FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **1994-08-02** | Period of Report: **1994-06-30**
SEC Accession No. 0000850143-94-000012

FILER

CRI LIQUIDATING REIT INC
CIK:**850143**| IRS No.: **521647537** | State of Incorp.:**MD** | Fiscal Year End: **1231**
Type: **10-Q** | Act: **34** | File No.: **001-10359** | Film No.: **94541186**

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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 June 30, 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 August 2, 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 JUNE 30, 1994

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CRI LIQUIDATING REIT, INC.

BALANCE SHEETS

ASSETS

<CAPTION>

<S>	June 30, 1994 (Unaudited) <C>	December 31, 1993 <C>
Investment in mortgages, at fair value	$174,425,446	$243,095,642
Investment in limited partnerships	316,482	436,090
Cash and cash equivalents	3,121,020	2,907,147
Receivables and other assets	1,647,288	2,175,453
Deferred costs, principally paid to related parties, net of accumulated amortization of $1,538,909 and $1,635,320, respectively	112,813	312,802
Total assets	$179,623,049	$248,927,134

LIABILITIES AND SHAREHOLDERS' EQUITY

Liabilities:		
Accounts payable and accrued expenses	$ 295,191	$ 429,957
Commitments and contingencies		
Shareholders' equity:		
Common stock	304,227	304,227
Net unrealized gains on investment in mortgages	23,499,693	51,349,764
Additional paid-in capital	155,523,938	196,843,186
Total shareholders' equity	179,327,858	248,497,177
Total liabilities and shareholders' equity	$179,623,049	$248,927,134

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

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

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

<CAPTION>

<S>	For the three months ended June 30, 1994 <C>	1993 <C>	For the six months ended June 30, 1994 <C>	1993 <C>
Income:				
Mortgage investment income	$ 3,828,664	$ 5,509,075	$ 8,121,385	$ 11,342,274
Other investment income	66,707	931,107	349,954	1,456,899
Income from investment in limited partnerships	61,410	5,175	7,038	120,129
	3,956,781	6,445,357	8,478,377	12,919,302
Expenses:				
Annual fee to related party	171,346	258,446	365,847	648,243
Interest expense	--	664,486	--	1,084,580
General and administrative	102,121	258,695	367,414	522,118
Amortization of deferred costs	62,441	66,095	123,337	137,171
Mortgage servicing fees	34,912	49,802	74,359	99,841
	370,820	1,297,524	930,957	2,491,953
Income before gains from mortgage dispositions	3,585,961	5,147,833	7,547,420	10,427,349
Gains from mortgage dispositions	456,640	436,123	12,282,981	2,495,024
Net income	$ 4,042,601	$ 5,583,956	$ 19,830,401	$ 12,922,373
Net income per share	$ .13	$ .18	$ .65	$ .42
Weighted average shares outstanding	30,422,711	30,422,711	30,422,711	30,422,711

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.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the six months ended June 30, 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	--	--	--	--	19,830,401	19,830,401
Dividends (including return of capital) of $2.01 per share	--	--	--	(41,319,248)	(19,830,401)	(61,149,649)
Adjustment to net unrealized gains on investment in mortgages due to mortgage dispositions	--	--	(12,571,917)	--	--	(12,571,917)
Adjustment to net unrealized gains on investment in mortgages due to market revaluation	--	--	(15,278,154)	--	--	(15,278,154)
Balance, June 30, 1994	30,422,711	$ 304,227	$ 23,499,693	$155,523,938	$ --	$179,327,858

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 six months ended June 30, 1994	1993
<S>	<C>	<C>
Cash flows from operating activities:		
Net income	$ 19,830,401	$ 12,922,373
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization of deferred costs	123,337	137,171
Mortgage discount amortization	(495,112)	(661,370)
Mortgage premium amortization	3,245	3,340
Other short-term investments premium amortization	--	1,740,953
Gains on mortgage dispositions	(12,282,981)	(2,495,024)
Equity earnings from investment in limited partnerships	(7,038)	(120,129)
Interest received under the equity method of accounting but treated as a reduction of investment in limited partnerships	--	308,093
Changes in assets and liabilities:		
Decrease (increase) in receivables and other assets	528,165	(391,468)
Decrease in accounts payable and accrued expenses	(134,766)	(15,063)
Increase in interest payable	--	729,990
Net cash provided by operating activities	7,565,251	12,158,866
Cash flows from investing activities:		
Proceeds from mortgage dispositions	52,427,900	34,486,424
Purchase of other short-term investments	--	(78,110,230)
Receipt of mortgage and other short-term investment principal from scheduled payments	1,167,073	1,524,820
Decrease in deferred costs	76,652	48,628
Annual return from investment in limited partnerships	126,646	126,645
Net cash provided by (used in) investing activities	53,798,271	(41,923,713)

</TABLE>

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

CRI LIQUIDATING REIT, INC.

STATEMENTS OF CASH FLOWS (Continued)

(Unaudited)

<CAPTION>

<S>	For the six months ended June 30, 1994 <C>	1993 <C>
Cash flows from financing activities:		
Dividends and return of capital paid to shareholders	(61,149,649)	(48,351,347)
Proceeds from short-term debt	--	77,292,906
Net cash (used in) provided by financing activities	(61,149,649)	28,941,559
Net increase (decrease) in cash and cash equivalents	213,873	(823,288)
Cash and cash equivalents, beginning of period	2,907,147	2,557,264
Cash and cash equivalents, end of period	$ 3,121,020	$ 1,733,976
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 June 30, 1994, owned a portfolio of 50 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 48 loans insured pursuant to programs of the United States government through the Federal Housing Administration (FHA) (FHA-Insured Loans) and 2 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 CRI 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 June 30, 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 (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 (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 six months ended June 30, 1994, the Liquidating Company disposed of thirteen mortgage investments which constituted approximately 21% of the December 31, 1993 portfolio balance. For the remaining two quarters of 1994, the Business Plan assumes an aggregate disposition of an additional 4% 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 June 30, 1994, the carrying value of the mortgage investments on a tax basis was approximately $136 million; the par value was approximately $184 million; and the fair market value was approximately $174 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 June 30, 1994 and December 31, 1993, and the results of its operations for the three and six months ended June 30, 1994 and 1993 and its cash flows for the six months ended June 30, 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 and six months ended June 30, 1993 have been reclassified to conform to the 1994 presentation.

CRI LIQUIDATING REIT, INC.

NOTES TO FINANCIAL STATEMENTS

(Unaudited)

4. INVESTMENT IN MORTGAGES

As of June 30, 1994 and December 31, 1993, the Liquidating Company owned 50 and 63 mortgage investments, respectively. During the six months ended June 30, 1994, the Liquidating Company disposed of the following mortgage investments:

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
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
Stonewood Village	June 1994	Prepayment	3,265,144	3,721,784	456,640	849,443
			$ 40,144,919	$ 52,427,900	$ 12,282,981	$ 15,638,104

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

CRI LIQUIDATING REIT, INC.

NOTES TO FINANCIAL STATEMENTS

(Unaudited)

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 June 30, 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 June 30, 1994		As of December 31, 1993	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
<S>	<C>	<C>	<C>	<C>
Investment in mortgages	$150,925,753	$174,425,446	$191,745,878	$243,095,642

</TABLE>

CRI LIQUIDATING REIT, INC.

NOTES TO FINANCIAL STATEMENTS

(Unaudited)

4. INVESTMENT IN MORTGAGES - Continued

As of June 30, 1994 the following mortgages, classified as Investment in Mortgages, have been assigned 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.	3,731,704	265,056	669,589
	$ 3,763,212	$ 261,241	$ 672,322

(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 virtually all of its tax basis income (see Note 6).

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 and six months ended June 30, 1994 and 1993 are as follows:
<TABLE><CAPTION>

	For the three months ended June 30,		For the six months ended June 30,	
	1994	1993	1994	1993
<S>	<C>	<C>	<C>	<C>
Financial statement net income	$ 4,042,601	$ 5,583,956	$ 19,830,401	$ 12,922,373
Adjustments:				
Nondeductible expense:				
Amortization of deferred costs	62,441	66,095	123,337	137,171
Additional income (loss) due to basis differences:				
Mortgage dispositions	392,803	4,362,582	3,355,123	5,234,462
Reamortization of mortgages	125,599	270,123	254,361	612,946
Amortization of premium-other short-term investments	--	998,073	--	1,675,653
Loss from investment in limited partnerships	(42,618)	(17,472)	(6,347)	(135,836)
Tax basis income	$ 4,580,826	$ 11,263,357	$ 23,556,875	$ 20,446,769
Tax basis income per share	$ .15	$ 0.37	$ .77	$ 0.67

</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 six months ended June 30, 1994, dividends of $2.01 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
Quarter ended June 30, 1994	0.11	0.03	0.12	0.26	June 20, 1994
Year-to-date June 30, 1994	$ 1.25	$ .51	$ .25	$ 2.01	

</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 and six months ended June 30, 1994 and 1993.

	For the three months ended June 30,		For the six months ended June 30,	
	1994	1993	1994	1993
Adviser:				
Annual fee	$ 171,346(c)	$ 258,446(c)	$ 365,847(c)	$ 648,243(c)
Incentive fee (a)	--	--	394,812	201,876
Total	$ 171,346	$ 258,446	$ 760,659	$ 850,119
CRI:				
Expense reimbursement (b)	$ 69,527	$ 67,842	$ 145,613	$ 146,545

(a) Included as a component of gains from 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 and second quarters of 1994 the Liquidating Company paid deferred annual fees of $31,279 and $29,068, respectively as compared to $127,819 for the first quarter of 1993. The amount paid in the first quarter of 1993 included deferred annual fees of $86,395 from the third and fourth quarters of 1992.

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

Results of Operations

As of June 30, 1994 and December 31, 1993, the Liquidating Company owned 50 and 63 mortgage investments, respectively. During the six months ended June 30, 1994, the Liquidating Company disposed of the following mortgage investments:

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

Lincoln Countrywood Apts.	February 1994	Sale of Defaulted Mortgage	4,366,310	5,016,993	650,683	1,165,582
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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
Stonewood Village	June 1994	Prepayment	3,265,144	3,721,784	456,640	849,443
			$ 40,144,919	$ 52,427,900	$ 12,282,981	$ 15,638,104

(a) Tax basis income is the basis for determining dividends.
(b) Net of aggregate incentive fees recognized 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

Total income decreased for the three and six months ended June 30, 1994 as compared to the corresponding periods in 1993 primarily due to decreases in mortgage investment income, as described below.

Mortgage investment income decreased for the three and six months ended June 30, 1994 as compared to the corresponding periods in 1993 primarily as a result of a reduction in the mortgage base resulting from the dispositions of mortgage investments during 1994 and 1993.

Other investment income decreased for the three and six months ended June 30, 1994 as compared to the corresponding periods in 1993. These decreases were 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. These decreases were partially offset by income earned from the short-term investment of mortgage disposition proceeds received in 1994.

Total expenses, excluding the Annual Fee, decreased for the three and six months ended June 30, 1994 from the corresponding periods in 1993 primarily due to decreases in interest expense. For the three and six months ended June 30, 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 $75 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 and six months ended June 30, 1994 from the corresponding periods 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. These decreases were 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 decreases in Annual Fees were decreases in the deferred component paid for the three and six months ended June 30, 1994 as compared to the corresponding periods in 1993. During the first and second quarters of 1994 and the first six months of 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, $29,068 and $127,819, respectively. The amount paid in the first six months 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 and six months ended June 30, 1994 as compared to the corresponding periods 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 periods. The increase in gains from mortgage dispositions was primarily due to the sale of twelve mortgage investments and prepayment of one mortgage investment in 1994, all of which resulted in financial statement and tax basis gains. The Adviser disposed of twelve of the mortgages during the week before an increase in the Federal funds rate by the Federal Reserve and thereby locked-in gains before mortgage prices dropped. The thirteen dispositions resulted in financial statement gains of approximately $12.3 million and tax basis gains of approximately $15.6 million. This compares to the disposition of four mortgage investments during the six months ended June 30, 1993 that generated financial statement gains of approximately $2.5 million and tax basis gains of approximately $7.7 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 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 six months ended June 30, 1994, the Liquidating Company disposed of thirteen mortgage investments which constituted approximately 21% of the December 31, 1993 portfolio balance. For the remaining two quarters of 1994, the Business Plan assumes an aggregate disposition of an additional 4% 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 June 30, 1994, the carrying value of the mortgage investments on a tax basis was approximately $136 million; the par value was approximately $184 million; and the fair market value was approximately $174 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 the Liquidating Company 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 June 28, 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 June 28, 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 may voluntarily dispose of its portfolio would be: first, high to low coupon non-putable mortgages, then putable mortgages. 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 by applying an approximate 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 approximately $2,980,000.

In July, 1994 the Liquidating Company received correspondence from the Local General Partner regarding the potential purchase of Liquidating Company's partnership interests in Laurel Investors Limited Partnership. The Liquidating Company is currently evaluating its alternatives. Although the outcome of this transaction is unknown, if the Liquidating Company did sell its partnership interest in Laurel Investors Limited Partnership, there would not be a material adverse impact.

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 the Liquidating Company. Based on current interest rates, the Business Plan assumes a short-term investment rate of 4.53% 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 $9.00 per share would achieve a total return over the term of the Business Plan of approximately 4.5%. 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 June 30, 1994 at a price of $5.625 per share would achieve a total return over the term of the Business Plan of approximately 11%. The change in the total return is principally attributable to the change in the interest rate environment from December, 1993 to June, 1994.

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 June 30, 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 June 30, 1994		As of December 31, 1993	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
<S>	<C>	<C>	<C>	<C>
Investment in mortgages	$150,925,753	$174,425,446	$191,745,878	$243,095,642

</TABLE>

The net unrealized gains on the Liquidating Company's mortgage investments decreased as of June 30, 1994. This decrease was primarily due to a decrease in the mortgage base resulting from the disposition of 13 mortgage investments in 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 six months ended June 30, 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 six months ended June 30, 1994 and 1993, the Liquidating Company paid dividends of $2.01 and $1.59 per share, respectively, of which approximately $1.25 and $.92 per share, respectively, were declared as non-taxable dividends to shareholders for tax purposes. As of June 30, 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 six months ended June 30, 1994 compared to the six months ended June 30, 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 and second quarters of 1994 of the interest accrued on delinquent mortgages.

Net cash provided by investing activities increased for the six months ended June 30, 1994 as compared to the six months ended June 30, 1993. This increase was principally due to the disposition of thirteen mortgage investments during the first and second quarters of 1994 which generated aggregate net proceeds of approximately $52.4 million as compared to the disposition of four mortgage investments during the first and second quarters of 1993 which generated aggregate net proceeds of approximately $34.5 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 and second quarters of 1993.

Net cash used in financing activities increased for the six months ended June 30, 1994 compared to the six months ended June 30, 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 six months ended June 30, 1993.

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

No reports on Form 8-K were filed during the quarter ended June 30, 1994.

All other items are not applicable.

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)

August 2, 1994	By: /s/ Cynthia O. Azzara
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Date	Cynthia O. Azzara
	Chief Financial Officer