

May 1, 2023

Dear Fellow Shareholder:

On behalf of the Board of Directors of Clipper Realty Inc., a Maryland corporation (the “Company”), I cordially invite you to attend our Annual Meeting of Shareholders on Thursday, June 15, 2023, at the offices of Clipper Realty Inc., at 4611 Twelfth Avenue, Suite 1L, Brooklyn, New York, 11219, at 11:00 a.m. (Eastern Daylight Time).

The notice of meeting and Proxy Statement that follow describe the business we will consider at the meeting. We sincerely hope you will be able to attend the meeting; however, whether or not you are personally present, your vote is very important. We are pleased to offer multiple options for voting your shares. You may authorize a proxy to vote your shares via the Internet, via telephone, via mail or in person, as described in the Proxy Statement. Thank you for your continued support of Clipper Realty Inc.

Sincerely yours,

David Bistricher
*Chief Executive Officer and Co-Chairman of the
Board of Directors*

This Proxy Statement is dated May 1, 2023, and is first being distributed to shareholders via the Internet on or about May 1, 2023.

Clipper Realty Inc.
4611 Twelfth Avenue, Suite 1L
Brooklyn, New York, 11219
(718) 438-2804

NOTICE OF 2023 ANNUAL MEETING OF SHAREHOLDERS

Please join us for the 2023 Annual Meeting of Shareholders (the “Annual Meeting”) of Clipper Realty Inc., a Maryland corporation. The meeting will be held at 11:00 a.m. (Eastern Daylight Time), on Thursday, June 15, 2023, at the offices of Clipper Realty Inc., at 4611 Twelfth Avenue, Suite 1L, Brooklyn, New York, 11219.

At the Annual Meeting, our shareholders will consider and vote on the following matters:

- (1) The election of seven directors, each to serve until the next annual meeting of our shareholders or until their respective successors are duly elected and qualified;
- (2) The ratification of the appointment of PKF O’Connor Davies, LLP, as our independent registered public accounting firm for the fiscal year ending December 31, 2023;
- (3) The approval (on a non-binding, advisory basis) of the compensation of our named executive officers, as disclosed in this Proxy Statement;
- (4) The approval (on a non-binding, advisory basis) of the frequency of holding future advisory votes on the compensation of our named executive officers; and
- (5) Any other business properly introduced at the Annual Meeting or any continuation, postponement, or adjournment of the Annual Meeting.

You must own shares of Clipper Realty Inc. common stock or special voting stock as of the close of business on April 24, 2023, the record date for the Annual Meeting, or hold a valid proxy from a record holder as of the record date, to attend and vote at the Annual Meeting and at any continuation, postponement or adjournment of the Annual Meeting. If you plan to attend, please bring proper photo identification and, if your shares are held in “street name” (i.e., through a broker, bank or other nominee), a copy of a brokerage statement reflecting your stock ownership in shares of our common stock or special voting stock as of the close of business on April 24, 2023. Regardless of whether you will attend, please authorize your proxy electronically via the Internet, via telephone, or by completing and mailing your proxy card, so that your vote can be cast at the Annual Meeting in accordance with your instructions. For specific instructions on authorizing a proxy, please refer to the instructions on the proxy card, or, if your shares are held in street name, the instructions provided by your broker, bank or other nominee. Authorizing a proxy in any of these ways will not prevent you from voting in person at the Annual Meeting if you are a shareholder of record as of the record date for the Annual Meeting or if you hold a proxy from a record holder as of the record date for the Annual Meeting.

By Order of the Board of Directors,

Lawrence Kreider

Important Notice Regarding Internet Availability of Proxy Materials for the Shareholder Meeting to be Held on June 15, 2023: As permitted by rules adopted by the United States Securities and Exchange Commission (the “SEC”), we are making this Proxy Statement and our 2022 Annual Report available to shareholders electronically via the Internet at www.proxyvote.com. On or about May 1, 2023, we will mail to most of our shareholders a notice containing instructions on how to access this Proxy Statement and our 2022 Annual Report and how to vote via the Internet or by telephone.

The notice is not a form for voting and presents only an overview of the more complete proxy materials, which contain important information and should be reviewed before voting. The notice also contains instructions on how to request a printed copy of the proxy materials. In addition, you may elect to receive future proxy materials in printed form via mail or electronically via e-mail by following the instructions included in the notice. If you have previously elected to receive our proxy materials electronically, you will continue to receive these materials via e-mail, unless you elect otherwise.

Clipper Realty Inc.
4611 Twelfth Avenue, Suite 1L
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PROXY STATEMENT

TABLE OF CONTENTS

GENERAL	6
QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING	6
PROPOSAL NO. 1 ELECTION OF DIRECTORS	13
INFORMATION ABOUT THE BOARD.....	16
BOARD STRUCTURE AND LEADERSHIP	16
EXECUTIVE SESSIONS OF NON-MANAGEMENT DIRECTORS.....	16
DIRECTOR INDEPENDENCE	17
BOARD MEETINGS	17
BOARD COMMITTEES	17
AUDIT COMMITTEE REPORT	20
CORPORATE GOVERNANCE.....	22
GOVERNANCE DOCUMENTS.....	22
CODE OF BUSINESS CONDUCT AND ETHICS.....	22
ROLE OF THE BOARD IN RISK OVERSIGHT	22
COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION	23
COMMUNICATIONS WITH THE BOARD	23
NOMINATION PROCESS FOR DIRECTOR CANDIDATES	24
AUDIT COMMITTEE FINANCIAL EXPERIENCE	25
AUDIT COMMITTEE PRE-APPROVAL POLICY	26
PRINCIPAL ACCOUNTANT FEES AND SERVICES.....	26
BOARD ATTENDANCE AT ANNUAL MEETING OF SHAREHOLDERS	26
PROPOSAL NO. 2 RATIFICATION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM	27
PROPOSAL NO. 3 NON-BINDING, ADVISORY VOTE TO APPROVE THE COMPENSATION OF NAMED EXECUTIVE OFFICERS	28
PROPOSAL NO. 4 NON-BINDING, ADVISORY VOTE TO APPROVE THE FREQUENCY OF HOLDING AN ADVISORY VOTE ON THE COMPENSATION OF NAMED EXECUTIVE OFFICERS	29
EXECUTIVE OFFICERS	30
EXECUTIVE COMPENSATION	31
STOCK OWNERSHIP	38
PRINCIPAL SHAREHOLDERS	38
CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS	41
DELIVERY OF PROXY MATERIALS TO HOUSEHOLDS	46
SHAREHOLDER PROPOSALS	46
OTHER MATTERS	47

GENERAL

This proxy statement (the “Proxy Statement”) and accompanying proxy card are available beginning on or about May 1, 2023, in connection with the solicitation of proxies by the Board of Directors of Clipper Realty Inc., for use at the 2023 Annual Meeting of Shareholders, which we may refer to alternatively in this Proxy Statement as the “Annual Meeting.” We may refer to ourselves in this Proxy Statement alternatively as the “Company,” “we,” “us” or “our” and we may refer to our Board of Directors as the “Board.” A copy of our Annual Report for the 2022 fiscal year, including audited financial statements, is being made available simultaneously with this Proxy Statement to each shareholder.

QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING

Why am I receiving these materials?

Our Board is making these materials available to you over the Internet or by delivering paper copies to you by mail in connection with Clipper Realty Inc.’s 2023 Annual Meeting of Shareholders. As a shareholder, you are invited to attend the Annual Meeting and are entitled and requested to vote on the items of business described in this Proxy Statement. This Proxy Statement includes information that we are required to provide under Securities and Exchange Commission (“SEC”) rules and is designed to assist you in voting your shares.

Why did I receive a notice in the mail regarding Internet availability of proxy materials instead of a paper copy of the proxy materials?

Pursuant to Rule 14a-16 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), we have elected to provide access to our proxy materials over the Internet. Accordingly, we are sending a Notice of Internet Availability of Proxy Materials (the “Notice”) to our shareholders of record on or about May 1, 2023, while brokers, banks and other nominees who hold shares on behalf of beneficial owners will be sending their own similar notice to the beneficial owners. All shareholders will have the ability to access the proxy materials, including this Proxy Statement and our 2022 Annual Report, on the website referred to in the Notice, or to request to receive a printed copy of the proxy materials. Instructions on how to request a printed copy via mail or electronically, including an option to request paper copies on an ongoing basis, may be found in the Notice and on the website referred to in the Notice. We intend to mail this Proxy Statement, together with a proxy card and the 2022 Annual Report, to those shareholders entitled to vote at the Annual Meeting who have properly requested paper copies of such materials, within three business days of such request.

How do I vote?

If you hold your shares as a record holder and you are viewing this Proxy Statement on the Internet, you may vote by submitting a proxy over the Internet by following the instructions on the website referred to in the Notice mailed to you.

If you plan to attend the Annual Meeting and wish to vote in person, we will give you a ballot at the Annual Meeting. However, if your shares are held in the name of your broker, bank or other nominee, and you want to vote in person, you will need to obtain a legal proxy from the institution that holds your shares.

If your shares are held in your name, there are three ways for you to authorize a proxy:

- (1) If you received a paper copy of the proxy materials via mail, sign, date and mail the proxy card in the enclosed return envelope;
- (2) Call 1-800-690-6093; or
- (3) Log on to the Internet at www.proxyvote.com, and follow the instructions on that site. The website address for authorizing a proxy by Internet is also provided on your Notice, along with your unique 16 -digit control number needed to access the Company's Annual Meeting information.

Telephone and Internet proxy` authorizations will close at 11:59 p.m. (Eastern Daylight Time) on June 14, 2023.

If your shares are held in the name of your broker, bank or other nominee, you should receive separate instructions from the holder of your shares describing how to provide voting instructions.

Even if you plan to attend the Annual Meeting, we recommend that you authorize a proxy in advance as described above so that your vote will be counted if you later decide not to attend the Annual Meeting.

Can I vote my shares by completing and returning the Notice?

No. The Notice will, however, provide instructions on how to vote via the Internet, via telephone, via requesting and returning a paper proxy card or voting instruction card, or via submitting a ballot in person at the Annual Meeting.

Where and when is the Annual Meeting?

The Annual Meeting will be held at 11:00 a.m. (Eastern Daylight Time) on Thursday, June 15, 2023, at the offices of Clipper Realty Inc., at 4611 Twelfth Avenue, Suite 1L, Brooklyn, New York, 11219.

Who can attend the Annual Meeting?

All of our shareholders as of the close of business on April 24, 2023, the record date for the Annual Meeting, or individuals holding their duly appointed proxies, may attend the Annual Meeting. You should be prepared to present proper photo identification for admittance. Authorizing a proxy in response to this solicitation will not affect a shareholder's right to attend the Annual Meeting and to vote in person. Please note that if you hold your shares in "street name" (that is, through a broker, bank or other nominee), you will need to provide proof of beneficial ownership as of April 24, 2023, such as a copy of a brokerage statement reflecting your stock ownership as of April 24, 2023, or a voting instruction form provided by your broker, banker or other nominee, or other similar evidence of ownership, as well as your photo identification, to gain admittance to the Annual Meeting.

What is the purpose of the Annual Meeting?

At the Annual Meeting, you may consider and vote on:

- (1) the election of seven directors;
- (2) the ratification of the appointment of PKF O'CONNOR DAVIES, LLP, as our independent registered public accounting firm for the fiscal year ending December 31, 2023;
- (3) the approval (on a non-binding, advisory basis) of the compensation of our named executive officers, as disclosed in this Proxy Statement;
- (4) the approval (on a non-binding, advisory basis) of the frequency of holding future advisory votes on the compensation of our named executive officers; and
- (5) any other business properly introduced at the Annual Meeting.

What are the Board's recommendations?

The Board recommends a vote:

- "FOR" the election of each director nominee named in this Proxy Statement (see Proposal No. 1);
- "FOR" the ratification of the appointment of PKF O'CONNOR DAVIES, LLP, as our independent registered public accounting firm for the fiscal year ending December 31, 2023 (see Proposal No. 2);
- "FOR" the approval (on a non-binding, advisory basis) of the compensation of our named executive officers, as disclosed in this Proxy Statement; and

- the option of every “THREE YEARS” as the preferred frequency for advisory votes on the compensation of our named executive officers.

Unless you give other instructions on your proxy card, the persons named as proxy holders on the proxy card will vote in accordance with the recommendations of the Board as noted immediately above, and in their discretion on any other business properly introduced at the Annual Meeting.

Who may vote?

You may vote if you owned shares of our common stock or special voting stock at the close of business on April 24, 2023, which is the record date for the Annual Meeting. As of April 24, 2023, we had 16,063,228 shares of common stock and 26,317,396 shares of special voting stock outstanding, for an aggregate of 42,380,624 shares of voting stock outstanding. Holders of our special voting stock and common stock vote together as a single class on all matters on which our common shareholders are entitled to vote. Each share of our common stock and each share of our special voting stock is entitled to one vote.

Who counts the votes?

A representative of Broadridge Financial Solutions will tabulate the votes and a representative of the Company will act as the independent inspector of the election.

What is a quorum for the Annual Meeting?

The presence in person or by proxy of shareholders entitled to cast a majority of all the votes entitled to be cast at the Annual Meeting on any matter will constitute a quorum. As of April 24, 2023, there were 42,380,624 shares of voting stock outstanding, comprised of 16,063,228 shares of common stock and 26,317,396 shares of special voting stock. Accordingly, holders of 21,190,313 shares of voting stock must be present in person or by proxy at the Annual Meeting to constitute a quorum. No business may be conducted at the Annual Meeting if a quorum is not present.

If a quorum is not present at the Annual Meeting, the Chairman of the meeting may adjourn the Annual Meeting to another date, time or place, not later than 120 days after the original record date of April 24, 2023, without notice other than announcement at the Annual Meeting. We may also postpone or cancel the Annual Meeting by making a public announcement of the postponement or cancellation before the time scheduled for the Annual Meeting. In the event of a postponement, the original record date of April 24, 2023, shall continue to apply unless the meeting is postponed to a date that is more than 120 days after the original record date.

What vote is required to approve an item of business at the Annual Meeting?

In the election of directors, you may vote “FOR” or “WITHHOLD” with respect to each of the director nominees. In tabulating the voting results for the election of directors, only votes “FOR” director nominees are counted. “WITHHOLD” votes will not have an effect on the outcome of the election of directors.

To be elected as a director (Proposal No. 1), a nominee must receive a plurality of all the votes cast in the election of directors. A plurality means that the seven persons receiving the highest number of affirmative “FOR” votes at the Annual Meeting will be elected.

For the ratification of the appointment of PKF O’CONNOR DAVIES, LLP, as our independent registered public accounting firm for fiscal year 2021 (Proposal No. 2), you may vote “FOR,” “AGAINST,” or “ABSTAIN.” The affirmative vote of a majority of the votes cast on the proposal is required to ratify the appointment of PKF O’CONNOR DAVIES, LLP, as our independent registered public accounting firm. If you elect to abstain from voting on this proposal, the abstention will have no effect on the result of the vote, although your shares will be considered present for determining the presence of a quorum, with respect to this proposal.

For the approval (on a non-binding, advisory basis) of the compensation of our named executive officers, as disclosed in this Proxy Statement (Proposal No. 3) you may vote “FOR,” “AGAINST,” or “ABSTAIN.” The affirmative vote of a majority of the votes cast on the proposal is required to approve (on a non-binding, advisory basis) the compensation of our named executive officers, as disclosed in this Proxy Statement. If you elect to abstain from voting on this proposal, the abstention will have no effect on the result of the vote, although your shares will be considered present for determining the presence of a quorum, with respect to this proposal.

For the approval (on a non-binding, advisory basis) of the frequency of holding future advisory votes on the compensation of our named executive officers (Proposal No. 4) you may vote “ONE YEAR”, “TWO YEARS”, “THREE YEARS”, or “ABSTAIN.” The affirmative vote of a majority of the votes cast on the proposal is required to approve (on a non-binding, advisory basis) the frequency of holding future advisory votes on the compensation of our named executive officers. Since shareholders have several voting choices for this proposal, it is possible that no single choice will receive a majority of the votes cast. If this occurs, the frequency receiving a plurality (i.e. the highest number) of votes on holding future advisory “say-on-pay” votes will constitute the non-binding advisory approval for this Proposal. If you elect to abstain from voting on this proposal, the abstention will have no effect on the result of the vote, although your shares will be considered present for determining the presence of a quorum, with respect to this proposal.

If you are a shareholder of record as of the record date for the Annual Meeting and you authorize a proxy (whether via Internet, telephone or mail) without specifying a choice on any given matter to be considered at the Annual Meeting, the proxy holders will vote your shares according to the Board’s recommendation on that matter. If you are a shareholder of record as of the record date for the Annual Meeting and you fail to authorize a proxy or vote in person, assuming that a quorum is present at the Annual Meeting, it will have no effect on the result of the vote on any of the matters to be considered at the Annual Meeting.

What is a broker non-vote?

If you hold your shares through a broker, bank or other nominee, under the rules of the New York Stock Exchange (“NYSE”), your broker, bank or other nominee may not vote with respect to certain proposals unless you have provided voting instructions with respect to that proposal. A “broker non-vote” results when a broker, bank or other nominee properly executes and returns a proxy but indicates that the nominee is not voting with respect to a particular matter because the nominee has not received voting instructions from the beneficial owner. A broker non-vote is not considered a vote cast on a proposal; however, shareholders delivering a properly executed broker non-vote will be counted as present for purposes of determining whether a quorum is present.

If you hold your shares in a brokerage account, then, under NYSE rules and Maryland law:

- With respect to Proposal No. 1 (Election of Directors), Proposal No. 3 (Advisory Vote on the Compensation of our Named Executive Officers) and Proposal No. 4 (Advisory Vote of the Frequency of Holding Future Advisory Votes on the Compensation of our Named Executive Officers), your broker, bank or other nominee is not entitled to vote your shares on this matter if no instructions are received from you. Broker non-votes will have no effect on these Proposals.
- With respect to Proposal No. 2 (Ratification of Independent Registered Public Accounting Firm), your broker is entitled to vote your shares on this matter if no instructions are received from you.

Can I revoke my proxy?

Yes, if your shares are held in your name, you can revoke your proxy by:

- filing written notice of revocation with our Secretary before our Annual Meeting at the address shown on the front of this Proxy Statement or at our Annual Meeting;
- signing a proxy bearing a later date; or
- voting in person at the Annual Meeting.

Attendance at the Annual Meeting will not, by itself, revoke a properly-executed proxy. If your shares are held in the name of your broker, bank or other nominee, please follow the voting instructions provided by the holder of your shares regarding how to revoke your proxy.

What happens if additional matters are presented at the Annual Meeting?

Other than the four proposals described in this Proxy Statement, we are not aware of any business that may properly be brought before the Annual Meeting. If any other matters are properly introduced for a vote at the Annual Meeting and if you properly authorize a proxy, the persons named as proxy holders will vote in their discretion on any such additional matters. As of the date of this Proxy Statement, our Board is not aware of any other individual who may properly be nominated for election as a director at the Annual Meeting or of any nominee who is unable or unwilling to serve as a director. If any nominee named in this Proxy Statement is unwilling or unable to serve as a director, our Board may nominate another individual for election as a director at the Annual Meeting, and the persons named as proxy holders will vote for the election of any substitute nominee.

Who pays for this proxy solicitation?

We will bear the expense of preparing, printing and mailing this Proxy Statement and the proxies we solicit. Proxies may be solicited by mail, by telephone, personal contact and electronic means and may also be solicited by directors and officers in person, via the Internet, via telephone, or via facsimile transmission, without additional remuneration.

We will also request brokerage firms, banks, nominees, custodians and fiduciaries to forward proxy materials to the beneficial owners of shares of our common stock or special voting stock as of the record date and will reimburse them for the cost of forwarding the proxy materials in accordance with customary practice. Your cooperation in promptly voting your shares and submitting your proxy via the Internet, via telephone, or via completing and returning the enclosed proxy card (if you received your proxy materials in the mail), will help to avoid additional expense.

Where can I find corporate governance materials?

Our Corporate Governance Guidelines, our Code of Business Conduct and Ethics, and the charters for our Audit Committee, Compensation Committee, Nominating and Corporate Governance Committee and Investment Committee, are available on the Leadership and Governance page of the Investors section of our website at www.clipperrealty.com. The Company's website address provided above and elsewhere in this Proxy Statement is not intended to function as a hyperlink, and the information on the Company's website is not and should not be considered part of this Proxy Statement and is not incorporated by reference herein.

NO PERSON IS AUTHORIZED ON OUR BEHALF TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS WITH RESPECT TO THE PROPOSALS TO BE VOTED ON AT THE ANNUAL MEETING, OTHER THAN THE INFORMATION AND REPRESENTATIONS CONTAINED IN THIS PROXY STATEMENT, AND, IF GIVEN OR MADE, SUCH INFORMATION AND/OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED. THE DELIVERY OF THIS PROXY STATEMENT SHALL UNDER NO CIRCUMSTANCES CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN OUR AFFAIRS SINCE THE DATE OF THIS PROXY STATEMENT.

**PROPOSAL NO. 1
ELECTION OF DIRECTORS**

At the Annual Meeting, our shareholders will elect seven directors to serve until our next annual meeting of shareholders or until their respective successors are elected and qualified. The Board seeks directors who represent a mix of backgrounds and experiences that will enhance the quality of the Board’s deliberations and decisions. In nominating candidates, the Board considers a diversified membership in the broadest sense, including persons diverse in experience, gender and ethnicity. The Board does not discriminate on the basis of race, color, national origin, gender, religion, disability or sexual preference. Our director nominees were nominated by the Board based on the recommendation of the Nominating and Corporate Governance Committee. They were selected on the basis of outstanding achievement in their professional careers, broad experience, personal and professional integrity, their ability to make independent analytical inquiries, financial literacy, mature judgment, high performance standards, familiarity with our business and industry, and an ability to work collegially. We also believe that all of our director nominees have a reputation for integrity, honesty and adherence to high ethical standards. All nominees are presently directors of Clipper Realty Inc. and each of the nominees has consented, if elected as a director, to serve until his term expires.

Your proxy holder will cast your votes “FOR” each of the Board’s nominees, unless you instruct otherwise. If a nominee is unable to serve as a director, your proxy holder will vote for any substitute nominee proposed by the Board.

<u>Name</u>	<u>Age</u>	<u>Position</u>	<u>Director Since</u>
David Bistricher	73	Co-Chairman of the Board, Chief Executive Officer	2015
Sam Levinson.....	49	Co-Chairman of the Board, Chairman of the Investment Committee	2015
Howard M. Lorber †.....	74	Director, Chairman of the Audit Committee and the Compensation Committee	2015
Richard N. Burger †	72	Director	2018
Robert J. Ivanhoe †.....	70	Director, Chairman of the Nominating and Corporate Governance Committee	2015
Harmon S. Spolan †	87	Director	2018
Roberto A. Verrone.....	54	Director	2015

† Independent within the meaning of the NYSE listing standards.

David Bistricher has been the managing member of Clipper Equity LLC (“Clipper Equity”), which owns interests in and controls and manages entities that own interests in multi-family and commercial properties in the New York metropolitan area (as more fully described under the heading “Certain Relationships and Related Party Transactions”), for more than 10 years. From January 1999 through February 2011, he served as Co-Chairman of the Board of Directors of Coleman Cable, Inc. (Nasdaq: CCIX), a manufacturer of wire and cable. He was previously Co-Chairman of the Board of Directors of Riblet Products Corporation from January 1987 until its merger with Coleman Cable, Inc., in 2000. Mr. Bistricher also was the managing member of Berkshire Capital LLC and Morgan Capital, real estate investment firms that are no longer active, for more than 10 years. He has also been the managing member and investor in a number of real estate investments unrelated to those of the Company, principally in the New York City area, since approximately 1978. Mr. Bistricher brings to our Board industry experience, leadership abilities and strategic insight that make him a valuable asset as Co-Chairman.

Sam Levinson is the Chief Investment Officer at Glick Family Investments, a private family office located in New York, New York, where he has overseen private equity investments since 2004. He was a member of the Board of Directors of Stonegate Mortgage Corporation (NYSE: SGM) from 2016 until its acquisition by Home Point Financial in May 2018, serving as Chairman of the Compensation Committee. Mr. Levinson served as a director of Canary Wharf Group, a U.K. property developer and manager of over 16 million square feet of Class A office and retail space, from 2004 until its sale in 2015, including as a member of the Operating Committee and Chairman of the Audit Committee. Mr. Levinson also served as a non-executive director of: Songbird Estates, Canary Wharf Group's holding company, from 2004 to 2015; American European Group Insurance Company since 2006; and Dynasty Financial Partners, LLC, which provides investment and technology platforms for independent financial, investment, and wealth management advisors, since 2011. Additionally, Mr. Levinson served as a director of Coleman Cable, Inc., from 2005 until its sale in 2014, and of West Coast Bancorp of Portland, Oregon, from February 2011 until its sale in April 2016. Mr. Levinson's wife is the niece of David Bistricher. We believe Mr. Levinson is qualified to serve as Co-Chairman of our Board because he is a seasoned executive and director with numerous years of experience in the financial and real estate industries.

Howard M. Lorber is President and Chief Executive Officer and member of the Board of Directors of Vector Group Ltd. (NYSE: VGR) and Chairman of Douglas Elliman Realty, LLC, a majority-owned subsidiary of Vector Group, which operates the largest residential brokerage company in the New York City metropolitan area and the fourth-largest in the United States. Mr. Lorber has been with Vector Group and its diversified interests since 1994. Mr. Lorber is also Executive Chairman of the Board of Directors of Nathan's Famous, Inc. (NASDAQ: NATH), a licensor, wholesaler and retailer of products related to Nathan's World Famous Beef Hot Dogs; a director of United Capital Corp., a real estate investment and diversified manufacturing company; Vice Chairman of the Board of Directors of Ladenburg Thalmann Financial Services Inc. (NYSEMKT: LTS), a broker-dealer; and, until November 2016, Chairman of Morgans Hotel Group Co. Mr. Lorber holds Bachelor of Arts, Master of Science and Honorary Doctorate degrees from Long Island University. Mr. Lorber brings to our Board his valuable expertise in the real estate and investment industries, including more than 25 years of experience serving on the board of a preeminent New York real estate company.

Richard N. Burger served as Chief Financial Officer, Executive Vice President, Secretary and Treasurer of Coleman Cable, Inc., from 1999 to 2013, after joining its predecessor company as Chief Financial Officer in 1996. Previously, he served as President and Chief Executive Officer of Burns Aerospace Corporation, a subsidiary of Eagle Industries, Inc., a manufacturer of aircraft equipment. He is a former member of the Board of Directors of A.M. Castle & Co., a provider of metals, services and supply chain solutions. Mr. Burger holds a Master of Business Administration degree from the University of Baltimore and a Bachelor of Science degree from Towson University. Mr. Burger brings to our Board valuable expertise as an experienced executive.

Robert J. Ivanhoe is Chair of the 300+ lawyer Global Real Estate Practice and Co-Chair of the REIT group at Greenberg Traurig LLP, where he has worked since 1996. He concentrates his practice in sophisticated real estate structures, financings, workouts, restructurings, acquisitions and dispositions of all asset classes of real estate. Mr. Ivanhoe is actively involved in real estate industry current affairs and is regularly asked to write and lecture on industry topics. He has been recognized by *Chambers and Partners USA*, *The New York Observer* and *Real Estate New York* as one of the leading real estate attorneys in New York City and throughout the United States. He has represented numerous nationally recognized owner/developer and institutional lender/investor clients domestically and internationally for more than 30 years. Mr. Ivanhoe is a member of Greenberg Traurig LLP's Executive Committee, Board of Directors and Operating Committee. Mr. Ivanhoe holds a Juris Doctorate degree from American University Washington College of Law and a Bachelor of Arts degree from Johns Hopkins University. Mr. Ivanhoe brings to our Board valuable expertise in the real estate industry.

Harmon S. Spolan is counsel emeritus to Cozen O'Connor, a law firm headquartered in Philadelphia, Pennsylvania, where he has practiced since 1999; previously, he served as Chair of the firm's Financial Services Practice Group. Prior to joining Cozen, Mr. Spolan served as President of Jefferson Bank, a commercial bank in Philadelphia, for 22 years. Mr. Spolan currently serves as a member of the Board of Directors and the Audit Committee for American European Insurance Group, and as a member of the Credit Committee for the Alesco securities division of Cohen & Company. Previously, he served as a member of the Board of Directors and the Audit Committee for Coleman Cable, Inc., and Atlas Energy. Mr. Spolan holds a Juris Doctorate degree from the Temple University School of Law and a Bachelor of Arts degree from Temple University. He was an instructor in the Legal Studies Department of the Wharton School of Finance at the University of Pennsylvania from 1964 to 1970. Mr. Spolan brings to our Board valuable expertise as an experienced executive.

Roberto A. Verrone is a founder and principal owner of Iron Hound Management Company, which provides advisory and capital placement services in the commercial real estate industry. Mr. Verrone began his career at Bear Stearns in 1990, which included time in the Commercial Real Estate Group. In 2001, he joined Wachovia Corporation following the merger of First Union and Wachovia, and in 2002 he became manager of Wachovia's Large Loan Group. Prior to founding Iron Hound in early 2009, Mr. Verrone also served as Co-Head of Wachovia's Real Estate Group, where he was responsible for managing approximately 600 employees and oversaw a debt portfolio valued in excess of \$80 billion. Mr. Verrone holds a Bachelor of Arts degree from Moravian College. Mr. Verrone brings to our Board valuable expertise in the commercial real estate industry, in which he has more than 25 years of experience.

Recommendation of the Board of Directors:

**OUR BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE "FOR"
THE ELECTION OF THE SEVEN NOMINEES NAMED ABOVE.**

INFORMATION ABOUT THE BOARD

BOARD STRUCTURE AND LEADERSHIP

We have structured our corporate governance in a manner that we believe closely aligns our interests with those of our shareholders. Notable features of our corporate governance structure include the following:

- our Board is not classified, with each of our directors subject to re-election annually;
- of the seven persons who serve on our Board, our Board has determined that four, or 57%, satisfy the listing standards for independence of the NYSE and Rule 10A-3 under the Exchange Act;
- three of our directors qualify as an “audit committee financial expert” as defined by the SEC; and
- we do not have a shareholder rights plan.

Our directors stay informed about our business by attending meetings of our Board and its committees, and through supplemental reports and communications.

Our Board is currently co-chaired by David Bistricher and Sam Levinson. Our Board believes that Messrs. Bistricher and Levinson’s service as our Co-Chairmen is in the best interests of our Company and our shareholders, because they possess detailed and in-depth knowledge of the issues, opportunities and challenges we face, and because they are best positioned to develop agendas that ensure that our Board’s time and attention is focused on the most critical matters. Our Board believes that their roles as Co-Chairmen enable decisive leadership, ensure clear accountability and enhance our ability to communicate our message and strategy clearly and consistently to shareholders, employees and tenants.

EXECUTIVE SESSIONS OF NON-MANAGEMENT DIRECTORS

Our non-management directors meet or are offered the opportunity to meet without management present each time the full Board or a Board committee convenes for a regularly scheduled meeting. If the Board convenes for a special meeting, the non-management directors will meet in executive session if circumstances warrant. We currently do not have a lead independent director. Our independent directors have selected Mr. Lorber to preside over executive sessions of the Board.

The Board welcomes communications from shareholders. To communicate with our independent directors, please refer to the information set forth under the heading “Corporate Governance—Communications with the Board.”

DIRECTOR INDEPENDENCE

On an annual basis, the Board, with the assistance of, and upon recommendation of, the Nominating and Corporate Governance Committee, makes a determination as to the independence of each director, considering the current standards for “independence” established by the NYSE. Our Corporate Governance Guidelines provide that a majority of the Board must be independent. The Board has determined that four of its seven directors are independent under these standards - Messrs. Lorber, Burger, Ivanhoe and Spolan. All members of each of the Company’s Audit, Compensation and Nominating and Corporate Governance Committees are independent directors, as determined by the Board. In addition, upon recommendation of the Nominating and Corporate Governance Committee, the Board has determined that the members of the Audit Committee and the Compensation Committee meet the additional independence criteria required for audit committee and compensation committee membership, respectively, under the applicable NYSE listing standards.

BOARD MEETINGS

The Board held four regularly scheduled and special meetings in 2022 to review significant developments, engage in strategic planning and act on matters requiring Board approval. Each incumbent director attended an aggregate of at least 75 percent of the Board meetings, and the meetings of committees on which he served, during 2022. Additionally, our Board took action by unanimous consent on three occasions during 2022.

BOARD COMMITTEES

Our Board has established four standing committees: an Audit Committee, a Compensation Committee, a Nominating and Corporate Governance Committee, and an Investment Committee. The principal functions of each committee are briefly described below. We comply with the listing requirements and other rules and regulations of the NYSE, as amended or modified from time to time, with respect to each of these committees, and each of these committees (other than the Investment Committee) is comprised exclusively of independent directors, as determined by the Board. Additionally, our Board may from time to time establish other committees to facilitate the management of our Company.

Audit Committee

Our Audit Committee consists of three of our independent directors. Mr. Lorber serves as the Chairman of the Audit Committee and Messrs. Burger and Spolan are members. Our Board has determined that Messrs. Lorber, Burger and Spolan each qualify as an “audit committee financial expert” as that term is defined by applicable SEC regulations and NYSE corporate governance listing standards, and that each of them is “financially literate” as that term is defined by NYSE corporate governance listing standards. To learn more about this determination process, please refer to the information set forth under the heading “Corporate Governance—Audit Committee Financial Experience.” We have adopted an Audit Committee charter which details the principal functions of the Audit Committee, including oversight related to:

- the integrity of our financial statements;
- our compliance with financial, legal and regulatory requirements;

- the evaluation of the qualifications, independence and performance of our independent registered public accounting firm;
- the performance of our internal audit function; and
- our overall risk profile.

The Audit Committee is also responsible for engaging an independent registered public accounting firm, reviewing with the independent registered public accounting firm the plans and results of the audit engagement, pre-approving professional services provided by the independent registered public accounting firm (including all audit and non-audit services), reviewing the independence of the independent registered public accounting firm, considering the range of audit and non-audit fees, and reviewing the adequacy of our internal accounting controls. The Audit Committee is also responsible for the Audit Committee report included in this Proxy Statement. During 2022, the Audit Committee met five times and took action by unanimous consent on two occasions.

Compensation Committee

Our Compensation Committee consists of three of our independent directors. Mr. Lorber serves as the Chairman of the Compensation Committee and Messrs. Burger and Spolan are members. We have adopted a Compensation Committee charter which details the principal functions of the Compensation Committee, including:

- reviewing and approving, at least annually, the corporate goals and objectives relevant to our Chief Executive Officer's compensation, evaluating our Chief Executive Officer's performance in light of such goals and objectives, and determining and approving the remuneration of our Chief Executive Officer based on such evaluation;
- making recommendations to the Board with respect to non-CEO compensation;
- reviewing our executive compensation policies and plans;
- implementing and administering our equity-based incentive compensation and remuneration plans; and
- producing a report on executive compensation to be included in our annual proxy statement (if required).

The Compensation Committee may delegate its responsibilities to a subcommittee of the Compensation Committee, provided that such responsibilities do not pertain to matters involving executive compensation or certain matters determined to involve compensation intended to comply with Section 162(m) of the Internal Revenue Code of 1986, as amended. Our Chief Executive Officer and senior members of our management team are responsible for providing recommendations to the Compensation Committee regarding all aspects of our executive compensation program. To evaluate each executive officer's overall compensation, the Compensation Committee reviews total direct and indirect compensation details prepared by management. During 2022, the Compensation Committee met three times and took action by unanimous consent on one occasion.

Nominating and Corporate Governance Committee

Our Nominating and Corporate Governance Committee consists of three of our independent directors. Mr. Ivanhoe is Chairman of the Nominating and Corporate Governance Committee and Messrs. Lorber and Spolan are members. We have adopted a Nominating and Corporate Governance Committee charter which details the principal functions of the Nominating and Corporate Governance Committee, including:

- identifying and recommending to the full Board, qualified candidates for election as directors to fill vacancies on the Board or at any annual meeting of shareholders;
- developing and recommending to the Board, standards to be applied in making determinations as to the absence of material relationships between the Company and any director;
- establishing procedures for the Nominating and Corporate Governance Committee to exercise oversight of the evaluation of the Board and management;
- developing and recommending to the Board, corporate governance guidelines, and the implementation and monitoring of such guidelines; and
- assisting management in the preparation of disclosure in the Company's annual proxy statement regarding director independence and the operations of the Nominating and Corporate Governance Committee.

During 2022, the Nominating and Corporate Governance Committee took action by unanimous consent on three occasions.

Investment Committee

Our Investment Committee consists of four of our directors. Mr. Levinson is Chairman of the Investment Committee and Messrs. Bistricher, Ivanhoe and Verrone are members. We have adopted an Investment Committee charter which details the principal functions of the Investment Committee, including:

- in consultation with management, reviewing and making recommendations to the Board about potential investments in properties by the Company;
- reviewing and making recommendations to the Board about any investment opportunity presented to the Company by any of the Company's directors, officers or entities controlled by such persons, pursuant to the Investment Policy adopted by the Board;
- reviewing the Company's Investment Policy and making recommendations to the Board about any changes to the Investment Policy;
- reporting to the Board about potential investment opportunities for the Company; and
- performing any other duties or responsibilities expressly delegated to the Investment Committee by the Board from time to time relating to the Company's investments and properties.

During 2022, the Investment Committee met once.

AUDIT COMMITTEE REPORT

The information contained in this Report of the Audit Committee shall not be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended (the “Securities Act”) or the Exchange Act, whether made before or after the date hereof and irrespective of any general incorporation language in any such filing (except to the extent that we specifically incorporate this information by reference) and shall not otherwise be deemed “soliciting material” or “filed” with the SEC, or subject to Regulation 14A or 14C, or to the liabilities of Section 18, of the Exchange Act (except to the extent that we specifically incorporate this information by reference).

Although the Audit Committee of the Board of Directors (the “Audit Committee”) oversees the financial reporting process of Clipper Realty Inc., a Maryland corporation (the “Company”), on behalf of the Board of Directors (the “Board”) of the Company, consistent with the Audit Committee’s written charter, management has the primary responsibility for preparation of the Company’s consolidated financial statements in accordance with generally accepted accounting principles and the reporting process, including disclosure controls and procedures and the system of internal control over financial reporting. The Company’s independent registered public accounting firm is responsible for auditing the annual financial statements prepared by management.

On October 4, 2022, the Audit Committee dismissed BDO USA, LLP (“BDO”) and retained PKF O’CONNOR DAVIES, LLP (“PKF”) as the Company’s independent registered public accounting firm effective with the review of the Company’s financial statements for the third quarter 2022. BDO had conducted the review of the Company’s financial statements for the first and second quarters of 2022.

The Audit Committee has reviewed and discussed with management and PKF, the Company’s December 31, 2022, audited financial statements. Prior to the commencement of the audit, the Audit Committee discussed with the Company’s management and independent registered public accounting firm, the overall scope and plans for the audit. Subsequent to the audit and each of the quarterly reviews, the Audit Committee discussed with the independent registered public accounting firm, with and without management present, the results of their examinations or reviews, including a discussion of the quality, not just the acceptability, of the accounting principles, the reasonableness of specific judgments and the clarity of disclosures in the consolidated financial statements.

In addition, the Audit Committee discussed with the independent registered public accounting firm, the matters that independent registered public accounting firms must discuss with audit committees under applicable requirements of the Public Company Accounting Oversight Board and the SEC. The Audit Committee has also received the written disclosures and the letter from the independent registered public accounting firm required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant's communications with the Audit Committee concerning independence. The Audit Committee discussed with the independent registered public accounting firm, its independence from the Company, and considered the compatibility of non-audit services, if any, with its independence.

Based upon the reviews and discussions referred to in the foregoing paragraphs, the Audit Committee recommended to the Board that the audited financial statements be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2022, filed with the Securities and Exchange Commission.

The foregoing report has been furnished by the Audit Committee as of April 28, 2023.

Howard M. Lorber - Chairman
Richard N. Burger
Harmon S. Spolan

CORPORATE GOVERNANCE

GOVERNANCE DOCUMENTS

Our Audit Committee, Compensation Committee, Nominating and Corporate Governance Committee and Investment Committee charters, along with our Code of Business Conduct and Ethics and our Corporate Governance Guidelines, are available on the Leadership and Governance page of the Investors section of our website at www.clipperrealty.com. In accordance with the Corporate Governance Guidelines, the Board and each of the Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee conducts an annual performance self-assessment with the purpose of increasing effectiveness of the Board and its committees. The Company's website address provided above and elsewhere in this Proxy Statement is not intended to function as a hyperlink, and the information on the Company's website is not and should not be considered part of this Proxy Statement and is not incorporated by reference herein.

CODE OF BUSINESS CONDUCT AND ETHICS

Our Board formally approved a Code of Business Conduct and Ethics that applies to our officers, directors and employees. Among other matters, our Code of Business Conduct and Ethics is designed to deter wrongdoing and to:

- promote honest and ethical conduct, including the ethical handling of conflicts of interest;
- promote full, fair, accurate, timely and understandable disclosure in our SEC reports and other public communications;
- promote compliance with applicable governmental laws, rules and regulations; and
- ensure protection of the Company's legitimate business interests, including corporate opportunities, assets and confidential information.

Any waiver of the Code of Business Conduct and Ethics for our directors or executive officers must be approved by the Board, and any such waiver shall be promptly disclosed as required by law or NYSE regulations.

ROLE OF THE BOARD IN RISK OVERSIGHT

One of the key functions of our Board is informed oversight of our risk management process. Our Board administers this oversight function directly, with support from its four standing committees - the Audit Committee, the Nominating and Corporate Governance Committee, the Compensation Committee and the Investment Committee, each of which addresses risks specific to their respective areas of oversight. In particular:

- our Audit Committee considers and discusses our major financial risk exposures and the steps our management has taken to monitor and control these exposures, monitors compliance with legal and regulatory requirements, and provides oversight of the performance of our internal audit function;

- our Nominating and Corporate Governance Committee monitors the effectiveness of our Corporate Governance Guidelines;
- our Compensation Committee assesses and monitors whether any of our compensation policies and programs has the potential to encourage excessive risk-taking; and
- our Investment Committee assesses the viability of potential acquisitions and dispositions of properties.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

No director serving on the Compensation Committee was an officer or employee of the Company in 2022. In addition, none of the Company's executive officers serves, or in the past fiscal year served, as a member of the board of directors or compensation committee of any entity that has one or more executive officers serving as a member of the Board or the Compensation Committee of the Company.

COMMUNICATIONS WITH THE BOARD

Shareholders and other interested parties may write to the Co-Chairmen, the entire Board or any of its members, at Clipper Realty Inc., c/o Lawrence E. Kreider, Chief Financial Officer and Secretary, 4611 Twelfth Avenue, Suite 1L, Brooklyn, New York, 11219. Shareholders and other interested parties also may e-mail the Co-Chairmen, the entire Board or any of its members, c/o Lawrence E. Kreider, Chief Financial Officer and Secretary, at larry@clipperrealty.com. The Board may not be able to respond to all shareholder inquiries directly. Therefore, the Board has developed a process to assist it with managing inquiries.

The Chief Financial Officer and Secretary will perform a review in the normal discharge of his duties to ensure that communications forwarded to the Co-Chairmen, the entire Board or any of its members, preserve the integrity of the process. While the Board oversees management, it does not participate in day-to-day management functions or business operations, and is not normally in the best position to respond to inquiries with respect to these matters. For example, items that are unrelated to the duties and responsibilities of the Board, such as spam, junk mail and mass mailings, ordinary course disputes over fees or services, personal employee complaints, business inquiries, new product or service suggestions, resumes and other forms of job inquiries, surveys, business solicitations or advertisements, will not be forwarded to the Co-Chairmen, the entire Board or any of its members. In addition, material that is unduly hostile, threatening, illegal or similarly unsuitable will not be forwarded to the Co-Chairmen, the entire Board or any of its members, and will not be retained; such material may be forwarded to local or federal law enforcement authorities.

Any communication that is relevant to the conduct of our business and is not forwarded will be retained for one year and made available to the Co-Chairmen and any independent director on request. The independent directors grant the Chief Financial Officer and Secretary the discretion to decide what correspondence will be shared with our management, and any personal employee communications may be shared with our human resources department if deemed appropriate. If a response on behalf of the Board is appropriate, we gather any information and documentation necessary for answering the inquiry and provide the information and documentation, as well as a proposed response, to the appropriate director(s). We also may attempt to communicate with the shareholder for any necessary clarification. Our Chief Financial Officer and Secretary (or his designee) reviews and approves responses on behalf of the Board in consultation with the applicable director(s), as appropriate.

Certain circumstances may require that the Board depart from the procedures described above, such as the receipt of threatening letters or e-mails or voluminous inquiries with respect to the same subject matter. Nevertheless, the Board considers shareholder questions and comments important, and endeavors to respond promptly and appropriately.

NOMINATION PROCESS FOR DIRECTOR CANDIDATES

The Nominating and Corporate Governance Committee is, among other things, responsible for identifying and evaluating potential candidates and recommending candidates to the Board for nomination. The Nominating and Corporate Governance Committee is governed by a written charter, a copy of which is available on the Leadership and Governance page of the Investors section of our website at www.clipperrealty.com. The Company's website address provided above and elsewhere in this Proxy Statement is not intended to function as a hyperlink, and the information on the Company's website is not and should not be considered part of this Proxy Statement and is not incorporated by reference herein.

The Nominating and Corporate Governance Committee regularly reviews the composition of the Board and whether the addition of directors with particular experiences, skills, or characteristics would make the Board more effective. When a need arises to fill a vacancy, or it is determined that a director possessing particular experiences, skills, or characteristics would make the Board more effective, the Nominating and Corporate Governance Committee initiates a search. As a part of the search process, the Nominating and Corporate Governance Committee may consult with other directors and members of senior management, and may hire a search firm to assist in identifying and evaluating potential candidates.

When considering a candidate, the Nominating and Corporate Governance Committee reviews the candidate's experiences, skills, and characteristics. The Nominating and Corporate Governance Committee also considers whether a potential candidate would otherwise qualify for membership on the Board, and whether the potential candidate would likely satisfy the independence requirements of the NYSE as described below.

Candidates are selected based on outstanding achievement in their professional careers, broad experience, personal and professional integrity, their ability to make independent analytical inquiries, financial literacy, mature judgment, high performance standards, familiarity with our business and industry, and an ability to work collegially. Other factors include having members with various and relevant career experience and technical skills, and having a Board that is, as a whole, diverse. Where appropriate, we will conduct a criminal and background check on the candidate. In addition, at least one member of the Board should have the qualifications and skills necessary to be considered an "audit committee financial expert" under Section 407 of the Sarbanes-Oxley Act of 2002 ("Sarbanes-Oxley Act"), as defined by the rules of the SEC, and at least a majority of the Board must be independent as determined by the Board under the guidelines of the NYSE listing standards.

All potential candidates are interviewed by the Co-Chairmen of the Board and the Nominating and Corporate Governance Committee Chairman, and, to the extent practicable, the other members of the Nominating and Corporate Governance Committee and may be interviewed by other directors and members of senior management as desired and as schedules permit. In addition, the Chief Financial Officer and Secretary conducts a review of the director questionnaire submitted by the candidate and, as appropriate, a background and reference check is conducted. The Nominating and Corporate Governance Committee then meets to consider and approve the final candidates, and either makes its recommendation to the Board to fill a vacancy or add an additional member or recommends a slate of candidates to the Board for nomination for election to the Board. The selection process for candidates is intended to be flexible, and the Nominating and Corporate Governance Committee, in the exercise of its discretion, may deviate from the selection process when particular circumstances warrant a different approach.

Shareholders may recommend candidates to our Board. The shareholder must submit a detailed resume of the candidate and an explanation of the reasons why the shareholder believes the candidate is qualified for service on our Board and how the candidate satisfies the Board's criteria. The shareholder must also provide such other information about the candidate as is set forth in our bylaws and as would be required by the SEC rules, to be included in a proxy statement. In addition, the shareholder must include the consent of the candidate and describe any arrangements or undertakings between the shareholder and the candidate regarding the nomination. The shareholder must also submit proof of his/her ownership of Clipper Realty Inc.'s common stock or special voting stock. All communications are to be directed to the Chairman of the Nominating and Corporate Governance Committee, c/o Clipper Realty Inc., 4611 Twelfth Avenue, Suite 1L, Brooklyn, New York, 11219, Attention: Chief Financial Officer and Secretary. For any annual meeting, recommendations must be received at least 120 days prior to the anniversary of the date of the proxy statement for the prior year's annual meeting, or they will not be considered timely for consideration by the Nominating and Corporate Governance Committee for that annual meeting.

AUDIT COMMITTEE FINANCIAL EXPERIENCE

Our Board has determined that each of Messrs. Lorber, Burger and Spolan qualifies as an "audit committee financial expert," as the term has been defined by the SEC in Item 407(d)(5)(ii) of Regulation S-K. Our Board has also determined that each of Messrs. Lorber, Burger and Spolan is "financially literate," in accordance with SEC rules, based on their prior experience.

Our Board has determined that Mr. Lorber acquired the required attributes of an audit committee financial expert as a result of his extensive experience (i) supervising individuals responsible for financial preparation and reporting, and (ii) reviewing public company financial processes and disclosure as both an officer and director of public companies (including serving on the board of directors of a financial services company and the audit committee of multiple public companies).

Our Board has determined that Mr. Burger acquired the required attributes of an audit committee financial expert as a result of his experience as a chief financial officer and treasurer of a public company, and as president of a company with direct supervision over the principal financial officer. Mr. Burger also holds a Master of Business Administration degree.

Our Board has determined that Mr. Spolan acquired the required attributes of an audit committee financial expert as a result of his experience as a president of a bank, a chair of the financial services practice group of a law firm and an audit committee member of multiple public companies, in connection with which he was determined to be an audit committee financial expert.

AUDIT COMMITTEE PRE-APPROVAL POLICY

The Audit Committee has adopted a charter which provides that the Audit Committee’s policy is to pre-approve all significant audit and permissible non-audit services provided by our independent auditors. These services may include audit services, audit-related services, tax services and other services. Pre-approval is generally provided for up to one year, and any pre-approval is detailed as to the particular service or category of services to be provided and generally subject to a specific budget. Our independent auditors and management are required to periodically report to the Audit Committee regarding the extent of services provided by the independent auditors in accordance with this pre-approval, and the fees for the services performed to date. The Audit Committee may also pre-approve particular services on a case-by-case basis.

PRINCIPAL ACCOUNTANT FEES AND SERVICES

PKF and BDO fees for the fiscal years ended December 31, 2022 and 2021, were as follows:

	Fiscal Year Ended December 31,		
	2022 PKF	2022 BDO	2021 BDO
Audit Fees	\$ 360,000	\$ 275,460	\$ 271,500
Audit-Related Fees	—	—	—
Tax Fees	—	—	—
All Other Fees	—	—	—
Total Fees	<u>\$ 360,000</u>	<u>\$ 275,460</u>	<u>\$ 271,500</u>

The types of services provided for the years noted above were as follows:

Audit Fees

Includes fees for professional services provided in connection with (i) the Company’s annual audit, and (ii) review of the Company’s quarterly financial statements.

All of the services performed by PKF and BDO were pre-approved by the Audit Committee, and the Audit Committee was provided with regular updates as to the nature of such services and the fees paid for such services.

BOARD ATTENDANCE AT ANNUAL MEETING OF SHAREHOLDERS

While the Board understands that there may be situations that prevent a director from attending an annual meeting of shareholders, the Board encourages all directors to attend. No director attended the 2022 annual meeting of shareholders in person and four directors attended telephonically.

PROPOSAL NO. 2
RATIFICATION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Audit Committee appointed PKF O’CONNOR DAVIES, LLP, as our independent registered public accounting firm to audit our consolidated financial statements for the fiscal year ending December 31, 2022. Pursuant to this appointment, PKF will serve as our independent registered public accounting firm and report on our consolidated financial statements for the fiscal year ending December 31, 2023.

We expect that representatives of PKF will attend the Annual Meeting and will have the opportunity to make a statement if they so desire and to respond to appropriate questions.

Although shareholder ratification is not required, the appointment of PKF is being submitted for ratification at the Annual Meeting with a view towards soliciting shareholders’ opinions, which the Audit Committee will take into consideration in future deliberations. If PKF’s selection is not ratified at the Annual Meeting, the Audit Committee will consider the engagement of another independent registered accounting firm in the future. The Audit Committee may terminate PKF’s engagement as our independent registered public accounting firm, without the approval of our shareholders, whenever the Audit Committee deems termination appropriate. In October 2022, the Audit Committee terminated the engagement of BDO subsequent to their review of the Company’s financial results for the first and second quarter of 2022 and retained PKF beginning with their review of our third quarter financial results.

Recommendation of the Board of Directors:

**OUR BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE “FOR” THE RATIFICATION OF
PKF O’CONNOR DAVIES, LLP, AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR
THE FISCAL YEAR ENDING
DECEMBER 31, 2023.**

PROPOSAL NO. 3

ADVISORY (NON-BINDING) VOTE ON THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS

Section 14A of the Exchange Act and the related rules of the SEC require that we provide our shareholders with the opportunity to vote to approve, on a non-binding, advisory basis, the compensation of our named executive officers as disclosed in this Proxy Statement in accordance with the compensation disclosure rules of the SEC. This vote is commonly referred to as “say-on-pay.”

We seek to align the interests of our named executive officers with the interests of our stockholders by providing a portion of our named executive officers’ compensation in the form of at-risk awards tied to our short-term and long-term strategy and measurable performance. In addition, a portion of our executives’ compensation is given in the form of equity that vests ratably over several years to encourage retention and further reinforce stockholder alignment.

The vote on this resolution is not intended to address any specific element of compensation but rather the overall compensation of our named executive officers and the philosophy, policies and practices described in this Proxy Statement. The vote is advisory, which means that the vote is not binding on the Company, our Board or the Compensation Committee. Although non-binding, the Board and the Compensation Committee value the opinions that shareholders express in their votes and will review the voting results and take them into consideration as they deem appropriate when making future decisions regarding our executive compensation program.

Subject to the outcome of the non-binding advisory vote on the frequency of the say-on-pay vote in the future (Proposal No. 4 below), we expect to hold this say-on-pay vote tri-annually, with the next vote expected to occur at our 2026 annual meeting of shareholders.

Accordingly, we ask our shareholders to vote on the following resolution at this meeting:

“RESOLVED, that the compensation paid to the Company’s named executive officers, as disclosed pursuant to Item 402 of Regulation S-K, including the compensation tables and accompanying narrative discussion, is hereby APPROVED”, on an advisory, non-binding basis.”

**OUR BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT SHAREHOLDERS VOTE FOR THE
ADVISORY NON-BINDING APPROVAL OF THE COMPENSATION OF OUR NAMED EXECUTIVE
OFFICERS, AS DISCLOSED IN THIS PROXY STATEMENT.**

PROPOSAL NO. 4
ADVISORY (NON-BINDING) VOTE ON THE FREQUENCY OF HOLDING FUTURE ADVISORY VOTES ON THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS

In addition to the advisory say-on-pay vote described in Proposal No. 3 above, now that we no longer qualify as an “emerging growth company” we are required to solicit an advisory, non-binding, vote on the frequency of future “say-on-pay” votes at least one time every six years in order to allow our shareholders to decide how often they would like to be presented with the “say-on-pay” vote. Accordingly, we also are asking our shareholders to provide an advisory, non-binding, vote on how frequently shareholders should have the opportunity to cast a “say-on-pay” vote, as required by Section 14A of the Exchange Act.

The Board believes that a say-on-pay vote every three years will allow our shareholders to provide us with their input and feedback on our compensation policies and practices on a timely basis.

Because your vote is advisory, it will not be binding upon the Board. However, the Board and the Company will take into account the outcome of the vote when considering how often to include a “say-on-pay” vote in our proxy materials. You may vote for this proposal by choosing one of the four choices on the proxy card: “ONE YEAR”, “TWO YEARS”, “THREE YEARS” or “ABSTAIN”.

OUR BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT SHAREHOLDERS VOTE FOR A FREQUENCY OF “THREE YEARS” FOR HOLDING FUTURE ADVISORY VOTES ON THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS.

EXECUTIVE OFFICERS

Our executive officers are as follows:

<u>Name</u>	<u>Age</u>	<u>Position</u>
David Bistricher	73	Chief Executive Officer and Co-Chairman of the Board
J.J. Bistricher	42	Chief Operating Officer
Jacob Schwimmer	52	Chief Property Management Officer
Lawrence E. Kreider	75	Chief Financial Officer and Secretary

Below is certain background information regarding the executive officers of Clipper Realty Inc.

David Bistricher. See information set forth under the heading “Proposal No. 1–Election of Directors.”

J.J. Bistricher has, since 2006, served as Chief Operating Officer at several properties in the New York City metropolitan area in which David Bistricher is General Manager, with direct responsibility for acquisitions, dispositions, leasing, property development and property operations. Mr. Bistricher has been an officer of Clipper Equity, which controls and manages entities that own interests in multi-family and commercial properties in the New York metropolitan area (as more fully described under the heading “Certain Relationships and Related Party Transactions”), since 2006. At the Company’s Flatbush Gardens property, Mr. Bistricher has served as overall operating manager since 2006, and executed the extensive renovation and repositioning strategy to modernize the property through 2018. At the Company’s 250 Livingston Street property, Mr. Bistricher managed the conversion of certain office space to residential units from 2006 to 2013, and the subsequent renovation of certain residential units from 2014 to 2017. Mr. Bistricher has served as Chief Operating Officer at the Company’s Tribeca House properties since acquisition in December 2014, executed a comprehensive, multiyear repositioning strategy, and is responsible for residential and retail leasing, development and operations at the properties. Mr. Bistricher led the extensive renovation of the Company’s Clover House property from acquisition in 2017 to completion in 2019. Mr. Bistricher currently operates approximately 7,000 residential units across multiple companies. Mr. Bistricher is the son of David Bistricher, our Chief Executive Officer and Co-Chairman of the Board. As Chief Operating Officer at a number of other properties in the New York metropolitan area, Mr. Bistricher has additional experience in repositioning properties, including from office and hospital use to residential rental and condominium use.

Jacob Schwimmer has, since 1992, been actively involved in managing, developing and investing in residential and commercial real estate properties in the New York City metropolitan area, in conjunction with his parents and in partnership with David Bistricher and Sam Levinson. Mr. Schwimmer, members of his family and family trusts were principal investors in the acquisitions of the 141 Livingston Street and 250 Livingston Street properties in 2002, and the acquisition of the Flatbush Gardens property in 2005. Mr. Schwimmer has served as the principal property management executive at these properties since acquisition. Mr. Schwimmer also serves in the same capacity at another property in New York City in which David Bistricher is the managing member.

Lawrence E. Kreider, Jr. served as Chief Financial Officer of the Company from 2015 until his retirement in 2019 before returning in May 2021 as Chief Financial Officer of the Company. Previously, he was retired and self-employed as a financial consultant from 2012 to August 2015, when he became the Chief Financial Officer of the Company. Mr. Kreider was Chief Financial Officer of Cedar Realty Trust from 2007 to 2011, where he had direct responsibility for all aspects of the Company’s financial operations. From 2001 to 2007, Mr. Kreider was Senior Vice President, Chief Financial Officer, Chief Information Officer and Chief Accounting Officer for Affordable Residential Communities, now named Hilltop Holdings Inc. From 1999 to 2001, Mr. Kreider was Senior Vice President of Finance for Warnaco Group Inc. and, in 2000 and 2001, President of Warnaco Europe. From 1986 to 1999, Mr. Kreider held several senior finance positions with Revlon, Inc., as Senior Vice President, Contoller and Chief Accounting Officer, and with MacAndrews & Forbes Holdings. Prior to 1986, he held senior finance positions with Zale Corporation, Johnson Matthew Jewelry Corporation and Refinement International Company. Mr. Kreider began his career with Coopers & Lybrand, now PricewaterhouseCoopers. Mr. Kreider holds a Bachelor of Arts from Yale University and a Master’s of Business Administration from the Stanford Graduate School of Business.

EXECUTIVE COMPENSATION

This section discusses the material components of the executive compensation program for our executive officers who are named in the “Summary Compensation Table” below. Our “named executive officers” during 2022 were:

- David Bistricher, Chief Executive Officer
- J.J. Bistricher, Chief Operating Officer
- Jacob Schwimmer, Chief Property Management Officer

We are a “smaller reporting company” as defined by Item 10(f)(1) of Regulation S-K and, as such, we are permitted to meet the reduced disclosure requirements of Item 402 of Regulation S-K.

Summary Compensation Table

The following table sets forth information concerning the compensation of our named executive officers for the fiscal years ended December 31, 2022 and 2021.

Name & Principal Position	Year	Salary	Stock Awards ⁽¹⁾	Non-Equity Incentive Plan Compensation ⁽²⁾	All Other Compensation ⁽³⁾	Total
David Bistricher	2022	\$ 630,000	\$ 1,235,400	-	\$ 238,717	\$ 2,104,117
<i>Chief Executive Officer</i>	2021	\$ 578,813	\$ 784,377	-	\$ 203,991	\$ 1,567,181
J.J. Bistricher.....	2022	\$ 355,000	\$ 4,677,000	\$ 275,000	\$ 245,339	\$ 5,552,339
<i>Chief Operating Officer</i>	2021	\$ 303,876	\$ 380,000	\$ 250,000	\$ 117,089	\$ 1,061,117
Jacob Schwimmer	2022	\$ 300,000	\$ 2,572,350	\$ 200,000	\$ 145,832	\$ 3,218,182
<i>Chief Property Management Officer</i>	2021	243,101	\$ 356,250	\$ 150,000	\$ 75,295	\$ 824,646
		\$				

(1) 2022 annual incentive awards for Mr. David Bistricher were paid in the form of LTIP units on March 28, 2022, and are reflected in the “Stock Awards” column. Mr. David Bistricher’s 2022 annual incentive award was paid in 31,847 LTIP units with a grant date fair value equal to \$300,000. 2022 long-term equity incentive awards for Messrs. David Bistricher, J.J. Bistricher and Schwimmer were paid in the form of LTIP units on April 27, 2022 and June 15, 2022 and are reflected in the “Stock Awards” column, in the following amounts: Mr. David Bistricher – 100,000 LTIP units with a grant date fair value equal to \$935,400; Mr. J.J. Bistricher – 500,000 LTIP units with a grant date fair value equal to \$4,677,000; and Mr. Schwimmer – 275,000 LTIP units with a grant date fair value equal to \$2,572,350. The amounts reported in this column represent the grant date fair value of the LTIP unit awards calculated in accordance with FASB ASC Topic 718. For a discussion of the assumptions and methodologies used in calculating the grant date fair value of the LTIP unit awards, see Note 2 to the Company’s consolidated financial statements in the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2022. See information under the headings “Annual Incentive Awards” and “Long-Term Equity Incentive Awards” below for a discussion of annual and long-term equity incentive awards granted to our named executive officers.

(2) 2022 annual incentive awards for Messrs. J.J. Bistricher and Schwimmer were paid in cash on April 1, 2022, and are reflected in the “Non-Equity Incentive Plan Compensation” column. See information under the heading “Annual Incentive Awards” below for a discussion of annual incentive awards granted to our named executive officers.

(3) The amounts in this column for 2022 represent the payment of cash distributions on each of March 31, May 27, August 26, and November 25, 2022, with respect to outstanding LTIP units. As of December 31, 2022, Mr. David Bistricher owned 668,665 LTIP units; Mr. J.J. Bistricher owned 808,129 LTIP units; and Mr. Schwimmer owned 473,144 LTIP units.

Outstanding Equity Awards at Fiscal Year End

The following table provides information about outstanding, unvested Company equity-based awards held by each of our named executive officers as of December 31, 2022:

Name	Number of Shares or Units of Stock That Have Not Vested	Market Value of Shares or Units of Stock That Have Not Vested ⁽¹⁾	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested
David Bistricher	308,421 ⁽²⁾	\$ 1,973,894	-	-
J.J. Bistricher	725,564 ⁽³⁾	\$ 4,643,610	-	-
Jacob Schwimmer	392,716 ⁽⁴⁾	\$ 2,513,382	-	-

(1) The market value of the unvested stock awards held by our named executive officers is based on the closing price of our stock on December 30, 2022, of \$6.40 per share.

(2) Represents the following awards which are generally subject to continued employment through the vesting date: (i) 90,000 and 22,500 LTIP units granted on April 7, 2020, and June 30, 2020, respectively, as long-term equity incentive awards, which vested on January 1, 2023, (ii) 64,074 LTIP units granted on March 11, 2021 as a long-term equity incentive award which is scheduled to vest on January 1, 2024, (iii) 31,847 LTIP units granted on March 28, 2022 as compensation which vested on January 1, 2023, and (iv) 70,000 and 30,000 LTIP units granted on April 27, 2022 and June 15, 2022 as long-term equity incentive award which are scheduled to vest on January 1, 2033.

(3) Represents the following awards, which are generally subject to continued employment through the vesting date: (i) a long-term equity incentive award of 100,000 LTIP units, granted on April 19, 2017, which vested on January 1, 2023, (ii) 64,000 and 16,000 LTIP units as long-term equity incentive awards, granted on April 7, 2020, and June 30, 2020, respectively, which vested on January 1, 2023, and (iii) 45,564 LTIP units as long-term equity incentive award, granted on March 11, 2021 which is scheduled to vest on January 1, 2024, and (iv) 350,000 and 150,000 LTIP units granted on April 27, 2022 and June 15, 2022 as long-term equity incentive award which are scheduled to vest on January 1, 2033.

(4) Represents the following awards, which are generally subject to continued employment through the vesting date: (i) 60,000 and 15,000 LTIP units as long-term equity incentive awards, granted on April 7, 2020, and June 30, 2020, respectively, which vested on January 1, 2023, and (ii) 42,716 LTIP units as long-term equity incentive award, granted on March 11, 2021 which is scheduled to vest on January 1, 2024, and (iv) 192,500 and 82,500 LTIP units granted on April 27, 2022 and June 15, 2022 as long-term equity incentive award which are scheduled to vest on January 1, 2033.

Employment Agreements

On August 3, 2015, we entered into, through our operating partnership, employment agreements with each of our named executive officers. Under the employment agreements, Mr. David Bistricher serves as Chief Executive Officer of the Company, Mr. J.J. Bistricher serves as Chief Operating Officer of the Company, and Mr. Schwimmer serves as Chief Property Management Officer of the Company. The term of each employment agreement is for an unspecified duration and constitutes “at will” employment.

Each employment agreement provides for, among other things: (i) an initial annual base salary of \$500,000 for Mr. David Bistricher, \$250,000 for Mr. J.J. Bistricher and \$200,000 for Mr. Schwimmer, (ii) an annual incentive bonus, with a target bonus opportunity of 50% of annual base salary for Mr. David Bistricher, 100% of annual base salary for Mr. J.J. Bistricher and 75% of annual base salary for Mr. Schwimmer, with the actual amount to be earned ranging from 0% to 100% of target based on actual achievement against performance metrics to be established by the Compensation Committee, (iii) annual long-term equity incentive compensation awards to be granted beginning in 2016 in form, including vesting restrictions, and amount determined in the sole discretion of the Compensation Committee and the Board, and (iv) participation in the Company’s employee benefit and welfare plans. Effective March 27, 2022, the Board approved annual base salaries of \$630,000 for Mr. David Bistricher, \$355,000 for Mr. J.J. Bistricher and \$300,000 for Mr. Schwimmer.

Upon a termination of a named executive officer’s employment by the Company without “cause,” subject to a general release of claims in favor of the Company, the named executive officer will be entitled to: (i) a prorated annual incentive bonus for the year of termination based on actual performance, (ii) either (A) continued benefits under the Company’s group healthcare, vision and dental plans through the 12-month anniversary of termination of employment or (B) a lump-sum payment (grossed up for applicable taxes) equal to 12 times the monthly COBRA cost of continued health and medical coverage, and (iii) continued vesting of any outstanding equity compensation awards as if the named executive officer had remained employed through the applicable vesting dates.

“Cause” generally means the named executive officer’s: (i) conviction of, or plea of, guilty or no contest to, any felony or any crime involving fraud or moral turpitude, (ii) engagement in gross misconduct that causes material financial or reputation harm to the Company, (iii) material violation of the terms of the employment agreement or any written Company policy, or (iv) disqualification or bar by any governmental or self-regulatory authority from serving in the capacity required by the named executive officer’s job description, or loss of any governmental or self-regulatory license that is reasonably necessary for the named executive officer to perform his duties or responsibilities.

Each employment agreement also contains confidentiality and non-disparagement provisions, which apply indefinitely, and non-competition as well as client and employee non-solicitation provisions that apply during the term of the employment agreement and for a period of up to one year following a termination of employment for any reason. In addition, the employment agreements for Messrs. David Bistricher and J.J. Bistricher acknowledge that each such named executive officer provides services to Clipper Equity and other entities and businesses affiliated with Mr. David Bistricher (which we refer to as the “affiliated entities”), that such responsibilities preclude each such named executive officer from devoting substantially all of his time to the Company, and that there may be certain potential conflicts of interest or duties associated with their roles at the Company and the affiliated entities. For a further discussion of Clipper Equity, see information under the heading “Certain Relationships and Related Party Transactions—Clipper Equity.”

Other than the employment agreements described above, we do not currently have any agreements, plans or arrangements that provide for severance payments to our named executive officers.

Annual Incentive Awards

We grant any annual incentive awards to the named executive officers pursuant to the Clipper Realty Inc. 2015 Executive Incentive Compensation Plan (the “2015 Incentive Plan”). The 2015 Incentive Plan provides that annual incentive awards may be paid out to participants in either cash or equity-based compensation (the equity-based payouts are made pursuant to the 2015 Omnibus Incentive Plan described below). Annual incentive awards for 2022 and 2021 were paid to our named executive officers in March 2022 and 2021, respectively, as follows: Mr. David Bistricher – 31,847 and 29,976 LTIP units with a grant date fair value equal to \$300,000 and \$250,000, respectively; Mr. J.J. Bistricher – cash payments of \$275,000 and \$250,000, respectively; and Mr. Schwimmer – cash payments of \$200,000 and \$150,000, respectively. The LTIP units granted to Mr. David Bistricher in 2022 and 2021 vested on January 1, 2023, and January 1, 2022, respectively, and are reflected in the “Stock Awards” column of the “Summary Compensation Table” as 2022 and 2021 compensation, respectively. Mr. J.J. Bistricher and Mr. Schwimmer’s 2022 and 2021 bonuses were paid in cash and are reflected in the “Non-Equity Incentive Plan Compensation” column of the “Summary Compensation Table” as 2022 and 2021 compensation, respectively.

Long-Term Equity Incentive Awards

Our Board has adopted, and our shareholders have approved, the 2015 Omnibus Incentive Plan, effective August 3, 2015, pursuant to which cash and equity-based incentives may be granted to employees and consultants. The principal purposes of the 2015 Omnibus Incentive Plan are to give the Company a competitive advantage in attracting, retaining and motivating employees and consultants, to align the interests of participants with those of the Company’s shareholders and to promote ownership of the Company’s equity. The 2015 Omnibus Incentive Plan provides for the grant of stock options (both stock options intended to be “incentive stock options” intended to meet the requirements under Section 422 of the Code and stock options intended to be “nonqualified stock options” that do not meet such requirements), stock appreciation rights, restricted stock, restricted stock units, LTIP units, dividend equivalent rights, and other equity-based, equity-related or cash-based awards (including performance share awards and performance units settled in cash).

LTIP unit awards consist of a grant of limited partnership units of Clipper Realty L.P., the Company’s operating partnership, and are valued by reference to shares of the Company’s common stock. These awards are structured to qualify as “profits interests” for federal income tax purposes. Upon vesting, LTIP unit awards are convertible by the holder on a one-for-one basis into OP units, with each OP unit redeemable at the request of the holder for cash, in an amount equal to the price of a share of the Company’s common stock, or, at the Company’s election, for one share of the Company’s common stock.

On April 27, 2022 and June 15, 2022, we granted long-term equity incentive awards, in the form of LTIP units, to our named executive officers as follows: Mr. David Bistricher – 70,000 and 30,000 LTIP units with a grant date fair value equal to \$959,400; Mr. J.J. Bistricher- 350,000 and 150,000 LTIP units with a grant date fair value of \$4,677,000, and Mr. Schwimmer – 192,500 and 82,500 LTIP units with a grant date fair value equal to \$2,572,350. The awards are scheduled to vest on January 1, 2033, and are reflected in the “Stock Awards” column of the “Summary Compensation Table” as 2022 compensation.

Pay vs Performance

As required by Item 402(v) of Regulation S-K, the information below reflects the relationship between executive compensation actually paid by us to David Bistricher, as principal executive officer (“PEO”), and Mr. J.J. Bistricher and Mr. Jacob Schwimmer our other named executive officers (“NEOs”) against various measures for the years ended December 31, 2022 and 2021. The disclosure included in this section is required by SEC rules and does not necessarily align with how the Company or the Compensation Committee views the link between the Company’s performance and the compensation of its PEO and other NEOs.

Year	Summary Compensation Table Total for PEO	Compensation Actually Paid to PEO	Average Summary Compensation Table Total For Non-PEO NEO’s	Average Compensation Actually Paid to Non-PEO NEO’s	Value of Initial \$100 Investment Based On Total Shareholder Return	Net (Loss)
(a)	(b)	(c)	(d)	(e)	(f)	(g)
2022.....	\$ 2,104,117	\$ 951,469	\$ 4,385,261	\$ 2,690,655	\$ 101.56	\$ (12,571,000)
2021.....	\$ 1,567,181	\$ 2,126,909	\$ 937,806	\$ 1,421,367	\$ 146.38	\$ (20,018,000)

(c) Compensation Actually Paid to the PEO is the Summary Compensation Table Total adjusted for the change in fair value of unvested Stock Awards of \$(1,152,648) and \$559,728 in 2022 and 2021, respectively. In 2022, the Company’s stock price declined from \$9.94 on December 31, 2021, to \$6.40 on December 31, 2022, and, in 2021, increased from 7.05 on December 31, 2020, to \$9.94 on December 31, 2021. The decrease in fair value in 2022 and increase in fair value in 2021 result primarily from the changes in these prices applied to unvested grants at the beginning of the year and unvested grants made in March and April of the year through the end of the year, respectively.

- (e) Average Compensation Actually Paid to the Non-PEO NEOs is the average of the Summary Compensation Table Total adjusted for the average of the change in fair value of unvested Stock Awards of \$(1,694,606) and \$483,562 in 2022 and 2021. In 2022, the Company's stock price declined from \$9.94 on December 31, 2021, to \$6.40 on December 31, 2022, and, in 2021, increased from 7.05 on December 31, 2020, to \$9.94 on December 31, 2021. The decrease in fair value in 2022 and increase in fair value in 2021 result primarily from the changes in these prices applied to unvested grants at the beginning of the year and unvested grants made in March and April of the year as compared to the end of the year, respectively.
- (f) Total Shareholder Return for 2022 is based on the decline in stock price from \$9.94 per share on December 31, 2021, to \$6.40 per share at December 31, 2022 adjusted for dividends paid in 2022 of \$0.38 per share. Total Shareholder Return for 2021 is based on the increase in stock price from \$7.05 per share on December 31, 2020, to \$9.94 per share on December 31, 2021, adjusted for dividends paid in 2021 of \$0.38 per share.
- (g) Net income is as reported in the Company's Annual Report on Form 10-K.

Relationship Between Compensation Actually Paid and Net Income

Our net loss for the year ended December 31, 2021 was \$(20,018,000), and our net loss for the year ended December 31, 2022 was \$(12,571,000). Our net loss decreased from 2021 to 2022, trending in the same direction as the increase in compensation actually paid to our Non-PEO NEOs in 2022 as compared to 2021. Compensation actually paid to our PEO decreased in 2022 as compared to 2021.

Retirement Benefits

We do not currently offer plans that provide for retirement benefits, including, but not limited to, tax-qualified defined benefit plans, supplemental executive retirement plans, tax-qualified defined contribution plans, or nonqualified defined contribution plans.

Director Compensation

The following table provides information on the compensation of each non-employee director in connection with service on our Board in 2022. Directors who are also employees of the Company or any of its subsidiaries did not receive, and will not receive, any additional compensation for their service as directors.

Name	Fees Earned or Paid in Cash	Stock Awards ⁽¹⁾	All Other Compensation ⁽²⁾	All Other Compensation ⁽²⁾
Sam Levinson.....	\$ -	\$ 2,797,350	\$ 237,545	\$ 3,034,895
Howard M. Lorber.....	\$ 95,000	\$ 28,260	\$ 4,077	\$ 127,337
Richard N. Burger.....	\$ 75,000	\$ 28,260	\$ 3,444	\$ 106,704
Robert J. Ivanhoe.....	\$ 85,000	\$ 28,260	\$ 4,077	\$ 117,337
Harmon Spolan.....	\$ 75,000	\$ 28,260	\$ 3,444	\$ 106,704
Roberto A. Verrone.....	\$ 75,000	\$ 28,260	\$ 3,349	\$ 106,609

- (1) The amounts in this column represent the grant date fair value of LTIP unit awards, calculated in accordance with FASB ASC Topic 718. For a discussion of the assumptions and methodologies used in calculating the grant date fair value of the LTIP unit awards, see Note 2 to the Company's consolidated financial statements in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2022. In 2022, we determined Mr. Levinson's compensation package would equal \$196,740 and we granted him 23,885 LTIP units for such compensation, of which 5,221 LTIP units vested on each of March 31, June 30, September 30, and December 31, 2022; in addition, we granted Mr. Levinson long-term equity incentive awards of \$2,572,350 in the form of 275,000 LTIP units that will vest on January 1, 2033, generally subject to his continued service as a director. In 2022, we granted each of our non-employee directors (including Mr. Levinson), additional compensation of \$28,260 in the form of 3,000 LTIP units, of which 750 LTIP units vested on each of March 31, June 30, September 30, and December 31, 2022. Mr. Levinson held 339,074 unvested LTIP units as of December 31, 2022; none of our other non-employee directors held any unvested LTIP units as of December 31, 2022.
- (2) The amounts in this column represent the payment of quarterly cash distributions in 2022, with respect to outstanding LTIP units. As of December 31, 2022, Mr. Levinson owned 720,465 LTIP units; Messrs. Lorber and Ivanhoe each owned 11,479 LTIP units; Messrs. Burger and Spolan each owned 9,812 LTIP units; and Mr. Verrone owned 9,562 LTIP units.

Effective August 2015, we adopted a compensation program for our directors pursuant to which we pay customary fees to each of our non-employee directors, including an initial \$75,000 base cash retainer (an initial \$80,000 for Mr. Levinson) and other Board and committee fees as determined from time to time, including an additional fee for the Chairman of each of our Board committees (\$10,000) and for the non-executive Co-Chairman of our Board (\$50,000). Mr. Levinson's retainer and other fees are paid in the form of LTIP unit awards, at Mr. Levinson's election with Board approval. In 2022, as discussed above, we granted 3,000 LTIP units to each of our non-employee directors. All non-employee director LTIP unit awards were granted pursuant to the Clipper Realty Inc. 2015 Non-Employee Director Plan.

We also reimburse our directors for reasonable out-of-pocket expenses incurred in connection with the performance of their duties as directors, including, without limitation, travel expenses in connection with their in-person attendance at Board and committee meetings.

STOCK OWNERSHIP

PRINCIPAL SHAREHOLDERS

The following table sets forth information known to us about the beneficial ownership of shares of our common stock and special voting stock as of April 24, 2023, by our 5% or greater shareholders and by our executive officers and directors. The SEC has defined “beneficial” ownership of a security to mean the possession, directly or indirectly, of voting power or investment power of such security. A shareholder is also deemed to be, as of any date, the beneficial owner of any securities that such shareholder has the right to acquire within 60 days after such date, through (i) the exercise of any option, warrant or right, (ii) the conversion of a security, (iii) the power to revoke a trust, discretionary account or similar arrangement, or (iv) the automatic termination of a trust, discretionary account or similar arrangement.

As of April 24, 2023, there were 16,063,228 shares of our common stock and 26,317,396 shares of our special voting stock outstanding.

Unless otherwise indicated, the address of each beneficial owner listed in the table below is c/o Clipper Realty Inc., 4611 Twelfth Avenue, Suite 1L, Brooklyn, New York, 11219.

Name of Beneficial Owner	Number of Shares of Common Stock Beneficially Owned ⁽¹⁾	Percent of Class ⁽¹⁾	Number of Shares of Special Voting Stock Beneficially Owned ⁽¹⁾	Percent of Class ⁽¹⁾	Aggregate Number of Voting Securities Beneficially Owned ⁽¹⁾	Percent of Class ⁽¹⁾
5% or Greater Shareholders (other than Executive Officers and Directors)						
Eva Schwimmer	-	-	2,731,667	10.4%	2,731,667	6.2%
David Bistricher Trust of 2014(2)	-	-	2,772,500	10.5%	2,772,500	6.3%
Moric Bistricher Trust of 2014(3)	-	-	2,772,500	10.5%	2,772,500	6.3%
Fidelity (FMR) (4)	1,144,813	6.5%	-	-	1,144,813	2.6%
Executive Officers and Directors						
David Bistricher	1,278,452	7.3%	8,556,116	32.5%	9,834,568(5)	22.4%
Sam Levinson	2,017,316	11.4%	7,296,279	27.7%	9,313,595(6)	21.2%
Howard M. Lorber	37,993	*	-	-	37,993(7)	*
Robert J. Ivanhoe	12,604	*	-	-	12,604(8)	*
Roberto A. Verrone	12,604	*	-	-	12,604(9)	*
Richard N. Burger	10,937	*	-	-	10,937(10)	*
Harmon S. Spolan	11,937	*	-	-	11,937(11)	*
Jacob Schwimmer	190,428	*	2,378,761	8.3%	2,569,189(12)	5.8%
J.J. Bistricher	262,565	*	-	-	262,565(13)	*
Lawrence Kreider	114,434	*	-	-	114,434(14)	*
All Executive Officers and Directors as a group (10 persons)	3,949,270	22.3%	18,231,156	68.6%	22,180,426	50.5%

*Less than 1%.

1. Holders of our special voting stock generally are entitled to vote together as a single class with holders of our common stock on all matters on which our common shareholders are entitled to vote, as if such holder of our special voting stock had exchanged any Class B LLC units in our predecessor entities (the “Class B LLC units”) held by such holder for shares of our common stock. Class B LLC units are units of certain limited liability companies that are indirect subsidiaries of the Company. Each Class B LLC unit is exchangeable, together with one share of special voting stock, for an amount of cash equal to the price of a share of the Company’s common stock, or, at the Company’s election, one share of the Company’s common stock. As of April 24, 2023, the aggregate number of outstanding shares of common stock and special voting stock was 42,380,624, consisting of 16,063,228 shares of common stock and 26,317,396 shares of special voting stock. In addition, as of April 24, 2023, there were 1,538,406 vested LTIP units outstanding.

2. Marc Bistricher, the son of David Bistricher, is the sole trustee of the David Bistricher Trust of 2014, and has sole voting and investment control over all the shares held by this trust.
3. Marc Bistricher, the sole trustee of the Moric Bistricher Trust of 2014, has sole voting and investment control over all the shares held by this trust.
4. Based solely on the Schedule 13G filed by FMR LLC (“FMR”), and Abigail P. Johnson, the Chairman and the Chief Executive Officer of FMR on February 14, 2023. Represents 1,144,813 shares of common stock for which FMR and Ms. Johnson have shared voting and dispositive power. FMR is a Delaware limited liability company and Ms. Johnson is a United States citizen. The address for the FMR reporting persons is 245 Summer Street, Boston, MA 02210.
5. Represents (i) 4,278,058 shares of special voting stock owned directly, (ii) 4,278,058 shares special voting stock and 348,933 shares of common stock owned by the Moric Bistricher Trust of 2016, for which David Bistricher is the sole trustee (iii) 106,666 shares of common stock, (iv) 504,591 vested LTIP units, which are convertible into common stock on a one-for-one basis, (v) 318,262 shares of common stock owned by the Moric Bistricher 2012 Family Trust, for which David Bistricher is one of two trustees. Excludes 117,455, 95,196 and 100,000 LTIP units which will vest in 2024, 2026 and 2033, respectively, generally subject to continued employment through the vesting date. Excludes 449,395 shares of common stock owned by the David Bistricher Trust of 2013 and 2,772,500 shares of special voting stock owned by the David Bistricher Trust of 2014 for which Marc Bistricher, the son of David Bistricher, is the sole trustee. Excludes 248,933 shares of common stock owned by the David Bistricher Family Trust, of which Ester Bistricher, David Bistricher’s spouse, is the sole trustee. David Bistricher disclaims beneficial ownership of the shares of common stock and special voting stock owned by the David Bistricher Trust of 2013, the David Bistricher Trust of 2014 and the David Bistricher Family Trust.
6. Represents (i) 1,253,016 shares of common stock and 4,464,692 shares of special voting stock owned by Trapeze Inc., a Delaware corporation, (ii) 136,782 shares of common stock and 1,362,039 shares of special voting stock owned by Trapeze D Holdings LLC, a Delaware limited liability company, (iii) 128,185 shares of common stock and 1,469,548 shares of special voting stock owned by ECL Holdings LLC, a Delaware limited liability company, (iv) 391,399 vested LTIP units, which are convertible into common stock on a one-for-one basis, (v) 91,934 shares of common stock, and (vi) 16,000 shares of common stock owned by Sam Levinson’s spouse through the R. Michelle Levinson Profit Sharing Plan, of which Mr. Levinson is co-trustee. Sam Levinson has sole voting and investment control over the entities in (i) through (iii) in the preceding sentence. Excludes 30,007, 64,074, 95,196 and 275,000 LTIP units which will vest in 2023, 2024, 2026 and 2033, respectively, generally subject to continued service as a director. The address for Trapeze Inc., Trapeze D Holdings LLC, ECL Holdings LLC and Sam Levinson is 810 Seventh Avenue, 28

7. Represents 12,604 vested LTIP units, which are convertible into common stock on a one-for-one basis, and 25,369 shares of common stock. Excludes 3,375 LTIP units which will vest in 2023, generally subject to continued service as a director.
8. Represents 12,604 vested LTIP units, which are convertible into common stock on a one-for-one basis. Excludes 3,375 LTIP units which will vest in 2023, generally subject to continued service as a director.
9. Represents 10,687 vested LTIP units, which are convertible into common stock on a one-for-one basis, and 1,917 shares of common stock. Excludes 3,375 LTIP units which will vest in 2023, generally subject to continued service as a director.
10. Represents 10,937 vested LTIP units, which are convertible into common stock on a one-for-one basis. Excludes 3,375 LTIP units which will vest in 2023, generally subject to continued service as a director.
11. Represents 10,937 vested LTIP units, which are convertible into common stock on a one-for-one basis, and 1,000 shares of common stock. Excludes 3,375 LTIP units which will vest in 2023, generally subject to continued service as a director.
12. Represents 35,000 shares of common stock, 155,428 vested LTIP units, which are convertible into common stock on a one-for-one basis, and 437,667 shares of special voting stock owned by Jacob Schwimmer and 1,750,667 shares of special voting stock owned by the Schwimmer Family Irrevocable Gift Trust 2. Mr. Schwimmer is the trustee of the Schwimmer Family Irrevocable Gift Trust 2 and has sole voting and investment control over all the shares held by this trust. Excludes 42,716, 65,836 and 275,000 LTIP units owned by Mr. Schwimmer which will vest in 2024, 2026 and 2033, respectively, generally subject to continued employment through the vesting date.

13. Represents 63,334 vested LTIP units, which are convertible into common stock on a one-for-one basis. Excludes 100,000 shares of common stock owned by the Jacob Joseph Bistricher 2017 Trust; Ester Bistricher, the mother of J.J. Bistricher, is the sole trustee of this trust and has sole voting and investment control over all of the shares held by this trust. Excludes 45,564 and 500,000 LTIP units which will vest in 2024 and 2033, respectively, generally subject to continued employment through the vesting date.
14. Represents 114,434 vested LTIP units, which are convertible into common stock on a one-for-one basis. Excludes 30,249, 25,000, and 41,610 LTIP units which will vest in 2024, 2025 and 2026 generally subject to continued employment through the vesting date.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Related Party Transaction Approval Policy

Our Board has adopted a written related party transaction approval policy (the “Related Party Transaction Policy”) pursuant to which an independent committee (which may be a standing or ad hoc committee) of our Board will review and approve, or take such other action as it may deem appropriate with respect to, the following transactions:

- a transaction in which we are a participant, which involves an amount exceeding \$120,000 and in which any of our directors, officers or 5% shareholders, or any other “related person” as defined in Item 404 of SEC Regulation S-K (“Item 404”), has or will have a direct or indirect material interest;
- any material amendment, modification or extension of the Company’s tax protection agreement, services agreements or continuing investors registration rights agreement; and
- any other transaction that meets the related party disclosure requirements of the SEC as set forth in Item 404.

This policy sets forth factors to be considered by an independent committee in determining whether to approve any such transaction, including the nature of our involvement in the proposed transaction, whether we have demonstrable business reasons to enter into the proposed transaction, whether the proposed transaction would impair the independence of a director and whether the proposed transaction involves any potential reputational or other risk issues.

To simplify the administration of the approval process under the Related Party Transaction Policy, an independent committee may, where appropriate, establish guidelines for certain types of related party transactions or designate certain types of such transactions that will be deemed pre-approved. This policy also provides that the following transactions are deemed pre-approved:

- decisions on compensation or benefits for, or the hiring or retention of, our directors and executive officers, if approved by the applicable committee of the Board;
- indemnification and advancement of expenses pursuant to our charter, bylaws or an indemnification agreement; and

- transactions where the related person's interest or benefit arises solely from such person's ownership of our securities, and other holders of such securities receive the same benefit on a pro rata basis.

If our Board appoints an ad hoc independent committee to review and take action with regard to a related party transaction, the committee will be comprised of at least three independent directors. A director on any committee considering a related party transaction who has an interest in the transaction will not participate in the consideration of that transaction, unless requested by the chairperson of the committee.

This policy does not apply to the administration of the Company's tax protection agreement, which is described in further detail below.

In the ordinary course of our business, we entered into transactions with the entities set forth below in 2021 and 2020, which were approved under our Related Party Transaction Policy. We believe that these transactions were entered into on an arm's length basis and were executed on terms no less favorable to us than those we could have obtained from unrelated third parties.

Clipper Equity

Clipper Equity controls and manages entities that own interests in multi-family and commercial properties in the New York metropolitan area. Each of David Bistricher, our Co-Chairman of the Board and Chief Executive Officer, and J.J. Bistricher, our Chief Operating Officer, is an officer of Clipper Equity. Each of Sam Levinson, our Co-Chairman of the Board and the Chairman of our Investment Committee, and Jacob Schwimmer, our Chief Property Management Officer, have ownership interests in properties controlled by Clipper Equity.

During the years ended December 31, 2022 and 2021, the Company shared office space with Clipper Equity and in connection therewith paid overhead charges related to office expenses to Clipper Equity of approximately \$256,000 and \$267,000, respectively.

During the years ended December 31, 2022 and 2021, the Company recognized reimbursable payroll expense pertaining to Clipper Equity of approximately \$7,000 and \$75,000, respectively.

During the years ended December 31, 2022 and 2021, the Company shared with Clipper Equity certain legal and advisory expenses incurred through a joint venture in which the Company owns a 50% interest, in connection with various rent laws and ordinances which govern certain of our and Clipper Equity's properties; the Company paid approximately \$100,000 and \$113,000, and Clipper Equity paid approximately \$0 and \$46,000, for their respective portions of these expenses in 2022 and 2021, respectively.

We have adopted an investment policy (the "Investment Policy") that provides that our officers, including officers involved with Clipper Equity, will not invest in any multi-family or commercial property (other than excluded assets, as defined below) located in the metropolitan New York City area, unless the investment opportunity is first offered to the Company and our Board (or an independent committee thereof) determines that the Company will not pursue the investment opportunity. Our officers can pursue investment opportunities related to excluded assets, which include (i) for-sale condominium or cooperative conversions, (ii) development projects, (iii) projects that would require us to obtain guarantees from third parties or to backstop obligations of other parties, and (iv) land acquisitions, without first offering them to the Company. Under our charter, we renounce any interest or expectancy in, or right to be offered or to participate in, any business opportunity identified in any investment policy (including the Investment Policy) or agreement with any of our officers unless the policy or agreement contemplates that the officer must present, communicate, or offer such business opportunity to us.

Iron Hound Management Company

Our Board approved the payment of fees to Iron Hound Management Company (“Iron Hound”) totaling approximately \$604,000 in 2021, for its service as a broker in connection with the February 2021 refinancing of the Company’s loan on its 141 Livingston Street property and the loan on its 1010 Pacific Street property. Roberto Verrone, a director of the Company, is the owner of Iron Hound. Mr. Verrone did not participate in the Board’s consideration of the matters involving Iron Hound.

Tax Protection Agreement

On August 3, 2015, we completed certain formation transactions involving our initial portfolio of properties (the Tribeca House, Flatbush Gardens, 141 Livingston Street and 250 Livingston Street properties) and the sale of shares of common stock in a private offering (the “Private Offering”). We contributed the net proceeds of the Private Offering to Clipper Realty L.P., our operating partnership subsidiary (the “Operating Partnership”), in exchange for units in the Operating Partnership. The Operating Partnership in turn contributed such net proceeds to the limited liability companies (the “LLC Subsidiaries”) that comprised the initial portfolio of properties of the predecessor of the Company (the “Predecessor,” or specifically, 50/53 JV LLC (“50/53”), Berkshire Equity LLC (“Berkshire”), Gunki Holdings LLC (“Gunki”) and Renaissance Equity Holdings LLC (“Renaissance”), in exchange for Class A LLC units in such LLCs and became the managing member of such LLCs. The owners of the LLC Subsidiaries, which include David Bistricher, Sam Levinson, Jacob Schwimmer, Eva Schwimmer, the David Bistricher Trust of 2014 and the Moric Bistricher Trust of 2014 (collectively, the “Continuing Investors,” and each a “Continuing Investor”), exchanged their interests for Class B LLC units and an equal number of special, non-economic, voting stock in the Company. See footnote 1 to the “Stock Ownership—Principal Shareholders” table in this Proxy Statement for more information on the Class B LLC units.

In connection with such Private Offering, we entered into a tax protection agreement (the “Tax Protection Agreement”) with our Continuing Investors, pursuant to which we agreed to indemnify the Continuing Investors against certain tax liabilities incurred during the 8-year period following the Private Offering (or with respect to item (iv) below, certain tax liabilities resulting from certain transfers occurring during the 8-year period following the Private Offering) if those tax liabilities result from (i) the sale, transfer, conveyance or other taxable disposition of any of the properties of our LLC Subsidiaries in the initial portfolio, (ii) any of the LLC Subsidiaries failing to maintain a level of indebtedness allocable for U.S. federal income tax purposes to any of the Continuing Investors such that any of the Continuing Investors is allocated less than a specified minimum indebtedness in each such LLC Subsidiary (in order to comply with this requirement, (1) Renaissance needs to maintain approximately \$101.3 million of indebtedness, (2) Berkshire needs to maintain approximately \$125.8 million of indebtedness, and (3) Gunki needs to maintain approximately \$34.4 million of indebtedness), (iii) in a case that such level of indebtedness noted immediately above cannot be maintained by the applicable LLC Subsidiary, failing to make available to such a Continuing Investor the opportunity to execute a guarantee of indebtedness of the LLC Subsidiary meeting certain requirements that would enable the Continuing Investor to continue to defer certain tax liabilities, or (iv) the imposition of New York City or New York State real estate transfer tax liability upon a Continuing Investor as a result of the formation of the Company, the Private Offering, the IPO and/or certain other subsequent transactions or as a result of any of those transfers being aggregated. We estimate that if all of the assets subject to the Tax Protection Agreement had been sold in a taxable transaction immediately after the Private Offering, the amount of our LLC Subsidiaries’ indemnification obligations pursuant to the Tax Protection Agreement (based on then-current tax rates and tax basis, and the valuation of our assets based on the December 31, 2022, closing price of our common stock of \$6.40 per share, and including additional payments to compensate the indemnified Continuing Investors for additional tax liabilities resulting from the indemnification payments) would have been approximately \$350 million. In addition, we estimate that if New York City or New York State real estate transfer taxes had been imposed on our Continuing Investors, the maximum amount of our LLC Subsidiaries’ indemnification obligations pursuant to the Tax Protection Agreement in respect of New York City or New York State real estate transfer tax liability (based on then-current tax rates and tax basis, and the valuation of our assets based on the December 31, 2022, closing price of our common stock of \$6.40 per share, and including additional payments to compensate the indemnified Continuing Investors for additional tax liabilities resulting from the indemnification payments) would have been approximately \$75 million (although the amount may have been significantly less). We do not presently intend to sell or take any other action that would result in a tax protection payment with respect to the properties covered by the Tax Protection Agreement.

Operating Partnership Agreement and Limited Liability Company Agreements

Concurrently with the completion of the Private Offering, we entered into an operating partnership agreement (the “Operating Partnership Agreement”) with the various persons who received Class B LLC units, and Clipper Realty L.P., our operating partnership subsidiary (the “Operating Partnership”), entered into amended and restated limited liability company agreements (the “LLC Agreements”) with the various Continuing Investors. As a result, such persons became either limited partners of our Operating Partnership or non-managing members of our LLC Subsidiaries.

Pursuant to the Operating Partnership Agreement and LLC Agreements, each limited partner of our Operating Partnership has the right, subject to the terms and conditions set forth in the Operating Partnership Agreement, to require our Operating Partnership to redeem all or a portion of the units of limited partnership in our Operating Partnership (the “OP units”) held by such limited partner in exchange for a cash amount equal to the number of tendered OP units multiplied by the price of a share of our common stock (determined in accordance with, and subject to adjustment under, the terms of the Operating Partnership Agreement), unless the terms of such OP units or a separate agreement entered into between the Operating Partnership and the holder of such OP units provide that the holder is not entitled to a right of redemption or impose conditions on the exercise of such right of redemption. On or before the close of business on the fifth business day after we receive a notice of redemption, we may, in our sole and absolute discretion, but subject to the restrictions on the ownership of our stock imposed under our charter and the transfer restrictions and other limitations thereof, elect to acquire some or all of the tendered OP units from the tendering person in exchange for shares of our common stock, based on an exchange ratio of one share of our common stock for each OP unit (subject to anti-dilution adjustments provided in the Operating Partnership Agreement). Pursuant to the LLC Agreements, each non-managing member of the LLC Subsidiaries has the right, subject to the terms and conditions set forth in the LLC Agreements, to require our Operating Partnership to exchange all or a portion of the Class B LLC units held by such non-managing member, together with the same number of shares of our special voting stock, for a cash amount equal to the number of tendered Class B LLC units multiplied by the price of a share of our common stock (determined in accordance with, and subject to adjustment under, the terms of the LLC Agreements), unless the terms of such Class B LLC units or a separate agreement entered into between an LLC Subsidiary and the holder of such Class B LLC units provide that the holder is not entitled to a right of exchange or imposes conditions on the exercise of such right of exchange. On or before the close of business on the fifth business day after we and the Operating Partnership receive a notice of exchange, we may, in our sole and absolute discretion, but subject to the restrictions on the ownership of our stock imposed under our charter and the transfer restrictions and other limitations thereof, elect to acquire some or all of the tendered Class B LLC units from the tendering non-managing member in exchange for shares of our common stock, based on an exchange ratio of one share of our common stock for each Class B LLC unit (subject to anti-dilution adjustments provided in the LLC Agreements).

Indemnification of Our Directors and Officers

To the maximum extent permitted by Maryland law in effect from time to time, our charter authorizes us to indemnify any individual who serves or has served, and our bylaws obligate us to indemnify any individual who is made or threatened to be made a party to or witness in a proceeding by reason of his or her service:

- as a present or former director or officer of our Company; or
- while a director or officer of our Company and, at our request, as a director, officer, partner, manager, member or trustee of another corporation, real estate investment trust, partnership, joint venture, trust, limited liability company, employee benefit plan or other enterprise, from and against any claim or liability to which he or she may become subject or that he or she may incur by reason of his or her service in any of these capacities.

Our charter authorizes us, and our bylaws require us, without requiring a preliminary determination of such individual’s ultimate entitlement to indemnification, to pay or reimburse any such individual’s reasonable expenses in advance of final disposition of a proceeding. Our charter and bylaws also permit us to indemnify and advance expenses to any individual who served a predecessor of our Company in any of the capacities described above and any employee or agent of our Company or a predecessor of our Company.

We have entered into indemnification agreements with each of our directors and executive officers that provide for indemnification and advance of expenses to the maximum extent permitted by Maryland law.

DELIVERY OF PROXY MATERIALS TO HOUSEHOLDS

Under the rules of the SEC, we are permitted to use a method of delivery often referred to as “householding.” Householding permits us to mail a single set of proxy materials to any household in which two or more different shareholders reside and are members of the same household or in which one shareholder has multiple accounts. If we household materials for future meetings, then only one copy of our annual report and proxy statement will be sent to multiple shareholders who share the same address and last name, unless we have received contrary instructions from one or more of those shareholders. In addition, we have been notified that certain intermediaries (i.e., brokers, banks or other nominees) will household proxy materials for our Annual Meeting. For voting purposes, a separate proxy card will be included for each account at the shared address. We will deliver promptly, upon oral or written request, a separate copy of our Annual Report and Proxy Statement to any shareholder at the same address. If you wish to receive a separate copy of the Annual Report and Proxy Statement, or future annual reports and proxy statements, you may contact Broadridge via the Internet at www.proxyvote.com, via telephone at 1-800-579-1639, or via email at sendmaterial@proxyvote.com. You can also contact your broker, bank or other nominee to make a similar request. Shareholders sharing an address who now receive multiple copies of our annual report and proxy statement may request delivery of a single copy by contacting us as indicated above, or by contacting their broker, bank or other nominee, provided the broker, bank or other nominee has elected to household proxy materials.

SHAREHOLDER PROPOSALS

2023 Annual Meeting Proposals

Shareholders who wish to have proposals considered for inclusion in the proxy statement and form of proxy for our 2023 annual meeting of shareholders pursuant to Rule 14a-8 under the Exchange Act must cause their proposals to be received in writing by our Chief Financial Officer and Secretary at 4611 Twelfth Avenue, Suite 1L, Brooklyn, New York, 11219, no later than January 2, 2024. Any proposal should be addressed to our Chief Financial Officer and Secretary, and may be included in next year’s proxy materials only if such proposal complies with the rules and regulations promulgated by the SEC. Nothing in this section shall be deemed to require us to include in any future proxy materials relating to any annual meeting, any shareholder proposal that does not meet all of the requirements for inclusion established by the SEC.

In addition, our bylaws currently require that we be given advance written notice of nominations for election as directors and other matters that shareholders wish to present for action at an annual meeting of shareholders (other than matters included in our proxy materials in accordance with Rule 14a-8(e) under the Exchange Act). Our Chief Financial Officer and Secretary must receive such notice at the address set forth on the first page of this Proxy Statement no later than the close of business on January 2, 2024, and no earlier than December 3, 2023, in order for director nominations and/or other matters to be eligible to be presented at the 2024 annual meeting of shareholders.

In addition to satisfying the foregoing advance notice requirements under our bylaws, to comply with the universal proxy rules under the Exchange Act shareholders who intend to solicit proxies in support of director nominees other than the Company's nominees must provide notice that sets forth the information required by Rule 14a-19 under the Exchange Act no later than April 16, 2024.

OTHER MATTERS

Our Board knows of no other matters that may properly be presented for consideration at the Annual Meeting. If any other matters are properly brought before the Annual Meeting or any continuation, postponement or adjournment of the Annual Meeting, it is the intention of the persons named in the accompanying proxy to vote on such matters in accordance with their discretion.

It is important that the proxies be returned promptly and that you be represented. Shareholders are urged to authorize a proxy promptly (i) via electronically submitting a proxy or voting instruction card over the Internet, (ii) via telephone, or (iii) via delivering to us or your broker, bank or other nominee, a signed and dated proxy card.

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