

NEW ENGLAND REALTY ASSOCIATES LIMITED PARTNERSHIP
Form 10-K
March 07, 2011

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**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, 2010

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 0-12138

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:

Depository Receipts
(Title of each Class)

NYSE AMEX
(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 checkmark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

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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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No (the Registrant is not yet required to submit Interactive Data)

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 or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

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

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

At June 30, 2010, the aggregate market value of the registrant's securities held by non-affiliates of the registrant was \$42,160,920 based on the closing price of the registrant's traded securities on the NYSE Amex.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.

As of March 1, 2011, there were 105,188 of the registrant's Class A units (1,051,876 Depositary Receipts) of limited partnership issued and outstanding and 24,982 Class B units issued and outstanding.

DOCUMENTS INCORPORATED BY REFERENCE: None.

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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 ten publicly traded depository receipts ("Receipts"), which are currently listed on the NYSE Amex Exchange 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"). 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 24 subsidiary limited partnerships or limited liability companies, owns and operates various residential apartment buildings, 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 nine 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 43.2% and 60%, the President of Hamilton owns between 0% and 4.5%, and five other management employees of Hamilton own collectively between 0% and 2.3%, respectively. 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 a lease 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,

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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 Partnership is managed by the General Partner, NewReal, Inc., a Massachusetts corporation wholly owned by 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 Harold Brown and employs Ronald Brown and Harold Brown. The Partnership, Subsidiary Partnerships, and the Investment Properties currently contract with the management company for 52 individuals at the Properties and 11 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, 2011, the Partnership and its Subsidiary Partnerships owned 2,269 residential apartment units in 20 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, 2011, 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, 2011, the Partnership owned between a 40-50% interest in nine residential and mixed use complexes, the Investment Properties, with a total of 799 residential units, one commercial unit, and a 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."

Harold Brown 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. 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 Harold Brown 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

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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.

Industry Segments

The Partnership operates in only one industry segment real estate. The Partnership does not have any foreign operations, and its business is not seasonal. See the Consolidated Financial Statements attached hereto and incorporated by reference herein for financial information relating to our industry segment.

Unit Distributions

In 2010 and 2009, the Partnership paid four quarterly distributions of an aggregate of \$28.00 per Unit (\$2.80 per Receipt) for a total payment of \$3,687,600 in 2010 and \$3,713,840 in 2009. In February 2011, the Partnership approved a quarterly distribution of \$7.00 per Unit (\$0.70 per Receipt), payable on March 31, 2011.

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 100,000 Depositary Receipts (each of which is one-tenth of a Class A Unit). On January 15, 2008, the General Partner authorized an increase in the Repurchase Program from 100,000 to 200,000 Depositary Receipts. On January 30, 2008 the General Partner authorized an increase the Repurchase Program from 200,000 to 300,000 Depositary Receipts. On March 6, 2008, the General Partner authorized the increase in the total number of Depositary Receipts that could be repurchased pursuant to the Repurchase Program from 300,000 to 500,000. On August 8, 2008, the General Partner re-authorized and renewed the Repurchase Program for an additional 12-month period ended August 19, 2009. On March 22, 2010, the General Partner re-authorized and renewed the Repurchase Program that expired on August 19, 2009. Under the terms of the renewed Repurchase Program, the Partnership may purchase up to 500,000 Depositary Receipts from the start of the program in 2007 through March 31, 2015. 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, 2010, the Partnership has repurchased 398,320 Depositary Receipts at an average price of \$73.86 per receipt (or \$738.60 per underlying Class A Unit), 1,724 Class B Units and 91 General Partnership Units, both at an average price of \$585.05 per Unit, totaling approximately \$30,481,000 including brokerage fees paid by the Partnership.

On September 17, 2008, the Partnership completed the issuance of an aggregate of 6,642 Class A Units held in treasury to current holders of Class B and General Partner Units upon the simultaneous retirement to treasury of 6,309 Class B Units and 333 General Partner Units pursuant to an equity distribution plan authorized by the Board of Directors of the General Partner on August 8, 2008 and as further described under Item 3.02 of the Partnership's Current Report on Form 8-K as filed with the Securities and Exchange Commission on September 18, 2008, which is incorporated herein by

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reference. Harold Brown, the treasurer of the General Partner, owns 75% of the issued and outstanding Class B Units of the Partnership and 75% of the issued and outstanding equity of the General Partner, Ronald Brown, the brother of Harold Brown and the president of the General Partner, owns 25% of the issued and outstanding Class B Units of the Partnership and 25% of the issued and outstanding equity of the General Partner.

Property Transactions

On January 3, 2008, the Partnership sold the Oak Ridge Apartments, a 61-unit residential apartment complex located in Foxboro, Massachusetts. The sale price was \$7,150,000, which resulted in a gain of approximately \$6,000,000. In November 2007, the Partnership purchased a fully occupied commercial building located in Newton, Massachusetts, known as Linewt LLC. The purchase price was \$3,475,000 and the building consists of 5,850 square feet of commercial space. The Partnership utilized Section 1031 of the IRS code to affect a tax free exchange on the gain of Oak Ridge up to the purchase price of the Newton property. Most of the taxable gain of approximately \$3,000,000 will be taxed at the capital gain rates. In accordance with Section 1031, the Newton property was owned by a Qualified Intermediary for the period from the purchase date of the Newton property and the sale date of the Foxboro property. The Qualified Intermediary borrowed approximately \$3,225,000 from Harold Brown, Treasurer of the General Partner, to purchase the Newton property. This loan was paid in full, with interest at 6% of \$34,401, from the proceeds of the Oak Ridge sale on January 3, 2008. On January 22, 2008, the Partnership financed the Newton property with a first mortgage of \$1,700,000 at 5.75% interest only until maturity in January 2018.

In February 2008, the Partnership refinanced ten properties with outstanding 8.44% mortgages of approximately \$37,800,000 with new mortgages totaling \$60,000,000. The new mortgages which mature in February 2023 require interest only payments at interest rates from 5.6% to 5.7%. Deferred costs associated with these mortgages totaled approximately \$710,000 and, accordingly, the effective interest rates are 5.7% to 5.8%. Prepayment penalties of approximately \$3,700,000 were incurred in these transactions. After payment of existing mortgages, prepayment penalties and other costs of the transactions, approximately \$16,000,000 was received by the Partnership.

In April 2008, the Partnership sold the Coach Apartments, a 48-unit residential apartment complex located in Acton, Massachusetts. The sale price was \$4,600,000, which resulted in a gain of approximately \$3,800,000. In October 2008, the Partnership purchased a fully occupied medical office building located in Brookline, Massachusetts, referred to as "the Barn." The purchase price of the Barn was \$7,000,000 and it consists 20,000 square feet of commercial space. The Partnership utilized Section 1031 of the IRS code to affect a tax free exchange on the gain of Coach up to the purchase price of the Barn. This acquisition was funded from the assumption of the existing mortgage of approximately \$4,000,000, the cash from the sale of Coach of approximately \$2,600,000, and the balance of \$400,000 was funded from cash reserves.

In April 2008, the Partnership refinanced the property located at 659 Worcester Road with a mortgage balance of approximately \$3,500,000 at 7.84% with a new \$6,000,000 mortgage at 5.97% interest only mortgage which matures in March 2018. Deferred financing costs associated with this mortgage totaled approximately \$86,000 and accordingly the effective interest rate is 6.1%. Prepayment penalties of approximately \$783,000 were incurred in this transaction. After payment of the existing mortgage and prepayment penalties, approximately \$1,700,000 was received by the Partnership.

In June 2008, the Partnership refinanced the Westside Colonial Apartments with a balance of approximately \$4,600,000 maturing in 2008 with interest at a rate of 6.52% with \$7,000,000 at 5.66% interest only mortgage maturing in June 2023. Deferred financing costs associated with this mortgage totaled approximately \$62,000 and accordingly the effective interest rate is 5.8%. Closing costs were

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approximately \$100,000. There were no prepayment penalties. After payment of the existing mortgage and closing costs, approximately \$2,377,000 was received by the Partnership.

In December 2009, the Partnership refinanced Linhart, LLP, located in Newton, Massachusetts. The new loan is \$2,000,000, with a rate of 3.75% over the Libor rate or 4.25% whichever is greater and matures five years from the date of closing. The interest rate as of December 31, 2010 was 4.25%. The loan agreement calls for interest only payments for twenty four months and principal and interest payments for the remainder of the five year period based on a thirty year amortization. The loan proceeds were used to pay off the prior loan of approximately \$1,700,000, and closing costs of approximately \$38,000. There were no prepayment penalties.

On March 25, 2010, the Partnership refinanced the Brookside Apartments. The new loan is \$2,820,000, matures in 2020 and has an interest rate of 5.81%. The loan is a ten year note however it is being amortized over 30 years. The proceeds of the loan were used to pay off the old mortgage of approximately \$1,900,000. There were no prepayment penalties.

During 2010, the Partnership and its Subsidiary Partnerships completed improvements to certain of the Properties at a total cost of approximately \$2,268,000. 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 Westgate Woburn, 62 Boylston Street, Hamilton Oaks, Westside Colonial, Olde English Village, North Beacon Street and 1144 Commonwealth Avenue, at a cost of approximately \$381,000, \$241,000, \$196,000, \$165,000, \$129,000, \$127,000, and \$123,000 respectively. The Partnership plans to invest approximately \$1,761,000 in capital improvements in 2011.

On March 1, 2011, the Partnership entered into a purchase and sale agreement to sell the Avon Street Apartments. For additional information, see item 9B.

Advisory Committee

On October 29, 2007, Gregory Dube, Robert Nahigian, and Thomas Raffoul were elected to the Advisory Committee. 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. In addition, the Partnership's website includes other items related to corporate governance matters, including, among other things, the Partnership's corporate governance guidelines, charters of various committees of the Board of Directors, and the Partnership's code of business conduct and ethics applicable to all employees, officers and directors. Copies of these documents may be obtained, free of charge, from the website. 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.

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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 units that we own;

competition from other available multifamily units and changes in market rental rates;

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 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 residents and prospective residents as to the attractiveness, convenience and safety of our properties or the neighborhoods in which they are located; and

the Partnership does not carry directors and officers insurance.

We are dependent on rental income from our multifamily apartment complexes and commercial properties. If we are unable to attract and retain residents or if our residents are unable to pay their

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rental obligations, our financial condition and funds available for distribution to our shareholders will be adversely affected.

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 and owner occupied single and multifamily homes, in attracting residents. 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 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.

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.

We face possible adverse changes in tax laws. From time to time changes in state and local tax laws or regulations are enacted, which may result in an increase in our tax liability. A shortfall in tax revenues for the states and municipalities in which we operate may lead to an increase in the frequency and size of such changes. If such changes occur, we may be required to pay additional taxes on our assets or income. These increased tax costs could adversely affect our financial condition and results of operations and the amount of cash available for the payment of dividends.

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. The Partnership does not carry directors and officers liability insurance.

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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 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.

Compliance with changing regulation applicable to corporate governance and public disclosure may result in additional expenses, affect our operations and affect our reputation. Changing laws, regulations and standards relating to corporate governance and public disclosure, including the Sarbanes-Oxley Act of 2002, the Dodd-Frank Wall Street Reform and Consumer Protection Act and new SEC regulations and NYSE Amex rules, can create uncertainty for public companies. These new or changed laws, regulations and standards are subject to varying interpretations in many cases due to their lack of specificity, and as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies, which could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices. We are committed to maintaining high standards of corporate governance and public disclosure. As a result, our efforts to comply with evolving laws, regulations and standards may result in significant general and administrative expenses and a diversion of management time and attention from revenue-generating activities to compliance activities. In particular, our efforts to comply with Section 404 of the Sarbanes-Oxley Act of 2002 and rulemaking under the Dodd-Frank Wall Street Reform and Consumer Protection Act that will occur over the next two years will continue to require the commitment of significant resources.

We are subject to the risks associated with investments through joint ventures. Nine of our properties are owned by joint ventures in which we do not have a 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

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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. 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 owned approximately 33% of our depositary receipts as of December 31, 2010. 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;

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.

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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 certainty whether climate change is occurring and, if so, at what rate. However, the physical effects of climate change could have a material adverse 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.

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None.

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 nine 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 2,269 Apartment Units, the number and type of units in each complex, the range of rents and vacancies as of February 1, 2011, the principal amount outstanding under any mortgages as of December 31, 2010, 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, 2010	Maturity Date of Mortgage
Avon Street Apartments L.P.* 130 Avon Street Malden, MA	66 units 0 three-bedroom 30 two-bedroom 33 one-bedroom 3 studios	N/A \$1,150 1,325 \$925 1,150 \$925 960	0	\$ 2,550,000 4.99%	2013
Boylston Downtown L.P. 62 Boylston Street Boston, MA	269 units 0 three-bedroom 0 two-bedroom 53 one-bedroom 216 studios	N/A N/A \$1,550 2,100 \$1,125 1,700	3	\$ 19,500,000 4.84%	2013
Brookside Associates, LLC 5-7 10-12 Totman Road Woburn, MA	44 units 0 three-bedroom 34 two-bedroom 10 one-bedroom 0 studios	N/A \$1,100 1,250 \$900 1,150 N/A	2	\$ 2,795,595 5.81%	2020
Clovelly Apartments L.P. 160 170 Concord Street Nashua, NH	103 units 0 three-bedroom 53 two-bedroom 50 one-bedroom 0 studios	N/A \$850 1,200 \$725 925 N/A	3	\$ 4,160,000 5.62%	2023
Commonwealth 1137 L.P. 1131 1137 Commonwealth Ave. Allston, MA	35 units 29 three-bedroom 4 two-bedroom 1 one-bedroom 1 studio	\$1,650 2,350 \$1,525 1,700 \$725 \$850	0	\$ 3,750,000 5.65%	2023
Commonwealth 1144 L.P. 1144 1160 Commonwealth Ave. Allston, MA	261 units 0 three-bedroom 11 two bedroom 109 one-bedroom 141 studios	N/A \$1,000 1,400 \$950 1,350 \$600 1,050	0	\$ 14,780,000 5.61%	2023

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Apartment Complex	Number and Type of Units	Rent Range	Vacancies	Mortgage Balance and Interest Rate As of December 31, 2010	Maturity Date of Mortgage
Courtyard at Westgate, LLC 105 107 Westgate Drive Burlington, MA	20 units 0 three-bedroom 12 two bedroom 8 one-bedroom 0 studios	N/A \$1,450 1,820 \$1,200 1,365 N/A	1	\$ 2,000,000 5.25%	2015
Dean Street Associates, LLC 38 48 Dean Street Norwood, MA	69 units 0 three-bedroom 66 two-bedroom 3 one-bedroom 0 studios	N/A \$1,150 1,250 \$995 N/A	4	\$ 5,399,435 5.13%	2014
Executive Apartments L.P. 545 561 Worcester Road Framingham, MA	72 units 1 three-bedroom 47 two-bedroom 24 one-bedroom 0 studios	\$1,225 \$900 1,110 \$700 1,075 N/A	2	\$ 2,415,000 5.59%	2023
Hamilton Oaks Associates, LLC 30 50 Oak Street Extension 40 60 Reservoir Street Brockton, MA	268 units 0 three-bedroom 96 two-bedroom 159 one-bedroom 13 studios	N/A \$1,090 1,250 \$800 1,000 \$720-850	16	\$ 11,925,000 5.59%	2023
Highland Street Apartments L.P. 38 40 Highland Street Lowell, MA	36 units 0 three-bedroom 24 two-bedroom 10 one-bedroom 2 studios	N/A \$800 950 \$750 850 \$700 775	2	\$ 1,050,000 5.59%	2023
Linhart L.P. 4 34 Lincoln Street Newton, MA	9 units 0 three-bedroom 0 two-bedroom 5 one-bedroom 4 studios	N/A N/A \$750 1,000 \$925	0	\$ 2,000,000 4.25%	2014
Nashoba Apartments L.P. 284 Great Road Acton, MA	32 units 0 three-bedroom 32 two-bedroom 0 one-bedroom 0 studios	N/A \$1,090 1,325 N/A N/A	3	\$ 2,000,000 5.30%	2013
North Beacon 140 L.P. 140 154 North Beacon Street Brighton, MA	65 units 10 three-bedroom 54 two-bedroom 1 one-bedroom 0 studios	\$1,900 2,125 \$1,550 1,820 \$800 N/A	0	\$ 6,937,000 5.59%	2023
Olde English Apartments L.P. 703-718 Chelmsford Street Lowell, MA	84 units 0 three-bedroom 47 two-bedroom 30 one-bedroom 7 studios	N/A \$920 1,125 \$850 950 \$750 860	5	\$ 3,080,000 5.63%	2023

Redwood Hills L.P. 376 384 Sunderland Road Worcester, MA	180 units 0 three-bedroom 89 two-bedroom 91 one-bedroom 0 studios	N/A \$900 1,175 \$775 975 N/A	3	\$	6,743,000 5.59%	2023
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Apartment Complex	Number and Type of Units	Rent Range	Vacancies	Mortgage Balance and Interest Rate As of December 31, 2010	Maturity Date of Mortgage
River Drive L.P. 3 17 River Drive Danvers, MA	72 units 0 three-bedroom 60 two-bedroom 5 one-bedroom 7 studios	N/A \$875 1,125 \$800 950 \$800 850	0	\$ 3,465,000 5.62%	2023
School Street 9, LLC 9 School Street Framingham, MA	184 units 0 three-bedroom 96 two-bedroom 88 one-bedroom 0 studios	N/A \$1,065 1,275 \$875 1,105 N/A	7	\$ 15,883,496 5.47%	2013
WCB Associates, LLC 10 70 Westland Street 985 997 Pleasant Street Brockton, MA	180 units 1 three-bedroom 94 two-bedroom 85 one-bedroom 0 studios	\$1,100 \$820 1,050 \$815 930 N/A	15	\$ 7,000,000 5.66%	2023
Westgate Apartments, LLC 2 20 Westgate Drive Woburn, MA	220 units 0 three-bedroom 110 two-bedroom 110 one-bedroom 0 studios	N/A \$1,075 1,350 \$870 1,250 N/A	13	\$ 8,793,813 7.07%	2014

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.

*

On March 1, 2011, the Partnership entered into a purchase and sale agreement to sell the Avon Street Apartments. For additional information, see Item 9B.

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, 2011.

Condominiums	Number and Type of Units Owned by Partnership	Rent Range	Vacancies	Mortgage Balance and Interest Rate As of December 31, 2010	Maturity Date of Mortgage
Riverside Apartments 8 20 Riverside Street Watertown, MA	19 units 0 three-bedroom 12 two-bedroom 5 one-bedroom 2 studios	N/A \$1,200 1,325 \$1,150 1,270 \$950 1,000	0		

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, 2011, the commercial space had a 0% vacancy rate, and the average rent per square foot was \$22.69. The Partnership also rents roof space for a cellular phone antenna at an average rent of approximately \$25,620 per year through June 30,

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2011. 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, 2011, the commercial space was fully occupied, and the average rent per square foot was \$12.00. The Partnership also rents roof space for a cellular phone antenna at an average rent of approximately \$34,018 per year through November 2015. 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 21,555 square feet of rentable commercial space. As of February 1, 2011, the commercial space was fully occupied, and the average rent per square foot was \$23.98. For mortgage balance, interest rate and maturity date information see "Apartment Complexes," above.

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, 2011, and the average rent per square foot as of that date was \$30.32. 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 39,600 square feet of rentable commercial space. As of December 31, 2010, the mortgage had an outstanding balance \$6,000,000 with interest rate of 5.97%, matures in 2018. As of February 1, 2011, Staples Plaza was fully occupied, and the average net rent per square foot was \$23.83.

HAMILTON LINEWT ASSOCIATES, LLC. In 2007, the Partnership acquired a retail block in Newton, Massachusetts. The property consists of approximately 6,000 square feet of rentable commercial space. The property was fully rented at an average rent of \$37.92 per square foot. The Partnership obtained a mortgage in January 2008 of \$1,700,000 on this property. The mortgage balance at December 31, 2010 is \$1,604,089 the interest rate is 5.75% and matures in January 2018.

HAMILTON CYPRESS LLC. In 2008, the Partnership acquired a medical office building in Brookline, Massachusetts. The property consists of approximately 20,000 square feet of rentable commercial space. The property was fully rented at an average rent of \$36.94 per square foot. The Partnership assumed a mortgage of approximately \$4,011,000. The mortgage balance at December 31, 2010 is \$3,849,232; the interest rate is 5.92% and matures in May 2013.

Investment Properties

See Note 14 to the Financial Statements and Exhibit 99.1 for additional information regarding the Investment Properties.

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

Investment Properties	Number and Type of Units	Range	Vacancies	Mortgage Balance and Interest Rate As of December 31, 2010	Maturity Date of Mortgage
345 Franklin, LLC 345 Franklin Street Cambridge, MA	40 Units 0 three-bedroom 39 two-bedroom 1 one-bedroom 0 studios	N/A \$2,000 2,450 \$1,850 N/A	0	\$ 7,176,827 6.90%	2014
Hamilton on Main Apartments, LLC 223 Main Street Watertown, MA	148 Units 0 three-bedroom 93 two-bedroom 31 one-bedroom 24 studios	N/A \$1,225 1,625 \$1,100 1,425 \$925 1,125	1	\$ 16,151,526 5.18%	2015
Hamilton Minuteman, LLC 1 April Lane Lexington, MA	42 Units 0 three-bedroom 40 two-bedroom 2 one-bedroom 0 studios	N/A \$1,400 1,625 \$1,375 N/A	3	\$ 5,500,000 5.67%	2017
Hamilton Essex 81 LLC Residential 81 83 Essex Street Boston, Massachusetts	49 Units 0 three-bedroom 11 two-bedroom 38 one-bedroom 0 studios	N/A \$1,335 2,000 \$1,175 1,400 N/A	0	\$ 8,566,871 5.79%	2015
Hamilton Essex Development LLC Commercial 81 83 Essex Street Boston, Massachusetts	Parking Lot		0	\$ 2,162,000 2.85%	2011
Hamilton 1025, LLC Units to be retained 1025 Hancock Street Quincy, Massachusetts	48 Units 0 three-bedroom 32 two-bedroom 16 one-bedroom 0 studios	N/A \$1,350 1,475 \$1,100 1,300 N/A	0	\$ 5,000,000 5.67%	2016
Hamilton Bay, LLC(A) Units held for sale 165 185 Quincy Shore Drive Quincy, Massachusetts	15 Units 0 three-bedroom 0 two-bedroom 15 one-bedroom 0 studios	N/A N/A \$1,150-1,400 N/A	0	\$ 1,668,000 5.75%	2013
Hamilton Bay Apartments, LLC 165 185 Quincy Shore Drive Quincy, Massachusetts	48 Units 0 three-bedroom 24 two-bedroom 24 one-bedroom	N/A \$1,250 1,700 \$1,200 1,680	0	\$ 4,750,000 5.57%	2017

The Partnership has a 40% ownership interest in the property summarized below:

Hamilton Park Towers, LLC 175 185 Freeman Street, Brookline, Massachusetts	409 Units 71 three-bedroom 227 two-bedroom	\$2,050 3,995 \$1,895 3,400	6	\$ 89,914,000 5.57%	2019
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111 one-bedroom 0 studios	\$1,450 2,450
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(A)

Represents unsold units at February 1, 2011.

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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. This property has a 12-year mortgage, with a remaining balance at September 30, 2010 of approximately \$7,215,000 at 6.9% which is amortized on a 30-year schedule, with a final payment of approximately \$6,000,000 in 2014. 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. As of May 2008, the Partnership sold 137 units as condominiums. Gains from these sales were taxed as ordinary income (approximately \$50,000 per unit). The majority of the sales proceeds were applied to reduce the mortgage with the final payment made during the second quarter of 2007. With the sale of the units and the payments of the liabilities, the assets were combined with Hamilton on Main Apartments, LLC. An entity partially owned by the majority shareholder of the General Partner and the President of the management company, 31% and 5%, respectively, was the sales agent and received a variable commission on each sale of 3% to 5%. Hamilton on Main, LLC is known as Hamilton Place.

In 2005, Hamilton on Main Apartments, LLC obtained a ten year mortgage on the three buildings to be retained. The mortgage is \$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. Hamilton on Main LLC paid a fee of approximately \$400,000 in connection with this early extinguishment of debt. At December 31, 2010, the remaining balance on the mortgage is approximately \$16,152,000.

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 is 5.67% fixed for the ten year term with interest only payments for five years and amortized over a 30 year period for the balance of the loan. This loan required a cash contribution by the Partnership of \$1,250,000 in December 2006. This investment is referred to as Hamilton Minuteman, LLC.

HAMILTON ESSEX 81, LLC. On March 7, 2005, the Partnership invested \$2,000,000 for a 50% ownership interest in a building comprising 49 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 plans to operate the building and initiate development of the parking lot. In June 2007, the Partnership separated the parcels, formed an additional limited liability company for the residential apartments and obtained a mortgage on the property. The new limited liability company formed for the residential apartments and commercial space is referred to as Hamilton Essex 81, LLC. In August 2008, the Partnership restructured the mortgages on both parcels at Essex 81 and transferred the residential apartments to Hamilton Essex 81, LLC. The mortgage on Hamilton Essex 81, LLC is \$8,600,000 with interest only at 5.79% due in August 2015. The mortgage on Essex Development, LLC, or the parking lot is \$2,162,000 with a variable interest rate of 2.25% over the daily Libor rate (0.26% at December 31, 2010) and is due in August 2011. Harold Brown has issued a personal guaranty up to \$1,000,000 of this mortgage. In the event that he is obligated to make payments to the lender as a result of this guaranty, the Partnership and other investors have, in turn, agreed to indemnify him for their proportionate share of any such payments. 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.

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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 is 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. This investment is referred to as Hamilton 1025, 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 Partnership plans to sell the majority of units as condominium and retain 48 units for long-term investment. Gains from the sales of units will be taxed at ordinary income rates (approximately \$47,000 per unit). In February 2007, the Partnership refinanced the 48 units which will be retained with a new mortgage in the amount of \$4,750,000 with an interest rate of 5.57%, interest only for five years. This investment is referred to as Hamilton Bay Apartments, LLC. The loan will be amortized over 30 years thereafter and matures in March 2017. In April 2008, the Partnership refinanced an additional 20 units and obtained a new mortgage in the amount of \$2,368,000 with interest at 5.75%, interest only, which matures in 2013. As of February 1, 2011, the Partnership sold 105 units, the proceeds of which went to pay down the mortgage on the property. The balance on the new mortgage is approximately \$1,668,000 at December 31, 2010. This investment is referred to as Hamilton Bay, 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, referred to as Dexter Park, is a 409 unit residential complex. The purchase price was \$129,500,000. The total mortgage is \$89,914,000 with an interest rate of 5.57% and it matures in 2019. The mortgage calls for interest only payments for the first two years of the loan and amortized over 30 years thereafter. 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 is four years with a provision requiring payment in whole or in part upon demand by HBC with six months notice. On August 17, 2010, HBC gave six months written notice to the Partnership requesting a principal pay down of \$2,500,000. During the fourth quarter of 2010, the Partnership paid HBC \$2,500,000 as requested. The balance of the loan, \$4,668,600, will remain subject to the original terms of the Note, including HBC's right to demand payment of the balance of the loan in whole or in part upon six months notice. The Partnership has pledged its 99% ownership in 62 Boylston Street as security for this note. This investment is referred to as Dexter Park. See Form 8-K filed on January 13, 2010 for more information regarding this acquisition.

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. (REMOVED AND RESERVED)**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 Depository Agent, for ten Depository Receipts ("Receipts"). The Receipts are listed and publicly traded on the NYSE Amex Exchange under the symbol "NEN." There has never been an established trading market for the Class B Units or General Partnership Units.

In 2010, the high and low bid quotations for the Receipts were \$70.00 and \$52.75 respectively. The table below sets forth the high and low bids for each quarter of 2010 and 2009 and the distributions paid on the Partnership's Depository Receipts:

	2010				2009			
	Low Bid	High Bid	Close	Distributions	Low Bid	High Bid	Close	Distributions
First Quarter	\$ 52.75	\$ 67.99	\$ 67.99	\$ 0.70	\$ 45.00	\$ 56.75	\$ 53.51	\$ 0.70
Second Quarter	\$ 55.19	\$ 70.00	\$ 60.00	\$ 0.70	\$ 46.83	\$ 60.50	\$ 51.50	\$ 0.70
Third Quarter	\$ 58.50	\$ 65.57	\$ 65.00	\$ 0.70	\$ 47.00	\$ 57.50	\$ 56.50	\$ 0.70
Fourth Quarter	\$ 62.00	\$ 70.00	\$ 66.00	\$ 0.70	\$ 49.00	\$ 56.00	\$ 52.50	\$ 0.70

Distribution to Limited & General Partners were:

	2010	2009
Class A Limited Partners (80%)	\$ 2,950,080	\$ 2,971,072
Class B Limited Partners (19%)	700,644	705,630
Class C General Partner (1%)	36,876	37,138
Total	\$ 3,687,600	\$ 3,713,840

On March 1, 2011, the closing price on the NYSE Amex Exchange for a Depository Receipt was \$66.80. There were 1,004,886 Depository Receipts outstanding held by 931 record holders and 4,699 Class A Units (representing 46,990 receipts) held by 241 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. In each of 2010 and 2009, the Partnership made total distributions of \$28.00 per Unit, (\$2.80 per Receipt). The total value of the distribution in 2010 was \$3,687,600 and \$3,713,840 in 2009. In February 2011, the Partnership declared a quarterly distribution of \$7.00 per Unit (\$0.70 per Receipt) payable on March 31, 2011.

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.

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The Partnership does not have any securities authorized for issuance pursuant to any equity compensation plans.

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 100,000 Depositary Receipts (each of which is one-tenth of a Class A Unit). On January 15, 2008, the General Partner authorized an increase in the Repurchase Program from 100,000 to 200,000 Depositary Receipts. On January 30, 2008 the General Partner authorized an increase the Repurchase Program from 200,000 to 300,000 Depositary Receipts. On March 6, 2008, the General Partner authorized the increase in the total number of Depositary Receipts that could be repurchased pursuant to the Repurchase Program from 300,000 to 500,000. On August 8, 2008, the General Partner re-authorized and renewed the Repurchase Program for an additional 12-month period ended August 19, 2009. On March 22, 2010, the General Partner re-authorized and renewed the Repurchase Program that expired on August 19, 2009. Under the terms of the renewed Repurchase Program, the Partnership may purchase up to 500,000 Depositary Receipts from the start of the program in 2007 through March 31, 2015. 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, 2010, the Partnership has repurchased 398,320 Depositary Receipts at an average price of \$73.86 per receipt (or \$738.60 per underlying Class A Unit), 1,724 Class B Units and 91 General Partnership Units, both at an average price of \$585.05 per Unit, totaling approximately \$30,481,000 including brokerage fees paid by the Partnership.

On September 17, 2008, the Partnership completed the issuance of an aggregate of 6,642 Class A Units held in treasury to current holders of Class B and General Partner Units upon the simultaneous retirement to treasury of 6,309 Class B Units and 333 General Partner Units pursuant to an equity distribution plan authorized by the Board of Directors of the General Partner on August 8, 2008 and as further described under Item 3.02 of the Partnership's Current Report on Form 8-K as filed with the Securities and Exchange Commission on September 18, 2008, which is incorporated herein by reference. Harold Brown, the treasurer of the General Partner, owns 75% of the issued and outstanding Class B Units of the Partnership and 75% of the issued and outstanding equity of the General Partner, Ronald Brown, the brother of Harold Brown and the president of the General Partner, owns 25% of the issued and outstanding Class B Units of the Partnership and 25% of the issued and outstanding equity of the General Partner.

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

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COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN*
Among New England Realty Assoc. L.P., The NYSE Amex Composite Index
And The FTSE NAREIT All REITs Index

*\$100 invested on 12/31/05 in stock or index, including reinvestment of dividends.
Fiscal year ending December 31.

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. SELECTED FINANCIAL DATA

The information required by this Item is included on page 42 of this Form 10-K.

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 2011 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. 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.

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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.

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.

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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 by the Partnership 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 criteria, the Partnership may purchase additional depositary receipts. The Partnership will consider refinancing existing properties if the Partnership's cash reserves are insufficient to repay existing mortgages or if the Partnership needs additional funds for future acquisitions.

The general real estate market in the Greater Boston area is beginning to reach a supportable level. The commercial market vacancy has peaked and will plateau for the foreseeable future and will likely reflect the trends of the national unemployment rate. The multifamily sector has experienced improving occupancy and modest revenue increases. Management believes that limited new multi-family housing and greater demand will result in low single digit vacancy and higher rents upon turnover during the next 18 to 24 months. The Partnership believes its present cash reserves as well as anticipated rental revenue will be sufficient to fund its current operations, finance current planned improvements to its properties, and continue distribution payments in the foreseeable future.

Management continues to believe that the financial crisis that was set in motion by the subprime lending debacle in 2007 will take longer to be worked through than previous recessions. We continue to believe that the recession and conservative lending standards at the national level continue to moderate the recovery as evidenced by the tepid growth in GNP and employment. Management believes that the improvement in local unemployment, small job gains, and general stabilization of housing prices and stability of the major industries in Massachusetts will provide support to a stronger multifamily market for 2011.

For 2010, the Partnership's revenues were essentially flat. However, if the free rent concessions granted in 2009 were not expensed over the past 12 months, rental income would demonstrate an overall increase from the previous year. In fact, trends for the 4th quarter of 2010 and the 1st quarter of 2011 already demonstrate increasing rental revenue compared with the previous year. Occupancy continues to remain above the competition. As detailed below, overall operating expenses increased by 1.9%. Management is satisfied with the onsite efforts of the staff balancing tenant retention, curb appeal and the profitability of the properties while mitigating growth in the other expense categories. Management believes that bottom line growth, excluding depreciation, will surpass 2010 operating performance in its core holdings as well as the joint ventures.

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Management anticipates that the purchasing power of the Management Company will continue to buffer large increases in operating expenses. In 2008, the Partnership financed approximately \$65,000,000 of mortgage debt for 15 years at rates less than 6%. The Partnership has accordingly mitigated financing concerns and locked in interest rates to the benefit of the shareholders. The next significant round of refinancing of approximately \$45,000,000 will not occur until 2013. Management anticipates that stability will return to the marketplace at that time.

As Management reviews property performance, it takes into consideration opportunities for property dispositions. On February 2, 2011, the Partnership was presented an unsolicited offer to sell the Avon Street apartments. The possible disposition of the Avon Street Apartments is one such opportunity where Management believes is an optimum time to dispose of an asset in light of demand for such product, the current interest rate environment and the property's position in the marketplace. On March 1, 2011, the Partnership entered into a purchase and sale agreement. For additional information, see Item 9B. The potential sale will also allow the Partnership to rebuild its cash position or pay down its debt.

The Stock Repurchase Program that was initiated in 2007 has purchased 398,320 Depositary Receipts through February 2011 or 29% of the outstanding class A Depositary Receipts. 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 40% of the total properties and 70% of the residential properties managed by Hamilton. Substantially all of the other properties managed by Hamilton are owned, wholly or partially, directly or indirectly, by Harold Brown. 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.

At March 1, 2011, Harold Brown, his brother Ronald Brown and the President of Hamilton, Carl Valeri, collectively own approximately 39.50% of the Depositary Receipts representing the Partnership Class A Units (including Depositary Receipts held by trusts for the benefit of such persons' family members). Harold Brown also owns 75% of the Partnership's Class B Units, 75% of the capital stock of NewReal, Inc. ("NewReal"), the Partnership's sole general partner, and all of the outstanding stock of Hamilton. Ronald Brown also owns 25% of the Partnership's Class B Units and 25% of NewReal's capital stock. In addition, Ronald Brown is the President and director of NewReal and Harold Brown is NewReal's Treasurer and a director. One of NewReal's directors, Roberta Ornstein also owns immaterial amounts of the Partnership's Class A receipts.

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.

Hamilton accounted for approximately 6.5% of the repair and maintenance expense paid for by the Partnership in the year ended December 31, 2010 and 3% in the year ended December 31, 2009. 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. However, several of the larger

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Partnership properties have their own maintenance staff. Further, 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 76% of the legal services paid for by the Partnership during the years ended December 31, 2010 and 2009.

Additionally, as described in Note 3 to the consolidated financial statements, The Hamilton Company receives similar fees from the Investment Properties.

R. Brown Partners, which is owned by Ronald Brown, managed the condominium association containing five condominium units which were sold in 2008 located in Brookline, Massachusetts. That entity received annual management fees from the five units of approximately \$1,500, and Hamilton reduced its management fees to approximately 2%, so that the total management fee will not exceed the 4% allowed by the Partnership's Partnership Agreement.

The Partnership requires that three bids be obtained for construction contracts in excess of \$5,000. 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 2010, Hamilton provided the Partnership approximately \$32,000 in construction and architectural services. In 2009, Hamilton provided construction and architectural services paid for by the Partnership totaling \$53,000.

Prior to 1991, the Partnership employed an outside, unaffiliated company to perform its bookkeeping and accounting functions. Since that time, such services have been provided by Hamilton's accounting staff, which consists of approximately 14 people. In 2010, Hamilton charged the Partnership \$125,000 per year (\$31,250 per quarter) for bookkeeping and accounting services. In 2011, Hamilton will charge the Partnership \$125,000 for bookkeeping and accounting services (\$31,250 per quarter).

For more information on related party transactions, see Note 3 to the Consolidated Financial Statements.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of the consolidated financial statements, in accordance with accounting principles generally accepted in the United States of America, requires the Partnership to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosures of contingent assets and liabilities. The Partnership regularly and continually evaluates its estimates, including those related to acquiring, developing and assessing the carrying values of its real estate properties and its investments in and advances to joint ventures. The Partnership bases its estimates on historical experience, current market conditions, and on various other assumptions that 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.

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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.

Rental Properties: Rental properties are stated at cost less accumulated depreciation. Maintenance and repairs are charged to expense as incurred; improvements and additions are capitalized. When assets are retired or otherwise disposed of, the cost of the asset and related accumulated depreciation is eliminated from the accounts, and any gain or loss on such disposition is included in income. Fully depreciated assets are removed from the accounts. Rental properties are depreciated by both straight-line and accelerated methods over their estimated useful lives. Upon acquisition of rental property, the Partnership estimates the fair value of acquired tangible assets, consisting of land, building and improvements, and identified intangible assets and liabilities assumed, generally consisting of the fair value of (i) above and below market leases, (ii) in-place leases and (iii) tenant relationships. The Partnership allocated the purchase price to the assets acquired and liabilities assumed based on their fair values. The Partnership records goodwill or a gain on bargain purchase (if any) if the net assets acquired/liabilities assumed exceed the purchase consideration of a transaction. In estimating the fair value of the tangible and intangible assets acquired, the Partnership considers information obtained about each property as a result of its due diligence and marketing and leasing activities, and utilizes various valuation methods, such as estimated cash flow projections utilizing appropriate discount and capitalization rates, estimates of replacement costs net of depreciation, and available market information. The fair value of the tangible assets of an acquired property considers the value of the property as if it were vacant.

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.

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

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predict and are subject to future events that may alter management's assumptions, the future cash flows estimated by management in its impairment analyses may not be achieved. The Partnership has not recognized an impairment loss since 1995.

Rental Property Held for Sale and Discontinued Operations: 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. If, in management's opinion, the net sales price of the assets which have been identified as held for sale is less than the net book value of the assets, a valuation allowance is established. Properties identified as held for sale and/or sold are presented in discontinued operations for all periods presented.

Investments in Partnerships: 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 Partnerships, 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.

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, 2010 and December 31, 2009**

The Partnership and its Subsidiary Partnerships earned income before interest expense, loss from investments in unconsolidated joint ventures and other income and loss of approximately \$10,688,000 during the year ended December 31, 2010, compared to approximately \$11,170,000 for the year ended December 31, 2009, a decrease of approximately \$482,000.

The rental activity is summarized as follows:

	Occupancy Date	
	February 1, 2011	February 2, 2010
Residential		
Units	2,269	2,269
Vacancies	79	63
Vacancy rate	3.5%	2.8.%
Commercial		
Total square feet	114,395	114,395
Vacancy	0	2,384
Vacancy rate	0%	2.0%

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Rental Income (in thousands)				
Year Ended December 31,				
	2010		2009	
	Total Operations	Continuing Operations	Total Operations	Continuing Operations
Total rents	\$ 32,712	\$ 32,712	\$ 32,812	\$ 32,812
Residential percentage	90%	90%	91%	91%
Commercial percentage	10%	10%	9%	9%
Contingent rentals	\$ 653	\$ 653	\$ 583	\$ 583

Year Ended December 31, 2010 Compared to Year Ended December 31, 2009:

	Year Ended December 31,		Dollar	Percent
	2010	2009	Change	Change
Revenues:				
Rental income	\$ 32,711,907	\$ 32,812,022	\$ (100,115)	(0.3)%
Laundry and sundry income	454,203	422,463	31,740	7.5%
	33,166,110	33,234,485	(68,375)	(0.2)%
Expenses				
Administrative	1,828,214	1,800,798	27,416	1.5%
Depreciation and amortization	5,622,395	5,838,246	(215,851)	(3.7)%
Management fees	1,367,190	1,339,252	27,938	2.1%
Operating	3,923,424	4,061,342	(137,918)	(3.4)%
Renting	546,665	528,154	18,511	3.5%
Repairs and maintenance	5,008,992	4,813,105	195,887	4.1%
Taxes and insurance	4,181,037	3,683,612	497,425	13.5%
	22,477,917	22,064,509	413,408	1.9%
Income Before Other Income and Discontinued Operations	10,688,193	11,169,976	(481,783)	(4.3)%
Other Income (Loss)				
Interest expense	(8,182,661)	(7,940,002)	(242,659)	3.1%
Interest income	5,932	48,948	(43,016)	(87.9)%
Casualty income		15,696	(15,696)	(100.0)%
(Loss) from investment in unconsolidated joint ventures	(3,869,996)	(1,687,258)	(2,182,738)	129.4%
Other income (loss)	(700)	5,178	(5,878)	(113.5)%
	(12,047,425)	(9,557,438)	(2,489,987)	(26.1)%
Income (loss) from Continuing Operations	(1,359,232)	1,612,538	(2,971,770)	(184.3)%
Net Income (loss)	\$ (1,359,232)	\$ 1,612,538	\$ (2,971,770)	(184.3)%

Rental income from operations for the year ended December 31, 2010 was approximately \$32,712,000, compared to approximately \$32,812,000 for the year ended December 31, 2009, a decrease of approximately \$100,000. This decrease is due to the amortization of approximately \$404,000 in connection with the free rent granted to tenants. The majority of Partnership Properties had increases in rental revenue, the ones with the most significant increases include Westgate Woburn, 62 Boylston Street, Redwood Hills, North Beacon Street, and 1131 Commonwealth Avenue with increases of approximately \$104,000, \$92,000, \$91,000, \$75,000 and \$70,000.

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Operating expenses from continuing operations for the year ended December 31, 2010 were approximately \$22,478,000 compared to approximately \$22,065,000 for the year ended December 31, 2009, an increase of approximately \$413,000 (1.9%). The most significant factors contributing to this decrease were an increase in real estate taxes of approximately \$339,000 and an increase in insurance of approximately \$156,000 and an increase in repairs and maintenance expenses of approximately \$196,000 due to repairs at many properties to maintain occupancy.

These increases are offset by a decrease in depreciation and amortization expense of approximately \$216,000 (3.7%) due to the significant amount of 5-10 year property becoming fully depreciated; and a decrease in operating expenses of approximately \$138,000 (3.4%) due to lower snow removal costs due a milder winter in 2010 and lower utility costs due in part to the installation of new more efficient heating systems.

Interest expense for the year ended December 31, 2010 was approximately \$8,183,000 compared to approximately \$7,940,000 for the year ended December 31, 2009, an increase of approximately \$243,000. This increase is due to a higher average level of debt in 2010 compared to 2009.

At December 31, 2010, the Partnership has between a 40% and 50% ownership interests in nine different Investment Properties. See a description of these properties included in the section titled Investment Properties as well as Note 14 to the Consolidated Financial Statements for a detail of the financial information of each Investment Property.

As described in Note 14 to the Consolidated Financial Statements, the Partnership's share of the net loss from the Investment Properties was approximately \$3,870,000. Included in this loss is depreciation and amortization expense of approximately \$5,222,000. The allocable loss associated with the October 2009 investment in Dexter Park is approximately \$2,956,000 of which approximately \$3,771,000 is depreciation and amortization. The allocable amortization expense at Dexter Park will be approximately \$1,600,000 less in 2011 and in future years as deferred charges were fully amortized in 2010. In 2009, the Partnership's share of loss was approximately \$1,687,000.

Interest income for the year ended December 31, 2010 was approximately \$5,900 compared to approximately \$49,000 for the year ended December 31, 2009, a decrease of approximately \$43,000. This decrease is due to a drop in interest rates as well as a decrease in cash available for investment.

On March 25, 2010, the Partnership refinanced the Brookside Apartments. The new loan is \$2,820,000, matures in 2020 and has an interest rate of 5.81%. The loan is a ten year note amortized over 30 years. The proceeds of the loan were used to pay off the old mortgage of approximately \$1,900,000. There were no prepayment penalties.

In December 2009, the Partnership refinanced Linhart, LLP, located in Newton, Massachusetts. The new loan is \$2,000,000, with a rate of 3.75% over the Libor rate or 4.25% whichever is greater and matures five years from the date of closing. The interest rate as of December 31, 2010 was 4.25%. The loan agreement calls for interest only payments for twenty four months and principal and interest payments for the remainder of the five year period based on a thirty year amortization. The loan proceeds were used to pay off the prior loan of approximately \$1,700,000, and closing costs of approximately \$38,000.

As a result of the changes discussed above, net loss for the year ended December 31, 2010 was approximately \$1,359,000 compared to net income of approximately \$1,612,000 for the year ended December 31, 2009, a decrease of approximately \$2,971,000.

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Years Ended December 31, 2009 and December 31, 2008 (as adjusted for discontinued operations)

The Partnership and its Subsidiary Partnerships earned income before other income and loss and discontinued operations of approximately \$11,170,000 during the year ended December 31, 2009, compared to approximately \$9,784,000 for the year ended December 31, 2008, an increase of approximately \$1,386,000.

The rental activity is summarized as follows:

	Occupancy Date	
	February 2, 2010	February 1, 2009
Residential		
Units exclusive of available for sale units	2,269	2,269
Vacancies	63	67
Vacancy rate	2.8%	3.0%
Commercial		
Total square feet	114,395	114,395
Vacancy	2,384	0
Vacancy rate	2.0%	0%

	Rental Income (in thousands)			
	Year Ended December 31,			
	2009		2008	
	Total Operations	Continuing Operations	Total Operations	Continuing Operations
Total rents	\$ 32,812	\$ 32,812	\$ 34,140	\$ 31,898
Residential percentage	91%	91%	92%	92%
Commercial percentage	9%	9%	8%	8%
Contingent rentals	\$ 583	\$ 583	\$ 477	\$ 477

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Year Ended December 31, 2009 Compared to Year Ended December 31, 2008:

	Year Ended December 31,		Dollar	Percent
	2009	2008	Change	Change
Revenues:				
Rental income	\$ 32,812,022	\$ 31,898,117	\$ 913,905	2.9%
Laundry and sundry income	422,463	399,028	23,435	5.9%
	33,234,485	32,297,145	937,340	2.9%
Expenses				
Administrative	1,800,798	1,726,610	74,188	4.3%
Depreciation and amortization	5,838,246	6,367,596	(529,350)	(8.3)%
Management fees	1,339,252	1,316,594	22,658	1.7%
Operating	4,061,342	4,250,345	(189,003)	(4.4)%
Renting	528,154	495,822	32,332	6.5%
Repairs and maintenance	4,813,105	4,883,987	(70,882)	(1.5)%
Taxes and insurance	3,683,612	3,472,518	211,094	6.1%
	22,064,509	22,513,472	(448,963)	(2.0)%
Income Before Other Income and Discontinued Operations	11,169,976	9,783,673	1,386,303	14.3%
Other Income (Loss)				
Interest expense	(7,940,002)	(7,704,843)	(235,159)	3.1%
Interest income	48,948	172,133	(123,185)	(71.6)%
Casualty income (loss)	15,696	(7,439)	23,135	(310.0)%
Mortgage prepayment penalties		(4,487,706)	4,487,706	(100.0)%
(Loss) from investment in unconsolidated joint ventures	(1,687,258)	(1,075,675)	(611,583)	56.9%
Other income (losses)	5,178	(86,693)	91,871	(106.0)%
	(9,557,438)	(13,190,223)	3,632,785	(27.4)%
Income from Continuing Operations	1,612,538	(3,406,550)	5,019,088	(147.3)%
Discontinued Operations:				
Income from discontinued operations		(110,886)	110,886	(100.0)%
Gain (loss) on sale of real estate from discontinued operations		10,099,127	(10,099,127)	(100.0)%
		9,988,261	(9,988,261)	(100.0)%
Net Income	\$ 1,612,538	\$ 6,581,711	\$ (4,969,173)	(75.5)%

Rental income from continuing operations for the year ended December 31, 2009 was approximately \$32,812,000, compared to approximately \$31,898,000 for the year ended December 31, 2008, an increase of approximately \$914,000. Approximately \$644,000 of this increase represents rental income from the Partnerships new acquisition of Cypress Street in October 2008. Other properties with significant rental income increases include 1144 Commonwealth Avenue, River Drive, Linewt, and 659 Worcester Road with increases of approximately \$68,000, \$36,000, \$32,000, and \$29,000 respectively. Other properties with decreases in rental income include; 140 North Beacon Street, Redwood Hills, School Street, and Westgate Woburn with decreases of approximately \$106,000, \$60,000, \$33,000, and \$28,000 respectively.

Operating expenses from continuing operations for the year ended December 31, 2009 were approximately \$22,065,000 compared to approximately \$22,513,000 for the year ended December 31,

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2008, a decrease of approximately \$449,000 (2.0%). The most significant factors contributing to this decrease were a decrease in depreciation and amortization expense of approximately \$529,000 (8.3%) due to the significant amount of 5-10 year property becoming fully depreciated; a decrease in operating expenses of approximately \$189,000 (4.4%) due to lower heating costs as the result of the installation of new more efficient heating systems as well as lower fuel costs; and a decrease in repairs and maintenance expenses of approximately \$71,000(1.5%) due to improvements done in 2008 which has resulted in the need for fewer repairs in 2009.

These decreases are offset by an increase in administrative expenses of approximately \$74,000 (4.3%) due to an increase in the fees related to employee benefits as well as payroll service fees; an increase in taxes and insurance of approximately 211,000 (6.1%) due to an increase in the real estate taxes; and an increase in the management fee of approximately \$23,000 (1.7%) due to an increase in rental income.

At December 31, 2009, the Partnership has between a 40% and 50% ownership interests in nine different Investment Properties. See a description of these properties included in the section titled Investment Properties as well as Note 14 to the Consolidated Financial Statements for a detail of the financial information of each Investment Property.

As described in Note 14 to the Consolidated Financial Statements, the Partnership's share of the net loss from the Investment Properties was approximately \$1,687,000. Included in this loss is depreciation and amortization expense of approximately \$2,492, 000. The loss associated with the 2009 investment in Dexter Park is approximately \$500,000 of which approximately \$675,000 is depreciation and amortization. In 2008, the Partnership's share of loss was approximately \$1,076,000. Included in the Partnership's share of loss was a gain on the sale of units of approximately \$438,000 and depreciation expense of \$1,913,000. There were 21 units sold in 2008.

Interest income for the year ended December 31, 2009 was approximately \$49,000 compared to approximately \$172,000 for the year ended December 31, 2008, a decrease of approximately \$123,000. This decrease is due to a drop in interest rates as well as a decrease in cash available for investment.

In 2008, the Partnership refinanced a number of mortgages with outstanding 8.44% mortgages of approximately \$37,800,000 with new mortgages totaling approximately \$60,000,000. Non-recurring prepayment penalties of approximately \$4,488,000 were incurred in these transactions and are included in other expenses.

During 2008, the Partnership sold the Oak Ridge Apartments in Foxboro, Massachusetts, the Coach Apartments in Acton, Massachusetts and five condominiums located in Brookline, Massachusetts. The net loss from operations from these properties is approximately \$111,000 and the gain on the sale of the properties is approximately \$10,000,000. This resulted in a net income from discontinued operations in 2008 of approximately \$9,988,000.

As a result of the changes discussed above, net income for the year ended December 31, 2009 was approximately \$1,612,000 compared to approximately \$6,582,000 for the year ended December 31, 2008, a decrease of approximately \$4,969,000.

LIQUIDITY AND CAPITAL RESOURCES

The Partnership's principal source of cash during 2010 and 2009 was the collection of rents and refinancing of Partnership properties. The majority of cash and cash equivalents of \$3,245,361 at December 31, 2010 and \$2,879,663 at December 31, 2009 were held in interest bearing accounts at creditworthy financial institutions.

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This increase of \$365,698 at December 31, 2010 is summarized as follows:

	Year Ended December 31,	
	2010	2009
Cash provided by operating activities	\$ 8,313,602	\$ 9,572,340
Cash (used in) investing activities	(1,250,539)	(18,743,746)
Cash (used in) provided by financing activities	(2,468,854)	6,526,318
Repurchase of Depositary Receipts, Class B and General Partner Units	(540,911)	(1,514,340)
Distributions paid	(3,687,600)	(3,713,840)
Net increase (decrease) in cash and cash equivalents	\$ 365,698	\$ (7,873,268)

The cash provided by operating activities is primarily due to the collection of rents less cash operating expenses. The change in cash used in investing activities is due to a significant investment in a joint venture in 2009. The decrease in cash provided by financing activities is due to the payment in 2010 of a portion of the debt.

During 2010, the Partnership and its Subsidiary Partnerships completed improvements to certain of the Properties at a total cost of approximately \$2,268,000. 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 Westgate Woburn, 62 Boylston Street, Hamilton Oaks, Westside Colonial, Olde English Village, North Beacon Street and 1144 Commonwealth Avenue, at a cost of approximately \$381,000, \$241,000, \$196,000, \$165,000, \$129,000, \$127,000, and \$123,000 respectively. The Partnership plans to invest approximately \$1,761,000 in capital improvements in 2011.

In 2010 the Partnership repurchased 6,896 Class A Depositary Receipts, 164 Class B Units and 9 General Partnership Units for a total cost of \$540,911 (\$432,920, \$102,591 and \$5,400 respectively). The purchase was funded from cash received from the refinancing of Partnership properties in 2010 and 2009.

On March 25, 2010, the Partnership refinanced the NERA Brookside Associates, LLC. The new loan is \$2,820,000, matures in 2020 and has an interest rate of 5.81%. The loan is a ten year note amortized over 30 years. The proceeds of the loan were used to pay off the old mortgage of approximately \$1,900,000. There were no prepayment penalties.

In December 2009, the Partnership refinanced Linhart, LLP, located in Newton, Massachusetts. The new loan is \$2,000,000, with a rate of 3.75% over the Libor rate or 4.25% whichever is greater and matures five years from the date of closing. The interest rate as of September 30, 2010 was 4.25%. The loan agreement calls for interest only payments for twenty four months and principal and interest payments for the remainder of the five year period based on a thirty year amortization. The loan proceeds were used to pay off the prior loan of approximately \$1,700,000, and closing costs of approximately \$38,000.

On October 28, 2009 the Partnership invested approximately \$15,925,000 in a joint venture to acquire a 40% interest in a residential property located in Brookline, Massachusetts. The property, referred to as Dexter Park, is a 409 unit residential complex. The purchase price was \$129,500,000. The total mortgage is \$89,914,000 with an interest rate of 5.57% and it matures in 2019. The mortgage calls for interest only payments for the first two years of the loan and amortized over 30 years thereafter. 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 is four years with a provision requiring payment in whole or in part upon demand by HBC with six months notice. On August 17,

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2010, HBC gave six months written notice to the Partnership requesting a principal pay down of \$2,500,000. During the fourth quarter of 2010, the Partnership paid HBC \$2,500,000 as requested. The balance of the loan, \$4,668,600, will remain subject to the original terms of the Note, including HBC's right to demand payment of the balance of the loan in whole or in part upon six months notice. The interest paid during the years ended December 31, 2010 and 2009 was approximately \$415,000 and \$78,000 respectively. This loan is collateralized by the Partnership's 99% ownership interest in 62 Boylston Street. This investment, Hamilton Park Towers, LLC is referred to as Dexter Park.

The Partnership paid quarterly distributions of \$7.00 per Unit (\$0.70 per Receipt) on March 31, 2010, June 30, 2010, September 30, 2010 and December 31, 2010. The total distributions paid during the year ended December 31, 2010 were \$3,687,600 and \$3,713,840 during the year ended December 31, 2009.

In February 2011, the Partnership approved a distribution of \$7.00 per Unit (\$0.70 per Receipt) payable March 31, 2011.

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.

As more fully described in Item 9B, the Partnership entered into a purchase and sales agreement to sell the Avon Street Apartments, which will result in cash proceeds to the Partnership of approximately \$5,700,000. These funds may be used to purchase additional properties, depositary receipts or pay down debt.

Off-Balance Sheet Arrangements-Joint Venture Indebtedness

As of December 31, 2010, the Partnership had between a 40%-50% ownership interest in nine Joint Ventures, all of which have mortgage indebtedness. We do not have control of these partnerships and therefore we account for them using the equity method of consolidation. At December 31, 2010, our proportionate share of the non-recourse debt related to these investments was equal to approximately \$61,453,000. See Note 14 to the Consolidated Financial Statements.

Contractual Obligations

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

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

As of December 31, 2010, the Partnership, its Subsidiary Partnerships and the Investment Properties collectively have approximately \$283,238,000 in long-term debt, substantially all of which pays interest at fixed rates. Accordingly, the fair value of these debt instruments is affected by changes in market interest rates. These mortgages and note payable mature through 2023. For information regarding the fair value and maturity dates of these debt obligations, see Item 2. Properties and 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".

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ITEM 8. CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The financial statements of the Partnership appear on pages F-1 through F-34 of this Form 10-K and are indexed herein under Item 15(a)(1). The combined financial statements of Hamilton Park Towers LLC, Hamilton on Main Apartments LLC and Hamilton on Main LLC required pursuant to Rule 3-09 of Regulation S-X appear in exhibit 99.1 filed with this Form 10-K and are indexed under Item 15(c).

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) and 15d-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 15d-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". 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, 2010.

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.

Changes in Internal Control over Financial Reporting. There were no changes in our internal control over financial reporting during the fourth quarter of 2010 that materially affected or are reasonably likely to materially affect our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

On March 1, 2011, the Partnership entered into a purchase and sale agreement with 503-509 Pleasant Street LLC to sell the Avon Street Apartments in Malden, Massachusetts. The total sales price is \$8,750,000 in cash. The closing date is expected to be on or before May 16, 2011. The buyer is entitled to terminate the agreement by March 15, 2011 if the results of the environmental and general building inspections are unsatisfactory. Additionally, the buyer may terminate the agreement by March 31, 2011 if it is unable to obtain mortgage financing in the amount of \$6,125,000 at the

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prevailing rates, terms and conditions. The Partnership's net proceeds from the sale of Avon Street Apartments will be approximately \$5,700,000 and the gain on the sale will be approximately \$7,800,000.

The information relating to the sale of the Avon Apartments is being disclosed under Item 9B of this Annual Report on Form 10-K for the year ended December 31, 2010 in lieu of disclosure under Item 1.01 of Form 8-K.

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PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS, AND COPORATE GOVERNANCE

Our General Partner, New Real, Inc. is a Massachusetts corporation wholly owned by Harold Brown and Ronald Brown, who are brothers. Harold Brown and 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 Harold Brown. See "Item 11. Executive Compensation" for information concerning fees paid by the Partnership to The Hamilton Company during 2010.

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

The directors of the General Partner are Ronald Brown, Harold Brown, Guilliaem Aertsen, Conrad DiGregorio, Roberta Ornstein and David Aloise. The directors of the General Partner hold office until their successors are duly elected and qualified.

Ronald Brown and Harold 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 November 6, 2007, the Audit Committee consisted of Guilliaem Aertsen, David Aloise, and Roberta Ornstein. The Board of Directors of the General Partner has determined that Guilliaem Aertsen is an audit committee financial expert, as that term is defined in Item 407 of Securities and Exchange Commission Regulation S-K.

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.

Revised paragraph (f) of Item 401 of Regulation S-K that became effective on February 28 now requires the Partnership to briefly discuss the specific experience, qualifications, attributes or skills that led to the conclusion that each director should serve as a director for the General Partner.

Name and Position	Age	Other Position
Ronald Brown, President and Director (since 1984)	75	Associate, Hamilton Realty Company (since 1967); President, Treasurer, Clerk and Director of R. Brown Partners Inc. (since 1985); Member, Greater Boston Real Estate Board (since 1981); Director, Brookline Chamber of Commerce (since 1978); Trustee of Reservations (since 1988); Director, Brookline Music School (since 1993); 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 (since 1996); Treasurer, Brookline Greenspace Alliance (since 1999).

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Name and Position	Age	Other Position
Harold Brown, Treasurer and Director (since 1984)	86	Sole proprietor, The Hamilton Company, Inc. (since 1955); Trustee, Treasurer and Director of Wedgestone Realty Investors Trust (1982-1985); Chairman of the Board and principal stockholder of the Wedgestone Advisory Corporation (1980-1985); Director of AFC Financial Corp. (1983-1985); Director, Coolidge Bank and Trust (1980-1983).
Guilliaem Aertsen, IV, Director (since 2002)	63	Chief Executive Officer, Aertsen Ventures LLC (since 1999); Co-Chairman of AGS Realty Advisors (since 1999); Director and CFO of CineCast LLC (since 1999); Member of Premier Capital LLC (since 2000); Chairman of the Board of Directors of the Massachusetts Housing Investment Corporation (since 1997); Chairman of the Board of Trustees of the Old South Church (1992-2002); Executive Vice President of BankBoston (1996-1998).
Conrad DiGregorio, Director (since 2002)	85	Member of Advisory Committee of the Partnership (1984) (see "Item 1. Business Advisory Committee"); retired from past employment.
Roberta Ornstein, Director (since 2007)	61	Senior Vice President and Managing Director, Scudder Investments/Deutsche Asset Management (1998-2005); Director and Chief Financial Officer, Summit Partners (1997-1998); Vice President, Liberty Financial (1996-1997); Senior Vice President, Shearson Lehman Brothers (1993-1994); Senior Vice President Treasury Group, The Boston Company (1983-1993).
David Aloise, Director (since 2007)	56	Founder and principal of Aloise & Associates, LLC (since 2000); executive positions in the areas of C&I loan workout, real estate workout, corporate banking and small business banking at Bank Boston Corporation (1979-2000); Advisory Board Member Wells Fargo Capital Corp; Senior Advisor to Eaton Vance Bank Loan Mutual Fund Group; Member of the Turnaround Management Association.

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 company under Rule 16a-3(e) of the Securities Exchange Act during its most recent fiscal year, Forms 5 furnished to the company with respect to its most recent fiscal year and any written representations received by the company from persons required to file such forms, 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 failed to file on a timely basis reports required by Section 16(a) of the Securities Exchange Act during the most recent fiscal year:

The NERA 1994 Irrevocable Trust transferred 30,000 Depositary Receipts to the Harold Brown 1999 Revocable Trust in June 2010, which were reported on Form 4 on January 14, 2011.

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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. (NewReal), which is the General Partner of New England Realty Associates Limited Partnership ("NERA" or the "Partnership"), is currently comprised of Guillaem Aertsen, IV, David Aloise, and Roberta Ornstein, each of whom is an independent director of NewReal. The Audit Committee operates under a written charter.

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, in accordance with generally accepted auditing standards, 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, 2010 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. 61 (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, 2010 be included in the Partnership's annual report on form 10-K to be filed with the Securities and Exchange Commission.

Guillaem Aertsen, IV
David Aloise
Roberta Ornstein

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 2010. 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

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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.

The General Partner has engaged The Hamilton Company ("Hamilton") 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 2010 was approximately \$1,367,000. 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 addition, the Partnership engages the president of Hamilton as a consultant to provide asset management services to the Partnership, for which the Partnership paid \$93,750 in 2010.

In 2010, the Partnership and its Subsidiary Partnerships paid administrative fees to Hamilton of approximately \$571,000 inclusive of construction supervision and architectural fees of approximately \$32,000, repairs and maintenance service fees of approximately \$342,000, and legal fees of approximately \$197,000. The Partnership also paid Hamilton \$125,000 for accounting services. The administrative fees included \$24,000 that was paid by the Partnership to Ronald Brown for construction supervision services.

Additionally, the Hamilton Company received approximately \$640,000 from the 40-50% owned Investment Properties of which approximately \$522,000 was the management fee, approximately \$6,000 was for construction supervision and architectural fees, approximately \$81,000 was for maintenance services, \$25,000 for legal services, and \$3,000 for construction costs. The Advisory Committee held 6 meetings during 2010, and a total of \$15,000 was paid for attendance and participation in such meetings. Additionally, the Audit Committee held 4 meetings in 2010 and a total of \$12,000 was paid for attendance and participation in such meetings.

Board of Directors Interlocks and Insider Participation

There are no interlocking relationships involving the board of directors of the General Partner and the board of directors or compensation committee of any other company, which would require disclosure under the rules of the SEC.

Table of Contents**ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS**

As of March 1, 2011, 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, 2011, pursuant to the Deposit Agreement, Computershare was serving as the record holder of the Class A Units with respect to which 1,004,886 Depositary Receipts had been issued to 931 holders. As of March, 2011, there were issued and outstanding 4,699 Class A Units (not including the Depositary Receipts) held by 241 limited partners, 24,982 Class B Units and 1,315 General Partnership Units held by the persons listed below. During 2010, 529 Class A Units were exchanged for 5,290 Depositary Receipts.

The following table sets forth certain information regarding each class of Partnership Units beneficially owned as of December 31, 2010 by (i) each person known by the Company 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.

	Class A		Class B		General Partnership	
	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
Directors and Officers						
Harold Brown c/o New England Realty Associates Limited Partnership 39 Brighton Avenue Allston, MA 02134	(1)(2)	(1)(2)	18,737	75%(3)	(4)	100%(4)
Harold Brown 1999 Revocable Trust c/o Dionne and Gass LLP 131 Dartmouth Street Boston, MA 02116	(2)	(2)				
HBC Holdings, LLC 39 Brighton Avenue Allston, MA 02134	(1)	(1)	(3)	(3)	0	0
Ronald Brown c/o New England Realty Associates Limited Partnership 39 Brighton Avenue Allston, MA 02134	2,530(5)	2.41%(5)	6,246	25%	(4)	100%(4)
Guilliaem Aertsen 160 Boylston Street #2149 Chestnut Hill, MA 02467	0	0	0	0	0	0
Conrad DiGregorio 34 Gladstone Street East Boston, MA 02128	0	0	0	0	0	0
David Aloise 241 Cottage Park Road Winthrop, MA 02152	0	0	0	0	0	0

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	Class A		Class B		General Partnership	
	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
Directors and Officers						
Roberta Ornstein 160 Boylston Street #2149 Chestnut Hill, MA 02467	178	0.17%	0	0	0	0
NewReal, Inc. 39 Brighton Avenue Allston, MA 02134	333	0.32%	0	0	1,315	100%
All directors and officers as a group	34,969(6)	33.24%3(6)	24,982(7)	100%(7)	(4)	100%(4)

5% Owners that are not Directors and Officers

Carl Valeri 50 Udine Street Arlington, MA 02476	6,356(8)	6.04%(8)	0	0	0	0
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- (1) As of March 1, 2010, 169,283 Depositary Receipts are held of record by HBC Holdings, LLC (HBC). Harold Brown is the sole manager of HBC with sole voting and dispositive control over the Depositary Receipts. Accordingly, Mr. Brown may be deemed to beneficially own the Depositary Receipts held by HBC. Because a Depositary Receipt represents beneficial ownership of one-tenth of a Class A Unit, Harold Brown may be deemed to beneficially own approximately 16,928 Class A Units (approximately 16.09% of the outstanding Class A Units). On January 12, 2011, the NERA 1994 Irrevocable Trust transferred 69,283 Depositary Receipts to HBC as partial consideration for additional economic interests in HBC. Also on January 12, 2011, the Harold Brown 1999 Revocable Trust transferred 100,000 Depositary Receipts to HBC as partial consideration for additional economic interest in HBC.
- (2) On October 15, 2009, the Harold Brown 1999 Revocable Trust (1999 Trust) effected an equity exchange with the NERA 1994 Irrevocable Trust (1994 Trust) pursuant to which the 1994 Trust transferred 220,000 Depositary Receipts to the 1999 Trust in exchange for property ownership interests held by the 1999 Trust. On June 4, 2010, the 1994 Trust transferred 30,000 Depositary Receipts to the 1999 Trust as consideration for a 2.18% economic interest in HBC Holdings, LLC (HBC Holdings). On January 12, 2011, the 1999 Trust transferred 100,000 Depositary Receipts to HBC as partial consideration for additional economic interest in HBC. As of March 1, 2011, 150,000 Depositary Receipts are held of record by the Harold Brown 1999 Revocable Trust. Harold Brown is the sole beneficiary of the 1999 Trust during his lifetime and is a co-trustee of the 1999 Trust and exercises voting and dispositive control over the Depositary Receipts beneficially owned by the Trust. Accordingly, Mr. Brown may be deemed to beneficially own the Depositary Receipts held by the Trust. Because a Depositary Receipt represents beneficial ownership of one-tenth of a Class A Unit, Harold Brown may be deemed to beneficially own approximately 15,000 Class A Units (approximately 14.26% of the outstanding Class A Units) and the Trust may be deemed to beneficially own approximately 15,000 Class A Units (approximately 14.26% of the outstanding Class A Units).
- (3) Consists of Class B Units held by HBC Holdings, LLC. See Note (1) above. Harold Brown, as Manager, has 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 18,737 Class B Units held by the LLC. On January 12, 2011, the NERA 1994 Irrevocable Trust transferred to HBC, 18,737 Class B Units for additional economic interest in HBC.
- (4) Since Harold Brown and Ronald Brown are the controlling stockholders, executive officers and directors of NewReal, Inc., they may be deemed to beneficially own all 1,315 of the General Partnership Units held of record by NewReal, Inc.
- (5) Consists of 25,301 Depositary Receipts held of record jointly by Ronald Brown and his wife. Because a Depositary Receipt represents beneficial ownership of one-tenth of a Class A Unit, Ronald Brown may be deemed to beneficially own approximately 2,530 Class A Units.
- (6) Consists of the Class A Units described in Notes (1) and (4) above, plus New Real, Inc. and Ms. Ornstein, as indicated in the table.
- (7) Includes the Class B Units described in Note (2) above.

(8)

Consists of 63,564 Depositary Receipts held by Carl Valeri and his immediate family members. Because a Depositary Receipt represents beneficial ownership of one-tenth of a Class A Unit, Carl Valeri may be deemed to beneficially own approximately 6,356 Class A Units.

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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. On May 14, 2001, the Partnership approved a Trading Plan of Harold Brown, providing for the purchase of up to 20,000 Depositary Receipts of the Partnership as such become available during the period from May 14, 2001 through May 13, 2002. Mr. Brown amended and restated this Trading Plan on November 19, 2001 to increase the number of Depositary Receipts which were to be purchased pursuant thereto from 20,000 to 50,000, expanding the date through which purchases could be made to September 30, 2002, and to provide that purchases under his Trading Plan were to be made only if the price per Depositary Receipt was \$45.00 or less. On November 7, 2007, Mr. Brown amended and restated the Trading Plan expanding the date through which Depositary Receipts may be purchased through September 30, 2009 for up to 50,000 Depositary Receipts at prices up to \$100 each. On November 4, 2009 Mr. Brown amended and restated the Trading Plan expanding the date through which Depositary Receipts may be purchase through September 30, 2012 for up to 50,000 Depositary Receipts at price up to \$85.00 each.

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

Harold Brown and Ronald Brown are brothers.

Guilliaem Aertsen and Roberta Ornstein are married.

There are no other family relationships among any of our directors. Messrs. Aertsen, DiGregorio, Aloise and Ms. Ornstein representing a majority of our directors, are determined to be independent under the rules of the NYSE AmexExchange and the SEC. The board holds regularly scheduled meetings.

The Partnership invested approximately \$34,049,000 in nine limited liability companies formed to acquire Investment Properties. The Partnership has between 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 43.2% and 60% and the President and five employees of the management company own between 0% and 6.8% 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.

Table of Contents**ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES**

Miller Wachman LLP served as the Partnership's independent accountants for the fiscal year ended December 31, 2010 and has reported on the 2010 Consolidated Financial Statements. Aggregate fees rendered to Miller Wachman LLP for the years ended December 31, 2010 and 2009 were as follows:

	2010	2009
Audit Fees		
Recurring annual audits, audit of internal control and quarterly reviews	\$ 262,500	\$ 242,000
Subtotal	262,500	242,000
Other Audit Related Fees		
Tax Fees		
Recurring tax compliance for the Partnership, 25 subsidiary Partnerships and 20 General Partnerships	80,000	80,000
Tax Planning and research		
Subtotal	80,000	80,000
Other Fees		
Total Fees	\$ 342,500	\$ 322,000

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 2010 and 2009 were pre-approved pursuant to the procedures outlined above.

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

Consolidated Balance Sheets at December 31, 2010 and 2009

Consolidated Statements of Income for the years ended December 31, 2010, 2009 and 2008

Consolidated Statements of Changes in Partners' Capital for the years ended December 31, 2010, 2009 and 2008

Consolidated Statements of Cash Flows for the years ended December 31, 2010, 2009 and 2008

Notes to Consolidated Financial Statements

2. Consolidated Financial Statement Schedules:

Valuation and Qualifying Accounts

Other 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.

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(b)

Exhibits:

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

(c)

The following combined financial statements of Hamilton Park Towers LLC, Hamilton on Main Apartments LLC and Hamilton on Main LLC are included in Exhibit 99.1 to this Form 10-K:
Report of Independent Registered Public Accounting Firm

Combined Balance Sheets at December 31, 2010 and 2009

Combined Statements of Income for the years ended December 31, 2010, 2009 and 2008

Combined Statements of Changes in Members' Capital for the years ended December 31, 2010, 2009 and 2008

Combined Statements of Cash Flows for the years ended December 31, 2010, 2009 and 2008

Notes to Combined Financial Statements

Table of Contents**SELECTED FINANCIAL DATA**

	Year Ended December 31,				
	2010	2009	2008	2007	2006
INCOME STATEMENT INFORMATION					
Revenues	\$ 33,166,110	\$ 33,234,485	\$ 32,297,145	\$ 30,942,626	\$ 30,704,638
Expenses	22,477,917	22,064,509	22,513,472	22,274,584	21,952,771
Income before other income and discontinued operations	10,688,193	11,169,976	9,783,673	8,668,042	8,751,867
Other (Loss)	(12,047,425)	(9,557,438)	(13,190,223)	(7,474,451)	(7,398,264)
Income (loss) before discontinued operations	(1,359,232)	1,612,538	(3,406,550)	1,193,591	1,353,603
Discontinued operations			9,988,261	(6,859)	49,597
Net (Loss) Income	(1,359,232)	1,612,538	6,581,711	1,186,732	1,403,200
Income (loss) before discontinued operations per Unit	(10.32)	12.13	(24.73)	6.95	7.81
Discontinued operations per Unit			72.50	(0.04)	0.29
Net income (loss) per Unit	(10.32)	12.13	47.77	6.91	8.10
Distributions to Partners per Unit	28.00	28.00	28.00	28.00	28.00
Net income (loss) per Depositary Receipt	(1.03)	1.21	4.78	0.69	0.81
Distributions to Partners per Depositary Receipt	2.80	2.80	2.80	2.80	2.80
BALANCE SHEET INFORMATION					
Real Estate, gross	150,818,648	150,411,555	150,344,799	147,125,551	144,801,927
Real Estate, net	92,744,257	95,971,937	98,560,454	96,730,044	98,283,838
Total Assets	121,276,735	129,089,736	125,243,457	124,391,770	130,483,310
Total Debt Outstanding	142,349,260	144,809,354	138,160,262	113,579,904	114,659,052
Partners' Capital	(26,920,567)	(21,332,824)	(17,717,182)	2,664,859	11,642,003

The Partnership may purchase and/or sell properties at any time.

The table below reflects the totals of property available for rental at each December 31,

	Year Ended December 31,				
	2010	2009	2008	2007	2006
Residential					
Units	2,269	2,269	2,269	2,377	2,377
Vacancies	79	63	67	46	32
Vacancy rate	3.5%	2.8%	3.0%	1.3%	1.3%
Commercial					
Total square feet	114,395	114,395	114,395	90,848	84,998
Vacancy (in square feet)	0	2,384	0	0	0
Vacancy rate	0%	2.0%	0%	0%	0%

See Items 1A and 7 for factors that may affect future operations. The above tables may not be indicative of future results.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Partners

New England Realty Associates Limited Partnership:

We have audited the accompanying consolidated balance sheets of New England Realty Associates Limited Partnership ("the Partnership") as of December 31, 2010 and 2009, 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, 2010. These consolidated financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. The Partnership is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Partnership's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of New England Realty Associates Limited Partnership at December 31, 2010 and 2009, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2010, in conformity with accounting principles generally accepted in the United States of America.

/s/ MILLER WACHMAN LLP

Boston, Massachusetts

March 7, 2011

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NEW ENGLAND REALTY ASSOCIATES LIMITED PARTNERSHIP AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

	December 31,	
	2010	2009
ASSETS		
Rental Properties	\$ 92,744,257	\$ 95,971,937
Cash and Cash Equivalents	3,245,361	2,879,663
Rents Receivable	622,944	1,038,820
Real Estate Tax Escrows	301,853	311,582
Prepaid Expenses and Other Assets	3,337,886	2,857,288
Investments in Unconsolidated Joint Ventures	20,076,957	24,964,453
Financing and Leasing Fees	947,477	1,065,993
Total Assets	\$ 121,276,735	\$ 129,089,736
LIABILITIES AND PARTNERS' CAPITAL		
Note Payable	\$ 4,668,600	\$ 7,168,600
Mortgage Notes Payable	137,680,660	137,641,354
Accounts Payable and Accrued Expenses	2,440,141	2,195,245
Advance Rental Payments and Security Deposits	3,407,901	3,417,361
Total Liabilities	\$ 148,197,302	\$ 150,422,560
Commitments and Contingent Liabilities (Notes 3 and 9)		
Partners' Capital 131,484 and 132,346 units outstanding in 2010 and 2009, respectively	(26,920,567)	(21,332,824)
Total Liabilities and Partners' Capital	\$ 121,276,735	\$ 129,089,736

See notes to consolidated financial statements.

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NEW ENGLAND REALTY ASSOCIATES LIMITED PARTNERSHIP AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

	Year Ended December 31,		
	2010	2009	2008
Revenues			
Rental income	\$ 32,711,907	\$ 32,812,022	\$ 31,898,117
Laundry and sundry income	454,203	422,463	399,028
	33,166,110	33,234,485	32,297,145
Expenses			
Administrative	1,828,214	1,800,798	1,726,610
Depreciation and amortization	5,622,395	5,838,246	6,367,596
Management fees	1,367,190	1,339,252	1,316,594
Operating	3,923,424	4,061,342	4,250,345
Renting	546,665	528,154	495,822
Repairs and maintenance	5,008,992	4,813,105	4,883,987
Taxes and insurance	4,181,037	3,683,612	3,472,518
	22,477,917	22,064,509	22,513,472
Income Before Other Income (Loss) and Discontinued Operations	10,688,193	11,169,976	9,783,673
Other Income (Loss)			
Interest expense	(8,182,661)	(7,940,002)	(7,704,843)
Interest income	5,932	48,948	172,133
Casualty income (loss)		15,696	(7,439)
Mortgage prepayment penalties			(4,487,706)
(Loss) from investments in unconsolidated joint ventures	(3,869,996)	(1,687,258)	(1,075,675)
Other	(700)	5,178	(86,693)
	(12,047,425)	(9,557,438)	(13,190,223)
Income (loss) From Continuing Operations	(1,359,232)	1,612,538	(3,406,550)
Discontinued Operations			
(Loss) from discontinued operations			(110,866)
Gain on sale of real estate from discontinued operations			10,099,127
			9,988,261
Net income (loss)	\$ (1,359,232)	\$ 1,612,538	\$ 6,581,711
Income per Unit			
Income (loss) before discontinued operations	\$ (10.32)	\$ 12.13	\$ (24.73)
Income from discontinued operations			72.50
Net income (loss) per Unit	\$ (10.32)	\$ 12.13	\$ 47.77
Weighted Average Number of Units Outstanding	131,696	132,966	137,772

See notes to consolidated financial statements.

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NEW ENGLAND REALTY ASSOCIATES LIMITED PARTNERSHIP AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN PARTNERS' CAPITAL

	Units						Partner's Capital			
	Limited		General Partnership	Subtotal	Treasury Units	Total	Limited		General Partnership	Total
	Class A	Class B					Class A	Class B		
Balance, January 1, 2008	144,180	34,243	1,802	180,225	14,109	166,116	\$ 1,052,816	\$ 1,531,414	\$ 80,629	\$ 2,664,859
Distribution to Partners							(3,134,326)	(744,403)	(39,177)	(3,917,907)
Stock Buyback					30,865	(30,865)	(22,391,934)	(569,552)	(84,358)	(23,045,844)
Stock Transfer							5,034,331	(4,834,249)	(200,083)	
Net Income							5,265,369	1,250,525	65,817	6,581,711
Balance, December 31, 2008	144,180	34,243	1,802	180,225	44,974	135,251	\$ (14,173,745)	\$ (3,366,265)	\$ (177,172)	\$ (17,717,182)
Distribution to Partners							(2,971,072)	(705,630)	(37,138)	(3,713,840)
Stock Buyback					2,905	(2,905)	(1,214,734)	(284,262)	(14,980)	(1,514,340)
Net Income							1,290,030	306,382	16,125	1,612,538
Balance, December 31, 2009	144,180	34,243	1,802	180,225	47,879	132,346	\$ (17,069,520)	\$ (4,050,138)	\$ (213,165)	\$ (21,332,824)
Distribution to Partners							(2,950,080)	(700,644)	(36,876)	(3,687,600)
Stock Buyback					862	(862)	(432,920)	(102,591)	(5,400)	(540,911)
Net (Loss)							(1,087,386)	(258,254)	(13,592)	(1,359,232)
Balance, December 31, 2010	144,180	34,243	1,802	180,225	48,741	131,484	\$ (21,539,906)	\$ (5,111,628)	\$ (269,033)	\$ (26,920,567)

See notes to consolidated financial statements.

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NEW ENGLAND REALTY ASSOCIATES LIMITED PARTNERSHIP AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31,		
	2010	2009	2008
Cash Flows from Operating Activities			
Net income	\$ (1,359,232)	\$ 1,612,538	\$ 6,581,711
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation and amortization	5,622,395	5,838,246	6,465,057
Loss from investments in joint ventures	3,869,996	1,687,258	1,075,675
(Gain) on sale of real estate from discontinued operations			(10,064,717)
(Gain) on the sale of equipment		(8,157)	
Changes in operating assets and liabilities			
(Increase) Decrease in rents receivable	415,876	(485,428)	(47,523)
Increase (Decrease) in accounts payable and accrued expense	244,896	602,635	(153,656)
(Increase) Decrease in real estate tax escrow	9,729	(35,963)	207,391
Decrease (Increase) in prepaid expenses and other assets	(480,598)	151,617	316,717
Increase in advance rental payments and security deposits	(9,460)	209,594	31,445
Total Adjustments	9,672,834	7,959,802	(2,169,611)
Net cash provided by operating activities	8,313,602	9,572,340	4,412,100
Cash Flows From Investing Activities			
(Investment in) unconsolidated joint ventures	(123,301)	(15,953,100)	
Proceeds from unconsolidated joint ventures	1,140,801	325,000	2,912,500
Purchase and improvement of rental properties	(2,268,039)	(3,136,296)	(10,127,289)
Net proceeds from the sale of rental property		20,650	7,398,205
Net cash (used in) provided by investing activities	(1,250,539)	(18,743,746)	183,416
Cash Flows From Financing Activities			
Proceeds (payment) of notes payable	(2,500,000)	7,168,600	(3,224,419)
Payment of financing costs	(8,161)	(123,374)	(896,962)
Proceeds of mortgage notes payable	904,122	300,000	31,048,556
Principal payments of mortgage notes payable	(864,815)	(818,908)	(696,533)
Stock buyback	(540,911)	(1,514,340)	(23,045,844)
Distributions to partners	(3,687,600)	(3,713,840)	(3,917,908)
Net cash provided by (used in) financing activities	(6,697,365)	1,298,138	(733,110)
Net Increase (Decrease) in Cash and Cash Equivalents	365,698	(7,873,268)	3,862,406
Cash and Cash Equivalents, at beginning of year	2,879,663	10,752,931	6,890,525
Cash and Cash Equivalents, at end of year	\$ 3,245,361	\$ 2,879,663	\$ 10,752,931

See notes to consolidated financial statements.

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NEW ENGLAND REALTY ASSOCIATES LIMITED PARTNERSHIP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2010

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 and operate various residential apartment buildings, condominium units and commercial properties located in Massachusetts and New Hampshire. NERA has also made investments in other real estate partnerships and has participated in other real estate-related activities, primarily located in Massachusetts.

Accounting Standards: On July 1, 2009, the Financial Accounting Standards Board ("FASB") issued the FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles, also known as FASB Accounting Standards Codification ("ASC 105-10"), General Accepted Accounting Principles ("ASC 105-10"). ASC 105-10 established the FASB Accounting Standards Codification ("Codification") as the single source of authoritative U.S. GAAP recognized by the FASB to be applied by nongovernmental entities. Rules and interpretive releases of the Securities and Exchange Commission ("SEC") under authority of federal securities laws are also sources of authoritative GAAP for SEC registrants. The Codification supersedes all existing non-SEC accounting and reporting standards. All other non-grandfathered, non-SEC accounting literature not included in the Codification will become non-authoritative. Following the Codification, the FASB will not issue new standards in the form of Statements, FASB Staff Positions or Emerging Issues Task Force Abstracts. Instead, it will issue Accounting Standards Updates, which will serve to update the Codification, provide background information about the guidance and provide the basis for conclusions on the changes to the Codification. GAAP was not intended to be changed as a result of the FASB's Codification project, but it will change the way the guidance is organized and presented. As a result, these changes will have a significant impact on how companies reference GAAP in their financial statements and in their accounting policies for financial statements issued for interim and annual periods ending after September 15, 2009. The Partnership has implemented the Codification in this report by providing references to the Codification topics, as appropriate.

Principles of Consolidation: The consolidated financial statements include the accounts of NERA and its subsidiaries. NERA has a 99.67% to 100% ownership interest in each subsidiary except for the nine limited liability companies (the "Investment Properties" or "Joint Ventures") in which the Partnership has between a 40-50% ownership interest. The consolidated group is referred to as the "Partnerships." 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. 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 entity's activities without additional subordinated financial support or (3) the equity investors have voting rights that are

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NEW ENGLAND REALTY ASSOCIATES LIMITED PARTNERSHIP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

DECEMBER 31, 2010

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

On January 1, 2010, the Partnership adopted the updated provisions of ASC 810, pursuant to FASB No. 167, which amends FIN 46® to require ongoing reassessments of whether an enterprise is the primary beneficiary of a variable interest entity. Additionally, FASB No. 167 amends FIN 46® to eliminate the quantitative approach previously required for determining the primary beneficiary of a variable interest entity, which was based on determining which enterprise absorbs the majority of the entity's expected losses, receives a majority of the entity's expected residual returns, or both. FASB No. 167 amends certain guidance in Interpretation 46® for determining whether an entity is a variable interest entity. Also, FASB No. 167 amends FIN 46® to require enhanced disclosures that will provide users of financial statements with more transparent information about an enterprise's involvement in a variable interest entity. The enhanced disclosures are required for any enterprise that holds a variable interest in a variable interest entity. The adoption of this guidance did not have a material impact to these financial statements.

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. A property's value is impaired only if management's estimate of the aggregate future cash flows (undiscounted and without interest charges) to be generated by the property is less than the carrying value of the property. To the extent impairment has occurred, the loss shall be measured as the excess of the carrying amount of the property over the fair value of the property. The Partnership's estimates of aggregate future cash flows expected to be generated by each property are based on a number of assumptions that are subject to economic and market uncertainties including, among others, demand for space, competition for tenants, changes in market rental rates, and costs to operate each property. As these factors are difficult to predict and are subject to future events that may alter management's assumptions, the future cash flows estimated by management in its impairment analyses may not be achieved. The Partnership has not recognized an impairment loss since 1995.

Accounting Estimates: The preparation of the financial statements, in conformity with accounting principles generally accepted in the United State 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.

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

NEW ENGLAND REALTY ASSOCIATES LIMITED PARTNERSHIP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

DECEMBER 31, 2010

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

over a period equal to the remaining term of the lease for above-market leases and the initial term plus the term of any below-market fixed-rate renewal options for below-market leases. The capitalized above-market lease values for acquired properties are amortized as a reduction of base rental revenue over the remaining term of the respective leases, and the capitalized below-market lease values are amortized as an increase to base rental revenue over the remaining initial terms plus the terms of any below-market fixed-rate renewal options of the respective leases.

Rental Properties: Rental properties are stated at cost less accumulated depreciation. Maintenance and repairs are charged to expense as incurred; improvements and additions are capitalized. When assets are retired or otherwise disposed of, the cost of the asset and related accumulated depreciation is eliminated from the accounts, and any gain or loss on such disposition is included in income. Fully depreciated assets are removed from the accounts. Rental properties are depreciated by both straight-line and accelerated methods over their estimated useful lives. Upon acquisition of rental property, the Partnership estimates the fair value of acquired tangible assets, consisting of land, building and improvements, and identified intangible assets and liabilities assumed, generally consisting of the fair value of (i) above and below market leases, (ii) in-place leases and (iii) tenant relationships. The Partnership allocated the purchase price to the assets acquired and liabilities assumed based on their fair values. The Partnership records goodwill or a gain on bargain purchase (if any) if the net assets acquired/liabilities assumed exceed the purchase consideration of a transaction. In estimating the fair value of the tangible and intangible assets acquired, the Partnership considers information obtained about each property as a result of its due diligence and marketing and leasing activities, and utilizes various valuation methods, such as estimated cash flow projections utilizing appropriate discount and capitalization rates, estimates of replacement costs net of depreciation, and available market information. The fair value of the tangible assets of an acquired property considers the value of the property as if it were vacant.

Other intangible assets acquired include amounts for in-place lease values and tenant relationship values, which are based on management's evaluation of the specific characteristics of each tenant's lease and the Partnership's overall relationship with the respective tenant. Factors to be considered by management in its analysis of in-place lease values include an estimate of carrying costs during hypothetical expected lease-up periods considering current market 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.

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NEW ENGLAND REALTY ASSOCIATES LIMITED PARTNERSHIP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

DECEMBER 31, 2010

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financing and Leasing Fees: Financing fees are capitalized and amortized, using the interest method, over the life of the related mortgages. 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.

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 has been recorded.

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

Segment Reporting: Operating segments are revenue-producing components of the Partnership for which separate financial information is produced internally for management. Under the definition, NERA operated, for all periods presented, as one segment.

Comprehensive Income: Comprehensive income is defined as changes in partners' equity, exclusive of transactions with owners (such as capital contributions and dividends). NERA did not have any comprehensive income items in 2010, 2009, or 2008 other than net income as reported.

Income Per Unit: Net income per unit has been calculated based upon the weighted average number of units outstanding during each period presented. The Partnership has no dilutive units and, therefore, basic net income is the same as diluted net income per unit (see Note 7).

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 2010, 2009, or 2008. The Partnership makes its temporary cash investments with high-credit-quality financial institutions. At December 31, 2010, substantially all of the Partnership's cash and cash equivalents were held in interest-bearing accounts at financial institutions, earning interest at rates from 0.05% to 1.0%. At December 31, 2010 and December 31, 2009, respectively approximately \$4,349,000, and \$4,026,000 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 \$70,074, \$78,829 and \$102,068 in 2010, 2009 and 2008, respectively.

Discontinued Operations and 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. If, in management's opinion, the net sales price of the assets which have been identified as held for sale is less than the net book value of the assets, a valuation allowance is established. Properties identified as held for sale and/or sold are presented in discontinued operations for all periods presented.

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

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NEW ENGLAND REALTY ASSOCIATES LIMITED PARTNERSHIP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

DECEMBER 31, 2010

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

carrying amount 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, 2010, 2009 and 2008 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 refinancings qualify as extinguishment of debt.

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

Subsequent Events: The Partnership has evaluated subsequent events through March 4, 2011, the date the financial statements were issued.

NOTE 2. RENTAL PROPERTIES

As of December 31, 2010, the Partnership and its Subsidiary Partnerships owned 2,269 residential apartment units in 20 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, 2010, the Partnership and Subsidiary Partnerships owned a commercial shopping center in Framingham, commercial buildings in Newton and Brookline and mixed-use properties in Boston, Brockton and Newton, all in Massachusetts. These properties are referred to collectively as the "Commercial Properties."

The Partnership also owned a 40% to 50% ownership interest in nine residential and mixed use complexes (the "Investment Properties") at December 31, 2010 with a total of 799 units, accounted for using the equity method of consolidation. See Note 14 for summary information on these investments.

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NEW ENGLAND REALTY ASSOCIATES LIMITED PARTNERSHIP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

DECEMBER 31, 2010

NOTE 2. RENTAL PROPERTIES (Continued)

Rental properties consist of the following:

	December 31, 2010	December 31, 2009	Useful Life
Land, improvements and parking lots	\$ 26,185,007	\$ 26,072,100	15 40 years
Buildings and improvements	111,272,595	111,016,179	15 40 years
Kitchen cabinets	4,024,726	3,977,528	5 10 years
Carpets	3,504,983	3,506,481	5 10 years
Air conditioning	879,893	882,354	7 10 years
Laundry equipment	348,966	367,209	5 7 years
Elevators	1,181,145	984,506	20 years
Swimming pools	155,442	157,489	10 years
Equipment	2,075,427	2,087,287	5 7 years
Motor vehicles	107,792	142,520	5 years
Fences	33,970	51,882	5 10 years
Furniture and fixtures	949,763	1,063,897	5 7 years
Smoke alarms	98,939	102,123	5 7 years
Total fixed assets	150,818,648	150,411,555	
Less: Accumulated depreciation	(58,074,391)	(54,439,618)	
	\$ 92,744,257	\$ 95,971,937	

Real estate and accumulated depreciation as of December 31, 2010 is:

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(3)	Date Acquired
	Land	Building Improvements	Land	Building Improvements	Land	Building Improvements	Totals		
Avon Street Apartments L.P. Residential Apartments Malden, Massachusetts	\$ 2,550,000	\$ 62,700	\$ 837,318	\$ 790,394	\$ 62,700	\$ 1,627,712	\$ 1,690,412	\$ 1,097,395	Sept. 1977
Boylston Downtown L.P. Residential Apartments Boston, Massachusetts	\$ 19,500,000	\$ 2,112,000	\$ 8,593,111	\$ 6,866,829	\$ 2,112,000	\$ 15,459,940	\$ 17,571,940	\$ 8,133,823	July 1995
Brookside Associates LLC Residential Apartments Woburn, Massachusetts	\$ 2,795,595	\$ 684,000	\$ 3,116,000	\$ 560,083	\$ 684,000	\$ 3,676,083	\$ 4,360,083	\$ 1,441,124	Oct. 2000
Courtyard @ Westgate Residential Units Burlington, Massachusetts	\$ 2,000,000	\$ 44,965	\$ 4,478,687	\$ 252,954	\$ 44,965	\$ 4,731,641	\$ 4,776,606	\$ 1,117,698	Sept. 2004
Clovelly Apartments L.P. Residential Apartments Nashua, New Hampshire	\$ 4,160,000	\$ 177,610	\$ 1,478,359	\$ 1,014,009	\$ 177,610	\$ 2,492,368	\$ 2,669,978	\$ 1,863,343	Sept. 1977
Commonwealth 1137 L.P. Residential Apartments Boston, Massachusetts	\$ 3,750,000	\$ 342,000	\$ 1,367,669	\$ 837,667	\$ 342,000	\$ 2,205,336	\$ 2,547,336	\$ 1,080,693	July 1995
Commonwealth 1144 L.P. Residential Apartments Boston, Massachusetts	\$ 14,780,000	\$ 1,410,000	\$ 5,664,816	\$ 1,487,753	\$ 1,410,000	\$ 7,152,569	\$ 8,562,569	\$ 3,882,517	July 1995

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NEW ENGLAND REALTY ASSOCIATES LIMITED PARTNERSHIP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

DECEMBER 31, 2010

NOTE 2. RENTAL PROPERTIES (Continued)

	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(3)	Date Acquired
		Land	Building Improvements	Improvements	Land	Building Improvements	Totals		
Condominium Units Riverside Residential Units Massachusetts	\$	\$ 23,346	\$ 190,807	\$ 39,516	\$ 23,346	\$ 230,323	\$ 253,669	\$ 217,452	Sept. 1977
Executive Apartments L.P. Residential Apartments Framingham, Massachusetts	\$ 2,415,000	\$ 91,400	\$ 740,360	\$ 973,384	\$ 91,400	\$ 1,713,744	\$ 1,805,144	\$ 1,234,346	Sept. 1977
Hamilton Cypress LLC Commercial 1031 Exchange Brookline, Massachusetts	\$ 3,849,232	\$ 2,362,596	\$ 4,613,985	\$ 797	\$ 2,362,596	\$ 4,614,782	\$ 6,977,378	\$ 368,025	Oct. 2008
Hamilton Linewt LLC Commercial 1031 Exchange Newton, Massachusetts	\$ 1,604,089	\$ 884,042	\$ 2,652,127	\$ 42,820	\$ 884,042	\$ 2,694,947	\$ 3,578,989	\$ 215,480	Nov. 2007
Hamilton Oaks Associates LLC Residential Apartments Brockton, Massachusetts	\$ 11,925,000	\$ 2,175,000	\$ 12,325,000	\$ 1,713,809	\$ 2,175,000	\$ 14,038,809	\$ 16,213,809	\$ 6,474,182	Dec. 1999
Highland Street Apartments, L.P. Residential Apartments Lowell, Massachusetts	\$ 1,050,000	\$ 156,000	\$ 634,085	\$ 388,947	\$ 156,000	\$ 1,023,032	\$ 1,179,032	\$ 497,633	Dec. 1996
Linhart L.P. Residential/Commercial Newton, Massachusetts	\$ 2,000,000	\$ 385,000	\$ 1,540,000	\$ 1,154,587	\$ 385,000	\$ 2,694,587	\$ 3,079,587	\$ 1,631,036	Jan. 1995
Nashoba Apartments L.P. Residential Apartments Acton, Massachusetts	\$ 2,000,000	\$ 79,650	\$ 284,548	\$ 766,306	\$ 79,650	\$ 1,050,854	\$ 1,130,504	\$ 727,563	Sept. 1977
NERA Dean St. Associates LLC Residential Apartments Norwood, Massachusetts	\$ 5,399,435	\$ 1,512,000	\$ 5,701,480	\$ 455,221	\$ 1,512,000	\$ 6,156,701	\$ 7,668,701	\$ 2,084,183	Jun. 2002
North Beacon 140 L.P. Residential Units Boston, Massachusetts	\$ 6,937,000	\$ 936,000	\$ 3,762,013	\$ 1,476,104	\$ 936,000	\$ 5,238,117	\$ 6,174,117	\$ 2,831,330	July 1995
Olde English Apartments L.P. Residential Apartments Lowell, Massachusetts	\$ 3,080,000	\$ 46,181	\$ 878,323	\$ 809,399	\$ 46,181	\$ 1,687,722	\$ 1,733,903	\$ 1,269,091	Sept. 1977
River Drive L.P. Residential Apartments Danvers, Massachusetts	\$ 3,465,000	\$ 72,525	\$ 587,777	\$ 1,377,282	\$ 72,525	\$ 1,965,059	\$ 2,037,584	\$ 1,496,135	Sept. 1977
Redwood Hills L.P. Residential Units Worcester, Massachusetts	\$ 6,743,000	\$ 1,200,000	\$ 4,810,604	\$ 2,113,197	\$ 1,200,000	\$ 6,923,801	\$ 8,123,801	\$ 3,667,556	July 1995
School St Assoc LLC Residential Apartments Framingham, Massachusetts	\$ 15,883,496	\$ 4,686,728	\$ 18,746,911	\$ (1,749,320)	\$ 4,686,728	\$ 16,997,591	\$ 21,684,319	\$ 5,084,138	Apr. 2003
Staples Plaza Strip Mall Framingham, Massachusetts	\$ 6,000,000	\$ 3,280,000	\$ 4,920,000	\$ 25,252	\$ 3,280,000	\$ 4,945,252	\$ 8,225,252	\$ 1,904,126	May 1999

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NEW ENGLAND REALTY ASSOCIATES LIMITED PARTNERSHIP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

DECEMBER 31, 2010

NOTE 2. RENTAL PROPERTIES (Continued)

	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(3)	Date Acquired
		Land	Building Improvements	Improvements	Land	Building Improvements	Totals		
WCB Associates LLC Residential Apartments Brockton, Massachusetts	\$ 7,000,000	\$ 1,335,000	\$ 7,565,501	\$ 1,354,593	\$ 1,335,000	\$ 8,920,094	\$ 10,255,094	\$ 4,212,197	Dec. 1999
Westgate Apartments LLC Residential Apartments Woburn, Massachusetts	\$ 8,793,813	\$ 461,300	\$ 2,424,636	\$ 5,677,096	\$ 417,107	\$ 8,101,732	\$ 8,518,839	\$ 5,543,326	Sept. 1977
	\$ 137,680,660	\$ 24,520,043	\$ 97,914,116	\$ 28,428,679	\$ 24,475,851	\$ 126,342,795	\$ 150,818,646	\$ 58,074,392	

- (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
- (3) In 2009, rental properties were depreciated over the following estimated useful lives:

Assets	Life
Buildings and Improvements	15 40 years
Other Categories of Assets	5 20 years

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

	December 31,		
	2010	2009	2008
Rental Properties			
Balance, Beginning	\$ 150,411,555	\$ 150,344,799	\$ 148,294,233
Additions:			
Buildings, improvements and other assets	2,268,039	3,136,296	10,074,551
	152,679,594	153,481,095	158,368,784
Deduct:			
Write-off of retired or disposed assets	1,860,946	3,016,297	4,429,287
Rental properties held for sale and/or sold		53,243	3,594,698
Balance, Ending	\$ 150,818,648	\$ 150,411,555	\$ 150,344,799

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NEW ENGLAND REALTY ASSOCIATES LIMITED PARTNERSHIP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

DECEMBER 31, 2010

NOTE 2. RENTAL PROPERTIES (Continued)

	December 31,		
	2010	2009	2008
Accumulated Depreciation			
Balance, Beginning	\$ 54,439,618	\$ 51,784,346	\$ 51,118,331
Add:			
Depreciation for the year	5,495,719	5,711,778	6,230,720
	59,935,337	57,496,124	57,349,051
Deduct:			
Accumulated depreciation of retired or disposed assets	1,860,946	3,016,297	4,429,235
Accumulated depreciation of rental properties held for sale and/or sold		40,209	1,135,470
Balance, Ending	\$ 58,074,391	\$ 54,439,618	\$ 51,784,346

On January 3, 2008, the Partnership sold the Oak Ridge Apartments, a 61-unit residential apartment complex located in Foxboro, Massachusetts. The sale price was \$7,150,000, which resulted in a gain of approximately \$6,000,000. In November 2007, the Partnership purchased a fully occupied commercial building located in Newton, Massachusetts, known as Linewt LLC. The purchase price was \$3,475,000 and the building consists of 5,850 square feet of commercial space. The Partnership utilized Section 1031 of the IRS code to affect a tax free exchange on the gain of Oak Ridge up to the purchase price of the Newton property. In accordance with Section 1031, the Newton property was owned by a Qualified Intermediary for the period from the purchase date of the Newton property and the sale date of the Foxboro property. The Qualified Intermediary borrowed \$3,225,112 from Harold Brown, Treasurer of the General Partner, to purchase the Newton property. This loan was paid in full, with interest at 6% of \$34,401, from the proceeds of the Oak Ridge sale on January 3, 2008. On January 22, 2008, the Partnership financed the Newton property with a first mortgage of \$1,700,000 at 5.75% interest only until maturity in January 2018.

In April 2008, the Partnership sold the Coach Apartments, a 48-unit residential apartment complex located in Acton, Massachusetts. The sale price was \$4,600,000, which resulted in a gain of approximately \$3,800,000 and recorded in the second quarter of 2008. In October 2008, the Partnership purchased a fully occupied medical office building located in Brookline, Massachusetts, referred to as "the Barn." The purchase price of the Barn was \$7,000,000 and it consists 20,000 square feet of commercial space. The Partnership utilized Section 1031 of the IRS code to affect a tax free exchange on the gain of Coach up to the purchase price of the Barn. This acquisition was funded from the assumption of the existing mortgage of approximately \$4,000,000, the cash from the sale of Coach of approximately \$2,600,000, and the balance of \$400,000 was funded from cash reserves.

As more fully described in Note 3, the Partnership sold the five condominiums located in Brookline, Massachusetts in 2008. The net proceeds from the sale of the five units were approximately \$740,000 which resulted in a gain of approximately \$240,000, which is included in gain from the sale of rental properties in 2008.

On March 1, 2011, the Partnership entered into a purchase and sale agreement to sell the Avon Street Apartments. For additional information, see Item 9B.

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NEW ENGLAND REALTY ASSOCIATES LIMITED PARTNERSHIP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

DECEMBER 31, 2010

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 rental revenue and laundry income on the majority of the Partnership's properties and 3% on Linewt. Total fees paid were approximately \$1,367,000, \$1,339,000 and \$1,327,000 in 2010, 2009, and 2008, 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 2010, 2009 and 2008, approximately \$705,000 and \$788,000, and \$582,000 was charged to NERA for legal, accounting, construction, maintenance, rental and architectural services and supervision of capital improvements. Of the 2010 expenses referred to above, approximately \$342,000 consisted of repairs and maintenance and \$331,000 of administrative expense. Approximately \$32,000 of expenses for construction, architectural services and supervision of capital projects were capitalized in rental properties. Additionally in 2010, the Hamilton Company received approximately \$640,000 from the Investment Properties of which approximately \$522,000 was the management fee, approximately \$9,000 was for construction supervision and architectural fees, approximately \$81,000 was for maintenance services and approximately \$28,000 was for administrative services. The management fee is equal to 4% of rental income on the majority of investment properties and 2% on Dexter Park.

On January 1, 2004, all employees were transferred to the Management Company's payroll. The Partnership reimburses the management company for the payroll and related expenses of the employees who work at the properties. Total reimbursement was approximately \$2,599,000, \$2,539,000 and \$2,270,000 for the years ended December 31, 2010, 2009 and 2008, respectively. The Management Company maintains a 401K plan for all eligible employees whereby the employees may contribute the maximum allowed by law. The plan also provides for discretionary contributions by the employer. There were no employer contributions in 2010, 2009 or 2008.

Prior to 1991, the Partnership employed an outside, unaffiliated company to perform its bookkeeping and accounting functions. Since that time, such services have been provided by the Management Company's accounting staff, which consists of approximately 14 people. During the year ended December 31, 2010, the Management Company charged the Partnership \$125,000 for bookkeeping and accounting services included in administrative expenses of \$247,000 previously discussed.

In 1996, prior to becoming an employee of the Management Company, the President of the Management Company performed asset management consulting services for the Partnership. This individual continues to perform this service and receives an asset management fee from the Partnership. During the year ended December 31, 2010, this individual received \$93,750 which includes a bonus of \$25,000, a quarterly fee of \$12,500 for the first quarter of 2010, and quarterly fees of \$18,750 in the second quarter, third quarter, and fourth quarter of 2010. Going forward, the quarterly fee payable to this individual will be \$18,750.

The Partnership has invested in nine limited partnerships, which have invested in mixed use residential apartment complexes. The Partnership has between a 40% and 50% ownership interest in each investment. The other investors are Harold Brown, the President of the Management Company and five other employees of the Management Company. Harold Brown's ownership interest is between 43.2% and 60%. See Note 14 for a description of the properties and their operations.

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NEW ENGLAND REALTY ASSOCIATES LIMITED PARTNERSHIP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

DECEMBER 31, 2010

NOTE 3. RELATED PARTY TRANSACTIONS (Continued)

On September 17, 2008, the Partnership completed the issuance of an aggregate of 6,642 Class A Units held in treasury to current holders of Class B and General Partner Units upon the simultaneous retirement to treasury of 6,309 Class B Units and 333 General Partner Units pursuant to an equity distribution plan authorized by the Board of Directors of the General Partner on August 8, 2008 and as further described under Item 3.02 of the Partnership's Current Report on Form 8-K as filed with the Securities and Exchange Commission on September 18, 2008, which is incorporated herein by reference. Harold Brown, the treasurer of the General Partner, owns 75% of the issued and outstanding Class B Units of the Partnership and 75% of the issued and outstanding equity of the General Partner, Ronald Brown, the brother of Harold Brown and the president of the General Partner, owns 25% of the issued and outstanding Class B Units of the Partnership and 25% of the issued and outstanding equity of the General Partner.

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

In 2008, the Partnership borrowed a total of approximately \$8,510,000 from Harold Brown. Approximately \$5,285,000 was used to repurchase depositary receipts and approximately \$3,225,000 was used to facilitate the purchase of Linewt. These loans were repaid in 2008 with interest of approximately \$72,300.

On October 28, 2009, the Partnership 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 is four years with a provision requiring payment in whole or in part upon demand by HBC with six months notice. The partnership may also prepay the note without penalty. On August 17, 2010, HBC gave six months written notice to the Partnership requesting a principal pay down of \$2,500,000. During the fourth quarter of 2010, the Partnership paid HBC \$2,500,000 as requested. The balance of the loan, \$4,668,600, will remain subject to the original terms of the Note, including HBC's right to demand payment of the balance of the loan in whole or in part upon six months notice. The interest paid during the years ended December 31, 2010 and 2009 was approximately \$415,000 and \$78,000 respectively. This loan is collateralized by the Partnership's 99% ownership interest in 62 Boylston Street.

NOTE 4. OTHER ASSETS

Approximately \$1,729,000 and \$1,499,000 of security deposits and prepaid rent deposits are included in prepaid expenses and other assets at December 31, 2010 and December 31, 2009, respectively.

Included in prepaid expenses and other assets at December 31, 2010 and December 31, 2009 is approximately \$896,000 and \$829,000, respectively, held in escrow to fund future capital improvements. The security deposits and escrow accounts are restricted cash.

Financing and leasing fees of approximately \$947,000 and \$1,066,000 are net of accumulated amortization of approximately \$541,000 and \$450,000 at December 31, 2010 and December 31, 2009, respectively.

Table of Contents**NEW ENGLAND REALTY ASSOCIATES LIMITED PARTNERSHIP AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****DECEMBER 31, 2010****NOTE 5. MORTGAGE NOTES PAYABLE**

At December 31, 2010 and December 31, 2009, 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, 2010, the fixed interest rates on these loans ranged from 4.84% to 7.07%, payable in monthly installments aggregating approximately \$726,000, including principal, to various dates through 2023. The majority of the mortgages are subject to prepayment penalties. At December 31, 2010, the weighted average interest rate on the above mortgages was 5.55%. The effective rate of 5.64% includes the amortization expense of deferred financing costs. See Note 12 for fair value information.

The Partnerships have pledged tenant leases as additional collateral for certain of these loans.

Approximate annual maturities at December 31, 2010 are as follows:

2011 current maturities	\$	942,000
2012		1,033,000
2013		43,745,000
2014		14,588,000
2015		2,096,000
Thereafter		75,276,000
	\$	137,680,000

In January 2008, the Partnership obtained a \$1,700,000 mortgage on an unencumbered commercial property in Newton, Massachusetts known as Linewt LLC. The mortgage which matures in January 2018 requires interest only payments at 5.75% for the term of the mortgage.

In February 2008, the Partnership refinanced ten properties with outstanding 8.44% mortgages of approximately \$37,800,000 with new mortgages totaling \$58,000,000. The new mortgages which mature in February 2023 require interest only payments at interest rates from 5.6% to 5.7%. Deferred costs associated with these mortgages totaled approximately \$710,000 and, accordingly, the effective interest rates are 5.7% to 5.8%. Prepayment penalties of approximately \$3,700,000 were incurred in these transactions. After payment of existing mortgages, prepayment penalties and other costs of the transactions, approximately \$16,000,000 was received by the Partnership.

In April 2008, the Partnership refinanced the property located at 659 Worcester Road with a mortgage balance of approximately \$3,500,000 at 7.84% with a new \$6,000,000 mortgage at 5.97% interest only mortgage which matures in March 2018. Deferred financing costs associated with this mortgage totaled approximately \$86,000 and accordingly the effective interest rate is 6.1%. Prepayment penalties of approximately \$783,000 were incurred in this transaction. After payment of the existing mortgage and prepayment penalties, approximately \$1,700,000 was received by the Partnership.

In June 2008, the Partnership refinanced the Westside Colonial Apartments with a balance of approximately \$4,600,000 maturing in 2008 with interest at a rate of 6.52% with \$7,000,000 at 5.66% interest only mortgage maturing in June 2023. Deferred financing costs associated with this mortgage totaled approximately \$62,000 and accordingly the effective interest rate is 5.8%. Closing costs were approximately \$100,000. There were no prepayment penalties. After payment of the existing mortgage and closing costs, approximately \$2,377,000 was received by the Partnership.

Table of Contents**NEW ENGLAND REALTY ASSOCIATES LIMITED PARTNERSHIP AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****DECEMBER 31, 2010****NOTE 5. MORTGAGE NOTES PAYABLE (Continued)**

In December 2009, the Partnership refinanced Linhart, LLP, located in Newton, Massachusetts. The new loan is \$2,000,000, with a rate of 3.75% over the Libor rate or 4.25% whichever is greater and matures five years from the date of closing. The interest rate as of December 31, 2009 was 4.25%. The loan agreement calls for interest only payments for twenty four months and principal and interest payments for the remainder of the five year period based on a thirty year amortization. The loan proceeds were used to pay off the prior loan of approximately \$1,700,000, and closing costs of approximately \$38,000.

On March 25, 2010, the Partnership refinanced the Brookside Apartments. The new loan is \$2,820,000, matures in 2020 and has an interest rate of 5.81%. The loan is a ten year note amortized over 30 years. The proceeds of the loan were used to pay off the old mortgage of approximately \$1,900,000. There were no prepayment penalties.

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, 2010, amounts received for prepaid rents of approximately \$1,319,000 are included in cash and cash equivalents, and security deposits of approximately \$1,729,000 are included in 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.

In 2010, 2009 and 2008 the Partnership paid quarterly distributions of \$7.00 per unit (\$0.70 per receipt) in March, June, September, and December for a total distribution of \$28.00 per unit (\$2.80 per receipt) each year.

The Partnership has entered into a deposit agreement with an agent to facilitate public trading of limited partners' interests in Class A Units. Under the terms of this agreement, the holders of Class A Units have the right to exchange each Class A Unit for 10 Depositary Receipts. The following is information per Depositary Receipt:

	Year Ended December 31,	
	2010	2009
Income (loss) per Depositary Receipt before Discontinued Operations	\$ (1.03)	\$ 1.21
Income from Discontinued Operations		
Net Income (loss) per Depositary Receipt after Discontinued Operations	\$ (1.03)	\$ 1.21
Distributions per Depositary Receipt	\$ 2.80	\$ 2.80

Table of Contents**NEW ENGLAND REALTY ASSOCIATES LIMITED PARTNERSHIP AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****DECEMBER 31, 2010****NOTE 8. TREASURY UNITS**

Treasury Units at December 31, 2010 are as follows:

Class A	38,993
Class B	9,260
General Partnership	488
	48,741

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 100,000 Depositary Receipts (each of which is one-tenth of a Class A Unit). On January 15, 2008, the General Partner authorized an increase in the Repurchase Program from 100,000 to 200,000 Depositary Receipts. On January 30, 2008 the General Partner authorized an increase the Repurchase Program from 200,000 to 300,000 Depositary Receipts. On March 6, 2008, the General Partner authorized the increase in the total number of Depositary Receipts that could be repurchased pursuant to the Repurchase Program from 300,000 to 500,000. On August 8, 2008, the General Partner re-authorized and renewed the Repurchase Program for an additional 12-month period ended August 19, 2009. On March 22, 2010, the General Partner re-authorized and renewed the Repurchase Program that expired on August 19, 2009. Under the terms of the renewed Repurchase Program, the Partnership may purchase up to 500,000 Depositary Receipts from the start of the program in 2007 through March 31, 2015. 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, 2010, the Partnership has repurchased 398,320 Depositary Receipts at an average price of \$73.86 per receipt (or \$738.60 per underlying Class A Unit), 1,724 Class B Units and 91 General Partnership Units, both at an average price of \$585.05 per Unit, totaling approximately \$30,481,000 including brokerage fees paid by the Partnership.

On September 17, 2008, the Partnership completed the issuance of an aggregate of 6,642 Class A Units held in treasury to current holders of Class B and General Partner Units upon the simultaneous retirement to treasury of 6,309 Class B Units and 333 General Partner Units pursuant to an equity distribution plan authorized by the Board of Directors of the General Partner on August 8, 2008 and as further described under Item 3.02 of the Partnership's Current Report on Form 8-K as filed with the Securities and Exchange Commission on September 18, 2008, which is incorporated herein by reference. Harold Brown, the treasurer of the General Partner, owns 75% of the issued and outstanding Class B Units of the Partnership and 75% of the issued and outstanding equity of the General Partner, Ronald Brown, the brother of Harold Brown and the president of the General Partner, owns 25% of the issued and outstanding Class B Units of the Partnership and 25% of the issued and outstanding equity of the General Partner.

Table of Contents**NEW ENGLAND REALTY ASSOCIATES LIMITED PARTNERSHIP AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****DECEMBER 31, 2010****NOTE 8. TREASURY UNITS (Continued)**

On January 18, 2008, 113,518 Depositary Receipts included above became available to purchase at a price of \$75.50 per receipt. In order for the Partnership to take advantage of this opportunity, the Partnership borrowed \$5,285,000 from Harold Brown, the Treasurer of the General Partner. This loan was paid in full, with interest at 6% of \$37,899, on February 29, 2008.

During the year ended December 31, 2010, the Partnership purchased 6,896 receipts for \$432,920, 164 Class B Units for \$102,591 and 9 General Partnership units for \$5,400.

NOTE 9. COMMITMENTS AND CONTINGENCIES

From time to time, the Partnerships are 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 Partnerships are not involved in any material pending legal proceedings.

NOTE 10. RENTAL INCOME

During the year ended December 31, 2010, approximately 90% of rental income was related to residential apartments and condominium units with leases of one year or less. Approximately 10% was related to commercial properties, which have minimum future annual rental income on non-cancellable operating leases at December 31, 2010 as follows:

	Commercial Property Leases
2011	\$ 2,859,000
2012	2,276,000
2013	1,843,000
2014	1,493,000
2015	1,085,000
Thereafter	951,000
	\$ 10,507,000

The aggregate minimum future rental income does not include contingent rentals that may be received under various leases in connection with percentage rents, common area charges and real estate taxes. Aggregate contingent rentals from continuing operations were approximately \$653,000, \$583,000 and \$477,000 for the years ended December 31, 2010, 2009 and 2008 respectively.

Rents receivable are net of an allowance for doubtful accounts of approximately \$483,000, \$476,000 and \$460,000 at December 31, 2010, 2009 and 2008 respectively. Included in rents receivable at December 31, 2010 is approximately \$332,000 resulting from recognizing rental income from non-cancelable commercial leases with future rental increases on a straight-line basis. The majority of this amount is for long-term leases with Staples and Trader Joe's at Staples Plaza in Framingham, Massachusetts.

Rents receivable also includes approximately \$157,000 representing the straight-line of rental concession primarily related to the residential properties in the latter half of 2010.

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NEW ENGLAND REALTY ASSOCIATES LIMITED PARTNERSHIP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

DECEMBER 31, 2010

NOTE 10. RENTAL INCOME (Continued)

In 2010, rent at the commercial properties includes approximately \$11,000 of amortization of deferred rents arising from the fair values assigned to in-place leases upon the purchase of Cypress Street in Brookline, Massachusetts.

NOTE 11. CASH FLOW INFORMATION

During the years ended December 31, 2010, 2009 and 2008, cash paid for interest was approximately \$8,182,000, \$7,941,000 and \$7,755,000 respectively.

NOTE 12. FAIR VALUE MEASUREMENTS

Fair Value Measurements on a Recurring Basis

At December 31, 2010 and 2009, 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, 2010 and 2009 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, 2010 and 2009, 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, 2010 and 2009, 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 methods and assumptions were used by the Partnership in estimating the fair value of its financial instruments:

For cash and cash equivalents, other assets, investment in partnerships, accounts payable, advance rents and security deposits: fair value approximates the carrying value of such assets and liabilities.

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

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NEW ENGLAND REALTY ASSOCIATES LIMITED PARTNERSHIP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

DECEMBER 31, 2010

NOTE 12. FAIR VALUE MEASUREMENTS (Continued)

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, 2010	\$ 137,680,660	\$	142,896,706
At December 31, 2009	\$ 137,641,354	\$	139,997,718
Investment Properties			
At December 31, 2010	\$ 140,889,224	\$	144,247,509

Disclosure about fair value of financial instruments is based on pertinent information available to management as of December 31, 2010 and December 31, 2009. 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, 2010 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 a tax free exchanges, accelerated depreciation, different tax lives, and timing differences related to prepaid rents, allowances and intangible assets at significant acquisitions. Taxable loss was approximately \$450,000 greater than statement loss for the year ended December 31, 2010 and taxable income was approximately \$300,000 greater than statement income for the year ended December 31, 2009. The cumulative tax basis of the Partnership's real estate at December 31, 2010 is approximately \$5,300,000 than the statement basis. The primary reason for the lower tax basis is the acquisition of Linewt and Cypress Street utilizing tax free exchanges in 2008. The Partnership's tax basis in its joint venture investments is approximately \$1,500,000 greater than statement basis. The tax free exchanges and mortgage prepayment penalties in 2008 generated substantial tax deductions in 2008, accordingly taxable income in future years may exceed statement income. Accelerated tax deductions allowable under the 2010 tax act will also be allowed in 2011. These accelerated deductions will result in reduced tax depreciation expense in future years.

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 consolidated financial statements.

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NEW ENGLAND REALTY ASSOCIATES LIMITED PARTNERSHIP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

DECEMBER 31, 2010

NOTE 13. TAXABLE INCOME AND TAX BASIS (Continued)

The following reconciles GAAP net income to taxable income:

	For the year ended		
	December 31,		
	2010	2009	2008
	(in thousands)		
GAAP net income (loss)	\$ (1,359)	\$ 1,613	\$ 6,582
Book/Tax differences from depreciation and amortization	(643)	(477)	(431)
Book/Tax differences on tax free exchanges			(6,808)
Book/Tax differences from Investment Properties	403	646	(75)
Increase (Decrease) in prepaid rent and allowances	(204)	153	(135)
Other		(9)	(81)
Taxable income (loss)	\$ (1,803)	\$ 1,926	\$ (948)

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 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, 2010, the tax years that remain subject to examination by the major tax jurisdictions under the statute of limitations is from the year 2003 forward.

NOTE 14. INVESTMENT IN UNCONSOLIDATED JOINT VENTURES

Since November 2001, the Partnership has invested in nine limited partnerships and limited liability companies, the majority of which have invested in residential apartment complexes, with three partnerships investing in commercial property. The Partnership has between a 40%-50% ownership interests in each investment. The other investors are Harold Brown, the President of the Management Company and five other employees of the Management Company. Harold Brown's ownership interest is between 43.2% and 60%, with the balance owned by the others. A description of each investment is as follows:

On October 28, 2009 the Partnership invested approximately \$15,925,000 in a joint venture to acquire a 40% interest in a residential property located in Brookline, Massachusetts. The property, referred to as Dexter Park, is a 409 unit residential complex. The purchase price was \$129,500,000. The total mortgage is \$89,914,000 with an interest rate of 5.57% and it matures in 2019. The mortgage calls for interest only payments for the first two years of the loan and amortized over 30 years thereafter. 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 is four years with a provision requiring payment in whole or in part upon demand by HBC with six months notice. On August 17, 2010, HBC gave six months written notice to the Partnership requesting a principal pay down of \$2,500,000. During the fourth quarter of 2010, the Partnership paid HBC \$2,500,000 as requested. The

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NEW ENGLAND REALTY ASSOCIATES LIMITED PARTNERSHIP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

DECEMBER 31, 2010

NOTE 14. INVESTMENT IN UNCONSOLIDATED JOINT VENTURES (Continued)

balance of the loan, \$4,668,600, will remain subject to the original terms of the Note, including HBC's right to demand payment of the balance of the loan in whole or in part upon six months notice. The interest paid during the years ended December 31, 2010 and 2009 was approximately \$415,000 and \$78,000, respectively. This loan is collateralized by the Partnership's 99% ownership interest in 62 Boylston Street. A majority of the apartments were leased at the time of the acquisition. As a result, the Partnership is amortizing the intangible assets associated with the "in place" leases over a 12 month period which began in November 2009. The total monthly amortization is approximately \$407,000 which at 40% reduces the Partnership's income by approximately \$163,000 per month. For the year ended December 31, 2010 the total amortization in connection with these leases is approximately \$4,073,000, of which the Partnership's share is approximately \$1,629,000. The intangible asset is fully amortized effective November 2010 which will result in lower amortization expense. This investment, Hamilton Park Towers, LLC is referred to as Dexter Park.

On October 3, 2005, the Partnership invested \$2,500,000 for a 50% ownership interest in a 168-unit apartment complex in Quincy, Massachusetts. The purchase price was \$30,875,000. The Partnership plans to sell the majority of units as condominium and retain 48 units for long-term investment. Gains from the sales of units will be taxed at ordinary income rates (approximately \$47,000 per unit). In February 2007, the Partnership refinanced the 48 units which will be retained with a new mortgage in the amount of \$4,750,000 with an interest rate of 5.57%, interest only for five years. This investment is referred to as Hamilton Bay Apartments, LLC. The loan will be amortized over 30 years thereafter and matures in March 2017. In April 2008, the Partnership refinanced an additional 20 units and obtained a new mortgage in the amount of \$2,368,000 with interest at 5.75%, interest only, which matures in 2013. As of February 1, 2011, 105 units have been sold, the proceeds of which went to pay down the mortgage on the property. The balance on the new mortgage is approximately \$1,668,000 at December 31, 2010. This investment is referred to as Hamilton Bay, LLC.

On March 7, 2005, the Partnership invested \$2,000,000 for a 50% ownership interest in a building comprising 49 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 plans to operate the building and initiate development of the parking lot. In June 2007, the Partnership separated the parcels, formed an additional limited liability company for the residential apartments and obtained a mortgage on the property. The new limited liability company formed for the residential apartments and commercial space is referred to as Hamilton Essex 81, LLC. In August 2008, the Partnership restructured the mortgages on both parcels at Essex 81 and transferred the residential apartments to Hamilton Essex 81, LLC. The mortgage on Hamilton Essex 81, LLC is \$8,600,000 with interest only at 5.79% due in August 2015. The mortgage on Essex Development, LLC, or the parking lot is \$2,162,000 with a variable interest rate of 2.25% over the daily Libor rate (0.26% at December 31, 2010) and is due in August 2011. Harold Brown has issued a personal guaranty up to \$1,000,000 of this mortgage. In the event that he is obligated to make payments to the lender as a result of this guaranty, the Partnership and other investors have, in turn, agreed to indemnify him for their proportionate share of any such payments. 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.

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NEW ENGLAND REALTY ASSOCIATES LIMITED PARTNERSHIP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

DECEMBER 31, 2010

NOTE 14. INVESTMENT IN UNCONSOLIDATED JOINT VENTURES (Continued)

On March 2, 2005, the Partnership invested \$2,352,000 for a 50% ownership interest in a 176-unit apartment complex with an additional small commercial building located in Quincy, Massachusetts. The purchase price was \$23,750,000. The Partnership sold 127 of the units as condominiums and retained 49 units for long-term investment. The Partnership obtained a new 10-year mortgage in the amount of \$5,000,000 on the units to be retained by the Partnership. The interest on the new loan is 5.67% fixed for the 10 year term with interest only payments for five years and amortized over a 30 year period for the balance of the loan term. This investment is referred to as Hamilton 1025, LLC.

In September 2004, the Partnership invested approximately \$5,075,000 for a 50% ownership interest in a 42-unit apartment complex located in Lexington, Massachusetts. The purchase price was \$10,100,000. In October 2004, the Partnership obtained a mortgage on the property in the amount of \$8,025,000 and returned \$3,775,000 to the Partnership. The Partnership obtained a new 10-year mortgage in the amount of \$5,500,000 in January 2007. The interest on the new loan is 5.67% fixed for the ten year term with interest only payments for five years and amortized over a 30 year period for the balance of the loan. This loan required a cash contribution by the Partnership of \$1,250,000 in December 2006. 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. As of May 2008, the Partnership sold 137 units as condominiums. Gains from these sales were taxed as ordinary income (approximately \$50,000 per unit). The majority of the sales proceeds were applied to reduce the mortgage with the final payment made during the second quarter of 2007. With the sale of the units and the payments of the liabilities, the assets were combined with Hamilton on Main Apartments, LLC. An entity partially owned by the majority shareholder of the General Partner and the President of the management company, 31% and 5%, respectively, was the sales agent and received a variable commission on each sale of 3% to 5%. Hamilton on Main, LLC is known as Hamilton Place.

In 2005, Hamilton on Main Apartments, LLC obtained a ten year mortgage on the three buildings to be retained. The mortgage is \$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. Hamilton on Main LLC paid a fee of approximately \$400,000 in connection with this early extinguishment of debt. At December 31, 2010, the remaining balance on the mortgage is approximately \$16,152,000.

In November 2001, the Partnership invested approximately \$1,533,000 for a 50% ownership interest in a 40-unit apartment building in Cambridge, Massachusetts. This property has a 12-year mortgage, with a remaining balance at December 31, 2010 of approximately \$7,177,000 at 6.9% which is amortized on a 30-year schedule, with a final payment of approximately \$6,000,000 in 2014. This investment is referred to as 345 Franklin, LLC.

As required by the lender, the Treasurer of the General Partner has provided a limited repayment guaranty equal to fifty percent (50%) of the outstanding balance for the loan on the for sale units at Hamilton Bay and a limited guaranty of \$1,000,000 for the loan on Hamilton Essex Development. In the event that he is obligated to make payments to the lenders as a result of these guaranties, the Partnership and other investors have, in turn, agreed to indemnify him for their proportionate share of any such payments.

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NEW ENGLAND REALTY ASSOCIATES LIMITED PARTNERSHIP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2010

NOTE 14. INVESTMENT IN UNCONSOLIDATED JOINT VENTURES (Continued)

Summary financial information for the year ended December 31, 2010

	Hamilton Essex 81	Hamilton Essex Development	345 Franklin	Hamilton 1025	Hamilton Bay Sales	Hamilton Bay Apts	Hamilton Minuteman Apts	Hamilton on Main Apts	Dexter Park	Total
ASSETS										
Rental Properties	9,827,917	2,595,266	8,648,591	6,078,526	2,006,989	7,569,060	7,582,687	22,822,785	118,468,247	185,600,068
Cash & Cash Equivalents	2,833	29,596	25,617	736	48,053	57,956	51,637	19,325	754,066	989,818
Rent Receivable	24,062		8,887	10,088	2,224	2,295	683	10,686	125,475	184,400
Real Estate Tax Escrow	85,348		18,649	58,089		82,370	34,331	98,036	484,566	861,390
Prepaid Expenses & Other Assets	49,518	480	50,720	76,810	209,610	94,181	43,655	418,289	1,089,897	2,033,161
Financing & Leasing Fees	96,105	4,175	24,496	29,698	11,634	38,966	23,887	28,304	518,395	775,660
Total Assets	10,085,783	2,629,517	8,776,960	6,253,948	2,278,510	7,844,829	7,736,879	23,397,425	121,440,647	190,444,498
LIABILITIES AND PARTNERS' CAPITAL										
Mortgage Notes Payable	8,566,871	2,162,000	7,176,827	5,000,000	1,668,000	4,750,000	5,500,000	16,151,526	89,914,000	140,889,224
Accounts Payable & Accrued Expense	33,190	6,239	36,027	43,541	6,346	5,693	65,588	206,997	787,584	1,191,205
Advance Rental Pmts & Security Dep	132,044		129,188	63,965	20,044	80,772	61,762	226,689	1,684,843	2,399,308
Total Liabilities	8,732,105	2,168,239	7,342,042	5,107,506	1,694,390	4,836,465	5,627,350	16,585,212	92,386,428	144,479,737
Partners' Capital	1,353,679	461,278	1,434,918	1,146,442	584,119	3,008,364	2,109,529	6,812,213	29,054,219	45,964,761
Total Liabilities & Capital	10,085,783	2,629,517	8,776,960	6,253,948	2,278,510	7,844,829	7,736,879	23,397,425	121,440,647	190,444,498
Partners' Capital NERA 50%	676,839	230,639	717,459	573,221	292,060	1,504,182	1,054,765	3,406,107		8,455,271
NERA 40%									11,621,688	11,621,688

Total units/ condominiums										
Apartments	48		40	175	120	48	42	148	409	1,030
Commercial	1	1		1						3
Total	49	1	40	176	120	48	42	148	409	1,033
Units to be retained	49	1	40	49		48	42	148	409	786
Units to be sold				127	120					247
Units sold through January 25, 2010										
				127	105				409	641
Unsold units					15					15
Unsold units with deposits for future sale as of February 1, 2011					0					

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NEW ENGLAND REALTY ASSOCIATES LIMITED PARTNERSHIP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

DECEMBER 31, 2010

NOTE 14. INVESTMENT IN UNCONSOLIDATED JOINT VENTURES (Continued)

Year ended December 31, 2010

	Hamilton Essex 81	Hamilton Essex Development	345 Franklin	Hamilton 1025	Hamilton Bay Sales	Hamilton Bay Apts	Hamilton Minuteman Apts	Hamilton on Main Apts	Dexter Park	Total
Revenues										
Rental Income	1,122,915	275,950	1,097,957	794,993	221,191	839,361	765,509	2,455,222	11,019,862	18,592,960
Laundry and Sundry Income	16,184		2,436				762	19,780	97,902	137,063
	1,139,099	275,950	1,100,393	794,993	221,191	839,361	766,271	2,475,002	11,117,764	18,730,023
Expenses										
Administrative	13,709		30,904	13,038	7,073	17,324	10,288	39,289	148,097	279,724
Depreciation and Amortization	425,450	6,254	439,666	269,475	98,678	359,727	320,553	981,881	9,428,284	12,329,966
Management Fees	46,734	11,040	45,559	31,795	9,245	33,345	31,563	97,239	244,178	550,698
Operating	134,016		62,994	1,777		411	63,841	358,827	960,328	1,582,193
Renting	24,785		49,517	8,576	375	6,213	3,770	15,361	281,545	390,142
Repairs and Maintenance	134,941		80,190	376,560	76,510	344,852	99,553	342,310	859,088	2,314,005
Taxes and Insurance	179,939	46,658	98,151	127,637	42,465	132,188	96,213	318,150	1,451,017	2,492,417
	959,574	63,952	806,981	828,857	234,346	894,061	625,780	2,153,057	13,372,537	19,939,145
Income Before Other Income	179,525	211,998	293,412	(33,864)	(13,155)	(54,700)	140,491	321,945	(2,254,773)	(1,209,122)
Other Income (Loss)										
Interest Expense	(507,425)	(62,694)	(504,667)	(289,042)	(97,909)	(271,389)	(317,360)	(860,500)	(5,116,598)	(8,027,583)
Interest Income	3	2	47	90	569	2	1,780	8	5	2,505
Interest Income from Note					11,445					11,445
Gain on Sale of Real Estate										
Other Income (Expenses)					11,021	9,478		2,168	(17,720)	4,947
	(507,422)	(62,692)	(504,619)	(288,952)	(74,874)	(261,909)	(315,581)	(858,323)	(5,134,313)	(8,008,686)
Net Income (loss)	(327,897)	149,305	(211,208)	(322,816)	(88,029)	(316,608)	(175,090)	(536,379)	(7,389,086)	(9,217,808)
Net Income (loss) NERA 50%										
	(163,948)	74,653	(105,604)	(161,408)	(44,015)	(158,304)	(87,545)	(268,189)		(914,361)
NERA										
40%									(2,955,635)	(2,955,635)
										(3,869,995)

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NEW ENGLAND REALTY ASSOCIATES LIMITED PARTNERSHIP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

DECEMBER 31, 2010

NOTE 14. INVESTMENT IN UNCONSOLIDATED JOINT VENTURES (Continued)

Future annual mortgage maturities at December 31, 2010 are as follows:

Period End	Hamilton Essex 81 March 2005	Hamilton Essex Development March 2005	Franklin Street November 2001	1025 Hamilton March 2005	Hamilton Bay October 2005	Hamilton Bay Apts October 2005	Hamilton Minuteman August 2004	Hamilton Place August 2004	Hamilton Park Towers October 2009	Total
December 31, 2011	111,951	2,162,000	157,708	4,513				261,897	194,705	2,892,774
December 31, 2012	118,608		168,941	60,747		52,396	66,528	278,413	1,206,869	1,952,502
December 31, 2013	125,660		6,850,178	65,157	1,668,000	66,163	71,363	293,392	1,275,835	10,415,748
December 31, 2014	133,132			69,003		69,944	75,575	309,178	1,348,741	2,005,573
December 31, 2015	8,077,520			73,077		73,941	80,036	15,008,646	1,425,814	24,739,034
Thereafter				4,727,503		4,487,556	5,206,498		84,462,036	98,883,593
	8,566,871	2,162,000	7,176,827	5,000,000	1,668,000	4,750,000	5,500,000	16,151,526	89,914,000	140,889,224

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NEW ENGLAND REALTY ASSOCIATES LIMITED PARTNERSHIP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

DECEMBER 31, 2010

NOTE 14. INVESTMENT IN UNCONSOLIDATED JOINT VENTURES (Continued)

Summary financial information for the year ended December 31, 2009

	Hamilton Essex 81	Hamilton Essex Development	345 Franklin	Hamilton 1025	Hamilton Bay Sales	Hamilton Bay Apts	Hamilton Minuteman Apts	Hamilton on Main Apts	Dexter Park	Total
ASSETS										
Rental Properties	10,212,642	2,576,552	9,040,679	6,332,291	2,093,861	7,919,853	7,855,176	23,769,324	123,702,389	193,502,767
Cash & Cash Equivalents	17,655	21,217	14,685	20,740	11,113	12,803	38,601	138,342	985,842	1,260,998
Rent Receivable	25,059			9,224	1,747	632	860	5,517	82,950	125,989
Real Estate Tax Escrow	62,514		18,454	35,288		70,180	44,939	97,584	338,390	667,349
Due From Investment Properties										
Prepaid Expenses & Other Assets	73,086	498	79,872	80,528	270,224	62,699	66,049	329,472	5,081,245	6,043,672
Financing & Leasing Fees	119,298	10,429	32,661	34,724	16,699	45,328	27,856	35,165	572,795	894,955
Total Assets	10,510,254	2,608,696	9,186,351	6,512,795	2,393,644	8,111,495	8,033,480	24,375,403	130,763,610	202,495,730
LIABILITIES AND PARTNERS' CAPITAL										
Mortgage Notes Payable	8,600,000	2,162,000	7,324,049	5,000,000	1,668,000	4,750,000	5,500,000	16,402,353	89,914,000	141,320,402
Due to Investment Properties										
Accounts Payable & Accrued Expense	47,581	10,415	69,064	45,925	19,108	6,726	74,835	236,076	753,668	1,263,399
Advance Rental Pmts & Security Dep	132,405		127,113	64,612	17,386	79,797	54,026	226,381	1,577,637	2,279,358
Total Liabilities	8,779,986	2,172,415	7,520,226	5,110,537	1,704,494	4,836,523	5,628,861	16,864,810	92,245,305	144,863,159
Partners' Capital	1,730,268	436,281	1,666,125	1,402,258	689,150	3,274,972	2,404,619	7,510,593	38,518,305	57,632,571
Total Liabilities & Capital	10,510,254	2,608,696	9,186,351	6,512,795	2,393,644	8,111,495	8,033,480	24,375,403	130,763,610	202,495,730
Partners' Capital NERA	865,134	218,140	833,063	701,129	344,575	1,637,486	1,202,309	3,755,297		9,557,133

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50%

NERA											
40%										15,407,322	15,407,322
										24,964,455	
Total units/ condominiums											
Apartments	48		40	175	120	48	42	148	409	1,030	
Commercial	1	1		1						3	
Total	49	1	40	176	120	48	42	148	409	1,033	
Units to be retained	49	1	40	49		48	42	148	409	786	
Units to be sold				127	120					247	
Units sold through January 25, 2010				127	105					409	641
Unsold units					15					15	
Unsold units with deposits for future sale as of January 25, 2010					0					0	

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NEW ENGLAND REALTY ASSOCIATES LIMITED PARTNERSHIP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

DECEMBER 31, 2010

NOTE 14. INVESTMENT IN UNCONSOLIDATED JOINT VENTURES (Continued)

Year ended December 31, 2009

	Hamilton Essex 81	Hamilton Essex Development	345 Franklin	Hamilton 1025	Hamilton Bay Sales	Hamilton Bay Apts	Hamilton Minuteman Apts	Hamilton on Main Apts	Dexter Park	Total
Revenues										
Rental Income	1,134,884	280,104	1,082,077	793,714	227,568	810,958	757,707	2,415,312	1,912,267	9,414,590
Laundry and Sundry Income	8,036		1,785				567	21,818	15,846	48,052
	1,142,920	280,104	1,083,862	793,714	227,568	810,958	758,275	2,437,130	1,928,113	9,462,642
Expenses										
Administrative	16,822	15,445	26,372	23,363	10,182	15,722	8,889	37,605	122,516	276,917
Depreciation and Amortization	427,173	5,046	428,975	312,679	106,626	393,421	457,624	1,499,119	1,690,998	5,321,660
Management Fees	45,914	11,183	43,832	31,443	8,959	31,961	29,566	99,298	54,257	356,412
Operating	127,210		60,067	3,870	604	3,987	75,303	351,567	173,464	796,073
Renting	32,766		49,469	7,153	869	2,037	4,230	14,104	13,458	124,085
Repairs and Maintenance	106,835	4,430	97,170	264,235	57,586	255,744	78,526	309,454	81,615	1,255,595
Taxes and Insurance	142,235	66,638	81,055	131,072	44,410	138,582	102,373	302,142	192,386	1,200,893
	898,955	102,742	786,940	773,815	229,235	841,454	756,510	2,613,290	2,328,694	9,331,635
Income Before Other Income	243,965	177,362	296,922	19,899	(1,668)	(30,496)	1,764	(176,160)	(400,582)	131,007
Other Income (Loss)										
Interest Expense	(508,100)	(63,839)	(514,585)	(288,926)	(100,188)	(271,333)	(317,266)	(873,855)	(904,260)	(3,842,352)
Interest Income	2	0	56	76	695	0	1	3	9,455	10,289
Interest Income from Note					13,720					13,720
Gain on Sale of Real Estate					53,989					53,989
Other Income (Expenses)									(309)	(309)
	(508,098)	(63,839)	(514,529)	(288,850)	(31,784)	(271,333)	(317,265)	(873,852)	(895,113)	(3,764,663)
Net Income (loss)	(264,132)	113,523	(217,607)	(268,951)	(33,452)	(301,829)	(315,500)	(1,050,012)	(1,295,695)	(3,633,656)
Net Income (loss) NERA 50%										
	(132,066)	56,762	(108,803)	(134,476)	(16,726)	(150,915)	(157,750)	(525,006)		(1,168,980)
NERA										
40%									(518,278)	(518,278)
										(1,687,258)

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NEW ENGLAND REALTY ASSOCIATES LIMITED PARTNERSHIP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

DECEMBER 31, 2010

NOTE 14. INVESTMENT IN UNCONSOLIDATED JOINT VENTURES (Continued)

Summary financial information for the year ended December 31, 2008

	Hamilton Essex 81	Hamilton Essex Development	345 Franklin	Hamilton 1025	Hamilton Bay Sales	Hamilton Bay Apts	Hamilton Minuteman Apts	Hamilton on Main Apts	Hamilton Place Sales	Total
ASSETS										
Rental Properties	10,589,378	2,576,552	9,336,147	6,628,614	2,332,236	8,222,978	8,282,900	25,212,271		73,181,077
Cash & Cash Equivalents	34,463	280	844	164,181	743	7,352	19,119	5,972		232,955
Rent Receivable	3,743		8,500		127			1,524		13,894
Real Estate Tax Escrow	57,503		22,057	41,079		47,879	32,075	94,937		295,530
Due From Investment Properties	50,000			90,000	100,960	40,000		230,000		510,960
Prepaid Expenses & Other Assets	71,984	1,423	73,973	63,537	223,923	50,641	60,445	352,429		898,355
Financing & Leasing Fees	50,147	109,015	40,828	39,751	21,763	51,690	33,233	43,250		389,676
Total Assets	10,857,218	2,687,271	9,482,349	7,027,162	2,679,752	8,420,541	8,427,772	25,940,382		75,522,446
LIABILITIES AND PARTNERS' CAPITAL										
Mortgage Notes Payable	8,600,000	2,162,000	7,461,483	5,000,000	1,808,000	4,750,000	5,500,000	16,640,374		51,921,857
Due to Investment Properties			425,000		40,000	960	45,000			510,960
Accounts Payable & Accrued Expense	55,151	8,744	64,525	7,827	18,617	17,891	39,716	171,783		384,255
Advance Rental Pmts & Security Dep	136,435		119,609	58,125	18,533	76,888	57,937	190,620		658,147
Total Liabilities	8,791,586	2,170,744	8,070,616	5,065,952	1,885,150	4,845,740	5,642,653	17,002,777		53,475,219
Partners' Capital	2,065,632	516,527	1,411,732	1,961,209	794,602	3,574,801	2,785,119	8,937,605		22,047,226
Total Liabilities and Capital	10,857,218	2,687,271	9,482,349	7,027,162	2,679,752	8,420,541	8,427,772	25,940,382		75,522,446
Partners' Capital NERA 50%	1,032,816	258,264	705,866	980,605	397,301	1,787,400	1,392,560	4,468,803		11,023,611

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Total units/ condominiums										
Apartments	48		40	175	120	48	42	148	137	758
Commercial	1	1		1						3
Total	49	1	40	176	120	48	42	148	137	761
Units to be retained	49	1	40	49		48	42	148		377
Units to be sold				127	120				137	384
Units sold through February 2, 2009										
				127	105				137	369
Balance of unsold units										
Unsold units with deposits for future sale as of February 2, 2009					15					15
					1					1

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NEW ENGLAND REALTY ASSOCIATES LIMITED PARTNERSHIP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

DECEMBER 31, 2010

NOTE 14. INVESTMENT IN UNCONSOLIDATED JOINT VENTURES (Continued)

Year Ended December 31, 2008

	Hamilton Essex 81	Hamilton Essex Development	345 Franklin	Hamilton 1025	Hamilton Bay Sales	Hamilton Bay Apts	Hamilton Minuteman Apts	Hamilton on Main Apts	Hamilton Place Sales	Total
Revenues										
Rental Income	678,687	795,075	1,042,386	795,927	224,595	816,009	753,993	2,353,792	1,747	7,462,210
Laundry and Sundry Income	1,433	1,200	1,736				2,808	19,505		26,683
	680,120	796,275	1,044,123	795,927	224,595	816,009	756,801	2,373,297	1,747	7,488,893
Expenses										
Administrative	11,083	5,382	37,463	18,376	9,944	12,032	4,597	56,078	3,839	158,794
Depreciation and Amortization	431,753	20,226	385,168	363,898	158,574	390,865	517,958	1,549,671	7,019	3,825,132
Management Fees	34,981	32,413	42,539	31,868	9,799	32,308	29,309	97,527	51	310,793
Operating	88,850	62,246	62,660	1,461	1,717	1,085	64,790	362,065	214	645,088
Renting	8,898	15,700	54,014	5,416	1,755	2,521	3,786	30,794		122,884
Repairs and Maintenance	42,527	72,451	80,362	325,415	146,157	264,104	97,316	408,826	5,828	1,442,987
Taxes and Insurance	123,694	76,160	93,576	125,898	54,094	115,782	121,866	316,355	4,861	1,032,284
	741,786	284,578	755,782	872,332	382,040	818,698	839,621	2,821,316	21,811	7,537,963
Income Before Other Income	(61,666)	511,697	288,341	(76,404)	(157,445)	(2,689)	(82,820)	(448,019)	(20,064)	(49,070)
Other Income (Loss)										
Interest Expense	(481,505)	(130,336)	(523,400)	(289,626)	(86,675)	(271,992)	(318,108)	(887,633)	(7)	(2,989,281)
Interest Income	1,456	101	261	705	4,156	480	263	1,484	2,640	11,546
Gain on Sale of Real Estate				172,993	354,415			12,925	335,124	875,456
	(480,049)	(130,235)	(523,139)	(115,928)	271,896	(271,512)	(317,845)	(873,224)	337,757	(2,102,278)
Net Income (Loss)	(541,714)	381,461	(234,798)	(192,332)	114,450	(274,201)	(400,665)	(1,321,242)	317,693	(2,151,348)
Net Income (loss) NERA 50%										
	(270,857)	190,731	(117,399)	(96,166)	57,225	(137,101)	(200,333)	(660,621)	158,846	(1,075,674)

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NEW ENGLAND REALTY ASSOCIATES LIMITED PARTNERSHIP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

DECEMBER 31, 2010

NOTE 15. IMPACT OF RECENTLY-ISSUED ACCOUNTING STANDARDS

In the fourth quarter of 2010, the Financial Accounting Standards Board ("FASB") issued an update to the guidance contained in Accounting Standards Codification ("ASC") 310, *Receivables*. The new guidance requires companies to provide more information about the credit quality of their financing receivables in the disclosures to financial statements including, but not limited to, significant purchases and sales of financing receivables, aging information and credit quality indicators. The adoption of this accounting guidance did not have a significant impact on our consolidated financial statements.

On January 21, 2010, the FASB issued an update to ASC 820, Fair Value Measurements and Disclosures, adding new requirements for disclosures about transfers into and out of Levels 1 and 2 fair value measurements and additional disclosures about the activity within Level 3 fair value measurements. The adoption of this guidance on January 1, 2010 did not have a material effect on our consolidated financial statements.

NOTE 16. DISCONTINUED OPERATIONS AND SALES OF REAL ESTATE

The following tables summarize income from discontinued operations and the related realized gain and loss on sale of rental property for the years ended December 31, 2010, 2009 and 2008:

	Year Ended December 31,		
	2010	2009	2008
Total Revenues			\$ 243,470
Operating and other expenses			(256,875)
Depreciation and amortization			(97,461)
			(354,336)
Loss from discontinued operations			\$ (110,866)

	Year Ended December 31,		
	2010	2009	2008
Gain on sale of rental property	\$	\$	\$ 10,099,127

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NEW ENGLAND REALTY ASSOCIATES LIMITED PARTNERSHIP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

DECEMBER 31, 2010

NOTE 17. QUARTERLY FINANCIAL DATA (UNAUDITED)

	Three Months Ended					Total
	March 31, 2010	June 30, 2010	September 30, 2010	December 31, 2010		
Revenue	\$ 8,317,816	\$ 8,230,730	\$ 8,226,728	\$ 8,390,836	\$ 33,166,110	
Expenses	5,632,869	5,420,350	5,793,966	5,630,732	22,477,917	
Income Before Other Income	2,684,947	2,810,380	2,432,762	2,760,104	10,688,193	
Other Income (loss)	(3,027,898)	(3,064,832)	(3,214,253)	(2,740,442)	(12,047,425)	
Net Income (loss)	\$ (342,951)	\$ (254,452)	\$ (781,491)	\$ 19,662	\$ (1,359,232)	
Net Income (loss) per Unit	\$ (2.59)	\$ (1.93)	\$ (5.94)	\$ 0.15	\$ (10.32)	
Net Income (loss) per Depository Receipt	\$ (0.26)	\$ (0.19)	\$ (0.59)	\$ 0.01	\$ (1.03)	

	Three Months Ended					Total
	March 31, 2009	June 30, 2009	September 30, 2009	December 31, 2009		
Revenue	\$ 8,460,695	\$ 8,276,347	\$ 8,209,566	\$ 8,287,877	\$ 33,234,485	
Expenses	5,735,286	5,270,939	5,621,419	5,436,885	22,064,509	
Income Before Other Income	2,725,409	3,005,408	2,588,147	2,851,012	11,169,976	
Other Income (Loss)	(2,205,324)	(2,227,433)	(2,288,842)	(2,835,839)	(9,557,438)	
Net Income (Loss)	\$ 520,085	\$ 777,975	\$ 299,305	\$ 15,173	\$ 1,612,538	
Net Income per Unit	\$ 3.87	\$ 5.86	\$ 2.26	\$ 0.11	\$ 12.13	
Net Income per Depository Receipt	\$ 0.39	\$ 0.59	\$ 0.23	\$ 0.01	\$ 1.21	

New England Realty Associates Limited Partnership

Valuation and Qualifying Accounts

Description	Balance at Beginning of Period	Additions		Deductions Describe (a)	Balance at end of Period
		Charged to Costs and Expenses	Charged to other account describe		
Year ended December 31, 2010:					
Deducted from asset accounts:					
Allowance for doubtful accounts	475,684	374,597		367,763	482,518
Year ended December 31, 2009:					
Deducted from asset accounts:					
Allowance for doubtful accounts	460,327	356,686		341,329	475,684
Year ended December 31, 2008:					
Deducted from asset accounts:					

Allowance for doubtful accounts	557,836	201,600	299,109	460,327
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(a) Uncollectible accounts written off

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NEW ENGLAND REALTY ASSOCIATES LIMITED PARTNERSHIP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

DECEMBER 31, 2010

NOTE 18. SUBSEQUENT EVENT

On March 1, 2011, the Partnership entered into a purchase and sale agreement with 503-509 Pleasant Street, LLC to sell the Avon Street Apartments in Malden, Massachusetts. The total sales price is \$8,750,000 in cash. The closing date is expected to be on or before May 16, 2011. The buyer is entitled to terminate the agreement by March 15, 2011 if the results of the environmental and general building inspections are unsatisfactory. Additionally, the buyer may terminate the agreement by March 31, 2011 if they are unable to obtain mortgage financing in the amount of \$6,125,000 at the prevailing rates, terms and conditions. The Partnership's net proceeds from the sale of Avon Street Apartments will be approximately \$5,700,000 and the gain on the sale will be approximately \$7,800,000.

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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)
(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.
(21)	Subsidiaries of the Partnership.(4)
(31.1)	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 of Ronald Brown, Principal Executive Officer of the Partnership (President and a Director of NewReal, Inc., sole General Partner of the Partnership)
(31.2)	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 of Harold Brown, Principal Financial Officer of the Partnership (Treasurer and a Director of NewReal, Inc., sole General Partner of the Partnership)
(32.1)	Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, of Ronald Brown, Principal Executive Officer of the Partnership (President and a Director of NewReal, Inc., sole General Partner of the Partnership) and Harold Brown, Principal Financial Officer of the Partnership (Treasurer and a Director of NewReal, Inc., sole General Partner of the Partnership).
(99.1)	Combined Financial Statements of Significant Subsidiaries

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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.

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- (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 Notes 2 and 14 to Financial Statements included as part of this Form 10-K.
- (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.