W.C. and A.N. Miller Development Company

Consolidated Financial Statements

For the Years Ended September 30, 1997 and 1996

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W.C. AND A.N. MILLER DEVELOPMENT COMPANY
CONSOLIDATED BALANCE SHEET
SEPTEMBER 30, 1997 AND 1996

ASSETS

	1997	1996
REAL ESTATE - At cost		
Investment property	$ 22,654,680	$ 21,822,828
Accumulated depreciation	(8,186,397)	(7,697,635)
	14,468,283	14,125,193
Unimproved land	11,174,679	10,684,216
	25,642,962	24,809,409
INVESTMENTS	834,139	3,930,425
OPERATING ASSETS		
Cash and cash equivalents	2,172,593	3,397,463
Accounts receivable	368,129	176,776
Income tax refunds receivable	10,912	19,080
Notes receivable	962,996	963,701
Jobs-in-progress and completed homes	3,784,603	2,114,012
Land - subdivided lots (construction not started)	3,072,593	3,930,620
Prepaid expenses	65,947	94,180
Fixed assets (net of accumulated depreciation of $2,082,705 and $1,982,882)	934,681	1,041,328
Deferred charges and other assets	3,687,649	3,721,089
	15,060,103	15,458,249
TOTAL ASSETS	$ 41,537,204	$ 44,198,083

LIABILITIES AND STOCKHOLDERS' EQUITY

	1997	1996
INVESTMENT PROPERTY LIABILITIES		
Investment property notes payable	$ 23,739,130	$ 24,177,824
Unimproved land loans payable	3,952,367	4,062,206
	27,691,497	28,240,030
OPERATING LIABILITIES		
Dividends payable	28,007	28,007
Accounts payable	926,926	614,564
Accrued expenses	332,968	390,623
Notes payable	8,340,489	7,699,541
Deposits on contracts	880,522	1,300,850
Escrow funds and rent deposits	332,229	326,652
	10,841,141	10,360,237
DEFERRED INCOME TAXES	104,383	898,044
MINORITY INTEREST IN CONSOLIDATED ENTITY		
Haymount Limited Partnership deficit	(693,417)	(503,081)
STOCKHOLDERS' EQUITY		
Common stock - $100 par value, 10,000 shares authorized, 8,002 shares issued and outstanding	800,200	800,200
Retained earnings	2,793,400	4,402,653
TOTAL STOCKHOLDERS' EQUITY	3,593,600	5,202,853
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 41,537,204	$ 44,198,083

W.C. AND A.N. MILLER DEVELOPMENT COMPANY
CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEARS ENDED SEPTEMBER 30, 1997 AND 1996

EXHIBIT B

	1997	1996
GROSS OPERATING INCOME		
Sales	$ 7,034,447	$ 6,278,085
Commissions	9,844,638	7,405,220
Rent	8,083,064	7,312,340
	24,962,149	20,995,645
OPERATING EXPENSES		
Cost of sales, commissions and other operating expenses	18,187,982	15,681,307
Property taxes	659,459	735,304
Interest	2,236,936	1,964,958
Depreciation	643,028	635,220
	21,727,405	19,016,789
NET OPERATING INCOME	3,234,744	1,978,856
GAIN ON SALE OF LOTS	188,585	1,742,419
INTEREST INCOME	130,769	153,133
PARTNERSHIP NET OPERATING LOSS	(177,113)	(521,611)
NON-REAL ESTATE SUBSIDIARY LOSS	(61,729)	(5,728)
MISCELLANEOUS INCOME	44,842	51,564
TOTAL INCOME	3,360,098	3,398,633
EXPENSES		
General and administrative		
Salaries and payroll expenses	1,060,729	1,093,087
Professional and directors' fees	980,365	566,085
Interest - general	780,098	780,378
Depreciation	76,804	82,254
Provision for profit sharing	25,486	213,871
Other	1,160,841	1,323,301
Allocation to direct expenses	(1,020,396)	(1,173,024)
	3,063,927	2,885,952
Carrying charges - land		
Property taxes	149,351	166,539
Investment interest expense	300,430	324,662
Other	27,821	93,641
	477,602	584,842
TOTAL EXPENSES	3,541,529	3,470,794
NET LOSS BEFORE LOSS ON LIQUIDATION OF PARTNERSHIP INVESTMENT AND INCOME TAX	(181,431)	(72,161)
LOSS ON LIQUIDATION OF PARTNERSHIP INVESTMENT	1,884,999	-
NET LOSS BEFORE INCOME TAX	(2,066,430)	(72,161)
Income tax benefit	(793,261)	(23,957)
NET LOSS	(1,273,169)	(48,204)
RETAINED EARNINGS AT BEGINNING OF YEAR	4,402,653	4,886,941
Dividends declared	(336,084)	(436,084)
RETAINED EARNINGS AT END OF YEAR	$ 2,793,400	$ 4,402,653

See Notes to Financial Statements

W.C. AND A.N. MILLER DEVELOPMENT COMPANY
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 1997 AND 1996

EXHIBIT C

	1997	1996
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	$ (1,273,169)	$ (48,204)
Adjustments to reconcile net loss to net cash provided by operating activities		
Depreciation and amortization	719,832	717,474
Loss on liquidation of partnership investment	1,884,999	-
Partnership net operating loss	177,113	521,611
Partnership operating distributions	89,687	122,571
Deferred income tax	(793,661)	(24,357)
Gain on disposal of fixed assets	(9,409)	(2,500)
Land and land development costs of lots sold	776,766	988,347
Changes in operating assets and liabilities		
(Increase) decrease in		
Accounts receivable	(191,353)	(13,484)
Income tax refunds receivable	8,168	(19,080)
Jobs-in-progress and completed homes	(1,547,068)	750,607
Other operating assets	(110,580)	8,456
Increase (decrease) in		
Accounts payable	312,362	(262,193)
Deposits on contracts	(420,328)	432,787
Income tax payable	-	(105,320)
Other operating liabilities	(52,078)	70,635
	(428,719)	3,137,350
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions and improvements to investment property	(659,599)	(386,203)
Land development costs	(534,727)	(900,285)
Capital contribution to partnership	(145,000)	(390,310)
Proceeds from liquidation of partnership interest	1,089,487	-
Redemption (acquisition) of U.S. Treasury securities	-	275,892
Fixed assets purchased	(123,572)	(318,492)
Proceeds from fixed assets sales	10,560	2,500
Additions to notes receivable	(51,342)	(85,408)
Curtailment of notes receivable	52,047	56,321
	(362,146)	(1,745,985)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on investment property notes payable	(438,694)	(6,072,629)
Proceeds from investment property notes payable	-	10,273,032
Payments on unimproved land notes	(109,839)	(111,135)
Payments on operating notes payable	(1,914,018)	(3,688,603)
Proceeds from operating notes payable	2,554,966	124,115
Increase in minority interests in partnership deficit	(190,336)	(175,576)
Dividends paid	(336,084)	(436,084)
	(434,005)	(86,880)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,224,870)	1,304,485
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	3,397,463	2,092,978
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 2,172,593	$ 3,397,463

See Notes to Financial Statements

EXHIBIT C

SUPPLEMENTAL INFORMATION

	1997	1996
Cash paid for interest	$ 3,298,263	$ 3,271,182
Cash paid for income tax	$ 20,400	$ 124,800

NON-CASH FINANCING AND INVESTING ACTIVITIES FOR 1996

- The Company added land and a company-built house with a total cost of $419,030 to investment property. This property was included in jobs-in-progress at September 30, 1995 at $291,524. Additional costs of $127,506 were incurred during the year ended September 30, 1996 and are included above in investing activities.

- The Company financed $47,022 of costs added to unimproved land in Haymount Limited Partnership by an addition of principal to an existing note payable.

NOTE 1: GENERAL BACKGROUND

The consolidated financial statements include the accounts of W.C. and A.N. Miller Development Company and all of its wholly-owned subsidiaries and majority owned ventures (the Company). Intercompany transactions and balances have been eliminated in consolidation. The consolidated financial statements include the accounts of the following companies, which have a year-end of September 30:

	Form of Entity	Percentage of Ownership
Haymount Corporation	Corporation	100%
F&R Corporation of Virginia	Corporation	100%
W.C. and A.N. Miller Referral Company	Corporation	100%
Spring Valley Liquor Corporation	Corporation	100%
Haymount Limited Partnership	Partnership	85%

W.C. and A.N. Miller Development Company and its subsidiaries are primarily engaged in real estate development, construction of residential homes, brokerage sales, investment property rental and property management in the District of Columbia, Maryland and Virginia. The net income or loss of Spring Valley Liquor Corporation, which was organized to operate a retail store, is shown separately in the consolidated statement of income and retained earnings. Spring Valley Liquor Corporation was liquidated during the year ended September 30, 1997.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

Accounting Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the financial statements, and the reported amounts of income and expense during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include cash on deposit with banks and certificates of deposit, U.S. Treasury securities and all other highly liquid debt instruments purchased with a maturity of three months or less.

Fixed Assets and Depreciation

Real estate shown as investment property and furniture, fixtures and equipment shown as operating assets are carried at cost less accumulated depreciation. These assets are depreciated over their estimated useful lives, primarily by the straight-line method.

Inventory

The Company's unimproved land is carried at historical cost. Jobs-in-progress and completed homes are carried at cost determined under the specific cost method of accounting, including a provision for overhead, interest and real estate taxes during the period of development and construction. Income on lot and home sales is recognized at the time of settlement.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Real Estate Tax, Interest and Insurance Expense

Property taxes are expensed when levied, except those capitalized as part of inventory, investment property during construction, or subdivided lots. Interest expense during the construction period of new homes or investment property, and during land development, is capitalized. Insurance premiums for policy periods of one year or less are expensed as incurred.

Income Taxes

Deferred income tax is provided for temporary differences in reporting income for financial statement and tax purposes primarily arising from different methods of accounting for depreciation, rental income and employee compensation. Accelerated depreciation methods are used for income tax reporting and straight-line depreciation is used for financial statements. Rental income is recognized when received for income tax purposes and when earned for financial statements. Employee compensation for annual leave is recognized when paid for income tax purposes and when incurred for financial statements. The provision for deferred income taxes is computed under the liability method whereby deferred income tax expense (benefit) is recognized for the net change during the year in the Company's deferred tax liability or asset. The liability or asset is computed using current rates.

Rental Income

In response to market conditions in the commercial real estate industry, the Company may provide incentives to tenants, in the form of reduced rent or free rent, during a portion of the lease term. These incentives are accounted for by recognizing the total base rent receivable under the terms of the lease in equal monthly amounts over the lease period. The cumulative excess of rent accrued under this method is included on the balance sheet in other assets (as deferred rent concessions).

A Company-owned office building at 4315 50th Street, Washington, D.C., is included on the balance sheet as investment property. This building is occupied by the Company and for each of the years ended September 30, 1997 and 1996, rental income of $320,572 attributed to this property based on fair rental value is reflected in gross operating income, with the same totals allocated and recognized as rental expense of various departments.

NOTE 3: PROFIT SHARING PLAN

The Company sponsors a defined contribution profit sharing plan, which covers substantially all employees. The annual contribution is based on Company earnings, but may not exceed 15% of the compensation of all participants. In addition, the plan provides for matching contributions in accordance with Internal Revenue Code Section 401(k). Contributions for the years ended September 30 were:

	1997	1996
Matching contributions	$ 25,486	$ 13,871
Annual contribution	-	200,000
	$ 25,486	$ 213,871

NOTE 4: UNIMPROVED LAND

At September 30, 1997 and 1996, the balance of unimproved land includes $10,770,409 and $10,279,946, respectively, for acquisition and pre-development costs for approximately 1,600 acres in Caroline County, Virginia. This land is held by Haymount Limited Partnership.

NOTE 5: INVESTMENTS

Investments consist of the following at September 30:

	1996	Additional Investment	Net Income (Loss)	Partnership Distributions	Loss on Dissolution	1997
F&R Limited Partnership - at equity						
General partner (5.000% interest)	$ 79,296	$ -	$ (3,372)	$ -	$ -	$ 75,924
Limited partner (45.000% interest)	713,661	-	(30,345)	-	-	683,316
Tiber Island Associates (14.285% limited partner interest) - at equity	43,295	-	56,242	(44,816)	-	54,721
T.I. Associates Limited Partnership (7.3% limited partner interest) - at equity	16,692	-	47,936	(44,871)	-	19,757
Miscellaneous stock - at cost	421	-	-	-	-	421
Two Bethesda Metro Center Limited Partnership (one-sixth limited partner interest) - at equity	3,034,280	145,000	(247,574)	(1,046,707)	(1,884,999)	-
CMS Realty, Inc. (one-third interest) - at cost	42,780	-	-	(42,780)	-	-
	$ 3,930,425	$ 145,000	$ (177,113)	$ (1,179,174)	$ (1,884,999)	$ 834,139

The Company holds a 50% total interest in F&R Limited Partnership, which holds land for development in Front Royal, Virginia. The Company's investment as a limited partner is 45%, with an additional 5% interest held by the Company's wholly-owned subsidiary, F&R Corporation of Virginia, as the general partner. As of September 30, 1997 and 1996, the Company's notes receivable include $651,190 and $589,311 from F&R Limited Partnership.

As of September 30, 1996, the Company held a one-third interest in Two Bethesda Metro Center Limited Partnership through its one-sixth limited partner interest and a one-third interest in CMS Realty, Inc. which held a 50% general partner interest. The Partnership originally acquired land with the intent of constructing an office building in Bethesda, Maryland. On February 27, 1997, the land was sold and the Partnership was subsequently liquidated. The Company received cash distributions totaling $1,089,487 and recognized a loss on the liquidation of the Partnership of $1,884,999. As of September 30, 1996, the Company's notes receivable included $52,047 from the Partnership.

NOTE 6: DEFERRED CHARGES AND OTHER ASSETS

The balance consists of the following at September 30:

	1997	1996
Deferred construction costs	$ 1,727,391	$ 1,296,771
Deferred leasing commissions	415,060	446,331
Deferred charges on investment property	412,918	529,854
Deferred rent concessions	273,316	303,210
Deferred start-up costs	153,539	284,415
Operation Safe Removal	617,086	588,418
Environmental clean-up costs	-	220,794
Other	88,339	51,296
	$ 3,687,649	$ 3,721,089

NOTE 6: DEFERRED CHARGES AND OTHER ASSETS - continued

At September 30, 1997 and 1996, deferred construction costs include $1,662,666 and $761,726 of costs associated with the expansion and improvement of the Company's commercial property known as Little Falls Mall in Montgomery County, Maryland. Costs capitalized include architectural, engineering, appraisal and legal fees in the initial planning of Mall improvements.

During January 1993, excavation work at the Company's Spring Valley subdivision in Washington, D.C. unearthed live chemical munitions which the U.S. Army had buried there, without marking or warning, in or about 1917-1918. The U.S. Army promptly assumed full responsibility for investigation, removal and clean-up of buried munitions ("Operation Safe Removal"). As a result of the Army's negligent acts or omissions in burying the live chemical munitions, which the Company first discovered in January 1993, the Company has incurred substantial expenses responding to the emergency situation, as well as substantial losses on account of the interruption to its business and lost opportunity costs. The Company has filed suit against the U.S. Government to recover these losses and expenses caused by the Army's negligent acts or omissions. A portion of those losses and expenses is listed above ("Operation Safe Removal") including but not necessarily limited to community center, on-site expenses, legal costs and other professional expenses.

As of September 30, 1996, the Company had deferred costs related to environmental damage caused by fuel contamination at one of its rental properties in Washington, D.C. and was seeking reimbursement of costs and damages from the former tenant. During the year ended September 30, 1997, the Company settled its action with the former tenant for $80,000, plus obligation for any future costs, and expensed the balance of the deferred costs.

NOTE 7: OPERATING NOTES PAYABLE

The balance of notes payable consists of the following obligations:

	Terms	1997	1996
Line of credit	Interest only payable monthly at 1.25% above prime rate. Minimum annual principal curtailment of $1,222,120 (per loan modification of November 21, 1997) secured by Spring Valley lots. Balance originally due September 1996 with 3 one-year renewal options	$ 3,666,365	$ 5,041,250
Line of credit	Interest adjusted annually. Secured by land and building at 4820 Massachusetts Avenue. Expires October 1, 2001	2,023,880	-
Short-term loan	Payable November 30, 1997, with interest at 7%	200,000	200,000
Subordinated debentures	Interest only payable monthly at prime, issued between January and May 1991, due one year from date of issue with annual extension options	2,330,000	2,330,000
Equipment notes	Various obligations secured by operating equipment	120,244	128,291
		$ 8,340,489	$ 7,699,541

As of September 30, 1997, the required curtailment of obligations for the years ended September 30, is as follows:

1998	$ 1,466,064
1999	1,258,038
2000	1,248,247
2001	12,405
2002	1,855
2003 and after	4,353,880
	$ 8,340,489

NOTE 8: INVESTMENT PROPERTY LIABILITIES

This balance consists of notes payable which are secured as follows:

Investment property	Terms	1997	1996
4900 Massachusetts Avenue, N.W. Washington, D.C.	$27,873 payable monthly including 8.54% interest, balance due 9-29-00, with extension option to 9-29-05	$ 3,363,422	$ 3,408,552
Little Falls Mall Maryland	$63,750 payable monthly including 8.375% interest, balance due 9-1-99, with extension option to 9-1-02	7,892,097	7,982,778
4300 Fordham Road, N.W. Washington, D.C.	$12,668 payable monthly including 9.0% interest, balance due 8-1-03	687,908	773,764
Sumner Apartments Maryland	$34,628 payable monthly including 7.96% interest, balance due 12-1-03	4,564,334	4,614,237
4910 Massachusetts Avenue, N.W. Washington, D.C.	$73,928 payable monthly including 10 5/8% interest, with remaining principal due 3-1-99	6,764,391	6,923,503
5105 Warren Place, N.W. Washington, D.C.	$4,596 payable monthly, including 10.0% interest, balance due 7-1-16	466,978	474,990
		23,739,130	24,177,824
Unimproved land			
Land - Caroline County, Virginia - Haymount Limited Partnership	$584 payable monthly including 9.5% interest, note matures 5-19-16	61,109	62,247
	$5,000 payable monthly with additional payment of $50,000 annually, including 6% interest, final payment on 1-1-99. Unsecured note for land development costs	239,539	332,730
	Principal payable in annual installments of $700,000 beginning in September 1998. Interest payable monthly at variable rates	3,500,000	3,500,000
	$1,164 payable monthly including 8.25% interest, balance due 4-30-05	151,719	153,113
	$1,825 payable monthly including 9.0% interest, final payment due 6-8-97	-	14,116
		3,952,367	4,062,206
Total investment property liabilities		$ 27,691,497	$ 28,240,030

NOTE 8: INVESTMENT PROPERTY LIABILITIES - continued

As of September 30, 1997, the required curtailment of obligations for the years ended September 30, is as follows:

1998	$ 1,283,219
1999	7,772,354
2000	1,074,908
2001	1,108,323
2002	8,406,650
2003 and after	8,046,043
	$ 27,691,497

NOTE 9: INCOME TAX

Income tax (benefit) expense consists of the following:

	1997	1996
Current income tax	$ 400	$ 400
Deferred income tax	(793,661)	(24,357)
Income tax expense (benefit) - Exhibit B	$ (793,261)	$ (23,957)

At September 30, 1997 and 1996, the components of the balance of deferred income tax liability were related to:

	1997	1996
Depreciation	$ 1,160,046	$ 1,087,093
Rental income	18,082	78,699
Accrued expenses	(77,014)	(65,478)
Tax credit carryforwards	(165,672)	(127,312)
Net operating loss carryforwards	(831,059)	(74,958)
	$ 104,383	$ 898,044

NOTE 10: REMOVAL OF CONTINGENT LIABILITY

As of September 30, 1996, the Company had severally guaranteed one-third of the principal balance outstanding on a line of credit extended to Two Bethesda Metro Center Limited Partnership, in which the Company held a one-third interest. In addition, the Company jointly and severally guaranteed the payment of all partnership interest and other expenses in connection with the loan. Sale of the Partnership's land on February 27, 1997 resulted in payoff of the loan and the Company was relieved of liability in connection with its guarantees.

NOTE 11: GAIN ON SALE OF LOTS

During the years ended September 30, 1997 and 1996, the Company sold lots in its Spring Meadows development in Montgomery County, Maryland. Gain was recognized as follows:

	1997	1996
Sales price	$ 370,000	$ 2,435,031
Direct cost	181,415	692,612
Gain on sale	$ 188,585	$ 1,742,419

NOTE 12: OPERATIONS OF NON-REAL ESTATE SUBSIDIARY

The Company's subsidiary, Spring Valley Liquor Corporation, which was organized on August 31, 1991, was created for the operation of a retail store in Washington, D.C. For the years ended September 30, 1997 and 1996, the Corporation recognized a loss of $61,729 and $5,728, respectively. The loss for the year ended September 30, 1997 includes write-off of all deferred start-up costs as a result of liquidation of the Corporation.

NOTE 13: RENTAL INCOME

The Company leases investment properties in Washington, D.C. and Maryland under non-cancelable leases, which expire at various dates through 2006. In most cases, management expects that in the normal course of business, leases that expire will be renewed or replaced by other leases.

In addition to minimum rental payments, certain retail store leases require contingent payments based on sales levels. Apartments, which generate approximately 15% of the Company's gross rental income, are only rented on a 12-month lease basis.

As of September 30, 1997, future minimum payments required by non-cancelable leases for the following five years ending September 30 were as follows:

1998	$ 5,241,577
1999	4,482,376
2000	3,908,377
2001	3,021,153
2002	2,243,136
	$ 18,896,619

NOTE 14: RECLASSIFICATION OF 1996 BALANCES

Certain items in the 1996 financial statements have been reclassified to conform to the presentation in the 1997 financial statements. Stockholders' equity at September 30, 1996 and net income for the year then ended were not affected by these reclassifications.

Bond Beebe
Certified Public Accountants

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON SUPPLEMENTAL INFORMATION

The Board of Directors
W.C. and A.N. Miller
 Development Company
4315 50th Street, N.W.
Washington, D.C. 20016

Our audits of the consolidated financial statements of W.C. and A.N. Miller Development Company for the years ended September 30, 1997 and 1996 were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedules of investment property - net rental income, net operating income and other supplemental information are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Bond Beebe

A Professional Corporation
January 9, 1998

5301 Wisconsin Avenue, NW
Washington, DC 20015
202/244-6500
Fax: 202/244-6506

A professional corporation
with offices in
New York, NY
Alexandria, VA
Rockville, MD

W.C. AND A.N. MILLER DEVELOPMENT COMPANY
INVESTMENT PROPERTY - NET RENTAL INCOME
FOR THE YEARS ENDED SEPTEMBER 30, 1997 AND 1996

COMMERCIAL PROPERTY	Cost	Accumulated Depreciation	Rental Income	Insurance Repairs, Commissions and Other Expenses	Property Taxes
Spring Valley Center					
4300 Fordham Road, N.W.	$ 218,736	$ 183,267	$ 303,511	$ 35,570	$ 11,850
4820 Massachusetts Avenue, N.W.	881,927	426,055	578,120	63,790	43,718
4860 Massachusetts Avenue, N.W.	117,827	100,671	105,556	11,537	7,637
4866 Massachusetts Avenue, N.W.	191,625	23,679	55,500	13,665	6,792
4325 49th Street, N.W.	243,715	191,554	175,470	45,887	16,308
Commercial parking	19,181	19,181	18,054	37,850	61
	1,673,011	944,407	1,236,211	208,299	86,366
4900 Massachusetts Avenue, N.W. and parking	2,619,416	859,639	782,652	199,921	57,495
4910 Massachusetts Avenue, N.W. and parking	7,917,485	1,972,401	1,958,796	645,680	192,297
4301 50th Street, N.W.	1,536,503	255,198	283,050	34,584	42,157
4315 50th Street, N.W.	1,735,025	382,548	320,572	97,053	41,729
Sumner Apartments	1,313,528	1,075,480	1,151,459	586,774	77,143
Little Falls Mall	5,440,682	2,685,900	2,291,524	882,435	146,079
5105 Warren Place, N.W.	419,030	10,824	44,400	7,690	8,523
	22,654,680	8,186,397	8,068,664	2,662,436	651,789
OTHER RENTAL - Property carried as unimproved land	-	-	14,400	940	7,670
COSTS CAPITALIZED DURING CONSTRUCTION	-	-	-	-	-
UNALLOCATED PROPERTY MANAGEMENT COSTS	-	-	-	72,274	-
TOTAL - 1997	$ 22,654,680	$ 8,186,397	$ 8,083,064	$ 2,735,650	$ 659,459
TOTAL - 1996	$ 21,822,828	$ 7,697,635	$ 7,312,340	$ 2,836,090	$ 735,304

SCHEDULE 1

Total Expense	1997 Net Before Interest and Depreciation	1996 Net Before Interest and Depreciation	Interest	Depreciation	1997 Profit or (Loss)	1996 Profit or (Loss)
$ 47,420	$ 256,091	$ 254,375				
107,508	470,612	269,080				
19,174	86,382	101,635				
20,457	35,043	(1,337)				
62,195	113,275	94,554				
37,911	(19,857)	(10,273)				
294,665	941,546	708,034	$ 66,155	$ 34,798	$ 840,593	$ 600,300
257,416	525,236	499,966	289,351	53,226	182,659	181,400
837,977	1,120,819	1,061,109	728,022	201,470	191,327	106,442
76,741	206,309	(38,174)	-	38,291	168,018	(76,470)
138,782	181,790	175,224	-	43,872	137,918	131,139
663,917	487,542	445,993	365,636	21,298	100,608	52,621
1,028,514	1,263,010	978,332	674,000	103,723	485,287	290,687
16,213	28,187	2,975	46,962	9,111	(27,886)	(10,157)
3,314,225	4,754,439	3,833,459	2,170,126	505,789	2,078,524	1,275,962
8,610	5,790	5,753	-	-	5,790	5,753
-	-	-	-	-	-	135,827
72,274	(72,274)	(98,266)	2,533	11,889	(86,696)	(107,011)
$ 3,395,109	$ 4,687,955		$ 2,172,659	$ 517,678	$ 1,997,618	
$ 3,571,394		$ 3,740,946	$ 1,917,242	$ 513,173		$ 1,310,531

W.C. AND A.N. MILLER DEVELOPMENT COMPANY
NET OPERATING INCOME
FOR THE YEARS ENDED SEPTEMBER 30, 1997 AND 1996

SCHEDULE 2

1997 INCOME	Construction and Development	Sales	Property Management	Investment Property	Total
Sales, commissions and rents	$ 7,034,447	$ 9,811,152	$ 33,486	$ 8,083,064	$ 24,962,149
Cost of sales	(5,219,870)	(6,748,847)	-	-	(11,968,717)
Other direct expenses	(1,083,394)	(2,359,179)	(41,042)	(2,735,650)	(6,219,265)
Property taxes	-	-	-	(659,459)	(659,459)
Operating income before interest and depreciation	731,183	703,126	(7,556)	4,687,955	6,114,708
Interest	(64,277)	-	-	(2,172,659)	(2,236,936)
Depreciation	(28,130)	(97,220)	-	(517,678)	(643,028)
1997 NET OPERATING INCOME (LOSS)	$ 638,776	$ 605,906	$ (7,556)	$ 1,997,618	$ 3,234,744
1996 INCOME					
Sales, commissions and rents	$ 6,278,085	$ 7,381,350	$ 23,870	$ 7,312,340	$ 20,995,645
Cost of sales	(4,985,815)	(5,035,770)	-	-	(10,021,585)
Other direct expenses	(681,657)	(2,118,949)	(23,026)	(2,836,090)	(5,659,722)
Property taxes	-	-	-	(735,304)	(735,304)
Operating income before interest and depreciation	610,613	226,631	844	3,740,946	4,579,034
Interest	(47,716)	-	-	(1,917,242)	(1,964,958)
Depreciation	(18,378)	(103,669)	-	(513,173)	(635,220)
1996 NET OPERATING INCOME	$ 544,519	$ 122,962	$ 844	$ 1,310,531	$ 1,978,856

Presented below are analyses of certain assets and liabilities as of September 30, 1997 and 1996.

Real Estate

The detail of investment property is presented in Schedule 1.

Unimproved parcels of land are as follows:

	1997	1996
Maryland		
Capitol Heights, Prince Georges County - 135,968 square feet	$ 167,154	$ 167,154
Other tracts, Montgomery County - 4.9 acres	84,553	84,553
Virginia		
Caroline County - 1,600 acres - Haymount Limited Partnership	10,770,409	10,279,946
Fauquier County - 359.8582 acres	152,563	152,563
	$ 11,174,679	$ 10,684,216

Accounts Receivable

	1997	1996
Rents due and accrued (prepaid)	$ 101,392	$ (99,431)
Officers and employees	91,978	97,669
Leasing commissions	121,088	-
Settlements receivable from title companies	-	149,783
Miscellaneous	53,671	28,755
	$ 368,129	$ 176,776

Notes Receivable

	1997	1996
F&R Limited Partnership	$ 651,190	$ 589,311
Purchasers of homes	311,806	322,343
Two Bethesda Metro Center Limited Partnership	-	52,047
	$ 962,996	$ 963,701

Jobs-in-Progress and Completed Homes

The following schedule details the number of homes in progress or completed at September 30, 1997 and 1996:

Construction status	1997	1996
Jobs-in-progress	5	7
Completed homes	4	-
	9	7

Land - Subdivided Lots

Land subdivided into lots includes the cost of subdivided land, other than lots included in jobs-in-progress and completed homes, together with certain ground improvements. Costs, sufficient to cover the contemplated ground improvements, have been estimated. A pro rata portion of the land and improvements is charged against the job cost as development starts. Interest and real estate taxes during improvement, development and construction stages are included in the cost of subdivided lots.

The following schedule indicates lots, by location, as of September 30, 1997 and 1996:

	1997		1996	
Subdivision	Number of Lots	Cost	Number of Lots	Cost
Spring Valley	40	$ 2,851,929	53	$ 3,595,584
Spring Meadows	6	220,664	7	335,036
	46	$ 3,072,593	60	$ 3,930,620

Operating Fixed Assets

	1997			1996
	Cost	Accumulated Depreciation	Book Value	Book Value
Furniture, fixtures and equipment	$ 975,858	$ 814,557	$ 161,301	$ 194,514
Office equipment	352,349	306,045	46,304	48,468
Computer equipment	547,152	380,490	166,662	234,927
Vehicles	97,585	56,342	41,243	24,288
Heavy equipment and vehicles	348,052	330,123	17,929	26,961
Leasehold improvements	451,234	22,730	428,504	434,141
Other	245,156	172,418	72,738	78,029
	$ 3,017,386	$ 2,082,705	$ 934,681	$ 1,041,328

Accrued Expenses

	1997	1996
Annual leave	$ 148,105	$ 143,504
Profit sharing contribution	-	100,000
Payroll taxes and workers' compensation insurance	-	48,564
Interest	30,134	30,629
Guarantee reserves	51,309	26,041
Other	103,420	41,885
	$ 332,968	$ 390,623