



 **ARBOR**
ARBOR REALTY TRUST, INC.

ARBOR REALTY TRUST INVESTOR PRESENTATION

Third Quarter Ended September 30, 2020

CONFIDENTIAL

November 2020

Forward-Looking Statements

Certain items in this presentation may constitute forward-looking statements within the meaning of the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995, including information about possible, anticipated or assumed future results of our business, our financial condition, liquidity, results of operations, plans and objectives. These statements are based on management’s current expectations and beliefs and are subject to a number of trends and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements. Arbor can give no assurance that its expectations will be attained. Factors that could cause actual results to differ materially from Arbor’s expectations include, but are not limited to, changes in economic conditions generally, and the real estate markets specifically, in particular, due to the uncertainties created by the COVID-19 pandemic, continued ability to source new investments, changes in interest rates and/or credit spreads, and other risks detailed in Arbor’s Annual Report on Form 10-K for the year ended December 31, 2019 and its other reports filed with the SEC. Such forward-looking statements speak only as of the date of this presentation. Arbor expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in Arbor’s expectations with regard thereto or change in events, conditions, or circumstances on which any such statement is based.

This presentation includes certain non-GAAP financial measures. These non-GAAP financial measures are in addition to, and not as a substitute for, or superior, to measures of financial performance prepared in accordance with GAAP. There are a number of limitations related to the use of these non-GAAP financial measures versus their nearest GAAP equivalent. For example, other companies may calculate such non-GAAP financial measures differently or may use other measures to evaluate their performance, all of which could reduce the usefulness of these non-GAAP financial measures as tools for comparison. Additionally, as required by Regulation G, a reconciliation of core earnings (introduced in Q1 2020), to net income, the most directly comparable GAAP measure, is available in our Quarterly Report on Form 10-Q for the quarter ended September 30, 2020. Prior period core earnings amounts included on page 11 have been conformed to reflect this change.

Arbor Realty Trust – Valued Franchise

- **Arbor Realty Trust** is an internally managed REIT with a versatile multifamily-centric operating platform and a unique business model, consisting of three primary business platforms:
 - Balance sheet loan origination
 - GSE/Agency loan origination
 - Servicing
- Complementary operating platforms with **diversified and recurring income streams with a proven track record for growth:**
 - Capital light GSE/Agency business generating significant earnings and cash flows
 - Primary focus on small balance loans in the **highly attractive and stable multifamily sector**
 - Industry leading ROE's and annualized shareholder returns
 - 9 consecutive years of consistent dividend growth, including two consecutive increases during the pandemic in 2020
 - Strong liquidity position of ~\$500M at October 30, 2020
 - Prudent leverage and balance sheet strategy with stable liability structures that are long dated, non-recourse and non-mark-to-market
- Led by a cycle tested senior management team with **30+ years** of industry experience and **~19% ownership**



1. As of September 30, 2020.

Arbor's Unique Business Model Provides Substantial Competitive Advantages



- ✓ Strong risk-adjusted returns
- ✓ Drives GSE/Agency pipeline once loans are eligible
- ✓ Match-funded with CLOs that are long dated, non-recourse and non-mark-to-market

- ✓ High ROE/capital-light
- ✓ Long-dated servicing fees
- ✓ High barriers to entry

Combined Benefits

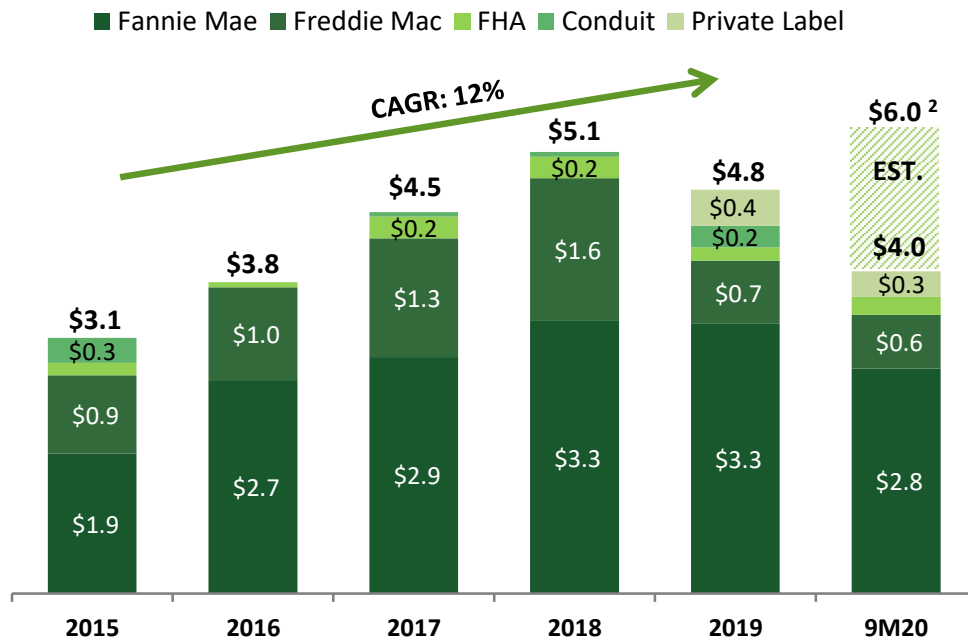
- ✓ **One stop shop** for multifamily borrowers offering flexible lending solutions with enhanced certainty and speed of execution
- ✓ **Safety and growth** of dividend combining benefits from both mortgage REIT and GSE/Agency platform

Leading Nationwide Origination and Servicing Platform

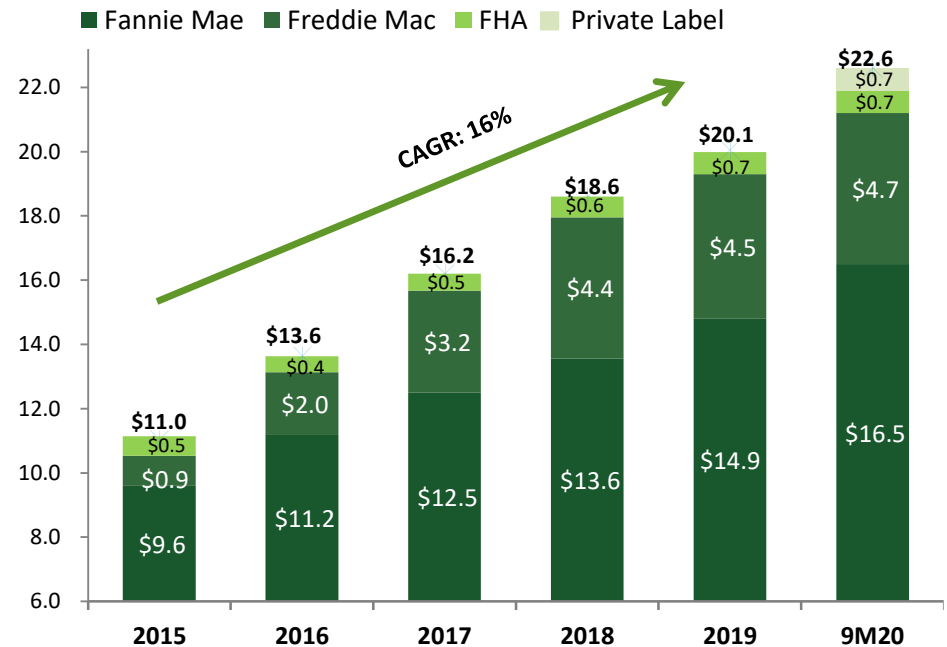
- ~\$42B of GSE/Agency originations since inception in 1995
 - Highly scalable and difficult to replicate platform
 - Focus on small balance loans (\$1M-\$8M) with average size of ~\$6M
 - Industry leading performance with nominal delinquencies and forbearances to date

- \$22.6B servicing portfolio, 100% focused on multifamily
 - Generates significant prepayment protection income stream of ~\$101M annually with 9.2 yr. w/a remaining life
 - \$1.1B fee-earning escrow balances
 - ~\$380M estimated fair market value of MSR¹

Total Agency Originations (\$ in B)



Agency Servicing Portfolio (\$ in B)



1. Mortgage servicing rights valued as of 9/30/20.
 2. Based on actual originations of \$4.0B for 9M20 and projected 4Q20 originations growth (middle of 20%-30% growth range over 2019).

Balance Sheet Loan Portfolio Composition

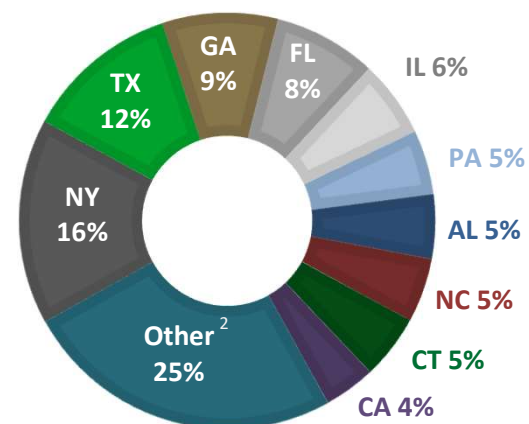
Portfolio Overview

Total Portfolio **\$5.1B**

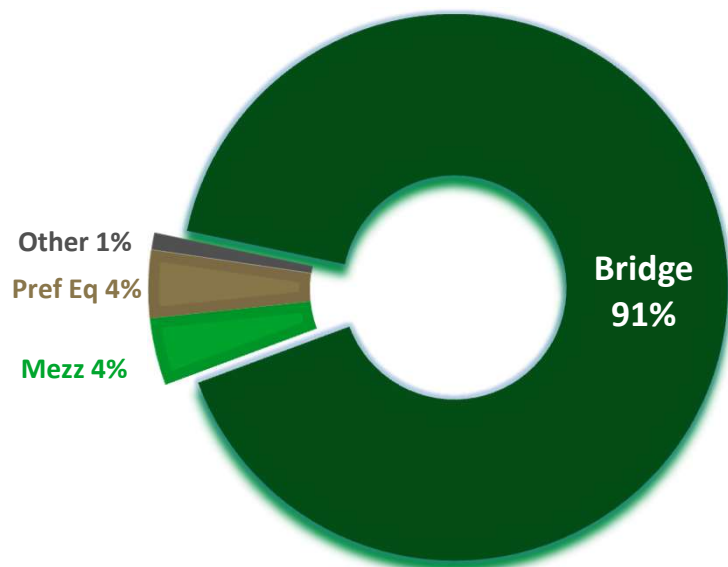
As of: **9/30/2020**

- Average Loan Size \$17.3M
- W/A Loan-to-Value 78%
- Allowance for Credit Losses (CECL) <3%
- Allowance for Credit Losses (w/o CECL) <2%
- W/A Months to Maturity¹ 18.9

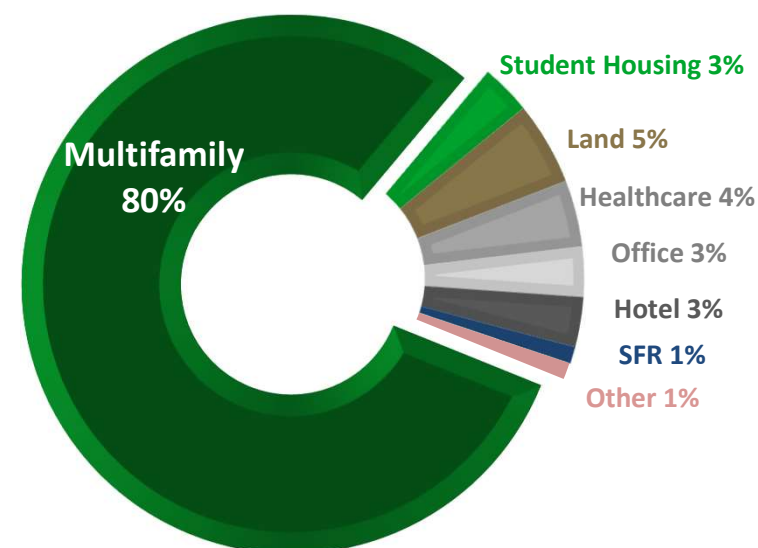
Geographical Location



Loan Type



Asset Class



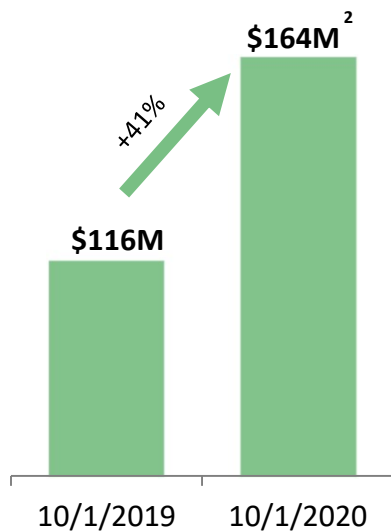
1. Maturity without extension options.

2. Other includes 12% and 7% for the South and Midwest regions, respectively. No other individual state represented 4% or more of the total.

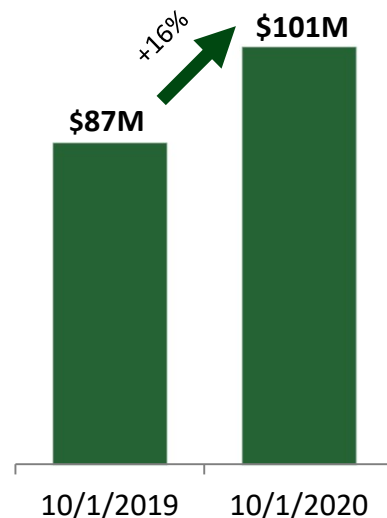
Significant Growth in our Diversified, Long-Dated Income Streams ¹

Considerable growth in our annualized run rate income streams providing a very strong baseline of predictable and stable core earnings

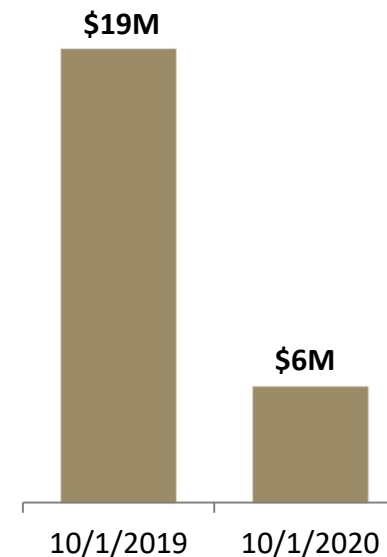
Net Interest Income



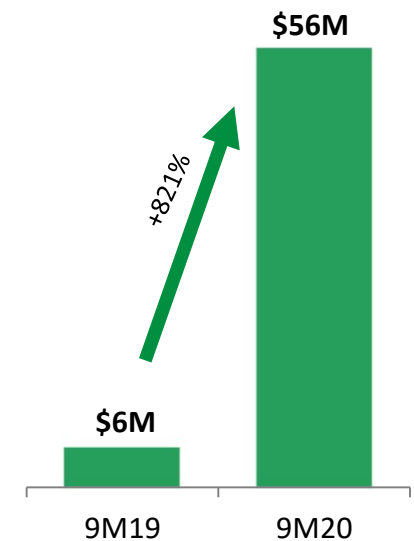
Servicing Revenue



Escrow Revenue



Residential JV Income



Based on:	10/1/19	10/1/20
Asset Bal.	\$4.0B	\$5.1B
Asset Rate ³	7.04%	5.93%
Debt Bal.	\$3.5B	\$4.5B
Debt Rate ³	4.65%	3.09%

Based on:	10/1/19	10/1/20
Servicing Portfolio	\$20.0B	\$22.6B
Servicing Rate	0.435%	0.448%

Based on:	10/1/19	10/1/20
Escrow Balance	\$958M	\$1.1B
Escrow Rate	2.02%	0.50%

Based on:	10/1/19	10/1/20
Ownership %	16.3%	16.3%
Profits Interest	11.2%	14.6%

1. Based on September 30, 2019 and 2020 portfolio, debt and escrow balances, which may not be indicative of actual results.
 2. Structured only; does not include interest income from Agency loans held for sale.
 3. Asset and debt rates reflect "all in" amounts, which include certain fees and costs.

Significant Growth Opportunities

GSE/Agency Business

- We believe that the GSE/Agency-backed loans segment will continue to be a **significant and core portion** of the overall mortgage loans market and we expect to have a very strong fourth quarter of 2020 based on our robust pipeline and grow our 2020 GSE volume by 20%-30% over last year
 - Majority of ABR's GSE/Agency volume is in small balance, affordable housing multifamily loans
- Strong footprint and **demonstrated ability to grow market share** in stable GSE/Agency segment

Structured Loan Business

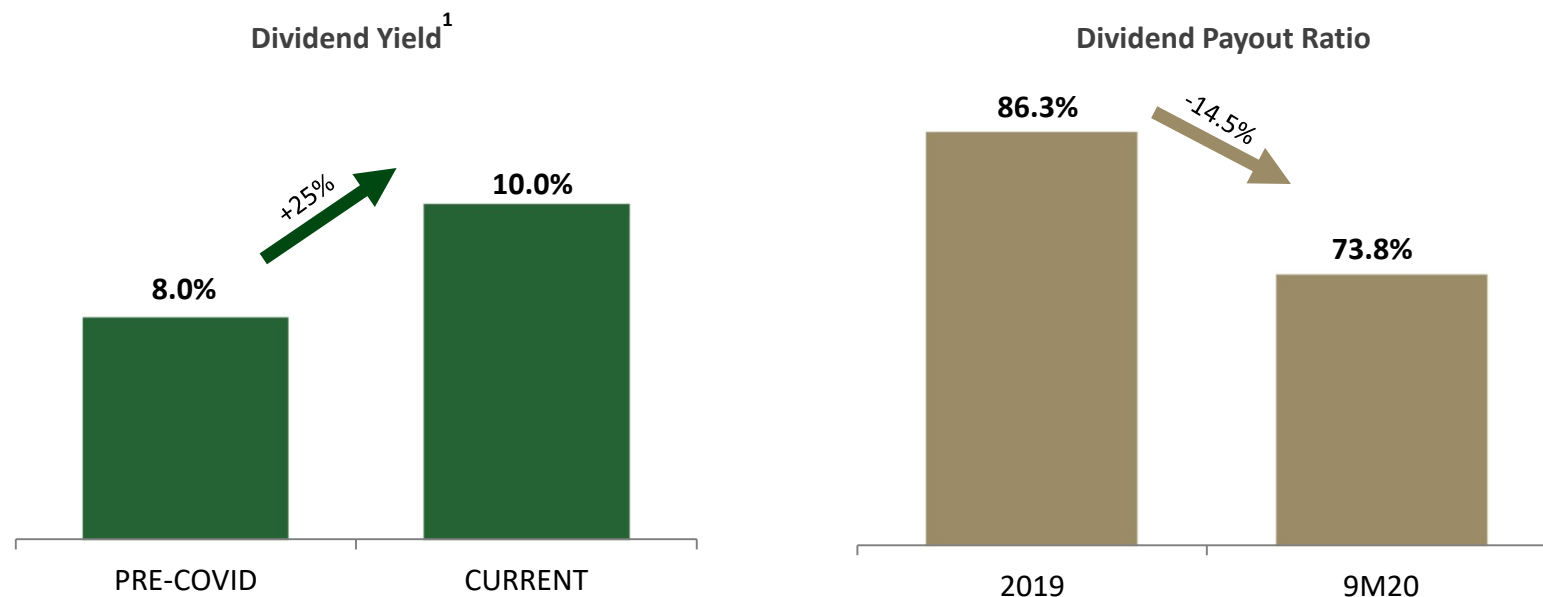
- We expect strong performance in our loan business driven by our proprietary relationships and our expertise in structured loans
 - We experienced **19% growth** in our loan book in the first nine months of 2020, **30% growth** in 2019, and **24% growth** in 2018

Corporate Growth Initiatives

- Proprietary **single-family residential** portfolio platform, providing bridge, permanent and build-to-rent lending products, further diversifying our income streams and lending platforms
 - This platform provides for significant opportunity in one of the fastest-growing asset classes in a market that is as big as multifamily
- Investment in **residential banking joint venture** provides additional income diversity which acts as a natural hedge against declining interest rates, specifically earnings on our escrow balances
- **Arbor Private Label loan program** further diversifies our lending platforms, allowing us to capitalize on inefficiencies in the GSE market and serving as a mitigant against any future GSE changes
 - Arbor Private Label is another complimentary loan product to our existing line of agency loan products which provides our clients with added flexibility and additional options

Substantial Value Play

Significant shareholder value opportunity

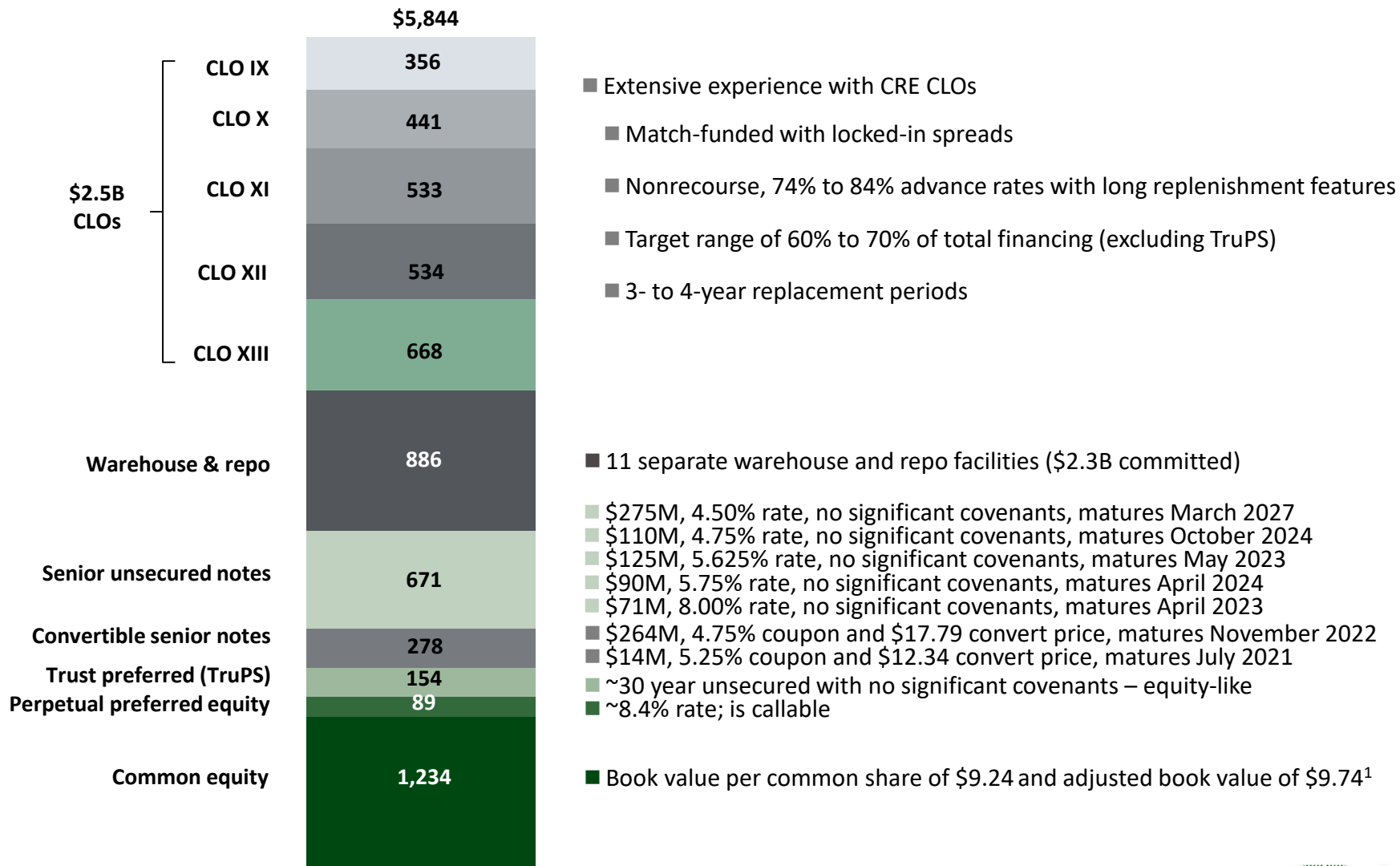


- **Stock price of \$16.00** based on pre-COVID dividend yield
 - We believe we should be trading above this value based on our resiliency and strong performance
 - Our **19% ROE** is unmatched in our industry
 - We've had 9 consecutive years of dividend growth, including 2 consecutive increases totaling 6.7% during the pandemic in 2020
 - Our dividend payout ratio remains an industry low even with our consistent dividend increases

1. Pre-COVID ratio based on 2/10/20 closing price of \$15.00. Current ratio based on 11/2/20 closing price of \$12.76.

Highly Diversified Capital Structure ¹

Capital Structure (\$ in M)



1. Based on common equity of \$1.23 billion and 133.6M shares outstanding, as of September 30, 2020, consisting of 115.9M common shares and 17.6M operating partnership units; adjusted book value adds back the non-cash general CECL reserves on a tax-effected basis (\$67M).

Financial Performance

(Amounts in 000's, except per share amounts)	Year Ended December 31,			Quarter Ended			YTD
	2017	2018	2019	Mar-2020	Jun-2020	Sep-2020	Sep-2020
Net interest income	67,189	103,171	132,063	38,544	41,778	43,812	124,134
Servicing revenue	92,244	119,214	125,647	31,044	29,048	28,804	88,896
Gain on sale, incl. fee based services, net	72,799	70,001	65,652	14,305	26,365	19,895	60,565
Residential mortgage banking JV income	(1,804)	696	7,130	2,872	20,903	32,343	56,118
Other income	3,728	1,653	3,861	2,172	212	1,069	3,453
Total net revenues	234,156	294,735	334,353	88,937	118,306	125,923	333,166
Total operating expenses	142,795	159,323	164,857	46,550	56,570	56,913	160,033
Preferred stock dividends	7,554	7,554	7,554	1,888	1,888	1,888	5,664
Core earnings*	\$83,807	\$127,858	\$161,942	\$40,499	\$59,848	\$67,122	167,469
Core earnings ROE on common equity	11.6%	14.3%	14.9%	13.5%	20.8%	22.4%	18.8%
Core earnings per common share	\$1.04	\$1.37	\$1.39	\$0.31	\$0.46	\$0.50	\$1.26
Dividend per common share ¹	\$0.76	\$1.04	\$1.20	\$0.30	\$0.31	\$0.32	\$0.93
Core EPS in excess of dividends	\$0.28	\$0.33	\$0.19	\$0.01	\$0.15	\$0.18	\$0.33
Stockholders annual return	25%	30%	54%				
Stockholders three-year return	33%						

1. Does not include a \$0.15 special dividend in 2018

Strong core earnings outlook driven by capital light GSE/Agency business, high quality multifamily focused balance sheet portfolio and investment in residential business, which provides significant core earnings well above our dividend run rate

*Core Earnings is a non-GAAP measure that excludes certain one-time items, as well as certain non-cash items. These adjustments are reflected on the appropriate line items above.



APPENDIX

Best-in-Class, Highly Aligned Management Team



Internalized, highly aligned management team with significant ownership



Industry-leading expertise with deep-rooted relationships across commercial real estate space



Deep bench of talented employees



Best-in-class underwriting and origination capabilities



Ivan Kaufman

- President and Chairman of Arbor Realty Trust
- Over 35 years of executive leadership experience in the commercial real estate sector
- Founded Arbor in 1983 and has been CEO and President of Arbor Commercial Mortgage LLC since 1993



Gene Kilgore

- EVP, Structured Securitization
- Significant experience in structured finance and real estate industries
- Joined Arbor in 2004



Paul Elenio

- Chief Financial Officer
- 30 years of experience in commercial real estate in operational and financial capacity
- Joined Arbor in 1991 and has been CFO since 2005



Fred Weber

- EVP, Managing Director of Structured Finance and Principal Transactions
- 30 years of experience in commercial real estate
- Joined Arbor in 1999



John Caulfield

- Chief Operating Officer, Agency Lending
- Significant experience in the mortgage financing industry
- More than 30 years tenure with Arbor



Steve Katz

- EVP, Chief Investment Officer, Residential Financing
- More than 20 years of experience in mortgage trading, securitization, banking and servicing
- More than seven years tenure with Arbor

Arbor Asset Management

Dedicated asset management platform with strong credit history and extensive experience in mitigating risk and modifying and working out assets through all cycles

- Proactively oversee loans requiring a heightened level of surveillance and attention
- Continual dialogue with investors and borrowers regarding loan level issues, plans for resolution and exit strategies
- Develop and review action plans to address watchlist items, highlight drivers of loan rating migration and corrective action steps

Loan Surveillance

- Aggressive approach to mitigating risk for loans in monetary default or that require increased attention and focus
- Promptly determine cause of delinquency and whether a workout is feasible
- Continuously service these loans to mitigate risk exposure and realize maximum recoveries

Risk Management

- Actively manage and maintain the credit quality of the performing loan portfolio
- Routine contact with borrower, including review of financials and property inspections
- Monitor for potential refinancing opportunities
- Perform periodic risk ratings to identify the need for heightened surveillance

Agency Portfolio Management

Structured Asset Management

- Proactive, hands-on approach to the daily oversight of all structured loans from origination to payoff
- Detailed monitoring of properties to ensure compliance with borrower's loan terms, business plan and stabilization
- Hands-on customer service throughout the life loan cycle and through permanent financing

Arbor's Background and History

1983	Arbor National Mortgage (a residential mortgage company) is founded by Ivan Kaufman. The company ultimately grows to greater than 1,200 employees in eight states	2005 - 2008	ACM is rated as an Above Average commercial primary and special servicer by Standard & Poor's and Fitch ACM becomes a Top Ten Fannie Mae DUS [®] Multifamily Lender ART successfully accesses the nonrecourse securitization market to finance its structured finance assets	2016 - 2017	Arbor named a Top Fannie Mae DUS [®] Lender for 11 years in a row, one of only two lenders to achieve this tenure ART completes the acquisition of ACM's agency lending platform, integrating both the structured and agency business into one public entity and internalizes its management team
1992	Arbor National Mortgage goes public under the name Arbor National Holdings (IPO at \$9.00 per share)	2009 - 2011	ART is the only commercial mortgage REIT to successfully manage its securitization vehicles during the recession without any defaults or losses to its investors	2017 - 2018	Arbor is first Freddie Mac SBL Lender to cross \$2B threshold Arbor is the Top Freddie Mac SBL Lender (2016) and the Top Fannie Mae Small Loans Lender (2017)
1993	Arbor Commercial Mortgage (ACM) is established as the commercial real estate finance subsidiary of Arbor National Holdings	2012	ART is first commercial REIT to access securitization market post-2008 recession through collateralized loan obligations (CLOs) with investment replenishment rights	2019	Market cap reaches \$1.9B Annual dividend increased to \$1.20 Servicing portfolio reaches \$20.1B Launches Arbor Private Label and Single-Family Rental (SFR) loan programs Top Fannie Mae Small Loans Lender
1995 - 2002	Arbor National Holdings is sold to Bank of America for \$17.50 per share; Ivan Kaufman retains ACM ACM obtains Fannie Mae DUS [®] Seller/Servicer license, one of 25 granted in the country; becomes FHA MAP lender and Ginnie Mae issuer Successfully operates a structured finance platform as a private company	2013 - 2016	ACM receives Freddie Mac Seller/Servicer designation and becomes one of three nationwide lenders to offer the Freddie Mac Small Balance Loan (SBL) product ACM receives Fannie Mae and Freddie Mac Seniors Housing licenses Arbor becomes a Top Fannie Mae Small Loans Lender and the Top Freddie Mac SBL Lender	2020	Annual dividend increased to \$1.28 Servicing portfolio reaches \$22.6B Structured portfolio surpasses \$5.0B Closed first Private Label multifamily mortgage loan securitization totaling \$727 million
2003	ACM's structured business spins off into Arbor Realty Trust (ART) through a \$120M 144A offering				
2004	Arbor Realty Trust (NYSE: ABR) goes public completing a \$135M IPO				