



Drive Shack Inc.

Earnings Presentation – Fourth Quarter & Full Year 2020

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 March 12, 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 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 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. Operations Update
3. Development Update
4. Financials



DRIVE SHACK

Executive Summary

Drive Shack Inc.

Drive Shack Inc. is a publicly traded leisure and entertainment company focused on bringing people together through **technology driven competitive socializing experiences.**

Our Mission

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

Fourth Quarter and Full Year 2020 Update

Q4 and FY2020 Results

Q4 Total Company Revenue of \$60M, down (16%) or (\$12M) vs. Q4 2019

- Total Company Adj. EBITDA⁽¹⁾ of \$5.3M, +7.4M vs. Q4 2019

FY20 Total Company Revenue of \$220M, down (19%) or (\$52M) vs. FY 2019

- Total Company Adj. EBITDA⁽¹⁾ of (\$3.1M), +\$8.8MM vs. FY 2019

Operations

Operational Highlights (Q4 2020)

- Reopened Drive Shack Orlando
- Launched online reservation platform
- Debuted first Drive Shack Open Tournament

Puttery

Continued focus on Puttery expansion

- Puttery Dallas and Charlotte are expected to open Summer 2021
- Announced strategic partnership with Rory McIlroy

Liquidity & Funding

We have **~\$86M of unrestricted cash on hand** as of February 28, 2021

- Enforced strong capital allocation discipline and expense control at onset of COVID-19
- Sold Rancho San Joaquin golf course (Oct 2020)
- Completed common stock offering (Feb 2021)

We have a relatively **unlevered balance sheet** providing us with a solid financial foundation to **pursue growth**

1) Adjusted EBITDA is a Non-GAAP financial metric. See Adjusted EBITDA Non-GAAP Reconciliation on page 23. 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 & Venues

**AGC
GOLF
COURSES**

OWNED
1 Course

LEASED
34 Courses

MANAGED
25 Courses

CURRENT VENUES

COMMITTED VENUES

**DRIVE
SHACK
VENUES**

Orlando, FL
Opened Q2
(Beta Site)

Raleigh, NC
Opened Q3
Richmond, VA
Opened Q3
West Palm, FL
Opened Q4

New Orleans, LA
On Hold ⁽¹⁾

Manhattan, NY
(Randall's Island)

2018

2019

2021

2022

**PUTTERY
VENUES**

Dallas, TX
Charlotte, NC
Opening Summer 2021
+5 Additional Targets

Robust Pipeline in **24**
Prioritized Markets for
Opening in 2022+

DRIVE SHACK

1) Drive Shack is committed to 1 lease in New Orleans. The venue's development status remains "on hold".

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

Strategic Partnership

Announced strategic partnership with PGA player, Rory McIlroy, for Puttery collaboration

- Rory is a member of both the European and PGA Tours
- He has spent 106 weeks as #1 in the Official World Golf Ranking
- He is a two-time FedEx Cup winner and was the PGA 2019 Player of the Year

4

MAJORS WON

27

CAREER WINS

156

TOP 10 FINISHES



"I am thrilled to partner with the Drive Shack team on their new entertainment golf experience. Once Covid is under control, the ability to combine high-tech mini-golf with a high-quality food & beverage menu will make Puttery a great experience for any social gathering. I am personally making a financial investment in the growth of future Puttery venues across the country and can't wait to debut our first Puttery in Dallas this summer."

- Rory McIlroy

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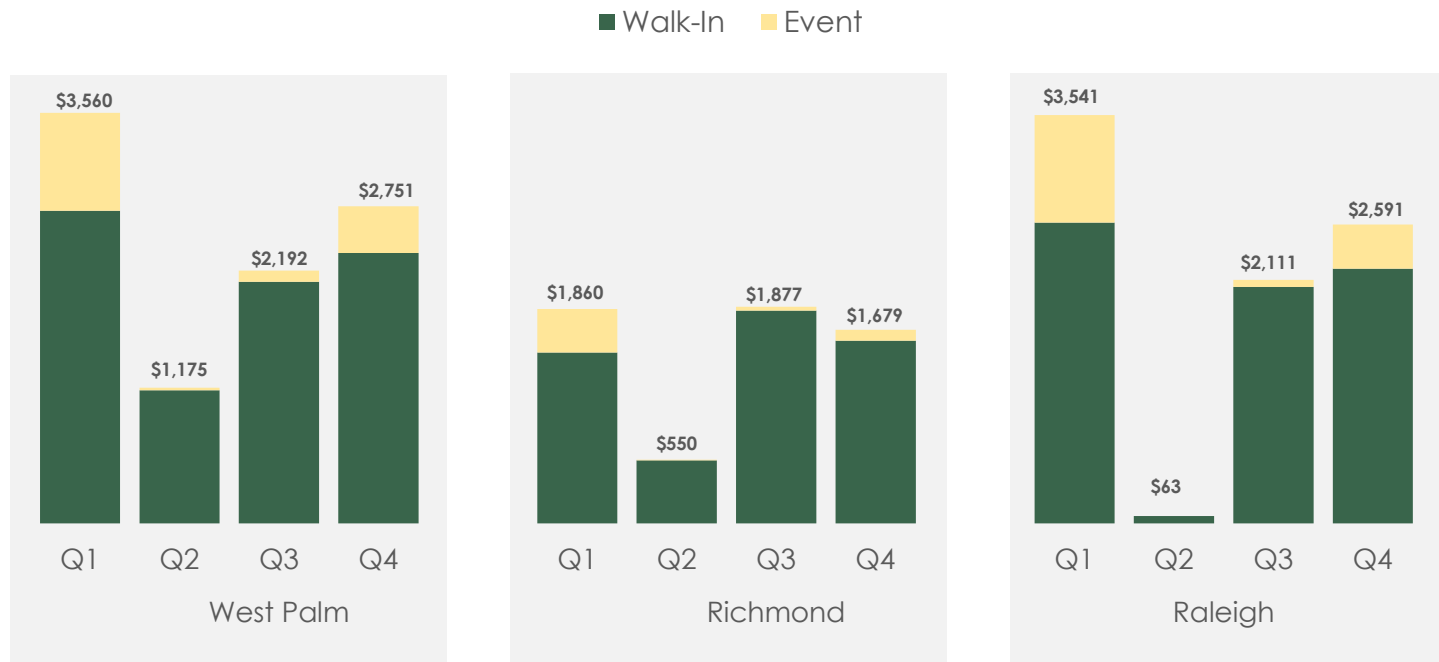
Drive Shack Gen 2.0 Venues⁽¹⁾ – Q4 Results

Total Revenue of \$7.0M – Walk-in revenue of \$6.1M | Events revenue of \$0.9M

- Total Gen 2.0 revenue in Q4 averaged **78%** of Q1 levels
- Gen 2.0 walk-in revenue in Q4 averaged **90%** of Q1 levels

Q4 Gen 2.0⁽¹⁾ Revenue at 78% of Q1 and nearly 4x of Q2 Revenue

(\$ in 000's)



1) Gen 2.0 results include Raleigh, Richmond and West Palm Beach.

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

Operations Update

Online Reservations

Debuted Reservations – December 28th

- Launched online platform for single-bay reservations in all four DS venues
- Early results indicate strong customer response to online reservations
- ~8,500 total reservations have booked generating revenue of over \$625K⁽¹⁾
 - Averaging over 1,000 per week sold at ~\$75 per reservation
 - Average sales per week of nearly \$80K (all venues combined)

DRIVE SHACK

Make a Reservation

West Palm Beach

Reservations can be made up to 1 week in advance. Same Day reservations can be booked if available. Reserve a bay for up to 6 people. Group size limits will be dependent on current local & state regulations. Pricing is based on per bay, not per person. An adult must be present for a reservation. To learn more about our code of conduct, [please click here](#).

You will be sat in the first available single-bay upon arrival at your selected reservation time.

Reservation is for single bay. Booking two bays will not guarantee that your party will be next to each other. To book two bays together please click the link below.

[Groups of 7 or more submit an inquiry here](#)

West Palm Beach

4 Guests

1 Bay

Sunday, March 7

Sa Su Mo Tu We Th Fr Sa Su Mo Tu

6 7 8 9 10 11 12 13 14 15 16

How long are you playing?

2 Hours

3 Hours

Available Reservation Times

6:15 PM
\$45.00/HOUR

6:45 PM
\$45.00/HOUR

7:00 PM
\$45.00/HOUR

7:15 PM
\$45.00/HOUR

7:45 PM
\$45.00/HOUR

8:00 PM
\$45.00/HOUR

8:15 PM
\$45.00/HOUR

8:30 PM
\$45.00/HOUR

8:45 PM
\$45.00/HOUR

CONTINUE

WEST PALM BEACH ▾

1710 Belvedere Road
West Palm Beach, FL 33406
[\(561\) 771-5354](tel:5617715354)

VENUE POLICIES ▾

Our Associates and Guests health & safety is our number one priority. Due to COVID-19, we have updated our health and safety protocols. To learn more about what we're doing to ensure your safety, [please click here](#). Golf Clubs will be provided at no cost with your reservation.

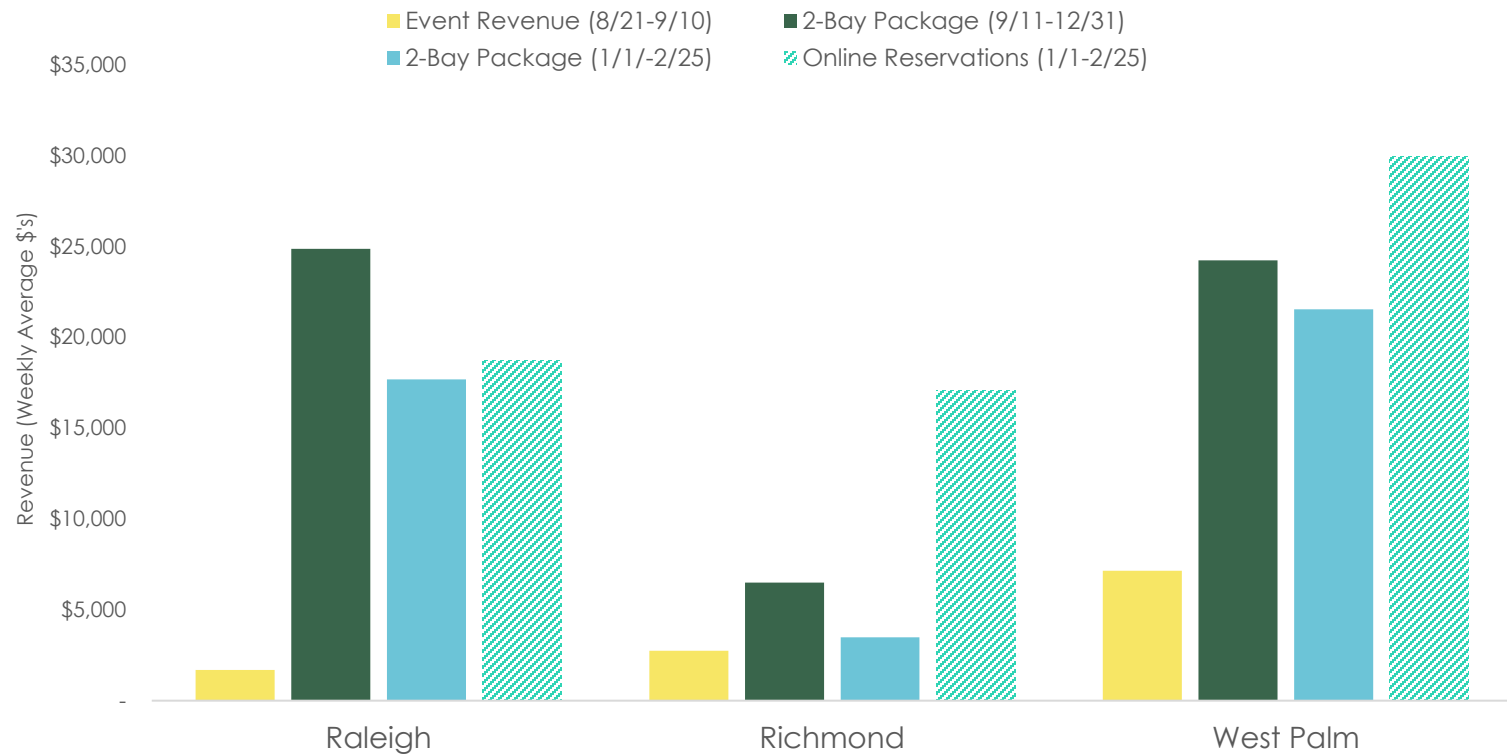
All Drive Shack venues have the same online reservations layout as West Palm Beach shown above.

1) From 1/1/2021 to 2/25/2021.

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

Driving Event Revenue: 2-Bay Package

- Launched **2-Bay Package** in mid-September to encourage small event bookings across our DS venues
- 2-Bay Package remains strong, with event revenue up nearly 4x than pre-launch levels



The 2-Bay promotional package allows for groups of 10 people or less to reserve 2 bays and includes a \$200 food and beverage credit and 2 hours of play for \$400-\$500

Driving Revenue: Game Innovation

Drive Shack Open

Geared towards more competitive, avid golfer

- Single-day, 4-player teams, best ball, \$225 per team
- Rotation of our “pro” courses
- Both local and national prizes

First DS Open Tournament Debuted December 2020

Second DS Open Scheduled March 15th



DRIVE SHACK OPEN
MONDAY, MARCH 15TH, 6:00PM

FORMAT	COURSE
FOUR-PERSON 18-HOLE, BEST BALL	PGA NATIONAL

PRICE
\$225 PER FOURSOME: BAY PLAY FOR 3 HOURS (F&B NOT INCLUDED)

ENTRY
LIMITED AMOUNT OF TEAMS PER VENUE, FIRST COME FIRST SERVE

PRIZES
BEST TEAM SCORE PER VENUE WILL WIN \$1,000 DOLLARS
OVERALL BEST TEAM SCORE FOR ALL 4 LOCATIONS WILL WIN \$2,000 DOLLARS!

RALEIGH, RICHMOND, WEST PALM BEACH, ORLANDO

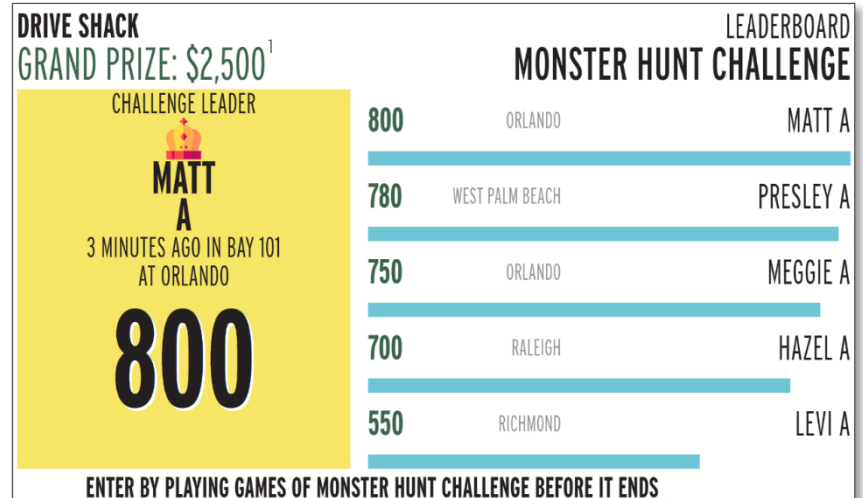
Monster Hunt Challenge

Geared towards casual players and non-golfers

- 8-week tournament – unlimited \$5 entries
- Single tournament; players compete across all 4 DS venues
- Cash prize to top player score across all venues

First Tournament Planned to Debut Q2 2021

- Increases engagement and spend per visit
- Encourages competition
- Flexible game program allows for future enhancements



DRIVE SHACK GRAND PRIZE: \$2,500¹

CHALLENGE LEADER

MATT A
3 MINUTES AGO IN BAY 101 AT ORLANDO

800

ENTER BY PLAYING GAMES OF MONSTER HUNT CHALLENGE BEFORE IT ENDS

LEADERBOARD MONSTER HUNT CHALLENGE		
800	ORLANDO	MATT A
780	WEST PALM BEACH	PRESLEY A
750	ORLANDO	MEGGIE A
700	RALEIGH	HAZEL A
550	RICHMOND	LEVI A

Strong Demand Continues for Traditional Golf

American Golf's exceptional results highlight the **unwavering demand** for traditional golf, reinforcing it as a **top leisure activity** in the current environment

Public Courses

+44%

Revenue from
green & cart fees
vs. Q4 2019

+27%

Daily fee rounds
vs. Q4 2019



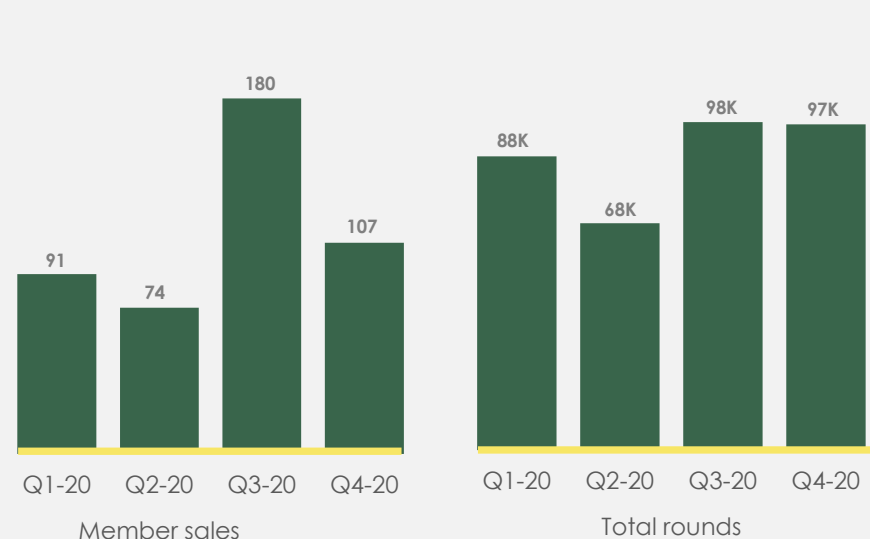
Private Courses

+20%

Member sales⁽²⁾
vs. Q4 2019

+22%

Total rounds
vs. Q4 2019



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Development Update

Puttery Progress

Using state-of-the-art mini golf, Puttery combines competitive socializing, food & beverage and technology to create **one remarkable experience**, featuring:

- An **adult-focused**, modern spin on the classic game of mini golf, using **innovative auto-scoring technology**
- A high energy atmosphere centered around a **lively cocktail bar with rotating DJs**
- Curated **culinary offerings** alongside inventive **craft cocktails**



- In summer **2021**, we will debut our first **2 Puttery venues** in Dallas and Charlotte
 - 🔨 The Dallas venue **construction** is on track, with framing, HVAC and electrical well underway
 - ✅ The Charlotte venue **permitting** is approved and **construction** is expected to commence mid-March
- We expect to open or nearly complete **5 additional Puttery** locations in **2021** and open **10 venues** in **2022**



Attractive Unit Economics – Puttery⁽¹⁾

The Puttery presents the best path forward for near-term growth

Our goal is to build **17 Puttery venues** and **DS Manhattan** by the end of 2022⁽²⁾

Target Puttery venue **EBITDA** is **\$2 to \$3 million** and DS venue **EBITDA** is **\$4 to \$6 million**

Illustrative Venue-Level Economics⁽¹⁾

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

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

Development Update

Near-Term Development Timeline

Growth plan includes the development of **1 DS and 17 Puttery venues by end of 2022**

- 2021: **7** Puttery venues
- 2022: **10** Puttery venues and **1** DS venue

Total development cost⁽¹⁾ expected to complete our plan is **~\$160M**

- 2021: \$50M – *Completed February 2021 via common stock offering*
- 2022: \$110M – *Secure by December 2021*

Expect to **fund the new development** primarily by accessing the **debt capital market**

Site Development Timeline & Projected Costs

	2021				2022				
Expected Venue Openings	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
Puttery Venues	0	1	1	5	0	2	4	4	+17 Puttery
DS Venue	0	0	0	0	0	0	0	1	+1 Drive Shack
Development Cost ⁽¹⁾	~\$50M				~\$110M				
Total Development Cost of ~\$160M									

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Fourth Quarter 2020 Financial Results

	Three Months Ended December 31,			
\$ in millions	2020	2019	\$ Variance	% Variance
Drive Shack Revenue	\$7.2	\$12.9	(\$5.7)	(44%)
American Golf Revenue	\$53.1	\$58.9	(\$5.8)	(10%)
Total Company Revenue	\$60.3	\$71.8	(\$11.5)	(16%)
Operating Loss	(\$3.6)	(\$20.1)	\$16.5	82%
Net Income/(Loss)	\$9.9	(\$15.3)	\$25.2	165%
Adjusted EBITDA	\$5.3	(\$2.1)	\$7.4	352%

Financials

Full Year 2020 Financial Results

	Twelve Months Ended December 31,			
<i>\$ in millions</i>	2020	2019	\$ Variance	% Variance
Drive Shack Revenue	\$25.2	\$19.8	\$5.4	27%
American Golf Revenue	\$194.8	\$252.3	(\$57.5)	(23%)
Total Company Revenue	\$220.0	\$272.1	(\$52.1)	(19%)
Operating Loss	(\$36.6)	(\$67.3)	\$30.7	46%
Net Loss	(\$56.4)	(\$54.9)	(\$1.5)	(3%)
Adjusted EBITDA	(\$3.1)	(\$12.0)	\$8.8	74%

GAAP Financial Results

- Q4 2020 GAAP Income of \$9 million, or \$0.13/share vs. GAAP Loss of (\$0.25)/share in Q4 2019
- FY 2020 GAAP Loss of (\$62) million, or (\$0.92)/share vs. GAAP Loss of (\$0.90)/share in FY 2019

GAAP Financial Results

	Q4 2020		Q4 2019	
	(\$ in millions)	(basic share)	(\$ in millions)	(basic share)
GAAP Income (Loss)	\$9	\$0.13	(\$17)	(\$0.25)

	Full Year 2020		Full Year 2019	
	(\$ in millions)	(basic share)	(\$ in millions)	(basic share)
GAAP Loss	(\$62)	(\$0.92)	(\$60)	(\$0.90)

Consolidated Statement of Operations (Unaudited)

(\$ in thousands, except per share data)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2020	2019	2020	2019
Revenues				
Golf operations	\$52,906	\$53,608	\$189,972	\$216,497
Sales of food and beverages	7,381	18,207	30,015	55,567
Total revenues	\$60,287	\$71,815	\$219,987	\$272,064
Operating costs				
Operating expenses	\$46,161	\$59,409	\$188,745	\$229,306
Cost of sales – food and beverages	2,180	4,759	8,834	15,217
General and administrative expense	7,182	9,994	31,284	47,976
Depreciation and amortization	6,823	6,627	27,152	22,396
Pre-opening costs	279	1,811	1,328	9,040
(Gain) Loss on lease terminations and impairment	1,310	9,336	(721)	15,413
Total operating costs	\$63,935	\$91,936	\$256,622	\$339,348
Operating Loss	(\$3,648)	(\$20,121)	(\$36,635)	(\$67,284)
Other income (expenses)				
Interest and investment income	\$165	\$156	\$565	\$955
Interest expense, net	(2,736)	(2,753)	(10,968)	(8,760)
Other income (loss)	16,601	7,921	(7,611)	20,876
Total other income (expenses)	\$14,030	\$5,324	(\$18,014)	\$13,071
Income/(Loss) before income tax	\$10,382	(\$14,797)	(\$54,649)	(\$54,213)
Income tax expense	436	479	1,705	641
Net Income/(Loss)	\$9,946	(\$15,276)	(\$56,354)	(\$54,854)
Preferred dividends	(1,395)	(1,395)	(5,580)	(5,580)
Net Income/(Loss) Applicable to Common Stockholders	\$8,551	(\$16,671)	(\$61,934)	(\$60,434)
Per WA Basic Share	\$0.13	(\$0.25)	(\$0.92)	(\$0.90)

Consolidated Balance Sheet (Condensed)

(\$ in thousands except per share data)

	As of 12/31/2020	As of 12/31/2019
Assets		
Current Assets:		
Cash and cash equivalents	\$47,786	\$28,423
Restricted cash	2,252	3,103
Accounts receivable, net	4,446	5,249
Real estate assets, held-for-sale, net	-	16,948
Real estate securities, available-for-sale	3,223	3,052
Other current assets	14,410	17,521
Total Current Assets	\$72,117	\$74,296
Restricted cash, noncurrent	795	438
Property and equipment, net of accumulated depreciation	169,425	179,641
Operating lease right-of-use assets	192,828	215,308
Intangibles, net of accumulated amortization	15,124	17,565
Other investments	-	24,020
Other assets	6,765	4,723
Total Assets	\$457,054	\$515,991
Liabilities		
Current Liabilities:		
Obligations under finance leases	\$6,470	\$6,154
Membership deposit liabilities	14,692	10,791
Accounts payable and accrued expenses	29,596	25,877
Deferred revenue	23,010	26,268
Other current liabilities	28,217	23,968
Total Current Liabilities	\$101,985	\$93,058
Credit facilities and obligations under finance leases - noncurrent	12,751	13,125
Operating lease liabilities - noncurrent	167,837	187,675
Junior subordinated notes payable	51,182	51,192
Membership deposit liabilities, noncurrent	99,862	95,805
Deferred revenue, noncurrent	9,953	6,283
Other liabilities	3,447	3,278
Total Liabilities	\$447,017	\$450,416
Stockholders' Equity		
Preferred Stock	\$61,583	\$61,583
Common Equity	(51,546)	3,992
Total Stockholders' Equity	\$10,037	\$65,575
Total Liabilities & Stockholders' Equity	\$457,054	\$515,991

Adjusted EBITDA Non-GAAP Reconciliation

(\$ in thousands)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2020	2019	2020	2019
Net Income (Loss)	\$9,946	(\$15,276)	(\$56,354)	(\$54,854)
Income tax expense	436	479	1,705	641
Other (income) expense, net	(16,601)	(7,921)	7,611	(20,876)
Net interest expense	2,571	2,597	10,403	7,805
Operating Loss	(\$3,648)	(\$20,121)	(\$36,635)	(\$67,283)
Depreciation and amortization	6,823	6,627	27,152	22,396
(Gain) loss on lease terminations and impairment	1,310	9,336	(721)	15,413
Pre-opening costs	279	1,811	1,328	9,040
Other items ⁽¹⁾	537	283	5,770	8,484
Adjusted EBITDA	\$5,301	(\$2,064)	(\$3,106)	(\$11,951)

(1) For the three and twelve months ended December 31, 2020, other items include (i) corporate severance of (\$4) and \$1,128, respectively; (ii) transactional G&A of \$161 and \$3,276, respectively; and (iii) stock-based compensation of \$380 and \$1,366, respectively. For the three and twelve months ended December 31, 2019, other items include (i) corporate severance of \$682 and \$2,271, respectively; (ii) transactional G&A of \$1,132 and \$5,076, respectively; and (iii) stock-based compensation of (\$1,531) and \$1,137, respectively.