Submission Header Summary

Element	Value
Submission Type	10-K
Filer Information	
CIK	0000746514
CCC	********
Issuer Stock Exchanges	
Stock Exchange	AMEX
Period Date	12-31-2021
Shell Company	false
Voluntary Filer	false
Well-Known Seasoned Issuer	false
Emerging Growth Company	false
Accelerated Filer Status	Accelerated Filer
Smaller Reporting Company	true
Notifications	
Email Address	bridgesupport@toppanmerrill.com

Document Sequence

Count	Output File Name	Source File Name	Document Type	Description
1	nen-20211231x10k.htm	nen_Current folio_10K	10-K	10-K
2	nen-20211231xex31d1.htm	nen_EX_31_1	EX-31.1	EX-31.1
3	nen-20211231xex31d2.htm	nen_EX_31_2	EX-31.2	EX-31.2
4	nen-20211231xex32d1.htm	nen_EX_32_1	EX-32.1	EX-32.1
5	nen-20211231xex99d1.htm	nen_EX_99_1	EX-99.1	EX-99.1
6	nen-20211231x10k004.jpg		GRAPHIC	GRAPHIC
7	nen-20211231.xsd		EX-101.SCH	EX-101.SCH
8	nen-20211231_cal.xml		EX-101.CAL	EX-101.CAL
9	nen-20211231_def.xml		EX-101.DEF	EX-101.DEF
10	nen-20211231_lab.xml		EX-101.LAB	EX-101.LAB
11	nen-20211231_pre.xml		EX-101.PRE	EX-101.PRE

Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2021

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**

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

Depositary Receipts (Title of each Class)	**NYSE MKT** (Name of each Exchange on which Registered)

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

Class A
Limited Partnership Units
(Title of class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes ☐ No ☒

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

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendments to this Form 10-K ☒

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

Large Accelerated Filer ☐	Accelerated Filer ☒	Non-accelerated Filer ☐	Smaller reporting company ☒
			Emerging growth company ☐

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

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

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

At June 30, 2021, the aggregate market value of the registrant's securities held by non-affiliates of the registrant was $121,112,902 based on the closing price of the registrant's traded securities on the NYSE MKT Exchange on such date. For this computation, the Registrant has excluded the market value of all Depositary Receipts reported as beneficially owned by executive officers and directors of the General Partner of the Registrant; such exclusion shall not be deemed to constitute an admission that any such person is an affiliate of the Registrant.

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

As of March 9, 2022, there were 97,019 of the registrant's Class A units (2,910,567 Depositary Receipts) of limited partnership issued and outstanding and 23,042 Class B units issued and outstanding.

DOCUMENTS INCORPORATED BY REFERENCE: None.

Table of Contents

NEW ENGLAND REALTY ASSOCIATES LIMITED PARTNERSHIP

TABLE OF CONTENTS

Table of Contents

NEW ENGLAND REALTY ASSOCIATES LIMITED PARTNERSHIP

PART I

ITEM 1. BUSINESS

General

New England Realty Associates Limited Partnership ("NERA" or the "Partnership"), a Massachusetts Limited Partnership, was formed on August 12, 1977 as the successor to five real estate limited partnerships (collectively, the "Colonial Partnerships"), which filed for protection under Chapter XII of the Federal Bankruptcy Act in September 1974. The bankruptcy proceedings were terminated in late 1984. In July 2004, the General Partner extended the termination date of the Partnership until 2057, as allowed in the Partnership Agreement.

The authorized capital of the Partnership is represented by three classes of partnership units ("Units"). There are two categories of limited partnership interests ("Class A Units" and "Class B Units") and one category of general partnership interests (the "General Partnership Units"). The Class A Units were initially issued to creditors and limited partners of the Colonial Partnerships and have been registered under Section 12(g) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Each Class A Unit is exchangeable for 30 publicly traded depositary receipts ("Receipts"), which are currently listed on the NYSE American and are registered under Section 12(b) of the Exchange Act. The Class B Units were issued to the original general partners of the Partnership. The General Partnership Units are held by the current general partner of the Partnership, NewReal, Inc. (the "General Partner" or "New Real"). The Class A Units represent an 80% ownership interest, the Class B Units represent a 19% ownership interest, and the General Partnership Units represent a 1% ownership interest.

The Partnership is engaged in the business of acquiring, developing, holding for investment, operating and selling real estate. The Partnership, directly or through 29 subsidiary limited partnerships or limited liability companies, owns and operates various residential apartments, condominium units and commercial properties located in Massachusetts and New Hampshire. As used herein, the Partnership's subsidiary limited partnerships and limited liabilities companies are each referred to as a "Subsidiary Partnership" and are collectively referred to as the "Subsidiary Partnerships."

The Partnership owns between a 99.67% and 100% interest in each of the Subsidiary Partnerships, except in seven limited liability companies (the "Investment Properties" or "Joint Ventures") in which the Partnership has between a 40% and 50% ownership interest. The majority shareholder of the General Partner indirectly owns between 47.6% and 59%, and five other current and past employees of Hamilton own collectively between 0% and 2.4%**,** respectively of the Joint Ventures .The Partnership's interest in the Investment Properties is accounted for on the equity method in the Consolidated Financial Statements. See Note 1 to the Consolidated Financial Statements—"Principles of Consolidation." See Note 14 to the Consolidated Financial Statements—"Investment in Unconsolidated Joint Ventures" for a description of the properties and their operations. Of those Subsidiary Partnerships not wholly owned by the Partnership, except for the Investment Properties, the remaining ownership interest is held by an unaffiliated third party. In each such case, the third party has entered into an agreement with the Partnership, pursuant to which any benefit derived from its ownership interest in the applicable Subsidiary Partnerships will be returned to the Partnership.

The long-term goals of the Partnership are to manage, rent and improve its properties and to acquire additional properties with income and capital appreciation potential as suitable opportunities arise. When appropriate, the Partnership may sell or refinance selected properties. Proceeds from any such sales or refinancing will be used to reduce debt, reinvested in acquisitions of other properties, distributed to the partners, repurchase equity interests, or used for operating expenses or reserves, as determined by the General Partner.

Operations of the Partnership

The Trustees of the estate of Harold Brown currently hold voting control over the NewReal shares. The Trustees are currently Sally Michael and David Reier. Mr. Reier succeeded Robert Somma as Trustee and was elected to

Table of Contents

the Board of Directors of the Partnership's general partner, New Real, Inc. on November 5, 2021.

As of December 31, 2021, the Partnership was managed by the General Partner, NewReal, Inc., a Massachusetts corporation wholly owned by the estate of Harold Brown and Ronald Brown. The General Partner has engaged The Hamilton Company, Inc. (the "Hamilton Company" or "Hamilton") to perform general management functions for the Partnership's properties in exchange for management fees. The Hamilton Company is wholly owned by JPB Real Estate LLC and Maisie Brown LLC, entities controlled by Jameson Brown and Harley Brown respectively. The Partnership, Subsidiary Partnerships, and the Investment Properties currently contract with the management company for 43 individuals at the Properties and 9 individuals at the Joint Ventures who are primarily involved in the supervision and maintenance of specific properties. The General Partner has no employees**.**

As of February 1, 2022, the Partnership and its Subsidiary Partnerships owned 2,892 residential apartment units in 25 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, the Condominium Units and the Investment Properties are located primarily in the metropolitan Boston area of Massachusetts.

As of February 1, 2022, the Subsidiary Partnerships also owned a commercial shopping center in Framingham, Massachusetts, one commercial building in Newton and one in Brookline, Massachusetts and commercial space in mixed-use buildings in Boston, Brockton and Newton, Massachusetts. These properties are referred to collectively as the "Commercial Properties." See Note 2 to the Consolidated Financial Statements, included as a part of this Form 10-K.

Additionally, as of February 1, 2022, the Partnership owned a 40-50% interest in 7 residential and mixed use complexes, the Investment Properties, with a total of 688 residential units, one commercial unit, and a 50 car parking lot. See Note 14 to the Consolidated Financial Statements for additional information on these investments.

The Apartment Complexes, Investment Properties, Condominium Units and Commercial Properties are referred to collectively as the "Properties."

The Brown family entities, and, in certain cases, Ronald Brown, and officers and employees of the Hamilton Company own or have owned interests in certain of the Properties, Subsidiary Partnerships and Joint Ventures. See "Item 13. Certain Relationships, Related Transactions and Director Independence."

The leasing of real estate in the metropolitan Boston area of Massachusetts is highly competitive. The Apartment Complexes, Condominium Units and the Investment Properties must compete for tenants with other residential apartments and condominium units in the areas in which they are located. The Commercial Properties must compete for commercial tenants with other shopping malls and office buildings in the areas in which they are located. Thus, the level of competition at each Property depends on how many other similarly situated properties are in its vicinity. In addition to Item 1A, Risk Factors, See "Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations—Factors that May Affect Future Results."

The Second Amended and Restated Contract of Limited Partnership of the Partnership (the "Partnership Agreement") authorizes the General Partner to acquire real estate and real estate related investments from or in participation with either or both of the Brown family related entities and Ronald Brown, or their affiliates, upon the satisfaction of certain terms and conditions, including the approval of the Partnership's Advisory Committee and limitations on the price paid by the Partnership for such investments. The Partnership Agreement also permits the Partnership's limited partners and the General Partner to make loans to the Partnership, subject to certain limitations on the rate of interest that may be charged to the Partnership. Except for the foregoing, the Partnership does not have any policies prohibiting any limited partner, General Partner or any other person from having any direct or indirect pecuniary interest in any investment to be acquired or disposed of by the Partnership or in any transaction to which the Partnership is a party or has an interest in or from engaging, for their own account, in business activities of the types conducted or to be conducted by the Partnership. The General Partner is not limited in the number or amount of mortgages which may be placed on any Property, nor is there a policy limiting the percentage of Partnership assets which may be invested in any specific Property.

Table of Contents

The ongoing coronavirus ("COVID-19") pandemic and measures intended to prevent its spread present material uncertainty and risk and could have a material adverse effect on our business, results of operations, cash flows and financial condition.

The global outbreak of COVID-19 across many countries around the globe, including the United States, has significantly slowed global economic activity, caused significant volatility in financial markets, and resulted in unprecedented job losses causing many to fear an imminent global recession. Certain states and cities, including all of the jurisdictions in which our properties are located, took measures to prevent or slow the spread of COVID-19, including by instituting quarantines, restrictions on travel, "stay-at-home" rules, restrictions on types of business that may continue to operate and/or restrictions on the types of construction projects that may continue. As a result, the COVID-19 pandemic negatively impacted almost every industry directly or indirectly, including industries in which we and our customers operate. We have modified, and might further modify, our business practices as a result of the COVID-19 pandemic, the economic and social ramification of the disease, and the societal and governmental responses in the communities in which we operate. In addition, we have adapted our operations to protect our employees, including by implementing a work from home policy. As a result, many of our employees continue to work remotely. An extended period of remote work arrangements could strain our business continuity plans, introduce operational risk, including but not limited to cybersecurity risks, and impair our ability to manage our business.

The COVID-19 pandemic presents material uncertainty and risk with respect to our financial condition, results of operations, cash flows and performance. The COVID-19 pandemic could negatively impact our business in a number of ways, including:

- a complete or partial closure of, or other operational issues at, one or more of our properties resulting from government or customer action;
- deterioration in the financial condition or liquidity of our tenants, customers or other counterparties, which could result in their inability to pay rents or failure to meet their contractual obligations to us;
- the potential negative impact on our ability to complete planned acquisitions or dispositions of assets on expected terms or timelines, or at all;
- reduced demand for space at our office properties and units at our multifamily residential properties, which could have a negative impact on our prospects for leasing current or additional space and/or renewing leases with existing tenants;
- difficulty accessing debt and equity capital on attractive terms, or at all, which could result in reduced availability and increased cost of capital necessary to fund business operations, finance our development pipeline or address maturing liabilities on a timely basis;
- costs associated with construction delays and cost overruns at our development and redevelopment projects;
- unanticipated costs and operating expenses associated with remote work arrangements, sanitation measures performed at each of our properties, and other measures to protect the welfare of our employees and tenants; and
- the potential negative impact on the health of our employees, particularly if a significant number of them are impacted, which could result in a deterioration in our ability to ensure business continuity during this disruption.
- the Partnership rents a significant number of their apartment units to students. A reduction in revenue would occur if Colleges and Universities in the City of Boston and the surrounding communities reverted to the practice of starting an academic year working remotely or using a hybrid model of remote and limited in class learning. These educational models would cause a large decrease in the student population and could result in significant vacancies in the Partnership's apartment portfolio.
- of the units rented to students, a sufficient number are rented to students from countries outside of the United States. If a Federal or local Government agency prohibits students from other countries to study at local universities, due to the citizens of their respective nations not having had a sufficient percentage of their populations receive vaccinations, it could result in significant vacancies, increased rent concessions, and decreased revenues to the Partnership.

The extent to which the COVID-19 pandemic continues to adversely affect our business will depend on future developments, including, among others, the severity and duration of the pandemic, the roll-out of COVID-19 vaccines and their effectiveness in curbing the spread of the virus, the nature and duration of other measures taken to contain the

Table of Contents

pandemic or mitigate its impact, and the direct and indirect economic impact of the pandemic and containment measures on the industries in which we and our customers operate. Among other things COVID-19 and government and our responses to the virus could (1) adversely affect the ability of our suppliers and vendors to provide products and services to us; (2) make it more difficult for us to serve our tenants, including as a result of delays or suspensions in the issuance of permits or other authorizations needed to conduct our business; and (3) increase our cost of capital and adversely impact our access to capital. Due to factors beyond our knowledge or control, including the duration and severity of COVID-19, as well as third-party actions taken to contain its spread and mitigate its public health effects, at this time we cannot estimate or predict with certainty the impact of COVID-19 or the measures the government and we take in response thereto on our financial position, results of operations and cash flows.

We may be adversely affected by the potential discontinuation of LIBOR.

In July 2017, the Financial Conduct Authority (the "FCA") announced it intends to stop compelling banks to submit rates for the calculation of LIBOR after 2021. As a result, the Federal Reserve Board and the Federal Reserve Bank of New York organized the Alternative Reference Rates Committee which identified the Secured Overnight Financing Rate ("SOFR") as its preferred alternative to USD-LIBOR. We are not able to predict when LIBOR will cease to be published or precisely how SOFR will be calculated and published. Any changes adopted by the FCA or other governing bodies in the method used for determining LIBOR may result in a sudden or prolonged increase or decrease in reported LIBOR. If that were to occur, our interest payments could change. In addition, uncertainty about the extent and manner of future changes may result in interest rates and/or payments that are higher or lower than if LIBOR were to remain available in its current form.

We have contracts that are indexed to LIBOR and are monitoring and evaluating the related risks, which include interest amounts on our variable rate debt, our unconsolidated joint ventures' variable rate debt and the swap rate for our unconsolidated joint ventures' interest rate swaps. In the event that LIBOR is discontinued, the interest rates will be based on an alternative variable rate specified in the applicable documentation governing such debt or swaps or as otherwise agreed upon. Such an event would not affect our ability to borrow or maintain already outstanding borrowings or swaps, but the alternative variable rate could be higher and more volatile than LIBOR prior to its discontinuance.

Certain risks arise in connection with transitioning contracts to an alternative variable rate, including any resulting value transfer that may occur. The value of loans, securities, or derivative instruments tied to LIBOR could also be impacted if LIBOR is limited or discontinued. For some instruments, the method of transitioning to an alternative rate may be challenging, as they may require substantial negotiation with each respective counterparty. If a contract is not transitioned to an alternative variable rate and LIBOR is discontinued, the impact is likely to vary by contract. If LIBOR is discontinued or if the method of calculating LIBOR changes from its current form, interest rates on our current or future indebtedness may be adversely affected.

While we expect USD LIBOR to be available in substantially its current form until June 30, 2023, it is possible that LIBOR will become unavailable prior to that point. This could result, for example, if sufficient banks decline to make submissions to the LIBOR administrator. In that case, the risks associated with the transition to an alternative variable rate will be accelerated and magnified.

Unit Distributions

In January 2022, the Partnership approved a quarterly distribution of $9.60 per Unit ($0.32 per Receipt), payable on March 31, 2022. In addition to the quarterly distribution, there will be a special distribution of $38.40 per Class A unit ($1.28 per Receipt). In 2021 the Partnership paid a total distribution of an aggregate $ 38.40 per Unit ($1.28 per Receipt) for a total payment of $4,673,140 in 2021. In 2020 the Partnership paid a total distribution of an aggregate $38.40 per Unit ($1.28 per Receipt) for a total payment of $4,675,754.

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

Table of Contents

Repurchase Program to 2,000,000 Depository Receipts and extended the Program for an additional five years from March 31, 2015 until March 31, 2020. On March 9, 2020, the General Partner extended the program for an additional five years, from March 31,2020, until March 31,2025.The Repurchase Program requires the Partnership to repurchase a proportionate number of Class B Units and General Partner Units in connection with any repurchases of any Depositary Receipts by the Partnership based upon the 80%, 19% and 1% fixed distribution percentages of the holders of the Class A, Class B and General Partner Units under the Partnership's Second Amended and 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 December 31, 2021, the Partnership has repurchased 1,434,189 Depositary Receipts at an average price of $28.31 per receipt (or $849.30 per underlying Class A Unit), 3,618 Class B Units and 191 General Partnership Units, both at an average price of $ 1,043.00 per Unit, totaling approximately $45,168,000 including brokerage fees paid by the Partnership. Given the economic uncertainty caused by the coronavirus pandemic, as of April 15, 2020, the Partnership elected to temporarily suspend the repurchase program. With the improving economic outlook and the return of students to universities in the Greater Boston area in the fall of 2021, the repurchase program was reinstated in November of 2021.

Property Transactions

On November 30, 2021, New England Realty Associates Limited Partnership (the "Partnership"), entered into a Master Credit Facility Agreement (the "Facility Agreement") with KeyBank National Association ("KeyBank") dated as of November 30, 2021, with an initial advance in the amount of $156,000,000. Interest only on the debt at a fixed interest rate of 2.97% is payable on a monthly basis through December 31, 2031. The Partnership's obligations under the Facility Agreement are secured by mortgages on certain properties pursuant to certain Mortgage, Assignment of Leases and Rents, and Security Agreement and Fixture Filings ("Mortgages"**).** See schedule in Note 5, Mortgage Notes Payable, for the details of the transaction as it relates to the specific properties.

The Partnership used the proceeds to pay down approximately $65,300,000 of existing debt secured by 11 properties, along with approximately $2,700,000 in prepayment penalties. The remaining balance of approximately $89,000,000 will be used for general partnership purposes.

On March 31, 2020, Nera Brookside Associates, LLC ("Brookside Apartments"), entered into a Mortgage Note with KeyBank National Associates (KeyBank) in the principal amount of $6,175,000. Interest only payments on the Note are payable on a monthly basis at a fixed interest rate of 3.53% per annum, and the principal amount of the Note is due and payable on April 1, 2035. The Note is secured by a mortgage on the Brookside apartment complex located at 5-12 Totman Drive, Woburn, Massachusetts pursuant to a Mortgage, Assignment of Leases and Rents and Security Agreement dated March 31, 2020. The Note is guaranteed by the Partnership pursuant to a Guaranty Agreement dated March 31, 2020. Brookside Apartments used the proceeds of the loan to pay off an outstanding loan of approximately $2,390,000, with the remaining portion of the proceeds added to cash reserves. In connection with this refinancing, there were closing costs of approximately $136,000.

On December 20, 2019, Mill Street Gardens, LLC and Mill Street Development LLC, collectively referred to as Mill Street, wholly-owned subsidiaries of New England Realty Associates Limited Partnership closed on a Purchase Agreement dated as of September 27, 2019 with Ninety-Three Realty Limited Partnership (the "Purchase Agreement") pursuant to which Mill Street acquired Country Club Garden Apartments, a 181 unit apartment complex located at 57 Mill Street, Woburn, Massachusetts (the "Property") for an aggregate purchase price of $59,550,000. Mill Street funded $18,000,000 of the purchase price out of an existing line of credit, $10,550,000 of the cash portion of the purchase price out of cash reserves and the remaining $31,000,000 from the proceeds of the Loan. The closing costs were approximately $237,000. From the purchase price, the Partnership allocated approximately $1,282,000 for in- place leases, and approximately $136,000 to the value of tenant relationships. These amounts are being amortized over 12 and 36 months respectively.

On December 20, 2019, Mill Street Gardens, LLC entered into a Loan Agreement (the "Agreement") with Insurance Strategy Funding Corp. LLC providing for a loan (the "Loan") in the maximum principal amount of

Table of Contents

$35,000,000, consisting of an initial advance of $31,000,000 and a subsequent advance of up to $4,000,000 if certain conditions are met. Interest on the Note is payable on a monthly basis at a fixed interest rate of: (I) 3.586% per annum with respect to the initial advance and (ii) the greater of (A) the sum of the market spread rate and the interpolated (based on the remaining term of the Loan) US Treasury rate at the time of the advance and (B) 3.500% with respect to any subsequent advance. The principal amount of the Note is due and payable on January 1, 2035. The Note is secured by a mortgage on the Property and is guaranteed by the Partnership pursuant to a Guaranty Agreement dated December 20, 2019

On May 31, 2019, Residences at Captain Parker, LLC ("Captain Parker"), entered into a Mortgage Note with Strategy Funding Corp., LLC in the principal amount of $20,750,000. Interest only payments on the Note are payable on a monthly basis at a fixed interest rate of 4.05% per annum, and the principal amount of the Note is due and payable on June 1, 2029. The Note is secured by a mortgage on the Captain Parker apartment complex located at 125 Worthen Road and Ryder Lane, Lexington, Massachusetts pursuant to a Mortgage, Assignment of Leases and Rents and Security Agreement dated May 31, 2019. The Note is guaranteed by the Partnership pursuant to a Guaranty Agreement dated May 31, 2019. Captain Parker used the proceeds of the loan to pay off an outstanding loan of approximately $20,071,000. In connection with this refinancing, the property incurred a prepayment penalty of approximately $202,000. This expense is included in other expense on the consolidated statement of income.

During 2021, the Partnership and its Subsidiary Partnerships completed improvements to certain of the Properties at a total cost of approximately $3,317,000. These improvements were funded from cash reserves and, to some extent, escrow accounts established in connection with the financing or refinancing of the applicable Properties. These sources have been adequate to fully fund improvements. The most significant improvements were made at 62 Boylston Street, Redwood Hills, Hamilton Oaks, Hamilton Green, Westgate Apartments, and Lincoln Street at a cost of $539,000, $408,000, $273,000, $243,000, $212,000, and $186,000 respectively. The Partnership plans to invest approximately $5,500,000 in capital improvements in 2022.

During 2019, two Joint Venture Partnerships sold 5 units at a gain of approximately $735,000. Hamilton 1025 LLC sold 2 units with a gain on the sales of approximately $306,000, and Hamilton Bay Apartments LLC sold 3 units at a gain of approximately $429,000**.**

Line of Credit

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

On October 29, 2021, **t**he Partnership closed on the modification of its existing line of credit. The agreement extends the credit line for three years until October 29, 2024. The commitment amount is for $25 million but is restricted to $17 million during the modification period. The modification period covers the current period and phases out by December 31, 2022. During this period, the loan covenants are modified from a minimum consolidated debt service ratio of 1.60 to a ratio of 1.35 until September 30, 2022; from a minimum tangible net worth requirement of $200 million to a net worth of $175 million until September 30, 2022; from a maximum consolidated leverage ratio of 65% to a ratio of 70% until September 30, 2022 and from a minimum debt yield of 9.5% to a yield of 8.5% until September 30, 2022 and a yield of 9.0% until December 31, 2022. Once the financial performance of the Partnership meets the original covenant tests for the trailing 12-month period, the commitment amount will return to $25 million. The portfolio's debt yield fell below the minimum of 8.5% to 8.04%. Consequently, as of December 31,2021, the Partnership did not comply with the debt yield financial covenant. As such, the Partnership is restricted to draw down any amount from the line of credit until the Partnership meets the required financial covenants.

The interest rate for the new term is LIBOR plus 300 basis points. The costs associated with the modification and renewal of the line of credit is approximately $179,000**.** On December 3, 2021, the Partnership paid off the

Table of Contents

outstanding balance of $17,000,000 on the Line of Credit.

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

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

Advisory Committee

As of December 31, 2021, the Advisory Committee members were limited partners Gregory Dube, Robert Nahigian, and David Ross. These Advisory Committee members are not affiliated with the General Partner. The Advisory Committee meets with the General Partner to review the progress of the Partnership, assist the General Partner with policy formation, review the appropriateness, timing and amount of proposed distributions, approve or reject proposed acquisitions and investments with affiliates, and advise the General Partner on various other Partnership affairs. Per the Partnership Agreement, the Advisory Committee has no binding power except that it must approve certain investments and acquisitions or sales by the Partnership from or with affiliates of the Partnership.

Available Information

The Partnership's website is www.thehamiltoncompany.com. On its website, the Partnership makes available, free of charge, its annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) of the Securities Exchange Act of 1934, as amended. These forms are made available as soon as reasonably practical after the Partnership electronically files or furnishes such materials to the Securities and Exchange Commission. Any shareholder may obtain copies of these documents, free of charge, by sending a request in writing to: Director of Investor Relations, New England Realty Associates Limited Partnership, 39 Brighton Avenue, Allston, MA 02134.

ITEM 1A. RISK FACTORS

We are subject to certain risks and uncertainties as described below. These risks and uncertainties may not be the only ones we face; there may be additional risks that we do not presently know of or that we currently consider immaterial. All of these risks could adversely affect our business, financial condition, results of operations and cash flows. Our ability to pay distributions on, and the market price of, our equity securities may be adversely affected if any of such risks are realized. All investors should consider the following risk factors before deciding to purchase or sell securities of the Partnership.

We are subject to risks inherent in the ownership of real estate. We own and manage multifamily apartment complexes and commercial properties that are subject to varying degrees of risk generally incident to the ownership of real estate. Our financial condition, the value of our properties and our ability to make distributions to our shareholders will be dependent upon our ability to operate our properties in a manner sufficient to generate income in excess of operating expenses and debt service charges, which may be affected by the following risks, some of which are discussed in more detail below:

- changes in the economic climate in the markets in which we own and manage properties, including interest rates, the overall level of economic activity, the availability of consumer credit and mortgage financing, unemployment rates and other factors;
- a lessening of demand for the multifamily and commercial units that we own;
- competition from other available multifamily residential and commercial units and changes in market rental rates;

Table of Contents

- development by competitors of competing multi-family communities;
- increases in property and liability insurance costs;
- changes in real estate taxes and other operating expenses (e.g., cleaning, utilities, repair and maintenance costs, insurance and administrative costs, security, landscaping, pest control, staffing, snow removal and other general costs);
- changes in laws and regulations affecting properties (including tax, environmental, zoning and building codes, and housing laws and regulations);
- weather and other conditions that might adversely affect operating expenses;
- expenditures that cannot be anticipated, such as utility rate and usage increases, unanticipated repairs and real estate tax valuation reassessments or mileage rate increases;
- our inability to control operating expenses or achieve increases in revenues;
- the results of litigation filed or to be filed against us;
- risks related to our joint ventures;
- risks of personal injury claims and property damage related to mold claims because of diminished insurance coverage;
- catastrophic property damage losses that are not covered by our insurance;
- risks associated with property acquisitions such as environmental liabilities, among others;
- changes in market conditions that may limit or prevent us from acquiring or selling properties;
- the perception of tenants and prospective tenants as to the attractiveness, convenience and safety of our properties or the neighborhoods in which they are located; and

We are dependent on rental income from our multifamily apartment complexes and commercial properties. If we are unable to attract and retain tenants or if our tenants are unable to pay their rental obligations, our financial condition and funds available for distribution to our shareholders will be adversely affected.

The ongoing coronavirus ("COVID-19") pandemic and measures intended to prevent its spread present material uncertainty and risk and could have a material adverse effect on our business, results of operations, cash flows and financial condition.
The global outbreak of COVID-19 across many countries around the globe, including the United States, has significantly slowed global economic activity, caused significant volatility in financial markets, and resulted in unprecedented job losses causing many to fear an imminent global recession. Certain states and cities, including all of the jurisdictions in which our properties are located, have taken measures to prevent or slow the spread of COVID-19, including by instituting quarantines, vaccination mandates, restrictions on travel, "stay-at-home" rules, restrictions on types of business that may continue to operate and/or restrictions on the types of construction projects that may continue. As a result, the COVID-19 pandemic is negatively impacting almost every industry directly or indirectly, including industries in which we and our customers operate. We have modified, and might further modify, our business practices as a result of the COVID-19 pandemic, the economic and social ramification of the disease, and the societal and governmental responses in the communities in which we operate. In addition, we have adapted our operations to protect our employees, including by implementing a work from home policy. As a result, many of our employees are currently working remotely. An extended

Table of Contents

period of remote work arrangements could strain our business continuity plans, introduce operational risk, including but not limited to cybersecurity risks, and impair our ability to manage our business.
The COVID-19 pandemic presents material uncertainty and risk with respect to our financial condition, results of operations, cash flows and performance. The COVID-19 pandemic could negatively impact our business in a number of ways, including:

- a complete or partial closure of, or other operational issues at, one or more of our properties resulting from government or customer action;
- deterioration in the financial condition or liquidity of our tenants, customers or other counterparties, which could result in their inability to pay rents or failure to meet their contractual obligations to us;
- the potential negative impact on our ability to complete planned acquisitions or dispositions of assets on expected terms or timelines, or at all;
- reduced demand for space at our office properties and units at our multifamily residential properties, which could have a negative impact on our prospects for leasing current or additional space and/or renewing leases with existing tenants;
- difficulty accessing debt and equity capital on attractive terms, or at all, which could result in reduced availability and increased cost of capital necessary to fund business operations, finance our development pipeline or address maturing liabilities on a timely basis;
- costs associated with construction delays and cost overruns at our development and redevelopment projects;
- unanticipated costs and operating expenses associated with remote work arrangements, sanitation measures performed at each of our properties, and other measures to protect the welfare of our employees and tenants; and
- the potential negative impact on the health of our employees, particularly if a significant number of them are impacted, which could result in a deterioration in our ability to ensure business continuity during this disruption.

The extent to which the COVID-19 pandemic may adversely affect our business will depend on future developments, including, among others, the severity and duration of the pandemic, the effectiveness of COVID-19 vaccines in curbing the spread of the virus, the nature and duration of other measures taken to contain the pandemic or mitigate its impact, and the direct and indirect economic impact of the pandemic and containment measures on the industries in which we and our customers operate. Among other things COVID-19 and government and our responses to the virus could (1) adversely affect the ability of our suppliers and vendors to provide products and services to us; (2) make it more difficult for us to serve our tenants, including as a result of delays or suspensions in the issuance of permits or other authorizations needed to conduct our business; (3) cause labor shortages in the available labor force due to quarantine requirements thereby making it more difficult for us to attract, hire and retain qualified personnel; and (4) increase our cost of capital and adversely impact our access to capital. Due to factors beyond our knowledge or control, including the duration and severity of COVID-19, as well as third-party actions taken to contain its spread and mitigate its public health effects, at this time we cannot estimate or predict with certainty the impact of COVID-19 or the measures the government and we take in response thereto on our financial position, results of operations and cash flows.

S**ecurity breaches and other disruptions could compromise our information and expose us to liability, which would cause our business and reputation to suffer**.
In the ordinary course of our business, we collect and store sensitive data, including intellectual property, our proprietary business information and that of our tenants and business partners, including personally identifiable information of our tenants and employees, in our data centers and on our networks and our business is at risk from and may be impacted by cybersecurity attacks. These attacks could include attempts to gain unauthorized access to our data and computer systems. Attacks can be both individual and/or highly organized attempts organized by very sophisticated hacking organizations. We employ a number of measures to prevent, detect and mitigate these threats, which include data encryption, frequent password change events, firewall detection systems, anti-virus software and frequent backups; however, there is no guarantee such efforts will be successful in preventing a cyber-attack, and we consult with outside cybersecurity firms to advise on our cybersecurity measures. We also have implemented internal controls around our treasury function, including enhanced payment authorization procedures, verification requirements for new vendor setup and vendor information changes, and bolstered outgoing payment notification process and account reconciliation procedures. We have policies and procedures in place in order to identify cybersecurity incidents and elevate such incidents to senior management in order to appropriately address and remediate any cyber-attack. Despite our security measures, our information technology and infrastructure may be vulnerable to attacks by hackers or breached due to employee error, malfeasance or other disruptions, and there can be no assurance that our actions, security measures, and controls designed to prevent, detect, or

respond to intrusion; to limit access to data; to prevent loss, destruction, alteration, or exfiltration of business information; or to limit the negative impact from such attacks can provide absolute security against a cybersecurity incident. Any such breach could compromise our networks and the information stored there could be accessed, publicly disclosed, lost or stolen. Any such access, disclosure or other loss of information could result in legal claims or proceedings, liability under laws that protect the privacy of personal information, disrupt our operations, increased cybersecurity insurance premiums and damage our reputation, which could adversely affect our business.

Our multifamily apartment complexes and commercial properties are subject to competition. Our properties and joint venture investments are located in developed areas that include other properties. The properties also compete with other rental alternatives, such as condominiums, single and multifamily rental homes, owner occupied single and multifamily homes, and commercial properties in attracting tenants. This competition may affect our ability to attract and retain residents and to increase or maintain rental rates.

The properties we own are concentrated in Eastern Massachusetts and Southern New Hampshire. Our performance, therefore, is linked to economic conditions and the market for available rental housing and commercial space in these states. A decline in the market for apartment housing and/or commercial properties may adversely affect our financial condition, results of operations and ability to make distributions to our shareholders.

Our insurance may not be adequate to cover certain risks. There are certain types of risks, generally of a catastrophic nature, such as earthquakes, floods, windstorms, act of war and terrorist attacks that may be uninsurable, or are not economically insurable, or are not fully covered by insurance. Moreover, certain risks, such as mold and environmental exposures, generally are not covered by our insurance. Should an uninsured loss or a loss in excess of insured limits occur, we could lose our equity in the affected property as well as the anticipated future cash flow from that property. Any such loss could have a material adverse effect on our business, financial condition and results of operations.

Debt financing could adversely affect our performance. The vast majority of our assets are encumbered by project specific, non-recourse, non-cross-collateralized mortgage debt. There is a risk that these properties will not have sufficient cash flow from operations for payments of required principal and interest. We may not be able to refinance these loans at an amount equal to the loan balance and the terms of any refinancing may not be as favorable as the terms of existing indebtedness. If we are unable to make required payments on indebtedness that is secured by a mortgage, the Partnership will either invest additional money in the property or the property securing the mortgage may be foreclosed with a consequent loss of income and value to us.

We may be adversely affected by the potential discontinuation of LIBOR. In July 2017, the Financial Conduct Authority (the “FCA”) announced it intends to stop compelling banks to submit rates for the calculation of LIBOR after 2021. As a result, the Federal Reserve Board and the Federal Reserve Bank of New York organized the Alternative Reference Rates Committee which identified the Secured Overnight Financing Rate (“SOFR”) as its preferred alternative to USD-LIBOR. We are not able to predict when LIBOR will cease to be published or precisely how SOFR will be calculated and published. Any changes adopted by the FCA or other governing bodies in the method used for determining LIBOR may result in a sudden or prolonged increase or decrease in reported LIBOR. If that were to occur, our interest payments could change. In addition, uncertainty about the extent and manner of future changes may result in interest rates and/or payments that are higher or lower than if LIBOR were to remain available in its current form.

We have contracts that are indexed to LIBOR and are monitoring and evaluating the related risks, which include interest amounts on our variable rate debt, our unconsolidated joint ventures’ variable rate debt and the swap rate for our unconsolidated joint ventures’ interest rate swaps. In the event that LIBOR is discontinued, the interest rates will be based on an alternative variable rate specified in the applicable documentation governing such debt or swaps or as otherwise agreed upon. Such an event would not affect our ability to borrow or maintain already outstanding borrowings or swaps, but the alternative variable rate could be higher and more volatile than LIBOR prior to its discontinuance.

Certain risks arise in connection with transitioning contracts to an alternative variable rate, including any resulting value transfer that may occur. The value of loans, securities, or derivative instruments tied to LIBOR could also be impacted if LIBOR is limited or discontinued. For some instruments, the method of transitioning to an alternative rate may be challenging, as they may require substantial negotiation with each respective counterparty. If a contract is not transitioned to an alternative variable rate and LIBOR is discontinued, the impact is likely to vary by contract. If LIBOR is discontinued or if the method of calculating LIBOR changes from its current form, interest rates on our current or future indebtedness may be adversely affected.

While we expect LIBOR to be available in substantially its current form until June 30, 2023, it is possible that LIBOR will become unavailable prior to that point. This could result, for example, if sufficient banks decline to make submissions to the LIBOR administrator. In that case, the risks associated with the transition to an alternative variable rate will be accelerated and magnified.

We are obligated to comply with financial covenants in our indebtedness that could restrict our range of operating activities. The mortgages on our properties contain customary negative covenants, including limitations on our ability, without prior consent of the lender and other items. Failure to comply with these covenants could cause a default under the agreements and, in certain circumstances; our lenders may be entitled to accelerate our debt obligations. Defaults under our debt agreements could materially and adversely affect our financial condition and results of operations.

Real estate investments are generally illiquid, and we may not be able to sell our properties when it is economically or strategically advantageous to do so. Real estate investments generally cannot be sold quickly, and our ability to sell properties may be affected by market conditions. We may not be able to diversify or vary our portfolio promptly in accordance with our strategies or in response to economic or other conditions.

Our access to public debt markets is limited. Substantially all of our debt financings are secured by mortgages on our properties because of our limited access to public debt markets.

Litigation may result in unfavorable outcomes. Like many real estate operators, we may be involved in lawsuits involving premises liability claims, housing discrimination claims and alleged violations of landlord-tenant laws, which may give rise to class action litigation or governmental investigations. Any material litigation not covered by insurance, such as a class action, could result in substantial costs being incurred.

Our financial results may be adversely impacted if we are unable to sell properties and employ the proceeds in accordance with our strategic plan. Our ability to pay down debt, reduce our interest costs, repurchase Depositary Receipts and acquire properties is dependent upon our ability to sell the properties we have selected for disposition at the prices and within the deadlines we have established for each respective property.

The costs of complying with laws and regulations could adversely affect our cash flow and ability to make distributions to our shareholders. Our properties must comply with Title III of the Americans with Disabilities Act (the “ADA”) to the extent that they are “public accommodations” or “commercial facilities” as defined in the ADA. The ADA does not consider apartment complexes to be public accommodations or commercial facilities, except for portions of such properties that are open to the public. In addition, the Fair Housing Amendments Act of 1988 (the “FHAA”) requires apartment complexes first occupied after March 13, 1990, to be accessible to the handicapped. Other laws also require apartment communities to be handicap accessible. Noncompliance with these laws could result in the imposition of fines or an award of damages to private litigants. We may be subject to lawsuits alleging violations of handicap design laws in connection with certain of our developments. If compliance with these laws involves substantial expenditures or must be made on an accelerated basis, our ability to make distributions to our shareholders could be adversely affected.

Under various federal, state and local laws, an owner or operator of real estate may be liable for the costs of removal or remediation of certain hazardous or toxic substances on, under or in the property. This liability may be imposed without regard to whether the owner or operator knew of, or was responsible for, the presence of the substances. Other law imposes on owners and operators certain requirements regarding conditions and activities that may affect human health or the environment. Failure to comply with applicable requirements could complicate our ability to lease or sell an affected property and could subject us to monetary penalties, costs required to achieve compliance and potential liability to third parties. We are not aware of any material noncompliance, liability or claim relating to hazardous or toxic substances or other environmental matters in connection with any of our properties. Nonetheless, it is possible that

Table of Contents

material environmental contamination or conditions exist, or could arise in the future, in the apartment communities or on the land upon which they are located.

We are subject to the risks associated with investments through joint ventures. Seven of our properties are owned by joint ventures in which we do not have a direct controlling interest. We may enter into joint ventures, including joint ventures that we do not control, in the future. Any joint venture investment involves risks such as the possibility that the co-venturer may seek relief under federal or state insolvency laws, or have economic or business interests or goals that are inconsistent with our business interests or goals. While the bankruptcy or insolvency of our co-venturer generally should not disrupt the operations of the joint venture, we could be forced to purchase the co-venturer's interest in the joint venture or the interest could be sold to a third party. We also may guarantee the indebtedness of our joint ventures. If we do not have control over a joint venture, the value of our investment may be affected adversely by a third party that may have different goals and capabilities than ours.

We are subject to risks associated with development, acquisition and expansion of multifamily apartment complexes and commercial properties. Development projects and acquisitions and expansions of apartment complexes are subject to a number of risks, including:

- availability of acceptable financing;
- competition with other entities for investment opportunities;
- failure by our properties to achieve anticipated operating results;
- construction costs of a property exceeding original estimates;
- delays in construction; and
- expenditure of funds on, and the devotion of management time to, transactions that may not come to fruition.

We are subject to control by our directors and officers. The directors and executive officers of the General Partner and members of their families and related entities owned approximately 31% of our depositary receipts as of December 31, 2021. Additionally, management decisions rest with our General Partner without limited partner approval.

Competition for skilled personnel could increase our labor costs. We and our management company compete with various other companies in attracting and retaining qualified and skilled personnel who are responsible for the day- to-day operations of our properties. Competitive pressures may require that we enhance our pay and benefits package to compete effectively for such personnel. We may not be able to offset such added costs by increasing the rates we charge our tenants. If there is an increase in these costs or if we fail to attract and retain qualified and skilled personnel, our business and operating results could be harmed.

We depend on our key personnel. Our success depends to a significant degree upon the continued contribution of key members of the management company, who may be difficult to replace. The loss of services of these executives could have a material adverse effect on us. There can be no assurance that the services of such personnel will continue to be available to us. We do not hold key-man life insurance on any of our key personnel.

Changes in market conditions could adversely affect the market price of our Depositary Receipts. As with other publicly traded equity securities, the value of our depositary receipts depends on various market conditions, which may change from time to time. Among the market conditions that may affect the value of our depositary receipts are the following:

- the extent of investor interest in us;

Table of Contents

- the general reputation of real estate companies and the attractiveness of our equity securities in comparison to other equity securities, including securities issued by other real estate companies;
- our financial performance; and
- general stock and bond market conditions.

The market value of our depositary is based primarily upon the market's perception of our growth potential and our current and potential future earnings and cash distributions. Consequently, our depositary receipts may trade at prices that are higher or lower than our net asset value per depositary receipt.

We face possible risks associated with the physical effects of climate change. We cannot predict with the certainty whether climate change is occurring and, if so at what rate. However, the physical effects of climate change could have a material effect on our properties, operations, and business. To the extent climate change causes changes in weather patterns, our markets could experience increases in storm intensity and rising sea levels. Over time, these conditions could result in declining demand for our buildings or the inability of us to operate the buildings at all. Climate change may also have indirect effects on our business by increasing the cost of (or making unavailable) property insurance on terms we find acceptable, increasing the cost of energy and increasing the cost of snow removal at our properties. Proposed federal legislation to address climate change could increase utility and other costs of operating our properties which, if not offset by rising rental income, would reduce our net income. There can be no assurance that climate change will not have a material adverse effect on our properties, operations or business.

Security breaches and other disruptions could compromise our information and expose us to liability, which would cause our business and reputation to suffer In the ordinary course of our business, we collect and store sensitive data, including intellectual property, our proprietary business information and that of our tenants and business partners, including personally identifiable information of our tenants and employees, in our data centers and on our networks. Despite our security measures, our information technology and infrastructure may be vulnerable to attacks by hackers or breached due to employee error, malfeasance or other disruptions. Any such breach could compromise our networks and the information stored there could be accessed, publicly disclosed, lost or stolen. Any such access, disclosure or other loss of information could result in legal claims or proceedings, liability under laws that protect the privacy of personal information, disrupt our operations, and damage our reputation, which could adversely affect our business.

Risk of changes in the tax law applicable to real estate partnerships. Since the Internal Revenue Service, the United States Treasury Department and Congress frequently review federal income legislation, we cannot predict whether, when or to what extent new federal tax laws, regulations, interpretations or rulings will be adopted. Any such legislative action may prospectively or retroactively modify our tax treatment and therefore, may adversely affect taxation to us, and/or our partners.

If the IRS makes audit adjustments to our income tax returns for tax years beginning after December 31, 2019, it may assess and collect any taxes (including any applicable penalties and interest) resulting from such audit adjustment directly from us, in which case our cash available for distribution to our unitholders might be reduced.

Pursuant to the Bipartisan Budget Act of 2015, for tax years beginning after December 31, 2017, if the IRS makes audit adjustments to our income tax returns, it may assess and collect any taxes (including any applicable penalties and interest) resulting from such audit adjustments directly from the Partnership. If, as a result of any such audit adjustment, we are required to make payments of taxes, penalties and interest, our cash available for distribution to our partners might be substantially reduced. These rules are not applicable to us for tax years beginning on or prior to December 31, 2017.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

Table of Contents

ITEM 2. PROPERTIES

The Partnership and its Subsidiary Partnerships own the Apartment Complexes, the Condominium Units, the Commercial Properties and a 40-50% interest in seven Investment Properties. See also "Item 13. Certain Relationships and Related Transactions and Director Independence" for information concerning affiliated transactions.

Apartment Complexes

The table below lists the location of the 2,892 Apartment Units, the number and type of units in each complex, the range of rents and vacancies as of February 1, 2022, the principal amount outstanding under any mortgages as of December 31, 2021, the fixed interest rates applicable to such mortgages, and the maturity dates of such mortgages.

Apartment Complex	Number and Type of Units	Rent Range	Vacancies	Mortgage Balance and Interest Rate As of December 31, 2021 (1)	Maturity Date of Mortgage
Boylston Downtown L.P.	269 units		—	$ 35,877,479	2028
62 Boylston Street	0 three bedroom	N/A		3.97 %	
Boston, MA	0 two bedroom	N/A			
	53 one bedroom	$ 1,900 – 2,550			
	216 studios	$ 1,500 – 2,300			
Brookside Associates, LLC	44 units		1	$ 6,175,000	2035
5–7–10–12 Totman Road	0 three bedroom	N/A		3.53 %	
Woburn, MA	34 two bedroom	$ 1,725 – 1,925			
	10 one bedroom	$ 1,599 – 1,725			
	0 studios	N/A			
Clovelly Apartments L.P.	103 units		1	$ 11,214,000	2031
160–170 Concord Street	0 three bedroom	N/A		2.97 %	
Nashua, NH	53 two bedroom	$ 1,325 – 2,000			
	50 one bedroom	$ 1,125 – 1,400			
	0 studios	N/A			
Commonwealth 1137 L.P.	35 units		1	$ 5,440,000	2031
1131–1137 Commonwealth Ave.	29 three bedroom	$ 2,370 – 3,050		2.97 %	
Allston, MA	4 two bedroom	$ 2,200 – 2,500			
	1 one bedroom	$ 1,250 – 1,250			
	1 studio	$ 1,325 – 1,325			
Commonwealth 1144 L.P.	261 units		3	$ 32,325,000	2031
1144–1160 Commonwealth Ave.	0 three bedroom	N/A		2.97 %	
Allston, MA	11 two bedroom	$ 1,625 – 2,000			
	109 one bedroom	$ 1,500 – 2,000			
	141 studios	$ 1,400 – 1,800			
Nera Dean Street Associates, LLC	69 units		2	$ 5,687,000	2024
38–48 Dean Street	0 three bedroom	N/A		4.22 %	
Norwood, MA	66 two bedroom	$ 1,700 – 1,850			
	3 one bedroom	$ 1,575 – 1,650			
	0 studios	N/A			
Executive Apartments L.P.	72 units		—	$ 8,190,000	2031
545–561 Worcester Road	1 three bedroom	$ 2,275 – 2,275		2.97 %	
Framingham, MA	47 two bedroom	$ 1,700 – 1,800			
	23 one bedroom	$ 1,350 – 1,600			
	1 studio	$ 1,400 – 1,400			
Hamilton Battle Green LLC	48 units		1	$ 4,020,965	2026
34–42 Worthen Road	0 three bedroom	N/A		4.95 %	
Lexington, MA	24 two bedroom	$ 2,250 – 2,750			
	24 one bedroom	$ 1,900 – 2,300			
	0 studios	N/A			
Hamilton Green Apartments LLC	193 units		5	$ 33,783,041	2028
311–319 Lowell Street	10 three bedroom	$ 2,565 – 2,950		4.67 %	
Andover, MA	168 two bedroom	$ 1,750 – 2,925			
	15 one bedroom	$ 1,700 – 2,000			
	0 studios	$ N/A			
Hamilton Highlands	79 units		1	$ 20,086,380	2026
755-757 Highland Avenue	1 three bedroom	$ 2,850 – 2,850		3.76 %	
Needham, MA.	75 two bedroom	$ 2,150 – 2,750			
	2 one bedroom	$ 1,800 – 1,950			
	1 studio	$ 1,825 – 1,825			
Hamilton Oaks Associates, LLC	268 units		8	$ 26,666,000	2031
30–50 Oak Street Extension	0 three bedroom	N/A		2.97 %	
40–60 Reservoir Street	96 two bedroom	$ 1,600 – 1,800			
Brockton, MA	159 one bedroom	$ 1,300 – 1,475			
	13 studios	$ 1,150 – 1,300			
Highland Street Apartments L.P.	36 units		—	$ 3,960,000	2031
38–40 Highland Street	0 three bedroom	N/A		2.97 %	
Lowell, MA	24 two bedroom	$ 1,250 – 1,700			
	10 one bedroom	$ 1,200 – 1,500			
	2 studios	$ 1,150 – 1,150			

Table of Contents

Apartment Complex	Number and Type of Units	Rent Range	Vacancies	Mortgage Balance and Interest Rate As of December 31, 2021 (1)	Maturity Date of Mortgage
Linhart L.P.	9 units		—	$	
4–34 Lincoln Street	0 three bedroom	N/A		— %	
Newton, MA	0 two bedroom	N/A			
	5 one bedroom	$ 1,500 – 1,675			
	4 studios	$ 1,400 – 1,400			
Mill Street Development (2)				— %	
57 Mill Street					
Woburn, MA.					
Mill Street Gardens, LLC	181 units		2	$ 31,000,000	2035
57 Mill Street	0 three bedroom	N/A		3.59 %	
Woburn, MA.	116 two bedroom	$ 1,750 1,975			
	62 one bedroom	$ 1,550 – 1,800			
	3 studios	$ 1,350 – 1,530			
North Beacon 140 L.P.	65 units		2	$ 12,683,000	2031
140–154 North Beacon Street	10 three bedroom	$ 2,775 – 3,150		2.97 %	
Brighton, MA	54 two bedroom	$ 2,375 – 2,900			
	1 one bedroom	$ 2,075 – 2,075			
	0 studios	N/A			
Olde English Apartments L.P.	84 units		1	$ 9,608,000	2031
703–718 Chelmsford Street	0 three bedroom	N/A		2.97 %	
Lowell, MA	47 two bedroom	$ 1,375 – 1,575			
	30 one bedroom	$ 1,165 – 1,575			
	7 studios	$ 1,300 – 1,500			
Redwood Hills L.P.	180 units		3	$ 17,105,000	2031
376-382 Sunderland road	0 three bedroom	N/A		2.97 %	
Worcester, MA	89 two bedroom	$ 1,400 – 1,700			
	91 one bedroom	$ 1,200 – 1,375			
	0 studios	N/A			
Residences at Captain Parkers LLC	94 units		3	$ 20,750,000	2029
125 Worthen Road and Ryder Lane	8 three bedroom	$ 2,985 – 3,450		4.05 %	
Lexington, MA	48 two bedroom	$ 2,400 – 2,850			
	38 one bedroom	$ 1,800 – 2,450			
	0 studios	N/A			
River Drive L.P.	72 units		2	$ 9,543,000	2031
3–17 River Drive	0 three bedroom	N/A		2.97 %	
Danvers, MA	60 two bedroom	$ 1,575 – 1,850			
	5 one bedroom	$ 1,350 – 1,650			
	7 studios	$ 1,325 – 1,550			
School Street 9, LLC	184 units		2	$ 13,343,384	2023
9 School Street	0 three bedroom	N/A		3.76 %	
Framingham, MA	96 two bedroom	$ 1,800 – 2,000			
	88 one bedroom	$ 1,500 – 1,800			
	0 studios	N/A			
WCB Associates, LLC	180 units		5	$ 19,266,000	2031
10–70 Westland Street	0 three bedroom	$ N/A		2.97 %	
985–997 Pleasant Street	96 two bedroom	$ 1,475 – 1,700			
Brockton, MA	84 one bedroom	$ 1,150 – 1,400			
	0 studios	N/A			
Westgate Apartments, LLC	220 units		4	$ 15,700,000	2023
2–20 Westgate Drive	0 three bedroom	N/A		4.65 %	
Woburn, MA	110 two bedroom	$ 1,700 – 1,900			
	110 one bedroom	$ 1,475 – 1,700			
	0 studios	N/A			
Westgate Apartments Burlington, LLC	20 units		—	$ 2,500,000	2024
105–107 Westgate Drive	0 three bedroom	N/A		4.31 %	
Burlington, MA	12 two bedroom	$ 2,150 – 2,575			
	8 one bedroom	$ 1,800 – 2,000			
	0 studios	N/A			
Woodland Park Partners, LLC	126 units		2	$ 22,250,000	2027
264-290 Grove Street	0 three bedroom	N/A		3.79 %	
Newton, MA	80 two bedroom	$ 1,850 – 2,200			
	30 one bedroom	$ 1,650 – 2,050			
	16 studios	$ 1,350 – 1,550			

(1) The mortgage balance is stated before unamortized deferred financing costs.
(2) Mill Street Development, LLC, partially held for development, consisting of 4 homes, one used as an office for the apartment complex.

Current free rent concessions would result in an average reduction in unit rents of less than $32.03 per month per unit. Free rent expense amortized in 2021 was approximately $1,119,000 compared to approximately $421,000 in 2020.

On November 30, 2021, New England Realty Associates Limited Partnership (the "Partnership"), entered into a Master Credit Facility Agreement (the "Facility Agreement") with KeyBank National Association ("KeyBank") dated as of November 30, 2021, with the initial advance in the amount of $156,000,000, at a fixed interest rate of 2.97%. The Partnership's obligations under the Facility Agreement are secured by mortgages on certain properties pursuant to certain Mortgage, Assignment of Leases and Rents and Security Agreement and Fixture Filings ("Mortgages"). The Partnership used the proceeds to pay down approximately $65,300,000 of existing debt secured by 11 properties, along with approximately $2,700,000 in prepayment penalties. The remaining balance of approximately $89,000,000 will be used for general partnership purposes. See schedule in Note 5, Mortgage Notes Payable, for the details of the transaction as it relates to the specific properties.

On March 31, 2020, Nera Brookside Associates, LLC ("Brookside Apartments"), entered into a Mortgage Note with KeyBank National Associates (KeyBank) in the principal amount of $6,175,000. Interest only payments on the Note are payable on a monthly basis at a fixed interest rate of 3.53% per annum, and the principal amount of the Note is due and payable on April 1, 2035. The Note is secured by a mortgage on the Brookside apartment complex located at 5-12 Totman Drive, Woburn, Massachusetts pursuant to a Mortgage, Assignment of Leases and Rents and Security Agreement dated March 31, 2020. The Note is guaranteed by the Partnership pursuant to a Guaranty Agreement dated March 31, 2020. Brookside Apartments used the proceeds of the loan to pay off an outstanding loan of approximately $2,390,000, with the remaining portion of the proceeds added to cash reserves. In connection with this refinancing, there were closing costs of approximately $136,000.

On December 20, 2019, Mill Street Gardens, LLC and Mill Street Development LLC, collectively referred to as Mill Street, a wholly-owned subsidiary of New England Realty Associates Limited Partnership (the "Partnership") closed on a Purchase Agreement dated as of September 27, 2019 with Ninety-Three Realty Limited Partnership (the "Purchase Agreement") pursuant to which Mill Street acquired Country Club Garden Apartments, a 181 unit apartment complex located at 57 Mill Street, Woburn, Massachusetts (the "Property") for an aggregate purchase price of $59,550,000 in cash. Mill Street funded $18,000,000 of the purchase price out of an existing line of credit, $10,550,000 of the cash portion of the purchase price out of cash reserves and the remaining $31,000,000 from the proceeds of the Loan. The closing costs were approximately $237,000. From the purchase price, the Partnership allocated approximately $1,282,000 for in- place leases, and approximately $136,000 to the value of tenant relationships. These amounts are being amortized over 12 and 36 months respectively.

On December 20, 2019, Mill Street Gardens, LLC entered into a Loan Agreement (the "Agreement") with Insurance Strategy Funding Corp. LLC providing for a loan (the "Loan") in the maximum principal amount of $35,000,000, consisting of an initial advance of $31,000,000 and a subsequent advance of up to $4,000,000 if certain conditions are met. Interest on the Note is payable on a monthly basis at a fixed interest rate of: (i) 3.586% per annum with respect to the initial advance and (ii) the greater of (A) the sum of the market spread rate and the interpolated (based on the remaining term of the Loan) US Treasury rate at the time of the advance and (B) 3.500% with respect to any subsequent advance. The principal amount of the Note is due and payable on January 1, 2035. The Note is secured by a mortgage on the Property, and is guaranteed by the Partnership pursuant to a Guaranty Agreement dated December 20, 2019.

On May 31, 2019, Residences at Captain Parker, LLC ("Captain Parker"), entered into a Mortgage Note with Strategy Funding Corp., LLC in the principal amount of $20,750,000. Interest only payments on the Note are payable on a monthly basis at a fixed interest rate of 4.05% per annum, and the principal amount of the Note is due and payable on June 1, 2029. The Note is secured by a mortgage on the Captain Parker apartment complex located at 125 Worthen Road and Ryder Lane, Lexington, Massachusetts pursuant to a Mortgage, Assignment of Leases and Rents and Security Agreement dated May 31, 2019. The Note is guaranteed by the Partnership pursuant to a Guaranty Agreement dated May 31, 2019. Captain Parker used the proceeds of the loan to pay off an outstanding loan of approximately $20,071,000. In connection with this refinancing, the property incurred a prepayment penalty of approximately $202,000. This expense is included in other expense on the consolidated statement of income.

Table of Contents

See Note 5 to the Consolidated Financial Statements, included as part of this Form 10-K, for information relating to the mortgages payable of the Partnership and its Subsidiary Partnerships.

Condominium Units

The Partnership owns and leases to residential tenants 19 Condominium Units in the metropolitan Boston area of Massachusetts.

The table below lists the location of the 19 Condominium Units, the type of units, the range of rents received by the Partnership for such units, and the number of vacancies as of February 1, 2022.

Condominiums	Number and Type of Units Owned by Partnership	Rent Range	Vacancies	Mortgage Balance and Interest Rate As of December 31, 2021	Maturity Date of Mortgage
Riverside Apartments	19 units		1	—	—
8–20 Riverside Street	0 three bedroom	N/A			
Watertown, MA	12 two bedroom	$ 1,850 – 2,000			
	5 one bedroom	$ 1,800 – 1,950			
	2 studios	$ 1,500 – 1,800			

Commercial Properties

BOYLSTON DOWNTOWN LP. In 1995, this Subsidiary Partnership acquired the Boylston Downtown property in Boston, Massachusetts (“Boylston”). This mixed-use property includes 17,218 square feet of rentable commercial space. As of February 1, 2022, the commercial space was fully occupied, and the average rent per square foot was $28.64. For mortgage balance, interest rate and maturity date information see “Apartment Complexes” above.

HAMILTON OAKS ASSOCIATES, LLC. The Hamilton Oaks Apartment complex, acquired by the Partnership in December 1999 through Hamilton Oaks Associates, LLC, includes 6,075 square feet of rentable commercial space, occupied by a daycare center. As of February 1, 2022, the commercial space was fully occupied, and the average rent per square foot was $15.00. The Partnership also rents roof space for a cellular phone antenna at an average rent of approximately $48,000 per year through November 2025. For mortgage balance, interest rate and maturity date information see “Apartment Complexes” above.

LINHART LP. In 1995, the Partnership acquired the Linhart property in Newton, Massachusetts (“Linhart”). This mixed-use property includes 21,548 square feet of rentable commercial space. As of February 1, 2022, the commercial space was fully occupied, and the average rent per square foot was $25.59.

NORTH BEACON 140 LP. In 1995, this Subsidiary Partnership acquired the North Beacon property in Boston, Massachusetts (“North Beacon”). This mixed-use property includes 1,050 square feet of rentable commercial space. The property was fully rented as of February 1, 2022, and the average rent per square foot as of that date was $40.50. For mortgage balance, interest rate and maturity date information see “Apartment Complexes” above.

STAPLES PLAZA. In 1999, the Partnership acquired the Staples Plaza shopping center in Framingham, Massachusetts (“Staples Plaza”). The shopping center consists of 38,695 square feet of rentable commercial space. On March 12, 2018, the loan for 659 Worcester Road was refinanced with Brookline Bank in the amount of $6,083,684. The loan is due on March 12, 2023. Interest only until March 12, 2021. Commencing in April, 2021, monthly payments of principal and interest in the amount of $32,427 were made based on an assumed amortization period of thirty (30) years. The loan bears a fixed annual rate equal to 4.87%. The proceeds of the new loan were used to pay off the existing loan. The closing costs were approximately $69,000. As of February 1, 2022 Staples Plaza was fully occupied, and the average net rent per square foot was $21.94.

Table of Contents

HAMILTON LINEWT ASSOCIATES, LLC. In 2007, the Partnership acquired a retail block in Newton, Massachusetts. The property consists of 5,850 square feet of rentable commercial space. As of February 1, 2022, the commercial space was fully occupied, and the average rent per square foot was $25.00.

HAMILTON CYPRESS LLC. In 2008, the Partnership acquired a medical office building in Brookline, Massachusetts. The property consists of 17,607 square feet of rentable commercial space. As of February 1, 2022, the space was fully occupied, and the average rent per square foot was $39.64.

The following information is provided for commercial leases:

Through December 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
2022	$ 882,541	52,750	20	33 %
2023	390,984	12,609	6	15 %
2024	654,055	21,839	12	24 %
2025	150,851	1,523	3	6 %
2026	349,966	12,733	6	13 %
2027	100,650	2,850	2	4 %
2028	—	—	—	— %
2029	142,450	3,850	1	5 %
2030	—	—	—	— %
2031	—	—	—	— %
2032	—	—	—	— %
2033	—	—	—	— %
Totals	$ 2,671,497	108,154	50	100 %

Commercial rental income is accounted for using the straight line method. Approximately 44 percent of our commercial leases contain rent escalations which range from $0.16– $2.00 per square foot per year.

Table of Contents

Investment Properties

See Note 14 to the Financial Statements for additional information regarding the Investment Properties.

The Partnership has a 50% ownership interest in the properties summarized below:

NEED UPDATE FOR VACANCY AND MORTGAGE

Investment Properties	Number and Type of Units	Range	Vacancies	Mortgage Balance and Interest Rate As of December 31, 2021 (1)	Maturity Date of Mortgage
345 Franklin, LLC	40 Units		1	$ 8,935,610	2028
345 Franklin Street	0 three bedroom	N/A		3.87 %	
Cambridge, MA	39 two bedroom	$ 2,700 – 3,525			
	1 one bedroom	$ 2,750 – 2,750			
	0 studios	N/A			
Hamilton on Main Apartments, LLC	148 Units		4	$ 16,900,000	2024
223 Main Street	0 three bedroom	N/A		4.34 %	
Watertown, MA	93 two bedroom	$ 1,950 – 2,250			
	31 one bedroom	$ 1,700 – 1,975			
	24 studios	$ 1,325 – 1,700			
Hamilton Minuteman, LLC	42 Units		1	$ 6,000,000	2031
1 April Lane	0 three bedroom	N/A		3.71 %	
Lexington, MA	40 two bedroom	$ 2,250 – 2,600			
	2 one bedroom	$ 2,100 – 2,550			
	0 studios	N/A			
Hamilton Essex 81 LLC	49 Units		2	$ 10,000,000	2025
Residential	0 three bedroom	N/A		2.27 %	
81–83 Essex Street	11 two bedroom	$ 1,900 – 3,000			
Boston, MA.	38 one bedroom	$ 1,600 – 2,150			
	0 studios	N/A			
Hamilton Essex Development LLC	Parking Lot				
Commercial					
81–83 Essex Street					
Boston, Massachusetts					
Hamilton 1025 LLC	Commercial Building				
Commercial					
1025 Hancock Street					
Quincy, MA.					
The Partnership has a 40% ownership interest in the property summarized below:					
Hamilton Park Towers, LLC	409 Units		2	$ 125,000,000	2028
175–185 Freeman Street,	71 three bedroom	$ 3,100 – 3,800		3.99 %	
Brookline,	227 two bedroom	$ 2,200 – 3,750			
MA.	111 one bedroom	$ 1,950 – 2,300			
MA.	0 studios	N/A			

Current free rent concessions would result in an average reduction in unit rents of $101.46 per month per unit. Free rent amortized in 2021 was approximately $838,000, compared to $187,000 in 2020.

(1) The mortgage balance is stated before unamortized deferred financing costs.

345 FRANKLIN, LLC. 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

Table of Contents

Partnership. As a result of the distribution, the carrying value of the investment fell below zero. The Partnership will continue to account for this investment using the equity method of accounting. Although the Partnership has no legal obligation, the Partnership intends to fund its share of any future operating deficits if needed. At December 31, 2021, the balance of this mortgage before unamortized deferred financing costs is approximately $8,936,000. This investment is referred to as 345 Franklin, LLC.

HAMILTON ON MAIN, 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 Apartments, 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. At December 31, 2021, the balance of this mortgage before unamortized deferred financing costs is approximately $16,900,000. In 2018, the carrying value of the investment fell below zero. The Partnership will continue to account for this investment using the equity method of accounting, although the Partnership has no legal obligation to fund its share of any future operating deficiencies, if needed. This investment is referred to as Hamilton on Main Apartments, LLC.

HAMILTON MINUTEMAN, 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 was 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. On September 12, 2016, the property was refinanced with a 15 year mortgage in the amount of $6,000,000, at 3.71%, interest only. The Joint Venture Partnership paid off the prior mortgage of approximately $5,158,000 with the proceeds of the new mortgage and made a distribution of $385,000 to the Partnership. The cost associated with the refinancing was approximately $123,000. This investment is referred to as Hamilton Minuteman, LLC. At December 31, 2021, the balance on this mortgage before unamortized deferred financing costs is approximately $6,000,000. In 2018, the carrying value of the investment fell below zero. The Partnership will continue to account for this investment using the equity method of accounting, although the Partnership has no legal obligation to fund its share of any future operating deficiencies, if needed. This investment is referred to as Hamilton Minuteman, LLC.

HAMILTON 1025, 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 was 5.67% fixed for the 10 year term with interest only payments for five years and amortized over a 30 year period for the balance of the loan term. On July 8, 2016, Hamilton 1025 LLC paid off the outstanding balance of the mortgage balance. The Partnership made a capital contribution of $2,359,500 to Hamilton 1025, LLC for its share of the funds required for the transaction. As of December 31, 2021, all residential units were sold. The Partnership still owns the commercial building. This investment is referred to as Hamilton 1025, LLC.

HAMILTON ESSEX 81, 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

Table of Contents

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. At December 31, 2021, the balance on this mortgage before unamortized deferred financing costs is approximately $10,000,000. The investment in the parking lot is referred to as Hamilton Essex Development, LLC; the investment in the apartments is referred to as Hamilton Essex 81, LLC

HAMILTON BAY, LLC. 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 Joint Venture sold 120 units as condominiums and retained 48 units for long-term investment. In February 2007, the Joint Venture refinanced the 48 units with a new 10 year 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. On March 1, 2017, the mortgage balance was paid in full, with the Partnership contributing its share of the mortgage balance of approximately $2,222,000. After paying off the mortgage, the Partnership sold the individual units.

During the 12 months ended December 31, 2018, 16 units were sold, resulting in a gain of approximately $2,438,000. 3 units were sold in 2019, resulting in a gain of approximately $433,000. As of December 30, 2021, all units have been sold by this Joint Venture. This investment is referred to as Hamilton Bay Apartments, LLC.

HAMILTON PARK TOWERS, LLC. On October 28, 2009 the Partnership invested approximately $15,925,000 in a joint venture to acquire a 40% interest in a residential property located in Brookline, Massachusetts. The property, Hamilton Park Towers LLC, referred to as Dexter Park, is a 409 unit residential complex. The purchase price was $129,500,000. In order to fund this investment, the Partnership used approximately $8,757,000 of its cash reserves and borrowed approximately $7,168,000 with an interest rate of 6% from HBC Holdings, LLC, an entity owned by Harold Brown and his affiliates (“HBC”). The term of the loan was four years with a provision requiring payment in whole or in part upon demand by HBC with six months’ notice. The loan was paid in full in April 2012. The original mortgage was $89,914,000 with an interest rate of 5.57% and was to mature in 2019.

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

Hamilton Park used the proceeds of the loan to pay off an outstanding loan of approximately $82,000,000 and distributed approximately $41,200,000 to its owners. The Partnership’s share of the distribution was approximately $16,500,000. As a result of the distribution, the carrying value of the investment fell below zero. The Partnership will continue to account for the investment using the equity method of accounting, although the Partnership has no legal obligation to fund its share of any future operating deficiencies as needed.

At December 31, 2021, the balance on this mortgage before unamortized deferred financing costs is approximately $125,000,000. This investment, Hamilton Park Towers, LLC is referred to as Dexter Park.

Table of Contents

ITEM 3. LEGAL PROCEEDINGS

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

ITEM 4. MINE SAFETY DISCLOSURE

Not applicable**.**

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Each Class A Unit is exchangeable, through Computershare Trust Company ("Computershare") (formerly Equiserve LP), the Partnership's Depositary Agent, for 30 Depositary Receipts ("Receipts"). The Receipts are listed and publicly traded on the NYSE MKT Exchange under the symbol "NEN." There has never been an established trading market for the Class B Units or General Partnership Units.

Effective January 3, 2012, the Partnership authorized a 3-for-1 forward split of its Depositary Receipts listed on the NYSE MKT 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.

Distribution to Limited & General Partners were:

	2021	2020
Class A—Limited Partners (80%)	$ 3,738,512	$ 3,740,604
Class B—Limited Partners (19%)	887,897	888,393
Class C—General Partner (1%)	46,731	46,757
Total	$ 4,673,140	$ 4,675,754

On March 1, 2022, the closing price on the NYSE American for a Depositary Receipt was $81.00. There were 2,857,377 Depositary Receipts outstanding and 1,773 Units (representing 53,190 receipts) held by approximately 2,216 record holders.

Any portion of the Partnership's cash, which the General Partner deems not necessary for cash reserves, is distributed to the Partners, and distributions are made on a quarterly basis. The Partnership has made annual distributions to its Partners since 1978.The Partnership made distributions of $38.40 per unit ($1.28 per receipt) in 2021. The Partnership made distributions of $38.40 per Unit ($1.28 per Receipt) in 2020. The total distribution was $4,673,140 in 2021 and $4,675,754 in 2020. In January 2022, the Partnership declared a quarterly distribution of $9.60 per Unit ($0.32 per Receipt) payable on March 31, 2021. In addition to the quarterly distribution, there will be a special distribution of $38.40 per Class A unit ($1.28 per Receipt).

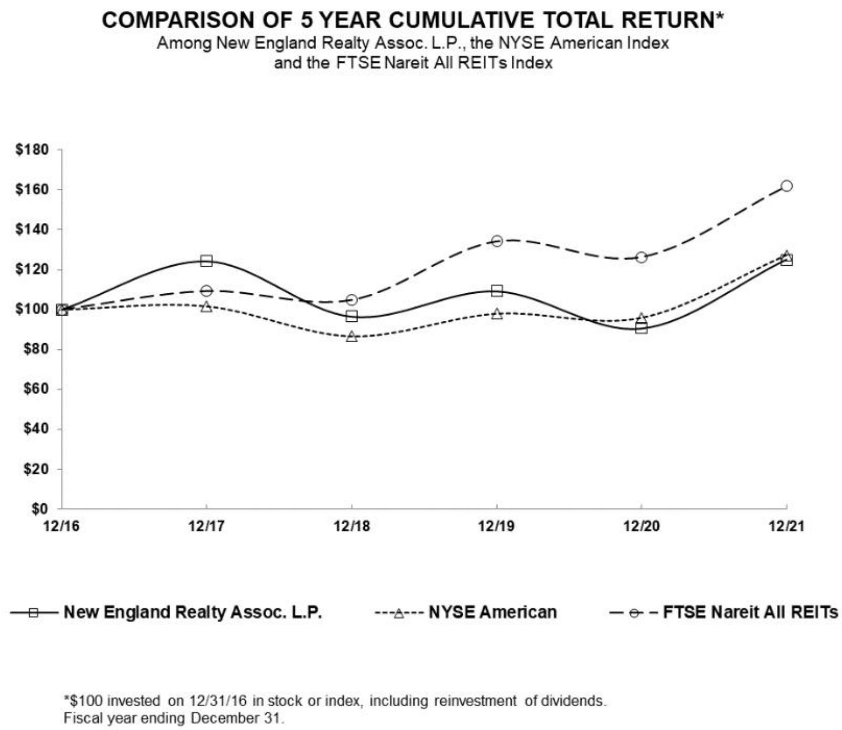
See "Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters" for certain information relating to the number of holders of each class of Units.

Table of Contents

Issuer Purchase of Equity Securities during the fourth quarter of 2021:

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)
October 1–31, 2021	$ —	—	571,561
November 1–30, 2021	$ 61.86	659	570,902
December 1–31, 2021	$ 62.67	5,093	565,809
Total		5,752	

See Note 8 to the Consolidated Financial Statements for information concerning this repurchase program.



The Partnership does not have any securities authorized for issuance under any equity compensation plans that are subject to disclosure under Item 201(d) of regulation S-K.

ITEM 6. [Reserved]

Table of Contents

ITEM 7. 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 2021 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.

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.
- 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.

Table of Contents

- The Partnership properties face competition from similar properties in the same market. This competition may affect the Partnership's ability to attract and retain tenants and may reduce the rents that can be charged.

- Given the nature of the real estate business, the Partnership is subject to potential environmental liabilities. These include environmental contamination in the soil at the Partnership's or neighboring real estate, whether caused by the Partnership, previous owners of the subject property or neighbors of the subject property, and the presence of hazardous materials in the Partnership's buildings, such as asbestos, lead, mold and radon gas. Management is not aware of any material environmental liabilities at this time.

- Insurance coverage for and relating to commercial properties is increasingly costly and difficult to obtain. In addition, insurance carriers have excluded certain specific items from standard insurance policies, which have resulted in increased risk exposure for the Partnership. These include insurance coverage for acts of terrorism and war, and coverage for mold and other environmental conditions. Coverage for these items is either unavailable or prohibitively expensive.

- Market interest rates could adversely affect market prices for Class A Partnership Units and Depositary Receipts as well as performance and cash flow.

- Changes in income tax laws and regulations may affect the income taxable to owners of the Partnership. These changes may affect the after-tax value of future distributions.

- The Partnership may fail to identify, acquire, construct or develop additional properties; may develop or acquire properties that do not produce a desired or expected yield on invested capital; may be unable to sell poorly- performing or otherwise undesirable properties quickly; or may fail to effectively integrate acquisitions of properties or portfolios of properties.

- Risk associated with the use of debt to fund acquisitions and developments.

- Competition for acquisitions may result in increased prices for properties.

- Any weakness identified in the Partnership's internal controls as part of the evaluation being undertaken could have an adverse effect on the Partnership's business.

- Ongoing compliance with Sarbanes-Oxley Act of 2002 may require additional personnel or systems changes.

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.

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

On February 24, 2019, Harold Brown, the owner of 75% of the outstanding voting securities of NewReal Inc., the general partner, of New England Realty Associates Limited Partnership passed away. As a result, the estate of Harold Brown currently hold voting control over the NewReal shares. At February 1, 2022, Harold Brown related entities and Ronald Brown collectively own approximately 31.1% of the Depositary Receipts representing the Partnership Class A Units (including Depositary Receipts held by trusts for the benefit of such persons' family

Table of Contents

members). Harold Brown related entities also control 75% of the Partnership's Class B Units, and 75% of the capital stock of NewReal, Inc. ("NewReal"), the Partnership's sole general partner. Ronald Brown also owns 25% of the Partnership's Class B Units and 25% of NewReal's capital stock. In addition, Ronald Brown is the President and director of NewReal and Jameson Brown is NewReal's Treasurer and a director. The 75% of the issued and outstanding Class B units of the Partnership, are owned by HBC Holdings LLC, an entity of which Jameson Brown is the manager. The outstanding stock of The Hamilton Company, Inc. is controlled by Jameson Brown and Harley Brown. The 75% of the issued and outstanding capital stock of NewReal, is owned by the Harold Brown 2013 Revocable Trust (the "2013 Trust"), an entity of which Sally Michaels and David Reier are the trustees. As reported on Form 8-K dated October 1, 2021, Robert Somma, a trustee of the 2013 Trust, passed away. Mr. Reier replaced him as trustee of the 2013 Trust. Mr. Reier was elected on November 5, 2021 as a director of New Real, Inc.

Effective as of February 24, 2019, the Board of Directors of the Partnership's general partner, NewReal Inc., elected Jameson Brown as the Director, Treasurer and Chief Financial Officer of New Real to fill the vacancy created by the death of Harold Brown, who served as both the Treasurer and a director of NewReal.

Effective as of May 3, 2019, the Board of Directors of the Partnership's general partner, New Real, Inc. elected Andrew Bloch as a member of the Board. Mr. Bloch is the Co-CEO and CFO of the Hamilton Company, Inc. the Manager of the Partnership's properties.

Effective as of August 5, 2019, the Board of Directors of the Partnership's general partner, New Real, Inc. elected Sally Michael and Robert Somma as members of the Board. Ms. Michael and Mr. Somma are Trustees of the Estate of Harold Brown.

As reported on Form 8-K dated October 1, 2021, Mr. Somma passed away. David Reier replaced him as trustee of the 2013 Trust. Mr. Reier was elected on November 5, 2021 as a director of New Real, Inc.

As reported on Form 8-K dated November 30, 2021, On November 29, 2021, Guilliaem Aertsen, IV, a director of NewReal, Inc. ("NewReal"), the general partner of New England Realty Associates Limited Partnership (the "Partnership"), informed the Partnership of his intention to retire as a director of NewReal effective December 31, 2021. Mr. Aertsen did retire on December 31, 2021. Mr. Aertsen served as a director of the Company since March 2002.

As reported on Form 8-K dated February 16, 2022, on February 14, 2022, Eunice M. Harps, a director of NewReal, Inc. ("NewReal"), the general partner of New England Realty Associates Limited Partnership (the "Partnership"), informed the Partnership of her intention to retire as a director of NewReal effective March 14, 2022. Ms. Harps has served as a director of the Company since June, 2014.

Almost two years have passed since we became aware of the current outbreak of COVID- 19, a novel strain of coronavirus. The World Health Organization declared a global pandemic on March 11, 2020. On March 10, 2020 the governor of Massachusetts, Charlie Baker, declared a state of emergency and ordered all non-essential businesses closed and prohibited the gathering of 10 or more people. Additionally, March of 2020 saw the closure of local colleges and universities for the balance of the academic year. Colleges in the City of Boston and the surrounding communities conducted classes in the 2020/2021 academic year remotely, or using a hybrid model of remote and limited in class learning. These educational models caused a large decrease in the student population and resulted in significant vacancies in the Partnership's apartment portfolio.

With the roll out of Covid vaccines in the spring of 2021, the economy made great strides towards returning to a new normal. The Governor of Massachusetts rescinded the State's Covid-19 restrictions on May 29 and terminated the State of Emergency on June 15. The local colleges and universities returned to campus in September 2021 and the rental market improved significantly as students returned to the area.

The vacancy rate for the Partnership's residential properties as of February 1, 2022 was 1.7% as compared with a vacancy rate of 6.2% as of February 1, 2021. The vacancy rate for the Joint Venture properties as of February 1, 2022 was 1.4%, as compared to 15.5% for the same period last year. The current vacancy rates are in line with those experienced prior to the Pandemic.

Table of Contents

Residential tenants generally have lease terms of 12 months. The majority of these leases will mature during the second and third quarters of the year. Rental activity continues to be been strong as we move from 2021 into 2022 and all indications are that we will have low vacancy rates for the foreseeable future.

During the prior state of emergency, The Hamilton Company, the Partnership's property manager, had taken steps to maintain the safety of its employees and tenants. Hamilton continued to provide essential services to ensure all properties were kept open, fully functioning, and safe. Hamilton implemented a work from home policy with a skeleton staff present at all site offices to provide for property management, maintenance, leasing and construction services. Leasing was limited to unoccupied units unless permission was granted by the current tenant and a web-based video technology was being used to remotely show apartments. Hamilton and the Partnership will continue to adjust their business practices to comply with Federal and State mandates for workplace and rental property operations.

During the fourth quarter of 2021, rents increased on average 4.5% for renewals and increased on average 9.3% for new leases. For all of 2021, renewal rents increased approximately 2.5% and increased approximately 0.7% for new leases. For 2022, management expects the local real estate market to remain strong as we move from the winter into the spring rental season

For the year ending December 31, 2021, consolidated revenue increased by 0.9%, operating expenses increased by 2.7% and Income before Other Income (Expense) decreased by 4.9%. For the fourth quarter of 2021, consolidated revenue increased by 9.0%, operating expenses increased by 9.9% and Income before Other Income (Expense) increased by 5.3%, as compared to the fourth quarter of 2020

The Joint Ventures of 1025 Hancock and Hamilton Bay in 2019 sold out all remaining residential condominium units. 1025 Hancock sold 2 remaining units for a gain of approximately $306,000, and Hamilton Bay sold its 3 remaining units at a gain of approximately $429,000. The estimated profit to the Partnership for the sale of these units from 2014 through 2019 is approximately $7,168,000.

On November 30, 2021, New England Realty Associates Limited Partnership (the "Partnership"), entered into a Master Credit Facility Agreement (the "Facility Agreement") with KeyBank National Association ("KeyBank") dated as of November 30, 2021, with an initial advance in the amount of $156,000,000. Interest only on the debt at a fixed interest rate of 2.97% is payable on a monthly basis through December 31, 2031. The Partnership's obligations under the Facility Agreement are secured by mortgages on certain properties pursuant to certain Mortgage, Assignment of Leases and Rents, and Security Agreement and Fixture Filings ("Mortgages"). See schedule in Note 5, Mortgage Notes Payable, for the details of the transaction as it relates to the specific properties.

The Partnership used the proceeds to pay down approximately $65,300,000 of existing debt secured by 11 properties, along with approximately $2,700,000 in prepayment penalties. The remaining balance of approximately $89,000,000 will be used for general partnership purposes. See schedule in Note 5, Mortgage Notes Payable, for the details of the transaction as it relates to the specific properties.

On March 31, 2020, Nera Brookside Associates, LLC ("Brookside Apartments"), entered into a Mortgage Note with KeyBank National Associates (KeyBank) in the principal amount of $6,175,000. Interest only payments on the Note are payable on a monthly basis at a fixed interest rate of 3.53% per annum, and the principal amount of the Note is due and payable on April 1, 2035. The Note is secured by a mortgage on the Brookside apartment complex located at 5-12 Totman Drive, Woburn, Massachusetts pursuant to a Mortgage, Assignment of Leases and Rents and Security Agreement dated March 31, 2020. The Note is guaranteed by the Partnership pursuant to a Guaranty Agreement dated March 31, 2020. Brookside Apartments used the proceeds of the loan to pay off an outstanding loan of approximately $2,390,000, with the remaining portion of the proceeds added to cash reserves. In connection with this refinancing, there were closing costs of approximately $136,000.

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

Table of Contents

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 an applicable margin of 2.5%. The agreement originally expired on July 31, 2017, and was subsequently extended until October 31, 2020.The costs associated with the line of credit extension were approximately $128,000.

On October 29, 2021, **t**he Partnership closed on the modification of its existing line of credit. The agreement extends the credit line for three years until October 29, 2024. The commitment amount is for $25 million but is restricted to $17 million during the modification period. The modification period covers the current period and phases out by December 31, 2022. During this period, the loan covenants are modified from a minimum consolidated debt service ratio of 1.60 to a ratio of 1.35 until September 30, 2022; from a minimum tangible net worth requirement of $200 million to a net worth of $175 million until September 30, 2022; from a maximum consolidated leverage ratio of 65% to a ratio of 70% until September 30, 2022 and from a minimum debt yield of 9.5% to a yield of 8.5% until September 30, 2022 and a yield of 9.0% until December 31, 2022. Once the financial performance of the Partnership meets the original covenant tests for the trailing 12-month period, the commitment amount will return to $25 million. The portfolio's debt yield fell below the minimum of 8.5% to 8.04%.Consequently, as of December 31,2021, the Partnership did not comply with the debt yield financial covenant. As such, the Partnership is restricted to draw down any amount from the line of credit until the Partnership meets the required financial covenants.

On December 20, 2019, Mill Street Gardens, LLC and Mill Street Development, LLC, collectively referred to as Mill Street, wholly-owned subsidiaries of New England Realty Associates Limited Partnership (the "Partnership") closed on a Purchase Agreement dated as of September 27, 2019 with Ninety-Three Realty Limited Partnership (the "Purchase Agreement") pursuant to which Mill Street acquired Country Club Garden Apartments, a 181 unit apartment complex located at 57 Mill Street, Woburn, Massachusetts (the "Property") for an aggregate purchase price of $59,550,000 . Mill Street funded $18,000,000 of the purchase price out of an existing line of credit, $10,550,000 of the cash portion of the purchase price out of cash reserves and the remaining $31,000,000 from the proceeds of the Loan. The closing costs were approximately $237,000. From the purchase price, the Partnership allocated approximately $1,282,000 for in- place leases, and approximately $136,000 to the value of tenant relationships. These amounts are being amortized over 12 and 36 months respectively**.**

On December 20, 2019, Mill Street entered into a Loan Agreement (the "Agreement") with Insurance Strategy Funding Corp. LLC providing for a loan (the "Loan") in the maximum principal amount of $35,000,000, consisting of an initial advance of $31,000,000 and a subsequent advance of up to $4,000,000 if certain conditions are met. Interest on the Note is payable on a monthly basis at a fixed interest rate of: (i) 3.586% per annum with respect to the initial advance and (ii) the greater of (A) the sum of the market spread rate and the interpolated (based on the remaining term of the Loan) US Treasury rate at the time of the advance and (B) 3.500% with respect to any subsequent advance. The principal amount of the Note is due and payable on January 1, 2035. The Note is secured by a mortgage on the Property and is guaranteed by the Partnership pursuant to a Guaranty Agreement dated December 20, 2019.

The Stock Repurchase Program that was initiated in 2007 has purchased 1,434,189 Depositary Receipts through December 31, 2021, or approximately 33% of the outstanding Class A Depositary Receipts. The Partnership purchased 5,752 Depositary Receipts in 2021.

In March of 2020, the Board of Advisors and Board of Directors unanimously approved an extension of the Repurchase Program until March 31, 2025. Management believes that the $25,000,000 line of credit, net cash flow from operations and cash on hand have put the Partnership in position to capitalize on investment opportunities should they reveal themselves in the near future. As always, Management continues to weigh investment alternatives of stock repurchase, new property acquisitions and dispositions when considering its cash balances and performance of the portfolio. Given the economic uncertainty caused by the coronavirus issue, as of April 15, 2020, the Partnership elected to temporarily suspend the repurchase program, With the improving economic outlook and the return of students to universities in the Greater Boston area in the fall of 2021, the repurchase program was reinstated in November of 2021.

The Partnership has retained The Hamilton Company ("Hamilton") to manage and administer the Partnership's and Joint Ventures' Properties. Hamilton is a full-service real estate management company, which has legal, construction, maintenance, architectural, accounting and administrative departments. The Partnership's properties represent approximately 44% of the total properties and 50% of the residential properties managed by Hamilton.

Table of Contents

Substantially all of the other properties managed by Hamilton are owned, wholly or partially, directly or indirectly, by the Brown Family related entities. The Partnership's Second Amended and Restated Contract of Limited Partnership (the "Partnership Agreement") expressly provides that the general partner may employ a management company to manage the properties, and that such management company may be paid a fee of up to 4% of rental receipts for administrative and management services (the "Management Fee"). The Partnership pays Hamilton the full annual Management Fee, in monthly installments.

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.

In 2021, tenant renewals were approximately 67% with an average rental increase of approximately 2.5 %, new leases accounted for approximately 33% with rental rate increases of approximately 0.7%. In 2021, leasing commissions were approximately $835,000 compared to approximately $497,000 in 2020, an increase of approximately $338,000 (68.0%) from 2020. Tenant concessions were approximately $50,000 in 2021 compared to approximately $32,000 in 2020, an increase of approximately $18,000 (56.3%). Tenant improvements were approximately $1,991,000 in 2021 compared to approximately $2,062,000 in 2020, a decrease of approximately $71,000 (3.4%).

Hamilton accounted for approximately 2.2% of the repair and maintenance expense paid for by the Partnership in the year ended December 31, 2021 and 2.2% in the year ended December 31, 2020. 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 67.4% and 59.1% of the legal services paid for by the Partnership during the years ended December 31, 2021 and 2020, 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. In 2021, Hamilton provided the Partnership approximately $581,000 in construction and architectural services, compared to $668,000 for the year ended December 31, 2020.

Bookkeeping and accounting functions have been provided by Hamilton's accounting staff, which consists of approximately 14 people. In 2021, Hamilton charged the Partnership $125,000 per year ($31,250 per quarter) 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

Table of Contents

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

Revenue Recognition: Rental income from residential and commercial properties is recognized over the term of the related lease. For residential tenants, amounts 60 days in arrears are charged against income. The commercial tenants are evaluated on a case by case basis. Certain leases of the commercial properties provide for increasing stepped minimum rents, which are accounted for on a straight-line basis over the term of the lease. Concessions made on residential leases are also accounted for on the straight-line basis.

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

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

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

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

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

Table of Contents

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.

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 analysis may not be achieved.

Investments in Joint Ventures: The Partnership accounts for its 40%-50% ownership in the Investment Properties under the equity method of accounting, as it exercises significant influence over, but does not control these entities. These investments are recorded initially at cost, as Investments in Joint Ventures, and subsequently adjusted for the Partnership's share in earnings, cash contributions and distributions. Under the equity method of accounting, our net equity is reflected on the consolidated balance sheets, and our share of net income or loss from the Partnership is included on the consolidated statements of income. Generally, the Partnership would discontinue applying the equity method when the investment (and any advances) is reduced to zero and would not provide for additional losses unless the Partnership has guaranteed obligations of the venture or is otherwise committed to providing further financial support for the investee. If the venture subsequently generates income, the Partnership only recognizes its share of such income to the extent it exceeds its share of previously unrecognized losses.

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

Table of Contents

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

Years Ended December 31, 2021 and December 31, 2020

The Partnership and its Subsidiary Partnerships earned income before interest expense, income from investments in unconsolidated joint ventures and other income and loss of approximately $14,969,000 during the year ended December 31, 2021, compared to approximately $17,272,000 for the year ended December 31, 2020, a decrease of approximately $727,000 (4.9%).

The rental activity is summarized as follows:

	Occupancy Date	
	February 1, 2022	February 1, 2021
Residential		
Units	2,911	2,911
Vacancies	50	181
Vacancy rate	1.7 %	6.2 %
Commercial		
Total square feet	108,043	108,043
Vacancy	—	9,376
Vacancy rate	0.0 %	8.7 %

	Rental Income (in thousands) Year Ended December 31,			
	2021		2020	
	Total Operations	Continuing Operations	Total Operations	Continuing Operations
Total rents	$ 62,176	$ 62,176	$ 61,662	$ 61,662
Residential percentage	95 %	95 %	95 %	95 %
Commercial percentage	5 %	5 %	5 %	5 %
Contingent rentals	$ 563	$ 563	$ 512	$ 512

Table of Contents

Year Ended December 31, 2021 Compared to Year Ended December 31, 2020:

	Year Ended December 31, 2021	Year Ended December 31, 2020	Dollar Change	Percent Change
Revenues				
Rental income	$ 62,175,592	$ 61,661,551	$ 514,041	0.8%
Laundry and sundry income	462,862	441,159	21,703	4.9%
	62,638,454	62,102,710	535,744	0.9%
Expenses				
Administrative	2,476,593	2,209,780	266,813	12.1%
Depreciation and amortization	16,671,076	18,410,811	(1,739,735)	(9.4)%
Management fee	2,523,943	2,452,814	71,129	2.9%
Operating	6,471,250	5,766,160	705,090	12.2%
Renting	1,241,298	864,542	376,756	43.6%
Repairs and maintenance	10,069,325	8,781,789	1,287,536	14.7%
Taxes and insurance	8,942,469	8,647,781	294,688	3.4%
	48,395,954	47,133,677	1,262,277	2.7%
Income Before Other Income (Expense)	14,242,500	14,969,033	(726,533)	(4.9)%
Other Income (Expense)				
Interest income	87	195	(108)	(55.4)%
Interest expense	(13,629,463)	(13,705,415)	75,952	(0.6)%
Income from investments in unconsolidated joint ventures	(567,308)	160,715	(728,023)	(453.0)%
Other Income (Expense)	(2,745,979)	—	(2,745,979)	100.0%
	(16,942,663)	(13,544,505)	(3,398,158)	25.1%
Net Income (Loss)	$ (2,700,163)	$ 1,424,528	$ (4,124,691)	(289.5)%

Rental income from continuing operations for the year ended December 31, 2021 was approximately $62,175,000, compared to approximately $61,661,000 for the year ended December 31, 2020, an increase of approximately $514,000 (0.8%). Although rental income has increased at other properties, due to the effect of the Covid pandemic there have been a number of properties incurring a decrease in their rental income. The Partnership Properties with the largest increases in rental income include Hamilton Green, Hamilton Oaks, and Clovelly Apartments, with increases of approximately $227,000, $169,000, and $100,000, respectively. These are offset by certain properties with the largest decreases in rental income which include 62 Boylston, 1144 Commonwealth, and Woodland Park with decreases of approximately $1,003,000, $329,000, and $146,000, 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.

Total expenses from continuing operations for the year ended December 31, 2021 were approximately $48,396,000 compared to approximately $47,134,000 for the year ended December 31, 2020, an increase of approximately $1,262,000 (2.7%). Factors which contributed to the increase were an increase in Repairs and Maintenance expense of approximately $1,288,000, (14.7%), primarily due to a increase in appliance and pool repairs, an increase in Operating expenses of approximately $705,000 (12.2%), primarily due to an increase in utility expense, and an increase in Renting expense of approximately $377,000 (43.6%), partially due to an increase in leasing commission expense, offset in part by a decrease in Depreciation and Amortization expense of approximately $1,740,000 (9.4%), due to fully depreciated assets.

Interest expense for the year ended December 31, 2021 was approximately $13,629,000 compared to approximately $13,705,000 for the year ended December 31, 2020, a decrease of approximately $76,000 (0.6%), primarily due to a decrease in interest expense on the line of credit of approximately $143,000.

At December 31, 2021, the Partnership has between a 40% and 50% ownership interests in seven different Investment Properties. See a description of these properties included in the section titled Investment Properties as well as Note 14 to the Consolidated Financial Statements for a detail of the financial information of each Investment Property.

Table of Contents

As described in Note 14 to the Consolidated Financial Statements, the Partnership's share of the net loss from the Investment Properties was approximately $567,000 for the year ended December 31, 2021, compared to a net income of approximately $161,000 for the year ended December 31, 2020, a decrease in income of approximately $728,000 (453.0%). This decrease is primarily due to the decrease in net income at Dexter Park from net income of approximately $105,000 for the year ended December 31, 2020 to a loss of approximately $815,000 for the year ended December 31, 2021, a decrease of $920,000 (876.2%), primarily due to lower rental rates and higher vacancy in early 2021. Included in the income for the year ended December 31, 2021 is depreciation and amortization expense of approximately $2,634,000.

On November 30, 2021, New England Realty Associates Limited Partnership (the "Partnership"), entered into a Master Credit Facility Agreement (the "Facility Agreement") with KeyBank National Association ("KeyBank") dated as of November 30, 2021, with an initial advance in the amount of $156,000,000. Interest only on the debt at a fixed interest rate of 2.97% is payable on a monthly basis through December 31, 2031. The Partnership's obligations under the Facility Agreement are secured by mortgages on certain properties pursuant to certain Mortgage, Assignment of Leases and Rents, and Security Agreement and Fixture Filings ("Mortgages"). See schedule in Note 5, Mortgage Notes Payable, for the details of the transaction as it relates to the specific properties.

As describe in Note 5, Mortgage Notes Payable, to the Consolidated Financial Statements, on November 30, 2021, New England Realty Associates Limited Partnership (the "Partnership"), entered into a Master Credit Facility Agreement (the "Facility Agreement") with KeyBank National Association ("KeyBank") dated as of November 30, 2021, with the initial advance in the amount of $156,000,000. Interest only on the debt at a fixed interest rate of 2.97% is payable on a monthly basis through December 31, 2031. The Partnership used the proceeds to pay down approximately $65,305,000 of existing debt secured by 11 properties, along with approximately $2,700,000 in prepayment penalties, which is included in other expenses, resulting in a charge to other expense. This charge had a material effect on the 2021 net income. The remaining balance of approximately $89,000,000 shall be used for general partnership purposes.

As a result of the changes discussed above, net loss for the year ended December 31, 2021 was approximately $2,700,000 compared to income of approximately $1,424,000 for the year ended December 31, 2020, a decrease in income of approximately $4,124,000 (289.5%).

Years Ended December 31, 2020 and December 31, 2019

The Partnership and its Subsidiary Partnerships earned income before interest expense, income from investments in unconsolidated joint ventures and other income and loss of approximately $14,969,000 during the year ended December 31, 2020, compared to approximately $17,272,000 for the year ended December 31, 2019, a decrease of approximately $2,303,000 (13.3%).

The rental activity is summarized as follows:

	Occupancy Date	
	February 1, 2021	**February 1, 2020**
Residential		
Units	2,911	2,911
Vacancies	181	87
Vacancy rate	3.0 %	3.0 %
Commercial		
Total square feet	108,043	108,043
Vacancy	9,376	1,950
Vacancy rate	8.7 %	1.8 %

Table of Contents

	Rental Income (in thousands) Year Ended December 31,			
	2020		2019	
	Total Operations	Continuing Operations	Total Operations	Continuing Operations
Total rents	$ 61,662	$ 61,662	$ 60,012	$ 60,012
Residential percentage	95 %	95 %	94 %	94 %
Commercial percentage	5 %	5 %	6 %	6 %
Contingent rentals	$ 512	$ 512	$ 629	$ 629

Year Ended December 31, 2020 Compared to Year Ended December 31, 2019:

	Year Ended December 31, 2020	Year Ended December 31, 2019	Dollar Change	Percent Change
Revenues				
Rental income	$ 61,661,551	$ 60,012,174	$ 1,649,377	2.7%
Laundry and sundry income	441,159	465,140	(23,981)	(5.2)%
	62,102,710	60,477,314	1,625,396	2.7%
Expenses				
Administrative	2,209,780	2,495,272	(285,492)	(11.4)%
Depreciation and amortization	18,410,811	14,684,248	3,726,563	25.4%
Management fee	2,452,814	2,409,151	43,663	1.8%
Operating	5,766,160	5,682,264	83,896	1.5%
Renting	864,542	953,043	(88,501)	(9.3)%
Repairs and maintenance	8,781,789	9,191,561	(409,772)	(4.5)%
Taxes and insurance	8,647,781	7,790,008	857,773	11.0%
	47,133,677	43,205,547	3,928,130	9.1%
Income Before Other Income (Expense)	14,969,033	17,271,767	(2,302,734)	(13.3)%
Other Income (Expense)				
Interest income	195	607	(412)	(67.9)%
Interest (expense)	(13,705,415)	(12,201,966)	(1,503,449)	12.3%
Income from investments in unconsolidated joint ventures	160,715	1,678,554	(1,517,839)	(90.4)%
Other (Expense) Income	—	(201,710)	201,710	100.0%
	(13,544,505)	(10,724,515)	(2,819,990)	26.3%
Net Income	$ 1,424,528	$ 6,547,252	$ (5,122,724)	(78.2)%

Rental income from continuing operations for the year ended December 31, 2020 was approximately $61,661,000, compared to approximately $60,012,000 for the year ended December 31, 2019, an increase of approximately $1,649,000 (2.7%). The major factor that can be attributed to this increase is the acquisition of Mill Street, which resulted in an increase in rental income of approximately $3,723,000. Excluding he increase in rental income attributable to the acquisition of Mill Street of approximately $3,723,000, rental income decreased by approximately $2,074,000, (3.5%). Although rental income has increased at other properties, due to the effect of the Coved pandemic there have been a number of properties incurring a decrease in their rental income. The Partnership Properties with the largest increases in rental income include Hamilton Oaks, Westside Colonial, and Redwood Hills, with increases of approximately $179,000, $150,000, and $127,000, respectively. These are offset by certain properties with the largest decreases in rental income which include 62 Boylston, Hamilton Linett, and 1131 Commonwealth, with decreases of approximately $1,168,000, $186,000, and $130,000, 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.

Total expenses from continuing operations for the year ended December 31, 2020 were approximately $47,134,000 compared to approximately $43,206,000 for the year ended December 31, 2019, an increase of approximately $3,928,000 (9.1%). Excluding the increase in operating expenses attributable to the acquisition of Mill Street of approximately $5,259,000, operating expenses decreased approximately $1,331,000 (3.1%). Excluding Mill

Street, factors which contributed to the decrease were a decrease in Repairs and Maintenance expense of approximately $708,000, (7.7%), primarily due to a decrease in appliance and pool repairs, a decrease in Depreciation and Amortization expense of approximately $378,000 (2.6%), due to fully depreciated assets, and a decrease in Administrative expense of approximately $318,000 (12.8%), primarily due to a decrease in Legal fees, partially offset by an increase in Taxes and Insurance of approximately of $510,000 (6.6%).

Interest expense for the year ended December 31, 2020 was approximately $13,705,000 compared to approximately $12,202,000 for the year ended December 31, 2019, an increase of approximately $1,503,000 (12.3%). Excluding the increase in interest expense attributable to Mill Street of approximately $1,089,000, there was an increase in interest expense of approximately $415,000, (3.4%), primarily due to an increase in interest expense on the line of credit of approximately $678,000, partially offset by a decrease in interest expense for Captain Parker of approximately $144,000, and Hamilton Highland of approximately $116,000.

At December 31, 2020, the Partnership has between a 40% and 50% ownership interests in seven different Investment Properties. See a description of these properties included in the section titled Investment Properties as well as Note 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 $160,000 for the year ended December 31, 2020, compared to a net income of approximately $1,678,000 for the year ended December 31, 2019, a decrease in income of approximately $1,518,000 (90.4%). This decrease is primarily due to the reduction in the gain realized from the sales of condominium units of approximately $735,000 with the Partnership's share amounting to 50%, on the sale of 3 units at Hamilton Bay Apartments LLC, and the sale of 2 units at Hamilton 1025 Apartments LLC for the year ended December 31, 2019, compared to no units sold for the year ended December 31, 2020, and a decrease in Net Income at Dexter Park from approximately $918,000 for the year ended December 31,2019 to approximately $105,000 for the year ended December 31, 2020, a decrease of $813,000 (88.6%). Included in the income for the year ended December 31, 2020 is depreciation and amortization expense of approximately $2,609,000. The proportional income for the year ended December 31, 2020 from the investment in Dexter Park is approximately $105,000.

Interest income for the year ended December 31, 2020 was approximately $200 compared to approximately $600 for the year ended December 31, 2019, an increase of approximately $400.

As a result of the changes discussed above, net income for the year ended December 31, 2020 was approximately $1,424,000 compared to income of approximately $6,547,000 for the year ended December 31, 2019, a decrease in income of approximately $5,123,000 (78.2%).

LIQUIDITY AND CAPITAL RESOURCES

The Partnership's principal sources of cash during 2021 was the proceeds from the refinancing of 11 properties for approximately $156,000,000 and the collection of rents. In 2020, the principal sources of cash were the collection of rents and the proceeds from the refinancing of Brookside Apartments. The majority of cash and cash equivalents of $96,083,508 at December 31, 2021 and $18,646,972 at December 31, 2020 were held in interest bearing accounts at creditworthy financial institutions.

Table of Contents

The increase in cash of $77,436,536 at December 31, 2021 is summarized as follows:

	Year Ended December 31, 2021	2020
Cash provided by operating activities	$ 15,783,158	$ 17,452,309
Cash (used in) investing activities	(2,332,446)	(1,715,408)
Cash provided by financing activities	69,109,222	433,532
Repurchase of Depositary Receipts, Class B and General Partner Units	(450,258)	(394,031)
Distributions paid	(4,673,140)	(4,675,754)
Net increase in cash and cash equivalents	$ 77,436,536	$ 11,100,648

The change in cash provided by operating activities is due to various factors, including recent acquisitions, a change in income and distribution from joint ventures, and other factors. The decrease in cash used in investing activities is primarily due to improvements in rental properties, partially offset by distributions from unconsolidated joint ventures. The change in cash used in financing activities is primarily due to the refinancing of 11 properties for approximately $156,000,000, partially offset by the pay down of the previous mortgages on these properties, and the paydown of the Line of Credit.

During 2021, the Partnership and its Subsidiary Partnerships completed improvements to certain of the Properties at a total cost of approximately $3,317,000. These improvements were funded from cash reserves and, to some extent, escrow accounts established in connection with the financing or refinancing of the applicable Properties. These sources have been adequate to fully fund improvements. The most significant improvements were made at, 62 Boylston Street, Redwood Hills, Hamilton Oaks, Hamilton Green, Westgate Apartments, and Lincoln Street, at a cost of $539,000, $408,000, $273,000, $243,000, $212,000, and $186,000 respectively. The Partnership plans to invest approximately $5,500,000 in capital improvements in 2022.

On November 30, 2021, New England Realty Associates Limited Partnership (the “Partnership”), entered into a Master Credit Facility Agreement (the “Facility Agreement”) with KeyBank National Association (“KeyBank”) dated as of November 30, 2021, with an initial advance in the amount of $156,000,000. Interest only on the debt at a fixed interest rate of 2.97% is payable on a monthly basis through December 31, 2031. The Partnership’s obligations under the Facility Agreement are secured by mortgages on certain properties pursuant to certain Mortgage, Assignment of Leases and Rents, and Security Agreement and Fixture Filings (“Mortgages”). See schedule in Note 5, Mortgage Notes Payable, for the details of the transaction as it relates to the specific properties.

The Partnership used the proceeds to pay down approximately $65,300,000 of existing debt secured by 11 properties, along with approximately $2,700,000 in prepayment penalties. The remaining balance of approximately $89,000,000 will be used for general partnership purposes.

On March 31, 2020, Nera Brookside Associates, LLC (“Brookside Apartments”), entered into a Mortgage Note with KeyBank National Associates (KeyBank) in the principal amount of $6,175,000. Interest only payments on the Note are payable on a monthly basis at a fixed interest rate of 3.53% per annum, and the principal amount of the Note is due and payable on April 1, 2035. The Note is secured by a mortgage on the Brookside apartment complex located at 5-12 Totman Drive, Woburn, Massachusetts pursuant to a Mortgage, Assignment of Leases and Rents and Security Agreement dated March 31, 2020. The Note is guaranteed by the Partnership pursuant to a Guaranty Agreement dated March 31, 2020. Brookside Apartments used the proceeds of the loan to pay off an outstanding loan of approximately $2,390,000, with the remaining portion of the proceeds added to cash reserves. In connection with this refinancing, there were closing costs of approximately $136,000.

On December 20, 2019, Mill Street Gardens, LLC and Mill Street Development, LLC, collectively referred to as Mill Street, wholly-owned subsidiaries of New England Realty Associates Limited Partnership (the “Partnership”) closed on a Purchase Agreement dated as of September 27, 2019 with Ninety-Three Realty Limited Partnership (the “Purchase Agreement”) pursuant to which Mill Street acquired Country Club Garden Apartments, a 181 unit apartment complex located at 57 Mill Street, Woburn, Massachusetts (the “Property”) for an aggregate purchase price of

Table of Contents

$59,550,000 . Mill Street funded $18,000,000 of the purchase price out of an existing line of credit, $10,550,000 of the cash portion of the purchase price out of cash reserves and the remaining $31,000,000 from the proceeds of the Loan. The closing costs were approximately $237,000. From the purchase price, the Partnership allocated approximately $1,282,000 for in- place leases, and approximately $136,000 to the value of tenant relationships. These amounts are being amortized over 12 and 36 months respectively**.**

On December 20, 2019, Mill Street Gardens entered into a Loan Agreement (the “Agreement”) with Insurance Strategy Funding Corp. LLC providing for a loan (the “Loan”) in the maximum principal amount of $35,000,000, consisting of an initial advance of $31,000,000 and a subsequent advance of up to $4,000,000 if certain conditions are met. Interest on the Note is payable on a monthly basis at a fixed interest rate of: (i) 3.586% per annum with respect to the initial advance and (ii) the greater of (A) the sum of the market spread rate and the interpolated (based on the remaining term of the Loan) US Treasury rate at the time of the advance and (B) 3.500% with respect to any subsequent advance. The principal amount of the Note is due and payable on January 1, 2035. The Note is secured by a mortgage on the Property and is guaranteed by the Partnership pursuant to a Guaranty Agreement dated December 20,

During the year ended December 31, 2021, the Partnership received net distributions of approximately $1,040,000 from the investment properties of which $335,000 was from Hamilton on Main and $160,000 was from Dexter Park.

In 2021 the Partnership paid a total distribution of an aggregate $ 38.40 per Unit ($1.28 per Receipt) for a total payment of $4,673,140 in 2021. In 2020 the Partnership paid a total distribution of an aggregate $38.40 per Unit ($1.28 per Receipt) for a total payment of $4,675,754. In January 2022, the Partnership approved a quarterly distribution of $9.60 per Unit ($0.32 per Receipt), payable on March 31, 2022. In addition to the quarterly distribution, there will be a special distribution of $38.40 per Class A unit ($1.28 per Receipt).

Line of Credit

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

On October 29, 2021, **t**he Partnership closed on the modification of its existing line of credit. The agreement extends the credit line for three years until October 29, 2024. The commitment amount is for $25 million but is restricted to $17 million during the modification period. The modification period covers the current period and phases out by December 31, 2022. During this period, the loan covenants are modified from a minimum consolidated debt service ratio of 1.60 to a ratio of 1.35 until September 30, 2022; from a minimum tangible net worth requirement of $200 million to a net worth of $175 million until September 30, 2022; from a maximum consolidated leverage ratio of 65% to a ratio of 70% until September 30, 2022 and from a minimum debt yield of 9.5% to a yield of 8.5% until September 30, 2022 and a yield of 9.0% until December 31, 2022. Once the financial performance of the Partnership meets the original covenant tests for the trailing 12-month period, the commitment amount will return to $25 million. The portfolio’s debt yield fell below the minimum of 8.5% to 8.04%.Consequently, as of December 31,2021, the Partnership did not comply with the debt yield financial covenant. As such, the Partnership is restricted to draw down any amount from the line of credit. until the Partnership meets the required financial covenants.

The interest rate for the new term is LIBOR plus 300 basis points. The costs associated with the modification and renewal of the line of credit is approximately $179,000**.** On December 3, 2021, the Partnership paid off the outstanding balance of $17,000,000 on the Line of Credit.

Table of Contents

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

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

The Partnership paid fees to secure the line of credit. Any unused balance of the line of credit, prior to the extension on October 29, 2021,was subject to a fee ranging from 15 to 20 basis points per annum. The Partnership paid approximately $10,000 during the year ended December 31, 2021.

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 to 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 December 31, 2021, the Partnership had a 40%-50% ownership interest in seven Joint Ventures, which all have mortgage indebtedness except Hancock 1025, and Hamilton Essex Development. We do not have control of these partnerships and therefore we account for them using the equity method of consolidation. At December 31, 2021, our proportionate share of the non-recourse debt before unamortized deferred financing costs related to these investments was approximately $70,918,000. See Note 14 to the Consolidated Financial Statements.

Contractual Obligations

As of December 31, 2021, we are subject to contractual payment obligations as described in the table below.

	Payments due by period						
	2022	2023	2024	2025	2026	Thereafter	Total
Contractual Obligations							
Long -term debt							
Mortgage debt	$ 2,705,144	37,276,935	10,965,011	3,438,550	24,968,353	293,836,330	$ 373,190,323
Total Contractual Obligations	$ 2,705,144	$ 37,276,935	$ 10,965,011	$ 3,438,550	$ 24,968,353	$ 293,836,330	$ 373,190,323

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

See Notes 5 and 14 to the Consolidated Financial Statements for a description of mortgage notes payable. The Partnership has no other material contractual obligations to be disclosed.

ITEM 7A. 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

Table of Contents

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 December 31, 2021, the Partnership, its Subsidiary Partnerships and the Investment Properties collectively have approximately $540,026,000 in long-term debt, substantially all of which require payment of interest at fixed rates. Accordingly, the fair value of these debt instruments is affected by changes in market interest rates. This long term debt matures through 2035. Including the line of credit, the Partnership, its Subsidiary Partnerships and the Investment Properties collectively have variable rate debt of $10,000,000 as of December 31, 2021 ranged from LIBOR plus 195 basis points to LIBOR plus 300 basis points. Assuming interest- rate caps are not in effect, if market rates of interest on the Partnership's variable rate debt increased or decreased by 100 basis points, then the increase or decrease in interest costs on the Partnership's variable rate debt would be approximately $50,000 annually and the increase or decrease in fair value of the Partnership's fixed rate debt as of December 31, 2021 would be approximately $28,187,000. For information regarding the fair value and maturity dates of these debt obligations, See Note 5 to the Consolidated Financial Statements — "Mortgage Notes Payable," Note 12 to the Consolidated Financial Statements — "Fair Value Measurements" and Note 14 to the Consolidated Financial Statements — "Investment in Unconsolidated Joint Ventures."

For additional disclosure about market risk, see "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations—Factors That May Affect Future Results".

ITEM 8. CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The financial statements of the Partnership appear on pages F-3 through F-38 of this Form 10-K and are indexed herein under Item 15(a)(1).

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures. We have evaluated the design and operation of our disclosure controls and procedures to determine whether they are effective in ensuring that the disclosure of required information is timely made in accordance with the Securities Exchange Act of 1934 ("Exchange Act") and the rules and forms of the Securities and Exchange Commission. This evaluation was made under the supervision and with the participation of management, including the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") of our General Partner as of the end of the period covered by this annual report on Form 10-K. The CEO and CFO have concluded, based on their reviews, that our disclosure controls and procedures, as defined in Exchange Act Rules 13a-15(e), are effective to ensure that information required to be disclosed by us in reports that we file under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms.

Management's Report on Internal Control over Financial Reporting. We are responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rule 13a-15(f) and 15-15(f) under the Exchange Act. We assessed the effectiveness of our internal control over financial reporting using the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in "Internal Control—Integrated Framework (2013)". Based on that assessment and those criteria, our management, with the participation of the CEO and CFO of the General Partner concluded that our internal control over financial reporting is effective as of December 31, 2021.

We believe that because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Table of Contents

The effectiveness of the Partnership's internal control over financial reporting as of December 31, 2021 has been audited by Miller Wachman LLP, an independent registered public accounting firm, as stated in their report which appears herein.

Changes in Internal Control over Financial Reporting. There were no changes in our internal control over financial reporting during the fourth quarter of 2021 that materially affected or are reasonably likely to materially affect our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

On February 24, 2019, Harold Brown, the owner of 75% of the outstanding voting securities of NewReal Inc., the general partner, of New England Realty Associates Limited Partnership died. As a result, various Brown family related entities hold voting control over the NewReal shares.

Effective as of February 24, 2019, the Board of Directors of the Partnership's general partner, NewReal Inc. elected Jameson Brown as the Treasurer and Chief Financial Officer of New Real to fill the vacancy created by the death of Harold Brown, who served as both the Treasurer and a director of NewReal.

Jameson Brown, the son of Harold Brown, has been appointed to the Board of Directors of New Real, Inc. the General Partner of the Partnership. Jameson joined The Hamilton Company in 2009 after graduating from Tulane University with a Bachelor of Science in Management. Since joining the company, Jameson has worked in various departments, including Leasing, Maintenance, and Property Management, Development and Acquisitions. He is currently the Co-Chief Executive Officer and the Chief Operating Officer of Hamilton. Prior to joining the company, Jameson worked as a third party real estate agent in Boston.

In addition to his current role of Co-Chief Executive Officer and Chief Operating Officer of Hamilton, Jameson's responsibilities include the analysis of investment and development opportunities, negotiating acquisitions, handling due diligence, and representing the owner through the construction and development process. He also continues to hold direct property management responsibilities over several properties in the portfolio, while staying involved in companywide management and leasing decisions.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTION THAT PREVENT INSPECTIONS

Not Applicable

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS, AND CORPORATE GOVERNANCE

Our General Partner, New Real, Inc. is a Massachusetts corporation owned by the estate of Harold Brown and by Ronald Brown. Harold Brown and his brother Ronald Brown were individual general partners of the Partnership until May 1984, when NewReal, Inc. replaced them as the sole General Partner of the Partnership. The General Partner is responsible for making all decisions and taking all action deemed by it necessary or appropriate to conduct the business of the Partnership.

The General Partner engages The Hamilton Company, Inc. to manage the properties of the Partnership and its Subsidiary Partnerships. The Hamilton Company, Inc. is wholly owned by JPB Real Estate LLC and Maisie Brown LLC, entities controlled by Jameson Brown and Harley Brown respectively. See "Item 11. Executive Compensation" for information concerning fees paid by the Partnership to The Hamilton Company during 2021.

Because the General Partner has engaged The Hamilton Company as the manager for the Properties, the General Partner has no employees.

Table of Contents

The directors of the General Partner are Ronald Brown, Jameson Brown, David Aloise, Andrew Bloch, Eunice Harps, Sally Michael, and David Reier. The directors of the General Partner hold office until their successors are duly elected and qualified.

Ronald Brown and Jameson Brown hold all of the executive officer positions of the General Partner.

The executive officers of the General Partner serve at the pleasure of the Board of Directors**.** On June 14, 2001, the Board of Directors of the General Partner created an Audit Committee, in accordance with Section 3(a)(58)(A) of the Exchange Act, consisting of three members, and approved the charter of the Audit Committee. As of July 1, 2014, the Audit Committee consisted of Guilliaem Aertsen, David Aloise, and Eunice Harps. Mr. Aertsen resigned from the Audit Committee in June, 2018, and held the position of Chairman of the Board of Directors of The Hamilton Company, Inc. until December 31,2021, at which time he resigned. As of December 31, 2021, the Audit committee consisted of two members, David Aloise and Eunice Harps. The Board of Directors of the General Partner has determined that David Aloise is an audit committee financial expert, as that term is defined in Item 407 of Securities and Exchange Commission Regulation S-K.

As reported on Form 8-K dated February 16, 2022, on February 14, 2022, Eunice M. Harps, a director of NewReal, Inc. (“NewReal”), the general partner of New England Realty Associates Limited Partnership (the “Partnership”), informed the Partnership of her intention to retire as a director of NewReal effective March 14, 2022. Ms. Harps has served as a director of the Company since June, 2014.

The following table sets forth the name and age of each director and officer of the General Partner and each such person’s principal occupation and affiliation during the preceding five years.

Name and Position	Age	Other Position
Ronald Brown, President and Director (since 1984)	86	Co-General Partner since the Partnerships formation in 1977. Associate, Hamilton Realty Company (since 1967); President, Treasurer, Clerk and Director of R. Brown Partners Inc. (since 1985), a real estate management company; Member, Greater Boston Real Estate Board (since 1981); Director, Brookline Chamber of Commerce (since 1978); Trustee of Reservations (since 1988); Director, Brookline Music School (1997-2004); President, Brookline Chamber of Commerce (1990-1992); Director, Coolidge Corner Theater Foundation (1990-1993); President, Brookline Property Owner’s Association (1981-1990); Trustee, Brookline Hospital (1982-1989); Director, Brookline Symphony Orchestra (1996-2002); Director and Treasurer, Brookline Greenspace Alliance (since 1999). Mr. Brown is a graduate of Northeastern University earning a B.A. degree in Mechanical Engineering and an M.S. degree in Engineering Management. Based on Mr. Brown’s ownership interest in the Partnership, ownership interest in the Partnership’s General Partner, years of experience in the real estate industry and as a long standing member of the Board of Directors of the General Partner, the Board of Directors concluded that Mr. Brown has the requisite experience, qualifications, attributes and skills necessary to serve as a member of the Board of Directors.

Table of Contents

Name and Position	Age	Other Position
Jameson Brown, Treasurer and Director (since 2019)	34	Co-Chief Executive Officer and Chief Operating Officer, The Hamilton Company, Inc. Manager and developer of Residential and Commercial Real Estate.(Since 2018); Vice President, Acquisitions and Property Management, The Hamilton Company, Inc. (2016-2018);Vice President, Acquisitions and Development, The Hamilton Company, Inc. (2014-2016);Trustee, The Hamilton Company Charitable Foundation (since 2011); Chairman, The Hamilton Company Charitable Foundation (2011-2016). Mr. Brown is a graduate of Tulane University, earning a B.A. degree in Management. Based on Mr. Brown's experience in the real estate industry, the Board of Directors concluded that Mr. Brown has the requisite experience, qualifications, capabilities and skills necessary to serve as a member of the Board of Directors.
David Aloise, Director (since 2007)	67	Director and Chairman of the Partnership's Audit Committee. Founder and principal of Aloise & Associates, LLC (since 2000) a consulting firm that provides advisory, training and credit risk management services; BankBoston Corporation (1979-2000) Director of Commercial Loan Workout, Managing Director Small Business Banking, Vice President Restructured Real Estate, Vice President C & I Loan Workout; Board of Trustees New England Banking Institute; Advisory Board Member Wells Fargo Retail Finance, LLC; Senior Advisor to Eaton Vance Bank Loan Mutual Fund Group;.Director and Audit Committee Member AGF Global,Inc.; Director, Audit and Compensation Committee Member David's Bridal, Inc.; Director and Chair of Audit Committee, Anuvu, Inc. Member of the Turnaround Management Association. Mr. Aloise is a graduate of Boston College and the National Commercial Lending Graduate School, University of Oklahoma. Based on Mr. Aloise's experience in banking, credit markets, small business management and business turnarounds, the Board of Directors concluded that Mr. Aloise has the requisite experience, qualifications, attributes and skills necessary to serve as a member of the Board of Directors.
Andrew Bloch, Director (since 2019)	59	Co-Chief Executive Officer and Chief Financial Officer, The Hamilton Company, Inc. Manager and developer of Residential and Commercial Real Estate (Since 2018); Chief Financial Officer, The Hamilton Company, Inc. (1998-2018);Vice President, Hamilton Financial, The Hamilton Company, Inc. (1996-1997); Mr. Bloch is a graduate of Hobart College, earning a B.A. degree in Economics and a graduate of Bentley University, earning a M.B.A. degree. Based on Mr. Bloch's experience in the real estate industry, the Board of Directors concluded that Mr. Bloch has the requisite experience, qualifications, capabilities and skills necessary to serve as a member of the Board of Directors
Eunice Harps, Director (since 2014)	72	. Director and member of the Partnership's Audit Committee. Director of Credit Massachusetts Housing Investment Corporation (1999-2017) a private financier of affordable housing and community development throughout Massachusetts; BankBoston Corporation (1984-1998) Vice President Senior Manager, Capital Markets Credit, Vice President, Troubled Debt Restructuring Team; Steering Committee NEWIRE (1993-1995), Board of Directors Chair YW Boston; Board Member of Nuestra Comunidad Development Corporation (2015-2017). Ms. Harps is a graduate of Boston University earning a B.A. and M.B.A. degrees. Based on Ms. Harps' experience in banking, credit review and affordable housing, the Board of Directors concluded that Ms. Harps has the requisite experience, qualifications, attributes and skills necessary to serve as a member of the Board of Directors.

Table of Contents

Name and Position	Age	Other Position
Sally Michael, Director (since 2019)	59	Director of the General Partner. Managing Partner of the Boston office of the law firm Saul Ewing Arnstein & Lehr LLP. A member of the Board of Trustees of the Boston Home. Is licensed to practice law in Massachusetts and Rhode Island. Ms. Michael is a graduate of Brandies University, earning a B.A. degree, and holds a J.D. degree from Suffolk University. Based on Ms. Michael's experience providing legal representation to companies in the real estate industry, the Board of Directors concluded that Ms. Michael has the requisite experience, qualifications, capabilities and skills necessary to serve as a member of the Board of Directors.
David Reier, Director (since 2021)	68	Director of the General Partner. Mr. Reier is a partner of the Boston office of the national law firm Arent Fox LLP. Mr. Reier is licensed to practice law in Massachusetts and is admitted to practice in the U.S. District Court, District of Massachusetts, U.S. Bankruptcy Court, District of Massachusetts, Supreme Court of the United States and U.S. Court of Federal Claims. Mr. Reier holds a Ph.D. degree from the University of California, Berkeley, and a J.D. from Harvard Law School. Based on Mr. Reier's experience providing legal representation to companies in a range of industries, including real estate, the Board of Directors concluded that Mr. Reier has the requisite experience, qualifications, capabilities and the skills necessary to serve as a member of the Board of Directors.

COMPLIANCE WITH SECTION 16(A) OF THE SECURITIES EXCHANGE ACT OF 1934

Section 16(a) of the Securities Exchange Act of 1934 requires the Partnership's directors, executive officers, and persons who own more than 10% of a registered class of the Partnership's equity securities to file with the Securities and Exchange Commission reports of ownership changes and changes in ownership of the Partnership. Officers, directors and greater-than-10% shareholders are required by SEC regulations to furnish the Partnership with copies of all Section 16(a) forms they file.

Based solely upon a review of Forms 3 and 4 furnished to the Partnership under Rule 16a-3(e) of the Securities Exchange Act during its most recent fiscal year, Forms 5 furnished to the Partnership with respect to its most recent fiscal year and any written representations received by the Partnership from persons required to file such forms, all of the following persons — either officers, directors or beneficial owners of more than ten percent of any class of equity of the company registered pursuant to Section 12 of the Securities Exchange Act — filed on a timely basis reports required by Section 16(a) of the Securities Exchange Act during the most recent fiscal year.

CODE OF ETHICS

The Partnership, its General Partner and Hamilton, the Partnership's management company, have adopted a Code of Business Conduct and Ethics, which constitutes a "Code of Ethics" as defined by the SEC and applies to executive officers as well as to all other employees. A copy of the Code of Business Conduct and Ethics is available in the "NERA" section of the management company's website at www.thehamiltoncompany.com. To the extent required by the rules of the SEC, the Partnership and its related entities will disclose amendments to and waivers from the Code of Business Conduct and Ethics in the same place on the aforementioned website.

REPORT OF THE AUDIT COMMITTEE

The Audit Committee of NewReal Inc., which is the General Partner of New England Realty Associates Limited Partnership , is currently comprised of David Aloise, and Eunice Harps, each of whom is an independent director of NewReal. The Audit Committee operates under a written charter. In March 2022 that charter was amended to clarify that the Audit Committee may consist of two members if a two member committee is permitted under applicable securities laws and the listing standards of the exchange on which the Partnership's securities are listed. The listing rules of the NYSE MKT Exchange permit smaller reporting companies such as the Partnership to maintain an audit committee with two members.

The Partnership's management, which consists of NERA's General Partner, is responsible for the preparation of the Partnership's financial statements and for maintaining an adequate system of internal controls and processes for that purpose. Miller Wachman LLP ("Miller Wachman") acts as the Partnership's independent auditor and is responsible for conducting an independent audit of the Partnership's annual financial statements and the effectiveness of the Partnership's internal control over financial reporting as of December 31, 2021 in accordance with the standards of the Public Company Accounting Oversight Board (United States), and issuing a report on the results of their audit. The Audit Committee is responsible for providing independent, objective oversight of both of these processes.

The Audit Committee has reviewed and discussed the audited financial statements for the year ended December 31, 2021 with management of the Partnership and with representatives of Miller Wachman. As a result of these discussions, the Audit Committee believes that NERA maintains an effective system of accounting controls that allow it to prepare financial statements that fairly present the Partnership's financial position and results of its operations. Discussions with Miller Wachman also included the matters required by Statement on Auditing Standard No. 16 (Communications with Audit Committee).

In addition, the Audit Committee reviewed the independence of Miller Wachman. We received written disclosures and a letter from Miller Wachman regarding its independence as required by Independent Standards Board Standards No. 1 and discussed this information with Miller Wachman.

Based on the foregoing, the Audit Committee has recommended that the audited financial statements of the Partnership for the year ended December 31, 2021 be included in the Partnership's annual report on form 10-K to be filed with the Securities and Exchange Commission.

David Aloise
Eunice Harps

ITEM 11. EXECUTIVE COMPENSATION

The Partnership does not have "Executive Compensation." As more fully described below, the Partnership employs a management company to which it pays management fees and administrative fees.

The Partnership is not required to and did not pay any compensation to its officers or the officers and directors of the General Partner in 2021. As more fully described below, the Partnership employs a management company which is solely responsible for performing all management and policy making functions for the Partnership. The only compensation paid by the Partnership to any person or entity is in the form of management fees and administrative fees paid to the General Partner, or any management entity employed by the General Partner, in accordance with the Partnership Agreement.

Specifically, the Partnership Agreement provides that the General Partner, or any management entity employed by the General Partner, is entitled to a management fee equal to 4% (2% at Dexter Park and 3% at Linewt) of the rental and other operating income from the Partnership Properties and a mortgage servicing fee equal to 0.5% of the unpaid principal balance of any debt instruments received, held and serviced by the Partnership (the "Management Fee"). The Partnership Agreement also authorizes the General Partner to charge to the Partnership its cost for employing professionals to assist with the administration of the Partnership Properties (the "Administrative Fees"). The Administrative Fee is not charged against the Management Fee. In addition, upon the sale or disposition of any Partnership Properties, the General Partner, or any management entity which is the effective cause of such sale, is entitled to a commission equal to 3% of the gross sale price (the "Commission"), provided that should any other broker be entitled to a commission in connection with the sale, the commission shall be the difference between 3% of the gross sale price and the amount to be paid to such broker.

Table of Contents

The General Partner has engaged The Hamilton Company to operate and manage the Partnership, and in accordance with the Partnership Agreement, the Management Fee, the Administrative Fees and the Commission are paid to Hamilton. See "Item 10. Directors and Executive Officers of the Registrant." The total Management Fee paid to Hamilton during 2021 was approximately $2,524,000. The management services provided by Hamilton include but are not limited to: collecting rents and other income; approving, ordering and supervising all repairs and other decorations; terminating leases, evicting tenants, purchasing supplies and equipment, financing and refinancing properties, settling insurance claims, maintaining administrative offices and employing personnel. In 2021, the Partnership and its Subsidiary Partnerships paid administrative fees to Hamilton of approximately $1,086,000 inclusive of construction supervision and architectural fees of approximately $581,000, repairs and maintenance service fees of approximately $220,000, legal fees of approximately $160,000, and $125,000 for accounting services. In addition, the Partnership paid $24,000 to Ronald Brown for construction supervision services.

Sally Michael is a Director of New Real, Inc., and she is a partner of Saul Ewing Arnstein &Lear, LLP. Saul Ewing billed the Partnership for legal fees totaling $169,000, $25,000, and $86,000 for 2021, 2020, and 2019 respectively.

Additionally, the Hamilton Company received approximately $692,000 from the 40-50% owned Investment Properties of which approximately $575,000 was the management fee, approximately $55,000 was for construction supervision and architectural fees, approximately $34,000 was for maintenance services, and $28,000 for legal services. The Advisory Committee held 4 meetings during 2021, and a total of $25,000 was paid for attendance and participation in such meetings. Additionally, the Audit Committee held 4 meetings in 2021 and a total of $32,000 was paid for attendance and participation in such meetings.

Compensation Committee Interlocks and Insider Participation

The Board of Directors of our General Partner does not have a compensation committee. No member of the Board of Directors of the General Partner was at any time in 2021 or at any other time an officer or employee of the General Partner, and no member had any relationship with the Partnership requiring disclosure as a related-person transaction under Item 404 of Regulation S-K. No officer of the General Partner has served on the board of directors or compensation committee of any other entity that has or has had one or more executive officers who served as a member of the Board of Directors of the General Partner at any time in 2021.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS.

As of March 9, 2022, except as listed below, the General Partner was not aware of any beneficial owner of more than 5% of the outstanding Class A Units or the Depositary Receipts, other than Computershare, which, under the Deposit Agreement, as Depositary, is the record holder of the Class A Units exchanged for Depositary Receipts. As of March 1, 2022, pursuant to the Deposit Agreement, Computershare was serving as the record holder of the Class A Units with respect to which 2,857,377 Depositary Receipts had been issued to approximately 2,216 holders. As of March 1, 2022, there were issued and outstanding 1,773 Class A Units (not including the Depositary Receipts) held by 130 unit holders, 23,042 Class B Units and 1,213 General Partnership Units held by the persons listed below. During 2021, 206 Class A Units were exchanged for Depositary Receipts.

The following table sets forth certain information regarding each class of Partnership Units beneficially owned as of December 31, 2021 by (i) each person known by the Partnership to beneficially own more than 5% of any class of Partnership Units, (ii) each director and officer of the General Partner and (iii) all directors and officers of the General Partner as a group. For purposes of this table, all Depositary Receipts are included as if they were converted back into Class A Units. The inclusion in the table below of any Units deemed beneficially owned does not constitute an admission that the named persons are direct or indirect beneficial owners of such Units. Unless otherwise indicated, each person listed below has sole voting and investment power with respect to the Units listed.

Table of Contents

	Class A		Class B		General Partnership	
Directors and Officers	**Number of Units Beneficially Owned**	**% Of Outstanding Units Beneficially Owned**	**Number of Units Beneficially Owned**	**% Of Outstanding Units Beneficially Owned**	**Number of Units Beneficially Owned**	**% Of Outstanding Units Beneficially Owned**
Jameson Brown c/o New England Realty Associates Limited Partnership 39 Brighton Avenue Allston, MA 02134	33 (1) (6)	0.03 % (1) (6)	17,316 (2)	75 % (2)		
Harold Brown 2013 Revocable Trust c/o Saul Ewing LLP 131 Dartmouth Street Boston, MA 02116			—	—	(3)	100 % (3)
HBC Holdings, LLC 39 Brighton Avenue Allston, MA 02134	(1)	(1)	(2)	(2)	—	—
Ronald Brown c/o New England Realty Associates Limited Partnership 39 Brighton Avenue Allston, MA 02134	3,087 (4) (6)	3 % (4) (6)	5,772	25 %	(3)	100 % (3)
Guilliaem Aertsen 175 West Brookline Street Boston, MA 02118	—	—	—	—	—	—
David Aloise 241 Cottage Park Road Winthrop, MA 02152	—	—	—	—	—	—
Andrew Bloch 6 Oxbow Road Wayland, MA. 01778	—	—	—	—	—	—
Eunice Harps 5 Holyoke Street #1 Boston, MA 02116	—	—	—	—	—	—
Sally Michael 4 Park Road Sharon.MA. 02067	(1) (5)	(1) (5)	(2)	(2)	(3)	100 % (3)
David Reier 7 Wheeler Road Lexington, MA. 02420	(1) (5) (6)	(1) (5) (6)	(2)	(2)	(3)	100 % (3)
NewReal, Inc. 39 Brighton Avenue Allston, MA 02134	333	0.34 %	—	—	1,215	100 %
All directors and officers as a group	30,048 (7)	31.08 % (7)	23,088 (8)	100 % (8)	1,215 (3)	100 % (3)
5% Owners that are not Directors and Officers						
Maura Brown 39 Brighton Avenue Alston, MA 02134	5,170	5.32 %	—	—	—	—

(1) As of December 31, 2021, 515,349 Depositary Receipts are held of record by HBC Holdings, LLC (HBC). Jameson Brown and Sally Michael are the managers of HBC with joint voting and dispositive control over the Depositary Receipts. Accordingly, Mr. Brown and Ms. Michael may be deemed to beneficially own the Depositary Receipts held by HBC. Because a Depositary Receipt represents beneficial ownership of one-thirtieth of a Class A Unit, HBC was deemed to beneficially own approximately 17,178 Class A Units. (Approximately 17.67% of the outstanding Class A Units).

(2) Consists of Class B Units held by HBC. See Note (1) above. Jameson Brown and Sally Michael as Managers, have voting and investment power over the Class B Units held by the LLC, subject to the provisions of the LLC, and thus may be deemed to beneficially own the Class B Units held by HBC.

(3) Since The Harold Brown 2013 Revocable Trust and Ronald Brown are the controlling stockholders, executive officers and directors of NewReal, Inc., they may be deemed to beneficially own all of the General Partnership Units

held of record by NewReal, Inc. Sally Michael and David Reier are the trustees of the Harold Brown 2013 Revocable Trust.

(4) Consists of 92,600 Depositary Receipts held of record jointly by Ronald Brown and his wife. Because a Depositary Receipt represents beneficial ownership of one-thirtieth of a Class A Unit, Ronald Brown may be deemed to beneficially own approximately 3,087 Class A Units. (Approximately 3.18% of the outstanding Class A Units).

(5) Consists of 287,500 Depositary Receipts held by the HJB 2009 Holdings, LLC. The HJB 2009 Holdings LLC is owned 33.73% by the Harold Brown 2009 Irrevocable Trust FBO Harley Oliver Brown and 33.33% by the Harold Brown 2009 Irrevocable Trust FBO Jameson Pruitt Brown. Sally Michael and David Reier are the trustees of the trusts with joint voting and dispositive control over the Depositary Receipts. Accordingly, Ms. Michael and Mr. Reier may be deemed to beneficially own the Depositary Receipts held by the LLC. Because a Depositary Receipt represents beneficial ownership of one thirtieth of a Class A Unit, the Trusts collectively may be deemed to beneficially own approximately 9,583 Class A Units. (Approximately 9.86% of the outstanding Class A Units).

(6) Does not include 62,190 Depositary Receipts held by the Hamilton Company Charitable Foundation. Jameson Brown and Ronald Brown are trustees of the foundation and jointly have voting and dispositive control over the Depositary Receipts. Accordingly, the Browns may be deemed to beneficially own the Depositary Receipts held by the Foundation Because a Depositary Receipt represents beneficial ownership of on thirtieth of a Class A Unit, the Foundation may be deemed to beneficially own approximately 2,073 Class A Units. (Approximately 2.13% of the outstanding Class A Units).

(7) Consists of the Class A Units described in Notes (1) (5) above, plus New Real, Inc., Jameson Brown and Ronald Brown, as indicated in the table.

(8) Includes the Class B Units described in Note (2) above.

On November 13, 2000, the Partnership adopted a Policy for Establishment of Rule 10b5-1 Trading Plans. Pursuant to this Policy, the Partnership authorized its officers, directors and certain employees, shareholders and affiliates who are deemed “insiders” of the Partnership to adopt individual plans for trading the Partnership’s securities (“Trading Plans”), and established certain procedural requirements relating to the establishment, modification and termination of such Trading Plans. The Partnership does not have any securities authorized for issuance pursuant to any equity compensation plans.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Jameson Brown is the nephew of Ronald Brown.

Jameson Brown and Sally Michael, are the managers of HBC Holdings, LLC, which owns 17,316 Class A units of the Partnership, and 75% of the Class B Units of the Partnership;

Sally Michael and David Reier are the Trustees of both the Harold Brown 2009 Irrevocable Trust FBO Harley Oliver Brown and the Harold Brown 2009 Irrevocable Trust FBO Jameson Pruitt Brown, which together own HJB 2009 Holdings, LLC, which owns 9,583 Class A units of the Partnership;

Jameson Brown and Ronald Brown are Trustees of the Hamilton Company Charitable Foundation, which owns 2,073 Class A units of the Partnership.

David Aloise and Eunice Harps are determined to be independent under the rules of the NYSE Amex Exchange and the SEC. The board holds regularly scheduled meetings.

The Partnership’s written policy with respect to the review and approval of related party transactions is governed by the Partnership Agreement which assigns the Advisory Committee with the responsibility to approve or

Table of Contents

reject all proposed acquisitions and investments with or from the General Partner or an Affiliate. Related Parties are identified by the Officers of the management company and material transactions are reported to and reviewed by the Audit Committee on a quarterly basis.

The Partnership invested approximately $34,885,000 in seven limited liability companies formed to acquire Investment Properties. The Partnership has a 40%- 50% ownership interest in each of these limited liability companies accounted for on the equity method of consolidation. The majority stockholder of the General Partner owns between 47.6% and 59% and five current and former employees of the management company own between 0% and 2.4% in each of the Investment Properties. See Note 14 of the consolidated financial statements for a description of the Investment Properties**.**

See also “Item 2. Properties,” “Item 10. Directors and Executive Officers of the Registrant” and “Item 11. Executive Compensation” for information regarding the fees paid to The Hamilton Company, an affiliate of the General Partner.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES MW TO PROVIDE

Miller Wachman LLP served as the Partnership’s independent accountants for the fiscal year ended December 31, 2021 and has reported on the 2021 Consolidated Financial Statements. Aggregate fees rendered to Miller Wachman LLP for the years ended December 31, 2021 and 2020 were as follows:

	2021	2020
Audit Fees		
Recurring annual audits and quarterly reviews	$ 316,000	$ 316,000
Subtotal	316,000	316,000
Tax Fees		
Recurring tax compliance for the Partnership, 19 subsidiary Partnerships and 18 General Partnerships	105,000	105,000
Subtotal	105,000	105,000
Total Fees	$ 421,000	$ 421,000

The Audit Committee’s charter provides that it has the sole authority to review in advance and grant any pre-approvals of (i) all auditing services to be provided by the independent auditor, (ii) all significant non-audit services to be provided by the independent auditors as permitted by Section 10A of the Securities Exchange Act of 1934, and (iii) all fees and the terms of engagement with respect to such services. All audit and non-audit services performed by Miller Wachman during fiscal 2021 and 2020 were pre-approved pursuant to the procedures outlined above.

(a) Audit of revenues and certain expenses and review of proforma financial information of significant acquisition.

Table of Contents

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) 1. Financial Statements:

The following Financial Statements are included in this Form 10- K:

Report of Independent Registered Public Accounting Firm (PCAOB ID 566)

Consolidated Balance Sheets at December 31, 2021 and 2020

Consolidated Statements of Income for the Years ended December 31, 2021, 2020 and 2019

Consolidated Statements of Changes in Partners' Capital for the Years ended December 31, 2021, 2020 and 2019

Consolidated Statements of Cash Flows for the Years ended December 31, 2021, 2020 and 2019

Notes to Consolidated Financial Statements

2. Consolidated Financial Statement Schedules:

Financial statement schedules are omitted because they are not applicable or not required, or because the required information is included in the financial statements or notes thereto.

(b) Exhibits:

The exhibits filed as part of this Annual Report on Form 10-K are listed in the Exhibit Index included herewith.

ITEM 16. Form 10-K Summary

Not applicable

Table of Contents

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM
To the Partners of
New England Realty Associates Limited Partnership

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of New England Realty Associates Limited Partnership ("the Partnership") as of December 31, 2021 and 2020, and the related consolidated statements of income, changes in partners' capital and cash flows for each of the years in the three-year period ended December 31, 2021, and the related notes (collectively referred to as the financial statements). We also have audited the Partnership's internal control over financial reporting as of December 31, 2021, based on criteria established in Internal Control—Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Partnership as of December 31, 2021 and 2020, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2021, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, the Partnership maintained, in all material respects, effective internal control over financial reporting as of December 31, 2021, based on criteria established in Internal Control—Integrated Framework (2013) issued by COSO.

Basis for Opinion

The Partnership's management is responsible for these financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express an opinion on the Partnership's consolidated financial statements and an opinion on the Partnership's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Partnership Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Partnership in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the financial statements included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A Partnership's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Partnership's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Partnership; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting

Table of Contents

principles, and that receipts and expenditures of the Partnership are being made only in accordance with authorizations of management and directors of the Partnership; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Partnership's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Impairment of Investment Properties

As described in footnote 1, the Partnership reviews the carrying value of investment properties on an annual basis or whenever events or changes in circumstances indicate a possible impairment. Events or circumstances that may prompt a review of the carrying value of investment properties may include a significant decrease in the anticipated market price of the investment property, an adverse change to the extent or manner in which an asset may be used, or a significant change in its physical condition or damage due to catastrophic event.

The Partnership reviews its investment properties for potential impairment through an analysis of net operating income. In the event that any impairment indicators are present, the Partnership undertakes additional analyses utilizing expected undiscounted future cash flows, expected disposition proceeds for a given asset and anticipated rates of return for its recent acquisitions. Forecasting of cash flows requires management to make estimates and assumptions about such variables as the anticipated holding period, rental revenues and operating expenses during the holding period, capital expenditures and rates of return. In 2021, the Partnership's net operating income analysis resulted in three properties requiring additional analysis. No impairments were identified in 2021 as a result of the Partnership's analysis.

The principal consideration for our determination that the impairment of investment properties is a critical audit matter is that it involves a high degree of subjectivity in evaluating management's estimates used in determining the undiscounted cash flow estimates. We performed the following procedures, among others, in connection with forming our overall opinion on the consolidated financial statements. We tested management's internal controls over the identification of potential investment property impairments, such as controls over the Partnership's annually analysis of net operating income, as well management review controls to identify potential events which could indicate impairment. We examined and evaluated the Partnership's net operating income trend analysis and its assessment of other events, and if additional analysis was necessary, we evaluated the significant assumptions and methods used in developing the undiscounted cash flow estimates. When the net operating income analysis indicated that additional analysis was required, we assessed whether the significant assumptions, including estimated holding period, rental revenues and operating expenses during the holding period, capital expenditures and rates of return used in determining the future undiscounted cash flows were reasonable.

Evaluation of the identification of related parties and related party transactions

As discussed in Note 3 to the consolidated financial statements, The General Partner engages The Hamilton Company, Inc. to manage the properties of the Partnership and its Joint Ventures. The Hamilton Company, Inc. is wholly owned by Brown family related entities. In addition, The Partnership shares ownership of seven of its Joint Ventures with the Brown family related entities. Each of these entities is a related party. The Partnership has entered a number of

Table of Contents

transactions with the Hamilton Company, Inc. including property management services and other professional services such as legal, accounting and construction. These fees are permitted by the Partnership Agreement.

We identified the evaluation of the identification of related parties and related party transactions as a critical audit matter. Auditor judgment was involved in assessing the sufficiency of the procedures performed to identify related parties and related party transactions of the Partnership.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls over the Partnership's related party process, including controls over the identification of the Partnership's related party relationships and transactions. We read agreements and contracts between the Partnership and related parties; queried the accounts payable system for transactions with related parties; evaluated the Partnership's reconciliation of its applicable accounts to the related parties' records of transactions and balances; read the Partnership's minutes from meetings of the Board of Directors and related committees; inquired with executive officers, key members of management, and the Audit Committee of the Board of Directors regarding related party transactions; and read public filings, external news and research sources for information related to transactions between the Partnership and related parties.

/s/ Miller Wachman LLP

We have served as the Partnership's auditor since 1993
Boston, Massachusetts
March 11, 2022

Table of Contents

NEW ENGLAND REALTY ASSOCIATES LIMITED PARTNERSHIP AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

	December 31, 2021	December 31, 2020
ASSETS		
Rental Properties	$ 251,355,202	$ 264,609,887
Cash and Cash Equivalents	96,083,508	18,646,972
Rents Receivable	935,303	1,412,074
Real Estate Tax Escrows	861,697	534,941
Prepaid Expenses and Other Assets	6,183,981	5,054,959
Investments in Unconsolidated Joint Ventures	1,455,888	1,410,769
Total Assets	$ 356,875,579	$ 291,669,602
LIABILITIES AND PARTNERS' CAPITAL		
Mortgage Notes Payable	$ 370,481,390	$ 283,444,533
Notes Payable	—	17,000,000
Distribution and Loss in Excess of Investment in Unconsolidated Joint Venture	22,992,420	21,339,743
Accounts Payable and Accrued Expenses	4,324,879	3,888,237
Advance Rental Payments and Security Deposits	8,369,497	7,466,134
Total Liabilities	406,168,186	333,138,647
Commitments and Contingent Liabilities (Notes 3 and 9)	—	—
Partners' Capital 121,516 and 121,756 units outstanding in 2021 and 2020 respectively	(49,292,607)	(41,469,045)
Total Liabilities and Partners' Capital	$ 356,875,579	$ 291,669,602

See notes to consolidated financial statements

Table of Contents

NEW ENGLAND REALTY ASSOCIATES LIMITED PARTNERSHIP AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

	Year Ended December 31, 2021	2020	2019
Revenues			
Rental income	$ 62,175,592	$ 61,661,551	$ 60,012,174
Laundry and sundry income	462,862	441,159	465,140
	62,638,454	62,102,710	60,477,314
Expenses			
Administrative	2,476,593	2,209,780	2,495,272
Depreciation and amortization	16,671,076	18,410,811	14,684,248
Management fee	2,523,943	2,452,814	2,409,151
Operating	6,471,250	5,766,160	5,682,264
Renting	1,241,298	864,542	953,043
Repairs and maintenance	10,069,325	8,781,789	9,191,561
Taxes and insurance	8,942,469	8,647,781	7,790,008
	48,395,954	47,133,677	43,205,547
Income Before Other Income (Expense)	14,242,500	14,969,033	17,271,767
Other Income (Expense)			
Interest income	87	195	607
Interest expense	(13,629,463)	(13,705,415)	(12,201,966)
Income (loss) from investments in unconsolidated joint ventures	(567,308)	160,715	1,678,554
Other (expenses)	(2,745,979)	—	(201,710)
	(16,942,663)	(13,544,505)	(10,724,515)
Net (Loss) Income	$ (2,700,163)	$ 1,424,528	$ 6,547,252
Net (Loss) Income per Unit	$ (22.19)	$ 11.70	$ 53.48
Weighted Average Number of Units Outstanding	121,696	121,786	122,422

See notes to consolidated financial statements.

Table of Contents

NEW ENGLAND REALTY ASSOCIATES LIMITED PARTNERSHIP AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN PARTNERS' CAPITAL

	Units						Partner's Capital			
	Limited		General		Treasury		Limited		General	
	Class A	Class B	Partnership	Subtotal	Units	Total	Class A	Class B	Partnership	Total
Balance January 1, 2019	144,180	34,243	1,802	180,225	55,839	124,386	$ (28,527,352)	(6,741,825)	(354,833)	$ (35,624,010)
Distribution to Partners	—	—	—	—	—	—	(3,757,514)	(892,410)	(46,969)	(4,696,893)
Stock Buyback	—	—	—	—	2,408	(2,408)	(3,240,181)	(769,458)	(40,498)	(4,050,137)
Net Income	—	—	—	—	—	—	5,237,802	1,243,978	65,473	6,547,252
Balance December 31 , 2019	144,180	34,243	1,802	180,225	58,247	121,978	$ (30,287,245)	$ (7,159,715)	$ (376,827)	$ (37,823,788)
Distribution to Partners	—	—	—	—	—	—	(3,740,604)	(888,393)	(46,757)	(4,675,754)
Stock Buyback	—	—	—	—	222	(222)	(315,220)	(74,870)	(3,941)	(394,031)
Net Income	—	—	—	—	—	—	1,139,622	270,660	14,245	1,424,528
Balance December 31, 2020	144,180	34,243	1,802	180,225	58,469	121,756	$ (33,203,447)	$ (7,852,318)	$ (413,280)	$ (41,469,045)
Distribution to Partners	—	—	—	—	—	—	(3,738,512)	(887,897)	(46,731)	(4,673,140)
Stock Buyback	—	—	—	—	240	(240)	(360,266)	(85,492)	(4,500)	(450,258)
Net (Loss)	—	—	—	—	—	—	(2,160,131)	(513,031)	(27,002)	(2,700,163)
Balance December 31, 2021	144,180	34,243	1,802	180,225	58,709	121,516	$ (39,462,357)	(9,338,738)	(491,512)	(49,292,607)

See notes to consolidated financial statements.

Table of Contents

NEW ENGLAND REALTY ASSOCIATES LIMITED PARTNERSHIP AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31, 2021	2020	2019
Cash Flows from Operating Activities			
Net (Loss) Income	$ (2,700,163)	$ 1,424,528	$ 6,547,252
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation and amortization	16,671,076	18,410,811	14,684,248
Amortization of deferred finance costs	312,335	239,755	338,201
Loss (Income) from investments in joint ventures	567,308	(160,715)	(1,678,554)
Allowance for doubtful accounts	831,576	1,453,695	240,111
Change in operating assets and liabilities			
Proceeds from unconsolidated joint ventures	55,250	25,000	445,000
Decrease (Increase) in rents receivable	(354,806)	(2,381,159)	38,202
Increase (Decrease) in accounts payable and accrued expense	436,641	(386,030)	346,378
(Increase) Decrease in real estate tax escrow	(326,756)	(88,160)	49,043
(Increase) in prepaid expenses and other assets	(612,666)	(449,715)	(653,767)
Increase (Decrease) in advance rental payments and security deposits	903,363	(635,701)	2,092,781
Total Adjustments	18,483,321	16,027,781	15,901,643
Net cash provided by operating activities	15,783,158	17,452,309	22,448,895
Cash Flows From Investing Activities			
Distribution in excess of investment in unconsolidated joint ventures	1,066,109	1,536,732	3,450,781
(Investment) in unconsolidated joint ventures	(81,109)	(11,732)	(43,422)
Improvement of rental properties	(3,317,446)	(3,240,408)	(3,897,872)
Purchase of Rental Property	—	—	(28,787,130)
Net cash (used in) investing activities	(2,332,446)	(1,715,408)	(29,277,643)
Cash Flows from Financing Activities			
Payment of financing costs	(179,245)	(136,326)	(446,459)
Proceeds of mortgage notes payable	88,582,856	3,781,877	—
Proceeds (payments) of line of credit net	(17,000,000)	(1,000,000)	16,000,000
Principal payments of mortgage notes payable	(2,294,389)	(2,212,019)	(1,491,340)
Stock buyback	(450,258)	(394,031)	(4,050,137)
Distributions to partners	(4,673,140)	(4,675,754)	(4,696,893)
Net cash (used in) provided by financing activities	63,985,824	(4,636,253)	5,315,171
Net Increase (Decrease) in Cash and Cash Equivalents	77,436,536	11,100,648	(1,513,577)
Cash and Cash Equivalents, at beginning of period	18,646,972	7,546,324	9,059,901
Cash and Cash Equivalents, at end of period	$ 96,083,508	$ 18,646,972	$ 7,546,324

See notes to consolidated financial statements

Table of Contents

NEW ENGLAND REALTY ASSOCIATES LIMITED PARTNERSHIP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

DECEMBER 31, 2021

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 29 properties which include 21 residential buildings and properties; 4 mixed use residential, retail and office properties; 3 commercial properties, and individual units at one condominium complex. These properties total 2,892 apartment units, 19 condominium units and 108,043 square feet of commercial space. Additionally, the Partnership also owns a 40-50% interest in 7 residential and mixed use properties consisting of 688 apartment units, 12,500 square feet of commercial space and a 50 car parking lot. The properties are located in Eastern Massachusetts and Southern New Hampshire.

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

Principles of Consolidation: The consolidated financial statements include the accounts of NERA and its subsidiaries. NERA has a 99.67% to 100% ownership interest in each subsidiary except for the seven limited liability companies (the "Investment Properties" or "Joint Ventures") in which the Partnership has a 40 - 50% ownership interest. The consolidated group is referred to as the "Partnership". Minority interests are not recorded, since they are insignificant. All significant intercompany accounts and transactions are eliminated in consolidation. The Partnership accounts for its investment in the above-mentioned Investment Properties using the equity method of consolidation. (See Note 14: Investments 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 investment 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 certain 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

Table of Contents

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

Impairment: On an annual basis management assesses whether there are any indicators that the value of the Partnership's rental properties or investments in unconsolidated subsidiaries may be impaired. In addition to identifying any specific circumstances which may affect a property or properties, management considers other criteria for determining which properties may require assessment for potential impairment. The criteria considered by management include reviewing low leased percentages, significant near term lease expirations, recently acquired properties, current and historical operating and/or cash flow losses, near term mortgage debt maturities or other factors that might impact the Partnership's intent and ability to hold property. A property's value is impaired only if management's estimate of the aggregate future cash flows (undiscounted and without interest charges) to be generated by the property is less than the carrying value of the property. To the extent impairment has occurred, the loss shall be measured as the excess of the carrying amount of the property over the fair value of the property. The Partnership's estimates of aggregate future cash flows expected to be generated by each property are based on a number of assumptions that are subject to economic and market uncertainties including, among others, demand for space, competition for tenants, changes in market rental rates, and costs to operate each property. As these factors are difficult to predict and are subject to future events that may alter management's assumptions, the future cash flows estimated by management in its impairment analysis 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.

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

Rental Properties: Rental properties are stated at cost less accumulated depreciation. Maintenance and repairs are charged to expense as incurred; improvements and additions which improve or extend the life of the assets are capitalized. When assets are retired or otherwise disposed of, the cost of the asset and related accumulated depreciation is eliminated from the accounts, and any gain or loss on such disposition is included in income. Fully depreciated assets are removed from the accounts. Rental properties are depreciated by both straight-line and accelerated methods over

Table of Contents

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 allocates 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 conditions, and costs to execute similar leases at market rates during the expected lease-up periods, depending on local market conditions. In estimating costs to execute similar leases, management considers leasing commissions, legal and other related expenses. Characteristics considered by management in valuing tenant relationships include the nature and extent of the Partnership's existing business relationships with the tenant, growth prospects for developing new business with the tenant, the tenant's credit quality and expectations of lease renewals. The value of in-place leases are amortized to expense over the remaining initial terms of the respective leases. The value of tenant relationship intangibles are amortized to expense over the anticipated life of the relationships.

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

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

Deferred Financing Costs: Costs incurred in obtaining financing are capitalized and amortized over the term of the related indebtedness. Deferred financing costs are presented in the balance sheet as a direct deduction from the carrying value of the debt liability to which they relate, except deferred financing costs related to the revolving credit facility, which are presented in prepaid expenses and other assets. In all cases, amortization of such costs is included in interest expense and was approximately $313,000, $240,000 and $338,000 for the years ended December 31, 2021, 2020 and 2019 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.

Table of Contents

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 2021, 2020, or 2019 other than net income as reported.

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

Income Per Unit: Net income (loss) 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).

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 2021, 2020, or 2019. The Partnership makes its temporary cash investments with high-credit quality financial institutions. At December 31, 2021, 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 0.02%. At December 31, 2021 and 2020, respectively approximately $96,166,000 and $18,830,000 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 $331,176, $332,325 and $281,950 in 2021, 2020 and 2019, respectively.

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

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

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 years ended December 31, 2021, 2020 and 2019 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.

Table of Contents

NEW ENGLAND REALTY ASSOCIATES LIMITED PARTNERSHIP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

DECEMBER 31, 2021

NOTE 2. RENTAL PROPERTIES

As of December 31, 2021, the Partnership and its Subsidiary Partnerships owned 2,892 residential apartment units in 25 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 December 31, 2021, 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 seven residential and mixed use complexes (the "Investment Properties") at December 31, 2021 with a total of 688 units, accounted for using the equity method of consolidation. See Note 14 for summary information on these investments.

Rental properties consist of the following:

	December 31, 2021	December 31, 2020	Useful Life
Land, improvements and parking lots	$ 86,887,276	$ 86,867,393	15 -40 years
Buildings and improvements	253,952,680	253,322,865	15 -40 years
Kitchen cabinets	16,946,916	17,157,121	5 -10 years
Carpets	12,029,577	11,146,634	5 -10 years
Air conditioning	501,697	501,697	5 -10 years
Laundry equipment	608,271	608,271	5 -7 years
Elevators	1,885,265	1,885,265	20 -40 years
Swimming pools	1,090,604	1,092,194	10 -30 years
Equipment	18,072,761	17,596,043	5 -30 years
Motor vehicles	171,519	211,660	5 years
Fences	46,872	46,872	5 -15 years
Furniture and fixtures	7,898,163	7,697,137	5 -7 years
Smoke alarms	496,641	496,641	5 -7 years
Total fixed assets	400,588,242	398,629,793	
Less: Accumulated depreciation	(149,233,040)	(134,019,906)	
	$ 251,355,202	$ 264,609,887	

Table of Contents

NEW ENGLAND REALTY ASSOCIATES LIMITED PARTNERSHIP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

DECEMBER 31, 2021

Property Name Type Location	Encumbrances (First Mortgages)	Initial Cost to Partnerships(1)		Cost Capitalized Subsequent to Acquisition(2)	Gross Amount at Which Carried at Close of Period			Accumulated Depreciation	Years Built/ Redecorated Date Acquired	Depreciable Lives Years
		Land	Buildings Improvements	Improvements	Land	Buildings Improvements	Totals			
Boylston Downtown L.P. Residential Apartments Boston, Massachusetts	$ 35,877,479	$ 2,112,000	$ 8,593,109	$ 10,320,968	$ 2,268,528	$ 18,914,077	$ 21,182,605	$ 15,426,451	July 1995	(3)
Brookside Associates LLC Residential Apartments Woburn, Massachusetts	$ 6,175,000	$ 684,000	$ 3,116,000	$ 411,502	$ 684,000	$ 3,527,502	$ 4,211,502	$ 2,688,358	Oct. 2000	(3)
Clovelly Apartments L.P. Residential Apartments Nashua, New Hampshire	$ 11,214,000	$ 177,610	$ 1,478,359	$ 1,590,269	$ 177,610	$ 3,068,628	$ 3,246,238	$ 2,444,383	Sept. 1977	(3)
Commonwealth 1137 L.P. Residential Apartments Boston, Massachusetts	$ 5,440,000	$ 342,000	$ 1,367,669	$ 973,511	$ 342,000	$ 2,341,180	$ 2,683,180	$ 1,991,634	July 1995	(3)
Commonwealth 1144 L.P. Residential Apartments Boston, Massachusetts	$ 32,325,000	$ 1,410,000	$ 5,664,816	$ 4,296,087	$ 1,410,000	$ 9,960,903	$ 11,370,903	$ 7,566,432	July 1995	(3)
Executive Apartments L.P. Residential Apartments Framingham, Massachusetts	$ 8,190,000	$ 91,400	$ 740,360	$ 1,451,297	$ 91,400	$ 2,191,657	$ 2,283,057	$ 1,542,613	Sept. 1977	(3)
Hamilton Battle Green LLC Residential Apartments Lexington, Massachusetts	$ 4,020,965	$ 1,341,737	$ 8,457,497	$ 130,841	$ 1,341,737	$ 8,588,338	$ 9,930,075	$ 3,656,897	Jun. 2011	(3)
Hamilton Cypress LLC Commercial- 1031 Exchange Brookline, Massachusetts	$ —	$ 2,362,596	$ 4,613,985	$ 19,392	$ 2,362,596	$ 4,633,377	$ 6,995,973	$ 1,715,282	Oct. 2008	(3)
Hamilton Green Apartments, LLC Residential Apartments Andover, Massachusetts	$ 33,783,041	$ 16,054,336	$ 44,794,438	$ (8,374,341)	$ 16,054,336	$ 36,420,097	$ 52,474,433	$ 13,687,188	Jul. 2013	(3)
Hamilton Highlands, LLC Residential Apartments Needham,Massachsetts	$ 20,086,380	$ 6,815,522	$ 27,262,087	704,759	6,815,522	$ 27,966,846	$ 34,782,368	6,453,152	Mar. 2018	(3)
Hamilton Linewt LLC Commercial 1031 Exchange Newton,Massachusetts	$ —	$ 884,042	$ 2,652,127	$ 134,614	$ 884,042	$ 2,786,741	$ 3,670,783	$ 987,705	Nov. 2007	(3)
Hamilton Oaks Associates LLC Residential Apartments Brockton, Massachusetts	$ 26,666,000	$ 2,175,000	$ 12,325,000	$ 3,935,300	$ 2,175,000	$ 16,260,300	$ 18,435,300	$ 12,488,092	Dec. 1999	(3)
Highland Street Apartments, L.P. Residential Apartments Lowell, Massachusetts	$ 3,960,000	$ 156,000	$ 634,085	$ 390,383	$ 156,000	$ 1,024,468	$ 1,180,468	$ 772,127	Dec. 1996	(3)
Linhart L.P. Residential / Commercial Newton, Massachusetts	$ —	$ 385,000	$ 1,540,000	$ 1,817,632	$ 385,000	$ 3,357,632	$ 3,742,632	$ 2,752,397	Jan. 1995	(3)
Mill Street Gardens, LLC Residential Apartments Woburn, Massachusetts	$ 31,000,000	$ 9,798,478	$ 43,568,912	2,702,946	9,798,478	$ 46,271,858	$ 56,070,336	5,828,719	Dec. 2019	(3)
Mill Street Development, Woburn, Massachusetts	$ —	$ 1,375,000	$ 1,125,000	17,280	1,375,000	$ 1,142,280	$ 2,517,280	83,090	Dec. 2019	(3)
NERA Dean St. Associates LLC Residential Apartments Norwood, Massachusetts	$ 5,687,000	$ 1,512,000	$ 5,701,480	$ 1,274,463	$ 1,512,000	$ 6,975,943	$ 8,487,943	$ 4,819,975	Jun. 2002	(3)
North Beacon 140 L.P. Residential Apartments Boston, Massachusetts	$ 12,683,000	$ 936,000	$ 3,762,013	$ 2,538,548	$ 936,000	$ 6,300,561	$ 7,236,561	$ 5,450,762	July 1995	(3)
Olde English Apartments L.P. Residential Apartments Lowell, Massachusetts	$ 9,608,000	$ 46,181	$ 878,323	$ 1,057,115	$ 46,181	$ 1,935,438	$ 1,981,619	$ 1,395,205	Sept. 1977	(3)
Redwood Hills L.P. Residential Apartments Worcester,Massachusetts	$ 17,105,000	$ 1,200,000	$ 4,810,604	$ 5,188,284	$ 1,200,000	$ 9,998,888	$ 11,198,888	$ 7,292,620	July 1995	(3)
Residences at Captain Parkers LLC Residential Apartments Lexington, Massachusetts	$ 20,750,000	$ 6,247,153	$ 24,954,777	$ 545,146	$ 6,247,153	$ 25,499,923	$ 31,747,076	$ 6,969,892	Sept. 2015	(3)
River Drive L.P Residential Apartments Danvers, Massachusetts	$ 9,543,000	$ 72,525	$ 587,777	$ 1,061,129	$ 72,525	$ 1,648,906	$ 1,721,431	$ 1,018,631	Sept. 1977	(3)
Riverside Apartments Condominium Units Watertown Massachustts	$ —	$ 23,346	$ 190,807	$ 146,281	$ 23,346	$ 337,088	$ 360,434	$ 265,663	Sept. 1977	(3)
School St Assoc LLC Residential Apartments Framingham, Massachusetts	$ 13,343,384	$ 4,686,728	$ 18,746,911	$ (327,390)	$ 4,686,728	$ 18,419,521	$ 23,106,249	$ 11,938,523	Apr. 2003	(3)
WRF Associates LLC Strip Mall Framingham, Massachusetts	$ 6,017,073	$ 3,280,000	$ 4,920,000	$ 81,477	$ 3,280,000	$ 5,001,477	$ 8,281,477	$ 3,737,621	May 1999	(3)
WCB Associates LLC Residential Apartments Brockton, Massachusetts	$ 19,266,000	$ 1,335,000	$ 7,565,501	$ 2,439,034	$ 1,335,000	$ 10,004,535	$ 11,339,535	$ 7,717,406	Dec. 1999	(3)
Wesgate Apartments Burlington LLC Residential Apartments Burlington, Massachusetts	$ 2,500,000	$ 44,965	$ 4,478,687	$ 289,967	$ 44,965	$ 4,768,654	$ 4,813,619	$ 3,042,020	Sept. 2004	(3)
Westgate Apartments LLC Residential Apartments Woburn, Massachusetts	$ 15,700,000	$ 461,300	$ 2,424,636	$ 6,523,940	$ 461,300	$ 8,948,576	$ 9,409,876	$ 6,059,988	Sept. 1977	(3)
Woodland Park Apartments LLC Residential Apartments Newton Massachusetts	$ 22,250,000	$ 9,114,334	$ 35,874,994	$ 1,137,070	$ 9,114,334	$ 37,012,064	$ 46,126,398	$ 9,440,214	July 2017	(3)
	$ 373,190,322	**$ 75,124,253**	**$ 282,829,954**	**$ 42,477,504**	**$ 75,280,781**	**$ 325,307,458**	**$ 400,588,242**	**$ 149,233,040**		

(1) The initial cost to the Partnerships represents both the balance of mortgages assumed in September 1977, including subsequent adjustments to such amounts, and subsequent acquisitions at cost.

(2) Net of retirements.

Table of Contents

NEW ENGLAND REALTY ASSOCIATES LIMITED PARTNERSHIP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

DECEMBER 31, 2021

(3) In 2021, rental properties were depreciated over the following estimated useful lives:

Assets	Life
Buildings and Improvements	10 - 40 years
Other Categories of Assets	5 - 15 years

A reconciliation of rental properties and accumulated depreciation is as follows:

	December 31, 2021	December 31, 2020	December 31, 2019
Rental Properties			
Balance, Beginning	$ 398,629,793	$ 398,554,000	$ 337,902,411
Additions:			
Buildings, improvements and other assets	3,317,445	3,240,408	62,267,137
	401,947,238	401,794,408	400,169,548
Deduct:			
Write-offs of retired or disposed assets	1,358,996	3,164,615	1,615,548
Rental properties held for sale and/or sold			
Balance, Ending	$ 400,588,242	$ 398,629,793	$ 398,554,000
Accumulated Depreciation			
Balance, Beginning	$ 134,019,906	$ 120,190,012	$ 107,391,148
Add:			
Depreciation for the year	16,572,131	16,994,509	14,414,411
	150,592,037	137,184,521	121,805,559
Deduct			
Accumulated depreciation of retired or disposed assets	1,358,997	3,164,615	1,615,547
Balance, Ending	$ 149,233,040	$ 134,019,906	$ 120,190,012

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

The Partnership used the proceeds to pay down approximately $65,305,000 of existing debt secured by 11 properties, along with approximately $2,700,000 in prepayment penalties, which is included in Other Loss in the Consolidated Statements of Income. The remaining balance of approximately $89,000,000 will be used for general partnership purposes. See schedule in Note 5, Mortgage Notes Payable, for the details of the transaction as it relates to the specific properties.

On March 31, 2020, Nera Brookside Associates, LLC (“Brookside Apartments”), entered into a Mortgage Note with KeyBank National Associates (KeyBank) in the principal amount of $6,175,000. Interest only payments on the Note are payable on a monthly basis at a fixed interest rate of 3.53% per annum, and the principal amount of the Note is due and payable on April 1, 2035. The Note is secured by a mortgage on the Brookside apartment complex located at 5-12 Totman Drive, Woburn, Massachusetts pursuant to a Mortgage, Assignment of Leases and Rents and Security Agreement dated March 31, 2020. The Note is guaranteed by the Partnership pursuant to a Guaranty Agreement dated March 31, 2020. Brookside Apartments used the proceeds of the loan to pay off an outstanding loan of approximately $2,390,000, with the remaining portion of the proceeds added to cash reserves. In connection with this refinancing, there were closing costs of approximately $136,000.

Table of Contents

On December 20, 2019, Mill Street Gardens, LLC and Mill Street Development, LLC, collectively referred to as Mill Street, a wholly-owned subsidiary of New England Realty Associates Limited Partnership (the "Partnership") closed on a Purchase Agreement dated as of September 27, 2019 with Ninety-Three Realty Limited Partnership (the "Purchase Agreement") pursuant to which Mill Street acquired Country Club Garden Apartments, a 181 unit apartment complex located at 57 Mill Street, Woburn, Massachusetts (the "Property") for an aggregate purchase price of $59,550,000 in cash. Mill Street funded $18,000,000 of the purchase price out of an existing line of credit, $10,550,000 of the cash portion of the purchase price out of cash reserves and the remaining $31,000,000 from the proceeds of the Loan. The closing costs were approximately $237,000. From the purchase price, the Partnership allocated approximately $1,282,000 for in- place leases, and approximately $136,000 to the value of tenant relationships. These amounts are being amortized over 12 and 36 months respectively.

On December 20, 2019, Mill Street entered into a Loan Agreement (the "Agreement") with Insurance Strategy Funding Corp. LLC providing for a loan (the "Loan") in the maximum principal amount of $35,000,000, consisting of the initial advance of $31,000,000 and a subsequent advance of up to $4,000,000 if certain financial conditions are met. Interest on the Note is payable on a monthly basis at a fixed interest rate of: (i) 3.586% per annum with respect to the initial advance and (ii) the greater of (A) the sum of the market spread rate and the interpolated (based on the remaining term of the Loan) US Treasury rate at the time of the advance and (B) 3.500% with respect to any subsequent advance. The principal amount of the Note is due and payable on January 1, 2035. The Note is secured by a mortgage on the Property and is guaranteed by the Partnership pursuant to a Guaranty Agreement dated December 20, 2019.

On May 31, 2019, Residences at Captain Parker, LLC ("Captain Parker"), entered into a Mortgage Note with Strategy Funding Corp., LLC in the principal amount of $20,750,000. Interest only payments on the Note are payable on a monthly basis at a fixed interest rate of 4.05% per annum, and the principal amount of the Note is due and payable on June 1, 2029. The Note is secured by a mortgage on the Captain Parker apartment complex located at 125 Worthen Road and Ryder Lane, Lexington, Massachusetts pursuant to a Mortgage, Assignment of Leases and Rents and Security Agreement dated May 31, 2019. The Note is guaranteed by the Partnership pursuant to a Guaranty Agreement dated May 31, 2019. Captain Parker used the proceeds of the loan to pay off an outstanding loan of approximately $20,071,000. In connection with this refinancing, the property incurred a prepayment penalty of approximately $202,000. This expense was included in other expense on the consolidated statement of income.

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 of rental revenue and laundry income on the majority of the Partnership's properties and 3% on Linewt. Total fees paid were approximately $2,524,000, $2,453,000 and $2,409,000 in 2021, 2020 and 2019, 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. In 2021, 2020 and 2019, approximately $1,086,000, $1,080,000 and $1,702,000, was charged to NERA for legal, accounting, construction, maintenance, rental and architectural services supervision of capital improvements and brokerage commissions. Of the 2021 expenses referred to above, approximately $220,000 consisted of repairs and maintenance, and $285,000 of administrative expense. Approximately $581,000 of expenses for construction, architectural services and supervision of capital projects were capitalized in rental properties. Additionally in 2021, the Hamilton Company received approximately $692,000 from the Investment Properties of which approximately $575,000 was the management fee, approximately $55,000 was for construction, architectural services and supervision of capital projects, approximately $34,000 was for maintenance services, and approximately $28,000 was for administrative services. The management fee is equal to 4% of gross receipts rental income on the majority of investment properties and 2% on Dexter Park.

Table of Contents

NEW ENGLAND REALTY ASSOCIATES LIMITED PARTNERSHIP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

DECEMBER 31, 2021

The Partnership reimburses the management company for the payroll and related expenses of the employees who work at the properties. Total reimbursement was approximately $3,640,000, $3,535,000 and $3,384,000 for the years ended December 31, 2021, 2020 and 2019, 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. In 2021, 2020, and 2019, the Partnership recognized approximately $45,000, $45,000 and $45,000 respectively for the employer's match contribution to the plan. See Note 15.

Bookkeeping and accounting functions are provided by the Management Company's accounting staff, which consists of approximately 14 people. During the years ended December 31, 2021, 2020 and 2019 the Management Company charged the Partnership $125,000 per year for bookkeeping and accounting services included in administrative expenses above.

The Partnership has invested in seven limited partnerships, which have invested in mixed use residential apartment complexes. The Partnership has a 40% to 50% ownership interest in each investment property. The other investors, as of December 31, 2021, are various related entities of the Brown family, and five current and previous employees of the Management Company. The Brown Family related entities' ownership interest is between 47.6% and 59%. See Note 14 for a description of the properties and their operations.

The Advisory Committee held 4 meetings during 2021, and a total of $25,000 was paid for attendance and participation in such meetings. Additionally, the Audit Committee held 4 meetings in 2021 and a total of $32,000 was paid for attendance and participation in such meetings.

Sally Michael is a Director of NewReal,Inc., and she is a partner at Saul Ewing Arnstein & Lear LLP. Saul Ewing billed the Partnership for legal fees totaling $168,000, $25,000,and $86,000 for 2021, 2020, and 2019, respectively.

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

NOTE 4. PREPAID EXPENSES and OTHER ASSETS

Approximately $3,067,000 and $2,830,000 of security deposits are included in prepaid expenses and other assets at December 31, 2021 and 2020, respectively. The security deposits and escrow accounts are restricted cash.

Included in prepaid expenses and other assets at December 31, 2021 and 2020 is approximately $1,819,000 and $1,073,000, respectively, held in escrow to fund future capital improvements.

Intangible assets on the acquisition of Mill Street Apartments is included in prepaid expenses and other assets. Intangible assets are approximately $26,000 net of accumulated amortization of approximately $1,392,000 and approximately $51,000 net of accumulated amortization of approximately $1,367,000 at December 31, 2021 and 2020, respectively.

Financing fees in association with the refinancing and the line of credit of approximately $169,000 and $42,000 are net of accumulated amortization of approximately $10,000 and $6,000 at December 31, 2021 and 2020 respectively.

Table of Contents

NOTE 5. MORTGAGE NOTES PAYABLE

Mortgages Payable

At December 31, 2021 and 2020, the mortgages payable consisted of various loans, all of which were secured by first mortgages on properties referred to in Note 2. At December 31, 2021, the interest rates on these loans ranged from 2.97% to 4.95%, payable in monthly installments aggregating approximately $1,341,000, including principal, to various dates through 2035. The majority of the mortgages are subject to prepayment penalties. At December 31, 2021, the weighted average interest rate on the above mortgages was 3.61%. The effective rate of 3.68% 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.

Financing fees of approximately $2,709,000 and $1,345,000 are net of accumulated amortization of approximately $1,139,000 and $1,564,000 at December 31, 2021 and 2020, respectively, which offset the Mortgage Notes Payable.

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

Approximate annual maturities at December 31, 2021 are as follows:

2022—current maturities	$	2,705,000
2023		37,277,000
2024		10,965,000
2025		3,439,000
2026		24,968,000
Thereafter		293,836,000
		373,190,000
Less: unamortized deferred financing costs		2,709,000
	$	370,481,000

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

Table of Contents

NEW ENGLAND REALTY ASSOCIATES LIMITED PARTNERSHIP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

DECEMBER 31, 2021

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

The breakout by property of the material balances are as follows:

PROPERTY NAME	PREVIOUS MORTGAGE BALANCE	CURRENT MORTGAGE BALANCE	DEFERRED FINANCE COSTS	PREPAYMENT PENALTY
Clovelly Apts LP	$ 4,160,000	$ 11,214,000	$ 121,817	$ 167,141
Comm 1137 LP	3,750,000	5,440,000	60,504	151,314
Comm 1144 LP	14,780,000	32,325,000	340,007	592,728
Executive Apts LP	2,415,000	8,190,000	89,333	96,434
N.Beacon 140 LP	6,937,000	12,683,000	135,813	277,003
Olde English Apt LP	3,080,000	9,608,000	104,345	123,956
Redwood Hills LP	6,743,000	17,105,000	188,406	271,204
River Dr. LP	3,465,000	9,543,000	104,605	139,218
Highland St. Apts LP	1,050,000	3,960,000	45,076	41,928
WCB Assoc. LLC	7,000,000	19,266,000	204,586	408,873
Hamilton Oaks Assoc. LP	11,925,000	26,666,000	281,596	476,180
	$ 65,305,000	$ 156,000,000	$ 1,676,088	$ 2,745,979

On March 31, 2020, Nera Brookside Associates, LLC (“Brookside Apartments”), entered into a Mortgage Note with KeyBank National Associates (KeyBank) in the principal amount of $6,175,000. Interest only payments on the Note are payable on a monthly basis at a fixed interest rate of 3.53% per annum, and the principal amount of the Note is due and payable on April 1, 2035. The Note is secured by a mortgage on the Brookside apartment complex located at 5-12 Totman Drive, Woburn, Massachusetts pursuant to a Mortgage, Assignment of Leases and Rents and Security Agreement dated March 31, 2020. The Note is guaranteed by the Partnership pursuant to a Guaranty Agreement dated March 31, 2020. Brookside Apartments used the proceeds of the loan to pay off an outstanding loan of approximately $2,390,000, with the remaining portion of the proceeds added to cash reserves. In connection with this refinancing, there were closing costs of approximately $136,000.

On December 20, 2019, Mill Street Gardens, LLC and Mill Street Development LLC, collectively referred to as Mill Street, wholly-owned subsidiaries of New England Realty Associates Limited Partnership (the “Partnership”) closed on a Purchase Agreement dated as of September 27, 2019 with Ninety-Three Realty Limited Partnership (the “Purchase Agreement”) pursuant to which Mill Street acquired Country Club Garden Apartments, a 181 unit apartment complex located at 57 Mill Street, Woburn, Massachusetts (the “Property”) for an aggregate purchase price of $59,550,000 . Mill Street funded $18,000,000 of the purchase price out of an existing line of credit, $10,550,000 of the cash portion of the purchase price out of cash reserves and the remaining $31,000,000 from the proceeds of the Loan. The closing costs were approximately $237,000. From the purchase price, the Partnership allocated approximately $1,282,000 for in- place leases, and approximately $136,000 to the value of tenant relationships. These amounts are being amortized over 12 and 36 months respectively.

On December 20, 2019, Mill Street entered into a Loan Agreement (the “Agreement”) with Insurance Strategy Funding Corp. LLC providing for a loan (the “Loan”) in the maximum principal amount of $35,000,000, consisting of an initial advance of $31,000,000 and a subsequent advance of up to $4,000,000 if certain conditions are met. Interest on the Note is payable on a monthly basis at a fixed interest rate of: (i) 3.586% per annum with respect to the initial advance and (ii) the greater of (A) the sum of the market spread rate and the interpolated (based on the remaining term of the Loan) US Treasury rate at the time of the advance and (B) 3.500% with respect to any subsequent advance. The principal amount of the Note is due and payable on January 1, 2035. The Note is secured by a mortgage on the Property and is guaranteed by the Partnership pursuant to a Guaranty Agreement dated December 20, 2019.

Table of Contents

On May 31, 2019, Residences at Captain Parker, LLC ("Captain Parker"), entered into a Mortgage Note with Strategy Funding Corp., LLC in the principal amount of $20,750,000. Interest only payments on the Note are payable on a monthly basis at a fixed interest rate of 4.05% per annum, and the principal amount of the Note is due and payable on June 1, 2029. The Note is secured by a mortgage on the Captain Parker apartment complex located at 125 Worthen Road and Ryder Lane, Lexington, Massachusetts pursuant to a Mortgage, Assignment of Leases and Rents and Security Agreement dated May 31, 2019. The Note is guaranteed by the Partnership pursuant to a Guaranty Agreement dated May 31, 2019. Captain Parker used the proceeds of the loan to pay off an outstanding loan of approximately $20,071,000. In connection with this refinancing, the property incurred a prepayment penalty of approximately $202,000. This expense is included in other expense on the consolidated statement of income.

Line of Credit

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

On October 29, 2021, the Partnership closed on the modification of its existing line of credit. The agreement extends the credit line for three years until October 29, 2024. The commitment amount is for $25 million but is restricted to $17 million during the modification period. The modification period covers the current period and phases out by December 31, 2022. During this period, the loan covenants are modified from a minimum consolidated debt service ratio of 1.60 to a ratio of 1.35 until September 30, 2022; from a minimum tangible net worth requirement of $200 million to a net worth of $175 million until September 30, 2022; from a maximum consolidated leverage ratio of 65% to a ratio of 70% until September 30, 2022 and from a minimum debt yield of 9.5% to a yield of 8.5% until September 30, 2022 and a yield of 9.0% until December 31, 2022. Once the financial performance of the Partnership meets the original covenant tests for the trailing 12-month period, the commitment amount will return to $25 million. The portfolio's debt yield fell below the minimum of 8.5% to 8.04%.Consequently, as of December 31,2021, the Partnership did not comply with the debt yield financial covenant. As such, the Partnership is restricted to draw down any amount from the line of credit until the Partnership meets the required financial covenants.

The interest rate for the new term is LIBOR plus 300 basis points. The costs associated with the modification and renewal of the line of credit is approximately $179,000. On December 3, 2021, the Partnership paid off the outstanding balance of $17,000,000 on the Line of Credit.

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

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

The Partnership paid fees to secure the line of credit. Any unused balance of the line of credit, prior to the extension on October 29, 2021,was subject to a fee ranging from 15 to 20 basis points per annum. The Partnership paid approximately $10,000 during the year ended December 31, 2021.

Table of Contents

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 December 31, 2021 and 2020 respectively, amounts received for prepaid rents of approximately $2,173,000 and $1,942,000 are included in cash and cash equivalents, and security deposits of approximately $3,067,000 and $2,830,000 are included in prepaid expenses and other assets and are restricted cash.

NOTE 7. PARTNERS' CAPITAL

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

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.

In January 2022, the Partnership approved a quarterly distribution of $9.60 per Unit ($0.32 per Receipt), payable on March 31, 2022. In addition to the quarterly distribution, there will be a special distribution of $38.40 per Class A unit ($1.28 per Receipt) payable on March 31,2022.

In 2021 the Partnership paid a total distribution of an aggregate $38.40 per Unit ($1.28 per Receipt) for a total payment of $4,673,140. In 2020 the Partnership paid a total distribution of an aggregate $38.40 per Unit ($1.28 per Receipt) for a total payment of $4,675,754.

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:

	Year Ended December 31, 2021	Year Ended December 31, 2020
Net (Loss) Income per Depositary Receipt	$ (0.74)	$ 0.39
Distributions per Depositary Receipt	$ 1.28	$ 1.28

NOTE 8. TREASURY UNITS

Treasury Units at December 31, 2021 are as follows:

Class A	46,967
Class B	11,155
General Partnership	587
	58,709

On August 20, 2007, NewReal, Inc., the General Partner authorized an equity repurchase program

Table of Contents

("Repurchase Program") under which the Partnership was permitted to purchase, over a period of twelve months, up to 300,000 Depositary Receipts (each of which is one-tenth of a Class A Unit). Over time, the General Partner has authorized increases in the equity repurchase program. On March 10, 2015, the General Partner authorized an increase in the Repurchase Program from 1,500,000 to 2,000,000 Depository Receipts and extended the Program for an additional five years from March 31, 2015 until March 31, 2020. On March 9, 2020, the General Partner extended the program for an additional five years from March 31, 2020 to March 31, 2025. The Repurchase Program requires the Partnership to repurchase a proportionate number of Class B Units and General Partner Units in connection with any repurchases of any Depositary Receipts by the Partnership based upon the 80%, 19% and 1% fixed distribution percentages of the holders of the Class A, Class B and General Partner Units under the Partnership's Second Amended and Restated Contract of Limited Partnership. Repurchases of Depositary Receipts or Partnership Units pursuant to the Repurchase Program may be made by the Partnership from time to time in its sole discretion in open market transactions or in privately negotiated transactions.

From August 20, 2007 through December 31, 2021, the Partnership has repurchased 1,434,189 Depositary Receipts at an average price of $28.31 per receipt (or $849.30 per underlying Class A Unit), 3,618 Class B Units and 191 General Partnership Units, both at an average price of $ 1,043.00 per Unit, totaling approximately $45,168,000 including brokerage fees paid by the Partnership.

During the year ended December 31, 2021, the Partnership purchased a total of 5,752 Depositary Receipts. The average price was $62.58 per receipt or $1,877.40 per unit. The cost including commission was $360,266. The Partnership was required to repurchase 45.54 Class B Units and 2.40 General Partnership units at a cost of $85,492 and $4,500 respectively.

Given the economic uncertainty caused by the coronavirus pandemic, as of April 15, 2020, the Partnership elected to temporarily suspend the repurchase program. With the improving economic outlook and the return of students to universities in the Greater Boston area in the fall of 2021, the repurchase program was reinstated in November of 2021.

NOTE 9. COMMITMENTS AND CONTINGENCIES

From time to time, the Partnership is involved in various ordinary routine litigation incidental to their 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.

Table of Contents

NEW ENGLAND REALTY ASSOCIATES LIMITED PARTNERSHIP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

DECEMBER 31, 2021

NOTE 10. RENTAL INCOME

During the year ended December 31, 2021, approximately 95% 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 5% was related to commercial properties, which have minimum future annual rental income on non-cancellable operating leases at December 31, 2021 as follows:

	Commercial Property Leases
2022	$ 2,149,089
2023	1,646,522
2024	1,009,657
2025	686,461
2026	402,592
Thereafter	389,210
	$ 6,283,531

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 $563,000, $512,000 and $629,000 for the years ended December 31, 2021, 2020 and 2019 respectively. Staples and Trader Joes, tenants at Staples Plaza are approximately 30% of the total commercial rental income.

The following information is provided for commercial leases:

Through December 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
2022	$ 882,541	52,750	20	33 %
2023	390,984	12,609	6	15 %
2024	654,055	21,839	12	24 %
2025	150,851	1,523	3	6 %
2026	349,966	12,733	6	13 %
2027	100,650	2,850	2	4 %
2028	—	—	—	— %
2029	142,450	3,850	1	5 %
2030	—	—	—	— %
2031	—	—	—	— %
2032	—	—	—	— %
2033	—	—	—	— %
Totals	$ 2,671,497	108,154	50	100 %

Rents receivable are net of an allowance for doubtful accounts of approximately $832,000 and $1,454,000 at December 31, 2021 and 2020. Included in rents receivable at December 31, 2021 is approximately $86,000 resulting from recognizing rental income from non-cancelable commercial leases with future rental increases on a straight-line basis.

Rents receivable at December 31, 2021 and 2020 also includes approximately $266,000 and $508,000 respectively representing the deferral of rental concession primarily related to the residential properties.

Table of Contents

NOTE 11. CASH FLOW INFORMATION

During the years ended December 31, 2021, 2020 and 2019, cash paid for interest was approximately $13,298,000, $13,307,000 and $11,876,000 respectively. Cash paid for state income taxes was approximately $117,000, $100,000 and $80,000 during the years ended December 31, 2021, 2020 and 2019 respectively. In 2021, 11 properties were involved in a non-cash financing activity of approximately $65,000,000. In 2020, the Partnership was involved in a non-cash financing activity of approximately $2,393,000 in connection with the refinancing of Brookside Apartments. In 2019, the Partnership was involved in a non-cash financing activity of approximately $31,000,000 in connection with the purchase of Mill Street Apartments.

NOTE 12. FAIR VALUE MEASUREMENTS

Fair Value Measurements on a Recurring Basis

At December 31, 2021 and 2020, 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 December 31, 2021 and 2020 the carrying amounts of certain of our financial instruments, including cash and cash equivalents, accounts receivable, and notes 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 December 31, 2021 and 2020, 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 December 31, 2021 and 2020, as compared with those in effect when the debt was issued or acquired. The secured mortgage debt contain pre-payment penalties or yield maintenance provisions that could make the cost of refinancing the debt at lower rates exceed the benefit that would be derived from doing so.

At December 31, 2021 and 2020, the Partnership's line of credit had an outstanding balance of zero and $17,000,000, which represents fair market value.

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 mortgages and notes payable: fair value is generally based on estimated future cash flows, which are discounted using the quoted market rate from an independent source for similar obligations. Refer to the table below for the carrying amount and estimated fair value of such instruments.

Table of Contents

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

		Carrying Amount	Estimated Fair Value
Mortgage Notes Payable			
Partnership Properties			
At December 31, 2021	*	$ 370,481,390	$ 383,244,134
At December 31, 2020	*	$ 283,444,533	$ 303,993,142
Investment Properties			
At December 31, 2021	*	$ 166,203,705	$ 175,881,762
At December 31, 2020	*	$ 166,308,029	$ 179,647,759

*Net of unamortized deferred financing costs

Disclosure about fair value of financial instruments is based on pertinent information available to management as of December 31, 2021 and 2020. 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 December 31, 2021 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, different depreciation methods, different tax lives, other items with limited tax deductibility carryovers and timing differences related to prepaid rents, allowances and intangible assets at significant acquisitions. Federal taxable income of approximately $4,056,000 was approximately $6,756,000 more than statement income for the year ended December 31, 2021.The Federal cumulative tax basis of the Partnership's real estate at December 31, 2021 is approximately $10,946,000 more than the statement basis. The primary reasons for the difference in tax basis are tax free exchanges, accelerated depreciation and bonus depreciation. The Partnership's Federal tax basis in its joint venture investments is approximately $1,066,000 more than statement basis. State taxable income may be significantly different due to different tax treatments for certain items.

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

The following reconciles GAAP net income to taxable income:

	For the year ended December 31,		
	2021	2020	2019
		(in thousands)	
Financial statement ("book") net income (loss)	$ (2,700)	$ 1,425	$ 6,547
Book/Tax differences from depreciation	4,492	5,426	(10,177)
Book/Tax differences on tax free exchanges	1,181	1,201	1,223
Book/Tax differences from Investment Properties	(87)	(69)	1,624
Increase in prepaid rent and allowances	(46)	936	1,226
Business interest limitation	—	—	1,596
Other items	1,216	(341)	—
Taxable income	$ 4,056	$ 8,578	$ 2,039

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 adjustments regarding its tax

Table of Contents

accounting treatment. The Partnership expects to recognize interest and penalties related to uncertain tax positions, if any, as income tax expense, which would be included in general and administrative expense.

In the normal course of business the Partnership or one of its subsidiaries is subject to examination by federal, state and local jurisdictions in which it operates, where applicable. As of December 31, 2021, the tax years that generally remain subject to examination by the major tax jurisdictions under the statute of limitations is from the year 2018 forward.

Table of Contents

NOTE 14. INVESTMENT IN UNCONSOLIDATED JOINT VENTURES

The Partnership has invested in seven limited partnerships and limited liability companies, the majority of which have invested in residential apartment complexes, with three Joint Ventures investing in commercial property. The Partnership has between a 40%-50% ownership interests in each investment. The other investors are the Brown Family related entities and five current and former employees of the Management Company. The Brown Family related entities ownership interest was between 47.6% and 59%, with the balance owned by the others. A description of each investment is as follows:

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

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

Hamilton Park used the proceeds of the loan to pay off an outstanding loan of approximately $82,000,000 and distributed approximately $41,200,000 to its' owners. The Partnership's share of the distribution was approximately $16,500,000. As a result of the distribution, the carrying value of the investment fell below zero. The Partnership will continue to account for the investment using the equity method of accounting, although the Partnership has no legal obligation to fund its' share of any future operating deficiencies as needed. At December 31, 2021, the balance on this mortgage before unamortized deferred financing costs is approximately $125,000,000. 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 Joint Venture sold 120 units as condominiums and retained 48 units for long-term investment. In February 2007, the Joint Venture refinanced the 48 units with a new 10 year mortgage in the original amount of $4,750,000 with an interest rate of 5.57%, interest only for five years. The loan was to be amortized over 30 years with a maturity date of March 2017. On March 1, 2017, the mortgage balance was paid in full, with the Partnership contributing its share of the mortgage balance of approximately $2,222,000. After paying off the mortgage, the Partnership sold the individual units. 3 units were sold in 2019, resulting in a gain of approximately $429,000. As of December 30, 2019, all units had been sold by this Joint Venture. This investment is referred to as Hamilton Bay Apartments, 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 Joint Venture planned to operate the building and initiate development of the parking lot. In June 2007, the Joint Venture separated the parcels, formed an additional limited liability company for the residential apartments and obtained a mortgage on the property. The new limited liability company formed for the residential apartments and commercial space is referred to as Hamilton Essex 81, LLC. In August 2008, the Joint Venture restructured the mortgages on both parcels at Essex 81. On September 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

Table of Contents

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. At December 31, 2021, the balance on this mortgage before unamortized deferred financing costs is approximately $10,000,000. The investment in the parking lot is referred to as Hamilton Essex Development, LLC; the investment in the apartments is referred to as Hamilton Essex 81, LLC.

On March 2, 2005, the Partnership invested $2,352,000 for a 50% ownership interest in a 176-unit apartment complex with an additional small commercial building located in Quincy, Massachusetts. The purchase price was $23,750,000. The 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 was 5.67% fixed for the 10 year term with interest only payments for five years and amortized over a 30 year period for the balance of the loan term. On July 8, 2016, Hamilton 1025 LLC paid off the outstanding balance of the mortgage balance. The Partnership made a capital contribution of $2,359,500 to Hamilton 1025, LLC for its share of the funds required for the transaction. After paying off the mortgage, the Partnership began to sell off the individual units. 2 units were sold in 2019, resulting in a gain of approximately $306,000. As of December 31, 2021, all residential units were sold. The Partnership still owns the commercial building. 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 Joint Venture obtained a mortgage on the property in the amount of $8,025,000 and returned $3,775,000 to the Partnership. The Joint Venture obtained a new 10-year mortgage in the amount of $5,500,000 in January 2007. The interest on the new loan was 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. On September 12, 2016, the property was refinanced with a 15 year mortgage in the amount of $6,000,000, at 3.71%, interest only. The Joint Venture Partnership paid off the prior mortgage of approximately $5,158,000 with the proceeds of the new mortgage and made a distribution of $385,000 to the Partnership. The cost associated with the refinancing was approximately $123,000. At December 31, 2021, the balance on this mortgage before unamortized deferred financing costs is approximately $6,000,000. In 2018, the carrying value of the investment fell below zero. The Partnership will continue to account for this investment using the equity method of accounting, although the Partnership has no legal obligation to fund its share of any future operating deficiencies, if needed. This investment is referred to as Hamilton Minuteman, LLC.

In August 2004, the Partnership invested $8,000,000 for a 50% ownership interest in a 280-unit apartment complex located in Watertown, Massachusetts. The total purchase price was $56,000,000. The Joint Venture sold 137 units as condominiums. The assets were combined with Hamilton on Main Apartments. Hamilton on Main Apartments, 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 was 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 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. At December 31, 2021, the balance of the mortgage before unamortized deferred financing costs is approximately $16,900,000. In 2018, the carrying value of the investment fell below zero. The Partnership will continue to account for this investment using the equity method of accounting, although the Partnership

Table of Contents

has no legal obligation to fund its share of any future operating deficiencies, if needed. The investment is referred to as Hamilton On Main Apartments, LLC.

In November 2001, the Partnership invested approximately $1,533,000 for a 50% ownership interest in a 40-unit apartment building in Cambridge, Massachusetts. In June 2013, the property was refinanced with a 15 year mortgage in the amount of $10,000,000 at 3.87%, interest only for 3 years and is amortized on a 30-year schedule for the balance of the term. The Joint Venture paid off the prior mortgage of approximately $6,776,000 with the proceeds of the new mortgage. After the refinancing, the Joint Venture made a distribution of $1,610,000 to the Partnership. As a result of the distribution, the carrying value of the investment fell below zero. The Partnership will continue to account for this investment using the equity method of accounting. Although the Partnership has no legal obligation, the Partnership intends to fund its share of any future operating deficits if needed. At December 31, 2021, the balance of this mortgage before unamortized deferred financing costs is approximately $8,936,000. This investment is referred to as 345 Franklin, LLC.

Table of Contents

NEW ENGLAND REALTY ASSOCIATES LIMITED PARTNERSHIP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

DECEMBER 31, 2021

Summary financial information as of December 31, 2021

	Hamilton Essex 81	Hamilton Essex Development	345 Franklin	Hamilton 1025	Hamilton Minuteman Apts	Hamilton on Main Apts	Dexter Park	Total
ASSETS								
Rental Properties	$ 6,263,331	$ 2,588,169	$ 5,062,602	$ 81,555	$ 4,697,616	$ 14,334,539	$ 78,755,698	$ 111,783,510
Cash & Cash Equivalents	333,699	98,674	155,627	11,845	156,058	565,171	2,070,558	3,391,632
Rent Receivable	232,521	68,828	9,905	6,111	6,999	37,750	175,213	537,327
Real Estate Tax Escrow	76,651	—	29,999	—	36,451	109,588	—	252,689
Prepaid Expenses & Other Assets	301,043	62,399	117,197	446	24,009	181,941	2,102,717	2,789,752
Total Assets	**$ 7,207,245**	**$ 2,818,070**	**$ 5,375,330**	**$ 99,957**	**$ 4,921,133**	**$ 15,228,989**	**$ 83,104,186**	**$ 118,754,910**
LIABILITIES AND PARTNERS' CAPITAL								
Mortgage Notes Payable	$ 9,948,291	$ —	$ 8,892,331	$ —	$ 5,920,552	$ 16,857,197	$ 124,585,336	$ 166,203,707
Accounts Payable & Accrued Expense	68,265	3,000	52,392	3,251	48,145	188,012	670,624	1,033,689
Advance Rental Pmts & Security Deposits	180,497	—	228,803	—	159,324	434,126	2,522,719	3,525,469
Total Liabilities	10,197,053	3,000	9,173,526	3,251	6,128,021	17,479,335	127,778,679	170,762,865
Partners' Capital	(2,989,808)	2,815,070	(3,798,196)	96,706	(1,206,888)	(2,250,346)	(44,674,493)	(52,007,955)
Total Liabilities and Capital	**$ 7,207,245**	**$ 2,818,070**	**$ 5,375,330**	**$ 99,957**	**$ 4,921,133**	**$ 15,228,989**	**$ 83,104,186**	**$ 118,754,910**
Partners' Capital %—NERA	**50 %**	**50 %**	**50 %**	**50 %**	**50 %**	**50 %**	**40 %**	
Investment in Unconsolidated Joint Ventures	**$ —**	**$ 1,407,535**	**$ —**	**$ 48,353**	**$ —**	**$ —**	**$ —**	**1,455,888**
Distribution and Loss in Excess of investments in Unconsolidated Joint Ventures	**$ (1,494,905)**	**$ —**	**$ (1,899,098)**	**$ —**	**$ (603,445)**	**$ (1,125,174)**	**$ (17,869,798)**	**(22,992,420)**
Total Investment in Unconsolidated Joint Ventures (Net)								**$ (21,536,532)**
Total units/condominiums								
Apartments	48	—	40	175	42	148	409	687
Commercial	1	1	—	1	—	—	—	3
Total	49	1	40	176	42	148	409	690
Units to be retained	49	1	40	1	42	148	409	690
Units to be sold	—	—	—	—	—	—	—	—
Units sold through February 1, 2022	—	—	—	—	—	—	—	—
Unsold units	—	—	—	—	—	—	—	—
Unsold units with deposits for future sale as of February 1, 2022	—	—	—	—	—	—	—	—

Table of Contents

NEW ENGLAND REALTY ASSOCIATES LIMITED PARTNERSHIP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

DECEMBER 31, 2021

Summary financial information for the year ended December 31, 2021

	Hamilton Essex 81	Hamilton Essex Development	345 Franklin	Hamilton 1025	Hamilton Minuteman Apts	Hamilton on Main Apts	Dexter Park	Total
Revenues								
Rental Income	$ 1,609,397	$ 391,878	$ 1,360,472	$ 98,135	$ 1,139,865	$ 3,370,478	$ 12,866,983	$ 20,837,208
Laundry and Sundry Income	12,761	—	1,494	—	3,913	38,697	97,781	154,646
	1,622,158	391,878	1,361,966	98,135	1,143,778	3,409,175	12,964,764	20,991,854
Expenses								
Administrative	76,338	2,875	31,566	2,812	16,450	68,008	205,460	403,509
Depreciation and Amortization	479,512	20,298	343,834	3,264	338,362	1,089,225	3,742,118	6,016,613
Management Fees	52,617	12,922	54,178	3,801	45,541	131,221	274,882	575,162
Operating	168,160	—	58,667	334	98,115	432,061	1,023,732	1,781,069
Renting	101,328	—	54,672	—	4,419	90,842	460,718	711,979
Repairs and Maintenance	159,593	520	129,548	—	120,626	624,475	1,814,342	2,849,104
Taxes and Insurance	261,145	60,764	175,183	19,467	144,533	451,937	2,426,021	3,539,050
	1,298,693	97,379	847,648	29,678	768,046	2,887,769	9,947,273	15,876,486
Income Before Other Income	323,465	294,499	514,318	68,457	375,732	521,406	3,017,491	5,115,368
Other Income (Loss)								
Interest Expense	(246,339)	—	(359,036)	—	(237,845)	(759,698)	(5,055,677)	(6,658,595)
Interest Income	—	—	—	—	—	—	1,222	1,222
	(246,339)	—	(359,036)	—	(237,845)	(759,698)	(5,054,455)	(6,657,373)
Net (Loss) Income	**$ 77,126**	**$ 294,499**	**$ 155,282**	**$ 68,457**	**$ 137,887**	**$ (238,292)**	**$ (2,036,964)**	**$ (1,542,005)**
Net (Loss) Income —NERA 50%	**$ 38,563**	**$ 147,249**	**$ 77,641**	**$ 34,229**	**$ 68,944**	**$ (119,147)**		**247,478**
Net Income —NERA 40%							**$ (814,786)**	**(814,786)**
								$ (567,308)

Table of Contents

NEW ENGLAND REALTY ASSOCIATES LIMITED PARTNERSHIP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

DECEMBER 31, 2021

Future annual mortgage maturities at December 31, 2021 are as follows:

Period End	Hamilton Essex 81	345 Franklin	Hamilton Minuteman	Hamilton on Main Apts	Dexter Park	Total
12/31/2022	$ —	$ 222,044	$ —	$ —	$ —	$ 222,044
12/31/2023	—	230,792	—	—	—	230,792
12/31/2024	—	239,883	—	16,900,000	—	17,139,883
12/31/2025	10,000,000	249,333	—		—	10,249,333
12/31/2026		259,156	—	—	—	259,156
Thereafter	—	7,734,404	6,000,000	—	125,000,000	138,734,404
	10,000,000	8,935,612	6,000,000	16,900,000	125,000,000	166,835,612
Less: unamortized deferred financing costs	(51,709)	(43,281)	(79,448)	(42,803)	(414,664)	(631,905)
	$ 9,948,291	$ 8,892,331	$ 5,920,552	$ 16,857,197	$ 124,585,336	$ 166,203,707

At December 31, 2021 the weighted average interest rate on the above mortgages was 3.91%. The effective rate was 3.97% including the amortization expense of deferred financing costs.

Table of Contents

NEW ENGLAND REALTY ASSOCIATES LIMITED PARTNERSHIP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

DECEMBER 31, 2021

Summary financial information as of December 31, 2020

	Hamilton Essex 81	Hamilton Essex Development	345 Franklin	Hamilton 1025	Hamilton Minuteman Apts	Hamilton on Main Apts	Dexter Park	Total
ASSETS								
Rental Properties	$ 6,649,177	$ 2,590,659	$ 5,373,751	$ 84,819	$ 4,998,436	$ 15,239,672	$ 80,763,418	$ 115,699,932
Cash & Cash Equivalents	252,878	55,322	156,073	13,443	159,599	520,150	2,425,085	3,582,550
Rent Receivable	28,181	—	37,127	3,005	3,816	65,511	515,411	653,051
Real Estate Tax Escrow	71,203	—	19,874	—	35,849	106,199	—	233,125
Prepaid Expenses & Other Assets	281,503	80,008	89,636	407	23,198	148,796	1,471,134	2,094,682
Total Assets	**$ 7,282,942**	**$ 2,725,989**	**$ 5,676,461**	**$ 101,674**	**$ 5,220,898**	**$ 16,080,328**	**$ 85,175,048**	**$ 122,263,340**
LIABILITIES AND PARTNERS' CAPITAL								
Mortgage Notes Payable	$ 9,934,502	$ —	$ 9,099,301	$ —	$ 5,912,368	$ 16,841,145	$ 124,520,713	$ 166,308,029
Accounts Payable & Accrued Expense	68,741	3,200	87,731	2,924	50,514	156,923	675,771	1,045,804
Advance Rental Pmts& Security Deposits	208,851	—	227,908	—	137,792	424,314	2,216,093	3,214,958
Total Liabilities	10,212,094	3,200	9,414,940	2,924	6,100,674	17,422,382	127,412,577	170,568,791
Partners' Capital	(2,929,152)	2,722,789	(3,738,479)	98,750	(879,776)	(1,342,054)	(42,237,529)	(48,305,451)
Total Liabilities and Capital	**$ 7,282,942**	**$ 2,725,989**	**$ 5,676,461**	**$ 101,674**	**5,220,898**	**$ 16,080,328**	**$ 85,175,048**	**$ 122,263,340**
Partners' Capital %—NERA	**50 %**	**50 %**	**50 %**	**50 %**	**50 %**	**50 %**	**40 %**	
Investment in Unconsolidated Joint Ventures	**$ —**	**$ 1,361,395**	**$ —**	**$ 49,375**	**$**	**$**	**$**	**$ 1,410,769**
Distribution and Loss in Excess of investments in Unconsolidated Joint Ventures	**$ (1,464,576)**	**$ —**	**$ (1,869,240)**	**$ —**	**$ (439,888)**	**$ (671,027)**	**$ (16,895,012)**	**(21,339,743)**
Total Investment in Unconsolidated Joint Ventures (Net)								**$ (19,928,974)**
Total units/condominiums								
Apartments	48	—	40	175	42	148	409	862
Commercial	1	1	—	1	—	—	—	3
Total	49	1	40	176	42	148	409	865
Units to be retained	49	1	40	1	42	148	409	690
Units to be sold	—	—	—	—	—	—	—	—
Units sold through February 1, 2021	—	—	—	0	—	—	—	—
Unsold units	—	—	—	—	—	—	—	—
Unsold units with deposits for future sale as of February 1, 2021	—	—	—	—	—	—	—	—

Table of Contents

NEW ENGLAND REALTY ASSOCIATES LIMITED PARTNERSHIP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

DECEMBER 31, 2021

Summary financial information for the year ended December 31, 2020

	Hamilton Essex 81	Hamilton Essex Development	345 Franklin	Hamilton 1025	Hamilton Minuteman Apts	Hamilton on Main Apts	Dexter Park	Total
Revenues								
Rental Income	$ 874,212	$ 19,848	$ 1,516,648	$ 96,223	$ 1,165,027	$ 3,497,639	$ 14,607,212	$ 21,776,809
Laundry and Sundry Income	12,495	—	604	—	2,951	35,302	78,361	129,713
	886,707	19,848	1,517,252	96,223	1,167,978	3,532,941	14,685,573	21,906,522
Expenses								
Administrative	20,296	4,026	36,431	12,995	13,603	59,014	181,332	327,697
Depreciation and Amortization	488,315	20,297	339,513	3,264	348,994	1,059,165	3,696,822	5,956,370
Management Fees	42,958	2,203	57,986	3,529	46,275	132,513	294,565	580,029
Operating	79,195	—	67,885	276	102,397	362,318	1,021,480	1,633,551
Renting	22,782	—	52,571	—	7,994	73,837	309,112	466,296
Repairs and Maintenance	128,728	3,180	138,991	—	95,185	513,642	1,562,154	2,441,880
Taxes and Insurance	256,162	61,612	167,456	17,416	144,664	449,692	2,286,872	3,383,874
	1,038,436	91,318	860,833	37,480	759,112	2,650,181	9,352,337	14,789,697
Income Before Other Income	(151,729)	(71,470)	656,419	58,743	408,866	882,760	5,333,236	7,116,825
Other Income (Loss)								
Interest Expense	(299,161)	—	(369,742)	—	(238,233)	(765,692)	(5,069,899)	(6,742,727)
	(299,161)	—	(369,742)	—	(238,233)	(765,692)	(5,069,899)	(6,742,727)
Net Income (Loss)	**$ (450,890)**	**$ (71,470)**	**$ 286,677**	**$ 58,744**	**$ 170,633**	**$ 117,068**	**$ 263,337**	**$ 374,098**
Net Income (Loss)—NERA 50%	**$ (225,446)**	**$ (35,735)**	**$ 143,339**	**$ 29,372**	**$ 85,317**	**$ 58,534**		**55,380**
Net Income —NERA 40%							**$ 105,335**	**105,335**
								$ 160,715

Table of Contents

NEW ENGLAND REALTY ASSOCIATES LIMITED PARTNERSHIP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

DECEMBER 31, 2021

Summary financial information for the year ended December 31, 2019

	Hamilton Essex 81	Hamilton Essex Development	345 Franklin	Hamilton 1025	Hamilton Minuteman Apts	Hamilton on Main Apts	Dexter Park	Total
ASSETS								
Rental Properties	$ 7,083,307	$ 2,593,148	$ 5,678,703	$ 88,083	$ 5,323,570	$ 15,891,917	$ 83,980,278	$ 120,639,006
Cash & Cash Equivalents	197,467	49,460	223,691	8,186	95,965	480,899	2,185,844	3,241,512
Rent Receivable	217,779	33,072	—	—	221	11,284	43,373	305,729
Real Estate Tax Escrow	66,410	—	19,985	—	29,110	85,597	—	201,102
Prepaid Expenses & Other Assets	303,876	97,716	84,228	1,567	23,831	158,714	1,572,665	2,242,597
Total Assets	**$ 7,868,839**	**$ 2,773,396**	**$ 6,006,607**	**$ 97,836**	**$ 5,472,697**	**$ 16,628,411**	**$ 87,782,160**	**$ 126,629,946**
LIABILITIES AND PARTNERS' CAPITAL								
Mortgage Notes Payable	$ 9,920,713	$ —	$ 9,298,174	$ —	$ 5,904,185	$ 16,825,094	$ 124,456,090	$ 166,404,256
Accounts Payable & Accrued Expense	81,718	2,600	77,908	7,828	47,740	282,855	799,949	1,300,598
Advance Rental Pmts& Security Deposits	321,205	—	325,682	—	151,180	479,585	2,776,988	4,054,640
Total Liabilities	10,323,636	2,600	9,701,764	7,828	6,103,105	17,587,534	128,033,027	171,759,494
Partners' Capital	(2,454,797)	2,770,796	(3,695,157)	90,008	(630,408)	(959,123)	(40,250,867)	(45,129,548)
Total Liabilities and Capital	**$ 7,868,839**	**$ 2,773,396**	**$ 6,006,607**	**$ 97,836**	**$ 5,472,697**	**$ 16,628,411**	**$ 87,782,160**	**$ 126,629,946**
Partners' Capital %—NERA	**50 %**	**50 %**	**50 %**	**50 %**	**50 %**	**50 %**	**40 %**	
Investment in Unconsolidated Joint Ventures	**$**	**$ 1,385,398**	**$ —**	**$ 45,004**	**$**	**$**	**$**	**1,430,402**
Distribution and Loss in Excess of investments in Unconsolidated Joint Ventures	**$ (1,227,399)**	**$ —**	**$ (1,847,579)**	**$ —**	**$ (315,204)**	**$ (479,562)**	**$ (16,100,347)**	**(19,970,089)** **$ (18,539,687)**
Total units/condominiums								
Apartments	48	—	40	175	42	148	409	910
Commercial	1	1	—	1	—	—	—	3
Total	49	1	40	176	42	148	409	913
Units to be retained	49	1	40	1	42	148	409	690
Units to be sold	—	—	—	—	—	—	—	
Units sold through February 1, 2020	—	—	—	175	—	—	—	175
Unsold units	—	—	—	—	—	—	—	—
Unsold units with deposits for future sale as of February 1, 2020	—	—	—	—	—	—	—	—

Table of Contents

NEW ENGLAND REALTY ASSOCIATES LIMITED PARTNERSHIP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

DECEMBER 31, 2021

Summary financial information for the year ended December 31, 2019

	Hamilton Essex 81	Hamilton Essex Development	345 Franklin	Hamilton 1025	Hamilton Bay Apts	Hamilton Minuteman Apts	Hamilton on Main Apts	Dexter Park	Total
Revenues									
Rental Income	$ 1,743,610	$ 222,183	$ 1,613,295	$ 93,116	$ 3,541	$ 1,136,912	$ 3,429,864	$ 16,406,426	$ 24,648,947
Laundry and Sundry Income	14,350		2,844	—	—	6,033	41,174	100,695	165,096
	1,757,960	222,183	1,616,139	93,116	3,541	1,142,945	3,471,038	16,507,121	24,814,043
Expenses									
Administrative	29,307	25,369	24,610	7,497	6,147	7,722	68,877	207,769	377,298
Depreciation and Amortization	483,748	20,297	345,282	7,655	—	357,932	1,046,022	3,642,465	5,903,401
Management Fees	69,039	8,683	62,486	3,556	145	45,624	132,195	342,613	664,341
Operating	89,002	8	80,581	974	—	83,872	398,286	1,138,348	1,791,071
Renting	43,534	—	36,918	64	—	5,324	47,817	361,446	495,103
Repairs and Maintenance	152,930	3,180	125,474	28,399	10,266	133,812	651,948	1,405,732	2,511,741
Taxes and Insurance	245,086	61,493	154,731	22,213	5,206	131,821	404,805	2,049,298	3,074,653
	1,112,646	119,030	830,082	70,358	21,764	766,107	2,749,950	9,147,671	14,817,608
Income Before Other Income	645,314	103,153	786,057	22,758	(18,223)	376,838	721,088	7,359,450	9,996,435
Other Income (Loss)									
Interest Expense	(466,737)	—	(377,448)	—	—	(235,883)	(769,526)	(5,065,599)	(6,915,193)
Gain on sale of real estate	—	—	—	306,075	428,560	—	—	—	734,635
	(466,737)	—	(377,448)	306,075	428,560	(235,883)	(769,526)	(5,065,599)	(6,180,558)
Net Income (Loss)	**$ 178,577**	**$ 103,153**	**$ 408,609**	**$ 328,834**	**$ 410,337**	**$ 140,954**	**$ (48,438)**	**$ 2,293,853**	**$ 3,815,877**
Net Income (Loss)—NERA 50%	**$ 89,289**	**$ 51,577**	**$ 204,305**	**$ 164,417**	**$ 205,169**	**$ 70,477**	**$ (24,219)**		**761,014**
Net Income —NERA 40%								**$ 917,540**	**917,540**
									$ 1,678,554

Table of Contents

NEW ENGLAND REALTY ASSOCIATES LIMITED PARTNERSHIP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

DECEMBER 31, 2021

NOTE 15. EMPLOYEE BENEFIT 401(k) PLANS

Effective January 1, 2019, employees of the Partnership, who meet certain minimum age and service requirements, are eligible to participate in the Management Company's 401(k) Plan (the "401(k) Plan"). Eligible employees may elect to defer up to 90 percent of their eligible compensation on a pre-tax basis to the 401(k) Plan, subject to certain limitations imposed by federal law.

The amounts contributed by employees are immediately vested and non-forfeitable. Beginning January 1, 2019, the Partnership matched 50% up to 6% of compensation deferred by each employee in the 401(k) plan. The Partnership may make discretionary matching or profit-sharing contributions to the 401(k) Plan on behalf of eligible participants in any plan year. Participants are always 100 percent vested in their pre-tax contributions and will begin vesting in any matching or profit-sharing contributions made on their behalf after two years of service with the Partnership at a rate of 20 percent per year, becoming 100 percent vested after a total of six years of service with the Partnership. Total expense recognized by the Partnership for the 401(k) Plan for the year ended December 31, 2021 and 2020 was approximately $45,000 and $45,000 respectively.

NOTE 16. IMPACT OF RECENTLY-ISSUED ACCOUNTING STANDARDS

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

NOTE 17. QUARTERLY FINANCIAL DATA (UNAUDITED)

	Three Months Ended				
	March 31, 2021	June 30, 2021	September 30, 2021	December 31, 2021	Total
Revenue	$ 15,088,789	$ 15,447,344	$ 15,946,672	$ 16,155,649	$ 62,638,454
Expenses	11,693,650	11,260,112	12,395,436	13,046,756	48,395,954
Income Before Other Income	3,395,139	4,187,232	3,551,236	3,108,893	14,242,500
Other Expenses	(3,689,319)	(3,617,341)	(3,626,621)	(6,009,382)	(16,942,663)
Net Income (Loss)	$ (294,180)	$ 569,891	$ (75,385)	$ (2,900,489)	$ (2,700,163)
Net Income (Loss) Per Unit	$ (2.42)	$ 4.68	$ (0.62)	$ (23.83)	$ (22.19)
Net Income (Loss)Per Depositary Receipt	$ (0.08)	$ 0.16	$ (0.02)	$ (0.79)	$ (0.74)

	Three Months Ended				
	March 31, 2020	June 30, 2020	September 30, 2020	December 31, 2020	Total
Revenue	$ 16,375,584	$ 15,759,106	$ 15,142,266	$ 14,825,754	$ 62,102,710
Expenses	12,031,150	11,314,637	11,914,630	11,873,260	47,133,677
Income Before Other Income	4,344,434	4,444,469	3,227,636	2,952,494	14,969,033
Other Expenses	(2,975,651)	(2,979,418)	(3,666,920)	(3,922,516)	(13,544,505)
Net Income	$ 1,368,783	$ 1,465,051	$ (439,284)	$ (970,022)	$ 1,424,528
Net Income (Loss) Per Unit	$ 11.23	$ 12.03	$ (3.61)	$ (7.95)	$ 11.70
Net Income Per Depositary Receipt	$ 0.37	$ 0.40	$ (0.12)	$ (0.27)	$ 0.39

NOTE 18—SUBSEQUENT EVENTS

From January 1, 2022 through March 9, 2022, the Partnership has purchased 5,832 Depository Receipts**.**The average price was $69.94 per receipt, or $2,098.20 per unit. The total cost was $408,024.The Partnership is required to purchase 46 Class B units and 2 General Partnership units at a cost of $96,264 and $4,344 respectively.

Table of Contents

NEW ENGLAND REALTY ASSOCIATES LIMITED PARTNERSHIP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

DECEMBER 31, 2021

In January 2022, the Partnership approved a quarterly distribution of $9.60 per Unit ($0.32 per Receipt), payable on March 31, 2022. In addition to the quarterly distribution, there will be a special distribution of $38.40 per Class A unit ($1.28 per Receipt) payable on March 31,2022.

Almost two years have passed since we became aware of the current outbreak of COVID- 19, a novel strain of coronavirus. The World Health Organization declared a global pandemic on March 11, 2020. On March 10, 2020 the governor of Massachusetts, Charlie Baker, declared a state of emergency and ordered all non-essential businesses closed and prohibited the gathering of 10 or more people. Additionally, March of 2020 saw the closure of local colleges and universities for the balance of the academic year. Colleges in the City of Boston and the surrounding communities conducted classes in the 2020/2021 academic year remotely, or using a hybrid model of remote and limited in class learning. These educational models caused a large decrease in the student population and resulted in significant vacancies in the Partnership's apartment portfolio.

With the roll out of Covid vaccines in the spring of 2021, the economy made great strides towards returning to a new normal. The Governor of Massachusetts rescinded the State's Covid-19 restrictions on May 29 and terminated the State of Emergency on June 15. The local colleges and universities returned to campus in September 2021 and the rental market improved significantly as students returned to the area.

During the prior state of emergency, The Hamilton Company, the Partnership's property manager, had taken steps to maintain the safety of its employees and tenants. Hamilton continued to provide essential services to ensure all properties were kept open, fully functioning, and safe. Hamilton implemented a work from home policy with a skeleton staff present at all site offices to provide for property management, maintenance, leasing and construction services. Leasing was limited to unoccupied units unless permission was granted by the current tenant and a web-based video technology was being used to remotely show apartments. Hamilton and the Partnership will continue to adjust their business practices to comply with Federal and State mandates for workplace and rental property operations.

On February 15, 2022, Eunice M. Harps, a Director of NewReal,Inc. ,submitted her resignation as a Director of NewReal,Inc. effective March 14, 2022**.**

On February 24, 2022, Russia began an invasion into Ukraine. In response, nations from around the world have placed sanctions of Russia in an attempt to cripple its economy. There is no way to predict how this conflict and the Russian sanctions will effect both the global and local economies. If there is a downturn in the economy and significant inflation to the cost of energy, goods and service, there may be material adverse effects to our business, results of operations, cash flows, and financial condition.

Table of Contents

NOTE 19—QUALIFYING ACCOUNTS

New England Realty Associates Limited Partnership
Valuation and Qualifying Accounts

Description	Balance at Beginning of Period	Additions: Charged to Costs and Expenses	Additions: Charged to other account describe	Deductions Describe(a)	Balance at end of Period
Year Ended December 31, 2021:					
Deducted from asset accounts:					
Allowance for doubtful accounts	1,453,695	436,222		1,058,341	831,576
Year Ended December 31, 2020:					
Deducted from asset accounts:					
Allowance for doubtful accounts	240,111	1,846,237		632,653	1,453,695
Year Ended December 31, 2019:					
Deducted from asset accounts:					
Allowance for doubtful accounts	532,161	445,909		737,959	240,111

(a) Uncollectible accounts written off

Table of Contents

EXHIBIT INDEX

Exhibit No.	Description of Exhibit
(3)	Second Amended and Restated Contract of Limited Partnership.(1)
(4)	(a) Specimen certificate representing Depositary Receipts.(2)
	(b) Description of rights of holders of Partnership securities.(2)
	(c) Deposit Agreement, dated August 12, 1987, between the General Partner and the First National Bank of Boston.(3)
	(d) Description of the Registrant's Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934) (4)
(10.1)	Purchase and Sale Agreement by and between Sally A. Starr and Lisa Brown, Trustees of Omnibus Realty Trust, a nominee trust.(5)
(10.2)	Commitment letter from Wachovia Multifamily Capital, Inc. to The Hamilton Company dated January 11, 2008.(6)
(10.3)	Amendment dated February 27, 2008 to Commitment letter from Wachovia Multifamily Capital, Inc. to The Hamilton Company dated January 11, 2008.(7)
(10.4)	Purchase and Sale and Escrow Agreement dated September 1, 2009 by and between 175 Free Street Investors LLC, as Seller, The Hamilton Company, as Purchaser, and First American Title Insurance Company, as Escrow Agent.(8)
(10.5)	Limited Liability Company Operating Agreement of HBC Holdings, LLC.(9)
(10.6)	Limited Liability Company Agreement of Hamilton Park Towers, LLC.(10)
(10.7)	Pledge Agreement dated October 28, 2009 by and between New England Realty Associates Limited Partnership and HBC Holdings, LLC.(11)
(10.8)	Promissory Note dated October 28, 2009 of New England Realty Associates Limited Partnership in favor of HBC Holdings, LLC.(12)
(10.9)	MultiFamily Note—CME of Hamilton Park Towers, LLC, as Borrower, in favor of Wachovia Multifamily Capital, Inc., as Lender, in the principal amount of $89,914,000 dated October 28, 2009.(13)
(10.10)	Purchase and sale agreement by and between Avon Street Apartments and 503-509 Pleasant Street, LLC.(20)
(10.11)	Purchase and Sale Agreement dated May 20, 2011 by and between Battlegreen Apartments Trust and Hamilton Battle Green LLC(14).
(10.12)	Promissory Note dated June 1, 2011 by and between Avon Street Apartments Limited Partnership, as Maker, and Harold Brown, as Lender(15).
(10.13)	Pledge Agreement dated June 1, 2011 by and between Avon Street Apartments Limited Partnership, as Pledgor, and Harold Brown, as Pledgee(16).
(10.14)	Hamilton Green Purchase Agreement dated June 14, 2013(17)
(10.15)	Loan Agreement dated July 15, 2013(18)
(10.16)	Revolving Line of Credit dated July 31, 2014(19)
(10.17)	Purchase and Sale Agreement dated August 27, 2015, between Avalon II Massachusetts Value I, L.P., and the Residences at Captain Parker, LLC (25)
(10.18)	Multifamily Loan and Security Agreement dated January 7, 2016 between Residences at Captain Parker, LLC ("Captain Parker") and KeyBank National Association ("KeyBank")(21)
(10.19)	Multifamily Note Floating Rate dated January 7, 2016,in the principal amount of $20,071,000 made by Captain Parker(22)
(10.20)	Multifamily Mortgage, Assignment of Rents, Security Agreement and Fixture filing Massachusetts dated January 7, 2016 between Captain Parker and KeyBank (23)
(10.21)	Guaranty dated January 7, 2016, made by New England realty associates Limited Partnership as a limited guarantor (24)
(10.22)	Offer to Purchase Agreement dated June 19, 2017 by and between New England Realty Associates Limited Partnership as buyer and M.J. Realty Trust II, as seller. (26)
(10.23)	Assignment and Assumption Agreement dated July 6, 2017, by and between New England Realty Associates Limited Partnership and M.J. Realty Trust II. (27)
(10.24)	Promissory Note dated July 6, 2017 in the principal amount of $16,000,000 payable to HBC Holdings, LLC, made by New England Realty Associates Limited Partnership.(28)

Table of Contents

(10.25)	Pledge Agreement dated July 6, 2017, by and between New England Associates Limited Partnership and HBC Holdings, LLC.(29)
(10.26)	Mortgage Note dated as of May 31,2018 in the principal amount of $125,000,000 payable to John Hancock Life Insurance Company (U.S.A.), made by Hamilton Park Towers, LLC (30)
(10.27)	Mortgage, assignment of Leases and Rents and Security Agreement dated May 31, 2018 by and between Hamilton Park Towers, LLC and John Hancock Life Insurance Company (U.S.A.).(31)
(10.28)	Guaranty Agreement dated as of May 31, 2018 made by New England Realty associates Limited Partnership and HBC Holdings, LLC in favor of John Hancock Life Insurance Company (U.S.A.) (32)
(10.29)	Purchase and Sale agreement dated September 27, 2019, between Country Club Garden Apartments and The Hamilton Company, or its Nominee. (33)
(10.30)	Loan Agreement dated December 20, 2019, by and between Mill Street Gardens, LLC, and Insurance Strategy Funding Corp. LLC. (34).
(10.31)	Promissory Note dated December 20, 2019, in the principal amount of $35,000,000, payable to Insurance Strategy Funding Corp. LLC. by Mill Street Gardens, LLC (35)
(10.32)	Guaranty dated December 20, 2019, made by New England Realty Associates Limited Partnership as a Guarantor (36)
(10.33)	Mortgage Deed, Assignment of Rents and Security Agreement dated December 20, 2019 between Mill Street Gardens, LLC and Insurance Strategy Funding Corp. LLC. (37)
(10.34)	Master Credit Facility Agreement dated as of November 30, 2021 by and between KeyBank National Association as the Lender and New England Realty Associates Limited Partnership as the Borrower. (38)
(10.35)	Mortgage, Assignment of Leases and Rents and Security Agreement and Fixture Filings dated November 30, 2021 between New England Realty Associates Limited Partnership and KeyBank National Association. (39)
(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 New Real, Inc., sole General Partner of the Partnership)
(31.2)	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 of Jameson Brown, Principal Financial Officer of the Partnership (Treasurer and a Director of NewReal, Inc., sole General Partner of the Partnership)
(32.1)	Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, of Ronald Brown, Principal Executive Officer of the Partnership (President and a Director of NewReal, Inc., sole General Partner of the Partnership) and Jameson Brown, Principal Financial Officer of the Partnership (Treasurer and a Director of NewReal, Inc., sole General Partner of the Partnership).
(99.1)	Combined Financial Statements of Significant Subsidiaries
(101.1)	The following financial statements from New England Realty Associates Limited Partnership Quarterly Report on Form 10-K for the year ended December 31, 2021 formatted in Inline XBRL: (i) Consolidated Balance Sheets, (ii) Consolidated Statements of Income, (iii) Consolidated Statements of Changes in Partners' Capital, (iv) Consolidated Statements of Cash Flows, and (v) Notes to Consolidated Financial Statements.
(104)	Cover Page Interactive Data File – The cover page interactive data file does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.

(1) Incorporated by reference to Exhibit A to the Partnership's Statement Furnished in Connection with the Solicitation of Consents filed under the Securities Exchange Act of 1934 on October 14, 1986.

(2) Incorporated herein by reference to Exhibit A to Exhibit 2(b) to the Partnership's Registration Statement on Form 8-A, filed under the Securities Exchange Act of 1934 on August 17, 1987.

(3) Incorporated herein by reference to Exhibit 2(b) to the Partnership's Registration Statement on Form 8-A, filed under the Securities Exchange Act of 1934 on August 17, 1987.

(4) Incorporated by reference to Exhibit 4(d) to the Partnership's Form 10K as filed with the Securities and Exchange Commission on March 12, 2020.

Table of Contents

(5) Incorporated by reference to Exhibit 2.1 to the Partnership's Current Report on Form 8-K dated June 30, 1995.

(6) Incorporated herein by reference to Exhibit 10.1 to the Partnership's Current Report on Form 8-K dated January 11, 2008 and filed with the Securities and Exchange Commission on February 6, 2008.

(7) Incorporated herein by reference to Exhibit 10.1 to the Partnership's Current Report on Form 8-K dated February 27, 2008 and filed with the Securities and Exchange Commission on March 4, 2008.

(8) Incorporated herein by reference to Exhibit 10.1 to the Partnership's Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2009.

(9) Incorporated herein by reference to Exhibit 10.2 to the Partnership's Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2009.

(10) Incorporated herein by reference to Exhibit 10.3 to the Partnership's Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2009.

(11) Incorporated herein by reference to Exhibit 10.1 to the Partnership's Current Report on Form 8-K as filed with the Securities and Exchange Commission on November 3, 2009.

(12) Incorporated herein by reference to Exhibit 10.2 to the Partnership's Current Report on Form 8-K as filed with the Securities and Exchange Commission on November 3, 2009.

(13) Incorporated herein by reference to Exhibit 10.3 to the Partnership's Current Report on Form 8-K as filed with the Securities and Exchange Commission on November 3, 2009.

(14) Incorporated herein by reference to Exhibit 10.1 to the Partnership's Current Report on Form 8-K as filed with the Securities and Exchange Commission on May 26, 2011

(15) Incorporated herein by reference to Exhibit 10.1 to the Partnership's Current Report on Form 8-K as filed with the Securities and Exchange Commission on June 7, 2011.

(16) Incorporated herein by reference to Exhibit 10.2 to the Partnership's Current Report on Form 8-K as filed with the Securities and Exchange Commission on June 7, 2011.

(17) Incorporated by reference to Exhibit 10.1 to the Partnership's Quarterly Report on Form 10-Q as filed with the Securities and Exchange Commission on August 12, 2013.

(18) Incorporated by reference to Exhibit 10.2 to the Partnership's Quarterly Report on Form 10-Q as filed with the Securities and Exchange Commission on August 12, 2013.

(19) Incorporated herein by reference to Exhibit 10.2 to the Partnership's Current Report on Form 8-K as filed with the Securities and Exchange Commission on August 6, 2014.

(20) Incorporated herein by reference to Exhibit 10.10 to the Partnership's Form 10K as filed with the Securities and Exchange Commission on March 11, 2011.

(21) Incorporated herein by reference to Exhibit 10.1 to the Partnership's Current Report on Form 8-K as filed with the Securities and Exchange Commission on January 14, 2016.

(22) Incorporated herein by reference to Exhibit 10.2 to the Partnership's Current Report on Form 8-K as filed with the Securities and Exchange Commission on January 14, 2016.

(23) Incorporated herein by reference to Exhibit 10.3 to the Partnership's Current Report on Form 8-K as filed with the Securities and Exchange Commission on January 14, 2016.

Table of Contents

(24) Incorporated herein by reference to Exhibit 10.4 to the Partnership's Current Report on Form 8-K as filed with the Securities and Exchange Commission on January 14, 2016.

(25) Incorporated herein by reference to Exhibit 10.17 to the Partnership's Form 10K as filed with the Securities and Exchange Commission on March 11, 2016.

(26) Incorporated herein by reference to Exhibit 10.2 to the Partnership's Current report on Form 8-K as filed with the securities and Exchange Commission on July 11, 2017.

(27) Incorporated herein by reference to Exhibit 10.3 to the Partnership's Current report on Form 8-K as filed with the securities and Exchange Commission on July 11, 2017.

(28) Incorporated herein by reference to Exhibit 10.4 to the Partnership's Current report on Form 8-K as filed with the securities and Exchange Commission on July 11, 2017.

(29) Incorporated herein by reference to Exhibit 10.5 to the Partnership's Current report on Form 8-K as filed with the securities and Exchange Commission on July 11, 2017.

(30) Incorporated herein by reference to Exhibit 10.1 to the Partnership's Current report on Form 8-K as filed with the securities and Exchange Commission on June 7, 2018.

(31) Incorporated herein by reference to Exhibit 10.2 to the Partnership's Current report on Form 8-K as filed with the securities and Exchange Commission on June 7, 2018.

(32) Incorporated herein by reference to Exhibit 10.3 to the Partnership's Current report on Form 8-K as filed with the securities and Exchange Commission on June 7, 2018.

(33) Incorporated herein by reference to Exhibit 10.29 to the Partnership's Form 10-K as filed with the securities and Exchange Commission on March 12, 2020

(34) Incorporated herein by reference to Exhibit 10.30 to the Partnership's Form 10-K as filed with the securities and Exchange Commission on March 12, 2020

(35) Incorporated herein by reference to Exhibit 10.31 to the Partnership's Form 10-K as filed with the securities and Exchange Commission on March 12, 2020

(36) Incorporated herein by reference to Exhibit 10.32 to the Partnership's Form 10-K as filed with the securities and Exchange Commission on March 12, 2020

(37) Incorporated herein by reference to Exhibit 10.33 to the Partnership's Form 10-K as filed with the securities and Exchange Commission on March 12, 2020

(38) Incorporated herein by reference to Exhibit 10.1 to the Partnership's Form 8-K as filed with the securities and Exchange Commission on December 6, 2021

(39) Incorporated herein by reference to Exhibit 10.2 to the Partnership's Form 8-K as filed with the securities and Exchange Commission on December 6, 2021

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/ JAMESON BROWN
Jameson Brown, Treasurer

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

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)	March 11, 2022
/s/ JAMESON BROWN Jameson Brown	Treasurer and Director of the General Partner (Principal Financial Officer and Principal Accounting Officer)	March 11, 2022
/s/ DAVID ALOISE David Aloise	Director of the General Partner	March 11, 2022
/s/ANDREW BLOCH Andrew Bloch	Director of the General Partner	March 11, 2022
/s/ EUNICE HARPS Eunice Harps	Director of the General Partner	March 11, 2022
/s/ SALLY MICHAEL Sally Michael	Director of the General Partner	March 11, 2022
/s/ DAVID REIER David Reier	Director of the General Partner	March 11, 2022

Exhibit 31.1

New England Realty Associates Limited Partnership

CERTIFICATION

I, Ronald Brown, certify that:

1. I have reviewed this Annual Report on Form 10-K of New England Realty Associates Limited Partnership;

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

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

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

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

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

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

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

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

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

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

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

Date: March 11, 2022

Exhibit 31.2

CERTIFICATIONS

I, Jameson Brown, certify that:

1. I have reviewed this Annual Report on Form 10-K of New England Realty Associates Limited Partnership;

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

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

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

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

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

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

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

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

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

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

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

Date: March 11, 2022

Exhibit 32.1

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

In connection with the Annual Report on Form 10-K of New England Realty Associates Limited Partnership for the year ended December 31, 2021, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Ronald Brown, as President and Director of the Partnership's General Partner, NewReal, Inc., and Jameson Brown, the Treasurer and a Director of the Partnership's General Partner, NewReal, Inc., each hereby certifies, pursuant to 18.U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

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

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

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

Date: March 11, 2022

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

Date: March 11, 2022

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

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

Exhibit 99.1

HAMILTON PARK TOWERS LLC

Financial Statements—Unconsolidated Significant Joint Venture
As of December 31, 2021 (audited) and 2020 (unaudited)
and for the Years ended December 31, 2021 (audited), 2020 (unaudited) and 2019 (unaudited)
Together With Report of Independent
Registered Public Accounting Firm

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

INDEPENDENT AUDITOR'S REPORT

To the Joint Venture Members of
Hamilton Park Towers LLC

Opinion

We have audited the accompanying financial statements of Hamilton Park Towers LLC, which comprise the balance sheet as of December 31, 2021, and the related statements of operations, changes in members' capital, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hamilton Park Towers LLC as of December 31, 2021, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Hamilton Park Towers LLC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Hamilton Park Towers LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Hamilton Park Towers LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Hamilton Park Towers LLC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Prior Period Financial Statements

The comparative information presented herein as of and for the years ended December 31, 2020 and 2019, have not been audited, reviewed, or compiled and, accordingly, we express no opinion on them.

Miller Wachman LLP

Boston, Massachusetts

March 11, 2022

Hamilton Park Towers LLC

(Unconsolidated Significant Joint Venture)

Balance Sheets

	December 31, 2021 (audited)	December 31, 2020 (unaudited)
ASSETS		
Rental Properties	$ 78,755,698	$ 80,763,418
Cash and Cash Equivalents	2,070,558	2,425,085
Rent Receivable	175,213	515,411
Prepaid Expenses and Other Assets	2,102,717	1,471,134
Total Assets	$ 83,104,186	$ 85,175,048
LIABILITIES AND MEMBERS' CAPITAL		
Mortgage Note Payable	$ 124,585,336	$ 124,520,713
Accounts Payable and Accrued Expenses	670,624	675,771
Advance Rental Payments and Security Deposits	2,522,719	2,216,093
Total Liabilities	127,778,679	127,412,577
Commitments and Contingent Liabilities (Note7)		
Members' Capital	(44,674,493)	(42,237,529)
Total Liabilities and Members' Capital	$ 83,104,186	$ 85,175,048
Member's Capital—NERA 40%	$ (17,869,798)	$ (16,895,012)

See notes to accompany the financial statements.

Hamilton Park Towers, LLC

(Unconsolidated Significant Joint Venture)

Statements of Operation

	Year Ended December 31,		
	2021	2020	2019
Revenues	(audited)	(unaudited)	(unaudited)
Rental Income	$ 12,866,983	$ 14,607,212	$ 16,406,426
Laundry and Sundry Income	97,781	78,361	100,695
	12,964,764	14,685,573	16,507,121
Expenses			
Administrative	205,460	181,332	207,769
Depreciation and Amortization	3,742,118	3,696,822	3,642,465
Management Fees	274,882	294,565	342,613
Operating	1,023,732	1,021,479	1,138,349
Renting	460,718	309,112	361,446
Repairs and Maintenance	1,814,342	1,562,154	1,405,732
Taxes and Insurance	2,426,021	2,286,872	2,049,298
	9,947,273	9,352,336	9,147,672
Income Before Other Income	3,017,491	5,333,237	7,359,449
Other Income (Expense)			
Interest Expense	(5,055,677)	(5,069,899)	(5,065,599)
Interest Income	1,222	—	—
	(5,054,455)	(5,069,899)	(5,065,599)
Net(Loss) Income	$ (2,036,964)	$ 263,338	$ 2,293,850
NERA—40%	$ (814,786)	$ 105,335	$ 917,540

See notes to accompany the financial statements.

Hamilton Park Towers LLC

(Unconsolidated Significant Joint Venture)

Statements of Changes in Members' Capital

		Hamilton Park Towers LLC
Balance, January 1,2019 (unaudited)	$	(37,544,717)
Distribution to members		(5,000,000)
Net Income		2,293,850
Balance, December 31,2019 (unaudited)	$	(40,250,867)
Distribution to members		(2,250,000)
Contribution		—
Net Income		263,338
Balance, December 31,2020 (unaudited)	$	(42,237,529)
Distribution to members		(400,000)
Contribution		—
Net Loss		(2,036,964)
Balance, December 31,2021 (audited)	$	(44,674,493)
Allocation to New England Realty Associations Limited Partnership for 2021:		
Percentage Ownership		40 %
Distributions Received	$	(160,000)
Contribution	$	—
Net (Loss)	$	(814,786)
Member's Capital	$	(17,869,798)

See notes to accompany the financial statements.

HAMILTON PARK TOWERS LLC

(Unconsolidated Significant Joint Venture)

Statements of Cash Flow

	Year Ended December 31,		
	2021	2020	2019
Cash Flows from Operating Activites	(audited)	(unaudited)	(unaudited)
Net (Loss) Income	$ (2,036,964)	$ 263,338	$ 2,293,850
Adjustments to reconcile net income to net cash provided by (used in) operating activites:			
Depreciation and amortization	3,742,118	3,696,822	3,642,465
Amortization of deferred financing costs	64,623	64,623	64,623
Changes in operating assets and liabilities:			
Decrease (Increase) in rent receivable	340,198	(472,038)	225,972
(Decrease) in accounts payable and accrued expenses	(5,147)	(124,178)	(67,824)
(Increase) Decrease in prepaid expenses and other assets	(631,583)	101,531	(528,773)
Increase (Decrease) in advance rental payments and security deposits	306,626	(560,895)	217,427
Total adjustments	3,816,835	2,705,865	3,553,890
Net cash provided by operating activites	1,779,871	2,969,203	5,847,740
Cash flows from investing activites			
Improvement of rental properties	(1,734,398)	(479,962)	(634,034)
Net cash (used in) investing activites	(1,734,398)	(479,962)	(634,034)
Cash flows from financing activites			
Distributions to members	(400,000)	(2,250,000)	(5,000,000)
Net cash (used in) financing activities	(400,000)	(2,250,000)	(5,000,000)
Net (Decrease) Increase in cash and cash equivalents	(354,527)	239,241	213,706
Cash and cash equivalents, at beginning of year	2,425,085	2,185,844	1,972,138
Cash and cash equivalents, at end of year	$ 2,070,558	$ 2,425,085	$ 2,185,844
Supplementary cash flow statement information:			
Cash paid for interest	$ 4,987,500	$ 4,987,500	$ 4,987,500
Cash paid for state taxes	$ 2,622	$ 1,688	$ 1,239

See notes to accompany the financial statements.

HAMILTON PARK TOWERS LLC

(Unconsolidated Significant Joint Venture)

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 (audited), 2020 (unaudited), and 2019 (unaudited)

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

Line of Business: Hamilton Park Towers LLC, (the "Joint Venture" or the "Property" or the "Partnership"), was organized in Massachusetts in 2009. The Joint Venture owns and operates 409 residential apartment units located in Brookline, Massachusetts. The Joint Venture is owned 40% by New England Realty Associates Limited Partnership ("NERA") as of and for the year ended December 31,2021, and is a "significant unconsolidated subsidiary" under Rule 3-09 of Regulation S-X requiring separated financial statements.

Basis of Preparation: The preparation of the financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Accordingly, actual results could differ from those estimates.

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

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.

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

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

Rental Properties: Rental properties are stated at cost less accumulated depreciation. Maintenance and repairs are charged to expense as incurred; improvements and additions, which improve or extend the life of 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. Significant acquisitions with long term leases are evaluated to determine if a portion of the purchase price is allocable to intangibles such as non-market rate rents.

Upon acquisition of rental property, the Joint Venture estimated 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 Joint Venture allocated the purchase price to the assets acquired and liabilities assumed based on their fair values. The Joint Venture 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 Joint Venture 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 estimates 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 is 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 Joint Venture'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. In estimating carrying costs, management includes real estate taxes, insurance and other operating expenses and estimates of lost rentals 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 Joint Venture'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. In all cases, amortization of such costs is included in interest expense and was approximately $65,000 for the years ended December 31, 2021, 2020, and 2019.

Income Taxes: The financial statements have been prepared on the basis that the joint venture is entitled to tax treatment as a partnership. Accordingly, no provision for income taxes has been recorded. (See note 10)

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

Comprehensive Income: Comprehensive income is defined as changes in members' equity, exclusive of transactions with owners (such as capital contributions and dividends). The Joint Venture did not have any comprehensive income items in 2021, 2020, or 2019 other than net income as reported.

Concentration of Credit Risks and Financial Instruments: The Joint Venture property is located in Brookline, Massachusetts, and is subject to the general economic risks related thereto. No single tenant accounted for more than 5% of the revenues in 2021, 2020 or 2019. The Joint Venture makes its temporary cash investments with high-credit-quality financial institutions. At December 31, 2021 and 2020, respectively approximately $3,235,000 and $3,025,000 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 $39,000 in 2021, $59,000 in 2020 and $21,000 in 2019.

Interest Capitalized: The Joint Venture 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 years ended December 31, 2021, 2020 and 2019 there was no capitalized interest.

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

Subsequent Events: The Joint Venture has evaluated subsequent events through March 11, 2022, the date the financial statements were issued.

NOTE 2. RENTAL PROPERTIES

Rental Properties Consist of the Following:

	Year Ended December 31, 2021	2020	Useful Life
Land, Improvements and Parking Lots	$ 30,471,239	$ 30,347,421	15 – 40 years
Buildings and Improvements	72,731,909	72,709,184	15 – 40 years
Kitchen Cabinets	2,383,044	1,937,839	5 – 10 years
Carpets	562,533	554,558	5 – 10 years
Air Conditioning	11,515	11,515	5 – 10 years
Laundry Equipment	4,719	—	5 – 7 years
Elevators	2,093,364	2,093,364	20 – 40 years
Equipment	8,224,568	7,285,614	5 – 30 years
Fences	6,381	6,381	5 – 15 years
Furniture and Fixtures	836,007	1,217,931	5 – 7 years
Smoke Alarms	—	—	5 – 7 years
	117,325,279	116,163,807	
Less Accumulated Depreciation	(38,569,581)	(35,400,389)	
	$ 78,755,698	$ 80,763,418	

	Hamilton Park Towers LLC
Rental Properties at Cost:	
Balance, January 1, 2019	$ 115,561,696
Additions	634,034
Write off of retired assets	(258,975)
Balance, December 31, 2019	115,936,755
Additions	479,962
Write off of retired assets	(252,909)
Balance, December 31, 2020	116,163,808
Additions	1,734,398
Write off of retired assets	(572,926)
Balance, December 31, 2021	$ 117,325,280
Accumulated Depreciation:	
Balance, January 1, 2019	$ 28,572,987
Depreciation for year	3,642,465
Write off of retired assets	(258,975)
Balance, December 31, 2019	31,956,477
Depreciation for year	3,696,822
Write off of retired assets	(252,909)
Balance, December 31, 2020	35,400,390
Depreciation for year	3,742,118
Write off of retired assets	(572,926)
Balance, December 31, 2021	$ 38,569,582
Net Book Value	$ 78,755,698

NOTE 3. RELATED PARTY TRANSACTIONS

The Joint Venture's property is managed by an entity, (The "management company") that is owned by the majority shareholder of the General Partner.The management fee is equal to 2% at Hamilton Park Towers of gross receipts of rental revenue and laundry income. Total management fees paid were approximately $275,000, $295,000 and $343,000 in 2021, 2020 and 2019, respectively.

In 2021, the Management Company also received approximately $55,000 for construction supervision and architectural fees, $16,000 for maintenance services and $5,000 for administrative services.

In 2020, the Management Company also received approximately $11,000 for construction supervision and architectural fees, $12,000 for maintenance services and $7,000 for administrative services.

In 2019, the Management Company also received approximately $4,000 for construction supervision and architectural fees, $33,000 for maintenance services and $20,000 for administrative services.

NOTE 4. OTHER ASSETS

Approximately $1,827,000 and $1,306,000 of security deposits are included in prepaid expenses and other assets at December 31, 2021 and 2020, respectively. Security deposits and escrow accounts are restricted cash.

NOTE 5. MORTGAGE NOTES PAYABLE

At December 31, 2021 and 2020, the mortgage payable is secured by a first mortgage on properties referred to in Note 2. At December 31, 2021, the interest rate on the loan is 3.99%, payable in monthly installments aggregating approximately $416,000, including interest, through June 1, 2028. The mortgage is subject to prepayment penalties.

The Joint Venture has pledged tenant leases as additional collateral for this loan.

Approximate annual maturities at December 31, 2021 are as follows:

	Hamilton Park Towers LLC
2022	$ —
2023	—
2024	—
2025	—
2026	—
Thereafter	125,000,000
	125,000,000
Less: unamortized deferred financing costs	415,000
	$ 124,585,000

NOTE 6. ADVANCE RENTAL PAYMENTS AND SECURITY DEPOSITS

The Joint Venture's residential lease agreements may require tenants to maintain a one-month advance rental payment and/or a security deposit. Prepaid rents are approximately $687,000 and $888,000 at December 31, 2021 and 2020, respectively. Security deposits are approximately $1,827,000 and $1,306,000 at December 31, 2021 and 2020, respectively.

NOTE 7. COMMITMENTS AND CONTINGENCIES

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

NOTE 8. RENTAL INCOME

Substantially all rental income was related to residential apartments with leases of one year of less.

Rents receivable are approximately $175,000 and $515,000 net of allowances for doubtful accounts at December 31, 2021 and 2020, respectively.

NOTE 9. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair Value Measurements on a Recurring Basis

At December 31, 2021 and 2020, we do not have any significant financial assets or financial liabilities that are measured at fair value on a recurring basis in our financial statements.

Financial Assets and Liabilities not Measured at Fair Value

At December 31, 2021 and 2020 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 December 31, 2021 and 2020, we estimated the fair value of our mortgage payable 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 December 31, 2021and 2020, 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.

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

		Carrying Amount	Estimated Fair Value
Mortgage Note Payable			
At December 31, 2021	*	$ 124,585,336	$ 132,576,730
At December 31, 2020	*	$ 124,520,713	$ 135,497,173

*Net of unamortized deferred financing costs

Disclosure about fair value of financial instruments is based on pertinent information available to management as of December 31, 2021 and 2020. 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 December 31, 2021 and current estimates of fair value may differ significantly from the amounts presented herein.

NOTE 10. TAXABLE INCOME AND TAX BASIS

The Joint Venture is not subject to income taxes as it files a partnership tax return whereby its income or loss is reportable by the members.

Taxable income or loss is different than financial statement income because of intangible assets, accelerated depreciation, different tax lives, and timing differences related to prepaid rents and allowances. The Partnership share of the taxable loss is approximately $710,000 less than statement loss for the year ended December 31, 2021. The cumulative tax basis of the Joint Venture real estate allocated to the Partnership at December 31, 2021 is approximately $3,100,000 more than the statement basis primarily due to the purchase price allocation to intangible assets at Hamilton Park Towers and accelerated depreciation.

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

In the normal course of business the Joint Venture is subject to examination by federal, state and local jurisdictions in which it operates, where applicable. As of December 31, 2021, the tax years that remain subject to examination by the major tax jurisdictions under the statute of limitations is from the year 2019 forward.

NOTE 11. IMPACT OF RECENTLY-ISSUED ACCOUNTING STANDARDS

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

NOTE 12—SUBSEQUENT EVENTS

On February 24, 2022, Russia began an invasion into Ukraine. In response, nations from around the world have placed sanctions of Russia in an attempt to cripple its economy. There is no way to predict how this conflict and the Russian sanctions will effect both the global and local economies. If there is a downturn in the economy and significant inflation to the cost of energy, goods and service, there may be material adverse effects to our business, results of operations, cash flows, and financial condition.