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KERRA Highland LP - March/2019

FINANCIAL RESULTS - FEBRUARY/2019

Rent Income

Rent collection was normal for February.

Expenses

February has high expenses due to multiple reasons combined:

During the month of February, we were still dealing with the outcome of the water issue we had in December which resulted in high plumbing & repairs expenses for the property.

Chicago got a lot of snow during February which resulted in multiple snow removals and a need for salting walkways.

Utilities - bills are finally coming and we are catching up with those expenses.

Management Fee was charged by mistake for January and for February as well, we are paying our management fee only after the month is over. February fee was supposed to be charged in March.

in the "Rehab & Appliances" we have 3 units that we replaced the floor, 2 of those are the vacant units and the 3rd one is the unit that had pipe froze under the cement. These are classified as improvements.

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Income	**26,196**	**28,927**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**55,123**
Repairs & Maintenance	10,211	13,121	0	0	0	0	0	0	0	0	0	0	**23,332**
Utilities	733	11,429	0	0	0	0	0	0	0	0	0	0	**12,163**
MNG Fee & Leasing Fee	1,851	3,379	0	0	0	0	0	0	0	0	0	0	**5,231**
Insurance	0	0	0	0	0	0	0	0	0	0	0	0	**0**
Professional Fee (Accounting & Legal)	881	0	0	0	0	0	0	0	0	0	0	0	**881**
Miscellaneous Expenses	0	150	0	0	0	0	0	0	0	0	0	0	**150**
Total Expenses	**13,676**	**28,080**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**41,756**
NOI	**12,519**	**847**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**13,367**
Mortgage *	15,582	15,582	0	0	0	0	0	0	0	0	0	0	**31,164**
Net Cash before Income Tax	**(3,063)**	**(14,735)**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**(17,797)**
KERRA - 4% Fee from Collected Income	1,048	1,157	0	0	0	0	0	0	0	0	0	0	**2,205**
Net After KERRA Fee	**(4,111)**	**(15,892)**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**(20,002)**
Portion/Partner - Eliav & Revital Kling 19%	(781)	(3,019)	0	0	0	0	0	0	0	0	0	0	(3,800)
Portion/Partner - LZIC LTD 10%	(411)	(1,589)	0	0	0	0	0	0	0	0	0	0	(2,000)
Portion/Partner - Meital Steinberg 19%	(781)	(3,019)	0	0	0	0	0	0	0	0	0	0	(3,800)
Portion/Partner - L&E Kling Holdings 19%	(781)	(3,019)	0	0	0	0	0	0	0	0	0	0	(3,800)
Portion/Partner - Mitchell J Howard LLC 14%	(575)	(2,225)	0	0	0	0	0	0	0	0	0	0	(2,800)
Portion/Partner - LHCO INC 9%	(370)	(1,430)	0	0	0	0	0	0	0	0	0	0	(1,800)
Portion/Partner - Eitan Abu 10%	(411)	(1,589)	0	0	0	0	0	0	0	0	0	0	(2,000)
Major Rehab & Appliances **	0	5,640	0	0	0	0	0	0	0	0	0	0	**5,640**

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

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

OTHER UPDATES

Occupancy Status

We currently have 2 vacant units, by the end of February, these 2 units were still in the process of preparing them to be rent ready.

Plumbing Emergencies status for February

The water issue we have reported last month was resolved. We are working our insurance broker the option to file a claim.

Tax Season

All K1s were sent to partners, please make sure to work with your American accountant in order to file your taxes in the US on time.

UPCOMING TAX SEASON

We wanted to share some information regarding the tax return process for holding property in the USA. If this is your first time filing tax in the USA, please read the following information carefully. For any questions please call us.

Limited Partnership (LP)

This is a pass-thru entity, it only submits the tax return but does not pay tax. We are taking care of the LP tax return from A to Z. LP will provide all partners a form that reflects their prorated profit in the partnership. This form is called K1.

Personal tax in the US

Each partner will have to submit their tax return in the US using their K1 form (1 form or more). Your personal tax return will include also other income you might have in the US.

ITIN

This is a tax ID for non-American residents. This ID is created on the first time you file taxes in the US. Any accountant can request the ITIN on behalf of his clients (client need to provide few forms).

Personal tax in your country of residence

After you have submitted your personal tax in the US, you need to provide this form to your accountant in your country of residence. For this specific partnership, we have partners in Canada & Israel, both countries have a tax agreement with the US. Therefore no double taxation, the country of your residence will ask you only to top up according to local tax bracket considering your personal situation.

Accountant in the USA

If you are interested to work with our accountant for your personal USA tax return we will send you his contact information.

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