Newcastle Investor Presentation

Third Quarter 2016

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 Newcastle Investment Corp.'s ("Newcastle," "NCT" and "we," "us" and "our," as applicable) targeted recovery including real estate debt investments, estimated American Golf enterprise value, continuing to monetize our legacy debt portfolio, ability to and timing for recovery of remaining $125 million of debt, potential returns on our investments, ability to outperform initial monetization expectations for our debt business, reinvention of the golf business and our targeted investment returns for the golf business, 2016 Target Adjusted EBITDA for the Golf business, ability to drive growth in our golf business, targeted yields and returns, continued ability to drive growth of existing properties and selectively pursue acquisitions of the Golf business, and ability to execute Drive Shack business plan, including (i) the number of Drive Shack sites that we may be able to develop, (ii) timing for opening sites, (iii) current management renderings and expectations for such sites, and (iv) ability of Drive Shack to serve as a growth engine for Newcastle. 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. None of Newcastle or FIG LLC, an affiliate of Fortress Investment Group ("Fortress") that is Newcastle's manager, can give any assurance that 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 Newcastle'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 its 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 Newcastle'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.

Newcastle Overview

Newcastle focuses on investing in and actively managing real estate related assets, including traditional and innovative golf assets

$19M
$0.28/Share
GAAP Income

NEWCASTLE
INVESTMENT CORP.

$23M
$0.35/Share
Core Earnings[(1)]

$125M
Expected RE Debt Recovery[(2)]

$306M
American Golf EV[(3)]

1) Core Earnings is a non-GAAP measure. See reconciliation to the most comparable GAAP measure at the end of this Presentation. Please refer to the Core Earnings notes at the end of this Presentation.
2) Expected RE debt recovery is management's current targeted 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" for more information on forward-looking statements.
3) $306 million of estimated enterprise value is calculated based on the mid-point of Target 2016 Adj. EBITDA range of $33 to $35 million at a 9x multiple, excluding other assets, $102 million of long-term financing, and other liabilities. Adj. EBITDA multiple of 9x is based on the median EBITDA multiple of our leisure trading comparables, including ClubCorp, Vail Resorts Inc., Intrawest Resorts and Peak Resorts, Inc. Target 2016 Adj. EBITDA is a non-GAAP measure. See reconciliation to the most comparable GAAP measure at the end of this Presentation. See "Disclaimers" for more information on forward-looking statements.

3Q 2016 Update

Debt Business

- **Largely completed debt monetization, expect majority of remaining recovery to come in 1H 2017[(1)]**
  - $120 million of monetization in 3Q, which included $110 million from a resort-related loan

American Golf

- **Golf business continues to perform well**
  - Target 2016 Adj. EBITDA of $33 to $35 million, +10% at the midpoint vs. 2015[(2)]

Drive Shack[(3)]

- **Optimistic about development of Drive Shack venues; main focus of business going forward**
  - Began developing initial site in Orlando – expect site opening in ~12 months
  - Actively working through a pipeline of +25 sites in markets across the U.S.

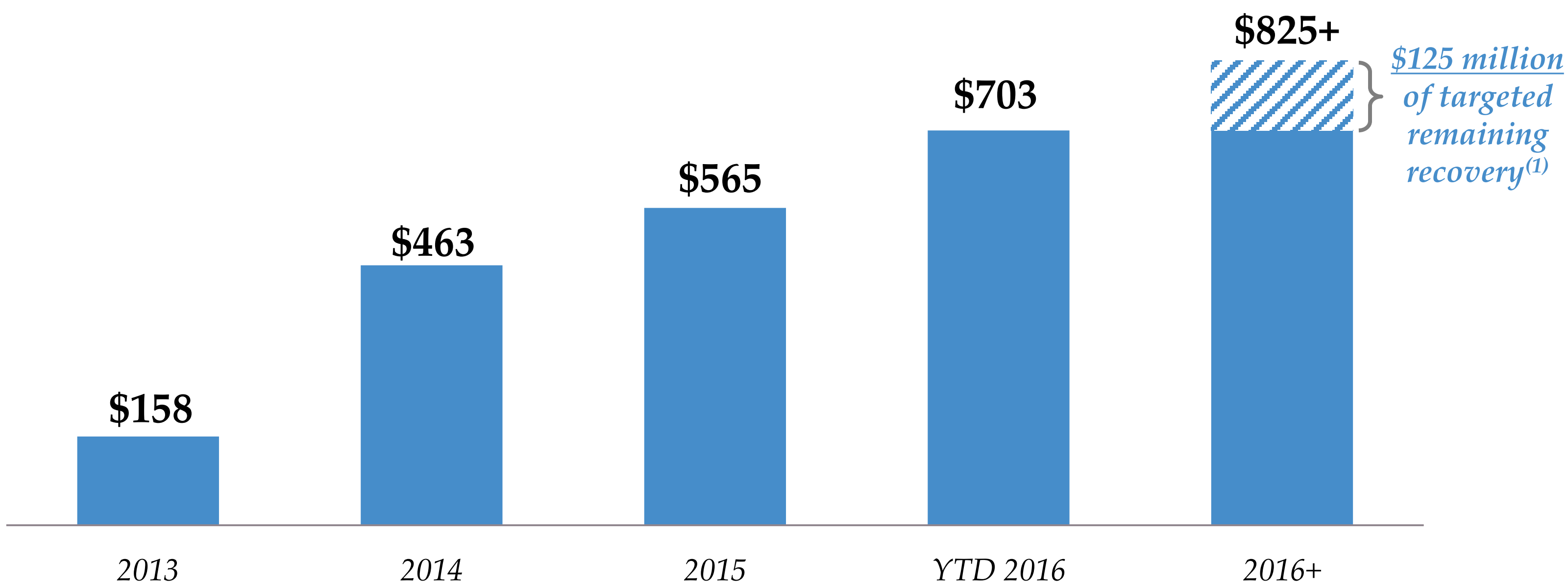
1) Recovery is based on management's current assessment of market conditions, credit quality of relevant borrowers, and any losses or gains on the underlying collateral. The timing and amounts of such recovery are outside of our control. As a result, actual recovery may vary materially from targeted recovery. See "Disclaimers" for more information on forward-looking statements.
2) Target 2016 Adj. EBITDA is a non-GAAP measure. See reconciliation to the most comparable GAAP measure at the end of this Presentation. See "Disclaimers" for more information on forward-looking statements.
3) See "Disclaimers" for more information on forward-looking statements.

Nearly Out of the Debt Business

- **Substantially monetized all of the debt business**
  - Initially expected to recover over $800 million from the debt business
  - Recovered over **$700 million** to date and expect to recover majority of remaining **$125 million** in 1H 2017(1)
  - Expect to outperform initial monetization expectations, with potential for additional upside

Cumulative Monetization History

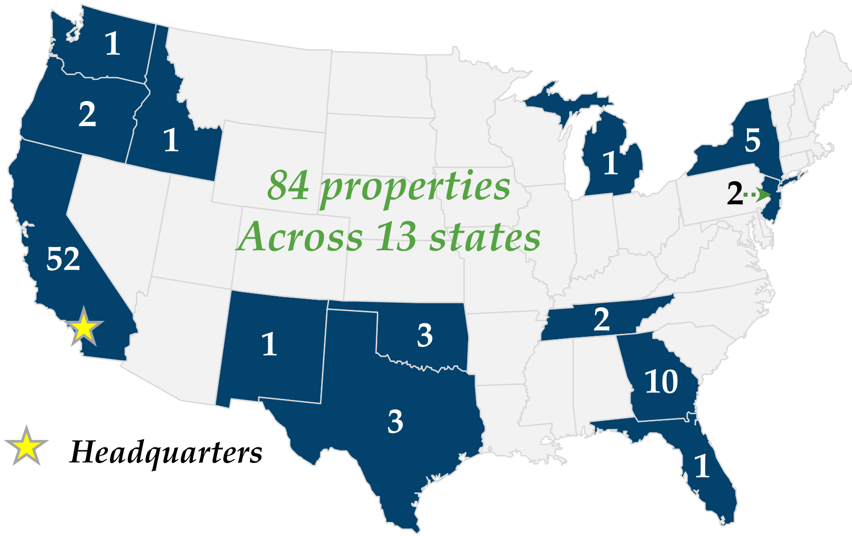
(Principal Recovery $ in mm)



1) Represents management's target of future principal recovery, which 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" for more information on forward-looking statements.

American Golf – Company Overview[1]

One of the largest owners & operators of golf properties in the U.S.[2]



(# of properties)	Total	Owned	Leased	Managed
Private	22	15	5	2
Public	62	12	42	8
Total	**84**	**27**	**47**	**10**

4.2mm
Rounds/TTM[3]

4.6K acres
Owned Real Estate

1.5K
Holes of Golf

75%+
Top 20 MSAs[4]

43K
The Players Club Members[5]

14.5K
Private Members[6]

Note: Information presented as of September 30, 2016, 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. The operating and financial metrics on this page reflect results from the 74 properties that were owned or leased, and excludes the 10 managed properties. A lease for a public course in San Diego, CA was terminated during Q3 2016.
2) Golf Inc. Magazine.
3) TTM represents Trailing Twelve Months.
4) Metropolitan Statistical Areas.
5) 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.
6) Includes full golf members, limited golf members and other members (i.e., social members) of our private properties.

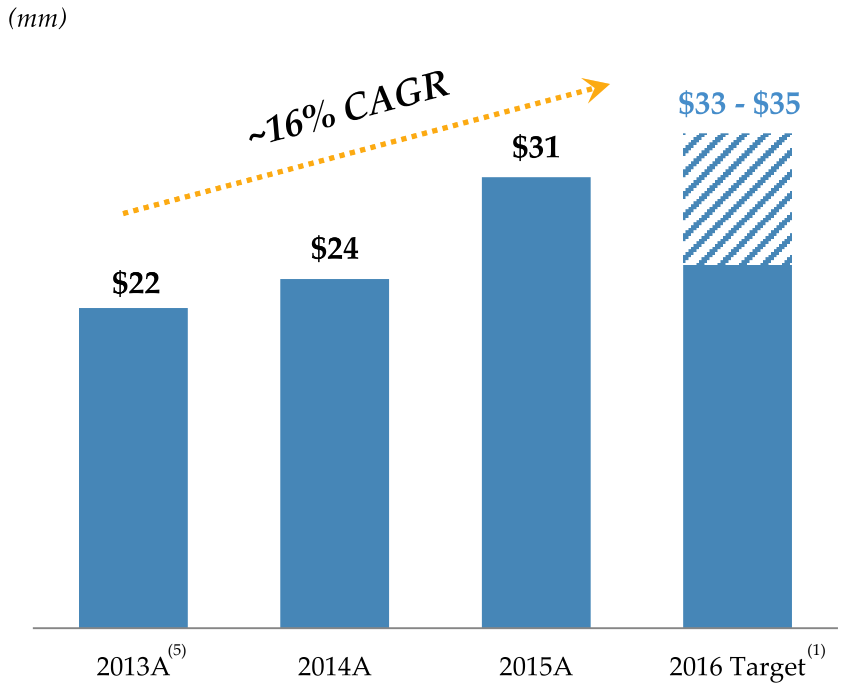
American Golf – Continues to Perform Well

- **On track to generate <u>$33 to $35 million</u> of Target 2016 Adj. EBITDA, +10% at midpoint vs. prior year[1]**
  - 3Q 2016 TTM same-store revenue of $297 million is +4%, or +$11 million, vs. 3Q 2015 TTM[2]
  - 3Q 2016 TTM Adj. EBITDA of $33 million is +27%, or +$7 million, vs. 3Q 2015 TTM[3]

3Q 2016 TTM Same Store Results[2]

	3Q '16 TTM	3Q '15 TTM	vs. 3Q 2015 Δ	vs. 3Q 2015 % Δ
Private Metrics (20 properties)				
Revenue *($mm)*	$132	$127	*$5*	*+4%*
Full Golf Members	8,890	8,791	*99*	*+1%*
Full Golf Occupancy	82.7%	81.8%	*92 bps*	*+1%*
Avg. Dues/Avg. Full Golf Member	$5,794	$5,566	*$228*	*+4%*
Public Metrics (53 properties)				
Revenue *($mm)*	$165	$159	*$6*	*+4%*
Total Rounds	3.4M	3.3M	*0.1M*	*+2%*
Avg. Fees / Round[4]	$39.16	$38.76	*$0.40*	*+1%*
The Players Club Members	42K	19K	*23K*	*+121%*

Adj. EBITDA Growth[3]



Note: TTM represents Trailing Twelve Months; discrepancies may exist due to rounding.

1) Target 2016 Adj. EBITDA is a non-GAAP measure. See reconciliation to the most comparable GAAP measure at the end of this Presentation. See "Disclaimers" for more information on forward-looking statements.
2) Same Store Properties include properties that were owned or leased as of 3Q 2015 and as of 3Q 2016, and excludes the 10 managed properties.
3) Adj. EBITDA is a non-GAAP measure. See reconciliation to the most comparable GAAP measure at the end of this Presentation. Please refer to the Adj. EBITDA notes at the end of this Presentation.
4) Avg. Fees/Round is calculated by dividing the sum of greens fees, cart fees, range revenue, merchandise and a portion of food & beverage revenue by the total number of public golf rounds.
5) NCT acquired the Golf Business in December 2013. YE 2013 reflects unaudited predecessor financial information prior to the acquisition and may not be comparable to YE 2014 financial information.

Continued Growth Drives Value Creation

- **In Dec. 2013, Newcastle acquired American Golf through a debt restructuring**
- **Since acquisition, new management team has grown Target 2016 Adj. EBITDA by ~50% to $33 to $35 million(1)**
  - As a result, enterprise value has risen by +$80 million
- **As of Sep. 2016, NCT invested $121 million of equity in the business with an implied equity value of ~$200 million**
  - Implying a ~1.7x investment multiple

Pre-Acquisition | 4Q '13

2013 Adj. EBITDA: $22 million(2)
Enterprise Value: ~$220 million(3)

3rd Party Financing
$200 million

Newcastle Mezzanine Debt
Invested Equity: $29 million(5)

Current | 3Q'16

Target 2016 Adj. EBITDA: $33 to $35 million(1)
Enterprise Value: $306 million(4)

Long Term Financing
$102 million

Newcastle Equity
Equity Value: $204 million
Invested Equity: $121 million(6)
Investment Multiple: ~1.7x

1) Target 2016 Adj. EBITDA is a non-GAAP measure. See reconciliation to the most comparable GAAP measure at the end of this Presentation. See "Disclaimers" for more information on forward-looking statements.
2) NCT acquired the Golf Business in December 2013. YE 2013 reflects unaudited predecessor financial information prior to the acquisition and may not be comparable to YE 2014 financial information.
3) $220 million of estimated enterprise value is calculated based on 2013 Adj. EBITDA of $22 million at a 10x multiple at the time, excluding other assets and other liabilities. Adj. EBITDA multiple of 10x was based on the EBITDA multiple of ClubCorp at the time.
4) $306 million of estimated enterprise value is calculated based on the mid-point of Target 2016 Adj. EBITDA range of $33 to $35 million at a 9x multiple, excluding other assets and other liabilities. Adj. EBITDA multiple of 9x is based on the median EBITDA multiple of our leisure trading comparables, including ClubCorp, Vail Resorts Inc., Intrawest Resorts and Peak Resorts, Inc.
5) Invested equity of Newcastle Mezzanine Debt of $29 million represents the fair value at time of acquisition in Dec. 2013.
6) Total invested equity includes: (1) $29 million (representing the fair value at time of acquisition in Dec. 2013) of a $50 million Mezzanine loan made through the CDOs in Nov 2006; (2) $54 million of 1st mortgage & American Golf Company equity acquired in Dec. 2013; and (3) $71 million invested in the August 2015 debt buyback; Less (4) $33 million of proceeds received from the long-term financing.

Drive Shack – Company Overview[1]

- **Creating year-round entertainment venues that will combine the best elements of golf, games and good times[1]**
  - 3-story indoor/outdoor driving ranges with +85 suites
  - Multi-player range suites that will offer competitive games that both non-golfers and golfers can enjoy
  - Venues will include full-service restaurant, bar and event space
- **Working to develop first site in Orlando, Florida – aim to open in ~12 months[1]**
  - Actively working through a pipeline of +25 sites in markets across the U.S.
- **Expect that Drive Shack will serve as the growth engine for Newcastle[1]**

1) See "Disclaimers" for more information on forward-looking statements.

Third Quarter 2016 Financial Results[1]

- **GAAP Income of $19 million, or $0.28/share vs. $0.10/share in 3Q 2015**
- **Core Earnings of $23 million, or $0.35/share vs. $0.16/share in 3Q 2015 (up $13 million or $0.19/share)**
  - $10 million of accretion income due to the $110 million partial pay down of a resort-related loan
  - $3 million primarily driven by improved Golf business performance

Quarterly Financial Results

	3Q16		3Q15		2Q16	
	($mm)	*(basic share)*	*($mm)*	*(basic share)*	*($mm)*	*(basic share)*
GAAP Income	*$19*	*$0.28*	*$6*	*$0.10*	*$2*	*$0.02*
Core Earnings	*$23*	*$0.35*	*$10*	*$0.16*	*$14*	*$0.21*
AFFO	*$28*	*$0.42*	*$16*	*$0.25*	*$11*	*$0.16*
Common Dividend	*$8*	*$0.12*	*$8*	*$0.12*	*$8*	*$0.12*

Per share represents per weighted average basic share unless otherwise noted. All per share amounts are represented on a weighted average basis.

1) Core Earnings and Adjusted Funds from Operations ("AFFO") are non-GAAP measures. See reconciliation to the most comparable GAAP measure at the end of this Presentation. See Endnotes regarding Core Earnings and AFFO at the end of this presentation.

Appendix

- Financial Statements
- GAAP Reconciliations
- Endnotes

Condensed Consolidated Balance Sheet

($ in 000s)

Assets	As of 9/30/2016
Real Estate Related Securities & Loans	$719,863
Subprime mortgage loans subject to call option	353,347
Inv. in RE, net of accumulated depreciation	227,327
Intangibles, net of accumulated amortization	67,738
Other Investments	21,724
Unrestricted Cash	134,289
Restricted Cash	6,725
Trade Receivables & Other Assets	905,926
Total Assets	**$2,436,939**

Liabilities	
Repurchase Agreements	$831,741
Credit Facilities & obligations under capital leases, Golf	114,697
Financing of subprime mortgage loans subject to call option	353,347
Junior Subordinated Notes	51,219
Trade Payables, accounts payable, accrued expenses & other liabilities	828,287
Total Liabilities	**$2,179,291**

Stockholders' Equity	
Preferred Stock	$61,583
Common Equity	196,157
Non-Controlling Interests	(92)
Total Stockholders' Equity	**$257,648**
Total Liabilities & Stockholders' Equity	**$2,436,939**

Condensed Consolidated Income Statement

($ in 000s, except per share)

Income Statement	3Q 2016
Interest Income	$32,310
Interest Expense	(13,138)
Net Interest Income	$19,172
Impairment	($611)
Operating Revenues	$83,162
Gain on settlement of investments, net	6,350
Other income, net	760
Other Income	$7,110
Loan and security servicing expense	(32)
Operating expenses - Golf	(67,027)
Cost of sales - Golf	(8,250)
General and administrative expense	(3,656)
Management fee to affiliate	(2,676)
Depreciation and amortization	(6,735)
Total Expenses	($88,376)
Income from continuing operations before income tax	$20,457
Income tax benefit	(38)
Income from continuing operations	$20,495
Income (loss) from discontinued operations	-
Net Income	**$20,495**
Preferred dividends	(1,395)
Net (Income) attributable to non-controlling interests	(177)
Income Applicable to Common Stockholders ("GAAP Income")	**$18,923**
Per WA Basic Share	*$0.28*

GAAP Reconciliation – Core Earnings(1)

Reconciliation of Core Earnings

- *Management uses core earnings, which is a non-GAAP measure, as one measure of operating performance. Core earnings is income applicable to common stockholders excluding impairment, other income, net of related provision for income taxes, impairment (reversal), other (income) loss and other adjustments from discontinued operations, and depreciation and amortization charges including the accretion of membership deposit liabilities and the amortization of favorable or unfavorable leasehold intangibles, acquisition, restructuring and spin-off related expenses.*

($ in 000s, except per share)	**3Q 2016**	**3Q 2015**	**2Q 2016**
Reconciliation of Core Earnings			
Income applicable to common stockholders	$18,923	$6,499	$1,651
Add (Deduct):			
Impairment	611	3,460	645
Other (income) loss(2)	(6,725)	(10,458)	1,322
Depreciation and amortization(3)	9,259	9,791	9,029
Acquisition, restructuring and spin-off related expenses	1,093	1,131	1,246
Core Earnings	**$23,161**	**$10,423**	**$13,893**
Per WA Basic Share	***$0.35***	***$0.16***	***$0.21***
Per WA Diluted Share	***$0.34***	***$0.15***	***$0.20***

1) Please refer to the Core Earnings notes at the end of this Presentation.
2) Other (income) loss for 3Q 2016, 3Q 2015, and 2Q 2016 excludes the income from a JV equity investment in a real estate property of $0.4 million, $0.3 million, and $0.4 million, respectively.
3) Depreciation and amortization charges for 3Q 2016 includes $6.7 million of depreciation and amortization, $1.1 million of amortization of favorable or unfavorable leasehold intangibles, and $1.4 million of accretion on golf membership deposit liabilities. Depreciation and amortization charges for 3Q 2015 includes $7.1 million of depreciation and amortization, $1.2 million of amortization of favorable or unfavorable leasehold intangibles, and $1.5 million of accretion on golf membership deposit liabilities. Depreciation and amortization charges for 2Q 2016 includes $6.5 million of depreciation and amortization, $1.1 million of amortization of favorable or unfavorable leasehold intangibles, and $1.4 million of accretion on golf membership deposit liabilities.

GAAP Reconciliation – Adjusted Funds from Operations[1]

Reconciliation of Adjusted Funds from Operations ("AFFO")

- *We define AFFO as income applicable to common stockholders plus depreciation and amortization, including accretion of membership deposit liabilities and amortization of favorable and unfavorable leasehold intangibles. We believe AFFO provides useful information to investors regarding our performance, because it provides a measure of operating performance without regard to depreciation and amortization, which reduce the value of real estate assets over time even though actual real estate values may fluctuate with market conditions, accretion of membership deposit liabilities and amortization of favorable and unfavorable leasehold intangibles. We believe AFFO is useful because it facilitates the evaluation of the performance on our portfolio of assets between periods on a consistent basis. AFFO does not represent cash generated from operating activities in accordance with GAAP and therefore should not be considered an alternative to net income (loss) as an indicator of our operating performance or as an alternative to cash flow as a measure of our liquidity, and it is not necessarily indicative of cash available to fund cash needs. Our calculation of AFFO may be different from the calculation used by other companies and, therefore, comparability may be limited. Our definition of AFFO differs from the definition of FFO established by the National Association of Real Estate Investment Trusts ("NAREIT"), which defines FFO as net income (or loss) (computed in accordance with GAAP) excluding losses or gains from sales of depreciable property, impairment of depreciable real estate, real estate-related depreciation and amortization and the portion of such items related to unconsolidated affiliates.*

($ in 000s, except per share)	3Q 2016	3Q 2015	2Q 2016
Reconciliation of Adjusted Funds from Operations			
Income applicable to common stockholders	$18,923	$6,499	$1,651
Depreciation and amortization[2]	9,259	9,791	9,029
AFFO	**$28,182**	**$16,290**	**$10,680**
Per WA Basic Share	***$0.42***	***$0.25***	***$0.16***
Per WA Diluted Share	***$0.41***	***$0.24***	***$0.16***

1) Please refer to the AFFO notes at the end of this Presentation.
2) Depreciation and amortization charges for 3Q 2016 includes $6.7 million of depreciation and amortization, $1.1 million of amortization of favorable or unfavorable leasehold intangibles, and $1.4 million of accretion on golf membership deposit liabilities. Depreciation and amortization charges for 3Q 2015 includes $7.1 million of depreciation and amortization, $1.2 million of amortization of favorable or unfavorable leasehold intangibles, and $1.5 million of accretion on golf membership deposit liabilities. Depreciation and amortization charges for 2Q 2016 includes $6.5 million of depreciation and amortization, $1.1 million of amortization of favorable or unfavorable leasehold intangibles, and $1.4 million of accretion on golf membership deposit liabilities.

GAAP Reconciliation – Adj. EBITDA[1]

($ in 000s)	Nine Months ended Sep 2016	Three Months ended Dec 2015	Trailing Twelve Months Sep 2016	Nine Months ended Sep 2015	Three Months ended Dec 2014	Trailing Twelve Months Sep 2015
Income (Loss) Applicable to Common Stockholders for Golf	**($15,785)**	**($7,288)**	**($23,073)**	**($7,222)**	**($10,368)**	**($17,590)**
Add:						
Interest Expense	8,609	2,699	11,308	10,664	3,503	14,167
Income Tax (Benefit) Expense	144	(985)	(841)	1,330	64	1,394
Depreciation and Amortization	19,250	7,651	26,901	20,983	7,583	28,566
Amortization of favorable and unfavorable leasehold intangibles	3,403	1,214	4,617	3,728	1,243	4,971
EBITDA	**$15,621**	**$3,291**	**$18,912**	**$29,483**	**$2,025**	**$31,508**
Other Loss (Income)	307	1,426	1,733	(14,606)	(3,145)	(17,751)
Other Tax Expense (Benefit) in lieu of Income Taxes	135	15	150	181	(4)	177
Change in deferred revenue related to initiation fee deposits	1,965	741	2,706	1,888	635	2,523
Rental Expense for Carts and Equipment under Operating Leases	2,864	1,179	4,043	3,372	1,020	4,392
Adj. EBITDA from terminated non-core courses	38	(235)	(197)	213	637	850
Acquisition, Transaction, and Restructuring Costs	2,458	239	2,697	1,392	772	2,164
NCT Corporate G&A	1,396	1,094	2,490	1,227	448	1,675
Adj. EBITDA	**$24,784**	**$7,750**	**$32,534**	**$23,150**	**$2,388**	**$25,538**

1) Please refer to the Adj. EBITDA notes at the end of this Presentation.

GAAP Reconciliation – Adj. EBITDA (Cont'd)[1]

($ in 000s)	Twelve Months ended Dec 2014	Twelve Months ended Dec 2015	Target 2016 Adj. EBITDA Range[2]	
Income (Loss) Applicable to Common Stockholders for Golf	**($31,012)**	**($14,510)**	**($20,725)**	**($18,725)**
Add:				
Interest Expense	13,902	13,363	9,725	9,725
Income Tax Expense	208	345	300	300
Depreciation and Amortization	26,880	28,682	29,000	29,000
Amortization of favorable and unfavorable leasehold intangibles	5,000	4,942	5,000	5,000
EBITDA	**$14,978**	**$32,822**	**$23,300**	**$25,300**
Other Income	(5,863)	(13,180)	-	-
Other Tax Expense in lieu of Income Taxes	405	196	200	200
Change in deferred revenue related to initiation membership deposits	2,157	2,629	2,600	2,600
Rental Expense for Cart and Equipment under Operating Leases	4,961	4,551	4,600	4,600
Adj. EBITDA from terminated non-core courses	2,915	(22)	-	-
Acquisition, Transaction, and Restructuring Costs	2,860	1,631	-	-
NCT Corporate G&A	1,435	2,321	2,300	2,300
Adj. EBITDA	**$23,848**	**$30,948**	**$33,000**	**$35,000**

1) Please refer to the Adj. EBITDA notes at the end of this Presentation.
2) See "Disclaimers" for more information on forward-looking statements.

GAAP Reconciliation – Income (Loss)

($ in 000s)	Nine Months ended Sep 2016	Three Months Ended Dec 2015	Trailing Twelve Months Sep 2016	Nine Months ended Sep 2015	Three Months Ended Dec 2014	Trailing Twelve Months Sep 2015
Income (loss) applicable to common stockholders for Golf	($15,785)	($7,288)	($23,073)	($7,222)	($10,368)	($17,590)
Income (loss) applicable to common stockholders Debt Investments	128,457	8,616	137,073	48,784	11,644	60,428
Income (loss) applicable to common stockholders for Corporate	(20,074)	(6,487)	(26,561)	(20,782)	(8,840)	(29,622)
Discontinued operations	-	-	-	646	(2,761)	(2,115)
Income (Loss) applicable to common stockholders	**$92,598**	**($5,159)**	**$87,439**	**$21,426**	**($10,325)**	**$11,101**

GAAP Reconciliation – Income (Loss) (Cont'd)

($ in 000s)	**Twelve Months ended Dec 2015**	**Twelve Months ended Dec 2014**
Income (loss) applicable to common stockholders for Golf	($14,510)	($31,012)
Income (loss) applicable to common stockholders Debt Investments	57,400	132,165
Income (loss) applicable to common stockholders for Corporate	(27,269)	(38,821)
Discontinued operations	646	(34,666)
Income (Loss) applicable to common stockholders	**$16,267**	**$27,666**

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, restructuring and spin-off 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 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 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 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.

AFFO

- We define AFFO as net income applicable to common stockholders plus depreciation and amortization, including accretion of membership deposit liabilities and amortization of favorable and unfavorable leasehold intangibles. We believe AFFO provides useful information to investors regarding our performance, because it provides a measure of operating performance without regard to depreciation and amortization, which reduce the value of real estate assets over time even though actual real estate values may fluctuate with market conditions, accretion of membership deposit liabilities and amortization of favorable and unfavorable leasehold intangibles. We believe AFFO is useful because it facilitates the evaluation of the performance on our portfolio of assets between periods on a consistent basis.

- AFFO does not represent cash generated from operating activities in accordance with GAAP and therefore should not be considered an alternative to net income (loss) as an indicator of our operating performance or as an alternative to cash flow as a measure of our liquidity, and it is not necessarily indicative of cash available to fund cash needs. Our calculation of AFFO may be different from the calculation used by other companies and, therefore, comparability may be limited. Our definition of AFFO differs from the definition of FFO established by the National Association of Real Estate Investment Trusts (“NAREIT”), which defines FFO as net income (or loss) (computed in accordance with GAAP) excluding losses or gains from sales of depreciable property, impairment of depreciable real estate, real estate-related depreciation and amortization and the portion of such items related to unconsolidated affiliates.

Endnote on GAAP Reconciliation – Adj. EBITDA

Adj. EBITDA

- EBITDA is a non-GAAP measure defined by the Company as net income (loss) attributable 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 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 income (loss) 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 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 Golf management can impact in the short-term, namely cost structure and expenses. Adj. EBITDA takes into account expenses over which Golf management has control in the short-term, and supports decision making that is targeted to facilitate current financial and operational goals. In addition, Golf management expects to use this metric, amongst others, in the determination of annual incentive compensation of certain members of the 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 Golf management can impact in the short-term:
  i. Other loss primarily related to non-cash losses from terminated course leases or PP&E write-offs at lease termination.
  ii. Other tax expense related to taxes levied in lieu of income taxes, including franchise taxes, if applicable.
  iii. 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 Golf management's performance in driving new membership growth.
  iv. 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 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.
  v. Adjusted EBITDA related to courses for which leases were terminated and are no longer core courses within our on-going Golf business.
  vi. Acquisition, transaction and restructuring costs as such items are unrelated to the day-to-day operating performance of the business that Golf management can impact in the short term.
  vii. NCT corporate general and administrative expenses which represents allocated corporate level professional fees incurred by NCT in its parent company function, and considered to be outside the control of Golf's management. Corporate level general and administrative costs have little to no significance on the day-to-day operations of the Golf business and are excluded from the measurement of Golf management's operating performance.