UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2014

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number 001-08499

CAPITAL PROPERTIES, INC.
(Exact name of registrant as specified in its charter)

Rhode Island	**05-0386287**
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

100 Dexter Road
East Providence, Rhode Island **02914**
(Address of principal executive offices) (Zip Code)

(401) 435-7171
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [ ]

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (Section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files.) Yes [X] No [ ]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company.

Large accelerated filer [ ] Accelerated filer [ ] Non-accelerated filer [ ] Smaller reporting company [X]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes [ ] No [X]

As of March 31, 2014, the Company had 6,599,912 shares of Class A Common Stock outstanding.

CAPITAL PROPERTIES, INC.
FORM 10-Q
FOR THE QUARTER ENDED MARCH 31, 2014

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PART I

Item 1. Financial Statements

CAPITAL PROPERTIES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	March 31, 2014 (unaudited)	December 31, 2013
ASSETS		
Properties and equipment (net of accumulated depreciation)	$20,311,000	$20,526,000
Cash	3,668,000	3,305,000
Income taxes receivable	314,000	389,000
Prepaid and other	519,000	590,000
	$24,812,000	$24,810,000
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities:		
Notes payable:		
Bank ($288,000 due within one year)	$ 5,367,000	$ 5,439,000
Dividend notes	11,787,000	11,787,000
Accounts payable and accrued expenses:		
Property taxes	290,000	282,000
Environmental remediation	81,000	81,000
Other	396,000	380,000
Deferred income taxes, net	5,161,000	5,188,000
	23,082,000	23,157,000
Shareholders' equity:		
Class A common stock, $.01 par; authorized 10,000,000 shares; issued and outstanding 6,599,912 shares	66,000	66,000
Capital in excess of par	782,000	782,000
Retained earnings	882,000	805,000
	1,730,000	1,653,000
	$24,812,000	$24,810,000

See notes to consolidated financial statements.

CAPITAL PROPERTIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
THREE MONTHS ENDED MARCH 31, 2014 AND 2013
(Unaudited)

	2014	2013
Revenues:		
Leasing	$ 1,109,000	$ 1,064,000
Petroleum storage facility	572,000	999,000
	1,681,000	2,063,000
Expenses:		
Leasing	226,000	283,000
Petroleum storage facility	837,000	661,000
General and administrative	296,000	355,000
Interest on notes:		
Bank	47,000	49,000
Dividend notes	148,000	152,000
	1,554,000	1,500,000
Income before income taxes	127,000	563,000
Income tax expense (benefit):		
Current	77,000	307,000
Deferred	(27,000)	(84,000)
	50,000	223,000
Net income	$ 77,000	$ 340,000
Basic income per share based upon 6,599,912 shares outstanding	$.01	$.05

See notes to consolidated financial statements.

CAPITAL PROPERTIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
THREE MONTHS ENDED MARCH 31, 2014 AND 2013
(Unaudited)

	2014	2013
Cash flows from operating activities:		
Net income	$ 77,000	$ 340,000
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	215,000	213,000
Amortization of deferred financing fees	1,000	1,000
Deferred income taxes	(27,000)	(84,000)
Other, principally net changes in prepaids, accounts payable, accrued expenses and` current income taxes	169,000	274,000
Net cash provided by operating activities	435,000	744,000
Cash flows from financing activities:		
Payments on note payable, bank	(72,000)	(72,000)
Increase in cash	363,000	672,000
Cash, beginning	3,305,000	2,678,000
Cash, ending	$ 3,668,000	$ 3,350,000
Supplemental disclosures:		
Cash paid for:		
Income taxes	$ 2,000	$ 159,000
Interest	$ 45,000	$ 48,000

See notes to consolidated financial statements.

CAPITAL PROPERTIES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
THREE MONTHS ENDED MARCH 31, 2014 AND 2013
(Unaudited)

1. Description of business:

Capital Properties, Inc. and its wholly-owned subsidiaries, Tri-State Displays, Inc., Capital Terminal Company and Dunellen, LLC (collectively referred to as "the Company"), operate in two segments, leasing and petroleum storage.

The leasing segment consists of (i) the long-term leasing of certain of its real estate interests in downtown Providence, Rhode Island (upon the commencement of which the tenants are required to construct buildings thereon, with the exception of a parking garage and Parcels 6B and 6C), (ii) the leasing of a portion of its building ("Steeple Street Building") under short-term leasing arrangements and (iii) the leasing of locations along interstate and primary highways in Rhode Island and Massachusetts to Lamar Outdoor Advertising, LLC ("Lamar") which has constructed outdoor advertising boards thereon. The Company anticipates that the future development of its remaining properties in and adjacent to the Capital Center area will consist primarily of long-term ground leases. Pending this development, the Company leases these parcels for public parking under short-term leasing arrangements to Metropark, Ltd. ("Metropark").

The petroleum storage segment consists of operating the petroleum storage terminal (the "Terminal") containing 1,004,000 shell barrels and the Wilkesbarre Pier (the "Pier"), both of which are owned by the Company and are collectively referred to as the "Facility," located in East Providence, Rhode Island. For the first four months of 2013, the Company operated the Facility for Global Companies, LLC ("Global") under a lease which expired April 30, 2013.

Effective September 1, 2013, the Company entered into a through-put lease with Atlantic Trading & Marketing, Inc. ("ATMI") for 425,000 shell barrels for a term of eight months with automatic three-month extensions unless terminated by either party. ATMI has notified the Company that it will vacate the Facility on April 30, 2014.

On April 18, 2014, the Company entered into a Petroleum Storage Services Agreement ("the Agreement") with Sprague Operating Resources LLC ("Sprague"), a wholly-owned subsidiary of Sprague Resources LP, for its entire storage capacity for five years commencing May 1, 2014. Sprague has the right to extend the Agreement for two additional terms of five years each, provided that Sprague gives at least twelve months' notice prior to the expiration of the initial or the extension term, as applicable. Commencing April 1, 2016 and on each April 1 thereafter during the initial term or any extension term, either party during the following thirty days has the right to terminate the Agreement as of April 30 of the year next following the year in which notice of termination is given. Additionally, Sprague has the right to terminate the lease on six months' notice if the State of Rhode Island adopts regulations prohibiting the storage of high sulfur content distillates. See Note 7.

The principal difference between the two segments relates to the nature of the operations. In the leasing segment, the tenants under long-term land leases incur substantially all of the development and operating costs of the assets constructed on the Company's land, including the payment of real property taxes on both the land and any improvements constructed thereon. In the petroleum storage segment, the Company is responsible for the operating and maintenance expenditures as well as capital improvements at the Facility.

2. Principles of consolidation and basis of presentation:

The accompanying condensed consolidated financial statements include the accounts and transactions of the Company and its subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation.

The accompanying condensed consolidated balance sheet as of December 31, 2013, has been derived from audited financial statements and the unaudited interim condensed consolidated financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and note disclosures normally included in annual financial statements prepared in accordance with United States generally accepted accounting principles ("GAAP") have been condensed or omitted pursuant to those rules and regulations, although the Company believes that the disclosures made are adequate to make the information not misleading. It is suggested that these condensed financial statements be read in conjunction with the consolidated financial statements and the notes thereto included in the Company's latest Form 10-K. In the opinion of management, the accompanying condensed consolidated financial statements contain all adjustments (consisting solely of normal recurring adjustments) necessary to present fairly the financial position as of March 31, 2014 and the results of operations and cash flows for the three months ended March 31, 2014 and 2013.

The results of operations for interim periods are not necessarily indicative of the results to be expected for the full year.

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.

The Company charges to expense those costs that do not extend the life, increase the capacity or improve the safety or efficiency of the property owned or used by the Company.

New accounting standards:

The Company reviews new accounting standards as issued. Although some of these accounting standards may be applicable to the Company, the Company expects that none of the new standards will have a significant impact on its consolidated financial statements.

3. Use of estimates:

The preparation of consolidated financial statements in conformity with 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 consolidated financial statements. Estimates also affect the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

4. Properties and equipment:

Properties and equipment consists of the following:

	March 31, 2014	December 31, 2013
Properties on lease or held for lease:		
Land and land improvements	$ 4,701,000	$ 4,701,000
Building and improvements, Steeple Street	5,545,000	5,545,000
	10,246,000	10,246,000
Petroleum storage facility, on lease:		
Land and land improvements	5,561,000	5,561,000
Buildings and structures	1,846,000	1,846,000
Tanks and equipment	14,643,000	14,643,000
	22,050,000	22,050,000
Office equipment	83,000	83,000
	32,379,000	32,379,000
Less accumulated depreciation:		
Properties on lease or held for lease	840,000	787,000
Petroleum storage facility, on lease	11,149,000	10,988,000
Office equipment	79,000	78,000
	12,068,000	11,853,000
	$20,311,000	$20,526,000

5. Notes payable:

Bank loan:

In 2010**,** the Company borrowed $6,000,000 from a Bank. In December 2012, the Company and the Bank entered into an Amended and Restated Loan Agreement ("Loan Agreement") pursuant to which the Company refinanced the $2,700,000 remaining balance of the 2010 debt to the Bank and borrowed an additional $3,015,000. The loan bears interest at the annual rate of 3.34% for the first five years. Thereafter, the note will bear interest on either (a) a

floating rate basis at LIBOR plus 215 basis points with a floor of 3.25% or (b) a fixed rate of 225 basis points over the five-year Federal Home Loan Bank of Boston Classic Advance Rate, which the Company will select at that time. The loan has a term of ten years with repayments on a 20-year amortization schedule (monthly principal payments of $24,000 plus interest) and a balloon payment of $2,869,000 in December 2022 when the loan matures. The Loan Agreement requires the Company to maintain at the Bank unencumbered liquid assets (cash or marketable securities) of $1,000,000. The Loan Agreement further contains customary covenants, terms and conditions and permits prepayment, in whole or in part, at any time without penalty if the prepayment is made from internally generated funds. As collateral for the loan, the Company granted the Bank a mortgage on Parcels 3S and 5 in the Capital Center.

Financing fees totaling $71,000 are being amortized by the straight-line method over the 10-year term of the note (which approximates the effective interest rate method). Amortization of deferred financing fees is included in interest expense on the accompanying consolidated statements of income.

Dividend notes:

In 2012, the Company issued $11,787,000 in principal face amount of 5% dividend notes due December 26, 2022 (the "Dividend Notes"). The Dividend Notes are unsecured general obligations of the Company bearing interest at the annual rate of 5% payable semi-annually on June 15 and December 15 to note holders of record on June 1 and December 1 of each year. The Dividend Notes may be redeemed in whole or in part at any time and from time to time at the option of the Company. The Dividend Notes are subject to mandatory redemption in an amount equal to the Net Proceeds from the sale of any real property owned by the Company or any of its subsidiaries. Net Proceeds is defined as the gross cash received by the Company from any such sale reduced by the sum of (a) costs relating to the sale, (b) federal and state income taxes as a result of the sale, and (c) the amount used by the Company to pay in whole or in part financial institution debts secured by a mortgage of the Company's or any subsidiary's real property regardless of whether such mortgage encumbers the property sold. The Company has obligated itself not to grant any mortgages on any of its property located in the Capitol Center District in Providence, Rhode Island, other than Parcels 3S and 5, and to cause its subsidiaries not to grant any such mortgages, in each case without the consent of the holders of two-thirds of the outstanding principal face amount of the Dividend Notes. The Dividend Notes contain other customary terms and conditions.

6. Description of leasing arrangements:

Long-term land leases:

As of March 31, 2014, the Company had entered into nine long-term land leases. Of the nine parcels, seven have had improvements constructed thereon.

Under the nine land leases, the tenants are required to negotiate any tax stabilization treaties or other arrangements, appeal any changes in real property assessments, and pay real property taxes assessed on land and improvements under these arrangements. Accordingly, real property taxes payable by the tenants are excluded from leasing revenues and leasing expenses on the accompanying consolidated statements of income. For the three months ended March 31, 2014 and 2013, the real property taxes attributable to the Company's land under these leases totaled $325,000 and $324,000, respectively,

In 2012, the Company entered into three amended and restated leases, each for a portion of the original Parcel 6 (Parcels 6A, 6B and 6C). All three leases have an initial term of approximately 95 years with two renewal terms of fifty years each. With respect to the Parcel 6B and 6C leases, an affiliate of the leasehold mortgagee has guaranteed the payment by the tenants of rent and real property taxes as well as certain other tenant monetary obligations for a two-year period which commenced on May 18, 2012. Commencing May 18, 2014, the lessees of Parcels 6B and 6C each has the right to terminate its lease at any time during the remaining term of that lease upon thirty days' notice.

Short-term leases:

The Company leases the undeveloped parcels of land in or adjacent to the Capital Center area for public parking purposes to Metropark under a short-term cancellable lease.

At March 31, 2014, the Company has three tenants occupying 56 percent of the Steeple Street Building under short-term leases of five years or less at a current annual rental of $123,000. The Company is recognizing the revenue from these leases on a straight-line basis over the terms of the leases. At March 31, 2014 and December 31, 2013, the excess of straight-line over contractual rentals is $9,000 and $10,000, respectively, which is included in prepaid and other on the accompanying consolidated balance sheets. The Company also reports as revenue from tenants

reimbursements for common area costs and real property taxes. The Company is currently marketing the remaining portions of the building for lease.

Lamar lease:

The Company, through a wholly-owned subsidiary, 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 2045. In 2013, Lamar converted billboards at two locations to electronic billboards, which conversions extended the term of the lease for a total of twelve years. The Lamar lease also 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.

7. Petroleum storage facility and environmental incidents:

Leasing of the Facility:

For the period May 1, 1998 to April 30, 2013, the Company and Global were parties to a lease agreement pursuant to which the Company operated the entire Facility for Global. The Company was responsible for labor, insurance, a portion of the real property taxes and other operating expenses, as well as certain capital improvements.

Under the terms of the Option Agreement between the Company and Global dated June 9, 2003 (the "Option Agreement"), on April 27, 2012, Global preliminarily exercised its option to purchase the Company's Facility. In compliance with the Option Agreement, the Company thereafter provided Global with a calculation of Adjusted Book Value (as that term is defined in the Option Agreement) of the Facility which amounted to $19,700,000. Global then elected to proceed with the determination of Appraised Value (as defined in the Option Agreement). Global and the Company each selected an appraiser and elected to defer selection of a third appraiser until their respective appraisers completed their appraisals and discussed the results. The Company's appraiser arrived at an appraised value of $46,200,000 for the Facility. Global's appraiser arrived at a value of $15,400,000 for the Facility. As required by the Option Agreement, the two appraisers then engaged a third appraiser who on May 17, 2013 appraised the Facility at $35,000,000. Global had ten business days following the receipt of the third appraisal to elect to proceed with a feasibility study of the Facility, which it failed to do. As a result, the Option Agreement terminated on June 3, 2013.

Under the terms of the Option Agreement, in the event Global elected not to purchase the Facility, Global was required to reimburse the Company for the cost of the Company's appraisal, which totaled $96,000. The payment was received in July 2013.

On May 1, 2012, the Company gave Global notice of non-extension of the Global lease. Global was solely responsible for the removal of its inventory and the cleaning of the tanks prior to May 1, 2013 and the costs associated with these activities. The Global lease terminated on April 30, 2013, and the Company took full control of the Facility on that date. Prior to April 30, 2013, Global completed removal of product and the cleaning of the tanks. The final inspection report indicated that two tanks required repairs which were done by the Company and the costs were reimbursed by Global.

Effective May 1, 2013, the Company became responsible for all real property taxes on the Facility, which totaled $287,000 for 2013. During the term of its lease, Global had paid a portion of such taxes, which amounted to approximately $145,000 for the year ended December 31, 2012. For the three months ended March 31, 2013, Global's proportionate share of the 2013 taxes totaled $39,000, which amount is included in petroleum storage facility revenue on the accompanying consolidated statement of income for that period.

On June 14, 2013, the Company severed four employees of the Facility and paid to such employees, for varying periods depending on each employee's years of service, severance consisting of salary continuation and provision of medical benefits. The severed employees were subject to call back should the Facility reopen. If an employee failed to return, he forfeited the balance of his severance payment.

Effective September 1, 2013, the Company entered into a through-put lease with ATMI for 425,000 shell barrels for a term of eight months with automatic three-month extensions unless terminated by either party. In connection with the ATMI lease, the Company called back all of its former employees and all those employees reported to work and

the Company is no longer paying any severance benefits. ATMI has notified the Company that it will vacate the Facility on April 30, 2014.

Petroleum storage services agreement:

On April 18, 2014, the Company entered into a Petroleum Storage Services Agreement ("the Agreement") with Sprague for its entire storage capacity of 1,004,000 barrels for five years commencing May 1, 2014. The base rent is $3,500,000, subject to annual cost-of-living adjustments on May 1 of each year. In addition, the Company will receive an additional $.15 for each barrel of throughput at the facility in excess of 3,500,000 barrels in any contract year (May 1 to April 30). Sprague has the right to extend the Agreement for two additional terms of five years each, provided that Sprague gives at least twelve months' notice prior to the expiration of the initial or the extension term, as applicable. Commencing April 1, 2016 and on each April 1 thereafter during the initial term and any extension term, either party during the following thirty days has the right to terminate the Agreement as of April 30 of the year next following the year in which notice of termination is given. Sprague also has the right to terminate the Agreement on six months' notice if the State of Rhode Island ("the State") adopts any law or regulation prohibiting the storage of non-conforming distillates unless the effectiveness of such law or regulation is enjoined or the law or regulation is repealed or rescinded during the notice period. The State is considering amending its existing air quality regulations to prohibit the storage and sale of high sulfur content distillates. The Company has proposed to the State that the storage of non-conforming distillates by storage facilities of greater than 100,000 barrels be permitted upon notice to the State and periodic testing of the products actually distributed to assure that non-conforming product is not sold in Rhode Island by any such facility. Commencing May 1, 2015, Sprague will reimburse the Company for any real estate taxes in excess of the 2014 real estate tax level, which has yet to be determined. The Agreement contains other customary terms and conditions.

The Company has incurred approximately $100,000 in fees to date in connection with the execution of the petroleum storage services agreement, which amounts will be paid in the second quarter of 2014.

Wilkesbarre Pier:

The Pier is a deep-water pier in East Providence, Rhode Island owned by the Company which is integral to the operation of the Terminal. The Pier and the Terminal are connected by two petroleum pipelines which the Company has a permanent right to use.

Environmental incident (2002):

In 2002, during testing of monitoring wells at the Terminal, the Company's consulting engineer discovered free floating phase product in a groundwater monitoring well located on that portion of the Terminal purchased in 2000. Laboratory analysis indicated that the product was gasoline, which is not a product the Company ever stored at the Terminal. The Company commenced an environmental investigation and analysis, the results of which indicate that the gasoline did not come from the Terminal. The Company notified the Rhode Island Department of Environmental Management ("RIDEM"). RIDEM subsequently identified Power Test Realty Partnership ("Power Test"), the owner of an adjacent parcel, as a potentially responsible party for the contamination. Getty Properties Corp. is the general partner of Power Test. Power Test challenged that determination and, after an administrative hearing, in October 2008 a RIDEM Hearing Officer determined that Power Test is responsible for the discharge of the petroleum product under the Rhode Island Oil Pollution Control Act, R.I.G.L. Section 46-12.5.1-3 and Rule 6(a) and 12(b) of the Oil Pollution Control Regulations. The RIDEM Decision and Order requires Power Test to remediate the contamination as directed by RIDEM and remanded the proposed penalty to RIDEM for recalculation. In November 2008, Power Test appealed the decision to the Rhode Island Superior Court. In addition, in November 2008, Power Test sought, and received, a stay of the Decision and Order of the Hearing Officer pending a clarification by RIDEM of the amount of the proposed penalty. In October 2009, RIDEM issued a recalculated administrative penalty, and, subsequently, the RIDEM Hearing Officer issued a recommended amended decision, which was affirmed as a final decision by the RIDEM Director in December 2009. In January 2010, Power Test appealed that decision to the Superior Court. In September 2011, the Superior Court affirmed the decision of the RIDEM director. Power Test has appealed that decision to the Rhode Island Supreme Court which has agreed to hear the appeal.

In April 2009, the Company sued Power Test and Getty Properties Corp. in the Rhode Island Superior Court seeking remediation of the site or, in the alternative, the cost of the remediation. On May 1, 2009, Power Test and Getty Properties Corp. removed the action to the United States District Court for the District of Rhode Island ("the Court"). On May 22, 2009, Power Test and Getty Properties Corp. answered the Complaint and filed a Counterclaim against Dunellen, LLC and Capital Terminal Company alleging that Dunellen, LLC and Capital Terminal Company are responsible for the contamination. Getty Properties Corp. and Power Test joined Getty Petroleum Marketing, Inc., the tenant under a long-term lease with Getty Properties Corp. of the adjacent property, as a defendant. The Company amended its Complaint to add Getty Petroleum Marketing, Inc. as a defendant. Getty

Petroleum Marketing, Inc. moved for summary judgment against the Company, Getty Properties Corp. and Power Test. On December 5, 2011, Getty Petroleum Marketing, Inc. filed for bankruptcy under Chapter 11 of the United States Bankruptcy Act. Thereafter, with Bankruptcy Court approval, Getty Petroleum Marketing, Inc. rejected its lease with Getty Properties Corp. On August 24, 2012, the Bankruptcy Court approved a plan to liquidate Getty Petroleum Marketing, Inc. On January 15, 2013, the Court granted Getty Petroleum Marketing, Inc.'s motion for summary judgment against the Company, Getty Properties Corp. and Power Test, dismissing the Company's third-party complaint.

The parties have agreed to stay the litigation pending a determination by the Rhode Island Supreme Court on the Power Test appeal.

There can be no assurance that the Company will prevail in this litigation.

Since January 2003, the Company has not incurred significant costs in connection with this matter, other than ongoing litigation costs, and is unable to determine the costs it might incur to remedy the situation, as well as any costs to investigate, defend and seek reimbursement from the responsible party with respect to this contamination.

Environmental remediation (1994):

In 1994, a leak was discovered in a 25,000 barrel storage tank at the Terminal which allowed the escape of a small amount of fuel oil. All required notices were made to RIDEM. In 2000, the tank was demolished and testing of the groundwater indicated that there was no large pooling of contaminants. In 2001, RIDEM approved a plan pursuant to which the Company installed a passive system consisting of three wells and commenced monitoring the wells.

In 2003, RIDEM decided that the passive monitoring system previously approved was not sufficient and required the Company to design an active remediation system for the removal of product from the contaminated site. The Company and its consulting engineers began the pre-design testing of the site in the fourth quarter of 2004. The consulting engineers estimated a total cost of $200,000 to design, install and operate the system, which amount was accrued in 2004. Through 2006, the Company had expended $119,000 and has not incurred any additional costs since then. In 2011, RIDEM notified the company to proceed with the next phase of the approval process, notifying the abutters of the proposed remediation system even though RIDEM has not yet taken any action on the Company's proposed plan. As designed, the system will pump out the contaminants which will be disposed of in compliance with applicable regulations. After a period of time, the groundwater will be tested to determine if sufficient contaminants have been removed. While the Company and its consulting engineers believe that the proposed active remediation system will correct the situation, it is possible that RIDEM could require the Company to expand remediation efforts, which could result in the Company incurring costs in excess of the remaining accrual of $81,000.

8. Income taxes:

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 which give rise to deferred tax assets and liabilities were as follows:

	March 31, 2014	December 31, 2013
Gross deferred tax liabilities:		
Property having a financial statement basis in excess of tax basis	$ 5,180,000	$ 5,243,000
Insurance premiums and accrued leasing revenues	113,000	151,000
	5,293,000	5,394,000
Deferred tax assets	(132,000)	(206,000)
	$ 5,161,000	$ 5,188,000

9. Shareholders' equity:

In November 2008, the Company restated its Articles of Incorporation:

- To create a new class of common stock of the Company to be designated Class B Common Stock consisting of 3,500,000 shares, $.01 par value per share;
- To increase the number of authorized shares of Class A Common Stock from 6,000,000 to 10,000,000 shares; and
- To provide for certain transfer and ownership restrictions as set forth therein.

In December 2008, the Company issued (in the form of a stock dividend) 3,299,956 shares of Class B Common Stock on a one-for-one basis for each share of Class A Common Stock held. On April 23, 2013, at the recommendation of the Board of Directors, the shareholders approved Amended and Restated Articles of Incorporation which, among other things (i) automatically converted all Class B Common shares into Class A Common shares on a one-to-one basis and (ii) removed all restrictions on ownership.

On December 7, 2012, the Company's Board of Directors declared a dividend of $2.25 per share ($14,850,000) to shareholders of record as of December 17, 2012. For shareholders owning 100 or more shares, the dividend was payable 20%, or $.45 per share, in cash and 80%, or $1.80 per share, in Dividend Notes to be issued by the Company. Shareholders owning less than 100 shares of any class of Company stock where the shares were titled in their names and not held by a broker, received 100% of the dividend in cash unless they elected to receive it 20% in cash and 80% in Dividend Notes. The dividend was paid on December 27, 2012, at which time the Company paid out $3,063,000 in cash, and issued $11,787,000 in 5% Dividend Notes described in Note 5. In accordance with GAAP, at December 7, 2012, the Company's retained earnings of $3,870,000 was reduced to zero and the remaining $10,980,000 was offset against capital in excess of par. In connection with the declaration of the dividend, the Company's Board of Directors received a solvency opinion from an investment banking firm to the effect that the dividend would not result in the Company's liabilities exceeding its assets and would not render the Company insolvent.

10. Operating segment disclosures:

The Company operates in two segments, leasing and petroleum storage.

The Company makes decisions relative to the allocation of resources and evaluates performance based on each segment's respective income before income taxes, excluding interest expense and certain corporate expenses.

Inter-segment revenues are immaterial in amount.

The following financial information is used for making operating decisions and assessing performance of each of the Company's segments for the three months ended March 31, 2014 and 2013:

	2014	2013
Leasing:		
Revenues:		
Long-term leases:		
Contractual	$ 875,000	$ 830,000
Contingent	25,000	19,000
Short-term leases	209,000	215,000
Total revenues	$ 1,109,000	$ 1,064,000
Property tax expense	$ 110,000	$ 157,000
Depreciation	$ 53,000	$ 51,000
Income before income taxes	$ 883,000	$ 781,000
Assets	$ 9,764,000	$ 10,056,000
Petroleum storage:		
Revenues, contractual	$ 572,000	$ 999,000
Property tax expense	$ 75,000	$ 66,000
Depreciation	$ 161,000	$ 161,000
Income (loss) before income taxes	$ (265,000)	$ 338,000
Assets	$ 11,543,000	$ 12,695,000

The following is a reconciliation of the segment information to the amounts reported in the accompanying consolidated financial statements for the three months ended March 31, 2014 and 2013:

	2014	2013
Revenues for operating segments:		
Leasing	$ 1,109,000	$ 1,064,000
Petroleum storage	572,000	999,000
Total consolidated revenues	$ 1,681,000	$ 2,063,000
	2014	2013
Property tax expense:		
Property tax expense for operating segments:		
Leasing	$ 110,000	$ 157,000
Petroleum storage	75,000	66,000
	185,000	223,000
Unallocated corporate property tax expense	1,000	1,000
Total consolidated property tax expense	$ 186,000	$ 224,000
Depreciation:		
Depreciation for operating segments:		
Leasing	$ 53,000	$ 51,000
Petroleum storage segment:	161,000	161,000
	214,000	212,000
Unallocated corporate depreciation	1,000	1,000
Total consolidated depreciation	$ 215,000	$ 213,000
Income before income taxes:		
Income (loss) before income taxes for operating segments:		
Leasing	$ 883,000	$ 781,000
Petroleum storage	(265,000)	338,000
	618,000	1,119,000
Unallocated corporate expenses	(296,000)	(355,000)
Interest expense	(195,000)	(201,000)
Total consolidated income before income taxes	$ 127,000	$ 563,000
Assets:		
Assets for operating segments:		
Leasing	$ 9,764,000	$ 10,056,000
Petroleum storage	11,543,000	12,695,000
	21,307,000	22,751,000
Corporate cash	3,186,000	2,186,000
Other unallocated amounts	319,000	9,000
Total consolidated assets	$ 24,812,000	$ 24,946,000

11. Related party transaction:

The Company and Providence and Worcester Railroad Company ("the Railroad") have a common controlling shareholder. The Company has the right to use certain pipelines located in the right of way of the Railroad which were constructed by Getty Oil Company (Eastern Operations), Inc. ("GettyEO"). Pursuant to an agreement between the Railroad and GettyEO dated August 6, 1975, the Railroad has the right to relocate any portion of the pipelines located within the Railroad's right of way. The Company supported the extension of Waterfront Drive, so-called, up to Dexter Road and adjacent to the Company's Terminal, which road was constructed on the Railroad right of way. The road was completed in November 2012. The State of Rhode Island's plans for the Waterfront Drive extension required a relocation of a portion of the pipelines which the Railroad had the right to relocate. RIDOT entered into an agreement with the Railroad (the "RIDOT Agreement") to reimburse the Railroad for reasonable costs incurred by it in relocating the pipelines, which were originally estimated to be $159,000. Any substantial change to the estimate requires the approval of RIDOT.

In May 2011, the Company entered into an agreement with the Railroad to act as the Railroad's agent with respect to the relocation of the pipelines. The Company, without receiving compensation, is obligated under the agreement to select, direct and supervise all subcontractors subject to the Railroad's approval. Upon the Railroad's receipt of invoices from the contractors, the Railroad requires the Company to verify the accuracy of the invoices and submit a check to the Railroad covering the amount of the invoices. The Railroad pays the invoices, using the funds

advanced by the Company. The Railroad is then obligated to submit the invoices to RIDOT for reimbursement. Any reimbursements received by the Railroad from RIDOT are required to be paid to the Company in a timely manner. Any shortfall in RIDOT's reimbursement is borne by the Company.

The costs incurred to relocate the pipeline totaled $219,000, which amount the Railroad submitted to RIDOT in February 2012. In March and December 2012, RIDOT reimbursed the Railroad a total of $198,000, which the Railroad in turn paid to the Company. RIDOT has retained the remaining $21,000 pending its audit of the project, which amount is included in prepaid and other on the accompanying consolidated balance sheets. The Company believes the remaining $21,000 will ultimately be paid.

In May 2012, the Company and Railroad entered into a License Agreement licensing to the Company track facilities which may be installed in connection with a railcar-loading/unloading facility upon Railroad's right-of-way. The License Agreement continues through December 31, 2015, and thereafter may be extended for additional three-year periods unless cancelled by the Company upon thirty days' written notice prior to termination.

12. Fair value of financial instruments:

The Company believes that the fair values of its financial instruments, including cash, receivables and payables, approximate their respective book values because of their short-term nature. The fair value of the bank note payable approximates its book value and was determined using borrowing rates currently available to the Company for loans with similar terms and maturities. Based upon an opinion obtained by the Company from an investment banking firm, the fair value of the dividend notes payable approximates their book value. The fair values described herein were determined using significant other observable inputs (Level 2) as defined by GAAP, which included statistics for the issuance, rating and trading of corporate debt securities issued by other companies.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

FORWARD LOOKING STATEMENTS

Certain portions of this 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 accrued leasing revenues when due over the terms of the long-term land leases and the early termination of the Parcel 6B and Parcel 6C land 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; the right of the new tenant of the petroleum storage facility to terminate the agreement after three years upon giving one year's notice or if the State of Rhode Island should adopt restrictions on the storage of high sulfur content distillates; and exposure to contamination, remediation or similar costs associated with the operation of the petroleum storage facility. The Company does not undertake the obligation to update forward-looking statements in response to new information, future events or otherwise.

1. Overview:

Critical accounting policies:

The Company believes that its revenue recognition policy for long-term leases with scheduled rent increases (leasing segment) meets the definition of a critical accounting policy which is discussed in the Company's Form 10-K for the year ended December 31, 2013. There have been no changes to the application of this accounting policy since December 31, 2013.

Segments:

The Company operates in two segments, leasing and petroleum storage.

The leasing segment consists of (i) the long-term leasing of certain of its real estate interests in downtown Providence, Rhode Island (upon the commencement of which the tenants have been required to construct buildings thereon, with the exception of a parking garage and Parcels 6B and 6C), (ii) the leasing of a portion of the Steeple Street Building under short-term leasing arrangements and (iii) the leasing of locations along interstate and primary highways in Rhode Island and Massachusetts to Lamar Outdoor Advertising, LLC ("Lamar") which has constructed outdoor advertising boards thereon. The Company anticipates that the future development of its remaining properties in and adjacent to the Capital Center area will consist primarily of long-term ground leases. Pending this development, the Company leases these parcels for public parking under short-term leasing arrangements to Metropark, Ltd. ("Metropark).

The petroleum storage segment consists of operating the petroleum storage terminal (the "Terminal") containing 1,004,000 shell barrels and the Wilkesbarre Pier (the "Pier"), both of which are owned by the Company and are collectively referred to as the "Facility," located in East Providence, Rhode Island. For the first four months of 2013, the Company operated the Facility for Global Companies, LLC ("Global") under a lease which expired April 30, 2013. Effective September 1, 2013, the Company entered into a through-put lease with Atlantic Trading & Marketing, Inc. ("ATMI") for 425,000 shell barrels for a term of eight months with automatic three-month extensions unless terminated by either party. ATMI has notified the Company that it will vacate the Facility on April 30, 2014.

On April 18, 2014, the Company entered into a Petroleum Storage Services Agreement ("the Agreement") with Sprague Operating Resources LLC ("Sprague"), a wholly-owned subsidiary of Sprague Resources LP, for its entire storage capacity for five years commencing May 1, 2014. Sprague has the right to extend the Agreement for two additional terms of five years each, provided that Sprague gives at least twelve months' notice prior to the expiration of the initial or the extension term, as applicable. Commencing April 1, 2016 and on each April 1 thereafter during

the term, either party during the following thirty days has the right to terminate the Agreement as of April 30 of the year next following the year in which notice of termination is given. Additionally, Sprague has the right to terminate on six months' notice if the State of Rhode Island adopts regulations prohibiting the storage of high sulfur content distillates. See "Liquidity and Capital Resources-*Petroleum storage facility*" below.

The principal difference between the two segments relates to the nature of the operations. In the leasing segment, the tenants under long-term land leases incur substantially all of the development and operating costs of the assets constructed on the Company's land, including the payment of real property taxes on both the land and any improvements constructed thereon. In the petroleum storage segment, the Company is responsible for the operating and maintenance expenditures as well as capital improvements at the Facility.

2. Liquidity and capital resources:

As a result of the issuance of dividend notes and the refinancing of the bank loan in late December 2012, the Company's financial position has changed significantly. Additionally, the expiration of the Global lease on April 30, 2013 impacted the operating cash generated by the petroleum storage segment; however, the impact was mitigated by the through-put lease entered into with ATMI effective September 1, 2013 and will be further mitigated by the new agreement with Sprague which will commence May 1, 2014.

Bank loan:

In December 2012, the Company and the Bank entered into an Amended and Restated Loan Agreement pursuant to which the Company refinanced the $2,700,000 balance of the 2010 debt to the Bank and borrowed an additional $3,025,000, which was used to pay part of an extraordinary dividend of $2.25 per share to shareholders. (See below). The existing note to the Bank was amended and now bears interest at an annual rate of 3.34% for the first five years. Thereafter, the note will bear interest on either (a) a floating rate basis at LIBOR plus 215 basis points with a floor of 3.25% or (b) a fixed rate of 225 basis points over the five-year Federal Home Loan Bank of Boston Classic Advance Rate, which the Company will select at that time. The loan has a term of ten years with repayments on a 20-year amortization schedule (monthly payments of $24,000 plus interest) and a balloon payment of $2,869,000 in December 2022 when it matures. The note further contains the customary covenants, terms and conditions and permits prepayment, in whole or in part, at any time without penalty if the prepayment is made from internally generated funds. Parcels 3S and 5 in the Capital Center continue to serve as collateral for the loan. Despite the $3,025,000 increase in the bank loan, the principal and interest payments on an annual basis remain approximately the same due to a reduction in the interest rate.

Dividend notes:

On December 7, 2012, the Board of Directors of the Company declared an extraordinary dividend of $2.25 per share on its Class A and Class B common stock to shareholders of record on December 17, 2012. On December 27, 2012, the Company paid out $3,063,000 in cash and issued $11,787,000 in principal face amount of 5% dividend notes due December 26, 2022 (the "Dividend Notes"). The Dividend Notes are unsecured general obligations of the Company bearing interest at the annual rate of 5% payable semi-annually on June 15 and December 15 to note holders of record on June 1 and December 1 of each year. The Dividend Notes may be redeemed in whole or in part at any time and from time to time at the option of the Company. The Dividend Notes are subject to mandatory redemption in an amount equal to the Net Proceeds from the sale of any real property owned by the Company or any of its subsidiaries. Net Proceeds means the gross cash received by the Company from any such sale reduced by the sum of (a) costs relating to the sale, (b) federal and state income taxes as a result of the sale, and (c) the amount used by the Company to pay in whole or in part financial institution debts secured by a mortgage of the Company's or any subsidiary's real property regardless of whether such mortgage encumbers the property sold. The Company has obligated itself not to grant any mortgages on any of its property located in the Capitol Center District in Providence, Rhode Island, other than Parcels 3S and 5, and to cause its subsidiaries not to grant any such mortgages, in each case without the consent of the holders of two-thirds of the outstanding principal face amount of the Dividend Notes. The Dividend Notes contain other customary terms and conditions. The interest payments on an annual basis total $590,000.

Petroleum storage facility:

As reported above in Note 7 of the Notes to Consolidated Financial Statements, the Global lease expired April 30, 2013.

On June 14, 2013, the Company severed four employees of the Facility and paid to such employees, for varying periods depending on each employee's years of service, severance consisting of salary continuation and provision of medical benefits. The severed employees were subject to call back should the Facility reopen. If an employee failed to return, he forfeited the balance of his severance payment.

Effective September 1, 2013, the Company entered into a through-put lease with ATMI for 425,000 shell barrels for a term of eight months with automatic three-month extensions unless terminated by either party. In connection with the ATMI lease, the Company called back all of its former employees and all those employees reported to work and the Company is no longer paying any severance benefits. ATMI has notified the Company that it will vacate the Facility on April 30, 2014.

On April 18, 2014, the Company entered into a Petroleum Storage Services Agreement ("the Agreement") with Sprague for its entire storage capacity of 1,004,000 barrels for five years commencing May 1, 2014. The base rent is $3,500,000, subject to annual cost-of-living adjustments on May 1 of each year. In addition, the Company will receive an additional $.15 for each barrel of throughput at the facility in excess of 3,500,000 barrels in any contract year (May 1 to April 30). Sprague has the right to extend the Agreement for two additional terms of five years each, provided that Sprague gives at least twelve months' notice prior to the expiration of the initial or the extension term, as applicable. Commencing April 1, 2016 and on each April 1 thereafter during the term, either party during the following thirty days has the right to terminate the Agreement as of April 30 of the year next following the year in which notice of termination is given. Sprague also has the right to terminate the Agreement on six months' notice if the State of Rhode Island ("the State") adopts any law or regulation prohibiting the storage of non-conforming distillates unless the effectiveness of such law or regulation is enjoined or the law or regulation is repealed or rescinded during the notice period. The State is considering amending its existing air quality regulations to prohibit the storage and sale of high sulfur content distillates. The Company has proposed to the State that the storage of non-conforming distillates by storage facilities of greater than 100,000 barrels be permitted upon notice to the State and periodic testing of the products actually distributed to assure that non-conforming product is not sold in Rhode Island by any such facility. Commencing May 1, 2015, Sprague will reimburse the Company for any real estate taxes in excess of the 2014 real estate tax level which has yet to be determined. The Agreement contains other customary terms and conditions.

During the first three months of 2014, the Company's operating activities provided $435,000 of cash which was $309,000 less than the cash provided by operating activities for the three months ended March 31, 2013. Cash and cash equivalents at March 31, 2014 increased $363,000 from year end. The reduction in cash flows from operations and overall cash flow from March 31, 2013 was due in large part to the decrease in income from the petroleum storage facility. During the quarters ended March 31, 2014 and 2013, the Company did not pay dividends or purchase any properties and equipment.

Historically, the Company has had adequate liquidity to fund its operations.

Cash and cash commitments:

At March 31, 2014, the Company had cash of $3,668,000. Effective January 1, 2013, the Federal Deposit Insurance Corporation ("FDIC") reduced the insurance on all non-interest bearing bank accounts to a maximum of $250,000. The Company periodically evaluates the financial stability of the financial institution at which the Company's funds are held. In connection with the December 2012 Amended and Restated Loan Agreement, the Company is required to maintain unencumbered liquid assets (cash and marketable securities) of $1,000,000 at the Bank.

Under the terms of three long-term land leases, the scheduled annual contractual rent will increase in 2014 as follows: (1) on July 1, 2014, the rent on Parcel 6A will increase $30,000; (2) on July 1, 2014, the rent on Parcel 6B will increase $18,000; and (3) on October 1, 2014, the rent on Parcel 3S will increase $133,000.

At March 31, 2014, the Company has three tenants in a portion of the Steeple Street Building under short-term leases (five years or less) at a current annual rental of $123,000. The Company is currently marketing the remaining portions of the building for lease.

The Company has incurred approximately $100,000 in fees to date in connection with the execution of the petroleum storage services agreement, which amounts will be paid in the second quarter of 2014.

In 2012, the Company prepaid $1,000,000 on its bank loan payable. Further prepayments will depend on the Company's level of available cash.

In light of the extraordinary dividend paid in December 2012, at each of the quarterly Board meetings held in 2013 and 2014, the Board of Directors voted to omit the regular quarterly dividend of $0.03 per share. The Board will review the declaration of future dividends on a quarterly basis. The declaration of future dividends will depend on future earnings and financial performance.

3. **Results of operations:**

Three months ended March 31, 2014 compared to three months ended March 31, 2013:

Leasing segment:

	2014	2013	Difference
Leasing revenues	$1,109,000	$1,064,000	$ 45,000
Leasing expense	226,000	283,000	$ (57,000)
	$ 883,000	$ 781,000	

Leasing revenue increased due to scheduled increases in rentals under long-term land leases and increases under short-term leases. Leasing expense decreased principally due to a decrease in real property taxes resulting from a reassessment of the downtown Providence parcels in 2013.

Petroleum storage segment:

	2014	2013	Difference
Petroleum storage facility revenues	$ 572,000	$ 999,000	$ (427,000)
Petroleum storage facility expense	837,000	661,000	$ 176,000
	$ (265,000)	$ 338,000	

Petroleum storage facility revenues decreased due to the expiration of the Global lease on April 30, 2013, offset in part by revenue from the new lease with ATMI which commenced September 1, 2013. Petroleum storage facility expense increased due to expenses incurred in the marketing of the terminal and an increase in repairs and maintenance.

General:

For the three months ended March 31, 2014, general and administrative expense decreased $59,000; in 2013 we had incurred consulting fees in connection with the marketing plan for the terminal.

Interest expense:

For the three months ended March 31, 2014 and 2013, the interest expense was $195,000 and $201,000, respectively.

Item 4. Controls and Procedures

As required by Rule 13a-15 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), the Company carried out an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures as of the end of the period covered by this report. This evaluation was carried out under the supervision and with the participation of the Company's management, including the Company's principal executive officer and the Company's principal financial officer. Based upon that evaluation, the principal executive officer and the principal financial officer concluded that the Company's disclosure controls and procedures are effective to ensure that information required to be disclosed by the Company in reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission rules and forms.

There was no significant change in the Company's internal control over financial reporting that occurred during the Company's most recent fiscal quarter that has materially affected, or is reasonably likely to affect, the Company's internal control over financial reporting. The Company continues to enhance its internal controls over financial reporting, primarily by evaluating and enhancing process and control documentation. Management discusses with and discloses these matters to the Audit Committee of the Board of Directors and the Company's auditors.

PART II – OTHER INFORMATION

Item 6. Exhibits

(b) Exhibits:

3.1 Restated Articles of Incorporation (incorporated by reference to Exhibit 3.1 to the registrant's current report on Form 8-K filed on April 24, 2013).

3.2 By-laws, as amended (incorporated by reference to Exhibit 3.2 to the registrant's annual report on Form 10-K for the year ended December 31, 2007).

10 Material contracts:

(a) Petroleum Storage Services Agreement between Sprague Operating Resources LLC and Company:
(i) Dated April 18, 2014

(b) Amended Loan Agreement between Bank Rhode Island and Company:
(i) Dated December 20, 2012 (incorporated by reference to Exhibit 10.1 to the registrant's report on Form 8-K filed on December 27, 2012)

(c) Form of Dividend Note:
(i) Dated December 27, 2012 (incorporated by reference to Exhibit 10.2 to the registrant's report on Form 8-K filed on December 27, 2012)

(d) Lease between Metropark, Ltd. and Company:
(i) Dated January 1, 2005 (incorporated by reference to Exhibit 10(a) to the registrant's annual report on Form 10-KSB for the year ended December 31, 2004), as amended.

31.1 Rule 13a-14(a) Certification of President and Principal Executive Officer

31.2 Rule 13a-14(a) Certification of Treasurer and Principal Financial Officer

32.1 Certification of President and Principal Executive Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

32.2 Certification of Treasurer and Principal Financial Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

101† The following financial information from the Company's Quarterly Report on Form 10-Q for the Quarter ended March 31, 2014, filed with the Securities and Exchange Commission on May 1, 2014, formatted in eXtensible Business Reporting Language:

(i) Consolidated Balance Sheets as of March 31, 2014 and December 31, 2013
(ii) Consolidated Statements of Income and Retained Earnings for the Three Months ended March 31, 2014 and 2013
(iii) Consolidated Statements of Cash Flows for the Three Months ended March 31, 2014 and 2013
(iv) Notes to Consolidated Financial Statements.

SIGNATURE

In accordance with the requirements of the Exchange Act, the Issuer caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CAPITAL PROPERTIES, INC.

By /s/ Robert H. Eder
Robert H. Eder
President and Principal Executive Officer

By /s/ Barbara J. Dreyer
Barbara J. Dreyer
Treasurer and Principal Financial Officer

DATED: May 1, 2014

Exhibit 10(a)

PETROLEUM STORAGE SERVICES AGREEMENT

This Petroleum Storage Services Agreement (the "Agreement") is entered into as of this 18th day of April, 2014 by and between Dunellen, LLC, a Delaware limited liability company ("Operator") and Sprague Operating Resources LLC, a Delaware limited liability company (the "Customer"). Each of Operator and Customer may also be referred to individually as a "Party" or collectively as "Parties".

1. Handling and Product. In accordance with the terms and conditions set forth in this Agreement on and after May 1, 2014 for the term of this Agreement, Operator agrees to provide exclusive storage capacity in the amount set forth on Schedule A attached hereto (the "Lease Capacity") at Operator's petroleum storage facilities at Operator's terminal located at 100 Dexter Road, East Providence, Rhode Island (the "Terminal") together with the nonexclusive use of (x) the Wilkesbarre Pier and associated vessel berth (the "Pier") and (y) one sixteen inch petroleum pipeline connecting the Pier with the Lease Facility (the "Pipeline") (collectively, the "Lease Facility"). The Lease Facility includes exclusive use of a loading rack (the "Truck Rack") with equipment for the loading of the Products (as hereinafter defined) from storage tanks into trucks. Operator shall deliver Terminal free of petroleum products unless Customer purchases the tank bottoms so-called from Operator's existing tenant, Atlantic Trading & Marketing, Inc. Customer shall purchase from Operator at the fair market value thereof any Products, as hereinafter defined, in the Pipeline. Subject to the provisions of Section 3A hereof, from and after the date which is thirty (30) days after notice from Operator to Customer that it has reached agreement to store and distribute gasoline products (including ethanol or other required gasoline additives) at the Lease Facility for the account of a person other than Customer, Operator shall have the right to store and distribute gasoline products only for itself or for the account of an unrelated person. Operator shall provide the following services to Customer in connection with the storage of the Products:

(a) Receive, handle, unload and store fuel oil, distillates (kerosene, heating oil and heating oil blend stocks) diesel fuel and bio-blended oils not to exceed 50% bio in any storage tank (the "Products") at the Pier, Pipeline and Lease Facility. Operator agrees that there will be no comingling of Products except for like grades, excluding the downgrade of a reasonable amount of product as a result of using the Pipeline. Unless otherwise directed by the Customer in writing, diesel fuel will be downgraded to heating oil, kerosene to heating oil and heating oil to heating oil blend stocks and/or fuel oil. The Pipeline holds approximately 99,708 gallons of product and requires about 10,000 to 20,000 gallons of interface downgrade. All tanks designated by Operator for Customer's use shall be in a clean and suitable condition as determined by Customer or Customer's designated surveyor. All Products received at the Lease Facility shall be sampled and analyzed at the load port or on the arriving vessel and provided to the Operator prior to acceptance of Product receipt. Products not meeting the Product Specifications, as hereinafter defined, will be handled per prior agreement between the Customer and the Operator and will not be considered available for delivery to Customer until Product meets the required Product Specifications. Operator agrees to accept Products not meeting the Product Specifications so long as such Products will be exported through the Pier or can be made conforming for delivery to the Truck Rack by the comingling with other Customer Products or

through the use of dyes and additives available at the Terminal. Customer shall be responsible for the cost of treating any non-conforming Products in the Pipeline and for any damage resulting from non-conforming Product being transported through or remaining in the Pipeline.

(b) Deliver the Products from storage tanks into designated trucks or the Pipeline for marine vessels as directed by the Customer in such quantities and upon such reasonable terms as shall be specified by the Customer subject to compliance by any such customer with provisions of the Terminal Access Agreement attached as Appendix B hereto. If the Customer requires ultra-low sulfur diesel to be dyed for purposes of providing its customers with nontaxable "off road" diesel and ultra low sulfur heating oil, Operator shall splash dye the trucks of the designated customers. It shall be Operator's responsibility to make certain that the Product in each truck that has been splash dyed meets all Internal Revenue Service legal limits for dye content. Operator agrees to notify Customer if the Product in any tank fails to meet the IRS or EPA legal limits for dye and sulfur content and Operator will rectify such deficiency as quickly as possible. Additives for premium ULSD or premium heating oil will be provided as requested by the Customer at the Customer's expense.

(c) Take daily gauges of Customer's Products and additives in storage and deliver to Customer at the close of each day by confirmed facsimile, email, electronic data exchange and control services as agreed, or by overnight mail, daily inventory reports in such reasonable form as Customer shall furnish together with original bills of lading, truck tickets and other shipping documents.

(d) Furnish sufficient manpower to perform the services set forth herein for the following times:

> With respect to the receipt, handling, loading and unloading of the Products at the Pier, Pipeline and Lease Facility - 24 hours a day, 365 days per year.
>
> With respect to all other services – May 1 through August 31 - Monday through Friday from 5:00 a.m. to 8:00 p.m., Saturday from 6:00 a.m. to 12:00 p.m.; September 1 through April 30 - Monday through Friday from 4:00 a.m. to 10:00 p.m., Saturday from 6:00 a.m. to 2:00 p.m.

If any of the above days shall fall on the following holidays, Operator shall not be required to provide the services: Memorial Day, July 4 and Labor Day. If any of the foregoing holidays fall on a Sunday, the following Monday shall be observed as a holiday. Should any holiday fall on a Saturday, the previous Friday shall be observed as a holiday. Operator agrees to open the Lease Facility for additional hours, so long as the Customer provides not less than 48 hours' notice thereof and reimburses the Operator at the rate of $100 per hour all inclusive for each additional hour that the Lease Facility is open.

(e) Customer will reimburse Operator at cost for any special requested Pier services, including, but not limited to, security to allow vessel crew access to the shore, tug services or the delivery across the Pier of any ship supplies and additional layover time at the Pier for weather bound barges or restricted port movements for ships. All special services requests are to be in writing and such charges shall be advised to the Customer prior to performance;

(f) Customer agrees to file and pay the Rhode Island Oil Spill Fee, currently $0.05 per barrel, for any Products received or shipments at the Pier;

(g) Customer will pay the cost of requested laboratory services for any blending services performed by the Operator involving tank-to-tank movements within the Lease Facility. All blending service requests are to be in writing;

(h) All sales of the Products and all billing during the term hereof for the account of Customer shall be in the name of Customer.

(i) Operator shall arrange for daily transfer by electronic data file(s) to Customer and to Customer's designated customer of all receipts, deliveries and inventory of the Products for Customer and Customer's customers. Operator agrees to accept deliveries of the Products on Customer's behalf as directed by Customer from the Pier or by truck as long as duly noticed in advance by Customer.

2. Term of the Agreement.

(a) Initial Term. This Agreement shall be effective on the date hereof and shall continue until April 30, 2019 (the "Initial Term", as may be extended pursuant to Section 2(b), the "Term") unless sooner terminated or extended pursuant to the terms hereof. Notwithstanding the foregoing, (i) commencing on April 1, 2016 and for a period of thirty (30) days thereafter, and on each April 1 in any subsequent year during the Initial Term hereof or any extension term, as hereinafter defined, either Party shall have the right to terminate this Lease effective as of midnight on the April 30 of the year next following the year in which such notice of termination is given and (ii) Customer shall have the right to terminate this Agreement upon one hundred eighty (180) days notice in the event that the Rhode Island Department of Environmental Management shall amend Rhode Island Air Pollution Control Regulation No. 8 (or a law or regulation having a similar effect is enacted or adopted by any governmental authority of the State of Rhode Island) to prohibit the storage of middle distillate combustible products at the Terminal containing a sulfur content in excess of the maximum sulfur content permitted to be sold or used in Rhode Island, provided, however, that if such regulatory prohibition is adopted or enacted and thereafter during such one hundred eighty day (180) period the enforcement of such regulation is enjoined by a court of competent jurisdiction or is repealed by the agency adopting the same, then the termination date shall be suspended for so long as the injunction remains in full force and effect or for so long as the prohibition is no longer effective. Each twelve (12) month period commencing on May 1 and ending on April 30 during the term of this Agreement is hereinafter sometimes referred to as a "Contract Year".

(b) Extension Term. Customer shall have the right and option to extend the term of the Lease for two (2) additional terms of five (5) years each (each, an "Extension Term") on and subject to terms and conditions herein contained by giving notice to operator at least twelve (12) months prior to the expiration of the Initial Term or the first Extension Term, as applicable.

3. Charges and Billing. For and during the Term, Customer shall pay Operator for the storage the following fees:

(a) For storage services for each month, $258,845 (the "Monthly Storage Fee") for the use of all of the Tanks designated on Exhibit A for the time period May 1st through August 31st each year and $308,078 for the time period September 1st through April 30th each year which Lease Capacity shall be reduced in the event Operator either itself or for the account of an unrelated party other than Customer stores and distributes gasoline products as permitted by Section 3A hereof. Commencing on May 1, 2015 and on each May 1 thereafter, the Monthly Storage Fee shall be increased (but never decreased) by the percentage increase in the Consumer

Price Index for All Urban Consumers -All Cities Average, all items (CPI-U) (1982-84=100) as published by the United States Department of Labor Bureau of Labor Statistics for the immediately preceding twelve (12) month period ending on April 30. In the event that as of May 1 of any year the percentage increase cannot be determined, then when it can be determined, a calculation shall be made by Operator (and Customer shall be notified) and the adjustment shall be retroactive to May 1. In the event the Bureau of Labor Statistics shall no longer publish the Consumer Price Index, in making the calculation required by this subsection Operator and Customer shall mutually agree upon that published index which most closely replicates the Consumer Price Index;

(b) An excess service charge ("Excess Service Charge") of $0.15 per barrel (adjusted at the beginning of each Contract Year by the percentage increase in the Monthly Storage Fee in accordance with Subsection (a) hereof) of volume transferred at the Truck Rack, the Pier or any rail loading facility connected to the Lease Facility to any person who is not an Affiliate (as hereinafter defined) of the Operator (other than the Providence and Worcester Railroad Company) in excess of 3,500,000 barrels ("Threshold Volume") in any Contract Year. The Excess Service Charge shall first be payable for the month in any Contract Year when the barrels transferred for such Contract Year exceed the Threshold Volume and thereafter shall be payable monthly for the balance of the Contract Year for barrels transferred during such month. The Excess Service Charge shall be billed by Operator and shall payable within ten (10) days following receipt of the bill by Customer. For purposes of this Subsection the term "Affiliate" means any person controlled by, controlling or under common control with the Operator. For purposes of this Agreement, Affiliate means with respect to any Party any other entity controlling, controlled by or under common control with such Party, whether directly or indirectly through one or intermediaries. As used in the preceding definition, "control" and its derivitives mean legal, beneficial or equitable ownership directly or indirectly of more than fifty (50) percent of the outstanding voting capital stock (or other voting ownership interest if not a corporation) of an entity, or management or operational control over such entty.

3A. Conversion to Gasoline Products. Operator shall have the right to convert Tank 25 as well as Tank 32 for the storage of gasoline products (including ethanol and other gasoline additives). Any such conversion shall not unreasonably interfere with Customer's operations at the Lease Facility. Upon commencement of the conversion process Operator will offer Customer the opportunity to utilize the converted tank or tanks for the storage and distribution of gasoline products. Customer shall have thirty (30) days to accept such offer. If Customer fails to accept such offer within the thirty (30) day period in writing, Customer will be deemed to have rejected the offer and, thereupon, the converted tanks shall be deemed withdrawn from this Agreement and Operator will thereafter be free to lease the converted storage capacity to a third party or utilize such converted tanks as well as up to three lanes of the Truck Rack which will have separate loading arms dedicated for the distribution of gasoline products and separate loading arms dedicated for the distribution of Products; provided that there shall be no reduction in the number of loading arms available to dispense Customer's Products. Operator shall use a separate dedicated dock line for gasoline transported to the Terminal. Upon the withdrawal of the converted tanks from this Agreement, the then current Monthly Storage Fee shall be reduced proportionately for each barrel of shell barrel capacity withdrawn from this Agreement. If Customer shall elect to utilize such converted tanks for storage and distribution of gasoline products, then there shall be no adjustment in the Monthly Storage Fee. If Operator shall utilize the converted tanks or contract with a third party for the storage and distribution of gasoline products, such storage and distribution shall be carried on in a manner which shall not materially interfere with Customer's operations as contemplated by this Agreement.

4. Payment Terms. The Monthly Storage Fee shall be payable in advance on the first business day of each month. The other fees and charges will be billed by the Operator within 10 days of the close of each month. Payment of any undisputed amounts shall be made within 10 days of billing by Operator.

5. Measurement. The quantities of Customer's Products reported to Customer received by Operator through any receipts or deliveries shall be determined by gauging the respective storage tanks before and after each loading; and the quantities in storage at any time shall be determined by the gauges of such tanks. All quantity determinations shall be corrected to 60°F based on U.S. gallons of two hundred thirty-one (231) cubic inches and forty-two (42) gallons to the barrel, or metric equivalence, in accordance with the latest supplement or amendment to ASTM-1P Petroleum Measurement Table (ASTM Designation D1250), Table No. 6(b)). All ship receipts shall be gauged by a third party at the Customer's expense and confirmed with the Operator prior to final report. Operator shall perform daily gauging of active tanks and weekly gauging of all tanks with an end of month closeout gauging at Operator's expense. Additionally, the Customer may elect to have a third party gauger perform end of the month gauging for quality control at the Customer's sole expense. Quantities loaded into trucks for each loading shall be determined by proved meter readings. Nothing herein shall be deemed to limit gauging or analysis as Customer may reasonably require at Customer's sole cost and expense. Proving of the Truck Rack meters shall be performed annually (or more frequently as otherwise deemed necessary by the Parties) by a third party certified proving contractor at Operator's expense. Customer will be notified before each annual proving and provided an opportunity to witness the proving.

6. Title, Relationship and Custody. Title to the Product stored at the Lease Facility shall at all times remain with Customer. Operator shall be deemed to have custody of the Product from the time it passes the flange on the Customer's carrier to Operator's receiving facilities at the Pier or at the Terminal and until it passes from Operator's delivery facilities at the Pier or at the Terminal to the receiving flange on the carrier of the Customer or Customer's customer. Customer shall bear all risk of loss with respect to Product except to the extent such loss is caused by Operator's negligence, or Operator's breach of this Agreement. Except as provided in Section 7 hereof, Operator shall have no title, lien or other interest of any kind whatsoever in and to the Product and shall indemnify, protect and hold Customer harmless from all liens or claims arising out of transactions or litigation between the Operator and third parties unless it would otherwise be the Customer's responsibility.

7. Warehouseman's Lien. Operator shall have a warehouseman's lien in accordance with R.I.G.L. § 6A-7-209 upon such amount of Product in the Lease Facility whose market value equals any amounts owed to Operator hereunder which have not been or are not paid when due under this Agreement (regardless of whether the amounts are owed for Product then in the Lease Facility). Notwithstanding the foregoing, Operator acknowledges that such warehouseman's lien shall be subordinate to the liens of any of Customer's lenders (each, a "Lender"), and Operator agrees to promptly upon request enter into any subordination agreement any such Lender may require in order to confirm such subordination. Customer shall provide ten (10) days' written notice to Operator if it intends to transfer title of Product at the Lease Facility to a third party (excepting transfers in the ordinary course of business and those amounting to no more than 5% of Product then stored at the Lease Facility) and promptly shall notify Operator in writing upon learning that a third party (other than a Lender) claims an

interest in Product at the Lease Facility. Such notice shall set forth the name and business address of such third party, and the amount claimed.

8. Independent Contractor. It is the express agreement between Operator and Customer that Operator is not under Customer's direction and control as to persons engaged by Operator to assist in the performance of its duties hereunder or as to the means or methods employed by Operator in accomplishing such performance. Employees, agents or other representatives engaged by Operator in connection with the performance of this Agreement will be of Operator's own selection, for Operator's own account and at Operator's own expense, and the terms and hours of their employment and their wages and salaries shall be under Operator's exclusive control and direction at all times. It is further understood and agreed by the Parties that Operator is, and for all purposes shall be, considered an independent contractor and fully and exclusively liable (a) for the payment of any and all taxes now or imposed by any governmental authority which are measured by wages, salaries, commissions or otherwise paid to persons in its employ and all taxes on Operator's income; and (b) any accident to persons or property that may occur at Operator's premises for any cause whatsoever arising out of negligence of any person, other than Customer and its employees, agents and Contractors and other than with respect to the Product.

9. Facilities and Losses. Operator shall maintain the portion of the Lease Facility associated with the storage services and related services provided to Customer hereunder in proper operating condition in accordance with applicable laws and industry standards including API 653 Standards for tank inspection and maintenance. Operator shall provide a safe berth where vessels may approach, be safely thereat and depart, always safely afloat. Customer acknowledges that the berth is dredged to approximately -40 Feet MLLW and that there are restrictions imposed by the United States Coast Guard and the Northeast Pilots Association on when vessels can access and depart the Pier. Operator shall coordinate scheduled inspections or maintenance with Customer to reasonably minimize negative impacts on Customer's operations. Customer shall be responsible for removing water bottoms in tanks where such water bottoms have a thickness of 3 inches or more; provided, however, Customer shall be permitted to inspect all tanks prior to inception of the lease term to identify any existing water in said tanks and Customer shall not be responsible for removing any such amounts discovered.. Inspection, cleaning and maintenance costs shall be the responsibility of the Operator. Operator shall not be responsible for verifying the quantity or specification of the Products intended for storage. Testing of any inbound loads of the Products shall be done as mutually agreed to by the Parties with the cost of such testing to be for Customer's account. Customer represents and warrants that all of the Products intended for storage will meet the specifications for standard middle distillate combustible products ("Product Specifications"). Except as a result of Operator's negligence, willful misconduct or failure to comply with this Agreement, Operator shall not be responsible for any loss of the Products whatsoever and full risk of loss, possession and control shall remain with Customer at all times except that Operator shall be responsible for annual product losses in excess of ¼ of 1% of the total Product movement within the Lease Facility, other than losses of Product related to the tank bottoms, product stratification, or losses arising out of Customer's negligence, including the negligence of Customer's customers or Contractors. On or before May 1, 2104, Customer shall enter into, and Operator shall cause its affiliate, Capital Terminal Company, which is responsible for day to day operations at the Lease Facility, to enter into, a Terminal Access Agreement in the form of Appendix B attached hereto.

10. Taxes. Customer shall pay or caused to be paid all taxes, licenses, fees, charges and sums due of any nature whatsoever imposed by any federal, state or local government on the Products owned by it or storage, transfer or movement thereof as covered by this Agreement. If Operator is required to pay such items, Customer shall reimburse Operator within ten (10) days of being invoiced therefor. Operator shall pay its own income taxes and all franchise and property taxes and similar assessments assessed against the Lease Facility including all real and personal property associated therewith provided, however, to the extent of any taxes on Customer's Product, Operator shall not be liable therefor. Customer agrees to pay any increase in real estate taxes assessed against the Facility over the amount of taxes assessed as of December 31, 2013. Upon receipt of its annual real estate tax bill for taxes assessed as of December 31, 2014 and each December 31 thereafter during the term of this Agreement, Operator will provide a copy thereof to Customer and within thirty (30) days Customer shall pay to Operator the amount of real estate taxes billed to Operator in excess of the taxes assessed as of December 31, 2013. Operator shall provide to customer a copy of its real estate bill for real estate taxes assessed as of December 31, 2013 within thirty (30) days of the receipt thereof by Operator. If Operator secures a reduction in its real estate tax assessment and as a result its real estate tax is reduced, then Operator shall pay to Customer the amount of such reduction but not in excess of the amount previously paid by Customer.

11. Insurance.

(a) Operator shall not insure Customer's Product. If Customer desires to insure the Product while stored at the Lease Facility, Customer will bear the cost of such insurance.

(b) Operator shall secure and maintain in full force and effect during the Term of this Agreement commercial general liability insurance with companies rated not less than A by AM Best or otherwise reasonably satisfactory to the other Party to limits of $5,000,000 per occurrence and in the aggregate annually. Operator shall also carry Workers' Compensation insurance in amounts required by law.

(c) Operator shall also provide, secure and maintain in force for the duration of this Agreement (i) wharfingers liability with insurance companies not rated less than A by AM Best to the limits of $10,000,000 per occurrence and in the aggregate annually; and (ii) tank pollution liability insurance to the limits of $10,000,000 each occurrence and in the aggregate from companies rated not less than A by AM Best.

(d) Operator shall also provide, secure and maintain during the course of this Agreement all risk property insurance on the Lease Facility which shall include earthquake and flood with the exception that the Pier will not be covered by flood insurance. Settlement or valuation basis for such insurance shall be not less than replacement cost value as the term is commonly understood for insurance purposes.

(e) Customer will provide similar types of insurance as are required to be provided by Operator pursuant to the foregoing clauses (b) and (c).

(f) Each Party will provide the other Party with certificates showing evidence of required insurance coverage as of the Effective Date of this Agreement. The requirement limits are minimums and will not be construed to limit the Party's liability. Each Party will bear the cost of its respective insurance policies required above.

12. Representations.

(a) Each of Operator and Customer represents and undertakes to the other that as of the date hereof:

(i) It has the authority and capacity to enter into this Agreement.

(ii) The Agreement and the obligations created hereunder are binding upon it and enforceable against it and will not violate the terms of any other agreement, or any judgment or court order, to which it is bound.

(iii) There is no proceeding pending or threatened, or any other circumstance which to its knowledge, challenges or may have a material adverse impact on the Agreement.

(b) The Operator represents and undertakes to the Customer that:

(i) It will provide the services described in this Agreement in a professional manner, with such degree of skill, diligence, prudence and foresight which one is entitled to expect from a skilled and experienced professional operator engaged in petroleum storage services activities.

(ii) It will assign to the performance of the services described in this Agreement only personnel who have the experience, skills and qualifications required for the proper performance of such services, in an appropriate number.

(iii) It will maintain the Terminal and Lease Facility and supply the services described in this Agreement in accordance with the best industry standards and practices.

(iv) It will obtain and maintain in force all licenses, permissions, authorizations, consents and permits needed to supply the services described in this Agreement.

(v) It will comply with all applicable laws, enactments, orders, regulations, procedures and other instruments relating to the supply of the services described in this Agreement.

13. Indemnification.

(a) Operator agrees to fully indemnify, defend and hold harmless Customer, its officers, directors, members, Affiliates, personnel, Contractors, agents and their respective successors and assigns (the "Customer Indemnified Parties") from and against all liabilities, losses, claims, settlement payments, diminutions in value, value of lost Product, damages, taxes, costs and expenses, interest, awards, judgments, fines, fees and penalties or other charges (including court filing fees, court costs, arbitration fees and costs, witness fees and all other reasonable fees, costs and expenses of investigating and defending or asserting a claim for indemnification, including reasonable attorneys' fees and other reasonable professionals' fees and disbursements) (collectively, "Losses") arising from any negligence or willful misconduct or failure to comply with this Agreement of Operator, its Affiliates, personnel or Contractors, and any accident, injury or damage whatsoever caused to any person, or to the property of any person caused during the Term where such accident, damage or injury results from the negligence or willful misconduct or failure to comply with this Agreement on the part of the Operator, its personnel or Contractors (including without limitation its affiliate, Capital Terminal Company).

(b) Customer agrees to fully indemnify, defend and hold harmless Operator, its officers, directors, members, Affiliates, personnel, Contractors, agents and their respective successors and assigns ("Operator Indemnfied Parties") from and against all Losses arising from any negligence or willful misconduct or failure to comply with this Agreement of Customer, its Affiliates, personnel or Contractors, and any accident, injury or damage whatsoever caused to any person or to the property of any person caused during the Term where such accident, damage, or injury results from the negligence or willful misconduct or failure to comply with this Agreement on the part of Customer, its personnel or Contractors.

NOTWITHSTANDING ANYTHING HEREIN TO THE CONTRARY, IN NO EVENT SHALL EITHER PARTY BE LIABLE TO THE OTHER FOR SPECIAL INCIDENTAL, PUNITIVE OR CONSEQUENTIAL DAMAGES.

For the purpose of this Agreement, "Contractor" shall mean any third party to which Customer or Operator subcontracts or otherwise delegates its rights and obligations under the Agreement.

14. Force Majeure. If either Party is rendered unable by force majeure to carry out in whole or in part its obligations under this Agreement, then during the pendency of such force majeure, but for no longer period, the obligations of the Party affected by the event (other than the obligation to make payments then due or becoming due) shall be suspended to the extent required. The Party affected by an event of force majeure shall provide the other Party with written notice setting forth full details thereof as soon as reasonably practical but in no event more than two (2) business days after the occurrence of such event and shall take all reasonable measures to mitigate or minimize the events of such force majeure. "Force majeure" means an event not anticipated as of the effective date of this Agreement which is not in the reasonable control of the Party (or in the case of a third party obligation or facilities, the "Third Party") in the suspension (the "Claiming Party") and by which the exercise of due diligence the Claiming Party or Third Party is unable to overcome or avoid or cause to be avoided. Force majeure includes, but is not restricted to, acts of God, fire, civil disturbance, labor dispute, labor or material shortage, action or restraint by court order or public governmental authority (so long as the Claiming Party has not applied for or assisted in the application, and has opposed where and to the extent reasonable such governmental action) provided, however, that an event of force majeure shall not be deemed to occur under any and all of the following circumstances:

(a) To the extent that the inability was caused by the negligence or willful misconduct of the Party claiming force majeure.

(b) To the extent that the inability was caused by the Party claiming the force majeure having failed to remedy conditions, acting commercially reasonably and with reasonable dispatch.

(c) To the extent the event constituting force majeure was intentionally initiated or intentionally acquiesced by the Party claiming relief for purposes of allowing the Party to claim force majeure.

(d) If the inability was caused by a Party's lack of funds.

15. Default and Termination. An "Event of Default" shall mean with respect to a Party the occurrence of any of the following:

(a) Failure to make when due any payment required pursuant to this Agreement, if such failure is not remedied within ten (10) business days after written notice of such failure is given by the other Party;

(b) Unless the failure is excused by force majeure, the failure of the Party to observe any other material provision or covenant set forth in this Agreement where such failure continues for ten (10) business days after receipt of written notice thereof from the other Party except Non-Defaulting Party shall agree to extend the cure period for a reasonable period of time if the alleged default is not reasonably capable of cure within the ten (10) business day period and the Defaulting Party proceeds diligently to cure the default;

(c) The making by either Party of an assignment for the benefit of creditors;

(d) The filing by or against any Party of a petition under the Federal Bankruptcy Act or any similar state law or appointment of receiver, trustee, or similar official for the business of a Party; and

(e) The making of material, incorrect or misleading representation under this Agreement.

If an Event of Default occurs with respect to a Party (the "Defaulting Party"), the other Party (the "Non-Defaulting Party") without limiting any other rights that may be available to the Non-Defaulting Party (whether under this Agreement, as a matter of law, or otherwise) shall have the right to exercise in its sole discretion the right, and at any time or times, to terminate this Agreement and calculate the loss, if any, incurred by such Party as a result of termination of this Agreement and to aggregate any or all other amounts owing under this Agreement to a single liquidated settlement payment that will be due and payable within one (1) business day after the liquidation is completed. "Loss" shall be the loss to the Non-Defaulting Party as a result of the termination of this Agreement (other than consequential damages) including, without limitation, the cost of entering into replacement transaction or agreement, in maintaining, terminating or reestablishing any hedge or related trading positions (and discounted to present value or bearing interest as appropriate) in each case determined by the Non-Defaulting Party in a commercially reasonable manner. In addition, after an Event of Default, the Non- Defaulting Party at its election: (i) shall have the general right of setoff with respect to all amounts owing between the Parties or their affiliates (whether under this Agreement or otherwise and whether or not due) provided that any amounts not then due shall be discounted to the present value; and (ii) may withhold or suspend obligations (whether such obligations is that of payment, delivery or otherwise) under this Agreement or any agreement entered into with affiliates of the Defaulting Party until such Non-Defaulting Party receives confirmation satisfactory in its reasonable discretion that all obligations of any kind (including, but not limited to, payment of any amounts due and payable) of the Defaulting Party or any of its affiliates under this Agreement or otherwise to the Non- Defaulting Party have been fully performed. After an Event of Default, the Defaulting Party shall also be responsible for any cost and expenses (including, without limitation, reasonable attorneys' fees and disbursements) incurred by the Non-Defaulting Party in connection with such Event of Default. Notwithstanding the foregoing, the Non-Defaulting Party shall use commercially reasonable efforts to mitigate its damages in case of an Event of Default.

16. Notices. Any notice or invoice or other communication required or desired to be given to either Party hereunder shall be in writing and, if sent, by United States Certified Mail Postage Prepaid or sent by facsimile transmission, or recognized overnight delivery carrier addressed as follows except that either Party may by written notice given as aforesaid change its address for subsequent notices hereunder:

Operator: Dunellen, LLC
100 Dexter Road
East Providence, RI 02914
Attention: Todd D. Turcotte, PE
Vice President
Telephone: 401-435-3734
Fax: 401-435-3715

Customer: Sprague Operating Resources LLC
185 International Drive
Portsmouth, NH 03801
Attention: Law Department
Telephone: 603-431-1000
Fax: 603-430-5324

17. Environmental. Operator agrees to indemnify and hold harmless and defend the Customer Indemnified Parties from any and all Losses arising as a result of any environmental condition on or about the Lease Facility (whether such condition originated prior to or subsequent to the Effective Date), including, without limitation, any Product spill, leak or discharge or other environmental pollution caused by or in connection with the use of the Terminal, the Pier or the Pipeline. In the event of any such spill, leak or discharge, the Operator may commence containment or clean-up operations as reasonably deemed appropriate or necessary by Operator or required by governmental authorities and shall notify or arrange to notify Customer as soon as reasonably practicable of any spill, leak or discharge and of any such operations. Such events and operations shall not affect the obligations of Customer under Section 3 except if they extend beyond 30 days.

18. Removal of Product. Customer shall remove prior to termination of this Agreement all Products and all water and all tank bottoms sediment and dispose of the same in accordance with all state and federal regulations with the goal of returning the storage to the same status of cleanliness as existed at the beginning of this Lease, allowing unrestricted entry for inspection by Operator. Tanks shall be cleaned in accordance with industry standards for entry as defined by OSHA for entry and clean work in above ground storage tanks, and shall not require a gas-free certification unless initial inspection identifies possible damage to equipment and requires further investigation and/or repairs in which case Operator may require a gas-free certification. All pipelines and additive tanks shall be purged of product to the same state of cleanliness. Operator may elect, at its sole discretion, to purchase Product in pipelines and tank bottoms, based on current market rates and negotiated with Customer.

19. Survival of Obligations. All obligations of Operator and Customer under Sections 13, 16, 17 and 18 of this Agreement shall survive termination of this Agreement.

20. Access and Audits. Operator will provide Customer, Customer's auditors or internal controller access to inspect the facilities related to the performance of this Agreement at its own costs before commencing operations pursuant to this Agreement and at any time during the Term, provided reasonable notice is given. Customer will be only permitted to conduct any audit during normal business hours and in a manner so as to not materially interfere with Operator's performance of services. While conducting the audit, the Customer will assure that the auditors comply with Operator's safety, security and confidentiality requirements.

21. Arbitration. The Parties agree that all disputes and claims arising out of or relating to this Agreement shall be settled by arbitration conducted in the English language in Providence, Rhode Island in accordance with the commercial arbitration rules of the American Arbitration Association ("AAA").

The arbitration panel shall be composed of three (3) arbitrators, two (2) of whom shall be nominated by the respective parties, and the remaining arbitrator, who shall be the chairman, to be

appointed by the AAA in accordance with its commercial arbitration rules. All three arbitrators shall be lawyers. Notice of appointment and the name and address of the arbitrators, except any arbitrator appointed by the AAA, shall be filed with the AAA. None of the arbitrators shall have been previously employed by either party or have any direct pecuniary interest in either party or the subject matter of the arbitration, unless such conflict is expressly acknowledged and waived in writing by both parties.

Any arbitration award by the majority of the panel of three arbitrators may include costs, including reasonable attorney fees, and shall be final and binding upon the parties. Judgment upon any arbitration award rendered may be entered in any court of any country having jurisdiction. The arbitrators shall have no authority to award consequential, treble, exemplary or punitive damages of any type or kind regardless of whether such damages may be available under any law or right, with the parties hereby affirmatively waiving their rights, if any, to recover or claim such damages. Each party shall bear the compensation, costs and expenses of its own arbitrator and the parties shall split equally the compensation, costs and expenses of the third arbitrator. Any arbitration proceedings, decision or award rendered hereunder and the validity, effect and interpretation of this Section 21 shall be governed by the Federal Arbitration Act. The parties agree that all information exchanged in connection with any proceeding as described herein shall be deemed confidential.

With respect to all other matters relating to any arbitration hereunder (and with respect to any claim or controversy arising or relating to this Agreement or the breach thereof) in the event this Section 21 is alleged to be invalid or unenforceable for any reason) the parties expressly submit to the exclusive jurisdiction of the United State District Court for the District of Rhode Island, or , if such court declines to exercise or does have jurisdiction, the Superior Court for Providence County of the State of Rhode Island and to the personal jurisdiction by any such court and to the service of process by registered mail. Moreover, the parties hereto expressly agree that the application of the United Nations Convention on Contracts for the International Sale of Goods 1980 is hereby excluded pursuant to article 6 of the Convention.

22. Non-Waiver. The failure of either Party to insist upon the strict performance of any of the provisions of this Agreement or to exercise any right of election hereunder in any one or more instances shall not be construed as a waiver or relinquishment on its part of any such provisions or right of election, but the same shall be and remain in full force and effect.

23. Assignment. Any attempted assignment by Customer shall be ineffective without Operator's prior written consent which shall not be unreasonably withheld, conditioned or delayed. Notwithstanding the foregoing, Customer may make an assignment of all or any part of its interest in this Agreement as security for obligations to its Lenders. Operator shall have the right to assign this Agreement, or sell or transfer the Lease Facility or any part thereof and may hypothecate any of its interest in this Agreement or the Lease Facility without first obtaining the written consent of Customer, provided such assignee is an affiliate of Customer or is of similar creditworthiness and experience in operating petroleum terminals as Operator, such creditworthiness being determined by Customer in its reasonable judgment. Operator agrees to provide notice to Customer of Operator's intent to assign this Agreement at least 10 days prior to any such assignment and to provide information concerning the creditworthiness of the assignee as Customer may reasonably request. Customer agrees to enter into a confidentiality agreement with assignee of a customary type with respect to the information provided. In the case of an assignment in connection with the sale of the Terminal, Operator shall be relieved of any further liability hereunder effective on the date of such assignment. Notwithstanding the foregoing, no assignment shall relieve Operator of any obligations for breach of this Agreement occurring prior to the effective date of any assignment.

24. Miscellaneous.

(a) This Agreement constitutes the entire agreement between the Parties hereto concerning the subject matter and there are no oral promises, agreements or warranties affecting it.

(b) The titles of various sections contained herein are inserted for convenience only and are not part of this Agreement.

(c) The right of either Party to require strict performance by the other Party to this Agreement shall not in any way be affected by previous waiver, forbearance or course of dealing.

(d) Each Party shall comply strictly with all applicable statutes, ordinances, rules, regulations, permits and ordinances imposed by any governmental authority in any activity of either Party hereunder and this Agreement is made subject to all applicable statutes, ordinances, rules, regulations, orders and permits.

(e) This Agreement shall be binding upon and shall inure to the benefit of the Parties hereto and their respective successors and assigns.

(f) Whenever in this Agreement a Party is made responsible for loss or damage resulting from that Party's negligence if the other Party's negligence contributed to such loss or damage, then as between the Parties the financial responsibility for such loss or damage shall be allocated based on their comparative negligence.

(g) This Agreement shall be governed and interpreted in accordance with the laws of the State of Rhode Island without regard to its choice of law priniciples.

DUNELLEN, LLC

By:/s/ Todd D. Turcotte
Todd D. Turcotte, Vice President

SPRAGUE OPERATING RESOURCES LLC

By:/s/ T. Flaherty

SCHEDULE A

EXISTING TANK DATA						PER CTC TANK CHARTS (SHELL CAPACITY)		
Tank	Year Installed	Last Inspection Date	Diam	Height	Product	Maximum Fill Height (ft)	Maximum Fill Volume (gal)	Maximum Fill Volume (Bbls)
T25	2000	2010	60	48	ULSD	47'8	1,007,245	23,982
T32	2000	2010	70	48	#2	46'8	1,339,151	31,885
T67	1966	2013	100	48	ULSD	48'0"	2,814,049	67,001
T97	1966	2008	120	48	ULSD/#2/K	48'0"	4,049,835	96,425
T175	2006	2013	150	56	#2	55'10"	7,354,472	175,106
T151	2005	2011	140	56	#2	55'10"	6,411,675	152,659
T152	1987	2011	140	56	#2	55'6"	6,375,588	151,800
T153	2004	2010	140	56	#2	56'0"	6,409,847	152,615
T154	2000	2009	140	56	#2	55'8"	6,429,433	153,082
					Total Facility Capacity		42,191,295	1,004,555

APPENDIX B

TERMINAL ACCESS AGREEMENT

This Terminal Access Agreement made and entered into as of this _____ day of _____, 2014 by and between Sprague Operating Resources LLC, a Delaware limited liability company with an address at 185 International Drive, Portsmouth, New Hampshire 03801 ("Sprague") and Capital Terminal Company, a Rhode Island corporation with an address at 100 Dexter Road, East Providence, Rhode Island 02914 ("CTC").

RECITALS

CTC operates a petroleum storage terminal at 100 Dexter Road, East Providence, Rhode Island (the "Terminal") under a contract with its affiliate, Dunellen LLC, a Delaware limited liability company ("Dunellen"). Dunellen and Sprague entered into a Petroleum Storage Services Agreement, dated ,2014 (the " Services Agreement") pursuant to which Sprague agreed and Dunellen agreed to cause CTC to enter into this Agreement.

Sprague and CTC agree as follows:

1. Terminal Privileges; Employee Designation.

   (a) These provisions shall apply to all access privileges granted by CTC from time to time at the request of Sprague with respect to the Terminal to any customers of Sprague from and after the date hereof. CTC may in its sole discretion change, amend or modify the access privileges during the term of this Agreement and any such change, amendment or modification will become binding upon Sprague and its customers immediately upon notification from CTC.

   (b) Sprague will designate to CTC in writing the names of its customers and their respective employees it desires to authorize to use the access privileges for the Terminal by having such customer submit a completed form of authorization countersigned by Sprague in the form attached hereto as Exhibit A or in another form acceptable to CTC. By submitting the authorization, Sprague represents to CTC that the employee is competent and properly trained in the operation of his equipment. Upon receipt and review of the information presented, CTC will grant access privileges to the properly designated customer employees in accordance with the terms of this Agreement. In addition to the other rights reserved hereunder, CTC reserves the right in its sole discretion to immediately suspend access privileges with respect to any employee of any Sprague's customers provided that CTC believes that such employee poses a threat to safety of such employee or others.

2. Account; Access Procedures. Each Sprague customer must use an account number, account card, driver access card or other method designated by Sprague as a condition to access the Terminal. CTC and Sprague will agree on the required method of exercising access privileges at the Terminal. Sprague will provide to Sprague's customers access cards and any other materials compatible with CTC's existing systems. All cards or other materials furnished by Sprague as well as any

replacements thereof may only be used for the exercise of the access privileges and may not be duplicated by Sprague or any of Sprague's customers or employees. Account cards or similar materials (the "Account Materials") for Sprague's customers that will load Products must be safeguarded and kept confidential by Sprague's customers at all times. Sprague's customers may not use the Account Materials for any party other than the party for which is loading or delivering product under this Agreement. Sprague's customers must notify CTC of any misappropriation, theft or loss ("Misappropriation") of any account numbers, account materials, driver access cards or related materials that were in such customer's custody at the time of the Misappropriation. Sprague and its customers will be solely responsible for the payment to CTC of all damages resulting from such Misappropriation prior to the receipt by CTC of notification from either Sprague or its customer followed by prompt written notice of the Misappropriation. All telephone notices must be made to (401) 435-7171. Facsimile confirmation of the notice must be sent to CTC at (401) 435-7171, Attention: Todd D. Turcotte within 24 hours following such telephonic notification.

3. Compliance with Laws and Terminal Rules. Sprague and each of its customers agree to abide by all applicable laws, orders, rules and regulations ("Laws") promulgated by any federal, state or local government authority having jurisdiction with respect to the use of the Terminal and the loading, handling, transportation or storage of the Products. Such Laws include, but are not limited to, the United States Clean Air Act and regulations promulgated thereunder and applicable United States Department of Transportation, United States Coast Guard and United States Department of Homeland Security rules and regulations and National Maritime Security Initiatives. Each Sprague customer must comply with all posted signs and other rules and regulations as may be issued from time to time by CTC with respect to the use of the Terminal. All changes to rules and regulations of the Terminal will become effective as soon as they are posted at the Terminal. Exhibit B lists the minimum requirements that each customer of Sprague must meet in connection with access privileges under this Agreement.

4. Safe Delivery. CTC may (but is not obligated to) refuse to deliver any Products into any transport vehicle furnished by a Sprague customer or Sprague in its sole discretion that it believes would be a violation of any Laws or dangerous or hazardous to persons or properties for the Products to be delivered into, contained in or transported by such transport vehicle. CTC will not be liable to Sprague or any Sprague customer or any other person by reason of any such refusal. CTC will not be required to investigate whether it is unsafe or hazardous for the Products to be delivered into or contained or transported in any such vehicle.

5. Termination. The access privileges are temporary in nature and may be terminated by CTC in its sole discretion in whole or as to any one or more employees of Sprague's customers at any time by providing notice of termination to Sprague and to such customer. Any termination will be effective upon notification to Sprague and to such customer. Upon termination, any such customer must immediately return or cause to be returned to CTC all driver access cards or other materials furnished to

such customer. CTC agrees at the request of Sprague at any time and from time to time and for any reason during the term hereof to deny access to any Sprague customer.

6. Indemnity. Sprague agrees to indemnify, hold harmless and defend CTC, its subsidiaries and affiliates and each of their respective officers, directors, agents, employees, representatives, successors and assigns (collectively, the "CTC Parties") from and against any and all claims, demands, damages, fines, penalties, losses, causes of action, liabilities and judgments (collectively, "Claims") of any kind (including expenses, litigation, court costs and reasonable attorneys' fees) arising out of any negligent or wrongful act or omission of Sprague or any Sprague customer, including, without limitation, Claims for (i) damages to any property, injury to or death of any person (including, but not limited to, employees of any Sprague customer); (ii) breach of this Agreement by Sprague or any of its customers, its officers, agents, employees and contractors (collectively, the "Customer Parties"); and (iii) violation of any Laws by Sprague or any Sprague customer. The foregoing indemnity shall apply even if the Claim is based in part upon the joint or concurrent negligence or strict liability of any Customer Parties; provided, however, no such customer shall be required to indemnify CTC for any Claim determined by final judgment of a court of competent jurisdiction to have been caused by the negligence or wrongful act or omission of the CTC Parties.

7. No Claim. Sprague acknowledges that CTC shall have no financial liability for the failure of any Sprague customer to make any payments to Sprague required to be made pursuant to any agreement between Sprague and any of its customers. CTC's sole responsibility will be to receive and monitor the limits with respect to any Sprague Customer. Sprague acknowledges that CTC's system will cut off a customer only after a customer has exceeded its limits and as such a customer drawing Products at a time that its limit has not been exceeded may in fact be able to receive Products in excess of its limits. CTC will only be responsible if it fails to input customer limits into its system as a result of its negligence and not otherwise, and then only to the extent set forth in the Services Agreement.

8. Insurance Requirements. Each Sprague customer must at all times comply with all Laws with respect to Workers' Compensation, employers' liability and occupational insurance. Each such customer must obtain and furnish to Sprague and to CTC at the address set forth above certificates of insurance reflecting that such customer has in such force and effect such types and amounts of insurance set forth in Exhibit C attached hereto and made a part hereof with companies reasonably satisfactory to Sprague and to CTC. CTC may, in its sole discretion, change any and all coverage set forth in Exhibit C by delivering a revised form to Sprague and Sprague agrees to be bound by the terms thereof and to cause each of its customers to provide the insurance required thereby.

9. Department of Transportation Rules. Prior to transporting any Products or detergent additives loaded at or delivered to the Terminal hereunder, any Sprague customer and its driver must:

   (a) make or cause to be made the following certification on the Product transfer documentation covering the Product or detergent additives received.
   "If required by 49 CFR 172.204 this is to certify that the above-named materials are properly classified, described, packaged, marked and labeled and are in proper condition for transportation according to the applicable regulations of the Department of Transportation."

   "Carrier hereby certifies that the cargo tank used for this shipment is a proper container for the commodity loaded therein and complies with the Department of Transportation's specifications and certifies that the cargo tank is properly packaged and marked to comply with the regulations pertaining to hazardous materials."

   (b) have in any vehicle transporting Products with detergent additives at all times during the transportation of the Products, the most current addition of the Department of Transportation Emergency Response Guidebook pursuant to the requirements of 49 CFR 172.602, as amended.

10. Miscellaneous. This Agreement and where applicable any transportation services to Sprague and its customers or parties constitute the entire agreement between the parties relating to the subject matter hereof and supersede and terminate as of the date hereof any prior agreement between the parties covering the loading or delivering of Products at the Terminal to Sprague's customers. This Agreement shall be governed by the laws of the State of Rhode Island without regard to Rhode Island's conflicts of laws, rules or principles. Any invalid provision or part thereof of this Agreement shall be deemed severed from the valid provisions which shall remain in full force and effect and shall be construed in such a manner as to effectuate the original intent of the parties as fully as possible without violating applicable laws.

11. Assignment. The terms and conditions hereof are binding on and shall inure to the benefit of the parties hereto, their respective legal representatives, successors and assigns.

CAPITAL TERMINAL COMPANY

By:_____

SPRAGUE OPERATING RESOURCES LLC

By:_____

EXHIBIT A
TO CARRIER ACCESS AGREEMENT

ACCESS AUTHORIZATION

Carrier hereby authorizes the following identified employees to exercise the Access Privileges granted to Carrier under and in accordance with the terms and conditions of that certain Carrier Access Agreement between Sprague Operating Resources LLC and Capital Terminal Company ("Agreement").

Names of Employee Drivers:	Driver's License Numbers:
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Carrier may from time to time add, delete or substitute employees under this Exhibit A by giving FAX notification of such change to Sprague Operating Resources LLC, c/o _____ at [_____] and Capital Terminal Company at 401-435-3715 providing all information required with respect to any new or substituted employee. Any such addition, deletion or substitution will be subject to all terms and conditions of the Agreements

Carrier

_____

By:_____
Title:_____
Date:_____

APPROVED:
Sprague Operating Resources LLC

By:_____
Title:_____
Date:_____

EXHIBIT B

TO CARRIER ACCESS AGREEMENT

SAFETY PRACTICES AND ACCESS SYTEM

1. All of Carrier's employees or agents entering a Terminal must be trained in all safety and security requirements of the Terminal and must strictly follow how requirements (including any requirements regarding protective or fire retardant clothing).

2. All tank trucks must display placarding in accordance with applicable federal, state and local laws, rules and regulations.

3. All tank trucks and related equipment must be maintained in a safe condition, free from leaks and in all respects suitable for loading.

4. Drivers loading any Products must remain in attendance at the loading equipment at all times during the loading process. Loading valves may not be blocked open.

5. When the loading rack space is clear, the driver is to proceed to proper loading position, come to a complete stop and shut down engines and all electrical equipment. All engines must be turned off while waiting for a loading position to become available.

6. Drivers loading flammable products (including asphalts loaded above their flash points) must immediately ground tanks and loading spouts upon stopping at a loading position. Grounds may not be removed until other loading equipment has been removed from the truck after loading.

7. No work or repair of any kind may be performed on the tractor or trailer while at the loading rack. If a truck stalls or cannot be started while at the loading rack, it must be towed away from the rack before any work is performed to get it started. No units may be pushed from the rack area nor may jumper cables be utilized inside Terminal gates.

8. In the event of a spill (of any size) the truck must not be started or moved until the spill has been cleaned up, unless otherwise expressly directed by Terminal personnel. Terminal personnel and Sprague must be immediately notified of any spill.

9. Smoking is not permitted inside the Terminal gates. No loitering is permitted inside the Terminal gates.

10. Only authorized drivers are permitted inside the Terminal gates (i.e., no passengers).

11. Emergency telephone numbers are posted and all drivers must be familiar with them. Emergency firefighting equipment is located in the loading rack area, and all drivers must be familiar with the locations.

12. Before using the loading facilities, a driver must complete the training described above; and have loaded, at the facility, during daytime hours when the Terminal is manned, a sufficient number of loads to satisfy Sprague and/or the Terminal that the driver understands the procedures.

13. Drivers finding any questionable conditions existing upon arrival at a Terminal (e.g. gate open, unlocked or damages; loading rack vandalized; loading arm in other than correct rest position; all lights out) must contact Capital Terminal Company (or its designated representative) before proceeding beyond the discovered condition.

EXHIBIT C TO

CARRIER ACCESS AGREEMENT

MINIMUM INSURANCE REQUIREMENTS

1. Commercial Auto Liability

(i) Limits - combined single limit of not less than $1,000,000 per occurrence.

(ii) Coverages:
(1) Owned vehicles
(2) Hired vehicles
(3) Non-owned vehicles
(4) Mobile equipment
(5) Environmental restoration in accordance with the MCS-90 endorsement as prescribed under sections 29 and 30 of the Motor Carrier Act of 1980

(iii) In the event the Access Privileges provided to Carrier by Sprague Operating Resources LLC or Capital Terminal Company include the lifting of liquefied petroleum gas products, then the required limit of insurance set forth in Paragraph 1(i) is not less than a combined single limit of $5,000,000 per occurrence.

(iv) "Sprague Operating Resources LLC and Capital Terminal Company, their respective subsidiaries and affiliates, and each of their officers, directors, and employees" (collectively, "Terminal Insureds"), must be named as additional insureds as to all comprehensive auto liability policies.

(v) Coverage may consist of primary and excess of policies.

(vi) Coverage is to be primary to any insurance coverage carried by the Terminal Insureds.

2. **General Liability**

(i) Limits – combined single limit of not less than $1,000,000 per occurrence.

(ii) Coverages: Premise Liability, Sudden and Accidental Pollution, Fire Damage and Medical Expense.

(iii) The Terminal Insureds must be named as additional insureds as to all general liability policies.

(iv) Coverage may consist of primary and excess of policies.

(v) Coverage is to be primary to any insurance coverage carried by the Terminal Insureds.

3. **Workers' Compensation/Employer's Liability**

(i) Workers' compensation insurance must be maintained to comply with the statutory limits, including occupational disease, for the state in which operations are conducted:

(ii) Employer's Liability Coverages:
A. $100,000 per accident
B. $100k,000 disease, each employee

C. $500,000 disease policy limit

4. **Provisions Applicable to All Policies Described Above**

(i) Carrier and its insurers agree to waive their rights of subrogation against the Terminal Insureds under all policies described herein.

(ii) Carrier agrees that it is solely responsible for all premium payments, audits, deductibles, retro adjustments or any other payments due insurers by Carrier and that the Terminal Insureds have no liability therefore.

(iii) All policies must require that the insurer provide Terminal Insureds with at least 30 days' notice of any cancellation or non-renewal of coverage.

(iv) Carrier must have its insurers provide certificates of insurance to Terminal Insureds evidencing that the coverage required herein is in full force and effect throughout the term of the Agreement.

Exhibit 31.1

CAPITAL PROPERTIES, INC. AND SUBSIDIARIES
Certification Pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002

I, Robert H. Eder, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Capital Properties, Inc. and Subsidiaries;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:

(a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that was materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

(a) all significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 1, 2014

/s/ Robert H. Eder
Robert H. Eder
President and Principal Executive Officer

Exhibit 31.2

CAPITAL PROPERTIES, INC. AND SUBSIDIARIES
Certification Pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002

I, Barbara J. Dreyer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Capital Properties, Inc. and Subsidiaries;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant's as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:

(a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that was materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

(a) all significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 1, 2014

/s/Barbara J. Dreyer
Barbara J. Dreyer
Treasurer and Principal Financial Officer

Exhibit 32.1

CAPITAL PROPERTIES, INC. AND SUBSIDIARIES
Certification Pursuant to
18 U.S.C. Section 1350,
as Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of Capital Properties, Inc. (the Company) on Form 10-Q for the quarterly period ended March 31, 2014, as filed with the Securities and Exchange Commission on the date hereof (the Report), I, Robert H. Eder, President and Principal Executive Officer of the Company, certify, pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Robert H. Eder
Robert H. Eder
President and Principal Executive Officer
May 1, 2014

Exhibit 32.2

CAPITAL PROPERTIES, INC. AND SUBSIDIARIES
Certification Pursuant to
18 U.S.C. Section 1350,
as Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of Capital Properties, Inc. (the Company) on Form 10-Q for the quarterly period ended March 31, 2014, as filed with the Securities and Exchange Commission on the date hereof (the Report), I, Barbara J. Dreyer, Treasurer and Principal Financial Officer of the Company, certify, pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Barbara J. Dreyer
Barbara J. Dreyer, Treasurer
and Principal Financial Officer
May 1, 2014