



## Clipper Realty Inc. Announces First Quarter 2024 Results

NEW YORK, May 7, 2024 /Business Wire/ -- Clipper Realty Inc. (NYSE: CLPR) (the “Company”), a leading owner and operator of multifamily residential and commercial properties in the New York metropolitan area, today announced financial and operating results for the three months ended March 31, 2024.

### Highlights for the Three Months Ended March 31, 2024

- Record quarterly revenues of \$35.8 million for the first quarter of 2024
- Quarterly income from operations of \$9.1 million for the first quarter of 2024
- Record net operating income (“NOI”)<sup>1</sup> of \$20.2 million for the first quarter of 2024
- Quarterly net loss of \$2.7 million for the first quarter of 2024
- Adjusted funds from operations (“AFFO”)<sup>1</sup> of \$5.9 million for the first quarter of 2024
- Declared a dividend of \$0.095 per share for the first quarter of 2024

David Bistricher, Co-Chairman, and Chief Executive Officer, commented,

“The Company continued to grow its revenue and NOI in the first quarter of 2024, producing record results in both of those metrics. Additionally, the Company’s AFFO was strong for the winter season where gas heating costs are seasonally high. We continue to have high occupancy and good renter demand in our buildings. For all our properties, new leases continue to rent at more than 7% over previous rents and renewals over 6% and the Company is poised to continue this growth into the upcoming leasing season. At Flatbush Gardens, under the new Article 11 transaction, we have begun to see the benefits of hard work with various New York City housing agencies to collect enhanced rental recoveries under Section 610 as we continue to make the committed capital improvements. At our 250 Livingston Street property, where we previously disclosed New York City’s notification of its intention to vacate in late August 2025, we are actively seeking solutions and pursuing opportunities at the moment. Our Dean Street new development is progressing ahead of schedule, where we have completed the building superstructure, and we are confident of an on-time completion next year to capture the 2025 leasing season.”

### Financial Results for the Three Months Ended March 31, 2024

For the first quarter of 2024, revenues increased by \$2.1 million, or 6.2%, to \$35.8 million or, on a same store basis, by \$0.4 million, or 1.2%, to \$34.1 million excluding revenue from Pacific House under development in the first quarter of 2023. This compares to revenue of \$33.7 million during the first quarter of 2023. Residential revenue increased by \$2.2 million, or 9.0%, or, on a same store basis, by \$0.5 million, or 2.0%.; driven by higher rental rates at all our residential properties partially offset by lower occupancy. Commercial income decreased \$0.1 million, or 0.9%, in the first quarter of 2024 due to a small number of commercial leases that expired during 2024.

For the first quarter of 2024, net loss was \$2.7 million, or \$0.09 per share or, on a same store basis, by \$2.6 million, or \$0.08 per share. This compares to net loss of \$7.1 million, or \$0.19 per share, for the first quarter of 2023. The lower net loss on a same store basis was primarily due to a \$3.9 million loss on extinguishment of the of Pacific House debt in the first quarter of 2023, increased rental revenue in first quarter of 2024 discussed above, and lower real estate taxes at the Flatbush Gardens property due to the Article 11 transaction entered at the end of the second quarter of 2023, partially offset by higher taxes at the remaining properties, lower capitalized interest expense due to completion of the Pacific House property, higher property operating expenses due to Article 11 required wages, higher general and administrative compensation expense taken as cash, and higher depreciation expense from capital spending.

For the first quarter of 2024, AFFO was \$5.9 million, or \$0.14 per share, or, on a same store basis, \$5.4 million or \$0.13 per share, compared to \$4.5 million, or \$0.11 per share, for the first quarter of 2023. The increase on a same store basis, as discussed above, was primarily attributable to increased rental revenue and lower real estate taxes due to the Flatbush Gardens Article 11 transaction entered at the end of the second quarter, partially offset by higher property taxes at the remaining properties, lower capitalized interest, higher property operating expenses and higher general and administrative expenses.

<sup>1</sup> NOI and AFFO are non-GAAP financial measures. For a definition of these financial measures and a reconciliation of such measures to the most comparable GAAP measures, see “Reconciliation of Non-GAAP Measures” at the end of this release.

## **Balance Sheet**

At March 31, 2024, notes payable (excluding unamortized loan costs) was \$1,239.0 million, compared to \$1,219.0 million at December 31, 2023. The increase was primarily due to draws made on Dean Street development in the first quarter of 2024.

## **Dividend**

The Company today declared a first quarter dividend of \$0.095 per share, the same amount as last quarter, to shareholders of record on May 21, 2024, payable May 30, 2024.

## **Conference Call and Supplemental Material**

The Company will host a conference call on May 7, 2024, at 5:00 PM Eastern Time to discuss the first quarter 2024 results and provide a business update. The conference call can be accessed by dialing (800) 346-7359 or (973) 528-0008, conference entry code 717401. A replay of the call will be available from May 7, 2024, following the call, through May 21, 2024, by dialing (800) 332-6854 or (973) 528-0005, replay conference ID 717401. Supplemental data to this press release can be found under the “Quarterly Earnings” navigation tab on the “Investors” page of our website at [www.clipperrealty.com](http://www.clipperrealty.com). The Company’s filings with the Securities and Exchange Commission (the “SEC”) are filed at [www.sec.gov](http://www.sec.gov) under Clipper Realty Inc.

## **About Clipper Realty Inc.**

Clipper Realty Inc. (NYSE: CLPR) is a self-administered and self-managed real estate company that acquires, owns, manages, operates, and repositions multifamily residential and commercial properties in the New York metropolitan area, with a portfolio in Manhattan and Brooklyn. For more information on the Company, please visit [www.clipperrealty.com](http://www.clipperrealty.com).

## **Forward-Looking Statements**

Various statements contained in this press release, including those that express a belief, expectation or intention, as well as those that are not statements of historical fact, are forward-looking statements. These forward-looking statements may include estimates concerning capital projects and the success of specific properties. Our forward-looking statements are generally accompanied by words such as "estimate," "project," "predict," "believe," "expect," "intend," "anticipate," "potential," "plan" or other words that convey the uncertainty of future events or outcomes. The forward-looking statements in this press release speak only as of the date of this press release.

We disclaim any obligation to update these statements unless required by law, and we caution you not to rely on them unduly. We have based these forward-looking statements on our current expectations and assumptions about future events. While our management considers these expectations and assumptions to be reasonable, they are inherently subject to significant business, economic, competitive, regulatory and other risks, contingencies and uncertainties), most of which are difficult to predict and many of which are beyond our control and which may cause our actual results, performance or achievements to differ materially from any future results, performance or achievements expressed or implied by these forward-looking statements. For a discussion of these and other important factors that could affect our actual results, please refer to our filings with the SEC, including the "Risk Factors" section of our Annual Report on Form 10-K for the year ended December 31, 2024, and other reports filed from time to time with the SEC.

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**Clipper Realty Inc.**  
**Consolidated Balance Sheets**  
(In thousands, except for share and per share data)

	<u>March 31, 2024</u>	<u>December 31,</u> <u>2023</u>
	(unaudited)	
<b>ASSETS</b>		
Investment in real estate		
Land and improvements	\$ 571,988	\$ 571,988
Building and improvements	729,027	726,273
Tenant improvements	3,366	3,366
Furniture, fixtures and equipment	13,515	13,278
Real estate under development	105,231	87,285
Total investment in real estate	<u>1,423,127</u>	<u>1,402,190</u>
Accumulated depreciation	<u>(220,958)</u>	<u>(213,606)</u>
Investment in real estate, net	1,202,169	1,188,584
Cash and cash equivalents	21,882	22,163
Restricted cash	18,315	14,062
Tenant and other receivables, net of allowance for doubtful accounts of \$235 and \$234, respectively	4,836	5,181
Deferred rent	2,311	2,359
Deferred costs and intangible assets, net	6,049	6,127
Prepaid expenses and other assets	8,381	10,854
<b>TOTAL ASSETS</b>	<b><u>\$ 1,263,943</u></b>	<b><u>\$ 1,249,330</u></b>
<b>LIABILITIES AND EQUITY</b>		
Liabilities:		
Notes payable, net of unamortized loan costs of \$12,308 and \$13,405, respectively	\$ 1,226,688	\$ 1,205,624
Accounts payable and accrued liabilities	15,579	20,994
Security deposits	8,894	8,765
Other liabilities	12,048	6,712
<b>TOTAL LIABILITIES</b>	<b><u>1,263,209</u></b>	<b><u>1,242,095</u></b>
Equity:		
Preferred stock, \$0.01 par value; 100,000 shares authorized (including 140 shares of 12.5% Series A cumulative non-voting preferred stock), zero shares issued and outstanding	-	-
Common stock, \$0.01 par value; 500,000,000 shares authorized, 16,063,228 shares issued and outstanding	160	160
Additional paid-in-capital	89,555	89,483
Accumulated deficit	<u>(89,436)</u>	<u>(86,899)</u>
Total stockholders' equity	279	2,744
Non-controlling interests	<u>455</u>	<u>4,491</u>
<b>TOTAL EQUITY</b>	<b><u>734</u></b>	<b><u>7,235</u></b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b><u>\$ 1,263,943</u></b>	<b><u>\$ 1,249,330</u></b>

**Clipper Realty Inc.**  
**Consolidated Statements of Operations**  
(In thousands, except per share data)  
(Unaudited)

	<b>Three Months Ended March 31,</b>	
	<b>2024</b>	<b>2023</b>
<b>REVENUES</b>		
Residential rental income	\$ 26,106	\$ 23,940
Commercial rental income	9,654	9,727
<b>TOTAL REVENUES</b>	<b>35,760</b>	<b>33,667</b>
<b>OPERATING EXPENSES</b>		
Property operating expenses	8,622	8,099
Real estate taxes and insurance	7,136	8,536
General and administrative	3,551	3,293
Depreciation and amortization	7,379	6,825
<b>TOTAL OPERATING EXPENSES</b>	<b>26,688</b>	<b>26,753</b>
<b>INCOME FROM OPERATIONS</b>	<b>9,072</b>	<b>6,914</b>
Interest expense, net	(11,738)	(10,135)
Loss on extinguishment of debt	-	(3,868)
<b>Net loss</b>	<b>(2,666)</b>	<b>(7,089)</b>
Net loss attributable to non-controlling interests	1,655	4,402
<b>Net loss attributable to common stockholders</b>	<b>\$ (1,011)</b>	<b>\$ (2,687)</b>
Basic and diluted net loss per share	\$ (0.09)	\$ (0.19)
<b>Weighted average common shares / OP units</b>		
Common shares outstanding	16,063	16,063
OP units outstanding	26,317	26,317
Diluted shares outstanding	42,380	42,380

**Clipper Realty Inc.**  
**Consolidated Statements of Cash Flows**  
(In thousands)  
(Unaudited)

	<b>Three Months Ended March 31,</b>	
	<b>2024</b>	<b>2023</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net loss	\$ (2,666)	\$ (7,089)
<i>Adjustments to reconcile net loss to net cash provided by operating activities:</i>		
Depreciation	7,352	6,799
Amortization of deferred financing costs	530	313
Amortization of deferred costs and intangible assets	147	146
Amortization of above- and below-market leases	-	(9)
Loss on extinguishment of debt	-	3,868
Deferred rent	48	435
Stock-based compensation	561	648
Bad debt expense	1	(121)
<i>Changes in operating assets and liabilities:</i>		
Tenant and other receivables	344	358
Prepaid expenses, other assets and deferred costs	2,403	2,941
Accounts payable and accrued liabilities	(3,540)	(1,801)
Security deposits	130	290
Other liabilities	942	643
<b>Net cash provided by operating activities</b>	<b>6,252</b>	<b>7,421</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions to land, buildings and improvements	(22,247)	(12,494)
<b>Net cash used in investing activities</b>	<b>(22,247)</b>	<b>(12,494)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments of mortgage notes	(493)	(46,301)
Proceeds from mortgage notes	20,460	62,330
Loan issuance and extinguishment costs	-	(3,798)
<b>Net cash provided by financing activities</b>	<b>19,967</b>	<b>12,231</b>
Net increase in cash and cash equivalents and restricted cash	3,972	7,158
Cash and cash equivalents and restricted cash - beginning of period	36,225	30,666
<b>Cash and cash equivalents and restricted cash - end of period</b>	<b>\$ 40,197</b>	<b>\$ 37,824</b>
Cash and cash equivalents and restricted cash - beginning of period:		
Cash and cash equivalents	\$ 22,163	\$ 18,152
Restricted cash	14,062	12,514
Total cash and cash equivalents and restricted cash - beginning of period	\$ 36,225	\$ 30,666
Cash and cash equivalents and restricted cash - end of period:		
Cash and cash equivalents	\$ 21,882	\$ 18,801
Restricted cash	18,315	19,023
Total cash and cash equivalents and restricted cash - end of period	\$ 40,197	\$ 37,824
Supplemental cash flow information:		
Cash paid for interest, net of capitalized interest of \$1,859 and \$2,382 in 2024 and 2023, respectively	\$ 11,855	\$ 9,863
Non-cash interest capitalized to real estate under development	566	27
Additions to investment in real estate included in accounts payable and accrued liabilities	7,609	3,527
Non-cash dividend declared	4,396	4,348

**Clipper Realty Inc.**  
**Reconciliation of Non-GAAP Measures**  
**(In thousands, except per share data)**

**Non-GAAP Financial Measures**

We disclose and discuss funds from operations (“FFO”), adjusted funds from operations (“AFFO”), adjusted earnings before interest, income taxes, depreciation and amortization (“Adjusted EBITDA”) and net operating income (“NOI”), all of which meet the definition of “non-GAAP financial measures” set forth in Item 10(e) of Regulation S-K promulgated by the SEC.

While management and the investment community in general believe that presentation of these measures provides useful information to investors, neither FFO, AFFO, Adjusted EBITDA, nor NOI should be considered as an alternative to net income (loss) or income from operations as an indication of our performance. We believe that to understand our performance further, FFO, AFFO, Adjusted EBITDA, and NOI should be compared with our reported net income (loss) or income from operations and considered in addition to cash flows computed in accordance with GAAP, as presented in our consolidated financial statements.

**Funds From Operations and Adjusted Funds From Operations**

FFO is defined by the National Association of Real Estate Investment Trusts (“NAREIT”) as net income (computed in accordance with GAAP), excluding gains (or losses) from sales of property and impairment adjustments, plus depreciation and amortization, and after adjustments for unconsolidated partnerships and joint ventures. Our calculation of FFO is consistent with FFO as defined by NAREIT.

AFFO is defined by us as FFO excluding amortization of identifiable intangibles incurred in property acquisitions, straight-line rent adjustments to revenue from long-term leases, amortization costs incurred in originating debt, interest rate cap mark-to-market adjustments, amortization of non-cash equity compensation, acquisition and other costs, transaction pursuit costs, loss on modification/extinguishment of debt, gain on involuntary conversion, gain on termination of lease and non-recurring litigation-related expenses, less recurring capital spending.

Historical cost accounting for real estate assets implicitly assumes that the value of real estate assets diminishes predictably over time. In fact, real estate values have historically risen or fallen with market conditions. FFO is intended to be a standard supplemental measure of operating performance that excludes historical cost depreciation and valuation adjustments from net income. We consider FFO useful in evaluating potential property acquisitions and measuring operating performance. We further consider AFFO useful in determining funds available for payment of distributions. Neither FFO nor AFFO represent net income or cash flows from operations computed in accordance with GAAP. You should not consider FFO and AFFO to be alternatives to net income (loss) as reliable measures of our operating performance; nor should you consider FFO and AFFO to be alternatives to cash flows from operating, investing or financing activities (computed in accordance with GAAP) as measures of liquidity.

Neither FFO nor AFFO measure whether cash flow is sufficient to fund all of our cash needs, including loan principal amortization, capital improvements and distributions to stockholders. FFO and AFFO do not represent cash flows from operating, investing or financing activities computed in accordance with GAAP. Further, FFO and AFFO as disclosed by other REITs might not be comparable to our calculations of FFO and AFFO.

The following table sets forth a reconciliation of FFO and AFFO for the periods presented to net loss, computed in accordance with GAAP (amounts in thousands):

	<b>Three Months Ended March 31,</b>	
	<b>2024</b>	<b>2023</b>
<b>FFO</b>		
Net loss	\$ (2,666)	\$ (7,089)
Real estate depreciation and amortization	7,379	6,825
<b>FFO</b>	<b>\$ 4,713</b>	<b>\$ (264)</b>
<b>AFFO</b>		
FFO	\$ 4,713	\$ (264)
Amortization of real estate tax intangible	120	120
Amortization of above- and below-market leases	-	(9)
Straight-line rent adjustments	48	(5)
Amortization of debt origination costs	530	313
Amortization of LTIP awards	561	648
Loss on extinguishment of debt	-	3,868
Recurring capital spending	(73)	(195)
<b>AFFO</b>	<b>\$ 5,899</b>	<b>\$ 4,476</b>
<i>AFFO Per Share/Unit</i>	<i>\$ 0.14</i>	<i>\$ 0.11</i>

### Adjusted Earnings Before Interest, Income Taxes, Depreciation and Amortization

We believe that Adjusted EBITDA is a useful measure of our operating performance. We define Adjusted EBITDA as net income (loss) before allocation to non-controlling interests, plus real estate depreciation and amortization, amortization of identifiable intangibles, straight-line rent adjustments to revenue from long-term leases, amortization of non-cash equity compensation, interest expense (net), acquisition and other costs, transaction pursuit costs, loss on modification/extinguishment of debt and non-recurring litigation-related expenses, less gain on involuntary conversion and gain on termination of lease.

We believe that this measure provides an operating perspective not immediately apparent from GAAP income from operations or net income (loss). We consider Adjusted EBITDA to be a meaningful financial measure of our core operating performance.

However, Adjusted EBITDA should only be used as an alternative measure of our financial performance. Further, other REITs may use different methodologies for calculating Adjusted EBITDA, and accordingly, our Adjusted EBITDA may not be comparable to that of other REITs.

The following table sets forth a reconciliation of Adjusted EBITDA for the periods presented to net loss, computed in accordance with GAAP (amounts in thousands):

	Three Months Ended March 31,	
	2024	2023
<b>Adjusted EBITDA</b>		
Net loss	\$ (2,666)	\$ (7,089)
Real estate depreciation and amortization	7,379	6,825
Amortization of real estate tax intangible	120	120
Amortization of above- and below-market leases	-	(9)
Straight-line rent adjustments	48	(5)
Amortization of LTIP awards	561	648
Interest expense, net	11,738	10,135
Loss on extinguishment of debt	-	3,868
<b>Adjusted EBITDA</b>	<b>\$ 17,180</b>	<b>\$ 14,493</b>

### Net Operating Income

We believe that NOI is a useful measure of our operating performance. We define NOI as income from operations plus real estate depreciation and amortization, general and administrative expenses, acquisition and other costs, transaction pursuit costs, amortization of identifiable intangibles and straight-line rent adjustments to revenue from long-term leases, less gain on termination of lease. We believe that this measure is widely recognized and provides an operating perspective not immediately apparent from GAAP income from operations or net income (loss). We use NOI to evaluate our performance because NOI allows us to evaluate the operating performance of our company by measuring the core operations of property performance and capturing trends in rental housing and property operating expenses. NOI is also a widely used metric in valuation of properties.

However, NOI should only be used as an alternative measure of our financial performance. Further, other REITs may use different methodologies for calculating NOI, and accordingly, our NOI may not be comparable to that of other REITs.

The following table sets forth a reconciliation of NOI for the periods presented to income from operations, computed in accordance with GAAP (amounts in thousands):

	Three Months Ended March 31,	
	2024	2023
<b>NOI</b>		
Income from operations	\$ 9,072	\$ 6,914
Real estate depreciation and amortization	7,379	6,825
General and administrative expenses	3,551	3,293
Amortization of real estate tax intangible	120	120
Amortization of above- and below-market leases	-	(9)
Straight-line rent adjustments	48	(5)
<b>NOI</b>	<b>\$ 20,170</b>	<b>\$ 17,138</b>