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Walker & Dunlop Unveils its *Drive to '25* Strategy to Become the Premier Commercial Real Estate Finance Company in the U.S.

Provides Five-Year Operational and Financial Targets, Highlights Roadmap to Grow Debt Financing and Property Sales Volume and Establish Investment Banking Capabilities

Investments in Technology to Provide Significant Competitive Advantages

BETHESDA, Md., Dec. 10, 2020 /PRNewswire/ -- Walker & Dunlop (NYSE: WD) will host a virtual Investor Day this morning to unveil its *Drive to '25* strategy and provide five-year operational and financial targets.

Willy Walker, Chairman and CEO commented, "We have built a long track record of exceptional growth with our success grounded in three core principles: People, Brand and Technology. We have worked tirelessly to build out our platform with the very best people in the industry, grow our brand and reputation as a company with all of the capabilities and resources of a large firm but with the touch and feel of a family company. These principles enabled us to exceed many of the key targets that we established as part of our *Vision 2020* plan, and will continue to drive the achievement of our ambitious long-term goals."

Mr. Walker continued, "We are excited to unveil our new *Drive to '25* strategy that will enable Walker & Dunlop to continue on our current growth trajectory and carry out our mission of becoming the premier commercial real estate finance company in the United States. Our core strategy is centered around growing debt financing volume, expanding our property sales platform, and building investment banking capabilities. These initiatives will all be supported by our continued commitment to harness the power of technology, including artificial intelligence, data analytics, and machine learning, to enable our team to gain deeper insight into clients' portfolios and assets. We believe that our focus on scaling the platform through investments in our people, brand, and technology, will enable us to grow our topline and drive profitability to continue creating sustainable, long-term shareholder value. We also recognize we must think bigger and are committed to critical ESG initiatives that position Walker & Dunlop as an industry leader while we carry out our role of financing where Americans live, work, play and shop."

Drive to '25 Targets

During Walker & Dunlop's Investor Day, management will outline the following five-year operational and financial targets to be achieved by year-end 2025 to deliver significant growth and long-term shareholder value:

	<i>Drive to '25</i> Targets
Annual Debt Financing Volume	\$65B+
Annual Small Balance Loans	\$5B ¹
Servicing Portfolio	\$160B+
Annual Property Sales Volume	\$25B+
Investment Banking Capabilities	\$10B+ Assets Under Management
Annual Total Revenues	\$1.7 to \$2.0B
Annual Diluted EPS	\$13.00 to \$15.00/share
Annual Adjusted EBITDA ²	\$525 to \$575 million
Operating Margin	32% to 35%
Environmental, Social & Governance	<ul style="list-style-type: none">• Double Diverse Leadership• Reduce Carbon Emission• Donate 1% of Pre-Tax Profits

1) Small Balance Loans target included in Annual Debt Financing Volume

2) Adjusted EBITDA is a non-GAAP financial measure the company presents to help investors better understand our operating performance. For a reconciliation of adjusted EBITDA to net income, refer to the sections of this press release below titled "Non-GAAP Financial Measures" and "Adjusted Financial Metric Reconciliation to GAAP."

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Walker & Dunlop's 2020 Virtual Investor Day

Today's Investor Day will feature presentations from Willy Walker, Walker & Dunlop's Chairman and CEO, Steve Theobald, EVP & Chief Financial Officer, Sheri Thompson, EVP of FHA Finance, Kris Mikkelsen, EVP of Investment Sales, Greg Florkowski, EVP of Business Development, and TJ Edwards, Managing Director of Proprietary Capital. Following the presentations, management will conduct a live Q&A session.

- When: Thursday, December 10, 2020
- Time: 10:00 a.m. Eastern Time. The event is expected to conclude at approximately 12:30 p.m. Eastern Time.
- Analysts and investors may access the webcast via the link below: https://walkerdunlop.zoom.us/webinar/register/WN_mFc4-mQFT7CvNuiuOh1_2g or by dialing +1-408-901-0584, Webinar ID 950 9227 0431, Passcode 857934
- Presentation materials for the Investor Day are posted on the Investor Relations section of the company's website. A webcast replay of the event will also be available on the Investor Relations section of the company's website at <http://investors.walkerdunlop.com/>.

About Walker & Dunlop

[Walker & Dunlop](#) (NYSE: WD), headquartered in Bethesda, Maryland, is one of the largest commercial real estate finance companies in the United States. The company provides a comprehensive range of capital solutions for all commercial real estate asset classes, as well as investment sales brokerage services to owners of multifamily properties. Walker & Dunlop is included on the S&P SmallCap 600 Index and was ranked as one of *FORTUNE* Magazine's Fastest Growing Companies in 2014, 2017, and 2018. Walker & Dunlop's 950+ professionals in 41 offices across the nation have an unyielding commitment to client satisfaction.

Forward-Looking Statements

Some of the statements contained in this press release may constitute forward-looking statements within the meaning of the federal securities laws. Forward-looking statements relate to expectations, projections, financial targets, plans and strategies, anticipated events or trends and similar expressions concerning matters that are not historical facts. In some cases, you can identify forward-looking statements by the use of forward-looking terminology such as "will," "believe" or "target" or similar words or phrases that are predictions of or indicate future events or trends and which do not relate solely to historical matters. You can also identify forward-looking statements by discussions of strategy, plans, or intentions. The forward-looking statements contained in this press release reflect our current views about future events and are subject to numerous known and unknown risks, uncertainties, assumptions and changes in circumstances that may cause actual results to differ significantly from those expressed or contemplated in any forward-looking statement. While forward-looking statements reflect our good faith projections, assumptions and expectations, they are not guarantees of future results. Furthermore, we disclaim any obligation to publicly update or revise any forward-looking statement to reflect changes in underlying assumptions or factors, new information, data or methods, future events or other changes, except as required by applicable law. Factors that could cause our results to differ materially include, but are not limited to:

(1) the impact of the COVID-19 pandemic on the company's business, results of operations, and financial condition, including due to its principal and interest advance obligations on Fannie Mae and Ginnie Mae loans it services, and the domestic economy, (2) general economic conditions and multifamily and commercial real estate market conditions, (3) regulatory and/or legislative changes to Freddie Mac, Fannie Mae or HUD, (4) our ability to retain and attract loan originators and other professionals, and (5) changes in federal government fiscal and monetary policies, including any constraints or cuts in federal funds allocated to HUD for loan originations.

For a further discussion of these and other factors that could cause future results to differ materially from those expressed or contemplated in any forward-looking statements, see the section titled "Risk Factors" in our most recent Annual Report on Form 10-K and any updates or supplements in subsequent Quarterly Reports on Form 10-Q and our other filings with the SEC. Such filings are available publicly on our Investor Relations web page at www.walkerdunlop.com.

Non-GAAP Financial Measures

To supplement our financial statements presented in accordance with United States generally accepted accounting principles ("GAAP"), the company uses adjusted EBITDA, a non-GAAP financial measure. The presentation of adjusted EBITDA is not intended to be considered in isolation or as a substitute for, or superior to, the financial information prepared and presented in accordance with GAAP. When analyzing our operating performance, readers should use adjusted EBITDA in addition to, and not as an alternative for, net income. Adjusted EBITDA represents net income before income taxes, interest expense on our term loan facility, and amortization and depreciation, adjusted for provision (benefit) for credit losses net of write-offs, stock-based incentive

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compensation charges, and non-cash revenues such as the fair value of expected net cash flows from servicing, net. Because not all companies use identical calculations, our presentation of adjusted EBITDA may not be comparable to similarly titled measures of other companies. Furthermore, adjusted EBITDA is not intended to be a measure of free cash flow for our management's discretionary use, as it does not reflect certain cash requirements such as tax and debt service payments. The amounts shown for adjusted EBITDA may also differ from the amounts calculated under similarly titled definitions in our debt instruments, which are further adjusted to reflect certain other cash and non-cash charges that are used to determine compliance with financial covenants.

We use adjusted EBITDA to evaluate the operating performance of our business, for comparison with forecasts and strategic plans and for benchmarking performance externally against competitors. We believe that this non-GAAP measure, when read in conjunction with the company's GAAP financials, provides useful information to investors by offering

- the ability to make more meaningful period-to-period comparisons of the company's on-going operating results;
- the ability to better identify trends in the company's underlying business and perform related trend analyses; and
- a better understanding of how management plans and measures the company's underlying business.

We believe that adjusted EBITDA has limitations in that it does not reflect all of the amounts associated with the company's results of operations as determined in accordance with GAAP and that adjusted EBITDA should only be used to evaluate the company's results of operations in conjunction with net income. For more information on adjusted EBITDA, refer to the section of this press release below titled "Adjusted Financial Metric Reconciliation to GAAP."

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ADJUSTED FINANCIAL METRIC RECONCILIATION TO GAAP *Unaudited*

<i>(in thousands)</i>	For the year ending December 31, 2025	
	Low End Target	High End Target
<i>Reconciliation of Walker & Dunlop Target Net Income to Target Adjusted EBITDA</i>		
Walker & Dunlop Net Income	\$ 415,140	\$ 488,400
Income tax expense	145,860	171,600
Interest expense on corporate debt	8,000	8,000
Amortization and depreciation	290,000	295,000
Provision (benefit) for credit losses	18,000	18,000
Net write-offs	—	—
Stock compensation expense	35,000	35,000
Fair value of expected net cash flows from servicing, net ⁽¹⁾	(387,000)	(441,000)
Target Adjusted EBITDA	<u>\$ 525,000</u>	<u>\$ 575,000</u>

(1) Represents the fair value of the expected net cash flows from servicing recognized at commitment, net of the expected guaranty obligation

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