



Arbor – September 2025 CLO Update

Arbor continues to severely misreport delinquencies, total debt, and debt servicing costs. Delinquencies moving off book appear to be foreclosures.

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September 19, 2025 –MFR net spreads continue to nosedive, DCRS show a slight improvement due to a fall in spread (Arbor revenues). Arbor >30-day delinquencies have remained relatively flat, however we observe a significant number of 90+ day delinquencies are moving off-balance-sheet, presumably into foreclosures.

September 2025 Update	ARCEN 2021-FL3	ARCEN 2021-FL4	ARCEN 2022-FL1	Total
Total deal balance	744,553,705	1,532,870,937	1,472,465,652	3,749,890,294
< 1 Month	12,500,000	86,310,000	26,540,000	125,350,000
30 Days	41,600,000	247,504,787	319,177,000	608,281,787
60 Days	-	-	23,655,000	23,655,000
90+ Days	43,400,000	146,607,851	55,640,000	245,647,851
Modified	668,528,926	1,307,274,062	1,225,782,696	3,201,585,684
<i>Adjustment for double count*</i>	<i>(97,500,000)</i>	<i>(240,716,638)</i>	<i>(425,012,000)</i>	<i>(763,228,638)</i>
Total delinquent & modified	668,528,926	1,546,980,062	1,225,782,696	3,441,291,684

September 2025 Update	ARCEN 2021-FL3	ARCEN 2021-FL4	ARCEN 2022-FL1	Mixed	Total
Underlying Revenue	73,773,066	154,347,779	136,254,771	85,816,839	450,192,456
Underlying Expenses	(37,727,129)	(75,840,453)	(71,367,359)	(43,012,547)	(227,947,488)
Underlying NOI	36,045,937	78,507,325	64,887,412	42,804,293	222,244,967
Debt Service Amount	(49,860,746)	(108,789,274)	(114,040,009)	(59,343,002)	(332,033,031)
DSCR	0.72	0.72	0.57	0.72	0.669
Debt Outstanding	563,903,926	1,245,340,754	1,183,879,542	756,766,072	3,749,890,294
Tranches moved to REPO					283,474,095
Underlying Collateral Valuation	700,980,000	1,716,840,000	1,807,600,000	988,730,000	5,214,150,000
Implied Cap Rate**					4.26%
LTV**					77%

**Refer to total - portions of debt no longer represented from terminated CLOs

Figures 1 & 2 – August 2025 CLO Data – Viceroy Analysis

- Arbor’s underlying CLO Debt Service Coverage Ratio (DSCR) fell m/m to ~0.66x (adjusting for enormous errors in reporting) to ~0.68x.
 - This increase in DSCR has not been fueled by underlying operating success, but by enormous reductions in interest (i.e. Arbor revenues).
 - Underlying asset performance has fallen based on m/m reporting. Reported group NOI has dropped from \$226m/a to \$222m/a. This is likely due to a few low-earning assets being moved to Arbor’s balance sheet via foreclosures.
 - For context, a DSCR of 1.0x signal the underlying asset operates at break-even; **anything materially below that, as is the case here, reflects significant distress and a heightened risk of default and foreclosure.**
 - We have found enormous errors in CLO reporting over 18 months, none of which have been corrected or addressed.



- Delinquent loans have fallen from \$1,172m to \$1,010m.
 - Most of this reduction is due to loans being bought back at face value. We believe, given the delinquency status, that these loans are being foreclosed on Arbor's book. This will be confirmed in Arbor's Q3 10-Q.
 - Delinquent loans represent ~30% of the CLO loan book.
 - \$245m of these delinquencies are >90 days. ~\$150m of 90+day loans moved off-book, and we believe these are now foreclosed.
 - The month-on-month movement of loans from delinquencies brackets continues to be nonsensical. For instance, there are no 60 day+ delinquencies, and >30-day delinquencies are higher than the previous month's <30-day delinquencies. Accordingly, it appears Arbor has kept loans at >30 days but less than 60 days for multiple consecutive months.
 - \$1.1bm of delinquent loan balance has been modified in 2025.
- **Arbor has re-modified ~\$330m of loans in September 2025. These have all been previously modified.**
 - Most of these loans had already been modified since Q4 2024, some as recently as August 2025
- Arbor has modified \$3.2b (84%) of its remaining CLO loans **and holds ~\$1,010m (26%) of delinquent loans.**
 - All delinquent loans have been modified.
 - Delinquent loans are vastly underreported on account of Arbor modifying loans in sequential months or quarters to mask delinquencies.
 - **Delinquent loans are not being cured and are falling further into delinquency.** 90-day delinquencies are up month-on-month.
- Net interest spreads have collapsed across all of Arbor's CLOs. Many borrowers are paying effective rates below SOFR due to Arbor's widespread modification practices.

This is fraud. There is no underlying operational improvement secured against these loans, no opportunity to transition these loans into agency, or any other feasible lending product, and (obviously) no buyer for these loans at their marked price. These loans are in transition to foreclosures, and nothing else.

- The DSCR of modified loans now fully captures **75bps** of rate cuts, and further ~100 and still only sits slightly above ~0.66x¹.
- Implied underlying cap rates sit at 4.2%. Any realistic revaluation of underlying collateral values will completely wipe out Arbor's equity stake of its CLO.

¹ 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.



Spread Analysis

We observe in April that Arbor **net interest spreads have flattened to record lows across the entire portfolio.**

Arbor has faced net interest spread reductions of up to 70% across its CLO portfolios.

Across the CLOs net interest spreads since December 2023 are down:

- -66% in 2022-FL1
- -36% in 2021-FL3
- -22% in 2021-FL4

Any marginal m/m improvement is merely a factor of a small handful of loans paying what they can afford in a very volatile fashion. The spreads of various loans appear to change each month, as many delinquent borrowers appear to have been given flexible payment terms which change month-on-month, without new modifications or delinquencies being recorded.

2022 FL1		Sep-25	Aug-25	Jul-25	Jun-25	Mar-25
# of Assets	Balance	% of Balance	% of Balance	% of Balance	% of Balance	% of Balance
Weighted average spread		2.51	2.56	2.47	2.47	2.82
Current debt spread		1.88	1.88	1.88	1.88	1.88
Delta - Net Interest Spread		0.63	0.68	0.59	0.59	0.94
Downturn since Dec 2023		-65.9%	-63.3%	-68.3%	-68.5%	-49.3%
2021 FL3		Sep-25	Aug-25	Jun-25	Jun-25	Mar-25
# of Assets	Balance	% of Balance	% of Balance	% of Balance	% of Balance	% of Balance
29.00	744,553,705	0.00%	0.00%	0.00%	0.00%	0.00%
Weighted average spread		2.84	2.85	2.88	2.82	3.08
Current debt spread		1.37	1.37	1.37	1.37	1.37
Delta		1.47	1.48	1.51	1.45	1.71
Downturn since Dec 2023		-35.8%	-35.2%	-33.9%	-36.9%	-25.4%
2021-FL4		Sep-25	Aug-25	Jun-25	Jun-25	Mar-25
# of Assets	Balance	% of Balance	% of Balance	% of Balance	% of Balance	% of Balance
Weighted average spread		3.30	3.39	3.39	3.39	3.35
Current debt spread		1.63	1.63	1.63	1.63	1.63
Delta		1.67	1.76	1.76	1.76	1.72
Downturn since Dec 2023		-22.2%	-18.0%	-18.3%	-18.3%	-19.8%

Figure 3 – Viceroy Spread Analysis

We have detailed this in our November report, which can be found in the link below:

<https://viceroyresearch.org/2024/12/16/arbor-pik-ing-holes-in-clo-data/>

Modifying loans to distressed tenants is always at a direct cost to the lender. Arbor has made enormous concessions to its (almost exclusively distressed) lenders to keep them current.

The portfolios are teetering on the edge of a negative spread with over 95% of borrowers operating at a loss. The portfolio has an LTV ratio of ~80% (approximately a 4.2% cap rate), with Arbor holding the equity stake.

Given historic low spreads across its portfolio, we expect Arbor's interest income to fall to historic lows in its forthcoming 10-Q. Per figure 8 above, we can see net interest spreads fall materially quarter-on-quarter.



Our previous work on Arbor's loans to management and increasing use of expensive repo lines to finance its failing loans is available at the link below:

<https://viceroyresearch.org/2025/08/06/arbor-q2-2025-financial-shenanigans/>

We maintain our belief that Arbor's deteriorating loan book, and the measures it has taken to conceal its true state, represent a significant risk for the Company's bondholders and shareholders.



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