

FIRST HARTFORD CORPORATION AND SUBSIDIARIES

FINANCIAL STATEMENTS AND

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

YEARS ENDED APRIL 30, 2026 AND 2025

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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, 2026 and 2025, 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, 2026, 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, 2026 and 2025, and the results of their operations and their cash flows for each of the years in the two-year period ended April 30, 2026, 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 5, 2026

FIRST HARTFORD CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
APRIL 30, 2026 AND 2025

ASSETS

	<u>2026</u>	<u>2025</u>
Real estate and equipment:		
Developed properties and property under construction	\$ 336,192,808	\$ 268,452,427
Equipment and leasehold improvements	<u>7,458,700</u>	<u>3,739,539</u>
	343,651,508	272,191,966
Less accumulated depreciation and amortization	<u>(73,992,145)</u>	<u>(60,803,479)</u>
	269,659,363	211,388,487
 Properties held for sale	 3,638,416	 5,649,154
 Cash and cash equivalents	 9,123,051	 4,077,228
 Cash and cash equivalents – restricted	 434,720	 325,306
 Marketable securities and other investments	 2,087,185	 2,247,296
 Accounts and notes receivable, net	 4,989,328	 3,088,291
 Other receivables	 -	 833
 Deposits and escrow accounts	 13,573,583	 14,824,107
 Prepaid expenses	 1,673,044	 1,084,178
 Deferred expenses, net	 10,409,713	 8,432,949
 Derivative asset	 240,126	 56,072
 Investment in affiliates	 246,768	 200
 Due from related parties and affiliates	 <u>2,621,258</u>	 <u>2,223,966</u>
 Total assets	 <u><u>\$ 318,696,555</u></u>	 <u><u>\$ 253,398,067</u></u>

See accompanying notes.

FIRST HARTFORD CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
APRIL 30, 2026 AND 2025
(continued)

LIABILITIES AND SHAREHOLDERS' EQUITY

	<u>2026</u>	<u>2025</u>
Liabilities:		
Mortgages and other notes payable:		
Construction loans payable	\$ 62,424,566	\$ 37,975,788
Mortgages payable	164,962,428	163,484,437
Notes payable	9,150,697	1,704,697
Lines of credit	11,427,400	5,700,000
Less: Deferred debt issuance costs	(3,941,197)	(2,430,070)
	<u>244,023,894</u>	<u>206,434,852</u>
Accounts payable	10,172,573	4,297,412
Other payables	1,392,375	1,394,763
Accrued liabilities	11,924,351	12,100,815
Deferred income	502,218	571,292
Due to related parties and affiliates	71,823	71,823
Deferred tax liability	4,841,018	4,846,599
	<u>272,928,252</u>	<u>229,717,556</u>
Total liabilities		
	<u>272,928,252</u>	<u>229,717,556</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	-	-
Common stock, \$1 par value; authorized 6,000,000 shares: issued 3,175,908 in 2026 and 2025, outstanding 2,267,374 and 2,278,664 in 2026 and 2025	3,175,908	3,175,908
Capital in excess of par	4,714,538	4,714,538
Retained earnings	24,033,732	24,489,960
Treasury stock, at cost, 908,534 and 897,244 shares in 2026 and 2025	(5,265,554)	(4,994,594)
Total First Hartford Corporation	<u>26,658,624</u>	<u>27,385,812</u>
Noncontrolling interests	19,109,679	(3,705,301)
Total shareholders' equity	<u>45,768,303</u>	<u>23,680,511</u>
Total liabilities and shareholders' equity	<u>\$ 318,696,555</u>	<u>\$ 253,398,067</u>

See accompanying notes.

FIRST HARTFORD CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED APRIL 30, 2026 AND 2025

	<u>2026</u>	<u>2025</u>
Revenues:		
Rental income	\$ 30,368,311	\$ 34,240,827
Service income	13,036,584	2,431,329
Sales of real estate	49,146,192	68,438,289
Other revenues	<u>2,045,422</u>	<u>2,356,583</u>
	<u>94,596,509</u>	<u>107,467,028</u>
Operating costs and expenses:		
Rental expenses (includes depreciation and amortization of \$5,162,871 and \$5,002,643 in 2026 and 2025, respectively)	18,136,821	19,996,904
Service expenses	9,937,474	829,527
Cost of real estate sales	37,292,941	50,132,556
Other expenses	2,202,969	2,375,575
Selling, general and administrative expenses	<u>14,318,331</u>	<u>11,820,664</u>
	<u>81,888,536</u>	<u>85,155,226</u>
Income from operations	<u>12,707,973</u>	<u>22,311,802</u>
Non-operating income (expense):		
Equity in earnings (loss) of unconsolidated subsidiaries, net	321,568	(244,238)
Other income, net	420,995	8,420,328
Gain (loss) on derivatives	184,054	(1,326,941)
Interest expense	<u>(13,648,772)</u>	<u>(13,711,245)</u>
	<u>(12,722,155)</u>	<u>(6,862,096)</u>
Income (loss) before income taxes	(14,182)	15,449,706
Income tax expense (benefit)	<u>(97,966)</u>	<u>3,468,418</u>
Consolidated net income (loss)	83,784	11,981,288
Net (income) loss attributable to noncontrolling interests	<u>(540,012)</u>	<u>(857,867)</u>
Net income (loss) attributable to First Hartford Corporation	<u>\$ (456,228)</u>	<u>\$ 11,123,421</u>
Net income (loss) per share – basic	<u>\$ (0.20)</u>	<u>\$ 4.88</u>
Net income (loss) per share – diluted	<u>\$ (0.20)</u>	<u>\$ 4.88</u>
Shares used in basic per share computation	<u>2,269,632</u>	<u>2,278,664</u>
Shares used in diluted per share computation	<u>2,269,632</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, 2026 AND 2025

	<u>Common Stock</u>	<u>Capital in Excess of Par</u>	<u>Retained Earnings</u>	<u>Treasury Stock</u>	<u>Total First Hartford Corporation</u>	<u>Noncontrolling Interests</u>	<u>Total</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	-	-	-	-	-	(1,087,447)	(1,087,447)
Contributions	-	-	-	-	-	2,073,472	2,073,472
Legal settlement	-	-	-	-	-	3,057,964	3,057,964
Net income (loss)	-	-	11,123,421	-	11,123,421	857,867	11,981,288
Balance, April 30, 2025	3,175,908	4,714,538	24,489,960	(4,994,594)	27,385,812	(3,705,301)	23,680,511
Distributions	-	-	-	-	-	(938,522)	(938,522)
Contributions	-	-	-	-	-	3,199,691	3,199,691
Purchase of common stock	-	-	-	(270,960)	(270,960)	-	(270,960)
Other adjustments	-	-	-	-	-	(59,999)	(59,999)
Noncontrolling interests in purchased residential properties	-	-	-	-	-	20,073,798	20,073,798
Net income (loss)	-	-	(456,228)	-	(456,228)	540,012	83,784
Balance, April 30, 2026	<u>\$ 3,175,908</u>	<u>\$ 4,714,538</u>	<u>\$ 24,033,732</u>	<u>\$ (5,265,554)</u>	<u>\$ 26,658,624</u>	<u>\$ 19,109,679</u>	<u>\$ 45,768,303</u>

See accompanying notes.

FIRST HARTFORD CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED APRIL 30, 2026 AND 2025

	<u>2026</u>	<u>2025</u>
Operating activities:		
Consolidated net income (loss)	\$ 83,784	\$ 11,981,288
Adjustments to reconcile consolidated net income (loss) to net cash provided by (used in) operating activities:		
Gain on sale of real estate	(11,853,251)	(18,305,733)
Equity in (earnings) loss of unconsolidated subsidiaries, net	(321,568)	244,238
Depreciation of real estate and equipment	7,159,589	6,460,670
Amortization of deferred expenses and debt issuance costs	1,241,209	636,466
Deferred income taxes	(5,581)	1,738,433
(Gain) loss on marketable securities and other investments	(110,849)	(156,976)
Gain on legal settlement	-	(8,129,162)
Provision for credit losses	523,714	-
Unrealized (gain) loss on derivatives	(184,054)	1,326,941
Changes in operating assets and liabilities:		
Accounts, notes and other receivables	(2,187,878)	1,177,981
Deposits and escrows	2,085,612	231,694
Prepaid expenses	(346,081)	777,579
Deferred expenses	(4,389,723)	(3,543,857)
Accrued liabilities	(4,004,767)	4,142,607
Deferred income	(69,074)	6,312
Accounts and other payables	5,571,836	(2,184,087)
Net cash provided by (used in) operating activities	<u>(6,807,082)</u>	<u>(3,595,606)</u>
Investing activities:		
Investments in marketable securities and other investments	-	(2,000,000)
Proceeds from sale of marketable securities	-	-
Purchases of equipment and tenant improvements	(1,874,466)	(1,283,250)
Distributions from equity investments	75,000	667,930
Purchase of ownership interests in residential properties	(1,160,762)	-
Proceeds from sales of real estate	49,146,192	33,272,461
Proceeds from sale of Rockland	-	13,469,039
Legal settlement	-	(739,037)
Additions to developed properties and property under construction	(64,473,482)	(45,103,959)
Net cash provided by (used in) investing activities	<u>(18,287,518)</u>	<u>(1,716,816)</u>

See accompanying notes.

FIRST HARTFORD CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED APRIL 30, 2026 AND 2025
(continued)

	<u>2026</u>	<u>2025</u>
Financing activities:		
Contributions from noncontrolling interests	\$ 3,199,691	\$ 2,073,472
Distributions to noncontrolling interests	(938,522)	(1,087,447)
Proceeds from:		
Construction loans	44,448,413	17,286,605
Mortgages	26,006,425	10,806,586
Notes	321,000	-
Credit lines	15,718,263	7,010,000
Principal payments on:		
Construction loans	(19,999,635)	(9,926,340)
Mortgages	(28,117,643)	(13,279,718)
Notes	-	-
Credit lines	(9,990,863)	(11,280,000)
Advances (repayments) to related parties and affiliates, net	(397,292)	(63,293)
Net cash provided by (used in) financing activities	<u>30,249,837</u>	<u>1,539,865</u>
Net change in cash and cash equivalents and restricted cash	5,155,237	(3,772,557)
Cash and cash equivalents and restricted cash, beginning of year	4,402,534	8,175,091
Cash and cash equivalents and restricted cash, end of year	<u>\$ 9,557,771</u>	<u>\$ 4,402,534</u>

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:

Cash paid during the year for interest	\$ 13,246,462	\$ 13,902,670
Cash paid (refunded) during the year for income taxes	\$ 1,242,435	\$ (467,495)
Non-cash Investing and Financing Activities:		
Non-cash proceeds from sales of real estate and legal settlement	\$ -	\$ 21,696,789

Reconciliation of Cash and Cash Equivalents and Restricted Cash		
Cash and cash equivalents	9,123,051	4,077,228
Cash and cash equivalents – restricted	434,720	325,306
Cash and cash equivalents and restricted cash, end of year	<u>\$ 9,557,771</u>	<u>\$ 4,402,534</u>

See accompanying notes.

FIRST HARTFORD CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED APRIL 30, 2026 AND 2025

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 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, 2026 and 2025 are the accounts of Rockland Schoolhouse Apartments, LP (“Rockland Schoolhouse”) and TVM Owner, LLC (“The Village at Manville”). Also, included in the financial statements as of April 30, 2026 are the accounts of OT Owner, LLC (“Oak Tree Village I”) and LL Owner, LLC (“Lincoln Lofts”).

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 was 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, 2026 AND 2025

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, Bronx, NY, and Reading, PA 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, 2026 and 2025, the Company had real estate sales totaling \$49,146,192 and \$68,438,289, respectively. The cost of the property sold was \$37,292,941 and \$50,132,556 for 2026 and 2025, respectively.

FIRST HARTFORD CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED APRIL 30, 2026 AND 2025

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 Bojangles restaurant in Wylie, TX. 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 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, 2026 and 2025 were \$50,000 and \$104,000, respectively. Fees and reimbursable expenses earned for others during the years ended April 30, 2026 and 2025 were \$135,000 and \$75,000, 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 \$565,000 and \$41,000 as of April 30, 2026 and 2025, 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, 2026 and 2025, the Company had \$7,754,064 and \$-0-, respectively, of remaining performance obligations relating to construction projects.

FIRST HARTFORD CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED APRIL 30, 2026 AND 2025

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 \$100,000 and \$150,000 as of April 30, 2026 and 2025, 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 \$48,463 and \$51,722 as of April 30, 2026 and 2025, respectively, and have been included as "Other payables" in the consolidated balance sheets. Related reimbursements due from CVS were \$0 and \$833 as of April 30, 2026 and 2025, respectively, and have been included in "Other receivables" in the consolidated balance sheets.

Also included in "Other payables" as of April 30, 2026 and 2025 were \$1,208,263 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, 2026 AND 2025

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 several of the Company's residential properties.

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, 2026 and 2025, \$779,778 and \$380,759, respectively, was capitalized.

FIRST HARTFORD CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED APRIL 30, 2026 AND 2025

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 \$1,671,905 and \$1,394,219 as of April 30, 2026 and 2025, respectively.

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

	<u>Year Ending April 30,</u>	
2027		\$195,272
2028		170,404
2029		159,602
2030		156,248
2031		143,658
Thereafter		<u>846,721</u>
Total		<u>\$1,671,905</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 \$246,567 and \$-0- as of April 30, 2026 and 2025, respectively, is included in Investment in affiliates. The Company recorded equity (loss) in earnings of unconsolidated subsidiaries of \$321,568 and \$(268,676) related to Dover for the years ended April 30, 2026 and 2025, respectively. Distributions received were \$75,000 and \$565,000 for the years ended April 30, 2026 and 2025, respectively.

FIRST HARTFORD CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED APRIL 30, 2026 AND 2025

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 was due 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, \$1,307,896 has been paid leaving an additional \$1,162,227 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
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1. Summary of Significant Accounting Policies (continued):

Investment in Affiliated Entities (continued)

Below is the financial activity in the former school property from May 1, 2024 through April 30, 2025.

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>

B'nai B'rith Reading, LLC Investment - On August 1, 2025, a subsidiary of the Company invested in a limited liability company that purchased a 170-unit subsidized housing property in Reading, PA for \$9,800,000. The Company, through this investment, is a non-controlling 1% member of the managing member of the limited liability company. The subsidiary's investment in the housing property is carried at a cost of \$10. The managing member has delegated the management of the property to a subsidiary of the Company, for which a property management fee is being paid equal to 5% of Effective Gross Income of the housing property. The Company, through a wholly owned subsidiary, is the general contractor for the renovation of this property. The value of the construction contract is \$16,665,394. Finally, a developer fee of \$2,550,000 will be paid to a subsidiary of the Company. The first installment of this developer fee (\$577,000) was paid upon closing; the second installment (\$384,666) will be paid upon completion of construction; the third installment (\$598,837) will be paid at stabilization; and the final installment (\$362,829) will be paid at delivery of the Low-Income Housing Tax Credit Certifications. The balance of the developer fee, \$626,668, is to be paid over 12 years contingent upon sufficient net cash flows of the property. Developer fee revenues for installments one through four, totaling \$1,923,332, are being recognized over time as performance obligations are satisfied. The \$626,668 contingent payment was excluded from the contract price for the Company's evaluation of the contract and will be recognized when collection becomes probable.

FIRST HARTFORD CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED APRIL 30, 2026 AND 2025

1. Summary of Significant Accounting Policies (continued):

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.

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 classification and measurement of its investments at the time of purchase and re-evaluates such determinations at each balance sheet date.

Equity securities with readily determinable fair values are measured at fair value in the consolidated balance sheets. Unrealized holding gains and losses on equity securities are recognized in earnings. Gains and losses on sales of equity securities are determined using the specific identification method.

As of April 30, 2026 and 2025, the Company held equity securities with fair values of \$0 and \$225,801, respectively, and costs of \$0 and \$30,934, respectively. The fair values of the Company's equity securities are measured using Level 1 inputs, which consist of quoted prices in active markets for identical assets that the Company can access at the measurement date.

The Company also holds certificates of deposit with original maturities greater than three months, which are presented as investments. As of April 30, 2026 and 2025, certificates of deposit had carrying amounts of \$2,087,185 and \$2,021,495, respectively, and costs of \$2,000,000 and \$2,000,000, respectively.

FIRST HARTFORD CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED APRIL 30, 2026 AND 2025

1. Summary of Significant Accounting Policies (continued):

Fair Value Measurements (concluded)

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.

On January 6, 2026, the Company, through its 1.99%-owned subsidiary, entered into a floating-to-fixed interest rate swap agreement with a bank that expires in January 2033.

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, 2026 and 2025 totaled \$184,054 and \$(1,326,941), respectively, and the Company has recorded an asset of \$240,126 and \$56,072 in the consolidated balance sheets, which represents the fair value of the interest rate swaps as of April 30, 2026 and 2025, 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.

The following table presents information about the Company's respective assets and liabilities measured at fair value on a recurring basis on April 30, 2026 and 2025, including the fair value measurements and the level of inputs used in determining those fair values:

April 30, 2026	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
Certificates of Deposit (CDs)	\$2,087,185	\$-0-	\$ -0-	\$2,087,185
Interest Rate Swap Agreements	<u>-0-</u>	<u>240,126</u>	<u>-0-</u>	<u>240,126</u>
	<u>\$2,087,185</u>	<u>\$240,126</u>	<u>\$-0-</u>	<u>\$2,327,311</u>
 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>

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, 2026 and 2025.

FIRST HARTFORD CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED APRIL 30, 2026 AND 2025

1. Summary of Significant Accounting Policies (concluded):

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, 2026 or April 30, 2025.

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, 2026 and 2025, 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, 2026 and 2025, 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
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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 is 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 continues 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 manages 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, is 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.

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. The Company's consolidation conclusion is based on management's judgment that the managing member interest gives the Company decision-making authority over the activities that most significantly affect LL Owner, LLC's economic performance and that the Company's interests, assumed obligations, and related arrangements provide exposure to potentially significant variability in TVM Owner, LLC's economic results.

FIRST HARTFORD CORPORATION AND SUBSIDIARIES
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FOR THE YEARS ENDED APRIL 30, 2026 AND 2025

2. Consolidated Variable Interest Entities (continued)

Griswold, CT (Oak Tree Village I) – Purchase of Companies: On December 23, 2025, the Company purchased two legal entities (OT Managing Member, LLC and OT Developer, LLC) for \$930,000. OT Managing Member, LLC owns 0.01% and is the Managing Member of OT Owner, LLC, which owns a 5.64-acre land condo in Griswold, CT, where it operates 72 units of affordable housing. As part of this transaction, the Company assumed a first mortgage loan of \$2,465,000 from Freddie Mac. This loan bears interest at 4.25% annually and its unpaid principal balance as of December 23, 2025, was \$2,340,503. Monthly payments of principal and interest are due until the maturity date of March 1, 2040, at which time all unpaid principal and interest is due. The Company also assumed a loan of \$5,000,000 from the State of Connecticut Department of Housing. This loan bears interest at 1.00% annually and is compounded annually. No monthly payments of principal and interest are due until the maturity date of May 11, 2050, at which time all unpaid principal and interest is due. Finally, the remaining balance due on the original developer fee of \$359,729 will be paid to OT Developer, LLC pursuant to the terms of the Development Agreement. The Company's consolidation conclusion is based on management's judgment that the managing member interest gives the Company decision-making authority over the activities that most significantly affect OT Owner, LLC's economic performance and that the Company's interests, assumed obligations, and related arrangements provide exposure to potentially significant variability in OT Owner, LLC's economic results.

Lincoln, RI (Lincoln Lofts) – Purchase of Companies: On December 31, 2025, the Company purchased two legal entities (LL Managing Member, LLC and LL Development, LLC) for \$280,000. LL Managing Member, LLC is the Managing Member of LL Owner, LLC, which owns a 2.15-acre land condo in Lincoln, RI, where it operates 45 units of affordable housing. As part of this transaction, the Company assumed several loans. First, it assumed a first mortgage loan of \$1,000,000 from Rhode Island Housing and Mortgage Finance Corporation. This loan bears interest at 5% annually. Monthly payments of principal and interest are due through the loan's 30-year term. Second, the Company assumed a HOME loan of \$563,000 from Rhode Island Housing and Mortgage Finance Corporation. This loan bears interest at 2.76% annually and is compounded annually. No monthly payments of principal and interest are due until the maturity date of June 1, 2051, at which time all unpaid principal and interest is due. Third, the Company assumed a Leadsafe loan of \$277,150 from Rhode Island Housing and Mortgage Finance Corporation. This loan is non-interest bearing. No monthly payments of principal are due until the maturity date of June 29, 2030; however, if there is no event of default, as defined in the loan agreement, the Leadsafe loan shall be forgivable on the maturity date. Fourth, the Company assumed an Affordable Housing Trust Fund Program ("AHTF") Loan from the State of Rhode Island of \$562,000. This loan bears interest at 2.76% annually and is compounded annually. No monthly payments of principal and interest are due until the maturity date of June 1, 2051, at which time all unpaid principal and interest is due. Finally, the remaining balance due on the original developer fee of \$203,189 will be paid to LL Development, LLC pursuant to the terms of the Development Agreement. The Company's consolidation conclusion is based on management's judgment that the managing member interest gives the Company decision-making authority over the activities that most significantly affect LL Owner, LLC's economic performance and that the Company's interests, assumed obligations, and related arrangements provide exposure to potentially significant variability in LL Owner, LLC's economic results.

FIRST HARTFORD CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED APRIL 30, 2026 AND 2025

2. Consolidated Variable Interest Entities (concluded)

A summary of the assets and liabilities of the Company's VIE's included in the Company's consolidated balance sheets follows:

	April 30,	
	2026	2025
Real estate and equipment, net	\$61,049,693	\$3,654,939
Other assets	<u>2,403,628</u>	<u>520,789</u>
Total assets	63,453,321	4,175,728
Intercompany profit elimination	<u>(576,112)</u>	<u>(328,254)</u>
Consolidated total assets	<u>\$62,877,209</u>	<u>\$3,847,474</u>
Mortgages and other notes payable	\$30,895,899	\$1,634,335
Other liabilities	<u>5,894,803</u>	<u>393,731</u>
Total liabilities	<u>\$36,790,702</u>	<u>\$2,028,066</u>

Substantially all assets of the Company's VIE's are pledged as collateral for its debt. The recourse of the holders of the mortgages and other notes payable is limited to the assets of the VIE's. Combined revenues for the VIEs were \$558,697 and \$0 for the years ended April 30, 2026 and 2025, respectively. The combined net loss for the VIEs was \$237,936 and \$34,664 for the years ended April 30, 2026 and 2025, respectively. Since the Company's ownership interest in both entities is nominal, substantially all of such losses are allocated to the noncontrolling interests in the consolidated financial statements.

FIRST HARTFORD CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED APRIL 30, 2026 AND 2025

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

Information about the Company's debt follows:

	<u>2026</u>	<u>2025</u>
Construction loans and mortgages payable with interest rates ranging from zero to 13.00% at April 30, 2026 and 2025 and maturities ranging from 2026 to 2067.	\$227,386,994	\$201,460,225
Notes payable with interest rates ranging from zero to 8.35% at April 30, 2026 and 2025 and maturities ranging from 2026 to 2070.	9,150,697	1,704,697
Lines of credit with interest rates ranging from 6.66% to 7.57% at April 30, 2026 and 2025 and maturities at various dates through 2029.	<u>11,427,400</u>	<u>5,700,000</u>
	247,965,091	208,864,922
Less deferred debt issuance costs	<u>(3,941,197)</u>	<u>(2,430,070)</u>
	<u>\$244,023,894</u>	<u>\$206,434,852</u>

For the years ended April 30, 2026 and 2025, \$1,601,162 and \$748,183 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, 2026 are as follows:

<u>Year Ending April 30,</u>	
2027	\$74,097,526
2028	25,448,153
2029	20,036,825
2030	8,397,422
2031	3,761,063
Thereafter	<u>116,224,102</u>
	<u>\$247,965,091</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, 2026 AND 2025

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

Mortgage and Construction Loans

Fiscal Year 2026 Activity:

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.

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.

Indian Land, SC – Construction Loan: On December 4, 2025, the Company obtained a \$3,981,750 construction loan to construct a single tenant build-to-suit building on this parcel. The loan requires 18 monthly interest-only payments, followed by 41 monthly interest and principal payments of \$29,052 each, with a final payment of \$3,789,083 payable on the maturity date of December 3, 2030. The interest rate on this loan is 7.25%. There is a prepayment penalty of 3.00% for principal prepayments made within the first 12 months and 1.00% for principal prepayments made within the following 24 months. The Company is a guarantor on the loan.

Lubbock, TX – Refinance: On January 6, 2026, the Company refinanced its mortgage loan on its shopping center in Lubbock, TX. The new mortgage loan has a principal balance of \$13,000,000, which was used to pay off the previous loan balance of \$11,244,740, pay closing costs, and fund escrows. The new mortgage loan has a variable per annum floating interest rate of Term SOFR plus 2.50% (an interest rate swap fixes the rate at 6.35%), monthly interest and principal payments based on a 25-year amortization, and a 7-year term expiring on January 6, 2033. Prepayments are permitted and the Company is the guarantor of the loan.

Texas City, TX (Lago Mar NWC) – Construction Loan: On February 27, 2026, the Company obtained a \$6,015,000 construction loan for sitework on its property in Texas City, TX. Proceeds from this loan were used to pay off a previous construction loan of \$2,800,000. The interest rate on the loan is the greater of a) One-Month Term SOFR or b) 2.00%, plus a margin of 2.75% through the Initial Maturity Date of July 31, 2027. 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 January 31, 2029, 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 7.00%. The Company is also a guarantor on this loan

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.

FIRST HARTFORD CORPORATION AND SUBSIDIARIES
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FOR THE YEARS ENDED APRIL 30, 2026 AND 2025

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

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.

Lines 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. As of April 30, 2026 and 2025, the Company had borrowings of \$8,562,400 and \$3,500,000, respectively, against this credit line.

On November 6, 2025, the Company's \$5,000,000 unsecured line of credit with a regional bank was modified into a \$7,000,000 line of credit with the same bank secured by assets held by two of its subsidiaries. Updated terms of the line of credit are as follows:

Term:	Matures on September 1, 2028
Rate:	One-Month Term Secured Overnight Financing Rate (SOFR) + 3.00% per annum
Unused Fee:	0.25% annually on the unused line
Guarantor:	The Company (Corporate)
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, 2026 and 2025, the Company had borrowings of \$2,000,000 and \$2,200,000, respectively, against this credit line.

FIRST HARTFORD CORPORATION AND SUBSIDIARIES
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3. Construction Loans, Mortgages, Notes Payable, and Lines of Credit (concluded):

On April 6, 2026, a wholly-owned subsidiary of the Company's obtained a \$2,500,000 line of credit with a regional bank. Proceeds from this line of credit are to be used to support early-stage development costs of future multifamily real estate projects and to bridge equity contributions. Terms of the line of credit are as follows:

Term:	Matures on January 1, 2029
Rate:	One-Month Term Secured Overnight Financing Rate (SOFR) + 3.25%
Unused Line Fee:	0.25% per annum on the unused line
Guarantor:	First Hartford Realty Corporation, a wholly-owned subsidiary of the Company
Covenants:	Company must maintain a minimum liquidity of \$2,500,000
Other:	Maximum advance of \$1,000,000 per project.

As of April 30, 2026 and 2025, the Company had borrowings of \$865,000 and \$-0-, respectively, against this credit line.

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, 2026 and 2025, Parkade Center Inc. and First Hartford Realty Corporation earned the following:

	<u>2026</u>	<u>2025</u>
Management Fee (at 4%)	\$70,261	\$62,684

For the years ended April 30, 2026 and 2025, Parkade Center Inc. received distributions of \$18,101 and \$10,152, respectively. For the years ended April 30, 2026 and 2025, Lubbock Parkade Inc. received distributions of \$861,522 and \$660,000, respectively, from Hartford Lubbock LP II.

Included in amounts due from related parties and affiliates is \$2,149,741 and \$2,149,741 receivable from Cranston/BVT Associates, LP as of April 30, 2026 and 2025, 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 from related parties and affiliates is \$454,187 and \$-0- receivable from B'nai B'rith Reading, LLC. This amount primarily represents predevelopment costs paid by the Company related to the acquisition of B'nai B'rith Reading, LLC on August 1, 2025 that have not yet been reimbursed.

FIRST HARTFORD CORPORATION AND SUBSIDIARIES
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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 \$249,683 and \$227,260 for the years ended April 30, 2026 and 2025, respectively.

6. Income Taxes:

The provision (benefit) for income taxes consists of:

	<u>2026</u>	<u>2025</u>
Current Federal income taxes	\$(566,824)	\$1,416,708
Current State income taxes	474,439	313,277
Deferred Federal income taxes	(4,508)	1,404,119
Deferred State income taxes	<u>(1,073)</u>	<u>334,314</u>
	<u>\$(97,966)</u>	<u>\$3,468,418</u>

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

Tax effect of net operating loss carry-forwards	\$-0-	\$-0-
Basis in fixed assets	(4,196,505)	(4,126,327)
Rent receivable and credit allowances	(152,974)	(191,166)
Investments in partnerships	(1,349,987)	(1,099,262)
Investment in Clarendon	932,072	637,016
Unrealized gain on derivatives	<u>(73,624)</u>	<u>(66,860)</u>
	<u>\$(4,841,018)</u>	<u>\$(4,846,599)</u>

A reconciliation of income tax expense (benefit) computed at the U.S. federal statutory income tax rate to the reported provision (benefit) for income taxes is as follows:

	<u>2026</u>		<u>2025</u>	
	<u>Amount</u>	<u>Percentage</u>	<u>Amount</u>	<u>Percentage</u>
Federal statutory rate	\$(2,987)	21.0%	\$3,359,612	21.0%
State tax – net of Federal effect	(851)	6.0%	926,982	6.0%
Losses (income) attributable to noncontrolling interests in pass-through entities	(140,403)	990.0%	(223,045)	(1.4%)
Non-deductible expenses	42,844	(302.1%)	26,608	0.2%
State Apportionment and Other	<u>3,422</u>	<u>(24.1%)</u>	<u>(621,739)</u>	<u>(4.0%)</u>
Provision (benefit) for income taxes	<u>\$(97,966)</u>	<u>690.8%</u>	<u>\$3,468,418</u>	<u>22.4%</u>

FIRST HARTFORD CORPORATION AND SUBSIDIARIES
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6. Income Taxes (concluded):

Income taxes paid, net of refunds received, consisted of the following, broken out by jurisdictions representing at least 5% of net tax payments:

	<u>2026</u>	<u>2025</u>
Federal	\$680,193	\$(556,938)
State — Massachusetts	459,788	105,000
State — other	102,454	(15,558)
Total income taxes paid, net of refunds	<u>\$1,242,435</u>	<u>\$(467,496)</u>

The Company does not have any foreign income and there are no foreign income tax implications.

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>2026</u>	<u>2025</u>
Residential	\$12,845,174	\$15,177,886
Commercial	<u>17,523,137</u>	<u>19,062,941</u>
	<u>\$30,368,311</u>	<u>\$34,240,827</u>

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

<u>Year Ending April 30,</u>	
2027	\$12,333,941
2028	11,648,749
2029	10,494,838
2030	9,018,735
2031	8,288,613
Thereafter	<u>37,676,890</u>
Total	<u>\$89,461,766</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 \$12.17, 88% occupied	100% owned by a subsidiary of the Company, except JC Penney building.	\$55,105,051
X	West Springfield, MA	Shopping Center	144,350 sq. ft. Price Rite 28% Harbor Freight 12%, Effective rent per sq. ft. occupied is \$10.76, 72% occupied	100% owned by a subsidiary of the Company.	8,109,877
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 \$10.67, 100% occupied	2.0% owned by a subsidiary of the Company.	7,608,496

The properties listed above contain approximately 945,929 rentable sq. ft., of which approximately 98,888 sq. ft., or approximately 10%, was vacant on April 30, 2026. Over the next 10 years, 58 of the current 59 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>
4/30/27	7	38,086	\$575,602	6.10%
4/30/28	7	60,727	\$810,379	8.58%
4/30/29	9	205,628	\$2,076,226	21.99%
4/30/30	8	67,183	\$1,084,649	11.49%
4/30/31	11	78,109	\$1,020,345	10.81%
4/30/32	3	84,396	\$872,154	9.24%
4/30/33	6	127,093	\$1,955,011	20.71%
4/30/34	4	73,312	\$846,945	8.97%
4/30/35	2	5,700	\$134,059	1.42%
4/30/36	1	3,300	\$66,000	0.70%

Total rental income of these properties for the year ended April 30, 2026 was \$12,324,622, of which \$2,671,574 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.

FIRST HARTFORD CORPORATION AND SUBSIDIARIES
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FOR THE YEARS ENDED APRIL 30, 2026 AND 2025

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 - \$36.35	99.99% owned by a wholly owned subsidiary of the Company.	70,717,818
	Griswold, CT	Apartments	72 units, low to moderate income, 94% occupied, effective sq. ft. rent - \$16.29	0.01% owned by a wholly owned subsidiary of the Company.	21,076,699
	Lincoln, RI	Apartments	45 units, low to moderate income, 100% occupied, effective sq. ft. rent - \$17.75	0.01% owned by a wholly owned subsidiary of the Company.	13,334,074

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, 94% occupied, effective sq. ft. rent - \$30.71	Nonconsolidated, .01% owned by a wholly owned subsidiary of the Company.	11,374,010
X	Bronx, NY	Apartments	99 units, senior housing, 100% sec 8 subsidized, 95% occupied, effective sq. ft. rent - \$48.69	Nonconsolidated, .005% owned by a wholly owned subsidiary of the Company.	32,932,640
X	Reading, PA	Apartments	170 units, senior housing, 100% sec 8 subsidized, 90% occupied, effective sq. ft. rent - \$32.15	Nonconsolidated, .01% owned by a subsidiary of the Company.	22,229,245
	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.	14,755,573

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

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.

Consolidated Subsidiaries – Development and Other 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
Cypress, TX	Single tenant building	Completed	5,636,802
Cranston, RI	Single tenant buildings (4)	Completed	9,097,310
Wylie, TX	Bojangles (Company-owned and operated) restaurant	Completed	2,511,103
Austin, TX (Easton Park)	Multi-tenant building	Completed	7,946,599
Magnolia, TX (Woodlands)	2.27 acres of land – can support 8,000 sq. ft.	FY 2027	847,305
Houston, TX (West Lake)	7.44 acres of land – can support 40,000 sq. ft.	FY 2028	4,675,106
Montgomery, TX	14.41 acres of land plus strip mall – can support 60,000 sq. ft. development	FY 2028	12,692,585
Austin, TX (Easton Park West)	2.06 acres of land – can support 5,000 sq. ft. development	FY 2027	3,323,835
Mansfield, TX	5.90 acres of land – can support 20,000 sq. ft. development	FY 2027	13,144,868

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

Consolidated Subsidiaries – Development and Other Properties (concluded):

<u>Location of Properties</u>	<u>Use</u>	<u>Anticipated Completion Date</u>	<u>Cost Incurred to Date</u>
Buda, TX	6.17 acres of land – can support 25,000 sq. ft. development	FY 2028	3,297,085
Katy, TX (Hockley)	1.80 acres of land for single tenant build-to-suit	FY 2027	2,530,976
Powell, OH	2.89 acres of land for single tenant build-to-suit	FY 2027	5,281,865
Indian Land, SC	2.00 acres of land for single tenant build-to-suit	FY 2027	4,634,016
Texas City, TX (Shoppes at Lago Mar NWC)	6.63 acres of land – can support 20,000 sq. ft. development	FY 2028	5,232,255
Texas City, TX (Shoppes at Lago Mar SWC)	13.98 acres of land – can support 60,000 sq. ft. development	FY 2028	6,132,302
Texas City, TX (Shoppes at Lago Mar NEC)	5.91 acres of land – can support 20,000 sq. ft. development	FY 2028	4,390,041
Cranston, RI (former School property)	2.96 acres of land – can support 10,000 sq. ft. development	FY 2028	1,137,431
Westerly, RI	7.41 acres of land – building housing to include 72 apartments	FY 2027	1,817,056
Rockland, MA	0.89 acres of land – renovating vacant building to allow for approximately 27 apartments (0.01% owned)	FY 2027	13,796,687
Lincoln, RI	4.12 acres of land – will build housing to include 72 apartments (0.01% owned)	FY 2027	15,517,530
All Other Properties Held			<u>429,340</u>
Total cost of developed properties and property under construction (excludes non-consolidated subsidiaries)			<u>\$336,192,808</u>

The Company also owns property it is currently holding for sale. The properties include its remaining land in Fulshear, TX, its remaining land in Katy, TX (Cinco Ranch), and a building it owns in Edinburg, TX. The cost of these properties as of April 30, 2026 was \$3,638,416. As of April 30, 2025, the Company owned three properties classified as held for sale totaling \$5,649,154.

FIRST HARTFORD CORPORATION AND SUBSIDIARIES
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FOR THE YEARS ENDED APRIL 30, 2026 AND 2025

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>2026</u>	<u>2025</u>
Assets	\$10,366,233	\$10,078,573
Liabilities	20,258,851	20,621,445
Members' deficit	(9,892,618)	(10,542,872)
Revenue	3,156,949	2,935,985
Operating expenses	1,564,916	1,515,346
Loss (gain) on derivative	96,013	1,338,182
Interest expense, net	725,766	746,930
Net income (loss)	770,254	(644,473)

Dover's major tenant was Stop & Shop, which provided 46% and 47% of the total revenue in the years ended April 30, 2026 and 2025, respectively, under a lease that expired subsequent to the year ended April 30, 2026. On June 30, 2026, the Company entered into a lease agreement with a new tenant for a portion of the vacated space and is currently in negotiations with another prospective tenant for the remaining vacant space.

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 2026 Purchases:

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 is 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 were as follows:

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).

This loan was paid off on April 30, 2026.

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).

Powell, OH – Land Purchase: On August 20, 2025, the Company purchased a 2.89 parcel of land in Powell, OH for \$1,455,000 plus closing costs. The Company is constructing a single tenant build-to-suit building on this parcel. This purchase was financed with proceeds from a new construction loan (\$4,000,000), proceeds from a line of credit, and working capital. Key terms of the construction loan are as follows:

Loan Amount:	\$4,000,000
Maturity Date:	August 19, 2027
Interest Rate:	“Prime rate”, as defined, plus 1.25% with an overall minimum rate of 8.75%.
Payments:	Interest only payable monthly until the Maturity Date, at which time all principal and interest is due.
Guarantee:	The Company (Corporate).

Indian Land, SC – Land Purchase: On August 28, 2025, the Company purchased a 2.00 parcel of land in Indian Land, SC for \$1,200,000 plus closing costs. The Company is constructing a single tenant build-to-suit building on this parcel. This purchase was financed with proceeds from a line of credit and working capital.

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10. Purchases of Real Estate (continued):

Katy, TX (Hockley) – Land Purchase: On December 19, 2025, the Company purchased a 1.80-acre parcel of land in Katy, TX for \$2,219,817 plus closing costs. The Company is constructing a single tenant build-to-suit building on this parcel. This purchase was financed with proceeds from a new construction loan (\$6,906,000), proceeds from a line of credit, and working capital. Key terms of the construction loan are as follows:

Loan Amount:	\$6,906,000
Maturity Date:	March 19, 2027
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 Prepayment Fees, as defined.
Guarantee:	The Company (Corporate).

Westerly, RI (South Point Commons) – Purchase of Company: On December 22, 2025, the Company purchased SP Managing Member, LLC for \$200,000. SP Managing Member, LLC is the sole member of SP Owner, LLC, which owns a 7.41-acre land condo in Westerly, 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 \$800,000 from the Rhode Island Housing and Mortgage Finance Corporation. This loan bears interest at 6.00% annually. Monthly payments of interest only are due until the maturity date of October 30, 2026, at which time all unpaid principal and interest is due. The Company also assumed a loan of \$200,000 from a former owner of the property. This loan bears interest at 8.00% annually. Monthly payments of principal and interest in the amount of \$5,000 are due until the maturity date of July 1, 2026, at which time all unpaid principal and interest is due.

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).

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

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 is 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).

11. Employee Retention Tax Credits (ERTCs):

The Company received \$288,565 and \$-0- in ERTCs in the years ended April 30, 2026 and 2025, respectively. These credits are included in Other income.

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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, included 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 year ended April 30, 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	<u>\$8,129,162</u>

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

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.

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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, 2026 and 2025, there were no options granted or outstanding under this plan.

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14. Subsequent Events:

The Company has evaluated subsequent events through August 5, 2026, the date the financial statements were issued.

Griswold, CT (Oak Tree Village II) – Purchase of Companies: On June 24, 2026, the Company purchased two legal entities (OT2 Owner, LLC and OT2 Managing Member, LLC) for \$1,500,000 in partnership with OT2 XP LLC, a wholly-owned subsidiary of Xenolith Partners LLC. OT2 Managing Member, LLC is structured with OT2 XP LLC as the 51% Member and Connolly and Partners, LLC (a wholly-owned subsidiary of the Company) as the 49% Managing Member. OT2 Owner, LLC owns a 3.62-acre land condo in Griswold, CT, where it intends to build 60 units of affordable housing. As part of this transaction, the Company provided a promissory note to DPI, LLC, the seller of the entities, in the amount of \$500,000. This note bears interest at 0.00% annually. No monthly payments of principal and interest are due through the maturity date of June 24, 2028, at which time all unpaid principal and interest is due. Simultaneously, on June 24, 2026, the Company amended and restated the OT2 Owner, LLC Operating Agreement to admit NEF Assignment Corporation as the Investor Member with a 99.99% ownership share. Accordingly, NEF Assignment Corporation contributed equity of \$1,766,364. Also, the Company received proceeds of \$44,223 from a loan from Connecticut Housing Finance Authority. A developer fee of \$301,265 was paid to the Company and Xenolith Partners, LLC pursuant to the terms of the Development Services Agreement. Also on June 24, 2026, OT2 Owner, LLC received a \$12,125,000 construction loan from Citizens Bank, NA, with a variable interest rate (5.87% at inception), a term of 24 months (subject to one, six-month extension), 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. The Company's consolidation conclusion is based on management's judgment that the managing member interest gives the Company decision-making authority over the activities that most significantly affect OT2 Owner, LLC's economic performance and that the Company's interests, assumed obligations, and related arrangements provide exposure to potentially significant variability in OT2 Owner, LLC's economic results.

[End of Financial Statements and Notes thereto.]