### **UNITED STATES** SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

### **FORM 8-K**

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(d) OF THE **SECURITIES EXCHANGE ACT OF 1934** 

Date of Report (Date of earliest event reported): November 1, 2017

## **Drive Shack Inc.**

(Exact name of registrant as specified in its charter)

Maryland

(State or other jurisdiction of incorporation)

001-31458	81-0559116
(Commission File Number)	(IRS Employer Identification No.)
1345 Avenue of the Americas, 45 <sup>th</sup> Floor New York, New York	10105
(Address of principal executive offices)	(Zip Code)
Registrant's telephone number, including	g area code <u>(212) 798-6100</u>
N/A (Former name or former address, if ch	anged since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2).

Emerging growth company  $\Box$ 

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.  $\Box$ 

#### Item 2.02. Results of Operations and Financial Condition.

On November 1, 2017, Drive Shack Inc. (the "Company") issued a press release announcing the Company's results for its fiscal quarter ended September 30, 2017. A copy of the Company's press release is attached to this Current Report on Form 8-K (the "Current Report") as Exhibit 99.1 and is incorporated herein solely for purposes of this Item 2.02 disclosure.

This Current Report, including the exhibit attached hereto, is being furnished and shall not be deemed to be filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of that section, nor shall it be incorporated by reference into any of the Company's filings under the Securities Act of 1933, as amended, or the Exchange Act, unless expressly set forth as being incorporated by reference into such filing.

#### Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

99.1

Exhibit Number Description

Press release, dated November 1, 2017, issued by Drive Shack Inc.

Description

#### Exhibit Number

<u>99.1</u> Press release, dated November 1, 2017, issued by Drive Shack Inc.

#### SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

DRIVE SHACK INC. (Registrant)

/s/ Lawrence A. Goodfield, Jr.

Lawrence A. Goodfield, Jr. Chief Financial Officer, Chief Accounting Officer & Treasurer

Date: November 1, 2017

# DRIVE SHACK

### Investor Relations 212-479-3195

#### DRIVE SHACK INC. ANNOUNCES THIRD QUARTER 2017 RESULTS AND DECLARES FOURTH QUARTER 2017 PREFERRED STOCK DIVIDENDS

NEW YORK—(BUSINESS WIRE) — November 1, 2017 — Drive Shack Inc. (NYSE: DS; the "Company") today reported the following information for the quarter ended September 30, 2017.

#### **BUSINESS HIGHLIGHTS**

- Drive Shack The Company continues to develop its first venue in Orlando, Florida, which is targeted to open in 1Q 2018.
  - o The Company has announced four other venues to date, which are in various stages of development, and continues to assess a national and global pipeline of locations.
- American Golf As of September 30, 2017, the Company owned, leased or managed 77 golf properties across 13 states, over 75% of which are located in the top 20 Metropolitan Statistical Areas (MSAs).
  - o On a same-store basis, excluding managed courses, the traditional golf business ended the third quarter with approximately 43,000 The Players Club members for public properties, an increase of approximately 5,000 members over the end of the third quarter of the prior year.
  - o On the private side of the business, there were approximately 9,000 full golf members at the end of 3Q 2017 representing an increase of 310 members from the third quarter of the prior year. Average annual dues per full golf private member increased by \$203 since 3Q 2016, on a same-store basis, to \$6,005.
- Real Estate Debt Portfolio During 3Q 2017, the Company received the final pay down on the Intrawest-related loan in the amount of approximately \$70 million, and received approximately \$12 million of net proceeds related to sale and pay down of remaining agency securities.

#### THIRD QUARTER 2017 FINANCIAL RESULTS

GAAP (Loss) Income of \$(2) million, or \$(0.03) per share, compared to \$19 million, or \$0.28 per share, in 3Q 2016.

- o Year-over-year decrease is primarily due to lower interest income on the Intrawest-related loan, related to a \$110 million pay down in 3Q 2016 and a \$70 million pay down in 3Q 2017.
- Core Earnings of \$9 million, or \$0.13 per share, compared to \$23 million, or \$0.35 per share, in 3Q 2016.

	3Q 2017	3Q 2016
GAAP (Loss) Income	\$(2) million	\$19 million
GAAP (Loss) Income per WA Basic Share	\$(0.03)	\$0.28
Non-GAAP Results:		
Core Earnings*	\$9 million	\$23 million
Core Earnings per WA Basic Share*	\$0.13	\$0.35

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WA: Weighted Average

\*For reconciliations of GAAP (Loss) Income to Core Earnings, please refer to the Reconciliation of Core Earnings below.

#### FOURTH QUARTER 2017 PREFERRED STOCK DIVIDENDS

Drive Shack Inc.'s Board of Directors declared dividends on the Company's preferred stock for the period beginning November 1, 2017 and ending January 31, 2018. The dividends are payable on January 31, 2018 to stockholders of record on January 2, 2018. The Company will pay dividends of \$0.609375, \$0.503125 and \$0.523438 per share on the 9.750% Series B, 8.050% Series C and 8.375% Series D preferred stock, respectively.

#### 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 the Company's website, www.driveshack.com. For consolidated investment portfolio information, please refer to the Company's most recent Annual Report on Form 10-K and Quarterly Report on Form 10-Q, which are available on the Company's website, www.driveshack.com.

#### EARNINGS CONFERENCE CALL

The Company's management will host a conference call on Wednesday, November 1, 2017 at 9:00 A.M. Eastern Time. A copy of the earnings release will be posted to the Investor Relations section of Drive Shack Inc.'s website, www.driveshack.com.

All interested parties are welcome to participate on the live call. The conference call may be accessed by dialing 1-866-913-6930 (from within the U.S.) or 1-409-983-9881 (from outside of the U.S.) ten minutes prior to the scheduled start of the call; please reference conference ID "8283737."

A simultaneous webcast of the conference call will be available to the public on a listen-only basis at www.driveshack.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 three hours following the call's completion through 11:59 P.M. Eastern Time on Wednesday, November 15, 2017 by dialing 1-800-585-8367 (from within the U.S.) or 1-404-537-3406 (from outside of the U.S.); please reference conference ID "8283737."

## **Consolidated Statements of Operations (Unaudited)** (\$ in thousands, except share data)

	Three Months Ended September 30,			Nine Months Ended September 30,				
	2017 2016		2017		2016			
Revenues	<b>.</b>	(a. ) a (	<b>^</b>	<b>(2 2 4</b> )	<u>^</u>	4 60 0 60	<u>^</u>	
Golf course operations	\$	62,034	\$	63,249	\$	168,969	\$	174,718
Sales of food and beverages		19,657		19,913		53,223		55,086
Total revenues		81,691		83,162		222,192		229,804
Operating costs								
Operating expenses		67,385		69,251		187,730		195,670
Cost of sales - food and beverages		5,721		6,026		15,762		17,139
General and administrative expense		4,328		3,688		11,115		10,348
Management fee to affiliate		2,678		2,676		8,032		8,027
Depreciation and amortization		6,187		6,735		17,952		19,250
Impairment		28		611		60		3,564
Realized and unrealized (gain) loss on investments		(315)		(6,605)	_	6,361		(3,136)
Total operating costs		86,012		82,382		247,012		250,862
Operating (loss) income		(4,321)		780		(24,820)		(21,058)
Other income (expenses)								
Interest and investment income		8,418		32,310		22,701		73,770
Interest expense, net		(4,770)		(13,138)		(15,335)		(39,089)
Gain on deconsolidation		—		—		—		82,130
Other income, net		202		505		372		1,339
Total other income (expenses)		3,850		19,677		7,738		118,150
(Loss) Income before income tax		(471)		20,457		(17,082)		97,092
Income tax (benefit) expense		(2)		(38)		1,047		144
Net (Loss) Income		(469)		20,495		(18, 129)		96,948
Preferred dividends		(1,395)		(1,395)		(4,185)		(4,185)
Net income attributable to noncontrolling interest		_		(177)		—		(165)
(Loss) Income Applicable to Common Stockholders	\$	(1,864)	\$	18,923	\$	(22,314)	\$	92,598
(Loss) Income Applicable to Common Stock, per share					_			
Basic	\$	(0.03)	\$	0.28	\$	(0.33)	\$	1.39
Diluted	\$	(0.03)	\$	0.27	\$	(0.33)	\$	1.35
Weighted Average Number of Shares of Common Stock Outstanding								
Basic		66,932,744		66,730,583		66,883,291		66,688,962
Diluted		66,932,744		69,072,676		66,883,291		68,753,532
Dividends Declared per Share of Common Stock	\$		\$	0.12	\$		\$	0.24

## **Consolidated Balance Sheets** (\$ in thousands, except share data)

Current Assets         140,140           Cash and cash equivalents         \$ 182,371         \$ 140,140           Restricted cash         4.629         4.099           Accounts receivable, net         8,540         8,047           Real estate securities, available-for-sale         2,236         629,254           Other current assets         220,316         861,120           Restricted cash, noncurrent         1,407         1,412           Property and equipment, net of accumulated depreciation         1,264         861,120           Other assets         220,316         861,120           Other assets         20,601         19,255           Other assets         20,601         19,255           Current Liabilities         8,433         7,447           Obligations under capital leases         \$ 4,484         3,099           Membership deposit liabilities         \$ 8,300         8,849           Reconsta psychia data cured expenses	(\$ in thousands, except share data) Assets	September 30, 2017 (Unaudited)		December 31, 2016	
Restricted cash         4,629         4,692           Accounts receivable, net         \$,540         8,647           Real estate securities, available for-sale         2,236         6,29,254           Other current assets         2,20,316         88,117           Retricted cash, noncurrent         1,407         1,412           Property and equipment, net of accumulated depreciation         5,309         65,112           Other truestments         20,601         5,309         65,112           Other truestments         20,601         5,309         65,112           Other truestments         20,601         5,310         8,433         7,447           Total Assets         \$,33,511         \$,171,458         1,711,958         1,711,958           Liabilities and Equity         \$,36,712         2,6,849         \$,3,672         2,6,849           Current Liabilities         \$,8,830         8,490         \$,8,90         \$,8,90         \$,8,90           Membership deposit liabilities         \$,4,84         \$,0,99         \$,612         2,2,635         2,2,635           Other current liabilities         \$,4,84         \$,0,99         \$,612         2,2,535         2,2,646         \$,522         2,6,94         \$,522         2,6,60					
Accounts receivable, net         8,540         8,647           Real estate socialities, available-for-sale         2,236         629,234           Other current assets         220,316         861,120           Restricted cash, noncurrent         1,447         1,442           Property and equipment, net of accumulated depreciation         226,049         217,611           Imagibles, net of accumulated motivation         59,309         65,112           Other assets         8,433         7,447           Total Assets         8,433         7,447           Total Assets         8,433         7,447           Current Liabilities         8,433         7,444           Membership deposit liabilities         8,433         7,444           Membership deposit liabilities         8,430         8,490           Accounts payable and accruel expenses         3,672         26,544           Total Current Liabilities         8,433         11,928           Total Current Liabilities         9,955         29,851           Other current liabilities         9,955         29,851           Total Current Liabilities         9,269         21,233           Total Current Liabilities         9,230         49,8222           Total Current Liabilitie		\$		\$	140,140
Real estate securities, available-for-sale         2.236         629.254           Other current assets         225.40         78.687           Total Current Assets         220.316         861.120           Restricted cab, noncurrent         1.407         1.417           Property and equipment, not of accumulated amortization         226.001         19.256           Other current fast         20.601         19.256           Other current fast         20.601         19.256           Other ansets         536.115         \$ 1.171.988           Liabilities and Equity         \$ 3.56.115         \$ 1.171.988           Current Liabilities         \$ 8.830         8.491           Repurchase greements         - 60.064         - 60.064           Obligations under capital leases         \$ 1.271.988         28.968           Total Asset         - 8.830         8.491           Repurchase greements         - 21.753         28.968           Total Current Liabilities         \$ 8.800         8.931           Credit facilities and Objaytions under capital leases         112.383         111.585           Total Current Liabilities         \$ 78.604         69.805         29.851           Other current Liabilities inone subert and totas payable         51.210	Restricted cash		4,629		4,992
Other current assets         22,540         78,687           Total Current Assets         220,316         88,120           Restricted cash, noncurrent         21,047         1,412           Property and equipment, net of accumulated depreciation         226,040         217,611           Imagibles, net of accumulated mortization         29,309         65,112         20,601         19,256           Other assets         8,433         7,447         7         7         7         7         7         7         7         7         7         7         7         7         7         7         7         7         7         7         7         7         7         7         7         7         7         7         7         7         7         7         7         7         7         7         7         7         7         7         7         7         7         7         7         7         7         7         7         7         7         7         7         7         7         7         7         7         7         7         7         7         7         7         7         7         7         7         7         7         7 <t< td=""><td>Accounts receivable, net</td><td></td><td>8,540</td><td></td><td>8,047</td></t<>	Accounts receivable, net		8,540		8,047
Total Current Assets220,31686,120Restricted cash, noncurrent1,4071,417Property and equipment, not of accumulated depreciation226,049217,611Intangibles, not of accumulated amortization59,30965,112Other investments20,06119,226Other investments20,06119,226Other investments554,413Current Liabilities54,444Stastes54,444Current Liabilities8,833-7,447Obligations under capital leases54,444Accounts payable and accrued expenses33,07226,249Deferred revenue9,95529,851Other current Liabilities78,6946698,227Total Current Liabilities78,6946698,223Total Current Liabilities78,6946698,224Contrad concurrent6,9006,5120Deferred revenue5,121051,210Other current Liabilities51,224Contrad concurrent6,9006,5524Contrad concurrent6,9006,522,724Contrad concurrent6,9006,552,724Contrad concurrent6,9006,552Deferred revenue, noncurrent6,91,73,925Deferred toxek, \$0.01 par value, 100,000,000 shares authorized, 1,347,321 shares of 9,75% Series B Cumulative RedeemablePreferred Stock, 40,000 shares authorized, 6,932,744 and 66,824,304 shares issued and outstanding at September 30, 2017 and December 31, 2016, respectively669Cormon stock, \$0.01 par value, 1,000	Real estate securities, available-for-sale		2,236		629,254
Restricted cash, noncurrent1,4071,417Property and equipment, et of accumulated depreciation226,0492217,611Itangibles, net of accumulated amorization59,30965,112Other investments20,00119,256Other assets\$4,8437,447Total Assets\$556,115\$1,171,958Liabilities and Equity\$4,844\$3,699Membership deposit Itabilities\$4,844\$3,699Membership deposit Itabilities\$4,844\$3,699Membership deposit Itabilities\$4,844\$3,699Deferred revenue9,95529,851Other current Liabilities\$21,753\$22,864Outigations under capital leases\$1,217,33\$22,964Obligations under capital leases\$112,383\$111,893Other current liabilities\$12,104\$12,210Other current liabilities\$12,104\$12,104Total Current Liabilities\$12,104\$12,104Total Asset\$12,210\$12,104Membership deposit liabilities, noncurrent\$6,900\$6,900Deferred revene, noncurrent\$6,900\$6,950Other liabilities\$23,93807\$95,3591Commintents and contingencies\$12,104\$12,104Equity\$6,900\$6,922,744and 66,824,304 shares issued and outstanding at \$3,158,359Common stock, \$0.01 par value, 1,000,000,000 shares authorized, 66,932,744 and 66,824,304 shares issued and outstanding at \$2,158,358\$61,583Common stock, \$0.01 par value, 1,000,000,000 shares authorized, 66,93	Other current assets		22,540		78,687
Property and equipment, net of accumulated depreciation         526,049         217,611           Intragibles, net of accumulated amortization         59,309         651,12           Other investments         20,601         192,55           Other assets         536,115         517,171,558           Liabilities and Equity         536,115         517,171,558           Current Liabilities         8,830         8,843           Obligations under capital leases         5         4,484         \$3,672           Repurchase agreements         —         -         600,944           Accounts payable and accrued expenses         21,733         28,968           Total Current Liabilities         9,955         22,1733         28,968           Total Current Liabilities         9,950         5,210         51,210           Other current labilities         5,210         51,210         51,210           Total	Total Current Assets		220,316		861,120
Integrifies, net of accumulated amortization59,30965,112Other investments20,00119,256Other assets\$3,631 $7,447$ Total Assets\$5,36,115\$1,171,358Liabilities and EquityCurrent Liabilities8,830Ohigations under capital leases\$4,484\$3,699Membership deposit liabilities8,8308,841Obligations under capital leases\$3,67262,049Deferred Evenue9,95529,851Other current Liabilities78,6946698,222Credit ficalities, and obligations under capital leases112,1383111,583Total Current Liabilities\$1,210\$1,210Total Current Liabilities\$1,210\$1,210Credit ficalities, noncurrent\$4,89680,549Peferred revue, noncurrent\$6,900\$6,256Other liabilities\$1,210\$1,210Comminents and contingencies\$3,9807\$053,891Commulative Redeemable Preferred Stock, 30,01 par value, 1,000,000,000 shares authorized, 1,347,321 shares of 9,75% Series B Cumulative Redeemable\$6,1,583Preferred Stock, 50,01 par value, 1,000,000,000 shares authorized, 66,922,744 and 66,824,304 shares issued and outstanding at September 30, 2017 and December 31, 2016\$61,583\$61,583Common stock, \$0,01 par value, 1,000,000,000 shares authorized, 66,922,744 and 66,824,304 shares issued and outstanding at September 30, 2017 and December 31, 2016\$61,583\$61,583Common stock, \$0,01 par value, 1,000,000,000 shares authorized, 66,922,744 and 66,824,304 shares issued and outstanding at September	Restricted cash, noncurrent		1,407		1,412
Other investments         20,601         19,255           Other assets         \$ \$ \$36,115         \$ \$ 1,171,958           Labilities and Equity         \$ \$ \$36,115         \$ \$ 1,171,958           Current Liabilities         \$ \$ \$ \$4,484         \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	Property and equipment, net of accumulated depreciation		226,049		217,611
Other assets $8,433$ $7,447$ Total Assets\$ 536,115\$ 1,171,958Liabilities and EquityCurrent Liabilities\$ 4,484\$ 3,699Membership deposit liabilities\$ 4,484\$ 3,699Membership deposit liabilities\$ 4,484\$ 3,699Membership deposit liabilities\$ 4,484\$ 3,699Deferred revenue9,95529,851Other current Liabilities $21,733$ 28,968Total Current Liabilities $78,694$ 698,222Other current liabilities, noncurrent $84,896$ 80,549Deferred revenue, noncurrent $84,896$ 80,549Deferred revenue, noncurrent $69,000$ $62,550$ Other liabilities $5,724$ $6,062$ Total Liabilities $5,724$ $6,062$ Common stock, \$0.01 par value, 100,000,000 shares authorized, 1,347,321 shares of 9,75% Series B Cumulative Redeemable\$ 61,583\$ 61,583Preferred Stock, \$0.01 par value, 1,000,000,000 shares authorized, 66,932,744 and 66,824,304 shares issued and outstanding at \$ 560,000 shares of 8,05% Series C Cumulative Redeemable\$ 61,583\$ 61,583Common stock, \$0.01 par value, 1,000,000,000 shares authorized, 66,932,744 and 66,824,304 shares issued and outstanding at \$ 3,172,720\$ 609668Additional paid-in capital(3,040,386)\$ 31,172,720\$ 1,172,720Additional paid-in capital(3,040,386)\$ 31,172,720\$ 31,172,720Additional paid-in capital(3,040,386)\$ 31,172,720\$ 31,172,720Additional paid-in capital(3,040,386)\$ 31,172,720	Intangibles, net of accumulated amortization		59,309		65,112
Total Assets         \$ 536,115         \$ 1,171,958           Liabilities and Equity         Current Liabilities         \$ 3,699           Membership deposit liabilities         \$ 8,830         \$ 8,491           Repurchase agreements         \$ -         600,944           Accounts payable and accrued expenses         \$ 22,6249           Deferred revenue         9,955         29,851           Other current Liabilities         \$ 21,723         28,064           Credit facilities and obligations under capital leases         \$ 112,383         \$ 111,585           Junior subordinated notes payable         \$ 12,10         \$ 12,11         \$ 12,12           Membership deposit liabilities, noncurrent         \$ 6,900         \$ 6,226         \$ 0,000         \$ 6,226           Other current liabilities         \$ 12,10         \$ 12,11         \$ 12,12         \$ 12,11         \$ 12,12         \$ 12,11         \$ 12,12         \$ 12,10         \$ 12,12         \$ 12,10         \$ 12,210         \$ 12,12         \$ 12,10         \$ 51,210         \$ 51,210         \$ 51,210         \$ 51,210         \$ 51,210         \$ 51,210         \$ 51,210         \$ 51,210         \$ 51,210         \$ 51,210         \$ 51,210         \$ 51,210         \$ 51,210         \$ 51,210         \$ 51,210         \$ 51,210         \$ 51,210<	Other investments		20,601		19,256
Total Assets         \$ 536,115         \$ 1,171,958           Liabilities and Equity         Current Liabilities         \$ 3,699           Membership deposit liabilities         \$ 8,830         \$ 8,491           Repurchase agreements         \$ -         600,944           Accounts payable and accrued expenses         \$ 22,6249           Deferred revenue         9,955         29,851           Other current Liabilities         \$ 21,723         28,064           Credit facilities and obligations under capital leases         \$ 112,383         \$ 111,585           Junior subordinated notes payable         \$ 12,10         \$ 12,11         \$ 12,12           Membership deposit liabilities, noncurrent         \$ 6,900         \$ 6,226         \$ 0,000         \$ 6,226           Other current liabilities         \$ 12,10         \$ 12,11         \$ 12,12         \$ 12,11         \$ 12,12         \$ 12,11         \$ 12,12         \$ 12,10         \$ 12,12         \$ 12,10         \$ 12,210         \$ 12,12         \$ 12,10         \$ 51,210         \$ 51,210         \$ 51,210         \$ 51,210         \$ 51,210         \$ 51,210         \$ 51,210         \$ 51,210         \$ 51,210         \$ 51,210         \$ 51,210         \$ 51,210         \$ 51,210         \$ 51,210         \$ 51,210         \$ 51,210         \$ 51,210<	Other assets		8,433		7,447
Current Liabilities       \$ 4,484       \$ 3,699         Membership deposit liabilities	Total Assets	\$	536,115	\$	1,171,958
Current Liabilities       \$ 4,484       \$ 3,699         Membership deposit liabilities					
Obligations under capital leases\$4.484\$3.699Membership deposit liabilities8,8308,491Repurchase agreements $-$ 600,964Accounts payable and accrued expenses33.672262.490Deferred revenue9,95529.851Other current liabilities21,75328.968Total Current Liabilities21,75328.968Total Current Liabilities112.383111.585Junior subordinated notes payable51.21051.217Membership deposit liabilities, noncurrent84.89680.549Deferred revenue, noncurrent6,9006.255Other Liabilities $5.724$ 6.062Total Liabilities $5.724$ 6.062Total Liabilities $5.339,807$ \$Preferred Stock, \$0.01 par value, 100,000,000 shares authorized, 1,347,321 shares of 9.75% Series B Cumulative RedeemableFPreferred Stock, \$0.01 par value, 10,000,000 shares authorized, 6,932,744 and 66,824,304 shares issued and outstanding as of September 30, 2017 and December 31, 2016\$61,583Common stock, \$0.01 par value, 1,000,000,000 shares authorized, 66,932,744 and 66,824,304 shares issued and outstanding at September 30, 2017 and December 31, 2016, respectively669668Additional paid-in capital3,173,0953,172,720Accumulated deficit(3,040,386)(3,018,0723,172,720Accumulated deficit(3,040,386)(3,018,0723,172,720Accumulated deficit(3,040,386)(3,018,0723,172,720Accumulated deficit(3,040,386)<					
Membership deposit liabilities8,8308,491Repurchase agreements—600,964Accounts payable and accrued expenses9,95529,851Other current liabilities	Current Liabilities				
Repurchase agreements     —     600,964       Accounts payable and accrued expenses     33,672     26,249       Deferred revenue     9,955     29,851       Other current liabilities     21,733     28,968       Total Current Liabilities     78,694     698,222       Credit facilities and obligations under capital leases     112,383     111,585       Junior subordinated notes payable     51,210     51,210       Membership deposit liabilities, noncurrent     84,896     80,549       Deferred revenue, noncurrent     6,900     6,256       Other Liabilities     5,724     6,062       Total Liabilities     5,724     6,062       Commitments and contingencies     \$     33,807     \$ 953,891       Commitments and contingencies     \$     33,9,807     \$ 953,891       Commitments and contingencies     \$     \$ 339,807     \$ 953,891       Commitments and contingencies     \$     \$ 61,583     \$ 61,583       D Cumulative Redeemable Preferred Stock, and 620,000 shares of 8.375% Series     \$ 012,720     \$ 669       Outmulative Redeemable Preferred Stock, and 620,000 shares of 8.375% Series     \$ 61,583     \$ 61,583       Common stock, \$0.01 par value, 10,000,000,000 shares authorized, 66,932,744 and 66,824,304 shares issued and outstanding at september 30, 2017 and December 31, 2016, respectively     \$ 669<	Obligations under capital leases	\$	4,484	\$	3,699
Accounts payable and accrued expenses $33,672$ $26,249$ Deferred revenue $9,955$ $29,851$ Other current liabilities $21,753$ $28,968$ Total Current Liabilities $78,694$ $698,222$ Credit facilities and obligations under capital leases $112,383$ $111,583$ Junior subordinated notes payable $51,210$ $51,210$ Membership deposit liabilities, noncurrent $84,896$ $80,549$ Deferred revenue, noncurrent $6,900$ $6,256$ Other liabilities $5,724$ $6,662$ Total Liabilities $5,724$ $6,662$ Commitments and contingencies $5,724$ $6,662$ EquityPreferred stock, $50.01$ par value, $100,000,000$ shares authorized, $1,347,321$ shares of $9,75\%$ Series B Cumulative Redeemable $78,694$ Preferred stock, $90,000$ shares of $8.05\%$ Series C Cumulative Redeemable Preferred Stock, $30.01$ par value, $100,000,000$ shares authorized, $1,347,321$ shares of $9,75\%$ Series B Cumulative Redeemable $669$ Preferred stock, $50.01$ par value, $1,000,000,000$ shares authorized, $66,932,744$ and $66,824,304$ shares issued and outstanding at September 30, $2017$ and December 31, $2016$ , respectively $669$ Additional paid-in capital $669$ $668$ Additional paid-in capital $3,173,095$ $3,172,720$ Accumulated deficit $3,104,0386$ $(3,018,072)$ Accumulated dificit $1,347$ $1,168$ Total Equity $$196,308$ $$218,067$	Membership deposit liabilities		8,830		8,491
Deferred revenue9,95529,851Other current liabilities21,75328,968Total Current Liabilities78,694698,222Credit facilities and obligations under capital leases112,383111,585Junior subordinated notes payable51,21051,210Membership deposit liabilities, noncurrent84,89680,549Deferred revenue, noncurrent6,9006,256Other liabilities5,7246,062Total Liabilities\$ 339,807\$ 953,891Commitments and contingencies\$ 339,807\$ 953,891EquityPreferred stock, \$0,01 par value, 100,000,000 shares authorized, 1,347,321 shares of 9,75% Series B Cumulative Redeemable\$ 61,583\$ 61,583D Cumulative Redeemable Preferred Stock, liquidation preference \$25.00 per share, issued and outstanding as of September 30, 2017 and December 31, 2016\$ 61,583\$ 61,583\$ 61,583Common stock, \$0,01 par value, 1,000,000,000 shares authorized, 66,932,744 and 66,824,304 shares issued and outstanding at September 30, 2017 and December 31, 2016, respectively669668Additional paid-in capital3,173,0953,172,7203,172,720Accumulated deficit(3,040,386)(3,018,0723,040,386)(3,018,072Accumulated other comprehensive income1,3471,1681,347Total Equity\$ 196,038\$ 218,067	Repurchase agreements				600,964
Other current liabilities $21,753$ $28,968$ Total Current Liabilities78,694698,222Credit facilities and obligations under capital leases112,383111,585Junior subordinated notes payable51,21051,210Membership deposit liabilities, noncurrent84,89680,549Deferred revenue, noncurrent6,9006,255Other liabilities5,7246,062Total Liabilities\$339,807\$953,891Commitments and contingencies5339,807EquityPreferred stock, \$0.01 par value, 100,000,000 shares authorized, 1,347,321 shares of 9.75% Series B Cumulative Redeemable78,594P referred Stock, 496,000 shares of 8.05% Series C Cumulative Redeemable Preferred Stock, and 620,000 shares of 8.375% Series0D Cumulative Redeemable Preferred Stock, and 60,932,744 and 66,824,304 shares issued and outstanding at September 31, 2016669Common stock, \$0.01 par value, 1,000,000,000 shares authorized, 66,932,744 and 66,824,304 shares issued and outstanding at September 31, 2016, respectively669Common stock, \$0.01 par value, 1,000,000,000 shares authorized, 66,932,744 and 66,824,304 shares issued and outstanding at September 31, 2016, respectively669Common stock, \$0.01 par value, 1,000,000,000 shares authorized, 66,932,744 and 66,824,304 shares issued and outstanding at September 31, 2016, respectively669Common stock, \$0.01 par value, 1,000,000,000 shares authorized, 66,932,744 and 66,824,304 shares issued and outstanding at September 31, 2016, respectively669Common stock \$0.01 par value, 1,000,000,000 shares authorized, 66,932,744 and 66,824,304 shares issued and out	Accounts payable and accrued expenses		33,672		26,249
Total Current Liabilities $78,694$ $698,222$ Credit facilities and obligations under capital leases112,383111,585Junior subordinated notes payable $51,210$ $51,210$ Membership deposit liabilities, noncurrent $64,896$ $80,549$ Deferred revenue, noncurrent $6,900$ $6,256$ Other liabilities $5,724$ $6,062$ Total Liabilities $$339,807$ $$953,891$ Commitments and contingencies $$$339,807$ $$953,891$ EquityPreferred stock, \$0.01 par value, 100,000,000 shares authorized, 1,347,321 shares of 9.75% Series B Cumulative Redeemable $$$61,583$ $$$61,583$ Preferred stock, \$46,000 shares of 8.05% Series C Cumulative Redeemable Preferred Stock, and 620,000 shares of 8.375% Series $$$0217 and December 31, 2016$ $$$61,583$ $$$61,583$ Common stock, \$0.01 par value, 1,000,000,000 shares authorized, 66,932,744 and 66,824,304 shares issued and outstanding at September 30, 2017 and December 31, 2016, respectively $$69$ $$668$ Additional paid-in capital $$3,173,095$ $$3,172,720$ Accumulated deficit $$3,040,386$ $$3,018,072$ Accumulated other comprehensive income $$1,347$ $$1,68$ Total Equity $$196,308$ $$218,067$	Deferred revenue		9,955		29,851
Credit facilities and obligations under capital leases112,383111,585Junior subordinated notes payable51,21051,210Membership deposit liabilities, noncurrent84,89680,549Deferred revenue, noncurrent6,9006,236Other liabilities $5,724$ 6,062Total Liabilities $$339,807$ $$953,891$ Commitments and contingencies $$12,103,100,000,000$ shares authorized, 1,347,321 shares of 9,75% Series B Cumulative Redeemable 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, iquidation preference \$25.00 per share, issued and outstanding as of September 30, 2017 and December 31, 2016\$61,583\$61,583Common stock, \$0.01 par value, 1,000,000,000 shares authorized, 66,932,744 and 66,824,304 shares issued and outstanding at September 30, 2017 and December 31, 2016, respectively669668Additional paid-in capital Accumulated deficit Accumulated deficit3,173,0953,172,720Accumulated deficit Total Equity1,3471,168Total Equity\$196,308\$218,067	Other current liabilities		21,753		28,968
Junior subordinated notes payable $51,210$ $51,217$ Membership deposit liabilities, noncurrent $84,896$ $80,549$ Deferred revenue, noncurrent $6,900$ $6,255$ Other liabilities $5,724$ $6,062$ Total Liabilities $$339,807$ $$953,891$ Commitments and contingencies $$239,807$ $$953,891$ EquityPreferred stock, $$0,01$ par value, $100,000,000$ shares authorized, $1,347,321$ shares of $9.75\%$ Series B Cumulative Redeemable Preferred stock, $$406,000$ shares of $8.05\%$ Series C Cumulative Redeemable Preferred Stock, $406,000$ shares of $8.05\%$ Series C Cumulative Redeemable Preferred Stock, $406,000$ shares of $8.05\%$ Series C Cumulative Redeemable Preferred Stock, $406,000$ shares of $8.05\%$ Series C Cumulative Redeemable Preferred Stock, $406,000$ shares of $8.05\%$ Series C Cumulative Redeemable Preferred Stock, $406,000$ shares of $8.05\%$ Series C Cumulative Redeemable Preferred Stock, $1,2016$ $$61,583$ $$61,583$ $$61,583$ $$61,583$ $$61,583$ $$61,583$ $$61,583$ $$61,583$ $$61,583$ $$61,583$ $$61,583$ $$61,583$ $$61,583$ $$61,583$ $$61,583$ $$61,583$ $$61,583$ $$61,583$ $$61,583$ $$61,583$ $$61,583$ $$61,583$ $$61,583$ $$61,583$ $$61,583$ $$61,583$ $$61,583$ $$61,583$ $$61,583$ $$61,583$ $$61,583$ $$61,583$ $$61,583$ $$61,583$ $$61,583$ $$61,583$ $$61,583$ $$61,583$ $$61,583$ $$61,583$ $$61,583$ $$61,583$ $$61,583$ $$61,583$ $$61,583$ $$61,583$ $$61,583$ $$61,583$ $$61,583$ $$61,583$ $$61,58$	Total Current Liabilities	_	78,694		698,222
Membership deposit liabilities, noncurrent $84,896$ $80,549$ Deferred revenue, noncurrent $6,900$ $6,256$ Other liabilities $5,724$ $6,062$ Total Liabilities $$339,807$ $$95,3891$ Commitments and contingencies $$1,327,321$ shares of $9.75\%$ Series B Cumulative Redeemable $$1,575\%$ SeriesEquityPreferred stock, $496,000$ shares authorized, $1,347,321$ shares of $9.75\%$ Series B Cumulative Redeemable $$1,583$ 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, ilquidation preference \$25.00 per share, issued and outstanding as of September 30, 2017 and December 31, 2016 $$61,583$ $$61,583$ Common stock, $$0.01$ par value, $1,000,000,000$ shares authorized, $66,932,744$ and $66,824,304$ shares issued and outstanding at September 30, 2017 and December 31, 2016, respectively $669$ $668$ Additional paid-in capital $3,173,095$ $3,172,720$ Accumulated deficit $(3,040,386)$ $(3,018,072)$ Accumulated other comprehensive income $1,347$ $1,168$ Total Equity $$196,308$ $$218,067$	Credit facilities and obligations under capital leases		112,383		111,585
Membership deposit liabilities, noncurrent $84,896$ $80,549$ Deferred revenue, noncurrent $6,900$ $6,256$ Other liabilities $5,724$ $6,062$ Total Liabilities $$339,807$ $$95,3891$ Commitments and contingencies $$1,327,321$ shares of $9.75\%$ Series B Cumulative Redeemable $$1,575\%$ SeriesEquityPreferred stock, $496,000$ shares authorized, $1,347,321$ shares of $9.75\%$ Series B Cumulative Redeemable $$1,583$ 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, ilquidation preference \$25.00 per share, issued and outstanding as of September 30, 2017 and December 31, 2016 $$61,583$ $$61,583$ Common stock, $$0.01$ par value, $1,000,000,000$ shares authorized, $66,932,744$ and $66,824,304$ shares issued and outstanding at September 30, 2017 and December 31, 2016, respectively $669$ $668$ Additional paid-in capital $3,173,095$ $3,172,720$ Accumulated deficit $(3,040,386)$ $(3,018,072)$ Accumulated other comprehensive income $1,347$ $1,168$ Total Equity $$196,308$ $$218,067$	<b>C</b> 1		51,210		51,217
Deferred revenue, noncurrent6,9006,256Other liabilities5,7246,062Total Liabilities\$ 339,807\$ 953,891Commitments and contingencies\$ 339,807\$ 953,891EquityPreferred 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 September 30, 2017 and December 31, 2016\$ 61,583\$ 61,583\$ 61,583Common stock, \$0.01 par value, 1,000,000,000 shares authorized, 66,932,744 and 66,824,304 shares issued and outstanding at September 30, 2017 and December 31, 2016, respectively\$ 669668Additional paid-in capital Accumulated other comprehensive income3,173,0953,172,720Accumulated other comprehensive income1,3471,168Total Equity\$ 196,308\$ 218,067	Membership deposit liabilities, noncurrent		84,896		80,549
Other liabilities       5,724       6,062         Total Liabilities       \$ 339,807       \$ 953,891         Commitments and contingencies       \$       953,891         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 September 30, 2017 and December 31, 2016       \$       61,583       \$       61,583       \$       61,583       \$       61,583       \$       61,583       \$       61,583       \$       61,583       \$       61,583       \$       61,583       \$       61,583       \$       61,583       \$       61,583       \$       61,583       \$       61,583       \$       61,583       \$       61,583       \$       61,583       \$       61,583       \$       61,583       \$       61,583       \$       61,583       \$       61,583       \$       61,583       \$       61,583       \$       61,583       \$       61,583       \$       61,583       \$       61,583       \$       61,583       \$       61,583       \$					6,256
Total Liabilities       \$ 339,807       \$ 953,891         Commitments and contingencies       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 September 30, 2017 and December 31, 2016       \$ 61,583       \$ 61,583         Common stock, \$0.01 par value, 1,000,000,000 shares authorized, 66,932,744 and 66,824,304 shares issued and outstanding at September 30, 2017 and December 31, 2016, respectively       \$ 669       668         Additional paid-in capital       3,173,095       3,172,720         Accumulated deficit       (3,040,386)       (3,040,386)       (3,040,372)         Accumulated other comprehensive income       1,347       1,168       1,163         Total Equity       \$ 196,308       \$ 218,067       \$ 218,067					6,062
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 September 30, 2017 and December 31, 2016 \$ 61,583 \$ 61,583 Common stock, \$0.01 par value, 1,000,000,000 shares authorized, 66,932,744 and 66,824,304 shares issued and outstanding at September 30, 2017 and December 31, 2016, respectively 669 668 Additional paid-in capital Accumulated deficit (3,040,386) (3,018,072 Accumulated other comprehensive income 1,347 1,168 196,308 218,067	Total Liabilities	\$		\$	
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 September 30, 2017 and December 31, 2016 \$ 61,583 \$ 61,583 Common stock, \$0.01 par value, 1,000,000,000 shares authorized, 66,932,744 and 66,824,304 shares issued and outstanding at September 30, 2017 and December 31, 2016, respectively 669 668 Additional paid-in capital Accumulated deficit (3,040,386) (3,018,072 Accumulated other comprehensive income 1,347 1,168 196,308 218,067					
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 September 30, 2017 and December 31, 2016 Common stock, \$0.01 par value, 1,000,000,000 shares authorized, 66,932,744 and 66,824,304 shares issued and outstanding at September 30, 2017 and December 31, 2016, respectively Additional paid-in capital Accumulated deficit Accumulated other comprehensive income Total Equity Set the set of th	Commitments and contingencies				
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 September 30, 2017 and December 31, 2016 Common stock, \$0.01 par value, 1,000,000,000 shares authorized, 66,932,744 and 66,824,304 shares issued and outstanding at September 30, 2017 and December 31, 2016, respectively Additional paid-in capital Accumulated deficit Accumulated other comprehensive income Total Equity Set the set of th	Fauity				
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 September 30, 2017 and December 31, 2016 \$ 61,583 \$ 61,583 Common stock, \$0.01 par value, 1,000,000,000 shares authorized, 66,932,744 and 66,824,304 shares issued and outstanding at September 30, 2017 and December 31, 2016, respectively Additional paid-in capital \$ 669 668 Additional paid-in capital \$ 3,173,095 3,172,720 Accumulated deficit \$ (3,040,386) (3,018,072 Accumulated other comprehensive income \$ 1,347 1,168 Total Equity \$ 196,308 \$ 218,067					
D Cumulative Redeemable Preferred Stock, liquidation preference \$25.00 per share, issued and outstanding as of September 30, 2017 and December 31, 2016 \$61,583 \$61,583 \$ Common stock, \$0.01 par value, 1,000,000,000 shares authorized, 66,932,744 and 66,824,304 shares issued and outstanding at September 30, 2017 and December 31, 2016, respectively Additional paid-in capital \$3,173,095 3,172,720 (3,040,386) (3,018,072 Accumulated deficit \$3,040,386) (3,018,072 Accumulated other comprehensive income \$1,347 \$1,168 Total Equity \$196,308 \$218,067					
2017 and December 31, 2016       \$ 61,583 \$ 61,583         Common stock, \$0.01 par value, 1,000,000,000 shares authorized, 66,932,744 and 66,824,304 shares issued and outstanding at September 30, 2017 and December 31, 2016, respectively       669 668         Additional paid-in capital       3,173,095 3,172,720         Accumulated deficit       (3,040,386) (3,018,072         Accumulated other comprehensive income       1,347 1,168         Total Equity       \$ 196,308 \$ 218,067					
September 30, 2017 and December 31, 2016, respectively         669         668           Additional paid-in capital         3,173,095         3,172,720           Accumulated deficit         (3,040,386)         (3,018,072           Accumulated other comprehensive income         1,347         1,168           Total Equity         \$ 196,308         \$ 218,067		\$	61,583	\$	61,583
September 30, 2017 and December 31, 2016, respectively         669         668           Additional paid-in capital         3,173,095         3,172,720           Accumulated deficit         (3,040,386)         (3,018,072           Accumulated other comprehensive income         1,347         1,168           Total Equity         \$ 196,308         \$ 218,067					
September 30, 2017 and December 31, 2016, respectively         669         668           Additional paid-in capital         3,173,095         3,172,720           Accumulated deficit         (3,040,386)         (3,018,072           Accumulated other comprehensive income         1,347         1,168           Total Equity         \$ 196,308         \$ 218,067	Common stock \$0.01 par value 1,000,000,000 shares authorized, 66,932,744 and 66,824,304 shares issued and outstanding at				
Additional paid-in capital       3,173,095       3,172,720         Accumulated deficit       (3,040,386)       (3,018,072         Accumulated other comprehensive income       1,347       1,168         Total Equity       \$ 196,308       \$ 218,067			669		668
Accumulated deficit         (3,040,386)         (3,018,072           Accumulated other comprehensive income         1,347         1,168           Total Equity         \$ 196,308         \$ 218,067					
Accumulated other comprehensive income1,3471,168Total Equity\$ 196,308\$ 218,067			/ /		/ /
Total Equity \$ 196,308 \$ 218,067					
	*	¢		\$	
Total Liabilities and Equity \$ 536,115 \$ 1,171,958		Φ	190,308	ф	218,007
	Total Liabilities and Equity	\$	536,115	\$	1,171,958

#### **Reconciliation of Core Earnings**

(\$ in thousands)

	Three Mo	Three Months Ended September 30,		
	2017	/	2016	
(Loss) Income applicable to common stockholders	\$	(1,864) \$	18,923	
Add (Deduct):				
Impairment		28	611	
Realized and unrealized gain on investments		(315)	(6,605)	
Other loss (income)(A)		185	(121)	
Depreciation and amortization(B)		8,826	9,259	
Acquisition, transaction, restructuring and spin-off related expenses(C)		1,953	1,093	
Core earnings	\$	8,813 \$	23,160	

#### (A) Other (loss) income reconciliation:

	Three	Months Er	nded S	eptember 30,
		2017		2016
Total other income (loss)	\$	3,850	\$	19,677
Add (deduct):				
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

(B) 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.

(C) 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.

#### 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 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.

#### 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.

#### 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 statements regarding the Company's targets and expectations regarding Drive Shack's venue in Orlando, Florida, and other venues in the national and global pipeline of locations. 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 Drive Shack's control. The Company can give no assurance that its expectations will be attained. Accordingly, you should not place undue reliance on any forward-looking statements, see the sections entitled "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Company's most recent Annual Report on Form 10-K and most recent Quarterly Report on Form 10-Q. Furthermore, 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 revisions to any forward-looking statement is based.