

Capital Properties, Inc.

A Rhode Island Corporation
5 Steeple Street, Unit 303
Providence, RI 02903

(401) 435-7171

www.cappropinc.com

info@cappropinc.com

SIC Code: 6519

Annual Report

For the year ending December 31, 2025
(the “Reporting Period”)

The number of shares outstanding of our Common Stock is 6,599,912 as of December 31, 2025.

The number of shares outstanding of our Common Stock was 6,599,912 as of December 31, 2024.

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

Yes No

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

Yes No

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

Yes No

CAPITAL PROPERTIES, INC.
ANNUAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2025

FORWARD-LOOKING STATEMENTS

Certain portions of this Annual Report, and particularly the Management’s Discussion and Analysis of Financial Condition and Results of Operations, contain forward-looking statements within the meaning of Sections 27A of the Securities Act of 1933, as amended, and Sections 21E of the Securities Exchange Act of 1934, as amended, which represent the Company’s expectations or beliefs concerning future events. The Company cautions that these statements are further qualified by important factors that could cause actual results to differ materially from those in the forward-looking statements, including, without limitation, the following: the ability of the Company to generate adequate amounts of cash; the collectability of the excess of straight-line over contractual rent when due over the terms of the long-term leases; the commencement of additional long-term land leases; changes in economic conditions that may affect either the current or future development on the Company’s parcels; cyber-penetrations; the long-term impact of the hybrid workplace model on future development, existing tenants, parking operations and the Company’s financial performance; and exposure to remediation and other costs associated with its former ownership of a petroleum storage facility. The Company does not undertake the obligation to update forward-looking statements in response to new information, future events or otherwise.

Part A **General Company Information**

Item 1 **Exact name of the issuer and its predecessor (if any).**

Capital Properties, Inc.

Item 2 **The address of the issuer’s principal executive offices and address(es) of the issuer’s principal place of business:**

5 Steeple Street, Unit 303
Providence, RI 02903
Phone: (401) 435-7171
Website: www.cappropinc.com

Investor Relations
5 Steeple Street, Unit 303
Providence, RI 02903
Phone: (401) 435-7171
Email: info@capppropinc.com

Check box if principal executive office and principal place of business is the same address:

Item 3 **The jurisdiction(s) and date of the issuer’s incorporation or organization.**

State and date of incorporation: Rhode Island, March 16, 1983
Current standing in state of incorporation: Active

Part B **Share Structure**

Item 4 **The exact title and class of securities outstanding.**

Title of class of securities outstanding: Class A Common Stock
CUSIP: 140430109
Trading Symbol: CPTP

Item 5 Par or stated value and description of the security.

- A. Par or State Value: \$.01 par
- B. Common or Preferred Stock:
1. Common Stock – describe any dividend, voting or preemptive rights:
 - One vote per share and ordinary access to dividends per share
 2. Preferred Stock - describe any dividend, voting or preemptive rights:
 - Not Applicable, no preferred stock
 3. Material rights of common or preferred stockholders:
 - Not Applicable
 4. Provision in the issuer’s charter or by-laws that would delay, defer or prevent a Change in Control of the issuer:
 - None.

Item 6 The number of shares or total amount of securities outstanding for each class of securities

Class A common stock, \$.01 par:

	Year ended December 31,		
	2025	2024	2023
Number of shares authorized	10,000,000	10,000,000	10,000,000
Number of shares outstanding	6,599,912	6,599,912	6,599,912
Freely tradeable shares (public float)	3,145,257	3,145,257	3,145,318
Number of beneficial shareholders owning at least 100 shares	**	**	**
Total number of shareholders of record	301	315	322

** The number of beneficial shareholders of Capital Properties, Inc., owning at least 100 shares exceeds 50.

Item 7 The name and address of the transfer agent.

Name: Equiniti Trust Company
Address: 28 Liberty Street, 53rd Floor, New York, NY 10005
Phone: 800-937-5449
Registered under the Exchange Act? Yes
Regulatory Authority: New York Department of Financial Services and the Securities and Exchange Commission (“SEC”).
Website: www.equiniti.com

Part C Business Information

Item 8 The nature of the issuer’s business.

A. Business Development.

The Capital Properties, Inc. (“Company”) was organized as a business corporation under the laws of Rhode Island in 1983 as Providence and Worcester Company and is the successor by merger in 1983 to a corporation also named Providence and Worcester Company which was organized under the laws of Delaware in 1979. In 1984, the Company’s name was changed to Capital Properties, Inc. The Company operates on a calendar year-end basis with a fiscal year end of December 31st.

Since December 11, 2008, the Company’s Class A Common Stock is traded on the OTCQX under the symbol “CPTP”. Prior to that date, the Company’s Class A Common Stock was traded on the New York Stock Exchange (formerly known as the American Stock Exchange) under the symbol “CPI”.

On February 11, 2025, the Company filed a Form 15 with the SEC to deregister its Class A common stock under Section 12(g) of the Securities Exchange Act of 1934, as amended (the “34 Act”), and to suspend its reporting obligations under Section 15(d) of the 34 Act. The Company’s obligation to file periodic reports with the SEC, including reports on Forms 10-K, 10-Q and 8-K, was suspended immediately upon filing Form 15. The Company terminated its registration effective May 12, 2025.

Despite the termination of registration, the Company continues to qualify for trading on the OTCQX by complying with the OTC Markets disclosure requirements, which include, among other things, filing of quarterly and annual disclosure documents.

During the immediately preceding three years and through the date of this Annual Report, the Company has not:

- Been involved as a debtor in any bankruptcy, receivership or similar proceeding;
- Had any material reclassifications, mergers, consolidations, or purchases or sales of any other significant amount of assets;
- Defaulted on the terms of any note, loan, lease or other indebtedness or financing arrangement requiring the Company to make payments;
- Had any change of control;
- Had any increase of 10% or more in any class of outstanding equity securities;
- Had any past, pending or anticipated stock split, stock dividend, recapitalization, merger, acquisition, spinoff or reorganization;
- Had any delisting of the Company's securities by any securities exchange;
- There have not been any current, past, pending, or threatened legal proceedings or administrative actions either by or against the Company that could have a material effect on the Company's business, financial condition, or operations other than as discussed below and no current past or pending trading suspensions by a securities regulator involving the Company.

In connection with the sale of the Company's petroleum storage terminal to Sprague Operating Resources, LLC ("Sprague") in 2017, the Company and Sprague entered into an agreement relating to the construction of a breasting dolphin pursuant to which any construction costs incurred in excess of the contract cost of the construction would be shared equally between the Company and Sprague subject to certain limitations. In November 2019, Sprague asserted that it was owed \$427,000 and the Company asserted that its obligation under the Agreement could not exceed \$104,000. Mediation efforts were unsuccessful and in July 2021, Sprague commenced an action against the Company in the Rhode Island Superior Court (Superior Court) seeking monetary damages of \$427,000, plus interest and attorney's fees. In December 2022, the Superior Court denied Sprague's Motion for Summary Judgment filed in September 2022 and granted in part and denied in part the Company's Cross Motion for Summary Judgment also filed in September 2022. The matter was tried before the Superior Court without a jury in May 2024. On October 28, 2024, the Superior Court rendered its decision finding that the Company's obligation with respect to the increased cost of constructing the breasting dolphin is \$104,000. On January 24, 2025, the Superior Court entered judgment for Sprague in the amount of \$173,000 which includes, as required by law, prejudgment interest at 12% per annum. The \$173,000 judgment was paid on January 29, 2025.

B. Business of the Issuer:

The Company operates in one segment that consists principally of the leasing of Company-owned land in Capital Center ("Capital Center") and property adjacent to Capital Center (Parcel 20) in downtown Providence, Rhode Island under long-term ground leases with terms of 99 years or more ("Ground Lease"). Generally speaking, a Ground Lease is a lease by the owner of the land (in this case, the Company) to the owners/operators of the real estate improvements built thereon by such owners/operators ("Ground Leases").

Capital Center (approximately 77 acres of land) is the result of a development project undertaken by the State of Rhode Island, the City of Providence, the National Railroad Passenger Corporation ("Amtrak") and the Company during the 1980's in which two rivers, the Moshassuck and the Woonasquatucket, were moved, Amtrak's Northeast Corridor rail line was relocated, a new Amtrak/commuter railroad station was constructed and significant public improvements were made to pedestrian and vehicular traffic in the area. The Company has not acted, and does not intend to act, as a developer with respect to any Company-owned parcels nor does it intend to acquire additional parcels (land).

The Company, through its wholly owned subsidiary Tri-State Displays, Inc. leases 23 outdoor advertising locations containing 44 billboard faces along interstate and primary highways in Rhode Island and Massachusetts to Lamar Outdoor Advertising, LLC ("Lamar") under a lease which expires in 2057 (the "Lamar Lease"). All but one of these locations are controlled by the Company through permanent easements granted to the Company pursuant to an agreement between the Company and the Providence & Worcester Railroad Company ("Railroad"); the remaining location is leased by the Company from a third party whose lease provides for an option to extend the term through June 30, 2030.

Other Information

The Company's SIC Code is 6519, which is for establishments engaged in leasing real property, not elsewhere classified.

The company is not a "shell" company.

Item 9

The nature of products or services offered.

A. Principal products or services, and their markets

The Company owns approximately 18 acres in Capital Center consisting of 13 individual parcels. Through December 31, 2025 the Company had entered into eight long-term Ground Leases, all of which have completed construction of improvements thereon. The leases generally have a term of 99 years or more, are triple net, and provide for periodic adjustment in rent of various types depending on the particular lease and otherwise contain terms and conditions normal for such instruments.

Under the Company's standard Ground Leases, the tenant is responsible for all property-related operating expenses, such as real estate taxes, maintenance and insurance as well as all costs associated with the development and construction of the related improvements. Each Ground Lease contains provisions permitting the tenant to develop the parcel under certain terms and conditions and provides for periodic rent increases based on either a specific percentage, consumer price index ("CPI"), appraisal or combination thereof and sometimes includes percentage rent participation (contingent rent). The Ground Leases also provide that the tenants are responsible for insuring the Company against various hazards and events as well as indemnifying the Company with respect to all the tenant's activities on the land. The Ground Leases contain other terms and conditions customary to such instruments.

While seeking developers, the Company also leases Parcels 3E, 3W, 4E, 4W and a portion of Parcel 20 in the Capital Center Area for public parking purposes to Metropark, Ltd.

Parcel 20

Parcel 20 consists of a parcel of land adjacent to the Capital Center, part of which is undeveloped and part of which contains a historic three/four-story 20,000 square foot building (the "Steeple Street Building") that is on the State Registry of Historic Buildings. Pending development, the undeveloped land is leased to Metropark for public parking purposes. The Steeple Street Building has three commercial tenants with additional space available for lease.

All the properties described above are shown on the map contained in Exhibit 1 on page 16 of this Annual Report.

Billboard Lease

Lamar has a right of first refusal for additional billboard location sites acquired by the Company in New England and Metropolitan New York City.

The Lamar lease provides, among other things, for annual base rent increases of 2.75% in June for each leased billboard location and participation in the revenue generated by each billboard, as defined in the agreement. The Lamar lease contains other terms and conditions customary to such instruments.

A summary of the long-term leases is as follows:

Parcels in Capital Center Area

Parcel Number	Type of Building (s)	Building Gross Square Feet	Number of Residential Units	Term of Lease (Years)	Termination Date	Options to Extend Lease	2025 Annual Rent	Next Periodic Rent Adjustment	Annual Rent After Next Adjustment or Type of Next Adjustment
2	17-story & 19-story Residential and 13-story Office	307,000 325,000	193	103	2108	Two 75-Year	\$ 609,000	2028	COLA
3S	13-story Office	235,000		99	2087	None	\$ 789,000	2029	Appraisal
5	8-story Residential	454,000	225	149	2142	None	\$ 540,000 *	2033	Appraisal
6A	4-6 story Residential	120,000	96	99	2107	Two 50-Year	\$ 422,000	2029	COLA
6B	2-6 story Residential	248,000	169	99	2107	Two 50-Year	\$ 246,000	2029	COLA
7A	Underground Public Parking Garage		330 parking spaces	99	2104	Two 75-Year	\$ 200,000	2027	COLA
8	4-story Office	114,000		99	2090	None	\$ 353,000 *	2030	Appraisal
9	10-Story Office	210,000		149	2153	None	\$ 397,000	2026	\$ 417,000
Billboard Lease									
NA	Billboard			39	2057	**	\$ 1,097,000 ***	2026	\$ 1,127,000

COLA Cost-of-living adjustment

* Lease provides for rent participation (contingent rent) equal to 1% of Gross Revenue.

** Lease term is extended for four (4) years if an electronic billboard is constructed on a leased location.

*** Lease provides for rent participation equal to 30% of Revenue, as defined in the agreement for each standard billboard and 20% of Revenue for each electronic billboard.

B. Distribution methods of the products or services

The Company has engaged a commercial real estate services firm to market the parcels that are available for development.

C. Status of any publicly announced new product or service

None announced.

D. Competitive business conditions, the issuer's competitive position in the industry, and methods of competition

The Company's six available parcels are in the heart of Downtown Providence (Capital Center) with immediate access to the Central Business District, Brown University, and Rhode Island School of Design. In addition, the Providence Amtrak/MBTA Station (which is within Capital Center) is within walking distance from all available parcels and provides ready access for commuters. The Company competes for developers with other landowners in Downtown Providence, Rhode Island, which for the past several years has principally been the State of Rhode Island via the I-195 Redevelopment District Commission. The 195 District ("District") was created in 2011 when a stretch of Interstate 195 was relocated, freeing over 26 acres of former highway land for redevelopment. The District is located along the Providence River and is south of the Company's parcels with a development focus on housing and life science related ventures. In contrast to the Company, the District sells the land to the developer where the Company leases the land under a long-term Ground Lease. The District has approximately 7 acres available for development. The Company's refusal to sell the land that it owns may restrict the number of interested developers.

E. Sources and availability of raw materials and the names of principal suppliers

Not Applicable

F. Dependence on one or a few major customers*Major tenants:*

The following table sets forth those major tenants whose revenues exceed 10 percent of the Company's revenues for the years ended December 31, 2025, 2024 and 2023:

Parcel		2025	2024	2023
NA	Lamar Outdoor Advertising, LLC:			
	Contractual	\$ 1,098,000	\$ 1,068,000	\$ 1,043,000
	Contingent	187,000	147,000	188,000
		<u>1,285,000</u>	<u>1,215,000</u>	<u>1,231,000</u>
NA	Metropark:			
	Contractual	709,000	684,000	576,000
	Settlement *	-	-	150,000
		<u>709,000</u>	<u>684,000</u>	<u>726,000</u>
Parcel 3S	1701 R.C. Sarasota Invest, LLC	<u>789,000</u>	<u>661,000</u>	<u>618,000</u>
Parcel 5	HGIT Center Place			
	Contractual	539,000	539,000	539,000
	Contingent	106,000	108,000	102,000
		<u>645,000</u>	<u>647,000</u>	<u>641,000</u>
Parcel 2	Waterplace Condominiums	<u>609,000</u>	<u>609,000</u>	<u>574,000</u>
		<u>\$ 4,682,000</u>	<u>\$ 4,463,000</u>	<u>\$ 4,431,000</u>

* See Note 7, "Description of leasing arrangements" in the accompanying Consolidated Financial Statements for further discussion.

G. Patents, trademarks, licenses, franchises, concessions, royalty agreements or labor contracts including their duration

Not Applicable

H. The need for any government approval of principal products or services and the status of any requested government approvals

The Company's properties are subject to various laws, ordinances and regulations. Each Ground Lease requires the tenant to be responsible for obtaining all the necessary approvals for construction of the improvements and for operating the property in compliance with all laws, ordinances and regulations.

Item 10 The nature and extent of the issuer's facilities.

The Company's office is in the company-owned historic Steeple Street Building located at 5 Steeple Street, Unit 303, Providence, Rhode Island 02903.

Part D Management Structure and Financial Information**Item 11 Company Insiders (Officers, Directors, and Control Persons).****A. Officers and Directors**Directors

The members of the Company's Board of Directors and positions with the company are presented below. The address of each director is 5 Steeple Street, Unit 303, Providence, RI 02903:

Name	Director Since	Position with Company
Robert H. Eder	January 1995	Chairman, Chief Executive Officer and President
Daniel T. Noreck	April 2021	Director, Chair of the Audit Committee
Steven G. Triedman	April 2015	Director, Chair of the Compensation Committee

Robert H. Eder

Chairman and Chief Executive Officer of the Company

Robert H. Eder, founder of the Company, serves as the Chairman of the Board of the Company and is the Company’s chief executive officer, President and Chair of the Executive Committee. Mr. Eder was President of the Company from 2008 to April 2017 and October 2018 to present and was the Chairman of the Providence and Worcester Railroad Company from 1966 to November 2016. Mr. Eder earned a Bachelor of Arts degree from Harvard University and a Bachelor of Laws degree from Harvard Law School.

Daniel T. Noreck

Director

Daniel T. Noreck has been a director since April 2021. Mr. Noreck is a member and chair of the Audit Committee and a member of the Compensation Committee. Mr. Noreck is the Chief Financial Officer and Treasurer of Tech Target, d/b/a Informa TechTarget, Inc. since December 2016. Informa TechTarget, Inc. is a publicly traded global data and analytics leader and software provider with international operations. Mr. Noreck was the Chief Financial Officer and Treasurer of Providence and Worcester Railroad Company from September 2010 to December 2016. Mr. Noreck earned his Bachelor of Science degree in Accounting from University Massachusetts – Dartmouth and is a Certified Public Accountant and a Chartered Global Management Accountant. Mr. Noreck is also a member of the American Institute of Certified Public Accountants and the Massachusetts Society of Certified Public Accountants.

Steven G. Triedman

Director

Steven G. Triedman has been a director since April 2015. Mr. Triedman is a member and Chair of the Compensation Committee and a member of the Audit Committee and Executive Committee. Mr. Triedman is President of Lawrence & Brooks, a graphic design, advertising, marketing and strategic communications firm and Managing Director of Intelligent Expense Management, a credit card processing company. Mr. Triedman earned his Bachelor of Arts degree from Tufts University.

Executive Officers

The executive officers of the Company during the year ended December 31, 2025, as well as certain information about them are presented in the following table:

Name	Position in Company	Officer Since
Robert H. Eder	Chairman, Chief Executive Officer and President	January 1995
Stephen J. Carlotti	Corporate Secretary	April 1998
Susan R. Johnson	Chief Financial Officer and Treasurer	December 2017

All correspondence to the executive officers of the Company may be mailed to the Company at 5 Steeple Street, Unit 303, Providence, RI 02903.

Biographical information for the current executive officers not already described herein appears below.

Stephen J. Carlotti was appointed Corporate Secretary in April 1998 and is the Company’s general counsel. Mr. Carlotti has been a partner in Hinckley Allen, a multi-service business law firm offering a full range of legal services to regional, national and international clients since 1972 and was its managing partner from 1986-1989 and from 1992-1996. Mr. Carlotti graduated from Dartmouth College with a Bachelor of Arts degree and from Yale University with a Bachelor of Laws degree.

Susan R. Johnson was appointed as Chief Financial Officer and Treasurer in December 2017. Prior to her appointment as Chief Financial Officer and Treasurer, Ms. Johnson served as the Company’s Controller since September 2017. Ms. Johnson

earned her Bachelor of Science degree in Accounting from the University of Rhode Island. Ms. Johnson is also a member of the American Institute of Certified Public Accountants and the Rhode Island Society of Certified Public Accountants.

Compensation of Directors

The Board, upon recommendation of the Compensation Committee, is responsible for determining compensation of the directors. Directors, other than directors who are employed by the Company, receive a fee for attendance at each meeting of the Board, together with related transportation and living expenses. During 2025, outside directors received an annual retainer fee of \$18,500, payable in quarterly installments and fees per meeting as follows: Board: \$1,000; Audit Committee: \$750 and Compensation Committee: \$500. The maximum fee payable for attendance at Board and committee meetings occurring on the same day is \$1,500.

The following Director Compensation table provides information regarding the compensation paid or accrued by each director during the 2025 fiscal year.

Name	Total	Fees Earned or Paid in Cash	Option Awards	All Other Compensation
Robert H. Eder	---	---	N/A	N/A
Daniel T. Noreck	\$25,750	\$25,750	N/A	N/A
Steven G. Triedman	\$25,750	\$25,750	N/A	N/A

Compensation of Executive Officers

The Compensation Committee reviews executive salaries from time to time and annually sets the Company's Simplified Employee Pension ("SEP") contribution rate. No cost-of-living adjustment was awarded to the CEO and the Treasurer in 2025 and the SEP contribution rate for 2025, 2024 and 2023 was set seven and a half percent (7.5%) of eligible compensation.

The following table summarizes the compensation paid or accrued by the Company during the twelve-month period ended December 31, 2025, to the Chairman, CEO and President, and the Treasurer.

Contributions by the Company under the Company's SEP are fully vested when made. Each employee directs the investment of amounts in his or her SEP account. The Company does not have any employment agreements and has no severance or change of control arrangements with any of its executive officers.

Summary Compensation Table

Name and Principal Position	Salary	Severance/ Bonus	Medical Reimbursement Plan ¹	All Other Compensation ²	Total Compensation
Robert H. Eder, Chairman, CEO & President	\$337,000	---	\$63,000	\$25,000	\$425,000
Susan R. Johnson, Treasurer	\$169,000	---	\$ 7,000	13,000	189,000

¹Amounts reimbursed to the employee in accordance with the Company's Medical Reimbursement Plan ("Plan") adopted in 2016 and amended in 2020 and 2025. The Plan provides for the reimbursement of medical and dental expenses not covered by the Company's health insurance provider. The maximum benefit under the Plan, inclusive of the cost of purchased health coverage, is \$100,000. The above amount excludes premiums paid to the Company's health insurance provider.

²Amounts paid directly to the retirement accounts of employees under the Company's SEP.

Given the nature of the Company's business, the Company does not award incentive-based compensation specifically tied to performance measures. Furthermore, since the Company does not grant options, stock appreciation rights (SARs) or other option-like awards, it has not included this information required with respect to such awards.

The following table reflects as of February 11, 2026, the beneficial ownership of shares of Class A Common Stock of the Company by directors and officers of the Company, all shares being owned directly except as otherwise noted:

Name of Individual or Identification of Group	Number of shares held	Percent of Class
Robert H. Eder	3,453,420 (a)	52.3%
Susan R. Johnson	974	*
Daniel T. Noreck	61	*
Steven G. Friedman	200	*
All directors and officers as a group	3,454,655	52.3%

*Less than 1 %

(a) Represents shares held by the Eder 2022 Community Property Trust

- B. Other Control Persons** The table set forth below reflects the only persons (including any “group” as that term is used in Section 13(d)(3) of the Securities Exchange Act of 1934) who, to the best of the Company's knowledge were, based on a shareholders list provided by the Company’s transfer agent dated December 31, 2025, the beneficial owners of more than five percent of the Company's outstanding Class A Common Stock, \$.01 par value.

Name and Address	Number of shares held	Percent of Class
Eder 2022 Community Property Trust/Robert H. Eder 130 Sunrise Avenue, Apt. 507 Palm Beach, Florida 33480	3,453,420	52.3%

C. Legal/Disciplinary History

None of the current directors or executive officers of the Company have in the last five years been the subject of:

1. A conviction in a criminal proceeding or named as a defendant in a pending criminal proceeding (excluding traffic violations and other minor offences);
2. The entry of an order, judgment or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person’s involvement in any type of business, securities, commodities, or banking activities;
3. A finding or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, or a state securities regulator of a violation of federal or state securities or commodities law, which finding or judgment has not been reversed, suspended, or vacated; or
4. The entry of an order by a self-regulatory organization that permanently or temporarily barred, suspended or otherwise limited such person’s involvement in any type of business or securities activities.

D. Disclosure of Family Relationships

There are no family relationships among and between the Company’s directors, officers, persons nominated or chosen by the issuer to become officers, or beneficial owners of more than five percent (5%) of any class of Capital Properties, Inc. Class A Common Stock.

E. Disclosure of related party transactions

During and for the years ended December 31, 2025, 2024 and 2023, the Company had no material transactions with related persons nor are there any currently proposed transactions

F. Disclosure of conflicts of interest

This item is not applicable, as the Company has had no conflicts of interest involving its directors or executive officers in the years ended December 31, 2025, 2024 or 2023.

Item 12 Financial information for the issuer's most recent fiscal period.

The Company has provided the following audited Consolidated Financial Statements for the year ended December 31, 2025 as part of this 2025 Annual Report, which are hereby incorporated by reference:

- 1) Independent Auditor's Report
- 2) Consolidated Balance Sheet
- 3) Consolidated Statement of Income and Retained Earnings
- 4) Consolidated Statement of Cash Flows
- 5) Notes to Consolidated Financial Statements

Item 13 Similar financial information for such part of the two preceding fiscal years as the issuer or its predecessor has been in existence.

The Company has provided the following audited Consolidated Financial Statements for each of the years ended December 31, 2024 and 2023 as part of this 2025 Annual Report, which are hereby incorporated by reference:

- 1) Independent Auditor's Report
- 2) Consolidated Balance Sheet
- 3) Consolidated Statement of Income and Retained Earnings
- 4) Consolidated Statement of Cash Flows
- 5) Notes to Consolidated Financial Statements

Item 14 The name, address, telephone number, and email address of the following outside providers that advise the issuer on matters relating to operations, business, development and disclosure.

- 1) Investment Banker: None
- 2) Promoter: None
- 3) Securities Counsel:

Margaret D. Farrell
Hinckley Allen
100 Westminster Street, Suite 1400
401-274-2000

Website: www.hinckleyallen.com
Phone: 401-274-2000
Email: mfarrell@hinckleyallen.com

- 4) Independent Auditor

Preparation of the Company's consolidated financial statements is the responsibility of the Company's management. The Company's independent audit firm, Stowe & Degon, LLC is responsible for expressing an opinion on the Company's consolidated financial statements based on its audits as of and for the years ended December 31, 2025, 2024 and 2023. The firm is registered with and subject to Public Company Accounting and Oversight Board (PCAOB) standards and review.

David Degon, Audit Partner
Stowe & Degon, LLC
95A Turnpike Road
Westborough, MA 01581

Website: www.stowedegon.com
Phone: 508-983-6700
Email: ddegon@stowedegon.com

- 5) Investor Relations Consultant: None

Item 15 Management’s discussion and analysis or plan of operation

A. Plan of Operation

This item is not applicable as the Company has had revenues in each of the last two fiscal years.

B. Management’s Discussion and Analysis of Financial Condition and Results of Operations

1. Financial Condition

Historically, the Company generates adequate liquidity to fund its operations.

The Company had cash and cash equivalents of \$1,511,000, \$850,000 and \$652,000 at December 31, 2025, 2024 and 2023, respectively, inclusive of a money market account totaling \$1,386,000, \$761,000 and \$461,000 in each of the aforementioned years. Additional sources of funds to fund operations include investments totaling \$1,353,000, \$1,294,000 and \$1,244,000 at December 31, 2025, 2024 and 2023, respectively, along with a \$2,000,000 unused line of credit (see Note 6 in the accompanying Consolidated Financial Statements).

Under the terms of each applicable long-term land lease, the contractual adjustments for the last three years were:

<u>Parcel Number</u>	<u>Monthly Increase</u>	<u>Effective Date of Increase</u>	<u>Type of Adjustment</u>
Parcel 2	\$8,847	May 1, 2023	COLA
Parcel 3S	\$14,236	October 1, 2024	5% compounded annually for 5 years
Parcel 6A	\$4,589	July 1, 2024	COLA, limited to maximum of 15%
Parcel 6B	\$2,677	July 1, 2024	COLA, limited to maximum of 15%
Parcel 8	\$5,749	February 1, 2025	COLA

Effective April 2026, the monthly contractual adjustment for Parcel 9 will be \$1,654.

Through February 11, 2026 all tenants have paid their monthly rent in accordance with their lease agreements.

During the COVID-19 Pandemic, from June 2020 through December 31, 2023, the Company and Metropark operated under a Revenue Sharing Agreement, dated June 30, 2020, that provided for revenue sharing at various percentages until parking revenues received by Metropark equal or exceed \$70,000 per month whereupon Metropark would be obligated to resume regularly scheduled rental payments under its lease. During this time, revenue was recognized on a cash basis with the difference between the regularly scheduled rental payments and amounts paid ("deferred rent") recorded as an accounts receivable and was fully reserved.

In January 2024, the Company entered into a Second Amendment to its Lease Agreement whereby Metropark agreed to return to a fixed monthly rental payment of \$57,000 effective January 1, 2024 subject to adjustment in accordance with the Lease Agreement. Additionally, the Company and Metropark settled the Company’s claim for deferred rent for all prior periods which amounted to \$1,127,000 (fully reserved on the Company’s books) for \$150,000 payable by Metropark in twenty (20) equal quarterly installments commencing on April 1, 2024 together with interest on the unpaid balance in the amount of 4.73% per annum. At December 31, 2025, 2024 and 2023, Prepaid and other in the accompanying consolidated balance sheets include \$97,000, \$128,000 and \$150,000, respectively related to this settlement and \$150,000 is included in revenue in the accompanying statements of income and retained earnings in 2023.

Prior to February 2017, the Company operated a petroleum storage facility (“Terminal”) through two of its wholly owned subsidiaries. On February 10, 2017, the Terminal was sold to Sprague Operating Resources, LLC (“Sprague”). In accordance with ASC 205-20, Presentation of Financial Statements – Discontinued Operations, the sale of the Terminal is accounted for as a discontinued operation.

The Terminal Sale Agreement and related documentation provides that the Company is required to secure an approved remediation plan and to remediate contamination caused by a leak in 1994 from a storage tank at the Terminal. At December 31, 2025, the Company’s accrual for the remaining cost of remediation was \$530,000 of which \$221,000 is expected to be expended in 2026. The Terminal Sale Agreement also contained a cost sharing provision for a breasting dolphin whereby any construction costs in excess of the contract cost of construction would be borne equally by Sprague and the Company subject to certain limitations, including, in the Company’s opinion, a 20% cap on the increase from the initial estimate subject to the sharing arrangement. In November 2019, Sprague asserted that it was owed \$427,000 and the Company asserted that its obligation under the Agreement could not exceed \$104,000. Mediation efforts were unsuccessful and in July 2021, Sprague commenced an action against the Company in the Rhode Island Superior Court

(Superior Court) seeking monetary damages of \$427,000, plus interest and attorney's fees. The matter went to trial before the Superior Court in May 2024. On October 28, 2024, the Superior Court rendered its decision and found that the Company's obligation with respect to the increased cost of constructing the breasting dolphin is \$104,000. On January 24, 2025 the Superior Court entered judgment for Sprague in the amount of \$173,000 which includes, as required by law, prejudgment interest at 12% per annum. The \$173,000 judgment was paid on January 29, 2025. At December 31, 2024 and 2023 Liabilities, other includes \$173,000 and \$104,000, respectively, related to this matter. Neither the Company nor Sprague appealed the judgment within the applicable time period.

The declaration of future dividends will depend on future earnings and financial performance.

2. Changes in Financial Condition

At December 31, 2025, 2024 and 2023 the Company's net cash provided by continuing operations equaled \$2,612,000, \$2,476,000 and \$2,295,000, respectively with the increases attributable to scheduled rent increases and contingent rent increases along with the overall stabilization of operating and general and administrative expenses during the same periods. Cash used in investing activities from continuing operations reflects the purchase and maturity of U.S Treasuries. Net cash used in investing activities from discontinued operations relates to the Company's obligations associated with the sale of the Terminal to Sprague and equaled \$44,000, \$380,000 and \$27,000 for the years ended December 31, 2025, 2024 and 2023, respectively.

In 2025, 2024 and 2023, the Company declared and paid dividends of \$1,848,000 or \$0.28 per share.

3. Results of Operations

Year Ended December 31, 2025 Compared to Year Ended December 31, 2024:

Revenue increased \$385,000 from 2024 due to scheduled rent increases in long-term leases of \$264,000, a net increase of \$38,000 in contingent rent, an increase of \$25,000 from Metropark and a net increase of \$58,000 in other revenue.

Operating expenses decreased \$77,000 due principally to a reduction in property taxes as a result of a decrease in the City of Providence's commercial mill rate from \$35.10 to \$29.20 combined with a reduction in the assessed value of the parcels.

General and administrative expenses decreased \$3,000 due to a \$41,000 decrease in payroll and payroll related expenses offset by increases in professional fees (\$21,000) and a net increase in other general and administrative expenses (\$17,000).

Year Ended December 31, 2024 Compared to Year Ended December 31, 2023:

Revenue increased \$101,000 from 2023 due principally to a net increase in rent (contractual and contingent) from tenants (\$122,000) and an increase in other revenue of \$21,000, offset by a net decrease in revenue from Metropark (\$42,000) as 2023 included the settlement of \$150,000 for rent that was deferred during the COVID-19 pandemic.

Operating expenses increased \$67,000 in 2024 due principally to professional fees associated with billboard operations (\$62,000) offset by a decrease in property taxes (\$53,000) attributable to the adjustment of the property tax accrual for an over accrual in a prior year. The remaining net increase of \$58,000 results from an increase in repairs and maintenance (\$29,000) along with a general increase in other costs (\$29,000).

General and administrative expenses increased \$52,000 due principally to an increase in payroll and payroll related costs (\$72,000) offset by a net decrease in other general and administrative expenses (\$20,000).

For the years ended December 31, 2025, 2024 and 2023 loss from discontinued operations includes legal costs associated with the Sprague litigation of \$4,000, \$393,000 and \$30,000 respectively, and in 2024, prejudgment interest of \$69,000 all of which are net of an income tax benefit of \$1,000, \$126,000 and \$6,000 for the same periods.

For the years ended December 31, 2025, 2024 and 2023, the Company's effective income tax rate from continuing operations is 27%.

C. Off-Balance Sheet Arrangements

The Company entered into a financing agreement ("Agreement") with BankRI, a division of Beacon Bank & Trust, that provides for a revolving line-of-credit (the "Line") with a maximum borrowing capacity of \$2,000,000 through March 2027. Amounts outstanding under the Agreement bear interest at the one-month Chicago Mercantile Exchange ("CME") Secured Overnight Financing Rate ("SOFR") plus 200 basis points. Borrowings under the Line are secured by a First Mortgage on Parcel 5 in the Capital Center District in Providence, Rhode Island (the "Property"). The Line requires the maintenance of a debt service coverage ratio of not less than 1.25 to 1.0 on the Property and 1.20 to 1.0 for the Company. The Agreement contains other restrictive

covenants, including, among others, a \$250,000 limitation on the purchase of its outstanding capital stock in any twelve-month period. No advances have been made under the Line.

Part E **Issuance History**

Item 16 **List of securities offerings and shares issued for services in the past two years.**

None.

Part F **Exhibits**

Item 17 **Material contracts.**

The following are the material contracts of the Company, not made in the ordinary course of business, that will be performed after this Annual Report is posted through www.OTCIQ.com or that were entered into not more than two years before such posting. Each contract dated before January 9, 2024 is incorporated by reference to the Company's filings on the SEC's EDGAR system and is available on EDGAR, and/or is described in this Annual Report.

- Lease between Metropark, Ltd. and Company:
 - (i) Dated January 1, 2017 (incorporated by reference to Exhibit 10 to the registrant's annual report on Form 10-K for the year ended December 31, 2017)
 - (ii) Letter Agreement dated July 31, 2020 between the Company and Metropark, Ltd. modifying the obligations of Metropark (incorporated by reference to Exhibit 10 to the registrant's annual report on Form 10K for the year ended December 31, 2020).
 - (iii) Second Amendment dated January 9, 2024 (incorporated by reference to Exhibit 10 to the registrant's annual report on Form 10K for the year ended December 31, 2023).

Item 18 **Articles of Incorporation and Bylaws.**

A complete copy of Capital Properties, Inc's Restated Articles of Incorporation is incorporated by reference to Exhibit 3.1 to the Form 8-K dated April 24, 2023 filed by the Company with the Securities and Exchange Commission (SEC).

A complete copy of Capital Properties, Inc's Bylaws is incorporated by reference to Exhibit 3.2 to the Form 8-K dated October 25, 2017 filed by the Company with the SEC.

Item 19 **Purchases of Equity Securities by the Issuer and Affiliated Purchasers.**

None

Item 20 **Issuer's Certifications.**

I, Robert H. Eder, certify that:

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

Date: February 11, 2026

By: /s/ Robert H. Eder
Chairman and Principal Executive Officer

I, Susan R. Johnson, certify that:

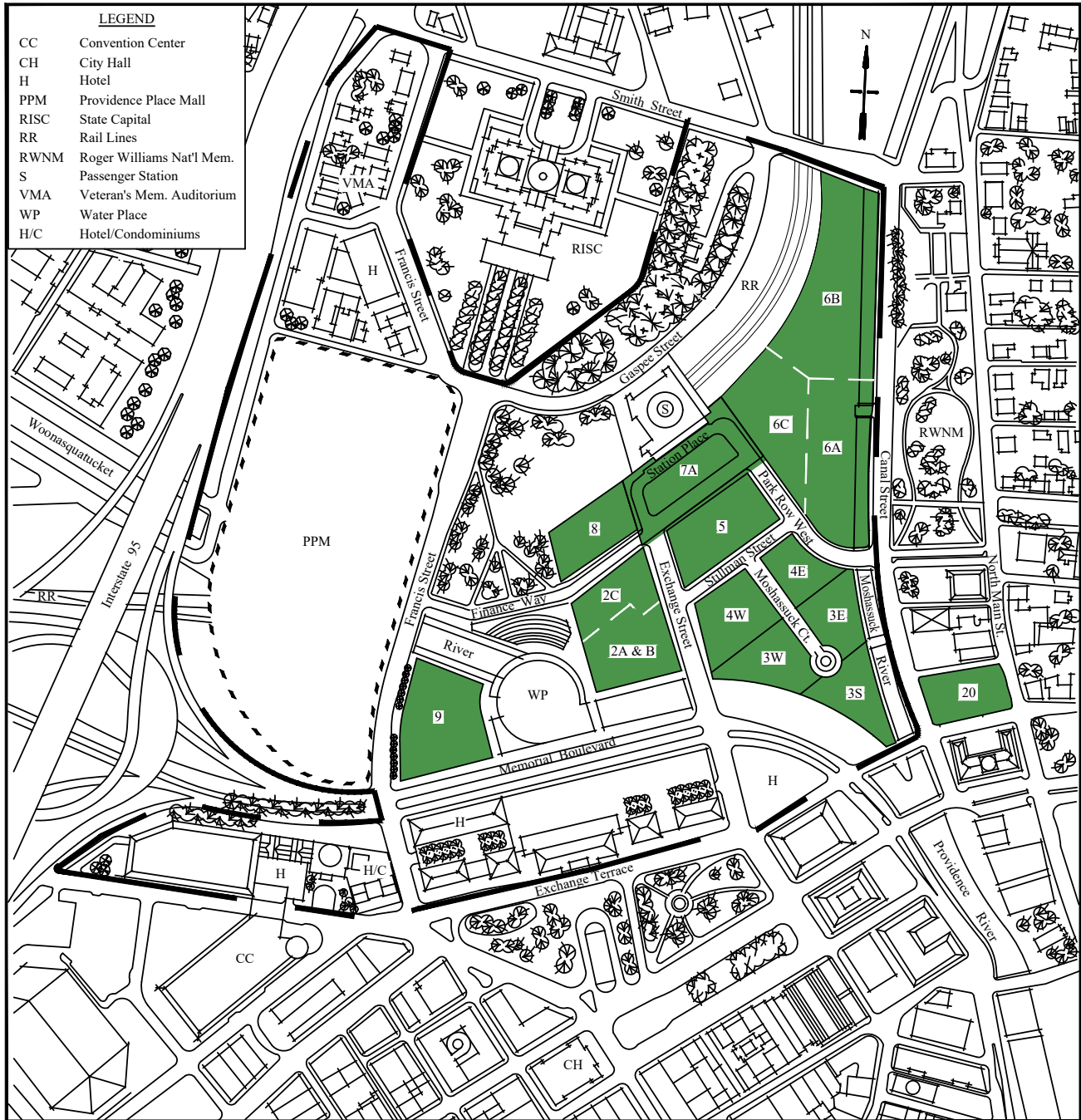
- 1) I have reviewed this Annual Report of Capital Properties, Inc.;
- 2) Based on my knowledge, this disclosure statement does not contain any untrue statement of material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements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

Date: February 11, 2026

By: /s/ Susan R. Johnson
Treasurer and Principal Financial Officer

Exhibit 1

CAPITAL PROPERTIES, INC. - Parcels in Downtown Providence



CAPITAL CENTER

DEVELOPMENT ON PARCEL

Parcel Number	Parcel Size (Square Feet)	Description	Gross Square Feet
2 A & B	56,700	17 and 19 Story Residential Building	307,000
2C	35,300	13 Story Office Building	325,000
3S	48,000	13 Story Office Building	235,000
3W	35,000		
3E	24,000		
4W	46,000		
4E	22,000		
5	54,000	8 Story Residential Building	454,000
6A	87,200	4-6 Story Residential Building	120,000
6B	124,300	2-6 Story Residential Building	248,000
6C	64,500		
7A	76,000	330 Car Underground Parking Garage	
8	36,000	4 Story Office Building	114,000
9	72,000	10 Story Office Building	210,000
OUTSIDE CAPITAL CENTER			
20	26,600	3-4 Story Historic Building	20,000

CAPITAL PROPERTIES, INC. AND SUSIDIARY
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

	<u>Page</u>
Report of Independent Registered Public Accounting Firm – Stowe & Degon, LLC	18
Consolidated Balance Sheets as of December 31, 2025, 2024 and 2023	20
Consolidated Statements of Income and Retained Earnings for the Years Ended December 31, 2025, 2024 and 2023	21
Consolidated Statements of Cash Flows for the Years Ended December 31, 2025, 2024 and 2023	22
Notes to Consolidated Financial Statements	23



REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of
Capital Properties, Inc.
Providence, Rhode Island

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Capital Properties, Inc. (the "Company") as of December 31, 2025, 2024 and 2023, and the related consolidated statements of income and retained earnings, and cash flows for each of the years in the three-year period ended December 31, 2025, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025, 2024 and 2023, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2025, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated 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 during the period the Company's shares of Class A Common Stock were registered under the Securities Exchange Act of 1934 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 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 its 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 our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of a critical audit matter does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Revenue recognition - Refer to Note 2 to the Consolidated Financial Statements

Critical Audit Matter Description

The Company derives revenue from long-term leases with original terms ranging from 30 years to 149 years. Effective January 1, 2019 the Company adopted Accounting Standards Codification ("ASC") 842, *Leases*, and elected the "package of practical expedients" which permits the Company not to reassess under the new standard prior conclusions about lease identification, lease classification, and initial indirect costs and determined that all pre-existing leases were properly accounted for as operating. The long-term leases contain periodic rent increases based on either a specific percentage, market appraisals, changes in the consumer price index or combination thereof. In accordance with generally accepted accounting principles, lease income should be recognized on a straight-line basis. Where straight-line income exceeds the actual contractual payments (the "Excess"), the Excess should only be recognized to the extent it is collectable. In accordance with ASC 842, if collectability of the lease payments is not probable, lease income shall be limited to the lesser of the income that would be recognized in accordance with ASC 842 (straight-line basis) or the actual lease payment, including variable payments that have been collected from the lessee. The Company evaluates the entire stream of remaining lease payments on a lease-by-lease basis. Analysis of collectability from the lessee (tenant) is subjective and complex and is dependent on many factors including historical experience and the creditworthiness of the tenant. The creditworthiness of the tenant can, and often is, significantly influenced by major factors including the creditworthiness of multiple sub-tenants. The inability to access reliable credit information on all parties impacting the probability of collection creates a collectability constraint. Management updates its collectability analysis of long-term leases annually and has determined that collection of the entire remaining stream of remaining lease payments is not probable. Accordingly lease revenue, including variable payments, is recorded when received from the lessee.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the recognition of long-term lease revenue on a straight-line basis included the following, among others:

- We inquired and obtained an understanding of the controls over lease revenue recognition, including management's analysis of and conclusions regarding collection probability.
- We evaluated the application of the Company's accounting policies in the context of the applicable accounting standards (ASC 842) as adopted January 1, 2019.
- We evaluated the appropriateness and consistency of methods and assumptions used by management to determine and support its collection probability conclusion.
- We considered changes in the lease terms, including tenant payment patterns or other information, and determined such information was properly considered by management in its analysis.



We have served as the Company's auditor since 2016.

Westborough, Massachusetts

February 11, 2026

**CAPITAL PROPERTIES, INC. AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS**

	December 31,		
	2025	2024	2023
ASSETS			
Properties and equipment (net of accumulated depreciation)	\$ 6,326,000	\$ 6,412,000	\$ 6,498,000
Cash and cash equivalents	1,511,000	850,000	652,000
Investments	1,353,000	1,294,000	1,244,000
Right-of-use asset, operating	337,000	-	-
Prepaid and other	363,000	390,000	387,000
Prepaid income taxes	30,000	11,000	57,000
Deferred income taxes, discontinued operations	145,000	94,000	109,000
	<u>\$ 10,065,000</u>	<u>\$ 9,051,000</u>	<u>\$ 8,947,000</u>
LIABILITIES AND SHAREHOLDERS' EQUITY			
Liabilities:			
Property taxes	\$ 222,000	\$ 287,000	\$ 340,000
Other	235,000	391,000	330,000
Operating lease liability	337,000	-	-
Deferred income taxes, net	338,000	284,000	284,000
Environmental remediation accrual, discontinued operations	530,000	343,000	402,000
	<u>1,662,000</u>	<u>1,305,000</u>	<u>1,356,000</u>
Shareholders' equity:			
Class A common stock, \$.01 par; authorized 10,000,000 shares; issued and outstanding 6,599,912 shares	66,000	66,000	66,000
Capital in excess of par	782,000	782,000	782,000
Retained earnings	7,555,000	6,898,000	6,743,000
	<u>8,403,000</u>	<u>7,746,000</u>	<u>7,591,000</u>
	<u>\$ 10,065,000</u>	<u>\$ 9,051,000</u>	<u>\$ 8,947,000</u>

See accompanying notes to Consolidated Financial Statements.

CAPITAL PROPERTIES, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF INCOME AND RETAINED EARNINGS

	Years ended December 31,		
	2025	2024	2023
Revenue	\$ 6,011,000	\$ 5,626,000	\$ 5,525,000
Expenses:			
Operating	872,000	949,000	882,000
General and administrative	1,443,000	1,446,000	1,394,000
	<u>2,315,000</u>	<u>2,395,000</u>	<u>2,276,000</u>
Income from continuing operations before income taxes	3,696,000	3,231,000	3,249,000
Income tax expense:			
Current	957,000	892,000	885,000
Deferred	54,000	-	13,000
	<u>1,011,000</u>	<u>892,000</u>	<u>898,000</u>
Income from continuing operations	2,685,000	2,339,000	2,351,000
Loss on sale of discontinued operations, net of tax (Note 10)	<u>(180,000)</u>	<u>(336,000)</u>	<u>(24,000)</u>
Net income	2,505,000	2,003,000	2,327,000
Retained earnings, beginning	6,898,000	6,743,000	6,264,000
Dividends on common stock based on 6,599,912 shares	<u>(1,848,000)</u>	<u>(1,848,000)</u>	<u>(1,848,000)</u>
Retained earnings, ending	<u>\$ 7,555,000</u>	<u>\$ 6,898,000</u>	<u>\$ 6,743,000</u>
Basic income (loss) per common share based upon 6,599,912 shares outstanding:			
Continuing operations	\$ 0.41	\$ 0.35	\$ 0.35
Discontinued operations	<u>(0.03)</u>	<u>(0.05)</u>	<u>(0.00)</u>
Total basic income per common share	<u>\$ 0.38</u>	<u>\$ 0.30</u>	<u>\$ 0.35</u>

See accompanying notes to Consolidated Financial Statements.

**CAPITAL PROPERTIES, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS**

	Years ended December 31,		
	2025	2024	2023
Cash flows from operating activities:			
Continuing operations:			
Income from continuing operations	\$ 2,685,000	\$ 2,339,000	\$ 2,351,000
Adjustments to reconcile income from continuing operations to net cash provided by operating activities, continuing operations:			
Depreciation	86,000	86,000	86,000
Deferred income taxes	54,000	-	13,000
Changes in assets and liabilities:			
Prepaid income taxes	(19,000)	46,000	(36,000)
Prepaid and other	27,000	(3,000)	(163,000)
Property taxes	(65,000)	(53,000)	80,000
Other	(156,000)	61,000	(36,000)
Net cash provided by operating activities, continuing operations	<u>2,612,000</u>	<u>2,476,000</u>	<u>2,295,000</u>
Cash flows from investing activities:			
Investments:			
Purchase	(1,353,000)	(1,294,000)	(1,244,000)
Maturity	1,294,000	1,244,000	-
Net cash used in investing activities, continuing operations	<u>(59,000)</u>	<u>(50,000)</u>	<u>(1,244,000)</u>
Discontinued operations:			
Loss of sale of discontinued operation	(180,000)	(336,000)	(24,000)
Adjustment to loss on sale of discontinued operation, deferred income taxes and other	193,000	15,000	1,000
Cash used to settle obligations	(57,000)	(59,000)	(4,000)
Net cash used in investing activities, discontinued operations	<u>(44,000)</u>	<u>(380,000)</u>	<u>(27,000)</u>
Net cash used in investing activities	<u>(103,000)</u>	<u>(430,000)</u>	<u>(1,271,000)</u>
Cash flows from financing activities, payment of dividends	<u>(1,848,000)</u>	<u>(1,848,000)</u>	<u>(1,848,000)</u>
Increase (decrease) in cash and cash equivalents	661,000	198,000	(824,000)
Cash and cash equivalents, beginning	850,000	652,000	1,476,000
Cash and cash equivalents, ending	<u>\$ 1,511,000</u>	<u>\$ 850,000</u>	<u>\$ 652,000</u>
Supplemental disclosures:			
Cash paid for income taxes:			
Federal	\$ 680,000	\$ 501,000	\$ 665,000
State:			
Rhode Island	218,000	161,000	220,000
Massachusetts	45,000	22,000	16,000
Florida	16,000	20,000	12,000
	<u>\$ 959,000</u>	<u>\$ 704,000</u>	<u>\$ 913,000</u>
Non-cash investing and financing transaction:			
Right-of-use asset obtained in exchange for lease obligation	<u>\$ 337,000</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to Consolidated Financial Statements.

**CAPITAL PROPERTIES, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025, 2024 AND 2023**

1. Description of business:

Capital Properties, Inc. and its wholly-owned subsidiary, Tri-State Displays, Inc. (collectively “the Company”) operate in a single segment that consists of the long-term leasing of certain of its real estate interests in the Capital Center area in downtown Providence, Rhode Island (upon the commencement of which the tenants have been required to construct buildings thereon, with the exception of the parking garage and Parcel 20) and the leasing of locations along interstate and primary highways in Rhode Island and Massachusetts to Lamar Outdoor Advertising, LLC (“Lamar”) on which Lamar has constructed outdoor advertising boards. The Company anticipates that the future development of its remaining properties in the Capital Center area will consist primarily of long-term Ground Leases. Pending this development, the Company leases these undeveloped parcels (other than Parcel 6C) for public parking to Metropark, Ltd.

2. Summary of significant accounting policies:

Principles of consolidation:

The accompanying consolidated financial statements include the accounts and transactions of the Company and its wholly-owned subsidiary. All significant intercompany accounts and transactions have been eliminated in consolidation.

Use of estimates:

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States (“GAAP”) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

Fair value of financial instruments:

The Company believes that the fair values of its financial instruments, including cash and cash equivalents and payables, approximate their respective book values because of their short-term nature. The fair values described herein were determined using significant other observable inputs (Level 2) as defined by GAAP.

Properties and equipment:

Properties and equipment are stated at cost. Acquisitions and additions are capitalized while routine maintenance and repairs, which do not improve the asset or extend its life, are charged to expense when incurred. Depreciation is being provided by the straight-line method over the estimated useful lives of the respective assets.

The Company reviews properties and equipment for impairment whenever events or changes in circumstances indicate that the net book value of the asset may not be recoverable. An impairment loss will be recognized if the sum of the expected future cash flows (undiscounted and before interest) from the use of the asset is less than the net book value of the asset. Generally, the amount of the impairment loss is measured as the difference between the net book value and the estimated fair value of the asset.

Cash and cash equivalents:

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash equivalents include money market accounts totaling \$1,386,000, \$761,000 and \$461,000, at December 31, 2025, 2024 and 2023, respectively. The Company and its subsidiary each maintain a checking account and one money market account in a bank, all of which are insured by the Federal Deposit Insurance Corporation to a maximum of \$250,000. The Company has not experienced any losses in such accounts.

Leases:

The Company accounts for its leases in accordance with Accounting Standards Update (“ASU”) ASC 842 *Leases* issued by the Financial Accounting Standards Board (“FASB”). Under this standard, the Company recognizes a right-of-use (“ROU”) asset and a corresponding lease liability for all operating leases with terms greater than twelve months. The ROU asset is amortized on a straight-line basis over the lease term. Lease liabilities are measured at the present value of future lease payments, discounted based on its existing borrowing rate under the revolving line of credit (see Note 6), which management determined to be the appropriate incremental borrowing rate at the lease commencement date.

Environmental incidents:

The Company accrues a liability when an environmental incident has occurred and the costs are estimable. The Company does not record a receivable for recoveries from third parties for environmental matters until it has determined that the amount of the collection is reasonably assured. The accrued liability is relieved when the Company pays the liability or a third party assumes the liability. Upon determination that collection is reasonably assured or a third party assumes the liability, the Company records the amount as a reduction of expense.

Revenues:

The Company's properties leased to others are under operating leases. The Company reports revenue when earned under the operating method.

Certain of the Company's long-term leases (land and billboard) provide for presently known scheduled rent increases over the remaining terms (31 to 128 years). The Company follows GAAP in accounting for leases whereby revenue is recognized on the straight-line basis over the terms of the leases when management is able to conclude that all remaining lease payments are collectable. To date, management has recognized revenue on a contractual basis as it has been unable to conclude that the remaining lease payments are realizable (collectable) due to the magnitude of the remaining lease payments to be collected, the length of the lease terms and other related uncertainties.

The Company reports contingent revenue in the period in which the factors occur on which the contingent payments are predicated.

Income taxes:

The Company and its subsidiary file consolidated income tax returns.

The Company provides for income taxes based on income reported for financial reporting purposes.

Based on its evaluation, the Company has concluded that there are no significant uncertain tax positions requiring recognition in the consolidated financial statements. The Company will report any tax-related interest and penalties related to uncertain tax positions as a component of income tax expense. The Company's federal and state income tax returns are generally open for examination for the past three years.

Legal fees:

The Company recognizes legal fees as incurred.

Basic earnings per common share:

Basic earnings per common share are computed by dividing net income by the weighted average number of common shares outstanding during the period.

Recently issued accounting pronouncements

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740) - Improvements to Income Tax Disclosures*. This ASU is expected to enhance the transparency and decision usefulness of income tax disclosures by requiring public business entities on an annual basis to disclose specific categories in the rate reconciliation, additional information for reconciling items that meet a quantitative threshold, and certain information about income taxes paid. This ASU is effective for fiscal years beginning after December 15, 2024. The amendments in this ASU are required to be applied on a prospective basis and retrospective adoption is permitted. The Company adopted this standard during the fiscal year ended December 31, 2025.

In November 2024, the FASB issued ASU 2024-03, *Income Statement- Reporting Comprehensive Income – Expense Disaggregation Disclosures* (Subtopic 220-40): Disaggregation of Income Statement Expenses, which requires new tabular disclosures in the notes to consolidated financial statements, disaggregating certain cost and expense categories within relevant captions on the consolidated statements of income. The prescribed cost and expense categories requiring disaggregated disclosures include purchases of inventory, employee compensation, depreciation and intangible asset amortization, along with certain other expense disclosures already required by U.S. GAAP that would need to be integrated within the new tabular disaggregated expense disclosures. Additionally, the amendments also require the disclosure of total selling expenses and an entity's definition of those expenses. The amendments in ASU 2024-03 are effective for annual periods beginning after December 15, 2026, which for the Company would be applicable to fiscal year 2027, and for subsequent interim periods. Early adoption is permitted and the amendments should be applied on a prospective basis. Retrospective application is permitted. The Company is currently evaluating the impact the new accounting standard will have on its expense disclosures in the notes to the consolidated financial statements

3. Investments:

Investments consist of U.S. Treasury securities that yield 3.73% and mature in September 2026. The Company classifies its U.S. Treasury securities as held-to-maturity in accordance with ASC 320 *Investments - Debt and Equity Securities*. Held-to-maturity securities are those securities which the Company has the ability and intent to hold until maturity. Held-to-maturity treasury securities are recorded at amortized cost on the accompanying consolidated balance sheets and adjusted for the amortization or accretion of premiums or discounts.

4. Properties and equipment:

Properties and equipment consist of the following:

	Estimated Life in Years	December 31,		
		2025	2024	2023
Land and land improvements on lease or held for lease		\$ 4,439,000	\$ 4,439,000	\$ 4,439,000
Building and improvements, Steeple Street	30	2,582,000	2,582,000	2,582,000
		<u>7,021,000</u>	<u>7,021,000</u>	<u>7,021,000</u>
Less accumulated depreciation:				
Land improvements on lease or held for lease		93,000	93,000	93,000
Steeple Street property		602,000	516,000	430,000
		<u>695,000</u>	<u>609,000</u>	<u>523,000</u>
		<u>\$ 6,326,000</u>	<u>\$ 6,412,000</u>	<u>\$ 6,498,000</u>

5. Liabilities, other:

Liabilities, other consist of the following:

	December 31,		
	2025	2024	2023
Deposits and prepaid rent	\$ 150,000	\$ 135,000	\$ 146,000
Other	85,000	83,000	80,000
Sprague judgement and prejudgement interest	-	173,000	104,000
	<u>\$ 235,000</u>	<u>\$ 391,000</u>	<u>\$ 330,000</u>

6. Note Payable - Revolving Credit Line:

The Company entered into a financing agreement ("Agreement") with BankRI, a division of Beacon Bank & Trust, that provides for a revolving line-of-credit (the "Line") with a maximum borrowing capacity of \$2,000,000 through March 2027. Amounts outstanding under the Agreement bear interest at the one-month Chicago Mercantile Exchange ("CME") Secured Overnight Financing Rate ("SOFR") plus 200 basis points. Borrowings under the Line are secured by a First Mortgage on Parcel 5 in the Capital Center District in Providence, Rhode Island (the "Property"). The Line requires the maintenance of a debt service coverage ratio of not less than 1.25 to 1.0 on the Property and 1.20 to 1.0 for the Company. The Agreement contains other restrictive covenants, including, among others, a \$250,000 limitation on the purchase of its outstanding capital stock in any twelve-month period. No advances have been made under the Line.

7. Description of leasing arrangements:

Long-term land leases:

Through December 31, 2025 the Company had entered into eight long-term land leases, all of which have completed construction of improvements thereon. The leases generally have a term of 99 years or more, are triple net, and provide for periodic adjustment in rent of various types depending on the particular lease and otherwise contain terms and conditions normal for such instruments.

Under the eight land leases, the tenants may negotiate tax stabilization treaties or other arrangements, appeal any changes in real property assessments, and must pay real property taxes assessed on land and improvements under these arrangements. Accordingly, real property taxes payable by the tenants are excluded from revenues and leasing expenses on the accompanying consolidated statements of income and retained earnings. The real property taxes attributable to the Company's land under

leases, exclusive of Parcel 2 which is a condominium, were \$783,000 for the year ended December 31, 2025 and \$944,000 for the same period in 2024 and 2023.

Under two of the long-term land leases, the Company receives contingent rentals (based on a fixed percentage of gross revenue received by the tenants) which totaled \$121,000, \$123,000 and \$118,000 for the years ended December 31, 2025, 2024 and 2023, respectively.

Property tax expense associated with the Company's parcels that are available for lease are included in operating expenses on the accompanying consolidated statements of income and retained earnings and are \$445,000, \$521,000 (inclusive of a \$53,000 reduction due to a prior year over accrual) and \$574,000 for the years ended December 31, 2025, 2024 and 2023, respectively.

Lamar lease:

Tri-State Displays, Inc., leases 23 outdoor advertising locations containing 44 billboard faces along interstate and primary highways in Rhode Island and Massachusetts to Lamar under a lease which expires in 2057. The Lamar lease provides, among other things, for the following: (1) the base rent will increase annually at the rate of 2.75% for each leased billboard location on June 1 of each year, and (2) in addition to base rent, for each 12-month period commencing each June 1, Lamar must pay to the Company within thirty days after the close of the lease year 30% of the gross revenues from each standard billboard and 20% of the gross revenues from each electronic billboard for such 12-month period, reduced by the sum of (a) commissions paid to third parties and (b) base monthly rent for each leased billboard display for each 12-month period. For the lease years ended May 31, 2025, 2024 and 2023, the percentage rent totaled \$187,000, \$147,000 and \$188,000, respectively, which amounts are included in revenue on the accompanying consolidated statements of income and retained earnings for the years ended December 31, 2025, 2024 and 2023.

Parking lease:

The Company leases the undeveloped parcels of land in or adjacent to the Capital Center area (other than Parcel 6C) for public parking purposes to Metropark under a ten-year lease dated January 1, 2017. The lease is cancellable as to all or any portion of the leased premises at any time on thirty day's written notice in order for the Company or any new tenant of the Company to develop all or any portion of the leased premises. The parking lease provides for contingent rent based on a fixed percentage of gross revenue in excess of the base rent as defined in the agreement.

During the COVID-19 Pandemic, from June 2020 through December 31, 2023, the Company and Metropark operated under a Revenue Sharing Agreement, dated June 30, 2020, that provided for revenue sharing at various percentages until parking revenues received by Metropark equal or exceed \$70,000 per month whereupon Metropark would be obligated to resume regularly scheduled rental payments under its lease. During this time, revenue was recognized on a cash basis with the difference between the regularly scheduled rental payments and amounts paid ("deferred rent") recorded as an accounts receivable and was fully reserved.

In January 2024, the Company entered into a Second Amendment to its Lease Agreement whereby Metropark agreed to return to a fixed monthly rental payment of \$57,000 per month effective January 1, 2024 subject to adjustment in accordance with the Lease Agreement. Additionally, the Company and Metropark settled the Company's claim for deferred rent for all prior periods which amounted to \$1,127,000 (fully reserved on the Company's books) for \$150,000 payable by Metropark in twenty (20) equal quarterly installments commencing on April 1, 2024 together with interest on the unpaid balance in the amount of 4.73% per annum. At December 31, 2025, 2024 and 2023, Prepaid and other in the accompanying consolidated balance sheets include \$97,000, \$128,000 and \$150,000, respectively related to this settlement and \$150,000 is included in revenue in the accompanying consolidated statements of income and retained earnings in 2023.

Minimum future contractual rental payments, inclusive of presently known scheduled rent increases to be received from non-cancellable long-term leases as of December 31, 2025 are:

<u>Year ending December 31,</u>	
2026	\$ 4,646,000
2027	4,682,000
2028	4,714,000
2029	4,780,000
2030	4,817,000
2030-2153	754,852,000
	<u>\$ 778,491,000</u>

Consistent with prior conclusions, the Company has determined that, at this time, the excess of straight-line rentals over contractual payments is not probable of collection. Accordingly, the Company has not included any part of that amount in revenue. As a matter of information only, as of December 31, 2025 the excess of straight-line rentals (calculated by excluding variable payments) over contractual payments was \$99,334,000.

In the event of tenant default, the Company has the right to reclaim its leased land together with any improvements thereon, subject to the right of any leasehold mortgagee to enter into a new lease with the Company with the same terms and conditions as the lease in default.

The following table sets forth those major tenants whose revenues exceed 10 percent of the Company's revenues for the years ended December 31, 2025, 2024 and 2023:

Parcel		2025	2024	2023
NA	Lamar Outdoor Advertising, LLC:			
	Contractual	\$ 1,098,000	\$ 1,068,000	\$ 1,043,000
	Contingent	187,000	147,000	188,000
		<u>1,285,000</u>	<u>1,215,000</u>	<u>1,231,000</u>
NA	Metropark:			
	Contractual	709,000	684,000	576,000
	Settlement *	-	-	150,000
		<u>709,000</u>	<u>684,000</u>	<u>726,000</u>
Parcel 3S	1701 R.C. Sarasota Invest, LLC	<u>789,000</u>	<u>661,000</u>	<u>618,000</u>
Parcel 5	HGIT Center Place			
	Contractual	539,000	539,000	539,000
	Contingent	106,000	108,000	102,000
		<u>645,000</u>	<u>647,000</u>	<u>641,000</u>
Parcel 2	Waterplace Condominiums	<u>609,000</u>	<u>609,000</u>	<u>574,000</u>
		<u>\$ 4,682,000</u>	<u>\$ 4,463,000</u>	<u>\$ 4,431,000</u>

8. Lease Commitment:

During 2025, the Company entered into a five-year (60-month) extension of its land lease related to one of its outdoor advertising billboards. In accordance with ASC 842, the Company measured the ROU operating lease asset and corresponding lease liability using a discount rate based on its existing borrowing rate under the revolving line of credit (see Note 6), which management determined to be the appropriate incremental borrowing rate at the lease commencement date. The lease agreement includes an option to extend the lease for an additional five years which management has concluded that it is reasonably certain the renewal option will be exercised and therefore has included the optional period in the lease term.

The maturity of the Company's operating lease liability is as follows:

<u>Year ending December 31,</u>	
2026	\$ 48,000
2027	48,000
2028	48,000
2029	48,000
2030	48,000
2031-2035	216,000
Total future minimum operating lease payments	<u>\$ 456,000</u>
Less imputed interest	(119,021)
Total Operating lease liability	<u>\$ 336,979</u>

Total expense associated with this lease was \$24,000, for the year ended December 31, 2025. The remaining life of the operating lease is 9.5 years as of December 31, 2025.

9. Income taxes, continuing operations:

For the years ended December 31, 2025, 2024 and 2023, income tax expense from continuing operations is comprised of the following components:

	2025	2024	2023
Current:			
Federal	\$ 693,000	\$ 645,000	\$ 637,000
State	264,000	247,000	248,000
	<u>957,000</u>	<u>892,000</u>	<u>885,000</u>
Deferred:			
Federal	54,000	-	8,000
State	-	-	5,000
	<u>54,000</u>	<u>-</u>	<u>13,000</u>
	<u>\$ 1,011,000</u>	<u>\$ 892,000</u>	<u>\$ 898,000</u>

For the years ended December 31, 2025, 2024 and 2023, a reconciliation of the income tax provision from continuing operations as computed by applying the United States income tax rate of 21% to income before income taxes is as follows:

	2025		2024		2023	
	Amount	% of Pretax income	Amount	% of Pretax income	Amount	% of Pretax income
U.S Federal statutory rate	\$ 776,000	21.0%	\$ 679,000	21.0%	\$ 676,000	21.0%
State income tax, net of federal benefit	241,000	6.5%	205,000	6.3%	198,000	6.1%
Nondeductible expenses and other	(6,000)	-0.2%	8,000	0.2%	24,000	0.7%
Effective tax rate	<u>\$1,011,000</u>	<u>27.3%</u>	<u>\$ 892,000</u>	<u>27.5%</u>	<u>\$ 898,000</u>	<u>27.8%</u>

Deferred income taxes are recorded based upon differences between financial statement and tax basis amounts of assets and liabilities. The tax effects of temporary differences from continuing operations which give rise to deferred tax assets and liabilities were as follows:

	2025	2024	2023
Gross deferred tax liabilities:			
Property having a financial statement basis in excess of tax basis	\$ 364,000	\$ 364,000	\$ 364,000
Accounts receivable	43,000	57,000	52,000
Right-of-use asset - operating	92,000	-	-
Insurance premiums and accrued leasing revenues	56,000	46,000	49,000
	<u>555,000</u>	<u>467,000</u>	<u>465,000</u>
Gross deferred tax assets:			
Prepaid rent	(41,000)	(36,000)	(40,000)
Accounts payable and accrued expenses	(23,000)	(69,000)	(49,000)
Accrued property taxes	(61,000)	(78,000)	(92,000)
Lease liability - operating	(92,000)	-	-
	<u>(217,000)</u>	<u>(183,000)</u>	<u>(181,000)</u>
	<u>\$ 338,000</u>	<u>\$ 284,000</u>	<u>\$ 284,000</u>

10. Discontinued operations and environmental incident:

Prior to February 2017, the Company operated a petroleum storage facility ("Terminal") through two of its wholly owned subsidiaries. On February 10, 2017, the Terminal was sold to Sprague Operating Resources, LLC ("Sprague"). In accordance with ASC 205-20, *Presentation of Financial Statements – Discontinued Operations*, the sale of the Terminal is accounted for as a discontinued operation.

As part of the Terminal Sale Agreement, the Company agreed to retain and pay for the environmental remediation costs associated with a 1994 storage tank fuel oil leak which allowed the escape of a small amount of fuel oil. For the year ended

December 31, 2023, the Company incurred costs of \$79,000 of which \$4,000 was charged against the environmental remediation accrual resulting in a liability of \$402,000 at December 31, 2023 with the balance charged to other liabilities. Throughout 2023, operational issues negatively affected system performance and it was determined continued operation of the system to recover oil was no longer feasible. In 2024 meetings were held with RIDEM to review system performance and it was agreed that an assessment to evaluate the stability of the oil in the ground ("plume stability") was warranted. The system was shut down in 2024 but not dismantled and minimal maintenance was provided. For the year ended December 31, 2024, the Company incurred costs of \$59,000 which was charged against the environmental remediation accrual resulting in a liability of \$343,000 at December 31, 2024. In 2025, the Company engaged a new environmental consultant to perform the tasks necessary to facilitate the preparation and filing of a Remedial Action Work Plan (RAWP) Addendum. For the year ended December 31, 2025, the Company incurred costs of \$59,000 and increased the amount accrued by \$246,000. Any subsequent increases or decreases to the expected cost of remediation will be recorded in the Company's consolidated income statements as gain or loss on sale of discontinued operations.

The Terminal Sale Agreement also contained a cost sharing provision for the breasting dolphin whereby any construction costs incurred more than the contract cost of construction would be borne equally by Sprague and the Company subject to certain limitations, including, in the Company's opinion, a 20% cap on the increase from the initial estimate, subject to a sharing arrangement. In November 2019, Sprague asserted that it was owed \$427,000 and the Company asserted that its obligation under the Agreement cannot exceed \$104,000. Mediation efforts were unsuccessful and in July 2021, Sprague commenced an action against the Company in the Rhode Island Superior Court (Superior Court) seeking monetary damages of \$427,000, interest and attorney's fees. In December 2022, the Superior Court denied Sprague's Motion for Summary Judgment filed in September 2022 and granted in part and denied in part the Company's Cross Motion for Summary Judgment also filed in September 2022. The matter was before the Superior Court without a jury in May 2024. On October 28, 2024, the Superior Court rendered its decision and found that the Company's obligation with respect to the increased cost of constructing the breasting dolphin is \$104,000. On January 24, 2025 the Superior Court entered judgment for Sprague in the amount of \$173,000 which includes, as required by law, prejudgment interest at 12% per annum. The \$173,000 judgment was paid on January 29, 2025. At December 31, 2024 and 2023 Liabilities, other includes \$173,000 and \$104,000, respectively, related to this matter. Neither the Company nor Sprague appealed the judgment within the applicable time period.

For the years ended December 31, 2025, 2024 and 2023 loss from discontinued operations includes legal costs associated with the Sprague litigation of \$4,000, \$393,000 and \$30,000 respectively, and in 2024, prejudgment interest of \$69,000 all of which are net of an income tax benefit of \$1,000, \$126,000 and \$6,000 for the same periods.

11. Segment information:

As the Company operates solely within the leasing industry, it constitutes a single reportable segment, with all revenues, operating expenses and assets attributable to this segment reflected in the consolidated financial statements. The Company's chief operating decision maker ("CODM"), Robert H. Eder, Chairman/President evaluates performance based on the consolidated results.

The following information is used by the CODM for making operating decisions and assessing the performance of the leasing segment:

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Revenues:			
Long-term land leases:			
Contractual	\$ 3,557,000	\$ 3,322,000	\$ 3,200,000
Contingent	121,000	123,000	118,000
Billboard leases:			
Contractual	1,097,000	1,068,000	1,043,000
Contingent	187,000	147,000	188,000
Short-term leases:			
Contractual	950,000	870,000	899,000
Interest income	99,000	96,000	77,000
	<u>6,011,000</u>	<u>5,626,000</u>	<u>5,448,000</u>
Property tax expense	<u>\$ 445,000</u>	<u>\$ 521,000</u>	<u>\$ 574,000</u>
Income from continuing operations	<u>\$ 2,687,000</u>	<u>\$ 2,339,000</u>	<u>\$ 2,351,000</u>
Assets	<u>\$ 9,661,000</u>	<u>\$ 9,051,000</u>	<u>\$ 8,947,000</u>

12. Subsequent event:

At its January 28, 2026 regularly scheduled quarterly Board meeting, the Board of Directors voted to declare a quarterly dividend of \$.09 per share for shareholders of record on February 6, 2026, payable February 20, 2026.