

W.C. and A.N. Miller Companies
Balance Sheet
September 30, 2011

	Current Month	Prior Month
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 2,563,644.63	\$ 3,016,486.65
Accounts Receivable	697,694.88	596,747.95
Straightline Rent	2,981,801.42	2,701,465.97
Miscellaneous Receivables	128,831.16	65,802.11
Provision for Loss	0.00	0.00
Other Receivables	942,139.72	966,451.25
Inventory	37,318.04	87,943.74
Prepaid Expenses	430,768.56	110,765.36
Total Current Assets	<u>7,782,198.41</u>	<u>7,545,663.03</u>
Fixed Assets		
Land	6,310,994.50	6,310,994.50
HLP, II Land	538,905.48	538,905.48
Buildings	48,920,164.52	49,009,174.12
Property and Equipment	262,215.66	276,109.46
Capital Improvements - Opt	28,883.00	28,883.00
Improvements	12,580,740.76	12,652,394.79
Less: Accumulated Depreciation	<u>19,126,490.37</u>	<u>19,042,786.39</u>
Net Fixed Assets	<u>49,515,413.55</u>	<u>49,773,674.96</u>
Other Assets		
Deferred Leasing Commissions,	881,166.63	871,815.65
Deferred Finance Charges, net	641,216.11	711,192.14
Deposit	17,630.05	17,630.05
Deferred Taxes	7,241,222.00	7,240,432.00
Real Estate Tax Escrow	<u>214,257.46</u>	<u>494,592.25</u>
Total Other Assets	<u>8,995,492.25</u>	<u>9,335,662.09</u>
TOTAL ASSETS	<u>\$ 66,293,104.21</u>	<u>\$ 66,655,000.08</u>

W.C. and A.N. Miller Companies
Balance Sheet
September 30, 2011

Current Month Prior Month

LIABILITIES AND STOCKHOLDERS' DEFICIT

Current Liabilities		
Accounts Payable	\$ 52,861.66	\$ 202,066.36
2007 Payroll Tax Liability	383,493.41	352,032.68
Accrued Income Taxes	0.00	0.00
Accrued Expenses	858,654.37	1,287,735.75
Security Deposits	370,263.21	358,850.94
Prepaid RE Income	76,863.67	79,913.03
Prepaid Rent Income	592,839.30	466,078.46
Total Current Liabilities	<u>2,334,975.62</u>	<u>2,746,677.22</u>
Long-Term Liabilities		
Notes Payable (1)	88,388,717.97	88,494,057.94
Guaranty Reserve	0.00	0.00
Total Long-Term Liabilities	<u>88,388,717.97</u>	<u>88,494,057.94</u>
Total Liabilities	<u>90,723,693.59</u>	<u>91,240,735.16</u>
Minority Interest (2)	(6,299,117.00)	(6,107,077.19)
Total Minority Interest	<u>(6,299,117.00)</u>	<u>(6,107,077.19)</u>
Stockholders' Deficit		
Common Stock	800,200.00	800,200.00
Dividend	(150,000.00)	(150,000.00)
Retained Earnings (Deficit)	(18,781,672.38)	(19,128,857.89)
Total Stockholders' Deficit	<u>(18,131,472.38)</u>	<u>(18,478,657.89)</u>
TOTAL LIABILITIES & STOCKHOLDERS' DEFICI	<u>\$ 66,293,104.21</u>	<u>\$ 66,655,000.08</u>

1. Notes Payable of 8,250,229.96 is offset by a Notes Receivable of 825,023 which is the cash of the 8,250,229.96 from Haymount Limited Partnership to W.C. and A.N. Miller Development Company.

2. W.C. and A.N. Miller Development Company owns 85% of Haymount Limited Partnership.

March 2, 2012

Unaudited - For Management Purposes Only

W.C. and A.N. Miller Companies
Long Term Debt
September 30, 2011

	Current Month	Budget	Prior Month
N/P Cur Wash Securities	\$ 0.00	\$ 200,000.00	0.00
NP Cur Sub Debent	0.00	440,000.00	0.00
N/P MetLife	26,092,972.84	26,092,972.00	26,141,312.44
N/P Burke & Herbert - SVR	0.00	12,402,854.00	0.00
Key Bank Loan	17,510,909.23	17,530,974.00	17,530,974.66
N/P - TIAA Loan	21,851,420.52	21,810,821.00	21,871,541.01
N/P - Haymount Mezz	8,250,229.83	8,250,229.96	8,250,229.83
N/P - Cardinal Loan - SVR	14,683,185.55	0.00	14,700,000.00
Total Long Term Debt	\$ 88,388,717.97	\$ 86,727,850.96	88,494,057.94

Notes Repayment Schedule

1. MetLife - 1/1/2013
2. Key Bank Loan - 6/30/2021
3. TIAA - 10/1/2018
4. Cardinal Bank - 8/14/2021

W.C. and A.N. Miller Companies

Income Statement

For the Months Ending September 30, 2011

	Current Month Actual	Current Month Budget	Current Month Variance	Current Month Prior Year	Year to Date Actual	Year to Date Budget	Year to Date Variance
Rental Activities							
Rent Income	\$ 1,682,751.97	1,273,151.00	409,600.97	(14,118,898.91)	14,194,841.23	14,151,043.00	43,798.23
Rent Expenses	(241,438.16)	(319,228.00)	77,789.84	4,730,462.64	(4,226,896.95)	(3,998,658.00)	(228,238.95)
Real Estate Taxes	(95,914.81)	(105,201.00)	9,286.19	1,338,262.67	(1,211,356.97)	(1,275,804.00)	64,447.03
Depreciation	(193,825.35)	(181,169.00)	(12,656.35)	1,988,774.21	(2,034,520.49)	(2,172,612.00)	138,091.51
Debt Service-Interest	(421,495.52)	(441,538.00)	20,042.48	4,965,361.95	(5,256,192.32)	(5,318,937.00)	62,744.68
Net Rental Income	730,078.13	226,015.00	504,063.13	(1,096,037.44)	1,465,874.50	1,385,032.00	80,842.50
Revenues							
Sales	0.00	0.00	0.00	0.00	630,000.00	0.00	630,000.00
Total Revenues	0.00	0.00	0.00	0.00	630,000.00	0.00	630,000.00
Cost of Sales	0.00	0.00	0.00	(8,000.00)	1,784,186.56	0.00	1,784,186.56
Corporate Gross Profit	0.00	0.00	0.00	8,000.00	(1,154,186.56)	0.00	(1,154,186.56)
Gross Profit	730,078.13	226,015.00	504,063.13	(1,088,037.44)	311,687.94	1,385,032.00	(1,073,344.06)
Operating Expenses							
Auto Expenses	55.01	200.00	(144.99)	(7,584.06)	1,588.30	2,400.00	(811.70)
Bank Charges	(82.05)	50.00	(132.05)	(590.36)	339.40	600.00	(260.60)
Computer Supplies	(17,562.20)	0.00	(17,562.20)	0.00	0.00	0.00	0.00
Computer Consultant	1,200.00	1,200.00	0.00	(13,939.03)	16,290.72	14,400.00	1,890.72
Consultants	0.00	0.00	0.00	(6,000.00)	0.00	0.00	0.00
Office Administration	6,000.00	6,000.00	0.00	(65,000.00)	82,000.00	72,000.00	10,000.00
Courier	0.00	0.00	0.00	(11.64)	0.00	0.00	0.00
Equipment Rental	1,181.47	710.00	471.47	(23,957.80)	9,001.32	8,520.00	481.32
General Insurance	(23.82)	0.00	(23.82)	(23,803.00)	23,791.18	23,287.00	504.18
Legal	3,078.50	5,000.00	(1,921.50)	(27,163.41)	17,520.41	60,000.00	(42,479.59)
Legal - New Homes	0.00	0.00	0.00	(5,498.80)	0.00	0.00	0.00
Legal - Loans/lenders	49,298.91	0.00	49,298.91	(3,356.42)	56,514.77	0.00	56,514.77
Legal - Haymount	93,523.28	0.00	93,523.28	(52,198.39)	335,066.91	0.00	335,066.91
Leasing Commission - Corporate	0.00	0.00	0.00	(17,336.55)	29,782.50	0.00	29,782.50
Health Insurance	1,498.00	1,800.00	(302.00)	(14,077.00)	17,468.00	20,700.00	(3,232.00)
Management Meals	359.62	100.00	259.62	(1,201.49)	2,167.00	1,200.00	967.00
Annual Shareholder Meeting	0.00	0.00	0.00	(785.68)	5,116.71	1,500.00	3,616.71
Office Supplies	92.21	350.00	(257.79)	(3,740.11)	6,048.53	4,200.00	1,848.53
Other Taxes and Licenses	9,633.68	80.00	9,553.68	(52,995.29)	57,044.62	18,030.00	39,014.62
Parking	0.00	0.00	0.00	(234.00)	0.00	0.00	0.00
Payroll Taxes	515.00	540.00	(25.00)	(4,043.90)	7,532.50	6,480.00	1,052.50
Postage	326.81	260.00	66.81	(2,861.66)	5,005.81	3,120.00	1,885.81

Income Statement

For the Months Ending September 30, 2011

	Current Month Actual	Current Month Budget	Current Month Variance	Current Month Prior Year	Year to Date Actual	Year to Date Budget	Year to Date Variance
Accounting	390.00	1,500.00	(1,110.00)	(15,705.00)	22,178.17	18,000.00	4,178.17
Review/Tax Returns/Fin St.	(99.75)	0.00	(99.75)	(70,481.05)	44,900.25	45,000.00	(99.75)
Internal Control Review	0.00	0.00	0.00	0.00	5,240.00	5,500.00	(260.00)
Promotion and Entertainment	130.33	0.00	130.33	(7,303.38)	1,174.93	0.00	1,174.93
Charitable Contribution	0.00	0.00	0.00	(500.00)	500.00	0.00	500.00
Rent	(63,825.02)	6,204.00	(70,029.02)	(80,743.05)	5,420.80	74,448.00	(69,027.20)
East West Sublease Rent	224,496.78	0.00	224,496.78	0.00	224,496.78	0.00	224,496.78
Springvale Meadows Expenses	53,825.70	0.00	53,825.70	0.00	53,825.70	0.00	53,825.70
Executive Compensation	18,000.00	15,000.00	3,000.00	(165,000.00)	416,000.00	180,000.00	236,000.00
Executive Comp Comm Fees	0.00	0.00	0.00	0.00	8,370.00	0.00	8,370.00
Storage	0.00	0.00	0.00	(16,602.90)	2,240.00	0.00	2,240.00
Telephone	680.44	250.00	430.44	(2,153.20)	4,513.04	3,000.00	1,513.04
Management Travel	904.71	2,500.00	(1,595.29)	(24,668.67)	19,465.02	30,000.00	(10,534.98)
Payroll Processing Fees	181.42	150.00	31.42	(1,722.97)	4,405.84	1,800.00	2,605.84
Interest Expense	17,025.53	0.00	17,025.53	(1.01)	17,025.53	0.00	17,025.53
Board of Directors Fees	13,500.00	9,000.00	4,500.00	(99,000.00)	125,500.00	108,000.00	17,500.00
RE Tax Expense	(523.06)	10,845.30	(11,368.36)	(4,197.33)	4,577.11	16,245.30	(11,668.19)
Board Travel and Meals	0.00	0.00	0.00	(17,565.19)	28,278.18	14,000.00	14,278.18
Burke & Herbert Prepay Penalty	0.00	0.00	0.00	0.00	124,466.24	0.00	124,466.24
Total Operating Expenses	413,781.50	61,739.30	352,042.20	(832,022.34)	1,784,856.27	732,430.30	1,052,425.97
Net Operating Income	316,296.63	164,275.70	152,020.93	(256,015.10)	(1,473,168.33)	652,601.70	(2,125,770.03)
Other Income and Expenses							
Miscellaneous Income	0.00	0.00	0.00	(1,917.92)	51,500.00	0.00	51,500.00
Accrued Interest HLP LOC	233,974.96	0.00	233,974.96	0.00	233,974.96	0.00	233,974.96
Interest Income	1,022.08	1,200.00	(177.92)	(15,791.04)	7,510.42	14,400.00	(6,889.58)
Debt Service (Interest) Other	0.00	(3,176.44)	3,176.44	35,121.32	(47,679.20)	(38,117.28)	(9,561.92)
Pr Yr Adj - 2007 Pay Tax Liab	0.00	0.00	0.00	539,032.68	0.00	0.00	0.00
Deferred Tax Expense	790.00	0.00	790.00	0.00	790.00	0.00	790.00
Unamortized Loan Fees	0.00	0.00	0.00	0.00	(246,947.89)	0.00	(246,947.89)
Non Deductible Expense (NH)	(6,000.00)	0.00	(6,000.00)	0.00	(6,000.00)	0.00	(6,000.00)
Gain/Loss Sale of Asset	(198,898.14)	0.00	(198,898.14)	0.00	(198,898.14)	0.00	(198,898.14)
Total Other Income and Expenses	30,888.90	(1,976.44)	32,865.34	556,445.04	(205,749.85)	(23,717.28)	(182,032.57)
Net Income	\$ 347,185.53	162,299.26	184,886.27	300,429.94	(1,678,918.18)	628,884.42	(2,307,802.60)

W.C. and A.N. MILLER COMPANIES
STATEMENT OF CASH FLOW
For the Month Ended SEPTEMBER 30, 2011

	Current Month	Year to Date
Cash Flows for Operating Activities:		
Net Income	347,185	(1,679,489)
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities		
Dividend	-	(150,000)
Depreciation and amortization	273,842	2,034,520
Loss on disposition of fixed assets	445,846	445,846
Income allocated to minority interest	(191,468.55)	(234,555)
Accounts receivable	(444,311)	7,415
Other receivables	24,311.51	100,316
Inventory	50,626	1,745,138
Deferred income taxes	(790)	(790)
Prepaid expenses	(320,793)	19,402
Current maturities of long term debt	(199,819)	(199,819)
Accounts payable	(117,744)	(123,263)
Accrued income taxes		-
Accrued expenses	(429,081)	(207,084)
Security deposits	11,412	44,085
Prepaid Real Estate Tax Income	(3,049)	(13,019)
Prepaid rent income	126,761	22,642
Total Adjustments	(774,259)	3,490,834
Net Cash Provided by (Used for) Operating Activities	(427,074)	1,811,345
Cash Flow for Investing Activities:		
Acquisition of fixed assets	(96,445)	(634,925)
Acquisition of deferred financing charges	(304,352)	(733,762)
Acquisition of real estate tax escrow	280,335	25,627
Acquisition of water escrow	-	-
Disposition of guaranty reserve	-	-
Disposition of deposit	-	-
Net Cash Used for Investing Activities	(120,462)	(1,343,060)
Cash Flow for Financing Activities:		
Disposition of long term debt	94,479	(14,162,485)
Acquisition of long term debt	-	14,700,000
Net Cash Used for Financing Activities	94,479	537,515
Net Increase (Decrease) in Cash and Cash Equivalents	(452,842)	1,005,799
Cash and cash equivalents, Beginning of Period	3,016,487	1,557,847
CASH AND CASH EQUIVALENTS, END OF YEAR	2,563,645	2,563,645