KERRA Artesian LP - September/2018

FINANCIAL RESULTS - AUGUST/2018

Rent Income

We are starting to see improvement in rent collection, we are still working to streamline the process. Two tenants paid their August rent at the beginning of September. In addition, we have one vacant unit. Those factors are creating a relatively low income for the month of August

We are working closely with our property manager to raise rents to their maximum potential. This process will be stretched over a period of several months.

Expenses

Regular operational expenses for the month of August.

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Income	**13,634**	**14,075**	**15,201**	**12,382**	**12,605**	**15,111**	**14,646**	**9,947**	**0**	**0**	**0**	**0**	**107,599**
Repairs & Maintenance	350	2,098	0	0	0	980	470	120	0	0	0	0	**4,018**
Utilities	3,160	2,434	2,795	875	1,099	1,086	1,205	1,216	0	0	0	0	**13,869**
MNG Fee & Leasing Fee	0	2,157	977	840	867	906	0	1,092	0	0	0	0	**6,838**
Insurance	0	0	0	6,258	0	0	0	0	0	0	0	0	**6,258**
Professional Fee (Accounting & Legal)	0	0	125	1,701	382	0	0	0	0	0	0	0	**2,208**
Miscellaneous Expenses	0	0	100	0	400	0	12	0	0	0	0	0	**512**
Total Expenses	**3,510**	**6,689**	**3,996**	**9,674**	**2,748**	**2,972**	**1,687**	**2,427**	**0**	**0**	**0**	**0**	**33,703**
NOI	**10,124**	**7,386**	**11,204**	**2,708**	**9,857**	**12,138**	**12,959**	**7,519**	**0**	**0**	**0**	**0**	**73,896**
Mortgage *	7,103	7,261	7,261	7,261	7,261	7,261	7,261	7,261	0	0	0	0	**57,928**
Net Cash before Income Tax	**3,021**	**125**	**3,944**	**(4,553)**	**2,597**	**4,877**	**5,698**	**259**	**0**	**0**	**0**	**0**	**15,967**
KERRA - 30% Fee	906	38	1,183	(1,366)	779	1,463	1,709	78	0	0	0	0	**4,790**
Net After KERRA Fee	2,115	88	2,761	(3,187)	1,818	3,414	3,989	181	0	0	0	0	**11,177**
Portion per Partner (20% each) * **	**423**	**18**	**552**	**(637)**	**364**	**683**	**798**	**36**	**0**	**0**	**0**	**0**	**2,235**
Major Rehab & Appliances **	0	0	0	570	0	0	0	0	0	0	0	0	570

* Mortgage payments include: principle, Interest & escrow for property tax

** Major Rehab & Appliances are not expenses they are added to the property value

*** Partners' distribution was paid for June and prior months

OTHER UPDATES

Occupancy Status

We found a good tenant for the vacant unit and leased it starting the beginning of September.

Withholding Tax Payment to IRS

American entities with foreign partners are required by the IRS to withhold a portion of the cash flow that belongs to the foreign owners, and send it to the IRS as advanced tax payment (withholding tax payment).

IRS will allocate those funds towards each partner according to the portion of partnership they own. This will be a credit for each of us when the time comes to pay our taxes in the USA.

We are still aiming to send partners' distribution each quarter for the full amount that was accumulated during the quarter.

According to our estimated income, we are required to send to the IRS $4,800 for 2018 ($1,200 per quarter). Please keep in mind that by end of 2018, IRS will have $4,800 tax that was paid in advance by the partnership on behalf of the partners.