# New Residential Spin-Off

April 2013

# Disclaimer and Notes

**This disclaimer applies to this document and the oral comments made by the individuals presenting it (the "Presentation").**

***Forward – Looking Statements:*** This Presentation contains certain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements relate to, among other things, the operating performance of our investments, the stability of our earnings, our financing needs, potential investments, estimated investment returns and assumptions underlying those returns (including, but not limited to, recapture rates, prepayments rates, default rates), projected dividend growth and interest rate changes. Forward-looking statements are generally identifiable by use of forward-looking terminology such as "may," "will," "should," "potential," "intend," "expect," "endeavor," "seek," "anticipate," "estimate," "overestimate," "underestimate," "believe," "could," "project," "predict," "continue," "target" or other similar words or expressions. Forward-looking statements are based on certain assumptions, discuss future expectations, describe future plans and strategies, contain projections of results of operations or of financial condition or state other forward-looking information. Our ability to predict results or the actual outcome of future plans or strategies is inherently uncertain. Although we believe that the expectations reflected in such forward-looking statements are based on reasonable assumptions, our actual results and performance could differ materially from those set forth in the forward-looking statements. These forward-looking statements involve risks, uncertainties and other factors that may cause our actual results in future periods to differ materially from forecasted results. Factors which could have a material adverse effect on our operations and future prospects include, but are not limited to: reductions in cash flows received from our investments; our ability to take advantage of opportunities in additional asset classes or types of assets, at attractive risk-adjusted prices; our ability to take advantage of opportunities in investments in excess mortgage servicing rights; our ability to deploy capital accretively; the risks that prepayment, default and recovery rates on our real estate securities and loan portfolios deteriorate compared to our underwriting estimates; the relationship between yields on assets which are paid off and yields on assets in which such monies can be reinvested; the relative spreads between the yield on the assets we invest in and the cost of financing; changes in economic conditions generally and the real estate and bond markets specifically; adverse changes in the financing markets we access affecting our ability to finance our investments, or in a manner that maintains our historic net spreads; changing risk assessments by lenders that potentially lead to increased margin calls, not extending our repurchase agreements or other financings in accordance with their current terms or entering into new financings with us; changes in interest rates and/or credit spreads, as well as the success of any hedging strategy we may undertake in relation to such changes; the quality and size of the investment pipeline and the rate at which we can invest our cash, including cash inside our collateralized debt obligations, or CDOs; changes in the fair value of our excess servicing assets, our dependence on mortgage servicers to service the mortgages underlying our excess servicing assets, GSE initiatives and other actions that may adversely affect returns on our excess servicing assets; impairments in the value of the collateral underlying our investments and the relation of any such impairments to our judgments as to whether changes in the market value of our securities, loans or real estate are temporary or not and whether circumstances bearing on the value of such assets warrant changes in carrying values; legislative/regulatory changes, including, but not limited to, any modification of the terms of loans; the availability and cost of capital for future investments; competition within the finance and real estate industries; and other risks detailed from time to time in our Securities and Exchange Commission reports. Readers are cautioned not to place undue reliance on any of these forward-looking statements, which reflect our management's views as of the date of this Presentation significantly from those contained in any forward-looking statement. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. We are under no duty to update any of the forward-looking statements after the date of this Presentation to conform these statements to actual results.

***Expected, Targeted or Modeled Returns:*** Expected, targeted or modeled returns are estimates of the annualized effective rate of return that the Company presently expects to be earned or targets to be earned over the expected average life of an investment (i.e., IRR), after giving effect to existing leverage (if any), calculated on a weighted average basis, projected market conditions and other factors. Income recognized by the Company in future periods may be significantly less than the income that would have been recognized if an expected, targeted or modeled return were actually realized, and the estimates we use to calculate expected returns would differ materially from actual results. Statements about expected, targeted or modeled returns in this Presentation are forward-looking statements. You should carefully read the cautionary statement above under the caption "Forward-Looking Statements," which directly applies to our discussion of expected, targeted or modeled returns.

***Past performance:*** In all cases where historical performance is presented, please note that past performance is not a reliable indicator of future results and should not be relied upon as the basis for making an investment decision.

***Risk Factors***: Investing in Newcastle's or New Residential's common stock involves a high degree of risk. For more information on such risks, please refer to the factors detailed from time to time in our Securities and Exchange Commission reports.

***No reliance, no update and use of information***: You should not rely exclusively on the Presentation as the basis upon which to make an investment decision. The information in the Presentation is provided to you as of the dates indicated and Newcastle does not intend to update the information after its distribution, even in the event that the information becomes materially inaccurate. Certain information contained in the Presentation includes calculations or figures that have been prepared internally and have not been audited or verified by a third party. Use of different methods for preparing, calculating or presenting information may lead to different results and such differences may be material.

# Disclaimer and Notes - continued

***Abbreviations****: This Presentation includes abbreviations, which have the following meanings:*

*•30+ DQ – Percentage of loans that are delinquent by 30 days or more*

*•Age (mths) or Loan Age (mths) – Weighted average number of months loans are outstanding*

*•Cash Basis – Initial investment less cash received life to date*

*•CDR – Constant Default Rate*

*•CLTV – ratio of current loan balance to estimated current asset value.*

*•CPR – Constant Prepayment Rate*

*•CRR – Constant Repayment Rate*

*•Cur UPB – UPB as of the end of the current month*

*•Excess MSRs – monthly interest payments generated by the related MSRs, net of a basic fee paid to the servicer.*

*•FICO – A borrower's credit metric generated by the credit scoring model created by the Fair Isaac Corporation*

*•Flow Arrangements – contractual recurring agreements, often monthly or quarterly, to purchase servicing of newly originated or highly delinquent loans*

*•LTD Cash Flows –Actual cash flow collected from the investment as of the end of the current month*

*•LTD – Life to Date*

*•Non-Performing Loans – "NPLs"*

*•Orig. UPB – UPB as of the investment's acquisition date*

*•Proj. Future Cash Flows – Future cash flow projected with the Company's original underwriting assumptions*

*•Recapture Rate – Percentage of fully prepaid loans that are refinanced by Nationstar and will be put back into the pool*

*•Uncollected Payments – Percentage of loans that missed their most recent payment*

*•UPB – Unpaid Principal Balance*

*•Updated Modeled IRR – Internal rate of return calculated based on the cash flow received to date through the current month and the projected future cash flow based on our original underwriting assumptions.*

*•WA – Weighted Average*

*•WAL – Weighted Average Life to Maturity*

*•WAC – Weighted Average Coupon*

# Executive Summary

**We expect to complete the spin-off of New Residential on or about May 15, 2013**

- **Newcastle (NYSE: NCT) will spin off all of its investments in Excess MSRs and certain other assets**
- **New Residential (NYSE: NRZ) will be a new publicly-traded real estate investment trust**
- **On April 25, 2013, the Newcastle Board set May 6 as the Record Date for the distribution(1)**
- **Expected to improve transparency and unlock shareholder value(2)**
  - Investors have reacted positively since spin-off announcement – NCT up +20%(3)
  - Potential for further dividend yield tightening based on the yields of comparable peers
- **Following the spin-off, we expect both companies to have robust growth pipelines**

1) Each holder of Newcastle stock as of the Record Date will receive one share of New Residential common stock for each share of Newcastle common stock held on the Record Date.
2) The spin-off may not have the full or any of the strategic and financial benefits that we expect, or such benefits may be delayed or may not materialize at all.
3) Stock price change calculated from market close on January 4, 2013 through market close on April 25, 2013.

# Anticipated Spin-Off Timeline

**We expect NRZ and NCT to trade as separate public companies on or about May 16**

| 2012 | 2013(3) | | | | | |
|---|---|---|---|---|---|---|
| Dec. 18 | Jan. 7 | Apr. 25 | May 2 | May 6 | May 15 | May 16 |
| Board approved spin-off | First public filing of NRZ Form 10 | Board formally declared distribution of NRZ shares & sets Record Date | NRZ begins trading on "when-issued" basis (1)<br><br>NCT trades "regular way" and "ex-dividend"(2) | Record Date | Distribution Date | NRZ and NCT trade as separate public companies |

*Expect SEC to declare Form 10 effective* (Apr. 25 – May 2)

*Trading on three markets continues* (May 6 – May 15)

1) In the "when-issued" market, the right to the New Residential shares distributed on the Distribution Date will trade. These shares will settle shortly after the distribution date.
2) In the "regular way" market, shares of Newcastle common stock will trade with the right to the New Residential shares distributed on the Distribution Date. In the "ex-dividend" market, shares of Newcastle common stock will trade without the right to the New Residential shares distributed on the Distribution Date.
3) Newcastle's distributions (of cash and stock) in any year are taxable to taxable shareholders to the extent of Newcastle's earnings and profits for the year. The distribution of New Residential stock will contribute to Newcastle's earnings and profits to the extent that the value of the shares distributed exceeds Newcastle's tax basis in the New Residential assets. Any amount distributed in excess of earnings and profits is first allocated to return of capital to the extent of a shareholder's basis and then to capital gain. Please refer to the Form 10 for more information and consult your tax advisor.

# Two Focused Companies

- **Upon completion of the spin:**
  - NRZ will have investments in Excess MSRs, non-Agency RMBS, Agency RMBS, residential mortgage loans, as well as other assets(1)
  - NCT will have investments in CDOs, senior housing properties, other real estate debt, and other assets(1)

**Newcastle**

| Manager | | | Manager |
|---|---|---|---|
| FORTRESS | **NRZ(1)** | **Post-Spin NCT(1)** | FORTRESS |
| | *Residential-focused Mortgage REIT* | *Commercial-focused Mortgage REIT* | |
| | Excess MSRs | CDOs | |
| | RMBS | Senior Housing Properties | |
| | Residential Mortgage Loans | Other Real Estate Debt | |
| | Other (e.g. Consumer Loans) | Bank Loans | |

1) NRZ's and NCT's respective Investment Guidelines are purposefully broad. Each company may invest in assets that differ significantly from its current portfolio.

# Spin-Off Expected to Drive Value

1. **Potential to improve transparency and unlock shareholder value**
2. **Further dividend tightening possible at each company**
   - The current average yield of NRZ's comparable peers is 7.2% vs. NCT's current yield of 8.1%[1,2]
   - The current average yield of NCT's comparable commercial peers is 7.7%[1,2]
     - As NCT grows its senior housing exposure, we expect more tightening based on the yields of healthcare peers

**NRZ – Comparable Peers[1,2]**

| | *Dividend Yield* | *Market Cap ($mm)* |
|---|---|---|
| **Redwood Trust** | 4.84% | $1,891 |
| **HLSS** | 7.18% | $1,330 |
| **PennyMac Mortgage** | 9.59% | $1,403 |
| **Average** | **7.20%** | |

**NCT – Comparable Peers[1,2,3]**

| | *Dividend Yield* | *Market Cap ($mm)* |
|---|---|---|
| **Commercial REIT Avg.** | 7.69% | $1,406 |
| **Healthcare REIT Avg.** | 4.30% | $9,972 |
| **Average** | **6.00%** | |

1) Selected peer group represents a non-exhaustive list of publicly traded REITs that management believes are comparable to New Residential and Newcastle, respectively. The inclusion of other issuers could change the comparable average dividend yield. Determinations of comparability have been made by management based on Newcastle's current assets and commitments and the composition of the portfolio that Newcastle will contribute to New Residential in the spin-off. Other industry participants may express a different view. A change in, or the diversification of, New Residential's or Newcastle's portfolio could change the appropriate set of comparable peers and the related dividend yield. New Residential's investment in consumer loans differentiates New Residential from peers, but the investment is expected to generate cash flows comparable to other assets in New Residential's investment portfolio that are similar to assets of selected peer group.
2) Source: SNL Financial. Information as of 4/25/2013. The dividend yield for each company in the comparable sectors is defined as the most recent declared dividend annualized and expressed as a percentage of each company's stock price.
3) Please see Endnotes for a list of the companies included in the Commercial REIT and Health REIT averages.

# Modeled Economics of the Two Companies*

## NRZ[1]

| | |
|---|---|
| Excess MSRs[2] | $600 mm |
| Non-Agency RMBS[3] | $488 mm |
| *Less: Repo Debt[4]* | *($302) mm* |
| Residential Mortgage Loans | $35 mm |
| Consumer Loans | $250 mm |
| Agency RMBS | $54 mm |
| Investable Cash[5] | $55 mm |
| **Total New Residential Value** | **$1,180 mm** |
| WA Modeled Net IRR[9] | **14%** |
| | **$159 mm[10]** |
| *Per share[11]* | *$0.61* |

| *Assumed Dividend Yield[12]* | 7% | 8% | 9% | 10% |
|---|---|---|---|---|
| *Implied price / share:* | $8.71 | $7.63 | $6.78 | $6.10 |
| *Implied market cap.* | $2.2 bn | $1.9 bn | $1.7 bn | $1.5 bn |

## Post-Spin NCT

| | |
|---|---|
| Real Estate Debt[6] | $840 mm |
| Senior Housing[7] | $76 mm |
| Agency RMBS | $15 mm |
| Investable Cash [5] | $76 mm |
| *Less: Corporate Debt[8]* | *($112) mm* |
| **Total Newcastle Value** | **$895 mm** |
| WA Modeled Net IRR[9] | **14%** |
| | **$128 mm[10]** |
| *Per share[11]* | *$0.50* |

| *Assumed Dividend Yield[12]* | 7% | 8% | 9% | 10% |
|---|---|---|---|---|
| *Implied price / share:* | $7.14 | $6.25 | $5.56 | $5.00 |
| *Implied market cap.* | $1.8 bn | $1.6 bn | $1.4 bn | $1.3 bn |

** Please refer to Endnotes regarding the amounts presented and specific disclaimers related to the information on this page.*

# NRZ – Growth Pipeline

- **Robust pipeline for target investments**
- **Targeting 15% to 20% levered returns[1]**

| *Target Investments* | *Pipeline for Growth[1]* |
|---|---|
| **Excess MSRs** | ▪ +$300 billion legacy servicing[2]<br>▪ $25 - 50 billion flow per year |
| **Non-Agency RMBS** | ▪ ~$1 trillion universe of Non-Agency RMBS<br>▪ ~$220 billion Nationstar-serviced Non-Agency RMBS[3] |
| **Residential Mortgage Loans** | ▪ ~$600 billion U.S. non-performing loan ("NPL") universe[4]<br>▪ $25 - 40 billion mid-term pipeline for NPLs |
| **Servicing Advances** | ▪ Potentially seek to invest in servicing advances or related debt |
| **Other Investments** | ▪ Market-driven opportunistic investments, such as recent $250 million equity investment in consumer loans |

1) Represents management's current estimate of target assets currently for sale or expected to be sold in approximately the next 12 months. There can be no assurance that New Residential will be able to complete target investments or that such investments will generate targeted returns.
2) We are currently in discussions with several financial institutions to acquire additional Excess MSRs relating to residential mortgage loans that could result in our entering into one or more definitive acquisition agreements prior to or immediately following the spin-off. Potential portfolios include servicing rights relating to residential mortgage loans with an aggregate UPB in excess of $20 billion from a large financial institution. We can provide no assurances that we will enter into these agreements or as to the timing of any potential acquisition.
3) Approximately $220 billion as of Jan 2013 includes servicing which has been committed to but has not yet closed. This purchase is subject to closing requirements and regulatory approvals. May include servicing as well as master servicing.
4) Current estimates based on research of filings of certain large banks and Fannie Mae and Freddie Mac monthly summaries.

# NCT Post-Spin – Growth Pipeline

- **Robust pipeline for target investments**
- **Targeting 15% to 20% levered returns[1]**

| *Target Investments* | *Pipeline for Growth[1]* |
|---|---|
| **NCT Legacy Assets** | ▪ Pursue collapses to accelerate cash recovery<br>▪ Buy debt opportunistically |
| **Senior Living Assets** | ▪ Near-term pipeline of $600 - $750 million of assets with a potential investment value of $250 - $300 million |
| **Opportunistic Restructurings** | ▪ Strategically make investments within NCT's existing real estate and other debt portfolio |

1) Represents management's current estimate of target assets currently for sale or expected to be sold in approximately the next 12 months. There can be no assurance that Newcastle will be able to complete target investments or that such investments will generate targeted returns.

# New Residential Investment Corp.

# Segments of Residential Market

- **Total size of the residential housing sector is approximately $18 trillion[1]**
- **We believe MSRs, non-Agency securities, and NPLs offer attractive unlevered returns**

*More Interesting*

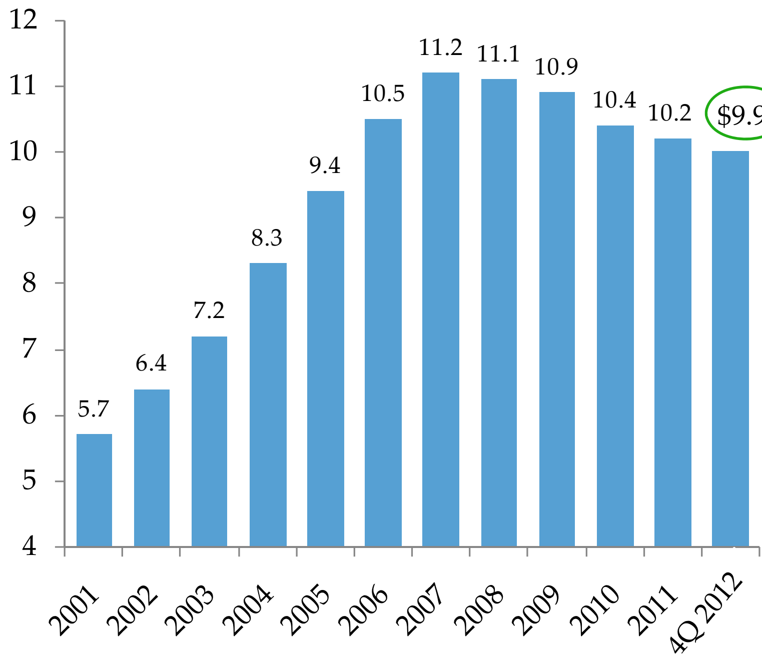
| | Opportunity Size[1] | Estimated Unlevered Returns[2] |
|---|---|---|
| Housing Equity | $8.2 tn | 8 – 10% |
| Agency Securities | $5.4 tn | 1 – 3% |
| Performing Loans | $2.8 tn | 4 – 6% |
| **Non-Performing Loans** | $0.6 tn | 8 – 10% |
| **Non-Agency Securities[3]** | $1.0 tn | 6 – 20% |
| **MSRs[4]** | $9.8 tn | 15 – 20% |

1) Fed Flow of Funds, 4Q 2012; Inside Mortgage Finance, 4Q 2012; Bank Company Filings, Fannie Mae Filings, Freddie Mac Filings, Ginnie Mae Filings, 2012.
2) Represents management's current estimates, which could differ materially from actual results.
3) Estimated range of unlevered returns for non-Agency securities assumes potential upside from collapse opportunity.
4) New Residential has invested in MSRs through co-investments in Excess MSRs.

# Residential Servicing Shift Still Underway

- **Large component of our residential strategy has been driven by shift of U.S. mortgage servicing**
  - 83% of the nearly $10 trillion servicing market is dominated by banks – top four banks control 48%(1)
- **Banks under significant pressure to exit or reduce servicing exposure due to:**
  - Heightened capital requirements, regulatory and headline risk and elevated troubled loan levels

## Total Single Family Mortgages (*$tn*)(1)




## 4Q 2012 Servicing Market Share(1)

| Company | UPB | % Share |
|---|---|---|
| Wells Fargo | $1.8 tn | 19% |
| Bank of America | $1.3 tn | 13% |
| JP Morgan Chase | $1.1 tn | 11% |
| Citi | $0.5 tn | 5% |
| **Total Top Four Banks** | **$4.7 tn** | **48%** |
| **Total Banks** | **$8.3 tn** | **83%** |
| **Total Non-Banks** | $1.7 tn | 17% |

1) Source: Inside Mortgage Finance, 4Q '12. Slight discrepancies are due to rounding.

# Excess MSR Transactions

***Invested or committed to invest $608 million in ten Excess MSR pools – $293 billion UPB of residential loans[(1)]***

- Co-invest alongside Nationstar Mortgage, one of the largest and highest quality mortgage servicers
- Target 15-20% returns

## Excess MSR Transaction Summary

| | Date[(2)] | Excess MSR Ownership | UPB *($bn)* | Excess MSR Price *(bps of UPB)* | Excess MSR Initial Inv. *($mm)* | WAC *(%)* | Age *(mth)* | CLTV *(%)* | FICO | 30+ DQ | Excess MSR *(bps)* | Basic Fee *(bps)* |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Pool 1 – GSE** | Dec '11 | 65% | $10 | 68 | $44 | 6.0 | 58 | 103 | 687 | 9.6 | 29 | 6 |
| **Pool 2 – GSE** | June '12 | 65% | $10 | 65 | $42 | 5.3 | 54 | 116 | 705 | 15.2 | 23 | 8 |
| **Pool 3 – GSE** | June '12 | 65% | $10 | 57 | $36 | 4.7 | 69 | 91 | 690 | 17.6 | 23 | 9 |
| **Pool 4 – GSE** | June '12 | 65% | $6 | 38 | $15 | 4.0 | 61 | 112 | 684 | 24.1 | 17 | 9 |
| **Pool 5 – PLS** | June '12 | 65% | $48 | 40 | $125 | 4.9 | 67 | 124 | 659 | 34.7 | 13 | 19 |
| **Pool 6 – Govt.** | Jan '13 | 33% | $13 | 68 | $27 | 5.6 | 43 | 101 | 674 | 16.4 | 25 | 15 |
| **Pool 7 – GSE[(3)]** | Jan '13 | 33% | $40 | 53 | $67 | 5.3 | 74 | 84 | 711 | 17.5 | 16 | 11 |
| **Pool 8 – GSE[(3)]** | Jan '13 | 33% | $18 | 61 | $36 | 5.5 | 66 | 92 | 719 | 14.5 | 19 | 9 |
| **Pools 9 & 10 – Govt. and PLS[(4)]** | Jan '13 | 33% | $138 | 46 | $216 | 5.0 | 75 | 105 | 700 | 24.7 | 13 | 22 |
| | **Total/WA** | | **$293 bn** | **51** | **$608 mm** | **5.1** | **70** | **104** | **694** | **23.3** | **17** | **16** |

1) Pending investments are subject to closing requirements and regulatory approvals.
2) All data presented is as of acquisition date other than data for Pool 9 and Pool 10 which are presented as of February 28, 2013.
3) The aggregate initial investment amount for Pool 7 and Pool 8 includes ~$20 million which will be funded when the servicing transfer of these pools to Nationstar is complete.
4) The actual amount invested will depend on the UPB at closing.

# Excess MSR Portfolio – March 2013

- **Received $81 million cash flow, 21% of initial investment over an average term of 8 months**
- **Investments performing better than our initial projections**
  - Prepayment rates lower – 18% life-to-date vs. 21% initial projection
  - Updated IRRs higher – 19% vs. 17% initial projection
  - Recapture rates are trending higher

**Collateral & Performance Summary[1]** | **Investment Performance *($mm)*[1]**

| | UPB *($bn)* | WAC *(%)* | Age *(mth)* | CLTV *(%)* | FICO | CPR | | Recapture Rate | | Initial Inv. | LTD Cash Flows | Carrying Value | Initial Est. IRR | Updated IRR[2] |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | *1-mth* | *LTD* | *1-mth* | *3-mth* | | | | | |
| Pool 1 – GSE | $8 | 5.7 | 71 | 103 | 684 | 27% | 16% | 48% | 49% | $44 | $22 | $40 | 20% | 26% |
| Pool 2 – GSE | $9 | 5.1 | 64 | 109 | 676 | 27% | 14% | 58% | 53% | $42 | $11 | $39 | 17% | 19% |
| Pool 3 – GSE | $9 | 4.5 | 88 | 90 | 677 | 18% | 14% | 49% | 38% | $36 | $10 | $35 | 18% | 22% |
| Pool 4 – GSE | $6 | 3.6 | 80 | 119 | 673 | 17% | 13% | 39% | 38% | $15 | $4 | $15 | 18% | 21% |
| Pool 5 – PLS | $42 | 4.7 | 86 | 116 | 652 | 16% | 13% | 2% | 2% | $125 | $29 | $109 | 17% | 18% |
| Pool 6 – Govt. | $12 | 5.6 | 50 | 99 | 662 | 27% | 24% | 5% | 3% | $27 | $2 | $26 | 16% | 16% |
| Pool 7- GSE[3] | $37 | 5.2 | 76 | 83 | 711 | 19% | 19% | -- | -- | $67 | $2 | $65 | 16% | 16% |
| Pool 8- GSE[3] | $17 | 5.6 | 68 | 92 | 719 | 28% | 28% | -- | -- | $36 | $1 | $35 | 16% | 16% |
| **Total/WA** | **$140 bn** | **5.0%** | **76 mth** | **100%** | **682** | **21%** | **18%** | **30%** | **25%** | **$392 mm** | **$81 mm** | **$364 mm** | **17%** | **19%** |

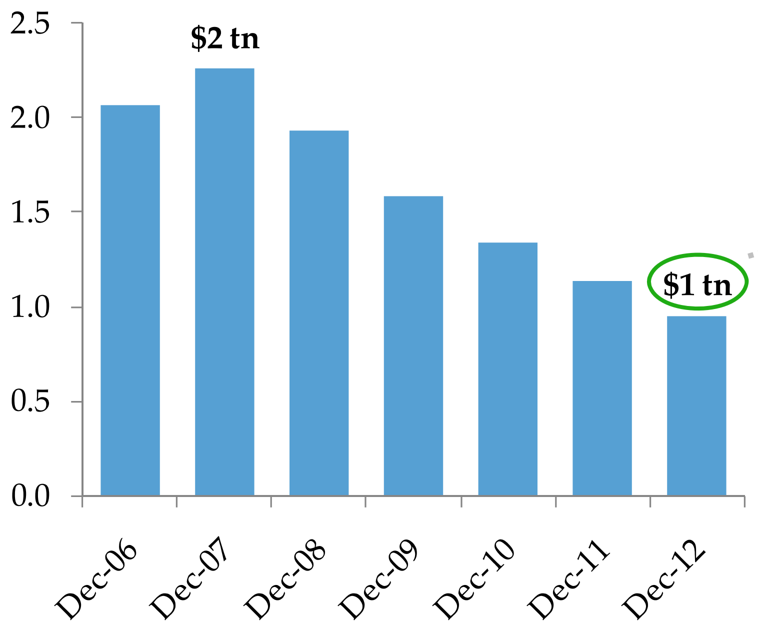
1) As of March 31, 2013 except for pools 7 & 8 which are shown as of February 28, 2013. Please refer to disclaimer and notes for explanation of abbreviated terms. This does not include Pool 9 and Pool 10, referred to on the previous page, which we have committed to but not yet closed.
2) Updated IRR is based upon the Company's current assumptions regarding prepayment, recapture and default rates. Actual results may differ materially. Updated IRR is calculated using the cash flow received to date and the projected future cash flows based on our initial underwriting assumptions, except for a reduction in the recapture rate assumption for Pool 5.
3) The aggregate initial investment amount for Pool 7 and Pool 8 includes ~$20 million which will be funded when the servicing transfer of these pools to Nationstar is complete.

# Non-Agency RMBS Opportunity

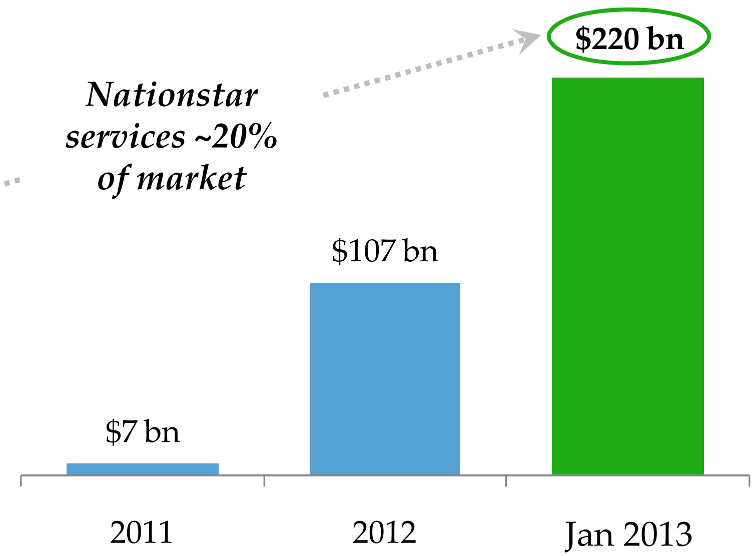
***Approximately $1 trillion market offers tremendous investment potential***

- Recently outperformed virtually every fixed income sector[1]– upside from current valuations
- Two ways to drive value: **1)** improve portfolio performance, and **2)** collapse deals

**Outstanding Non-Agency RMBS (*$tn*)[2]**




**Nationstar Non-Agency Servicing[3]**

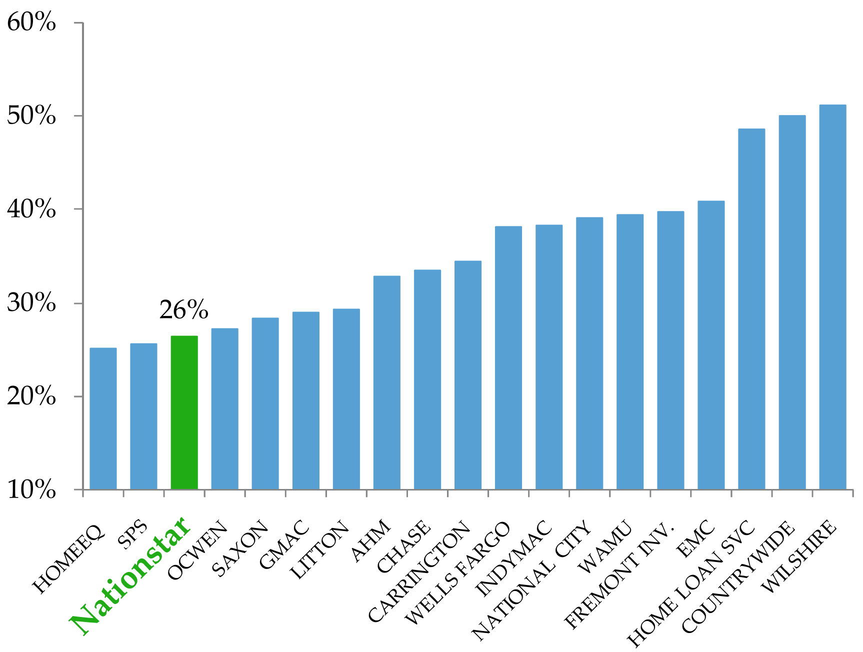



1) 1 Year Total Return for ABX 2006-2 AAA and Barclays Fixed Income Indices as of September 30, 2012. Source: Barclays.
2) Loan Performance, December 2012.
3) Approximately $220 billion as of Jan 2013 includes servicing which has been committed to but has not yet closed. This purchase is subject to closing requirements and regulatory approvals. 2011, 2012 and Jan 2013 includes servicing and master servicing.

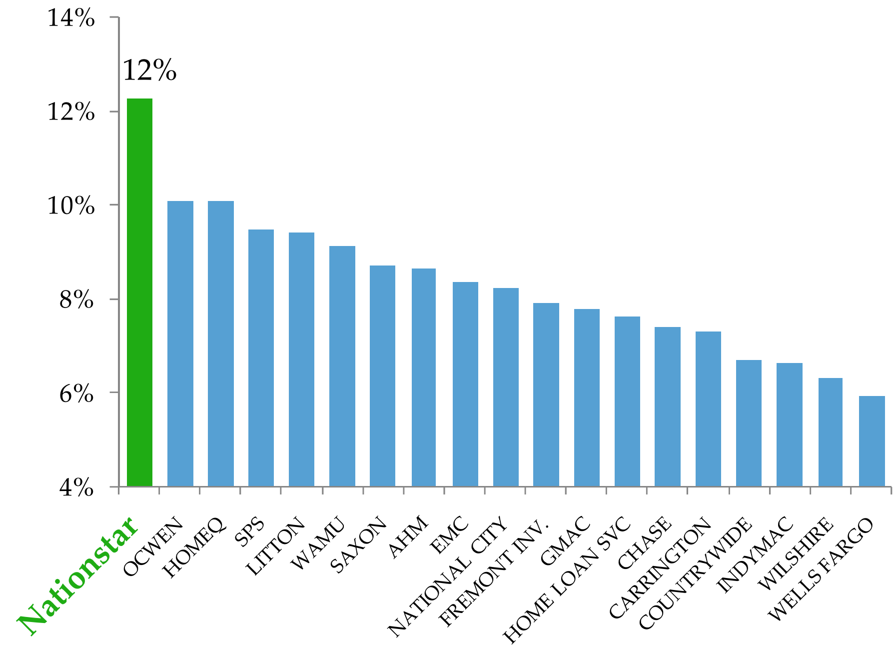
# Drive Value – Improve Portfolio Performance

- **100% of New Residential non-Agency RMBS portfolio is serviced by Nationstar[1,2]**
  - Nationstar is a leading servicer at lowering delinquencies and reducing defaults[3]

**Leading Servicer at Lowering DQs (%)[3]**




**Best Servicer at Curing Loans (%)[3]**



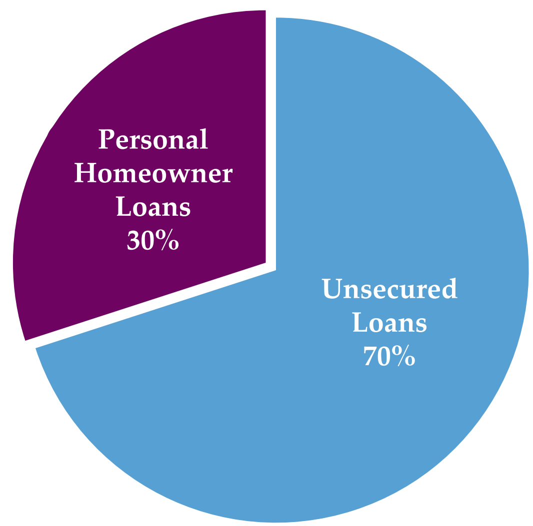

1) All bonds are at least partially serviced by Nationstar. In some instances Nationstar is the master servicer, but does not service every security.
2) Nationstar is majority-owned by Fortress funds managed by our manager.
3) Source: Loan Performance, December 2012. 6 month rolling average. Based on Nationstar serviced 2006–2007 originations. Subprime loans split by loans that did and did not enter REO.

# Consumer Loan Portfolio

*In April 2013, a $4.2 billion UPB[(1)] consumer loan portfolio was acquired from HSBC[(2)] for a total purchase price of $3.0 billion*

- **Investment was financed using $2.2 billion of asset backed notes**
- **Approximately $800 million of equity shared between New Residential (30%), Springleaf Finance (47%) and Blackstone Tactical Opportunities Advisors L.L.C. (23%)**
  - New Residential made an equity investment of approximately $250 million
- **After a transition period, Springleaf Finance will service the loan portfolio**
  - Experienced servicer with strong performance track record
  - New Residential will not have any servicing duties or liabilities associated with the portfolio

| Portfolio Snapshot | |
|---|---|
| Approx. Loan Count | +400,000 |
| Average Loan Balance | $9,500 |
| Average Seasoning | 93 months |
| Expected Average Loan Life | 3 years |




1) UPB as of December 31, 2012.
2) Refers to HSBC Finance Corporation and certain of its affiliates.

# Newcastle Investment Corp.

# Real Estate Debt

- **Manage 4 CDOs and other real estate related investments through our traditional business**
  - $2.6 billion diversified portfolio financed with $1.5 billion of primarily match funded, non-recourse debt(1)
- **At the end of 1Q 2013, expect to recover $780 – $830 million of principal over a 5 year weighted average life(3)**
  - Pro forma for new investments made since 1Q 2013, expect to recover $800 – $850 million of principal

**What We Own**

*As of March 31, 2013*

**Assets**

*$2.64 bn face amount*

*WAL 2.7 years*

*6.1% WAC*

**Financing**

*$1.48 bn face amount*

*WAL 1.7 years*

*2.2% cost*

**NCT Direct Holdings(2)**

*$1.16 bn*

**NCT Expected Principal Recovery(3)**

*5 Year WAL*

| *Mar. 31, 2013(4)* | *Pro forma(5)* |
|---|---|
| $780 – $830 mm | $800 – $850 mm |

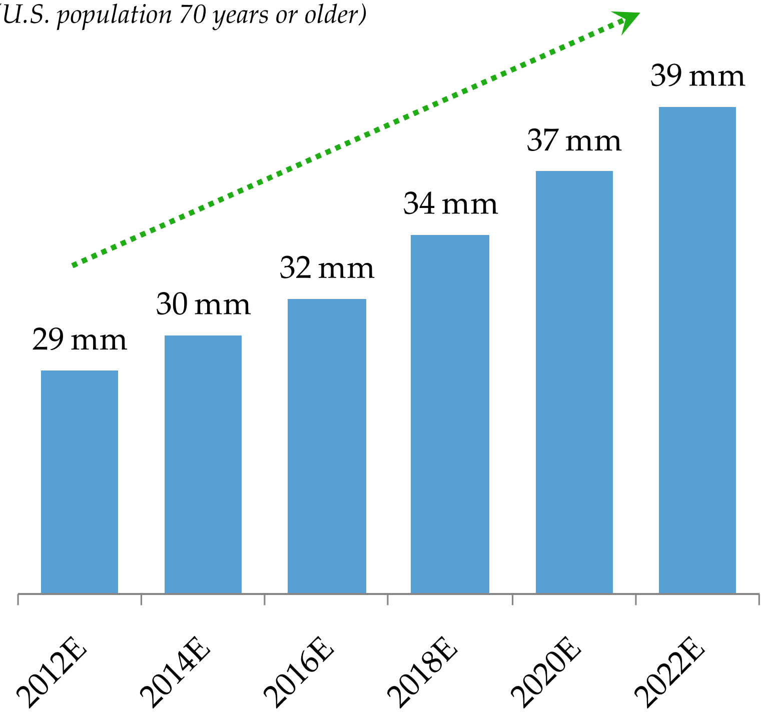
1) Includes $0.3 billion of agency securities financed with $0.3 billion of repurchase agreements.
2) NCT direct holdings represents the face amount of assets less the face amount of financing.
3) These amounts reflect a variety of assumptions, and actual recovery value may differ materially from the current estimate. Expected recoveries are forward-looking statements that are inherently uncertain, based on a number of factors beyond our control and may not be realized. Please see "Forward-Looking Statements."
4) March 31, 2013 principal reflects an unaudited estimate of expected future recovery value of the principal of real estate and other debt as of March 31, 2013.
5) Pro forma principal reflects an unaudited estimate of expected future recovery value of the principal of real estate and other debt as of March 31, 2013 with pro forma adjustments for $17 million of new investments since March 31, 2013.

# Senior Housing Market

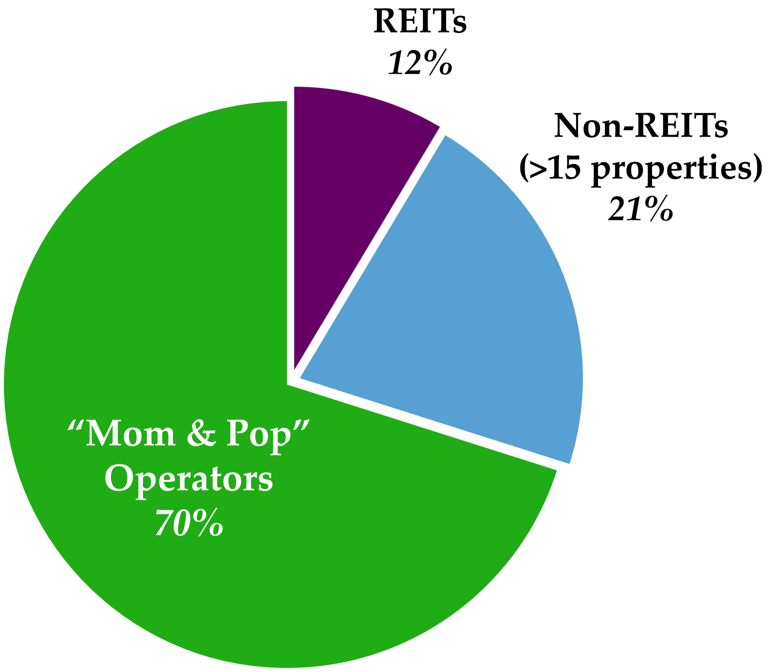
- **Supply–demand dislocation driving attractively valued one-off opportunities**
  - Population growth driving increased demand for senior housing – new supply is limited
- **Over $300 billion of assets in the U.S., but ownership is still highly fragmented[1]**
  - Industry dominated by "mom & pop" operators lacking operating expertise to maximize performance

## Growing Demand[2]

*(U.S. population 70 years or older)*




## Fragmented Industry[3]




1) Source: Green Street Health Care Sector Update published August 21, 2012.
2) U.S. Census Bureau, based on official estimates and projections. Population data in the IDB for 2012-2050 are based on the 2009 National Projections – Low Series.
3) Source: 2012 ASHA 50 Report. Adjusted for HCP acquisition of former Sunwest assets from Emeritus-Blackstone JV.

# Senior Housing Update – March 2013[(1)]

- **Since July 2012, we have invested over $80 million to acquire 12 properties – gross initial investment of $201 million[(2)] financed with $120 million of debt**
- **In the 1Q 2013, generated 14.5% levered yield, vs. initial projection of 12.4%**
  - Total cash flows of $2.6 million – compared to $2.1 million projected
  - Weighted average occupancy rate was 87.5% – compared to 85.9% projected
  - Total operating expenses were $8.3 million – compared to $8.5 million projected

| | *Acquisition Date* | *Properties* | *Current Beds* | *Gross Initial Investment[(2)] ($mm)* | *Debt ($mm)* | *Avg. Occupancy* | | *Avg. Rev/Bed* | | *Unlevered Yield* | | *Levered Yield* | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | *Actual* | *Proj.* | *Actual* | *Proj.* | *Actual* | *Proj.* | *Actual* | *Proj.* |
| **BPM Portfolio** | July '12 | 8 | 836 | $153 | $88 | 89.9% | 87.6% | $4,234 | $4,338 | 7.8% | 7.2% | 13.5% | 11.8% |
| **Utah Portfolio** | Nov '12 | 3 | 359 | 25 | 16 | 80.1% | 78.1% | 2,396 | 2,421 | 10.2% | 9.1% | 19.4% | 15.9% |
| **Courtyards Portfolio** | Dec '12 | 1 | 221 | 23 | 16 | 90.6% | 92.5% | 2,436 | 2,443 | 8.6% | 7.3% | 18.6% | 14.2% |
| | **Total/WA** | **12** | **1,416** | **$201** | **$120** | **87.5%** | **85.9%** | **3,517** | **3,576** | **8.2%** | **7.4%** | **14.5%** | **12.4%** |

1) As of March 31, 2013.
2) Includes related transaction costs and working capital.

# *ENDNOTES – Spin-Off Expected to Drive Value*

1) Commercial REIT Average includes dividend yield and market capitalizations for: RAIT Financial Trust, Arbor Realty Trust, Colony Financial, Starwood Property Trust Inc., NorthStar Realty Finance Corp., CreXus Investment Corp, Apollo Commercial RE, and Resource Capital.
2) Healthcare REIT Average includes dividend yield and market capitalizations for: Ventas Inc., HCP Inc., LTC Properties Inc., Healthcare Realty Trust, Health Care REIT Inc., National Health Investors, Medical Properties Trust, and Senior Housing Properties.

# *ENDNOTES – Modeled Economics of the Two Companies*

1) Newcastle's ability to complete the spin-off of New Residential is subject to the SEC declaring the registration statement relating to the spin-off effective.
2) Reflects the unaudited estimated fair market value of Excess MSRs as of March 31, 2013 with pro forma adjustments for the portion of the $215 billion UPB Excess MSR transaction which has not closed. The actual amount invested will depend on the UPB at closing.
3) Reflects the unaudited estimated amortized cost basis of non-Agency RMBS as of March 31, 2013.
4) Reflects the outstanding principal balance of repurchase agreements related to our non-Agency RMBS as of April 24, 2013.
5) Investable cash for each of New Residential and Newcastle reflects estimated uncommitted investable cash as of the completion of the spin-off. Actual cash balances may differ materially.
6) Reflects an unaudited estimate of expected future recovery value of the principal of real estate and other debt investments as of March 31, 2013 with pro forma adjustments for $17 million of new investments since March 31, 2013. This amount reflects a variety of assumptions, including estimates regarding amount of principal repayment of assets based on current credit profile. Actual recovery value may differ materially from the current estimate.
7) Reflects cumulative investments in senior housing as of March 31, 2013, including working capital, net of financing.
8) Reflects face amount of the junior subordinated notes and preferred equity as of March 31, 2013.
9) Modeled Net IRR may differ materially from actual returns. WA Modeled Net IRRs indicated are based on a variety of assumptions and estimates, including assumptions with respect to gross investment returns, attainable leverage and estimates of corporate overhead expenses, which will differ for each business. WA Modeled Net IRRs will also be affected by among other things, the risks identified in the reports Newcastle and New Residential have filed with the SEC. Following the spin-off, corporate overhead expenses of Newcastle and New Residential are expected to increase on an aggregate basis as a result of management compensation and general and administrative expenses payable by New Residential.
10) Represents the product of WA Modeled Net IRR and Total New Residential Value or Total Newcastle Value, as applicable. Slight discrepancies are due to rounding.
11) Per share amounts reflect an estimated 259 million diluted shares of Newcastle common stock as of April 25, 2013 reflecting approximately 253 million common shares outstanding and potential dilution from outstanding options. Actual dilution will depend on various factors, including the share price of Newcastle and New Residential subsequent to the spin-off. New Residential per share amount assumes the distribution of one share of New Residential for each share of Newcastle.
12) Dividend yields presented are for illustrative purposes only. Actual dividend yields may differ materially. Corresponding price per share assumes 100% payout of stated per share amount. Implied market cap. reflects approximately 253 million common shares outstanding.