FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **1994-05-13** | Period of Report: **1994-03-31**
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FILER

CRI LIQUIDATING REIT INC
CIK:**850143**| IRS No.: **521647537** | State of Incorp.:**MD** | Fiscal Year End: **1231**
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FORM 10-Q
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

Quarterly Report Under Section 13 OR 15(d)
of the Securities Exchange Act of 1934

For the Quarter Ended March 31, 1994

Commission file number 1-10359

CRI LIQUIDATING REIT, INC.

(Exact name of registrant as specified in charter)

Maryland	52-1647537
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
11200 Rockville Pike, Rockville, Maryland	20852
(Address of principal executive offices)	(Zip Code)

(301) 468-9200

(Registrant's telephone number, including area code)

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 and (2) has been subject to such filing requirements for the past 90 days. Yes X No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at May 9, 1994
Common Stock, $.01 par value	30,422,711

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CRI LIQUIDATING REIT, INC.

INDEX TO FORM 10-Q

FOR THE QUARTER ENDED MARCH 31, 1994

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PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

CRI LIQUIDATING REIT, INC.

BALANCE SHEETS

ASSETS

<CAPTION>

<S>	March 31, 1994 (Unaudited) <C>	December 31, 1993 <C>
Investment in mortgages, at fair value	$182,148,346	$243,095,642
Investment in limited partnerships	318,345	436,090
Cash and cash equivalents	3,602,300	2,907,147
Receivables and other assets	1,571,692	2,175,453
Deferred costs, principally paid to related parties, net of accumulated amortization of $1,493,473 and $1,635,320, respectively	174,580	312,802
Total assets	$187,815,263	$248,927,134

LIABILITIES AND SHAREHOLDERS' EQUITY

Liabilities:		
Accounts payable and accrued expenses	$ 493,304	$ 429,957
Commitments and contingencies		
Shareholders' equity:		
Common stock	304,227	304,227
Net unrealized gains on investment in mortgages	27,626,490	51,349,764
Additional paid-in capital	159,391,242	196,843,186
Total shareholders' equity	187,321,959	248,497,177
Total liabilities and shareholders' equity	$187,815,263	$248,927,134

The accompanying notes are an integral part of these financial statements.

</TABLE>

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PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

CRI LIQUIDATING REIT, INC.
STATEMENTS OF INCOME
(Unaudited)

<CAPTION>

	For the three months ended March 31, 1994	For the three months ended March 31, 1993
<S>	<C>	<C>
Income:		
Mortgage investment income	$ 4,292,721	$ 5,833,199
Other investment income	283,247	525,792
(Loss) income from investment in limited partnerships	(54,372)	114,954
	4,521,596	6,473,945
Expenses:		
Annual fee to related party	194,501	389,797
Interest expense	--	420,094
General and administrative	187,227	199,631
Professional fees	78,066	63,792
Amortization of deferred costs	60,896	71,076
Mortgage servicing fees	39,447	50,039
	560,137	1,194,429
Income before gains from mortgage dispositions	3,961,459	5,279,516
Gains from mortgage dispositions	11,826,341	2,058,901
Net income	$ 15,787,800	$ 7,338,417
Net income per share	$ .52	$ .24
Weighted average shares outstanding	30,422,711	30,422,711

The accompanying notes are an integral part of these financial statements.

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</TABLE>
<TABLE>

PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

CRI LIQUIDATING REIT, INC.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the three months ended March 31, 1994

(Unaudited)

<CAPTION>

	Common Stock Shares	Common Stock Par Value	Net Unrealized Gains on Investment in Mortgages	Additional Paid-In Capital	Undistributed Net Income	Total Shareholders' Equity

<S>	<C>	<C>	<C>	<C>	<C>	<C>
Balance, December 31, 1993	30,422,711	$304,227	$ 51,349,764	$196,843,186	$ --	$248,497,177
Net income	--	--	--	--	15,787,800	15,787,800
Dividends (including return of capital) of $1.75 per share	--	--	--	(37,451,944)	(15,787,800)	(53,239,744)
Adjustment to net unrealized gains on investment in mortgages due to mortgage dispositions	--	--	(12,288,871)	--	--	(12,288,871)
Adjustment to net unrealized gains on investment in mortgages due to market revaluation	--	--	(11,434,403)	--	--	(11,434,403)
Balance, March 31, 1994	30,422,711	$304,227	$ 27,626,490	$159,391,242	$ --	$187,321,959

The accompanying notes are an integral part
of these financial statements.

</TABLE>

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

CRI LIQUIDATING REIT, INC.
STATEMENTS OF CASH FLOWS
(Unaudited)

<CAPTION>

	For the three months ended March 31, 1994	1993
<S>	<C>	<C>
Cash flows from operating activities:		
Net income	$ 15,787,800	$ 7,338,417
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization of deferred costs	60,896	71,076
Mortgage discount amortization	(255,524)	(320,317)
Mortgage premium amortization	1,611	1,490
Other short-term investments premium amortization	--	689,153
Gains on mortgage dispositions	(11,826,341)	(2,058,901)
Equity losses (earnings) from investment in limited partnerships	54,372	(114,954)
Interest received under the equity method of accounting but treated as a reduction of investment in limited partnerships	--	192,054
Changes in assets and liabilities:		
Decrease (increase) in receivables and other assets	603,761	(288,163)
Increase in accounts payable and accrued expenses	63,347	31,838
Increase in interest payable	--	65,504
Net cash provided by operating activities	4,489,922	5,607,197
Cash flows from investing activities:		
Proceeds from mortgage dispositions	48,706,116	11,937,987
Purchase of other short-term investments	--	(78,110,230)
Receipt of mortgage and other short-term investment principal from scheduled payments	598,160	801,901
Decrease in deferred costs	77,326	20,842
Annual return from investment in limited partnerships	63,373	63,324
Net cash provided by (used in) investing activities	49,444,975	(65,286,176)

</TABLE>

<TABLE>
PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

CRI LIQUIDATING REIT, INC.

STATEMENTS OF CASH FLOWS (Continued)

(Unaudited)

<CAPTION>

	For the three months ended March 31, 1994	1993
<S>	<C>	<C>
Cash flows from financing activities:		
Dividends and return of capital paid to shareholders	(53,239,744)	(18,862,081)
Proceeds from short-term debt	--	77,257,127
Reimbursement of prior years' dividends	--	20,764
Net cash (used in) provided by financing activities	(53,239,744)	58,415,810
Net increase (decrease) in cash and cash equivalents	695,153	(1,263,169)
Cash and cash equivalents, beginning of period	2,907,147	2,557,264
Cash and cash equivalents, end of period	$ 3,602,300	$ 1,294,095
Cash payments for interest expense	$ --	$ 354,590

The accompanying notes are an integral part of these financial statements.

</TABLE>

CRI LIQUIDATING REIT, INC.

NOTES TO FINANCIAL STATEMENTS

(Unaudited)

1. ORGANIZATION

CRI Liquidating REIT, Inc. (the Liquidating Company) is a finite-life, self-liquidating real estate investment trust (REIT) which as of March 31, 1994, owned a portfolio of 51 United States government insured and guaranteed mortgage investments secured by multifamily housing complexes located throughout the United States. Mortgage investments in the portfolio are comprised of 49 loans insured pursuant to programs of the United States government through the Federal Housing Administration (FHA) (FHA-Insured Loans) and two securities backed by FHA-Insured Loans which have been securitized by private issuers and guaranteed by the Government National Mortgage Association (GNMA) as to timely payment of principal and interest (Mortgage-Backed Securities). As discussed further below, the Liquidating Company does not intend to acquire any additional mortgage investments, except as may be necessary in connection with maintaining its REIT status, and intends to liquidate its portfolio by March 31, 1997.

The Liquidating Company was created in November 1989 in connection with the merger (the Merger) of three funds which owned government insured multifamily mortgages (the CRIIMI Funds), all of which were sponsored by C.R.I., Inc. (CRI). The

Merger resulted in two new REITs: (i) the Liquidating Company, a finite-life, self-liquidating REIT, and (ii) CRIIMI MAE Inc. (CRIIMI MAE) (formerly CRI Insured Mortgage Association, Inc.) an infinite-life, growth-oriented REIT. CRIIMI MAE owns approximately 57% of the Liquidating Company's common stock as of March 31, 1994.

The Liquidating Company intends to dispose of its existing government insured mortgage investments by March 31, 1997 through an orderly liquidation. Consequently, the Liquidating Company's Adviser (the Adviser) developed a business plan which is intended to effect the orderly liquidation of the portfolio by March 31, 1997, which plan of liquidation was approved by the Liquidating Company's Board of Directors. The Business Plan assumes that the portfolio will be liquidated by March 31, 1997 through a combination of defaults on or prepayments of (Involuntary Dispositions) and sales of (Voluntary Dispositions) government insured multifamily mortgages. During the term of the Business Plan, the Liquidating Company expects to generate cash flow from scheduled mortgage payments, Involuntary Dispositions, Voluntary Dispositions and interest earned on short-term investments. During the three months ended March 31, 1994, the Liquidating Company sold 12 mortgage investments which constituted approximately 20% of the December 31, 1993 portfolio balance. For the remaining three quarters of 1994, the Business Plan assumes an aggregate disposition of an additional 5% of the December 31, 1993 portfolio balance. In each of the next three calendar years, the business plan assumes a total annual disposition rate of approximately 33% of the portfolio as of December 31, 1994. Although the Liquidating Company expects to profitably dispose of its government insured multifamily mortgages, there can be no assurance as to when any government insured mortgage investment will be disposed of by the Liquidating Company or the amount of proceeds the Liquidating Company would receive from any such disposition. The determination of whether and when to dispose of a particular government insured multifamily mortgage will be made by considering a variety of factors, including, without limitation, the market conditions at that time. As of March 31, 1994, the carrying value of the mortgage investments on a tax basis was approximately $139 million; the par value was approximately $188 million; and the fair market value was approximately $182 million.

2. BASIS OF PRESENTATION

In the opinion of the Adviser, the accompanying unaudited financial statements of the Liquidating Company contain all adjustments (consisting of only normal recurring adjustments) necessary to present fairly the financial position of the Liquidating Company as of March 31, 1994 and December 31, 1993, and the results of its operations and its cash flows for the three months ended March 31, 1994 and 1993.

These unaudited financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and note disclosures normally included in annual financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted. While the Adviser believes that the disclosures presented are adequate to make the information not misleading, it is suggested that these financial statements be read in conjunction with the financial statements and the notes included in the Liquidating Company's Annual Report filed on Form 10-K for the year ended December 31, 1993.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reclassification

Certain amounts in the financial statements as of December 31, 1993 and for the three months ended March 31, 1993 have been reclassified to conform to the 1994 presentation.

4. INVESTMENT IN MORTGAGES

As of March 31, 1994 and December 31, 1993, the Liquidating Company owned 51 and 63 mortgage investments, respectively. During the three months ended March 31, 1994, the Liquidating Company disposed of the following mortgage investments:

<TABLE><CAPTION>

Complex Name	Disposition/ Recognition Date	Type of Disposition	Amortized Cost	Net Proceeds	Financial Statement Gain Recognized (c)	Tax Basis Gain Recognized(a)
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Windermere House	February 1994	Sale	$ 5,896,761	$ 8,162,613	$ 2,265,852(b)	$ 2,090,613(b)
Hidden Oaks II	February 1994	Sale	1,797,170	2,637,817	840,647(b)	788,102(b)
The Glen	February 1994	Sale	1,812,491	2,650,555	838,064(b)	785,586(b)
Timberlake Apts.	February 1994	Sale of Defaulted Mortgage	3,465,881	4,502,330	1,036,449	1,450,746
Lincoln Countrywood Apts.	February 1994	Sale of Defaulted Mortgage	4,366,310	5,016,993	650,683	1,165,582
Holly Station Tnhs. I	February 1994	Sale	3,176,619	4,184,314	1,007,695	1,383,970
Brookridge Tnhs. II	February 1994	Sale	3,610,280	4,800,987	1,190,707	1,620,669
Westwind Apts.	February 1994	Sale	2,852,351	3,762,095	909,744	1,246,792
The Tree House	February 1994	Sale	4,856,892	6,393,906	1,537,014	2,112,243
Hidden Valley Apts.	February 1994	Sale	2,889,715	3,765,154	875,439	1,213,288
Treehaven Apts.	February 1994	Sale	904,047	1,183,758	279,711	387,159
Holly Station Tnhs. II	February 1994	Sale	1,251,258	1,645,594	394,336	543,911
			$ 36,879,775	$ 48,706,116	$ 11,826,341	$ 14,788,661

(a) Tax basis income is the basis for determining dividends.
(b) Net of aggregate incentive fees of $394,812.
(c) Under SFAS 115 (as defined below), realized gains are calculated based on amortized cost.
</TABLE>

4. INVESTMENT IN MORTGAGES - Continued

In accordance with the Liquidating Company's implementation of Statement of Financial Accounting Standards No. 115 "Accounting for Certain Investments in Debt and Equity Securities" (SFAS 115) as of December 31, 1993, the Liquidating Company's Investment in Mortgages is recorded at fair value, as estimated below, as of March 31, 1994 and December 31, 1993. The difference between the amortized cost and the fair value of the mortgage investments represents the net unrealized gains on the Liquidating Company's mortgage investments and is reported as a separate component of shareholders' equity.

The fair value of the mortgage investments is based on quoted market prices.

<TABLE><CAPTION>

	As of March 31, 1994		As of December 31, 1993	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Investment in mortgages	$154,521,856	$182,148,346	$191,745,878	$243,095,642

</TABLE>

CRI LIQUIDATING REIT, INC.

NOTES TO FINANCIAL STATEMENTS

(Unaudited)

4. INVESTMENT IN MORTGAGES - Continued

As of March 31, 1994, the Liquidating Company has elected to assign the following mortgage investments, which are included in Investment in Mortgages, to the United States Department of Housing and Urban Development:

<TABLE><CAPTION>

Complex Name	Net Carrying Value(a)	Anticipated Financial Statement (Loss)/Gain	Anticipated Tax Basis Gain
Booker Gardens Apts.(9%)	$ 31,508	$ (3,815)	$ 2,733
Turtle Creek Apts.	3,733,886	239,347	642,706
	$ 3,765,394	$ 235,532	$ 645,439

(a) In connection with the Liquidating Company's implementation of SFAS 115, all mortgage investments are recorded at fair value.
</TABLE>

CRI LIQUIDATING REIT, INC.

NOTES TO FINANCIAL STATEMENTS

(Unaudited)

5. RECONCILIATION OF FINANCIAL STATEMENT NET INCOME TO TAX BASIS INCOME

On an annual basis, the Liquidating Company expects to pay its shareholders quarterly cash dividends equal to at least 95% of its annual tax basis income (see Note 6).

CRI LIQUIDATING REIT, INC.

NOTES TO FINANCIAL STATEMENTS

(Unaudited)

5. RECONCILIATION OF FINANCIAL STATEMENT NET INCOME TO TAX BASIS INCOME - Continued

Reconciliations of the financial statement net income to the tax basis income for the three months ended March 31, 1994 and 1993 are as follows:

<TABLE><CAPTION>

	For the three months ended March 31, 1994	1993
<S>	<C>	<C>
Financial statement net income	$ 15,787,800	$ 7,338,417
Adjustments:		
Nondeductible expense:		
Amortization of deferred costs	60,896	71,076
Additional income (loss) due to basis differences:		
Mortgage dispositions	2,962,320	871,880
Reamortization of mortgages	128,762	342,823
Amortization of premium-other short-term investments	--	677,580
Income (loss) from investment in limited partnerships	36,271	(118,364)
Tax basis income	$ 18,976,049	$ 9,183,412
Tax basis income per share	$ .62	$ .30

</TABLE>

6. DIVIDENDS TO SHAREHOLDERS

Dividends to shareholders consist of ordinary income, capital gain and return of capital. Shareholders should expect distributions representing ordinary income and the market price of the Liquidating Company shares to decrease as the Liquidating Company liquidates its assets and distributes return of capital over time to its shareholders. For the three months ended March 31, 1994, dividends of $1.75 per share were paid to shareholders. The composition of these dividends shown below remains subject to year-end adjustment:

<TABLE><CAPTION>

	Non-taxable Dividend	Capital Gain	Ordinary Income	Total	Record Date
<S>	<C>	<C>	<C>	<C>	<C>
Quarter ended March 31, 1994	$ 1.14	$ 0.48	$ 0.13	$ 1.75	March 24, 1994

</TABLE>

CRI LIQUIDATING REIT, INC.

NOTES TO FINANCIAL STATEMENTS

(Unaudited)

7. TRANSACTIONS WITH RELATED PARTIES

Below is a summary of the amounts paid or accrued to related parties during the three months ended March 31, 1994 and 1993.

<TABLE><CAPTION>

	For the three months ended March 31, 1994	1993
Adviser:		
Annual fee	$ 194,501(c)	$ 389,797(c)
Incentive fee (a)	394,812	201,876
Total	$ 589,313	$ 591,673
CRI:		
Expense reimbursement (b)	$ 76,086	$ 78,703

(a) Netted from gains on mortgage dispositions on the accompanying statements of income.
(b) Included as general and administrative expenses on the accompanying statements of income.
(c) As a result of reaching the Carryover CRIIMI I Target Yield during the first quarter of 1994 and 1993, the Liquidating Company paid deferred annual fees of $31,279 and $127,819, respectively. The amount paid in the first quarter of 1993 included deferred annual fees of $86,395 from the third and fourth quarters of 1992.

</TABLE>

PART I. FINANCIAL INFORMATION
ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Results of Operations

As of March 31, 1994 and December 31, 1993, the Liquidating Company owned 51 and 63 mortgage investments, respectively. During the three months ended March 31, 1994, the Liquidating Company disposed of the following mortgage investments:

<TABLE><CAPTION>

Complex Name	Disposition/ Recognition Date	Type of Disposition	Amortized Cost	Net Proceeds	Financial Statement Gain Recognized (c)	Tax Basis Gain Recognized(a)
Windermere House	February 1994	Sale	$ 5,896,761	$ 8,162,613	$ 2,265,852(b)	$ 2,090,613(b)
Hidden Oaks II	February 1994	Sale	1,797,170	2,637,817	840,647(b)	788,102(b)
The Glen	February 1994	Sale	1,812,491	2,650,555	838,064(b)	785,586(b)
Timberlake Apts.	February 1994	Sale of Defaulted Mortgage	3,465,881	4,502,330	1,036,449	1,450,746
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The Tree House	February 1994	Sale	4,856,892	6,393,906	1,537,014	2,112,243
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Treehaven Apts.	February 1994	Sale	904,047	1,183,758	279,711	387,159
Holly Station Tnhs. II	February 1994	Sale	1,251,258	1,645,594	394,336	543,911
			$ 36,879,775	$ 48,706,116	$ 11,826,341	$ 14,788,661

(a) Tax basis income is the basis for determining dividends.
(b) Net of aggregate incentive fees of $394,812.
(c) Under SFAS 115 (as defined below), realized gains are calculated based on amortized cost.
</TABLE>

PART I. FINANCIAL INFORMATION
ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS - Continued

As of March 31, 1994, the Liquidating Company has elected to assign the following mortgage investments, which are included in Investment in Mortgages, to the United States Department of Housing and Urban Development:

<TABLE><CAPTION>

Complex Name	Net Carrying Value(a)	Anticipated Financial Statement (Loss)/Gain	Anticipated Tax Basis Gain
<S>	<C>	<C>	<C>
Booker Gardens Apts.(9%)	$ 31,508	$ (3,815)	$ 2,733
Turtle Creek Apts.	3,733,886	239,347	642,706
	$ 3,765,394	$ 235,532	$ 645,439

(a) In connection with the Liquidating Company's implementation of SFAS 115 (as defined below), all mortgage investments are recorded at fair value.
</TABLE>

PART I. FINANCIAL INFORMATION
ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS - Continued

Total income decreased for the three months ended March 31, 1994 as compared to the corresponding period in 1993 primarily due to the decrease in mortgage investment income, as described below.

Mortgage investment income decreased for the three months ended March 31, 1994 as compared to the corresponding period in 1993 primarily as a result of a reduction in the mortgage base resulting from the disposition of mortgage investments during 1994 and 1993.

Other investment income decreased for the three months ended March 31, 1994 as compared to the corresponding period in 1993. This decrease was primarily attributable to income earned in 1993 from other short-term investments acquired by the Liquidating Company during 1993 (approximately $75 million) which were disposed of by December 31, 1993. This decrease was partially offset by income earned from the short-term investment of mortgage disposition proceeds received in February 1994 pending the distribution to shareholders on March 31, 1994.

Total expenses, excluding the Annual Fee, decreased for the three months ended March 31, 1994 from the corresponding period in 1993 primarily due to a decrease in interest expense. For the three months ended March 31, 1993, interest expense was based on the financing of approximately 99% of the other short-term investments acquired by the Liquidating Company in 1993 (approximately $77.3 million) at an interest rate of approximately 3.35%. The Liquidating Company disposed of these other short-term investments and repaid the related debt by December 31, 1993.

Annual Fees are paid to the Adviser for managing the Liquidating Company portfolio. These fees include a base component equal to a percentage of average invested assets. In addition, Annual Fees paid to the Adviser by the Liquidating Company may include a performance-based component that is referred to as the deferred component. The deferred component, which is also calculated as a percentage of average invested assets, is computed each quarter but paid (and expensed) only upon meeting certain cumulative performance goals. If these goals are not met, the deferred component accumulates and may be paid in the future if cumulative goals are met. In addition, certain incentive fees are paid by the Liquidating Company on a current basis if certain performance goals are met.

Annual Fees decreased for the three months ended March 31, 1994 from the corresponding period in 1993 primarily as a result of the reduction in the Liquidating Company's mortgage base which is a component used in determining the Annual Fees payable by the Liquidating Company. The mortgage base has been decreasing as the Liquidating Company effects its business plan to liquidate by 1997. This decrease was also due to a reduction in the base component of the Annual Fees from .25% to .125% of average invested assets formerly held by CRIIMI III, effective January 1, 1994, in accordance with the Advisory Agreement. Also contributing to the decrease in Annual Fees was a decrease in the deferred component paid for the three months ended March 31, 1994 as compared to the corresponding period in 1993. During the first quarter of 1994 and 1993, the Liquidating Company achieved the target yield with respect to mortgage investments formerly held by CRIIMI I and as a result paid deferred Annual Fees of $31,279 and $127,819, respectively. The amount paid in the first quarter of 1993 included deferred Annual Fees of $86,395 from the third and fourth quarters of 1992.

Gains from mortgage dispositions increased for the three months ended March 31, 1994 as compared to the corresponding period in 1993. The gains or losses on mortgage dispositions are based on the number, carrying amounts, and proceeds of mortgage

investments disposed of during the period. The increase in gains from mortgage dispositions was primarily due to the sale of twelve mortgage investments in February 1994, all of which resulted in gains. The Adviser sold the mortgages during the week before the Federal Reserve increased the Federal funds rate and thereby locked-in gains before mortgage prices dropped. The sales resulted in financial statement gains of approximately $11.8 million and tax basis gains of approximately $14.8 million. This compares to the sale of two mortgage investments during the three months ended March 31, 1993 that generated financial statement gains of approximately $2.1 million and tax basis gains of approximately $2.9 million.

Business Plan

The Liquidating Company intends to dispose of its existing government insured mortgage investments by March 31, 1997 through an orderly liquidation. Consequently, the Liquidating Company's Adviser (the Adviser) developed a business plan (the Business Plan) which is intended to effect the orderly liquidation of the portfolio by March 31, 1997, which plan of liquidation was approved by the Liquidating Company's Board of Directors. The

Business Plan assumes that the portfolio will be liquidated by March 31, 1997 through a combination of defaults on or prepayments of (collectively, Involuntary Dispositions) and sales of (Voluntary Dispositions) government insured multifamily mortgages. During the term of the Business Plan, the Liquidating Company expects to generate cash flow from scheduled mortgage payments, Involuntary Dispositions, Voluntary Dispositions and interest earned on short-term investments. During the three months ended March 31, 1994, the Liquidating Company sold 12 mortgage investments which constituted approximately 20% of the December 31, 1993 portfolio balance. For the remaining three quarters of 1994, the Business Plan assumes an aggregate disposition of an additional 5% of the December 31, 1993 portfolio balance. In each of the next three calendar years, the Business Plan assumes a total annual disposition rate of approximately 33% of the portfolio as of December 31, 1994. To the extent necessary, the Liquidating Company intends to make Voluntary Dispositions, in addition to any Involuntary Dispositions that occur, to attempt to achieve such 33% rate and to liquidate the portfolio by March 31, 1997 in an orderly manner.

Although the Liquidating Company expects to profitably dispose of its government insured multifamily mortgages, there can be no assurance as to when any government insured mortgage investment will be disposed of by the Liquidating Company or the amount of proceeds the Liquidating Company would receive from any such disposition. The determination of whether and when to dispose of a particular government insured multifamily mortgage will be made by considering a variety of factors, including, without limitation, the market conditions at that time. As of March 31, 1994, the carrying value of the mortgage investments on a tax basis was approximately $139 million; the par value was approximately $188 million; and the fair market value was approximately $182 million.

The Business Plan assumes an annual Involuntary Disposition rate of approximately 7% of each year's beginning portfolio balance. This assumed rate is based on an average of the historic Involuntary Disposition rates experienced by CRI Liquidating and the CRIIMI Funds since January 1989. If the Liquidating Company experiences Involuntary Dispositions in excess of 7% of a given calendar year's beginning portfolio balance, the Liquidating Company will most likely make fewer Voluntary Dispositions in an attempt to maintain the approximately 33% total disposition rate during such year. During the period from January 1, 1989 through December 31, 1993, approximately 90% of the proceeds received by the Liquidating

Company from Involuntary Dispositions have been from defaults on government insured multifamily mortgages. Accordingly, Involuntary Dispositions are assumed for purposes of the Business Plan to be defaults and not prepayments. Defaults on government insured multifamily mortgages return 99% of the face value in the case of FHA-Insured Loans and 100% of the face value in the case of GNMA Securities, and prepayments return 100% of face value plus any applicable prepayment penalty. Decreases in occupancy levels, rental rates or capital appreciation of any property underlying a government insured multifamily mortgage may result in the mortgagor being unable or unwilling to make required payments on the government insured multifamily mortgage and thereby defaulting. Coupon rates in the portfolio range from 7.0% to 11.18%. Primarily mortgages with higher coupons were selected to comprise the 7% annual Involuntary Disposition rate. Based on the Liquidating Company's experience, however, mortgages at any one coupon rate are no more likely to default than mortgages at any other coupon rates.

To estimate proceeds from Voluntary Dispositions, government insured multifamily mortgages are grouped with similar coupons and/or maturities and are priced in each successive year assuming a declining weighted average maturity. Government insured multifamily mortgages are assumed to be sold based on prices as of May 10, 1994 and on the assumption that Treasury Rates (as defined below) remain constant throughout the term of the Business Plan. Spreads (as defined below) were determined as of May 10, 1994 and the Business Plan assumes that such Spreads are held constant throughout the term of the Business Plan.

Changes in interest rates will affect the proceeds received through Voluntary Dispositions: (i) by increasing the value of the portfolio in the event of decreases in long-term and intermediate-term U.S. Treasury Rates (Treasury Rates) or decreasing the value of the portfolio in the event of increases in Treasury Rates (assuming the interest rate differential (the Spread) between Treasury Rates and the yields on government insured mortgages remains constant) and (ii) if the Adviser deems appropriate, increasing the pace at which the Liquidating Company liquidates the portfolio in the event of decreases in Treasury Rates or decreasing the pace of such liquidation in the event of increases in Treasury Rates. In the event of a significant change in the level or expected future level of interest rates, the Liquidating Company may increase or decrease the rate of expected dispositions.

If interest rates remain generally at the current levels, the order in which the Liquidating Company voluntarily disposes of its portfolio does not significantly impact the Annualized Total Return. Over the next three months, the Liquidating Company does not intend to voluntarily dispose of any mortgages.

The Liquidating Company also owns equity interests (Participations) in three limited partnerships each of which owns the property underlying a government insured multifamily mortgage previously owned and sold at a tax gain by the Liquidating Company. The three Participations, which in the aggregate represent less than 1% of the Liquidating Company's total assets, are assumed to be sold on March 31, 1997, which is approximately 10 years from their date of purchase. The properties underlying the Participations are assumed to be sold at a price calculated applying a 9% capitalization rate to their projected 1997 net operating income. Based on estimates of the Adviser, net operating income on such properties is projected to increase at an annualized rate of 2% from the 1992 audited financial information for such properties. Proceeds from the sale of the properties underlying the Participations are assumed to be distributed in accordance with the terms of the respective partnership agreements. Using these assumptions, the Liquidating

Company's portion of the proceeds from the sale of the Participations is expected to be $2,979,900.

The Liquidating Company intends to invest proceeds from scheduled mortgage payments, Voluntary Dispositions and Involuntary Dispositions in high quality short-term investments until dividends are paid by Liquidating Company. Based on current interest rates, the Business Plan assumes a short-term investment rate of 4.38% for its entire term. Changes in short-term interest rates will affect the interest income earned on amounts invested in short-term investments prior to distribution to shareholders.

All of the Liquidating Company's expenses which are not directly based on the book value of the Liquidating Company's assets are assumed to remain substantially the same based on the Liquidating Company's prior experience, the expected rate of inflation and the expected reduction in the Liquidating Company's asset base. Annual fees and mortgage servicing fees, which are based on the book value of the Liquidating Company's assets, are assumed to decrease proportionately with decreases in the Liquidating Company's assets.

Distributions representing ordinary income are expected to decline over time as assets are liquidated and shareholders receive return of capital. Additionally, shareholders should expect the market price of the common stock and the liquidation value of the Liquidating Company to decrease as the Liquidating Company liquidates its assets and distributes return of capital over time to its shareholders.

Based on the foregoing assumptions, including the assumptions that a current interest rate environment will be maintained over the term of the Business Plan, the Liquidating Company expects that an investment in the Liquidating Company shares made on December 1, 1993 at a price of $9.0 per share would achieve a total return over the term of the Business Plan of approximately 4.6%. Based on the foregoing assumptions, including the assumption that a current interest rate environment will be maintained over the term of the Business Plan, the Liquidating Company expects an investment in the Liquidating Company shares made on April 29, 1994 at a price of $6.125 per share would achieve a total return over the term of the Business Plan of approximately 7.5%.

Fair Value of Mortgage Investments

In accordance with the Liquidating Company's implementation of Statement of Financial Accounting Standards No. 115 "Accounting for Certain Investments in Debt and Equity Securities" (SFAS 115) as of December 31, 1993, the Liquidating Company's Investment in Mortgages is recorded at fair value, as estimated below, as of March 31, 1994 and December 31, 1993. The difference between the amortized cost and the fair value of the mortgage investments represents the net unrealized gains on the Liquidating Company's mortgage investments and is reported as a separate component of shareholders' equity.

The fair value of the mortgage investments was based on quoted market prices.

<TABLE><CAPTION>

	As of March 31, 1994		As of December 31, 1993	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
<S>	<C>	<C>	<C>	<C>
Investment in mortgages	$154,521,856	$182,148,346	$191,745,878	$243,095,642

</TABLE>

The net unrealized gains on the Liquidating Company's mortgage investments decreased as of March 31, 1994. This decrease was primarily due to a decrease in the mortgage base resulting from the disposition of 12 mortgage investments in

February 1994. Also contributing to the decrease in the net unrealized gains was an increase in market interest rates, which decreases the value of the mortgage investments, as described above in "Business Plan."

Liquidity

The Liquidating Company closely monitors its cash flow and liquidity position in an effort to ensure that sufficient cash is available for operations and to continue to qualify as a REIT. The Liquidating Company's cash receipts, which are derived from scheduled payments of outstanding principal of and interest on, and proceeds from the disposition of, mortgage investments held by the Liquidating Company, plus cash receipts from interest on temporary investments and cash flow received from the Liquidating Company's investment in limited partnerships, were sufficient for the three months ended March 31, 1994 and 1993 to meet operating, investing, and financing cash requirements. It is anticipated that cash receipts will be sufficient in future periods to meet similar cash requirements. Cash flow was also sufficient to provide for the payment of dividends to shareholders. Because the Liquidating Company is a liquidating entity, a substantial portion of the dividends paid to shareholders represents return of capital. For the three months ended March 31, 1994 and 1993, the Liquidating Company paid dividends of $1.75 and $.62 per share, respectively, of which approximately $1.14 and $.32 per share, respectively, were declared as non-taxable dividends to shareholders for tax purposes. As of March 31, 1994, there were no material commitments for capital expenditures.

Subject to customary business considerations, there is no specific limitation on the maximum amount of debt that the Liquidating Company may incur. The Liquidating Company does not intend to incur any indebtedness except in connection with the maintenance of its REIT status.

Cash Flow

Net cash provided by operating activities decreased for the three months ended March 31, 1994 compared to the three months ended March 31, 1993 primarily as a result of a decrease in mortgage investment income and other investment income, as previously discussed. This decrease was partially offset by a decrease in interest expense and Annual Fees, as discussed above, as well as the receipt in the first quarter of 1994 of the interest accrued on delinquent mortgages.

Net cash provided by investing activities increased for the three months ended March 31, 1994 as compared to the three months ended March 31, 1993. This increase was principally due to the disposition of 12 mortgage investments during the first quarter of 1994 which generated aggregate net proceeds of approximately $48.7 million as compared to the disposition of two mortgage investments during the first quarter of 1993 which generated aggregate net proceeds of approximately $11.9 million. Also contributing to the increase in net cash provided by investing activities was the purchase of other short-term investments of $78.1 million during the first quarter of 1993.

Net cash used in financing activities increased for the three months ended March 31, 1994 compared to the three months ended March 31, 1993 due to an increase in dividends paid to shareholders attributable to an increase in net proceeds received from mortgage dispositions. This increase was also due to the receipt of proceeds from short-term debt of approximately $77.3 million during the three months ended March 31, 1993.

PART II. OTHER INFORMATION
ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

A report on Form 8-K was filed with the Securities and Exchange Commission on February 25, 1994, with respect to the disposition of twelve mortgage investments as described in Notes 1 and 4 of the notes to the financial statements of CRI Liquidating REIT, Inc., which is incorporated herein by reference.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CRI Liquidating REIT, Inc.
(Registrant)

May 13, 1994	By:/s/ Cynthia O. Azzara
Date	Cynthia O. Azzara Chief Financial Officer