NEW ENGLAND REALTY ASSOCIATES LIMITED PARTNERSHIP
Form 10-Q
May 06, 2016
Table of Contents

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 March 31, 2016

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

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

Large accelerated filer	Accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company)	Smaller reporting company

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

As of May 5, 2016, there were 99,939 of the registrant's Class A units (2,998,161 Depositary Receipts) of limited partnership issued and outstanding and 23,735 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 March 31, 2016 and December 31, 2015	4
	Consolidated Statements of Income for the Three Months Ended March 31, 2016 and 2015	5
	Consolidated Statements of Changes in Partners' Capital for the Three months ended March 31, 2016 and 2015	6
	Consolidated Statements of Cash Flows for the Three Months Ended March 31, 2016 and 2015	7
	Notes to Consolidated Financial Statements	8
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	27
Item 3.	Quantitative and Qualitative Disclosures About Market Risk	35
Item 4.	Controls and Procedures	35
PART II—OTHER INFORMATION		
Item 1.	Legal Proceedings	36
Item 1A.	Risk Factors	36
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	36
Item 3.	Defaults Upon Senior Securities	36
Item 4.	Mine Safety Disclosure	37
Item 5.	Other Information	37
Item 6.	Exhibits	37
SIGNATURES		38

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, 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, 2015 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 Form 10-K for the fiscal year ended December 31, 2015.

The results of operations for the three month period ended March 31, 2016 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

	March 31, 2016	December 31, 2015
ASSETS	(Unaudited)	
Rental Properties	$ 175,257,605	$ 176,697,314
Cash and Cash Equivalents	6,172,683	10,298,186
Rents Receivable	380,655	433,744
Insurance Recovery Receivable	248,969	345,645
Real Estate Tax Escrows	396,613	370,981
Prepaid Expenses and Other Assets	3,933,233	4,762,535
Investments in Unconsolidated Joint Ventures	7,440,487	7,819,162
Total Assets	$ 193,830,245	$ 200,727,567
LIABILITIES AND PARTNERS' CAPITAL		
Mortgage Notes Payable	214,311,243	194,500,820
Notes Payable	—	25,000,000
Distribution and Loss in Excess of Investment in Unconsolidated Joint Venture	2,384,811	2,288,090
Accounts Payable and Accrued Expenses	3,045,573	4,640,767
Advance Rental Payments and Security Deposits	5,300,112	5,108,843
Total Liabilities	225,041,739	231,538,520
Commitments and Contingent Liabilities (Notes 3 and 9)	—	—
Partners' Capital 124,923 and 125,374 units outstanding in 2016 and 2015 respectively	(31,211,494)	(30,810,953)
Total Liabilities and Partners' Capital	$ 193,830,245	$ 200,727,567

See notes to consolidated financial statements.

Table of Contents

NEW ENGLAND REALTY ASSOCIATES LIMITED PARTNERSHIP AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

(Unaudited)

	Three Months Ended March 31,	
	2016	2015
Revenues		
Rental income	$ 12,072,856	$ 10,972,792
Laundry and sundry income	110,432	102,728
	12,183,288	11,075,520
Expenses		
Administrative	498,255	533,077
Depreciation and amortization	3,027,154	2,441,527
Management fee	500,207	450,704
Operating	1,424,247	2,086,185
Renting	87,264	65,926
Repairs and maintenance	1,627,700	1,347,214
Taxes and insurance	1,603,870	1,462,976
	8,768,697	8,387,609
Income Before Other Income (Expense)	3,414,591	2,687,911
Other Income (Expense)		
Interest income	202	195
Interest expense	(2,553,633)	(2,403,682)
Income from investments in unconsolidated joint ventures	369,604	125,234
	(2,183,827)	(2,278,253)
Net Income	$ 1,230,764	$ 409,658
Net Income per Unit	$ 9.84	$ 3.22
Weighted Average Number of Units Outstanding	125,140	127,073

See notes to consolidated financial statements.

Table of Contents

NEW ENGLAND REALTY ASSOCIATES LIMITED PARTNERSHIP AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN PARTNERS' CAPITAL

(Unaudited)

	Units Limited Class A	Class B	General Partnership	Subtotal	Treasury Units	Total	Partners' Capital Limited Class A	Class B	General Partnership	Total
1,	144,180	34,243	1,802	180,225	52,572	127,653	$ (21,910,488)	$ (5,184,335)	$ (272,859)	$ (27,36
tion ers	—	—	—	—	—	—	(761,064)	(180,753)	(9,513)	(951,3
t	—	—	—	—	809	(809)	(975,731)	(230,574)	(12,135)	(1,218
me	—	—	—	—	—	—	327,726	77,835	4,097	409,65
1,	144,180	34,243	1,802	180,225	53,381	126,844	$ (23,319,557)	$ (5,517,827)	$ (290,410)	$ (29,12
1 ,	144,180	34,243	1,802	180,225	54,851	125,374	$ (24,673,535)	$ (5,830,548)	$ (306,870)	$ (30,81
tion ers	—	—	—	—	—	—	(749,540)	(178,016)	(9,369)	(936,9
t	—	—	—	—	451	(451)	(558,723)	(128,874)	(6,783)	(694,3
me	—	—	—	—	—	—	984,611	233,845	12,308	1,230,
1,	144,180	34,243	1,802	180,225	55,302	124,923	$ (24,997,187)	$ (5,903,593)	$ (310,714)	$ (31,21

See notes to consolidated financial statements.

Table of Contents

NEW ENGLAND REALTY ASSOCIATES LIMITED PARTNERSHIP AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

	Three Months Ended March 31,	
	2016	2015
Cash Flows from Operating Activities		
Net income	$ 1,230,764	$ 409,658
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	3,027,154	2,441,527
Amortization of deferred financing costs	46,853	42,767
(Income) from investments in joint ventures	(369,604)	(125,234)
Change in operating assets and liabilities		
Decrease (Increase) in rents receivable	53,089	(25,776)
(Decrease) in accounts payable and accrued expense	(1,595,194)	(414,728)
Decrease in insurance recovery receivable	96,676	—
(Increase) in real estate tax escrow	(25,632)	(3,144)
Decrease in prepaid expenses and other assets	679,977	1,994
Increase in advance rental payments and security deposits	191,269	40,742
Total Adjustments	2,104,588	1,958,148
Net cash provided by operating activities	3,335,352	2,367,806
Cash Flows From Investing Activities		
Proceeds from unconsolidated joint ventures	688,616	653,843
Distribution in excess of investment in unconsolidated joint ventures	165,000	82,500
(Investment) in unconsolidated joint ventures	(8,616)	(8,843)
Improvement of rental properties	(1,438,120)	(872,165)
Net cash (used in) investing activities	(593,120)	(144,665)
Cash Flows from Financing Activities		
Payment of financing costs	(174,718)	—
Proceeds of mortgage notes payable	20,071,000	—
Payment of note payable	(25,000,000)	—
Principal payments of mortgage notes payable	(132,712)	(32,898)
Stock buyback	(694,380)	(1,218,440)
Distributions to partners	(936,925)	(951,330)
Net cash (used in) financing activities	(6,867,735)	(2,202,668)
Net (Decrease) Increase in Cash and Cash Equivalents	(4,125,503)	20,473
Cash and Cash Equivalents, at beginning of period	10,298,186	14,015,898
Cash and Cash Equivalents, at end of period	$ 6,172,683	$ 14,036,371

See notes to consolidated financial statements.

Table of Contents

NEW ENGLAND REALTY ASSOCIATES LIMITED PARTNERSHIP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2016

(Unaudited)

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

Line of Business: New England Realty Associates Limited Partnership ("NERA" or the "Partnership") was organized in Massachusetts in 1977. NERA and its subsidiaries own 25 properties which include 17 residential buildings; 4 mixed use residential, retail and office buildings; 3 commercial buildings and individual units at one condominium complex. These properties total 2,506 apartment units, 19 condominium units and 108,043 square feet of commercial space. Additionally, the Partnership also owns a 40- 50% interest in 9 residential and mixed use properties consisting of 786 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 nine 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 14: 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 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 14: 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

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. Contingent rent for commercial properties are 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 values for acquired properties are amortized 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.

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 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

Table of Contents

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 $46,853 and $42,767 for the three months ended March 31, 2016 and 2015, 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 13).

Cash Equivalents: The Partnership considers cash equivalents to be all highly liquid instruments purchased with a maturity of three months or less.

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.

Comprehensive Income: Comprehensive income is defined as changes in partners' equity, exclusive of transactions with owners (such as capital contributions and dividends). NERA did not have any comprehensive income items in 2016 or 2015 other than net income as reported.

Income 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.

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 2016 or 2015. The Partnership makes its temporary cash investments with high-credit quality financial institutions. At March 31, 2016, substantially all of the Partnership's cash and cash equivalents were held in interest-bearing accounts at financial institutions, earning interest at rates from 0.01% to 0.35%. At March 31, 2016 and December 31, 2015, respectively approximately $7,499,000, and $11,592,000 of cash and cash equivalents, and security deposits included in prepaid expenses and other assets exceeded federally insured amounts.

Advertising Expense: Advertising is expensed as incurred. Advertising expense was $41,963 and $31,574 for the three months ended March 31, 2016 and 2015, respectively.

Table of Contents

Discontinued Operations and Rental Property Held for Sale: In April 2014, the FASB issued guidance related to the reporting of discontinued operations and disclosures of disposals of components of an entity. This guidance defines a discontinued operation as a component or group of components disposed or classified as held for sale and represents a strategic shift that has (or will have) a major effect on an entity's operations and final result; the guidance states that a strategic shift could include a disposal of a major geographical area of operations, a major line of business, a major equity method investment or other major parts of an entity. The guidance also provides for additional disclosure requirements in connection with both discontinued operations and other dispositions not qualifying as discontinued operations. The Partnership has elected to early adopt this standard effective with the interim period beginning January 1, 2014. Prior to January 1, 2014, properties identified as held for sale and/or disposed of were presented in discontinued operations for all periods presented.

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 three months ended March 31, 2016 and 2015 there was no capitalized interest.

Extinguishment 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 refinancing qualify as extinguishment of debt.

Reclassifications: Certain reclassifications have been made to prior period amounts in order to conform to current period presentation. The reclassifications were related primarily to conform to ASU No. 2015-03, Simplifying the Presentation of Debt Issuance Costs, which requires debt issuance costs to be presented in the balance sheet as a direct deduction from the associated debt liability. This new standard was effective for interim and annual reporting beginning after December 15, 2015 and requires retrospective application. Approximately $1.4 million of deferred financing costs were reclassified to contra term loans on the balance sheet at December 31, 2015. There was no change to the net income for any period presented as a result of these reclassifications.

NOTE 2. RENTAL PROPERTIES

As of March 31, 2016, the Partnership and its Subsidiary Partnerships owned 2,506 residential apartment units in 21 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 March 31, 2016, the Partnership and Subsidiary Partnerships owned a commercial shopping center in Framingham, commercial buildings in Newton and Brookline and mixed-use properties in Boston, Brockton and Newton, all in Massachusetts. These properties are referred to collectively as the "Commercial Properties."

The Partnership also owned a 40% to 50% ownership interest in nine residential and mixed use complexes (the "Investment Properties") at March 31, 2016 with a total of 786 units, accounted for using the equity method of consolidation. See Note 14 for summary information on these investments.

On September 18, 2015, Residences at Captain Parker, LLC, a Massachusetts limited liability company ("Captain Parker") a newly formed subsidiary of the Partnership, purchased the Residence at Captain Parkers, a 94 unit apartment complex located at 125 Worthen Road and Ryder Lane in Lexington, Massachusetts. The purchase price was $31,600,000 and the closing costs were approximately $49,000. From the purchase price, the Partnership allocated approximately $474,000 for in-place leases, and approximately $31,000 to the value of tenant relationships. These amounts are being amortized over 12 and 24 months respectively. To fund the purchase, the Partnership utilized the available line of credit of $25,000,000, and the balance from the Partnership's cash reserves.

Table of Contents

Rental properties consist of the following:

	March 31, 2016	December 31, 2015	Useful Life
Land, improvements and parking lots	$ 52,864,483	$ 52,852,877	15 - 40 years
Buildings and improvements	172,774,117	172,277,299	15 - 40 years
Kitchen cabinets	8,606,470	8,493,696	5 - 10 years
Carpets	7,605,524	7,361,966	5 - 10 years
Air conditioning	718,531	718,531	5 - 10 years
Laundry equipment	244,772	244,771	5 - 7 years
Elevators	1,139,296	1,139,296	20 - 40 years
Swimming pools	444,629	444,629	10 - 30 years
Equipment	9,970,211	9,502,977	5 - 7 years
Motor vehicles	130,563	130,563	5 years
Fences	38,115	38,115	5 - 15 years
Furniture and fixtures	7,961,480	7,855,351	5 - 7 years
Smoke alarms	216,827	216,827	5 - 7 years
Total fixed assets	262,715,018	261,276,898	
Less: Accumulated depreciation	(87,457,413)	(84,579,584)	
	$ 175,257,605	$ 176,697,314	

NOTE 3. RELATED PARTY TRANSACTIONS

The Partnership’s properties are managed by an entity that is owned by the majority shareholder of the General Partner. The management fee is equal to 4% of gross receipts rental revenue and laundry income on the majority of the Partnership’s properties and 3% on Linewt. Total fees paid were approximately $500,000 and $451,000 for the three months ended March 31, 2016 and 2015, respectively.

The Partnership Agreement permits the General Partner or Management Company to charge the costs of professional services (such as counsel, accountants and contractors) to NERA. During the three months ended March 31, 2016 and 2015, approximately $309,000 and $238,000, was charged to NERA for legal, accounting, construction, maintenance, brokerage fees, rental and architectural services and supervision of capital improvements. Of the 2016 expenses referred to above, approximately $92,000 consisted of repairs and maintenance, $86,000 of administrative expense and $67,000 for commercial brokerage fees. Approximately $64,000 of expenses for construction, architectural services and supervision of capital projects were capitalized in rental properties. Additionally in 2016, the Hamilton Company received approximately $232,000 from the Investment Properties of which approximately $176,000 was the management fee, approximately $20,000 was for maintenance services, approximately $9,000 was for administrative

services and $27,000 for architectural services and supervision of capital projects. The management fee is equal to 4% of gross receipts 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 $712,000 and $729,000 for the three months ended March 31, 2016 and 2015, 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. There were no employer contributions during 2016 and 2015.

Bookkeeping and accounting functions are provided by the Management Company's accounting staff, which consists of approximately 14 people. During the three months ended March 31, 2016 and 2015, the Management Company charged the Partnership $31,250 ($125,000 per year) for bookkeeping and accounting services included in administrative expenses above.

The President of the Management Company performs asset management consulting services and receives an asset management fee from the Partnership. The Partnership does not have a written agreement with this individual. During the three months ended March 31, 2016 and 2015 this individual received a quarterly fee of $18,750.

The Partnership has invested in nine 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 Harold Brown, the President of the Management Company and five other employees of the Management

Company. Harold Brown's ownership interest is between 43.2% and 57%. See Note 14 for a description of the properties and their operations.

See Note 8 for information regarding the repurchase of Class B and General Partnership Units.

NOTE 4. OTHER ASSETS

Approximately $2,320,000, and $2,257,000 of security deposits are included in prepaid expenses and other assets at March 31, 2016 and December 31, 2015, respectively. The security deposits and escrow accounts are restricted cash.

Included in prepaid expenses and other assets at March 31, 2016 and December 31, 2015 is approximately $641,000 and $801,000, respectively, held in escrow to fund future capital improvements. As of March 31, 2016, approximately $305,000 of the replacement reserve was related to the fire damage at Westgate Apartments. The reserve will be refunded when the repairs are complete.

Intangible assets on the acquisitions of Hamilton Green and the Residence at Captain Parkers are included in prepaid expenses and other assets. Intangible assets are approximately $252,000 net of accumulated amortization of approximately $2,005,000 and approximately $382,000 net of accumulated amortization of approximately $1,875,000 at March 31, 2016 and December 31, 2015, respectively.

Financing fees in association with the line of credit of approximately $63,000 and $75,000 are net of accumulated amortization of approximately $78,000 and $66,000 at March 31, 2016 and December 31, 2015 respectively.

NOTE 5. MORTGAGE NOTES PAYABLE

At March 31, 2016 and December 31, 2015, the mortgages payable consisted of various loans, all of which were secured by first mortgages on properties referred to in Note 2. At March 31, 2016, the interest rates on these loans ranged from 2.45% to 5.97%, payable in monthly installments aggregating approximately $850,000 including principal, to various dates through 2029. The majority of the mortgages are subject to prepayment penalties. At March 31, 2016, the weighted average interest rate on the above mortgages was 4.59%. The effective rate of 4.68% 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.

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

Approximate annual maturities at March 31, 2016 are as follows:

2017—current maturities	$ 1,437,000
2018	1,799,000
2019	7,878,000
2020	4,324,000
2021	2,057,000
Thereafter	198,383,000
	215,878,000
Less: unamortized deferred financing costs	(1,567,000)
	$ 214,311,000

On January 7, 2016, Captain Parker entered into a Multifamily Loan and Security Agreement (the "Loan Agreement") with KeyBank National Association (the "Lender"). The manager of Captain Parker is NewReal, Inc. ("New Real"), the general partner of New England Realty Associates Limited Partnership (the "Partnership"). The Partnership is the sole member of Captain Parker. The Loan Agreement provides for a term loan (the "Loan") in the principal amount of $20,071,000. The Loan is due on February 1, 2026 (the "Due Date"), unless the due date is accelerated in accordance with the Loan's terms. Borrowings under the Loan will bear interest at rates equal to (i) the

Table of Contents

one month LIBOR rate for United States Dollar Deposits, determined monthly, plus 201 basis points. The interest rate increases upon an event of default.

Captain Parker is required to repay the aggregate principal amount of the Loan by the Due Date. Interest payments on the Loans are payable monthly in arrears on specified dates set forth in the Loan Agreement. Principal payments on the Loan are also payable monthly commencing on March 1, 2021. The note issued by Captain Parker in connection with the Loan Agreement (the "Note") also contains provisions for optional prepayment with a penalty under certain circumstances.

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 is 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 costs associated with the line of credit were approximately $125,000. As of March 31, 2016, the credit line had a balance of $0.

On September 15, 2015, the Partnership, in connection with the purchase of the Residence at Captain Parker Apartments, used the entire line of credit, along with cash reserve, to purchase the property. (See Note 2: Rental Properties, for the details of the transaction.)

On January 7, 2016, Captain Parker entered into a Multifamily Loan and Security Agreement (the "Loan Agreement") with KeyBank National Association (the "Lender"). As a result of securing the financing, the Partnership used the proceeds of the loan and cash reserves of the Partnership to pay down the Line of Credit to zero. A payment was made on January 7, 2016 for $23,000,000, and another payment for $2,000,000 was made on January 15, 2016.

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 distributions, 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.

The Partnership paid fees to secure the line of credit. Any unused balance of the line of credit is subject to a fee ranging from 15 to 20 basis points per annum. The Partnership paid approximately $12,000 for the three months ended March 31, 2016.

The line of credit agreement has several covenants, such as providing cash flow projections and compliance certificates, as well as other financial information. The covenants include, but are not limited to the following: maintain a leverage ratio that does not exceed 65%; aggregate increase in indebtedness of the subsidiaries and joint

ventures should not exceed $15,000,000; maintain a tangible net worth (as defined in the agreement) of a minimum of $150,000,000; a minimum ratio of net operating income to total indebtedness of at least 9.5%; debt service coverage ratio of at least 1.6 to 1, as well as other items.

The Partnership is in compliance with these covenants as of March 31, 2016.

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 March 31, 2016, amounts received for prepaid rents of approximately $1,843,000 are included in cash and cash equivalents, and security deposits of approximately $2,320,000 are included in prepaid expenses and other assets and are restricted cash.

Table of Contents

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 total units outstanding. All classes have equal profit sharing and distribution rights, in proportion to their ownership interests.

In 2016, the Partnership announced the approval of a quarterly distribution of its Class A Limited Partners and holders of Depositary Receipts of record as of March 15, 2016 and payable on March 31, 2016, $7.50 per unit and $0.25 per receipt.

In 2015, the Partnership paid quarterly distributions of $7.50 per unit ($0.25 per receipt) in March, June, September, and December for a total distribution of $30.00 per unit ($1.00 per receipt) for the year.

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:

	Three Months Ended March 31,	
	2016	2015
Net Income per Depositary Receipt	$ 0.33	$ 0.11
Distributions per Depositary Receipt	$ 0.25	$ 0.25

NOTE 8. TREASURY UNITS

Treasury Units at March 31, 2016 are as follows:

Class A	44,242

Class B	10,507
General Partnership	553
	55,302

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). On January 15, 2008, the General Partner authorized an increase in the Repurchase Program from 300,000 to 600,000 Depositary Receipts. On January 30, 2008 the General Partner authorized an increase the Repurchase Program from 600,000 to 900,000 Depositary Receipts. On March 6, 2008, the General Partner authorized the increase in the total number of Depositary Receipts that could be repurchased pursuant to the Repurchase Program from 900,000 to 1,500,000. On August 8, 2008, the General Partner re- authorized and renewed the Repurchase Program for an additional 12-month period ended August 19, 2009. On March 22, 2010, the General Partner re-authorized and renewed the Repurchase Program that expired on August 19, 2009. Under the terms of the renewed Repurchase Program, the Partnership may purchase up to 1,500,000 Depositary Receipts from the start of the program in 2007 through March 31, 2015. 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. 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 Restate 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 March 31, 2016, the Partnership has repurchased 1,352,427 Depositary Receipts at an average price of $26.81 per receipt (or $804.30 per underlying Class A Unit), 2,970 Class B Units and 156 General Partnership Units, both at an average price of $895.21 per Unit, totaling approximately $39,291,000 including brokerage fees paid by the Partnership.

Table of Contents

During the three months ended March 31, 2016, the Partnership purchased a total of 10,829 Depositary Receipts. The average price was $50.11 per receipt or $1,503.26 per unit. The total cost including commission was $558,723. The Partnership was required to repurchase 86 Class B Units and 5 General Partnership units at a cost of $128,874 and $6,783 respectively.

NOTE 9. COMMITMENTS AND CONTINGENCIES

From time to time, the Partnership is involved in various ordinary routine litigation incidental to its business. The Partnership either has insurance coverage or provides for any uninsured claims when appropriate. The Partnership is not involved in any material pending legal proceedings.

On June 9, 2015, a fire broke out at 12 Westgate Drive apartment complex in Woburn, MA, resulting in approximately 10 apartments being damaged which will remain unoccupied for an extended period. The Partnership has insurance coverage on both repairs and rental loss for the extended period until the apartments are available for rent, and has received approximately $714,000 from the insurance company to date, leaving an estimated insurance recovery receivable of approximately $155,000 at March 31, 2016, which is included in the insurance recovery receivable on the balance sheet.

NOTE 10. RENTAL INCOME

During the three months ended March 31, 2016, approximately 93% 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 7% was related to commercial properties, which have minimum future annual rental income on non-cancellable operating leases at March 31, 2016 as follows:

	Commercial Property Leases
2017	$ 2,751,000
2018	2,164,000
2019	1,873,000
2020	1,318,000
2021	855,000
Thereafter	594,000
	$ 9,555,000

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 $158,000 and $182,000 for the three months ended March 31, 2016 and 2015 respectively. Staples and Trader Joes, tenants at Staples Plaza, are approximately 29% of the total commercial rental income.

Table of Contents

The following information is provided for commercial leases:

Through March 31,	Annual base rent for expiring leases	Total square feet for expiring leases	Total number of leases expiring	Percentage of annual base rent for expiring leases	
2017	$ 563,446	22,958	10	20	%
2018	196,867	7,111	6	7	%
2019	459,360	13,540	9	16	%
2020	756,358	26,866	12	26	%
2021	121,632	1,523	3	4	%
2022	647,765	31,274	3	22	%
2023	—	—	—	—	%
2024	157,443	4,771	1	5	%
2025	—	—	—	—	%
2026	—	—	—	—	%
Totals	$ 2,902,871	108,043	44	100	%

Rents receivable are net of an allowance for doubtful accounts of approximately $468,000 and $373,000 at March 31, 2016 and December 31, 2015. Included in rents receivable at March 31, 2016 is approximately $128,000 resulting from recognizing rental income from non-cancelable commercial leases with future rental increases on a straight-line basis. The majority of this amount is for long-term leases with Staples and Trader Joe’s at Staples Plaza in Framingham, Massachusetts.

Rents receivable at March 31, 2016 also includes approximately $90,000 representing the deferral of rental concession primarily related to the residential properties.

For the three months ended March 31, 2016 rent at the commercial properties includes approximately $500 of amortization of deferred rents arising from the fair values assigned to in-place leases upon the purchase of Cypress Street in Brookline, Massachusetts.

NOTE 11. CASH FLOW INFORMATION

During the three months ended March 31, 2016 and 2015, cash paid for interest was approximately $2,434,000, and $2,360,000 respectively. Cash paid for state income taxes was approximately $22,000 and $13,000 during the three months ended March 31, 2016 and 2015 respectively.

NOTE 12. FAIR VALUE MEASUREMENTS

Fair Value Measurements on a Recurring Basis

At March 31, 2016 and December 31, 2015, 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 March 31, 2016 and December 31, 2015 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.

At March 31, 2016 and December 31, 2015, we estimated the fair value of our mortgages payable 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 March 31, 2016 and December 31, 2015, 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.

Table of Contents

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.

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

		Carrying Amount	Estimated Fair Value
Mortgage Notes Payable			
Partnership Properties			
At March 31, 2016	*	$ 214,311,243	$ 232,142,308
At December 31, 2015	*	$ 194,500,820	$ 205,240,993
Investment Properties			
At March 31, 2016	*	$ 135,277,999	$ 144,362,732
At December 31, 2015	*	$ 135,657,988	$ 142,512,272

* Net of unamortized deferred financing costs

Disclosure about fair value of financial instruments is based on pertinent information available to management as of March 31, 2016 and December 31, 2015. 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 March 31, 2016 and current estimates of fair value may differ significantly from the amounts presented herein.

NOTE 13. 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, accelerated depreciation, different tax lives, and timing differences related to prepaid rents, allowances and intangible assets at significant acquisitions. Taxable income of approximately $2,106,000 was approximately $1,667,000 less than statement income for the year ended December 31, 2015. The primary reason for the difference is due to accelerated depreciation, tax free exchange and other differences in the treatment of certain expenditures. The cumulative tax basis of the Partnership's real estate at December 31, 2015 is approximately $7,000,000 less than the statement basis. The primary reasons for the lower tax basis are tax free exchanges, and accelerated depreciation. The Partnership's tax basis in its joint venture investments is approximately $1,500,000 less than statement basis because of accelerated depreciation.

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 consolidates financial statements.

Allowable accelerated depreciation deductions were extended through 2015. Future tax law changes may significantly affect taxable income.

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.

Table of Contents

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 March 31, 2016, the tax years that remain subject to examination by the major tax jurisdictions under the statute of limitations are from the year 2012 forward.

NOTE 14. INVESTMENT IN UNCONSOLIDATED JOINT VENTURES

Since November 2001, the Partnership has invested in nine limited partnerships and limited liability companies, the majority of which have invested in residential apartment complexes, with three partnerships investing in commercial property. The Partnership has between a 40%-50% ownership interest in each investment. The other investors are Harold Brown, the President of the Management Company and five other employees of the Management Company. Harold Brown's ownership interest is between 43.2% and 57%, 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, referred to as Dexter Park, is a 409 unit residential complex. The purchase price was $129,500,000. The total mortgage was $89,914,000 with an interest rate of 5.57% and it matures in 2019. The mortgage calls for interest only payments for the first two years of the loan and amortized over 30 years thereafter. The balance of this mortgage is approximately $84,345,000 at March 31, 2016. This investment, Hamilton Park Towers, LLC is referred to as Dexter Park.

On October 3, 2005, the Partnership invested $2,500,000 for a 50% ownership interest in a 168-unit apartment complex in Quincy, Massachusetts. The purchase price was $30,875,000. The Partnership sold 120 units as condominiums and retained 48 units for long-term investment. In February 2007, the Partnership refinanced the 48 units with a new mortgage in the amount of $4,750,000 with an interest rate of 5.57%, interest only for five years. The loan is amortized over 30 years thereafter and matures in March 2017. As of March 31, 2016, the balance of the mortgage is approximately $4,481,000. This investment is referred to as Hamilton Bay Apartments, LLC. In April 2008, the Partnership refinanced an additional 20 units and obtained a new mortgage in the amount of $2,368,000 with interest at 5.75%, interest only, which matured in 2013. On October 18, 2013, the Partnership and its joint venture partner each made capital contributions to the entity of $660,000. The capital was used to pay off the outstanding mortgage. Two units were sold in the quarter ended March 31, 2016, with a gain on the sales of approximately $168,000. As of May 1, 2016, 3 units are still owned by the Partnership. This investment is referred to as Hamilton Bay, LLC.

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 Partnership planned to operate the building and initiate development of the parking lot. In June 2007, the Partnership 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 Partnership restructured the mortgages on both parcels at Essex 81 and transferred the residential apartments to Hamilton Essex 81, LLC. On September 28, 2015, Hamilton Essex Development, LLC paid off the outstanding mortgage balance of $1,952,286. The Partnership made a capital contribution of $978,193 to Hamilton Essex Development LLC for its share of the funds required for the transaction. Additionally, the Partnership made a capital contribution of $100,000 to Hamilton Essex 81, LLC. 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. As of March 31, 2016, the balance of the mortgage is approximately $9,869,000. 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 Partnership sold 127 of the units as condominiums and retained 49 units for long-term investment. The Partnership obtained a new 10-year mortgage in the amount of $5,000,000 on the units to be retained by the Partnership. The interest on the new loan is 5.67% fixed for the 10 year term with interest only payments for five years and amortized

Table of Contents

over a 30 year period for the balance of the loan term. The balance of this mortgage is approximately $4,711,000 at March 31, 2016. This investment is referred to as Hamilton 1025, LLC.

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. In October 2004, the Partnership obtained a mortgage on the property in the amount of $8,025,000 and returned $3,775,000 to the Partnership. The Partnership obtained a new 10- year mortgage in the amount of $5,500,000 in January 2007. The interest on the new loan is 5.67% fixed for the ten year term with interest only payments for five years and amortized over a 30 year period for the balance of the loan. This loan required a cash contribution by the Partnership of $1,250,000 in December 2006. At March 31, 2016, the balance of this mortgage is approximately $5,189,000. 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 Partnership sold 137 units as condominiums. The assets were combined with Hamilton on Main Apartments. Hamilton on Main, LLC is known as Hamilton Place.

In 2005, Hamilton on Main Apartments, LLC obtained a ten year mortgage on the three buildings to be retained. The mortgage was $16,825,000, with interest only of 5.18% for three years and amortizing on a 30 year schedule for the remaining seven years when the balance is due. The net proceeds after funding escrow accounts and closing costs on the mortgage were approximately $16,700,000, which were used to reduce the existing mortgage. 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 Partnership 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. As of March 31, 2016, the balance of the mortgage is approximately $16,765,000.

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 Partnership paid off the prior mortgage of approximately $6,776,000 with the proceeds of the new mortgage. After the refinancing, the property 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. As of March 31, 2016, the balance of the mortgage is approximately $9,918,000. This investment is referred to as 345 Franklin, LLC.

Table of Contents

Summary financial information as of March 31, 2016

on 31	Hamilton Essex Development	345 Franklin	Hamilton 1025	Hamilton Bay Sales	Hamilton Bay Apts	Hamilton Minuteman Apts	Hamilton on Main Apts	Dex Park
4,464	$ 2,617,959	$ 6,693,104	$ 4,882,565	$ 357,803	$ 6,095,119	$ 6,273,766	$ 18,357,260	$ 93
60	49,336	125,764	14,124	126,576	11,116	60,710	129,070	97
19	—	2,253	4,274	1,520	3,612	75	14,814	37
50	—	40,392	81,742	—	44,499	43,381	37,745	21
594	226	31,233	58,033	18,370	66,580	39,366	96,529	1,
5,487	$ 2,667,521	$ 6,892,746	$ 5,040,738	$ 504,269	$ 6,220,926	$ 6,417,298	$ 18,635,418	$ 97
9,004	$ —	$ 9,918,433	$ 4,710,990	$ —	$ 4,480,571	$ 5,189,002	$ 16,764,902	$ 84
59	426	77,758	24,052	13,187	9,900	63,090	151,830	67
924	—	215,976	102,088	2,362	99,093	117,749	335,850	2,
36,687	426	10,212,167	4,837,130	15,549	4,589,564	5,369,841	17,252,582	87
50,200)	2,667,095	(3,319,421)	203,608	488,720	1,631,362	1,047,457	1,382,836	9,
5,487	$ 2,667,521	$ 6,892,746	$ 5,040,738	$ 504,269	$ 6,220,926	$ 6,417,298	$ 18,635,418	$ 97
%	50 %	50 %	50 %	50 %	50 %	50 %	50 %	40
	$ 1,333,547	$ —	$ 101,803	$ 244,359	$ 815,680	$ 523,728	$ 691,418	$ 3,
,100)	$ —	$ (1,659,711)	$ —	$ —	$ —	$ —	$ —	$ –
	—	40	175	120	48	42	148	40
	1	—	1	—	—	—	—	–

1	40	176	120	48	42	148	40
1	40	49	—	48	42	148	40
—	—	127	120	—	—	—	—
—	—	127	117	—	—	—	—
—	—	—	3	—	—	—	—
—	—	—	—	—	—	—	—

21

Table of Contents

Financial information for the three months ended March 31, 2016

	Hamilton Essex 81	Hamilton Essex Development	345 Franklin	Hamilton 1025	Hamilton Bay Sales	Hamilton Bay Apts	Hami Minut Apts
Revenues							
Rental Income	$ 398,797	$ 60,000	$ 366,918	$ 235,321	$ 16,665	$ 248,827	$ 248
Laundry and Sundry Income	3,982	—	1,590	—	—	—	245
	402,779	60,000	368,508	235,321	16,665	248,827	248
Expenses							
Administrative	15,552	425	9,987	1,427	1,899	1,980	1,3
Depreciation and Amortization	111,964	707	86,915	59,065	6,292	79,392	84,
Management Fees	14,685	2,400	14,837	9,525	670	10,241	10,
Operating	30,503	—	20,123	365	152	294	23,
Renting	540	—	185	—	—	477	3,8
Repairs and Maintenance	33,934	—	16,708	77,481	8,017	99,792	53,
Taxes and Insurance	57,435	15,172	34,016	42,949	4,217	41,909	29,
	264,613	18,704	182,771	190,812	21,247	234,085	206
Income Before Other Income	138,166	41,296	185,737	44,509	(4,582)	14,742	41,
Other Income (Loss)							
Interest Expense	(70,608)	—	(99,504)	(69,516)	(47)	(65,912)	(76
Interest Income	—	—	—	3	—	—	—
Other Income	—	—	—	—	—	—	—
Gain on Sale of Real Estate	—	—	—	—	168,008	—	—
	(70,608)	—	(99,504)	(69,513)	167,961	(65,912)	(76
Net Income (Loss)	$ 67,558	$ 41,296	$ 86,233	$ (25,004)	$ 163,379	$ (51,170)	$ (34
Net Income (Loss)—NERA 50%	$ 33,779	$ 20,648	$ 43,117	$ (12,502)	$ 81,690	$ (25,585)	$ (17
Net Income —NERA 40%							

Table of Contents

Future annual mortgage maturities at March 31, 2016 are as follows:

End	Hamilton Essex 81	345 Franklin	Hamilton 1025	Hamilton Bay Apts	Hamilton Minuteman	Hamilton on Main Apts	Dexter Park	Total
17	$ —	$ 131,657	$ 4,714,301	$ 4,486,138	$ 5,192,035	$ —	$ 1,521,316	$ 16,045
18	—	185,410	—	—	—	—	1,608,251	1,793,
19	—	192,714	—	—	—	—	1,700,153	1,892,
20	—	200,305	—	—	—	—	79,723,703	79,924
21	—	208,196	—	—	—	—	—	208,19
ter	10,000,000	9,081,718	—	—	—	16,900,000	—	35,981
	10,000,000	10,000,000	4,714,301	4,486,138	5,192,035	16,900,000	84,553,423	135,84
ized g	(130,996)	(81,567)	(3,311)	(5,567)	(3,033)	(135,098)	(208,327)	(567,8
	$ 9,869,004	$ 9,918,433	$ 4,710,990	$ 4,480,571	$ 5,189,002	$ 16,764,902	$ 84,345,096	$ 135,27

At March 31, 2016 the weighted average interest rate on the above mortgages was 5.08%. The effective rate was 5.16% including the amortization expense of deferred financing costs.

Table of Contents

Summary financial information as of March 31, 2015

Financial information has been restated to conform to the current period reporting.

	Hamilton Essex 81	Hamilton Essex Development	345 Franklin	Hamilton 1025	Hamilton Bay Sales	Hamilton Bay Apts	Ha Mi Ap
ASSETS							
Rental Properties	$ 8,636,396	$ 2,620,789	$ 7,040,787	$ 5,097,980	$ 802,055	$ 6,344,523	$ 6
Cash & Cash Equivalents	53,122	49,826	107,441	36,196	15,110	30,261	5
Rent Receivable	30,694	—	5,470	3,077	0	8,531	2
Real Estate Tax Escrow	114,280	—	41,532	73,919	—	51,749	3
Prepaid Expenses & Other Assets	76,589	224	26,198	47,558	20,197	49,482	4
Total Assets	$ 8,911,081	$ 2,670,839	$ 7,221,428	$ 5,258,730	$ 837,362	$ 6,484,546	$ 6
LIABILITIES AND PARTNERS' CAPITAL							
Mortgage Notes Payable	$ 8,049,703	$ 1,970,977	$ 9,911,775	$ 4,778,978	$ —	$ 4,544,146	$ 5
Accounts Payable & Accrued Expense	44,904	4,941	81,557	21,772	20,019	13,657	5
Advance Rental Pmts& Security Deposits	174,416	—	203,975	95,932	11,114	93,589	9
Total Liabilities	8,269,023	1,975,918	10,197,307	4,896,682	31,133	4,651,392	5
Partners' Capital	642,058	694,921	(2,975,879)	362,048	806,229	1,833,154	1
Total Liabilities and Capital	$ 8,911,081	$ 2,670,839	$ 7,221,428	$ 5,258,730	$ 837,362	$ 6,484,546	$ 6
Partners' Capital %—NERA	50 %	50 %	50 %	50 %	50 %	50 %	5
Investment in Unconsolidated Joint Ventures	$ 321,028	$ 347,460	$ —	$ 181,023	$ 403,114	$ 916,577	$ 6
Distribution and Loss in Excess of investments in Unconsolidated Joint Ventures	$ —	$ —	$ (1,487,939)	$ —	$ —	$ —	$ -
Total Investment in Unconsolidated Joint Ventures (Net)							
Total units/condominiums							
Apartments	48	—	40	175	120	48	4
Commercial	1	1	—	1	—	—	-

Total	49	1	40	176	120	48	4
Units to be retained	49	1	40	49	—	48	4
Units to be sold	—	—	—	127	120	—	-
Units sold through May 1, 2015	—	—	—	127	113	—	-
Unsold units	—	—	—	—	7	—	-
Unsold units with deposits for future sale as of May 1, 2015	—	—	—	—	—	—	-

24

Table of Contents

Financial information for the three months ended March 31, 2015

Financial information has been restated to conform to the current period reporting.

	Hamilton Essex 81	Hamilton Essex Development	345 Franklin	Hamilton 1025	Hamilton Bay Sales	Hamilton Bay Apts	Har Mi Apt
Revenues							
Rental Income	$ 358,551	$ 72,523	$ 335,475	$ 240,400	$ 29,295	$ 250,573	$ 2
Laundry and Sundry Income	3,842	—	323	—	—	—	–
	362,393	72,523	335,798	240,400	29,295	250,573	2
Expenses							
Administrative	3,936	583	7,761	1,992	2,779	1,814	1
Depreciation and Amortization	107,339	708	92,128	58,772	8,987	77,737	8
Management Fees	15,345	2,901	14,108	9,439	1,274	9,495	9
Operating	37,532	—	40,071	125	24	665	3
Renting	500	—	6,345	—	(459)	2,350	3
Repairs and Maintenance	25,683	—	5,988	76,497	11,944	84,858	1
Taxes and Insurance	53,418	13,421	29,937	43,051	5,881	37,830	3
	243,753	17,613	196,338	189,876	30,430	214,749	1
Income Before Other Income	118,640	54,910	139,460	50,524	(1,135)	35,824	5
Other Income (Loss)							
Interest Expense	(122,363)	(15,667)	(99,601)	(69,744)	(110)	(66,054)	(7
Interest Income	—	—	—	6		—	–
Gain on sale of real estate	—	—	—	—	(125)	—	–
	(122,363)	(15,667)	(99,601)	(69,738)	(235)	(66,054)	(7
Net Income (Loss)	$ (3,723)	$ 39,243	$ 39,859	$ (19,214)	$ (1,370)	$ (30,230)	$ (1
Net Income (Loss)—NERA 50%	$ (1,862)	$ 19,622	$ 19,929	$ (9,608)	$ (685)	$ (15,116)	$ (8
Net Income (Loss)—NERA 40%							

Table of Contents

NOTE 15. IMPACT OF RECENTLY-ISSUED ACCOUNTING STANDARDS

In February 2016, the FASB issued ASU 2016-02, modifying the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract (i.e. lessees and lessors). The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether lease expense is recognized based on an effective interest method or on a straight line basis over the term of the lease, respectively. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months regardless of their classification. Leases with a term of 12 months or less will be accounted for in the same manner as operating leases today. The new standard requires lessors to account for leases using an approach that is substantially equivalent to existing guidance for sales-type leases, direct financing leases and operating leases. The guidance supersedes previously issued guidance under ASC Topic 840 “Leases”. The guidance is effective on January 1, 2019, with early adoption permitted. The Partnership is currently in the process of evaluating the impact the adoption of ASU 2016-02 will have on the Partnership’s consolidated financial statements.

In March 2016, the FASB issued ASU 2016-07, which eliminates a requirement for the retroactive adjustment on a step by step basis of the investment, results of operations, and retained earnings as if the equity method had been effective during all previous periods that the investment had been held when an investment qualifies for equity method accounting due to an increase in the level of ownership or degree of influence. The cost of acquiring the additional interest in the investee is to be added to the current basis of the investor’s previously held interest and the equity method of accounting should be adopted as of the date the investment becomes qualified for equity method accounting. This guidance is to be applied on a prospective basis and is effective for interim and annual periods beginning after December 15, 2016. Early adoption is permitted for financial statements that have not been previously issued. The Partnership is currently in the process of evaluating the impact the adoption of ASU 2016-07 will have on the Partnership’s consolidated financial statements.

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 Liquidation 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 2016 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.

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.

The first quarter performance is consistent with Management's expectations noted in the 2015 Form 10-K. Top line revenue growth for the first quarter came largely from a renting increase in the previous rental period cycle of last fall. While consolidated revenue growth was 10%, 4.6% came from same store operations and the balance was primarily due to the acquisition of Captain Parker. Management believes both occupancy and renewal rates will continue to mirror 2015 resulting in similar top line financial performance. The past mild winter season was also a large contributor to the decline in both utilities and snow removal costs as compared to the previous year. Operating expenses continue to be in check and the portfolio continues to benefit from gas conversions with higher efficiency boilers and low natural gas costs. Management believes the current operating ratios of revenue to operating expenses to be more in keeping with normalized operations than the previous year. Our focus on curb appeal, and our emphasis on unit upgrades, continue to be part of the drivers in the revenue gains and also serve as a competitive advantage during a downturn. Based upon current renewal rates and pace, Management expects similar quarter over quarter revenue gains as previously experienced during 2015.

The Partnership purchased a 94 unit apartment complex in Lexington, Residences at Captain Parkers, for $31.6 million in the third quarter of 2015. Management's expectations on revenue, operating expenses and returns on capital improvements made in the fourth quarter are being met and the property will be contributing to the Partnership's cash flow as anticipated.

The Stock Repurchase Program that was initiated in 2007 has purchased 1,352,427 Depositary Receipts through March 31, 2016 or approximately 32% of the outstanding Class A Depositary Receipts. During the first quarter, the Partnership repurchased 10,829 Class A Depositary Receipts, 86 Class B units, and 5 General Partnership Units at a cost of approximately $559,000, $129,000 and $7,000 respectively for a total cost of approximately $695,000. This purchase of receipts is in line with the Partnership's trading plan. Management anticipates a steady purchase of receipts, per its trading plan, for the balance of the year.

At May 1, 2016, Harold Brown, his brother Ronald Brown and the President of Hamilton, Carl Valeri, collectively own approximately 42% 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 also controls 75% of the Partnership's Class B Units, 75% of the capital stock of NewReal, Inc. ("NewReal"), the Partnership's sole general partner, and all of the outstanding stock of Hamilton. 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 Harold

Table of Contents

Brown is NewReal's Treasurer and a director. The 75% of the issued and outstanding Class B units of the Partnership, controlled by Harold Brown, are owned by HBC Holdings LLC, an entity of which he is the manager.

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 three months ended March 31, 2016, tenant renewals were approximately 69% with an average rental increase of approximately 4.62%, new leases accounted for approximately 31% with rental rate increases of approximately 7.45%. During the three months ended March 31, 2016, leasing commissions were approximately $21,000 compared to approximately $15,000 for the three months ended March 31, 2016, an increase of approximately $6,000 (40.0%) from 2015. Tenant concessions were approximately $23,000 for the three months ended March 31, 2016, compared to approximately $19,000 for the three months ended March 31,2015, an increase of approximately $4,000 (21%). Tenant improvements were approximately $462,000 for the three months ended March 31, 2016, compared to approximately $519,000 for the three months ended March 31, 2015, a decrease of approximately $57,000 (11%).

Hamilton accounted for approximately 5.7% of the repair and maintenance expenses paid for by the Partnership during the three months ended March 31, 2016 and 9.2% during the three months ended March 31, 2015. 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 $55,000 (86.0%) and approximately $53,000 (74.1%) of the legal services paid for by the Partnership during the three months ended March 31, 2016 and 2015, respectively.

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 three months ended March 31, 2016, Hamilton provided the Partnership approximately $64,000 in construction and architectural services, compared to approximately $30,000 for the three months ended March 31, 2015.

Hamilton's accounting staff perform bookkeeping and accounting functions for the Partnership. During the three months ended March 31, 2016 and 2015, Hamilton charged the Partnership $31,250 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

Table of Contents

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. Concessions made on residential leases are also accounted for on the straight-line basis.

Discontinued Operations and Rental Property Held for Sale: In April 2014, the FASB issued guidance related to the reporting of discontinued operations and disclosures of disposals of components of an entity. This guidance defines a discontinued operation as a component or group of components disposed or classified as held for sale and represents a strategic shift that has (or will have) a major effect on an entity's operations and final result; the guidance states that a strategic shift could include a disposal of a major geographical area of operations, a major line of business, a major equity method investment or other major parts of an entity. The guidance also provides for additional disclosure requirements in connection with both discontinued operations and other dispositions not qualifying as discontinued operations.The Partnership has elected to early adopt this standard effective with the interim period beginning January 1, 2014. Prior to January 1, 2014, properties identified as held for sale and/or disposed of were presented in discontinued operations for all periods presented.

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. The Partnership has not recognized an impairment loss during the first three months of 2016.

Investments in 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 value of 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 14: 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 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.

RESULTS OF OPERATIONS

Three Months Ended March 31, 2016 and March 31, 2015

The Partnership and its Subsidiary Partnerships earned income before interest expense, income from investments in unconsolidated joint ventures and other income and expense of approximately $3,415,000 during the

Table of Contents

three months ended March 31, 2016, compared to approximately $2,688,000 for the three months ended March 31, 2015, an increase of approximately $727,000 (27.0%).

The rental activity is summarized as follows:

	Occupancy Date	
	May 1, 2016	May 1, 2015
Residential		
Units	2,525	2,431
Vacancies	55	71
Vacancy rate	2.2 %	2.9 %
Commercial		
Total square feet	108,043	108,043
Vacancy	—	—
Vacancy rate	0.0 %	0.0 %

	Rental Income (in thousands)			
	Three Months Ended March 31,			
	2016		2015	
	Total Operations	Continuing Operations	Total Operations	Continuing Operations
Total rents	$ 12,073	$ 12,073	$ 10,973	$ 10,973
Residential percentage	93 %	93 %	92 %	92 %
Commercial percentage	7 %	7 %	8 %	8 %
Contingent rentals	$ 158	$ 158	$ 182	$ 182

Three Months Ended March 31, 2016 Compared to Three Months Ended March 31, 2015:

	Three Months Ended March 31,		Dollar	Percent
	2016	2015	Change	Change
Revenues				
Rental income	$ 12,072,856	$ 10,972,792	$ 1,100,064	10.0 %
Laundry and sundry income	110,432	102,728	7,704	7.5 %
	12,183,288	11,075,520	1,107,768	10.0 %

Expenses					
Administrative	498,255	533,077	(34,822)	(6.5)	%
Depreciation and amortization	3,027,154	2,441,527	585,627	24.0	%
Management fee	500,207	450,704	49,503	11.0	%
Operating	1,424,247	2,086,185	(661,938)	(31.7)	%
Renting	87,264	65,926	21,338	32.4	%
Repairs and maintenance	1,627,700	1,347,214	280,486	20.8	%
Taxes and insurance	1,603,870	1,462,976	140,894	9.6	%
	8,768,697	8,387,609	381,088	4.5	%
Income Before Other Income (Expense)	3,414,591	2,687,911	726,680	27.0	%
Other Income (Expense)					
Interest income	202	195	7	3.6	%
Interest expense	(2,553,633)	(2,403,682)	(149,951)	6.2	%
Income (Loss) from investments in unconsolidated joint ventures	369,604	125,234	244,370	195.1	%
	(2,183,827)	(2,278,253)	94,426	(4.1)	%
Net Income	$ 1,230,764	$ 409,658	$ 821,106	200.4	%

Rental income for the three months ended March 31, 2016 was approximately $12,073,000, compared to approximately $10,973,000 for the three months ended March 31, 2015, an increase of approximately $1,100,000 (10.0 %). The factors that can be attributed to this increase are as follows: the acquisition of Captain Parker resulted in an increase in rental income of approximately $598,000. In addition, rental income has increased at a number of properties due to increased demand and increases in rental rates. The Partnership Properties with the most significant increases in

Table of Contents

rental income include, 1144 Commonwealth Avenue, 62 Boylston Street, Hamilton Oaks, Redwood Hills, School Street and Westside Colonial with increases of approximately $87,000, $64,000, $60,000, $56,000, $49,000, and $42,000 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 March 31, 2016 were approximately $8,769,000 compared to approximately $8,388,000 for the three months ended March 31, 2015, an increase of approximately $381,000 (4.5%). The operating expenses associated with the acquisition of Captain Parker were approximately $688,000 for the three months ended March 31, 2016. Excluding Captain Parker, operating expenses decreased approximately $307,000 (3.7%). The factors contributing to this net decrease are a decrease in operating expenses of approximately $ 743,000 (35.6%) due to a decrease in snow removal costs, partially offset by an increase in repairs and maintenance costs of approximately $231,000 (17.2%), due to continued maintenance at the properties, an increase in depreciation and amortization of approximately $130,000 (5.3%), and an increase in taxes and insurance of approximately $71,000 (4.9%).

Interest expense for the three months ended March 31, 2016 was approximately $2,554,000 compared to approximately $2,404,000 for the three months ended March 31, 2015, an increase of approximately $150,000 (6.2%). Approximately $120,000 of this increase represents the interest on the mortgage on Captain Parker.

At March 31, 2016, the Partnership has between a 40% and 50% ownership interests in nine different Investment Properties. See a description of these properties included in the section titled Investment Properties as well as Note 14 to the Consolidated Financial Statements for a detail of the financial information of each Investment Property.

As described in Note 14 to the Consolidated Financial Statements, the Partnership's share of the net income from the Investment Properties was approximately $370,000 for the three months ended March 31, 2016, compared to net income of approximately $125,000 for the three months ended March 31, 2015, an increase in income of approximately $244,000 (195.1%). This increase is primarily due to an increase in rental revenue of approximately $320,000, and a gain of approximately $168,000 on the sale of two units at Hamilton Bay LLC for the three months ended March 31, 2016, compared to no gain for the three months ended March 31 2015. Included in the income for the three months ended March 31, 2016 is depreciation and amortization expense of approximately $1,472,000. The allocable income for the three months ended March 31, 2016 from the investment in Dexter Park is approximately $227,000.

As a result of the changes discussed above, net income for the three months ended March 31, 2016 was approximately $1,231,000 compared to income of approximately $410,000 for the three months ended March 31, 2015, an increase in income of approximately $821,000 (200.4 %).

LIQUIDITY AND CAPITAL RESOURCES

The Partnership's principal source of cash during the first three months of 2016 was the collection of rents and the proceeds from the mortgage for Captain Parker. The Partnership's principal source of cash in 2015 was the collection of rents. The majority of cash and cash equivalents of $6,172,683 at March 31, 2016 and $10,298,186 at December 31, 2015 were held in interest bearing accounts at creditworthy financial institutions.

The decrease in cash of $4,125,503 for the three months ended March 31, 2016 is summarized as follows:

	Three Months Ended March 31,	
	2016	2015
Cash provided by operating activities	$ 3,335,352	$ 2,367,806
Cash (used in) investing activities	(593,120)	(144,665)
Cash (used in) financing activities	(5,236,430)	(32,898)
Repurchase of Depositary Receipts, Class B and General Partner Units	(694,380)	(1,218,440)
Distributions paid	(936,925)	(951,330)
Net (decrease) increase in cash and cash equivalents	$ (4,125,503)	$ 20,473

The increase in cash provided by operating activities is primarily due to an increase in rent collections and a decrease in cash operating expenses. The increase in cash used in investing activities is due to an increase in the

Table of Contents

improvements to rental properties in 2016 compared to the same period in 2015. The change in cash used in financing activities is due to the paydown of the $25,000,000 outstanding line of credit, partially offset by the proceeds of the mortgage on Captain Parker, and the payment of mortgage notes payable. During the three months ended March 31, 2016, the Partnership purchased 10,829 Depositary Receipts for an average price of $50.11 for a total cost of $558,723; 86 Class B Units for a cost of $128,874 and 5 General Partnership Units for a cost of $6,783, for a total cost of $694,380.

During 2016, the Partnership and its Subsidiary Partnerships have completed improvements to certain of the Properties at a total cost of approximately $1,438,000. These improvements were funded from cash reserves. Cash reserves have been adequate to fully fund improvements. The most significant improvements were made at Captain Parker, 62 Boylston Street, Hamilton Oaks, Lincoln Street, North Beacon Street, and Hamilton Green at a cost of approximately $391,000, $255,000, $249,000, $105,000, $87,000 and $70,000 respectively. The Partnership plans to invest approximately $1,917,000 in additional capital improvements in 2016.

On January 7, 2016, Captain Parker entered into a Multifamily Loan and Security Agreement (the "Loan Agreement") with KeyBank National Association (the "Lender"). The manager of Captain Parker is NewReal, Inc. ("New Real"), the general partner of New England Realty Associates Limited Partnership (the "Partnership"). The Partnership is the sole member of Captain Parker. The Loan Agreement provides for a term loan (the "Loan") in the principal amount of $20,071,000. The Loan is due on February 1, 2026 (the "Due Date"), unless the due date is accelerated in accordance with the Loan's terms. The proceeds of the Loan were used to refinance existing indebtedness. The Partnership is a limited guarantor of certain of the Captain Parker obligations under the Loan Agreement.

During the three months ended March 31, 2016 the Partnership received distributions of approximately $845,000 from the investment properties. For the three months ended March 31, 2015, the Partnership received distributions of approximately $736,000 from the investment properties. Included in these distributions is the amount from Dexter Park of approximately $360,000 and $460,000 for the three months ended March 31, 2016 and 2015 respectively.

The Partnership anticipates that cash from operations and interest bearing accounts 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 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, increases or decreases in rental income or expenses, or the loss of significant tenants.

Off-Balance Sheet Arrangements—Joint Venture Indebtedness

As of March 31, 2016, the Partnership had a 40%-50% ownership interest in nine Joint Ventures, all 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 March 31, 2016, our proportionate share of the non-recourse debt related to these investments was approximately $59,204,000. See Note 14 to the Consolidated Financial Statements.

Contractual Obligations

See Notes 5 and 14 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 and from time to time in the Partnership's 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.

Table of Contents

· 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 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.

· 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.

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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.

Table of Contents

- 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.

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.

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 March 31, 2016, the Partnership, its Subsidiary Partnerships and the Investment Properties collectively have approximately $350,000,000 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 2029. The Partnership, its Subsidiary Partnerships and the Investment Properties collectively have variable rate debt of $30,071,000 (without taking out unamortized deferred financing costs) as of March 31, 2016 ranged from LIBOR plus 201 basis points to LIBOR plus 350 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 $ 251,000 annually and the increase or decrease in the fair value of the Partnership's fixed rate debt as of March 31, 2016 would be approximately $19 million. 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 14 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.

Changes in Internal Control over Financial Reporting. There were no changes in our internal control over financial reporting during the first quarter of 2016 that materially affected or are reasonably likely to materially affect our internal control over financial reporting.

Table of Contents

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 were no material changes to the risk factors disclosed in our annual report on Form 10-K for the year ended December 31, 2015.

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

(a)None

(b)None

(c)Issuer Purchase of Equity Securities during the first quarter of 2016:

Period	Average Price Paid	Depositary Receipts Purchased as Part of Publicly Announced Plan	Remaining number of Depositary Receipts that may be purchased Under the Plan (as Amended)
January 1-31, 2016	$ 50.25	2,792	655,610
February 1-29, 2016	$ 49.81	5,924	649,686
March 1-31, 2016	$ 50.76	2,113	647,573

Total	10,829

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). On January 15, 2008, the General Partner authorized an increase in the Repurchase Program from 300,000 to 600,000 Depositary Receipts. On January 30, 2008 the General Partner authorized an increase the Repurchase Program from 600,000 to 900,000 Depositary Receipts. On March 6, 2008, the General Partner authorized the increase in the total number of Depositary Receipts that could be repurchased pursuant to the Repurchase Program from 900,000 to1, 500,000. On August 8, 2008, the General Partner re- authorized and renewed the Repurchase Program for an additional 12-month period ended August 19, 2009. On March 22, 2010, the General Partner re-authorized and renewed the Repurchase Program that expired on August 19, 2009. Under the terms of the renewed Repurchase Program, the Partnership may purchase up to 1,500,000 Depositary Receipts from the start of the program in 2007 through March 31, 2015. 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.

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 Restate 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 March 31, 2016, the Partnership has repurchased 1,352,427 depositary Receipts at an average price of $26.81per receipt (or $804.30 per underlying Class A Unit), 2,970 Class B Units and 156 General Partnership Units, both at an average price of $895.21per Unit, totaling approximately $39,291,000 including brokerage fees paid by the Partnership.

Item 3. Defaults Upon Senior Securities

None.

Table of Contents

Item 4. Mine Safety Disclosure

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

See the exhibit index below.

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:May 6, 2016

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)	May 6, 2016
/s/ HAROLD BROWN Harold Brown	Treasurer and Director of the General Partner (Principal Financial Officer and Principal Accounting Officer)	May 6, 2016
/s/ GUILLIAEM AERTSEN Guilliaem Aertsen	Director of the General Partner	May 6, 2016
/s/ DAVID ALOISE David Aloise	Director of the General Partner	May 6, 2016
/s/ EUNICE HARPS Eunice Harps	Director of the General Partner	May 6, 2016

38

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 Harold 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 Harold 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 March 31, 2016, formatted in XBRL: (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).