

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): May 13, 2020

VECTOR GROUP LTD.

(Exact Name of Registrant as Specified in Its Charter)

Delaware

(State or Other Jurisdiction of Incorporation)

1-5759

(Commission File Number)

65-0949535

(I.R.S. Employer Identification No.)

4400 Biscayne Boulevard Miami Florida

(Address of Principal Executive Offices)

33137

(Zip Code)

(305) 579-8000

(Registrant's Telephone Number, Including Area Code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities Registered Pursuant to 12(b) of the Act:

Title of each class:	Trading Symbol(s)	Name of each exchange on which registered:
Common stock, par value \$0.10 per share	VGR	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 7.01. Regulation FD Disclosure.

On May 13, 2020, Vector Group Ltd. (NYSE:VGR) (the “Company”) issued a press release announcing that it has commenced an underwritten public offering of its common stock, subject to market and other conditions.

A copy of the press release announcing the commencement of the offering is attached hereto as Exhibit 99.1, and is incorporated by reference herein.

The Company has also prepared materials for presentations to investors. The materials are furnished (not filed) as Exhibit 99.2 to this Current Report on Form 8-K pursuant to Regulation FD.

This Current Report on Form 8-K shall not constitute an offer to sell or the solicitation of an offer to buy securities, nor shall there be any sale of these securities in any state or jurisdiction in which such offer, solicitation or sale would be unlawful.

Non-GAAP Financial Measures

Exhibit 99.2 contains the Non-GAAP Financial Measures discussed below.

Please refer to Current Reports on Form 8-K dated May 8, 2020, February 28, 2020, November 5, 2019, October 4, 2019, May 3, 2019, and February 28, 2019 for reconciliations of financial measures prepared in accordance with GAAP to Non-GAAP Financial Measures. Non-GAAP Financial Measures include adjustments for the purchase accounting associated with the Company’s 2013 acquisition of an additional 20.59% interest in Douglas Elliman Realty, LLC, the impact of non-controlling interest associated with the 29.41% of Douglas Elliman Realty, LLC that was purchased by the Company on December 31, 2018, adjustment for the derivative associated with acquisition of 29.41% of Douglas Elliman Realty, LLC, litigation settlements and judgments, settlements of long-standing disputes related to the Master Settlement Agreement in the Tobacco segment, net interest expense capitalized to real estate ventures, stock-based compensation expense (for purposes of Adjusted EBITDA only) and non-cash interest expense associated with the Company’s convertible debt.

Adjusted EBITDA, Adjusted Operating Income, Tobacco Adjusted EBITDA, New Valley LLC Adjusted EBITDA and Douglas Elliman Realty, LLC Adjusted EBITDA (hereafter, referred to as “the Non-GAAP Financial Measures”) are financial measures not prepared in accordance with generally accepted accounting principles (“GAAP”). The Company believes that the Non-GAAP Financial Measures are important measures that supplement discussions and analysis of its results of operations and enhances an understanding of its operating performance. The Company believes the Non-GAAP Financial Measures provide investors and analysts with a useful measure of operating results unaffected by differences in capital structures and ages of related assets among otherwise comparable companies. In the case of Adjusted Revenues, management believes revenue growth in its real estate segment is an important measure of growth because increased revenues generally result in increased gross margin as a result of absorption of fixed operating costs, which management believes will lead to increased future profitability as well as increased capacity to expand into new and existing markets. A key strategy of the Company is its ability to move into new markets and therefore gross revenues provide information with respect to the Company’s ability to achieve its strategic objectives.

Management uses the Non-GAAP Financial Measures as measures to review and assess operating performance of the Company’s business, and management and investors should review both the overall performance (GAAP net income) and the operating performance (the Non-GAAP Financial Measures) of the Company’s business. While management considers the Non-GAAP Financial Measures to be important, they should be considered in addition to, but not as substitutes for or superior to, other measures of financial performance prepared in accordance with GAAP, such as operating income, net income and cash flows from operations. In addition, the Non-GAAP Financial Measures are susceptible to varying calculations and the Company’s measurement of the Non-GAAP Financial Measures may not be comparable to those of other companies.

EBITDA is defined as net income before interest, taxes, depreciation and amortization. Adjusted EBITDA is EBITDA, as defined above, and as adjusted for changes in fair value of derivatives embedded with convertible debt, equity in earnings (losses) on long-term investments, net gains (losses) recognized on investment securities, equity in earnings (losses) from real estate joint ventures, loss on extinguishment of debt, stock-based compensation expense (for purposes of Adjusted EBITDA only), litigation settlement and judgment expense, settlements of long-standing disputes related to the MSA, purchase accounting adjustments, impairments of goodwill and intangible assets, and other charges.

New Valley LLC (“New Valley”), the real estate subsidiary of the Company, owns real estate and Douglas Elliman, the largest residential brokerage firm in the New York metropolitan area, as well as a minority stake in numerous real estate investments. New Valley LLC Adjusted EBITDA is defined as the portion of Adjusted EBITDA that relates to New Valley. New Valley’s Adjusted EBITDA does not include an allocation of expenses from the Corporate and Other segment of Vector Group Ltd.

Forward-Looking Statements

This Current Report on Form 8-K contains forward-looking statements, which involve risk and uncertainties. The words "could", "believe," "expect," "estimate," "may," "will," "could," "plan," or "continue" and similar expressions are intended to identify forward-looking statements. The Company's actual results could differ significantly from the results discussed in such forward-looking statements. Factors that could cause or contribute to such differences in results and outcomes include, without limitation, those discussed under the heading "Risk Factors" in the Company's Annual Report on Form 10-K for the year ended December 31, 2019 and in the Company's Form 10-Q for the three months ended March 31, 2020. Readers are urged not to place undue reliance on these forward-looking statements, which speak only as of the date of this Current Report on Form 8-K. The Company undertakes no obligation to (and expressly disclaims any obligation to) revise or update any forward-looking statement, whether as a result of new information, subsequent events, or otherwise (except as may be required by law), in order to reflect any event or circumstance which may arise after the date of this Current Report on Form 8-K.

Item 9.01. Financial Statements and Exhibits

(c) Exhibit.

<u>Exhibit No.</u>	<u>Exhibit</u>
99.1	Press Release issued on May 13, 2020.
99.2	Investor presentation of Vector Group Ltd. dated May 2020 (furnished pursuant to Regulation FD).

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

VECTOR GROUP LTD.

By: /s/ J. Bryant Kirkland III

J. Bryant Kirkland III

Senior Vice President, Treasurer and Chief Financial Officer

Date: May 13, 2020



FOR IMMEDIATE RELEASE

VECTOR GROUP ANNOUNCES PROPOSED PUBLIC OFFERING OF 5,000,000 SHARES OF COMMON STOCK

MIAMI, FL, May 13, 2020 - Vector Group Ltd. (NYSE: VGR) today announced that it has commenced an underwritten public offering (“the Offering”) of 5,000,000 shares of its common stock. All of the shares to be sold in the Offering will be offered by Vector Group. Vector Group expects to grant the underwriter a 30-day option to purchase up to an additional 750,000 shares of Vector Group’s common stock at the Offering price. Vector Group currently intends to use the net proceeds from the Offering for general corporate purposes. The Offering is subject to market and other conditions, and there can be no assurance as to whether or when the Offering may be completed, or the actual size or terms of the Offering.

The Offering is being made only by means of a prospectus supplement and the accompanying prospectus, copies of which, when available, may be obtained from the offices of Jefferies LLC, Attention: Equity Syndicate Prospectus Department, 520 Madison Avenue, 2nd Floor, New York, NY 10022, telephone: 1-877-821-7388, or by emailing Prospectus_Department@Jefferies.com.

The shares of Vector Group’s common stock will be issued pursuant to an effective automatic shelf registration statement on Form S-3. Before investing in the Offering, interested parties should read the prospectus and related prospectus supplement for the Offering, the documents incorporated by reference therein and the other documents Vector Group has filed with the U.S. Securities and Exchange Commission (“SEC”). These documents may be obtained for free by visiting the SEC’s website at www.sec.gov. This press release is for informational purposes only and shall not constitute an offer to sell or a solicitation of an offer to buy any of these securities, nor shall there be any sale of these securities in any state or jurisdiction in which such an offer, solicitation or sale would be unlawful prior to registration or qualification under the applicable securities laws of such state or jurisdiction.

Jefferies LLC is acting as the book-running manager of the offering.

Cautionary Note Regarding Forward-Looking Statements

This press release contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. The Company has tried, whenever possible, to identify these forward-looking statements using words such as “anticipates”, “believes”, “estimates”, “expects”, “plans”, “intends”, “could” and similar expressions. These statements reflect the Company’s current beliefs and are based upon information currently available to it. Accordingly, such forward-looking statements involve known and unknown risks, uncertainties and other factors which could cause the Company’s actual results, performance or achievements to differ materially from those expressed in, or implied by, such statements.

All information set forth in this press release is as of May 13, 2020. Vector Group does not intend, and undertakes no duty, to update this information to reflect future events or circumstances. Risk factors and uncertainties that may cause actual results to differ materially from expected results include, among others, its ability to successfully complete the proposed offering.

About Vector Group Ltd.

Vector Group is a holding company for Liggett Group LLC, Vector Tobacco Inc., New Valley LLC, and Douglas Elliman Realty, LLC. Additional information concerning the company is available on the Company’s website, www.VectorGroupLtd.com.

Contacts

Vector Group Ltd.
J. Bryant Kirkland III

305-579-8000

or

Sard Verbinnen & Co
Emily Claffey/Ben Spicehandler/Columbia Clancy
212-687-8080

VGR
LISTED
NYSE



INVESTOR PRESENTATION

May 2020

DISCLAIMER

This document and any related oral presentation does not constitute an offer or invitation to subscribe for, purchase or otherwise acquire any equity or debt securities or other instruments of Vector Group Ltd. ("Vector," "Vector Group Ltd." or "the Company") or its subsidiaries and nothing contained herein or its presentation shall form the basis of any contract or commitment whatsoever.

The distribution of this document and any related oral presentation in certain jurisdictions may be restricted by law and persons into whose possession this document or any related oral presentation comes should inform themselves about, and observe, any such restriction. Any failure to comply with these restrictions may constitute a violation of the laws of any such other jurisdiction.

The information contained herein does not constitute investment, legal, accounting, regulatory, taxation or other advice and the information does not take into account your investment objectives or legal, accounting, regulatory, taxation or financial situation or particular needs. You are solely responsible for forming your own opinions and conclusions on such matters and the market and for making your own independent assessment of the information. You are solely responsible for seeking independent professional advice in relation to the information and any action taken on the basis of the information.

The following presentation may contain "forward-looking statements," including any statements that may be contained in the presentation that reflect Vector's expectations or beliefs with respect to future events and financial performance, such as the impact of the Covid-19 pandemic on the Company's business and operations. These forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those contained in any forward-looking statement made by or on behalf of the Company, including the risk that changes in Vector's capital expenditures impact its expected free cash flow and the other risk factors described in Vector's annual report on Form 10-K for the year ended December 31, 2019, as filed with the SEC, and quarterly report on Form 10-Q for the period ended March 31, 2020, as filed with the SEC. Please also refer to Vector's Current Reports on Forms 8-K, filed on October 2, 2015, November 15, 2016, March 1, 2017, May 3, 2018, June 14, 2018, September 28, 2018, February 28, 2019, May 3, 2019, October 4, 2019, February 28, 2020 and May 8, 2020 (Commission File Number 1-05759) as filed with the SEC for information, including cautionary and explanatory language, relating to Non-GAAP Financial Measures in this Presentation labeled "Adjusted".

Results actually achieved may differ materially from expected results included in these forward-looking statements as a result of these or other factors. Due to such uncertainties and risks, potential investors are cautioned not to place undue reliance on such forward-looking statements, which speak only as of the date on which such statements are made. The Company disclaims any obligation to, and does not undertake to, update or revise and forward-looking statements in this presentation.

INVESTMENT HIGHLIGHTS & PORTFOLIO

Overview

- Diversified Holding Company with two unrelated, but complementary, businesses with iconic brand names: tobacco (Liggett Group) and real estate (Douglas Elliman)
- History of strong earnings with Adjusted EBITDA of \$269.9 million for the twelve months ended March 31, 2020⁽¹⁾
 - Tobacco Adjusted EBITDA of \$279.6 million for the twelve months ended March 31, 2020⁽²⁾
 - Douglas Elliman produced Revenues of \$787.8 million and Adjusted EBITDA of \$6.6 million for the twelve months ended March 31, 2020⁽³⁾
- Diversified portfolio of consolidated and non-consolidated real estate investments at New Valley
- Maintains substantial liquidity with cash, marketable securities and long-term investments of \$620 million (before scheduled retirement of \$170 million of debt in April 2020) as of March 31, 2020⁽⁴⁾
- As of March 31, 2020, seasoned management team with average tenure of 26 years with Vector Group
- Management team and directors beneficially own approximately 10% of Vector Group
- Perpetual cost advantage over the largest U.S. tobacco companies – annual cost advantage ranged between \$160 million and \$169 million from 2012 to 2019⁽⁵⁾

(1) Vector's Net income for the twelve months ended March 31, 2020 was \$83 million. Adjusted EBITDA is a Non-GAAP Financial Measure. Please refer to Exhibit 99.1 of the Company's Current Report on Form 8-K, filed on May 8, 2020 (Table 2), for a reconciliation of Net Income to Adjusted EBITDA as well as the Disclaimer to this document on Page 2.

(2) All "Liggett" and "Tobacco" financial information in this presentation includes the operations of Liggett Group LLC, Vector Tobacco Inc., and Liggett Vector Brands LLC unless otherwise noted. Tobacco Adjusted EBITDA is a Non-GAAP Financial Measure and is defined in Tables 2 and 5 of Exhibit 99.1 to the Company's Current Report on Form 8-K, filed on May 8, 2020.

(3) Douglas Elliman's Net (loss) was \$(52.4) million for the twelve months ended March 31, 2020. Adjusted EBITDA is a Non-GAAP Financial Measure. Please refer to Exhibit 99.1 of the Company's Current Report on Form 8-K, filed on May 8, 2020, for a reconciliation of Adjusted EBITDA to net income (Table 7) as well as the Disclaimer to this document.

(4) At March 31, 2020 the total amount (\$620 million) includes cash at Douglas Elliman of \$49 million and cash at Liggett of \$69 million. Excludes real estate investments.

(5) Cost advantage applies only to cigarettes sold below applicable market share exemption (approximately 1.93% of cigarettes sold in the United States).



TOBACCO OPERATIONS

LIGGETT GROUP OVERVIEW

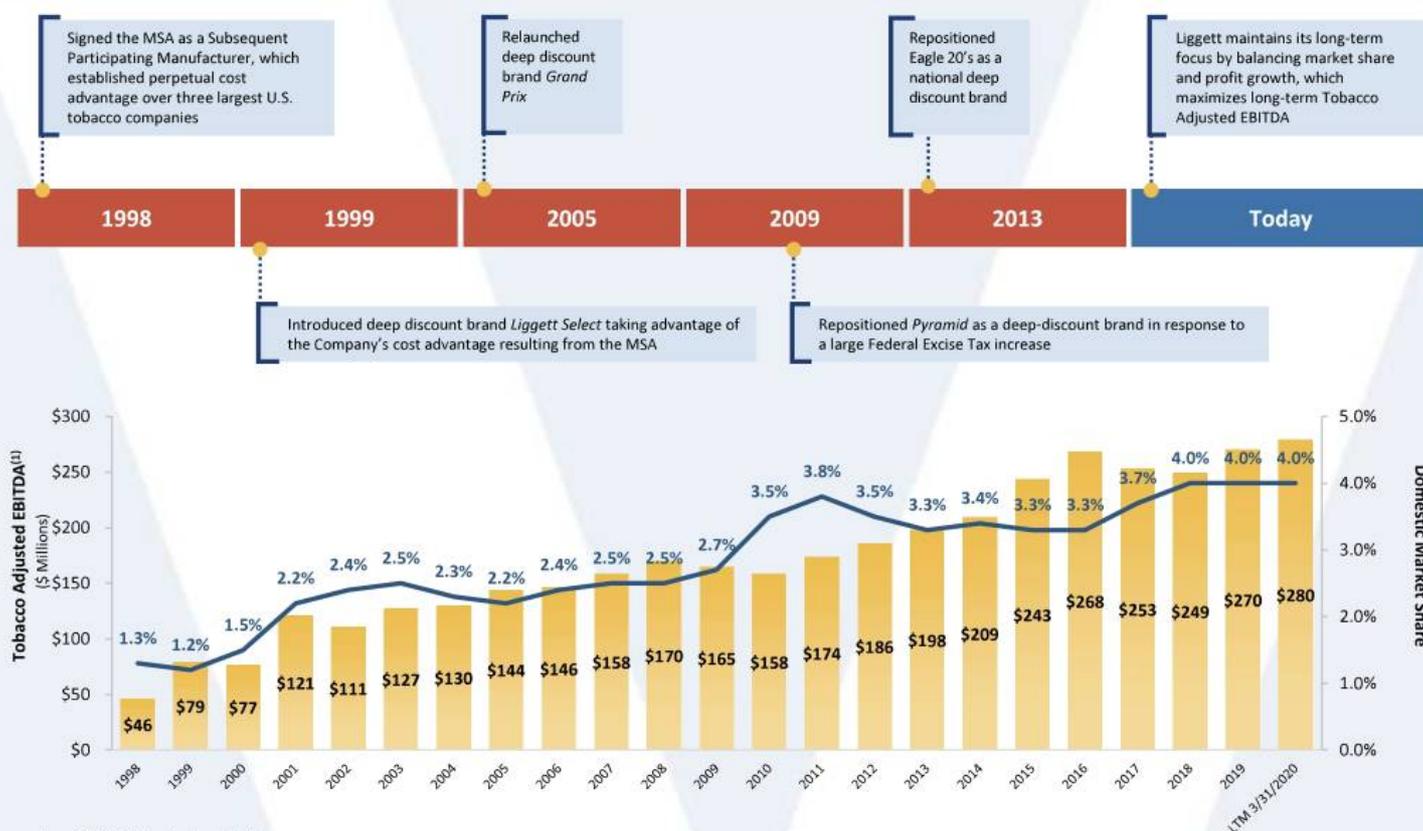
- Fourth-largest U.S. tobacco company; founded in 1873
 - Core Discount Brands – *Eagle 20's*, *Pyramid*, *Grand Prix*, *Liggett Select* and *Eve*
 - Partner Brands – *USA*, *Bronson* and *Tourney*
- Consistent and strong cash flow
 - Tobacco Adjusted EBITDA of \$279.6 million for the twelve months ended March 31, 2020 ⁽¹⁾
 - Low capital requirements with capital expenditures of \$5.3 million related to tobacco operations for the twelve months ended March 31, 2020
- Current cost advantage of approximately \$0.76 per pack⁽²⁾ compared to the largest U.S. tobacco companies expected to maintain volume and drive profit in core brands
 - Pursuant to the MSA, Liggett has no payment obligations unless its market share exceeds a market share exemption of approximately 1.65% of total cigarettes sold in the United States, and Vector Tobacco has no payment obligations unless its market share exceeds a market share exemption of approximately 0.28% of total cigarettes sold in the United States
 - MSA exemption annual cost advantage ranged between \$160 million and \$169 million for Liggett and Vector Tobacco from 2012 to 2019



⁽¹⁾ Tobacco Adjusted EBITDA is a Non-GAAP Financial Measure and is defined in the Company's Current Report on Form 8-K, filed on May 8, 2020. Please also refer to the Disclaimer to this document on Page 2.

⁽²⁾ Cost advantage only applies to cigarettes sold below applicable market share exemption (approximately 1.93% of total cigarettes sold in the United States).

LIGGETT GROUP HISTORY

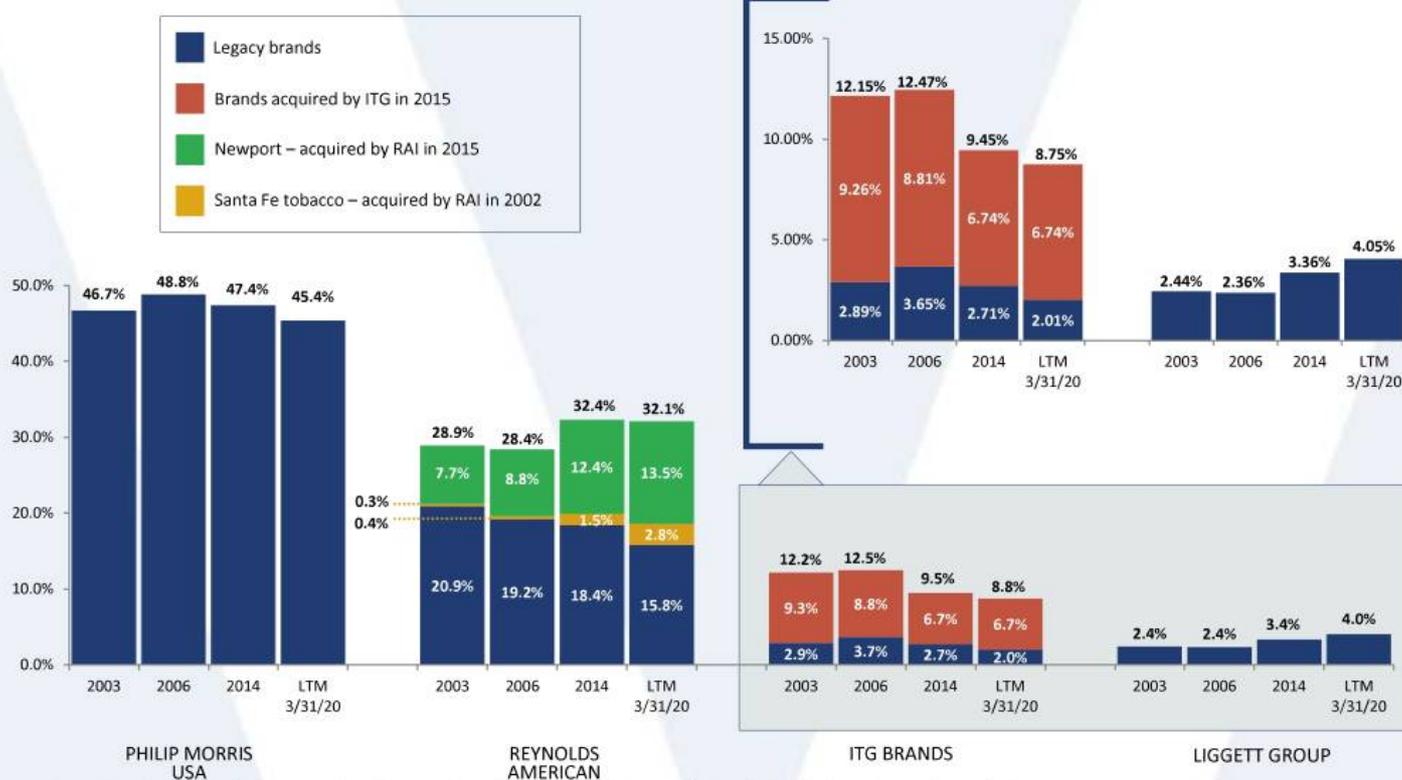


Source: MSA CRA wholesale shipment database.

Note: The Liggett and Vector Tobacco businesses have been combined into a single segment for all periods since 2007.

(1) Tobacco Adjusted EBITDA is a Non-GAAP Financial Measure and is defined in Table 2 and Table 5 of Exhibit 99.1 to the Company's Current Reports on Form 8-K, filed on May 8, 2020. Please also refer to Table 2 of Exhibit 99.2 to the Company's Current Reports on Form 8-K, dated October 2, 2015, November 15, 2016, and Table 5 of Exhibit 99.1 to the Company's Current Reports on Form 8-K, dated February 28, 2020.

ADJUSTED U.S. TOBACCO INDUSTRY MARKET SHARE



Source: The Maxwell Report's sales estimates for the cigarette industry for the years ended 2003 (February 2004), 2006 (February 2007) and 2014 (March 2015) and internal estimates for LTM 3/31/2020.
 (1) Actual Market Share in 2003, 2006 and 2014 reported in the Maxwell Report for Reynolds American was 29.6%, 27.6% and 23.1%, respectively, and, for ITG Brands, was 2.9%, 3.7%, and 2.7%, respectively. Adjusted market share has been computed by Vector Group Ltd. by applying historical market share of each brand to the present owner of brand. Thus, the graph assumes each company owned its current brands on January 1, 2003. The legacy brands market share of Reynolds American in 2003 includes the market share of Brown & Williamson, which was acquired by Reynolds American in 2004. In 2015, Reynolds American acquired Lorillard Tobacco Company, which manufactured the Newport brand, and sold a portfolio of brands, including the Winston, Salem, Kool and Maverick brands to ITG Brands.
 (2) Does not include smaller manufacturers, whose cumulative market shares were 9.8%, 7.9%, 8.9% and 9.7% in 2003, 2006, 2014 and LTM 3/31/2020, respectively.

TOBACCO LITIGATION AND REGULATORY UPDATES

Litigation

- In 2013, Liggett reached a settlement with approximately 4,900 *Engle* progeny plaintiffs, which represented a substantial portion of Liggett's pending litigation
 - Liggett agreed to pay \$60 million in a lump sum in 2014 and the balance in installments of \$3.4 million in each of the following 14 years (2015 – 2028)
- Liggett has resolved all but approximately 44 *Engle* progeny cases as of March 31, 2020
- Liggett is also a defendant in 55 non-*Engle* smoking-related individual cases and three smoking-related actions where either a class had been certified or plaintiffs were seeking class certification
- The Mississippi Attorney General has filed a motion to enforce Mississippi's 1996 settlement agreement with Liggett and alleged that Liggett owes Mississippi approximately \$34 million in damages (including interest through March 2020)

Regulatory

- Since 1998, the MSA has restricted the advertising and marketing of tobacco products
- In 2009, Family Smoking Prevention and Tobacco Control Act granted the FDA power to regulate the manufacture, sale, marketing and packaging of tobacco products
 - FDA is prohibited from issuing regulations that ban cigarettes
 - In 2018, FDA issued a Notice of Proposed Rulemaking to consider reducing nicotine in tobacco
- Federal Excise Tax is \$1.01/pack (since April 1, 2009) and additional state and municipal excise taxes exist



REAL ESTATE OPERATIONS

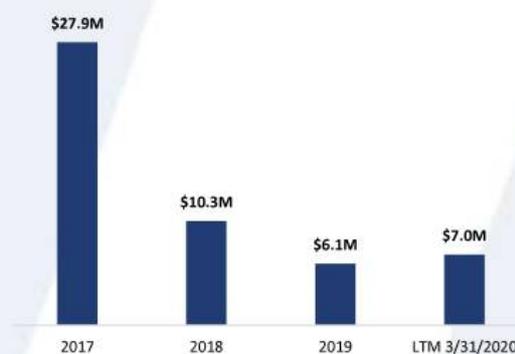
REAL ESTATE OVERVIEW

- New Valley, which now owns 100% of Douglas Elliman Realty, LLC, is a diversified real estate company that is seeking to acquire or invest in additional real estate properties or projects
- New Valley has invested approximately \$178 million⁽¹⁾, as of March 31, 2020, in a broad portfolio of real estate projects

New Valley Revenues – LTM March 31, 2020



New Valley Adjusted EBITDA⁽²⁾



⁽¹⁾ Net of cash returned.

⁽²⁾ New Valley's net income (loss) was \$37.6M, \$14.8M, \$(11.4)M and \$(54.4)M for the periods presented. Adjusted EBITDA is a non-GAAP financial measure. For a reconciliation of Net income to Adjusted EBITDA, please see Vector Group Ltd.'s Current Reports on Form 8-K, filed on May 3, 2019, February 28, 2020 and May 8, 2020 and Form 10-K for the fiscal year ended December 31, 2019 and Form 10-Q for the quarterly period ended March 31, 2020 as well as the Disclaimer to this document on Page 2. New Valley's Adjusted EBITDA do not include an allocation of Vector Group Ltd.'s Corporate and Other Expenses (for purposes of computing Adjusted EBITDA) of \$13.0M, \$15.0M, \$17.1M and \$16.8M for the periods presented, respectively.

DOUGLAS ELLIMAN REALTY, LLC

- Largest residential real estate brokerage firm in the highly competitive New York metropolitan area and fourth-largest residential brokerage firm in the U.S.
- Douglas Elliman has more than 7,000 affiliated agents and approximately 115 offices in the U.S.
- Alliance with Knight Frank provides a network with approximately 500 offices across 60 countries with approximately 19,000 affiliated agents
- Also offers title and settlement services, relocation services, and residential property management services through various subsidiaries

Douglas Elliman Closed Sales – LTM March 31, 2020



Douglas Elliman Closed Sales



Douglas Elliman Revenues – LTM March 31, 2020



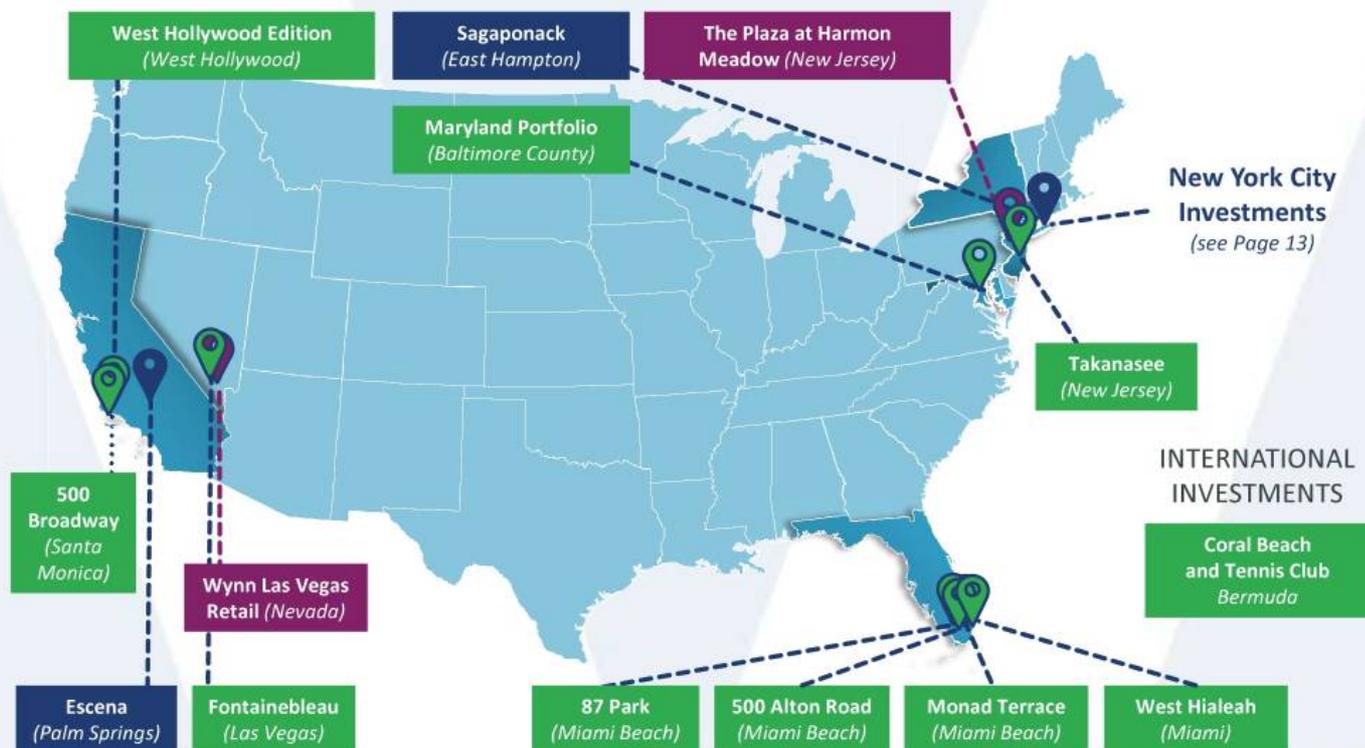
Douglas Elliman Adjusted EBITDA⁽¹⁾



(1) Douglas Elliman's net income (loss) was \$21.4M, \$5.2M, \$6.2M and \$(52.4)M for the periods presented. Adjusted EBITDA is a non-GAAP financial measure. For a reconciliation of Adjusted EBITDA to net income, please see Vector Group Ltd.'s Current Reports on Forms 8-K, filed on March 1, 2017, May 3, 2018, June 14, 2018, February 28, 2019, February 28, 2020 and May 8, 2020, Form 10-K for the fiscal year ended December 31, 2019 and Form 10-Q for the quarterly period ended March 31, 2020 as well as the Disclaimer to this document on Page 2.

NEW VALLEY'S REAL ESTATE INVESTMENTS AT MARCH 31, 2020 ⁽¹⁾

■ Land Development/Real Estate Held for Sale, net
 ■ Apartments/Condominiums/Hotels
 ■ Commercial Retail/Office Assets



(1) For the percentage of each real estate project owned, please refer to the "Summary of Real Estate Investments" section of Item 2 - Management's Discussion and Analysis of Financial Condition and Results of Operations of Vector Group Ltd.'s Form 10-Q for the period ended March 31, 2020.

NEW VALLEY'S REAL ESTATE INVESTMENTS IN NEW YORK CITY⁽¹⁾



1. **The Marquand** Upper East Side (in liquidation)
2. **10 Madison Square West** Flatiron District/NoMad (in liquidation)
3. **11 Beach Street** TriBeCa
4. **20 Times Square** Times Square (in liquidation)
5. **111 Murray Street** TriBeCa
6. **160 Leroy Street** Greenwich Village (in liquidation)
7. **215 Chrystie Street** Lower East Side
8. **The Dutch** Long Island City
9. **1 QPS Tower** Long Island City (in liquidation)
10. **Park Lane Hotel** Central Park South
11. **125 Greenwich Street** Financial District
12. **The XI (formerly "The Eleventh")** West Chelsea
13. **15 East 19th Street (formerly "New Brookland")** Brooklyn
14. **The Dime (Havemeyer Street)** Brooklyn
15. **352 6th Avenue** Brooklyn
16. **9 DeKalb** Brooklyn
17. **Meatpacking Plaza** Meatpacking District

(1) For the percentage of each real estate project owned, please refer to the "Summary of Real Estate Investments" section of Item 2 – "Management's Discussion and Analysis of Financial Condition and Results of Operations" of Vector Group Ltd.'s Form 10-Q for the period ended March 31, 2020.

NEW VALLEY'S REAL ESTATE SUMMARY AS OF MARCH 31, 2020 ⁽¹⁾

(\$ Thousands)

	Net cash invested / (returned)	Cummulative earnings / (loss) ⁽²⁾	Carrying value ⁽²⁾	Projected construction end date	Range of ownership	Number of investments
Land owned						
New York City SMSA	\$ 18,685	\$ -	\$ 18,685	N/A	100.0%	1
All other U.S. areas	2,280	7,681	9,961	N/A	100.0%	1
	<u>\$ 20,965</u>	<u>\$ 7,681</u>	<u>\$ 28,646</u>			<u>2</u>
Condominium and Mixed Use Development (Minority interest owned)						
New York City SMSA	\$ 8,209	\$ 39,450	\$ 47,659	2020 - 2022	3.1% - 49.5%	15
All other U.S. areas	55,859	(833)	55,026	2020 - 2023	15% - 77.8%	6
	<u>\$ 64,068</u>	<u>\$ 38,617</u>	<u>\$ 102,685</u>			<u>21</u>
Apartments (Minority interest owned)						
New York City SMSA	\$ -	\$ -	\$ -	N/A	N/A	-
All other U.S. areas	(975)	975	-	N/A	7.6% - 16.3%	2
	<u>\$ (975)</u>	<u>\$ 975</u>	<u>\$ -</u>			<u>2</u>
Hotels (Minority interest owned)						
New York City SMSA	\$ 4,131	\$ (1,777)	\$ 2,354	N/A	1.0%-18.4%	2
All other U.S. areas	8,380	(798)	7,582	N/A	15%	1
International	6,048	(4,348)	1,700	N/A	49%	1
	<u>\$ 18,559</u>	<u>\$ (6,923)</u>	<u>\$ 11,636</u>			<u>4</u>
Commercial and Other (Minority interest owned)						
New York City SMSA	\$ (9,093)	\$ 11,807	\$ 2,714	N/A	45.4% - 49%	3
All other U.S. areas	4,798	3,034	7,832	N/A	1.6%	1
	<u>\$ (4,295)</u>	<u>\$ 14,841</u>	<u>\$ 10,546</u>			<u>4</u>
Total	\$ 98,322	\$ 55,191	\$ 153,513			33
Summary						
New York City SMSA	\$ 21,932	\$ 49,480	\$ 71,412			21
All other U.S. areas	70,342	10,059	80,401			11
International	6,048	(4,348)	1,700			1
	<u>\$ 98,322</u>	<u>\$ 55,191</u>	<u>\$ 153,513</u>			<u>33</u>

(1) For the percentage of each real estate project owned, please refer to the "Summary of Real Estate Investments" section of Item 2 - "Management's Discussion and Analysis of Financial Condition and Results of Operations" of Vector Group Ltd.'s Form 10-Q for the period ended March 31, 2020.

(2) Includes interest expense capitalized to real estate ventures of \$9,079.



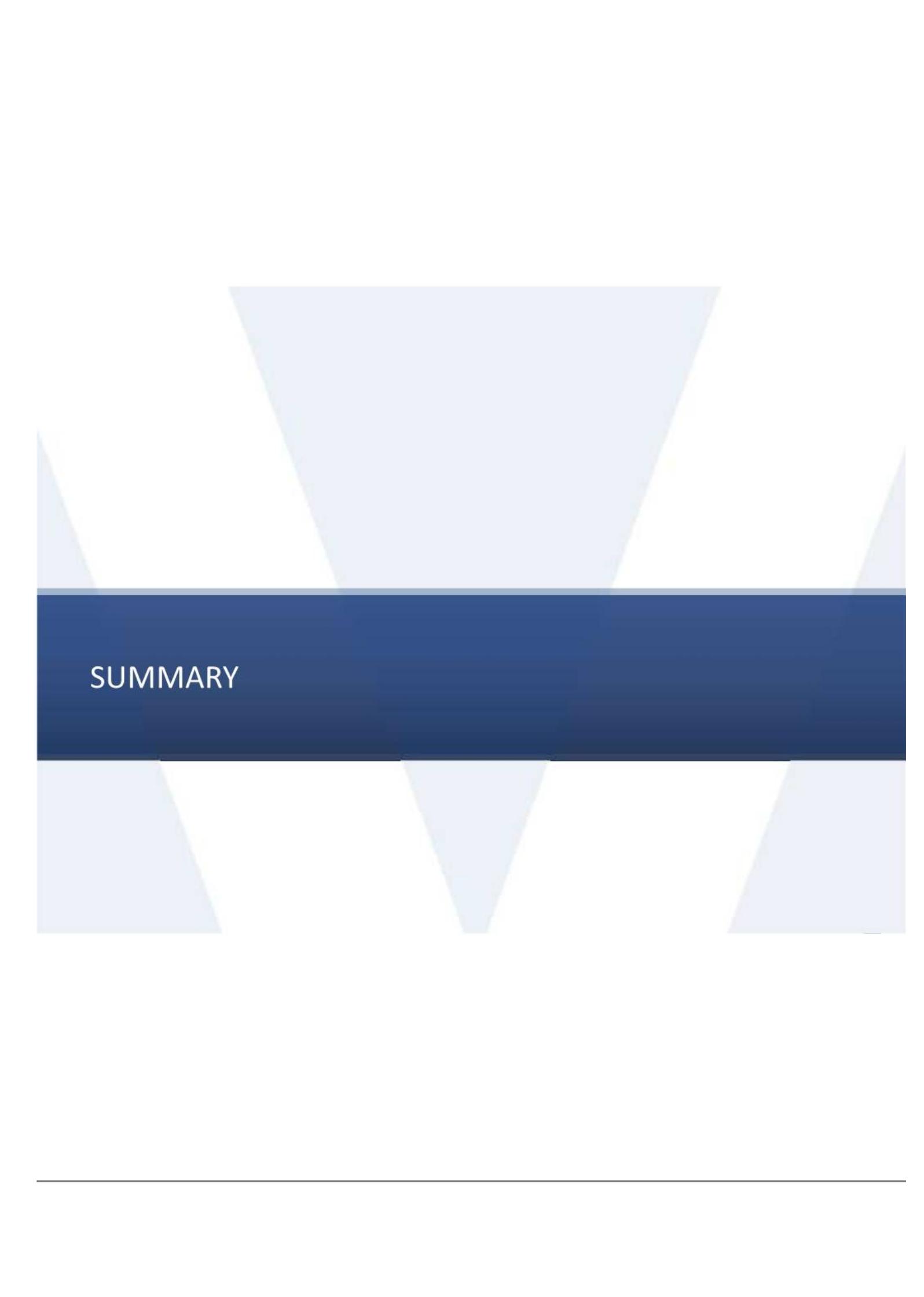
FINANCIAL DATA

ADJUSTED HISTORICAL FINANCIAL DATA

(Dollars in millions)



(1) Vector's Net income for the periods presented was \$84.6M, \$58.1M, \$101M and \$82.8M, respectively. Adjusted EBITDA are a Non-GAAP Financial Measure. Please refer to the Company's Current Reports on Form 8-K, filed on February 28, 2019, May 3, 2019, February 28, 2020 and May 8, 2020, respectively (Exhibit 99.1) for a reconciliation of Non-GAAP financial measures to GAAP as well as the Disclaimer to this document on Page 2.



SUMMARY

SUMMARY

- Vector Group, a holding company owning Tobacco and Real Estate businesses and holding consolidated cash, investment securities and long-term investments of **\$620 million⁽¹⁾ at March 31, 2020 (\$450 million after accounting for \$170 million of retirement of debt in April 2020)**.
 - Vector’s management team has an average tenure of **26 years** with the Company and, along with directors, beneficially owns approximately **10% of Vector’s common stock**

- Tobacco segment
 - Liggett is the fourth-largest U.S. Cigarette company with **4.0%** wholesale market share and **4.2%** retail market share over LTM March 31, 2020
 - Only major U.S. cigarette manufacturer to **increase both market share and unit volumes** over the last 10 years
 - **\$280 million⁽²⁾** of Tobacco Adjusted EBITDA over LTM March 31, 2020

- Real Estate segment
 - New Valley owns a diversified portfolio of consolidated and non-consolidated real estate investments totaling **\$154 million** at March 31, 2020
 - Douglas Elliman Realty LLC
 - Largest residential real estate brokerage firm in New York Metropolitan area and fourth-largest residential brokerage firm in the U.S.
 - Closed sales volume of **\$28.9 billion** over LTM 3/31/20
 - Revenues have increased from **\$541 million** in 2014 to **\$788 million** over LTM 3/31/20

(1) At March 31, 2020 the total amount (\$620 million) includes cash at Douglas Elliman of \$49 million, and cash at Liggett of \$69 million. Excludes real estate investments.

(2) Vector’s operating income from the tobacco segment for the periods presented was \$270.7 million for the twelve months ended March 31, 2020. Adjusted EBITDA is a Non-GAAP Financial Measure. Please refer to Exhibit 99.1 to the Company’s Current Reports on Form 8-K, filed on May 8, 2020 (Tables 2 and 5) and February 28, 2019 (Tables 2 and 5), for a reconciliation of Net Income to Adjusted EBITDA and a reconciliation of operating income from the tobacco segment to Adjusted EBITDA as well as the Disclaimer to this document on Page 2.

ADJUSTED EBITDA RECONCILIATION

(\$ Millions)

	FYE December 31,			LTM
	2017	2018	2019	3/31/20
Net income attributed to Vector Group Ltd.	\$ 84.6	\$ 58.1	\$ 101.0	\$ 82.8
Interest Expense	173.7	203.8	138.4	136.6
Tax (Benefit) Expense	(1.6)	21.6	32.8	25.1
Net Income (Loss) Attributed to Non-Controlling Interest	6.2	(0.1)	0.0	(0.0)
Depreciation and Amortization	18.6	18.8	17.9	17.7
EBITDA	\$ 281.5	\$ 302.1	\$ 290.1	\$ 262.1
Change in Fair Value of Derivatives Embedded Within Convertible Debt ⁽¹⁾	(35.9)	(45.0)	(26.4)	(19.4)
Equity in Losses (Earnings) on Long-Term Investments ⁽²⁾	0.8	(3.2)	-	(65.8)
Net Losses Recognized on Investment Securities	0.7	9.6	-	-
Equity in (Earnings) Losses from Real Estate Ventures ⁽³⁾	(21.4)	(14.4)	19.3	23.4
Loss on Extinguishment of Debt	34.1	4.1	4.3	4.3
Stock-Based Compensation Expense ⁽⁴⁾	10.9	10.0	9.5	9.3
Litigation Settlement and Judgment Expense (Income) ⁽⁵⁾	6.6	(1.8)	1.0	1.0
Impact of MSA Settlement ⁽⁶⁾	(2.7)	(6.3)	-	-
Purchase Accounting Adjustments ⁽⁷⁾	(2.1)	0.6	-	-
Impairments of Goodwill and Intangible Assets ⁽⁸⁾	-	-	-	58.3
Other, Net	(5.4)	(10.3)	(38.3)	(3.2)
Adjusted EBITDA	\$ 266.9	\$ 245.3	\$ 259.4	\$ 269.9
Net Adjusted EBITDA Attributed to Non-Controlling Interest	(7.6)	(3.3)	-	-
Adjustment to reflect additional 29.41% of Douglas Elliman Realty, LLC Adjusted EBITDA ⁽⁹⁾	7.7	3.3	-	-
Adjusted EBITDA Attributed to Vector	\$ 267.0	\$ 245.3	\$ 259.4	\$ 269.9
Operating Income (Loss) by Segment:				
Tobacco	\$ 240.4	\$ 246.5	\$ 261.6	\$ 270.7
Real Estate	21.4	3.4	(2.9)	(60.0)
Corporate & Other	(26.2)	(25.9)	(27.6)	(27.0)
Operating Income (Loss)	\$ 235.6	\$ 224.0	\$ 231.1	\$ 183.6
Adjusted EBITDA Attributed to Vector by Segment:				
Tobacco	\$ 253.2	\$ 249.2	\$ 270.5	\$ 279.6
Real Estate ⁽¹⁰⁾	28.0	11.2	6.1	7.1
Corporate & Other	(14.1)	(15.0)	(17.1)	(16.8)
Adjusted EBITDA Attributed to Vector	\$ 267.0	\$ 245.3	\$ 259.4	\$ 269.9

Source: Company filings.

- (1) Represents income recognized from changes in the fair value of the derivatives embedded in the Company's convertible debt.
- (2) Represents equity in earnings recognized from investments that the Company accounts for under the equity method. Included in the amount are equity earnings from Castle Brands Inc. of \$16.43 million and Ladenburg Thalmann Financial Services of \$52.15 million for the twelve months ended March 31, 2020.
- (3) Represents equity in (earnings) losses recognized from the Company's investment in certain real estate businesses that are not consolidated in its financial results.
- (4) Represents amortization of stock-based compensation.
- (5) Represents accruals for settlements of judgment expenses in the Engle progeny tobacco litigation and proceeds received from litigation award at Douglas Elliman Realty, LLC.
- (6) Represents the Company's tobacco segment's settlement of a long-standing dispute related to the Master Settlement Agreement.
- (7) Amounts represent purchase accounting adjustments recorded in the periods presented in connection with the increase of the Company's ownership of Douglas Elliman Realty, LLC, which occurred in 2013.
- (8) Represents non-cash intangible asset impairment charges within the Real Estate segment related to the Douglas Elliman Realty, LLC reporting unit and trademark.
- (9) Represents 29.41% of Douglas Elliman Realty LLC's Adjusted EBITDA in the respective periods. On December 31, 2018, the Company increased its ownership of Douglas Elliman Realty, LLC from 70.59% to 100%.
- (10) Includes Adjusted EBITDA for Douglas Elliman Realty, LLC of \$26,110, \$11,284, \$5,333 for the years ended December 31, 2017, 2018, and 2019, respectively, and \$6,620 for the last twelve months ended March 31, 2020.

