

# EARNINGS PRESENTATION

Third Quarter 2019

# DISCLAIMER

## Discussion of Forward-Looking Statements about Newmark

Statements in this document regarding Newmark that are not historical facts are “forward-looking statements” that involve risks and uncertainties, which could cause actual results to differ from those contained in the forward-looking statements. Except as required by law, Newmark undertakes no obligation to update any forward-looking statements. For a discussion of additional risks and uncertainties, which could cause actual results to differ from those contained in the forward-looking statements, see Newmark’s Securities and Exchange Commission filings, including, but not limited to, the risk factors and Special Note on Forward-Looking Information set forth in these filings and any updates to such risk factors and Special Note on Forward-Looking Information contained in subsequent reports on Form 10-K, Form 10-Q or Form 8-K.

## Notes Regarding Financial Tables and Metrics

Excel files with the Company’s most recent quarterly financial results and metrics from the current period are accessible in the financial results press release at the “Investor Relations” section of <http://www.ngkf.com>. They are also available directly at <http://ir.ngkf.com/investors/news-releases/financial-and-corporate-releases/default.aspx>.

## Other Items

Newmark Group, Inc. (NASDAQ: NMRK) (“Newmark” or “the Company”) generally operates as “Newmark Knight Frank”, “Newmark”, “NKF”, or derivations of these names. The discussion of financial results reflects only those businesses owned by the Company and does not include the results for Knight Frank or for the independently-owned offices that use some variation of the Newmark name in their branding or marketing. For the purposes of this document, the terms “producer” and “front office employee” are synonymous. The average revenue per producer figures are based only on “leasing and other commissions”, “capital markets”, and “Gains from mortgage banking activities/origination, net” revenues and corresponding producers. The productivity figures exclude both revenues and staff in “management services, servicing fees and other.” Headcount numbers used in this calculation are based on a period average. Throughout this document, certain percentage changes are described as “NMF” or “not meaningful figure”.

The Company calculates volumes based on when loans are rate locked, which is consistent with how revenues are recorded for “Gains from mortgage banking activities/origination, net”. The GSE multifamily agency volume statistics for the industry are based on when loans are sold and/or securitized, and typically lag those reported by Newmark by 30 to 45 days.

Unless otherwise stated, all results discussed in this document compare third quarter 2019 with the relevant year-earlier periods. Certain reclassifications may have been made to previously reported amounts to conform to the current presentation and to show results on a consistent basis across periods. Any such changes would have had no impact on consolidated revenues or earnings under GAAP or for Adjusted Earnings, all else being equal. Certain numbers in the tables throughout this document may not sum due to rounding. Rounding may have also impacted the presentation of certain year-on-year percentage changes. On November 30, 2018, BGC Partners, Inc. (NASDAQ: BGCP) (“BGC Partners” or “BGC”) completed the distribution of all of the shares of Newmark held by BGC to stockholders of BGC. BGC distributed these Newmark shares through a special pro rata stock dividend (the “Spin-Off” or the “Distribution”). For all periods prior to the Spin-Off, BGC was the largest and controlling shareholder of Newmark. As a result, BGC consolidated the results of Newmark and reported them as its Real Estate Services segment. These segment results may differ from those of Newmark as a stand-alone company.

On September 8, 2017, BGC acquired Berkeley Point Financial LLC, including its wholly owned subsidiary Berkeley Point Capital LLC. These LLCs are now a direct and indirect subsidiary, respectively, of Newmark. Newmark’s financial results have been recast to include the results of Berkeley Point for all periods from April 10, 2014 onward, because this transaction involved a combination of entities under common control. Unless otherwise noted, all year-on-year comparisons in this document reflect the recast results. As of October 15, 2018, the businesses formerly operating as ARA, Berkeley Point, NKF Capital Markets, and Newmark Cornish & Carey all operate under the name “Newmark Knight Frank” or “NKF”.

# DISCLAIMER (CONTINUED)

Newmark, Grubb & Ellis, ARA, Computerized Facility Integration, Excess Space Retail Services, Inc., and Berkeley Point are trademarks/service marks, and/or registered trademarks/service marks and/or service marks of Newmark Group, Inc. and/or its affiliates. Knight Frank is a service mark of Knight Frank (Nominees) Limited.

## Adjusted Earnings and Adjusted EBITDA

This presentation should be read in conjunction with Newmark's most recent financial results press releases. Unless otherwise stated, throughout this document Newmark refers to its income statement results only on an Adjusted Earnings basis. Newmark may also refer to "Adjusted EBITDA". U.S. Generally Accepted Accounting Principles is referred to as "GAAP". "GAAP income before income taxes and noncontrolling interests" and "Adjusted Earnings before noncontrolling interests and taxes" may be used interchangeably with "GAAP pre-tax earnings" and "pre-tax Adjusted Earnings", respectively. See the sections of this document including "Non-GAAP Financial Measures", "Adjusted Earnings Defined", "Reconciliation of GAAP Net Income Available to Common Stockholders to Adjusted Earnings Before Noncontrolling Interests and Taxes and GAAP Fully Diluted EPS to Post-Tax Adjusted EPS", "Fully Diluted Weighted-Average Share Count for GAAP and Adjusted Earnings", "Adjusted EBITDA Defined", and "Reconciliation of GAAP Net Income to Adjusted EBITDA", including any footnotes to these sections, for the complete and updated definitions of these non-GAAP terms and how, when and why management uses them, as well as for the differences between results under GAAP and non-GAAP for the periods discussed herein. Below is a summary of certain GAAP and non-GAAP results for Newmark:

Highlights of Consolidated Results (USD millions)	3Q19	3Q18	Change	YTD 2019	YTD 2018	Change
Revenues	\$586.6	\$518.8	13.1%	\$1,585.8	\$1,415.9	12.0%
GAAP income before income taxes and noncontrolling interests	159.3	151.4	5.2%	230.6	206.0	12.0%
GAAP net income for fully diluted shares	99.5	80.0	24.3%	122.4	104.6	17.0%
Adjusted Earnings before noncontrolling interests and taxes	188.9	177.3	6.5%	350.4	310.4	12.9%
Post-tax Adjusted Earnings to fully diluted shareholders	160.0	153.4	4.3%	296.3	267.8	10.6%
Adjusted EBITDA	203.5	195.2	4.3%	393.9	362.2	8.8%

Per Share Results	3Q19	3Q18	Change	YTD 2019	YTD 2018	Change
GAAP net income per fully diluted share	\$0.48	\$0.43	11.6%	\$0.66	\$0.56	17.9%
Post-tax Adjusted Earnings per share	0.60	0.58	3.4%	1.10	1.05	4.8%

Newmark's results under GAAP reflect the non-cash mark-to-market change of the Nasdaq Forwards, which hedge against potential downside risk from a decline in the share price of Nasdaq's common stock, while allowing Newmark to retain all the potential upside from any related share price appreciation. The value of the Nasdaq Forwards moves inversely with the price of Nasdaq common stock. As a result, GAAP "other income (loss)" includes a non-cash charge of \$8.2 million and a non-cash gain of \$9.1 million in the third quarters of 2019 and 2018, respectively, as well as a non-cash charge of \$37.2 million and a non-cash gain of \$6.3 million for the first nine months of 2019 and 2018, respectively, related to these unrealized mark-to-market movements. Also included in other income (loss) under GAAP in the three and nine months ended September 30, 2019 are non-cash mark-to-market gains on non-marketable investments of \$16.5 million and \$20.5 million, respectively. These non-cash items are not included in Newmark's calculations for Adjusted Earnings. For additional information about Newmark's expected receipt of Nasdaq shares and related monetization transactions, see the sections of the Company's most recent SEC filings on Form 10-Q or Form 10-K titled "Nasdaq Monetization Transactions" and "Exchangeable Preferred Partnership Units and Forward Contract", as well as any updates regarding these topics in subsequent SEC filings.

A discussion of GAAP, Adjusted Earnings and Adjusted EBITDA and reconciliations of these items, as well as liquidity, to GAAP results are found later in this document, incorporated by reference, and also in our most recent financial results press release and/or are available at <http://ir.ngkf.com/>



# SELECT CONSOLIDATED ADJUSTED EARNINGS FINANCIAL RESULTS

4

## Highlights of Consolidated Adjusted Earnings Results (US\$ millions, except per share data)

	3Q 2019	3Q 2018	Change
Revenues	\$586.6	\$518.8	13.1%
Adjusted Earnings before noncontrolling interests and taxes	188.9	177.3	6.5%
Post-tax Adjusted Earnings	160.0	153.4	4.3%
Post-tax Adjusted Earnings per share	0.60	0.58	3.4%
Adjusted EBITDA	203.5	195.2	4.3%
Pre-tax Adjusted Earnings margin	32.2%	34.2%	
Post-tax Adjusted Earnings margin	27.3%	29.6%	

- On October 29, 2019 Newmark's Board of Directors declared a quarterly qualified cash dividend of \$0.10 per share payable on December 6, 2019 to Class A and Class B common stockholders of record as of November 19, 2019. The ex-dividend date will be November 18, 2019.<sup>1</sup>
- During the third quarter of 2019, Newmark repurchased 2.3 million shares of Class A common for \$20.1 million at an average price of \$8.81 per share. Newmark has repurchased 3.9 million shares of Class A common stock for \$34.0 million at an average price of \$8.73 year-to-date in 2019.

1. This dividend is consistent with the Company's previously stated intention of paying out up to 25 percent of its expected full year Adjusted Earnings per share to common stockholders.

# 3Q 2019 REVENUE PERFORMANCE

5

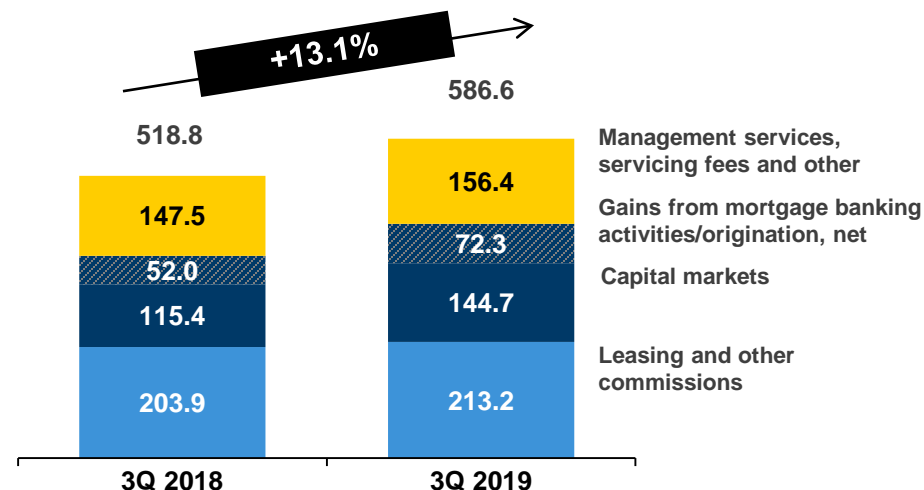
## Highlights

- › 3Q 2019 Capital markets revenue increased 25.3% YoY
- › 3Q 2019 Gains from mortgage banking activities/originations increased 39.2% YoY
- › 3Q 2019 Management services, servicing fees and other increased 6.0% YoY

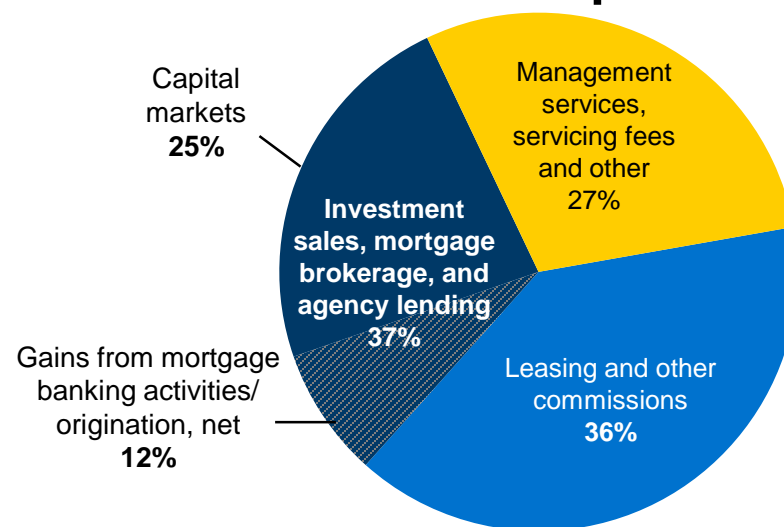
## Drivers

- › More than 85% of Newmark's revenue improvement in 3Q 2019 was organic
- › Combined quarterly volumes of investment sales, mortgage brokerage and originations were up 38% to \$22 billion YoY
- › Commercial real estate fundamentals remain strong

## 3Q 2019 Revenue Growth (US\$ millions)



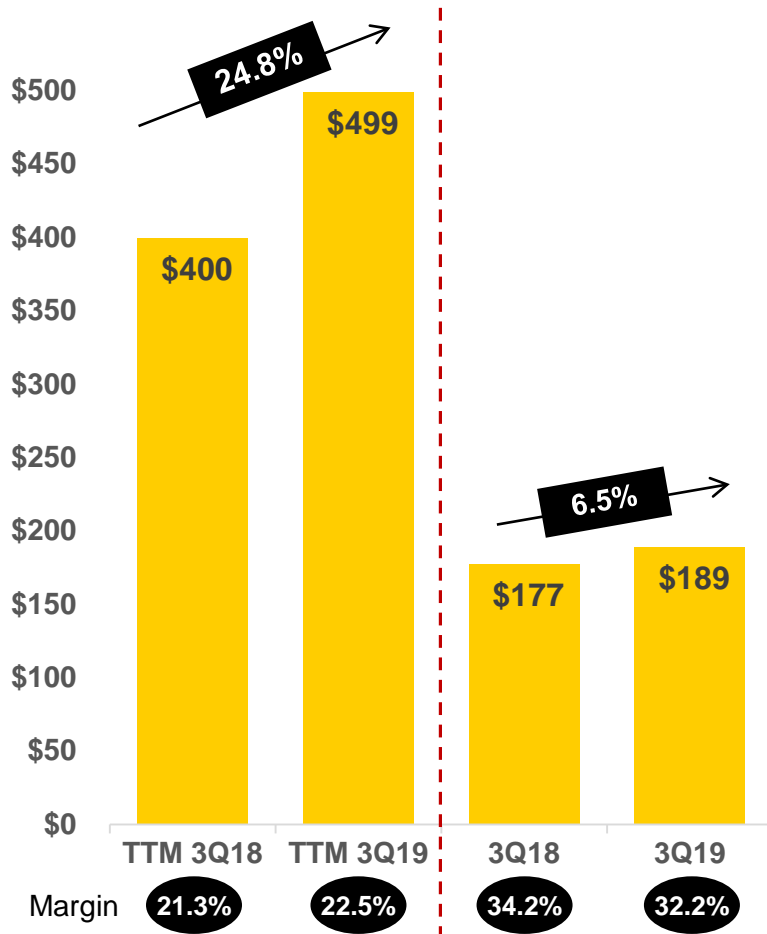
## 3Q 2019 Revenue Composition<sup>1</sup>



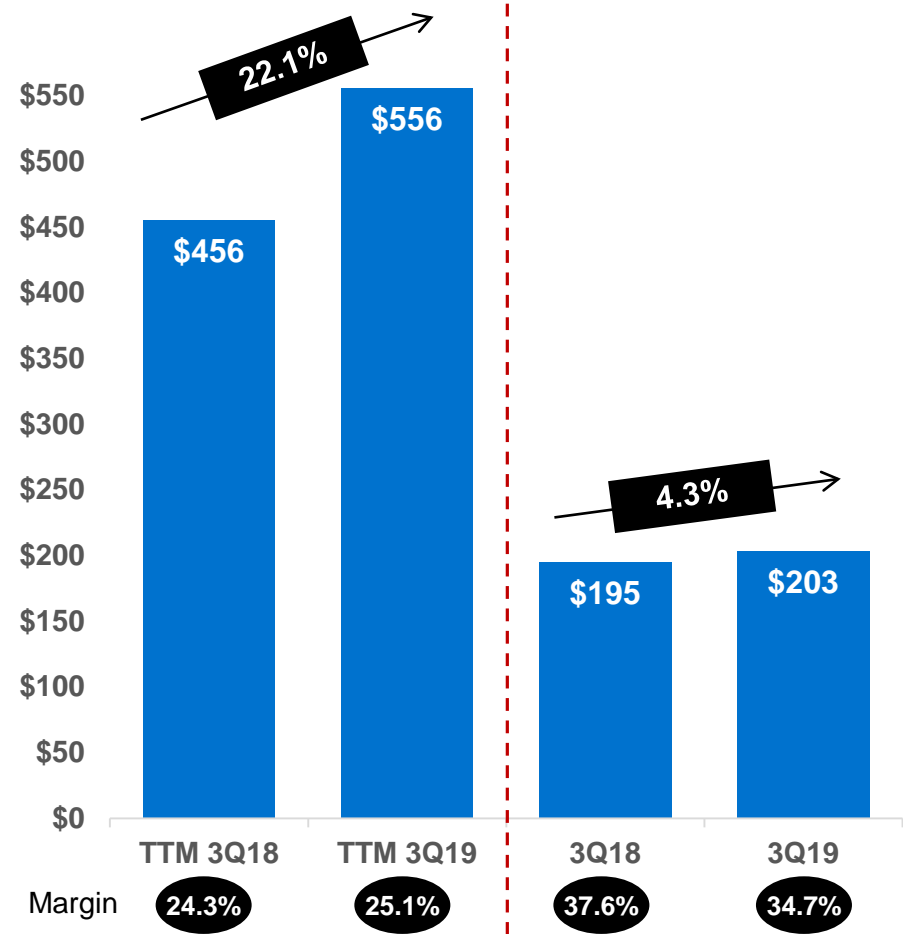
1. Investment sales, mortgage brokerage, and agency lending revenues represents two separate line items: 1) Capital markets (which consists of investment sales and non-originated mortgage brokerage), and 2) Gains from mortgage banking activities/origination, net (referred to here as "agency lending")

# ADJUSTED EARNINGS & ADJUSTED EBITDA PERFORMANCE 6

## Adjusted Earnings before noncontrolling interests and taxes (US\$ millions)



## Adjusted EBITDA (US\$ millions)



- › Year-to-date Pretax Adjusted Earnings and Adjusted EBITDA are up 12.9% and 8.8%, respectively

# CAPITAL MARKETS TRANSACTIONAL VOLUMES

7

## Newmark Group, Inc. Quarterly and TTM Volumes

(in \$ millions)

	3Q19	3Q18	Change %	TTM 3Q19	TTM 3Q18	Change %
Investment Sales <sup>1</sup>	13,015	9,965	31%	49,183	38,567	28%
Mortgage Brokerage <sup>2</sup>	4,997	3,177	57%	18,762	10,727	75%
<b>Total Capital Markets</b>	<b>18,012</b>	<b>13,141</b>	<b>37%</b>	<b>67,945</b>	<b>49,293</b>	<b>38%</b>
Fannie Mae	942	1,435	-34%	3,571	4,148	-14%
Freddie Mac	2,917	1,274	129%	6,658	3,379	97%
FHA	2	-	NMF	82	116	-29%
<b>Total Origination Volume</b>	<b>3,861</b>	<b>2,709</b>	<b>43%</b>	<b>10,312</b>	<b>7,643</b>	<b>35%</b>
<b>Total Debt and Capital Markets Volume</b>	<b>21,873</b>	<b>15,850</b>	<b>38%</b>	<b>78,257</b>	<b>56,937</b>	<b>37%</b>

(1) Includes all equity advisory transactions

(2) Includes all non-originated debt placement transactions

- › Newmark's combined volumes from originations, investment sales, and mortgage brokerage increased ≈ 38% YoY to \$21.9 billion in 3Q2019. Overall U.S. investment sales volumes decreased by 6% YoY during 3Q2019 per preliminary estimates from Real Capital Analytics (RCA)
- › Newmark's combined volumes from **multifamily** originations, investment sales, and mortgage brokerage increased ≈ 37.8% YoY to \$11.4 billion in 3Q2019. U.S. multifamily investment sales volumes decreased by 7% YoY during 3Q2019 per preliminary estimates from RCA

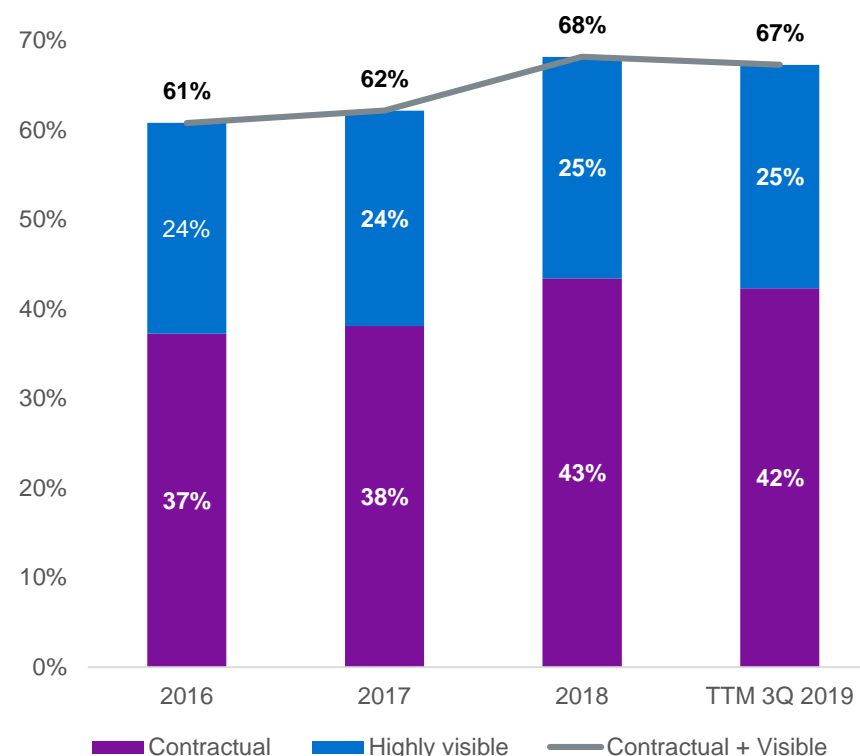
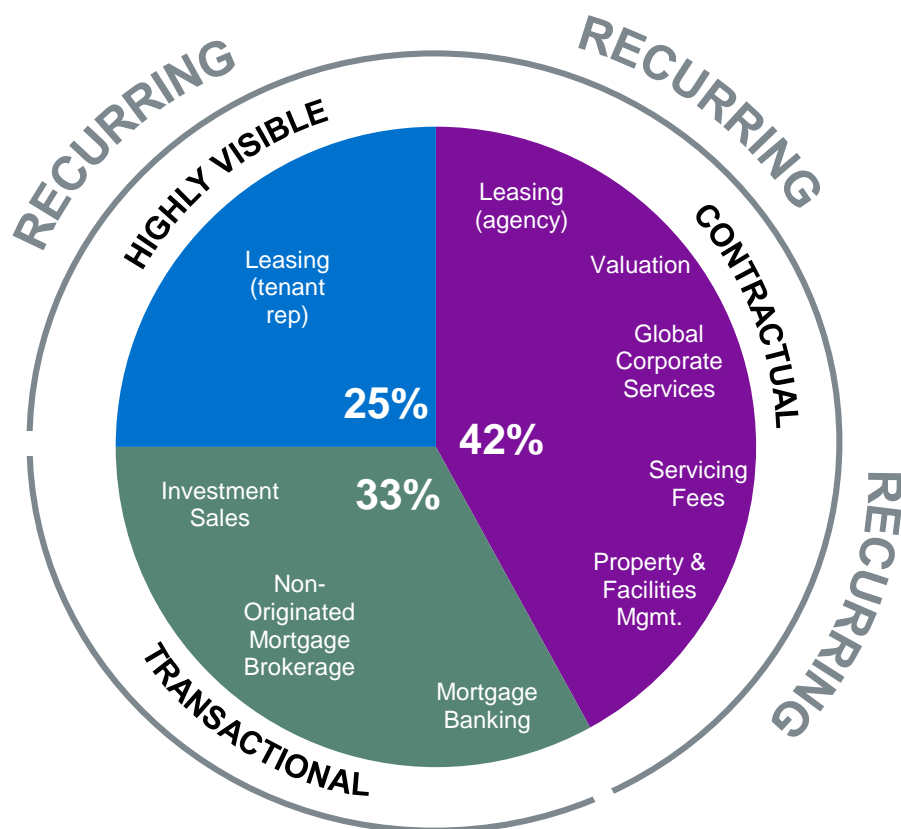
Note: Certain non-originated mortgage brokerage volumes shown above that were previously included in FHA/Other were reclassified as mortgage brokerage in the second quarter of 2019. These reclassifications conform to the current presentation to show results on a consistent basis across periods and had no impact on consolidated results under GAAP or non-GAAP for any period discussed herein.

# DIVERSE AND RECURRING REVENUE STREAMS

8

## Diverse and Recurring Revenue Streams<sup>1</sup>

## Highly Visible and Recurring Revenues are Increasing Proportion of Total



## Newmark at a Glance

- › Newmark's business model features a growing concentration of recurring revenues
- › Variable costs<sup>2</sup> were 75% to 76% of the Company's total expenses in 2017, 2018, and TTM 2019
- › Newmark's variable cost structure ensures it can be responsive to changes in economic cycles

1. Variable costs are total compensation, fixed costs are total non-compensation expenses. Note: Newmark also refers to Contractual income as Recurring income

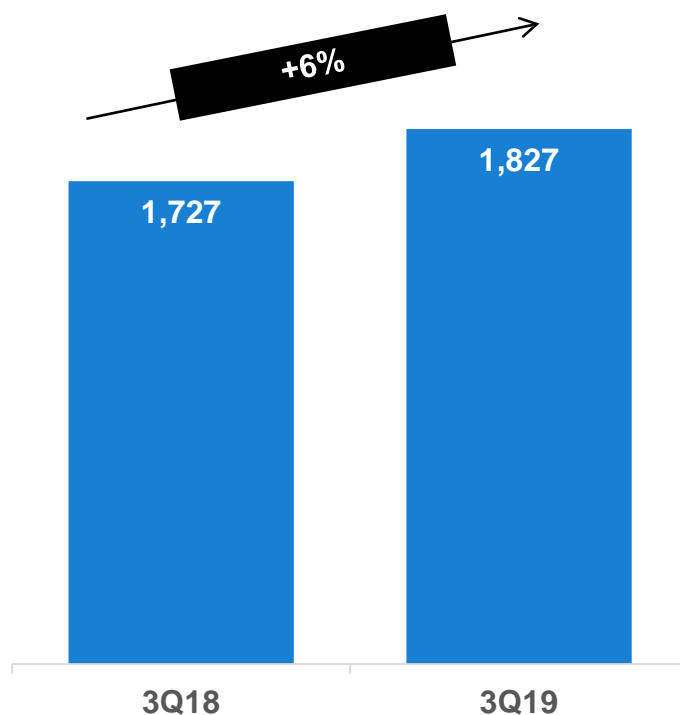
2. On a TTM basis as of September 30, 2019



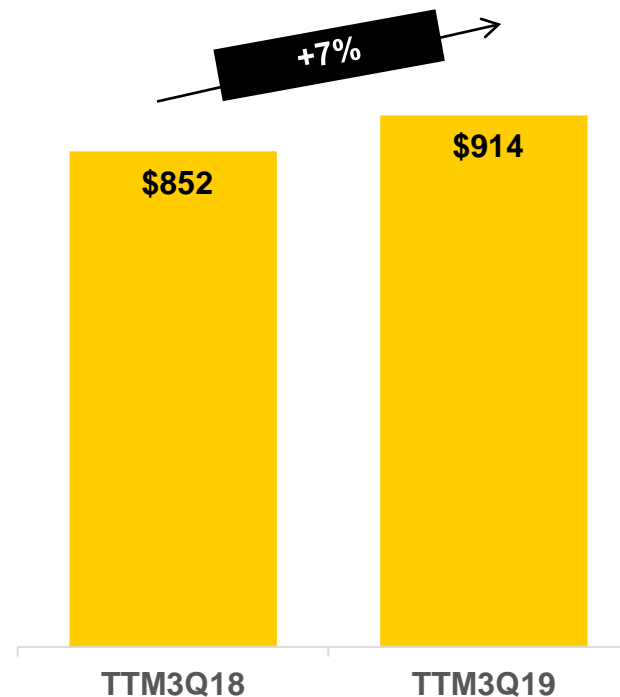
# FRONT OFFICE HEADCOUNT & PRODUCTIVITY

9

## Front Office Headcount<sup>1</sup> (as of period-end)



## Front Office Productivity<sup>1</sup> (US\$ thousands)



- › Average revenue per front office employee was \$914,000 for the TTM 3Q2019, up 7% from the year ago period; productivity increased 5% YOY in 3Q19
- › As the integration of recent acquisitions continues and recently hired brokers ramp up production, the Company expects broker productivity to grow over time
- › Newmark will no longer report revenue per broker after 4Q 2019 to improve comparability with peers and because of the higher proportion of recurring, highly visible, and/or non-brokerage revenues

1. Productivity and headcount figures exclude both revenues and corresponding staff in "management services, servicing fees and other" so does not include Valuation & Advisory professionals. Productivity figures are based on average headcount for the corresponding period.

# RECENT HIRES AND ACQUISITIONS

10

## › Notable Recent Hires:

- › Hotel Capital Markets in NYC;
- › Office, Retail and Multifamily Investment Sales in NYC;
- › Debt Capital Markets in North Carolina;
- › Debt Originations in Denver;
- › Senior Housing and Healthcare Capital Markets National Platform;
- › Senior Housing and Healthcare Debt Capital Markets National Platform;
- › Multifamily Investment Sales and Debt in Washington, D.C.;
- › Loan Sales Advisory National Platform.

## › Acquisitions made in 2019:

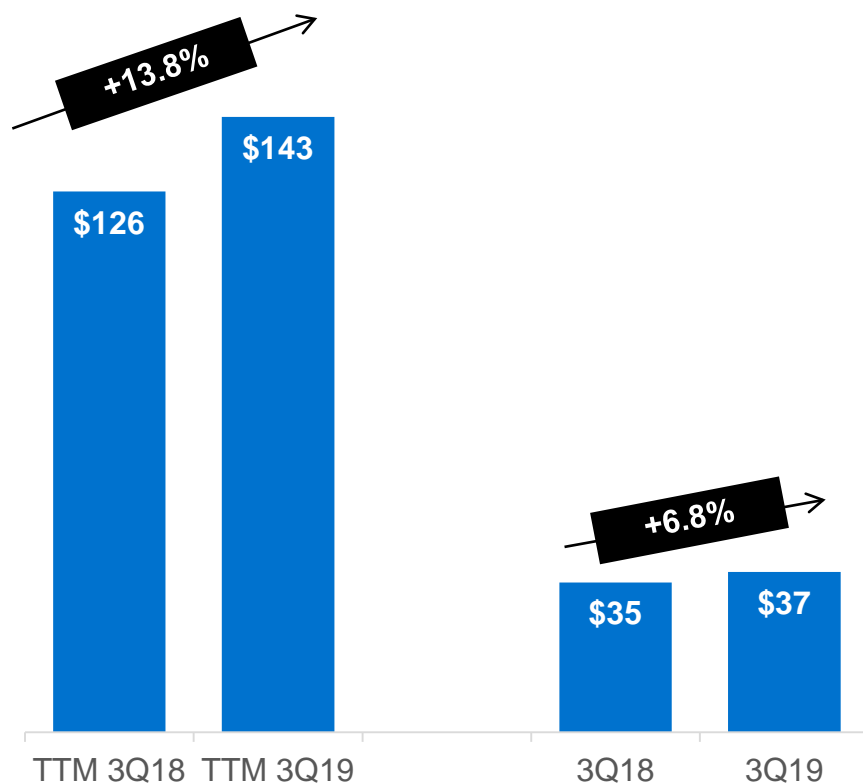
- › Workframe, Inc., a software workflow solution built to address the unique complexity of the CRE transaction lifecycle;
- › ACRES, a leader in landlord and tenant representation, investment sales, and asset management in the West;
- › MLG Commercial, a leading brokerage and property mgmt. services company in Wisconsin.

# MORTGAGE SERVICING: PREDICTABLE AND RECURRING

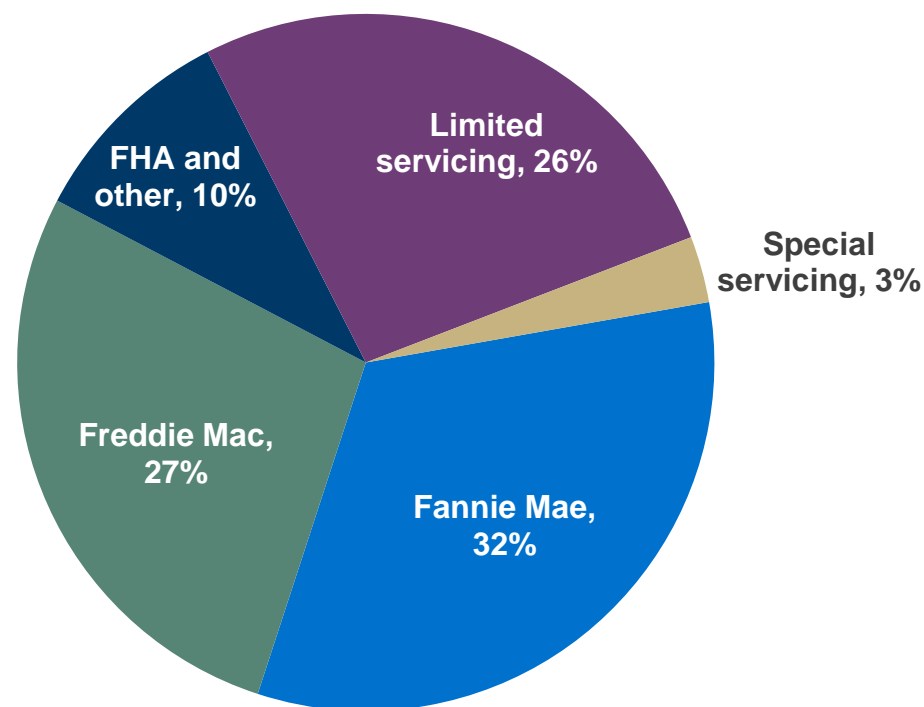
11

## Highly Recurring High Margin Business

Servicing Fees<sup>1</sup>  
(US\$ millions)



## Servicing Portfolio Composition



- › Newmark's servicing portfolio was \$61.3 billion as of September 30, 2019
- › The weighted average life of the loans in Newmark's primary servicing portfolio was 8 years as of September 30, 2019

1. Recorded as part of management services, servicing fees and other

# STRONG CREDIT PROFILE

12

(\$ in '000s)

<b>Newmark Group, Inc.</b>	<b>9/30/2019</b>
Cash and Cash Equivalents	\$116,309
Marketable Securities (net) <sup>1</sup>	5,100
<b>Total Liquidity</b>	<b>\$121,409</b>

<b>Newmark Group, Inc.</b>	<b>Interest Rate</b>	<b>Maturity</b>	<b>9/30/2019</b>
Senior Notes	6.125%	11/15/2023	\$539,789
Credit Facility	4.05%	11/28/2021	\$58,776
<b>Total Long-term Debt</b>			<b>\$598,565</b>
<b>Net Debt / (Liquidity)</b>			<b>\$477,156</b>

<b>Newmark Group, Inc.</b>	<b>9/30/2019</b>
<b>Adjusted EBITDA TTM</b>	<b>\$ 556,109</b>
<b>Leverage Ratio: Total Long-term Debt / Adjusted EBITDA</b>	<b>1.1x</b>
<b>Net Leverage Ratio: Net Long-term Debt / Adjusted EBITDA</b>	<b>0.9x</b>
<b>Interest expense TTM<sup>2</sup></b>	<b>46,640</b>
<b>Total equity<sup>3</sup></b>	<b>1,007,808</b>

1. As of September 30, 2019, \$24.8 million of Marketable securities on our balance sheet were lent out in Securities loaned transactions and therefore are not included as part of our Liquidity.

2. Includes a \$7.0 million prepayment fee on long term debt related to the spin off transaction.

3. Includes "redeemable partnership interests", "noncontrolling interests" and "total stockholders' equity".



# OUTLOOK FOR 2019

13

Metric	FY2018 Actual	October 2019 Outlook	August 2019 Outlook
Revenues	\$2,047.6 MM	\$2,225 MM to \$2,275 MM	\$2,200 MM to \$2,300 MM
Adjusted EBITDA	\$524.4 MM	\$560 MM to \$580 MM	\$550 MM to \$585 MM
Adjusted Earnings Tax Rate (%)	14.8%	14% to 16%	14% to 16%
Year-end Share Count	268.0 MM	0% to Down 1%	0% to Up 1%
Weighted Average Share Count for Adjusted Earnings	259.0 MM	Up 3% to 4%	Up 3% to 4%
Post-tax Adjusted Earnings Per Share	\$1.50	\$1.62 to \$1.68	\$1.60 to \$1.70

- › Newmark's outlook for 2019 excludes the potential impact of any material acquisitions or meaningful changes to the Company's stock price.

# **GAAP FINANCIAL RESULTS**

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# NEWMARK GROUP, INC. CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

## (IN THOUSANDS, EXCEPT PER SHARE DATA) (UNAUDITED) (UNDER GAAP)

15

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
<b>Revenues:</b>				
Commissions	\$ 357,908	\$ 319,340	\$ 979,307	\$ 859,908
Gains from mortgage banking activities/origination, net	72,332	51,972	148,769	132,763
Management services, servicing fees and other	156,394	147,497	457,692	423,217
Total revenues	586,634	518,809	1,585,768	1,415,888
<b>Expenses:</b>				
Compensation and employee benefits	341,036	291,382	921,126	819,109
Equity-based compensation and allocations of net income to limited partnership units and FPU's	56,647	40,776	109,871	125,559
Total compensation and employee benefits	397,683	332,158	1,030,997	944,668
Operating, administrative and other	86,297	84,914	275,939	240,389
Fees to related parties	7,088	6,644	21,035	19,839
Depreciation and amortization	36,781	25,873	98,510	68,587
Total non-compensation expenses	130,166	117,431	395,484	328,815
Total operating expenses	527,849	449,589	1,426,481	1,273,483
<b>Other income, net:</b>				
Other income, net	108,711	93,717	95,267	99,059
Total other income, net	108,711	93,717	95,267	99,059
Income from operations	167,496	162,937	254,554	241,464
Interest expense, net	(8,167)	(11,509)	(23,947)	(35,500)
Income before income taxes and noncontrolling interests	159,329	151,428	230,607	205,964
Provision for income taxes	36,760	35,870	52,568	53,625
Consolidated net income	122,569	115,558	178,039	152,339
Less: Net income attributable to noncontrolling interests	33,871	47,321	49,769	63,366
Net income available to common stockholders	\$ 88,698	\$ 68,237	\$ 128,270	\$ 88,973
<b>Per share data:</b>				
<i>Basic earnings per share</i>				
Net income available to common stockholders (1)	\$ 85,475	\$ 66,563	\$ 118,599	\$ 87,107
Basic earnings per share	\$ 0.48	\$ 0.43	\$ 0.67	\$ 0.56
Basic weighted-average shares of common stock outstanding	177,020	155,152	178,122	155,348
<i>Fully diluted earnings per share</i>				
Net income for fully diluted shares (1)	\$ 99,500	\$ 80,038	\$ 122,379	\$ 104,580
Fully diluted earnings per share	\$ 0.48	\$ 0.43	\$ 0.66	\$ 0.56
Fully diluted weighted-average shares of common stock outstanding	206,616	185,134	185,413	185,559
Dividends declared per share of common stock	\$ 0.10	\$ 0.09	\$ 0.30	\$ 0.27
Dividends paid per share of common stock	\$ 0.10	\$ 0.09	\$ 0.29	\$ 0.18

(1) Includes a reduction for dividends on preferred stock or units of \$3.2 million and \$9.7 million for the three and nine months ended September 30, 2019, respectively, and \$1.7 million and \$1.9 million for the three and nine months ended September 30, 2018, respectively.

# NEWMARK GROUP, INC. CONDENSED CONSOLIDATED BALANCE SHEETS (IN THOUSANDS) (UNAUDITED) (UNDER GAAP)

16

	September 30, 2019	December 31, 2018
<b>Assets</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 116,309	\$ 122,475
Restricted cash	58,007	64,931
Marketable securities	123,417	48,942
Loans held for sale, at fair value	704,357	990,864
Receivables, net	478,672	451,605
Receivables from related parties	-	20,498
Other current assets	74,147	57,739
Total current assets	1,554,909	1,757,054
Goodwill	539,803	515,321
Mortgage servicing rights, net	406,209	411,809
Loans, forgivable loans and other receivables from employees and partners	356,590	285,532
Fixed assets, net	93,844	78,805
Other intangible assets, net	32,420	35,769
Other assets	599,905	369,867
Total assets	<u>\$ 3,583,680</u>	<u>\$ 3,454,157</u>
<b>Liabilities and Equity:</b>		
<b>Current Liabilities:</b>		
Warehouse facilities collateralized by U.S. Government Sponsored Enterprises	\$ 680,860	\$ 972,387
Accrued compensation	405,256	366,506
Current portion of accounts payable, accrued expenses and other liabilities	473,789	312,239
Securities loaned	24,838	-
Current portion of payables to related parties	19,771	13,507
Total current liabilities	1,604,514	1,664,639
Long-term debt	598,565	537,926
Other long term liabilities	372,793	168,623
Total liabilities	2,575,872	2,371,188
<b>Equity:</b>		
Total equity (1)	1,007,808	1,082,969
Total liabilities and equity	<u>\$ 3,583,680</u>	<u>\$ 3,454,157</u>

(1) Includes "redeemable partnership interests," "noncontrolling interests" and "total stockholders' equity".



# NEWMARK GROUP, INC. SUMMARIZED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (IN THOUSANDS) (UNAUDITED) (UNDER GAAP)

17

	Nine Months Ended September 30,	
	2019	2018
Net cash provided by (used in) operating activities	\$ 393,415	\$ (636,360)
Net cash (used in) investing activities	(30,605)	(16,510)
Net cash (used in) provided by financing activities	(375,900)	866,554
Net increase (decrease) in cash and cash equivalents and restricted cash	(13,090)	213,684
Cash and cash equivalents and restricted cash at beginning of period	187,406	173,374
Cash and cash equivalents and restricted cash at end of period (1)	<u>\$ 174,316</u>	<u>\$ 387,058</u>
Net cash provided by (used in) operating activities excluding activity from loan originations and sales (2)	<u>\$ 106,908</u>	<u>\$ 133,671</u>

- (1) The decrease in cash and cash equivalents and restricted cash largely represents a decrease in restricted cash from \$260.6 million on September 30, 2018 to \$58.0 million on September 30, 2019.
- (2) Includes payments for corporate taxes in the amount of \$83.0 million and \$0.9 million for the nine months ended September 30, 2019 and 2018, respectively.

The Condensed Consolidated Statements of Cash Flows are presented in summarized form. For complete Condensed Consolidated Statements of Cash Flows, please refer to Newmark's Quarterly Report on Form 10-Q for the three and nine months ended September 30, 2019, to be filed with the Securities and Exchange Commission in the near future.

# APPENDIX

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# NEWMARK'S FULLY DILUTED SHARE COUNT SUMMARY AS OF SEPTEMBER 30, 2019

19

Newmark Group, Inc. Fully Diluted Share Count Summary As of September 30, 2019	Fully-diluted Shares (millions)	Ownership (%)
Class A owned by Public	145.1	54%
Limited partnership units owned by employees <sup>1</sup>	66.7	25%
Class A owned by employees	9.9	4%
Other owned by employees <sup>2</sup>	1.1	0%
Partnership units owned by Cantor	22.7	9%
Class B owned by Cantor	21.3	8%
<b>Total</b>	<b>266.8</b>	<b>100%</b>

Newmark Group, Inc. Fully Diluted Share Count Summary As of September 30, 2019	Fully-diluted Shares (millions)	Ownership (%)
Public	145.1	54%
Employees	77.6	29%
Cantor	44.0	16%
<b>Total</b>	<b>266.8</b>	<b>100%</b>

1. In conjunction with the spin-off of Newmark, the limited partnership units are owned by employees of both Newmark and BGC. Over time, virtually all of the partners of Newmark are expected to only own units and/or shares of Newmark and virtually all of the partners of BGC are expected to only own units and/or shares of BGC. From 1Q 2018 onwards, partners of Newmark are compensated with Newmark partnership units and partners of BGC are compensated with BGC partnership units
2. These primarily represent contingent shares and/or units for which all necessary conditions have been satisfied except for the passage of time

# RECONCILIATION OF OPERATING CASH FLOW (EXCLUDING ACTIVITY FROM LOAN ORIGINATIONS AND SALES) TO ADJUSTED EBITDA

20

(US\$ millions)

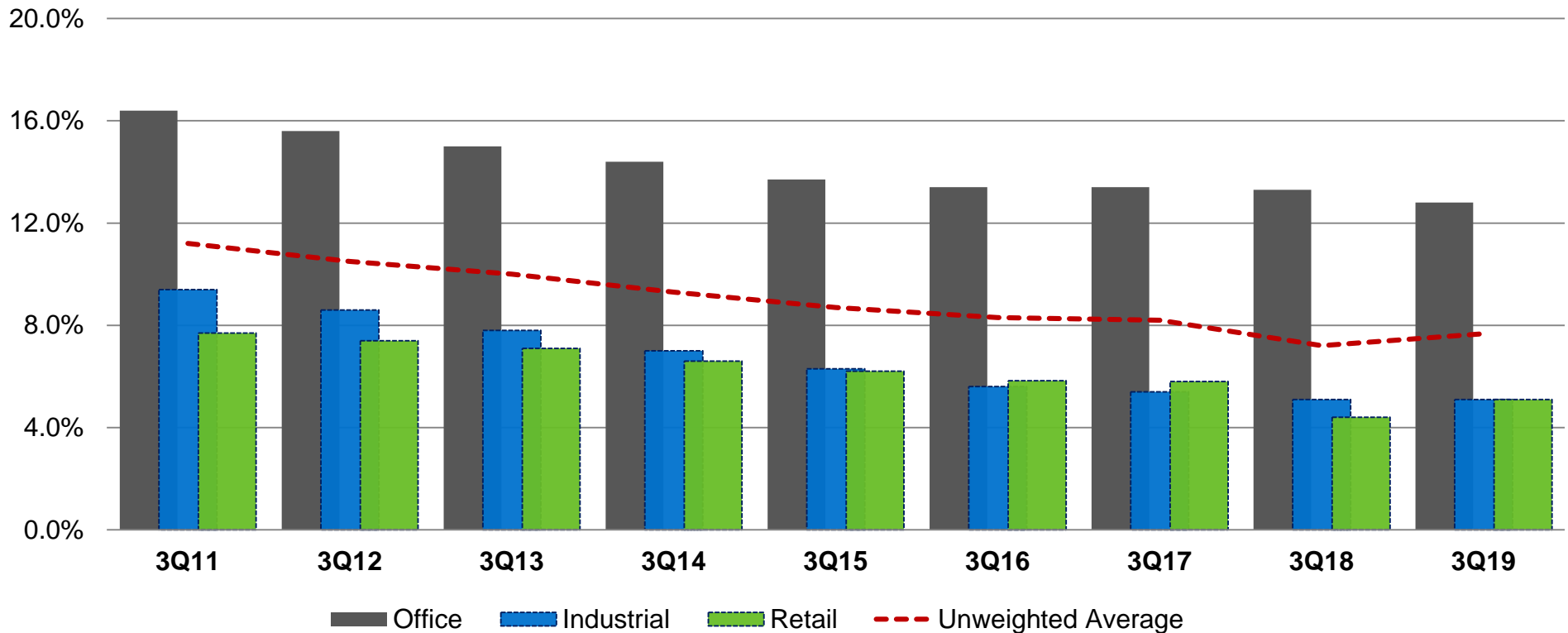
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
<b>Adjusted EBITDA</b>	<b>\$ 203</b>	<b>\$ 195</b>	<b>\$ 394</b>	<b>\$ 362</b>
Annual Nasdaq Earn-out	(84)	(85)	(84)	(85)
Interest Expense	(10)	(14)	(30)	(42)
Employee loans for hiring	(49)	(35)	(103)	(85)
Working Capital	9	9	21	(13)
Corporate Tax payments	(8)	(1)	(83)	(1)
Other	(1)	-	(8)	(2)
<b>Net cash provided by (used in) operations excluding activity from loan originations and sales</b>	<b>\$ 60</b>	<b>\$ 69</b>	<b>\$ 107</b>	<b>\$ 135</b>



# VACANCY RATES ARE DOWN AS NEW INVENTORY DELIVERIES ARE OFFSET BY SUSTAINED DEMAND FOR COMMERCIAL REAL ESTATE

21

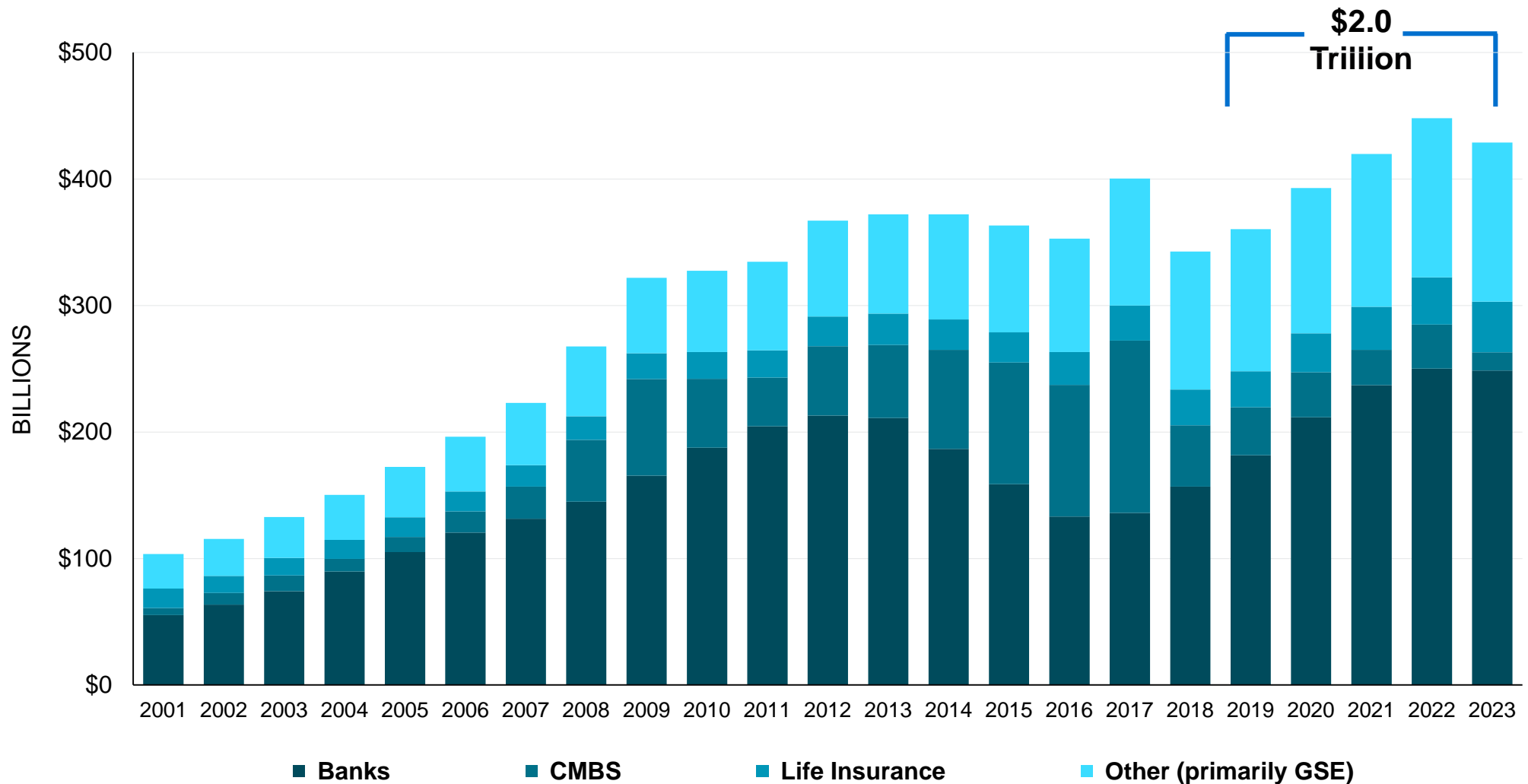
## U.S. Vacancy Rates by Asset Class



- › Vacancy rates remained stable across the retail and industrial sectors from last quarter, while vacancy in the office sector dropped to a new cyclical low. The national office vacancy rate is now down 50 basis points year-over-year to 12.8%, and the national industrial vacancy rate is 5.1%, slightly above the cyclical low reached in the first quarter of 2018.

# PROJECTED COMMERCIAL MORTGAGE MATURITIES

22

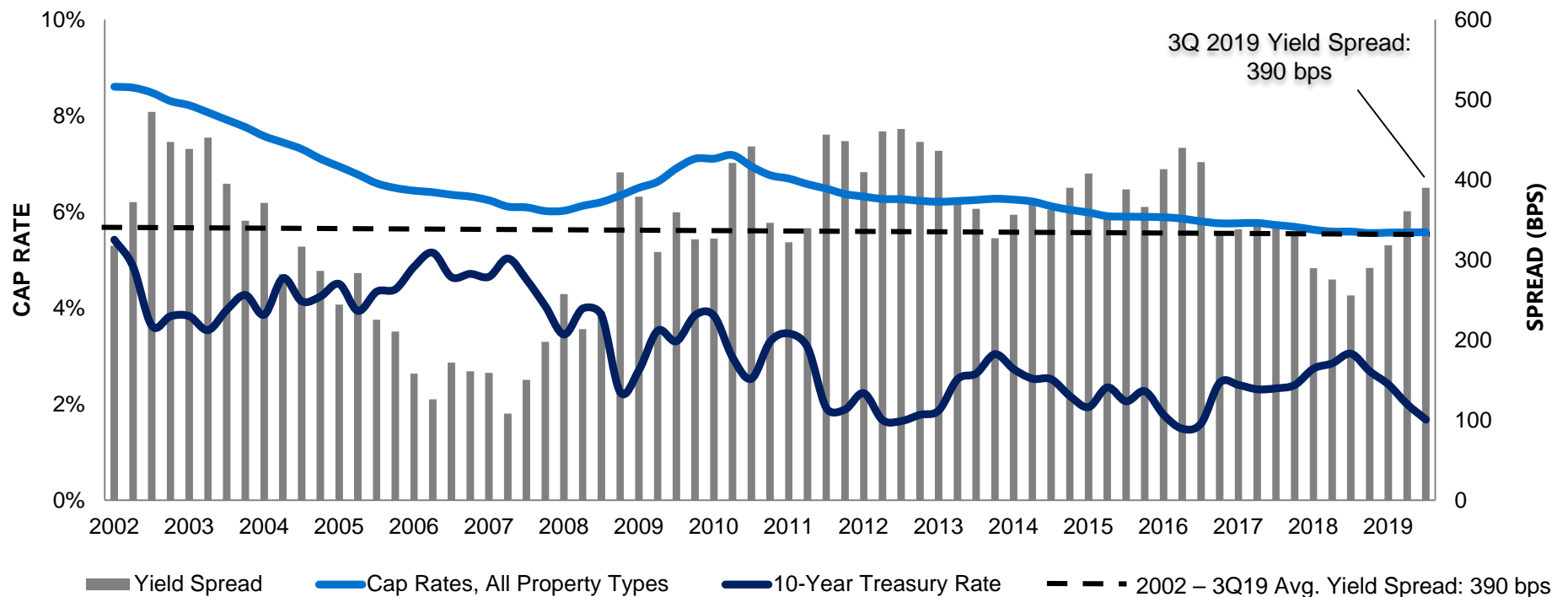


- › More than \$2.0 trillion in commercial mortgage maturities from 2019 – 2023 should support strong levels of refinancing activity.

# CAP RATES REMAIN ATTRACTIVE SPREAD OVER UST

23

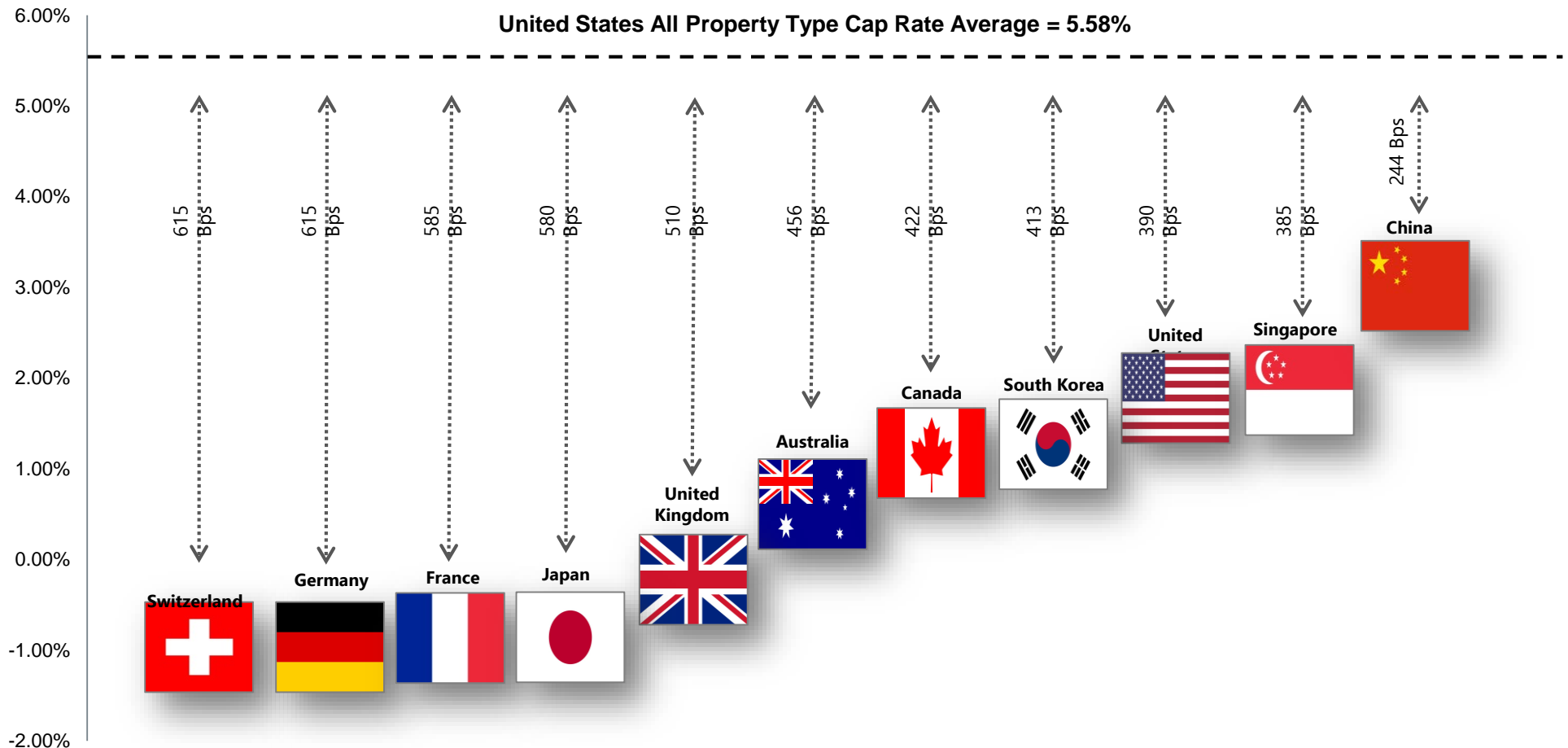
## Historical U.S. Cap Rate Yield Spread Over 10-Year U.S. Treasuries



- › National cap rates have remained flat quarter-over-quarter, while the yield spread is up 29 basis points quarter-over-quarter, benefitting from strong investor demand for commercial real estate and the lowest 10-year U.S. Treasury rate since 3Q 2016.
- › Commercial real estate yields currently offer a 390 basis point premium to 10-year U.S. Treasuries.

# GLOBAL YIELDS AS OF SEPTEMBER 30, 2019

24



- › We believe that limited available product domestically, coupled with a favorable cap rate spread between global benchmark government bond yields and U.S. cap rates, will drive future international investment in U.S. CRE assets.
- › Compressing domestic yields (particularly in countries such as Canada and South Korea, whose yields were 1.36% and 1.45%, respectively), also contribute to international demand for US CRE product.

Note: All yields are generic 10-year treasury yields (as of 9/30/2019)

Source: NKF Research, Real Capital Analytics, Bloomberg, Federal Reserve Bank of St. Louis



# NON-GAAP FINANCIAL MEASURES

## **Non-GAAP Financial Measures**

This document contains non-GAAP financial measures that differ from the most directly comparable measures calculated and presented in accordance with Generally Accepted Accounting Principles in the United States (“GAAP”). Non-GAAP financial measures used by the Company include “Adjusted Earnings before noncontrolling interests and taxes”, which is used interchangeably with “pre-tax Adjusted Earnings”; “Post-tax Adjusted Earnings to fully diluted shareholders”, which is used interchangeably with “post-tax Adjusted Earnings”; “Adjusted EBITDA”; and “Liquidity”. The definitions of these terms are below.

## **Adjusted Earnings Defined**

Newmark uses non-GAAP financial measures, including “Adjusted Earnings before noncontrolling interests and taxes” and “Post-tax Adjusted Earnings to fully diluted shareholders”, which are supplemental measures of operating results used by management to evaluate the financial performance of the Company and its consolidated subsidiaries. Newmark believes that Adjusted Earnings best reflect the operating earnings generated by the Company on a consolidated basis and are the earnings which management considers when managing its business.

As compared with “Income (loss) before income taxes and noncontrolling interests” and “Net income (loss) for fully diluted shares”, both prepared in accordance with GAAP, Adjusted Earnings calculations primarily exclude certain non-cash items and other expenses that generally do not involve the receipt or outlay of cash by the Company and/or which do not dilute existing stockholders. In addition, Adjusted Earnings calculations exclude certain gains and charges that management believes do not best reflect the ordinary results of Newmark. Adjusted Earnings is calculated by taking the most comparable GAAP measures and making adjustments for certain items with respect to compensation expenses, non-compensation expenses, and other income, as discussed below.

## ***Calculations of Compensation Adjustments for Adjusted Earnings and Adjusted EBITDA***

The Company’s Adjusted Earnings and Adjusted EBITDA measures exclude all GAAP charges included in the line item “Equity-based compensation and allocations of net income to limited partnership units and FPU’s” (or “equity-based compensation” for purposes of defining the Company’s non-GAAP results) as recorded on the Company’s GAAP Consolidated Statements of Operations and GAAP Consolidated Statements of Cash Flows. These GAAP equity-based compensation charges reflect the following items:

- Charges with respect to grants of exchangeability, which reflect the right of holders of limited partnership units with no capital accounts, such as LPU’s and PSU’s, to exchange these units into shares of common stock, or into partnership units with capital accounts, such as HDU’s, as well as cash paid with respect to taxes withheld or expected to be owed by the unit holder upon such exchange. The withholding taxes related to the exchange of certain non-exchangeable units without a capital account into either common shares or units with a capital account may be funded by the redemption of preferred units such as PPSU’s.

# NON-GAAP FINANCIAL MEASURES (CONTINUED)

- Charges with respect to preferred units. Any preferred units would not be included in the Company's fully diluted share count because they cannot be made exchangeable into shares of common stock and are entitled only to a fixed distribution. Preferred units are granted in connection with the grant of certain limited partnership units that may be granted exchangeability at ratios designed to cover any withholding taxes expected to be paid by the unit holder upon exchange. This is an alternative to the common practice among public companies of issuing the gross amount of shares to employees, subject to cashless withholding of shares, to pay applicable withholding taxes.
- GAAP equity-based compensation charges with respect to the grant of an offsetting amount of common stock or partnership units with capital accounts in connection with the redemption of non-exchangeable units, including PSUs and LPUs.
- Charges related to amortization of RSUs and limited partnership units.
- Charges related to grants of equity awards, including common stock or partnership units with capital accounts.
- Allocations of net income to limited partnership units and FPU's. Such allocations represent the pro-rata portion of post-tax GAAP earnings available to such unit holders.

The amount of certain quarterly equity-based compensation charges are based upon the Company's estimate of such expected charges during the annual period, as described further below under "Methodology for Calculating Adjusted Earnings Taxes".

Virtually all of Newmark's key executives and producers have equity or partnership stakes in the Company and its subsidiaries and generally receive deferred equity or limited partnership units as part of their compensation. A significant percentage of Newmark's fully diluted shares are owned by its executives, partners and employees. The Company issues limited partnership units as well as other forms of equity-based compensation, including grants of exchangeability into shares of common stock, to provide liquidity to its employees, to align the interests of its employees and management with those of common stockholders, to help motivate and retain key employees, and to encourage a collaborative culture that drives cross-selling and revenue growth.

All share equivalents that are part of the Company's equity-based compensation program, including REUs, PSUs, LPUs, HDUs, and other units that may be made exchangeable into common stock, as well as RSUs (which are recorded using the treasury stock method), are included in the fully diluted share count when issued or at the beginning of the subsequent quarter after the date of grant. Generally, limited partnership units other than preferred units are expected to be paid a pro-rata distribution based on Newmark's calculation of Adjusted Earnings per fully diluted share.

## ***Calculation of Non-Compensation Adjustments for Adjusted Earnings and Adjusted EBITDA***

Newmark's calculation of pre-tax Adjusted Earnings excludes non-cash GAAP charges related to the amortization of intangibles with respect to acquisitions.

# NON-GAAP FINANCIAL MEASURES (CONTINUED)

## ***Calculation of Non-Compensation Adjustments for Adjusted Earnings and Adjusted EBITDA***

Newmark's calculation of pre-tax Adjusted Earnings excludes non-cash GAAP charges related to the amortization of intangibles with respect to acquisitions.

Adjusted Earnings and Adjusted EBITDA calculations also exclude non-cash GAAP gains attributable to originated mortgage servicing rights (which Newmark refer to as "OMSRs") and non-cash GAAP amortization of mortgage servicing rights (which Newmark refers to as "MSRs"). Under GAAP, the Company recognizes OMSRs gains equal to the fair value of servicing rights retained on mortgage loans originated and sold. Subsequent to the initial recognition at fair value, MSRs are carried at the lower of amortized cost or fair value and amortized in proportion to the net servicing revenue expected to be earned. However, it is expected that any cash received with respect to these servicing rights, net of associated expenses, will increase Adjusted Earnings and Adjusted EBITDA in future periods.

## ***Calculation of Other (income) losses for Adjusted Earnings***

Adjusted Earnings calculations also exclude certain other non-cash, non-dilutive, and/or non-economic items, which may, in some periods, include:

- Unusual, one-time, non-ordinary or non-recurring gains or losses;
- Non-cash GAAP asset impairment charges;
- The impact of any unrealized non-cash mark-to-market gains or losses on "Other income (loss)" related to the variable share forward agreements with respect to Newmark's expected receipt of the Nasdaq payments in 2019, 2020, 2021, and 2022 (the "Nasdaq Forwards"); and/or
- Mark-to-market adjustments for non-marketable investments;
- Certain other non-cash, non-dilutive, and/or non-economic items.

## ***Methodology for Calculating Adjusted Earnings Taxes***

Although Adjusted Earnings are calculated on a pre-tax basis, Newmark also reports post-tax Adjusted Earnings to fully diluted shareholders. The Company defines post-tax Adjusted Earnings to fully diluted shareholders as pre-tax Adjusted Earnings reduced by the non-GAAP tax provision described below and net income (loss) attributable to noncontrolling interest for Adjusted Earnings.

The Company calculates its tax provision for post-tax Adjusted Earnings using an annual estimate similar to how it accounts for its income tax provision under GAAP. To calculate the quarterly tax provision under GAAP, Newmark estimates its full fiscal year GAAP income (loss) before noncontrolling interests and taxes and the expected inclusions and deductions for income tax purposes, including expected equity-based compensation during the annual period. The resulting annualized tax rate is applied to Newmark's quarterly GAAP income (loss) before income taxes and noncontrolling interests. At the end of the annual period, the Company updates its estimate to reflect the actual tax amounts owed for the period.

# NON-GAAP FINANCIAL MEASURES (CONTINUED)

28

To determine the non-GAAP tax provision, Newmark first adjusts pre-tax Adjusted Earnings by recognizing any, and only, amounts for which a tax deduction applies under applicable law. The amounts include charges with respect to equity-based compensation; certain charges related to employee loan forgiveness; certain net operating loss carryforwards when taken for statutory purposes; and certain charges related to tax goodwill amortization. These adjustments may also reflect timing and measurement differences, including treatment of employee loans; changes in the value of units between the dates of grants of exchangeability and the date of actual unit exchange; variations in the value of certain deferred tax assets; and liabilities and the different timing of permitted deductions for tax under GAAP and statutory tax requirements.

After application of these adjustments, the result is the Company's taxable income for its pre-tax Adjusted Earnings, to which Newmark then applies the statutory tax rates to determine its non-GAAP tax provision. Newmark views the effective tax rate on pre-tax Adjusted Earnings as equal to the amount of its non-GAAP tax provision divided by the amount of pre-tax Adjusted Earnings.

Generally, the most significant factor affecting this non-GAAP tax provision is the amount of charges relating to equity-based compensation. Because the charges relating to equity-based compensation are deductible in accordance with applicable tax laws, increases in such charges have the effect of lowering the Company's non-GAAP effective tax rate and thereby increasing its post-tax Adjusted Earnings.

Newmark incurs income tax expenses based on the location, legal structure and jurisdictional taxing authorities of each of its subsidiaries. Certain of the Company's entities are taxed as U.S. partnerships and are subject to the Unincorporated Business Tax ("UBT") in New York City. Any U.S. federal and state income tax liability or benefit related to the partnership income or loss, with the exception of UBT, rests with the unit holders rather than with the partnership entity. The Company's consolidated financial statements include U.S. federal, state and local income taxes on the Company's allocable share of the U.S. results of operations. Outside of the U.S., Newmark is expected to operate principally through subsidiary corporations subject to local income taxes. For these reasons, taxes for Adjusted Earnings are expected to be presented to show the tax provision the consolidated Company would expect to pay if 100% of earnings were taxed at global corporate rates.

## **Calculations of Pre- and Post-Tax Adjusted Earnings per Share**

Newmark's pre- and post-tax Adjusted Earnings per share calculations assume either that:

- The fully diluted share count includes the shares related to any dilutive instruments, but excludes the associated expense, net of tax, when the impact would be dilutive; or
- The fully diluted share count excludes the shares related to these instruments, but includes the associated expense, net of tax.

The share count for Adjusted Earnings excludes certain shares and share equivalents expected to be issued in future periods but not yet eligible to receive dividends and/or distributions. Each quarter, the dividend payable to Newmark's stockholders, if any, is expected to be determined by the Company's Board of Directors with reference to a number of factors, including post-tax Adjusted Earnings per share.

# NON-GAAP FINANCIAL MEASURES (CONTINUED)

Newmark may also pay a pro-rata distribution of net income to limited partnership units, as well as to Cantor for its noncontrolling interest. The amount of this net income, and therefore of these payments per unit, would be determined using the above definition of Adjusted Earnings per share on a pre-tax basis.

The declaration, payment, timing and amount of any future dividends payable by the Company will be at the discretion of its Board of Directors using the fully diluted share count. In addition, the non-cash preferred dividends are excluded from Adjusted Earnings per share as Newmark expects to redeem the related exchangeable preferred limited partnership units (“EPU”) with Nasdaq shares. For more information on any share count adjustments, see the table titled “Fully Diluted Weighted-Average Share Count for GAAP and Adjusted Earnings”.

## **Management Rationale for Using Adjusted Earnings**

Newmark’s calculation of Adjusted Earnings excludes the items discussed above because the Company views doing so as a better reflection of Newmark’s ongoing operations. Management uses Adjusted Earnings in part to help it evaluate, among other things, the overall performance of the Company’s business, to make decisions with respect to the Company’s operations, and to determine the amount of dividends payable to common stockholders and distributions payable to holders of limited partnership units. Dividends payable to common stockholders and distributions payable to holders of limited partnership units are included within “Distributions to stockholders” and “Earnings distributions to limited partnership interests and noncontrolling interests,” respectively, in our unaudited, condensed, consolidated statements of cash flows.

The term “Adjusted Earnings” should not be considered in isolation or as an alternative to GAAP net income (loss). The Company views Adjusted Earnings as a metric that is not indicative of liquidity, or the cash available to fund its operations, but rather as a performance measure. Pre- and post-tax Adjusted Earnings, as well as related measures, are not intended to replace the Company’s presentation of its GAAP financial results. However, management believes that these measures help provide investors with a clearer understanding of Newmark’s financial performance and offer useful information to both management and investors regarding certain financial and business trends related to the Company’s financial condition and results of operations. Management believes that the GAAP and Adjusted Earnings measures of financial performance should be considered together.

For more information regarding Adjusted Earnings, see the sections of this document and/or the Company’s most recent financial results press release titled “Reconciliation of GAAP Income to Adjusted Earnings and GAAP Fully Diluted EPS to Post-tax Adjusted EPS”, including the related footnotes, for details about how Newmark’s non-GAAP results are reconciled to those under GAAP.



# NON-GAAP FINANCIAL MEASURES (CONTINUED)

30

## Adjusted EBITDA Defined

Newmark also provides an additional non-GAAP financial performance measure, “Adjusted EBITDA”, which it defines as GAAP “Net income (loss) available to common stockholders”, adjusted to add back the following items:

- Net income (loss) attributable to noncontrolling interest;
- Provision (benefit) for income taxes;
- OMSR revenue;
- MSR amortization;
- Other depreciation and amortization;
- Equity-based compensation and allocations of net income to limited partnership units and FPU's;
- Other non-cash, non-dilutive, and/or non-economic items, which may, in certain periods, include the impact of any unrealized non-cash mark-to-market gains or losses on “other income (loss)” related to the variable share forward agreements with respect to Newmark’s expected receipt of the Nasdaq payments in 2019, 2020, 2021, and 2022 (the “Nasdaq Forwards”), as well as mark-to-market adjustments for non-marketable investments; and
- Interest expense.

The Company’s management believes that its Adjusted EBITDA measure is useful in evaluating Newmark’s operating performance, because the calculation of this measure generally eliminates the effects of financing and income taxes and the accounting effects of capital spending and acquisitions, which would include impairment charges of goodwill and intangibles created from acquisitions. Such items may vary for different companies for reasons unrelated to overall operating performance. As a result, the Company’s management uses this measure to evaluate operating performance and for other discretionary purposes. Newmark believes that Adjusted EBITDA is useful to investors to assist them in getting a more complete picture of the Company’s financial results and operations.

Since Newmark’s Adjusted EBITDA is not a recognized measurement under GAAP, investors should use this measure in addition to GAAP measures of net income when analyzing Newmark’s operating performance. Because not all companies use identical EBITDA calculations, the Company’s presentation of Adjusted EBITDA may not be comparable to similarly titled measures of other companies. Furthermore, Adjusted EBITDA is not intended to be a measure of free cash flow or GAAP cash flow from operations because the Company’s Adjusted EBITDA does not consider certain cash requirements, such as tax and debt service payments.

For more information regarding Adjusted EBITDA, see the section of this document and/or the Company’s most recent financial results press release titled “Reconciliation of GAAP Income to Adjusted EBITDA”, including the related footnotes, for details about how Newmark’s non-GAAP results are reconciled to those under GAAP EPS.

# NON-GAAP FINANCIAL MEASURES (CONTINUED)

## Timing of Outlook for Certain GAAP and Non-GAAP Items

Newmark anticipates providing forward-looking guidance for GAAP revenues and for certain non-GAAP measures from time to time. However, the Company does not anticipate providing an outlook for other GAAP results. This is because certain GAAP items, which are excluded from Adjusted Earnings and/or Adjusted EBITDA, are difficult to forecast with precision before the end of each period. The Company therefore believes that it is not possible for it to have the required information necessary to forecast GAAP results or to quantitatively reconcile GAAP forecasts to non-GAAP forecasts with sufficient precision without unreasonable efforts. For the same reasons, the Company is unable to address the probable significance of the unavailable information. The relevant items that are difficult to predict on a quarterly and/or annual basis with precision and may materially impact the Company's GAAP results include, but are not limited, to the following:

- Certain equity-based compensation charges that may be determined at the discretion of management throughout and up to the period-end;
- Unusual, one-time, non-ordinary, or non-recurring items;
- The impact of gains or losses on certain marketable securities, as well as any gains or losses related to associated mark-to-market movements and/or hedging including with respect to the Nasdaq Forwards. These items are calculated using period-end closing prices;
- Non-cash asset impairment charges, which are calculated and analyzed based on the period-end values of the underlying assets. These amounts may not be known until after period-end;
- Acquisitions, dispositions and/or resolutions of litigation, which are fluid and unpredictable in nature.

## Liquidity Defined

Newmark may also use a non-GAAP measure called "liquidity". The Company considers liquidity to be comprised of the sum of cash and cash equivalents, marketable securities, and reverse repurchase agreements (if any), less securities lent out in securities loaned transactions and repurchase agreements. The Company considers liquidity to be an important metric for determining the amount of cash that is available or that could be readily available to the Company on short notice.

For more information regarding liquidity, see the section of this document and/or the Company's most recent financial results press release titled "Liquidity Analysis", including any related footnotes, for details about how Newmark's non-GAAP results are reconciled to those under GAAP.

# RECONCILIATION OF GAAP NET INCOME AVAILABLE TO COMMON STOCKHOLDERS TO ADJUSTED EARNINGS BEFORE NONCONTROLLING INTERESTS AND TAXES AND GAAP FULLY DILUTED EPS TO POST-TAX ADJUSTED EPS<sup>(1)</sup> (IN THOUSANDS, EXCEPT PER SHARE DATA) (UNAUDITED)

32

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
<b>GAAP Net income available to common stockholders</b>	<b>\$ 88,698</b>	<b>\$ 68,237</b>	<b>\$ 128,270</b>	<b>\$ 88,973</b>
Provision for income taxes (2)	36,760	35,870	52,568	53,625
Net income attributable to noncontrolling interests (3)	33,871	47,321	49,769	63,366
<b>GAAP income before income taxes and noncontrolling interests</b>	<b>\$ 159,329</b>	<b>\$ 151,428</b>	<b>\$ 230,607</b>	<b>\$ 205,964</b>
<b>Pre-tax adjustments:</b>				
<b>Compensation adjustments:</b>				
Equity-based compensation and allocations of net income to limited partnership units and FPU's (4)	56,647	40,777	109,871	125,560
<b>Total Compensation adjustments</b>	<b>56,647</b>	<b>40,777</b>	<b>109,871</b>	<b>125,560</b>
<b>Non-Compensation adjustments:</b>				
Amortization of intangibles (5)	2,819	1,238	5,394	4,008
MSR amortization (6)	29,546	21,011	79,402	54,561
OMSR revenue (6)	(37,423)	(28,685)	(78,656)	(74,477)
<b>Total Non-Compensation adjustments</b>	<b>(5,058)</b>	<b>(6,436)</b>	<b>6,140</b>	<b>(15,908)</b>
<b>Other (income) loss, net:</b>				
Other non-cash, non-dilutive, and/or non-economic items (7)	(22,019)	(8,479)	3,782	(5,226)
<b>Total Other (income) loss:</b>	<b>(22,019)</b>	<b>(8,479)</b>	<b>3,782</b>	<b>(5,226)</b>
<b>Total pre-tax adjustments</b>	<b>29,570</b>	<b>25,862</b>	<b>119,793</b>	<b>104,426</b>
<b>Adjusted Earnings before noncontrolling interests and taxes</b>	<b>\$ 188,899</b>	<b>\$ 177,290</b>	<b>\$ 350,400</b>	<b>\$ 310,390</b>
<b>GAAP Net income available to common stockholders</b>	<b>\$ 88,698</b>	<b>\$ 68,237</b>	<b>\$ 128,270</b>	<b>\$ 88,973</b>
Allocations of net income to noncontrolling interests (8)	33,287	46,906	48,980	61,904
Total pre-tax adjustments (from above)	29,570	25,862	119,793	104,426
Income tax adjustment to reflect adjusted earnings taxes (2)	8,425	12,362	(762)	12,467
<b>Post-tax Adjusted Earnings to fully diluted shareholders</b>	<b>\$ 159,980</b>	<b>\$ 153,367</b>	<b>\$ 296,281</b>	<b>\$ 267,770</b>
<b>Per Share Data</b>				
<b>GAAP fully diluted earnings per share</b>	<b>\$ 0.48</b>	<b>\$ 0.43</b>	<b>\$ 0.66</b>	<b>\$ 0.56</b>
Allocation of net income (loss) to noncontrolling interests	0.00	0.00	0.00	(0.01)
Exchangeable preferred limited partnership units non-cash preferred dividends	0.01	0.01	0.04	0.01
Total pre-tax adjustments (from above)	0.11	0.10	0.44	0.41
Income tax adjustment to reflect adjusted earnings taxes	0.03	0.05	(0.00)	0.05
Other	(0.03)	(0.01)	(0.04)	0.03
<b>Post-tax adjusted earnings per share (9)</b>	<b>\$ 0.60</b>	<b>\$ 0.58</b>	<b>\$ 1.10</b>	<b>\$ 1.05</b>
<b>Pre-tax adjusted earnings per share (9)</b>	<b>\$ 0.70</b>	<b>\$ 0.68</b>	<b>\$ 1.30</b>	<b>\$ 1.21</b>
Fully diluted weighted-average shares of common stock outstanding	268,350	262,532	270,345	256,085

See the following page for notes to the above table.

# RECONCILIATION OF GAAP NET INCOME AVAILABLE TO COMMON STOCKHOLDERS TO ADJUSTED EARNINGS BEFORE NONCONTROLLING INTERESTS AND TAXES AND GAAP FULLY DILUTED EPS TO POST-TAX ADJUSTED EPS<sup>(1)</sup> (IN THOUSANDS, EXCEPT PER SHARE DATA) (UNAUDITED) (CONTINUED)

33

(1) "Non-recurring (gains) losses" were previously a separate line item, and now been reclassified to "Other non-cash, non-dilutive, non-economic items". For the three months ended September 30, 2019 and 2018, these expenses included contingent consideration and other expenses of \$1.1 million and \$0.6 million, respectively. For the nine months ended September 30, 2019 and 2018, these expenses included contingent consideration and other expenses of \$1.9 million and \$1.1 million, respectively.

(2) Newmark's GAAP provision (benefit) for income taxes is calculated based on an annualized methodology. Newmark includes additional tax-deductible items when calculating the provision (benefit) for taxes with respect to Adjusted Earnings using an annualized methodology. These include tax-deductions related to equity-based compensation, and certain net-operating loss carryforwards. The adjustment in the tax provision to reflect Adjusted Earnings is shown below (in millions):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
GAAP provision for income taxes	\$ 36.8	\$ 35.9	\$ 52.6	\$ 53.6
Income tax adjustment to reflect Adjusted Earnings	(8.4)	(12.4)	0.8	(12.4)
Provision (benefit) for income taxes for Adjusted Earnings	\$ 28.4	\$ 23.5	\$ 53.4	\$ 41.2

(3) Primarily represents Cantor and/or BGC's pro-rata portion of Newmark's net income and the noncontrolling portion of Newmark's net income in subsidiaries which are not wholly owned.

(4) The components of equity-based compensation and allocations of net income to limited partnership units and FPU's<sup>(a)</sup> are as follows (in millions):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Exchangeability expense	\$ 17.5	\$ 12.3	\$ 39.7	\$ 94.3
Allocations of net income	32.4	28.8	50.4	37.6
Equity-based amortization	6.7	(0.3)	19.8	(6.3)
Equity-based compensation and allocations of net income to limited partnership units and FPU's	\$ 56.6	\$ 40.8	\$ 109.9	\$ 125.6

<sup>(a)</sup>Reclassifications have been made to previously reported amounts to conform to the new presentation.

(5) Includes Non-cash GAAP charges related to the amortization of intangibles with respect to acquisitions.

(6) Adjusted Earnings calculations exclude non-cash GAAP gains attributable to originated mortgage servicing rights (which Newmark refers to as "OMSRs") and non-cash GAAP amortization of mortgage servicing rights (which Newmark refers to as "MSRs"). Under GAAP, Newmark recognizes OMSRs gains equal to the fair value of servicing rights retained on mortgage loans originated and sold.

Subsequent to the initial recognition at fair value, MSRs are carried at the lower of amortized cost or fair value and amortized in proportion to the net servicing revenue expected to be earned. However, it is expected that any cash received with respect to these servicing rights, net of associated expenses, will increase Adjusted Earnings in future periods.

(7) The components of non-cash, non-dilutive, non-economic items are as follows (in millions):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Unrealized mark-to-market (gains)/losses for the Nasdaq forward and other Nasdaq adjustments, net	\$ (6.6)	\$ (9.1)	\$ 22.4	\$ (6.3)
Mark-to-market (gains)/losses on non-marketable investments, net	(16.5)	-	(20.5)	-
Contingent consideration and other expenses	1.1	0.6	1.9	1.1
	\$ (22.0)	\$ (8.5)	\$ 3.8	\$ (5.2)

(8) Excludes the noncontrolling portion of Newmark's net income in subsidiaries which are not wholly owned.

(9) For the three and nine months ended September 30, 2019, earnings per share calculations under GAAP included reductions for EPU's of \$3.2 million and \$9.7 million, respectively. For the three and nine months ended September 30, 2018, earnings per share calculations under GAAP included reductions for EPU's of \$1.7 million and \$1.9 million, respectively. For Adjusted Earnings these non-cash preferred dividends are excluded as Newmark expects to redeem these EPU's with Nasdaq shares.

# RECONCILIATION OF GAAP INCOME TO ADJUSTED EBITDA<sup>1</sup>

## (IN THOUSANDS) (UNAUDITED)

34

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
<b>GAAP Net income available to common stockholders</b>	<b>\$ 88,698</b>	<b>\$ 68,237</b>	<b>\$ 128,270</b>	<b>\$ 88,973</b>
<b>Add back:</b>				
Net income attributable to noncontrolling interests (2)	33,871	47,321	49,769	63,366
Provision for income taxes	36,760	35,870	52,568	53,625
OMSR revenue (3)	(37,423)	(28,685)	(78,656)	(74,477)
MSR amortization (4)	29,546	21,011	79,402	54,561
Other depreciation and amortization (5)	7,235	4,862	19,108	14,025
Equity-based compensation and allocations of net income to limited partnership units and FPU's (6)	56,647	40,775	109,871	125,560
Other non-cash, non-dilutive, and/or non-economic items (7)	(22,019)	(8,477)	3,782	(5,397)
Interest expense	10,177	14,264	29,832	41,999
<b>Adjusted EBITDA</b>	<b>\$ 203,492</b>	<b>\$ 195,178</b>	<b>\$ 393,946</b>	<b>\$ 362,235</b>

(1) "Non-Recurring (Gains) Losses" were previously a separate line item, and now been reclassified to "Other non-cash, non-dilutive, and/or non-economic items". For the three months ended September 30, 2019 and 2018, these expenses included contingent consideration and other expenses of \$1.1 million and \$0.6 million, respectively. For the nine months ended September 30, 2019 and 2018, these expenses included contingent consideration and other expenses of \$1.9 million and \$1.1 million, respectively.

(2) Primarily represents Cantor and/or BGC's pro-rata portion of Newmark's net income and the noncontrolling portion of Newmark's net income in subsidiaries which are not wholly owned.

(3) Non-cash gains attributable to originated mortgage servicing rights.

(4) Non-cash amortization of mortgage servicing rights in proportion to the net servicing revenue expected to be earned.

(5) Includes fixed asset depreciation of \$4.4 million and \$3.6 million for the three months ended September 30, 2019 and 2018 respectively, and \$13.7 million and \$10.0 million for the nine months ended September 30, 2019 and 2018, respectively. Also includes intangible asset amortization and impairments related to acquisitions of \$2.8 million and \$1.2 million for the three months ended September 30, 2019 and 2018, respectively, and \$5.4 million and \$4.0 million for the nine months ended September 30, 2019 and 2018, respectively.

(6) Please refer to Footnote 4 under "Reconciliation of GAAP Net Income Available to Common Stockholders to Adjusted Earnings before Noncontrolling Interest and Taxes and GAAP Fully Diluted EPS to Post-tax Adjusted EPS" for additional information about the components of "Equity-based compensation and allocations of net income to limited partnership units and FPU's".

(7) Please refer to Footnote 7 under "Reconciliation of GAAP Net Income Available to Common Stockholders to Adjusted Earnings before Noncontrolling Interest and Taxes and GAAP Fully Diluted EPS to Post-tax Adjusted EPS" for additional information about the components of "Other non-cash, non-dilutive, and/or non-economic items".



# DISCUSSION OF OTHER INCOME

Other Income (USD millions)	3Q19	3Q18	Change	YTD 2019	YTD 2018	Change
Nasdaq-related items	\$91.9	\$94.0	(2.2)%	\$69.9	\$94.1	(25.7)%
Mark-to-market gains on non-marketable investments, net	16.5	-	N/A	20.5	-	N/A
Other items, net	0.3	(0.3)	NMF	4.9	5.0	(2.0)%
<b>Other income, net under GAAP</b>	<b>\$108.7</b>	<b>\$93.7</b>	<b>16.0%</b>	<b>\$95.3</b>	<b>\$99.1</b>	<b>(3.8)%</b>
Exclude:						
Nasdaq-related items, non-cash	6.6	9.1	(27.5)%	(22.3)	6.3	NMF
Mark-to-market gains on non-marketable investments, net	16.5	-	N/A	20.5	-	N/A
Other items, net	(1.1)	(0.3)	NMF	(1.7)	(0.2)	NMF
<b>Other income, net for Adjusted Earnings</b>	<b>\$86.7</b>	<b>\$84.9</b>	<b>2.1%</b>	<b>\$98.8</b>	<b>\$93.0</b>	<b>6.2%</b>

Newmark's other income, net under GAAP in the third quarter of 2019 includes: (1) \$98.6 million of income on the 2019 tranche of the Nasdaq Earn-out<sup>1</sup> (which Newmark recognized in the third quarter based upon Nasdaq reporting at least \$25 million of revenues in 2019); (2) an unrealized mark-to-market loss of \$8.2 million on the Nasdaq Forwards, which provide downside protection against the value of Nasdaq payments expected to be received in 2019, 2020, 2021 and 2022; (3) \$1.6 million of realized and unrealized gains/(losses) on Nasdaq shares held by the Company related to the 2018 tranche of the Nasdaq Earn-out.

Newmark's other income, net under GAAP also includes \$16.5 million of mark-to-market gains on non-marketable investments, net. These gains, along with \$6.6 million of non-cash items related to Nasdaq (items 2 and 3 discussed above), are excluded in Newmark's calculations for Adjusted Earnings.

1. Newmark expects to receive these shares in the fourth quarter of 2019 and will use some of those shares to settle the variable share forward agreement with RBC. For additional information about Newmark's expected receipt of Nasdaq shares and related monetization transactions, which are a component of other income, see the sections of the Company's most recent SEC filings on Form 10-Q or Form 10-K titled "Nasdaq Monetization Transactions" and "Exchangeable Preferred Partnership Units and Forward Contract", as well as any updates regarding these topics in subsequent SEC filings.

# FULLY DILUTED WEIGHTED-AVERAGE SHARE COUNT FOR GAAP AND ADJUSTED EARNINGS (IN THOUSANDS) (UNAUDITED)

36

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Common stock outstanding	177,020	155,152	178,122	155,347
Cantor units	22,879	23,491	-	23,668
Founding partner units	5,587	5,635	5,661	5,688
RSUs	786	157	1,231	197
Other	344	699	399	659
<b>Fully diluted weighted-average share count for GAAP</b>	<b><u>206,616</u></b>	<b><u>185,134</u></b>	<b><u>185,413</u></b>	<b><u>185,559</u></b>
Adjusted Earnings Adjustments:				
Limited partnership units	61,734	77,398	61,750	70,526
Cantor units	-	-	23,182	-
<b>Fully diluted weighted-average share count for Adjusted Earnings</b>	<b><u>268,350</u></b>	<b><u>262,532</u></b>	<b><u>270,345</u></b>	<b><u>256,085</u></b>



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**MEDIA CONTACT:**

Karen Lauren-Rikardsen  
+1 212-829-4975

**INVESTOR CONTACT:**

Jason Harbes, CFA or Jason McGruder  
+1 212-829-7124

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