



Earnings Presentation

First Quarter 2018

Notes Regarding Financial Tables and Metrics

Excel files with the Company's 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. Certain numbers in the tables throughout this document may not sum due to rounding. 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 separate 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. 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. "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 May 2, 2018.

On September 8, 2017, BGC acquired Berkeley Point Financial LLC, including its wholly owned subsidiary Berkeley Point Capital LLC, which together are referred to as "Berkeley Point" or "BPF". BPF 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. All year-on-year comparisons in this document reflect the recast results.

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 BGC's and Newmark'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.

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Adjusted Earnings and Adjusted EBITDA

This presentation should be read in conjunction with Newmark's most recent financial results press release. 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 a reconciliation 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)	1Q18	1Q17	Change
Revenues	\$430.5	\$332.6	29.4%
Income before income taxes and noncontrolling interests under U.S. Generally Accepted Accounting Principles ("GAAP")	39.4	37.0	6.6%
GAAP net income (loss) for fully diluted shares	30.3	36.7	(17.5)%
Pre-tax Adjusted Earnings before noncontrolling interest in subsidiaries and taxes	63.6	34.8	83.1%
Post-tax Adjusted Earnings to fully diluted shareholders	54.4	28.2	92.8%
Adjusted EBITDA	75.0	42.5	76.5%
Adjusted EBITDA before allocations to units	79.1	47.1	67.8%

Per Share Results	1Q18	1Q17	Change
GAAP net income (loss) per fully diluted share	\$0.12	N/A	N/A
Post-tax Adjusted Earnings per share	0.22	0.13	69.2%

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

4

Highlights of Consolidated Adjusted Earnings Results (USD millions, except per share data)	1Q 2018	1Q 2017	Change (%)
Revenues	\$430.5	\$332.6	29.4%
Pre-tax Adjusted Earnings before noncontrolling interest in subsidiaries and taxes	63.6	34.8	83.1%
Post-tax Adjusted Earnings	54.4	28.2	92.8%
Post-tax Adjusted Earnings per share	0.22	0.13	69.2%
Adjusted EBITDA	75.0	42.5	76.5%
Adjusted EBITDA before allocations to units	79.1	47.1	67.8%
Pre-tax Adjusted Earnings margin	14.8%	10.5%	
Post-tax Adjusted Earnings margin	12.6%	8.5%	

- › On May 2, 2018 Newmark's Board of Directors declared a quarterly qualified cash dividend of \$0.09 per share payable on June 5, 2018 to Class A and Class B common stockholders of record as of May 21, 2018. The ex-dividend date will be May 18, 2018
 - › This dividend declaration is consistent with our previously stated intention of paying out up to 25 percent of our expected full year Adjusted Earnings per share to common stockholders
- › 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 periods¹

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

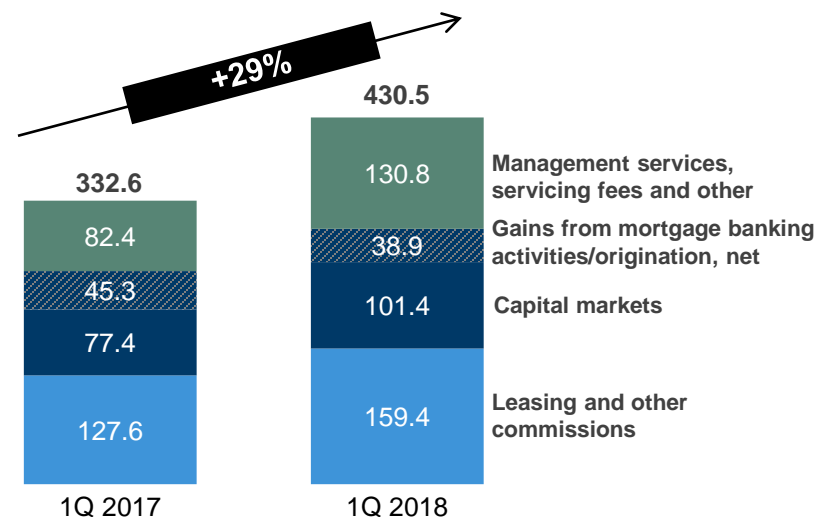
Highlights

- › 1Q 2018 leasing and other commissions revenue increased 25% YoY
- › 1Q 2018 capital markets revenue increased 31% YoY
- › 1Q 2018 management services, servicing fees and other increased 59% YoY¹

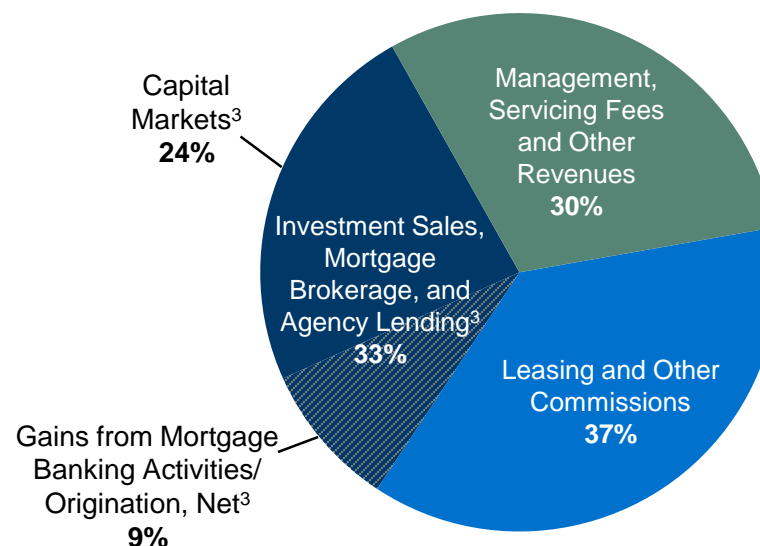
Drivers

- › Nearly 90% of revenue growth was organic; front office employees continued to improve their productivity
- › Newmark leasing and investment sales significantly outpaced most relevant industry-wide metrics²
- › Commercial real estate fundamentals remain strong
- › Valuation and Appraisal headcount increased by 270 professionals to a total of 300 professionals since the end of 1Q17

1Q 2018 Revenue Growth (US\$ millions)



1Q 2018 Revenue Composition



1. Approximately 38% of this grow was due to additional pass-through revenue related to ASC 606

2. Sources: CoStar, Approximately 38% of this growth was due to additional pass-through Real Capital Analytics ("RCA"), and/or Newmark Research

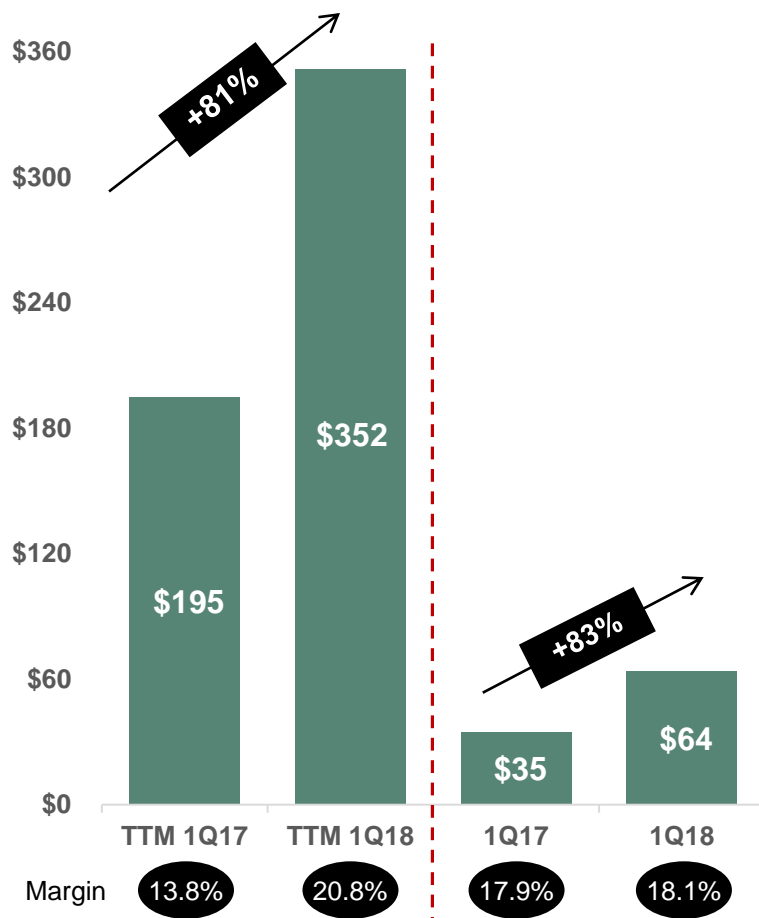
3. Investment sales, mortgage brokerage, and GSE lending revenues represents two separate line items: 1) real estate capital markets (which consists of investment sales and mortgage brokerage), and 2) Gains from mortgage banking activities/origination, net (referred to here as "agency lending")

ADJUSTED EARNINGS & ADJUSTED EBITDA PERFORMANCE

6

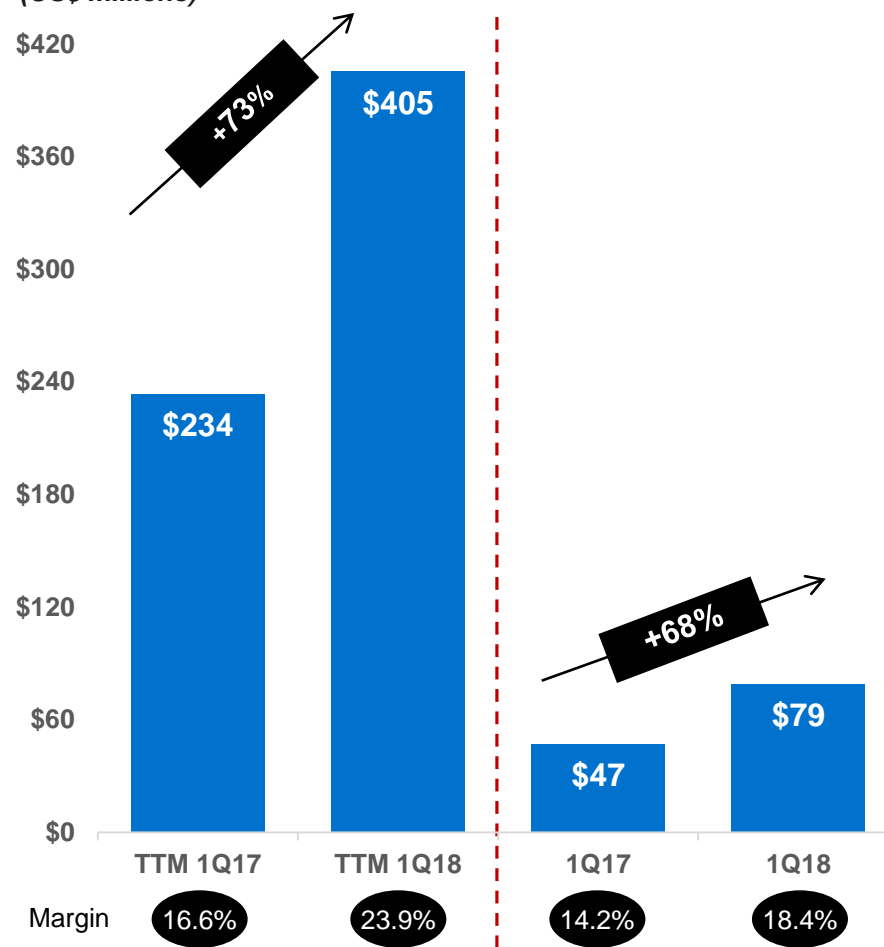
Pre-tax Adjusted Earnings¹

(US\$ millions)



Adjusted EBITDA before allocations to units¹

(US\$ millions)

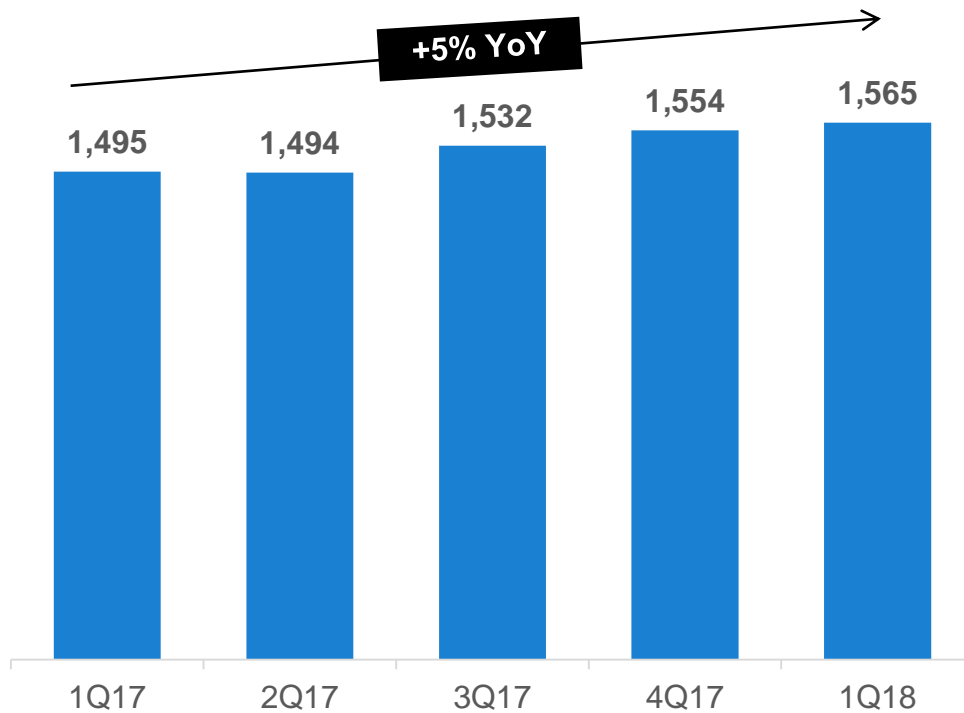


1. TTM 1Q18 includes other income related to the Nasdaq shares of \$78.7 million. Excluding this income, both TTM 1Q18 pre-tax Adjusted Earnings and TTM 1Q18 Adjusted EBITDA would have been up approximately 40%, while TTM 1Q18 pre-tax Adjusted Earnings margin and TTM 1Q18 Adjusted EBITDA margin would have been 16% and 19%, respectively

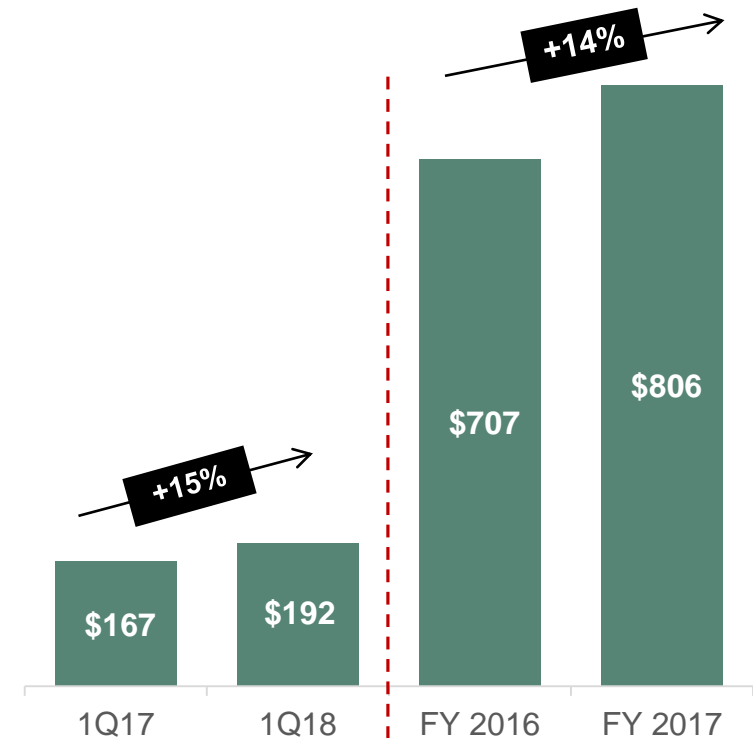
FRONT OFFICE HEADCOUNT & PRODUCTIVITY

7

Front Office Headcount¹
(as of period-end)



Front Office Productivity¹

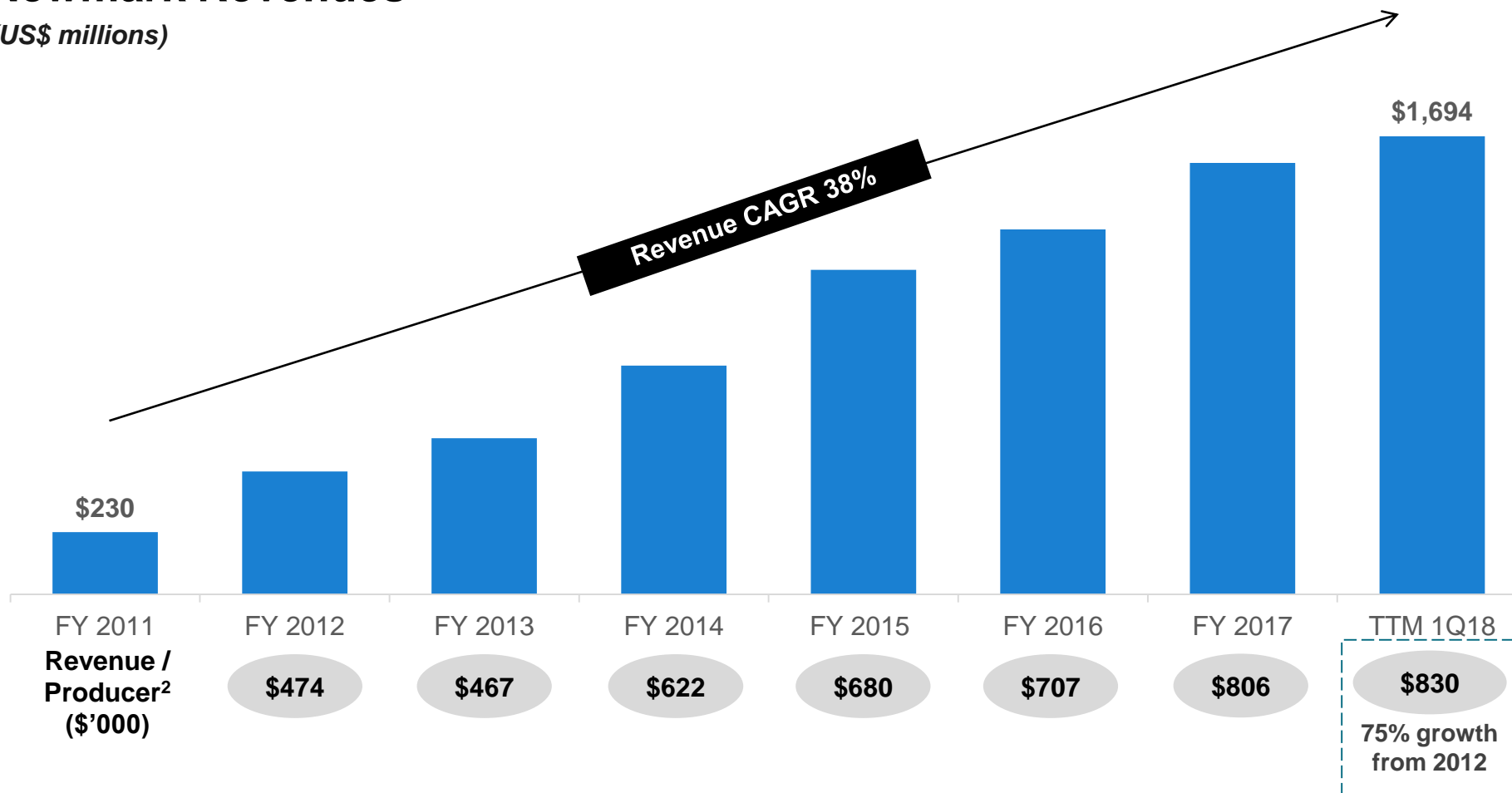


- Average revenue per producer increased 15% in 1Q18 to \$192,000, driving a large portion of the increase in Adjusted Earnings

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

Newmark Revenues¹

(US\$ millions)



- › Revenue has increased at a CAGR of 38% since FY 2011
- › Revenue per producer increased at a CAGR of 11% from FY 2012 to TTM 1Q18

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

2. Based on Front Office Revenue (capital markets, leasing and other commissions, and Gains from mortgage banking activities/origination, net) and average number of producers

Outlook Compared with Year Ago Results

The only change is the introduction of guidance for Adjusted EBITDA.

- ➔ 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 anticipates generating Adjusted EBITDA before allocations to units of between \$475 million and \$525 million dollars, or an increase of 27% to 40% compared with approximately \$374 million in 2017

GAAP FINANCIAL RESULTS



SELECT CONSOLIDATED GAAP FINANCIAL RESULTS

11

Highlights of Consolidated GAAP Results (USD millions, except per share data)

	1Q 2018	1Q 2017	Change (%)
Revenues	\$430.5	\$332.6	29.4%
Income before income taxes and noncontrolling interests	39.4	37.0	6.6%
Net income (loss) for fully diluted shares	30.3	36.7	(17.5)%
GAAP net income (loss) per fully diluted share	0.12	N/A	N/A
Pre-tax earnings margin	9.2%	11.1%	

NEWMARK GROUP, INC. CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

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

12

	Three Months Ended March 31,	
	2018	2017
Revenues:		
Commissions	\$ 260,735	\$ 204,958
Gains from mortgage banking activities/origination, net	38,914	45,262
Management services, servicing fees and other	130,811	82,362
Total revenues	430,460	332,582
Expenses:		
Compensation and employee benefits	252,695	215,145
Allocations of net income and grant of exchangeability to limited partnership units	25,809	10,649
Total compensation and employee benefits	278,504	225,794
Operating, administrative and other	75,427	47,382
Fees to related parties	6,894	4,718
Depreciation and amortization	22,513	18,237
Total non-compensation expenses	104,834	70,337
Total operating expenses	383,338	296,131
Other income (losses), net:		
Other income (loss)	5,707	(593)
Total other income (losses), net	5,707	(593)
Income (loss) from operations	52,829	35,858
Interest (expense) income, net	(13,409)	1,134
Income before income taxes and noncontrolling interests	39,420	36,992
Provision (benefit) for income taxes	6,933	(15)
Consolidated net income (loss)	\$ 32,487	\$ 37,007
Less: Net income (loss) attributable to noncontrolling interest in subsidiaries	12,490	296
Net income (loss) available to common stockholders	\$ 19,997	\$ 36,711
Per share data:		
<i>Basic earnings per share</i>		
Net income (loss) available to common stockholders	\$ 19,997	N/A
Basic earnings per share	\$ 0.13	N/A
Basic weighted-average shares of common stock outstanding	155,694	N/A
<i>Fully diluted earnings per share</i>		
Net income (loss) for fully diluted shares	30,286	N/A
Fully diluted earnings per share	\$ 0.12	N/A
Fully diluted weighted-average shares of common stock outstanding	246,834	N/A
Dividends declared per share of common stock	\$ 0.09	N/A
Dividends declared and paid per share of common stock	\$ -	N/A

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

13

	March 31, 2018	December 31, 2017
Assets		
Current Assets:		
Cash and cash equivalents	\$ 48,069	\$ 121,027
Restricted cash	243,944	52,347
Marketable securities	8,622	57,623
Loans held for sale	965,639	362,635
Receivables, net	293,148	210,471
Other current assets	36,499	20,994
Total current assets	1,595,921	825,097
Goodwill	474,990	477,532
Mortgage servicing rights, net	381,526	392,626
Loans, forgivable loans and other receivables from employees and partners	226,744	209,549
Fixed assets, net	64,565	64,822
Other intangible assets, net	25,896	24,921
Other assets	287,508	278,460
Total assets	<u>\$ 3,057,150</u>	<u>\$ 2,273,007</u>
Liabilities, Redeemable Partnership Interest, and Equity:		
Current Liabilities:		
Warehouse notes payable	\$ 950,479	\$ 360,440
Accrued compensation	205,732	205,395
Current portion of accounts payable, accrued expenses and other liabilities	165,746	124,961
Secured loans	8,622	57,623
Current portion of payables to related parties	197,199	34,169
Total current liabilities	1,527,778	782,588
Long-term debt	400,000	670,710
Long-term debt payable to related parties	412,500	412,500
Other long term liabilities	163,190	163,795
Total liabilities	2,503,468	2,029,593
Commitments and contingencies		
Equity:		
Total equity (1)	553,682	243,414
Total liabilities, redeemable partnership interest, and equity	<u>\$ 3,057,150</u>	<u>\$ 2,273,007</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)

14

	Three Months Ended March 31,	
	2018	2017
Net cash provided by (used in) operating activities	\$ (590,394)	\$ 296,411
Net cash provided by (used in) investing activities	42,473	(4,050)
Net cash provided by (used in) financing activities	666,560	(271,969)
Net increase (decrease) in cash and cash equivalents	118,639	20,392
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	<u>\$ 292,013</u>	<u>\$ 137,946</u>
Net cash provided by (used in) operations excluding activity from loan originations and sales	<u>\$ 12,611</u>	<u>\$ 1,236</u>

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 three months ended March 31, 2018, to be filed with the Securities and Exchange Commission in the near future.

APPENDIX



NEWMARK'S FULLY DILUTED SHARE COUNT SUMMARY AS OF MARCH 31, 2018

16

Newmark Group, Inc. Fully Diluted Share Count Summary As of March 31, 2018	Fully-diluted Shares (millions)	Ownership (%)
Class A owned by Public	23.3	9%
Limited partnership units owned by employees ¹	55.0	22%
Other owned by employees ²	2.3	1%
Class A owned by BGC	115.6	45%
Class B owned by BGC	15.8	6%
Limited partnership units owned by BGC	18.9	7%
Partnership units owned by Cantor	23.8	9%
Total	254.7	100%

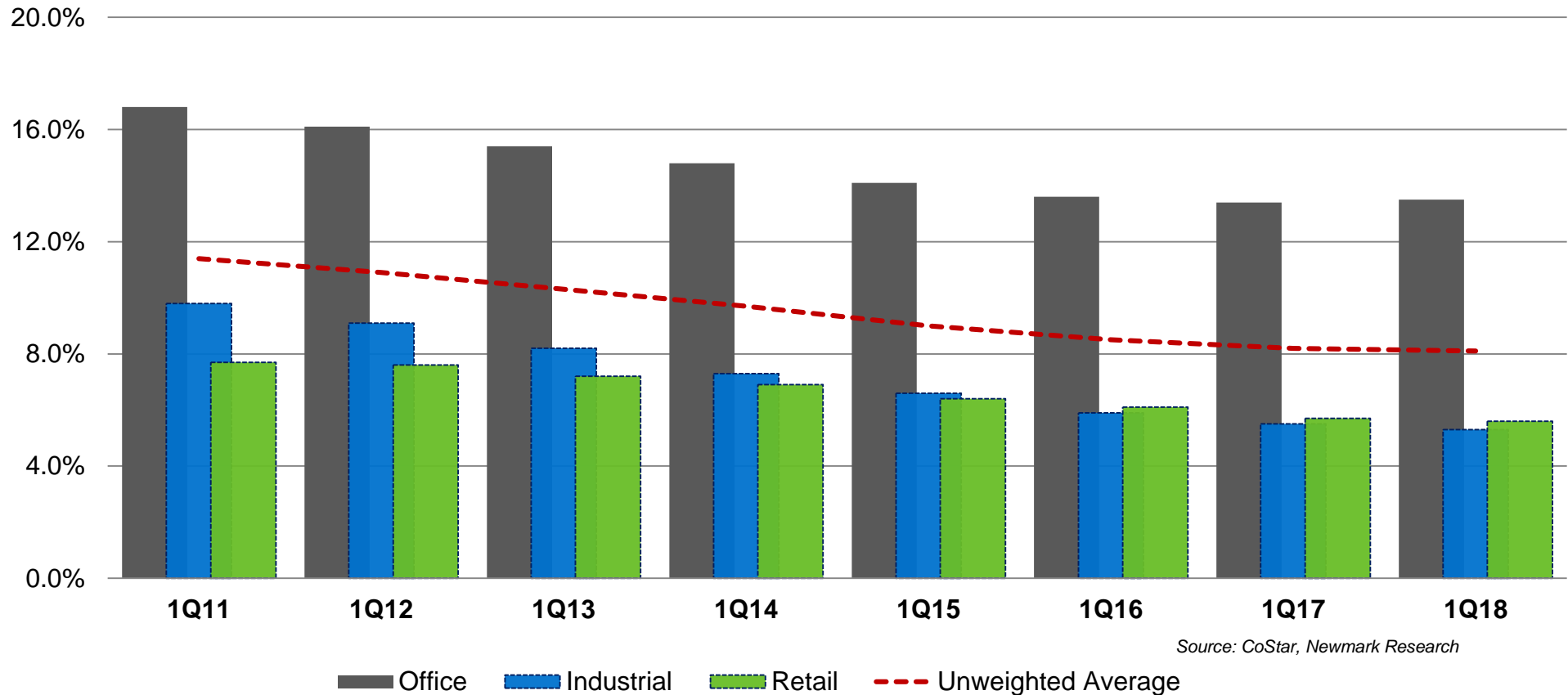
1. In conjunction with the proposed spin-off of Newmark, the limited partnership units are owned by employees of both Newmark and BGC. Over time, virtually all of the partners of Newmark are expected to only own units and/or shares of Newmark and virtually all of the partners of BGC are expected to only 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

VACANCY RATES REMAIN FLAT AS NEW INVENTORY DELIVERIES ARE OFFSET BY SUSTAINED DEMAND FOR COMMERCIAL REAL ESTATE

17

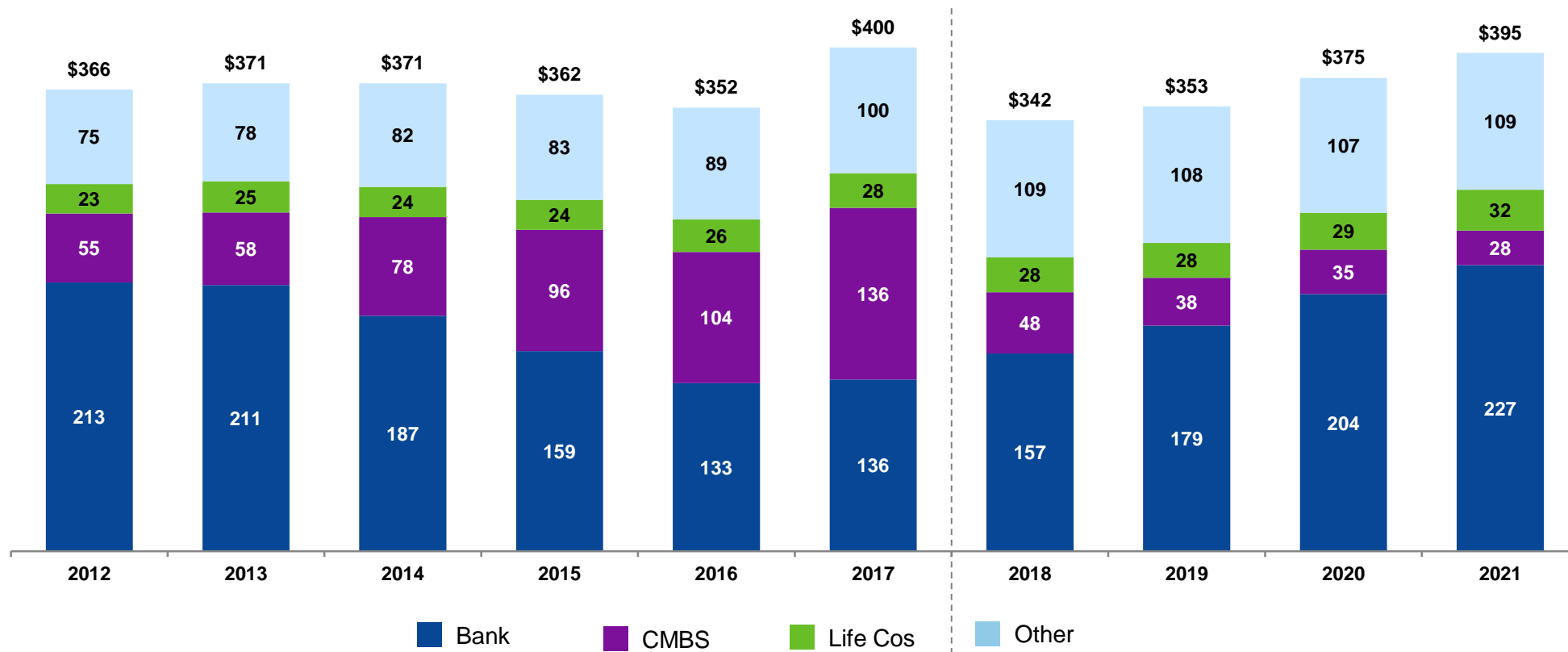
U.S. Vacancy Rates by Asset Class



➔ Vacancy rates remain flat, reflecting sustained demand that continues to outpace construction activity across major commercial real estate property types

U.S. Commercial Mortgage Maturities

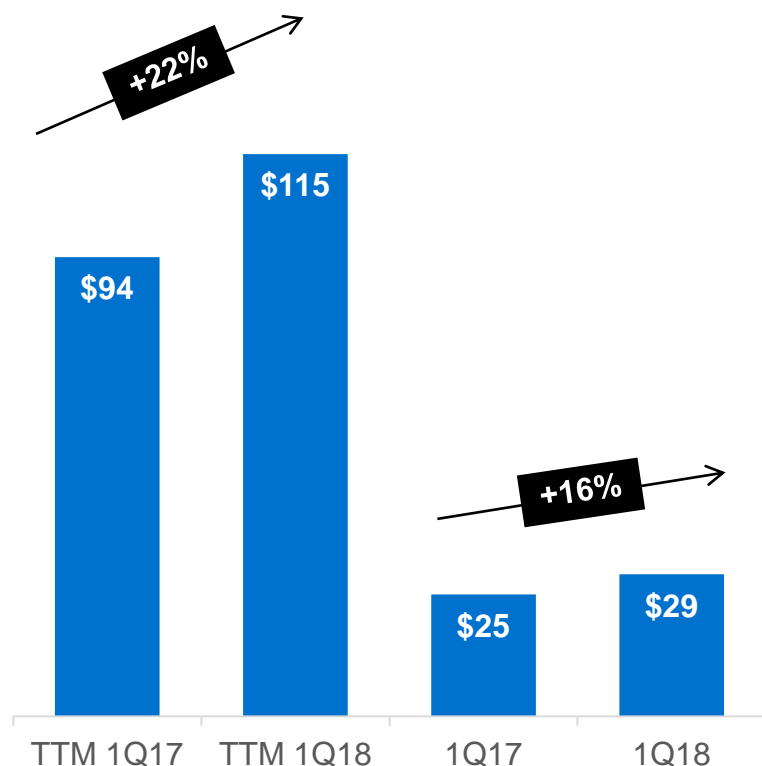
(US\$ billions)



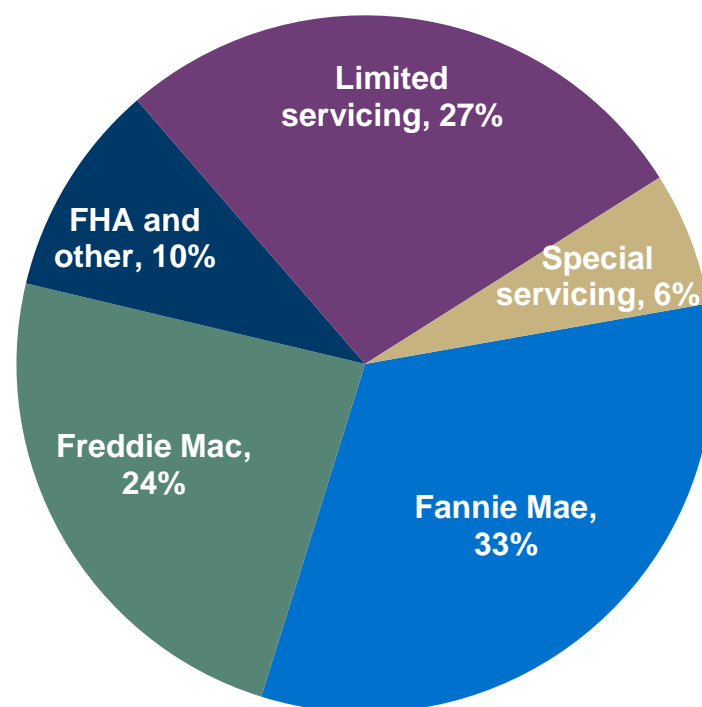
- ➔ \$1.5 trillion in commercial mortgage maturities from 2018 - 2021 should support strong levels of refinancing activity
- ➔ Fundraising for North America focused real-estate debt funds reached \$17.8 billion in 2017, up 65% from 2016

Highly Recurring High Margin Business

Servicing Fees¹
(US\$ millions)



Servicing Portfolio Composition

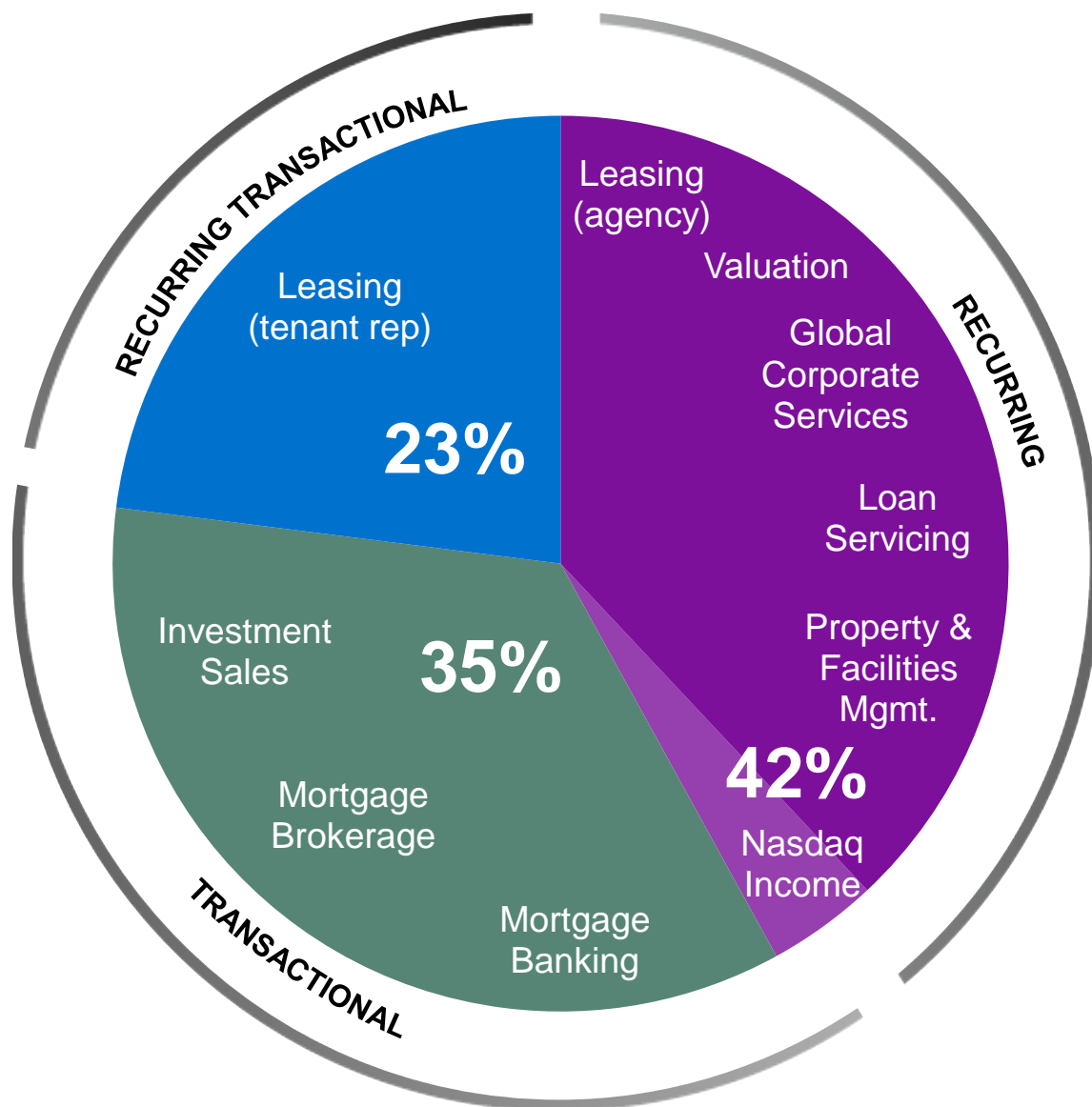


- › Newmark's servicing portfolio was \$58.8 billion as of March 31, 2018
- › The weighted average life of the loans in Newmark's primary servicing portfolio was 8 years as of March 31, 2018

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

DIVERSE AND RECURRING INCOME STREAMS

20



- Balanced mix of revenue and income with approximately 42% derived from recurring sources in TTM 1Q 2018
- Ten largest customers represent approximately 7% of total revenue¹

Note: Chart based on revenue and other income related to the Nasdaq earn-out for the trailing twelve months ended March 31, 2018

1. For the trailing twelve months ("TTM") ended March 31, 2018

Newmark Group, Inc. Quarterly and TTM Volumes

(in \$ millions)

	<u>1Q18</u>	<u>1Q17</u>	<u>Change (%)</u>	<u>TTM 1Q18</u>	<u>TTM 1Q17</u>	<u>Change (%)</u>
Investment Sales ¹	8,472	6,899	23%	36,601	30,578	20%
Mortgage Brokerage ²	2,407	1,489	62%	11,714	6,385	83%
Total Capital Markets Volume	10,879	8,387	30%	48,315	36,963	31%
Fannie Mae	626	1,272	-51%	3,245	5,312	-39%
Freddie Mac	899	560	60%	5,044	1,952	158%
FHA	77	21	261%	333	255	30%
Total Origination Volume	1,602	1,854	-14%	8,622	7,519	15%
Total Debt and Equity Volume	12,481	10,241	22%	56,937	44,482	28%

1. Includes all equity advisory transactions

2. Includes all debt placement transactions

(\$ in '000s)

Newmark Group, Inc.	3/31/2018
Cash and Cash Equivalents	\$48,069

Newmark Group, Inc.	Interest Rate	Maturity	3/31/2018
Converted Term Loan	3.990%	9/8/2019	\$400,000
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			\$812,500
Net Debt / (Liquidity)			\$764,431

Newmark Group, Inc. (Adj. EBITDA and Ratios are TTM IQ 2018)	3/31/2018
Adjusted EBITDA before allocations to units	\$ 405,497
Leverage Ratio: Total Long-term Debt / Adjusted EBITDA²	2.0x
Net Leverage Ratio: Net Long-term Debt / Adjusted EBITDA²	1.9x
Total equity³	553,789

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: The over \$870 million of Nasdaq shares (at May 2, 2018 closing price) expected to be received in the future are not included on Newmark's balance sheet as of March 31, 2018. In addition, this table does not include short-term borrowings, of which there was \$202 million of debt related to Newmark's credit facility with BGC as of March 31, 2018

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.

Differences between Compensation Expenses for Adjusted Earnings and GAAP

In the first quarter 2018, the difference between compensation expenses as calculated for GAAP and Adjusted Earnings included non-cash, non-dilutive net charges related to \$21.7 million in grants of exchangeability with respect to units of BGC held by certain Newmark partners and \$4.1 million in allocation of net income to limited partnership units and FPU.

In the first quarter 2017, the difference between compensation expenses as calculated for GAAP and Adjusted Earnings included non-cash, non-dilutive net charges related to the \$6.0 million in grants of exchangeability; and \$4.6 million in allocation of net income to limited partnership units and FPU.

Impact of OMSRs and MSRs on Non-Compensation Expenses for Adjusted Earnings

GAAP income from operations before income taxes for the first quarter 2018 includes a \$3.3 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 \$15.4 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 first quarter 2018 as calculated for GAAP and Adjusted Earnings also included \$1.5 million of non-cash GAAP charges related to amortization of intangibles; and \$0.3 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 quarter 2017 as calculated for GAAP and Adjusted Earnings also included \$1.3 million of non-cash GAAP charges related to amortization of intangibles; and \$0.6 million of non-recurring costs associated with the IPO.

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 \$6.9 million for the first 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 \$1.5 million for the first quarter 2018. As a result, the provision for income taxes for Adjusted Earnings was \$8.5 million for first quarter 2018.

Newmark's GAAP provision for income taxes was \$0.0 million for the first quarter 2017. The Company's provision for income taxes with respect to Adjusted Earnings was modified by \$6.3 million for the first quarter 2017 using the same methodology described above. As a result, the provision for income taxes for Adjusted Earnings was \$6.3 million for first 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.

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:

- 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 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 percent of earnings were taxed at global corporate rates.

ADJUSTED EARNINGS DEFINED (CONTINUED)

26

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. 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 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 (the last two items of which are discussed further in section of this documents called “Adjustments Made to Calculate Pre-Tax Adjusted Earnings.”)

- 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.

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.

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)

28

	Q1 2018	Q1 2017
Net income (loss) available to common stockholders	\$ 19,997	\$ 36,711
Provision (benefit) for income taxes	6,933	(15)
Net income (loss) attributable to noncontrolling interest in subsidiaries	12,490	296
Pre-tax adjustments:		
OMSR Revenue	(21,097)	(29,310)
MSR amortization	17,824	13,876
Grant of exchangeability to limited partnership units	21,749	6,037
Intangible Asset Amortization	1,513	1,347
Non recurring (Gains) / Losses	168	1,202
Allocation of Net Income	4,060	4,612
Total pre-tax adjustments	24,217	(2,236)
Pre-tax Adjusted Earnings	\$ 63,637	\$ 34,756
GAAP Net income (loss) available to common stockholders	\$ 19,997	\$ 36,711
Allocation of net income (loss) to noncontrolling interest in subsidiaries	11,687	-
Total pre-tax adjustments (from above)	24,217	(2,236)
Income tax adjustment to reflect adjusted earnings taxes	(1,531)	(6,271)
Post-tax Adjusted Earnings	\$ 54,370	\$ 28,204
<i>Per Share Data</i>		
GAAP fully diluted earnings per share	\$ 0.12	N/A
Less: Allocations of net income to limited partnership units and FPU's, net of tax	(0.05)	N/A
Total pre-tax adjustments (from above)	0.10	(0.01)
Income tax adjustment to reflect adjusted earnings taxes	(0.01)	(0.03)
Post-tax adjusted earnings per share	\$ 0.22	\$ 0.13
Pre-tax adjusted earnings per share	\$ 0.26	\$ 0.15
Fully diluted weighted-average shares of common stock outstanding	246,834	225,194

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

29

	Q1 2018	Q1 2017
GAAP Net income (loss) available to common stockholders	\$ 19,997	\$ 36,711
Add back:		
Provision (benefit) for income taxes	6,933	(15)
Net income (loss) attributable to noncontrolling interest in subsidiaries	12,490	296
OMSR Revenue	(21,097)	(29,310)
MSR Amortization	17,824	13,876
Other Depreciation and Amortization	4,688	4,363
Depreciation and amortization	22,512	18,239
Grant of Exchangeability to limited partnership units (1)	21,749	6,037
Other non-cash equity based compensation and amortization (2)	(2,384)	8,014
Non-Recurring (Gains) / Losses	169	1,202
Other non-cash, non-dilutive, non-economic items	(170)	1,332
Interest expense (3)	14,820	6
Adjusted EBITDA	\$ 75,019	\$ 42,512
Allocations of net income	4,060	4,612
Adjusted EBITDA before allocations to units	\$ 79,079	\$ 47,124

(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) The Interest expense add back for Adjusted EBITDA excludes \$3.7 million and \$1.9 million of operating interest on Warehouse notes payable for Q1 2018 and Q1 2017, respectively.

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

30

	<u>Q1 2018</u>	<u>Q1 2017 (1)</u>
Common stock outstanding	155,694	N/A
Limited partnership units	60,688	N/A
Cantor units	23,801	N/A
Founding partner units	5,733	N/A
RSUs	275	N/A
Other	643	N/A
Fully diluted weighted-average share count for GAAP	<u>246,834</u>	<u>-</u>
Adjusted Earnings Adjustments:		
Common stock outstanding	-	N/A
Limited partnership units	-	N/A
Cantor units	-	N/A
Founding partner units	-	N/A
RSUs	-	N/A
Other	-	N/A
Fully diluted weighted-average share count for Adjusted Earnings	<u>246,834</u>	<u>225,194</u>

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 Q1 2017 was 444.8 million.

Newmark's post-tax Adjusted Earnings per share for Q1 2018 and Q1 2017 under this methodology is \$0.22 and \$0.13 respectively.



MEDIA CONTACT:

Karen Lauren-Rikardsen
+1 212-829-4975

INVESTOR CONTACTS:

Jason McGruder
+1 212-610-2426

Kelly Collar
+1 212-610-2426

ir.ngkf.com
twitter.com/Newmarkkf