



Arbor Realty Trust Restructures \$247 Million of Trust Preferred Securities

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UNIONDALE, N.Y., May 7 /PRNewswire-FirstCall/ -- Arbor Realty Trust, Inc. (NYSE: ABR) today announced that it has restructured a significant amount of its trust preferred securities. Of the \$276 million of trust preferred securities on the Company's December 31, 2008 balance sheet, \$268 million were junior subordinated notes to third party investors and \$8 million was common equity issued to the Company in accordance with these trust preferred securities. The Company exchanged approximately \$240 million of junior subordinated notes for approximately \$268 million of newly issued junior subordinated notes, representing 112% of the original face amount. The new notes bear a fixed interest rate of 0.50% per annum for the period commencing February 1, 2009 and ending April 30, 2012 (the "Modification Period"), and then interest is to be paid at the rates set forth in the existing trust agreements until maturity. The Company paid a transaction fee of approximately \$1.4 million to the issuers of the junior subordinated notes related to this restructuring.

During the Modification Period, the Company will be permitted to make distributions of up to 100% of taxable income to common shareholders. The Company has agreed that such distributions will be paid in the form of the Company's stock to the maximum extent permissible under the Internal Revenue Service rules and regulations in effect at the time of such distribution, with the balance payable in cash. This requirement regarding distributions in stock can be terminated by the Company at any time, provided that the Company pays the note holders the original rate of interest from the time of such termination.

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 sales and origination support offices in the US that specializes in debt and equity financing for multi-family and commercial real estate.

Safe Harbor Statement

The information included in this press release was based on the significant terms of the agreement. The agreement is subject to certain closing conditions and the Company can make no assurances that this agreement will close timely or at all. In addition if the terms of this agreement are amended this may have a material impact on the economics of the transaction.

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 and capital markets, and other risks detailed in the prospectus supplement with respect to this offering and in Arbor's Annual Report on Form 10-K for the year ended December 31, 2008 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.

SOURCE Arbor Realty Trust, Inc.

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