

August 7, 2013

# DRIVE SHACK INC.

## Newcastle Announces Second Quarter 2013 Results

NEW YORK--(BUSINESS WIRE)-- Newcastle (NYSE: NCT; the "Company") today reported the following information for the quarter ended June 30, 2013:

- Income available for common stockholders ("GAAP Income") of \$52.3 million, or \$0.20 per diluted share, an increase of 43% and 33%, respectively, compared to Q1 2013
- Core earnings of \$43.0 million, an increase from \$37.4 million in Q1 2013, and core earnings per diluted share of \$0.16, in-line with Q1 2013

The Company's second quarter results include forty-five days of earnings attributable to the operations of New Residential Investment Corp. (NYSE: NRZ; "New Residential"), which was spun off on May 15, 2013. Excluding earnings attributable to New Residential, the Company's GAAP Income was \$27.8 million, or \$0.11 per diluted share, and core earnings was \$23.3 million, or \$0.09 per diluted share.

|                                   | Q1 2013           | Q2 2013           | Q2 2013, Pro forma<br>Excluding NRZ |
|-----------------------------------|-------------------|-------------------|-------------------------------------|
| <b>Summary Operating Results:</b> |                   |                   |                                     |
| GAAP Income                       | \$36.6<br>million | \$52.3<br>million | \$27.8 million                      |
| GAAP Income per Diluted Share     | \$0.15            | \$0.20            | \$0.11                              |
| <b>Non-GAAP Results:</b>          |                   |                   |                                     |
| Core Earnings                     | \$37.4<br>million | \$43.0<br>million | \$23.3 million                      |
| Core Earnings per Diluted Share   | \$0.16            | \$0.16            | \$0.09                              |

At quarter end, the Company had approximately \$216 million of cash to invest. If this cash were fully invested at a 15% return, the Company expects that it could add approximately \$0.03 to future quarterly earnings. The Company's cash on hand as of August 5, 2013 was fully committed.

*For a reconciliation of GAAP Income to core earnings and Pro forma GAAP Income to pro forma core earnings, please refer to the table below following the presentation of GAAP results.*

### Highlights for the quarter ended June 30, 2013

- **Spin-Off of New Residential**— Completed the spin-off of New Residential on May 15, 2013.

- **Investment Activity** – Invested \$119 million in debt related investments, including \$43 million to purchase debt backed by CDO VIII notes.
- **CDO IV Collapse** – Generated \$68 million of proceeds to the Company by selling all of the collateral in CDO IV at an average price of 95% of par, or \$145 million, and paying off \$77 million of third-party debt (including \$5 million to CDO VIII) at par. Proceeds included \$60 million on debt that the Company had repurchased at an average price of 52% of par.
- **Dividend** – Dividend of \$0.17 per common share, or \$43 million, for the second quarter declared on June 3, 2013.
- **Capital Raise** – Raised approximately \$200 million of gross proceeds from the sale of 40 million shares of common stock, which priced on June 11, 2013.

#### Highlights subsequent to June 30, 2013:

- **Senior Living Acquisitions** – Invested \$86 million to purchase 17 senior living assets financed with \$177 million of non-recourse debt at a weighted average rate of 4.3% and a weighted average maturity of 5.2 years, for a total gross initial investment of \$263 million, including related transaction costs and working capital.
- **Other Investment Activity** – Invested or committed to invest up to approximately \$115 million in opportunistic investments, with total equity expected to be \$80 million after financing.

#### ADDITIONAL INFORMATION

For additional information that management believes to be useful for investors, please refer to the presentation posted on the Investor Relations section of Newcastle's website, [www.newcastleinv.com](http://www.newcastleinv.com). For consolidated investment portfolio information, please refer to the Company's Quarterly Report on Form 10-Q, which is also available on the Company's website, [www.newcastleinv.com](http://www.newcastleinv.com).

#### Newcastle Investment Corp. Investment Portfolio as of June 30, 2013 (\$ in millions)

|                                                | Outstanding Face<br>Amount \$ | Amortized<br>Cost Basis (1) | % of<br>Total<br>Basis | Carrying<br>Value | Number of<br>Investments | Crec |
|------------------------------------------------|-------------------------------|-----------------------------|------------------------|-------------------|--------------------------|------|
| <b>Investment</b>                              |                               |                             |                        |                   |                          |      |
| <b>Real Estate Debt &amp;<br/>Other Assets</b> |                               |                             |                        |                   |                          |      |
| <b>Commercial<br/>Assets</b>                   |                               |                             |                        |                   |                          |      |
| CMBS                                           | \$ 353                        | 227                         | 11.1%                  | 281               | 51                       | BI   |

|                                                  |       |       |       |       |       |    |
|--------------------------------------------------|-------|-------|-------|-------|-------|----|
| Mezzanine Loans                                  | 431   | 350   | 17.1% | 350   | 15    | 80 |
| B-Notes                                          | 111   | 94    | 4.6%  | 94    | 4     | 77 |
| Whole Loans                                      | 30    | 30    | 1.5%  | 30    | 2     | 48 |
| CDO Securities (4)                               | 93    | 66    | 3.2%  | 69    | 5     | B  |
| Other Investments (5)                            | 68    | 68    | 3.3%  | 68    | 3     | -  |
| <b>Total Commercial Assets</b>                   | 1,086 | 835   | 40.8% | 892   |       |    |
| <b>Residential Assets</b>                        |       |       |       |       |       |    |
| MH and Residential Loans                         | 307   | 271   | 13.3% | 271   | 8,316 | 70 |
| Non-Agency RMBS                                  | 108   | 42    | 2.1%  | 59    | 34    | CC |
| Real Estate ABS                                  | 8     | -     | 0.0%  | -     | 1     | C  |
|                                                  | 423   | 313   | 15.3% | 330   |       |    |
| FNMA/FHLMC Securities                            | 312   | 329   | 16.1% | 329   | 39    | A/ |
| <b>Total Residential Assets</b>                  | 735   | 642   | 31.4% | 659   |       |    |
| <b>Corporate Assets</b>                          |       |       |       |       |       |    |
| REIT Debt                                        | 29    | 29    | 1.4%  | 31    | 5     | BE |
| Corporate Bank Loans                             | 783   | 363   | 17.9% | 363   | 7     | C  |
| <b>Total Corporate Assets</b>                    | 812   | 392   | 19.3% | 394   |       |    |
| <b>Total Real Estate Debt &amp; Other Assets</b> | 2,633 | 1,869 | 91.4% | 1,945 |       |    |
| <b>Senior Living Facilities (6)</b>              | 188   | 175   | 8.6%  | 175   | 12    | -  |

|                                                 |           |              |                     |              |
|-------------------------------------------------|-----------|--------------|---------------------|--------------|
| <b>Total<br/>Portfolio/Weighted<br/>Average</b> | <b>\$</b> | <b>2,821</b> | <b>2,044 100.0%</b> | <b>2,120</b> |
|-------------------------------------------------|-----------|--------------|---------------------|--------------|

WA – Weighted average, in all tables

1) Net of impairment.

2) Credit represents the weighted average minimum rating for rated assets, the loan-to-value ratio (based on the appraised value at the time of purchase or refinancing) for non-rated commercial assets, or the FICO score for non-rated residential assets and an implied AAA rating for FNMA/FHLMC securities. Ratings provided above were determined by third party rating agencies, represent the most recent credit ratings available as of the reporting date and may not be current.

3) Weighted average life is based on the timing of expected principal reduction on the asset.

4) Represents non-consolidated CDO securities, excluding eight securities with a zero value, which had an aggregate face amount of \$109 million.

5) Represents a \$25 million equity investment in a real estate owned property and \$43 million related to a linked transaction.

6) Face amount of Senior Living Facilities investments represents the gross carrying amount, including intangibles, which excludes accumulated depreciation and amortization.

**Newcastle Investment Corp.**  
**Unaudited Consolidated Statements of Income**  
*(dollars in thousands, except share data)*

|                     | <b>Three Months Ended June 30,</b> |             | <b>Six Months Ended June 30,</b> |             |
|---------------------|------------------------------------|-------------|----------------------------------|-------------|
|                     | <b>2013</b>                        | <b>2012</b> | <b>2013</b>                      | <b>2012</b> |
| Interest income     | \$ 62,824                          | \$ 77,956   | \$ 124,156                       | \$ 150,818  |
| Interest expense    | 21,998                             | 29,462      | 44,708                           | 59,627      |
| Net interest income | 40,826                             | 48,494      | 79,448                           | 91,191      |

**Impairment (Reversal)**

|                                               |       |         |       |          |
|-----------------------------------------------|-------|---------|-------|----------|
| Valuation allowance (reversal) on loans       | (709) | (3,223) | 1,525 | (12,254) |
| Other-than-temporary impairment on securities | 3,430 | 10,859  | 4,405 | 16,742   |

Portion of other-than-temporary impairment on securities recognized in other comprehensive income (loss), net of reversal of other comprehensive loss into net income (loss)

|     |     |    |         |
|-----|-----|----|---------|
| 480 | 863 | 44 | (3,069) |
|-----|-----|----|---------|

Total impairment

|       |       |       |       |
|-------|-------|-------|-------|
| 3,201 | 8,499 | 5,974 | 1,419 |
|-------|-------|-------|-------|

Net interest income after impairment/reversal

|        |        |        |        |
|--------|--------|--------|--------|
| 37,625 | 39,995 | 73,474 | 89,772 |
|--------|--------|--------|--------|

### Other Revenues

Rental income

|        |     |        |       |
|--------|-----|--------|-------|
| 11,721 | 515 | 23,195 | 1,024 |
|--------|-----|--------|-------|

Care and ancillary income

|       |   |       |   |
|-------|---|-------|---|
| 2,292 | - | 4,318 | - |
|-------|---|-------|---|

Total other revenues

|        |     |        |       |
|--------|-----|--------|-------|
| 14,013 | 515 | 27,513 | 1,024 |
|--------|-----|--------|-------|

### Other Income (Loss)

Gain (loss) on settlement of investments, net

|       |         |       |       |
|-------|---------|-------|-------|
| 5,066 | (1,177) | 5,063 | 3,646 |
|-------|---------|-------|-------|

Gain on extinguishment of debt

|   |    |       |        |
|---|----|-------|--------|
| - | 39 | 1,206 | 20,782 |
|---|----|-------|--------|

Other income (loss), net

|       |         |       |       |
|-------|---------|-------|-------|
| 3,024 | (3,744) | 7,591 | (774) |
|-------|---------|-------|-------|

Total other income (loss)

|       |         |        |        |
|-------|---------|--------|--------|
| 8,090 | (4,882) | 13,860 | 23,654 |
|-------|---------|--------|--------|

### Expenses

Loan and security servicing expense

|       |       |       |       |
|-------|-------|-------|-------|
| 1,021 | 1,104 | 2,055 | 2,202 |
|-------|-------|-------|-------|

Property operating expenses

|       |     |        |     |
|-------|-----|--------|-----|
| 8,409 | 231 | 16,772 | 457 |
|-------|-----|--------|-----|

General and administrative expense

|       |       |        |       |
|-------|-------|--------|-------|
| 9,938 | 4,841 | 14,151 | 7,003 |
|-------|-------|--------|-------|

Management fee to affiliate

|       |       |        |        |
|-------|-------|--------|--------|
| 8,148 | 5,631 | 17,713 | 10,607 |
|-------|-------|--------|--------|

Depreciation and amortization

|       |   |       |   |
|-------|---|-------|---|
| 4,070 | 2 | 8,149 | 4 |
|-------|---|-------|---|

Total expenses

|        |        |        |        |
|--------|--------|--------|--------|
| 31,586 | 11,809 | 58,840 | 20,273 |
|--------|--------|--------|--------|

Income from continuing operations

|        |        |        |        |
|--------|--------|--------|--------|
| 28,142 | 23,819 | 56,007 | 94,177 |
|--------|--------|--------|--------|

Income (loss) from discontinued operations

|        |       |        |       |
|--------|-------|--------|-------|
| 25,581 | 6,620 | 35,729 | 9,733 |
|--------|-------|--------|-------|

### Net Income

|        |        |        |         |
|--------|--------|--------|---------|
| 53,723 | 30,439 | 91,736 | 103,910 |
|--------|--------|--------|---------|

Preferred dividends

|         |         |         |         |
|---------|---------|---------|---------|
| (1,395) | (1,395) | (2,790) | (2,790) |
|---------|---------|---------|---------|

|                                                                                               |             |             |             |             |
|-----------------------------------------------------------------------------------------------|-------------|-------------|-------------|-------------|
| <b>Income Available for Common Stockholders</b>                                               | \$ 52,328   | \$ 29,044   | \$ 88,946   | \$ 101,120  |
| <b>Income Per Share of Common Stock</b>                                                       |             |             |             |             |
| Basic                                                                                         | \$ 0.20     | \$ 0.21     | \$ 0.36     | \$ 0.84     |
| Diluted                                                                                       | \$ 0.20     | \$ 0.21     | \$ 0.35     | \$ 0.84     |
| <b>Income from continuing operations per share of common stock, after preferred dividends</b> |             |             |             |             |
| Basic                                                                                         | \$ 0.10     | \$ 0.17     | \$ 0.22     | \$ 0.76     |
| Diluted                                                                                       | \$ 0.10     | \$ 0.17     | \$ 0.21     | \$ 0.76     |
| <b>Income (loss) from discontinued operations per share of common stock</b>                   |             |             |             |             |
| Basic                                                                                         | \$ 0.10     | \$ 0.04     | \$ 0.14     | \$ 0.08     |
| Diluted                                                                                       | \$ 0.10     | \$ 0.04     | \$ 0.14     | \$ 0.08     |
| <b>Weighted Average Number of Shares of Common Stock Outstanding</b>                          |             |             |             |             |
| Basic                                                                                         | 259,228,343 | 134,115,335 | 247,249,101 | 119,648,172 |
| Diluted                                                                                       | 265,396,219 | 135,172,953 | 252,807,613 | 120,421,528 |
| <b>Dividends Declared per Share of Common Stock</b>                                           | \$ 0.17     | \$ 0.20     | \$ 0.39     | \$ 0.40     |

**Newcastle Investment Corp.**  
**Consolidated Balance Sheets**  
*(dollars in thousands)*

|                                                             | <b>June 30,<br/>2013<br/>(Unaudited)</b> | <b>December 31,<br/>2012</b> |
|-------------------------------------------------------------|------------------------------------------|------------------------------|
| <b>Assets</b>                                               |                                          |                              |
| Real estate securities, available-for-sale                  | \$ 777,102                               | \$ 1,691,575                 |
| Real estate related loans, held-for-sale, net               | 837,427                                  | 843,132                      |
| Residential mortgage loans, held-for-investment, net        | 273,332                                  | 292,461                      |
| Residential mortgage loans, held-for-sale, net              | 2,266                                    | 2,471                        |
| Subprime mortgage loans subject to call option              | 406,217                                  | 405,814                      |
| Investments in real estate, net of accumulated depreciation | 167,878                                  | 169,473                      |
| Intangibles, net of accumulated amortization                | 13,349                                   | 19,086                       |

|                                   |                     |                     |
|-----------------------------------|---------------------|---------------------|
| Other investments                 | 24,907              | 24,907              |
| Cash and cash equivalents         | 271,052             | 231,898             |
| Restricted cash                   | 7,173               | 2,064               |
| Derivative assets                 | 43,470              | 165                 |
| Due from Affiliates               | 1,254               | -                   |
| Receivables and other assets      | 19,907              | 17,197              |
| Assets of discontinued operations | -                   | 245,069             |
| <b>Total Assets</b>               | <b>\$ 2,845,334</b> | <b>\$ 3,945,312</b> |

## **Liabilities and Stockholders' Equity**

### **Liabilities**

|                                                             |                     |                     |
|-------------------------------------------------------------|---------------------|---------------------|
| CDO bonds payable                                           | \$ 844,484          | \$ 1,091,354        |
| Other bonds and notes payable                               | 163,718             | 183,390             |
| Repurchase agreements                                       | 311,276             | 929,435             |
| Mortgage notes payable                                      | 120,525             | 120,525             |
| Financing of subprime mortgage loans subject to call option | 406,217             | 405,814             |
| Junior subordinated notes payable                           | 51,240              | 51,243              |
| Derivative liabilities                                      | 20,197              | 31,576              |
| Dividends Payable                                           | 43,951              | 38,884              |
| Due to affiliates                                           | 3,216               | 3,620               |
| Accrued expenses and other liabilities                      | 16,884              | 15,931              |
| Liabilities of discontinued operations                      | -                   | 480                 |
| <b>Total Liabilities</b>                                    | <b>\$ 1,981,708</b> | <b>\$ 2,872,252</b> |

### **Stockholders' Equity**

|                                                                                                                                                                                                                                                                                                                                                                                                             |                   |                     |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|---------------------|
| Preferred stock, \$0.01 par value, 100,000,000 shares authorized, 1,347,321 shares of 9.75% Series B Cumulative Redeemable Preferred Stock, 496,000 shares of 8.05% Series C Cumulative Redeemable Preferred Stock, and 620,000 shares of 8.375% Series D Cumulative Redeemable Preferred Stock, liquidation preference \$25.00 per share, issued and outstanding as of June 30, 2013 and December 31, 2012 | \$ 61,583         | \$ 61,583           |
| Common stock, \$0.01 par value, 1,000,000,000 and 500,000,000 shares authorized, 293,326,085 and 172,525,645 shares issued and outstanding at June 30, 2013 and December 31, 2012, respectively                                                                                                                                                                                                             | 2,933             | 1,725               |
| Additional paid-in capital                                                                                                                                                                                                                                                                                                                                                                                  | 2,670,444         | 1,710,083           |
| Accumulated deficit                                                                                                                                                                                                                                                                                                                                                                                         | (1,940,305)       | (771,095)           |
| Accumulated other comprehensive income (loss)                                                                                                                                                                                                                                                                                                                                                               | 68,971            | 70,764              |
| <b>Total Equity</b>                                                                                                                                                                                                                                                                                                                                                                                         | <b>\$ 863,626</b> | <b>\$ 1,073,060</b> |

|                                                   |                     |                     |
|---------------------------------------------------|---------------------|---------------------|
| <b>Total Liabilities and Stockholders' Equity</b> | <b>\$ 2,845,334</b> | <b>\$ 3,945,312</b> |
|---------------------------------------------------|---------------------|---------------------|

**Newcastle Investment Corp.**  
**Unaudited Pro Forma Condensed Consolidated Statement of Operations(1)**  
**Three Months Ended June 30, 2013**

|                                                                                                                                                                              | <b>Newcastle<br/>Consolidated<br/>Historical</b> | <b>Pro Forma<br/>Adjustments<br/>New<br/>Residential</b> | <b>Newcastle<br/>Consolidated<br/>Pro Forma</b> |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------|----------------------------------------------------------|-------------------------------------------------|
| Interest income                                                                                                                                                              | \$ 62,824                                        | \$ (5,863)                                               | \$ 56,961                                       |
| Interest expense                                                                                                                                                             | 21,998                                           | (1,253)                                                  | 20,745                                          |
| Net interest income                                                                                                                                                          | <u>40,826</u>                                    | <u>(4,610)</u>                                           | <u>36,216</u>                                   |
| <b>Impairment (Reversal)</b>                                                                                                                                                 |                                                  |                                                          |                                                 |
| Valuation allowance (reversal) on loans                                                                                                                                      | (709)                                            | -                                                        | (709)                                           |
| Other-than-temporary impairment on securities                                                                                                                                | 3,430                                            | (3,756)                                                  | (326)                                           |
| Portion of other-than-temporary impairment on securities recognized in other comprehensive income (loss), net of reversal of other comprehensive loss into net income (loss) | 480                                              | -                                                        | 480                                             |
| Total impairment                                                                                                                                                             | <u>3,201</u>                                     | <u>(3,756)</u>                                           | <u>(555)</u>                                    |
| Net interest income after impairment/reversal                                                                                                                                | 37,625                                           | (854)                                                    | 36,771                                          |
| <b>Other Revenues</b>                                                                                                                                                        |                                                  |                                                          |                                                 |
| Rental income                                                                                                                                                                | 11,721                                           | -                                                        | 11,721                                          |
| Care and ancillary income                                                                                                                                                    | 2,292                                            | -                                                        | 2,292                                           |
| Total other revenues                                                                                                                                                         | <u>14,013</u>                                    | <u>-</u>                                                 | <u>14,013</u>                                   |
| <b>Other Income (Loss)</b>                                                                                                                                                   |                                                  |                                                          |                                                 |
| Gain (loss) on settlement of investments, net                                                                                                                                | 5,066                                            | (58)                                                     | 5,008                                           |
| Gain on extinguishment of debt                                                                                                                                               | -                                                | -                                                        | -                                               |
| Other income (loss), net                                                                                                                                                     | 3,024                                            | -                                                        | 3,024                                           |
| Total other income (loss)                                                                                                                                                    | <u>8,090</u>                                     | <u>(58)</u>                                              | <u>8,032</u>                                    |
| <b>Expenses</b>                                                                                                                                                              |                                                  |                                                          |                                                 |
| Loan and security servicing expense                                                                                                                                          | 1,021                                            | (115)                                                    | 906                                             |
| Property operating expenses                                                                                                                                                  | 8,409                                            | -                                                        | 8,409                                           |
| General and administrative expense                                                                                                                                           | 9,938                                            | (26)                                                     | 9,912                                           |
| Management fee to affiliate                                                                                                                                                  | 8,148                                            | (1,809)                                                  | 6,339                                           |



|                                                                                               |                    |                 |                    |
|-----------------------------------------------------------------------------------------------|--------------------|-----------------|--------------------|
| Depreciation and amortization                                                                 | 4,070              | -               | 4,070              |
| Total expenses                                                                                | <u>31,586</u>      | <u>(1,950)</u>  | <u>29,636</u>      |
| Income from continuing operations                                                             | 28,142             | 1,038           | 29,180             |
| Preferred dividends                                                                           | <u>(1,395)</u>     | <u>-</u>        | <u>(1,395)</u>     |
| <b>Income from continuing operations after preferred dividends</b>                            | <u>\$ 26,747</u>   | <u>\$ 1,038</u> | <u>\$ 27,785</u>   |
| <b>Income from continuing operations per share of common stock, after preferred dividends</b> |                    |                 |                    |
| Basic                                                                                         | <u>\$ 0.10</u>     |                 | <u>\$ 0.11</u>     |
| Diluted                                                                                       | <u>\$ 0.10</u>     |                 | <u>\$ 0.10</u>     |
| <b>Weighted Average Number of Shares of Common Stock Outstanding</b>                          |                    |                 |                    |
| Basic                                                                                         | <u>259,228,343</u> |                 | <u>259,228,343</u> |
| Diluted                                                                                       | <u>265,396,219</u> |                 | <u>265,396,219</u> |

(1) Refer to Quarterly Report on Form 10-Q for explanations of the adjustments.

**Newcastle Investment Corp.**  
**Reconciliation of Core Earnings and Pro forma Core Earnings**  
*(dollars in thousands)*

|                                                                                               | <b>Three Months Ended June 30,</b> |                 | <b>Six Months Ended June 30,</b> |                  |
|-----------------------------------------------------------------------------------------------|------------------------------------|-----------------|----------------------------------|------------------|
|                                                                                               | <b>2013</b>                        | <b>2012</b>     | <b>2013</b>                      | <b>2012</b>      |
| Income (loss) applicable to common stockholders                                               | \$52,328                           | \$29,044        | \$ 88,946                        | \$101,120        |
| Add (Deduct):                                                                                 |                                    |                 |                                  |                  |
| Impairment (reversal)                                                                         | 3,201                              | 8,499           | 5,974                            | 1,419            |
| Other (income) loss                                                                           | (8,090)                            | 4,882           | (13,860)                         | (23,654)         |
| Impairment (reversal), other (income) loss and other adjustments from discontinued operations | (8,534)                            | (3,525)         | (8,815)                          | (4,740)          |
| Depreciation and amortization                                                                 | 4,070                              | 2               | 8,149                            | 4                |
| Core earnings                                                                                 | <u>\$42,975</u>                    | <u>\$38,902</u> | <u>\$ 80,394</u>                 | <u>\$ 74,149</u> |

**Three Months Ended  
June 30, 2013**

|                                                                              |           |
|------------------------------------------------------------------------------|-----------|
| Pro forma income (loss) from continuing operations after preferred dividends | \$ 27,785 |
|------------------------------------------------------------------------------|-----------|

|                               |                  |
|-------------------------------|------------------|
| Add (Deduct):                 |                  |
| Impairment (reversal)         | (555)            |
| Other (income) loss           | (8,032)          |
| Depreciation and amortization | 4,070            |
| Pro forma core earnings       | <u>\$ 23,268</u> |

## Core Earnings

Core earnings is a non-GAAP measure used by management to gauge the Company's current performance. Core earnings excludes realized and unrealized gains and losses on investments, derivatives and debt obligations, which, although they represent a part of the Company's recurring operations, are subject to significant variability and are only a potential indicator of future economic performance. In addition, core earnings excludes the effect of depreciation and amortization charges, which, in the judgment of management, are not indicative of operating performance. Finally, core earnings accounts for the Company's investment in a consumer loan portfolio (which was spun-off on May 15, 2013) on a level yield methodology.

Management believes that core earnings allows investors and analysts to readily identify the operating performance of the assets that form the core of the Company's activities and to evaluate the Company's current performance using the same measure that management uses to operate the business.

Core earnings does not represent cash generated from operating activities in accordance with GAAP and therefore should not be considered an alternative to GAAP Income as an indicator of the Company's operating performance or as an alternative to cash flow as a measure of its liquidity, and core earnings is not necessarily indicative of cash available to fund cash needs. The Company's calculation of core earnings may be different from the calculation used by other companies and, therefore, comparability may be limited.

## CONFERENCE CALL

Newcastle's management will host a conference call on Wednesday, August 7, 2013 at 8:30 A.M. Eastern Time. A copy of the earnings release will be posted to the Investor Relations section of Newcastle's website, [www.newcastleinv.com](http://www.newcastleinv.com).

All interested parties are welcome to participate on the live call. The conference call may be accessed by dialing 1-888-243-2046 (from within the U.S.) or 1-706-679-1533 (from outside of the U.S.) ten minutes prior to the scheduled start of the call; please reference "Newcastle Second Quarter 2013 Earnings Call."

A simultaneous webcast of the conference call will be available to the public on a listen-only basis at [www.newcastleinv.com](http://www.newcastleinv.com). Please allow extra time prior to the call to visit the website and download any necessary software required to listen to the internet broadcast.

A telephonic replay of the conference call will also be available two hours following the call's completion through 11:59 P.M. Eastern Time on Wednesday, August 14, 2013 by dialing 1-855-859-2056 (from within the U.S.) or 1-404-537-3406 (from outside of the U.S.); please

reference access code "17380530."

## **ABOUT NEWCASTLE**

The Company focuses on opportunistically investing in, and actively managing, real estate related assets and primarily invests in two distinct areas: (1) Senior Housing Assets and (2) Real Estate & Other Debt. The Company 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 items 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 committed investments and expected financing with respect to such investments. 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 its expectations include, but are not limited to, the risk that committed investments 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 cause actual results to differ from 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 most recent Annual Report on Form 10-K and Quarterly Report on Form 10-Q. 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, 212-479-3195

Source: Newcastle Investment Corp.