

January 31, 2017

DRIVE SHACK INC.

Drive Shack Inc. Announces Tax Treatment of 2016 Dividends

NEW YORK--(BUSINESS WIRE)-- Drive Shack Inc. (NYSE:DS, "Drive Shack"), formerly known as Newcastle Investment Corp. (NYSE: NCT), today announced the tax treatment of its 2016 common and preferred stock distribution payments.

Common Stock Dividends

2016 taxable dividends for Drive Shack's common stock are comprised of Long-Term Capital Gain distributions totaling \$0.48 per share. The following table summarizes the common stock dividends and tax treatment for the full year 2016.

CUSIP	Record Date	Pay Date	Cash Distribution	Ordinary Dividend	Qualified Dividend ⁽¹⁾	Long-Term Capital Gain	Return of Capital
<u># 65105M603</u>							
1Q16	04/08/16	04/29/16	0.120000	0.000000	0.000000	0.120000	0.000000
2Q16	07/22/16	07/29/16	0.120000	0.000000	0.000000	0.120000	0.000000
3Q16	10/24/16	10/31/16	0.120000	0.000000	0.000000	0.120000	0.000000
<u># 262077100</u>							
4Q16 ⁽²⁾	12/20/16	01/31/17	0.120000	0.000000	0.000000	0.120000	0.000000
Total			0.480000	0.000000	0.000000	0.480000	0.000000

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

The entire 4Q16 common stock distribution is treated as a taxable distribution to

(2) *stockholders in 2016.*

Series B Preferred Stock Dividends

2016 taxable dividends for Drive Shack's Series B preferred stock are comprised of Long-Term Capital Gain distributions totaling \$2.437500 per share. The following table summarizes the Series B preferred stock dividends and tax treatment for the full year 2016.

CUSIP	Record Date	Pay Date	Cash Distribution	Ordinary Dividend	Qualified Dividend ⁽¹⁾	Long-Term Capital Gain	Return of Capital
<u># 65105M207</u>							
1Q16	04/08/16	04/29/16	0.609375	0.000000	0.000000	0.609375	0.000000
2Q16	07/22/16	07/29/16	0.609375	0.000000	0.000000	0.609375	0.000000

3Q16	10/24/16	10/31/16	0.609375	0.000000	0.000000	0.609375	0.000000
<u># 262077209</u>							
4Q16 ⁽²⁾	12/20/16	01/31/17	0.609375	0.000000	0.000000	0.609375	0.000000
Total			2.437500	0.000000	0.000000	2.437500	0.000000

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

The entire 4Q16 Series B preferred stock distribution is treated as a taxable

(2) distribution to stockholders in 2016.

Series C Preferred Stock Dividends

2016 taxable dividends for Drive Shack's Series C preferred stock are comprised of Long-Term Capital Gain distributions totaling \$2.012500 per share. The following table summarizes the Series C preferred stock dividends and tax treatment for the full year 2016.

CUSIP	Record Date	Pay Date	Cash Distribution	Ordinary Dividend	Qualified Dividend ⁽¹⁾	Long-Term Capital Gain	Return of Capital
<u># 65105M306</u>							
1Q16	04/08/16	04/29/16	0.503125	0.000000	0.000000	0.503125	0.000000
2Q16	07/22/16	07/29/16	0.503125	0.000000	0.000000	0.503125	0.000000
3Q16	10/24/16	10/31/16	0.503125	0.000000	0.000000	0.503125	0.000000
<u># 262077308</u>							
4Q16 ⁽²⁾	12/20/16	01/31/17	0.503125	0.000000	0.000000	0.503125	0.000000
Total			2.012500	0.000000	0.000000	2.012500	0.000000

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

(2) The entire 4Q16 Series C preferred stock distribution is treated as a taxable distribution to stockholders in 2016.

Series D Preferred Stock Dividends

2016 taxable dividends for Drive Shack's Series D preferred stock are comprised of Long-Term Capital Gain distributions totaling \$2.093752 per share. The following table summarizes the Series D preferred stock dividends and tax treatment for the full year 2016.

CUSIP	Record Date	Pay Date	Cash Distribution	Ordinary Dividend	Qualified Dividend ⁽¹⁾	Long-Term Capital Gain	Return of Capital
<u># 65105M405</u>							
1Q16	04/08/16	04/29/16	0.523438	0.000000	0.000000	0.523438	0.000000

2Q16	07/22/16	07/29/16	0.523438	0.000000	0.000000	0.523438	0.000000
3Q16	10/24/16	10/31/16	0.523438	0.000000	0.000000	0.523438	0.000000
# 262077407							
4Q16 ⁽²⁾	12/20/16	01/31/17	0.523438	0.000000	0.000000	0.523438	0.000000
Total			2.093752	0.000000	0.000000	2.093752	0.000000

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

(2) *The entire 4Q16 Series D preferred stock distribution is treated as a taxable distribution to stockholders in 2016.*

ALTERNATIVE MINIMUM TAX

Solely for purposes of computing the Alternative Minimum Tax, of the amounts distributed above, 40.1621% 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 2016, 1.6158% 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 Drive Shack.

ABOUT DRIVE SHACK INC.

Drive Shack Inc. is a leading owner and operator of golf-related leisure and entertainment businesses. Drive Shack Inc. is managed by an affiliate of Fortress Investment Group LLC, a global investment management firm.

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