
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported):

April 7, 2016 (April 7, 2016)

Arbor Realty Trust, Inc.

(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

MARYLAND

(STATE OF INCORPORATION)

001-32136

(COMMISSION FILE NUMBER)

20-0057959

(IRS EMPLOYER ID. NUMBER)

333 Earle Ovington Boulevard, Suite 900

Uniondale, New York

(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)

11553

(ZIP CODE)

(516) 506-4200

(REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 8.01 Other Events

As previously disclosed, Arbor Realty Trust, Inc. (the “Company”), and certain of its subsidiaries have entered into an Asset Purchase Agreement, dated February 25, 2016, providing for the acquisition by the Company of the Agency business of the Company’s external manager, Arbor Commercial Mortgage, LLC. The Company intends to make presentations to various parties from time to time in order to discuss the proposed acquisition. The slides attached hereto as Exhibit 99.1 may be used in connection with such presentations and are incorporated herein by reference.

The information in Item 8.01 and Exhibit 99.1 attached hereto shall not be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, regardless of any general incorporation language in such filing.

Important Information for Investors and Stockholders

This Current Report on Form 8-K shall not constitute a solicitation of any vote or approval. The proposed transaction will be submitted to the stockholders of the Company for their consideration. The Company has filed a preliminary proxy statement and other relevant documents concerning the proposed transaction with the Securities and Exchange Commission (the “SEC”). The Company will provide the final proxy statement to its stockholders. Investors and security holders are urged to read the proxy statement and any other relevant documents filed with the SEC when they become available, as well as any amendments or supplements to those documents, because they will contain important information about the Company and the proposed transaction. Investors and security holders will be able to obtain a free copy of the proxy statement, as well as other filings containing information about the Company free of charge at the SEC’s website at <http://www.sec.gov>. In addition, the proxy statement, the SEC filings incorporated by reference in the proxy statement and the other documents filed with the SEC by the Company may be obtained free of charge by directing such request to: moreinfo@arbor.com, or the documents can be obtained directly by accessing the investor relations section of the Company’s website at www.arborrealtytrust.com.

The Company and its directors, executive officers, and certain other members of management and employees may be deemed to be participants in the solicitation of proxies in favor of the proposed transactions from the stockholders of the Company. Information about the directors and executive officers of the Company is set forth in the proxy statement on Schedule 14A for the Company’s 2015 Annual Meeting of Stockholders, which was filed with the SEC on April 10, 2015. Additional information regarding participants in the proxy solicitation may be obtained by reading the proxy statement regarding the proposed transaction when it becomes available.

Safe Harbor Statement

Certain items in this Current Report on Form 8-K 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 the Company’s expectations will be detailed in our SEC reports. Such forward-looking statements speak only as of the date of this filing. The Company expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein or on the conference call 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.

The following factors, among others, could cause our actual results and financial condition to differ materially from those expressed or implied in the forward-looking statements: (1) the occurrence of any event, change or other circumstances that could give rise to the termination of the Asset Purchase Agreement between the Company and Arbor Commercial Mortgage, LLC for the proposed transaction; (2) the inability to complete the transactions contemplated by such Asset Purchase Agreement due to the failure to obtain the required stockholder approval; (3) the inability to satisfy the other conditions specified in such Asset Purchase Agreement, including without limitation the receipt of necessary governmental or regulatory approvals required to complete the transactions contemplated by such Asset Purchase Agreement; (4) the inability to successfully integrate our business with the purchased business or to integrate the businesses within the anticipated timeframe; (5) the risk that the proposed transactions disrupt current plans and operations and increase operating costs; (6) the ability to recognize the anticipated benefits of the transaction including the realization of synergy benefits and to recognize such benefits within the anticipated timeframe; (7) the outcome of any legal proceedings that may be instituted against the Company or others following announcement of such Asset Purchase Agreement and transactions contemplated therein; and (8) the possibility that the Company may be adversely affected by other economic, business, and/or competitive factors.

Item 9.01 Financial Statements and Exhibits.

(d) *Exhibits*

Exhibit No.	Description
99.1	Investor Presentation Material

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

ARBOR REALTY TRUST, INC.

By: /s/ Paul Elenio
Name: Paul Elenio
Title: Chief Financial Officer

Date: April 7, 2016

EXHIBIT INDEX

Exhibit No.	Description
99.1	Investor Presentation Material



Arbor Realty Trust Investor Presentation

March 2016

- Business update
- Acquisition of Agency platform



Disclaimer

Information in this presentation may be deemed forward-looking that are subject to risks and uncertainties, including information about possible or assumed future results of our business, the manager's agency business, financial condition, liquidity, results of operations, plans and objectives. This information is based on our beliefs, assumptions and expectations of the future performance of these businesses, taking into account the information currently available to us. Factors that could cause actual results to differ materially from our expectations in these forward-looking statements are detailed in our SEC reports. We caution you not to place undue reliance on these forward-looking statements, which speak only as of today. We undertake no obligation to publicly update or revise these forward-looking statements to reflect events or circumstances after today or the occurrences of unanticipated events.

Additionally, in connection with the proposed transaction we have filed a preliminary proxy statement with the SEC. We also have filed certain addition documents and may file other relevant documents with the SEC regarding the proposed transaction. Investors are urged to read the proxy statement and other relevant documents filed with the SEC, when they become available, because they will contain important information. You may obtain a free copy of the proxy statement, and other relevant documents filed by us with the SEC at the SEC's website at www.SEC.gov. Copies of the documents filed by us with the SEC will be available free of charge on our website at www.arborrealtytrust.com or by contacting Investor Relations at (516) 506-4200. We and our directors and executive officers and other members of management and employees may be deemed to be participants in the solicitation of proxies in respect to the proposed transaction. You can find the information about our executive officers and directors in our definitive annual proxy statement filed with the SEC on April 10, 2015. Additional information regarding the interests of such potential participants will be included in the proxy statement and other relevant documents filed with the SEC. You may obtain free copies of these documents from us using the sources indicated earlier.



Overview of the business platforms

Arbor Realty Trust, Inc.

- **Specialized real estate finance company that invests in a diversified portfolio of structured finance assets in the multifamily and commercial real estate markets including bridge and mezzanine loans**
 - Primary focus is multifamily, senior lending which generates superior leveraged returns in the most secure part of the capital stack
 - Small balance lending strategy is differentiated from peers – average size of ~ \$12 million per loan
- **Formed in June 2003 as a real estate investment trust (“REIT”) for federal income tax purposes**
- **\$1.5 billion investment portfolio as of December 31, 2015**
- **\$342 million market cap (NYSE: ABR) as of April 5, 2016**
- **Currently paying a \$0.60 annual dividend per share; representing an ~ 9% dividend yield currently**

Announced Acquisition – Agency Platform

- **February 25, 2016 – announced definitive agreement to acquire the agency platform of Arbor Commercial Mortgage, LLC**
 - One of only 25 Fannie Mae DUS® licensed lenders nationwide, Affordable Housing, Freddie Mac Small Balance, and HUD originator
 - Leading national multifamily agency loan origination and servicing platform with over 200 direct employees, including 20 originators in seven states with more than 20 years of experience on average
 - Primary focus on small balance loans with ~\$5 million average loan size
 - Servicing portfolio of approximately \$11 billion of unpaid principal balance as of January 31, 2016
 - Originated more than \$3 billion in loans in 2015; 5-year compounded average growth rate in originations of more than 20%





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- **Focus predominately on multifamily senior lending which generates superior leveraged returns in the most secure part of the capital stack**
 - 88% of investment portfolio in bridge loans, with 75% of bridge loans to multifamily properties¹
 - Borrowers seeking short-term financing to be used for property acquisitions that are predominately secured by first mortgage loans
 - 12% of investment portfolio in mezzanine financing, junior participation financing and preferred equity investments¹
 - Small-balance focus with an average loan size of ~\$12 million
- **Principal business objective is to maximize the difference between the yield on our investments and cost of financing to generate dividends, facilitate capital appreciation and maximize total returns**
- **More than 12 years of operating history as a REIT**
- **Externally managed and advised by Arbor Commercial Mortgage, LLC (“ACM”)**
 - Ivan Kaufman; Chairman, President, and CEO, ABR; President and CEO, ACM
 - Paul Elenio; Treasurer and CFO, ABR; CFO, ACM

Note:

¹ Distribution by unpaid principal balance



Our approach to business

☑ Provide customized financing

- *We target borrowers who have demonstrated a history of enhancing the value of the properties they operate, but whose options may be limited by conventional bank financing and who may benefit from the sophisticated structured finance products we offer*
- *We structure and execute financial transactions in all areas of the capital stack for our clients*

☑ Execute transactions rapidly

- *We act quickly and decisively on proposals, provide commitments and close transactions within a few weeks and sometimes days, if required. We believe that rapid execution attracts opportunities from both borrowers and other lenders that would not otherwise be available*

☑ Manage credit quality

- *We actively manage the credit quality of our portfolio by using the expertise of our asset management group, which has a proven track record of structuring and repositioning structured finance investments to improve credit quality and yield*

☑ Utilize relationships with existing borrowers

- *We capitalize on our strong reputation and relationships with a large borrower base nationwide to attract a first-class clientele*

☑ Leverage the experience of senior management and affiliates

- *Our senior management team has, on average, over 20 years of experience in the financial services industry*
-



Significant 2015 achievements

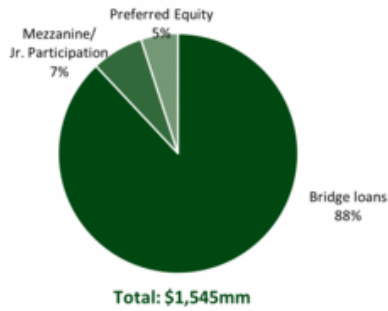
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- 1 Deleveraged legacy securitization vehicles**
 - Substantially reduced debt costs
 - Redeployed proceeds into higher yielding investments
 - 2 Continued focus on new and improved non-recourse financing structures**
 - Closed two new CLOs in 2015 with improved terms
 - Currently ~ \$800 million of non-recourse debt with replenishment features representing ~75% of our total financing
 - 3 Significantly increased liquidity position with ~ \$150 million of deployable cash**
 - 4 Expanded origination platform with an increased focus on multifamily senior loans**

Transitioned our portfolio to 88% senior loans with 75% of those loans in multifamily assets
 - 5 Substantial contribution to core earnings from our residential mortgage banking joint venture and structured transactions**
 - Diversifying income streams generating \$11 million of income to ABR in 2015
 - 6 Growth of dividend in 2015 to \$0.60 per share**
 - 15% increase compared to 2014
-



Investment portfolio overview

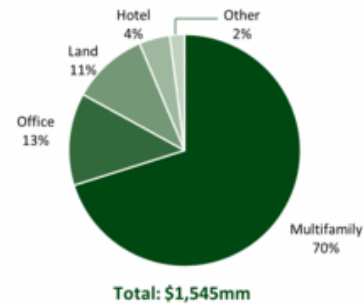
By product¹



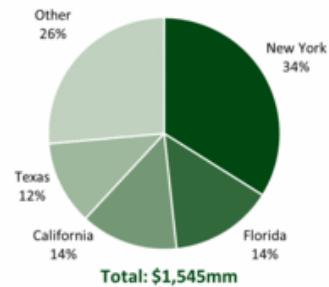
Portfolio summary

- Focus predominantly on multifamily senior lending which generates superior leveraged returns in the most secure part of the capital stack
- 128 loans, average of \$12 million per loan
- 6.32% run-rate yield at December 31, 2015
- ~18 months weighted average maturity, without extensions options
- 76% floating, 24% fixed rate across investment portfolio
- 5.6% allowance for loan losses

By asset class¹



By geography¹

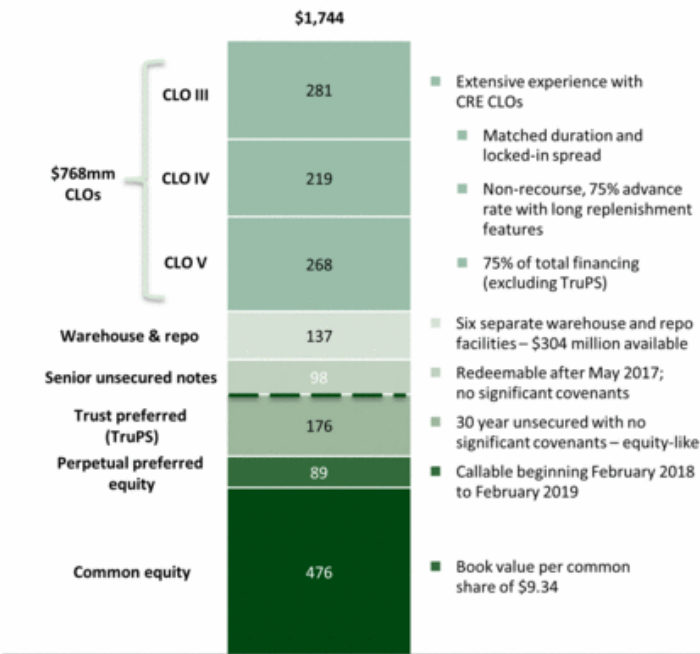


Notes: All metrics shown as of December 31, 2015
¹ Distribution by unpaid principal balance



Capital structure

Capital structure (\$mm)



Summary

- \$189 million unrestricted cash at 12/31/15
- 4.12% run-rate cost of funds at 12/31/15
- 1.4x debt-to-equity¹

Notes: Amounts shown as of December 31, 2015

Debt shown at principal value of \$1,003mm; carrying value of \$989mm

¹ Debt includes CLOs, Warehouse & repo, Senior unsecured notes; equity includes TruPS, Perpetual preferred equity and Common equity



Financial performance

Income statement summary

(Amounts in 000s except per share amounts)	For the year ended December 31,	
	2014	2015
Net interest income	\$59,869	\$59,185
REO assets NOI and gains from disposals	6,388	12,212
Structured transactions and equity kickers	8,919	11,437
Residential mortgage banking JV income	–	6,600
Other income	1,645	270
Total net revenues	\$76,821	\$89,704
Total operating expenses	31,163	36,601
Preferred stock dividends	7,256	7,554
AFFO	\$38,402	\$45,549
AFFO ROE on common equity	9.4%	9.9%
AFFO per common share ¹	\$0.76	\$0.89
Annualized dividend per common share ¹	\$0.52	\$0.60
AFFO per share in excess of dividends	\$0.24	\$0.29

Note:

AFFO excludes the impact of certain non-cash and one time items

¹ Based on weighted average diluted common shares of 50.4mm and 51.0mm for 2014 and 2015, respectively

Earnings in excess of dividends

- Ability to generate additional income streams that result in earnings substantially above dividends
- Excess earnings have contributed greatly to our book value, which is currently at \$9.34 per common share and is significantly above our current stock price
- Annualized dividend yield of ~ 9% based on current stock price





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Transaction summary

Target	<ul style="list-style-type: none">■ Agency platform of Arbor Commercial Mortgage, LLC<ul style="list-style-type: none">■ Servicing platform including approximately \$11bn in UPB as of January 31, 2016 (47 bps weighted average servicing fee, more than \$350 million escrow deposit balances)<ul style="list-style-type: none">– Fair value of MSRs in excess of \$200 million■ Origination platform including 20 originators in seven states
Transaction Value	<ul style="list-style-type: none">■ \$250 million (50% cash, 50% stock)■ Potential adjustment based on changes in value of the acquired servicing portfolio at closing
Consideration	<ul style="list-style-type: none">■ \$125 million cash; company option to utilize up to \$50 million in attractive seller financing■ 19.23 million operating partnership units<ul style="list-style-type: none">■ Number of operating partnership units based upon an agreed upon ABR share price of \$6.50
Structure	<ul style="list-style-type: none">■ Platform to be acquired in a tax efficient manner through the bifurcation of income streams through different REIT subsidiaries
Required approvals	<ul style="list-style-type: none">■ Customary government, GSE approvals, other third-party approvals■ ABR shareholder vote
Anticipated closing	<ul style="list-style-type: none">■ Third quarter 2016
Other	<ul style="list-style-type: none">■ Two year option at discretion of special committee of the ABR Board to purchase for \$25 million the existing management contract and fully internalize the management structure



Strategic benefits for ABR shareholders

-
- ☑ **Immediately accretive to earnings and dividends**
 - *Significantly increases core earnings on a run-rate basis*
 - ☑ **Diversification and predictability of earnings streams**
 - *The acquisition of a long dated prepayment protected servicing portfolio will result in a consistent and recurring cash flow stream in a diversified stable annuity of servicing income*
 - ☑ **Creates fully integrated franchise**
 - *Transitions ABR from a monoline, dependent entity into a fully integrated franchise with a significant agency originations business with high barriers to entry*
 - *One of the few REIT peers offering agency origination and servicing capabilities with a balance sheet to carry these loans*
 - ☑ **Comprehensive product offering**
 - *Increase our size and scale and broadens our products*
 - *Following consummation of the transaction, we will be able to meet the multiple needs of our clients with products for short-term and long-term commercial real estate financing needs*
 - ☑ **Larger, more efficient company**
 - *The acquisition will result in a significantly increased equity base and market cap, creating a larger, more efficient vehicle to access capital*
 - ☑ **Full alignment with shareholders**
 - *Experienced management team that is fully aligned with shareholders through significant stock ownership*
 - *Management will own more than 30% of ABR pro forma for transaction*
-

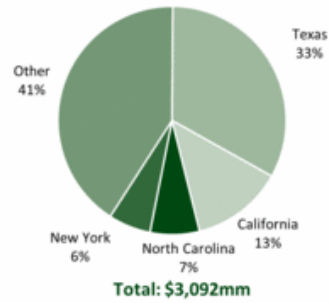


Acquisition of nationwide franchise

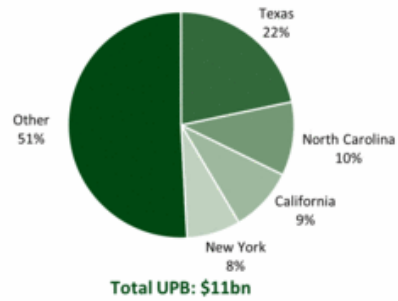
Acquired businesses geographic footprint



2015 Originations (by state)

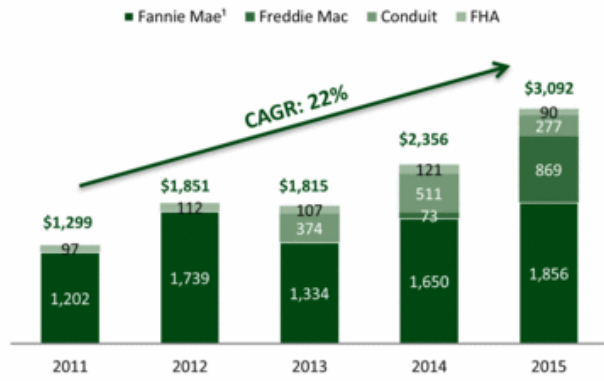


Servicing portfolio as of 1/31/16 (by state)

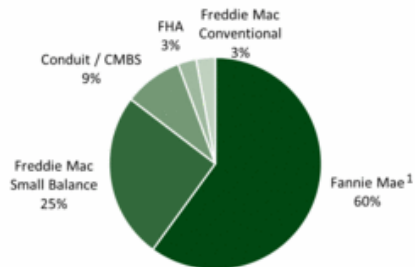


Leading origination platform

Total Originations – Acquired Businesses (\$mm)



2015 Originations



Note:

¹ Includes FNMA DUS and Credit Facility origination volume; ² By origination volume;



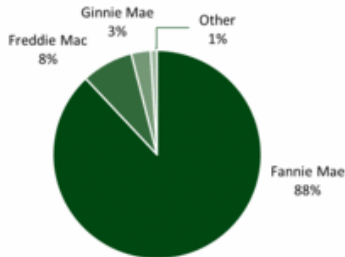
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Overview of origination platform

- Operating since 1995, originated nearly \$20 billion since inception
 - \$10.4 billion in aggregate originations since 2011 producing a 22% five year annual growth rate
- One of only 25 licensed Fannie Mae DUS® lenders
- Top 10 multifamily DUS® lender for nine consecutive years
- Top small loan lender for Fannie Mae in 2014²
- Top small balance lender for Freddie Mac in 2015²
- 20 originators in seven states with more than 20 years average experience

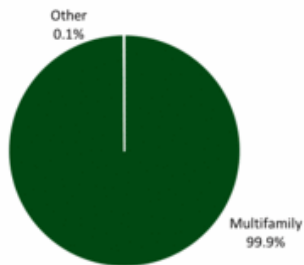
Exposure to profitable servicing platform

Investor type



Total UPB: \$10.9bn

By asset class¹



Total UPB: \$10.9bn

Investor type

- 2,391 total loans; Average loan size of ~\$5 million
 - Focus on small balance (\$1 - 5 million)
- 7 years weighted average remaining loan term
 - Prepayment protection in commercial MSR has structural advantages compared to residential MSR
- Weighted average servicing fee of 47 bps
- Annual servicing revenue of more than \$50 million
- More than \$350 million in escrow balances
- Estimated fair market value of MSRS in excess of \$200 million
- Actively manage portfolio to mitigate credit risks and retain borrowers through their lifecycle



Preliminary financial impact to ABR

- Acquired businesses are less capital intensive and have an attractive return on equity profile
- Acquired businesses estimated to generate approximately \$45-\$50 million of GAAP pre-tax income and \$30-\$35 million pre-tax cash flow in 2016
 - \$50 million annual servicing revenue to ABR
- Immediately accretive to ABR earnings and dividends
- Pro forma dividend accretion of \$0.06-\$0.10 per share; 10%-17% accretion based on current \$0.60 annualized dividend per share¹
- Equity base increase of ~\$125 million as well as larger market cap
- Excludes other potential revenue and cost synergies

Note:

¹ Assumes bifurcation of servicing income; consideration of \$75 million cash; \$50 million seller financing and 19.23 million shares; excludes transaction costs





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Historical Income Statement – Arbor Realty Trust

(Amounts in thousands, except per share amounts)	For the year ended December 31,		
	2013	2014	2015
Revenue:			
Interest income	\$99,032	\$106,716	\$106,769
Other interest income, net	–	–	7,884
Interest expense	42,065	47,903	49,720
Net interest income	\$56,966	\$58,813	\$64,933
Other revenue:			
Property operating income	\$30,127	\$32,641	\$27,666
Other income, net	2,291	1,645	270
Total other revenue	\$32,418	\$34,287	\$27,937
Other expenses:			
Employee compensation and benefits	12,042	13,978	17,500
Selling and administrative	10,603	9,600	12,526
Property operating expenses	26,728	27,857	23,238
Depreciation and amortization	7,251	7,372	5,436
Impairment loss on real estate owned	1,000	250	–
Provision for loan losses (net of recoveries)	4,288	(309)	4,467
Management fee—related party	10,900	9,900	10,900
Total other expenses	\$72,812	\$68,649	\$74,067
Operating income	\$16,572	\$24,451	\$18,802
Gain on acceleration of deferred income	–	–	19,172
Loss on termination of swaps	–	–	(4,630)
Gain on sale of real estate	–	1,604	7,784
Gain on sale of equity interests	–	85,793	–
Incentive management fee—equity interest—related party	–	(19,048)	–
Gain on extinguishment of debt	4,931	–	–
Income (loss) from equity affiliates	(204)	249	12,301
Net income	\$21,299	\$93,048	\$53,429
Preferred stock dividends	4,507	7,256	7,554
Net income attributable to noncontrolling interest	124	–	–
Net income attributable to common stockholders	\$16,668	\$85,792	\$45,875
Basic earnings per common share	\$0.39	\$1.71	\$0.90
Diluted earnings per common share	\$0.39	\$1.70	\$0.90



Historical Balance Sheet – Arbor Realty Trust

(Amounts in thousands, except per share amounts)	December 31,	
	2014	2015
Assets:		
Cash and cash equivalents	\$50,418	\$188,709
Restricted cash ¹	218,101	48,301
Loans and investments, net ²	1,459,476	1,450,334
Available-for-sale securities, at fair value	2,500	2,022
Investments in equity affiliates	4,869	30,870
Real estate owned, net ³	84,926	60,846
Real estate held-for-sale, net	14,382	8,669
Due from related party ⁴	37	8,082
Other assets ⁵	31,787	29,558
Total assets	\$1,866,494	\$1,827,392
Liabilities and Equity:		
Credit facilities and repurchase agreements	\$180,047	\$136,252
Collateralized loan obligations ⁶	453,102	758,900
Collateralized debt obligations ⁷	331,219	–
Senior unsecured notes	93,037	93,765
Junior subordinated notes to subsidiary trust issuing preferred securities	156,391	157,117
Note payable	1,300	–
Mortgage note payable—real estate owned	21,865	27,155
Mortgage note payable—real estate held-for-sale	9,119	–
Due to related party	2,653	3,428
Due to borrowers	32,973	34,630
Other liabilities ⁸	49,332	51,054
Total liabilities	\$1,331,039	\$1,262,301
Equity:		
Preferred stock ⁹	\$89,296	\$89,296
Common stock ¹⁰	505	510
Additional paid-in capital	612,806	616,244
Accumulated deficit	(152,483)	(136,118)
Accumulated other comprehensive loss	(14,668)	(4,841)
Total equity	\$535,455	\$565,091
Total liabilities and equity	\$1,866,494	\$1,827,392

¹ Includes \$46,695,819 and \$216,405,894 from consolidated VIEs for 2014 and 2015, respectively; ² Includes \$968,970,064 and \$968,600,472 from consolidated VIEs for 2014 and 2015, respectively; ³ Includes \$0 and \$80,732,144 from consolidated VIEs for 2014 and 2015, respectively; ⁴ Includes \$36,451 and \$0 from consolidated VIEs for 2014 and 2015, respectively; ⁵ Includes \$6,969,201 and \$9,625,969 from consolidated VIEs for 2014 and 2015, respectively; ⁶ Includes \$758,899,661 and \$453,101,661 from consolidated VIEs for 2014 and 2015, respectively; ⁷ Includes \$0 and \$331,219,478 from consolidated VIEs for 2014 and 2015, respectively; ⁸ Includes \$1,224,193 and \$7,385,474 from consolidated VIEs for 2014 and 2015, respectively; ⁹ Cumulative, redeemable, \$0.01 par value: 100,000,000 shares authorized; 8.25% Series A, \$38,787,500 aggregate liquidation preference; 1,551,500 shares issued and outstanding; 7.75% Series B, \$31,500,000 aggregate liquidation preference; 1,260,000 shares issued and outstanding; 8.50% Series C, \$22,500,000 aggregate liquidation preference; 900,000 shares issued and outstanding; ¹⁰ \$0.01 par value: 500,000,000 shares authorized; 50,962,516 and 50,477,308 shares issued and outstanding, respectively

