BGC Partners, Inc. (NASDAQ: BGCP; New York, NY) has agreed to acquire Berkeley Point Financial LLC (Private; Bethesda, MD) and invest in a commercial real estate-related finance and investment business

Deal Value: $875 million for Berkeley Point plus $100 million investment

Sandler O'Neill served as financial advisor to the Special Committee of the Board of Directors of BGC Partners in this transaction. This represents Sandler O'Neill's 84th financial services transaction since January 1, 2016, more than any other investment bank during that time.[1]

NEW YORK and LONDON – July 18, 2017 – BGC Partners, Inc. (NASDAQ: BGCP), a leading global brokerage company servicing the financial and real estate markets, today announced that it has agreed to acquire Berkeley Point Financial LLC. Berkeley Point is a leading commercial real estate finance company focused on the origination and sale of multifamily and other commercial real estate loans through government-sponsored and government-funded loan programs, as well as the servicing of commercial real estate loans, including those it originates. Berkeley Point was acquired by an affiliate of Cantor Fitzgerald, L.P. on April 10, 2014.

The Board of Directors of BGC, upon the unanimous recommendation of a Special Committee consisting of all four independent directors assisted by independent advisors, has unanimously approved the acquisition of Berkeley Point and the related transactions. The total consideration payable by BGC for the acquisition of Berkeley Point is $875 million, subject to certain adjustments at closing. After the proposed acquisition is completed, Berkeley Point and the investment in the new real estate business described below will become part of Newmark Knight Frank, BGC's Real Estate Services segment. The acquisition of Berkeley Point is expected to be immediately accretive to BGC's earnings per share upon closing.

Howard W. Lutnick, Chairman and Chief Executive Officer of BGC Partners, said: "We believe that the addition of Berkeley Point will significantly increase the scale and scope of Newmark, as well as substantially improve upon its already strong financial performance. Berkeley Point's revenues increased by more than 55 percent year-over-year in the 12 months ended March 31, 2017. Over the same timeframe, Berkeley Point's GAAP pre-tax income grew by approximately 169 percent, while its pre-tax income, excluding GAAP net non-cash MSR income, increased by over 52 percent. Berkeley Point is also expected to generate strong double-digit revenue and earnings growth for full years 2017 and 2018."

Barry M. Gosin, Chief Executive Officer of Newmark, added: "This transaction will combine Berkeley Point's top five Fannie Mae and Freddie Mac multifamily origination business with ARA, Newmark's top three multifamily investment sales business, along with our fast-growing commercial mortgage brokerage business. We believe that this combination will be a catalyst for dramatically higher revenue and earnings growth for Newmark.

The total consideration payable by BGC to Cantor for the acquisition of Berkeley Point is $875 million, expected to be in cash, subject to upward or downward adjustment to the extent that the net assets of Berkeley Point as of the closing are greater than or less than approximately $509 million. The proposed transaction does not include a transfer of the economics of Berkeley Point's special asset servicing business, which was not profitable.

BGC expects to fund the acquisition through a combination of a bond issuance, term loan, or other debt financing arrangements, as well as from existing financing sources and cash on hand. BGC intends to remain investment-grade following the close of the transaction. The acquisition of Berkeley Point is expected to close during 2017, subject to receipt of certain regulatory approvals, including from Fannie Mae, Freddie Mac and HUD, and other customary closing conditions.

Contemporaneously with the proposed acquisition of Berkeley Point, BGC will invest $100 million in cash for approximately 27 percent of the capital in a commercial real estate-related finance and investment business, along with Cantor. Cantor will control the Investment and will contribute approximately $267 million of cash and non-cash assets for approximately 73 percent of the Investment's capital. The Investment will be structured as a limited partnership, is expected to collaborate with Cantor's significant existing commercial real estate finance business, and may conduct activities in any real estate-related business.

(1) Includes all geographies; Includes transactions with disclosed deal values; Includes minority transactions; Excludes terminated transactions and self-advisory roles
Source: SNL Financial; Company press release

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