

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): November 8, 2021

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)
VGR

Name of each exchange
on which registered:
New York Stock Exchange

Common stock, par value \$0.10 per share

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 2.02. Results of Operations and Financial Condition

On November 8, 2021, Vector Group Ltd. (NYSE:VGR) (the “Company”) announced its financial results for the three and nine months ended September 30, 2021. The full text of the press release issued in connection with the announcement is attached as Exhibit 99.1 to this Current Report on Form 8-K.

The information in Item 2.02 of this Current Report on Form 8-K and the related Exhibit attached hereto are being furnished and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934 (the “Exchange Act”) or otherwise subject to the liabilities of that section, nor shall they be deemed incorporated by reference in any filing under the Securities Act of 1933 or the Exchange Act, except as expressly set forth by specific reference in such a filing.

Item 7.01 Regulation FD Disclosure

On November 8, 2021, the Company issued a press release relating to the spin-off of its Douglas Elliman business into a standalone, publicly-traded company, a copy of which is attached hereto as Exhibit 99.2. A copy of the Company’s investor presentation regarding the same is also attached hereto as Exhibit 99.3.

The information in Item 7.01 of this Current Report on Form 8-K and the related Exhibits attached hereto are being furnished and shall not be deemed “filed” for purposes of Section 18 of the Exchange Act or otherwise subject to the liabilities of that section, nor shall they be deemed incorporated by reference in any filing under the Securities Act of 1933 or the Exchange Act, except as expressly set forth by specific reference in such a filing.

Item 9.01. Financial Statements and Exhibit

(d) Exhibits.

<u>Exhibit No.</u>	<u>Exhibit</u>
99.1	Press Release issued on November 8, 2021, regarding earnings for the third quarter ended September 30, 2021.
99.2	Press Release issued on November 8, 2021, relating to the Company’s planned spin-off.
99.3	Investor Presentation, dated November 2021, relating to the Company’s planned spin-off.
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

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: November 8, 2021



FOR IMMEDIATE RELEASE

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VECTOR GROUP REPORTS THIRD QUARTER 2021 FINANCIAL RESULTS

***Record High Quarterly Revenues and Robust Operating Income
Continued Strong Earnings Momentum in Tobacco and Real Estate Segments
Company Separately Announces Plan to Spin-Off Douglas Elliman***

Third Quarter 2021 Highlights:

- **Consolidated revenues of \$652.6 million, up 19% or \$104.8 million compared to the prior year period**
 - Real Estate segment revenues of \$354.7 million, up 55% or \$125.7 million compared to the prior year period
 - Douglas Elliman's closed sales volume of \$12.6 billion, up 62% or \$4.8 billion compared to the prior year period
- **Reported net income attributed to Vector Group of \$48.9 million or \$0.32 per diluted share, up \$10.8 million compared to the prior year period; Adjusted Net Income of \$52.6 million or \$0.34 per diluted share, up \$14.3 million compared to the prior year period**
- **Reported operating income of \$107.5 million, up \$11.6 million compared to the prior year period**
 - Tobacco segment operating income of \$91.8 million, up \$0.5 million compared to the prior year period
 - Real Estate segment operating income of \$24.7 million, up \$13.9 million compared to the prior year period
- **Adjusted EBITDA of \$116.5 million, up 13% or \$13.2 million compared to the prior year period**
 - Tobacco segment Adjusted EBITDA of \$93.4 million, down \$0.2 million compared to the prior year period
 - Real Estate segment Adjusted EBITDA of \$27.1 million, up \$13.8 million compared to the prior year period

Year-to-date 2021 Highlights:

- **Consolidated revenues of \$1.93 billion, up 33% or \$477.9 million compared to the prior year period**
 - Real Estate segment revenues of \$1.0 billion, up 94% or \$500.4 million compared to the prior year period
 - Douglas Elliman's closed sales volume of \$37.2 billion, up 100% or \$18.6 billion compared to the prior year period

- **Reported net income attributed to Vector Group of \$174.2 million or \$1.13 per diluted share, up \$113.5 million compared to the prior year period; Adjusted Net Income of \$194.3 million or \$1.26 per diluted share, up \$87.4 million compared to the prior year period**
- **Reported operating income of \$334.8 million, up \$177.0 million compared to the prior year period**
 - Tobacco segment operating income of \$276.6 million, up 15% or \$36.7 million compared to the prior year period
 - Real Estate segment operating income of \$82.3 million, up \$145.8 million compared to the prior year period
- **Adjusted EBITDA of \$355.1 million, up 48% or \$115.0 million compared to the prior year period**
 - Tobacco segment Adjusted EBITDA of \$278.9 million, up 13% or \$32.7 million compared to the prior year period
 - Real Estate segment Adjusted EBITDA of \$89.2 million, up \$84.5 million compared to the prior year period
- **Strong liquidity with cash and cash equivalents of \$524 million and investment securities and long-term investments of \$214 million at September 30, 2021**
- **Cash dividends of \$95 million returned to stockholders at a rate of \$0.60 per common share**

Last Twelve Months ended September 30, 2021 Highlights:

- **Consolidated revenues of \$2.5 billion**
 - Tobacco segment revenues of \$1.2 billion
 - Real Estate segment revenues of \$1.3 billion
 - Douglas Elliman's closed sales volume of \$47.7 billion
- **Net income of \$206.4 million**
 - Real Estate segment net income of \$61.9 million
- **Operating income of \$422.1 million**
 - Tobacco segment operating income of \$356.3 million
- **Adjusted EBITDA of \$448.4 million**
 - Tobacco segment Adjusted EBITDA of \$360.8 million
 - Real Estate segment Adjusted EBITDA of \$106.2 million

MIAMI, FL, November 8, 2021 - Vector Group Ltd. (NYSE:VGR) today announced third quarter 2021 financial results.

“Vector had another outstanding quarter, achieving all-time high quarterly revenues and significantly increased operating income,” said Howard M. Lorber, President and Chief Executive Officer of Vector Group.

“We are excited by the continued strong performance of our tobacco business which validates our market strategy and reflects the competitive advantages we have in the deep discount segment. Our Douglas Elliman subsidiary also delivered record revenues up 70% during the quarter compared to the year ago period, and closed sales volume was up 62% over the same time frame. Combined with expense reductions, Douglas Elliman achieved record quarterly Adjusted EBITDA during the third quarter.”

In a separate press release issued today, Vector Group announced that Douglas Elliman plans to file a Form 10 registration statement with the Securities and Exchange Commission in connection with its intended spin-off into a standalone, publicly traded company.

GAAP Financial Results

Three months ended September 30, 2021 and 2020. Third quarter 2021 revenues were \$652.6 million, compared to revenues of \$547.8 million in the third quarter of 2020. The Company recorded operating income of \$107.5 million in the third quarter of 2021, compared to operating income of \$95.9 million in the third quarter of 2020. Net income attributed to Vector Group Ltd. for the third quarter of 2021 was \$48.9 million, or \$0.32 per diluted common share, compared to net income of \$38.1 million, or \$0.25 per diluted common share, in the third quarter of 2020. Operating income and net income for the third quarter of 2020 included pre-tax restructuring charges of \$0.3 million in the Company's Real Estate segment.

Nine months ended September 30, 2021 and 2020. For the nine months ended September 30, 2021, revenues were \$1.93 billion, compared to revenues of \$1.45 billion for the nine months ended September 30, 2020. The Company recorded operating income of \$334.8 million for the nine months ended September 30, 2021, compared to operating income of \$157.8 million for the nine months ended September 30, 2020. Net income attributed to Vector Group Ltd. for the nine months ended September 30, 2021 was \$174.2 million, or \$1.13 per diluted common share, compared to net income of \$60.7 million, or \$0.39 per diluted common share, for the nine months ended September 30, 2020. Operating income and net income for the nine months ended September 30, 2020 included pre-tax and non-cash impairment charges of \$58.3 million and pre-tax restructuring charges of \$3.3 million in the Company's Real Estate segment.

Non-GAAP Financial Measures

Non-GAAP financial measures include adjustments for change in fair value of derivatives embedded within convertible debt, loss on extinguishment of debt, litigation settlements and judgment expense, impact of Master Settlement Agreement settlements, restructuring charges, net gains on sales of assets (for purposes of Adjusted EBITDA and Adjusted Operating Income only), and impairments of goodwill and other intangible assets. For purposes of Adjusted EBITDA only, adjustments include equity in earnings from investments, equity in (earnings) losses from real estate ventures, stock-based compensation expense, and other, net. For purposes of Adjusted Net Income only, adjustments include non-cash amortization of debt discount on convertible debt, net interest expense capitalized to real estate ventures, and the derivative associated with the 2018 acquisition of 29.41% of Douglas Elliman. Reconciliations of non-GAAP financial measures to the comparable GAAP financial results for the last twelve months ended September 30, 2021 and the three and nine months ended September 30, 2021 and 2020 are included in Tables 2 through 8.

Three months ended September 30, 2021 compared to the three months ended September 30, 2020

Adjusted EBITDA attributed to Vector (as described in Table 2 attached hereto) were \$116.5 million for the third quarter of 2021, compared to \$103.3 million for the third quarter of 2020.

Adjusted Net Income (as described in Table 3 attached hereto) was \$52.6 million, or \$0.34 per diluted share, for the third quarter of 2021, and \$38.3 million or \$0.25 per diluted share, for the third quarter of 2020.

Adjusted Operating Income (as described in Table 4 attached hereto) was \$110.1 million for the third quarter of 2021, compared to \$96.5 million for the third quarter of 2020.

Nine months ended September 30, 2021 compared to the nine months ended September 30, 2020

Adjusted EBITDA attributed to Vector (as described in Table 2 attached hereto) were \$355.1 million for the nine months ended September 30, 2021, compared to \$240.0 million for the nine months ended September 30, 2020.

Adjusted Net Income (as described in Table 3 attached hereto) was \$194.3 million, or \$1.26 per diluted share, for the nine months ended September 30, 2021, compared to \$106.9 million, or \$0.70 per diluted share, for the nine months ended September 30, 2020.

Adjusted Operating Income (as described in Table 4 attached hereto) was \$334.6 million for the nine months ended September 30, 2021, compared to \$219.7 million for the nine months ended September 30, 2020.

Last twelve months ended September 30, 2021

For the last twelve months ended September 30, 2021, revenues were \$2.5 billion. The Company recorded operating income of \$422.1 million for the last twelve months ended September 30, 2021. Net income attributed to Vector Group Ltd. for the last twelve months ended September 30, 2021 was \$206.4 million.

For the last twelve months ended September 30, 2021, Adjusted EBITDA attributed to Vector (as described in Table 2 attached hereto) were \$448.4 million. Adjusted Operating Income (as described in Table 4 attached hereto) was \$421.2 million for the last twelve months ended September 30, 2021.

Consolidated Balance Sheet

Vector maintained significant liquidity at September 30, 2021 with cash and cash equivalents of \$524 million, including \$133 million of cash at Liggett and \$159 million of cash at Douglas Elliman. Vector also held investment securities of \$155 million and long-term investments of \$58 million.

Vector continued its longstanding history of paying a quarterly cash dividend in the third quarter of 2021. For the nine months ended September 30, 2021, Vector returned a total of \$95 million to stockholders at a quarterly rate of \$0.20 per common share.

Tobacco Segment Financial Results

For the third quarter of 2021, the Tobacco segment had revenues of \$297.9 million, compared to \$318.9 million for the third quarter of 2020. For the nine months ended September 30, 2021, the Tobacco segment had revenues of \$895.9 million, compared to \$918.4 million for the nine months ended September 30, 2020. For the last twelve months ended September 30, 2021, the Tobacco segment had revenues of \$1.2 billion.

Operating Income from the Tobacco segment was \$91.8 million and \$276.6 million for the three and nine months ended September 30, 2021, respectively, compared to \$91.3 million and \$239.8 million for the three and nine months ended September 30, 2020, respectively. Operating Income from the Tobacco segment was \$356.3 million for the last twelve months ended September 30, 2021.

Non-GAAP Financial Measures

Tobacco Adjusted Operating Income (as described in Table 5 attached hereto) for the third quarter of 2021 and 2020 was \$91.8 million and \$91.6 million, respectively. Tobacco Adjusted Operating Income for the nine months ended September 30, 2021 was \$273.9 million, compared to \$240.2 million for the nine months ended September 30, 2020. Tobacco Adjusted Operating Income for the last twelve months ended September 30, 2021 was \$353.9 million.

For the third quarter of 2021, the Tobacco segment had conventional cigarette (wholesale) shipments of approximately 2.11 billion units, compared to 2.39 billion units for the third quarter of 2020. For the nine months ended September 30, 2021, the Tobacco segment had conventional cigarette (wholesale) shipments of approximately 6.41 billion units, compared to 7.04 billion units for the nine months ended September 30, 2020.

According to data from Management Science Associates, for the third quarter of 2021, Liggett's retail market share increased to 4.22% compared to 4.18% for the third quarter of 2020. For the nine months ended September 30, 2021, Liggett's retail market share declined to 4.16%, compared to 4.25% for the nine months ended September 30, 2020. Compared to the third quarter of 2020, Liggett's retail shipments in the third quarter of 2021 declined by 6.1% while the overall industry's retail shipments declined by 7.0%. Compared to the nine months ended September 30, 2020, Liggett's retail shipments for nine months ended September 30, 2021 declined by 6.3% while the overall industry's retail shipments declined by 4.2%.

Real Estate Segment Financial Results

For the third quarter of 2021, the Real Estate segment had revenues of \$354.7 million compared to \$229.0 million for the third quarter of 2020. For the nine months ended September 30, 2021, the Real Estate segment had revenues of \$1.0 billion, compared to \$529.7 million for the nine months ended September 30, 2020. For the last twelve months ended September 30, 2021, the Real Estate segment had revenues of \$1.3 billion. For the third quarter of 2021, the Real Estate segment reported net income of \$15.5 million, compared to a net loss of \$4.1 million for the third quarter of 2020. For the nine months ended September 30, 2021, the Real Estate segment reported net income of \$67.0 million, compared to a net loss of \$70.9 million for the nine months ended September 30, 2020.

Douglas Elliman's results are included in the Company's Real Estate segment. For the third quarter of 2021, Douglas Elliman had revenues of \$354.2 million, compared to \$208.0 million for the third quarter of 2020. For the nine months ended September 30, 2021, Douglas Elliman had revenues of \$1.0 billion, compared to \$506.5 million for the nine months ended September 30, 2020. For the last twelve months ended September 30, 2021, Douglas Elliman had revenues of \$1.3 billion. For the third quarter of 2021, Douglas Elliman reported net income of \$25.1 million, compared to \$11.8 million for the third quarter of 2020. For the nine months ended September 30, 2021, Douglas Elliman reported net income of \$82.2 million, compared to a net loss of \$62.2 million for the nine months ended September 30, 2020.

Results for the third quarter of 2020 for the Real Estate segment and Douglas Elliman included pre-tax restructuring charges of \$0.3 million and the Real Estate segment's and Douglas Elliman's net loss for the nine months ended September 30, 2020 included pre-tax and non-cash impairment charges of \$58.3 million and pre-tax restructuring charges of \$3.3 million.

Non-GAAP Financial Measures

For the third quarter of 2021, Real Estate Adjusted EBITDA attributed to Vector (as described in Table 6 attached hereto) were \$27.1 million, compared to \$13.3 million for the third quarter of 2020.

For the nine months ended September 30, 2021, Real Estate Adjusted EBITDA attributed to Vector were \$89.2 million, compared to \$4.7 million for the nine months ended September 30, 2020.

For the last twelve months ended September 30, 2021, Real Estate net income was \$61.9 million and Real Estate Adjusted EBITDA were \$106.2 million.

For the third quarter of 2021, Douglas Elliman's Adjusted EBITDA (as described in Table 7 attached hereto) were \$27.8 million, compared to \$14.1 million for the third quarter of 2020.

For the nine months ended September 30, 2021, Douglas Elliman's Adjusted EBITDA were \$89.5 million, compared to \$5.3 million for the nine months ended September 30, 2020.

For the last twelve months ended September 30, 2021, Douglas Elliman's net income was \$96.2 million and Douglas Elliman's Adjusted EBITDA were \$106.2 million.

For the three and nine months ended September 30, 2021, Douglas Elliman achieved closed sales of approximately \$12.6 billion and \$37.2 billion, respectively, compared to \$7.8 billion and \$18.6 billion for the three and nine months ended September 30, 2020, respectively. For the last twelve months ended September 30, 2021 and the year ended December 31, 2020, Douglas Elliman achieved closed sales of approximately \$47.7 billion and \$29.1 billion, respectively.

Non-GAAP Financial Measures

Adjusted EBITDA, Adjusted Net Income, Adjusted Operating Income, Tobacco Adjusted Operating Income, Tobacco Adjusted EBITDA, Real Estate Segment (New Valley LLC) Adjusted EBITDA, Douglas Elliman Adjusted EBITDA and financial measures for the last twelve months ("LTM") ended September 30, 2021 ("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.

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. Attached hereto as Tables 2 through 8 is information relating to the Company's Non-GAAP Financial Measures for the last twelve months ended September 30, 2021 and the three and nine months ended September 30, 2021 and 2020.

Conference Call to Discuss Third Quarter 2021 Results

As previously announced, the Company will host a conference call and webcast on Monday, November 8, 2021 at 5:00 PM (ET) to discuss its third quarter 2021 results. Investors can access the call by dialing 877-271-1828 and entering 43234619 as the conference ID number. The call will also be available via live webcast at <https://www.webcaster4.com/Webcast/Page/2271/43402>. Webcast participants should allot extra time to register before the webcast begins.

A replay of the call will be available shortly after the call ends on November 8, 2021 through November 22, 2021. To access the replay, dial 877-656-8905 and enter 43234619 as the conference ID number. The archived webcast will also be available at <https://www.webcaster4.com/Webcast/Page/2271/43402> for one year.

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.

Investors and others should note that we may post information about the Company or its subsidiaries on our website at www.VectorGroupLtd.com and/or at the websites of those subsidiaries or, if applicable, on their accounts on Facebook,

Instagram, LinkedIn, TikTok, Twitter, YouTube or other social media platforms. It is possible that the postings or releases could include information deemed to be material information. Therefore, we encourage investors, the media and others interested in the Company to review the information we post on our website at www.VectorGroupLtd.com, on the websites of our subsidiaries and on their social media accounts.

Forward-Looking and Cautionary Statements

This press release includes forward-looking statements within the meaning of the federal securities law. All statements other than statements of historical or current facts, including statements regarding the current or anticipated impact of the COVID-19 pandemic on our business, made in this document are forward-looking. We identify forward-looking statements in this document by using words or phrases such as “anticipate,” “believe,” “estimate,” “expect,” “intend,” “may be,” “continue,” “could,” “potential,” “objective,” “plan,” “seek,” “predict,” “project” and “will be” and similar words or phrases or their negatives. Forward-looking statements reflect our current expectations and are inherently uncertain. Actual results could differ materially for a variety of reasons. In particular, the extent, duration and severity of the spread of the COVID-19 pandemic and economic consequences stemming from the COVID-19 crisis (including a potential significant economic contraction) as well as related risks and the impact of any of the foregoing on our business, results of operations and liquidity could affect our future results and cause actual results to differ materially from those expressed in forward-looking statements.

Risks and uncertainties that could cause our actual results to differ significantly from our current expectations are described in our 2020 Annual Report on Form 10-K and in our Quarterly Report on Form 10-Q for the quarter ended September 30, 2021. We undertake no responsibility to publicly update or revise any forward-looking statement except as required by applicable law.

[Financial Tables Follow]

TABLE 1
VECTOR GROUP LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(Dollars in Thousands, Except Per Share Amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
	(Unaudited)		(Unaudited)	
Revenues:				
Tobacco*	\$ 297,942	\$ 318,850	\$ 895,901	\$ 918,429
Real estate	354,704	228,981	1,030,038	529,650
Total revenues	<u>652,646</u>	<u>547,831</u>	<u>1,925,939</u>	<u>1,448,079</u>
Expenses:				
Cost of sales:				
Tobacco*	186,398	204,101	556,574	615,458
Real estate	260,692	170,474	754,468	374,625
Total cost of sales	<u>447,090</u>	<u>374,575</u>	<u>1,311,042</u>	<u>990,083</u>
Operating, selling, administrative and general expenses	98,925	77,019	280,982	238,600
Litigation settlement and judgment expense	12	—	17	53
Net gains on sales of assets	(910)	—	(910)	—
Impairments of goodwill and other intangible assets	—	—	—	58,252
Restructuring charges	—	320	—	3,281
Operating income	<u>107,529</u>	<u>95,917</u>	<u>334,808</u>	<u>157,810</u>
Other income (expenses):				
Interest expense	(28,287)	(28,163)	(85,153)	(93,148)
Loss on extinguishment of debt	—	—	(21,362)	—
Change in fair value of derivatives embedded within convertible debt	—	—	—	4,999
Equity in earnings from investments	44	1,840	1,562	54,199
Equity in (losses) earnings from real estate ventures	(5,869)	(8,536)	12,405	(27,301)
Other, net	(969)	(5,096)	7,363	(8,116)
Income before provision for income taxes	72,448	55,962	249,623	88,443
Income tax expense	23,679	17,823	75,592	27,761
Net income	<u>48,769</u>	<u>38,139</u>	<u>174,031</u>	<u>60,682</u>
Net loss attributed to non-controlling interest	120	—	120	—
Net income attributed to Vector Group Ltd.	<u>\$ 48,889</u>	<u>\$ 38,139</u>	<u>\$ 174,151</u>	<u>\$ 60,682</u>
Per basic common share:				
Net income applicable to common share attributed to Vector Group Ltd.	<u>\$ 0.32</u>	<u>\$ 0.25</u>	<u>\$ 1.13</u>	<u>\$ 0.39</u>
Per diluted common share:				
Net income applicable to common share attributed to Vector Group Ltd.	<u>\$ 0.32</u>	<u>\$ 0.25</u>	<u>\$ 1.13</u>	<u>\$ 0.39</u>

* Revenues and cost of sales include federal excise taxes of \$106,408, \$120,320, \$322,857 and \$354,629 for the three and nine months ended September 30, 2021 and 2020, respectively.

TABLE 2
VECTOR GROUP LTD. AND SUBSIDIARIES
RECONCILIATION OF ADJUSTED EBITDA
(Unaudited)
(Dollars in Thousands)

	LTM		Year Ended		Three Months Ended		Nine Months Ended	
	September 30,		December 31,		September 30,		September 30,	
	2021	2020	2021	2020	2021	2020	2021	2020
Net income attributed to Vector Group Ltd.	\$ 206,407	\$ 92,938	\$ 48,889	\$ 38,139	\$ 174,151	\$ 60,682		
Interest expense	113,546	121,541	28,287	28,163	85,153	93,148		
Income tax expense	89,608	41,777	23,679	17,823	75,592	27,761		
Net loss attributed to non-controlling interest	(120)	—	(120)	—	(120)	—		
Depreciation and amortization	16,626	17,629	4,062	4,346	12,330	13,333		
EBITDA	\$ 426,067	\$ 273,885	\$ 104,797	\$ 88,471	\$ 347,106	\$ 194,924		
Change in fair value of derivatives embedded within convertible debt (a)	—	(4,999)	—	—	—	(4,999)		
Equity in earnings from investments (b)	(3,631)	(56,268)	(44)	(1,840)	(1,562)	(54,199)		
Equity in losses (earnings) from real estate ventures (c)	4,992	44,698	5,869	8,536	(12,405)	27,301		
Loss on extinguishment of debt	21,362	—	—	—	21,362	—		
Stock-based compensation expense (d)	10,586	9,483	2,375	2,471	8,115	7,012		
Litigation settlement and judgment expense (e)	301	337	12	—	17	53		
Impact of MSA settlement (f)	(2,709)	299	—	286	(2,722)	286		
Restructuring charges (g)	101	3,382	—	320	—	3,281		
Transaction expenses (h)	3,426	—	3,426	—	3,426	—		
Net gains on sales of assets	(2,024)	(1,114)	(910)	—	(910)	—		
Impairments of goodwill and other intangible assets (i)	—	58,252	—	—	—	58,252		
Other, net	(10,023)	5,456	969	5,096	(7,363)	8,116		
Adjusted EBITDA attributed to Vector Group Ltd.	\$ 448,448	\$ 333,411	\$ 116,494	\$ 103,340	\$ 355,064	\$ 240,027		
Adjusted EBITDA Attributed to Vector Group Ltd. by Segment								
Tobacco	\$ 360,769	\$ 328,049	\$ 93,350	\$ 93,570	\$ 278,880	\$ 246,160		
Real Estate (j)	106,239	21,782	27,098	13,337	89,168	4,711		
Corporate and Other	(18,560)	(16,420)	(3,954)	(3,567)	(12,984)	(10,844)		
Total	\$ 448,448	\$ 333,411	\$ 116,494	\$ 103,340	\$ 355,064	\$ 240,027		

- a. Represents income recognized from changes in the fair value of the derivatives embedded in the Company's convertible debt.
- b. Represents equity in earnings recognized from investments that the Company accounts for under the equity method. Included in the amount are equity in earnings from Ladenburg Thalmann Financial Services of \$0 for the last twelve months ended September 30, 2021, \$53,424 for the year ended December 31, 2020, \$372 for the three months ended September 30, 2020 and \$53,424 for the nine months ended September 30, 2020.
- c. Represents equity in losses (earnings) recognized from the Company's investment in certain real estate businesses that are accounted for under the equity method and are not consolidated in the Company's financial results.
- d. Represents amortization of stock-based compensation.
- e. Represents accruals for product liability litigation in the Company's Tobacco segment.
- f. Represents the Company's Tobacco segment's settlement of long-standing disputes related to the Master Settlement Agreement.
- g. Represents restructuring charges related to Douglas Elliman Realty, LLC's realignment of administrative support functions, office locations and business model.
- h. Transaction expenses include expenses incurred in connection with the Company's intended spin-off of its real estate brokerage business and related property technology ("PropTech") investments into a standalone, publicly traded company.
- i. Represents non-cash intangible asset impairment charges in the Company's Real Estate segment related to the goodwill and trademark of the Douglas Elliman Realty, LLC reporting unit.
- j. Includes Adjusted EBITDA for Douglas Elliman Realty, LLC of \$106,178 for the last twelve months ended September 30, 2021, \$22,054 for the year ended December 31, 2020, \$27,824, \$14,089, \$89,455 and \$5,331 for the three and nine months ended September 30, 2021 and 2020, respectively.

TABLE 3
VECTOR GROUP LTD. AND SUBSIDIARIES
RECONCILIATION OF ADJUSTED NET INCOME
(Unaudited)
(Dollars in Thousands, Except Per Share Amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Net income attributed to Vector Group Ltd.	\$ 48,889	\$ 38,139	\$ 174,151	\$ 60,682
Change in fair value of derivatives embedded within convertible debt	—	—	—	(4,999)
Non-cash amortization of debt discount on convertible debt	—	—	—	5,276
Loss on extinguishment of debt	—	—	21,362	—
Litigation settlement and judgment expense (a)	12	—	17	53
Impact of MSA settlement (b)	—	286	(2,722)	286
Impact of net interest expense capitalized to real estate ventures	702	(35)	(167)	3,015
Adjustment for derivative associated with acquisition of 29.41% of Douglas Elliman Realty, LLC	(271)	(252)	3,252	(2,083)
Restructuring charges (c)	—	320	—	3,281
Transaction expenses (d)	3,426	—	3,426	—
Impairments of goodwill and other intangible assets (e)	—	—	—	58,252
Total adjustments	3,869	319	25,168	63,081
Tax benefit (expense) related to adjustments	(192)	(154)	(4,990)	(16,848)
Adjusted Net Income attributed to Vector Group Ltd.	<u>\$ 52,566</u>	<u>\$ 38,304</u>	<u>\$ 194,329</u>	<u>\$ 106,915</u>
Per diluted common share:				
Adjusted Net Income applicable to common shares attributed to Vector Group Ltd.	<u>\$ 0.34</u>	<u>\$ 0.25</u>	<u>\$ 1.26</u>	<u>\$ 0.70</u>

- a. Represents accruals for product liability litigation in the Company's Tobacco segment.
b. Represents the Company's Tobacco segment's settlement of long-standing disputes related to the Master Settlement Agreement.
c. Represents restructuring charges related to Douglas Elliman Realty, LLC's realignment of administrative support functions, office locations and business model.
d. Transaction expenses include expenses incurred in connection with the Company's intended spin-off of its real estate brokerage business and related PropTech investments into a standalone, publicly traded company.
e. Represents non-cash intangible asset impairment charges in the Company's Real Estate segment related to the goodwill and trademark of the Douglas Elliman Realty, LLC reporting unit.

TABLE 4
VECTOR GROUP LTD. AND SUBSIDIARIES
RECONCILIATION OF ADJUSTED OPERATING INCOME
(Unaudited)
(Dollars in Thousands)

	LTM		Year Ended		Three Months Ended		Nine Months Ended	
	September 30,	September 30,	December 31,	December 31,	September 30,	September 30,	September 30,	September 30,
	2021	2021	2020	2020	2021	2020	2021	2020
Operating income	\$ 422,141	\$ 422,141	\$ 245,143	\$ 245,143	\$ 107,529	\$ 95,917	\$ 334,808	\$ 157,810
Litigation settlement and judgment expense (a)	301	301	337	337	12	—	17	53
Restructuring charges (b)	101	101	3,382	3,382	—	320	—	3,281
Transaction expenses (c)	3,426	3,426	—	—	3,426	—	3,426	—
Impact of MSA settlement (d)	(2,709)	(2,709)	299	299	—	286	(2,722)	286
Net gains on sales of assets	(2,024)	(2,024)	(1,114)	(1,114)	(910)	—	(910)	—
Impairments of goodwill and other intangible assets (e)	—	—	58,252	58,252	—	—	—	58,252
Total adjustments	(905)	(905)	61,156	61,156	2,528	606	(189)	61,872
Adjusted Operating Income	\$ 421,236	\$ 421,236	\$ 306,299	\$ 306,299	\$ 110,057	\$ 96,523	\$ 334,619	\$ 219,682

- a. Represents accruals for product liability litigation in the Company's Tobacco segment.
- b. Represents restructuring charges related to Douglas Elliman Realty, LLC's realignment of administrative support functions, office locations and business model.
- c. Transaction expenses include expenses incurred in connection with the Company's intended spin-off of its real estate brokerage business and related PropTech investments into a standalone, publicly traded company.
- d. Represents the Company's Tobacco segment's settlement of long-standing disputes related to the Master Settlement Agreement.
- e. Represents non-cash intangible asset impairment charges in the Company's Real Estate segment related to the goodwill and trademark of the Douglas Elliman Realty, LLC reporting unit.

TABLE 5
VECTOR GROUP LTD. AND SUBSIDIARIES
RECONCILIATION OF TOBACCO ADJUSTED OPERATING INCOME
AND TOBACCO ADJUSTED EBITDA
(Unaudited)
(Dollars in Thousands)

	LTM September 30, 2021	Year Ended December 31, 2020	Three Months Ended September 30,		Nine Months Ended September 30,	
			2021	2020	2021	2020
Tobacco Adjusted Operating Income:						
Operating income from Tobacco segment	\$ 356,279	\$ 319,536	\$ 91,779	\$ 91,319	\$ 276,557	\$ 239,814
Litigation settlement and judgment expense (a)	301	337	12	—	17	53
Impact of MSA settlement (b)	(2,709)	299	—	286	(2,722)	286
Total adjustments	(2,408)	636	12	286	(2,705)	339
Tobacco Adjusted Operating Income	<u>\$ 353,871</u>	<u>\$ 320,172</u>	<u>\$ 91,791</u>	<u>\$ 91,605</u>	<u>\$ 273,852</u>	<u>\$ 240,153</u>

	LTM September 30, 2021	Year Ended December 31, 2020	Three Months Ended September 30,		Nine Months Ended September 30,	
			2021	2020	2021	2020
Tobacco Adjusted EBITDA:						
Operating income from Tobacco segment	\$ 356,279	\$ 319,536	\$ 91,779	\$ 91,319	\$ 276,557	\$ 239,814
Litigation settlement and judgment expense (a)	301	337	12	—	17	53
Impact of MSA settlement (b)	(2,709)	299	—	286	(2,722)	286
Total adjustments	(2,408)	636	12	286	(2,705)	339
Tobacco Adjusted Operating Income	353,871	320,172	91,791	91,605	273,852	240,153
Depreciation and amortization	6,877	7,877	1,550	1,965	5,007	6,007
Stock-based compensation expense	21	—	9	—	21	—
Total adjustments	6,898	7,877	1,559	1,965	5,028	6,007
Tobacco Adjusted EBITDA	<u>\$ 360,769</u>	<u>\$ 328,049</u>	<u>\$ 93,350</u>	<u>\$ 93,570</u>	<u>\$ 278,880</u>	<u>\$ 246,160</u>

- a. Represents accruals for product liability litigation in the Company's Tobacco segment.
b. Represents the Company's Tobacco segment's settlement of long-standing disputes related to the Master Settlement Agreement.

TABLE 6
VECTOR GROUP LTD. AND SUBSIDIARIES
RECONCILIATION OF REAL ESTATE SEGMENT (NEW VALLEY LLC) ADJUSTED EBITDA
(Unaudited)
(Dollars in Thousands)

	LTM		Year Ended		Three Months Ended		Nine Months Ended	
	September 30,		December 31,		September 30,		September 30,	
	2021	2020	2021	2020	2021	2020	2021	2020
Net income (loss) attributed to Vector Group Ltd. from subsidiary non-guarantors (a)	\$ 61,942	\$ (75,910)	\$ 15,486	\$ (4,053)	\$ 66,950	\$ (70,902)		
Interest expense (a)	165	268	61	17	136	239		
Income tax expense (benefit) (a)	23,313	(27,674)	3,800	(1,634)	25,015	(25,972)		
Net loss attributed to non-controlling interest (a)	(120)	—	(120)	—	(120)	—		
Depreciation and amortization	9,465	8,874	2,493	2,167	7,269	6,678		
EBITDA	\$ 94,765	\$ (94,442)	\$ 21,720	\$ (3,503)	\$ 99,250	\$ (89,957)		
(Income) loss from non-guarantors other than New Valley LLC	(549)	45	(200)	17	(533)	61		
Equity in losses (earnings) from real estate ventures (b)	4,992	44,698	5,869	8,536	(12,405)	27,301		
Restructuring charges (c)	101	3,382	—	320	—	3,281		
Loss on sale of asset	1,169	1,169	—	—	—	—		
Impairments of goodwill and other intangible assets (d)	—	58,252	—	—	—	58,252		
Other, net	5,701	8,575	(314)	7,967	2,811	5,685		
Adjusted EBITDA attributed to New Valley LLC	\$ 106,179	\$ 21,679	\$ 27,075	\$ 13,337	\$ 89,123	\$ 4,623		
Adjusted EBITDA Attributed to New Valley LLC by Segment								
Real Estate (e)	\$ 106,239	\$ 21,782	\$ 27,098	\$ 13,337	\$ 89,168	\$ 4,711		
Corporate and Other	(60)	(103)	(23)	—	(45)	(88)		
Total (f)	\$ 106,179	\$ 21,679	\$ 27,075	\$ 13,337	\$ 89,123	\$ 4,623		

- a. Amounts are derived from Vector Group Ltd.'s Condensed Consolidated Financial Statements. See Exhibit 99.2 "Condensed Consolidating Financial Information" contained in Vector Group Ltd.'s Form 10-K for the period ended December 31, 2020, Form 10-Q for the period ended September 30, 2021 and Form 10-Q for the period ended September 30, 2020.
- b. Represents equity in losses (earnings) recognized from the Company's investment in certain real estate businesses that are accounted for under the equity method and are not consolidated in the Company's financial results.
- c. Represents restructuring charges related to Douglas Elliman Realty, LLC's realignment of administrative support functions, office locations and business model.
- d. Represents non-cash intangible asset impairment charges in the Company's Real Estate segment related to the goodwill and trademark of the Douglas Elliman Realty, LLC reporting unit.
- e. Includes Adjusted EBITDA for Douglas Elliman Realty, LLC of \$106,178 for the last twelve months ended September 30, 2021, \$22,054 for the year ended December 31, 2020, \$27,824, \$14,089, \$89,455 and \$5,331 for the three and nine months ended September 30, 2021 and 2020, respectively.
- f. New Valley's Adjusted EBITDA does not include an allocation of Vector Group Ltd.'s "Corporate and Other" segment expenses (for purposes of computing Adjusted EBITDA contained in Table 2 of this press release) of \$18,560 for the last twelve months ended September 30, 2021, \$16,420 for the year ended December 31, 2020, \$3,954, \$3,567, \$12,984 and \$10,844 for the three and nine months ended September 30, 2021 and 2020, respectively.

TABLE 7
VECTOR GROUP LTD. AND SUBSIDIARIES
RECONCILIATION OF DOUGLAS ELLIMAN REALTY, LLC ADJUSTED EBITDA
ATTRIBUTED TO REAL ESTATE SEGMENT
(Unaudited)
(Dollars in Thousands)

	LTM	Year Ended	Three Months Ended		Nine Months Ended	
	September 30, 2021	December 31, 2020	September 30,		September 30,	
			2021	2020	2021	2020
Net income (loss) attributed to Douglas Elliman Realty, LLC	\$ 96,196	\$ (48,210)	\$ 25,078	\$ 11,838	\$ 82,162	\$ (62,244)
Interest expense	25	1	22	—	25	1
Income tax expense (benefit)	1,602	(5)	597	(179)	1,430	(177)
Depreciation and amortization	8,541	8,537	2,189	2,093	6,409	6,405
Douglas Elliman Realty, LLC EBITDA	\$ 106,364	\$ (39,677)	\$ 27,886	\$ 13,752	\$ 90,026	\$ (56,015)
Equity in earnings from real estate ventures (a)	(79)	(30)	—	(3)	(75)	(26)
Restructuring charges (b)	101	3,382	—	320	—	3,281
Loss on sale of asset	1,169	1,169	—	—	—	—
Impairments of goodwill and other intangible assets (c)	—	58,252	—	—	—	58,252
Other, net	(1,377)	(1,042)	(62)	20	(496)	(161)
Douglas Elliman Realty, LLC Adjusted EBITDA attributed to Real Estate Segment	\$ 106,178	\$ 22,054	\$ 27,824	\$ 14,089	\$ 89,455	\$ 5,331

- a. Represents equity in earnings recognized from the Company's investment in certain real estate businesses that are accounted for under the equity method and are not consolidated in the Company's financial results.
b. Represents restructuring charges related to Douglas Elliman Realty, LLC's realignment of administrative support functions, office locations and business model.
c. Represents non-cash intangible asset impairment charges related to the goodwill and trademark of Douglas Elliman Realty, LLC.

TABLE 8
VECTOR GROUP LTD. AND SUBSIDIARIES
RECONCILIATION OF REVENUES
(Unaudited)
(Dollars in Thousands)

	LTM	Year Ended	Nine Months Ended	
	September 30, 2021	December 31, 2020	September 30, 2021	September 30, 2020
Revenues:				
Tobacco (a)	\$ 1,181,973	\$ 1,204,501	\$ 895,901	\$ 918,429
Real estate (b)	1,298,556	798,168	1,030,038	529,650
Total revenues	<u>\$ 2,480,529</u>	<u>\$ 2,002,669</u>	<u>\$ 1,925,939</u>	<u>\$ 1,448,079</u>

- a. Tobacco segment revenues include federal excise taxes of \$429,760, \$461,532, \$322,857 and \$354,629 for the last twelve months ended September 30, 2021, the year ended December 31, 2020 and the nine months ended September 30, 2021 and 2020, respectively.
- b. Real Estate segment revenues include revenues from Douglas Elliman of \$1,286,373, \$773,987, \$1,018,912 and \$506,526 for the last twelve months ended September 30, 2021, the year ended December 31, 2020 and the nine months ended September 30, 2021 and 2020, respectively.



FOR IMMEDIATE RELEASE

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Douglas Elliman Plans to File Form 10 Registration Statement in Connection with Planned Spin-Off from Vector Group

MIAMI, FL— November 8, 2021 — Vector Group Ltd. (NYSE: VGR) (“Vector Group”) today announced that Douglas Elliman Inc. (“Douglas Elliman”) plans to file a Form 10 registration statement (the “Form 10”) with the United States Securities and Exchange Commission (“SEC”) in connection with its intended spin-off into a standalone, publicly traded company. The Form 10 will include detailed information about Douglas Elliman, including historic financial information, a description of Douglas Elliman’s business and strategy and other legal and financial disclosures.

Douglas Elliman is one of the largest residential brokerage companies in the New York metropolitan area, which includes New York City, Long Island, Westchester and the Hamptons, and the sixth largest in the U.S. Since 2013, Douglas Elliman has expanded throughout Florida; California; Aspen and Snowmass, Colorado; Houston, Dallas and Austin, Texas; and Massachusetts, including Boston, Cape Cod, Martha’s Vineyard and Nantucket.

With a comprehensive suite of real estate solutions, an industry-leading luxury brand name and a team of world-class employees and agents, Douglas Elliman possesses the strong underlying business fundamentals to drive increased market share. As a standalone, publicly-traded company, Douglas Elliman will pursue profitable growth opportunities through the expansion of its footprint, adoption of cutting-edge property technology (“PropTech”) and investments in PropTech companies through New Valley Ventures, LLC, continued recruitment of best-in-class talent, acquisitions, acqui-hires and operational efficiencies. Douglas Elliman will employ a disciplined capital allocation strategy aimed at generating sustainable long-term stockholder value.

“The filing of the Form 10 registration statement is an important milestone in our plan to create two independent publicly traded companies,” said Howard M. Lorber, President & Chief Executive Officer of Vector Group and Chairman, President & Chief Executive Officer of Douglas Elliman Inc. “With a leading luxury brand and a comprehensive suite of technology-enabled services and investments, Douglas Elliman is well positioned to capitalize on opportunities in the large and growing U.S. residential real estate market. Following the spin-off,

Vector Group's separate tobacco and real estate businesses will be better positioned to execute their strategic plans to drive each company's long-term success and unlock value for stockholders."

"Today's announcement reflects our confidence in the exciting prospects of Douglas Elliman as an industry-leading brand name differentiated by its utilization of and investment in a portfolio of innovative technology services and a best-in-class team of employees and agents," said Scott Durkin, Chief Executive Officer of Douglas Elliman Realty, LLC. "As we move forward on this path to establish Douglas Elliman as a standalone public company, our experienced management team remains committed to optimizing our existing portfolio of solutions, expanding our market footprint and making strategic investments in early-stage, disruptive PropTech companies that keep us and our agents on the cutting edge of the industry."

Completion of the transaction is subject to various conditions, including final approval by the Board of Directors of Vector Group, receipt of a tax opinion from counsel and the effectiveness of the Form 10 registration statement. If all conditions are met, the spin-off is on track for completion late in the fourth quarter of 2021.

Douglas Elliman will register its common stock under Section 12 of the Securities Exchange Act of 1934 and has applied to list its common stock on the New York Stock Exchange (the "NYSE") under the symbol "DOUG." Following the spin-off, Vector Group will continue to trade on the NYSE under the symbol "VGR."

Additional information will be available in the investor presentation posted to Vector Group's website and filed by Vector Group with the SEC.

A registration statement on Form 10 relating to the proposed distribution of Douglas Elliman securities is expected to be filed with the SEC. Douglas Elliman securities may not be sold, nor may offers to buy be accepted, prior to the time the Form 10 is filed and becomes effective. This release shall not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of Douglas Elliman securities in any state or jurisdiction in which such offer, solicitation, or sale would be unlawful prior to registration or qualification under the securities laws of any such state or jurisdiction.

Conference Call

Vector Group will host a conference call and webcast on Monday, November 8, 2021 at 5:00 PM ET to discuss its third quarter 2021 results and the spin-off transaction. Investors can access the call by dialing 877-271-1828 and entering 43234619 as the conference ID number. The call will also be available via live webcast at <https://www.webcaster4.com/Webcast/Page/2271/43402>. Webcast participants should allot extra time to register before the webcast begins. A replay of the call will be available shortly after the call ends on November 8, 2021 through November 22, 2021. To access the replay, dial 877-656-8905 and enter 43234619 as the conference ID number. The archived webcast will also be available at <https://www.webcaster4.com/Webcast/Page/2271/43402> for one year.

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 Vector Group is available on its website, www.VectorGroupLtd.com.

Investors and others should note that we may post information about Vector Group or its subsidiaries on our website at www.VectorGroupLtd.com and/or at the websites of those subsidiaries or, if applicable, on their accounts on Facebook, Instagram, LinkedIn, TikTok, Twitter, YouTube or other social media platforms. It is possible that the postings or releases could include information deemed to be material information. Therefore, we encourage investors, the media and others interested in Vector Group to review the information we post on our website at www.VectorGroupLtd.com, on the websites of our subsidiaries and on their social media accounts.

Special Note on Forward-Looking Statements

This press release may contain "forward-looking statements" within the meaning of the federal securities laws. Forward-looking statements include information relating to our intent, belief or current expectations, primarily with respect to, but not limited to, economic outlook, capital expenditures, cost reduction, cash flows, operating

performance, growth expectations, competition, legislation and regulations, litigation, and related industry developments (including trends affecting our business, financial condition and results of operations) and our potential spin-off of Douglas Elliman.

Forward-looking statements can be identified by words or phrases such as “anticipate,” “believe,” “continue,” “could,” “estimate,” “expect,” “intend,” “may be,” “objective,” “opportunistically,” “plan,” “potential,” “predict,” “project,” “prospects,” “seek,” and “will be” and similar words or phrases or their negatives. Forward-looking statements involve important risks and uncertainties that could cause our actual results, performance or achievements to differ materially from our anticipated results, performance or achievements expressed or implied by the forward-looking statements. Further information on the risks and uncertainties to the business of Vector Group include the risk factors described in the filings of Vector Group with the SEC.

Factors that could cause actual results of Douglas Elliman to differ materially from those suggested by forward-looking statements include: general economic and market conditions, and any changes therein, due to acts of war and terrorism or otherwise; governmental regulations and policies; adverse changes in global, national, regional and local economic and market conditions, including those related to pandemics and health crises, such as the outbreak of COVID-19 and the impact of potential COVID-19 variants; the extent and timing of COVID-19 vaccine administration and the duration of the COVID-19 pandemic; Douglas Elliman’s ability to effectively manage the impacts of the COVID-19 pandemic and any government-mandated or encouraged suspension of our business operations; the impacts of the Tax Cuts and Jobs Act of 2017, including its impact on the markets of Douglas Elliman’s business; effects of industry competition; severe weather events or natural or man-made disasters, including increasing the severity or frequency of such events due to climate change or otherwise, or other catastrophic events may disrupt Douglas Elliman’s business and have an unfavorable impact on home sale activity; the level of Douglas Elliman’s expenses, including its corporate expenses as a stand-alone publicly-traded company; Douglas Elliman’s status as an emerging growth company; the tax-free treatment of the spin-off; Douglas Elliman’s lack of operating history as a public company and costs associated with being an independent public company; potential dilution to holders of Douglas Elliman’s common stock as a result of issuances of additional shares of common stock to fund its financial obligations and other financing activities; the failure of Douglas Elliman or Vector Group to satisfy their respective obligations under the agreements entered into in connection with the spin-off; and the additional factors described under “Risk Factors” in the information statement attached as an exhibit to the Form 10 to be filed with the SEC by Douglas Elliman.

The forward-looking statements speak only as of the date they are made, and we disclaim any obligation to update or revise the forward-looking statements contained herein, except as otherwise required by applicable federal securities laws.



Investor Presentation

November 2021



Disclaimer

Safe Harbor Statement & Use of Non-GAAP Information

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", "VGR" or "the Company") or Douglas Elliman Inc. ("Spinco" or "Douglas Elliman") or their 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.

Use of Forward-Looking Statements

This document may contain "forward-looking statements," including any statements that may be contained in this document 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 or Douglas Elliman, including, without limitation, the following: changes in Vector's capital expenditures may impact its expected free cash flow; the Company's ability to complete the spin-off of Douglas Elliman, the Company's real estate brokerage and services business and property technology investments; the Company's ability to realize the benefits of the spin-off of Douglas Elliman, including the tax-free nature of the transaction; the failure of Douglas Elliman or Vector to satisfy its respective obligations under agreements entered into in connection with the spin-off; and the other risk factors described in the Information Statement included as an exhibit to the Form 10 to be filed by Douglas Elliman in connection with the spin-off, Vector's annual report on Form 10-K for the year ended December 31, 2020 and quarterly reports on Form 10-Q for the periods ended June 30, 2021, March 31, 2021, and September 30, 2021 in each case as filed with the SEC.

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. Each of the Company and Douglas Elliman disclaims any obligation to, and does not undertake to, update or revise and forward-looking statements in this document.

Non-GAAP Financial Measures

This document contains financial information in a format not in accordance with generally accepted accounting principles in the United States ("GAAP"). The Company and Douglas Elliman believe that non-GAAP financial measures are important measures that supplement analysis of its results of operations and enhance an understanding of its operating performance. The Company and Douglas Elliman believe non-GAAP financial measures provide a useful measure of operating results unaffected by non-recurring items, differences in capital structures and ages of related assets among otherwise comparable companies. Management uses non-GAAP financial measures as measures to review and assess operating performance of its business, and management and investors should review both the overall performance (e.g., GAAP net income) and the operating performance (e.g., non-GAAP Adjusted EBITDA) of its business. While management considers 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, and net income. In addition, non-GAAP financial measures are susceptible to varying calculations and the Company's or Douglas Elliman's measurement of non-GAAP financial measures may not be comparable to those of other companies.

Please see the appendix to this document for a reconciliation of GAAP net income to non-GAAP Adjusted EBITDA.

Agenda

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INTRODUCTION

Introduction to the Douglas Elliman Management Team



Howard Lorber
Chairman, President and
Chief Executive Officer



Richard Lampen
Director, Executive Vice
President and Chief
Operating Officer



Scott Durkin
President and Chief
Executive Officer,
Douglas Elliman



Bryant Kirkland
Senior Vice President,
Treasurer and Chief
Financial Officer



Marc Bell
Senior Vice President,
Secretary and General
Counsel



David Ballard
Senior Vice President,
Enterprise Efficiency and
Chief Technology Officer



Daniel Sachar
Vice President of
Innovation and Managing
Director of New Valley
Ventures LLC



Stephen Larkin
Vice President of
Communications



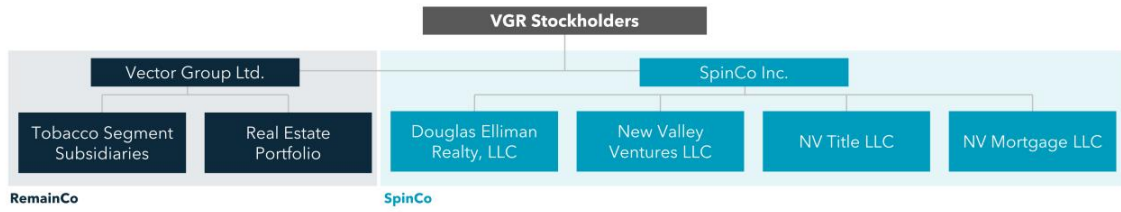
Karen Chesleigh
Vice President of
Human Resources

Experienced and skilled team with committed Board of Directors will enable a successful transaction and further development of Douglas Elliman

Transaction Summary

Pro Forma Transaction Structure

- Planned as tax-free spin-off of Douglas Elliman to Vector Group Ltd. ("Vector" or "VGR") stockholders



Financial Highlights

Revenue



Adjusted EBITDA



Spin-off Rationale

- Business-appropriate capital structures and capital policies
- Directly and more efficiently access capital markets, while also widening the potential investor base for Douglas Elliman
- Enhance ability to attract and retain key employees and agent talent
- Ability to use pure-play stock for M&A
- Unlock value of Douglas Elliman business through separation from tobacco business

Note: Financial highlights based on last twelve months ended 9/30/2021. See appendix for Adjusted EBITDA reconciliation.

4

Distribution & Governance

Ticker	NYSE: DOUG
Post Spin-off Shares Outstanding	Approximately 77.6 million, based on Vector outstanding common stock on September 30, 2021
Distribution Ratio	1 share of SpinCo for every 2 shares of Vector
Expected Annual Dividend	\$0.20 per share of SpinCo common stock (\$0.05 paid quarterly), subject to Board approval
Board Composition	Howard Lorber, Richard Lampen, Ronald Kramer, Michael Liebowitz, Lynn Mestel, Wilson White, Mark Zeitchick
Distribution and Ancillary Agreements	Allocation of assets, liabilities and obligations, transfer pricing, ongoing commercial relationships, other tax and employment matters
Advisors	Jefferies LLC Sullivan & Cromwell LLP

Douglas Elliman at a Glance

Business Overview

- Founded in 1911 as a pioneer in the real estate industry that has continued to challenge the status quo through innovation and high-quality service provided by best-in-class real estate agents
- Leading brand associated with service, luxury and forward thinking operating in markets that are primarily densely populated international finance and technology hubs offering housing inventory at premium price points
- Core residential real estate brokerage and new development sales and marketing (“DEDM”) services complemented with ancillary services including property management, title and escrow services
- Comprehensive suite of technology-enabled real estate solutions that bring efficiency, market intelligence and competitive advantage to our agents while supporting agent recruitment, retention and productivity
- Technology powered by leading providers and our investments in innovative PropTech companies keeps our agents on the cutting edge with solutions that can be quickly integrated into our infrastructure, while also allowing us to remain asset-light
- Strong market share gains and top-line growth along with recent cost savings have driven a step-function increase in profitability
- Well-positioned to capitalize on attractive opportunities in the large and growing U.S. residential real estate market

By the Numbers⁽¹⁾

Total Agents	~6,600
Principal Agents⁽²⁾	5,246
Gross Transaction Value	\$47.7 billion
Revenue	\$1.29 billion
Adj. EBITDA	\$106.1 million

Business Mix and Growth



Gross Transaction Volume (\$ billions)



1) Figures are as of and for the LTM period ended 9/30/2021.

2) Principal agents are defined as agents who are either leaders of their respective agent teams or individual agents operating independently on our platform. Metric is a point-in-time figure. Excludes referral agents. Includes principal agents added as part of Real Estate Associates of Houston LLC (d/b/a Douglas Elliman Real Estate Texas, "Douglas Elliman Texas") acquisition in August 2021.

Douglas Elliman's Geographical Footprint



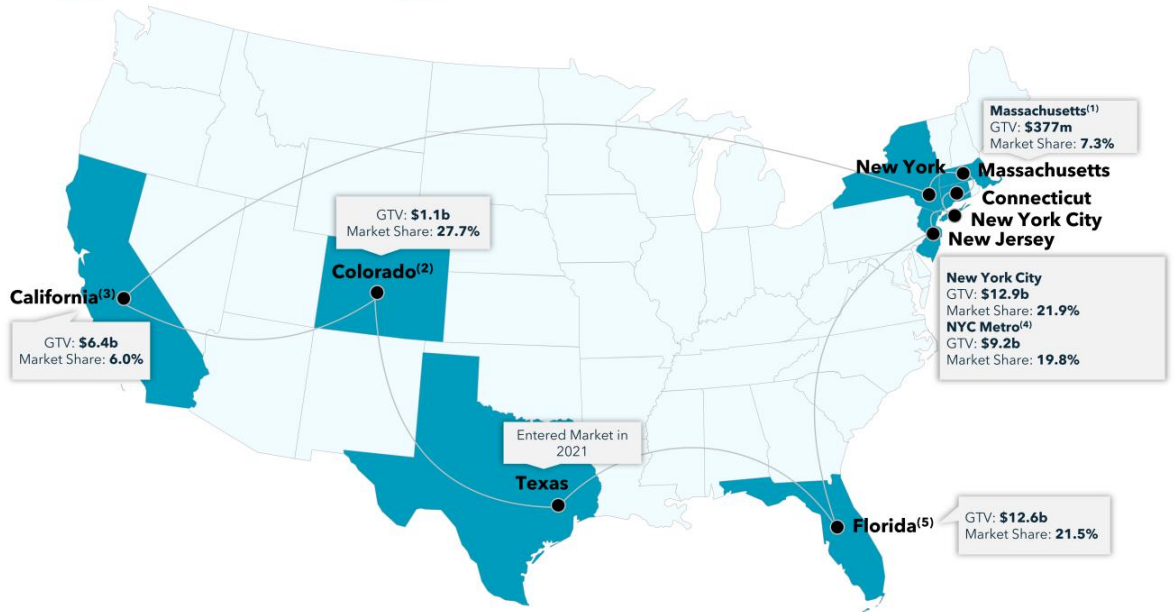
Nationally



in New York



~6,600 affiliated agents across ~100 offices in the U.S.
Alliance with Knight Frank provides an international network of ~500 offices across ~60 countries and ~19,000 agents



Source: Miller Samuel reports.

Note: Market share and rankings represent YTD 9/30/2021 based on gross transaction value ("GTV"). Figures based on transaction close date. GTV in each selected region represents LTM 9/30/2021.

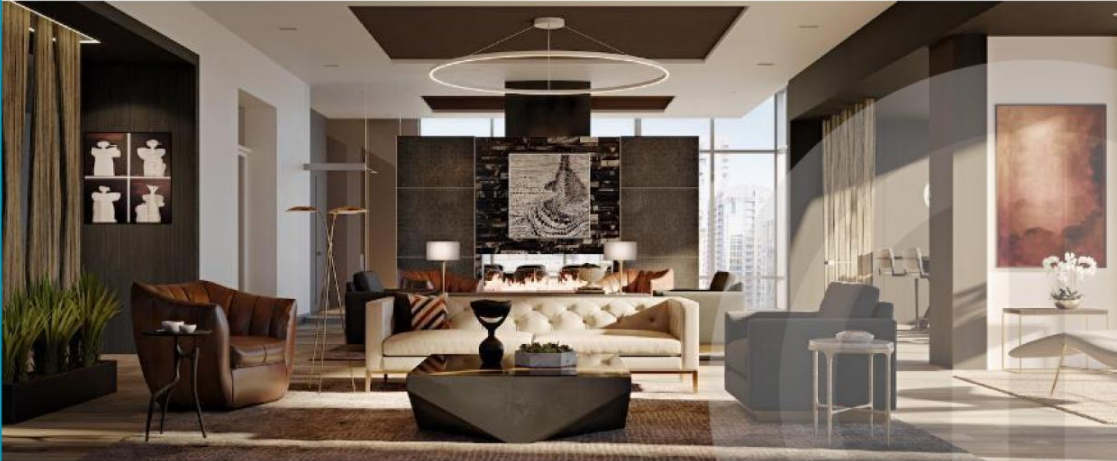
1) Includes Boston.

2) Includes Aspen and Snowmass Village.

3) Includes Los Angeles (Westside and Downtown), Malibu, Malibu Beach, Orange County and San Diego County.

4) Includes Long Island, North Fork, Hamptons, Greenwich and Westchester County.

5) Includes Boca Raton / Highland Beach, Coral Gables, Delray Beach, Fort Lauderdale, Palm Beach Gardens, Jupiter, Manalapan, Miami, Palm Beach, St. Petersburg, Tampa, Wellington and West Palm Beach.



THE DOUGLAS ELLIMAN STORY

Investment Highlights



1

Highly attractive dynamics in the U.S. residential real estate market

2

Comprehensive solution provides for multiple revenue streams and monetization of valuable agent relationships

3

Industry-leading brand name with a strong presence in most major U.S. luxury markets

4

Cutting-edge technology supportive of agent recruitment, retention and productivity

5

Strong platform for continued growth

6

Attractive financial profile with significant operating leverage and balance sheet strength

7

Experienced management team with substantial real estate expertise and a track record of driving growth

Highly Attractive Dynamics in the U.S. Residential Real Estate Market

Consistent Growth in New and Existing Home Sales and Increasing Home Ownership Rates⁽¹⁾



Since 1Q'20, U.S. homeowner equity has increased 17.6% to approximately \$23.6 trillion⁽²⁾

Sustained Period of Low Mortgage Rates Driving Home Sales⁽¹⁾



Increased Mobility Coming out of COVID-19



Remote Work Flexibility



Increased Demand for Greater Space



Increased Demand for Second Homes

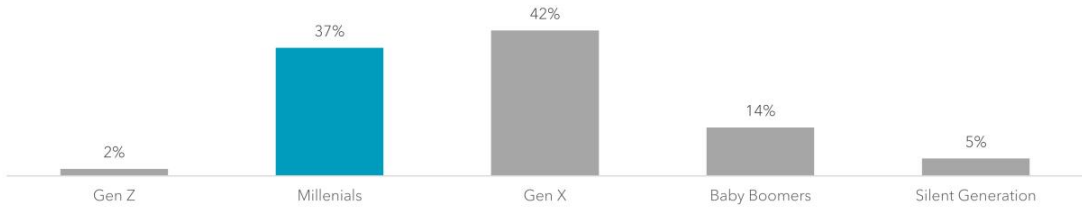
1) Source: Mortgage Bankers Association - MBA Mortgage Finance Forecast October 2021.

2) Source: Board of Governors of the Federal Reserve System (U.S.) - Households, Owners' Equity in Real Estate.

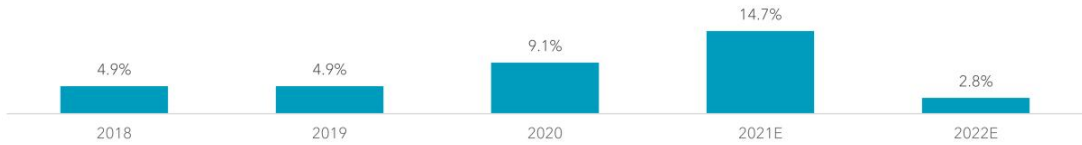
Highly Attractive Dynamics in the U.S. Residential Real Estate Market (Cont.)

Positive Demographics as Millennials are Entering the Housing Market in Larger Numbers⁽¹⁾

(% of home buyers)



Significant Home Price Appreciation⁽²⁾



Benefiting from aforementioned increased demand as well as supply constraints given record low inventories

Agents Play a Critical Role in Residential Real Estate

- ~90% of real estate transactions involve the use of agents, highlighting the central role they continue to play

1) Source: National Association of Realtors - 2021 Home Buyers and Sellers Generational Trends Report.
2) Source: National Association of Realtors - November 2021 Economic Outlook. Represents existing home price appreciation.

Comprehensive Solution Provides for Multiple Revenue Streams and Monetization of Valuable Agent Relationships

- Agents are able to generate significant repeat business from clients and referrals
 - 67% of home sellers and 60% of home buyers in 2020 chose to work with an agent they had used in the past or through a referral, according to NAR
- Repeat business, as well the ability to provide ancillary services, allows agents to extend their client relationships and generate significant lifetime value



Residential Real Estate Brokerage

- Advising Sellers:
 - Assist in pricing a property and preparing it for sale, advertising, showing to prospective buyers and negotiating terms of sale and closing transaction
- Advising Buyers:
 - Locating / showing properties and assisting in negotiating terms of sale and closing transaction



New Sales and Development Marketing Platform

- DEDM offers expertise in sales, leasing and marketing for new developments throughout key markets in the United States and internationally
- Drawing upon decades of experience and market-specific knowledge, offers a multidisciplinary approach that includes comprehensive in-house research, planning and design, marketing and sales



Residential Property Management Services

- Management of cooperative, condominium and rental apartment buildings
- Provides a full range of fee-based management services for ~360 properties representing ~56,500 units in New York City, Nassau County, Long Island City and Westchester County



Title Insurance & Escrow Services

- Acts in the capacity of a title insurance agent and sells title insurance to property buyers and mortgage lenders
- Leading escrow services provider in select markets including holding escrow funds trust account, delivering documents for property recording and releasing funds to the seller and appropriate parties

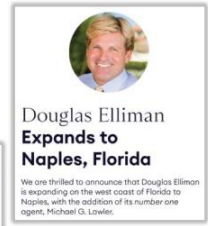


Mortgage Services

- In April 2021, Douglas Elliman acquired a 50% interest in Clear Path Mortgage, which will originate mortgage loans, including both purchase and refinancing transactions in select markets
- Clear Path Mortgage will originate and market its mortgage lending services to real estate agents across Douglas Elliman's Florida market as well as a broad consumer audience

Industry-leading Brand and Thought Leadership

Marquee Douglas Elliman Brand Synonymous with Luxury



Douglas Elliman expands into Texas market with Bravo's Million Dollar Listing stars

By Alsha Khan May 04, 2021

We are thrilled to announce that Douglas Elliman is expanding on the west coast of Florida to Naples, with the addition of its number one agent, Michael G. Lawler.

Leading Voice in Real Estate Across All Markets in Which We Operate

- Douglas Elliman's reach and ad-value significantly exceed peers
- We are #1 in 10 regions including NYC, Florida and LA County

Meltwater H1 2021 Media Reports⁽¹⁾

	Articles	Reach	Ad-Value	Sentiment
New York				
DOUGLAS ELLIMAN	2,000	13.1B	\$121M	54%
COMPASS	976	3.1B	\$29M	30%
CORCORAN	1,059	2.2B	\$21M	43%
Sotheby's	1,253	2.7B	\$25M	28%
Florida				
DOUGLAS ELLIMAN	4,491	14.9B	\$137M	76%
COMPASS	1,411	4B	\$37M	15%
CORCORAN	887	1.6B	\$15M	38%
Sotheby's	1,434	3.1B	\$28M	9%

"Report of Record" Miller Samuel Reports

- Our Miller Samuel Reports are considered the "report of record" within each market covered and contain a number of innovations, introducing many "firsts" that have been largely adopted by competitors



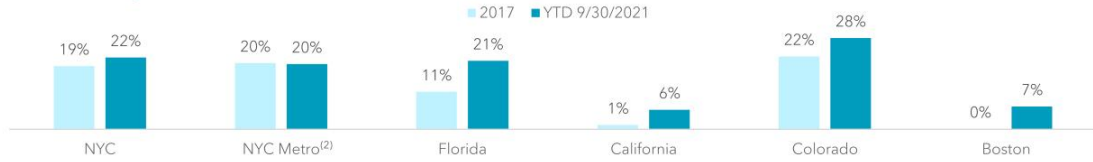
¹⁾ Select examples.

Large and Growing Presence in Most Major U.S. Luxury Markets

Leading Presence in Large Luxury Markets

- ✓ Markets are primarily international finance and technology hubs that are densely populated and offer inventory at premium prices
- ✓ Large national presence augmented by alliance with Knight Frank, providing an international network of ~500 offices across ~60 countries and ~19,000 agents
- ✓ Gaining share in several luxury markets including New York, Florida, California, Texas and Colorado, among others
- ✓ Douglas Elliman is the **6th largest** brokerage nationally and **one of the largest in New York** by sales volume

Market Share by Volume⁽¹⁾



Highest Transaction Values in the Industry⁽³⁾

Average Selling Price (2020)⁽⁴⁾

(\$ thousands)



1) Source: Miller Samuel reports.
 2) Includes Long Island, North Fork, Hamptons, Greenwich and Westchester County.
 3) Source: RealTrends.
 4) Represents average selling price for top 10 residential real estate brokerage firms by volume.
 5) Represents YTD average for period ended 9/30/2021.

MyDouglas

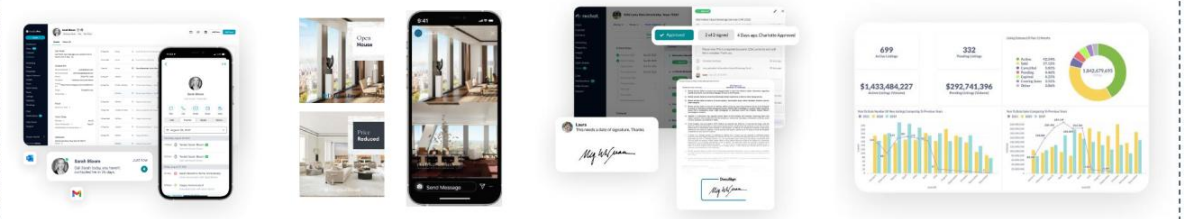
- Premier, customizable, mobile-friendly and cloud-based agent portal that integrates all agent resources in one user-friendly suite
- Fully mobile-friendly, allowing agents to manage their business anytime, anywhere and on any device, in coordination with Elliman Everywhere platform
- AI integrated data assets that back automated and simplified agent workflows that incorporates expansive data-rich dashboards and reports

Powered by industry leading technology capabilities developed by innovative PropTech leaders and start-ups



StudioPro

- Comprehensive platform which includes a customer relationship management system, digital transaction management and custom DIY marketing templates
- Provides agents one place to manage their network, initiate marketing via email, social or print - and even close deals



Capabilities	Solutions
<p>Team Management Agent Social Media • Learning Management System • MyDouglas Team Views • Team Deal Management</p>	
<p>Agent Brand Management VideoBolt - One-Click Video Creation/Virtual Tours • Elliman.com • Custom Property Websites</p>	
<p>Listing Management CMA • Home Valuation • MyDouglas - Listing Analytics • Digital Ad Campaigns • StudioPro - Open House Management • Regional Listings Insights</p>	
<p>Current Clients and Customers StudioPro - CRM • StudioPro - Email Marketing • StudioPro - Marketing Center</p>	
<p>Performance Analytics YTD Total GCI Deals and Volume Summary • Commission Check Tracking</p>	
<p>Deal Management StudioPro - Transaction Management • Title and Escrow Services • MLS Services - Collaborative Home Search • StudioPro - Listing Tour • Scheduling and Coordination • Digitized eSignature • eNotary service</p>	
<p>Post-Closing Client and Customer Stewardship Home Services • Client Portal • New Development Marketing • Digital Board Packages (NYC only)</p>	
<p>Artificial Intelligence (“AI”) and Predictive Analytics</p>	

* New Valley Ventures PropTech Investee Company

Open Architecture Technology Infrastructure Benefits Agents and Minimizes Costs

Open Architecture Technology Infrastructure, Kept State-of-the-art Through Strategic Investments in Early Stage PropTech Companies with Technology Purpose-built for the Real Estate Industry

Key Benefits of Our Technology Strategy

Benefits to Agents	Benefits to Douglas Elliman	Benefits to PropTech Firms
<ul style="list-style-type: none"> • Access to a variety of platforms that cater to agents' preferred way of doing business <ul style="list-style-type: none"> - Presented as one integrated platform • Cloud-native, plug & play modular infrastructure <ul style="list-style-type: none"> - Allows new features and functionality to be rolled out quickly with scalability and vendor optionality • Differentiated and early access to new technology • MyLearning platform enables agents and employees with online tools for growth and development 	<ul style="list-style-type: none"> • Better ROI than in-house development <ul style="list-style-type: none"> - In-house development is costly, takes longer to bring new tech to market and rarely generates the most cutting-edge solutions - Innovation best fostered in smaller, purpose-built technology firms that operate outside of large corporations • Valuation growth of break-through tech firms • Mission critical technology outsourced to best-in-class technology firms <ul style="list-style-type: none"> - Website hosting, agent portal, deal & listing management, marketing systems and back-office systems 	<ul style="list-style-type: none"> • Gain access to distribution network of ~6,600 agents nation-wide • Maintain independence and ability to scale and innovate at "start-up speed" • Incentivizes management of young firms to grow broadly, creating industry-wide solutions that go beyond the needs of just one brokerage

Recent PropTech Investments

 <p>Rewards program which allows renters to earn points on payments</p>	 <p>Platform build to enable enterprises to manage carbon footprint</p>	 <p>Dashboard for real estate agents' marketing, CRM and transaction management</p>
 <p>Platform that cuts out inefficiencies of home repairs</p>	 <p>White label client-facing digital concierge service</p>	 <p>Automated artificial intelligence platform to aid in home buying</p>

Strong Platform for Continued Growth

Expand Footprint into Adjoining Markets

- Further grow leadership position in NY while entering and expanding into adjoining markets where the Douglas Elliman brand has strong awareness and brand equity, including Florida, California, Colorado and Texas
- Disciplined regional expansion to protect our luxury brand and keep focus on premium markets
- Opportunity to expand markets currently served by more than 50% in terms of annual transaction value

Market Expansion Opportunity



Continue Executing on DEDM Growth Strategy

- Highly successful hybrid platform of matching experienced new development experts with skilled brokerage professionals provides differentiated expertise and real-time market intelligence to clients
- Strong pipeline provides clear path to significant growth in near-term and expansion into new markets (e.g., Texas) provides exciting opportunities for medium to long term growth
- Strong momentum following COVID-driven disruption in 2020

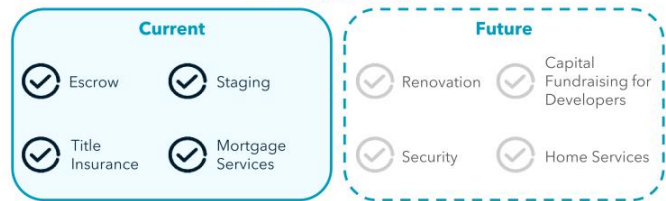
DEDM Revenue (\$ millions)



Expand Ancillary Services to Enhance Client Experience and Drive Growth

- Technology to be key differentiator in terms of adoption by agents, delivery to clients and disruption of traditional business models

Ancillary Offerings



¹⁾ Source: Miller Samuel reports. Aggregate annual transaction volume based on 3Q'21 annualized figures for selected growth regions.
18

Strong Platform for Continued Growth (Cont.)

Continue to Recruit Best-in-class Agents



87% of LTM Revenue comes from agents with >3 years of tenure

In 2019 and 2020, average retained agent was **~2.5x to ~3.0x** more productive than attrited agents

- ✓ **High retention**
- ✓ **Long-tenured agents**
- ✓ **High profile recruitment**

Recruitment of Star Agents

Douglas Elliman expands to Naples, brings on top Sotheby's agent Michael Lawler
Lawler had been with Sotheby's for more than 20 years

MDLLA's Josh Flagg Leaving Longtime Company for Rival Douglas Elliman: 'Interesting Synergy'

Kirsten Jordan Opens Up About Finally Starting Her Own Team

*This is such a big breakout for me! the Million Dollar Listing New York agent said of her next chapter at Douglas Elliman.

Opportunistically Pursue Acquisitions and Aqiu-hires

	California	Texas	Florida
Overview	<ul style="list-style-type: none"> Purchased Teles Properties in 2017 	<ul style="list-style-type: none"> Purchased interest in Texas brokerage in 2021 	<ul style="list-style-type: none"> High profile recruitment of team in Naples in 2021
Benefits to Douglas Elliman	<ul style="list-style-type: none"> Ability to expand in southern California's luxury markets, such as Beverly Hills, Newport and Brentwood Added over \$65M Gross Commission Income ("GCI") and ~600 agents in over 20 offices 	<ul style="list-style-type: none"> Ability to expand in luxury markets in Texas such as Houston and Dallas both in residential sales and new development marketing Added over \$30M GCI and ~180 in agents in 4 offices 	<ul style="list-style-type: none"> Ability to expand in luxury markets in southwest Florida Added ~\$10M GCI
	<ul style="list-style-type: none"> We will continue to seek through M&A attractive groups of agents from core and adjacent markets that fit with our brand and accelerate our growth Potential to use our publicly listed stock as consideration 		

1) Retention, in any particular period, is calculated as the quotient of the prior year revenue generated by agents retained in the subject year period divided by the prior year period revenue generated by all agents, whether or not retained. We use retention as a measure of the stability of the agents that are on the Douglas Elliman platform.

Strong Platform for Continued Growth (Cont.)

Invest in Compelling PropTech Opportunities that Facilitate Growth and Differentiation

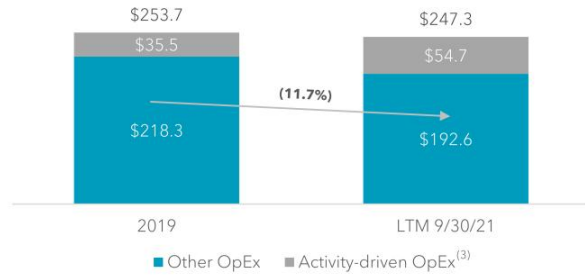
- Grow New Valley Ventures and create a portfolio of start-ups that, through our investment relationship, have access to our operating businesses/distribution, as well as our know-how and experience, to grow their own businesses, while also propelling our growth and competitive differentiation
- Invest strategically in early-stage PropTech companies that equip our stakeholders with early and differentiated access to cutting-edge and industry-leading technology built in entrepreneurial environments
- Enable us to benefit from potential adjacent revenue streams and valuation growth of breakthrough tech firms

Relentlessly Pursue Operational Efficiencies

- Focus on efficiency to continue following recent expense reduction initiatives
 - \$26 million of expense savings realized from 2019 to LTM 9/30/2021⁽²⁾
- Expense discipline a top priority as we seek benefits of operating leverage accompanying future growth

Operating Expenses⁽¹⁾

(\$ millions)



¹⁾ Represents operating expenses, less depreciation & amortization, restructuring, and other one-time costs.
²⁾ Represents other operating expenses.
³⁾ Discretionary compensation and advertising expenses (associated with level of business).



DOUGLAS ELLIMAN FINANCIAL OVERVIEW

Attractive Financial Profile

Strong performance
across KPIs with impressive
revenue growth



Disciplined expense
management drive
**significant operating
leverage**



**Healthy margins and
limited CapEx**
requirements drive high
cash flow conversion,
supporting future growth
initiatives and shareholder
dividends



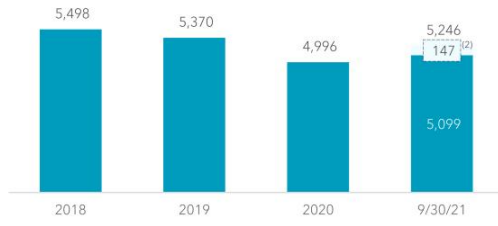
Strong balance sheet with
\$200 million of net cash⁽¹⁾



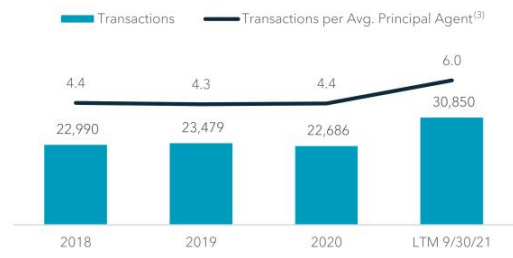
1) Pro forma for transaction adjustments.

Summary of KPIs

Principal Agents⁽¹⁾



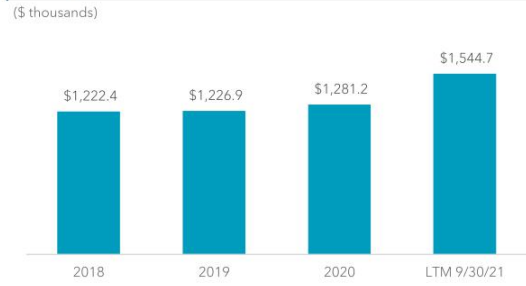
Transactions



Gross Transaction Value



Average Transaction Value



1) Principal agents are defined as agents who are either leaders of their respective agent teams or individual agents operating independently on our platform. Metric is a point-in-time figure. Excludes referral agents.

2) Represents principal agents added as part of Douglas Elliman Texas acquisition in August 2021.

3) Average of beginning and ending period principal agents. Excludes Texas agents.

Financial Summary

(\$ millions)

Revenue



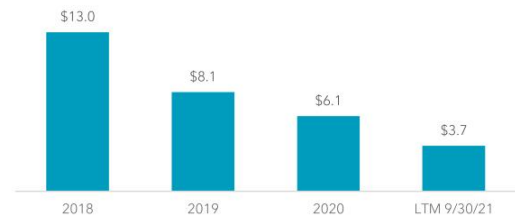
Gross Profit⁽¹⁾



Adjusted EBITDA



Capital Expenditures



Note: See appendix for Adjusted EBITDA reconciliation.
 1) Defined as total revenues less real estate commissions.

Income Statement

(\$ thousands)

	Year Ended December 31,			Nine Months Ended September 30,		Twelve Months Ended September 30,
	2018	2019	2020	2020	2021	2021
Revenues:						
Commissions and other brokerage income	\$715,458	\$742,414	\$733,751	\$477,720	\$974,048	\$1,230,079
Property management	33,350	35,461	35,115	26,195	28,289	37,209
Other ancillary services	5,281	6,233	5,121	2,611	16,575	19,085
Total revenues	\$754,089	\$784,108	\$773,987	\$506,526	\$1,018,912	\$1,286,373
Expenses:						
Real estate agent commissions	\$500,369	\$525,233	\$546,948	351,325	737,767	\$933,390
Sales and marketing	72,419	76,897	64,097	40,649	59,331	82,779
Operations and support	70,957	65,044	49,895	35,809	56,697	70,783
General and administrative	91,682	96,540	76,134	62,275	64,481	78,340
Technology	8,799	15,236	14,858	11,137	11,302	15,023
Depreciation and amortization	8,364	8,638	8,537	6,405	6,409	8,541
Loss on sale of assets	-	-	1,169	-	-	1,169
Litigation settlement and judgment	(\$2,468)	-	-	-	-	-
Impairments of goodwill and intangible assets	-	-	58,252	58,252	-	-
Restructuring expenses	-	-	3,382	3,281	-	101
Operating (loss) income	\$3,967	(\$3,480)	(\$49,285)	(\$62,607)	\$82,925	\$96,247
Other income:						
Interest income	\$387	\$600	\$190	\$148	\$65	\$107
Equity in earnings from equity-method investments	1,243	8,472	30	(196)	(118)	108
Change in fair value of contingent liability	-	3,157	2,149	2,082	(3,252)	(3,185)
Investment income	-	64	588	-	566	1,154
Income (loss) income before provision for income taxes	\$5,597	\$8,813	(\$46,328)	(\$60,573)	\$80,186	\$94,431
Income tax (benefit) expense	400	354	44	(168)	1,656	1,868
Net (loss) income	\$5,197	\$8,459	(\$46,372)	(\$60,405)	\$78,530	\$92,563
Net income attributed to non-controlling interest	(\$1,528)	-	-	-	120	120
Net (loss) income attributed to Douglas Elliman, Inc.	\$3,669	\$8,459	(\$46,372)	(\$60,405)	\$78,650	\$92,683

Balance Sheet

(\$ thousands)

	December 31, 2019	December 31, 2020	September 30, 2021
ASSETS:			
Current assets:			
Cash and cash equivalents	\$71,485	\$94,421	\$158,804
Receivables	21,308	24,377	26,531
Income taxes receivable, net	162	-	-
Agent receivables, net	5,115	7,346	11,127
Restricted cash and cash equivalents	4,423	10,374	12,548
Other current assets	15,749	11,847	9,512
Total current assets	\$118,242	\$148,365	\$218,522
Property, plant and equipment, net	47,919	42,703	40,132
Operating lease right-of-use assets	137,452	133,103	124,797
Long-term investments at fair value	-	-	3,566
Contract assets, net	18,443	24,002	28,688
Goodwill	78,008	31,756	32,571
Intangible assets, net	80,474	68,310	74,619
Equity-method investments	1,667	1,412	2,790
Other assets	6,402	4,331	8,755
Total assets	\$488,607	\$453,982	\$534,440
LIABILITIES AND NET INVESTMENT:			
Current liabilities:			
Current portion of notes payable and other obligations	\$10,063	\$12,500	\$12,526
Current operating lease liabilities	15,692	23,753	22,503
Income taxes payable, net	-	17	1,143
Accounts payable	3,066	6,337	8,228
Commissions payable	18,378	25,615	25,648
Accrued salaries and benefits	13,325	12,038	23,293
Contract liabilities	9,358	7,633	5,843
Other current liabilities	13,683	11,756	20,200
Total current liabilities	\$83,565	\$99,649	119,384
Notes payable and other obligations less current portion	20,000	12,920	3,309
Deferred income taxes, net	277	143	143
Non-current operating lease liability	145,873	143,296	131,923
Contract liabilities	29,045	32,104	38,734
Other liabilities	5,564	2,280	4,250
Total liabilities	\$284,324	\$290,392	\$297,743
Commitments and contingencies			-
Net investment:			-
Parent's net investment	\$204,283	\$163,590	234,817
Non-controlling investment	-	-	1,880
Total net investment	-	-	236,697
Total liabilities and net investment	\$488,607	\$453,982	\$534,440

Investment Highlights

Unique Investment Opportunity in Tech-Enabled Residential Real Estate Brokerage with Comprehensive Suite of Real Estate Solutions, Industry-leading Brand Name and Talented Team of Employees and Agents





APPENDIX

Adjusted EBITDA Reconciliation

(\$ thousands)

	Year Ended December 31,			Nine Months Ended September 30,		Twelve Months Ended September 30,
	2018	2019	2020	2020	2021	2021
Net income (loss)	\$5,197	\$8,459	(\$46,372)	(\$60,405)	\$78,650	\$92,683
Interest income, net	(387)	(600)	(190)	(148)	(65)	(107)
Income tax expense (benefit)	400	354	44	(168)	1,656	1,868
Depreciation and amortization	8,364	8,638	8,537	6,405	6,409	8,541
Equity in (earnings) losses from equity method investments ⁽¹⁾	(1,243)	(8,472)	225	196	118	147
Restructuring ⁽²⁾	-	-	3,382	3,281	-	101
Loss on disposal of assets	-	-	1,169	-	-	1,169
Impairments of goodwill and other intangible assets ⁽³⁾	-	-	58,252	58,252	-	-
Change in fair value of contingent liability	-	(3,157)	(2,149)	(2,082)	3,252	3,185
Other, net	-	(64)	(843)	-	(686)	(1,529)
Adjusted EBITDA	\$12,331	\$5,158	\$22,055	\$5,331	\$89,334	\$106,058

1) Represents equity in (earnings) losses recognized from Douglas Elliman's investment in an equity method investment that is accounted for under the equity method and is not consolidated in Douglas Elliman's financial results.

2) Represents restructuring related to Douglas Elliman Realty, LLC's realignment of administrative support functions, office locations and business model.

3) Represents non-cash intangible asset impairment charges related to the goodwill and trademark of Douglas Elliman Realty, LLC.

