

May 14, 2012

DRIVE SHACK INC.

Newcastle Announces Definitive Agreement to Acquire Excess Mortgage Servicing Rights

NEW YORK--(BUSINESS WIRE)-- Newcastle Investment Corp. (NYSE: NCT) announced today that it has signed a definitive agreement to acquire up to a 65% interest in excess mortgage servicing rights ("Excess MSR") from Nationstar Mortgage LLC ("Nationstar") in connection with Nationstar's acquisition of certain residential mortgage servicing rights and other assets (collectively, the "Mortgage Servicing Assets") from Residential Capital, LLC and related entities (collectively, "ResCap") in connection with ResCap's proposed sale of these assets pursuant to an auction supervised under the U.S. Bankruptcy Code (the "Transaction").

Newcastle expects to invest between \$150 million to \$300 million to acquire an interest in Excess MSR related to Nationstar's proposed acquisition of primary mortgage servicing rights with an unpaid principal balance of approximately \$201 billion as of February 29, 2012. (Newcastle has committed to invest up to \$450 million to acquire a 65% interest in these Excess MSR, but it has retained the flexibility to sell a portion of its commitment to certain Fortress affiliates.) Nationstar will be the servicer of the loans and will invest alongside Newcastle by retaining an approximately 35% interest in the Excess MSR. Approximately 65% of loans associated with the primary mortgage servicing rights (by unpaid principal balance) are owned, insured or guaranteed by Fannie Mae, Freddie Mac, or Ginnie Mae.

As background to Newcastle's proposed investment, ResCap and Nationstar have disclosed today that ResCap has voluntarily filed a Chapter 11 petition in U.S. Bankruptcy Court and is seeking court approval to sell its Mortgage Servicing Assets in an auction process supervised by the court. Nationstar has agreed to serve as the "stalking horse" bidder for the auction of the Mortgage Servicing Assets, and if Nationstar is the successful bidder in the auction, then Newcastle will acquire up to 65% of the related Excess MSR. Newcastle currently expects the auction to be completed by mid-September 2012, and, if successful, closing to be completed by late 2012. The auction timing and process are subject to the court's discretion and may change.

Under the terms of this proposed investment, to the extent that any loans in this portfolio are refinanced by Nationstar, the resulting primary mortgage servicing right will be included in the portfolio, subject to certain limitations. This should serve to significantly reduce the impact of prepayments on Newcastle's investment. Newcastle will not have any servicing duties, advance obligations or liabilities associated with the portfolio.

Kenneth Riis, the Company's CEO commented, "I am very pleased to announce this potential investment in excess mortgage servicing rights, which continues to be a major area of investment focus for us. With this transaction, to date we have invested or committed to invest in excess mortgage servicing rights with an unpaid principal balance of approximately \$275 billion. We are very excited about this investment opportunity and the potential to

generate returns and growth for our stockholders.”

ABOUT NEWCASTLE

Newcastle Investment Corp. invests in real estate debt and other real estate related assets, including excess mortgage servicing rights. Newcastle is organized and conducts its operations to qualify as a real estate investment trust (REIT) for federal income tax purposes. Newcastle is managed by an affiliate of Fortress Investment Group LLC, a global investment management firm. For more information regarding Newcastle or to be added to its e-mail distribution list, please visit www.newcastleinv.com.

FORWARD-LOOKING STATEMENTS

Certain statements in this press release may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including, but not limited to, Newcastle’s ability to acquire the Excess MSRs and to mitigate the impact of prepayments on this investment. These statements are based on management’s current expectations and beliefs and are subject to a number of 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. Newcastle can give no assurance that its expectations will be attained. Factors that could cause actual results to differ materially from Newcastle’s expectations include, but are not limited to, a delay in or a failure to obtain court approval of the auction procedures, process, or other terms of ResCap’s proposed asset sale under the U.S. Bankruptcy Code; the receipt by ResCap in the auction of an offer for the Mortgage Servicing Assets that is superior to Nationstar’s offer; the willingness of regulators to forbear from regulatory actions that would impede the consummation of the Transaction; the impact on Nationstar’s servicing practices of enforcement consent orders and agreements entered into by certain federal and state agencies against the largest mortgage servicers; the continued deterioration of the residential mortgage market, increase in monthly payments on adjustable rate mortgage loans, adverse economic conditions, decrease in property values and increase in delinquencies and defaults; the deterioration of the market for reverse mortgages and increase in foreclosure rates for reverse mortgages; Nationstar’s ability to efficiently service higher risk loans; Nationstar’s ability to compete successfully in the mortgage loan servicing and mortgage loan originations industries; Nationstar’s ability to scale-up appropriately and integrate the assets, employees, operations and platforms related to the Transaction; the ability of each of Newcastle and Nationstar to obtain sufficient capital to fund the purchase price for this acquisition; changes to federal, state and local laws and regulations concerning loan servicing, loan origination, loan modification or the licensing of entities that engage in these activities; and the loss of Nationstar’s licenses. Accordingly, you should not place undue reliance on any forward-looking statements contained in this press release. For a discussion of some of the risks and important factors that could affect such forward-looking statements, see the sections entitled “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operation” in the Company’s Annual Report on Form 10-K or Quarterly Report on Form 10-Q, which are available on the Company’s website (www.newcastleinv.com). In addition, new risks and uncertainties emerge from time to time, and it is not possible for the Company 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. Such forward-looking statements speak only as of the date of this press release. Newcastle expressly disclaims any obligation to release

publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in the Company's expectations with regard thereto or change in events, conditions or circumstances on which any statement is based.

Newcastle Investment Corp.

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