Arbor - PIK-ing Holes in CLO Data

Arbor appears to misreport capitalized PIK interest and adulterate and manipulate CLO data as its book collapses.

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December 16, 2024 – Arbor Realty Trust (NYSE:ABR) continued to materially mislead investors during 2024. This report will highlight especially egregious misrepresentations made by Arbor in its Q3 2024 10-Q and earnings call, and CLO trust reporting throughout the year.

- Arbor has modified $5.7b of loans (up 26% month-on-month) and holds ~$1b of delinquent loans (up 46% month-on-month) in its CLO portfolio.
  - Modified loans represent ~86% of Arbor's ~$6.8b CLO portfolio, and delinquent loans ~15%. Most delinquent loans have already been modified.
- Viceroy's granular analysis of individual CLO loan data over 12 months shows:
  - Vast sections of financial data including delinquencies and modifications have been manipulated, adulterated, and/or erroneously under-reported.
  - Almost every underlying sponsor's debt servicing costs are substantially higher than the scheduled interest due to Arbor, and this figure has been growing at an alarming rate. Substantially all of Arbor borrowers have obtained third party mezzanine financing to pay unaffordable Arbor interest.
  - Arbor appear to modify spreads for distressed borrowers (a large portion of Arbor's book), month-on-month, to create a quasi cash-sweep program where borrowers simply pay what they. Arbor does not record delinquencies or modifications on these loans.
- Arbor's net interest spread has dropped by 13-55% across its various CLOs. The portfolio of distressed loans, is teetering on the edge of a negative spread with over 95% of borrowers unable to afford interest repayments from slim operational margins. The portfolio has an LTV ratio of 85% (approximately a 4.2% cap rate), with Arbor holding the equity stake.
- Only 9 Arbor loans have an underlying DSCR of >1.0. There is no sign of operational turnaround among sponsors, as LTM NOI remains flat across the board, and debt servicing costs increased due to presumed mezzanine financing.
- Arbor's CFO incorrectly claims that only $15m of PIK accrued in Q3 2024. This is a logical impossibly against reported cash pay-rate and weighted average yield.
  - Viceroy's calculations suggest between $35m and $37m PIK accrued in Q3 2024, reflecting the severe liquidity constraints faced by sponsors.
  - Non-cash PIK from distressed borrowers is not adjusted for in Arbor's distributable income. Arbor must borrow or sell assets to fund dividends, and trades at a premium to tangible book value.
- Arbor is unable to sell MF foreclosed properties at their ridiculous valuations. To avoid impairments, the company holds foreclosed properties on its books at an undefined carrying value, and operates them at a loss. This inflates the asset side of the balance sheet and makes leverage appear lower than it truly is.
- Arbor deceives investors by falsely claiming a robust sales pipeline while its loan book has been shrinking. New originations appear to be substantially the refinancing of existing loans, sometimes to the same borrowers.
- The current common dividend remains unsupported by true cash flow available to support it.

Distributable Earnings Analysis	Q3 2024
Arbor reported distributable earnings	**88,175**
Viceroy adjustments:	
Less: Provisions for credit losses	(17,077)
Less: Stock based compensation	(2,977)
Add: PIK income	(37,299)
Viceroy adjusted distributable earnings	**30,822**
Diluted weighted average shares outstanding	205,347,309
Viceroy adjusted distributable earnings per share	0.15
Dividend declared per share	0.43
Dividend shortfall	**(57,477)**

Arbor is no longer picking up pennies in front of a freight train, it is dropping them.

November CLO Surveillance Update

Arbor incorrectly reported CLO data this month, which was partly why Viceroy delayed the publication of our monthly surveillance report. We noticed many trends, irregularities, and errors in Arbor's data throughout the year which we believed required more attention.

We will begin by analyzing the performance of the CLOs, as we have done in previous surveillance reports, before addressing the irregularities[1].

November 2024 Update	ARCREN 2021-FL1	ARCREN 2021-FL3	ARCREN 2021-FL4	ARCREN 2022-FL1	ARCREN 2022-FL2	Total
Total # deals/properties	**34**	**49**	**90**	**67**	**41**	**281**
< 1 Month	-	-	5	6	4	**15**
30 Days	3	-	7	5	-	**15**
60 Days	-	**5**	**1**	**2**	-	**8**
90+ Days	1	-	-	2	-	**3**
Modifications total (#)	25	39	59	45	29	**197**
*Adjustment for double count**	*(1)*	*(5)*	*(10)*	*(6)*	-	***(22)***
Total delinquent & modified	**28**	**39**	**62**	**54**	**33**	**216**
Total deal balance	**469,667,312**	**990,344,925**	**1,884,288,170**	**1,793,735,750**	**931,774,999**	**6,069,811,156**
< 1 Month	-	-	106,865,000	177,475,000	120,700,000	**405,040,000**
30 Days	15,320,215	-	132,707,851	49,949,785	-	**197,977,851**
60 Days	-	**57,700,000**	**44,000,000**	**39,605,000**	-	**141,305,000**
90+ Days	10,514,731	-	-	43,859,965	-	**54,374,696**
Modified	339,147,097	849,014,051	1,354,120,013	1,504,524,000	678,536,530	**4,725,341,691**
*Adjustment for double count**	*(10,514,731)*	*(57,700,000)*	*(197,917,851)*	*(202,920,000)*	-	***(469,052,582)***
Total delinquent & modified	**354,467,312**	**849,014,051**	**1,439,775,013**	**1,612,493,750**	**799,236,530**	**5,054,986,656**
**Double count adjustment for loans both modified and delinquent. This adjustment was not conducted in previous reports.*						
Underlying Revenue	46,596,923	73,633,778	158,738,599	135,463,849	77,485,111	**491,918,260**
Underlying Expenses	(27,642,957)	(39,558,553)	(81,539,973)	(71,211,137)	(37,458,067)	**(257,410,688)**
Underlying NOI	18,953,965	34,075,225	77,198,625	64,252,711	40,027,044	**234,507,571**
Debt Service Amount	(33,600,639)	(53,888,460)	(125,853,074)	(112,319,796)	(61,268,359)	**(386,930,328)**
DSCR	**0.56**	**0.63**	**0.61**	**0.57**	**0.65**	**0.606**

- Arbor has modified $5.7b of loans (up 26% month-on-month) and holds ~$1b of delinquent loans (up 46% month-on-month).
  - Modified loans represent ~86% of Arbor's ~$6.8b CLO portfolio, and delinquent loans ~15%[2].
  - The DSCR of modified loans is ~0.58x[3].
  - Borrowers appear to have taken outside debt to service Arbor interest, reflected in substantially higher debt servicing costs than Arbor scheduled interest expenses[4].
- Arbor's rapidly diminishing Net Interest Spread will not improve with any realistic federal rate cuts. This report will show the enormous earnings impact Arbor has suffered by slashing rates for its borrowers. Over 95% of Arbor's borrowers continue to be structurally insolvent, despite rate cuts.
- Arbor's Cash Interest Income Rate (ex-PIK) has already fallen below the cost of debt, as its modifications allow distressed lenders to roll over interest on interest-only loans. This report will detail the enormous extent to which Arbor is capitalizing interest.
- Management claims of sales pipelines are pipe dreams. New originations appear to be substantially the refinancing of existing loans, sometimes to the same borrowers.
  - Arbor's asset book has shrunk by ~$4b since its peak in Q3 2022. There is no manner in which Arbor can grow earnings in the midst of a wind-down.
- Arbor has provided favorable mezzanine financing to distressed clients to "rehabilitate" their loans. We believe these are non-recoverable, given that 95% of borrowers operate at heavy losses.

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[1] **EDIT 12/20/2024**: We note that our data appears to have corrupted at some point in pulling this table, pulling the same data for 2021-FL4, 2022-FL1, 2022-FL2. This has now been corrected, alongside relevant analysis. There were no material differences in correction.
[2] A number of modified loans are also delinquent (again).
[3] Adjusted for various loans against the same property. We note that Arbor have serially misreported borrower financials in this regard, we dive into this below.
[4] We are in the process of determining if further liens have been registered against these properties.

1. A Deeper Dive into CLO Data Trends

Viceroy analyzed over a year of monthly CLO data including borrower financial statements and concluded that:

- Vast sections of data, in particular delinquencies and modifications, are manipulated, adulterated, and/or erroneously reported
- Substantially all Arbor borrowers appear to be obtaining third party mezz financing to pay unaffordable Arbor interest. It is possible Arbor is also providing this mezz financing
- Arbor's net interest spread has dropped by 13-55% across its various CLOs. The portfolio, consisting primarily of distressed loans, is teetering on the edge of a negative spread with over 95% of borrowers operating at enormous losses. The portfolio has an LTV ratio of 85% (approximately a 4.2% cap rate), with Arbor holding the equity stake.

Modifications are being misreported

Viceroy has identified dozens of loans in Arbor's CLO book that have misreported modifications.

- Previously modified loans with multiple modifications, appear as unmodified across various months.
- Various loans with multiple modifications appear to have records of those modifications extinguished when recording of a loan maturity extension (all November 2024).
- Modified loans from the wound-down 2021-FL2 CLO were moved into other CLOs with "unmodified" codes.

A small sample of misreported loans is seen below with an index of modification codes. Of note in this sample:

- Loan ID's 338057, 343479, 344015, 346661, 346663 & 346664 have extended maturity date modifications, which appear to have superseded a combination of prior modifications. This is not possible.
- Loan ID 348314's "Other" modification disappears from CLO records.
- Loan ID 318992 inconsistently (and impossibly) records codes "8" and "9" but does not record any modification in April 2024.

	Modifications												
Group ID	Nov-2024	Oct-2024	Sep-2024	Aug-2024	Jul-2024	Jun-2024	May-2024	Apr-2024	Mar-2024	Feb-2024	Jan-2024	Dec-2023	Nov-2023
318992	8	8	8	8	9	8	8		9	9	9		
338057	1	1	9	9	9	9	9	9	9	9	9	9	9
343479	1	1	8	8	8	8	8	8	8				
344015	1	9	9	9	9	9	9	9	8	8	8	8	
346426	8	8	8	8	8	8			8				
346661	1	8	8	8	8	8	8	8	8	8			
346663	1	8	8	8	8	8	8	8	8	8			
346664	1	8	8	8	8	8	8	8	8	8			
348314					8	8	8	8	8	8	8		
353807	9	9	9		8	8	8	8	8	8	8	8	8
378295	9	9	9	9		9	9	9					
438178	9	9	9	9		8	8						

Code	Modification
1	Maturity Date Extension
2	Amortization Change
3	Principal Write-Off
5	Temporary Rate Reduction
6	Capitalization on Interest
7	Capitalization on Taxes
8	Other
9	Combination
10	Forbearance

Figures 1 & 2 – Sample of Misreported Modifications & Code Index

We have previously indicated to US Bank that loan modifications were being misreported. In response, US Bank Trustee revoked our access to Arbor's CLO data.

Undisclosed flexible payment terms

Viceroy's investigations show that many delinquent borrowers appear to have been given flexible payment terms which change month-on-month, without new modifications or delinquencies being recorded.

The below 2021-FL3 spread stratification sample shows how much individual loan assets are receiving in interest income above the index rate (the spread). We can see that:

- A borrower of a $12.8m loan pays -0.48% spread in October 2024, followed by -0.17% spread in November 2024.
- A borrower of a $28.4m loan pays 0.54% spread in October 2024, followed by 0.83% spread in November 2024.
- A borrower of a $25.6m loan pays 1.00% spread in October 2024, followed by 1.08% spread in November 2024.

2021 FL3		Nov-24			Oct-24	
Spread	# of Assets	Balance	% of Balance	# of Assets	Balance	% of Balance
(0.46)				1	12,775,000	1.22%
(0.25)	2	25,500,000.00	2.57%	2	25,500,000	2.44%
(0.17)	1	12,775,000.00	1.29%			
0.54				1	28,400,000	2.72%
0.83	1	28,400,000.00	2.87%			
0.90	1	17,900,000.00	1.81%	1	17,900,000	1.71%
0.94				1	29,500,000	2.82%
0.95	1	30,075,000.00	3.04%	1	30,075,000	2.88%
1.00				1	25,600,000	2.45%
1.04				1	20,875,000	2.00%
1.08	1	25,600,000.00	2.58%			

Figure 3 – 2021-FL3 Spread Stratification Sample

We see variations of this across all of Arbor's CLOs. Examples are shown below:

2021 FL1		Nov-24			Oct-24	
Spread	# of Assets	Balance	% of Balance	# of Assets	Balance	% of Balance
(1.25)				1	31,250,000	6.65%
(0.92)	1	31,250,000	6.65%			

Figure 4 – 2021-FL1 Spread Stratification Sample

2022 FL2		Nov-24			Oct-24	
Spread	# of Assets	Balance	% of Balance	# of Assets	Balance	% of Balance
(0.60)				1	21,100,000	2.23%
(0.05)	1	34,000,000				
(0.35)				1	34,000,000	3.60%
0.20	1	21,100,000				
0.90						
1.05				1	17,180,000	1.82%
1.35	1	17,180,000				

Figure 5 – 2022-FL2 Spread Stratification Sample

2021 FL4		Nov-24			Oct-24	
Spread	**# of Assets**	**Balance**	**% of Balance**	**# of Assets**	**Balance**	**% of Balance**
0.95	1	13,900,000.00	0.74%	1	13,900,000	0.72%
1.00						
1.09				1	86,310,000	4.49%
1.38	1	86,310,000.00	4.58%			
2.00	1	23,600,000.00	1.25%	1	23,600,000	1.23%

Figure 6 – 2021-FL4 Spread Stratification Sample

2022 FL1		Nov-24			Oct-24	
Spread	**# of Assets**	**Balance**	**% of Balance**	**# of Assets**	**Balance**	**% of Balance**
-				1	77,700,000	4.14%
0.16	1	26,650,000.00	1.49%			
0.50	1	77,700,000.00	4.33%	1	2,715,000	0.14%
0.50	1	2,715,000.00	0.15%			
0.65				1	28,000,000	1.49%
0.75	1	43,900,000.00	2.45%	1	43,900,000	2.34%
0.99	1	28,000,000.00	1.56%			
1.18	1	31,500,000.00	1.76%			
1.70	1	99,500,000.00	5.55%	1	99,500,000	5.31%
1.75	1	26,600,000.00	1.48%	1	26,600,000	1.42%
2.00	1	26,540,000.00	1.48%	1	26,540,000	1.42%
2.15	2	73,650,000.00	4.11%	2	73,650,000	3.93%
2.55						
2.61	1	78,000,000.00	4.35%	1	78,000,000	4.16%
2.65	1	46,115,000.00	2.57%	1	46,115,000	2.46%
2.88	1	29,430,000.00	1.64%	1	29,430,000	1.57%
3.05	1	77,050,000.00	4.30%	1	77,050,000	4.11%
3.10	1	98,912,000.00	5.51%	1	98,912,000	5.28%
3.15	1	24,400,000.00	1.36%	1	24,400,000	1.30%
3.18	1	24,188,000.00	1.35%	1	24,188,000	1.29%
3.25	3	89,300,000.00	4.98%	6	202,085,000	10.78%
3.35	4	237,211,000.00	13.22%	5	263,861,000	14.07%

Figure 7 – 2022-FL1 Spread Stratification Sample

These values seem to be re-modified in consecutive months. However, in most cases no modifications are recorded. Notably, the spread remains unaffected by index rate cuts.

How are borrowers managing to pay discretionary interest in consecutive months without any recorded modifications and without falling delinquent?

Viceroy believe Arbor have negotiated quasi cash-sweeps with its borrowers. It is unfathomable that so many borrowers appear to pay discretionary interest without registering modifications or delinquencies on their loans.

Net interest spreads remain precariously thin

Arbor's net interest spread has dropped by 13-55% across its various CLOs. The portfolio, consisting primarily of distressed loans, is teetering on the edge of a negative spread with over 95% of borrowers operating at enormous losses. The portfolio has an LTV ratio of 85% (approximately a 4.2% cap rate), with Arbor holding the equity stake.

Dramatic falls in interest income spread stem from Arbor’s need to kick the can on its distressed loans through rate-cutting modifications. There simply isn’t enough room to cut rates further, and rate cutting has **NOT** improved underlying DSCR of borrowers. A full list of spread stratifications can be found in **Annexure 1.**

2021 FL1	Nov-24	Oct-24	Apr-24	Dec-23
Weighted average spread	2.78	2.76	3.07	3.60
Current debt spread	1.56	1.54		
Delta	1.22	1.22	1.53	2.06
Downturn since Dec 2023	-40.7%			

2021 FL3	Nov-24	Oct-24	Apr-24	Dec-23
Weighted average spread	2.98	3.05	3.45	3.61
Current debt spread	1.37	1.32		
Delta	1.61	1.73	2.13	2.29
Downturn since Dec 2023	-29.7%			

2021 FL4	Nov-24	Oct-24	Apr-24	Dec-23
Weighted average spread	3.51	3.47	3.56	3.77
Current debt spread	1.63	1.62		
Delta	1.88	1.85	1.94	2.15
Downturn since Dec 2023	-12.5%			

2022 FL1	Nov-24	Oct-24	Apr-24	Dec-23
Weighted average spread	3.00	3.06	3.24	3.60
Current debt spread	1.88	1.74		
Delta - Net Interest Spread	1.12	1.32	1.50	1.86
Downturn since Dec 2023	-39.5%			

2022 FL2	Nov-24	Oct-24	Apr-24	Dec-23
Weighted average spread	3.06	3.03	3.25	3.62
Current debt spread	2.47	2.29		
Delta	0.59	0.74	0.96	1.33
Downturn since Dec 2023	-55.6%			

November 2024 Update	ARCREN 2021-FL1	ARCREN 2021-FL3	ARCREN 2022-FL1	ARCREN 2022-FL1	ARCREN 2022-FL1	Mixed	Total
Underlying Revenue	46,596,923	73,633,778	135,463,849	135,463,849	135,463,849	205,731,154	**732,353,402**
Underlying Expenses	(27,642,957)	(39,558,553)	(71,211,137)	(71,211,137)	(71,211,137)	(104,442,110)	**- 385,277,033**
Underlying NOI	18,953,965	34,075,225	64,252,711	64,252,711	64,252,711	101,289,044	**347,076,369**
Debt Service Amount	(33,600,639)	(53,888,460)	(112,319,796)	(112,319,796)	(112,319,796)	(165,765,256)	**- 590,213,743**
DSCR	**0.56**	**0.63**	**0.57**	**0.57**	**0.57**	**0.61**	**0.588**
Debt Outstanding	383,572,807	605,688,615	1,267,011,965	1,267,011,965	1,267,011,965	1,828,881,328	**6,619,178,645**
Underlying Collateral Valuation	490,620,000	751,815,000	1,472,020,000	1,472,020,000	1,472,020,000	2,411,935,000	**8,070,430,000**
Implied Cap Rate	3.86%	4.53%	4.36%	4.36%	4.36%	4.20%	**4.30%**
LTV	78%	81%	86%	86%	86%	76%	**82%**

Figures 8, 9, 10, 11, 12 & 13 – Viceroy Analysis

Only 9 loans across all Arbor CLOs have a DSCR of >1.

Loan modification criteria are manipulated or unrealistic

Arbor management stated it would negotiate modifying distressed loans with sponsors if they put up more equity in the form of reserves, purchasing rate caps, or bringing forward delinquencies.

> During the second quarter of 2024, we also modified twelve multifamily bridge loans with a total UPB of $321.7 million. The modification terms required each borrower to invest additional capital in the form of either, or a combination of: (1) additional deposits into interest and/or renovation reserves; (2) the purchase of a new rate cap; (3) a principal paydown of the loan; and (4) bringing any delinquent loans current by paying past due interest owed. The modifications on eight of these loans with a total UPB of $201.9 million included extensions between six and fifteen months.

Figure 14 – Q3 2024 - Arbor 10-Q

- Almost half of delinquent loans have already been modified. Delinquencies represent about 15% of the CLO balance and have been growing (once again) every month since Arbor "cured" their book by modifying >80% of the CLO book from Q2 2024.
- Buying a rate cap at the top of the fed cycle is unviable and absurd. This will not fully capture downside as rates fall and requires an upfront outlay which sponsors cannot afford.
  - Even a 200bps federal rate cut will not save Arbor or its borrowers. These investments were mostly only profitable at 0.00% rates, and those rate caps have expired.
- In cases where we can see money being added to reserve accounts at the time of a modification, that money is then withdrawn by the following month (Group ID: 311137). In other cases, we see the entire reserve being drawn on the month of the modification (Group ID: 381691), which is the complete opposite of what Arbor claims is happening.
- The underlying reserve balances of loans which have consistently reported financials over 12 months have fallen by almost 40% over this period (calculated as LTM).
  - This total reduction is not uniform across all loans. Dozens of sponsors hold less than a month's interest payments in their reserve accounts, with some appearing completely empty or holding only a thousand dollars.
  - The average delinquent loan has less than 3 months of cash reserves, which includes funds used for refurbishment, maintenance, and staffing. These investments are all terminally loss-making at these rates.
  - The average DSCR of delinquent loans is ***higher*** than modified loans; modifications are not curing loans, they are simply kicking the can. DSCR continues to deteriorate post modification "curing".

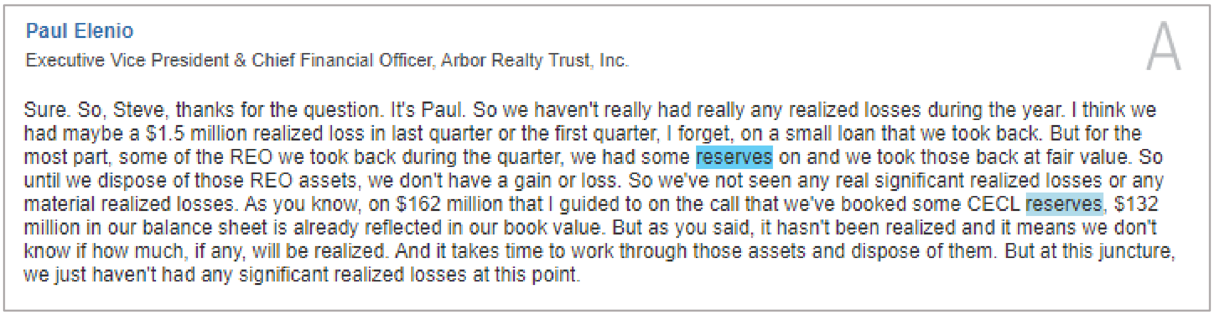
	NOI (Reporting Period)					
Viceroy NOI Analysis	**Nov-2024**	**Oct-2024**	**Sep-2024**	**Aug-2024**	**Jul-2024**	**Jun-2024**
Reserves of Sample (n=161)	122,370,198	136,966,891	142,785,480	158,240,367	170,817,330	173,285,410

	NOI (Reporting Period)						
Viceroy NOI Analysis	**May-2024**	**Apr-2024**	**Mar-2024**	**Feb-2024**	**Jan-2024**	**Dec-2023**	**Nov-2023**
Reserves of Sample (n=161)	172,833,070	190,265,890	193,961,877	204,712,435	218,475,359	205,211,329	193,186,794

> We continue to do a very effective job of working through our portfolio by getting borrowers to recap their deals and purchase interest rate caps. In the third quarter, we modified another $1.2 billion of loans, with $43 million of fresh equity committed to be injected into these deals from the sponsors. This includes cash to purchase new interest rate caps on interest and renovation reserves, bringing past interest to [ph] common (00:04:29) and paid down loan balances where appropriate. We also continue to make progress in line with our previous guidance on the approximately $1 billion of loans that were past due at June 30th, by either modifying these loans or closing and taking them into REO or bringing in new sponsorship either consensually or simultaneously with the foreclosure. Last quarter,

> Third, we have been criticized for how we have been managing our book – our loan book, in this distressed environment when, in fact, the company has done a very effective job in maximizing return to our shareholders, which, again, are evidenced in the numbers that we have reported. This quarter, we successfully modified another $730 million of loans with $23 million of fresh capital being injected into these deals from the sponsors. This includes cash to purchase new interest rate caps, fund interest and renovation reserves, bring past due interest current, and pay down loan balances, where appropriate.

Figures 15 & 16 – Arbor Q3 2024 Conference Call



Paul Elenio
Executive Vice President & Chief Financial Officer, Arbor Realty Trust, Inc.

Sure. So, Steve, thanks for the question. It's Paul. So we haven't really had really any realized losses during the year. I think we had maybe a $1.5 million realized loss in last quarter or the first quarter, I forget, on a small loan that we took back. But for the most part, some of the REO we took back during the quarter, we had some reserves on and we took those back at fair value. So until we dispose of those REO assets, we don't have a gain or loss. So we've not seen any real significant realized losses or any material realized losses. As you know, on $162 million that I guided to on the call that we've booked some CECL reserves, $132 million in our balance sheet is already reflected in our book value. But as you said, it hasn't been realized and it means we don't know if how much, if any, will be realized. And it takes time to work through those assets and dispose of them. But at this juncture, we just haven't had any significant realized losses at this point.

Figure 17 – Arbor Q2 2024 Conference Call

The claim that perennially loss-making sponsors curing distressed loans by paying outstanding interest constitutes an "equity contribution" is an absurd falsehood. Below, we will discuss how delinquent borrowers are curing loans by borrowing additional mezzanine finance.

We reiterate that the sale of these properties is unlikely to pay off the debt: 4.3% implied cap rate valuations are not realistic, which is reflected in the completely stagnant market.

Mezzanine debt and unreported delinquencies

To keep these properties (barely) afloat sponsors have taken further mezzanine financing or some other form of debt to meet operational losses.

While we do not have accurate reads on underlying balance sheets of CLO investments, debt servicing costs are reported. **Almost every underlying sponsor's debt servicing costs are substantially higher than the scheduled interest due to Arbor, and this figure has been growing at an alarming rate.**

Below is a small sample of the difference between Expected Arbor Debt Servicing Cost and the Actual Debt Servicing Costs[5]. We have adjusted October and November expected costs to remove the impact of the fed rate in this data.

$$\Delta = \mathit{Expected\ Annual\ Debt\ Sercvicing\ Costs} - \mathit{Actual\ LTM\ Debt\ Servicing\ Costs}$$

Expected Debt Servicing less Actual Debt Servicing												
Group ID	Nov-2024	Oct-2024	Sep-2024	Aug-2024	Jul-2024	Jun-2024	May-2024	Apr-2024	Mar-2024	Feb-2024	Jan-2024	Dec-2023
264233	(1,061,780)	(698,053)	(775,271)	(1,090,488)	(1,070,508)	(891,213)	(880,507)	(882,673)	(886,724)	(292,500)	(299,300)	(314,929)
324134	(214,137)	(245,560)	(218,108)	(319,200)	(662,539)	(323,986)	(320,595)	(322,042)	(18,330)	(19,440)	(20,934)	(24,366)
335639	(632,976)	(632,976)	(257,797)	(567,570)	(579,343)	(592,540)	(579,314)	(581,624)	(601,578)	(571,837)	(580,237)	(578,746)
337514	(48,867)	(48,867)	(26,593)	(34,849)	(30,334)	(31,935)	23,431	(31,313)	(49,917)	(23,920)	(26,617)	(30,051)
337534	(120,151)	(120,151)	(104,128)	(91,047)	(104,006)	(127,261)	(112,703)	(140,277)	(137,706)	(114,929)	(91,262)	(112,515)
337557	(456,471)	(456,471)	(422,021)	(435,272)	(427,825)	(429,545)	(319,116)	(320,278)	(319,263)	(310,274)	(313,924)	(322,311)
343994	(226,788)	(226,788)	(243,403)	(14,060)	(15,875)	(17,973)	(15,933)	26,899	(17,984)	(14,793)	(16,089)	(15,785)
344711	(17,512)	(17,512)	(15,360)	(13,404)	(15,233)	(16,008)	(13,953)	(15,707)	(24,712)	(12,129)	(12,096)	(15,096)
346426	(943,902)	(943,902)	(1,169,341)	(943,372)	(1,111,776)	(762,084)	(749,804)	(752,288)	(750,119)	(730,906)	(584,803)	(602,730)
346531	(277,241)	(277,241)	(13,603)	69,839	68,120	(14,349)	(12,418)	(22,867)	(22,526)		(11,931)	(13,492)
347303	(362,228)	(362,229)	(336,412)	(329,056)	(365,045)	(368,475)	(97,390)	(103,859)	(103,270)	(98,052)	(46,254)	(51,122)
347308	(12,066)	(12,066)	(11,330)	(12,067)	(12,049)	(12,028)	(12,049)	(12,307)	(12,048)	(11,137)	(9,377)	(11,849)

[5] Financial data reported lags anywhere between 2-6 months.

For CLO assets which have consistently reported financials over 12 months borrowers are collectively paying between $20m-40m excess annualized interest on loans against the same collateral. This figure has risen sharply since December 2023[6]. Loan amounts have not changed.

Interest Expense Delta	Nov-2024	Oct-2024	Sep-2024	Aug-2024	Jul-2024	Jun-2024
	Expected Debt Servicing less Actual Debt Servicing					
Interest Excess in Sample (n=160)	(19,996,639)	(35,139,526)	(45,127,203)	(37,998,633)	(33,538,537)	(31,308,704)

Interest Expense Delta	May-2024	Apr-2024	Mar-2024	Feb-2024	Jan-2024	Dec-2023
	Expected Debt Servicing less Actual Debt Servicing					
Interest Excess in Sample (n=160)	(35,094,908)	(32,323,701)	(19,331,301)	(14,973,653)	(16,841,798)	(6,767,590)

There are also dozens of instances where the scheduled interest due was substantially higher than the debt servicing costs reported by the sponsors, indicating that interest was not paid or not paid in full. Despite this, Arbor have not recorded any delinquencies against these assets, and the loan amounts have not changed.

Interest Expense Delta	Group ID	Nov-2024	Oct-2024	Sep-2024	Aug-2024	Jul-2024	Jun-2024
		Expected Debt Servicing less Actual Debt Servicing					
ARCREN 2021-FL4	**310477**	161,520	78,451	(1,234,952)	(23,646)	(27,409)	(29,088)
ARCREN 2022-FL1	**346014**	37,664	26,613	(7,622)	(7,143)	(8,699)	(8,599)
ARCREN 2021-FL3	**346046**	2,183	(15,875)	(13,023)	(14,030)	(15,707)	(17,657)
ARCREN 2021-FL4	**346661**	141,213	(108,120)	(46,011)	(100,844)	(55,908)	(65,174)
ARCREN 2022-FL1	**346663**	383,675	(116,691)	(92,337)	(102,089)	(112,198)	(130,791)
ARCREN 2021-FL4	**346664**	278,509	(84,706)	(67,027)	(74,106)	(81,444)	(94,941)

It's possible that Arbor is providing large amounts of this mezzanine financing or preferred equity to its distressed borrowers. In Q3 2024 alone, Arbor snuck $40m of unsecured credit lines into its "Other Asset" lines without any elaboration.

> Other assets increased $70.0 million, primarily due to additional fundings of unsecured line of credit loans totaling $39.6 million, an increase in interest receivables from fundings on existing loans and an increase in deferred interest on modified loans.

Figure 18 – Q3 2024 - Arbor 10-Q

Underlying properties show no signs of turnaround

While the intention of multifamily investors was to refurbish, refit, and re-lease these properties for higher income, this has not been the case.

Viceroy isolated the CLO assets which have consistently reported financials over 12 months. The NOI over this period (calculated as LTM) has remained almost completely flat. This undercuts the idea that these are non-stabilized/transition assets that are poised to cover debt service upon stabilization.

Viceroy NOI Analysis	Nov-2024	Oct-2024	Sep-2024	Aug-2024	Jul-2024	Jun-2024
	NOI (Reporting Period)					
NOI of Sample (n=160)	288,336,627	293,310,611	294,220,319	294,364,904	293,233,690	292,817,695

Viceroy NOI Analysis	May-2024	Apr-2024	Mar-2024	Feb-2024	Jan-2024	Dec-2023
	NOI (Reporting Period)					
NOI of Sample (n=160)	292,331,374	293,226,165	298,950,617	301,583,367	291,136,198	291,235,692

There is no underlying improvement in the performance of these assets because cash that would initially have been sidelined for refurbishments has inevitably been used to pay interest.

[6] We have adjusted misreported and blatantly adulterated figures where we saw fit, as Arbor clearly has no checks for vetting these numbers. In all cases, the data we removed would have resulted in significantly higher debt servicing costs, which were completely unrealistic and sometimes amounted to the entire value of the loan. We encourage Arbor to audit this data and report it accurately as soon as possible. Some of this reported data is still simply wrong, as it is impossible to have such a level of volatility in rolling LTM reports, but we believe it is accurate enough to draw trends and conclusions.

2. Payment in Kind Revenues Massively Understated

The loans of Arbor's heavily distressed borrowers have been modified to reflect a capitalized PIK portion of revenues. These PIK revenues are indicators of borrower distress and should directly influence distributable cash flows.

Arbor CFO Paul Elenio told investors and analysts on their Q3 2024 earnings call that only $15m of PIK interest accrued during the quarter. This is a lie, because it is a logical impossibility. **Viceroy calculated PIK at between $35m and $37m in Q3 2024.**

Paul Elenio
Executive Vice President & Chief Financial Officer, Arbor Realty Trust, Inc.

Sure. Good question, Rick, and you're right. We are including the PIK interest on the mods in distributable earnings because there's a high probability of collecting it and its timing. To answer your questions for the third quarter, there was $15 million of PIK interest in our numbers, but I want to break that number out for you to give you a little context. So of the $15 million that was PIK interest for the quarter, $3 million was related to a group of assets we modified in a prior year that we have substantial guarantees from the equity behind that we feel very, very strong we're going to collect. on top of that, another couple of million dollars of that was mezz and PE, which part of our mezz and PE product, whenever we're doing mezz and PE, and we're doing it behind agency, that always has a PIK feature to it that's just normal cost you're going to pay and you have accrual. The rest of it, which is about $10 million, was related to mods that happened in the first and second and third quarter of this year, with $4 million coming from our third quarter mods and $2 million coming from our second quarter mods and $4 million coming from our first quarter mods. That's the breakout of the numbers for the third quarter, if that's helpful to you.

Figure 19 – Arbor Q3 2024 Earnings Call Transcript

Method 1: Other Assets Delta

Capitalized PIK revenue is the largest item in the Other Assets line on Arbor's balance sheet followed by net Real Estate Owned (REO, net) prior to Q3 2024[7]. Other Assets grew by $75m in Q3 2024. A portion of this growth is disclosed as being a ~$40m "funding of unsecured line of credit" to undisclosed parties we can only assume are distressed Arbor borrowers.

Other assets increased $70.0 million, primarily due to additional fundings of unsecured line of credit loans totaling $39.6 million, an increase in interest receivables from fundings on existing loans and an increase in deferred interest on modified loans.

Figure 20 – Q3 2024 - Arbor 10-Q

Accordingly, we calculate PIK through "Other Asset" delta at ~$36m. To calculate this, we first added Other Assets and REO, net figures for Q3 2024 to match the previous reporting format before calculating the quarterly change in Other Asset.

PIK Calculation 1 - "Other Assets" Delta	Sep-24	Jun-24
Other Assets	473,241	397,859
REO, net	127,926	93,026
Total	**601,167**	**490,885**
Q/Q "Other Assets" Delta excl. REO	75,382	
less: "Unsecured Interest Receivables"	(39,600)	
Estimated PIK	**35,782**	

Figure 21 – Other Assets Delta Calculation

[7] Arbor began separately reporting Other Assets and REO in Q3 2024

Method 2: Pay Rate Delta

We can calculate the PIK revenue per quarter by calculating the difference between Arbor's Weighted Average Pay Rate and its Structured Business' Weighted Average Yield, with adjustments for the September 2024 Fed rate cut.

The difference of 1.29% applied to the unpaid bridge loan balance results in an annualized PIK of $149m or $37m for Q3 2024

PIK Calculation 2 - Pay Rate Delta	Sep-24
Weighted average pay rate (bridge loans)	7.25%
Bridge Loans UBP	11,565,538
Viceroy Adjusted WA Pay Rate	7.75%
Structured business, interest earning yield	9.04%
Delta	1.29%
Annualized PIK	149,195
Estimated PIK	**37,299**

Figure 22 – Pay Rate Delta Calculation

3. Going Out Of Business Is Good For Business

When properties underlying their loans inevitably foreclose, Arbor tries to flip them to new borrowers by providing financing at >95% LTV. When even this fails Arbor assumes the property on its books at book values completely disconnected from fair values.

We assume Arbor would book foreclosure gains by retaining properties at their recorded appraised values and operating the properties at a relative loss instead of selling them. Arbor foreclosed on two multifamily loans in Q3 2024 with carrying values of $49.9m but did not disclose the loan amounts. We encourage shareholders to enquire as to the valuation method of REO carrying value.

> During the quarter ended September 30, 2024, we foreclosed on two multifamily bridge loans and took back the underlying collateral as REO assets. These properties have a total carrying value of $49.9 million at September 30, 2024.

CFO Paul Elenio stated that these properties will sit on their book and will be operated internally, thus they are not held for sale.

> In line with our strategy of taking back REO assets, we decided to break out our REO assets into a separate line item this quarter, which was previously included in other assets on our balance sheet. As Ivan discussed earlier, we took back approximately $77 million in assets in Q3, $57 million of which we currently own and operate, which was capped – which was accounted for as REO and roughly $20 million that we had brought in new sponsorship to run and assume our debt, which was accounted for as a sale and a new loan in the third quarter. The other roughly $78 million in REO on our balance sheet at 9/30 were deals taken back in previous years that were included in other assets in the past. We also continue to build our CECL reserves given the current environment, recording an additional $16 million of reserves in our balance sheet loan book in the third quarter. It's important to continue to emphasize that despite looking approximately $162 million in CECL reserves across our platform in the last 18 months, $132 million of which were in our balance sheet business, we were still able to maintain our book value. This performance is well above our peers, the vast majority of which have experienced significant book value erosion in this market. Additionally, we are one of the only companies in our space that has seen significant book value appreciation over the last five years, with 28% growth in that time period versus our peers whose book values have declined on average approximately 22%.

> **Paul Elenio**
> Executive Vice President & Chief Financial Officer, Arbor Realty Trust, Inc.
>
> So it depends on what the value is. So the way REO works in the accounting world is you take back an asset. At the time you take back the asset, you have to do an appraisal and you have to allocate the value between land and building. And if you're carrying the loan at X and the appraisal comes in at Y, then you either have a gain or loss for accounting on your REO. But for us, that gain or loss is not a realized loss until you dispose of the REO asset or gain.

Figures 23 & 24 – Arbor Q3 2024 Earnings Call Transcript

We believe any gain on foreclosures, or lack of provision, would be a gross misrepresentation of earnings and cash flows included in distributable earnings. A gain on foreclosure is not a cash flow event but would nonetheless be included in Arbor's FFO calculation.

This is also a strategy with limited runway: Arbor must either continue to absorb REO operating losses or extend the same risky loans that landed the assets on its balance sheet in the first place.

New Business

CEO Ivan Kaufman has claimed that Arbor will close $300-400m in new bridge financing in Q4 2024 despite MF investments being inherently unprofitable at ~10% borrow rates. There is no incremental new business.

> **Ivan Paul Kaufman**
> Founder, Chairman, President & Chief Executive Officer, Arbor Realty Trust, Inc.
>
> So, I think what we're looking at to some degree is a lot of the loans with construction loans, which again this year while was in lease-up, we kind of like that business and that's where we're putting a lot of our attention. And in the math, in the works for me before when spreads were 400 basis point over a 450 basis point and SOFR was a 5.25% and people have to buy caps and their costs were enormous. Spreads, so we just did a bunch of loans at 2.75% over and SOFR was lower and cap cost was substantially lower. So I think we closed about $80 million and we have another couple hundred in the pipeline. So I would say that I like to see about $300 million to $400 million closed on the bridge lending side between now and year-end and then ramp up that pipeline. We're also going to continue to do deals around new construction lending. So you have to look at it in its totality. In addition, we are putting a lot of money out on the pref and mezz and that's been a 14% business and that's been a very attractive business. So we have a lot of flexibility here in terms of where we want to put our capital. But with the securitization market returning and with rates on the short end going down, we think that will be more vital.

Figure 25 – Arbor Q3 2024 Earnings Call Transcript

Instead Arbor's ***gross*** new loans this year have been almost exclusively loans to existing, bankrupt borrowers, who use them to buy themselves out of bankruptcy, or to new buyers of the same property at a discount on the loan amount.

> In April 2023, we exercised our right to foreclose on a group of properties in Houston, Texas, that are the underlying collateral for four bridge loans with a total UPB of $217.4 million. We simultaneously sold these properties to a significant equity investor in the original bridge loans and provided new bridge loan financing as part of the sale. We did not record a loss on the original bridge loans and recovered all the outstanding interest owed to us as part of this restructuring.

> In July 2024, we exercised our right to foreclose on a property in Waco, Texas, that was the underlying collateral for a non-performing bridge loan with a UPB of $12.7 million, an interest rate of SOFR plus 3.75%, with a SOFR floor of 0.10%, and a net carrying value of $11.3 million, which was net of a $1.5 million loan loss reserve. At foreclosure, we recorded a $1.0 million loan loss recovery and charged-off the remaining loan loss reserve. Additionally, we simultaneously sold the property for $12.3 million to a new borrower and provided a new $12.3 million bridge loan with an interest rate of SOFR, with a SOFR floor of 5.25%, which was deemed to be a significant financing component of the transaction. As a result, we recorded a loss and corresponding liability of $1.0 million as an

Figures 26 & 27 – Arbor Q3 2024 10-Q

As a result, Arbor's portfolio has contracted each quarter since June 2022, reflecting that multifamily flipping with Arbor bridge loans is not viable. With floating-rate loans, over 95% of Arbor's borrowers are bleed cash.

Financing borrowers who cannot service an existing loan with another loan at the same rate lacks economic substance and merely conceals the severe impairment of Arbor's portfolio. Arbor has failed to impair these loans based on the absurd technicality that these borrowers are not delinquent, even though they were insolvent.

An exception to this rule is when Arbor floated a foreclosed property by financing and undisclosed related party with a ~$100m loan. This party, AWC, was run by a former Arbor executive, and its address was listed as Arbor's headquarters[8].

[8] https://viceroyresearch.org/2024/05/09/arbor-realty-trust-fraud/

4. Distributable Earnings vs Dividend

Arbor simply does not generate enough cash flow to continue paying its dividends.

- Non-cash PIK revenues from exclusively distressed tenants are not deducted from distributable earnings
- Provisions, which will eventually be realized, are added back into distributable earnings at the expense of future periods.
- Stock-based compensation is dilutive to shareholders and fleeting. Given Arbor's self-interested and self-dealing management team these will revert to cash distributions as Arbor's stock fails to perform.

Distributable Earnings Analysis	Q3 2024
Net income attributable to common stockholders	**58,175**
Adjustments:	
Net income attributable to noncontrolling interest	5,028
Income from mortgage servicing rights	(13,195)
Deferred tax benefit	(2,026)
Amortization and write-offs of MSRs	18,792
Depreciation and amortization	2,564
Provision for credit losses, net	17,077
(Gain) loss on derivative instruments, net	(1,217)
Stock-based compensation	2,977
Arbor reported distributable earnings	**88,175**
Viceroy adjustments:	
Less: Provisions for credit losses	(17,077)
Less: Stock based compensation	(2,977)
Add: PIK income	(37,299)
Viceroy adjusted distributable earnings	**30,822**
Diluted weighted average shares outstanding	205,347,309
Viceroy adjusted distributable earnings per share	0.15
Dividend declared per share	0.43
Dividend shortfall	**(57,477)**

Arbor's heavily inflated asset book has shrunk almost $4b since its peak in Q3 2022. As the book continues to shrink, the quality of assets left on Arbor's book will continue to deteriorate, and its ability to generate income will continue to shrink. **This is a wind down.**

There is no growth opportunity to fund multifamily real estate because the entire industry is underwater. This is reflected in Arbor's shrinking book, the inability of its short-term borrowers to move on to agency loans or refinance their investments, and the stagnant multifamily property market.

Annexure 1

2021 FL1		Nov-24			Dec-23	
Spread	**# of Assets**	**Balance**	**% of Balance**	**# of Assets**	**Balance**	**% of Balance**
(1.25)						
-0.91844	1	31,250,000	6.65%			
(0.25)						
0.50	1	14,897,290	3.17%			
1.16	1	10,514,731	2.24%			
1.75	2	24,900,000	5.30%			
2.00	1	15,100,000	3.22%			
2.25						
2.49	1	51,529,015	10.97%			
2.50				1	28,250,000	3.93%
2.63	1	18,400,000	3.92%			
2.65	2	64,246,000	13.68%	2	64,246,000	8.94%
3.00	1	19,870,000	4.23%	1	19,870,000	2.76%
3.25				1	10,514,731	1.46%
3.35	1	10,878,750	2.32%	2	29,278,750	4.07%
3.38	1	20,494,000	4.36%	1	20,494,000	2.85%
3.45				1	37,000,000	5.15%
3.50	2	15,633,000	3.33%	5	77,733,000	10.81%
3.60	1	15,750,000	3.35%	1	15,750,000	2.19%
3.65	1	47,000,000	10.01%	3	69,782,710	9.71%
3.75	2	24,306,000	5.18%	6	92,893,400	12.92%
3.90				1	51,529,015	7.17%
3.95				2	26,951,924	3.75%
4.00	1	13,904,350	2.96%	4	74,285,000	10.33%
4.10				1	14,400,000	2.00%
4.15	1	16,873,961	3.59%	1	16,873,961	2.35%
4.22	1	7,650,000	1.63%	1	7,650,000	1.06%
4.25	1	31,150,000	6.63%	2	46,047,290	6.41%
4.30	1	15,320,215	3.26%	1	15,320,215	2.13%
Total	**24**	**469,667,312**	**100.00%**	**37**	**718,869,996**	**100.00%**

Weighted average spread	**2.78**	**Weighted average spread**	**3.60**
Current debt spread	**1.56**		
Delta	**1.22**		**2.06**
Downturn since Dec 2023	**-40.7%**		

2021 FL3		Nov-24			Dec-23	
Spread	**# of Assets**	**Balance**	**% of Balance**	**# of Assets**	**Balance**	**% of Balance**
(0.46)						
(0.25)	2	25,500,000.00	2.57%			
-0.16844	1	12,775,000.00	1.29%			
0.54						
0.83156	1	28,400,000.00	2.87%			
0.90	1	17,900,000.00	1.81%			
0.94						
0.95	1	30,075,000.00	3.04%			
1.00						
1.04						
1.08156	1	25,600,000.00	2.58%			
1.23156	1	29,500,000.00	2.98%			
1.33156	1	20,875,000.00	2.11%			
2.29						
2.58156	2	52,870,000.00	5.34%			
2.75	1	38,547,485.62	3.89%			
3.00	2	38,874,440.00	3.93%	1	53,000,000.00	3.76%
3.05				5	72,699,400.00	5.16%
3.10				1	14,962,000.00	1.06%
3.15	1	18,400,000.00	1.86%	1	18,400,000.00	1.31%
3.20						
3.25	2	72,832,125.00	7.35%	4	115,500,000.00	8.19%
3.35	3	109,170,000.00	11.02%	5	196,540,000.00	13.94%
3.40				1	21,800,000.00	1.55%
3.50	5	142,175,000.00	14.36%	6	205,225,000.00	14.56%
3.60	2	36,620,004.30	3.70%	2	36,620,004.30	2.60%
3.65	1	28,772,650.00	2.91%	1	28,772,650.00	2.04%
3.70				1	26,500,000.00	1.88%
3.75	1	12,500,000.00	1.26%	6	154,087,600.00	10.93%
3.85	1	22,856,689.00	2.31%			
3.95				1	30,075,000.00	2.13%
4.00	1	26,900,000.00	2.72%	4	73,905,000.00	5.24%
4.25	1	58,570,000.00	5.91%	4	140,940,000.00	10.00%
4.30	1	70,000,000.00	7.07%	1	70,000,000.00	4.96%
4.38	2	44,750,000.00	4.52%	3	70,350,000.00	4.99%
4.50	1	12,681,530.84	1.28%	1	12,681,530.84	0.90%
4.85				1	17,900,000.00	1.27%
5.00				1	20,000,000.00	1.42%
5.15						
5.4385	1	13,200,000.00	1.33%			
6.00				1	30,000,000.00	2.13%
Total	**37**	**990,344,925**	**100.00%**	**51**	**1,409,958,185**	**100.00%**

Weighted average spread	**2.98**	**Weighted average spread**	**3.61**
Current debt spread	**1.37**		
Delta	**1.61**		**2.29**
Downturn since Dec 2023	**-29.7%**		

2021 FL4		Nov-24			Dec-23	
Spread	**# of Assets**	**Balance**	**% of Balance**	**# of Assets**	**Balance**	**% of Balance**
0.95	1	13,900,000.00	0.74%			
1.00						
1.09						
1.38156	1	86,310,000.00	4.58%			
2.00	1	23,600,000.00	1.25%			
2.05	1	21,420,000.00	1.14%			
2.15	1	35,000,000.00	1.86%			
2.29	1	15,198,278.00	0.81%			
2.55						
2.61	1	36,805,000.00	1.95%			
2.75						
2.88	1	22,370,000.00	1.19%			
3.00	2	69,900,000.00	3.71%	2	31,750,000	1.67%
3.05	1	44,000,000.00	2.34%			
3.10	2	121,088,000.00	6.43%	2	121,088,000	6.37%
3.15	1	12,453,000.00	0.66%	4	83,591,000	4.40%
3.20	1	50,900,000.00	2.70%			
3.25	4	132,274,259.00	7.02%	5	175,650,000	9.24%
3.35	2	35,870,000.00	1.90%	4	124,055,000	6.53%
3.45	1	9,903,470.00	0.53%			
3.50	7	227,226,787.00	12.06%	5	175,281,787	9.22%
3.55				1	44,000,000	2.32%
3.60	3	125,204,851.49	6.64%	2	99,225,000	5.22%
3.63	1	44,500,000.00	2.36%	1	44,500,000	2.34%
3.65	3	28,752,367.50	1.53%	1	6,959,868	0.37%
3.70	1	12,600,000.00	0.67%	1	12,600,000	0.66%
3.75	5	97,215,000.02	5.16%	9	239,575,000	12.61%
3.85	1	15,400,000.00	0.82%	1	15,400,000	0.81%
3.90	3	29,912,500.00	1.59%	3	29,912,500	1.57%
3.90						
3.95	3	34,800,000.00	1.85%	3	34,800,000	1.83%
4.00	5	59,610,000.00	3.16%	7	145,598,278	7.66%
4.08	1	30,090,000.00	1.60%	1	30,090,000	1.58%
4.10						
4.13						
4.15	1	48,733,000.00	2.59%	2	62,233,000	3.27%
4.19615	1	35,614,000.00	1.89%			
4.22						
4.25	1	50,000,000.00	2.65%	4	109,015,000	5.74%
4.27						
4.30	1	65,000,000.00	3.45%	2	100,000,000	5.26%
4.35	1	19,300,000.00	1.02%	1	19,300,000	1.02%
4.38	1	25,440,000.00	1.35%	1	22,370,000	1.18%
4.50	3	39,848,657.00	2.11%	3	63,275,000	3.33%
4.5103	1	39,235,000.00	2.08%			
4.55856	1	20,000,000.00	1.06%			
4.75				3	45,200,000	2.38%
4.80	1	18,400,000.00	0.98%			
5.00	1	13,914,000.00	0.74%			
5.15	1	65,000,000.00	3.45%	1	65,000,000	3.42%
5.50	1	7,500,000.00	0.40%			
Total	**70**	**1,884,288,170**	**100.00%**	**69**	**1,900,469,433**	**100.00%**

Weighted average spread	**3.51**	**Weighted average spread**	**3.77**
Current debt spread	**1.63**		
Delta	**1.88**		**2.15**
Downturn since Dec 2023	**-12.5%**		

2022 FL1		Nov-24			Dec-23	
Spread	**# of Assets**	**Balance**	**% of Balance**	**# of Assets**	**Balance**	**% of Balance**
-						
0.1559	1	26,650,000.00	1.49%			
0.50	1	77,700,000.00	4.33%			
0.50234	1	2,715,000.00	0.15%			
0.65						
0.75	1	43,900,000.00	2.45%			
0.99019	1	28,000,000.00	1.56%			
1.18157	1	31,500,000.00	1.76%			
1.70	1	99,500,000.00	5.55%			
1.75	1	26,600,000.00	1.48%			
2.00	1	26,540,000.00	1.48%			
2.15	2	73,650,000.00	4.11%			
2.55						
2.61	1	78,000,000.00	4.35%			
2.65	1	46,115,000.00	2.57%			
2.88	1	29,430,000.00	1.64%			
3.05	1	77,050,000.00	4.30%			
3.10	1	98,912,000.00	5.51%	1	98,912,000.00	5.48%
3.15	1	24,400,000.00	1.36%	1	20,320,000.00	1.13%
3.18	1	24,188,000.00	1.35%			
3.25	3	89,300,000.00	4.98%	7	245,985,000.00	13.64%
3.35	4	237,211,000.00	13.22%	6	341,861,000.00	18.96%
3.40				1	99,500,000.00	5.52%
3.45	1	17,500,000.00	0.98%	2	100,800,000.00	5.59%
3.50	6	142,058,965.00	7.92%	4	128,078,965.00	7.10%
3.55	1	29,365,000.00	1.64%	1	77,050,000.00	4.27%
3.60				1	20,700,000.00	1.15%
3.65	2	19,750,000.00	1.10%	3	47,750,000.00	2.65%
3.75	1	31,000,000.00	1.73%	6	156,550,000.00	8.68%
3.80	1	18,900,000.00	1.05%	1	19,350,000.00	1.07%
3.85	2	39,605,000.00	2.21%	3	47,805,000.00	2.65%
3.90				2	38,750,000.00	2.15%
3.95	1	37,100,000.00	2.07%	1	37,100,000.00	2.06%
4.00				2	44,218,000.00	2.45%
4.10478	1	26,386,000.00	1.47%			
4.13581	1	20,030,000.00	1.12%			
4.15	3	57,770,000.00	3.22%	3	57,770,000.00	3.20%
4.20	1	14,550,000.00	0.81%	1	14,550,000.00	0.81%
4.25	1	40,000,000.00	2.23%	1	40,000,000.00	2.22%
4.30	2	36,679,785.00	2.04%	4	110,329,785.00	6.12%
4.33244	1	24,500,000.00	1.37%			
4.38				1	29,430,000.00	1.63%
4.50				1	15,100,000.00	0.84%
4.75	2	60,937,000.00	3.40%	1	11,625,000.00	0.64%
5.07184	1	16,568,000.00	0.92%			
5.50	1	19,675,000.00	1.10%			
Total	**54**	**1,793,735,750**	**100.00%**	**54**	**1,803,534,750**	**100.00%**

Weighted average spread	3.00	Weighted average spread	3.60
Current debt spread	1.88		
Delta - Net Interest Spread	**1.12**		**1.86**
Downturn since Dec 2023	**-39.5%**		

2022 FL2	Nov-24			Dec-23		
Spread	# of Assets	Balance	% of Balance	# of Assets	Balance	% of Balance
(0.60)						
-0.05396	1	34,000,000				
(0.35)						
0.19604	1	21,100,000				
0.90						
1.05						
1.34604	1	17,180,000				
1.75						
1.80	1	20,300,000				
2.00	1	64,300,000				
2.22	1	80,300,000				
3.05	1	34,750,000		1	34,750,000.00	3.32%
3.15	1	30,100,000		2	90,700,000.00	8.68%
3.18	2	75,000,000				
3.20				1	34,700,000.00	3.32%
3.25	1	32,500,000		2	66,500,000.00	6.36%
3.30	2	58,800,000		3	79,100,000.00	7.57%
3.35	1	13,800,000		1	13,800,000.00	1.32%
3.40				1	20,570,000.00	1.97%
3.45	4	90,746,530		4	77,900,000.00	7.45%
3.50	5	123,370,000		6	203,670,000.00	19.48%
3.75	4	125,630,000		4	125,630,000.00	12.02%
3.88				1	17,180,000.00	1.64%
3.90				2	94,300,000.00	9.02%
3.93	1	24,900,000				
3.95	1	12,600,000		1	12,600,000.00	1.21%
4.00				2	75,000,000.00	7.17%
4.03	1	17,000,000				
4.15				1	22,575,000.00	2.16%
4.50	1	15,518,469		2	36,618,469.16	3.50%
4.95	2	39,880,000		2	39,880,000.00	3.81%
Total	**33**	**931,774,999**		**36**	**1,045,473,469**	**100.00%**

Weighted average spread	**3.06**	**Weighted average spread**	**3.62**
Current debt spread	**2.47**		
Delta	**0.59**		**1.33**
Downturn since Dec 2023	**-55.6%**		

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