



INVESTOR PRESENTATION

Fourth Quarter & FY 2018

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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) (a) statements relating to returns on our investments, (b) anticipated future sales of selected owned golf courses, including without limitation statements relating to the timing and amount of anticipated proceeds, (c) our plans and expectations to optimize the operation of, and grow, our existing leased and managed golf courses, (d) redeployment of cash from our generated liquidity, (e) targeted multiples, yields and returns, (f) our ability to terminate or restructure leases and (g) the Company’s current business plan and expectations relating to our Drive Shack sites, including (i) the number of venues that we may be able to develop, (ii) timing and frequency for opening venues, (iii) financial performance of these venues and capital expenditure costs, (iv) the growth of the golf, golf entertainment, and eatertainment industry and business, and (v) our ability to enhance technology. 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. 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 Securities and Exchange Commission (“SEC”), which are available on the Company’s website ([www.http://ir.driveshack.com](http://ir.driveshack.com)). 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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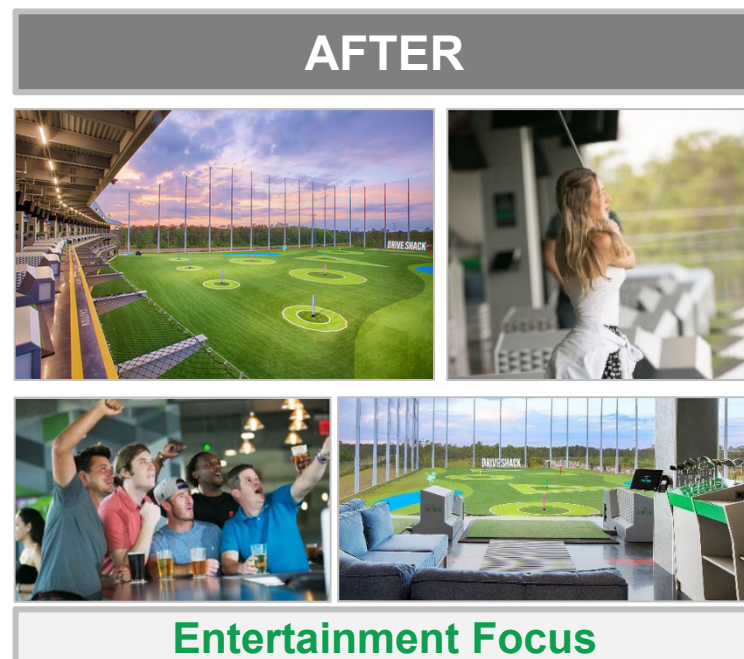
The Company has not reconciled its EBITDA expectations set forth in this presentation to net income (loss), as items that impact such measures are out of the Company’s control and/or cannot be reasonably predicted. Accordingly, a reconciliation is not available without unreasonable effort.

NON-GAAP FINANCIAL INFORMATION. This Presentation may include 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 the Company’s filings with the SEC.

CAUTIONARY NOTE REGARDING ESTIMATED / TARGETED RETURNS AND GROWTH. Targeted returns and growth represent management’s view and are estimated based on current and projected future operating performance of our location in Orlando and other targeted 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 SEC, which we encourage you to review. We undertake no obligation to update these estimates. See above for more information on forward-looking statements.

Drive Shack (NYSE: DS)

- Drive Shack is a leisure company evolving from a traditional golf to an entertainment business



- ✓ Higher growth trajectory
- ✓ Lower cyclicality
- ✓ Higher margins
- ✓ Higher capital efficiency
- ✓ Superior shareholder value creation

Why Invest in Drive Shack?

- 1 **Differentiated Concept in Growing Industry**
- 2 **Platform for Significant Growth**
- 3 **Optimized Golf Course Portfolio**
- 4 **High Quality Locations in Pipeline**
- 5 **Attractive Unit and Overall Economics**
- 6 **Experienced Management Capabilities**

① Differentiated Concept in Growing Industry – Drive Shack

- Consumer trends point towards a rapidly changing, experience-focused shift in spending
- Millennials, the largest portion of this buying segment, are the driving force⁽¹⁾
 - 78% of millennials would choose to spend money on an experience versus buying something⁽²⁾
- Result is the mashup of 3 industries: Food & Beverage + Entertainment + Sports = “Eatertainment”

U.S. “Eatertainment” Industry

\$1.6+ Trillion in Revenue⁽³⁾

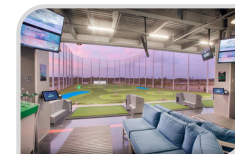


Drive Shack Entertainment

Golf meets games, entertainment, & dining



- ✓ Guests interact, play and socialize in a sophisticated, fun setting



- ✓ Anchored on driving range featuring robust gaming platform



- ✓ Elevated Food & Beverage with focus on “sharable” options

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

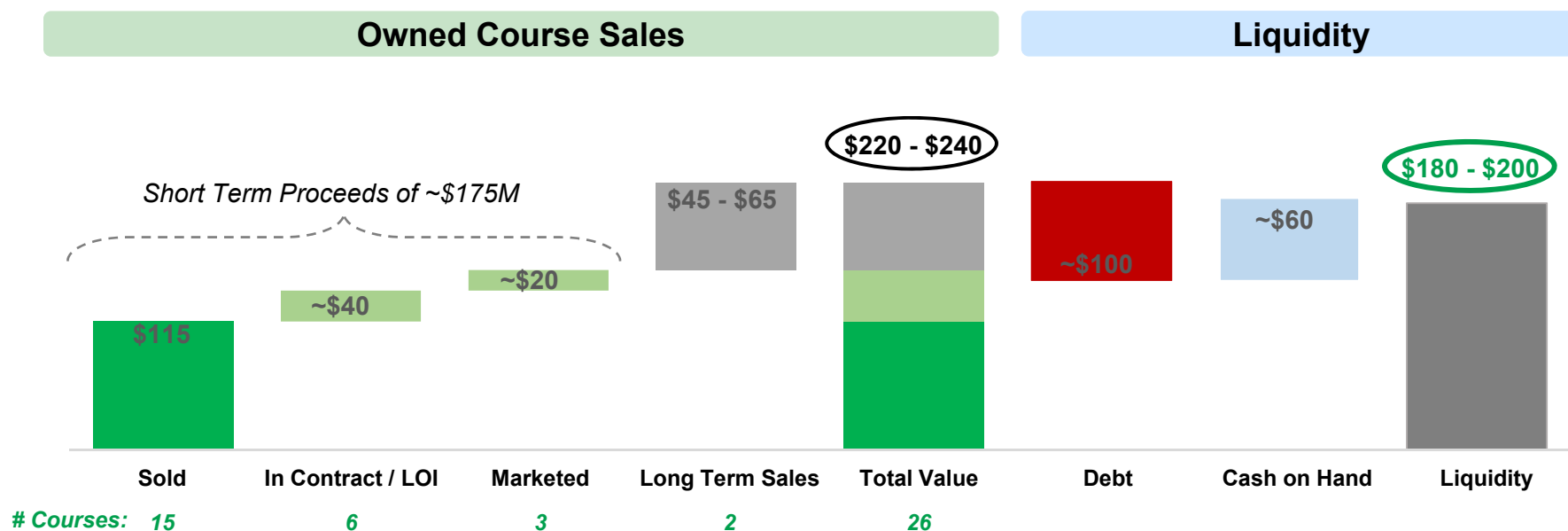
2) Source: USA Today (June 2017).

3) Sources: National Restaurant Association (2017), PwC (2017), Golf Digest (2018), Select USA (2017).

4) Sports revenue estimate includes media rights, gate revenues, sponsorship, merchandising, and golf facility revenue.

2 Platform for Significant Growth – American Golf Corporation (AGC)

- Grow Drive Shack with **\$180 to \$200M** of liquidity from net course sales proceeds + cash on hand
 - To date, 15 courses sold for gross proceeds of **~\$115M**; expect additional **~\$60M** from 9 courses by year end^(1,2)
 - Additional long term course sales with estimated value of **~\$45M to \$65M**⁽³⁾
 - Combine sales proceeds, net of **\$100M** course debt, with cash on hand of **\$60M** to fund Drive Shack's growth⁽⁴⁾



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

1) To date as of March 8, 2019.

2) Management estimates as informed by offers received by the Company and broker opinion valuations provided by a national real estate brokerage company.

3) Estimated proceeds of ~\$45M to \$65M represent (a) ~\$45M to \$50M of sale proceeds plus (b) additional potential redevelopment upside of up to ~\$15M; long term sales are those expected to close in 2H 2019 or later.

4) Cash on hand represents \$80 million of total cash less ~\$20 million of working capital at American Golf, equaling ~\$60 million as of December 31, 2018.

3 Optimized Golf Course Portfolio – American Golf Corporation

Once AGC portfolio is optimized, traditional golf business is expected to generate ~\$175M annual revenues & \$10M+ annual operating cash flow

- **Successfully added 8 new management contracts in 2018 for +\$1M of annual cash flow**
 - Expect to add 5+ new contracts in 2019
- **Opportunities to leverage capabilities across broader Drive Shack platform**
 - Grow AGC's leased & managed portfolio incorporating DS gaming platform
- **Only company to offer a truly integrated traditional and entertainment golf proposition**
 - Leverage AGC's operational & municipal experience to unlock DS sites, often requiring excellent course mgmt. skills

American Golf Portfolio Mix by 2019

	YE 2018		Expected by YE 2019
	# of Properties		# of Properties
Owned	13		2
Leased	36		37
Managed	17		22+
Total	66		61+

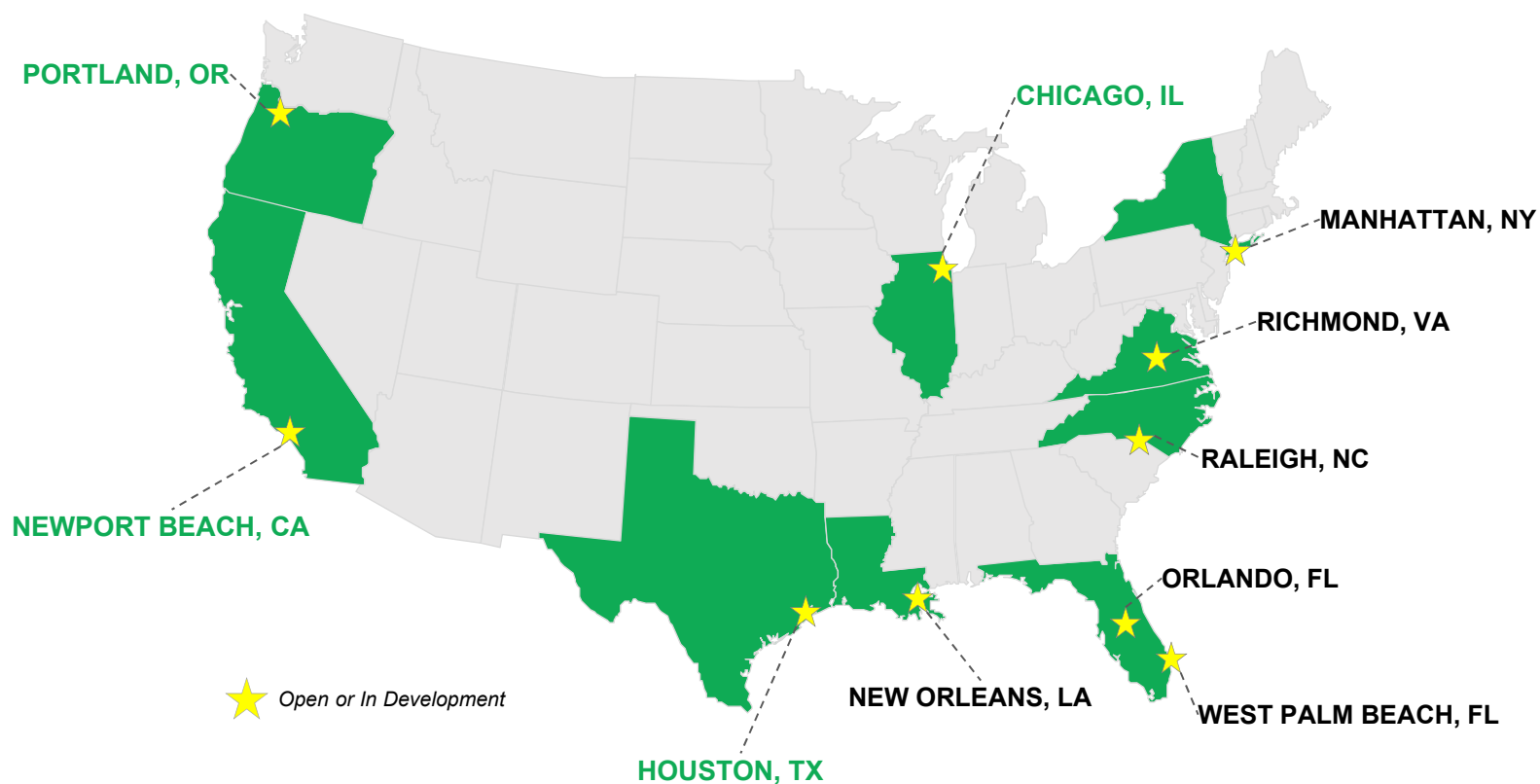


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④ High Quality Locations in Pipeline

New Site Announcements – Chicago, Houston, Newport Beach, Portland

- Currently in development – 3 sites planned for opening this year; 6 additional sites signed for future open
 - Active pipeline of 30+ potential sites identified, currently analyzing economics or negotiating initial terms



5 Attractive Unit and Overall Economics

Targeting EBITDA margins of ~25-30% with 20+ venues open by 2022

- Rollout of new 72-bay venue – targets untapped smaller markets, reduces average build cost & build time
 - Expands total addressable markets by 50+ markets
 - Retains key elements of 90-bay venue but with faster build time
- Average build cost for portfolio will be ~\$25M per site over time, as highest portion of sites will be the 72-bay format⁽¹⁾

Target Unit Economics		
\$ in millions	72 BAY	90+ BAY
Addressable US Markets	100+	50+
Avg. Cost to Build ⁽¹⁾	\$20 - \$25	\$30 - \$35
Total Revenue	\$15 - \$20	\$20 - \$25
EBITDA Margin ⁽²⁾	~25%	~30%

Plus additional revenue upside from international expansion, sponsorships & other product extensions

Target Site Additions				
	2019	2020	2021	2022
New Sites	3	3 – 5	5 – 10	5 – 10

**20+ sites
by 2022**



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

1) Targeted development cost per site includes construction costs, soft costs, start-up and expenses, if applicable.

2) There can be no assurance that we will achieve Target Site EBITDA margin and actual results may differ materially.

6 Experienced Management Capabilities

Operational Capabilities

- **Hired experienced leaders across almost every function:**
 - ✓ New Head of IT
 - ✓ New VP of Store Openings
 - ✓ New VP of Operations
 - ✓ New VP of Event Sales
 - ✓ New Corporate Chef
- **New processes for efficient & accurate execution**
 - ✓ Enhanced and upgraded food & beverage menu
 - ✓ Reengaged hourly associates, redesigned staff uniforms
 - ✓ Applying new training and hiring processes
- **New brand strategy emphasizing entertainment**
 - ✓ Shift focus from golf to entertainment; emphasis on being the top social entertainment experience
 - ✓ New strategies such as enhanced digital targeting and event-style programming put in place November

Orlando Update

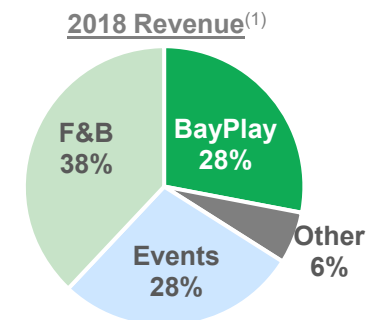
- **New senior leadership team & culture in place**

✓ ***Have applied platform-wide changes at the site-level in Orlando***

- ✓ New General Manager
- ✓ Tech. team on-site improving check-in/bay experiences, POS, and systems integration
- ✓ Implemented operational processes to fix food execution
- ✓ Implemented employee engagement surveys

- **Orlando 4Q Performance**

- ✓ Revenue: \$1.6M (+1% vs. \$1.5M in Q3)
- ✓ Spend per Visitor: \$41 (+8% vs. \$38 in Q3)



Drive Shack Investment Opportunity

1	Differentiated Concept in Growing Industry	<ul style="list-style-type: none">✓ 10%+ revenue growth across select “Eatertainment” industries over the past 5 years⁽¹⁾✓ Drive Shack combines golf/games, entertainment, and dining under 1 roof
2	Platform for Significant Growth	<ul style="list-style-type: none">✓ Use liquidity from monetizing 26 owned courses with est. value of ~\$220M+⁽²⁾
3	Optimized Golf Course Portfolio	<ul style="list-style-type: none">✓ Expect ~\$175M annual revenue from remaining American Golf portfolio by 2020
4	High Quality Locations in Pipeline	<ul style="list-style-type: none">✓ 1 site open, 3 opening this year, 6 in development; target 20+ sites by 2022
5	Attractive Unit and Overall Economics	<ul style="list-style-type: none">✓ Target averages of<ul style="list-style-type: none">▪ Revenue: ~\$20M, Build cost: \$25 to \$30M, EBITDA margin: ~25%⁽³⁾
6	Experienced Mgmt. Capabilities	<ul style="list-style-type: none">✓ Ken May, CEO, and David Hammarley, CFO began in November 2018✓ New hires across Operations, Opening, Technology, and Event Sales



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

1) Based on third party estimates (unweighted).

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3) There can be no assurance that we will achieve Target Site EBITDA margin and actual results may differ materially.

2019 Key Priorities

- 2019 is a key year in our evolution into an entertainment company as we execute our strategy to deliver sustainable, profitable growth over the long term

Monetize Owned Courses

- Close all short term courses for ~\$175M estimated gross proceeds⁽¹⁾
- Finalize strategy to monetize long term courses & grow remaining portfolio

Redeploy liquidity and cash on hand into **Drive Shack**

Build Out & Aggressively Expand

- Open 3 new venues with strong topline and bottom line performance
- Open 3-5 venues in 2020 and 5-10 in 2021 onwards for 20+ total venues by 2022

Strengthen Operational Capabilities

- Implement operational & strategic updates made in Orlando across all new venues and continue platform-wide brand development
- Continue building team with key hires to support our aggressive growth