

Presale Report

Arbor Realty Commercial Real Estate Notes 2021-FL2, Ltd.

DBRS Morningstar

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Capital Structure

Description	Rating Action	Balance	Subordination	DBRS Morningstar Rating	Trend
Class A	New Rating - Provisional	\$460,475,000	43.500%	AAA (sf)	Stable
Class A-S	New Rating - Provisional	\$57,050,000	36.500%	AAA (sf)	Stable
Class B	New Rating - Provisional	\$38,712,000	31.750%	AA (low) (sf)	Stable
Class C	New Rating - Provisional	\$46,863,000	26.000%	A (low) (sf)	Stable
Class D	New Rating - Provisional	\$55,012,000	19.250%	BBB (sf)	Stable
Class E	New Rating - Provisional	\$16,300,000	17.250%	BBB (low) (sf)	Stable
Class F	New Rating - Provisional	\$45,844,000	11.625%	BB (low) (sf)	Stable
Class G	New Rating - Provisional	\$27,506,000	8.250%	B (low) (sf)	Stable
Preferred Shares	NR	\$67,238,000	--	NR	Stable

Notes:

1. NR = not rated.
2. The Class F, Class G, and the Preferred Shares will be retained by ARMS 2021-2 Equity Holdings LLC.
3. The Class F and Class G notes allow for deferred interest.



DBRS Morningstar Viewpoint

[Click here to see this deal.](#)

DBRS Morningstar Viewpoint is an interactive, data-driven, loan and property level platform that provides users with access to DBRS Morningstar presale reports, surveillance updates, transaction information, and contextual comparable data in a user-friendly manner. Complimentary registration and access to the transaction is available.

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Transaction Summary

Trust Amount (\$)	653,024,568	Participated Loan Commitment Amount (\$)	1,220,834,400
Number of Loans	25	Average Loan Size (\$)	48,833,376
Number of Properties	50	Top Ten Loan Concentration (%)	61.24
Managed / Static	Managed	Unfunded Companion Participation Amount (\$)	14,959,217
Preidentified Ramp Loans	Y	Replenishment Allowed	N
Par Value Trigger (%)	1.0	Reinvestment Period⁵	Y, 30 months
Initial Par Value (%)	120.85	IC Ratio: Trigger (X)	1.2x
Wtd. Avg. Current Funded As-Is Appraised Issuance LTV (%)	77.6	Wtd. Avg. DBRS Morningstar As-Is Issuance LTV (%)	83.0
Wtd. Avg. Current Funded Stabilized Appraised LTV (%)	70.8	Wtd. Avg. DBRS Morningstar Stabilized Balloon LTV (%)	73.9
Wtd. Avg. Interest Rate Margin (%)	3.78	DBRS Morningstar Wtd. Avg. Interest Rate⁴ (%)	4.75
Wtd. Avg. Remaining Term¹	23.4	Wtd. Avg. Remaining Term - Fully Extended	38.4
Wtd. Avg. DBRS Morningstar As-Is DSCR²	0.89	Wtd. Avg. Issuer As-Is DSCR (x)⁴	1.28
Wtd. Avg. DBRS Morningstar Stabilized DSCR³	1.33	Wtd. Avg. Issuer Stabilized DSCR (x)⁴	1.44
Avg. DBRS Morningstar As-Is NCF Variance² (%)	-16.9	Avg. DBRS Morningstar Stabilized NCF Variance³ (%)	-13.3

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. All DBRS Morningstar DSCR and interest rate figures assume the lower of the LIBOR strike rate of the interest rate cap or 1.15% one-month LIBOR which is 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. The Reinvestment Period ends after the Payment Date in December 2023 (or earlier as described in the Offering Memorandum)

Eligibility Criteria Concentration Parameters

Issuer Property Type	Issuance (%)	Limit (%)
Office	0.0	7.5
Industrial	0.0	10.0
Retail	0.0	0.0
Mixed-Use	0.0	5.0
Hospitality	0.0	0.0
Self Storage	0.0	5.0
Multifamily	100.0	100.0
Manufactured Housing	0.0	5.0
State Concentration	Issuance (%)	Limit (%)
Texas	20.3	40.0
Maryland	18.2	40.0
New York	17.3	40.0
All Other States	44.2	n/a

Issuer	Arbor Realty Commercial Real Estate Notes 2021-FL2, Ltd.
Co-Issuer	Arbor Realty Commercial Real Estate Notes 2021-FL2, Ltd., 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
Structuring Agent	J.P. Morgan Securities LLC
Advancing Agent	Arbor Realty SR, Inc.
Lead Manager	J.P. Morgan Securities LLC
Co-Manager	Credit Suisse Securities (USA) LLC

Coronavirus Disease (COVID-19) Overview

With regard to the coronavirus pandemic, the magnitude and extent of performance stress posed to global structured finance transactions remain highly uncertain. This considers the fiscal and monetary policy measures and statutory law changes that have already been implemented or will be implemented to soften the impact of the crisis on global economies. Some regions, jurisdictions, and asset classes are, however, feeling more immediate effects. Accordingly, DBRS Morningstar may apply additional short-term stresses to its rating analysis. For example, DBRS Morningstar may front-load default expectations and/or assess the liquidity position of a structured finance transaction with more stressful operational risk and/or cash flow timing considerations.

For more information regarding rating methodologies and the coronavirus, please see the following DBRS Morningstar press releases: <https://www.dbrsmorningstar.com/research/357883> and <https://www.dbrsmorningstar.com/research/358308>.

Rating Considerations

The initial collateral consists of 25 floating-rate mortgage loans and senior participations secured by 50 mostly transitional properties, with an initial cut-off date balance totaling \$653.0 million, which includes approximately \$9.0 million of non-interest-accruing future funding that the Issuer will acquire at closing. Each collateral interest is secured by a mortgage on a multifamily property or a portfolio of multifamily properties. The transaction is a managed vehicle, which includes an 180-day ramp-up acquisition period and 30-month reinvestment period. The ramp-up acquisition period will be used to increase the trust balance by \$162.0 million to a total target collateral principal balance of \$815.0 million. DBRS Morningstar assessed the \$162.0 million ramp component using a conservative pool construct, and, as a result, the ramp loans have expected losses above the pool WA loan expected loss. During the reinvestment period, so long as the note protection tests are satisfied and no event of default 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, has minimum DSCR, LTV, and loan size limitations. In addition, only mortgages secured by multifamily properties are allowed as ramp-up collateral interests, while other commercial property types, except healthcare, retail, and hospitality

properties are allowed as reinvestment collateral interests, subject to pool concentration limitations. Lastly, the eligibility criteria stipulates 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 impacts to the overall ratings.

For the floating-rate loans, DBRS Morningstar used the one-month Libor index, which is based on the lower of a DBRS Morningstar stressed rate that corresponded to the remaining fully extended term of the loans 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, 16 loans, representing 51.9% of the initial pool balance, had a DBRS Morningstar As-Is DSCR of 1.00x or below, a threshold indicative of default risk. Additionally, the DBRS Morningstar Stabilized DSCR of three loans, representing 9.5% of the initial pool balance, are below 1.00x, which is indicative of elevated refinance risk. The properties are often transitioning with potential upside in cash flow; however, DBRS Morningstar does not give full credit to the stabilization if there are no holdbacks 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 to above-market levels. The transaction will have a sequential-pay structure.

Strengths

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 commercial real estate (CRE) collateralized loan obligation (CLO) issuer and collateral manager. The ARCREN 2021-FL2 transaction will be Arbor's 15th post-crisis CRE CLO securitization, and the firm has five outstanding transactions representing approximately \$2 billion in investment-grade proceeds. Additionally, Arbor will purchase and retain 100.0% of the Class F Notes, the Class G Notes, and the Preferred Shares, which total \$140,588,000, or 17.25% of the transaction total.

- **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-rise/high-rise buildings. However, while Arbor primarily specializes in multifamily lending, according to the eligibility criteria, the collateral manager can bring in other types of properties after the ramp-up period.
- **Acquisition Financing** – Twenty-one loans, representing 82.8% of the pool 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, resulting in a higher sponsor cost basis in the underlying collateral and aligns the financial interests between the sponsor and lender.
- **Diversity** – The initial collateral pool is diversified across 11 states and has a loan Herfindahl score of approximately 28.3. The loan Herfindahl score is similar to recent Arbor CRE CLO transactions. Three of the loans, representing 15.1% of the initial pool 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.

- **Favorable Business Plan Scores** – The business plan scores for loans analyzed by DBRS Morningstar ranged between 1.38 and 3.08, with an average of 2.08. Higher DBRS Morningstar business plan scores indicate more 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 similar transactions, the subject has a low average business plan score, 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 (4.6% of the trust balance) secured by properties that DBRS Morningstar deemed to be Excellent in quality. An additional three loans, representing 12.9% of the trust balance, are secured by properties with Above Average quality.

Challenges & Considerations

- **Coronavirus Disease (COVID-19) Impacts** – The ongoing coronavirus pandemic continues to pose challenges and risks to the commercial real estate sector, and while DBRS Morningstar expects multifamily to fare better than most other property types, the long-term effects on the macroeconomy and consumer sentiment remain unsettled.
 - *Mitigant:* Arbor provided coronavirus and business plan updates for all loans in the pool, confirming that all debt service payments have been received in full through January 2021. Furthermore, no loans are in forbearance or other debt service relief.
 - *Mitigant:* Twenty-five, totaling 100.0% of the trust balance, represent loans originated after March 2020, or the beginning of the pandemic. Loans originated after the pandemic include timely property performance reports and recently completed third-party reports, including appraisals.
 - *Mitigant:* Given the uncertainty and elevated execution risk stemming from the coronavirus pandemic, 12 loans, totaling 43.4% of the trust balance, have substantial upfront interest reserves, some of which are expected to cover six months or more of interest shortfalls.
- **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, although non-multifamily properties can be included during the ramp and reinvestment periods. Future loans cannot be secured by hospitality, retail or healthcare type facilities such as assisted living and memory care.
 - *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:* DBRS Morningstar has RAC on new ramp loans, companion participations above \$500,000, and reinvestment loans. DBRS Morningstar reviews these loans before they come into the pool to assess any potential ratings impact.

- *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 analyzes LGD based on its As-Is LTV, assuming the loan is fully funded.
- **High Leverage** – Five loans, representing 22.1% of the trust balance, have DBRS Morningstar Stabilized LTVs equal to or greater than 80.0%, which significantly increases refinance risk at maturity. Two of these loans are in the top 10 largest loans in the pool, including Admiral Place Apartments (#8) and Commuter Portfolio (#10).
 - *Mitigant*: All five loans were originated in 2020 and 2021 and have sufficient time to reach stabilization. Additionally, twenty-one of the loans (82.8% of the allocated loan balance) are acquisition financing, with the sponsor contributing a considerable amount of cash equity at closing.
 - *Mitigant*: The largest of these six loans, Commuter Portfolio (5.0% of the trust balance), is secured by a granular portfolio of 24 multifamily properties in New Jersey. The loan benefits from favorable diversification, with a WA Market Rank of 5 and MSA Group 3, resulting in a favorable expected loss below the deal average
- **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.
 - *Mitigant*: For the floating-rate loans, DBRS Morningstar used the one-month Libor index, which is based on the lower of a DBRS Morningstar stressed rate that corresponded to the remaining fully extended term of the loans 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. Additionally, all loans have extension options, and to qualify for these options, the loans must meet minimum DSCR and LTV requirements.
 - *Mitigant*: All loans are short term and, even with extension options, have a fully extended loan term of five years maximum.

Legal and Structural Considerations

- **Libor Replacement**: The underlying mortgages for the transaction will pay the floating rate, which presents potential benchmark transition risks 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 Rate (SOFR) plus the applicable Alternative Rate Spread Adjustment or

Compounded SOFR plus the Alternative Rate Spread Adjustment. 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.

- **Administrative and Criteria Based Modifications:** In this transaction, Administrative Modifications and Criteria Based Modifications may be directed by the sponsor-affiliated Collateral Manager subject to the Collateral Management Standard. The special servicer may be removed with or without cause or a successor special servicer may be appointed, in each case at any time and at the direction of the Collateral Manager.

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

DSCR	% of the Pool (Senior Note Balance¹)
0.00x-0.50x	19.8
0.50x-0.75x	16.0
0.75x-1.00x	16.1
1.00x-1.25x	32.3
1.25x-1.50x	9.5
1.50x-1.75x	6.3
>1.75x	0.0
Wtd. Avg. (x)	0.89

DBRS Morningstar Stabilized DSCR (x)

DSCR	% of the Pool (Senior Note Balance¹)
0.00x-0.50x	0.0
0.50x-0.75x	1.7
0.75x-1.00x	7.8
1.00x-1.25x	40.9
1.25x-1.50x	19.9
1.50x-1.75x	23.4
>1.75x	6.3
Wtd. Avg. (x)	1.33

DBRS Morningstar As-Is Issuance LTV

LTV	% of the Pool (Senior Note Balance¹)
0.0%-50.0%	0.0
50.0%-60.0%	2.4
60.0%-70.0%	6.3
70.0%-80.0%	17.0
80.0%-90.0%	49.1
90.0%-100.0%	23.5
100.0%-110.0%	0.0
110.0%-125.0%	1.7
>125.0%	0.0
Wtd. Avg. (%)	83.0

DBRS Morningstar Stabilized Balloon LTV

LTV	% of the Pool (Senior Note Balance^{1,2})
0.0%-50.0%	2.4
50.0%-60.0%	0.8
60.0%-70.0%	36.1
70.0%-80.0%	36.9
80.0%-90.0%	17.3
90.0%-100.0%	4.8
100.0%-110.0%	0.0
110.0%-125.0%	1.7
>125.0%	0.0
Wtd. Avg. (%)	73.9

Largest Loan Summary

Loan Detail							
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 (%)
Magnolia and Commons	57,000,000	8.7	n/a	1.34	1.54	82.4	75.0
Fontana Village	41,000,000	6.3	n/a	1.54	1.78	92.4	73.8
Mission Capital Crossing	42,000,000	6.4	n/a	1.16	1.40	85.4	76.5
Highland Village	40,000,000	6.1	n/a	1.18	1.32	88.4	73.5
Bevel LIC	40,000,000	6.1	n/a	0.88	1.54	70.1	68.7
Imperial Plaza	40,000,000	6.1	n/a	0.00	1.67	83.9	67.7
15 Park Row	36,000,000	5.5	n/a	0.06	1.21	74.1	63.0
Admiral Place Apartments	36,000,000	5.5	n/a	1.07	1.07	83.2	83.2
Kingston Square	35,400,000	5.4	n/a	1.21	1.21	66.0	66.0
Commuter Portfolio	32,562,501	5.0	n/a	1.23	1.23	83.7	83.7

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 (\$)
Magnolia and Commons	Multifamily	Brookhaven	GA	1966	455	125,275	455
Fontana Village	Multifamily	Rosedale	MD	1970	356	115,169	356
Mission Capital Crossing	Multifamily	Raleigh	NC	1983	356	117,978	356
Highland Village	Multifamily	Lansdowne	MD	1964	1,098	36,430	3,398
Bevel LIC	Multifamily	Long Island City	NY	2020	202	198,020	495
Imperial Plaza	Multifamily	Richmond	VA	1968	742	53,908	1,285
15 Park Row	Multifamily	New York	NY	1899	335	107,463	1,014
Admiral Place Apartments	Multifamily	Suitland	MD	1966	410	87,805	721
Kingston Square	Multifamily	Indianapolis	IN	1964	523	67,686	523
Commuter Portfolio	Multifamily	Various	NJ	1937	702	46,385	1,746

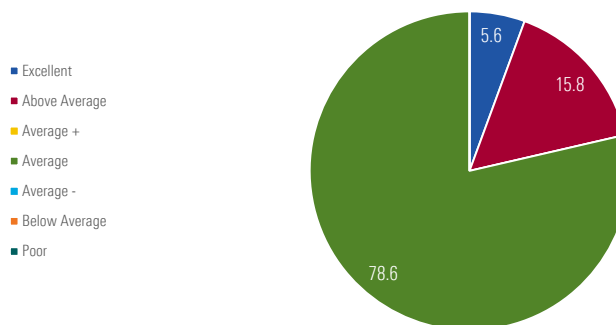
DBRS Morningstar Sample

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	Magnolia and Commons	8.7	3,150,492	-0.20	GPR based on the in-place rent per the March 2021 RR. Vacancy of 9.7% based on in-place.	Average
2	Fontana Village	6.3	2,915,680	-0.09	Vacancy of 6.1% in-line with submarket average. Operating Expenses based on T-12 + 10.0%.	Average
3	Mission Capital Crossing	6.4	2,688,102	-0.02	Occupied units were grossed up to market rates at 4/7/21. Management Fee at 4.0%	Average
4	Highland Village	6.1	7,750,213	-0.10	Management fee of 3.0%; GPR based on rents achieved by units type	Average
5	Bevel LIC	6.1	6,997,701	-0.05	GPR based on in-place rents. Management fee of 3.0%	Above Average
6	Imperial Plaza	6.1	5,099,688	-0.22	GPR based on in-place rents and appraiser's assumptions. Vacancy of 16.6%.	Average
7	15 Park Row	5.5	5,811,813	-0.20	Operating Expenses based on T-3 + 3.0%	Average
8	Admiral Place Apartments	5.5	3,831,397	-0.09	As-is=As-stabilized. Vacancy of 5.0%. Expenses generally assumed to T12+3% inflation.	Average
9	Kingston Square	5.4	2,624,740	-0.12	GPR based on current rent roll plus 35 units grossed to appraisal market rent value.	Average
10	Commuter Portfolio	5.0	4,377,818	-0.11	Operating Expenses set to Budget.	Average
11	Smart Living on Cullen	4.8	1,683,767	-0.12	Vacancy As-Is 16.1%, Stabilized 7.0%. Management Fee of 3.0%	Average
12	30 Morningside Drive	4.6	9,831,711	-0.09	Vacancy at 10.0%; Community Facility set for 2021 Budget	Excellent
13	Parc at 505	4.6	2,118,616	-0.15	Operating Expenses at T-12 + 10%; Vacancy at 8%	Average
14	The Kathryn at Grand Park	3.8	3,355,135	-0.12	Operating Expenses at T-12 + 3.0%	Above Average
15	The Maxwell at Grand Park	3.0	2,426,933	-0.31	Operating Expenses at T-12 + 3.0%; Vacancy at 10.2%	Above Average

DBRS Morningstar Site Inspections

DBRS Morningstar sampled 15 of the 25 loans in the pool, representing 82.0% of the pool by allocated cut-off date loan balance. DBRS Morningstar met with the on-site property manager, leasing agent, or representative of the borrowing entity for 3 of the 50 properties in the pool, representing 15.1% of the pool balance. The resulting DBRS Morningstar property quality scores are highlighted in the chart below.

DBRS Morningstar Sampled Property Quality (%)



Source: DBRS Morningstar.

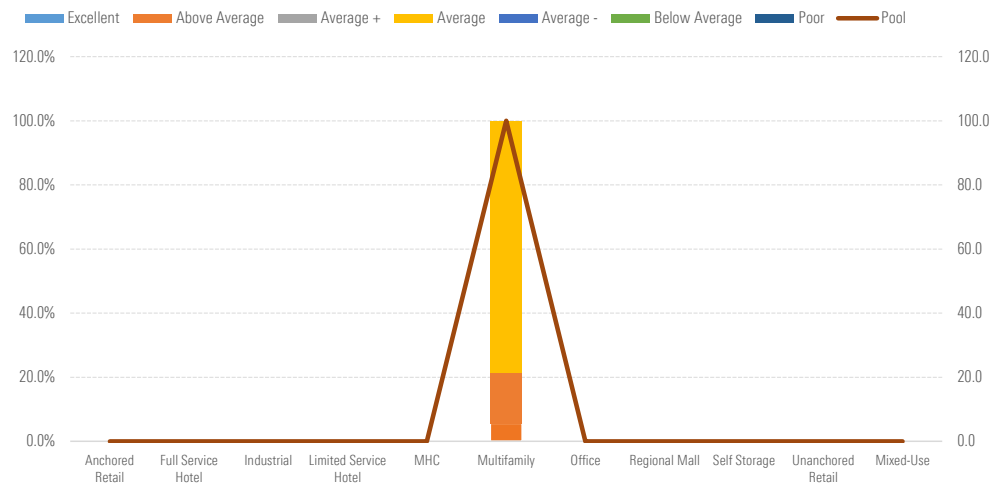
DBRS Morningstar Cash Flow Analysis

DBRS Morningstar completed a cash flow review and a cash flow stability and structural review for 15 of the 25 loans, representing 82.0% of the pool by loan balance. For the loans not subject to an NCF review, DBRS Morningstar applied an NCF variance of -16.9% and -13.3% 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).

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 POD and LGDs may be elevated. The DBRS Morningstar As-Is sample had an average in-place NCF variance of -16.9% from the Issuer's NCF and ranged from -1.3% to -56.3%, excluding four loans with positive variances: Fontana Village, Mission Capital Crossing, Admiral Place Apartments, and Smart Living on Cullen. These loans resulted in positive 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 higher 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 -13.3% from the Issuer’s Stabilized NCF and ranged from -2.5% to -31.3%. DBRS Morningstar did not deem any of the variances to be outliers. The DBRS Morningstar Stabilized NCFs resulted in lower haircuts relative to most CRE CLO transactions.

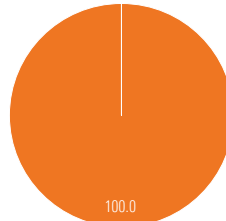
Model Adjustments

DBRS Morningstar increased the capitalization rates (cap rates) for 2 loans, including Smart Living on Cullen and Osprey Cove North totaling a combined 6.5% of the cut-off date pool balance. DBRS Morningstar adjusted the cap rates for these 2 loans to reflect its view of the respective markets and the inherent risk associated with the sponsors’ business plans.

Transaction Concentrations

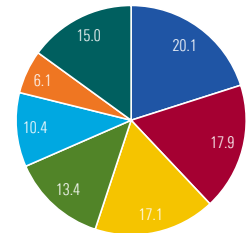
DBRS Morningstar Property Type (%)

- Anchored Retail
- Full Service Hotel
- Industrial
- Limited Service Hotel
- MHC
- Multifamily
- Office
- Regional Mall
- Self Storage
- Unanchored Retail
- Mixed-Use



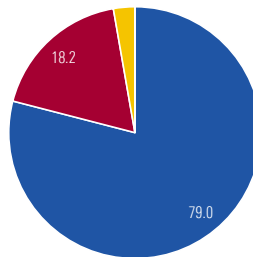
Geography (%)

- TX
- MD
- NY
- GA
- NC
- VA
- All Others



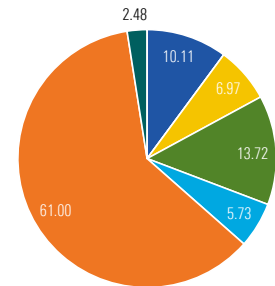
Loan Size (%)

- Large (>\$20.0 million)
- Medium (\$8.0-\$20.0 million)
- Small (\$3.0-\$8.0 million)
- Very Small (<\$3.0 million)



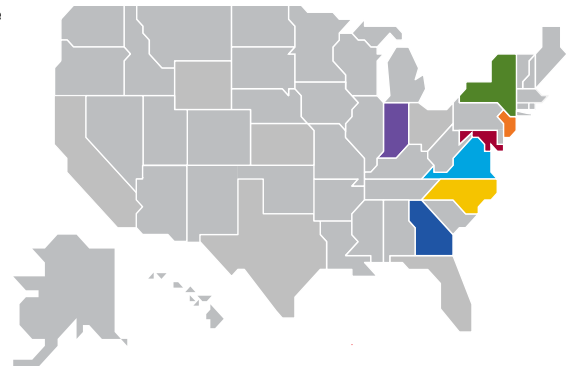
DBRS Morningstar Market Types (%)

- 8
- 7
- 6
- 5
- 4
- 3
- 2
- 1



Largest Property Location

Property Name	City	State
Magnolia and Commons	Brookhaven	GA
Fontana Village	Rosedale	MD
Mission Capital Crossing	Raleigh	NC
Highland Village	Lansdowne	MD
Bevel LIC	Long Island City	NY
Imperial Plaza	Richmond	VA
15 Park Row	New York	NY
Admiral Place Apartments	Suitland	MD
Kingston Square	Indianapolis	IN
Commuter Portfolio	Various	NJ



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 12 months to 36 months. All loans, except Bevel LIC (6.1% of the initial pool balance) have one to three extension options, with each option ranging from six months to 12 months in duration.

Interest Rate: The rate is based on the greater of the floating rate referencing one-month U.S.-dollar Libor as the index plus the margin or the interest rate floor for all of the loans.

Interest Rate Protection: Two of the floating-rate loans in the initial pool 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 of the DBRS Morningstar stressed interest rate.

Additional Debt: None of the loans have additional debt in the form of mezzanine or subordinate loans.

Subordinate Debt						
Loan Name	Trust Balance (\$)	Pari Passu Balance (\$)	Junior Participation Balance (\$)	Mezz/ Unsecured Debt Balance (\$)	Future Mezz/ Unsecured Debt (Y/N)	Total Debt Balance (\$)
Highland Village	40,000,000.0	83,800,000.0			N	123,800,000.0
Bevel LIC	40,000,000.0	58,000,000.0			N	98,000,000.0
Imperial Plaza	40,000,000.0	29,270,000.0			N	69,270,000.0
15 Park Row	36,000,000.0	73,000,000.0			N	109,000,000.0
Admiral Place Apartments	36,000,000.0	27,350,000.0			N	63,350,000.0
Commuter Portfolio	32,562,501.0	40,000,000.0	8,420,399.0		N	80,982,900.0
Smart Living on Cullen	31,231,500.0	n/a	2,250,000.0		N	33,481,500.0
30 Morningside Drive	30,000,000.0	150,000,000.0			N	180,000,000.0
The Kathryn at Grand Park	24,938,637.0	40,000,000.0	7,311,363.0		N	72,250,000.0
The Maxwell at Grand Park	19,591,930.0	40,000,000.0	8,408,070.0		N	68,000,000.0

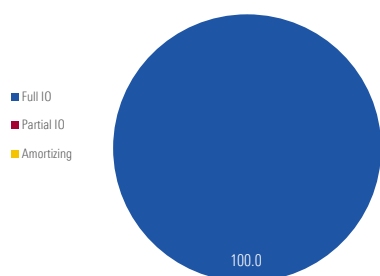
Future Funding: There are five loans, representing 21.2% of the initial pool balance, that have some form of holdback or future funding component. The aggregate amount of future funding remaining is \$9.0 million, with future funding amounts per loan ranging from \$1.5 million to \$2.8 million. The proceeds necessary to fulfill the future funding obligations will primarily be drawn from non-interest-accruing funds held inside the trust. The future funding is generally for property renovations and leasing costs. Each property has a business plan to execute that is likely to increase 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 planned renovations and leasing costs.

Leasehold: All loans in the initial pool are secured by the borrower's fee-simple interest.

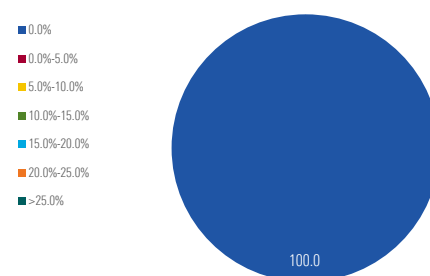
Property Release: Three loans, representing 15.1% of the initial pool balance, allow for the release of one or more properties or a portion of the mortgaged property, subject to release prices at or exceeding the allocated loan amounts of the respective properties and/or certain leverage tests prescribed in the individual loan agreement.

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

Interest Only (%)



DBRS Morningstar Expected Amortization (%)

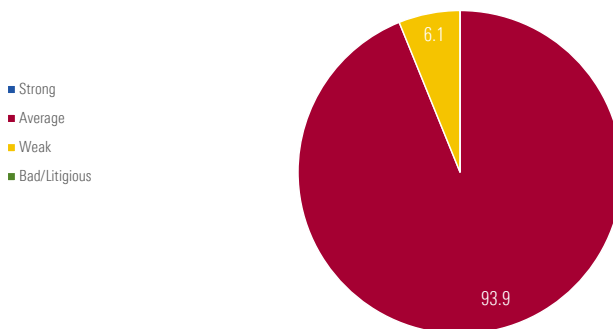


Note: For certain anticipated repayment date (ARD) loans, expected amortization may include amortization expected to occur after the ARD but prior to single/major tenant expiry.

Reserve Requirement			Borrower Structure		
Type	# of Loans	% of Pool	Type	# of Loans	% of Pool
Tax Ongoing	25	100.0	SPE with Independent Director and Non-Consolidation Opinion	0	0.0
Insurance Ongoing	25	100.0	SPE with Independent Director Only	0	0.0
CapEx Ongoing	20	83.3	SPE with Non-Consolidation Opinion Only	0	0.0
Leasing Costs Ongoing ¹	0	0.0	SPE Only	0	0.0

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

DBRS Morningstar Sponsor Strength (%)



Source: DBRS Morningstar.

Transaction Structural Features

Credit Risk Retention: 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 Arbor Parent of an eligible horizontal residual interest. As of the Closing Date, the eligible horizontal residual interest will be held by ARMS 2021-2 Equity Holdings LLC (ARMS Equity), a Delaware limited liability company, a majority-owned affiliate of Arbor Parent. Additionally, the transaction is being structured with the intent to comply with the EU retention rules under Regulation (EU) 2017/2402.

Retention Holder: ARMS Equity will purchase 100.0% of the Class F Notes, the Class G Notes, and the Preferred Shares issued on the Closing Date and therefore will be the initial Retention Holder.

Preferred Shares: The Preferred Shares are equity of the Issuer and will not be secured by any of the mortgage loans. The Preferred Shares 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.

Ramp-Up Acquisition Period: The transaction includes a 180-day ramp-up period to achieve a target collateral principal balance of \$815.0 million. 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 and will be acquired with funds from the unused proceeds account. On the first payment date after the 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 to acquire Committed Ramp-Up Collateral Interests and (2) at the election of the Collateral Manager, an amount up to \$5,000,000 to be held for reinvestment in Reinvestment Collateral Interests) will be applied as principal proceeds in accordance with the priority of payments.

Reinvestment: 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 Funded Companion Participations, meeting the eligibility criteria and the reinvestment criteria. The Reinvestment Period is 30 months and, assuming no event of default has occurred, terminates on the payment date in September 2023.

Rating Agency Confirmations: Certain events within the transaction, including Criteria-Based Modifications, require the Issuer to obtain RAC. DBRS Morningstar will confirm 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 companion participations via the Reinvestment Criteria (in an amount not to exceed \$1 million per loan) and Administrative Modifications does not require the Issuer to obtain RAC.

Administrative Modifications: Excluding any Credit Risk Mortgage Asset, Specially Serviced Mortgage Loan, or Defaulted Mortgage Asset, the Collateral Manager is permitted Administrative Modifications, including 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 for taxes or insurance), including requirements to fund reserves in connection with extensions; and (4) conditions precedent to extending the term of the related commercial real estate loan. The effectuation of any Administrative Modifications by the CLO servicer will not be subject to the Servicing Standard.

Criteria-Based Modification: With respect to certain collateral interest, a modification, waiver, or amendment to the related commercial real estate loan 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 commercial real estate loan. The related collateral interest must comply with eligibility criteria, including the requirement to obtain a RAC, as adjusted by the EC Modification Adjustments.

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.

Note Protection Tests: Like most CRE CLO transactions, the subject transaction features senior note protection tests in the form of an interest coverage (IC) test and a par value or overcollateralization (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 Par Value Test will be satisfied if the Par Value Ratio is equal to or greater than 119.85%, which is 1.0% lower than the initial Par Value Ratio. 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 Realty SR, Inc. 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, U.S. Bank, will serve as the Backup Advancing Agent and be required to advance certain delinquent scheduled interest payments, as

applicable, to the extent that the Advancing Agent or Backup Advancing Agent, as applicable, deems such advances to be recoverable.

Controlling Class: The Class A 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 Preferred Shares. If an Event of Default 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.

Deferrable Floating-Rate Notes: The Class F and 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, the Issuer may, at the direction of the majority of the preferred shareholders, 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 Co-Issuers 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, or the Co-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 heading 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 24, 2021. Subsequent information may result in material changes to the rating assigned herein and/or the contents of this report.

Glossary

ADR	average daily rate	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
CoStar	CoStar Group, Inc.	OSAR	operating statement analysis report
CREFC	CRE Finance Council	PCR	property condition report
DPO	discounted payoff	P&I	principal and interest
DSCR	debt service coverage ratio	POD	probability of default
EGI	effective gross income	PIP	property improvement plan
EOD	event of default	PILOT	property 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	STR	Smith Travel Research
LC	leasing commission	SPE	special-purpose entity
LGD	loss severity given default	TI	tenant improvement
LOC	letter of credit	TIC	tenants in common
LOI	letter of intent	T-12	trailing 12 months
LS Hotel	limited-service hotel	UW	underwriting
LTC	loan-to-cost	WA	weighted average
LTCT	long-term credit tenant	WAC	weighted-average coupon
LTV	loan-to-value	x	times
MHC	manufactured housing community	YE	year end
MTM	month to month	YTD	year to date

Definitions

Capital Expenditure (Capex)

Costs incurred in the improvement of a property that will have a life of more than one year.

DBRS Morningstar Refi DSCR

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

A measure that divides the DBRS Morningstar stabilized NCF by the actual debt service payment

Debt Service Coverage Ratio (DSCR)

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)

Rental revenue minus vacancies plus miscellaneous income.

Issuer UW

Issuer underwritten from Annex A or servicer reports.

Loan-to-Value (LTV)

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)

The revenues earned by a property's ongoing operations less the expenses associated with such operations and the capital costs of tenant improvements, leasing commissions and capital expenditures (or reserves). Moreover, NCF is net operating income less tenant improvements, leasing commissions and capital expenditures.

NNN (Triple Net)

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)

The revenues 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)

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)

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)

The expense to physically improve the property or space, such as new improvements or remodeling, paid by the borrower.

Weighted Average (WA)

Calculation is weighted by the size of each mortgage in the pool.

Weighted-Average Coupon (WAC)

The average coupon or interest payment on a set of mortgages, weighted by the size of each mortgage in the pool.

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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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