



DRIVE SHACK

Investor Presentation

Third Quarter 2017

Disclaimers

IN GENERAL. This disclaimer applies to this document and the verbal or written comments of any person presenting it. This document, taken together with any such verbal or written comments, is referred to herein as the “Presentation.”

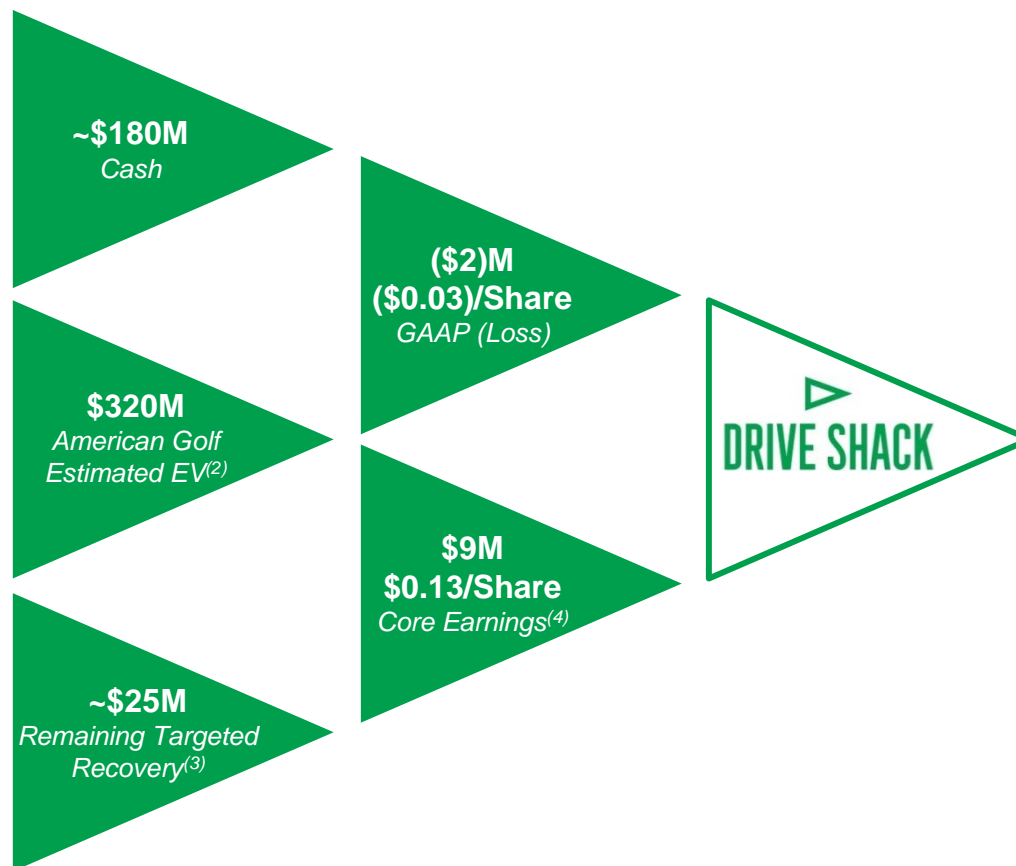
FORWARD-LOOKING STATEMENTS. Certain items in this Presentation may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including, but not limited to, statements regarding Drive Shack Inc.’s (NYSE: DS; “DS Inc.” or the “Company” and “we,” “us” and “our,” as applicable) estimated American Golf enterprise value, continuing to monetize our legacy debt portfolio, our ability to recover and timing of remaining targeted recovery of ~\$25 million, potential returns on our investments, targeted investment returns for the Traditional Golf business, 2017 Target Adjusted EBITDA (“2017E Adjusted EBITDA”) for the Traditional Golf business, ability to drive growth in our Traditional Golf business, ability to redeploy our cash into our business, targeted multiples, yields and returns, and our ability to execute the Drive Shack business plan, including (i) the number of Drive Shack venues that we may be able to develop, (ii) timing for opening venues, (iii) current management expectations for such venues, and (iv) ability of Drive Shack to serve as a growth engine for Drive Shack Inc. These statements are based on management’s current expectations and beliefs and are subject to a number of risks, 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. Neither Drive Shack Inc. nor its manager FIG LLC, an affiliate of Fortress Investment Group LLC (“Fortress”), can give any assurance that management’s current expectations will be attained. Factors that could cause actual results to differ materially from expectations include, but are not limited to, the risk that we do not deploy investable cash as quickly as we anticipate or our acquisitions are not as successful as anticipated, competition, an unfavorable supply-demand imbalance, or reputational harm, and the other risks detailed in Drive Shack Inc.’s periodic reports filed with the Securities and Exchange Commission (“SEC”). In addition, new risks and uncertainties emerge from time to time, and it is not possible to predict or assess the impact of every factor that may cause actual results to differ from those contained in any forward-looking statements. Accordingly, you should not place undue reliance on any forward-looking statements contained in this Presentation. Forward-looking statements speak only as of the date of this Presentation. We expressly disclaim any obligation to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in expectations with regard thereto or change in events, conditions or circumstances on which any statement is based.

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NON-GAAP FINANCIAL INFORMATION. This Presentation includes information based on financial measures that are not recognized under generally accepted accounting principles (“GAAP”). You should use non-GAAP information in addition to, and not as an alternative to, financial information prepared in accordance with GAAP, which is included in Drive Shack Inc.’s filings with the SEC. See definitions, purpose and reconciliations to the most comparable GAAP measures at the end of this Presentation. These measures may not be identical or comparable to measures referred to by the same name presented by other companies.

Drive Shack Inc. – Business Overview⁽¹⁾

Drive Shack Inc. is a leading owner and operator of golf-related leisure and entertainment businesses



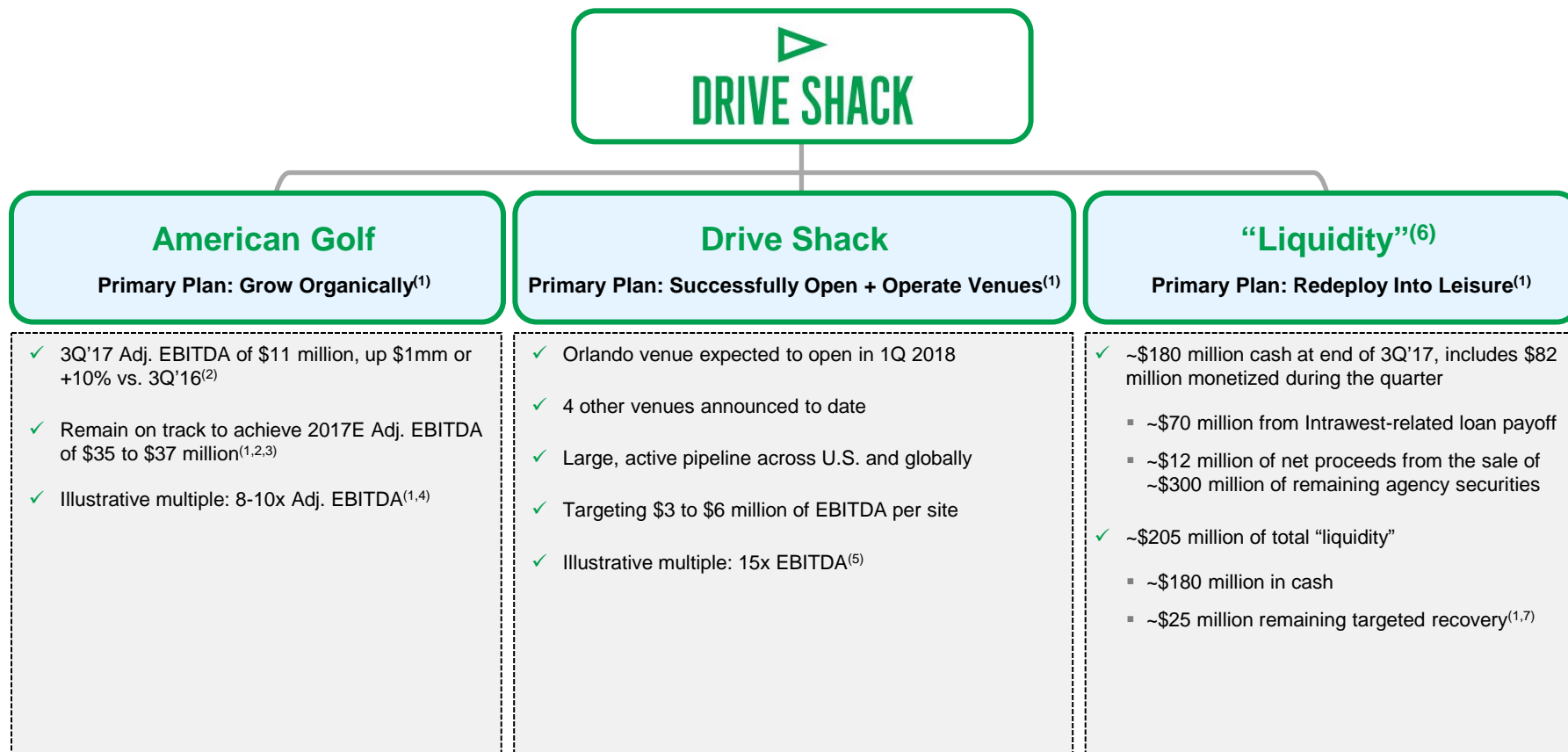
1) As of September 30, 2017, unless otherwise indicated.

2) \$320 million of estimated enterprise value is calculated based on the midpoint of 2017E Adjusted ("Adj.") EBITDA of \$36 million at a 9x multiple, excluding the impact of other assets, \$102 million of long-term financing and other liabilities. Adj. EBITDA multiple of 9x is based on the median EBITDA multiples of our leisure trading comparables, including Vail Resorts Inc. and Peak Resorts, Inc., and the recent sale transactions involving Clubcorp (NYSE: MYCC) and Intrawest Resorts (NYSE: SNOW). 2017E Adj. EBITDA is a non-GAAP measure. See reconciliation to the most comparable GAAP measure and endnotes at the end of this Presentation. See "Disclaimers" at the beginning of this Presentation for more information on forward-looking statements.

3) Remaining targeted recovery is management's current targeted real estate debt recovery, and is based on management's current assessment of market conditions, credit quality of relevant borrowers and any losses or gains on the underlying collateral. The timing and amounts of such recovery are outside of our control. As a result, actual recovery may vary materially from targeted recovery. See "Disclaimers" at the beginning of this Presentation for more information on forward-looking statements.

4) Core Earnings is a non-GAAP measure. See reconciliation to the most comparable GAAP measure and endnotes at the end of this Presentation.

Drive Shack Today



1) See “Disclaimers” at the beginning of this Presentation for more information on forward-looking statements.

2) Adj. EBITDA is a non-GAAP measure. See reconciliation to the most comparable GAAP measure and endnotes at the end of this Presentation.

3) There can be no assurance that we will achieve 2017E Adj. EBITDA and actual results may differ materially.

4) Illustrative Adj. EBITDA multiple range of 8-10x is based on the median EBITDA multiples of our leisure trading comparables, including Vail Resorts Inc. and Peak Resorts, Inc., and the recent sale transactions involving Clubcorp (NYSE: MYCC) and Intrawest Resorts (NYSE: SNOW). 2017E Adj. EBITDA is a non-GAAP measure. See reconciliation to the most comparable GAAP measure and endnotes at the end of this Presentation. See “Disclaimers” at the beginning of this Presentation for more information on forward-looking statements.

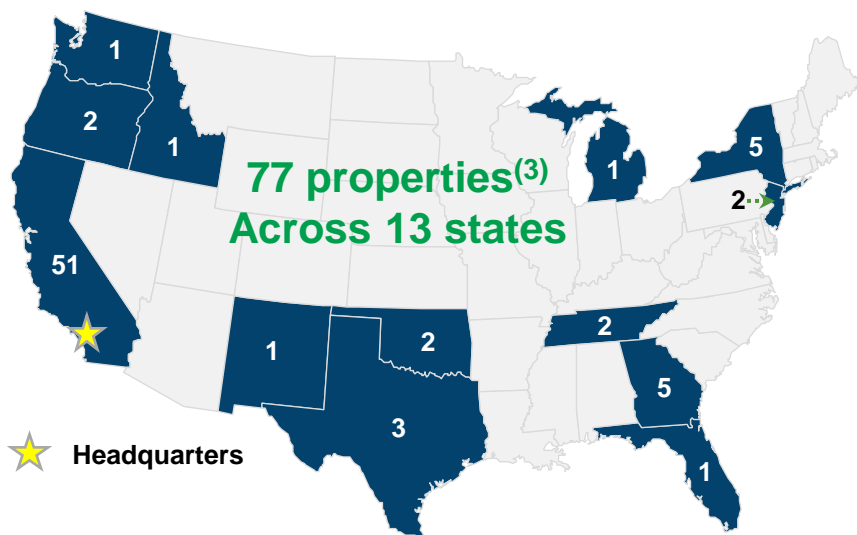
5) Based on equity research and management estimates of entertainment peers. No report of any research analysts is incorporated by reference herein. There can be no assurances that we will achieve such illustrative valuation, and actual valuation may differ materially.


6) “Liquidity” will be used to fund customary expenses related to running the Company as well as reinvested into Drive Shack and American Golf.


7) Remaining targeted recovery is based on management’s current assessment of market conditions, credit quality of relevant borrowers and any losses or gains on the underlying collateral. The timing and amounts of such recovery are outside of our control. As a result, actual recovery may vary materially from targeted recovery.


American Golf – Company Overview⁽¹⁾


One of the largest owners & operators of golf properties in the U.S.⁽²⁾




 **3.9mm**
Rounds/TTM⁽⁴⁾


 **4.6K acres**
Owned Real Estate

 **1.4K**
Holes of Golf

 **75%+**
Top 20 MSAs⁽⁵⁾

(# of properties)	Total	Owned	Leased	Managed
Private	21	15	4	2
Public	56	12	37	7
Total	77	27	41	9

 **43K**
The Players Club
Total Members⁽⁶⁾

 **14K**
Private
Members⁽⁷⁾

Note: Information presented as of September 30, 2017, except as otherwise noted.

1) Total number of properties reflects the total number of public and private properties that are owned, leased or managed by American Golf as of September 30, 2017. The operating and financial metrics on this page reflect results from the 68 properties that were owned or leased as of September 30, 2017, and excludes the 9 managed properties.

2) Golf Inc. Magazine.

3) American Golf began 2017 with 78 properties, and exited 1 municipal management agreement during 2Q 2017.

4) TTM represents Trailing Twelve Months ending September 30, 2017.

5) Metropolitan Statistical Areas.

6) The Players Club is a membership program offered at most of American Golf's public properties, where members receive benefits such as golf clinics and range access in exchange for a monthly fee.

7) Includes full golf members, limited golf members and other members (i.e., social members).

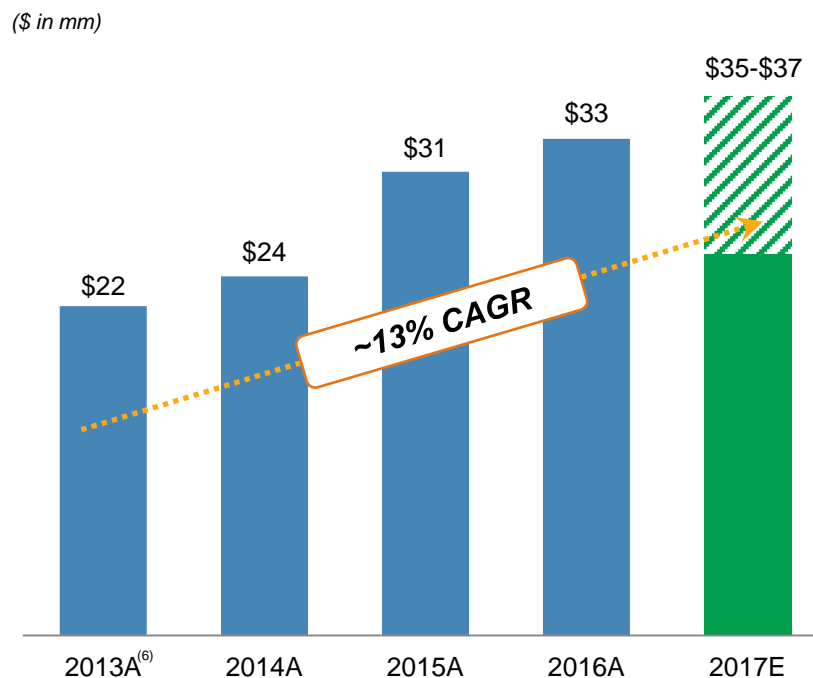
American Golf – Performing Well & Positioned for Growth⁽¹⁾

- 3Q 2017 TTM Same Store revenue of \$292 million is +\$1 million vs. 3Q 2016 TTM⁽²⁾
- 3Q 2017 TTM Adj. EBITDA of \$34 million is +\$1 million, or 3%, vs. 3Q 2016 TTM⁽³⁾
- 2017E Adj. EBITDA of \$35 to \$37 million – at the midpoint, implies a 9% year-over-year increase⁽⁴⁾

3Q 2017 TTM Same Store Results⁽²⁾

	3Q '17 TTM	3Q '16 TTM	vs. 3Q '16 TTM Δ	% Δ
Private Metrics (19 properties)				
Revenue (\$mm)	\$132	\$129	+\$3M	+2%
Avg. Dues / Avg. FG Member	\$6,005	\$5,802	+\$203	+3%
Full Golf ("FG") Members	9,008	8,698	+310	+4%
FG Occupancy	86.4%	83.5%	+3%	+4%
Public Metrics (49 properties)				
Revenue (\$mm)	\$160	\$162	-\$2M	-1%
Total Rounds	3.1M	3.3M	-0.2M	-4%
Avg. Fees / Round ⁽⁵⁾	\$40.50	\$39.42	+\$1.08	+3%
The Players Club Members	43K	38K	+5K	+13%

Adjusted EBITDA Growth^(3,4)



Note: Discrepancies may exist due to rounding.

1) See "Disclaimers" at the beginning of this Presentation for more information on forward-looking statements.

2) Same Store properties include properties that were owned or leased as of September 30, 2016 and September 30, 2017, and excludes the 9 managed properties.

3) Adjusted EBITDA is a non-GAAP measure. See reconciliation to the most comparable GAAP measure and endnotes at the end of this Presentation.

4) There can be no assurance that we will achieve 2017E Adj. EBITDA and actual results may differ materially. See "Disclaimers" at the beginning of this Presentation for more information on forward-looking statements.

5) Avg. Fees / Round is calculated by dividing the sum of green fees, cart fees, range revenue, merchandise and a portion of food & beverage revenue by the total number of public golf rounds played.

6) DS acquired American Golf Corporation ("AGC") in December 2013. 2013A reflects unaudited predecessor financial information prior to the acquisition and may not be comparable to subsequent financial information.

Drive Shack – Growth Driver Of Our Business⁽¹⁾

Creating year-round entertainment venues that combine golf, competition, dining and fun

- **3-story indoor/outdoor driving ranges with +90 multi-player suites offering:**
 - Competitive games that both non-golfers and golfers can enjoy
 - Venues will include full-service restaurant, bar and event space
- **Developing first venue in Orlando, FL – aim to open in 1Q 2018**
- **Evaluating a robust pipeline of sites across the top 100 MSAs, American Golf properties and globally**
- **Expect the average site to cost \$20 to \$25 million to build; targeting \$3 to \$6 million of EBITDA per site**



Appendix

1. *Financial Statements*
2. *GAAP Reconciliations*
3. *Endnotes*

Consolidated Balance Sheet

(\$ in 000s)

Assets	As of 9/30/2017	As of 12/31/2016
<i>Current Assets:</i>		
<i>Cash and cash equivalents</i>	\$182,371	\$140,140
<i>Restricted cash</i>	4,629	4,992
<i>Accounts receivable, net</i>	8,540	8,047
<i>Real estate securities, available-for-sale</i>	2,236	629,254
<i>Other current assets</i>	22,540	78,687
Total Current Assets	\$220,316	\$861,120
<i>Restricted cash, noncurrent</i>	1,407	1,412
<i>Property and equipment, net of accumulated depreciation</i>	226,049	217,611
<i>Intangibles, net of accumulated amortization</i>	59,309	65,112
<i>Other investments</i>	20,601	19,256
<i>Other assets</i>	8,433	7,447
Total Assets	\$536,115	\$1,171,958
Liabilities		
<i>Current Liabilities:</i>		
<i>Obligations under capital leases</i>	\$4,484	\$3,699
<i>Membership deposit liabilities</i>	8,830	8,491
<i>Repurchase agreements</i>	--	600,964
<i>Accounts payable and accrued expenses</i>	33,672	26,249
<i>Deferred revenue</i>	9,955	29,851
<i>Other current liabilities</i>	21,753	28,968
Total Current Liabilities	\$78,694	\$698,222
<i>Credit facilities and obligations under capital leases</i>	112,383	111,585
<i>Junior subordinated notes payable</i>	51,210	51,217
<i>Membership deposit liabilities, noncurrent</i>	84,896	80,549
<i>Deferred revenue, noncurrent</i>	6,900	6,256
<i>Other liabilities</i>	5,724	6,062
Total Liabilities	\$339,807	\$953,891
Stockholders' Equity		
<i>Preferred Stock</i>	\$61,583	\$61,583
<i>Common Equity</i>	134,725	156,484
Total Stockholders' Equity	\$196,308	\$218,067
Total Liabilities & Stockholders' Equity	\$536,115	\$1,171,958



Consolidated Income Statement

(\$ in 000s, except per share data)

Income Statement	3Q 2017	3Q 2016
<i>Revenues:</i>		
Golf course operations	\$62,034	\$63,249
Sales of food and beverages	19,657	19,913
Total revenues	\$81,691	\$83,162
<i>Operating costs:</i>		
Operating expenses	67,385	69,251
Cost of sales – food and beverages	5,721	6,026
General and administrative expense	4,328	3,688
Management fee to affiliate	2,678	2,676
Depreciation and amortization	6,187	6,735
Impairment	28	611
Realized and unrealized gain on investments	(315)	(6,605)
Total operating costs	86,012	82,382
Operating (loss) income	\$(4,321)	\$780
<i>Other income (expenses):</i>		
Interest and investment income	8,418	32,310
Interest expense, net	(4,770)	(13,138)
Other income, net	202	505
(Loss) Income before income tax	\$(471)	\$20,457
Income tax benefit	2	38
Net (Loss) Income	\$(469)	\$20,495
Preferred dividends	(1,395)	(1,395)
Net income attributable to noncontrolling interest	--	(177)
(Loss) Income Applicable to Common Stockholders	\$(1,864)	\$18,923
Per WA Basic Share	\$(0.03)	\$0.28



GAAP Reconciliation – Core Earnings⁽¹⁾

- Management uses core earnings, which is a non-GAAP measure, as one measure of operating performance. Core earnings is income (loss) available for common stockholders excluding impairment, other income, net of related provision for income taxes, realized and unrealized gain on investments, and depreciation and amortization charges including the accretion of membership deposit liabilities and the amortization of favorable or unfavorable leasehold intangibles, acquisition and spin-off related expenses and restructuring expenses.

(\$ in 000s, except per share)	3Q 2017	3Q 2016
Reconciliation of Core Earnings		
(Loss) Income applicable to common stockholders	(\$1,864)	\$18,923
<i>Add (Deduct):</i>		
Impairment	28	611
Realized and unrealized gain on investments	(315)	(6,605)
Other loss (income) ⁽²⁾	185	(121)
Depreciation and amortization ⁽³⁾	8,826	9,259
Acquisition, transaction, restructuring and spin-off related expenses ⁽⁴⁾	1,953	1,093
Core Earnings	\$8,813	\$23,160
Per WA Basic Share	\$0.13	\$0.35
Per WA Diluted Share	\$0.13	\$0.34

*See footnotes on next page.

GAAP Reconciliation – Core Earnings (Continued)⁽¹⁾

1) Please refer to Endnote on Reconciliation of Non-GAAP Measures at the end of this Presentation.

2) Other Income Reconciliations:

(\$ in 000s)	3Q 2017	3Q 2016
Total other income	\$3,850	\$19,677
<i>Add (Deduct):</i>		
Equity in earnings from equity method investees	(387)	(384)
Interest and investment income	(8,418)	(32,310)
Interest expense, net	4,770	13,138
Other (loss) income	\$(185)	\$121

3) Including accretion of membership deposit liabilities of \$1.6 million and amortization of favorable and unfavorable leasehold intangibles of \$1.0 million in the three months ended September 30, 2017. Including accretion of membership deposit liabilities of \$1.4 million and amortization of favorable and unfavorable leasehold intangibles of \$1.1 million in the three months ended September 30, 2016. The accretion of membership deposit liabilities was recorded to interest expense, net and the amortization of favorable and unfavorable leasehold intangibles was recorded to operating expenses.

4) Including acquisition and transaction expenses of \$1.9 million and restructuring expenses of less than \$0.1 million during the three months ended September 30, 2017. Including acquisition and transaction expenses of \$1.1 million and restructuring expenses of zero during the three months ended September 30, 2016. The acquisition and transaction costs were recorded to general and administrative expense and restructuring expenses were recorded to operating expenses. Excludes costs associated with Hurricane Irma damage.

GAAP Reconciliation – 3Q 2017 & 3Q 2016 Adjusted EBITDA⁽¹⁾

(\$ in 000s)	Three Months Ended	Three Months Ended
	9/30/2017	9/30/2016
Net Loss Applicable to Common Stockholders for Traditional Golf	(\$2,256)	(\$3,162)
Add:		
<i>Interest Expense, net</i>	3,788	3,323
<i>Income Tax Expense</i>	-	(38)
<i>Depreciation and Amortization</i>	6,171	6,735
<i>Amortization of favorable/unfavorable leasehold intangibles</i>	1,028	1,082
EBITDA	\$8,731	\$7,940
<i>Other Loss</i>	244	15
<i>Other Tax Expense in Lieu of Income Taxes</i>	(9)	-
<i>Change in deferred revenue related to initiation fee deposits</i>	397	616
<i>Rental Expense for Cart and Equipment under Operating Leases</i>	712	919
<i>Adjusted EBITDA from terminated non-core courses</i>	-	17
<i>Acquisition, Transaction, and Restructuring Costs⁽²⁾</i>	562	211
<i>DS Inc. Corporate G&A</i>	449	394
ADJ. EBITDA	\$11,086	\$10,112

1) Please refer to Endnote on GAAP Reconciliation – Adj. EBITDA at the end of this Presentation.

2) Includes \$0.5 million in 3Q 2017 for costs associated with hurricane damage on one property in south Florida impacted by Hurricane Irma, which was recorded to operating expenses. Three Months Ended 9/30/2017 Adj. EBITDA would have been \$10.6 million, exclusive of the hurricane related charge. We are seeking insurance remuneration and will also include any such remuneration in Acquisition, Transaction, and Restructuring Costs for Adj. EBITDA purposes.

GAAP Reconciliation – 3Q 2017 YTD & 3Q 2017 TTM Adjusted EBITDA⁽¹⁾

	A	B	C	A + B - C
	Nine Months Ended	Full Year Ended	Nine Months Ended	Trailing Twelve Months
(\$ in 000s)	9/30/2017	2016	9/30/2016	9/30/2017
Net Loss Applicable to Common Stockholders for Traditional Golf	(\$14,502)	(\$29,742)	(\$14,869)	(\$29,375)
Add:				
<i>Interest Expense, net</i>	11,386	12,336	8,609	15,113
<i>Income Tax Expense</i>	-	188	144	44
<i>Depreciation and Amortization</i>	17,936	26,496	19,250	25,182
<i>Amortization of favorable/unfavorable leasehold intangibles</i>	3,083	4,451	3,403	4,131
EBITDA	\$17,903	\$13,729	\$16,537	\$15,095
<i>Other Loss</i>	1,362	9,097	307	10,152
<i>Other Tax Expense in Lieu of Income Taxes</i>	172	136	135	173
<i>Change in deferred revenue related to initiation fee deposits</i>	1,311	2,321	1,965	1,667
<i>Rental Expense for Cart and Equipment under Operating Leases</i>	2,337	3,776	2,864	3,249
<i>Adjusted EBITDA from terminated non-core courses</i>	(21)	170	38	111
<i>Acquisition, Transaction, and Restructuring Costs^(2,3)</i>	1,063	2,002	1,546	1,519
<i>DS Inc. Corporate G&A</i>	1,353	1,619	1,390	1,582
ADJ. EBITDA	\$25,480	\$32,850	\$24,782	\$33,548

1) Please refer to the Adjusted EBITDA endnotes in the back of this Presentation.

2) Includes restructuring expenses of less than \$0.1 million, \$0.4 million and \$0.3 million during the Nine Months Ended September 30, 2017, the Full Year Ended December 31, 2016 and the Nine Months Ended September 30, 2016, respectively. Restructuring expenses were recorded to operating expenses.

3) Includes \$0.5 million in 3Q 2017 for costs associated with hurricane damage on one property in south Florida impacted by Hurricane Irma, which was recorded to operating expenses. Nine Months Ended 9/30/2017 Adj. EBITDA and Trailing Twelve Months 9/30/2017 Adj. EBITDA would have been \$25.0 million and \$33.1 million, respectively, exclusive of the hurricane related charge. We are seeking insurance remuneration and will also include any such remuneration in Acquisition, Transaction, and Restructuring Costs for Adj. EBITDA purposes.

GAAP Reconciliation – 3Q 2016 YTD & 3Q 2016 TTM Adjusted EBITDA⁽¹⁾

	A	B	C	A + B - C
	Nine Months Ended	Full Year Ended	Nine Months Ended	Trailing Twelve Months
(\$ in 000s)	9/30/2016	2015	9/30/2015	9/30/2016
Net Loss Applicable to Common Stockholders for Traditional Golf	(\$14,869)	(\$14,510)	(\$7,222)	(\$22,157)
Add:				
<i>Interest Expense, net</i>	8,609	13,363	10,664	11,308
<i>Income Tax Expense</i>	144	345	1,330	(841)
<i>Depreciation and Amortization</i>	19,250	28,682	20,983	26,949
<i>Amortization of favorable/unfavorable leasehold intangibles</i>	3,403	4,942	3,728	4,617
EBITDA	\$16,537	\$32,822	\$29,483	\$19,876
<i>Other Loss (Income)</i>	307	(13,180)	(14,605)	1,732
<i>Other Tax Expense in Lieu of Income Taxes</i>	135	196	181	150
<i>Change in deferred revenue related to initiation fee deposits</i>	1,965	2,629	1,888	2,706
<i>Rental Expense for Cart and Equipment under Operating Leases</i>	2,864	4,551	3,372	4,043
<i>Adjusted EBITDA from terminated non-core courses</i>	38	(22)	213	(197)
<i>Acquisition, Transaction, and Restructuring Costs⁽²⁾</i>	1,546	1,548	1,392	1,702
<i>DS Inc. Corporate G&A</i>	1,390	2,315	1,227	2,478
ADJ. EBITDA	\$24,782	\$30,859	\$23,151	\$32,490

1) Please refer to the Adjusted EBITDA endnotes in the back of this Presentation.

2) Includes restructuring expenses of \$0.3 million, \$0.3 million and \$0.2 million during the Nine Months Ended September 30, 2016, the Full Year Ended December 31, 2015 and the Nine Months Ended September 30, 2015, respectively. Restructuring expenses were recorded to operating expenses.

GAAP Reconciliation – 2017E Adjusted EBITDA⁽¹⁾

(\$ in 000s)	Target Range Year Ending	
	12/31/2017 ^(2,3)	
Net Loss Applicable to Common Stockholders for Traditional Golf	(\$17,600)	(\$16,100)
Add:		
<i>Interest Expense, net</i>	15,500	15,500
<i>Income Tax Expense</i>	-	-
<i>Depreciation and Amortization</i>	25,000	25,000
<i>Amortization of favorable/unfavorable leasehold intangibles</i>	4,500	4,500
EBITDA	\$27,400	\$28,900
<i>Other (Income) Loss</i>	-	-
<i>Other Tax Expense in Lieu of Income Taxes</i>	-	-
<i>Change in deferred revenue related to initiation fee deposits</i>	2,000	2,500
<i>Rental Expense for Cart and Equipment under Operating Leases</i>	3,100	3,100
<i>Adjusted EBITDA from terminated non-core courses</i>	-	-
<i>Acquisition, Transaction, and Restructuring Costs</i>	-	-
<i>DS Inc. Corporate G&A</i>	2,500	2,500
ADJ. EBITDA	\$35,000	\$37,000

1) Please refer to the Adjusted EBITDA endnotes in the back of this Presentation.

2) See "Disclaimers" at the beginning of this Presentation for more information on forward-looking statements.

3) There can be no assurance that we will achieve 2017E Adj. EBITDA and actual results and endnotes may differ materially.

GAAP Reconciliation – 3Q 2017 & 3Q 2016 (Loss) Income

<i>(\$ in 000s)</i>	Three Months ended 9/30/2017	Three Months ended 9/30/2016
<i>Income (loss) applicable to common stockholders for Traditional Golf</i>	(\$2,256)	(\$3,162)
<i>Income (loss) applicable to common stockholders for Entertainment Golf</i>	(2,021)	(685)
<i>Income (loss) applicable to common stockholders for Debt Investments</i>	8,325	29,363
<i>Income (loss) applicable to common stockholders for Corporate</i>	(5,912)	(6,593)
<i>Income (Loss) applicable to common stockholders</i>	(\$1,864)	\$18,923

GAAP Reconciliation – 3Q 2017 YTD & 3Q 2017 TTM (Loss) Income

	A	B	C	A + B - C
	Nine Months Ended	Full Year Ended	Nine Months Ended	Trailing Twelve Months Ended
(\$ in 000s)	9/30/2017	2016	9/30/2016	9/30/2017
<i>Loss applicable to common stockholders for Traditional Golf</i>	(\$14,502)	(\$29,742)	(\$14,869)	(\$29,375)
<i>Loss applicable to common stockholders for Entertainment Golf</i>	(4,532)	(1,568)	(916)	(5,184)
<i>Income applicable to common stockholders for Debt Investments</i>	14,907	129,209	128,457	15,659
<i>Loss applicable to common stockholders for Corporate</i>	(18,187)	(26,400)	(20,074)	(24,513)
<i>(Loss) income applicable to common stockholders</i>	(\$22,314)	\$71,499	\$92,598	(\$43,413)

GAAP Reconciliation – 3Q 2016 YTD & 3Q 2016 TTM (Loss) Income

	A	B	C	A + B - C
	Nine Months Ended	Full Year Ended	Nine Months Ended	Trailing Twelve Months Ended
(\$ in 000s)	9/30/2016	2015	9/30/2015	9/30/2016
<i>Loss applicable to common stockholders for Traditional Golf</i>	(\$14,869)	(\$14,510)	(\$7,222)	(\$22,157)
<i>Loss applicable to common stockholders for Entertainment Golf</i>	(916)	-	-	(916)
<i>Income applicable to common stockholders for Debt Investments</i>	128,457	57,400	48,784	137,073
<i>Loss applicable to common stockholders for Corporate</i>	(20,074)	(27,269)	(20,782)	(26,561)
<i>Discontinued operations</i>	-	646	646	-
<i>Income applicable to common stockholders</i>	\$92,598	\$16,267	\$21,426	\$87,439

Endnote on Reconciliation of Non-GAAP Measures

Core Earnings

- The following primary variables impact our operating performance: (i) the current yield earned on our investments that are not included in non-recourse financing structures (i.e., unlevered investments, including investments in equity method investees and investments subject to recourse debt), (ii) the net yield we earn from our non-recourse financing structures, (iii) the interest expense and dividends incurred under our recourse debt and preferred stock, (iv) the net operating income on our real estate and golf investments, (v) our operating expenses and (vi) our realized and unrealized gains or losses, net of related provision for income taxes, including any impairment on our investments, derivatives and debt obligations. Core earnings is a non-GAAP measure of our operating performance excluding the sixth variable listed above. Core earnings also excludes depreciation and amortization charges, including the accretion of membership deposit liabilities and the impact of the application of acquisition accounting, acquisition, and spin-off and restructuring related expenses. Core earnings is used by management to evaluate our performance without taking into account gains and losses, net of related provision for income taxes, which, although they represent a part of our recurring operations, are subject to significant variability and are only a potential indicator of future performance. These adjustments to our (loss) income applicable to common stockholders are not indicative of the performance of the assets that form the core of our activity.
- Management utilizes core earnings as a measure in its decision-making process relating to the underlying fundamental operations of our investments, as well as the allocation of resources between those investments, and management also relies on core earnings as an indicator of the results of such decisions. As such, core earnings is not intended to reflect all of our activity and should be considered as only one of the factors in assessing our performance, along with GAAP net (loss) income which is inclusive of all of our activities. Management also believes that the exclusion from core earnings of the items specified above allows investors and analysts to readily identify and track the operating performance of the assets that form the core of our activity, assists in comparing the core operating results between periods, and enables investors to evaluate our current core performance using the same measure that management uses to operate the business.
- Core earnings does not represent an alternative to net (loss) income as an indicator of our operating performance or as an alternative to cash flows from operating activities as a measure of our liquidity, and is not indicative of cash available to fund cash needs. Our calculation of core earnings may be different from the calculation used by other companies and, therefore, comparability may be limited.

Endnote on GAAP Reconciliation – Adj. EBITDA

EBITDA

- EBITDA is a non-GAAP measure defined by the Company as net (loss) income applicable to common stockholders before net interest expense including the elimination of interest related to an inter-segment loan, income taxes, and depreciation and amortization including the amortization of favorable or unfavorable leasehold intangibles, which represents amortization of the fair market value of assumed leases at acquisition and is recorded within operating expenses.

Adj. EBITDA

- Adj. EBITDA is not a measure of financial performance under GAAP and should not be considered in isolation or as an alternative to income from operations, net (loss) income or any other measure of performance determined in accordance with GAAP. We believe that Adj. EBITDA will be helpful in identifying trends in the performance of our Traditional Golf business, because the excluded items have little or no significance on management decision-making in the course of our day-to-day operations. Adj. EBITDA measures our operating performance of revenue generating assets between periods on a consistent basis, and helps identify operational factors that American Golf management can impact in the short term, namely cost structure and expenses. Adj. EBITDA takes into account expenses over which American Golf management has control in the short-term, and supports decision making that is targeted to facilitate current financial and operational goals. In addition, American Golf management expects to use this metric, amongst others, in the determination of annual incentive compensation of certain members of the American Golf team. Adj. EBITDA is a non-GAAP measure that the Company defines as EBITDA plus or minus the following items, as such items are incidental to, but not reflective of the day-to-day operating performance of the business that American Golf management can impact in the short term:
 - Other loss primarily related to non-cash losses from terminated course leases or Property, Plant and Equipment (“PP&E”) write-offs at lease termination.
 - Other tax expense related to taxes levied in lieu of income taxes, including franchise taxes, if applicable.
 - Changes in deferred revenue related to initiation fee deposits, which reflect the portion of deposits collected and not recognized as revenue, net of associated costs, including commissions deferred over the same period as deferred initiation fee deposits (i.e., 7-year average life of active memberships). This item measures American Golf management’s performance in driving new membership growth.
 - Rental expense relating to carts and equipment under operating leases, which are targeted to be restructured as obligations under capital leases. The impact of the lease structure of cart and equipment leases is not indicative of American Golf management’s day-to-day operating performance. Such lease restructurings, however, are not guaranteed and are used for management’s measure of Adj. EBITDA only.
 - Adjusted EBITDA related to courses for which leases were terminated and are no longer core courses within our on-going Traditional Golf business.
 - Acquisition, transaction and restructuring costs as such items are unrelated to the day-to-day operating performance of the business that American Golf management can impact in the short term.
 - DS Inc. corporate general and administrative expenses which represents allocated corporate-level professional fees incurred by DS Inc. in its parent company function, and considered to be outside the control of American Golf’s management. Corporate-level general and administrative costs have little to no significance on the day-to-day operations of the Traditional Golf business and are excluded from the measurement of American Golf management’s operating performance.