



DRIVE SHACK

Investor Presentation

Fourth Quarter & Full Year 2017

Disclaimers

IN GENERAL. 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.”

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) (a) intention to continue to liquidate our legacy debt portfolio, including without limitation statements relating to the timing and amount of our targeted recovery of the remaining outstanding debt thereunder, (b) statements relating to returns on our investments, (c) anticipated future sales of selected owned golf courses, including without limitation statements relating to the timing and amount of anticipated proceeds, (d) our plans to optimize the operation of, and grow, our existing leased and managed golf courses, (f) redeployment of cash from our generated liquidity, (g) targeted multiples, yields and returns, (h) our ability to terminate or restructure leases, and (i) the Company’s current business plan relating to our golf entertainment venues, including (i) the number of venues that we may be able to develop, (ii) timing for opening venues, (iii) current management expectations for such venues and (iv) growth of the golf and entertainment business. 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. We cannot give any assurances that management’s current 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 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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NON-GAAP FINANCIAL INFORMATION. This Presentation includes information based on financial measures that are not recognized under generally accepted accounting principles (“GAAP”). You should use non-GAAP information in addition to, and not as an alternative to, financial information prepared in accordance with GAAP, which is included in Drive Shack Inc.’s filings with the SEC. See definitions, purpose and reconciliations to the most comparable GAAP measures at the end of this Presentation. These measures may not be identical or comparable to measures referred to by the same name presented by other companies.

Drive Shack Goals⁽¹⁾

- Drive Shack (NYSE:DS) is an internally managed leisure and entertainment company
- Improve and grow golf course business, and use liquidity to build entertainment golf venues
- Aim to further simplify company and generate liquidity for growth

1 Liquidate Legacy Investments

- Remaining recovery of ~\$75M⁽²⁾
- Continue to liquidate portion of legacy debt in 2018

2 Optimize & Grow Leased/Managed Courses

- Restructure or terminate certain leases
- Add new management agreements and organically grow remaining portfolio

3 Sell Select Owned Courses

- 26 courses across 8 states with estimated gross value of \$200M to \$325M⁽³⁾
- Opportunity to generate \$100M to \$225M total estimated value, net of debt⁽⁴⁾

Redeploy ~\$300M of liquidity (including \$140M cash on hand) into Drive Shack^(5,6)

4 Develop Drive Shack Sites

- Expect to open Orlando in 1Q 2018, in development on 5+ sites
- Robust pipeline of active sites, aim to add 5 to 10 sites/year in U.S. and globally

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

2) Consists of targeted recovery of ~\$75 million from our remaining legacy investments. Targeted 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.

3) Estimated gross value on the 18 west coast properties are based on broker opinion valuation provided by a national real estate brokerage company and 8 east coast properties are based on appraised value as of June 2016 or as of the most recently available date.

4) Excludes selling expenses and other potential fees.

5) ~\$300 million of liquidity represents 1) the midpoint of \$100 million to \$225 million total estimated value, net of debt paydown, equaling ~\$160 million and 2) \$170 million of total cash less \$30 million of working capital and restricted cash at American Golf, equaling \$140M as of December 31, 2017.

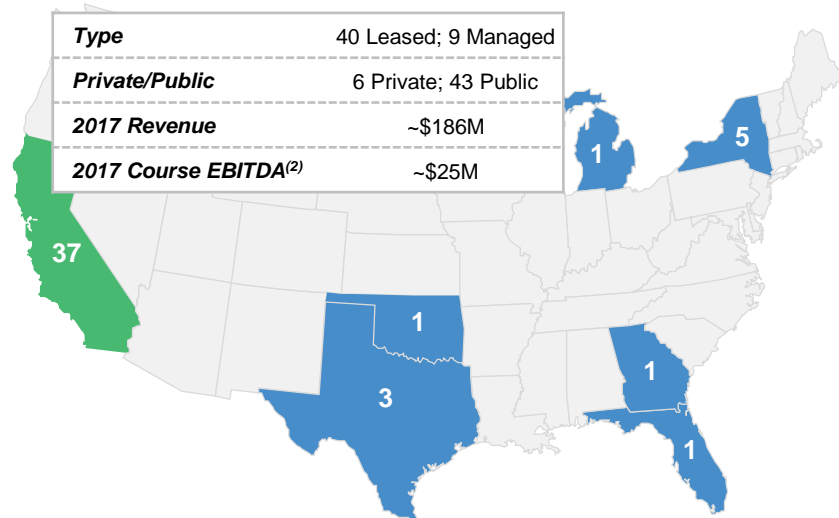
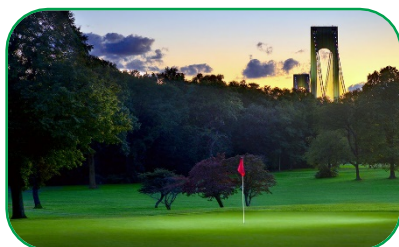
6) ~\$300 million is expected to be primarily used to fund Entertainment Golf and corporate costs as the Entertainment Golf business ramps up.



2 American Golf – Optimize & Grow Leased / Managed Portfolio

- Currently operate 49 leased and managed properties across the country
- Aim to continue to optimize this business by restructuring or terminating ~15 leases⁽¹⁾
- Opportunity to:
 - ✓ Organically grow the remaining leased and managed portfolio
 - ✓ Grow this business through the addition of new agreements (e.g. partner with Drive Shack)⁽¹⁾
 - ✓ Add Drive Shack technology to existing American Golf courses

49 Leased & Managed Courses



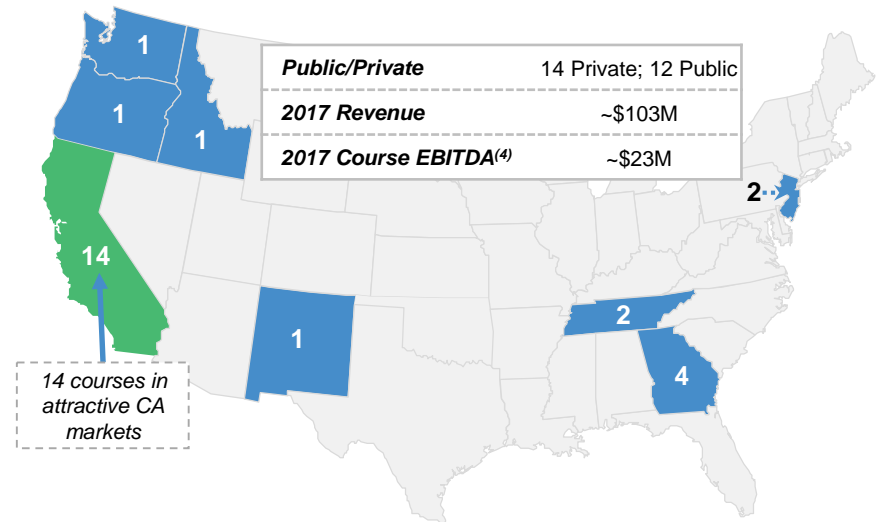
1) See "Disclaimers" at the beginning of this Presentation for more information on forward-looking statements.

2) Course EBITDA excludes cart and equipment lease costs and corporate expenses at American Golf and is a non-GAAP measure. See Endnote Regarding EBITDA and Adj. EBITDA.

American Golf – Owned Portfolio Sales⁽¹⁾

- We have 26 owned properties spanning 8 states, with 14 properties in key CA markets
- Predominantly high-performing public and private properties; +1 million rounds played in 2017
- Potential to generate ~\$200M to \$325M total estimated gross proceeds⁽²⁾
 - \$100M to \$225M of net proceeds, including debt paydown⁽³⁾
 - 8 to 10x EBITDA plus added real estate premium in western markets, like California

26 Owned Courses



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

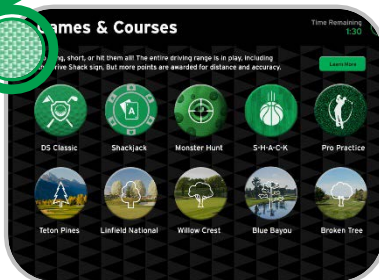
2) Estimated gross value on the 18 west coast properties are based on broker opinion valuation provided by a national real estate brokerage company and 8 east coast properties are based on appraised value as of June 2016 or as of the most recently available date.

3) Excludes selling expenses and other potential fees.

4) Course EBITDA excludes cart and equipment lease costs and corporate expenses at American Golf and is a non-GAAP measure. See Endnote Regarding EBITDA and Adj. EBITDA.

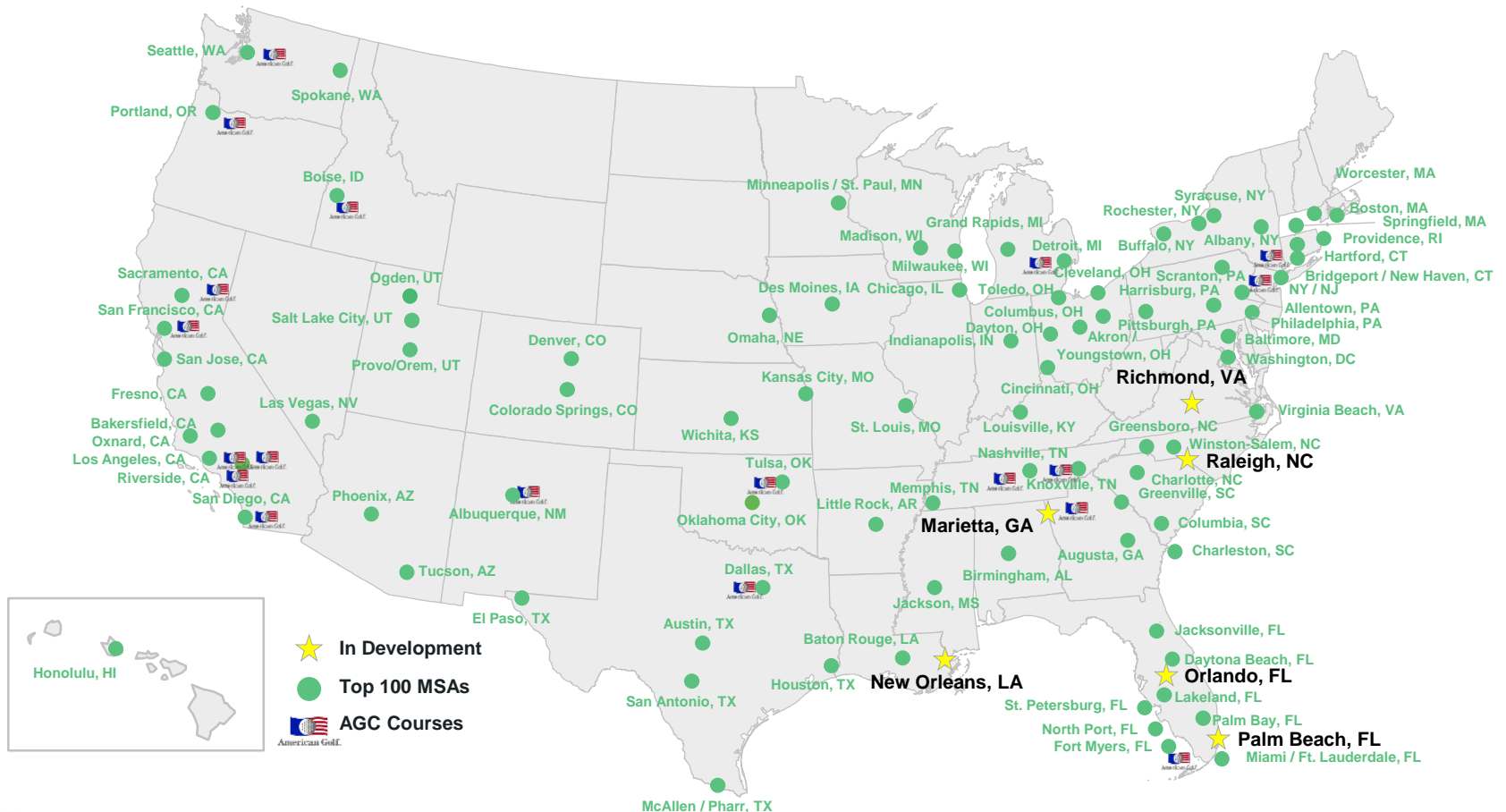
4 Drive Shack – Overview⁽¹⁾

- **Market for both golf and entertainment has evolved dramatically – Drive Shack addresses changes**
 - Golf – course closures and decrease in participation caused by heavy time and cost commitment
 - Entertainment – consumers demand more variety, enhanced activities and food-plus choices
- **Drive Shack’s all-season gaming and entertainment centers cater to any age, skill level or occasion**
 - Versatile food and beverage offerings
 - Innovative gaming geared towards guests of all ages and skill levels
 - Outfield with targets and signage



4 Drive Shack – Develop New Sites⁽¹⁾

- Orlando to open in 1Q 2018, 5 additional sites in development and pursuing +25 target markets
 - Targeting traditional real estate, golf courses and municipal land
- Aim to open 5 to 10 sites per year on average as we ramp up



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

Summary⁽¹⁾

1

Monetize Legacy Investments

- ✓ Remaining recovery of ~\$75M⁽²⁾
- ✓ Continue to liquidate portion of legacy debt in 2018

2

Optimize & Grow Leased/Managed Courses

- ✓ Restructure or terminate certain leases
- ✓ Add new management agreements
- ✓ Continue to organically grow the remaining portfolio

3

Sell Select Owned Courses

- ✓ 26 owned courses spanning 8 states
- ✓ Opportunity to generate \$100M to \$225M of net proceeds⁽³⁾

4

Open Drive Shack Orlando & Build Out Drive Shack Venues

- ✓ Open Drive Shack Orlando in 2018 and optimize operations
- ✓ Continue to develop Drive Shack sites – aim to open 5 to 10 per year
- ✓ Target growth markets in the U.S. and internationally

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

2) Remaining targeted 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.

3) Net of debt paydown; excludes expenses and other potential fees.

Appendix

Full Year & Fourth Quarter 2017 Financial Results⁽¹⁾

- GAAP Loss of \$48 million, or \$0.71/share vs. GAAP Income of \$1.07/share in FY 2016
- Core Earnings of \$14 million, or \$0.21/share vs. \$0.71/share in FY 2016
 - Decrease primarily from lower net interest income due to the repayment of resort-related loan & sale of agency securities

Financial Results

	FY 2017		FY 2016	
	(\$ in millions)	(basic share)	(\$ in millions)	(basic share)
GAAP (Loss) Income	(\$48)	(\$0.71)	\$71	\$1.07
Core Earnings	\$14	\$0.21	\$47	\$0.71
	4Q 2017		4Q 2016	
	(\$ in millions)	(basic share)	(\$ in millions)	(basic share)
GAAP (Loss) Income	(\$25)	(\$0.38)	(\$21)	(\$0.32)
Core Earnings	(\$1)	(\$0.02)	\$7	\$0.10

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 is a non-GAAP measure. See reconciliation to the most comparable GAAP measure at the end of this Presentation. See Endnotes regarding GAAP Income and Core Earnings.



Consolidated Balance Sheet

(\$ in thousands)

Assets	As of 12/31/2017	As of 12/31/2016
Current Assets:		
Cash and cash equivalents	\$167,692	\$140,140
Restricted cash	5,178	4,992
Accounts receivable, net	8,780	8,047
Real estate securities, available-for-sale	2,294	629,254
Other current assets	23,568	78,687
Total Current Assets	\$207,512	\$861,120
Restricted cash, noncurrent	818	1,412
Property and equipment, net of accumulated depreciation	241,258	217,611
Intangibles, net of accumulated amortization	57,276	65,112
Other investments	21,135	19,256
Other assets	8,649	7,447
Total Assets	\$536,648	\$1,171,958
Liabilities		
Current Liabilities:		
Obligations under capital leases	\$4,652	\$3,699
Membership deposit liabilities	8,733	8,491
Repurchase agreements	--	600,964
Accounts payable and accrued expenses	36,797	26,249
Deferred revenue	31,207	29,851
Other current liabilities	22,596	28,968
Total Current Liabilities	\$103,985	\$698,222
Credit facilities and obligations under capital leases	112,105	111,585
Junior subordinated notes payable	51,208	51,217
Membership deposit liabilities, noncurrent	86,523	80,549
Deferred revenue, noncurrent	6,930	6,256
Other liabilities	4,846	6,062
Total Liabilities	\$365,597	\$953,891
Stockholders' Equity		
Preferred Stock	\$61,583	\$61,583
Common Equity	109,468	156,484
Total Stockholders' Equity	\$171,051	\$218,067
Total Liabilities & Stockholders' Equity	\$536,648	\$1,171,958



Consolidated Statement of Operations

(\$ in thousands, except per share data)

Income Statement	2017	2016
Revenues:		
Golf course operations	\$221,737	\$226,255
Sales of food and beverages	70,857	72,625
Total revenues	\$292,594	\$298,880
Operating costs:		
Operating expenses	247,905	254,353
Cost of sales – food and beverages	20,959	21,593
General and administrative expense	16,624	13,842
Management fee and termination payment to affiliate	21,410	10,704
Depreciation and amortization	24,304	26,496
Impairment	60	10,381
Realized and unrealized loss on investments	6,243	685
Total operating costs	\$337,505	\$338,054
Operating (loss)	(\$44,911)	(\$39,174)
Other income (expenses):		
Interest and investment income	23,162	91,291
Interest expense, net	(19,581)	(52,868)
Loss on extinguishment of debt	(294)	(780)
Gain on deconsolidation	-	82,130
Other income (loss), net	388	(3,074)
Total other income	\$3,675	\$116,699
Income tax expense	965	189
(Loss) Income from continuing operations	(\$42,201)	\$77,336
Net (Loss) Income	(\$42,201)	\$77,336
Preferred dividends	(5,580)	(5,580)
Net (income) attributable to non-controlling interests	-	(257)
(Loss) Income Applicable to Common Shareholders	(\$47,781)	\$71,499
Per WA Basic Share	(\$0.71)	\$1.07



Consolidated Statement of Operations (Continued)

(\$ in thousands, except per share data)

Income Statement	4Q 2017	4Q 2016
Revenues:		
Golf course operations	\$52,768	\$51,537
Sales of food and beverages	17,634	17,539
Total revenues	\$70,402	\$69,076
Operating costs:		
Operating expenses	60,175	58,683
Cost of sales – food and beverages	5,197	4,454
General and administrative expense	5,509	3,494
Management fee and termination payment to affiliate	13,378	2,677
Depreciation and amortization	6,352	7,246
Impairment	-	6,817
Realized and unrealized (gain) loss on investments	(118)	3,821
Total operating costs	\$90,493	\$87,192
Operating (loss)	(\$20,091)	(\$18,116)
Other income (expenses):		
Interest and investment income	461	17,521
Interest expense, net	(4,246)	(13,779)
Gain (Loss) on extinguishment of debt	33	(173)
Other (loss), net	(311)	(5,020)
Total other (loss)	\$(4,063)	\$(1,451)
Income tax (benefit) expense	(82)	45
(Loss) from continuing operations	(\$24,072)	\$(19,612)
Net (Loss)	(\$24,072)	\$(19,612)
Preferred dividends	(1,395)	(1,395)
Net (income) attributable to non-controlling interests	-	(92)
(Loss) Applicable to Common Shareholders	(\$25,467)	\$(21,099)
Per WA Basic Share	(\$0.38)	\$(0.32)

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 (loss) available for common stockholders excluding impairment, other income (loss), net of related provision for income taxes, realized and unrealized loss on investments, 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 thousands, except per share data)	2017	2016
Reconciliation of Core Earnings		
(Loss) income applicable to common stockholders	(\$47,781)	\$71,499
Add (Deduct):		
Impairment	60	10,381
Realized and unrealized loss on investments	6,243	685
Other loss (income) ^(A)	1,442	(76,760)
Depreciation and amortization ^(B)	34,868	36,749
Acquisition, transaction, restructuring and spin-off related expenses ^(C)	19,498	4,762
Core Earnings	\$14,330	\$47,316
Per WA Basic Share	\$0.21	\$0.71
Per WA Diluted Share	\$0.21	\$0.69

*See footnotes on next page.

GAAP Reconciliation – Core Earnings (Continued)⁽¹⁾

(1) Please refer to Endnote on Reconciliation of Non-GAAP Measures at the end of this Presentation.

(A) Other (Loss) Income Reconciliations:

(\$ in thousands)	2017	2016
Total other income	\$3,675	\$116,699
Add (Deduct):		
Equity in earnings from equity method investments ^(D)	(1,536)	(1,516)
Interest and investment income	(23,162)	(91,291)
Interest expense, net	19,581	52,868
Other (loss) income	(\$1,442)	\$76,760

(B) Including accretion of membership deposit liabilities of \$6.5 million and \$5.8 million, and amortization of favorable and unfavorable leasehold intangibles of \$4.1 million and \$4.5 million, during the years ended December 31, 2017 and 2016 respectively. The accretion of membership deposit liabilities was recorded to interest expense, net and the amortization of favorable and unfavorable leasehold intangibles was recorded to operating expenses.

(C) Including acquisition and transaction expenses of \$8.7 million and \$4.4 million and restructuring expenses of \$0.1 million and \$0.4 million during the years ended December 31, 2017 and 2016, respectively. Also includes a \$10.7 million payment related to the termination of the Management Agreement during the year ended December 31, 2017. The acquisition and transaction expenses were recorded to general and administrative expense, restructuring expenses were recorded to operating expenses and the termination payment was recorded to management fee and termination payment to affiliate.

(D) Equity in earnings from equity method investments excludes impairment of \$2.9 million during the year ended December 31, 2016. There was no impairment reported during the year ended December 31, 2017.

GAAP Reconciliation – Core Earnings (Continued)⁽¹⁾

- Management uses core earnings, which is a non-GAAP measure, as one measure of operating performance. Core earnings is income (loss) available for common stockholders excluding impairment, other income (loss), net of related provision for income taxes, realized and unrealized loss on investments, 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 thousands, except per share data)	4Q 2017	4Q 2016
Reconciliation of Core Earnings		
(Loss) applicable to common stockholders	(\$25,467)	\$(21,099)
Add (Deduct):		
Impairment	-	6,817
Realized and unrealized (gain) loss on investments	(118)	3,821
Other loss ^(A)	665	5,579
Depreciation and amortization ^(B)	9,028	9,796
Acquisition, transaction, restructuring and spin-off related expenses ^(C)	14,608	1,932
Core Earnings	\$(1,284)	\$6,846
Per WA Basic Share	\$(0.02)	\$0.10
Per WA Diluted Share	\$(0.02)	\$0.10

*See footnotes on next page.

GAAP Reconciliation – Core Earnings (Continued)⁽¹⁾

(1) Please refer to Endnote on Reconciliation of Non-GAAP Measures at the end of this Presentation.

(A) Other (Loss) Income Reconciliations:

(\$ in thousands)	4Q 2017	4Q 2016
Total other (loss)	(\$4,063)	(\$1,451)
Add (Deduct):		
Equity in earnings from equity method investments ^(D)	(387)	(386)
Interest and investment income	(461)	(17,521)
Interest expense, net	4,246	13,779
Other (loss) income	(\$665)	(\$5,579)

(B) Including accretion of membership deposit liabilities of \$1.7 million and \$1.5 million, and amortization of favorable and unfavorable leasehold intangibles of \$1.0 million and \$1.1 million, during the three months ended December 31, 2017 and 2016 respectively. The accretion of membership deposit liabilities was recorded to interest expense, net and the amortization of favorable and unfavorable leasehold intangibles was recorded to operating expenses.

(C) Including acquisition and transaction expenses of \$3.9 million and \$1.9 million and restructuring expenses of less than \$0.1 million and \$0.1 million during the three months ended December 31, 2017 and 2016, respectively. Also includes a \$10.7 million payment related to the termination of the Management Agreement during the three months ended December 31, 2017. The acquisition and transaction expenses were recorded to general and administrative expense, restructuring expenses were recorded to operating expenses and the termination payment was recorded to management fee and termination payment to affiliate.

(D) Equity in earnings from equity method investments excludes impairment of \$2.9 million during the three months ended December 31, 2016. There was no impairment reported during the three months ended December 31, 2017.

GAAP Reconciliation – Adjusted EBITDA⁽¹⁾

(\$ in thousands)	Twelve-Months Ended	
	12/31/2017	12/31/2016
Net Loss Applicable to Common Stockholders for Traditional Golf	(21,052)	(29,742)
Add:		
Interest Expense, net	15,118	12,336
Income Tax Expense	-	188
Depreciation and Amortization	24,259	26,496
Amortization of favorable/unfavorable leasehold intangibles	4,111	4,451
EBITDA	\$22,436	\$13,729
Other Loss	1,962	9,097
Other Tax Expense in Lieu of Income Taxes	176	136
Change in deferred revenue related to initiation fee deposits	1,622	2,321
Rental Expense for Cart and Equipment under Operating Leases	2,982	3,776
Adjusted EBITDA from terminated non-core courses	738	170
Acquisition, Transaction, and Restructuring Costs ⁽²⁾	2,930	2,002
DS Inc. Corporate G&A	1,802	1,619
ADJUSTED EBITDA	\$34,648⁽³⁾	\$32,850

1) Please refer to Endnote on GAAP Reconciliation – EBITDA and Adj. EBITDA at the end of this Presentation.

2) Includes \$2.2 million in FY 2017 for costs associated with hurricane damage on one property in South Florida impacted by Hurricane Irma. Adj. EBITDA would have been \$32.4 million exclusive of the hurricane related change. We are seeking additional insurance remuneration and have included remuneration received to date in Acquisition, Transaction, and Restructuring Costs for Adj. EBITDA purposes.

3) 2017 Adjusted EBITDA consists of Leased & Managed Course EBITDA of \$25.3 million, Owned Course EBITDA of \$22.9 million and change in deferred revenue related to initiation fee deposits of \$1.6 million, offset by traditional golf corporate expenses of \$15.2 million.

GAAP Reconciliation – Income (Loss)

(\$ in thousands)	2017	2016
<i>Income (loss) applicable to common stockholders for Traditional Golf</i>	(\$21,052)	(\$29,742)
<i>Income (loss) applicable to common stockholders for Entertainment Golf</i>	(7,850)	(1,568)
<i>Income (loss) applicable to common stockholders for Debt Investments</i>	15,390	129,209
<i>Income (loss) applicable to common stockholders for Corporate</i>	(34,269)	(26,400)
Income (Loss) applicable to common stockholders	(\$47,781)	\$71,499

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, and spin-off and restructuring 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 (loss) 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 (loss) 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 (loss) 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.

Endnote on GAAP Reconciliation – EBITDA and Adj. EBITDA

EBITDA

- EBITDA is a non-GAAP measure defined by the Company as net (loss) income 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

- 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 (loss) income 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 Traditional 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 American Golf management can impact in the short-term, namely cost structure and expenses. Adj. EBITDA takes into account expenses over which American Golf management has control in the short-term, and supports decision making that is targeted to facilitate current financial and operational goals. In addition, American Golf management expects to use this metric, amongst others, in the determination of annual incentive compensation of certain members of the American 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 American Golf management can impact in the short term:
 - Other loss primarily related to non-cash losses from terminated course leases and sold property, or Property, Plant and Equipment (“PP&E”) write-offs at lease termination or sale closing.
 - Other tax expense related to taxes levied in lieu of income taxes, including franchise taxes, if applicable.
 - 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 American Golf management’s performance in driving new membership growth.
 - 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 American 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.
 - Adjusted EBITDA related to courses for which the lease was terminated or the property was sold and are no longer core courses within our on-going Traditional Golf business.
 - Acquisition, transaction and restructuring costs as such items are unrelated to the day-to-day operating performance of the business that American Golf management can impact in the short term.
 - 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 American Golf’s management. Corporate level general and administrative costs have little to no significance on the day-to-day operations of the Traditional Golf business and are excluded from the measurement of American Golf management’s operating performance.