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KERRA Lamon LP - September/2018

FINANCIAL RESULTS - AUGUST/2018

Rent Income

This month we had few tenants that caught up with their rent payments. We are putting a lot of effort to collect rent at the beginning of each month. Most of our tenants were there with the previous owner and probably were not used to strict payment enforcement. We have one tenant that was recently evicted.
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 this month.

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Income	**8,402**	**10,050**	**9,985**	**10,399**	**10,970**	**8,085**	**12,171**	**9,822**	**0**	**0**	**0**	**0**	**79,884**
Repairs & Maintenance	450	2,790	0	40	990	650	645	570	0	0	0	0	**6,135**
Utilities	95	2,671	2,552	2,592	441	292	2,128	330	0	0	0	0	**11,103**
MNG Fee & Leasing Fee	0	1,150	0	0	2,076	1,417	0	899	0	0	0	0	**5,542**
Insurance	0	0	0	0	0	0	0	0	0	0	0	0	**0**
Professional Fee (Accounting & Legal)	(125)	150	0	3,043	0	0	0	0	0	0	0	0	**3,068**
Miscellaneous Expenses	212	0	3	0	0	0	0	0	0	0	0	0	**215**
Total Expenses	**632**	**6,762**	**2,555**	**5,676**	**3,507**	**2,359**	**2,773**	**1,798**	**0**	**0**	**0**	**0**	**26,062**
NOI	**7,770**	**3,289**	**7,430**	**4,723**	**7,463**	**5,726**	**9,398**	**8,024**	**0**	**0**	**0**	**0**	**53,822**
Mortgage *	5,898	5,898	5,898	5,898	5,898	5,898	5,898	5,898	0	0	0	0	**47,181**
Net Cash before Income Tax	**1,872**	**(2,609)**	**1,533**	**(1,174)**	**1,565**	**(172)**	**3,500**	**2,126**	**0**	**0**	**0**	**0**	**6,641**
KERRA - 30% Fee	562	(783)	460	(352)	470	(52)	1,050	638					**1,992**
Net After KERRA Fee	1,310	(1,826)	1,073	(822)	1,096	(120)	2,450	1,488					**4,649**
Portion per Partner (25% each) *	**328**	**(457)**	**215**	**(164)**	**219**	**(24)**	**490**	**298**		**0**	**0**	**0**	**904**
Major Rehab & Appliances **	15,000	0	0	0	1,400	2,356	0	0	0	0	0	0	**18,756**

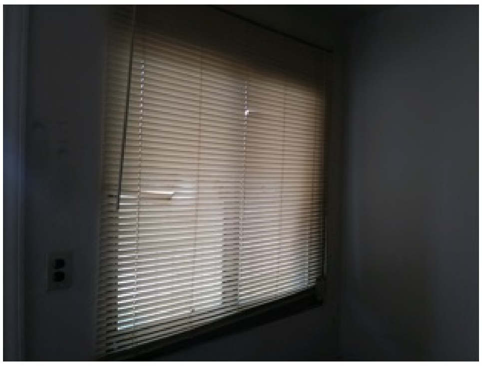
* Mortgage payments include: principle, Interest & escrow for property tax
** Major Rehab & Appliances are not expenses they are added to the property value
*** Partners' distribution was paid for June and prior months

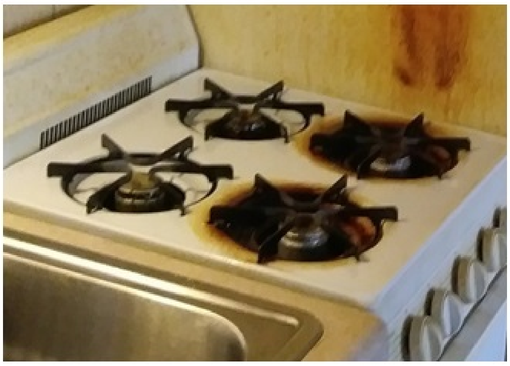
OTHER UPDATES

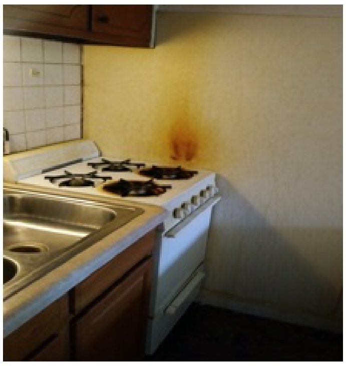
Occupancy Status

The vacant unit was renovated and is listed on the market. see below pictures:

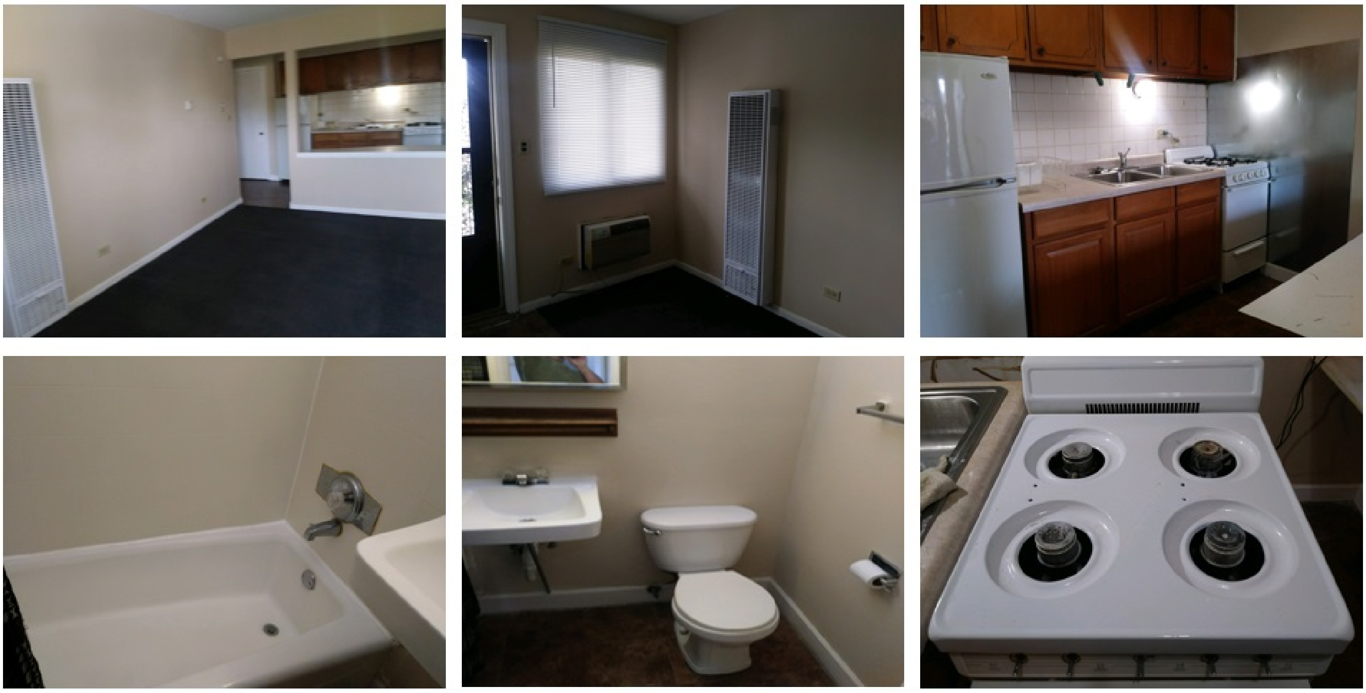
Before:







After:



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 $3,200 for 2018 ($800 per quarter). Please keep in mind that by end of 2018, IRS will have $3,200 tax that was paid in advance by the partnership on behalf of the partners.