NEWMARK

EARNINGS PRESENTATION

Second Quarter 2018

DISCLAIMER

Discussion of Forward-Looking Statements by Newmark Group, Inc. and BGC Partners, Inc.
Statements in this document regarding BGC and 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, BGC and Newmark undertake 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 and BGC's Securities and Exchange Commission filings, including, but not limited to, the risk factors set forth in these filings and any updates to such risk factors contained in subsequent Forms 10-K, Forms 10-Q or Forms 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. Berkeley Point Financial LLC, and its wholly owned subsidiary Berkeley Point Capital LLC may together be referred to as "Berkeley Point" or "BPF". 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".

Newmark is a publicly traded subsidiary of BGC Partners, Inc. (NASDAQ: BGCP) ("BGC Partners", or "BGC"). BGC is the largest and controlling shareholder of Newmark. As a result, BGC consolidates the results of Newmark and reports them as its Real Estate Services segment. These segment results may differ from those of Newmark as a stand-alone company with respect to revenues, pre-tax GAAP income and pre-tax Adjusted Earnings. These differences are reconciled in the tables in BGC's first quarter 2018 financial results press release titled "Reconciliation of BGC Real Estate Segment to Newmark Group, Inc. Stand-Alone for Revenues", "Reconciliation of BGC Real Estate Segment to Newmark Group, Inc. Stand-Alone for GAAP Income (Loss) From Operations before Income Taxes" and "Reconciliation of BGC Real Estate Segment to Newmark Group, Inc. Stand-Alone for Pre-Tax Adjusted Earnings".

On June 28, 2013, BGC sold eSpeed to Nasdaq, Inc. ("Nasdaq"). The purchase consideration consisted of $750 million in cash paid upon closing, plus an expected payment of up to 14.9 million shares of Nasdaq common stock to be paid ratably over 15 years beginning in 2013, assuming that Nasdaq, as a whole, generates at least $25 million in gross revenues each of these years. In connection with the separation and prior to the completion of Newmark's IPO, BGC transferred to Newmark the right to receive the remainder of the Nasdaq payments. Newmark recognized the receipt of the first of these payments in the quarter ended September 30, 2017, and expects to recognize the receipt of shares ratably in the third quarter of each of the next ten fiscal years. Nasdaq "Payments" may be used interchangeably with the Nasdaq share "earn-out". The future value of Nasdaq shares discussed in this document are based on the closing price as of August 1, 2018. On June 20, 2018, Newmark announced the monetization of approximately two million Nasdaq shares. For further information, see the June 6, 2018 press release titled "Newmark And BGC Partners Announce Monetization of Approximately Two Million Nasdaq Shares and Update Their Outlooks", and the related filings made on the same date on Form 8-K.

On September 8, 2017, BGC acquired Berkeley Point Financial LLC, including its wholly owned subsidiary Berkeley Point Capital LLC. Berkeley Point is now a subsidiary of Newmark. Newmark's financial results have been recast to include the results of Berkeley Point for all periods discussed in this document because this transaction involved reorganizations of entities under common control. Unless otherwise noted, all year-on-year comparisons in this document reflect the recast results.

Throughout this document the term "GSE" may refer to a government-sponsored enterprise such as Fannie Mae or Freddie Mac, "FHA" is used to refer to the Federal Housing Administration. In addition "TTM" is used to describe certain "trailing twelve month" periods.

DISCLAIMER (CONTINUED)

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 for GAAP and would either leave essentially unchanged or increase pre- and post-tax Adjusted Earnings for the prior periods, 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 and year-on-year percentage changes.

Newmark, Grubb & Ellis, ARA, Computerized Facility Integration, Landauer, 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". For a complete and revised description of these non-GAAP terms and how, when, and why management uses them, see the "Adjusted Earnings Defined" and "Adjusted EBITDA Defined" pages of this presentation. For both this description and reconciliations to GAAP, as well as for more information regarding GAAP results, see Newmark's most recent financial results press release, including the sections called "Adjusted Earnings Defined", "Differences Between Consolidated Results for Adjusted Earnings and GAAP", "Reconciliation of GAAP Income (Loss) to Adjusted Earnings", Adjusted EBITDA Defined", and "Reconciliation of GAAP Income (Loss) to Adjusted EBITDA". These reconciliations can be found in the "Appendix" section of this presentation. Below is a summary of certain GAAP and non-GAAP results for Newmark.

Highlights of Consolidated Results (USD millions)	2Q18	2Q17	Change	YTD 18	YTD 17	Change
Revenues	$466.6	$405.1	15.2%	$897.1	$737.7	21.6%
GAAP income before income taxes and noncontrolling interests	15.1	56.6	(73.3)%	54.5	93.6	(41.7)%
GAAP net income (loss) for fully diluted shares	0.7	N/A	N/A	32.8	N/A	N/A
Pre-tax Adjusted Earnings before noncontrolling interest in subsidiaries and taxes	75.5	59.0	27.9%	139.2	93.8	48.4%
Post-tax Adjusted Earnings to fully diluted shareholders	65.3	48.4	34.9%	119.6	76.6	56.2%
Adjusted EBITDA	94.5	64.9	45.6%	169.5	107.4	57.8%
Adjusted EBITDA before allocations to units	99.2	71.1	39.5%	178.3	118.3	50.8%

Per Share Results	2Q18	2Q17	Change	YTD 18	YTD 17	Change
GAAP net income (loss) per fully diluted share	$0.00	N/A	N/A	$0.13	N/A	N/A
Post-tax Adjusted Earnings per share	0.25	0.21	19.0%	0.47	0.34	38.2%

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/investors/investors-home/default.aspx

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 plus marketable securities that have not been financed, reverse repurchase agreements, and securities owned, less securities loaned and repurchase agreements. The Company considers this an important metric for determining the amount of cash that is available or that could be readily available to the Company on short notice.

SELECT CONSOLIDATED ADJUSTED EARNINGS FINANCIAL RESULTS

Highlights of Consolidated Adjusted Earnings Results (USD millions, except per share data)	2Q 2018	2Q 2017	Change (%)
Revenues	$466.6	$405.1	15.2%
Pre-tax Adjusted Earnings before noncontrolling interest in subsidiaries and taxes	75.5	59.0	27.9%
Post-tax Adjusted Earnings	65.3	48.4	34.9%
Post-tax Adjusted Earnings per share	0.25	0.21	19.0%
Adjusted EBITDA	94.5	64.9	45.6%
Adjusted EBITDA before allocations to units	99.2	71.1	39.5%
Pre-tax Adjusted Earnings margin	16.2%	14.6%	
Post-tax Adjusted Earnings margin	14.0%	11.9%	

- On August 1, 2018 Newmark's Board of Directors declared a quarterly qualified cash dividend of $0.09 per share payable on September 5, 2018 to Class A and Class B common stockholders of record as of August 20, 2018. The ex-dividend date will be August 17, 2018

- As Newmark's initial public offering ("IPO") occurred in the fourth quarter of 2017, Newmark did not have any shares outstanding in the prior year periods for GAAP. Prior year pre-tax Adjusted Earnings per share and post-tax Adjusted Earnings per share are based on a methodology consistent with that used for the current year periods[1]

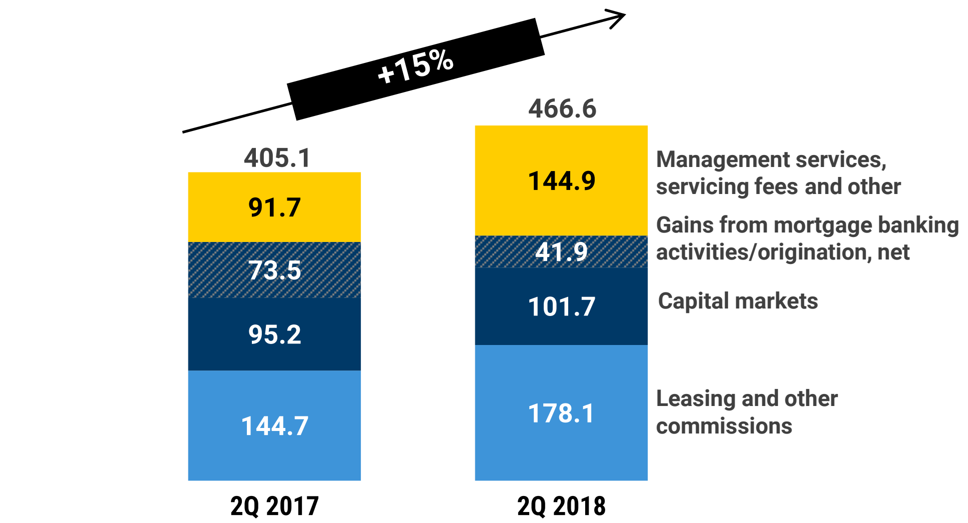
1. See the section of this document titled "Fully Diluted Weighted-Average Share Count for GAAP and Adjusted Earnings"

2Q 2018 REVENUE PERFORMANCE

Highlights

- 2Q 2018 leasing and other commissions revenue increased 23% YoY
- 2Q 2018 capital markets revenue increased 7% YoY
- 2Q 2018 management services, servicing fees and other increased 58% YoY[1]

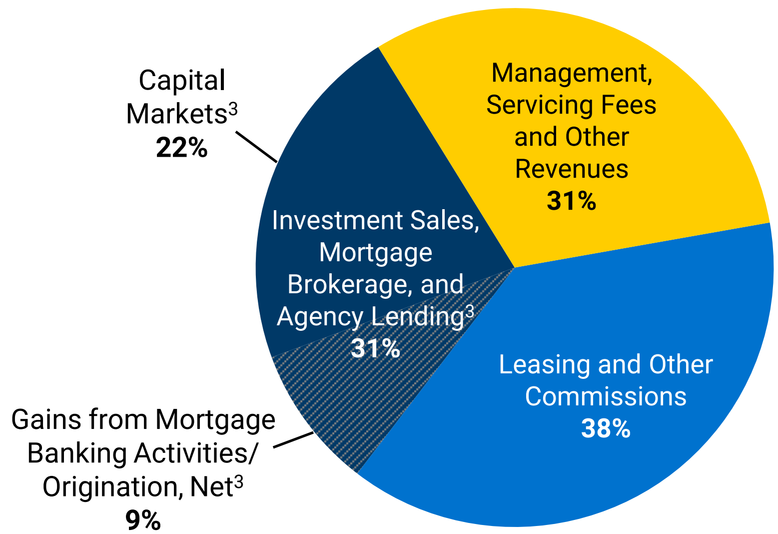
2Q 2018 Revenue Growth (US$ millions)



Drivers

- Over 80% of revenue growth was organic
- Strong revenue growth from leasing, Valuation & Advisory, and Global Corporate Services
- Investment sales outpacing comparable industry metrics
- Commercial real estate fundamentals remain strong

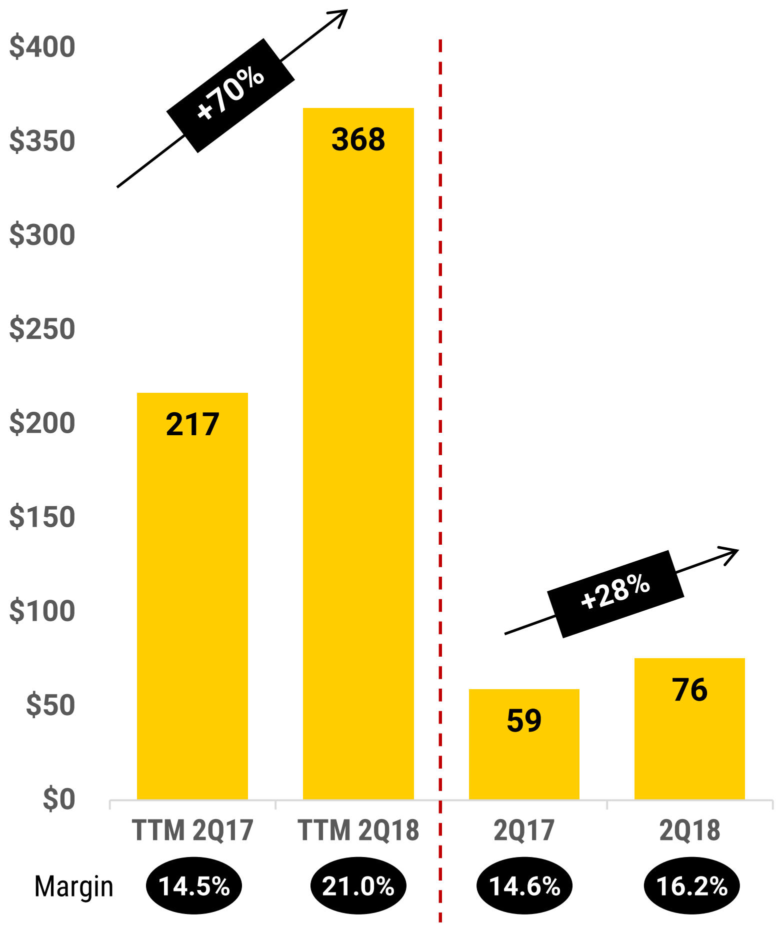
2Q 2018 Revenue Composition



1. Excluding additional pass-through revenue related to ASC 606, these revenues would have increased 32%
2. Sources: CoStar and/or Newmark Research
3. Investment sales, mortgage brokerage, and Agency lending revenues represents two separate line items: 1) real estate capital markets (which consists of investment sales and mortgage brokerage), and 2) Gains from mortgage banking activities/origination, net (referred to here as "agency lending")

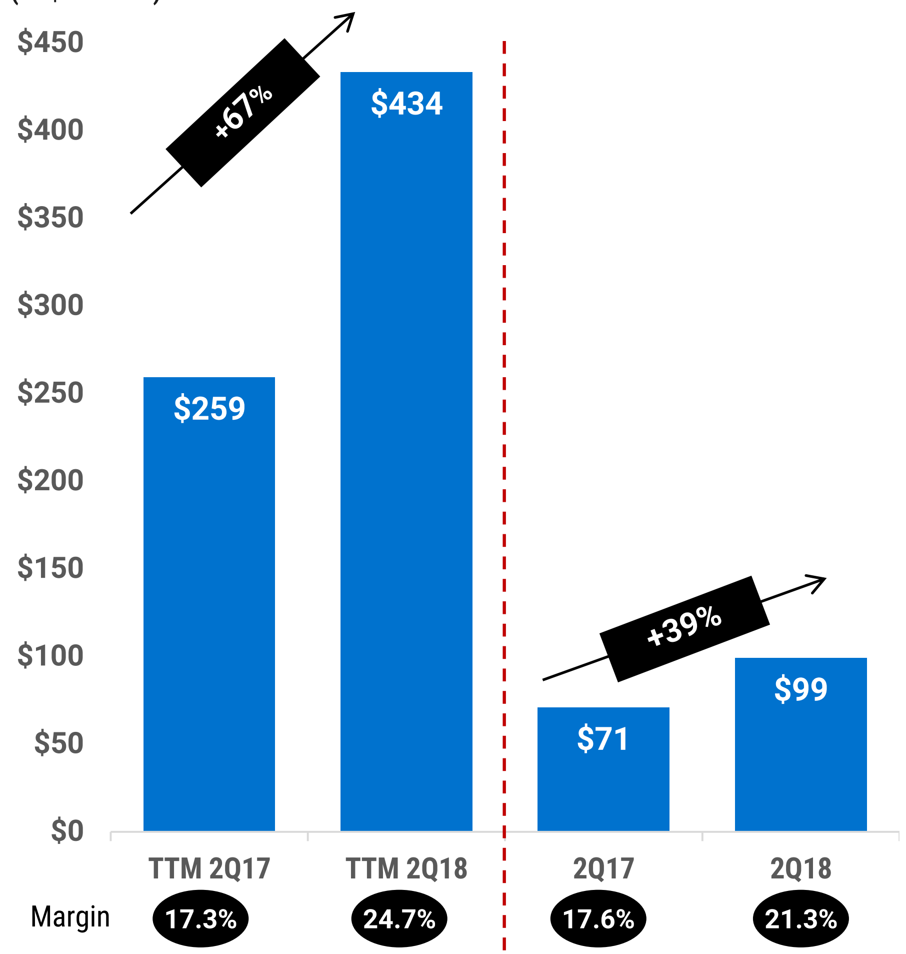
Pre-tax Adjusted Earnings[1]

(US$ millions)



Adjusted EBITDA before allocations to units[1]

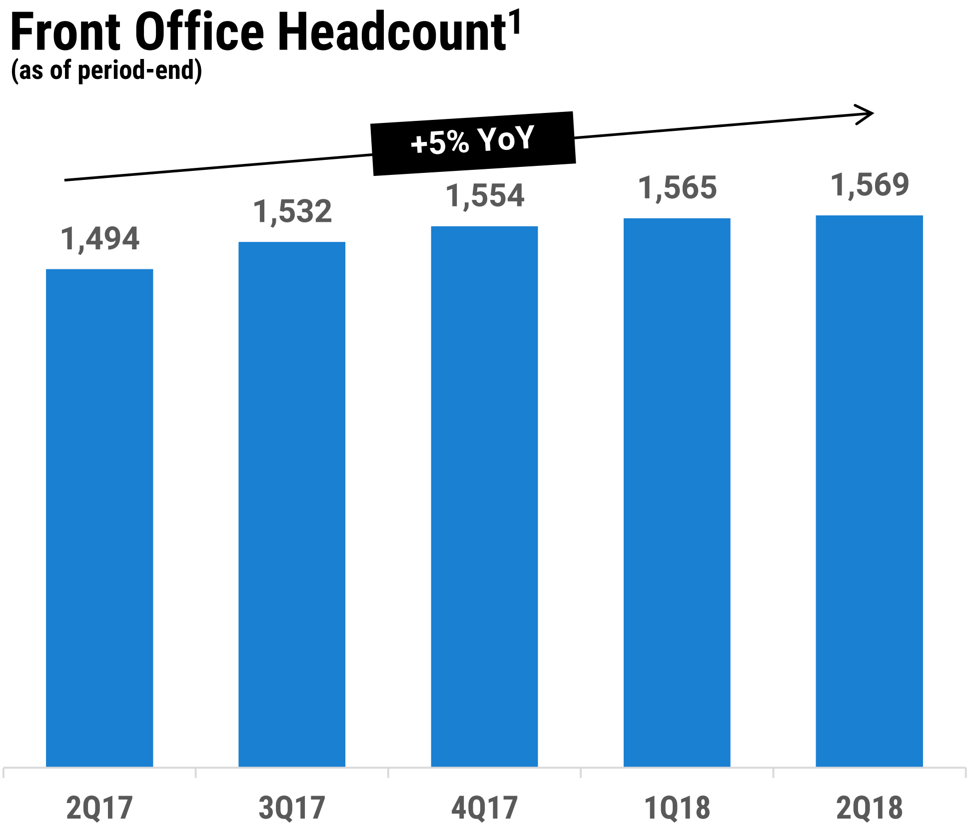
(US$ millions)

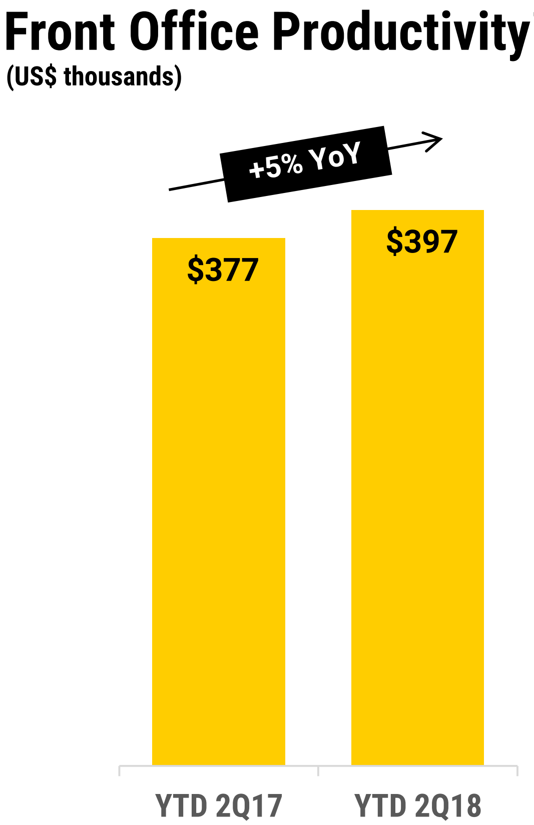


1. TTM 2Q18 includes other income related to the Nasdaq shares of $79.3 million. Excluding this income, TTM 2Q18 pre-tax Adjusted Earnings and TTM 2Q18 Adjusted EBITDA would have been up approximately 33% and 37%, while TTM 2Q18 pre-tax Adjusted Earnings margin and TTM 2Q18 Adjusted EBITDA margin would have been 16.5% and 20.2%, respectively

NEWMARK

FRONT OFFICE HEADCOUNT & PRODUCTIVITY





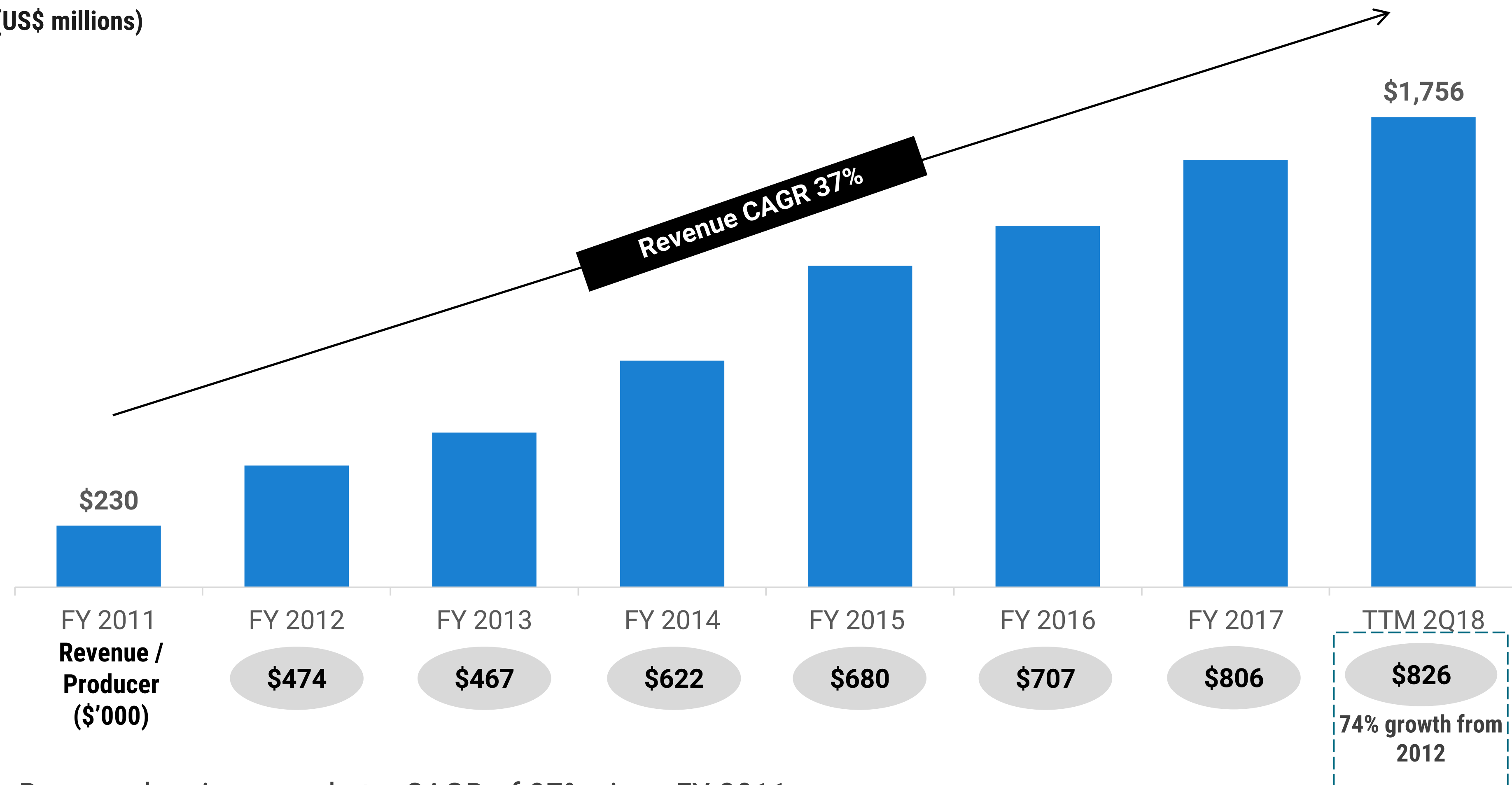
- Over time, Newmark expects productivity to improve as the company increases cross selling and profitably hires top producers

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

LONG-TERM REVENUE AND PRODUCTIVITY GROWTH

Newmark Revenues[1]

(US$ millions)



- Revenue has increased at a CAGR of 37% since FY 2011
- Revenue per producer increased at a CAGR of 11% from FY 2012 to TTM 2Q18

1. Based on revenues reported for BGC's Real Estate Services segment for FY 2012, FY 2013, and FY 2014. FY 2011 revenues are based on unaudited full year 2011 revenues for Newmark & Co. Includes Berkeley Point revenues for FY 2014 onwards

OUTLOOK COMPARED WITH YEAR AGO RESULTS

- Newmark expects to produce 2018 revenues of between approximately $1,900 million and $2,050 million, which would represent an increase of between 19% and 28% compared with $1,596.5 million in 2017
- Newmark anticipates its 2018 tax rate for Adjusted Earnings to be in the range of approximately 12% and 14%, compared with 18% in 2017
- Newmark expects 2018 post-tax Adjusted Earnings per share to be in the range of approximately $1.40 and $1.60, or an increase of between 22% and 39% versus $1.15 in 2017
- Newmark is raising its outlook for Adjusted EBITDA before allocations to units to between $500 million and $550 million dollars, or an increase of 34% to 47% compared with approximately $374 million in 2017
- Newmark expects its origination volumes to increase by more than 75% in the second half of 2018 as compared to the second half of 2017

GAAP FINANCIAL RESULTS

SELECT CONSOLIDATED GAAP FINANCIAL RESULTS

Highlights of Consolidated GAAP Results (USD millions, except per share data)	2Q 2018	2Q 2017	Change (%)
Revenues	$466.6	$405.1	15.2%
Income before income taxes and noncontrolling interests	15.1	56.6	(73.3)%
Net income (loss) for fully diluted shares	0.7	N/A	N/A
GAAP net income (loss) per fully diluted share	0.00	N/A	N/A
Pre-tax earnings margin	3.2%	14.0%	

NEWMARK

NEWMARK GROUP, INC. CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (IN THOUSANDS, EXCEPT PER SHARE DATA) (UNAUDITED) (UNDER GAAP)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Revenues:				
Commissions	279,833	239,848	540,568	444,806
Gains from mortgage banking activities/originations, net	41,877	73,546	80,791	118,808
Management services, servicing fees and other	144,909	91,677	275,720	174,039
Total revenues	466,619	405,071	897,079	737,653
Expenses:				
Compensation and employee benefits	268,980	238,518	521,675	453,663
Allocations of net income and grant of exchangeability to limited partnership units	65,026	23,851	90,835	34,500
Total compensation and employee benefits	334,006	262,369	612,510	488,163
Operating, administrative and other	80,048	59,404	155,475	106,786
Fees to related parties	6,301	4,167	13,195	8,885
Depreciation and amortization	20,201	23,218	42,714	41,455
Total non-compensation expenses	106,550	86,789	211,384	157,126
Total operating expenses	440,556	349,158	823,894	645,289
Other income (losses), net:				
Other income (loss)	(365)	(715)	5,342	(1,308)
Total other income (losses), net	(365)	(715)	5,342	(1,308)
Income (loss) from operations	25,698	55,198	78,527	91,056
Interest (income) expense , net	(10,582)	1,381	(23,991)	2,515
Income before income taxes and noncontrolling interests	15,116	56,579	54,536	93,571
Provision (benefit) for income taxes	10,822	1,422	17,755	1,407
Consolidated net income (loss)	$ 4,294	$ 55,157	$ 36,781	$ 92,164
Less: Net income (loss) attributable to noncontrolling interest in subsidiaries	3,555	12	16,045	308
Net income (loss) available to common stockholders	$ 739	$ 55,145	$ 20,736	$ 91,856
Per share data:				
Basic earnings per share				
Net income (loss) available to common stockholders	$ 739	$ 55,145	$ 20,736	$ 91,856
Basic earnings per share	$ 0.00	N/A	$ 0.13	N/A
Basic weighted-average shares of common stock outstanding	155,157	N/A	155,157	N/A
Fully diluted earnings per share				
Net income (loss) for fully diluted shares	739	N/A	32,755	N/A
Fully diluted earnings per share	$ 0.00	N/A	$ 0.13	N/A
Fully diluted weighted-average shares of common stock outstanding	155,938	N/A	252,805	N/A
Dividends declared per share of common stock	$ 0.09	N/A	$ 0.18	N/A
Dividends declared and paid per share of common stock	$ 0.09	N/A	$ 0.09	N/A

NEWMARK GROUP, INC. CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION (IN THOUSANDS, EXCEPT PER SHARE DATA) (UNAUDITED) (UNDER GAAP)

	June 30, 2018	December 31, 2017
Assets		
Current Assets:		
Cash and cash equivalents	$ 60,274	$ 121,027
Restricted cash	314,991	52,347
Marketable securities	9,127	57,623
Loans held for sale	547,968	362,635
Receivables, net	317,663	210,471
Other current assets	48,738	20,994
Total current assets	1,298,761	825,097
Goodwill	481,714	477,532
Mortgage servicing rights, net	392,040	392,626
Loans, forgivable loans and other receivables from employees and partners	248,038	209,549
Fixed assets, net	67,686	64,822
Other intangible assets, net	26,677	24,921
Other assets	322,223	278,460
Total assets	$ 2,837,139	$ 2,273,007
Liabilities, Redeemable Partnership Interest, and Equity:		
Current Liabilities:		
Warehouse notes payable	$ 540,571	$ 360,440
Accrued compensation	228,788	205,395
Current portion of accounts payable, accrued expenses and other liabilities	184,248	124,961
Secured loans	9,127	57,623
Current portion of payables to related parties	267,397	34,169
Total current liabilities	1,230,131	782,588
Long-term debt	247,150	670,710
Long-term debt payable to related parties	412,500	412,500
Other long term liabilities	169,079	163,795
Total liabilities	2,058,860	2,029,593
Equity:		
Total equity (1)	778,279	243,414
Total liabilities and equity	$ 2,837,139	$ 2,273,007

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

NEWMARK

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

	Six Months Ended June 30,	
	2018	2017
Net cash provided by (used in) operating activities	$ (120,989)	$ 190,760
Net cash provided by (used in) investing activities	12,942	(139,893)
Net cash provided by (used in) financing activities	309,938	(20,608)
Net increase (decrease) in cash and cash equivalents	201,891	30,259
Cash and cash equivalents and restricted cash at beginning of period	173,374	117,554
Cash and cash equivalents and restricted cash at end of period	$ 375,265	$ 147,813
Net cash provided by (used in) operating activities excluding activity from loan originations and sales	$ 64,345	$ 52,774

The Condensed Consolidated Statements of Cash Flows are presented in summarized form. For complete Condensed Consolidated Statements of Cash Flows, please refer to the company's Quarterly Report on Form 10-Q for the six months ended June 30, 2018, to be filed with the Securities and Exchange Commission in the near future.

APPENDIX

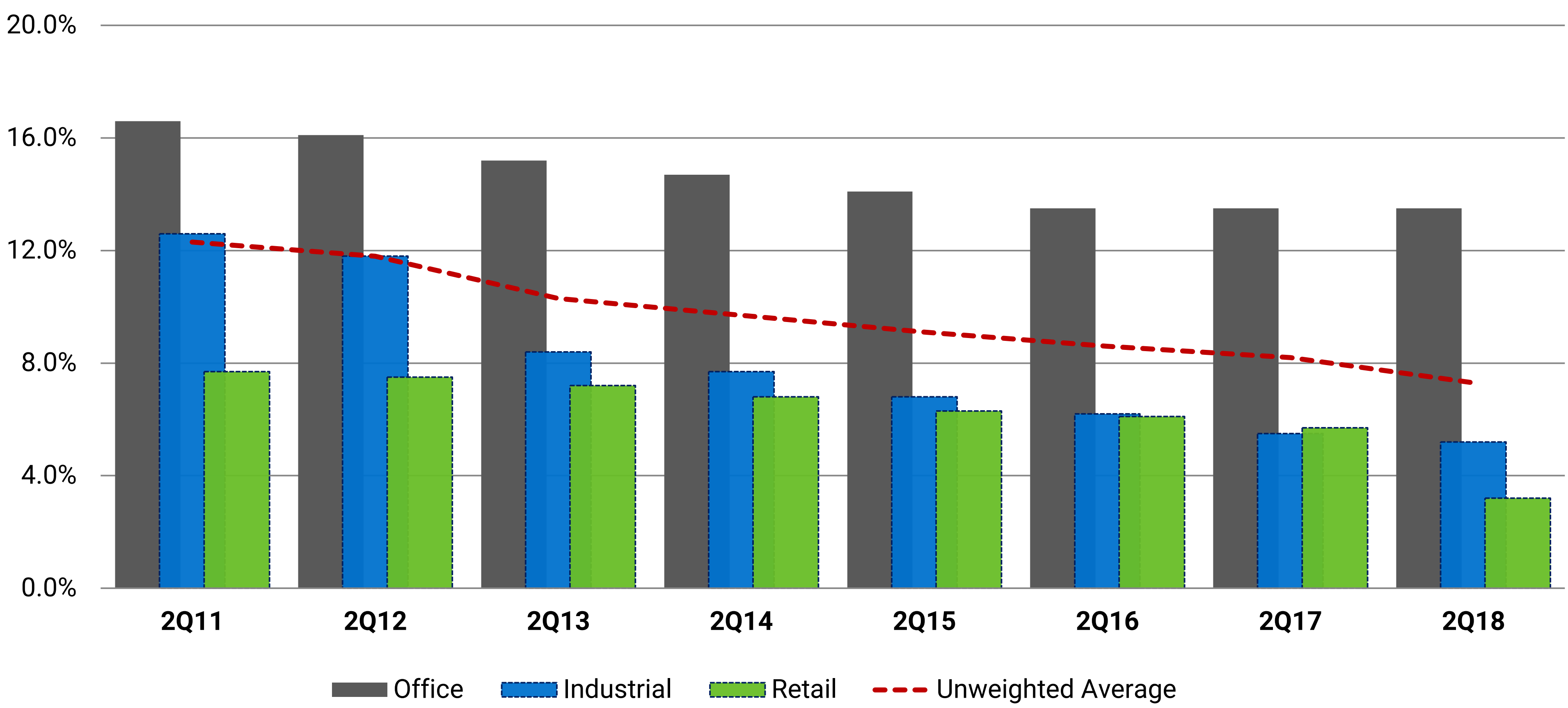
NEWMARK'S FULLY DILUTED SHARE COUNT SUMMARY AS OF JUNE 30, 2018

Newmark Group, Inc. Fully Diluted Share Count Summary As of June 30, 2018	Fully-diluted Shares (millions)	Ownership (%)
Class A owned by Public	23.3	9%
Limited partnership units owned by employees[1]	57.6	22%
Other owned by employees[2]	1.6	1%
Class A owned by BGC	115.6	45%
Class B owned by BGC	15.8	6%
Limited partnership units owned by BGC and subsidiaries	21.4	8%
Partnership units owned by Cantor	23.6	9%
Total	258.9	100%

- Had the spin-off occurred immediately following the close of the second quarter of 2018, the ratio of Newmark common shares to be distributed in respect of each BGC common share would have been approximately 0.4647. BGC owns 59% of Newmark's 258.9 million fully diluted shares
  - Currently the outstanding shares and shares underlying the limited partnership units in yellow are the shares available to be distributed to BGC shareholders as part of the proposed spin-off[3]

1. In conjunction with the proposed 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. Going forward, partners of Newmark will be compensated with Newmark partnership units and partners of BGC will be 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
3. Subject to applicable spin-off terms and partnership adjustments. See also the section of this document titled "Proposed Spin-Off of Newmark"

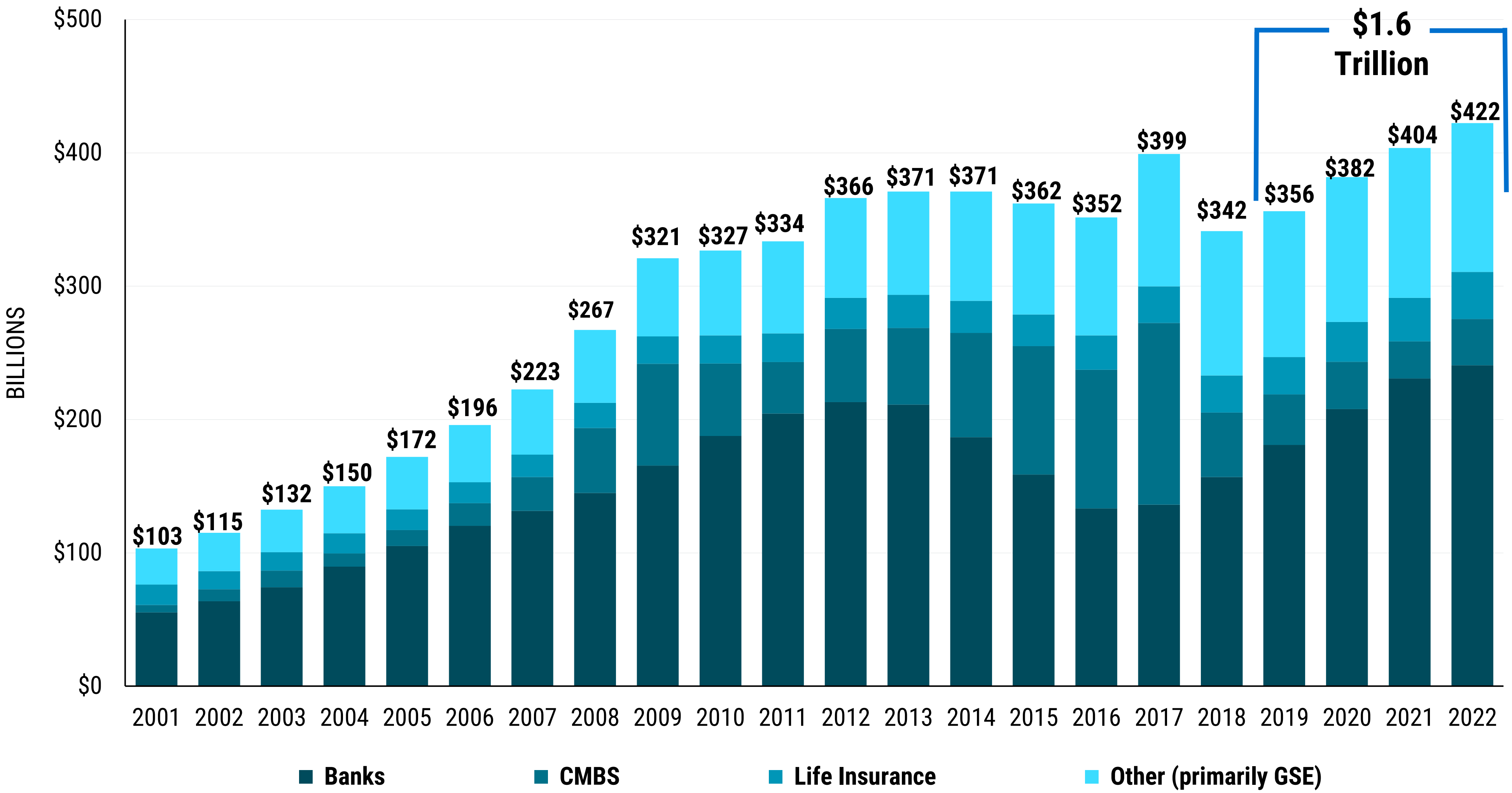
U.S. Vacancy Rates by Asset Class



› Vacancy rates remain flat in the office and industrial sectors, reflecting sustained demand that continues to outpace construction activity across major commercial real estate property types. The retail sector experienced a 250 basis point decrease year-over-year

Source: CoStar, Newmark Research

PROJECTED COMMERCIAL MORTGAGE MATURITIES



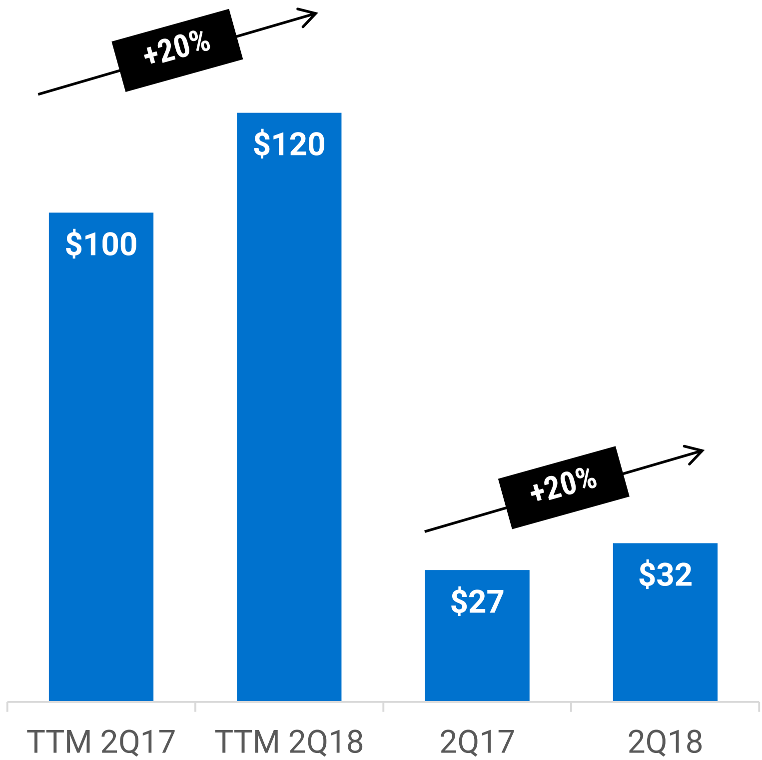
› $1.6 trillion in commercial mortgage maturities from 2019 – 2022 should support strong levels of refinancing activity

Source: Newmark Knight Frank Research, Trepp

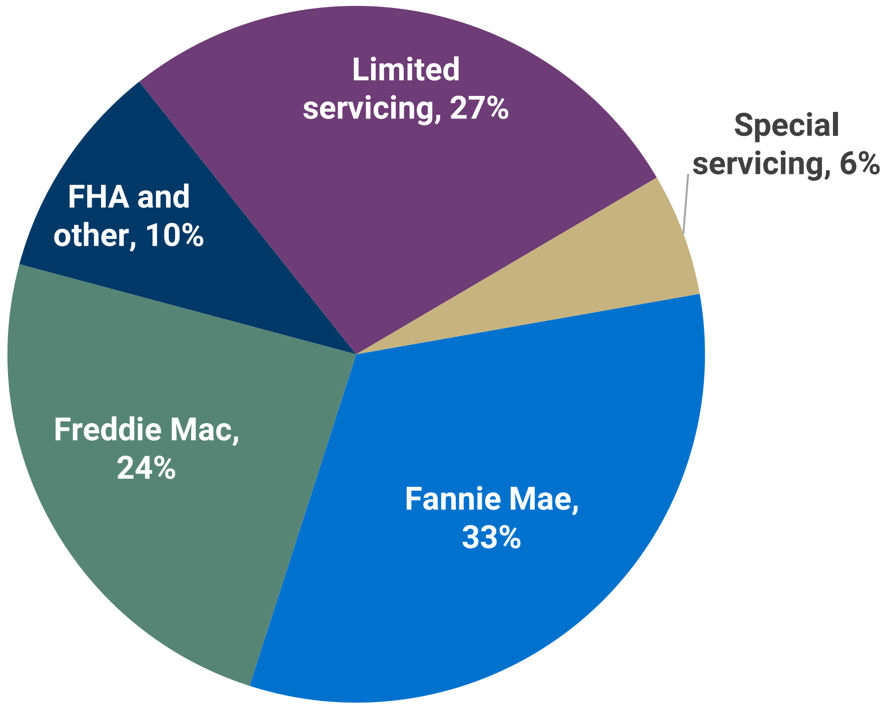
MORTGAGE SERVICING: PREDICTABLE AND RECURRING

Highly Recurring High Margin Business

Servicing Fees[1]
(US$ millions)



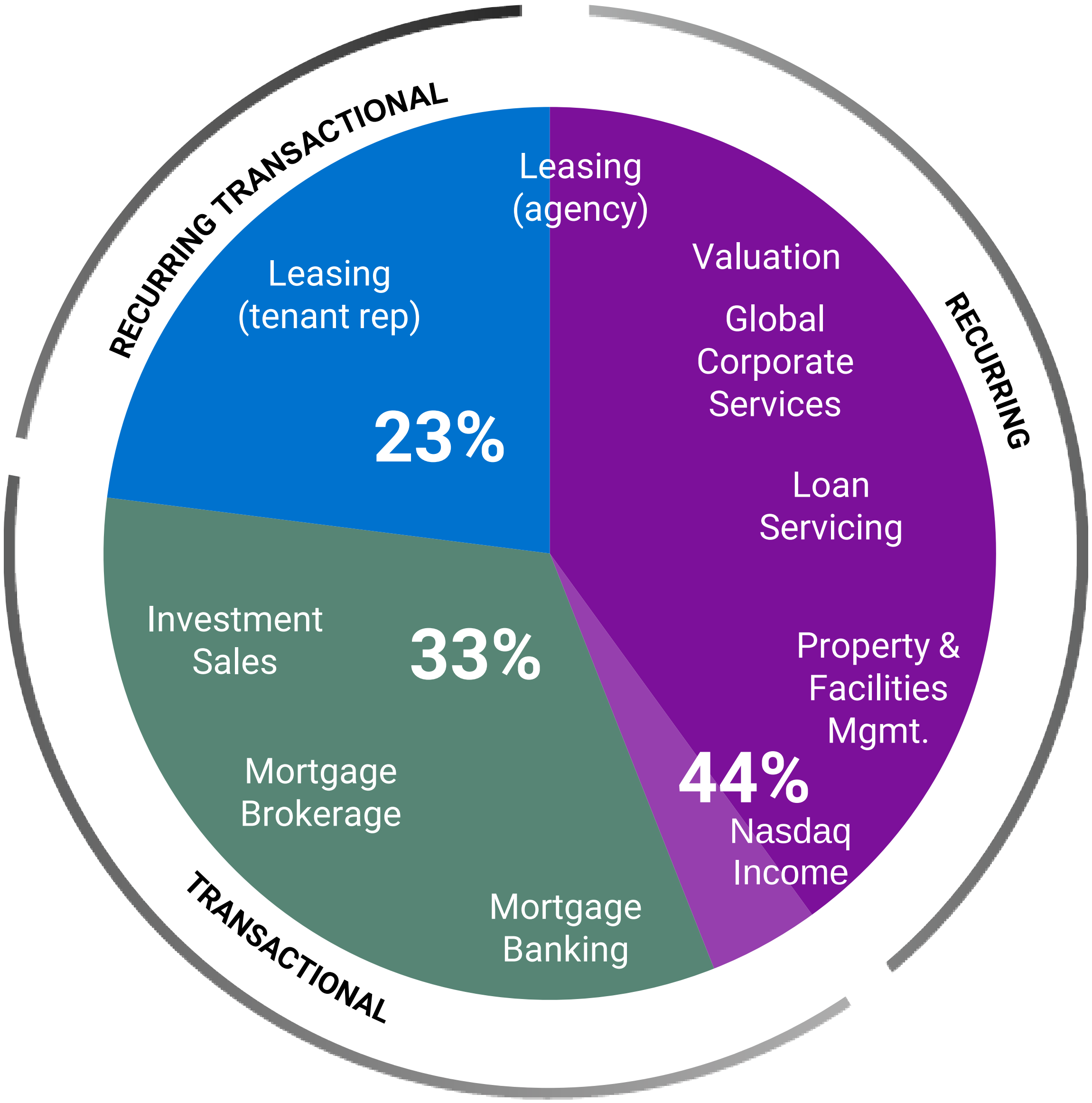
Servicing Portfolio Composition



- Newmark's servicing portfolio was $58.9 billion as of June 30, 2018
- The weighted average life of the loans in Newmark's primary servicing portfolio was 8 years as of June 30, 2018

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

DIVERSE AND RECURRING INCOME STREAMS



Balanced mix of revenue and other income with approximately 44% derived from recurring sources in TTM 2Q 2018

Ten largest customers represent less than 6% of total revenue[1]

Note: Chart based on revenue and other income related to the Nasdaq earn-out for the TTM ended June 30, 2018

1. For the TTM ended June 30, 2018

TRANSACTIONAL VOLUMES

Newmark Group, Inc. Quarterly and YTD Volumes

(in $ millions)

	2Q18	2Q17	Change (%)	YTD 2Q18	YTD 2Q17	Change (%)
Investment Sales [1]	8,633	8,303	4%	17,105	15,202	13%
Mortgage Brokerage [2]	2,955	3,351	-12%	5,362	4,559	18%
Total Capital Markets Volume	**11,588**	**11,653**	**-1%**	**22,467**	**19,760**	**14%**
Fannie Mae	1,254	982	28%	1,883	2,254	-16%
Freddie Mac	574	2,933	-80%	1,473	3,494	-58%
FHA	125	136	-8%	316	172	84%
Total Origination Volume	**1,953**	**4,052**	**-52%**	**3,672**	**5,919**	**-38%**
Total Debt and Equity Volume	**13,542**	**15,705**	**-14%**	**26,139**	**25,680**	**2%**

1. Includes all equity advisory transactions
2. Includes all debt placement transactions

› Newmark expects its origination volumes to increase by more than 75% in the second half of 2018 as compared to the second half of 2017

Note: 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

STRONG CREDIT PROFILE

($ in '000s)

Newmark Group, Inc.			6/30/2018
Cash and Cash Equivalents			$60,274

Newmark Group, Inc.	Interest Rate	Maturity	6/30/2018
Converted Term Loan	4.307%	9/8/2019	$247,150
Long-term debt payable to related parties[1]	8.125%	6/26/2042	112,500
Long-term debt payable to related parties	5.375%	12/9/2019	300,000
Total Long-term Debt			**$659,650**

Newmark Group, Inc. (Adj. EBITDA and Ratios are TTM 2Q 2018)	6/30/2018
Adjusted EBITDA before allocations to units	**$ 433,581**
Leverage Ratio: Total Long-term Debt / Adjusted EBITDA[2]	**1.5x**
Net Leverage Ratio: Net Long-term Debt / Adjusted EBITDA[2]	**1.4x**
Total equity[3]	**778,279**

- Newmark's balance sheet does not include the over $725 million of Nasdaq shares (at August 1, 2018 closing price) expected to be received in the future

1. Callable at par beginning June 26, 2017
2. This calculation is based on Newmark's Adjusted EBITDA before allocations to units
3. Includes "redeemable partnership interests", "noncontrolling interests" and "total stockholders' equity"

Note: This table does not include short-term borrowings, of which there was $271 million of debt related to Newmark's credit facility with BGC as of June 30, 2018. Restricted cash is also excluded from this table

NASDAQ MONETIZATION EXECUTIVE SUMMARY

- Newmark monetized the shares of Nasdaq it expects to receive in 2019 and 2020 for cash consideration of approximately $152.9 million in a private transaction with a bank counterparty
- Newmark used the net proceeds of approximately $152.9 million from the monetization to repay a portion of the $400 million Converted Term Loan[1] maturing September 8, 2019
- An indirect subsidiary of Newmark entered into two variable postpaid forward transactions (together, the "Forward") with the bank counterparty on the same day as the transaction
- The Forward is economically similar to at-the-money put options struck at Nasdaq's June 18, 2018 closing price of $94.21, and provides Newmark with downside protection on the shares while allowing Newmark to retain all appreciation related to the 2019 and 2020 Nasdaq share earn-outs
- The following benefits were achieved from the transactions:
  - **Increased non-dilutive equity capital on Newmark's balance sheet**
  - **Improved liquidity**
  - **The preferred shares are not expected to increase Newmark's fully diluted share count[2]**
  - **Reduced debt by approximately $152.9 million and lowered interest expense**
  - **Newmark believes that the transaction increases the likelihood of obtaining an investment grade credit rating on a stand-alone basis**

1. Subject to certain exceptions, Newmark is required to use any cash proceeds from capital raises above $25 million, net of fees and anticipated taxes, to repay any balance on the Converted Term Loan. See Newmark's and/or BGC's most recent SEC filing on Form 10-Q for more information on the Converted Term Loan
2. Should Newmark Group's consolidated revenues exceed $475 million in the third quarters of 2019 or 2020, the EPUs may be exchanged at Newmark's election for Newmark Group common Class A shares

DETAILS OF TRANSACTION

Introduction

- Newmark developed an innovative financing structure enabling it to raise capital in an efficient manner
- The structure combined entering into the Forward while simultaneously issuing an exchangeable preferred security to generate upfront proceeds that improved permanent equity capital on BGC's consolidated and Newmark's stand-alone balance sheet
- The payoff profile of the Forward was structured to replicate buying an at-the-money put option on Nasdaq shares
- With Nasdaq shares trading near all-time high price levels, the Forward will provide protection against any decrease in Nasdaq's share price while still allowing Newmark to participate in any upside to the stock
- The structure also allowed Newmark to defer any tax obligations associated with the Nasdaq shares until 2019 and 2020

Overview

- Newmark monetized a portion of its deferred stock earn-out from Nasdaq through the Forward
    - **As consideration for the e-Speed sale to Nasdaq in 2013, Newmark holds a deferred earn-out from Nasdaq that entitles Newmark to receive ~992k Nasdaq shares each year through 2027, subject to Nasdaq's consolidated gross revenue exceeding $25 million in the relevant year (Nasdaq's consolidated "gross" revenue was more than $2.4 billion for each of the past ten years)**
    - **Due to the remote contingency, the earn-out payments are not currently recognized as a balance sheet asset of Newmark or in Nasdaq's share count**
- Newmark monetized the 2019 and 2020 Nasdaq earn-outs and retains the flexibility to monetize some or all of the expected more than $650 million worth of remaining seven Nasdaq earn-outs from 2021 through 2027
- Newmark also issued Exchangeable Preferred Units ("EPUs") to raise cash proceeds upfront that increase non-dilutive equity capital by $152.9 million (net of transaction costs)
- Newmark expects the rating agencies to consider the cash proceeds as an increase in equity

DETAILS OF TRANSACTIONS (CONTINUED)

At Inception

- Newmark Partners, L.P. issued EPUs to the bank counterparty and received cash proceeds upfront
- The Nasdaq deferred consideration rights were transferred to a newly-formed special purpose vehicle (“SPV”) which in turn entered into the Forward with the bank counterparty
- Obligations under the Forward are recourse solely to the SPV whose sole asset is the Nasdaq deferred consideration

At Settlement

- The SPV expects to settle the Forward by delivering Nasdaq shares
    - **Full underlying shares are delivered for shares prices below the put strike, while a decreasing number of shares are delivered for prices above the put strike enabling Newmark to retain upside exposure to Nasdaq shares**
- The bank counterparty will in turn deliver the exchangeable preferred
- Newmark does not have any obligation to deliver cash or other property
- At its sole election, Newmark can elect to exchange the preferred for Newmark Group common stock after certain contingencies are met and raise additional equity capital. The preferred shares are not expected to increase Newmark’s fully diluted share count[1]

1. Should Newmark Group’s consolidated revenues exceed $475 million in the third quarters of 2019 or 2020, the EPUs may be exchanged at Newmark’s election for Newmark Group common Class A shares

DIFFERENCES BETWEEN CONSOLIDATED RESULTS FOR ADJUSTED EARNINGS AND GAAP

Differences between Consolidated Results for Adjusted Earnings and GAAP
The following sections describe the main differences between results as calculated for Adjusted Earnings and GAAP for the periods discussed herein.

In the second quarter 2018, the difference between compensation expenses as calculated for GAAP and Adjusted Earnings included non-cash, non-dilutive net charges related to $60.3 million in grants of exchangeability with respect to units of BGC held by certain Newmark partners and $4.7 million in allocation of net income to limited partnership units and FPUs.

In the second quarter 2017, the difference between compensation expenses as calculated for GAAP and Adjusted Earnings included non-cash, non-dilutive net charges related to the $17.6 million in grants of exchangeability; and $6.2 million in allocation of net income to limited partnership units and FPUs.

In the first six months of 2018, the difference between compensation expenses as calculated for GAAP and Adjusted Earnings included non-cash, non-dilutive net charges related to $82.1 million in grants of exchangeability with respect to units of BGC held by certain Newmark partners and $8.8 million in allocation of net income to limited partnership units and FPUs.

In the first six months of 2017, the difference between compensation expenses as calculated for GAAP and Adjusted Earnings included non-cash, non-dilutive net charges related to the $23.7 million in grants of exchangeability; and $10.8 million in allocation of net income to limited partnership units and FPUs.

Impact of OMSRs and MSRs on Non-Compensation Expenses for Adjusted Earnings
GAAP income from operations before income taxes for the second quarter 2018 includes a $9.0 million non-cash gain attributable to OMSRs net of MSRs. In the year earlier period, the comparable gain attributable to OMSRs net of amortization of MSRs was $23.6 million. These non-cash GAAP net gains were excluded from pre-tax Adjusted Earnings calculations as an adjustment to non-compensation expenses.

GAAP income from operations before income taxes for the first six months of 2018 includes a $12.2 million non-cash gain attributable to OMSRs net of MSRs. In the year earlier period, the comparable gain attributable to OMSRs net of amortization of MSRs was $39.0 million. These non-cash GAAP net gains were excluded from pre-tax Adjusted Earnings calculations as an adjustment to non-compensation expenses.

Other Differences between Non-compensation Expenses for Adjusted Earnings and GAAP
In addition to the adjustments related to OMSRs and MSRs, the difference between non-compensation expenses in the second quarter 2018 as calculated for GAAP and Adjusted Earnings also included $1.3 million of non-cash GAAP charges related to amortization of intangibles; and $0.3 million of non-recurring costs.

In addition to the adjustments related to OMSRs and MSRs, the difference between non-compensation expenses in the second quarter 2017 as calculated for GAAP and Adjusted Earnings also included $1.4 million of non-cash GAAP charges related to amortization of intangibles; and $0.8 million of non-recurring costs.

In addition to the adjustments related to OMSRs and MSRs, the difference between non-compensation expenses in the first six months of 2018 as calculated for GAAP and Adjusted Earnings also included $2.8 million of non-cash GAAP charges related to amortization of intangibles; and $0.4 million of non-recurring costs associated with the IPO.

In addition to the adjustments related to OMSRs and MSRs, the difference between non-compensation expenses in the first six months of 2017 as calculated for GAAP and Adjusted Earnings also included $2.7 million of non-cash GAAP charges related to amortization of intangibles; and $2.0 million of non-recurring costs associated with the IPO.

DIFFERENCES BETWEEN CONSOLIDATED RESULTS FOR ADJUSTED EARNINGS AND GAAP (CONTINUED)

Differences between Other income (loss) for Adjusted Earnings and GAAP

GAAP income from operations before income taxes for the second quarter 2018 and first half of 2018 includes a $2.8 million non-cash loss attributable to unrealized non-cash mark-to-market gains or losses on “other income (loss)” related to the variable share forward agreement with respect to Newmark’s expected receipt of the Nasdaq payments in 2019 and 2020. In the year earlier periods, there was no comparable loss attributable to other non-cash, non-dilutive, non-economic items. These non-cash GAAP net losses were excluded from pre-tax Adjusted Earnings calculations.

Differences between Taxes for Adjusted Earnings and GAAP

Newmark’s GAAP provision for income taxes is calculated based on an annualized methodology. The Company’s GAAP provision for income taxes was $10.8 million for the second quarter 2018. The Company includes additional tax-deductible items when calculating the provision for taxes with respect to Adjusted Earnings using an annualized methodology. These include tax-deductions related to equity-based compensation with respect to limited partnership unit exchange, employee loan amortization, and certain net-operating loss carryforwards. The provision for income taxes with respect to Adjusted Earnings was modified by $0.8 million for the second quarter 2018. As a result, the provision for income taxes for Adjusted Earnings was $10.0 million for second quarter 2018.

Newmark’s GAAP provision for income taxes was $1.4 million for the second quarter 2017. The Company’s provision for income taxes with respect to Adjusted Earnings was modified by $9.2 million for the second quarter 2017 using the same methodology described above. As a result, the provision for income taxes for Adjusted Earnings was $10.6 million for second quarter 2017. The Company did not include the effect of the 2017 U.S. Tax Cuts and Jobs Act when calculating the Adjusted Earnings provision for income taxes for 2017.

Newmark’s GAAP provision for income taxes is calculated based on an annualized methodology. The Company’s GAAP provision for income taxes was $17.8 million for the first six months of 2018. The Company includes additional tax-deductible items when calculating the provision for taxes with respect to Adjusted Earnings using an annualized methodology. These include tax-deductions related to equity-based compensation with respect to limited partnership unit exchange, employee loan amortization, and certain net-operating loss carryforwards. The provision for income taxes with respect to Adjusted Earnings was modified by $0.7 million for the first six months of 2018. As a result, the provision for income taxes for Adjusted Earnings was $18.5 million for the first six months of 2018.

Newmark’s GAAP provision for income taxes was $1.4 million for the first six months of 2017. The Company’s provision for income taxes with respect to Adjusted Earnings was modified by $15.5 million for the first six months of 2017 using the same methodology described above. As a result, the provision for income taxes for Adjusted Earnings was $16.9 million for first six months of 2017. The Company did not include the effect of the 2017 U.S. Tax Cuts and Jobs Act when calculating the Adjusted Earnings provision for income taxes for 2017.

ADJUSTED EARNINGS DEFINED

Adjusted Earnings Defined

Newmark uses non-GAAP financial measures including, but not limited to, “pre-tax Adjusted Earnings” and “post-tax Adjusted Earnings,” which are supplemental measures of operating results that are 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 available for, among other things, dividends and/or distributions to Newmark’s common stockholders and holders of Newmark Holdings partnership units during any period.

As compared with items such as “Income (loss) before income taxes and noncontrolling interests” and “Net income (loss) for fully diluted shares” all prepared in accordance with GAAP, Adjusted Earnings calculations primarily exclude certain non-cash compensation 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, as described below. In addition, Adjusted Earnings calculations exclude certain gains and charges that management believes do not best reflect the ordinary operating results of Newmark.

Adjustments Made to Calculate Pre-Tax Adjusted Earnings

Newmark defines pre-tax Adjusted Earnings as GAAP income (loss) from operations before income taxes and noncontrolling interest in subsidiaries, excluding certain items such as:

- The impact of any unrealized non-cash mark-to-market gains or losses on “other income (loss)” related to the variable share forward agreement with respect to Newmark’s expected receipt of the Nasdaq payments in 2019 and 2020;
- Non-cash asset impairment charges, if any;
- Allocations of net income to limited partnership units;
- Non-cash charges related to the amortization of intangibles with respect to acquisitions;
- Non-cash charges relating to grants of exchangeability to limited partnership units.

Virtually all of the Company’s key executives and producers have partnership or equity stakes in the Company and receive deferred equity or limited partnership units as part of their compensation. A significant percentage of Newmark’s fully diluted shares are owned by the Company’s executives, partners and employees. The Company issues limited partnership units and grants exchangeability to unit holders to provide liquidity to Newmark’s employees, to align the interests of the Company’s 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.

When the Company issues limited partnership units, the shares of common stock into which the units can be ultimately exchanged are included in Newmark’s fully diluted share count for Adjusted Earnings at the beginning of the subsequent quarter after the date of grant. Newmark includes such shares in the Company’s fully diluted share count when the unit is granted because the unit holder is expected to be paid a pro-rata distribution based on Newmark’s calculation of Adjusted Earnings per fully diluted share and because the holder could be granted the ability to exchange their units into shares of common stock in the future. Non-cash charges with respect to grants of exchangeability reflect the value of the shares of common stock into which the unit is exchangeable when the unit holder is granted exchangeability not previously expensed in accordance with GAAP. The amount of non-cash charges relating to grants of exchangeability the Company uses to calculate pre-tax Adjusted Earnings on a quarterly basis is based upon the Company’s estimate of expected grants of exchangeability to limited partnership units during the annual period, as described further below under “Adjustments Made to Calculate Post-Tax Adjusted Earnings.”

Adjusted Earnings also excludes 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 the Company 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.

ADJUSTED EARNINGS DEFINED (CONTINUED)

Additionally, Adjusted Earnings calculations exclude certain unusual, one-time or non-recurring items, if any. These items are excluded from Adjusted Earnings because the Company views excluding such items as a better reflection of the ongoing, ordinary operations of Newmark. Newmark's definition of Adjusted Earnings also excludes certain gains and charges with respect to acquisitions, dispositions, or resolutions of litigation. Management believes that excluding such gains and charges also best reflects the ongoing operating performance of Newmark.

Adjustments Made to Calculate Post-Tax Adjusted Earnings

Because Adjusted Earnings are calculated on a pre-tax basis, Newmark also intends to report post-tax Adjusted Earnings to fully diluted stockholders. Newmark defines post-tax Adjusted Earnings to fully diluted stockholders as pre-tax Adjusted Earnings reduced by the non-GAAP tax provision described below.

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) from operations before income taxes and noncontrolling interests in subsidiaries and the expected inclusions and deductions for income tax purposes, including expected grants of exchangeability to limited partnership units during the annual period. The resulting annualized tax rate is applied to Newmark's quarterly GAAP income (loss) from operations before income taxes and noncontrolling interests in subsidiaries. At the end of the annual period, the Company updates its estimate to reflect the actual tax amounts owed for the period.

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 non-cash charges with respect to grants of exchangeability, 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 previously described adjustments, the result is the Company's taxable income for Newmark's pre-tax Adjusted Earnings, to which the Company then applies the statutory tax rates. This amount is the Company's non-GAAP tax provision. Newmark views the effective tax rate on pre-tax Adjusted Earnings as equal to the amount of Newmark's 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 non-cash charges relating to the grants of exchangeability to limited partnership units. Because the non-cash charges relating to the grants of exchangeability are deductible in accordance with applicable tax laws, increases in exchangeability have the effect of lowering the Company's non-GAAP effective tax rate and thereby increasing Newmark's post-tax Adjusted Earnings.

Management uses post-tax Adjusted Earnings in part to help it evaluate, among other things, the overall performance of the 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.

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 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 Company would expect to pay if 100 percent of earnings were taxed at global corporate rates.

ADJUSTED EARNINGS DEFINED (CONTINUED)

Calculations of Pre-Tax and Post-Tax Adjusted Earnings per Share
Newmark's 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 interest 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 interest expense, net of tax.

The share count for Adjusted Earnings excludes certain shares 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 common 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 fully diluted share. 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 pre-tax Adjusted Earnings using the fully diluted share count. 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.

Other Matters with Respect to Adjusted Earnings
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 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 Adjusted Earnings measures and the GAAP measures of financial performance should be considered together.

Newmark anticipates providing forward-looking guidance for GAAP revenues and for certain Adjusted Earnings measures from time to time. However, the Company does not anticipate providing an outlook for GAAP results other than revenue. This is because certain GAAP items, which are excluded from Adjusted Earnings, are difficult to forecast with precision before the end of each period. The Company therefore believes that it is not possible to forecast GAAP results or to quantitatively reconcile GAAP results to non-GAAP results with sufficient precision unless Newmark makes unreasonable efforts. The items that are difficult to predict on a quarterly basis with precision and which can have a material impact on the Company's GAAP results include, but are not limited, to the following:

- Allocations of net income and grants of exchangeability to limited partnership units, which are determined at the discretion of management throughout and up to the period-end;
- The impact of 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 Forward. 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; and
- Acquisitions, dispositions and/or resolutions of litigation, which are fluid and unpredictable in nature.

ADJUSTED EBITDA DEFINED

Adjusted EBITDA and Adjusted EBITDA Before Allocations to Units Defined

Newmark provides a non-GAAP financial performance measure, “Adjusted EBITDA,” which the Company defines as “Net income (loss) for fully diluted shares” derived in accordance with GAAP and adjusted for the addition of the following items:

- Provision (benefit) for income taxes;
- Net income (loss) attributable to noncontrolling interest;
- Employee loan amortization and reserves on employee loans;
- Interest expense;
- Fixed asset depreciation and intangible asset amortization;
- Non-cash charges relating to grants of exchangeability to limited partnership units;
- Other non-cash charges related to equity-based compensation;
- Other non-cash income (loss); and
- Net non-cash GAAP gains related to OMSRs and MSRs amortization.

The Company also discloses “Adjusted EBITDA before allocations to units,” which is Adjusted EBITDA excluding GAAP charges with respect to allocations of net income to limited partnership units. Such allocations represent the pro-rata portion of pre-tax earnings available to such unit holders. These units are included in the fully-diluted share count, and are exchangeable on a one-to-one basis, subject to certain adjustments, into shares of Newmark’s Class A common stock. As these units are exchanged into shares of the Company’s Class A common stock, unit holders will become entitled to cash dividends paid on the shares of the Class A common stock rather than cash distributions in respect of the units. The Company views such allocations as economically equivalent to dividends on common shares. Because dividends paid to common shares are not an expense under GAAP, management believes similar allocations of income to unit holders should also be excluded by investors when analyzing Newmark’s results on a fully-diluted basis with respect to Adjusted EBITDA.

For all periods beginning with the third quarter of 2018, the Company will simplify its definition of “Adjusted EBITDA” so that it excludes GAAP charges with respect to allocations of net income to limited partnership units. Therefore, the term “Adjusted EBITDA” will be consistent with what the Company has historically referred to as “Adjusted EBITDA before allocations to units”.

The Company’s management believes that these Adjusted EBITDA measures are useful in evaluating Newmark’s operating performance, because the calculations of these measures generally eliminate 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 these measures to evaluate operating performance and for other discretionary purposes. Newmark believes that these Adjusted EBITDA measures are useful to investors to assist them in achieving a more complete picture of the Company’s financial condition and results of operations.

Because these Adjusted EBITDA measures are not recognized measurements under GAAP, investors should use these measures in addition to “Net income (loss) for fully diluted shares” when analyzing Newmark’s operating performance. Because not all companies use identical Adjusted EBITDA calculations, the Company’s presentation of these Adjusted EBITDA measures may not be comparable to similarly-titled measures of other companies. Furthermore, these Adjusted EBITDA measures are not intended to be measures of free cash flow or GAAP cash flow from operations, because these Adjusted EBITDA measures do not consider certain cash requirements, such as tax and debt service payments.

See the reconciliation table “Reconciliation of GAAP Income (Loss) to Adjusted EBITDA” elsewhere in this document for additional information on this topic.

PROPOSED SPIN-OFF

Proposed Spin-Off of Newmark

BGC has advised Newmark that it currently expects to pursue a distribution to its stockholders of all of the Class A common shares and Class B common shares of Newmark that BGC then owns (the “spin-off”) in a manner that is intended to qualify as generally tax-free for U.S. federal income tax purposes. As currently contemplated, shares of Class A common stock of Newmark held by BGC would be distributed to the holders of shares of Class A common stock of BGC, and shares of Class B common stock of Newmark held by BGC would be distributed to the holders of shares of Class B common stock of BGC.

Had the spin-off occurred immediately following the close of the second quarter of 2018, the ratio of Newmark common shares to be distributed in respect of each BGC common share would have been approximately 0.4647. However, the exact ratio of Newmark common shares to be distributed in respect of each BGC common share in the spin-off will depend on, among other things, the number of BGC common shares outstanding and the number of Newmark common shares (including Newmark common shares underlying units of Newmark Partners, L.P.) owned by BGC as of the record date of the spin-off. The spin-off is subject to a number of conditions, and BGC may determine not to proceed with the spin-off if the BGC board of directors determines, in its sole discretion, that the spin-off is not in the best interest of BGC and its stockholders. Accordingly, the spin-off may not occur on any expected timeframe, or at all.

Please see the section titled “Item 13—Certain Relationships and Related Transactions, and Director Independence—Separation and Distribution Agreement—The Distribution” and “Item 13—Certain Relationships and Related Transactions, and Director Independence—Separation and Distribution Agreement— BGC Partners Contribution of Newmark OpCo Units Prior to the Distribution” in Newmark’s amended 2017 annual report on Form 10-K/A for additional information regarding the proposed distribution.

DIVIDEND POLICY & ASC 606

Newmark Dividend Policy

Newmark's board of directors has authorized a dividend policy that reflects its intention to pay a quarterly dividend, starting with the first quarter of 2018. Any dividends to Newmark's common stockholders will be calculated based on its expected post-tax Adjusted Earnings per fully diluted share, as a measure of net income for the year. See Newmark's 10-Q for a definition of "post-tax Adjusted Earnings" per fully diluted share.

Newmark currently expects that, in any year, its aggregate quarterly dividends will be equal to or less than its estimate at the end of the first quarter of such year of 25% of its post-tax Adjusted Earnings per fully diluted share to its common stockholders for such year. The declaration, payment, timing and amount of any future dividends payable by Newmark will be at the discretion of its board of directors; provided that any dividend to its common stockholders that would result in the dividends for a year exceeding 25% of its post-tax Adjusted Earnings per fully diluted share for such year shall require the consent of the holder of a majority of the Newmark Holdings exchangeable limited partnership interests, which is currently Cantor.

For the first quarter of 2018, Newmark's board of directors declared a dividend of 9 cents per share based on management's current expectation of its post-tax Adjusted Earning per fully diluted share for the year, and has indicated that it expects such dividend to remain consistent for the full year. To the extent that 25% of Newmark's post-tax Adjusted Earnings per fully diluted share for the year exceeds this dividend on an annualized basis (i.e. an expected aggregate of $0.36 for four quarters), Newmark does not expect that its board of directors will increase the amount of the quarterly dividend payment during the year, or make downward adjustments in the event of a shortfall, although no assurance can be given that adjustments will not be made during the year. Newmark has indicated that it expects to announce the annual expected dividend rate in the first quarter of each year.

Impact of Adopting Revenue Recognition Guidance

On January 1, 2018, we adopted ASC 606, which provides accounting guidance on the recognition of revenues from contracts with customers and impacts the presentation of certain revenues and expenses in our Condensed Consolidated Statements of Operations. Newmark elected to adopt ASC 606 using a modified retrospective approach with regard to contracts that were not completed as of December 31, 2017, and prospectively from January 1, 2018 onward. Accordingly, our financial information have not been revised for historical comparable periods and are presented under the accounting standards in effect during those periods. Due to the adoption of ASC 606, for all periods from the first quarter of 2018 onward, Newmark did not and will not record revenues or earnings related to "Leasing and other commissions" with respect to contingent revenue expected to be received in future periods as of December 31, 2017, in relation to contracts signed prior to January 1, 2018, for which services have already been completed. Instead, the Company recorded this contingent revenue and related commission payments on the balance sheet on January 1, 2018, with a corresponding pre-tax improvement of approximately $22.7 million and Newmark recognized an increase of $16.5 million and $2.3 million to beginning retained earnings and non-controlling interest, respectively, as a cumulative effect of adoption of an accounting change. Over time, the Company expects to receive $23 million of cash related to these "Leasing and other commissions" receivables, primarily over the course of 2018 and 2019. This cash, however, will not be recorded as GAAP net income. Additionally, prior to the adoption of ASC 606, Newmark presented certain management services expenses incurred on behalf of customers, subject to reimbursement, on a net basis. Under ASC 606, Newmark concluded that it controls the services provided by a third party on behalf of customers and, therefore, acts as a principal under those contracts and will present the related expenses on a gross basis in our Condensed Consolidated Statements of Operations, with no impact on net income available to common stockholders.

ASC 606 does not apply to revenue associated with financial instruments, including loans and securities that are accounted for under other U.S. GAAP guidance, and as a result, did not have an impact on the elements of our Condensed Consolidated Statements of Operations most closely associated with financial instruments, including Commissions, Gains from mortgage banking activities/originations, net and Servicing fees.

There was no significant impact as a result of applying ASC 606 to our results of operations for the three months ended March 31, 2018, except as it relates to the recognition and presentation of Management services, servicing fees and other revenues that contained future contingencies and certain Operating, Administrative and Other expenses subject to reimbursement.

Refer to Newmark's Quarterly Reports on Form 10-Q for further information.

RECONCILIATION OF GAAP INCOME (LOSS) TO ADJUSTED EBITDA (IN THOUSANDS)(UNAUDITED)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
GAAP Net income (loss) available to common stockholders	**$ 739**	**$ 55,145**	**$ 20,736**	**$ 91,856**
Add back:				
Provision (benefit) for income taxes	10,822	1,422	17,755	1,407
Net income (loss) attributable to noncontrolling interest in subsidiaries	3,555	12	16,045	308
OMSR Revenue	(24,695)	(42,597)	(45,792)	(71,907)
MSR Amortization	15,726	19,040	33,550	32,916
Other Depreciation and Amortization	4,475	4,178	9,163	8,541
Depreciation and amortization	**20,201**	**23,218**	**42,713**	**41,457**
Grant of Exchangeability to limited partnership units (1)	60,334	17,644	82,083	23,681
Other non-cash and equity based compensation and amortization (2)	7,572	8,040	5,188	16,054
Non-Recurring (Gains) / Losses	275	814	444	2,016
Other non-cash, non-dilutive, non-economic items (3)	2,808	1,221	2,638	2,553
Interest expense (4)	12,915	7	27,735	13
Adjusted EBITDA	**$ 94,526**	**$ 64,926**	**$ 169,545**	**$ 107,438**
Allocations of net income	4,692	6,206	8,752	10,818
Adjusted EBITDA before allocations to units	**$ 99,218**	**$ 71,132**	**$ 178,297**	**$ 118,256**

(1) Represents non-cash and non-dilutive charges relating to grants of exchangeability to limited partnership units.

(2) Includes other equity based amortization and employee loans amortization and reserves.

(3) Includes the impact of any unrealized non-cash mark-to-market gains or losses on "other income (loss)" related to the variable share forward agreement with respect to Newmark's expected receipt of the Nasdaq payments in 2019 and 2020. Also includes certain other non-cash expenses.

(4) The Interest expense add back for Adjusted EBITDA excludes operating interest on Warehouse notes payable of $4.4 million and $9.5 million, for the Three Months Ended June 30, 2018 and 2017 and $8.1 million and $11.4 million for the Six Months Ended June 30, 2018 and 2017, respectively.

Note: For all periods beginning with the third quarter of 2018, the Company will simplify its definition of "Adjusted EBITDA" so that it excludes GAAP charges with respect to allocations of net income to limited partnership units. Therefore, the term "Adjusted EBITDA" will be consistent with what the Company has historically referred to as "Adjusted EBITDA before allocations to units".

TTM RECONCILIATION OF GAAP INCOME (LOSS) TO ADJUSTED EBITDA (IN THOUSANDS)(UNAUDITED)

	TTM Ended June 30, 2018	TTM Ended June 30, 2017
GAAP Net income (loss) available to common stockholders	**$ 73,372**	**$ 207,683**
Add back:		
Provision (benefit) for income taxes	73,826	4,542
Net income (loss) attributable to noncontrolling interest in subsidiaries	16,342	(317)
OMSR Revenue	(94,856)	(147,384)
MSR Amortization	73,152	60,188
Other Depreciation and Amortization	23,919	16,027
Depreciation and amortization	**97,071**	**76,215**
Grant of Exchangeability to limited partnership units (1)	147,837	53,101
Other non-cash equity based compensation and amortization (2)	56,036	47,083
Non-Recurring (Gains) / Losses	5,357	(14,315)
Other non-cash, non-dilutive, non-economic items (3)	4,834	2,553
Interest expense (4)	30,606	15
Adjusted EBITDA	**$ 410,426**	**$ 229,176**
Allocations of net income	23,155	30,282
Adjusted EBITDA before allocations to units	**$ 433,581**	**$ 259,457**

(1) Represents non-cash and non-dilutive charges relating to grants of exchangeability to limited partnership units.

(2) Includes other equity based amortization and employee loans amortization and reserves.

(3) Includes the impact of any unrealized non-cash mark-to-market gains or losses on "other income (loss)" related to the variable share forward agreement with respect to Newmark's expected receipt of the Nasdaq payments in 2019 and 2020. Also includes certain other non-cash expenses.

(4) The Interest expense add back for Adjusted EBITDA excludes operating interest on Warehouse notes payable.

Note: For all periods beginning with the third quarter of 2018, the Company will simplify its definition of "Adjusted EBITDA" so that it excludes GAAP charges with respect to allocations of net income to limited partnership units. Therefore, the term "Adjusted EBITDA" will be consistent with what the Company has historically referred to as "Adjusted EBITDA before allocations to units".

RECONCILIATION OF GAAP INCOME (LOSS) TO ADJUSTED EARNINGS AND GAAP FULLY DILUTED EPS TO POST-TAX ADJUSTED EPS (IN THOUSANDS, EXCEPT PER SHARE DATA) (UNAUDITED)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Net income (loss) available to common stockholders	$ 739	$ 55,145	$ 20,736	$ 91,856
Provision (benefit) for income taxes	10,822	1,422	17,755	1,407
Net income (loss) attributable to noncontrolling interest in subsidiaries	3,555	12	16,045	308
Pre-tax adjustments:				
OMSR Revenue	(24,695)	(42,597)	(45,793)	(71,907)
MSR amortization	15,726	19,040	33,551	32,916
Grant of exchangeability to limited partnership units	60,334	17,644	82,083	23,681
Intangible Asset Amortization	1,257	1,350	2,770	2,697
Non recurring (Gains) / Losses	275	814	443	2,016
Other non-cash, non-dilutive, non-economic items (1)	2,808	-	2,808	-
Allocation of Net Income	4,692	6,206	8,752	10,818
Total pre-tax adjustments	60,397	2,457	84,614	221
Pre-tax Adjusted Earnings	**$ 75,513**	**$ 59,036**	**$ 139,150**	**$ 93,792**
GAAP Net income (loss) available to common stockholders	$ 739	$ 55,145	$ 20,736	$ 91,856
Allocation of net income (loss) to noncontrolling interest in subsidiaries	3,311	-	14,998	-
Total pre-tax adjustments (from above)	60,397	2,457	84,614	221
Income tax adjustment to reflect adjusted earnings taxes	832	(9,205)	(699)	(15,476)
Post-tax Adjusted Earnings	**$ 65,279**	**$ 48,397**	**$ 119,649**	**$ 76,601**
Per Share Data				
GAAP fully diluted earnings per share	$ 0.00	N/A	$ 0.13	N/A
Less: Allocations of net income to limited partnership units and FPUs, net of tax	(0.01)	N/A	(0.06)	N/A
Nasdaq Forward Contract Preferred Discount	0.00	N/A	0.00	N/A
Total pre-tax adjustments (from above)	0.23	0.01	0.33	0.00
Income tax adjustment to reflect adjusted earnings taxes	0.00	(0.04)	(0.00)	(0.07)
Post-tax adjusted earnings per share	$ 0.25	$ 0.21	$ 0.47	$ 0.34
Pre-tax adjusted earnings per share	$ 0.29	$ 0.26	$ 0.55	$ 0.41
Fully diluted weighted-average shares of common stock outstanding	258,703	228,390	252,805	226,794

(1) Includes the impact of any unrealized non-cash mark-to-market gains or losses on "other income (loss)" related to the variable share forward ("Nasdaq Forward") agreement with respect to Newmark's expected receipt of the Nasdaq payments in 2019 and 2020.

TTM RECONCILIATION OF GAAP INCOME (LOSS) TO ADJUSTED EARNINGS (IN THOUSANDS) (UNAUDITED)

	TTM Ended June 30,	
	2018	2017
Net income (loss) available to common stockholders	$ 73,372	$ 207,683
Provision (benefit) for income taxes	73,826	4,542
Net income (loss) attributable to noncontrolling interest in subsidiaries	16,342	(317)
Pre-tax adjustments:		
Reserves on employee loan	26,055	18,142
OMSR Revenue	(94,856)	(147,384)
MSR amortization	73,152	60,188
Grant of exchangeability to limited partnership units	147,837	53,101
Intangible Asset Amortization	11,118	4,758
Non recurring (Gains) / Losses	5,357	(14,315)
Other non-cash, non-dilutive, non-economic items (1)	12,808	-
Allocation of Net Income	23,155	30,282
Total pre-tax adjustments	204,627	4,772
Pre-tax Adjusted Earnings	**$ 368,167**	**$ 216,680**
GAAP Net income (loss) available to common stockholders	$ 73,372	$ 207,683
Allocation of net income (loss) to noncontrolling interest in subsidiaries	14,998	-
Total pre-tax adjustments (from above)	204,627	4,772
Income tax adjustment to reflect adjusted earnings taxes	14,150	(35,443)
Post-tax Adjusted Earnings	**$ 307,146**	**$ 177,012**

(1) Includes the impact of any unrealized non-cash mark-to-market gains or losses on “other income (loss)” related to the variable share forward (“Nasdaq Forward”) agreement with respect to Newmark’s expected receipt of the Nasdaq payments in 2019 and 2020.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	**2017 (1)**	**2018**	**2017 (1)**
Common stock outstanding	155,157	N/A	155,447	N/A
Limited partnership units	-	N/A	67,033	N/A
Cantor units	-	N/A	23,758	N/A
Founding partner units	-	N/A	5,714	N/A
RSUs	146	N/A	213	N/A
Other	635	N/A	639	N/A
Fully diluted weighted-average share count for GAAP	**155,938**	**-**	**252,804**	**-**
Adjusted Earnings Adjustments:				
Common stock outstanding	-	N/A	-	N/A
Limited partnership units	73,354	N/A	-	N/A
Cantor units	23,714	N/A	-	N/A
Founding partner units	5,696	N/A	-	N/A
RSUs	-	N/A	-	N/A
Other	-	N/A	-	N/A
Fully diluted weighted-average share count for Adjusted Earnings	**258,702**	**228,390**	**252,804**	**226,794**

Note:

(1) This methodology divides the relevant historical weighted average share counts of BGC Partners by 2.2 and adds the 23.0 million shares of NMRK Class A common stock issued in the IPO as though they were issued and outstanding for the entire relevant period. BGC's fully diluted weighted average share count for the three and six months ended June 30, 2017 was 451.9 and 448.3 million, respectively.

Newmark's post-tax Adjusted Earnings per share for the three and six months ended June 30, 2018 and 2017 under this methodology is $0.25 and $0.47, and $0.21 and $0.34, respectively.

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