



Arbor Realty Trust Reports Third Quarter 2007 Results

November 9, 2007

Third Quarter Highlights:

- **Net income increased 91% to \$20.7 million from 3Q06**
- **Diluted earnings per share of \$1.02, an increase of 62% from 3Q06**
- **New loans and investments of \$265 million**
- **Received \$10.1 million cash distribution and recorded \$7.6 million of income, before minority interest, from equity interest in Prime portfolio, marking a positive impact from equity kickers in 11 of the 14 quarters since transitioning to a public company**
- **Declared quarterly dividend of \$0.62 per share**
- **Amended financing facility increasing committed amount by \$50 million**

UNIONDALE, N.Y., Nov. 9 /PRNewswire-FirstCall/ -- Arbor Realty Trust, Inc. (NYSE: ABR), a real estate investment trust focused on the business of investing in real estate related bridge and mezzanine loans, preferred and direct equity investments, mortgage-related securities and other real estate related assets, today announced financial results for the quarter ended September 30, 2007. Arbor reported net income for the quarter of \$20.7 million, or \$1.02 per diluted common share, compared to net income for the quarter ended September 30, 2006 of \$10.9 million, or \$0.63 per diluted common share. Excluding \$6.4 million of net income from the Prime transaction, net income for the quarter ended September 30, 2007 was \$14.3 million, or \$0.70 per diluted common share.(1)

Net income for the nine months ended September 30, 2007 was \$69.2 million, or \$3.73 per diluted common share, compared to net income for the nine months ended September 30, 2006 of \$36.0 million, or \$2.09 per diluted share. Excluding \$32.2 million of net income from the 450 West 33rd Street, Toy building, Prime and On the Avenue transactions for the nine months ended September 30, 2007 and \$5.6 million of net income from the Prime transaction for the nine months ended September 30, 2006, net income for the nine months ended September 30, 2007 was \$37.0 million, or \$2.00 per diluted common share, compared to net income for the nine months ended September 30, 2006 of \$30.4 million, or \$1.76 per diluted share.(1)

"We are very pleased with our quarterly results and with the progress we have made in growing and enhancing our franchise," said Ivan Kaufman, Chairman and Chief Executive Officer. "With earnings per share of \$1.02 this quarter, we are well on our way to another record year as we have already delivered \$3.73 in earnings per share for the first nine months of 2007. The third quarter also included the monetization of one of our equity kickers and the addition of another kicker to our portfolio. Equity kickers continue to provide us with substantial liquidity and have significantly increased our earnings and capital base. We also continue to improve our capital structure, maximizing the return on our investments."

The results for the third quarter included a \$10.1 million distribution from Prime Outlets Acquisition Company LLC ("Prime"), an entity in which Arbor owns an equity and profits interest. The distribution was a result of proceeds from the sale of certain assets in Prime's portfolio. Of the distribution received by Arbor, \$7.0 million was recorded as interest income, representing the portion of the distribution received from the profits interest, and \$3.1 million of the distribution was recorded as income from equity affiliates. The Company recorded an incentive management fee expense of approximately \$2.5 million for the quarter ended September 30, 2007 related to this transaction.

At September 30, 2007, the net balance in the loan and investment portfolio was \$2.6 billion. The average balance of the loan and investment portfolio during the third quarter was also \$2.6 billion and the average yield on these assets for the quarter was 9.27%, compared to \$2.4 billion and 9.55% for the second quarter of 2007.

The average balance of debt financing on the loan and investment portfolio during the quarter was \$2.3 billion and the average cost of these borrowings was 6.84%, compared to \$2.3 billion and 6.82% for the second quarter of 2007.

For the third quarter 2007, Arbor's manager, Arbor Commercial Mortgage, LLC, earned \$4.8 million of incentive compensation. Arbor Commercial Mortgage intends to exercise its option to receive 25% of the incentive compensation in shares of Arbor Realty Trust's common stock.

(1) See attached supplemental schedule of non-GAAP financial measures on pages 7 & 8.

Financing Activity

During the quarter, the Company amended one of its financing facilities. The amendment included increasing the committed amount outstanding to \$100 million from \$50 million, adding the ability to finance junior participation interests and a reduction in borrowing costs of approximately 50 to 75 basis points depending on the type of asset financed. The term of the facility was extended to September 2008.

As of September 30, 2007, Arbor's financing facilities for its loan and investment portfolio totaled approximately \$2.7 billion and borrowings outstanding under such facilities were \$2.3 billion.

Portfolio Activity

During the quarter, Arbor originated 20 new loans and investments totaling \$265 million. Of the new loans and investments, 14 were bridge loans totaling \$182 million, five were mezzanine loans totaling \$73 million, and one was an investment totaling \$10 million.

During the quarter, nine loans paid off with an outstanding balance of approximately \$132 million, all of which was related to loans on properties that

were either sold or refinanced outside of Arbor.

At September 30, 2007, the loan and investment portfolio unpaid principal balance was \$2.6 billion with a weighted average current interest pay rate of 8.42%. At the same date, advances on financing facilities pertaining to the loan and investment portfolio totaled \$2.3 billion, with a weighted average interest rate of 6.61%, excluding financing and interest rate swap costs.

Arbor's loan portfolio at September 30, 2007 consisted of 31% fixed-rate and 69% variable rate loans.

Dividend

As previously announced, the Board of Directors declared a dividend of \$0.62 per share for the quarter ended September 30, 2007, to be paid on November 26, 2007 to shareholders of record on November 15, 2007.

Equity Participation Interests

Attached as an exhibit to this press release is a schedule of certain data pertaining to the Company's investments with equity participation interests. As previously disclosed, the Company recorded \$7.6 million of income before minority interest from its equity and profits interest in the Prime transaction. In addition, the Company originated one new investment with an equity participation interest during the quarter.

Earnings Conference Call

Management will host a conference call today at 10:00 a.m. EST. A live webcast of the conference call will be available online at www.arborrealtytrust.com. Web participants are encouraged to go to Arbor's Web site at least 15 minutes prior to the start of the call to register, download and install any necessary audio software. Listening to the webcast requires speakers and RealPlayer(TM) software, downloadable without charge at www.real.com. Those without Web access should access the call telephonically at least ten minutes prior to the conference call. The dial-in numbers are (866) 362-4829 for domestic callers and (617) 597-5346 for international callers. The participant passcode for both is 10815570.

After the live webcast, the call will remain available on Arbor's Web site, www.arborrealtytrust.com, through November 23, 2007. In addition, a telephonic replay of the call will be available until November 16, 2007. The replay dial-in number is (888) 286-8010 for domestic callers and (617) 801-6888 for international callers. Please use passcode: 22547303.

About Arbor Realty Trust, Inc.

Arbor Realty Trust, Inc. is a real estate investment trust which invests in a diversified portfolio of multi-family and commercial real estate related bridge and mezzanine loans, preferred equity investments, mortgage related securities and other real estate related assets. Arbor commenced operations in July 2003 and conducts substantially all of its operations through its operating partnership, Arbor Realty Limited Partnership and its subsidiaries. Arbor is externally managed and advised by Arbor Commercial Mortgage, LLC, a national commercial real estate finance company operating through 11 offices in the US that specializes in debt and equity financing for multi-family and commercial real estate.

Safe Harbor Statement

Certain items in this press release may constitute forward-looking statements within the meaning of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. These statements are based on management's current expectations and beliefs and are subject to a number of trends and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements. Arbor can give no assurance that its expectations will be attained. Factors that could cause actual results to differ materially from Arbor's expectations include, but are not limited to, continued ability to source new investments, changes in interest rates and/or credit spreads, changes in the real estate markets, and other risks detailed in Arbor's Annual Report on Form 10-K for the year ended December 31, 2006 and its other reports filed with the SEC. Such forward-looking statements speak only as of the date of this press release. Arbor expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in Arbor's expectations with regard thereto or change in events, conditions, or circumstances on which any such statement is based.

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ARBOR REALTY TRUST, INC. AND SUBSIDIARIES

CONSOLIDATED INCOME STATEMENTS (Unaudited)

| Quarter Ended | | Nine Months Ended | |
|---------------|------|-------------------|------|
| September 30, | | September 30, | |
| 2007 | 2006 | 2007 | 2006 |

Revenue:

| | | | | |
|-----------------------------|--------------|--------------|---------------|---------------|
| Interest income | \$70,471,815 | \$40,897,083 | \$211,732,742 | \$120,434,185 |
| Income from swap derivative | - | 696,960 | - | 696,960 |
| Other income | 1,806 | 41,550 | 25,162 | 161,947 |
| Total revenue | 70,473,621 | 41,635,593 | 211,757,904 | 121,293,092 |

Expenses:

| | | | | |
|------------------------------------|------------|------------|-------------|------------|
| Interest expense | 39,625,100 | 23,405,789 | 110,265,602 | 63,332,763 |
| Employee compensation and benefits | 1,989,437 | 1,120,596 | 5,309,896 | 3,430,004 |
| Stock based compensation | 365,391 | 427,609 | 2,039,327 | 1,793,062 |
| Selling and administrative | 1,365,124 | 1,118,724 | 3,669,612 | 3,037,501 |
| Management fee - related party | 5,686,538 | 2,327,012 | 21,205,285 | 8,530,712 |
| Total expenses | 49,031,590 | 28,399,730 | 142,489,722 | 80,124,042 |

| | | | | |
|---|------------|------------|------------|------------|
| Income before income from equity affiliates, minority interest and provision for income taxes | 21,442,031 | 13,235,863 | 69,268,182 | 41,169,050 |
|---|------------|------------|------------|------------|

| | | | | |
|-------------------------------|-----------|---|------------|-----------|
| Income from equity affiliates | 3,139,809 | - | 29,165,597 | 2,909,292 |
|-------------------------------|-----------|---|------------|-----------|

| | | | | |
|--|------------|------------|------------|------------|
| Income before minority interest and provision for income taxes | 24,581,840 | 13,235,863 | 98,433,779 | 44,078,342 |
|--|------------|------------|------------|------------|

| | | | | |
|---------------------------------------|-----------|-----------|------------|-----------|
| Income allocated to minority interest | 3,841,671 | 2,379,607 | 14,160,005 | 7,921,687 |
|---------------------------------------|-----------|-----------|------------|-----------|

| | | | | |
|--|------------|------------|------------|------------|
| Income before provision for income taxes | 20,740,169 | 10,856,256 | 84,273,774 | 36,156,655 |
|--|------------|------------|------------|------------|

| | | | | |
|----------------------------|---|---|------------|---------|
| Provision for income taxes | - | - | 15,085,000 | 150,000 |
|----------------------------|---|---|------------|---------|

| | | | | |
|------------|--------------|--------------|--------------|--------------|
| Net income | \$20,740,169 | \$10,856,256 | \$69,188,774 | \$36,006,655 |
|------------|--------------|--------------|--------------|--------------|

| | | | | |
|---------------------------------|--------|--------|--------|--------|
| Basic earnings per common share | \$1.02 | \$0.63 | \$3.73 | \$2.10 |
|---------------------------------|--------|--------|--------|--------|

| | | | | |
|-----------------------------------|--------|--------|--------|--------|
| Diluted earnings per common share | \$1.02 | \$0.63 | \$3.73 | \$2.09 |
|-----------------------------------|--------|--------|--------|--------|

| | | | | |
|-------------------------------------|--------|--------|--------|--------|
| Dividends declared per common share | \$0.62 | \$0.57 | \$1.84 | \$1.99 |
|-------------------------------------|--------|--------|--------|--------|

Weighted average number of shares of common stock outstanding:

| | | | | |
|-------|------------|------------|------------|------------|
| Basic | 20,366,360 | 17,226,496 | 18,526,194 | 17,185,737 |
|-------|------------|------------|------------|------------|

| | | | | |
|---------|------------|------------|------------|------------|
| Diluted | 24,173,877 | 21,067,847 | 22,369,766 | 21,021,218 |
|---------|------------|------------|------------|------------|

ARBOR REALTY TRUST, INC. AND SUBSIDIARIES

SUPPLEMENTAL SCHEDULE OF NON-GAAP FINANCIAL MEASURES

(Unaudited)

| | Quarter Ended | | Nine Months Ended | |
|--|---------------|------|-------------------|------|
| | September 30, | | September 30, | |
| | 2007 | 2006 | 2007 | 2006 |

| | | | | |
|---------------------------|--------------|--------------|---------------|---------------|
| Total revenue, GAAP basis | \$70,473,621 | \$41,635,593 | \$211,757,904 | \$121,293,092 |
|---------------------------|--------------|--------------|---------------|---------------|

| | | | | |
|----------------------------------|-----------|---|------------|-----------|
| Subtract: Prime transaction | 6,977,133 | - | 11,143,801 | 6,274,041 |
| On the Avenue transaction | - | - | 15,997,843 | - |
| 450 West 33rd Street transaction | - | - | 10,425,579 | - |

| | | | | |
|----------------------------|--------------|--------------|---------------|---------------|
| Total revenue, as adjusted | \$63,496,488 | \$41,635,593 | \$174,190,681 | \$115,019,051 |
|----------------------------|--------------|--------------|---------------|---------------|

| | | | | |
|------------------------|--------------|--------------|--------------|--------------|
| Net income, GAAP basis | \$20,740,169 | \$10,856,256 | \$69,188,774 | \$36,006,655 |
|------------------------|--------------|--------------|--------------|--------------|

| | | | | |
|----------------------------------|-----------|---|------------|-----------|
| Subtract: Prime transaction | 6,405,386 | - | 10,189,375 | 5,638,218 |
| On the Avenue transaction | - | - | 6,099,372 | - |
| Toy transaction | - | - | 9,342,631 | - |
| 450 West 33rd Street transaction | - | - | 6,529,699 | - |

| | | | | |
|-------------------------|--------------|--------------|--------------|--------------|
| Net income, as adjusted | \$14,334,783 | \$10,856,256 | \$37,027,697 | \$30,368,437 |
|-------------------------|--------------|--------------|--------------|--------------|

| | | | | |
|---|--------|--------|--------|--------|
| Diluted earnings per common share, GAAP basis | \$1.02 | \$0.63 | \$3.73 | \$2.09 |
|---|--------|--------|--------|--------|

| | | | | |
|--|--------|--------|--------|--------|
| Diluted earnings per common share, as adjusted | \$0.70 | \$0.63 | \$2.00 | \$1.76 |
|--|--------|--------|--------|--------|

| | | | | |
|---|------------|------------|------------|------------|
| Diluted weighted average shares outstanding | 24,173,877 | 21,067,847 | 22,369,766 | 21,021,218 |
|---|------------|------------|------------|------------|

a.) Given the magnitude of the Prime, On the Avenue, Toy and 450 West 33rd Street transactions, Arbor has elected to report adjusted revenues, net income and diluted earnings per share for the affected periods to help ensure the comparability of the reporting periods. Management considers these non-GAAP financial measures to be effective indicators, for both management and investors, of Arbor's financial performance. Arbor's management does not advocate that investors consider such non-GAAP financial measures in isolation from, or as a substitute for, financial information prepared in accordance with GAAP.

ARBOR REALTY TRUST, INC. AND SUBSIDIARIES

SUPPLEMENTAL SCHEDULE OF NON-GAAP FINANCIAL MEASURES - Continued
(Unaudited)

September 30, 2007

| | |
|--|---------------|
| GAAP Stockholders' Equity | \$413,077,142 |
| Add: 450 West 33rd Street transaction - deferred revenue | 77,123,133 |
| Subtract: 450 West 33rd Street transaction - prepaid management fee | 19,047,949 |
| Economic Stockholders' Equity | \$471,152,326 |
| Economic book value per share | \$23.03 |
| GAAP book value per share | \$20.19 |
| Common shares outstanding | 20,457,333 |

b.) Given the magnitude and the deferral structure of the 450 West 33rd Street transaction, Arbor has elected to report economic book value per share for the affected period to currently reflect the future impact of this transaction on the company's financial condition. Management considers this non-GAAP financial measure to be an effective indicator, for both management and investors, of Arbor's financial performance. Arbor's management does not advocate that investors consider this non-GAAP financial measure in isolation from, or as a substitute for, financial information prepared in accordance with GAAP.

ARBOR REALTY TRUST, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

| | September 30, 2007 (Unaudited) | December 31, 2006 (Audited) |
|--|--------------------------------------|-----------------------------------|
| Assets: | | |
| Cash and cash equivalents | \$14,405,394 | \$7,756,857 |
| Restricted cash | 127,094,536 | 84,772,062 |
| Loans and investments, net | 2,636,016,806 | 1,993,525,064 |
| Related party loans, net | - | 7,752,038 |
| Available-for-sale securities, at fair value | - | 22,100,176 |
| Investment in equity affiliates | 57,590,436 | 25,376,949 |
| Prepaid management fee | 19,047,949 | - |
| Other assets | 77,117,636 | 63,062,065 |
| Total assets | \$2,931,272,757 | \$2,204,345,211 |
| Liabilities and Stockholders' Equity: | | |
| Repurchase agreements | \$766,519,028 | \$395,847,359 |
| Collateralized debt obligations | 1,137,689,000 | 1,091,529,000 |
| Junior subordinated notes to subsidiary trust issuing preferred securities | 276,055,000 | 222,962,000 |
| Notes payable | 110,805,840 | 94,574,240 |
| Due to related party | 5,109,672 | 3,983,647 |
| Due to borrowers | 29,973,915 | 16,067,295 |
| Deferred revenue | 77,123,133 | - |
| Other liabilities | 38,557,141 | 17,802,341 |
| Total liabilities | 2,441,832,729 | 1,842,765,882 |
| Minority interest | 76,362,886 | 65,468,252 |
| Stockholders' equity: | | |

| | | |
|--------------------------------------|-----------------|-----------------|
| Preferred stock, \$0.01 par value: | | |
| 100,000,000 shares authorized; | | |
| 3,776,069 shares issued and | | |
| outstanding | 37,761 | 37,761 |
| Common stock, \$0.01 par value: | | |
| 500,000,000 shares authorized; | | |
| 20,736,733 shares issued, 20,457,333 | | |
| shares outstanding at September 30, | | |
| 2007 and 17,388,770 shares issued, | | |
| 17,109,370 shares outstanding at | | |
| December 31, 2006 | 207,367 | 173,888 |
| Additional paid-in capital | 359,793,271 | 273,037,744 |
| Treasury stock, at cost - 279,400 | | |
| shares | (7,023,361) | (7,023,361) |
| Retained earnings | 63,050,138 | 27,732,489 |
| Accumulated other comprehensive | | |
| (loss) income | (2,988,034) | 2,152,556 |
| Total stockholders' equity | 413,077,142 | 296,111,077 |
| Total liabilities and stockholders' | | |
| equity | \$2,931,272,757 | \$2,204,345,211 |

Arbor Realty Trust, Inc.
Summary of Equity and Profit Interests
(all dollar amounts in thousands)
Unaudited

| Name | Initial ART Investment Amount | Current Investment Date | Approximate Cash Equity Investment | Approximate Profit % | Square Footage |
|----------------------------------|-------------------------------------|-------------------------------|--|-------------------------|-------------------|
| 80 Evergreen | \$384 | 3Q03 | \$201 | 12.50% | 77,680 |
| 930 Flushing | 1,126 | 3Q03 | 500 | 12.50% | 304,080 |
| Prime Portfolio | 2,100 | 4Q03 | - | 7.50% | 6,700,000 |
| Prime Portfolio | | - | 16.67% | 6,700,000 | |
| 450 W. 33rd St | 1,500 | 4Q03 | 1,137 | 0.58%(1) | 1,746,734 |
| 823 Park Avenue | - | 3Q04 | - | 20.00% | 52,374 |
| York Avenue | 540 | 3Q04 | - | 8.70% | 45,200 |
| Toy Building | 10,000 | 2Q05 | 5,720 | 10.00% | 320,000 |
| Homewood Mtn Resort | - | 2Q06 | - | 25.60% | 1,224 (3) |
| Richland Terrace Apartments | - | 3Q06 | - | 25.00% | 342,152 |
| Ashley Court Apartments | - | 3Q06 | - | 25.00% | 177,892 |
| Nottingham Village | - | 1Q07 | - | 25.00% | 285,900 |
| Extended Stay Hotel Portfolio | - | 2Q07 | 115,000 | 16.17% | 684 (4) |
| Lake in the Woods | - | 2Q07 | 1,500 | 50.00% | 967,648 |
| Alpine Meadows | 13,220 | 3Q07 | 13,220 | 39.00% | 2,163 (3) |

St. John's
Development - 4Q07 - 50.00% 23 (3)

| Name | Property Type | Current Debt Balance Location | on Property | Comments |
|-------------------------------|---------------|-------------------------------|-------------|---|
| 80 Evergreen | Warehouse | Brooklyn, NY | \$4,800 | |
| 930 Flushing | Warehouse | Brooklyn, NY | 25,000 | Property refinanced July 2005 |
| Prime Portfolio Outlets | Retail | Multi-state | 1,222,300 | Properties refinanced |
| Prime Portfolio Outlets | Retail | Multi-state | - | All equity returned to investors |
| 450 W. 33rd St | Office | New York City | 517,000 | |
| 823 Park Avenue | Conversion | New York City | 120,500(2) | Condo conversion - investment held in Taxable REIT Subsidiary ("TRS") |
| York Avenue | Conversion | New York City | 32,000 | Property refinanced Dec 2005 |
| Toy Building | Conversion | New York City | 343,400(2) | Condo conversion - investment held in Taxable REIT Subsidiary ("TRS") |
| Homewood Mtn Resort | Land | Homewood, CA | 100,986 | Profits interest held in TRS |
| Richland Terrace Apartments | Multi Family | Columbia, SC | 7,460 | |
| Ashley Court Apartments | Multi Family | Fort Wayne, IN | 5,452 | |
| Nottingham Village | Multi Family | Indianapolis, IN | 6,626 | |
| Extended Stay Hotel Portfolio | Hotel | Multistate | 7,400,000 | Preferred return of 12% on equity |
| Lake in the Woods | Multi Family | Ypsilanti, MI | 43,500 | |

Alpine Meadows Land Alpine Meadows, 30,500 Preferred
CA return of 18%
on equity

St. John's
Development Land Jacksonville, FL 25,000

SOURCE Arbor Realty Trust, Inc.

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