NEWMARK

EARNINGS PRESENTATION

Third 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 September 28, 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 26, 2018, Newmark announced the monetization of approximately two million additional Nasdaq shares. For further information, see the September 26, 2018 press release titled "Newmark And BGC Partners Announce Monetization of an Additional Approximately Two Million Nasdaq Shares and Update Their Outlooks", and the related filings 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. As of October 15, 2018, ARA, Berkeley Point, NKF Capital Markets, and Newmark Cornish & Carey all operate under the name "Newmark Knight Frank".

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

Adjusted Earnings and Adjusted EBITDA

This presentation should be read in conjunction with Newmark's most recent financial results press releases. Unless otherwise stated, throughout this document Newmark refers to its income statement results only on an Adjusted Earnings basis. Newmark may also refer to "Adjusted EBITDA". 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)	3Q18	3Q17	Change	YTD 2018	YTD 2017	Change
Revenues	$518.8	$398.2	30.3%	$1,415.9	$1,135.9	24.7%
GAAP income before income taxes and noncontrolling interests	151.4	100.5	50.7%	206.0	194.0	6.2%
GAAP net income (loss) for fully diluted shares	80.0	N/A	N/A	104.6	N/A	N/A
Pre-tax Adjusted Earnings before noncontrolling interest in subsidiaries and taxes	177.6	143.8	23.5%	316.7	237.6	33.3%
Post-tax Adjusted Earnings to fully diluted shareholders	153.6	118.3	29.9%	273.3	194.9	40.2%
Adjusted EBITDA	204.6	156.5	30.7%	382.9	274.8	39.4%

Per Share Results	3Q18	3Q17	Change	YTD 2018	YTD 2017	Change
GAAP net income (loss) per fully diluted share	$0.43	N/A	N/A	$0.56	N/A	N/A
Post-tax Adjusted Earnings per share	0.59	0.51	15.7%	1.07	0.85	25.9%

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)	3Q 2018	3Q 2017	Change (%)
Revenues	**$518.8**	**$398.2**	**30.3%**
Pre-tax Adjusted Earnings before noncontrolling interest in subsidiaries and taxes	**177.6**	**143.8**	**23.5%**
Post-tax Adjusted Earnings	**153.6**	**118.3**	**29.9%**
Post-tax Adjusted Earnings per share	**0.59**	**0.51**	**15.7%**
Adjusted EBITDA	**204.6**	**156.5**	**30.7%**
Pre-tax Adjusted Earnings margin	**34.2%**	**36.1%**	
Post-tax Adjusted Earnings margin	**29.6%**	**29.7%**	

- On October 24, 2018 Newmark's Board of Directors declared a quarterly qualified cash dividend of $[0.09] per share payable on [November 28, 2018] to Class A and Class B common stockholders of record as of [November 7, 2018]. The ex-dividend date will be [November 6, 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"

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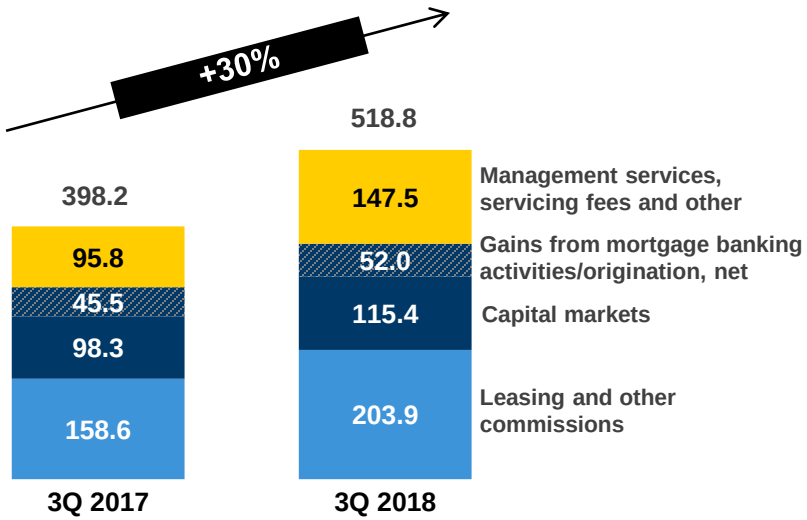
3Q 2018 REVENUE PERFORMANCE

Highlights

- 3Q 2018 Management services, servicing fees and other increased 54% YoY[1]
- 3Q 2018 Leasing and other commissions revenue increased 29% YoY
- 3Q 2018 Capital markets revenue increased 17% YoY
- 3Q 2018 Gains from mortgage banking activities/origination, net revenue increased 14%

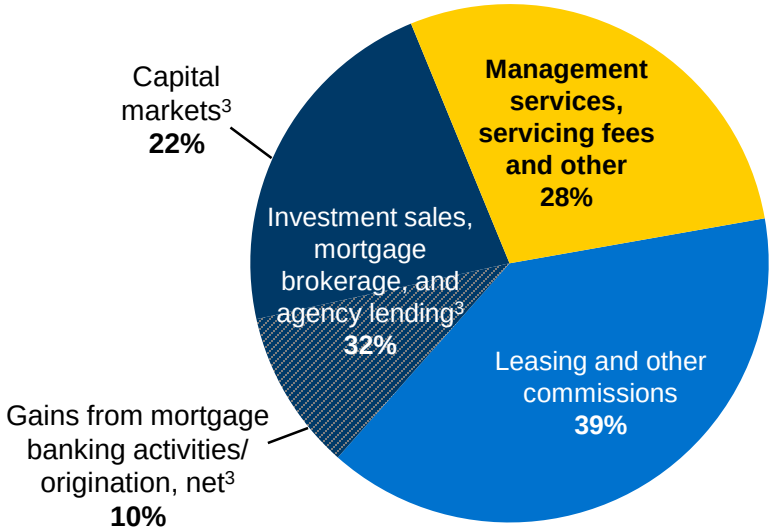
3Q 2018 Revenue Growth (US$ millions)



Drivers

- Over 90% of revenue growth was organic
- Strong revenue growth from leasing, investment sales, mortgage brokerage, multifamily agency origination, valuation & advisory, and global corporate services
- Investment sales and GSE origination outpaced comparable industry metrics[2]
- Commercial real estate fundamentals remain strong

3Q 2018 Revenue Composition



1. Excluding additional pass-through revenue related to ASC 606, these revenues would have increased 32%
2. Sources: Fannie Mae, Freddie Mac, Real Capital Analytics, CoStar and/or Newmark Research
3. Investment sales, mortgage brokerage, and agency lending revenues represents two separate line items: 1) 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")

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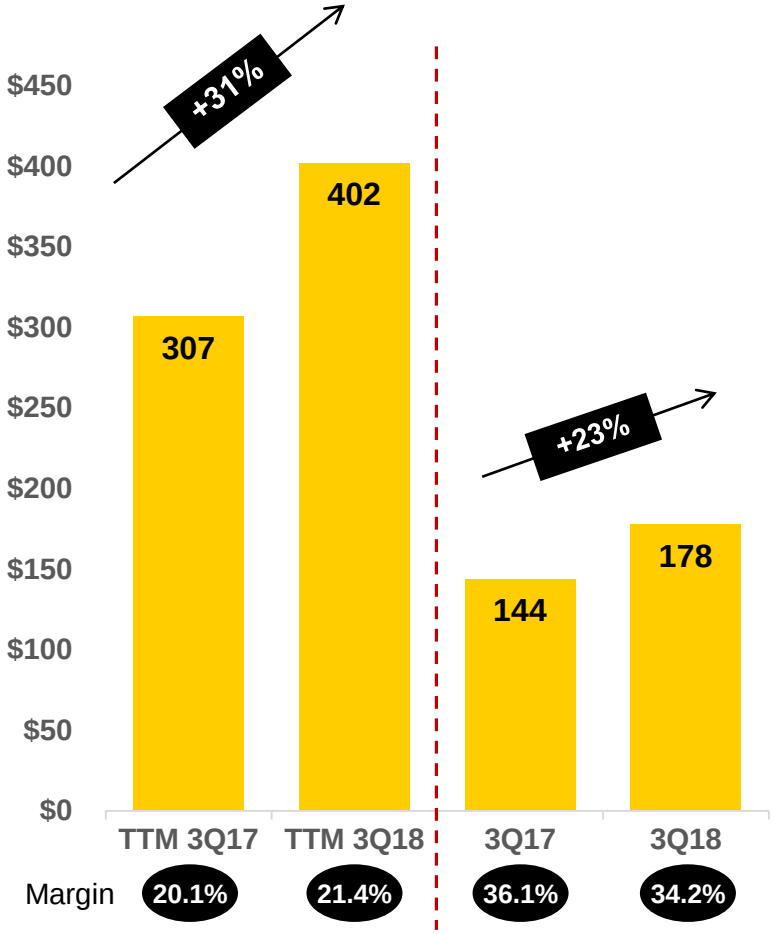
ADJUSTED EARNINGS & ADJUSTED EBITDA PERFORMANCE

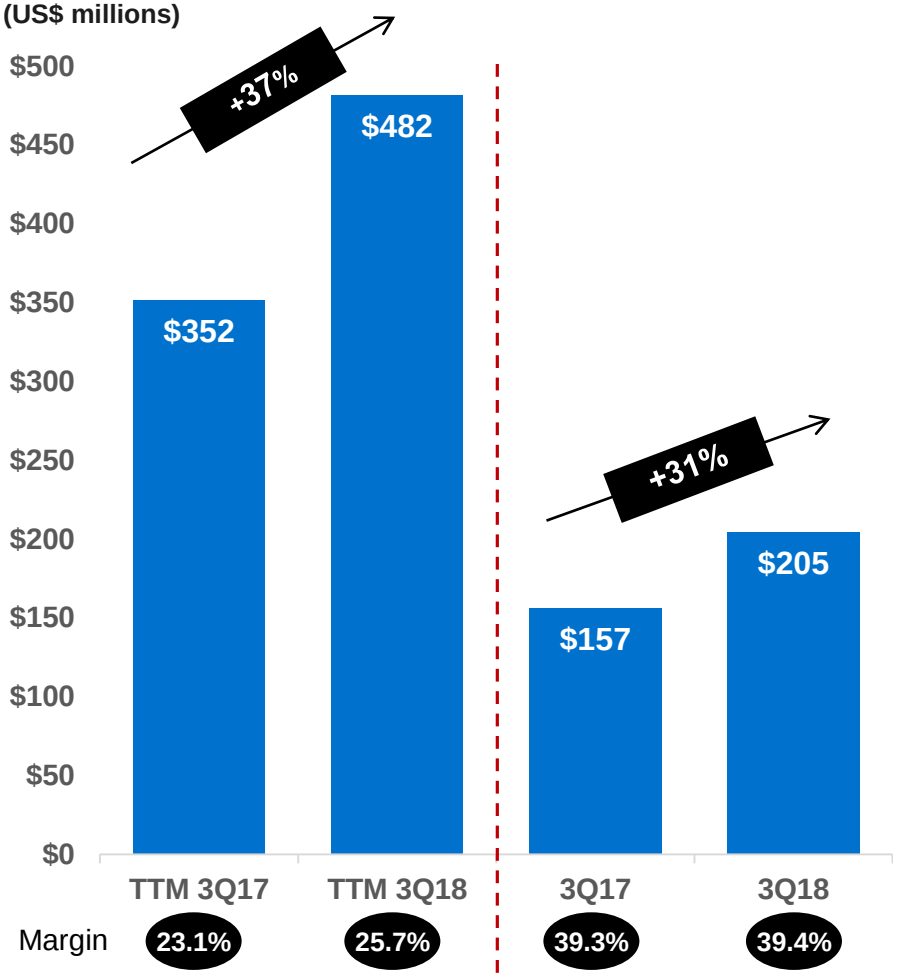
Pre-tax Adjusted Earnings[1]

(US$ millions)



Adjusted EBITDA[1]

(US$ millions)



1. TTM 3Q18 and TTM 3Q17 include other income related to the Nasdaq shares of $87.1 million and $77.0 million, respectively. 3Q18 and 3Q17 include other income related to the Nasdaq shares of $84.9 million and $77.0 million, respectively.

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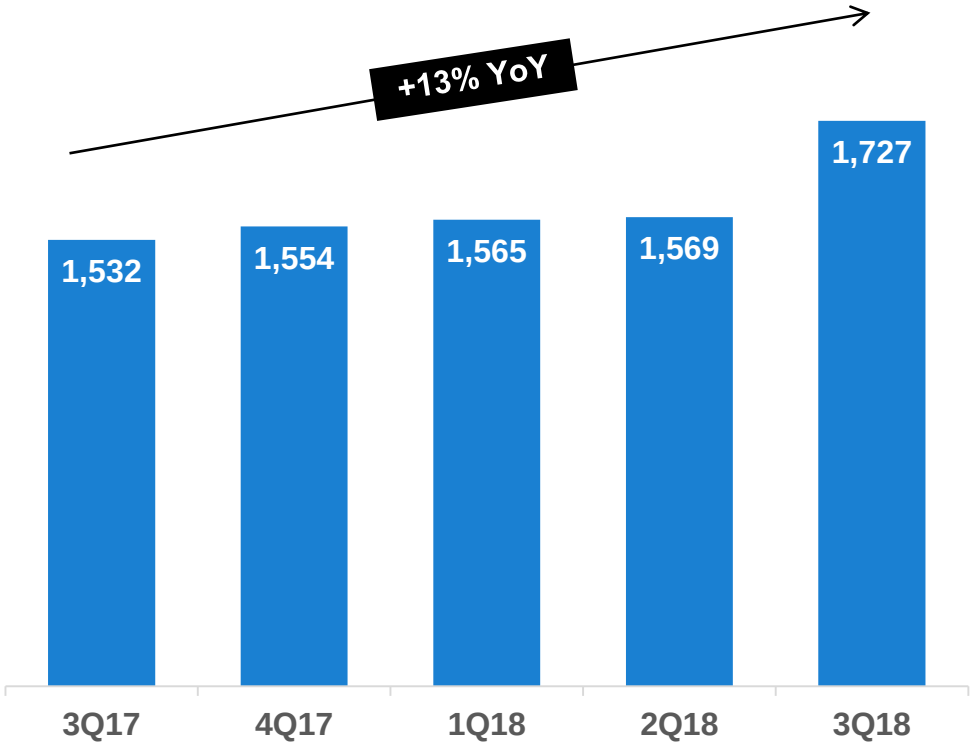
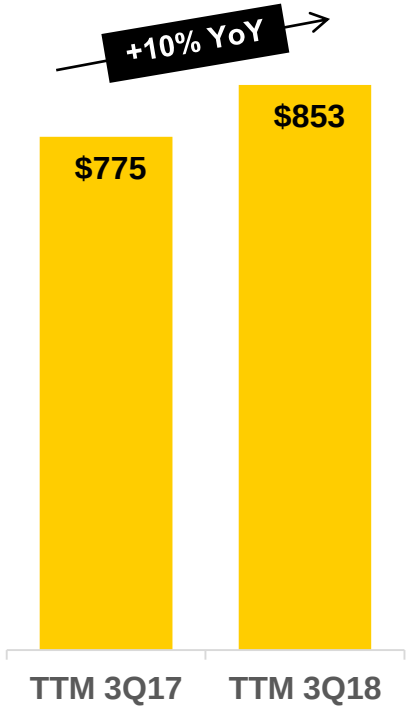
FRONT OFFICE HEADCOUNT & PRODUCTIVITY

Front Office Headcount[1]
(as of period-end)



Front Office Productivity[1]
(US$ thousands)



› 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

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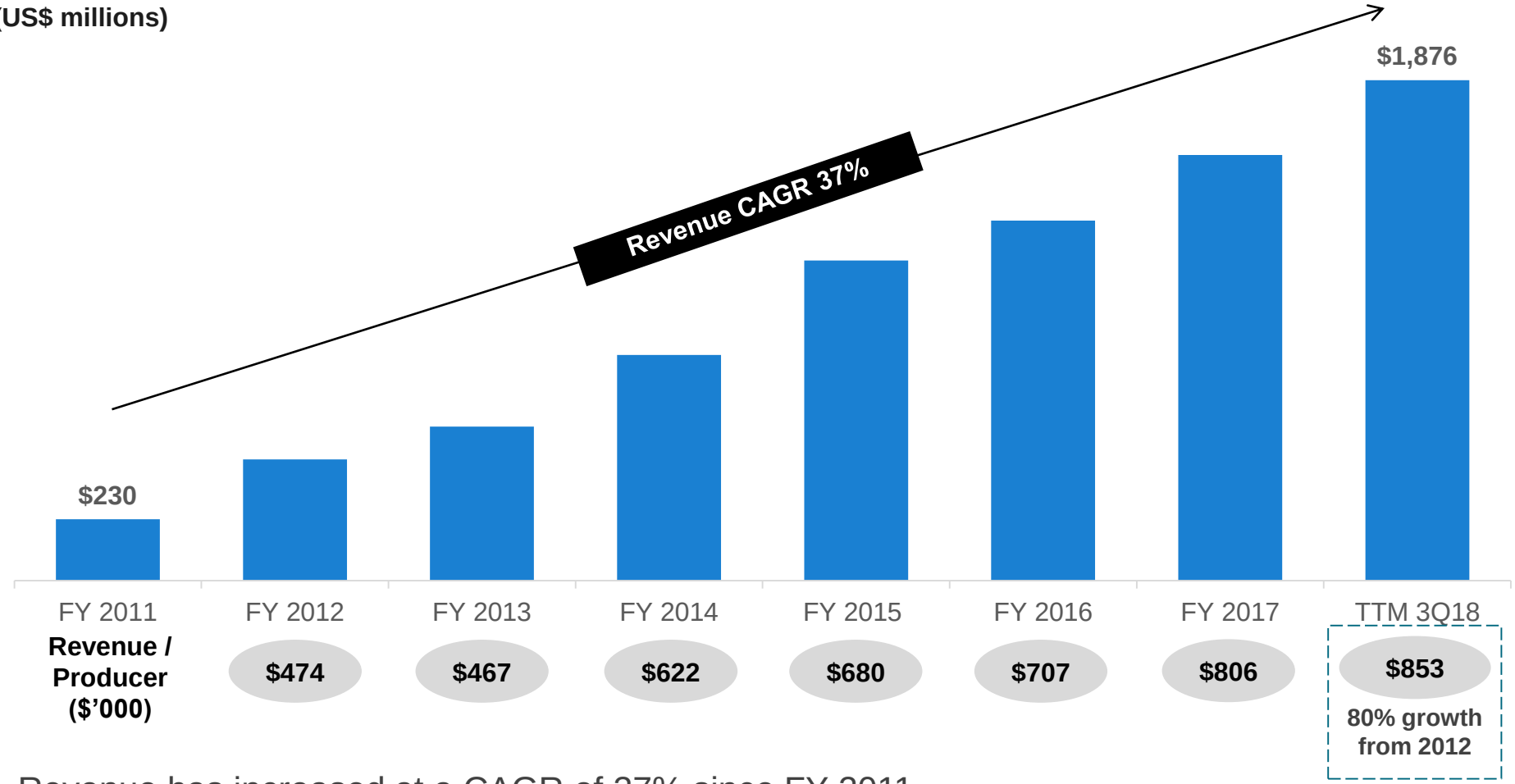
LONG-TERM REVENUE AND PRODUCTIVITY GROWTH

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 3Q18

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

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UPDATED OUTLOOK COMPARED WITH YEAR AGO RESULTS

- Newmark expects to produce 2018 revenues of between approximately $1,975 million and $2,025 million, which would represent an increase of between 24% and 27% 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 $1.45 and $1.53, or an increase of between 26% and 33% versus $1.15 in 2017
- Newmark expects to generate Adjusted EBITDA of between $518 million and $538 million dollars, or an increase of 39% to 44% compared with approximately $374 million in 2017
- The Company's full-year 2018 outlook issued on August 2, 2018 assumed other income related to the Nasdaq payment of approximately $91 million based on that stock's August 1, 2018 closing price of $91.39
  - Newmark's updated outlook assumes other income of approximately $81 million related to the Nasdaq earn-out based on the $81.49 closing price of that stock on October 24, 2018

GAAP FINANCIAL RESULTS

SELECT CONSOLIDATED GAAP FINANCIAL RESULTS

Highlights of Consolidated GAAP Results (USD millions, except per share data)	3Q 2018	3Q 2017	Change (%)
Revenues	$518.8	$398.2	30.3%
Income before income taxes and noncontrolling interests	151.4	100.5	50.7%
Net income (loss) for fully diluted shares	80.0	N/A	N/A
GAAP net income (loss) per fully diluted share	0.43	N/A	N/A
Pre-tax earnings margin	29.2%	25.2%	

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
Revenues:	**2018**	**2017**	**2018**	**2017**
Commissions	319,340	256,918	859,908	701,724
Gains from mortgage banking activities/originations, net	51,972	45,455	132,763	164,263
Management services, servicing fees and other	147,497	95,848	423,217	269,887
Total revenues	518,809	398,221	1,415,888	1,135,874
Expenses:				
Compensation and employee benefits	291,096	270,943	812,771	724,606
Allocations of net income and grant of exchangeability to limited partnership units	41,062	18,217	131,897	52,717
Total compensation and employee benefits	332,158	289,160	944,668	777,323
Operating, administrative and other	84,914	52,313	240,389	159,099
Fees to related parties	6,644	5,355	19,839	14,240
Depreciation and amortization	25,873	29,922	68,587	71,377
Total non-compensation expenses	117,431	87,590	328,815	244,716
Total operating expenses	449,589	376,750	1,273,483	1,022,039
Other income (losses), net:				
Other income (loss)	93,717	77,264	99,059	75,956
Total other income (losses), net	93,717	77,264	99,059	75,956
Income (loss) from operations	162,937	98,735	241,464	189,791
Interest (income) expense , net	(11,509)	1,724	(35,500)	4,239
Income before income taxes and noncontrolling interests	151,428	100,459	205,964	194,030
Provision (benefit) for income taxes	35,870	1,989	53,625	3,396
Consolidated net income (loss)	$ 115,558	$ 98,470	$ 152,339	$ 190,634
Less: Net income (loss) attributable to noncontrolling interest in subsidiaries	47,321	(337)	63,366	(29)
Net income (loss) available to common stockholders	$ 68,237	$ 98,807	$ 88,973	$ 190,663
Per share data:				
Basic earnings per share				
Net income (loss) available to common stockholders (1)	$ 66,563	$ 98,807	$ 87,107	$ 190,663
Basic earnings per share	$ 0.43	N/A	$ 0.56	N/A
Basic weighted-average shares of common stock outstanding	155,152	N/A	155,348	N/A
Fully diluted earnings per share				
Net income (loss) for fully diluted shares (1)	80,038	N/A	104,580	N/A
Fully diluted earnings per share	$ 0.43	N/A	$ 0.56	N/A
Fully diluted weighted-average shares of common stock outstanding	185,134	N/A	185,559	N/A
Dividends declared per share of common stock	$ 0.09	N/A	$ 0.27	N/A
Dividends declared and paid per share of common stock	$ 0.09	N/A	$ 0.18	N/A

(1) In accordance with ASC 260, includes a reduction for dividends on preferred stock or units of $1.7 million and $1.9 million, for the three and nine months ended September 30, 2018 respectively.

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

	September 30, 2018	December 31, 2017
Assets		
Current Assets:		
Cash and cash equivalents	$ 70,607	$ 121,027
Restricted cash	260,592	-
Cash segregated under regulatory requirements	55,859	52,347
Marketable securities	93,715	57,623
Loans held for sale	1,132,665	362,635
Receivables, net	390,165	210,471
Other current assets	53,860	20,994
Total current assets	2,057,463	825,097
Goodwill	513,527	477,532
Mortgage servicing rights, net	405,241	392,626
Loans, forgivable loans and other receivables from employees and partners	275,156	209,549
Fixed assets, net	72,158	64,822
Other intangible assets, net	29,354	24,921
Other assets	368,195	278,460
Total assets	$ 3,721,094	$ 2,273,007
Liabilities, Redeemable Partnership Interest, and Equity:		
Current Liabilities:		
Warehouse notes payable	$ 1,131,792	$ 360,440
Accrued compensation	314,350	205,395
Current portion of accounts payable, accrued expenses and other liabilities	248,365	124,961
Secured loans	8,580	57,623
Current portion of payables to related parties	397,993	34,169
Total current liabilities	2,101,080	782,588
Long-term debt	133,950	670,710
Long-term debt payable to related parties	300,000	412,500
Other long term liabilities	173,633	163,795
Total liabilities	2,708,663	2,029,593
Equity:		
Total equity (1)	1,012,431	243,414
Total liabilities and equity	$ 3,721,094	$ 2,273,007

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

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

	Nine Months Ended September 30,	
	2018	2017
Net cash provided by (used in) operating activities	$ (636,360)	$ 510,968
Net cash provided by (used in) investing activities	(16,510)	(11,118)
Net cash provided by (used in) financing activities	866,554	(427,891)
Net increase (decrease) in cash and cash equivalents	213,684	71,959
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	$ 387,058	$ 189,513
Net cash provided by (used in) operating activities excluding activity from loan originations and sales	$ 133,671	$ 99,465

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 nine months ended September 30, 2018, to be filed with the Securities and Exchange Commission in the near future.

APPENDIX

YTD 3Q 2018 FINANCIAL PERFORMANCE

Highlights

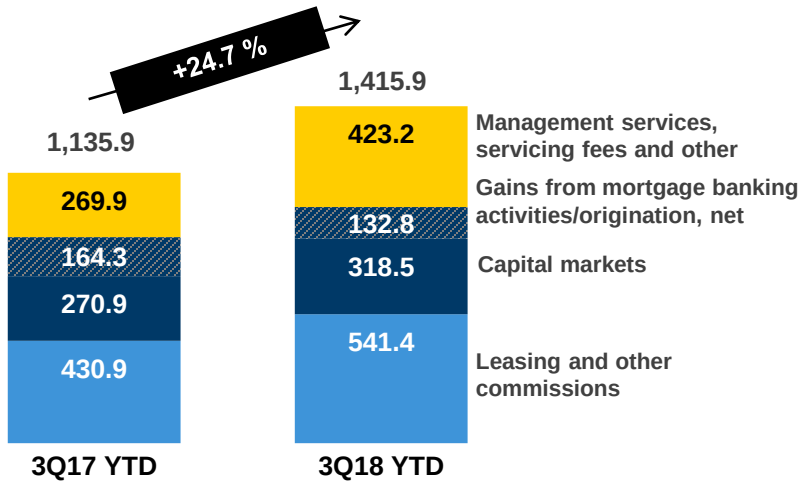
- YTD 3Q 2018 revenues increased 25% YoY
- YTD 3Q 2018 Management services, servicing fees and other increased 57% YoY[1]
- YTD 2018 Adjusted EBITDA has increased 39%; margins have increased nearly 285 basis points

Drivers

- Over 90% of revenue growth was organic
- Strong revenue growth from leasing, investment sales, mortgage brokerage, multifamily agency origination, servicing fees, valuation & advisory, management services and global corporate services
- Market share gains fueled by a 8% improvement in revenue per producer
- Commercial real estate fundamentals remain strong

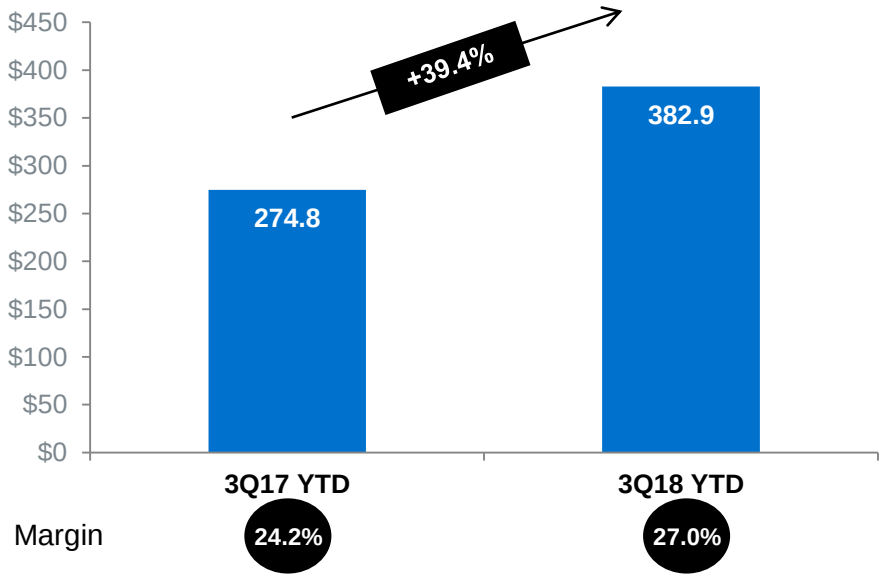
YTD 3Q 2018 Revenue Growth

(US$ millions)



YTD 3Q 2018 Adj. EBITDA Growth

(US$ millions)



1. Excluding additional pass-through revenue related to ASC 606, these revenues would have increased 33%

Note: Adjusted EBITDA and Adjusted EBITDA Margin are non-GAAP financial measures. See "Non-GAAP Financial Measures" above and the Appendix for further information and a reconciliation to GAAP

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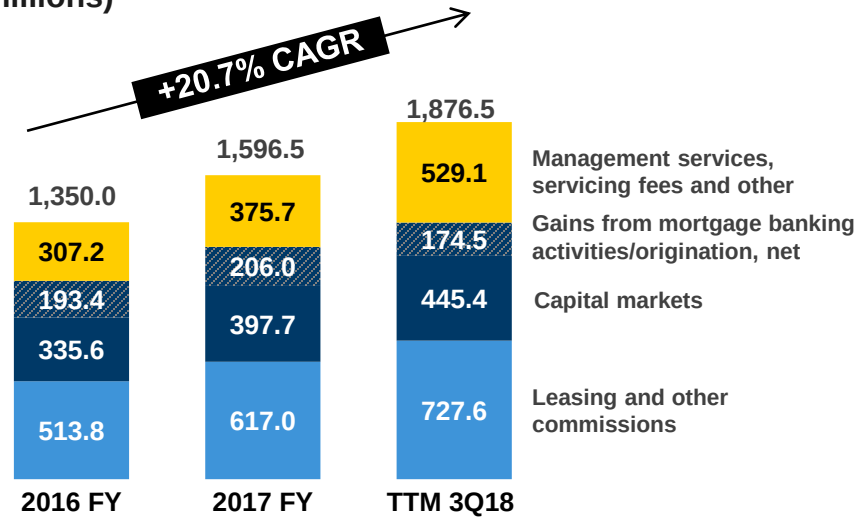
Y-O-Y FINANCIAL PERFORMANCE

Highlights

- TTM 3Q 2018 revenues increased 39% versus 2016 FY
  - *Reflects a 20.7% CAGR*
- TTM 3Q 2018 Management services, servicing fees and other increased 72% versus 2016 FY[1]
  - *Reflects a 36.5% CAGR*
- TTM 3Q 2018 Adjusted EBITDA has increased 121% versus 2016 FY
  - *Reflects a 57.5% CAGR*

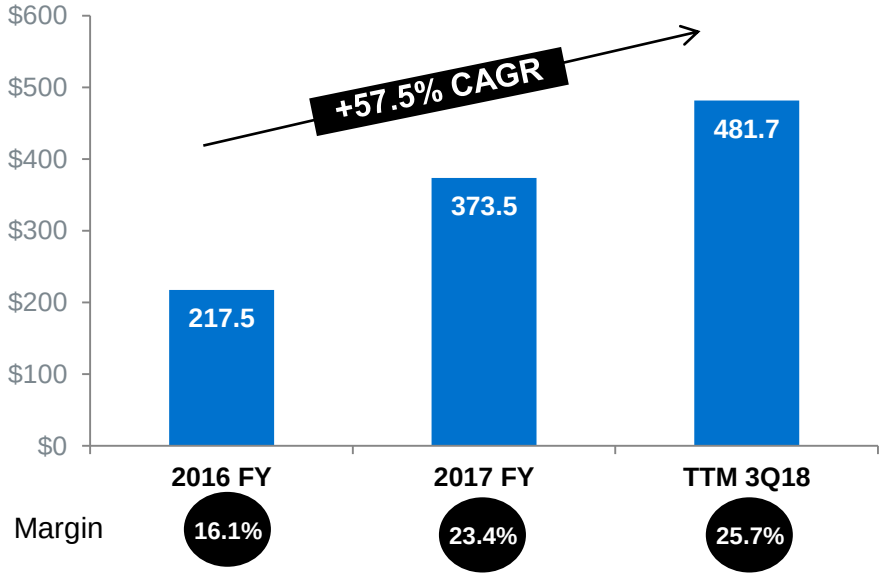
Historical Revenue Growth

(US$ millions)



Historical Adj. EBITDA Growth

(US$ millions)



Note: Adjusted EBITDA and Adjusted EBITDA Margin are non-GAAP financial measures. See "Non-GAAP Financial Measures" above and the Appendix for further information and a reconciliation to GAAP

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

Newmark Group, Inc. Fully Diluted Share Count Summary As of September 30, 2018	Fully-diluted Shares (millions)	Ownership (%)
Class A owned by Public	23.3	9%
Limited partnership units owned by employees[1]	60.2	23%
Other owned by employees[2]	1.6	1%
Class A owned by BGC	115.6	44%
Class B owned by BGC	15.8	6%
Limited partnership units owned by BGC and subsidiaries	22.4	9%
Partnership units owned by Cantor	23.4	9%
Total	262.3	100%

- Had the spin-off occurred immediately following the close of the third quarter of 2018, the ratio of Newmark common shares to be distributed in respect of each BGC common share would have been approximately 0.4640. BGC owns 58% of Newmark's 262.3 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"

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NEWMARK VOTING % OVERVIEW (PRE AND POST-SPIN)

Entity	Voting (Pre-Spin)	Voting (Post-Spin)
CANTOR Fitzgerald	-	52 %
bgc	92 %	-
Employees[1]	0 %	3 %
Public	8 %	45 %
Total	**100 %**	**100 %**

1. "Employees" includes direct ownership of Class A shares by Newmark Group, Inc. executives and employee owned restricted shares

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

	Nine Months Ended September 30,	
	2018	**2017**
Adjusted EBITDA	**383**	**275**
Nasdaq recognition	(85)	(77)
Interest expense	(42)	(0)
Employee loans for hiring	(84)	(35)
Change in working capital	(38)	8
Grant of exchangeability to limited partnership units (1)	-	(28)
Allocations of net income (1)	-	(25)
Equity amortization (1)	-	(18)
Net cash provided by (used in) operations excluding activity from loan originations and sales	**134**	**99**

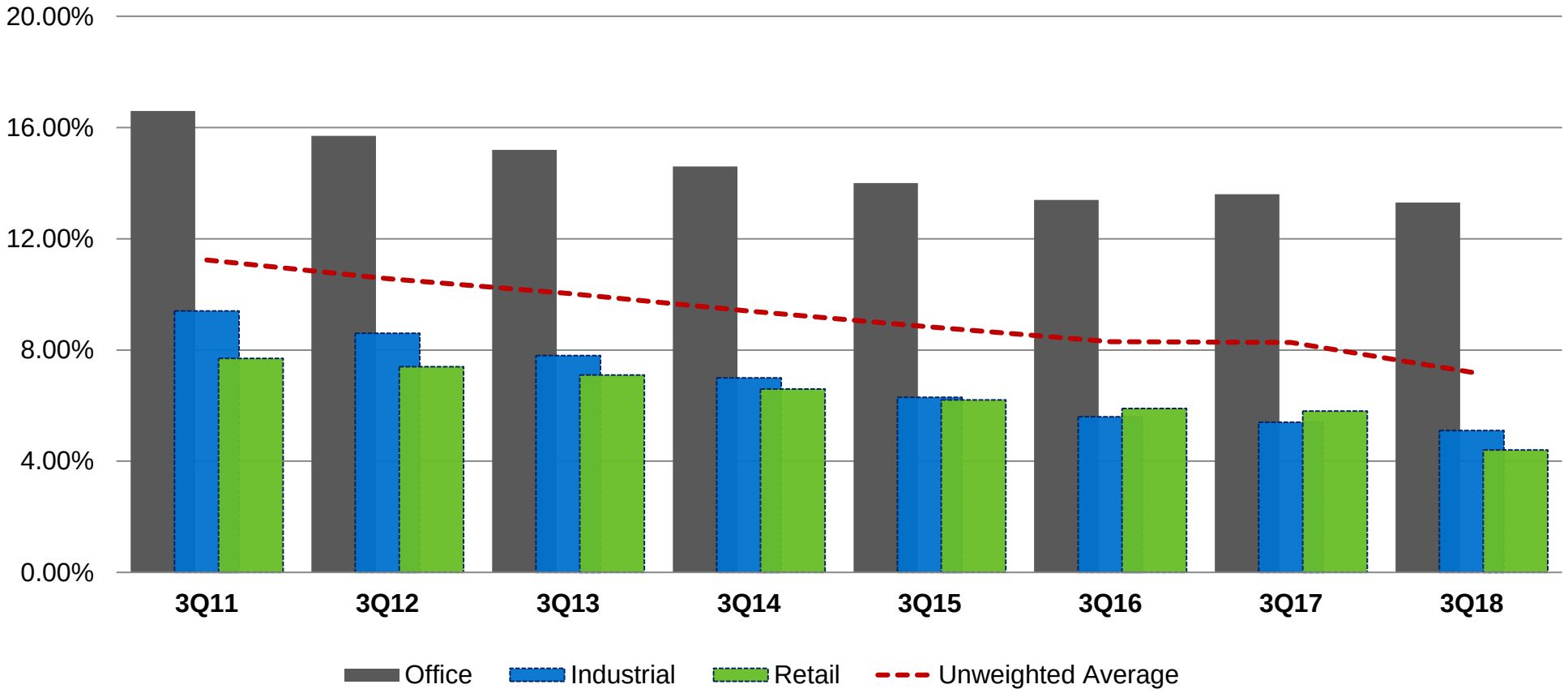
(1) Prior to Newmark's separation from BGC in Dec 2017, Grant of Exchangeability, Allocation of Net Income, and Equity Amortization resulted in cash payments to the Parent

› YTD 3Q18 net cash provided by (used in) operating activities excluding activity from loan originations and sales increased 35% year-over-year to $134 million

Note: Future periods will also include a difference for corporate tax payments

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

U.S. Vacancy Rates by Asset Class

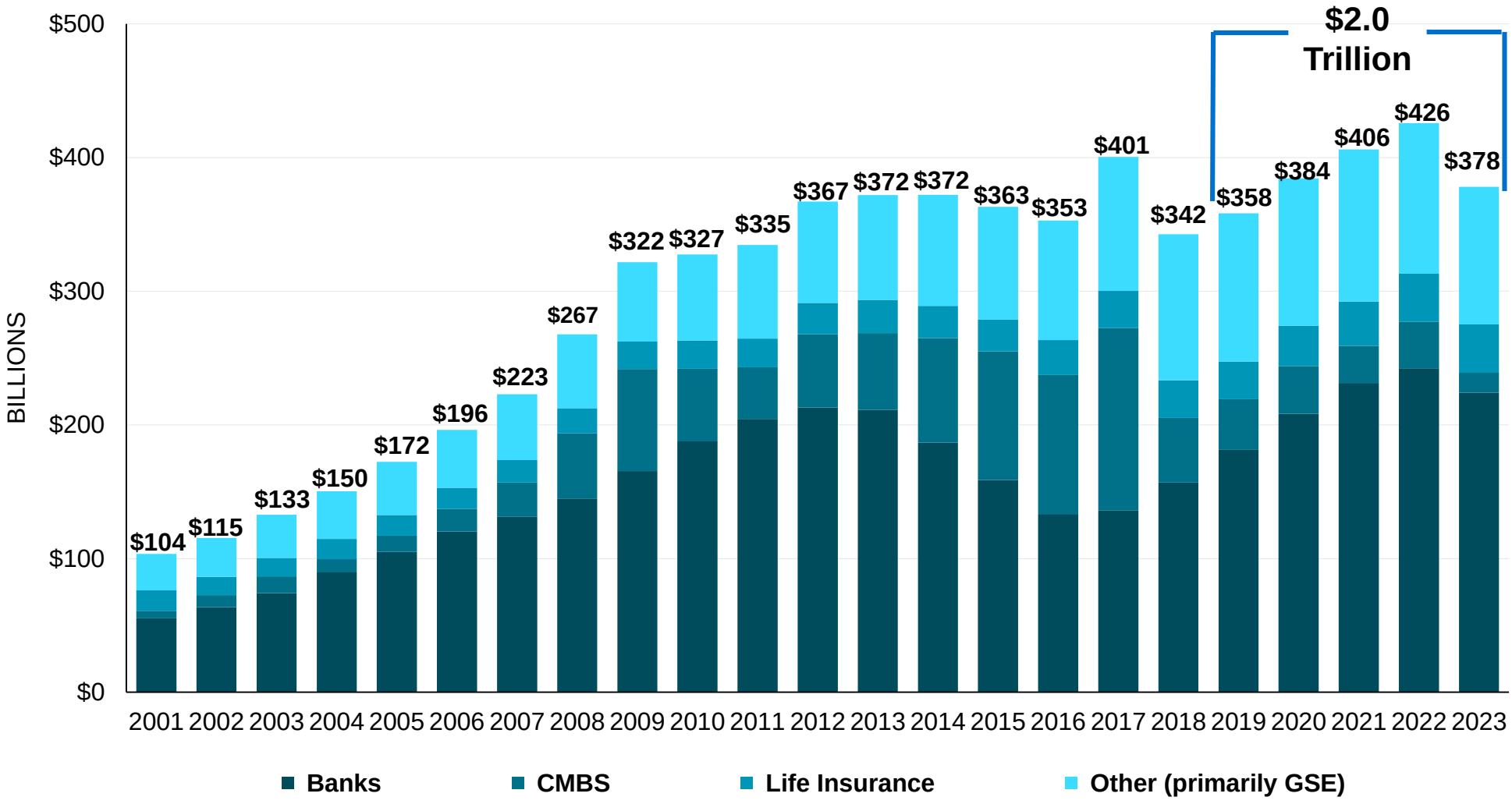


› Vacancy rates remain flat in the office and industrial sectors, reflecting sustained demand that continues to outpace construction activity across major commercial real estate property types. The retail sector experienced a 140 basis point decrease year-over-year

Source: CoStar, Newmark Research

NEWMARK

PROJECTED COMMERCIAL MORTGAGE MATURITIES



› $2.0 trillion in commercial mortgage maturities from 2019 – 2023 should support strong levels of refinancing activity

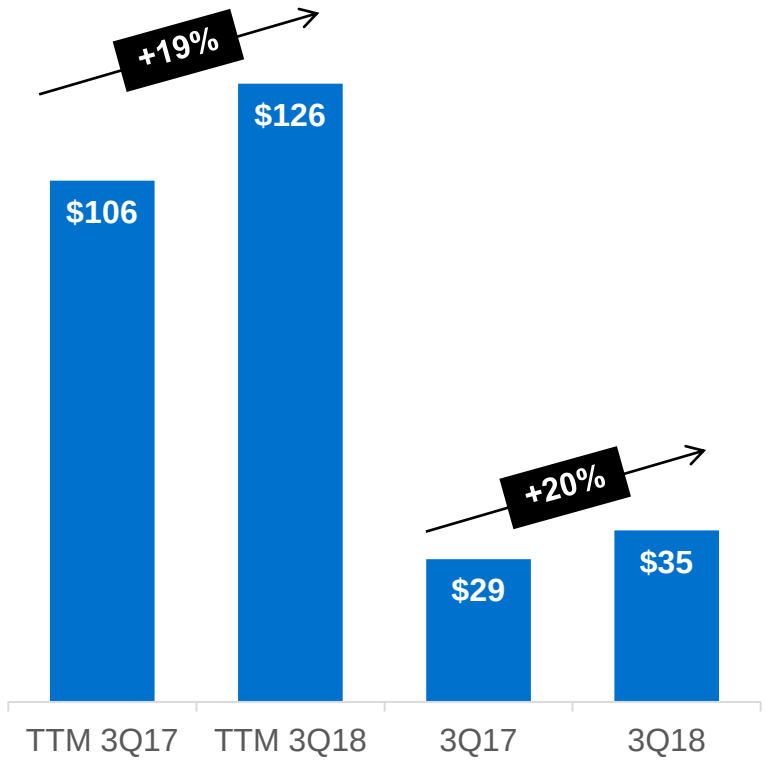
Source: Newmark Knight Frank Research, Trepp

NEWMARK

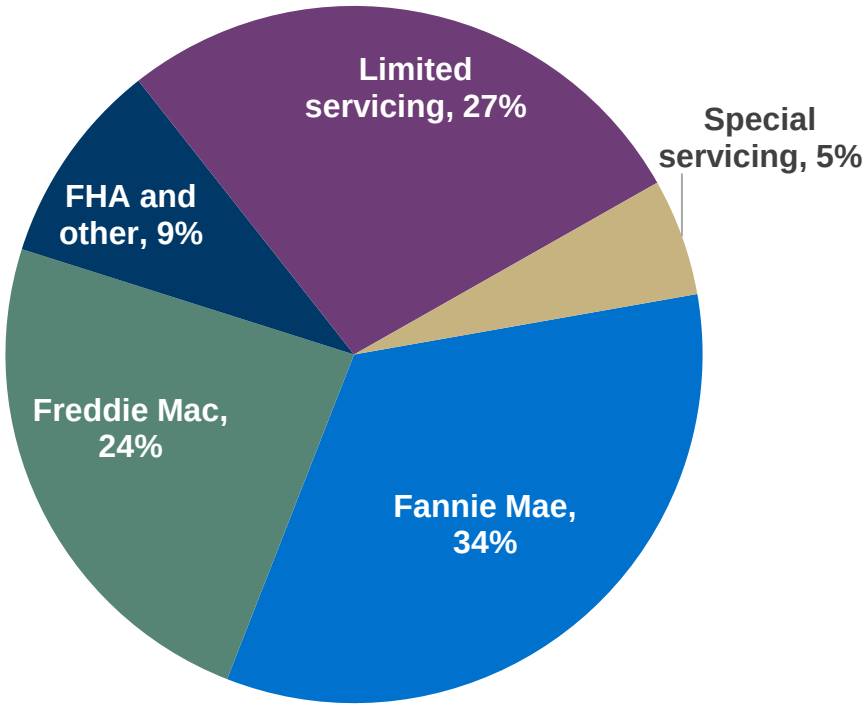
MORTGAGE SERVICING: PREDICTABLE AND RECURRING

Highly Recurring High Margin Business

Servicing Fees[1]
(US$ millions)



Servicing Portfolio Composition

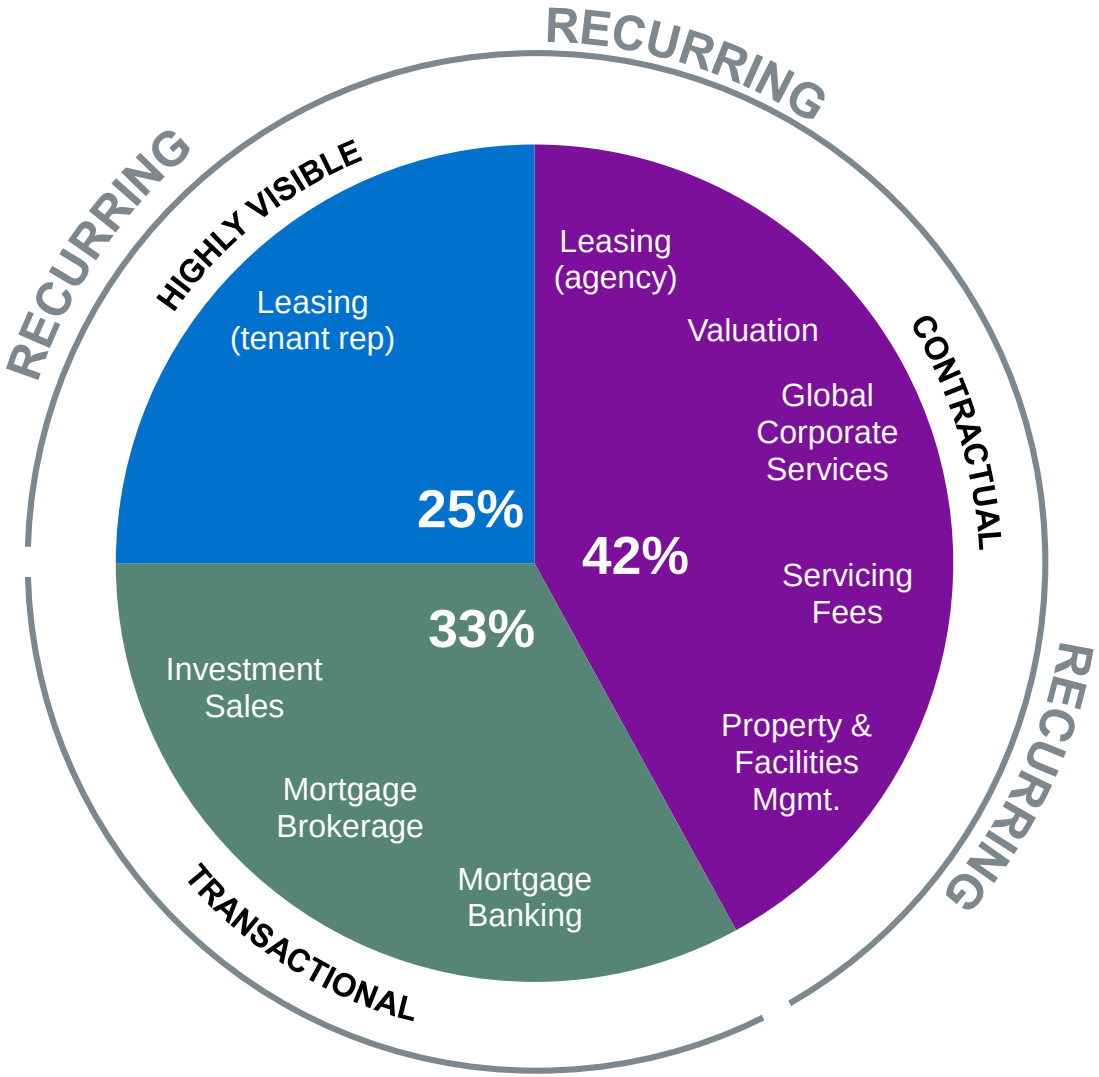


- Newmark's servicing portfolio was $59.3 billion as of September 30, 2018
- The weighted average life of the loans in Newmark's primary servicing portfolio was 8 years as of September 30, 2018

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

NEWMARK

DIVERSE AND RECURRING REVENUE STREAMS



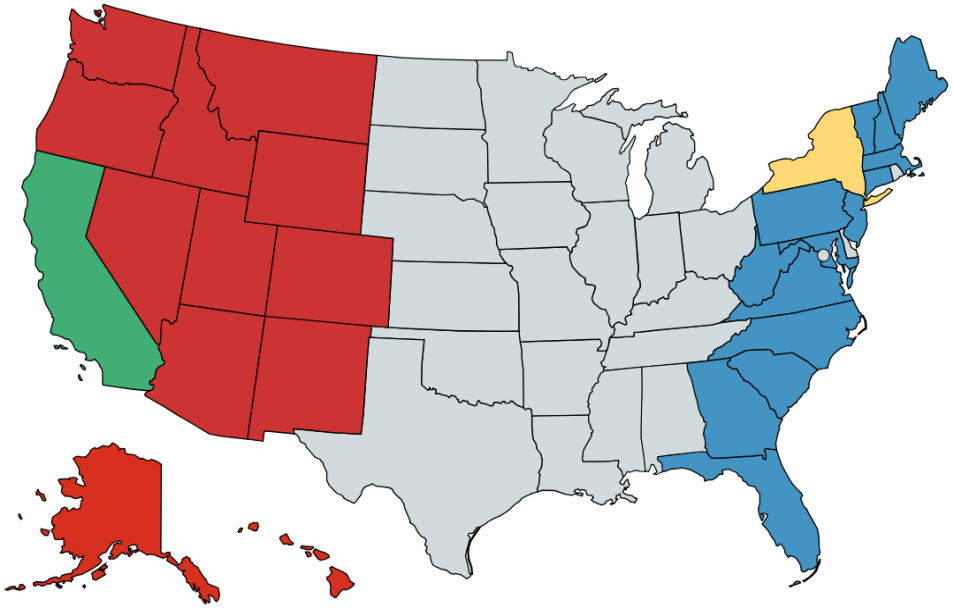
Balanced mix of revenue with approximately 67% derived from recurring sources in TTM 3Q 2018

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

NEWMARK

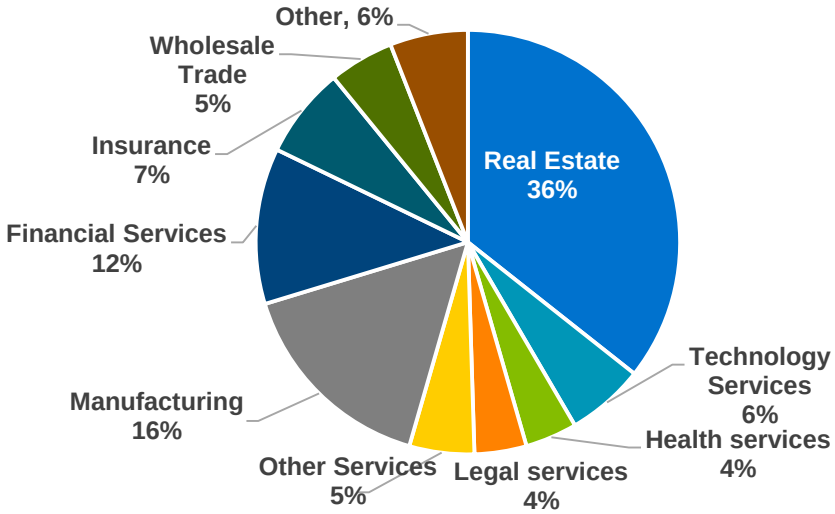
LEADING CUSTOMER BASE LENDS ITSELF TO DIVERSIFIED REVENUE MIX

Balanced Mix of Geographic Revenue Streams[2]



Region	% of NMRK[2]
Central	29%
East	25%
California	24%
New York	17%
West	4%
International	1%

Distribution of Revenue for Top 100 Clients[1]



Diversity of Clients[1]

› **OUR 10 LARGEST CLIENTS** accounted for less than 6% of total revenue[1]

1. Customer base for the TTM ended June 30, 2018 and our Top 100 clients represent 20% of revenues
2. Excludes revenues from Berkeley Point. Based on revenues for the TTM ended September 30, 2018

Note: "Other" Includes Transportation & Public Utilities, Construction, and Public Administration industries. "Other Services" includes Business Services and Engineering & Management Services industries. In addition, numbers in the above chart may not sum to 100 due to rounding

NEWMARK

TRANSACTIONAL VOLUMES

Newmark Group, Inc. Quarterly and YTD Volumes

(in $ millions)

	3Q18	3Q17	Change (%)	YTD 3Q18	YTD 3Q17	Change (%)
Investment Sales [1]	9,965	8,329	20%	27,070	23,531	15%
Mortgage Brokerage [2]	3,092	2,223	39%	8,454	6,781	25%
Total Capital Markets Volume	**13,056**	**10,552**	**24%**	**35,523**	**30,312**	**17%**
Fannie Mae	1,435	784	83%	3,318	3,039	9%
Freddie Mac	1,274	600	112%	2,747	4,094	-33%
FHA/Other	85	110	-23%	401	281	43%
Total Origination Volume	**2,794**	**1,494**	**87%**	**6,466**	**7,414**	**-13%**
Total Debt and Equity Volume	**15,850**	**12,046**	**32%**	**41,989**	**37,726**	**11%**

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

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

NEWMARK

STRONG CREDIT PROFILE

($ in '000s)

Newmark Group, Inc.			9/30/2018
Cash and cash equivalents			$70,607

Newmark Group, Inc.	Interest Rate		9/30/2018
Current portion of debt payable to related parties[1]	6.5%		$112,500

Newmark Group, Inc.	Interest Rate	Maturity	9/30/2018
Converted Term Loan	4.307%	9/8/2019	$133,950
Long-term debt payable to related parties	5.375%	12/9/2019	300,000
Total Long-term Debt			**$433,950**

Net Debt[2]	**$475,843**

Newmark Group, Inc.		9/30/2018
Adjusted EBITDA TTM	**$**	**481,677**
Net Leverage Ratio: Net Long-term Debt / Adjusted EBITDA		**1.0x**
Adjusted EBITDA / Interest Expense TTM		**10.7x**
Total equity[3]		**1,012,431**

- Newmark's balance sheet does not include the over $404 million of Nasdaq shares (at October 24, 2018 closing price) expected to be received in the future
- Subsequent to the end of the third quarter of 2018, Newmark repaid approximately $252 million of debt owed to BGC

1. On September 4, 2018 Newmark borrowed $112.5 million at a 6.5% annual interest rate from BGC in order to redeem the $112.5 million, 8.125% Notes. As a result, long-term debt decreased by $112.5 million and there was a corresponding increase in "Current portion of debt payable to related parties". This $112.5 million is a subset of the total amount of "Current portion of debt payable to related parties" on Newmark's balance sheet, which was $398.0 million as of September 30, 2018
2. Net Debt is the sum of "Total Long-term Debt" and $112.5 million of the "Current portion of payables to related parties", less "Cash and cash equivalents"
3. Includes "redeemable partnership interests", "noncontrolling interests" and "total stockholders' equity"

Note: This table does not include restricted cash or marketable securities

NEWMARK

NASDAQ MONETIZATION EXECUTIVE SUMMARY

- Newmark monetized the shares of Nasdaq it expects to receive from 2019 through 2022 for cash consideration of approximately $266 million in private transactions with a bank counterparty
- Newmark used the net proceeds of approximately $266 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 variable postpaid forward transactions (together, the "Forward") with the bank counterparty on the same day as the transactions
- The Forwards are economically similar to at-the-money put options struck at Nasdaq's June 18, 2018 closing price of $94.21 and September 25, 2018 closing price of $87.68, and provides Newmark with downside protection on the shares while allowing Newmark to retain all appreciation above the applicable strike prices related to the 2019, 2020, 2021, and 2022 Nasdaq share earn-outs
- The following benefits were achieved from the transactions:
  - **Increased non-dilutive equity capital on Newmark's balance sheet by $325 million**
  - **Improved liquidity**
  - **The preferred shares are not expected to increase Newmark's fully diluted share count[2]**
  - **Reduced debt by approximately $266 million and lowered interest expense**
  - **Further strengthens Newmark's credit metrics and financial flexibility**

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, $500 million in the third quarter of 2021, or $525 million in the third quarter of 2022, respectively, at Newmark's election, the EPUs may become exchangeable for Newmark Group Class A common shares, which would raise additional equity capital for Newmark

SIGNIFICANT ON- AND OFF-BALANCE SHEET ASSETS

We have a substantial amount of on- and off-balance sheet assets that we could monetize

Nasdaq Income

- June 2013, BGC Partners sold its eSpeed business to Nasdaq
  - Consideration included a deferred payment of approximately 14.9 million Nasdaq common shares to be paid ratably over 15 years
- BGC transferred the right to receive the remaining 10.9 million shares to Newmark
  - Newmark recognized $76 million and $88 million in other income during FY 2017 and 2018 related to the first and second Nasdaq payments
- Newmark monetized the 2019 - 2022 tranches of Nasdaq for **~74%** of the notional value of the shares, retaining all upside and generating net proceeds of $266 million and increased balance sheet equity by $325mm

~1mm	**Nasdaq common shares to be received each year (2018 through 2027)**
✖	
$81.49	**Nasdaq share price[1]**
=	
~$81mm	**Recurring Pre-Tax Annual Earnings[1]**
✖	
5	**Number of payments available for future monetization (2023 – 2027)[2]**
=	
~$404mm	**Cumulative Pre-Tax Earnings Available for Growth**

Mortgage Servicing Rights

- The fair market value of mortgage servicing rights was $445mm, as of 30Sept18
  - This value is $40mm higher than the amount recorded on our balance sheet

~$445mm	**Mortgage Servicing Rights (Fair Value, as of 30Sep18)**
✚	
~$404mm	**Cumulative Pre-Tax Earnings Available for Growth**
=	
~$849mm	**Value of on- and off-balance sheet assets**

1. Based on the 10/24/18 Nasdaq share price
2. Excludes 2018 tranche which is expected to be received in November 2018. Excludes 2019 and 2020 tranches previously monetized for ~$153MM; Newmark retained the right to appreciation of those shares above $94.21. Excludes 2021 and 2022 tranches previously monetized for ~$113MM; Newmark retained the right to appreciation of those shares above $87.68

Note: The only condition for the Nasdaq payments is that Nasdaq (all of Nasdaq) produces $25 million in gross revenue for the applicable year (Nasdaq's annual gross revenue was $4.0 billion in FY 2017). The right to receive these shares is not included on Newmark's balance sheet because of this condition

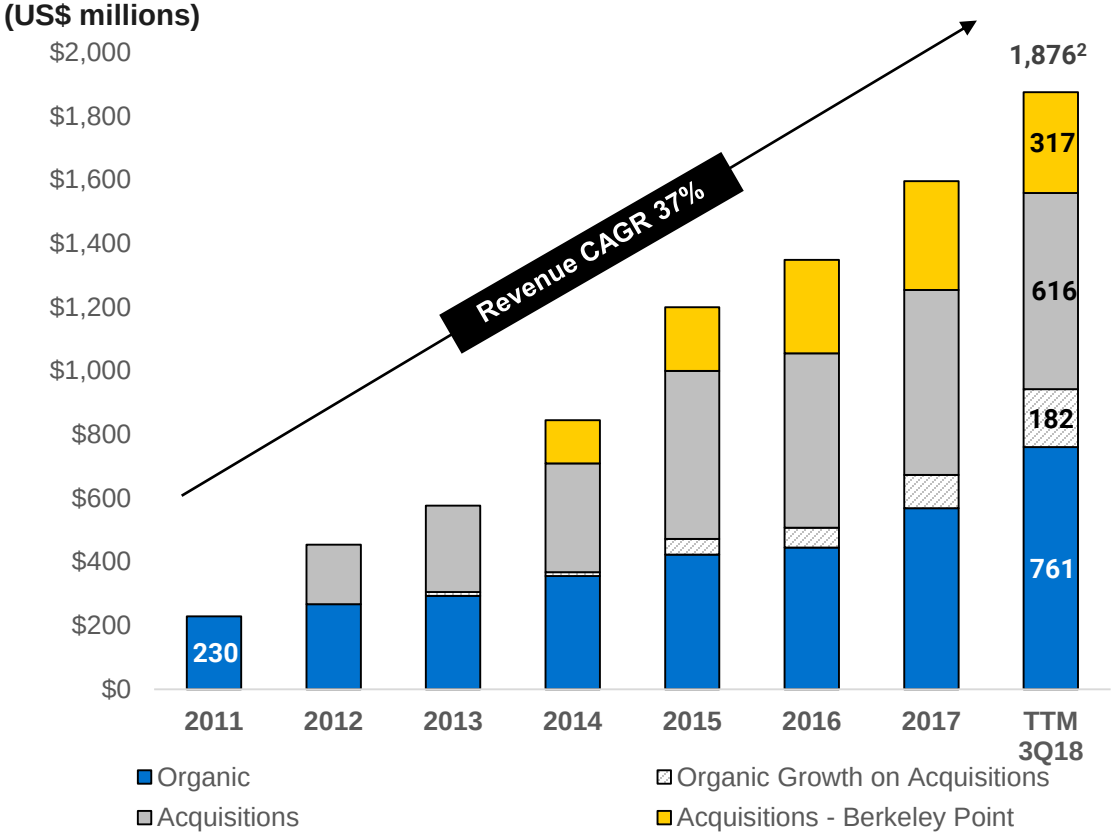
NEWMARK

HISTORY OF SOLID GROWTH AND MARGIN EXPANSION

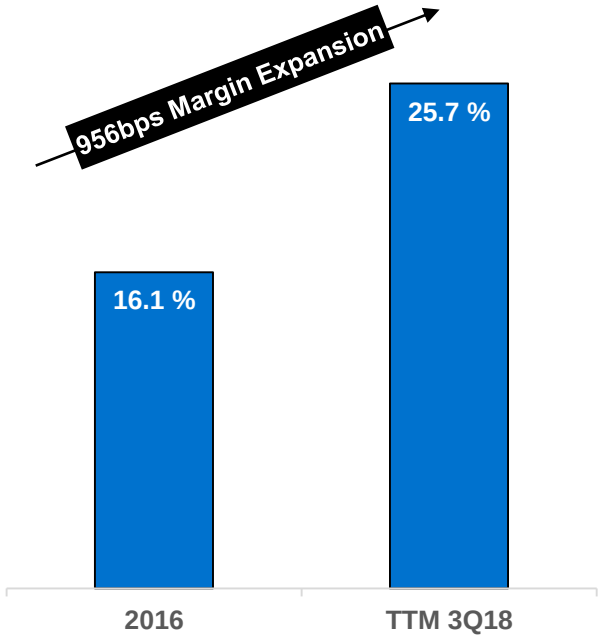
- 50% of Newmark's revenue growth since 2011 has been organic, excluding Berkeley Point
  - Companies acquired by Newmark have organically grown their revenues 30% since acquisition
- Newmark has demonstrated ability to successfully integrate acquisitions, proven by revenue growth and expanding margins

Newmark Revenues[1]

(US$ millions)



Newmark Adj. EBITDA Margins[3]



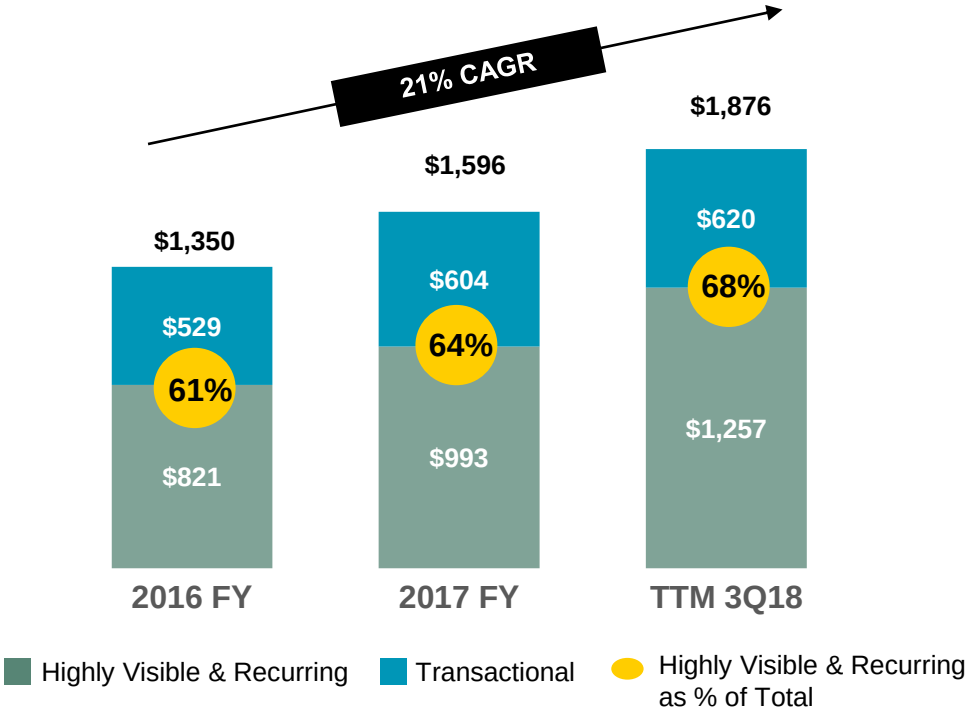
1. Based on revenues reported for BGC's Real Estate Services segment for FY 2012, FY 2013, and FY 2014. FY 2011 revenues are based on unaudited full year 2011 revenues for Newmark & Co. Includes Berkeley Point revenues for FY 2014 onwards. Excludes income from Nasdaq shares
2. For 2018YTD, the impact of FASB topic ASC 606 increased both NMRK's revenues and non-compensation expenses related to its management services business by approximately $64million. There was no corresponding additional amount of expense or revenue recorded for the prior year period, as Newmark adopted the modified retrospective approach to ASC 606
3. Adjusted EBITDA for TTM 3Q18 includes $87.1 million of income related to the Nasdaq shares
4. Note: Adjusted EBITDA and Adjusted EBITDA Margin are non-GAAP financial measures. See "Non-GAAP Financial Measures" above and the Appendix for further information and a reconciliation to GAAP

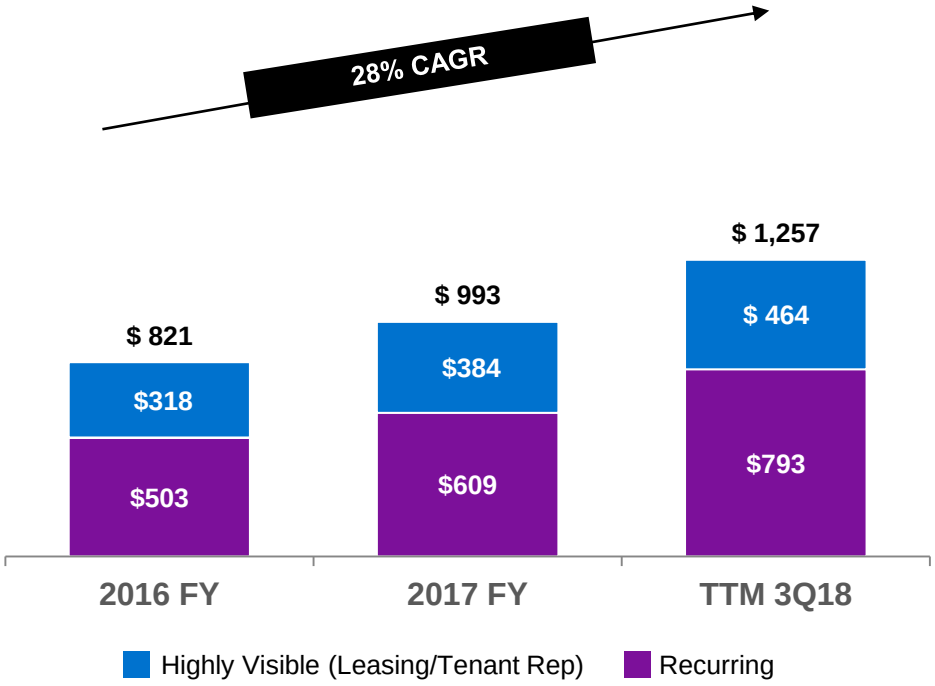
NEWMARK

HISTORY OF STABLE AND GROWING OPERATING PERFORMANCE

Highly Visible and Recurring Income Streams Show Strong Growth[1]

(US$ millions)





› Highly Visible and Recurring Income Streams includes agency leasing, valuation, global corporate services, management services, loan servicing and tenant representation leasing business

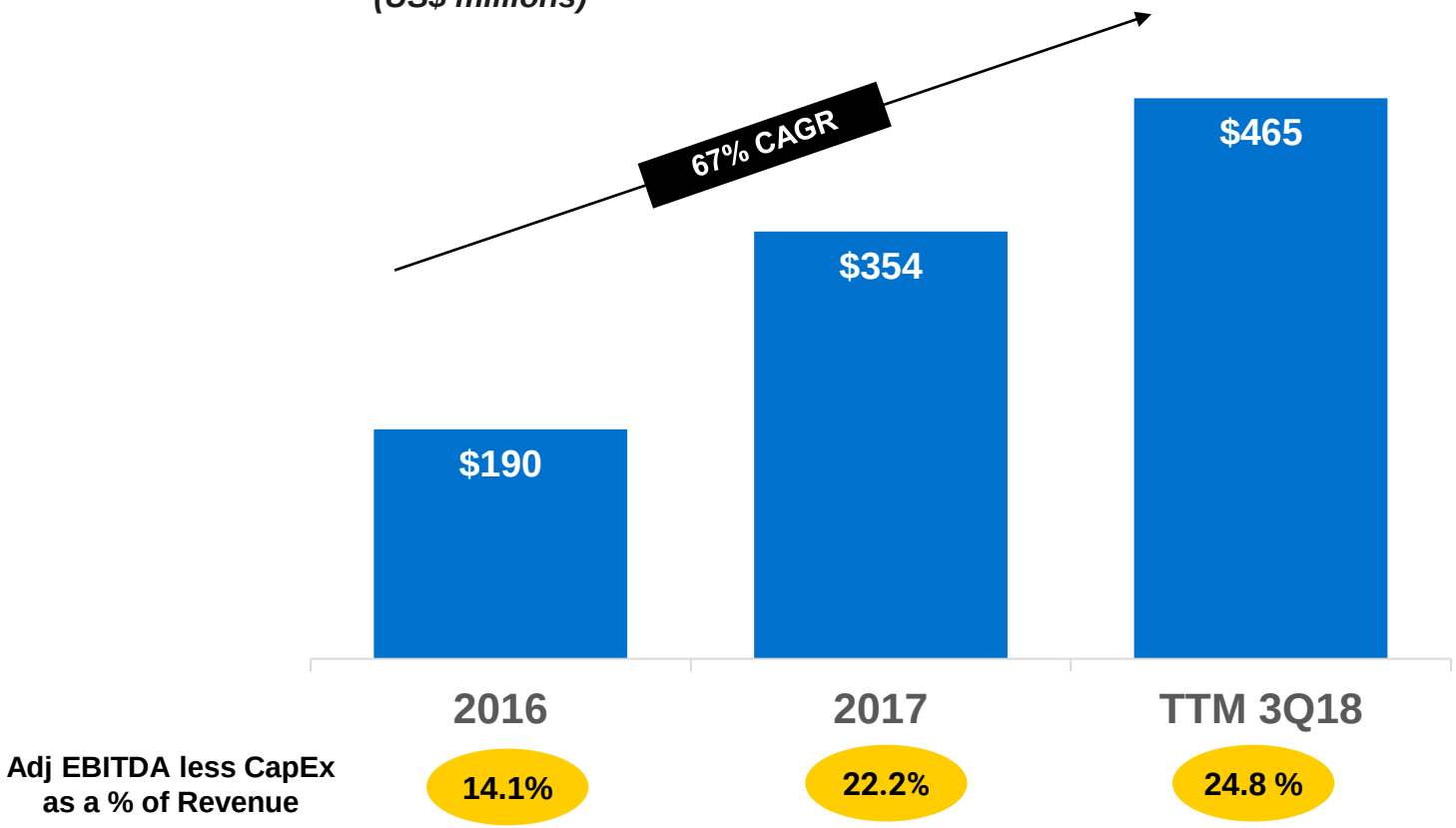
1. Excluding Nasdaq income

NEWMARK

ROBUST UNDERLYING CASH FLOW GENERATION

Adjusted EBITDA Less Capital Expenditures[1]

(US$ millions)



- CapEx has averaged less than $20MM annually over last three fiscal years
- Business does not have significant working capital needs

1. Capital Expenditures is the purchase of fixed assets

Note: Adjusted EBITDA and Adjusted EBITDA Margin are non-GAAP financial measures. See "Non-GAAP Financial Measures" above and the Appendix for further information and a reconciliation to GAAP

NEWMARK

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 third quarter 2018, the difference between compensation expenses as calculated for GAAP and Adjusted Earnings included non-cash, non-dilutive net charges related to $12.2 million in grants of exchangeability with respect to units of BGC held by certain Newmark partners and $28.8 million in allocation of net income to limited partnership units and FPUs.

In the third quarter 2017, the difference between compensation expenses as calculated for GAAP and Adjusted Earnings included non-cash, non-dilutive net charges related to the $3.9 million in grants of exchangeability; and $14.3 million in allocation of net income to limited partnership units and FPUs.

In the first nine months of 2018, the difference between compensation expenses as calculated for GAAP and Adjusted Earnings included non-cash, non-dilutive net charges related to $94.3 million in grants of exchangeability with respect to units of BGC held by certain Newmark partners and $37.6 million in allocation of net income to limited partnership units and FPUs.

In the first nine 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 $27.6 million in grants of exchangeability; and $25.1 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 third quarter 2018 includes a $7.7 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 $6.2 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 nine months of 2018 includes a $19.9 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 $45.2 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 third quarter 2018 as calculated for GAAP and Adjusted Earnings also included $1.2 million of non-cash GAAP charges related to amortization of intangibles; and $0.7 million of non-recurring costs.

In addition to the adjustments related to OMSRs and MSRs, the difference between non-compensation expenses in the third quarter 2017 as calculated for GAAP and Adjusted Earnings included $7.5 million of non-cash GAAP charges related to amortization of intangibles and $1.2 million of non-recurring costs.

The difference between non-compensation expenses in the first nine months of 2018 as calculated for GAAP and Adjusted Earnings included $4.0 million of non-cash GAAP charges related to amortization of intangibles and $1.1 million of non-recurring costs. The difference between non-compensation expenses in the first nine months of 2017 as calculated for GAAP and Adjusted Earnings included $10.2 million of non-cash GAAP charges related to amortization of intangibles and $3.2 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 third quarter and first nine months of 2018 includes non-cash gains of $9.1 million and $6.3 million, respectively, attributable to unrealized non-cash mark-to-market movements related to the Nasdaq Forwards as part of “other income (loss)”. These non-cash GAAP gains were excluded from pre-tax Adjusted Earnings calculations, as Newmark expects to redeem these EPUs with Nasdaq shares. In the year earlier periods, there was no comparable gain or loss attributable to these non-cash items.

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 $35.9 million for the third 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 $12.3 million for the third quarter 2018. As a result, the provision for income taxes for Adjusted Earnings was $23.5 million for third quarter 2018.

Newmark’s GAAP provision for income taxes was $2.0 million for the third quarter 2017. The Company’s provision for income taxes with respect to Adjusted Earnings was modified by $23.9 million for the third quarter 2017 using the same methodology described above. As a result, the provision for income taxes for Adjusted Earnings was $25.9 million for third 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 $53.6 million for the first nine 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 $11.6 million for the first nine months of 2018. As a result, the provision for income taxes for Adjusted Earnings was $42.0 million for the first nine months of 2018.

Newmark’s GAAP provision for income taxes was $3.4 million for the first nine months of 2017. The Company’s provision for income taxes with respect to Adjusted Earnings was modified by $39.4 million for the first nine months of 2017 using the same methodology described above. As a result, the provision for income taxes for Adjusted Earnings was $42.8 million for first nine 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.

Differences between Earnings Per Share for Adjusted Earnings and GAAP
For the third quarter and first nine months of 2018, earnings per share calculations under GAAP included reductions for EPUs of $1.7 million and $1.9 million, respectively. For Adjusted Earnings these non-cash preferred dividends are excluded as Newmark expects to redeem these EPUs with Nasdaq shares.

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 agreements with respect to Newmark’s expected receipt of the Nasdaq payments in 2019, 2020, 2021, and 2022 (the “Nasdaq Forwards”);
- 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; and
- 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 DEFINED (CONTINUED)

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.

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.

In addition, the non-cash preferred dividends are excluded from Adjusted Earnings per share as Newmark expects to redeem the related EPUs with Nasdaq shares.

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 Forwards. These items are calculated using period-end closing prices;
- Non-cash asset impairment charges, which are calculated and analyzed based on the period-end values of the underlying assets. These amounts may not be known until after period-end; and
- Acquisitions, dispositions and/or resolutions of litigation, which are fluid and unpredictable in nature.

ADJUSTED EBITDA DEFINED

Adjusted EBITDA

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 excludes 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 Adjusted EBITDA is useful in evaluating Newmark’s operating performance, because the calculations of this measure 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 Adjusted EBITDA to evaluate operating performance and for other discretionary purposes. Newmark believes that Adjusted EBITDA is useful to investors to assist them in achieving a more complete picture of the Company’s financial condition and results of operations.

Because Adjusted EBITDA is not a recognized measurement under GAAP, investors should use this measure 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 Adjusted EBITDA may not be comparable to similarly-titled measures of other companies. Furthermore, Adjusted EBITDA is not intended to be a measure of free cash flow or GAAP cash flow from operations, because Adjusted EBITDA does 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

Newmark's parent company, BGC Partners, has previously announced that it intends to pursue a distribution, or spin-off, to its stockholders of all of the shares of Class A common stock and Class B common stock of Newmark that BGC owns. Although the spin-off is subject to certain conditions, BGC expects to announce the record date for the distribution upon the successful completion of Newmark's refinancing of debt owed to BGC. BGC expects to complete the spin-off in a reasonable time thereafter, but no later than the end of 2018.

In the spin-off, which will be structured in a manner intended to qualify as generally tax-free for U.S. federal income tax purposes, BGC would distribute shares of Newmark's Class A common stock held by BGC to holders of shares of Class A common stock of BGC Partners and shares of Newmark's Class B common stock held by BGC to holders of shares of Class B common stock of BGC Partners (which are currently Cantor and another entity controlled by Mr. Lutnick). Although the ratio of shares of Newmark common stock to be distributed in respect of each share of BGC common stock remains to be determined and will depend upon the number of shares of Newmark common stock (including shares of Newmark common stock underlying units of Newmark OpCo) owned by BGC Partners as of the record date for the spin-off, if the spin-off had occurred immediately following September 30, 2018, the ratio of shares of Newmark common stock to be distributed in respect of each share of BGC common stock would have been approximately 0.4640.

BGC has indicated that it intends to complete the necessary steps to achieve the spin-off by the end of 2018. BGC expects that prior to the completion of the spin-off, Newmark will obtain its own credit rating. In addition, as necessary for the tax-free spin-off, Newmark expects to repay or refinance its debt owed to or guaranteed by BGC, and to repay or refinance the borrowings outstanding under the intercompany credit agreement.

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 third 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 September 30, 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 and Form 10-K for further information.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
GAAP Net income (loss) available to common stockholders	**$ 68,237**	**$ 98,807**	**$ 88,973**	**$ 190,663**
Add back:				
Provision (benefit) for income taxes	35,870	1,989	53,625	3,396
Net income (loss) attributable to noncontrolling interest in subsidiaries	47,321	(337)	63,366	(29)
OMSR Revenue	(28,685)	(25,683)	(74,477)	(97,590)
MSR Amortization	21,011	19,482	54,561	52,398
Other Depreciation and Amortization	4,862	10,438	14,025	18,979
Depreciation and amortization	**25,873**	**29,920**	**68,586**	**71,377**
Grant of Exchangeability to limited partnership units (1)	12,238	3,924	94,321	27,606
Other non-cash and equity based compensation and amortization (2)	9,177	31,255	14,365	47,309
Non-Recurring (Gains) / Losses	656	1,181	1,100	3,197
Other non-cash, non-dilutive, and/or non-economic items (3)	(9,135)	1,164	(6,497)	3,717
Interest expense (4)	14,264	30	41,999	43
Allocations of net income	28,824	14,293	37,576	25,111
Adjusted EBITDA	**$ 204,640**	**$ 156,543**	**$ 382,937**	**$ 274,800**

(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 agreements with respect to Newmark’s expected receipt of the Nasdaq payments in 2019, 2020, 2021 and 2022. Also includes certain other non-cash expenses.

(4) The Interest expense add back for Adjusted EBITDA excludes operating interest on Warehouse notes payable of $9.2 million and $4.4 million, for the Three Months Ended September 30, 2018 and 2017 and $17.4 million and $15.8 million for the Nine Months Ended September 30, 2018 and 2017, respectively.

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

	TTM Ended September 30,	
	2018	2017
GAAP Net income (loss) available to common stockholders	**$ 42,801**	**$ 243,116**
Add back:		
Provision (benefit) for income taxes	107,707	5,406
Net income (loss) attributable to noncontrolling interest in subsidiaries	63,999	(98)
OMSR Revenue	(97,856)	(131,064)
	0	0
MSR Amortization	74,681	62,267
Other Depreciation and Amortization	18,343	22,951
Depreciation and amortization	**93,024**	**85,217**
Grant of Exchangeability to limited partnership units (1)	156,151	52,806
Other Equity Based Compensation		
Employee loan amortization and reserves on employee loans		
Other non-cash equity based compensation and amortization (2)	33,956	55,456
Non-Recurring (Gains) / Losses	4,832	4,715
Other non-cash, non-dilutive, and/or non-economic items (3)	(5,465)	3,717
Interest expense (4)	44,840	43
Allocations of net income	37,687	32,227
Adjusted EBITDA	**$ 481,677**	**$ 351,542**

(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 agreements with respect to Newmark’s expected receipt of the Nasdaq payments in 2019, 2020, 2021 and 2022. Also includes certain other non-cash expenses.
(4) The Interest expense add back for Adjusted EBITDA excludes operating interest on Warehouse notes payable of $21.9 million and $18.3 million, for the trailing twelve months ended September 30, 2018 and 2017 respectively.

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 September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Net income (loss) available to common stockholders	$ 68,237	$ 98,807	$ 88,973	$ 190,663
Provision (benefit) for income taxes	35,870	1,989	53,625	3,396
Net income (loss) attributable to noncontrolling interest in subsidiaries	47,321	(337)	63,366	(29)
Pre-tax adjustments:				
Reserves on employee loans	-	22,700	-	22,700
OMSR Revenue	(28,685)	(25,683)	(74,477)	(97,590)
MSR amortization	21,011	19,482	54,561	52,398
Grant of exchangeability to limited partnership units	12,239	3,924	94,322	27,605
Intangible Asset Amortization	1,238	7,481	4,008	10,178
Non recurring (Gains) / Losses	656	1,181	1,099	3,197
Other non-cash, non-dilutive, and/or non-economic items (1)	(9,135)	-	(6,327)	-
Allocation of Net Income	28,824	14,293	37,576	25,111
Total pre-tax adjustments	26,148	43,378	110,762	43,599
Pre-tax Adjusted Earnings	**$ 177,576**	**$ 143,837**	**$ 316,726**	**$ 237,629**
GAAP Net income (loss) available to common stockholders	$ 68,237	$ 98,807	$ 88,973	$ 190,663
Allocation of net income (loss) to noncontrolling interest in subsidiaries	46,906	-	61,904	-
Total pre-tax adjustments (from above)	26,148	43,378	110,762	43,599
Income tax adjustment to reflect adjusted earnings taxes	12,324	(23,902)	11,625	(39,378)
Post-tax Adjusted Earnings	**$ 153,615**	**$ 118,283**	**$ 273,264**	**$ 194,884**
Per Share Data				
GAAP fully diluted earnings per share	$ 0.43	N/A	$ 0.56	N/A
Less: Allocations of net income to limited partnership units and FPUs, net of tax	0.00	N/A	0.02	N/A
Exchangeable preferred limited partnership units non-cash preferred dividends	0.01	N/A	0.01	N/A
Total pre-tax adjustments (from above)	0.10	N/A	0.43	N/A
Income tax adjustment to reflect adjusted earnings taxes	0.05	N/A	0.05	N/A
Post-tax adjusted earnings per share	$ 0.59	$ 0.51	$ 1.07	$ 0.85
Pre-tax adjusted earnings per share	$ 0.67	$ 0.62	$ 1.23	$ 1.04
Fully diluted weighted-average shares of common stock outstanding	262,532	230,882	256,085	228,158

(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") agreements with respect to Newmark’s expected receipt of the Nasdaq payments in 2019, 2020, 2021 and 2022.

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

	TTM Ended September 30,	
	2018	2017
Net income (loss) available to common stockholders	$ 42,801	$ 243,116
Provision (benefit) for income taxes	107,707	5,406
Net income (loss) attributable to noncontrolling interest in subsidiaries	63,999	(98)
Pre-tax adjustments:		
Reserves on employee loan	3,355	25,842
OMSR Revenue	(97,856)	(131,064)
MSR amortization	74,681	62,267
Grant of exchangeability to limited partnership units	156,151	52,806
Intangible Asset Amortization	4,875	11,545
Non recurring (Gains) / Losses	4,831	4,715
Other non-cash, non-dilutive, and/or non-economic items (1)	3,673	-
Allocation of Net Income	37,687	32,227
Total pre-tax adjustments	187,397	58,338
Pre-tax Adjusted Earnings	**$ 401,904**	**$ 306,762**
GAAP Net income (loss) available to common stockholders	$ 42,801	$ 243,116
Allocation of net income (loss) to noncontrolling interest in subsidiaries	37,687	32,227
Total pre-tax adjustments (from above)	187,397	58,338
Income tax adjustment to reflect adjusted earnings taxes	50,375	(56,635)
Post-tax Adjusted Earnings	**$ 318,259**	**$ 277,046**

(1) Includes the impact of any unrealized non-cash mark-to-market gains or losses on “other income (loss)” related to the variable share forwards (“Nasdaq Forwards”) agreement with respect to Newmark’s expected receipt of the Nasdaq payments in 2019, 2020, 2021 and 2022.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017 (1)	2018	2017 (1)
Common stock outstanding	155,152	N/A	155,348	N/A
Limited partnership units	-	N/A	-	N/A
Cantor units	23,491	N/A	23,668	N/A
Founding partner units	5,635	N/A	5,688	N/A
RSUs	157	N/A	197	N/A
Other	699	N/A	659	N/A
Fully diluted weighted-average share count for GAAP	**185,134**	**-**	**185,560**	**-**
Adjusted Earnings Adjustments:				
Common stock outstanding	-	N/A	-	N/A
Limited partnership units	77,398	N/A	70,526	N/A
Cantor units	-	N/A	-	N/A
Founding partner units	-	N/A	-	N/A
RSUs	-	N/A	-	N/A
Other	-	N/A	-	N/A
Fully diluted weighted-average share count for Adjusted Earnings	**262,532**	**230,882**	**256,086**	**228,158**

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 nine months ended September 30, 2017 was 457.3 and 451.3 million, respectively.

Newmark's post-tax Adjusted Earnings per share for the three and nine months ended September 30, 2018 and 2017 under this methodology is $0.59 and $1.07, and $0.51 and $0.85, respectively.

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