

Third Quarter Financial Results Presentation

Newmark Group, Inc. (NMRK)

November 1, 2023

NEWMARK



Disclaimers

Discussion of Forward-Looking Statements

Statements in this document regarding Newmark that are not historical facts are "forward-looking statements" that involve risks and uncertainties, which could cause actual results to differ from those contained in the forward-looking statements. These include statements about the Company's business, results, financial position, liquidity, and outlook, which may constitute forward-looking statements and are subject to the risk that the actual impact may differ, possibly materially, from what is currently expected. Except as required by law, Newmark undertakes no obligation to update any forward-looking statements. For a discussion of additional risks and uncertainties, which could cause actual results to differ from those contained in the forward-looking statements, see Newmark's Securities and Exchange Commission filings, including, but not limited to, the risk factors and Special Note on Forward-Looking Information set forth in these filings and any updates to such risk factors and Special Note on Forward-Looking Information contained in subsequent reports on Form 10-K, Form 10-Q or Form 8-K.

Any outlook discussed in this document is valid only as of November 1, 2023, and assumes no additional share repurchases, material acquisitions, or meaningful changes in the company's stock price. Our expectations are subject to change based on various macroeconomic, social, political, and other factors. None of our long-term targets or goals beyond 2023 should be considered formal guidance.

Non-GAAP Financial Measures

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

Other Items

Unless otherwise stated, all financial results and volume figures in this document compare the third quarter of 2023 with the year-earlier period.

Throughout this document, certain other 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. Unless otherwise stated, any such changes would have had no impact on consolidated total revenues or earnings under GAAP or for Adjusted Earnings, all else being equal. Certain numbers in the tables or elsewhere throughout this document may not sum due to rounding. Rounding may have also impacted the presentation of certain year-on-year percentage changes. Decreases in losses may be shown as positive percentage changes in the financial tables. Changes from negative figures to positive figures may be calculated using absolute values, resulting in positive percentage changes in the tables.

Unless otherwise stated, YTD refers to January 1, 2023 to September 30, 2023 and TTM refers to the trailing twelve months ended 9/30/2023. All comparisons throughout this document are assumed to compare 3Q 2023 to 3Q 2022.

Recent Consolidated Results

HIGHLIGHTS OF CONSOLIDATED RESULTS (USD millions, except per share data)	3Q23	3Q22	Change	YTD 2023	YTD 2022	Change
Total Revenues	\$616.3	\$664.6	(7.3)%	\$1,722.9	\$2,098.2	(17.9)%
GAAP income before income taxes and noncontrolling interests ("GAAP pre-tax income")	22.5	51.2	(56.0)%	21.1	136.1	(84.5)%
GAAP net income for fully diluted shares	14.1	37.7	(62.6)%	8.3	100.5	(91.7)%
GAAP net income per fully diluted share	0.06	0.15	(60.0)%	0.03	0.41	(92.7)%
Adjusted Earnings before noncontrolling interests and taxes ("Pre-tax Adjusted Earnings")	77.8	105.8	(26.5)%	168.9	356.9	(52.7)%
Post-tax Adjusted Earnings to fully diluted shareholders ("Post-tax Adjusted Earnings")	65.9	85.0	(22.5)%	144.4	288.5	(50.0)%
Post-tax Adjusted Earnings per share ("Adjusted Earnings EPS")	0.27	0.35	(22.9)%	0.59	1.16	(49.1)%
Adjusted EBITDA ("AEBITDA")	96.3	122.5	(21.4)%	232.1	408.5	(43.2)%

On October 31, 2023, Newmark's Board of Directors (the "Board") declared a qualified quarterly dividend of \$0.03 per share payable on December 6, 2023, to Class A and Class B common stockholders of record as of November 22, 2023. The ex-dividend date will be November 21, 2023.

Note: U.S. Generally Accepted Accounting Principles or "GAAP". See the sections of this document including, but not limited to, "Non-GAAP Financial Measures", "Adjusted Earnings Defined", and "Reconciliation of GAAP Net Income (loss) to Common Stockholders to Adjusted Earnings Before Noncontrolling Interests and Taxes and GAAP Fully Diluted EPS to Post-Tax Adjusted EPS", including any footnotes to these sections, for the complete and/or updated definitions of these and other non-GAAP terms and how, when and why management uses them, and the differences between results under GAAP and non-GAAP for the periods discussed herein. Please see the table titled "Reconciliation of GAAP pre-tax income to GAAP pre-tax income excluding other income".

Leading Global Commercial Real Estate (CRE) Services Provider



TTM Revenues
~\$2.3B



2021 + 2022 Transaction Volume
~\$1T



Professionals
~7,400



Global Client Service Locations
~170

Top Global Public
CRE Services Company

NEWMARK

CBRE

Colliers

**CUSHMAN &
WAKEFIELD**

JLL

savills

Acclaimed
Industry Leader

REAL CAPITAL ANALYTICS

#4 U.S. Broker by Investment Volume
#2 Multifamily Broker
#2 Office Broker
#2 Cross-Border Broker



Fannie Mae®

Top 5 Multifamily Delegated
Underwriting & Servicing
Lender

Freddie Mac

7 Multifamily
Optigo® Lender -
conventional

IA 

Global Outsourcing 100®
for 14th consecutive year
in 2023

Combination of recently hired professionals and
acquisition of Gerald Eve are expected to
generate



**\$325 MM+ of Incremental
Revenues**

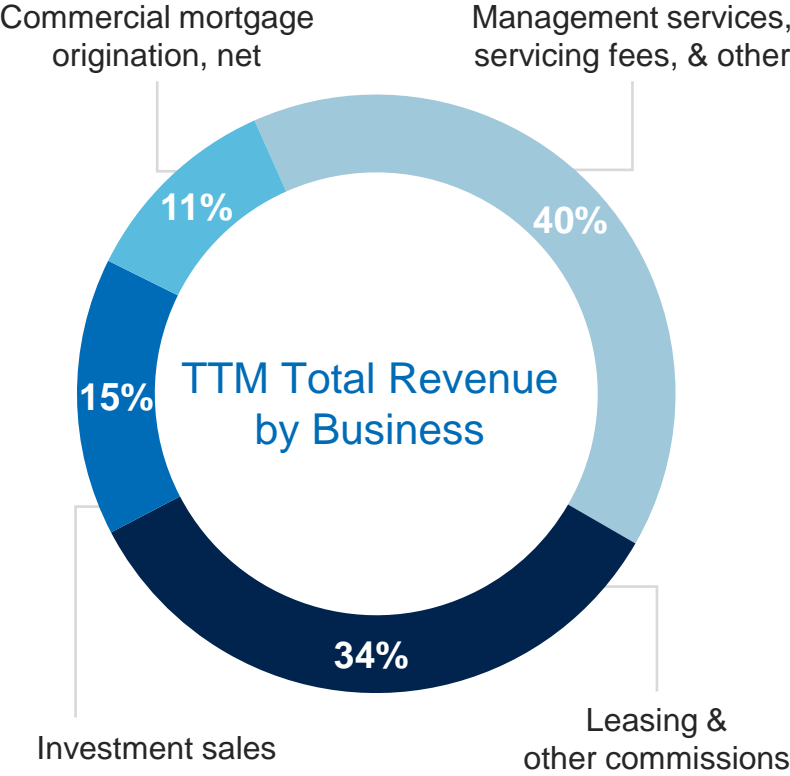
Notes: Headcount and client service locations include independently-owned business partners. Excluding these business partners, we had nearly 7,000 employees in more than 140 offices as of September 30, 2023. Our revenues and volumes are for Newmark company-owned offices only, for the trailing twelve months ending September 30, 2023. Volume figure is the notional value of leasing, investments sales, mortgage brokerage, and GSE/FHA origination transacted by the Company as well as the estimated value of all properties appraised by our V&A business for the trailing two years. The over \$325 million in incremental revenues assume that industry volumes normalize to be 15% to 20% below 2021 levels. Recent hires are YTD through September of 2023. All rankings are for 2022 unless otherwise stated.

Low Risk Real Estate Services Business with Diversified Revenue Base



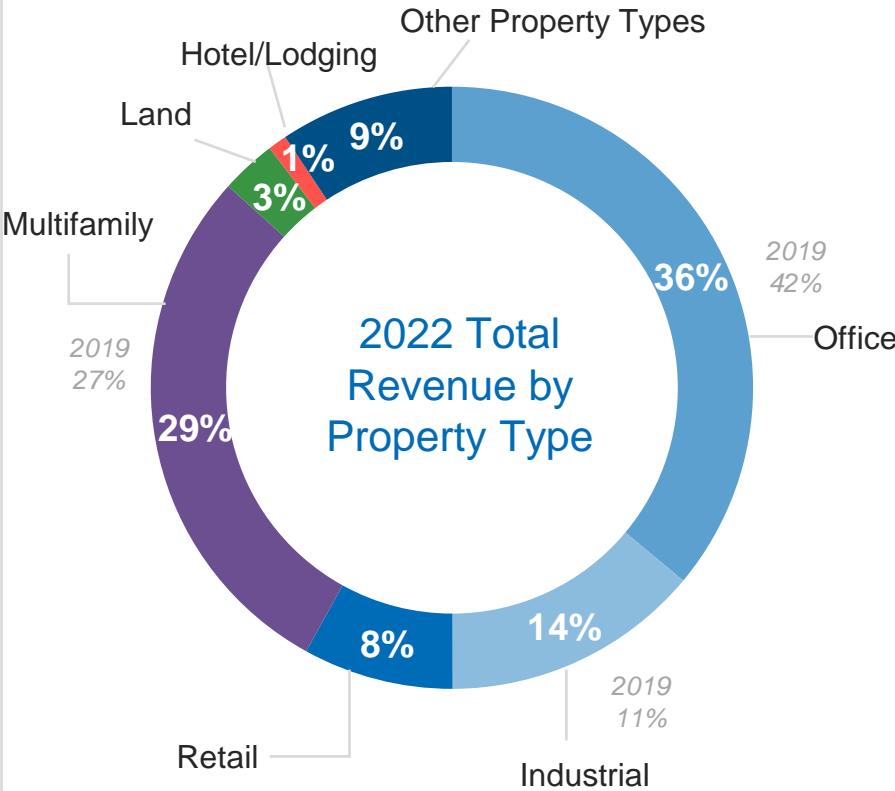
Leading CRE Services Platform

Recurring revenues from “Management services, servicing fees, & other” increased 49% in the TTM compared with 2019



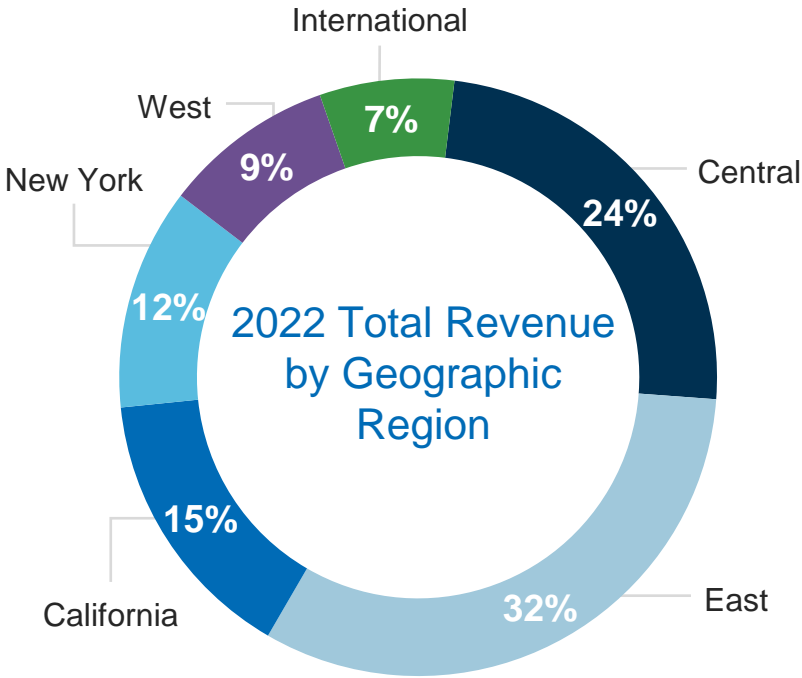
Diversified Revenue Streams

Focused investments driving continued revenue growth across property types



Covering a Broad Geography

Increasingly diversified by region, and the addition of Gerald Eve puts us above our target 10% international run-rate



Third Quarter 2023 Highlights¹

\$616.3MM
REVENUES

\$96.3MM
ADJUSTED EBITDA

\$0.27
POST-TAX
ADJUSTED
EPS

15.6%
ADJUSTED
EBITDA
MARGIN

- On October 2, 2023, the FDIC closed on the sale of \$18.5 billion of 201 Signature Bridge Bank loans made to private equity funds (representing the fund banking loan portfolio). Newmark served as adviser to the FDIC.
- On September 5, 2023, the FDIC announced the sale of the final \$33.2 billion of Signature Bridge Bank loans (representing the Commercial Real Estate loan portfolio), which is currently expected to close before year-end. Newmark serves as adviser to the FDIC.
- The Company increased recurring revenues from Management services, servicing fees, and other by 14.1% year-on-year in the third quarter. These businesses represented approximately 40% of Newmark's top line over the trailing twelve months, compared with 24% in 2017 (the year of the Company's IPO).
- On August 10, 2023, Newmark entered into a \$420 million Delayed Draw Term Loan Credit Agreement (the "Credit Agreement") to repay a portion of the principal and interest related to the Company's \$550 million 6.125% Senior Notes due November 15, 2023 (the "Senior Notes").
- The Company generated \$89.1 million of cash flow from operations,² received \$105.5 million from the redemption of a joint venture interest, and used a portion of those funds to reduce Newmark's outstanding Revolving Credit Facility by \$170 million during the quarter.

1. The FDIC is acting in its capacity as Receiver for Signature Bridge Bank, N.A. For more on this and "Recent Highlights", please see "Other Useful Information".

2. This refers to "Net cash provided by (used in) operating activities excluding loan originations and sales".

Management Commentary on Business Trends



Management Services, Servicing Fees and other

- Newmark generated 14% total revenue growth from our recurring businesses, as we continue to focus on higher margin areas such as servicing, asset management, and property management. These businesses partially offset the decline in capital markets revenues.
- We grew our loan servicing and asset management portfolio by approximately 5% to \$176.6 billion quarter-on-quarter
- The continued rise in interest rates has benefited escrow interest fees but has lowered yield maintenance fees.
- We expect the combination of long-term secular trends and our ongoing investment to lead growth in our recurring businesses.



Leasing & Other Commissions

- Our leasing revenues outperformed the market and were down 7.6% in the quarter and 5.0% year-to-date, reflecting Newmark's strength in industrial and retail. This performance outpaced double-digit percentage declines in industry-wide leasing activity. The large majority of Newmark's outperformance was organic.
- Our combined leasing revenues for retail and industrial were up by 46% in the TTM compared with 2019 as we continue to invest in the brokerage of these property types.
- Based on their analysis of CoStar data, Wolfe Research estimates that overall U.S. leasing volumes and U.S. office leasing volumes were down by approximately 21% and 23% year-on-year, respectively, in the third quarter of 2023.



Investment Sales¹

- The \$13.3 trillion of assets held by global real estate funds and the ~\$406 billion of global dry powder held by close-end real estate funds should serve as a long-term tailwind for investment sales and origination.
- Newmark outperformed the industry by approximately 19% percentage points in Q3 2023. RCA's preliminary U.S. investment sales figures indicate that industry volumes declined by 53% while Newmark's U.S. volumes declined by 34%.
- We have gained significant market share over time in investment sales. Between 2015 and the TTM, we grew our Americas investment sales volumes by almost 80%, while RCA U.S. investment sales volumes decreased by 26%. We aim to eventually be #1 in the U.S. and to replicate our success internationally.

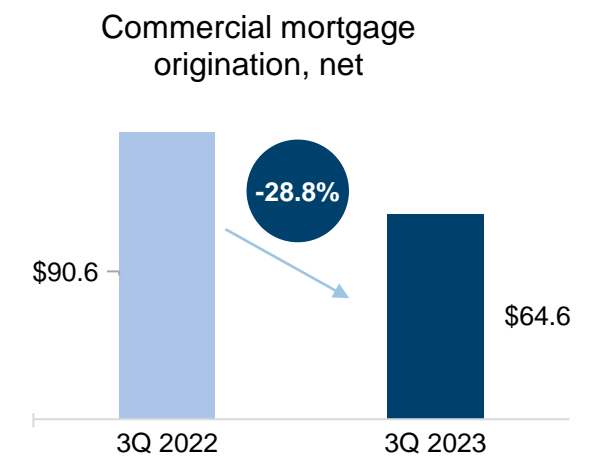
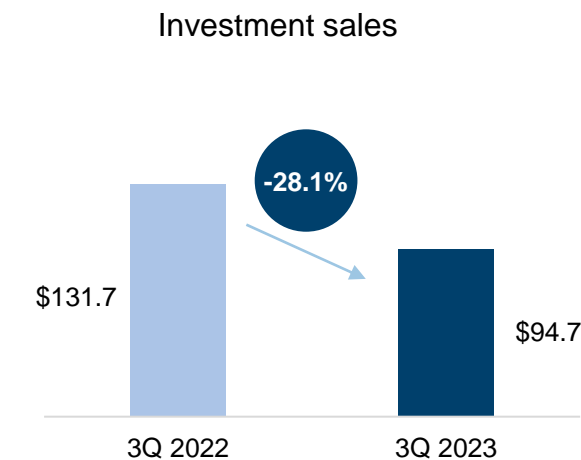
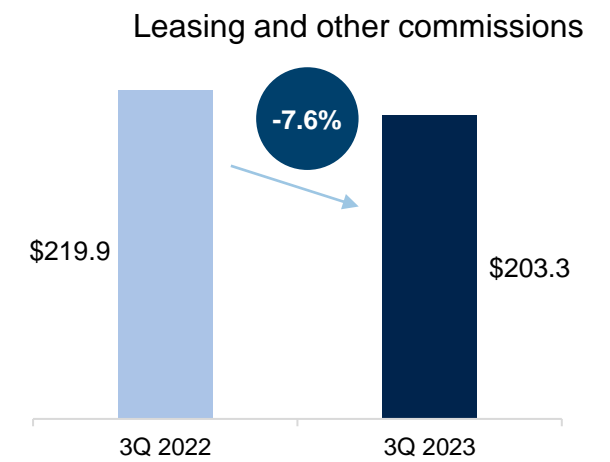
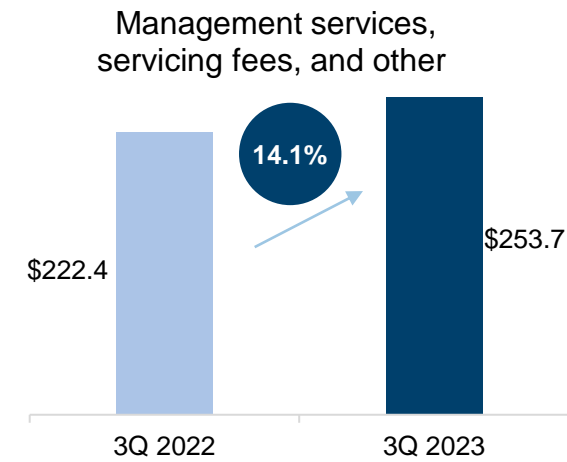
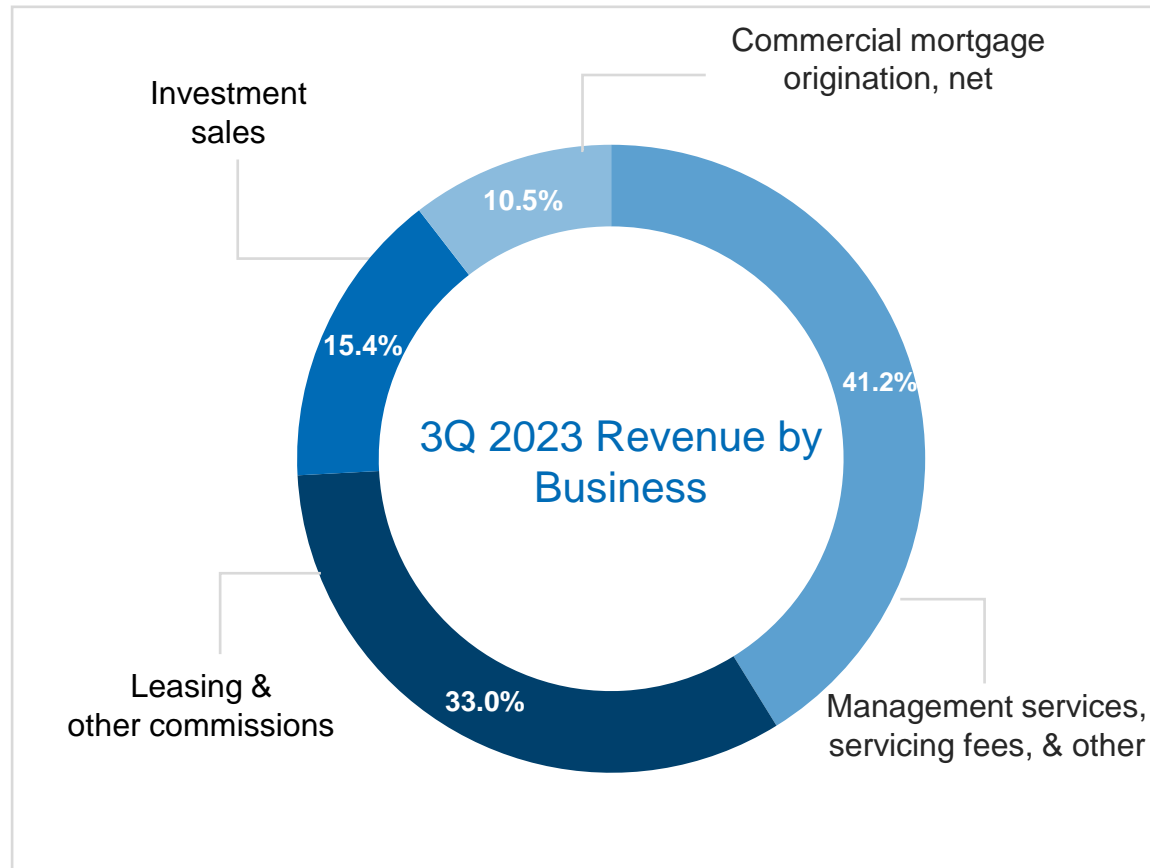


Commercial Mortgage Origination, net

- From 2023 to 2027, over \$2.6T of commercial and multifamily debt matures in the U.S., providing tailwinds for our origination, mortgage brokerage, recapitalization, and loan sales businesses.
- Newmark outperformed the industry in 3Q 2023 as its U.S. total debt volumes were down year-on-year by 43%. In comparison, Newmark Research estimates that overall U.S. commercial and multifamily originations may have declined by as much as 51%, based on their analysis of preliminary RCA lending data.
- We have gained significant share over time. From 2015 through the TTM, we increased our U.S. total debt volumes by nearly 210%, while U.S. commercial and multifamily origination volumes declined by 9%.

1. Based on data from Newmark Research, the MBA, and/or RCA.

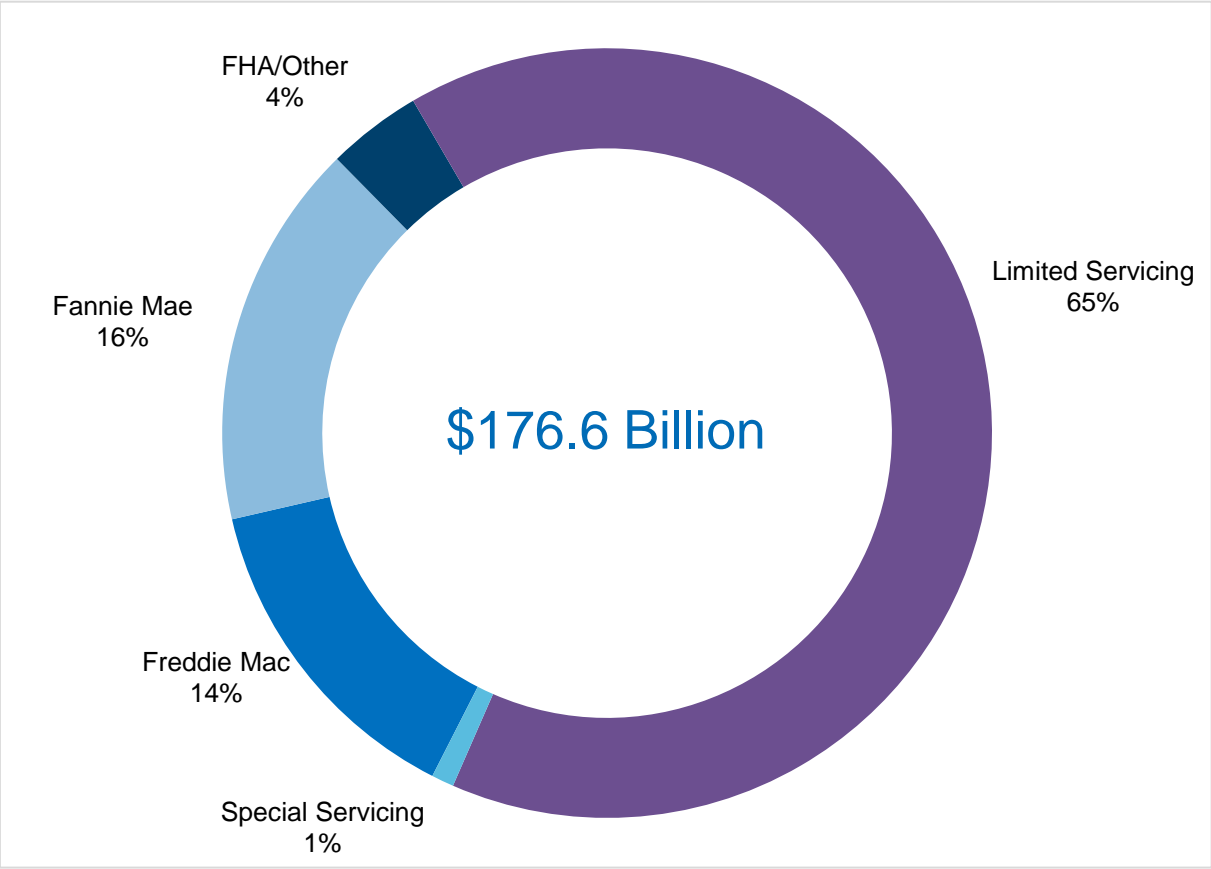
3Q 2023 Revenue Detail



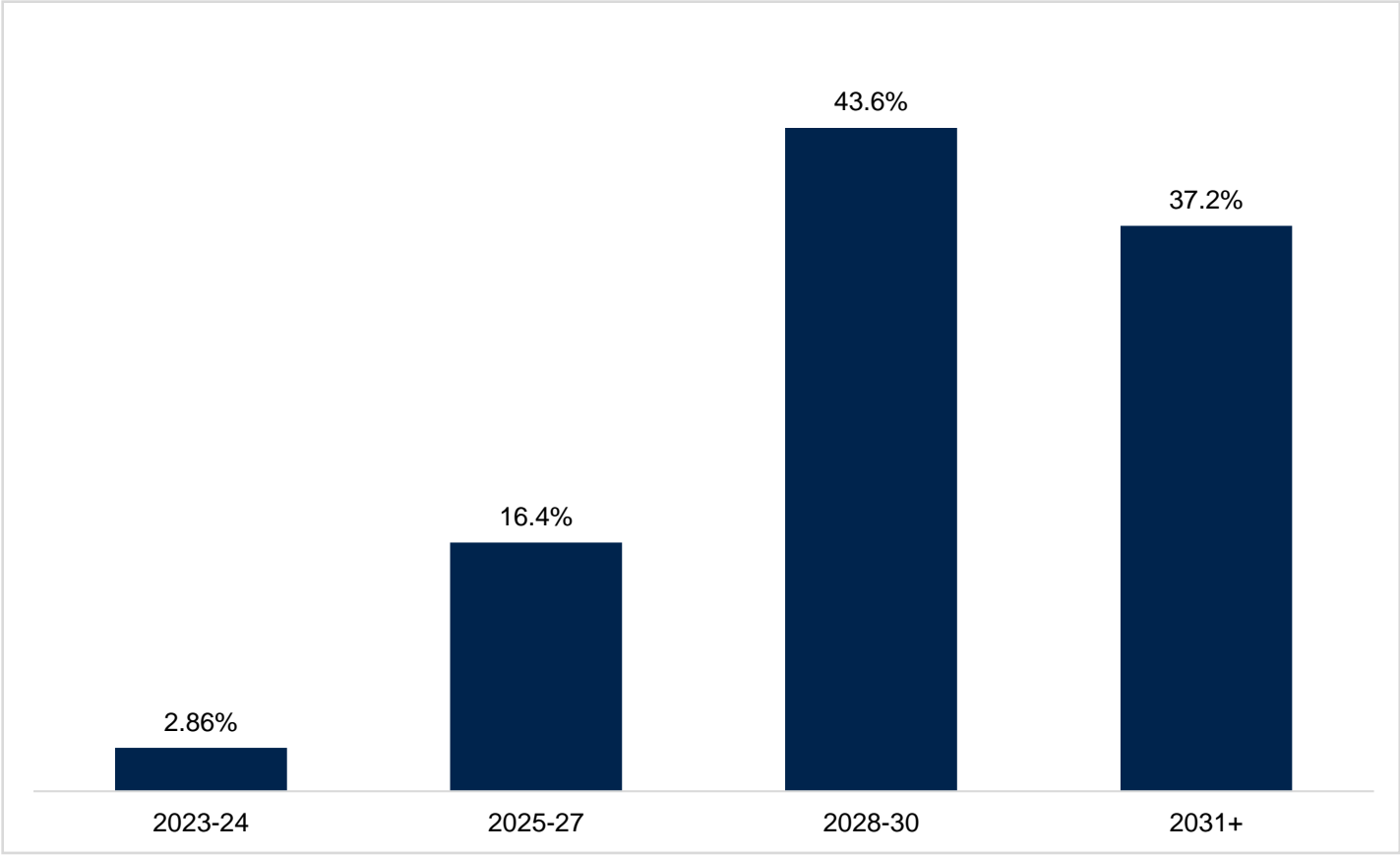
- Fees from management services, servicing, and other grew by 13.0% year-on-year. This improvement was led by the addition of Gerald Eve and growth from Newmark's high margin servicing and asset management businesses, as well as improvement in GCS fees.
- Leasing revenues declined 7.6% in the quarter and 5.0% year-to-date. This performance outpaced mid-teens declines in industry-wide leasing activity, reflecting Newmark's strength in industrial and retail. The Company's higher margin investment sales and mortgage brokerage businesses gained significant market share in the quarter versus the over 50% declines in U.S. investment sales and commercial/multifamily origination volumes.

Servicing & Asset Management Provides Recurring, High-Margin Revenues

Portfolio Composition as of 9/30/2023



Newmark Fannie Mae/Freddie Mac Portfolio Maturities by Year



- Newmark’s servicing portfolio generated \$60.8 MM¹ (+4.0% Y/Y) and \$231.0MM (+8.1% Y/Y), respectively, of high-margin, recurring, and predictable revenue during the three and twelve months ended 9/30/2023.
- As of 9/30/2023, Newmark’s higher margin primary servicing portfolio² was up 8.5% Y/Y to \$60.2 billion, while its weighted average maturity was 6.5 years.
- Of the Fannie Mae/Freddie Mac loans in Newmark’s servicing portfolio, only 2.9% will mature before 2025 and ~ 88% will mature in 2027 or later.

1. Newmark produced \$151.3 mm in servicing fees during the twelve months ended 9/30/2023. In addition to servicing fees, the Company generated \$79.6 mm of other revenues, for a total of \$230.9 mm of non-origination revenues primarily related to its GSE/FHA originations business. These include escrow interest, servicing fees, interest on loans held for sale, and yield maintenance fees. Multifamily mortgage servicing revenue is stable and recurring in part because of greater call protection versus single family mortgages, and because interest income moves in tandem with interest rates. Approximately 99% of the Company’s GSE loans include prepayment penalties. The figures exclude the additional fees earned with respect to the Spring11 asset management & servicing portfolio, which are recorded separately as part of Management Services

2. We believe that for the industry, multifamily servicers earn 40-50 basis points (BP) on their Fannie servicing book, 8-10 BP on Freddie, and ~15 BP for FHA/Ginnie and 1-3 BP for special and/or limited servicing.

Note: Newmark’s agency risk sharing portfolio was \$ 28.6 B at 9/30/2023. As of that same date, the OLV of the portfolio was 62%. 98.9% of Newmark agency business is subject to some form of prepayment protection.

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Strong Balance Sheet & Credit Metrics

AS OF 9/30/2023, UNLESS OTHERWISE STATED (\$ IN MILLIONS)

Cash and Cash Equivalents			\$143.3
	Interest Rate	Maturity	
Senior Notes ¹	6.125%	11/15/2023	\$549.7
Credit Facility ²		3/10/2025	\$55.0
Total Debt			\$604.7
Net Debt			\$461.4
Total Capital			\$1,505.4

- On August 10, 2023, Newmark entered into a \$420 million Delayed Draw Term Loan Credit Agreement (the “Credit Agreement”) to repay the principal and interest related to a portion of the Company’s \$550 million 6.125% Senior Notes due November 15, 2023 (the “Senior Notes”).
- The Company expects to end 2023 with net leverage of between 1.0X and 1.2X.

1. Under GAAP, the carrying amounts of the senior notes is slightly lower than the notional amounts of \$550 mm.
2. For more information on the interest rate of the Credit Facility, please see Note 20 — “Debt” included in Part I, Item 1 of the forthcoming Quarterly Report on Form 10-Q.
3. Net Debt / TTM Adjusted EBITDA. The Company’s target is to maintain net leverage of under 1.5X.
4. TTM Adjusted EBITDA / TTM Interest Expense.

Credit Metrics

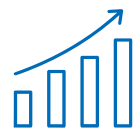
as of 9/30/2023

\$334.3 million
TTM Adjusted EBITDA

1.4x
Net Leverage Ratio as of 9/30/2023³

7.1x
Interest Coverage Ratio⁴

Strong Financial Position & Cash Generation to Support Growth



Low Risk Intermediary

- Virtually no balance sheet risk¹
- ~\$177 billion loan servicing portfolio
- Capital-light model



Variable Cost Structure

- Approximately 70% of expenses are variable²



Average of \$346 MM+ of Annual Cash Generated by the Business³

- \$2.5 billion of AEBITDA and \$2.1 billion of cash generated by the business 2017-2022
- Approximately 74%, 57%, and 82%, respectively, of AEBITDA conversion to CFFO, operating cash flow before items, and cash generated by the business over same period.

Cash & Cash Equivalents
\$143 MM



Undrawn Portion of Credit Facility⁴
\$545 MM



Expected Cash Generated
by the Business⁵
~\$300MM



~\$980 MM

1. Newmark shares credit losses on a pari passu basis with Fannie Mae. On average, Newmark and the industry has experienced very low net charge offs. For more detail, see the May 2020 COVID-19 Supplement on our investor relations website.

2. Over the last 3 fiscal years, on a non-GAAP basis.

3. Data is for 2017-2022, during which the Company generated approximately (i) \$1.9 billion of “Net cash provided by (used in) operating activities” (“CFFO”), (ii) \$1.3 billion of “Net cash provided by operating activities excluding activity from loan originations and sales”, before the impact of cash used with respect to the 2021 Equity Event, and (iii) \$2.1 billion of “Net cash provided by (used in) operating activities excluding activity from loan originations and sales”, before the impact of cash used with respect to the 2021 Equity Event and excluding cash used with respect to employee loans for new hires and producers, or what “cash generated by the business” means on this page. See the slide in our 1Q 2023 financial results presentation titled “Analysis of Adjusted EBITDA Relative to Cash Flow and Cash Generated by the Business” for historical cash generated by the business under this methodology. See also the quarterly Excel Supplement on our website for more information about cash generated by the business and cash flows from operations.

4. Does not adjust for expected \$130MM draw to repay Senior Notes due November 2023.

5. This FY 2023 expectation assumes that AEBITDA cash flow conversion ratios are roughly in line with their 2017-2022 average. The Company has generated ~\$202.3 million of cash from the business thus far in 2023.

Updated Outlook¹ for 2023

Metric	4Q 2023 Guidance	4Q 2022 Actual	YoY Change	FY 2023 Guidance	FY 2022 Actual	YoY Change
Total Revenues (millions)	\$692 – \$742	\$607.3	14% - 22%	\$2,415 - \$2,465	\$2,705.5	(11% - 9%)
Adjusted EBITDA (millions)	\$143 - \$167	\$102.2	40% - 63%	\$375 - \$400	\$510.7	(27% - 22%)
Adjusted Earnings Tax Rate	14% - 16%	9.3%		14% - 16%	17.1%	
Adjusted Earnings Per Share	\$0.42 – \$0.49	\$0.32	31% - 53%	\$1.02 – \$1.09	\$1.49	(32% - 27%)

- Newmark expects its recurring businesses to continue generating double-digit growth in the fourth quarter.
- Based on our current pipeline, we anticipate our leasing and capital markets businesses to continue outpacing the industry in the fourth quarter.
- For full year 2023, we expect equity-based compensation charges towards the low end of our previous guidance of between 7% and 9% of commission-based revenues.
- We are now targeting an additional \$25 million of annualized cost savings by the end of the second quarter of 2024, for a total of \$75 million.
- Our long-term target remains growing our share count by no more than 2 percent per year, on average. Newmark expects its fourth quarter and full year 2023 Fully diluted weighted-average share count for Adjusted Earnings to be approximately 250 million and 246 million, respectively.

We Expect to Generate Strong Adjusted EBITDA, Trough or Peak

Over 2/3 of our revenues relatively stable in the current environment. 40%+ incremental margins.

(\$ in millions)	Illustrative Financial Model			2021 Actual	2022 Actual	Hypothetical Scenario 1: Mid 2023 Guidance	Var % to 2021	Hypothetical Scenario 2: New Investments Ramp Up, Volumes Normalize	Var % to 2021				
Revenues	Fees from management services, servicing, and other ⁽¹⁾			\$	535	\$	633	\$	690	29%	\$	735	37%
	Leasing and other commissions ⁽²⁾				827		832		800	-3%		825	0%
	Capital markets fees ⁽³⁾				1,027		854		605	-41%		1,075	5%
	Non-fee revenues ⁽⁴⁾				517		386		345	-33%		365	-29%
	Total revenues ⁽⁵⁾			\$	2,906	\$	2,706	\$	2,440	-16%	\$	3,000	3%
Expenses	Commission-based compensation ⁽⁶⁾				1,033		953		780	-24%		1,043	-1%
	Support and operational expenses for Adjusted EBITDA ⁽⁷⁾				763		859		944	24%		962	26%
	Pass-through expenses and OMSR revenue adjustment ⁽⁴⁾				517		386		345	-33%		365	-29%
	Total expenses for Adjusted EBITDA ⁽⁷⁾			\$	2,313	\$	2,198	\$	2,069	11%	\$	2,370	2%
Other	Other income				3		3		14	NMF		-	NMF
Earnings	Adjusted EBITDA ⁽⁷⁾			\$	597	\$	511	\$	388	-35%	\$	632	6%
	Adjusted EBITDA margin				21%		19%		16%			21%	

Note: Since we only provided guidance for full year 2023 total revenues and Adjusted EBITDA, the specific line items shown are for illustrative purposes only and are not meant to be part of our outlook. See below for additional notes:

1. Scenario 1 assumes a high single-digit percentage decline in V&A revenues versus 2021, while scenario 2 includes a mid single-digit percentage increase. Both scenarios reflect (i) that over 2/3 of Gerald Eve's ~£96 million of FY 2022 total revenues were from management services and (ii) continued solid growth in fees from our other recurring businesses.

2. Both scenarios assume growth in industry-wide industrial and retail leasing activity and declines in office leasing, all compared with 2021 levels.

3. Includes fees from Investment sales and Commercial mortgage origination, net. Scenario 2 assumes that industry-wide capital markets volumes are 15% to 20% below 2021 levels, while scenario 1 assumes 2023 volumes are even lower versus 2021.

4. Non-fee revenues include (i) non-cash OMSR revenues, which are excluded when calculating Adjusted EBITDA and (ii) Pass through revenues, which equal their related expenses. See "Certain Revenue Terms Defined" in the appendix for more information on these items.

5. Scenario 2 is some hypothetical 12-month period after 2023 and assumes over \$325 million of incremental revenues related to recent investments including: (i) Gerald Eve generating total revenues consistent with its FY 2022 levels and no major change in the relevant exchange rate, as well as (ii) new capital markets and leasing producers hired in the first 9 months of 2023 fully ramping up to generate another over \$200 million annually.

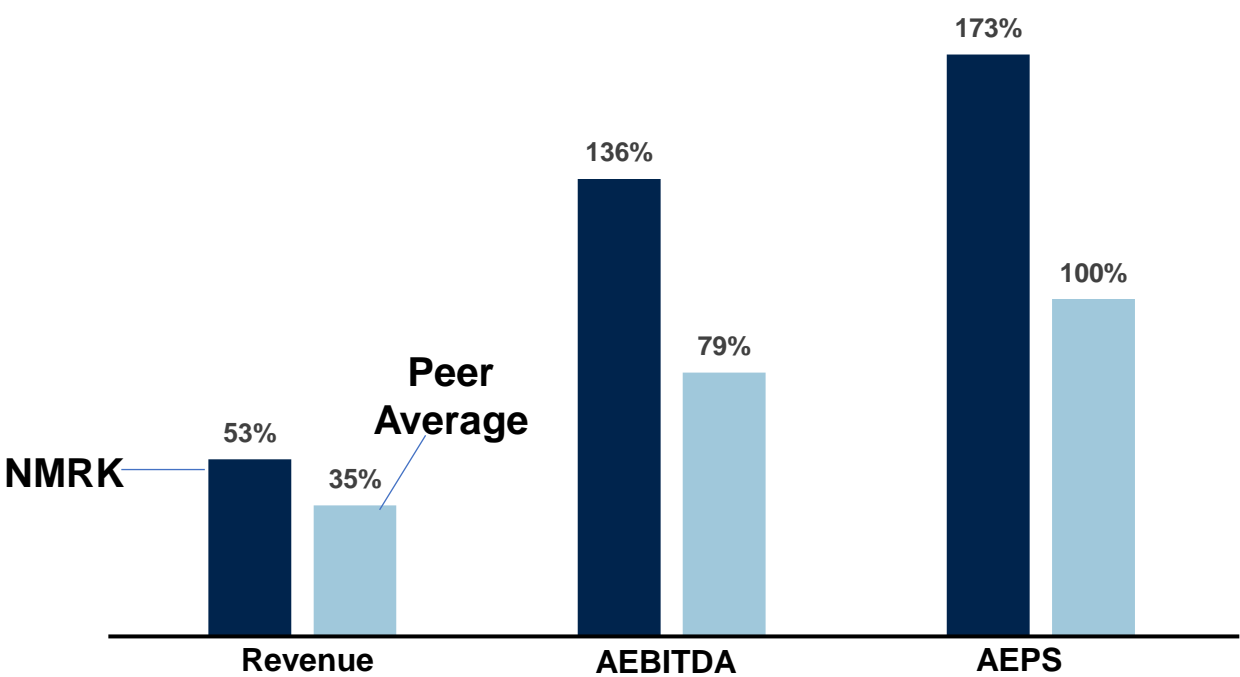
6. Represents 50% to 51% of Commission-based revenues and excludes equity-based compensation, which is consistent with the Company's non-GAAP methodology.

7. This excludes certain expenses such as depreciation, amortization, and interest expense that are included as part of GAAP net income and/or Adjusted Earnings, and as are detailed in the reconciliation tables in this document. The anticipated increases in Support and operational expense are due to the impact of hires and acquisitions. On a same store basis, scenario 1 incorporates a high single-digit to low double-digit percentage decline in support and operational expenses between 2021 and 2023.

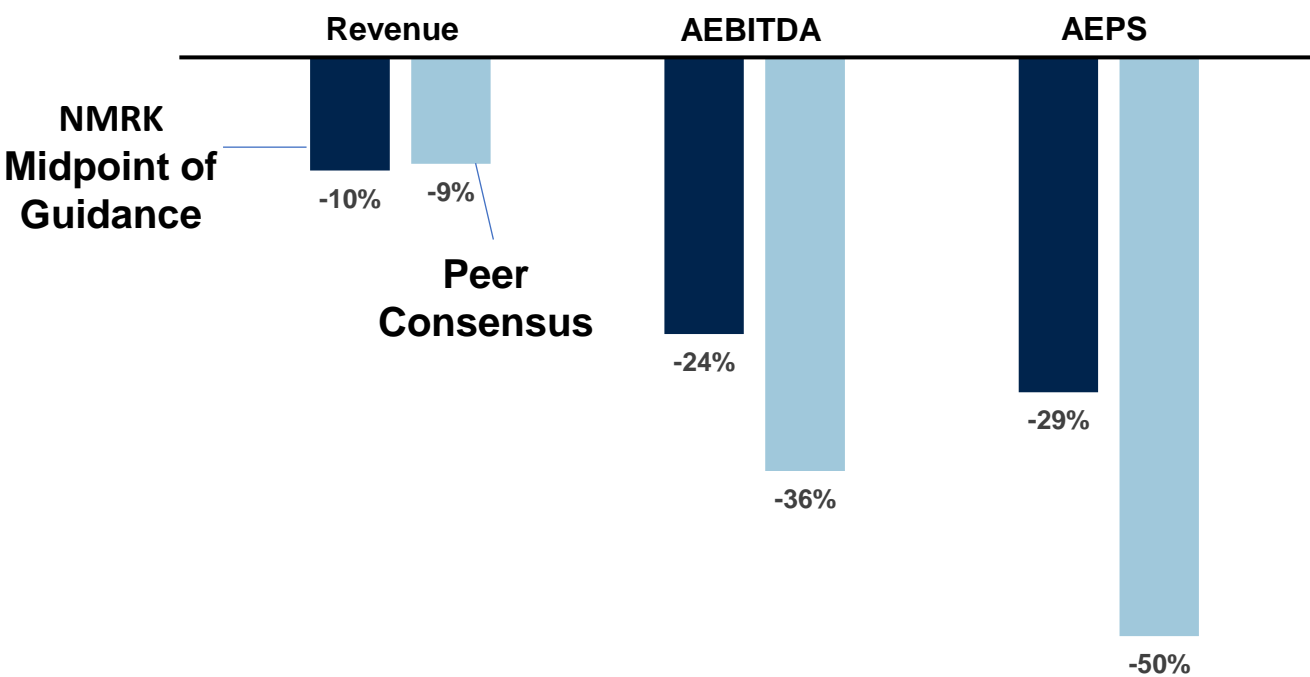
NEWMARK 13

Our Model has Proven to be Resilient and Successful Across the Cycles

FY 2021



FY 2023E

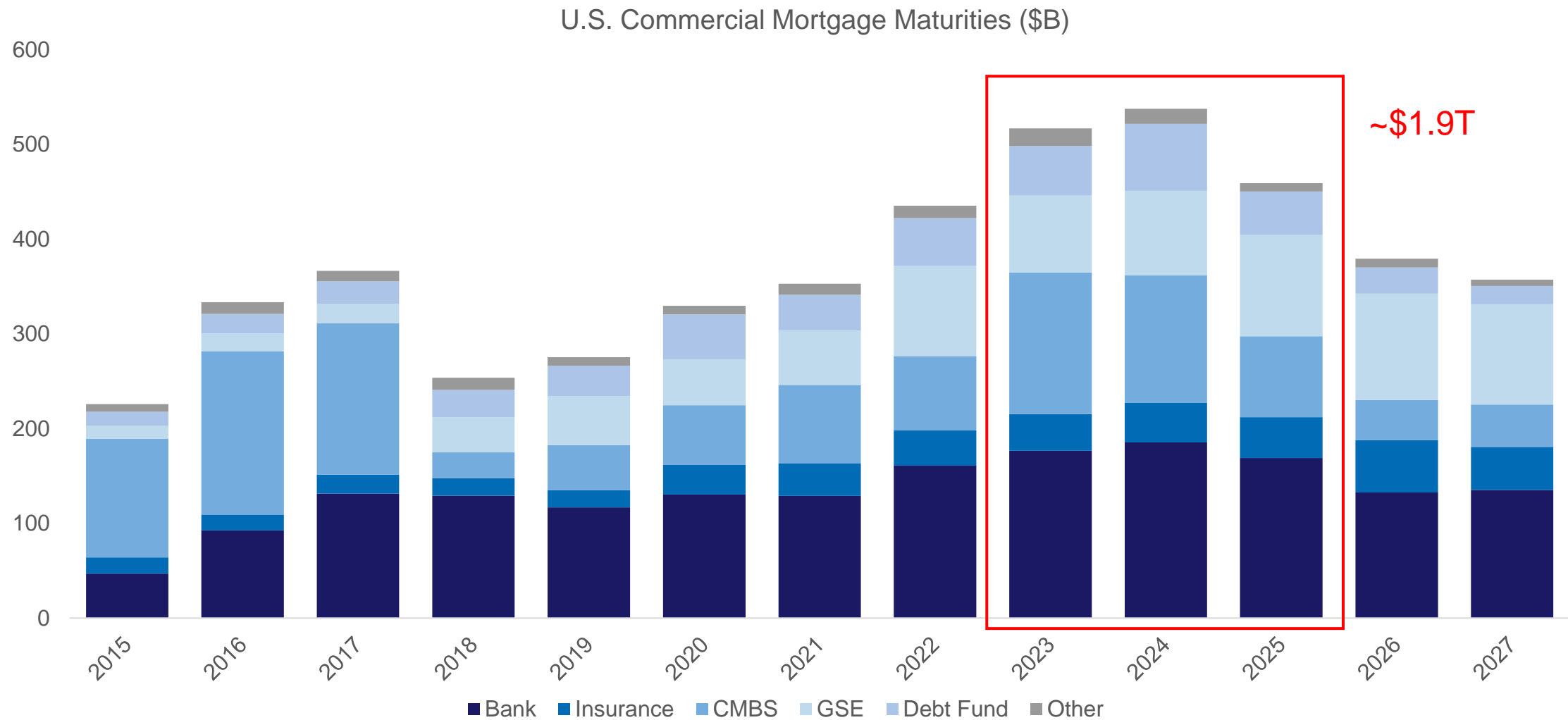


- Newmark increased revenues and earnings significantly faster than peers in 2021 peak market conditions and is expected to outperform peers in 2023’s difficult market conditions.
- We have a long-term track record of outperformance, having increased revenues and AEBITDA faster than the average peer from 2017 through 2022.

Note: Newmark’s publicly traded full service peers for this purpose are U.S. tickers CBRE, CIGI, CWK, and JLL. Its overall peer group also includes U.S. tickers MMI and WD, as well as U.K. ticker SVS. The latter is only included in full year comparisons as they do not report quarterly results. Newmark grew its total revenues and Adjusted EBITDA faster than (i) all of its full service peers in 2021 and (ii) the simple average of its full service peers from 2017 through 2022. The Company’s anticipated outperformance is based on the simple averages of: (i) the estimated changes in Adjusted Earnings per share and Adjusted EBITDA for all the peers in full year 2023 and (ii) the estimated changes in revenues, Adjusted Earnings per share, and Adjusted EBITDA for all the peers in the fourth quarter of 2023. The peer estimates are based on the FactSet consensus as of October 31, 2023. Newmark’s expected change for these same metrics is based on the mid-point of its updated fourth quarter and full year 2023 outlook. Even were one to expense stock-based compensation, Newmark expects faster than average Adjusted EBITDA growth in 2023 and grew this metric faster than average from 2017 through 2022, on the same basis as above.

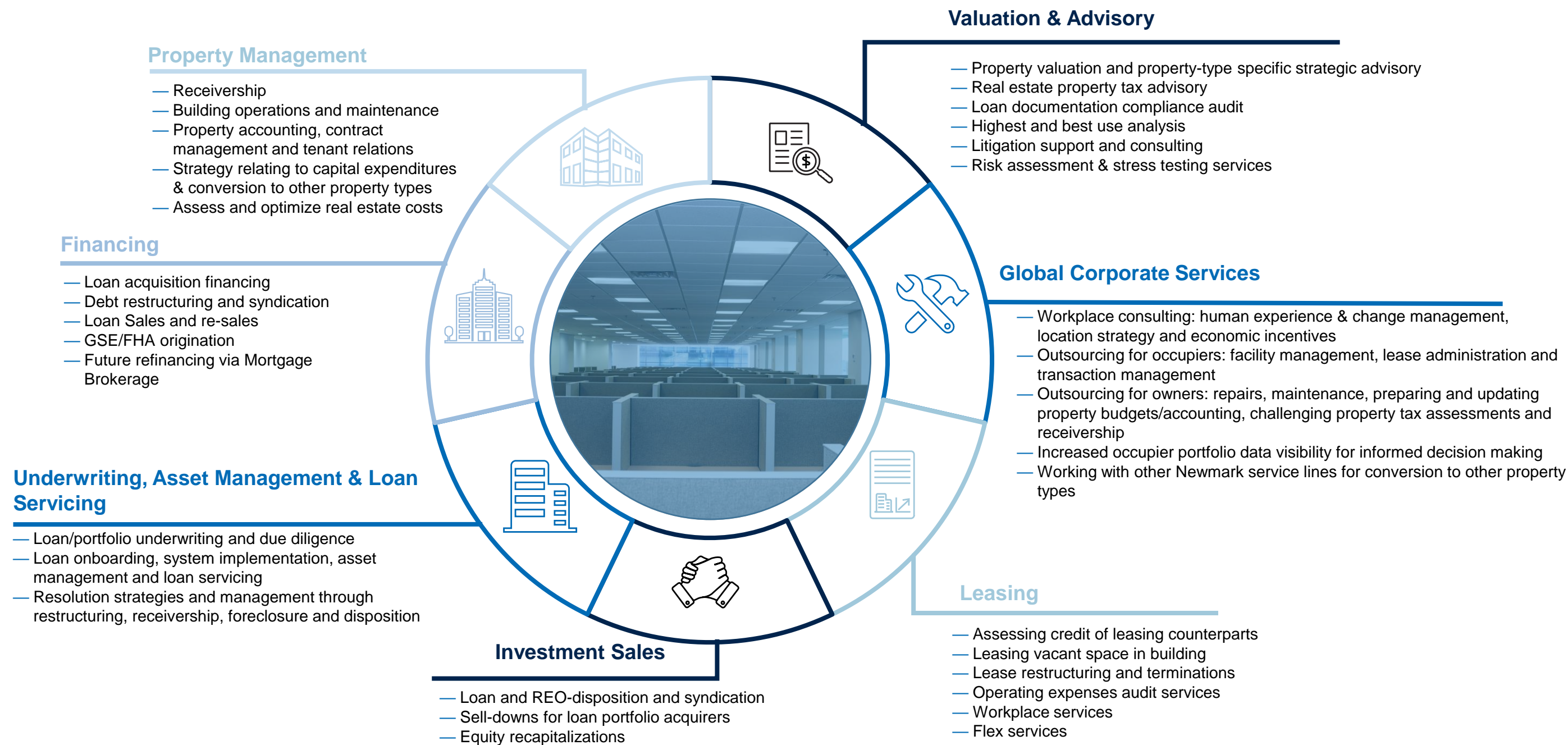
Record Quantities of Debt Maturing in 2023-2025

Commercial Mortgage Maturities by Original Loan Term



- Over \$2.6T in CRE/MF mortgages mature over the next five years, of which a record \$1.9T is due 2023-2025, even as banks pull back from lending.
- Newmark research estimates ~\$1.2T of commercial mortgages are potentially troubled, of which approximately half mature between 2023 and 2025 . We therefore expect banks and other non-GSE lenders to continue to sell a meaningful portion of their loans which will drive a significant number of transactions and other new business to Newmark.
- We expect existing owners and lenders who receive properties in foreclosures to turn to real estate service providers like ourselves to find alternative sources of capital, for equity recapitalizations and joint ventures, to sell the loans or underlying properties, or for other services. This should drive meaningful future business for us.

Distress Will Create Demand for Newmark Services



GAAP Financial Results



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,	
	2023	2022	2023	2022
Revenues:				
Management services, servicing fees and other	\$ 253,749	\$ 222,379	\$ 706,701	\$ 689,183
Leasing and other commissions	203,268	219,903	600,185	631,681
Investment sales	94,707	131,731	244,304	492,898
Commercial mortgage origination, net	64,559	90,633	171,736	284,483
Total revenues	616,283	664,646	1,722,926	2,098,245
Expenses:				
Compensation and employee benefits	371,250	388,903	1,046,531	1,198,104
Equity-based compensation and allocations of net income to limited partnership units and FPU's	29,548	44,088	84,805	102,974
Total compensation and employee benefits	400,798	432,991	1,131,336	1,301,078
Operating, administrative and other	140,930	121,382	406,738	395,882
Fees to related parties	6,244	7,301	20,863	20,878
Depreciation and amortization	41,463	44,359	122,327	118,758
Total non-compensation expenses	188,637	173,042	549,928	535,518
Total operating expenses	589,435	606,033	1,681,264	1,836,596
Other income, net:				
Other income (loss), net	3,203	(128)	4,118	(101,432)
Total other income (loss), net	3,203	(128)	4,118	(101,432)
Income from operations	30,051	58,485	45,780	160,217
Interest expense, net	(7,542)	(7,281)	(24,727)	(24,074)
Income before income taxes and noncontrolling interests	22,509	51,204	21,053	136,143
Provision for income taxes	8,356	13,294	12,019	35,723
Consolidated net income	14,153	37,910	9,034	100,420
Less: Net income attributable to noncontrolling interests	4,206	9,946	3,007	23,572
Net income available to common stockholders	\$ 9,947	\$ 27,964	\$ 6,027	\$ 76,848

See the following page for per share data.

Newmark Group, Inc. Condensed Consolidated Statements of Operations *(continued)*

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Per share data:				
<i>Basic earnings per share</i>				
Net income available to common stockholders	\$ 9,947	\$ 27,964	\$ 6,027	\$ 76,848
Basic earnings per share	\$ 0.06	\$ 0.16	\$ 0.03	\$ 0.42
Basic weighted-average shares of common stock outstanding	174,129	177,231	173,549	183,311
<i>Fully diluted earnings per share</i>				
Net income for fully diluted shares	\$ 14,075	\$ 37,674	\$ 8,293	\$ 100,483
Fully diluted earnings per share	\$ 0.06	\$ 0.15	\$ 0.03	\$ 0.41
Fully diluted weighted-average shares of common stock outstanding	247,240	243,469	243,882	248,067
Dividends declared per share of common stock	\$ 0.03	\$ 0.03	\$ 0.09	\$ 0.09
Dividends paid per share of common stock	\$ 0.03	\$ 0.03	\$ 0.09	\$ 0.07

Newmark Group, Inc. Condensed Consolidated Balance Sheets

(IN THOUSANDS) (UNAUDITED) (UNDER GAAP)

	September 30, 2023	December 31, 2022
Assets		
Current Assets:		
Cash and cash equivalents	\$ 143,343	\$ 233,016
Restricted cash	89,932	79,936
Marketable securities	239	788
Loans held for sale, at fair value	616,420	138,345
Receivables, net	528,884	523,742
Other current assets	106,237	100,188
Total current assets	1,485,055	1,076,015
Goodwill	769,167	705,894
Mortgage servicing rights, net	540,204	568,552
Loans, forgivable loans and other receivables from employees and partners, net	631,776	500,833
Right-of-use assets	605,230	638,592
Fixed assets, net	176,834	155,639
Other intangible assets, net	86,380	80,968
Other assets	140,109	214,266
Total assets	<u>\$ 4,434,755</u>	<u>\$ 3,940,759</u>
Liabilities, Redeemable Partnership Interest, and Equity:		
Current Liabilities:		
Warehouse facilities collateralized by U.S. Government Sponsored Enterprises	\$ 609,457	\$ 137,406
Accrued compensation	311,526	369,540
Accounts payable, accrued expenses and other liabilities	544,154	511,584
Short-term debt	129,747	547,784
Payables to related parties	2,749	9,745
Total current liabilities	1,597,633	1,576,059
Long-term debt	475,000	-
Right-of-use liabilities	610,161	627,088
Other long-term liabilities	238,256	196,197
Total liabilities	2,921,050	2,399,344
Equity:		
Total equity ⁽¹⁾	1,513,705	1,541,415
Total liabilities, redeemable partnership interest, and equity	<u>\$ 4,434,755</u>	<u>\$ 3,940,759</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)

	<u>Three Months Ended September 30,</u>		<u>Nine Months Ended September 30,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Net cash provided by (used in) operating activities	\$ 413,540	\$ (74,299)	\$ (485,938)	\$ 264,735
Net cash provided by (used in) investing activities	95,314	(22,518)	(38,205)	330,803
Net cash provided by (used in) financing activities	(527,283)	49,193	444,466	(554,500)
Net increase (decrease) in cash and cash equivalents and restricted cash	(18,429)	(47,624)	(79,677)	41,038
Cash and cash equivalents and restricted cash at beginning of period	251,704	355,162	312,952	266,500
Cash and cash equivalents and restricted cash at end of period	<u>\$ 233,275</u>	<u>\$ 307,538</u>	<u>\$ 233,275</u>	<u>\$ 307,538</u>
Net cash provided by operating activity excluding loan originations and sales (1)	<u>\$ 89,053</u>	<u>\$ 105,465</u>	<u>\$ (7,313)</u>	<u>\$ 209,386</u>

(1) Includes loans, forgivable loans and other receivables from employees and partners in the amount of \$31.8 million and \$36.0 million for the three months ended September 30, 2023 and 2022, respectively, and \$209.6 million and \$100.6 million for the nine months ended September 30, 2023 and 2022, respectively. Excluding these loans, net cash provided by (used in) operating activities excluding loan originations and sales would be \$120.8 million and \$141.5 million for the three months ended September 30, 2023 and 2022, respectively, and \$202.3 million and \$310.0 million for the nine months ended September 30, 2023 and 2022, respectively.

The Condensed Consolidated Statements of Cash Flows are presented in summarized form. For complete Condensed Consolidated Statements of Cash Flows, please refer to Newmark's Quarterly Report on Form 10-Q for the quarter ended September 30, 2023, to be filed with the Securities and Exchange Commission in the near future.

Appendix 1:

Additional Information on Newmark



Newmark Volumes¹

(\$ IN MILLIONS)

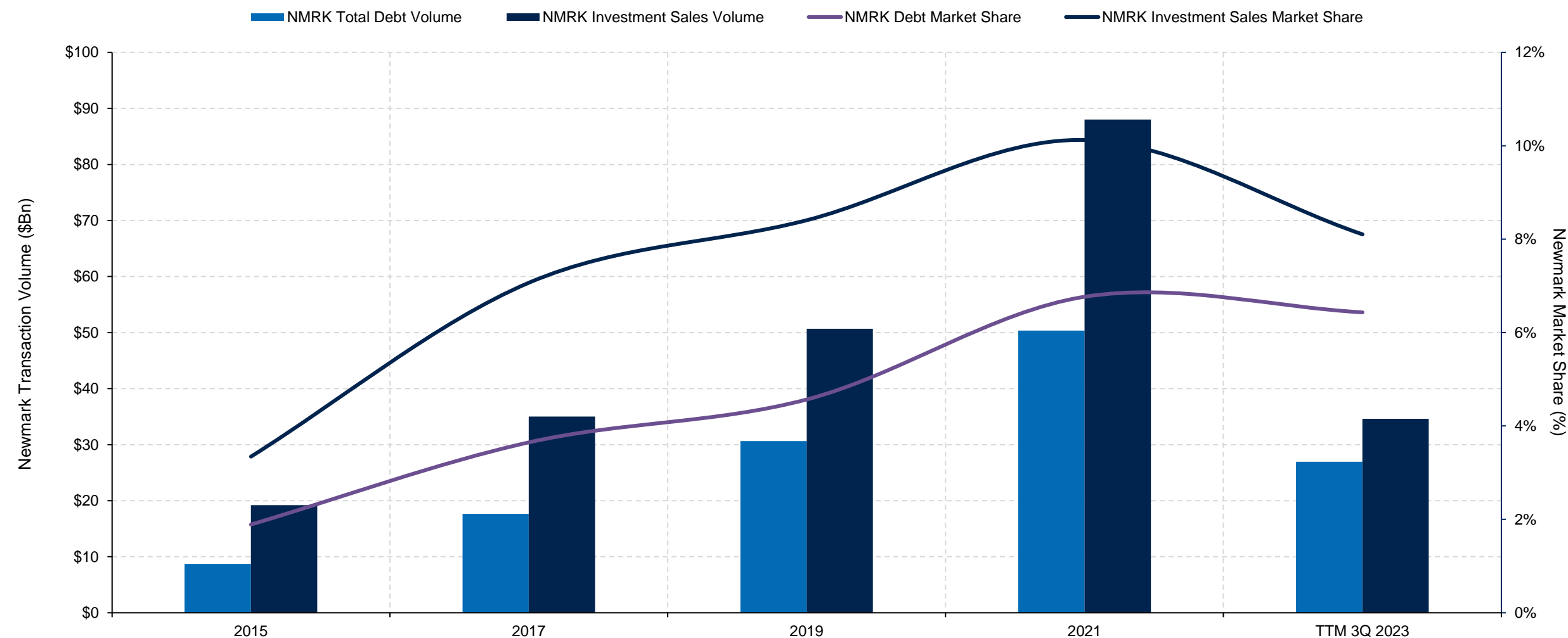
	3Q23	3Q22	% Change	YTD 2023	YTD 2022	% Change	TTM 3Q23	TTM 3Q22
Investment Sales	9,179	14,745	(37.7)%	22,815	59,769	(61.8)%	34,630	96,718
Mortgage Brokerage	4,998	9,614	(48.0)%	13,038	31,366	(58.4)%	19,686	49,334
Total Capital Markets	14,177	24,359	(41.8)%	35,854	91,135	(60.7)%	54,316	146,052
Fannie Mae	714	1,261	(43.3)%	1,991	3,647	(45.4)%	2,421	5,215
Freddie Mac	931	808	15.2%	3,371	2,151	56.7%	4,811	3,487
FHA / Other	-	52	NMF	16	100	(84.1)%	39	117
Total Origination Volume	1,646	2,121	(22.4)%	5,378	5,898	(8.8)%	7,271	8,819
Total Debt	6,644	11,735	(43.4)%	18,417	37,264	(50.6)%	26,957	58,153
Total Debt & Capital Markets Volume¹	15,822	26,480	(40.2)%	41,232	97,033	(57.5)%	61,587	154,871

- Newmark gained meaningful market share in U.S. capital markets during 3Q 2023, as our corresponding investment sales and total debt volumes were down by 34% and 43%, respectively.
- In comparison, RCA's preliminary U.S. investment sales figures indicate that industry volumes declined by 53% in 3Q 2023, while Newmark Research estimates that overall U.S. commercial and multifamily originations may have declined by as much as 51%¹, based on their analysis of preliminary RCA lending data.

1. Newmark's total debt refers to the sum of mortgage brokerage and GSE/FHA origination, and are only generated in the Americas. These Americas volumes are overwhelmingly generated in the U.S. YTD investment sales volumes now reflect certain international businesses.

2. Newmark's U.S. volumes are as per RCA. See "Other Useful Information" in the appendix for more about industry volumes. Volume figures on this page exclude the notional value of all leasing transacted by the Company as well as the estimated value of any properties appraised by our V&A business.

Newmark Has a Long-Term Track Record of Gaining Share in Capital Markets



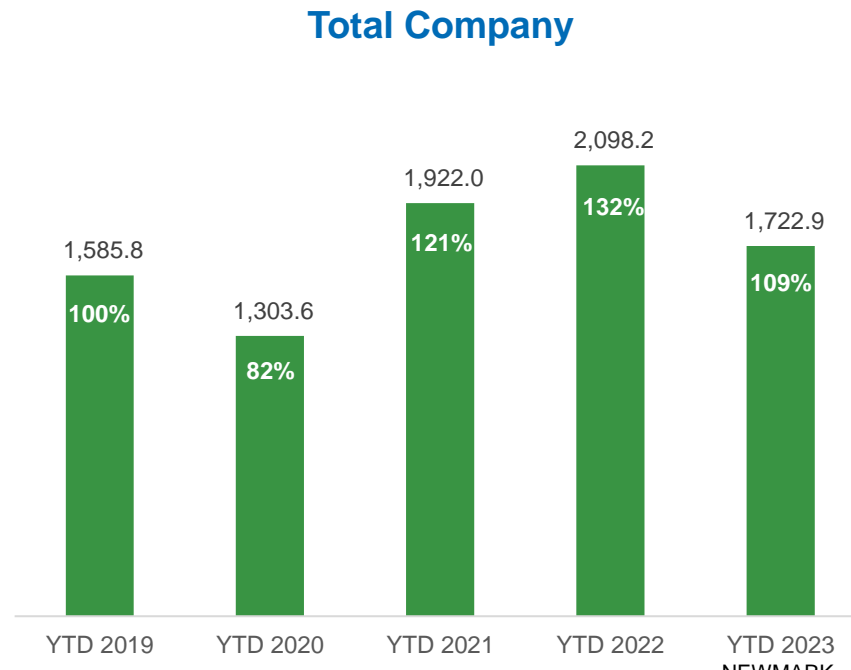
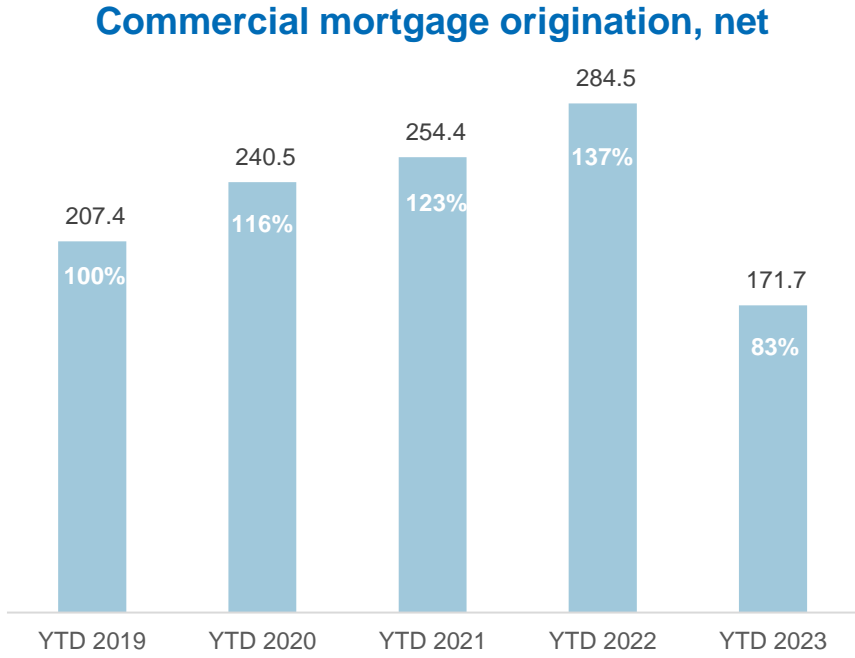
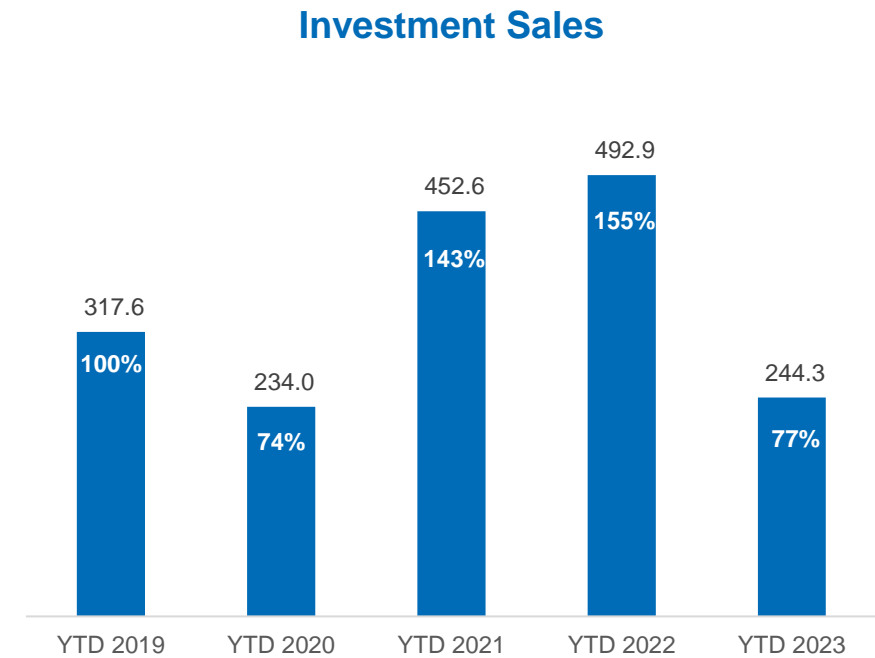
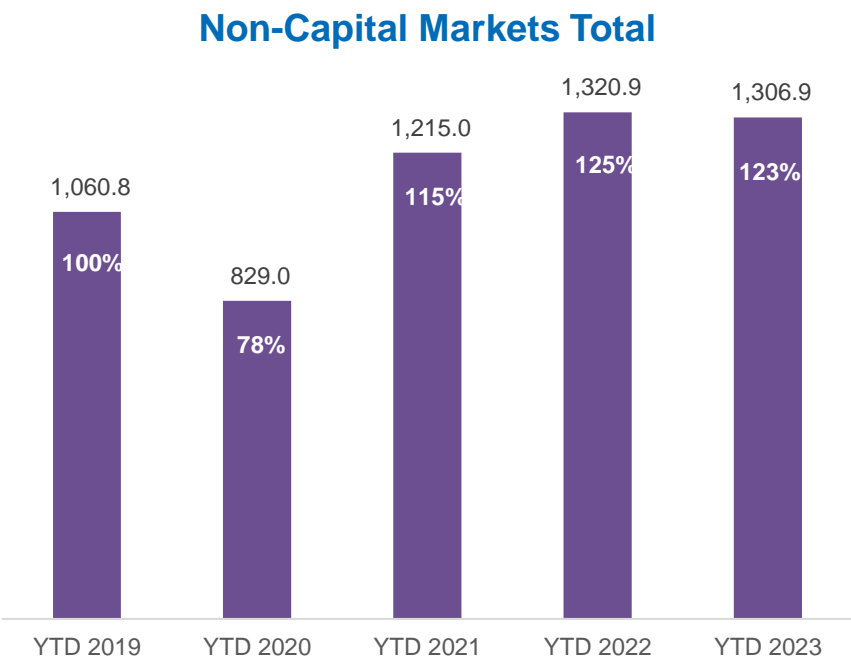
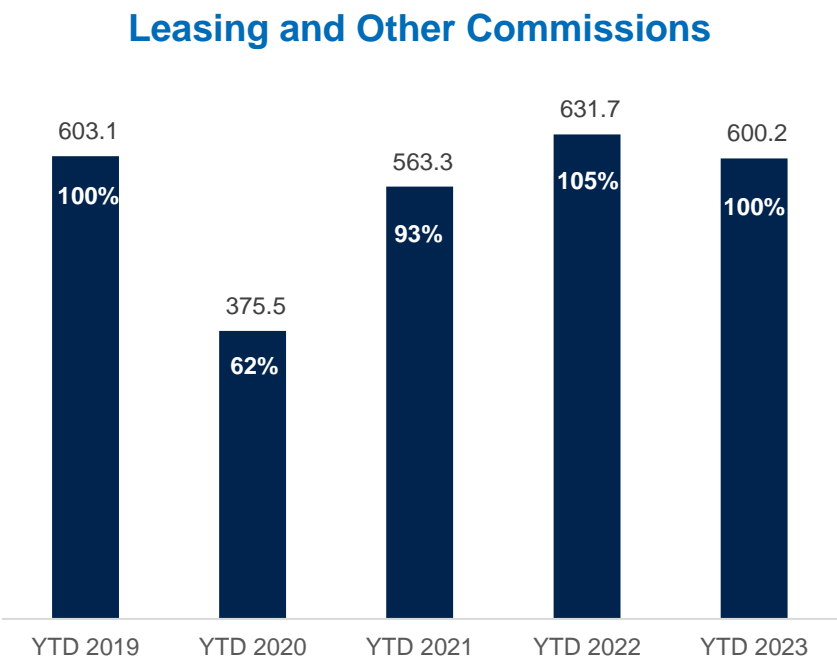
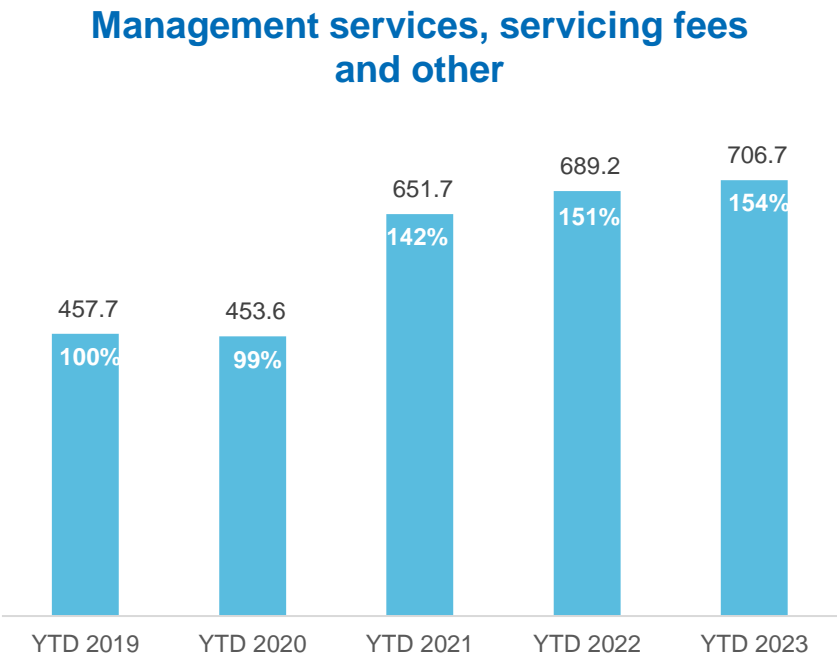
- Proven record of gaining market share
- Comparing 2015 to TTM 9/30/2023 :
 - RCA and/or MBA Industry U.S. debt originations have decreased 9%, while Newmark has expanded its total debt volumes by nearly 210%
 - RCA U.S. investment sales volumes have decreased 26%, while Newmark grew its investment sales volumes by almost 80%

Notes: Investment sales market share is calculated by dividing NMRK's volumes by RCA US investment sales volumes for all dates shown. "NMRK Total Debt Volume" includes Newmark's non-originated mortgage brokerage volume plus GSE/FHA origination volumes. NMRK's debt market share are those volumes divided by either RCA's U.S. financing volumes (for 2015-2018) and/or the MBA commercial/multifamily volumes (2019-2022). The MBA and RCA have different methodologies for estimating total industry debt originations, and the MBA only began including data for the entire industry from 2019 onward. RCA data may be modeled by Newmark Research, and/or revised upwards at a later date. Sources: Newmark Research, RCA, MBA, as of 10/23/2023. Newmark's volumes for all periods discussed include only those generated in the Americas. Its Americas volumes are overwhelmingly generated in the U.S.

NEWMARK 24

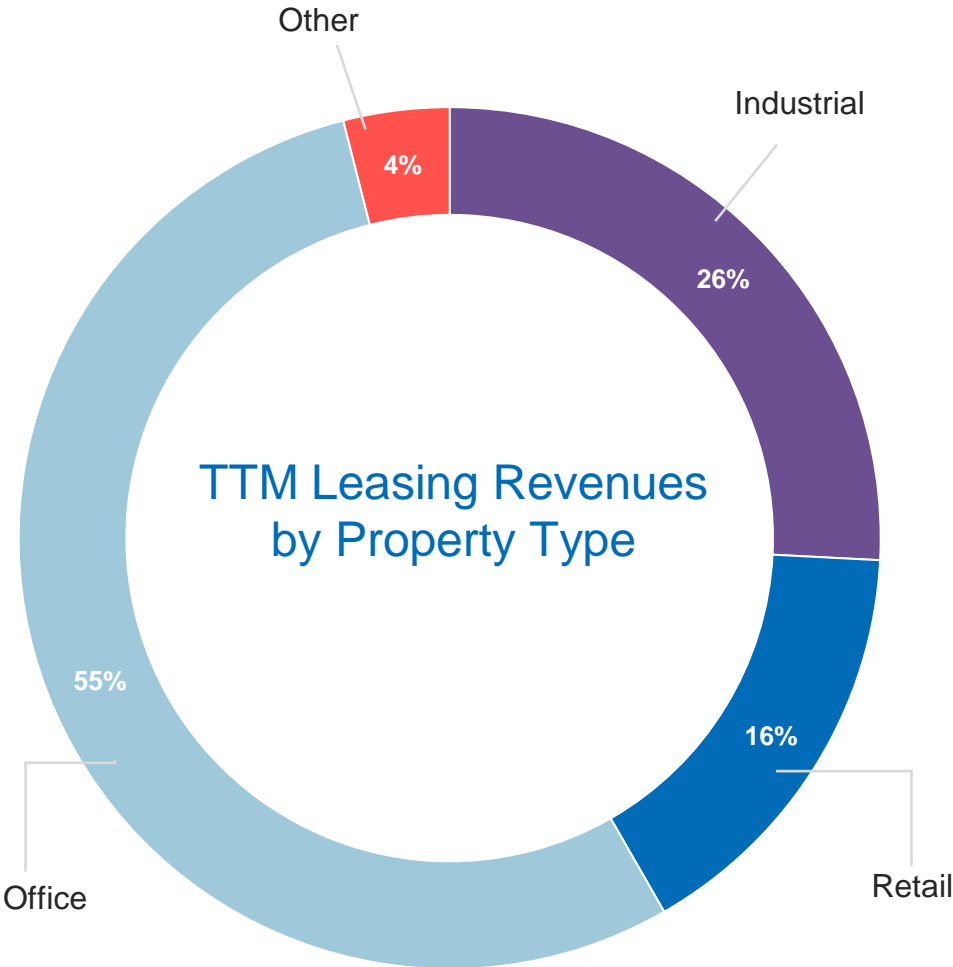
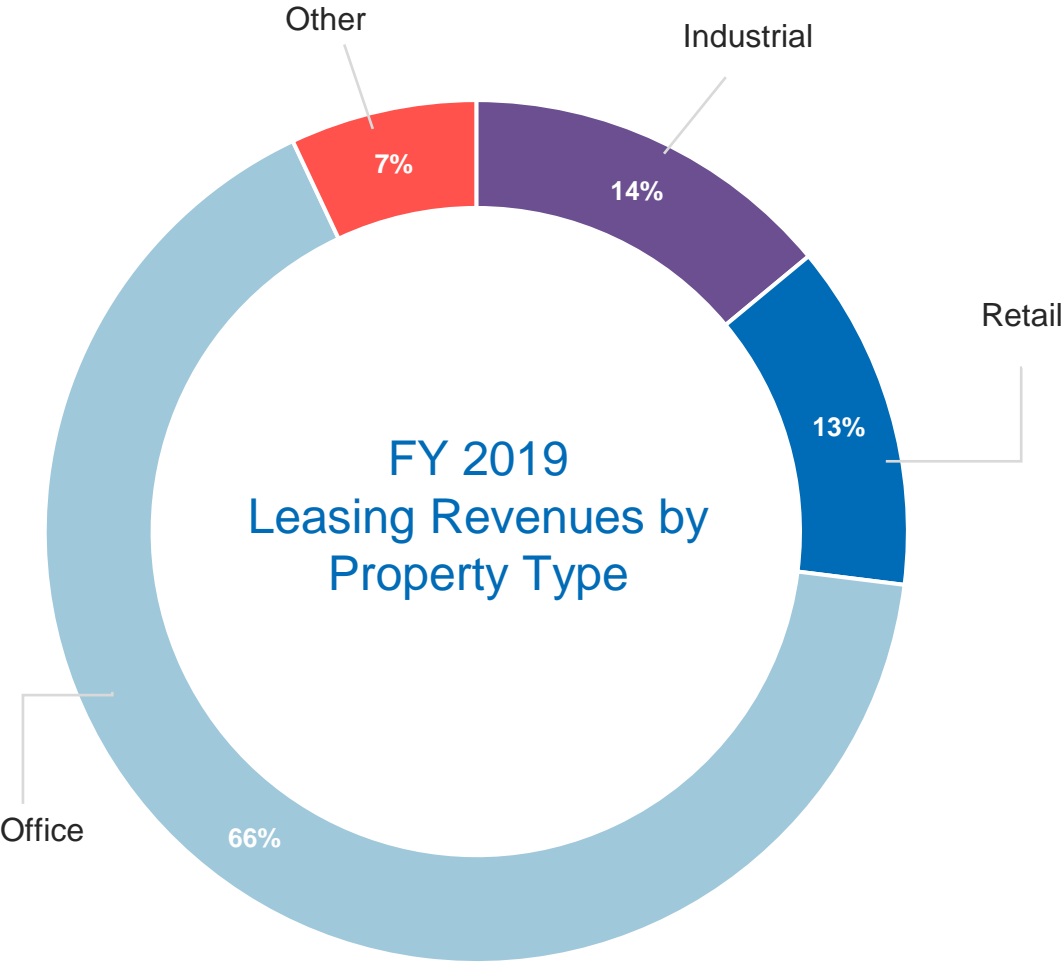
Management Services and Leasing Equal or Surpass Pre-Pandemic Levels; Capital Markets Environment Remains Challenging

(\$ In millions) & as % of first nine months of 2019



Newmark Continues to Invest in Industrial and Retail Leasing

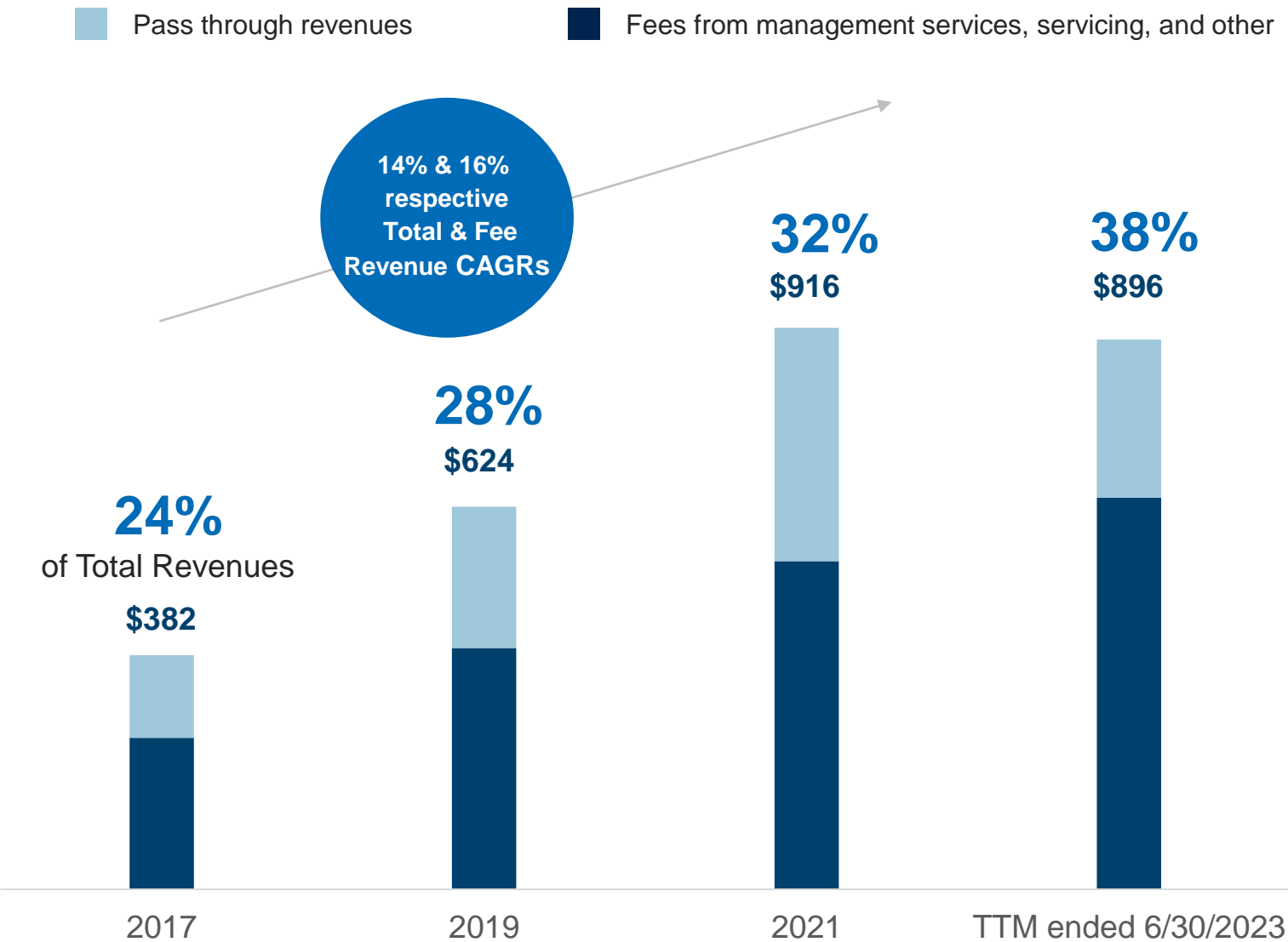
Newmark’s overall leasing revenues have remained relatively stable, led by our strength in retail and industrial. Our leasing revenues for these two property types were up by 45% in the TTM compared with 2019.



Notes: See “Other Useful Information” for more information on Newmark’s revenue by property type. FY 2019 leasing revenues were \$855 Million while TTM 9/30/2023 leasing revenues were \$800 million.

Strong Growth in Recurring Revenues

Provides Stable Base of Contractual Revenues
(\$ in millions)



Our fees from these businesses have grown 159% between 2017 and TTM ended 6/30/2023, which is much faster than for the average CRE services peers over the same period.

We expanded total revenues from these businesses by approximately 135% over the same time period.

Note: The peer averages are on a fee or net basis for NMRK, CBRE, CWK, and JLL, and a total basis for CIGI, as CIGI does not disclose pass through revenues. All periods are for TTM ended 6/30/2023 unless otherwise stated.

Newmark Group, Inc. Fully Diluted Period-End Share Count Summary

As of September 30, 2023

	Fully-Diluted Shares (millions)	Ownership (%)
Class A owned by Public	131.8	54%
Limited partnership units owned by employees ¹	45.9	19%
Class A owned by employees	19.6	8%
Other owned by employees	2.0	1%
Partnership Units owned by Cantor	24.9	10%
Class B owned by Cantor	21.3	9%
Total	245.5	100%

	Fully-Diluted Shares (millions)	Ownership (%)
Public	131.8	54%
Employees	67.5	27%
Cantor	46.2	19%
Total	245.5	100%

1. In conjunction with the spin-off of Newmark, certain limited partnership units were distributed to employees of both Newmark and BGC. Over time, virtually all of the partners of Newmark are expected to only own units and/or shares of Newmark and virtually all of the partners of BGC are expected to only own units and/or shares of BGC. From 1Q 2018 onwards, partners of Newmark have been compensated with Newmark partnership units and partners of BGC have been compensated with BGC units and/or RSUs.

Newmark’s Commitment to ESG

Learn More about our ESG Initiatives at www.nmrk.com/esg.

For Our Company

Our ESG policies and practices generate sustainable long-term value for Newmark as a global citizen.



Governance

- Established ESG Committee on Board, ESG Executive Committee and ESG Champions Council



Staff

- Hired a Head of ESG and have sustainability staff in various departments



Actions

- Calculating GHG emissions
- Creating Green Lease Guidelines for Newmark office space
- Joined the National Minority Supplier Diversity Council



Performance

- LinkedIn #1 “Top Companies in Real Estate” 2022
- Received Silver Sustainability Rating from Ecovadis, 2022



Reporting:

- Inaugural 2022 Corporate Responsibility Report in Q4

Newmark
Operations

ESG

Client
Service

For Our Clients

Newmark’s property and facility management teams improve client’s workplace sustainability by reducing energy usage and GHS emission.



Energy and Sustainability Services

- Measurement of environmental data
- GHG risk management
- Physical climate risk management
- Green building investments



Workplace Sustainability Strategies

- LEED, WELL, Fitwel Certification
- Sustainable business practices

Certain Revenue Terms Defined

Fee and non-fee revenues

The Company’s total revenues include certain management services revenues that equal their related expenses. These revenues represent fully reimbursable compensation and non-compensation costs recorded as part of Newmark's Global Corporate Services ("GCS") and Property Management businesses. Such revenues therefore have no impact on the Company's GAAP or Non-GAAP earnings measures and may be referred to as "Pass through revenues". The amounts recorded as pass through revenues are also recorded as "pass through expenses". Newmark's total revenues also include non-cash gains with respect to originated mortgage servicing rights (“OMSRs”), which represent the fair value of expected net future cash flows from servicing recognized at commitment, net. Such non-cash gains may also be called "OMSR revenues." Newmark may also refer to Pass through revenues and OMSR revenues together as “non-fee revenues”, and the remainder of its total revenues as "fee revenues".

Commission-based revenues

"Commercial mortgage origination, net" includes origination fees related to Newmark's multifamily GSE/FHA business and fees from commercial mortgage brokerage and loan sale advisory (together, "Fees from commercial mortgage origination, net"), and includes all OMSR revenues. Revenues from Investment sales and mortgage brokerage transactions may together be referred to as "capital markets". Newmark's "commission-based" revenues include Leasing and other commissions, Investment sales, fees from commercial mortgage origination, net, and Valuation and Advisory. In these businesses, revenue generating professionals earn a substantial portion or all their compensation based on their production. Commission-based revenues exclude OMSR revenues because Newmark does not compensate its producers based on this non-cash item.

Recurring revenues

"Servicing and other revenues" may be called Newmark's "servicing business" and includes servicing fees (other than those related to Spring11), interest income on loans held for sale, escrow interest, and yield maintenance fees, which all relate primarily to Newmark's multifamily GSE/FHA business. "Management services, servicing fees, and other" (which may also be referred to as "recurring revenues" or "recurring businesses") includes all pass through revenues, as well as fees from Newmark's servicing business, GCS, Property Management, its flexible workspace platform, and Valuation & Advisory, as well as Spring11. "Fees from management services, servicing, and other" are revenues from these same recurring businesses excluding Pass through revenues. Additional details on current and historical amounts for Newmark's revenues are available in the Company's quarterly supplemental Excel tables.

Revenues by Geography and Property Type

For revenues by geography: East U.S. includes Connecticut, Delaware, Florida, Georgia, Massachusetts, Maryland, Maine, North Carolina, New Hampshire, New Jersey, Pennsylvania, Rhode Island, South Carolina, Virginia, Vermont, and West Virginia. Central U.S. includes Alabama, Arkansas, Iowa, Idaho, Illinois, Indiana, Kansas, Kentucky, Louisiana, Michigan, Minnesota, Missouri, Mississippi, North Dakota, Nebraska, Ohio, Oklahoma, South Dakota, Vermont, Virginia, and West Virginia. West U.S. includes Alaska, Arizona, Colorado, Hawaii, Montana, New Mexico, Nevada, Oregon, Utah, Washington, and Wyoming. For revenues by property type: Revenues from leasing, capital markets, and Valuation & Advisory are broken out by the property types listed. “Industrial” also includes warehouse and R&D. “Specialty/Other” includes, land, municipal, and specialty/mixed use. "Multifamily" also includes all origination revenues and servicing fees. Revenues from property and facilities management are broken out by property type based on year-end portfolio square footage and/or mix of management fees by property type.

Other Useful Information

The Impact of Nasdaq

The receipt of shares from Nasdaq may also be referred to as the “Earn-out”. In the second quarter of 2021, Newmark recorded a gain of \$1,093.9 million related to the final Earn-out, based on the June 30, 2021, closing price of \$175.80. Between that date and March 31, 2022, the Company sold 100% of these shares, which contributed to gains in the second through fourth quarters of 2021 and a loss in the first quarter of 2022, all recorded as part of GAAP other income or loss. In aggregate, Newmark sold its Nasdaq stock over this timeframe for the effective price of \$180.66 per share, resulting in cumulative proceeds of \$1,124.1 million and an additional net gain of \$30.2 million.

For additional information about the Earn-out and related monetization transactions (the “Nasdaq Forwards”), which were a component of GAAP other income for certain periods from the third quarter of 2017 through the first quarter of 2022, see the sections of the Company’s most recent SEC filings on Form 10-Q or Form 10-K titled “Nasdaq Monetization Transactions” and “Exchangeable Preferred Partnership Units and Forward Contract”, as well as any updates regarding these topics in subsequent SEC filings.

The 2021 Equity Event

The "Impact of the 2021 Equity Event" is defined in the section of this document called "Excluded Compensation-Related Items with Respect to the 2021 Equity Event under Adjusted Earnings and Adjusted EBITDA" under “Non-GAAP Financial Measures”. For additional details on how the 2021 Equity Event impacted share count, cash flow, and GAAP expenses, see the section of the Company's second quarter 2021 financial results press release titled "Additional Details About the Impact of Nasdaq and the 2021 Equity Event" and the related SEC filing on Form 8-K, as well as any subsequent disclosures in filings on Forms 10-Q and/or 10-K.

Newmark and Peer Expected Growth

Newmark's publicly traded full service peers for this purpose are U.S. tickers CBRE, CIGI, CWK, and JLL. Its overall peer group also includes U.S. tickers MMI and WD, as well as U.K. ticker SVS. The latter is only included in full year comparisons as they do not report quarterly results. Newmark grew its total revenues and Adjusted EBITDA faster than (i) all of its full service peers in 2021 and (ii) the simple average of its full service peers from 2017 through 2022. The Company's anticipated outperformance is based on the simple averages of: (i) the estimated changes in Adjusted Earnings per share and Adjusted EBITDA for all the peers in full year 2023 and (ii) the estimated changes in revenues, Adjusted Earnings per share, and Adjusted EBITDA for all the peers in the fourth quarter of 2023. The peer estimates are based on the FactSet consensus as of October 31, 2023. Newmark's expected change for these same metrics is based on the mid-point of its updated fourth quarter and full year 2023 outlook.

Recent Acquisitions and Hires

The Company expects to produce more than \$325 million of incremental and annualized revenues in a 12-month period starting sometime after 2023 assuming that: (i) Gerald Eve LLP ("Gerald Eve") generates total revenues at least consistent with the £96.1 million of total revenues it recorded for fiscal year 2022, (ii) there is no meaningful change in the relevant exchange rate, and (iii) the professionals Newmark hired in the first nine months of 2023 fully ramp up to generate over \$200 million annually. See the accompanying quarterly investor presentation on Newmark's investor relations website for more on this hypothetical scenario.

On March 10, 2023, the Company acquired London-based real estate advisory firm, Gerald Eve, which operates from nine U.K. offices across multiple business lines and property types. The firm generated a majority of its £96.1 million in fiscal year 2022 total revenues from management services, and has particular strength in capital markets, corporate real estate advisory, planning and development, tenant representation, landlord (or agency) leasing, and valuation. For the trailing twelve months ended March 31, 2023, RCA ranked Gerald Eve at number three for U.K. industrial investment sales. Newmark also announced the acquisitions of three other companies in the second quarter of 2022. Together, these companies contributed revenues to Newmark's management services, leasing, and investment sales businesses.

In the first quarter of 2023, Newmark purchased the approximately 49% of Spring11 that it did not already own, having held a controlling stake since 2017. Spring11 provides commercial real estate due diligence, consulting, asset management and limited servicing, as well as advisory services to a variety of clients, including lenders, investment banks and investors, and 100% of its revenues are recorded as part of “Management services”.

For more information on these acquisitions, please see the Company's most recent Annual Report on Form 10-K, its forthcoming Quarterly Report on Form 10-Q, and the following the press releases on its website: "Newmark Acquires Top UK-Based Real Estate Advisory Firm Gerald Eve", "Newmark Acquires Esteemed Boston-Based Firm McCall & Almy", "Newmark Acquires Premier London Capital Markets and Leasing Real Estate Advisory Firm, BH2", and "Newmark Acquires Renowned North American Retail Advisory Business, Open Realty".

Other Useful Information

For additional information about key hires in 2023, see the Company's investor relations website for press releases including "Newmark Launches Data Center and Digital Infrastructure Capital Markets Business, Attracts Top Talent", "Newmark Hires Norm Taylor as President for Canada", "Newmark Hires Accomplished Industrial Expert Jack Fraker, Fortifying Global Capital Markets Practice", "Newmark Lands Leading U.S. Capital Markets Team", and "Newmark Appoints Chris Carver as Head of Asia-Pacific for its Valuation & Advisory Practice", as well as more than 30 other year-to-date releases and/or articles with respect to new hires in the "Media" section of Newmark's main website.

Cash Generated by the Business

Cash generated by the business means "Net cash provided by (used in) operating activities excluding loan originations and sales", before the impact of cash used for employee loans (which Newmark considers to be a form of investment, but which is recorded as part of operating cash flow) and the impact of cash used with respect to the 2021 Equity Event. For more information, see the section of the Company's most recent quarterly supplemental Excel tables titled "Details of Certain Components Of 'Net Cash Provided By (Used In) Operating Activities'".

Newmark and Industry Volumes

Newmark's investment sales figures include investment sales and equity raising transactions, while mortgage brokerage figures include the Company's debt placement transactions, all measured in notional terms. Volumes from the Company's investment sales and mortgage brokerage transactions may together be referred to as "capital markets". Fannie Mae and Freddie Mac together are also called the "government-sponsored enterprises" or "GSEs", while the Federal Housing Administration is also called the "FHA." Volumes for Newmark's mortgage brokerage and GSE/FHA originations businesses together may be referred to as "total debt".

The Company calculates its notional GSE/FHA origination volumes based on when loans are rate locked, which is consistent with how certain revenues are recorded as part of "Commercial mortgage origination, net". The Company's mix of GSE/FHA originations, and therefore revenues, can vary depending on the size of loans, as well by the categories of loans with respect to the FHA, Freddie Mac, and different Fannie Mae structures. The notional volumes reported by the GSEs are based on when loans are sold and/or securitized, and typically lag those reported by Newmark or estimates from the Mortgage Bankers' Association ("MBA") by 30 to 45 days. Newmark generally calculates its GSE market share based on delivery for enhanced comparability.

Any overall industry investment sales market share and volume data discussed herein are preliminary and from MSCI Real Capital Analytics ("RCA") and/or Newmark Research, while any GSE data is from Fannie Mae, Freddie Mac, the MBA, and/or Newmark Research. Any other U.S. industry debt volumes are from the MBA, RCA, Trepp, and/or Newmark Research.

RCA's preliminary U.S. investment sales figures indicate that Newmark outperformed the industry by approximately 19 percentage points in in the third quarter of 2023, as industry volumes declined by 53% year-on-year while Newmark's U.S. were down by 34%. Over the same period, the Company's total debt volumes declined by 43% while Newmark Research estimates that overall U.S. commercial and multifamily originations may have declined by as much as 51%, based on their analysis of preliminary RCA lending data.

Costar's recent analysis of new office leases estimate that the past four quarters are down 17% compared with pre-pandemic levels on a square foot basis. Based on their analysis of CoStar data, Wolfe Research estimates that overall U.S. leasing volumes and U.S. office leasing volumes were down by approximately 21% and 23% year-on-year, respectively, in the third quarter of 2023.

Please see the accompanying supplemental Excel tables and quarterly results presentation on the Company's investor relations website for more information with respect to volumes for Newmark and/or the industry.

Other Useful Information (Continued)

Other Industry Data

According to RCA, the amount of U.S. distressed commercial and multifamily real estate assets was \$79.7 billion at the end of September 2023, which was an increase of 11% compared with three months earlier. The amount of potentially distressed assets was \$215.7 billion, at the end of September 2023, which was an increase of 33% compared with three months earlier.

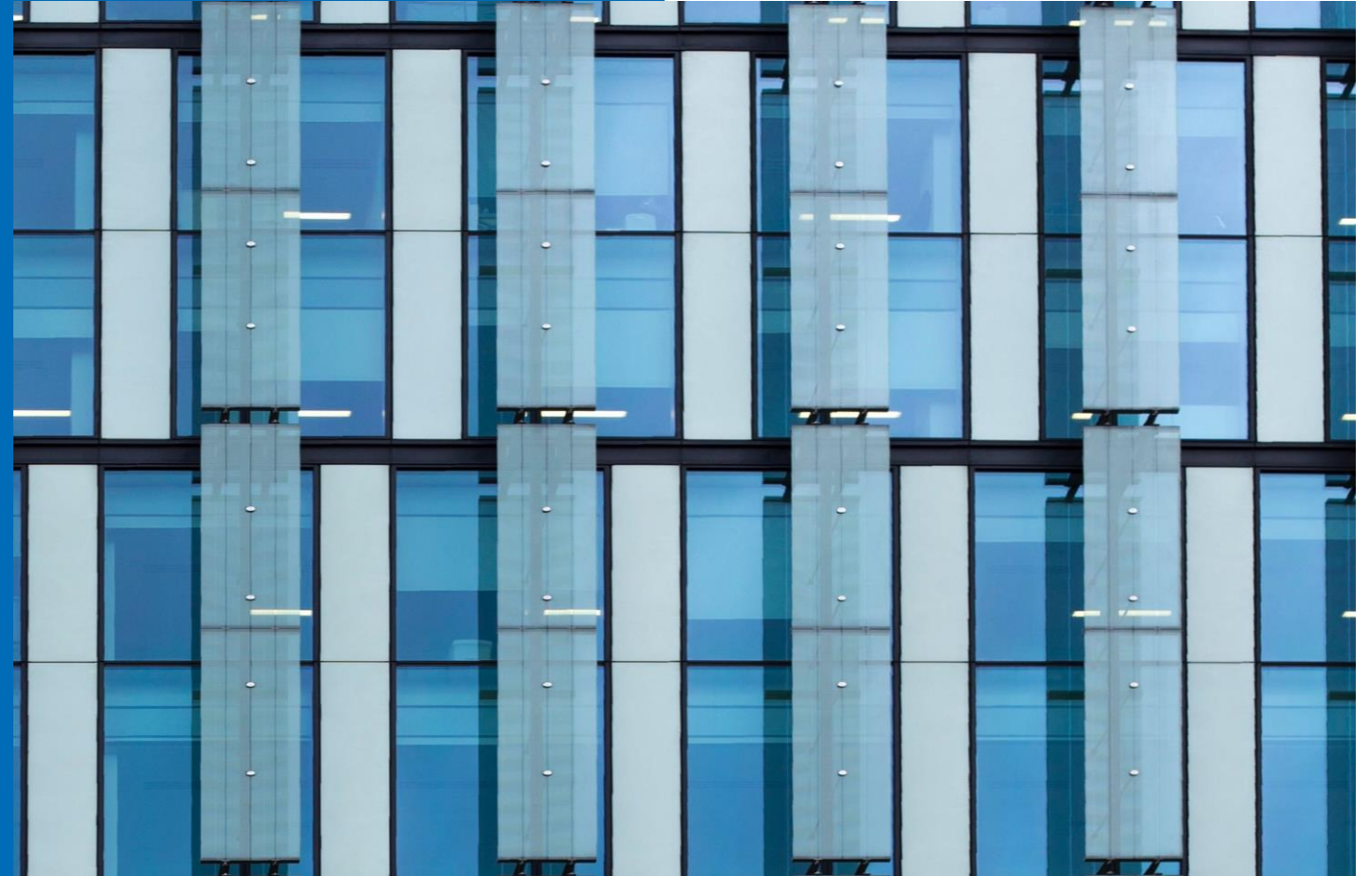
Prequin estimated that there was \$406 billion of investible dry powder held by global closed-end funds at real estate-focused institutions as of October 23, 2023. This is in addition to the significant amount of real estate assets held by other types of investors and owners. According to the most recent data from MSCI, the overall size of the professionally managed global real estate investment market was \$13.3 trillion in 2022, while the size of the overall investible market was \$19.5 trillion. In addition, approximately \$2.6 trillion of commercial and multifamily debt needs to be refinanced between 2023 and 2027, with approximately \$1.9 trillion of this due in 2023 through 2025. Any industry outstanding debt figures discussed are for the U.S. only and are from Newmark Research, the MBA, Trepp LLC, and/or RCA.

Recent Highlights

For more on the recent highlights mentioned at the beginning of this document, please see: (i) the press release from Public Storage titled "Public Storage Announces Closing of Simply Self Storage Acquisition" and the Newmark press release titled "Newmark Advised Blackstone Real Estate Income Trust, Inc. on the \$2.2 Billion Sale of Simply Self Storage", (ii) the announcements on the FDIC website called "SIGF-23 Sale Announcement \$18.5 Billion All Cash Loan Sale" and "SIGCRE-23 Sale Announcement \$33.22 Billion Commercial Real Estate Loan Portfolio", (iii) the Newmark press release titled "Newmark Closes \$420 Million Senior Unsecured Delayed Draw Term Loan to Repay Senior Notes"; (iv) the Newmark press release titled "Newmark Secures \$500M Investment on Behalf of Cold Storage Company, Envision"; and (v) the article titled "Newmark closes sale-leaseback of nine-property industrial portfolio".

Appendix 2:

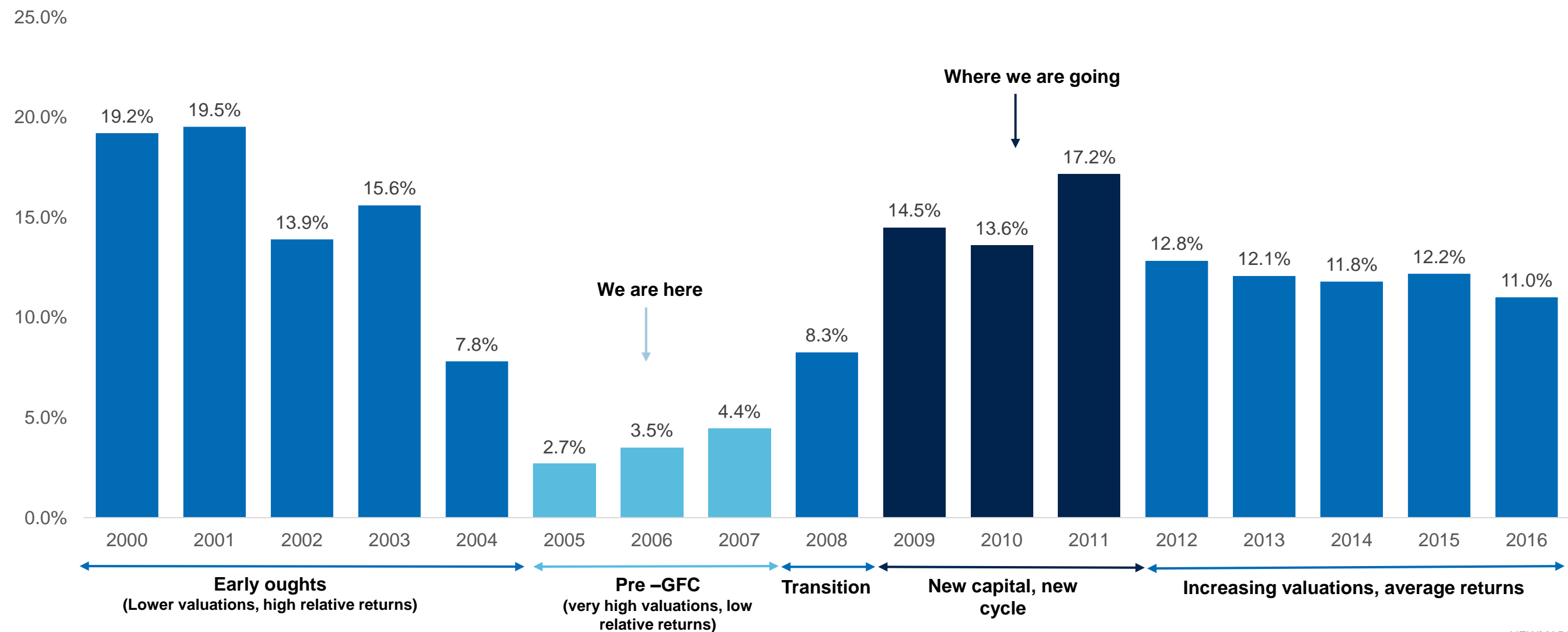
Additional Industry Information



Investors Garnered High Returns Following Prior Resets in Values

There is strong latent investor demand for real estate investment, waiting for an indication that values have reset. This has historically been the signal for a period of above-average returns.

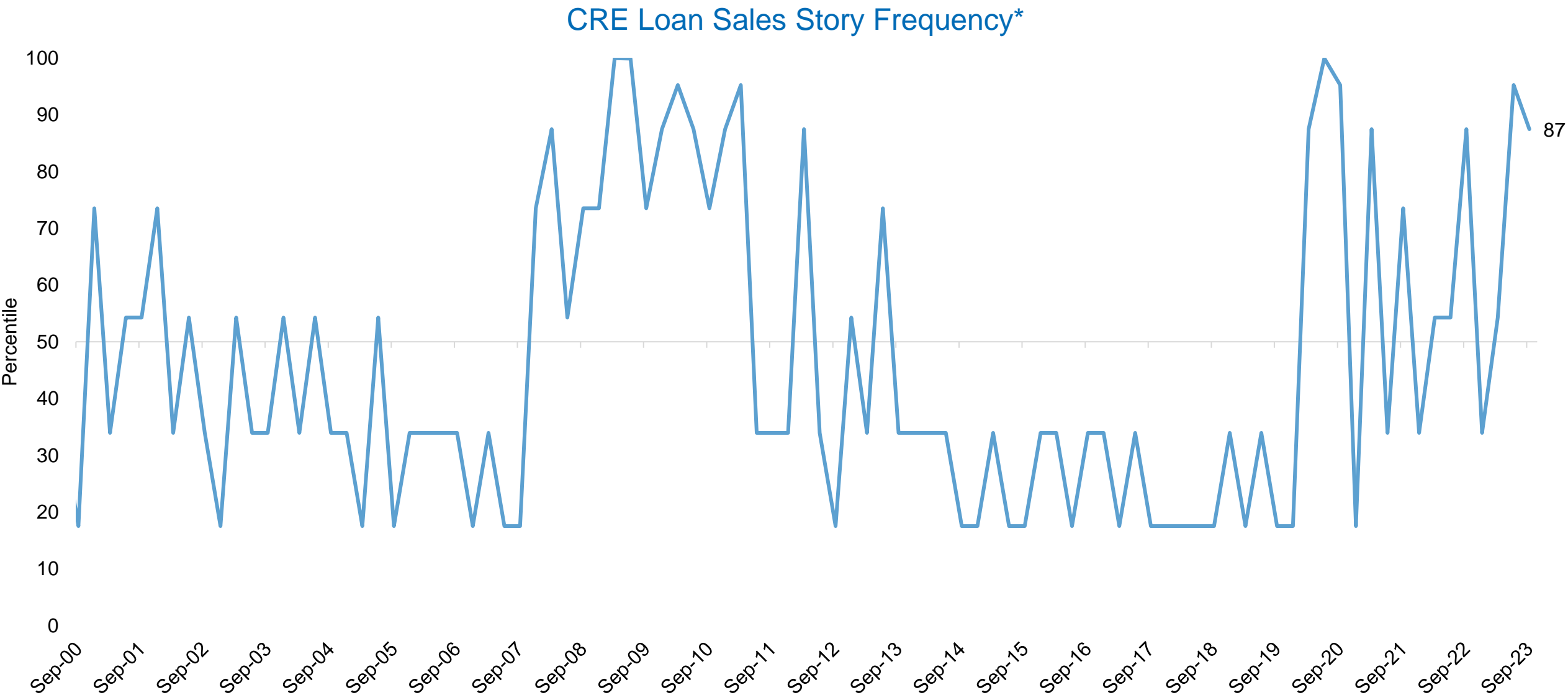
Real Estate Closed-End Fund Returns by Vintage Year – Median Internal Rate of Return



Source: Preqin, Newmark Research. Funds typically have a 7-year life, so vintages after 2016 are less relevant.

Interest in Loan Sales near Record Highs

While it is difficult to estimate the volume of loan dispositions given their opacity, interest in the topic has clearly increased, matching the levels seen in mid-2020 and during the GFC.

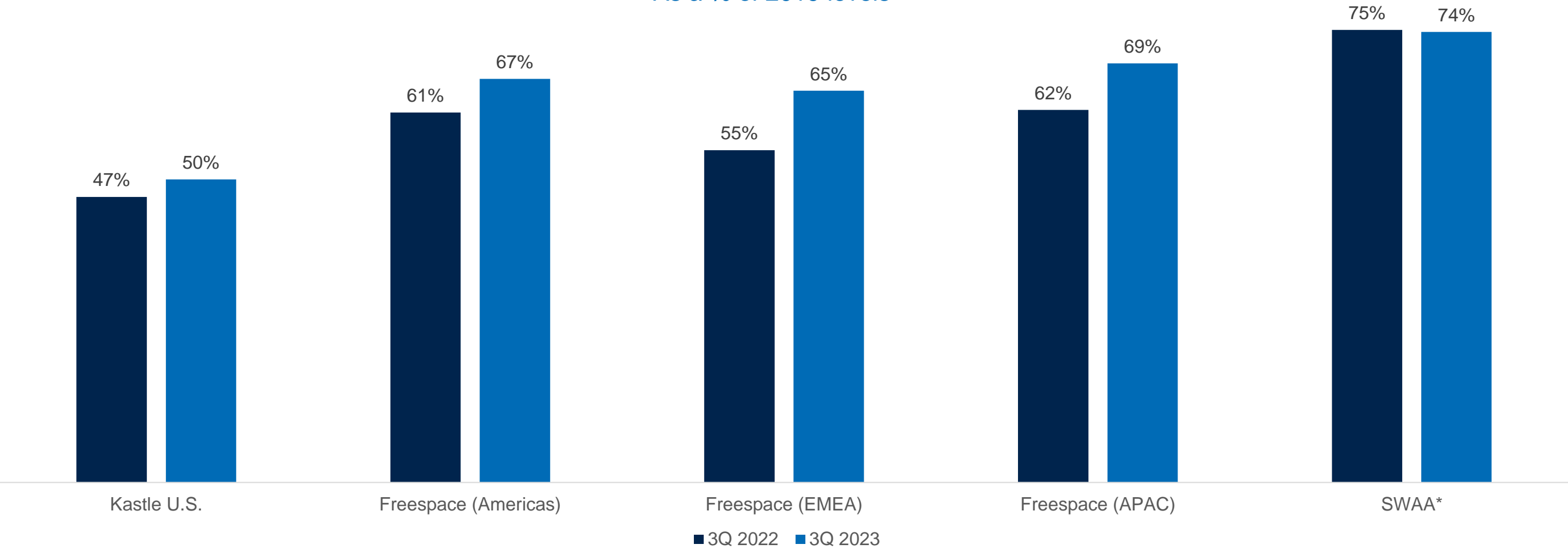


Source: Green Street, Newmark Research as of 9/30/2023.
*Based on Commercial Mortgage Alert and Real Estate Alert stories that mention loan sales. Percentile is based on the average of “loan sale” stories published between 2000 to 2023 using a normal sampling distribution.

Return to Workplace Continues to Improve Year-Over-Year

While workplace utilization has not reached pre-pandemic levels, year-over-year change suggests improvement

As a % of 2019 levels



- Subsequent to above, the latest October Freespace report shows Americas workplace occupancy is up to 75% of 2019 levels.
- Workplace utilization was up 7% percentage points in comparison to the previous year in the Americas according to Freespace.

Sources:
Kastle: Data is from Bloomberg, as of October 4th.
Freespace: Freespace Americas data shown in chart above is as of September 2023, while data in the bullet is based on recent October 2023 reports. All Freespace data are rebased using 2019 averages.
Survey of Working Arrangements and Attitudes (SWAA data): Latest data point provided (7/1/2023) was used, rebased off of 1/1/2019 data point. As original data represents share of those working from home ("WFH") the inverse (1-WFH%) was used to make comparable to other indices. In addition to office, this data includes miscellaneous property types such as hospitality, retail, entertainment, wholesale, construction, manufacturing, and health care in the U.S. See also: Barrero, Jose Maria, Nicholas Bloom, and Steven J. Davis, 2021. "Why working from home will stick," National Bureau of Economic Research Working Paper 28731.

Appendix 3:

Financial Tables & Reconciliations



Non-GAAP Financial Measures

NON-GAAP FINANCIAL MEASURES

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

The Company has made certain clarifications of and/or changes to its non-GAAP measures, including “Calculation of Non-Compensation Expense Adjustments for Adjusted Earnings” that will be applicable for reporting periods beginning with the third quarter of 2023 and thereafter, as described below.

Historically, Adjusted Earnings excluded gains or charges related to resolutions of litigation, disputes, investigations, or enforcement matters that are generally non-recurring, exceptional, or unusual, or similar items that that management believes do not best reflect Newmark’s underlying operating performance. To help management and investors best assess Newmark’s underlying operating performance and for the Company to best facilitate strategic planning, beginning with the third quarter of 2023 and thereafter, calculations of Adjusted Earnings will also exclude unaffiliated third-party professional fees and expense related to these items. Newmark has not modified any prior period non-GAAP measures, as it has determined such amounts were immaterial to previously reported results.

ADJUSTED EARNINGS DEFINED

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

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

CALCULATIONS OF COMPENSATION ADJUSTMENTS FOR ADJUSTED EARNINGS AND ADJUSTED EBITDA

Treatment of Equity-Based Compensation under Adjusted Earnings and Adjusted EBITDA

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

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

Non-GAAP Financial Measures (continued)

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

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

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

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

Certain Other Compensation-Related Items under Adjusted Earnings and Adjusted EBITDA

Newmark also excludes various other GAAP items that management views as not reflective of the Company’s underlying performance for the given period from its calculation of Adjusted Earnings and Adjusted EBITDA. These may include compensation related items with respect to cost-saving initiatives, such as severance charges incurred in connection with headcount reductions as part of broad restructuring and/or cost savings plans.

The Company also excludes compensation charges related to non-cash GAAP gains attributable to originated mortgage servicing rights (“OMSRs”) because these gains are also excluded from Adjusted Earnings and Adjusted EBITDA. OMSRs represent the fair value of expected net future cash flows from servicing recognized at commitment, net.

Non-GAAP Financial Measures (continued)

Excluded Compensation-Related Items with Respect to the 2021 Equity Event under Adjusted Earnings and Adjusted EBITDA

Newmark does not view the cash GAAP compensation charges related to 2021 Equity Event (the "Impact of the 2021 Equity Event") as being reflective of its ongoing operations. These consisted of charges relating to cash paid to independent contractors for their withholding taxes and the cash redemption of HDUs. These had been recorded as expenses based on Newmark's previous non-GAAP definitions, but were excluded in the recast non-GAAP results beginning in the third quarter of 2021 for the following reasons:

- But for the 2021 Equity Event, the items comprising such charges would have otherwise been settled in shares and been recorded as equity-based compensation in future periods, as is the Company's normal practice. Had this occurred, such amounts would have been excluded from Adjusted Earnings and Adjusted EBITDA and would also have resulted in higher fully diluted share counts, all else equal.
- Newmark views the fully diluted share count reduction related to the 2021 Equity Event to be economically similar to the common practice among public companies of issuing the net amount of common shares to employees for their vested stock-based compensation, selling a portion of the gross shares pay applicable withholding taxes, and separately making open market repurchases of common shares.
- There was nothing comparable to the 2021 Equity Event in 2020 and nothing similar is currently contemplated after 2021. Accordingly, the only prior period recast with respect to the 2021 Equity Event was the second quarter of 2021.

Calculation of Non-Compensation Expense Adjustments for Adjusted Earnings

Newmark’s calculation of pre-tax Adjusted Earnings excludes GAAP gains or charges related to the following:

- Non-cash amortization of intangibles with respect to acquisitions.
- Other acquisition-related costs, including unaffiliated third-party professional fees and expenses.
- Resolutions of non-recurring, exceptional or unusual gains or charges related to resolutions of litigation, disputes, investigations, or enforcement matters that are generally non-recurring, exceptional, or unusual, or similar items that that management believes do not best reflect Newmark’s underlying operating performance, including related unaffiliated third-party professional fees and expenses.
- Non-cash gains attributable to OMSRs.
- Non-cash amortization of mortgage servicing rights (which Newmark refers to as “MSRs”). Under GAAP, the Company recognizes OMSRs 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.
- Various other GAAP items that management views as not reflective of the Company’s underlying performance for the given period, including non-compensation-related charges incurred as part of broad restructuring and/or cost savings plans. Such GAAP items may include charges for exiting leases and/or other long-term contracts as part of cost-saving initiatives, as well as non-cash impairment charges related to assets, goodwill, and/or intangible assets created from acquisitions.

Non-GAAP Financial Measures (continued)

Calculation of Other income (loss) for Adjusted Earnings and Adjusted EBITDA

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

- Unusual, non-ordinary or non-recurring gains or charges.
- Non-cash GAAP asset impairment charges.
- Gains or losses on divestitures.
- 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 receipt of the payments from Nasdaq, Inc. (“Nasdaq”), in 2021 and 2022 and the 2020 Nasdaq payment (the “Nasdaq Forwards”).
- Mark-to-market adjustments for non-marketable investments.
- Certain other non-cash, non-dilutive, and/or non-economic items.

Due to Nasdaq’s sale of its U.S. fixed income business in the second quarter of 2021, the Nasdaq Earn-out and related Forward settlements were accelerated, less certain previously disclosed adjustments. Because these shares were originally expected to be received over a 15 year period ending in 2027, the Earn-out had been included in calculations of Adjusted Earnings and Adjusted EBITDA under Newmark's previous non-GAAP methodology. Due to the acceleration of the Earn-out and the Nasdaq Forwards, the Company now views results excluding certain items related to the Earn-out to be a better reflection of the underlying performance of Newmark’s ongoing operations. Therefore, beginning with the third quarter of 2021, other income (loss) for Adjusted Earnings and Adjusted EBITDA also excludes the impact of the below items from relevant periods. These items may collectively be referred to as the "Impact of Nasdaq".

- Realized gains related to the accelerated receipt on June 25, 2021, of Nasdaq shares.
- Realized gains or losses and unrealized mark-to-market gains or losses with respect to Nasdaq shares received prior to the Earn-out acceleration.
- The impact of any unrealized non-cash mark-to-market gains or losses on “Other income (loss)” related to the Nasdaq Forwards. This item was historically excluded under the previous non-GAAP definitions.
- Other items related to the Earn-out.

Newmark's calculations of non-GAAP “Other income (loss)” for certain prior periods includes dividend income on its Nasdaq shares, as these dividends contributed to cash flow and were generally correlated to Newmark's interest expense on short term borrowing against such shares. As Newmark sold 100% of these shares between the third quarter of 2021 and the first quarter of 2022, both its interest expense and dividend income declined accordingly.

Non-GAAP Financial Measures (continued)

METHODOLOGY FOR CALCULATING ADJUSTED EARNINGS TAXES

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

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

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

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

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

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

CALCULATIONS OF PRE- AND POST-TAX ADJUSTED EARNINGS PER SHARE

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

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

Non-GAAP Financial Measures (continued)

The share count for Adjusted Earnings excludes certain shares and share equivalents expected to be issued in future periods but not yet eligible to receive dividends and/or distributions. Each quarter, the dividend payable to Newmark’s stockholders, if any, is expected to be determined by the Company’s Board of Directors with reference to a number of factors. 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 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. For more information on any share count adjustments, see the table of this document and/or the Company’s most recent financial results press release titled “Fully Diluted Weighted-Average Share Count for GAAP and Adjusted Earnings.”

MANAGEMENT RATIONALE FOR USING ADJUSTED EARNINGS

Newmark’s calculation of Adjusted Earnings excludes the items discussed above because they are either non-cash in nature, because the anticipated benefits from the expenditures are not expected to be fully realized until future periods, or because the Company views results excluding these items as a better reflection of the underlying performance of Newmark’s ongoing operations. Management uses Adjusted Earnings in part to help it evaluate, among other things, the overall performance of the Company’s business, to make decisions with respect to the Company’s operations, and to determine the amount of dividends payable to common stockholders and distributions payable to holders of limited partnership units. Dividends payable to common stockholders and distributions payable to holders of limited partnership units are included within “Dividends to stockholders” and “Earnings and tax distributions to limited partnership interests and other noncontrolling interests,” respectively, in our unaudited condensed consolidated statements of cash flows.

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

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

Non-GAAP Financial Measures (continued)

ADJUSTED EBITDA DEFINED

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

- Net income (loss) attributable to noncontrolling interest.
- Provision (benefit) for income taxes.
- OMSR revenue.
- MSR amortization.
- Compensation charges related to OMSRs.
- Other depreciation and amortization.
- Equity-based compensation and allocations of net income to limited partnership units and FPU.
- Various other GAAP items that management views as not reflective of the Company’s underlying performance for the given period. These may include compensation-related items with respect to cost-saving initiatives, such as severance charges incurred in connection with headcount reductions as part of broad restructuring and/or cost savings plans; charges for exiting leases and/or other long-term contracts as part of cost-saving initiatives; and non-cash impairment charges related to assets, goodwill and/or intangibles created from acquisitions.
- Other non-cash, non-dilutive, and/or non-economic items, which may, in certain periods, include the impact of any unrealized non-cash mark-to-market gains or losses on “other income (loss)” related to the Nasdaq Forwards, as well as mark-to-market adjustments for non-marketable investments.
- Interest expense.
- The Impact of Nasdaq and the Impact of the 2021 Equity Event, (together, the "Impact of Nasdaq and the 2021 Equity Event"), which are defined above.

Non-GAAP Financial Measures (continued)

MANAGEMENT RATIONALE FOR USING ADJUSTED EBITDA

Newmark’s calculation of Adjusted EBITDA excludes certain items discussed above because they are either non-cash in nature, because the anticipated benefits from the expenditures are not expected to be fully realized until future periods, or because the Company views excluding these items as a better reflection of the underlying performance Newmark’s ongoing operations. The Company’s management believes that its Adjusted EBITDA measure is useful in evaluating Newmark’s operating performance, because the calculation of this measure generally eliminates the effects of financing and income taxes and the accounting effects of capital spending and acquisitions, which would include impairment charges of goodwill and intangibles created from acquisitions. Such items may vary for different companies for reasons unrelated to overall operating performance. As a result, the Company’s management uses this measure to evaluate operating performance and for other discretionary purposes. Newmark believes that Adjusted EBITDA is useful to investors to assist them in getting a more complete picture of the Company’s financial results and operations.

Since Newmark’s Adjusted EBITDA is not a recognized measurement under GAAP, investors should use this measure in addition to GAAP measures of net income when analyzing Newmark’s operating performance. Because not all companies use identical EBITDA calculations, the Company’s presentation of Adjusted EBITDA may not be comparable to similarly titled measures of other companies. Furthermore, Adjusted EBITDA is not intended to be a measure of free cash flow or GAAP cash flow from operations, because the Company’s Adjusted EBITDA does not consider certain cash requirements, such as tax and debt service payments. For more information regarding Adjusted EBITDA, see the section of this document and/or the Company’s most recent financial results press release titled “Reconciliation of GAAP Net Income to Adjusted EBITDA”, including the related footnotes, for details about how Newmark’s non-GAAP results are reconciled to those under GAAP.

LIQUIDITY DEFINED

Newmark may also use a non-GAAP measure called “liquidity”. The Company considers liquidity to be comprised of the sum of cash and cash equivalents, marketable securities, and reverse repurchase agreements (if any), less securities lent out in securities loaned transactions and repurchase agreements. The Company considers liquidity to be an important metric for determining the amount of cash that is available or that could be readily available to the Company on short notice. For more information regarding liquidity, see the section of this document and/or the Company’s most recent financial results press release titled “Liquidity Analysis”, including any related footnotes, for details about how Newmark’s non-GAAP results are reconciled to those under GAAP.

TIMING OF OUTLOOK FOR CERTAIN GAAP AND NON-GAAP ITEMS

Newmark anticipates providing forward-looking guidance for GAAP revenues and for certain non-GAAP measures from time to time.

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

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

Reconciliation of GAAP Net Income Available to Common Stockholders to Adjusted Earnings Before Noncontrolling Interests And Taxes And GAAP Fully Diluted EPS to Post-Tax Adjusted EPS

(in Thousands, Except per Share Data) (Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
GAAP net income available to common stockholders	\$ 9,947	\$ 27,964	\$ 6,027	\$ 76,848
Provision for income taxes (1)	8,356	13,294	12,019	35,723
Net income attributable to noncontrolling interests (2)	4,206	9,946	3,007	23,572
GAAP income before income taxes and noncontrolling interests	\$ 22,509	\$ 51,204	\$ 21,053	\$ 136,143
Pre-tax adjustments:				
Compensation adjustments:				
Equity-based compensation and allocations of net income to limited partnership units and FPU's (3)	29,548	44,088	84,805	102,974
Other compensation adjustments (4)	2,953	469	3,863	2,492
Total Compensation adjustments	32,501	44,557	88,668	105,466
Non-Compensation expense adjustments:				
Amortization of intangibles (5)	4,590	3,471	12,627	10,911
MSR amortization(6)	26,706	28,703	80,795	80,499
Other non-compensation adjustments (7)	10,016	4,929	13,733	10,425
Total Non-Compensation expense adjustments	41,312	37,103	107,155	101,835
Non-cash adjustment for OMSR revenues (8)	(20,997)	(27,386)	(58,142)	(88,357)
Other (income) loss, net:				
Other non-cash, non-dilutive, and /or non-economic items and Nasdaq (9)	2,460	284	10,175	101,779
Total Other (income) loss, net	2,460	284	10,175	101,779
Total pre-tax adjustments	55,276	54,558	147,856	220,723
Adjusted Earnings before noncontrolling interests and taxes ("Pre-tax Adjusted Earnings")	\$ 77,785	\$ 105,762	\$ 168,909	\$ 356,866

Reconciliation of GAAP Net Income Available to Common Stockholders to Adjusted Earnings Before Noncontrolling Interests And Taxes And GAAP Fully Diluted EPS to Post-Tax Adjusted EPS (continued)

(in Thousands, Except per Share Data) (Unaudited) (Continued)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
GAAP net income available to common stockholders	\$ 9,947	\$ 27,964	\$ 6,027	\$ 76,848
Provision for income taxes (1)	8,356	13,294	12,019	35,723
Net income attributable to noncontrolling interests (2)	4,206	9,946	3,007	23,572
GAAP income before income taxes and noncontrolling interests	\$ 22,509	\$ 51,204	\$ 21,053	\$ 136,143
Pre-tax adjustments:				
Compensation adjustments:				
Equity-based compensation and allocations of net income to limited partnership units and FPU's (3)	29,548	44,088	84,805	102,974
Other compensation adjustments (4)	2,953	469	3,863	2,492
Total Compensation adjustments	32,501	44,557	88,668	105,466
Non-Compensation expense adjustments:				
Amortization of intangibles (5)	4,590	3,471	12,627	10,911
MSR amortization(6)	26,706	28,703	80,795	80,499
Other non-compensation adjustments (7)	10,016	4,929	13,733	10,425
Total Non-Compensation expense adjustments	41,312	37,103	107,155	101,835
Non-cash adjustment for OMSR revenues (8)	(20,997)	(27,386)	(58,142)	(88,357)
Other (income) loss, net:				
Other non-cash, non-dilutive, and /or non-economic items and Nasdaq (9)	2,460	284	10,175	101,779
Total Other (income) loss, net	2,460	284	10,175	101,779
Total pre-tax adjustments	55,276	54,558	147,856	220,723
Adjusted Earnings before noncontrolling interests and taxes ("Pre-tax Adjusted Earnings")	\$ 77,785	\$ 105,762	\$ 168,909	\$ 356,866
GAAP Net income available to common stockholders:	\$ 9,947	\$ 27,964	\$ 6,027	\$ 76,848
Allocation of net income to noncontrolling interests (10)	4,498	9,308	4,427	23,011
Total pre-tax adjustments (from above)	55,276	54,558	147,856	220,723
Income tax adjustment to reflect adjusted earnings taxes (1)	(3,830)	(6,815)	(13,927)	(32,095)
Post-tax Adjusted Earnings to fully diluted shareholders ("Post-tax Adjusted Earnings")	\$ 65,891	\$ 85,015	\$ 144,383	\$ 288,486
Per Share Data:				
GAAP fully diluted earnings per share	\$ 0.06	\$ 0.15	\$ 0.03	\$ 0.41
Allocation of net income to noncontrolling interests	-	-	0.01	-
Total pre-tax adjustments (from above)	0.22	0.22	0.61	0.89
Income tax adjustment to reflect adjusted earnings taxes	(0.02)	(0.03)	(0.06)	(0.13)
Other	0.01	0.01	0.00	(0.01)
Post-tax Adjusted Earnings per share ("Adjusted Earnings EPS")	\$ 0.27	\$ 0.35	\$ 0.59	\$ 1.16
Pre-tax adjusted earnings per share	\$ 0.31	\$ 0.43	\$ 0.69	\$ 1.44
Fully diluted weighted-average shares of common stock outstanding	247,240	243,469	243,882	248,067

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

See the following page for a continuation of the table.

Reconciliation of GAAP Net Income Available to Common Stockholders to Adjusted Earnings Before Noncontrolling Interests And Taxes And GAAP Fully Diluted EPS to Post-Tax Adjusted EPS (continued)

(in Thousands, Except per Share Data) (Unaudited) (Continued)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
GAAP provision for (benefit from) income taxes	\$ 8.4	\$ 13.3	\$ 12.0	\$ 35.7
Income tax adjustment to reflect Adjusted Earnings	3.8	6.8	13.9	32.1
Provision for income taxes for Adjusted Earnings	<u>\$ 12.2</u>	<u>\$ 20.1</u>	<u>\$ 25.9</u>	<u>\$ 67.8</u>

- (2) Primarily represents portion of Newmark’s net income pro-rated for Cantor and BGC’s employees ownership percentage and the noncontrolling portion of Newmark’s net income in subsidiaries.
- (3) The components of equity-based compensation and allocations of net income to limited partnership units and FPU’s are as follows (in millions):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Issuance of common stock and exchangeability expenses	\$ 19.1	\$ 33.3	\$ 53.6	\$ 69.2
Allocations of net income (loss)	3.1	4.8	3.4	12.8
Limited partnership units amortization	1.5	0.2	9.8	5.2
RSU Amortization Expense	5.8	5.7	18.0	15.8
Equity-based compensation and allocations of net income to limited partnership units and FPU’s	<u>\$ 29.5</u>	<u>\$ 44.0</u>	<u>\$ 84.8</u>	<u>\$ 103.0</u>

- (4) Includes compensation expenses related to severance charges as a result of the cost savings initiatives of \$0.4 million and \$0.0 million for the three months ended September 30, 2023 and 2022, respectively, and \$1.9 million and \$0.0 million for the nine months ended September 30, 2023 and 2022, respectively. Also includes commission charges related to non-cash GAAP gains attributable to OMSR revenues of \$2.5 million and \$0.5 million for the three months ended September 30, 2023 and 2022, respectively, and \$2.0 million and \$2.5 million for the nine months ended September 30, 2023 and 2022, respectively.

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

- (6) Adjusted Earnings calculations exclude non-cash GAAP amortization of mortgage servicing rights (which Newmark refers to as “MSR’s”). Subsequent to the initial recognition at fair value, MSR’s are carried at the lower of amortized cost or fair value and amortized in proportion to the net servicing revenues 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

- (7) Includes asset impairments of \$3.1 million and \$2.5 million for the three months ended September 30, 2023 and 2022, respectively, and \$7.7 million and \$3.8 million for the nine months ended September 30, 2023 and 2022, respectively. For the three months and nine months ended September 30, 2023, this also includes legal settlements of \$2.8 million and proceeds from settlement of litigation for \$1.6 million, respectively. Of the \$2.8 million legal settlements during the three months ended September 30, 2023, \$0.8 million related to unaffiliated third party professional fees and expenses related to legal matters. These items are excluded from Adjusted Earnings Calculations beginning with the third quarter of 2023. Also includes \$23 thousand and \$0.0 million of acquisition costs for the three months ended September 30, 2023 and 2022, respectively, and \$2.0 million and (\$0.3) million for the nine months ended September 30, 2023 and 2022, respectively.

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

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Nasdaq Impact (gain)/loss	-	-	-	87.5
Loss from the disposition of assets	2.4	-	8.7	-
Unrealized (gain)/loss on marketable securities	0.1	0.3	0.5	0.3
(Gains)/losses on non-marketable securities	-	-	1.0	14.0
	<u>\$ 2.5</u>	<u>\$ 0.3</u>	<u>\$ 10.2</u>	<u>\$ 101.8</u>

- (10) Excludes the noncontrolling portion of Newmark’s net income in subsidiaries which are not wholly owned.

Reconciliation of GAAP Income to Adjusted EBITDA

(in Thousands) (Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
GAAP net income available to common stockholders	\$ 9,947	\$ 27,964	\$ 6,027	\$ 76,848
Adjustments:				
Net income attributable to noncontrolling interests ⁽¹⁾	4,206	9,946	3,007	23,572
Provision for income taxes	8,356	13,294	12,019	35,723
OMSR revenue ⁽²⁾	(20,997)	(27,386)	(58,142)	(88,357)
MSR amortization ⁽³⁾	26,706	28,703	80,795	80,499
Other depreciation and amortization ⁽⁴⁾	14,757	15,655	41,532	38,259
Equity-based compensation and allocations of net income to limited partnership units and FPU's	29,548	44,088	84,805	102,974
Other adjustments ⁽⁶⁾	9,150	81	14,863	7,492
Other non-cash, non-dilutive, non-economic items and Nasdaq for Adjusted EBITDA ⁽⁷⁾	2,460	284	10,175	101,468
Interest expense	12,156	9,877	37,029	29,994
Adjusted EBITDA ("AEBITDA")	\$ 96,289	\$ 122,506	\$ 232,110	\$ 408,472

- (1) Primarily represents portion of Newmark's net income pro-rated for Cantor and BGC employees ownership percentage and the noncontrolling portion of Newmark's net income in subsidiaries.
- (2) Non-cash gains attributable to originated mortgage servicing rights.
- (3) Non-cash amortization of mortgage servicing rights in proportion to the net servicing revenues expected to be earned.
- (4) Includes fixed asset depreciation and impairment of \$9.3 million and \$12.2 million for the three months ended September 30, 2023 and 2022, respectively, and \$28.0 million and \$27.3 million for the nine months ended September 30, 2023 and 2022, respectively. Also includes intangible asset amortization related to acquisitions of \$4.6 million and \$3.5 million for the three months ended September 30, 2023 and 2022, respectively, and \$12.6 million and \$10.9 million for the nine months ended September 30, 2023 and 2022, respectively.
- (5) Please refer to Footnote 3 under Reconciliation of GAAP Net Income (Loss) Available to Common Stockholders to Adjusted Earnings Before Noncontrolling Interests and GAAP Fully Diluted EPS to Post-tax Adjusted EPS for additional information about the components of "Equity-based compensation and allocations of net income to limited partnership units and FPU's".
- (6) The components of other adjustments are as follows (in millions):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Severance charges	\$ 0.4	\$ -	\$ 1.9	\$ -
Assets impairment not considered a part of ongoing operations	6.2	(0.4)	11.0	5.0
Commission charges related to non-GAAP gains attributable to OMSR revenues and others	2.5	0.5	2.0	2.5
	\$ 9.1	\$ 0.1	\$ 14.9	\$ 7.5

- (7) Please refer to Footnote 9 under Reconciliation of GAAP Net Income (Loss) Available to Common Stockholders to Adjusted Earnings Before Noncontrolling Interests and Taxes and GAAP Fully Diluted EPS to Post-tax Adjusted EPS for additional information about the components of Other non-cash, non-dilutive, non-economic items".

Reconciliation of “GAAP pre-tax income” to “GAAP pre-tax income excluding other income”

(in Thousands) (Unaudited)

	Three months ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
GAAP income (loss) before income taxes and noncontrolling interests ("GAAP pre-tax income")	22,509	51,204	21,053	136,143
Other income (including the Impact of Nasdaq)	(3,203)	128	(4,118)	101,432
GAAP pre-tax income (loss) excluding other income	19,306	51,332	16,935	237,575

Fully Diluted Weighted-Average Share Count for GAAP And Adjusted Earnings

(in Thousands) (Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Common stock outstanding	174,129	177,231	173,549	183,311
Limited partnership units	43,163	33,742	40,653	30,947
Cantor units	24,875	24,663	24,754	24,648
Founding partner units	3,087	3,097	3,251	3,303
RSUs	1,463	2,604	1,193	3,809
Newmark exchange shares	524	2,132	482	2,048
Fully diluted weighted-average share count for GAAP	<u>247,241</u>	<u>243,469</u>	<u>243,882</u>	<u>248,067</u>
Adjusted Earnings Adjustments:				
Common stock outstanding	-	-	-	-
Limited partnership units	-	-	-	-
Cantor units	-	-	-	-
Founding partner units	-	-	-	-
RSUs	-	-	-	-
Newmark exchange shares	-	-	-	-
Fully diluted weighted-average share count for Adjusted Earnings	<u>247,241</u>	<u>243,469</u>	<u>243,882</u>	<u>248,067</u>

Liquidity Analysis Table

(in Thousands) (Unaudited)

	September 30, 2023	December 31, 2022
Cash and cash equivalents	\$ 143,343	\$ 233,016
Marketable securities	239	788
Total ⁽¹⁾	\$ 143,582	\$ 233,804

(1) In addition to the total liquidity figures shown above, Newmark's undrawn amount on the Credit Facility was \$545.0 million and \$600.0 million as of September 30, 2023 and December 31, 2022, respectively.

Reconciliation of Adjusted EBITDA to Operating Cash Flows

(in Thousands) (Unaudited)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2023	2022	2023	2022
Adjusted EBITDA	\$ 96.3	\$ 122.5	\$ 232.1	\$ 408.5
Cash paid for interest	(2.5)	(3.7)	(24.5)	(20.6)
Loans, forgivable loans and other receivables from employees and partners ⁽¹⁾	(31.8)	(36.0)	(209.6)	(100.6)
Other, working capital	34.6	40.7	40.7	8.6
Corporate Tax payments	(7.5)	(18.0)	(46.0)	(86.5)
Net cash provided by (used in) operations excluding activities from loan originations and sales ⁽²⁾	\$ 89.1	\$ 105.5	\$ (7.3)	\$ 209.4

(1) Prior to the third quarter of 2023, the amounts shown in this row primarily included employee loans and advances for new hires which was slightly different than the “Loans, forgivable loans and other receivables from employees and partners” line in the consolidated statements of cash flows. For improved clarity, these amounts have been recast to the amounts shown to match those in this consolidated statements of cash flows. See footnote 2 for certain information regarding employee loans and advances for new hires.

(2) Includes loans, forgivable loans and other receivables from employees and partners in the amount of \$31.8 million and \$36.0 million for the three months ended September 30, 2023 and 2022, respectively, and \$209.6 million and \$100.6 million for the nine months ended September 30, 2023 and 2022, respectively. Excluding these loans, net cash provided by (used in) operating activities excluding loan originations and sales would be \$120.8 million and \$141.5 million for the three months ended September 30, 2023 and 2022, respectively, and \$202.3 million and \$310.0 million for the nine months ended September 30, 2023 and 2022, respectively.

Other Income

(\$ in Millions)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Nasdaq Impact	\$-	\$-	\$-	(\$87.4)
Mark-to-market gains (losses) on non-marketable investments, net	-	-	-	(13.9)
Other items, net	3.2	(0.1)	4.1	(0.1)
Other income (loss), net under GAAP	3.2	(0.1)	4.1	(0.1)
To reconcile from GAAP other income (loss), exclude:				
Nasdaq Impact	-	-	-	87.6
Mark-to-market gains (losses) on non-marketable investments, net	-	-	-	13.9
Other items, net	2.5	0.3	10.2	0.3
Other income (loss), net for Pre-tax Adjusted Earnings and Adjusted EBITDA	5.7	0.2	14.3	0.3

Newmark's Other income (loss), net under GAAP includes equity method investments that represent Newmark's pro rata share of net gains or losses and mark-to-market gains or losses on non-marketable investments. In the first nine months of 2023, the difference between GAAP and non-GAAP other income was due to net realized and unrealized losses on investments. In the first nine months of 2022, the difference also included primarily unrealized losses with respect to the Nasdaq shares the Company received in 2021, which it sold between July of 2021 and March of 2022.

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