

FIRST HARTFORD CORPORATION AND SUBSIDIARIES

FINANCIAL STATEMENTS AND

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

YEARS ENDED APRIL 30, 2025 AND 2024

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and
Shareholders of First Hartford Corporation and Subsidiaries

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of First Hartford Corporation and subsidiaries (the Company) as of April 30, 2025 and 2024, and the related consolidated statements of operations, changes in shareholders' equity, and cash flows for each of the years in the two-year period ended April 30, 2025, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of April 30, 2025 and 2024, and the results of their operations and their cash flows for each of the years in the two-year period ended April 30, 2025, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of their internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

Critical audit matters are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that (1) relate to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. We determined that there were no critical audit matters.

/s/ Mahoney Sabol & Company, LLP

We have served as the Company's auditor since 2013.

Glastonbury, Connecticut
August 6, 2025

FIRST HARTFORD CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
APRIL 30, 2025 AND 2024

	ASSETS		
		<u>2025</u>	<u>2024</u>
Real estate and equipment:			
Developed properties and property under construction		\$268,452,427	\$277,289,300
Equipment and leasehold improvements		<u>3,739,539</u>	<u>4,107,619</u>
		272,191,966	281,396,919
Less accumulated depreciation and amortization		<u>(60,803,479)</u>	<u>(72,845,959)</u>
		211,388,487	208,550,960
Properties held for sale		5,649,154	20,164,438
Cash and cash equivalents		4,077,228	7,589,163
Cash and cash equivalents – restricted		325,306	585,928
Marketable securities and other investments		2,247,296	90,320
Accounts and notes receivable, net		3,088,291	5,347,895
Other receivables		833	-0-
Deposits and escrow accounts		14,824,107	30,272,103
Prepaid expenses		1,084,178	1,938,668
Deferred expenses, net		8,432,949	5,610,922
Derivative asset		56,072	1,796,476
Investment in affiliates		200	1,267,415
Due from related parties and affiliates		<u>2,223,966</u>	<u>19,988</u>
Total assets		<u>\$253,398,067</u>	<u>\$283,234,276</u>

See accompanying notes.

FIRST HARTFORD CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
APRIL 30, 2025 AND 2024
(continued)

LIABILITIES AND SHAREHOLDERS' EQUITY

	<u>2025</u>	<u>2024</u>
Liabilities:		
Mortgages and other notes payable:		
Construction loans payable	\$37,975,788	\$30,615,523
Mortgages payable	163,484,437	192,969,096
Mortgages payable – held for sale	-0-	19,791,313
Notes payable	1,704,697	1,704,697
Lines of credit	5,700,000	9,970,000
Less: Deferred debt issuance costs	<u>(2,430,070)</u>	<u>(3,155,160)</u>
	206,434,852	251,895,469
Accounts payable	4,297,412	9,879,431
Other payables	1,394,763	1,399,264
Accrued liabilities	12,100,815	8,367,255
Deferred income	571,292	592,325
Due to related parties and affiliates	71,823	337,132
Deferred tax liability	<u>4,846,599</u>	<u>3,108,166</u>
Total liabilities	<u>229,717,556</u>	<u>275,579,042</u>
Commitments and Contingencies		
Shareholders' Equity:		
First Hartford Corporation		
Preferred stock, \$1 par value; \$.50 cumulative and convertible; authorized 4,000,000 shares; no shares outstanding	-0-	-0-
Common stock, \$1 par value; authorized 6,000,000 shares: issued 3,175,908 in 2025 and 2024, outstanding 2,278,664 in 2025 and 2024	3,175,908	3,175,908
Capital in excess of par	4,714,538	4,714,538
Retained earnings	24,489,960	13,366,539
Treasury stock, at cost, 897,244 shares in 2025 and 2024	<u>(4,994,594)</u>	<u>(4,994,594)</u>
Total First Hartford Corporation	27,385,812	16,262,391
Noncontrolling interests	<u>(3,705,301)</u>	<u>(8,607,157)</u>
Total shareholders' equity	<u>23,680,511</u>	<u>7,655,234</u>
Total liabilities and shareholders' equity	<u>\$253,398,067</u>	<u>\$283,234,276</u>

See accompanying notes.

FIRST HARTFORD CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED APRIL 30, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
Revenues:		
Rental income	\$34,240,827	\$36,359,233
Service income	2,431,329	1,652,828
Sales of real estate	68,438,289	18,051,914
Other revenues	<u>2,356,583</u>	<u>3,468,970</u>
	<u>107,467,028</u>	<u>59,532,945</u>
Operating costs and expenses:		
Rental expenses (includes depreciation and amortization of \$5,002,643 and \$6,223,935 in 2025 and 2024, respectively)	19,996,904	22,881,165
Service expenses	829,527	759,527
Cost of real estate sales	50,132,556	16,188,154
Other expenses	2,375,575	3,607,528
Selling, general and administrative expenses	<u>11,820,664</u>	<u>10,253,333</u>
	<u>85,155,226</u>	<u>53,689,707</u>
Income from operations	<u>22,311,802</u>	<u>5,843,238</u>
Non-operating income (expense):		
Equity in earnings (loss) of unconsolidated subsidiaries, net	(244,238)	914,552
Loss on defeasance	-0-	(108,442)
Other income, net	8,420,328	315,879
Gain (loss) on derivatives	(1,326,941)	814,143
Interest expense	<u>(13,711,245)</u>	<u>(12,646,042)</u>
	<u>(6,862,096)</u>	<u>(10,709,910)</u>
Income (loss) before income taxes	15,449,706	(4,866,672)
Income tax expense (benefit)	<u>3,468,418</u>	<u>(2,290,265)</u>
Consolidated net income (loss)	11,981,288	(2,576,407)
Net (income) loss attributable to noncontrolling interests	<u>(857,867)</u>	<u>(1,236,092)</u>
Net income (loss) attributable to First Hartford Corporation	<u>\$11,123,421</u>	<u>\$(3,812,499)</u>
Net income (loss) per share – basic	<u>\$4.88</u>	<u>\$(1.67)</u>
Net income (loss) per share – diluted	<u>\$4.88</u>	<u>\$(1.67)</u>
Shares used in basic per share computation	<u>2,278,664</u>	<u>2,278,664</u>
Shares used in diluted per share computation	<u>2,278,664</u>	<u>2,278,664</u>

See accompanying notes.

FIRST HARTFORD CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED APRIL 30, 2025 AND 2024

	Common <u>Stock</u>	Capital in Excess of <u>Par</u>	Retained <u>Earnings</u>	Treasury <u>Stock</u>	Total First <u>Hartford Corporation</u>	Noncontrolling <u>Interests</u>	<u>Total</u>
Balance, April 30, 2023	\$3,175,908	\$4,974,876	\$17,179,038	\$(4,994,594)	\$20,335,228	\$(6,523,205)	\$13,812,023
Distributions	-0-	-0-	-0-	-0-	-0-	(449,507)	(449,507)
Purchase of former noncontrolling interests in Rockland and Clarendon	-0-	(260,338)	-0-	-0-	(260,338)	(2,870,537)	(3,130,875)
Net income (loss)	<u>-0-</u>	<u>-0-</u>	<u>(3,812,499)</u>	<u>-0-</u>	<u>(3,812,499)</u>	<u>1,236,092</u>	<u>(2,576,407)</u>
Balance, April 30, 2024	3,175,908	4,714,538	13,366,539	(4,994,594)	16,262,391	(8,607,157)	7,655,234
Distributions	-0-	-0-	-0-	-0-	-0-	(1,087,447)	(1,087,447)
Contributions	-0-	-0-	-0-	-0-	-0-	2,073,472	2,073,472
Legal settlement	-0-	-0-	-0-	-0-	-0-	3,057,964	3,057,964
Net income (loss)	<u>-0-</u>	<u>-0-</u>	<u>11,123,421</u>	<u>-0-</u>	<u>11,123,421</u>	<u>857,867</u>	<u>11,981,288</u>
Balance, April 30, 2025	<u>\$3,175,908</u>	<u>\$4,714,538</u>	<u>\$24,489,960</u>	<u>\$(4,994,594)</u>	<u>\$27,385,812</u>	<u>\$(3,705,301)</u>	<u>\$23,680,511</u>

See accompanying notes.

FIRST HARTFORD CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED APRIL 30, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
Operating activities:		
Consolidated net income (loss)	\$11,981,288	\$(2,576,407)
Adjustments to reconcile consolidated net income (loss) to net cash provided by (used in) operating activities:		
Gain on sale of real estate	(18,305,733)	(1,863,760)
Equity in (earnings) loss of unconsolidated subsidiaries, net	244,238	(914,552)
Depreciation of real estate and equipment	6,460,670	6,955,532
Amortization of deferred expenses	636,466	986,524
Deferred income taxes	1,738,433	(1,618,429)
(Gain) loss on marketable securities and other investments	(156,976)	(5,640)
Gain on legal settlement	(8,129,162)	-0-
Loss on Clarendon refinance	-0-	975,366
Unrealized (gain) loss on derivatives	1,326,941	(814,143)
Changes in operating assets and liabilities:		
Accounts, notes and other receivables	1,177,981	1,722,245
Deposits and escrows	231,694	(140,665)
Prepaid expenses	777,579	(295,338)
Deferred expenses	(3,543,857)	(2,203,616)
Accrued liabilities	4,142,607	(1,093,519)
Deferred income	6,312	(14,363)
Accounts and other payables	<u>(2,184,087)</u>	<u>1,193,696</u>
Net cash provided by (used in) operating activities	<u>(3,595,606)</u>	<u>292,931</u>
Investing activities:		
Investments in marketable securities and other investments	(2,000,000)	-0-
Proceeds from sale of marketable securities	-0-	-0-
Purchases of equipment and tenant improvements	(1,283,250)	(983,603)
Distributions from equity investments	667,930	426,875
Purchase of former noncontrolling interests in Rockland and Clarendon	-0-	(3,130,875)
Proceeds from sales of real estate	33,272,461	18,051,914
Proceeds from sale of Rockland	13,469,039	-0-
Legal settlement	(739,037)	-0-
Additions to developed properties and property under construction	<u>(45,103,959)</u>	<u>(35,211,886)</u>
Net cash provided by (used in) investing activities	<u>(1,716,816)</u>	<u>(20,847,575)</u>

See accompanying notes.

FIRST HARTFORD CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED APRIL 30, 2025 AND 2024
(continued)

	<u>2025</u>	<u>2024</u>
Financing activities:		
Contributions from noncontrolling interests	\$2,073,472	\$-0-
Distributions to noncontrolling interests	(1,087,447)	(449,507)
Proceeds from:		
Construction loans	17,286,605	21,508,038
Mortgages	10,806,586	5,244,000
Notes	-0-	-0-
Credit lines	7,010,000	10,545,000
Principal payments on:		
Construction loans	(9,926,340)	(7,149,100)
Mortgages	(13,279,718)	(6,380,150)
Notes	-0-	-0-
Credit lines	(11,280,000)	(2,950,000)
Proceeds from Clarendon refinance	-0-	4,278,064
Advances (repayments) to related parties and affiliates, net	<u>(63,293)</u>	<u>58,499</u>
Net cash provided by (used in) financing activities	<u>1,539,865</u>	<u>24,704,844</u>
Net change in cash and cash equivalents and restricted cash	(3,772,557)	4,150,200
Cash and cash equivalents and restricted cash, beginning of year	<u>8,175,091</u>	<u>4,024,891</u>
Cash and cash equivalents and restricted cash, end of year	<u>\$4,402,534</u>	<u>\$8,175,091</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid during the year for interest	\$13,902,670	\$13,017,713
Cash paid (refunded) during the year for income taxes	\$(467,495)	\$792,659
Non-cash Investing and Financing Activities:		
Escrows funded by Clarendon refinance	\$-0-	\$21,904,976
Non-cash proceeds from sales of real estate and legal settlement	\$21,696,789	\$-0-
<u>Reconciliation of Cash and Cash Equivalents and Restricted Cash</u>		
Cash and cash equivalents	\$4,077,228	\$7,589,163
Cash and cash equivalents – restricted	<u>325,306</u>	<u>585,928</u>
Cash and cash equivalents and restricted cash, end of year	<u>4,402,534</u>	<u>\$8,175,091</u>

See accompanying notes.

FIRST HARTFORD CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED APRIL 30, 2025 AND 2024

1. Summary of Significant Accounting Policies:

Description of Business

First Hartford Corporation (the Company or FHC) was incorporated in Maine in 1909 and is engaged in the purchase, development, ownership, management, and sale of real estate. The Company is also engaged as a preferred developer for CVS, Cumberland Farms, and others (see Revenue Recognition below).

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Company, its wholly-owned subsidiaries, and all other entities in which the Company has a controlling financial interest. The latter includes those in which the Company has been determined to be the primary beneficiary of a variable interest entity or otherwise meets certain criteria as a sole general partner or managing member in accordance with the consolidation guidance of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). As such, included in the consolidated financial statements as of April 30, 2025 are the accounts of Rockland Schoolhouse Apartments, LP ("Rockland Schoolhouse"). Rockland Place Apartments Limited Partnership ("Rockland") and Clarendon Hill Somerville Limited Partnership ("Clarendon") had been consolidated as variable interest entities as of April 30, 2023.

On May 19, 2023, the Company bought out the 99.99% limited partnership interests in both Rockland and Clarendon for \$930,140 and \$2,200,735, respectively. After these transactions, the Company owned 100% and 99.99%, respectively, of Rockland and Clarendon. There was no income statement impact as a result of these two equity transactions.

On October 9, 2024, the Company sold its property in Rockland for \$15,505,000 plus the assumption of its remaining debt on the property. This transaction resulted in a gain of \$10,612,791. The impact on the Company's balance sheet and statement of operations because of this transaction is as follows:

Balance Sheet:	
Cash and cash equivalents	\$13,469,039
Deposits and escrow accounts	(3,166,682)
Properties held for sale	(18,802,702)
Mortgages payable – held for sale	19,660,828
Deferred debt issuance costs	(547,692)
Retained earnings	(10,612,791)
Statement of Operations:	
Sales of real estate	\$35,165,828
Cost of real estate sales	<u>(24,553,037)</u>
Gain on sale	<u>\$10,612,791</u>

All significant intercompany balances and transactions have been eliminated in consolidation.

FIRST HARTFORD CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED APRIL 30, 2025 AND 2024

1. Summary of Significant Accounting Policies (continued):

Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities as of the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Financial Statement Presentation

Because the Company is engaged in the development and sale of real estate at various stages of construction, the operating cycle may extend beyond one year. Accordingly, following the usual practice of the real estate industry, the accompanying consolidated balance sheets are unclassified.

Statements of Cash Flows

In accordance with FASB ASC 230, the Company presents the change in total cash, cash equivalents, and restricted cash within the statement of cash flows. The Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Revenue Recognition

The Company accounts for revenue in accordance with ASC Topic 606, “Revenue from Contracts with Customers”. Revenue is recognized when, or as control of, the promised services or goods is transferred to our customers in an amount that reflects the consideration the Company expects to be entitled to in exchange for those services. The Company’s contracts typically contain only one performance obligation.

The following is a description of the Company’s revenue recognition policies, updated for the effects of Topic 606, for the Company’s principal activities.

Real Estate Operations

Rental Income – Rental income is recognized on a straight-line basis over the terms of the respective leases and consists of base rent and reimbursements for certain costs such as real estate taxes, utilities, insurance, common maintenance, and other recoverable costs as provided in the lease agreements. There are no contingent rents. If conditions of rent are not met, certain tenants may have rights to pay percentage rent not to exceed stated rent. Currently, there are a very limited number of tenants on percentage rent.

Management Service Income – The Company provides management and maintenance services to third parties, primarily the Company’s unconsolidated Claymont, DE and Bronx, NY properties. The Company is compensated for such services through a monthly management fee earned based on a specified percentage of the monthly rental income generated from the property under management. Property management services represent a series of distinct daily services rendered over time.

Sales of Real Estate – The Company recognizes sales of real estate as revenue at a point in time when control is transferred, and the Company has satisfied its performance obligation. For the years ended April 30, 2025 and 2024, the Company had real estate sales totaling \$68,438,289 and \$18,051,914, respectively. The cost of the property sold was \$50,132,556 and \$16,188,154 for 2025 and 2024, respectively.

FIRST HARTFORD CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED APRIL 30, 2025 AND 2024

1. Summary of Significant Accounting Policies (continued):

Development Services – The Company typically satisfies its performance obligation as services are rendered over time, measured by the ratio of costs incurred up to a given date to estimated total costs for each contract. This cost-to-cost measure is used because management considers it to be the best available measure of progress on these contracts.

Construction Income – Construction revenues are recognized as performance obligations are satisfied over time (formerly known as the percentage-of-completion method), measured by the ratio of costs incurred up to a given date to estimated total costs for each contract. This cost-to-cost measure is used because management considers it to be the best available measure of progress on these contracts.

Other Revenues – Other revenues primarily represent retail sales revenues from its new Bojangles restaurant that opened on January 4, 2024. In the prior year, other revenues primarily represented retail sales from the Company's liquor store it operated at its former North Adams, MA shopping center. The Company's liquor store was closed on February 12, 2024. The Company recognizes these revenues at a point in time when control of the goods is transferred to its customers.

Fee for Service

Preferred Developer Services – The Company is party to preferred developer agreements with CVS, Cumberland Farms, and others. Under these agreements, the Company satisfies its performance obligation over time as services are provided. Fees are typically payable upon contractually defined events, like project milestones. Fees and reimbursable expenses related to the development of pharmacy stores for CVS during the years ended April 30, 2025 and 2024 were \$104,000 and \$402,250, respectively. Fees and reimbursable expenses earned for others during the years ended April 30, 2025 and 2024 were \$75,000 and \$40,000, respectively. These fees are included in service income in the consolidated statements of operations.

Accounts Receivable and Allowance for Credit Losses

The Company records accounts receivable for its unconditional rights to consideration arising from its performance under contracts with customers. The carrying value of such receivables, net of the allowance for credit losses, represents their estimated net realizable value. The Company evaluates the credit worthiness of customers prior to extending credit to customers. The Company records an allowance for credit losses that is estimated based upon historical account write-off trends, facts about the current financial condition of the debtor, forecasts of future operating results based upon current trends and macroeconomic factors. Credit quality is monitored through the timing of payments compared to payment terms and known facts regarding the financial condition of debtors. The allowance for credit losses totaled approximately \$41,000 and \$65,000 as of April 30, 2025 and 2024, respectively. Accounts receivable balances are charged off against the allowance for credit losses after recovery efforts have ceased. As a practical expedient, the Company does not adjust the promised amount of consideration for the effects of a significant financing component when it expects, at contract inception, that the period between the transfer of a promised service to a customer and when the customer pays for that service will be one year or less. The Company does not typically include extended payment terms in its contracts with customers.

Remaining Performance Obligations

Remaining performance obligations represent the aggregate transaction prices for contracts where the Company's performance obligations have not yet been satisfied. On April 30, 2025 and 2024, the Company had no remaining performance obligations relating to construction projects.

FIRST HARTFORD CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED APRIL 30, 2025 AND 2024

1. Summary of Significant Accounting Policies (continued):

Contract Assets and Contract Liabilities

Contract assets represent assets for revenue that has been recognized in advance of billing the customer and for which the right to bill is contingent upon something other than the passage of time. Included in contract assets are costs and estimated earnings in excess of billings, uninstalled materials, and other costs related to long-term construction contracts.

When the Company receives consideration, or such consideration is unconditionally due, from a customer prior to transferring services to the customer under the terms of the services contract, the Company records a contract liability. Included in contract liabilities are billings in excess of costs and estimated earnings and deferred revenue.

Such deferred revenue typically results from milestone payments pertaining to future services not yet rendered. The Company recognizes the contract liability as revenue once it has transferred control of service to the customer and all revenue recognition criteria are met.

Contract assets and contract liabilities are determined for each contract on a net basis. Contract liabilities totaling \$150,000 and \$150,000 as of April 30, 2025 and 2024, respectively, are included in deferred income in the accompanying consolidated balance sheets. The remaining balance of deferred income consists primarily of prepayments of monthly rent.

Contract Costs

Contract costs include all direct material, direct labor and benefits, materials unique to or installed in the project, subcontract costs and allocations of indirect construction costs. Provisions for estimated losses on contracts in progress are made in the period in which such losses are determined.

As long-term contracts extend over one or more years, revisions in estimates of costs and earnings during the course of the contract are reflected in the accounting period in which the facts that require the revision become known. Applying the contract cost practical expedient, the Company recognizes the incremental costs of obtaining contracts as an expense when incurred if the amortization period of the assets that it otherwise would have recognized is one year or less.

Other Receivables and Payables

Pursuant to the Company's Preferred Developer Agreement with CVS, the Company is obligated to fund allowable costs incurred in connection with the identification and development of new retail pharmacy stores for which it receives direct reimbursements from CVS. Payables for allowable costs incurred in connection with these activities but not yet funded were \$51,722 and \$42,028 as of April 30, 2025 and 2024, respectively, and have been included as "Other payables" in the consolidated balance sheets. Related reimbursements due from CVS were \$833 and \$-0- as of April 30, 2025 and 2024, respectively, and have been included in "Other receivables" in the consolidated balance sheets.

Also included in "Other payables" as of April 30, 2025 and 2024 were \$1,208,263, respectively, of cost reimbursements due upon completion of development projects.

FIRST HARTFORD CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED APRIL 30, 2025 AND 2024

1. Summary of Significant Accounting Policies (continued):

Cash and Cash Equivalents – Restricted

Cash and cash equivalents – restricted, includes funds received from CVS and others in connection with the Company’s Preferred Developer Agreements. Such amounts are to be used for the payment of costs incurred by the Company for the development and construction of CVS and other stores. The restricted cash also includes Tenant Security Deposits held by Clarendon.

Developed Properties, Equipment and Tenant Improvements

Developed properties, equipment and tenant improvements are recorded at cost.

Depreciation and amortization are provided using the straight-line method based on the following estimated useful lives.

<u>Description</u>	<u>Years</u>
Developed properties	15 – 40
Equipment	3 – 10
Tenant improvements	Lesser of improvement life or lease term

Expenditures for major renewals and betterments, which extend the useful lives of developed properties, equipment, and tenant improvements, are capitalized. Expenditures for maintenance and repairs are charged to operations as incurred.

Property Under Construction

The Company capitalizes costs directly associated with property under construction. Such costs include materials, construction labor and payroll cost, allocation of salaries, and payroll cost from direct activities such as engineering, purchasing, legal, and services provided by subcontractors. Material carrying costs for property taxes, insurance, and interest are also capitalized during the period of active construction until construction is substantially complete (see Note 3).

The Company capitalizes labor cost for direct work by offsite staff on specific projects. In the years ended April 30, 2025 and 2024, \$380,759 and \$407,954, respectively, was capitalized.

Notes Receivable

On April 28, 2023, the Company sold its shopping center in North Adams, MA for \$2,000,000 (cost of \$5,535,466). The Company received a promissory note from the buyer as consideration. The note bore interest at the “Wall Street Journal Prime Rate,” as defined, and required the principal balance of the note be reduced monthly by the Net Cash Flow of the property, as defined, until the maturity date of September 30, 2023, at which time the outstanding principal and interest balance was payable in full. The balance of this note was \$1,908,330 as of January 30, 2024, at which time the Company settled with the buyer for \$1,627,812 and recorded a loss of \$281,018, which is included in Rental expenses on the Consolidated Statement of Operations for the year ended April 30, 2024.

FIRST HARTFORD CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED APRIL 30, 2025 AND 2024

1. Summary of Significant Accounting Policies (continued):

Property Held for Sale

The Company classifies property as “held for sale” if management commits to sell the property and actively markets the property to potential buyers at fair market value, the property is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such property, and the sale is probable within one year.

Deferred Expenses

Expenditures directly related to real estate under consideration for development are deferred and included in deferred expenses in the consolidated balance sheets. These costs include option payments, attorney’s fees, architect and engineering fees, consultants, etc., but only to the extent they are from outside sources. If development of the real estate commences, all the accumulated costs are reclassified to property under construction in the consolidated balance sheets. If the project is later abandoned, all the accumulated costs are charged to expense.

Leasing costs incurred, primarily commissions, are capitalized for signed leases and included in deferred expenses in the accompanying consolidated balance sheets. Such costs are amortized using the straight-line method over the terms of the related leases. The unamortized balance of such cost was \$1,394,219 and \$1,180,238 as of April 30, 2025 and 2024, respectively.

Amortization expense for the next five years and thereafter is expected to be as follows:

	<u>Year Ending April 30,</u>	
2026		\$178,933
2027		156,318
2028		131,032
2029		120,230
2030		118,399
Thereafter		<u>689,307</u>
Total		<u>\$1,394,219</u>

Investment in Affiliated Entities

The Company has an investment in an affiliated limited liability entity Dover Parkade, LLC (“Dover”). The Company has a 50% interest in Dover, which owns a shopping center in Dover Township, NJ. The operating and financial policies of Dover are not controlled by the Company. For years prior to May 1, 2009, the Company was committed to provide funding to this equity method investee. The Company’s investment was recorded at cost and subsequently adjusted for its share of their net income and losses and distributions. Through April 30, 2009, losses and distributions from Dover exceeded the Company’s investment and the Company’s investment balance was reduced below \$0 and recorded as a liability. Beginning May 1, 2009 and through April 30, 2022, distributions from Dover were credited to income and any additional losses were not allowed to further reduce the investment balance. As of April 30, 2022, the investment was no longer in a liability position and distributions are now recorded as a reduction of the investment and not as income. Regardless of operations, the investment will not be reduced below \$0 from this point forward. The resulting carrying value of this investment of \$-0- and \$833,676 as of April 30, 2025 and 2024, respectively, is included in Investment in affiliates. The Company recorded equity (loss) in earnings of unconsolidated subsidiaries of \$(268,676) and \$896,204 related to Dover for the years ended April 30, 2025 and 2024, respectively. Distributions received were \$565,000 and \$390,000 for the years ended April 30, 2025 and 2024, respectively.

FIRST HARTFORD CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED APRIL 30, 2025 AND 2024

1. Summary of Significant Accounting Policies (continued):

Investment in Affiliated Entities (continued)

On October 4, 2011, the Company entered into a partnership with a nonprofit entity which purchased a 99-year leasehold interest in a 208-unit subsidized housing project in Claymont, Delaware. The Company is a non-controlling .01% limited partner in the entity. The Company's investment is carried at cost of \$100. A subsidiary of the Company is the managing agent.

On April 19, 2018, a subsidiary of the Company invested in a limited liability company that purchased a 100-unit subsidized housing property in the Bronx, NY for \$14,900,000. The Company, through this investment, is a non-controlling .005% Class B member in the limited liability company. The subsidiary's investment in the housing property is carried at cost of \$100. The managing member has delegated the management of the property to the Company, for which it is being paid a property management fee equal to 4% of operating revenue of the housing property. The Company, through a wholly-owned subsidiary, was the general contractor for the renovation of this property, which cost approximately \$9,458,000. Finally, a developer fee of \$3,669,000 will be paid to a subsidiary of the Company. The first installment of this developer fee (\$350,000) was paid upon closing; the second installment (\$324,119) was paid upon conversion to permanent financing; the third installment (\$524,758) was paid in fiscal 2021 upon satisfaction of various conditions. The balance of the developer fee, \$2,470,123, was to be paid over 15 years contingent upon sufficient net cash flows of the property; of this amount, \$1,227,930 has been paid leaving an additional \$1,242,193 to be received. Future receipts will be recorded to revenue upon receipt.

On June 8, 2021, the Company's joint venture, CP Associates, LLC, distributed assets (the Former School Property and the Restaurant parcels in Cranston, RI, excluding the police station parcel) to its Members as Tenants in Common. Also on June 8, 2021, the Company's joint venture, Trolley Barn, LLC, distributed its assets (vacant land in Cranston, RI, "Trolley Barn") to its Members as Tenants in Common and was dissolved. After these transactions, one of the Members of these three properties, Brewery Parkade, which is a wholly-owned subsidiary of the Company, directly owned 50% of each of these properties. Tenancy in common provides each holder a distinct, separately transferable interest in the property. While these changes had no impact on the Company's net income (loss), the financial statements were impacted in that, while these properties were previously consolidated, they were instead accounted for using the equity method of accounting since the Company did not have the stand-alone power to make decisions regarding the financing, development, sale, or operations of these properties.

On April 7, 2022, the Former School Property was sold for \$16,000,000. The Company's 50% share on the profit on this sale was \$5,909,208 and \$6,020,849 was distributed to the Company. There remained approximately 2.96 acres of land within that tenancy in common. This TIC was dissolved as part of the legal settlement described in Note 12 and that land is now owned directly by the Company.

On March 31, 2023, the Company exchanged its 50% interest in the Restaurant property for the other 50% interest in the Trolley Barn tenancy in common. As part of the transaction, the Company paid \$1,250,000, which represented the difference between the fair value of the Restaurant property given up and the Trolley Barn property acquired, plus additional transaction costs totaling \$50,542. As a result of the transaction, the Company owns 100% of the Trolley Barn property and is now consolidating the assets and liabilities related to this property in its financial statements. There was no gain or loss resulting from this transaction.

FIRST HARTFORD CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED APRIL 30, 2025 AND 2024

1. Summary of Significant Accounting Policies (continued):

Investment in Affiliated Entities (concluded)

Below is the financial activity in the former school property from May 1, 2023 through April 30, 2025.

Investment, May 1, 2023	\$452,066
Equity (loss) in earnings	18,348
Exchange of ownership	<u>(36,875)</u>
Investment, April 30, 2024	\$433,539
Equity in earnings	24,438
Distributions	(102,930)
Dissolution of TIC upon legal settlement	<u>(355,047)</u>
Investment, April 30, 2025	<u>\$ -0-</u>

Fair Value Measurements

Certain assets and liabilities are presented at fair value on a recurring basis. In addition, fair values are disclosed for certain other assets and liabilities. In all cases, fair value is determined using valuation techniques based on a hierarchy of inputs. A summary of the hierarchy follows:

- Level 1 – Quoted prices in active markets that are unadjusted and accessible at the measurement date for identical, unrestricted assets or liabilities.
- Level 2 – Quoted prices for identical assets and liabilities in markets that are not active, quoted prices for similar assets and liabilities in active markets or financial instruments for which significant observable inputs are available, either directly or indirectly such as interest rates and yield curves that are observable at commonly quoted intervals; and
- Level 3 – Prices or valuations that require inputs that are unobservable.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level in the fair value hierarchy within which the fair value measurement in its entirety falls has been determined based on the lowest level input that is significant to the fair value measurement in its entirety. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability.

FIRST HARTFORD CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED APRIL 30, 2025 AND 2024

1. Summary of Significant Accounting Policies (continued):

Fair Value Measurements (continued)

The Company's financial instruments include cash and cash equivalents, accounts receivable, marketable securities, accounts payable, accrued expenses and debt. The fair values of accounts receivable, accounts payable and accrued expenses are estimated to approximate their carrying amounts because of their relative short-term nature. In general, the carrying amount of variable rate debt approximates its fair value. Further, the carrying amount of fixed rate debt approximates fair value debt since the interest rates on the debt approximates the Company's current incremental borrowing rate. Information about the fair values of marketable securities and derivative liabilities is presented below.

Level 1

Marketable Securities (Common and Preferred Stocks) and Other Investments (Certificates of Deposit (CDs))

The Company determines the appropriate classifications of its investments in marketable debt and equity securities at the time of purchase and re-evaluates such determinations at each balance sheet date. As of April 30, 2025 and 2024, investments consist of equity securities, which are classified as available for sale, and CDs with original maturities greater than three months. Investments in marketable securities are stated at fair value of \$225,801 and \$90,320 as of April 30, 2025 and 2024, respectively (cost of \$30,934 and \$175,541). Fair value for marketable securities is based on the last sale of the period obtained from recognized stock exchanges (i.e., Level 1). Net unrealized holding gains and temporary losses on equity securities are included in net earnings. Gains or losses on securities sold are based on the specific identification method. Investments in CDs are stated at fair value of \$2,021,495 and \$-0- as of April 30, 2025 and 2024, respectively (cost of \$2,000,000 and \$-0-).

Level 2

Derivative Instruments

The Company, through its 50% owned consolidated subsidiaries, entered into two separate floating-to-fixed interest rate swap agreements with banks that expire in May 2025 and July 2031. In conjunction with the legal settlement described in Note 12, the Company is no longer party to the swap agreement that expired in May 2025.

On June 1, 2019, the Company, through a wholly-owned subsidiary, entered into a separate floating-to-fixed interest rate swap agreement with a bank that was set to expire in January 2029. This swap agreement was terminated upon the sale of the underlying property on July 16, 2024.

On March 16, 2023, the Company, through two wholly-owned subsidiaries, entered into two separate floating-to-fixed interest rate swap agreement with a bank that expires April 2028.

The Company has determined that these derivative instruments do not meet the requirements of hedge accounting and have therefore recorded the change in fair value of these derivative instruments through income.

The gain (loss) on derivatives incurred during the years ended April 30, 2025 and 2024 totaled \$(1,326,941) and \$814,143, respectively, and the Company has recorded an asset of \$56,072 and \$1,796,476 in the consolidated balance sheets, which represents the fair value of the interest rate swaps as of April 30, 2025 and 2024, respectively. The loss on derivatives for the year ended April 30, 2025 differs from the change in derivative values because the derivative asset related to the legal settlement described in Note 12 totaled \$413,464 and is included in gain on settlement.

FIRST HARTFORD CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED APRIL 30, 2025 AND 2024

1. Summary of Significant Accounting Policies (concluded):

Fair Value Measurements (concluded)

The following table presents information about the Company's respective assets and liabilities measured at fair value on a recurring basis on April 30, 2025 and 2024, including the fair value measurements and the level of inputs used in determining those fair values:

April 30, 2025	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
U.S. Equity Securities	\$225,801	\$-0-	\$ -0-	\$225,801
Certificates of Deposit (CDs)	2,021,495	-0-	-0-	2,021,495
Interest Rate Swap Agreements	<u>-0-</u>	<u>56,072</u>	<u>-0-</u>	<u>56,072</u>
	<u>\$2,247,296</u>	<u>\$56,072</u>	<u>\$-0-</u>	<u>\$2,303,368</u>
 April 30, 2024	 <u>Level 1</u>	 <u>Level 2</u>	 <u>Level 3</u>	 <u>Total</u>
Assets:				
U.S. Equity Securities	\$90,320	\$-0-	\$ -0-	\$90,320
Interest Rate Swap Agreements	<u>-0-</u>	<u>1,796,476</u>	<u>-0-</u>	<u>1,796,476</u>
	<u>\$90,320</u>	<u>\$1,796,476</u>	<u>\$-0-</u>	<u>\$1,886,796</u>

The Company recognizes transfers between levels within the hierarchy as of the beginning of the reporting period. There have been no significant transfers between levels within the hierarchy for the years ended April 30, 2025 and 2024.

Long-Lived Assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amount might not be recovered. When impairment indicators are identified, the Company reduces the carrying value of the asset or group of assets, to the undiscounted expected cash flows through a charge to impairment loss in the current period.

Earnings (loss) per share (EPS)

Basic earnings (loss) per share amounts are determined using the weighted-average outstanding common shares for the year. Diluted earnings (loss) per share amounts include the weighted-average outstanding common shares as well as potentially dilutive common stock options and warrants using the "treasury stock" method. There were no options outstanding on April 30, 2025 or April 30, 2024.

Income Taxes

Deferred income taxes are provided on the differences between the financial statement and income tax bases of assets and liabilities and on net operating loss carryforwards using the enacted tax rates. A valuation allowance is provided for deferred income tax assets for which realization is not likely in the near term.

As of April 30, 2025 and 2024, the Company had no significant uncertain income tax positions. The Company recognizes interest and penalties on any uncertain income tax positions as a component of income tax expense. During the years ended April 30, 2025 and 2024, the Company did not recognize any interest or penalties related to unrecognized tax benefits.

The Company's tax returns generally remain open to examination by Federal, local, and state authorities for the prior three years.

FIRST HARTFORD CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED APRIL 30, 2025 AND 2024

2. Consolidated Variable Interest Entities

Rockland, MA – Land and Building Purchase: On December 13, 2024, the Company purchased an 0.89-acre property (Rockland Schoolhouse Apartments, LP) that includes a former school building for \$1,485,000 plus closing costs. The Company plans on renovating the building to allow for approximately 27 apartments. The Company funded this acquisition through one of its lines of credit. Subsequently, on February 12, 2025, the Company amended the Partnership that owns the property to admit Alliant Properties, LLC (Alliant) as the Investor Limited Partner and WD ALP 2025, LLC (WD) as the Administrative Limited Partner with a 99.98% and 0.01% ownership, respectively. Accordingly, Alliant and WD contributed equity of \$1,914,507 and \$100, respectively. Despite now owning just 0.01% of the Partnership, the Company will continue to consolidate the Partnership because it is deemed to be the controlling entity by virtue of it being the Managing Partner. In addition, a subsidiary of the Company will manage the property, for which it is being paid a property management fee equal to 5% of gross rental receipts. The Company, through a wholly-owned subsidiary, will be the general contractor for the renovation of this property, which will cost approximately \$10,148,000. Finally, a developer fee of \$1,459,888 will be paid to a subsidiary of the Company pursuant to the terms of the Development Services Agreement. Also on February 13, 2025, the Partnership obtained initial funding of \$1,500,940 on a \$13,500,000 construction loan, with an interest rate of 6.40% per annum, a term of 24 months (subject to one six-month extension), and payments of interest-only due until maturity, at which point all outstanding principal and accrued but unpaid interest shall be due and payable in full.

FIRST HARTFORD CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED APRIL 30, 2025 AND 2024

3. Construction Loans, Mortgages, Notes Payable, and Lines of Credit:

Information about the Company's debt follows:

	<u>2025</u>	<u>2024</u>
Construction loans and mortgages payable with interest rates ranging from zero to 12.00% at April 30, 2025 and 2024 and maturities at various dates through 2059.	\$201,460,225	\$223,584,619
Mortgages payable – held for sale with interest rates ranging from 3.41% to 7.25% at April 30, 2024 and maturities through 2056.	-0-	19,791,313
Notes payable with interest rates ranging from zero to 4.00% at April 30, 2025 and 2024 and maturities ranging from 2030 to 2059.	1,704,697	1,704,697
Lines of credit with interest rates ranging from 7.57% to 8.50% at April 30, 2025 and 2024 and maturities at various dates through 2025.	<u>5,700,000</u>	<u>9,970,000</u>
	208,864,922	255,050,629
Less deferred debt issuance costs	<u>(2,430,070)</u>	<u>(3,155,160)</u>
	<u>\$206,434,852</u>	<u>\$251,895,469</u>

For the years ended April 30, 2025 and 2024, \$748,183 and \$726,445 of interest related to various development and construction projects was capitalized.

Aggregate principal payments due on the above debt for each of the years succeeding April 30, 2025 are as follows:

<u>Year Ending April 30,</u>	
2026	\$25,281,925
2027	51,460,800
2028	20,442,395
2029	16,523,183
2030	8,467,045
Thereafter	86,689,574
	<u>\$208,864,922</u>

Substantially all real estate owned is pledged as collateral for construction and mortgage loans.

FIRST HARTFORD CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED APRIL 30, 2025 AND 2024

3. Construction Loans, Mortgages, Notes Payable, and Lines of Credit (continued):

Mortgage and Construction Loans

Fiscal Year 2025 Activity:

Montgomery, TX – Construction Loan: On May 29, 2024, the Company obtained a \$2,930,000 construction loan to construct a single-tenant building at its Montgomery, TX property. Proceeds at closing of \$572,763 were used to pay off a prior construction loan from a different bank of \$509,751, as well as closing costs. The new loan requires monthly interest-only payments through November 29, 2025, after which principal and interest payments using a 22-year amortization are required until the maturity date of November 30, 2030, at which time all remaining balances are due. The interest rate on the loan is the One-Month Term SOFR (with a Floor of 1.00%) rate plus 2.85%. There are no prepayment penalties. The Company is a guarantor on the loan.

Katy, TX (Cinco Ranch) – Mortgage Loan: On June 28, 2024, the Company obtained a \$1,550,000 mortgage loan on its property in Katy, TX. Proceeds at closing were \$1,495,838. The new loan required monthly interest-only payments through June 30, 2025, after which principal and interest payments using a 25-year amortization were required until the maturity date of June 28, 2026, at which time all remaining balances were due. The interest rate on the loan was the Prime Rate, as defined, plus 0.50% with an overall minimum rate of 9.00%. There were no prepayment penalties and the Company was a guarantor on the loan. This loan was repaid in full on November 26, 2024.

New Term Note: On December 30, 2024, the Company obtained a \$2,000,000 term note from a local bank in MA. The interest rate on this Note is 5.95% for the first sixteen months. Thereafter, the interest rate will be adjusted to a rate equal to the then-current interest rate on Certificates of Deposits (CDs) offered by the bank plus 2.75%. Interest only is payable monthly until maturity on December 31, 2029, at which time payment of all principal and interest is due. The Company is a guarantor of the note.

Fiscal Year 2024 Activity:

Austin, TX (Easton Park) - Construction Loan: On May 19, 2023, the Company obtained a construction loan on its property in Austin, TX. The construction loan totals \$6,310,000 and is being used for sitework and to construct a retail building. Key terms of the construction loan are as follows:

Maximum Loan Amount:	\$6,310,000
Maturity Date:	May 18, 2028
Interest Rate:	The greater of a) 5.00% or b) the Prime Rate published in the Wall Street Journal plus 0.50%.
Payments:	Interest only payable monthly through October 18, 2024. Thereafter, monthly principal and interest payments (may be adjusted by the Lender upon changes in the interest rate to maintain a 42-month amortization) until the Maturity Date, at which point all remaining principal and interest is payable.
Prepayment:	No prepayment penalties unless amounts paid are financed from another lender or third party, in which case penalties of 1%-3% of outstanding principal balances must be paid.
Guarantee:	The Company (Corporate).

FIRST HARTFORD CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED APRIL 30, 2025 AND 2024

3. Construction Loans, Mortgages, Notes Payable, and Lines of Credit (continued):

Cranston, RI - Construction Loan: On July 27, 2023, the Company obtained a \$6,000,000 construction loan for sitework at its Trolley Barn property in Cranston, RI. The interest rate on the loan during the Construction Phase, which ended on February 1, 2025, was the One-Month Term SOFR rate plus 2.75%. The monthly loan payments were interest-only during the Construction Phase. Thereafter, the interest rate on the loan during the Permanent Phase is the One-Month Term SOFR rate plus 1.75%, with principal and interest payments payable monthly using a 30-year amortization period. A prepayment fee of 0.25% of the amount prepaid is due if made during the Construction Phase or the first twenty-four months of the Permanent Phase. The maturity date is February 1, 2035 at which time any remaining principal balance is due. The Company is also a guarantor on this loan.

Wylie, TX - Construction Loan: On September 14, 2023, the Company obtained a \$2,000,000 construction loan for a new building at its Wylie, TX property. The new building is now being used for a Bojangles restaurant, which is owned and operated by a subsidiary of the Company and opened on January 4, 2024. Monthly payments were interest-only through March 2025. Starting in April 2025, monthly principal and interest payments were made using a 25-year amortization period until the maturity date of March 2035, at which point any remaining principal and interest payable will be due. The interest rate on the loan is the Prime Rate, as defined, plus 0.50% through March 2025. Thereafter, the interest rate will be adjusted to the "Secure Connect Amortizing Rate," as defined, plus 2.50%. A prepayment premium of 3%, 2%, and 1% is payable if the loan is prepaid in years 1, 2 and 3-7, respectively. There is no prepayment premium after year 7. All prepayments must be in full payment of the outstanding principal balance. The Company and two of its subsidiaries are also guarantors of this loan.

Clarendon Hill Somerville, LP – Refinance: On March 20, 2024, Clarendon Hill Somerville, LP executed a First Mortgage Note payable with the Massachusetts Housing Finance Agency (MHFA) in the amount of \$50,986,200. The note is nonrecourse, has a 35-year term, and requires monthly payments of principal and interest of \$304,541. The interest rate is fixed at 6.40%. The proceeds of the note were used to pay off its previous First Mortgage Note with MHFA with a principal balance of \$19,155,636, pay off its Flexible Subsidy Capital Improvement (FSCI) loan with a principal balance of \$2,279,216, reduce its Rental Housing Development Action (RDAL) loan by \$900,000, and reduce its Capital Improvement and Preservation Fund (CIPF) loan by \$600,000. The proceeds also funded closing costs and certain escrows that are being used to fund the redevelopment of the complex. There was a defeasance loss of \$108,442 recorded as part of this refinancing and prepayment fees of \$193,043.

Houston, TX (West Lake) - Construction Loan: On March 27, 2024, the Company obtained a \$8,765,078 construction loan for a new single-tenant building at its Houston, TX property. Monthly payments were interest-only through April 2025. Starting in April 2025, monthly principal and interest payments of \$74,234 will be made until the maturity date of March 2027. The interest rate on the loan is 9.50%. A prepayment premium of 3%, 2%, and 1% is payable if the loan is prepaid in years 1, 2 and 3, respectively. The Company is the guarantor of this loan.

Austin, TX (Easton Park West) - Construction Loan: On April 9, 2024, the Company obtained a \$4,000,000 construction loan to build a single-tenant building at its property in Austin, TX. The interest rate on the loan is One-Month Term SOFR plus 3.00% through the Initial Maturity Date of October 9, 2025. Payments during this period are interest-only with full payment of principal at the Initial Maturity Date. If certain conditions are met, there is an option to extend the Initial Maturity Date to April 30, 2028, in which case there would be a replacement note that would require monthly principal and interest payments using a 20-year amortization period with an interest rate fixed by an interest rate swap at a maximum rate of 7.50%. The Company is also a guarantor on this loan.

FIRST HARTFORD CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED APRIL 30, 2025 AND 2024

3. Construction Loans, Mortgages, Notes Payable, and Lines of Credit (concluded):

Lines of Credit

On April 19, 2017, the Company entered into an unsecured line of credit with a regional bank. This line of credit, as amended, was subsequently increased to \$5,000,000 on May 19, 2022. Updated terms of the line of credit are as follows:

Term:	Matures on November 1, 2025
Rate:	One-Month Term Secured Overnight Financing Rate (SOFR) + 3.25% per annum
Unused Fee:	0.25% annually on the unused line
Guarantee:	Full guarantee by the Chairman of the Company (Individual)
Deposits:	Must maintain a minimum of \$500,000 at bank
Covenants:	Company must maintain a minimum liquidity of \$2,500,000
Other:	Each funding request to be at the sole discretion of the bank and only to acquire credit tenanted properties.
Clean Up:	Borrower to be out of debt once each year for at least 30 days.

As of April 30, 2025 and 2024, the Company had borrowings of \$2,200,000 and \$4,990,000, respectively, against this credit line.

On May 10, 2021, the Company obtained an unsecured credit line with a regional bank that was used primarily to fund initial investments related to development opportunities. The interest rate on this loan was the Prime Rate per the Wall Street Journal (with floor of 3.25%). The credit line was subject to annual review and balances are due on demand (90-day notice). Interest was to be paid monthly; principal was to be repaid within ninety days upon notice by the lender. On June 18, 2025, this line of credit was replaced with another line of credit at the same bank, as discussed further in Note 14. As of April 30, 2025 and 2024, the Company had borrowings of \$3,500,000 and \$4,980,000, respectively, against this credit line.

FIRST HARTFORD CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED APRIL 30, 2025 AND 2024

4. Related Party Transactions:

Parkade Center Inc. (a wholly owned subsidiary of First Hartford Corporation) has a 1.99% interest in Hartford Lubbock Parkade LP II, a partnership, which owns a shopping center in Lubbock, TX. Lubbock Parkade Inc., a wholly owned subsidiary of Journal Publishing Inc., owns 98.01% of the Partnership. Journal Publishing Inc. is owned by Neil H. Ellis, the Chairman of First Hartford Corporation, through his ownership of Green Manor Corporation. First Hartford Realty Corporation manages the property and receives a 4% management fee, which is the industry norm for a shopping center.

For the years ended April 30, 2025 and 2024, Parkade Center Inc. and First Hartford Realty Corporation earned the following:

	<u>2025</u>	<u>2024</u>
Management Fee (at 4%)	\$62,684	\$62,650

For the years ended April 30, 2025 and 2024, Parkade Center Inc. received distributions of \$10,152 and \$10,293, respectively. For the years ended April 30, 2025 and 2024, Lubbock Parkade Inc. received distributions of \$660,000 and \$346,955, respectively, from Hartford Lubbock LP II.

Included in amounts due from related parties and affiliates is \$2,149,741 and \$-0- receivable from Cranston/BVT Associates, LP as of April 30, 2025 and 2024, respectively. Cranston/BVT Associates, LP is the owner of the Cranston, RI shopping center that was formerly owned 50% by the Company and was transferred to its former partner as part of the legal settlement described in Note 12. This balance represents amounts owed to CP Associates, LLC, which owns the Cranston, RI police station and is owned 50% by the Company.

Included in amounts due to related parties and affiliates is \$-0- and \$265,310 payable to the Cranston, RI Former School Property tenancy-in-common (TIC) on April 30, 2025 and 2024, respectively. This TIC was an unconsolidated equity investment, as discussed in Note 1, and was dissolved as part of the legal settlement described in Note 12. This amount is now payable to Brewery Parkade, Inc., a wholly-owned subsidiary of the Company, and thus, is eliminated in consolidation.

5. Employee Retirement Plan:

The Company has a 401(k) Plan for its employees. Under this plan, all employees over 18 years of age, working at least 30 hours weekly are eligible to participate. Participants are eligible to defer earnings to the extent of IRS regulations. The Company matches up to 4% of each participating employee's annual salary. Pension expense was \$227,260 and \$213,476 for the years ended April 30, 2025 and 2024, respectively.

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6. Income Taxes:

The provision (benefit) for income taxes consists of:

	<u>2025</u>	<u>2024</u>
Current Federal income taxes	\$1,416,708	\$(680,249)
Current State income taxes	313,277	8,413
Deferred Federal income taxes	1,404,119	(1,305,352)
Deferred State income taxes	<u>334,314</u>	<u>(313,077)</u>
	<u>\$3,468,418</u>	<u>\$(2,290,265)</u>

The net deferred income tax asset (liability) consists of:

Tax effect of net operating loss carry-forwards	\$-0-	\$2,473,967
Basis in fixed assets	(4,126,327)	(4,197,192)
Rent receivable	(191,166)	(166,441)
Investments in partnerships	(1,099,262)	(1,073,362)
Investments in Rockland and Clarendon	637,016	131,462
Unrealized gain on derivatives	(66,860)	(280,637)
Other	<u>-0-</u>	<u>4,037</u>
	<u>\$(4,846,599)</u>	<u>\$(3,108,166)</u>

A reconciliation of the provision (benefit) for income taxes with amounts determined by applying the statutory U.S. Federal income tax rate to income before income taxes is as follows:

	<u>2025</u>	<u>2024</u>
Federal statutory rate (21.0%)	\$3,359,612	\$(1,469,419)
State tax – net of Federal effect	310,876	8,413
Losses (income) attributable to noncontrolling interests in pass-through entities	(223,045)	(321,384)
Other	<u>20,975</u>	<u>(507,875)</u>
Provision (benefit) for income taxes	<u>\$3,468,418</u>	<u>\$(2,290,265)</u>

FIRST HARTFORD CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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7. Leases of Property:

Lessee Arrangements

The Company does not have any significant lessee arrangements.

Lessor Arrangements

The Company leases commercial and residential real estate to tenants under various operating leases expiring through 2055.

Rental income for the years ended April 30, by type of tenant, follows:

	<u>2025</u>	<u>2024</u>
Residential	\$15,177,886	\$15,654,236
Commercial	<u>19,062,941</u>	<u>20,704,997</u>
	<u>\$34,240,827</u>	<u>\$36,359,233</u>

Minimum future rentals to be received on non-cancellable commercial real estate leases are as follows:

	<u>Year Ending April 30,</u>
2026	\$12,651,090
2027	11,908,912
2028	10,811,556
2029	9,661,623
2030	8,192,989
Thereafter	<u>48,886,631</u>
Total	<u>\$102,112,801</u>

The following table shows the location, general character, ownership status, and cost of the materially important physical properties of the Company.

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7. Leases of Property (continued):

Consolidated Subsidiaries – Commercial Properties:

<u>Company Managed</u>	<u>Location of Properties</u>	<u>Use</u>	<u>Available Space or Facilities and Major Tenants</u>	<u>Ownership Status</u>	<u>Cost</u>
X	Edinburg, TX	Shopping Center	487,674 sq. ft. JC Penney 21% Academy Sports 16% Burlington Coat Factory 16%, Effective rent per sq. ft. occupied, exclusive of JC Penney (JC Penney owns its building) is \$12.14, 89% occupied	100% owned by a subsidiary of the Company, except JC Penney building.	\$54,663,744
X	West Springfield, MA	Shopping Center	144,350 sq. ft. Price Rite 28% Harbor Freight 12%, Effective rent per sq. ft. occupied is \$11.22, 76% occupied	100% owned by a subsidiary of the Company.	7,743,877
X	Plainfield, CT	Strip Shopping Center	60,154 sq. ft. Big Y 76%, Effective rent per sq. ft. occupied is \$12.87, 90% occupied	100% owned by a subsidiary of the Company.	5,365,135
X	New Orleans, LA	Strip Shopping Center	37,671 sq. ft. Marshalls 53%, Petco 33%, Effective rent per sq. ft. occupied is \$23.02, 100% occupied	100% owned by a subsidiary of the Company.	9,201,659

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7. Leases of Property (continued):

Consolidated Subsidiaries – Commercial Properties (concluded):

<u>Company Managed</u>	<u>Location of Properties</u>	<u>Use</u>	<u>Available Space or Facilities and Major Tenants</u>	<u>Ownership Status</u>	<u>Cost</u>
	Cranston, RI	Police Station	60,000 sq. ft. Leased to City of Cranston, Effective rent per sq. ft. occupied is \$17.75 100% occupied	50% owned by a subsidiary of the Company.	10,132,902
X	Lubbock, TX	Shopping Center	160,531 sq. ft. Mardel 25%, TJ Maxx 19%, Effective rent per sq. ft. occupied is \$10.55, 100% occupied	2.0% owned by a subsidiary of the Company.	6,959,732

The properties listed above contain approximately 945,929 rentable sq. ft., of which approximately 88,770 sq. ft., or approximately 9%, was vacant on April 30, 2025. Over the next 10 years, 57 of the current 58 leases will expire as follows:

<u>Year Ended</u>	<u>Number of Leases</u>	<u>Sq. Ft.</u>	<u>Base Rent</u>	<u>Percentage of Base Rent</u>
4/30/26	5	29,506	\$289,971	3.03%
4/30/27	12	66,880	\$1,321,302	13.79%
4/30/28	7	60,727	\$810,379	8.46%
4/30/29	9	205,628	\$2,076,226	21.67%
4/30/30	8	67,183	\$1,064,035	11.11%
4/30/31	7	63,603	\$809,400	8.45%
4/30/32	2	71,396	\$703,154	7.34%
4/30/33	2	111,310	\$1,564,666	16.33%
4/30/34	3	71,719	\$807,120	8.43%
4/30/35	2	5,700	\$134,059	1.40%

Total rental income of these properties for the year ended April 30, 2025 was \$13,206,991, of which \$2,948,605 is allocated for reimbursement of real estate taxes, common area expenses, and insurance expenses.

The Company does not have any individual tenants that account for 5% or more of the Company's revenues.

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7. Leases of Property (continued):

Consolidated Subsidiaries – Residential Properties:

<u>Company Managed</u>	<u>Location of Properties</u>	<u>Use</u>	<u>Available Space or Facilities and Major Tenants</u>	<u>Ownership Status</u>	<u>Cost</u>
X	Somerville, MA	Apartments	501 units, low to moderate income, 93% occupied, effective sq. ft. rent - \$37.48	99.99% owned by a wholly owned subsidiary of the Company.	71,032,809

Non-Consolidated Subsidiaries:

<u>Company Managed</u>	<u>Location of Properties</u>	<u>Use</u>	<u>Available Space or Facilities and Major Tenants</u>	<u>Ownership Status</u>	<u>Cost</u>
X	Claymont, DE	Apartments	208 units, senior housing, 100% sec 8 subsidized, 98% occupied, effective sq. ft. rent - \$29.58	Nonconsolidated, .01% owned by a wholly owned subsidiary of the Company.	11,374,167
X	Bronx, NY	Apartments	99 units, senior housing, 100% sec 8 subsidized, 98% occupied, effective sq. ft. rent - \$47.18	Nonconsolidated, .005% owned by a wholly owned subsidiary of the Company.	32,933,209
	Dover Township, NJ	Shopping Center	108,084 sq. ft. Stop & Shop 52% Dollar Tree 9% Plus Outparcels	50% owned by a subsidiary of the Company.	14,723,673

In addition to the materially important physical properties of the Company listed above, the Company owns several other significant properties that are being developed or may be developed in the future as opportunities arise. Many of these other properties involve ground lease or build-to-suit deals. In some cases, the land being developed is solely for a single entity, in other cases the land is primarily for a single entity with some excess land retained for future development, and in other cases the land is banked for future potential development. Generally, the Company looks to sell the properties within twelve months after development is completed but, in some cases, properties may be held for a longer period depending on market and other conditions.

FIRST HARTFORD CORPORATION AND SUBSIDIARIES
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7. Leases of Property (continued):

Consolidated Subsidiaries – Development Properties:

<u>Location of Properties</u>	<u>Use</u>	<u>Anticipated Completion Date</u>	<u>Cost Incurred to Date</u>
Little Ferry, NJ	Single tenant building	Completed	11,469,000
Wylie, TX	Bojangles (Company-owned and operated) restaurant	Completed	2,511,103
Magnolia, TX (Woodlands)	2.27 acres of land – can support 8,000 sq. ft.	FY 2026	847,305
Houston, TX (West Lake)	14.24 acres of land – can support 60,000 sq. ft. development	FY 2026	17,519,009
Montgomery, TX	13.84 acres of land plus strip mall – can support 50,000 sq. ft. development	FY 2026 – 2028	10,928,820
Austin, TX (Easton Park West)	3.95 acres of land – can support 20,000 sq. ft. development	FY 2026	4,213,414
Austin, TX (Easton Park)	Single tenant build-to-suit plus 4.78 acres of land – can support 15,000 sq. ft. development	FY 2026	14,774,974
Mansfield, TX	5.90 acres of land – can support 20,000 sq. ft. development	FY 2026	4,009,207
Humble, TX	2.62 acres of land – can support 10,000 sq. ft. development	FY 2026	1

FIRST HARTFORD CORPORATION AND SUBSIDIARIES
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7. Leases of Property (continued):

Consolidated Subsidiaries – Development Properties (concluded):

<u>Location of Properties</u>	<u>Use</u>	<u>Anticipated Completion Date</u>	<u>Cost Incurred to Date</u>
Buda, TX	9.72 acres of land – can support 20,000 sq. ft. development	FY 2026	7,269,200
Cypress, TX	1.40 acres of land for single tenant build-to-suit	FY 2026	2,529,925
Texas City, TX (Shoppes at Lago Mar NWC)	6.63 acres of land – can support 20,000 sq. ft. development	FY 2026	4,500,669
Texas City, TX (Shoppes at Lago Mar SWC)	16.13 acres of land – can support 150,000 sq. ft. development	FY 2026	7,074,282
Cranston, RI (former School property)	2.96 acres of land – can support 10,000 sq. ft. development	FY 2026	1,137,431
Cranston, RI	6.61 acres of land – can support 50,000 sq. ft. development	FY 2026	9,068,910
Rockland, MA	0.89 acres of land – renovating vacant building to allow for approximately 27 apartments (0.01% owned)	FY 2026	3,251,273
Lincoln, RI	4.12 acres of land – will build housing to include 72 apartments	FY 2026	1,896,826
All Other Properties Held			<u>351,220</u>
Total cost of developed properties and property under construction (excludes non-consolidated subsidiaries)			<u>\$268,452,427</u>

The Company also owns property it is currently holding for sale. The properties include its remaining land in Spring, TX (Glennloch), its remaining land in Katy, TX (Cinco Ranch), and a building and 3.24 acres of its land in Montgomery, TX. The cost of these properties as of April 30, 2025 was \$5,649,154. As of April 30, 2024, the Company owned five properties classified as held for sale totaling \$20,164,438.

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8. Investments in Affiliates:

Summarized financial and other information for the Company's investment in Dover Parkade, LLC (Dover) follows:

Dover – New Jersey:

As of and for the years ended April 30,
Company ownership – 50%

	<u>2025</u>	<u>2024</u>
Assets	\$10,078,573	\$12,503,870
Liabilities	20,621,445	21,162,269
Members' deficit	(10,542,872)	(8,658,399)
Revenue	2,935,985	2,951,071
Operating expenses	1,515,346	1,379,593
Loss (gain) on derivative	1,338,182	(855,885)
Interest expense, net	746,930	753,595
Net income (loss)	(644,473)	1,673,768

Dover's major tenant is Stop & Shop, which provided 47% and 48% of the total revenue in the years ended April 30, 2025 and 2024, respectively, under a lease that expires on June 30, 2026.

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9. Concentrations of Credit Risk:

The Company's financial instruments that are subject to concentrations of credit risk consist of cash and cash equivalents, restricted cash, marketable securities, and accounts, notes, and other receivables.

The Company places its cash deposits, including investments in certificates of deposit, with various financial institutions. Bank deposits may be in excess of current Federal depository insurance limits. The Company manages exposure to counterparty credit risk through specific minimum credit standards, diversification of counterparties, and procedures to monitor its credit risk concentrations.

The Company assesses the financial strength of its tenants prior to executing leases and typically requires a security deposit and prepayment of rent.

FIRST HARTFORD CORPORATION AND SUBSIDIARIES
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10. Purchases of Real Estate:

Fiscal Year 2025 Purchases:

Texas City, TX (Lago Mar NWC) – Land Purchase: On August 29, 2024, the Company purchased a 6.63-acre parcel of land in Texas City, TX for \$4,476,443 plus closing costs. The Company plans on subdividing this parcel into four lots and either selling or leasing them. This purchase was financed with proceeds from a new construction loan (\$2,800,000) and working capital. Key terms of the construction loan are as follows:

Maximum Loan Amount:	\$2,800,000
Maturity Date:	August 30, 2025
Interest Rate:	11% per annum
Payments:	Interest only payable monthly with full principal balance due at the Maturity Date.
Prepayment:	Prepayments are permitted, subject to both Prepayment and Exit Fees, as defined.
Guarantee:	The Company (Corporate).

Cypress, TX – Land Purchase: On November 1, 2024, the Company purchased a parcel of land in Cypress, TX for \$1,154,554 plus closing costs. The Company plans on constructing a single tenant build-to-suit building on this parcel. This purchase was financed with working capital. Simultaneously, the Company obtained a new construction loan (\$4,520,000) for this project. Key terms of the construction loan are as follows:

Maximum Loan Amount:	\$4,520,000
Maturity Date:	November 1, 2029
Interest Rate:	Wall Street Journal Prime less 0.50%, with a floor of 6.50% and ceiling of 8.50%
Payments:	Interest only payable monthly through November 1, 2026; thereafter, principal and interest payable monthly using a 25-year amortization.
Prepayment:	A prepayment penalty of \$325,000 less interest paid to date. Once interest paid has reached \$325,000, there is no prepayment penalty.
Guarantee:	The Company (Corporate).

Texas City, TX (Lago Mar SWC) – Land Purchase: On November 25, 2024, the Company purchased a 30.43-acre parcel of land in Texas City, TX for \$13,305,450 plus closing costs and simultaneously sold a 14.30 acre lot for \$6,230,520 (approximate cost of \$6,583,000), leaving a 16.13 acre parcel of land. The Company plans on subdividing this parcel into multiple lots and either selling or leasing them. This purchase was financed with proceeds from a new land loan (\$5,284,500) and working capital. Key terms of the construction loan are as follows:

Maximum Loan Amount:	\$5,284,500
Maturity Date:	November 25, 2025
Interest Rate:	10% per annum
Payments:	Interest only payable monthly with full principal balance due at the Maturity Date.
Prepayment:	Prepayments are permitted, subject to both Prepayment and Exit Fees, as defined.
Guarantee:	The Company (Corporate).

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10. Purchases of Real Estate (concluded):

Lincoln, RI (The Village at Manville) – Purchase of Companies: On February 28, 2025, the Company purchased three legal entities (TVM Managing Member, LLC; TVM Developer, LLC; TVM Owner, LLC) for \$513,096. TVM Owner, LLC owns 4.12 acres of land in Lincoln, RI and the Company intends to build 72 units of affordable housing on this property. As part of this transaction, the Company also assumed a loan of \$625,000 from the Rhode Island Housing and Mortgage Finance Corporation. This loan bore interest at 6.18% annually. Monthly payments of interest only were due until the maturity date of June 24, 2025, at which time all unpaid principal and interest was due. Subsequently, on May 21, 2025, the Company amended TVM Owner, LLC to admit Bank of America, N.A. as the Investor Member and Banc of America CDC Special Holding Company, Inc. as the Special Member with a 99.99% and 0.00% ownership, respectively. Accordingly, Bank of America, N.A. contributed equity of \$1,963,335. Also, the Company received proceeds of \$3,186,370 from loans from the Rhode Island Housing and Mortgage Finance Corporation, a portion of which was used to pay back the \$625,000 loan. A developer fee of \$1,360,000 will be paid to TVM Developer, LLC pursuant to the terms of the Development Services Agreement. Also on May 21, 2025, TVM Owner, LLC received a \$12,700,000 construction loan, with a variable interest rate (6.86% at inception), a term of 30 months (subject to two, three-month extensions), and monthly payments of interest-only due until maturity, at which point all outstanding principal and accrued but unpaid interest shall be due and payable in full. Despite now owning just 0.01% of the underlying property, the Company will continue to consolidate these entities because it is deemed to be the controlling entity by virtue of it being the Managing Member.

Fiscal Year 2024 Purchases:

Mansfield, TX – Land Purchase: On June 2, 2023, the Company purchased a 5.90 parcel of land in Mansfield, TX for \$3,518,660 plus closing costs. The Company plans on subdividing this parcel and either selling or leasing them. This purchase was financed with proceeds from a new construction loan (\$2,500,000) and working capital. Key terms of the construction loan are as follows:

Loan Amount:	\$2,500,000
Maturity Date:	May 30, 2025
Interest Rate:	12.00% per annum.
Payments:	Interest only payable monthly until maturity, at which time all principal and interest is due. A \$25,000 Exit Fee is payable at the time the loan is repaid in full ,whether at maturity or by prepayment.
Guarantee:	The Company (Corporate).

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11. Employee Retention Tax Credits (ERTCs):

The Company received \$-0- and \$280,980 in ERTCs in the years ended April 30, 2025 and 2024, respectively. These credits are included in Other income.

12. Contingencies:

234 Realty, LLC and 287 Realty, LLC v. First Hartford Realty Corporation

In 2019, 234 Realty, LLC and 287 Realty, LLC filed two lawsuits against the Company in Providence County Superior Court (the “Court”) concerning over \$8,000,000 in commissions purportedly due to 234 Realty, LLC and 287 Realty, LLC (the “234/287 Lawsuits”). The Company asserted several affirmative defenses, as well as counterclaims, in the 234/287 Lawsuits. In July 2024, the Company’s subsidiary, Brewery Parkade, Inc., filed a separate lawsuit in the Court against entities owned by one of the principals of 234 Realty, LLC and 287 Realty, LLC (the “BP Lawsuit”). In September 2024, the parties to the 234/287 Lawsuits and the BP Lawsuit agreed to settle their respective claims and counterclaims. On January 29, 2025, a Master Settlement Agreement (MSA) was executed that formally settled all matters between the parties.

The MSA, which is largely effective on September 30, 2024, includes the following provisions: the transfer of the Company’s 50% interest in the partnership that owned the Cranston, RI shopping center, inclusive of all related assets and liabilities, to its former partner, and the transfer of the 50% interest held by the former members in the Former School Property in Cranston, RI, inclusive of all related assets and liabilities, to the Company, resulting in 100% ownership by the Company. As a result, the Tenancy in Common (TIC) that held the Former School Property was dissolved and these assets and liabilities were transferred to Brewery Parkade, LLC, a 100% owned subsidiary of the Company.

After this agreement, the Company continues to hold a 50% interest in CP Associates, LLC, which owns and leases a police station in Cranston, RI.

All claims between the parties were settled, including those made as part of the 234/287 Lawsuits.

As a result of this MSA, the Company recorded a gain of \$8,129,162 in the quarter ended January 31, 2025. The gain is comprised of the following:

Gain on transfer of 50% interest of shopping center to former partner (negative basis)	\$3,724,621
Gain on transfer of 50% interest of Former School Property from former TIC members (recorded at fair value)	1,039,045
Gain on reversal of accrued disputed fees	<u>3,365,496</u>
Total	\$8,129,162

This gain is included in Other income on the Consolidated Statement of Operations.

FIRST HARTFORD CORPORATION AND SUBSIDIARIES
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12. Contingencies (concluded):

Other Proceedings

The Company is also involved in other legal proceedings which arise during the normal course of its business, including disputes over tax assessments, commercial contracts, lease agreements, construction contracts, employee disputes and personal injuries. No amounts have been accrued in these consolidated financial statements since the outcome of these matters is uncertain and the amount of liability, if any, cannot be determined. However, the Company does not believe the outcome of any of these proceedings will have a material impact on its consolidated financial statements.

13. Stock Option Plan:

First Hartford Corporation 2025 Stock Option and Incentive Plan – The FHC 2025 Stock Option and Incentive Plan ("Plan") was adopted by the Board of Directors in December 2024 by written consent and approved by the stockholders on February 19, 2025, in order to further the Company's growth and development by providing, through stock ownership in the Company, an incentive to key employees, officers, directors, and consultants ("Contributors") who are in a position to contribute materially to the prosperity of the Company, to increase such person's interests in the Company's welfare, and to aid in recruiting outstanding candidates for service to the Company.

The Plan provides: (i) an aggregate of two hundred thousand (200,000) shares of common stock of the Company are hereby reserved for issuance by the Company or transfer from the Company's treasury for the issuance as bonus shares, or issuance of options and exercise of the options to purchase the underlying shares; (ii) options and bonus shares may be granted through February 18, 2035; (iii) options granted will be exercisable on a cumulative basis ordinarily as to 20% of the total number of shares covered thereby at any time immediately after the date the option is granted and 20% of such total number of shares after the end of each consecutive year thereafter until the option has vested and become exercisable as to all of such total number of shares, unless varied by the board of directors, or unless accelerated pursuant to terms approved by the board of directors; (iv) bonus awards may be awarded such that the shares are deliverable concurrently with the award, or on a cumulative basis as to percentages of the total number of shares awarded on specified vesting dates, as determined by the Board; (v) the purchase price for the exercise of shares subject to any option, and the value of the shares subject to any bonus, shall not be less than 100% of the fair market value of the shares of common stock of the Company on the grant date and in no event shall be less than the par value of the common stock; (vi) each option and bonus award shall be non-transferable by the Contributor during one's lifetime but may be exercised by one's heirs or devisees within one year after date of death; (vii) the board of directors, or if it so delegates, a committee, will be responsible for administering the Plan and may modify or terminate the Plan at any time provided termination or modification shall not adversely affect any option or bonus award then outstanding without the consent of the Contributor; and (viii) the shares to be issued or transferred under the Plan shall bear a legend restrictive as to transfer of the shares subject to an available exemption.

As of April 30, 2025, there were no options granted or outstanding under this plan.

FIRST HARTFORD CORPORATION AND SUBSIDIARIES
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14. Subsequent Events:

The Company has evaluated subsequent events through August 6, 2025, the date the financial statements were issued.

Fulshear, TX – Land Purchase: On May 19, 2025, the Company purchased a 4.32-acre parcel of land in Fulshear, TX for \$2,741,445 plus closing costs. The Company plans on constructing a single tenant build-to-suit building on this parcel. This purchase was financed with proceeds from a new construction loan (\$6,750,000), proceeds from a line of credit, and working capital. Key terms of the construction loan are as follows:

Maximum Loan Amount:	\$6,750,000
Maturity Date:	August 20, 2026
Interest Rate:	11% per annum
Payments:	Interest only payable monthly with full principal balance due at the Maturity Date.
Prepayment:	Prepayments are permitted, subject to both Prepayment and Exit Fees, as defined.
Guarantee:	The Company (Corporate).

Edinburg, TX – Construction Loan: On June 5, 2025, the Company obtained a \$1,526,000 construction loan to construct a single-tenant building at its Edinburg, TX property. The new loan requires monthly interest-only payments through November 10, 2026, at which time all remaining balances are due. The interest rate on the loan is the One-Month Term SOFR (with a Floor of 1.00%) rate plus 2.85%. There are no prepayment penalties. The Company is a guarantor on the loan.

Katy, TX (Cinco Ranch) – Partial Sale of Property: On June 6, 2025, the Company sold a 0.86 acre portion of its property in Katy, TX for \$1,017,540 (cost of approximately \$788,768). The Company continues to own 2.62 acres of this property after this sale.

Humble, TX – Sale of Property: On June 11, 2025, the Company sold its remaining land in Humble, TX for \$1,800,000 (cost of approximately \$67,169).

Line of Credit: On June 18, 2025, the Company's \$5,000,000 line of credit with a regional bank was replaced with another line of credit at the same bank for \$10,000,000. The interest rate on this loan is the Prime Rate per the Wall Street Journal. The credit line is subject to annual review and balances are due on demand (90-day notice). Interest is to be paid monthly; principal is to be repaid within ninety days upon notice by the lender. This line of credit is guaranteed by the Company and secured by assets held by the parent company and one of its subsidiaries.

Mansfield, TX – Construction Loan: On June 20, 2025, the Company obtained a \$10,068,125 construction loan to construct two buildings on its property in Mansfield, TX. The loan requires monthly interest-only payments through the maturity date of June 20, 2026, at which time all outstanding principal and interest is due. Proceeds of the loan were used to pay off a construction loan of \$2,500,000. The interest rate on the loan is One Month Term SOFR, as defined, plus 8.75%. The loan may be prepaid and net proceeds from any sales of the underlying collateral must be used to repay the outstanding amount of principal and interest. The Company is a guarantor on the loan.

FIRST HARTFORD CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED APRIL 30, 2025 AND 2024

14. Subsequent Events (concluded):

Texas City, TX (Lago Mar NEC) – Land Purchase: On June 27, 2025, the Company purchased a 5.91 parcel of land in Texas City, TX for \$4,375,409 plus closing costs. The Company plans on subdividing this parcel and either selling or leasing them. This purchase was financed with proceeds from a new construction loan (\$3,000,000) and working capital. Key terms of the construction loan are as follows:

Loan Amount:	\$3,000,000
Maturity Date:	January 1, 2027
Interest Rate:	13.00% per annum.
Payments:	Interest only payable monthly until the Maturity Date, at which time all principal and interest is due. A \$45,000 Exit Fee is payable at the Maturity Date. If the loan is repaid in full prior to the Maturity Date, the Exit Fee decreases to \$30,000.
Guarantee:	The Company (Corporate).

[End of Financial Statements and Notes thereto.]

Disclosure Statement Pursuant to the Pink Basic Disclosure Guidelines

First Hartford Corporation

149 Colonial Road
Manchester, CT 06042
(860) 646-6555
<https://firsthartford.com/>
EHarrington@firsthartford.com
NAICS code: 53. NAICS subcode: 531190

Annual Report

For the period ending April 30, 2025 (the "Reporting Period")

Outstanding Shares

The number of shares outstanding of our Common Stock was:

2,278,664 as of April 30, 2025
2,278,664 as of April 30, 2024

Shell Status

Indicate by check mark whether the company is a shell company (as defined in Rule 405 of the Securities Act of 1933, Rule 12b-2 of the Exchange Act of 1934 and Rule 15c2-11 of the Exchange Act of 1934):

Yes: ☐ No: ☒

Indicate by check mark whether the company's shell status has changed since the previous reporting period:

Yes: ☐ No: ☒

Change in Control

Indicate by check mark whether a Change in Control⁴ of the company has occurred during this reporting period:

Yes: ☐ No: ☒

⁴ "Change in Control" shall mean any events resulting in:

- (i) Any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) becoming the "beneficial owner" (as defined in Rule 13d-3 of the Exchange Act), directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the total voting power represented by the Company's then outstanding voting securities;
- (ii) The consummation of the sale or disposition by the Company of all or substantially all of the Company's assets;
- (iii) A change in the composition of the Board occurring within a two (2)-year period, as a result of which fewer than a majority of the directors are directors immediately prior to such change; or
- (iv) The consummation of a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or its parent) at least fifty percent (50%) of the total voting power represented by the voting securities of the Company or such surviving entity or its parent outstanding immediately after such merger or consolidation.

1) Name and address(es) of the issuer and its predecessors (if any)

In answering this item, provide the current name of the issuer and names used by predecessor entities, along with the dates of the name changes.

None in past forty years.

Current State and Date of Incorporation or Registration: **Maine; May 4, 1909**

Standing in this jurisdiction: (e.g. active, default, inactive): **In Good Standing in Maine.**

Prior Incorporation Information for the issuer and any predecessors during the past five years:

N/A.

Describe any trading suspension or halt orders issued by the SEC or FINRA concerning the issuer or its predecessors since inception:

None.

List any stock split, dividend, recapitalization, merger, acquisition, spin-off, or reorganization either currently anticipated or that occurred within the past 12 months:

None in past 12 months

Address of the issuer's principal executive office:

149 Colonial Road
Manchester, CT 06042

Address of the issuer's principal place of business:

Check if principal executive office and principal place of business are the same address (x):

149 Colonial Road
Manchester, CT 06042

Has the issuer or any of its predecessors been in bankruptcy, receivership, or any similar proceeding in the past five years?

No: ☒ Yes: ☐ If Yes, provide additional details below:

2) Security Information

Transfer Agent

Name: Continental Stock Transfer & Trust Company

Phone: (212) 845-3212

Email: proxy@continentalstock.com

Address: 1 State Street, 30th Floor
New York, NY 1004-1561

Publicly Quoted or Traded Securities:

The goal of this section is to provide a clear understanding of the share information for its publicly quoted or traded equity securities. Use the fields below to provide the information, as applicable, for all outstanding classes of securities that are publicly traded/quoted.

Trading symbol:	FHRT
Exact title and class of securities outstanding:	Common Stock
CUSIP:	320488109
Par or stated value:	\$1.00
Total shares authorized:	6,000,000 as of April 30, 2025
Total shares outstanding:	2,278,664 as of April 30, 2025
Total number of shareholders of record:	156 as of April 30, 2025

Please provide the above-referenced information for all other publicly quoted or traded securities of the issuer.

N/A

Other classes of authorized or outstanding equity securities that do not have a trading symbol:

The goal of this section is to provide a clear understanding of the share information for its other classes of authorized or outstanding equity securities (e.g., preferred shares that do not have a trading symbol). Use the fields below to provide the information, as applicable, for all other authorized or outstanding equity securities.

Exact title and class of the security:	Preferred stock
CUSIP (if applicable):	N/A
Par or stated value:	\$1.00
Total shares authorized:	4,000,000 as of April 30, 2025
Total shares outstanding (if applicable):	N/A
Total number of shareholders of record (if applicable):	N/A

Please provide the above-referenced information for all other classes of authorized or outstanding equity securities.

N/A

Security Description:

The goal of this section is to provide a clear understanding of the material rights and privileges of the securities issued by the company. Please provide the below information for each class of the company's equity securities, as applicable:

1. For common equity, describe any dividend, voting and preemption rights.

There are no special dividend or voting rights. There are preemption rights under the Company's certificate of incorporation and Title 13-C of the Maine Business Corporation Act.

2. For preferred stock, describe the dividend, voting, conversion, and liquidation rights as well as redemption or sinking fund provisions.

N/A. Preferred stock is authorized but none are issued or outstanding.

3. Describe any other material rights of common or preferred stockholders.

N/A.

4. Describe any material modifications to rights of holders of the company's securities that have occurred over the reporting period covered by this report.

N/A.

3) Issuance History

The goal of this section is to provide disclosure with respect to each event that resulted in any changes to the total shares outstanding of any class of the issuer's securities in the past two completed fiscal years and any subsequent interim period.

Disclosure under this item shall include, in chronological order, all offerings and issuances of securities, including debt convertible into equity securities, whether private or public, and all shares, or any other securities or options to acquire such securities, issued for services. Using the tabular format below, please describe these events.

A. Changes to the Number of Outstanding Shares for the two most recently completed fiscal years and any subsequent period.

Indicate by check mark whether there were any changes to the number of outstanding shares within the past two completed fiscal years:

No: ☒ Yes: ☐ (If yes, you must complete the table below)

Shares Outstanding as of Second Most Recent Fiscal Year End: <u>Opening Balance</u> Date <u>April 30, 2023</u> Common: <u>2,278,664</u> Preferred: <u>0</u>			*Right-click the rows below and select "Insert" to add rows as needed.						
Date of Transaction	Transaction type (e.g., new issuance, cancellation, shares returned to treasury)	Number of Shares Issued (or cancelled)	Class of Securities	Value of shares issued (\$/per share) at Issuance	Were the shares issued at a discount to market price at the time of issuance? (Yes/No)	Individual/ Entity Shares were issued to. *You must disclose the control person(s) for any entities listed.	Reason for share issuance (e.g., for cash or debt conversion) - OR- Nature of Services Provided	Restricted or Unrestricted as of this filing.	Exemption or Registration Type.
_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____	_____	_____

Shares Outstanding on Date of This Report: Ending Balance: Date <u>Apr 30, 2025</u> Common: <u>2,278,664</u> Preferred: <u>0</u>	
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Example: A company with a fiscal year end of December 31st, 2024, in addressing this item for its Annual Report, would include any events that resulted in changes to any class of its outstanding shares from the period beginning on January 1, 2023 through December 31, 2024 pursuant to the tabular format above.

Any additional material details, including footnotes to the table are below:

N/A.

B. Convertible Debt

The following is a complete list of the Company’s Convertible Debt which includes all promissory notes, convertible notes, convertible debentures, or any other debt instruments convertible into a class of the issuer’s equity securities. The table includes all issued or outstanding convertible debt at any time during the last complete fiscal year and any interim period between the last fiscal year end and the date of this Certification.

☒ Check this box to confirm the Company had no Convertible Debt issued or outstanding at any point during this period.

Date of Note Issuance	Principal Amount at Issuance (\$)	Outstanding Balance (\$) (include accrued interest)	Maturity Date	Conversion Terms (e.g., pricing mechanism for determining conversion of instrument to shares)	# Shares Converted to Date	# of Potential Shares to be Issued Upon Conversion ⁵	Name of Noteholder (entities must have individual with voting / investment control disclosed).	Reason for Issuance (e.g., Loan, Services, etc.)
Total Outstanding Balance:				Total Shares:				

Any additional material details, including footnotes to the table are below:

N/A.

⁵ The total number of shares that can be issued upon full conversion of the Outstanding Balance. The number should not factor any “blockers” or limitations on the percentage of outstanding shares that can be owned by the Noteholder at a particular time. For purposes of this calculation, please use the current market pricing (e.g. most recent closing price, bid, etc.) of the security if conversion is based on a variable market rate.

4) Issuer's Business, Products and Services

The purpose of this section is to provide a clear description of the issuer's current operations. Ensure that these descriptions are updated on the Company's Profile on www.OTCMarkets.com.

- A. Summarize the issuer's business operations (If the issuer does not have current operations, state "no operations")
First Hartford Corporation and its subsidiaries (collectively, the "Company") is engaged in the purchase, development, ownership, management, and sale of real estate, and providing preferred developer services for corporate franchise operators.
- B. List any subsidiaries, parent company, or affiliated companies (wholly-owned by the Company unless otherwise noted).

Name of Subsidiary

State in which Incorporated

Parkade Center, Inc.	Texas
Hartford Lubbock Limited Partnership II (1.99%)	Texas
FHRC Management Corp.	Delaware
EH&NU Inc.	Massachusetts
First Hartford Realty Corporation	Delaware
First GL Buda, LLC	Texas
First BTS West Lake, LLC	Texas
First BTS Little Ferry, LLC	New Jersey
First BTS Humble, LLC	Texas
First BTS Magnolia, LLC	Texas
William Cannon Associates, LLC	Texas
William Cannon Associates II, LLC	Texas
Cranston Street Associates, LLC	Rhode Island
FH Edinburg Multifamily, LLC	Texas
First WF Horsham, LLC	Pennsylvania
First WF Lewisville, LLC	Texas
First WF Prosper, LLC	Texas
First WF Wylie, LLC	Texas
First WF North Richland Hills, LLC	Texas
First Biscuit Enterprises, LLC	Texas
First Biscuit Wylie, LLC	Texas
First Biscuit Mansfield, LLC	Texas
McKinney Falls Associates, LLC	Texas
Mansfield Retail Associates, LLC	Texas
Springwell Parkway Associates, LLC	Texas
Greenmoor Retail Associates, LLC	Texas
Katy Spring Green Associates, LLC	Texas
Fairway Commercial Real Estate, LLC	Connecticut
Montgomery SH 105 Associates, LLC	Texas
Plainfield Parkade, Inc.	Connecticut
EH&N Construction Company	Delaware
DE 150 Corp.	Delaware
Main Street NA Parkade, LLC	Connecticut
Brewery Parkade, Inc.	Rhode Island

CP Associates, LLC (50.00%)	Rhode Island
Tri-City Plaza, Inc.	New Jersey
Dover Parkade, LLC (50.00%)	Delaware
1150 Union Street Corp.	Massachusetts
First BTS Mid-City Manager, Inc.	Louisiana
First BTS Mid-City, LLC	Louisiana
FHRC Plumbing, Inc.	Massachusetts
First Hartford Rio Grande Valley, Inc.	Texas
The Shoppes at Rio Grande Valley, LP	Texas
Edinburg SRGV, LLC	Delaware
LTI Environmental Services, Inc.	Massachusetts
999 Realty, LLC	Delaware
Del Valle Parkade, LLC	Texas
First LB Cypress, LLC	Texas
First LB Powell, LLC	Ohio
First BTS Fulshear, LLC	Texas
Shoppes at Lago Mar NWC, LLC	Texas
Shoppes at Lago Mar SWC, LLC	Texas
Central Park Retail Associates, LLC	Texas
Connolly & Partners, LLC	Massachusetts
Clarendon Hill Somerville, LLC (49.00%)	Massachusetts
Clarendon Hill Somerville LP (99.99%)	Massachusetts
Rockland Place Apartments, LLC	Massachusetts
Rockland Place Apartments, LP	Massachusetts
Rockland Place Developers, LLC	Massachusetts
Connolly Claymont, LLC	Delaware
B'nai B'rith Claymont LP (0.005%)	Delaware
Schoolhouse Apartments Rockland, LLC	Massachusetts
Schoolhouse Apartments Rockland, LP (0.01%)	Massachusetts
Schoolhouse Apartments Rockland Developer, LP	Massachusetts
BBNH Manager, LLC (49.00%)	Connecticut
B'nai B'rith New Haven, LLC (49.00%)	Connecticut
FHNH Developer, LLC	Connecticut
BBR Manager, LLC (1.00%)	Pennsylvania
B'nai B'rith Reading, LLC (1.00%)	Pennsylvania
BBR Developer, LLC	Pennsylvania
Connolly Elmwood, LLC	New Jersey
Connolly Chesilhurst, LLC	New Jersey
Connolly Clarendon Investor, LLC	Massachusetts
Connolly Rockland Investor, LLC	Massachusetts
TVM Managing Member, LLC	Rhode Island
TVM Owner, LLC	Rhode Island
TVM Developer, LLC	Rhode Island
Connolly Bronx, LLC	New York
Project Hope Bronx, LLC (0.005%)	New York

C. Describe the issuers' principal products or services.

Business Narrative:

The principal activity of the Company's is the purchase, development, ownership, management, and sale of real estate. The real estate, owned and/or managed by the Company through various subsidiaries and joint ventures, is located in Connecticut, Delaware, Louisiana, Massachusetts, New York, New Jersey, New Mexico, Rhode Island, and Texas. Non-residential tenants are obtained through brokers and employed representatives of the Company, by means of Industry Trade Shows, direct contacts with retail stores and other potential commercial tenants, and an occasional inquiry by potential tenants at the Company's on-site offices. Residential tenants are obtained through advertisements and inquiry at on-site offices.

The Company has a comprehensive investment strategy when it comes to new projects or acquisitions. Before investing, the Company conducts comprehensive due diligence that includes researching demographics, traffic, nearby vacancies, competition, and nearby market conditions. After a potential investment has been fully vetted, a decision is made.

The Company's real estate business is diversified by geographical locations, type of commercial property, and form of ownership or management. The commercial real estate business is not divided further into significant separate classes of products or services. When profitable opportunities arise, the Company will buy and sell certain properties.

The Company opened a Bojangles restaurant at its property in Wylie, TX on January 4, 2024.

The Company owned and operated a liquor store at one of its former properties; this store was closed on February 12, 2024.

The Company also provides preferred developer services to CVS Health (CVS), Cumberland Farms Inc., and others in certain geographic areas. The Company is also exploring similar arrangements with other companies.

Miscellaneous Business Reporting:

The Company does not produce or offer any products, and as such, it has no foreign operations, no inventory (except small amounts at its restaurant) and does not export products or services. Its present business operations are not seasonal in nature. The Company does not have any patents, licenses, concessions, or royalty agreements. The Company is not conducting any research and development. The Company's subsidiaries involved with residential rental properties have some contracts or subcontracts, including loans, with the United States government via Housing & Urban Development (HUD).

The Company's operations and property are subject to various federal, state, and local laws and regulations concerning the protection of the environment, including air and water quality, hazardous or toxic substances and human health safety. There is no significant environmental litigation involving any of the Company's properties.

The Company's economic performance and the value of its real estate are subject to the risks incidental to the development, construction, and ownership of real estate properties, as well as the economic well-being of its tenants.

Employment: The Company employs approximately 75 people full-time and 33 people part-time.

Competition: The Company competes with many other established companies and entities, many of which are larger and possess substantially greater financial resources and substantially larger staffs.

Risks: In addition to the competitive pressures on the business noted above, the Company faces numerous risks and challenges.

The fee-for-service business has been sharply declining for several years (revenue peaked in fiscal year 2015 at \$6.8 million; in fiscal year 2025 it was \$0.2 million). The Company is attempting to cultivate new relationships with multi-store customers to offset this lower volume but there is no guarantee this effort will be successful.

In recent years, the Company has been highly dependent on its ability to buy, develop, and sell real estate at a profit and, because of the decreasing fee-for-service business and the increasingly difficult environment surrounding commercial real estate, this dependency is increasing. Annual profits on these sales averaged approximately \$7.8 million over the eleven fiscal years 2015-2025. Recent increases in interest rates have made it more difficult to sell properties at prices that the Company would have achieved in recent years. If the Company is unable to realize profitable real estate sales at a level at least equal to recent years, there would be an adverse impact on the Company's liquidity and financial results.

The sources of future borrowings that may be needed for new construction loans, property purchases, or balloon payments on existing loans are unclear at this time. Also, the Company depends on its lines of credit for working capital and, if any of these lines are not renewed, there is no guarantee that they can be replaced. The Company's liquidity could also be adversely impacted by continued higher interest rates and regulatory changes in Federal affordable housing programs.

With respect to other revenues, the Company's movie theater in North Adams, MA was closed in 2023 after years of operating at a loss. The Company's liquor store in North Adams, MA was closed on February 12, 2024. The Company opened a Bojangles restaurant in Wylie, TX on January 4, 2024 and operated at a loss through April 30, 2025.

If these trends continue, there is no guarantee that the Company will be able to mitigate the negative impact on the Company's liquidity and financial condition.

5) Issuer's Facilities

The goal of this section is to provide investors with a clear understanding of all assets, properties or facilities owned, used or leased by the issuer and the extent in which the facilities are utilized.

In responding to this item, please clearly describe the assets, properties or facilities of the issuer. Describe the location of office space, data centers, principal plants, and other property of the issuer and describe the condition of the properties. Specify if the assets, properties, or facilities are owned or leased and the terms of their leases. If the issuer does not have complete ownership or control of the property, describe the limitations on the ownership.

Facilities: The following table shows the location, general character, ownership status, and cost of the materially important physical properties of the Company:

<u>Property</u>	<u>Type</u>	<u>Ownership %</u>	<u>Book Value</u>
Consolidated Properties:			
Spring, TX (Glennloch) (1.81 acres of land)	Development Property	100%	\$ 417,519
Texas City, TX (0.75 acres of land)	Development Property	100%	118,695
Humble, TX (2.62 acres of land)	Development Property	100%	1
149 Colonial Rd., Manchester, CT (FHRC Office)	Corporate HQ	100%	147,217
Woodlands (Magnolia), TX - (2.27 acres of land)	Development Property	100%	808,258
Cranston, RI (Achievement First) (2.96 acres of land)	Excess Land	100%	1,137,431
Katy, TX (Cinco Ranch) (3.48 acres of land)	Development Property	100%	3,071,436
Roswell, NM	Development Property	100%	15,304
Clarendon Hill Towers (Somerville, MA)	Residential Housing Property	99.99%	50,763,884
Schoolhouse Rockland Apartments, LP (0.89 acres of land)	Development Property - Residential	0.01%	3,251,273
CP Associates (Police Station) (Cranston, RI)	Police Station	50%	2,904,765
Hartford Lubbock (Lubbock, TX)	Commercial Shopping Center	1.99%	5,220,241
Union Parkade (West Springfield, MA)	Commercial Shopping Center	100%	4,525,795
New Orleans/Mid-City Shopping Center (New Orleans, LA)	Commercial Shopping Center	100%	7,880,861
Little Ferry, NJ (CVS)	Single Tenant Build-To-Suit	100%	10,419,501
Plainfield Parkade (Plainfield, CT)	Commercial Shopping Center	100%	1,659,253
The Shoppes at Rio Grande Valley	Commercial Shopping Center / Development Property	100%	38,275,064
Montgomery, TX (17.09 acres of land and strip mall)	Commercial Shopping Center / Development Property	100%	11,729,624
Austin, TX (Easton Park) (CVS and excess land - 4.87 acres)	Development Property	100%	13,921,918
Austin, TX (Easton Park West) (3.95 acres of land)	Development Property	100%	4,213,414
Houston, TX (West Lake) (14.23 acres of land)	Development Property	100%	17,363,103
Mansfield, TX (5.90 acres of land)	Development Property	100%	4,009,207
Buda, TX (9.72 Acres of Land)	Development Property	100%	7,269,200
Cranston, RI (Trolley Barn) (6.61 acres)	Development Property	100%	8,760,279
Texas City, TX (Shoppes at Lago Mar NWC) (6.63 acres of land)	Development Property	100%	4,500,669
Texas City, TX (Shoppes at Lago Mar SWC) (16.13 acres of land)	Development Property	100%	7,074,282
Cypress, TX (Land for Lightbridge BTS)	Development Property	100%	2,529,925
Lincoln, RI (4.12 acres of land)	Development Property - Residential	100%	1,896,826
Wylie, TX (Bojangles equipment)	Restaurant	100%	530,358
Wylie, TX (Bojangles)	Restaurant	100%	2,445,310
Equipment			177,028
			\$ 217,037,641
Unconsolidated Properties:			
Tri City, New Jersey	Commercial Shopping Center	50%	\$ 7,726,586
B'nai B'rith, Claymont, DE	Residential Housing Property	0.01%	8,156,033
Bronx, NY	Residential Housing Property	0.01%	27,748,319
			\$ 43,630,938

6) All Officers, Directors, and Control Persons of the Company

Using the table below, please provide information, as of the period end date of this report, regarding all officers and directors of the company, or any person that performs a similar function, regardless of the number of shares they own.

In addition, list all individuals or entities controlling 5% or more of any class of the issuer's securities.

If any insiders listed are corporate shareholders or entities, provide the name and address of the person(s) beneficially owning or controlling such corporate shareholders, or the name and contact information (City, State) of an individual representing the corporation or entity. Include Company Insiders who own any outstanding units or shares of any class of any equity security of the issuer.

The goal of this section is to provide investors with a clear understanding of the identity of all the persons or entities that are involved in managing, controlling or advising the operations, business development and disclosure of the issuer, as well as the identity of any significant or beneficial owners.

Individual Name (First, Last) or Entity Name (Include names of control person(s) if a corporate entity)	Position/Company Affiliation (ex: CEO, 5% Control person)	City and State (Include Country if outside U.S.)	Number of Shares Owned (List common, preferred, warrants and options separately)	Class of Shares Owned	Percentage of Class of Shares Owned (undiluted)
---	--	---	---	-----------------------	--

Officers and Directors						
Neil H. Ellis	Chairman of the Board, and a director	c/o First Hartford Corp., 149 Colonial Road, Manchester, CT 06040	1,317,914 ⁽¹⁾	Common	57.8%	
John Toic	President, and a director	c/o First Hartford Corp., 149 Colonial Road, Manchester, CT 06040	-0-		0%	
Jonathan R. Bellock	Vice President, and a director	c/o First Hartford Corp., 149 Colonial Road, Manchester, CT 06040	33,763	Common	1.5%	
Eric Harrington	Treasurer	c/o First Hartford Corp., 149 Colonial Road, Manchester, CT 06040	-0-		0%	
David Burns	Secretary	c/o First Hartford Corp., 149 Colonial Road, Manchester, CT 06040	-0-		0%	
Jeff Carlson	a director	c/o First Hartford Corp., 149 Colonial Road, Manchester, CT 06040	-0-		0%	
William Connolly	a former director	c/o First Hartford Corp., 149 Colonial Road, Manchester, CT 06040	100	Common	0.004%	

Other 5% Beneficial Owners						
John Filippelli	Shareholder	P.O. Box 205, Spring Glen, NY 12483	204,110	Common	9.0%	
Joel Lehrer	Shareholder	156 East Cedar St. Apt 3302, Livingston, NJ 07039	204,000	Common	9.0%	

NOTES:

- (1) Includes 417,183 shares owned by a corporation, which is wholly owned by Mr. Ellis. Excludes 14,250 shares held as trustee for the Jonathan G. Ellis Leukemia Foundation (a charitable foundation).

Confirm that the information in this table matches your public company profile on www.OTCMarkets.com. If any updates are needed to your public company profile, log in to www.OTCIQ.com to update your company profile.

7) Legal/Disciplinary History

- A. Identify and provide a brief explanation as to whether any of the persons or entities listed above in Section 6 have, in the past 10 years:

1. Been the subject of an indictment or conviction in a criminal proceeding or plea agreement or named as a defendant in a pending criminal proceeding (excluding minor traffic violations);

None for the officers and directors of the Company.

None for Messrs. Filippelli and Lehrer; each have stated none via email.

2. Been the subject of the entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, financial- or investment-related, insurance or banking activities;

None for the officers and directors of the Company.

None for Messrs. Filippelli and Lehrer; each have stated none via email.

3. Been the subject of a finding, disciplinary order or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, a state securities regulator of a violation of federal or state securities or commodities law, or a foreign regulatory body or court, which finding or judgment has not been reversed, suspended, or vacated;

None for the officers and directors of the Company.

None for Messrs. Filippelli and Lehrer; each have stated none via email.

4. Named as a defendant or a respondent in a regulatory complaint or proceeding that could result in a "yes" answer to part 3 above; or

None for the officers and directors of the Company.

None for Messrs. Filippelli and Lehrer; each have stated none via email.

5. Been the subject of an order by a self-regulatory organization that permanently or temporarily barred, suspended, or otherwise limited such person's involvement in any type of business or securities activities.

None for the officers and directors of the Company.

None for Messrs. Filippelli and Lehrer; each have stated none via email.

6. Been the subject of a U.S Postal Service false representation order, or a temporary restraining order, or preliminary injunction with respect to conduct alleged to have violated the false representation statute that applies to U.S mail.

None for the officers and directors of the Company.

None for Messrs. Filippelli and Lehrer; each have stated none via email.

- B. Describe briefly any material pending legal proceedings, other than ordinary routine litigation incidental to the business, to which the issuer or any of its subsidiaries is a party to or of which any of their property is the subject. Include the name of the court or agency in which the proceedings are pending, the date instituted, the principal parties thereto, a description of the factual basis alleged to underlie the proceeding and the relief sought. Include similar information as to any such proceedings known to be contemplated by governmental authorities.

234 Realty, LLC and 287 Realty, LLC v. First Hartford Realty Corporation

In 2019, 234 Realty, LLC and 287 Realty, LLC filed two lawsuits against the Company in Providence County Superior Court (the "Court") concerning over \$8,000,000 in commissions purportedly due to 234 Realty, LLC and 287 Realty, LLC (the "234/287 Lawsuits"). The Company asserted several affirmative defenses, as well as counterclaims, in the 234/287 Lawsuits. In July 2024, the Company's subsidiary, Brewery Parkade, Inc., filed a separate lawsuit in the Court against entities owned by one of the principals of 234 Realty, LLC and 287 Realty, LLC (the "BP Lawsuit"). In September 2024, the parties to the 234/287 Lawsuits and the BP Lawsuit agreed to settle their respective claims and counterclaims. On January 29, 2025, a Master Settlement Agreement (MSA) was executed that formally settled all matters between the parties.

The MSA, which is largely effective on September 30, 2024, includes the following provisions: the transfer of the Company's 50% interest in the partnership that owned the Cranston, RI shopping center, inclusive of all related assets and liabilities, to its former partner, and the transfer of the 50% interest held by the former members in the Former School Property in Cranston, RI, inclusive of all related assets and liabilities, to the Company, resulting in 100% ownership by the Company. As a result, the Tenancy in Common (TIC) that held the Former School Property was dissolved and these assets and liabilities were transferred to Brewery Parkade, LLC, a 100% owned subsidiary of the Company.

After this agreement, the Company continues to hold a 50% interest in CP Associates, LLC, which owns and leases a police station in Cranston, RI.

All claims between the parties were settled, including those made as part of the 234/287 Lawsuits.

As a result of this MSA, the Company recorded a gain of \$8,129,162 in the quarter ended January 31, 2025. The gain is comprised of the following:

Gain on transfer of 50% interest of shopping center to former partner (negative basis)	\$3,724,621
Gain on transfer of 50% interest of Former School Property from former TIC members (recorded at fair value)	1,039,045
Gain on reversal of accrued disputed fees	<u>3,365,496</u>
Total	\$8,129,162

This gain is included in Other income on the Consolidated Statement of Income (Loss).

Other Proceedings

The Company is also involved in other legal proceedings which arise during the normal course of its business, including disputes over tax assessments, commercial contracts, lease agreements, construction contracts, employee disputes and personal injuries. No amounts have been accrued in these consolidated financial statements since the outcome of these matters is uncertain and the amount of liability, if any, cannot be determined. However, the Company does not believe the outcome of any of these proceedings will have a material impact on its consolidated financial statements.

8) Third Party Service Providers

Provide the name, address, telephone number and email address of each of the following outside providers. You may add additional space as needed.

Confirm that the information in this table matches your public company profile on www.OTCMarkets.com. If any updates are needed to your public company profile, update your company profile.

Securities Counsel

Name: Kenneth Lerman
Firm: Kenneth B. Lerman, P.C.
Address 1: 100 Pearl Street
Address 2: Hartford, CT 06105
Phone: 860-724-7000
Email: info@KBLpc.com

Accountant or Auditor

Name: Michael Sabol
Firm: Mahoney Sabol & Co., LLP
Address 1: 180 Glastonbury Boulevard, Suite 180

Address 2: Glastonbury, CT 06033
Phone: 860-541-2000
Email: msabol@mahoneysabol.com

Investor Relations

Name: _____
Firm: _____
Address 1: _____
Address 2: _____
Phone: _____
Email: _____

All other means of Investor Communication:

Twitter: _____
Discord: _____
LinkedIn: _____
Facebook: _____
[Other] _____

Other Service Providers

Provide the name of any other service provider(s) that **that assisted, advised, prepared, or provided information with respect to this disclosure statement**. This includes counsel, broker-dealer(s), advisor(s), consultant(s) or any entity/individual that provided assistance or services to the issuer during the reporting period.

Name: _____
Firm: _____
Nature of Services: _____
Address 1: _____
Address 2: _____
Phone: _____
Email: _____

9) Disclosure & Financial Information

A. This Disclosure Statement was prepared by (name of individual):

Name: **Eric Harrington**
Title: **Treasurer**
Relationship to Issuer: **Officer**

B. The following financial statements were prepared in accordance with:

☐ IFRS
☒ U.S. GAAP

C. The following financial statements were prepared by (name of individual):

Name: **Eric Harrington**
Title: **Treasurer**
Relationship to Issuer: **Officer**

Describe the qualifications of the person or persons who prepared the financial statements:⁶ **CPA**

Provide the following qualifying financial statements:

- Audit letter, if audited;
- Balance Sheet;
- Statement of Income;
- Statement of Cash Flows;
- Statement of Retained Earnings (Statement of Changes in Stockholders' Equity)
- Financial Notes

Financial Statement Requirements:

- Financial statements must be published together with this disclosure statement as one document.
- Financial statements must be “machine readable”. Do not publish images/scans of financial statements.
- Financial statements must be presented with comparative financials against the prior FYE or period, as applicable.
- Financial statements must be prepared in accordance with U.S. GAAP or International Financial Reporting Standards (IFRS) but are not required to be audited.

10) Issuer Certification

Principal Executive Officer:

The issuer shall include certifications by the chief executive officer and chief financial officer of the issuer (or any other persons with different titles but having the same responsibilities) in each Quarterly Report or Annual Report.

The certifications shall follow the format below:

I, Neil H Ellis, certify that:

1. I have reviewed this Disclosure Statement for First Hartford Corporation;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

August 6, 2025 [Date]

/s/ Neil H Ellis, as Chairman

(Digital Signatures should appear as “/s/ [OFFICER NAME]”)

Principal Financial Officer:

I, Eric Harrington, certify that:

1. I have reviewed this Disclosure Statement for First Hartford Corporation;

⁶ The financial statements requested pursuant to this item must be prepared in accordance with US GAAP or IFRS and by persons with sufficient financial skills.

2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

August 6, 2025 [Date]

/s/ Eric Harrington, as Treasurer

(Digital Signatures should appear as "/s/ [OFFICER NAME]")