FORM 10-K/A

Annual report pursuant to section 13 and 15(d) [amend]

Filing Date: **1995-02-22** | Period of Report: **1994-12-31**
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CRI LIQUIDATING REIT INC
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FORM 10-K
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 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)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock	New York Stock Exchange, Inc.

Securities registered pursuant to Section 12(g) of the Act:

NONE
(Title of class)

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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 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 registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

As of February 14, 1995, 30,422,711 shares of common stock were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Form 10-K Parts	Document
I, II, III and IV	1994 Annual Report to Shareholders
III	1995 Notice of Annual Meeting of

Shareholders and Proxy

Statement
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CRI LIQUIDATING REIT, INC.

1994 ANNUAL REPORT ON FORM 10-K

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PART I

ITEM 1. BUSINESS

Development and Description of Business

Information concerning the business of CRI Liquidating REIT, Inc. (the Liquidating Company) is contained in Part II, Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, and in Notes 1 and 5 of the notes to the financial statements of the Liquidating Company contained in Part IV (filed in response to Item 8 hereof), which is incorporated herein by reference.

Employees

The Liquidating Company has no employees. Services are performed for the Liquidating Company by CRI Insured Mortgage Associates Adviser Limited Partnership (the Adviser) and agents retained by it.

ITEM 2. PROPERTIES

The Liquidating Company does not hold title to any real estate. The Liquidating Company indirectly holds interests in real estate through its equity investment in three Participating Mortgage Investments. These investments were comprised of two components: 85% of the original investment amount was a Mortgage-Backed Security; and 15% of the original investment amount was an uninsured equity contribution to the limited partnership (a Participation) which owns the underlying property. During 1993, the Liquidating Company sold the Mortgage-Backed Securities, but retained its Participations. The aggregate carrying value of these Participations represents less than 1% of the Liquidating Company's total assets as of December 31, 1994 and 1993.

Although the Liquidating Company does not own the related real estate, the Federally Insured Mortgages and Mortgage-Backed Securities in which the Liquidating Company has invested are first liens, or are collateralized by first liens, on the respective residential apartment or townhouse complexes.

In December 1994, the Liquidating Company entered into a revised option agreement granting the option to an affiliate of the general partner to purchase the Liquidating Company's limited partner interest in Laurel Investors Limited Partnership (one of the Participations), on or before November 30, 1997. In the event the option is not exercised, the Liquidating Company can exercise remedies under the Third Amendment to Limited Partnership Agreement of Laurel Investors Limited Partnership. It is not anticipated that the exercise of such remedies would result in any material adverse impact on the results of operations or financial position of the Liquidating Company.

ITEM 3. LEGAL PROCEEDINGS

Reference is made to Note 9 of the notes to the financial statements on page 59 of the 1994 Annual Report to Shareholders, which is incorporated herein by reference.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to the security holders to be voted on during the fourth quarter of 1994.

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON STOCK AND RELATED STOCKHOLDER MATTERS

(a), (b) and (c) The information required in these sections is included on pages 17 through 19 of the 1994 Annual Report to Shareholders, which section is incorporated herein by reference.

ITEM 6. SELECTED FINANCIAL DATA

Reference is made to Selected Financial Data on pages 17 through 19 of the 1994 Annual Report to Shareholders, which section is incorporated herein by reference.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Reference is made to Management's Discussion and Analysis of Financial Condition and Results of Operations on pages 20 through 33 of the 1994 Annual Report to Shareholders, which section is incorporated herein by reference.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Reference is made to pages 35 through 38 of the 1994 Annual Report to Shareholders for the financial statements of the Liquidating Company, which are incorporated herein by reference. See also Item 14 of this report for information concerning financial statements and financial statement schedules.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

(a), (b), (c) and (e)

The information required by Item 10 (a), (b), (c) and (e) with regard to directors and executive officers of the registrant is incorporated herein by reference to the Liquidating Company's 1995 Notice of Annual Meeting of Shareholders and Proxy Statement to be filed with the Commission no later than April 30, 1995.

(d) There is no family relationship between any of the foregoing directors and executive officers.

(f) Involvement in certain legal proceedings.

None.

(g) Promoters and control persons.

Not applicable.

ITEM 11. EXECUTIVE COMPENSATION

The information required by Item 11 is incorporated herein by reference to the Liquidating Company's 1995 Notice of Annual Meeting of Shareholders and Proxy Statement and Note 3 of the notes to the financial statements, included in the 1994 Annual Report to Shareholders.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information required by Item 12 is incorporated herein by reference to the Liquidating Company's 1995 Notice of Annual Meeting of Shareholders and Proxy Statement.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

(a) Transactions with management and others.

The Liquidating Company has five directors, two of whom are also executive officers. The Liquidating Company's 1995 Notice of Annual Meeting of Shareholders and Proxy Statement and Note 3 of the notes to the financial statements, included in the 1994 Annual Report to Shareholders, which contain a discussion of the amounts, fees and other compensation paid or accrued by the Liquidating Company to the directors and officers and their affiliates, are incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS - Continued

(b) Certain business relationships.

The Liquidating Company has no business relationship with entities of which the general and limited partners of the Adviser to the Liquidating Company are officers, directors or equity owners other than as set forth in the Liquidating Company's 1995 Notice of Annual Meeting of Shareholders and Proxy Statement, which is incorporated herein by reference.

(c) Indebtedness of management.

None.

(d) Transactions with promoters.

Not applicable.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

(a) List of documents filed as part of this report:

1 and 2. Financial Statements and Financial Statement Schedules

The following financial statements are incorporated herein by reference in Item 8 from the indicated pages of the 1994 Annual Report to Shareholders:

Description	Page Number(s)
Balance Sheets as of December 31, 1994 and 1993	35
Statements of Income for the years ended December 31, 1994, 1993 and 1992	36
Statements of Changes in Shareholders' Equity for the years ended December 31, 1994, 1993 and 1992	37
Statements of Cash Flows for the years ended December 31, 1994, 1993 and 1992	38
Notes to financial statements	39 - 60

The report of the Liquidating Company's independent public accountants with respect to the above listed financial statements appears on page 34 of the 1994 Annual Report to Shareholders.

All other financial statements and schedules have been omitted since the required information is included in the financial statements or the notes thereto, or is not applicable or required.

(a) 3. Exhibits (listed according to the number assigned in the table in Item 601 of Regulation S-K)

Exhibit No. 3 - Articles of Incorporation and Bylaws.

d. Articles of Incorporation of CRI Liquidating Maryland REIT, Inc. (Incorporated by reference from Exhibit 3(d) to the Quarterly Report on Form 10-Q for the quarter ended June 30, 1993).

e. Bylaws of CRI Liquidating Maryland REIT, Inc. (Incorporated by reference from Exhibit 3(e) to the Quarterly Report on Form 10-Q for the quarter ended June 30, 1993).

f. Agreement and Articles of Merger between CRI Liquidating Maryland REIT, Inc. and CRI Liquidating REIT, Inc. as filed with the Office of the Secretary of the State of Delaware. (Incorporated by reference from Exhibit 3(f) to the Quarterly Report on Form 10-Q for the quarter ended June 30, 1993).

g. Agreement and Articles of Merger between CRI Liquidating Maryland REIT, Inc. and CRI Liquidating REIT, Inc. as filed with the State Department of Assessment and Taxation for the State of Maryland. (Incorporated by reference from Exhibit 3(g) to the Quarterly Report on Form 10-Q for the quarter ended June 30, 1993).

Exhibit No. 10 - Material contracts.

a. Revised Form of Advisory Agreement. (Incorporated by reference from Exhibit No. 10.2 to the Registration Statement No. 33-27502 dated July 18, 1989).

b. Registration Rights Agreement, dated November 27, 1989 between the Registrant and CRI Insured Mortgage Association, Inc. (Incorporated by reference from Exhibit 10(b) to the Annual Report on Form 10-K for 1989).

Exhibit No. 13 - Annual Report to security holders, Form 10-Q or Quarterly Report to security holders.

a. 1994 Annual Report to Shareholders.

Exhibit No. 27 - Financial Data Schedule

a. Financial Data Schedule

(b) Reports on Form 8-K

No reports on Form 8-K were filed during the fourth quarter of 1994.

(c) Exhibits

The list of Exhibits required by Item 601 of Regulation S-K is included in Item (a)(3) above.

(d) Financial Statement Schedules

See Item (a) 1 and 2 above.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

CRI LIQUIDATING REIT, INC.

February 14, 1995	/s/ William B. Dockser
DATE	William B. Dockser Chairman of the Board and Principal Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated:

February 14, 1995	/s/ William B. Dockser
DATE	William B. Dockser Chairman of the Board and Principal Executive Officer
February 14, 1995	/s/ H. William Willougby
DATE	H. William Willoughby Director, President, and Secretary
February 14, 1995	/s/ Cynthia O. Azzara
DATE	Cynthia O. Azzara Vice President, Chief Financial Officer and Principal Accounting Officer
February 14, 1995	/s/ Jay R. Cohen
DATE	Jay R. Cohen Executive Vice President and Treasurer
February 14, 1995	/s/ Garrett G. Carlson, Sr.
DATE	Garrett G. Carlson, Sr. Director
February 14, 1995	/s/ G. Richard Dunnells
DATE	G. Richard Dunnells Director

February 14, 1995	/s/ Robert F. Tardio
DATE	Robert F. Tardio Director

CROSS REFERENCE SHEET

The item numbers and captions in Parts I, II, III and IV hereof and the page and/or pages in the referenced materials where the corresponding information appears are as follows:

<TABLE><CAPTION>

Item		Referenced Materials	Page
<S>		<C>	<C>
3.	Legal Proceedings	1994 Annual Report	59
5.	Market for the Registrant's Common Stock and Related Stockholder Matters	1994 Annual Report	17 through 19
6.	Selected Financial Data	1994 Annual Report	17 through 19
7.	Management's Discussion and Analysis of Financial Condition and Results of Operations	1994 Annual Report	20 through 33
8.	Financial Statements, including Auditors' Report and Supplementary Data	1994 Annual Report	34 through 60
11.	Executive Compensation	1994 Annual Report	45 through 48
13.	Certain Relationships and Related Transactions	1994 Annual Report	45 through 48

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EXHIBIT INDEX

Exhibit

(13) 1994 Annual Report to Shareholders

(27) Financial Data Schedule

CRI LIQUIDATING REIT, INC.

ANNUAL REPORT TO SHAREHOLDERS

CRI LIQUIDATING REIT, INC.

Selected Consolidated Financial Data

<TABLE><CAPTION>

	For the years ended December 31, 1994	1993	1992	1991	1990
<S>	<C>	<C>	<C>	<C>	<C>
TAX BASIS ACCOUNTING					
Tax basis income	$ 33,311,906	$ 35,517,491	$ 36,104,737	$ 42,135,788	$ 42,817,534
Composition of dividends per share for income tax purposes:					
Ordinary income	$ .49	$ .81	$ .86	$ .97	$ 1.41
Non-taxable dividend	1.64	1.61	1.21	1.76	1.11
Long-term capital gains	.60	.36	.33	.42	--
	$ 2.73	$ 2.78	$ 2.40	$ 3.15	$ 2.52
ACCOUNTING UNDER GENERALLY ACCEPTED ACCOUNTING PRINCIPLES					
Mortgage investment income	$ 15,394,255	$ 21,663,403	$ 24,531,636	$ 29,613,222	$ 35,414,176
Other income	568,049	2,947,933	2,731,623	1,907,279	1,192,917
Operating expenses	(1,590,592)	(2,822,703)	(2,852,565)	(3,242,595)	(3,341,445)
Interest expense	--	(2,242,347)	(966,679)	--	--
Loss on investment in limited partnership	--	--	(731,951)	--	--
Net gains from mortgage dispositions	12,553,281	8,089,840	6,097,102	4,481,534	3,853,503
Net income	$ 26,924,993	$ 27,636,126	$ 28,809,166	$ 32,759,440	$ 37,119,151
Net income per weighted average share outstanding	$ .89	$ .91	$ .95	$ 1.08	$ 1.22
Dividends per weighted average share outstanding	$ 2.73	$ 2.78	$ 2.40	$ 3.15	$ 2.52
Composition of dividends per share for financial statement purposes:					
Net income	$ .89	$ .91	$ .95	$ 1.08	$ 1.22
Return of capital	1.84	1.87	1.45	2.07	1.30
	$ 2.73	$ 2.78	$ 2.40	$ 3.15	$ 2.52

</TABLE>

CRI LIQUIDATING REIT, INC.

<TABLE><CAPTION>

	As of December 31, 1994	1993	1992	1991	1990
<S>	<C>	<C>	<C>	<C>	<C>
Investment in mortgages	$154,373,576	$243,095,642	$231,808,424	$251,985,901	$351,781,402

Mortgages held for disposition	$ --	$ --	$ 15,463,528	$ 36,094,540	$ --
Total assets	$159,425,357	$248,927,134	$254,233,958	$298,940,530	$361,712,226
Shareholders' equity	$159,271,081	$248,497,177	$254,065,662	$298,272,916	$361,355,062

</TABLE>

The selected statements of income data presented above for the years ended December 31, 1994, 1993 and 1992, and the balance sheet data as of December 31, 1994 and 1993, are derived from and are qualified by reference to the Liquidating Company's financial statements which have been included elsewhere in this Annual Report to Shareholders. The statements of income data for the years ended December 31, 1991, 1990 and the balance sheet data as of December 31, 1992, 1991 and 1990 are derived from audited financial statements not included in this Annual Report to Shareholders. This data should be read in conjunction with the financial statements and the notes thereto.

Market Data

On November 28, 1989, the Liquidating Company was listed on the New York Stock Exchange (Symbol CFR). Prior to that date, there was no public market for the Liquidating Company's shares. As of December 31, 1994 and 1993, there were 30,422,711 shares held by approximately 9,200 and 10,000 investors, respectively. The following table sets forth the high and low closing sales prices and the dividends per share for the Liquidating Company shares during the periods indicated:

	1994		
	Sales Price		Dividends
Quarter Ended	High	Low	per Share
March 31,	$ 8 5/8	$ 7 3/4	$ 1.75
June 30,	6 7/8	5 3/8	.26
September 30,	5 7/8	5	.14
December 31,	5 1/8	4 1/4	.58
			$ 2.73

	1993		
	Sales Price		Dividends
Quarter Ended	High	Low	per Share
March 31,	$ 10	$ 9 1/8	$ .62
June 30,	10 1/4	9	.97
September 30,	9 5/8	9	.21
December 31,	9 3/8	7 7/8	.98
			$ 2.78

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

General

CRI Liquidating REIT, Inc. (the Liquidating Company) is a finite-life, self-liquidating real estate investment trust (REIT) which as of December 31, 1994, owned a portfolio of 44 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 43 participation certificates evidencing a 100% undivided beneficial interest in loans insured pursuant to programs of the United States government through the Federal Housing Administration (FHA) (FHA-Insured Loans) and one security backed by a FHA-Insured Loan which has 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 1997.

On January 20, 1995, in accordance with the Business Plan, the Liquidating Company sold 21 mortgage investments with an aggregate amortized cost of $48.1 million, ten of which resulted in financial statement gains and all of which resulted in tax basis gains. The 21 dispositions resulted in net financial statement gains of approximately $1.6 million and tax basis gains of approximately $9.5 million. The sales of these mortgage investments constitute approximately 33% of the December 31, 1994 tax basis portfolio balance.

The Liquidating Company is governed by a Board of Directors which includes the two shareholders of C.R.I. Inc. (CRI). The Board of Directors has engaged CRI Insured Mortgage Associates Adviser Limited Partnership (the Adviser) to act in the capacity of adviser to the Liquidating Company. The Adviser's general partner is CRI, and its limited partners include the shareholders of CRI. The Adviser and its affiliates (1) manage the Liquidating Company's assets with the goal of maximizing the returns to shareholders and (2) conduct the day-to-day operations of the Liquidating Company. The Adviser and its affiliates receive fees and expense reimbursements in connection with the administration and operation of the Liquidating Company. The Adviser also acts in a similar capacity for CRIIMI MAE Inc. (CRIIMI MAE) (formerly CRI Insured Mortgage Association, Inc.). However, if CRIIMI MAE shareholder approval is obtained and certain other conditions are satisfied, CRIIMI MAE will become a self-managed and self-administered REIT and the Adviser would no longer advise CRIIMI MAE.

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. The Merger resulted

in two new REITs: (i) the Liquidating Company, a finite-life, self-liquidating REIT, and (ii) CRIIMI MAE, an infinite-life, growth-oriented REIT. In the Merger, the Liquidating Company acquired the assets of the CRIIMI Funds. Investors in the CRIIMI Funds received, at their option, shares of common stock of either the Liquidating Company or CRIIMI MAE. To allow those investors who chose CRIIMI MAE shares to maintain their interest in the original assets of the CRIIMI Funds, CRIIMI MAE received one share of common stock of the Liquidating Company for each share of CRIIMI MAE issued in the Merger to investors in the CRIIMI Funds. As a result, CRIIMI MAE owned approximately 67% of the Liquidating Company's common stock as of December 31, 1992. Following the sale of approximately 3.1 million of its shares of common stock of the Liquidating Company, in November 1993, CRIIMI MAE reduced its ownership percentage to approximately 57%. The Liquidating Company shares have been trading on the New York Stock Exchange under the trading symbol CFR since November 28, 1989.

The Portfolio

The Liquidating Company's portfolio consists of government insured multifamily mortgages. As of December 31, 1994, the Liquidating Company held a total of 44 government insured multifamily mortgages, 43 of which were FHA-Insured Loans and one which was a GNMA Mortgage-Backed Security.

As of December 31, 1994, the portfolio consisted of government insured multifamily mortgages with face values ranging from approximately $.7 to $13.5 million with an average balance of approximately $3.8 million. Coupon rates in the portfolio range from 6.85% to 11.11%. The entire portfolio has a weighted average net coupon rate of approximately 7.6%. Additionally, the portfolio has a weighted average net effective interest rate of approximately 10.02%. Maturities in the portfolio range from approximately 18 to 30 years as of December 31, 1994, with a weighted average remaining term based on face value of approximately 26 years.

The Liquidating Company owns government insured multifamily mortgages on properties which were acquired by the predecessor CRIIMI Funds at a discount to face (Discount Mortgage Investments) on the belief that based on economic, market, legal and other factors, such Discount Mortgage Investments might be sold for cash, converted to condominium housing or otherwise disposed of or refinanced in a manner requiring prepayment or permitting other profitable disposition three to twelve years after acquisition by the predecessor CRIIMI Funds. The Liquidating Company also owns near or at par or premium government insured multifamily mortgages (Near Par or Premium Mortgage Investments) on properties which the Adviser does not expect to incur a significant financial statement loss if disposed of, refinanced or otherwise prepaid prior to maturity. On a tax basis, based on current information, including the

current interest rate environment, the disposition of mortgage investments is expected to result in a gain.

Government Insurance Programs

The government insured multifamily mortgages in the Liquidating Company's portfolio include: (i) FHA-Insured Loans and (ii) GNMA Mortgage-Backed Securities. FHA is part of the United States Department of Housing and Urban Development (HUD), and FHA-Insured Loans are insured pursuant to Title II of the National Housing Act. Should a FHA-Insured Loan default, the mortgagee is typically entitled to approximately 99% of the face value of the mortgage. GNMA, which is also part of HUD, was federally chartered to provide liquidity in the secondary mortgage market. GNMA Mortgage-Backed Securities are guaranteed pursuant to Title III of the National Housing Act. If an issuer of a GNMA Mortgage-Backed Security defaults, GNMA continues to make interest and principal payments until such mortgage is assigned to HUD. In the event of a default of a FHA-Insured Loan underlying a GNMA Mortgage-Backed Security, the issuer or GNMA will make timely payments of principal and interest until such mortgage is assigned to HUD and pay 100% of the GNMA Mortgage-Backed Security's principal balance when such mortgage is assigned to HUD and GNMA receives the insurance proceeds.

REIT Status

The Liquidating Company has qualified and intends to continue to qualify as a REIT under Sections 856-860 of the Internal Revenue Code. As a REIT, the Liquidating Company does not pay taxes at the corporate level. Qualification for treatment as a REIT requires the Liquidating Company to meet certain criteria, including certain requirements regarding the nature of its ownership, assets, income and distributions of taxable income.

Business Plan

The Liquidating Company intends to dispose of its existing government insured mortgage investments by the end of 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 1997, which plan of liquidation was approved by the Liquidating Company's Board of Directors. The Business Plan is updated for movements in interest rates and assumes that the portfolio will be liquidated by 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 year ended December 31, 1994, the Liquidating Company

disposed of nineteen mortgage investments which constituted approximately 29% 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 38% during 1995 and approximately 31% in both 1996 and 1997 based on the portfolio balance as of December 31, 1994. The Liquidating Company intends to make Voluntary Dispositions, in addition to any Involuntary Dispositions that occur, to attempt to achieve such rates and to liquidate the portfolio by 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 will be disposed of by the Liquidating Company or the amount of proceeds the Liquidating Company would receive from any such disposition.

As indicated above, on January 20, 1995, in accordance with the Business Plan, the Liquidating Company sold 21 mortgage investments resulting in net financial statement gains of approximately $1.6 million and tax basis gains of approximately $9.5 million.

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 December 31, 1994, the carrying value of the mortgage investments on a tax basis was approximately $123 million; the par value was approximately $167 million; and the fair market value was approximately $154 million.

The Business Plan assumes an Involuntary Disposition rate of approximately 5% during 1995 and approximately 7% in both 1996 and 1997 based on the December 31, 1994 portfolio balance. This assumed rate is based on the Adviser's estimate of anticipated Involuntary Dispositions during 1995 and the average of the historic Involuntary Disposition rates experienced by the Liquidating Company and the CRIIMI Funds since January 1989 for 1996 and 1997. Each year Voluntary Dispositions will be adjusted by the Adviser based on the actual and anticipated Involuntary Dispositions during such year, in an attempt to maintain the targeted annual disposition rates. During the period from January 1, 1989 through December 31, 1994, 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. Subsequent to the January 20, 1995 dispositions, coupon rates in the portfolio range from 7.43% to 11.11%. Primarily mortgages with higher coupons were assumed to comprise the Involuntary Dispositions. 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 December 31, 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 December 31, 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.

The Liquidating Company 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' carrying values in the aggregate represent less than 1% of the Liquidating Company's total assets. It is assumed that the Participations will be disposed of in 1997, resulting in a $500,000 net return of capital.

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 approximately 6% 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. Incentive fees which are anticipated to be due to the Adviser based on sales from CRIIMI I have reduced the capital gain from the sale. No other incentive fees are anticipated.

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 the interest rate environment as of December 31, 1994 will be maintained over the remaining 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 2.8%. 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 December 30, 1994 at a price of $4.50 per share would achieve a total return over the term of the Business Plan of approximately 21.8%. Changes in the total return are principally attributable to changes in the price paid for the investment in the stock, specific mortgage disposition assumptions and the change in the interest rate environment from December 1993 to December 1994.

Settlement of Litigation

On March 22, 1990, a complaint was filed on behalf of a class comprised of certain former investors of CRI Insured Mortgage Investments III Limited Partnership (CRIIMI III) and CRI

Insured Mortgage Investments II, Inc. (CRIIMI II) (the Plaintiffs) in the Circuit Court for Montgomery County, Maryland against the Liquidating Company, CRIIMI MAE, CRI Insured Mortgage Investments Limited Partnership (CRIIMI I) and its general partner, CRIIMI II, CRIIMI III and its general partner, CRI, and Messrs. William B. Dockser, H. William Willoughby and Martin C. Schwartzberg (the Defendants). On November 18, 1993, the Court entered an order granting final approval of a settlement agreement between the Plaintiffs and the Defendants. Under the terms of the settlement, CRIIMI MAE agreed to issue to class members, including certain former investors of CRIIMI I, warrants for up to 2.5 million CRIIMI MAE shares exercisable for 18 months after issuance at an exercise price of $13.17 per share. In addition, the settlement included a payment of $1,400,000 for settlement administration costs and Plaintiff's attorneys' fees and expenses. Insurance provided $1,150,000 of the $1,400,000 cash payment, with the balance paid by CRIIMI MAE. The number of warrants to be issued was dependent on the number of class members who submitted proof of claim forms by April 15, 1994. Based on the proofs of claim submitted as of such date, CRIIMI MAE issued warrants for approximately 334,000 shares pursuant to the settlement agreement. In April 1994, CRIIMI MAE filed a Registration Statement on Form S-3 (Commission File No. 33-53031) to register up to 375,000 shares of CRIIMI MAE's common stock, issuable upon the exercise of the warrants of CRIIMI MAE.

Results of Operations

1994 Versus 1993

Total income decreased $8.6 million or 35.1% to $16.0 million for 1994 from $24.6 million for 1993. This decrease was due primarily to reductions in mortgage investment income and other investment income, as discussed below.

Mortgage investment income decreased $6.3 million or 28.9% to $15.4 million for 1994 from $21.7 million for 1993. This decrease was principally the result of a reduction in the mortgage base resulting from the disposition of mortgage investments during 1994 and 1993. It is not anticipated that the nature of income from mortgage investments resulting from fixed payments of principal and interest or the expenses related to the ordinary administration of such mortgage investments will differ materially in future years. However, mortgage dispositions will reduce the recurring mortgage income in future periods.

Other investment income decreased $2.3 million or 78.8% to approximately $617,000 for 1994 from $2.9 million for 1993. This decrease was primarily attributable to income earned in 1993 from other short-term investments acquired by the Liquidating Company during 1993 (approximately $133 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 decreased $3.5 million or 68.6% to $1.6 million for 1994 from $5.1 million for 1993. This decrease was principally due to decreases in interest expense, general and administrative expenses, and annual fees paid to the Adviser, as discussed below.

Interest expense decreased $2.2 million or 100.0% from $2.2 million for 1993. This decrease was due to the paydown of debt related to other short-term investments during 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 $133 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.

General and administrative expenses decreased approximately $540,000 or 47.1% from $1.1 million to approximately $606,000 for the year ended December 31, 1994 as compared to 1993 primarily as a result of a decrease in legal expense as a result of the settlement of litigation during 1993, as described above.

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 approximately $538,000 or 43.6% to $696,000 for 1994 from $1.2 million for 1993. This decrease was primarily 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 the 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 decreases in Annual Fees was a decrease in the deferred component paid for the year ended December 31, 1994 as compared to the corresponding period in 1993 due to specific performance goals being met. During the years ended December 31, 1994 and 1993, the Liquidating Company paid deferred Annual Fees of $118,659 and $330,087, respectively. The amount paid in 1993 included deferred Annual Fees of $86,395 from 1992.

Net gains on mortgage dispositions increased $4.5 million or 55.2% to $12.6 million in 1994 from $8.1 million 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 seventeen mortgage investments and prepayment of two mortgage investments in 1994, fifteen of which resulted in financial statement gains and all of which resulted in tax basis gains. The nineteen dispositions resulted in net financial statement gains of approximately $12.6 million and tax basis gains of approximately $18.4 million. This compares to the disposition of ten mortgage investments during the year ended December 31, 1993 that generated financial statement gains of approximately $8.1 million and tax basis gains of approximately $14.9 million.

1993 Versus 1992

Total income decreased $2.7 million or 9.7% to $24.6 million for 1993 from $27.3 million for 1992. This decrease was due primarily to a reduction in mortgage investment income partially offset by an increase in other investment income, as discussed below.

Mortgage investment income decreased $2.9 million or 11.7% to $21.7 million for 1993 from $24.5 million for 1992. This decrease was principally the result of a reduction in the mortgage base resulting from the disposition of mortgage investments during 1993 and 1992.

Other investment income increased $.8 million or 36.3% to $2.9 million for 1993 from $2.1 million for 1992. This increase was primarily attributable to approximately $133 million in other short-term investments acquired by the Liquidating Company during 1993, all of which were disposed of by December 31, 1993, as compared to approximately $67 million in other short-term investments acquired by the Liquidating Company during 1992, all of which were disposed of by December 31, 1992.

Total expenses increased $1.3 million or 32.6% to $5.1 million for 1993 from $3.8 million for 1992. This increase was principally due to an increase in interest expense, as discussed below.

Interest expense increased $1.2 million or 132.0% to $2.2 million for 1993 from $1.0 million for 1992. This increase was due primarily to the financing of a total of approximately $116 million in other short-term investments in February and October 1993 through November 1993 at an interest rate of approximately 3.35%, versus approximately $56 million which was financed in July and August 1992 through December 1992 at an interest rate of 4.0% and 3.45%, respectively.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS - Continued

Gains on mortgage dispositions increased $2.0 million or 32.7% to $8.1 million in 1993 from $6.1 million in 1992. The gains or losses on mortgage dispositions are based on the number, carrying amounts, and the proceeds of mortgage investments disposed of during the period. The increase in gains was primarily due to the disposition of ten mortgages during 1993, nine of which resulted in gains. This compared to the disposition of three mortgages during 1992, two of which resulted in gains.

On January 28, 1993, October 15, 1993 and October 28, 1993, the Liquidating Company entered into investment and financing agreements with Daiwa Securities America, Inc. (Daiwa). These transactions assisted in maintaining the Liquidating Company's REIT status. Pursuant to the terms of these agreements, the Liquidating Company invested in GNMA mortgage-backed securities or certificates backed by FHA-Insured project loans (collectively, the Securities) with unpaid principal balances of approximately $74.7 million, $40.3 million and $11.9 million, respectively, at purchase prices of 104.615%, 106.41% and 100.8%, respectively, of the face values, which earned interest at per annum pass-through coupon rates of 9.1875%, 13.18% and 8.625%, respectively. In addition, Daiwa provided financing for approximately 99% and 86% of the purchase price for the transactions which occurred on January 28, 1993 and October 15, 1993, respectively, at an interest rate of approximately 3.35%. The related debt was non-recourse and fully secured with the Securities which were held by Daiwa in the Liquidating Company's name. The Liquidating Company disposed of these Securities and repaid the related debt by the end of 1993. These investments provided a net interest rate spread (after borrowing costs) of approximately 4%, 3.5% and 3.5%, respectively.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS - Continued

Historical Dispositions

<TABLE><CAPTION>

Year	Type of Dispositions Assignment(1)	Sale	Prepayment	Total	Net Gain Recognized for Financial Statement Purposes	Net Gain Recognized For Tax Purposes(3)
<S>	<C>	<C>	<C>	<C>	<C>	<C>
1992	3	0	0	3	$ 6,097,102	$11,202,237
1993	2	5	3	10	8,089,840	14,938,128
1994	3	14	2	19	12,553,281	18,354,126
	8(2)	19	5	32	$26,740,223	$44,494,491

(1) The Liquidating Company may elect to receive insurance benefits in the form of cash when a government insured multifamily mortgage defaults. In that event, for FHA Insured Loans 90% of the face value of the mortgage generally is received within approximately 90 days of assignment of the mortgage to HUD and 9% of the face value of the mortgage is received upon final processing by HUD which may not occur in the same year as assignment. If the Liquidating Company elects to receive insurance benefits in the form of debentures, 99% of the face value of the mortgage is received upon final processing by HUD. In the event of a default on a GNMA Mortgage-Backed Security, 100% of the face value of the security is received upon final processing by GNMA. Gains from dispositions are recognized upon receipt of funds or debentures and losses are recognized at the time of assignment.

(2) Five of the eight assignments were sales of government insured multifamily mortgages then in default and resulted in the Liquidating Company receiving face value or near face value.

(3) In connection with the Merger, the Liquidating Company recorded its investment in mortgages at the lower of cost or fair value, which resulted in an overall net write down for tax purposes. For financial statement purposes, carryover basis of accounting was used. Therefore, since the Merger, the net gain for tax purposes was greater than the net gain recognized for financial statement purposes. As a REIT, dividends to the Liquidating Company's shareholders are based on net gains recognized for tax purposes.
</TABLE>

For financial statement purposes, the Liquidating Company accounted for the Merger of the CRIIMI Funds in a manner similar to the pooling-of-interests method as a result of the common control existing over the Liquidating Company, the CRIIMI Funds and CRIIMI MAE. Accordingly, there was no change in the basis assigned to each of the mortgage investments for financial statement purposes. However, for tax purposes, the Merger was treated as a taxable event resulting in a new basis being assigned to the assets. Specifically, the merger of CRIIMI I into the Liquidating Company resulted in a taxable gain, while the merger of CRIIMI II and CRIIMI III into the Liquidating Company resulted in taxable losses. As a result, the tax bases of the CRIIMI I assets were adjusted slightly upward and the tax bases of the CRIIMI II and CRIIMI III assets were adjusted downward. Consequently, there exists a difference in the bases of the mortgage investments for financial statement and tax purposes. Although four of the mortgage dispositions during 1994 resulted in losses for financial statement purposes, all of the dispositions resulted in a tax basis gain totalling $18.4

million.

Fair Value of Mortgage Investments

The following estimated fair values of the Liquidating Company's mortgage investments are presented in accordance with generally accepted accounting principles. These estimated fair

values, however, do not represent the liquidation value or the market value of the Liquidating Company.

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 December 31, 1994. 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 the average of the quoted market prices from three investment banking institutions which trade insured mortgage loans as part of their day-to-day activities.

	As of December 31, 1994 Amortized Cost	Fair Value
Investment in Mortgages:		
Discount	$121,283,765	$139,416,004
Near par or premium	14,837,135	14,957,572
	$136,120,900	$154,373,576

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 received from the Liquidating Company's investment in limited partnerships (Participations), were sufficient for the years 1994, 1993 and 1992 to meet operating, investing, and financing cash requirements. It is anticipated that cash receipts will be sufficient in future years to meet similar cash requirements. Cash flow was also sufficient to provide for the payment of dividends to the shareholders. Because the Liquidating Company is a liquidating entity, a substantial portion of the dividends paid to shareholders represents return of capital. For the years 1994, 1993 and 1992, the Liquidating Company paid dividends of $2.73, $2.78 and $2.40 per share, respectively, of which approximately $1.84, $1.87 and $1.45 per share, respectively, represented return of capital for financial statement purposes. For tax purposes, the portion representing a non-taxable dividend for 1994, 1993 and 1992 was

approximately $1.64, $1.61 and $1.21, respectively. As of December 31, 1994, there were no material commitments for capital expenditures.

Although the mortgage investments yield a fixed monthly mortgage payment once purchased, the cash dividends paid to shareholders may vary during each year due to (1) the fluctuating yields in the short-term money market where the monthly mortgage payments received are temporarily invested prior to the payment of quarterly dividends, (2) the reduction in the asset base and monthly mortgage payments due to monthly mortgage payments received or mortgage dispositions, (3) variations in the cash flow received from the Participations, and (4) changes in the Liquidating Company's operating expenses. Mortgage dispositions may increase the return to shareholders for a period, although neither the timing nor the amount can be predicted.

Decreases in market interest rates could result in the prepayment of certain mortgage investments. Although decreases in interest rates could increase prepayment levels of mortgages on single-family dwellings, the Liquidating Company's experience with mortgages on multifamily dwellings has been that decreases in interest rates do not necessarily result in increased levels of prepayments primarily due to lockouts (i.e., prepayment prohibitions), prepayment penalties on existing financing or difficulties in obtaining refinancing. Decreases in occupancy levels, rental rates or value of any property underlying a mortgage investment may result in the mortgagor being unable or unwilling to make required payments on the mortgage and thereby defaulting. Whether by prepayment, sale or assignment, the proceeds of a disposition of a Discount Mortgage Investment are expected to exceed the carrying amount of the mortgage for financial statement purposes, while the proceeds from the disposition of a Near Par or Premium Mortgage Investment may be slightly less than, the same as or slightly more than, the financial statement carrying amount of the mortgage. However, the proceeds of any mortgage disposition, based on current information, including the current interest rate environment, is expected to exceed the carrying amount of the mortgage on a tax basis and, therefore, result in a tax gain.

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 between Treasury Rates and the yields on government insured multifamily 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS - Continued

Borrowing Policy

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 1994 compared to 1993 primarily as a result of a decrease in mortgage investment income due to the reduction in the mortgage base and other investment income, as previously discussed. Net cash provided by operating activities decreased in 1993 as compared to 1992 principally due to the decrease in mortgage investment income due to the reduced mortgage base and an increase in interest expense on the financing of other short term investments, partially offset by the other investment income on the respective securities financed.

Net cash provided by investing activities increased for 1994 as compared to 1993. This increase was principally due to an increase in proceeds from mortgage dispositions from approximately $56.1 million for 1993 to approximately $66.8 million for 1994. Net cash provided by investing activities increased for 1993 as compared to 1992. This increase was principally due to an increase in proceeds from mortgage dispositions during 1993. Additionally, cash of approximately $128.6 million and approximately $6.1 million was received during 1993 from the sale of other short-term investments and the redemption of HUD debentures, respectively. However, this was offset by the purchase of other short-term investments in 1993.

Net cash used in financing activities decreased for 1994 compared to 1993 due to a decrease in dividends paid to shareholders as a result of the reduction in the mortgage base. Net cash used in financing activities increased for 1993 compared to 1992 due to an increase in dividends paid to shareholders. This increase in dividends was attributable to an increase in net proceeds received from mortgage dispositions in 1993. Also during 1993, the Liquidating Company financed the acquisition of other short-term investments. This debt was repaid in December 1993.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Shareholders of
CRI Liquidating REIT, Inc.

We have audited the accompanying balance sheets of CRI Liquidating REIT, Inc. (the Liquidating Company) as of December 31, 1994 and 1993, and the related statements of income, changes in shareholders' equity and cash flows for the years ended December 31, 1994, 1993 and 1992. These financial statements are the responsibility of the Liquidating Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Liquidating Company as of December 31, 1994 and 1993, and the results of its operations and its cash flows for the years ended December 31, 1994, 1993, and 1992, in conformity with generally accepted accounting principles.

Arthur Andersen LLP

Washington, D.C.
February 1, 1995

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<TABLE>

CRI LIQUIDATING REIT, INC.

BALANCE SHEETS

ASSETS

<CAPTION>

	December 31, 1994	December 31, 1993
<S>	<C>	<C>
Investment in mortgages, at fair value		
Discount	$139,416,004	$225,447,845
Near par or premium	14,957,572	17,647,797
Total	154,373,576	243,095,642
Investment in limited partnerships	133,766	436,090
Cash and cash equivalents	3,294,161	2,907,147
Receivables and other assets	1,525,331	2,175,453
Deferred costs, principally paid to related parties, net of accumulated amortization of $1,544,925 and $1,635,320, respectively	98,523	312,802
Total assets	$159,425,357	$248,927,134

LIABILITIES AND SHAREHOLDERS' EQUITY

	1994	1993
Liabilities:		
Accounts payable and accrued expenses	$ 154,276	$ 429,957
Commitments and contingencies		
Shareholders' equity:		
Common stock	304,227	304,227
Net unrealized gains on investment in mortgages	18,252,676	51,349,764
Additional paid-in capital	140,714,178	196,843,186
Total shareholders' equity	159,271,081	248,497,177

Total liabilities and shareholders' equity	$159,425,357	$248,927,134
	============	============

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

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CRI LIQUIDATING REIT, INC.

STATEMENTS OF INCOME

<CAPTION>

<S>	For the years ended December 31, 1994 <C>	1993 <C>	1992 <C>
Income:			
Mortgage investment income			
Stated interest	$ 14,441,449	$ 20,363,560	$23,267,100
Discount amortization	959,320	1,306,553	1,269,828
Premium amortization	(6,514)	(6,710)	(5,292)
	15,394,255	21,663,403	24,531,636
Other investment income	617,081	2,904,328	2,130,771
(Loss) income from investment in limited partnerships	(49,032)	43,605	600,852
	15,962,304	24,611,336	27,263,259
Expenses:			
Annual fee to related party	696,342	1,234,291	1,214,409
General and administrative	606,035	1,145,354	1,126,881
Interest expense	--	2,242,347	966,679
Amortization of deferred costs	151,014	251,203	305,057
Mortgage servicing fees	137,201	191,855	206,218
	1,590,592	5,065,050	3,819,244
Income before mortgage dispositions and loss on investment in limited partnership	14,371,712	19,546,286	23,444,015
Mortgage dispositions:			
Gains	12,612,197	8,110,395	6,110,209
Losses	(58,916)	(20,555)	(13,107)
Loss on investment in limited partnership	--	--	(731,951)
Net income	$26,924,993	$ 27,636,126	$ 28,809,166
	===========	============	============
Net income per share	$ .89	$ .91	$ .95
	===========	============	============
Weighted average shares outstanding	30,422,711	30,422,711	30,422,711
	============	============	============

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

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CRI LIQUIDATING REIT, INC.
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the years ended December 31, 1994, 1993 and 1992

	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, 1991	30,425,901	$ 304,259	$ --	$297,968,657	$ --	$298,272,916
Net income	--	--	--	--	28,809,166	28,809,166
Dividends of $0.95 per share	--	--	--	--	(28,809,166)	(28,809,166)
Return of capital of $1.45 per share	--	--	--	(44,207,254)	--	(44,207,254)
Adjustment to amounts issued	(3,190)	(32)	--	32	--	--
Balance, December 31, 1992	30,422,711	304,227	--	253,761,435	--	254,065,662
Net income	--	--	--	--	27,636,126	27,636,126
Dividends of $0.91 per share	--	--	--	--	(27,636,126)	(27,636,126)
Return of capital of $1.87 per share	--	--	--	(56,939,013)	--	(56,939,013)
Net unrealized gains on investment in mortgages	--	--	51,349,764	--	--	51,349,764
Reimbursement of dividends from prior years	--	--	--	20,764	--	20,764
Balance, December 31, 1993	30,422,711	304,227	51,349,764	196,843,186	--	248,497,177
Net income	--	--	--		26,924,993	26,924,993
Dividends of $0.89 per share	--	--	--		(26,924,993)	(26,924,993)
Return of capital of $1.84 per share	--	--	--	(56,129,008)	--	(56,129,008)
Adjustment to net unrealized gains on investment in mortgages	--	--	(33,097,088)		--	(33,097,088)
Balance, December 31, 1994	30,422,711	$ 304,227	$ 18,252,676	$140,714,178	$ --	$159,271,081

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

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CRI LIQUIDATING REIT, INC.

STATEMENTS OF CASH FLOWS

<TABLE>

	For the years ended December 31, 1994	1993	1992
<S>	<C>	<C>	<C>
Cash flows from operating activities:			
Net income	$ 26,924,993	$ 27,636,126	$ 28,809,166
Adjustments to reconcile net income to net cash provided by operating activities:			
Amortization of deferred costs	151,014	251,203	305,057
Mortgage discount amortization	(959,320)	(1,306,553)	(1,269,828)
Mortgage premium amortization	6,514	6,710	5,292
Other short-term investment premium amortization	--	4,072,781	1,226,457
Gains on mortgage dispositions	(12,612,197)	(8,110,395)	(6,110,209)
Losses on mortgage dispositions	58,916	20,555	13,107
Loss on investment in limited partnership		--	731,951
Other operating activities	--	--	(69,086)
Equity losses (earnings) from investment in limited partnerships	49,032	(43,605)	(600,852)
Interest received under the equity method of accounting but treated as reduction of investment in limited partnerships	--	308,093	972,704
Changes in assets and liabilities:			
Decrease in receivables and other assets	650,122	614,086	1,412,097
(Decrease) increase in accounts payable and accrued expenses	(275,681)	261,661	(499,318)
Net cash provided by operating activities	13,993,393	23,710,662	24,926,538
Cash flows from investing activities:			
Proceeds from mortgage dispositions	66,837,015	56,077,712	45,263,903
Purchase of other short-term investments	--	(132,977,702)	(66,751,139)
Proceeds from sale of other short-term investments	--	128,617,469	65,491,782
Receipt of mortgage and other short-term investment principal from scheduled payments	2,294,050	3,062,993	3,008,210
Decrease in deferred costs	63,265	97,330	89,355
Annual return from investment in limited partnerships	253,292	253,292	253,292
Proceeds from sale/redemption of HUD debentures	--	6,062,502	2,334,150
Net cash provided by investing activities	69,447,622	61,193,596	49,689,553
Cash flows from financing activities:			
Dividends and return of capital paid to shareholders	(83,054,001)	(84,554,375)	(73,016,420)
Proceeds from short-term debt	--	115,631,517	56,150,273
Payment on short-term debt	--	(115,631,517)	(56,150,273)
Net cash used in financing activities	(83,054,001)	(84,554,375)	(73,016,420)
Net increase in cash and cash equivalents	387,014	349,883	1,599,671
Cash and cash equivalents,			

beginning of year	2,907,147	2,557,264	957,593
Cash and cash equivalents, end of year	$ 3,294,161	$ 2,907,147	$ 2,557,264

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

/TABLE></PAGE

CRI LIQUIDATING REIT, INC.
NOTES TO FINANCIAL STATEMENTS

1. Organization

CRI Liquidating REIT, Inc. (the Liquidating Company) is a finite-life, self-liquidating real estate investment trust (REIT) which as of December 31, 1994, owned a portfolio of 44 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 43 participation certificates evidencing a 100% undivided beneficial interest in loans insured pursuant to programs of the United States government through the Federal Housing Administration (FHA) (FHA-Insured Loans) and one security backed by a FHA-Insured Loan which has 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 1997.

The Liquidating Company is governed by a Board of Directors which includes the two shareholders of C.R.I. Inc. (CRI). The Board of Directors has engaged CRI Insured Mortgage Associates Adviser Limited Partnership (the Adviser) to act in the capacity of adviser to the Liquidating Company. The Adviser's general partner is CRI, and its limited partners include the shareholders of CRI. The Adviser and its affiliates (1) manage the Liquidating Company's assets with the goal of maximizing the returns to shareholders and (2) conduct the day-to-day operations of the Liquidating Company (See Note 3). The Adviser and its affiliates receive fees and expense reimbursements in connection with the administration and operation of the Liquidating Company. The Adviser also acts in a similar capacity for CRIIMI MAE Inc. (CRIIMI MAE) (formerly CRI Insured Mortgage Association, Inc.). However, if CRIIMI MAE shareholder approval is obtained and certain other conditions are satisfied, CRIIMI MAE will become a self-managed and self-administered REIT.

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. The Merger resulted in two new REITs: (i) the Liquidating Company, a finite-life, self-liquidating REIT, and (ii) CRIIMI MAE, an infinite-life, growth-oriented REIT. In the Merger, the Liquidating Company acquired the assets of the CRIIMI Funds. Investors in the CRIIMI Funds received, at their option, shares of common stock of either the Liquidating Company or CRIIMI MAE. To allow those investors who chose CRIIMI MAE shares to maintain their interest in the original assets of the CRIIMI Funds, CRIIMI MAE received one share of common stock of the Liquidating Company for each share of CRIIMI MAE issued in the Merger to investors in the CRIIMI Funds. As a result, CRIIMI MAE owned approximately 67% of the

1. Organization - Continued

Liquidating Company's common stock as of December 31, 1992. Following the sale of approximately 3.1 million of its shares of common stock of the Liquidating Company, in November 1993, CRIIMI MAE reduced its ownership percentage to approximately 57%. The Liquidating Company shares have been trading on the New York Stock Exchange under the trading symbol CFR since November 28, 1989.

Prior to the Merger, the Liquidating Company did not have any assets or liabilities and did not engage in any activities other than those incident to its formation and the Merger. As a result of the common control existing over the Liquidating Company, the CRIIMI Funds and CRIIMI MAE, the Merger was accounted for at historical cost in a manner similar to the pooling-of-interests method. However, for tax purposes, the Merger was treated as a taxable event resulting in a new basis being assigned to the assets. Specifically, the merger of CRI Insured Mortgage Investment Limited Partnership (CRIIMI I) into the Liquidating Company resulted in a taxable gain, while the merger of CRI Insured Mortgage Investments II, Inc. (CRIIMI II) and CRI Insured Mortgage Investments III Limited Partnership (CRIIMI III) into the Liquidating Company resulted in taxable losses. As a result, the tax bases of the CRIIMI I assets were adjusted upward and the tax bases of the CRIIMI II and CRIIMI III assets were adjusted downward.

The Liquidating Company intends to dispose of its existing government insured mortgage investments by the end of 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 1997, which plan of liquidation was approved by the Liquidating Company's Board of Directors. The Business Plan is updated for movements in interest rates and assumes that the portfolio will be liquidated by 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 year ended December 31, 1994, the Liquidating Company disposed of nineteen mortgage investments which constituted approximately 29% of the December 31, 1993 portfolio balance. The Business Plan assumes a total annual disposition rate of approximately 38% during 1995 and approximately 31% in both 1996 and 1997 based on the portfolio balance as of December 31, 1994. The Liquidating Company intends to make Voluntary Dispositions, in addition to any Involuntary Dispositions that occur, to attempt to achieve such rates and to liquidate the portfolio by 1997 in an orderly manner. Although the Liquidating Company expects to

1. Organization - Continued

profitably dispose of its government insured multifamily mortgages, there can be no assurance as to when any government insured mortgage will be disposed of by the Liquidating Company or the amount of proceeds the Liquidating Company would receive from any such disposition.

As discussed in Note 11, on January 20, 1995, the Liquidating Company sold 21 mortgage investments with an aggregate amortized cost of $48.1 million, ten of which resulted in financial statement gains and all of which resulted in tax basis gains.

The Liquidating Company has qualified and intends to continue to qualify as a REIT under Sections 856-860 of the Internal Revenue Code (the Code). As a REIT, the Liquidating Company does not pay taxes at the corporate level. Qualification for treatment as a REIT requires the Liquidating Company to meet certain criteria, including certain requirements regarding the nature of its ownership, assets, income and distributions of taxable income.

2. Summary of Significant Accounting Policies

Method of accounting

The financial statements of the Liquidating Company are prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Reclassifications

Certain amounts in the balance sheet as of December 31, 1993 and the income statements for the years ended December 31, 1992 and 1993 have been reclassified to conform with the 1994 presentation.

Cash and cash equivalents

Cash and cash equivalents consist of money market funds, time and demand deposits, commercial paper and repurchase agreements with original maturities of three months or less.

Statements of cash flows

No cash payments for interest were made during 1994. Cash payments made for interest during 1993 and 1992 totalled $2,242,347 and $966,679, respectively.

2. Summary of Significant Accounting Policies - Continued

Investment in Mortgages

In May 1993, the Financial Accounting Standards Board issued Statement on Financial Accounting Standards No. 115 "Accounting for Certain Investments in Debt and Equity Securities" (SFAS 115). This statement requires that most investments in debt and equity securities be classified into one of the following investment categories based upon the circumstances under which such securities might be sold: Held to Maturity, Available for Sale, and Trading. Generally, certain debt securities for which an enterprise has both the ability and intent to hold to maturity should be accounted for using the amortized cost method and all other securities must be recorded at their fair values. This statement was adopted as of December 31, 1993.

The Liquidating Company intends to liquidate its portfolio by 1997. In order to achieve this objective, the Liquidating Company will sell certain of its mortgage investments. Consequently, the Adviser believes that the securities held by the Liquidating Company fall into the Available for Sale category. As such, as of December 31, 1994, all mortgage investments are recorded at fair value with the net unrealized gains on its investment in mortgages reported as a separate component of shareholders' equity. Subsequent increases or decreases in the fair value of Available for Sale securities shall be included as a separate component of equity. Realized gains and losses for securities classified as Available for Sale will continue to be reported in earnings, as discussed below. Prior to December 31, 1993, the Liquidating Company accounted for its investment in mortgages at amortized cost.

The difference between the cost and the unpaid principal balance at the time of purchase is carried as a discount or premium and amortized over the remaining contractual life of the mortgage using the effective interest method. The effective interest method provides a constant yield of income over the term of the mortgage.

Mortgage investment income is comprised of amortization of the discount plus the stated mortgage interest payments received or accrued less amortization of the premium.

The Liquidating Company's investment in mortgages is comprised of Federally Insured Mortgages (as defined below) and Mortgage-Backed Securities guaranteed by GNMA. Payment of principal and interest on Federally Insured Mortgages is insured by HUD. Payment of principal and interest on Mortgage-Backed Securities is guaranteed by GNMA pursuant to Title 3 of the National Housing Act.

2. Summary of Significant Accounting Policies - Continued

At any point in time, the Liquidating Company may be aware of certain mortgages which have been assigned to HUD or for which the servicer has received proceeds from a prepayment. In addition, at certain times the Liquidating Company may have entered into a contract to sell certain mortgages. Gains from dispositions of mortgages are recognized upon the receipt of funds or HUD debentures. Losses on dispositions of mortgages are recognized when it becomes probable that a mortgage will be disposed of and that the disposition will result in a loss.

Investment in limited partnerships

The investment in limited partnerships, which do not carry any GNMA or HUD guarantees, are accounted for under the equity method. Under this method, the Liquidating Company's investment in the Participations is adjusted for the Liquidating Company's share of net earnings or losses and reduced by distributions from the limited partnerships. In addition, mortgage investment income from the mortgages of such limited partnerships, which were sold during 1993, has been reduced and income from the investment in limited partnerships has been increased to the extent the underlying interest expense is included in the Liquidating Company's share of net earnings or losses from the Participations. When received by the Liquidating Company, these interest amounts, as with distributions, reduce the investment in the Participations.

Deferred costs

Included in deferred costs are mortgage selection fees, which were paid to the former general partners or adviser to the CRIIMI Funds. These deferred costs are being amortized using the effective interest method on a specific mortgage basis from the date of the acquisition of the related mortgage to the expected dissolution date of the Liquidating Company (see Note 1). Upon disposition of a mortgage, the related unamortized fee is treated as part of the mortgage investment balance in order to measure the gain or loss on the disposition.

Also included in deferred costs are organizational and software costs which are amortized using the straight-line method.

Borrowing Policy

The Liquidating Company's Articles of Incorporation do not limit the amount or percentage of indebtedness which the Liquidating Company may incur. The Liquidating Company does not intend to incur any indebtedness, except in connection

CRI LIQUIDATING REIT, INC.
NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies - Continued

with the maintenance of its REIT status. During 1993, the Liquidating Company entered into transactions in which it incurred debt in connection with the purchase of government guaranteed mortgage-backed securities and government insured certificates backed by project loans. This debt was nonrecourse and fully secured with the purchased government guaranteed mortgage-backed securities and government insured certificates backed by project loans. As of December 31, 1993, the Liquidating Company disposed of these government guaranteed mortgage-backed securities and government insured certificates backed by project loans, and repaid the related debt.

Interest expense was based on the seller financing of a portion of the purchase price of the other short-term investments in government guaranteed mortgage-backed securities and government insured certificates backed by project loans (see Note 7).

Income taxes

The Liquidating Company has qualified and intends to continue to qualify as a REIT as defined in the Code and, as such, will not be taxed on that portion of its taxable income which is distributed to shareholders provided that at least 95% of such taxable income is distributed. The Liquidating Company intends to distribute substantially all of its taxable income and, accordingly, no provision for income taxes has been made in the accompanying financial statements. The Liquidating Company, however, may be subject to tax at normal corporate rates on net income or capital gains not distributed.

Per share amounts

Net income, dividends and return of capital per share amounts for 1994, 1993 and 1992 represent net income, dividends and return of capital, respectively, divided by the weighted average equivalent shares outstanding during each year. The per share amounts are based on the weighted average shares outstanding, including shares held for issuance pending presentation of units in the CRIIMI Funds.

Common stock

The Liquidating Company has authorized 30,425,901 shares of $.01 par value common stock and issued 30,422,711 shares as of December 31, 1994 and 1993, respectively. All shares issued are outstanding.

CRI LIQUIDATING REIT, INC.
NOTES TO FINANCIAL STATEMENTS

3. Transactions with Related Parties

Below is a summary of the amounts paid or accrued to related parties during the years 1994, 1993 and 1992.
<TABLE><CAPTION>

	For the years ended December 31,		
	1994	1993	1992
<S>	<C>	<C>	<C>
Adviser:			
Annual fee	$ 696,342(c)	$ 1,234,291(c)	$ 1,214,409
Incentive fee (a)	394,812	256,290	--
Total	$ 1,091,154	$ 1,490,581	$ 1,214,409
CRI:			
Expense reimbursement (b)	$ 285,423	$ 254,039	$ 244,457

(a) Included as a component of net (loss) 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 (as defined below) during 1994 and 1993, the Liquidating Company paid deferred annual fees during 1994 and 1993 of $118,659 and $330,087 (which included $86,395 for 1992), respectively.

</TABLE></PAGE>

The Liquidating Company has entered into an agreement with the Adviser (see Note 1) (the Advisory Agreement) under which the Adviser is obligated to evaluate and negotiate voluntary mortgage dispositions, provide administrative services for the Liquidating Company and conduct the Liquidating Company's day-to-day affairs.

The Advisory Agreement is for a term through November 27, 1995. The Advisory Agreement, absent a notice of termination or non-renewal, will be automatically renewed for successive three-year terms. The Advisory Agreement may be terminated solely for cause, as defined in the Advisory Agreement, by the Liquidating Company or the Adviser. Notice of non-renewal must be given at least 180 days prior to the expiration date of the Advisory Agreement. If the Liquidating Company terminates the Advisory Agreement other than for cause, or the Adviser terminates the Advisory Agreement for cause, in addition to compensation otherwise due, the Liquidating Company will be required to pay the Adviser a fee equal to the Annual Fee (as described below) payable for the previous fiscal year. If the Advisory Agreement is not renewed, no termination fee will be payable.

Under the Advisory Agreement, the Adviser receives compensation from the Liquidating Company as follows:

3. Transactions with Related Parties - Continued

- An Annual Fee for managing the Liquidating Company's portfolio of mortgages. The Annual Fee is calculated separately for each of the remaining mortgage pools from the former CRIIMI Funds. With respect to CRIIMI I, the Annual Fee will equal 0.75% of Average Invested Assets invested in mortgage investments transferred by CRIIMI I in the Merger, one-third of which will be deferred and paid on a cumulative basis only during such quarters as the Carryover CRIIMI I Target Yield, as discussed below, is achieved on a cumulative basis. Any such deferred amounts will be paid only out of proceeds of mortgage dispositions attributable to CRIIMI I mortgage investments representing market discount.

With respect to CRIIMI II, the Annual Fee will equal 0.75% of Average Invested Assets invested in existing mortgage investments transferred by CRIIMI II in the Merger, one-fourth of which will be deferred and paid on a cumulative basis only during such quarters as the Carryover CRIIMI II Target Yield, as discussed below, is achieved on a cumulative basis. Any such deferred amounts will be paid only out of operating income attributable to CRIIMI II mortgage investments.

With respect to CRIIMI III, the Annual Fee will equal 0.25% of Average Invested Assets invested in mortgage investments transferred by CRIIMI III in the Merger. After December 31, 1993, this fee was reduced to 0.125% for any quarter that the Carryover CRIIMI III Cumulative Annual Fee Yield, as discussed below, is not achieved.

The Carryover CRIIMI I Target Yield will be achieved during any quarter that the former CRIIMI I mortgage investments transferred in the Merger generate a cumulative yield (including gains or losses on mortgage dispositions) on amounts invested in such assets of 13.33% per annum based on financial statement income. The Carryover CRIIMI II Target Yield will be achieved during any quarter that the former CRIIMI II mortgage investments transferred in the Merger generate a cumulative yield (including gains or losses on mortgage dispositions) on amounts invested in such assets of 11.66% per annum based on financial statement income. The Carryover CRIIMI III Cumulative Annual Fee Yield will be achieved during any quarter, commencing after December 31, 1993, that the former CRIIMI III mortgage investments transferred in the Merger generate a cumulative yield (including gains or losses on mortgage dispositions) on amounts invested in such assets of 10.89% per annum based on financial statement income.

3. Transactions with Related Parties - Continued

Detail of the Annual Fees paid for the years 1994, 1993 and 1992 is as follows:

<TABLE><CAPTION>

For the year ended December 31, 1994

	Cumulative Target/Annual Yield	Actual Cumulative Yield	Annual Fees Paid Annual Component	Deferred Component	Total	Annual Fees Deferred	Cumulative Deferred
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
CRIIMI I	13.33%	13.40%	$ 237,051	$ 118,659	$ 355,710	$ --	$ --
CRIIMI II	11.66%	10.58%	266,215	--	266,215	88,297	1,961,817
CRIIMI III	10.89%	7.95%	74,417	--	74,417	--	--
Totals			$ 577,683	$ 118,659	$ 696,342	$ 88,297	$1,961,817

</TABLE></PAGE>
<TABLE><CAPTION>
For the year ended December 31, 1993

	Cumulative Target/Annual Yield	Actual Cumulative Yield	Annual Fees Paid Annual Component	Deferred Component	Total	Annual Fees Deferred	Cumulative Deferred
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
CRIIMI I	13.33%	13.33%	$ 314,595	$ 243,692	$ 558,287	$ --	$ --
CRIIMI II	11.66%	10.05%	484,147	--	484,147	162,390	1,873,520
CRIIMI III	10.89%	8.05%	191,857	--	191,857	--	--

Totals		$ 990,599	$ 243,692	$ 1,234,291	$ 162,390	$1,873,520

</TABLE></PAGE>
<TABLE><CAPTION>

For the year ended December 31, 1992

	Cumulative Target/Annual Yield	Actual Cumulative Yield	Annual Fees Paid Annual Component	Deferred Component	Total	Annual Fees Deferred	Cumulative Deferred
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
CRIIMI I	13.33%	13.24%	$ 344,090	$ 85,650	$ 429,740	$ 86,395	$ 86,395
CRIIMI II	11.66%	9.92%	540,204	--	540,204	180,068	1,711,130
CRIIMI III	10.89%	8.07%	244,465	--	244,465	--	--
Totals			$ 1,128,759	$ 85,650	$ 1,214,409	$ 266,463	$1,797,525

/TABLE></PAGE

CRI LIQUIDATING REIT, INC.
NOTES TO FINANCIAL STATEMENTS

3. Transactions with Related Parties - Continued

o The Adviser is also entitled to certain Incentive Fees (the Incentive Fee) in connection with the disposition of certain mortgage investments. Like the Annual Fee, the Incentive Fees are calculated separately with respect to mortgage investments transferred in the Merger by CRIIMI I and CRIIMI II. No Incentive Fees are payable with respect to mortgage investments transferred by CRIIMI III.

During any quarter in which either the Carryover CRIIMI I or CRIIMI II Target Yields have been achieved on a cumulative basis and the Adviser has been paid any deferred amounts of the Annual Fee, the Incentive Fee will equal approximately 9.08% of net disposition proceeds representing the financial statement gain on the related CRIIMI I or CRIIMI II mortgage investments disposed of.

The Carryover CRIIMI I Adjusted Contribution and the Carryover CRIIMI II Adjusted Share Capital equal the aggregate Adjusted Contribution of CRIIMI I investors (initial investment of investors reduced by all amounts distributed to them representing distributions of principal on their original mortgage investments other than distributions of proceeds of mortgage dispositions representing market discount that have been applied to the Target Yield) and the aggregate Share Capital of CRIIMI II investors (initial investment of investors reduced by all amounts distributed to them representing distributions of principal on their original mortgage investments other than distributions of proceeds of mortgage dispositions representing market discount that have been applied to the Target Yield), respectively, as of November 27, 1989, the consummation date of the Merger. Subsequent to November 27, 1989, the Carryover CRIIMI I Adjusted Contribution and the Carryover CRIIMI II Adjusted Share Capital are reduced by all amounts of principal received from their respective former mortgage investments, whether as part of regular mortgage payments or as proceeds of mortgage dispositions, except for proceeds of mortgage dispositions representing market discount that have been applied to the respective Target Yield.

CRI LIQUIDATING REIT, INC.
NOTES TO FINANCIAL STATEMENTS

4. Fair Value of Financial Instruments

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 December 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 following estimated fair values of the Liquidating Company's financial instruments are presented in accordance with generally accepted accounting principles. These estimated fair values, however, do not represent the liquidation value or the market value of the Liquidating Company.

<TABLE><CAPTION>

	As of December 31, 1994		As of December 31, 1993	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
<S>	<C>	<C>	<C>	<C>
Investment in Mortgages:				
Discount	$121,283,765	$139,416,004	$174,762,284	$225,447,845
Near par or premium	14,837,135	14,957,572	16,983,594	17,647,797
	136,120,900	154,373,576	191,745,878	243,095,642
Cash and cash equivalents	3,294,161	3,294,161	2,907,147	2,907,147
Accrued interest receivable	1,196,387	1,196,387	1,946,369	1,946,369

</TABLE></PAGE>

The following methods and assumptions were used to estimate the fair value of each class of financial instruments:

Investment in mortgages

The fair value of the mortgage investments is based on the average of the quoted market prices from three investment banking institutions which trade insured mortgage loans as part of their day-to-day activities.

Cash and cash equivalents and accrued interest receivable

The carrying amount approximates fair value because of the short maturity of these instruments.

CRI LIQUIDATING REIT, INC.
NOTES TO FINANCIAL STATEMENTS

5. Investment in Mortgages - Continued

As of December 31, 1994, the Liquidating Company owned 44 mortgages. These mortgage investments have a weighted average net coupon rate of approximately 7.6%, a weighted average net effective interest rate of approximately 10.02%, and a weighted average remaining term based on face value of approximately 26 years. Based on the carrying value as of December 31, 1994, approximately 90% of the 44 mortgage investments were purchased at a discount (Discount Mortgage Investments) and 10% were purchased near or at par or for a premium (Near Par or Premium Mortgage Investments). A discussion of these types of mortgages is as follows:

Federally Insured Mortgages

The Liquidating Company owns Federally Insured Mortgages on properties which were acquired by the predecessor CRIIMI Funds at a discount to face on the belief that based on economic, market, legal and other factors, such Discount Mortgage Investments might be sold for cash, converted to condominium housing or otherwise disposed of or refinanced in a manner requiring prepayment or permitting other profitable disposition three to twelve years after acquisition by the predecessor CRIIMI Funds. The Liquidating Company also owns near or at par or premium Federally Insured Mortgages on properties which the Adviser does not expect to incur a significant financial statement loss if disposed of, refinanced or otherwise prepaid prior to maturity. On a tax basis, based on current information, including the current interest rate environment, the disposition of mortgage investments is expected to result in a gain.

Mortgage-Backed Securities

The Liquidating Company also owns Mortgage-Backed Securities issued by private entities for which the monthly principal and interest payments of the underlying mortgages are guaranteed by GNMA (GNMA Mortgage-Backed Securities) or which are backed by Federally Insured Mortgages. In the original selection of Mortgage-Backed Securities, the properties underlying such securities were evaluated utilizing criteria similar to those employed in selecting the Liquidating Company's Federally Insured Mortgages.

Participating Mortgages

As of December 31, 1992, the Liquidating Company also owned three Participating Mortgage Investments. Each Participating Mortgage Investment consisted of two components: 85% of the original investment amount was a Mortgage-Backed Security; and 15% of the original investment amount was an uninsured equity contribution to the limited

5. Investment in Mortgages - Continued

partnership which owns the underlying property. The equity contributions represent a purchase of 50 percent ownership interests in the three limited partnerships and entitle the Liquidating Company to participate in 50 percent of the net available cash flow from operations and/or a portion of the residual value, if any, of the property underlying the GNMA Mortgage-Backed Security. In addition, the Liquidating Company is entitled to an annual return on its Participations. During 1993, the Liquidating Company sold the mortgage investment components of each of its Participating Mortgage Investments but retained the Participation components for all three Participating Mortgage Investments.

General

The safekeeping and servicing of the mortgage investments (excluding the Participations) is performed by various trustees and servicers under the terms of the Servicing Agreements.

Descriptions of the mortgage investments owned by the Liquidating Company which exceed approximately 3% of the aggregate carrying value of the total mortgage investments as of December 31, 1994, summarized information regarding other mortgage investments and mortgage investment income earned in 1994, 1993 and 1992, including interest earned on the disposed mortgage investments, are as follows:

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CRI LIQUIDATING REIT, INC.
NOTES TO FINANCIAL STATEMENTS

5. Investment in Mortgages - Continued

<TABLE><CAPTION>

Complex Name	Face Amount of Mortgages (B)	Carrying Value of Mortgages (A),(C),(D)
<S>	<C>	<C>
Federally Insured Mortgages (FHA)		
Discount		
Cloverset Valley Apts.	$ 9,846,791	$ 9,152,039
Cinnamon Run I	10,429,771	9,694,186
Crestwood Villas	6,632,442	6,164,831
Crooked Creek Apts.	6,231,137	5,791,422
Pleasantdale Apts.	6,361,176	5,665,077
Villa de Mission	7,522,189	6,992,624
1120 North LaSalle	13,503,221	12,027,256
Firethorn I	6,796,175	6,316,475
Windrush Apts.	6,685,966	6,214,155
Other (29 mortgages)	78,605,516	71,397,939
Near Par or Premium		
Other (5 mortgages)	11,581,234	11,871,525
Mortgage-Backed Securities (GNMA) Near Par or Premium		
Other (1 mortgage)	2,997,210	3,086,047
Investment in Mortgages	$167,192,828	$154,373,576
Investment in Limited Partnerships	$ --	$ 133,766

</TABLE>

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CRI LIQUIDATING REIT, INC.
NOTES TO FINANCIAL STATEMENTS

5. Investment in Mortgages - Continued

<TABLE><CAPTION>

Complex Name	Effective Interest Rate	Mortgage Investment Income Earned in 1994	Mortgage Investment Income Earned in 1993	Mortgage Investment Income Earned in 1992	Final Maturity Date

<S>	<C>	<C>	<C>	<C>	<C>
Federally Insured Mortgages (FHA)					
Discount					
Cloverset Valley Apts.	11.28%	$ 806,970	$ 810,494	$ 813,643	April 2023
Cinnamon Run I	11.18%	855,700	859,709	863,296	November 2022
Crestwood Villas	10.21%	537,407	540,597	543,479	July 2022
Crooked Creek Apts.	11.27%	510,143	512,330	514,285	June 2023
Pleasantdale Apts.	10.62%	513,352	515,557	517,541	September 2024
Villa de Mission	11.12%	622,834	626,418	629,627	March 2021
1120 North LaSalle	9.78%	1,084,825	1,091,728	1,097,990	February 2022
Firethorn I	12.28%	561,154	563,026	564,683	September 2023
Windrush Apts.	12.29%	552,993	554,892	556,573	June 2023
Other (29 mortgages)	8.35%- 12.48%	6,329,418	6,409,245	6,462,168	September 2012- March 2025
Near Par or Premium					
Other (5 mortgages)	9.22%- 10.79%	1,134,337	1,143,151	1,151,149	February 2023- June 2025
Mortgage-Backed Securities (GNMA) Near Par or Premium					
Other (1 mortgage)	10.14%	294,014	295,749	297,318	September 2022
Subtotals		$13,803,147	$ 13,922,896	$14,011,752	
Less Liquidating Company's share of mortgage interest relating to investment in limited partnerships accounted for under the equity method (see Note 2)		--	(308,093)	(972,704)	
Mortgage Dispositions:					
1992	9.48%- 12.04%	--	--	916,225	
1993	8.44%- 11.79%	--	2,625,933	5,116,300	
1994	8.44%- 12.12%	1,591,108	5,422,667	5,460,063	
Mortgage Investment Income		$ 15,394,255	$ 21,663,403	$24,531,636	
(Loss) Income from Investment in Limited Partnerships		$ (49,032)	$ 43,605	$ 600,852	

</TABLE>

CRI LIQUIDATING REIT, INC.
NOTES TO FINANCIAL STATEMENTS

5. Investment in Mortgages - Continued

(A) All mortgages are collateralized by first liens on residential apartment or townhouse complexes which have diverse geographic locations and are Federally Insured Mortgages or Mortgage-Backed Securities issued or sold pursuant to a program of GNMA. Payment of principal and interest on Federally Insured Mortgages is insured by HUD. Payment of the principal and interest on Mortgage-Backed Securities is guaranteed by GNMA pursuant to Title 3 of the National Housing Act. The investment in limited partnerships is not federally insured or guaranteed.

(B) Principal and interest are payable at level amounts over the life of the mortgage investment. Total annual debt service payable to the Liquidating Company (including the annual return on one Participation) for the mortgage investments held as of December 31, 1994, is approximately $15 million.

(C) Reconciliations of the carrying amount of the mortgage investments for the years ended December 31, 1994 and 1993 follow:

<TABLE><CAPTION>

<S>	For the year ended December 31, 1994 <C>	<C>	For the year ended December 31, 1993 <C>	<C>
Balance at beginning of year		$ 243,095,642		$ 247,240,444
Additions during year:				
Amortization of discount		959,320		1,306,553
Net unrealized gains on investment in mortgages		--		51,349,764
Deductions during year:				
Principal payments	$ 2,294,050		$ 2,744,035	
Mortgage dispositions	54,283,734		54,050,374	
Adjustment to net unrealized gains on investment in mortgages	33,097,088		--	
Amortization of premium	6,514	89,681,386	6,710	56,801,119
Balance at end of year		$ 154,373,576		$243,095,642

</TABLE></PAGE>

(D) Principal Amount of Loans Subject to Delinquent Principal or Interest is not presented since all required payments with respect to these Federally Insured Mortgages or Mortgage-Backed Securities are current and none of these mortgages are delinquent as of December 31, 1994.

5. Investment in Mortgages - Continued

Historical Dispositions

<TABLE><CAPTION>

Year <S>	Type of Dispositions: Assignment(1) <C>	Sale <C>	Prepayment <C>	Total <C>	Net Gain Recognized for Financial Statement Purposes <C>	Net Gain Recognized For Tax Purposes(3) <C>
1992	3	0	0	3	$ 6,097,102	$ 11,202,237
1993	2	5	3	10	8,089,840	14,938,128
1994	3	14	2	19	12,553,281	18,354,126
	8(2)	19	5	32	$26,740,223	$44,494,491

(1) The Liquidating Company may elect to receive insurance benefits in the form of cash when a government insured multifamily mortgage defaults. In that event, for FHA Insured Loans 90% of the face value of the mortgage generally is received within approximately 90 days of assignment of the mortgage to HUD and 9% of the face value of the mortgage is received upon final processing

by HUD which may not occur in the same year as assignment. If the Liquidating Company elects to receive insurance benefits in the form of debentures, 99% of the face value of the mortgage is received upon final processing by HUD. In the event of a default on a GNMA Mortgage-Backed Security, 100% of the face value of the security is received upon final processing by GNMA. Gains from dispositions are recognized upon receipt of funds or debentures and losses are recognized at the time of assignment.

(2) Five of the eight assignments were sales of government insured multifamily mortgages then in default and resulted in the Liquidating Company receiving face value or near face value.

(3) In connection with the Merger, the Liquidating Company recorded its investment in mortgages at the lower of cost or fair value, which resulted in an overall net write down for tax purposes. For financial statement purposes, carryover basis of accounting was used. Therefore, since the Merger, the net gain for tax purposes was greater than the net gain recognized for financial statement purposes. As a REIT, dividends to the Liquidating Company's shareholders are based on net gains recognized for tax purposes.

</TABLE></PAGE>

6. Reconciliation of Financial Statement Net Income to Tax Basis Income

On an annual basis, the Liquidating Company expects to distribute to its shareholders virtually all of its tax basis income.

6. 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 years ended December 31, 1994, 1993 and 1992 are as follows:

<TABLE><CAPTION>

<S>	1994 <C>	1993 <C>	1992 <C>
Financial statement net income	$26,924,993	$27,636,126	$28,809,166
Adjustments:			
Nondeductible expense:			
Amortization of deferred costs	122,750	251,203	305,057
Additional income (loss) due to basis differences:			
Mortgage dispositions	5,800,845	6,848,288	5,105,135
Loss on investment in limited partnership	--	--	731,951
Reamortization of mortgages	477,071	589,793	664,204
(Loss) Income from investment in limited partnerships	(13,753)	192,081	490,766
Amortization of premium - other short-term investments	--	3,862,866	1,201,037
Disposition of other short-term investments	--	(3,862,866)	(1,202,579)
Tax basis income	$33,311,906	$35,517,491	$36,104,737
Tax basis income per share	$ 1.09	$ 1.17	$ 1.19

</TABLE></PAGE>

Differences in the financial statement net income and the tax basis income principally relate to differences in the tax bases of assets and liabilities and their related financial reporting amounts resulting from the Merger and the acquisition of other short-term investments. Such differences relate to investments in mortgages, other short-term investments, and deferred costs.

CRI LIQUIDATING REIT, INC.
NOTES TO FINANCIAL STATEMENTS

6. Reconciliation of Financial Statement Net Income to Tax Basis Income - Continued

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 year ended December 31, 1994, dividends of $2.73 per share were paid to shareholders. The nature of these dividends for income tax purposes on a per share basis is as follows:

<TABLE><CAPTION>

<S>	Non-taxable Dividend <C>	Capital Gain <C>	Ordinary Income <C>	Total <C>	Record Date <C>
Quarter ended March 31, 1994	$ 1.05	$ 0.39	$ 0.31	$ 1.75	March 24, 1994
Quarter ended June 30, 1994	0.15	0.06	0.05	0.26	June 20, 1994
Quarter ended September 30, 1994	0.09	0.03	0.02	0.14	September 19, 1994
Quarter ended December 31, 1994	0.35	0.12	0.11	0.58	December 19, 1994
Year-to-date December 31, 1994	$ 1.64	$ 0.60	$ 0.49	$ 2.73	

</TABLE>

7. Other Short-term Investments

On January 28, 1993, October 15, 1993 and October 28, 1993, the Liquidating Company entered into investment and financing agreements with Daiwa Securities America, Inc. (Daiwa). These transactions assisted in maintaining the Liquidating Company's REIT status. Pursuant to the terms of these agreements, the Liquidating Company invested in GNMA mortgage-backed securities or certificates backed by FHA-Insured project loans (collectively, the Securities) with unpaid principal balances of approximately $74.7 million, $40.3 million and $11.9 million, respectively, at purchase prices of 104.615%, 106.41% and 100.8%, respectively, of the face values, which earned interest at per annum pass-through coupon rates of 9.1875%, 13.18% and 8.625%, respectively. In addition, Daiwa provided financing for approximately 99% and 86% of the purchase price for the transactions which occurred on January 28, 1993 and October 15, 1993, respectively, at an interest rate of approximately 3.35%. The related debt was non-recourse and fully secured with the Securities which were held by Daiwa in the Liquidating Company's name. The Liquidating Company disposed of these Securities and repaid the related debt by the end of 1993. These investments

7. Other Short-term Investments - Continued

provided a net interest rate spread (after borrowing costs) of approximately 4%, 3.5% and 3.5%, respectively.

8. Summary of Quarterly Results of Operations (Unaudited)

The following is a summary of unaudited quarterly results of operations for the years ended December 31, 1994, 1993 and 1992:

<TABLE><CAPTION>

	1994 Quarter ended			
	March 31	June 30	September 30	December 31
<S>	<C>	<C>	<C>	<C>
Income (primarily mortgage investment income)	$ 4,521,596	$ 3,956,781	$ 3,821,785	$ 3,662,142
Net gain (loss) on mortgage dispositions	11,826,341	456,640	(782)	271,082
Net income	15,787,800	4,042,601	3,474,928	3,619,664
Net income per share	.52	.13	.11	.13

</TABLE></PAGE>
<TABLE><CAPTION>

	1993 Quarter ended			
	March 31	June 30	September 30	December 31
<S>	<C>	<C>	<C>	<C>
Income (primarily mortgage investment income)	$ 6,473,945	$ 6,445,357	$ 6,125,585	$ 5,566,449
Net gain on mortgage dispositions	2,058,901	436,123	509,567	5,085,249
Net income	7,338,417	5,583,956	5,167,514	9,546,239
Net income per share	.24	.18	.17	.31

</TABLE></PAGE>

<TABLE><CAPTION>

	1992 Quarter ended			
	March 31	June 30	September 30	December 31
<S>	<C>	<C>	<C>	<C>
Income (primarily mortgage investment income)	$ 7,030,851	$ 6,395,139	$ 7,095,501	$ 6,741,768
Net gain on mortgage dispositions	5,409,909	4,170	620,747	62,276
Loss on investment in limited partnership	--	--	--	(731,951)
Net income	11,624,859	5,649,572	6,523,786	5,010,949
Net income per share	.38	.19	.21	.17

</TABLE></PAGE>

9. Settlement of Litigation

On March 22, 1990, a complaint was filed on behalf of a class comprised of certain former investors of CRIIMI III and CRIIMI II (the Plaintiffs) in the Circuit Court for Montgomery County, Maryland against the Liquidating Company, CRIIMI MAE, CRIIMI I and its general partner, CRIIMI II, CRIIMI III and its general partner, CRI, and Messrs. William B. Dockser, H. William Willoughby and Martin C. Schwartzberg (the Defendants). On November 18, 1993, the Court entered an order granting final approval of a settlement agreement between the Plaintiffs and the Defendants. Under the terms of the settlement, CRIIMI MAE agreed to issue to class members, including certain former investors of CRIIMI I, warrants for up to 2.5 million CRIIMI MAE shares exercisable for 18 months after issuance at an exercise price of $13.17 per share. In addition, the settlement included a payment of $1,400,000 for settlement administration costs and Plaintiff's attorneys' fees and expenses. Insurance provided $1,150,000 of the $1,400,000 cash payment, with the balance paid by CRIIMI MAE. The number of warrants to be issued was dependent on the number of class members who submitted proof of claim forms by April 15, 1994. Based on the proofs of claim submitted as of such date, CRIIMI MAE issued warrants for approximately 334,000 shares pursuant to the settlement agreement. In April 1994, CRIIMI MAE filed a Registration Statement on Form S-3 (Commission File No. 33-53031) to register up to 375,000 shares of CRIIMI MAE's common stock, issuable upon the exercise of the warrants of CRIIMI MAE.

10. Investment in Limited Partnerships

The Liquidating Company 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.

In December 1994, the Liquidating Company entered into a revised option agreement granting the option to an affiliate of the general partner to purchase the Liquidating Company's limited partner interest in Laurel Investors Limited Partnership (one of the Participations), on or before November 30, 1997. In the event the option is not exercised, the Liquidating Company can exercise remedies under the Third Amendment to Limited Partnership Agreement of Laurel Investors Limited Partnership. It is not anticipated that the exercise of such remedies would result in any material adverse impact on the results of operations or financial position of the Liquidating Company.

11. Subsequent Event

On January 20, 1995, in accordance with the Business Plan, the Liquidating Company sold 21 mortgage investments with an aggregate amortized cost of $48.1 million at December 31, 1994, ten of which resulted in a financial statement gain and all of which resulted in tax basis gains. The 21 dispositions resulted in net financial statement gains of approximately $1.6 million

11. Investment in Limited Partnerships - Continued

and tax basis gains of approximately $9.5 million. The sales of these mortgage investments constitute approximately 33% of the December 31, 1994 tax basis portfolio balance. As a result of the sales, the Liquidating Company received aggregate net proceeds of approximately $49.7 million.

<TABLE><CAPTION>

Directors and Executive Officers

Name	Liquidating Company Position	Principal Occupation
<S>	<C>	<C>
William B. Dockser	Chairman of the Board	Chairman of the Board and Shareholder - C.R.I., Inc.
H. William Willoughby	Director, President and Secretary	President, Secretary, Director and Share-holder - C.R.I., Inc.
Garrett G. Carlson, Sr.	Director	Chairman of the Board- SCA Realty, Inc.; President - Can American Realty Corporation and Canadian Financial Corporation

G. Richard Dunnells	Director	Partner - Holland & Knight
Robert F. Tardio	Director	Retired
Jay R. Cohen	Executive Vice President and Treasurer	Senior Vice President, Mortgages - C.R.I., Inc.
Cynthia O. Azzara	Vice President and Chief Financial Officer	Vice President and Chief Financial Officer

/TABLE></PAGE

The Annual Report to the Securities and Exchange Commission on Form 10-K is available to Shareholders and may be obtained by writing:

Investor Services/CRI Liquidating REIT, Inc.
C.R.I., Inc.
The CRI Building
11200 Rockville Pike
Rockville, Maryland 20852

CRI Liquidating REIT, Inc. shares are traded on the New York Stock Exchange under the symbol CFR.
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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED
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