



Clipper Realty Inc.

SUPPLEMENTAL DATA

Fourth Quarter 2020



Clipper Realty Inc. Announces Fourth Quarter and Full-Year 2020 Results

NEW YORK, March 16, 2021 /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 and year ended December 31, 2020.

Highlights for the Three Months and Year Ended December 31, 2020

- Achieved quarterly revenues of \$30.3 million for the fourth quarter of 2020, and record annual revenues of \$122.9 million for full-year 2020
- Achieved quarterly income from operations of \$6.5 million for the fourth quarter of 2020
- Achieved quarterly net operating income (“NOI”)¹ of \$14.7 million for the fourth quarter of 2020, and record annual NOI of \$63.6 million for full-year 2020
- Recorded quarterly net loss of \$3.8 million for the fourth quarter of 2020
- Achieved quarterly adjusted funds from operations (“AFFO”)¹ of \$3.0 million for the fourth quarter of 2020
- Declared a dividend of \$0.095 per share for the fourth quarter of 2020

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

“Our operating trends are improving as New York City continues to recover from the depths of the COVID-19 pandemic, highlighted by an increase in leasing activity. We anticipate such rental demand to accelerate, and pricing to improve, as vaccines are broadly administered and urban economic activity continues to strengthen. We continue to focus on efficiently operating our portfolio, with the safety of our tenants and employees our highest priority. Despite the headwinds, our properties are 95% leased and our fourth quarter rent collection rate was over 95%. In addition, we refinanced our 141 Livingston Street property in February with a \$100 million, ten-year interest-only loan at 3.21%, which is expected to reduce annual debt service by \$1.3 million while adding approximately \$22.6 million, before reserves, to our liquidity position. We have no debt maturities on any operating properties until 2027, providing further support in the current environment. We remain committed to executing our strategic initiatives to create long-term value.”

Financial Results

For the fourth quarter of 2020, revenues decreased by \$0.3 million, or 1.0%, to \$30.3 million, compared to \$30.6 million for the fourth quarter of 2019; the change was primarily attributable to a decline in leased occupancy and residential rental rate at the Tribeca House property, partially offset by the commencement of a new office lease at the 250 Livingston Street property during the third quarter of 2020. For full-year 2020, revenues increased by \$6.7 million, or 5.8%, to \$122.9 million, compared to \$116.2 million for full-year 2019; the growth was primarily attributable to bringing the Clover House property online during the third quarter of 2019 and the commencement of the new office lease at the 250 Livingston Street property, partially offset by a decline in leased occupancy and residential rental rate at the Tribeca House property.

For the fourth quarter of 2020, net loss was \$3.8 million, or \$0.10 per share, compared to net loss of \$2.7 million, or \$0.06 per share (\$2.0 million, or \$0.05 per share, excluding a non-recurring \$0.7 million loss on extinguishment of debt), for the fourth quarter of 2019; the change, excluding the non-recurring item, was primarily attributable to the revenue change discussed above and higher property operating expenses (including

¹ 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.

an increase in the provision for bad debt), property taxes, insurance expense, depreciation and amortization expense and interest expense, partially offset by lower general and administrative expenses. For full-year 2020, net loss was \$12.2 million, or \$0.31 per share (\$8.9 million, or \$0.23 per share, excluding a non-recurring \$0.8 million gain on termination of lease, a non-recurring \$4.2 million loss on modification of debt and a non-recurring \$0.1 million gain on involuntary conversion), compared to net loss of \$4.1 million, or \$0.11 per share (\$1.7 million, or \$0.06 per share, excluding a non-recurring \$2.4 million loss on extinguishment of debt), for full-year 2019; the change, excluding the non-recurring items, was primarily attributable to the revenue increase discussed above, offset by higher property operating expenses (including an increase in the provision for bad debt), property taxes, insurance expense, depreciation and amortization expense, and general and administrative expenses (each such expense inclusive of the impact of bringing the Clover House property online), and higher interest expense primarily resulting from the refinancing of the Flatbush Gardens property in May 2020 and the recognition of interest expense in connection with bringing the Clover House property online.

For the fourth quarter of 2020, AFFO was \$3.0 million, or \$0.07 per share, compared to \$5.3 million, or \$0.12 per share, for the fourth quarter of 2019; the change was primarily attributable to the revenue change discussed above and higher property operating expenses (including an increase in the provision for bad debt), property taxes, insurance expense and interest expense. For full-year 2020, AFFO was \$16.8 million, or \$0.38 per share, compared to \$22.0 million, or \$0.50 per share, for full-year 2019; the change was primarily attributable to the revenue increase discussed above, offset by higher property operating expenses (including an increase in the provision for bad debt), property taxes, insurance expense, recurring cash general and administrative expenses, and interest expense.

Balance Sheet

At December 31, 2020, notes payable (excluding unamortized loan costs) was \$1,089.7 million, compared to \$1,009.4 million at December 31, 2019; the increase primarily reflected the refinancing of the Flatbush Gardens property in May 2020, partially offset by scheduled principal amortization.

The Company repurchased approximately 1.71 million shares of common stock during the fourth quarter at a weighted average price of \$5.70 per share, including approximately 1.67 million shares from Indaba Capital Management, L.P., under its \$10.0 million stock repurchase program announced in August 2020. The Company completed the stock repurchase program in November 2020.

141 Livingston Street Refinancing

On February 18, 2021, the Company refinanced the debt on its 141 Livingston Street property with a \$100 million, ten-year secured first mortgage loan with Citi Real Estate Funding Inc. The loan bears interest at 3.21% and requires interest-only payments for the entire term, which is expected to reduce annual debt service by \$1.3 million. With the proceeds, the Company repaid the \$74 million amortizing loan on the property due June 2028, which bore interest at 3.875% through May 2023. Net remaining proceeds of \$22.6 million, before reserves, increased the Company's cash position.

Dividend

The Company today declared a fourth quarter dividend of \$0.095 per share, the same amount as last quarter, to shareholders of record on March 26, 2021, payable March 31, 2021.

Restatement

As previously disclosed, the Company concluded that the previously issued unaudited consolidated financial statements covering each of the Company's first three quarters of 2020 (collectively, the "Restated Periods"), require restatement and should no longer be relied upon. For additional information, please see Note 14 to the consolidated financial statements in our Annual Report on Form 10-K for the year ended December 31, 2020. The Company will file amended Quarterly Reports on Form 10-Q for each of the Restated Periods.

Conference Call and Supplemental Material

The Company will host a conference call on March 17, 2021, at 11:00 AM Eastern Time to discuss the fourth quarter 2020 results and provide a business update. The conference call can be accessed by dialing (800) 346-7359 or (973) 528-0008, conference entry code 972054. A replay of the call will be available from March 17, 2021, following the call, through March 31, 2021, by dialing (800) 332-6854 or (973) 528-0005, replay conference ID 972054. 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. The Company's filings with the Securities and Exchange Commission (the "SEC") are filed at 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.

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 (including uncertainties regarding the ongoing impact of the COVID-19 pandemic, and measures intended to curb its spread, on our business, our tenants and the economy generally), 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, 2020, 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>December 31,</u> <u>2020</u>	<u>December 31,</u> <u>2019</u>
ASSETS		
Investment in real estate		
Land and improvements	\$ 540,859	\$ 540,859
Building and improvements	630,662	602,547
Tenant improvements	3,121	3,051
Furniture, fixtures and equipment	12,217	11,707
Real estate under development	36,118	31,787
Total investment in real estate	<u>1,222,977</u>	<u>1,189,951</u>
Accumulated depreciation	(132,479)	(109,418)
Investment in real estate, net	<u>1,090,498</u>	<u>1,080,533</u>
Cash and cash equivalents	72,058	42,500
Restricted cash	16,974	14,432
Tenant and other receivables, net of allowance for doubtful accounts of \$5,993 and \$3,361, respectively	7,002	4,187
Deferred rent	2,454	1,274
Deferred costs and intangible assets, net	7,720	8,782
Prepaid expenses and other assets	11,160	14,499
TOTAL ASSETS	<u>\$ 1,207,866</u>	<u>\$ 1,166,207</u>
LIABILITIES AND EQUITY		
Liabilities:		
Notes payable, net of unamortized loan costs of \$10,262 and \$11,528, respectively	\$ 1,079,458	\$ 997,903
Accounts payable and accrued liabilities	11,725	13,029
Security deposits	6,983	7,570
Below-market leases, net	157	1,625
Other liabilities	5,429	4,297
TOTAL LIABILITIES	<u>1,103,752</u>	<u>1,024,424</u>
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 and 17,814,672 shares issued and outstanding, respectively	160	178
Additional paid-in-capital	87,347	93,431
Accumulated deficit	(48,045)	(36,375)
Total stockholders' equity	<u>39,462</u>	<u>57,234</u>
Non-controlling interests	64,652	84,549
TOTAL EQUITY	<u>104,114</u>	<u>141,783</u>
TOTAL LIABILITIES AND EQUITY	<u>\$ 1,207,866</u>	<u>\$ 1,166,207</u>

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

	Three Months Ended December 31,		Year Ended December 31,	
	2020	2019	2020	2019
	(unaudited)	(unaudited)		
REVENUES				
Residential rental income	\$ 21,198	\$ 23,351	\$ 90,543	\$ 87,386
Commercial rental income	9,139	7,276	32,307	28,779
TOTAL REVENUES	30,337	30,627	122,850	116,165
OPERATING EXPENSES				
Property operating expenses	8,008	7,220	29,902	28,887
Real estate taxes and insurance	7,181	6,788	28,286	24,966
General and administrative	2,404	3,016	9,728	9,167
Depreciation and amortization	6,266	5,581	23,630	19,649
TOTAL OPERATING EXPENSES	23,859	22,605	91,546	82,669
Gain on termination of lease	-	-	838	-
INCOME FROM OPERATIONS	6,478	8,022	32,142	33,496
Interest expense, net	(10,254)	(10,011)	(40,228)	(35,187)
Loss on modification/extinguishment of debt	-	(661)	(4,228)	(2,432)
Gain on involuntary conversion	-	-	85	-
Net loss	(3,776)	(2,650)	(12,229)	(4,123)
Net loss attributable to non-controlling interests	2,283	1,579	7,323	2,458
Net loss attributable to common stockholders	\$ (1,493)	\$ (1,071)	\$ (4,906)	\$ (1,665)
Basic and diluted net loss per share	\$ (0.10)	\$ (0.06)	\$ (0.31)	\$ (0.11)
Weighted average common shares / OP units				
Common shares outstanding	17,080	17,815	17,629	17,814
OP units outstanding	26,317	26,317	26,317	26,317
Diluted shares outstanding	43,397	44,132	43,946	44,131

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

	Year Ended December 31,	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	\$ (12,229)	\$ (4,123)
<i>Adjustments to reconcile net loss to net cash provided by operating activities:</i>		
Depreciation	23,148	18,956
Amortization of deferred financing costs	1,212	1,687
Amortization of deferred costs and intangible assets	963	1,175
Amortization of above- and below-market leases	(390)	(1,180)
Loss on modification/extinguishment of debt	4,228	2,432
Gain on involuntary conversion	(85)	-
Gain on termination of lease	(838)	-
Deferred rent	(1,180)	1,211
Stock-based compensation	1,805	1,510
Bad debt expense	2,543	-
<i>Changes in operating assets and liabilities:</i>		
Tenant and other receivables	(5,358)	(607)
Prepaid expenses, other assets and deferred costs	3,228	(1,256)
Accounts payable and accrued liabilities	(1,602)	2,586
Security deposits	(587)	933
Other liabilities	1,132	448
Net cash provided by operating activities	15,990	23,772
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to land, buildings and improvements	(31,811)	(43,774)
Insurance proceeds from involuntary conversion	111	-
Sale and purchase of interest rate caps, net	(14)	-
Cash paid in connection with acquisition of real estate	-	(31,129)
Net cash used in investing activities	(31,714)	(74,903)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repurchase of common stock	(10,002)	-
Payments of mortgage notes	(249,630)	(142,638)
Proceeds from mortgage notes	329,919	226,457
Dividends and distributions	(17,243)	(17,089)
Loan issuance and extinguishment costs	(5,220)	(4,531)
Net cash provided by financing activities	47,824	62,199
Net increase in cash and cash equivalents and restricted cash	32,100	11,068
Cash and cash equivalents and restricted cash - beginning of period	56,932	45,864
Cash and cash equivalents and restricted cash - end of period	\$ 89,032	\$ 56,932
Cash and cash equivalents and restricted cash - beginning of period:		
Cash and cash equivalents	\$ 42,500	\$ 37,028
Restricted cash	14,432	8,836
Total cash and cash equivalents and restricted cash - beginning of period	<u>\$ 56,932</u>	<u>\$ 45,864</u>
Cash and cash equivalents and restricted cash - end of period:		
Cash and cash equivalents	\$ 72,058	\$ 42,500
Restricted cash	16,974	14,432
Total cash and cash equivalents and restricted cash - end of period	<u>\$ 89,032</u>	<u>\$ 56,932</u>
Supplemental cash flow information:		
Cash paid for interest, net of capitalized interest of \$1,456 and \$5,687 in 2020 and 2019, respectively	\$ 39,592	\$ 33,956
Non-cash interest capitalized to real estate under development	1,060	956
Additions to investment in real estate included in accounts payable and accrued liabilities	4,189	3,891

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

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 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, 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 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):

	Three Months Ended December 31,		Year Ended December 31,	
	2020	2019	2020	2019
FFO				
Net loss	\$ (3,776)	\$ (2,650)	\$ (12,229)	\$ (4,123)
Real estate depreciation and amortization	6,266	5,581	23,630	19,649
FFO	\$ 2,490	\$ 2,931	\$ 11,401	\$ 15,526
AFFO				
FFO	\$ 2,490	\$ 2,931	\$ 11,401	\$ 15,526
Amortization of real estate tax intangible	121	121	481	482
Amortization of above- and below-market leases	(32)	(100)	(390)	(1,180)
Straight-line rent adjustments	(494)	211	(1,180)	1,211
Amortization of debt origination costs	302	424	1,212	1,687
Amortization of LTIP awards	556	325	1,805	1,510
Loss on modification/extinguishment of debt	-	661	4,228	2,432
Gain on involuntary conversion	-	-	(85)	-
Gain on termination of lease	-	-	(838)	-
Non-recurring litigation-related expenses	114	879	724	966
Recurring capital spending	(72)	(188)	(514)	(593)
AFFO	\$ 2,985	\$ 5,264	\$ 16,844	\$ 22,041
<i>AFFO Per Share/Unit</i>	<i>\$ 0.07</i>	<i>\$ 0.12</i>	<i>\$ 0.38</i>	<i>\$ 0.50</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, 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 December 31,		Year Ended December 31,	
	2020	2019	2020	2019
Adjusted EBITDA				
Net loss	\$ (3,776)	\$ (2,650)	\$ (12,229)	\$ (4,123)
Real estate depreciation and amortization	6,266	5,581	23,630	19,649
Amortization of real estate tax intangible	121	121	481	482
Amortization of above- and below-market leases	(32)	(100)	(390)	(1,180)
Straight-line rent adjustments	(494)	211	(1,180)	1,211
Amortization of LTIP awards	556	325	1,805	1,510
Interest expense, net	10,254	10,011	40,228	35,187
Loss on modification/extinguishment of debt	-	661	4,228	2,432
Gain on involuntary conversion	-	-	(85)	-
Gain on termination of lease	-	-	(838)	-
Non-recurring litigation-related expenses	114	879	724	966
Adjusted EBITDA	\$ 13,009	\$ 15,039	\$ 56,374	\$ 56,134

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, 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 December 31,		Year Ended December 31,	
	2020	2019	2020	2019
NOI				
Income from operations	\$ 6,478	\$ 8,022	\$ 32,142	\$ 33,496
Real estate depreciation and amortization	6,266	5,581	23,630	19,649
General and administrative expenses	2,404	3,016	9,728	9,167
Amortization of real estate tax intangible	121	121	481	482
Amortization of above- and below-market leases	(32)	(100)	(390)	(1,180)
Straight-line rent adjustments	(494)	211	(1,180)	1,211
Gain on termination of lease	-	-	(838)	-
NOI	\$ 14,743	\$ 16,851	\$ 63,573	\$ 62,825

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

	Year Ended December 31,		Three Months Ended			
	2020	2019	12/31/2020	9/30/2020	6/30/2020	3/31/2020
			(unaudited)	(unaudited)	(unaudited)	(unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES						
Net loss	\$ (12,229)	\$ (4,123)	\$ (3,777)	\$ (2,890)	\$ (5,186)	\$ (377)
<i>Adjustments to reconcile net loss to net cash provided by operating activities:</i>						
Depreciation	23,148	18,956	6,209	5,861	5,593	5,485
Amortization of deferred financing costs	1,212	1,687	302	302	304	304
Amortization of deferred costs and intangible assets	963	1,175	178	193	400	192
Amortization of above- and below-market leases	(390)	(1,180)	(32)	(130)	(129)	(99)
Loss on modification/extinguishment of debt	4,228	2,432	-	-	4,228	-
Gain on involuntary conversion	(85)	-	-	-	(85)	-
Gain on termination of lease	(838)	-	-	(838)	-	-
Deferred rent	(1,180)	1,211	(493)	(221)	(237)	(228)
Stock-based compensation	1,805	1,510	556	556	535	158
Bad debt expense	2,543	-	985	659	599	300
<i>Changes in operating assets and liabilities:</i>						
Tenant and other receivables	(5,358)	(607)	71	(870)	(3,696)	(863)
Prepaid expenses, other assets and deferred costs	3,228	(1,256)	887	1,352	(4,929)	5,918
Accounts payable and accrued liabilities	(1,602)	2,586	(303)	1,075	(448)	(1,926)
Security deposits	(587)	933	(96)	(497)	(61)	67
Other liabilities	1,132	448	1,257	612	(856)	119
Net cash provided by (used in) operating activities	15,990	23,772	5,744	5,164	(3,968)	9,050
CASH FLOWS FROM INVESTING ACTIVITIES						
Additions to land, buildings and improvements	(31,811)	(43,774)	(6,926)	(11,263)	(6,521)	(7,101)
Insurance proceeds from involuntary conversion	111	-	-	-	111	-
Sale and purchase of interest rate caps, net	(14)	-	-	-	-	(14)
Cash paid in connection with acquisition of real estate	-	(31,129)	-	-	-	-
Net cash used in investing activities	(31,714)	(74,903)	(6,926)	(11,263)	(6,410)	(7,115)
CASH FLOWS FROM FINANCING ACTIVITIES						
Repurchase of common stock	(10,002)	-	(9,762)	(240)	-	-
Payments of mortgage notes	(249,630)	(142,638)	(924)	(908)	(246,901)	(897)
Proceeds from mortgage notes	329,919	226,457	248	247	329,248	176
Dividends and distributions	(17,243)	(17,089)	(4,321)	(4,327)	(4,319)	(4,276)
Loan issuance and extinguishment costs	(5,220)	(4,531)	-	-	(5,220)	-
Net cash provided by (used in) financing activities	47,824	62,199	(14,759)	(5,228)	72,808	(4,997)
Net increase (decrease) in cash and cash equivalents and restricted cash	32,100	11,068	(15,941)	(11,327)	62,430	(3,062)
Cash and cash equivalents and restricted cash - beginning of period	56,932	45,864	104,973	116,300	53,870	56,932
Cash and cash equivalents and restricted cash - end of period	\$ 89,032	\$ 56,932	\$ 89,032	\$ 104,973	\$ 116,300	\$ 53,870
Cash and cash equivalents and restricted cash - beginning of period:						
Cash and cash equivalents	\$ 42,500	\$ 37,028	\$ 82,856	\$ 88,253	\$ 36,298	\$ 42,500
Restricted cash	14,432	8,836	22,117	28,047	17,572	14,432
Total cash and cash equivalents and restricted cash - beginning of period	<u>\$ 56,932</u>	<u>\$ 45,864</u>	<u>\$ 104,973</u>	<u>\$ 116,300</u>	<u>\$ 53,870</u>	<u>\$ 56,932</u>
Cash and cash equivalents and restricted cash - end of period:						
Cash and cash equivalents	\$ 72,058	\$ 42,500	\$ 72,058	\$ 82,856	\$ 88,253	\$ 36,298
Restricted cash	16,974	14,432	16,974	22,117	28,047	17,572
Total cash and cash equivalents and restricted cash - end of period	<u>\$ 89,032</u>	<u>\$ 56,932</u>	<u>\$ 89,032</u>	<u>\$ 104,973</u>	<u>\$ 116,300</u>	<u>\$ 53,870</u>
Supplemental cash flow information:						
Cash paid for interest, net of capitalized interest of \$1,456 and \$5,687 in 2020 and 2019, respectively	\$ 39,592	\$ 33,956				
Non-cash interest capitalized to real estate under development	1,060	956				
Additions to investment in real estate included in accounts payable and accrued liabilities	4,189	3,891				

CLIPPER REALTY INC.
SUPPLEMENTAL DATA (UNAUDITED)
December 2020
(In thousands)

	Three months ended							
	Dec-20	Sep-20	Jun-20	Mar-20	Dec-19	Sep-19	Jun-19	Mar-19
Revenue								
141 Livingston	\$ 3,947	\$ 3,675	\$ 3,506	\$ 3,493	\$ 3,126	\$ 2,998	\$ 2,901	\$ 2,952
250 Livingston	4,211	3,395	2,736	2,739	2,718	2,883	2,950	2,875
Flatbush Gardens	10,767	10,805	10,849	10,891	10,871	10,819	10,726	10,541
Tribeca	7,580	8,151	9,551	9,711	9,826	9,751	9,635	9,017
Aspen	1,720	1,669	1,894	1,892	1,833	1,858	1,824	1,801
10 West 65th Street	789	651	770	863	870	753	410	466
Clover House	1,323	1,695	1,852	1,727	1,383	378	-	-
Total Revenue	30,337	30,040	31,158	31,315	30,627	29,440	28,446	27,652
Operating Expenses								
141 Livingston	(1,318)	(1,332)	(899)	(1,048)	(1,004)	(1,066)	(884)	(898)
250 Livingston	(975)	(955)	(847)	(991)	(917)	(967)	(852)	(930)
Flatbush Gardens	(5,793)	(6,571)	(6,002)	(6,090)	(6,075)	(6,122)	(5,943)	(6,514)
Tribeca	(4,892)	(4,723)	(4,168)	(4,177)	(4,262)	(4,452)	(3,872)	(3,961)
Aspen	(873)	(646)	(743)	(749)	(683)	(658)	(564)	(627)
10 West 65th Street	(422)	(392)	(388)	(360)	(347)	(436)	(340)	(365)
Clover House	(916)	(711)	(599)	(608)	(720)	(396)	-	-
Total Operating Expenses	(15,189)	(15,330)	(13,646)	(14,023)	(14,008)	(14,097)	(12,454)	(13,294)
Net Operating Income GAAP ("NOI (GAAP)") (1)								
141 Livingston	2,629	2,342	2,607	2,444	2,122	1,932	2,017	2,055
250 Livingston	3,236	2,440	1,889	1,748	1,801	1,916	2,098	1,946
Flatbush Gardens	4,974	4,234	4,847	4,801	4,796	4,697	4,783	4,027
Tribeca	2,688	3,428	5,383	5,534	5,564	5,299	5,763	5,056
Aspen	847	1,023	1,151	1,143	1,150	1,200	1,260	1,174
10 West 65th Street	367	259	382	503	523	317	70	101
Clover House	407	984	1,253	1,119	663	(18)	-	-
Total NOI (GAAP)	15,148	14,710	17,512	17,292	16,619	15,343	15,992	14,358
General and administrative expenses	(2,404)	(2,297)	(2,704)	(2,323)	(3,016)	(1,904)	(2,579)	(1,668)
Acquisition and other costs	-	-	-	-	-	-	-	-
Depreciation and amortization	(6,266)	(5,934)	(5,872)	(5,558)	(5,581)	(4,929)	(4,590)	(4,549)
Gain on termination of lease	-	838	-	-	-	-	-	-
Interest expense, net	(10,254)	(10,207)	(9,979)	(9,788)	(10,011)	(8,692)	(8,210)	(8,274)
Loss on modification/extinguishment of debt	-	-	(4,228)	-	(661)	-	(1,771)	-
Gain on involuntary conversion	-	-	85	-	-	-	-	-
Net loss	\$ (3,776)	\$ (2,890)	\$ (5,186)	\$ (377)	\$ (2,650)	\$ (182)	\$ (1,158)	\$ (133)

(1) Equals revenue less operating expenses

CLIPPER REALTY INC.
SUPPLEMENTAL DATA (UNAUDITED)
December 2020
(In thousands)

	Three months ended							
	Dec-20	Sep-20	Jun-20	Mar-20	Dec-19	Sep-19	Jun-19	Mar-19
Funds from Operations ("FFO")								
Net loss	\$ (3,776)	\$ (2,890)	\$ (5,186)	\$ (377)	\$ (2,650)	\$ (182)	\$ (1,158)	\$ (133)
Real estate depreciation and amortization	6,266	5,934	5,872	5,558	5,581	4,929	4,590	4,549
FFO	\$ 2,490	\$ 3,044	\$ 686	\$ 5,181	\$ 2,931	\$ 4,747	\$ 3,432	\$ 4,416
Adjusted Funds from Operations ("AFFO")								
FFO	\$ 2,490	\$ 3,044	\$ 686	\$ 5,181	\$ 2,931	\$ 4,747	\$ 3,432	\$ 4,416
Amortization of real estate tax intangible	121	120	121	119	121	122	120	119
Amortization of above- and below-market leases	(32)	(130)	(129)	(99)	(100)	(250)	(406)	(424)
Straight-line rent adjustments	(494)	(221)	(237)	(228)	211	184	182	634
Amortization of debt origination costs	302	302	304	304	424	334	424	504
Interest rate cap mark-to-market adjustments	-	-	-	-	0	0	-	-
Amortization of LTIP awards	556	556	536	158	325	325	704	156
Acquisition and other costs	-	-	-	-	-	-	-	-
Loss on modification/extinguishment of debt	-	-	4,228	-	661	-	1,771	-
Gain on involuntary conversion	-	-	(85)	-	-	-	-	-
Gain on termination of lease	-	(838)	-	-	-	-	-	-
Non-recurring litigation-related expenses	114	76	270	264	879	87	-	-
Recurring capital spending	(72)	(59)	(238)	(145)	(188)	(126)	(127)	(153)
AFFO	\$ 2,985	\$ 2,850	\$ 5,456	\$ 5,554	\$ 5,264	\$ 5,423	\$ 6,100	\$ 5,252
Adjusted Earnings Before Interest, Taxes and Depreciation and Amortization ("Adjusted EBITDA")								
Net loss	\$ (3,776)	\$ (2,890)	\$ (5,186)	\$ (377)	\$ (2,650)	\$ (182)	\$ (1,158)	\$ (133)
Real estate depreciation and amortization	6,266	5,934	5,872	5,558	5,581	4,929	4,590	4,549
Amortization of real estate tax intangible	121	120	121	119	121	122	120	119
Amortization of above- and below-market leases	(32)	(130)	(129)	(99)	(100)	(250)	(406)	(424)
Straight-line rent adjustments	(494)	(221)	(237)	(228)	211	184	182	634
Amortization of LTIP awards	556	556	536	158	325	325	704	156
Interest expense, net	10,254	10,207	9,979	9,788	10,011	8,692	8,210	8,274
Acquisition and other costs	-	-	-	-	-	-	-	-
Loss on modification/extinguishment of debt	-	-	4,228	-	661	-	1,771	-
Gain on involuntary conversion	-	-	(85)	-	-	-	-	-
Gain on termination of lease	-	(838)	-	-	-	-	-	-
Non-recurring litigation-related expenses	114	76	270	264	879	87	-	-
Adjusted EBITDA	\$ 13,009	\$ 12,814	\$ 15,369	\$ 15,183	\$ 15,039	\$ 13,907	\$ 14,013	\$ 13,175
Net Operating Income ("NOI")								
Income from operations	\$ 6,478	\$ 7,317	\$ 8,936	\$ 9,411	\$ 8,022	\$ 8,510	\$ 8,823	\$ 8,141
Real estate depreciation and amortization	6,266	5,934	5,872	5,558	5,581	4,929	4,590	4,549
General and administrative expenses	2,404	2,297	2,704	2,323	3,016	1,904	2,579	1,668
Acquisition and other costs	-	-	-	-	-	-	-	-
Amortization of real estate tax intangible	121	120	121	119	121	122	120	119
Amortization of above- and below-market leases	(32)	(130)	(129)	(99)	(100)	(250)	(406)	(424)
Straight-line rent adjustments	(494)	(221)	(237)	(228)	211	184	182	634
Gain on termination of lease	-	(838)	-	-	-	-	-	-
NOI	\$ 14,743	\$ 14,479	\$ 17,267	\$ 17,084	\$ 16,851	\$ 15,399	\$ 15,888	\$ 14,687

CLIPPER REALTY INC.
SUPPLEMENTAL DATA (UNAUDITED)
December 2020
(In thousands)

	Three months ended							
	Dec-20	Sep-20	Jun-20	Mar-20	Dec-19	Sep-19	Jun-19	Mar-19
Dividends Paid								
Stockholders	\$ 1,687	\$ 1,692	\$ 1,692	\$ 1,692	\$ 1,692	\$ 1,692	\$ 1,692	\$ 1,692
Class B unitholders	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
LTIP holders	134	134	127	84	84	84	83	69
Total Dividends Paid	\$ 4,321	\$ 4,327	\$ 4,319	\$ 4,276	\$ 4,276	\$ 4,276	\$ 4,276	\$ 4,261
Share Data								
Common shares	16,063	17,769	17,815	17,815	17,815	17,815	17,815	17,813
Class B LLC units	26,317	26,317	26,317	26,317	26,317	26,317	26,317	26,317
Diluted shares outstanding	42,381	44,086	44,132	44,132	44,132	44,132	44,132	44,130
LTIP units	1,410	1,410	1,410	881	881	881	881	877
	43,791	45,497	45,542	45,013	45,013	45,013	45,013	45,007
Cash Flow Data								
Operating activities	\$ 5,744	\$ 5,164	\$ (3,968)	\$ 9,050	\$ 5,382	\$ 7,947	\$ (1,507)	\$ 11,950
Investing activities	(6,926)	(11,263)	(6,410)	(7,115)	(38,391)	(15,129)	(11,175)	(10,208)
Financing activities	(14,759)	(5,228)	72,808	(4,997)	29,305	(4,986)	42,852	(4,972)
Balance Sheet Data								
Investment in real estate, net	\$ 1,090,498	\$ 1,089,232	\$ 1,083,751	\$ 1,081,119	\$ 1,080,533	\$ 1,049,211	\$ 1,040,985	\$ 1,032,590
Cash and cash equivalents	72,058	82,856	88,253	36,298	42,500	43,552	56,349	29,379
Restricted cash	16,974	22,117	28,047	17,572	14,432	17,084	16,455	13,255
Total assets	1,207,866	1,224,169	1,231,308	1,158,382	1,166,207	1,138,318	1,141,382	1,097,154
Notes payable	1,079,458	1,079,585	1,079,677	997,752	997,903	963,218	963,335	913,683
Total liabilities	1,103,752	1,102,782	1,102,989	1,021,094	1,024,424	989,934	988,866	939,907
Equity	104,114	121,387	128,319	137,288	141,783	148,384	152,516	157,247
Notes Payable								
Flatbush Gardens (3.50%; Due 3/1/28)	-	-	-	\$ 246,000	\$ 246,000	\$ 246,000	\$ 246,000	\$ 246,000
Flatbush Gardens (3.125%; Due 6/1/32)	\$ 329,000	\$ 329,000	\$ 329,000	-	-	-	-	-
250 Livingston (Libor + 2.15%; Due 12/9/20)	-	-	-	-	-	-	-	75,000
250 Livingston (3.63%; Due 6/6/29)	125,000	125,000	125,000	125,000	125,000	125,000	125,000	-
141 Livingston (3.875%; Due 6/1/28)	74,241	74,641	75,036	75,429	75,817	76,201	76,582	76,959
Tribeca House (4.506%; Due 3/6/28)	360,000	360,000	360,000	360,000	360,000	360,000	360,000	360,000
Aspen (3.68%; Due 7/1/28)	65,485	65,837	66,180	66,520	66,862	67,204	67,534	67,861
Clover House (Libor + 3.85%; Due 5/9/20)	-	-	-	-	-	64,731	64,731	64,731
Clover House (3.53%; Due 12/1/29)	82,000	82,000	82,000	82,000	82,000	-	-	-
10 West 65th Street (3.375%; Due 11/1/27)	33,619	33,790	33,960	34,128	34,295	34,350	34,350	34,350
1010 Pacific Street (Libor + 3.60%; Due 12/24/20)	20,375	20,128	19,880	19,633	19,457	-	-	-
Principal amount outstanding	1,089,720	1,090,396	1,091,057	1,008,710	1,009,431	973,486	974,197	924,901
Unamortized loan costs	(10,262)	(10,811)	(11,380)	(10,958)	(11,528)	(10,268)	(10,862)	(11,218)
Notes Payable, net of unamortized loan costs	\$ 1,079,458	\$ 1,079,585	\$ 1,079,677	\$ 997,752	\$ 997,903	\$ 963,218	\$ 963,335	\$ 913,683

CLIPPER REALTY INC.
SUPPLEMENTAL DATA (UNAUDITED)
December 2020
(In thousands)

	Three months ended							
	Dec-20	Sep-20	Jun-20	Mar-20	Dec-19	Sep-19	Jun-19	Mar-19
% Leased - Residential (end of period)								
250 Livingston	94.4%	88.9%	94.4%	97.2%	100.0%	100.0%	100.0%	100.0%
Flatbush Gardens	94.7%	96.3%	97.2%	97.2%	97.6%	99.5%	98.9%	99.5%
Tribeca	89.7%	80.1%	91.3%	99.6%	98.2%	98.2%	99.6%	99.0%
Aspen	94.4%	89.7%	95.3%	100.0%	98.7%	97.8%	97.8%	97.8%
10 West 65th Street	98.8%	89.0%	95.1%	92.7%	98.8%	100.0%	96.3%	72.0%
Clover House	98.7%	89.9%	97.5%	98.7%	94.3%	84.8%	-	-
Rent PSF (end of period)								
141 Livingston - Office	\$ 50.00	\$ 40.00	\$ 40.00	\$ 40.00	\$ 40.00	\$ 40.00	\$ 40.00	\$ 40.00
250 Livingston - Residential	\$ 47.72	\$ 48.44	\$ 46.27	\$ 50.98	\$ 47.69	\$ 50.55	\$ 50.53	\$ 48.71
250 Livingston - Office	\$ 43.62	\$ 43.62	\$ 27.71	\$ 27.71	\$ 27.71	\$ 27.71	\$ 27.71	\$ 27.71
Flatbush Gardens - Residential	\$ 25.14	\$ 25.10	\$ 25.05	\$ 24.95	\$ 24.61	\$ 24.49	\$ 24.30	\$ 24.04
Tribeca - Residential	\$ 64.20	\$ 65.74	\$ 70.43	\$ 70.75	\$ 70.52	\$ 70.85	\$ 68.77	\$ 69.14
Tribeca - Retail	\$ 45.25	\$ 42.15	\$ 44.48	\$ 51.69	\$ 52.23	\$ 52.23	\$ 52.23	\$ 51.56
Aspen - Residential	\$ 34.64	\$ 35.94	\$ 37.73	\$ 37.55	\$ 36.60	\$ 37.05	\$ 35.95	\$ 35.77
Aspen - Retail	\$ 39.44	\$ 39.44	\$ 39.39	\$ 46.87	\$ 48.39	\$ 44.27	\$ 44.22	\$ 44.22
10 West 65th Street - Residential	\$ 44.80	\$ 42.37	\$ 41.74	\$ 46.74	\$ 45.97	\$ 45.50	\$ 41.57	\$ 28.18
Clover House - Residential	\$ 49.36	\$ 67.56	\$ 72.05	\$ 70.76	\$ 69.09	\$ 69.52	-	-
Capital Spending								
Major capital improvements	7,153	11,182	7,876	\$ 5,768	\$ 5,417	\$ 12,547	\$ 12,349	\$ 10,988
Maintenance capex	72	59	238	145	188	126	127	153
Resident turnover	127	88	136	158	48	295	313	73
Commercial tenant improvements	122	42	-	-	-	-	-	-
Total Capital Spending	\$ 7,475	\$ 11,372	\$ 8,251	\$ 6,071	\$ 5,653	\$ 12,968	\$ 12,788	\$ 11,214