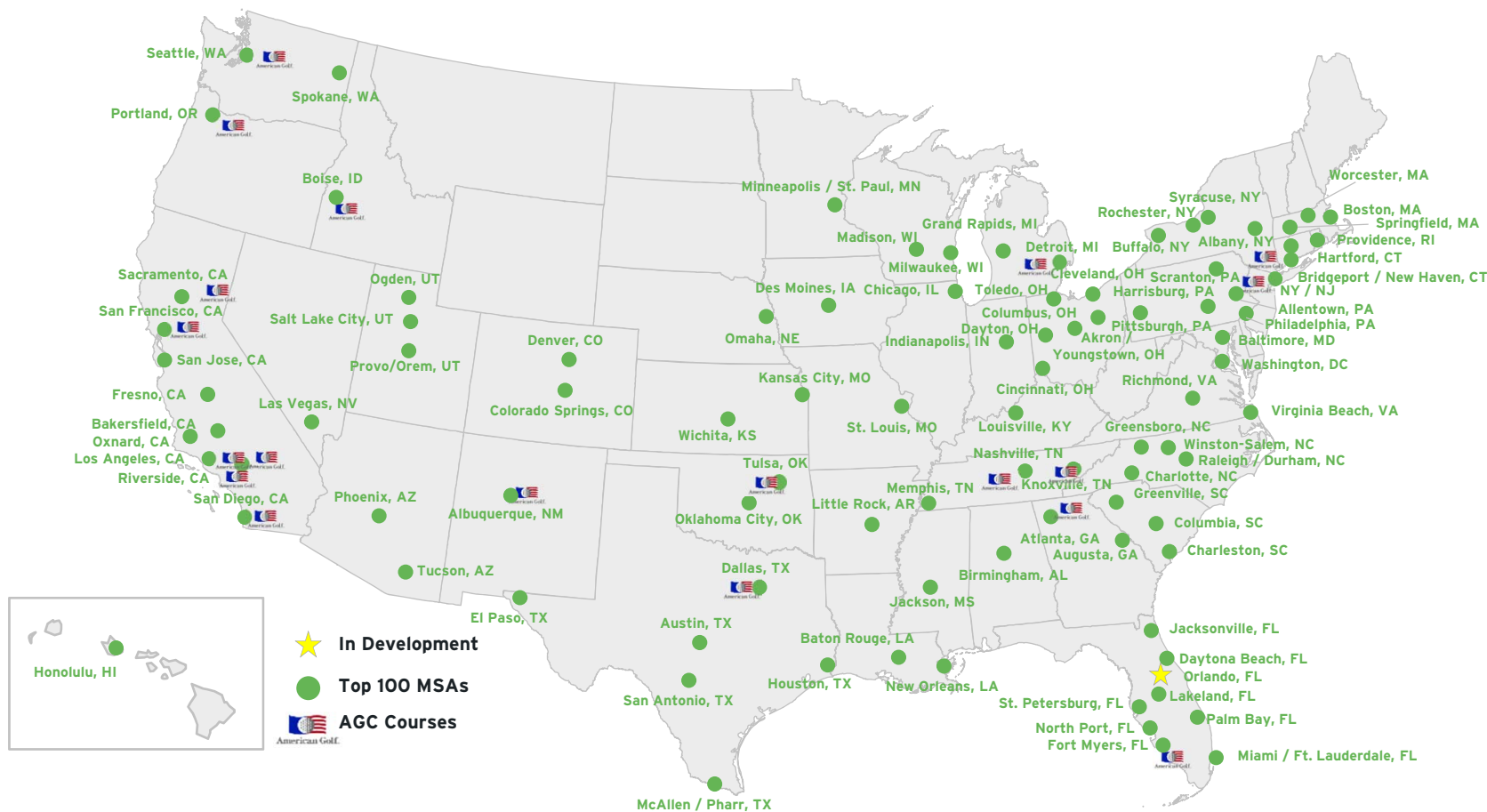
Drive Shack - Growth Driver Of Our Business⁽¹⁾

- **Creating year-round entertainment venues that combine golf, competition, dining and fun⁽¹⁾**
 - 3-story indoor/outdoor driving ranges with +85 suites
 - Multi-player range suites offer competitive games that both non-golfers and golfers can enjoy
 - Venues will include full-service restaurant, bar and event space
- **Working to develop first site in Orlando, FL - aim to open in 9 to 12 months⁽¹⁾**
 - Actively working through a pipeline of +25 potential sites



Drive Shack Market - U.S. & Global Opportunity⁽¹⁾

- ~15K golf courses in the U.S. with an average of ~150 acres⁽²⁾ - *Leveraging relationship with American Golf*
- Top 100 MSAs - *Leveraging Drive Shack's strong real estate and entertainment expertise*
- \$70B AUM with 15 offices worldwide⁽³⁾ - *Leveraging manager's global relationships to build internationally*



1) See “Disclaimers” at the beginning of this Presentation for more information on forward-looking statements.

2) National Golf Foundation.

3) As of September 30, 2016; Drive Shack Inc. is managed by an affiliate of Fortress Investment Group LLC, a global investment management firm.

Financial Results - FY and 4Q 2016⁽¹⁾

- GAAP Income of \$71 million, or \$1.07/share vs. \$0.24/share in FY 2015
- Core Earnings of \$47 million, or \$0.71/share vs. \$0.57/share in FY 2015
 - \$10 million of accretion income related to the \$110 million partial pay down of the Intrawest-related loan
 - \$4 million improvement primarily driven by improved golf business performance and refinancing
 - \$3 million improvement primarily from savings on corporate G&A and junior subordinated debt expense
 - Partially offset by lower interest income in the debt business from the sale and pay down of assets during 2015

Financial Results

	FY16		FY15		4Q16	
	(\$mm)	(basic share)	(\$mm)	(basic share)	(\$mm)	(basic share)
GAAP Income	\$71	\$1.07	\$16	\$0.24	(\$21)	(\$0.32)
Core Earnings	\$47	\$0.71	\$38	\$0.57	\$7	\$0.10
AFFO	\$108	\$1.62	\$56	\$0.84	(\$11)	(\$0.17)
Common Dividend	\$32	\$0.48	\$32	\$0.48	\$8	\$0.12



Note: Per share represents per weighted average basic share unless otherwise noted. All per share amounts are represented on a weighted average basis.
 1) Core Earnings and Adjusted Funds from Operations ("AFFO") are non-GAAP measures. See reconciliation to the most comparable GAAP measure at the end of this Presentation. See Endnotes regarding GAAP Income, Core Earnings and AFFO.

So Where Does That Leave Us?

Traditional Golf + Entertainment Golf = Unique Growth Opportunity⁽¹⁾

- **Debt business targeted to be largely monetized in 2017⁽¹⁾**
 - ~\$120 million of targeted remaining recovery
- **Expect stable, modest growth at American Golf⁽¹⁾**
 - Earnings expected to support the business while Drive Shack development is underway
- **Drive Shack venues being developed - offer significant opportunity for upside⁽¹⁾**
 - Company is well funded with \$130 million of cash on the balance sheet⁽²⁾

Liquidity

- ✓ **Continue monetizing**
 - ~\$120mm of remaining recovery
- ✓ **Redeploy cash**
 - ~\$130mm of cash⁽²⁾

American Golf

- ✓ **Grow organically**
 - 78 properties across 13 states⁽³⁾
 - 2017E Adj. EBITDA: \$35-\$37mm⁽⁴⁾
 - Illustrative Valuation: 8-10x EBITDA⁽⁵⁾

Drive Shack

- ✓ **Invest**
 - First site target open: YE 2017
 - Est. site build: \$15-\$25mm
 - Est. site EBITDA: \$3-\$6mm
 - Illustrative Valuation: 15x EBITDA⁽⁶⁾

1) See "Disclaimers" at the beginning of this Presentation for more information on forward-looking statements.

2) \$130mm of cash is \$140mm of cash less \$10mm of dividends payable as of December 31, 2016, which was paid on January 31, 2017.

3) Total number of properties reflects the total number of public and private properties that are owned, leased or managed by American Golf as of December 31, 2016.

4) There can be no assurance that we will achieve 2017E Adjusted EBITDA and actual results may differ materially. See "Disclaimers" at the beginning of this Presentation for more information on forward-looking statements.

5) Adjusted EBITDA multiple of 8-10x is based on the EBITDA multiples of our leisure trading comparables, including ClubCorp, Vail Resorts Inc., Intrawest Resorts and Peak Resorts, Inc. There can be no assurances that we will achieve such illustrative valuation, and actual valuation may differ materially.

6) Based on equity research and management estimates of entertainment peers. There can be no assurances that we will achieve such illustrative valuation, and actual valuation may differ materially.

Appendix

1. *Financial Statements*
2. *GAAP Reconciliations*
3. *End Notes*

Condensed Consolidated Balance Sheet

(\$ in 000s)

Assets	As of 12/31/2016	As of 12/31/2015
<i>Real Estate Related Securities & Loans</i>	\$684,866	\$314,195
<i>Subprime mortgage loans subject to call option</i>	-	380,806
<i>Inv in RE, net of accumulated depreciation</i>	217,611	227,907
<i>Intangibles, net of accumulated amortization</i>	65,112	74,472
<i>Other Investments</i>	19,256	20,595
<i>Unrestricted Cash</i>	140,140	45,651
<i>Restricted Cash</i>	6,404	4,469
<i>Trade Receivables & Other Assets</i>	38,569	399,887
Total Assets	\$1,171,958	\$1,467,982
Liabilities		
<i>CDO bonds payable</i>	-	\$92,933
<i>Other bonds and notes payable</i>	-	16,162
<i>Repurchase Agreements</i>	600,964	418,458
<i>Credit Facilities & obligations under capital leases, Golf</i>	115,284	11,258
<i>Financing of subprime mortgage loans subject to call option</i>	-	380,806
<i>Junior Subordinated Notes</i>	51,217	51,225
<i>Trade Payables, accounts payable, accrued expenses & other liabilities</i>	186,426	287,018
Total Liabilities	\$953,891	\$1,257,860
Stockholders' Equity		
<i>Preferred Stock</i>	\$61,583	\$61,583
<i>Common Equity</i>	156,484	148,796
<i>Non-Controlling Interests</i>	-	(257)
Total Stockholders' Equity	\$218,067	\$210,122
Total Liabilities & Stockholders' Equity	\$1,171,958	\$1,467,982

Consolidated Income Statement

(\$ in 000s)

Income Statement	FY 2016	FY 2015
Revenues:		
Golf course operations	\$226,255	\$224,419
Sales of food and beverages	72,625	71,437
Total revenues	\$298,880	\$295,856
Operating costs:		
Operating expenses	254,353	254,553
Cost of goods sold - food and beverages	21,593	22,549
General and administrative expense	13,842	12,037
Management fee to affiliate	10,704	10,692
Depreciation and amortization	26,496	28,634
Impairment	10,381	11,896
Realized/unrealized (gain) loss on investments	685	(22,264)
Total operating costs	338,054	318,097
Operating income (loss)	\$(39,174)	\$(22,241)
Other income (expenses):		
Interest and investment income	91,291	95,891
Interest expense	(52,868)	(62,129)
Gain (loss) on extinguishment of debt	(780)	15,306
Gain on deconsolidation	82,130	-
Other income (loss), net	(3,074)	(5,574)
Income from continuing operations before income tax	\$77,525	\$21,253
Income tax expense	189	345
Income (loss) from discontinued operations, net of tax	-	646
Net Income	\$77,336	\$21,554
Preferred dividends	(5,580)	(5,580)
Net (income) loss attributable to non-controlling interest	(257)	293
Income Applicable to Common Stockholders ("GAAP Income")	\$71,499	\$16,267
Per WA Basic Share	\$1.07	\$0.24

GAAP Reconciliation - Core Earnings⁽¹⁾

- Management uses core earnings, which is a non-GAAP measure, as one measure of operating performance. Core earnings is income available for common stockholders excluding impairment, other income, net of related provision for income taxes, impairment (reversal), other income loss and other adjustments from discontinued operations, and depreciation and amortization charges including the accretion of membership deposit liability and the amortization of favorable or unfavorable leasehold intangibles, acquisition and spin-off related expenses and restructuring expenses.

(\$ in 000s, except per share)	FY 2016	FY 2015	4Q 2016
Reconciliation of Core Earnings			
Income (loss) applicable to common stockholders	\$71,499	\$16,267	(\$21,099)
Add (Deduct):			
Impairment	10,381	11,896	6,817
Realized/unrealized (gain) loss on investments	685	(22,264)	3,821
Other (income) loss ⁽²⁾	(76,760)	(8,274)	5,579
Impairment (reversal), other (income) loss, and other adj. from discontinued operations ⁽³⁾	-	(307)	-
Depreciation and amortization ⁽⁴⁾	36,749	39,416	9,796
Acquisition, restructuring and spin-off related expenses ⁽⁵⁾	4,762	1,391	1,932
Core Earnings	\$47,316	\$38,125	\$6,846
Per WA Basic Share	\$0.71	\$0.57	\$0.10
Per WA Diluted Share	\$0.69	\$0.56	\$0.10

GAAP Reconciliation - Core Earnings (Continued)⁽¹⁾

1) Please refer to Core Earnings notes at the end of this Presentation.

2) Other Income Reconciliations:

(\$ in 000s, except per share)	FY 2016	FY 2015	4Q 2016
Total other income (loss)	\$116,699	\$43,494	(\$1,451)
Add (Deduct):			
Equity in earnings from equity method investees ⁽⁶⁾	(1,516)	(1,311)	(386)
Interest and investment income	(91,291)	(95,891)	(17,521)
Interest expense	52,868	62,129	13,779
Provision for income tax relating to gain on extinguishment of debt	-	(147)	-
Other income (loss)	\$76,760	\$8,274	(\$5,579)

3) In FY 2015, includes gain on settlement of assets of \$0.3mm and depreciation and amortization of less than \$0.1mm.

4) Depreciation and amortization charges for FY 2016 includes \$26.5mm of depreciation and amortization, \$4.5mm of amortization of favorable or unfavorable leasehold intangibles, and \$5.8mm of accretion on the golf membership deposit liability. Depreciation and amortization charges for FY 2015 includes \$28.6mm of depreciation and amortization, \$4.9mm of amortization of favorable or unfavorable leasehold intangibles, and \$5.8mm of accretion on the golf membership deposit liability. Depreciation and amortization charges for 4Q 2016 includes \$7.2mm of depreciation and amortization, \$1.1mm of amortization of favorable or unfavorable leasehold intangibles, and \$1.5mm of accretion on the golf membership deposit liability.

5) Includes severance expenses for FY 2016, FY 2015, and 4Q 2016 of \$0.4mm, \$0.3mm, and \$0.0mm, respectively, which are recorded as operating expenses.

6) Equity in earnings from equity method investees excludes impairment of \$2.9mm, \$7.5mm and \$2.9mm for FY 2016, FY 2015 and 4Q 2016, respectively.

GAAP Reconciliation - Adjusted Funds from Operations⁽¹⁾

- The Company defines AFFO as net income (loss) applicable to common stockholders plus depreciation and amortization, including accretion of membership deposit liabilities and amortization of favorable and unfavorable leasehold intangibles. The Company believes AFFO provides useful information to investors regarding the performance of the Company, because it provides a measure of operating performance without regard to depreciation and amortization, which reduce the value of real estate assets over time even though actual real estate values may fluctuate with market conditions, accretion of membership deposit liabilities and amortization of favorable and unfavorable leasehold intangibles. We believe AFFO is useful because it facilitates the evaluation of the performance on our portfolio of assets between periods on a consistent basis. AFFO does not represent cash generated from operating activities in accordance with GAAP and therefore should not be considered an alternative to net income (loss) as an indicator of Drive Shack Inc.'s operating performance or as an alternative to cash flow as a measure of Drive Shack Inc.'s liquidity, and it is not necessarily indicative of cash available to fund cash needs. Drive Shack Inc.'s calculation of AFFO may be different from the calculation used by other companies and, therefore, comparability may be limited. The Company's definition of AFFO differs from the definition of FFO established by the National Association of Real Estate Investment Trusts ("NAREIT"), which defines FFO as net income (or loss) (computed in accordance with GAAP) excluding losses or gains from sales of depreciable property, impairment of depreciable real estate, real estate-related depreciation and amortization and the portion of such items related to unconsolidated affiliates.

(\$ in 000s, except per share)	FY 2016	FY 2015	4Q 2016
Reconciliation of Adjusted Funds from Operations			
Income (loss) applicable to common stockholders	\$71,499	\$16,267	(\$21,099)
Depreciation and amortization ⁽²⁾	36,749	39,416	9,796
AFFO	\$108,248	\$55,683	(\$11,303)
Per WA Basic Share	\$1.62	\$0.84	(\$0.17)
Per WA Diluted Share	\$1.57	\$0.81	(\$0.17)

1) Please refer to AFFO notes at the end of this Presentation.

2) Depreciation and amortization charges for FY 2016 includes \$26.5mm of depreciation and amortization, \$4.5mm of amortization of favorable or unfavorable leasehold intangibles and \$5.8mm of accretion on the golf membership deposit liability. Depreciation and amortization charges for FY 2015 includes \$28.6mm of depreciation and amortization, \$4.9mm of amortization of favorable or unfavorable leasehold intangibles and \$5.8mm of accretion on the golf membership deposit liability. Depreciation and amortization charges for 4Q 2016 includes \$7.2mm of depreciation and amortization, \$1.1mm of amortization of favorable or unfavorable leasehold intangibles and \$1.5mm of accretion on the golf membership deposit liability.

GAAP Reconciliation - Adjusted EBITDA⁽¹⁾

(\$ in 000s)	Year ended December 2016	Year ended December 2015	Target Range Year ended December 2017 ⁽²⁾	
Net (Loss) Applicable to Common Stockholders for Traditional Golf	(\$29,742)	(\$14,510)	(\$17,600)	(\$16,100)
Add:				
Interest Expense, net	12,336	13,363	15,500	15,500
Income Tax Expense	188	345	-	-
Depreciation and Amortization	26,496	28,682	25,000	25,000
Amortization of favorable/unfavorable leasehold intangibles	4,451	4,942	4,500	4,500
EBITDA	\$13,729	\$32,822	\$27,400	\$28,900
Other Loss (Income)	9,097	(13,180)	-	-
Other Tax Expense in Lieu of Income Taxes	136	196	-	-
Change in deferred revenue related to initiation fee deposits	2,321	2,629	2,000	2,500
Rental Expense for Cart and Equipment under Operating Leases	3,776	4,551	3,100	3,100
Adjusted EBITDA from terminated non-core courses	170	(22)	-	-
Acquisition, Transaction, and Restructuring Costs	2,002	1,548	-	-
DS Inc. Corporate G&A	1,619	2,315	2,500	2,500
ADJUSTED EBITDA	\$32,850	\$30,859	\$35,000	\$37,000



1) Please refer to the Adjusted EBITDA notes in the back of this Presentation.

2) See "Disclaimers" at the beginning of this Presentation for more information on forward-looking statements.

GAAP Reconciliation - Income (Loss)

<i>(\$ in 000s)</i>	Year ended December 2016	Year ended December 2015	Quarter ended December 2016
<i>Income (loss) applicable to common stockholders for Traditional Golf</i>	(\$29,742)	(\$14,510)	(\$14,870)
<i>Income (loss) applicable to common stockholders for Entertainment Golf</i>	(1,568)	-	(654)
<i>Income (loss) applicable to common stockholders Debt Investments</i>	129,209	57,400	752
<i>Income (loss) applicable to common stockholders for Corporate</i>	(26,400)	(27,269)	(6,327)
<i>Discontinued operations</i>	-	646	-
<i>Income (Loss) applicable to common stockholders</i>	\$71,499	\$16,267	(\$21,099)

Endnote on Reconciliation of Non-GAAP Measures

Core Earnings

- The following primary variables impact our operating performance: (i) the current yield earned on our investments that are not included in non-recourse financing structures (i.e., unlevered investments, including investments in equity method investees and investments subject to recourse debt), (ii) the net yield we earn from our non-recourse financing structures, (iii) the interest expense and dividends incurred under our recourse debt and preferred stock, (iv) the net operating income on our real estate and golf investments, (v) our operating expenses and (vi) our realized and unrealized gains or losses, net of related provision for income taxes, including any impairment, on our investments, derivatives and debt obligations. Core earnings is a non-GAAP measure of our operating performance excluding the sixth variable listed above. Core earnings also excludes depreciation and amortization charges, including the accretion of membership deposit liabilities and the impact of the application of acquisition accounting, acquisition, restructuring and spin-off related expenses. Core earnings is used by management to evaluate our performance without taking into account gains and losses, net of related provision for income taxes, which, although they represent a part of our recurring operations, are subject to significant variability and are only a potential indicator of future performance. These adjustments to our income applicable to common stockholders are not indicative of the performance of the assets that form the core of our activity.
- Management utilizes core earnings as a measure in its decision-making process relating to the underlying fundamental operations of our investments, as well as the allocation of resources between those investments, and management also relies on core earnings as an indicator of the results of such decisions. As such, core earnings is not intended to reflect all of our activity and should be considered as only one of the factors in assessing our performance, along with GAAP net income which is inclusive of all of our activities. Management also believes that the exclusion from core earnings of the items specified above allows investors and analysts to readily identify and track the operating performance of the assets that form the core of our activity, assists in comparing the core operating results between periods, and enables investors to evaluate our current core performance using the same measure that management uses to operate the business.
- Core earnings does not represent an alternative to net income as an indicator of our operating performance or as an alternative to cash flows from operating activities as a measure of our liquidity, and is not indicative of cash available to fund cash needs. Our calculation of core earnings may be different from the calculation used by other companies and, therefore, comparability may be limited.

AFFO

- We define AFFO as net income applicable to common stockholders plus depreciation and amortization, including accretion of membership deposit liabilities and amortization of favorable and unfavorable leasehold intangibles. We believe AFFO provides useful information to investors regarding our performance, because it provides a measure of operating performance without regard to depreciation and amortization, which reduce the value of real estate assets over time even though actual real estate values may fluctuate with market conditions, accretion of membership deposit liabilities and amortization of favorable and unfavorable leasehold intangibles. We believe AFFO is useful because it facilitates the evaluation of the performance on our portfolio of assets between periods on a consistent basis.
- AFFO does not represent cash generated from operating activities in accordance with GAAP and therefore should not be considered an alternative to net income (loss) as an indicator of our operating performance or as an alternative to cash flow as a measure of our liquidity, and it is not necessarily indicative of cash available to fund cash needs. Our calculation of AFFO may be different from the calculation used by other companies and, therefore, comparability may be limited. Our definition of AFFO differs from the definition of FFO established by the National Association of Real Estate Investment Trusts ("NAREIT"), which defines FFO as net income (or loss) (computed in accordance with GAAP) excluding losses or gains from sales of depreciable property, impairment of depreciable real estate, real estate-related depreciation and amortization and the portion of such items related to unconsolidated affiliates.

Endnote on GAAP Reconciliation of Adj. EBITDA

- EBITDA is a non-GAAP measure defined by the Company as net income (loss) applicable to common stockholders before net interest expense including the elimination of interest related to an inter-segment loan, income taxes, and depreciation and amortization including the amortization of favorable or unfavorable leasehold intangibles, which represents amortization of the fair market value of assumed leases at acquisition and is recorded within operating expenses.
- Adj. EBITDA is not a measure of financial performance under GAAP and should not be considered in isolation or as an alternative to income from operations, net income (loss) or any other measure of performance determined in accordance with GAAP. We believe that Adj. EBITDA will be helpful in identifying trends in the performance of our Golf business, because the excluded items have little or no significance on management decision-making in the course of our day-to-day operations. Adj. EBITDA measures our operating performance of revenue generating assets between periods on a consistent basis, and helps identify operational factors that Golf management can impact in the short-term, namely cost structure and expenses. Adj. EBITDA takes into account expenses over which Golf management has control in the short-term, and supports decision making that is targeted to facilitate current financial and operational goals. In addition, Golf management expects to use this metric, amongst others, in the determination of annual incentive compensation of certain members of the Golf team. Adj. EBITDA is a non-GAAP measure that the Company defines as EBITDA plus or minus the following items, as such items are incidental to, but not reflective of the day-to-day operating performance of the business that Golf management can impact in the short-term:
 - i. Other loss primarily related to non-cash losses from terminated course leases or PP&E write-offs at lease termination.
 - ii. Other tax expense related to taxes levied in lieu of income taxes, including franchise taxes, if applicable.
 - iii. Changes in deferred revenue related to initiation fee deposits, which reflect the portion of deposits collected and not recognized as revenue, net of associated costs, including commissions deferred over the same period as deferred initiation fee deposits (i.e., 7-year average life of active memberships). This item measures Golf management's performance in driving new membership growth.
 - iv. Rental expense relating to carts and equipment under operating leases, which are targeted to be restructured as obligations under capital leases. The impact of the lease structure of cart and equipment leases is not indicative of Golf management's day-to-day operating performance. Such lease restructurings, however, are not guaranteed and are used for management's measure of Adj. EBITDA only.
 - v. Adjusted EBITDA related to courses for which leases were terminated and are no longer core courses within our on-going Golf business.
 - vi. Acquisition, transaction and restructuring costs as such items are unrelated to the day-to-day operating performance of the business that Golf management can impact in the short term.
 - vii. DS Inc. corporate general and administrative expenses which represents allocated corporate level professional fees incurred by DS Inc. in its parent company function, and considered to be outside the control of Golf's management. Corporate level general and administrative costs have little to no significance on the day-to-day operations of the Golf business and are excluded from the measurement of Golf management's operating performance.