

Arbor Realty Trust Investor Presentation

March 2017



Overview of our franchise - business platforms

Senior management team with 30 plus years of successful operating capability in the financial services industry that are fully aligned with over 38% ownership

Balance Sheet Loan Origination & Structured Investment Platform

- Specialized real estate finance platform that invests in a diversified portfolio of structured finance assets in the multifamily and commercial real estate markets, with a focus on bridge and mezzanine loans
- Primary focus is multifamily, senior loans, which generate strong leveraged returns in a secure part of the capital stack
- \$1.8 billion investment portfolio at December 31, 2016
- 90% of investment portfolio in bridge loans, with 80% of bridge loans to multifamily properties
- Small balance lending strategy is differentiated from peers – average size of ~\$12 million per loan
- Consistent track record of producing significant earnings from equity kickers and structured transactions
- Formed in June 2003 as a real estate investment trust (“REIT”) for federal income tax purposes

GSE (Agency) Loan Origination and Servicing Platform

- One of only 25 Fannie Mae DUS® licensed lenders nationwide, and a top 10 DUS lender for 10 straight years
- One of only 22 Freddie Mac Program Plus lenders, and the number One Freddie small balance lender as well as a Affordable Housing, and HUD originator
- Leading national multifamily agency loan origination and servicing platform with over 200 direct employees, including 20 originators in eight states with more than 20 years of experience on average
- Primary focus on small balance loans with ~\$5 million average loan size
- Servicing portfolio of ~\$13.6 billion as of Dec 31, 2016 (~48 bps svc fee), prepayment protected, stable, long dated income stream
- Originated \$3.8 billion in loans in 2016; 5-year average growth rate in originations of more than 20%



Significant Accomplishments 2016

- Acquired the agency platform of Arbor Commercial Mortgage, LLC on July 14, 2016
- Immediate accretion to core earnings and dividends contributing to AFFO of \$0.79 in 2016, a 9% ROE
- Increased our dividend run rate to \$0.68 per share, a 13% increase from 2015 and increased the dividend twice in 2016 from \$0.60 to \$0.64 per share and again from \$0.64 to \$0.68 per share
- Delivered a total shareholder return of 13% in 2016, and 23% annually for the last five years
- Produced record originations of \$4.6 billion, \$3.8 billion from the agency business, a 22% increase over 2015 agency volume¹
- Grew our servicing portfolio to \$13.6 billion, with a w/a servicing fee of 48 basis points, a 24% increase from 2015 and a 14% increase since the agency business acquisition¹
- Increased our transitional balance sheet portfolio 17% in 2016 to \$1.8 billion
- Earned \$15 million of income from equity investments and structured transactions
- Continued focus on new and improved non-recourse securitization vehicles closing our sixth CLO since 2012, for \$325 million with replenishment rights¹
- Effectively accessed accretive capital raising \$86 million of 3 year convertible notes with attractive terms, including a \$8.38 convert price, and a coupon of over 200 bps inside our common dividend yield
- Strong liquidity position with approximately \$150 million in cash on hand to fund new investments

¹ See growth charts and capitalization table on pages 6, 7 and 8.



Substantial Value Play

ABR's stock price trades significantly below the Commercial Mortgage REIT ("CMR") peer group average:

Arbor Realty Trust (ABR)

- Price to book value of 0.87%
- Price to tangible book value of 0.95%
- ~ 8.5% dividend yield

VS.

Peer Group Avg. (Source: Thomson Reuters)

- Price to book value of 1.04%
- ~ 8% dividend yield

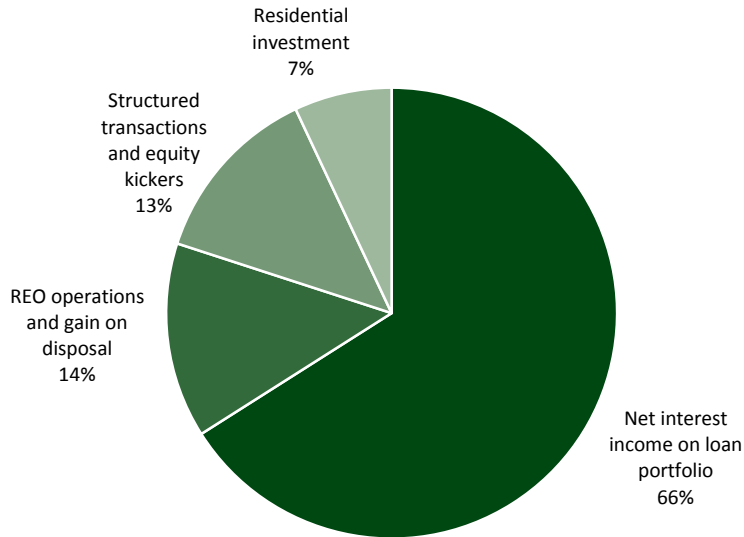
- We believe ABR should be viewed and valued consistent with an operating franchise rather than a traditional mortgage REIT, resulting in a higher trading premium due to its significant GSE origination and servicing platform which:
 - Generates a substantial recurring, predictable long dated income stream through a large, mostly prepayment protected, servicing portfolio of approximately \$13.6 billion with a w/a servicing fee of 48 basis points
 - Significantly diversifies and increases the stability and duration of our income streams, with GSE income representing ~ 63% of our income sources, over 50% of which is comprised of servicing income
 - Provides a very durable growth platform, while minimizing the impact of capital market and interest rate volatility
 - Contains significant escrow balances of over \$400 million earning approximately LIBOR, which will generate significant additional earnings power as interest rates rise
 - And is operated through an efficient corporate tax structure that could become even more accretive **if certain proposed corporate tax reduction plans under the Trump administration are implemented**

Conclusion: We believe ABR should garner a higher trading premium than the CMR peer group resulting in a current stock price in excess of \$9.00 a share, due to our significant operating agency platform that generates a more predictable, stable earnings base to support the dividend, which if achieved, would generate a total shareholder return in excess of 25% in 2017



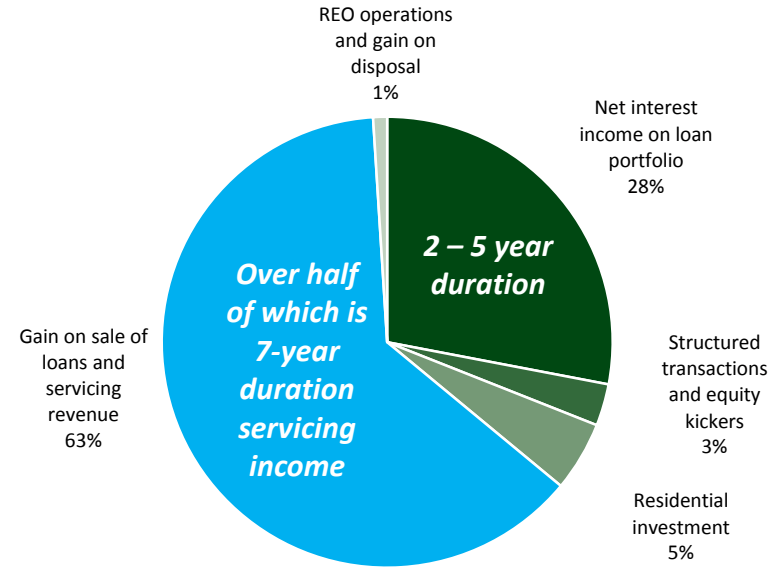
Diversification & duration of income sources

2015 income sources



Total: \$89.7mm

Pro Forma 2016 income sources



Total: \$188.4mm

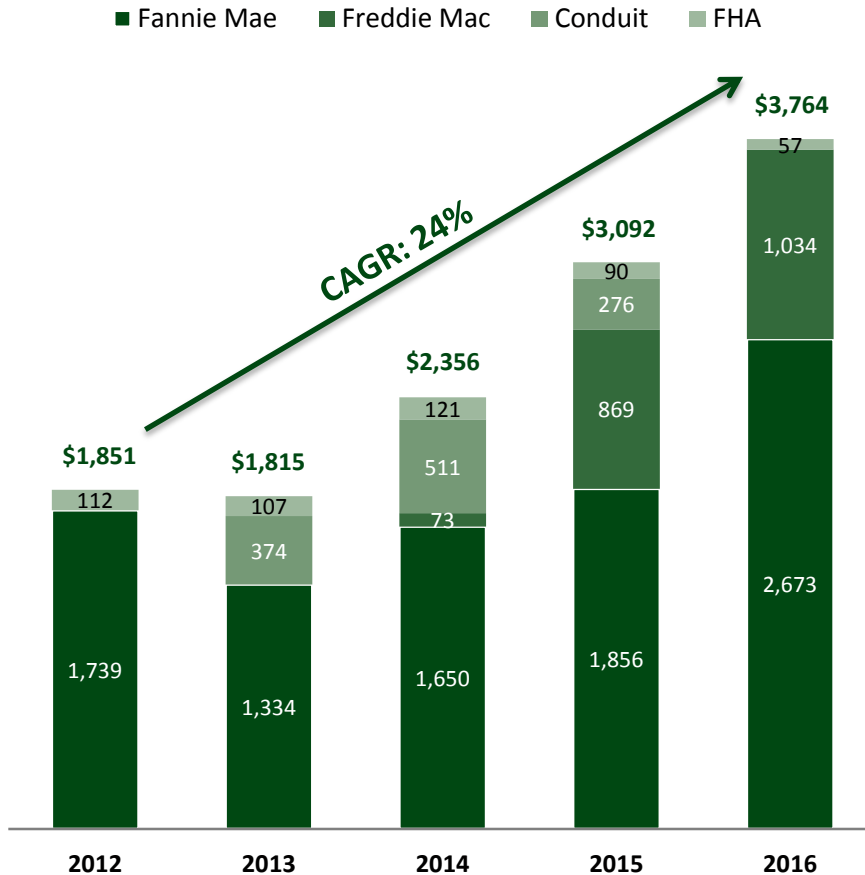
- **ABR significantly diversified its income sources while creating a long-dated, prepayment protected revenue stream**
 - Potential for additional benefit from increase in interest income on escrow balances due to future increases in LIBOR

GSE platform expands our product offerings and adds diversity, duration, and stability to our earnings streams



Leading, nationwide origination and servicing platform

Total Originations – GSE (Agency) Business (\$mm)



Overview of origination platform

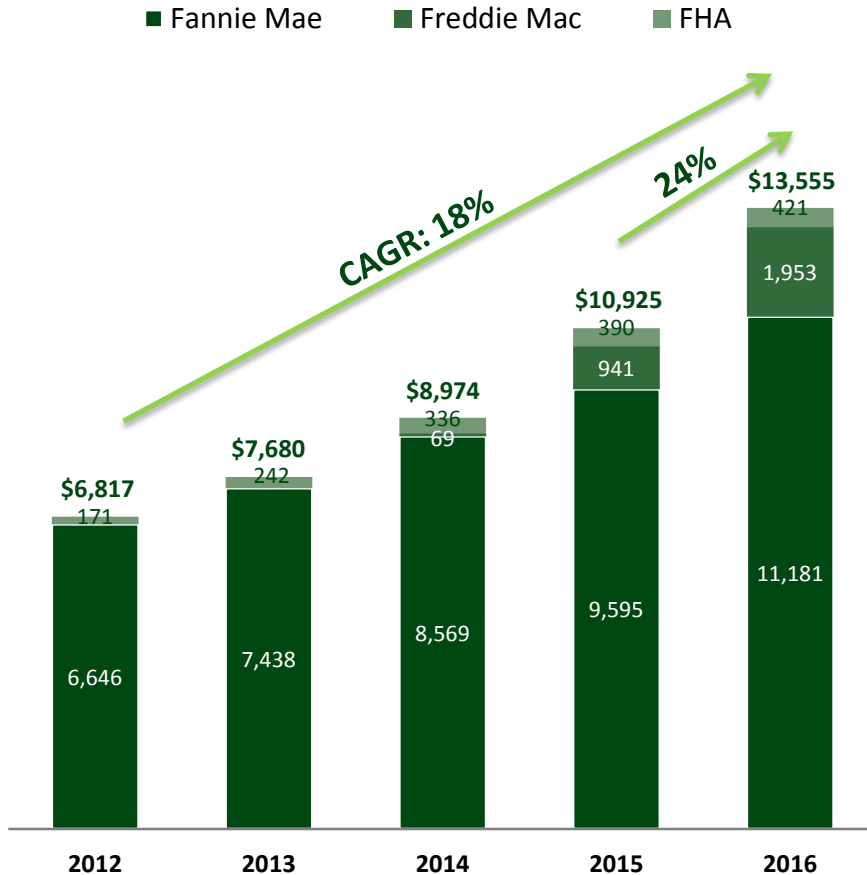
- Operating since 1995, originated over \$24 billion since inception
 - \$12.9 billion in aggregate originations from 2012 – 2016 producing a 24% five year annual growth rate
 - Record 2016 originations of \$3.8 billion
 - 44% growth in Fannie Mae originations in 2016
- One of only 25 licensed Fannie Mae DUS® lenders
- Top 10 multifamily DUS® lender for 10 consecutive years
- Top small balance lender for Fannie Mae in 2014, 2015 and 2016
- Number one small balance lender for Freddie Mac in 2015 and 2016
- 20 originators in eight states with more than 20 years average experience

Note: All metrics shown as of 12/31/16



Leading, nationwide origination and servicing platform

Servicing platform – Servicing portfolio growth (\$mm)



Overview of servicing platform

- ~13.6 billion servicing portfolio at 12/31/2016
 - 18% five year annual growth rate
 - 24% growth in 2016
- ~48 bps weighted average servicing fee
- Annual annuity income of more than \$65 million
- 7 years weighted average remaining life
 - Prepayment protection in commercial MSR has structural advantages compared to residential MSR
- Average loan size of ~\$5 million
 - Focus on small balance (\$1 - \$5 million)
- 100% multifamily-focused servicing platform
- Approximately \$400 million in escrow balances that a 1% increase in Libor would generate in excess of \$0.05 a share in additional earnings
- Estimated fair market value of MSRs of approximately \$260 million

Note: All metrics shown as of 12/31/16



Capital Structure

Capital structure (\$mm)

| | \$2,142 | |
|----------------------------|---------|-----|
| \$737mm CLOs | CLO IV | 219 |
| | CLO V | 268 |
| | CLO VI | 250 |
| Warehouse & repo | 248 | |
| Senior unsecured notes | 98 | |
| Convertible senior notes | 86 | |
| Seller financing | 50 | |
| Trust preferred (TruPS) | 176 | |
| Perpetual preferred equity | 89 | |
| Common equity | 658 | |

- Extensive experience with CRE CLOs
 - Match-funded with locked-in spreads
 - Non-recourse, 75% advance rate with long replenishment features
 - 63% of total financing (excluding TruPS) target range of 65% to 75%
- Six separate warehouse and repo facilities (\$500mm committed)
- ~ 8% Rate redeemable after May 2017; no significant covenants
- 3 year paper, 6.5% coupon and \$8.38 convert price
- 5 year paper, ~ 8% unsecured with no significant covenants
- ~30 year unsecured with no significant covenants – equity-like
- ~ 8.5% rate callable beginning February 2018 to February 2019
- Book value per common share of \$9.05¹

Notes: Table is as of 12/31/16. Excludes short term debt assumed in our recent acquisition of ACM's Agency Loan Origination and Servicing Platform

¹ As of 12/31/16, based on \$658 million book value of common equity, 51.4 million common shares outstanding and 21.2 million operating partnership units outstanding issued in connection with the acquisition of the agency business



Financial Performance

| (Amounts in 000s except per share amounts) | For the year ended December 31, | | |
|-------------------------------------------------|---------------------------------|-----------------|------------------------------|
| | 2014 | 2015 | 2016 |
| Net interest income | \$59,869 | \$59,185 | \$53,505 |
| Servicing revenue | - | - | 30,759 |
| Gain on sale, including fee based services, net | - | - | 24,594 |
| REO assets NOI and gains from disposals | 6,388 | 12,212 | 1,811 |
| Structured transactions and equity kickers | 8,919 | 11,437 | 5,934 |
| Residential mortgage banking JV income | - | 6,600 | 9,600 |
| Other income | 1,645 | 270 | 542 |
| Total net revenues | \$76,821 | \$89,704 | \$126,745 |
| Total operating expenses | 31,163 | 36,601 | 70,199 |
| Preferred stock dividends | 7,256 | 7,554 | 7,554 |
| Core AFFO | \$38,402 | \$45,549 | \$48,992 |
| Core earnings ROE on common equity | 9.4% | 9.9% | 9.0% |
| Core AFFO per common share | \$0.76 | \$0.89 | \$0.79 |
| Dividend per common share | \$0.52 | \$0.60 | \$0.64 |
| Core earnings per share in excess of dividends | \$0.24 | \$0.29 | \$0.15 |
| Total stockholders return | 9.5% | 14.2% | 13.0% |
| | | | 23.1% (5 year return) |

Earnings in excess of dividends

Predictable annuity of income streams

