

English Translation of a Report Originally Issued in Korean

Investment Report as of 31 December 2004

Macquarie Central Office CR REIT

14 Feb 2005

TO : Minister of Construction and Transportation / Financial Supervisory Commission

We submit the attached investment report as per the Article 37 of Real Estate Investment Company Act and the Article 29 of the Enforcement Decree, etc.

Company Name: Macquarie Central Office CR REIT
Representative Director: David Schaefer, Ji Hong Kim
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MCO CR REIT
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Section 1. General condition of the company

I . Overview of the company

1) Company Name : Macquarie Central Office Corporate Restructuring Real Estate
Investment Company

2) Incorporation Date : 12 December, 2003

3) Address : Hanwha Building, 110 Sokong-Dong, Chung-Ku, Seoul

4) The purposes of the Company :

The purpose of the Company is to invest and manage its assets by any of the following means and distribute the proceeds from the investments to shareholders in accordance with the Real Estate Investment Company Act (the "Act"):

1. acquisition, management, improvement and disposition of real estate;
2. development of real estate;
3. lease of real estate;
4. sale and purchase of securities;
5. deposit of funds with financial institutions; or
6. acquisition, management and disposition of rights related to the use of real estate, including the right of superficies and leasehold rights.

5) Size of Asset and Equity :

As of 31 December, 2004

Total Asset : 168,341 (Million KRW)

Paid Equity : 76,303 (Million KRW)

6) Listing: Listed to KSE as of 8 Jan, 2004 (Standard Code : KR7076850007)

7) Duration and Dissolution of Company as per AOI

1. Duration : 5th anniversary of incorporation date

2. Events causing Dissolution :

- a) Expiration of corporate life of the Company;
- b) With a resolution of the General Shareholders' Meeting;
- c) Merger;
- d) Bankruptcy;
- e) Court order or judgment of dissolution; or
- f) Notice of revocation of approval of incorporation under Article 42 of the Act.

2. History of Company

1) History of Company

A. Incorporation and change thereafter

①. 30 Sep 2003	Promoters Meeting
②. 10 Nov 2003	Pre-approval from MOCT
③. 2 Dec 2003~3 Dec 2003	IPO (KRW 35,151,500,000)
④. 12 Dec 2003	Inaugural Meeting and Incorporation
⑤. 12 Dec 2003	Asset Management Agreement (Macquarie International Asset Management Company Ltd.)
⑥. 12 Dec 2003	Custodian Agreement (Woori Bank)
⑦. 12 Dec 2003	Business Trustee Agreement (Woori Bank)
⑧. 12 Dec 2003	Incorporation (Paid-in Capital: KRW 76,303,000,000)
⑨. 23 Dec 2003	Final-Approval from MOCT
⑩. 8 Jan 2004	Listed to KSE

B. Change of Company name : N/A

C. M&A : N/A

D. Major matters occurred related to management : N/A

2) Conglomerate by which the company is controlled

A. Introduction of Conglomerate : N/A

B. List of companies in the Conglomerate : N/A

C. Regulations specified in related laws. : N/A

3. Paid-in Capital

1) Change in Share Capital

(Unit :KRW)

Date	Cause	Increase / Decrease			Share Capital thereafter	Allocation of new shares	Ratio (%)	
		Kind	Shares	Par Value per share				Subscription Price per share
1 Dec 2003	Incorporation	Ordinary	7,774,010	5,000	5,000	38,870,050,000	Promoters	50.94
1 Dec 2003	Incorporation	Ordinary	456,290	5,000	5,000	2,281,450,000	Private	2.99
9 Dec 2003	Incorporation	Ordinary	7,030,300	5,000	5,000	35,151,500,000	Public Offering	46.07
Sub total			15,260,600	5,000	5,000	76,303,000,000		100.00

2) Change in Paid-in Capital

not applicable

3) Payment in kind

not applicable

4. Shares

1) Total shares

【as of 31 Dec 2004】

Shares to be issued	Shares issued	Remaining unissued
61,042,400	15,260,600	45,781,800

2) Shares issued

【as of 31 Dec 2004】

[Par value : KRW 5,000]

Type of Shares	Number of Shares	Share Capital (KRW)	Comments
Ordinary	15,260,600	76,303,000,000	
Sub total	15,260,600	76,303,000,000	

3) Treasury Stock Acquisition

not applicable

4) Stock Option

not applicable

5. Shares with voting rights

(Unit: Shares)

Category	Shares	
1. Number of ordinary shares with voting rights [a-b]	[15,260,600]	
a. Issued shares	15,260,600	
b. Shares without voting rights	-	
2. Shares of which voting right are restricted [a+b+c+d+e]	[-]	
a. restricted by Commercial Code	-	
b. restricted by Securities and Exchange Act	-	
c. restricted by Monopoly Regulation and Fair Trade Act	-	
d. restricted by Real Estate Investment Company Act	-	
e. restricted by other laws	-	
3. Shares of which voting right are restored	[-]	
Number of shares with voting rights [1-2+3]	[15,260,600]	
※ Participants to shareholders meeting (rate: %):	shares	

6. Dividend

1) Dividend Payment Method

The Company plans to pay, in principle, 100% of the distributable income of each accounting period as dividend in cash. Actual dividend amount will be decided by the resolution of the general meeting of shareholders pursuant to the Commercial Act.

The accounting period of the Company will start every January 1 and end every June 30 and start every July 1 and end every December 31; provided that the first accounting period is planned to start on the day when the Company's incorporation is registered and end on the immediately following June 30.

Dividend is paid to the shareholders of the Company who are legally registered in the shareholders registry as of the end of each accounting period. MCO CR-REIT plans to pay dividend within one week from the date of approval by the general meeting of shareholders unless the dividend payment date is specified on some other date by the resolution of the general shareholder's meeting.

2) Dividend Payment for the recent 5 fiscal years

[Par value per share: KRW 5,000]

Category	2 nd Financial Year From 01 Jul 2004 to 31 Dec 2004 (Provisional figure)	1 st Financial Year From 12 Dec 2003 to 30 Jun 2004
Net Income	4,240,680,848	4,042,490,543
Earning per share	277.90	264.90
Distributable Income	3,682,546,929	3,502,374,406
Dividend in total	3,682,546,929	3,502,374,406
Payout Ratio	86.84	86.64
Dividend Rate	4.83	4.59

Category	2 nd Financial Year From 01 Jul 2004 to 31 Dec 2004 (Provisional figure)	1 st Financial Year From 12 Dec 2003 to 30 Jun 2004
Annualized Dividend Rate	9.57	8.29

- Distributable Income: Net Income - Reserve for profits - Carry forwarded loss - Amortization of stock issuance costs
- Payout Ratio : Total Dividend / Net Income
- Dividend Rate : Dividend per share / Subscription Price

- The dividend rate of the 2nd financial year stated above is the provisional outcome before the approval of financial statements from the Board of Directors and General Shareholders' meeting.

Section 2. Asset composition and details of changes

I . Total Asset Composition

1. Real Estate Investment Company

not applicable

2. Corporate Restructuring Real Estate Investment Trust Company (CR-REIT)

1) Total Asset Composition (all assets included)

A. Composition of Book Value

(Unit: million KRW, %)

Items		Preceding Quarter		Current Quarter		% of Total Asset	
		Total Amount	%	Total Amount	%		
Corporate Restructuring Real Estate	Land and Fixtures	160,981	96.68	161,244	95.78	95.78	95.78
	Property Use Rights including the right of superficies, the right of leases	-	-	-	-	-	
	Real Estate Development Projects	-	-	-	-	-	
Other Real Estate	Land and Fixtures	-	-	-	-	-	
	Property Use Rights including the right of superficies, the right of leases	-	-	-	-	-	
	Real Estate Development Projects	-	-	-	-	-	
Real Estate Related Securities			-	-	-	-	
Marketable Securities			-	-	-	-	
Deposits at Financial Institutions		5,284	3.17	7,012	4.17	4.17	
Other Assets		246	0.15	84	0.05	0.05	
① Total Asset	Stock Owner's Equity	77,909	46.79	80,134	47.60	47.60	100%
	Liabilities	88,603	53.21	88,206	52.40	52.40	

※ 1. Corporate Restructuring Real Estate means real estates referred to in the provisions of the Article 49-2.(1).1 of Real Estate Investment Company Act.

2. The value of each asset shall be calculated in accordance with provisions of the Article 19 of Enforcement Decree of Real Estate Investment Company Act.

3. Total asset in terms of which the percentage of asset value is calculated include all assets such as paid-in capital and subscription capital at the time of incorporation within the preceding two years.
4. Property use rights including the right of superficies, the right of leases shall be included in real estate.

B. Composition of Asset

(Amount of Real Estate is presented as historical acquisition cost per the Article 19 of ED of Real Estate Investment Company Act. However it can be presented as a revaluated amount using the income approach(capitalization method) the public appraiser licensed under the Act on Public Disclosure of Land Price and Evaluation of Land, etc has valued)

(Unit: million KRW, %)

Items	Preceding Quarter		Current Quarter		% of Total Asset	
	Total Amount	%	Total Amount	%		
Corporate Restructuring Real Estate	Land and Fixtures	161,949	96.70	162,514	95.82	95.82
	Property Use Rights including the right of superficies, the right of leases					
	Real Estate Development Projects					
Other Real Estate	Land and Fixtures					
	Property Use Rights including the right of superficies, the right of leases					
	Real Estate Development Projects					
Real Estate Related Securities						
Marketable Securities						
Deposits at Financial Institutions		5,284	3.15	7,012	4.13	4.13
Other Assets		246	0.15	84	0.05	0.05
Total Asset		167,481	100.00	169,611	100.00	100.00

2) Total Asset Composition (excluding paid-in capital and subscription capital at the time of incorporation)

not applicable

3) Status of assets purchased with funds from the paid-in capital at the time of incorporation

(Same as the section 1) "Total Asset Composition (all assets included)"

4) Status of assets purchased with funds from the newly paid-in capital after the incorporation

not applicable

II. Change in Total Assets

1. Real Estate Transaction

A. No change in Real Estate Balance during the quarter.

B. Details of purchased real estate at the time of incorporation (26 December, 2003)

(Unit : million KRW)

Name	Location	Usage	Area in pyung		Acquisition Price	Transaction Cost
			Land	Building		
Kukdong building	60-1, Chungmuro 3-Ga, Chung-gu, Seoul	Commercial Office	2,402.6	22,764	158,370	1,713

2. Marketable Securities Transaction related to real estate

not applicable

3. Marketable Securities

not applicable

4. Cash/Cash Equivalent in Financial Institutions

(Unit : million KRW)

Financial Institutions	Kind	Interest	Outstanding balance
Woori Bank	MMDA	0%~2.75%	800
Woori Bank	Time Deposit	3.7%~4.2%	1,166
Woori Bank	Time Deposit	3.05%~3.50%	5,000
Total			6,966

III. Net Asset Value per share

(Unit : shares, million KRW)

	2004-12	2004-09	2004-06	2004-03	2003-12
Total Asset Value per the article 19 of ED of Real Estate Investment Company Act	169,611	167,481	168,550	166,517	169,903
Total liabilities per the Balance Sheets (II)	88,207	88,604	88,479	88,968	95,251
Net Asset Value (III=I-II)	81,404	78,877	80,071	77,549	74,652
Number of Shares issued	15,260,600	15,260,600	15,260,600	15,260,600	15,260,600
Net Asset Value per share	5,334	5,169	5,247	5,082	4,892

Section 3. Status of each properties under management

I . Status of each property under management; Present condition, price, rent and primary lessees for each real estate held

1. Overview of portfolio

Name	Location	Construction Completed Year	Acquisition Date	Interest bearing Debt and Mortgage
Kukdong building	60-1, Chungmuro 3-Ga, Chung-gu, Seoul	1978	26 Dec 2003	Interest bearing Debt : 75,244 Million KRW Total of Kun-Mortgage : 99,332 Million KRW

* Total Kun-Mortgage amount is related to the interest bearing debt and lease key money deposits from tenants.

2. Price of each portfolio

(Unit: million KRW)

Portfolio	Acquisition amount		Capital expenditures		Revaluation gain/loss		Property Value			Cumulative Depreciation	Book Value
	Land	Building	Land	Building	Land	Building	Land	Building	Total		
Kukdong Building	102,398	57,641	-	2,476	-	-	102,398	60,117	162,515	1,270	161,245
Sub total	102,398	57,641	-	2,476	-	-	102,398	60,117	162,515	1,270	161,245

* The Kukdong Building has capitalized the expenditures made over the building for the enhancement of the value and the extension of the useful life of the facilities during Financial Year 2 and the ending balance of the building includes 60 million KRW of equipment acquired for Kukdong building

3. Lease status

Portfolio	Gross Leasable Area(py)	Leased Area(py)	Occupancy Rate	Annual Rent (mw)	Number of Lease Contracts	Average annual rent per py (1,000 KRW)
Kukdong building	18,859	17,549	93.1%	13,413	90	764
	Vacancy	1,310	6.9%			
Sub total	18,859	18,859	100%			

<Note>

- Annual Rental Income KRW 13,413,586,920 = monthly rent 1,117,798,910 * 12months (Annual CAM income KRW 5,349,609,600 = monthly CAM 445,800,800 * 12months).
- Average annual rental income per py = Annual Rent KRW 13,413,586,920 / 17,549 py

The monthly vacancy rate of Kukdong Building is as follows.

2003-12	2004-01	2004-02	2004-03	2004-04	2004-05	2004-06	2004-07	2004-08	2004-09	2004-10	2004-11	2004-12
7.6%	7.8%	8.3%	5.4%	7.1%	8.1%	9.0%	5.9%	6.7%	6.7%	7.9%	6.7%	6.9%

* The Kukdong Building has maintained 6 to 7% of vacancy rate as projected in business plan during the 2nd financial year. However, relocation of some tenants with expiry of lease contracts or reduction in lease area will temporarily lead to the increase of vacancy rate to 12.1% as of 01 Jan 2005.

4. Primary lessees by each property

(Unit: Pyung, million KRW)

Portfolio	Leasable Area(py)	Primary Lessees	Leased Area(py)	Annual Rent (Million won)	% of total rent	Average rent per py (1,000 won)
Kukdong Building	18,859	Poongsan	1,694	1,203	9.2	710
		CJ Telenix	1,563	1,212	9.3	775
		Kukdong E&C	1,368	1,046	8.0	765
		Dong-ah E&C	981	759	5.8	774
		Hyundai IT	880	681	5.2	774
		Sungwoo automotive	847	655	5.0	774
		Samsung Life	847	700	5.4	827
		Life Insurance Association	645	499	3.8	774
		LG Electronics	626	484	3.7	774
		OTIS-LG	559	456	3.5	816
		Agfa Korea	493	381	2.9	774
		AON Korea	459	355	2.7	774
		CHB	421	459	3.5	1,091
		Dongbu Insurance	378	307	2.3	812
		Samsung Card	343	298	2.3	869
		Hu Chams	337	260	2.0	774
		Shinhan Life	293	227	1.7	774
		S 1	257	198	1.5	774
		Namhae Chemicals	218	169	1.3	774
		SK Kim's patent office	210	162	1.2	774
		H.K.	197	160	1.2	813
		Primus Cinema	171	132	1.0	774
		Sam Hyun	168	130	1.0	774
		Topic photo	166	132	1.0	793
		Korea Toyota	159	123	0.9	774
		JW Kim's Patent Office	158	122	0.9	774
		DK Kim's Patent Office	158	122	0.9	774
		Nonghyup Logistics	155	120	0.9	774
		Bright Union	136	105	0.8	774
		Dressor Korea	134	104	0.8	774
Lee International	134	103	0.8	774		
Neomedia	131	101	0.8	774		
Primus(Hollys)	26	37	0.3	1,420		

※ Category of primary lessees

1. Tenants occupying leasable area by 10% or more
2. Tenants whose annual rent is over 100mw.

3. Tenants whose rental period is 5 years or more
4. Tenants who has special facilities and tenant improvement in his leasing area.

II .Matters relating to development of real estate

not applicable

Section 4. Total income amount, income structure and yield

I . Total Income Amount and Income Structure

1. Income amount by investment assets

Category		Amount (KRW in millions)	% of total income	Notes
Real Estate	Rental Income	3,335	62.75	
	Income/Loss from Sale	-	-	
	Other Income related to Real Estate	1,895	35.66	
Marketable Securities	Income/Loss from Sale	-	-	
	Revaluation Income/Loss	-	-	
	Interest Income/ Dividend	-	-	
Other Income		84	1.58	
Total Income		5,314	100.00	

※ Revaluation Income/ Loss reflects current fiscal incomes or losses only.

II . Income Amount by Sector

1. Real Estate

1) Rental Income from Real Estate

	Rent (KRW in millions)	% of total rental income	Notes
1.Kukdong building	3,335	100%	
Total Rental Income	3,335	100%	

2) Income/ Loss from Sale of Real Estate

No incomes or losses from the sale of real estate properties have been incurred during this quarter.

3) Other Income related to Real Estate

	Amount (KRW in millions)	% of other income total	Notes
CAM	1,332	70.29	
Parking income	376	19.84	
Tenant Reimbursement	61	3.22	
Other rental Income	126	6.65	
Total	1,895	100.00	

2. Marketable Securities

1) Income/ Loss from Sale from Securities Investments

Not applicable

2) Revaluation Income/ Loss from Securities Investments

Not applicable

3) Interest Income/ Dividend from Securities Investments

Not applicable

3. Other Income

Category	Amount (KRW in millions)	% of other income total	Notes
Interest income	63	75.00	
Penalty Income	4	4.76	
Other non-operating	17	20.24	
Other Income Total	84	100.00	

III. Rate of Return (Defined by MOCT)

(Unit: %)

Category	FY 2 2 nd Quarter	FY 2 1 st Quarter	FY 1 3 rd Quarter	FY 1 2 nd Quarter
Company (A)	5.11	4.91	4.76	4.17
Industry Average (B)		-	-	-
Excess in Rate of Return		-	-	-

*Rate of Return defined by MOCT : Net Income / Average Balance of Total Asset

※ Rate of return represents an annualized accounting rate of return. The calculation is shown as below.

$$1^{\text{st}} \text{ Quarter Rate of Return} = \{1 + (\text{Net Income of the } 1^{\text{st}} \text{ Quarter} / [(\text{Beginning Asset Balance of the year} + \text{Ending Asset Balance of the } 1^{\text{st}} \text{ Quarter}) / 2])\}^4 - 1$$

$$2^{\text{nd}} \text{ Quarter Rate of Income} = \{1 + (\text{Net Income of the } 1^{\text{st}} \text{ Half} / [(\text{Beginning Asset Balance of the year} + \text{Ending Asset Balance of the } 2^{\text{nd}} \text{ Quarter}) / 2])\}^2 - 1$$

$$3^{\text{rd}} \text{ Quarter Rate of Income} = \{1 + (\text{Net Income during } 1^{\text{st}} \text{ Quarter to } 3^{\text{rd}} \text{ Quarter} / [(\text{Beginning Asset Balance of the year} + \text{Ending Asset Balance of the } 3^{\text{rd}} \text{ Quarter}) / 2])\}^{4/3} - 1$$

$$4^{\text{th}} \text{ Quarter Rate of Income} = (\text{Net Income of the year} / [(\text{Beginning Asset Balance of the year} + \text{Ending Asset Balance of the } 4^{\text{th}} \text{ Quarter}) / 2])$$

Section 5. Matters relating to expense including expenditure of real estate business, etc.

I . Total Operating Expenses

1) On-site Property Operating Expenses

Items	Amount (KRW in million)
Property Management Fee, etc.	83
Facility Maintenance Fee	407
Utility Expenses	303
Repairs and Maintenance	124
Property Taxes and Dues	71
Sub Total	988

2) General Operating Expenses

Items	Amount (KRW in million)
Remuneration to officers	1
Depreciation Costs	302
Amortization of Insurance Premium	16
National Tax and Dues	10
General Administrative	4
Professional Fees	17
Asset management Fee	476
Custodian Fee	13
Business Trust Fee	21
Sub Total	860

II . Professional Trustee Fees

Category	To	Fee		Payment	Comments
Asset Management Fee	MIAMC	Adivisory fee on Acquisition	0.55% of net acquisition price	upon incorporation	
		AMC Basic Fee	applying such a applicable rate to the ordinary income before deduction of the basic AMC Fee “Applicable Percentage” is as follows 1 st FY : 0% 2 nd FY : 17.00% 3 rd -4 th FY : 11.00% 5 th -10 th FY : 11.30%	semi-annual basis	
		Disposition Fee	25% of the excess of the sales price of such Assets less costs related to such sale over the aggregate investments plus the capital expenditure (“Capital Gain”) under the condition that the IRR based on cash flow of net income over the 5 year period of ownership of the Assets is greater than 11.5%	upon dissolution	
		Performance Fee	The performance fee shall be calculated as 40% of any excess over the IRR of 11.5% for the 5 year period, subject to the satisfaction of the requirements for the entitlement to disposition fee	upon dissolution	
Underwriting Fee to Securities Companies	Samsung Daewoo SK	2.3% of IPO amount (KRW 808,484,500)		upon incorporation	<i>down payment</i>
Custodian Fee	Woori Bank	0.03% of total assets per annum		quarterly	<i>pro-rated</i>
Business Trustee Fee	Woori Bank	0.05% of total assets per annum		quarterly	<i>pro-rated</i>

Section 6. Matters relating to borrowing

I . Borrowing

(Unit: million KRW)

Category	Begin	Increase	Pay-off	Outstanding	
Short-term borrowing for funding for operating capital	-	-	-	-	
Assumption of Long-term borrowings mortgaged to the property	75,244	-	-	75,244	
National Housing Fund	-	-	-	-	
Borrowing for the stock refund, etc.	-	-	-	-	

II . Borrowing Sources, etc.

(Unit: KRW)

Borrowing	Draw-down	Borrowing Principal	Interest	Category	Amortization	Outstanding amount
Samsung Life	26 Dec 2003	45,898,840,000	6.90%	Longterm ¹⁾	Lump sum repayment at maturity	45,898,840,000
Samsung F&M	26 Dec 2003	12,791,480,000	6.90%	Longterm ¹⁾	Lump sum repayment at maturity	12,791,480,000
LG F&M	26 Dec 2003	10,534,160,000	6.90%	Longterm ¹⁾	Lump sum repayment at maturity	10,534,160,000
Korea Life	26 Dec 2003	6,019,520,000	6.90%	Longterm ¹⁾	Lump sum repayment at maturity	6,019,520,000
Total		75,244,000,000				75,244,000,000

Note 1) According to the Credit Facility Agreement, interest rate is 6.03% p.a. from the funding date, 26 December 2003 to the first anniversary date of the acquisition closing date, 26 December 2004 and 6.9% p.a. thereafter.

Section 7. Shareholder structure and present condition of primary shareholders

I . Present condition of securities possession;

(Applicable only to investment reports which are prepared at each fiscal year end);

1. Largest Shareholder and its special-related-parties

【as of 31 Dec 2004】

Name	Relation	Stock	Number of shares (%)				Note
			Beginning	Increase	Decrease	Outstanding	
Macquarie Bank Limited	-	Ordinary	2,742,098 (17.97%)	-	-	2,742,098 (17.97%)	
Macquarie International AMC	Subsidiary	Ordinary	456,290 (2.99%)	-	-	456,290 (2.99%)	
Sub total			3,198,388 (20.96%)	-	-	3,198,388 (20.96%)	

2. Important Shareholders (3% or more)

not applicable for quarterly reports

3. Distribution of shareholders – Small, Largest, Other shareholders

not applicable for quarterly reports

4. Stock Administration

Fiscal year Ending Date	30 June, 31 December	Shareholders' meeting	March, September
Kind of share certificate	1share-note, 5 share-note, 10share-note, 50share-note, 100share-note, 500share-note, 1,000share-note, 10,000share-note	Public notices	Maeil Business Newspaper and Korea Economic Daily
		Stock Transfer Agent	Hana Bank

Note 1) The 1st FY ends at 30 June 2004.

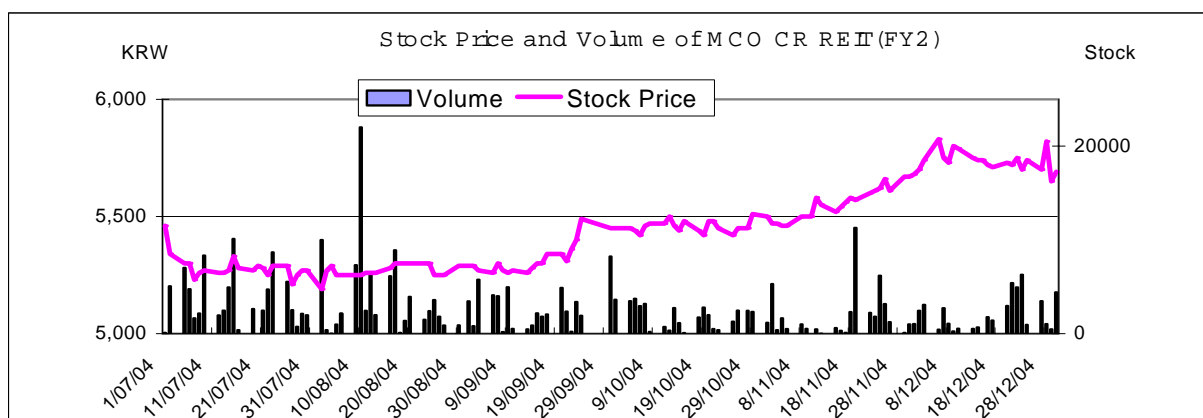
II. State of stock price change

[Unit: KRW, Shares]

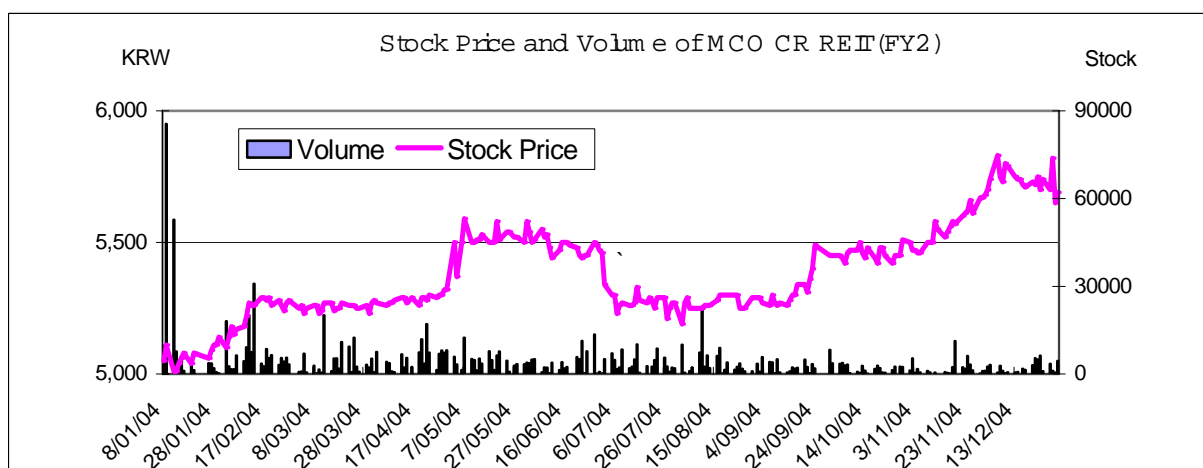
Category	July 2004	Aug 2004	Sep 2004	Oct 2004	Nov 2004	Dec 2004
High(Date)	5,460 (01 Jul 2004)	5,300 (24 Aug 2004)	5,490 (24 Sep 2004)	5,510 (29 Oct 2004)	5,670 (30 Nov 2004)	5,830 (06 Dec 2004)
Low(Date)	5,210 (27 Jul 2004)	5,190 (01 Aug 2004)	5,260 (13 Sep 2004)	5,420 (19 Oct 2004)	5,460 (06 Nov 2004)	5,650 (29 Dec 2004)
Monthly Trade Volume	80,303	87,220	52,172	38,100	41,347	45,880
Average Daily Trade Volume	3,650	3,792	2,746	1,814	1,879	2,085

[Korea Stock Exchange, Seoul]

< 01 July 2004 ~ 31 December 2004 >



< 08 Jan 2004 ~ 31 December 2004 >



Section 8. Summarized balance sheet and income statement

I . Principles of Summarized B/S, I/S Entry

1. Current Assets

(1) Accrued income:

Accrued income includes interest income receivable as of the end of this quarter.

(2) Account Receivables:

Account Receivables include rental income receivable as of the end of this quarter.

(3) Prepaid Expenses:

Prepaid Expenses include insurance premium paid less cumulatively expensed amortization of premium amount.

(4) Short-term financial instruments :

Short-term financial instruments include short-term time deposits and the money market deposits part of which are restricted.

2. Investment assets:

Investment assets includes long-term financial instruments which are comprised of time deposits of which maturity is more than 1 year as of balance sheet date.

3. Property, Plant & Equipment

The applied useful lives for buildings and equipments are 50 years and 5 years consecutively and the capital expenditures used under construction are expressed as construction in progress.

4. Current Liabilities

Current liabilities represent account payables and accrued expenses incurred by the real estate holdings.

5. Long-Term Liabilities

Long-term liabilities represent rental deposits and long-term borrowings.

6. Capital Stock

Capital stock represents paid-in capital as of the end of this quarter.

7. Capital Adjustments

The underwriting fees paid to securities company at the time of IPO is represented as Discounts on stock issuance in Capital Adjustments.

II. Violations of Korean GAAP

not applicable

III. Other Recommendations

not applicable

IV. Balance Sheets

BALANCE SHEETS AS OF DECEMBER 31, 2004

<u>ASSETS</u>	<u>KRW in 1,000</u>
CURRENT ASSETS:	
Cash and cash equivalents	₩ 5,799,874
Short-term financial instruments	1,165,955
Accounts receivable	27,048
Accrued income	46,232
Prepaid expenses	<u>57,452</u>
	<u>7,096,561</u>
NON-CURRENT ASSETS:	
Investment assets:	
Long-term financial instruments	<u>-</u>
Tangible assets:	
Land	102,397,913
Building	60,056,830
Machinery	60,000
Construction in progress	-
Less: Accumulated depreciation	<u>(1,270,006)</u>
	<u>161,244,737</u>
TOTAL ASSETS	<u>₩ 168,341,298</u>
 <u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>	
CURRENT LIABILITIES:	
Accounts payable	₩ 953,117
Accrued expenses	74,584
Income tax payable	199,203
Advanced receipts	6,725
VAT payables	390,613
Withholdings	<u>70,000</u>
	<u>1,694,242</u>
NON-CURRENT LIABILITIES:	
Long-term borrowings	75,244,000
Lease key money deposits	11,268,653
Deferred income tax liabilities	<u>86,512,653</u>
Total liabilities	<u>88,206,895</u>
 SHAREHOLDERS' EQUITY	
Common stock	₩ 76,303,000
Appropriated retained earnings – legal reserve	350,237
Unappropriated retained earnings	
(Net income of ₩4,240,680 thousand from July 1, 2004 to	
December 31, 2004 and ₩4,042,491 thousand from	
December 12, 2003 (inception) to June 30, 2004)	4,240,681
Capital adjustments	<u>(759,515)</u>
Total shareholders' equity	<u>80,134,403</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>₩ 168,341,298</u>

V. Income Statements

STATEMENTS OF INCOME
FOR THE SIX-MONTH PERIOD ENDED DECEMBER 31, 2004 AND
FROM DECEMBER 12, 2003 (INCEPTION) TO JUNE 30, 2004

	Korean Won	
	<u>2004. 12.31</u>	<u>2004. 6.30</u>
	(In thousands, except per share amount)	
OPERATING REVENUE:		
Rental income	₩ 6,712,219	₩ 6,503,819
Common area maintenance income	2,684,317	2,696,155
Parking income	756,346	777,477
Tenant reimbursement	94,043	79,374
Other rental income	<u>148,242</u>	<u>35,048</u>
	<u>10,395,167</u>	<u>10,091,873</u>
OPERATING EXPENSES:		
Real estate expenses:		
Property administration fees	228,519	195,402
Facility management fees	796,100	859,098
Utilities	710,800	543,520
Maintenance and repairment expenses	191,332	312,389
Local taxes and dues	<u>218,512</u>	<u>210,877</u>
	<u>2,145,263</u>	<u>2,121,286</u>
Fund operating expenses:		
Remuneration to officers	2,000	2,000
Depreciation	595,429	674,576
Insurance premium	31,457	32,932
National taxes and dues	21,938	401,045
Fund administration fees	12,918	42,074
Professional fees	23,419	313,145
Asset management fees	910,945	-
Asset custodian fees	25,116	27,888
Business trustee fees	<u>41,860</u>	<u>46,479</u>
	<u>1,665,082</u>	<u>1,540,139</u>
	<u>3,810,345</u>	<u>3,661,425</u>
OPERATING INCOME	<u>6,584,822</u>	<u>6,430,448</u>
NON-OPERATING INCOME:		
Interest income	₩ 127,259	₩ 160,247
Compensation for damages	4,354	36,845
Other income	<u>18,375</u>	<u>8,062</u>
	<u>149,988</u>	<u>205,154</u>
NON-OPERATING EXPENSES:		
Interest expense	<u>2,287,253</u>	<u>2,362,533</u>
ORDINARY INCOME	4,447,557	4,273,069
EXTRAORDINARY ITEMS	<u>-</u>	<u>-</u>
INCOME BEFORE INCOME TAX	4,447,557	4,273,069
INCOME TAX EXPENSE	<u>206,877</u>	<u>230,578</u>
NET INCOME	<u>₩ 4,240,680</u>	<u>₩ 4,042,491</u>
ORDINARY INCOME PER SHARE	<u>₩ 278</u>	<u>₩ 265</u>
NET INCOME PER SHARE	<u>₩ 278</u>	<u>₩ 265</u>

VI. Statement of Appropriation of Retained Earnings (Annually or at the time of interim dividend, if applicable)

not applicable

VII. Statement of Cash Flow (Annually)

not applicable

VIII. Significant Accounting Policies

1. GENERAL:

Macquarie Central Office Corporate Restructuring Real Estate Investment Trust (the “Company”) was incorporated on December 12, 2003 and was issued license on December 24, 2003 under Real Estate Investment Company Act (the “Act”) of the Republic of Korea as a special purpose company. The Company’s stock was listed on the Korea Stock Exchange on January 8, 2004. The Company is mainly engaged in distributing to the shareholders the income earned from acquisition, development, management, renewal and disposition of real estate and rent.

The head office of the Company is located in Sokong-dong Chung-gu Seoul. Macquarie Bank Limited, as the largest shareholder of the Company, owned 2,742 thousand shares (17.97% of the total shares as of December 31, 2004). The total shareholders’ equity is ₩76,303 million as of December 31, 2004.

The Company will operate for five years from December 12, 2003 (inception). The fiscal periods of the Company are from January 1 and July 1 to June 30 and December 31, respectively, and the first fiscal period started from December 12, 2003 (inception).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of Financial Statement Presentation

The Company maintains its official accounting records in Korean Won and prepares statutory financial statements in the Korean language (Hangul) in conformity with the accounting principles generally accepted in the Republic of Korea. Certain accounting principles applied by the Company that conform with financial accounting standards and accounting principles in the Republic of Korea may not conform with generally accepted accounting principles in other countries. Accordingly, these financial statements are intended for use by those who are informed about Korean accounting principles and practices. The accompanying financial statements have been condensed, restructured and translated into English (with certain expanded descriptions) from the Korean language financial statements. Certain information included in the Korean language financial statements, but not required for a fair presentation of the Company's financial position, results of operations and cash flows, is not presented in the accompanying financial statements.

The significant accounting policies followed by the Company in the preparation of its financial statements are summarized below.

The Company provides an allowance for doubtful accounts based on past collection experience and estimated loss on uncollectible accounts.

Tangible Assets

Tangible assets are stated at cost, net of accumulated depreciation. Routine maintenance and repairs are expensed as incurred. Expenditures that result in the enhancement of the value or extension of the useful life of the facilities involved are treated as additions to tangible assets.

Depreciation is computed using the straight-line method over the following economic useful lives:

<u>Category</u>	<u>Useful Lives (Years)</u>
Building	50
Machinery	5

Income Tax Expense and Deferred Income Taxes

Income tax expense is the amount currently payable for the period added to or deducted from the changes in deferred income taxes. The difference between the amount currently payable for the period and income tax expense is accounted for as deferred income tax assets or liabilities, and offset against income tax assets and liabilities in future periods.

Ordinary Income per Share and Earnings per Share

Ordinary income per share and earnings per share are computed by dividing ordinary income (after deduction for tax effect) and net income, respectively, by the weighted average number of shares outstanding (15,260,600 shares) during the period.

3. CASH AND CASH EQUIVALENTS AND FINANCIAL INSTRUMENTS:

Cash and cash equivalents and financial instruments as of December 31 and June 30, 2004 consist of the following:

	<u>Bank</u>	<u>Annual interest rate (%)</u>	<u>2004.12.31</u> (In thousands)	<u>2004.06.30</u> (In thousands)
Cash and cash equivalents:				
MMDA	Woori Bank	0.0 ~ 2.75	₩ 799,874	₩ 3,173,480
Time deposits	Kookmin Bank	3.05 ~ 3.60	<u>5,000,000</u>	<u>2,500,000</u>
			<u>₩ 5,799,874</u>	<u>₩ 5,673,480</u>
Short-term financial instruments				
MMDA	Woori Bank	1.0 ~ 3.1	₩ -	₩ 1,363,994
Time deposits	Woori Bank	3.7 ~ 4.2	<u>1,165,955</u>	<u>-</u>
			<u>₩ 1,165,955</u>	<u>₩ 1,363,994</u>
Long-term financial instruments				
Time deposits	Woori Bank	4.2	<u>₩ -</u>	<u>₩ 62,500</u>

The Company made deposits with Woori Bank amounting to ₩1,165,955 thousand as collateral for lease key money deposits.

4. TANGIBLE ASSETS:

- i. The changes in tangible assets for the period from July 1 to December 31, 2004 are as follows (In thousands):

	<u>Beginning of period</u>	<u>Acquisition</u>	<u>Transfer</u>	<u>Depreciation</u>	<u>End of period</u>
Land	₩ 102,397,913	₩ -	₩ -	₩ -	₩ 102,397,913
Building	56,968,353	72,000	2,344,000	(590,329)	58,794,024
Machinery	39,900	18,000	-	(5,100)	52,800
Construction in progress	<u>1,189,230</u>	<u>1,154,770</u>	<u>(2,344,000)</u>	<u>-</u>	<u>-</u>
	<u>₩ 160,595,396</u>	<u>₩ 1,124,770</u>	<u>₩ -</u>	<u>₩ (595,429)</u>	<u>₩ 161,244,737</u>

- ii. The changes in tangible assets for the period from December 12, 2003 (inception) to June 30, 2004 are as follows (In thousands):

	<u>Beginning of period</u>	<u>Acquisition</u>	<u>Transfer</u>	<u>Depreciation</u>	<u>End of period</u>
Land	₩ -	₩ 102,397,913	₩ -	₩ -	₩ 102,397,913
Building	-	57,640,829	-	(672,476)	56,968,353
Machinery	-	42,000	-	(2,100)	39,900
Construction in progress	<u>-</u>	<u>1,189,230</u>	<u>-</u>	<u>-</u>	<u>1,189,230</u>
	<u>₩ -</u>	<u>₩ 161,269,972</u>	<u>₩ -</u>	<u>₩ (674,576)</u>	<u>₩ 160,595,396</u>

- iii. As of December 31, 2004, the published tax assessment value of the Company-owned land (7,942.5 square meters) totals ₩62,984,025 thousand in terms of land tax assessment price officially announced by the Korean government.

5. INSURED ASSETS:

As of December 31, 2004, the Company carries the following insurance policies:

<u>Type of Insurance</u>	<u>Object</u>	<u>Coverage</u> (In thousands)	<u>Company</u>
Package insurance	Building & machinery	₩ 88,960,691	Samsung Fire & Marine Insurance Co., Ltd.
	General liability	US\$ 5,000,000 per each occurrence and others	Samsung Fire & Marine Insurance Co., Ltd.
Gas insurance	Facilities	₩ 300,000 per accident	Samsung Fire & Marine Insurance Co., Ltd.
	Person	₩ 60,000 per person	

6. COLLATERALIZED ASSETS:

Collateralized assets as of December 31, 2004 are as follows:

<u>Provided to</u>	<u>Collateralized Assets</u>	<u>Collateralized amounts</u> (In thousands)	<u>Related liabilities</u>
Samsung Life Insurance Co., Ltd. Samsung Fire & Marine Insurance Co., Ltd. LG Insurance Co., Ltd. Korea Life Insurance Co., Ltd.	Land and building	₩ 97,817,200	Long-term borrowings
Dongbu Insurance Co., Ltd.	Building	121,875	Lease key money deposits
Korea Life Insurance Association	Building	415,545	Lease key money deposits
Dong Ah Construction Industrial Co., Ltd.	Building	632,385	Lease key money deposits
Shinhan Life Insurance Co., Ltd.	Building	245,000	Lease key money deposits
OTIS LG Elevator	Building	100,000	Lease key money deposits
Chohung Bank	Building	1,690,000	Lease key money deposits
		<u>₩ 101,022,005</u>	

7. LONG-TERM BORROWINGS:

Long-term borrowings as of December 31, 2004 consist of the following:

<u>Creditor</u>	<u>Korean won</u> (In thousands)	<u>Annual interest rate(%)</u>	<u>Maturity</u>
Samsung Life Insurance Co., Ltd.	₩ 45,898,840	6.90	December 26,2008
Samsung Fire & Marine Insurance Co., Ltd.	12,791,480	6.90	December 26,2008
LG Insurance Co., Ltd.	10,534,160	6.90	December 26,2008
Korea Life Insurance Co., Ltd.	6,019,520	6.90	December 26,2008
	<u>₩ 75,244,000</u>		

According to the Credit Facility Agreement, interest rate is 6.03% p.a. from the funding date, 26 December 2003 to the first anniversary date of the acquisition closing date, 26 December 2004 and 6.9% p.a. thereafter.

8. SHAREHOLDERS' EQUITY:

- i. The Company has 61,042,400 authorized shares of common stock (₩5,000 par value), of which 15,260,600 were issued and outstanding as of December 31, 2004.
- ii. Retained earnings as of December 31 and June 30, 2004 consist of the following:

	<u>2004. 12.31</u>	<u>2004. 6. 30</u>
	(In thousands)	
Appropriated:		
Legal reserve	₩ 350,237	₩ -
Unappropriated:		
Unappropriated:	4,240,681	4,042,491
	<u>₩ 4,590,918</u>	<u>₩ 4,042,491</u>

The Korean Commercial Code requires the Company to appropriate, as a legal reserve, a minimum of 10 percent of annual cash dividends declared, until such reserve equals 50 percent of its capital stock issued. This reserve is not available for the payment of cash dividends, but may be transferred to capital stock or may be used to reduce any accumulated deficit.

- iii. The amount of discount on stock issuance of ₩759,515 thousand as of December 31, 2004 is amortized over a period of no more than 3 years in equal amounts beginning in the year of issuance of the stock.

9. DIVIDENDS:

- i. Cash dividends declared for the periods ended December 31 and June 30, 2004 are as follows (In thousands) :

	<u>2004. 12. 31</u>	<u>2004. 6. 30</u>
Issued and outstanding shares	15,260,600 shares	15,260,600 shares
Par value	₩ 5,000	₩ 5,000
Dividend rate	<u>4.83%</u>	<u>4.59%</u>
Dividends	<u>₩ 3,682,547</u>	<u>₩ 3,502,375</u>

- ii. Pay-out-ratios for the periods ended December 31 and June 30, 2004 are as follows (In thousands) :

	<u>2004. 12. 31</u>	<u>2004. 6. 30</u>
Dividends	₩ 3,682,547	₩ 3,502,375
Net income	4,240,680	4,042,491
Pay out ratio	86.84%	86.64%

10. INCOME TAX EXPENSE:

Income tax expense consists of the following:

	<u>2004. 12. 31</u>	<u>2004. 6. 30</u>
	(In thousands)	(In thousands)
Income tax currently payable	₩ 215,924	₩ 221,531
Change in deferred income tax liabilities	<u>(9,047)</u>	<u>9,047</u>
Income tax expense	<u>₩ 206,877</u>	<u>₩ 230,578</u>

Changes in cumulative temporary differences are as follows (In thousands):

<u>Account</u>	<u>2004. 6. 30</u>	<u>Increase</u>	<u>Decrease</u>	<u>2004. 12. 31</u>
Accrued income	₩ (30,461)	<u>₩ (46,232)</u>	<u>₩ (30,461)</u>	₩ (46,232)
Total				
Income tax rate	<u>29.7%</u>		<u>29.7%</u>	<u>27.5%</u>
Income tax effect	<u>(9,047)</u>		<u>(9,047)</u>	<u>-</u>
Deferred income tax liabilities	<u>₩ (9,047)</u>			<u>₩ -</u>

The Korean Commercial Code requires the Company to appropriate, as a legal reserve, a minimum of 10 percent of annual cash dividends declared, until such reserve equals 50 percent of its capital stock issued. This reserve is not available for the payment of cash dividends, but may be transferred to capital stock or may be used to reduce any accumulated deficit.

However, the Company is no longer required to reserve legal reserve after April 23, 2005 based on the revised Real Estate Investment Company Act. Therefore, the Company estimated that no income tax will be incurred and did not recognize deferred income tax asset (liability).

The income tax rate applicable to the Company is 29.7% (resident tax included). However, according to the corporate income tax law, if the Company distributes more than 90% of income available for dividend, the amount is exempted from the income tax. Therefore, the effective tax rate of income tax expense to income before income tax is 4.7 percent and 5.4 percent for the periods ended December 31 and June 30, 2004 respectively.

11. RELATED PARTY TRANSACTIONS:

- i. The significant transactions with related parties during periods ended December 31 and June 30, 2004 are summarized below.

	<u>2004. 12. 31</u>	<u>2004. 6. 30</u>
	(In thousands)	
Samsung Life Insurance Co., Ltd.:		
Interest expense	₩ 1,395,224	₩ 1,441,145
Samsung Fire & Marine Insurance Co., Ltd.:		
Interest expense	388,833	401,630
Insurance premium	31,455	32,932
LG Insurance Co., Ltd.:		
Interest expense	320,215	330,755

- ii. The related account balances with related parties as of December 31 and June 30, 2004 are summarized below.

	<u>2004. 12. 31</u>	<u>2004. 6. 30</u>
	(In thousands)	
Samsung Life Insurance Co., Ltd.:		
Accrued expenses	₩ 45,496	₩ 37,914
Long-term borrowings	45,898,840	45,898,840
Samsung Fire & Marine Insurance Co., Ltd.:		
Prepaid expenses	57,375	30,173
Accrued expenses	12,679	10,566
Long-term borrowings	12,791,480	12,791,480
LG Insurance Co., Ltd.:		
Accrued expenses	10,442	8,701
Long-term borrowings	10,534,160	10,534,160

12. COMMITMENTS:

As of December 31, 2004, the principal commitments of the Company are as follows:

- (1) Asset Management Contract

The Company entered into a contract with Macquarie International Asset Management Company (“AMC”)

in relation to investment trust business of acquisitions, managements, disposal, development, rent of real estate and trading of securities. According to this contract, the Company shall pay the basic fee to AMC, which shall be calculated by applying such the rate as agreed between the Company and AMC to the ordinary income that does not include the basic compensation payable to AMC and shall be payable to AMC on a semi-annual basis as servicing fee. Applicable percentage for purposes of calculating the basic fee is 0% with respect to the first fiscal period, 17% with respect to the second fiscal period, 11% with respect to the third and fourth fiscal periods, and 11.3% with respect the succeeding fiscal period until the scheduled date for liquidation.

The Company is entitled to a disposition fee on the sale of property and a performance fee for the management of assets. Provided, however, that such disposition fee shall be payable only if the sales price of such assets less costs related to such sale exceeds the aggregate investments by the Company at the time of incorporation (i.e. the sum of the purchase price of such assets and the costs related to such purchase) plus all capital expenditure and if an internal rate of return on such assets over a 5 year period of ownership of the assets (the "IRR") is greater than 11.5%.

The disposition fee is calculated at 25% of the excess of the sales price of such assets lees costs related to such sale over the aggregate investments plus the capital expenditure during the said period. The performance fee is calculated at 40% of any excess over the IRR of 11.5% for the 5 year period, subject to the satisfaction of the requirements for the entitlement of disposition fee.

(2) Business Trust Contract

The Company entered into a contract with Woori Bank for the purpose of recording of changes of shareholders, issuance of stock and general administration of the Company. According to the contract, the Company shall pay quarterly commission of 0.05% p.a. of total assets.

(3) Asset Custodian Contract

The Company shall pay Woori Bank a quarterly commission of 0.03% p.a. of total assets according to the asset custodian contract.

(4) Property Management Contract

The Company entered into a contract with SAMS regarding property management and facility maintenance.

IX. Auditor's Opinion

- External Auditor's Opinion
not Applicable.

Anjin Deloitte

- Statutory Auditor's Opinion:

The Financial Statements adequately reflect the company's financial status and comply with the Real Estate Investment Company Act, Articles of Incorporation and Korea-GAPP, etc.

Statutory Auditor Dae-Sup Roh

Section 9. Other matters relating to asset management that are prescribed by the Minister of Construction and Transportation.

I. Summary on disclosures and reports

Date	Contents	Disclose to
13 Dec 2004	Temporary Closing of shares registry	KSE
11 Nov 2004	Half Year Report for FY2	FSS, KSE
21 Sep 2004	Disclosure on appointment of external auditor	FSS, KSE
21 Sep 2004	Replacement of Representative Director	KSE
21 Sep 2004	Disclosure about general shareholders' meeting for FY1	FSS, KSE
21 Sep 2004	Annual Report for FY1	FSS, KSE
14 Sep 2004	Audit Report	FSS, KSE
08 Sep 2004	Convocation of general shareholders' meeting and public announcement	FSS, KSE
02 Sep 2004	Resolution for dividend payment	FSS, KSE
02 Sep 2004	Resolution for holding a general shareholder's meeting	FSS, KSE
15 Jun 2004	Temporary Closing of shares registry for general shareholders' meeting for FY1	KSE
07 May 2004	Half Year Report for FY1	FSS, KSE
30 Mar 2004	The resolution of extraordinary shareholders' meeting (Replacement of 4 Directors)	FSS, KSE
10 Mar 2004	Convocation of extraordinary shareholders' meeting and public announcement	FSS, KSE
05 Mar 2004	BoD's resolution about convocation of extraordinary shareholders' meeting	FSS, KSE
13 Feb 2004	Submission of the quarterly report as of 31 Dec, 2003	FSS, KSE
12 Feb 2004	Temporary Closing of shares registry for the extraordinary shareholders' meeting	KSE

II. States of important lawsuits that are connected with management of the company

not applicable

III. Present condition of transactions falling under the provision of Article 30 of the Act

not applicable

IV. Penalty

not applicable

V. Compliance to the regulated restricted Investment

Regulation	Compliance
1. 70% or more of a company's total assets shall be composed of real estates for corporate restructuring, etc for the seller.	Complied
2. With respect to investment in securities, MCO CR REIT shall not acquire any securities exceeding 10% of the total issued and outstanding voting stocks of another company, except for the allowance under the Real Estate Investment Company Act of Korea (the "Act").	Complied
3. With respect to the investment in securities, MCO CR REIT shall not acquire any securities issued by a single entity in excess of 5% of MCO CR REIT's total assets, except for national bonds, local or municipal bonds or such other securities whose acquisition in such amounts is permitted under the Enforcement Decree promulgated under the Act.	Complied
4. MCO CR REIT shall not engage in any transactions falling within the categories listed, as follows, with directors and officers and their respective related persons (as defined in Article 21(1) of the Securities and Exchange Act), and any shareholder who owns and holds 3% or more of the shares in MCO CR REIT and its respective related persons, except for the circumstances under the Act.	Complied
5. MCO CR REIT and its related person shall not engage in the sale and purchase of real property or the trading of securities with the AMC and its related persons, except in the following circumstances: (a) If MCO CR REIT is forced to dispose of its securities (other than shares) because it temporarily faces difficulty in making payment of purchase price or repurchase price of shares due to substantial number of appraisal or repurchase claims; (b) General sale, competitive bidding or any similar transaction; (c) Transactions (other than with the directors, officers and employees of the AMC and their respective related persons) where MCO CR REIT rents its property at a rate higher than that determined by the Board; or (d) Unavoidable transactions as a result of merger, liquidation, spin-off or merger by a spin-off entity.	Complied