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**DRIVE SHACK INC.**

## **Newcastle Agrees to Acquire Excess MSR's and Announces Spin-Off of Residential Assets**

NEW YORK--(BUSINESS WIRE)-- Newcastle Investment Corp. (NYSE: NCT) ("Newcastle" or the "Company") announced today that it has agreed to acquire an interest in Excess Mortgage Servicing Rights ("Excess MSR's"). The total unpaid principal balance ("UPB") of the underlying loans was approximately \$215 billion as of November 30, 2012. In a separate transaction on January 4, 2013, Newcastle acquired an interest in the Excess MSR's on a \$13 billion Ginnie Mae pool. These transactions are expected to bring Newcastle's total investment in Excess MSR's to approximately \$610 million and the UPB of the underlying loans to over \$310 billion. Newcastle intends to spin off these and certain other residential assets, as described below.

### **Excess MSR Acquisitions**

Newcastle has agreed to acquire Excess MSR's on approximately \$215 billion UPB from Nationstar Mortgage Holdings Inc. ("Nationstar"), in conjunction with Nationstar's purchase of MSR's from Bank of America. Newcastle has committed to invest approximately \$340 million to acquire a one-third interest in the Excess MSR's. The majority of the investment is expected to close in the first quarter of 2013, subject to regulatory and third-party approvals. Nationstar will service the loans and will retain a one-third interest in the Excess MSR's; a Fortress Fund will acquire the remaining one-third interest. The loans comprise four pools, of which 47% are expected to be loans that are owned, insured or guaranteed by Agency/Government entities and 53% are expected to be non-conforming loans in private label securitizations.

Separately, Newcastle invested \$27 million for a one-third interest in the Excess MSR's on a \$13 billion UPB Ginnie Mae loan pool from Nationstar. As in the transaction described above, Nationstar is the servicer and owns a one-third interest. The Fortress Fund acquired the remaining one-third interest.

### **Spin-Off of Residential Assets**

Newcastle also announced that its Board of Directors has unanimously approved a plan to spin off all of its Excess MSR's and certain other residential assets. Newcastle intends to effect the spin-off in the first quarter of 2013 by distributing shares of its subsidiary, New Residential Investment Corp. ("New Residential"). New Residential will be a publicly traded real estate investment trust that primarily targets opportunistic investments in Excess MSR's, RMBS, servicing advances, non-performing loans and other real estate related investments. New Residential will be externally managed by an affiliate of Fortress Investment Group LLC pursuant to a new management agreement with terms that are substantially similar to the terms of Newcastle's management agreement.

New Residential has filed a registration statement with the U.S. Securities and Exchange Commission ("SEC") with respect to the planned spin-off. The spin-off is subject to certain conditions, such as the SEC declaring effective New Residential's registration statement, the filing and approval of an application to list New Residential's common stock on the NYSE and the formal declaration of the distribution by the Board of Directors. In evaluating the spin-off, the independent members of Newcastle's Board of Directors were advised by Houlihan Lokey.

Kenneth Riis, the Company's CEO commented, "I am very pleased to announce these significant investments in Excess MSR and the spin-off of New Residential. We believe these investments offer a compelling opportunity to drive attractive returns for shareholders. In addition, we believe the separation of Newcastle and New Residential will optimize corporate transparency and create value for each standalone company."

## **ABOUT NEWCASTLE**

Newcastle Investment Corp. focuses on opportunistically investing in, and actively managing, 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 regarding the expected closing of the Excess MSR transaction and the planned spin-off of residential assets. 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, the risk that loan prepayment, recapture and delinquency rates differ from our current assumptions; the risk that Newcastle is 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 Newcastle expects. 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 Quarterly Report on Form 10-Q, which is available on the Company's website ([www.newcastleinv.com](http://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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Source: Newcastle Investment Corp.