

English Translation of a Report Originally Issued in Korean

Investment Report as of 31 December 2007

Macquarie Central Office CR REIT

14 February 2008

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
(Tel.) 822-2002-5423

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 31 December 2007,

Total Asset : 172,975 (Million KRW)

Paid Equity : 76,303 (Million KRW)

6) Listing: Listed on 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 on 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 31 Dec 2007】

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 31 Dec 2007】

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 : thousand KRW)

Category	7 th Financial Year	6 th Financial Year	5 th Financial Year	4 th Financial Year	3rd Financial Year
Net Income	5,304,623	5,272,511	4,736,100	4,814,312	4,494,286
Earning per share	347.60	328.60	310.35	315.47	294.50
Distributable Income	4,665,799	4,375,878	4,017,608	4,285,698	4,304,407
Dividend in total	5,487,042	5,014,702	4,914,242	4,814,312	4,643,142
Payout Ratio	1.03	0.95	1.04	1.00	1.03
Dividend Rate	7.19%	6.57%	6.44%	6.31%	6.09%
Annualized Dividend Rate	14.50%	13.04%	12.99%	12.52%	12.27%

- 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 excess dividend upto depreciation cost of each year is permissible pursuant to the Articles of Incorporation. Therefore the dividend amount is greater than the distributable Income under the Commercial Code and the payout ratio exceeds 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	Property and Equipment	166,761	95.84	167,684	94.19	94.19	94.19
	Property Use Rights including the right of superficies, the right of leases	-	-	-	-	-	
	Real Estate Development Projects	-	-	-	-	-	
Other Real Estate	Property and Equipment	-	-	-	-	-	
	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		6,908	3.97	9,999	5.62	5.62	
Other Assets		325	0.19	348	0.20	0.20	
① Total Asset	Stock Owner's Equity	83,693	48.10	86,781	48.74	48.74	100.0
	Liabilities	90,301	51.90	91,250	51.26	51.26	

* 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%~4.60%	3,281	6,501
Woori Bank	Time Deposit	2.50 %~4.80%	1,962	1,866
Kookmin Bank	Time Deposit	5.30%	1,500	1,500
Total			6,743	9,867

III. Net Asset Value per share

(Unit : shares, million KRW)

	31-Dec-07	30-Sep-07	30-Jun-07	31-Mar-07
Total Asset Value per the Article 27 (3) of ED of Real Estate Investment Company Act (I)	178,031	173,994	177,535	173,383
Total liabilities per Balance Sheets (II)	91,250	90,301	91,450	90,200
Net Asset Value (III=I-II)	86,781	83,693	86,085	83,183
Number of Shares issued	15,260,600	15,260,600	15,260,600	15,260,600
Net Asset Value per share	5,687	5,484	5,641	5,451

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 KRW Million Total of Kun-Mortgage : 104,368 KRW Million

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

2. Price of each portfolio

(Unit: KRW million)

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	-	7,645	-	-	102,398	65,286	167,684	5,056	162,628

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

3. Lease status

Portfolio	Gross Leasable Area(m ²)	Leased Area(m ²)	Occupancy Rate	Annual Rent (KRW m)	Number of Lease Contracts	Average annual rent per m ² (1,000 KRW)
Kukdong building	62,344	62,119	99.6%	16,796	69	270,392
	Vacancy	225	0.4%			
Sub total	62,344	62,344	100.0%			

<Note>

* Annual Rental Income KRW 16,796,453,473= monthly rent KRW 1,399,704,456*12

(Annual CAM income KRW 6,576,385,404= KRW 548,032,117*12)

* Average annual rental income per m² = Annual Rent KRW 16,796,453,473 ÷ 62,119m²

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

2007-04	2007-05	2007-06	2007-07	2007-08	2007-09	2007-10	2007-11	2007-12
3.9%	4.1%	2.5%	5.2%	5.2%	3.2%	2.6%	2.6%	0.4%

II .Matters relating to development of real estate

Not applicable

Section 4. Total income amount, income structure and yield
(From 01 Oct 2007 to 31 Dec 2007)

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	4,025	64.53	
	Income/Loss from Sale	-	-	
	Other Income related to Real Estate	2,037	32.66	
Marketable Securities	Income/Loss from Sale	-	-	
	Revaluation Income/Loss	-	-	
	Interest Income/ Dividend	-	-	
Other Income		175	2.81	
Total Income		6,237	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	4,025	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	2,037	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	79	45.14	
Late Fee	1	0.57	
Penalty Income	93	53.14	
Other non-operating	2	1.15	
Other Income Total	175	100.00	

III. Return on Equity

(Unit: %)

Category	FY 8 2 nd Quarter	FY 8 1 st Quarter	FY 7 2 nd Quarter	FY 7 1 st Quarter
Company (A)	15.00	15.39	14.39	15.02
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.

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

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

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

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

Section 5. Matters relating to expense including expenditure of real estate business, etc.
(From 01 Oct 2007 to 31 Dec 2007)

I . Total Operating Expenses

1) On-site Property Operating Expenses

Items	Kukdong Building (in KRW million)
Property Administration Expenses	141
Facility Maintenance Fees	481
Utility Expenses	331
Repairs and Maintenance	465
Property Taxes and Dues	0
Sub Total	1,418

2) General Operating Expenses

Items	Amount in KRW million
Remuneration to officers	3
Depreciation Costs	343
Amortization of Insurance Premium	8
National Tax and Dues	18
General Administration Fees	1
Professional Fees	10
Sub Total	383

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

II. Professional Trustee Fees

Category	To	Fees and Calculation method		Payment	Comments
Asset Management Fee	Macquarie Real Estate Korea Ltd.	Adivisory fee on Acquisition	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	<i>pro-rated</i>
		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	
		Performanc e 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>

※ Macquarie Real Estate Korea Ltd.: Macquarie Property Advisors Korea Ltd. changed company as of 30 January 2008.

Section 6. Matters relating to borrowing

I . Borrowing

(Unit: million KRW)

Category	Begin	Increase	Pay-off	Outstanding	Note
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
LIG Insurance	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 2007】

Name	Relation	Stock	Number of shares (%)				Note
			Beginning	Increase	Decrease	Outstanding	
Macquarie Bank Limited	Largest Shareholder	Ordinary	1,216,038 (7.97%)	-	-	1,216,038 (7.97%)	
Macquarie Bank Limited - BPG	Largest Shareholder	Ordinary	1,335,000 (8.75%)	34,232 (0.22%)	-	1,369,232 (8.97%)	
Macquarie Real Estate Korea	Special Related Party	Ordinary	456,290 (2.99%)	-	-	456,290 (2.99%)	
Sub total			3,007,328 (19.71%)	34,232 (0.22%)	-	3,041,560 (19.93%)	

2. Important Shareholders (3% or more)

【as of 31 Dec 2007】

	Shareholders	Type of Stock	No. of Stock owned	Ratio(%)	Note
1	Samsung Life Insurance Ltd.	Common Stock	1,520,000	9.96	
2	AIAKOREA-STOCK	Common Stock	1,000,000	6.55	
3	Shinhan Life Insurance Ltd.	Common Stock	979,810	6.42	
4	Samsung Fire & Marine Co Ltd.	Common Stock	760,000	4.98	
5	LIG Insurance Co Ltd.	Common Stock	600,000	3.93	
Total			4,859,810	31.85	

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.

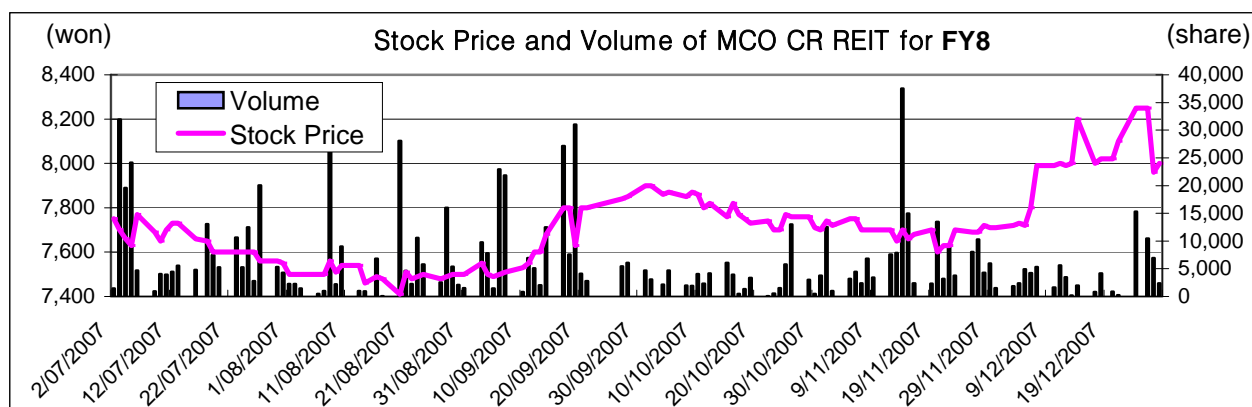
II. State of stock price change

(Unit: KRW, Shares)

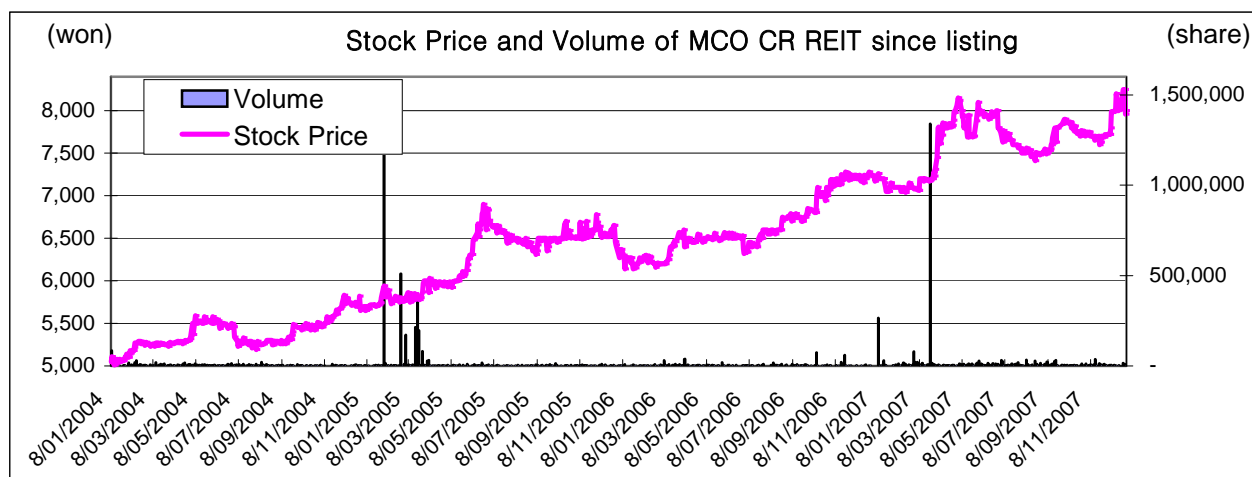
Category	Jul 2007	Aug 2007	Sep 2007	Oct 2007	Nov 2007	Dec 2007
High (Date)	7,770 (06/07/2007)	7,560 (08/08/2007)	7,850 (28/09/2007)	7,900 (02/10/07)	7,750 (06/11/007)	8,250 (26/12/07)
Low (Date)	7,550 (31/07/2007)	7,410 (20/08/2007)	7,490 (05/09/2007)	7,700 (23/10/07)	7,600 (20/11/07)	7,720 (03/12/07)
Monthly Trade Volume	191,865	140,034	175,142	72,122	166,085	72,614
Average Daily Trade Volume	9,136	6,365	10,302	3,278	7,549	4,034

[Korea Exchange, Seoul]

< FY8: 01 July 2007 to 31 December 2007 >



< Since listing date 08 Jan 2004 to 31 December 2007 >



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 1 year 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

Macquarie Central Office Corporate Restructuring Real Estate Investment Trust Balance Sheets December 31, 2007 and June 30, 2007

<i>(in thousands of Korean)</i>	<u>2007.12</u>	<u>2007.06</u>
Assets		
Current assets		
Cash and cash equivalents	₩ 7,935,584	₩ 9,169,182
Short-term financial instruments (Note 3)	1,931,893	2,550,427
Other accounts receivables	13,724	44,971
Accrued income	131,708	168,013
Prepaid expense (Note 10)	303,614	151,373
Tax refund receivables	30,294	24,306
Total current assets	<u>10,346,817</u>	<u>12,108,272</u>
Property and equipment, net of accumulated depreciation of ₩ 5,056,403 thousand (2007.06: ₩ 4,398,189 thousand) (Notes 4, 5, 6 and 7)	162,628,217	160,893,031
Long-term prepaid expenses	-	135,712
Total assets	<u>₩ 172,975,034</u>	<u>₩ 173,137,015</u>
Liabilities and Shareholders' Equity		
Current liabilities		
Other accounts payable	₩ 1,047,583	₩ 1,033,694
Accrued expense (Note 10)	85,345	263,564
Advanced receipts	320	4,572
Withholdings payable	28,900	28,900
VAT payables	397,634	473,169
Current portion of long-term borrowings (Notes 7, 8 and 10)	75,244,000	-
Total current liabilities	<u>76,803,782</u>	<u>1,803,899</u>
Long-term borrowings, net (Notes 7, 8 and 10)	-	75,244,000
Deposits received (Notes 7 and 10)	14,446,661	14,401,825
Total liabilities	<u>91,250,443</u>	<u>91,449,724</u>
Commitments and contingencies (Note 9)		
Shareholders' equity		
Capital stock		
Common stock, ₩5,000 par value per share; authorized 61,042,400 shares; issued and outstanding 15,260,600 shares (Note 1)	76,303,000	76,303,000
Appropriated retained earnings (Note 2)	718,492	718,492
Retained earnings before appropriations	4,703,099	4,665,799
Total shareholders' equity	<u>81,724,591</u>	<u>81,687,291</u>
Total liabilities and shareholders' equity	<u>₩ 172,975,034</u>	<u>₩ 173,137,015</u>

V. Income Statements

Macquarie Central Office Corporate Restructuring Real Estate Investment Trust Statements of Income Six-Month Periods Ended December 31, 2007 and June 30, 2007

<i>(in thousands of Korean)</i>	<u>2007.12</u>	<u>2007.06</u>
Operating Revenue		
Rental income (Notes 10 and 11)	₩ 7,979,845	₩ 7,707,271
Common area maintenance income (Note 10)	3,170,483	3,160,971
Parking income (Note 10)	702,610	694,866
Tenant reimbursement (Note 10)	124,802	120,442
Other operating revenue	45,725	54,579
	<u>12,023,465</u>	<u>11,738,129</u>
Operating Expenses		
Real estate expenses		
Property administration expenses (Note 9)	228,014	180,698
Facility management fees (Note 9)	934,871	920,704
Utilities	780,607	746,599
Maintenance and repairs	521,762	529,176
Local taxes and dues (Note 15)	277,822	233,614
General operating expenses		
Remuneration to officers (Notes 10 and 15)	6,000	6,000
Depreciation (Notes 5 and 15)	658,214	629,359
Insurance premium (Note 10)	16,785	16,334
National taxes and dues (Note 15)	35,626	28,856
Fund administration fees	11,421	11,831
Professional fees	19,731	29,472
Asset management fees (Note 9)	703,777	675,786
Asset custodian fees (Note 9)	25,696	25,656
Business trustee fees (Note 9)	42,826	42,760
	<u>4,263,152</u>	<u>4,076,845</u>
Operating income	<u>7,760,313</u>	<u>7,661,284</u>
Non-operating income		
Interest income (Note 15)	180,082	183,642
Late fees	2,618	2,825
Compensation for damages	195,920	28,531
Other income	2,663	2,923
	<u>381,283</u>	<u>217,921</u>
Non-operating expenses		
Interest expenses (Notes 10 and 15)	2,617,254	2,574,582
Net income	<u>₩ 5,524,342</u>	<u>₩ 5,304,623</u>
Per share data (In Korean won) (Note 13)		
Earnings per share	₩ 362	₩ 348

VI. Statements of Appropriations of Retained Earnings (Annually)

Not applicable for Quarterly report.

VII. Statements of Cash flows (Annually)

Not applicable for Quarterly report.

VIII. Notes to Current Fiscal Year's Financial Statements

1. General

Macquarie Central Office Corporate Restructuring Real Estate Investment Trust (the Company) was incorporated on December 12, 2003. On December 24, 2003, it was approved as a CR-REIT company by the Ministry of Construction and Transportation of Korea under the Real Estate Investment Company Act of Korea. The Company is mainly engaged in the acquisition, development, management, improvement and sale of real estate and others.

On January 8, 2004, its shares of stock were listed on the Korea Exchange.

The Company's head office is in Sokong-dong, Chung-gu, Seoul in Korea, and as of December 31, 2007, its biggest shareholder is Macquarie Bank Limited, which owns 3,041,560 shares representing 19.93% of the total outstanding shares.

The Company will operate for five years from December 12, 2003, the date of inception, and its fiscal period consisting of six months starts from January 1 and ends on June 30, and from July 1 ending on December 31.

If the real estate properties of the Company amounting to 50% or more of the total assets are sold and proceeds are fully collected, the fiscal period ends on the date when the proceeds are fully collected. These proceeds are then immediately distributed. As of December 31, 2007, the details of capital stock of the Company are as follows:

Authorized number of shares	Number of shares outstanding	Par value per share	Common stock
61,042,400	15,260,600	₩ 5,000	₩ 76,303,000

As of December 31, 2007, the shareholders of the Company are as follows:

Shareholders	Number of shares	Amount (in thousands)	Percentage of Ownership (%)
Macquarie Bank Limited	3,041,560	₩ 15,207,800	19.93
Samsung Life Insurance Co., Ltd.	1,520,000	7,600,000	9.96
American Intl. Assurance Co. Ltd.	1,000,000	5,000,000	6.55
Shinhan Life Insurance Co., Ltd.	979,810	4,899,050	6.42
Samsung Fire & Marine Insurance Co., Ltd.	760,000	3,800,000	4.98
LIG Insurance Co., Ltd.	600,000	3,000,000	3.93
Others	7,359,230	36,796,150	48.23
Total	15,260,600	₩ 76,303,000	100.0

2. Summary of Significant Accounting Policies

The significant accounting policies followed by the Company in the preparation of its interim financial statements for the six-month period ended December 31, 2007, are summarized below:

Basis of Financial Statement Presentation

The Company maintains its accounting records in Korean won and prepares statutory financial statements in the Korean language (Hangul) in conformity with 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 from the Korean language financial statements.

Certain information attached to the Korean language financial statements, but not required for a fair presentation of the Company's financial position, results of operations, or cash flows, is not presented in the accompanying financial statements.

Accounting Estimates

The preparation of the financial statements requires management to make estimates and assumptions that affect amounts reported therein. Although these estimates are based on management's best knowledge of current events and actions that the Company may undertake in the future, actual results may differ from those estimates.

Application of the Statements of Korean Financial Accounting Standards

The Korean Accounting Standards Board has published a series of Statements of Korean Financial Accounting Standards ("SKFAS"), which will gradually replace the existing financial accounting standards, established by the Korean Financial Supervisory Commission. As SKFAS Nos. 11, 21 through 23 became applicable to the Company on July 1, 2007, the Company adopted these statements in its interim financial statements as of and for the six-month period ended December 31, 2007. SKFAS No. 14 and No. 18 were excluded from application.

Revenue Recognition

The Company recognizes revenues from rental, common area maintenance, parking, tenant reimbursement and others upon delivery of the service.

Property and Equipment

Property and equipment are stated at cost, net of accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets as summarised below:

	Estimated useful lives
Buildings	50 years
Machinery and equipment	5 years

Routine maintenance and repairs are charged to current operations as incurred. Betterments and renewals, enhancing the value of the assets over their recently appraised value, are capitalized.

Income Taxes

The Company recognizes deferred income tax assets and liabilities, which represent temporary differences between the financial reporting and tax bases of assets and liabilities. Deferred income tax assets and liabilities are computed on such temporary differences, including available net operating loss carry-forwards and tax credits, by applying enacted statutory tax rates applicable to the years when such differences are expected to reverse. Deferred tax effects on temporary differences are reflected in income tax expenses during the corresponding period, and deferred tax effects applicable to items in the shareholders' equity are directly reflected in the shareholders' equity account. Deferred tax assets are recognized when it is more likely that such deferred tax assets will be realized.

According to SKFAS No. 16 which was applicable starting December 31, 2004, the Company classified deferred tax assets and liabilities into current and non-current, and within each classification, amounts for deferred tax assets and liabilities are offset against each other and presented as net amount.

Legal Reserve

Under Article 28(1) of the Real Estate Investment Company Act, the Company is not required to appropriate legal reserves as previously mandated by the Commercial Code of the Republic of Korea.

Dividends

Under the Article 28(3) of the Real Estate Investment Company Act, the Company can declare dividends in excess of retained earnings, to include the amount of depreciation expense for the period.

3. Restricted Financial Instruments

Financial instruments whose withdrawals are restricted as of December 31, 2007 and June 30, 2007, are as follows.

<i>(in thousands of Korean won)</i>	Bank	2007.12.31		2007.06.30	
Short-term financial instruments					
Money market deposit account	Woori Bank	₩	1,065,323	₩	1,588,501
Time deposits	Woori Bank		166,570		261,926
Time deposits	Woori Bank		700,000		700,000
		₩	<u>1,931,893</u>	₩	<u>2,550,427</u>

As of December 31, 2007, the above short-term financial instruments are pledged as collaterals for the leasehold deposits.

4. Declared Value of Land

As of December 31, 2007, the value of land based on the posted price issued by the Korean tax authority is as follows:

<i>(in thousands of Korean won)</i>	Size(m²)	Book value	Posted value of land
Chungmu-ro 60-1, Jung-Gu, Seoul	7,942.50	<u>₩ 102,397,913</u>	<u>₩ 84,984,750</u>

5. Property and Equipment

Changes in property and equipment for the six-month period ended December 31, 2007 and six-month period ended June 30, 2007, are as follows:

2007.12.31

<i>(in thousands of Korean won)</i>	July 1, 2007	Acquisition/ capital expenditures	Disposal	Depreciation expense	Transfer	December 31, 2007
Land	₩ 102,397,913	₩ -	₩ -	₩ -	₩ -	₩ 102,397,913
Buildings	57,974,918	153,000	-	652,214	2,732,500	60,208,204
Equipment	22,800	-	-	6,000	-	16,800
Construction- in-Progress	497,400	2,240,400	-	-	(2,732,500)	5,300
Total	<u>₩ 160,893,031</u>	<u>₩ 2,393,400</u>	<u>₩ -</u>	<u>₩ 658,214</u>	<u>₩ -</u>	<u>₩ 162,628,217</u>

2007.06.30

<i>(in thousands of Korean won)</i>	January 1, 2007	Acquisition/ capital expenditures	Disposal	Depreciation expense	Transfer	June 30, 2007
Land	₩ 102,397,913	₩ -	₩ -	₩ -	₩ -	₩ 102,397,913
Buildings	58,598,277	-	-	623,359	-	57,974,918
Equipment	28,800	-	-	6,000	-	22,800
Construction-in-Progress	-	497,400	-	-	-	497,400
Total	<u>₩ 161,024,990</u>	<u>₩ 497,400</u>	<u>₩ -</u>	<u>₩ 629,359</u>	<u>₩ -</u>	<u>₩ 160,893,031</u>

6. Insurance

As of December 31, 2007, the Company has the following insurance policies covering buildings and equipment:

Description	Insurance Company	Amount Insured	Period
Building & machinery		₩ 93,664 million	2007.12.24
Advance Loss of Profit		₩ 24,129 million	
General liability	Samsung Fire & Marine Insurance Co., Ltd.	US\$ 5,000,000 per each occurrence and others	~
Gas insurance		₩ 300 million per accident ₩ 80 million per person	2008.12.24

7. Collateralized Assets

The property investments pledged as security to its lenders and tenants as of December 31, 2007 and June 30, 2007, are as follows:

<i>(in thousands of Korean won)</i>	Collateralized amounts		Related Liabilities
	2007.12.31	2007.06.30	
Samsung Life Insurance Co., Ltd. Samsung Fire & Marine Insurance Co., Ltd. LIG Insurance Co., Ltd. Korea Life Insurance Co., Ltd. Korea Life Insurance Association	₩ 97,817,200	₩ 97,817,200	Long-term borrowings
Dong Ah Construction Industrial Co., Ltd.	759,885	759,885	Leasehold deposits
OTIS LG Elevator	621,096	621,096	Leasehold deposits
Shinhan Bank	871,097	871,097	Leasehold deposits
Samsung Card Co., Ltd.	2,042,495	2,042,495	Leasehold deposits
Prudential Life Insurance Co., Ltd.	108,492	108,492	Leasehold deposits
Korea PF Financing	224,960	152,448	Leasehold deposits
Shinsegae Co., Ltd	173,188	173,188	Leasehold deposits
Shinsegae Mart Co., Ltd	669,686	669,686	Leasehold deposits
Nonghyup Logistics Co., Ltd	274,174	274,174	Leasehold deposits
Korea Labor Welfare Corporation	-	107,977	Leasehold deposits
	805,460	805,460	Leasehold deposits
	<u>₩ 104,367,733</u>	<u>₩ 104,403,198</u>	

8. Long-Term Borrowings

Long-term borrowings as of December 31, 2007 consist of the following:

<i>(in thousands of Korean won)</i>	Annual interest rates (%) as of Dec. 31, 2007	Maturity date	2007.12.31	
Samsung Life Insurance Co., Ltd	6.9%	2008-12-26	₩	45,898,840
Samsung Fire & Marine Insurance Co., Ltd.	6.9%	2008-12-26		12,791,480
LIG Insurance Co., Ltd.	6.9%	2008-12-26		10,534,160
Korea Life Insurance Co., Ltd.	6.9%	2008-12-26		6,019,520
			<u>₩</u>	<u>75,244,000</u>

The long term borrowings will mature on December 26, 2008. As of December 31, 2007, land, buildings and the short-term financial instruments are pledged as collaterals for the above long-term borrowings (Notes 3 and 7).

9. Commitments and Contingencies

As of December 31, 2007, the Company has the following contracts:

Asset Management Contract

The Company has an asset management contract with Macquarie Real Estate Korea Ltd. (the MREK), where in MREK manages and invests the securities and financial instruments of the Company, and manages, sells, develops and leases out the real estate properties of the Company. In turn, the Company pays basic fees, commissions and performance fees for MREK's services. Details of the contract are as follows:

Basic Fee	11.3% of the ordinary income that does not include the basic compensation payable to MREK(from the 5 th fiscal period) (1 st fiscal period : 0%, 2 nd : 17%, 3 rd & 4 th : 11%)
Commission	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 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 and an internal rate of return on such assets over a 5 year period of ownership of the assets is greater than 11.5%
Performance Fee	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 commission

Business Trust Contract

The Company has a contract with Woori Bank for the maintenance of the stock and transfer records as well as for the bookkeeping of accounts and other administrative services. The Company pays Woori Bank quarterly fees equivalent to 0.05% of the total assets for the services.

Asset Custodian Contract

The Company has a contract with Woori Bank for the custodial services of the Company's assets. The Company pays Woori Bank quarterly fees equivalent to 0.03% of the total assets.

Property Management Contracts

The Company has a contract with SAMS property management, which includes rental, budget management and maintenance, and facilities management, which includes security and management of parking lots and facilities.

10. Related Party Transactions

The Company has no parent company or any subsidiary.

The compensation for the Company's key management includes salaries of ₩ 6 million for the six-month period ended December 31, 2007. The Company's key management consists of officers, who have authority and responsibilities for the Company's plans, operations and control.

Details of the Company's transactions with the related parties for the six-month periods ended December 31, 2007 and June 30, 2007, are summarized as follows:

<i>(in thousands of Korean won)</i>	Transactions	
	2007. 12. 31	2007. 06. 30
Samsung Life Insurance Co., Ltd.		
Interest expense	₩ 1,596,525	₩ 1,570,495
Rental income	389,749	389,749
Common area maintenance income	148,532	148,532
Parking income	44,909	36,909
Tenant reimbursement	328	322
Samsung Fire & Marine Insurance Co., Ltd.		
Interest expense	444,933	437,679
Insurance premium	16,785	16,334
LIG Insurance Co., Ltd.		
Interest expense	366,416	360,441

Related account balances as of December 31, 2007 and June 30, 2007, are as follows:

<i>(in thousands of Korean won)</i>	Receivables and Payables	
	2007. 12. 31	2007. 06. 30
Samsung Life Insurance Co., Ltd.		
Accrued expenses	₩ 52,061	₩ 43,384
Current portion of long-term borrowings	45,898,840	-
Long-term borrowings	-	45,898,8400
Leasehold deposits	324,450	324,450
Samsung Fire & Marine Insurance Co., Ltd.		
Prepaid expenses	40,376	15,882
Accrued expenses	14,509	12,091
Current portion of long-term borrowings	12,791,480	-
Long-term borrowings	-	12,791,480
LIG Insurance Co., Ltd.		
Accrued expenses	11,948	9,957
Current portion of long-term borrowings	10,534,160	-
Long-term borrowings	-	10,534,160

11. Rental Income

The Company does not project its future rental income due to the nature of the business. It adjusts the rental rates on its rental contracts based on the consumer price index.

IX. Auditor's Opinion

- External Auditor's Opinion

Not Applicable

Samil PricewaterhouseCoopers

- 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
14 Dec 2007	Temporary closing of shares registry	FSS, KRX
14 Nov 2007	Half year report for FY8	FSS, KRX
18 Sep 2007	Annual Report for FY7	FSS, KRX
14 Sep 2007	Disclosures of general shareholders' meeting for FY7	FSS, KRX
29 Aug 2007	Convocation of general shareholder's meeting and public announcements	FSS, KRX
27 Aug 2007	Submission of Audit Report for FY7	FSS, KRX
24 Aug 2007	Resolution for Dividend payment	FSS, KRX
24 Aug 2007	Resolution for holding a general shareholders' meeting	FSS, 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