

# **Capital Properties, Inc.**

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## **PRESS RELEASE**

**March 12, 2014**

### **Capital Properties, Inc. Announces 2013 Results**

#### **FOR IMMEDIATE RELEASE**

East Providence, Rhode Island: Capital Properties, Inc. (OTCQX: CPTP) reported net income of \$711,000 and \$2,013,000 for the years ended December 31, 2013 and 2012, respectively. Based upon 6,599,912 shares outstanding, the basic income per common share for the same periods was \$.11 and \$.31, respectively.

Leasing revenues for 2013 increased \$296,000 from 2012 due to scheduled increases in rentals under long-term land leases and increases under short-term leases. Leasing expense for 2013 decreased \$231,000 from 2012 principally due to a decrease in real property taxes resulting from a reassessment of the downtown Providence parcels.

For the first four months of 2013, the Company operated its 1,004,000 shell barrel petroleum storage facility (“the Facility”) for Global Companies, LLC (“Global”) under a lease which expired on April 30, 2013. Effective September 1, 2013, the Company entered into a through-put lease with Atlantic Trading & Marketing, Inc. (“ATMI”) for approximately 425,000 shell barrels for a term of eight months with automatic three-month extensions unless terminated by either party. As a result of these changes in the tenancy of the Facility, revenues for 2013 decreased \$1,783,000 from 2012. The Facility expenses for 2013 increased \$378,000 from 2012, due to an increase in (1) repairs and maintenance which included the epoxy coating of three tank bottoms at a total cost of \$90,000 and piping modifications at a cost of \$60,000 and (2) costs incurred in connection with the marketing of the Facility.

ATMI has notified the Company that it will vacate the Facility on April 30, 2014. Subsequent to its notice of nonrenewal, ATMI expressed an interest in negotiating an extension of its lease through April 30, 2015, at a reduced rent for the summer months. There is no assurance that the Company and ATMI will reach agreement on an extension.

General and administrative expenses in 2013 decreased \$113,000 from 2012. In 2012, the Company incurred costs associated with the extraordinary dividend paid in December 2012.

In December 2012, the Company and Bank Rhode Island (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 discussed 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. The loan has a 10-year term 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.

In December, 2012, the Board of Directors of the Company declared an extraordinary dividend of \$2.25 per share, which the company paid partially in cash (\$3,063,000) and partially through the issuance of \$11,787,000 in principal face amount of 5% dividend notes due in December 2022, bearing interest at the annual rate of 5% payable semi-annually on June 15 and December 15 of each year.

**PRESS RELEASE (Continued)**

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For the year ended December 31, 2013, bank loan interest expense is \$197,000 as compared to \$207,000 for the year ended December 31, 2012, resulting from the decrease in the interest rate on the refinanced loan. In June 2012, the Company made a principal prepayment of \$1,000,000. For the year ended December 31, 2013, the interest expense on the dividend notes is \$596,000.

**Financial Summary**  
**Years Ended December 31, 2013 and 2012**

	<u>2013</u>	<u>2012</u>
Revenues:		
Leasing .....	\$ 4,498,000	\$ 4,202,000
Petroleum storage facility.....	<u>2,171,000</u>	<u>3,954,000</u>
	<u>6,669,000</u>	<u>8,156,000</u>
Expenses:		
Leasing .....	832,000	1,063,000
Petroleum storage facility.....	2,766,000	2,388,000
General and administrative.....	1,104,000	1,217,000
Interest:		
Bank loan .....	197,000	207,000
Dividend notes .....	<u>596,000</u>	<u>--</u>
	<u>5,495,000</u>	<u>4,875,000</u>
Income before income taxes .....	<u>1,174,000</u>	<u>3,281,000</u>
Income tax expense (benefit):		
Current.....	665,000	1,519,000
Deferred.....	<u>(202,000)</u>	<u>(251,000)</u>
	<u>463,000</u>	<u>1,268,000</u>
Net income.....	<u>\$ 711,000</u>	<u>\$ 2,013,000</u>
Basic income per share, based upon 6,599,912 shares outstanding .....	<u>\$ .11</u>	<u>\$ .31</u>

Capital Properties, Inc. and its subsidiaries operate in two segments: (1) Leasing and (2) Petroleum Storage. The leasing segment consists of the long-term leasing of certain of its real estate interests in downtown Providence, Rhode Island for commercial development, the leasing of a portion of a building and the leasing of locations along interstate and primary highways in Rhode Island and Massachusetts for outdoor advertising purposes. The petroleum storage segment consists of the petroleum storage terminal and the Wilkesbarre Pier in East Providence, Rhode Island, collectively referred to as the "Facility."

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*Certain written statements made in this press release may contain "forward-looking statements" which represent the Company's expectations or beliefs concerning future events. Certain risks, uncertainties and other important factors are detailed in reports filed by the Company with the Securities and Exchange Commission, including Forms 8-K, 10-K and 10-Q. 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.*

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