

English Translation of a Report Originally Issued in Korean

**Annual Report for the
Ninth Fiscal Year
From 1 Jan 2008 to 30 Jun 2008
Macquarie Central Office CR REIT**

26 September 2008

TO: Financial Supervisory Commission and Korea Exchange

We submit the attached operation report as per the Article 186-3 of Securities and Exchange Act
(the “Act”)

Company Name: Macquarie Central Office CR REIT
Representative Director: Kwan Young Kim, Joo Hyun Cho
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Prepared by: Woori Bank Trust Business Department, the Business Trustee of
MCO CR REIT
(Tel.) 822-2002-5423

Sign-off Page of Representative Directors, etc.

Representation

26 September 2008

As the Representative Directors and Officer in charge of Reporting, we personally confirmed and reviewed by paying proper attention that;

- 1) There is no omission of statement or presentation, or false statement or presentation, of important items, which may gravely affect the reasonable investment decision of investors or value of securities in relation with the company or the securities,
- 2) No items, which give rise to grave misunderstanding of the user of the statement or presentation shown in the report, are stated or presented
- 3) The internal accounting management system is being operated pursuant to the Article 2-2 and Article 2-3 of the Act on External Audit of Joint Stock Companies if the corporation is subject to external audit pursuant to Article 2 of the same Act.

Macquarie Central Office CR REIT

Representative Director: Kwan Young Kim, Joo Hyun Cho (signature)

Woori Bank, the Business Trustee of MCO CR REIT

Officer in charge of Reporting: Il-Je Woo (signature)

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I. Company Overview

Section 1. Purposes of Company

1. Business Purposes

Business Purposes of Company	Notes
<ul style="list-style-type: none">- Acquisition, management, improvement and disposition of real estate;- Lease of real estate;- Deposit of funds at financial institutions- Real estate development;- Sale and purchase of securities;- Acquisition, management and disposition of rights related to the use of real estate, including superficies and leasehold interests.	

2. Business Purposes Performed by Subsidiaries

Not applicable

3. New Additional Business Plan

No plan for new additional business as of the date of the submission of this report.

Section 2. History of Company

1. History of Company

(1) Establishment and Post-establishment History

- 30 Sep 2003 Promoters Meeting
- 10 Nov 2003 Pre-approval from MOCT
- 2 Dec 2003~3 Dec 2003 IPO (KRW 35,151,500,000)
- 12 Dec 2003 Inaugural Meeting and Incorporation
Asset Management Agreement (Macquarie Real Estate Korea Ltd., formerly known as Macquarie Property Advisors Korea Ltd.,)
Custodian Agreement (Woori Bank)
Business Trustee Agreement (Woori Bank)
- 12 Dec 2003 Incorporation (Paid-in Capital KRW 76,303,000,000)
- 23 Dec 2003 Final-Approval from MOCT
- 08 Jan 2004 Listed on Korea Exchange (KRX)

(2) Company Name Change

The Company name has not been changed.

(3) Merger, Acquisition or Takeover

Not applicable

(4) Change of Manufacturing Facilities

Not applicable

(5) Important Matters Regarding Management Activities

Not applicable

2. Group to which the Company is affiliated

Not applicable

Section 3. Capital Change

1. Changes in Share Capital

No change for Share Capital.

2. Changes in Paid-in Capital Scheduled

No plan for change.

3. Convertible Bonds

Not issued.

4. Bonds with Warrants

Not issued.

5. Payment in Kind

Not applicable.

Section 4. Shares

1. Total Number of Shares Authorized

(As of 30 June 2008)

(Unit: share)

Shares authorized	Shares issued	Shares unissued
61,042,400	15,260,600	45,781,800

2. Total Number of Shares Issued

(As of 30 June 2008)

(Unit: KRW, share)

Registered/ Unregistered	Type	Number of Shares	Total Face Value of Share Capital	Par Value per share	Notes
Registered	Common Stock	15,260,600	76,303,000,000	5,000	-
Total		15,260,600	76,303,000,000	5,000	

3. Acquisition and Disposition of Treasury Stock

Not applicable

4. Status of Employee Stock Ownership

Not applicable

5. Stocks other than common stocks

Not applicable

6. Redemption of shares

Not applicable

7. Convertible stocks

Not applicable

Section 5. Shares with Voting Rights

(As of 30 June 2008)

(Unit: share)

Category	No. of Shares	Notes
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]	

Section 6. Dividends

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 can pay dividend in excess of its net income pursuant to article 28(3) of the Real Estate Investment Company Act. 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.

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 3 fiscal years

(Unit: KRW)

Classification		9 th FY	8 th FY	7 th FY
Par Value per share		5,000	5,000	5,000
Net income		6,299,172,617	5,524,341,826	5,304,623,066
Earning Per Share		413	362	348
Distributable Income		5,477,929,756	4,703,098,965	4,665,799,384
Dividend Payout Ratio (%)		110.45	100.00	103.43
Cash Dividend	Dividend Per Share	456	362	360
	Total Dividend Amount	6,957,439,661	5,524,341,826	5,487,042,245
	Dividend Yield (%)	4.59	4.53	4.61
Stock Dividend	Stock Dividend Rate (%)	-	-	-
	Number of Stock Dividends Per Share	-	-	-

2. Bonds with Income Participation Rights

Not applicable

II. REAL ESTATE BUSINESS

Section I. Business Overview

1. Industry Overview

The Company is one of the Corporate Restructuring Real Estate Investment Trust (CR-REIT) Companies in Seoul Korea.

As of 30 June 2008, there are 13 CR-REITs companies in operation, 1 CR-REITs companies in liquidation and 4 CR-REITs have been liquidated and 7 REITs externally advised in Korea.

- Macquarie Central Office CR-REIT
- KOCREF III CR-REIT
- Realty Korea CR-REIT (In liquidation)
- Ures Meritz CR-REIT
- KOCREF IV CR-REIT
- KOCREF V CR-REIT
- KOCREF VI CR-REIT
- KOCREF XI CR-REIT
- C9 Infinity CR-REIT
- KOCREF NPS 2 CR-REIT
- KOCREF ARIEF 1 CR-REIT
- KR1 CR-REIT
- PAMCO RETAIL 1 CR-REIT
- OSTARA C9 CR-REIT
- KOCREF VII REIT externally advised
- KOCREF VIII REIT externally advised
- KOCREF NPS 1 REIT externally advised
- Macquarie NPS REIT externally advised
- Infinity NPS 1 REIT externally advised
- KOCREF XIV REIT externally advised
- KR2 Development REIT externally advised

2. Business Overview

(1) Business Overview and Business Segment

A. Business Overview

The Company is a paper company incorporated in accordance with the Real Estate Investment Company Act. The purpose of this company is to attract funds from various institutions and individual investors and purchase the real estates from corporations under corporate restructuring. Through the sale of their real estates, the distressed corporations are able to expedite the restructuring process and improve the financial structure. Furthermore, the investors are also able to evade risks of direct investment in real estates and gain competitive investment income. Therefore, the Company benefits both the investors and distressed corporations by providing profitable investment incomes and rehabilitation opportunities, respectively.

B. Business Segment

- Real Estate Leasing Business

94% of initial total assets of the Company, which is around KRW 160 billion, was invested to purchase the properties called Kukdong Building located in CBD Seoul. The main business of the Company is to distribute the cash flows from managing the purchased properties by such means as leasing, maintenance and resale. Therefore, most funds are invested in real estates and additional funds incurred from existing investments will be managed in cash or be invested in securities.

As of 30 June 2008, the Company has no plan for other new businesses.

(2) Market Share

At a very initial stage of the market, it is not meaningful to measure a market share.

(3) Market Characteristics

CR-REIT companies are functioning to activate the real estate indirect investment system and enhance the transparency of the real estate market in Korea, by investing its funds, which are drawn from various institutions or individuals, in real estates held by corporations under restructuring, etc. The CR-REIT companies enable the corporations under restructuring to improve their financial structure from disposition of the properties while providing investors with opportunities of more stable and profitable real estate-related financial products using tax-preferred investment vehicles and professional real estate asset management systems.

(4) Prospects of new business

Not applicable

Section 2. Current Business

1. Guidelines on Investment

- (1) The asset management company of MCO CR REIT, Macquarie Real Estate Korea Ltd., (formerly known as Macquarie Property Advisors Korea Ltd.) will try to achieve the dividend yield as projected in the information memorandum provided to investors. Macquarie Real Estate Korea Ltd., (formerly known as Macquarie Property Advisors Korea Ltd.) will seek to maximize the dividend over the investment term to the investors in MCO CR REIT.
- (2) The acquisition of real property shall be decided upon by a general meeting of shareholders of MCO CR REIT or the Board, based on the due diligence report on the subject assets prepared by Macquarie Real Estate Korea Ltd., (formerly known as Macquarie Property Advisors Korea Ltd.) and the due diligence reports on the subject assets prepared by a third party such as an independent real property investment consulting firm or the appraisal reports prepared by an appraisal company. Macquarie Real Estate Korea Ltd., (formerly known as Macquarie Property Advisors Korea Ltd.) if necessary, shall appoint and establish business relationships with a qualified company as an appraisal company after examining such company in consultation with an independent real property investment consulting firm. The methodology described above shall be incorporated in the evaluation of any future asset acquisition by MCO CR REIT.
- (3) In order to examine the structural safety and durability of the relevant real property, an investigation into the physical structure of the real property shall be conducted before the acquisition of real property. The methodology described above shall be incorporated in the evaluation of any future asset acquisition by MCO CR REIT.

MCO CR REIT is pursuing a two-pronged investment strategy with an aim to maximize the returns to its investors.

- MCO CR REIT acquires a Building in the CBD of Seoul that has sustainable high-income flow and capital appreciation potential in a medium-long holding period of 3 to 5 years.
- MCO CR REIT is structured to focus on enhancing steady income to investors, maintaining the quality of assets and providing market liquidity for shareholders

through listing of securities on Korea Exchange(“KRX”).

2. Portfolio Composition and Change in Asset Value

(1) Portfolio Composition

(Unit: KRW million, %)

Classification		Real Estate*	Real Estate Related Securities	Other Securities	Cash and Deposits	Others	Total Asset*
FY9	Asset Value	168,199	-	-	11,988	298	180,485
	%	93.19	-	-	6.64	0.17	100.00
FY8	Asset Value	167,684	-	-	9,999	348	178,031
	%	94.19	-	-	5.61	0.20	100.00
FY7	Asset Value	165,291	-	-	11,888	356	177,535
	%	93.10	-	-	6.70	0.20	100.00

* The amount of real estate is represented in costs at acquisition before depreciation. The total asset above is bigger than the book value by accumulated depreciation amount of property.

(2) Change in Asset Value

A. Trend in the change in asset value for the recent one year

(Unit: KRW million)

Quarter	2Q FY9	1Q FY9	2Q FY8	1Q FY8
Total Asset	180,485	176,459	178,031	173,994

B. Trend in the change in asset value for the recent five years

(Unit: KRW million)

Quarter	FY9 (1 Jan 08 to 30 Jun 08)	FY8 (1 Jul 07 to 31 Dec 07)	FY7 (1 Jan 07 to 30 Jun 07)	FY6 (1 Jul 06 to 31 Dec 06)	FY5 (01 Jan 06 to 30 Jun 06)
Total Asset	180,485	178,031	177,535	175,469	173,927

(3) Net Asset Value per share

(Unit: share, KRW million)

	30 Jun 2008	31 Mar 2008	31 Dec 2007	30 Sep 2007
Total Asset Value per the article 27 of ED of Real Estate Investment Company Act	180,485	176,459	178,031	173,994
Total liabilities per Balance Sheets (II)	92,271	91,618	91,250	90,301
Net Asset Value (III=I-II)	88,214	84,841	86,781	83,693
Number of Shares issued	15,260,600	15,260,600	15,260,600	15,260,600
Net Asset Value per share (KRW)	5,781	5,559	5,687	5,484

3. Details of Investment

(1) Real Estate

(Unit: KRW million, %)

Classification		Name	Location	Usage	Cost at acquisition	Property Value	% of Total Asset
Current	Real Estate	Kukdong building	60-1, Chungmuro 3-Ga, Chung-gu, Seoul	Office, commercial	168,199	168,199	93.19
Preceding	Real Estate	Kukdong building	60-1, Chungmuro 3-Ga, Chung-gu, Seoul	Office, commercial	167,684	167,684	94.19

<Note> Transaction cost is included in the acquisition amount.

(2) Securities

Not applicable

(3) Other Assets

Other assets of the Company include cash, deposits and prepaid expenses.

4. Real Estate Development Projects

Not applicable

5. Leasing Business

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	62,344	100.0%	17,401	65	279,116
	Vacancy	-	0.0%			
Sub total	62,344	62,344	100.0%			

<Note>

* Annual Rental Income KRW 17,401,238,496 = monthly rent KRW 1,450,103,208*12

(Annual CAM income KRW 7,413,536,760= KRW 617,794,730*12)

* Average annual rental income per m² = Annual Rent KRW 17,401,238,496 ÷ 62,344m²

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

2007-10	2007-11	2007-12	2008-01	2008-02	2008-03	2008-04	2008-05	2008-06
2.6%	2.6%	0.4%	1.1%	0.0%	0.0%	0.0%	0.0%	0.0%

6. Investment plan

(1) Capital expenditures for 5 Years after closing

MCO CR REIT was approved to carry out refurbishment capital expenditure program with budget KRW 5.7billion for 5 years after closing of acquisition of Kukdong Building from the Inaugural Meeting of the Company. The approved initial business plan on capital expenditures program was based on the due diligence of Kukdong building at the stage of the acquisition including the Due Diligence report from Hanmi Parsons.

Manager of MCO CR REIT has prepared the specific plan based on the initially approved plan and engineering Due Diligence report of SAMS, current Property Management Company annually and implement the plan after approval from Shareholders Meeting and Board Meeting of MCO CR REIT.

- Replacement of the fan-coil units in the office area and rehabilitation of the epoxy floors at the parking lots have been completed under the approval of the BOD as of 30 June 2008.

7. Performance of Portfolio

(1) Income Analysis

(Unit: KRW million, %)

Classification		Revaluation Gains/ Losses			Disposition Gains/ Losses			Rent Income	Other Income/ Loss	Operating Income Total
		Real Estate	Real Estate Related Securities	Securities	Real Estate	Real Estate Related Securities	Securities			
FY9	Amount	-	-	-	-	-	-	8,610	△44	8,566
	%	-	-	-	-	-	-	100.51	0.51	100.00
FY8	Amount	-	-	-	-	-	-	7,979	△219	7,760
	%	-	-	-	-	-	-	102.82	△2.82	100.00
FY7	Amount	-	-	-	-	-	-	7,707	△46	7,661
	%	-	-	-	-	-	-	100.60	△0.60	100.00

* Other income/loss includes CAM, Parking income, other operating revenue and operating expenses.

* For detail, please refer to the financial information section.

(2) Return on Equity (ROE)

Below ratio is indicating the annualized return on equity measured by dividing net income out of paid-in capital.

A. Annualized ROE

	FY9 (01 Jan 2008 to 30 Jun 2008)	FY8 (01 Jul 2007 to 31 Dec 2007)	FY7 (01 Jan 2007 to 30 Jun 2007)
MCO CR REIT	16.51%	14.48%	13.90%
Index	-	-	-

B. Cumulative Annualized ROE

	Upto FY9 (12 Dec 2003 to 30 Jun 2008)	Upto FY8 (12 Dec 2003 to 31 Dec 2007)	Upto FY6 (12 Dec 2003 to 30 Jun 2007)

MCO CR REIT	12.87%	12.42 %	12.13 %
Index	-	-	-

8. Guidelines on Asset Management

(1) Basic Guidelines on Asset Management

As a general rule, taking into consideration market conditions and environment surrounding real property markets and financial markets, MCO CR REIT shall make its investment in income-generating properties consisting primarily of commercial office buildings and shall manage its excess funds in such a way as to earn market interest income.

(2) Asset Management Plan

① Real Property Management Strategy

- a) MCO CR REIT shall mainly invest in income-generating properties such as commercial office buildings sold by a corporation which is in the course of corporation reorganization proceedings or intends to repay its debt obligations with the sales proceeds, and when it purchases such income-generating properties, MCO CR REIT shall endeavor to purchase undervalued real properties at a price lower than the replacement cost.
- b) If the purchased real property is old and deteriorated, MCO CR REIT shall try to increase rents, generate more cash inflows, and increase the value of the real property.
- c) Asset Manager of MCO CR REIT shall continuously examine the possibility of early disposal of the real property even before the end of MCO CR REIT's corporate life and make recommendations to MCO CR REIT where it believes such early disposal can produce significant premium returns for investors.
- d) MCO CR REIT shall seek to control costs whilst maintaining tenant satisfaction with the ultimate goal of maximizing the rate of return to the investors.
- e) MCO CR REIT shall endeavor to dispose of its real properties within the defined life span of the MCO CR REIT in a manner which maximizes the returns to the

investors.

- f) MCO CR REIT shall assess the rate of return of real property on a quarterly basis.

② Management Strategy with respect to surplus cash

MCO CR REIT's surplus cash shall be managed in accordance with the management plan regarding such funds as stipulated in Article 51 of the Articles of Incorporation of MCO CR REIT.

③ Management Strategy of Cash and Liquid Assets

- (a) MCO CR REIT shall maintain cash and liquid assets above certain level to ensure that it can meet its cash outflow needs.
- (b) For the distribution of dividends, MCO CR REIT shall maintain certain level of cash and liquid assets.

(3) Exit Strategy

- A MCO CR REIT is structured with the features commonly associated with international REITS that focus on enhancing steady income to investors, maintaining a high quality portfolio and providing market liquidity for shareholders. The shares of MCO CR REIT have been listed on the Korea Exchange from 8 January 2004.
- B The main attribute of the MCO CR REIT investment structure is the ability for investors to share in the capital gain potential of the Property and not be restricted by an exit price guarantee mechanism, which is common in other CR REITs, which leaves the investor exposed to default by the party providing the guarantee. Investors will be investing in listed securities with market value reflecting the income generating ability and capital growth potential of the Property.
- C MCO CR REIT believes that the key to ensuring that there is capital growth potential for the Property is to demonstrate to the market that the Property can generate a sustainable dividend yield.

D Exit may take the form of:

- (a) Third party sale of the Property at or before the end of the life of MCO CR REIT
- (b) Consolidation with other CR-REIT
- (c) Potential conversion of MCO CR REIT to an ordinary REIT

E In addition, Macquarie believes that the creation of a listed CR-REIT with the features common to international REITS will encourage the market to duplicate the structure in future listed CR-REITs. The continued growth of the CR-REIT market that converges with international common practice would attract increasing investment interests from both international and domestic investors, which would in turn increase the liquidity of listed MCO CR REIT shares and enhance the exit options of shareholders.

9. Restrictions on Asset Management

In managing MCO CR REIT's assets, Macquarie Real Estate Korea Ltd., (formerly known as Macquarie Property Advisors Korea Ltd.) shall comply with each of the following requirements:

(1) 70% or more of the total assets of MCO CR REIT shall consist of the following:

- A Real properties sold by a corporation to repay its liabilities, including its loan obligations to its creditor financial institutions.
- B Real properties sold by a corporation which has entered into an agreement for its financial restructuring with its creditor financial institutions in order to comply with such agreement.
- C Real properties sold by a corporation in accordance with corporate reorganization proceedings under the Corporate Reorganization Act of Korea or composition plan under the Composition Act of Korea; or
- D Other real properties the acquisition of which by MCO CR REIT is deemed necessary by the FSC to assist in corporate reorganization.

- (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 following circumstances:
- A If MCO CR REIT acquires shares in a company established for the development of certain real property which has a definite term of corporate life;
 - B If such purchase of securities is for the purpose of merging MCO CR REIT with another company;
 - C If MCO CR REIT acquires all of the business of another company; or
 - D If necessary to attain specified goals in the exercise of its rights.
 - E It is deemed to be non-detrimental to protecting investors' interests or the stable management of its asset as set forth in the Presidential Decree.
- (3) If MCO CR REIT acquires shares in another company in excess of 10% of the total issued and outstanding voting stocks of such other company, under the circumstances (B) through (D) above, MCO CR REIT shall comply with the investment limitation as required under applicable rules and regulations within six (6) months of the date of such acquisition.
- (4) 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 Real Estate Investment Company Act of Korea (the "Act").
- (5) If securities owned and held by MCO CR REIT exceed the limitation as provided in Item 4 above, MCO CR REIT shall comply with the investment limitations under applicable rules and regulations within six (6) months of the date of such acquisition.
- (6) MCO CR REIT shall not engage in any transactions falling within the categories listed in Article 21 of the Act with the officers and their respective related persons, 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 following circumstances:

- A General sale, competitive bidding or any similar transactions;
- B Transactions (other than with the officers and employees of MCO CR REIT and their respective related persons) where MCO CR REIT rents its real property at a rate higher than the rate determined by the Board; or
- C Unavoidable transactions as a result of merger, dissolution, split or split-merger.

(7) MCO CR REIT and its related person shall not engage in the sale and purchase of real property or the trading of securities with Macquarie Real Estate Korea Ltd. (formerly known as Macquarie Property Advisors Korea Ltd), 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 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, dissolution, split or split-merger.

(8) Limitations on borrowing

- A. A REITs Company may borrow monies or issue bonds in accordance with Article 33 of Presidential Decree of Real Estate Investment Company Act for the purpose of investing and managing its assets or repaying its existing indebtedness or redeeming its outstanding bonds.
- B The amount of such borrowings and bonds under (A) shall not exceed two hundred percent (200%) of the shareholders' equity of the REITs Company.

10. Investment Risk

An investment in the shares of MCO CR REIT involves a high degree of risk. Prospective investors should carefully consider the following risk factors in connection with an investment in such shares.

(1) MCO CR REIT may be unable to pay dividends at the expected rates

MCO CR REIT's expected dividend rates are based on a number of assumptions, including assumptions relating to future operations of MCO CR REIT. These assumptions concern, among other matters, continued property occupancy and creditworthiness of tenants, the amount of future capital expenditures and expenses relating to MCO CR REIT's property, the level of leasing activity and future rental rates, the strength of the office real estate market in Seoul, competition, the costs of compliance with environmental and other laws and the amount of uninsured losses. A number of the assumptions relate to matters that are beyond the control of MCO CR REIT and The Manager or are not capable of being foreseen or accurately predicted. Accordingly, no assurance can be given that MCO CR REIT will be able to pay dividends at the expected rates.

(2) MCO CR REIT is subject to risks inherent in commercial real estate business

A. General. Investments in MCO CR REIT are subject to the risks generally incident to the ownership and operation of real estate, including risks associated with changes in general economic or local market conditions, competition for tenants, changes in market rental rates, inability to collect rents and other payments from tenants due to bankruptcy, insolvency or other financial difficulties of tenants or otherwise and the need to periodically renovate, repair and relet space and to pay the costs thereof. In addition, real estate investments are relatively illiquid which may tend to limit the ability of MCO CR REIT to react promptly in response to changes in economic or other conditions.

B. Tenant defaults. Most of MCO CR REIT's income is expected to be derived from rental income from the Property, and consequently, MCO CR REIT's distributable cash flow and ability to pay expected dividends to shareholders would be adversely affected if a significant number of tenants of the Property failed to meet their lease obligations. At any time, a tenant of MCO CR REIT could seek the protection of the bankruptcy laws, which could result in delays in rental payments or in the rejection and termination of such tenant's lease. No assurance can be given that tenants will not file for bankruptcy protection in the future or, if any tenants file, that they will affirm their leases and continue to make rental payments in a timely manner. In addition, a commercial tenant from time to time may experience a downturn in its business which may weaken its financial condition and result in the failure to make rental payments

when due.

C. Lease terminations. MCO CR REIT is subject to the normal risks associated with leasing property, including the risk that upon expiration of leases for space located in its building, the leases may not be renewed, the space may not be relet or the terms of renewal or leasing (including any cost of required renovations or concessions to tenants) may be less favourable than current lease terms. If MCO CR REIT is unable promptly to relet or renew leases for a significant portion of its space or if the rental rates upon renewal or reletting are significantly lower than expected rates, then MCO CR REIT's earnings and ability to make expected distributions to shareholders will be adversely affected.

D. Decrease in value of buildings. The underlying value of MCO CR REIT's building and the price at which MCO CR REIT will be able to dispose of it may be adversely affected by adverse changes in national or local economic conditions, competition from other properties, changes in interest rates and in the availability, cost and terms of mortgage financing, changes in real estate tax rates and adverse changes in governmental regulations, including environmental and zoning laws affecting the buildings, and other factors which are beyond the control of MCO CR REIT. No assurances can be made that the fair market value of MCO CR REIT's real estate assets will not decrease in the future.

(3) MCO CR REIT's alternative exit strategies may not be viable

Anticipated changes to the Act permitting transformation of a CR REIT into an ordinary REIT may not take place within the life span of MCO CR REIT, and it may not be possible for MCO CR REIT to merge with another CR REIT during this period, thus limiting MCO CR REIT's exit strategies to disposition of the asset through market sale only.

(4) MCO CR REIT's insurance will not cover all losses

MCO CR REIT maintains comprehensive insurance on its building, including liability and fire and extended coverage, in amounts sufficient to permit the replacement of the improvements thereon in the event of a total loss, subject to applicable deductibles. MCO CR REIT will endeavour to obtain coverage of the type and in the amount customarily obtained by owners of real estate similar in nature in the areas where such real estate is located. There are certain types of losses,

however, generally of a catastrophic nature, such as earthquakes, floods and hurricanes, which may be uninsurable or not economically insurable. Inflation, changes in building codes and ordinances, environmental considerations, and other factors also might make it infeasible to use insurance proceeds to replace a property if it is damaged or destroyed. Under such circumstances, the insurance proceeds received by MCO CR REIT, if any, might not be adequate to restore MCO CR REIT's investment with respect to the affected Property.

(5) MCO CR REIT may suffer adverse impact from leverage

MCO CR REIT is subject to the risks normally associated with debt financing, including the risk that MCO CR REIT's cash flow will be insufficient to meet required payments of principal and interest and the risk that necessary capital expenditures for such purposes as renovations and reletting space cannot be financed on favourable terms, if at all. The Property will be mortgaged to secure payment of the Loan, and if MCO CR REIT defaults under the Loan, the Property could be lost through foreclosure or transfer to the mortgagee with a consequent loss of income and asset value to MCO CR REIT. Independent accountant's report indicates that in case that vacancy rate increases to 24.6%, MCO CR REIT may not be able to service the debt.

(6) Failure to maintain status as a CR-REIT could have adverse tax consequences

In order to maintain its qualification as a CR-REIT under the Act, MCO CR REIT must continually satisfy certain tests primarily with respect to the nature of its assets. In addition, in order not to be taxed on its income, MCO CR REIT must distribute at least 90% of its distributable income to shareholders. If MCO CR REIT fails to qualify as a CR REIT in any tax year or fails to distribute at least 90% of its distributable income, it would be taxed as a regular domestic corporation. In such a case, MCO CR REIT would be subject to income tax on its taxable income at regular corporate rates, and distributions to MCO CR REIT's shareholders would not be deductible by MCO CR REIT in computing its taxable income. Any such corporate tax liability could be substantial and would reduce the amount of cash available for distribution to MCO CR REIT's shareholders, which in turn could have an adverse impact on the value of, and trading prices for, the shares.

(7) The market for MCO CR REIT shares may not be liquid

Although the shares will be listed on the Korea Exchange, there is no assurance that an active trading market will develop or be sustained following the offering of the shares or that at any time the shares may be resold at or above the initial offering price.

(8) Potential change to tax exempt status of CR REIT

Amendments to the Tax Benefit Limitation Act are currently being considered by the National Assembly. Under these amendments, for the additional acquisition of property after 1 January 2004, MCO CR REIT would be liable to pay 50% of registration tax and 50% of acquisition tax with respect to such purchases or capital expenditures.

11. Dividend Payment

(1) Distribution Policy

Pursuant to the amended Real Estate Investment Company Act effective from 23 April 2005, the requirement to reserve 10% of dividend payable as legal reserve has been eliminated from the third financial year. 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 dividend from current net income for a financial year shall be distributed once in every 6 months and the Company plans to pay, in principle, 100% of the distributable income of each fiscal year as dividend in cash. The Actual dividend amount will be decided by the resolution of the general meeting of shareholders pursuant to the Commercial Code.

The Company's initial estimate about dividend rate disclosed by the offering circular at underwriting was as follows.

	2004-06	2004-12	2005-06	2005-12	2006-06	2006-12	2007-06	2007-12	2008-06	2008-12
	FY1	FY2	FY3	FY4	FY5	FY6	FY7	FY8	FY9	FY10
Nominal Dividend Rate	3.38%	3.58%	4.18%	3.81%	4.53%	4.15%	5.21%	4.81%	5.76%	17.48%
Annualized Dividend Rate	6.75%	7.15%	8.36%	7.62%	9.07%	8.30%	10.42%	9.62%	11.52%	34.95%
Average for 5years	11.38%									

Under the current accounting policy of the company, the Company's revised

dividend rate of the 9th fiscal year and the estimate of the 10th fiscal year after reflecting the amendment effects of Real Estate Investment Company Act, effective from 22 April 2005, are as follows.

	2004-06	2004-12	2005-06	2005-12	2006-06	2006-12	2007-06	2007-12	2008-06	2008-12
	FY1	FY2	FY3	FY4	FY5	FY6	FY7	FY8	FY9	FY10
Nominal Dividend Rate	4.59%	4.83%	6.09%	6.31%	6.44%	6.57%	7.19%	7.24%	9.12%	15.59%
Annualized Dividend Rate	8.29%	9.65%	12.27%	12.52%	12.99%	13.04%	14.50%	14.36%	18.29%	31.20%
Average for 5years	14.71%									

The estimate of dividend rate can be varied according to the change of market environment, change of vacancy rate, and other changes including accounting principal applied. Although due care and attention has been exercised in the preparation of forecast information, the estimates, by their very nature, are subject to contingencies many of which are outside the control of MCO CR REIT.

Investors are advised to do his/her financial analysis and consider obtaining financial, legal and taxation advice before making an investment decision. Also, investor should know that investments in MCO CR REIT are neither deposits nor liabilities of the Company and its servicers.

Actual dividend amount of each fiscal year shall be finally determined by the resolution of the general meeting of shareholders, pursuant to the Commercial Code of Korea, which shall be proposed by the Board based on the actual financial performances in each fiscal year.

(2) Payment of Dividend

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 legally registered in the shareholders registry as at end of each accounting period, as approved by the resolution of the general meeting of shareholders. Company plans to pay dividend within one week from the date of its approval by the general meeting of

shareholders unless otherwise determined by the general meeting of shareholders which approved the dividend.

12. Method of Asset Evaluation and Disclosure

(1) Method of asset evaluation

- A. Real estate is evaluated and disclosed at the historical acquisition costs.
However, from one year after its acquisition, Company can evaluate the property at the appraisal value which the certified appraiser who is licensed per the Act on Public Disclosure of Land Price and Evaluation of Land, etc evaluates the property and appraises pursuant to Article 9 of the Enforcement Decree of the Real Estate Investment Company Act.
- B. Securities are evaluated by adopting Paragraphs 2 and 3 of Article 29 of the Enforcement Decree of the Securities Investment Company Act.
- C. Deposits at financial institutions are evaluated at the principal plus interests accrued up to the evaluation basis date.
- D. Other assets are evaluated at the figures that are shown on the balance sheet as of the evaluation basis date.

(2) Method of disclosure

- A. Frequency of calculation: Self-evaluation of real estate can be done once a year and net asset value per share will be calculated every quarter.
- B. Time of disclosure: In principle, disclosure is done every quarter by way of investment report. If necessary, however, eg drastic change in asset value, immediate disclosure will be done.
- C. Method and Place of disclosure:
 - (a) Investment Report and other important information: Head Office and website of Macquarie Real Estate Korea Ltd. (formerly known as Macquarie Property Advisors Korea Ltd.), and WooriBank, and website of MOCT (www.moct.go.kr)

(b) Annual Reports will be posted in the electronic disclosure website of FSS (www.dart.fss.or.kr), the website of the Asset Manager (www.macquarie.com/kr) and the website of Business Trustee (www.woorisamu.com).

Section 3. Financing

1. Principles of Financing

At the time of establishment, the Company raised total KRW 76,303,000,000 from stockholders - KRW 41,151,000,000 from promoters and other shareholders and KRW 35,152,000,000 through IPO.

2. Summary of Financing

(Unit : KRW million)

Sources	Beginning	Increase	Outstanding
IPO	35,152	-	35,152
Promoters' and private offering	41,151	-	41,151
Sub-total	76,303	-	76,303
Specially - related Parties	-	-	-
Total	76,303	-	76,303

3. Summary of Borrowing

<Details of Borrowing>

(Unit: KRW million)

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

<Lenders>

(Unit: KRW)

Lenders	Draw-down	Borrowing Principal	Interest	Classification	Outstanding amount
Samsung Life	26 Dec 2003	45,898,840,000	6.90%	Longterm ¹⁾	45,898,840,000
Samsung F&M	26 Dec 2003	12,791,480,000	6.90%	Longterm ¹⁾	12,791,480,000
LIG Insurance	26 Dec 2003	10,534,160,000	6.90%	Longterm ¹⁾	10,534,160,000
Korea Life	26 Dec 2003	6,019,520,000	6.90%	Longterm ¹⁾	6,019,520,000
Total		75,244,000,000			75,244,000,000

<Note> 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 4. Major Contracts

1. Managerial Important Contracts

Not applicable

2. M&A or Business Take-over Contracts

Not applicable

3. Business Entrustment Engagement

(1) Asset Management Agreement

A. Overview of Asset Management Agreement

(a) Servicing Period

From 12 December 2003 until the date of the dissolution of MCO CR REIT

(b) Compensation

Classification	Fee of Macquarie Real Estate Korea Ltd.,	Payment
Acquisition Fee	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
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 fiscal period : 17.00%, 3 rd -4 th fiscal period : 11.00%, and the ordinary income includes gains on disposal of asset)	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 the dissolution

Classification	Fee of Macquarie Real Estate Korea Ltd.,	Payment
Performance fee	40% of any excess over the cash flows that make equity IRR 11.5% less already calculated Disposal Fee.	upon the dissolution

(c) Payment Method

- Basic Fee: The basic fee to Macquarie Real Estate Korea Ltd(formerly known as Macquarie Property Advisors Korea Ltd.) shall be payable on a semi-annual basis within 7 days of the submission of the auditor’s opinion on the fiscal period-end report and the approval of its board of directors.
- Performance Fee: Upon dissolution

(d) Work Scope

- Preparing and submitting to MCO CR REIT annual business plans and borrowing plans for Asset Management Services that set forth the acquisition and disposition of assets, including real estate, securities and any rights related to use of real estate, and the servicing of assets acquired;
 - ① The acquisition, administration, improvement and disposition of real estate with the approval of MCO CR REIT’s board of directors
 - ② The leasing of real estate
 - ③ The sale and purchase of investment securities
 - ④ The acquisition and disposal of superficies, leases or other rights related to the use of real estate
 - ⑤ The development of real estate
 - ⑥ Arranging advisory and assessment services, if necessary, from real estate investment advisory companies in respect of the Asset Management Services;
- Providing relevant data to help the Business Trustee prepare quarterly and fiscal period-end investment reports and financial statements;
- In the event MCO CR REIT issues shares, providing evaluation data on MCO CR REIT’s capital needs, market conditions and other relevant information, providing recommendations as to the conduct of the share issuance, appointing a lead manager, negotiating and executing relevant agreements on behalf of MCO CR REIT and preparing a prospectus;
- Providing (i) data necessary for applications for approvals, reports or public notices required in connection with the Asset Management Services or otherwise under the Act and other applicable laws and regulations and (ii) prior

consultation with relevant governmental offices necessary for applications for approvals; and

- Preparing and providing to MCO CR REIT the draft Basic Guideline and, where it has been agreed, draft Detailed Guideline.
- Providing Asset Management Services as instructed by a liquidator or an inspector of dissolution, in the event of dissolution or dissolution of MCO CR REIT.

(e) Other real estate advisory business performed by Manager pursuant to the Article 22-3 of Real Estate Investment Company Act and Article 22 of its Presidential Decree.

As new REIC Act legislation has been effective from 23 April 2005, Macquarie Real Estate Korea Ltd., (formerly known as Macquarie Property Advisors Korea Ltd.) is performing additional business in addition to the investment and management services for REITs externally advised or CR-REITs as follows.

① Additional business

- Advisory business entrusted from other company in relation to acquisition, management and disposal of real estates
- Real estate advisory business in relation to acquisition, management, improvement and disposal of real estates

② Effective from 29 April 2005

B. Asset Management Company

(a) Company Overview

- ① Company: Macquarie Real Estate Korea Ltd.,(formerly known as Macquarie Property Advisors Korea Ltd.)
- ② Address: 110 Sogong-Dong, Jung-Gu, Seoul
- ③ Date of Authorization of AMC: 30 June 2003
- ④ Shareholder

	Investment Amount (KRW)	No. of Shares Subscribed	% of total
Macquarie Bank Ltd.	7,000,000,000	1,400,000	100.00

Total	7,000,000,000	1,400,000	100.00
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⑤ Asset Management Method:

The management of REIT has been entrusted to Macquarie Real Estate Korea Ltd.,(formerly known as Macquarie Property Advisors Korea Ltd.) an authorized AMC in accordance with the provisions of the Article 21 and Article 22-3 of Real Estate Investment Company Act.

(b) Summary of Financial Information for the recent two years

① Balance Sheets

(Unit: KRW 1,000)

Items	31 Mar 2007	31 Mar 2008
I. Assets	9,875,130	19,551,273
1. Current Assets	6,377,819	15,325,604
2. Non-Current Assets	3,497,311	4,225,669
II. Liabilities	1,515,194	5,952,965
III. Stockholders' Equity	8,359,936	13,598,308
IV. Total Stockholders' Equity and Liabilities	9,875,130	19,551,273

② Income Statements

(Unit: KRW 1,000)

Items	31 Mar 2007	31 Mar 2008
Operating Revenue	2,390,414	12,629,695
Operating Expenses	3,156,604	6,181,312
Operating Profit & Loss	(-)766,190	6,448,383
Non-Operating Income	1,084,325	774,028
Non-Operating Expenses	516,798	38,476
Ordinary Income	(-)198,663	7,183,935
Income Taxes	(-)7,692	2,071,277
Net Profit	(-)190,971	5,112,658

(c) Company Group to which Macquarie Real Estate Korea Ltd.,(formerly known as Macquarie Property Advisors Korea Ltd.) is affiliated

Not applicable

(d) Asset Portfolio under Management as of the end of the period

As of 30 June 2008, Macquarie Real Estate Korea Ltd has been entrusted to manage Macquarie NPS REIT (Asset scale at opening: 221.9 billion) along with Macquarie Central Office CR REIT.

(e) Asset management and advisory records as of the end of the period

Dividend per share and Dividend Ratio (Par Value) are KRW 636 and 12.72% for Macquarie NPS REIT as of 31 March 2008.

(f) Qualified Asset Managers (As of 30 June 2008)

Name	Title	Education and Qualification	Experience
<i>Michael Moon</i>	<i>Senior Vice President, Transaction Management</i>	BA at Northwestern State University of Louisiana.	Macquarie Real Estate Korea Ltd Macquarie International Limited, Seoul Branch Daewoo E&C Real Estate Investment Division Daewoo E&C Sydney Branch, etc.
<i>SangHo Lee</i>	<i>Senior Manager, Asset Management</i>	<ul style="list-style-type: none"> • BA from Hong Ik University • US. Certified Public Accountant 	Macquarie Real Estate Korea Ltd KORAMCO Co., Ltd Daewoo E&C Real Estate Investment Division, etc.
<i>YoonJu Lee</i>	<i>Manager, Transaction Management</i>	<ul style="list-style-type: none"> • MBA from Yeonsei University • US. Certified Public Accountant 	Macquarie Real Estate Korea Ltd Samil PricewaterhouseCoopers KPMG Financial Services Inc.
<i>JungHye Oh</i>	<i>Manager, Asset Management</i>	<ul style="list-style-type: none"> • MA from Seoul National University, Urban Planning 	Macquarie Real Estate Korea Ltd Jones Lang LaSalle Korea Hanwah Investment Trust Management

Name	Title	Education and Qualification	Experience
<i>HyungJoo Kim</i>	<i>Manager, Operations</i>	<ul style="list-style-type: none"> • BCom from Auckland University • US. Certified Public Accountant 	Macquarie Real Estate Korea Ltd Morgan Stanley Properties Korea
<i>Byung Ho Kang</i>	<i>Manager, Transaction Management</i>	<ul style="list-style-type: none"> • BA from Carnegie Mellon University 	Macquarie Real Estate Korea Ltd AMN Amro Asia KPMG Financial Advisory Services
<i>Chol Woo Shin</i>	<i>Manager, Asset management</i>	<ul style="list-style-type: none"> • MA from British Columbia University, Architecture 	<i>Macquarie Real Estate Korea Ltd</i> <i>AON Real Estate</i> <i>Jones Lang LaSalle Korea</i>
<i>Sang Rak Lee</i>	<i>Manager, Operations</i>	<ul style="list-style-type: none"> • BA from Korea University • Korea Certified Public Accountant 	<i>Macquarie Real Estate Korea Ltd</i> <i>DB Property Advisors Korea</i> <i>Earnest & Young Accounting Firm</i>

(g) Indemnification

Not applicable

(h) Other Necessary Information

Not applicable

(2) Underwriting Agreement

A. Overview of Underwriting Agreement

Samsung Securities Co. Ltd., Daewoo Securities Co. Ltd., and SK Securities Co. Ltd., have been selected as the co-lead underwriters of the Company to underwrite the common shares. The fee was KRW 808.5 million, which was 2.3% of the total publicly offered share amount of KRW 35,151.5 million.

B. Underwriter

<Daewoo Securities>

(a) Overview

- ① Name : Daewoo Securities Co., Ltd.
- ② Address: 34-3, Youido-Dong, Yeoungdungpo-ku, Seoul (150-716), Korea

(Head Office)

(b) Branches

(Unit: branches)	
	Branch
Domestic	117
Overseas	3
Total	120

(c) Key Performance

① Beneficiary Certificate

(Unit: 100 Million)				
Year	2006	2005	2004	2003
Balance	63,402	58,280	43,748	26,400

② Real Estate Investment Company Shares Sales

(Unit: 100 million)				
Year	2006	2005	2004	2003
Balance	0	0	85	107.5

<Samsung Securities>

(a) Overview

- ① Name: Samsung Securities Co., Ltd.
- ② Address: #6, Jongno 2-Ga, Jongno-ku, Seoul, Korea (Head Office)

(b) Branches

(Unit: branches)			
	Branch	Sales Office	Total Offices
Domestic	79	7	86
Overseas	-	1	1
Total	79	8	87

(c) Key Performance

① Beneficiary Certificate

(Unit: 100 Million)					
Year	31 Dec 2002	31 Dec 2003	31 Dec 2004	31 Dec 2005	31 Dec 2006
Balance	246,172	180,321	196,979	193,427	161,683

<Note>

Based on outstanding balance of the date (Including Mutual Fund)

② Commitment Underwriting and Share Sales

(Unit: KRW million)			
	1 Apr 2006 ~ 31 Mar 2007		
	Advisory	Underwriting	Fee
IPO	148,998	108,791	2,207
Share Sales	32,965	32,965	505

③ Corporate Bond

(Unit: KRW million)			
	1 Apr 2006 ~ 31 Mar 2007		
	Lead Manager	Underwriting	Fee
Corporate Bond	1,558,836	757,817	1,704

<SK Securities>

(a) Overview

- ① Name : SK Securities Co., Ltd.
- ② Address: #23-10, Yeouido-Dong, Youngdungpo-ku, Seoul, Korea (Head Office)

(b) Branches

(Unit: branches)				
	Branch	Sales Office	Other Office	Total
Domestic	50	-	-	50
Foreign	-	-	-	-
Total	50	-	-	50

(c) Key Performance

① Beneficiary Certificate

(Unit: 100 Million)					
Year	31 Dec 2002	31 Dec 2003	31 Dec 2004	31 Dec 2005	31 Dec 2006
Balance	24,710	18,393	21,833	22,163	24,221

<Note>

Based on outstanding balance of the date (Including Mutual Fund)

② Commitment Underwriting and Share Sales

(Unit: KRW million)			
	1 Apr 2002 ~ 31 Dec 2006		
	Advisory	Underwriting	Fee
IPO	143,154	141,659	2,398
REITs	68,402	37,950	931

③ Corporate Bond

(Unit: KRW million)			
	1 Apr 2002 ~ 31 Dec 2006		
	Lead Manager	Underwriting	Fee
Corporate Bond	15,126,700	14,629,700	33,559

(d) Other Necessary Information

Not applicable

(3) Custodian Agreement

A. Summary of the Agreement

- (a) Term: From date of contract signing to date of registration of dissolution of the Company.
- (b) Fee: 0.03% per annum of total asset value
- (c) Payment: Quarterly in arrears. In case the period is less than three months, fees will be based on daily pro rate calculation.
- (d) Main role: The main roles of the custodian are the custody of the Property as trustee entrusted with such assets and other matters related to such custody, in accordance with the Act. Upon MCO CR REIT's registration as the owner of the Property, the Property must be entrusted to the custodian. The custodian must maintain custody of the buildings separately from its own assets or other assets entrusted to it by third parties.

B. Custodian Company

(a) Overview

- ① Name: Woori Bank Co., Ltd.
- ② Address: 203 Hoehyon-dong 1 ga Chung -ku, Seoul
- ③ Current Status

Date of the Establishment	Equity	Employees
January 30, 1899	31,798 KRW 100 million	12,884 Persons

C. Other Necessary Information

Not applicable

(4) Business Trustee Agreement

A. Summary of the Agreement

- (a) Term: From date of contract signing to date of registration of dissolution of the Company.
- (b) Fee: 0.05% per annum of total asset value
- (c) Payment: Quarterly in arrears. In case the period is less than three months, fees will be based on daily pro rate calculation.
- (d) Main role:
 - ① the registration of transfers of MCO CR REIT shares;

- ② the issuance of shares;
- ③ the operation of MCO CR REIT;
- ④ accounting;
- ⑤ individual or public notices made pursuant to the articles of incorporations or relevant laws or regulations;
- ⑥ the convocation and administration of Board meetings and shareholders' meetings;
- ⑦ other matters delegated to it by MCO CR REIT. An affiliate of MCO CR REIT or the Manager may not act as the business trustee.

B. Trustee Company

(a) Overview

- ① Name: Woori Bank Co., Ltd.
- ② Address: 203 Hoehyon-dong 1 ga Chung -ku, Seoul
- ③ Current Status

Date of the Establishment	Equity	Employees
January 30, 1899	31,798 KRW 100 million	12,884 Persons

(5) Other Business Entrustment Agent

Not applicable

(6) Service Fee Summary

Classification	Servicer	Fee		Payment	Notes
Asset Management	Macquarie Real	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	

Classification	Servicer	Fee	Payment	Notes
	Estate Korea Ltd.	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 fiscal period : 17%, 3 rd -4 th fiscal period : 11%, and the ordinary income includes gains on disposal of asset)	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 11.50%	upon the dissolution
		Performance fee	40% of any excess over the cash flows that make equity IRR 11.5% less already calculated Disposal Fee.	upon the dissolution
Co lead manager/Underwriter	Samsung Daewoo SK	2.3% of IPO amount (KRW 808,484,500)	upon Incorporation	
Custodian	Woori Bank	0.03% of total assets per annum	quarterly	
Business Trustee	Woori Bank	0.05% of total assets per annum	quarterly	

* Macquarie Property Advisors Korea Ltd has changed the company name to Macquarie Real Estate Korea Ltd.

Section 5. Other Matters for Investment Decision

1. Shareholder Rights

(1) Voting right

Shareholders have the right to exercise one vote for each share they hold, and are allowed to have their agents exercise the right on behalf of them. Agents are required to submit to the Company prior to the start of the shareholders' meeting written evidence showing that they are given the power of attorney.

(2) Exercise of voting right through written submission

Shareholders are allowed to exercise their voting rights through written submission without attending the shareholders' meeting, as the Company will include a form and reference materials necessary for the exercise of the right when sending out a notice for the convocation of the shareholders' meeting or whenever shareholders make such requests. Shareholders who wish to exercise a voting right through the written submission should fill out required items on the form sent to them and submit it to the Company by one day prior to the meeting. The number of votes cast through written submission will be counted together with the votes cast by shareholders during the meeting. In this case, submitted forms will be displayed at the Head Office for 6 months after the shareholders' meeting.

(3) Distribution of remaining assets

Upon disposition of the Company due to expiration of its life, retained earnings and paid-in capital from the business year immediately preceding to the disposition year will be distributed together with remaining assets. In this case, remaining assets can be distributed in several installments.

(4) Access to accounting books and documents and right to request for transcripts

During business hours, shareholders and creditors of the Company shall be allowed to have an access to the settlement documents, audit report, articles of incorporation, shareholders' meeting records, shareholder registry and board of directors' meeting records. They can also request for a transcript of such documents.

2. Taxation

(1) Taxation on the issuer

A. Acquisition and registration taxes on the acquisition of properties

If a CR REIT company acquired a real estate property by 31 December 2003, it was exempt from registration tax levied on the registration of ownership transfer and acquisition tax on the basis of provisions in Article 120, Paragraph 4 of the same law. However, due to amendments to the Tax Benefit Limitation Act effective from 1 Jan 2004, additional acquisition of property after 1 January 2004 of MCO CR REIT would be liable to pay 50% of registration tax and 50% of acquisition tax with respect to such purchases or capital expenditures.

B. Registration tax on the registration of incorporation

For the registration of a CR REIT company's incorporation, 4/1,000 of the company's total par value of capital (company's initial equity) is applied as the registration tax on the basis of provisions in Article 119, Paragraph 7 of the Restriction of Preferential Taxation Act and Article 137, Paragraph 1, Subparagraph 1 of the Local Tax Act. Provisions in Article 260-3, Paragraph 1, Subparagraph 1 of the Local Tax Act also requires the imposition of 20% local education tax on such registration tax.

C. Income tax

A CR REIT company is required to add the earned surplus carried forward to and deduct the deficit carried forward from its net income by the provisions in Article 51-2, Paragraph 1, Subparagraph 4 of the Corporation Tax Act and Article 86, Paragraph 1 of the same law's Enforcement Decree. If a CR REIT company distributes 90/100 of the available income for dividend payment or more in dividends the amount of dividend paid can be deducted from the income calculated for the current business year. Thus, provided that there is no gap in the amounts of income calculated on the basis of accounting and taxation standards, if a CR REIT company distributes all of its available income dividend payment, income tax will be calculated only for the amount after reflecting the deducted available dividend income.

D. Taxation on the possession of properties

(a) Aggregate Real Estate Tax

A CR REIT company is not required to pay aggregate real estate tax on land it owns. As the lands owned by a CR REIT company are subject to separate taxation as of June 1 of each year on the basis of Article 182, Paragraph 1, Subparagraph 3 and Article 132 of the Enforcement Decree on Local Tax Act.

(b) Property Tax

A CR REIT company is required to pay property tax on the buildings and land it

owns. The amount of such property tax is calculated by applying the tax rates specified on the Local Tax Act on the value of commercial buildings it owns as of June 1 of each year.

(c) Local Education Tax

If a CR REIT company pays the above property tax, it also bears an obligation to pay local education tax according to the provisions in Article 260-2 of the Local Tax Act. The local education tax amount is calculated by applying a 20/100 tax rate on the amount of property tax as provided in Article 260-3, Paragraph 1, Subparagraph 4 of the Local Tax Act.

(d) Urban Planning Tax

If a CR REIT company owns real estate properties subject to the taxation of aggregate land tax or property tax, it also bears an obligation to pay urban planning tax according to Article 235-2 of the Local Tax Act. Urban planning tax amount is calculated by applying a 2/1,000 tax rate on the value of a property as provided in Article 237 of the same law.

(e) Community Facility Tax

A CR REIT company has a obligation to pay community facility tax on the buildings it owns as provided in Article 239 of the Local Tax Act. The tax amount is calculated by applying pre-established progressive rates on the value of buildings as provided in Article 240, Paragraph 1 of the Local Tax Act.

(2) Taxation implications for domestic shareholders

A. Dividend income

On the basis of the provisions in Article 55-2, Paragraph 5 of the Restriction of Preferential Taxation Act, dividend income that residents receive from a CR REIT company prior to 31 December 2003 is not included in the computation of global income tax provided in Article 14, Paragraph 4 of the Income Tax Act. Only a 15.4% withholdings tax (resident tax included) is levied on such dividend income provided that the total amount of income subject to global income taxation is no greater than KRW 40 million.

When residents receive dividend income from their investment in the shares of CRREIT companies listed and traded on either the Korea Exchange (“KRX”) or KOSDAQ markets through “long-term securities savings products”, they are exempt from the dividend income tax on the basis of provisions in Article 87-3, Paragraph 2 of the Restriction of Preferential Taxation Act. No special tax for rural development is levied on the exempt dividend income tax on the basis of Article 4, Paragraph 4 of the Special Tax for Rural Development Act.

B. Capital gains

On the basis of Article 55-2, Paragraph 5 of the Restriction of Preferential Taxation Act, capital gains that residents earn by selling the stocks of a CRREIT company they acquired through their investment in the company prior to 31 December 2003 are exempt from capital gains tax required in Article 94, Paragraph 1, Subparagraph 3 of the Income Tax Act. However, residents are required to pay a 20% special tax for rural development on the above exempt amount on the basis of Article 5, Paragraph 1, Subparagraph 1 of the Special Tax for Rural Development Act.

If residents sell shares of a CRREIT company listed either on the KRX or KOSDAQ market under the Securities and Exchange Act through a transaction in the KRX or KOSDAQ markets, they are exempt from the capital gains tax on the basis of Article 94, Paragraph 1, Subparagraph 3, Item Ga and Na of the Income Tax Act.

(3) Taxation on other related companies or subsidiaries

Not applicable

(4) Others

A Real Estate Investment Company for Corporate Restructuring (CR REIT company) is required by Article 13, Paragraph 1, Subparagraph 2 of the Urban Railroad Act and Article 12, Paragraph 1 of the Enforcement Decree of the same Act to purchase urban railroad bonds, as part of corporate registration, in the amount equivalent to 1/1,000 of the value of capital.

A CR REIT company, in accordance with Article 173, Paragraph 1 of the Local Tax Act, is not considered a corporation with an office or business site located within a city and/or country, and therefore is not required to report and/or pay Corporate Parity Inhabitant Tax as stipulated in Article 177, Paragraph 1 of the same Act.

A CR REIT company, in accordance with Article 244 of the Local Tax Act, is not considered a business with a business site located within a city and/or county, and therefore is not required to report and/or pay Property Parity Business Site Tax as stipulated by Article 250, Paragraph 3 of the same Act.

A CR REIT company, in accordance with Article 249, Paragraph 1 of the Local Tax Act, is considered a company with fifty (50) or less employees, and therefore is not required to report and/or pay Employee Parity Business Site Tax, as stipulated by Article 250, Paragraph 2 of the same Act.

3. Matters on Court Jurisdiction

In the event a dispute arises concerning the operation of the Company, the court of jurisdiction shall be the Seoul District Court, which has jurisdiction over the district where Macquarie Real Estate Korea Ltd., (formerly known as Macquarie Property Advisors Korea Ltd.,) is located.

Seoul District Court

Address: 1701-1 Seocho 3-dong, Seocho-ku, Seoul, 137-737
Contact Info. Operator: (02) 530-1114, 530-2609 (Civil Affairs Information)
Depository Civil affairs (02) 530-1707 / FAX (02) 3477-8102

4. Indemnification

Asset management company, underwriter, Business Trustee and asset custodian (the “related entrusted companies”) shall indemnify the CR REITs company if the CR REITs company incurred losses as a result of the related entrusted companies’ negligence.

If the director or internal auditor of the related entrusted company or other related entrusted companies are also liable for the losses the related entrusted company should indemnify the CR REITs company or a third party, they should jointly indemnify.

5. Conflict of Interest

The company is SPC that shall trust its management to Asset Management Company, Business Trustee and asset custodian (the “related entrusted companies”), which causes the Company to be exposed to the agent risk. The related entrusted companies will try their best efforts and due cares in their services, however there can be a conflict of interest in some cases.

6. Duration and Dissolution of Company as per the AOI

1. Duration: 5th anniversary of incorporation date
2. Events causing Dissolution:
 - 1) Expiration of corporate life of the Company;
 - 2) With a resolution of the General Shareholders' Meeting;
 - 3) Merger;
 - 4) Bankruptcy;
 - 5) Court order or judgment of dissolution; or
 - 6) Notice of revocation of approval of incorporation under Article 42 of the Act.

7. Methods of Cashing Funds invested by shareholders

The funds of shareholders may be cashed by selling their shares in KRX because the shares of MCO CR REIT has been listed on KRX since 8 Jan, 2004 as per the Articles of Incorporation pertaining to investment cashing methods.

8. Other Matters Concerning Public Notice

A. Investment Report, etc.

Quarterly financial statements and investment reports incorporating items relevant to asset management will be created and be made available for public notice via the websites of various organizations for shareholders and creditors to access. The items relevant to asset management mentioned above include the following: Company overview, current asset portfolio and details of changes, total income/income structure and rate of return, real estate sales cost, status/price/lease rate/major lessee information for each real estate asset owned, status of securities owned, real estate development projects, major shareholder list and information on investment reports created in each settlement period, borrowing status, share price fluctuations, summary balance sheet/income statement, progress of lawsuits important to Company management, and transaction/trade status stipulated in the caveat of Article 30 of the REIT Act.

B. Articles of Incorporation

The Company will keep copies of its Articles of Incorporation to the headquarters of the asset management company and general administrative service provider.

C. Contract

The copies of the asset management contract will be kept to the headquarters of the asset management company; the sales agreement to the head office and branches of the distributor; and the asset custody and general administrative service contract to the headquarters of the custodian and general administrative service provider.

D. Net asset value per share

a) Valuation period

The calculation of net asset value per share shall be done every quarter.

b) Timing of the notice

Public disclosure shall in principle be made every quarter. However, in the event there is significant change in asset value, the disclosure shall be made immediately following the change.

c) Method of disclosure

In the office and websites of Macquarie Real Estate Korea Ltd (formerly known as Macquarie Property Advisors Korea Ltd.) and general administrative service provider.

d) Place of disclosure:

Headquarters and website of Macquarie Real Estate Korea Ltd (formerly known as Macquarie Property Advisors Korea Ltd.) (www.macquarie.com/kr),
Headquarters and website of Woori Bank (www.woorisamu.com)

E. Other books/documents

Other books and documents of the Company will be kept by the AMC, asset custodian, underwriter, or business trustee depending on the category of each information.

III. Financial Overview

Section 1. Summary of Financial Statements

(Unit :KRW million)

Items	FY9	FY8	FY7	FY6	FY5
[Current Assets]	12,686	10,347	12,108	10,279	8,246
• Quick Assets	12,686	10,347	12,108	10,279	8,246
• Inventories	-	-	-	-	-
[Non-current Assets]	162,484	162,628	161,029	161,421	162,542
• Investments	-	-	136	396	942
• Property, Plant, & Equipment	162,484	162,628	160,893	161,025	161,600
• Intangible Assets	-	-	-	-	-
Total Asset	174,770	172,975	173,137	171,700	170,788
[Current Liabilities]	77,156	76,804	1,804	1,412	1,604
[Long-term Liabilities]	15,115	14,446	89,646	88,891	88,145
Total Liabilities	92,271	91,250	91,450	90,303	89,749
[Stockholder's Equity]	76,303	76,303	76,303	76,303	76,303
Retained Earnings	6,196	5,422	5,384	5,094	4,926
[Capital Adjustments]	-	-	-	-	-190
Total Shareholders' Equity	82,499	81,725	81,687	81,397	81,039
Revenue	13,195	12,023	11,738	11,059	11,318
Operating Income	8,566	7,760	7,661	7,438	7,071
Net Income	6,299	5,524	5,305	5,273	4,736

Section 2. Notes in Using Financial Statements

1. Principles of Financial Statements

- (1) 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.
- (2) The Company has not been required a corrective measure nor modification adjustment order from FSC.

2. Violations of Korean GAAP

- (1) Violations, which require modifications in Balance Sheets
Not applicable
- (2) Violations, which do not require modifications in Balance Sheets
Not applicable

3. Other Recommendations

Not applicable

Section 3. Accounting Information

1. Allowances for Doubtful Receivables

Not applicable

2. Holding of Inventories and its due diligence

Not applicable

3. Change of Accounting Policies for the Recent 5 Years and Reason for the Change

Not applicable

4. Any Fiscal Year with Net Loss and Primary Causes for the Recent 5 Years

Not applicable

5. Any Fiscal Year with Increase or Decrease of Net Loss by More Than 30%, or Any Fiscal Year with Turnaround from Net Loss into Net Income and Primary Causes for the Recent 5 Years

Not applicable

6. Valuation of Non-Marketable Equity Investments Securities of this Fiscal Year

Not applicable

Section 4. Financial Statements

1. BALANCE SHEETS

Macquarie Central Office Corporate Restructuring Real Estate Investment Trust
Balance Sheets
June 30, 2008 and December 31, 2007

<i>(in thousands of Korean)</i>	<u>2008.06</u>	<u>2007.12</u>
Assets		
Current assets		
Cash and cash equivalents	₩ 10,185,568	₩ 7,935,584
Short-term financial instruments (Note 3)	1,721,920	1,931,893
Other accounts receivables	-	13,724
Accrued income	80,063	131,708
Prepaid expense (Note 10)	266,570	303,614
Tax refund receivables	32,231	30,294
Total current assets	<u>12,286,352</u>	<u>10,346,817</u>
Property and equipment, net of accumulated depreciation of ₩ 5,714,670 thousand (2007.12: ₩ 5,056,403 thousand) (Notes 4, 5, 6 and 7)	<u>162,484,150</u>	<u>162,628,217</u>
Total assets	<u>₩ 174,770,502</u>	<u>₩ 172,975,034</u>
Liabilities and Shareholders' Equity		
Current liabilities		
Other accounts payable	₩ 1,055,693	₩ 1,047,583
Accrued expense (Note 10)	266,380	85,345
Advanced receipts	76,283	320
Withholdings payable	28,900	28,900
VAT payables	484,279	397,634
Current portion of long-term borrowings (Note 8)	75,244,000	75,244,000
Total current liabilities	<u>77,155,535</u>	<u>76,803,782</u>
Deposits received (Notes 7 and 10)	<u>15,115,545</u>	<u>14,446,661</u>
Total liabilities	<u>92,271,080</u>	<u>91,250,443</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	5,477,930	4,703,099
Total shareholders' equity	<u>82,499,422</u>	<u>81,724,591</u>
Total liabilities and shareholders' equity	<u>₩ 174,770,502</u>	<u>₩ 172,975,034</u>

2. INCOME STATEMENTS

Macquarie Central Office Corporate Restructuring Real Estate Investment Trust Statements of Income Six-Month Periods Ended June 30, 2008 and December 31, 2007

(in thousands of Korean)

	2008.06	2007.12
Operating Revenue		
Rental income (Notes 10 and 11)	₩ 8,609,880	₩ 7,979,845
Common area maintenance income (Note 10)	3,697,438	3,170,483
Parking income (Note 10)	695,238	702,610
Tenant reimbursement (Note 10)	129,535	124,802
Other operating revenue	63,449	45,725
	<u>13,195,540</u>	<u>12,023,465</u>
Operating Expenses		
Real estate expenses		
Property administration expenses (Note 9)	326,008	228,014
Facility management fees (Note 9)	985,870	934,871
Utilities	791,829	780,607
Maintenance and repairs	623,116	521,762
Local taxes and dues (Note 16)	236,886	277,822
Fund operating expenses		
Remuneration to officers (Notes 10 and 16)	7,000	6,000
Depreciation (Notes 5 and 16)	658,267	658,214
Insurance expenses (Note 10)	25,136	16,785
National taxes and dues (Note 16)	37,474	35,626
Fund administration fees	15,415	11,421
Professional fees	50,727	19,731
Asset management fees (Note 9)	802,488	703,777
Asset custodian fees (Note 9)	25,938	25,696
Business trustee fees (Note 9)	43,230	42,826
	<u>4,629,384</u>	<u>4,263,152</u>
Operating income	<u>8,566,156</u>	<u>7,760,313</u>
Non-operating income		
Interest income (Note 16)	240,517	180,082
Late fees	2,139	2,618
Compensation for damages	79,016	195,920
Other income	151	2,663
	<u>321,823</u>	<u>381,283</u>
Non-operating expenses		
Interest expenses (Notes 10 and 16)	2,588,806	2,617,254
Net income (Note 14)	<u>₩ 6,299,173</u>	<u>₩ 5,524,342</u>
Per share data (In Korean won) (Note 13)		
Earnings per share	₩ 413	₩ 362

3. STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

Macquarie Central Office Corporate Restructuring Real Estate Investment Trust
Statements of Changes in Shareholders' Equity
Six-Month Periods Ended June 30, 2008 and December 31, 2007

<i>(in thousands of Korean)</i>	Capital stock	Capital adjustments	Other cumulative comprehensive income	Accumulated earnings	Total
Shareholders' equity, July 1, 2007	₩ 76,303,000	₩ -	₩ -	₩ 5,384,292	₩ 81,687,292
Dividends	-	-	-	(5,487,043)	(5,487,043)
Net income	-	-	-	5,524,342	5,524,342
Shareholders' equity, December 31, 2007	₩ 76,303,000	₩ -	₩ -	₩ 5,421,591	₩ 81,724,591
Shareholders' equity, January 1, 2008	₩ 76,303,000	₩ -	₩ -	₩ 5,421,591	₩ 81,724,591
Dividends	-	-	-	(5,524,342)	(5,524,342)
Net income	-	-	-	6,299,173	6,299,173
Shareholders' equity, June 30, 2008	₩ 76,303,000	₩ -	₩ -	₩ 6,196,422	₩ 82,499,422

4. STATEMENT OF CASHFLOWS

Macquarie Central Office Corporate Restructuring Real Estate Investment Trust
Statements of Cash Flows
Six-Month Periods Ended June 30, 2008 and December 31, 2007

<i>(in thousands of Korean)</i>	2008.06	2007.12
Cash flows from operating activities		
Net income	₩ 6,299,173	₩ 5,524,342
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation expense	658,267	658,214
Changes in operating assets and liabilities		
Decrease in other receivables	13,724	31,247
Decrease in accrued income	51,646	36,305
Decrease in prepaid expenses	37,044	18,367
Increase in tax refund receivables	(1,937)	(5,988)
Increase in other accounts payable	8,111	13,888
Increase (Decrease) in accrued expenses	181,035	(178,219)
Increase (Decrease) in advanced receipts	75,962	(4,251)
Increase (Decrease) in VAT payables	86,644	(75,535)
Increase in deposits received	668,884	44,835
	1,121,113	(119,351)
Net cash provided by operating activities	8,078,553	6,063,205
Cash flows from investing activities		
Decrease in short-term financial instruments	954,198	682,818
Increase in short-term financial instruments	(744,225)	(64,283)
Increase in long-term prepaid expenses	-	(34,896)
Acquisition of property, plant and equipment	-	(153,000)
Increase in construction-in-progress	(514,200)	(2,240,400)
Net cash provided by (used in) investing activities	(304,227)	(1,809,761)
Cash flows from financing activities		
Payment of dividends	(5,524,342)	(5,487,042)
Net decrease in cash and cash equivalents	2,249,984	(1,233,598)
Cash and cash equivalents		
Beginning of period	7,935,584	9,169,182
End of period	₩ 10,185,568	₩ 7,935,584

5. 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, Jung-gu, Seoul, Korea, and as of June 30, 2008, 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 June 30, 2008, 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 (in thousands of Korean won)
61,042,400	15,260,600	₩ 5,000	₩ 76,303,000

As of June 30, 2008, 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	100.00

2. Summary of Significant Accounting Policies

The significant accounting policies followed by the Company in the preparation of its financial statements for the six-month periods ended June 30, 2008 and 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.

The following is a summary of significant accounting policies followed by the Company in the preparation of its financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

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 No. 1 through 23 became applicable to the Company on January 1, 2008, the Company adopted these statements in its financial statements as of June 30, 2008 and for the six-month period then ended. SKFAS No. 14 and No. 18 were excluded from the 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, which includes acquisition cost, production cost and other costs required to prepare the asset for its intended use. It also includes the present value of the estimated cost of dismantling and removing the asset, and restoring the site after the termination of the asset's useful life, provided that it meets the criteria for recognition of provisions

Property and equipment are stated net of accumulated depreciation calculated based on the following depreciation method and estimated useful lives

	<u>Estimated useful lives</u>	<u>Depreciation Method</u>
Buildings	50 years	Straight-line method
Machinery and equipment	5 years	Straight-line method

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

Income tax expense includes the current income tax under the relevant income tax law and the changes in deferred tax assets or liabilities. Deferred tax assets and liabilities represent temporary differences between financial reporting and the tax bases of assets and liabilities. Deferred tax assets are recognized for temporary differences which will decrease future taxable income or operating loss to the extent that it is probable that future taxable income will be available against which the temporary differences can be utilized. Deferred tax effects applicable to items in the shareholders' equity are directly reflected in the shareholders' equity.

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.

Excess dividends

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

Approval of Financial Statements

The June 30, 2008 audited financial statements were approved by the Board of Directors on September 2, 2008.

3. Restricted Financial Instruments

Financial instruments whose withdrawals are restricted as of June 30, 2008 and December 31, 2007, are as follows.

<i>(in thousands of Korean won)</i>	Bank	2008.06.30	2007.12.31
Short-term financial instruments			
Money market deposit account	Woori Bank	987,242	1,065,323
Time deposits	Woori Bank	-	166,570
Time deposits	Woori Bank	700,000	700,000
Time deposits	Woori Bank	34,678	-
		<u>₩ 1,721,920</u>	<u>₩ 1,931,893</u>

As of June 30, 2008, the above short-term financial instruments are pledged as collaterals for the leasehold deposits.

4. Declared Value of Land

As of June 30, 2008, 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>₩ 94,515,750</u>

5. Property and Equipment

Changes in property and equipment for the six-month period ended June 30, 2008 and December 31, 2007, are as follows:

2008.06.30

<i>(in thousands of Korean won)</i>	Land	Buildings	Equipment	Construction in progress	Total
Balance as of January 1, 2008	₩ 102,397,913	₩ 60,208,204	₩ 16,800	₩ 5,300	₩ 162,628,217
Acquisition	-	-	-	514,200	514,200
Disposal	-	-	-	-	-
Depreciation	-	(652,267)	(6,000)	-	(658,267)
Reclassification	-	5,300	-	(5,300)	-
Balance as of June 30, 2008	<u>₩ 102,397,913</u>	<u>₩ 59,561,237</u>	<u>₩ 10,800</u>	<u>₩ 514,200</u>	<u>₩ 162,484,150</u>
Acquisition cost	₩ 102,397,913	₩ 65,226,707	₩ 60,000	₩ 514,200	₩ 168,198,820
Accumulated depreciation	-	(5,665,470)	(49,200)	-	(5,714,670)

2007.12.31

<i>(in thousands of Korean won)</i>	Land	Buildings	Construction in progress	Equipment	Total
Balance as of July 1, 2007	₩ 102,397,913	₩ 57,974,918	₩ 497,400	₩ 22,800	₩ 160,893,031
Acquisition	-	153,000	2,240,400	-	2,393,400
Disposal	-	-	-	-	-
Depreciation	-	(652,214)	-	(6,000)	(658,214)
Reclassification	-	2,732,500	(2,732,500)	-	-
Balance as of Decemebr 31, 2007	<u>₩ 102,397,913</u>	<u>₩ 60,208,204</u>	<u>₩ 5,300</u>	<u>₩ 16,800</u>	<u>₩ 162,628,217</u>
Acquisition cost	102,397,913	65,221,407	5,300	60,000	167,684,620
Accumulated depreciation	-	(5,013,203)	-	(43,200)	(5,056,403)

6. Insurance

As of June 30, 2008, the Company has the following insurance policies:

Description	Insurance Company	Amount Insured	Period
Building & machinery	Samsung Fire & Marine	₩ 93,664 million	December 24, 2007 to

Advance Loss of Profit	Insurance Co., Ltd.	₩ 24,129 million	December 24, 2008
General liability		US\$ 5,000,000 per each occurrence and others	
Gas insurance		₩ 300 million per accident	
		₩ 80 million per person	

7. Collateralized Assets

The property investments pledged as security to its lenders and tenants as of June 30, 2008 and December 31, 2007, are as follows:

<i>(in thousands of Korean won)</i>	Collateralized amounts		Related Liabilities
	2008.06.30	2007.12.31	
Samsung Life Insurance Co., Ltd.			
Samsung Fire & Marine Insurance Co., Ltd.	₩ 97,817,200	₩ 97,817,200	Current portion of long-term borrowings
LIG Insurance Co., Ltd.			
Korea Life Insurance Co., Ltd.			
Korea Life Insurance Association	759,885	759,885	Deposits received
Dong Ah Construction Industrial Co., Ltd.	652,151	621,096	Deposits received
OTIS Elevator	871,097	871,097	Deposits received
Shinhan Bank	2,296,410	2,042,495	Deposits received
Samsung Card Co., Ltd.	-	108,492	Deposits received
The Investigative Commission on Pro-Japanese Collaborators' Property	693,168	-	Deposits received
Prudential Life Insurance Co., Ltd.	187,580	224,960	Deposits received
Standard Chartered Capital Korea Co., Ltd.	109,523	109,523	Deposits received
	63,665	63,665	Deposits received
Shinsegae Co., Ltd	669,686	669,686	Deposits received
Shinsegae Mart Co., Ltd	149,509	274,174	Deposits received
Korea Labor Welfare Corporation	805,460	805,460	Deposits received
	<u>₩ 105,075,334</u>	<u>₩ 104,367,733</u>	

8. Current portion of Long-Term Borrowings

Current portion of long-term borrowings as of June 30, 2008, consists of the following:

<i>(in thousands of Korean won)</i>	Annual interest rates (%) as of Jun 30, 2008	Maturity date		2008.6.30
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>₩ 75,244,000</u>

As of June 30, 2008, land, buildings and the short-term financial instruments are pledged as collaterals for the above current portion of long-term borrowings (Notes 3 and 7).

9. Commitments and Contingencies

As of June 30, 2008, 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 5th fiscal period), (1st fiscal period: 0%, 2nd: 17%, 3rd & 4th: 11%, and the ordinary income includes gains on disposal of asset)
Disposal 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 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 cash flows that make equity IRR 11.5% less already calculated Disposal Fee.

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.

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.

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 ₩ 7 million for the six-month period ended June 30, 2008. 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 June 30, 2008 and December 31, 2007, are summarized as follows:

<i>(in thousands of Korean won)</i>	Transactions	
	2008. 06. 30	2007. 12. 31
Samsung Life Insurance Co., Ltd.		
Interest expense	₩ 1,579,172	₩ 1,596,525
Rental income	424,093	389,749
Common area maintenance income	167,706	148,532
Parking income	44,182	44,909
Tenant reimbursement	383	328
Samsung Fire & Marine Insurance Co., Ltd.		
Interest expense	440,097	444,933
Insurance premium	25,135	16,785
LIG Insurance Co., Ltd.		
Interest expense	362,433	366,416

Related account balances as of June 30, 2008 and December 31, 2007, are as follows:

<i>(in thousands of Korean won)</i>	Receivables and Payables	
	2008. 06. 30	2007. 12. 31
Samsung Life Insurance Co., Ltd.		
Accrued expenses	₩ 43,384	₩ 52,061
Current portion of long-term borrowings	45,898,840	45,898,840
Leasehold deposits	338,800	324,450
Samsung Fire & Marine Insurance Co., Ltd.		
Prepaid expenses	32,241	40,376
Accrued expenses	12,091	14,509
Current portion of long-term borrowings	12,791,480	12,791,480
LIG Insurance Co., Ltd.		
Accrued expenses	9,957	11,948
Current portion of long-term borrowings	10,534,160	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.

12. Income Taxes

There are no income tax expenses for the six-month periods ended June 30, 2008 and December 31, 2007.

The income tax effect of temporary differences, including available net operating loss carry-forwards and tax credits, comprising the deferred income tax assets and liabilities as of June 30, 2008 and December 31, 2007, are as follows:

<i>(in thousands of Korean won)</i>	2008. 06. 30	2007. 12. 31
Accrued income	₩ 131,709	₩ 168,014
Accrued expenses	195,259	-
Prepaid expenses	263,237	271,202
Total (I)	590,205	439,216
Accrued income	(80,063)	(131,709)
Accrued expenses	-	(192,443)

Prepaid expenses		(234,329)		(263,237)
Total (Ⅱ)		(314,392)		(587,389)
Total (Ⅰ + Ⅱ = Ⅲ)	₩	275,813	₩	(148,173)

Changes in cumulative temporary differences for the six-month periods ended June 30, 2008 and December 31, 2007 are as follows:

2008.06.30

<i>(in thousands of Korean won)</i>	2008.01.01	Decrease	Increase	2008.06.30
Accrued income	₩ (131,709)	₩ (131,708)	₩ (80,063)	₩ (80,063)
Accrued expenses	-	-	195,259	195,259
Prepaid expenses	(263,237)	(263,237)	(234,329)	(234,329)
Total	(394,945)	₩ (394,945)	₩ (119,134)	(119,134)
Income tax rate	27.5%			27.5%
Deferred income tax assets (liabilities)	₩ -			₩ -

2007.12.31

<i>(in thousands of Korean won)</i>	2007.07.01	Decrease	Increase	2007.12.31
Accrued income	₩ (168,014)	₩ (168,014)	₩ (131,709)	₩ (131,709)
Accrued expenses	192,443	192,443	-	-
Prepaid expenses	(271,202)	(271,202)	(263,237)	(263,237)
Total	(246,773)	₩ (246,773)	₩ (394,946)	(394,946)
Income tax rate	27.5%			27.5%
Deferred income tax assets (liabilities)	₩ -			₩ -

The Company can pay dividends in excess of its profits under Article 28(3) of the Real Estate Investment Company Act. And according to Article 51(2) of the corporate income tax law, if the Company distributes more than 90% of income available for dividends, the amount is exempted from the income tax. The board of directors of the Company will decide on the dividend amount considering net income, taxable income, capital expenditure plan and cash balance available for dividends. Therefore, the Company estimated that no income tax will be incurred and did not recognize any deferred income tax asset (liability).

The income tax rate applicable to the Company is 27.5% including resident tax, for the six-month periods ended June 30, 2008 and December 31, 2007. However, the effective tax rate for the six-month periods ended June 30, 2008 and December 31, 2007, was not calculated as the Company has not incurred any income tax expense for the period, due to the amendment of the Real Estate

Investment Company Act in Korea and the Articles of Incorporation of the Company.

13. Earnings Per Share

Basic earnings per share for the six-month periods ended June 30, 2008 and December 31, 2007, are calculated as follows:

<i>(in Korean won, except per share amounts)</i>	2008.06.30	2007.12.31
Net income allocated to common stock	₩ 6,299,172,617	₩ 5,524,341,826
Weighted average number of common shares outstanding during the year	15,260,600 shares	15,260,600 shares
Basic earnings per share	<u>₩ 413</u>	<u>₩ 362</u>

As the Company has not issued any common stocks during the six-month periods ended June 30, 2008 and December 31, 2007, the weighted average number of common shares outstanding during the period is the same as the number of issued common stocks.

Diluted earnings per share for the six-month periods ended June 30, 2008 and December 31, 2007, are identical to the basic earning per share since the Company has not issued any dilutive securities as of June 30, 2008 and December 31, 2007.

14. Comprehensive Income

Comprehensive income for the six-month periods ended June 30, 2008 and December 31, 2007, consists of:

<i>(in thousands of Korean won)</i>	2008.03.31	2007.09.30
Net Income	₩ 3,255,148	₩ 2,779,713
Other comprehensive income	-	-
	<u>₩ 3,255,148</u>	<u>₩ 2,779,713</u>

15. Dividends

Computation of dividends for shareholders equity for the six-month periods ended June 30, 2008 and December 31, 2007 are as follows:

<i>(in Korean won, except per share amounts and dividends rate)</i>	2008.06.30	2007.12.31
Dividends(<i>in thousands of Korean won</i>)	₩ 6,957,440	₩ 5,524,342
Number of stock issued	15,260,600 shares	15,260,600 shares
Dividends per share	₩ 456	₩ 362
Par value per share	5,000	5,000
Dividends rates ¹	<u>9.12%</u>	<u>7.24%</u>

¹ The dividends rates of the Company are calculated for six-month period, and annualized dividends rates of the Company are for the six-month periods ended June 30, 2008 and December 31, 2007 are 18.29% and 14.36%.

Dividends propensity for the six-month periods ended June 30, 2008 and December 31, 2007 are as follows:

<i>(in thousands of Korean won)</i>	2008.06.30	2007.12.31
Dividends	₩ 6,957,440	₩ 5,524,342
Net income	6,299,173	5,524,342
Dividends propensity	<u>110.45 %</u>	<u>100.00% %</u>

Dividends income rates for the six-month periods ended June 30, 2008 and December 31, 2007 are as follows:

<i>(in Korean won)</i>	2008.06.30	2007.12.31
Dividends per share	₩ 456	₩ 362
Closing price at the end of fiscal year	9,940	8,000
Dividends income rate ²	<u>4.59%</u>	<u>4.53%</u>

² The dividends income rates of the Company are calculated for six-month period, and annualized dividends income rates of the Company are for the six-month periods ended June 30, 2008 and December 31, 2007 are 9.20% and 8.98%.

16. Value added information

Details of accounts included in the computation of value added taxes for six-month periods ended June 30, 2008 and December 31, 2007, are as follows:

<i>(in thousands of Korean won)</i>	2008.06.30	2007.12.31
Remuneration to officers	₩ 7,000	₩ 6,000
Depreciation	658,267	658,214
Taxes and dues	274,361	313,448
Net financial costs	2,348,289	2,437,172
	<u>₩ 3,287,917</u>	<u>₩ 3,414,834</u>

17. Major Management Performance for the second half of fiscal period

Details of major management performance for the second half of fiscal period (From April 1, 2008 to June 30, 2008) are as follows:

<i>(in thousands of Korean won)</i>	2008.04.01~2008.06.30	
Operating revenue	₩	6,615,170
Operating expenses		2,465,962
Operating income		4,149,208
Net income for the second half of fiscal period		3,044,025
Net income per share for the second half of fiscal period <i>(in Korean won)</i>	₩	199

18. Supplemental Cash Flow Information

Cash in the statement of cash flows is identical to the cash and cash equivalents in the balance sheet. Significant transactions not affecting cash flows for six-month periods ended June 30, 2008 and December 31, 2007, as described below:

<i>(in thousands of Korean won)</i>	2008.06.30		2007.12.31	
No classification of construction-in-progress to buildings	₩	5,300	₩	2,732,500
Transfer from long-term prepaid expenses to current portion		-		170,607
Transfer from long-term borrowings to current portion		-		75,244,000

19. Subsequent Events

As the term of the Company expires in 2nd half year of year 2008 per the articles of incorporation of the Company, the Company is under the process of selling Kukdong Building which is 93% of total asset and has book value of 162,484,150 in thousands of Korean won on June 30, 2008. Through the disposal of the asset, the Company is planning to repay its long-term borrowings and distribute the gains on disposal of the asset.

6. Financial Statements Before and After Adjustments

Not applicable

Section 5. Consolidated Financial Statements

1. Summary of Consolidated Financial Statements

Not applicable

2. Notes in Using Consolidated Financial Statements

Not applicable

3. Consolidated Financial Statements

Not applicable

4. Company excluded from the Consolidation

Not applicable

Section 6. Financial Status by Sector

1. Financial Information by Business Unit

Not applicable

2. Financial Information by Region

Not applicable

Section 7. Pre and Post-Merger Financial Statements

1. Merger-Related Information

Not applicable

2. Pre and Post-Merger Financial Statements

Not applicable

3. Matters relating to Merger

Not applicable

IV. Auditor's Opinion

Section 1. Auditor's Opinion

1. Auditor (CPA)'s Opinion

(1) Auditor

FY9	FY8	FY7
Samil PwC	Samil PwC	Deloitte Anjin LLC

2. Summary of Current Audit Report

The financial statements referred to above present fairly, in all material respects, the financial position of Macquarie Central Office Corporate Restructuring Real Estate Investment Trust as of March 31, 2008 and the results of its operations, the changes in its retained earnings, its cash flows and changes in shareholders' equity for six-month periods then ended in conformity with accounting principles generally accepted in the Republic of Korea.

3. Audit Opinion

Fiscal Year	Auditors opinion and special notes
FY9	-
FY 8	-
FY 7	-

4. Special Notes

Fiscal Year	Special Notes
FY9	Not Applicable.
FY 8	Not Applicable.
FY 7	Not Applicable.

Section 2. Remuneration to Independent Auditor for the Recent 3 Years

1. Audit Service Agreement

(Unit: Million KRW)

Fiscal Year	Auditor	Service	Remuneration	Total Service Hours
FY9	Samil PwC	Quarterly Review and Year-end Audit (excl. tax service)	15.0	550
FY 8	Samil PwC	Quarterly Review and Year-end Audit (excl. tax service)	15.0	599
FY 7	Deloitte Anjin	Quarterly Review and Year-end Audit (excl. tax service)	13.2	173

2. Service Agreement Other Than Audit Service with Independent Auditor

Not applicable

3. Others

Not applicable

V. Corporate Governance and Related Companies

Section 1. Overview of Corporate Governance Structure

1. Board of Directors

(1) Structure of the Board of Directors

A. Resolutions from the Board of Directors

- Convening of the General Meeting of Shareholders;
- Operation of real estates, including acquisition or disposition thereof;
- Acquisition or disposition of the securities worth at least certain amount as set forth in the Enforcement Decree of the Act;
- Borrowing of money;
- Determination of investment into, and approval for the business plan for, the real estate development project;
- Selection of contractors to be involved in a real estate development project, or change of such contractors;
- Execution of the business trust agreement with the business trustee regarding general affairs of the Company, and change thereto;
- Execution of any distribution agreements regarding the Company's stocks with securities companies, and change thereto;
- If any shareholder waives or loses his/her preemptive right, or if fractional shares are left in the allocation of new shares, disposition of such shares;
- Capital increase by public offering, as specified in Article 189-3 of the SEA;
- Issuance of new stocks;
- Retirement of shares (*Ee-ik so-gak*);
- Establishment and revision of internal control regulation;
- Appointment and removal of the Representative Director;
- Appointment and removal of the chairman of the Board of Directors;
- Execution of the property management agreement with property manager, and change thereto;
- Approval of annual capital expenditure plans or expenses of repair work or revenue expenditure plan involving expenditure of an aggregate amount of 100,000,000 Korean Won in a single instance
- Other important matters related to management of the Company.

B. Public Disclosure of Personal Information on the Candidates for the Board of Directors/
Recommendation by Shareholders

- Disclosed personal career profile through offering circular and disclosure about
- Each director has been recommended by major financial institution shareholders

C. Outside Director Candidate Recommendation Committee

Not applicable

D. Outside Directors

Not applicable

E. Indemnification Insurance Policy for the Board of Directors

Not applicable

(2) Operation of the Board of Directors

A. Operational Regulations

- The meetings of the board of directors shall be convened by the representative director. The date, time and place of the meeting is determined by the representative director.
- 1 week prior to the date set for the meeting, the representative director notifies the detailed agenda of the meeting to each director. Such notice may, however, be omitted if all of the directors and statutory auditors consent thereto.
- The quorum for a meeting shall constitute three quarters or more of all directors of the Company.
- All resolutions passed at a meeting of the board of directors shall be adopted by the affirmative vote of three quarters or more of directors present at the meeting, if not otherwise prescribed in the Real Estate Investment Company Act, the Corporate Law, other related laws or Articles of Incorporation.
- Any director who has a personal interest in the matters to be resolved at a meeting of the board of directors shall not be entitled to vote at the meeting.

3. Major Board Meeting Agenda

	Date of Meeting	Agenda	Passed/ Failed	Notes
1 st Meeting in Yr 2008	14 Feb 2008	1. Approval on draft of Financial Statements for FY8 and MLTM Quarterly Investment Report	Passed	
2 nd Meeting in Yr 2008	26 Feb 2008	1. Approval on Audited Financial Statements, MOCT Investment Report, and Annual Report for FY7 and Sign-off report from Internal Accounting Manager 2. Approval on Dividend payment 3. Approval on business plan of FY9 and FY10 4. Approval of Amendment to Articles of Incorporation 5. Approval of Method, Procedure and Schedule of Asset Disposal 6. Re-appointment of Directors 7. Convocation of General Shareholders' Meeting for FY8	Passed Passed Passed Passed Passed Passed Passed	
3 rd Meeting in Yr 2008	18 Mar 2008	1. Approval of closing date of Register of Shareholders and Record Date for Extraordinary Shareholders' Meeting	Passed	
4 th Meeting in Yr 2008	22 Apr 2008	1. Appointment of new Board of Director 2. Approval of additional CAPEX items for 2008 3. Convocation of Extraordinary Shareholders' Meeting	Passed Passed Passed	
5 th Meeting in Yr 2008	14 May 2008	1. Approval on draft of Financial Statements for FY9 and MLTM Quarterly Investment Report	Passed	
6 th Meeting in Yr 2008	02 June 2008	1. Dispatch official letter to Asset Management Company	Passed	

	Date of Meeting	Agenda	Passed/ Failed	Notes
7 th Meeting in Yr 2008	02 July 2008	1. Approval of Resumption of Sale Process for Kukdong Building 2. Approval of Budgets for Advisory Service Contracts in connection with Sale of Kukdong Building and Liquidation of the Company	Passed Passed	

C. Major activities of outside directors

Not applicable

D. Composition of Committee Members and Activities

Not applicable

2. Statutory Auditors

(1) Audit System

A. Audit Committee and Composition

- One non-standing statutory auditor shall be elected.
- Responsibilities of statutory auditor: The statutory auditor shall examine the accounts and business of the Company.
- Authorities of statutory auditor;
 - (a) The statutory auditor may attend meetings of the board of directors and express their opinions.
 - (b) The statutory auditor shall have the right to request an extraordinary meeting of the board of directors to be convened by submitting in writing the purposes thereof and the reasons for the convening of the meeting to the board of directors.
 - (c) The statutory auditor shall have the right to request an asset management company, an asset custodian or a distribution company entrusted with affairs of the Company, or the trustee to report accounting information related to the affairs of the Company.

B. Internal Mechanism for the Auditor's Access to Necessary Information

Statutory auditor shall have the right to request an asset management company, an asset custodian or a distribution company entrusted with affairs of the Company, or the trustee to report accounting information related to the affairs of the Company.

C. Information of Audit Committee (Statutory Auditor)

Name	Currently Serving At	Notes
Jong -Hee Lee	KICPA	

(2) Major Activities of Audit Committee (Auditor)

The auditor of the Company, Jong-Hee Lee attends the board meetings and reviews financial statements and investment report.

3. Shareholders' Voting Rights

(1) Cumulative Voting System

In accordance with the Article 24 of the Articles of Incorporation of the Company, Cumulative Voting System is not adopted.

(2) Voting in Writing

In accordance with the Article 28 of the Articles of Incorporation, shareholders not present at the meeting may exercise their voting rights in writing.

(3) Minority Shareholder's Voting Right

Not applicable

4. Remuneration for Board Members

(1) Remuneration of Directors (including outside directors) and Audit Committee (Auditor)

Classification	Actual Payment	Approved Amount	Average Amount/ person	Notes
Auditor	KRW 7,000,000	KRW 6,000,000/ FY	KRW 6,000,000	

(2) Stock Option

Not applicable

Section 2. Related Companies

1. Investment in Related Companies or Affiliates

Not applicable

2. Performance of Related Companies or Affiliates

Not applicable

Section 3. Investment in Other Corporations

Not applicable

VI. Shares

Section 1. Distribution of Shares

1. Share holdings by Largest Shareholder and Specially-Related Parties

(As of 30 Jun 2008)

(Unit: Share, %)

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	1,369,232 (8.97%)	-	-	1,369,232 (8.97%)	
Macquarie Real Estate Korea	Special Related Party	Ordinary	456,290 (2.99%)	-	-	456,290 (2.99%)	
Sub total			3,041,560 (19.93%)	-	-	3,041,560 (19.93%)	

Largest Shareholder: Macquarie Bank Limited

No. of Related Entity: 1

2. Shareholders Holding More Than 5%

(As of 30 Jun 2008)

(Unit: Share, %)

	Name (Company Name)	Common		Preferred		Sub Total	
		No. of Shares	%	No. of Shares	%	No. of Shares	%
1	Samsung Life Insurance	1,520,000	9.96	-	-	1,520,000	9.96
2	AIAKOREA-STOCK	1,000,000	6.55	-	-	1,000,000	6.55
3	Shinhan Life Insurance	979,810	6.42	-	-	979,810	6.42
Total		3,499,810	22.93	-	-	3,499,810	22.93

3. Shareholder Distribution

(As of 30 Jun 2008)

Category	Shareholders	Ratio (%)	No. of Stock owned	Rate (%)	Note
Small Shareholders in Total	1,209	99.33	7,359,230	48.22	
- Corporate	27	2.22	1396,139	9.15	
- Individuals	1,182	97.12	5,963,019	39.07	
Largest Shareholders	3	0.25	3,041,560	22.93	
Major Shareholders	3	0.25	3,499,810	22.93	
Others in Total	2	0.18	1,360,000	8.91	
Others - Corporate	2	0.18	1,360,000	8.91	
Others - Individuals	-	-	-	-	
Total	1,217	100.00	15,260,600	100.00	

Section 2. Stock Administration

<p>Pre-emptive Rights in the Articles of Incorporation</p>	<p>Article 13. Pre-emptive Rights</p> <p>(1) The Company's shareholders shall have pre-emptive right to subscribe for new shares issued by the Company in proportion to their shareholding ratios. However, if any shareholder waives or loses his/her preemptive right, or if fractional shares are left in the allocation of new shares, such shares shall be disposed of in accordance with the resolution of the Board of Directors.</p> <p>(2) Notwithstanding the provisions of Paragraph (1) of this Article, the Company may exclude or restrict the preemptive right of any existing shareholder by a resolution of the Board of Directors in any of the following cases;</p> <ol style="list-style-type: none"> 1. If the Company offers new shares for subscription in order to newly list or register with KSDA new shares up to a maximum of 30/100 of the total number of issued and outstanding shares;
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	<ol style="list-style-type: none"> 2. If the Company issues new shares up to a maximum of 30/100 of the total number of issued and outstanding shares by a general offering in accordance with the provisions of Articles 189-3 of the SEA; 3. If the Company issues new shares up to a maximum of 30/100 of the total number of issued and outstanding shares necessary for the foreign investment under the Foreign Investment Promotion Act. 4. If the Company issues new shares to domestic or foreign financial institutions up to a maximum of 30/100 of the total number of issued and outstanding shares due to urgent need for funds; or 5. If the Company issues new shares to any person who makes a contribution in kind. <p>Article 14. Record Date for Calculating the Dividend Accrual Period for New Shares</p> <p>In the case of issuance of new shares by the Company, in calculating the dividends for new shares, the issuance of the new shares shall be regarded as having taken place at the end of the fiscal year immediately preceding the fiscal year in which the new shares were issued.</p>		
Closing Date of Fiscal Year	Jun 30 and Dec 31 of every calendar year	General Shareholders' Meeting	Within 3 months after the Closing Date of Fiscal Year
Closing Period of Registry Book of Shareholders	From January 1 in any given fiscal year through January 10, from July 1 in any given fiscal year through July 10, from the date of collection of sale proceeds in connection with the disposal of real estate amounting 50/100 or more of total assets of the Company through the date of 10days from the date of collection of sale proceeds.		
Kind of share certificate	1share-note, 5share-note, 10share-note, 50share-note, 100share-note, 500share-note, 1,000share-note, 10,000share-note		
Agent of share transfer registration	Hana Bank		
Special Rights	-	Public Notice At	Mae-il Daily Business Newspaper Hankook Daily Business Newspaper

Section 3. Stock Price and Transaction Record during the Recent 6 Months

1. Domestic Stock Market

[Unit : KRW, Shares]

Category		Jan 2008	Feb 2008	Mar 2008	Apr 2008	May 2008	Jun 2008
Common Stock	High(Date)	8,190	8,900	8,840	10,000	9,970	10,300
	Low(Date)	7,650	7,800	8,560	8,760	9,830	9,850
Monthly Trade Volume		140,911	437,088	390,501	444,161	767,941	394,140

2. Oversea Stock Market

Not applicable

VII. Officers and Employees

Section 1. Officers

Title (Standing/ Non-standing)	Registered/ Unregistered	Name	Date of Birth	Currently Working At	Role	Shareholdings		Notes
						Common	Preferred	
Representative Director (Non-standing)	Registered	Kwan Young Kim	01 Sep 1956	Hanyang University	-	-	-	-
Representative Director (Non-standing)	Registered	Joo Hyun Cho	30 May 1953	Kunkook University	-	-	-	-
Director (Non-standing)	Registered	Jeong Ho Kim	16 Jun 1946	Gangwon Development Institution	-	-	-	-
Director (Non-standing)	Registered	Jong Pil Park	6 April 1965	Samsung Life Insurance Company	-	-	-	-
Director (Non-standing)	Registered	Woonglim Choi	20 Jan 1967	Samsung Fire & Marine Insurance Company	-	-	-	-
Director (Non-standing)	Registered	Chang Woo Shin	05 Feb 1968	LIG Insurance Company	-	-	-	-
Statutory Auditor (Non-standing)	Registered	Jong Hee Lee	08 Dec 1962	KICPA	-	-	-	-

Section 2. Employees

(Unit: per person)

Category	No. of employees				Avg. service periods	Total amount of salary	Avg. no of salary per employee	Note
	Administration	Production	others	Total				
Male	-	-	-	-	-	-	-	-
Female	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-

Section 3. Labor Union

Not applicable

Section 4. Qualified manager for Accounting and Public Disclosure

Not applicable

IV. Transaction with Specially-Related Parties

Section 1. Transactions with Largest Shareholder

1. Prepayments and Loans (security lending included) to Largest Shareholder

None

2. Pledge for security by Largest Shareholder

None

3. Guarantees for Largest Shareholder

None

4. Investment for Largest Shareholder

None

5. Acquisitions or Sale of Securities with Largest Shareholder

None

6. Real Estate Transaction (including Lease) with Largest Shareholder

(1) Real Estate Transactions

None

(2) Real Estate Leasing

None

7. Long-term Supply Contract with Largest Shareholder

None

8. Acquisition/ Sale of Business with Largest Shareholder

None

**Section 2. Transaction with shareholders other than Largest Shareholder, officers,
employees and other specially related parties**

<i>(in thousands of Korean won)</i>	Transactions	
	<u>2008. 06. 30</u>	<u>2007. 12. 31</u>
Samsung Life Insurance Co., Ltd.		
Interest expense	₩ 1,579,172	₩ 1,596,525
Rental income	424,093	389,749
Common area maintenance income	167,706	148,532
Parking income	44,182	44,909
Tenant reimbursement	383	328
Samsung Fire & Marine Insurance Co., Ltd.		
Interest expense	440,097	444,933
Insurance premium	25,135	16,785
LIG Insurance Co., Ltd.		
Interest expense	362,433	366,416

IX. Other Necessary Matters

Section 1. Reports and Follow-ups on Important Management-Related Matters

1. Reports on Disclosures of Important Management-Related Matters

Date	Contents	Disclose to
15 May 2008	Half-annual Report for FY 9	FSS, KRX
14 May 2008	Disclosures of Extraordinary Shareholders' Meeting for FY8	FSS, KRX
29 Apr 2008	Convocation of Extraordinary shareholder's meeting and public announcements	FSS, KRX
22 Apr 2008	Resolution for holding Extraordinary Shareholders' Meeting	FSS, KRX
20 Mar 2008	Submission of Audit Report for FY8	FSS, KRX
18 Mar 2008	Disclosures of general shareholders' meeting for FY8	FSS, KRX
18 Mar 2008	Resignation of Statutory Auditor	FSS, KRX
10 Mar 2008	Submission of Audit Report for FY8	FSS, KRX
04 Mar 2008	Convocation of general shareholder's meeting and public announcements	FSS, KRX
26 Feb 2008	Resolution for Dividend payment	FSS, KRX
26 Feb 2008	Convocation of general shareholder's meeting	FSS, KRX

Section 2. Summary of Shareholders' Meeting Minutes

Date	Agenda	Resolution	Note
Extraordinary Shareholders' Meeting (14 May 2008)	1. Approval of Board of Director appointment	Passed the agendas	
8 ^h Financial Year General Shareholders' Meeting	1. Approval of Financial Statements and dividend payment plan 2. Business plan approval for Year 2008 (FY9 and FY10)	Passed the agendas	

Date	Agenda	Resolution	Note
(18 Mar 2008)	3.Remuneration of directors (as per the AOI) 4.Remuneration of statutory auditor (as per the AOI) 5. Approval on change of AOI 6. Approval on appointment of Statutory Auditor		
7 th Financial Year General Shareholders' Meeting (14 Sep 2007)	1.Approval of Financial Statements and dividend payment plan 2.Business plan approval for Year 2007 (FY8) 3.Remuneration of directors (as per the AOI) 4.Remuneration of statutory auditor (as per the AOI) 5. Approval on re-appointment of Directors	Passed the agendas	
6 th Financial Year General Shareholders' Meeting (15 Mar 2007)	1.Approval of Financial Statements and dividend payment plan 2.Business plan approval for Year 2007 (FY7 & FY8) 3.Remuneration of directors (as per the AOI) 4.Remuneration of statutory auditor (as per the AOI) 5.Approval on re-appointment of Directors	Passed the agendas	
5 th Financial Year General Shareholders' Meeting (19 Sep 2006)	1.Approval of FY5 Financial Statements and dividend payment plan 2.Approval on business plan for FY6 3.Approval of Remuneration for directors 4.Approval of Remuneration for statutory auditor 5.Appointment of Statutory Auditor	Passed the agendas	
4 th Financial Year General Shareholders' Meeting (23 Mar 2006)	1.Approval of FY4 Financial Statements and dividend payment plan 2.Approval on business plan for FY4 3.Approval of Remuneration for directors 4.Approval of Remuneration for statutory auditor	Passed the agendas	

Date	Agenda	Resolution	Note
3 rd Financial Year General Shareholders' Meeting (23 Sep 2005)	1.Approval of FY3 Financial Statements and dividend payment plan 2.Approval on business plan for FY4 3.Election of Directors 4.Approval of Remuneration for directors 5.Approval of Remuneration for statutory auditor	Passed the agendas	
Extraordinary Shareholders Meeting (29 Jun 2005)	1. Amended Articles of Incorporation	Passed the agendas	
2 nd Financial Year General Shareholders' Meeting (23 Mar 2005)	1. Approval of FY 2 Financial Statement, Income statement and Statements of Appropriations of Retained Earnings. 2.Election of Director 3.Business plan approval for FY3 4. Approval of remunerations for Directors 5. Approval of remunerations for Statutory Auditor	Passed the agendas	
1 st Financial Year General Shareholders' Meeting (21 Sep 2004)	1. Approval of FY 1 Financial Statement, Income statement and Statements of Appropriations of Retained Earnings. 2.Election of Director 3.Business plan approval for FY2 4. Approval of remunerations for Directors 5. Approval of remunerations for Statutory Auditor	Passed the agendas	
Extraordinary Shareholders Meeting (30 Mar 2004)	Replacement of 4 directors	Appointment of following directors as the replacement directors of the former directors who resigned -Jeong Ho Kim (Schroder Asia Property Fund, KDI) -Jong Pil Park (Samsung	

Date	Agenda	Resolution	Note
		Life) -Woonglim Choi (Samsung F&M) -Yunchong Jeong (LG F&M)	

Section 3. Other Contingent Liabilities and Other items

1. Important Legal Proceedings

Not applicable

2. Promissory Notes/ Checks pledged for Collateral

Not applicable

3. Contingent Liabilities, etc.

Not applicable

4. Restrictions or Sanctions levied

Not applicable

5. Important Matters Occurred after the Fiscal Year Ending Date

Not applicable

6. Review List of Small and Medium Corporation Standard

Not applicable

7. Usage of Capital Funded From IPO

(Unit: KRW)

	Date	Capital	Plan in Prospectus	Actual Use
IPO	9 Dec 2003	35,151,500,000	Acquisition of Kukdong building under a corporate restructuring purpose	Acquisition of Kukdong building under a corporate restructuring purpose