

REFINITIV

DELTA REPORT

10-Q

NEN - NEW ENGLAND REALTY ASSOCI

10-Q - SEPTEMBER 30, 2023 COMPARED TO 10-Q - JUNE 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS 754

█ CHANGES 325

█ DELETIONS 217

█ ADDITIONS 212

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended **June** **September** 30, 2023

OR

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

For the transition period from to

Commission file number **001-31568**

New England Realty Associates Limited Partnership

(Exact name of registrant as specified in its charter)

Massachusetts

(State or other jurisdiction of
incorporation or organization)

04-2619298

(I.R.S. employer
identification no.)

39 Brighton Avenue, Allston, Massachusetts

(Address of principal executive offices)

02134

(Zip Code)

Registrant's telephone number, including area code: **(617) 783-0039**

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

Indicate by check mark whether the registrant has submitted electronically, every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated Filer

Non-accelerated filer

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

Securities registered pursuant to Section 12(b) of the Act:

Title of each class:	Trading Symbol	Name of each exchange on which registered:
Class A	NEN	NYSE MKT Exchange

As of **August 8, 2023** **November 8, 2023**, there were **94,877** **94,401** of the registrant's Class A units **(2,846,300** **(2,832,039** Depository Receipts) of limited partnership issued and outstanding and **22,533** **22,420** Class B units issued and outstanding.

[Table of Contents](#)

NEW ENGLAND REALTY ASSOCIATES LIMITED PARTNERSHIP

INDEX

PART I—FINANCIAL INFORMATION

Item 1. Financial Statements (Unaudited)	3
Consolidated Balance Sheets as of June 30, 2023 September 30, 2023 and December 31, 2022	4
Consolidated Statements of Income for the Three and Six Nine Months Ended June 30, 2023 September 30, 2023 and 2022	5
Consolidated Statements of Comprehensive Income for the Three and Six Nine Months Ended June 30, 2023 September 30, 2023 and 2022	6
Consolidated Statements of Changes in Partners' Capital for the Six Nine Months Ended June 30, 2023 September 30, 2023 and 2022	7
Consolidated Statements of Cash Flows for the Six Nine Months Ended June 30, 2023 September 30, 2023 and 2022	8
Notes to Consolidated Financial Statements	9
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	28
Item 3. Quantitative and Qualitative Disclosures About Market Risk	41
Item 4. Controls and Procedures	42

PART II—OTHER INFORMATION

Item 1. Legal Proceedings	42
Item 1A. Risk Factors	42
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	42
Item 3. Defaults Upon Senior Securities	43
Item 4. Mine Safety Disclosure	43
Item 5. Other Information	43
Item 6. Exhibits	43
SIGNATURES	44

[Table of Contents](#)
NEW ENGLAND REALTY ASSOCIATES, L.P.
PART 1 – FINANCIAL INFORMATION
Item 1. Financial Statements

The accompanying unaudited consolidated balance sheets, statements of income, statements of comprehensive income, changes in partners' capital, and cash flows and related notes thereto, have been prepared in accordance with generally accepted accounting principles in the United States of America ("GAAP") for interim financial information and in conjunction with the rules and regulations of the Securities and Exchange Commission ("SEC"). Accordingly, they do not include all of the disclosures required by GAAP for complete financial statements. The financial statements reflect all adjustments consisting only of normal, recurring adjustments, which are, in the opinion of management, necessary for a fair presentation for the interim periods.

The consolidated balance sheet as of December 31, 2022, has been derived from the audited consolidated balance sheet at that date but does not include all of the information and footnotes required by U.S. generally accepted accounting principles for complete financial statements.

The aforementioned financial statements should be read in conjunction with the notes to the aforementioned financial statements and Management's Discussion and Analysis of Financial Condition and Results of Operations and the financial statements and notes thereto included in New England Realty Associates L.P.'s Annual Report on Form10-K for the fiscal year ended December 31, 2022.

The results of operations for the ~~six~~ three and nine month period ended ~~June 30, 2023~~ September 30, 2023 are not necessarily indicative of the results to be expected for the entire fiscal year or any other period.

[Table of Contents](#)
NEW ENGLAND REALTY ASSOCIATES LIMITED PARTNERSHIP AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

ASSETS	June 30,		December 31,		September 30,	
	2023	2022	2023	2022	2023	2022
ASSETS						
Rental Properties	\$ 247,450,840	\$ 241,076,431	\$ 272,299,577	\$ 241,076,431		
Cash and Cash Equivalents	55,700,166	49,560,723	16,141,398	49,560,723		
Rents Receivable	769,712	655,814	929,320	655,814		
Real Estate Tax Escrows	2,149,919	1,943,680	2,202,737	1,943,680		
Investment in U.S. Treasury Bills	68,355,526	88,332,133	83,252,673	88,332,133		

Prepaid Expenses and Other Assets	11,075,437	8,814,112	9,894,284	8,814,112
Investments in Unconsolidated Joint Ventures	1,435,154	1,437,387	1,438,255	1,437,387
Total Assets	\$ 386,936,754	\$ 391,820,280	\$386,158,244	\$391,820,280
LIABILITIES AND PARTNERS' CAPITAL				
Mortgage Notes Payable	409,834,512	410,966,199	409,253,129	410,966,199
Distribution and Loss in Excess of Investment in Unconsolidated Joint Venture	25,963,031	24,419,129	26,377,405	24,419,129
Accounts Payable and Accrued Expenses	5,567,224	7,271,729	5,541,429	7,271,729
Advance Rental Payments and Security Deposits	9,878,020	9,032,580	9,638,465	9,032,580
Total Liabilities	451,242,787	451,689,637	450,810,428	451,689,637
Commitments and Contingent Liabilities (Notes 3 and 9)	—	—	—	—
Partners' Capital 118,661 and 119,255 units outstanding in 2023 and 2022 respectively	(64,306,033)	(59,869,357)	(64,652,184)	(59,869,357)
Partners' Capital 118,037 and 119,255 units outstanding in 2023 and 2022 respectively				
Total Liabilities and Partners' Capital	\$ 386,936,754	\$ 391,820,280	\$386,158,244	\$391,820,280

See notes to consolidated financial statements.

4

[Table of Contents](#)

NEW ENGLAND REALTY ASSOCIATES LIMITED PARTNERSHIP AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

(Unaudited)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2023	2022	2023	2022
Revenues				
Rental income	\$ 17,964,963	\$ 16,825,737	\$ 35,533,690	\$ 33,285,743
Laundry and sundry income	136,073	106,191	259,032	226,593
	18,101,036	16,931,928	35,792,722	33,512,336
Expenses				
Administrative	867,721	623,877	1,604,822	1,331,663
Depreciation and amortization	3,961,432	4,076,597	7,807,693	8,097,365
Management fee	665,073	672,370	1,362,837	1,345,454
Operating	1,721,233	1,522,250	4,255,029	4,198,458
Renting	244,434	150,943	436,019	320,332
Repairs and maintenance	3,479,071	2,974,734	6,241,845	5,254,385
Taxes and insurance	2,423,722	2,300,235	4,894,401	4,576,808
	13,362,686	12,321,006	26,602,646	25,124,465
Income Before Other Income (Expense)	4,738,350	4,610,922	9,190,076	8,387,871
Other Income (Expense)				
Interest income	1,199,643	32	2,174,177	61
Interest expense	(3,925,863)	(3,623,714)	(7,825,103)	(7,078,349)

	Income (loss) from investments in unconsolidated joint ventures	90,283	347,368	110,351
	Other (expenses)	(834,538)	92,823	(834,533)
	<u>(2,513,746)</u>	<u>(4,367,937)</u>	<u>(5,210,735)</u>	<u>(7,802,470)</u>
Net Income	<u>\$ 2,224,604</u>	<u>\$ 242,985</u>	<u>\$ 3,979,341</u>	<u>\$ 585,401</u>
Net Income per Unit	\$ 18.73	\$ 2.02	\$ 33.45	\$ 4.84
Weighted Average Number of Units Outstanding	<u>118,764</u>	<u>120,528</u>	<u>118,971</u>	<u>120,885</u>
	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2023	2022	2023	2022
Revenues				
Rental income	\$ 18,804,320	\$ 16,974,515	\$ 54,338,011	\$ 50,260,258
Laundry and sundry income	<u>157,322</u>	<u>103,868</u>	<u>416,354</u>	<u>330,461</u>
	<u>18,961,642</u>	<u>17,078,383</u>	<u>54,754,365</u>	<u>50,590,719</u>
Expenses				
Administrative	642,907	696,656	2,247,729	2,028,319
Depreciation and amortization	4,426,701	4,114,913	12,234,394	12,212,278
Management fee	810,436	683,999	2,173,272	2,029,453
Operating	1,610,342	1,410,843	5,865,371	5,609,302
Renting	391,093	181,574	827,112	501,906
Repairs and maintenance	3,611,652	3,126,953	9,853,498	8,381,339
Taxes and insurance	2,569,250	2,302,648	7,463,651	6,879,455
	<u>14,062,381</u>	<u>12,517,586</u>	<u>40,665,027</u>	<u>37,642,052</u>
Income Before Other Income (Expense)	<u>4,899,261</u>	<u>4,560,797</u>	<u>14,089,338</u>	<u>12,948,667</u>
Other Income (Expense)				
Interest income	1,083,423	363,350	3,350,423	363,411
Interest expense	(3,956,181)	(3,982,445)	(11,781,285)	(11,060,794)
Income from investments in unconsolidated joint ventures	148,723	93,516	496,092	203,867
Other income (expenses)	—	(39,994)	—	(874,526)
	<u>(2,724,035)</u>	<u>(3,565,573)</u>	<u>(7,934,770)</u>	<u>(11,368,042)</u>
Net Income	<u>\$ 2,175,226</u>	<u>\$ 995,224</u>	<u>\$ 6,154,568</u>	<u>\$ 1,580,625</u>
Net Income per Unit	\$ 18.38	\$ 8.32	\$ 51.83	\$ 13.12
Weighted Average Number of Units Outstanding	<u>118,326</u>	<u>119,638</u>	<u>118,754</u>	<u>120,465</u>

See notes to consolidated financial statements.

[Table of Contents](#)

NEW ENGLAND REALTY ASSOCIATES LIMITED PARTNERSHIP AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Three Months Ended	Six Months Ended	Three Months Ended	Nine Months Ended
June 30,	June 30,	September 30,	September 30,

	2023	2022	2023	2022	2023	2022	2023	2022
Net income	\$ 2,224,604	\$ 242,985	\$ 3,979,341	\$ 585,401	\$2,175,226	\$995,224	\$6,154,568	\$1,580,625
Net unrealized gain on derivative instruments for interest rate swaps	168,002	—	2,115	—	263,232	—	265,347	—
Comprehensive income	\$ 2,392,606	\$ 242,985	\$ 3,981,456	\$ 585,401	\$2,438,458	\$995,224	\$6,419,915	\$1,580,625

[Table of Contents](#)

NEW ENGLAND REALTY ASSOCIATES LIMITED PARTNERSHIP AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN PARTNER'S CAPITAL

(Unaudited)

	Units										Partner's Capital				Units					
	Limited			General			Treasury				Limited		General		Accumulated		Limited		General	
	Class A	Class B	Partnership	Subtotal	Units	Total	Class A	Class B	Partnership	Comprehensive Income	Total	Class A	Class B	Partnership	Subtotal	Class A	Class B	Partnership	Subtotal	
Balance																				
January 1, 2022	144,180	34,243		1,802	180,225	58,709	121,516	\$(39,462,357)	(9,338,738)	(491,512)		—	\$(49,292,607)	144,180	34,243	1,802	18			
Distribution to Partners	—	—	—	—	—	—	—	(5,581,276)	(1,325,553)	(69,766)		—	(6,976,595)	—	—	—	—			
Stock Buyback	—	—	—	—	1,574	(1,574)	(2,951,569)	(700,523)	(36,869)		—	(3,688,961)	—	—	—	—				
Net Income	—	—	—	—	—	—	468,321	111,226	5,854		—	585,401	—	—	—	—				
Balance																				
June 30, 2022	144,180	34,243		1,802	180,225	60,283	119,942	\$(47,526,881)	\$(11,253,588)	\$ (592,293)			\$(59,372,762)							
Balance September 30, 2022																144,180	34,243	1,802	18	
Balance																—				
January 1, 2023	144,180	34,243		1,802	180,225	60,970	119,255	\$(48,160,462)	\$(11,403,635)	\$ (600,191)		294,931	\$(59,869,357)	144,180	34,243	1,802	18			
Distribution to Partners	—	—	—	—	—	—	—	(5,703,006)	(1,354,464)	(71,288)		—	(7,128,758)	—	—	—	—			
Stock Buyback	—	—	—	—	594	(594)	(1,031,739)	(244,753)	(12,882)		—	(1,289,374)	—	—	—	—				
Net Income	—	—	—	—	—	—	3,183,473	756,075	39,793		—	3,979,341	—	—	—	—				

Net unrealized gain on derivative instruments for interest rate swaps	—	—	—	—	—	—	—	—	2,115	2,115	—	—	—
Balance													
June 30, 2023	144,180	34,243	1,802	180,225	61,564	118,661	\$(51,711,734)	(12,246,777)	(644,568)	297,046	(64,306,033)		
Balance September 30, 2023												144,180	34,243
												1,802	18

See notes to consolidated financial statements.

[Table of Contents](#)

NEW ENGLAND REALTY ASSOCIATES LIMITED PARTNERSHIP AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

	Six Months Ended June 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Cash Flows from Operating Activities				
Net Income	\$ 3,979,341	\$ 585,401	\$ 6,154,568	\$ 1,580,625
Adjustments to reconcile net income to net cash provided by operating activities				
Depreciation and amortization	7,807,693	8,097,365	12,234,394	12,212,278
Amortization of deferred finance costs	189,892	252,729	284,838	350,115
(Income) from investments in joint ventures	(347,368)	(110,351)	(496,092)	(203,867)
Change in operating assets and liabilities				
Proceeds from unconsolidated joint ventures	59,000	72,500	114,000	72,500
(Increase) Decrease in rents receivable	(113,898)	282,243	(273,506)	520,644
(Decrease) in accounts payable and accrued expense	(1,704,508)	(284,656)	(1,730,301)	(26,636)
(Increase) in real estate tax escrow	(206,239)	(984,411)	(259,057)	(1,045,681)
(Increase) in interest receivable U.S. Treasury bills	(383,809)	—	(115,595)	—
(Increase) in prepaid expenses and other assets	(1,958,461)	(1,282,943)	(218,994)	(931,325)
Increase in advance rental payments and security deposits	845,440	824,409	605,886	504,867
Total Adjustments	4,187,742	6,866,885	10,145,573	11,452,895
Net cash provided by operating activities	8,167,083	7,452,286	16,300,141	13,033,520
Cash Flows From Investing Activities				
Distribution in excess of investment in unconsolidated joint ventures	1,575,000	1,135,000	2,919,500	1,135,000
Investment in U.S. Treasury bills	(68,355,526)	—	(146,851,429)	(103,995,587)
Proceeds from U.S. Treasury bills	88,332,133	—	151,930,889	30,000,000

Purchase of rental property	(8,974,242)	—	(37,518,172)	—
Improvement of rental properties	(4,865,294)	(2,113,339)	(6,999,603)	(3,708,707)
Net cash (used in) investing activities	7,712,071	(978,339)	(36,518,815)	(76,569,294)
Cash Flows from Financing Activities				
Principal payments of mortgage notes payable	(1,321,579)	(1,198,209)	(1,997,909)	(1,720,335)
Proceeds from Mortgage Notes Payable	—	41,937,337	—	41,937,337
Stock buyback	(1,289,374)	(3,688,961)	(2,657,477)	(5,167,667)
Distributions to partners	(7,128,758)	(6,976,595)	(8,545,265)	(8,123,130)
Net cash provided by (used in) financing activities	(9,739,711)	30,073,572		
Net Increase in Cash and Cash Equivalents	6,139,443	36,547,519		
Net cash (used in) provided by financing activities			(13,200,651)	26,926,205
Net (Decrease) in Cash and Cash Equivalents			(33,419,325)	(36,609,569)
Cash and Cash Equivalents, at beginning of period	49,560,723	96,083,508	49,560,723	96,083,508
Cash and Cash Equivalents, at end of period	\$ 55,700,166	\$ 132,631,027	\$ 16,141,398	\$ 59,473,939

See notes to consolidated financial statements.

[Table of Contents](#)

NEW ENGLAND REALTY ASSOCIATES LIMITED PARTNERSHIP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June September 30, 2023

(Unaudited)

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

Line of Business: New England Realty Associates Limited Partnership ("NERA", the "Company" or the "Partnership") was organized in Massachusetts in 1977. NERA and its subsidiaries own 3031 properties which include 2122 residential buildings; 45 mixed use residential, retail and office buildings; 54 commercial buildings and individual units at one condominium complex. These properties total 2,892,944 apartment units, 19 condominium units and 128,635 137,153 square feet of commercial space. Additionally, the Partnership also owns a 40 - 50% interest in 7 residential and mixed use properties consisting of 688 apartment units, 12,500 square feet of commercial space and a 50 car parking lot. The properties are located in Eastern Massachusetts and Southern New Hampshire.

Basis of Presentation: The financial statements have been prepared in conformity with GAAP. The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. These estimates and assumptions are based on management's historical experience that are believed to be reasonable at the time. However, because future events and their effects cannot be determined with certainty, the determination of estimates requires the exercise of judgement. The Partnership's critical accounting policies are those which require assumptions to be made about matters that are highly uncertain. Different estimates could have a material effect on the Partnership's financial results. Judgements and uncertainties affecting the application of these policies and estimates may result in materially different amounts being reported under different conditions and circumstances.

Principles of Consolidation: The consolidated financial statements include the accounts of NERA and its subsidiaries. NERA has a 99.67% to 100% ownership interest in each subsidiary except for the seven limited liability companies (the "Investment Properties" or "Joint Ventures")

in which the Partnership has a 40 - 50% ownership interest. The consolidated group is referred to as the "Partnership". Minority interests are not recorded, since they are insignificant. All significant intercompany accounts and transactions are eliminated in consolidation. The Partnership accounts for its investment in the above-mentioned Investment Properties using the equity method of consolidation. (See Note 15: Investment in Unconsolidated Joint Ventures.)

The Partnership accounts for its investments in joint ventures using the equity method of accounting. These investments are recorded initially at cost, as Investments in Unconsolidated Joint Ventures, and subsequently adjusted for equity in earnings and cash contributions and distributions. Generally, the Partnership would discontinue applying the equity method when the investment (and any advances) is reduced to zero and would not provide for additional losses unless the Partnership has guaranteed obligations of the venture or is otherwise committed to providing further financial support for the investee. If the venture subsequently generates income, the Partnership only recognizes its share of such income to the extent it exceeds its share of previously unrecognized losses. In 2013 and beyond, the carrying values of some investments fell below zero. We intend to fund our share of the investments' future operating deficits should the need arise. However, we have no legal obligation to pay for any of the liabilities of such investments nor do we have any legal obligation to fund operating deficits. (See Note 15: Investment in Unconsolidated Joint Ventures.)

The authoritative guidance on consolidation provides guidance on the identification of entities for which control is achieved through means other than voting rights ("variable interest entities" or "VIEs") and the determination of which business enterprise, if any, should consolidate the VIE (the "primary beneficiary"). Generally, the consideration of whether an entity is a VIE applies when either (1) the equity investors (if any) lack one or more of the essential characteristics of a controlling financial interest, (2) the equity investment at risk is insufficient to finance that equity's activities without additional subordinated financial support or (3) the equity investors have voting rights that are not proportionate to their economic interests and the activities of the entity involve or are conducted on behalf of an investor with a disproportionately small voting interest. The primary beneficiary is defined by the entity having both of the following characteristics: (1) the power to direct the activities that, when taken together, most significantly impact the

[Table of Contents](#)

variable interest entity's performance; and (2) the obligation to absorb losses and rights to receive the returns from VIE that would be significant to the VIE.

Impairment: On an annual basis management assesses whether there are any indicators that the value of the Partnership's rental properties or investments in unconsolidated subsidiaries may be impaired. In addition to identifying any specific circumstances which may affect a property or properties, management considers other criteria for determining which properties may require assessment for potential impairment. The criteria considered by management include reviewing low leased percentages, significant near term lease expirations, recently acquired properties, current and historical operating and/or cash flow losses, near term mortgage debt maturities or other factors that might impact the Partnership's intent and ability to hold property. A property's value is impaired only if management's estimate of the aggregate future cash flows (undiscounted and without interest charges) to be generated by the property is less than the carrying value of the property. To the extent impairment has occurred, the loss shall be measured as the excess of the carrying amount of the property over the fair value of the property. The Partnership's estimates of aggregate future cash flows expected to be generated by each property are based on a number of assumptions that are subject to economic and market uncertainties including, among others, demand for space, competition for tenants, changes in market rental rates, and costs to operate each property. As these factors are difficult to predict and are subject to future events that may alter management's assumptions, the future cash flows estimated by management in its impairment analyses may not be achieved.

Revenue Recognition: Rental income from residential and commercial properties is recognized over the term of the related lease. For residential tenants, amounts 60 days in arrears are charged against income. The commercial tenants are evaluated on a case by case basis. Certain leases of the commercial properties provide for increasing stepped minimum rents, which are accounted for on a straight-line basis over the term of the lease. Revenue from commercial leases also include reimbursements and recoveries received from tenants for certain costs as provided in the lease agreement. The costs generally include real estate taxes, utilities, insurance, common area maintenance and recoverable costs. Rental concessions are also accounted for on the straight-line basis.

Above-market and below-market lease values for acquired properties are initially recorded based on the present value (using a discount rate which reflects the risks associated with the leases acquired) of the differences between (i) the contractual amounts to be paid pursuant to each in-place lease and (ii) management's estimate of fair market lease rates for each corresponding in-place lease, measured over a period equal to the remaining term of the lease for above-market leases and the initial term plus the term of any below-market fixed-rate renewal options for below-market leases. The capitalized above-market lease amounts are accounted for as a reduction of base rental revenue over the remaining term of the respective leases, and the capitalized below-market lease values are amortized as an increase to base rental revenue over the remaining initial terms plus the terms of any below-market fixed-rate renewal options of the respective leases.

The Partnership evaluates the non-lease components (lease arrangements that include common area maintenance services) with related lease components (lease revenues). If both the timing and pattern of transfer are the same for the non-lease component and related lease component, the lease component is the predominant component. The Partnership elected an allowed practical expedient. For (i) operating lease arrangements involving real estate that include common area maintenance services and (ii) all real estate arrangements that include real estate taxes and insurance costs, we present these amounts within lease revenues in our consolidated statements of income. We record amounts reimbursed by the lessee in the period in which the applicable expenses are incurred.

Rental Properties: Rental properties are stated at cost less accumulated depreciation. Maintenance and repairs are charged to expense as incurred; improvements and additions which improve or extend the life of the assets are capitalized. When assets are retired or otherwise disposed of, the cost of the asset and related accumulated depreciation is eliminated from the accounts, and any gain or loss on such disposition is included in income. Fully depreciated assets are removed from the accounts. Rental properties are depreciated by both straight-line and accelerated methods over their estimated useful lives. Upon acquisition of rental property, the Partnership estimates the fair value of acquired tangible assets, consisting of land, building and improvements, and identified intangible assets and liabilities assumed, generally consisting of the fair value of (i) above and below market leases, (ii) in-place leases and (iii) tenant relationships. The Partnership allocated the purchase price to the assets acquired and liabilities assumed based on their fair values. The Partnership records goodwill or a gain on bargain purchase (if any) if the net assets acquired/liabilities assumed exceed the purchase consideration of a transaction. In estimating the fair value of the tangible and intangible assets acquired, the Partnership considers information obtained about each property as a result of its due diligence and marketing and leasing

[Table of Contents](#)

activities, and utilizes various valuation methods, such as estimated cash flow projections utilizing appropriate discount and capitalization rates, estimates of replacement costs net of depreciation, and available market information. The fair value of the tangible assets of an acquired property considers the value of the property as if it were vacant.

Other intangible assets acquired include amounts for in-place lease values and tenant relationship values, which are based on management's evaluation of the specific characteristics of each tenant's lease and the Partnership's overall relationship with the respective tenant. Factors to be considered by management in its analysis of in-place lease values include an estimate of carrying costs during hypothetical expected lease-up periods considering current market conditions, and costs to execute similar leases at market rates during the expected lease-up periods, depending on local market conditions. In estimating costs to execute similar leases, management considers leasing commissions, legal and other related expenses. Characteristics considered by management in valuing tenant relationships include the nature and extent of the Partnership's existing business relationships with the tenant, growth prospects for developing new business with the tenant, the tenant's credit quality and expectations of lease renewals. The value of in-place leases are amortized to expense over the remaining initial terms of the respective leases. The value of tenant relationship intangibles are amortized to expense over the anticipated life of the relationships.

In the event that facts and circumstances indicate that the carrying value of a rental property may be impaired, an analysis of the value is prepared. The estimated future undiscounted cash flows are compared to the asset's carrying value to determine if a write-down to fair value is required.

Leasing Fees: Leasing fees are capitalized and amortized on a straight-line basis over the life of the related lease. Unamortized balances are expensed when the corresponding fee is no longer applicable.

Deferred Financing Costs: Costs incurred in obtaining financing are capitalized and amortized over the term of the related indebtedness. Deferred financing costs are presented in the balance sheet as a direct deduction from the carrying value of the debt liability to which they relate, except deferred financing costs related to the revolving credit facility, which are presented in prepaid expenses and other assets. In all cases, amortization of such costs is included in interest expense and was approximately ~~\$190,000~~ ~~\$285,000~~ and ~~\$253,000~~ ~~\$350,000~~ for the **six** **nine** months ended **June 30, 2023** **September 30, 2023** and 2022, respectively.

Income Taxes: The financial statements have been prepared on the basis that NERA and its subsidiaries are entitled to tax treatment as partnerships. Accordingly, no provision for income taxes have been recorded (See Note 14).

Cash Equivalents: The Partnership considers cash equivalents to be all highly liquid instruments purchased with a maturity of three months or less at the time of purchase, including its investment in **BlackRock Liquidity Treasury Trust Fund**, which invests its assets in cash, **U.S Treasury bills, notes and other obligations issued or guaranteed as to principal and interest by the U.S. Treasury**, **money market funds**.

Investments in Treasury Bills: Investments in Treasury Bills are recorded at amortized cost and classified as held to maturity as the Partnership has the intent and the ability to hold them until they mature. The carrying value of the Treasury Bills are adjusted for accretion of discounts over the remaining life of the investment. Income related to the Treasury Bills is recognized in interest income in the Partnership's consolidated statement of income.

Segment Reporting: Operating segments are revenue producing components of the Partnership for which separate financial information is produced internally for management. Under the definition, NERA operated, for all periods presented, as one segment.

Other Comprehensive Income (Loss): Other comprehensive income (loss) includes items that are recorded in equity, such as effective portions of derivatives designated as cash flow hedges or unrealized holding gains or losses on marketable securities available for sale. NERA had comprehensive income of approximately ~~\$2,000~~ ~~265,000~~ for the **six** **nine** months ended **June 30, 2023** **September 30, 2023**, but had no comprehensive income or loss for the **six** **nine** months ended **June 30, 2022** **September 30, 2022**.

Income (Loss) Per Depositary Receipt: Effective January 3, 2012, the Partnership authorized a 3-for-1 forward split of its Depositary Receipts listed on the NYSE Amex and a concurrent adjustment of the exchange ratio of Depositary Receipts for Class A Units of the Partnership from 10-to-1 to 30-to-1, such that each Depositary Receipt represents one-thirtieth ($1/30$) of a Class A Unit of the Partnership. All references to Depositary Receipts in the report are reflective of the 3-for-1 forward split.

[Table of Contents](#)

Income Per Unit: Net income per unit has been calculated based upon the weighted average number of units outstanding during each period presented. The Partnership has no dilutive units and, therefore, basic net income is the same as diluted net income per unit (see Note 7: Partner's Capital).

Concentration of Credit Risks and Financial Instruments: The Partnership's properties are located in New England, and the Partnership is subject to the general economic risks related thereto. No single tenant accounted for more than 5% of the Partnership's revenues in 2023 or 2022. The Partnership makes its temporary cash investments with high-credit quality financial institutions. At **June 30, 2023** **September 30, 2023**, substantially all of the Partnership's cash and cash equivalents were held in interest-bearing accounts at financial institutions, and investments in U.S. Treasury bills, earning interest at rates from 0.01% to **5.0%** **5.4%**. At **June 30, 2023** **September 30, 2023** and December 31, 2022, respectively approximately ~~\$56,158,000~~ ~~\$6,103,000~~, and \$49,641,000 of cash and cash equivalents, and security deposits included in prepaid expenses and other assets exceeded federally insured amounts. Of the \$56,158,000, approximately \$40,092,000 is invested in

Blackrock Liquidity Funds Treasury Trust, which invests its assets in cash, U.S Treasury bills, notes and other obligations issued or guaranteed as to principal and interest by the U.S. Treasury.

Advertising Expense: Advertising is expensed as incurred. Advertising expense was approximately \$193,000 \$281,000 and \$135,000 \$190,000 for the six nine months ended June 30, 2023 September 30, 2023, and 2022, respectively.

Rental Property Held for Sale: When assets are identified by management as held for sale, the Partnership discontinues depreciating the assets and estimates the sales price, net of selling costs, of such assets. The Partnership generally considers assets to be held for sale when the transaction has received appropriate corporate authority, and there are no significant contingencies relating to the sale. If, in management's opinion, the estimated net sales price, net of selling costs, of the assets which have been identified as held for sale is less than the carrying value of the assets, a valuation allowance is established.

Interest Capitalized: The Partnership follows the policy of capitalizing interest as a component of the cost of rental property when the time of construction exceeds one year. During the six nine months ended June 30, 2023 September 30, 2023, and 2022 there was no capitalized interest.

Extinction of Debt: When existing mortgages are refinanced with the same lender and it is determined that the refinancing is substantially different, then they are recorded as an extinguishment of debt. However, if it is determined that the refinancing is substantially the same, then they are recorded as an exchange of debt. All refinancings qualify as extinguishment of debt.

Reclassification: Certain reclassifications have been made to prior period amounts in order to conform to current period presentation.

NOTE 2. RENTAL PROPERTIES

As of June 30, 2023 September 30, 2023, the Partnership and its Subsidiary Partnerships owned 2,892 2,944 residential apartment units in 25 27 residential and mixed-use complexes (collectively, the "Apartment Complexes"). The Partnership also owns 19 condominium units in a residential condominium complex, all of which are leased to residential tenants (collectively referred to as the "Condominium Units"). The Apartment Complexes and Condominium Units are located primarily in the metropolitan Boston area of Massachusetts.

Additionally, as of June 30, 2023 September 30, 2023, the Partnership and Subsidiary Partnerships owned two commercial shopping centers in Framingham and commercial buildings in Newton and Brookline and mixed-use properties in Boston, Brockton, and Newton, all in Massachusetts. Brookline. These properties are referred to collectively as the "Commercial Properties."

The Partnership also owned a 40% to 50% ownership interest in seven residential and mixed use complexes (the "Investment Properties") at June 30, 2023 September 30, 2023 with a total of 688 apartment units, accounted for using the equity method of consolidation. See Note 15 for summary information on these investments.

The Partnership purchased a commercial retail property of approximately 20,700 square feet, located at 653 Worcester Road in Framingham, Massachusetts for the sum of approximately \$10,151,000 on January 18, 2023. This acquisition was funded from the Partnership's cash reserves and closing costs were approximately \$59,000. From the purchase price, the Partnership allocated approximately \$585,000 to in-place leases, and approximately \$378,000 to the

On July 14, 2023, the partnership purchased a 52 unit mixed use property in the South End neighborhood of tenant relationships. The value assigned to in-place leases is being amortized over Boston, MA comprised of three buildings at 26-30 Rutland Street, 105-117 West Concord Street and 475 Shawmut Avenue, and approximately 3,400 square feet of commercial space for a twelve-month period. The value assigned to tenant relationships is being amortized over purchase price of approximately \$27,500,000. This acquisition was funded from the

individual tenant's lease term, ranging from 20 months to 156 months. Partnership's cash reserves and closing costs were approximately \$81,000.

Rental properties consist of the following:

	June 30, 2023	December 31, 2022	Useful Life	September 30, 2023	December 31, 2022	Useful Life
Land, improvements and parking lots	\$ 90,857,007	\$ 87,405,897	15 -40 years	\$ 98,563,951	\$ 87,405,897	15 -40years
Buildings and improvements	263,076,029	256,035,191	15 -40 years	278,781,377	256,035,191	15 -40years
Kitchen cabinets	15,029,029	14,347,212	5 -10 years	16,894,050	14,347,212	5 -10years
Carpets	13,035,304	12,047,573	5 -10 years	13,984,498	12,047,573	5 -10years
Air conditioning	501,697	501,697	5 -10 years	501,697	501,697	5 -10years
Laundry equipment	553,140	553,140	5 -7 years	563,160	553,140	5 -7 years
Elevators	1,885,265	1,885,265	20 -40 years	1,885,265	1,885,265	20 -40years
Swimming pools	1,090,604	1,090,604	10 -30 years	1,090,604	1,090,604	10 -30years
Equipment	19,418,136	18,716,758	5 -30 years	20,951,525	18,716,758	5 -30years
Motor vehicles	232,954	171,519	5 years	232,954	171,519	5 years
Fences	46,872	46,872	5 -15 years	77,620	46,872	5 -15years
Furniture and fixtures	8,817,296	7,902,182	5 -7 years	9,953,085	7,902,182	5 -7 years
Total fixed assets	414,543,333	400,703,910		443,479,786	400,703,910	
Less: Accumulated depreciation	(167,092,493)	(159,627,479)		(171,180,209)	(159,627,479)	
	\$ 247,450,840	\$ 241,076,431		\$ 272,299,577	\$ 241,076,431	

NOTE 3. RELATED PARTY TRANSACTIONS

The Partnership's properties are managed by The Hamilton Company, Inc. (the "Management Company"), an entity that is owned by the majority shareholder of NewReal, Inc., the general partner of the Partnership (the "General Partner"). The management fee is equal to 4% of gross receipts of rental revenue and laundry income on the majority of the Partnership's properties and 3% on Linewt. Total fees paid were approximately \$1,364,000 \$2,173,000 and \$1,345,000 \$2,029,000 for the six nine months ended June 30, 2023 September 30, 2023 and 2022, respectively.

The Partnership Agreement permits the General Partner or the Management Company to charge the costs of professional services (such as counsel, accountants and contractors) to NERA. During the six nine months ended June 30, 2023 September 30, 2023 and 2022, approximately \$914,000 \$1,106,000 and \$383,000 \$583,000 was charged to NERA for legal, accounting, construction, maintenance, brokerage fees, rental and architectural services and supervision of capital improvements. Of the 2023 expenses referred to above, approximately \$165,000 \$184,000 consisted of repairs and maintenance, \$171,000 \$293,000 of administrative expense, and approximately \$57,000 \$66,000 for renting expense. Approximately \$521,000 \$563,000 of expenses for construction, architectural services and supervision of capital projects were capitalized in rental properties. Additionally in 2023, the Hamilton Company received approximately \$398,000 \$585,000 from the Investment Properties of which approximately \$334,000 \$514,000 was the management fee, approximately \$5,000 for construction, architectural services and supervision of capital projects, approximately \$43,000 for repairs and maintenance, approximately \$22,000 for legal expense, and approximately \$16,000 \$1,000 for legal renting expense. The management fee is equal to 4% of gross receipts of rental income on the majority of investment properties and 2% on Dexter Park.

The Partnership reimburses the Management Company for the payroll and related expenses of the employees who work at the properties. Total reimbursement was approximately \$2,050,000 \$3,210,000 and \$1,913,000 \$2,945,000 for the six nine months ended June 30, 2023 September 30, 2023 and 2022, respectively. The Management Company maintains a 401K plan for all eligible employees whereby the employees may contribute the maximum allowed by law. The plan also provides for discretionary contributions by the employer. For the six nine months ended June 30, 2023 September 30, 2023, the Partnership accrued \$32,000 \$48,000 for the employer's match portion to the plan. For the six nine months ended June 30, 2022 September 30, 2022, the Partnership contributed \$28,000 \$70,000 for the employer's match portion to the plan.

[Table of Contents](#)

Bookkeeping and accounting functions are provided by the Management Company's accounting staff, which consists of approximately 15 people. During the **six** **nine** months ended **June 30, 2023** **September 30, 2023** and 2022, the Management Company charged the Partnership **\$62,500** **\$93,750** (\$125,000 per year) for bookkeeping and accounting services included in administrative expenses above.

13

[Table of Contents](#)

Sally Michael is a Director of New Real, Inc., and she is a Partner at Saul Ewing Arnstein & Lear LLP. Saul Ewing billed the Partnership for legal fees totaling approximately **\$39,000** **\$80,000** and **\$68,000** for the **six** **nine** months ended **June 30, 2023** **September 30, 2023** and 2022 respectively.

The Partnership has invested in seven limited partnerships, which have invested in mixed use residential apartment complexes. The Partnership has a 40% to 50% ownership interest in each investment property. The other investors are the Brown family related entities, and five current and previous employees of the Management Company. The Brown Family related entities' ownership interest was between 47.6% and 59%. See Note 15 for a description of the properties and their operations.

NOTE 4. PREPAID EXPENSES and OTHER ASSETS

Approximately **\$3,523,000** **\$3,687,000**, and **\$3,406,000** of security deposits are included in prepaid expenses and other assets at **June 30, 2023** **September 30, 2023** and December 31, 2022, respectively. The security deposits and escrow accounts are restricted cash.

Also, included in prepaid expenses and other assets at **June 30, 2023** **September 30, 2023** and December 31, 2022 is approximately **\$1,547,000** **\$1,665,000** and **\$1,979,000**, respectively, held in escrow to fund future capital improvements, approximately **\$957,000** **\$689,000** and **\$573,000** respectively in interest receivable and U.S. Treasury bills, and respectively **\$840,000** and **\$580,000** in distributions receivable from the joint ventures, bills.

Intangible assets on the acquisition of **653 Worcester Road** rental properties are included in prepaid expenses and other assets. Intangible assets are approximately **\$667,000** **\$1,135,000** and **\$0** net of accumulated amortization of approximately **\$296,000** **\$607,000** and **\$1,418,000** at **June 30, 2023** **September 30, 2023**, and at December 31, 2022 respectively.

Financing fees in association with the line of credit of approximately **\$80,000** **\$67,000** and **\$109,000** are net of accumulated amortization of approximately **\$100,000** **\$115,000** and **\$70,000** at **June 30, 2023** **September 30, 2023** and December 31, 2022 respectively.

NOTE 5. MORTGAGE NOTES PAYABLE

At **June 30, 2023** **September 30, 2023** and December 31, 2022, the mortgages payable consisted of various loans, all of which were secured by first mortgages on properties referred to in Note 2. At **June 30, 2023** **September 30, 2023**, the interest rates on these loans ranged from 2.97% to 4.95%, payable in monthly installments aggregating approximately \$1,523,000 including principal, to various dates through 2035. The majority of the mortgages are subject to prepayment penalties. At **June 30, 2023** **September 30, 2023**, the weighted average interest rate on the above mortgages was 3.68%. The effective rate of 3.78% includes the amortization expense of deferred financing costs. See Note 12 for fair value information. The Partnership's mortgage debt and the mortgage debt of its unconsolidated joint ventures generally is non-recourse except for customary exceptions pertaining to misuse of funds and material misrepresentations.

Financing fees of approximately ~~\$2,969,000~~ ~~\$2,874,000~~ and \$3,159,000 are net of accumulated amortization of approximately ~~\$1,163,000~~ ~~\$1,258,000~~ and \$973,000 at ~~June 30, 2023~~ ~~September 30, 2023~~ and December 31, 2022, respectively, which offset the total mortgage notes payable.

The Partnership has pledged tenant leases as additional collateral for certain of these loans.

Approximate annual maturities at June 30, 2023 are as follows:

2024—current maturities	\$ 3,062,000
2025	3,578,000
2026	21,957,000
2027	6,620,000
2028	23,220,000
Thereafter	354,367,000
	<u>412,804,000</u>
Less: unamortized deferred financing costs	2,969,000
	<u>\$ 409,835,000</u>

14

[Table of Contents](#)

Approximate annual maturities at September 30, 2023 are as follows:

2024—current maturities	\$ 3,295,000
2025	3,639,000
2026	25,267,000
2027	3,268,000
2028	22,846,000
Thereafter	353,812,000
	<u>412,127,000</u>
Less: unamortized deferred financing costs	2,874,000
	<u>\$ 409,253,000</u>

On June 16, 2022, the Partnership entered into an amendment to the Facility Agreement. The additional advance under the Amended Agreement is in the amount of \$80,284,000, at a fixed interest rate of 4.33%. The Partnership's obligations under the Facility Agreement are secured by mortgages on certain properties pursuant to certain Mortgage, Assignment of Leases and Rents, and Security Agreement and Fixture Filings.

The Partnership used the proceeds to pay down approximately \$37,065,000 of existing debt secured by four properties, along with approximately \$834,000 in prepayment penalties. The remaining balance of approximately \$42,404,000 will be used for general partnership purposes.

On November 30, 2021, New England Realty Associates Limited Partnership (the "Partnership"), entered into a Master Credit Facility Agreement (the "Facility Agreement") with KeyBank National Association ("KeyBank") dated as of November 30, 2021, with an initial advance in the amount of \$156,000,000. Interest only on the debt at a fixed interest rate of 2.97% is payable on a monthly basis through December 31, 2031. The Partnership's obligations under the Facility Agreement are secured by mortgages on certain properties pursuant to certain Mortgage, Assignment of Leases and Rents, and Security Agreement and Fixture Filings ("Mortgages").

The Partnership used the proceeds to pay down approximately \$65,305,000 of existing debt secured by 11 properties, along with approximately \$2,700,000 in prepayment penalties. The remaining balance of approximately \$89,000,000 will be used for general partnership purposes.

On October 14, 2022, the Partnership entered into a loan agreement with Brookline Bank refinancing its loan on 659-665 Worcester Road, Framingham, MA. The agreement pays down the loan on the existing debt of \$5,954,546.14, extends the maturity until October 14, 2032, at a variable interest rate of SOFR rate, plus 1.7% interest only for 2 years and amortizing using a thirty-year schedule for the balance of the term. At closing, the Partnership entered into an interest rate swap contract with Brookline Bank with a notional amount equivalent to the underlying loan principal amortization, resulting in a fixed rate of 4.60% through the expiration of the interest rate swap contract. The agreement also allows for an earn out of up to an additional \$1,495,453.86 once the property performance reaches a 1.35x debt service coverage ratio and the loan to value equates to at most 65%.

Line of Credit

On July 31, 2014, the Partnership entered into an agreement for a \$25,000,000 revolving line of credit. The term of the line was for three years with a floating interest rate equal to a base rate of the greater of (a) the Prime Rate (b) the Federal Funds Rate plus one-half of one percent per annum, or (c) the LIBOR Rate for a period of one month plus 1% per annum, plus the applicable margin of 2.5%. The agreement originally expired on July 31, 2017, and was extended until October 31, 2020. The costs associated with the line of credit extension were approximately \$128,000. Prior to the line's expiration in 2020, the Partnership exercised its option for a one-year extension until October 31, 2021. The Partnership paid an extension fee of approximately \$37,500 in association with the extension.

On October 29, 2021, the Partnership closed on the modification of its existing line of credit. The agreement extends the credit line for three years until October 29, 2024. The commitment amount is for \$25 million but is restricted to \$17 million during the modification period. The modification period phased out as of December 31, 2022. During this period, the loan covenants were modified from a minimum consolidated debt service ratio of 1.60 to a ratio of 1.35 until September 30, 2022; from a minimum tangible net worth requirement of \$200 million to a net worth of \$175 million.

15

[Table of Contents](#)

until September 30, 2022; from a maximum consolidated leverage ratio of 65% to a ratio of 70% until September 30, 2022 and from a minimum debt yield of 9.5% to a yield of 8.5% until September 30, 2022 and a yield of 9.0% until December 31, 2022. Once the financial performance of the Partnership meets the original covenant tests for the trailing 12-month period, the commitment amount will return to \$25 million. As of **June 30, 2023** **September 30, 2023**, the portfolio's debt yield fell below the minimum of 9.5% to 8.5%, thus the Partnership did not comply with the debt yield financial covenant. As such, the Partnership is unable to draw down any amount from the line of credit until the Partnership meets the required financial covenants.

The interest rate for the new term is LIBOR plus 300 basis points. The costs associated with the modification and renewal of the line of credit was approximately \$179,000.

15

[Table of Contents](#)

After June 30, 2023, the remaining tenors of U.S.-dollar LIBOR ceased publication, prompting the need for an alternative benchmark rate. On April 14, 2023, the partnership amended the line of credit to convert its base rate of interest from LIBOR to the Secured Overnight Financing Rate (SOFR) plus 10 basis points.

The line of credit may be used for acquisition, refinancing, improvements, working capital and other needs of the Partnership. The line may not be used to pay dividends, make distributions or acquire equity interests of the Partnership.

The line of credit is collateralized by varying percentages of the Partnership's ownership interest in 23 of its subsidiary properties and joint ventures. Pledged interests range from 49% to 100% of the Partnership's ownership interest in the respective entities.

NOTE 6. ADVANCE RENTAL PAYMENTS AND SECURITY DEPOSITS

The Partnership's residential lease agreements may require tenants to maintain a one-month advance rental payment and/or a security deposit. At **June 30, 2023** **September 30, 2023**, amounts received for prepaid rents of approximately **\$2,919,000** **\$3,126,000** are included in cash and cash equivalents, and security deposits of approximately **\$3,523,000** **\$3,687,000** are included in prepaid expenses and other assets and are restricted cash.

NOTE 7. PARTNERS' CAPITAL

The Partnership has two classes of Limited Partners (Class A and B) and one category of General Partner. Under the terms of the Partnership Agreement, distributions to holders of Class B Units and General Partnership Units must represent 19% and 1%, respectively, of the distributions made to the total units outstanding. All classes have equal profit sharing and distribution rights, in proportion to their ownership interests.

In January 2023, the Partnership approved a quarterly distribution of \$9.60 per Unit (\$0.32 per Receipt), payable on March 31, 2023. In addition to the quarterly distribution, there was a special distribution of \$38.40 per Class A unit (\$1.28 per Receipt) payable on March 31, 2023. In May 2023, the Partnership approved a quarterly distribution of \$12.00 per Unit (\$0.40 per Receipt), payable on June 30, 2023. In August 2023, the Partnership approved a quarterly distribution of \$12.00 per Unit (\$0.40 per Receipt), payable on September 30, 2023.

In 2022 the Partnership paid total distributions of an aggregate **\$76.80** **\$76.80** per Unit (\$2.56 per Receipt) for a total payment of \$9,267,981.

The Partnership has entered into a deposit agreement with an agent to facilitate public trading of limited partners' interests in Class A Units. Under the terms of this agreement, the holders of Class A Units have the right to exchange each Class A Unit for 30 Depositary Receipts. The following is information per Depositary Receipt:

	Six Months Ended				Nine Months Ended	
	June 30,		September 30,		\$ 1.73	\$ 0.44
	2023	2022	2023	2022		
Net Income per Depositary Receipt	\$ 1.12	\$ 0.16	\$ 1.73	\$ 0.44		
Distributions per Depositary Receipt	\$ 2.00	\$ 1.92	\$ 2.40	\$ 2.24		

NOTE 8. TREASURY UNITS

Treasury Units at **June 30, 2023** **September 30, 2023** are as follows:

Class A	49,251	49,750
Class B	11,697	11,816
General Partnership	616622	
	61,564	62,188

On August 20, 2007, NewReal, Inc., the General Partner authorized an equity repurchase program ("Repurchase Program") under which the Partnership was permitted to purchase, over a period of twelve months, up to 300,000 Depositary Receipts (each of which is one-tenth of a Class A Unit). Over time, the General Partner has authorized increases in the equity repurchase program. On March 10, 2015, the General Partner authorized an increase in the

[Table of Contents](#)

Repurchase Program from 1,500,000 to 2,000,000 Depositary Receipts and extended the Program for an additional five years from March 31, 2015 until March 31, 2020. On March 9, 2020, the General Partner extended the program for an additional five years from March 31, 2020 to March 31, 2025. The Repurchase Program requires the Partnership to repurchase a proportionate number of Class B Units and General Partner Units in connection with any repurchases of any Depositary Receipts by the Partnership based upon the 80%, 19% and 1% fixed distribution percentages of the holders of the Class A, Class B and General Partner Units under the Partnership's Second Amended and Restated Contract of Limited Partnership. Repurchases of Depositary Receipts or Partnership Units pursuant to the Repurchase Program may be made by the Partnership from time to time in its sole discretion in open market transactions or in privately negotiated transactions.

From August 20, 2007 through **June 30, 2023** **September 30, 2023**, the Partnership has repurchased **1,502,734** **1,517,690** Depositary Receipts at an average price of **\$30.54** **\$30.96** per receipt (or **\$916.20** **\$928.80** per underlying Class A Unit), **4,160** **4,279** Class B Units and **219** **225** General Partnership Units, both at an average price of **\$1,209.00** **\$1,236.00** per Unit, totaling approximately **\$51,785,000** **\$53,153,000** including brokerage fees paid by the Partnership.

During the **six** **nine** months ended **June 30, 2023** **September 30, 2023**, the Partnership purchased a total of **14,274** **29,230** Depositary Receipts. The average price was **\$72.20** **\$72.71** per receipt, or **\$2,166** **\$2,181** per unit. The cost including commission was **\$1,031,739**. The approximately **\$2,127,000**. The Partnership was required to repurchase **113** **232** Class B Units and **6** **12** General Partnership units at a cost of **\$244,753** **\$503,707** and **\$12,882** **\$26,510** respectively.

NOTE 9. COMMITMENTS AND CONTINGENCIES

The Partnership, the Subsidiary Partnerships, and the Investment Properties and their properties are not presently subject to any material litigation, and, to management's knowledge, there is not any material litigation presently threatened against them. The properties are occasionally subject to ordinary routine legal and administrative proceedings incident to the ownership of residential and commercial real estate. Some of the legal and other expenses related to these proceedings are covered by insurance and none of these costs and expenses are expected to have a material adverse effect on the Consolidated Financial Statements of the Partnership.

NOTE 10. RENTAL INCOME

During the six months ended June 30, 2023, approximately 94% of rental income was related to residential apartments and condominium units with leases of one year or less. The majority of these leases expire in June, July and August. Approximately 6% was related to commercial properties, which have minimum future annual rental income on non-cancellable operating leases at June 30, 2023 as follows:

	Commercial
	Property Leases
2024	\$ 2,595,339
2025	2,292,661

2026	2,478,151
2027	1,919,558
2028	1,685,361
Thereafter	10,703,368
	<u>\$ 21,674,438</u>

The aggregate minimum future rental income does not include contingent rentals that may be received under various leases in connection with common area charges and real estate taxes. Aggregate contingent rentals from continuing operations were approximately \$328,000 and \$437,000 for the six months ended June 30, 2023 and 2022 respectively. Trader Joe's and Walgreen's, tenants at Staples Plaza and 653 Worcester Road, Framingham, MA, respectively, are approximately 23% of the total commercial rental income.

[Table of Contents](#)

NOTE 10. RENTAL INCOME

During the nine months ended September 30, 2023, approximately 94% of rental income was related to residential apartments and condominium units with leases of one year or less. The majority of these leases expire in June, July and August. Approximately 6% was related to commercial properties, which have minimum future annual rental income on non-cancellable operating leases at September 30, 2023 as follows:

	Commercial
	Property Leases
2024	\$ 2,773,886
2025	2,381,341
2026	2,351,100
2027	1,848,798
2028	1,622,423
Thereafter	<u>10,319,884</u>
	<u>\$ 21,297,432</u>

The aggregate minimum future rental income does not include contingent rentals that may be received under various leases in connection with common area charges and real estate taxes. Aggregate contingent rentals from continuing operations were approximately \$515,000 and \$441,000 for the nine months ended September 30, 2023 and 2022 respectively. Trader Joe's and Walgreen's, tenants at Staples Plaza and 653 Worcester Road, Framingham, MA, respectively, are approximately 21% of the total commercial rental income.

The following information is provided for commercial leases:

	Annual base				Percentage of				Annual base				Percentage of			
	rent for	Total square feet	Total number of	annual base rent for	rent for	Total square feet	Total number of	annual base rent for	rent for	Total square feet	Total number of	annual base rent for	rent for	Total square feet	Total number of	annual base rent for
Through																
June 30,	expiring leases	for expiring leases	leases expiring	expiring leases												
Through																
September																
30,																
2024	\$ 776,396	34,544	22	21 %	\$ 680,831	43,065	25									20 %
2025	443,854	16,663	9	12 %	241,720	7,383	8									7 %
2026	214,265	6,132	8	6 %	295,021	8,313	8									9 %
2027	294,550	12,440	6	8 %	347,210	13,666	6									10 %
2028	283,478	7,651	3	8 %	205,478	5,701	2									6 %

2029	142,860	3,112	2	4 %	142,860	3,112	2	4 %
2030	—	—	—	— %	—	—	—	— %
2031	—	—	—	— %	—	—	—	— %
2032	110,600	1,106	1	3 %	110,600	1,106	1	3 %
2033	1,428,261	46,987	4	38 %	1,428,261	46,987	4	41 %
Totals	\$ 3,694,264	128,635	55	100 %	\$ 3,451,981	129,333	56	100 %

Rents receivable are net of an allowance for doubtful accounts of approximately \$1,291,000 \$1,270,000 and \$1,007,000 at **June 30, 2023** September 30, 2023 and December 31, 2022. Included in rents receivable at **June 30, 2023** September 30, 2023 is approximately \$199,000 \$347,000 resulting from recognizing rental income from non-cancelable commercial leases with future rental increases on a straight-line basis.

Rents receivable at **June 30, 2023** September 30, 2023 also includes approximately \$28,000 \$51,000 representing the deferral of rental concession primarily related to the residential properties.

NOTE 11. CASH FLOW INFORMATION

During the **six** **nine** months ended **June 30, 2023** September 30, 2023 and 2022, cash paid for interest was approximately \$7,678,000 \$11,535,000, and \$6,987,000 \$10,584,000 respectively. Cash paid for state income taxes was approximately \$25,000 \$56,000 and \$49,000 \$52,000 during the **six** **nine** months ended **June 30, 2023** September 30, 2023 and 2022 respectively.

[Table of Contents](#)

NOTE 12. FAIR VALUE MEASUREMENTS

Fair Value Measurements on a Recurring Basis

At **June 30, 2023** September 30, 2023 and December 31, 2022, we do not have any significant financial assets or financial liabilities that are measured at fair value on a recurring basis in our consolidated financial statements.

Financial Assets and Liabilities not Measured at Fair Value

At **June 30, 2023** September 30, 2023 and December 31, 2022 the carrying amounts of certain of our financial instruments, including cash and cash equivalents, accounts receivable, and note payable, accounts payable and accrued expenses were representative of their fair values due to the short-term nature of these instruments or, the recent acquisition of these items.

The Partnership has investments in Treasury Bills some of which mature over a period greater than 90 days and are classified as short-term investments. The Treasury Bills are carried at amortized cost and classified as held to maturity as the Partnership has the intent and the ability to hold them until they mature. The carrying value of the Treasury Bills are adjusted for accretion of discounts over the remaining life of the investment. Income related to the Treasury Bills is recognized in interest income in the Partnership's consolidated statement of income. The Treasury Bills classified within Level 1 of the fair value hierarchy.

At **June 30, 2023** September 30, 2023 and December 31, 2022 we estimated the fair value of our mortgage payable, derivative financial instrument, and other notes based upon quoted market prices for the same (Level 1) or similar (Level 2) issues when current quoted market prices are available. We estimated the fair value of our secured mortgage debt that does not have current quoted market prices available by discounting the future cash flows using rates currently available to us for debt with similar terms and maturities (Level 3). The differences in the fair value of our debt from the carrying value are the result of differences in interest rates and/or borrowing spreads that were available to us at **June 30, 2023** September 30, 2023 and

[Table of Contents](#)

December 31, 2022, as compared with those in effect when the debt was issued or acquired. The secured mortgage debt contain pre-payment penalties or yield maintenance provisions that could make the cost of refinancing the debt at lower rates exceed the benefit that would be derived from doing so. At June 30, 2023 September 30, 2023 and at December 31, 2022 the Partnership's line of credit had an outstanding balance of zero.

The following methods and assumptions were used by the Partnership in estimating the fair value of its financial instruments:

- For cash and cash equivalents, accounts receivable, other assets, investment in partnerships, accounts payable, advance rents and security deposits: fair value approximates the carrying value of such assets and liabilities.
- For mortgage notes payable: fair value is generally based on estimated future cash flows, which are discounted using the quoted market rate from an independent source for similar obligations. Refer to the table below for the carrying amount and estimated fair value of such instruments.

[Table of Contents](#)

The following table reflects the carrying amounts and estimated fair value of our debt.

	June 30, 2023		Dec 31, 2022	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Assets				
Cash equivalents	55,700,166	55,700,166	49,560,723	49,560,723
Treasury bills	68,355,526	69,296,283	88,332,133	88,908,540
Total Assets	<u>124,055,692</u>	<u>124,996,449</u>	<u>137,892,856</u>	<u>138,469,263</u>
Liabilities				
Mortgage payable *				
- Partnership properties	409,834,512	356,801,408	410,966,199	355,629,060
- Investment properties	166,031,338	153,687,019	166,090,966	153,710,522
Total Liabilities	<u>575,865,850</u>	<u>510,488,427</u>	<u>577,057,165</u>	<u>509,339,582</u>

	September 30, 2023		Dec 31, 2022	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Assets				
Cash equivalents	16,141,398	16,141,398	49,560,723	49,560,723

Treasury bills	83,252,673	83,991,888	88,332,133	88,908,540
Total Assets	99,394,071	100,133,286	137,892,856	138,469,263
Liabilities				
Mortgage payable *				
- Partnership properties	409,253,129	341,700,294	410,966,199	355,629,060
- Investment properties	166,000,690	150,939,836	166,090,966	153,710,522
Total Liabilities	575,253,819	492,640,130	577,057,165	509,339,582

* Net of unamortized deferred financing costs

Disclosure about fair value of financial instruments is based on pertinent information available to management as of **June 30, 2023**, **September 30, 2023** and December 31, 2022. Although management is not aware of any factors that would significantly affect the fair value amounts, such amounts have not been comprehensively revalued for purposes of these financial statements since **June 30, 2023** **September 30, 2023** and current estimates of fair value may differ significantly from the amounts presented herein.

NOTE 13. DERIVATIVE FINANCIAL INSTRUMENTS

Cash Flow Hedges of Interest Rate Risk

The Partnership's objectives in using rate derivatives are to manage its exposure to interest rate movements. To accomplish this objective, the Partnership uses interest rate swaps as part of its interest rate risk management strategy. Interest rate swaps designated as cash flow hedges involve the receipt of variable amounts from a counterparty in exchange for the Partnership making fixed-rate payments over the life of the agreements without exchange of the underlying notional amount.

The changes in the fair value of derivatives designated and that qualify as cash flow hedges is recorded in accumulated other comprehensive income and subsequently reclassified into earnings in the period that the hedged forecasted transaction affects earnings. Amounts reported in accumulated other comprehensive income related to **derivatives will be reclassified to interest expense as interest payments are made on the Partnership's variable rate debt**. During the next 12 months, the Partnership estimates \$143,000 will be reclassified as a decrease to interest expense.

As of September 30, 2023, the Partnership had one interest rate swap outstanding with a notional amount of approximately \$560,000 designated as cash flow hedges of interest rate risk. As of September 30, 2023, the Partnership did not have any interest rate derivatives in a net liability position.

1920

[Table of Contents](#)

derivatives will be reclassified to interest expense as interest payments are made on the Partnership's variable rate debt. During the next 12 months, the Partnership estimates \$138,000 will be reclassified as a decrease to interest expense.

As of June 30, 2023, the Partnership had one interest rate swap outstanding with a notional amount of approximately \$297,000 designated as cash flow hedges of interest rate risk. As of June 30, 2023, the Partnership did not have any interest rate derivatives in a net liability position.

The table below presents the fair value of the Company's Partnership's derivative financial instruments as well as their classification on the consolidated balance sheets as of **June 30, 2023**, **September 30, 2023** and 2022.

Fair Value	Fair Value
------------	------------

Asset	June 30, December 31,				September 30, December 31,			
Derivatives designated as hedging instruments	2023	2022	Balance sheet location		2023	2022	Balance sheet location	
Interest rate swaps	\$297,046	\$ —	Prepaid Expenses and Other Assets	\$ 560,278	\$ 294,931	Prepaid Expenses and Other Assets		

The table below presents the effect the Company's Partnership's derivative financial instruments on the consolidated statements of income for the quarters ended **June 30, 2023** September 30, 2023 and 2022.

Derivatives in	Location of Gain								Location of Gain								
	or (Loss)				Amount of Gain				Total Amount of				or (Loss)				
	Amount of Gain		Reclassified		or (Loss)		Location of Gain		Interest Expense		Reclassified		or (Loss)		Location		
Cash Flow	or (Loss) Recognized	Accumulated	from Accumulated				in Income on		presented in the	consolidated statements	or (Loss) Recognized	Accumulated	from Accumulated		in Income on		
Hedging																	
Relationships in OCI on Derivative	OCI into Income	OCI into Income					Derivative		of operations	in OCI on Derivative	OCI into Income	OCI into Income					
Three Months																	
Ended June																	
30,	2023	2022								2023	2022						
Three Months																	
Ended																	
September																	
30,										2023	2022						
Interest rate swaps	\$ 168,002	\$ —	Interest expense	\$ —	\$ —	\$ —	Interest and other investment income (loss)			\$ (3,925,863)	\$ (3,623,714)	\$ 263,232	\$ —	Interest expense	\$ —	\$ —	Interest and other
Six Months																	
Ended																	
June 30,																	
Nine Months																	
Ended																	
September																	
30,																	
Interest rate swaps	\$ 2,115	\$ —	Interest expense	\$ —	\$ —	\$ —	Interest and other investment income (loss)			\$ (7,825,103)	\$ (7,078,349)	\$ 265,347	\$ —	Interest expense	\$ —	\$ —	Interest and other

NOTE 14. TAXABLE INCOME AND TAX BASIS

Taxable income reportable by the Partnership and includable in its partners' tax returns is different than financial statement income because of tax free exchanges, different depreciation methods, different tax lives, other items with limited tax deductibility carryovers and timing differences related to prepaid rents, allowances and intangible assets at significant acquisitions. Federal taxable income of approximately \$10,968,000 was approximately \$7,245,000 more than statement income for the year ended December 31, 2022. The Federal cumulative tax basis of the Partnership's real estate at December 31, 2022 is approximately \$14,000,000 more than the statement basis. The primary reasons for the difference in tax basis are tax free exchanges, accelerated depreciation and bonus depreciation. The Partnership's Federal tax basis in its joint venture investments is approximately \$3,000,000 more than statement basis. State taxable income may be significantly different due to different tax treatments for certain items.

Certain entities included in the Partnership's consolidated financial statements are subject to certain state taxes. These taxes are not significant and are recorded as operating expenses in the accompanying consolidated financial statements.

The Partnership adopted the amended provisions related to uncertain tax provisions of ASC 740, Income Taxes. As a result of the implementation of the guidance, the Partnership recognized no material adjustment regarding its tax accounting treatment. The Partnership expects to recognize interest and penalties related to uncertain tax positions, if any, as income tax expense, which would be included in general and administrative expense.

In the normal course of business the Partnership or one of its subsidiaries is subject to examination by federal, state and local jurisdictions in which it operates, where applicable. As of **June 30, 2023** **September 30, 2023**, the tax years that generally remain subject to examination by the major tax jurisdictions under the statute of limitations is from the year 2019 forward.

20

[Table of Contents](#)

NOTE 15. INVESTMENT IN UNCONSOLIDATED JOINT VENTURES

The Partnership has invested in seven limited partnerships and limited liability companies, the majority of which have invested in residential apartment complexes, with three Joint Ventures investing in commercial property. The Partnership has between a 40%-50% ownership interests in each investment. The other investors are the Brown Family related entities and five current and former employees of the Management Company. The Brown Family's ownership

21

[Table of Contents](#)

interest was between 47.6% and 59%, with the balance owned by the others. A description of each investment is as follows:

On October 28, 2009 the Partnership invested approximately \$15,925,000 in a joint venture to acquire a 40% interest in a residential property located in Brookline, Massachusetts. The property, Hamilton Park Towers LLC, referred to as Dexter Park, or Hamilton Park, is a 409 unit residential complex. The purchase price was \$129,500,000. The original mortgage was \$89,914,000 with an interest rate of 5.57% and was to mature in 2019. The mortgage called for interest only payments for the first two years of the loan and amortized over 30 years thereafter.

On May 31, 2018, Hamilton Park Towers, LLC, entered into a Mortgage Note with John Hancock Life Insurance Company (U.S.A.) in the principal amount of \$125,000,000. Interest only payments on the Note are payable on a monthly basis at a fixed interest rate of 3.99% per annum, and the principal amount of the Note is due and payable on June 1, 2028. The Note is secured by a mortgage on the Dexter Park apartment complex located at 175 Freeman Street, Brookline, Massachusetts pursuant to a Mortgage, Assignment of Leases and Rents and Security Agreement dated May 31, 2018. The Note is guaranteed by the Partnership and HBC Holdings, LLC pursuant to a Guaranty Agreement dated May 31, 2018.

Hamilton Park used the proceeds of the loan to pay off an outstanding loan of approximately \$82,000,000 and distributed approximately \$41,200,000 to its owners. The Partnership's share of the distribution was approximately \$16,500,000. As a result of the distribution, the carrying value of the investment fell below zero. The Partnership will continue to account for the investment using the equity method of accounting, although the Partnership has no legal obligation to fund its' share of any future operating deficiencies as needed. At **June 30, 2023** **September 30, 2023**, the balance on this mortgage before unamortized deferred financing costs is **\$125,000,000** **\$125,000,000**. This investment, Hamilton Park Towers, LLC is referred to as Dexter Park.

On March 7, 2005, the Partnership invested \$2,000,000 for a 50% ownership interest in a building comprising 48 apartments, one commercial space and a 50-car surface parking lot located in Boston, Massachusetts. The purchase price was \$14,300,000, with a \$10,750,000 mortgage. The Joint Venture planned to operate the building and initiate development of the parking lot. In June 2007, the Joint Venture separated the parcels, formed an additional limited liability company for the residential apartments and obtained a mortgage on the property. The new limited liability company formed for the residential apartments and commercial space is referred to as Hamilton Essex 81, LLC. In August 2008, the Joint Venture restructured the mortgages on both parcels at Essex 81. On September 30, 2015, Hamilton Essex 81, LLC obtained a new 10 year mortgage in the amount of \$10,000,000, interest only at 2.18% plus the one month Libor rate. The proceeds of the note were used to pay off the existing mortgage of \$8,040,719 and the Partnership received a distribution of \$978,193 for its share of the excess proceeds. As a result of the distribution, the carrying value of the investment fell below zero. The Partnership will continue to account for this investment using the equity method of accounting. Although the Partnership has no legal obligation, the Partnership intends to fund its share of any future operating deficits if needed. At **June 30, 2023** **September 30, 2023**, the balance on this mortgage before unamortized deferred financing costs is \$10,000,000. The investment in the parking lot is referred to as Hamilton Essex Development, LLC; the investment in the apartments is referred to as Hamilton Essex 81, LLC.

On March 2, 2005, the Partnership invested \$2,352,000 for a 50% ownership interest in a 176-unit apartment complex with an additional small commercial building located in Quincy, Massachusetts. The purchase price was \$23,750,000. The Joint Venture sold 127 of the units as condominiums and retained 49 units for long-term investment. The Joint Venture obtained a new 10-year mortgage in the amount of \$5,000,000 on the units to be retained by the Joint Venture. The interest on the new loan was 5.67% fixed for the 10 year term with interest only payments for five years and amortized over a 30 year period for the balance of the loan term. On July 8, 2016, Hamilton 1025 LLC paid off the outstanding balance of the mortgage balance. The Partnership made a capital contribution of \$2,359,500 to Hamilton 1025, LLC for its share of the funds required for the transaction. After paying off the mortgage, the Partnership began to sell off the individual units. In 2019, all residential units were sold. The Partnership still owns the commercial building. This investment is referred to as Hamilton 1025, LLC.

21

[Table of Contents](#)

In September 2004, the Partnership invested approximately \$5,075,000 for a 50% ownership interest in a 42-unit apartment complex located in Lexington, Massachusetts. The purchase price was \$10,100,000. On September 12, 2016, the property was refinanced with a 15 year mortgage in the amount of \$6,000,000, at 3.71%, interest only. The Joint Venture Partnership paid off the prior mortgage of approximately \$5,158,000 with the proceeds of the new mortgage and made a distribution of \$385,000 to the Partnership. The cost associated with the refinancing was

22

[Table of Contents](#)

approximately \$123,000. In 2018, the carrying value of the investment fell below zero. The Partnership will continue to account for this investment using the equity method of accounting, although the Partnership has no legal obligation to fund its share of any future operating deficiencies, if needed. At **June 30, 2023**, the balance on this mortgage before unamortized deferred financing costs is \$6,000,000. This investment is referred to as Hamilton Minuteman, LLC.

In August 2004, the Partnership invested \$8,000,000 for a 50% ownership interest in a 280-unit apartment complex located in Watertown, Massachusetts. The total purchase price was \$56,000,000. The Joint Venture sold 137 units as condominiums. The assets were combined with Hamilton on Main Apartments. Hamilton on Main, LLC is known as Hamilton Place. In August 2014, the property was refinanced with a 10 year mortgage in the amount of \$16,900,000 at 4.34% interest only. The Joint Venture paid off the prior mortgage of approximately \$15,205,000 with the proceeds of the new mortgage and distributed \$850,000 to the Partnership. The costs associated with the

refinancing were approximately \$161,000. In 2018, the carrying value of the investment fell below zero. The Partnership will continue to account for this investment using the equity method of accounting, although the Partnership has no legal obligation to fund its share of any future operating deficiencies, if needed. At **June 30, 2023** **September 30, 2023**, the balance of the mortgage before unamortized deferred finance is \$16,900,000. The investment is referred to as Hamilton on Main LLC.

On August 23, 2023, Hamilton on Main Apartments, LLC (the "Borrower"), a 50% owned joint venture of the Partnership, received notice from KeyBank, as servicer for the lender of a \$16,900,000 loan, indicating that the Borrower failed to comply with certain terms of the loan documents pertaining to the transfer of interests in the Borrower that occurred on the occasion of Harold Brown's death, and that such transfer constitutes an event of default under the loan documents. While the Borrower has disputed that any events of default actually exist, it is working diligently with KeyBank to obtain KeyBank's consent to the transfer.

In November 2001, the Partnership invested approximately \$1,533,000 for a 50% ownership interest in a 40-unit apartment building in Cambridge, Massachusetts. In June 2013, the property was refinanced with a 15 year mortgage in the amount of \$10,000,000 at 3.87%, interest only for 3 years and is amortized on a 30-year schedule for the balance of the term. The Joint Venture paid off the prior mortgage of approximately \$6,776,000 with the proceeds of the new mortgage. After the refinancing, the Joint Venture made a distribution of \$1,610,000 to the Partnership. As a result of the distribution, the carrying value of the investment fell below zero. The Partnership will continue to account for this investment using the equity method of accounting. Although the Partnership has no legal obligation, the Partnership intends to fund its share of any future operating deficits if needed. At **June 30, 2023** **September 30, 2023**, the balance of this mortgage before unamortized deferred financing costs is approximately **\$8,599,000**, **\$8,541,000**. This investment is referred to as 345 Franklin, LLC.

2223

[Table of Contents](#)

Summary financial information at September 30, 2023

	Hamilton				Hamilton		Hamilton	
	Hamilton		Essex		345		Hamilton	
	Essex 81	Development	Franklin	1025	Apts	Apts	Park	Total
ASSETS								
Rental Properties	\$ 5,517,486	\$ 2,583,813	\$ 4,567,358	\$ 75,843	\$ 4,261,249	\$ 12,742,373	\$ 73,786,757	\$ 103,534,879
Cash & Cash Equivalents	1,044,888	73,383	112,129	16,328	404,742	902,251	1,593,551	4,147,272
Rent Receivable	197,549	80,264	3,272	4,526	1,890	22,244	114,086	423,831
Real Estate Tax Escrow	70,897	—	66,029	—	40,477	139,457	—	316,860
Prepaid Expenses & Other Assets	331,025	47,178	94,692	777	54,728	233,231	2,501,688	3,263,319
Total Assets	\$ 7,161,845	\$ 2,784,638	\$ 4,843,480	\$ 97,474	\$ 4,763,086	\$ 14,039,556	\$ 77,996,082	\$ 111,686,161
LIABILITIES AND PARTNERS' CAPITAL								
Mortgage Notes Payable	\$ 9,972,422	\$ —	\$ 8,509,683	\$ —	\$ 5,934,873	\$ 16,885,286	\$ 124,698,426	\$ 166,000,690
Accounts Payable & Accrued Expense	162,273	2,250	111,162	2,739	103,267	192,429	801,974	1,376,094
Advance Rental Pmts & Security Deposits	354,788	—	277,672	612	183,421	492,006	2,975,056	4,283,555
Total Liabilities	10,489,483	2,250	8,898,517	3,351	6,221,561	17,569,721	128,475,456	171,660,339
Partners' Capital	(3,327,638)	2,782,388	(4,055,037)	94,123	(1,458,475)	(3,530,165)	(50,479,374)	(59,974,178)
Total Liabilities and Capital	\$ 7,161,845	\$ 2,784,638	\$ 4,843,480	\$ 97,474	\$ 4,763,086	\$ 14,039,556	\$ 77,996,082	\$ 111,686,161
Partners' Capital %—NERA	50 %	50 %	50 %	50 %	50 %	50 %	50 %	40 %
Investment in Unconsolidated Joint Ventures	\$ —	\$ 1,391,194	\$ —	\$ 47,061	\$ —	\$ —	\$ —	\$ 1,438,255
Distribution and Loss in Excess of investments in Unconsolidated								
Joint Ventures	\$ (1,663,819)	\$ —	\$ (2,027,519)	\$ —	\$ (729,238)	\$ (1,765,082)	\$ (20,191,749)	\$ (26,377,405)
Total Investment in Unconsolidated Joint Ventures (Net)								\$ (24,939,150)

Total units/condominiums									
Apartments	48	—	40	175	42	148	409	862	
Commercial	1	1	—	1	—	—	—	3	
Total	49	1	40	176	42	148	409	865	
Units to be retained	49	1	40	1	42	148	409	690	
Units to be sold	—	—	—	—	—	—	—	—	
Units sold through November 1, 2023	—	—	—	175	—	—	—	175	
Unsold units	—	—	—	—	—	—	—	—	

Financial information for the nine months ended September 30, 2023

	Hamilton			Hamilton		Hamilton			
	Hamilton		Essex	345	Hamilton	Minuteman	on Main	Dexter	
	Essex 81	Development	Franklin	1025	Apts	Apts	Park	Total	
Revenues									
Rental Income	\$ 1,305,180	\$ 181,413	\$ 1,265,519	\$ 73,989	\$ 977,459	\$ 2,877,609	\$ 12,087,700	\$ 18,768,869	
Laundry and Sundry Income	807	—	115	—	—	11,298	92,735	104,955	
	<u>1,305,987</u>	<u>181,413</u>	<u>1,265,634</u>	<u>73,989</u>	<u>977,459</u>	<u>2,888,907</u>	<u>12,180,435</u>	<u>18,873,824</u>	
Expenses									
Administrative	14,957	2,278	23,617	2,600	12,622	59,441	181,971	297,486	
Depreciation and Amortization	352,019	8,782	259,744	2,448	253,492	796,968	2,748,175	4,421,628	
Management Fees	52,475	7,183	49,489	3,000	39,269	113,643	248,873	513,932	
Operating	228,886	—	70,775	218	93,771	329,701	963,365	1,686,716	
Renting	55,933	—	34,840	—	5,596	38,553	98,487	233,409	
Repairs and Maintenance	140,557	—	127,427	—	77,035	499,894	1,513,141	2,358,054	
Taxes and Insurance	211,209	46,119	143,274	13,037	108,611	395,153	1,951,235	2,868,638	
	<u>1,056,036</u>	<u>64,362</u>	<u>709,166</u>	<u>21,303</u>	<u>590,396</u>	<u>2,233,353</u>	<u>7,705,247</u>	<u>12,379,863</u>	
Income Before Other Income									
	<u>249,951</u>	<u>117,051</u>	<u>556,468</u>	<u>52,686</u>	<u>387,063</u>	<u>655,554</u>	<u>4,475,188</u>	<u>6,493,961</u>	
Other Income (Loss)									
Interest Expense	(553,535)	—	(258,949)	—	(177,694)	(593,120)	(3,779,306)	(5,362,604)	
	<u>(553,535)</u>	<u>—</u>	<u>(258,949)</u>	<u>—</u>	<u>(177,694)</u>	<u>(593,120)</u>	<u>(3,779,306)</u>	<u>(5,362,604)</u>	
Net (Loss) Income									
	<u>\$ (303,584)</u>	<u>\$ 117,051</u>	<u>\$ 297,519</u>	<u>\$ 52,686</u>	<u>\$ 209,369</u>	<u>\$ 62,434</u>	<u>\$ 695,882</u>	<u>\$ 1,131,357</u>	
Net (Loss) Income —NERA 50%									
	<u>\$ (151,792)</u>	<u>\$ 58,527</u>	<u>\$ 148,760</u>	<u>\$ 26,343</u>	<u>\$ 104,685</u>	<u>\$ 31,217</u>		<u>217,739</u>	
Net Income —NERA 40%									
							<u>\$ 278,353</u>	<u>278,353</u>	
								<u>\$ 496,092</u>	

Table of Contents

Financial information for the three months ended September 30, 2023

	Hamilton			Hamilton		Hamilton			
	Hamilton		Essex	345	Hamilton	Minuteman	on Main	Dexter	
	Essex 81	Development	Franklin	1025	Apts	Apts	Park	Total	

Revenues									
Rental Income	\$ 450,353	\$ 60,471	\$ 431,453	\$ 24,255	\$ 338,729	\$ 986,514	\$ 4,071,737	\$ 6,363,512	
Laundry and Sundry Income	2,418	—	168	—	—	16,329	44,302	63,217	
	<u>452,771</u>	<u>60,471</u>	<u>431,621</u>	<u>24,255</u>	<u>338,729</u>	<u>1,002,843</u>	<u>4,116,039</u>	<u>6,426,729</u>	
Expenses									
Administrative	4,426	778	10,574	729	3,140	20,469	68,852	108,968	
Depreciation and Amortization	117,886	2,927	86,878	816	85,184	266,962	926,902	1,487,555	
Management Fees	18,730	2,416	16,856	1,011	13,606	39,514	87,897	180,030	
Operating	78,368	—	13,741	75	25,399	105,437	309,700	532,720	
Renting	24,988	—	16,641	—	4,023	14,099	30,728	90,479	
Repairs and Maintenance	44,602	—	64,889	—	32,802	163,163	618,245	923,701	
Taxes and Insurance	69,964	15,438	48,988	4,333	38,211	132,214	680,016	989,164	
	<u>358,964</u>	<u>21,559</u>	<u>258,567</u>	<u>6,964</u>	<u>202,365</u>	<u>741,858</u>	<u>2,722,340</u>	<u>4,312,617</u>	
Income Before Other Income	93,807	38,912	173,054	17,291	136,364	260,985	1,393,699	2,114,112	
Other Income (Loss)									
Interest Expense	(194,683)	—	(85,476)	—	(59,586)	(192,376)	(1,257,252)	(1,789,373)	
	<u>(194,683)</u>	<u>—</u>	<u>(85,476)</u>	<u>—</u>	<u>(59,586)</u>	<u>(192,376)</u>	<u>(1,257,252)</u>	<u>(1,789,373)</u>	
Net Income (Loss)	\$ (100,876)	\$ 38,912	\$ 87,578	\$ 17,291	\$ 76,778	\$ 68,609	\$ 136,447	\$ 324,739	
Net Income (Loss)—NERA 50%	\$ (50,439)	\$ 19,456	\$ 43,789	\$ 8,645	\$ 38,390	\$ 34,305		94,145	
Net Income —NERA 40%							\$ 54,578	\$ 54,578	
									\$ 148,723

Future annual mortgage maturities at September 30, 2023 are as follows:

Period End	Hamilton	345	Hamilton	Hamilton on	Dexter	Total
	Essex 81	Franklin	Minuteman	Main Apts	Park	
9/30/2024	\$ —	\$ 237,577	\$ —	\$ 16,900,000	\$ —	\$ 17,137,577
9/30/2025	10,000,000	246,936	—	—	—	10,246,936
9/30/2026	—	256,664	—	—	—	256,664
9/30/2027	—	266,775	—	—	—	266,775
9/30/2028	—	7,533,358	—	—	125,000,000	132,533,358
Thereafter	—	—	6,000,000	—	—	6,000,000
	10,000,000	8,541,310	6,000,000	16,900,000	125,000,000	166,441,310
Less: unamortized deferred financing costs	(27,578)	(31,627)	(65,127)	(14,714)	(301,574)	(440,620)
	<u>\$ 9,972,422</u>	<u>\$ 8,509,683</u>	<u>\$ 5,934,873</u>	<u>\$ 16,885,286</u>	<u>\$ 124,698,426</u>	<u>\$ 166,000,690</u>

At September 30, 2023 the weighted average interest rate on the above mortgages was 4.23%. The effective rate was 4.29% including the amortization expense of deferred financing costs.

Table of Contents

Summary financial information at **June 30, 2023** **September 30, 2022**

Hamilton	Hamilton	Hamilton	Hamilton			
Hamilton	Essex	345	Hamilton	Minuteman	on Main	Dexter

	Essex 81	Development	Franklin	1025	Apts	Apts	Park	Total
ASSETS								
Rental Properties	\$ 5,614,141	\$ 2,584,435	\$ 4,650,472	\$ 76,659	\$ 4,324,746	\$ 12,985,301	\$ 74,525,027	\$ 104,760,781
Cash & Cash Equivalents	997,622	60,182	374,750	16,853	251,310	611,236	2,088,673	4,400,626
Rent Receivable	211,562	80,184	—	4,931	2,589	9,044	140,146	448,456
Real Estate Tax Escrow	67,281	—	23,412	—	43,542	139,831	—	274,066
Prepaid Expenses & Other Assets	326,548	50,175	104,393	1,049	42,306	248,929	2,635,666	3,409,066
Total Assets	\$ 7,217,154	\$ 2,774,976	\$ 5,153,027	\$ 99,492	\$ 4,664,493	\$ 13,994,341	\$ 79,389,512	\$ 113,292,995
LIABILITIES AND PARTNERS' CAPITAL								
Mortgage Notes Payable	\$ 9,968,975	\$ —	\$ 8,565,993	\$ —	\$ 5,932,827	\$ 16,881,274	\$ 124,682,270	\$ 166,031,339
Accounts Payable & Accrued Expense	165,149	1,500	124,185	2,660	74,550	196,773	816,401	1,381,218
Advance Rental Pmts & Security Deposits	309,790	—	335,465	—	192,370	515,070	3,506,661	4,859,356
Total Liabilities	10,443,914	1,500	9,025,643	2,660	6,199,747	17,593,117	129,005,332	172,271,913
Partners' Capital	(3,226,760)	2,773,476	(3,872,616)	96,832	(1,535,254)	(3,598,776)	(49,615,820)	(58,978,918)
Total Liabilities and Capital	\$ 7,217,154	\$ 2,774,976	\$ 5,153,027	\$ 99,492	\$ 4,664,493	\$ 13,994,341	\$ 79,389,512	\$ 113,292,995
Partners' Capital %—NERA	50 %	50 %	50 %	50 %	50 %	50 %	50 %	40 %
Investment in Unconsolidated Joint Ventures	\$ —	\$ 1,386,738	\$ —	\$ 48,416	\$ —	\$ —	\$ —	\$ 1,435,154
Distribution and Loss in Excess of investments in Unconsolidated								
Joint Ventures	\$ (1,613,380)	\$ —	\$ (1,936,308)	\$ —	\$ (767,627)	\$ (1,799,388)	\$ (19,846,328)	\$ (25,963,031)
Total Investment in Unconsolidated Joint Ventures (Net)								\$ (24,527,877)
Total units/condominiums								
Apartments	48	—	40	175	42	148	409	687
Commercial	1	1	—	1	—	—	—	3
Total	49	1	40	176	42	148	409	690
Units to be retained	49	1	40	1	42	148	409	690
Units to be sold	—	—	—	—	—	—	—	—
Units sold through August 1, 2023	—	—	—	175	—	—	—	175
Unsold units	—	—	—	—	—	—	—	—

	Hamilton				Hamilton		Hamilton	
	Hamilton	Essex	345	Hamilton	Minuteman	on Main	Dexter	
	Essex 81	Development	Franklin	1025	Apts	Apts	Park	Total
ASSETS								
Rental Properties	\$ 5,935,095	\$ 2,586,302	\$ 4,852,841	\$ 79,107	\$ 4,551,023	\$ 13,688,356	\$ 76,657,705	\$ 108,350,429
Cash & Cash Equivalents	883,219	88,190	265,808	9,882	175,451	910,242	2,220,183	4,552,975
Rent Receivable	198,014	77,561	1,240	4,906	5,299	18,832	44,830	350,682
Real Estate Tax Escrow	74,625	—	69,748	—	32,497	105,494	—	282,364
Prepaid Expenses & Other Assets	321,917	56,261	117,224	757	28,665	224,845	2,298,375	3,048,044
Total Assets	\$ 7,412,870	\$ 2,808,314	\$ 5,306,861	\$ 94,652	\$ 4,792,935	\$ 14,947,769	\$ 81,221,093	\$ 116,584,494
LIABILITIES AND PARTNERS' CAPITAL								
Mortgage Notes Payable	\$ 9,958,633	\$ —	\$ 8,731,598	\$ —	\$ 5,926,689	\$ 16,869,235	\$ 124,633,803	\$ 166,119,958
Accounts Payable & Accrued Expense	120,784	2,250	92,492	2,553	59,237	163,200	756,960	1,197,476
Advance Rental Pmts & Security Deposits	332,572	19,865	280,818	—	161,741	430,923	2,837,995	4,063,914
Total Liabilities	10,411,989	22,115	9,104,908	2,553	6,147,667	17,463,358	128,228,758	171,381,348
Partners' Capital	(2,999,119)	2,786,199	(3,798,047)	92,099	(1,354,732)	(2,515,589)	(47,007,665)	(54,796,854)
Total Liabilities and Capital	\$ 7,412,870	\$ 2,808,314	\$ 5,306,861	\$ 94,652	\$ 4,792,935	\$ 14,947,769	\$ 81,221,093	\$ 116,584,494
Partners' Capital %—NERA	50 %	50 %	50 %	50 %	50 %	50 %	50 %	40 %
Investment in Unconsolidated Joint Ventures	\$ —	\$ 1,393,100	\$ —	\$ 46,050	\$ —	\$ —	\$ —	\$ 1,439,150

Financial information for the **six** **nine** months ended **June 30, 2023** **September 30, 2022**

[Table of Contents](#)

Financial information for the three months ended June 30, 2023 September 30, 2022

	Hamilton			Hamilton		Hamilton		
	Hamilton		Essex	345	Hamilton	Minuteman	on Main	Dexter
	Essex 81	Development	Franklin	1025	Apts	Apts	Park	Total
Revenues								
Rental Income	\$ 411,189	\$ 60,471	\$ 422,123	\$ 24,867	\$ 325,228	\$ 963,511	\$ 4,018,665	\$ 6,226,054
Laundry and Sundry Income	337	—	—	—	—	(15,429)	12,433	(2,659)
	<u>411,526</u>	<u>60,471</u>	<u>422,123</u>	<u>24,867</u>	<u>325,228</u>	<u>948,082</u>	<u>4,031,098</u>	<u>6,223,395</u>
Expenses								
Administrative	5,791	750	9,574	951	5,607	26,269	65,111	114,053
Depreciation and Amortization	117,146	2,928	86,560	816	84,591	265,496	915,526	1,473,063
Management Fees	14,652	1,589	16,495	994	12,857	36,933	79,366	162,886
Operating	67,170	—	31,655	75	30,856	95,322	276,666	501,744
Renting	27,770	—	9,943	—	205	12,509	27,136	77,563
Repairs and Maintenance	41,487	—	38,327	—	23,299	183,276	576,924	863,313
Taxes and Insurance	70,311	15,224	47,111	4,203	35,042	130,566	647,645	950,102
	<u>344,327</u>	<u>20,491</u>	<u>239,665</u>	<u>7,039</u>	<u>192,457</u>	<u>750,371</u>	<u>2,588,374</u>	<u>4,142,724</u>
Income Before Other Income	67,199	39,980	182,458	17,828	132,771	197,711	1,442,724	2,080,671
Other Income (Loss)								
Interest Expense	(186,539)	—	(86,515)	—	(59,358)	(213,366)	(1,258,781)	(1,804,559)
	<u>(186,539)</u>	<u>—</u>	<u>(86,515)</u>	<u>—</u>	<u>(59,358)</u>	<u>(213,366)</u>	<u>(1,258,781)</u>	<u>(1,804,559)</u>
Net Income (Loss)	\$ (119,340)	\$ 39,980	\$ 95,943	\$ 17,828	\$ 73,413	\$ (15,655)	\$ 183,943	\$ 276,112
Net Income (Loss)—NERA 50%	\$ (59,670)	\$ 19,990	\$ 47,972	\$ 8,914	\$ 36,708	\$ (7,827)		46,087
Net Income —NERA 40%							\$ 73,577	73,577
							\$ 119,664	119,664

Future annual mortgage maturities at June 30, 2023 are as follows:

Period End	Hamilton		345	Hamilton	Hamilton on Main	Dexter	Total
	Essex 81	Franklin	Minuteman	Apts	Park		
6/30/2024	\$ —	\$ 235,293	\$ —	\$ —	\$ —	\$ —	\$ 235,293
6/30/2025	—	244,563	—	16,900,000	—	—	17,144,563
6/30/2026	10,000,000	254,197	—	—	—	—	10,254,197
6/30/2027	—	264,211	—	—	—	—	264,211
6/30/2028	—	274,619	—	—	—	—	274,619
Thereafter	—	7,326,402	6,000,000	—	125,000,000	138,326,402	
	10,000,000	8,599,285	6,000,000	16,900,000	125,000,000	166,499,285	

Less: unamortized deferred financing costs	(31,025)	(33,292)	(67,173)	(18,726)	(317,730)	(467,946)
	<u>\$ 9,968,975</u>	<u>\$ 8,565,993</u>	<u>\$ 5,932,827</u>	<u>\$ 16,881,274</u>	<u>\$ 124,682,270</u>	<u>\$ 166,031,339</u>

At June 30, 2023 the weighted average interest rate on the above mortgages was 4.21%. The effective rate was 4.28% including the amortization expense of deferred financing costs.

[Table of Contents](#)

Summary financial information at June 30, 2022

	Hamilton				Hamilton		Hamilton	
	Hamilton		Essex	345	Hamilton	Minuteman	on Main	Dexter
	Essex 81	Development	Franklin	1025	Apts	Apts	Park	Total
ASSETS								
Rental Properties	\$ 6,045,672	\$ 2,586,925	\$ 4,897,693	\$ 79,923	\$ 4,581,892	\$ 13,896,435	\$ 77,385,213	\$ 109,473,753
Cash & Cash Equivalents	709,651	113,595	217,415	13,122	252,822	808,436	1,890,452	4,005,493
Rent Receivable	208,605	75,159	3,531	4,898	16,493	29,724	136,897	475,307
Real Estate Tax Escrow	73,643	—	34,630	—	29,447	70,172	—	207,892
Prepaid Expenses & Other Assets	319,717	56,859	118,903	630	26,635	176,283	2,792,920	3,491,947
Total Assets	\$ 7,357,288	\$ 2,832,538	\$ 5,272,172	\$ 98,573	\$ 4,907,289	\$ 14,981,050	\$ 82,205,482	\$ 117,654,392
LIABILITIES AND PARTNERS' CAPITAL								
Mortgage Notes Payable	\$ 9,955,186	\$ —	\$ 8,785,710	\$ —	\$ 5,924,643	\$ 16,865,222	\$ 124,617,647	\$ 166,148,408
Accounts Payable & Accrued Expense	105,777	1,713	64,101	2,064	53,140	168,858	702,566	1,098,219
Advance Rental Pmts & Security Deposits	282,378	—	303,449	—	195,781	455,979	3,825,600	5,063,187
Total Liabilities	10,343,341	1,713	9,153,260	2,064	6,173,564	17,490,059	129,145,813	172,309,814
Partners' Capital	(2,986,053)	2,830,825	(3,881,088)	96,509	(1,266,275)	(2,509,009)	(46,940,331)	(54,655,422)
Total Liabilities and Capital	\$ 7,357,288	\$ 2,832,538	\$ 5,272,172	\$ 98,573	\$ 4,907,289	\$ 14,981,050	\$ 82,205,482	\$ 117,654,392
Partners' Capital %—NERA	50 %	50 %	50 %	50 %	50 %	50 %	40 %	
Investment in Unconsolidated Joint Ventures	\$ —	\$ 1,415,411	\$ —	\$ 48,254	\$ —	\$ —	\$ —	\$ 1,463,665
Distribution and Loss in Excess of Investments in Unconsolidated								
Joint Ventures	\$ (1,493,027)	\$ —	\$ (1,940,544)	\$ —	\$ (633,138)	\$ (1,254,505)	\$ (18,776,132)	\$ (24,097,346)
Total Investment in Unconsolidated Joint Ventures (Net)								\$ (22,633,681)
Total units/condominiums								
Apartments	48	—	40	175	42	148	409	862
Commercial	1	1	—	1	—	—	—	3
Total	49	1	40	176	42	148	409	865
Units to be retained	49	1	40	1	42	148	409	690
Units to be sold	—	—	—	—	—	—	—	—
Units sold through August 1, 2022	—	—	—	175	—	—	—	175
Unsold units	—	—	—	—	—	—	—	—

Financial information for the six months ended June 30, 2022

	Hamilton		Hamilton		Hamilton		Hamilton		
	Hamilton	Essex	345	Hamilton	Minuteman	on Main	Dexter		
	Essex 81	Development	Franklin	1025	Apts	Apts	Park	Total	
Revenues									
Rental Income	\$ 760,751	\$ 175,371	\$ 714,821	\$ 50,122	\$ 598,537	\$ 1,806,118	\$ 7,120,130	\$ 11,225,850	
Laundry and Sundry Income	5,394	—	125	—	776	17,150	49,593	73,038	
	<u>766,145</u>	<u>175,371</u>	<u>714,946</u>	<u>50,122</u>	<u>599,313</u>	<u>1,823,268</u>	<u>7,169,723</u>	<u>11,298,888</u>	
Expenses									
Administrative	8,873	1,548	19,992	1,349	5,755	35,579	109,732	182,828	
Depreciation and Amortization	238,779	5,855	173,191	1,632	168,403	537,314	1,865,883	2,991,057	
Management Fees	37,096	7,526	28,109	2,053	23,529	72,517	152,670	323,500	
Operating	119,220	—	36,715	1,165	75,203	191,826	581,751	1,005,880	
Renting	14,065	—	17,206	—	7,014	25,580	72,674	136,539	
Repairs and Maintenance	69,868	3,180	83,758	—	44,990	305,954	797,670	1,305,420	
Taxes and Insurance	133,102	31,508	87,467	9,120	75,678	261,364	1,220,611	1,818,850	
	<u>621,003</u>	<u>49,617</u>	<u>446,438</u>	<u>15,319</u>	<u>400,572</u>	<u>1,430,134</u>	<u>4,800,991</u>	<u>7,764,074</u>	
Income Before Other Income	145,142	125,754	268,508	34,803	198,741	393,134	2,368,732	3,534,814	
Other Income (Loss)									
Interest Expense	(141,388)	—	(176,400)	—	(118,129)	(376,798)	(2,534,570)	(3,347,285)	
Other Income	—	—	—	—	—	—	—	—	
	<u>(141,388)</u>	<u>—</u>	<u>(176,400)</u>	<u>—</u>	<u>(118,129)</u>	<u>(376,798)</u>	<u>(2,534,570)</u>	<u>(3,347,285)</u>	
Net Income (Loss)	\$ 3,754	\$ 125,754	\$ 92,108	\$ 34,803	\$ 80,612	\$ 16,336	\$ (165,838)	\$ 187,529	
Net Income (Loss)—NERA 50%	\$ 1,877	\$ 62,878	\$ 46,054	\$ 17,402	\$ 40,306	\$ 8,168		\$ 176,685	
Net Income —NERA 40%							\$ (66,334)	(66,334)	
							\$ 110,351		

[Table of Contents](#)
Financial information for the three months ended June 30, 2022

	Hamilton		Hamilton		Hamilton		Hamilton		
	Hamilton	Essex	345	Hamilton	Minuteman	on Main	Dexter		
	Essex 81	Development	Franklin	1025	Apts	Apts	Park	Total	
Revenues									
Rental Income	\$ 318,903	\$ 89,269	\$ 368,001	\$ 25,752	\$ 304,499	\$ 915,736	\$ 3,649,413	\$ 5,671,573	
Laundry and Sundry Income	—	—	125	—	1,076	6,599	22,538	30,338	

	318,903	89,269	368,126	25,752	305,575	922,335	3,671,951	5,701,911
Expenses								
Administrative	4,099	798	8,468	699	3,404	11,059	54,214	82,741
Depreciation and Amortization	119,593	2,928	86,777	816	84,443	268,850	936,748	1,500,155
Management Fees	18,611	4,208	14,306	1,095	12,136	35,145	76,298	161,799
Operating	66,248	—	14,822	(8)	19,617	83,136	234,223	418,038
Renting	8,437	—	7,046	—	3,212	10,591	14,812	44,098
Repairs and Maintenance	34,939	3,180	29,226	—	28,777	172,036	442,881	711,039
Taxes and Insurance	66,641	15,518	43,744	4,712	37,950	130,695	610,745	910,005
	318,568	26,632	204,389	7,314	189,539	711,512	2,369,921	3,827,875
Income Before Other Income								
	335	62,637	163,737	18,438	116,036	210,823	1,302,030	1,874,036
Other Income (Loss)								
Interest Expense	(79,158)	—	(87,963)	—	(59,390)	(189,421)	(1,271,425)	(1,687,357)
Other Income	—	—	—	—	—	—	—	—
	(79,158)	—	(87,963)	—	(59,390)	(189,421)	(1,271,425)	(1,687,357)
Net Income (Loss)	\$ (78,823)	\$ 62,637	\$ 75,774	\$ 18,438	\$ 56,646	\$ 21,402	\$ 30,605	\$ 186,679
Net Income (Loss)—NERA 50%	\$ (39,411)	\$ 31,319	\$ 37,888	\$ 9,219	\$ 28,324	\$ 10,702		\$ 78,041
Net Income —NERA 40%							\$ 12,242	\$ 12,242
								\$ 90,283

	Hamilton			Hamilton		Hamilton		
	Hamilton		Essex	345	Hamilton	Minuteman	on Main	Dexter
	Essex 81	Development	Franklin	1025	Apts	Apts	Park	Total
Revenues								
Rental Income	\$ 433,819	\$ 60,471	\$ 392,851	\$ 27,813	\$ 300,345	\$ 919,313	\$ 3,894,398	\$ 6,029,010
Laundry and Sundry Income	4,445	—	—	—	—	8,252	23,860	36,557
	438,264	60,471	392,851	27,813	300,345	927,565	3,918,258	6,065,567
Expenses								
Administrative	5,640	4,250	6,060	793	3,542	16,448	54,159	90,892
Depreciation and Amortization	119,789	2,927	86,776	816	84,966	270,802	947,553	1,513,629
Management Fees	21,620	2,353	15,610	1,112	12,438	36,098	78,267	167,498
Operating	49,866	—	18,186	54	20,336	90,931	271,977	451,350
Renting	9,759	—	10,650	—	1,974	14,264	12,555	49,202
Repairs and Maintenance	62,158	—	41,565	—	37,999	188,269	595,679	925,670
Taxes and Insurance	66,313	15,566	44,269	4,448	38,546	125,879	642,107	937,128
	335,145	25,096	223,116	7,223	199,801	742,691	2,602,297	4,135,369
Income Before Other Income								
	103,119	35,375	169,735	20,590	100,544	184,874	1,315,961	1,930,198
Other Income (Loss)								
Interest Expense	(116,185)	—	(86,694)	—	(59,000)	(191,453)	(1,283,295)	(1,736,627)
Other Income	—	—	—	—	—	—	—	—
	(116,185)	—	(86,694)	—	(59,000)	(191,453)	(1,283,295)	(1,736,627)
Net Income (Loss)	\$ (13,066)	\$ 35,375	\$ 83,041	\$ 20,590	\$ 41,544	\$ (6,579)	\$ 32,666	\$ 193,571
Net Income (Loss)—NERA 50%	\$ (6,534)	\$ 17,688	\$ 41,520	\$ 10,295	\$ 20,771	\$ (3,289)		\$ 80,451
Net Income —NERA 40%							\$ 13,065	\$ 13,065
								\$ 93,516

NOTE 16. EMPLOYEE BENEFIT 401(k) PLANS

Employees of the Partnership, who meet certain minimum age and service requirements, are eligible to participate in the Management Company's 401(k) Plan (the "401(k) Plan"). Eligible employees may elect to defer up to 90 percent of their eligible compensation on a pre-tax basis to the 401(k) Plan, subject to certain limitations imposed by federal law.

The amounts contributed by employees are immediately vested and non-forfeitable. The Partnership matches 50% up to 6% of compensation deferred by each employee in the 401(k) plan. The Partnership may make discretionary matching or profit-sharing contributions to the 401(k) Plan on behalf of eligible participants in any plan year. Participants are always 100 percent vested in their pre-tax contributions and will begin vesting in any matching or profit-sharing contributions made on their behalf after two years of service with the Partnership at a rate of 20 percent per year, becoming 100 percent vested after a total of six years of service with the Partnership. Total expense recognized by the Partnership for the 401(k) Plan for the **six nine** months ended **June 30, 2023** **September 30, 2023** was **\$32,000** **\$48,000**.

NOTE 17. IMPACT OF RECENTLY-ISSUED ACCOUNTING STANDARDS

There have been no new accounting pronouncements applicable to the Partnership that would have a material impact on the Partnership's consolidated financial statements.

NOTE 18. SUBSEQUENT EVENTS

From **July 1, 2023** **October 1, 2023**, through **August 8, 2023** **November 8, 2023**, the Partnership has purchased **1,554** **859** Depository Receipts. The average price was **\$72.80** **\$67.05** per receipt, or **\$2,183.89** **\$2,011.50** per unit. The total cost was **\$113,476** **\$57,996**. The Partnership is required to purchase **12.7** Class B units and **10.4** General Partnership units at a cost of **\$26,906** **\$13,679** and **\$1,416** **\$720**, respectively.

26

[Table of Contents](#)

On July 14, 2023, the partnership purchased a 52 unit residential property in the South End neighborhood of Boston, MA comprised of three buildings at 26-30 Rutland Street, 105-117 West Concord Street and 475 Shawmut Avenue, for a purchase price of approximately \$27,500,000 with Partnership cash reserves.

On August 3, 2023 **November 7, 2023**, the Partnership approved a quarterly distribution of \$12.00 per Unit (\$0.40 per Receipt), payable on **September 30, 2023** **December 31, 2023**.

27

[Table of Contents](#)

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Forward Looking Statements

Certain information contained herein includes forward looking statements, which are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 (the "Act"). Forward looking statements in this report, or which management may make orally or in written form from time to time, reflect management's good faith belief when those statements are made, and are based on information currently available to management. Caution should be exercised in interpreting and relying on such forward looking statements, the realization of which may be impacted by known and unknown risks and uncertainties, events that may occur subsequent to the forward looking statements, and other factors which may be beyond the Partnership's control and which can materially affect the Partnership's actual results, performance or achievements for 2023 and beyond. Should one or more of the risks or uncertainties mentioned below materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, estimated or projected. We expressly disclaim any responsibility to update our forward looking statements, whether as a result of new information, future events or otherwise. Accordingly, investors should use caution in relying on past forward looking statements, which are based on results and trends at the time they are made, to anticipate future results or trends.

Over a period of time both in 2021 and 2022, the Partnership took advantage of the low interest rate environment and refinanced fifteen properties, increased their loan balances, and raised approximately \$130,000,000. With interest rates rising, and a threat of an economic slowdown, the Partnership increased the debt level and built cash reserves to acquire additional properties when opportunities become available. Currently, ~~\$68,000,000~~ \$85,407,000 of these reserves are invested in short-term US Treasury bills maturing in 6 months or less with interest rates between ~~4.4%~~ 4.8% and ~~5.0%~~ and approximately ~~\$40,000,000~~ is in a Money Market mutual fund currently earning approximately ~~5.13%~~ 5.4%.

Since the Partnership's long-term goals include the acquisition of additional properties, a portion of the proceeds from the refinancing and sale of properties is reserved for this purpose. If available acquisitions do not meet the Partnership's investment criteria, the Partnership may purchase additional depositary receipts. The Partnership will consider refinancing existing properties if the Partnership's cash reserves are insufficient to repay existing mortgages or if the Partnership needs additional funds for future acquisitions.

On July 14, 2023, the partnership purchased a ~~52 unit residential~~ mixed use property in the South End neighborhood of Boston, MA comprised of three buildings at 26-30 Rutland Street, 105-117 West Concord Street and 475 Shawmut Avenue, and approximately 3,400 square feet of commercial space for a purchase price of ~~approximately~~ \$27,500,000 with Partnership cash reserves.

The vacancy rate for the Partnership's residential properties as of ~~August 1, 2023~~ November 1, 2023 was ~~1.8%~~ 0.9% as compared with a vacancy rate of ~~2.0%~~ 1.8% as of ~~August 1, 2022~~ November 1, 2022. The vacancy rate for the joint Venture properties as of ~~August 1, 2023~~ November 1, 2023 was ~~1.3~~ 0.7 %, as compared to 0.9% for the same period last year. The current vacancy rates are in line with those experienced prior to the Pandemic.

Residential tenants generally have lease terms of 12 months. The majority of these leases will mature during the second and third quarters of the year.

During the ~~second~~ third quarter of 2023, rents increased an average of ~~6.8%~~ 6.4% for renewals and increased an average of ~~7.8%~~ 9.9% for new leases. For the balance of 2023, management expects a strong rental market with continued rent growth.

For the ~~second~~ third quarter of 2023, excluding the increase in income and expense from 653 Worcester Road and the Shawmut Apartments, consolidated revenue increased by ~~6.9%~~ 7.3%, operating expenses increased by ~~8.5%~~ 5.7% and Income before Other Income (Expense) increased by ~~2.8%~~ 11.9%, as compared to the ~~second~~ third quarter of 2022.

On July 31, 2014, the Partnership entered into an agreement for a \$25,000,000 revolving line of credit. The term of the line was for three years with a floating interest rate equal to a base rate of the greater of (a) the Prime Rate (b) the Federal Funds Rate plus one-half of one percent per annum, or (c) the LIBOR Rate for a period of one month plus 1% per annum, plus the applicable margin of 2.5%. The agreement originally expired on July 31, 2017, and was extended until October 31, 2020. The costs associated with the line of credit extension were approximately \$128,000.

Prior to the line's expiration in 2020, the Partnership exercised its option for a one-year extension until October 31, 2021. The Partnership paid an extension fee of approximately \$37,500 in association with the extension.

[Table of Contents](#)

On October 29, 2021, the Partnership closed on the modification of its existing line of credit. The agreement extends the credit line for three years until October 29, 2024. The commitment amount is for \$25 million but is restricted to \$17 million during the modification period. The modification period was phased out by December 31, 2022. During the modification period, the loan covenants were modified from a minimum consolidated debt service ratio of 1.60 to a ratio of 1.35 until September 30, 2022; from a minimum tangible net worth requirement of \$200 million to a net worth of \$175 million until September 30, 2022; from a maximum consolidated leverage ratio of 65% to a ratio of 70% until September 30, 2022 and from a minimum debt yield of 9.5% to a yield of 8.5% until September 30, 2022 and a yield of 9.0% until December 31, 2022. Once the financial performance of the Partnership meets the original covenant tests for the trailing 12-month period, the commitment amount will return to \$25 million. As of **June 30, 2023** **September 30, 2023**, the portfolio's debt yield fell below the minimum of 9.5% to 8.5%, thus the Partnership did not comply with the debt yield financial covenant. As such, the Partnership is unable to draw down any amount from the line of credit until the Partnership meets the required financial covenants.

From the start of the Stock Repurchase Program in 2007 through **June 30, 2023** **September 30, 2023**, the Partnership has purchased **1,502,734** **1,517,690** Depositary Receipts. During the **six** **nine** months ended **June 30, 2023** **September 30, 2023**, the Partnership purchased a total of **14,274** **29,230** Depositary Receipts.

On August 23, 2023, Hamilton on Main Apartments, LLC (the "Borrower"), a 50% owned joint venture of the Partnership, received notice from KeyBank, as servicer for the lender of a \$16,900,000 loan, indicating that the Borrower failed to comply with certain terms of the loan documents pertaining to the transfer of interests in the Borrower that occurred on the occasion of Harold Brown's death, and that such transfer constitutes an event of default under the loan documents. While the Borrower has disputed that any events of default actually exist, it is working diligently with KeyBank to obtain KeyBank's consent to the transfer.

At **August 1, 2023** **November 1, 2023**, the Harold Brown related entities and Ronald Brown collectively own approximately 31.8% of the Depositary Receipts representing the Partnership Class A Units (including Depositary Receipts held by trusts for the benefit of such persons' family members). Harold Brown related entities also control 75% of the Partnership's Class B Units, and 75% of the capital stock of NewReal, Inc. ("NewReal"), the Partnership's sole general partner. Ronald Brown also owns 25% of the Partnership's Class B Units and 25% of NewReal's capital stock. In addition, Ronald Brown is the President and director of NewReal and Jameson Brown is NewReal's Treasurer and a director. The 75% of the issued and outstanding Class B units of the Partnership are owned by HBC Holdings LLC, an entity of which Jameson Brown is the manager. The outstanding stock of The Hamilton Company, Inc. is controlled by Jameson Brown and Harley Brown. The 75% of the issued and outstanding capital stock of NewReal, is owned by the Harold Brown 2013 Revocable Trust (the "2013 Trust"), an entity of which Sally Michaels and David Reier are the trustees.

In addition to the Management Fee, the Partnership Agreement further provides for the employment of outside professionals to provide services to the Partnership and allows NewReal to charge the Partnership for the cost of employing professionals to assist with the administration of the Partnership's properties. Additionally, from time to time, the Partnership pays Hamilton for repairs and maintenance services, legal services, construction services and accounting services. The costs charged by Hamilton for these services are at the same hourly rate charged to all entities managed by Hamilton, and management believes such rates are competitive in the marketplace.

Residential tenants sign a one year lease. During the **six** **nine** months ended **June 30, 2023** **September 30, 2023**, tenant renewals were approximately **78%** **72%** with an average rental increase of approximately **6.6%** **6.4%**, new leases accounted for approximately **22%** **28%** with rental rate increases of approximately **8.6%** **9.5%**. During the **six** **nine** months ended **June 30, 2023** **September 30, 2023**, leasing commissions were approximately **\$197,000** **\$459,000** compared to approximately **\$156,000** **\$264,000** for the **six** **nine** months ended **June 30, 2022** **September 30, 2022**, an increase of approximately **\$41,000** **(26.3%** **\$195,000** **(74.0%**). Tenant concessions were approximately **\$39,000** **\$66,000** for the

six nine months ended June 30, 2023 September 30, 2023, compared to approximately \$24,000 \$39,000 for the six nine months ended June 30, 2022 September 30, 2022, an increase of approximately \$15,000 (62.5% \$27,000 (69.2%). Tenant improvements were approximately \$4,866,000 \$2,641,000 for the six nine months ended June 30, 2023 September 30, 2023, compared to approximately \$1,089,000 \$1,723,000 for the six nine months ended June 30, 2022 September 30, 2022, an increase of approximately \$3,777,000 (346.8% \$918,000 (53.3%).

[Table of Contents](#)

Hamilton accounted for approximately 2.5% 1.8% of the repair and maintenance expenses paid for by the Partnership during the six nine months ended June 30, 2023 September 30, 2023 and 2.8% 2.6% during the six nine months ended June 30, 2022 September 30, 2022. Of the funds paid to Hamilton for this purpose, the great majority was to cover the cost of services provided by the Hamilton maintenance department, including plumbing, electrical, carpentry services, and snow removal for those properties close to Hamilton's headquarters. Several of the larger Partnership properties have their own maintenance staff. Those properties that do not have their own maintenance staff and are located more than a reasonable distance from Hamilton's headquarters in Allston, Massachusetts are generally serviced by local, independent companies.

Hamilton's legal department handles most of the Partnership's eviction and collection matters. Additionally, it prepares most long-term commercial lease agreements and represents the Partnership in selected purchase and sale transactions. Overall, Hamilton provided approximately \$108,000 (97.1% \$199,000 (71.9%) and approximately \$107,000 (81.6% \$162,000 (72.0%) of the legal services paid for by the Partnership during the six nine months ended June 30, 2023 September 30, 2023 and 2022 respectively.

[Table of Contents](#)

Additionally, as described in Note 3 to the consolidated financial statements, The Hamilton Company receives similar fees from the Investment Properties.

The Partnership requires that three bids be obtained for construction contracts in excess of \$15,000. Hamilton may be one of the three bidders on a particular project and may be awarded the contract if its bid and its ability to successfully complete the project are deemed appropriate. For contracts that are not awarded to Hamilton, Hamilton charges the Partnership a construction supervision fee equal to 5% of the contract amount. Hamilton's architectural department also provides services to the Partnership on an as-needed basis. During the six nine months ended June 30, 2023 September 30, 2023, Hamilton provided the Partnership approximately \$521,000 \$563,000 in construction and architectural services, compared to approximately \$42,000 \$89,000 for the six nine months ended June 30, 2022 September 30, 2022.

Hamilton's accounting staff perform bookkeeping and accounting functions for the Partnership. During the six nine months ended June 30, 2023 September 30, 2023 and 2022, Hamilton charged the Partnership \$62,500 \$93,750 for bookkeeping and accounting services. For more information on related party transactions, see Note 3 to the Consolidated Financial Statements.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of the consolidated financial statements, in accordance with accounting principles generally accepted in the United States of America, requires the Partnership to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosures of contingent assets and liabilities. The Partnership regularly and continually evaluates its estimates,

including those related to acquiring, developing and assessing the carrying values of its real estate properties and its investments in and advances to joint ventures. The Partnership bases its estimates on historical experience, current market conditions, and on various other assumptions that are believed to be reasonable under the circumstances. However, because future events and their effects cannot be determined with certainty, the determination of estimates requires the exercise of judgment. The Partnership's critical accounting policies are those which require assumptions to be made about such matters that are highly uncertain. Different estimates could have a material effect on the Partnership's financial results. Judgments and uncertainties affecting the application of these policies and estimates may result in materially different amounts being reported under different conditions and circumstances. See Note 1 to the Consolidated Financial Statements, Principles of Consolidation.

Revenue Recognition: Rental income from residential and commercial properties is recognized over the term of the related lease. For residential tenants, amounts 60 days in arrears are charged against income. The commercial tenants are evaluated on a case by case basis. Certain leases of the commercial properties provide for increasing stepped minimum rents, which are accounted for on a straight-line basis over the term of the lease. Revenue from commercial leases also include reimbursements and recoveries received from tenants for certain costs as provided in the lease agreement. The costs generally include real estate taxes, utilities, insurance, common area maintenance and recoverable costs. Rental concessions are also accounted for on the straight-line basis.

Above-market and below-market lease values for acquired properties are initially recorded based on the present value (using a discount rate which reflects the risks associated with the leases acquired) of the differences between (i) the contractual amounts to be paid pursuant to each in-place lease and (ii) management's estimate of fair market lease rates for each corresponding in-place lease, measured over a period equal to the remaining term of the lease for above-market leases and the initial term plus the term of any below-market fixed-rate renewal options for below-market leases. The

30

[Table of Contents](#)

capitalized above-market lease amounts are accounted for as a reduction of base rental revenue over the remaining term of the respective leases, and the capitalized below-market lease values are amortized as an increase to base rental revenue over the remaining initial terms plus the terms of any below-market fixed-rate renewal options of the respective leases.

The Partnership evaluates the non-lease components (lease arrangements that include common area maintenance services) with related lease components (lease revenues). If both the timing and pattern of transfer are the same for the non-lease component and related lease component, the lease component is the predominant component. The Partnership elected an allowed practical expedient. For (i) operating lease arrangements involving real estate that include common area maintenance services and (ii) all real estate arrangements that include real estate taxes and insurance costs, we present these amounts within lease revenues in our consolidated statements of income. We record amounts reimbursed by the lessee in the period in which the applicable expenses are incurred.

30

[Table of Contents](#)

Rental Property Held for Sale: When assets are identified by management as held for sale, the Partnership discontinues depreciating the assets and estimates the sales price, net of selling costs, of such assets. The Partnership generally considers assets to be held for sale when the transaction has received appropriate corporate authority, and there are no significant contingencies relating to the sale. If, in management's opinion, the estimated net sales price, net of selling costs, of the assets which have been identified as held for sale is less than the carrying value of the assets, a valuation allowance is established.

If circumstances arise that previously were considered unlikely and, as a result, the Partnership decides not to sell a property previously classified as held for sale, the property is reclassified as held and used. A property that is reclassified is measured and recorded individually at the lower of (a) its carrying value before the property was classified as held for sale, adjusted for any depreciation (amortization) expense that would have been recognized had the property been continuously classified as held and used, or (b) the fair value at the date of the subsequent decision not to sell.

Rental Properties: Rental properties are stated at cost less accumulated depreciation. Maintenance and repairs are charged to expense as incurred; improvements and additions are capitalized. When assets are retired or otherwise disposed of, the cost of the asset and related accumulated depreciation is eliminated from the accounts, and any gain or loss on such disposition is included in income. Fully depreciated assets are removed from the accounts. Rental properties are depreciated by both straight-line and accelerated methods over their estimated useful lives. Upon acquisition of rental property, the Partnership estimates the fair value of acquired tangible assets, consisting of land, building and improvements, and identified intangible assets and liabilities assumed, generally consisting of the fair value of (i) above and below market leases, (ii) in-place leases and (iii) tenant relationships. The Partnership allocated the purchase price to the assets acquired and liabilities assumed based on their fair values. The Partnership records goodwill or a gain on bargain purchase (if any) if the net assets acquired/liabilities assumed exceed the purchase consideration of a transaction. In estimating the fair value of the tangible and intangible assets acquired, the Partnership considers information obtained about each property as a result of its due diligence and marketing and leasing activities, and utilizes various valuation methods, such as estimated cash flow projections utilizing appropriate discount and capitalization rates, estimates of replacement costs net of depreciation, and available market information. The fair value of the tangible assets of an acquired property considers the value of the property as if it were vacant.

Intangible assets acquired include amounts for in-place lease values above and below market leases and tenant relationship values, which are based on management's evaluation of the specific characteristics of each tenant's lease and the Partnership's overall relationship with the respective tenant. Factors to be considered by management in its analysis of in-place lease values include an estimate of carrying costs during hypothetical expected lease-up periods considering current market conditions, and costs to execute similar leases at market rates during the expected lease-up periods, depending on local market conditions. In estimating costs to execute similar leases, management considers leasing commissions, legal and other related expenses. Characteristics considered by management in valuing tenant relationships include the nature and extent of the Partnership's existing business relationships with the tenant, growth prospects for developing new business with the tenant, the tenant's credit quality and expectations of lease renewals. The value of in-place leases are amortized to expense over the remaining initial terms of the respective leases. The value of tenant relationship intangibles are amortized to expense over the anticipated life of the relationships.

In the event that facts and circumstances indicate that the carrying value of a rental property may be impaired, an analysis of the value is prepared. The estimated future undiscounted cash flows are compared to the asset's carrying value to determine if a write-down to fair value is required.

[Table of Contents](#)

Impairment: On an annual basis management assesses whether there are any indicators that the value of the Partnership's rental properties may be impaired. A property's value is impaired only if management's estimate of the aggregate future cash flows (undiscounted and without interest charges) to be generated by the property is less than the carrying value of the property. To the extent impairment has occurred, the loss shall be measured as the excess of the carrying amount of the property over the fair value of the property. The Partnership's estimates of aggregate future cash flows expected to be generated by each property are based on a number of assumptions that are subject to economic and market uncertainties including, among others, demand for space, competition for tenants, changes in market rental rates, and costs to operate each property. As these factors are difficult to predict and are subject to future events that may alter management's assumptions, the future cash flows estimated by management in its impairment analyses may not be achieved.

[Table of Contents](#)

Investments in Treasury Bills: Investments in Treasury Bills are recorded at amortized cost and classified as held to maturity as the Partnership has the intent and the ability to hold them until they mature. The carrying value of the Treasury Bills are adjusted for accretion of discounts over the remaining life of the investment. Income related to the Treasury Bills is recognized in interest income in the Partnership's consolidated statement of income.

Investments in Joint Ventures: The Partnership accounts for its 40%-50% ownership in the Investment Properties under the equity method of accounting, as it exercises significant influence over, but does not control these entities. These investments are recorded initially at cost, as Investments in Joint Ventures, and subsequently adjusted for the Partnership's share in earnings, cash contributions and distributions. Under the equity method of accounting, our net equity is reflected on the consolidated balance sheets, and our share of net income or loss from the Partnership is included on the consolidated statements of income. Generally, the Partnership would discontinue applying the equity method when the investment (and any advances) is reduced to zero and would not provide for additional losses unless the Partnership has guaranteed obligations of the venture or is otherwise committed to providing further financial support for the investee. If the venture subsequently generates income, the Partnership only recognizes its share of such income to the extent it exceeds its share of previously unrecognized losses. We intend to fund our share of the investments' future operating deficits should the need arise. However, we have no legal obligation to pay for any of the liabilities of such investments nor do we have any legal obligation to fund operating deficits.

The authoritative guidance on consolidation provides guidance on the identification of entities for which control is achieved through means other than voting rights ("variable interest entities" or "VIEs") and the determination of which business enterprise, if any, should consolidate the VIE (the "primary beneficiary"). Generally, the consideration of whether an entity is a VIE applies when either (1) the equity investors (if any) lack one or more of the essential characteristics of a controlling financial interest, (2) the equity investment at risk is insufficient to finance that equity's activities without additional subordinated financial support or (3) the equity investors have voting rights that are not proportionate to their economic interests and the activities of the entity involve or are conducted on behalf of an investor with a disproportionately small voting interest. The primary beneficiary is defined by the entity having both of the following characteristics: (1) the power to direct the activities that, when taken together, most significantly impact the variable interest entity's performance; and (2) the obligation to absorb losses and rights to receive the returns from VIE that would be significant to the VIE.

With respect to investments in and advances to the Investment Properties, the Partnership looks to the underlying properties to assess performance and the recoverability of carrying amounts for those investments in a manner similar to direct investments in real estate properties. An impairment charge is recorded if management's estimate of the aggregate future cash flows (undiscounted and without interest charges) to be generated by the property is less than the carrying value of the property.

Legal Proceedings: The Partnership is subject to various legal proceedings and claims that arise, from time to time, in the ordinary course of business. These matters are frequently covered by insurance. If it is determined that a loss is likely to occur, the estimated amount of the loss is recorded in the financial statements. Both the amount of the loss and the point at which its occurrence is considered likely can be difficult to determine.

[Table of Contents](#)

RESULTS OF OPERATIONS

Three Months Ended **June 30, 2023** **September 30, 2023** and **June 30, 2022** **September 30, 2022**

The Partnership and its Subsidiary Partnerships earned income before interest expense, income from investments in unconsolidated joint ventures, other expense of approximately **\$4,738,000** **\$4,899,000** during the three months ended **June 30, 2023** **September 30, 2023**, compared to approximately **\$4,611,000** **\$4,561,000** for the three months ended **June 30, 2022**, **September 30, 2022**, an increase of approximately **\$127,000** (2.8% **\$338,000** (7.4%).

The rental activity is summarized as follows:

	Occupancy Date		Occupancy Date	
	August 1, 2023	August 1, 2022	November 1, 2023	November 1, 2022
Residential				
Units	2,911	2,911	2,963	2,911
Vacancies	51	58	27	53
Vacancy rate	1.8 %	2.0 %	0.9 %	1.8 %
Commercial				
Total square feet	128,635	108,043	137,153	108,043
Vacancy	1,461	20,274	1,373	20,274
Vacancy rate	1.3 %	18.8 %	1.00 %	18.8 %

	Rental Income (in thousands)				Rental Income (in thousands)			
	Three Months Ended June 30,				Three Months Ended September 30,			
	2023		2022		2023		2022	
	Total Operations	Continuing Operations	Total Operations	Continuing Operations	Total Operations	Continuing Operations	Total Operations	Continuing Operations
Total rents	\$ 17,965	\$ 17,965	\$ 16,826	\$ 16,826	\$ 18,804	\$ 18,804	\$ 16,975	\$ 16,975
Residential percentage	94 %	94 %	94 %	95 %	94 %	94 %	95 %	95 %
Commercial percentage	6 %	6 %	6 %	5 %	6 %	6 %	5 %	5 %
Contingent rentals	\$ 180	\$ 180	\$ 263	\$ 263	\$ 189	\$ 189	\$ 4	\$ 4

[Table of Contents](#)

Three Months Ended **June 30, 2023** **September 30, 2023** Compared to Three Months Ended **June 30, 2022** **September 30, 2022**:

	Three Months Ended June 30,		Dollar Change		Percent Change		Three Months Ended September 30,		Dollar Change		Percent Change	
	2023	2022					2023	2022				
Revenues												
Rental income	\$ 17,964,963	\$ 16,825,737	\$ 1,139,226		6.8%		\$ 18,804,320	\$ 16,974,515	\$ 1,829,805		10.8%	
Laundry and sundry income	136,073	106,191	29,882		28.1%		157,322	103,868	53,454		51.5%	
	<u>18,101,036</u>	<u>16,931,928</u>	<u>1,169,108</u>		<u>6.9%</u>		<u>18,961,642</u>	<u>17,078,383</u>	<u>1,883,259</u>		<u>11.0%</u>	
Expenses												
Administrative	867,721	623,877	243,844		39.1%		642,907	696,656	(53,749)		(7.7%)	
Depreciation and amortization	3,961,432	4,076,597	(115,165)		(2.8%)		4,426,701	4,114,913	311,788		7.6%	
Management fee	665,073	672,370	(7,297)		(1.1%)		810,436	683,999	126,437		18.5%	
Operating	1,721,233	1,522,250	198,983		13.1%		1,610,342	1,410,843	199,499		14.1%	

Renting	244,434	150,943	93,491	61.9%	391,093	181,574	209,519	115.4%
Repairs and maintenance	3,479,071	2,974,734	504,337	17.0%	3,611,652	3,126,953	484,699	15.5%
Taxes and insurance	2,423,722	2,300,235	123,487	5.4%	2,569,250	2,302,648	266,602	11.6%
	<u>13,362,686</u>	<u>12,321,006</u>	<u>1,041,680</u>	<u>8.5%</u>	<u>14,062,381</u>	<u>12,517,586</u>	<u>1,544,795</u>	<u>12.3%</u>
Income Before Other Income (Expense)	4,738,350	4,610,922	127,428	2.8%	4,899,261	4,560,797	338,464	7.4%
Other Income (Expense)								
Interest income	1,199,643	32	1,199,611	374,8784.4%	1,083,423	363,350	720,073	198.2%
Interest expense	(3,925,863)	(3,623,714)	(302,149)	8.3%	(3,956,181)	(3,982,445)	26,264	(0.7%)
Income from investments in unconsolidated joint ventures	119,664	90,283	29,381	32.5%	148,723	93,516	55,207	59.0%
Other Income (Expense)	92,810	(834,538)	927,348	100.0%	—	(39,994)	39,994	100.0%
	<u>(2,513,746)</u>	<u>(4,367,937)</u>	<u>1,854,191</u>	<u>(42.5%)</u>	<u>(2,724,035)</u>	<u>(3,565,573)</u>	<u>841,538</u>	<u>(23.6%)</u>
Net Income	<u>\$ 2,224,604</u>	<u>\$ 242,985</u>	<u>\$ 1,981,619</u>	<u>815.5%</u>	<u>\$ 2,175,226</u>	<u>\$ 995,224</u>	<u>\$ 1,180,002</u>	<u>118.6%</u>

Rental income for the three months ended **June 30, 2023** **September 30, 2023** was approximately **\$17,965,000**, **\$18,804,000**, compared to approximately **\$16,826,000** **\$16,974,000** for the three months ended **June 30, 2022** **September 30, 2022**, an increase of approximately **\$1,139,000** (6.8%) **\$1,830,000** (10.8%). Excluding revenues from Walgreen's revenue and Shawmut's of approximately **\$202,000** at 653 Worcester Road, **\$632,000**, there was an increase of approximately **\$937,000** (5.6%) **\$1,198,000** (7.1%).

The Partnership properties with the largest increases in rental income include 1144 Commonwealth, 62 Boylston Street, 659 Worcester Road, Westgate Apartments, Woodland Park, Hamilton Green, and 140 North Beacon, Redwood Hills with increases of **\$218,000**, **\$107,000**, **\$92,000**, **\$84,000** **\$188,000**, **\$161,000**, **\$116,000**, **\$89,000**, **\$82,000** and **\$74,000** **\$82,000** respectively. Included in rental income is contingent rentals collected on commercial properties. Contingent rentals include such charges as bill backs of common area maintenance charges, real estate taxes, and utility charges.

Operating expenses for the three months ended **June 30, 2023** **September 30, 2023** were approximately **\$13,363,000** **\$14,062,000** compared to approximately **\$12,321,000** **\$12,517,000** for the three months ended **June 30, 2022** **September 30, 2022**, an increase of approximately **\$1,042,000** (8.5%) **\$1,545,000** (12.3%). Excluding the increase in expenses at 653 Worcester Road and Shawmut Apartments, operating expenses were approximately **\$13,225,000**, an increase of approximately **\$300,000**, operating expenses increased approximately **\$742,000** (6.0%) **\$707,000** (5.6%). The factors contributing to the increase are an increase in repairs and maintenance of approximately **\$504,000** (17.0%) **\$457,000** (14.6%), an increase in administrative expenses of approximately **\$244,000** (39.1%), and an increase in operating costs of approximately **\$199,000** (13.1%), partially offset by a decrease in depreciation and amortization expenses of approximately **\$115,000** (2.8%) **\$353,000** (8.6%) due to fully depreciated assets, an increase in taxes and insurance of approximately **\$197,000** (8.6%), and an increase in renting expense of approximately **\$205,000** (112.7%).

Interest expense for the three months ended **June 30, 2023** **September 30, 2023** was approximately **\$3,926,000** **\$3,956,000** compared to approximately **\$3,624,000** **\$3,982,000** for the three months ended **June 30, 2022** **September 30, 2022**, an increase of approximately **\$302,000** (8.3%) **\$26,000** (0.7%). The increase is due to the refinancing of properties, increasing the amount of the debt, which increased the interest expense for the period.

Interest income for the three months ended **June 30, 2023** **September 30, 2023** was approximately **\$1,200,000** **\$1,083,000** compared to approximately **\$0** **\$363,000** for the three months ended **June 30, 2022** **September 30, 2022**, an increase of approximately **\$1,200,000** **\$720,000** (198.2%). The increase is due to investments in Treasury Bills which mature over a period less than 180 days, with interest rates between **4.4%** **4.8%** to **4.64%** **5.4%**.

At September 30, 2023, the Partnership has between a 40% and 50% ownership interests in seven different Investment Properties. See a description of these properties included in the section titled Investment Properties as well as Note 15 to the Consolidated Financial Statements for a detail of the financial information of each Investment Property.

[Table of Contents](#)

As described in Note 15 to the Consolidated Financial Statements, the Partnership's share of the net income from the Investment Properties was approximately \$149,000 for the three months ended September 30, 2023, compared to net income of approximately \$94,000 for the three months ended September 30, 2022, an increase in income of approximately \$55,000 (59%). This increase is primarily due to an increase in rental revenue to approximately \$2,775,000 from \$2,625,000, an increase of approximately \$150,000 (5.7%) for the three months ended September 30, 2023 compared to the three months ended September 30, 2022. Included in the income for the three months ended September 30, 2023 is depreciation and amortization expense of approximately \$651,000.

As a result of the changes discussed above, net income for the three months ended September 30, 2023 was approximately \$2,175,000 compared to net income of approximately \$995,000 for the three months ended September 30, 2022, an increase in income of approximately \$1,180,000 (118.6%).

[Table of Contents](#)

Nine Months Ended September 30, 2023 Compared to Nine Months Ended September 30, 2022:

The Partnership and its Subsidiary Partnerships earned income before interest expense, income from investments in unconsolidated joint ventures, and other expense of approximately \$14,089,000 during the nine months ended September 30, 2023, compared to approximately \$12,949,000 for the nine months ended September 30, 2022, an increase of approximately \$1,140,000 (8.8%).

	Nine Months Ended September 30,		Dollar	Percent
	2023	2022	Change	Change
Revenues				
Rental income	\$ 54,338,011	\$ 50,260,258	\$ 4,077,753	8.1%
Laundry and sundry income	416,354	330,461	85,893	26.0%
	54,754,365	50,590,719	4,163,646	8.2%
Expenses				
Administrative	2,247,729	2,028,319	219,410	10.8%
Depreciation and amortization	12,234,394	12,212,278	22,116	0.2%
Management fee	2,173,272	2,029,453	143,819	7.1%
Operating	5,865,371	5,609,302	256,069	4.6%
Renting	827,112	501,906	325,206	64.8%
Repairs and maintenance	9,853,498	8,381,339	1,472,159	17.6%
Taxes and insurance	7,463,651	6,879,455	584,196	8.5%
	40,665,027	37,642,052	3,022,975	8.0%
Income Before Other Income (Expense)	14,089,338	12,948,667	1,140,671	8.8%
Other Income (Expense)				
Interest income	3,350,423	363,411	2,987,012	821.9%
Interest (expense)	(11,781,285)	(11,060,794)	(720,491)	6.5%
Income from investments in unconsolidated joint ventures	496,092	203,867	292,225	143.3%

Other (Expense) Income	—	(874,526)	874,526	100.0%
	(7,934,770)	(11,368,042)	3,433,272	(30.2%)
Net Income	\$ 6,154,568	\$ 1,580,625	\$ 4,573,943	289.4%

Rental income for the nine months ended September 30, 2023 was approximately \$54,338,000, compared to approximately \$50,260,000 for the nine months ended September 30, 2022, an increase of approximately \$4,078,000 (8.1%). Excluding revenues from 653 Worcester Road and Shawmut Apartments of approximately \$981,000, revenue increased approximately \$3,097,000 (6.2%). Included in rental income is contingent rentals collected on commercial properties. The Partnership properties with the largest increases in rental income include 1144 Commonwealth, 62 Boylston, Westgate Apartments, Woodland Park, Hamilton Green, and 140 North Beacon Street with increases of \$591,000, \$574,000, \$326,000, \$242,000, \$213,000 and \$212,000 respectively. Included in rental income is contingent rentals collected on commercial properties. Contingent rentals include such charges as bill backs of common area maintenance charges, real estate taxes, and utility charges.

Operating expenses for the nine months ended September 30, 2023 were approximately \$40,665,000 compared to approximately \$37,642,000 for the nine months ended September 30, 2022, an increase of approximately \$3,023,000 (8.0%). Excluding 653 Worcester Road and Shawmut Apartments, operating expenses were approximately \$39,217,000, an increase of approximately \$1,575,000 (4.2%). The factors contributing to this net increase are an increase in repairs and maintenance expenses of approximately \$1,426,000 (17.0%), an increase in taxes and insurance of approximately \$454,000 (6.6%), an increase in renting expense of approximately \$320,000 (63.8%), and an increase in operating costs of approximately \$194,000 (3.5%).

Interest income for the nine months ended September 30, 2023 was approximately \$3,350,000 compared to approximately \$363,000 for the three months ended September 30, 2022, an increase of approximately \$2,987,000 (821.9%). The increase is due to investments in Treasury Bills which mature over a period less than 180 days, with interest rates between 4.8% to 5.4%.

[Table of Contents](#)

Interest expense for the nine months ended September 30, 2023 was approximately \$11,781,000 compared to approximately \$11,061,000 for the nine months ended September 30, 2022, an increase of approximately \$720,000 (6.5%). The increase is due to the refinancing of properties, increasing the amount of debt, which increased the interest expense for the period.

At June 30, 2023, the Partnership has between a 40% and 50% ownership interests in seven different Investment Properties. See a description of these properties included in the section titled Investment Properties as well as Note 15 to the Consolidated Financial Statements for a detail of the financial information of each Investment Property.

As described in Note 15 to the Consolidated Financial Statements, the Partnership's share of the net income from the Investment Properties was approximately \$119,000 \$496,000 for the three nine months ended June 30, 2023 September 30, 2023, compared to net income of approximately \$90,000 \$204,000 for the three nine months ended June 30, 2022 September 30, 2022, an increase in income of approximately \$29,000 (32.5%). This increase is primarily due to an increase in rental revenue to approximately \$2,711,000 from \$2,471,000, an increase of approximately \$240,000 (9.7%) for the three months ended June 30, 2023 compared to the three months ended June 30, 2022. Included in the income for the three months ended June 30, 2023 is depreciation and amortization expense of approximately \$645,000.

As a result of the changes discussed above, net income for the three months ended June 30, 2023 was approximately \$2,225,000 compared to net income of approximately \$243,000 for the three months ended June 30, 2022, an increase in income of approximately

\$1,982,000 (815.5%).

[Table of Contents](#)

Six Months Ended June 30, 2023 Compared to Six Months Ended June 30, 2022:

The Partnership and its Subsidiary Partnerships earned income before interest expense, income from investments in unconsolidated joint ventures, and other expense of approximately \$9,190,000 during the six months ended June 30, 2023, compared to approximately \$8,388,000 for the six months ended June 30, 2022, an increase of approximately \$802,000 (9.6%).

	Six Months Ended June 30,		Dollar Change	Percent Change
	2023	2022		
Revenues				
Rental income	\$ 35,533,690	\$ 33,285,743	\$ 2,247,947	6.8%
Laundry and sundry income	259,032	226,593	32,439	14.3%
	<u>35,792,722</u>	<u>33,512,336</u>	<u>2,280,386</u>	<u>6.8%</u>
Expenses				
Administrative	1,604,822	1,331,663	273,159	20.5%
Depreciation and amortization	7,807,693	8,097,365	(289,672)	(3.6%)
Management fee	1,362,837	1,345,454	17,383	1.3%
Operating	4,255,029	4,198,458	56,571	1.3%
Renting	436,019	320,332	115,687	36.1%
Repairs and maintenance	6,241,845	5,254,385	987,460	18.8%
Taxes and insurance	4,894,401	4,576,808	317,593	6.9%
	<u>26,602,646</u>	<u>25,124,465</u>	<u>1,478,181</u>	<u>5.9%</u>
Income Before Other Income (Expense)	<u>9,190,076</u>	<u>8,387,871</u>	<u>802,205</u>	<u>9.6%</u>
Other Income (Expense)				
Interest income	2,174,177	61	2,174,116	3564124.6%
Interest (expense)	(7,825,103)	(7,078,349)	(746,754)	10.5%
Income from investments in unconsolidated joint ventures	347,368	110,351	237,017	214.8%
Other (Expense) Income	92,823	(834,533)	927,356	100.0%
	<u>(5,210,735)</u>	<u>(7,802,470)</u>	<u>2,591,735</u>	<u>(33.2%)</u>
Net Income	<u>\$ 3,979,341</u>	<u>\$ 585,401</u>	<u>\$ 3,393,940</u>	<u>579.8%</u>

Rental income for the six months ended June 30, 2023 was approximately \$35,533,000, compared to approximately \$33,285,000 for the six months ended June 30, 2022, an increase of approximately \$2,248,000 (6.8%). Excluding revenues from 653 Worcester Road of approximately \$350,000, revenue increases approximately \$1,898,000(5.7%). Included in rental income is contingent rentals collected on commercial properties. The Partnership properties with the largest increases in rental income include 62 Boylston, 1144 Commonwealth, Westgate Apartments, Woodland Park, and Hamilton Green, with increases of \$413,000, \$403,000, \$236,000, \$160,000 and \$151,000 respectively. Included in rental income is contingent rentals collected on commercial properties. Contingent rentals include such charges as bill backs of common area maintenance charges, real estate taxes, and utility charges.

Operating expenses for the six months ended June 30, 2023 were approximately \$26,603,000 compared to approximately \$25,124,000 for the six months ended June 30, 2022, an increase of approximately \$1,478,000 (5.9%). Excluding operating costs for 653 Worcester Road of approximately \$610,000, operating expenses increased approximately \$868,000 (3.5%). The factors contributing to this net increase are an

increase in repairs and maintenance expenses of approximately \$987,000 (18.8%), an increase in taxes and insurance of approximately \$318,000 (6.9%), and an increase in administrative expenses of approximately \$273,000 (20.5%), partially offset by a decrease in depreciation and amortization of approximately \$290,000 (3.6%).

Interest expense for the six months ended June 30, 2023 was approximately \$7,825,000 compared to approximately \$7,078,000 for the six months ended June 30, 2022, an increase of approximately \$747,000 (10.5%). The increase is due to the refinancing of properties, increasing the amount of debt, which increased the interest expense for the period.

[Table of Contents](#)

At June 30, 2023, the Partnership has between a 40% and 50% ownership interests in seven different Investment Properties. See a description of these properties included in the section titled Investment Properties as well as Note 15 to the Consolidated Financial Statements for a detail of the financial information of each Investment Property.

As described in Note 15 to the Consolidated Financial Statements, the Partnership's share of the net income from the Investment Properties was approximately \$347,000 for the six months ended June 30, 2023, compared to net income of approximately \$110,000 for the six months ended June 30, 2022, an increase in income of approximately \$237,000 (214.8% \$292,000 (143.3%). This increase is primarily due to an increase in rental revenue of approximately \$ 5,397,000 8,176,000 for the **six** nine months ended **June 30, 2023** September 30, 2023 from approximately **\$4,901,000** \$7,526,000 for the **six** nine months ended **June 30, 2022** September 30, 2022, an increase of approximately \$496,000 (10.1% \$650,000 (8.6%). Included in the income for the **six** nine months ended **June 30, 2023** September 30, 2023 is depreciation and amortization expense of approximately **\$1,285,000** \$1,936,000.

On November 30, 2021, the Partnership entered into a Master Credit Facility Agreement (the "Facility Agreement") with KeyBank National Association ("KeyBank") dated as of November 30, 2021, with an initial advance in the amount of \$156,000,000. Interest only on the debt at a fixed interest rate of 2.97% is payable on a monthly basis through December 31, 2031.

On June 16, 2022, the Partnership entered into an amendment to the Facility Agreement. The additional advance under the Amended Agreement is in the amount of \$80,284,000, at a fixed interest rate of 4.33%. The Partnership's obligations under the Facility Agreement are secured by mortgages on certain properties pursuant to certain Mortgage, Assignment of Leases and Rents, and Security Agreement and Fixture Filings.

The Partnership used the proceeds to pay down approximately \$37,065,000 of existing debt secured by four properties, along with approximately \$854,000 in prepayment penalties, which are included in other expenses. The remaining balance of approximately \$42,384,000 will be used for general partnership purposes.

As a result of the changes discussed above, net income for the **six** nine months ended **June 30, 2023** September 30, 2023 was approximately **\$3,979,000** \$6,154,000 compared to income of approximately **\$585,000** \$1,580,000 for the **six** nine months ended **June 30, 2022** September 30, 2022, an increase in net income of approximately **\$3,394,000** (579.8% \$4,574,000 (289.4%).

[Table of Contents](#)

LIQUIDITY AND CAPITAL RESOURCES

The Partnership's principal source of cash during the first **six** **nine** months of 2023 was the collection of rents and for 2022 was the proceeds from the refinancing of 5 properties for approximately \$43,000,000, interest income generated from the purchase of Treasury Bills, and the collection of rents. The Partnership's principal use of cash during the first **six** **nine** months of 2023 was the purchase of Treasury Bills and the purchase of **two** properties: the commercial property at 653 Worcester Road for approximately \$10,000,000, \$10,000,000, and the purchase of a mixed use property in the South End neighborhood of Boston, MA, for a purchase price of approximately \$27,500,000.

The majority of cash and cash equivalents of \$55,700,166 \$16,141,398 at **June 30, 2023** **September 30, 2023** and \$49,560,723 at December 31, 2022 were held in interest bearing accounts at creditworthy financial institutions.

The **increase** **decrease** in cash of \$6,139,443 \$33,419,325 for the **six** **nine** months ended **June 30, 2023** **September 30, 2023** is summarized as follows:

	Six Months Ended June 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Cash provided by operating activities	\$ 8,167,083	\$ 7,452,286	\$ 16,300,141	\$ 13,033,520
Cash provided by (used in) investing activities	7,712,071	(978,339)		
Cash (used in) investing activities			(36,518,815)	(76,569,294)
Cash (used in) provided by financing activities	(1,321,579)	40,739,128	(1,997,909)	40,217,002
Repurchase of Depositary Receipts, Class B and General Partner Units	(1,289,374)	(3,688,961)	(2,657,477)	(5,167,667)
Distributions paid	(7,128,758)	(6,976,595)	(8,545,265)	(8,123,130)
Net (decrease) increase in cash and cash equivalents	\$ 6,139,443	\$ 36,547,519	\$ (33,419,325)	\$ (36,609,569)

The change in cash provided by operating activities is due to various factors, including a change in depreciation expense, a change in income and distribution from joint ventures, and other factors. The decrease in cash used in investing activities is as follows: the Partnership purchased a commercial retail property of approximately 20,700 square feet, located at 653 Worcester Road in Framingham, Massachusetts for the sum of approximately \$10,151,000. This acquisition was \$10,151,000, and the Partnership purchased a mixed use property in the South End neighborhood of Boston, MA, for a purchase price of approximately \$27,500,000. These acquisitions were funded from the Partnership's cash reserves. Closing costs were approximately \$59,000. From the purchase price, the Partnership allocated approximately \$585,000 to in-place leases, and approximately \$378,000 to the value of tenant relationships, \$140,000, improvements to rental properties, and the purchase of Treasury Bills. The change in cash used in financing activities is the pay down of mortgages, the repurchase of depositary receipts, and distributions paid.

During 2023, the Partnership and its Subsidiary Partnerships have completed improvements to certain of the Properties at a total cost of approximately \$4,866,000, \$6,875,000. These improvements were funded from cash reserves. Cash reserves have been adequate to fully fund improvements. The most significant improvements were made at Hamilton Oaks, 1144 Commonwealth, School Street, Hamilton Green, Lincoln Street, 659 Worcester Road, Redwood Hills, and 62 Boylston Street at a cost of approximately \$1,203,000, \$1,093,000, \$395,000, \$233,000, \$208,000 \$1,411,000, \$1,335,000, \$539,000, \$404,000, \$305,000 and \$202,000 \$293,000 respectively.

During the **six** **nine** months ended **June 30, 2023** **September 30, 2023**, the Partnership received distributions of approximately \$1,634,000 \$3,033,500 from the investment properties. For the **six** **nine** months ended **June 30, 2022** **September 30, 2022**, the Partnership received \$1,208,000 in distributions from the investment properties. Included in these net distributions is the amount from Dexter Park of approximately \$920,000 \$1,492,000 and \$840,000 for the **six** **nine** months ended **June 30, 2023** **September 30, 2023** and 2022, respectively.

In August 2023, the Partnership approved a quarterly distribution of \$12.00 per Unit (\$0.40 per Receipt), which was paid on September 30, 2023. In May 2023, the Partnership approved a quarterly distribution of \$12.00 per Unit (\$0.40 per Receipt), which was paid on June 30, 2023. In addition to the quarterly distribution, there was a special distribution of \$38.40 per Class A unit (\$1.28 per Receipt) payable on March 31, 2023.

On July 31, 2014, the Partnership entered into an agreement for a \$25,000,000 revolving line of credit. The term of the line was for three years with a floating interest rate equal to a base rate of the greater of (a) the Prime Rate (b) the Federal Funds Rate plus one-half of one percent per annum, or (c) the LIBOR Rate for a period of one month plus 1% per annum, plus the applicable margin of 2.5%. The agreement originally expired on July 31, 2017 and was extended until October 31, 2020. The costs associated with the line of credit extension in 2017 were

approximately \$128,000. Prior to the line's expiration in 2020, the Partnership exercised its option for a one-year extension until October 31, 2021. The Partnership paid an extension fee of approximately \$37,500 in association with the extension. The Partnership

[Table of Contents](#)

agreed to terms with the lender on October 29, 2021, to extend the line of credit until October 29, 2024. On December 3, 2021, the Partnership paid off the line.

The Partnership anticipates that cash from operations will be sufficient to fund its current operations, pay distributions, make required debt payments and finance current improvements to its properties. The Partnership may also

[Table of Contents](#)

sell or refinance properties. The Partnership's net income and cash flow may fluctuate dramatically from year to year as a result of the sale or refinancing of properties, property improvements, increases or decreases in rental income or expenses, or the loss of significant tenants.

Off-Balance Sheet Arrangements—Joint Venture Indebtedness

As of **June 30, 2023** **September 30, 2023**, the Partnership had a 40%-50% ownership interest in seven Joint Ventures, five of which have mortgage indebtedness. We do not have control of these partnerships and therefore we account for them using the equity method of consolidation. At **June 30, 2023** **September 30, 2023**, our proportionate share of the non-recourse debt related to these investments was approximately **\$70,750,000**, **\$70,721,000**. See Note 15 to the Consolidated Financial Statements.

Contractual Obligations

As of **June 30, 2023** **September 30, 2023**, we are subject to contractual payment obligations as described in the table below.

	Payments due by period						Payments due by period					
	2024	2025	2026	2027	2028	Thereafter	Total	2024	2025	2026	2027	2028
Contractual Obligations												
Long -term debt												
Mortgage debt	\$3,061,756	3,577,671	21,956,600	6,620,519	23,220,503	354,366,604	\$412,803,653	\$3,294,780	3,638,848	25,267,273	3,267,440	22,845,687
Total Contractual Obligations	\$3,061,756	\$3,577,671	\$21,956,600	\$6,620,519	\$23,220,503	\$354,366,604	\$412,803,653	\$3,294,780	\$3,638,848	\$25,267,273	\$3,267,440	\$22,845,687

*Excluding unamortized deferred financing costs

We have various standing or renewable service contracts with vendors related to our property management. In addition, we have certain other contracts we enter into in the ordinary course of business that may extend beyond one year. These contracts are not included as part of our contractual obligations because they include terms that provide for cancellation with insignificant or no cancellation penalties.

See Notes 5 and 15 to the Consolidated Financial Statements for a description of mortgage notes payable. The Partnerships has no other material contractual obligations to be disclosed.

Factors That May Affect Future Results

Along with risks detailed in Item 1A of the Partnership's Form 10-K for the fiscal year ended December 31, 2022 filed with the Securities and Exchange Commission on March 13, 2023 and from time to time in the Partnership's other filings with the Securities and Exchange Commission, some factors that could cause the Partnership's actual results, performance or achievements to differ materially from those expressed or implied by forward looking statements include but are not limited to the following:

- The Partnership depends on the real estate markets where its properties are located, primarily in Eastern Massachusetts, and these markets may be adversely affected by local economic market conditions, which are beyond the Partnership's control.
- The Partnership is subject to the general economic risks affecting the real estate industry, such as dependence on tenants' financial condition, the need to enter into new leases or renew leases on terms favorable to tenants in order to generate rental revenues and our ability to collect rents from our tenants.
- The Partnership is also impacted by changing economic conditions making alternative housing arrangements more or less attractive to the Partnership's tenants, such as the interest rates on single family

39

[Table of Contents](#)

home mortgages and the availability and purchase price of single family homes in the Greater Boston metropolitan area.

- The Partnership is subject to significant expenditures associated with each investment, such as debt service payments, real estate taxes, insurance and maintenance costs, which are generally not reduced when circumstances cause a reduction in revenues from a property.

39

[Table of Contents](#)

- The Partnership is subject to increases in heating and utility costs that may arise as a result of economic and market conditions and fluctuations in seasonal weather conditions.
- Civil disturbances, earthquakes and other natural disasters may result in uninsured or underinsured losses.
- Actual or threatened terrorist attacks may adversely affect our ability to generate revenues and the value of our properties.
- Financing or refinancing of Partnership properties may not be available to the extent necessary or desirable, or may not be available on favorable terms.

- The Partnership properties face competition from similar properties in the same market. This competition may affect the Partnership's ability to attract and retain tenants and may reduce the rents that can be charged.
- Given the nature of the real estate business, the Partnership is subject to potential environmental liabilities. These include environmental contamination in the soil at the Partnership's or neighboring real estate, whether caused by the Partnership, previous owners of the subject property or neighbors of the subject property, and the presence of hazardous materials in the Partnership's buildings, such as asbestos, lead, mold and radon gas. Management is not aware of any material environmental liabilities at this time.
- Insurance coverage for and relating to commercial properties is increasingly costly and difficult to obtain. In addition, insurance carriers have excluded certain specific items from standard insurance policies, which have resulted in increased risk exposure for the Partnership. These include insurance coverage for acts of terrorism and war, and coverage for mold and other environmental conditions. Coverage for these items is either unavailable or prohibitively expensive.
- Market interest rates could adversely affect market prices for Class A Partnership Units and Depositary Receipts as well as performance and cash flow.
- Changes in income tax laws and regulations may affect the income taxable to owners of the Partnership. These changes may affect the after-tax value of future distributions.
- The Partnership may fail to identify, acquire, construct or develop additional properties; may develop or acquire properties that do not produce a desired or expected yield on invested capital; may be unable to sell poorly- performing or otherwise undesirable properties quickly; or may fail to effectively integrate acquisitions of properties or portfolios of properties.
- Risk associated with the use of debt to fund acquisitions and developments.
- Competition for acquisitions may result in increased prices for properties.
- Any weakness identified in the Partnership's internal controls as part of the evaluation being undertaken could have an adverse effect on the Partnership's business.
- Ongoing compliance with Sarbanes-Oxley Act of 2002 may require additional personnel or systems changes.

40

[Table of Contents](#)

The foregoing factors should not be construed as exhaustive or as an admission regarding the adequacy of disclosures made by the Partnership prior to the date hereof or the effectiveness of said Act. The Partnership expressly disclaims any obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

40 41

[Table of Contents](#)

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk is the exposure to loss resulting from changes in interest rates and equity prices. In pursuing its business plan, the primary market risk to which the Partnership is exposed is interest rate risk. Changes in the general level of interest rates prevailing in the financial markets may affect the spread between the Partnership's yield on invested assets and cost of funds and, in turn, its ability to make distributions or payments to its investors.

As of **June 30, 2023** **September 30, 2023**, the Partnership, its Subsidiary Partnerships and the Investment Properties collectively have approximately **\$579,303,000** **\$578,569,000** in long-term debt, substantially all of which require payment of interest at fixed rates. Accordingly, the fair value of these debt instruments is affected by changes in market interest rates. This long term debt matures through 2035. The Partnership, its Subsidiary Partnerships and the Investment Properties collectively have variable rate debt of \$10,000,000 (without taking out unamortized deferred financing costs) as of **June 30, 2023** **September 30, 2023**. Interest rates ranged from **LIBOR** **SOFR** plus 218 basis points to **LIBOR** **SOFR** plus **300** **310** basis points. Assuming interest-rate caps are not in effect, if market rates of interest on the Partnership's variable rate debt increased or decreased by 100 basis points, then the increase or decrease in interest costs on the Partnership's variable rate debt would be approximately \$50,000 annually and the increase or decrease in the fair value of the Partnership's fixed rate debt as of **June 30, 2023** **September 30, 2023** would be approximately **\$27,650,000** **\$45,820,000**. For information regarding the fair value and maturity dates of these debt obligations, See Note 5 to the Consolidated Financial Statements — "Mortgage Notes Payable," Note 12 to the Consolidated Financial Statements — "Fair Value Measurements" and Note 15 to the Consolidated Financial Statements — "Investment in Unconsolidated Joint Ventures".

For additional disclosure about market risk, see "Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations—Factors That May Affect Future Results".

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures. The Partnership's management, with the participation of the Partnership's principal executive officer and principal financial officer, has evaluated the effectiveness of the Partnership's disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of the end of the period covered by this report. Based on such evaluation, the Partnership's principal executive officer and principal financial officer have concluded that, as of the end of such period, the Partnership's disclosure controls and procedures were effective in recording, processing, summarizing and reporting, on a timely basis, information required to be disclosed by the Partnership in the reports that it files or submits under the Exchange Act.

We previously identified material weaknesses in our IT control and related procedures that support financial reporting as of December 31, 2022, due to control deficiencies related to a threat actor ransomware attack that delayed the filing of our 3rd quarter 10-Q. We updated our internal controls to remediate our control deficiencies by designing and implementing controls to mitigate the risks previously not addressed in our control environment. These remediation measures included redesigning and enhancing controls over the monitoring of user access rights, implementation of least privileged access and implementation of enhanced security configuration software. We completed our testing and evaluation of our internal control over financial reporting as of June 30, 2023 and determined that as of June 30, 2023, our internal control over financial reporting was designed and operating effectively for a sufficient period for management to conclude that the material weaknesses have been remediated.

Limitations on Effectiveness of Controls. Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act). Our internal control system is designed to provide reasonable assurance regarding the preparation and fair presentation of our financial statements for external purposes in accordance with GAAP. All internal control systems, no matter how well designed, have inherent limitations and can provide only reasonable assurance that the objectives of the internal control system are met.

Changes in Internal Control over Financial Reporting., There were no other changes in the Management Company's internal control over financial reporting identified in connection with the evaluation required by paragraph

(d) of Exchange Act Rule 13a-15 that occurred during the quarter ended **June** **September** 30, 2023 that have materially affected or are reasonably likely to materially affect, the Management Company's internal control over financial reporting.

PART II — OTHER INFORMATION

Item 1. Legal Proceedings

There are no material legal proceedings, other than ordinary routine litigation incidental to its business, to which the Partnership is a party to or to which any of the Properties is subject.

Item 1A. Risk Factors

There have been no material changes to the Risk Factors in Item 1A, "Risk Factors" in our annual report on Form 10K for the year ended December 31, 2022.

[Table of Contents](#)

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

(a) None

(b) None

(c) Issuer Purchase of Equity Securities during the **second** **third** quarter of 2023:

Period	Remaining number of Depository Receipts that may be purchased			Remaining number of Depository Receipts that may be purchased		
	Depository Receipts Purchased as Part of Publicly Announced Plan		Under the Plan (as Amended)	Depository Receipts Purchased as Part of Publicly Announced Plan		Under the Plan (as Amended)
	Average Price Paid	Announced Plan	(as Amended)	Average Price Paid	Announced Plan	(as Amended)
April 1-30, 2023	\$ 71.99	413	500,776			
May 1-31, 2023	\$ 69.15	2,138	498,638			
June 1-30, 2023	\$ 71.00	1,374	497,264			
July 1-31, 2023				\$ 72.85	1,448	495,816
August 1-31, 2023				\$ 73.48	12,731	483,085
September 1-30, 2023				\$ 69.33	777	482,308
Total		<u>3,925</u>			<u>14,956</u>	

On August 20, 2007, NewReal, Inc., the General Partner authorized an equity repurchase program ("Repurchase Program") under which the Partnership was permitted to purchase, over a period of twelve months, up to 300,000 Depository Receipts (each of which is one-tenth of a Class A Unit). Over time, the General Partner has authorized increases in the equity repurchase program. On March 10, 2015, the General Partner authorized an increase in the Repurchase Program from 1,500,000 to 2,000,000 Depository Receipts and extended the Program for an additional five years from March 31, 2015 until March 31, 2020. On March 9, 2020, the General Partner extended the program for an additional five years from March 31, 2020 to March 31, 2025. The Repurchase Program requires the Partnership to repurchase a proportionate number of Class B Units and General Partner Units in connection with any repurchases of any Depository Receipts by the Partnership based upon the 80%, 19%, 19% and 1% fixed distribution percentages of the holders of the Class A, Class B and General Partner Units under the Partnership's

Second Amended and Restated Contract of Limited Partnership. Repurchases of Depositary Receipts or Partnership Units pursuant to the Repurchase Program may be made by the Partnership from time to time in its sole discretion in open market transactions or in privately negotiated transactions. From August 20, 2007 through **June 30, 2023** **September 30, 2023**, the Partnership has repurchased **1,502,734** **1,517,690** Depositary Receipts at an average price of **\$30.54** **\$30.96** per receipt (or **\$916.20** **\$928.8** per underlying Class A Unit), **4,160** **4,279** Class B Units and **219,225** General Partnership Units, both at an average price of **\$1,209.00** **\$1,236.00** per Unit, totaling approximately **\$51,785,000** **\$53,153,000** including brokerage fees paid by the Partnership.

During the **six** **nine** months ended **June 30, 2023** **September 30, 2023**, the Partnership purchased a total of **14,274** **29,230** Depositary Receipts. The average price was **\$72.20** **\$72.71** per receipt or **\$2,165.91** **\$2,181** per unit. The cost including commission was **\$1,031,739** **\$2,127,000**. The Partnership was required to repurchase **113** **232** Class B Units and **6** **12** General Partnership units at a cost of **\$244,753** **\$503,706** and **\$12,882** **\$26,511** respectively.

Item 3. Defaults Upon Senior Securities

None.

42

[Table of Contents](#)

Item 4. Mine Safety Disclosure

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

See the exhibit index below.

43

[Table of Contents](#)

EXHIBIT INDEX

Exhibit No.	Description of Exhibit
(31.1)	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 of Ronald Brown, Principal Executive Officer of the Partnership (President and a Director of NewReal, Inc., sole General Partner of the Partnership).
(31.2)	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 of Jameson Brown, Principal Financial Officer of the Partnership (Treasurer and a Director of NewReal, Inc., sole General Partner of the Partnership).

(32.1) [Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, of Ronald Brown, Principal Executive Officer of the Partnership \(President and a Director of NewReal, Inc., sole General Partner of the Partnership\) and Jameson Brown, Principal Financial Officer of the Partnership \(Treasurer and a Director of NewReal, Inc., sole General Partner of the Partnership\).](#)

(101.1) The following financial statements from New England Realty Associates Limited Partnership Quarterly Report on Form 10-Q for the quarter ended **June 30, 2023** **September 30, 2023**, formatted in Inline XBRL (eXtensible Business Property Language: (i) Consolidated Balance Sheets, (unaudited) (ii) Consolidated Statements of Income, (unaudited) (iii) Consolidated Statements of Changes in Partners' Capital, (unaudited) (iv) Consolidated Statements of Cash Flows, (unaudited) and (v) Notes to Consolidated Financial Statements, (unaudited) (filed herewith).

(104) Cover Page Interactive Data File – The cover page interactive data file does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.

43 44

[Table of Contents](#)

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

NEW ENGLAND REALTY ASSOCIATES LIMITED PARTNERSHIP
By: _____ /s/ NEWREAL, INC.

Its General Partner

By: _____ /s/ RONALD BROWN
Ronald Brown, *President*

Dated: **August 8, 2023** **November 9, 2023**

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ RONALD BROWN Ronald Brown	President and Director of the General Partner (Principal Executive Officer)	August 8, November 9, 2023
/s/ JAMESON BROWN Jameson Brown	Treasurer and Director of the General Partner (Principal Financial Officer and Principal Accounting Officer)	August 8, November 9, 2023
/s/ MARTINA ALIBRANDI Martina Alibrandi	Director of the General Partner	August 8, November 9, 2023
/s/ DAVID ALOISE David Aloise	Director of the General Partner	August 8, November 9, 2023
/s/ ANDREW BLOCH	Director of the General Partner	August 8, November 9, 2023

Andrew Bloch		
/s/ SALLY MICHAEL	Director of the General Partner	August 8, November 9, 2023
Sally Michael		

/s/ DAVID REIER	Director of the General Partner	August 8, November 9, 2023
David Reier		

44 45

Exhibit 31.1

New England Realty Associates Limited Partnership

CERTIFICATION

I, Ronald Brown, certify that:

1. I have reviewed this quarterly report on Form 10-Q of New England Realty Associates Limited Partnership;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ RONALD BROWN

Principal Executive Officer
(President and Director of the Partnership's General Partner,
NewReal, Inc.)

Date: August 8, 2023 November 9, 2023

Exhibit 31.2

New England Realty Associates Limited Partnership

CERTIFICATIONS

I, Jameson Brown, certify that:

1. I have reviewed this quarterly report on Form 10-Q of New England Realty Associates Limited Partnership;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

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

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

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

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

/s/ JAMESON BROWN

Principal Financial Officer
(Treasurer and Director of the Partnership's General Partner,
NewReal, Inc.)

Date: August 8, 2023 November 9, 2023

Exhibit 32.1

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE
SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of New England Realty Associates Limited Partnership for the six nine months ended June 30, 2023 September 30, 2023, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Ronald Brown, as President and Director of the Partnership's General Partner, NewReal, Inc., and Jameson Brown, the Treasurer and a Director of the Partnership's General Partner, NewReal, Inc., each hereby certifies, pursuant to 18.U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Partnership.

/s/ Ronald Brown

Ronald Brown
Principal Executive Officer
(President and Director of the Partnership's General Partner,
NewReal, Inc.)

Date: August 8, 2023 November 9, 2023

/s/ Jameson Brown

Jameson Brown
Principal Financial Officer
(Treasurer and Director of the Partnership's General Partner,
NewReal, Inc.)

Date: **August 8, 2023** November 9, 2023

This certification accompanies each Report pursuant to §906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Partnership for purposes of §18 of the Security Exchange Act of 1934, as amended.

A signed original of this written statement required by §906 has been provided to the Partnership and will be retained by the Partnership and furnished to the Securities and Exchange Commission or its staff upon request.

DISCLAIMER

THE INFORMATION CONTAINED IN THE REFINITIV CORPORATE DISCLOSURES DELTA REPORT™ IS A COMPARISON OF TWO FINANCIALS PERIODIC REPORTS. THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE REPORT INCLUDING THE TEXT AND THE COMPARISON DATA AND TABLES. IN NO WAY DOES REFINITIV OR THE APPLICABLE COMPANY ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BASED UPON THE INFORMATION PROVIDED IN THIS REPORT. USERS ARE ADVISED TO REVIEW THE APPLICABLE COMPANY'S ACTUAL SEC FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS.

©2023, Refinitiv. All rights reserved. Patents Pending.