# Presale Report
# ARCREN 2022-FL2

**DBRS Morningstar**
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## Capital Structure

| Description | Rating Action | Balance | Subordination | DBRS Morningstar Rating | Trend |
|---|---|---|---|---|---|
| Class A-TS Notes | New Rating - Provisional | -- | 46.000% | AAA (sf) | Stable |
| Class A-CS Notes | New Rating - Provisional | -- | 46.000% | AAA (sf) | Stable |
| Class A Notes | New Rating - Provisional | $567,000,000 | 46.000% | AAA (sf) | Stable |
| Class A-S Notes | New Rating - Provisional | $116,812,000 | 34.875% | AAA (sf) | Stable |
| Class B Notes | New Rating - Provisional | $44,625,000 | 30.625% | AA (low)(sf) | Stable |
| Class C Notes | New Rating - Provisional | $52,500,000 | 25.625% | A (low)(sf) | Stable |
| Class D Notes | New Rating - Provisional | $66,938,000 | 19.250% | BBB (sf) | Stable |
| Class E Notes | New Rating - Provisional | $24,937,000 | 16.875% | BBB (low)(sf) | Stable |
| Class F Notes | New Rating - Provisional | $56,438,000 | 11.500% | BB (low)(sf) | Stable |
| Class G Notes | New Rating - Provisional | $31,500,000 | 8.500% | B (low)(sf) | Stable |
| Income Notes | NR | $89,250,000 | 0.000% | NR | n/a |

Notes:
1 NR = not rated.
2 The Class F Notes, Class G Notes, and Income Notes will be purchased by a wholly owned subsidiary of Arbor Realty SR, Inc.
3 The exact principal balances of the Class A-TS and Class A-CS trust components are unknown and will be determined based on the final pricing of the certificates. However, the aggregate initial principal of the Class A-TS and Class A-CS components are expected to be approximately $567.0 million. Together, the Class A-TS Notes and Class A-CS Notes will form the Class A Notes.

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## Transaction Summary

| Pool Characteristics | | | |
|---|---|---|---|
| **Initial Trust Amount ($)** | 936,920,929.54 | **Target Pool Balance($)** | 1,050,000,000.00 |
| **Number of Loans** | 32 | **Average Loan Size ($)** | 29,278,779.00 |
| **Number of Properties** | 40 | **Top Ten Loan Concentration (%)** | 31.51309183 |
| **Managed/Static** | Managed | **Non-Interest Accruing Reserve Amount ($)** | 113,079,070.46 |
| **Preidentified Ramp Loans** | N | **Replenishment Allowed/RAC $ Amount** | N / 500,000 |
| **Par Value Test Ratio (%)** | 119.3 | **Reinvestment Period[5]** | 24 |
| **Initial Par Value Ratio (%)** | 119.3 | **IC Ratio: Trigger (X)** | 1.20 |
| **Wtd. Avg. Current Funded As-Is Appraised Issuance LTV (%)** | 71.5 | **Wtd. Avg. DBRS Morningstar As-Is Issuance LTV (%)** | 76.5 |
| **Wtd. Avg. Current Funded Stabilized Appraised LTV (%)** | 66.0 | **Wtd. Avg. DBRS Morningstar Stabilized Balloon LTV (%)** | 68.0 |
| **Wtd. Avg. Interest Rate Margin (%)** | 3.589 | **DBRS Morningstar Wtd. Avg. Interest Rate[4] (%)** | 5.39 |
| **Wtd. Avg. Remaining Term[1]** | 31.7 | **Wtd. Avg. Remaining Term - Fully Extended** | 174.4 |
| **Wtd. Avg. DBRS Morningstar As-Is DSCR[2]** | 0.82 | **Wtd. Avg. Issuer As-Is DSCR (x)[4]** | 1.35 |
| **Wtd. Avg. DBRS Morningstar Stabilized DSCR[3]** | 1.13 | **Wtd. Avg. Issuer Stabilized DSCR (x)[4]** | 1.42 |
| **Avg. DBRS Morningstar As-Is NCF Variance[2] (%)** | 0.0 | **Avg. DBRS Morningstar Stabilized NCF Variance[3] (%)** | -17.0 |

Note: All DBRS Morningstar DSCR and LTV calculations in this table and throughout the report are based on the DBRS Morningstar Stressed Interest Rate and the fully funded and extended mortgage loan commitment. The Wtd. Avg metrics presented in the table and the report exclude DBRS Morningstar Ramp loan assumptions, if applicable.

1. Assumes that the initial term to maturity of each loan is not extended.
2. Based on DBRS Morningstar As-Is NCF.
3. Based on DBRS Morningstar Stabilized NCF.
4. Interest rate assumes one-month LIBOR stress based on the LIBOR strike rate of the interest rate cap, which is lower than the stressed rate from the DBRS Morningstar Interest Rate Stresses for U.S. Structured Finance Transactions methodology. All DBRS Morningstar DSCR figures are based on this stressed rate
5. Reinvestment Period begins on the date of the deposit of Permitted Principal Proceeds and ending 24 months thereafter.

| Participants | |
|---|---|
| **Issuer** | Arbor Realty Commercial Real Estate Notes 2022-FL2, LLC |
| **Mortgage Loan Seller** | Arbor Realty SR, Inc. |
| **Servicer** | Arbor Multifamily Lending, LLC |
| **Special Servicer** | Arbor Multifamily Lending, LLC |
| **Collateral Administrator** | Arbor Realty Collateral Management, LLC |
| **Trustee** | U.S. Bank National Association. |
| **Placement Agent** | J.P. Morgan Securities LLC and Credit Suisse Securities (USA) LLC. |
| **Structuring Agent** | J.P. Morgan Securities LLC |
| **Advancing Agent** | Arbor Realty SR, Inc. |

## Rating Considerations

The initial collateral consists of 32 floating-rate mortgage loans and senior participations secured by 40 mostly transitional properties, with an initial cut-off date balance totaling approximately $936.9 million. In addition, there are approximately $40.0 million of non-interest accruing reserves contributed to the trust, bringing the total reference date portfolio balance to $976.9 million. Each collateral interest is secured by a mortgage on a multifamily property or a portfolio of multifamily properties. The transaction is a managed vehicle that includes a 180-day ramp-up acquisition period and 24-month reinvestment period. The ramp-up acquisition period will be used to increase the trust balance to a total target collateral principal balance of $1.05 billion. DBRS Morningstar assessed the ramp component using a relatively conservative pool construct although the ramp loans have expected losses that are generally in line with the expected loss levels exhibited by other loans in the pool. During the reinvestment period, so long as the note protection tests are satisfied and no event of default (EOD) has occurred and is continuing, the collateral manager may direct the reinvestment of principal proceeds to acquire reinvestment collateral interest, including funded companion participations, meeting the eligibility criteria. The eligibility criteria, among other things, have minimum DSCR, LTV, and loan size limitations. In addition, mortgages exclusively secured by multifamily properties and student housing properties (up to 5.0% of the total pool balance) are allowed as reinvestment collateral interests. Lastly, the eligibility criteria stipulate a rating agency confirmation (RAC) on ramp loans, reinvestment loans, and pari passu participation acquisitions above $500,000 if a portion of the underlying loan is already included in the pool, thereby allowing DBRS Morningstar the ability to review the new collateral interest and any potential impact on the overall ratings. The transaction will have a sequential-pay structure.

For the floating-rate loans, DBRS Morningstar used the lower of a DBRS Morningstar stressed rate that corresponded to the remaining fully extended term of the loan or the strike price of the interest rate cap with the respective contractual loan spread added to determine a stressed interest rate over the loan term. When the cut-off balances were measured against the DBRS Morningstar As-Is NCF, 21 loans, representing 69.7% of the reference date portfolio balance, had a DBRS Morningstar As-Is DSCR of 1.00x or below, a threshold indicative of elevated default risk. The properties in the pool are often transitional with potential upside in cash flow; however, DBRS Morningstar does not typically give full credit to the stabilization if there are no holdbacks, reserves, or future funding, or if other loan structural features in place are insufficient to support such treatment. Furthermore, even with the structure provided, DBRS Morningstar generally does not assume the assets will stabilize at above-market levels.

**Strengths**

- **Deal Sponsor –** The sponsor for the transaction, Arbor Realty SR, Inc., is a majority-owned subsidiary of Arbor Realty Trust, Inc. (Arbor; NYSE: ABR) and an experienced CRE collateralized loan obligation (CLO) issuer and collateral manager. The ARCREN 2022-FL2 transaction will be Arbor's 19th post-crisis CRE CLO securitization, including four securitizations in 2021 and one previously in 2022. In total, Arbor has been an issuer and manager of 18 CRE CLO securitizations totaling more than $10 billion. Additionally, Arbor will purchase and retain 100.0% of the Class F Notes, the Class G Notes, and the Income Notes, which total approximately $177.2 million.
- **100.0% Multifamily Pool –** The transaction's initial collateral composition consists entirely of multifamily properties, which benefit from staggered lease rollover and generally low expense ratios compared with other property types. While revenue is quick to decline in a downturn because of the short-term nature of the leases, it is also quick to respond when the market improves. The subject pool includes garden-style communities and mid-/high-rise buildings. After closing, as part of the ramp-up and reinvestment period, the collateral manager may acquire loans secured by multifamily properties and student housing properties as long as student housing properties represent less than 5.0% of the total pool. The prior

ARCREN 2022-FL1 transaction allowed the collateral manager to additionally acquire only multifamily properties.

- **Primarily Acquisition Financing –** Twenty-eight loans, representing 85.5% of the reference date portfolio balance, represent acquisition financing. Acquisition financing generally requires the respective sponsor(s) to contribute material cash equity as a source of funding in conjunction with the mortgage loan, which results in a higher sponsor cost basis in the underlying collateral and aligns the financial interests of both the sponsor and lender.
- **High Diversity –** The initial collateral pool is diversified across 16 states, including Washington D.C., and no state makes up more than 25.5% of the reference date portfolio balance. Additionally, the Herfindahl index of 29.2 is relatively high given the loan count of 32. Five loans, representing 16.7% of the reference date portfolio balance, are portfolio loans that benefit from multiple property pooling. Mortgages backed by cross-collateralized cash flow streams from multiple properties typically exhibit lower cash flow volatility.
- **Business Plan Score –** The DBRS Morningstar Business Plan Score (BPS) for the loans DBRS Morningstar analyzed ranged between 1.4 and 3.2, with an average of 2.0. A higher DBRS Morningstar BPS indicates more execution risk in the sponsor's business plan. DBRS Morningstar considers the anticipated lift at the property from current performance, planned property improvements, sponsor experience, projected time horizon, and overall complexity of the business plan. Compared with past Arbor transactions, the subject has a low average DBRS Morningstar BPS, which is indicative of lower risk.
- **Physical Condition –** The loan collateral was generally found to be in good physical condition as evidenced by one loan, 30 Morningside Drive, making up 3.7% of the reference date portfolio balance and secured by a property that DBRS Morningstar deemed to be Excellent in quality. An additional four loans, The Julian, Generations, 55 Jordan, and Casa Del Encanto & Casa Luna, are secured by properties with Average + property quality and total approximately 23.9% of the reference date portfolio balance.
- **Strong MSA Groups –** A relatively high concentration of the loan collateral is located in MSA Group 3, which generally exhibits lower levels of default and losses. Specifically, there were seven loans, totaling 22.6% of the reference date portfolio balance, whose collateral was located in MSA Group 3.

**Challenges & Considerations**

- **Loan Sponsor Strength –** DBRS Morningstar analyzed five loans, representing 11.1% of the reference data portfolio balance, with Weak or Bad (Litigious) sponsorship strengths. These loans include Summerlyn & Crescent Oaks, Miramar, San Remo, Catalina, and Stardust.
    - *Mitigant:* DBRS Morningstar applied a POD penalty to loans analyzed with Weak sponsorship strength.
- **Managed Transaction –** The transaction is managed and includes both a ramp-up and reinvestment period, which could result in negative credit migration and/or an increased concentration profile over the life of the transaction.
    - *Mitigant:* The deal's initial collateral composition is 100.0% multifamily. During the ramp-up period, only loans secured by multifamily properties can be added. Future loans cannot be secured by office, hospitality, industrial, retail, or healthcare facilities.

  - *Mitigant:* The risk of negative credit migration is also partially offset by eligibility criteria that outline DSCR, LTV, property type, and loan size limitations for ramp and reinvestment assets.
  - *Mitigant:* Before ramp loans, reinvestment loans, and companion participations above $500,000 can be acquired by the Collateral Manager, a No Downgrade Confirmation is required from DBRS Morningstar.
  - *Mitigant:* DBRS Morningstar accounted for the uncertainty introduced by the 180-day ramp-up period by running a ramp scenario that simulates the potential negative credit migration in the transaction based on the eligibility criteria.
- **Transitional Properties –** DBRS Morningstar has analyzed the loans to a stabilized cash flow that is, in some instances, above the in-place cash flow. It is possible that the sponsors will not successfully execute their business plans and that the higher stabilized cash flow will not materialize during the loan term, particularly with the ongoing coronavirus pandemic and its impact on the overall economy. A sponsor's failure to execute the business plan could result in a term default or the inability to refinance the fully funded loan balance.
  - *Mitigant:* DBRS Morningstar made relatively conservative stabilization assumptions and, in each instance, considered the business plan to be rational and the loan structure to be sufficient to execute such plans. In addition, DBRS Morningstar analyzed LGD based on its As-Is LTV, assuming the loan is fully funded.
- **Full-Term IO –** All loans in the pool have floating interest rates and are IO during the initial loan term, as well as during all extension terms, creating interest rate risk and lacks of principal amortization.
  - *Mitigant:* DBRS Morningstar stresses interest rates based on the loan terms and applicable floors or caps. The DBRS Morningstar adjusted DSCR is a model input and drives loan-level PODs and LGDs.
  - *Mitigant:* All loans have extension options and to qualify for these options, the loans must meet minimum DSCR and LTV requirements.

**Legal and Structural Considerations**

- **Libor Replacement:** The underlying mortgages for the transaction will pay the floating rate, which presents potential benchmark transition risk as the deadline approaches for the elimination of Libor. The transaction documents provide for the transition to an alternative benchmark rate, which is primarily contemplated to be either Term Secured Overnight Financing (SOFR) plus the applicable Alternative Rate Spread Adjustment or Compounded SOFR plus the Alternative Rate Spread Adjustment. The Benchmark Agent (and in certain circumstances the Collateral Manager) has sole discretion without the consent of any noteholder to select an alternate rate to replace the then-current benchmark, giving due consideration to any industry-accepted rate of interest as a replacement based upon then-current U.S. dollar-denominated securitizations at such time.
- **Non-Interest Accruing Reserves:** The transaction includes $39.95 million of non-interest accruing reserves related to the future funding for 21 loans representing 70.3% of the reference date portfolio balance. The related borrowers are not required to pay interest on the portion of the loan balance in this reserve account until they draw on those funds and then they are required to pay interest on the portion drawn.

- *Mitigant:* The DBRS Morningstar LTVs and DSCRs used for modeling loan-level expected losses are based on the fully funded loan amounts for all loans.

| Comparable Transactions | | | | | | | |
|---|---|---|---|---|---|---|---|
| | Subject Deal | Comp Avg | | | | | |
| **Deal Name** | **ARCREN 2022-FL2** | | **ARCREN 2022-FL1** | **ARCREN 2021-FL4** | **ARCREN 2021-FL3** | **ARCREN 2021-FL2** | **ARCREN 2021-FL1** |
| Pool Balance | $936,921,930 | $1,055,255,351 | $1,606,226,975 | $1,785,024,778 | $1,147,775,049 | $653,024,568 | $635,197,009 |
| Target Pool Balance | $1,050,000,000 | $1,287,500,000 | $2,050,000,000 | $2,100,000,000 | $1,450,000,000 | $815,000,000 | $785,000,000 |
| # of Loans | 32 | 37 | 45 | 50 | 36 | 25 | 37 |
| Average Loan Size | $29,278,779 | $27,367,490 | $36,938,377 | $34,298,849 | $31,882,640 | $26,120,983 | $17,167,487 |
| Ramp-Up Amount | $73,128,469 | $244,688,411 | $443,773,025 | $314,975,222 | $352,000,000 | $161,975,432 | $149,802,991 |
| Ramp % of Loans | 7.5% | 24.2% | 27.6% | 17.6% | 30.7% | 24.8% | 23.6% |
| Largest Loan Concentration | 8.5% | 6.8% | 5.7% | 6.8% | 5.4% | 8.7% | 6.5% |
| Top Ten Concentration | 45.1% | 50.7% | 46.2% | 41.9% | 44.1% | 61.2% | 55.4% |
| Herf | 30.8 | 27.1 | 29.9 | 34.2 | 30.1 | 19.6 | 24.5 |
| Managed/Static | Managed | n/a | Managed | Managed | Managed | Managed | Managed |
| | | | | | | | |
| **DBRS Morningstar WA E/L** | **6.5%** | **7.0%** | **8.9%** | **7.6%** | **6.7%** | **6.8%** | **7.1%** |
| E/L 0% - 2% | 6.1% | 9.3% | 2.2% | 5.9% | 10.9% | 17.1% | 3.1% |
| E/L 2% - 4% | 11.0% | 4.2% | 0.4% | 3.0% | 5.7% | 2.4% | 5.7% |
| E/L 4% - 6% | 30.9% | 14.5% | 2.0% | 17.8% | 9.4% | 10.5% | 20.2% |
| E/L 6% - 8% | 12.9% | 29.3% | 17.7% | 19.4% | 43.8% | 26.1% | 28.0% |
| E/L 8% - 10% | 33.3% | 34.1% | 46.0% | 32.6% | 19.8% | 44.0% | 40.0% |
| E/L >10% | 5.8% | 8.7% | 31.7% | 21.2% | 10.4% | 0.0% | 3.0% |
| | | | | | | | |
| **DBRS Morningstar As-Is WA LTV** | **76.5%** | **82.6%** | **85.2%** | **83.4%** | **84.4%** | **83.0%** | **79.4%** |
| LTV >= 85.03% | 7.2% | 41.3% | 45.0% | 44.6% | 42.2% | 41.0% | 37.4% |
| LTV >=75.16%, <85.03% | 51.5% | 36.0% | 44.9% | 34.4% | 47.6% | 33.3% | 28.8% |
| LTV >=67.1%, <75.16% | 38.3% | 15.7% | 9.7% | 13.5% | 10.2% | 17.0% | 22.2% |
| LTV <67.1% | 3.0% | 7.0% | 0.4% | 7.5% | 0.0% | 8.7% | 11.7% |
| | | | | | | | |
| **DBRS Morningstar Stabilized WA LTV** | **68.0%** | **72.2%** | **73.2%** | **69.1%** | **72.2%** | **73.9%** | **73.5%** |
| LTV >= 85.03% | 0.0% | 4.8% | 3.1% | 0.0% | 0.0% | 6.5% | 12.6% |
| LTV >=75.16%, <85.03% | 12.2% | 20.7% | 22.1% | 10.1% | 16.6% | 26.5% | 29.6% |
| LTV >=67.1%, <75.16% | 48.9% | 52.4% | 59.9% | 51.8% | 72.8% | 48.2% | 36.7% |
| LTV <67.1% | 38.9% | 22.2% | 14.9% | 38.1% | 10.6% | 18.8% | 21.1% |
| | | | | | | | |
| **DBRS Morningstar Sampled As-Is NCF Variance** | **0.0%** | **-12.7%** | **-9.8%** | **-9.0%** | **-11.1%** | **-16.9%** | **-13.6%** |
| **DBRS Morningstar As-Is WA DSCR** | **0.82** | **0.92** | **0.87** | **0.85** | **0.97** | **0.89** | **0.98** |
| DSCR < 0.50x | 18.8% | 14.0% | 4.5% | 11.5% | 9.9% | 19.8% | 14.7% |
| DSCR 0.50x - 0.75x | 16.0% | 14.1% | 21.9% | 17.8% | 6.7% | 16.0% | 15.8% |
| DSCR 0.75 - 1.00x | 29.8% | 26.6% | 44.7% | 38.3% | 35.4% | 16.1% | 16.6% |
| DSCR 1.00x - 1.25x | 23.6% | 30.6% | 26.2% | 28.5% | 31.2% | 32.3% | 30.6% |
| DSCR > 1.25x | 4.5% | 14.7% | 2.7% | 3.9% | 16.9% | 15.8% | 22.3% |
| | | | | | | | |
| **DBRS Morningstar Sampled Stabilized NCF Variance** | **-17.0%** | **-16.4%** | **-15.7%** | **-19.7%** | **-17.3%** | **-13.3%** | **-15.1%** |
| **DBRS Morningstar Stabilized WA DSCR** | **1.13** | **1.25** | **1.12** | **1.06** | **1.33** | **1.33** | **1.26** |
| DSCR < 0.90x | 12.6% | 5.0% | 7.4% | 14.6% | 1.9% | 1.7% | 1.6% |
| DSCR 0.90x - 1.00x | 13.0% | 12.5% | 23.3% | 29.5% | 0.0% | 7.8% | 12.6% |
| DSCR 1.00x - 1.25x | 49.7% | 39.1% | 42.4% | 40.5% | 29.3% | 40.9% | 45.9% |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| DSCR 1.25x - 1.50x | 14.3% | 25.0% | 21.4% | 12.8% | 44.1% | 19.9% | 23.1% |
| DSCR > 1.50x | 3.1% | 18.5% | 5.5% | 2.7% | 24.7% | 29.7% | 16.8% |
| | | | | | | | |
| **DBRSM WA Business Score** | **2.02** | **2.16** | **2.13** | **2.40** | **2.33** | **2.10** | **1.83** |
| % Bus Rank 1-2 | 36.4% | 38.3% | 32.5% | 9.5% | 20.5% | 41.8% | 81.3% |
| % Bus Rank 2.01-3 | 61.5% | 53.2% | 55.6% | 82.6% | 65.1% | 46.6% | 18.7% |
| % Bus Rank 3.01-4 | 2.1% | 8.5% | 11.9% | 7.9% | 14.3% | 11.6% | 0.0% |
| % Bus Rank 4.01-5 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| | | | | | | | |
| **DBRS Morningstar Property Type** | | | | | | | |
| Total Hotel % (includes Assisted Living) | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Total Office % | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Total Retail % | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Total MF % | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| Total Industrial % | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Total Self Storage % | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Total MHC % | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Total Mixed Use % | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Total Other % | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| | | | | | | | |
| **DBRSM WA Market Rank** | **3.7** | **4.0** | **3.5** | **4.1** | **4.0** | **4.0** | **3.7** |
| % Mkt Rank 8 | 3.5% | 5.7% | 2.2% | 3.8% | 5.8% | 10.1% | 3.1% |
| % Mkt Rank 7 | 2.6% | 1.5% | 0.0% | 5.8% | 0.0% | 0.0% | 0.0% |
| % Mkt Rank 5-6 | 20.8% | 24.2% | 7.2% | 20.0% | 29.7% | 20.7% | 26.3% |
| % Mkt Rank 3-4 | 51.9% | 59.8% | 83.0% | 66.0% | 47.1% | 66.7% | 59.2% |
| % Mkt Rank 1-2 | 14.0% | 8.9% | 7.6% | 4.3% | 17.3% | 2.5% | 11.4% |
| % Mkt Rank 0 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| | | | | | | | |
| **DBRS Morningstar MSA Group** | | | | | | | |
| % MSA Group 3 | 21.0% | 18.7% | 2.2% | 13.8% | 23.5% | 27.6% | 10.1% |
| % MSA Group 2 | 7.1% | 18.2% | 13.3% | 28.0% | 19.0% | 15.8% | 10.1% |
| % MSA Group 1 | 14.8% | 28.8% | 34.6% | 24.4% | 17.1% | 32.3% | 41.4% |
| % MSA Group 0 | 49.9% | 34.2% | 50.0% | 33.9% | 40.4% | 24.3% | 38.4% |
| | | | | | | | |
| **Eligibility Criteria** | | | | | | | |
| As-Stabilized LTV | 80.0% | 77.5% | 80.0% | 80.0% | 80.0% | 75.0% | 75.0% |
| As-Stabilized DSCR | 1.15 | 1.20 | 1.15 | 1.15 | 1.15 | 1.25 | 1.25 |
| Multi-Family | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| Student Housing | 5.0% | 27.5% | 5.0% | 0.0% | 5.0% | 5.0% | 100.0% |
| Manufactured Housing | 0.0% | 2.5% | 0.0% | 0.0% | 5.0% | 5.0% | 0.0% |
| Office | 0.0% | 1.9% | 0.0% | 0.0% | 0.0% | 7.5% | 0.0% |
| Industrial | 0.0% | 2.5% | 0.0% | 0.0% | 0.0% | 10.0% | 0.0% |
| Self-Storage | 0.0% | 1.3% | 0.0% | 0.0% | 0.0% | 5.0% | 0.0% |
| Mixed Use | 0.0% | 1.3% | 0.0% | 0.0% | 0.0% | 5.0% | 0.0% |
| | | | | | | | |
| **DBRS Morningstar Property Quality** | | | | | | | |
| Excellent | 3.5% | 4.5% | 2.2% | 1.7% | 2.6% | 4.6% | 9.1% |
| Above Average | 0.0% | 10.2% | 7.5% | 0.0% | 5.1% | 12.9% | 22.8% |
| Average + | 22.2% | 2.7% | 9.4% | 0.0% | 11.0% | 0.0% | 0.0% |
| Average | 56.3% | 77.6% | 76.5% | 90.0% | 74.7% | 82.5% | 63.5% |
| Average - | 10.8% | 4.4% | 4.4% | 8.3% | 4.8% | 0.0% | 4.7% |
| Below Average | 0.0% | 0.5% | 0.0% | 0.0% | 1.9% | 0.0% | 0.0% |
| Poor | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |

| **DBRS Morningstar Sponsor Strength** | | | | | | | |
|---|---|---|---|---|---|---|---|
| Strong | 0.0% | 2.7% | 2.2% | 5.0% | 0.0% | 0.0% | 5.9% |
| Average | 82.5% | 90.9% | 82.5% | 83.2% | 92.3% | 93.9% | 94.1% |
| Weak | 3.0% | 6.4% | 15.3% | 11.8% | 7.7% | 6.1% | 0.0% |
| Bad (Litigious) | 7.3% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |

For managed transactions, deal stats exclude ramp loans.

## DBRS Morningstar Credit Characteristics

**DBRS Morningstar As-Is DSCR (x)**

| DSCR | % of the Pool (Senior Note Balance[1]) |
|---|---|
| 0.00x-0.50x | 20.3 |
| 0.50x-0.75x | 17.3 |
| 0.75x-1.00x | 32.1 |
| 1.00x-1.25x | 25.5 |
| 1.25x-1.50x | 1.5 |
| 1.50x-1.75x | 3.4 |
| >1.75x | 0.0 |
| Wtd. Avg. (x) | 0.82 |

**DBRS Morningstar Stabilized DSCR (x)**

| DSCR | % of the Pool (Senior Note Balance[1]) |
|---|---|
| 0.00x-0.50x | 0.0 |
| 0.50x-0.75x | 5.1 |
| 0.75x-1.00x | 22.6 |
| 1.00x-1.25x | 53.5 |
| 1.25x-1.50x | 15.4 |
| 1.50x-1.75x | 0.0 |
| >1.75x | 3.4 |
| Wtd. Avg. (x) | 1.13 |

**DBRS Morningstar As-Is Issuance LTV**

| LTV | % of the Pool (Senior Note Balance[1]) |
|---|---|
| 0.0%-50.0% | 0.0 |
| 50.0%-60.0% | 3.2 |
| 60.0%-70.0% | 0.0 |
| 70.0%-80.0% | 77.6 |
| 80.0%-90.0% | 19.2 |
| 90.0%-100.0% | 0.0 |
| 100.0%-110.0% | 0.0 |
| 110.0%-125.0% | 0.0 |
| >125.0% | 0.0 |
| Wtd. Avg. (%) | 76.5 |

**DBRS Morningstar Stabilized Balloon LTV**

| LTV | % of the Pool (Senior Note Balance[1,2]) |
|---|---|
| 0.0%-50.0% | 0.0 |
| 50.0%-60.0% | 5.4 |
| 60.0%-70.0% | 66.8 |
| 70.0%-80.0% | 22.5 |
| 80.0%-90.0% | 5.3 |
| 90.0%-100.0% | 0.0 |
| 100.0%-110.0% | 0.0 |
| 110.0%-125.0% | 0.0 |
| >125.0% | 0.0 |
| Wtd. Avg. (%) | 68.0 |

1 Includes pari passu debt, but excludes subordinate debt.
2 The senior note balloon balance assumes the DBRS Morningstar Stressed Interest Rate and the fully-extended loan term.

## Largest Loan Summary

| Loan Name | Trust Balance ($) | % of Pool | DBRS Morningstar Shadow Rating | DBRS Morningstar As-Is DSCR (x) | DBRS Morningstar Stabilized DSCR (x) | DBRS Morningstar As-Is LTV (%) | DBRS Morningstar Stabilized Morningstar LTV (%) |
|---|---|---|---|---|---|---|---|
| The Julian | 79,957,569 | 8.5 | $0 | 0.39 | 0.81 | 75.0 | 73.8 |
| Generations | 60,308,682 | 6.4 | $0 | 0.35 | 1.16 | 75.0 | 62.8 |
| 55 Jordan | 49,611,500 | 5.3 | $0 | 0.00 | 1.03 | 84.2 | 84.2 |
| Harbor Landing | 36,375,000 | 3.9 | $0 | 0.97 | 0.97 | 75.0 | 68.2 |
| 30 Morningside Drive | 35,000,000 | 3.7 | $0 | 0.94 | 0.94 | 72.0 | 65.5 |
| Casa Del Encanto & Casa Luna | 34,000,000 | 3.6 | $0 | 1.19 | 1.19 | 72.8 | 66.7 |
| Abbitt Portfolio | 33,000,000 | 3.5 | $0 | 1.04 | 1.15 | 75.4 | 68.0 |
| Treesdale & Oakmeade | 32,125,723 | 3.4 | $0 | 0.74 | 0.91 | 73.2 | 62.5 |
| Ashwood Apartments | 31,762,857 | 3.4 | $0 | 1.68 | 2.26 | 79.6 | 66.2 |
| Trails End Apartments & Burlington Builders | 30,734,241 | 3.3 | $0 | 0.84 | 1.32 | 77.1 | 62.3 |

| Loan Name | DBRS Morningstar Property Type | City | State | Year Built | SF/Units | Fully Funded Mortgage Loan per SF/Units ($) | Fully Funded Mortgage Maturity Balance per SF/Units ($) |
|---|---|---|---|---|---|---|---|
| The Julian | MF | Orlando | FL | 2020 | 409 | 195,495 | 597 |
| Generations | MF | Atlanta | GA | 2020 | 336 | 179,490 | 579 |
| 55 Jordan | MF | Jersey City | NJ | 2021 | 267 | 185,811 | 267 |
| Harbor Landing | MF | Egg Harbor | NJ | 2020 | 204 | 178,309 | 222 |
| 30 Morningside Drive | MF | New York | NY | 2017 | 204 | 171,569 | 1,049 |
| Casa Del Encanto & Casa Luna | MF | San Antonio | TX | 1967 | 679 | 50,074 | 969 |
| Abbitt Portfolio | MF | Various | VA | 1974 | 483 | 68,323 | 619 |
| Treesdale & Oakmeade | MF | Bradenton | FL | 1971 | 297 | 108,167 | 324 |
| Ashwood Apartments | MF | Saint Charles | MO | 1999 | 276 | 115,083 | 296 |
| Trails End Apartments & Burlington Builders | MF | Burlington | NC | 1976 | 304 | 101,099 | 328 |

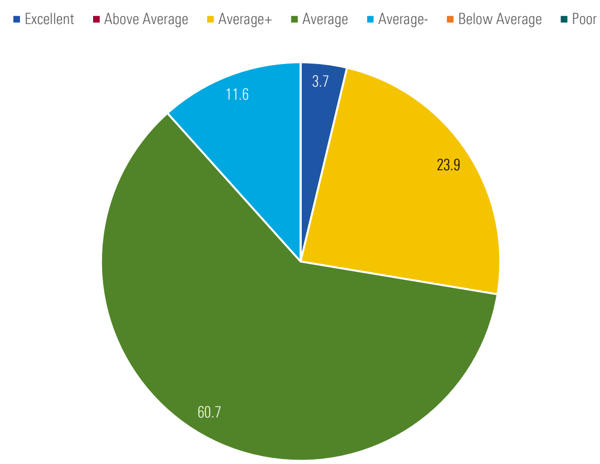
## DBRS Morningstar Sample

| Prospectus ID | Loan Name | % of Pool | DBRS Morningstar Stabilized NCF ($) | DBRS Morningstar Stabilized NCF Variance (%) | DBRS Morningstar Major Variance Drivers | DBRS Morningstar Property Quality |
|---|---|---|---|---|---|---|
| 1 | The Julian | 8.5 | 4,906,984 | -27.3 | GPR, Vacancy, Operating Expenses | Average+ |
| 2 | Generations | 6.4 | 5,885,155 | -13.1 | Operating Expenses | Average+ |
| 3 | 55 Jordan | 5.3 | 4,051,122 | -6.5 | GPR, Management Fee, Vacancy | Average+ |
| 4 | Harbor Landing | 3.9 | 2,238,441 | -12.7 | Operating Expenses, Management Fee | Average |
| 5 | 30 Morningside Drive | 3.7 | 9,758,733 | -9.4 | Real Estate Taxes | Excellent |
| 6 | Casa Del Encanto & Casa Luna | 3.6 | 2,598,896 | -12.7 | GPR, Other Income, Vacancy | Average+ |
| 7 | Abbitt Portfolio | 3.5 | 3,005,797 | -0.2 | Minimal Variance | Average |
| 8 | Treesdale & Oakmeade | 3.4 | 1,634,324 | -37.1 | Operating Expenses, GPR | Average |
| 9 | Ashwood Apartments | 3.4 | 2,632,198 | -7.4 | Operating Expenses, GPR, Management Fee | Average |
| 10 | Trails End Apartments & Burlington Builders | 3.3 | 2,316,490 | -15.3 | Operating Expenses, GPR | Average- |
| 11 | Summerlyn & Crescent Oaks | 3.3 | 1,849,211 | -14.5 | GPR, Operating Expenses | Average |
| 12 | Miramar | 3.2 | 2,304,317 | -30.2 | GPR, Operating Expenses | Average |
| 14 | Apartments at the Venue | 3.1 | 4,740,273 | -6.0 | Vacancy, Operating Expenses | Average |
| 16 | Riverview Apartments | 3.1 | 1,731,140 | -16.1 | GPR, Operating Expenses | Average- |
| 17 | The Stratford Apartments | 3.0 | 1,990,518 | -8.6 | Operating Expenses, Management Fee | Average |
| 19 | The Slate | 3.0 | 1,311,535 | -31.1 | GPR | Average- |
| 24 | Bay Inn Apartments | 2.3 | 768,861 | -40.9 | GPR | Average- |

### DBRS Morningstar Site Inspections

DBRS Morningstar sampled 17 of the 32 loans in the pool, representing 66.0% of the pool by reference date portfolio balance. DBRS Morningstar completed site inspections on five of the 17 sampled loans, representing 27.6% of the reference date portfolio balance. The resulting DBRS Morningstar property quality scores are highlighted in the chart below and were derived based on photos and assessments from the Issuer and third parties.

DBRS Morningstar Sampled Property Quality




Source: DBRS Morningstar.

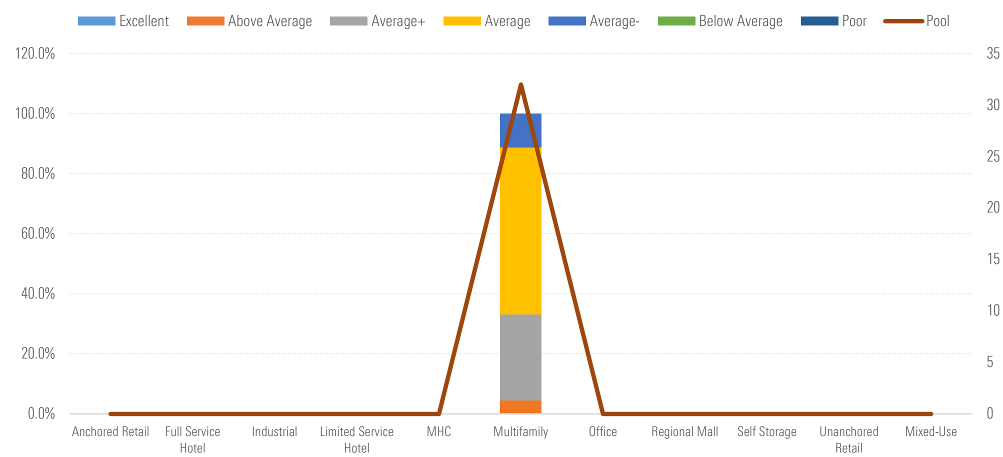
### DBRS Morningstar Cash Flow Analysis

DBRS Morningstar completed a cash flow review and a cash flow stability and structural review for 17 of the 32 loans, representing 66.0% of the pool by reference date portfolio balance. For the loans not subject to an NCF review, DBRS Morningstar applied an NCF variance of -5.8% and 17.3% to the Issuer's As-Is and Stabilized NCFs, respectively, which reflect the average sampled NCF variances (excluding certain positive variances from the DBRS Morningstar As-Is NCF analysis and extreme variances from the DBRS Morningstar Stabilized NCF analysis).

### As-Is NCF

DBRS Morningstar based its As-Is NCF on the current performance of the property, without giving any credit to future upside that may be realized upon the sponsors' completion of their business plans. The DBRS Morningstar As-Is NCF scenario also assumes that the loan is fully funded, with any allowable future funds increasing the overall leverage. In some cases, property cash flows may be insufficient to cover the fully loaded debt service. In these cases, modeled PODs and LGDs may be elevated. The DBRS Morningstar As-Is sample had an average in-place NCF variance of 0.0% from the Issuer's NCF and ranged from 114.1% to -29.6%, including four loans with positive variances: The Julian, 55 Jordan, Casa Del Encanto & Casa Luna, and Abbitt Portfolio. These loans resulted in outlier variances because DBRS Morningstar incorporated the most recent rent rolls and financial statements, which in some cases showed an improvement in performance and occupancy since origination. The DBRS Morningstar As-Is NCFs resulted in similar haircuts relative to most CRE CLO transactions.

DBRS Morningstar Sampled Property Type




Source: DBRS Morningstar.

### Stabilized NCF

The DBRS Morningstar Stabilized NCF assumed the properties stabilized at market rents and/or recently executed leases and market expenses that DBRS Morningstar believed were reasonably achievable based on the sponsor's business plan and structural features of the respective loan. This often involved assuming higher-than-in-place rental rates for multifamily properties based on significant ongoing renovations, with rents already achieved on renovated units providing the best guidance on market rent upon renovation. The DBRS Morningstar sample had an average DBRS Morningstar Stabilized NCF variance of -17.0% from the Issuer's Stabilized NCF and ranged from -40.9 % to -0.2%. The DBRS Morningstar Stabilized NCFs resulted in similar haircuts relative to the ARCREN 2022-FL2 transaction.

### Model Adjustments

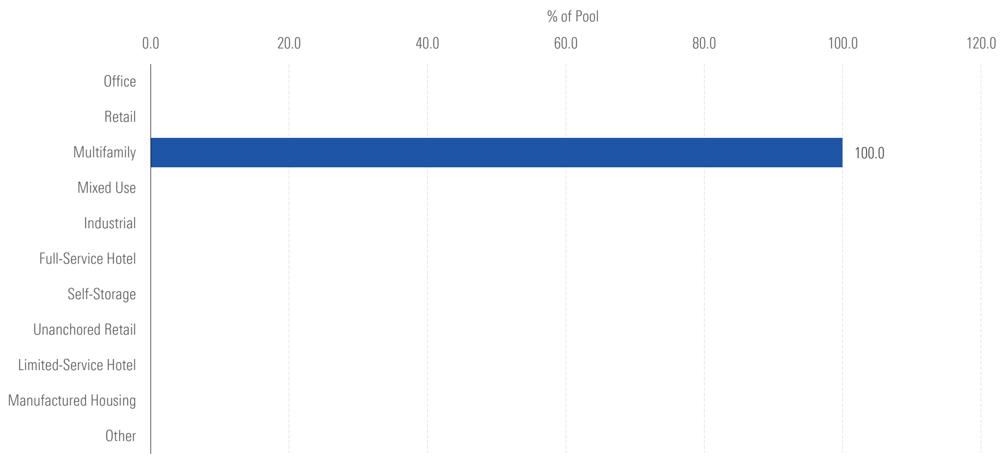
DBRS Morningstar increased the capitalization rates (cap rates) for three loans: The Julian, 55 Jordan, and Bay Inn Apartments. Combined, these loans represent 16.1% of the reference date portfolio balance. DBRS Morningstar adjusted the cap rates for these loans to reflect its view of the respective markets and the inherent risk associated with the sponsors' business plans. The downward stabilized value adjustments are highlighted in the DBRS Morningstar Sampled Model Adjustments table below.

**DBRS Morningstar Model Adjustments**

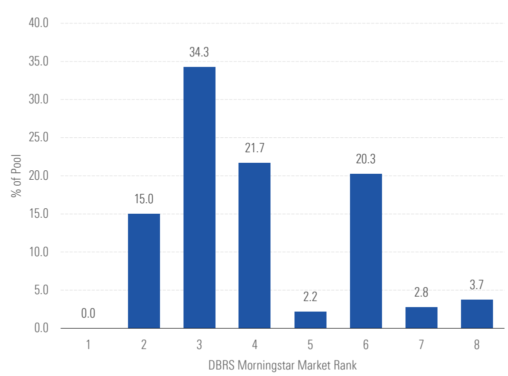
| Prospectus ID | Loan | Implied Cap Rate (%) | DBRS Morningstar Adjusted Cap Rate (%) | Appraised As-Is LTV (%) | Appraised Stabilized LTV (%) | DBRS Morningstar As-Is LTV (%) | DBRS Morningstar Stabilized LTV (%) |
|---|---|---|---|---|---|---|---|
| 1 | The Julian | 4.1% | 4.5% | 75.0% | 67.5% | 75.0% | 73.8% |
| 3 | 55 Jordan | 4.5% | 6.5% | 61.5% | 58.4% | 84.2% | 84.2% |
| 24 | Bay Inn Apartments | 3.8% | 4.1% | 76.2% | 62.8% | 76.2% | 67.4% |

## Transaction Concentrations

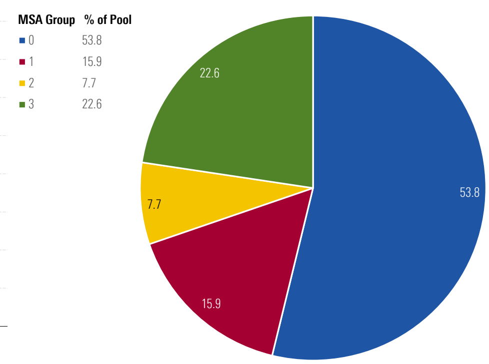
### DBRS Morningstar Property Type




### DBRS Morningstar Market Rank

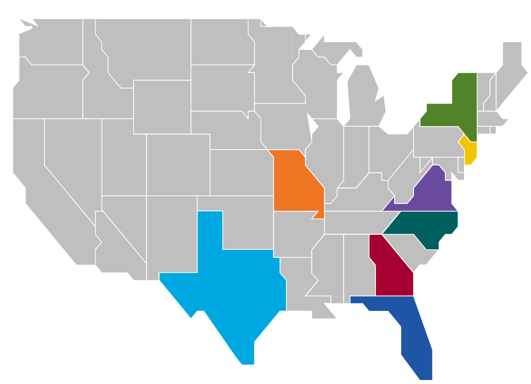



### DBRS Morningstar MSA Group




### Largest Property Location

| Property Name | City | State |
|---|---|---|
| The Julian | Orlando | FL |
| Generations | Atlanta | GA |
| 55 Jordan | Jersey City | NJ |
| Harbor Landing | Egg Harbor | NJ |
| 30 Morningside Drive | New York | NY |
| Casa Del Encanto & Casa Luna | San Antonio | TX |
| Abbitt Portfolio | Various | VA |
| Treesdale & Oakmeade | Bradenton | FL |
| Ashwood Apartments | Saint Charles | MO |
| Trails End Apartments & Burlington Builders | Burlington | NC |



Source: DBRS Morningstar.

**Loan Structural Features**

**Loan Terms:** All of the loans are IO during the fully extended loan term. Original loan terms for all loans range from 24 months to 36 months. All loans have one to three extension options, with each option 12 months in duration.

**Interest Rate:** The loan interest rate is based on the greater of the floating rate referencing either one-month U.S.-dollar Libor as the index or Term SOFR plus the margin or the interest rate floor for all of the loans. Given the floating rate nature of the loans, DBRS Morningstar stresses the interest rate to estimate the DBRS Morningstar DSCR model.

**Interest Rate Protection:** Twenty-eight of the floating-rate loans, representing 81.3% of the reference date portfolio balance, have purchased interest rate caps to protect against rising interest rates over the term of the loan. If the DBRS Morningstar stressed interest rate is less than the interest rate cap purchased by the borrower, DBRS Morningstar would default to the lower DBRS Morningstar stressed interest rate.

**Additional Debt:** 16 loans, representing 55.9% of the reference date portfolio balance, have additional subordinate debt. No loans have or allow future mezzanine debt, while three loans, William House, Fairview Apartments, and Sara on Rose Apartments, totaling 7.2% of the reference date portfolio balance have preferred equity.

**Future Funding:** Twenty-five loans, representing 70.3% of the reference date portfolio balance, have some form of holdback or non-interest accruing reserve component. The aggregate amount of the non-interest accruing mortgage loans is approximately $40.0 million. The non-interest accruing reserve amounts per loan range from $500,000 to $6.4 million. The proceeds necessary to fulfill the renovation obligations will primarily be drawn from non-interest accruing funds held inside the trust. The renovation reserve is generally for property renovations and stabilization costs. Each property has a business plan to execute that is likely to increase the property's NCF. DBRS Morningstar believes that the business plans were generally achievable, given market conditions, recent property performance, and adequate available future funding (or upfront reserves) for planning renovations and leasing costs.

**Leasehold:** Two loans, representing 11.7% of the reference date portfolio balance, in the initial pool are secured by the borrower's leasehold interest. The two loans, Generations and 55 Jordan, have ground leases that mature in 2029 and 2121, respectively. The remaining loans in the initial pool are secured by the borrower's fee-simple interest.

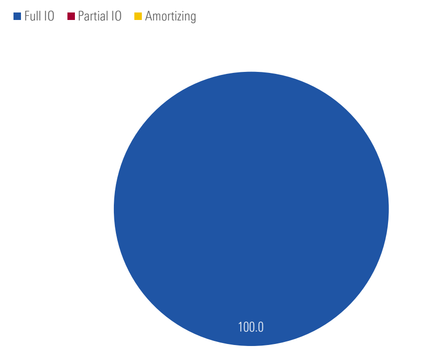
**Property Release:** Five loans, representing 16.7% of the reference date portfolio balance, allow for the release of one or more properties or a portion of the mortgaged property, subject to release prices at or exceeding the allocated loan amounts of the respective properties and/or certain leverage tests prescribed in the individual loan agreement.

**Property Substitution**: There are no loans in the pool that allow for the substitution of properties.

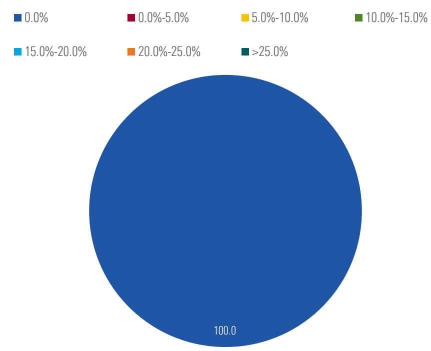
| **Reserve Requirement** | | | **Borrower Structure** | | |
|---|---|---|---|---|---|
| Type | # of Loans | % of Pool | Type | # of Loans | % of Pool |
| Tax Ongoing | 32 | 100.0 | SPE with Independent Director and Non-Consolidation Opinion | | |
| Insurance Ongoing | 32 | 100.0 | SPE with Independent Director Only | | |
| CapEx Ongoing | 23 | 63.3 | SPE with Non-Consolidation Opinion Only | | |
| Leasing Costs Ongoing[1] | 0 | 0.0 | SPE Only | | |

1 Percent of office, retail, industrial and mixed use assets based on DBRS property types.

Interest Only

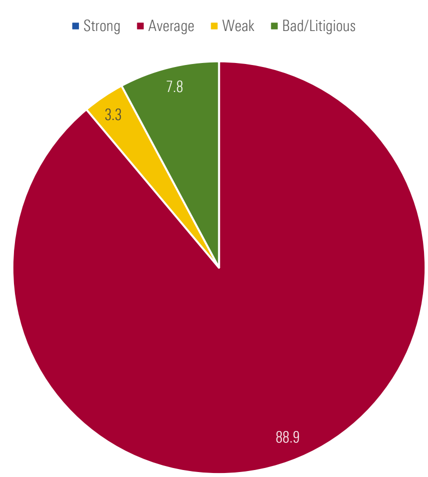



DBRS Morningstar Expected Amortization




Note: For certain ARD loans, expected amortization may include amortization expected to occur after the ARD but prior to single/major tenant expiry.

DBRS Morningstar Sponsor Strength




Source: DBRS Morningstar.

**Transaction Structural Features**

**Credit Risk Retention:** Arbor Realty SR, Inc. (Arbor Parent), the securitization sponsor (in such capacity, the Retaining Sponsor), will be responsible for compliance with the U.S. Credit Risk Retention Rules and intends to satisfy such requirement through the purchase and retention by a majority-owned affiliate of the Arbor Parent of an eligible horizontal residual interest. As of the Closing Date, the eligible horizontal residual interest will be held by ARMS 2022-2 Equity Holdings LLC (ARMS Equity), a majority-owned affiliate of Arbor Parent. Additionally, as further described in the Preliminary Offering Memorandum, Arbor Parent and ARMS Equity will retain a material net economic interest in the transaction in the form specified in the EU and UK Securitization Regulations by retaining ownership interest in ARMS Equity, which will retain the Income Notes in an amount of not less than 5% of the aggregate outstanding Principal Balance of the Collateral Interest.

**Retention Holder:** ARMS Equity will purchase 100% of the Class F Notes, the Class G Notes, and the Income Notes issued on the Closing Date and therefore will be the initial retention holder.
Income Notes: The Income Notes are equity of the Issuer and will not be secured by any of the mortgage loans. The Income Notes are subordinate to all classes of notes in all respects and have no promised dividend or coupon.

**Collateral Manager:** Arbor Realty Collateral Management, LLC, a wholly owned subsidiary of the Arbor Parent, will serve as the Collateral Manager and provide certain advisory and administrative functions with respect to the Collateral Interests pursuant to the terms of the Collateral Management Agreement. The Collateral Manager is obligated to perform its duties according to the collateral management standard.

**Targeted Collateral Interest:** One of the mortgage assets, identified on Annex A to the Offering Memorandum as William House, has not yet closed but is expected to close prior to or within 30 days of the closing date (Purchase Termination Date). The Issuer may acquire the Targeted Collateral Interest without regard to the Eligibility Criteria, on either the closing date or at any time on or prior to the Purchase Termination Date, but in each case only so long as the terms of such the Delayed Close Mortgage Asset are not materially different from the terms described in the Offering Memorandum. If the Targeted Collateral Interest is not acquired prior to the Purchase Termination Date, or if the terms of the Targeted Collateral Interest are materially different from the terms described in the Offering Memorandum for the Targeted Collateral Interest (including Annex A), then the Targeted Collateral Interest may be acquired in accordance with the terms and conditions applicable to acquisitions of Ramp-Up Collateral Interests including satisfaction of the Eligibility Criteria.

**Ramp-Up Acquisition Period:** The transaction includes a 180-day ramp-up period (Ramp-Up Period) to achieve a target collateral principal balance of $1.05 billion. During this time, the Issuer may acquire multifamily mortgage loans, combined loans (mortgage loans together with the related mezzanine loan), or senior participations, including funded companion participations (collectively, Collateral Interests), subject to the eligibility criteria, the acquisition criteria, and the acquisition and disposition conditions with funds from the unused proceeds account. On the first payment date after the expiration of the

Ramp-Up Period (Ramp-Up Completion Date), all amounts on deposit in the unused proceeds account (excluding (1) any such amounts that are designated by the Collateral Manager to be used within 30 days of the Ramp-Up Completion Date to acquire any Ramp-Up Collateral for which a binding commitment to purchase was entered on or before the Ramp-Up Completion Date and (2) at the election of the Collateral Manager, an amount up to $15,000,000 to be held for reinvestment in Reinvestment Collateral Interests) will be applied as principal proceeds in accordance with the priority of payments.

**Reinvestment:** During the Reinvestment Period, the Collateral Manager may direct the reinvestment of Principal Proceeds arising from the Collateral Interests (and any cash contributed by ARMS Equity to the Issuer) in Reinvestment Collateral Interests, including companion participations that have been funded, meeting the eligibility criteria, the acquisition criteria, and the acquisition and disposition conditions. The Reinvestment Period is 24 months and, assuming no EOD has occurred, terminates on the payment date in May 2024.

**Future Funding Companion Participations:** With respect to each Future Funding Companion Participation, the holder thereof will have the sole obligation under the related Future Funding Participation Agreement to make future advances. Once funded, such Future Funding Companion Participation (or a portion thereof) may be transferred in accordance with the terms of the related Future Funding Participation Agreement and the Issuer may, but is not obligated to, acquire such funded Future Funding Companion Participation (or a portion thereof) as a Ramp-Up Collateral Interest or Reinvestment Collateral Interest. Pursuant to each Future Funding Participation Agreement, the holder of the related Future Funding Companion Participation (or a qualified transferee) and the Arbor Parent (or such qualified transferee) will be required to indemnify the Issuer, as the holder of the related mortgage asset, against any losses, claims, damages, costs, expenses, and liabilities in connection with, arising out of, or as a result of the failure of the holder of such Future Funding Companion Participation to make future advances when required under the related Participated Loan.

**No Downgrade Confirmations:** Certain events within the transaction require the Issuer to obtain a No Downgrade Confirmation from DBRS Morningstar that a proposed action, or failure to act or other specified event, will not, in and of itself, result in the downgrade or withdrawal of the current ratings. Acquiring senior participations via the Eligibility Criteria (in an amount not to exceed $500,000 if the Issuer owns a senior participation in the same underlying participated loan) and Administrative Modifications (as defined) do not require the Issuer to obtain a No Downgrade Confirmation.

**Administrative Modifications:** The Collateral Manager is permitted to direct certain administrative modifications, waivers, or amendments (Administrative Modifications), which include conforming changes in connection with a mismatch between the benchmark, index, or benchmark replacements on the Notes and those on the Collateral Interests (excluding any Credit Risk Collateral Interests, a Collateral Interest related to a Specially Serviced Loan, or Defaulted Collateral Interests (all as defined in the Preliminary Offering Memorandum)) and certain changes to, among other things, (1) exit fees, extension fees, default interest, prepayment fees (including in connection with the defeasance and lockouts), or yield or spread maintenance provisions; (2) financial covenants (including in connection with extensions) relating to debt yield, debt service coverage, or LTV requirements; (3) reserve account purposes, minimum balance amounts, release conditions, or other reserve requirements (other than those for taxes or insurance), including reimbursements to fund reserves in connection with extensions; and (4) conditions precedent to extending the term of the related CRE loan notwithstanding that any such modification, waiver, or amendment referred to in this definition may have the effect of delaying or deferring principal payments that would otherwise occur on the related CRE loan prior to its fully extended maturity date.

**Criteria-Based Modification:** With respect to certain Collateral Interests (other than a Credit Risk Collateral Interest, a Defaulted Collateral Interest, or a Collateral Interest relating to a Specially Serviced Loan), a Criteria-Based Modification may include a modification, waiver, or amendment to the related CRE loan that would result in a change (1) in the interest rate or margin, (2) of the earliest date permitted for any prepayment, (3) permitting indirect owners of the related borrower to incur additional funding in the form of a mezzanine loan or preferred equity issuance, or (4) of the maturity date or extended maturity date under the related CRE loan. A Criteria-Based Modification will be permitted only during the Reinvestment Period and if no note protection test failure exists; the related Collateral Interests comply with eligibility criteria, including the requirement to obtain a No Downgrade Confirmation, as adjusted by the Eligibility Criteria Modification Adjustments (as defined in the Preliminary Offering Memorandum); the aggregate principal balance of the related Collateral Interests in any calendar year subject to Criteria-Based Modifications do not exceed 10% of the target Collateral Interest principal balance; and certain other criteria.

The effectuation of any Administrative Modification or Criteria-Based Modification by the CLO Servicer will not be subject to the Servicing Standard; however, the Collateral Manager's decision to direct any Administrative Modification or Criteria-Based Modification will be subject to the Collateral Management Standard (as defined in the Preliminary Offering Memorandum). In addition, any Administrative Modification or Criteria-Based Modification with respect to a Participated Loan will be subject to any consent rights of the holder of a nonacquired participation if so required under the terms of the related participation agreement.

**Note Protection Tests:** Like most CRE collateralized loan obligation (CLO) transactions, the subject transaction features senior note protection tests in the form of an interest coverage (IC) test and a par value (OC) test. If the IC or OC tests are not satisfied on any measurement date, interest proceeds remaining after interest is paid to the Class E Notes will be diverted to deleverage and pay down Classes A through E in senior sequential order until the tests are brought back into compliance. If interest proceeds are not sufficient to rebalance the vehicle and satisfy both the IC and the OC tests or pay down the applicable classes, any principal proceeds will be diverted for the same purpose. The OC or Par Value Test will be satisfied if the Par Value Ratio is equal to or greater than 119.3%. The IC test will be satisfied if the IC ratio is equal to or greater than 120.0%.

**Advancing Agent and Backup Advancing Agent:** Arbor Parent will serve as the Advancing Agent with respect to certain interest payments on the notes, subject to a recoverability analysis. If the Advancing

Agent fails to make such payments, the Trustee (expected to be U.S. Bank Trust Company, National Association) will serve as the Backup Advancing Agent and be required to advance certain delinquent scheduled interest payments, as applicable, to the extent that the Advance Agent or Backup Advancing Agent, as applicable, deems such advances to be recoverable.

**Controlling Class:** The Class A Notes, which are composed of Class A-TS Notes and Class A-CS Notes, are the Controlling Class, so long as any Class A Notes are outstanding; then the Class A-S Notes, so long as any Class A-S Notes are outstanding; then the Class B Notes, so long as any Class B Notes are outstanding; then the Class C Notes, so long as any Class C Notes are outstanding; then the Class D Notes, so long as any Class D Notes are outstanding; then the Class E Notes, so long as any Class E Notes are outstanding; then the Class F Notes, so long as any Class F Notes are outstanding; then the Class G Notes, so long as any Class G Notes are outstanding; and then the Income Notes. If an EOD has occurred and is continuing, the holders of the Controlling Class will be entitled to determine the remedies to be exercised under the Indenture and in certain circumstances, without regard to whether there are sufficient proceeds to pay in full the amounts then due and unpaid on the Notes. Any remedies pursued by the holders of the Controlling Class upon an EOD could be adverse to the interests of the holders of more subordinated classes of notes.

**Deferrable Floating-Rate Notes:** Only the Class F and Class G Notes allow for deferred interest. To the extent that interest proceeds are not sufficient on a given payment date to pay accrued interest, interest will not be due and payable on the payment date and will instead be deferred. The deferred interest will be added to the principal amount of the respective note and bear interest at the same rate as the reference note. DBRS Morningstar's ratings contemplate the timely payments of distributable interest and, in the case of the deferrable interest, the ultimate recovery of deferred interest (including interest payable thereon at the applicable rate to the extent permitted by law). Deferred interest will be added to the principal balance of the deferrable notes and will be payable on the first payment date on which funds are permitted. Thus, DBRS Morningstar will assign its Interest in Arrears designation to the Deferred Interest Classes in months when classes are subject to deferred interest.

**Optional Repricing:** After the non-call period (through the Business Day immediately preceding the Payment Date in May 2024), the Issuer may, at the direction of the majority of the income noteholder, reduce the spread over the benchmark of any class of notes, subject to the satisfaction of conditions set forth in the Indenture. The holders of each such Class will be provided notice of the Re-Pricing and the opportunity to consent thereto. The Issuer may require the Holders of the Notes that do not consent to a Re-Pricing to sell their notes to transferees designated by, or on behalf of, the Issuer may redeem such Notes.

## Methodologies

The following are the methodologies DBRS Morningstar applied to assign ratings to this transaction. These methodologies can be found on www.dbrsmorningstar.com under the heating Methodologies & Criteria. Alternatively, please contact info@dbrsmorningstar.com or contact the primary analysts whose information is listed in this report.

- *North American CMBS Multi-borrower Rating Methodology*
- *DBRS Morningstar North American Commercial Real Estate Property Analysis Criteria*
- *Interest Rate Stresses for U.S. Structured Finance Transactions*

## Surveillance

DBRS Morningstar will perform surveillance subject to *North American CMBS Surveillance Methodology*.

Notes:
All figures are in U.S. dollars unless otherwise noted.

This report is based on information as of May 3, 2022. Subsequent information may result in material changes to the rating assigned herein and/or the contents of this report.

# Glossary

| | | | |
|---|---|---|---|
| **ADR** | average daily rate | **MTM** | month to month |
| **ALA** | allocated loan amount | **MSA** | metropolitan statistical area |
| **ARA** | appraisal-reduction amount | **n.a.** | not available |
| **ASER** | appraisal subordinate entitlement reduction | **n/a** | not applicable |
| **BOV** | broker's opinion of value | **NCF** | net cash flow |
| **CAM** | common area maintenance | **NNN** | triple net |
| **capex** | capital expenditures | **NOI** | net operating income |
| **CBD** | central business district | **NRA** | net rentable area |
| **CBRE** | CB Richard Ellis | **NRI** | net rental income |
| **CMBS** | commercial mortgage-backed securities | **NR – PIF** | not rated – paid in full |
| **CRE** | commercial real estate | **OSAR** | operating statement analysis report |
| **CREFC** | CRE Finance Council | **PCA** | property condition assessment |
| **DPO** | discounted payoff | **PCR** | property condition report |
| **DSCR** | debt service coverage ratio | **P&I** | principal and interest |
| **DSR** | debt service reserve | **POD** | probability of default |
| **EGI** | effective gross income | **PIP** | property improvement plan |
| **EOD** | event of default | **PILOT** | payment in lieu of taxes |
| **F&B** | food & beverage | **PSA** | pooling and servicing agreement |
| **FF&E** | furniture, fixtures, and equipment | **psf** | per square foot |
| **FS Hotel** | full-service hotel | **R&M** | repairs and maintenance |
| **G&A** | general and administrative | **REIT** | real estate investment trust |
| **GLA** | gross leasable area | **REO** | real estate owned |
| **GPR** | gross potential rent | **RevPAR** | revenue per available room |
| **HVAC** | heating, ventilation, and air conditioning | **sf** | square foot/square feet |
| **IO** | interest only | **SPE** | special-purpose entity |
| **LC** | leasing commission | **TI** | tenant improvement |
| **LGD** | loss severity given default | **TIC** | tenants in common |
| **LOC** | letter of credit | **T-12** | trailing 12 months |
| **LOI** | letter of intent | **UW** | underwriting |
| **LS Hotel** | limited-service hotel | **WA** | weighted average |
| **LTC** | loan-to-cost ratio | **WAC** | weighted-average coupon |
| **LTCT** | long-term credit tenant | **x** | times |
| **LTV** | loan-to-value ratio | **YE** | year end |
| **MHC** | manufactured housing community | **YTD** | year to date |

# Definitions

| | |
|---|---|
| **Capital Expenditure (capex)**<br>Costs incurred in the improvement of a property that will have a life of more than one year. | |
| **DBRS Morningstar Refi DSCR**<br>A measure that divides the DBRS Morningstar Stabilized NCF by the product of the loan's maturity balance and a stressed refinance debt constant. | |
| **DBRS Morningstar Term DSCR**<br>A measure that divides the DBRS Morningstar Stabilized NCF by the actual debt service payment. | |
| **Debt Service Coverage Ratio (DSCR)**<br>A measure of a mortgaged property's ability to cover monthly debt service payments, defined as the ratio of net operating income or net cash flow to the debt service payments. | |
| **Effective Gross Income (EGI)**<br>Rental revenue minus vacancies plus miscellaneous income. | |
| **Issuer UW**<br>Issuer underwritten from Annex A or servicer reports. | |
| **Loan-to-Value Ratio (LTV)**<br>The ratio between the principal amount of the mortgage balance, at origination or thereafter, and the most recent appraised value of the underlying real estate collateral, generally from origination. | |
| **Net Cash Flow (NCF)**<br>The revenue earned by a property's ongoing operations less the expenses associated with such operations and the capital costs of tenant improvements, leasing commissions, and capex (or reserves). Moreover, NCF is net operating income less tenant improvements, leasing commissions, and capex. | |
| **NNN (Triple Net)**<br>A lease that requires the tenant to pay operating expenses such as property taxes, insurance, and maintenance, in addition to the rent. | |
| **Net Operating Income (NOI)**<br>The revenue earned by a property's ongoing operations less the expenses associated with such operations but before mortgage payments, tenant improvements, replacement reserves, and leasing commissions. | |
| **Net Rentable Area (NRA)**<br>The area (sf) for which rent can be charged. NRA includes the tenant's premises plus an allocation of the common area directly benefiting the tenant, such as common corridors and restrooms. | |
| **Revenue Per Available Room (RevPAR)**<br>A measure that divides revenue by the number of available rooms, not the number of occupied rooms. It is a measure of how well the hotel has been able to fill rooms in the off-season, when demand is low even if rates are also low, and how well it fills the rooms and maximizes the rate in the high season, when there is high demand for hotel rooms. | |
| **Tenant Improvements (TIs)**<br>The expense to physically improve the property or space, such as new improvements or remodeling, paid by the borrower. | |
| **Weighted Average (WA)**<br>Calculation is weighted by the size of each mortgage in the pool. | |
| **Weighted-Average Coupon (WAC)**<br>The average coupon or interest payment on a set of mortgages, weighted by the size of each mortgage in the pool. | |

**About DBRS Morningstar**

DBRS Morningstar is a full-service global credit ratings business with approximately 700 employees around the world. We're a market leader in Canada, and in multiple asset classes across the U.S. and Europe.

We rate more than 3,000 issuers and nearly 60,000 securities worldwide, providing independent credit ratings for financial institutions, corporate and sovereign entities, and structured finance products and instruments. Market innovators choose to work with us because of our agility, transparency, and tech-forward approach.

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