

February 1, 2016

**DRIVE SHACK INC.**

## Newcastle Announces Tax Treatment of 2015 Dividends

NEW YORK--(BUSINESS WIRE)-- Newcastle Investment Corp. (NYSE:NCT, "Newcastle") today announced the tax treatment of its 2015 common and preferred stock distribution payments.

### Common Stock Dividends

2015 taxable dividends for Newcastle's common stock (CUSIP# 65105M603) are comprised of Ordinary and Long-Term Capital Gain distributions totaling \$0.60 per share. The fourth quarter 2014 common stock dividend, which was not taxable for 2014, is treated as having been received by stockholders and taxable in 2015. The following table summarizes the common stock dividends and tax treatment for the full year 2015.

	<b>Record Date</b>	<b>Pay Date</b>	<b>Cash Distribution</b>	<b>Ordinary Dividend</b>	<b>Qualified Dividend<sup>(1)</sup></b>	<b>Long-Term Capital Gain</b>	<b>Return of Capital</b>
4Q14	01/02/15	01/30/15	0.120000	0.036498	0.000000	0.083502	0.000000
1Q15	03/27/15	04/30/15	0.120000	0.036498	0.000000	0.083502	0.000000
2Q15	07/02/15	07/31/15	0.120000	0.036498	0.000000	0.083502	0.000000
3Q15	10/01/15	10/30/15	0.120000	0.036498	0.000000	0.083502	0.000000
4Q15 <sup>(2)</sup>	12/24/15	01/29/16	0.120000	0.036498	0.000000	0.083502	0.000000
		<b>Total</b>	<b>0.600000</b>	<b>0.182490</b>	<b>0.000000</b>	<b>0.417510</b>	<b>0.000000</b>

(1) Qualified Dividend is a subset of, and included in, the Ordinary Dividend amount.

(2) The entire 4Q15 common stock distribution is treated as a taxable distribution to stockholders in 2015.

### Series B Preferred Stock Dividends

2015 taxable dividends for Newcastle's Series B preferred stock (CUSIP# 65105M207) are comprised of Ordinary and Long-Term Capital Gain distributions totaling \$3.046875 per share. The fourth quarter 2014 Series B preferred stock dividend, which was not taxable for 2014, is treated as having been received by stockholders and taxable in 2015. The following table summarizes the Series B preferred stock dividends and tax treatment for the full year 2015.

	<b>Record Date</b>	<b>Pay Date</b>	<b>Cash Distribution</b>	<b>Ordinary Dividend</b>	<b>Qualified Dividend<sup>(1)</sup></b>	<b>Long-Term Capital Gain</b>	<b>Return of Capital</b>
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4Q14	01/02/15	01/30/15	0.609375	0.185339	0.000000	0.424036	0.000000
1Q15	03/27/15	04/30/15	0.609375	0.185339	0.000000	0.424036	0.000000
2Q15	07/02/15	07/31/15	0.609375	0.185339	0.000000	0.424036	0.000000
3Q15	10/01/15	10/30/15	0.609375	0.185339	0.000000	0.424036	0.000000
4Q15 <sup>(2)</sup>	12/24/15	01/29/16	0.609375	0.185339	0.000000	0.424036	0.000000
Total			3.046875	0.926695	0.000000	2.120180	0.000000

(1) Qualified Dividend is a subset of, and included in, the Ordinary Dividend amount.

(2) The entire 4Q15 Series B preferred stock distribution is treated as a taxable distribution to stockholders in 2015.

### **Series C Preferred Stock Dividends**

2015 taxable dividends for Newcastle's Series C preferred stock (CUSIP# 65105M306) are comprised of Ordinary and Long-Term Capital Gain distributions totaling \$2.515625 per share. The fourth quarter 2014 Series C preferred stock dividend, which was not taxable for 2014, is treated as having been received by stockholders and taxable in 2015. The following table summarizes the Series C preferred stock dividends and tax treatment for the full year 2015.

	Record Date	Pay Date	Cash Distribution	Ordinary Dividend	Qualified Dividend <sup>(1)</sup>	Long-Term Capital Gain	Return Capital
4Q14	01/02/15	01/30/15	0.503125	0.153023	0.000000	0.350102	0.000000
1Q15	03/27/15	04/30/15	0.503125	0.153023	0.000000	0.350102	0.000000
2Q15	07/02/15	07/31/15	0.503125	0.153023	0.000000	0.350102	0.000000
3Q15	10/01/15	10/30/15	0.503125	0.153023	0.000000	0.350102	0.000000
4Q15 <sup>(2)</sup>	12/24/15	01/29/16	0.503125	0.153023	0.000000	0.350102	0.000000
Total			2.515625	0.765115	0.000000	1.750510	0.000000

(1) Qualified Dividend is a subset of, and included in, the Ordinary Dividend amount.

(2) The entire 4Q15 Series C preferred stock distribution is treated as a taxable distribution to stockholders in 2015.

### **Series D Preferred Stock Dividends**

2015 taxable dividends for Newcastle's Series D preferred stock (CUSIP# 65105M405) are comprised of Ordinary and Long-Term Capital Gain distributions totaling \$2.617190 per share. The fourth quarter 2014 Series D preferred stock dividend, which was not taxable for 2014, is treated as having been received by stockholders and taxable in 2015. The following table summarizes the Series D preferred stock dividends and tax treatment for the full year 2015.

	<b>Record Date</b>	<b>Pay Date</b>	<b>Cash Distribution</b>	<b>Ordinary Dividend</b>	<b>Qualified Dividend<sup>(1)</sup></b>	<b>Long-Term Capital Gain</b>	<b>Return of Capital</b>
4Q14	01/02/15	01/30/15	0.523438	0.159202	0.000000	0.364236	0.000000
1Q15	03/27/15	04/30/15	0.523438	0.159202	0.000000	0.364236	0.000000
2Q15	07/02/15	07/31/15	0.523438	0.159202	0.000000	0.364236	0.000000
3Q15	10/01/15	10/30/15	0.523438	0.159202	0.000000	0.364236	0.000000
4Q15 <sup>(2)</sup>	12/24/15	01/29/16	0.523438	0.159202	0.000000	0.364236	0.000000
		<b>Total</b>	<b>2.617190</b>	<b>0.796010</b>	<b>0.000000</b>	<b>1.821180</b>	<b>0.000000</b>

*(1) Qualified Dividend is a subset of, and included in, the Ordinary Dividend amount.*

*(2) The entire 4Q15 Series D preferred stock distribution is treated as a taxable distribution to stockholders in 2015.*

## **ALTERNATIVE MINIMUM TAX**

Solely for purposes of computing the Alternative Minimum Tax, of the amounts distributed above, 24.7603% represents an adjustment to be accounted for in addition to any other Alternative Minimum Tax adjustments you may have received from other sources.

THE FOLLOWING INFORMATION APPLIES TO (1) TAX-EXEMPT STOCKHOLDERS, (2) NON-U.S. STOCKHOLDERS, AND (3) U.S. STOCKHOLDERS WITH NET OPERATING LOSSES:

Of the amounts indicated above as taxable for 2015, 1.2535% may be classified as “excess inclusion income.” Excess inclusion income is treated as unrelated business taxable income for tax-exempt stockholders, and is generally subject to a 30% U.S. Federal withholding tax (without reduction under any otherwise applicable tax treaty) for non-U.S. stockholders. U.S. stockholders may not use net operating losses to offset excess inclusion income. Please consult your tax advisor regarding the proper tax treatment of excess inclusion income.

*The data provided in this press release is provided for informational purposes only and does not constitute tax advice. Stockholders are urged to consult their own tax advisors regarding any issues or decisions regarding the proper tax treatment of their shares of Newcastle.*

## **ABOUT NEWCASTLE**

*Newcastle focuses on investing in, and actively managing, real estate related assets. Newcastle conducts its operations to qualify as a REIT for federal income tax purposes. Newcastle is managed by an affiliate of Fortress Investment Group LLC, a global investment management firm.*

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*Newcastle Investment Corp.  
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