

September 13, 2012

DRIVE SHACK INC.

Newcastle Announces the Sale of CDO X Interests

NEW YORK--(BUSINESS WIRE)-- Newcastle Investment Corp. (NYSE: NCT) (the "Company") today announced that it has completed the sale of 100% of its interests in CDO X to the sole owner of the senior notes and another third party, in connection with the liquidation and termination of CDO X. The Company received \$130 million for \$89.75 million face amount of subordinated notes and all of its equity in CDO X. The sale and resulting deconsolidation of CDO X from the Company's balance sheet will eliminate the impact of CDO X's negative net book value and generate an approximately \$200 million gain for the third quarter.

A condition to the sale of its interests was the right to purchase certain collateral held by CDO X. This collateral includes eight securities with a face amount of \$101 million. The Company purchased the securities for 49.4% of par, or approximately \$50 million. Following this purchase, the net proceeds of the sale were approximately \$80 million.

Kenneth Riis, the Company's CEO said: "We were able to structure a very positive transaction for the Company, which highlights our ability to actively manage our CDOs and extract value for our shareholders. This transaction allowed us to monetize the CDO, while retaining collateral at attractive returns. The Company's future equity cash flows and principal recoveries from its interests in CDO X were subordinate to \$1.12 billion face amount of senior notes and highly sensitive to the ultimate performance of the \$1.30 billion of underlying collateral. By eliminating the uncertainty of our recovery, this transaction has enhanced the Company's risk profile. We intend to invest the remaining proceeds using little or no leverage, with the goal of generating higher cash on cash returns than holding CDO X to maturity."

CDO X is the second CDO liquidated by the Company over the past two years. The Company currently manages five other CDOs, and the underlying collateral has an aggregate face amount of approximately \$2.42 billion as of June 30, 2012.

ABOUT NEWCASTLE

Newcastle Investment Corp. focuses on investing in and actively managing opportunistic investments in real estate related assets. The Company primarily invests in two distinct areas: (1) Residential Servicing and Securities and (2) Commercial Real Estate Debt and Other Assets. The Company is organized and conducts its operations to qualify as a real estate investment trust (REIT) for federal income tax purposes. The Company is managed by an affiliate of Fortress Investment Group LLC, a global investment management firm.

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, statements relating to the gain generated by the transaction described above and the Company's intentions with regard to the investment of the sale proceeds. 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. The Company can give no assurance that its expectations will be attained. Factors that could cause actual results to differ materially from the Company's expectations include, but are not limited to, the risk that the gain we ultimately record is materially different upon completion of our quarter-end procedures; the risk that we are not able to find additional suitably priced investments; and the risk that investments made or committed to be made cannot be financed on the basis and for the term at which we expect. 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, as filed with the Securities and Exchange Commission. 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. The Company 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.

Investor Relations
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Source: Newcastle Investment Corp.