

## Risk Factors Comparison 2025-02-14 to 2024-03-14 Form: 10-K

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Set forth below are certain risk factors that could harm our business, results of operations and financial condition. You should carefully read the following risk factors, together with the financial statements, related notes and other information contained in this Annual Report on Form 10- K. Our business, financial condition and operating results may suffer if any of the following risks are realized. If any of these risks or uncertainties occur, the trading price of our common stock could decline and you might lose all or part of your investment. This Annual Report on Form 10- K contains forward- looking statements that involve risks see" Cautionary Note Concerning Forward- Looking Statements." Risks Related to Real Estate **We depend on two commercial leases with certain agencies of the City of New York (NYC), as a single government tenant in our office buildings, with one lease terminating effective August 23, 2025 and the other lease expiring on December 27, 2025. Our inability to replace NYC as a tenant at rent rates comparable to the rates in the lease that terminates in August 2025 or to negotiate a five- year extension of the lease expiring in December 2025 could cause a material adverse effect on us, including our financial condition, results of operations and cash flow. Our rental revenue depends on entering into leases with and collecting rents from tenants. As of December 31, 2024, Kings County Court, the Human Resources Administration, and the Department of Environmental Protection, all of which are agencies of the City of New York, leased an aggregate of 548, 580 rentable square feet of commercial space at our commercial office properties at 141 Livingston Street and 250 Livingston Street, the rents from which represented approximately 22 % of our total revenues for the year- ended December 31, 2024. We are also subject to covenants covering these leases in our loan agreements related to our commercial office properties located at 250 Livingston Street and 141 Livingston Street. Breaches of these covenants could result in defaults under the loan agreements. As of February 23, 2024, The City of New York, a municipal corporation acting through the Department of Citywide Administrative Services (" NYC "), notified us of its intention to terminate its lease at 250 Livingston Street effective August 23, 2025. The lease generally provides for rent payments in the amount of \$ 15. 4 million per annum. We may be unable to replace NYC as a tenant or unable to replace it with other commercial tenants at comparable rent rates, may incur substantial costs to improve the vacated space or may have to offer significant inducements to fill the space, all of which may have an adverse effect on our financial condition, results of operations and cash flow. In connection with the termination of the 250 Livingston Street lease, pursuant to the terms of the loan agreement related to \$ 125 million building mortgage, we have established a cash management account for the benefit of the lender, into which we will be obligated to deposit all revenue generated by the building at 250 Livingston Street. All amounts remaining in such cash management account after the lender' s allocations set forth in the loan agreement will be disbursed to us once the tenant cure conditions are satisfied under the loan agreement. As of February 14, 2025, we are required to deposit into such cash management account approximately \$ 5. 7 million upon demand by the lender. If we are unable to replace the NYC lease at comparable rents, we may not be able to cure the conditions listed in the loan agreement. If the excess cash is not released to us, it could impact our available cash to fund corporate operations and pay dividends and distributions to our stockholders. On January 2, 2025, we were notified that the loan servicing of the loan related to the 250 Livingston Street property was transferred, at our request, to LNR Partners (" LNR ") to serve as special servicer in order for us to engage in negotiations on a modification of our loan. On January 6, 2025, we and LNR signed a Pre- Negotiation Letter Agreement to discuss our request for a reduction in the loan. These negotiations continue and there can be no guarantee that they will conclude with an agreement. The 141 Livingston Street lease expires on December 27, 2025, and if NYC were to decide not to renew or extend such lease on its stated termination date, pursuant to the terms of the lease, we would be at risk of not being able to replace NYC as a tenant, leasing the space below the current rates, incurring costs to improve the space or offer other inducements to fill the space, all of which may have an adverse effect on our financial condition, results of operations and cash flow. We and NYC are in the process of negotiating the terms of a five- year extension of the current lease upon its expiration in December 2025. There can be no assurance that the negotiations will conclude with an agreement. Our subsidiary, 141 Livingston Owner LLC (the " Borrower ") and Citi Real Estate Funding Inc. entered into the loan agreement related to a \$ 100 million loan. The loan is evidenced by promissory mortgage notes and secured by the 141 Livingston Street property. We and our Operating Partnership subsidiary serve as limited guarantors of certain obligations under the loan, including those related to the reserve monthly deposit discussed below. If we are not able to extend or replace the NYC lease at our 141 Livingston Street property for a minimum of a five- year term, we will be required to either fund a reserve account in the amount of \$ 10 million payable in equal monthly payments over the 18 months after lease expiration or deliver to the lender a letter of credit in the amount of \$ 10 million On October 28, 2024, we received notice that, as of October 7, 2024, the servicing of the mortgage notes was transferred to a special servicer (the " Special Servicer ") due to our alleged failure to make certain required payments under the loan agreement, including, but not limited to, the reserve deposit starting on July 7, 2024. The Special Servicer demanded that we pay (i) \$ 2. 2 million of reserve payments into a reserve account immediately (for July- October 2024) and continued monthly payments of \$ 555, 555 for an additional 14 months, (ii) \$ 1. 2 million of default interest and late charges through October 7, 2024, and (iii) an additional \$ 10, 417 per diem interest for each day thereafter. On November 11, 2024, the Special Servicer notified the Borrower that, due to its alleged event of default under the Loan Agreement, as a result of the failure to make the payments described above, the mortgage notes have been accelerated, and all amounts under the**

loan agreement were due and payable. Such amounts include, but are not limited to, \$ 100. 0 million principal amount of the mortgage notes, approximately \$ 5. 0 million of default yield maintenance premium, \$ 10. 0 million aggregate reserve deposit, and the above- described penalty default interest and penalties. We believe that (i) we have made timely payments under the loan agreement, (ii) the servicer and the Special Servicer have misinterpreted the terms of the loan agreement requiring monthly reserve payments beginning on July 7, 2024, (iii) we have no current obligation to make such reserve payments under the loan agreement and (iv) we should not be obligated to pay the default interest and late charges. We and the Special Servicer have entered into a pre- negotiation agreement and as such are engaged in good faith discussions regarding the terms of the loan agreement related to the monthly reserve deposit, among other matters. However, if we are unable to resolve this matter in a manner favorable to us, the lender may also seek to exercise any of its other rights or remedies under the loan agreement. On December 18, 2024, we received notice from the Special Servicer that due to its allegation that Clipper Realty (the “ Guarantor ”) did not maintain a net worth of not less than \$ 100 million as of December 31, 2022 and 2023, respectively, as required under the loan agreement, we are in default on the loan. We replied to the Special Servicer disputing such calculation and alleging that the Special Servicer did not calculate net worth in a reasonable manner. We provided the Special Servicer with our own calculation of net worth that shows a net worth in excess of the required amount. We await a response from the Special Servicer. On January 21, 2025, we received notice from the Special Servicer alleging that certain elements of our insurance on the building at 141 Livingston Street are not in compliance with the loan agreement requirements, including, but not limited to, due to a deductible in excess of what is permitted under the terms of the loan agreement and the use of an insurance carrier with a rating agency rating below that which is permitted under the terms of the loan agreement.

Unfavorable market and economic conditions in the United States and globally and in the specific markets or submarkets where our properties are located could adversely affect occupancy levels, rental rates, rent collections, operating expenses, and the overall market value of our assets, impair our ability to sell, recapitalize or refinance our assets and have an adverse effect on our results of operations, financial condition, cash flow and our ability to make distributions to our stockholders. Unfavorable market conditions in the areas in which we operate and unfavorable economic conditions in the United States and / or globally may significantly affect our occupancy levels, rental rates, rent collections, operating expenses, the market value of our assets and our ability to strategically acquire, dispose, recapitalize or refinance our properties on economically favorable terms or at all. Our ability to lease our properties at favorable rates may be adversely affected by increases in supply of commercial, retail and / or residential space in our markets and is dependent upon overall economic conditions, which are adversely affected by, among other things, job losses and increased unemployment levels, recession, stock market volatility and uncertainty about the future. Some of our major expenses, including mortgage payments and real estate taxes, generally do not decline when related rents decline. We expect that any declines in our occupancy levels, rental revenues and / or the values of our buildings would cause us to have less cash available to pay our indebtedness, fund necessary capital expenditures and to make distributions to our stockholders, which could negatively affect our financial condition and the market value of our common stock. Our business may be affected by volatility and illiquidity in the financial and credit markets, a general global economic recession and other market or economic challenges experienced by the real estate industry or the U. S. economy as a whole. Our business may also be adversely affected by local economic conditions, as all of our revenue is currently derived from properties located in New York City, with our entire portfolio located in Manhattan and Brooklyn. Factors that may affect our occupancy levels, our rental revenues, our income from operations, our funds from operations (“ FFO ”), our adjusted funds from operations (“ AFFO ”), our adjusted earnings before interest, income tax, depreciation and amortization (“ Adjusted EBITDA ”), our net operating income (“ NOI ”), our cash flow and / or the value of our properties include the following, among others: • downturns in global, national, regional and local economic and demographic conditions; • the Housing Stability and Tenant Protection Act of 2019, which was signed into law in New York in June 2019, as well as other rent control or stabilization laws, or other laws regulating rental housing, which could prevent us from raising rents to offset increases in operating costs; • declines in the financial condition of our tenants, which may result in tenant defaults under leases due to bankruptcy, lack of liquidity, operational failures or other reasons, and declines in the financial condition of buyers and sellers of properties; • declines in local, state and / or federal government budgets and / or increases in local, state and / or federal government budget deficits, which among other things could have an adverse effect on the financial condition of our only office tenant, the agencies of the City of New York, and may result in tenant defaults under leases and / or cause such tenant to seek alternative office space arrangements; • the inability or unwillingness of our tenants to pay rent increases, or our inability to collect rents and other amounts due from our tenants; • significant job losses in the industries in which our commercial and / or retail tenants operate, and / or from which our residential tenants derive their incomes, which may decrease demand for our commercial, retail and / or residential space, causing market rental rates and property values to be affected negatively; • an oversupply of, or a reduced demand for, commercial and / or retail space and / or apartment homes; • declines in household formation; • unfavorable residential mortgage rates; • changes in market rental rates in our markets and / or the attractiveness of our properties to tenants, particularly as our buildings continue to age, and our ability to fund repair and maintenance costs; • competition from other available commercial and / or retail lessors and other available apartments and housing alternatives, and from other real estate investors with significant capital, such as other real estate operating companies, other REITs and institutional investment funds; • economic conditions that could cause an increase in our operating expenses, such as increases in property taxes (particularly as a result of increased local, state and national government budget deficits and debt and potentially reduced federal aid to state and local governments), utilities, insurance, compensation of on- site personnel and routine maintenance; • opposition from local community or political groups with respect to the development and / or operations at a property; • investigation, removal or remediation of hazardous materials or toxic substances at a property; • changes in, and changes in enforcement of, laws, regulations and governmental policies, including without limitation, health, safety, environmental and zoning laws; and •

changes in rental housing subsidies provided by the government and / or other government programs that favor single- family rental housing or owner- occupied housing over multifamily rental housing. Multifamily residential properties are subject to rent stabilization regulations, which limit our ability to raise rents above specified maximum amounts and could give rise to claims by tenants that their rents exceed such specified maximum amounts. Numerous municipalities, including New York City where our multi- family residential properties are located, impose rent control or rent stabilization on apartment buildings. The rent stabilization regulations applicable to our multifamily residential properties set maximum rates for annual rent increases, entitle our tenants to receive required services from us and entitle our tenants to have their leases renewed. On June 14, 2019, the Housing Stability and Tenant Protection Act of 2019 was signed into law in New York State. The legislation affects rent-stabilized apartments in New York City. Provisions of the law make it extremely difficult for apartments to exit rent regulation, repeal vacancy decontrol and high- income deregulation, repeal vacancy and longevity bonuses, establish a preferential rent as the base rent at lease renewal, and reduce / limit rent increases associated with major capital improvements and individual apartment improvements. The new law took effect immediately, is permanent and reduces the Company’ s ability to raise rents on its rent- stabilized units. The legislation generally limits a landlord’ s ability to increase rents on rent- regulated apartments and makes it more difficult to convert rent- regulated apartments to market- rate apartments. As a result, the value of our portfolio may be impaired and our stock price may decline. In addition, we are subject to claims from tenants that the rent charged by us exceeds the amount permitted by rent stabilization. Although we believe that all of our rents are compliant with applicable rent stabilization regulation, tenants have in the past made claims that their rents exceed the maximum rent that could be charged under rent stabilization. These claims include claims that the annual increases in the maximum rent have in the past been inapplicable as a result of a failure to provide essential services by us or the prior owners. The number of these claims may increase as our rents approach the maximum rent that could be charged under rent stabilization. Tenants could also claim that our determination that luxury deregulation was applicable to their apartment was incorrect and seek a reduction in rent and / or return of rents paid in excess of the maximum legal rent. Finally, a tenant in an apartment eligible for tax benefits, such as Section 421- g of the Real Property Tax Law, could claim that rent stabilization applies to the tenant’ s apartment while those tax benefits are available, even if the apartment is eligible for luxury deregulation. For example, in 2016 and later, certain present and former tenants of apartment units at our Tribeca House properties brought an action against the Company alleging that they were subject to applicable rent stabilization laws. For more information regarding these claims, see “ Legal Proceedings. ” The application of rent stabilization to apartments in our multifamily residential properties limits the amount of rent we are able to collect, which may have a material adverse effect on our cash flows and our ability to fully take advantage of the investments that we are making in our properties.

**On April 20, 2024, New York eviction laws were updated to enact the Good Cause Eviction Law (Good Cause), which dramatically impacts the rights and obligations of landlords and tenants in New York by limiting evictions, requiring lease renewals, and capping rent increases for most market rate apartments in New York City, and potentially, other villages, towns, or cities state- wide. Good Cause is effective immediately and will apply to all new leases and renewal leases, unless exempted, in New York City and to any other villages, towns, or cities that chose to opt- in to the law. Under Good Cause, unless an exemption applies, landlords are now subject to various limitations on seeking to remove a tenant from a residential unit, unless there is good cause to do so. The law listed what is considered Good Cause, including rent that is not unreasonable. This law generally restricts the amount the landlord can increase rents.** All of our properties are located in New York City, and adverse economic or regulatory developments in New York City or parts thereof, including the boroughs of Brooklyn and Manhattan, could negatively affect our results of operations, financial condition, cash flow, and ability to make distributions to our stockholders. All of our properties are located in New York City, with all of our current portfolio being in the boroughs of Manhattan and Brooklyn. As a result, our business is dependent on the condition of the economy in New York City and the views of potential tenants regarding living and working in New York City, which may expose us to greater economic risks than if we owned a more geographically diverse portfolio. We are susceptible to adverse developments in New York City, such as business layoffs or downsizing, industry slowdowns, relocations of businesses, terror attacks, increases in real estate and other taxes, increases in costs of complying with governmental regulations and / or increased regulation such as the Housing Stability and Tenant Protection Act of 2019, which was signed into law in New York in June 2019 **and the so- called Good Cause Eviction law that was signed into law in New York in April of 2024**. Such adverse developments could materially reduce the value of our real estate portfolio and our rental revenues, and thus adversely affect our ability to meet our debt obligations and to make distributions to our stockholders.

**Our portfolio’ s revenue is currently generated from eight properties. As of December 31, 2024, our portfolio consisted of nine properties, eight of which generated revenues in 2024 – the Tribeca House properties, the Flatbush Gardens complex, the 141 Livingston Street property, the 250 Livingston Street property, the Aspen property, the 10 West 65th Street property, the Clover House property and the 1010 Pacific Street property, which accounted for 28. 2 %, 31. 3 %, 11. 1 %, 12. 1 %, 4. 8 %, 2. 7 %, 5. 5 % and 4. 3 %, respectively, of our portfolio’ s total revenue for the year ended December 31, 2024. Our results of operations and cash available for distribution to our stockholders would be adversely affected if any of these properties were materially damaged or destroyed. We may be unable to renew leases or lease currently vacant space or vacating space on favorable terms or at all as leases expire or terminate, which could adversely affect our financial condition, results of operations and cash flow. As of December 31, 2024, we had approximately 65, 696 rentable square feet of vacant residential space (excluding leases signed but not yet commenced) at our operating properties, and leases representing approximately 69 % of the square footage of residential space at the operating properties will expire during the year ending December 31, 2025 (including month- to- month leases). As of December 31, 2024, we had no vacant commercial space, and approximately 13, 000 rentable square feet of vacant retail space. We cannot assure you that expiring leases will be renewed or tenants will not exercise any early termination options or that our properties will be re- leased at net effective rental rates equal to or above the**

current average net effective rental rates As of February 23, 2024, NYC notified us of its intention to terminate its lease at 250 Livingston Street effective August 23, 2025. As of that date, 342, 496 of rentable square feet of commercial space will be available. Additionally, the 206, 084 square foot lease with the City of New York at 141 Livingston Street property will expire at December 27, 2025. We and the NYC are negotiating the terms of a five- year extension of the current lease. There can be no assurance that the negotiations will conclude with an agreement. If the rental rates for our commercial and / or residential space decrease, our existing commercial tenants do not renew their leases or exercise early termination options or we do not re- lease a significant portion of our available and soon- to- be- available commercial and / or residential space, our financial condition, results of operations, cash flow, the market value of our common stock and our ability to satisfy our debt obligations and to make distributions to our stockholders would be adversely affected. The actual rents we receive for the properties in our portfolio may be less than market rents, and we may experience a decline in realized rental rates, which could adversely affect our financial condition, results of operations and cash flow. Short- term leases with respect to our residential tenants expose us to the effects of declining market rents. As a result of potential factors, including competitive pricing pressure in our markets, a general economic downturn and the desirability of our properties compared to other properties in our markets, we may be unable to realize market rents across the properties in our portfolio. In addition, depending on market rental rates at any given time as compared to expiring or terminating leases in our portfolio, from time- to- time rental rates for expiring or terminating leases may be higher than starting rental rates for new leases. A majority of our apartment leases are for a term of one year. Because these leases generally permit the residents to leave at the end of the lease term without penalty, our rental revenues for residential space in our properties are affected by declines in market rents more quickly than if those leases were for longer terms. If we are unable to obtain sufficient rental rates across our portfolio, then our ability to generate cash flow growth will be negatively affected. We engage in development and redevelopment activities, which could expose us to different risks that could adversely affect us, including our financial condition, cash flow and results of operations. We engage in development and redevelopment activities with respect to our properties as we believe market conditions dictate. For example, in 2023 we completed the development of the 1010 Pacific Street property and plan to develop the Dean Street property as fully amenitized residential rental buildings. We are also reviewing the regulatory, architectural and financial considerations regarding a residential square footage expansion at Flatbush Gardens; such further development would require significant capital investment. If we engage in these activities, we will be subject to certain risks, which could adversely affect us, including our financial condition, cash flow and results of operations. These risks include, without limitation: • the availability and pricing of financing on favorable terms or at all; • the availability and timely receipt of zoning and other regulatory approvals; • the potential for the fluctuation of occupancy rates and rents at development and redeveloped properties, which may result in our investment not being profitable; • startup, development and redevelopment costs may be higher than anticipated; • cost overruns and untimely completion of construction (including risks beyond our control, such as weather or labor conditions or material shortages); and • changes in the pricing and availability of buyers and sellers of such properties. These risks could result in substantial unanticipated delays or expenses and could prevent the initiation or the completion of development and redevelopment activities, any of which could have an adverse effect on our financial condition, results of operations, cash flow, the market value of our common stock and our ability to satisfy our debt obligations and to make distributions to our stockholders. We have in the past and we may be required to make rent or other concessions and / or significant capital expenditures to improve our properties to retain and attract tenants, generate positive cash flows or to make real estate properties suitable for sale, which could adversely affect us, including our financial condition, results of operations and cash flow. In the event that there are adverse economic conditions in the real estate market and demand for commercial, retail and / or residential space decreases with respect to our current vacant space and as leases at our properties expire or terminate, we may be required to increase tenant improvement allowances or concessions to tenants, accommodate increased requests for renovations, build- to- suit remodeling (with respect to our commercial and retail space) and other improvements or provide additional services to our tenants, all of which could negatively affect our cash flow. If the necessary capital is unavailable, we may be unable to make these potentially significant capital expenditures. This could result in non- renewals by tenants upon expiration or early termination of their leases and our vacant space remaining untenanted, which could adversely affect our financial condition, results of operations, cash flow and the market value of our common stock. Our dependence on rental revenue may adversely affect us, including our profitability, our ability to meet our debt obligations and our ability to make distributions to our stockholders. Our income is derived from rental revenue from real property. As a result, our performance depends on our ability to collect rent from tenants. Our income and funds for distribution would be adversely affected if a significant number of our tenants, or any of our major tenants: • delay lease commencements; • decline to extend or renew leases upon expiration or exercise rights of early termination; • fail to make rental payments when due; or • declare bankruptcy. Any of these actions could result in the termination of such tenants' leases with us and the loss of rental revenue attributable to the terminated leases. In these events, we cannot assure you that such tenants will renew those leases or not exercise early termination options or that we will be able to re- lease spaces on economically advantageous terms or at all. For example, the City of New York has advised us that it will vacate the 250 Livingston Street property in August 2025. The loss of rental revenues from our tenants and our inability to replace such tenants may adversely affect us, including our profitability, our ability to meet our debt and other financial obligations and our ability to make distributions to our stockholders. Reimbursements from government agencies under the Article 11 Agreement might be lower than expected and costs to implement the mandatory capital improvements might be higher than expected. On June 29, 2023, our Flatbush Gardens property entered into a 40- year regulatory agreement under Article 11 of the Private Housing

Finance Law with the New York City Department of Housing Preservation and Development (the "Article 11 Agreement"). The Article 11 Agreement made us eligible for incremental assistance payments under section 610 of the Private Housing Financing Law for tenants receiving governmental rental assistance ("Section 610 Benefits"). Section 610 Benefits are provided under current New York State Law and are subject to change via legislation or regulation. In addition, the number of eligible tenants may be reduced if they no longer receive governmental rental assistance. costs. Under the Article 11 Agreement, we also entered into a Housing Repair and Maintenance Letter Agreement ("HRMLA") in which we agreed to perform certain capital improvements to Flatbush Gardens over the next three years. The current estimate is that the costs of that work will be an amount up to \$ 27 million. Although we expect those costs to be offset by the savings provided under the Article 11 Agreement by property tax exemption and enhanced payments for tenants receiving government assistance, these costs are subject to market costs for construction materials and labor and may increase beyond current expectations. Real estate investments are relatively illiquid and may limit our flexibility. Equity real estate investments are relatively illiquid, which may tend to limit our ability to react promptly to changes in economic or other market conditions. Our ability to dispose of assets in the future will depend on prevailing economic and market conditions. Our inability to sell our properties on favorable terms or at all could have an adverse effect on our sources of working capital and our ability to satisfy our debt obligations. In addition, real estate can at times be difficult to sell quickly at prices we find acceptable. The Internal Revenue Code, as amended (the "Code"), also imposes restrictions on REITs, which are not applicable to other types of real estate companies, regarding the disposal of properties. These potential difficulties in selling real estate in our markets may limit our ability to change, or reduce our exposure to, the properties in our portfolio promptly in response to changes in economic or other conditions. Competition could limit our ability to acquire attractive investment opportunities and increase the costs of those opportunities, which may adversely affect us, including our profitability, and impede our growth. We compete with numerous commercial developers, real estate companies and other owners and operators of real estate for properties for acquisition and pursuing buyers for dispositions. We expect that other real estate investors, including insurance companies, private equity funds, sovereign wealth funds, pension funds, other REITs and other well- capitalized investors, will compete with us to acquire existing properties and to develop new properties. Our markets are each generally characterized by high barriers- to- entry to construction and limited land on which to build new commercial, retail and residential space, which contribute to the competition we face to acquire existing properties and to develop new properties in these markets. This competition could increase prices for properties of the type we may pursue and adversely affect our profitability and impede our growth. Competition may impede our ability to attract or ~~retain~~ ~~agencies~~ tenants or re- lease space, which could adversely affect our results of operations and cash flow. The leasing of real estate in our markets is highly competitive. The principal means of competition are rents charged, location, services provided and the nature and condition of the premises to be leased. The number of competitive properties in our markets, which may be newer or better located than our properties, could have an adverse effect on our ability to lease space at our properties and on the effective rents that we are able to charge. If ~~the other~~ ~~City~~ lessors and developers of similar spaces in our markets offer leases at prices comparable to or less than the prices we offer, we may be unable to attract or retain tenants or re- lease space in our properties, which could adversely affect our results of operations and cash flow. We are subject to potential losses that are either uninsurable, not economically insurable or that are in excess of our insurance coverage. Our properties are located in areas that could be subject to, among other things, flood and windstorm losses. Insurance coverage for flood and windstorms can be costly because of limited industry capacity. As a result, we may experience shortages in desired coverage levels if market conditions are such that insurance is not available or the cost of insurance makes it, in our belief, economically impractical to maintain such coverage. In addition, our properties may be subject to a heightened risk of terrorist attacks. We carry commercial general liability insurance, property insurance and terrorism insurance with respect to our properties with limits and on terms we consider commercially reasonable. We cannot assure you, however, that our insurance coverage will be sufficient or that any uninsured loss or liability will not have an adverse effect on our business and our financial condition and results of operations. We are subject to risks from natural disasters such as severe weather. Natural disasters and severe weather such as hurricanes or floods may result in significant damage to our properties. The extent of our casualty losses and loss in operating income in connection with such events is a function of the severity of the event and the total amount of exposure in the affected area. With our geographic concentration of exposures, a single catastrophe or destructive weather event (such as a hurricane) affecting New York ~~as~~ City may have a single government tenant in significant negative effect on our financial condition, results of operations and cash flows. As a result, our operating and financial results may vary significantly from one period to the next. Our financial results may be adversely affected by our exposure to losses arising from natural disasters ~~our~~ or ~~office~~ severe weather. We also are exposed to risks associated with inclement winter weather, including increased need for maintenance and repair of our buildings. Actual or threatened terrorist attacks may adversely affect our ability to generate revenues and the value of our properties. All of our properties are located in New York City, which has been and may in the future be the target of actual or threatened terrorist attacks. As a result, some tenants in these markets may choose to relocate their businesses or homes to other markets or buildings within New York City that may be perceived to be less likely to be affected by future terrorist activity. This could result in an overall decrease in the demand for commercial, retail and / or residential space in these markets generally or in our properties in particular, which could increase vacancies in our properties or necessitate that we lease our properties on less favorable terms, or both. In addition, future terrorist attacks in these markets could directly or indirectly damage our properties, both physically and financially, or cause losses that materially exceed our insurance coverage. As a result of the foregoing, our ability to generate revenues and the value of

our properties could decline materially. We may become subject to liability relating to environmental and health and safety matters, which could have an adverse effect on us, including our financial condition, cash flows and results of operations. Under various federal, state and / or local laws, ordinances and regulations, as a current or former owner or operator of real property, we may be liable for costs and damages resulting from the presence or release of hazardous substances (such as lead, asbestos and polychlorinated biphenyls), waste, petroleum products and other miscellaneous products (including but not limited to natural products such as methane and radon gas) at, on, in, under or from such property, including costs for investigation or remediation, natural resource damages, or third- party liability for personal injury or property damage. These laws often impose liability without regard to whether the owner or operator knew of, or was responsible for, the presence or release of such materials, and the liability may be joint and several. Some of our properties may be affected by contamination arising from current or prior uses of the property or from adjacent properties used for commercial, industrial or other purposes. Such contamination may arise from spills of petroleum or hazardous substances or releases from tanks used to store such materials. We also may be liable for the costs of remediating contamination at off- site disposal or treatment facilities when we arrange for disposal or treatment of hazardous substances at such facilities, without regard to whether we comply with environmental laws in doing so. The presence of contamination or the failure to remediate contamination on our properties may adversely affect our ability to attract and / or retain tenants and our ability to develop or sell or borrow against those properties. In addition to potential liability for cleanup costs, private plaintiffs may bring claims for personal injury, property damage or for similar reasons. Environmental laws also may create liens on contaminated sites in favor of the government for damages and costs it incurs to address such contamination. Moreover, if contamination is discovered on our properties, environmental laws may impose restrictions on the manner in which that property may be used or how businesses may be operated on that property. In addition, our properties are subject to various federal, state and local environmental and health and safety laws and regulations. Noncompliance with these environmental and health and safety laws and regulations could subject us or our tenants to liability. These liabilities could affect a tenant' s ability to make rental payments to us. Moreover, changes in laws could increase the potential costs of compliance with such laws and regulations or increase liability for noncompliance. This may result in significant unanticipated expenditures or may otherwise adversely affect our operations and / or cash flow, or those of our tenants, which could in turn have an adverse effect on us. As the owner or operator of real property, we may also incur liability based on various building conditions. For example, buildings and other structures on properties that we currently own or those we acquire or operate in the future contain, may contain, or may have contained, asbestos- containing material ( " ACM "). Environmental and health and safety laws require that ACM be properly managed and maintained and may impose fines or penalties on owners, operators or employers for non- compliance with those requirements. These requirements include special precautions, such as removal, abatement or air monitoring, if ACM would be disturbed during maintenance, renovation or demolition of a building, potentially resulting in substantial costs. In addition, we may be subject to liability for personal injury or property damage sustained as a result of exposure to ACM or releases of ACM into the environment. In addition, our properties may contain or develop harmful mold or suffer from other indoor air quality issues. Indoor air quality issues also can stem from inadequate ventilation, chemical contamination from indoor or outdoor sources, and other biological contaminants such as pollen, viruses and bacteria. Indoor exposure to airborne toxins or irritants can be alleged to cause a variety of adverse health effects and symptoms, including allergic or other reactions. As a result, the presence of significant mold or other airborne contaminants at any of our properties could require us to undertake a costly remediation program to contain or remove the mold or other airborne contaminants or to increase ventilation. In addition, the presence of significant mold or other airborne contaminants could expose us to liability from our tenants or others if property damage or personal injury occurs. We cannot assure you that costs or liabilities incurred as a result of environmental issues will not affect our ability to make distributions to our stockholders or that such costs, liabilities, or other remedial measures will not have an adverse effect on our financial condition, results of operations and cash flows. We may incur significant costs complying with the ADA and similar laws (including but not limited to the Fair Housing Amendments Act of 1988 ( " FHAA ") and the Rehabilitation Act of 1973), which could adversely affect us, including our future results of operations and cash flows. Under the ADA, all public accommodations must meet federal requirements related to access and use by disabled persons. The FHAA requires apartment communities first occupied after March 13, 1991, to comply with design and construction requirements for disabled access. For projects receiving federal funds, the Rehabilitation Act of 1973 also has requirements regarding disabled access. We have not conducted a recent audit or investigation of all of our properties to determine our compliance with these or other federal, state or local laws. If one or more of our properties were not in compliance with such laws, the then City we could be required to incur additional costs to bring the property into compliance. We cannot predict the ultimate amount of the cost of compliance with such laws. Noncompliance with these laws could also result in the imposition of fines or an award of damages to private litigants. Substantial costs incurred to comply with such laws, as well as fines or damages resulting from actual or alleged noncompliance with such laws, could adversely affect us, including our future results of operations and cash flows. As we increase rents and improve our properties, we could become the target of public scrutiny and investigations similar to the public scrutiny and investigations that other apartment landlords in Brooklyn and other neighborhoods in the New York were metropolitan area have experienced, which could lead to negative publicity and require that we expend significant resources to defend ourselves, all of which could adversely affect our operating results and our ability to pay distributions to our stockholders. Apartment landlords in gentrifying neighborhoods in Brooklyn and other parts of the New York metropolitan area have come under public scrutiny, and in a few cases have been the subject of civil and criminal investigations, for their alleged treatment of tenants who cannot afford the rent increases that often result from

neighborhood gentrification and landlord improvements to properties. As disclosed in Note 8, “ Commitments and Contingencies ”, Clipper Equity was the subject of an investigation by the Office of the Attorney General of the State of New York with respect to its activities, and in April 2022 entered into an Assurance of Discontinuance with the OAG to resolve the investigation on behalf of itself and its affiliates. It is possible that we or members of our management team could come under additional similar public scrutiny or become the target of additional similar investigations, which could lead to negative publicity and require that we expend significant resources to defend ourselves, all of which could adversely affect our operating results and our ability to pay distributions to our stockholders. In addition, if we or our affiliates violate the Assurance of Discontinuance or future regulatory orders or consent decrees, we could be subject to substantial monetary fines and other penalties that could seriously harm our business. We may acquire properties or portfolios of properties through tax- deferred contribution transactions, which could result in stockholder dilution and limit our ability to sell such assets. In the future, we may acquire properties or portfolios of properties through tax- deferred contribution transactions in exchange for partnership interests in our operating partnership, which may result in stockholder dilution. This acquisition structure may have the effect of, among other things, reducing the amount of tax depreciation we could deduct over the tax life of the acquired properties, and may require that we agree to protect the contributors’ ability to defer recognition of taxable gain through restrictions on our ability to dispose of the acquired properties and / or the allocation of partnership debt to the contributors to maintain their tax bases. These restrictions could limit our ability to sell an asset at a time, or on terms, that would be favorable absent such restrictions. From time to time, we may enter into joint venture relationships or other arrangements regarding the joint ownership of property. Our investments in and through such arrangements could be adversely affected by our lack of sole decision- making authority regarding major decisions, our reliance on our joint venture partners’ financial condition, any disputes that may arise between us and our joint venture partners and our exposure to potential losses from the actions of our joint venture partners. Risks associated with joint venture arrangements may include but are not limited to the following: • our joint venture partners might experience financial distress, become bankrupt or fail to fund their share of required capital contributions, which may delay construction or development of a property or increase our financial commitment to the joint venture; • we may be responsible to our partners for indemnifiable losses; • our joint venture partners may have business interests or goals with respect to a property that conflict with our business interests and goals (including as relates to compliance with the REIT requirements), which could increase the likelihood of disputes regarding the ownership, management or disposition of the property; • we may be unable to take actions that are opposed by our joint venture partners under arrangements that require us to share decision- making authority over major decisions affecting the ownership or operation of the joint venture and any property owned by the joint venture, such as the sale or financing of the property or the making of additional capital contributions for the benefit of the property; • our joint venture partners may take actions that we oppose; • our ability to sell or transfer our interest in a joint venture to a third party without prior consent of our joint venture partners may be restricted; • we may disagree with our joint venture partners about decisions affecting a property or a joint venture, which could result in litigation or arbitration that increases our expenses, distracts our officers and directors and disrupts the day- to- day operations of the property, including by delaying important decisions until the dispute is resolved; • we may suffer losses as a result of actions taken by our joint venture partners with respect to our joint venture investments; and • in the event that we obtain a minority position in a joint venture, we may not have significant influence or control over such joint venture or the performance of our investment therein. If there is a transfer of a controlling interest in any of our properties (or in the entities through which we hold our properties), issuances of our common stock in exchange for Class B LLC units pursuant to the exchange right granted to holders of Class B LLC units, sales of Class B LLC units by the holders thereof or the issuance of LLC interests to our Operating Partnership, we may be obligated to pay New York City and New York State transfer tax based on the fair market value of the New York City and / or New York State real property transferred. Subject to certain exceptions, New York City and New York State impose a tax on the transfer of New York City and / or New York State real property or the transfer of a controlling interest in New York City and / or New York State real property, generally at a current, maximum combined rate of 3.275 % of the fair market value of the New York City and / or New York State real property. A direct or indirect transfer of a 50 % or greater interest in any of our properties (or in the entities that own our properties) generally would constitute a transfer of a controlling interest in real property. Certain aggregation rules apply in determining whether a transfer of a controlling interest has occurred. For example, transfers made within a three- year period generally are presumed to be aggregated. Therefore, a transfer of a controlling interest could occur as a result of the combination of one or more of the private offering, other offerings of common stock by us resulting of an increase in our investment in the entities that own our properties, issuances of our common stock to our continuing investors in exchange for Class B LLC units pursuant to the exchange right granted to holders of Class B LLC units, sales of Class B LLC units by the holders thereof, the issuance of LLC interests to our Operating Partnership in connection with the private offering or a subsequent offering of our stock, or as a result of any combination of such transfers being aggregated. In addition to any transfer tax that may be imposed upon us, we have agreed with our continuing investors to pay any such transfer taxes imposed upon a continuing investor as a result of the private offering and the related formation transactions (including subsequent issuances of additional LLC units or interests, issuances of units by the Operating Partnership (“ OP Units ”) or issuances of our common stock by the Company), issuances of our common stock in exchange for Class B LLC units, dispositions of property by any LLC subsidiary, the issuance of LLC interests to our Operating Partnership in connection with a subsequent offering of our stock, or as a result of any combination of such transfers being aggregated. If a transfer of a controlling interest in an entity owning our properties occurs, New York City and / or New York State transfer tax could be payable based on the

fair market value of the New York City and / or New York State property at the time of each such transfer (including any transfers that are treated as a part of the transfer of the controlling interest that occur prior to the transfer that caused the 50 % threshold to be met). For example, if exchanges of Class B LLC units resulted in our ownership of the entities that own our properties increasing to greater than 50 %, we could be subject to New York City and New York State transfer tax at a current, maximum combined rate of 3.275 % of the fair market value of such New York City and / or New York State properties. In addition, we may or may not be eligible to take advantage of the 50 % reduction to the New York City and New York State transfer tax rates that could apply with respect to transfers of real property to certain REITs.

Risks Related to Our Business and Operations Capital and credit market conditions, including higher interest rates, may adversely affect our access to various sources of capital or financing and / or the cost of capital, which could affect our business activities, dividends, earnings and common stock price, among other things. In periods when the capital and credit markets experience significant volatility, the amounts, sources and cost of capital available to us may be adversely affected. We primarily use third- party financing to fund acquisitions of properties and to refinance indebtedness as it matures. As of December 31, 2024, we had no corporate debt and \$ 1,275.4 million in property- level debt. See Note 4 of the accompanying “ Notes to Consolidated Financial Statements ” for a discussion of the Company’ s property- level debt. If sufficient sources of external financing are not available to us on cost- effective terms, we could be forced to limit our acquisition, development and redevelopment activities and / or take other actions to fund our business activities and repayment of debt, such as selling assets, reducing our cash dividend or paying out less than 100 % of our taxable income. To the extent that we are able and / or choose to access capital at a higher cost than we have experienced in recent years (reflected in higher interest rates for debt financing or a lower stock price for equity financing), our earnings per share and cash flow could be adversely affected. In addition, the price of our common stock may fluctuate significantly and / or decline in a high interest rate or volatile economic environment. If economic conditions deteriorate, the ability of lenders to fulfill their obligations under working capital or other credit facilities that we may have in the future may be adversely affected. Increased inflation may have a negative effect on rental rates and our results of operations. Substantial inflationary pressures could have a negative effect on rental rates and property operating expenses. The U. S. economy is currently experiencing high rates of inflation, which has increased our operating expenses due to higher third- party vendor costs and increased our interest expense due to higher interest rates on our variable rate debt. Although the short- term nature of our apartment leases generally enables us to compensate for inflationary effects by increasing rents, inflation could outpace any increases in rent and adversely affect us. We may not be able to mitigate the effects of inflation and related impacts, and the duration and extent of any prolonged periods of inflation, and any related adverse effects on our results of operations and financial difficulty condition, are unknown at this time. Additionally, inflation may also increase the costs to complete or our if- development projects, including costs of materials, labor and services from third- party contractors and suppliers. Higher construction costs could adversely impact our investments in real estate assets and our expected returns on development projects. We may from time to time be subject to litigation or government investigations that could have an adverse effect on our financial condition, results of operations, cash flow and the market value of our common stock. We are a party to various claims and routine litigation arising in the ordinary course of business and are subject to government oversight and actions. Some of these claims and actions agencies opt to early terminate or opt others to which we may be subject from time to time may result in defense costs, settlements, fines or judgments against us, some of which are not to, or cannot be, covered by insurance. Payment of any such costs, settlements, fines or judgments that are not insured could have an adverse effect on our financial position and results of operations. Adverse developments in existing litigation claims legal proceedings or government investigations involving us or renew -- new claims or investigations could require us to establish litigation reserves, enter into unfavorable settlements or satisfy judgments for monetary damages for amounts in excess of current reserves, which could adversely affect our financial results. In addition, certain litigation or their -- the leases resolution of certain litigation or investigations may affect the availability or cost of some of our insurance coverage, which could adversely affect our results of operations and cash flow, expose us to increased risks that would be uninsured, and / or adversely affect our ability to attract officers and directors. See Note 7, “ Commitments and Contingencies ” of our consolidated financial statements included in Item 15 of this Annual Report on Form 10- K. Our rental-revenue subsidiaries may be prohibited from making distributions and other payments to us. All of our properties are owned indirectly by subsidiaries, in particular our LLC subsidiaries, and substantially all of our operations are conducted by our Operating Partnership. As a result, we depend on distributions and other payments from our Operating Partnership and subsidiaries in order to satisfy our financial obligations and make payments to our investors. The ability of our subsidiaries to make such distributions and other payments depends on their earnings and cash flow and may be subject to statutory or contractual limitations. See “ Management’ s Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — Property- Level Debt. ” As an equity investor in our subsidiaries, our right to receive assets upon their liquidation or reorganization will be effectively subordinated to the claims of their creditors. To the extent that we are recognized as a creditor of such subsidiaries, our claims may still be subordinate to any security interest in, or other lien on, their assets and to any of such subsidiaries’ debt or other obligations that are senior to our claims. We are required to comply with Section 404 of the Sarbanes- Oxley Act of 2002, and our inability to maintain effective internal control over financial reporting in the future could result in investors losing confidence in the accuracy and completeness of our financial reports and negatively affect the market price of our common stock. As a public company, we are required to maintain internal control over financial reporting and to report any material weaknesses in such internal controls. Our compliance with the requirements of Section 404 of the Sarbanes- Oxley Act has been and will continue to be time- consuming. Further, the costs associated with compliance with and

implementation of procedures under these and future laws and related rules could have a material impact on our results of operations. If we fail to maintain the adequacy of our internal control over financial reporting in the future, we will not be able to conclude on an ongoing basis that we have effective internal control over financial reporting in accordance with Section 404 of the Sarbanes- Oxley Act. Any failure to achieve and maintain an effective system of internal control could result in materially misstated consolidated financial statements and a failure to meet our reporting obligations, which would likely cause investors to lose confidence in our reported financial information. This could result in significant expenses to remediate any internal control deficiency and lead to a decline in the price of our common stock. We are a smaller reporting company and, because we have opted to use the reduced reporting requirements available to us, certain investors may find investing in our securities less attractive. As a smaller reporting company, we are permitted to comply with scaled- back disclosure obligations in our SEC filings compared to other issuers, including with respect to disclosure obligations regarding executive compensation in our periodic reports and proxy statements. We have elected to adopt the accommodations available to smaller reporting companies. Until we cease to be a smaller reporting company or elect not to adopt such accommodations, the scaled- back disclosure in our SEC filings will result in less information about our company being available than for other public companies. If investors consider our common shares less attractive as a result of our election to use the scaled- back disclosure permitted for smaller reporting company, there may be a less active trading market for our common shares and our share price may be more volatile. If our information technology networks or data, or those of third parties upon which we rely, are or were disrupted or otherwise compromised, we could experience costly remediation or other expenses, liability under federal and state laws, and litigation and investigations, any of which could result in substantial reputational damage and materially and adversely affect our business, financial condition, results of operations, cash flows, and the market price of our common stock. Information technology, communication networks, enterprise applications, and related systems, including those in our properties, are essential to the operation of our business. In the ordinary course of our business, we use these systems to service our tenants, manage our tenant and vendor relationships, internal communications, accounting, financial reporting, and record- keeping systems, and many other key aspects of our business. These operations rely on the secure collection, storage, transmission, and other processing of confidential and other information in our computer systems and networks and subject us, and the third parties upon which we rely, to a variety of evolving threats, including, but not limited to ransomware attacks, which could cause security incidents. Cyberattacks, malicious Internet- based activity, online and offline fraud, and other similar activities threaten the confidentiality, integrity, and availability of our confidential, proprietary, and sensitive data and information technology systems, and those of the third parties upon which we rely. Such threats are prevalent and continue to rise, are increasingly difficult to detect, and come from a variety of sources, including traditional computer “ hackers, ” threat actors, “ hacktivists, ” organized criminal threat actors, our personnel (such as through theft or misuse), sophisticated nation states, and nation- state- supported actors. We rely on certain third- party service providers to operate our business. Our ability to monitor these third parties’ information security practices is limited, and these third parties may not have adequate information security measures in place. If our third- party service providers experience a security incident or other interruption, we could experience adverse consequences. While we may be entitled to damages if our third- party service providers fail to satisfy their data privacy or security- related obligations to us, any award may be insufficient to cover our damages, or we may be unable to recover such award. In addition, supply chain attacks have increased in frequency and severity, and we cannot guarantee that third parties’ infrastructure in our supply chain or our third- party partners’ supply chains have not been compromised. We take steps to monitor and develop our information technology networks and infrastructure, but we may not be able to detect and remediate all vulnerabilities because the threats and techniques used to exploit the vulnerability change frequently and are often sophisticated in nature. Therefore, such vulnerabilities could be exploited but may not be detected until after a security incident has occurred. Undetected and / or unremedied critical vulnerabilities that are exploited could pose material risks to our business. Further, we may experience delays in developing and deploying remedial measures designed to address any such identified vulnerabilities. Furthermore, the extent of a particular cyberattack and the steps that we may need to take to investigate the attack may not be immediately clear. Therefore, in the event of an attack, it may take a significant amount of time before such an investigation can be completed. During an investigation, we may not necessarily know the extent of the damage incurred or how best to remediate it, and certain errors or actions could be repeated or compounded before they are discovered and remediated, which could further increase the costs and consequences of a cyberattack. Additionally, applicable data privacy and security obligations may require us to notify relevant stakeholders of security incidents. Such disclosures are costly, and the disclosure or the failure to comply with such disclosure requirements could lead to adverse consequences.

**Risks Related to Our Organization and Structure** Our continuing investors hold shares of our special voting stock that entitle them to vote together with holders of our common stock on an as- exchanged basis, based on their ownership of Class B LLC units in our predecessor entities, and are generally able to significantly influence the composition of our board of directors, our management and the conduct of our business. Our continuing investors hold shares of our special voting stock, which generally allows them to vote together as a single class with holders of our common stock on all matters brought before our common stockholders, including the election of directors, on an as- exchanged basis, as if our continuing investors had exchanged their Class B LLC units in our predecessor entities and shares of our special voting stock for shares of our common stock. As a result, our continuing investors are generally entitled to exercise 69.8 % of the voting power in our Company. Even though none of our continuing investors is, by himself or together with his affiliates, entitled to exercise a majority of the total voting power in our Company, for so long as any continuing investor continues to be entitled to exercise a significant percentage of our voting power, our continuing investors are generally

able to significantly influence the composition of our board of directors and the approval of actions requiring stockholder approval, and have significant influence with respect to our management, business plans and policies, including appointing and removing our officers, issuing additional shares of our common stock and other equity securities, paying dividends, incurring additional debt, making acquisitions, selling properties or other assets, acquiring or merging with other companies and undertaking other extraordinary transactions. In any of these matters, any of our continuing investors may have interests that differ or conflict with the interests of our other stockholders, and they may exercise their voting power in a manner that is not consistent with the interests of other stockholders. For so long as our continuing investors continue to own shares of our stock entitling them to exercise a significant percentage of our voting power, the concentration of voting power in our continuing investors may discourage unsolicited acquisition proposals and may delay, defer or prevent any change of control of our Company that might involve a premium price for holders of our common stock or otherwise be in their best interest. The ability of stockholders to control our policies and effect a change of control of our Company is limited by certain provisions of our charter and bylaws and by Maryland law. Certain provisions in our charter and bylaws may discourage a third party from making a proposal to acquire us, even if some of our stockholders might consider the proposal to be in their best interests. These provisions include the following:

- Our continuing investors hold shares of our special voting stock and shares of our common stock that generally entitle them to exercise 69.8 % of the voting power in our Company, including in connection with a merger or other acquisition of our Company or a change in the composition of our board of directors. As a result, our continuing investors as a group or individually could delay, defer or prevent any change of control of our Company and, as a result, adversely affect our stockholders' ability to realize a premium for their shares of common stock.
- Our charter authorizes our board of directors to, without common stockholder approval, amend our charter to increase or decrease the aggregate number of our authorized shares of stock or the authorized number of shares of any class or series of our stock, authorize us to issue additional shares of our common stock or preferred stock and classify or reclassify unissued shares of our common stock or preferred stock and thereafter authorize us to issue such classified or reclassified shares of stock. We believe these charter provisions provide us with increased flexibility in structuring possible future financings and acquisitions and in meeting other needs that might arise. The additional classes or series, as well as the additional authorized shares of our common stock, will be available for issuance without further action by our common stockholders, unless such action is required by applicable law or the rules of any stock exchange or automated quotation system on which our securities may be listed or traded. Although our board of directors does not currently intend to do so, it could authorize us to issue a class or series of stock that could, depending upon the terms of the particular class or series, delay, defer or prevent a transaction or a change of control of our Company that might involve a premium price for holders of our common stock or that our common stockholders otherwise believe to be in their best interests.
- In order to qualify as a REIT, not more than 50 % in value of our outstanding stock may be owned, directly or indirectly, by or for five or fewer individuals (as defined in the Code to include certain entities such as private foundations) at any time during the last half of any taxable year (beginning with our second taxable year as a REIT). In order to help us qualify as a REIT, among other reasons, our charter generally prohibits any person or entity from owning or being deemed to own by virtue of the applicable constructive ownership provisions, more than 9.8 % in value or number of shares, whichever is more restrictive, of the outstanding shares of any class or series of our common stock or 9.8 % of the aggregate value of all our outstanding stock. We refer to these restrictions as the "ownership limit." The ownership limit may prevent or delay a change in control and, as a result, could adversely affect our stockholders' ability to realize a premium for their shares of our common stock.
- The provisions in our charter regarding the removal of directors and the advance notice provisions of our bylaws, among others, could delay, defer or prevent a transaction or a change of control of our Company that might involve a premium price for holders of our common stock or otherwise be in their best interest. In addition, certain provisions of the Maryland General Corporation Law ("MGCL") may have the effect of ~~entering~~ deterring a third party from making a proposal to acquire us or of impeding a change of control under circumstances that otherwise could provide the holders of shares of our common stock with the opportunity to realize a premium over the then-prevailing market price of such shares, including the Maryland business combination and control share provisions. These provisions include the following:

- The "business combination" provisions of the MGCL, subject to limitations, prohibit certain business combinations between us and an "interested stockholder" (defined generally as any person who beneficially owns 10 % or more of our then-outstanding voting shares or an affiliate or associate of ours who, at any time within the two-year period prior to the date in question, was the beneficial owner of 10 % or more of our then-outstanding voting shares) or an affiliate of an interested stockholder for five years after the most recent date on which the stockholder becomes an interested stockholder and, thereafter, imposes special appraisal rights and supermajority stockholder approval requirements on these combinations. As permitted by the MGCL, our board of directors has adopted a resolution exempting any business combinations between us and any other person or entity from the business combination provisions of the MGCL, if such business combination is approved by our board of directors, including a majority of our directors who are not affiliated or associated with the interested stockholder.
- The "control share" provisions of the MGCL provide that "control shares" of a Maryland corporation (defined as shares which, when aggregated with all other shares controlled by the stockholder (except solely by virtue of a revocable proxy), entitle the stockholder to exercise one of three increasing ranges of voting power in electing directors) acquired in a "control share acquisition" (or the direct or indirect acquisition of ownership or control of control shares) have no voting rights unless approved by a supermajority vote of our stockholders excluding the acquirer of control shares, our officers and our directors who are also our employees. As permitted by the MGCL, our bylaws contain a provision exempting from the control share acquisition provisions of the MGCL any and all

acquisitions by any person of shares of our stock. • Title 3, Subtitle 8 of the MGCL permits our board of directors, without stockholder approval and regardless of what is currently provided in our charter or bylaws, to implement certain takeover defenses, including adopting a classified board. Each item discussed above may have the effect of deterring a third party from making an acquisition proposal for us or may delay, deter or prevent a change in control of our Company, even if a proposed transaction is at a premium over the then-current market price for our common stock. Further, these provisions may apply in instances where some stockholders consider a transaction beneficial to them. As a result, our stock price may be negatively affected by these provisions. Our board of directors may change our policies without stockholder approval. Our policies, including any policies with respect to investments, leverage, financing, growth, debt and capitalization, will be determined by our board of directors or those committees or officers to whom our board of directors may delegate such authority. Our board of directors will also establish the amount of any dividends or other distributions that we may pay to our stockholders. Our board of directors or the committees or officers to which such decisions are delegated have the ability to amend or revise these and our other policies at any time without stockholder approval. For example, we previously established a policy for our target leverage ratio in a range of 45 % to 55 %. Under the policy, our leverage ratio may be greater than or less than the target range from time to time and our board of directors may amend our target leverage ratio range at any time without stockholder approval. Accordingly, while not intending to do so, we may adopt policies that may have an adverse effect on our financial condition, results of operations, ability to pay dividends or make other distributions to our stockholders and the market value of our common stock. Conflicts of interest may exist or could arise in the future between the interests of our stockholders and the interests of holders of OP Units and of LLC units in our predecessor entities, which may impede business decisions that could benefit our stockholders. Conflicts of interest may exist or could arise in the future as a result of the relationships between us and our affiliates, on the one hand, and our Operating Partnership or any of its partners or our predecessor entities and their members, on the other. Our directors and officers have duties to our Company under Maryland law in connection with their management of our Company. At the same time, we, as the general partner of our Operating Partnership, and our Operating Partnership, as managing member of our predecessor entities, have fiduciary duties and obligations to our Operating Partnership and its limited partners and our predecessor entities and their members under Delaware and New York law, the partnership agreement of our Operating Partnership in connection with the management of our Operating Partnership, and the limited liability company agreements of our predecessor entities in connection with the management of those entities. Our fiduciary duties and obligations as the general partner of our Operating Partnership and managing member of our predecessor entities may come into conflict with the duties of our directors and officers to our Company. We have adopted policies that are designed to eliminate or minimize certain potential conflicts of interest, and the members of our predecessor entities have agreed that, in the event of a conflict in the duties owed by us to our stockholders and the fiduciary duties owed by our Operating Partnership, in its capacity as managing member of our predecessor entities, to such members, we may give priority to the separate interests of our Company or our stockholders, including with respect to tax consequences to limited partners, LLC members, assignees or our stockholders. Nevertheless, the duties and obligations of the general partner of our Operating Partnership and the duties and obligations of the managing member of our predecessor entities may come into conflict with the duties of our directors and officers to our Company and our stockholders. Our charter contains a provision that expressly permits our officers to compete with us. Our officers have outside business interests and may compete with us for investments in properties and for tenants. There is no assurance that any conflicts of interest created by such competition will be resolved in our favor. Our charter provides that we renounce any interest or expectancy in, or right to be offered or to participate in, any business opportunity identified in any 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. We have adopted ~~and~~ an ~~collecting rents~~ Investment Policy that provides that our officers, including David Bistricher, JJ Bistricher and Jacob Schwimmer, are not required to present certain identified investment opportunities to us, including assets located outside the New York metropolitan area, for-sale condominium or cooperative conversions, development projects, projects that would require us to obtain guarantees from third parties or to backstop obligations of other parties, and land acquisitions. As a result, except to the extent that our officers must present certain identified business opportunities to us, our officers have no duty to refrain from engaging, directly or indirectly, in the same business activities or similar business activities or lines of business in which we or our subsidiaries engage or propose to engage or to refrain from otherwise competing with us. These individuals also may pursue acquisition opportunities that may be complementary to our business, and, as a result, those acquisition opportunities may not be available to us. These provisions may limit our ability to pursue business or investment opportunities that we might otherwise have had the opportunity to pursue, which could have an adverse effect on our financial condition, our results of operations, our cash flow, the market value of our common stock and our ability to meet our debt obligations and to make distributions to our stockholders. We may have assumed unknown liabilities in connection with the formation transactions, which, if significant, could adversely affect our business. As part of the formation transactions, we acquired indirect interests in the properties and assets of our predecessor entities, subject to existing liabilities, some of which may have been unknown at the time the private offering was consummated. As part of the formation transactions, each of the predecessor entities made limited representations, warranties and covenants to us regarding the predecessor entities and their assets. Because many liabilities, including tax liabilities, may not have been identified, we may have no recourse for such liabilities. Any unknown or unquantifiable liabilities to which the properties and assets previously owned by our predecessor entities are subject could adversely affect the value of those properties and as a result adversely affect us. See “ Risks Related to Real Estate ” for discussion as to the possibility of undisclosed

environmental conditions potentially affecting the value of the properties in our portfolio. We may pursue less vigorous enforcement of terms of employment agreements with certain of our executive officers, which could negatively impact our stockholders. Certain of our executive officers, including David Bistricher, JJ Bistricher and Jacob Schwimmer, are party to employment agreements with us. We may choose not to enforce, or to enforce less vigorously, our rights under these agreements because of our desire to maintain our ongoing relationships with members of our senior management or our board of directors and their affiliates, with possible negative impact on stockholders. Moreover, these agreements were not negotiated at arm's length and in the course of structuring the formation transactions, certain of our executive officers had the ability to influence the types and level of benefits that they receive from us under these agreements. David Bistricher, our Co-Chairman of the board of directors and Chief Executive Officer, and Sam Levinson, our Co-Chairman of the board of directors and Head of the Investment Committee, have outside business interests that will take their time and attention away from us, which could materially and adversely affect us. In addition, notwithstanding the Investment Policy, members of our senior management may in certain circumstances engage in activities that compete with our activities or in which their business interests and ours may be in conflict. David Bistricher, our Co-Chairman of the board of directors and Chief Executive Officer, Sam Levinson our Co-Chairman of the board of directors and Chairman of the Investment Committee, and other members of our senior management team continue to own interests in properties and businesses that were not contributed to us in the formation transactions. For instance, each of David Bistricher, our Co-Chairman of the board of directors and Chief Executive Officer, and JJ Bistricher, our Chief Operating Officer, is an officer of Clipper Equity and each of Sam Levinson, our Co-Chairman of the board of directors and Chairman of the Investment Committee, and Jacob Schwimmer, our Chief Property Management Officer, has ownership interests in Clipper Equity. Clipper Equity owns interests in, and controls and manages entities that own interests in, multifamily and commercial properties in the New York metropolitan area. We have adopted an Investment Policy that provides that our officers, including David Bistricher, JJ Bistricher and Jacob Schwimmer, are not required to present certain identified investment opportunities to us, including assets located outside the New York metropolitan area, for-sale condominium or cooperative conversions, development projects, projects that would require us to obtain guarantees from third parties or to backstop obligations of other parties, and land acquisitions. As a result, except to the extent that our officers must present certain identified business opportunities to us, our officers have no duty to refrain from engaging, directly or indirectly, in the same business activities or similar business activities or lines of business in which we or our subsidiaries engage or propose to engage or to refrain from otherwise competing with us, and therefore may compete with us for investments in properties and for tenants. These individuals also may pursue acquisition opportunities that may be complementary to our business, and, as a result, those acquisition opportunities may not be available to us. We and members of our senior management may also determine to enter into joint ventures or co-investment relationships with respect to one or more properties. As a result of the foregoing, there may at times be a conflict between the interests of members of our senior management and our business interests. Further, although David Bistricher, JJ Bistricher and Jacob Schwimmer will devote such portion of their business time and attention to our business as is appropriate and will be compensated on that basis, under their employment agreements, they will also devote substantial time to other business and investment activities. We may experience conflicts of interest with certain of our directors and officers and significant stockholders as a result of their tax positions. David Bistricher, our Co-Chairman of the board of directors and Chief Executive Officer, and Sam Levinson, our Co-Chairman of the board of directors and Chairman of the Investment Committee may be subject to tax on a disproportionately large amount of the built-in gain that would be realized upon the sale or refinancing of certain properties. David Bistricher and Sam Levinson may therefore influence us to not sell or refinance certain properties, even if such sale or refinancing might be financially advantageous to our stockholders, or to enter into tax deferred exchanges with the proceeds of such sales when such a reinvestment might not otherwise be in our best interest, as they may wish to avoid realization of their share of the built-in gains in those properties. Alternatively, to avoid realizing such built-in gains, they may have to agree to additional reimbursements or guarantees involving additional financial risk. We hold a portion of our cash and cash equivalents in deposit accounts that could be adversely affected if the financial institutions holding such deposits fail. We maintain our cash and cash equivalents at insured financial institutions. The combined account balances at each institution periodically exceed the FDIC insurance coverage of \$ 250,000, and, as a result, there is a concentration of credit risk related to amounts in excess of FDIC insurance coverage. We do not have any bank accounts, loans to or from, or any other amounts due to or from any recently failed financial institution, nor have we experienced any losses to date on our cash and cash equivalents held in bank accounts. However, there is no assurance that financial institutions in which we hold our cash and cash equivalents will not fail, in which case we may be subject to a risk of loss or delay in accessing all or a portion of our funds exceeding the FDIC insurance coverage, which could adversely impact our short-term liquidity, ability to operate our business, and financial performance.

**Risks Related to Our Indebtedness and Financing**

We have a substantial amount of indebtedness that may limit our financial and operating activities and may adversely affect our ability to incur additional debt to fund future needs. As of December 31, 2023-2024, Kings County Court we had \$ 1,275.4 million the Human Resources Administration, and the Department of Environmental Protection total indebtedness, all of which was property-level debt. See Note 4 of the accompanying "Notes to Consolidated Financial Statements" for a discussion of the Company's property-level debt. Payments of principal and interest on borrowings may leave us with insufficient cash resources to operate our properties, fully implement our capital expenditure, acquisition and redevelopment activities, or meet the REIT distribution requirements imposed by the Code. Our level of debt and the limitations imposed on us by our debt agreements could have significant adverse consequences, including the following:

- require us to dedicate a substantial portion of cash flow from operations to the payment of principal,

and interest on, indebtedness, thereby reducing the funds available for other purposes; • make it more difficult for us to borrow additional funds as needed or on favorable terms, which could, among other things, adversely affect our ability to meet operational needs; • force us to dispose of one or more of our properties, possibly on unfavorable terms (including the possible application of the 100 % tax on income from prohibited transactions) or in violation of certain covenants to which we may be subject; • subject us to increased sensitivity to interest rate increases; • make us more vulnerable to economic downturns, adverse industry conditions or catastrophic external events; • limit our ability to withstand competitive pressures; • limit our ability to refinance our indebtedness at maturity or result in refinancing terms that are less favorable than the terms of our original indebtedness; • reduce our flexibility in planning for or responding to changing business, industry and economic conditions; and / or • place us at a competitive disadvantage to competitors that have relatively less debt than we have. If any one of these events were to occur, our financial condition, results of operations, cash flow and the market value of our common stock could be adversely affected. Furthermore, foreclosures could create taxable income without accompanying cash proceeds, which could hurt our ability to meet the REIT distribution requirements imposed by the Code. Changing interest rates could increase interest costs and adversely affect our cash flows and the market price of our securities. We currently have, and expect to incur in the future, interest-bearing debt at rates that vary with market interest rates. As of December 31, 2024, we had approximately \$ 140. 0 million of variable rate indebtedness outstanding, for our Dean Street development property and our 10 West 65th Street property, which constitutes approximately 11. 0 % of total outstanding indebtedness as of such date, and we have experienced increases in the interest rates on such indebtedness, which has increased our interest expense and adversely impacted our results of operations and cash flows. Continued increases in interest rates would further increase our interest expense and increase the cost of refinancing existing indebtedness and of issuing new debt. The effect of prolonged interest rate increases could negatively impact our ability to service our indebtedness, make distributions and make acquisitions and develop properties. Our tax protection agreement requires our Operating Partnership to maintain certain debt levels that otherwise would not be required to operate our business. Under our tax protection agreement, we undertake that our LLC subsidiaries will maintain a certain level of indebtedness and, in the case that level of indebtedness cannot be maintained, we are required to provide our continuing investors the opportunity to guarantee debt. If we fail to maintain such debt levels, or fail to make such opportunities available, we will be required to deliver to each applicable continuing investor a cash payment intended to approximate the continuing investor' s tax liability resulting from our failure and the tax liabilities incurred as a result of such tax protection payment. We agreed to these provisions in order to assist our continuing investors in deferring the recognition of taxable gain as a result of and after the formation transactions. These obligations require us to maintain more or different indebtedness than we would otherwise require for our business. We may not have sufficient cash flow to meet the required payments of principal and interest on our debt or to pay distributions on our common stock at expected levels. In the future, our cash flow could be insufficient to meet required payments of principal and interest or to pay distributions on our shares at expected levels. In this regard, we note that in order for us to qualify as a REIT, we are required to make annual distributions generally equal to at least 90 % of our taxable income, computed without regard to the dividends paid deduction and excluding net capital gain. In addition, as a REIT, we will be subject to U. S. federal income tax to the extent that we distribute less than 100 % of our taxable income (including capital gains) and will be subject to a 4 % nondeductible excise tax on the amount by which our distributions in any calendar year are less than a minimum amount specified by the Code. These requirements and considerations may limit the amount of our cash flow available to meet required principal and interest payments. If we are unable to make required payments on indebtedness that is secured by a mortgage on our property, the asset may be transferred to the lender resulting in the loss of income and value to us, including adverse tax consequences related to such a transfer. Mortgage debt obligations expose us to the possibility of foreclosure, which could result in the loss of our investment in a property or group of properties subject to mortgage debt. Incurring mortgage and other secured debt obligations increases our risk of property losses because defaults on indebtedness secured by property may result in foreclosure actions initiated by lenders and ultimately our loss of the property securing any loans for which we are in default. Any foreclosure on a mortgaged property or group of properties could adversely affect the overall value of our portfolio of properties. For tax purposes, a foreclosure of any of our properties that is subject to a nonrecourse mortgage loan would be treated as a sale of the property for a purchase price equal to the outstanding balance of the debt secured by the mortgage. If the outstanding balance of the debt secured by the mortgage exceeds our tax basis in the property, we would recognize taxable income on foreclosure, but would not receive any cash proceeds, which could hurt our ability to meet the distribution requirements applicable to REITs under the Code. Hedging activity may expose us to risks, including the risks that a counterparty will not perform and that the hedge will not yield the economic benefits we anticipate, which could adversely affect us. We may, in a manner consistent with our qualification as a REIT, seek to manage our exposure to interest rate volatility by using interest rate hedging arrangements that involve risk, such as the risk that counterparties may fail to honor their obligations under these arrangements, and that these arrangements may not be effective in reducing our exposure to interest rate changes. Moreover, there can be no assurance that our hedging arrangements will qualify for hedge accounting or that our hedging activities will have the desired beneficial impact on our results of operations. Should we desire to terminate a hedging agreement, there could be significant costs and cash requirements involved to fulfill our obligations under the hedging agreement. Generally, failure to hedge effectively against interest rate changes may adversely affect our results of operations. When a hedging agreement is required under the terms of a mortgage loan, it is often a condition that the hedge counterparty maintains a specified credit rating. With the current volatility in the financial markets, there is an increased risk that hedge counterparties could have their credit rating downgraded to a level that would not be

acceptable under the loan provisions. If we were unable to renegotiate the credit rating condition with the lender or find an alternative counterparty with an acceptable credit rating, we could be in default under the loan and the lender could seize that property through foreclosure, which could adversely affect us. Complying with REIT requirements may limit our ability to hedge effectively and may cause us to incur tax liabilities. The REIT provisions of the Code limit our ability to hedge our liabilities. Generally, income from a hedging transaction we enter into either to manage risk of interest rate changes with respect to borrowings incurred or to be incurred to acquire or carry real estate assets, or to manage the risk of currency fluctuations with respect to any item of income or gain (or any property which generates such income or gain) that constitutes "qualifying income" for purposes of the 75% or 95% gross income tests applicable to REITs, does not constitute "gross income" for purposes of the 75% or 95% gross income tests, provided that we properly identify the hedging transaction pursuant to the applicable sections of the Code and Treasury regulations. To the extent that we enter into other types of hedging transactions, the income from those transactions is likely to be treated as non-qualifying income for purposes of both gross income tests. As a result of these rules, we may need to limit our use of otherwise advantageous hedging techniques or implement those hedges through a taxable REIT subsidiary (a "TRS"). The use of a TRS could increase the cost of our hedging activities (because our TRS would be subject to tax on income or gain resulting from hedges entered into by it) or expose us to greater risks than we would otherwise want to bear. In addition, net losses in any of our TRSs will generally not provide any tax benefit except for being carried forward for use against future taxable income in the TRSs. A portion of our distributions may be treated as a return of capital for U. S. federal income tax purposes, which could reduce the basis of a stockholder's investment in shares of our common stock and may trigger taxable gain. As a general matter, a portion of our distributions will be treated as a return of capital for U. S. federal income tax purposes if the aggregate amount of our distributions for a year exceeds our current and accumulated earnings and profits for that year. To the extent that a distribution is treated as a return of capital for U. S. federal income tax purposes, it will reduce a holder's adjusted tax basis in the holder's shares, and to the extent that it exceeds the holder's adjusted tax basis, will be treated as gain resulting from a sale or exchange of such shares. Risks Related to Our Status as a REIT Failure to qualify or to maintain our qualification as a REIT would have significant adverse consequences to the value of our common stock. We elected to qualify to be treated as a REIT commencing with our first taxable year ended December 31, 2015. The Code generally requires that a REIT distribute at least 90% of its taxable income (without regard to the dividends paid deduction and excluding net capital gains) to stockholders annually, and a REIT must pay tax at regular corporate rates to the extent that the REIT distributes less than 100% of its taxable income (including capital gains) in a given year. In addition, a REIT is required to pay a 4% nondeductible excise tax on the amount, if any, by which the distributions the REIT makes in a calendar year are less than the sum of 85% of the REIT's ordinary income, 95% of the REIT's capital gain net income and 100% of the REIT's undistributed income from prior years. To avoid entity-level U. S. federal income and excise taxes, we anticipate distributing at least 100% of our taxable income. However, our ability to make such distributions may be limited by a requirement to escrow cash flow from our lease at 250 Livingston Street, which may be classified as taxable income. We believe that we are organized, have operated and will continue to operate in a manner that will allow us to qualify as a REIT commencing with our first taxable year ended December 31, 2015. However, we cannot assure you that we are organized, have operated and will continue to operate as such. This is because qualification as a REIT involves the application of highly technical and complex provisions of the Code as to which there may only be limited judicial and administrative interpretations and involves the determination of facts and circumstances not entirely within our control. We have not requested and do not intend to request a ruling from the Internal Revenue Service ("IRS") that we qualify as a REIT. Moreover, in order to qualify as a REIT, we must meet, on an ongoing basis, various tests regarding the nature and diversification of our assets and our income, the ownership of our outstanding stock and the amount of our distributions. Our ability to satisfy the asset tests depends upon our analysis of the characterization and fair market values of our assets, some of which are not susceptible to a precise determination agencies of the City of New York, leased and for which we will not obtain independent appraisals. Our compliance with the REIT gross income and quarterly asset requirements also depends upon our ability to manage successfully the composition of our gross income and assets on an aggregate of 548 ongoing basis. Future legislation, 580 rentable square new regulations, administrative interpretations or court decisions may significantly change the tax laws or the application of the tax laws with respect to qualification as a REIT for U. S. federal income tax purposes or the U. S. federal income tax consequences of such qualification. Accordingly, it is possible that we may not meet of commercial space the requirements for qualification as a REIT. If, with respect to any taxable year, we fail to maintain our qualification as a REIT, we would not be allowed to deduct distributions to stockholders in computing our taxable income. If we were not entitled to relief under the relevant statutory provisions, we would also be disqualified from treatment as a REIT for the four subsequent taxable years. If we fail to qualify as a REIT, we would no longer be required to make distributions and we would be subject to entity-level income tax, including any applicable alternative minimum tax, on our taxable income at regular corporate tax rates. As a result, the amount available for distribution to holders of our common stock would be reduced for the year our or commercial office years involved. In addition, our failure to qualify as a REIT could impair our ability to expand our business and raise capital, and adversely affect the value of our common stock. If our special voting stock and the Class B LLC units are treated as a single stock interest in the Company, we could fail to qualify as a REIT. We believe that the special voting stock and Class B LLC units will be treated as separate interests in the Company and its predecessor entities, respectively. However, no assurance can be given that the IRS will not argue, or that a court would not find or hold, that the special voting stock and the Class B LLC units should be treated as a single stock interest in the Company for U. S. federal income tax purposes. If the special voting stock and Class B LLC units were treated as a

single stock interest in the Company, it is possible that more than 50 % in value of the outstanding stock of the Company could be treated as held by five or fewer individuals. In such a case, we could be treated as “ closely held ” and we could therefore fail to qualify as a REIT. Such failure would have significant adverse consequences. See “ Risks Related to Our Status as a REIT – Failure to qualify or to maintain our qualification as a REIT would have significant adverse consequences to the value of our common stock. ” Complying with the REIT requirements may cause us to forego otherwise attractive opportunities or liquidate certain of our investments. To qualify as a REIT for U. S. federal income tax purposes, we must continually satisfy tests concerning, among other things, the sources of our income, the nature and diversification of our assets, the amounts we distribute to our stockholders and the ownership of our stock. We may be required to make distributions to our stockholders at disadvantageous times or when we do not have funds readily available for distribution. Thus, compliance with the REIT requirements may, for instance, hinder our ability to make certain otherwise attractive investments or undertake other activities that might otherwise be beneficial to us and our stockholders, or may require us to borrow or liquidate investments in unfavorable market conditions and, therefore, may hinder our investment performance. As a REIT, at the end of each calendar quarter, at least 75 % of the value of our assets must consist of cash, cash items, government securities and qualified real estate assets. The remainder of our investments in securities (other than cash, cash items, government securities, securities issued by a TRS and securities treated as qualified real estate assets) generally cannot include more than 10 % of the outstanding voting securities of any one issuer or more than 10 % of the total value of the outstanding securities of any one issuer. In addition, in general, no more than 5 % of the value of our total assets can consist of the securities (other than cash, cash items, government securities, securities issued by a TRS and qualified real estate assets) of any one issuer, no more than 20 % of the value of our total assets can be represented by securities of one or more TRSs (25 % for taxable years ending on or before December 31, 2017), and no more than 25 % of the value of our total assets may consist of “ nonqualified ” debt instruments issued by publicly offered REITs. After meeting these requirements at the close of a calendar quarter, if we fail to comply with these requirements at the end of any subsequent calendar quarter, we must correct the failure within 30 days after the end of the calendar quarter or qualify for certain statutory relief provisions to avoid losing our REIT qualification. As a result, we may be required to liquidate from our portfolio otherwise attractive investments. These actions could have the effect of reducing our income and amounts available for distribution to our stockholders. We may be subject to a 100 % penalty tax on any prohibited transactions that we enter into, or may be required to forego certain otherwise beneficial opportunities in order to avoid the penalty tax on prohibited transactions. If we are found to have held, acquired or developed property primarily for sale to customers in the ordinary course of business, we may be subject to a 100 % “ prohibited transactions ” tax under U. S. federal tax laws on the gain from disposition of the property unless the disposition qualifies for one or more safe harbor exceptions for properties that have been held by us for at least two years and satisfy certain additional requirements (or the disposition is made by a TRS and, therefore, the gain, if any, is subject to corporate U. S. federal income tax). Under existing law, whether property is held primarily for sale to customers in the ordinary course of a trade or business is a question of fact that depends on all the facts and circumstances. We intend to hold, and, to the extent within our control, to have any joint venture to which our Operating Partnership is a partner hold, properties for investment with a view to long- term appreciation, to engage in the business of acquiring, owning, operating and developing the properties, and to make sales of our properties and other properties acquired subsequent to the date hereof as are consistent with our investment objectives. Based upon our investment objectives, we believe that overall, our properties should not be considered property held primarily for sale to customers in the ordinary course of business. However, it may not always be practical for us to comply with one of the safe harbors, and, therefore, we may be subject to the 100 % penalty tax on the gain from dispositions of property if we otherwise are deemed to have held the property primarily for sale to customers in the ordinary course of business. The potential application of the prohibited transactions tax could cause us to forego potential dispositions of other property or to forego other opportunities that might otherwise be attractive to us, or to hold investments or undertake such dispositions or other opportunities through a TRS, which would generally result in corporate income taxes being incurred. For example, we anticipate that we would have to effect any potential condominium or cooperative conversion and sale of our Tribeca House properties or 141 Livingston Street property through a TRS. REIT distribution requirements could adversely affect our liquidity and adversely affect our ability to execute our business plan. In order to maintain our qualification as a REIT and to meet the REIT distribution requirements, we may need to modify our business plans. Our cash flow from operations may be insufficient to fund required distributions, for example, as a result of differences in timing between our cash flow, the receipt of income for GAAP purposes and the recognition of income for U. S. federal income tax purposes, the effect of non- deductible capital expenditures, the creation of reserves, payment of required debt service or amortization payments, or the need to make additional investments in qualifying real estate assets. The insufficiency of our cash flow to cover our distribution requirements could require us to (i) sell assets in adverse market conditions, (ii) borrow on unfavorable terms, (iii) distribute amounts that would otherwise be invested in future acquisitions or capital expenditures or used for the repayment of debt, (iv) pay dividends in the form of “ taxable stock dividends ” or (v) use cash reserves, in order to comply with the REIT distribution requirements. If we choose to make all or part of a distribution in our own stock, stockholders may be required to pay income taxes with respect to such distributions in excess of the cash portion, if any, of the distribution received. Further, taking the actions enumerated above to comply with the REIT distribution requirements could adversely affect the market value of our common stock. The inability of our cash flow to cover our distribution requirements could have and– an 250 Livingston Street adverse impact on our ability to raise short- and long- term debt or sell equity securities. In addition, representing approximately 16% if we are compelled to liquidate our assets to repay obligations to our lenders or make distributions to our

stockholders, we may be subject to a 100 % of tax on any resultant gain if we sell assets that are treated as property held primarily for sale to customers in the ordinary course of business. The ability of our board of directors to revoke our REIT qualification without stockholder approval may cause adverse consequences to our stockholders. Our charter provides that our board of directors may revoke or otherwise terminate our REIT election, without the approval of our stockholders, if it determines that it is no longer in our best interest to continue to qualify as a REIT. If we cease to be a REIT, we will not be allowed a deduction for dividends paid to stockholders in computing our taxable income and will be subject to U. S. federal income tax at regular corporate rates and state and local taxes, which may have adverse consequences on our total rentable square feet in return to our stockholders. Our ability to provide certain services to our tenants may be limited by the REIT rules, our or portfolio may have to be provided through a TRS. As a REIT, we generally cannot provide services to our tenants other than those that are customarily provided by landlords, nor can we derive income from a third party that provides such services. If we forego providing such services to our tenants, we may be at a disadvantage to competitors who are not subject to the same restrictions. However, we can provide such non-customary services to tenants or share in the revenue from such services if we do so through a TRS, though income earned by the TRS will be subject to corporate income taxes. Although our use of TRSs may partially mitigate the impact of meeting certain requirements necessary to maintain our qualification as a REIT, there are limits on our ability to own TRSs, and approximately 19 a failure to comply with the limits would jeopardize our REIT qualification and may result in the application of a 100 % excise tax. A REIT may own up to 100 % of the stock of one our or total portfolio more TRSs. A TRS may hold assets and earn income that would not be qualifying assets or income if held or earned directly by a REIT. Both the subsidiary and the REIT must jointly elect to treat the subsidiary as a TRS. A corporation of which a TRS directly or indirectly owns more than 35 % of the voting power or value of the stock will automatically be treated as a TRS. Overall, no more than 20 % of the value of a REIT's annualized assets may consist of securities of one or more TRSs (25 % for taxable years ended on or before December 31, 2017). In addition, rules limit the deductibility of interest paid or accrued by a TRS to its rent-parent REIT to assure that the TRS is subject to an appropriate level of corporate taxation. Rules also impose a 100 % excise tax on certain transactions between a TRS and its parent REIT that are treated as not being conducted on an arm's-length basis. Any TRSs that we form will pay U. S. federal, state and local income tax on the TRSs' taxable income, and the TRSs' after-tax net income will be available for distribution to us but is not required to be distributed to us unless necessary to maintain our REIT qualification. Although we will monitor the aggregate value of the securities of such TRSs and intend to conduct our affairs so that such securities will represent less than 20 % of the value of our total assets, there can be no assurance that we will be able to comply with the TRS limitation in all market conditions. Our property taxes could increase due to property tax rate changes or reassessment, which could impact our cash flow. Even if we qualify as a REIT for U. S. federal income tax purposes, we will be required to pay state and local taxes on our properties. The real property taxes on our properties may increase as property tax rates change or as our properties are assessed or reassessed by taxing authorities. Therefore, the amount of property taxes we pay in the future may increase substantially from what we have paid in the past and such increases may not be covered by tenants pursuant to our lease agreements. If the property taxes we pay increase, our financial condition, results of operations, cash flow, per share trading price of our common stock and our ability to satisfy our principal and interest obligations and to make distributions to our stockholders could be adversely affected.

**Risks Related to Ownership of Our Common Stock** The market price and trading volume of our common stock may be volatile, which could result in rapid and substantial losses for our stockholders. Our financial performance, government regulatory action, tax laws, interest rates and market conditions in General-general and regional-could have a significant impact on the future market price of our common stock. Some of the factors that could negatively affect or result in fluctuations in the market price of our common stock include: • actual or anticipated variations in our quarterly or annual operating results; • increases in market interest rates that lead purchasers of our shares to demand a higher yield; • changes in market valuations of similar companies; • adverse market reaction to any increased indebtedness we incur in the future; • additions or departures of key personnel; • actions by stockholders; • speculation in the press or investment community; • general market, economic and political conditions may-, including an economic slowdown or dislocation in the global credit markets; • our operating performance and the performance of other similar companies; • negative publicity regarding us specifically or our business lines generally; • changes in accounting principles; and • passage of legislation or other regulatory developments that adversely affect us or our industry, such as the City-Housing Stability and Tenant Protection Act of 2019, which was signed into law in New York and potential tenants in our June 2019. Broad markets- market and industry factors may decrease the market price of our common stock, regardless of our actual operating performance. The stock market in general has City of New York may experience a material business downturn or suffer negative effects from declines in local, state time to time experienced extreme price and volume fluctuations. In addition /or federal government budgets and /or increases in local-, in the past state and /or federal government budget debt and deficits-, which following periods of volatility in the overall market and the market price of a company's securities, securities class action litigation has often been instituted against these companies. This litigation, if instituted against us, could potentially result in substantial costs a failure to make timely rental payments-and /a diversion of or our management's attention and resources. There are restrictions on ownership and transfer of our common stock. To assist us in qualifying as a default under REIT, among other purposes, our charter generally limits beneficial ownership by any person to no more than 9.8 % in value or number of shares, whichever its-is leases-more restrictive, of the outstanding shares of any class or series of our common stock or 9.8 % of the aggregate value of all our outstanding stock. In addition certain cases-, our charter contains various through tenant improvement allowances and other restrictions on concessions, we have made substantial upfront investments in the applicable leases

ownership and transfer of shares of our stock. As a result, an investor that we purchases shares of our common stock may not be able to recover readily resell such common stock. Future sales of our common stock or other securities convertible into our common stock could cause the market value of our common stock to decline and could result in dilution. Our board of directors is authorized, without approval of our common stockholders, to cause us to issue additional shares of our stock or to raise capital through the issuance of preferred stock, options, warrants and other rights on terms and for consideration as our board of directors in its sole discretion may determine. Sales of substantial amounts of our common stock could dilute current ownership and could cause the market price of our common stock to decrease significantly. We cannot predict the effect, if any, of future sales of our common stock, or the availability of our common stock for future sales, on the value of our common stock. Sales of substantial amounts of our common stock, or the perception that such sales could occur, may adversely affect the market price of our common stock. In addition the event of a tenant default, our Operating Partnership may issue additional OP Units and our LLC subsidiaries may issue additional LLC units to third parties without the consent of our stockholders, which would reduce our ownership percentage in our Operating Partnership or LLC subsidiaries, as applicable, and would have a dilutive effect on the amount of distributions made to us by our Operating Partnership and, if applicable, to our Operating Partnership by our LLC subsidiaries and, therefore, the amount of distributions we may experience delays in enforcing can make to our stockholders. Any such issuances, our or rights the perception of such issuances, could materially and adversely affect the market price of may also incur substantial costs to protect our investments common stock . 33