

NEW YORK STATE DEPARTMENT OF PUBLIC SERVICE

METHOD OF SERVICE FORM

This form should be filed with all new petitions and applications that require action by the Commission. It will allow us to serve you with the Commission decision using the method you select.

Name:	Mahati Guttikonda
Your Company/Organization:	<u>The Brooklyn Union Gas Company d/b/a National Grid NY</u>
Mailing Address:	40 Sylvan Road, Waltham, MA 02451
Company/Organization you represent, if different from above:	_____
E-Mail Address:	Mahati.Guttikonda@nationalgrid.com
Case/Matter # (if known)	_____

If you consent to receive Commission-issued orders electronically, you will receive all Commission-issued documents electronically. If you do not consent to receive Commission-issued orders electronically, you will receive all Commission-issued documents by mail.

Check the box(es) in A or B, below:

A.

I am authorized by the party I represent to grant consent to receive electronic-only service of Commission-issued orders, AND

I, on behalf of myself or the party I represent, knowingly waive the right specified in Public Service Law §23(1) to be served personally or by mail with orders that affect me or the party I represent and consent to receive service of Commission-issued orders by electronic means only. This consent remains in effect until revoked.

B

I do not consent to receive electronic service and instead request that the DPS mail Commission-issued document(s) to me.

Signature: /s/ Mahati Guttikonda	Date: 11/27/12
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Please note that this form applies to this filing only.

To the extent possible, please file this form in .pdf format.

November 27, 2012

VIA E-FILING

Honorable Jaclyn A. Brillling, Secretary
State of New York
Public Service Commission
Three Empire State Plaza
Albany, New York 12223-1350

Re: Case No. 12-G-_____ - Petition of The Brooklyn Union Gas Company d/b/a National Grid NY for Approval of the Transfer of Certain Property Located at 809-873 Neptune Ave., Brooklyn, NY to 809 Neptune Ave LLC d/b/a Storage Deluxe

Dear Secretary Brillling:

Enclosed please find for filing a verified petition of The Brooklyn Union Gas Company d/b/a National Grid NY (“National Grid”) for approval under Section 70 of the Public Service Law to transfer certain real property at 809-873 Neptune Avenue, Brooklyn, New York. Also enclosed is a Notice of Proposed Agency Action for publication in the New York State Register pursuant to the State Administrative Procedure Act.

Sincerely,
/s/ Mahati Guttikonda
Mahati Guttikonda

CC: Shannon M. Larson (National Grid)
Diane T. Dean (DPS)

**NOTICE OF PROPOSED RULE MAKING
NO HEARING(S) SCHEDULED**

**Transfer of Ownership of Real Property by The Brooklyn Union Gas Company
d/b/a National Grid NY**

I.D. No. PSC-_____

PURSUANT TO THE PROVISIONS OF THE State Administrative Procedure Act,
NOTICE is hereby given of the following proposed rule:

Proposed action: The Public Service Commission is considering a petition requesting approval of the transfer of ownership of an approximate 3.21 acre parcel of land at 809-873 Neptune Avenue, Brooklyn, New York from The Brooklyn Union Gas Company d/b/a National Grid NY (National Grid) to 809 Neptune Avenue LLC d/b/a Storage Deluxe.

Statutory authority: Public Service Law, section 70.

Subject: Transfer of ownership of an approximate 3.21 acre parcel of land at 809-873 Neptune Avenue, Brooklyn, New York from National Grid to 809 Neptune Avenue LLC d/b/a Storage Deluxe.

Purpose: Consideration of the transfer of an approximate 3.21 acre parcel of land at 809-873 Neptune Avenue, Brooklyn, New York from National Grid to 809 Neptune Avenue LLC d/b/a Storage Deluxe.

Substance of proposed rule: The Public Service Commission is considering a petition filed on November 27, 2012 requesting approval of the transfer of ownership of an approximate 3.21 acre parcel of land at 809-873 Neptune Avenue, Brooklyn, New York from The Brooklyn Union Gas Company d/b/a National Grid NY (National Grid) to 809 Neptune Avenue LLC d/b/a Storage Deluxe. The Public Service Commission may approve or reject, in whole or in part, the relief requested.

Text of proposed rule and any required statements and analyses may be obtained by filing a Document Request Form (F-96) located on our website <http://www.dps.state.ny.us/f96dir.htm>. For questions, contact: Leann Ayer, Public Service Commission, 3 Empire State Plaza, Albany, NY 12223-1350, (518) 486-2655, email: leann_ayer@dps.state.ny.us

Data, view or arguments may be submitted to: Jaclyn A. Brillling, Secretary, Public Service Commission, 3 Empire State Plaza, Albany, NY 12223-1350, (518) 474-6530, email: jaclyn_brilling@dps.state.ny.us

Public comment will be received until: 45 days after publication of this notice.

Regulatory Impact Statement, Regulatory Flexibility Analysis, Rural Area Flexibility Analysis and Job Impact Statement

Statements and analyses are not submitted with this notice because the proposed rule is within the definition contained in section 102(2)(a)(ii) of the State Administrative Procedure Act.

(11-E-_____)

**STATE OF NEW YORK
PUBLIC SERVICE COMMISSION**

**In the Matter of the Application of The Brooklyn
Union Gas Company d/b/a National Grid NY**

Case 12-G-_____

**PETITION OF THE
BROOKLYN UNION GAS COMPANY D/B/A NATIONAL GRID NY FOR APPROVAL
OF THE TRANSFER OF CERTAIN PROPERTY LOCATED AT 809-873 NEPTUNE
AVE., BROOKLYN, NY TO 809 NEPTUNE AVE LLC D/B/A STORAGE DELUXE**

**By: Mahati Guttikonda
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Dated: November 27, 2012

**STATE OF NEW YORK
PUBLIC SERVICE COMMISSION**

**In the Matter of the Application of The Brooklyn
Union Gas Company d/b/a National Grid NY**

Case 12-G-_____

**PETITION OF
THE BROOKLYN UNION GAS COMPANY D/B/A NATIONAL GRID NY
FOR APPROVAL OF THE TRANSFER OF CERTAIN PROPERTY LOCATED AT 809-
873 NEPTUNE AVE., BROOKLYN, NY TO 809 NEPTUNE AVE LLC D/B/A STORAGE
DELUXE**

INTRODUCTION

The Brooklyn Union Gas Company d/b/a National Grid NY (“Brooklyn Union” or “National Grid” or the “Company”) hereby requests authorization under Section 70 of the New York State Public Service Law (“PSL”) and Section 31.1 of the Commission’s Rules, 16 N.Y.C.R.R. § 31.1, for the sale of certain real property (“Property”) located at 809-873 Neptune Avenue, Brooklyn, New York under the terms of a Purchase and Sale Agreement, dated September 19, 2012 (“Agreement”), to 809 Neptune Ave LLC d/b/a Storage Deluxe (“Storage Deluxe”). A copy of the Agreement is attached hereto as Exhibit 1.

Brooklyn Union is a gas corporation incorporated in 1895 under the Transportation Corporations Law of the State of New York, with its principal place of business at One MetroTech Center, Brooklyn, New York 11201. It furnishes gas to customers in Brooklyn, Staten Island and portions of Queens, all within The City of New York. The Commission has heretofore been provided certified copies of the Company’s certificate of incorporation, certificate of merger and consolidation, and all amendments thereto.

Brooklyn Union acquired various parcels comprising the Property between 1926 and 1928. The Property was previously used by the Company as a human resources training and management development center, a service center and a refueling station for Brooklyn Union's service vehicles. Because National Grid no longer has use for the Property, it proposes to sell the Property to Storage Deluxe as discussed herein and in the Agreement.

Storage Deluxe, founded in 1998, is a New York-based owner, developer and operator of self-storage facilities. Since its inception, Storage Deluxe has developed and owned 34 self-storage facilities and one fine art storage facility. Together, these facilities contain 39,000 units in 2.4 million rentable square feet. All of the facilities are located in the New York boroughs of the Bronx, Queens and Brooklyn.

As demonstrated herein, the proposed sale is in the public interest and should be authorized by the Commission.

PROCEDURAL HISTORY

The Company previously sought the Commission's approval for sale of the Property in 2008-2010. Following consultation with Department of Public Service Staff ("Staff"), the Company withdrew its 2010 petition for Commission approval to transfer the Property so that it could develop a detailed strategy for selling the Property in a new sales process. Following a broad and extensive marketing campaign conducted through an open and competitive bidding process, the Company has selected Storage Deluxe as the prospective buyer, negotiated a

Purchase and Sale Agreement and received a non-refundable deposit from Storage Deluxe. The Company now requests Commission approval on the proposed sale to Storage Deluxe.

THE COMPETITIVE BIDDING PROCESS

The Company utilized a competitive bidding process to market and sell the Property to maximize the value of the Property for its customers, and ensure that the purchase price and other terms of the Agreement reflect the fair market value of the Property.

In November 2011, the Company hired the real estate brokerage firm, Massey Knakal Realty Services (“Massey Knakal” or “Broker”) to market the Property and assist with the competitive bidding process to select the best qualified buyer for the Property. Massey Knakal was selected from a group of seven highly regarded commercial real estate brokerage firms that submitted proposals in response to the Company’s formal Request for Proposals (RFP) for brokerage services. The Company selected Massey Knakal based on its qualifications to market and sell the Property, specifically the firm’s expertise in selling Brooklyn commercial real estate, breadth of market coverage, strategy for marketing the property for sale, proven track record, reputation, resources and ability to target and attract a wide audience of quality buyers and ability to lead the process to a successful close in return for a reasonable commission.

The marketing and competitive bidding process for the sale of the Property with the Broker began in April 2012. To market the Property and make potential buyers aware of its availability, the Broker created a listing website, made introductory calls to potential buyers, investors and brokers, sent email blasts to investors, developers and other potentially interested

parties in the Broker's database and installed a "For Sale" sign on the property. Interested buyers responding to the initial solicitation were offered a detailed marketing brochure upon signing a non-disclosure agreement.

A final bid deadline of June 8, 2012 was set for the competitive bidding process. Bidders were notified via phone and email to submit their best and final bids by the June 8th deadline to be considered for selection and participate in the next phase of the process. Over the course of the eight week marketing campaign for the Property, there were 703 outgoing calls made to potentially interested buyers, 10,290 emails sent soliciting interest and 439 hits on the dedicated website for the sales process.

Once all final bids were collected after the bid deadline, National Grid evaluated the bids based on a number of factors, including (i) the strength of the bidder's commercial proposal and purchase price, (ii) a bidder's demonstrated ability to close comparable transactions and experience developing similar properties, (iii) the results of reference checks, (iv) the bidder's interest in and plans for the Property, and (v) a bidder's risk rating, including whether a bid was contingent on financing and the bidder's access to capital.

Based on its review of the bid packages, in-person interviews and bidder qualifications, National Grid identified two bidders who had submitted superior proposals. Both bidders were sent a draft purchase and sale agreement. The Company engaged both bidders to better understand the terms of their proposals, as well as assess their interest in completing the sale. Based on an evaluation of the bidding packages, interviews, bidder qualifications, and the

bidders' comments on the draft purchase and sale agreement, National Grid selected Storage Deluxe as the winning bidder. The Purchase and Sale Agreement was signed on September 19, 2012.

THE PURCHASE AND SALE AGREEMENT

Under the terms of the Purchase and Sale Agreement (attached as Exhibit 1 hereto), subject to the satisfaction of certain conditions, National Grid will sell and convey, and Storage Deluxe will purchase and accept, title to the Property, consisting of a 45,000 square foot multi-story building located on approximately 2.98 acres of land,¹ and comprising Lot Nos. 105, 113, 114 and part of 320, as more fully described in Exhibit A to Exhibit 1, for an all cash purchase price of \$15 million. Storage Deluxe agreed to a contract deposit of \$500,000 that will be retained by National Grid in the event the buyer fails to make payment on the purchase price or is in default of any of its other obligations on or before the closing date. The \$500,000 deposit will be applied to the purchase price at closing and is non-refundable to the buyer unless the sale is not approved by the Commission or National Grid defaults on its obligations under the contract. Pursuant to the Agreement, the due diligence period has expired. The sale is not conditioned on the purchaser's ability to obtain financing, and includes a "time is of the essence" clause.

The Agreement requires Storage Deluxe to purchase the Property "as is." The buyer has agreed to release National Grid from all losses, liabilities, damages and claims, arising out of or in any way connected with the Property including, without limitation, the environmental and

¹ Under the terms of the agreement, the Company will sell 3.21 acres of land subject to an easement (as discussed in further detail below) if the Company was unable to secure approval from the City of New York to subdivide Lot 320 to retain a .23 acre parcel to accommodate the Company's anticipated operational needs.

structural condition of the Property. Storage Deluxe has also agreed to assume the full cost, responsibility and liability for all aspects of post-closing demolition, including the abatement and proper disposal of all asbestos and other materials regulated by the New York City Department of Environmental Protection (“DEP”) and the New York State Department of Environmental Conservation (“DEC”), utilizing licensed, insured, and reputable contractors in accordance with all legal requirements imposed by federal, state, and city regulatory agencies.

1. The Sale of the Property Under the Purchase and Sale Agreement is in the Public Interest

National Grid submits that the transfer of the Property to Storage Deluxe is in the public interest. In the course of evaluating its real property assets and assessing how to best leverage those assets to maximize the efficiency of its gas distribution business, the Company identified the Property as surplus and suitable for disposition. As a result of the Company’s successful marketing efforts, the Company’s customers will realize a significant financial benefit from the sale of the Property. The Property was sold in a competitive bidding process after being marketed extensively on the Internet and through email and phone campaigns. As a result, the price and other terms of the Agreement reflect the fair market value of the Property.

In addition, customers will benefit from a sale by avoiding the continued expense of managing an asset no longer required for utility purposes. Expenses and costs associated with the sale and maintenance of the Property are detailed in Exhibit 2. As this Exhibit demonstrates, the net gain on the sale of the Property is estimated to be \$10.995 million. This net gain may be adjusted at the time of closing for any additional ongoing maintenance and security expenses.

The transfer of the Property by National Grid will in no way inhibit or impact the conduct of the Company's gas distribution business. National Grid has reviewed its future needs in the Property's immediate area and has determined that part of the Property should be retained for installing, maintaining, repairing, servicing and replacing a gas heater and certain underground gas and electrical lines running to that portion of the Property. The Company has therefore made application to the City of New York to subdivide Lot 320 to retain a .23 acre parcel to accommodate the Company's operational requirements. In the event the Company is not able to subdivide the property on or before the Commission's approval of this sale, the Agreement provides that National Grid will receive an easement for the .23 acre parcel at the time of closing, without any adjustment in the purchase price, for the maintenance of the gas heater and underground and electrical lines running to that portion of the Property.

2. Accounting Treatment of the Proceeds

The Company proposes to apply the net proceeds from the sale of the Property to PSC Account – 2540K. This gain will be booked as a credit to a regulatory liability.

REQUIREMENTS UNDER 16 NYCRR PART 31

In accordance with the provisions of Parts 31 and 18, Brooklyn Union states as follows:

Section 31.1(a)

This section requires that, where, as in the instant case, there is a transfer of assets, the petition provide certain information called for in subdivisions (f)-(i) and (p) of Section 18.1.

However, Sections 18.1(f)-(i) are not applicable to this transfer because the transfer does not involve bonds, notes, or other evidence of indebtedness that have been authorized by the Commission; there is no mortgage on the Property being transferred; nor does the transfer involve an affiliated interest. See 16 NYCRR § 18.1(f)-(i). Section 18.1(p) is applicable and requires detailed balance sheets and an income statement for 12 months. The Company's balance sheet can be found in Exhibit 3 and income statement can be found in Exhibit 4.

Section 31.1(b)

This section requires a general description of the Property to be transferred or leased. As set forth above, the Property to be transferred is a 2.98 acre parcel of land at 809-873 Neptune Avenue, Brooklyn, New York with an approximate 45,000 square foot multi-story building located on the Property. A complete description of the Property is set forth in Exhibit A to Exhibit 1.

Section 31.1(c)

This section requires a list of and certain information on the franchises, consents and rights to be transferred or leased. This section does not apply because Brooklyn Union's franchised retail operations will not be transferred, merged, or consolidated as part of the proposed transaction.

Section 31.1(d)

This section requires a copy of any necessary local approvals of the transfer or lease. No local approvals are required for the transfer of the Property from Brooklyn Union to Storage Deluxe other than the Agreement, which is annexed hereto as Exhibit 1.

Section 31.1(e)

This section requires a copy of the proposed agreement to be approved. A copy of the Agreement is attached as Exhibit 1 to this Petition.

Sections 31.(f) and (g)

These sections require an inventory of the Property proposed to be transferred or leased with the original cost of the Property. The Property consists of Lot Nos. 105, 113, 114 and part of 320, and the Building, which are detailed in Exhibit 5. As reflected therein, as of September 30, 2012, the original cost for all the land is \$171,823 and for the Building (including improvements) is \$3,158,987, for a total of \$3,330,810. As set forth in Exhibit 5 and according to the requirements prescribed by the Commission in 16 NYCRR Part 310.1,² which requires the Company to keep its accounts in accordance with Title 18 of the Code of Federal Regulations Part 201, the Property on which the Building is situated is classified in account 374. The Building is classified in account 375.

² The provisions of Part 310 authorize a uniform system of accounts for Class A or Class B gas corporations. 16 NYCRR Part 310. Section 311.1 discusses which gas corporations are considered Class A or Class B gas corporations. 16 NYCRR 311.1. Part 310 is applicable because The Brooklyn Union Gas Company is a Class A gas utility having gas operating revenues of \$2,500,000 or more. 16 NYCRR sec 311.1(a)(1).

Section 31.1(h) and (j)

These sections require an estimate of the accrued depreciation in the Property and disclosure of the methods used in reaching the estimate, as well as depreciation and amortization reserves of the property. See Exhibit 5.

Section 31.1 (i)

This section requires the cost of the Property as shown upon the balance sheet of the transferor or lessor. See Exhibit 3.

Section 31.1(k)

This section requires a statement of contribution toward construction of the Property. There are no contributions toward construction of any portion of the Property.

Section 31.1(l)

This section requires a three-year statement of operating revenues, expenses and taxes relating to the property, as well as a current balance sheet of the Petitioner. Exhibit 6 provides a summary of annual revenues, expenses and taxes for the Coney Island Property for years 2009, 2010, 2011 and for nine months ended September 30, 2012. The balance sheet of The Brooklyn Union Gas Company for the year ended December 31, 2011 is set forth as Exhibit 3.

CONCLUSION

For the reasons stated above, National Grid submits that the proposed sale of the Property is in the public interest and respectfully requests that the Commission consent to the transfer of the Property on the terms described herein pursuant to Section 70 of the Public Service Law.

Respectfully submitted,

**The Brooklyn Union Gas Company
d/b/a National Grid NY**

By: /s/ Mahati Guttikonda
Mahati Guttikonda
Senior Counsel
National Grid
40 Sylvan Road
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mahati.guttikonda@nationalgrid.com

Dated: November 27, 2012

VERIFICATION

I, Shannon M. Larson, Director – Real Estate Services & Property Tax, do hereby affirm that the contents of this document are true to the best of my knowledge.

Signed: /s/ Shannon M. Larson

Date: November 27, 2012

EXHIBIT 1

PURCHASE AND SALE AGREEMENT

By and Between

**THE BROOKLYN UNION GAS COMPANY
(a/k/a National Grid)**

Seller

and

809 NEPTUNE AVE LLC

Purchaser

PURCHASE AND SALE AGREEMENT

THIS PURCHASE AND SALE AGREEMENT ("Agreement") is made and entered into and is effective as of the 19th day of September, 2012 (the "Effective Date"), by and between **THE BROOKLYN UNION GAS COMPANY** (a/k/a National Grid), a New York corporation having offices at One MetroTech Center, Brooklyn, New York 11201 ("Seller"), and **809 NEPTUNE AVE LLC**, a New York limited liability company, having offices at c/o Storage Deluxe, 26 West 17th Street, Suite 801, New York, New York 10011 ("Purchaser", who, together with the Seller are collectively the "Parties" and individually a "Party").

RECITALS

- A. Seller is the owner of the Property (as defined below).
- B. Upon the satisfaction of, and subject to, the terms and conditions set forth in this Agreement, Seller has agreed to sell the Property to Purchaser, and Purchaser has agreed to purchase the Property from Seller.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing recitals, the mutual covenants set forth in this Agreement, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Purchaser and Seller hereby agree as set forth below.

Section 1. Sale of the Property and Acceptable Title.

(a) Sale of Property. Subject to and in accordance with the terms and conditions contained in this Agreement, Seller agrees to sell, assign, convey, and transfer to Purchaser all of Seller's right, title and interest in and to the following real and personal property (collectively referred to herein as the "Property"), and Purchaser hereby agrees to purchase and accept the Property:

(1) Land. Subject to all Permitted Exceptions (as defined below), fee title to that certain real property known as 809-873 Neptune Avenue, Brooklyn, New York (Block 7247, Lots 105, 113, 114 and p/o 320), which real property is more particularly described in Exhibit A attached hereto and incorporated herein (the "Land").

(2) Improvements. All buildings, fixtures, equipment, systems, and improvements owned by Seller located on or used in connection with the Land.

(3) Appurtenances. All rights, privileges and easements appurtenant to the Land, all development rights and air rights relating to the Land and any and all easements, rights-of-way and other appurtenances used in connection with the beneficial use and enjoyment of the Land, including all of the right, title and interest, if any, of Seller in and to the land in the bed of any public street, road or avenue, in front of or adjoining the Land, to the center line thereof, and all water,

water rights and water stock and minerals and mineral rights of every kind (including without limitation, oil, gas and other hydrocarbon substances) on or under the Land owned by Seller and not previously conveyed or reserved of record, all of the foregoing, only to the extent that such rights and privileges can be conveyed.

(4) Awards. All right, title and interest to any unpaid awards for damages to the Land and/or Improvements resulting from any taking in eminent domain or by reason of change of grade of any street accruing after the Closing Date (as defined herein) to the extent not credited in reduction of the Purchase Price or otherwise assigned to Purchaser. All such awards accruing prior to the Closing Date shall remain the property of Seller, subject to the provisions of Section 13 of this Agreement.

(5) Personalty. All personal property owned by Seller located on the Property (collectively, the "Personalty"), it being agreed that such Personalty is subject to change relative to use, operation and wear while this Agreement is in effect. No part of the Purchase Price is for Personalty.

(b) Acceptable Title. Seller shall convey and Purchaser shall accept such fee title to the Property as is insurable (without special premium) by any reputable title insurance company licensed to do business in the State of New York (the "Title Company"), subject, nevertheless, only to the following matters (collectively, the "Permitted Exceptions"):

(1) Real estate taxes, assessments, water charges, and sewer rents, not yet due and payable. All taxes and charges shall be brought current as of the Closing Date and are subject to apportionment as more fully set forth below.

(2) Any and all covenants, restrictions, agreements and easements of record affecting the Property (exclusive of liens of a monetary nature), provided same are not violated by the commercial use of the Property or the existing Improvements and which do not render title unmarketable or uninsurable.

(3) All zoning, building and environmental laws, ordinances, codes, restrictions and regulations, and any amendments thereto, heretofore or hereafter adopted by any municipal, state, federal or other authority having and/or claiming jurisdiction over the Property, which are not violated by the present use of the Property.

(4) Any state of facts which a survey prepared by Boro Land Surveying, P.C., dated June 30, 2012 ("Seller Survey") or personal inspection of the Property would disclose, provided such facts do not render title to the Property unmarketable and/or which do not interfere with the commercial use of the Property.

(5) Rights of any public authority or utility company to lay, maintain install and repair pipes, lines, poles, conduits, wires, cable boxes and other related equipment on, under, over or across the Property, provided such rights do not materially interfere with Seller's present use of the Property.

(6) Minor (less than 12") variations between record lines of the Property and

retaining walls, if any.

(7) Minor (less than 12") variations between description in Exhibit A and the description contained in the tax map.

(8) Any and all notes and notices of violations of law or municipal ordinances, orders or requirements now or hereafter noted in, or issued by, any governmental department having authority as to land, housing, buildings, fire, health, environmental and labor conditions affecting the Property (collectively, "Violations"); provided, however, that Seller shall pay all monetary penalties and fines in respect of all such Violations incurred through the Closing.

(9) Standard exceptions and exclusions from coverage normally contained in the form of the owner's title insurance policy to be issued by the Title Company.

(10) A use restriction covenant to be contained in the Deed (as herein defined) prohibiting any development of the Property for any use other than industrial, self-storage, commercial or retail use.

(11) The Subdivision Approval or the Reserved Easement, as the case may be (each hereinafter defined)

(12) Those additional matters listed on Exhibit B annexed hereto.

Section 2. Purchase Price and Acceptable Funds

(a) Purchase Price. The purchase price to be paid by Purchaser to Seller for the Property shall be FIFTEEN MILLION AND 00/100 (\$15,000,000.00) DOLLARS (the "Purchase Price"), payable pursuant to the terms and conditions contained in this Agreement, but subject to adjustment and apportionment as provided below.

(b) Acceptable Funds. All monies payable under this Agreement, unless otherwise specified, shall be paid by:

(1) Certified checks of Purchaser drawn on any bank, savings bank, trust company or savings and loan association having a banking office in the State of New York, unendorsed and payable to the order of Seller, or other as Seller may direct; or

(2) Official bank checks drawn by any such banking institution, unendorsed and payable to the order of Seller, or other as Seller may direct; or

(3) Wire transfer pursuant to wire instructions provided to Purchaser by Seller prior to Closing; or

(4) As otherwise agreed to in writing by the parties.

(c) No Mortgage Contingency. Purchaser has made, or will have made, arrangements satisfactory to it to have sufficient funds available to perform all of its financial obligations

hereunder at the time performance is required. Purchaser acknowledges that its obligation to perform hereunder is not conditioned or contingent upon the obtaining and/or funding of any third party financing and that if Purchaser is unable to timely close hereunder as a result of the unavailability for any reason of funding, Purchaser shall be in breach and default hereunder without any cure or grace period and Seller may exercise its default rights under this Agreement.

Section 3. Deposit, Escrow, PSC and Subdivision Approvals.

(a) Deposit and Escrow. Upon Purchaser's execution and delivery of this Agreement, Purchaser shall deliver a deposit to Cullen and Dykman LLP ("Escrow Agent"), 44 Wall Street, New York, New York 10005, Attn: Paul A. Michels, Esq., in the in the form of a check or wire transfer (subject to collection) in the amount of Five Hundred Thousand and 00/100 (\$500,000.00) Dollars (the "Deposit"). Escrow Agent shall retain possession of the Deposit until delivery or return thereof is permitted or required under this Agreement. The Deposit shall be deposited in a non-interest bearing escrow account at TD Bank, N.A., Wall Street, New York 10005 to be disbursed with the Deposit in accordance with the provisions hereof. The Deposit shall be held by the Escrow Agent pursuant to the terms of this Agreement and the Escrow Agreement annexed hereto as Exhibit C. If there is any conflict between the terms of this Agreement and the Escrow Agreement with respect to the Deposit or the Escrow Agent's duties with respect thereto, the terms of the Escrow Agreement shall govern.

(b) Escrow Agent's Obligations. In addition, Purchaser understands, acknowledges and agrees that the Deposit is non-refundable (except upon uncured default by Seller or Seller's inability, or refusal to comply with the terms of this Agreement, or as otherwise specifically provided for in this Agreement), and shall be delivered by Escrow Agent to Seller if Purchaser shall fail to close hereunder on or before the Closing Date, subject in any event to compliance by the Escrow Agent with the notification and other obligations contained in the Escrow Agreement. The Deposit shall be credited against the Purchase Price (as defined above) at Closing.

(c) PSC Approval. The sale of the Property shall be subject to the approval (the "PSC Approval") of the New York State Public Service Commission ("PSC"). Purchaser shall cooperate in all respects with Seller in the filing of the Section 70 Petition with the PSC, which cooperation shall include the furnishing of all information, financial or otherwise, that the PSC may require as a condition for the PSC Approval, including the filing of a joint application. Any terms and/or conditions imposed by the PSC in connection with any PSC Approval must be acceptable in all respects to Seller. Seller shall send to Purchaser written notice of the PSC Approval upon its receipt thereof. If the PSC denies the Section 70 Petition, then this Agreement shall automatically terminate whereupon the Escrow Agent will be directed by the Parties to return the Deposit to Purchaser within seven (7) days following Escrow Agent's receipt of a copy of PSC's denial. If Seller does not receive PSC Approval in response to the Section 70 Petition on or before March 31, 2014, then either Party shall have the unilateral right to terminate this Agreement, whereupon the Escrow Agent is hereby directed to return the Deposit to the Purchaser within seven (7) days following Escrow Agent's receipt of a copy of a written notice from either Party of its election to terminate this Agreement. Seller shall endeavor to (i) provide Purchaser with copies of all public filings made with the PSC related to the PSC Approval and (ii) generally keep Purchaser apprised of all pertinent developments with regards to the PSC Approval.

(d) Subdivision Approval. Currently Tax Lot 320 (a portion of which forms a part of the Property), is an irregular shaped parcel, approximately 118,223 square feet in size and located on the eastern most portion of the Land. Following execution hereof, Seller shall promptly take all action necessary or appropriate to subdivide Tax Lot 320 into two (2) separate tax lots, as shown on the Subdivision Survey, attached hereto as Exhibit D. All costs and expenses incurred in connection with receiving the requisite municipal agency approvals (including the Department of Buildings and the Department of Finance) for the Subdivision (the "Subdivision Approval") shall be borne solely by the Seller. New Tax Lot 320, consisting of approximately 108,223 square feet will continue to form a part of the Land. The remaining part of the subdivided lot, consisting of approximately 9,433 square feet, will be retained by Seller (the "Retained Parcel"). Seller intends to install, maintain, and operate a utility gas heater and other related or appurtenant equipment (collectively, the "Gas Heater") on the Retained Parcel. If the final Subdivision Approval is not received on or before receipt of the PSC Approval, then the Seller, on the Closing Date (as defined herein) shall convey the Land and the Retained Parcel to Purchaser without any adjustment in the Purchase Price, but subject to an easement (the "Reserved Easement"), to be retained by Seller at the Closing (as defined herein), reserving unto Seller the sole and exclusive right to access, use and occupy the Retained Parcel for the sole purposes of installing, maintaining, repairing, servicing, and replacing (i) the Gas Heater and (ii) those certain underground gas and electrical lines running from Neptune Avenue to the Retained Parcel. Seller agrees to use commercially reasonable efforts to obtain the Subdivision Approval. In connection with the Subdivision Approval, Seller shall (i) complete, execute and file all necessary applications and documentation; (ii) pursue the Subdivision Approval; and (iii) not impede or otherwise interfere with the process of obtaining the Subdivision Approval. Seller shall endeavor to (i) provide Purchaser with copies of all public filings made with the New York City (x) Department of Finance and (y) Department of Buildings and (ii) generally keep Purchaser apprised of all pertinent developments with regards to the Subdivision Approval.

Section 4. Condition of Property

(a) As-Is. PURCHASER ACKNOWLEDGES THAT SELLER IS SELLING, AND PURCHASER SHALL ACCEPT, THE PROPERTY IN ITS "AS IS" CONDITION ON THE CLOSING DAY, WITHOUT ANY REPRESENTATION OR WARRANTY, STATED OR IMPLIED, WHATSOEVER BY SELLER OR ANY EMPLOYEES, REPRESENTATIVES OR AGENTS OF SELLER RELATING TO THE PROPERTY, INCLUDING BUT NOT LIMITED TO THE EXPRESSED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, WITH THE EXCEPTION OF THE EXPRESS, LIMITED REPRESENTATIONS AND WARRANTIES SET FORTH IN THIS AGREEMENT. Purchaser acknowledges that it intends to raze and properly dispose of all the Improvements currently located on the Land; all to be performed in accordance with applicable law (collectively, the "Post-Closing Demolition Work"). Purchaser further acknowledges that it is a sophisticated real estate investor who has had sufficient time to review, all information, documents, agreements, studies, and test reports relating to the Property, including a complete and thorough inspection, analysis, and evaluation of the Property, including but not limited to environmental issues. Purchaser covenants and warrants to Seller that Purchaser has relied solely on Purchaser's own due diligence investigation, in determining to purchase the Property. Purchaser acknowledges and agrees that Seller makes no representations or warranties whatsoever regarding the completeness and/or accuracy of any information heretofore disclosed by Seller or any third party in such due diligence

investigation, including (i) letter, dated December 13, 2007 from the New York State Department of Environmental Conservation, (ii) H2M Group Soil and Groundwater Remediation Report, dated October 26, 2007; (iii) Omega Environmental Services, Inc., Pre-Demolition Asbestos Survey Report, dated October 1, 2009; and (iv) H2M Group Mold/Lead/Asbestos Analysis Report, dated February 8, 2010. Purchaser acknowledges that it has had the opportunity to retain professional advisors, including legal counsel, in connection with its completed due diligence investigation of the Property and the execution of this Agreement.

(b) Release. By execution of this Agreement, Purchaser, on behalf of itself, their officers, directors and their respective successors and assigns, does hereby forever release Seller and National Grid and its officers, directors, employees, and its and their respective successors and assigns, of and from any and all losses, liabilities, damages, claims, demands, causes of action, costs and expenses, whether known or unknown, arising out of or in any way connected with the Property, including, without limitation, the condition of title to the Property and the environmental and structural condition of the Property. Further, by the execution of this Agreement, Purchaser does hereby forever release Seller and National Grid, including their respective successors and/or assigns, of and from any environmental claims and causes of action existing now or hereafter created or enacted, whether at common law or by federal, state, county, or municipal law or ordinance. Purchaser agrees never to commence, aid in any way, or prosecute against Seller and National Grid, their officers, directors, shareholders and employees and its and their respective successors and assigns, any action or other proceeding based upon any losses, liabilities, damages, claims, demands, causes of action, costs and expenses, covered in this paragraph. The provisions of this subparagraph (b) shall survive Closing.

(c) Waiver. Purchaser expressly waives any rights or benefits available to it with respect to the foregoing release under any provision of applicable law which generally provides that a general release does not extend to claims which the party does not know or suspect to exist in his favor at the time the release is agreed to, which, if known to such party, would materially affect a settlement. Purchaser, by the execution of this Agreement, acknowledges that Purchaser fully understands the foregoing, and with this understanding, nonetheless elects to and does assume all risk for claims known or unknown, described in this Section 4. The provisions of this subparagraph (c) shall survive Closing.

(d) Merger. It is understood and agreed that all oral or written statements, representations or promises, of any and all prior negotiations and agreements are superseded and hereby merged in this Agreement, which alone fully and completely expresses the parties' agreement, and that the same is entered into after full investigation, neither party relying upon any statement or representation, not embodied in this Agreement, made by the other. Seller shall not be liable for or bound by any verbal or written statements, representations or information pertaining to the Property furnished by any real estate broker, agent, employee, servant or any other person, unless the same are specifically set forth herein. All prior oral or written statements, representations, or promises, if any, and all prior negotiations and agreements heretofore had between the parties hereto are superseded by this Agreement and are merged herein.

(e) Post-Closing Demolition. Purchaser shall have the full and absolute cost, expense, responsibility and liability for all aspects of the Post-Closing Demolition, including the abatement

and proper disposal of all asbestos and other materials regulated by the New York City Department of Environmental Protection (“DEP”) and the New York State Department of Environmental Conservation (“DEC”). All Post-Closing Demolition Work, including the abatement and proper disposal of all asbestos and other materials to be undertaken and completed by Purchaser, shall be (i) performed by licensed, insured and reputable contractors retained by Purchaser and (ii) undertaken and completed in accordance with all legal requirements, imposed by federal, state and city regulatory agencies, including the DEP and DEC.

(f) Inspections. During the term of this Agreement, Seller shall permit Purchaser and/or Purchaser’s agents or representatives reasonable access to the Land (but in no event any interior portion of the Improvements) for purposes of conducting physical inspections and surveying of the Property, excluding environmental testing of any kind (collectively, “Permissible Inspection”). Purchaser shall give Seller reasonable notice of Purchaser’s intention to conduct any Permissible Inspection of the Property. Seller reserves the right to have a representative present during any Permissible Inspection. Promptly upon the completion of any Permissible Inspection of the Land, Purchaser shall, at its sole cost and expense, cause any portion of the Land damaged in connection with such inspection to be repaired and/or restored, as near as is practical to substantially the same condition it was in prior to such Permissible Inspection. Any Permissible Inspection undertaken by or on behalf of Purchaser pursuant to this Section 4(f) shall be at Purchaser’s sole cost, risk and expense. Purchaser’s entry for any Permissible Inspection shall be conditioned on Purchaser naming Seller as an additional insured on a general liability insurance policy having a minimum combined single limit of Three Million (\$3,000,000.00) Dollars for claims of injury to persons or property.

(g) Indemnification. Purchaser hereby agrees to defend, indemnify, and hold harmless Seller and National Grid and their agents, affiliates and subsidiaries from and against any and all losses, liabilities, damages, liens, claims, demands, causes of action costs and expenses arising out of or related to (i) Post-Closing Demolition Work and/or (ii) any Permissible Inspection. For purposes of this subparagraph (g) “Purchaser’s activities” shall be deemed to mean and include the activities of the Purchaser and Purchaser’s affiliates, contractors, subcontractors, engineers, agents, and consultants with regards to the Post-Closing Demolition Work and any Permissible Inspection.

(h) Survival. All of Purchaser’s obligations under this Section 4 shall, without limitation, survive the Closing.

Section 5. Title

(a) Title. Purchaser, at Purchaser’s sole cost and expense, shall order an examination of title and shall cause a copy of the Title Report, and all updates, to be forwarded to Seller’s attorney concurrently with its receipt of same. Not later than thirty (30) days from the Effective Date, Purchaser may provide Notice to Seller that Purchaser disapproves of one or more matters affecting title to the Property and request that Seller correct such deficiency, provided, however, that the existence of the Permitted Exceptions and the standard exceptions on Purchaser’s title commitment shall not be considered unsatisfactory title conditions. All matters affecting title to the Property which are not disapproved by Purchaser on or before such thirtieth (30th) day from the Effective Date, and which have been disclosed to Purchaser in the title commitment issued by Purchaser’s Title Company shall be deemed to be additional Permitted Exceptions for the purposes of this Agreement.

In the event Seller receives no such Notice, all matters affecting title to the Property shall be deemed Permitted Exceptions. In the event of a subsequent update to the Title Report (each, an "Update"), Purchaser shall have seven (7) days from Purchaser's receipt delivery of such Update shall be deemed an update to Purchaser's Title Notice to address the matters contained in the Update.

(1) If Purchaser timely objects to a title matter as set forth above, Seller shall, in the exercise of its sole discretion, promptly thereafter advise Purchaser in writing whether Seller intends to correct the title objection or provide endorsement coverage with respect thereto (at no cost to Purchaser) prior to the Closing. In such event, Seller shall be entitled to reasonable adjournments of the Closing (in no event to exceed ninety (90) days in the aggregate), to enable Seller to cure any title exceptions, defects or objections and to convey the Property to Purchaser in accordance with the terms of this Agreement. Seller shall be deemed to have cured any title exceptions, defects or objections provided Seller arranges with the Title Company to (i) insure Purchaser against any monetary loss as a result of such exceptions, defects or objections at no additional cost to Purchaser, or (ii) to remove such exceptions, defects or objections as such from the policy of title insurance issued to Purchaser. Nothing contained herein shall be deemed to require Seller to take or bring any action or proceeding or any other steps or to incur any expense in excess of \$100,000.00 to remove any defect, exceptions, violations or objection to title, except that Seller shall be obligated to repay and satisfy in full any mortgage(s) encumbering the Property and remove any monetary lien, judgment or encumbrance of the Property. If Seller elects not to correct the deficiency (other than its obligations to correct/satisfy hereunder) by sending written notice to Purchaser within ten (10) days after receipt of Purchaser's title objections. Purchaser shall have the option to either to waive its objection or cancel this Agreement.

(2) Seller agrees that it will not, between the Effective Date and the Closing Date, intentionally cause any matters to affect title to the Property, which would constitute further exceptions under the Title Policy.

(3) If Seller shall be unable to convey title to the Property at the Closing in accordance with the provisions of this Agreement, Purchaser, nevertheless, may at any time accept such title to the Property as Seller can convey, without reduction of the Purchase Price or any credit or allowance on account thereof and without any claim against Seller with respect to this Agreement or otherwise, except for the mortgages, monetary liens, judgments and monetary encumbrances referenced in paragraph 5(a)(1) above, which the Seller shall be obligated to satisfy and/or remove. The acceptance by Purchaser of the Deed shall be deemed to be full performance of and discharge of every agreement and obligation on Seller's part to be performed under this Agreement with respect to the Property except those representations and warranties and other obligations that specifically survive the Closing Date.

(4) In the event the Title Company is unable or unwilling to insure to Purchaser an ALTA standard owner's policy of title insurance (the "Title Policy") in the amount of the Purchase Price, insuring Purchaser's title to the Property, subject only to the Permitted Exceptions and the standard printed exceptions to title in an ALTA standard form (and Seller is unable to provide Purchaser with a substitute title policy from another reputable title company licensed to do business in the state of New York) and Purchaser elects not to proceed with the Closing of this transaction, Purchaser's sole remedy shall be to declare this Agreement terminated, at which time the Deposit

shall be returned to Purchaser.

(5) If on the date of Closing there may be any liens or encumbrances which the Seller is obligated to pay and discharge, the Seller may use any portion of the balance of the Purchase Price to satisfy the same, provided the Seller shall simultaneously either deliver to the Purchaser at the Closing instruments in recordable form and sufficient to satisfy such liens and encumbrances of record together with the cost of recording or filing said instruments or, provided that the Seller has made arrangements with the Title Company in advance of Closing, Seller will deposit with the Title Company sufficient monies, acceptable to and required by the Title Company to insure obtaining and the recording of such satisfactions and the issuance of title insurance to the Purchaser either free of any such liens and encumbrances, or with insurance against enforcement of same out of the insured Property. The Purchaser, if request is made within a reasonable time prior to the date of the Closing, agrees to provide at the Closing separate certified or bank checks as requested, aggregating the amount of the balance of the Purchase Price, to facilitate the satisfaction of any such liens or encumbrances. The existence of any such liens and encumbrances shall not be deemed objections to title if the Seller shall comply with the foregoing requirements. Notwithstanding the foregoing, Purchaser shall have the continuing right to object to a title matter first appearing after the Effective Date in any update or amendment to the report or abstract prepared by the Title Company.

(6) Seller shall not be required to remove any Violations affecting the Property, it being the intent of this Agreement that any such Violations shall not be deemed an unsatisfactory title condition or deficiency.

(b) Survey. Purchaser may cause to be prepared a current survey. In the event Purchaser elects to cause a survey to be prepared, Purchaser shall deliver a full-sized copy of the survey to Seller. The cost of any survey shall be borne by Purchaser. With respect to any objection to the Survey, Purchaser shall send written notice to Seller objecting to such and the provisions of Section 5 shall be applicable.

Section 6. Representations, Warranties and Covenants of Seller.

Seller shall not have any liability if as of the Closing Date any of the representations, warranties, or covenants set forth below shall not be true if Seller informs Purchaser in writing of such facts prior to the Closing Date and Purchaser proceeds to close notwithstanding such facts. Seller shall be entitled to state in writing prior to Closing exceptions to the below listed representations, warranties, and covenants, in which case Seller shall have a reasonable time (including reasonable adjournments of the Closing, not to exceed ninety (90) days in the aggregate) to cure such exceptions and if Seller shall fail to cure such exceptions, Purchaser may (i) terminate this Agreement if such exceptions are material and not acceptable to Purchaser and in such event the Deposit shall be returned to Purchaser, upon which all obligations of Seller hereunder shall terminate, or (ii) elect to close this transaction notwithstanding such exceptions, without any adjustment to the Purchase Price and without any reservation of rights or claims against Seller resulting from such representations.

(a) Status of and Execution by Seller. Seller is now and on the Closing Date will be (i) the sole owner of the Property, (ii) in good standing and validly existing as a New York corporation

and (iii) subject to receipt of the PSC Approval and Subdivision Approval, duly authorized, qualified, and licensed to do all things required of it under or in connection with this Agreement. All agreements, instruments, and documents herein provided to be executed or to be caused to be executed by Seller will be duly executed by and binding upon Seller.

(b) Non-Foreign Status. Seller is not a “foreign person” as defined herein and Purchaser shall not be required to withhold any portion of the Purchase Price pursuant to Internal Revenue Code Section 1445.

(c) Litigation. Except for tort or other negligence actions covered by liability insurance carried by Seller (or otherwise self-insured), Seller has not received written notice that any actions, suits, or proceedings of any kind which are pending against the Property in any court of law or in equity or by any governmental department, commission, board, bureau, agency, or other instrumentality which might materially adversely affect the ability of Seller to timely perform its obligations under this Agreement.

(d) No Conflict. The execution, delivery, and performance of this Agreement, in accordance with its terms, do not violate any material contract, agreement, commitment, order, judgment, or decree to which Seller is a party or by which it is bound.

(e) No Consents. The execution of this Agreement by Seller and the performance by Seller of Seller's obligations hereunder do not require the consent of any third party, except for the PSC Approval more specifically set forth in Section 3(b) hereinabove.

(f) Notices. Seller has not received, and has no knowledge of any written notification from any city, county, state, or federal authority or agency thereof having jurisdiction over the Property, or of any utility providing service requiring any work to be done to, or materially affecting the use, operation, and/or occupancy of the Property or any portion thereof.

(g) Zoning Change. Except for the Subdivision, Seller has no pending applications for changes of zoning, variances, or any other land use matter affecting any portion of the Property.

(h) Bankruptcy. Seller has not filed any petition seeking or acquiescing in an reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any law relating to bankruptcy or insolvency, nor has any such petition been filed against Seller. Seller is not insolvent and the consummation of the transactions contemplated by this Agreement shall not render Seller insolvent. No general assignment of Seller’s property has been made for the benefit of creditors, and no receiver, master, liquidator, or trust has been appointed for Seller of any part of the Property.

(i) Condemnation. Seller has received no written notice of any pending eminent domain or condemnation proceedings with respect to the Property or any part thereof.

(j) No Employees. There are no employees currently working for Seller, on a full-time basis, at the Property and there will be no employees whose employment will survive Closing.

(k) Service Contracts. The Property will be conveyed subject to no service contracts.

(l) Fixtures and Personal Property. All fixtures and articles of personal property included in this sale are now and at the Closing will be owned by the Seller, free and clear of any conditional bills of sale, chattel mortgages, security agreements or financing statements or other security interests of any kind.

(m) No other Contracts. There are no leases, tenancies, licenses or other occupancy agreements to which Seller is a party or by which Seller, Purchaser, or the Property may be bound for any portion of the Land or Building. There are no maintenance contracts, union contracts, concession agreements, agency agreements, leasing agreements, contracts for the purchase or leasing of goods or services or any other contracts or agreements by which Seller is bound and which affect the Property that will survive the Closing. Other than this Agreement, there are no other executed purchase agreements, rights of first refusal to purchase, options to purchase or any other agreements of any kind, written or oral, formal or informal, choate or inchoate, recorded or unrecorded, whereby any persons or entity other than Purchaser has acquired or has any basis to assert any right, title and/or interest in the ownership or control of the Property, including without limitation agreements for the transfer or lease of mineral rights, oil, gas, water rights, air rights, or any other development rights.

(n) Air Rights. No air rights or development rights with respect to the Property have been conveyed or otherwise transferred.

(o) Real Estate Taxes. There are no tax abatements or exemptions of any kind or nature whatsoever affecting the Property.

(p) Other Agreements. Other than this Agreement, there are no other binding purchase agreements, rights of first refusal to purchase, options to purchase or any other agreements, whereby any person or entity other than Purchaser has acquired or has any basis to assert any right, title and/or interest in the ownership or control of the Property, including without limitation agreements for the transfer or lease of mineral rights, oil, gas, water rights, air rights, or any other development rights.

The truth and correctness in all material respects of all of the foregoing representations and warranties as of the Effective Date and the Closing Date shall be a condition precedent to any obligation of Purchaser to purchase the Property, which condition is intended solely for the benefit of Purchaser, and Purchaser shall have the right at its sole election to waive any such condition and proceed with the purchase of the Property, without any adjustment to the Purchase Price and without any reservation of rights or claims against Seller or, in the alternative, to terminate this Agreement, upon which all obligations of Seller hereunder shall terminate.

The representations and warranties contained in this Agreement shall not survive the Closing Date.

Seller covenants to Purchaser that, during the term of this Agreement, it shall do or refrain from doing, as the case may be, as follows:

(i) Not make any applications for rezoning, variances, or other land use application to any applicable governmental agency with regard to the Property except as contemplated by this

Agreement.

(ii) Maintain in full force and effect and pay all liability and casualty policies currently covering the Property.

(iii) Seller shall not enter into any leases, subleases, licenses, or any other occupancy agreements in any manner whatsoever for any space at the Premises and Seller shall not enter into any options to purchase or right of first refusals whatsoever for the Premises.

(iv) Seller shall promptly deliver to Purchaser copies of any written notices Seller receives in connection with any of the representations and warranties made by Seller in the Contract.

Section 7. Warranties and Representations of Purchaser.

Purchaser hereby warrants and represents the following to Seller, each of which is true and correct in all material respects as of the date of this Agreement and shall be true and correct on the Closing Date. Purchaser acknowledges that the execution of this Agreement by Seller has been made, and the sale by Seller of the Property will have been made, in material reliance by Seller on such representations and warranties:

(a) Status of and Execution by Purchaser. Purchaser is now and on the Closing Date will be: (i) in good standing and validly existing as a New York limited liability company; (ii) authorized under the laws of the State of New York to conduct business and to acquire the Property; and (iii) duly authorized to do all things required of it under or in connection with this Agreement.

(b) No Violations. This Agreement and all agreements, instruments and documents herein provided to be executed or to be caused to be executed by Purchaser are (or will be) duly executed by and binding upon Purchaser, and do not and will not violate any provision of any agreement, law, regulation or judicial order to which Purchaser is a party or by which it is bound.

(c) No Consents. The execution of this Agreement by Purchaser and the performance by Purchaser's obligations hereunder do not require the consent of any third party.

(d) Authority. Purchaser has the right, power and authority to make and perform its obligations under this Agreement and this Agreement is a valid and binding obligation of Purchaser enforceable against Purchaser in accordance with its terms, subject to bankruptcy, reorganization and other similar laws affecting the enforcement of creditors' rights generally.

(e) Litigation. Purchaser has not received written notice that any actions, suits, or proceedings of any kind are pending or, to Purchaser's knowledge, threatened against or affecting Purchaser in any court of law or in equity or by any governmental department, commission, board, bureau, agency, or other instrumentality which might materially adversely affect the ability of Purchaser to timely perform its obligations under this Agreement.

(f) Bankruptcy. Purchaser has not filed any petition seeking or acquiescing in an reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any law relating to bankruptcy or insolvency, nor has any such petition been filed against

Purchaser. Purchaser is not insolvent and the consummation of the transactions contemplated by this Agreement shall not render Purchaser insolvent. No general assignment of Purchaser's property has been made for the benefit of creditors, and no receiver, master, liquidator, or trust has been appointed for Purchaser of any part of the Property.

The representations and warranties contained in this Agreement shall not survive the Closing Date.

Section 8. Conditions Precedent to Closing.

The Closing of this transaction on the Closing Date and Seller's obligation to sell and Purchaser's obligation to acquire the Property shall, in addition to any other conditions set forth herein, be conditional and contingent upon satisfaction by the other party, or waiver by the other party, as applicable, of each and all of the below listed conditions:

(a) Closing Documents and Purchase Price. Seller and Purchaser, to the extent necessary, shall each have tendered all Closing Documents and all other required deliveries to the other and Purchaser shall have tendered the Purchase Price (subject to prorations) to Seller.

(b) Compliance with Agreement. Seller and Purchaser shall each have performed and complied in all material respects with all of their respective covenants and conditions contained in this Agreement, and no event shall have occurred which if it continued uncured would, with the passage of time or notice or both, constitute a default under this Agreement by either party.

(c) Title. Title to the Property shall be conveyed to Purchaser, as required by this Agreement.

Section 9. Closing.

(a) Closing Date. On or about thirty (30) days following the date a copy of the PSC Approval is received by Purchaser (the "Closing Date"), the purchase and sale of the Property shall close, as evidenced by the delivery of the Closing Documents as set forth in Section 10 of this Agreement and disbursement to Seller of the net sale proceeds due to Seller in accordance with the terms of this Agreement and the performance by each of the parties hereto of all their respective obligations under this Agreement (the "Closing"), unless extended pursuant to the terms of this Agreement or otherwise in writing by both parties. The Purchaser shall have the right to extend the Closing Date an additional thirty (30) days beyond the stated thirty (30) day period (the "Outside Closing Date"). **Time shall be deemed of the essence with regards to Purchaser's obligation to close on or before the Outside Closing Date.** In the event the Purchaser exercises its option to extend the Closing to the Outside Closing Date, all adjustments (including real estate taxes, operating costs and utility charges) shall be made as of the first date of such thirty (30) day extension.

(b) Time and Place. The Closing shall take place on the Closing Date at the offices of Seller's counsel, or at such other place as the parties may mutually agree.

Section 10. Closing Deliverables.

(a) Except as set forth below, on the Closing Date, Seller shall deliver, or cause to be delivered, to Purchaser the following fully executed documents and/or items, acknowledged where appropriate (together referred to herein as the "Closing Documents"):

(1) Deed. A bargain and sale deed without covenants against grantor's acts, containing the covenant required by Section 13 of the New York Lien Law (the "Deed") in the form attached hereto as Exhibit F, executed and acknowledged by Seller and in proper statutory form for recording, sufficient to convey the Property to Purchaser, subject to and in accordance with the provisions of this Agreement.

(2) Transfer Taxes. The requisite real estate transfer tax returns (Form TP-584 and NYCRT) (the "Transfer Tax Forms") and the applicable real estate transfer taxes required under Article 31 of the New York Tax Law and any other transfer tax due and payable and imposed by statute on the Seller in connection with the transfer of the Property. Seller shall pay the applicable city and state real estate transfer taxes.

(3) A Real Property Transfer Report (RP-5217) for the Property;

(4) An affidavit in lieu of registration statement as required by Chapter 664 of the Laws of 1978, if applicable;

(5) Non-Foreign Status Affidavit. An Affidavit of Non-Foreign Status executed by Seller in the form of that annexed hereto as Exhibit D.

(6) Approvals. Copies of documentation evidencing Seller's receipt of the (i) PSC Approval and (ii) to the extent applicable, the Subdivision Approval.

(7) Closing Statement. A counterpart original of the closing statement setting forth the Purchase Price, the closing adjustments and application of the Purchase Price as adjusted. A draft closing statement shall be delivered to Purchaser no later than three (3) business days prior to the Closing Date, for Purchaser's review and comment.

(8) Title Documents. Any affidavits and/or consents reasonably required by Purchaser's Title Company to omit any exceptions, other than Permitted Exceptions, from Purchaser's Title Policy.

(9) Possession. Possession of the Property shall be delivered to Purchaser upon completion of the Closing, vacant and free of any tenancies, occupants, and service contracts. Seller shall also deliver to Purchaser all keys, if any, to the Property.

(10) Other Documents. All other documents, to the extent in Seller's possession and not already posted at the Property, affecting title to or possession or operation of the Property.

(b) Except as set forth below, on the Closing Date, Purchaser shall deliver, or cause to be delivered, to Seller the following fully executed documents and/or items, acknowledged where

appropriate:

(1) Payment of Purchase Price. At the Closing, Purchaser shall pay to Seller immediately available good funds (in the case of certified or bank checks, subject to collection and in the case of a wire, subject to receipt), in the amount of the Purchase Price plus any prorations, costs and expenses hereunder credited to Seller, less the amount of the Deposit and prorations credited to Purchaser.

(2) Closing Costs. Purchaser shall pay at Closing all cost associated with its title examination including the premium for Purchaser's Title Policy and the cost of its survey, all costs associated with the costs of any appraisal, engineering and environmental reports and feasibility studies which it may obtain, all other inspection or due diligence costs, and all recording fees, filing fees, mortgage recording tax and sales tax. Seller and Purchaser shall each be responsible for paying their respective legal fees and costs.

(3) Purchaser's executed counterparts of the Transfer Tax Forms and Closing Statement.

(c) Brokerage Commissions. Seller shall pay any brokerage commissions due, if any, as provided in Section 14 below.

Section 11. Apportionments.

The following items shall be prorated as of the Closing and such prorations shall be credited to the appropriate party in determining the amounts payable pursuant to the Purchase Price. Such prorations shall be made on the basis of a 365-day year, as of 12:01 a.m. on the Closing Date (subject in any event to Section 9(a)).

(a) Property Taxes. All real property taxes which are due and payable on or before the Closing shall be paid by Seller on or before the Closing Date and any such amounts so paid which relate to any period following the Closing shall be credited to Seller. All real property taxes for the current year, not yet due and payable shall be prorated as of the Closing (based upon the current year's tax bill, if available, or the previous year's tax bill if the current year's tax bill is not available) and the amount thereof which relates to any period prior to the Closing shall be credited to Purchaser. Any such proration of taxes for the current year shall be subject to adjustment following issuance of final tax bills. This requirement of final adjustment of tax bills shall survive Closing. Seller shall be entitled to retain for its own account any and all refunds (whenever received) of taxes and assessments paid by Seller prior to the Closing (duly prorated as of the Closing Date), including without limitation, any of the same that shall result from pending property tax appeals relating to the Property. The net amount received (or tax adjustment realized) by either party as a result of a tax protest for the tax period comprising the Closing shall be prorated between the parties as of the Closing. The legal fees incurred in connection with such tax protest(s) shall also be prorated between the parties as of the Closing. To the extent any refund for a period prior to Closing is received by Purchaser, such refund shall be promptly paid to Seller. The provisions of this subparagraph 11(a) shall survive Closing.

(b) Assessments. All assessments, special assessments and other like charges actually imposed against the Property, or any part thereof, by reason of roadways, utility lines, streets, alleys or other improvements in existence, under construction or planned and which are due and payable as of the Closing Date shall be prorated to such date. All such assessments, special assessments and other charges affecting the Property and payable after the Closing Date shall be the sole responsibility of Purchaser. All refunds of assessments paid by Seller prior to the Closing Date shall be retained by Seller. To the extent any refund for a period prior to Closing is received by Purchaser, such refund shall be promptly paid to Seller. The provisions of this subparagraph 11(b) shall survive Closing.

(c) Utility Charges. Prepaid water, sewer, and other utility charges allocable to the period from and after the Closing Date (if any) shall be credited to Seller, and accrued and unpaid water, sewer, and other utility charges allocable to the period prior to the Closing Date shall be credited to Purchaser. If any of the foregoing utility charges are subject to a meter, then proration at the Closing shall be based on a final meter reading, subject to adjustment after the Closing. Seller shall arrange for a final meter readings for all utilities thirty (30) days prior to the Closing. Seller will reasonably cooperate with Purchaser in transferring all utility accounts. The provisions of this subparagraph 11(c) shall survive Closing.

The foregoing prorations shall be made as of the Closing Date based on the best information and estimates available to the parties at the time. Such prorations shall be considered final and binding for all purposes absent material mistake of fact. If any of the prorations described in this Section 11 cannot be calculated accurately on the Closing Date, then the same shall be calculated as soon as reasonably possible thereafter and either party owing the other party a sum of money based on such subsequent prorations shall promptly pay said sum to the other party. A final closing adjustment shall be made by Purchaser and Seller within thirty (30) days after the necessary information is available to the parties, and to the extent that any additional payment or repayment is indicated by the final adjustment, the payment or repayment shall be made within thirty (30) days after the final adjustment is made. If a dispute shall arise between Purchaser and Seller regarding the final closing adjustments and the parties are unable to resolve the same, the matter shall be referred to arbitration and the determination of such arbitrator shall be final and binding upon the parties. The fees and expenses shall be borne by the parties equally. If either party owing funds to the other after the Closing Date pursuant to this Section does not remit them within thirty (30) days after demand therefor (which demand shall also include invoices or other appropriate documentation in support thereof), such funds shall thereafter bear interest at a "Default Rate" equal to five percent (5%) above the interest rate as announced from time to time by JPMorgan Chase Bank, at its principal office in New York, New York, as its "prime rate", as the same shall fluctuate from day to day, or, if lesser, the maximum rate permitted by applicable New York law.

Section 12. Default and Remedies.

A. PURCHASER'S DEFAULT. IF (X) PURCHASER DEFAULTS IN THE PAYMENT OF THE PURCHASE PRICE OR (Y) IF PURCHASER SHALL DEFAULT IN THE PERFORMANCE OF ANY OF ITS OTHER OBLIGATIONS TO BE PERFORMED ON OR BEFORE THE CLOSING DATE, AND WITH RESPECT TO ANY DEFAULT UNDER THIS CLAUSE (Y) ONLY, SUCH DEFAULT CONTINUES TO SEVEN (7) DAYS AFTER WRITTEN

NOTICE TO PURCHASER; THEN IN THE EVENT OF ANY DEFAULT UNDER CLAUSE S (X) AND/OR (Y), THE DEPOSIT SHALL BE FORFEITED BY PURCHASER AND RETAINED BY SELLER, SUBJECT TO AND IN ACCORDANCE WITH THE PROVISIONS OF THE ESCROW AGREEMENT, AND BOTH PARTIES SHALL THEREAFTER BE RELEASED FROM ALL FURTHER OBLIGATIONS UNDER THIS AGREEMENT.

PURCHASER AND SELLER ACKNOWLEDGE THAT SELLER'S DAMAGES WOULD BE DIFFICULT OR IMPOSSIBLE TO DETERMINE IN THE EVENT OF PURCHASER'S FAILURE TO PERFORM ITS OBLIGATIONS UNDER THIS AGREEMENT AND THAT THE DEPOSIT IS A REASONABLE ESTIMATE OF SUCH DAMAGES. THE DEPOSIT SHALL, THEREFORE, BE LIQUIDATED DAMAGES TO SELLER AND RETENTION THEREOF SHALL BE SELLER'S SOLE AND EXCLUSIVE REMEDY FOR PURCHASER'S FAILURE TO PERFORM ITS OBLIGATIONS UNDER THIS AGREEMENT IN THE EVENT SELLER ELECTS TO TERMINATE THIS AGREEMENT. SELLER EXPRESSLY WAIVES THE REMEDIES OF SPECIFIC PERFORMANCE AND ADDITIONAL DAMAGES.

B. SELLER'S DEFAULT. IF SELLER IS IN DEFAULT OF OR HAS BREACHED ANY COVENANT CONTAINED IN THIS AGREEMENT, PURCHASER MAY ELECT:

(i) TO TREAT THIS AGREEMENT AS TERMINATED, IN WHICH CASE THE DEPOSIT THEREON SHALL BE RETURNED TO PURCHASER; OR,

(ii) TO TREAT THIS AGREEMENT AS BEING IN FULL FORCE AND EFFECT AND PURCHASER SHALL HAVE THE RIGHT ONLY TO AN ACTION FOR SPECIFIC PERFORMANCE. PURCHASER EXPRESSLY WAIVES THE RIGHT TO DAMAGES OF ANY NATURE.

Section 13. Casualty or Condemnation.

(a) Casualty. The Purchaser shall not have the right to terminate this Agreement prior to the Closing Date or if any part of the Improvement of the Property shall be destroyed or substantially damaged by fire or other casualty. Purchaser shall have no right or claim to any casualty award or insurance settlement.

(b) Condemnation. If prior to the Closing Date, fifteen (15%) percent or more of the Improvements of the Property shall be become the subject of any proceedings, judicial, administrative, or otherwise, with respect to (x) a fifteen (15%) percent or more taking of the Improvements or Property (y) or any taking of the parking lots by eminent domain, condemnation or otherwise, Seller shall promptly notify Purchaser thereof and Purchaser, at its option, may within fifteen (15) days after receipt of such notice elect to (i) terminate this Agreement by giving Seller written notice thereof in which event the parties hereto shall be relieved and released of and from any further duties, obligations, rights, or liabilities hereunder and the Deposit, with accrued interest shall be returned to Purchaser or (ii) or proceed with the purchase of the Property. If the Closing Date is within the aforesaid fifteen (15) day period, then the Closing shall be extended to the next business day following the end of said fifteen (15) day period. If Purchaser elects to proceed with the purchase of the Property, Seller at the Closing shall assign all of its rights, title, and interest in any

award claim that has been or may hereafter be made for any taking or condemnation. If less than fifteen (15%) percent of the Property is subject to taking, this Agreement shall remain in full force and effect and the purchase contemplated herein, less any portion of the Property taken by eminent domain or condemnation, shall be consummated with no further adjustment or modification of the Purchase Price or otherwise and at the Closing Seller shall assign, transfer, and set over to Purchaser all the right, title, and interest of Seller in and to any awards that have been or may thereafter be made for any taking or condemnation.

Section 14. Brokerage Commissions.

Seller hereby represents and warrants to Purchaser that Seller has not incurred, and shall not have incurred as of the Closing Date, any liability for the payment of any brokerage fee, finder's fee, consulting fee or commission in connection with the transaction contemplated in this Agreement, except for the commission due Massey Knakal Realty Services (the "Broker"). Purchaser hereby represents and warrants to Seller that it has not dealt with any broker or any other person except for the Broker in connection with the transactions contemplated in this Agreement. Seller agrees to pay the Broker a commission as per a separate agreement. Seller and Purchaser hereby agree to defend, indemnify and hold harmless the other from and against any and all claims of any other person or entity claiming a brokerage fee or commission (other than the Broker) through such party. The provisions of this Section 14 shall survive Closing.

Section 15. OFAC. Purchaser represents and warrants to Seller that neither Purchaser nor any affiliate or representative of Purchaser, nor any Person directly or indirectly holding any legal or beneficial interest whatsoever in Purchaser (collectively, "Parties") is, or at anytime during the term of this Agreement shall be: (i) a Person with whom a United States Person or financial institution established under the laws of the United States is prohibited from transacting business of the type contemplated by this Agreement, whether such prohibition arises under U.S. law, regulation, executive order (including without limitation, executive orders and lists published by the United States Office of Foreign Asset Control with respect to "Specially Designated Nationals and Blocked Person") or otherwise, (ii) included in, owned by, controlled by, acting for or on behalf of, providing assistance, support, sponsorship, or services of any kind to, or otherwise associated with any of the persons or entities referred to or described in Executive Order 13224 – Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism, as amended, (iii) in violation of any provisions of the USA Patriot act, Pub. L. No. 107-56. For purposes of this paragraph "Person" means any individual, partnership, corporation, limited liability company, trust or other entity, and "United States Person" means a person that is a citizen or resident of the United States, a corporation, partnership, limited liability company, or other entity created or organized in or under the laws of the United States or any political subdivision thereof, or an estate or trust the income of which is subject to United States federal income taxation regardless of its source. Purchaser covenants and agrees to deliver to Seller any certification or other evidence requested from time to time by Seller, in its sole discretion, confirming Purchaser's compliance with the provisions of this Section 15.

Section 16. Miscellaneous.

(a) Entire Agreement. This Agreement supersedes all prior discussions, agreements and

understandings between Seller and Purchaser and constitutes the entire agreement between Seller and Purchaser with respect to the transaction herein contemplated. This Agreement may be amended or modified only by a written instrument executed by Seller and Purchaser.

(b) Waiver. Each party hereto may waive any breach by the other party of any of the provisions contained in this Agreement or any default by such other party in the observance or performance of any covenant or condition required to be observed or performed by it contained herein; PROVIDED, ALWAYS, that such waiver or waivers shall be in writing, shall not be construed as a continuing waiver, and shall not extend to or be taken in any manner whatsoever to affect any subsequent breach, act or omission or default or affect each party's rights resulting therefrom. No waiver will be implied from any delay or failure by either party to take action on account of any default by the other party. No extension of time for performance of any obligations or acts shall be deemed an extension of the time for performance of any other obligations or acts.

(c) Further Assurances. Each party hereto shall do such further acts and execute and deliver such further agreements and assurances as the other party may reasonably require to give full effect and meaning to this Agreement.

(d) Notices. All notices and demands given or required to be given by any party hereto to any other party ("Notices") shall be in writing and shall be delivered in person or sent by telecopy with electronic confirmation of receipt thereof and with concurrent mailing by U.S. Postal Service delivery, or by a reputable overnight carrier that provides a receipt, such as Federal Express or UPS, or by registered or certified U.S. mail, postage prepaid, addressed as follows (or sent to such other address as any party shall specify to the other party pursuant to the provisions of this Section):

TO SELLER:

National Grid
40 Sylvan Road
Waltham, Massachusetts 02451
Attention: Shannon Larson
Director, Real Estate
Facsimile: (781) 907-5703

With a contemporaneous copy to:

Cullen and Dykman LLP
44 Wall Street
New York, New York 10005
Attention: Paul A. Michels, Esq.
Facsimile: (212) 742-8260

TO PURCHASER:

809 Neptune Ave LLC
c/o Storage Deluxe
26 West 17th Street, Suite 801
New York, New York 10011
Attention: Steve Novenstein
Facsimile: (212)

With a contemporaneous copy to:

Cohen & Perfetto LLP
44 Madison Avenue, 5th Floor
New York, New York 10022
Attention: Louis Perfetto, Esq.
Facsimile: (212) 813-0767

All Notices delivered in the manner provided herein shall be deemed given upon actual receipt (or attempted delivery if delivery is refused). Any notice or other communication under this Agreement may be given on behalf of a party by an attorney for such party.

(e) Successors and Assigns. This Agreement shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors, heirs, administrators and assigns, provided, however, that Purchaser may not assign this Agreement without the written consent of Seller.

(f) Governing Law and Venue. This Agreement shall be governed by and construed in accordance with the laws of the State of New York in which the Property is located and the venue of any legal action filed in connection herewith shall be in the County in which the Property is located.

(g) No Third Parties Benefitted. The parties do not intend to confer any benefit on any person, firm, or corporation other than the parties to this Agreement, except as and to the extent otherwise expressly provided herein.

(h) Legal Fees. In the event either party hereto fails to perform any of its obligations under this Agreement or in the event a dispute arises concerning the meaning or interpretation of any provision of this Agreement, the party not prevailing in such dispute shall pay any and all costs and expenses incurred by the other party in enforcing or establishing its rights hereunder, including, without limitation, court costs and reasonable legal fees.

(i) Construction. The section titles or captions in this Agreement are for convenience only and shall not be deemed to be part of this Agreement. All pronouns and any variations of pronouns shall be deemed to refer to the masculine, feminine, or neuter, singular or plural, as the identity of the parties may require. Whenever the terms referred to herein are singular, the same shall be deemed to mean the plural, as the context indicates, and vice versa. This Agreement shall not be construed as if it had been prepared only by Purchaser or Seller but rather as if both Purchaser

and Seller had prepared the same. If any term, covenant, condition, or provision of this Agreement or the application thereof to any person or circumstance shall, at any time or to any extent, be invalid or unenforceable, the remainder of this Agreement, or the application of such term or provision to persons or circumstances other than those to which it is held invalid or unenforceable, shall not be affected thereby, and each provision of this Agreement shall be valid and shall be enforced to the fullest extent permitted by law.

(j) No Recording. Purchaser covenants and agrees not to record this Agreement or any memorandum of this Agreement and agrees that any such recording by Purchaser shall be deemed a material default hereunder.

(k) No Assignment. This Agreement may not be assigned in whole or in part by Purchaser without the prior written consent of Seller.

(l) Confidentiality and Indemnification. Purchaser covenants and agrees that, except as required by law: (i) all written information provided to it by Seller in connection with the Property or resulting from Purchaser's inspections of the Property and review of relevant materials will be held in strict confidence (except to the extent said materials are generally available to the general public or, to the extent required to be disclosed by law or a court of competent jurisdiction) by it, its attorneys, accountants, consultants, lenders, business associates (including potential equity partners), agents and employees, (ii) upon Seller's written request, Purchaser will return all such written information to Seller in the event the transaction contemplated by this Agreement is not consummated, (iii) Seller has made no representation or warranty regarding the accuracy or completeness of the materials provided to Purchaser except as specifically set forth in Section 6 of this Agreement and Purchaser, and (iv) Purchaser has conducted and completed Purchaser's own due diligence inquiry with respect to the Property. Purchaser further agrees to indemnify and hold Seller harmless from and against any and all claims or damages, including reasonable attorneys' fees, resulting from Purchaser's breach of the covenant contained herein and/or from its or its agents' entrance onto the Property. The indemnification contained herein shall, without limitation, survive the termination of this Agreement. Purchaser acknowledges that if this provision is breached, Seller could not be made whole by monetary damages alone. Accordingly, the Seller, in addition to any other remedy to which it may be entitled to by law or in equity, shall be entitled to injunctive relief. No remedy or election shall be deemed exclusive but, whenever possible, shall be cumulative with all remedies available at law or in equity.

(m) Consents and Approvals. Both Seller and Purchaser represent and warrant to the other that each have obtained all requisite consents and approvals, whether required by internal operating procedures or otherwise, for entering into this Agreement and closing the transaction contemplated hereby, except for the PSC Approval and Subdivision Approval (or the Reserved Easement) as more specifically set forth in Section 3(c) and 3(d) hereinabove.

(n) No Other Agreements. After the Effective Date and until the earlier of the termination of this Agreement (in accordance with the provision contained herein) or the Closing Date, Seller shall not enter into any written agreement with any other person or entity for the sale of the Property and Seller shall not actively market the Property for sale or lease.

(o) Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be an original, but all of which shall constitute one and the same instrument.

(p) Jury Trial Waiver. **Purchaser and Seller each waive any and all rights it may have to a trial by jury in any action with respect to this Agreement or the transactions contemplated hereby.**

(q) Exhibits. All of the Exhibits referenced in this Agreement are attached hereto and incorporated as part of this Agreement and shall have the same meaning as if they were incorporated fully within the text of this Agreement.

(r) No Liability. Notwithstanding anything to the contrary set forth in this Agreement, the Closing Documents or any other documents contemplated by this transaction (collectively, the "Transaction Documents"), in the event Seller is in default of or has breached any covenant contained in the Transaction Documents, Purchaser will seek redress, if any, solely from Seller's interest in the Property, including the proceeds of the sale thereof. None of Seller's directors, officers, employees or any of their successors and assigns shall be liable for Seller's default or breach of any representation, warranty or covenant contained in the Transaction Documents and no other property or assets of Seller, its shareholders, directors, officers, employees or any of their successors and assigns shall be subject to levy, execution or other enforcement procedure for the satisfaction of any claim under the Transaction Documents, whether arising by contract, tort, or otherwise. Purchaser's principals shall have no personal or individual liability under the terms of this Agreement.

(s) Tax Free Exchange. Purchaser shall have the right to effectuate a tax free exchange pursuant to IRC Section 1031, and Purchaser also acknowledges that Seller shall likewise have the right to utilize the Property in a tax free exchange. In connection therewith, the parties shall cooperate with the reasonable requests of one another to effectuate the same, provided the same do not subject the cooperating party to any liability, delay or other cost (except to the extent the requesting party agrees to pay, and does in fact pay, such cost). EACH PARTY ACKNOWLEDGES THAT THE OTHER HAS MADE NO REPRESENTATIONS OR WARRANTIES CONCERNING THE MANNER OF OR THE VALIDITY OF SUCH EXCHANGE AND SHALL HAVE ABSOLUTELY NO LIABILITY FOR THE VALIDITY OR EFFECT THEREOF FOR TAX PURPOSES.

(t) Execution. This Agreement shall not be binding or effective unless and until it has been duly executed and delivered by Seller and Purchaser.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the date first above written.

THE BROOKLYN UNION GAS COMPANY

By: Shannon Larson
Shannon M. Larson
Authorized Signatory

809 NEPTUNE AVE LLC

By: _____
Name:
Title:

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the date first above written.

THE BROOKLYN UNION GAS COMPANY

By: _____
Shannon M. Larson
Authorized Signatory

809 NEPTUNE AVE LLC

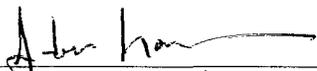
By:  _____
Name: Steve Novoskein
Title: Authorized Signatory

EXHIBIT A

The following metes and bounds description is subject to the terms and provisions of Section 3d of the Purchase and Sale Agreement and the Subdivision Survey attached as Exhibit D.

BLANKET DESCRIPTION

ALL THAT CERTAIN plot, piece or parcel of land, with the buildings and improvements thereon erected, situate, lying and being in the Borough of Brooklyn, County of Kings and City and State of New York, bounded and described as follows:

BEGINNING at a point formed by the northerly line of Neptune Avenue as widened with the westerly line of Shell Road;

RUNNING THENCE south 81 degrees 45 minutes 13 seconds West, a distance of 561.87 feet along the northerly line of Neptune Avenue to a point; THENCE

north 08 degrees 14 minutes 47 seconds West, a distance of 80.63 feet to a point in the face of a wooden bulkhead; THENCE

north 80 degrees 43 minutes 32 seconds East, a distance of 2.40 feet along the face of the bulkhead to a point in the corner of the bulkhead; THENCE

south 08 degrees 57 minutes 08 seconds East, a distance of 20.33 feet along the face of the bulkhead to a point in the mean high water line of Coney Island Creek; THENCE

along the mean high water line the following 21 courses:

1. north 87 degrees 46 minutes 13 seconds East, a distance of 15.67 feet to a point; THENCE
2. north 76 degrees 47 minutes 00 seconds East, 21.00 feet to a point; THENCE
3. north 63 degrees 54 minutes 35 seconds East, 15.96 feet to a point; THENCE
4. north 32 degrees 41 minutes 26 seconds East, 14.71 feet to a point; THENCE
5. north 77 degrees 54 minutes 24 seconds East, 22.85 feet to a point; THENCE
6. north 75 degrees 00 minutes 33 seconds East, 57.10 feet to a point; THENCE
7. north 66 degrees 42 minutes 40 seconds East, 47.12 feet to a point; THENCE
8. north 23 degrees 33 minutes 55 seconds East, 10.43 feet to a point; THENCE
9. north 03 degrees 31 minutes 25 seconds West, 63.85 feet to a point; THENCE
10. north 47 degrees 35 minutes 49 seconds East 9.27 feet to a point; THENCE

-
11. north 74 degrees 22 minutes 01 seconds East 6.37 feet to a point; THENCE
 12. south 60 degrees 06 minutes 06 seconds East 20.65 feet to a point; THENCE
 13. north 83 degrees 28 minutes 02 seconds East, 27.11 feet to a point; THENCE
 14. north 46 degrees 56 minutes 10 seconds East, 54.39 feet to a point; THENCE
 15. north 32 degrees 48 minutes 35 seconds East, 65.19 feet to a point; THENCE
 16. north 45 degrees 35 minutes 25 seconds East, 87.87 feet to a point; THENCE
 17. north 41 degrees 14 minutes 22 seconds East, 55.26 feet to a point; THENCE
 18. north 38 degrees 51 minutes 02 seconds East, 49.39 feet to a point; THENCE
 19. north 63 degrees 26 minutes 57 seconds East, 15.63 feet to a point; THENCE
 20. north 83 degrees 15 minutes 02 seconds East, 28.16 feet to a point; THENCE
 21. north 48 degrees 14 minutes 20 seconds East, 137.36 feet to a point; THENCE
- south 33 degrees 16 minutes 10 seconds East, 29.06 feet to a point in the westerly line of Shell Road;
THENCE
- south 03 degrees 45 minutes 13 seconds West, 412.26 feet along the westerly line of Shell Road to a
point; THENCE
- south 42 degrees 45 minutes 13 seconds West, 31.09 feet to the point or place of BEGINNING.

For Information Only: Said premises are known as 809-873 Neptune Avenue, Brooklyn, NY and designated as Block 7247 Lots 105, 113, 114 & 320 as shown on the Tax Map of the City of New York, County of Kings.

EXHIBIT B

PERMITTED EXCEPTIONS

- (1) Subdivision Approval or the Reserved Easement.
- (2) Right of Way Easement in Liber 3, Sec. 21, Cp 304 and Liber 3, Section 21, Cp 307.
- (3) Covenants and Restrictions recorded in Liber 1698 Cp. 22.
- (4) No title is conveyed to any land now or formerly lying in the bed of Coney Island Creek, its arms, branches, or tributaries by whatever name called.
- (5) Riparian Rights and Easements of others to and over Coney Island Creek.
- (6) No title is insured below the high water line of Coney Island Creek, as same now exists or formerly existed.
- (7) No title is insured to any land lying beyond the bulkhead line.
- (8) Rights of the People of the State of New York and the City of New York in those portions of premises now or formerly under the waters of Coney Island Creek.
- (9) Notice of Order, dated August 20, 2007 and recorded on March 18, 2008 in CRFN 2008000109207.
- (10) All matters shown on Seller's Survey.
- (11) All reservations, if any, set forth in the record copies of the deeds pursuant to which Seller acquired title to the Property.

EXHIBIT C

FORM OF ESCROW AGREEMENT

September 19, 2012

Cullen and Dykman LLP
44 Wall Street
New York, New York 10005

Gentlemen:

Pursuant to a Purchase and Sale Agreement, dated the date hereof (the "Contract"), between THE BROOKLYN UNION GAS COMPANY (the "Seller") and 809 NEPTUNE AVE LLC (the "Purchaser") with respect to the sale of certain property in Coney Island, County of Kings, State of New York (the "Property"), we request you to act as escrow agent ("Escrowee") to hold in escrow in a non-interest bearing and insured money market account with TD Bank, N.A. the deposit made under the Contract by Purchaser in the sum of \$500,000.00, (the "Deposit"), on the following terms and conditions:

1. Escrowee shall deliver the Deposit together with any interest thereon, or so much as the recipient shall be entitled to under the Contract, to Seller or to Purchaser, as the case may be, in accordance with the following:

(a) To the Seller upon the closing contemplated by the Contract; or

(b) Subject to Paragraphs 2 and 3 hereof, to the Seller, upon receipt of written demand therefor signed by Seller, stating that Purchaser has defaulted in performance of its obligations under the Contract, that Seller is entitled to such payment under the Contract; or

(c) Subject to Paragraphs 2 and 3 hereof, to Purchaser, upon receipt of written demand therefore signed by Purchaser, stating that Seller has defaulted in the performance of its obligations under the Contract and that Purchaser is entitled under the Contract to the return of the Deposit; or

(d) To the Purchaser in the event either party terminates the Contract in accordance with Section 3(c) thereof.

2. Upon receipt of a demand for the Deposit made by Seller or Purchaser pursuant to subparagraph 1(b) through 1(d), inclusive, Escrowee shall promptly give notice to the other party of such demand. If Escrowee does not receive an objection from the other party to the proposed payment within 10 days after the giving of such notice, Escrowee is hereby authorized to make such payment. If Escrowee receives an objection from the other party to the proposed payment within such period, Escrowee shall send a copy thereof to the party who made the demand.

3. If conflicting demands are made by the parties in connection with this Agreement or if

Escrowee, in good faith, is in doubt as to the action it should take, Escrowee, acting solely as a stakeholder, shall have the right to commence an interpleader action in the Supreme Court for Kings County and/or to take no further action except in accordance with joint instructions from Seller and Purchaser or in accordance with the final judgment of the court in such action or the final judgment of a court of competent jurisdiction entered in a proceeding in which Seller and Purchaser are named as parties, directing the disbursement of the Deposit. In addition, if Escrowee shall receive a notice from either Seller or Purchaser to the effect that litigation between Seller and Purchaser over entitlement to the Deposit has been commenced, Escrowee shall, on notice to Seller and Purchaser, deposit the Deposit and the interest, if any, earned thereon with the Clerk of the Court in which such litigation is pending.

4. (a) Escrowee shall be under no obligation to take any action in respect of the Deposit or pursuant to this Agreement which, in its opinion, shall be likely to involve it in any expense or liability, unless and until Escrowee shall be furnished with an indemnity satisfactory to it against such liability and expense in connection with the taking of such action.

(b) Escrowee shall be entitled to rely, for all purposes of this Agreement upon any notice, demand or other communication given to it pursuant to this Agreement with respect to the matters stated therein, and each such notice, demand, or communication shall be full authority to Escrowee for any action taken, suffered, or omitted in reliance thereon. Escrowee is not responsible or liable in any manner for the sufficiency, correctness, genuineness or validity of any writing delivered to it in accordance with this Agreement and may assume that any person signing such writing is authorized to do so.

(c) Escrowee shall not be held liable by reason of its inability to make any required disbursement from the Deposit because of any insufficiency of the Deposit resulting from any loss on the account in which the Deposit is held pursuant to this Agreement.

(d) Escrowee shall not be answerable or accountable except for its bad faith, willful misconduct, or negligence and Escrowee shall not be liable for any error of judgment made by it in good faith.

(e) Escrowee shall charge no fee for its services under this Agreement.

(f) Escrowee in entering into this Agreement assumes no obligations under or with respect to the Contract and is not bound by any of the terms thereof.

(g) Escrowee may act or refrain from acting in respect of any matter referred to in this Agreement in full reliance upon and with the advice of counsel selected by it (including any member of its firm) and shall be fully protected in so acting or refraining from acting upon the advice of such counsel, except in the case of subparagraph (d) above.

5. Escrowee or any member of its firm shall be permitted to act as counsel for Seller in any dispute as to the disbursement of the Deposit or any other dispute between the parties.

6. This Escrow Agreement shall create no right in any person or entity other than the

parties hereto and their respective successors and permitted assigns, and no third party shall have the right to enforce or benefit from the terms hereof.

7. Except for claims under Section 4(d) hereof, Seller and Purchaser shall jointly and severally indemnify and hold harmless Escrowee from any damage, cost, liability or expense (including without limitation reasonable attorneys' fees and disbursements either paid to retained attorneys or representing the fair value of legal services rendered by Escrowee) which Escrowee may incur by acting hereunder, without prejudice to any right either party may have against the other party for any such damage, cost, liability or expense.

8. All notices, demands, requests and other communications required to be given or which may be given hereunder shall be in writing and shall be given in accordance with the provisions of the Contract.

9. This Agreement constitutes the entire agreement with respect to the terms and conditions of this escrow, and no modification of this Agreement shall be binding unless in writing and signed by the party to be charged.

10. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns, except that the within escrow shall not inure to the benefit of any of the assigns of Purchaser or Seller unless and until Escrowee shall have received a duly executed assignment and assumption (in form satisfactory to Escrowee) of all of the assignor's obligations hereunder.

[SIGNATURE PAGE FOLLOWS]

Very truly yours,

THE BROOKLYN UNION GAS COMPANY

By: _____

Name:

Title:

809 NEPTUNE AVE LLC

By: _____

Name:

Title:

AGREED TO

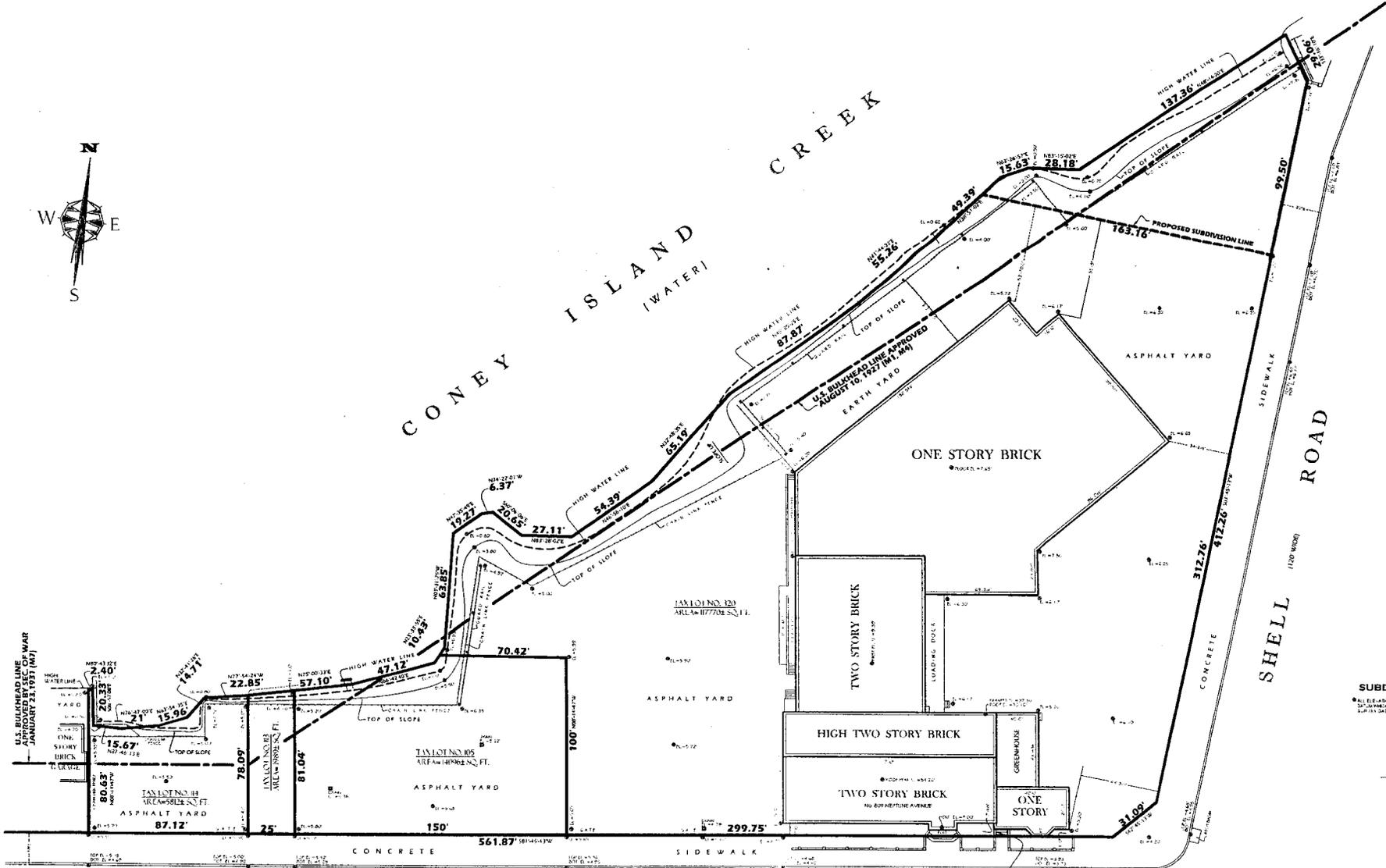
Cullen and Dykman LLP
Escrowee

EXHIBIT D

SUBDIVISION SURVEY



CONEY ISLAND CREEK
(WATER)



SUBDIVISION SURVEY
ALL ELEVATIONS REFER TO B.F.M. MEANS OF THE
U.S. BUREAU OF GEODESY
SURVEYED
28.5.2012

UNAUTHORIZED ALTERATIONS OR ADDITIONS TO THIS SURVEY IS A VIOLATION OF SECTION 2209 OF THE NEW YORK STATE EDUCATION LAW. COPIES OF THIS SURVEY WHICH ARE NOT BEARING THE LAND SURVEYOR'S SEAL OR SIGNATURE SHALL NOT BE CONSIDERED TO BE A VALID TRUE COPY. THIS SURVEY IS NOT TO BE USED FOR ANY PURPOSES OTHER THAN THAT FOR WHICH IT WAS DESIGNED. THE TITLE COMPANY, GOVERNMENTAL AGENCIES AND FINANCIAL INSTITUTIONS WHICH RELY ON THIS SURVEY SHALL BE SOLELY RESPONSIBLE FOR THE ACCURACY OF THE INFORMATION CONTAINED HEREIN. THE SURVEYOR AND HIS EMPLOYERS SHALL NOT BE RESPONSIBLE FOR ANY SUCH RELIANCE OR FOR ANY DAMAGES OR LOSSES OF ANY KIND. THE SURVEYOR'S LIABILITY IS LIMITED TO THE PROFESSIONAL SERVICES RENDERED BY HIM OR HER.
BLOCK: 7847
LOTS: 320.105.113.114
SECTION: 1
COUNTY: KINGS
DWG BY: P.A.
CHK'D BY:

SCALE: 1"=25'

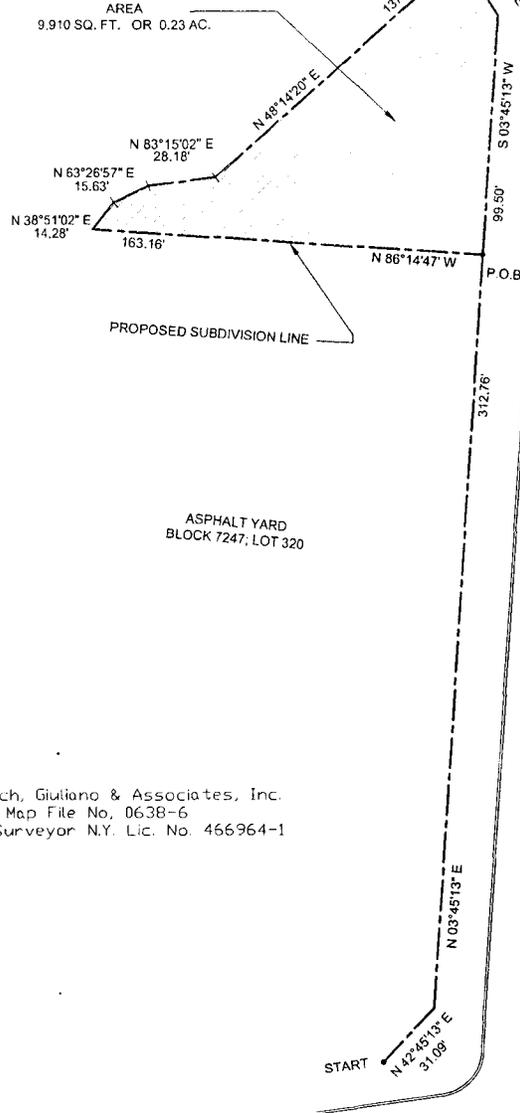
NEPTUNE AVENUE (120' WIDE)

ELEVATION BENCHMARK No. 3040 @ EL. +7.476'. LOCATED AS A CUT ON WEST SIDE TOP STEP ENT. TO BUG CO. BUILDING ENTRANCE 20 FEET EAST OF MAIN BUILDING. DOCUMENTED AT THE NEW YORK CITY TOPOGRAPHICAL BUREAU OF KINGS COUNTY

VINCENT J. DICICCE is by
BORO LAND SURVEYING, P.C.
353 COURT STREET
BROOKLYN, N.Y. 11231
TEL.: (718) 624-6070 (cell)

nationalgrid

ISLAND CREEK
(WATER)



ROAD

SHELL

NEPTUNE AVE

Note: Reference Dwg Lynch, Giuliano & Associates, Inc.
Survey of Property Map File No. 0638-6
Professional Land Surveyor N.Y. Lic. No. 466964-1

NOTES :

- 1) Unauthorized alteration or addition to a survey map bearing a licensed land surveyors seal is a violation of section 7209 , sub-division 2 of the N.Y. STATE Education Law and is illegal .
- 2) Only copies from the original of this survey marked with an original of the land surveyor's embossed seal or purple seal shall be valid copies .
- 3) Certifications indicated hereon signify that this survey was prepared in accordance with the existing Code of Practice for Land Surveys adopted by the N.Y. State Association of Professional Land Surveyors . Said certifications shall run only to the person for whom the survey is prepared , and on behalf to the Title company, governmental agency and lending institution listed hereon and to the assignees of the lending institution . Certifications are not transferable to additional institutions or subsequent owners .
- 4) Underground improvements or encroachments , if any , are not shown hereon .

PREPARED BY
NATIONAL GRID ENGINEERING & SURVEY , INC.
SURVEY DIVISION

Proposed Subdivision Line
City of New York
Borough of Brooklyn, Kings County, New York
Block 7247; Lot 320

Date: 8/21/2012 Scale: 1" = 50'

ROY D. HUNT N.Y.S. LIC.#050220
SYSTEM SURVEYOR

DISC FILE #	JOB No. AU1215	QUAD No. NONE	DWG. FILE No. AV/F/2012
-------------	-------------------	------------------	----------------------------

**Proposed Subdivision Line
Block 7247; Lot 320
Borough of Brooklyn, Kings County, New York**

Beginning at the northwesterly corner of the herein described easement, said true point or place of beginning being more fully described and located as follows;

Beginning at the northwesterly corner of the Asphalt Yard property Lot 320, thence running North 42°45'13" East 31.09 feet to a point; Thence running North 03°45'13" East 312.76 feet to the true place and point of beginning;

Thence running the following SEVEN (7) bearings and distances:

- 1. North 86° 14'47" West 163.16 feet to a point;**
- 2. North 38° 51'02" East 14.28 feet to a point;**
- 3. North 63° 26'57" East 15.63 feet to a point;**
- 4. North 83° 15'02" East 28.18 feet to a point;**
- 5. North 48° 14'20" East 137.36 feet to a point;**
- 6. South 33° 16'10" East 29.06 feet to a point;**
- 7. South 03° 45'13" West 99.50 feet to the true point or place of beginning.**

Containing within said bounds 9,910 Sq. Ft. more or less.

**Legal Description was
Established from Survey by:
Reference Map: Lynch, Gluliano & Assoc.
Map File: 0638-6 professional Surveyor NY.
Lic. No. 466964-1
Dated: Aug 21, 2012**

**Bearings, Distances and Area
of Easement were computed
by NationalGrid System Surveyor
Roy D. Hunt L.S. #050220**

CORPORATE ID # _____

EXHIBIT E

CERTIFICATE OF NON-FOREIGN STATUS

Section 1445 of the Internal Revenue Code provides that a transferee of a U.S. real property interest must withhold tax if the transferor is a "foreign person." To inform the transferee that withholding of such tax is not required upon the disposition of a U.S. real property interest by THE BROOKLYN UNION GAS COMPANY (the "Transferor"), the undersigned hereby certifies the following on behalf of the Transferor:

- (1) The Transferor is not a foreign corporation, foreign partnership, foreign trust, or foreign estate (as those terms are defined in the Internal Revenue Code and Income Tax Regulations);
- (2) The Transferor's U.S. employer identification number is _____; and
- (3) The Transferor's office address is 175 East Old Country Road, Hicksville, New York 11801.

Transferor understands that this certification may be disclosed to the Internal Revenue Service by the Transferee and that any false statement contained herein could be punished by fine, imprisonment, or both.

Under penalties of perjury, the Transferor declares that it has examined this certification and to the best of its knowledge and belief, it is true, correct, and complete, and the undersigned further declare that he/she has authority to sign this document on behalf of Transferor.

Dated: _____, 2012

TRANSFEROR:

THE BROOKLYN UNION GAS COMPANY

By: _____

Name:

Title:

EXHIBIT F

DEED OF CONVEYANCE

THIS INDENTURE, made the ____ day of _____, 2012

BETWEEN

THE BROOKLYN UNION GAS COMPANY, a New York corporation, having a place of business at One MetroTech Center, Brooklyn, New York 11201

party of the first part, and

809 NEPTUNE AVE LLC, a limited liability company, having a place of business at c/o Storage Deluxe, 26 West 17th Street, New York, New York 10011.

party of the second part,

WITNESSETH, that the party of the first part, in consideration of ten dollars and other valuable consideration paid by the party of the second part, does hereby grant and release unto the party of the second part, the successors and assigns of the party of the second part forever,

ALL those certain plots, pieces or parcels of land, including the buildings and improvements thereon erected, situate, lying and being in the County of Kings, State of New York and more particularly described on Schedule A attached hereto and made a part hereof (said "premises").

TOGETHER with all right, title and interest, if any, of the party of the first part in and to any streets and roads abutting the above described premises to the center lines thereof; TOGETHER with the appurtenances and all the estate and rights of the party of the first part in and to said premises, TO HAVE AND TO HOLD the premises herein granted unto the party of the second part, the successors and assigns of the party of the second part forever.

AND the party of the first part, in compliance with Section 13 of the Lien Law, covenants that the party of the first part will receive the consideration for this conveyance and will hold the right to receive such consideration as a trust fund to be applied first for the purpose of paying the cost of the improvement and will apply the same first to the payment of the cost of the improvement before using any part of the total of the same for any other purpose. The word "party" shall be construed as if it read "parties" whenever the sense of this indenture so requires.

The party of the second part, by its acceptance of this deed of conveyance for itself, its successors and assigns hereby covenants and agrees that the premises shall not be developed or used for any purpose other than commercial and/or industrial use. In no event can the premises be developed or otherwise be used or occupied for any type or form of residential use or occupancy, including but not limited to, single or multi-family residences, condominiums, townhouses, hotels, motels and any other type of use normally associated with living facilities for one or more persons, which includes provisions for eating, sleeping and sanitation. Said restrictive covenant to run with the land and shall bind the party of the second part, its successors, and/or assigns and shall be enforceable by the party

of the first part, its successors, and assigns (the "Benefited Party"). Any violation of the aforesaid covenants shall entitle the Benefited Party to an injunction in any court of competent jurisdiction in the State of New York enforcing said covenant.

[IF SUBDIVISION APPROVAL IS NOT REC'D]

Excepting and reserving for the benefit of the party of the first part, its successors and assigns, an exclusive and permanent right of way and surface and subsurface easement on, over and below that portion of the premises described on Schedule B attached hereto and made a part hereof (the "Easement Area") to install, maintain, repair, service and replace (i) the party of the first part's gas heater and other related and appurtenant equipment and improvements (collectively, the "Gas Heater") and (ii) those certain underground gas and electrical lines and other utility lines running from Neptune Avenue to the Easement Area. The foregoing exclusive right of way and easement on, over and below the Easement Area shall also include the right of the party of the first part, its successors and assigns to solely enter upon the Easement Area to maintain, repair, service and replace the Gas Heater and the aforesaid gas and electrical and utility lines. Said easement to run with the land.

This conveyance is made in the ordinary course of business and does not constitute all of the assets of the party of the first part.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the party of the first part has duly executed this deed the day and year first above written.

THE BROOKLYN UNION GAS COMPANY

By: _____
Name:
Title:

STATE OF NEW YORK)
)ss.:
COUNTY OF _____)

On the ___ day of _____ in the year 2012 before me, the undersigned, a notary public in and for said State, personally appeared, _____ personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

Notary Public

Deed of Conveyance

THE BROOKLYN UNION GAS COMPANY

TO

809 NEPTUNE AVE LLC

BLOCK: 7247

LOTS: 105, 113, 114 and p/o 320

COUNTY: Kings

RECORD AND RETURN TO:

Cohen & Perfetto LLP
44 Madison Avenue, 5th Floor
New York, New York 10022
Attention: Louis Perfetto, Esq.

ESCROW AGREEMENT

September 19, 2012

Cullen and Dykman LLP
44 Wall Street
New York, New York 10005

Gentlemen:

Pursuant to a Purchase and Sale Agreement, dated the date hereof (the "Contract"), between THE BROOKLYN UNION GAS COMPANY (the "Seller") and 809 NEPTUNE AVE LLC (the "Purchaser") with respect to the sale of certain property in Coney Island, County of Kings, State of New York (the "Property"), we request you to act as escrow agent ("Escrowee") to hold in escrow in a non-interest bearing and insured money market account with TD Bank, N.A. the deposit made under the Contract by Purchaser in the sum of \$500,000.00, (the "Deposit"), on the following terms and conditions:

1. Escrowee shall deliver the Deposit together with any interest thereon, or so much as the recipient shall be entitled to under the Contract, to Seller or to Purchaser, as the case may be, in accordance with the following:

(a) To the Seller upon the closing contemplated by the Contract; or

(b) Subject to Paragraphs 2 and 3 hereof, to the Seller, upon receipt of written demand therefor signed by Seller, stating that Purchaser has defaulted in performance of its obligations under the Contract, that Seller is entitled to such payment under the Contract; or

(c) Subject to Paragraphs 2 and 3 hereof, to Purchaser, upon receipt of written demand therefore signed by Purchaser, stating that Seller has defaulted in the performance of its obligations under the Contract and that Purchaser is entitled under the Contract to the return of the Deposit; or

(d) To the Purchaser in the event either party terminates the Contract in accordance with Section 3(c) thereof.

2. Upon receipt of a demand for the Deposit made by Seller or Purchaser pursuant to subparagraph 1(b) through 1(d), inclusive, Escrowee shall promptly give notice to the other party of such demand. If Escrowee does not receive an objection from the other party to the proposed payment within 10 days after the giving of such notice, Escrowee is hereby authorized to make such payment. If Escrowee receives an objection from the other party to the proposed payment within such period, Escrowee shall send a copy thereof to the party who made the demand.

3. If conflicting demands are made by the parties in connection with this Agreement or if Escrowee, in good faith, is in doubt as to the action it should take, Escrowee, acting solely as a stakeholder, shall have the right to commence an interpleader action in the Supreme Court

for Kings County and/or to take no further action except in accordance with joint instructions from Seller and Purchaser or in accordance with the final judgment of the court in such action or the final judgment of a court of competent jurisdiction entered in a proceeding in which Seller and Purchaser are named as parties, directing the disbursement of the Deposit. In addition, if Escrowee shall receive a notice from either Seller or Purchaser to the effect that litigation between Seller and Purchaser over entitlement to the Deposit has been commenced, Escrowee shall, on notice to Seller and Purchaser, deposit the Deposit and the interest, if any, earned thereon with the Clerk of the Court in which such litigation is pending.

4. (a) Escrowee shall be under no obligation to take any action in respect of the Deposit or pursuant to this Agreement which, in its opinion, shall be likely to involve it in any expense or liability, unless and until Escrowee shall be furnished with an indemnity satisfactory to it against such liability and expense in connection with the taking of such action.

(b) Escrowee shall be entitled to rely, for all purposes of this Agreement upon any notice, demand or other communication given to it pursuant to this Agreement with respect to the matters stated therein, and each such notice, demand, or communication shall be full authority to Escrowee for any action taken, suffered, or omitted in reliance thereon. Escrowee is not responsible or liable in any manner for the sufficiency, correctness, genuineness or validity of any writing delivered to it in accordance with this Agreement and may assume that any person signing such writing is authorized to do so.

(c) Escrowee shall not be held liable by reason of its inability to make any required disbursement from the Deposit because of any insufficiency of the Deposit resulting from any loss on the account in which the Deposit is held pursuant to this Agreement.

(d) Escrowee shall not be answerable or accountable except for its bad faith, willful misconduct, or negligence and Escrowee shall not be liable for any error of judgment made by it in good faith.

(e) Escrowee shall charge no fee for its services under this Agreement.

(f) Escrowee in entering into this Agreement assumes no obligations under or with respect to the Contract and is not bound by any of the terms thereof.

(g) Escrowee may act or refrain from acting in respect of any matter referred to in this Agreement in full reliance upon and with the advice of counsel selected by it (including any member of its firm) and shall be fully protected in so acting or refraining from acting upon the advice of such counsel, except in the case of subparagraph (d) above.

5. Escrowee or any member of its firm shall be permitted to act as counsel for Seller in any dispute as to the disbursement of the Deposit or any other dispute between the parties.

6. This Escrow Agreement shall create no right in any person or entity other than the parties hereto and their respective successors and permitted assigns, and no third party shall have the right to enforce or benefit from the terms hereof.

7. Except for claims under Section 4(d) hereof, Seller and Purchaser shall jointly and severally indemnify and hold harmless Escrowee from any damage, cost, liability or expense (including without limitation reasonable attorneys' fees and disbursements either paid to retained attorneys or representing the fair value of legal services rendered by Escrowee) which Escrowee may incur by acting hereunder, without prejudice to any right either party may have against the other party for any such damage, cost, liability or expense.

8. All notices, demands, requests and other communications required to be given or which may be given hereunder shall be in writing and shall be given in accordance with the provisions of the Contract.

9. This Agreement constitutes the entire agreement with respect to the terms and conditions of this escrow, and no modification of this Agreement shall be binding unless in writing and signed by the party to be charged.

10. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns, except that the within escrow shall not inure to the benefit of any of the assigns of Purchaser or Seller unless and until Escrowee shall have received a duly executed assignment and assumption (in form satisfactory to Escrowee) of all of the assignor's obligations hereunder.

[SIGNATURE PAGE FOLLOWS]

Very truly yours,

THE BROOKLYN UNION GAS COMPANY

By: Shannon M. Larson
Shannon M. Larson
Authorized Signatory

809 NEPTUNE AVE LLC

By: _____
Name:
Title:

AGREED TO

Cullen and Dykman LLP
Cullen and Dykman LLP
Escrowee

Very truly yours,

THE BROOKLYN UNION GAS COMPANY

By: _____
Shannon M. Larson
Authorized Signatory

809 NEPTUNE AVE LLC

By: Steve Novenstein
Name: Steve Novenstein
Title: Authorized Signatory

AGREED TO

Cullen and Dykman LLP
Escrowee

EXHIBIT 2

KeySpan Energy Delivery New York (KEDNY)
Fixed Asset Entries-Sale of Property
2012

Dated: As of September 30, 2012

Property: Coney Island Property Lots 105, 113, 114, & 320 on Neptune Ave

Accounting Entries-General Ledger-Oracle General Ledger

Dr.	Cash or Accounts Receivable	1310K, 1430K	15,000,000.00	
Dr.	Accumulated Depr	1080K	730,698.82	
Cr.	Plant in SVC	1010K		3,330,809.80
Cr.	Regulatory Liability	2540K		12,399,889.02
	<i>To retire the Coney Island Property and record a regulatory liability for the proceeds.</i>			
Dr.	Regulatory Liability	2540K	\$1,404,939.39	
Cr.	Cash	1310K		\$1,404,939.39
	<i>To reduce the regulatory liability for expenses of the sale</i>			
Dr.	Regulatory Liability	2540K	XXXX	
Cr.	Cash	1310K		XXXX
	<i>To reduce the regulatory liability for any additional expenses of the sale</i>			

Property Location

Coney Island Property
Located on Neptune Ave
Lots 105, 113, 114 & 320

Dated: As of September 30, 2012

Date of Closing: Not yet determined

Sale of Property	\$15,000,000.00
Total Cash Received	<u>\$15,000,000.00</u>
Brokerage Commission and Other Estimated Sales Costs	760,000.00
Transfer Tax	453,750.00
Estimated Legal Fees Associated with Sale	50,000.00
Security	141,189.39
Total Expenses	<u>\$1,404,939.39</u>
Net Cash Received	<u>\$13,595,060.61</u>

Cost of Lots:

Lot 320	3,259,078.78
Lot 113	8,773.95
Lot 114	30,059.36
Lot 105	32,897.71
Total Cost	<u>3,330,809.80</u>

Accumulated Depreciation:

Lot 320	(716,853.53)
Lot 113	(1,561.84)
Lot 114	(7,955.20)
Lot 105	(4,328.25)
Total Accumulated Depreciation	<u>(730,698.82)</u>

NBV of Lots

Lot 320	2,542,225.25
Lot 113	7,212.11
Lot 114	22,104.16
Lot 105	28,569.46
Total NBV	<u>2,600,110.98</u>

Net Gain on Sale

\$10,994,949.63

EXHIBIT 3

Name of Respondent The Brooklyn Union Gas Company d/b/a National Grid NY		This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) March 31, 2012	Year of Report December 31, 2011
COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS)				
Line No.	Title of Account (a)	Ref. Page No. (b)	Balance at Beg. of Year (c)	Balance at End of Year (d)
1	UTILITY PLANT			
2	Utility Plant (101-106, 114)	200-201	\$3,362,449,090	\$3,514,853,283
3	Construction Work in Progress (107)	200-201	47,900,737	53,819,145
4	TOTAL Utility Plant (Enter Total of lines 2 and 3)		3,410,349,827	3,568,672,428
5	(Less) Accum. Prov. for Depr. Amort. Depl. (108,111,115)	200-201	1,121,726,881	1,175,715,883
6	Net Utility Plant (Enter Total of line 4 less 5)	-	2,288,622,946	2,392,956,545
7	Nuclear Fuel (120.1-120.4, 120.6)	202-203	0	0
8	(Less) Accum. Prov. for Amort. of Nucl. Fuel Assemblies (120.5)	202-203	0	0
9	Net Nuclear Fuel (Enter Total of line 7 less 8)	-	0	0
10	Net Utility Plant (Enter Total of lines 6 and 9)	-	2,288,622,946	2,392,956,545
11	Utility Plant Adjustments (116)	122	0	0
12	Gas Stored Underground - Noncurrent (117)	-	857,650	857,650
13	OTHER PROPERTY AND INVESTMENTS			
14	Nonutility Property (121)	221	0	0
15	(Less) Accum. Prov. for Depr. and Amort. (122)	-	0	0
16	Investments in Associated Companies (123)	-	0	0
17	Investment in Subsidiary Companies (123.1)	224-225	82,176,402	93,217,589
18	(For Cost of Account 123.1, See Footnote Page 224, line 42)	-		
19	Noncurrent Portion of Allowances	-	0	0
20	Other Investments (124)	-	110,347	110,347
21	Special Funds (125-128)	-	0	0
22	TOTAL Other Property and Investments (Total of lines 14-17, 19-21)		82,286,749	93,327,936
23	CURRENT AND ACCRUED ASSETS			
24	Cash (131)	-	1,672,246	0
25	Special Deposits (132-134)	-	2,200,000	0
26	Working Fund (135)	-	0	0
27	Temporary Cash Investments (136)	-	1,333	0
28	Notes Receivable (141)	-	0	0
29	Customer Accounts Receivable (142)	-	221,122,655	139,803,821
30	Other Accounts Receivable (143)	-	42,134,823	41,862,514
31	(Less) Accum. Prov. for Uncollectible Acct.-Credit (144)	-	48,177,979	42,800,342
32	Notes Receivable from Associated Companies (145)	-	0	0
33	Accounts Receivable from Assoc. Companies (146)	-	4,680,064	5,643,985
34	Fuel Stock (151)	227	0	0
35	Fuel Stock Expenses Undistributed (152)	227	0	0
36	Residuals (Elec) and Extracted Products (153)	227	0	0
37	Plant Materials and Operating Supplies (154)	227	10,800,848	10,798,020
38	Merchandise (155)	227	0	0
39	Other Materials and Supplies (156)	227	0	0
40	Nuclear Materials Held for Sale (157)	202-203/227	0	0
41	Allowances (158.1 and 158.2)	228-229	0	0
42	(Less) Noncurrent Portion of Allowances	228-229	0	0
43	Stores Expense Undistributed (163)	-	0	0
44	Gas Stored Underground - Current (164.1)	-	119,523,680	129,551,477
45	Liquefied Natural Gas Stored and Held for Processing(164.2-164.3)	-	7,758,944	6,760,703
46	Prepayments (165)	-	92,716,882	93,870,045
47	Advances for Gas (166-167)	-	0	0
48	Interest and Dividends Receivable (171)	-	0	0
49	Rents Receivable (172)	-	2,612,959	2,241,094
50	Accrued Utility Revenues (173)	-	194,941,276	141,873,403
51	Miscellaneous Current and Accrued Assets (174)	-	2,524,301	19,542,819
52	TOTAL Current and Accrued Assets (Enter Total of lines 24 thru 51)		\$654,512,032	\$549,147,539

Name of Respondent The Brooklyn Union Gas Company d/b/a National Grid NY	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) March 31, 2012	Year of Report December 31, 2011
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COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS) (Continued)

Line No.	Title of Account (a)	Ref. Page No. (b)	Balance at Beg. of Year (c)	Balance at End of Year (d)
53	DEFERRED DEBITS			
54	Unamortized Debt Expense (181)	-	\$14,290,847	\$12,480,025
55	Extraordinary Property Losses (182.1)	230	0	0
56	Unrecovered Plant and Regulatory Study Costs (182.2)	230	0	0
57	Other Regulatory Assets (182.3)	232	1,050,810,232	1,136,998,612
58	Prelim. Survey and Investigation Charges (Electric) (183)	-	0	0
59	Prelim. Survey and Investigation Charges (Gas) (183.1, 183.2)	-	0	0
60	Clearing Accounts (184)	-	0	0
61	Temporary Facilities (185)	-	0	0
62	Miscellaneous Deferred Debits (186)	233	(8,827,428)	(27,672,285)
63	Def. Losses from Disposition of Utility Plt. (187)	-	0	0
64	Research, Devel. and Demonstration Expend. (188)	352-353	224,749	219,080
65	Unamortized Loss on Reacquired Debt (189)	-	0	0
66	Accumulated Deferred Income Taxes (190)	234	312,665,388	418,795,732
67	Unrecovered Purchased Gas Costs (191)	-	0	0
68	TOTAL Deferred Debits (Enter Total of lines 54 thru 67)		1,369,163,788	1,540,821,164
69	TOTAL Assets and Other Debits (Enter Total of lines 10, 11, 12, 22, 52, and 68)		\$4,395,443,165	\$4,577,110,834

Name of Respondent The Brooklyn Union Gas Company d/b/a National Grid NY		This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) March 31, 2012	Year of Report December 31, 2011
COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS)				
Line No.	Title of Account (a)	Ref. Page No. (b)	Balance at Beg. of Year (c)	Balance at End of Year (d)
1	PROPRIETARY CAPITAL			
2	Common Stock Issued (201)	250-251	\$1	\$1
3	Preferred Stock Issued (204)	250-251	0	1
4	Capital Stock Subscribed (202, 205)	252	0	0
5	Stock Liability for Conversion (203, 206)	252	0	0
6	Premium on Capital Stock (207)	252	472,627,082	472,627,082
7	Other Paid-in Capital (208-211)	253	(134,903,461)	(134,903,461)
8	Installments Received on Capital Stock (212)	252	0	0
9	(Less) Discount on Capital Stock (213)	254	0	0
10	(Less) Capital Stock Expense (214)	254	0	0
11	Retained Earnings (215, 215.1, 216)	118-119	843,765,845	759,027,730
12	Unappropriated Undistributed Subsidiary Earnings (216.1)	118-119	63,959,778	64,466,118
13	(Less) Reacquired Capital Stock (217)	250-251	0	0
14	Accumulated Other Comprehensive Income (219)	113A	(276,510)	(269,508)
15	TOTAL Proprietary Capital (Enter Total of lines 2 thru 13)	-	1,245,172,735	1,160,947,963
16	LONG-TERM DEBT			
17	Bonds (221)	256-257	1,039,183,459	1,040,500,000
18	(Less) Reacquired Bonds (222)	256-257	0	0
19	Advances from Associated Companies (223)	256-257	0	0
20	Other Long-Term Debt (224)	256-257	0	0
21	Unamortized Premium on Long-Term Debt (225)	-	0	0
22	(Less) Unamortized Discount on Long-Term Debt-Debit (226)	-	0	0
23	TOTAL Long-Term Debt (Enter Total of Lines 16 thru 21)	-	1,039,183,459	1,040,500,000
24	OTHER NONCURRENT LIABILITIES			
25	Obligations Under Capital Leases - Noncurrent (227)	-	0	0
26	Accumulated Provision for Property Insurance (228.1)	-	0	0
27	Accumulated Provision for Injuries and Damages (228.2)	-	4,216,513	11,324,062
28	Accumulated Provision for Pensions and Benefits (228.3)	-	0	0
29	Accumulated Miscellaneous Operating Provisions (228.4)	-	364,687,110	487,622,685
30	Accumulated Provision for Rate Refunds (229)	-	0	0
31	TOTAL Other Noncurrent Liabilities (Enter Total of lines 24 thru 29)	-	368,903,623	498,946,747
32	CURRENT AND ACCRUED LIABILITIES			
33	Notes Payable (231)	-		
34	Accounts Payable (232)	-	59,043,954	52,141,857
35	Notes Payable to Associated Companies (233)	-	100,783,918	141,197,572
36	Accounts Payable to Associated Companies (234)	-	342,759,296	273,746,525
37	Customer Deposits (235)	-	40,671,190	41,270,483
38	Taxes Accrued (236)	262-263	14,962,266	11,043,196
39	Interest Accrued (237)	-	19,119,954	14,002,078
40	Dividends Declared (238)	-	0	0
41	Matured Long-Term Debt (239)	-	0	0
42	Matured Interest (240)	-	0	0
43	Tax Collections Payable (241)	-	(780,138)	(1,326,739)
44	Miscellaneous Current and Accrued Liabilities (242)	-	41,157,431	56,778,077
45	Obligations Under Capital Leases - Current (243)	-	0	0
46	TOTAL Current and Accrued Liabilities (Enter Total of lines 32 - 44)	-	\$617,717,871	\$588,853,049

Name of Respondent The Brooklyn Union Gas Company d/b/a National Grid NY	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) March 31, 2012	Year of Report December 31, 2011
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COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS) (Continued)

Line No.	Title of Account (a)	Ref. Page No. (b)	Balance at Beg. of Year (c)	Balance at End of Year (d)
47	DEFERRED CREDITS			
48	Customer Advances for Construction (252)		\$0	\$0
49	Accumulated Deferred Investment Tax Credits (255)	266-267	6,773,829	5,863,089
50	Deferred Gains from Disposition of Utility Plant (256)		0	0
51	Other Deferred Credits (253)	269	49,351,483	47,891,875
52	Other Regulatory Liabilities (254)	278	183,422,345	183,852,920
53	Unamortized Gain on Reacquired Debt (257)	269	0	0
54	Accumulated Deferred Income Taxes (281 - 283)	272-277	884,917,820	1,050,255,191
55	TOTAL Deferred Credits (Enter Total of lines 47 thru 53)		\$1,124,465,477	\$1,287,863,075
56				
57				
58				
59				
60				
61				
62				
63				
64				
65				
66				
67				
68	TOTAL Liabilities and Other Credits (Enter Total of lines 14, 22, 30, 45 and 54)		\$4,395,443,165	\$4,577,110,834

Note:

Please use the appropriate accounts under the heading "Other Noncurrent Liabilities" for accounts that the PSC classifies as "Operating Reserves".

Name of Respondent The Brooklyn Union Gas Company d/b/a National Grid NY		This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) March 31, 2012	Year of Report December 31, 2011
COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS)				
Line No.	Title of Account (a)	Ref. Page No. (b)	Balance at Beg. of Year (c)	Balance at End of Year (d)
	Accumulated Other Comprehensive Income (Subaccount of Additional Paid in Capital)			
1	Beginning Balance		(\$394,160)	(\$276,510)
2	Gains (Losses) on Derivative Instruments, Net of Tax		0	0
3	Gains (Losses) on Pension Liability, Net of Tax		0	0
4	Equity Adjustment to OCI - Netco		117,650	7,002
5	Other Comprehensive Income Total, Net of Income Tax		(276,510)	(269,508)
6				
7	Gains (Losses) on Derivative Instruments, Net of Tax		0	0
8	Gains (Losses) on Pension Liability, Net of Tax		0	0
9				
10	Other Comprehensive Income Total, Net of Tax		(276,510)	(269,508)

EXHIBIT 4

Name of Respondent The Brooklyn Union Gas Company d/b/a National Grid NY	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) March 31, 2012	Year of Report December 31, 2011
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STATEMENT OF INCOME FOR THE YEAR

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|--|--|
| <p>1. Report amounts for accounts 412 and 413, Revenue and Expenses from Utility Plant Leased to Others, in another utility column (i, k, m, o) in a similar manner to a utility department. Spread the amount(s) over lines 02 through 24 as appropriate. Include these amounts in columns (c) and (d) totals.</p> <p>2. Report amounts in account 414, Other Utility Operating Income, in the same manner as accounts 412 and 413.</p> <p>3. Report data for lines 7, 9, and 10 for Natural Gas companies using accounts 404.1, 404.2, 404.3, 407.1, and 407.2.</p> <p>4. Use page 122-123 for important notes regarding the statement of income or any account thereof.</p> | <p>5. Give concise explanations concerning unsettled rate proceedings where a contingency exists such that refunds of material amount may need to be made to the utility's customers or which may result in a material refund to the utility with respect to power or gas purchases. State for each year affected the gross revenues or costs to which the contingency relates and the tax effects together with an explanation of the major factors which affect the rights of the utility to retain such revenues or recover amounts paid with respect to power and gas purchases.</p> <p>6. Give concise explanations concerning significant amount of any refunds made or received during the year resulting</p> |
|--|--|

Line No.	Account (a)	(Ref.) Page No. (b)	TOTAL	
			Current Year (c)	Previous Year (d)
1	UTILITY OPERATING INCOME			
2	Operating Revenues (400)	300-301	\$1,747,066,876	\$1,942,392,800
3	Operating Expenses			
4	Operation Expenses (401)	320-323	1,152,237,068	1,320,114,257
5	Maintenance Expenses (402)	320-323	52,500,974	53,915,516
6	Depreciation Expense (403)	336-337	80,538,838	76,823,477
7	Amort. & Depl. of Utility Plant (404-405)	336-337	4,599,177	5,305,326
8	Amort. of Utility Plant Acq. Adj. (406)	336-337	0	0
9	Amort. of Property Losses, Unrecovered Plant and Regulatory Study Costs (407)		0	0
10	Amort. of Conversion Expenses (407)		0	0
11	Regulatory Debits (407.3)		9,982,938	2,924,359
12	(Less) Regulatory Credits (407.4)		0	0
13	Taxes Other Than Income Taxes (408.1)	262-263	184,706,177	188,055,626
14	Income Taxes -- Federal (409.1)	262-263	7,105,948	(677,692)
15	-- Other (409.1)	262-263	10,515,391	(32,173,093)
16	Provision for Deferred Income Taxes (410.1)	234,272-277	72,452,968	129,797,565
17	(Less) Provision for Deferred Income Taxes -Cr. (411.1)	234,272-277	0	0
18	Investment Tax Credit Adj. -- Net (411.4)	266	0	0
19	(Less) Gains from Disp. of Utility Plant (411.6)		0	0
20	Losses from Disp. of Utility Plant (411.7)		0	0
21	(Less) Gain from Disposition of Allowances (411.8)		0	0
22	Losses from Disposition of Allowances (411.9)		0	0
23	TOTAL Utility Operating Expenses (Enter Total of lines 4 thru 22)		1,574,639,479	1,744,085,341
24	Net Utility Operating Income (Enter Total of line 2 less 23) (Carry forward to page 117, line 25)		\$172,427,397	\$198,307,459

Name of Respondent The Brooklyn Union Gas Company d/b/a National Grid NY	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) March 31, 2012	Year of Report December 31, 2011
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STATEMENT OF INCOME FOR THE YEAR (Continued)

from settlement of any rate proceeding affecting revenues received or costs incurred for power or gas purchase revenues received or costs incurred for power or gas purchases, and a summary of the adjustments made to balance sheet, income, and expense accounts.

7. If any notes appearing in the report to stockholders are applicable to this Statement of Income, such notes may be included on page 122-123.

8. Enter on page 122-123 a concise explanation of only those changes in accounting methods made during the year which had an effect on net income, including the basis of allocations and apportionments from those used in the preceding year. Also give the approximate dollar effect of such changes.

9. Explain in a footnote if the previous year's figures are different from that reported in prior reports.

10. If the columns are insufficient for reporting additional utility departments, supply the appropriate account titles, lines 2 to 23, and report the information in the blank space on page 122-123 or in a footnote.

Electric Utility		Gas Utility		Other Utility		Line No.
Current Year (e)	Previous Year (f)	Current Year (g)	Previous Year (h)	Current Year (i)	Previous Year (j)	
						1
		\$1,747,066,876	\$1,942,392,800			2
						3
		1,152,237,068	1,320,114,257			4
		52,500,974	53,915,516			5
		80,538,838	76,823,477			6
		4,599,177	5,305,326			7
		0	0			8
		0	0			9
		0	0			10
		9,982,938	2,924,359			11
		0	0			12
		184,706,177	188,055,626			13
		7,105,948	(677,692)			14
		10,515,391	(32,173,093)			15
		72,452,968	129,797,565			16
		0	0			17
		0	0			18
		0	0			19
		0	0			20
		0	0			21
		0	0			22
0	0	1,574,639,479	1,744,085,341	0	0	23
\$0	\$0	\$172,427,397	\$198,307,459	\$0	\$0	24

Name of Respondent The Brooklyn Union Gas Company d/b/a National Grid NY	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) March 31, 2012	Year of Report December 31, 2011
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STATEMENT OF INCOME FOR THE YEAR (Continued)

Line No.	Other Utility		Other Utility		Other Utility	
	Current Year (k)	Previous Year (l)	Current Year (m)	Previous Year (n)	Current Year (o)	Previous Year (p)
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23	0	0	0	0	0	0
24	\$0	\$0	\$0	\$0	\$0	\$0

Name of Respondent The Brooklyn Union Gas Company d/b/a National Grid NY		This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) March 31, 2012	Year of Report December 31, 2011
STATEMENT OF INCOME FOR THE YEAR (Continued)					
Line No.	Account (a)	(Ref.) Page No. (b)	TOTAL		
			Current Year (c)	Previous Year (d)	
25	Net Utility Operating Income (Carried forward from page 114)	--	\$172,427,397	\$198,307,459	
26	OTHER INCOME AND DEDUCTIONS				
27	Other Income				
28	Nonutility Operating Income				
29	Revenues From Merchandising, Jobbing and Contract Work (415)		0	0	
30	(Less) Costs and Exp. of Merchandising, Job. & Contract Work (416)		0	0	
31	Revenues From Nonutility Operations (417)		0	0	
32	(Less) Expenses of Nonutility Operations (417.1)		2,560	1,442	
33	Nonoperating Rental Income (418)		0	0	
34	Equity in Earnings of Subsidiary Companies (418.1)	119	11,034,185	10,527,845	
35	Interest and Dividend Income (419)		17,537,017	22,748,216	
36	Allowance for Other Funds Used During Construction (419.1)		1,094,982	1,442,131	
37	Miscellaneous Nonoperating Income (421)		(1,379,420)	0	
38	Gain in Disposition of Property (421.1)		0	0	
39	TOTAL Other Income (Enter Total of lines 29 thru 38)		28,284,204	34,716,750	
40	Other Income Deductions				
41	Loss on Disposition of Property (421.2)		0	0	
42	Miscellaneous Amortization (425)	340	0	0	
43	Miscellaneous Income Deductions (426.1 - 426.5)	340	2,959,667	1,857,406	
44	TOTAL Other Income Deductions (Total of lines 41 thru 43)		2,959,667	1,857,406	
45	Taxes Applic. to Other Income and Deductions				
46	Taxes Other Than Income Taxes (408.2)	262-263	0	0	
47	Income Taxes -- Federal (409.2)	262-263	0	0	
48	Income Taxes -- Other (409.2)	262-263	0	0	
49	Provision for Deferred Inc. Taxes (410.2)	234,272-277	0	0	
50	(Less) Provision for Deferred Income Taxes -- Cr. (411.2)	234,272-277	0	0	
51	Investment Tax Credit Adj. -- Net (411.5)		0	0	
52	(Less) Investment Tax Credits (420)		910,740	910,740	
53	TOTAL Taxes on Other Income and Deduct. (Total of 46 thru 52)		(910,740)	(910,740)	
54	Net Other Income and Deductions (Enter Total of lines 39, 44, 53)		26,235,277	33,770,084	
55	INTEREST CHARGES				
56	Interest on Long-Term Debt (427)		47,753,171	49,716,871	
57	Amort. of Debt Disc. and Expense (428)		1,810,822	1,810,822	
58	Amortization of Loss on Reacquired Debt (428.1)		0	0	
59	(Less) Amort. of Premium on Debt-Credit (429)		0	0	
60	(Less) Amortization of Gain on Reacquired Debt-Credit (429.1)		0	0	
61	Interest on Debt to Assoc. Companies (430)	340	5,565,825	7,323,858	
62	Other Interest Expense (431)	340	7,897,540	849,347	
63	(Less) Allowance for Borrowed Funds Used During Construction-Cr. (432)		132,909	653,962	
64	Net Interest Charges (Enter Total of lines 56 thru 63)		62,894,449	59,046,936	
65	Income Before Extraordinary Items (Total of lines 25, 54 and 64)		135,768,225	173,030,607	
66	EXTRAORDINARY ITEMS				
67	Extraordinary Income (434)		0	0	
68	(Less) Extraordinary Deductions (435)		0	0	
69	Net Extraordinary Items (Enter Total of line 67 less line 68)		0	0	
70	Income Taxes -- Federal and Other (409.3)	262-263	0	0	
71	Extraordinary Items After Taxes (Enter Total of line 69 less line 70)		0	0	
72	Net Income (Enter Total of lines 65 and 71)		\$135,768,225	\$173,030,607	

EXHIBIT 5

KeySpan Energy Delivery New York Costs of Property in Coney Island Lot 105

Property as of September 30, 2012	Original Cost	Accumulated Depreciation	Net Book Value
LAND	13,849.03	(12.83)	13,861.86
PLANT	19,048.68	7,381.25	11,667.43
GRAND TOTAL	32,897.71	7,368.42	25,529.29

KeySpan Energy Delivery New York Costs of Property in Coney Island Lot 113

Property as of September 30, 2012	<u>Original Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
LAND	1,912.85	(1.77)	1,914.62
PLANT	6,861.10	2,658.64	4,202.46
GRAND TOTAL	8,773.95	2,656.87	6,117.08

KeySpan Energy Delivery New York Costs of Property in Coney Island Lot 114

Property as of September 30, 2012	Original Cost	Accumulated Depreciation	Net Book Value
LAND	2,054.56	(1.86)	2,056.42
PLANT	28,004.80	12,506.43	15,498.37
GRAND TOTAL	30,059.36	12,504.57	17,554.79

KeySpan Energy Delivery New York Costs of Property in Coney Island Lot 320

Property as of September 30, 2012	Original Cost	Accumulated Depreciation	Net Book Value
LAND	\$154,006.49	(\$127.80)	\$154,134.29
BUILDING/PLANT	\$3,105,072.29	\$1,635,652.57	\$1,469,419.72
GRAND TOTAL	\$3,259,078.78	\$1,635,524.77	\$1,623,554.01

EXHIBIT 6

**KeySpan Energy Delivery New York
Costs Associated with Property at Coney Island, Brooklyn**

	For the Year Ended December 31,			For 9 months ended
	2009	2010	2011	09/30/2012
<u>Revenues:</u>				
Rental Income	0.00	0.00	0.00	0.00
Total Revenues	0.00	0.00	0.00	0.00
<u>Expenses:</u>				
Property Tax	216,056.22	218,199.22	208,710.36	190,717.38
Security	137,276.61	135,295.41	131,785.49	86,239.59
Total Expenses	353,332.83	353,494.63	340,495.85	276,956.97
Net Revenue/Expense	(353,332.83)	(353,494.63)	(340,495.85)	(276,956.97)