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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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SCHEDULE 14A

**Proxy Statement Pursuant to Section 14(a) of the  
Securities Exchange Act of 1934**

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Filed by the Registrant  Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

**Clipper Realty Inc.**  
**(Name of Registrant as Specified in Its Charter)**

**(Name of Person(s) Filing Proxy Statement, if other than the Registrant)**

Payment of Filing Fee (Check the appropriate box):

- No fee required.
  - Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.
- (1) Title of each class of securities to which transaction applies:
- (2) Aggregate number of securities to which transaction applies:
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- (1) Amount previously paid:
- (2) Form, Schedule or Registration Statement No.:
- (3) Filing Party:
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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 18, 2020, 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).

Due to the emerging public health impact of the coronavirus (COVID-19), we will monitor the need to conduct the Annual Meeting of Shareholders solely by means of remote communication. In that event, we will announce the decision to do so in advance, and details on how to participate will be set forth in a press release issued by the Company and available on the Press Releases page of the Investors section of our website at [www.clipperrealty.com](http://www.clipperrealty.com). If you plan to attend the Annual Meeting of Shareholders, please check our website ten days prior to the meeting. As always, you are encouraged to vote your shares prior to the Annual Meeting of Shareholders.

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 April 29, 2020, and is first being distributed to shareholders via the Internet on or about April 29, 2020.

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

**NOTICE OF 2020 ANNUAL MEETING OF SHAREHOLDERS**

Please join us for the 2020 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 18, 2020, 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 BDO USA, LLP, as our independent registered public accounting firm for the fiscal year ending December 31, 2020;
- (3) The approval of an amendment of the Company’s 2015 Omnibus Incentive Compensation Plan to increase the number of shares of the Company’s common stock issuable under the plan;
- (4) The approval of an amendment of the Company’s 2015 Non-Employee Director Plan to increase the number of shares of the Company’s common stock issuable under the plan; 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 23, 2020, 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 23, 2020. 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,

Michael C. Frenz

**Important Notice Regarding Internet Availability of Proxy Materials for the Shareholder Meeting to be Held on June 18, 2020:** As permitted by rules adopted by the United States Securities and Exchange Commission (the “SEC”), we are making this Proxy Statement and our 2019 Annual Report available to stockholders electronically via the Internet at [www.proxyvote.com](http://www.proxyvote.com). On or about April 29, 2020, we will mail to most of our stockholders a notice containing instructions on how to access this Proxy Statement and our 2019 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**  
**Brooklyn, New York 11219**  
**(718) 438-2804**

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**PROXY STATEMENT**

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## GENERAL

This proxy statement (the "Proxy Statement") and accompanying proxy card are available beginning on or about April 29, 2020 in connection with the solicitation of proxies by the Board of Directors of Clipper Realty Inc., for use at the 2020 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 2019 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 2020 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 April 29, 2020, 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 2019 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 2019 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 1-800-690-6903; or
- (3) Log on to the Internet at [www.proxyvote.com](http://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 17, 2020. If you authorize a proxy, unless you indicate otherwise, the persons named as your proxies will cast your votes "FOR" all of the nominees for election as directors named in this Proxy Statement, "FOR" the ratification of BDO USA, LLP ("BDO"), as our independent registered public accounting firm for the fiscal year ending December 31, 2020, "FOR" the amendment of the Company's 2015 Omnibus Incentive Compensation Plan (the "2015 Omnibus Incentive Plan") to increase the number of shares of the Company's common stock issuable under the plan, and "FOR" the amendment of the Company's 2015 Non-Employee Director Plan (the "2015 Non-Employee Director Plan") to increase the number of shares of the Company's common stock issuable under the plan. The persons named as proxies will vote in their discretion on any other business properly introduced at the Annual Meeting or any continuation, postponement or adjournment of the Annual Meeting.

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 18, 2020, 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 23, 2020, 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 23, 2020, such as a copy of a brokerage statement reflecting your stock ownership as of April 23, 2020, 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 BDO USA, LLP, as our independent registered public accounting firm for the fiscal year ending December 31, 2020;
- (3) the amendment of the 2015 Omnibus Incentive Plan to increase the number of shares of the Company's common stock issuable under the plan;
- (4) the amendment of the 2015 Non-Employee Director Plan to increase the number of shares of the Company's common stock issuable under the plan; 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 BDO USA, LLP, as our independent registered public accounting firm for the fiscal year ending December 31, 2020 (see Proposal No. 2);
- "FOR" the amendment of the 2015 Omnibus Incentive Plan to increase the number of shares of the Company's common stock issuable under the plan (see Proposal No. 3); and
- "FOR" the amendment of the 2015 Non-Employee Director Plan to increase the number of shares of the Company's common stock issuable under the plan (see Proposal No. 4).

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 23, 2020, which is the record date for the Annual Meeting. As of April 23, 2020, we had 17,814,672 shares of common stock and 26,317,396 shares of special voting stock outstanding, for an aggregate of 44,132,068 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 23, 2020, there were 44,132,068 shares of voting stock outstanding, comprised of 17,814,672 shares of common stock and 26,317,396 shares of special voting stock. Accordingly, holders of 22,066,035 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 23, 2020, 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 23, 2020 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 BDO USA, LLP, as our independent registered public accounting firm for fiscal year 2020 (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 BDO USA, 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 amendment of the 2015 Omnibus Incentive Plan to increase the number of shares of the Company's common stock issuable under the plan (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 amend the 2015 Omnibus Incentive Plan. If you elect to abstain from voting on this proposal, the abstention will have the same effect as an "AGAINST" vote and your shares will be considered present for determining the presence of a quorum, with respect to this proposal.

For the amendment of the 2015 Non-Employee Director Plan to increase the number of shares of the Company's common stock issuable under the plan (Proposal No. 4), you may vote "FOR," "AGAINST," or "ABSTAIN." The affirmative vote of a majority of the votes cast on the proposal is required to amend the 2015 Non-Employee Director Plan. If you elect to abstain from voting on this proposal, the abstention will have the same effect as an "AGAINST" vote and 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), 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 the election of directors.

- 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.
- With respect to Proposal No. 3 (Amendment of the 2015 Omnibus Incentive Plan), 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 the result of the vote on the proposed amendment of the plan, although your shares will be considered present for determining the presence of a quorum, with respect to this proposal.
- With respect to Proposal No. 4 (Amendment of the 2015 Non-Employee Director Plan), 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 the result of the vote on the proposed amendment of the plan, although your shares will be considered present for determining the presence of a quorum, with respect to this proposal.

***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](http://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.

<b><u>Name</u></b>	<b><u>Age</u></b>	<b><u>Position</u></b>	<b><u>Director Since</u></b>
David Bistricer	70	Co-Chairman of the Board, Chief Executive Officer	2015
Sam Levinson	46	Co-Chairman of the Board, Chairman of the Investment Committee	2015
Howard M. Lorber †	71	Director, Chairman of the Audit Committee and the Compensation Committee	2015
Richard N. Burger †	69	Director	2018
Robert J. Ivanhoe †	67	Director, Chairman of the Nominating and Corporate Governance Committee	2015
Harmon S. Spolan †	84	Director	2018
Roberto A. Verrone	51	Director	2015

† Independent within the meaning of the NYSE listing standards.

**David Bistricer** has been the managing member of Clipper Equity LLC (“Clipper Equity”), which owns interests in and controls and manages entities that own interest 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 the Coleman Cable Inc. in 2000. Mr. Bistricer 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. Bistricer 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 currently of counsel 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 Investment 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. 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 24 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 six regularly scheduled and special meetings in 2019 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 2019.

## 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 2019, the Audit Committee met five times.

#### **Compensation Committee**

Our Compensation Committee consists of three of our independent directors. Mr. Lorber serves as the Chairman of the Compensation Committee and Messrs. Ivanhoe and Burger 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 2019, the Compensation Committee met once.

### **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 2019, the Nominating and Corporate Governance Committee met once.

### **Investment Committee**

Our Investment Committee consists of three of our directors. Mr. Levinson is Chairman of the Investment Committee and Messrs. Bistricher 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.

In 2019, 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.

The Audit Committee has reviewed and discussed with management and the Company's independent registered public accounting firm, BDO USA, LLP, the Company's December 31, 2019, 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 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, 2019, filed with the Securities and Exchange Commission.

The foregoing report has been furnished by the Audit Committee as of April 29, 2020.

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](http://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 2019. 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 Michael C. Frenz, 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 Michael C. Frenz, Chief Financial Officer and Secretary, at [mfrenz@clipperrealty.com](mailto:mfrenz@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](http://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 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. 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

BDO USA, LLP's fees for the fiscal years ended December 31, 2019 and 2018, were as follows:

	Fiscal Year Ended December 31,	
	2019	2018
Audit Fees	\$ 244,000	\$ 244,000
Audit-Related Fees	—	—
Tax Fees	—	—
All Other Fees	—	—
Total Fees	<u>\$ 244,000</u>	<u>\$ 244,000</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 BDO USA, LLP, 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. One director attended the 2019 annual meeting of shareholders in person and two directors attended telephonically.

### **PROPOSAL NO. 2 RATIFICATION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The Audit Committee appointed BDO USA, LLP, as our independent registered public accounting firm to audit our consolidated financial statements for the fiscal year ending December 31, 2020. Pursuant to this appointment, BDO will serve as our independent registered public accounting firm and report on our consolidated financial statements for the fiscal year ending December 31, 2020.

We expect that representatives of BDO 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 BDO 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 BDO'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 BDO's engagement as our independent registered public accounting firm, without the approval of our shareholders, whenever the Audit Committee deems termination appropriate.

#### **Recommendation of the Board of Directors:**

**OUR BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE "FOR" THE RATIFICATION OF BDO USA, LLP, AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR THE FISCAL YEAR ENDING DECEMBER 31, 2020.**

**PROPOSAL NO. 3**  
**AMENDMENT OF 2015 OMNIBUS INCENTIVE COMPENSATION PLAN**

The Board has authorized, approved and declared advisable an amendment to the 2015 Omnibus Incentive Plan to increase the total number of shares of our common stock reserved for issuance under the 2015 Omnibus Incentive Plan by 1,000,000 shares, or from 1,000,000 shares to 2,000,000 shares. We are asking our shareholders to approve this increase.

The Board believes that it is in our and our stockholders' interest to approve the increase of 1,000,000 shares of common stock to the 2015 Omnibus Incentive Plan because it would provide sufficient shares remaining for issuance under the plan to allow the Compensation Committee to continue to award equity-based incentive compensation for our current and future executive officers and employees.

The following is a summary of the material provisions of the 2015 Omnibus Incentive Plan, as amended, and is qualified in its entirety by reference to the specific language of the proposed amendment to the 2015 Omnibus Incentive Plan in the form attached hereto as Appendix A, and the 2015 Omnibus Incentive Plan, a copy of which is attached as Exhibit 10.11 to the Company's Annual Report on Form 10-K filed with the SEC on March 12, 2020.

**Overview**

The purposes of our 2015 Omnibus Incentive Plan are to give us a competitive advantage in attracting, retaining and motivating employees (including prospective employees) and consultants, align the interests of those individuals with the Company's stockholders and 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 Internal Revenue Code (the "Code") and "nonqualified stock options" that do not meet such requirements), stock appreciation rights ("SARs"), restricted stock, restricted stock units, LTIP units, dividend equivalent rights, other equity-based, equity-related or cash-based awards (including performance share awards and performance units settled in cash (collectively "Awards"), with each grant evidenced by an award agreement providing the terms of the Award. Incentive stock options may be granted only to employees; all other Awards may be granted to employees and consultants. Our non-employee directors are not permitted to participate in the 2015 Omnibus Incentive Plan.

On August 3, 2015 the Board adopted the 2015 Omnibus Incentive Plan and on that date the stockholders approved the 2015 Omnibus Incentive Plan. As of April 27, 2020, without giving effect to the proposed amendment, 1,642 shares were available for future grants under the 2015 Omnibus Incentive Plan, and Awards representing 998,358 shares were outstanding. The proposed amendment increases the total number of shares that may be issued under the 2015 Omnibus Incentive Plan to accommodate future grants of Awards. If our stockholders approve this proposal, there will be available for future grant 1,001,642 shares under the 2015 Omnibus Incentive Plan.

On April 27, 2020, the closing price of a share of common stock of the Company was \$4.93.

## New Plan Benefits Table

The following table sets forth the number of LTIPs to be granted to the Company's named executive officers under the 2015 Omnibus Incentive Plan, subject to stockholder approval of this Proposal No. 3. Approval of this Proposal No. 3 will constitute approval of these grants.

Name	Dollar Value (1)	LTIPs
David Bistricher	\$110,925	22,500
J.J. Bistricher	\$78,880	16,000
Jacob Schwimmer	\$73,950	15,000
All Executive Officers	\$276,972	56,181
Non-Executive Directors	\$0	0
Non-Executive Officers	\$0	0

(1) Dollar values are based on the April 27, 2020, closing price of the Company's stock of \$4.93.

All Awards under the 2015 Omnibus Incentive Plan are within the discretion of the Compensation Committee and, therefore, except as set forth in the table immediately above, future Awards under the 2015 Omnibus Incentive Plan are not determinable at this time. For information regarding Awards granted under the 2015 Omnibus Incentive Plan and our other equity incentive plans to our named executive officers, please see "Executive Compensation — Outstanding Equity Awards at Fiscal Year-End."

### Administration

The 2015 Omnibus Incentive Plan is administered by the Compensation Committee. Subject to the terms of the 2015 Omnibus Incentive Plan, the Compensation Committee determines which employees and consultants will receive Awards under the 2015 Omnibus Incentive Plan, the dates of grant, the number and types of Awards to be granted, the exercise or purchase price of each Award, and the terms and conditions of the Awards, including the period of their exercisability and vesting and the fair market value applicable to a stock Award.

In addition, the Compensation Committee has the authority to determine whether any Award may be settled in cash, shares of our common stock, other securities, or other awards or property. The Compensation Committee has the authority to interpret the 2015 Omnibus Incentive Plan and may adopt any administrative rules, regulations, procedures and guidelines governing the 2015 Omnibus Incentive Plan or any Awards granted under the 2015 Omnibus Incentive Plan as it deems to be appropriate. The Compensation Committee may also delegate any of its powers, responsibilities or duties to any person who is not a member of the Compensation Committee or any administrative group within the Company. The 2015 Omnibus Incentive Plan also provides that our Board may grant Awards or administer the 2015 Omnibus Incentive Plan, in which case the Board will have all the responsibility and authority granted to the Compensation Committee. Historically, our Board has granted awards under the 2015 Omnibus Incentive Plan.

## Securities Offered

Subject to stockholder approval of the amendment to the 2015 Omnibus Incentive Plan, a total of 2,000,000 shares of our common stock will be reserved and available for issuance under the 2015 Omnibus Incentive Plan, subject to adjustment under the 2015 Omnibus Incentive Plan. If an Award granted under the 2015 Omnibus Incentive Plan expires, is forfeited or is settled in cash, the shares of our common stock not acquired pursuant to the Award will again become available for subsequent issuance under the 2015 Omnibus Incentive Plan. Shares of our common stock subject to Awards that are assumed, converted or substituted under the 2015 Omnibus Incentive Plan as a result of our acquisition of another Company will not be counted against the number of shares that may be granted under the 2015 Omnibus Incentive Plan. The following types of shares under the 2015 Omnibus Incentive Plan will not become available for the grant of new Awards under the 2015 Omnibus Incentive Plan: (i) shares withheld to satisfy any tax withholding obligation and (ii) shares tendered to, or withheld by, us to pay the exercise price of an option.

The maximum number of shares of our common stock that may be granted to any single individual during a fiscal year in the form of stock options may not exceed 1,000,000 shares, subject to adjustment under the 2015 Omnibus Incentive Plan. The maximum number of shares of our common stock that may be granted to any single individual during a fiscal year in the form of SARs may not exceed 1,000,000 shares, subject to adjustment under the 2015 Omnibus Incentive Plan.

The 2015 Omnibus Incentive Plan provides for the grant of stock options intended to meet the requirements of “incentive stock options” under Section 422 of the Code as well as “non-qualified stock options” that do not meet such requirements, SARs, restricted stock, restricted stock units, LTIP units, dividend equivalent rights and other equity-based, equity-related or cash-based Awards (including performance-based Awards). Incentive stock options may be granted only to employees. All other Awards may be granted to employees and consultants. Our non-employee directors are not permitted to participate in the 2015 Omnibus Incentive Plan.

## Stock Options

An Award of a stock option gives a grantee the right to purchase a certain number of shares of our common stock during a specified term in the future, after a vesting period, at an exercise price equal to at least 100% of the fair market value of our common stock on the grant date. No incentive stock option may be granted to any person who, at the time of the grant, owns or is deemed to own stock possessing more than 10% of our total combined voting power or that of any of our affiliates unless (i) the option exercise price is at least 110% of the fair market value of the stock subject to the option on the date of grant and (ii) the term of the incentive stock option does not exceed five years from the date of grant.

Exercisability of Options. The term of a stock option may not exceed 10 years from the date of grant. Incentive stock options may only be granted from a plan that has been approved by our stockholders and will be exercisable in any fiscal year only to the extent that the aggregate fair market value of our common stock with respect to which the incentive stock options are exercisable for the first time does not exceed \$100,000.

Payment of Option Exercise Price and Issuance of Shares of Common Stock. The exercise price of any stock option may be paid using (i) cash, check or certified bank check, (ii) shares of our common stock, (iii) a net exercise of the stock option, (iv) other legal consideration approved by the Company and permitted by applicable law and (v) any combination of the foregoing.

## **SARs**

A SAR entitles the grantee to receive an amount equal to the difference between the fair market value of our common stock on the exercise date and the exercise price of the SAR (which may not be less than 100% of the fair market value of a share of our common stock on the grant date), multiplied by the number of shares subject to the SAR. The term of a SAR may not exceed 10 years from the date of grant. Payment to a grantee upon the exercise of a SAR may be either in cash or shares of our common stock as determined by the Compensation Committee.

## **Restricted Stock Awards**

A restricted stock Award is an Award of outstanding shares of our common stock that does not vest until a specified period of time has elapsed, or other vesting conditions have been satisfied as determined by the Compensation Committee, and which will be forfeited if the conditions to vesting are not met. The Company will issue a certificate representing the shares of restricted stock, registered in the name of the grantee, and the Company may hold the certificate until the restrictions upon the Award have lapsed. During the period that any restrictions apply, the transfer of stock Awards is generally prohibited. Grantees have full voting rights with respect to their restricted shares. All dividend payments will be retained by the Company for the account of the relevant grantee during the vesting period. Such dividend payments will revert back to the Company if the restricted share upon which such dividends were paid reverts back to the Company. Upon vesting of the restricted share, any dividend payments will be paid to the grantee (without interest).

## **Restricted Stock Unit Awards**

A restricted stock unit is an unfunded and unsecured obligation to issue a share of common stock (or an equivalent cash amount) to the grantee in the future. Restricted stock units become payable on terms and conditions determined by the Compensation Committee and will be settled either in cash or shares of our common stock as determined by the Compensation Committee.

## **LTIP Units**

Long-term incentive plan units ("LTIP Unit") Awards consist of a grant of limited partnership units of our operating partnership (or any successor entity) ("OP Units"), the entity through which we conduct substantially all our business. LTIP Units can be granted either as free-standing Awards or in tandem with other Awards under the 2015 Omnibus Incentive Plan and are valued by reference to the value of shares of our common stock. LTIP Unit Awards will be structured to qualify as so-called "profits interests" for U.S. federal income tax purposes, meaning that no income will be recognized by the recipient upon grant or vesting, and we will not be entitled to any corresponding deduction. As profits interests, LTIP Units would not initially have full parity with OP Units with respect to liquidating distributions, but upon the occurrence of specified events could over time achieve such parity and thereby accrete to an economic value equivalent to shares of our common stock on a one-for-one basis. However, there are circumstances under which such parity would not be reached, in which case the value of the LTIP Unit Award would be reduced. If LTIP Units are not disposed of within the one-year period beginning on the date of grant of the LTIP Unit Award, any gain (assuming the applicable tax elections are made by the grantee) realized by the recipient upon disposition will be taxed as long-term capital gain.

### **Dividend Equivalent Rights**

Dividend equivalent rights entitle the grantee to receive amounts equal to all or any of the ordinary cash dividends that are paid on the shares underlying a grant while the grant is outstanding. Dividend equivalent rights may be paid in cash, in shares of our common stock or in another form. The Compensation Committee will determine whether dividend equivalent rights will be conditioned upon the vesting or payment of the grant to which they relate and the other terms and conditions of the grant.

### **Other Stock-Based or Cash-Based Awards**

Under the 2015 Omnibus Incentive Plan, the Compensation Committee may grant other types of equity-based, equity-related or cash-based Awards subject to such terms and conditions that the Compensation Committee may determine. Such Awards may include the grant or offer for sale of unrestricted shares of our common stock, performance share Awards, and performance units settled in cash.

### **Performance Awards and Criteria**

All Awards are subject to the conditions, limitations, restrictions, vesting and forfeiture provisions determined by the Compensation Committee, in its sole discretion, subject to certain limitations provided in the 2015 Omnibus Incentive Plan. Each Award granted under the 2015 Omnibus Incentive Plan will be evidenced by an award agreement, which will govern that Award's terms and conditions. To the extent necessary to do so, in the case of any conflict or potential inconsistency between the 2015 Omnibus Incentive Plan and a provision of any Award or award agreement with respect to an Award, the 2015 Omnibus Incentive Plan will govern.

The Compensation Committee may condition the vesting of or the lapsing of any applicable vesting restrictions or conditions on Awards upon the attainment of performance goals, continuation of service, or any other term or conditions. If performance goals are established by the Compensation Committee in connection with the grant of an Award, they will be based upon performance criteria determined by the Compensation Committee which may include one or more of the following ("Performance Criteria"): measures of efficiency (including operating efficiency, productivity ratios or other similar measures); measures of achievement of expense targets, costs reductions, working capital, cash levels or general expense ratios; asset growth; earnings per share or net earnings; enterprise value or value creation targets; combined net worth; debt to equity ratio; revenue sales, net revenues or net sales measures; gross profit or operating profit measures (before or after taxes); investment performance; income or operating income measures (with or without investment income or income taxes, before or after risk adjustment, or other similar measures); cash flow; margin; net income (before or after taxes); earnings before interest, taxes, depreciation and/or amortization; return measures (including return on capital, invested capital, total capital, tangible capital, expenses, tangible expenses, equity, revenue, investment, assets or net assets or total stockholder return or similar measures); market share measures; measures of balance sheet achievements (including debt reductions, leverage ratios or other similar measures); increase in the fair market value of the Company's common stock; changes (or the absence of changes) in the per share or aggregate fair market value of the Company's common stock; the achievement of specific Company milestones such as the completion of a public offering and funds from operations. The vesting conditions placed on any Award need not be the same with respect to each grantee and the Compensation Committee will have the sole discretion to amend any outstanding Award to accelerate or waive any or all restrictions, vesting provisions or conditions set forth in the Award agreement. Any of the above criteria may be used with or without adjustment for extraordinary items or nonrecurring items and may be measured in absolute terms or relative to historic performance or the performance of other companies or an index, and to the extent permitted under Section 162(m) of the Code (taking into account any transition relief available thereunder), the Compensation Committee may provide for objectively determinable adjustments, modifications or amendments, as determined in accordance with GAAP, to any of the Performance Criteria for one or more of the items of gain, loss, profit or expense.



## **Adjustments**

In connection with a recapitalization, stock split, reverse stock split, stock dividend, spinoff, split up, combination, reclassification or exchange of shares, merger, consolidation, rights offering, separation, reorganization or liquidation, or any other change in the corporate structure or shares, including any extraordinary dividend or extraordinary distribution, the Compensation Committee will make adjustments as it deems appropriate in (i) the maximum number of shares of our common stock reserved for issuance as grants, (ii) the maximum number of stock options and SARs that any individual participating in the 2015 Omnibus Incentive Plan may be granted in any fiscal year, (iii) the number and kind of shares covered by outstanding grants, (iv) the kind of shares that may be issued under the 2015 Omnibus Incentive Plan and (v) the terms of any outstanding stock Awards, including exercise or strike price, if applicable, and, if required by Maryland law, subject to approval by our Board.

## **Termination of Employment, Acceleration Events and Certain Corporate Transactions**

Unless the Compensation Committee determines otherwise, or as otherwise provided in the applicable award agreement, if a participant's employment is terminated by us without "cause" (as defined in the 2015 Omnibus Incentive Plan) or the participant resigns his or her employment for "good reason" (as defined in the 2015 Omnibus Incentive Plan), in either case, on or within two years after a "change in control" (as defined in the 2015 Omnibus Incentive Plan), (i) all outstanding Awards will become fully vested (including lapsing of all restrictions and conditions), and, as applicable, exercisable, (ii) any outstanding performance-based Awards will be deemed earned at target level (or, if no target level is specified, the maximum level) with respect to all open performance periods and (iii) any shares deliverable pursuant to restricted stock units will be delivered promptly following the termination. In the event of a change in control, the Compensation Committee may also (i) provide for the assumption of or the issuance of substitute Awards, (ii) provide that for a period of at least 20 days prior to the change in control, stock options or SARs that would not otherwise become exercisable prior to a change in control will be exercisable as to all shares of common stock, as the case may be, subject thereto and that any stock options or SARs not exercised prior to the consummation of the change in control will terminate and be of no further force or effect as of the consummation of the change in control, (iii) modify the terms of such Awards to add events or conditions (including the termination of employment within a specified period after a change in control) upon which the vesting of such Awards will accelerate, (iv) deem any performance conditions satisfied at target, maximum or actual performance through closing or provide for the performance conditions to continue (as is or as adjusted by the Compensation Committee) after closing or (v) settle Awards for an amount (as determined in the sole discretion of the Compensation Committee) of cash or securities (in the case of stock options and SARs that are settled in cash, the amount paid will be equal to the in-the-money spread value, if any, of such Awards).

In general terms, a change in control under the 2015 Omnibus Incentive Plan occurs if:

- during any period of not more than 36 months, individuals who constitute the Board as of the beginning of the period whose appointment or election is endorsed by two-thirds of the incumbent directors no longer constitute a majority of the Board;
- a person becomes a beneficial owner of our capital stock representing 30% of the voting power of our outstanding capital stock;
- we merge into another entity, unless (a) more than 50% of the combined voting power of the merged entity or its parent is represented by our voting securities that were outstanding immediately prior to the merger, (b) the Board prior to the merger constitutes at least a majority of the board of directors of the merged entity or its parent following the merger and (c) no person is or becomes the beneficial owner of 30% or more of the combined voting power of the outstanding capital stock eligible to elect directors of the merged entity or its parent;
- we sell or dispose of all or substantially all of our assets (other than to a Company affiliate); or
- our stockholders approve a plan of liquidation or dissolution.

#### **Amendment, Effective Date and Termination of the 2015 Omnibus Incentive Plan**

Our Board may amend or terminate the 2015 Omnibus Incentive Plan at any time, provided that no such amendment may materially adversely impair the rights of a grantee of an award without the grantee's consent. Our stockholders must approve any amendment if their approval is required in order to comply with the Code, applicable laws, or applicable stock exchange requirements. Unless terminated sooner by our Board or extended with stockholder approval, the 2015 Omnibus Incentive Plan will terminate on August 2, 2025.

#### **Clawback**

All Awards under the 2015 Omnibus Incentive Plan are subject to any clawback or recapture policy that we may adopt from time to time.

#### **Certain U.S. Federal Income Tax Consequences**

The following is a brief description of the U.S. federal income tax consequences generally arising with respect to grants of awards under the 2015 Omnibus Incentive Plan under currently applicable laws and regulations. This description is not intended to, and does not, provide or supplement tax advice to grantees. Grantees are advised to consult with their own independent tax advisors with respect to the specific tax consequences that, in light of their particular circumstances, might arise in connection with their receipt of awards under the plans, including any state, local or foreign tax consequences and the effect, if any, of gift, estate and inheritance taxes.

Non-Qualified Stock Options. The grant of a non-qualified stock option does not result in taxable income to the grantee of such an option or in a deduction by us. Upon the exercise of a non-qualified stock option, generally the grantee will recognize ordinary income in an amount equal to the difference between the fair market value of the common stock on the date of exercise and the exercise price of the option. The Company will generally be entitled to a tax deduction for the amount taxable to an individual upon the exercise of the non-qualified stock option upon exercise, as described above, in the same year as those amounts are taxable to the individual, subject to any applicable limitations under Section 162(m) of the Code. Any gain or loss upon the disposition of the stock received upon exercise will be a capital gain or loss to the grantee.

Incentive Stock Options. No taxable income is reportable when an incentive stock option is granted or exercised. However, the amount by which the fair market value of common stock on the date the incentive stock option is exercised exceeds the exercise price of such option will be treated as income for purposes of computing the grantee's alternative minimum taxable income in the year the incentive stock option is exercised. If the shares of common stock acquired through the exercise of an incentive stock option are held by the grantee through the later of (i) two years from the date of the grant of the option and (ii) one year after the transfer of such shares to the grantee pursuant to the exercise, the sale price minus the exercise price will be taxed as a capital gain or loss. If the grantee exercise the incentive stock option and sells the shares before the end of the two or one year holding periods, the grantee generally will have ordinary income at the time of the sale equal to the fair market value of the shares on the exercise date minus the exercise price.

SARs. Upon exercise of a SAR, the grantee will generally recognize ordinary income in an amount equal to the cash or fair market value of the shares received upon exercise and the Company will generally be entitled to tax deduction for the amount taxable to the individual, subject to any applicable limitations under Section 162(m) of the Code.

Restricted Shares. A grantee normally will not realize taxable income upon the grant of restricted shares unless, the grantee timely elects under Section 83(b) of the Code to be taxed at that time. Instead, the grantee will have ordinary income at the time of vesting equal to the fair market value of our shares on the vesting date and the Company will be entitled to a deduction in the same amount, subject to any applicable limitations under Section 162(m) of the Code. Once the grantee realizes ordinary income with respect to the restricted shares, any subsequent increase in the value generally will be taxed when the shares are sold as long-term or short-term capital gain, depending on how long the restricted shares are held. The grantee's holding period will begin on the date he or she realizes ordinary income.

Restricted Stock Units/Performance Units. A grantee normally will not realize taxable income upon the grant of a restricted stock or performance units. Rather, the grantee will required ordinary income when restricted stock or performance units are settled in an amount equal to the fair market value of shares received in payment or the amount of cash received, as applicable, and the Company will be entitled to a corresponding deduction at such time, subject to any applicable limitations under Section 162(m) of the Code.

LTIP Units. Grantees generally are not expected to recognize taxable income at the time of the grant of LTIP Units or the vesting of those units, provided that (i) the LTIP Units qualify as "profits interests" within the meaning of the Code and related IRS guidance; (ii) the grantee does not dispose of the LTIP Units within two years of issuance; and (iii) certain other requirements are met. Grantees generally would make the election provided for under Section 83(b) of the Code, recognizing zero income at the time of grant, in which case the LTIP Units could be disposed of within two years of issuance. As a holder of LTIP Units, however, a grantee will be required to report on his or her income tax return his or her allocable share of the operating partnership's income, gains, losses, deductions and credits in accordance with the partnership agreement, regardless of whether the operating partnership actually makes a distribution of cash to the grantee. Distributions of money by the operating partnership to the grantee, will generally be taxable to the grantee to the extent that such distributions exceed the grantee's tax basis in the operating partnership. Any such gain generally will be capital gain, but a portion may be treated as ordinary income, depending on the assets of our operating partnership at that time. Generally, no deduction is available to us upon the grant, vesting or disposition of the LTIP Units.

Cash-Based Awards. A grantee will not recognize income, and the Company will not be allowed a tax deduction, at the time a cash-based award is granted (for example, when the performance goals are established). Upon receipt of cash in settlement of the award, a grantee will recognize ordinary income equal to the cash received, and the Company will be allowed a corresponding federal income tax deduction at that time, subject to any applicable limitations under Section 162(m) of the Code.

Tax Withholding. The Company has the right to deduct or withhold, or require a participant to remit to the Company, an amount sufficient to satisfy federal, state, and local taxes (including employment taxes) required by law to be withheld with respect to any exercise, lapse of restriction or other taxable event arising as a result of grants under the plans.

Change in Control and Excess Parachute Payments. The accelerated vesting of awards upon a qualifying event following a change in control could result in a participant being considered to receive “excess parachute payments” (as defined in Section 280G of the Code). If so, then in addition to any income tax which would otherwise be owed in connection with the awards, the grantee will be subject to a 20% excise tax and the Company will not be entitled to any tax deduction to which it would otherwise be entitled with respect to such excess parachute payable.

Section 162(m) Limitations. Section 162(m) of the Code generally places a \$1 million annual limit on a company’s tax deduction for compensation paid to a “covered employee.” A “covered employee” is an employee who, for the company’s taxable year in which the deduction would otherwise be claimed, (i) was the company’s chief executive officer or chief financial officer at any time during the year, (ii) was one of the other three highest paid officers named in its proxy statement except the chief executive officer and the chief financial officer, or (iii) was a “covered employee” for any preceding tax year of the Company beginning after December 31, 2016.

Section 409A. Some awards under the plans may be considered to be deferred compensation subject to Section 409A of the Code. Failure to satisfy the applicable requirements under these provisions for awards considered deferred compensation would result in the acceleration of income and additional income tax liability to the recipient, including certain penalties.

#### **Vote Required**

To be approved, this Proposal No. 3 must receive the affirmative vote of a majority of the votes cast on the proposal at the Annual Meeting. The Company has been advised that it is the intention of Mr. David Bistricher, Mr. Moric Bistricher, the David Bistricher Trust of 2014, the Moric Bistricher Trust of 2014, Mr. Sam Levinson, Mr. Jacob Schwimmer and Ms. Eva Schwimmer, to vote the shares of special voting stock each such person or entity beneficially owns in favor of approval; thus, stockholder approval of this proposal should be assured. See “Stock Ownership — Principal Shareholders.”

#### **Recommendation of the Board of Directors:**

**OUR BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE “FOR” THE APPROVAL OF AN AMENDMENT TO THE 2015 OMNIBUS INCENTIVE PLAN TO INCREASE THE NUMBER OF SHARES OF THE COMPANY’S COMMON STOCK ISSUABLE UNDER THE PLAN**

**PROPOSAL NO. 4**  
**AMENDMENT OF 2015 NON-EMPLOYEE DIRECTOR PLAN**

The Board has authorized, approved and declared advisable an amendment to the 2015 Non-Employee Director Plan to increase the total number of shares of our common stock reserved for issuance under the 2015 Non-Employee Director Plan by 350,000 shares, or from 350,000 shares to 700,000 shares. We are asking our shareholders to approve this increase.

The Board believes that it is in our and our stockholders' interest to approve the increase of 350,000 shares of common stock to the 2015 Non-Employee Director Plan because it would provide sufficient shares remaining for issuance under the plan to allow the Compensation Committee to continue to award equity-based compensation for our current and future non-employee directors of the Board of Directors.

The following is a summary of the material provisions of the 2015 Non-Employee Director Plan, as amended, and is qualified in its entirety by reference to the specific language of the proposed amendment to the 2015 Non-Employee Director Plan in the form attached hereto as Appendix B, and the 2015 Non-Employee Director Plan, a copy of which is attached as Exhibit 10.12 to the Company's Annual Report on Form 10-K filed with the SEC on March 12, 2020.

**Overview**

The purposes of our 2015 Non-Employee Director Plan are to attract, retain and motivate non-employee directors of the Board, align the interests of those individuals with the Company's stockholders and promote ownership of the Company's equity.

The 2015 Non-Employee Director Plan provides for the grant of Awards (other than stock options that are intended to be treated as "incentive stock options" under Section 422 of the Code), with each grant evidenced by an award agreement providing the terms of the Award. Only our non-employee directors are permitted to participate in the 2015 Non-Employee Director Plan.

On August 3, 2015 the Board adopted the 2015 Non-Employee Director Plan and on that date the stockholders approved the 2015 Non-Employee Director Plan. As of April 27, 2020, without giving effect to the proposed amendment, 14,753 shares were available for future grants under the 2015 Non-Employee Director Plan, and Awards representing 335,247 shares were outstanding. The proposed amendment increases the total number of shares that may be issued under the 2015 Non-Employee Director Plan to accommodate future grants of Awards. If our stockholders approve this proposal, there will be available for future grant 364,753 shares under the 2015 Non-Employee Director Plan.

On April 27, 2020, the closing price of a share of common stock of the Company was \$4.93.

#### New Plan Benefits Table

The following table sets forth the number of LTIPs to be granted to the Company's non-employee directors under the 2015 Non-Employee Director Plan, subject to stockholder approval of this Proposal No. 4. Approval of this Proposal No. 4 will constitute approval of these grants.

Name	Dollar Value (1)	LTIPs
David Bistricher	\$0	0
J.J. Bistricher	\$0	0
Jacob Schwimmer	\$0	0
All Executive Officers	\$0	0
Non-Executive Directors	\$110,925	22,500 (2)
Non-Executive Officers	\$0	0

(1) Dollar values are based on the April 27, 2020, closing price of the Company's stock of \$4.93.

(2) Reflects a grant for Sam Levinson.

All Awards under the 2015 Non-Employee Director Plan are within the discretion of the Compensation Committee and, therefore, except as set forth in the table immediately above, future Awards under the 2015 Non-Employee Director Plan are not determinable at this time. For information regarding Awards granted under the 2015 Non-Employee Director Plan to our non-employee directors, please see "Executive Compensation — Director Compensation."

#### Administration

The 2015 Non-Employee Director Plan is administered by the Compensation Committee. Subject to the terms of the 2015 Non-Employee Director Plan, the Compensation Committee determines which non-employee directors will receive Awards under the 2015 Non-Employee Director Plan, the dates of grant, the number and types of Awards to be granted, the exercise or purchase price of each Award, and the terms and conditions of the Awards, including the period of their exercisability and vesting and the fair market value applicable to a stock Award.

In addition, the Compensation Committee has the authority to determine whether any Award may be settled in cash, shares of our common stock, other securities, or other awards or property. The Compensation Committee has the authority to interpret the 2015 Non-Employee Director Plan and may adopt any administrative rules, regulations, procedures and guidelines governing the 2015 Non-Employee Director Plan or any Awards granted under the 2015 Non-Employee Director Plan as it deems to be appropriate. The Compensation Committee may also delegate any of its powers, responsibilities or duties to any person who is not a member of the Compensation Committee or any administrative group within the Company. The 2015 Non-Employee Director Plan also provides that our Board may grant Awards or administer the 2015 Non-Employee Director Plan, in which case the Board will have all the responsibility and authority granted to the Compensation Committee. Historically, our Board has granted awards under the 2015 Non-Employee Director Plan.

## Securities Offered

Subject to stockholder approval of the amendment to the 2015 Non-Employee Director Plan, a total of 700,000 shares of our common stock will be reserved and available for issuance under the 2015 Non-Employee Director Plan, subject to adjustment under the 2015 Non-Employee Director Plan. If an Award granted under the 2015 Non-Employee Director Plan expires, is forfeited or is settled in cash, the shares of our common stock not acquired pursuant to the Award will again become available for subsequent issuance under the 2015 Non-Employee Director Plan. Shares of our common stock subject to Awards that are assumed, converted or substituted under the 2015 Non-Employee Director Plan as a result of our acquisition of another Company will not be counted against the number of shares that may be granted under the 2015 Non-Employee Director Plan. The following types of shares under the 2015 Non-Employee Director Plan will not become available for the grant of new Awards under the 2015 Non-Employee Director Plan: (i) shares withheld to satisfy any tax withholding obligation and (ii) shares tendered to, or withheld by, us to pay the exercise price of an option.

The aggregate Awards that may be granted to a single non-employee director during a fiscal year, solely with respect to his or her service as a director, may not exceed \$1,000,000, subject to adjustment under the 2015 Non-Employee Director Plan, based on the aggregate value of cash Awards and fair market value of stock-based Awards, in each case, determined as of the date of grant (except with respect to a one-time grant of the LTIP units that was made to Mr. Levinson with a value of \$1,350,000).

The 2015 Non-Employee Director Plan provides for the grant of “non-qualified stock options” that do not meet the requirements of “incentive stock options” under Section 422 of the Code, SARs, restricted stock, restricted stock units, LTIP units, dividend equivalent rights and other equity-based, equity-related or cash-based Awards (including performance-based Awards). Only our non-employee directors are permitted to participate in the 2015 Non-Employee Director Plan.

## Stock Options

An Award of a stock option gives a grantee the right to purchase a certain number of shares of our common stock during a specified term in the future, after a vesting period, at an exercise price equal to at least 100% of the fair market value of our common stock on the grant date.

Exercisability of Options. The term of a stock option may not exceed 10 years from the date of grant.

Payment of Option Exercise Price and Issuance of Shares of Common Stock. The exercise price of any stock option may be paid using (i) cash, check or certified bank check, (ii) shares of our common stock, (iii) a net exercise of the stock option, (iv) other legal consideration approved by the Company and permitted by applicable law and (v) any combination of the foregoing.

## SARs

A SAR entitles the grantee to receive an amount equal to the difference between the fair market value of our common stock on the exercise date and the exercise price of the SAR (which may not be less than 100% of the fair market value of a share of our common stock on the grant date), multiplied by the number of shares subject to the SAR. The term of a SAR may not exceed 10 years from the date of grant. Payment to a grantee upon the exercise of a SAR may be either in cash or shares of our common stock as determined by the Compensation Committee.

**Restricted Stock Awards**

A restricted stock Award is an Award of outstanding shares of our common stock that does not vest until a specified period of time has elapsed, or other vesting conditions have been satisfied as determined by the Compensation Committee, and which will be forfeited if the conditions to vesting are not met. The Company will issue a certificate representing the shares of restricted stock, registered in the name of the grantee, and the Company may hold the certificate until the restrictions upon the Award have lapsed. During the period that any restrictions apply, the transfer of stock Awards is generally prohibited. Grantees have full voting rights with respect to their restricted shares. All dividend payments will be retained by the Company for the account of the relevant grantee during the vesting period. Such dividend payments will revert back to the Company if the restricted share upon which such dividends were paid reverts back to the Company. Upon vesting of the restricted share, any dividend payments will be paid to the grantee (without interest).

**Restricted Stock Unit Awards**

A restricted stock unit is an unfunded and unsecured obligation to issue a share of common stock (or an equivalent cash amount) to the grantee in the future. Restricted stock units become payable on terms and conditions determined by the Compensation Committee and will be settled either in cash or shares of our common stock as determined by the Compensation Committee.

**LTIP Units**

LTIP Unit Awards consist of a grant of OP Units. LTIP Units can be granted either as free-standing Awards or in tandem with other Awards under the 2015 Non-Employee Director Plan and are valued by reference to the value of shares of our common stock. LTIP Unit Awards will be structured to qualify as so-called “profits interests” for U.S. federal income tax purposes, meaning that no income will be recognized by the recipient upon grant or vesting, and we will not be entitled to any corresponding deduction. As profits interests, LTIP Units would not initially have full parity with OP Units with respect to liquidating distributions, but upon the occurrence of specified events could over time achieve such parity and thereby accrete to an economic value equivalent to shares of our common stock on a one-for-one basis. However, there are circumstances under which such parity would not be reached, in which case the value of the LTIP Unit Award would be reduced. If LTIP Units are not disposed of within the one-year period beginning on the date of grant of the LTIP Unit Award, any gain (assuming the applicable tax elections are made by the grantee) realized by the recipient upon disposition will be taxed as long-term capital gain.

**Dividend Equivalent Rights**

Dividend equivalent rights entitle the grantee to receive amounts equal to all or any of the ordinary cash dividends that are paid on the shares underlying a grant while the grant is outstanding. Dividend equivalent rights may be paid in cash, in shares of our common stock or in another form. The Compensation Committee will determine whether dividend equivalent rights will be conditioned upon the vesting or payment of the grant to which they relate and the other terms and conditions of the grant.



### **Other Stock-Based or Cash-Based Awards**

Under the 2015 Non-Employee Director Plan, the Compensation Committee may grant other types of equity-based, equity-related or cash-based Awards subject to such terms and conditions that the Compensation Committee may determine. Such Awards may include the grant or offer for sale of unrestricted shares of our common stock, performance share Awards, and performance units settled in cash.

### **Adjustments**

In connection with a recapitalization, stock split, reverse stock split, stock dividend, spinoff, split up, combination, reclassification or exchange of shares, merger, consolidation, rights offering, separation, reorganization or liquidation, or any other change in the corporate structure or shares, including any extraordinary dividend or extraordinary distribution, the Compensation Committee will make adjustments as it deems appropriate in (i) the maximum number of shares of our common stock reserved for issuance as grants, (ii) the maximum number of stock options and SARs that any individual participating in the 2015 Non-Employee Director Plan may be granted in any fiscal year, (iii) the number and kind of shares covered by outstanding grants, (iv) the kind of shares that may be issued under the 2015 Non-Employee Director Plan and (v) the terms of any outstanding stock Awards, including exercise or strike price, if applicable, and, if required by Maryland law, subject to approval by our Board.

### **Change in Control**

Unless the Compensation Committee determines otherwise, in the event of a change in control, all outstanding awards will become fully vested (including lapsing of all restrictions and conditions) and, as applicable, exercisable. In the event of a change in control, the Compensation Committee may also (i) provide for the assumption of or the issuance of substitute awards, (ii) provide that for a period of at least 20 days prior to the change in control, stock options or SARs that would not otherwise become exercisable prior to a change in control will be exercisable as to all shares of common stock, as the case may be, subject thereto and that any stock options or SARs not exercised prior to the consummation of the change in control will terminate and be of no further force or effect as of the consummation of the change in control, (iii) modify the terms of such awards to add events or conditions (including the termination of service as a director within a specified period after a change in control) upon which the vesting of such awards will accelerate, (iv) deem any performance conditions satisfied at target, maximum or actual performance through closing or provide for the performance conditions to continue (as is or as adjusted by the Compensation Committee) after closing or (v) settle awards for an amount (as determined in the sole discretion of the Compensation Committee) of cash or securities (in the case of stock options and SARs that are settled in cash, the amount paid will be equal to the in-the-money spread value, if any, of such awards).

In general terms, a change in control under the 2015 Non-Employee Director Plan occurs if:

- during any period of not more than 36 months, individuals who constitute the Board as of the beginning of the period whose appointment or election is endorsed by two-thirds of the incumbent directors no longer constitute a majority of the Board;
- a person becomes a beneficial owner of our capital stock representing 30% of the voting power of our outstanding capital stock;

- we merge into another entity, unless (a) more than 50% of the combined voting power of the merged entity or its parent is represented by our voting securities that were outstanding immediately prior to the merger, (b) the Board prior to the merger constitutes at least a majority of the board of directors of the merged entity or its parent following the merger and (c) no person is or becomes the beneficial owner of 30% or more of the combined voting power of the outstanding capital stock eligible to elect directors of the merged entity or its parent;
- we sell or dispose of all or substantially all of our assets (other than to a Company affiliate); or
- our stockholders approve a plan of liquidation or dissolution.

#### **Amendment, Effective Date and Termination of the 2015 Non-Employee Director Plan**

Our Board may amend or terminate the 2015 Non-Employee Director Plan at any time, provided that no such amendment may materially adversely impair the rights of a grantee of an award without the grantee's consent. Our stockholders must approve any amendment if their approval is required in order to comply with the Code, applicable laws, or applicable stock exchange requirements. Unless terminated sooner by our Board or extended with stockholder approval, the 2015 Non-Employee Director Plan will terminate on August 2, 2025.

#### **Clawback**

All Awards under the 2015 Non-Employee Director Plan are subject to any clawback or recapture policy that we may adopt from time to time.

#### **Certain U.S. Federal Income Tax Consequences**

The material U.S. Federal Income Tax Consequences under the 2015 Non-Employee Director Plan are substantially similar to the consequences under the 2015 Omnibus Incentive Plan. See "Proposal No. 3, Amendment of 2015 Omnibus Incentive Plan — Certain U.S. Federal Income Tax Consequences."

#### **Vote Required**

To be approved, this Proposal No. 4 must receive the affirmative vote of a majority of the votes cast on the proposal at the Annual Meeting. The Company has been advised that it is the intention of Mr. David Bistricher, Mr. Moric Bistricher, the David Bistricher Trust of 2014, the Moric Bistricher Trust of 2014, Mr. Sam Levinson, Mr. Jacob Schwimmer and Ms. Eva Schwimmer, to vote the shares of special voting stock each such person or entity beneficially owns in favor of approval; thus, stockholder approval of this proposal should be assured. See "Stock Ownership — Principal Shareholders."

#### **Recommendation of the Board of Directors:**

**OUR BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE "FOR" THE APPROVAL OF AN AMENDMENT TO THE 2015 NON-EMPLOYEE DIRECTOR PLAN TO INCREASE THE NUMBER OF SHARES OF THE COMPANY'S COMMON STOCK ISSUABLE UNDER THE PLAN**

## EXECUTIVE OFFICERS

Our executive officers are as follows:

<u>Name</u>	<u>Age</u>	<u>Position</u>
David Bistricher	70	Chief Executive Officer and Co-Chairman of the Board
J.J. Bistricher	39	Chief Operating Officer
Michael C. Frenz	45	Chief Financial Officer and Secretary
Jacob Schwimmer	49	Chief Property Management Officer

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 Flatbush Gardens property, Mr. Bistricher has served as overall operating manager since 2006. At the 250 Livingston Street property, Mr. Bistricher managed the conversion of certain office space to residential beginning in 2006. Mr. Bistricher has served as Chief Operating Officer at the Tribeca House properties since acquisition in December 2014, and is responsible for residential and retail leasing, development and operations at the properties. 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 experience in repositioning properties, including from office and hospital use to residential rental and condominium use.

**Michael C. Frenz** has been the Chief Financial Officer and Secretary of the Company since July 2019. Previously, he was the Head of Capital Markets from June 2017. Mr. Frenz manages the Company’s financial and investment strategy, and works with the executive team to unlock meaningful long-term value across the portfolio. Prior to joining the Company, Mr. Frenz was a Senior Vice President in the real estate investment banking group at FBR, where he advised clients on capital raising and strategic transactions from June 2014 until joining the Company in June 2017. Previously, Mr. Frenz held various investment banking roles at Goldman Sachs, Bank of America Securities and Merrill Lynch. Separately, Mr. Frenz partnered with Kohlberg Kravis Roberts on a multinational oil production company principal investment, where he served as Deputy Chief Financial Officer and led the financial planning/corporate strategy division. Mr. Frenz holds a Master of Business Administration degree from Columbia Business School and a Bachelor of Science degree from The Wharton School.

**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.

#### 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 2019 were:

- David Bistricher, Chief Executive Officer;
- J.J. Bistricher, Chief Operating Officer;
- Jacob Schwimmer, Chief Property Management Officer
- Lawrence Kreider Jr., Chief Financial Officer and Secretary (through June 30, 2019)

We are an “emerging growth company” as defined under the Jumpstart Our Business Startups (JOBS) Act. As such, we are permitted to meet the disclosure requirements of Item 402 of Regulation S-K by providing the reduced disclosures required of a smaller reporting company.

#### Summary Compensation Table

The following table sets forth information concerning the compensation of our named executive officers for the fiscal years ended December 31, 2019 and 2018.

Name & Principal Position	Year	Salary	Stock Awards(1)	Non-Equity Incentive Plan Compensation(2)	All Other Compensation(3)	Total
David Bistricher <i>Chief Executive Officer</i>	2019	\$ 520,187	\$ 616,156	-	\$ 101,117	\$ 1,237,460
	2018	\$ 500,000	\$ 254,724	-	\$ 85,324	\$ 840,048
J.J. Bistricher <i>Chief Operating Officer</i>	2019	\$ 273,098	\$ 256,734	\$ 250,000	\$ 67,548	\$ 847,380
	2018	\$ 260,096	-	\$ 250,000	\$ 62,067	\$ 572,163
Lawrence Kreider <i>Chief Financial Officer</i>	2019 <sup>(4)</sup>	\$ 190,309	\$ 383,027	-	\$ 40,190	\$ 613,526
	2018	\$ 325,000	\$ 152,836	-	\$ 30,928	\$ 508,764
Jacob Schwimmer <i>Chief Property Management Officer</i>	2019	\$ 218,478	\$ 154,046	\$ 150,000	\$ 29,466	\$ 551,990

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- (1) 2019 annual incentive awards for Messrs. David Bistricher and Kreider were paid in the form of LTIP units on March 26, 2019, and are reflected in the “Stock Awards” column. Mr. David Bistricher’s 2019 annual incentive award was paid in 19,231 LTIP units with a grant date fair value equal to \$256,734. Mr. Kreider’s 2019 annual incentive award was paid in 11,539 LTIP units with a grant date fair value equal to \$154,046; upon his retirement at the end of June 2019, Mr. Kreider received a pro-rated annual incentive award of 5,800 LTIP units with a grant date fair value equal to \$74,936. 2019 long-term equity incentive awards for Messrs. David Bistricher, J.J. Bistricher, Kreider and Schwimmer were paid in the form of LTIP units on March 26, 2019, and are reflected in the “Stock Awards” column, in the following amounts: Mr. David Bistricher – 26,923 LTIP units with a grant date fair value equal to \$359,422; Mr. J.J. Bistricher – 19,231 LTIP units with a grant date fair value equal to \$256,734; Mr. Kreider – 11,539 LTIP units with a grant date fair value equal to \$154,046; and Mr. Schwimmer – 11,539 LTIP units with a grant date fair value equal to \$154,046. 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 3 to the Company’s consolidated financial statements in the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2019. 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) 2019 annual incentive awards for Messrs. J.J. Bistricher and Schwimmer were paid in cash on March 26, 2019, 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 2019 represent the payment of cash distributions on each of March 26, May 29, August 21, and December 3, 2019, with respect to outstanding LTIP units. As of December 31, 2019, Mr. David Bistricher owned 277,636 LTIP units; Mr. J.J. Bistricher owned 182,565 LTIP units; Mr. Kreider owned 114,434 LTIP units; and Mr. Schwimmer owned 80,428 LTIP units.
  - (4) 2019 salary and stock awards figures for Mr. Kreider represent amounts through June 30, 2019, the date of his retirement.

## 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, 2019:

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 Bistricer	46,154(2)	\$ 489,232	-	-
J.J. Bistricer	119,231(3)	\$ 1,263,849	-	-
Jacob Schwimmer	11,539(4)	\$ 122,313	-	-
Lawrence Kreider(5)	-	-	-	-

- (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 31, 2019, of \$10.60 per share.
- (2) Represents the following awards granted on March 26, 2019: (i) 19,231 LTIP units as payment for Mr. Bistricer's 2019 annual incentive bonus, which vested on January 1, 2020, and (ii) 26,923 LTIP units as a long-term equity incentive award, which is scheduled to vest on January 1, 2022, generally subject to continued employment through the vesting date.
- (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 is scheduled to vest on January 1, 2023, and (ii) 19,231 LTIP units as a long-term equity incentive award, granted on March 26, 2019, which is scheduled to vest on January 1, 2022.
- (4) Represents an award of 11,539 LTIP units as a long-term equity incentive award, granted on March 26, 2019, which is scheduled to vest on January 1, 2022, generally subject to continued employment through the vesting date.
- (5) Upon his retirement on June 30, 2019, Mr. Kreider's outstanding, unvested LTIP units were accelerated and vested in full.

## Employment Agreements

On August 3, 2015, we entered into, through our operating partnership, employment agreements with each of our named executive officers at the time. 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, Mr. Kreider served as Chief Financial Officer of the Company through his retirement at the end of June 2019, 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, \$325,000 for Mr. Kreider 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, 46% of annual base salary for Mr. Kreider 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 12, 2020, the Board approved annual base salaries of \$551,250 for Mr. David Bistricher, \$289,406 for Mr. J.J. Bistricher and \$231,525 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 Plan described below). Annual incentive awards for 2019 and 2018 were paid to our named executive officers in March 2019 and 2018, respectively, as follows: Mr. David Bistricher – 19,231 and 27,778 LTIP units with a grant date fair value equal to \$256,734 and \$254,724, respectively; Mr. J.J. Bistricher – cash payments of \$250,000 and \$250,000, respectively; Mr. Kreider – 11,539 and 16,667 LTIP units with a grant date fair value equal to \$154,046 and \$152,836, respectively; and Mr. Schwimmer – cash payments of \$150,000 and \$150,000, respectively. The LTIP units granted to Messrs. David Bistricher and Kreider in 2019 and 2018 vested on January 1, 2020, and January 1, 2019, respectively, and are reflected in the “Stock Awards” column of the “Summary Compensation Table” as 2019 and 2018 compensation, respectively. Mr. J.J. Bistricher and Mr. Schwimmer’s 2019 and 2018 bonuses were paid in cash and are reflected in the “Non-Equity Incentive Plan Compensation” column of the “Summary Compensation Table” as 2019 and 2018 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 (“SARs”), 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 March 26, 2019, we granted long-term equity incentive awards, in the form of LTIP units, to our named executive officers as follows: Mr. David Bistricher – 26,923 LTIP units with a grant date fair value equal to \$359,422; Mr. J.J. Bistricher – 19,231 LTIP units with a grant date fair value equal to \$256,734; and to each of Messrs. Kreider and Schwimmer – 11,539 LTIP units with a grant date fair value equal to \$154,046. The awards are scheduled to vest on January 1, 2022 (with the exception of Mr. Kreider’s award, which vested on June 30, 2019, in connection with his retirement), and are reflected in the “Stock Awards” column of the “Summary Compensation Table” as 2019 compensation.

#### 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 2019. 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			All Other Compensation(2)	Total
	Paid in Cash	Stock Awards(1)			
Sam Levinson	\$ -	\$ 534,521	\$ 65,949	\$ 600,470	
Howard M. Lorber	\$ 95,000	\$ 13,350	\$ 918	\$ 109,268	
Richard N. Burger	\$ 75,000	\$ 13,350	\$ 285	\$ 88,635	
Robert J. Ivanhoe	\$ 75,000	\$ 13,350	\$ 918	\$ 89,268	
Harmon Spolan	\$ 75,000	\$ 13,350	\$ 285	\$ 88,635	
Roberto A. Verrone	\$ 75,000	\$ 13,350	\$ 372	\$ 88,722	

(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 3 to the Company’s consolidated financial statements in the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2019. In 2019, we determined Mr. Levinson’s compensation package would equal \$161,749 and we granted him 12,116 LTIP units for such compensation, of which 3,029 LTIP units vested at the end of each of the four quarters of 2019; in addition, we granted Mr. Levinson a long-term equity incentive award of \$359,422 in the form of 26,923 LTIP units that will vest in 2022, generally subject to his continued service as a director. In 2019, we granted each of our non-employee directors (including Mr. Levinson), additional compensation of \$13,350 in the form of 1,000 LTIP units, of which 250 LTIP units vested at the end of each of the four quarters of 2019. Mr. Levinson held 26,923 unvested LTIP units as of December 31, 2019; none of our other non-employee directors held any unvested LTIP units as of December 31, 2019.

- (2) The amounts in this column represent the payment of cash distributions on each of March 26, May 29, August 21, and December 3, 2019, with respect to outstanding LTIP units. As of December 31, 2019, Mr. Levinson owned 183,559 LTIP units; Messrs. Lorber and Ivanhoe each owned 2,667 LTIP units; Messrs. Burger and Spolan each owned 1,000 LTIP units; and Mr. Verrone owned 750 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 2019, as discussed above, we granted 1,000 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. See Proposal No. 4 – Amendment of 2015 Non-Employee Director Plan, for a summary of the material terms of the 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 23, 2020, 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. The table and related footnotes below do not reflect LTIP units which the Company intends to grant upon shareholder approval of the proposed amendments to the 2015 Omnibus Incentive Plan and 2015 Non-Employee Director Plan included herein; see Proposal No. 3 – Amendment of 2015 Omnibus Incentive Compensation Plan, and Proposal No. 4 – Amendment of 2015 Non-Employee Director Plan.

As of April 23, 2020, there were 17,814,672 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)
<b>5% or Greater Shareholders (other than Executive Officers and Directors)</b>						
Moric Bistricher	-	-	4,278,058	16.3%	4,278,058(2)	9.7%
Eva Schwimmer	-	-	2,731,667	10.4%	2,731,667	6.2%
David Bistricher Trust of 2014(3)	-	-	2,772,500	10.5%	2,772,500	6.3%
Moric Bistricher Trust of 2014(4)	-	-	2,772,500	10.5%	2,772,500	6.3%
FMR LLC(5)	2,671,700	15.0%	-	-	2,671,700	6.1%
Indaba Capital Management, L.P.(6)	1,742,092	9.8%	-	-	1,742,092	3.9%
Signature Global Asset Management(7)	1,116,311	6.3%	-	-	1,116,311	2.5%
Forward Management(8)	972,017	5.5%	-	-	972,017	2.2%
American Financial Group(9)	930,111	5.2%	-	-	930,111	2.1%
Brigade Capital Management (10)	927,377	5.2%	-	-	927,377	2.1%
<b>Executive Officers and Directors</b>						
David Bistricher	917,908	5.1%	4,278,058	16.3%	5,195,966(11)	11.7%
Sam Levinson	1,738,626	9.7%	7,296,279	27.7%	9,034,905(12)	20.4%
Howard M. Lorber	23,370	*	-	-	23,370(13)	*
Robert J. Ivanhoe	3,370	*	-	-	3,370(14)	*
Roberto A. Verrone	3,370	*	-	-	3,370(15)	*
Richard N. Burger	1,703	*	-	-	1,703(16)	*
Harmon S. Spolan	1,703	*	-	-	1,703(17)	*
Jacob Schwimmer	103,889	*	2,188,334	8.3%	2,292,223(18)	5.2%
J.J. Bistricher	63,334	*	-	-	63,334(19)	*
Michael C. Frenz	13,847	*	-	-	13,847(20)	*
All Executive Officers and Directors as a group (10 persons)	2,871,120	15.6%	13,762,671	52.3%	16,633,791	37.2%

\*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 23, 2020, the aggregate number of outstanding shares of common stock and special voting stock was 44,132,068, consisting of 17,814,672 shares of common stock and 26,317,396 shares of special voting stock. In addition, as of April 23, 2020, there were 561,502 vested LTIP units outstanding, plus an additional 12,922 LTIP units scheduled to vest within 60 days.
2. Represents 4,278,058 shares of special voting stock held directly. Excludes (i) 318,262 shares of common stock owned by the Moric Bistricher 2012 Family Trust, for which Mr. David Bistricher is one of two trustees, and (ii) 2,772,500 shares of special voting stock owned by the Moric Bistricher Trust of 2014, for which Marc Bistricher, the grandson of Moric Bistricher, is the sole trustee. Moric Bistricher disclaims beneficial ownership of the shares of common stock and special voting stock owned by the Moric Bistricher 2012 Family Trust and the Moric Bistricher Trust of 2014, respectively.
3. 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 of the shares held by this trust.
4. Marc Bistricher, the sole trustee of the Moric Bistricher Trust of 2014, has sole voting and investment control over all of the shares held by this trust.
5. Based solely on the Schedule 13G/A filed by FMR LLC (“FMR”), the parent holding company of FIAM LLC, Fidelity Institutional Asset Management Trust Company, Fidelity Management & Research Company, and FMR Co., Inc., and Abigail P. Johnson, a predominant owner, director, and the Chairman and Chief Executive Officer of FMR, on February 7, 2020. Represents 2,671,700 shares of common stock. FMR has sole voting power for 718,302 shares and FMR and Ms. Johnson have sole dispositive power for 2,671,700 shares. FMR is a company incorporated under the laws of Delaware and is an investment manager. The address for FMR and Ms. Johnson is 245 Summer Street, Boston, MA, 02210.

6. Based solely on the Schedule 13F-HR filed by Indaba Capital Management, L.P. (“Indaba”) on February 14, 2020. Represents 1,742,092 shares of common stock for which Indaba has sole voting and dispositive power. Indaba is a company incorporated under the laws of Delaware and is an investment manager. The address for Indaba is One Letterman Drive, Building D, Suite DM700, San Francisco, CA, 94129.
7. Based solely on the Schedule 13G/A filed by Signature Global Asset Management (“Signature”), a business unit of CI Investments Inc., on February 13, 2020. Represents 1,116,311 shares of common stock for which Signature has sole voting and dispositive power. Signature is a company incorporated under the laws of the Province of Ontario, Canada and is an investment manager. The address for Signature is 2 Queen St. East, 18<sup>th</sup> Floor, Toronto, ON, M5C 3E7.
8. Based solely on the Schedule 13G/A filed by Forward Management, LLC (“Forward”) and Salient Select Income Fund (“Salient”) on January 9, 2020. Represents 972,017 shares of common stock for which Forward and Salient have sole voting and dispositive power. Forward and Salient are companies incorporated under the laws of Delaware and are investment managers. The address for Forward and Salient is 345 California Street, Suite 1600, San Francisco, CA, 94104.
9. Based solely on the Schedule 13F-HR filed by American Financial Group Inc. (“AFG”) on February 11, 2020. Represents 930,111 shares of common stock for which AFG has sole voting and dispositive power. AFG is a company incorporated under the laws of Delaware and is an investment manager. The address for AFG is 301 E. 4<sup>th</sup> Street, Cincinnati, OH, 45202.
10. Based solely on the Schedule 13G filed by Brigade Capital Management, LP (“Brigade”), Brigade Capital Management GP, LLC (“Brigade Capital Management GP”), Brigade’s sole general partner, and Donald E. Morgan, III, the managing member of Brigade Capital Management GP, on February 7, 2020. Represents 927,377 shares of common stock for which Brigade, Brigade Capital Management GP and Mr. Morgan have shared voting and dispositive power. Brigade is a company incorporated under the laws of Delaware and is an investment advisor, Brigade Capital Management GP is a Delaware limited liability company and Mr. Morgan is a United States citizen. The address for the Brigade reporting persons is 399 Park Avenue, 16<sup>th</sup> Floor, New York, NY, 10022.
11. Represents 4,278,058 shares of special voting stock owned directly, 250,713 vested LTIP units, which are convertible into common stock on a one-for-one basis, 318,262 shares of common stock owned by the Moric Bistricher 2012 Family Trust, for which David Bistricher is one of two trustees, and 348,933 shares of common stock owned by the Moric Bistricher 2016 Family Trust, for which David Bistricher is the sole trustee. Excludes 52,632, 26,923 and 90,000 LTIP units which will vest in 2021, 2022 and 2023, 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. Marc Bistricher, the son of David Bistricher, is the sole trustee of the David Bistricher Trust of 2013 and the David Bistricher Trust of 2014. 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.

12. 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) 166,043 vested LTIP units and LTIP units scheduled to vest within 60 days, which are convertible into common stock on a one-for-one basis, and (v) 54,600 shares of common stock. Sam Levinson has sole voting and investment control over all of the shares held by the entities in (i) through (iii) in the preceding sentence. Excludes 28,221, 26,923 and 90,000 LTIP units which will vest in 2020, 2022 and 2023, 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<sup>th</sup> Floor, New York, New York 10019.
13. Represents 3,370 vested LTIP units and LTIP units scheduled to vest within 60 days, which are convertible into common stock on a one-for-one basis, and 20,000 shares of common stock. Excludes 2,109 LTIP units which will vest in 2020, generally subject to continued service as a director.
14. Represents 3,370 vested LTIP units and LTIP units scheduled to vest within 60 days, which are convertible into common stock on a one-for-one basis. Excludes 2,109 LTIP units which will vest in 2020, generally subject to continued service as a director.
15. Represents 1,453 vested LTIP units and LTIP units scheduled to vest within 60 days, which are convertible into common stock on a one-for-one basis, and 1,917 shares of common stock. Excludes 2,109 LTIP units which will vest in 2020, generally subject to continued service as a director.
16. Represents 1,703 vested LTIP units and LTIP units scheduled to vest within 60 days, which are convertible into common stock on a one-for-one basis. Excludes 2,109 LTIP units which will vest in 2020, generally subject to continued service as a director.
17. Represents 1,703 vested LTIP units and LTIP units scheduled to vest within 60 days, which are convertible into common stock on a one-for-one basis. Excludes 2,109 LTIP units which will vest in 2020, generally subject to continued service as a director.

18. Represents 35,000 shares of common stock, 68,889 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 of the shares held by this trust. Excludes 11,539 and 60,000 LTIP units owned by Mr. Schwimmer which will vest in 2022 and 2023, respectively, generally subject to continued employment through the vesting date.
19. 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 19,231 and 164,000 LTIP units which will vest in 2022 and 2023, respectively, generally subject to continued employment through the vesting date.
20. Represents 13,847 vested LTIP units, which are convertible into common stock on a one-for-one basis. Excludes 35,425 and 10,724 LTIP units which will vest in 2021 and 2023, respectively, 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 2019 and 2018, 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 year ended December 31, 2019, the Company shared office space with Clipper Equity and in connection therewith paid overhead charges related to office expenses to Clipper Equity of approximately \$148,000. During the year ended December 31, 2018, the Company shared office space with Clipper Equity and in connection therewith paid overhead charges related to office expenses to Clipper Equity of approximately \$349,000.

During the year ended December 31, 2019, 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 \$316,000 and Clipper Equity paid approximately \$128,000 for their respective portions of these expenses in 2019.



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 (i) \$421,000 in 2019, for its service as a broker in connection with the May 2019 refinancing of the Company’s loan on its 250 Livingston Street property and the December 2019 loan on its 1010 Pacific Street property, and (ii) \$1,880,000 in 2018, for its service as a broker in connection with the February 2018 refinancings of the Company’s loans at its Flatbush Gardens and Tribeca House properties. 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.

#### **Greenberg Traurig LLP**

Our Board approved the payment of fees totaling approximately \$7,000 in 2019 and \$134,000 in 2018 to Greenberg Traurig LLP (“Greenberg Traurig”) for its legal services in connection with property development and other routine matters. Robert Ivanhoe, a director of the Company, is a partner at Greenberg Traurig. Mr. Ivanhoe did not participate in the Board’s consideration of the matters involving Greenberg Traurig.

#### **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, Moric 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 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 the valuation of our assets based on the December 31, 2019, closing price of our common stock of \$10.60 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 \$355.5 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 the valuation of our assets based on the December 31, 2019, closing price of our common stock of \$10.60 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 \$75.4 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](http://www.proxyvote.com), via telephone at 1-800-579-1639, or via email at [sendmaterial@proxyvote.com](mailto: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**

##### *2021 Annual Meeting Proposals*

Shareholders who wish to have proposals considered for inclusion in the proxy statement and form of proxy for our 2021 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 December 30, 2020. 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 December 30, 2020, and no earlier than November 30, 2020, in order for director nominations and/or other matters to be eligible to be presented at the 2021 annual meeting of shareholders.

#### **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.

FIRST AMENDMENT TO  
CLIPPER REALTY INC.  
2015 OMNIBUS INCENTIVE COMPENSATION PLAN

THIS FIRST AMENDMENT TO THE CLIPPER REALTY INC. 2015 OMNIBUS INCENTIVE COMPENSATION PLAN (this "Amendment"), dated as of [ ], 2020, is made with reference to that certain Clipper Realty Inc. 2015 Omnibus Incentive Compensation Plan adopted by the Board on August 3, 2015, and approved by the stockholders of Clipper Realty Inc. (the "Company") on August 3, 2015 (the "2015 Omnibus Plan"). Capitalized terms used herein that are not otherwise defined shall have the meanings set forth in the 2015 Omnibus Plan.

**RECITALS**

**WHEREAS**, pursuant to Section 1.6.1 of the 2015 Omnibus Plan, the total number of Shares that may be granted under the 2015 Omnibus Plan is 1,000,000;

**WHEREAS**, the Company desires to amend the 2015 Omnibus Plan to increase the number of Shares that may be granted under the 2015 Omnibus Plan to 2,000,000 as more fully set forth in this Amendment;

**WHEREAS**, pursuant to Section 3.1.1 of the 2015 Omnibus Plan, the Board (as defined in the 2015 Omnibus Plan) may, subject to certain limitations set forth in the 2015 Omnibus Plan, at any time and from time to time suspend, discontinue, revise or amend the Plan in any respect whatsoever; and

**WHEREAS**, the Board has determined that it is in the best interests of the Company and its stockholders to approve the Amendment.

**NOW, THEREFORE**, the 2015 Omnibus Plan is hereby amended as follows:

**AGREEMENT**

1. The first sentence of Section 1.6.1 of the 2015 Omnibus Plan is hereby amended and restated in its entirety to read as follows:

"Subject to the other provisions of this Section 1.6, the total number of Shares that may be granted under the Plan will be 2,000,000 (the "Share Limit")."

2. As of the date hereof each reference in the 2015 Omnibus Plan to "this Plan", "hereunder", "hereof", "herein" or words of like import referring to the 2015 Omnibus Plan, shall mean and be a reference to the 2015 Omnibus Plan as amended by this Amendment.

3. In all other respects, the 2015 Omnibus Plan is hereby ratified and confirmed and shall remain in full force and effect.

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**IN WITNESS WHEREOF**, the Board of Directors of the Company has caused this First Amendment to the Clipper Realty Inc. 2015 Omnibus Incentive Compensation Plan to be executed by a duly authorized officer of the Company as of [            ], 2020.

By: \_\_\_\_\_  
[Name]  
[Title]

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FIRST AMENDMENT TO  
CLIPPER REALTY INC.  
2015 NON-EMPLOYEE DIRECTOR PLAN

THIS FIRST AMENDMENT TO THE CLIPPER REALTY INC. 2015 NON-EMPLOYEE DIRECTOR PLAN (this "Amendment"), dated as of [ ], 2020, is made with reference to that certain Clipper Realty Inc. 2015 Non-Employee Director Plan adopted by the Board on August 3, 2015, and approved by the stockholders of Clipper Realty Inc. (the "Company") on August 3, 2015 (the "2015 Non-Employee Director Plan"). Capitalized terms used herein that are not otherwise defined shall have the meanings set forth in the 2015 Non-Employee Director Plan.

**RECITALS**

**WHEREAS**, pursuant to Section 1.6.1 of the 2015 Non-Employee Director Plan, the total number of Shares that may be granted under the 2015 Non-Employee Director Plan is 350,000;

**WHEREAS**, the Company desires to amend the 2015 Non-Employee Director Plan to increase the number of Shares that may be granted under the 2015 Non-Employee Director Plan to 700,000 as more fully set forth in this Amendment;

**WHEREAS**, pursuant to Section 3.1.1 of the 2015 Non-Employee Director Plan, the Board (as defined in the 2015 Non-Employee Director Plan) may, subject to certain limitations set forth in the 2015 Non-Employee Director Plan, at any time and from time to time suspend, discontinue, revise or amend the Plan in any respect whatsoever; and

**WHEREAS**, the Board has determined that it is in the best interests of the Company and its stockholders to approve the Amendment.

**NOW, THEREFORE**, the 2015 Non-Employee Director Plan is hereby amended as follows:

**AGREEMENT**

1. The first sentence of Section 1.6.1 of the 2015 Non-Employee Director Plan is hereby amended and restated in its entirety to read as follows:

"Subject to the other provisions of this Section 1.6, the total number of Shares that may be granted under the Plan will be 700,000 (the "Share Limit")."

2. As of the date hereof each reference in the 2015 Non-Employee Director Plan to "this Plan", "hereunder", "hereof", "herein" or words of like import referring to the 2015 Non-Employee Director Plan, shall mean and be a reference to the 2015 Non-Employee Director Plan as amended by this Amendment.

3. In all other respects, the 2015 Non-Employee Director Plan is hereby ratified and confirmed and shall remain in full force and effect.

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**IN WITNESS WHEREOF**, the Board of Directors of the Company has caused this First Amendment to the Clipper Realty Inc. 2015 Non-Employee Director Plan to be executed by a duly authorized officer of the Company as of [ ], 2020.

By: \_\_\_\_\_  
[Name]  
[Title]

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CLIPPER REALTY INC.  
4611 TWELFTH AVENUE, SUITE 1L  
BROOKLYN, NY 11219

**VOTE BY INTERNET - www.proxyvote.com**

Use the Internet to transmit your voting instructions and for electronic delivery of information. Vote by 11:59 P.M. ET on 06/17/2020. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

**VOTE BY PHONE - 1-800-690-6903**

Use any touch-tone telephone to transmit your voting instructions. Vote by 11:59 P.M. ET on 06/17/2020. Have your proxy card in hand when you call and then follow the instructions.

**VOTE BY MAIL**

Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS:

KEEP THIS PORTION FOR YOUR RECORDS  
DETACH AND RETURN THIS PORTION ONLY

THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.

<p>The Board of Directors recommends you vote FOR the following:</p> <p>1. Election of Directors</p> <p><b>Nominees</b></p> <table border="0"> <tr> <td>01 David Bistricher</td> <td>02 Sam Levinson</td> <td>03 Howard M. Lorber</td> <td>04 Robert J. Ivanhoe</td> <td>05 Roberto A. Verrone</td> </tr> <tr> <td>06 Hannon S. Spolan</td> <td>07 Richard N. Burger</td> <td></td> <td></td> <td></td> </tr> </table> <p>The Board of Directors recommends you vote FOR proposals 2, 3 and 4.</p> <p>2. The ratification of the appointment of BDO USA, LLP, as our independent registered public accounting firm for the fiscal year ending December 31, 2020.</p> <p>3. The approval of an amendment of the Company's 2015 Omnibus Incentive Compensation Plan to increase the number of shares of the Company's common stock issuable under the plan.</p> <p>4. The approval of an amendment of the Company's 2015 Non-Employee Director Plan to increase the number of shares of the Company's common stock issuable under the plan.</p> <p><b>NOTE:</b> In their discretion, the proxies are authorized to vote on such other business as may properly come before the meeting or any adjournments thereof.</p> <p>Please sign exactly as your name(s) appear(s) hereon. When signing as attorney, executor, administrator, or other fiduciary, please give full title as such. Joint owners should each sign personally. All holders must sign. If a corporation or partnership, please sign in full corporate or partnership name, by authorized officer.</p>	01 David Bistricher	02 Sam Levinson	03 Howard M. Lorber	04 Robert J. Ivanhoe	05 Roberto A. Verrone	06 Hannon S. Spolan	07 Richard N. Burger				<table border="0"> <tr> <td style="text-align: center;"><b>For All</b></td> <td style="text-align: center;"><b>Withhold All</b></td> <td style="text-align: center;"><b>For All Except</b></td> <td style="text-align: center;">To withhold authority to vote for any individual nominee(s), mark "For All Except" and write the number(s) of the nominee(s) on the line below.</td> </tr> <tr> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;">_____</td> </tr> </table> <table border="0"> <tr> <td></td> <td style="text-align: center;"><b>For</b></td> <td style="text-align: center;"><b>Against</b></td> <td style="text-align: center;"><b>Abstain</b></td> </tr> <tr> <td></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> <tr> <td></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> <tr> <td></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> </table>	<b>For All</b>	<b>Withhold All</b>	<b>For All Except</b>	To withhold authority to vote for any individual nominee(s), mark "For All Except" and write the number(s) of the nominee(s) on the line below.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____		<b>For</b>	<b>Against</b>	<b>Abstain</b>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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Signature [PLEASE SIGN WITHIN BOX]	Date
Signature (Joint Owners)	Date

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Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting: The Proxy Statement and Form 10-K are available at [www.proxyvote.com](http://www.proxyvote.com)

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**CLIPPER REALTY INC.**  
**Annual Meeting of Shareholders**  
**June 18, 2020**  
**This proxy is solicited by the Board of Directors**

The shareholders hereby appoint David Bistricher and Sam Levinson, or either of them, as proxies (the "proxies"), each with the power to appoint his substitute, and hereby authorizes them to represent and to vote, as designated on the reverse side of this ballot, all of the shares of Common Stock of Clipper Realty Inc. that the shareholders are entitled to vote at the Annual Meeting of Shareholders to be held at 11:00 a.m. Eastern Time on June 18, 2020, at the offices of Clipper Realty Inc. at 4611 Twelfth Avenue, Suite 1L, Brooklyn, New York, 11219, and any adjournment or postponement thereof.

**This proxy, when properly executed, will be voted in the manner directed herein. If no such direction is made, this proxy will be voted in accordance with the Board of Directors' recommendations.**

**Continued and to be signed on reverse side**

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