

English Translation of a Report Originally Issued in Korean

Investment Report as of 30 September 2005

Macquarie Central Office CR REIT

14 November 2005

TO : Minister of Construction and Transportation

We submit the attached investment report as per the Article 37 of Real Estate Investment Company Act and the Article 40 of the Enforcement Decree, etc.

Company Name: Macquarie Central Office CR REIT
Representative Director: Kwan Young Kim, Joo Hyun Cho
Address: 110 Sokong-Dong, Chung-Ku, Seoul Korea
(Tel.) 822-3705-8710
Prepared by: Woori Bank Business Trust Department, the Business Trustee of
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 : 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 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 30 September 2005,

Total Asset : 167,593 (Million KRW)

Paid Equity : 76,303 (Million KRW)

6) Listing: Listed to Korea Exchange(KRX) as of 8 Jan, 2004 (Standard Code : KR707685000)

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 Property Advisors Korea 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 Korea Exchange (KRX) |

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 : N/A

2) Change in Paid-in Capital : N/A

3) Payment in kind : N/A

4. Shares

1) Total shares

【as of 30 September 2005】

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

2) Shares issued

[Par value : KRW 5,000]

【as of 30 September 2005】

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 fiscal year as dividend in cash. Actual dividend amount will be decided by the resolution of the general meeting of shareholders pursuant to the Commercial Code.

The Company will operate for five years from December 12, 2003 (inception). The ordinary fiscal periods of the Company are from January 1 and July 1 to June 30 and December 31, respectively. However, the first fiscal period of the Company started from December 12, 2003 (inception) and ended on June 2004. If the real estate amounting to 50% or more of total assets of the Company is sold and sale proceeds are completely collected, the fiscal year ends on the date when the sale proceeds are fully collected, after which the disposal profit from the sale will be distributed immediately.

Dividend is paid to the shareholders of the Company who are legally registered in the shareholders registry at the end of each fiscal year. 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 will be made in some other date followed by the decision from general shareholder's meeting.

2) Dividend Payment for the recent 5 fiscal years

[Par value per share: KRW 5,000]

(Unit : KRW,%)

Category	3rd Financial Year	2nd Financial Year	1st Financial Year
Net Income	4,494,286,157	4,240,680,957	4,042,490,543
Earning per share	294.50	277.88	264.90
Distributable Income	4,304,407,460	3,682,547,509	3,502,374,406
Dividend in total	4,643,142,257	3,682,547,509	3,502,374,406
Payout Ratio	1.03	0.87	0.87
Dividend Rate	6.09%	4.83%	4.56%
Annualized Dividend Rate	12.27%	9.57%	8.29%

- Distributable Income : Net Income - Legal Reserves – Carry Forwarded Loss - Amortization of stock issuance costs
- Payout Ratio : Total Dividend / Net Income
- Dividend Rate : “Dividend in total / [(beginning paid-in capital + ending paid-in capital)/2]”
- The excessive dividend upto depreciation cost of each year is possible pursuant to the Articles of Incorporation. It leads to dividend amount bigger than the distributable Income under Commercial Code and the payout ratio becomes more than 1.

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)

(Unit: million KRW , %)

Items		Preceding Quarter		Current Quarter		% of Total Asset	
		Total Amount	%	Total Amount	%		
Corporate Restructuring Real Estate	Land and Fixtures	163,654	95.07	163,644	96.56	96.56	96.56
	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		8,373	4.86	5,727	3.37	3.37	
Other Assets		114	0.07	115	0.07	0.07	
① Total Asset	Stock Owner's Equity	82,830	48.12	80,647	47.50	47.50	100
	Liabilities	89,312	51.88	89,139	52.50	52.50	

* Asset value is represented pursuant to the article 27 of Enforcement Decree of REIT Act, not from book value.

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

Not applicable

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

Not applicable

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	Preceding balance	Current balance
Woori Bank	MMDA	0%~2.85%	5,030	1,372
Woori Bank	Time Deposit	3.6 %~4.2%	1,273	1,273
Kookmin Bank	Time Deposit	3.27%~3.55%	2,000	3,000
Total			8,303	5,645

III. Net Asset Value per share

(Unit : shares, million KRW)

	30-Sep-05	30-Jun-05	31-Mar-05	31-Dec-04
Total Asset Value per the Article 27 (3) of ED of Real Estate Investment Company Act (I)	169,786	172,142	168,327	169,611
Total liabilities per Balance Sheets (II)	89,139	89,312	88,159	88,207
Net Asset Value (III=I-II)	80,647	82,830	80,168	81,404
Number of Shares issued	15,260,600	15,260,600	15,260,600	15,260,600
Net Asset Value per share	5,285	5,428	5,253	5,334

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 : 101,026 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		Total	Cumulative Depreciation	Book Value
	Land	Building	Land	Building	Land	Building	Land	Building			
Kukdong Building	102,398	57,641	-	3,905	-	-	102,398	61,546	163,944	2,193	161,751

* The ending balance of the building includes 60 million KRW of equipment acquired for Kukdong building and constructions in progress.

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	18,329	97.2%	14,703	92	802
	Vacancy	530	2.8%			
Sub total	18,859	18,859	100.0%			

<Note>

- Annual Rental Income KRW 14,703,219,984= monthly rent 1,225,268,332 * 12months (Annual CAM income KRW 5,806,808,760= monthly CAM 483,900,730* 12months).
- Average annual rental income per py = Annual Rent KRW 14,703,219,984 / 18,329 py

* The monthly vacancy rate of Kukdong Building is as follows.

2005-01	2005-02	2005-03	2005-04	2005-05	2005-06	2005-07	2005-08	2005-09
11.9%	9.4%	8.8%	7.1%	3.6%	4.5%	3.8%	4.8%	2.8%

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 (in KRW million)	% of total income	Notes
Real Estate	Rental Income	3,476	63.56	
	Income/Loss from Sale	-	-	
	Other Income related to Real Estate	1,904	34.81	
Marketable Securities	Income/Loss from Sale	-	-	
	Revaluation Income/Loss	-	-	
	Interest Income/ Dividend	-	-	
Other Income		89	1.63	
Total Income		5,469	100.00	

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

II . Income by Sector

1. Real Estate

1) Rental Income from Real Estate

	Rental Income (in KRW million)	% of Total Income	Notes
Kukdong Building	3,476	100.00	

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

	Other Income (in KRW million)	% of Total Income	Notes
Kukdong Building	1,904	100.00	

* Other Income related to Real Estate: CAM, Parking Income, Tenant Reimbursement and Other Operating Revenue

2. Marketable Securities

No transaction incurred during this quarter

3. Other Income

Category	Amount (in KRW million)	%	Notes
Interest income	85	95.51	
Penalty Income	4	4.49	
Other non-operating	-	-	
Other Income Total	89	100.00	

III. Return On Equity

(Unit: %)				
Category	FY 4 1 st Quarter	FY 3 2 nd Quarter	FY 3 1 st Quarter	FY 2 2 nd Quarter
Company (A)	11.76	12.13	11.71	11.42
Industry Average (B)	-	-	-	-
Excess in Rate of Return	-	-	-	-

*Return on Equity : *Net Income / Average Paid-in Capital*

※Return on Equity represents an annualized accounting return on Equity. The calculation is shown as below.

$$1^{\text{st}} \text{ Quarter return on Equity} = \{1 + (\text{Net Income of the } 1^{\text{st}} \text{ Quarter} / [\text{Average Paid-in Capital}])\}^4 - 1$$

$$2^{\text{nd}} \text{ Quarter return on Equity} = \{1 + (\text{Net Income of the } 1^{\text{st}} \text{ Half} / [\text{Average Paid-in Capital}])\}^2 - 1$$

$$3^{\text{rd}} \text{ Quarter return on Equity} = \{1 + (\text{Net Income during } 1^{\text{st}} \text{ Quarter to } 3^{\text{rd}} \text{ Quarter} / [\text{Average Paid-in Capital}])\}^{4/3} - 1$$

$$4^{\text{th}} \text{ Quarter return on Equity} = (\text{Net Income of the year} / [\text{Average Paid-in Capital}])$$

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

I . Total Operating Expenses

1) On-site Property Operating Expenses

Items	Kukdong Building (in KRW million)
Property Administration Expenses	91
Facility Maintenance Fees	421
Utility Expenses	448
Repairs and Maintenance	239
Property Taxes and Dues	150
Sub Total	1,349

2) General Operating Expenses

Items	Amount in KRW million
Remuneration to officers	3
Depreciation Costs	309
Amortization of Insurance Premium	15
National Tax and Dues	12
General Administration Fees	10
Professional Fees	13
Sub Total	362

* Specific professional trustee fees not shown in the above table. Refer to **II . Professional Trustee Fees** table below.

II . Professional Trustee Fees

Category	To	Fees and Calculation method		Payment	Comments
Asset Management Fee	Macquarie Property Advisors Korea Ltd.	Adivisory fee on Acquistion	1) 0.55% of net acquisition price for Kukdong building 2) Upto 1% of net acquisition price of an acquired real estate after incorporation	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%	6months 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 liquidation	
		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 liquidation	
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 30 September 2005】

Name	Relation	Stock	Number of shares (%)				Note
			Beginning	Increase	Decrease	Outstanding	
Avonla Korea I Holdings (Luxembourg) S.A.R.L.	Largest Shareholder	Ordinary	1,695,622 (11.11%)	-	-	1,695,622 (11.11%)	
Sub total			1,695,622 (11.11%)	-	-	1,695,622 (11.11%)	

2. Important Shareholders (3% or more)

Not applicable for quarterly report.

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

Not applicable for quarterly report.

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.

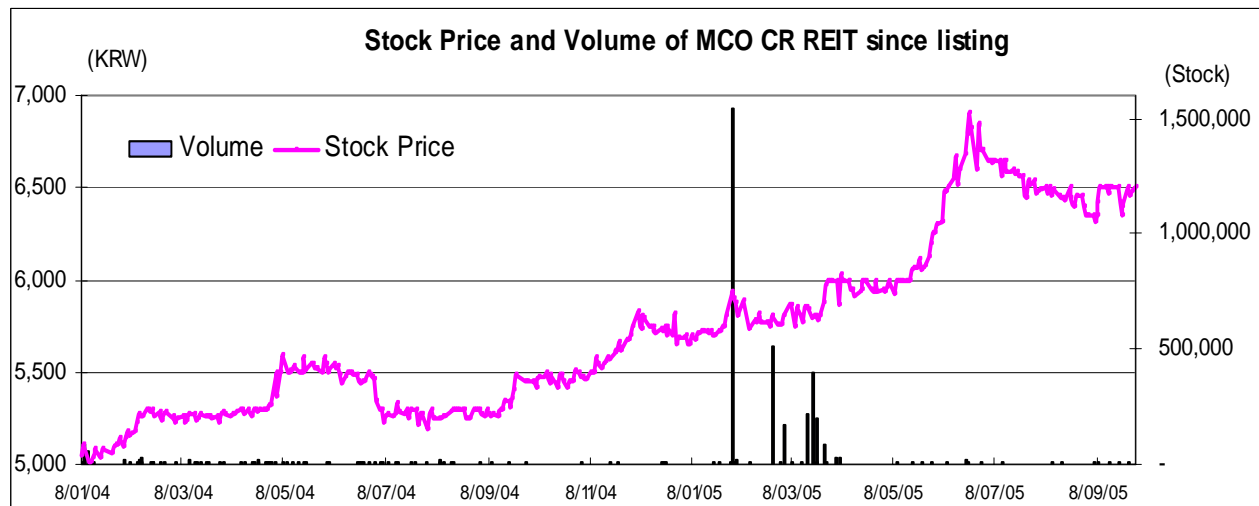
II. State of stock price change

(Unit: KRW, Shares)

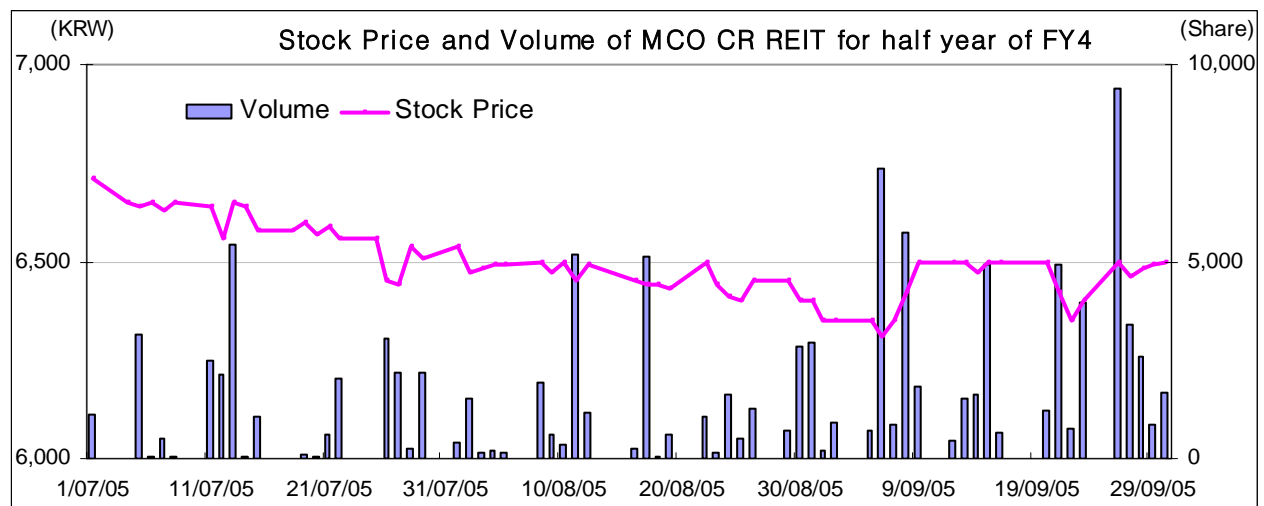
Category	Apr 2005	May 2005	June 2005	July 2005	August 2005	September 2005
High (Date)	6,030 (07/04/05)	6,190 (31/05/05)	6,900 (29/06/05)	6,710 (01/07/05)	6,540 (01/08/05)	6,500 (09/09/05)
Low (Date)	5,860 (06/04/05)	5,920 (09/05/05)	6,260 (02/06/05)	6,440 (27/07/05)	6,400 (31/08/05)	6,310 (06/09/05)
Monthly Trade Volume	85,677	53,667	72,630	26,430	28,920	55,610
Average Daily Trade Volume	4,284	2,556	3,459	1,259	1,315	2,648

[Korea Exchange, Seoul]

< Since listing date 08 Jan 2004 To 30 September 2005 >



< FY4 : 01 July 2005 To 30 September 2005 >



Section 8. Summarized balance sheet and income statement

I .Principles of B/S

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 1year as of balance sheet date.

3. Property investments:

Property investments include land, building, plant and 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 SEPTEMBER 30, 2005 AND JUNE 30, 2005

	<u>Korean Won</u>	
	<u>2005. 9. 30</u>	<u>2005. 6. 30</u>
	(In thousands)	
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash and cash equivalents	₩ 4,371,955	₩ 7,029,960
Short-term financial instruments	1,122,080	1,122,080
Accounts receivable	40,754	72,287
Accrued income	81,960	69,971
Prepaid expenses	53,281	31,322
Prepaid income tax	<u>21,214</u>	<u>10,877</u>
	<u>5,691,244</u>	<u>8,336,497</u>
NON-CURRENT ASSETS:		
Investment assets:		
Long-term financial instruments	<u>151,085</u>	<u>151,085</u>
Property Investments :		
Land	102,397,913	102,397,913
Building	61,271,107	61,196,107
Machinery	60,000	60,000
Construction in progress	215,000	-
Less: Accumulated depreciation	<u>(2,192,996)</u>	<u>(1,883,641)</u>
	<u>161,751,024</u>	<u>161,770,379</u>
	<u>161,902,109</u>	<u>161,921,464</u>
 TOTAL ASSETS	 <u>₩ 167,593,353</u>	 <u>₩ 170,257,961</u>
 <u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>		
CURRENT LIABILITIES:		
Accounts payable	₩ 299,423	₩ 589,525

	Korean Won	
	2005. 9. 30	2005. 6. 30
	(In thousands)	
Accrued expenses	80,421	237,929
Advanced receipts	20,118	7,704
VAT payables	<u>351,354</u>	<u>427,288</u>
	<u>751,316</u>	<u>1,262,446</u>
NON-CURRENT LIABILITIES:		
Long-term borrowings	75,244,000	75,244,000
Leasehold deposits	<u>13,143,632</u>	<u>12,805,373</u>
	<u>88,387,632</u>	<u>88,049,373</u>
Total liabilities	<u>89,138,948</u>	<u>89,311,819</u>
COMMITMENTS AND CONTINGENCIES		
SHAREHOLDERS' EQUITY		
Common stock	₩ 76,303,000	₩ 76,303,000
Appropriated retained earnings – legal reserve	718,492	718,492
Retained earnings before appropriations (Net income of ₩2,151,405 thousand for the three months ended September 30, 2005 and ₩4,494,286 thousand for the six months ended June 30, 2005)	<u>1,812,670</u>	<u>4,494,286</u>
	2,531,162	5,212,778
Capital adjustments	<u>(379,757)</u>	<u>(569,636)</u>
Total shareholders' equity	<u>78,454,405</u>	<u>80,946,142</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>₩ 167,593,353</u>	<u>₩ 170,257,961</u>

V. Income Statements

STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2005 AND MARCH 31, 2005

	Korean Won	
	2005. 9. 30	2005. 3. 31
	(In thousands, except per share amounts)	
OPERATING REVENUE:		
Rental income	₩ 3,476,391	₩ 3,262,872
Common area maintenance income	1,421,884	1,317,964
Parking income	380,888	366,800
Tenant reimbursement	71,746	58,746
Other operating revenue	<u>29,829</u>	<u>21,963</u>
	<u>5,380,738</u>	<u>5,028,345</u>
OPERATING EXPENSES:		
Real estate expenses:		
Property administration expenses	91,021	84,673
Facility management fees	420,584	392,774
Utilities	447,847	423,665
Maintenance and repairs	238,961	50,906
Local taxes and dues	<u>150,316</u>	<u>123,203</u>
	<u>1,348,729</u>	<u>1,075,221</u>

	Korean Won	
	2005. 9. 30	2005. 3. 31
	(In thousands, except per share amounts)	
Fund operating expenses:		
Remuneration to officers	3,000	1,000
Depreciation	309,356	305,007
Insurance premium	14,805	14,486
National taxes and dues	11,913	10,550
Fund administration fees	9,779	11,178
Professional fees	12,627	9,300
Asset management fees	265,904	264,624
Asset custodian fees	12,570	12,506
Business trustee fees	20,949	20,844
	<u>660,903</u>	<u>649,495</u>
	<u>2,009,632</u>	<u>1,724,716</u>
 OPERATING INCOME	 <u>3,371,106</u>	 <u>3,303,629</u>
 NON-OPERATING INCOME:		
Interest income	₩ 84,612	₩ 55,270
Late fee	4,313	-
Compensation for damages	-	70,000
Other income	1	3,106
	<u>88,926</u>	<u>128,376</u>
 NON-OPERATING EXPENSES:		
Interest expense	1,308,627	1,290,940
Other expenses	-	20
	<u>1,308,627</u>	<u>1,290,960</u>
 ORDINARY INCOME	 2,151,405	 2,141,045
 EXTRAORDINARY ITEM	 -	 -
 INCOME BEFORE INCOME TAX	 2,151,405	 2,141,045
 INCOME TAX EXPENSE	 -	 -
 NET INCOME	 <u>₩ 2,151,405</u>	 <u>₩ 2,141,045</u>
 ORDINARY INCOME PER SHARE	 <u>₩ 141</u>	 <u>₩ 140</u>
 NET INCOME PER SHARE	 <u>₩ 141</u>	 <u>₩ 140</u>

VI. Statements of Appropriations of Retained Earnings(Annually)

Not applicable for Quarterly report

II. Statements of Cash flows

STATEMENTS OF CASH FLOWS

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2005 AND MARCH 31, 2005

	Korean Won	
	<u>2005. 9. 30</u>	<u>2005. 3. 31</u>
	(In thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	₩ 2,151,405	₩ 2,141,045
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	309,355	305,007
Decrease (Increase) in accounts receivable	31,532	(14,096)
Increase in accrued income	(11,988)	(12,908)
Decrease (Increase) in prepaid expenses	(21,959)	14,486
Increase in prepaid income tax	(10,337)	(6,025)
Decrease in accounts payable	(290,102)	(644,243)
Increase (Decrease) in accrued expenses	(162,141)	98,798
Increase in advanced receipts	12,414	11,836
Decrease in withholdings	-	(70,000)
Decrease in VAT payables	(71,301)	(153,761)
Decrease in income tax payable	-	(89,784)
Increase in leasehold deposits	338,259	707,912
	<u>123,732</u>	<u>147,222</u>
	<u>2,275,137</u>	<u>2,288,267</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash inflows from investing activities:	-	-
Cash outflows for investing activities:		
Acquisition of long-term financial instruments	-	(151,085)
Acquisition of property investments	(290,000)	(941,978)
	<u>(290,000)</u>	<u>(1,093,063)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash inflows from financing activities:	-	-
Cash outflows for financing activities:		
Payment of dividends	(4,643,142)	(3,682,548)
	<u>(4,643,142)</u>	<u>(3,682,548)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(2,658,005)	(2,487,344)
CASH AND CASH EQUIVALENTS, BEGINNING OF THE PERIOD	<u>7,029,960</u>	<u>5,799,874</u>
CASH AND CASH EQUIVALENTS, END OF THE PERIOD	<u>₩ 4,371,955</u>	<u>₩ 3,312,530</u>

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 approved as a CR-REIT Company by the Ministry of Construction and Transportation in Korea on December 24, 2003 under the Real Estate Investment Company Act (the "Act") of the Republic of Korea. The Company's stock was listed on the Korea Exchange on January 8, 2004. The main business purpose of the Company is to distribute the profits of the Company to its shareholders, which are generated from the income earned from acquisition, development, management, refurbishment and disposition of real estates and others.

The head office of the Company is located in Sokong-dong Chung-gu Seoul in Korea. As of September 30, 2005, Avonla Korea 1 Holdings (Luxembourg) S.A.R.L., the largest shareholder of the Company, owned 1,696 thousand shares (11.11% of the total shares as of September 30, 2005). The total shareholders' paid-in capital is ₩76,303 million as of September 30, 2005.

The Company will operate for five years from December 12, 2003 (inception). The ordinary fiscal periods of the Company are from January 1 and July 1 to June 30 and December 31, respectively. However, the first fiscal period of the Company started from December 12, 2003 (inception) and ended in June 2004. If the real estate amounting to 50% or more of total assets of the Company is sold and sale proceeds are completely collected, the fiscal year ends on the date when the sale proceeds are fully collected, after which the disposal profit from the sale will be distributed immediately.

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.

Revenue Recognition

Revenue is recognized as either rental income or administrative income depending on the nature of transaction.

Allowance for Doubtful Accounts

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

Property Investments

Property Investments 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 property investments.

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

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

Income Tax Expense and Deferred Income Taxes

The Company recognizes deferred income tax arising from temporary differences between pretax accounting income and taxable income. Accordingly, income tax expense consists of the total income tax and surtaxes currently payable and the changes in deferred income tax assets or liabilities during the period. The deferred income tax assets or liabilities will be charged or credited to income tax expense in the period each temporary difference reversed in the future. Deferred income taxes are recalculated based on the actual tax rate in effect at each balance sheet date. Also, deferred income tax assets (liabilities) are classified to current and non-current in accordance with the classification of the related assets (liabilities) for financial reporting, and are offset if deferred income tax assets and liabilities relate to income tax levied by the same tax jurisdiction.

Ordinary Income per Share and Net Income per Share

Ordinary income per share and net income 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. Ordinary income per share and net income per share for the six months ended June 30, 2005 is ₩295.

3. CASH AND CASH EQUIVALENTS AND FINANCIAL INSTRUMENTS:

Cash and cash equivalents and financial instruments as of September 30, 2005 and June 30, 2005 consist of the following:

	<u>Bank</u>	<u>Annual interest rate (%)</u>	<u>2005.9.30</u>	<u>2005.6.30</u>
			(In thousands)	
Cash and cash equivalents:				
MMDA	Woori Bank	0.0 ~ 2.85	₩ 1,371,955	₩ 5,029,960
Time deposits	Kookmin Bank	3.27 ~ 3.55	<u>3,000,000</u>	<u>2,000,000</u>
			<u>₩ 4,371,955</u>	<u>₩ 7,029,960</u>
Short-term financial instruments				
Time deposits	Woori Bank	3.6 ~ 4.2	<u>₩ 1,122,080</u>	<u>₩ 1,122,080</u>
Long-term financial instruments				
Time deposits	Woori Bank	4.0	<u>₩ 151,085</u>	<u>₩ 151,085</u>

The Company made deposits with Woori Bank amounting to ₩1,273,165 thousand as of September 30, 2005 and June 30, 2005 as collateral for leasehold deposits.

4. PROPERTY INVESTMENTS:

- i. The changes in property investments for the three months ended September 30, 2005 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	59,325,666	-	75,000	(306,355)	59,094,311
Machinery	46,800	-	-	(3,000)	43,800
Construction in progress	-	290,000	(75,000)	-	215,000
	<u>₩ 161,770,379</u>	<u>₩ 290,000</u>	<u>₩ -</u>	<u>₩ (309,355)</u>	<u>₩ 161,751,024</u>

ii. The changes in property investments for the six months ended June 30, 2005 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	58,794,024	53,760	1,087,517	(607,635)	59,325,666
Machinery	52,800	-	-	(6,000)	46,800
Construction in progress	-	1,085,517	(1,087,517)	-	-
	<u>₩ 161,244,737</u>	<u>₩ 1,139,277</u>	<u>₩ -</u>	<u>₩ (613,635)</u>	<u>₩ 161,770,379</u>

iii. As of September 30, 2005, the published tax assessment value of the Company-owned land (7,942.5 square meters) totals ₩68,226,075 thousand in terms of land tax assessment price officially announced by the Korean government.

5. INSURED ASSETS:

As of September 30, 2005, 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	Samsung Fire & Marine Insurance Co., Ltd.

6. COLLATERALIZED ASSETS:

The property investments are pledged as security to its lenders and tenants as of September 30, 2005 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	Leasehold deposits
Korea Life Insurance Association	Building	415,545	Leasehold deposits
Dong Ah Construction Industrial Co., Ltd.	Building	546,000	Leasehold deposits
Shinhan Life Insurance Co., Ltd.	Building	245,000	Leasehold deposits

<u>Provided to</u>	<u>Collateralized assets</u>	<u>Collateralized amounts</u>	<u>Related liabilities</u>
OTIS LG Elevator	Building	100,000	Leasehold deposits
Chohung Bank	Building	1,690,000	Leasehold deposits
Samsung Card Co., Ltd.	Building	90,503	Leasehold deposits
		<u>₩ 101,026,123</u>	

7. LONG-TERM BORROWINGS:

Long-term borrowings as of September 30, 2005 and June 30, 2005 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>		

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 September 30, 2005.
- ii. Retained earnings as of September 30, 2005 and June 30, 2005 consist of the following:

	<u>2005. 9.30</u>	<u>2005. 6.30</u>
	(In thousands)	
Appropriated:		
Legal reserve	₩ 718,492	₩ 718,492
Before appropriations	<u>1,812,670</u>	<u>4,494,286</u>
	<u>₩ 2,531,162</u>	<u>₩ 5,212,778</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.

- iii. The amount of discount on stock issuance of ₩379,757 thousand as of September 30, 2005 will be amortized in equal amounts up to the period ending June 30, 2006.

9. INCOME TAX EXPENSE:

Income tax expense for the three months ended September 30, 2005 and March 31, 2005 consists of the following:

	<u>2005. 9. 30</u>	<u>2005. 3. 31</u>
	(In thousands)	
Income tax currently payable	₩ -	₩ -
Change in deferred income tax liabilities	-	-
Income tax expense	<u>₩ -</u>	<u>₩ -</u>

Changes in cumulative temporary differences for the three months ended September 30, 2005 are as follows (In thousands):

<u>Account</u>	<u>2005. 6. 30</u>	<u>Increase</u>	<u>Decrease</u>	<u>2005. 9. 30</u>
Accrued income	₩ (69,971)	₩ (81,960)	₩ (69,971)	₩ (81,960)
Accrued expenses	-	9,300	-	9,300
Total	(69,971)	(72,660)	(69,971)	(72,660)
Income tax rate	27.5%			27.5%
Income tax effect	-			-
Deferred income tax liabilities	₩ -			₩ -

The Company can pay dividend in excess of its net income pursuant to article 28(3) of the Real Estate Investment Company Act, article 32 of the Enforcement Decree of Real Estate Investment Company Act and article 56(3) of the Articles of Incorporation. The board of directors of the Company will decide on the excess dividend amount by considering the Company's net income, taxable income, capital expenditure plan and cash balance available for dividends for each fiscal year. 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 27.5% (resident tax included) for the three months ended September 30, 2005 and March 31, 2005, respectively. 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. The effective tax rate for the three months ended September 30, 2005 and March 31, 2005 was not calculated as the Company has not incurred any income tax expense for such period due to the amendment of the Real Estate Investment Company Act in Korea and the Articles of Incorporation of the Company in 2005.

10. RELATED PARTY TRANSACTIONS:

- i. The significant transactions with related parties for the three months ended September 30, 2005 and March 31, 2005 are summarized below.

	<u>2005. 9. 30</u>	<u>2005. 3. 31</u>
	(In thousands)	
Samsung Life Insurance Co., Ltd.:		
Interest expense	₩ 798,263	₩ 787,743
Rental income	180,189	175,080
Common area maintenance income	68,141	65,520
Parking income	17,727	17,727
Samsung Fire & Marine Insurance Co., Ltd.:		
Interest expense	222,467	219,460
Insurance premium	14,805	14,486
LG Insurance Co., Ltd.:		
Interest expense	183,208	180,731

- ii. The related account balances with related parties as of September 30, 2005 and June 30, 2005 are summarized below.

	<u>2005. 9. 30</u>	<u>2005. 6. 30</u>
	(In thousands)	
Samsung Life Insurance Co., Ltd.:		
Accrued expenses	₩ 43,384	₩ 43,384
Long-term borrowings	45,898,840	45,898,840
Leasehold deposits	300,000	300,000
Samsung Fire & Marine Insurance Co., Ltd.:		

	<u>2005. 9. 30</u>	<u>2005. 6. 30</u>
	(In thousands)	
Prepaid expenses	13,517	28,322
Accrued expenses	12,091	12,091
Long-term borrowings	12,791,480	12,791,480
LG Insurance Co., Ltd.:		
Accrued expenses	9,957	9,957
Long-term borrowings	10,534,160	10,534,160

11. COMMITMENTS:

As of September 30, 2005, the principal commitments of the Company are as follows:

(1) Asset Management Contract

The Company entered into an asset management contract with Macquarie Property Advisors Korea Ltd., (the "MPAK") in relation to investment of real estate, securities and financial instruments for the Company and, managements, disposal, development and rental of real estate for the Company. According to this contract, the Company shall pay the basic fee to MPAK, which shall be calculated by applying the rate as agreed between the Company and MPAK to the ordinary income that does not include the basic compensation payable to MPAK and shall be payable to MPAK for each fiscal year in arrears. 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 less 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 the changes in 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

Auditors do not express an opinion for review report.

" Based on reviews, nothing has come to auditors' attention that causes auditors to believe that such financial statements are not presented fairly, in all material respects, in accordance with financial accounting standards in the Republic of Korea."

Deloitte Anjin LLC

- 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 Korean GAAP, 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
28 Sep 2005	Annual Report for FY 3	FSS, KRX
23 Sep 2005	Replacement of Representative director	FSS, KRX
23 Sep 2005	Disclosures of general shareholders' meeting for FY 3	FSS, KRX
15 Sep 2005	Submission of Audit Report for FY 3	FSS, KRX
08 Sep 2005	Convocation of general shareholders' meeting and public announcements	FSS, KRX
06 Sep 2005	Resolution for holding a general shareholders' meeting	FSS, KRX
06 Sep 2005	Resolution for Dividend payment	FSS, KRX
06 July 2005	Temporary Closing of Shares Registry (adjustment)	KRX

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

Regulation	Compliance
<p>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.</p>	Complied
<p>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 Real Estate Investment Company Act of Korea (the "Act")), and any shareholder who owns and holds 10% or more of the shares in MCO CR REIT and its respective related persons, except for the circumstances under the Act.</p>	Complied
<p>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: 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; General sale, competitive bidding or any similar transaction; 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 Unavoidable transactions as a result of merger, liquidation, spin-off or merger by a spin-off entity.</p>	Complied