

Arbor - Q3 2025 Preview

Arbor shareholders rejoice as management prepare to swindle them again.

PLEASE READ IMPORTANT DISCLAIMER – PAGE 15

October 30, 2025 – Arbor Real Estate is due to present its Q3 2025 earnings results tomorrow morning. In anticipation, we have consolidated some notes from previous earnings and insights from regular CLO filings to present a preview of what we expect.

- **Earnings & Dividend:** Our CLO surveillance portfolio sample continues to falter, with interest spreads taking significant hits as borrowers incur huge losses. We believe this will carry over across Arbor's entire portfolio. Arbor's incorrect distributable income calculation was *still* insufficient to meet last quarter's dividend. The deduction of PIK accruals shows Arbor is liquidity-constrained and must fund any dividend with more debt.

Distributable Earnings Analysis		Q2 2026
Net income attributable to common stockholders		23,952
Adjustments:		
Net income attributable to noncontrolling interest		2,015
Income from mortgage servicing rights		(10,930)
Deferred tax benefit		(1,603)
Amortization and write-offs of MSRs		19,825
Depreciation and amortization		6,582
Loss on extinguishment of debt		-
Provision for credit losses, net		8,435
(Gain) loss on derivative instruments, net		(674)
Loss on real estate		1,857
Stock-based compensation		2,610
Arbor reported distributable earnings		52,069
Viceroy adjustments:		
Less: Provisions for credit losses		(8,435)
Less: Stock based compensation		(2,610)
Add: PIK income		(24,432)
Viceroy adjusted distributable earnings		16,592
Diluted weighted average shares outstanding		209,003,002
Viceroy adjusted distributable earnings per share		0.08
Dividend declared per share		0.30
Dividend shortfall		(46,109)

2022 FL1	Oct-25	Sep-25	Jun-25	Mar-25	Oct-24	Dec-23
Weighted average spread	1.42	2.51	2.47	2.82	3.06	3.60
Current debt spread	1.88	1.88	1.88	1.88	1.74	1.74
Delta - Net Interest Spread	- 0.46	0.63	0.59	0.94	1.32	1.86
Downturn since Dec 2023	-125.0%	-65.9%	-68.5%	-49.3%		
2021 FL3	Oct-25	Sep-25	Jun-25	Jan-25	Oct-24	Dec-23
Weighted average spread	3.00	2.84	2.82	3.08	3.05	3.61
Current debt spread	1.37	1.37	1.37	1.37	1.32	1.32
Delta	1.63	1.47	1.45	1.71	1.73	2.29
Downturn since Dec 2023	-28.7%	-35.8%	-36.9%	-25.4%		
2021 FL4	Oct-25	Sep-25	Jun-25	Jan-25	Oct-24	Dec-23
Weighted average spread	2.72	3.30	3.39	3.35	3.47	3.77
Current debt spread	1.63	1.63	1.63	1.63	1.62	1.62
Delta	1.09	1.67	1.76	1.72	1.85	2.15
Downturn since Dec 2023	-49.4%	-22.2%	-18.3%	-19.8%		

- **REO & Foreclosures:** We expect Arbor's REO balance, net of disposals, to have substantially increased in Q3 2025. "Resolved" NPLs and foreclosed asset sales are simply to the same or new buys with 100% LTV Arbor loans.
- **Provisions, Modifications & Delinquencies:** Vedanta's intra-period delinquencies increased dramatically in Q3 2025. We identify in our October CLO surveillance report that Arbor appears to have "cured" \$350m of delinquencies (due from Nitya Capital) by adjusting the interest rate on the loans to 0.00%.



Annexure – Q2 2025 Highlights

Real Estate Owned (REO) & Foreclosures

Arbor's Real Estate Owned (REO) has more than doubled in the first half of 2025 to \$365m, net of a further \$84m of REO assets sold. All of Arbor's REO assets are a result of foreclosure on NPLs.

	June 30, 2025 (Unaudited)	December 31, 2024
Assets:		
Cash and cash equivalents	\$ 255,742	\$ 503,803
Restricted cash	90,944	156,376
Loans and investments, net (allowance for credit losses of \$243,278 and \$238,967)	11,333,023	11,033,997
Loans held-for-sale, net	361,447	435,759
Capitalized mortgage servicing rights, net	348,326	368,678
Securities held-to-maturity, net (allowance for credit losses of \$13,659 and \$10,846)	156,920	157,154
Investments in equity affiliates	71,796	76,312
Real estate owned, net	365,186	176,543
Due from related party	16,773	12,792
Goodwill and other intangible assets	87,336	88,119
Other assets	475,546	481,448
Total assets	\$ 13,563,039	\$ 13,490,981

During the three and six months ended June 30, 2025, we sold one and three, respectively, multifamily REO assets for \$7.0 million and \$84.0 million, respectively, and repaid the mortgage notes outstanding of \$49.1 million. During the three and six months ended June 30, 2025, we recognized a loss of \$0.1

Figures 1 & 2 – Arbor Q2 2025 10-Q

- Arbor has secured mortgages of only \$185m against \$365m of REO Assets (50% LTV). This suggests that backers are not as "optimistic" about the underlying value of Arbor's assets.
 - Arbor's CLOs show that the average cap rate of assets underlying Arbor loans is a comical ~4.3%.

At June 30, 2025 and December 31, 2024, we had mortgage notes payable totaling \$184.6 million and \$74.9 million, respectively, which are collateralized by our REO assets. Interest rates on the mortgage notes range from PRIME plus 1.35% to SOFR plus 3.25%, with maturities spanning from September 2025 to June 2027.

- Arbor has always operated its REO assets at significant losses, reflecting the poor quality of the underlying collateral across its loan portfolio.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Interest income	\$ 240,303	\$ 297,188	\$ 480,997	\$ 618,480
Interest expense	171,578	209,227	336,829	426,903
Net interest income	68,725	87,961	144,168	191,577
Other revenue:				
Gain on sales, including fee-based services, net	13,658	17,448	26,439	34,114
Mortgage servicing rights	10,930	14,534	19,061	24,733
Servicing revenue, net	27,437	29,910	53,040	61,436
Property operating income	5,452	1,444	9,839	3,014
Gain (loss) on derivative instruments, net	219	(275)	3,619	(5,533)
Other income, net	3,989	2,081	8,407	4,414
Total other revenue	61,685	65,142	120,405	122,178
Other expenses:				
Employee compensation and benefits	41,181	42,836	87,217	90,529
Selling and administrative	14,859	12,823	31,171	26,756
Property operating expenses	6,802	1,584	10,276	3,262
Depreciation and amortization	5,848	2,423	9,592	4,994
Provision for loss sharing (net of recoveries)	4,215	4,333	6,002	4,607
Provision for credit losses (net of recoveries)	19,004	29,564	28,079	48,682
Total other expenses	91,909	93,563	172,337	178,830

Figures 3 & 4 – Arbor Q2 2025 10-Q



- Arbor has “Resolved” various NPLs by selling them (at a loss) to new buyers with new Arbor loans. These “resolutions” show that the underlying asset value against Arbor’s loans is pure fantasy.
 - Three properties in San Antonio with an UPB of \$77m were foreclosed on and sold for \$65m. If we assume that these loans were issued at an ~80% LTV to the underlying asset value, this sale represents a 33% discount on the purchase price. Arbor financed the new purchase with a 100% LTV loan.

In June 2025, we exercised our right to foreclose on three properties in San Antonio, Texas that were the underlying collateral for a bridge loan with a UPB of \$77.7 million, an interest rate of 5.25% with a SOFR floor of 0.50%, and a net carrying value of \$66.6 million, which includes loan loss reserves of \$3.5 million. At foreclosure, we recorded an additional loss of \$5.9 million to the provision for credit losses on the consolidated statements of income and charged-off the \$9.4 million loan loss reserve. We simultaneously sold the properties for \$65.0 million to a new borrower and provided a \$65.0 million bridge loan with an interest rate of SOFR plus 2.00% for years one and two, and SOFR plus 3.00% for year three, subject to SOFR floors of 4.25%, 5.25% and 6.25% in years one, two and three, respectively. The new loan was deemed to be a significant financing component of the transaction and, as a result, we recorded a loss and corresponding liability of \$0.8 million as an adjustment to the purchase price, which will be accreted into interest income over the life of the loan.

Figure 5 – Arbor 2025 Q2 10-Q

- Two properties in Austin with an UPB of \$21.2m were foreclosed on and sold for \$20.7m. If we assume that these loans were issued at an ~80% LTV to the underlying asset value, this sale represents a 22% discount on the purchase price. Arbor financed the new purchase with a 93% LTV loan.

In April 2025, we exercised our right to foreclose on two properties in Austin, Texas that were the underlying collateral for a non-performing bridge loan with a UPB of \$21.2 million, an interest rate of SOFR plus 4.00% with a SOFR floor of 0.25%, and a net carrying value of \$21.7 million. At foreclosure, we recorded an additional loss of \$1.0 million to the provision for credit losses on the consolidated statements of income. We sold the properties in June 2025 for \$20.7 million to a new borrower and provided a \$19.2 million bridge loan with an interest rate of SOFR plus 2.00% in year one and SOFR plus 3.00% in year two. The new loan was deemed to be a significant financing component of the transaction and, as a result, we recorded a loss and corresponding liability of \$0.1 million as an adjustment to the purchase price, which will be accreted into interest income over the life of the loan.

Figure 6 – Arbor 2025 Q2 10-Q

- Two properties in Orange Park with an UPB of \$17.0m were foreclosed on and sold for \$15.4m. If we assume that these loans were issued at an ~80% LTV to the underlying asset value, this sale represents a 28% discount on the purchase price. Arbor financed the new purchase with a 93% LTV loan with a miniscule SOFR + 1.50% rate.

In April 2025, we exercised our right to foreclose on two properties in Orange Park, Florida that were the underlying collateral for a non-performing bridge loan with a UPB of \$17.0 million, an interest rate of SOFR plus 4.38% with a SOFR floor of 2.46% and a net carrying value of \$15.7 million. At foreclosure, we recorded an additional loss of \$0.3 million to the provision for credit losses on the consolidated statements of income. We sold the properties in June 2025 for \$15.4 million to a new borrower and provided a \$14.8 million bridge loan with an interest rate of SOFR plus 1.50%. The new loan was deemed to be a significant financing component of the transaction and, as a result, we recorded a loss and corresponding liability of \$0.6 million as an adjustment to the purchase price, which will be accreted into interest income over the life of the loan.

Figure 7 – Arbor 2025 Q2 10-Q

If these are the properties Arbor is able to sell, presumably the strongest in the REO portfolio, the quality of the assets backing its delinquent and modified loans should be a serious concern.



Build to Bag-hold, Borrow to Bailout

In May 2025, Arbor completed Build-to-Rent (BTR) CLO 1. This CLO, unlike the others, is exclusively to finance build-to-rent projects. When this project was announced, Viceroy's members made a little gamble on whether this "Build-to-Baghold" CLO liquidity would be used to bail-out management projects. It was. The only surprise was that Arbor was *also* invested in these projects.

Viceroy estimates that \$300m of ~\$490m of BTR CLO has been allocated to bail-out management's investment failures.

- Arbor **refinanced** a \$32.5m bridge loan into a **\$43m bridge loan** (a 33% increase) for a construction project it had previously made a \$3.5m preferred equity investment in. The project is part-owned by the family of CEO Kaufman.
- The refinancing earned some sort of "bonus" for the Kaufman family, whose stake in the project was increased "in connection with the refinancing". Arbor had *already* extended the maturity of its preference investment by 29 months.

In May 2025, we refinanced a \$32.5 million bridge loan with a new \$43.0 million bridge loan for an SFR BTR construction project. In 2020, we also made a \$3.5 million preferred equity investment in the same project, of which \$1.2 million was paid off in May 2025. An entity owned by an immediate family member of our chief executive officer also made an equity investment in the project and owned a 21.8% equity interest in the borrowing entity that increased to 26.6% in connection with the refinancing. Interest on the new loan decreased from SOFR plus 3.75% with a SOFR floor of 0.75% to SOFR plus 3.00% with a SOFR floor of 3.25% and matures in May 2026. The preferred equity investment has a 12.00% fixed rate and was scheduled to mature in December 2023, which was extended to May 2026. In connection with the extension, the borrower paid deferred interest of \$1.9 million. Interest income recorded from these loans was \$1.0 million and \$2.0 million for the three and six months ended June 30, 2025, respectively, and \$1.1 million and \$2.1 million for the three and six months ended June 30, 2024, respectively.

Figure 8 – Arbor 2025 Q2 10-Q

- Arbor **refinanced** a \$30.5m bridge loan into a **\$36.2m bridge loan** (a 19% increase) for a construction project it made a \$4.6m preferred equity investment in. The project is part-owned by the family of CEO Kaufman. Again, the Kaufman family earned a bonus in the form of an increased stake in the project.

In May 2025, we refinanced a \$30.5 million bridge loan with a new \$36.2 million bridge loan, for an SFR BTR construction project. In 2020, we also made a \$4.6 million preferred equity investment in the same project. ACM and an entity owned by an immediate family member of our chief executive officer also made equity investments in the project and owned a combined 18.9% equity interest in the borrowing entity that increased to 33.7% in connection with the refinancing. Interest on the new loan decreased from SOFR plus 4.25% with a SOFR floor of 1.00% to SOFR plus 3.00% with a SOFR floor of 3.25% and matures in November 2025. The preferred equity

Figure 9 – Arbor 2025 Q2 10-Q

- Arbor **refinanced** a \$56.9m bridge loan into a **\$58.4m bridge loan** for a construction project part-owned by unnamed Arbor executives.

In May 2025, we refinanced a \$56.9 million bridge loan with a new \$58.4 million bridge loan for an SFR BTR construction project. Two of our officers made minority equity investments totaling \$0.5 million, representing approximately 4% of the total equity invested in the project. Interest on the new loan decreased from SOFR plus 5.50% with a SOFR floor of 3.25% to SOFR plus 2.75% with a SOFR floor of 3.50% and matures in May 2027. Interest income recorded from the loans was \$1.2 million and \$2.6 million for the three and six months ended June 30, 2025, respectively, and \$0.6 million and \$1.0 million for the three and six months ended June 30, 2024, respectively.

Figure 10 – Arbor 2025 Q2 10-Q

- Arbor **refinanced** a \$46.2m bridge loan it bought from ACM, the Kaufman family's personal investment vehicle, into a \$52.6m bridge loan (a 14% increase). The project is part-owned by executives and the Kaufman family.

In February 2025, we refinanced a \$46.2 million bridge loan we purchased from ACM in 2022 with a new \$52.6 million bridge loan (\$12.8 million was funded at June 30, 2025) for an SFR BTR construction project. A consortium of investors (which includes, among other unaffiliated investors, certain of our officers with a minority ownership interest) owns 70% of the borrowing entity and an entity indirectly owned and controlled by an immediate family member of our chief executive officer owns 10% of the borrowing entity. Interest on the new loan decreased from SOFR plus 5.50% to SOFR plus 4.75% and matures in February 2027. Interest income recorded from the loans was \$0.3 million and \$0.6 million for the three and six months ended June 30, 2025, respectively, and \$0.2 million and \$0.4 million for the three and six months ended June 30, 2024, respectively.

Figure 11 – Arbor 2025 Q2 10-Q

- Arbor had previously committed \$211m in loans to related party construction projects owned by its executive team and their families. Of this, \$109m has already been funded.



In July 2024, we committed to fund a \$62.4 million bridge loan (\$12.2 million was funded at June 30, 2025) in an SFR BTR construction project. An entity owned by an immediate family member of our chief executive officer also made an equity investment in the project and owns a 3.34% equity interest in the borrowing entity. The loan has an interest rate of SOFR plus 4.25% with a SOFR floor of 3.50% and matures in July 2027. Interest income recorded from this loan was \$0.2 million and \$0.3 million for the three and six months ended June 30, 2025, respectively.

Figure 12 – Arbor 2025 Q2 10-Q

- Arbor had previously committed \$42.5m.4m (of which \$13.1m was already funded) into a SFR BTR construction project owned by a family member of CEO Kaufman.

In July 2024, we committed to fund a \$62.4 million bridge loan (\$12.2 million was funded at June 30, 2025) in an SFR BTR construction project. An entity owned by an immediate family member of our chief executive officer also made an equity investment in the project and owns a 3.34% equity interest in the borrowing entity. The loan has an interest rate of SOFR plus 4.25% with a SOFR floor of 3.50% and matures in July 2027. Interest income recorded from this loan was \$0.2 million and \$0.3 million for the three and six months ended June 30, 2025, respectively.

In May 2024, we committed to fund a \$42.5 million bridge loan (\$13.1 million was funded at June 30, 2025) in an SFR BTR construction project. An entity owned by an immediate family member of our chief executive officer also made an equity investment in the project and owns a 2.28% equity interest in the borrowing entity. The loan has an interest rate of SOFR plus 4.25% with a SOFR floor of 3.50% and matures in May 2027. Interest income recorded from this loan was \$0.3 million and \$0.4 million for the three and six months ended June 30, 2025, respectively, and less than \$0.1 million for both the three and six months ended June 30, 2024.

In 2022, we committed to fund a \$67.1 million bridge loan (\$46.4 million was funded at June 30, 2025) in an SFR BTR construction project. An entity owned by an immediate family member of our chief executive officer also made an equity investment in the project and owns a 2.25% equity interest in the borrowing entity. The loan has an interest rate of SOFR plus 4.63% with a SOFR floor of 0.25% and was scheduled to mature in May 2025, which was extended to May 2026. Interest income recorded from this loan was \$1.1 million and \$2.1 million for the three and six months ended June 30, 2025, respectively, and \$0.3 million and \$0.4 million for the three and six months ended June 30, 2024, respectively.

In 2022, we committed to fund a \$39.4 million bridge loan (\$37.7 million was funded at June 30, 2025) in an SFR BTR construction project. An entity owned by an immediate family member of our chief executive officer also made an equity investment in the project and owns a 2.25% equity interest in the borrowing entity. The loan has an interest rate of SOFR plus 4.00% with a SOFR floor of 0.25% and was scheduled to mature in March 2025, which was extended to March 2026. Interest income recorded from this loan was \$0.8 million and \$1.5 million for the three and six months ended June 30, 2025, respectively, and \$0.4 million and \$0.7 million for the three and six months ended June 30, 2024, respectively.

Figure 13 – Arbor 2025 Q2 10-Q

Arbor has been making risky and poorly underwritten loans for a long time. This represents something different: shareholder capital is being actively redirected to prop up the failing personal investments of the CEO and executive team. This is a shift from incompetence to self-dealing.



Arbor Cannot Afford Its 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 are now being 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.

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Adjustments:		
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Diluted weighted average shares outstanding		209,003,002
Viceroy adjusted distributable earnings per share		0.08
Dividend declared per share		0.30
Dividend shortfall		(46,109)

Figure 14 – Viceroy Analysis

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.

With SOFR expected to float above 4% until at least 2027, and Arbor already being levered to the hilt, Arbor must resort to taking unfavorable deals and cutting its dividend to meet its obligations to noteholders.

Investors should enquire as to why various non-cash items are included in distributable income.



AWC Fraud Disclosures (or Lack Thereof)

Arbor has not acknowledged that AWC was a related party when it fully funded the entity for them to purchase the foreclosed Westchase asset out of foreclosure. This is a farce.

We reiterate the following.

May 9, 2024 – Viceroy Research today bestows the F-word upon Arbor and its management team: “fraud”. Viceroy’s investigations have discovered an elaborate and intentional con, where Arbor has financed purchases of assets from its own foreclosures, with Arbor loans, via off-balance sheet entities run by former Arbor associates, and entirely financed with Arbor equity capital.

- Arbor has financed 99% of the “non-controlling interest” equity of an off-balance sheet entity run by a former VP of Arbor, whose investment in the entity was also financed by Arbor. They share an office.
- The off-balance sheet entity acquires foreclosed Arbor properties at an apparent premium.
- **The purchase of the foreclosed properties is financed by an Arbor bridge loan**, supplementary to the off-balance sheet entity’s deposit, also financed by Arbor. **Arbor does not disclose related party transactions of this nature** (the related party being itself).
- **Arbor does not recognize losses on these foreclosures** by financing the sale of foreclosed properties to off-balance sheet entities.
- These transactions allow Arbor to feign arm’s-length transactions with off-balance sheet entities without disclosing conflicts of interest. Arbor retains 100% of the risk involved in these transactions.
- **Arbor has fraudulently overstated the value of its loan book through undisclosed, off-balance sheet, related party transactions.**
- Approximately half of Arbor’s Q1 2024 loan originations were to these off-balance sheet entities, to buy foreclosed properties.

This is FRAUD

Figure 15 – Viceroy Analysis – The ‘F’ Word¹

After being called out for fraud, Arbor appeared to retract part of its investment in AWC in favor of a third party, who purchased 51% of AWC, and Arbor was returned part of its investment as a return of capital. AWC continued to purchase distressed Arbor assets. Investors and regulators should ask who this third party capital partner is.

AWC Real Estate Opportunity Partners I LP (“AWC”). In the fourth quarter of 2023, we committed to a \$24.0 million investment, of which \$11.7 million was initially funded, **for an initial 99% noncontrolling interest** in a fund whose objective is to make investments in sustainable affordable housing structures, with the intention to bring in additional partners. In addition, we entered into an agreement with the general partner to provide a loan, up to a maximum of \$0.9 million, to fund a portion of their 1% general partnership interest, of which \$0.3 million was funded at December 31, 2024. In the second quarter of 2024, **in accordance with the fund’s objectives, AWC brought in an additional capital partner who committed to a \$25.0 million investment (\$16.3 million was funded at December 31, 2024)** in exchange for a 51% non-controlling limited partnership interest and 17.5% of the general partner’s interest in the fund. This new equity partner diluted our limited partnership interest in the fund to a 49% non-controlling limited partnership interest. Additionally, AWC invested \$9.4 million for a 44% interest in a newly formed entity, which purchased a group of properties in Houston, Texas, that were the collateral for a \$100.3 million bridge loan that we foreclosed on simultaneously with the sale. We sold the Houston properties for \$101.3 million, which was primarily financed with a new \$95.3 million bridge loan we provided at SOFR plus 3%. See Note 3 for details. **In the fourth quarter of 2023, this fund also purchased our equity interest in North Vermont Avenue at a discount for \$1.3 million**, which was recorded as a reduction to our investment in AWC. The remaining \$14.3 million of capital invested in the fund was used to purchase four additional qualified investments and to pay for legal and administrative expenses primarily related to the formation of the fund. We provided a \$13.0 million Fannie Mae DUS loan and a \$13.2 million bridge loan to the owners of the real estate on two of these investments. During 2024, we made contributions of \$13.6 million, received distributions of \$11.2 million, which were classified as **returns of capital**, and recorded a loss of \$0.5 million related to this investment. **Interest income recorded from the \$95.3 million and \$13.2 million bridge loans was \$5.4 million for the year ended December 31, 2024.**

Figure 16 – Arbor 2024 10-K

Given that AWC and Arbor literally share an office, is fully funded by Arbor and a mysterious “3rd Party”, and is run by a former Arbor VP: it beggars belief that Arbor does not exert significant control over AWC.

AWC and its garbage investments should be fully consolidated, and Arbor continues to misrepresent this transaction as “arms-length”.

¹ <https://viceroyresearch.org/wp-content/uploads/2024/05/Q1-2024-Update-The-F-Word.pdf>



Delinquent Management Loans

A \$22m loan made to members of Arbor's management team (including CEO Ivan Kaufman) in 2018, previously impaired, has been modified. This loan is described as being for a property investment, not construction project. A loss reserve was recorded against this loan in Q4 2024.

In 2018, we originated a \$21.7 million bridge loan on a multifamily property owned in part by a consortium of investors (which includes, among other unaffiliated investors, certain of our officers and our chief executive officer) which owns 75% in the borrowing entity. The loan has an interest rate of SOFR plus 4.75% with a SOFR floor of 0.25%, and was scheduled to mature in February 2025, which was modified to extend the maturity to February 2027 in exchange for \$3.0 million of additional collateral and a \$2.5 million paydown to be made in February 2026. In 2024, we recorded a \$5.5 million specific reserve on this loan. Interest income recorded from this loan was \$0.5 million and \$1.0 million for the three and six months ended June 30, 2025, respectively, and \$0.6 million and \$1.1 million, for the three and six months ended June 30, 2024, respectively.

2025, we modified this loan to extend the maturity two years in exchange for \$3.0 million of additional collateral and a \$2.5 million paydown to be made in February 2026.

Figures 17 & 18 – Arbor 2024 10-K

In Q1 2025, subsequent to year end, the loan was modified again, in exchange for additional collateral (in some unspecified form) and a \$2.5m payment to be made in February 2026.

The loan has had numerous repayment extensions dating back to August 2021. The gravy train continues for Arbor management. We note that Ivan Kaufman and other officers, as part of the 2018, 2021 and 2024 Loan Committee, would have had to approve their own loan.

In June 2018, we originated a \$21.7 million bridge loan on a multifamily property owned in part by a consortium of investors (which includes, among other unaffiliated investors, certain of our officers and our chief executive officer) which owns 75% in the borrowing entity. The loan has an interest rate of LIBOR plus 4.75% with a LIBOR floor of 1.25% and matures in June 2021. Interest income recorded from this loan totaled \$0.6 million for 2018.

Figure 19 – Arbor 2018 10-K



New Business

CEO Ivan Kaufman claimed that Arbor would close hundreds of millions of dollars in new MF investments being inherently unprofitable at ~10% borrow rates.

Ivan Paul Kaufman

Founder, Chairman, President & Chief Executive Officer, Arbor Realty Trust, Inc.

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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 20 – Arbor Q3 2024 Earnings Call Transcript

Unsurprisingly, there has been no incremental new structure business loans outside of the Build-To-Baghold management slush fund. Instead Arbor's **gross** new loans this year appear to have mostly been 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.

This is documented in "REO & Foreclosures" & "Build-to-Baghold, Borrow-to-Bailout" sections above.

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 headquarters².

Investors should enquire as to the nature of Arbor's "new business", and the risks associated to lending their already bankrupt debtors more money to re-purchase the same asset.

² <https://viceroymresearch.org/2024/05/09/arbor-realty-trust-fraud/>



Summary of other findings

- 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 appears 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 can. Arbor does not record delinquencies or modifications on these loans.
- Arbor's CFO incorrectly claims that only \$15m of PIK accrued in Q3 2024. This is a logical impossibility 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 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.

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/>

In addition to the previously reported investigations by the Department of Justice and the Federal Bureau of Investigation it is now highly likely that the company is also under investigation by the SEC.

X user @Price_to_Value's FOIA request to the SEC was denied, with the SEC citing interference with ongoing enforcement actions as justification³.

We are withholding records that may be responsive to your request under 5 U.S.C. § 552(b)(7)(A). This exemption protects from disclosure records compiled for law enforcement purposes, the release of which could reasonably be expected to interfere with enforcement activities. Since Exemption 7(A) protects the records from disclosure, we have not determined if other exemptions apply. Therefore, we reserve the right to assert other exemptions when Exemption 7(A) no longer applies. Please be advised that we have considered the foreseeable harm standard in preparing this response.

It is the general policy of the Commission to conduct its investigations on a non-public basis. Thus, subject to the provisions of FOIA, the Commission does not disclose the existence or non-existence of an investigation or information gathered unless made a matter of public record in proceedings brought before the Commission or in the courts. Accordingly, the assertion of this exemption should not be construed as an indication by the Commission or its staff that any violations of law have occurred with respect to any person, entity, or security.

Figure 21 – SEC FOIA Response

Viceroy notes that the reported inquiries are in line with our reporting into Arbor's fabricated loan book performance.

³ <https://x.com/viceroyresearch/status/1823006132824395835>



Attention: Whistleblowers

Viceroy encourage any parties with information pertaining to misconduct within Arbor Realty Trust, its affiliates, or any other entity to file a report with the appropriate regulatory body.

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.

About Viceroy

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