



Arbor – November CLO Update

DSCR of the underlying portfolio continues to fall as delinquencies explode.

PLEASE READ IMPORTANT DISCLAIMER – PAGE 4

November 29, 2023 – Arbor’s underlying CLO performance trustee data for November is now live, and it is as bad as we expected, if not worse. This report will track Arbor’s underlying asset delinquencies and debt service coverage ratios (DSCR), which now show clear and dangerous negative trends to the downside.

We reiterate our belief that Arbor is a donut. \$0.00.

There is no rate cut large enough, no rate caps cheap enough, and no investors dumb enough to save Arbor.

Our original report, published on November 16, 2023, can be found here:

<https://viceroymresearch.org/2023/11/16/arbor-reealty-trust-slumlord-millionaires/>

Ballooning Distressed Portfolio

Arbor’s November CLO vintages show that delinquencies are up ~40-50% over the last 30 days. Tranches which had 0% delinquency rates earlier in the year are now experiencing almost 30% delinquency rates across their total deal flow.

Deal Balance	ARCLO	ARCLO	ARCLO	ARCLO	ARCLO	ARCLO
Delinquencies %	2021-FL1	2021-FL2	2021-FL3	2021-FL4	2022-FL1	2022-FL2
Jan 2023	4.82%	3.78%	1.82%	7.53%	0.00%	0.00%
Feb 2023	0.00%	1.73%	0.92%	8.16%	5.34%	0.00%
Mar 2023	7.57%	1.91%	0.00%	12.34%	5.27%	0.00%
Apr 2023	4.87%	2.03%	1.61%	9.73%	1.93%	0.00%
May 2023	5.94%	2.09%	3.98%	8.01%	4.56%	1.63%
Jun 2023	6.31%	8.56%	5.95%	8.32%	2.26%	0.00%
Jul 2023	11.19%	8.35%	5.28%	9.34%	6.29%	0.00%
Aug 2023	6.85%	7.91%	7.55%	4.74%	7.44%	9.10%
Sep 2023	4.29%	6.97%	11.39%	9.04%	4.61%	4.37%
Oct 2023	18.46%	6.84%	14.52%	7.47%	10.03%	7.59%
Nov 2023	27.80%	9.80%	19.50%	9.20%	11.50%	12.10%
m/m change	50.60%	43.27%	34.30%	23.16%	14.66%	59.42%

Number of delinquent loans	ARCLO	ARCLO	ARCLO	ARCLO	ARCLO	ARCLO	All deals
	2021-FL1	2021-FL2	2021-FL3	2021-FL4	2022-FL1	2022-FL2	
Jan 2023	2	2	1	3	0	0	8
Feb 2023	0	1	1	4	2	0	8
Mar 2023	2	1	0	4	2	0	9
Apr 2023	2	1	1	3	1	0	8
May 2023	2	1	3	2	3	1	12
Jun 2023	2	2	3	2	2	0	11
Jul 2023	6	2	3	3	4	0	18
Aug 2023	5	2	4	4	6	2	23
Sep 2023	4	2	7	5	4	2	24
Oct 2023	8	2	9	5	5	4	33
Nov 2023	11	5	11	7	8	4	46
m/m change	37.50%	150.00%	22.22%	40.00%	60.00%	0.00%	39.39%

Figures 1 & 2 – Viceroy Analysis, data sourced from trustee data

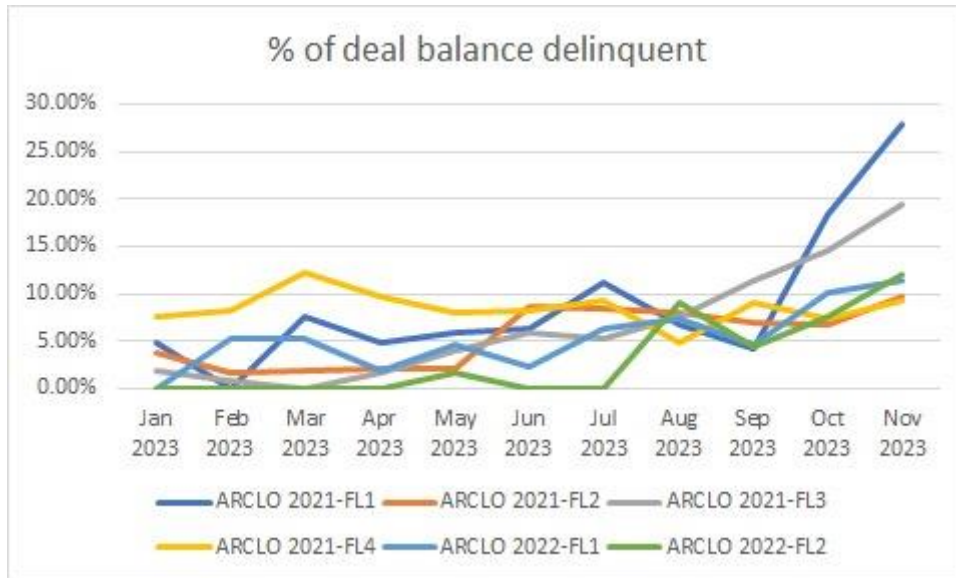


Figure 3 – Viceroy Analysis, data sourced from trustee data

There is now a clear trend that shows delinquencies are skyrocketing. We can also break down delinquencies by overdue periods, being loans less than 30 days delinquent, and loans more than 30 days delinquent.

< 30 day delinquency %	ARCLO 2021-FL1	ARCLO 2021-FL2	ARCLO 2021-FL3	ARCLO 2021-FL4	ARCLO 2022-FL1	ARCLO 2022-FL2
Jun 2023	4.92%	8.56%	4.33%	0.00%	2.26%	0.00%
Jul 2023	7.71%	8.35%	5.28%	1.70%	4.19%	0.00%
Aug 2023	2.83%	7.91%	3.53%	4.74%	5.33%	9.10%
Sep 2023	0.03%	6.97%	9.67%	9.04%	2.16%	4.37%
Oct 2023	15.04%	0.00%	10.92%	3.00%	7.45%	7.59%
Nov 2023	24.40%	3.40%	14.90%	1.70%	5.80%	12.10%
m/m change	62.23%	N/A	36.45%	-43.33%	-22.15%	59.42%
>30 day delinquency %	ARCLO 2021-FL1	ARCLO 2021-FL2	ARCLO 2021-FL3	ARCLO 2021-FL4	ARCLO 2022-FL1	ARCLO 2022-FL2
Jun 2023	1.39%	0.00%	1.62%	8.32%	0.00%	0.00%
Jul 2023	3.48%	0.00%	0.00%	7.64%	2.10%	0.00%
Aug 2023	4.02%	0.00%	4.02%	0.00%	2.11%	0.00%
Sep 2023	4.26%	0.00%	1.72%	0.00%	2.45%	0.00%
Oct 2023	3.42%	6.84%	3.60%	4.47%	2.58%	0.00%
Nov 2023	3.40%	6.40%	4.60%	7.50%	5.70%	0.00%
m/m change	-0.58%	-6.43%	27.78%	67.79%	120.93%	N/A

Figure 4 – Viceroy Analysis, data sourced from trustee data

This data highlights two things:

- Loans that are less than 30 days delinquent are not being rehabilitated, and shift to over-30 days delinquent. We can see this as >30 day delinquencies are mostly rising across tranches.
- Despite loans moving from <30 days delinquent to >30 days delinquent, the <30 day delinquency figures remain high. This indicates that this delinquency trend will likely continue into the next month.



DSCR trends

Quarterly DSCR data now available for October 2023 gives some insight into why these loans are becoming delinquent: their portfolio is significantly underwater.

Weighted avg NOI DSCR	ARCLO 2021-FL1	ARCLO 2021-FL2	ARCLO 2021-FL3	ARCLO 2021-FL4	ARCLO 2022-FL1	ARCLO 2022-FL2
Apr 2021	1.18x					
Jul 2021	1.54x	1.44x				
Oct 2021	1.30x	1.68x	1.47x			
Jan 2022	1.39x	1.55x	1.62x	1.39x	1.39x	
Apr 2022	1.33x	1.46x	1.53x	1.35x	1.34x	1.30x
Jul 2022	1.22x	1.42x	1.45x	1.22x	1.14x	1.10x
Oct 2022	1.01x	1.12x	1.35x	0.93x	0.88x	0.93x
Jan 2023	0.82x	0.76x	1.09x	0.72x	0.64x	0.76x
Apr 2023	0.91x	0.72x	0.90x	0.79x	0.82x	0.84x
Jul 2023	0.75x	0.67x	0.78x	0.68x	0.76x	0.78x
Oct 2023	0.66x	0.59x	0.64x	0.57x	0.62x	0.64x

Figure 5 – Viceroy analysis, data sourced from trustee data

The weighted DSCR of every single CLO is at its lowest point of all time.

Conclusion

Viceroy is short Arbor Realty Trust (**NYSE : ABR**). In this industry plagued with delusion and bad decisions, Arbor stands out **as the worst of the worst**. Viceroy's dive into Arbor's CLOs suggest its entire loan book is distressed and underlying collateral is vastly overstated. These loans do not qualify for refinancing anywhere, and substantially all mature within the next 18 months.

We believe Arbor is a donut. \$0.00.

Note: this report has been amended to show that data was sourced from trustees.



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We also understand first-hand the retaliation whistleblowers sometimes face for championing these issues. Where possible, Viceroy is happy act as intermediaries in providing information to regulators and reporting information in the public interest in order to protect the identities of whistleblowers.

You can contact the Viceroy team via email on viceroy@viceroyresearch.com.

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