

English Translation of a Report Originally Issued in Korean

Annual Report for the
First Fiscal Year
From 19 Sep 2007 to 31 Mar 2008

Macquarie NPS REIT

27 June 2008

TO: Financial Services 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 NPS REIT
Representative Director: Jae Young Son
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Sign-off Page of Representative Directors, etc.

Representation

27 June 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 NPS REIT

Representative Director: Jae Young Son (signature)

KEBIS, the Business Trustee of M NPS REIT

Officer in charge of Reporting: Jung Ik Seo (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

- 16 Aug 2007 Pre-approval from MOCT
- 07 Sep 2007 IPO (KRW 32,100,000,000)
- 12 Sep 2007 Inaugural Meeting and Incorporation
- 19 Sep 2007 Incorporation (Paid-in Capital KRW 26,750,000,000)
- 21 Sep 2007 Final-Approval from MOCT
Asset Management Agreement (Macquarie Real Estate Korea (Formerly known as Macquarie Property Advisors Korea)),
Business Custodian Agreement (Kookmin Bank),
Business Trustee Agreement (Korea Exchange Bank Investor Services)

(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

(Unit: KRW, share)

Date	Cause	Increase / Decrease			Remarks	
		Type	Shares	Par Value per share		Subscription Price per share
19 Sep 2007	IPO	Common	5,350,000	5,000	20,000	-

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 31 March 2008)

(Unit : share)

Category	Types			Note
	Common		Total	
I . Shares authorized	21,400,000	-	21,400,000	
II . Shares issued	5,350,000	-	5,350,000	
III . Shares reduced	-	-	-	
1. Capital Reduction	-	-	-	
2. Retirement of stock	-	-	-	
3. Redemption of redeemable stock	-	-	-	
4. Other	-	-	-	
IV. Share issued (II - III)	5,350,000	-	5,350,000	
V . Treasury Stock	-	-	-	
VI. Share issued (IV - V)	5,350,000	-	5,350,000	

2. Total Number of Shares Issued

(As of 31 March 2008)

(Unit: KRW, share)

Registered/ Unregistered	Type	Number of Shares	Total Face Value of Share Capital	Par Value per share	Notes
Registered	Common Stock	5,350,000	26,750,000,000	5,000	-
Total		5,350,000	26,750,000,000	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 31 March 2008)

(Unit: share)

Category	No. of Shares	Notes
1. Number of ordinary shares with voting rights [a-b]	5,350,000	
a. Issued shares	5,350,000	
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]	5,350,000	

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 ten years from September 19, 2007 (inception). The ordinary fiscal periods of the Company are from April 1 and October 1 to September 30 and March 31, respectively. However, the first fiscal period of the Company started from September 19, 2007 (inception) and ended on March 2008.

The Company is required to distribute not less than 90% of the dividend payment limit of each fiscal year in cash, and plans to pay dividends in excess of the distributable profits to the extent allowed by the relevant laws and regulations. The excess distribution amount shall be less than the depreciation cost of each fiscal year, and the Company, in principle, distributes 100% of the depreciation cost of each fiscal year. The Board of Directors, if necessary, may adjust the amount within the range of depreciation cost; provided, however, the loss brought forward from the previous fiscal year shall not be included in the calculation of distributable profits of the current fiscal year.

2. Dividend Payment for the recent 3 fiscal years

(Unit: KRW)

Classification		1 st FY	- FY	- FY
Par Value per share		5,000	-	-
Net income		1,865,701,537	-	-
Earning Per Share		349	-	-
Distributable Income		3,401,608,075	-	-
Dividend Payout Ratio (%)		182.32	-	-
Cash Dividend	Dividend Per Share	636	-	-
	Total Dividend Amount	3,401,608,075	-	-
	Dividend Yield (%)	12.72	-	-
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

As of 31 March 2008, the real estate investment companies established under the Real Estate Investment Company Act include (i) 14 CR-REITs (Realty Korea CR-REIT 1, Euress Meritz Korea CR-REIT 1, KOCREF CR-REIT 3, Macquarie Central Office CR-REIT, KOCREF CR-REIT 4, KOCREF CR-REIT 5, KOCREF CR-REIT 6, C9 Infinity CR-REIT, KOCREF NPS CR-REIT 2, KOCREF CR-REIT 11, KOCREF ARIEF Korea 1 CR-REIT, ER1 CR-REIT, Pamco Korea Retail 1 CR-REIT, and OSTARA C9 CR-REIT), K-1 CR-REIT is in the liquidation process and 3 CR-REITs have been liquidated, and (ii) 5 REITs (KOCREF REIT 7, KOCREF REIT 8, KOCREF NPS REIT 1, M NPS REIT and Infinity NPS REIT), which are currently in business.

2. Business Overview

(1) Business Overview and Business Segment

A. Business Overview

The Company is a paper company established in September of 2007 under the Real Estate Investment Company Act, with an initial duration of 10 years. The Company purchased the real estate by funding from Promoters and an individual investor, and provides the profits in excess of certain amount to the investors through operation (lease, management and disposal) of such real estate, by which the investors can avoid the risk from direct investment in real estates.

B. Business Segment

Real Estate Leasing Business 94% of total assets of the Company, which is around KRW 219 billion, was invested to purchase the properties called ING Center and RS Building located in 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 31 March 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

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.

(4) Prospects of new business

Not applicable

Section 2. Current Business

1. Guidelines on Investment

The real estate purchased by the Company includes ING Center (owned by M-Tower Securitization Specialty LLC) and RS Building (owned by PK1 ABS Specialty LLC). And its respective appraisal values calculated by CB Richard Ellis Ltd. and Joong-Ang Korea Appraisal Co., Ltd., through Macquarie Real Estate Korea (Formerly known as Macquarie Property Advisors Korea), the asset management

The assets managed by the Company, are to be categorized into real estate, cash (rent income arising after the investment and the accumulated cash through internal retaining), and securities. As for real estate, Macquarie Real Estate Korea (Formerly known as Macquarie Property Advisors Korea), an asset management company, entrusted with the management of the leases as well as the disposal of the real estate. For cash and securities, the Board of Directors of the Company will determine the general directions for the management, and the Kookmin Bank as an Asset Custodian manage these assets.

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*
FY1	Asset Value	219,315	-	-	6,476	15	225,806
	%	97.12	-	-	2.87	0.01	100.00
FY -	Asset Value	-	-	-	-	-	-
	%	-	-	-	-	-	-

* The amount of real estate is represented in costs at acquisition before depreciation. Therefore 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	1Q FY1 (2007. 9.19 ~ 2007.12.31)	2Q FY1 (2008. 1.1 ~ 2008.3.31)
Total Asset	223,996	225,806

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

(Unit: KRW million)

Quarter	FY1 (19 Sep 07 to 31 Mar 08)
Total Asset	225,806

(3) Net Asset Value per share

(Unit: share, KRW million)

	FY1 (31 Mar. 2008)
Total Asset Value per the article 27 of ED of Real Estate Investment Company Act	225,806
Total liabilities per Balance Sheets (II)	115,524
Net Asset Value (III=I-II)	110,282
Number of Shares issued	5,350,000
Net Asset Value per share (KRW)	20,613

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	ING Center	53 Sunwha-dong, Chung-gu, Seoul	Office	156,544	156,544	69.32
		RS Building	60 Yangpyeongdong 3 ga, Youngdeungpo-gu, Seoul	Office	62,771	62,771	27.80
		Sub total			219,315	219,315	97.12

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

(2) Securities

Not applicable

(3) Other Assets

Other assets of the Company include 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 mil)	Number of Lease Contracts	Average annual rent per m ² (KRW)
ING Center	34,172	34,172	100%	8,234	5	240,944
RS Building	21,466	21,466	100%	4,077	1	189,940
Sub total	55,638	55,638	100%	12,311	6	221,269

6. Investment plan

(1) Further Investment Plan

The Company is planning to purchase additional properties if any attractive properties are found in the future.

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			
FY1	Amount	-	-	-	-	-	-	5,672	Δ 740	4,932
	%	-	-	-	-	-	-	115.00	Δ 1 5.00	100.00

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

(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

	FY1 (19 Sep 2007 to 31 Mar 2008)
M NPS REIT	3.52 %
Index	-

B. Cumulative Annualized ROE

	FY1 (19 Sep 2007 to 31 Mar 2008)
M NPS REIT	3.52 %
Index	-

8. Guidelines on Asset Management

- The Company entrusted asset management to Macquarie Real Estate Korea (Formerly known as Macquarie Property Advisors Korea), which is licensed under the Real Estate Investment Company Act.

- In addition to the concerned real estate assets, cash assets, such as rent income and interest income, was accumulated after the establishment of the Company, and such cash assets will be invested in securities or will be managed within the scope set forth in the Articles of Incorporation of the Company, and, after the management policy is determined by the Board of Directors, is managed through an asset management company in a way that causes no problem for distribution of dividends or other expenditures.

- Cash and securities consist of accumulated rent income, reserves and other internally retained funds, and the securities acquired with such funds. For cash and securities, the Board of Directors of the Company will determine the general direction for the management thereof, and these assets will be managed through the asset management company.

- The principle of management of cash and securities is to maximize the stability and profitability in order to ensure that the Company can faithfully compensate its shareholders for each fiscal year, and the management shall aim to achieve the proper target rate of return.

- For the purposes above, the Company plans to introduce an appropriate mix of long-term products and short-term products, and mainly invest in deposits with fixed interest rates. However, the investment will be made in government and public bonds and deposits with variable interest rates.

9. Restrictions on Asset Management

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

The company will manage the assets according to the guidelines set out in the REIT Act and the Company's article of incorporation. The following extract from the Articles is provided for reference

Article 44. Investment and Management of Assets

- (1) The assets of the Company shall be invested into, and managed for, any of the followings:
 1. Acquisition, management, improvement and disposition of real estates;
 2. Development of real estates;
 3. Lease of real estates;
 4. Sale and purchase of securities;
 5. Deposit with financial institutions; and
 6. Acquisition, management and disposition of rights related to use of real estates, including superficies right and leasehold right.

- (2) At least 70/100 of the total assets of the Company shall consist of any of the following real estates:
 1. Real estates sold to the Company in order for the seller to repay the obligations owed to creditor financial institutions;
 2. Real estates sold to the Company in order for the seller to perform the terms and conditions of the agreement executed with creditor financial institutions for ameliorating the financial structure of the seller;
Real estates sold to the Company in accordance with the seller's reorganization proceedings under the Corporate Reorganization Act and the composition plan under the Composition

Act; and Other real estates, the sale of which to the Company is deemed by the Financial Supervisor Commission to be necessary to support the restructuring of the seller.

Article 45. Restriction on Asset Management and Investment Ratio, Etc.

- (1) The Company shall not have transactions, falling under each category set forth in Article 21 of the Act, with any of the following persons, except for transactions set forth in Article 23 of the Enforcement Decree of the Act:
 1. Officers, employees and their respective Specially-Related Persons; and
 2. Shareholders who own 3/100 or more of the shares of the Company and their Specially-Related Persons.
- (2) If the Company desires to make investment into a real estate development project,
 1. The Company shall cause its shares to be listed on the Stock Market Division of the Korea Exchange pursuant to the provision of Article 71 of the SEA or to be registered with the Korea Securities Dealers Association pursuant to the provision of Article 162 of the SEA; and
 2. The Company shall not invest more than 30/100 of its equity in the real estate development project.
- (3) If the Company desires to make investment into securities,
 1. The Company shall not acquire more than 10/100 of shares with the voting rights issued and outstanding of another company, except in any of the following cases:
 - a. if the Company acquires the shares of a company established to develop specific real property and has a definite term of corporate life;
 - b. if the Company merges with the other company;
 - c. if the Company acquires all of business of the other company; and
 - d. if necessary for the Company to achieve specific goals in exercise of its rights.
 2. In the event the Company acquires more than 10/100 of shares with the voting rights issued and outstanding of another company in accordance with the provisions of b through d of the above paragraph 1, the Company shall reduce the above excessive investment ratio to comply with the limit of the investment set forth in paragraph 1 within six (6) months from the acquisition date.
 3. The Company shall not invest more than 5/100 of its total assets in acquisition of securities issued by the same person, except for the securities set forth in the Enforcement Decree of the Act, including treasury bonds and municipal bonds.
 4. In the event the Company invests more than the investment limit specified in the provision of the above paragraph 3, the Company shall reduce the above excessive investment ratio to comply with the investment limit set forth in paragraph 3 within six (6) months from the acquisition date.

In order to comply applicable laws and protect shareholders, the Company shall establish and implement basic standards and procedures which its officers should follow in investing and managing the Company's assets

10. Investment Risk

1) Risks related to the losing of the investment principal

The relevant laws and regulations do not guarantee or protect the principal of the investment into the consigned management real estate investment company just like the Company. Accordingly, if the value of the retained assets falls under the circumstances of the overall national economy and the real estate market, the value of the shares might decline below the offering prices. In addition, if the market price of the real estate at the time of selling falls considerably below the purchased price, there may be a risk of losing the whole or part of the investment principal. In addition to ING Center and RS Building to be purchased after establishment, the Company, furthermore, has a possibility to purchase more real estates in the future, which may have same risk factors as mentioned above. Investors must be fully liable for the risk of losing or reducing the invested amount and no parties including the Company must be responsible for any investment losses.

2) Risks related to the operation of the real estate assets

The estimated dividend yield ratio of the Company has been proposed based on the assumptions in relation of the operation in the future. Such assumptions are related to the vacancy of the real estates, the credit of tenants, capital expenditure to be paid, the expenses related to the real estates invested by the Company, the expenses with the lease marketing, the rents in the future, the supply and demand, competition, and environment of the office building market, expenses related to the legal factors under the relevant laws and regulations and the unguaranteed losses or damages. Most assumptions are related to the circumstances which cannot be exactly predicted or controlled by the management of the Company. Accordingly, there is no guarantee that the dividend will be paid based on the estimated dividend yield ratio suggested by the Company. The risks which the Company may be kept from offering the estimated dividend yield ratio can be classified as follows:

A) Credit Risk of Tenants

The major income source of the Company is rents generated from lease agreements with tenants during the period of our retaining the real estates. Accordingly, if a tenant fails to pay the rents and management fees on time or is insolvent for the reason of shortage of funds, bankruptcy, etc., there is a risk that the dividend yield ratio would drop. The dividable cash flow of the Company and dividend may depend on whether tenants conduct their obligations under the lease agreement or not. The tenants may request the protection under the Bankruptcy Act, which may cause the payment of rents to be delayed or rejected or termination of the lease agreement. As a result, there is a risk of failing to achieve the estimated dividend yield ratio as prescribed. Moreover, the tenant is exposed to business risks, which may cause the tenant to fail to faithfully perform the duty to pay rents.

However, we have lease agreement with ING Life Insurance as the major tenant of ING Center (from 1F to 19F), lease agreement with ING Life Insurance is to be concluded on

February 28, 2017. Based on the lease agreement for the use of ING Center (from 1F to 19F) by ING Life Insurance, a major tenant will continue to be effective until February 28, 2017, the relatively stable revenues resulting from lease of ING Center are forecast until the expiry date of the lease agreement but there is a risk that the ING Life Insurance would terminate the lease after the expiry date. Particularly, in case of the retail sectors on the underground floor, when the agreements will be expired, it may be difficult to renew the agreement with the existing tenant or to enter into a lease agreement with a new tenant. Accordingly, during the operation period, the vacancy ratio of the retained building may be higher than that of the business plan. In such case, there is a risk that the dividend yield ratio will fall because the Company's major income is rents.

In addition, with respect to RS Building, Samsung Electronics Co., Ltd., the former lessor, entered into a triple net lease with Renault Samsung Motors Co., Ltd. to assign the whole right to operate RS Building as of July 5, 2002. The relatively stable revenues resulting from lease of RS Building are forecast until the expiry date of the lease agreement but there is a risk that the Renault Samsung would terminate the lease after the expiry date. When the agreements will be expired, it may be difficult to renew the agreement with the existing tenant or to enter into a lease agreement with a new tenant. Accordingly, during the operation period, the vacancy ratio of the retained building may be higher than that of the business plan. In such case, there is a risk that the dividend yield ratio will fall because the Company's major income is rents.

B) Risks of terminating the lease agreement

The Company is exposed to the general risks of the real estates specialized for the lease: the expiry, and renewal rejection of the lease agreement, the possibility of the agreement at the lower rent than the present rent and the expenditure of the costs for the leasing activities.

C) Risk of increase in management fee

The Company closely inspected all the operational expenses through financial due diligence and reflected them to the business plan but if the management fees such as water, light and heating expenses and taxes change to the higher level than those in the business plan, there may be a risk that the dividend yield will fall.

D) Risk of reverse loan effect

The Company plans to procure 113,271 million won equivalent to almost 52.27 percent of the total funding amount through the borrowed fund, which consists of the obligation to return the key money deposits received at the same time of acquiring ING Center and RS Building and the long-term loans to acquire the real estates.

Furthermore, there is a possibility to raise the fund through long-term loans to purchase additional real estates in the future. The terms and interest rate of any new loan may not be the same as for the loans included in the current business plan. Also, if the incomes from lease for the above or additional real estate are lower due to high vacancy ratio than those in the business plan, there is a risk to increase losses due to the reverse loan effect compared to the case where there would be no loan.

E) Force majeure risk including disaster

We plan to have adequate insurances which will guarantee the damage resulted from casual events, but there is a risk that an event occurs for which we are not appropriately insured.

- The insurance covers most of physical damages including not only fire to an invested real estate but also explosion, theft, destruction, flood, earthquake and other natural disasters, and covers most of physical damages, except the excluded perils.
- The insurance also covers the destruction of the insured machines in the invested real estates caused by the defects in materials, design, construction or assembly of the machines, technical problem or negligence of employees or workers etc.
- The Company carries insurance to compensate within the limit as specified in the policy excluding the legal compensation liability or excluded risks against the physical or personal damage or injury of a third party during the operation of the invested real estates.
- The damages or losses which are expressly specified as uncovered ones (war, terror, pollution, erosion or other risks excluded in the insurance policy) will be excluded. In addition, if some or whole part of the invested real estate is damaged due to the damages or losses which cannot be covered by the insurance and the restoration is paid by investors, please note that this will give direct or indirect influence on the profits of such investors and then may reduce the dividends.

As described above, the damages or losses of operating profits may be covered by insurance within the limit of the period of coverage as prescribed in the insurance policy if there occur the physical damages or losses of the invested property due to an accident which can be covered by the insurance and there is a reduction in operating profits during the redemption period. Accordingly, the possibility in the revenue reduction and the dividend reduction which can happen to an investor will be reduced. However, please consider the possibility in the reduction of revenues and dividends which may be caused by the damages or losses that will not be covered by the insurance because the damages or losses of the operating profits arising from the direct damages of the invested properties cannot be secured by the insurance.

F) Risk with respect to the purchase of new real estates

Since the Company plans to acquire additional real estates, there is a risk that the total dividend yield may reduce because the actual return on the additionally purchased real estates can be lower than the estimate as mentioned in the business plan.

4. Risks related to the disposal of the real estates

The Company can consider the sales of ING Center and RS Building and even properties to be additionally purchased after a minimum holding period of 3 years under the Real Estate Investment Law. In the case of RS Building, in particular, if it is sold during the lease contract period, the right of first refusal is given to Renault Samsung Motors Co., Ltd. who is a tenant thereof. Therefore, there is a risk with respect to the possibility of the sale of a retained real estate at the appropriate time and the sale prices. If the Company fails to find an appropriate purchaser or sells a real estate at a lower price due to the aggravation of the market condition at the time of sale, there is a possibility to fail to achieve the estimated dividend yield ratio

under the business plan. In this regard, the Company will make all efforts to keep the value of the buildings at the highest level through retaining good tenants, securing new tenants with good financial structures by checking their credit levels, keeping the vacancy at the lowest level at the time of sale, and periodically checking and maintaining facilities and buildings.

5. Risk related to the operation of cash and securities

The Company plans to minimize the operation scale of cash and securities but will hold the retained cash reserves and securities acquired with the cash reserves. The operation policy of the cash and securities will be decided by the Company's board of directors and the Company will make the operation policy to faithfully carry out the duty to pay dividends and to maximize profitability at the same time. But if there is a change in the interest rates due to the qualitative change in the financial market and overall economic situation, the change in financial and monetary policies of the government, inflation rates and so on, the risks may be accompanied in the asset operation.

6. Risks related to large shareholders, management team, corporate reputation etc.

The company plans to acquire additional real estate property. Accordingly, there is a risk that the dividend yield ratio can be lower than business plan during the operation period.

7. Refinancing Risk

According to the Business Plan, the Company will procure certain portion of investment amount by borrowing the long-term loan, whose period will be five years and bear the interest at the fixed rate of 5.9% as of the date of submission of this Registration Statement. Therefore, assuming that the loans run to maturity, the Company is not exposed to any risk of increase of market interest rate during such five years. However, since the Company plans to extend such long-term loan at the time of its maturity, the Company may have the refinancing risk at the time of such roll-over. That is, if the market interest rate has been increased at the time of such roll-over, the Company may suffer the substantial increase of the cost of debt capital, and it may be difficult for the Company to borrow the loan at the fixed rate. Such refinancing risk may give adverse effect to the estimated dividend yield ratio under the Business Plan, and please pay attention to the fact that subsequently the dividend yield ratio may significantly decrease at the time of actual payment of dividend in future.

11. Dividend Payment

(1) Distribution Policy

The Company shall distribute not less than 90% of the distribution limit of each fiscal year, and may exceed the distributable profits to the extent allowed by the relevant laws and regulations. The excess distribution amount shall be no more than the depreciation cost of each fiscal year, and the Company, in principle, distributes 100% of the depreciation cost of each fiscal year.

The Board of Directors, if necessary, may adjust the amount within the range of depreciation

cost; provided, however, the loss brought forward from the previous term shall not be included in the calculation of distributable profits of the current term.

(2) Payment of Dividend

Under the current plan, the fiscal periods of the Company shall be (i) one that begins on April 1 of each year and ends on September 30 of such year and (ii) one that begins on October 1 of each year and ends on March 31 of the following year.

The first fiscal period shall be one that begins on the commencement date of business of the company and ends on March 31 of the following year. Dividends shall be paid to the shareholders registered on the shareholders' registry as of the end of each fiscal period, with a resolution of the Ordinary General Meeting of Shareholders of the Company. The dividends shall be paid within one (1) month from the date of resolution of the Ordinary General Meeting of Shareholders approving the dividends, unless otherwise decided at the Ordinary General Meeting of Shareholders.

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 Article 82 of the Enforcement Decree of the Indirect Investment Asset Management Business 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 (Formerly known as Macquarie Property Advisors Korea) Ltd., and website of Kookmin Bank, and KEB Investor Services.
- (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 Asset Custody (www.kbstar.com).

Section 3. Financing

1. Principles of Financing

At the time of establishment, the Company raised total KRW 106,970,000,000 from stockholders and promoters and other shareholders and KRW 30,000,000 through IPO.

2. Summary of Financing

(Unit : KRW million)

Sources	Beginning	Increase	Outstanding
IPO	30	-	30
Promoters' and private offering	106,970	-	106,970
Sub-total	107,000	-	107,000
Specially - related Parties	-	-	-
Total	107,000	-	107,000

3. Summary of Borrowing

<Details of Borrowing>

(Unit : KRW million)

Classification	Beginning	Increase	Pay-off	Outstanding
Short-term borrowing for operating capital	116,420	-	11,420	105,000
Long-term borrowings mortgaged to the property	-	-	-	-
National Housing Fund	-	-	-	-
Borrowing for the stock refund, etc.	-	-	-	-

<Lenders>

(Unit: KRW)

Lenders	Draw-down	Borrowing Principal	Interest	Classification	Outstanding amount
Kyobo Life	01 Oct 2007	31,500	5.90%	Longterm	31,500
Kyobo Life	01 Oct 2007	11,420	6.30%	Shortterm ¹⁾	-
NPS	01 Oct 2007	73,500	5.90%	Longterm	73,500
Total		116,420			105,000

(Note 1) The short-term borrowing on VAT from Kyobo Life Insurance in accordance with the Loan Agreement, VAT loan lump sum repayment made on 27 December 2007.

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 21 September 2007 until the date of the dissolution of M NPS REIT

(b) Compensation

	Entrusted Duties	Entrusted Company	Fees
Asset Management	Acquisition, management, remodeling and disposal of real estate; Development and lease of real estate; Sale and purchase of securities; Deposit to financial institutions; and Acquisition, management and disposal of rights to use the real estate.	Macquarie Real Estate Korea (Formerly known as Macquarie Property Advisors Korea)	Note 1)

Note 1)

Classification	Servicing Fee
Acquisition Fee	0.7% of the acquisition price, but 1.5% of the acquisition price applies to ING Centre and RS Building
Basic AM Fee	1 st FY : 0% 2 nd FY ~ 20 th FY are as follows : - Applicable Rate I (per annum) for Non-Recourse Lease Property (ING Centre) * : 0.5% of Acquisition price - Applicable Rate II (per annum) for Lease Property with Recourse (RS Building) ** : 0.35% of Acquisition price
Incentive AM Fee	(distributable income before incentive asset management fee – Target Distribution Amount) x 15%
Disposition fee	Disposition Price x 0.7%
Incentive Disposition Fee	(Disposition Price - Acquisition Price - sum of capital expenditures (if only part of the Asset is disposed of, the amount of the sum allotted to such part being disposed of)) x 10%

(c) Work Scope

- Preparing and submitting to M NPS 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 M NPS 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 M NPS REIT issues shares, providing evaluation data on M NPS 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 M NPS 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 other relevant work.

B. Asset Management Company

(a) Company Overview

- ① Company: Macquarie Real Estate Korea (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

⑤ Asset Management Method:

The management of REIT has been entrusted to Macquarie Real Estate Korea (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 2006	31 Mar 2007
I. Assets	18,338,531	9,875,130
1. Current Assets	14,903,578	6,377,819
2. Non-Current Assets	3,434,953	3,497,311
II. Liabilities	10,039,040	1,515,194
III. Stockholders' Equity	8,299,491	8,359,936
IV. Total Stockholders' Equity and Liabilities	18,338,531	9,875,130

② Income Statements

(Unit: KRW 1,000)

Items	31 Mar 2006	31 Mar 2007
Operating Revenue	3,171,456	2,390,414
Operating Expenses	1,690,924	3,156,604
Operating Profit & Loss	1,480,532	(-)766,190
Non-Operating Income	411,167	1,084,325
Non-Operating Expenses	38,083	516,798
Ordinary Income	1,853,616	(-)198,663
Income Taxes	432,769	(-)7,692
Net Profit	1,420,847	(-)190,971

- (c) Company Group to which Macquarie Real Estate Korea (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 31 March 2008, MREK has been entrusted to manage Macquarie Central Office CR REIT (Asset scale as of 31 Mar. 2008: 174 billion) along with Macquarie NPS REIT.

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

As of 31 December 2007, the accumulated ROE achieved 12.42% of Macquarie Central Office CR REIT. The actual dividend rate upto Fiscal Year 8 represent same as below.

	2004-06	2004-12	2005-06	2005-12	2006-06	2006-12	2007-06	2007-12
	FY1	FY2	FY3	FY4	FY5	FY6	FY7	FY8
Nominal Dividend Rate	4.59%	4.83%	6.09%	6.31%	6.44%	6.57%	7.19%	7.24%
Annualized Dividend Rate	8.29%	9.65%	12.27%	12.52%	12.99%	13.04%	14.50%	14.36%

(f) Qualified Asset Managers (as of 31 Mar 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 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 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 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 Jones Lang LaSalle Korea Hanwah Investment Trust Management
<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 Morgan Stanley Properties Korea
<i>Byungho Kang</i>	<i>Manager, Transaction Management</i>	<ul style="list-style-type: none"> • BA at Carnegie Mellon 	Macquarie Real Estate Korea ABN Amro Asia KPMG Financial Services Inc.

(g) Indemnification

Not applicable

(h) Other Necessary Information

Not applicable

(2) Underwriting Agreement

A. Overview of Underwriting Agreement

Samsung Securities Co. Ltd. has been selected as the lead underwriters of the Company to underwrite the common shares. The fee was KRW 100 million, the total publicly offered share number of 1,605,000.

B. Underwriter

<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 2004	31 Dec 2005	31 Dec 2006
Balance	196,979	193,427	161,683

<Note>

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

A. Other Necessary Information

Not applicable

(4) Service Fee Summary

	Entrusted Duties	Entrusted Company	Fees
Asset Custody	Custody of real estate; Custody and management of securities; and Custody and management of	Kookmin Bank	0.02% of the purchase price per annum

	Entrusted Duties	Entrusted Company	Fees
	cash.		
Administration	Duties regarding alternation in shareholders' registry; Duties regarding issuance of shares; Duties regarding operation and calculation; Duties regarding report, public disclosure, personal notice and public notice; and Duties for convening and holding of BOD meetings and general meetings of shareholders.	KEB Investor Services	0.015% of the purchase price per annum
Distributor	Underwriting and offering of shares; and Allocation of shares and public notice.	Samsung Securities Co., Ltd.	100 million Won

Section 5. Other Matters for Investment Decision

1. Rights of shareholders

A. Voting rights of shareholders

Each shareholder has one vote with respect to each share owned by him/her. A shareholder may exercise his/her vote through a proxy. A proxy holder in a general meeting of shareholders shall submit documents to the Company evidencing the authority to act as a proxy (Power of Attorney) before the general meeting of shareholders takes place.

B. Exercise of voting rights in writing

Any shareholder may exercise the voting right by a written document without being present at the General Meeting of Shareholders. In case of the giving of a notice of the convening of a general meeting of shareholders or upon request by a shareholder, the convening notice of the general meeting of shareholder shall be accompanied by an appropriate written form and reference materials, which are necessary for the exercise of voting rights by a written document.

Any shareholder who intends to exercise the voting rights by a written document without being present at the general meeting of shareholders shall use such form sent by the Company and shall submit the completed form to the Company at least one (1) day prior to the General Meeting of Shareholder. The voting rights exercised by written documents shall be included in the number of voting rights exercised in the general meeting of shareholders.

C. Matters on the distribution of the remaining properties

In the event that the Company is liquidated, the earnings and the capital of the business year before the liquidation date shall be summed up and paid at the distribution of the remaining properties, which may be distributed for several times.

D. Matters on the access of books and documents and the claim right to deliver a copy or abstract of such documents

The shareholders and creditors of the Company may access the closing statements, audit reports, the Articles of Incorporation, the minutes of the general meetings of shareholders, the list of shareholders, the minutes of the board of directors etc. during the operating hours and may request a copy or abstract of such documents.

2. Matters on Taxation

A. Taxation on the Issuing Company

1) The acquisition tax and registration tax on the acquisition of the real estate(s)

The registration tax with respect to the registration for the transfer of the ownership of the real estate purchased by a consigned management real estate investment company and the acquisition tax on the purchased real estate shall be exempted at a rate of fifty (50) percent under Article 119(6) of the Restriction of Special Taxation Act and Article 120(4) of the Restriction of Special Taxation Act, respectively. In regards to the exempted registration tax and acquisition tax, the special rural development tax shall not be imposed under Article 4(12) of the Act on the Special Rural Development Tax and Subparagraph 1 of Article 4(6) of the Enforcement Decree of the Act.

2) Registration tax with respect to business registration

The registration tax rate of the registration with respect to the foundation of the consigned management real estate investment company shall be four thousandths (4/1000) of the invested amount (or the contribution amount) under Article 119(7) of the Restriction of Special Taxation Act and Subparagraph 1 of Article 137(1) of the Local Tax Act and the local education tax which is equivalent to 20 percent of the registration tax shall be paid under Subparagraph 1(1) of Article 260(3) of the Local Tax Act.

3) Corporate tax

A consigned management real estate investment company may add the retained earnings brought forward or deduct the losses carried forward from the net profits under Subparagraph 2(1) of Article 51(2) of the Corporate Tax Act and Subparagraph 1 of Article 86(2) of the Enforcement Decree of the Act and if more than 90% (90/100) of the amount deducting the accumulated legal reserve (“Dividable Earnings”) under Article 458 of the Commercial Act is divided, the amount may be deducted from the income of the fiscal year. Accordingly, in accordance with Article 28 of the Real Estate Investment Company Act, it is not necessary to set aside earned surplus reserves under Article 458 of the Commercial Code. Since dividend can be distributed in excess of the earnings, no corporate tax will arise in reality.

4) Taxes imposed on the retention of the real estate(s)

① Land Tax

The tax rate of two thousandths (2/1000) will be applied to the land retained by the consigned management real estate investment company as of June 1 of every year in case of the separate taxation under subparagraph 23 of Article 132(4) of the Enforcement Decree of the Local Tax Act.

② Building Tax

The building tax on the building retained by the consigned management real estate investment company as of June 1 of every year shall be calculated according to Article 80(1) of the Enforcement Decree of the Local Tax Act by using the base amount of the new building under the Income Tax Act notified by the Commissioner of the National Tax Service. The statutory standard price which was the taxation standard factor of the Building Tax shall be decided by the head of a local government in consideration of a variety of applicable indexes to the standard price of a building.

③ Local Education Tax

When a consigned management real estate investment company pays the aggregate land tax and the property tax, the consigned management real estate investment company will have a duty to pay the local education tax under Article 260(2) of the Local Tax Act and the local education tax shall be the amount equivalent to twenty hundredths (20/100) of the aggregate land tax or the property tax under Subparagraph 4 of Article 260-3(1) of the Local Tax Act.

④ Urban Planning Tax

If a consigned management real estate investment company retains the real estate on which the aggregate land tax and the property tax is imposed, the consigned management real estate investment company will have a duty to pay the urban planning tax under Article 235(2) of the Local Tax Act and the consigned management real estate investment company shall pay the urban planning tax at the tax rate of 1.5/1000 of the price of the real estate under Article 237 of the Local Tax Act.

⑤ Common Facilities Tax

A consigned management real estate investment company shall have a duty to pay the common facilities tax on the retained building under Article 239 of the Local Tax Act and pay the common facilities tax by adopting the surplus progressive rate of income tax under Subparagraph 1 of Article 240(1) of the Local Tax Act.

⑥ Comprehensive Real Estate Holding Tax

A Real Estate Investment Company shall have no pay Comprehensive Real Estate Holding Tax because Comprehensive Real Estate Holding Tax Act does not list a Real Estate Investment Company holding land at Tax base.

B. Taxation to Shareholders

The transfer income tax shall be applied to the capital gains which arise from the transfer of the shares to be acquired by a resident who contributes the capital of a consigned management real estate investment company under Subparagraph 3 of Article 94(1) of the Income Tax Act (As of December 30, 2006, Article 55-2(5) of the Restriction of Special Taxation Act which was the existing article for the special taxation was deleted).

In the event that the resident transfers the shares of the consigned management real estate investment company, a listed company or registered company, under the Securities Exchange

Act through the Korea Stock Exchange or Kosdaq market under the Act, and the resident who is not a major shareholder obtains the capital gains accruing from the transfer, the capital gains tax will not be imposed under Items A and B of Subparagraph 3 of Article 94(1) of the Income Tax Act.

C. Other Matters

To register the foundation of a company, the consigned management real estate investment company shall purchase a urban railroad bond equivalent to one thousandth (1/1000) under Subparagraph 2 of Article 13(1) of the Urban Railroad Act and Article 12(1) of the Enforcement Decree of the Act.

The consigned management real estate investment company will be exempted from the duty to purchase a government housing bond with respect to the registration on the transfer of the ownership under the Housing Act and Article 95(1) of the Enforcement Decree of the Housing Act.

The consigned management real estate investment company shall have no duty to report and pay the resident tax on per capita basis under Article 177-2(1) of the Local Tax Act because it is not a company with an office or a business office, in a city or county under Article 173(1) of the Act.

The consigned management real estate investment company shall have no duty to report and pay the business office tax on the property basis under Article 250(3) of the Local Tax Act because it is not an enterpriser which has its business place in a city or county under Article 244 of the Act.

The consigned management real estate investment company shall have no duty to report and pay the business office tax on the per-employee basis under Article 250(2) of the Local Tax Act because it is an enterpriser which has less than fifty one (51) employees under Article 249(1) of the Act.

3. Matters on Competent Jurisdiction

The Seoul District Court shall be the court with competent jurisdiction of Macquarie Real Estate Korea (Formerly known as Macquarie Property Advisors Korea) to settle any dispute with respect to the operation of the Company.

Seoul District Court

Address: 100 Woomyeon-ro, Seocho-gu Seoul Korea (137-737)

Phone: (02) 530-1114 (Service)

Depository (02) 530-1707 / FAX (02)3477-8102 / Guide (02) 533-6850

4. Matters on Compensation and Indemnity

If an asset management company, distributor, depository and administrator, or facility management company (“related entrusted company”) causes damage to a consigned management real estate investment company which entrusted the management due to negligence, such organization shall indemnify the consigned management real estate investment company for damage. If the related entrusted company compensates the consigned management real estate investment company or a third party for damage, and a director, auditor or other entrusted company has an attributable reason as well, they shall be liable to the compensation jointly.

5. Other Matters Related to Notification

A. Investment Report

The financial statements for every quarter and fiscal period and investment reports including the important matters related to asset management (the general conditions of the Company, the composition and changes of assets, total income and revenue structure and yield rates, the matters related to the expenditures of the real estates including operating expenses the real estate, the prices and rents by each owned real estate and the present conditions of major lessees, the ownership conditions of securities, matters related to the development business of the real estates, the list and holdings of shareholders with respect to the investment report prepared in each fiscal period, matters related to borrowing, stock price fluctuation, summary of financial statements and income statements, the matters on material or significant suits and proceedings related to the management of the Company, the transactions in the proviso under Article 30 of the Real Estate Investment Company Act) will be prepared and kept and published through the head offices of the asset management company, the asset custodian and the administrator and on the website of each institution, and will be open to shareholders and creditors.

B. Articles of Incorporation

The Company will keep the Articles of Incorporation in the head offices of the asset management company and the administrators.

C. Agreement

The Asset Management Agreement can be kept in the head office of the asset management company and the Sales Agreement will be kept in the head office and branches of the distributors. The Asset Custodian and Administrative Management Service Agreement will be kept in the head office of the administrator.

D. Net Asset Value (NAV) per Share

1) Appraisal Period: The appraisal for the real estate will be conducted once a year and the net asset value (NAV) per share by each quarter.

2) Public Notification Period: The public notification will in principle be made quarterly but if the asset value is apparently changed, the notification will be immediately made.

3) Notification Method: This will be published on the head offices of an asset management company, the custodian and the administrator and on the website of each institution.

4) Notification Place: Head offices of Macquarie Real Estate Korea (Formerly known as Macquarie Property Advisors Korea), Kookmin Bank and its website (www.kbstar.com), and KEB Investor Services

E. Other Books and Documents

The books and documents of the Company will be kept in an asset management company, an asset custodian and an administrator in accordance with each affairs.

III. Financial Overview

Section 1. Summary of Financial Statements

(Unit :KRW million)

Items	FY1 (31 Mar 2008)
[Current Assets]	6,491
• Quick Assets	6,491
• Inventories	-
[Non-current Assets]	217,779
• Investments	-
• Property, Plant, & Equipment	217,779
• Intangible Assets	-
Total Asset	224,270
[Current Liabilities]	2,014
[Long-term Liabilities]	113,510
Total Liabilities	115,524
[Stockholder's Equity]	26,750
Capital Surplus	80,131
Retained Earnings	1,866
[Capital Adjustments]	-
Total Shareholders' Equity	108,746
Revenue	7,664
Operating Income	4,932
Net Income	1,866

Section 2. Notes in Using Financial Statements

1. Principles of Financial Statements

(1) Revenue Recognition

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

(2) Cash and Cash Equivalents

Cash equivalents are highly liquid investment and short-term financial instruments, with original maturities of three months or less, which are readily convertible without significant transaction cost or risk of changes in interest rates.

(3) Properties

Tangible assets are stated at cost, net of accumulated depreciation. Routine maintenance and repairs are expensed as incurred. Expenditures that result in the enhancement of the value or extension of the useful life of the facilities involved are treated as additions to property investments. The Company charges all interest expense in current operations.

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

<u>Category</u>	<u>Useful lives (Years)</u>
Building	40

(4) 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.

(5) 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

<u>ASSETS</u>	Korean Won
	(In thousands)
CURRENT ASSETS:	
Cash and cash equivalents	₩ 6,462,956
Accrued income	13,313
Prepaid expenses	14,570
Advance payments	240
	6,491,079
NON-CURRENT ASSETS:	
Properties (Notes 3, 4 ,5 and 6)	
Land	96,442,712
Building	122,872,523
Less: Accumulated depreciation	(1,535,907)
	217,779,328
TOTAL ASSETS	₩ 224,270,407
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>	
CURRENT LIABILITIES:	
Other accounts payables	₩ 13,000
Accrued expenses	1,651,032
Advanced receipts	31,117
VAT payables	318,378
	2,013,527
NON-CURRENT LIABILITIES:	
Long-term borrowings (Notes 5, 6,7 and 12)	105,000,000
Leasehold deposits (Note 6)	8,510,438
	113,510,438
Total Liabilities	115,523,965
SHAREHOLDERS' EQUITY	
Common stock (Note 8)	26,750,000
Capital surplus (Note 8)	80,130,740
Retained earnings before appropriations	1,865,702
	108,746,442
Total Shareholders' Equity	108,746,442
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	₩ 224,270,407

2. INCOME STATEMENTS

	<u>Korean Won</u>	
	(In thousands, except per share amounts)	
OPERATING REVENUE:		
Rental income (Note 11)	W	5,671,588
Common area maintenance income		1,839,345
Parking income		40,855
Other operating revenue		<u>111,812</u>
		<u>7,663,600</u>
OPERATING EXPENSES:		
Real estate expenses:		
Property management fees (Note 13)		48,000
Facility management fees (Note 13)		425,502
Utilities		323,917
Commision expense		16,200
Maintenance and repairs		<u>3,240</u>
		<u>816,859</u>
Fund operating expenses:		
Remuneration to officers		3,600
Depreciation (Note 4)		1,535,907
Insurance		29,084
Asset custodian fees (Note 13)		21,058
Business trustee fees (Note 13)		15,793
National taxes and dues		154,874
Organization costs		<u>154,639</u>
		<u>1,914,955</u>
		<u>2,731,814</u>
OPERATING INCOME		<u>4,931,786</u>
NON-OPERATING INCOME:		
Interest income		<u>215,616</u>
NON-OPERATING EXPENSES:		
Interest expense (Note 12)		3,277,474
Other expenses		<u>4,226</u>
		<u>3,281,700</u>
INCOME BEFORE INCOME TAX		1,865,702
INCOME TAX EXPENSE (Note 10)		<u>-</u>
NET INCOME	W	<u>1,865,702</u>
NET INCOME PER SHARE (Note 14)	W	<u>349</u>

3. STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

	<u>Korean won</u> (In thousands)
RETAINED EARNINGS BEFORE APPROPRIATIONS:	
Retained earnings carried forward from prior years	-
Net income	<u>₩ 1,865,702</u> <u>1,865,702</u>
APPROPRIATION	
Cash dividends(Note 9)	<u>3,401,608</u> <u>3,401,608</u>
UNDISPOSED ACCUMULATED DEFICIT TO BE CARRIED FORWARD TO SUBSEQUENT YEAR	<u>₩ (1,535,906)</u>

4. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	<u>Korean Won</u>			
	<u>Common stock</u>	<u>Capital surplus</u>	<u>Retained earnings</u>	<u>Total</u>
	(In thousands)			
September 19, 2007	₩ -	₩ -	₩ -	₩ -
Issuance of stock	26,750,000	80,130,740	-	106,880,740
Net income	<u>-</u>	<u>-</u>	<u>1,865,702</u>	<u>1,865,702</u>
March 31, 2008	<u>₩ 26,750,000</u>	<u>₩ 80,130,740</u>	<u>₩ 1,865,702</u>	<u>₩ 108,746,442</u>

5. STATEMENT OF CASHFLOWS

	<u>Korean Won</u>
	(In thousands)
CASH FLOWS FROM OPERATING ACTIVITIES:	
Net income	₩ 1,865,702
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	1,535,907
Increase in accrued income	(13,313)
Increase in advance payments	(240)
Increase in prepaid expenses	(14,570)
Increase in other accounts payables	13,000
Increase in accrued expenses	1,651,032
Increase in advanced receipts	31,117
Increase in VAT payables	318,378
	<u>3,521,311</u>
	<u>5,387,013</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Cash outflows for investing activities:	
Acquisition of land	96,442,712
Acquisition of building	122,872,523
	<u>(219,315,235)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Cash inflows from financing activities:	
Increase in leasehold deposits	8,510,438
Proceed from borrowings	116,420,000
Issuance of stock	106,880,740
	<u>231,811,178</u>
Cash outflows for financing activities:	
Repayment of short-term borrowings	(11,420,000)
	<u>220,391,178</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	6,462,956
CASH AND CASH EQUIVALENTS, BEGINNING OF THE PERIOD	<u>-</u>
CASH AND CASH EQUIVALENTS, END OF THE PERIOD	<u>₩ 6,462,956</u>

6. Notes to Current Fiscal Year's Financial Statements

1. GENERAL:

Macquarie NPS Real Estate Investment Company (the "Company") was incorporated on September 19, 2007 and was approved as a REIT Company by the Ministry of Land, Transport and Maritime Affairs in Korea on September 21, 2007 under the Real Estate Investment Company Act (the "Act") of the Republic of Korea. The main business purpose of the Company is to distribute the profits of the Company to its shareholders, which are generated from the income earned from acquisition, development, management, refurbishment and disposition of real estate and others.

The head office of the Company is located in Sokong-dong Chung-gu Seoul in Korea. As of March 31, 2008, National Pension Service, the largest shareholder of the Company, owned 4,814,035 shares (89.98% of the total shares as of March 31, 2008).

The Company will operate for ten years from September 19, 2007 (inception). The ordinary fiscal periods of the Company are from April 1 and October 1 to September 30 and March 31, respectively. However, the first fiscal period of the Company is from September 19, 2007 (inception) to March 31, 2008.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of Financial Statement Presentation

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

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

Revenue Recognition

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

Cash and Cash Equivalents

Cash equivalents are highly liquid investment and short-term financial instruments, with original maturities of three months or less, which are readily convertible without significant transaction cost or risk of changes in interest rates.

Properties

Properties are stated at cost, net of accumulated depreciation. Routine maintenance and repairs are expensed as incurred. Expenditures that result in the enhancement of the value or extension of the useful life of the facilities involved are treated as additions to properties. The Company charges all interest expense in current operations.

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

<u>Category</u>	<u>Useful lives (Years)</u>
Building	40

Income Tax Expense and Deferred Income Taxes

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

3. PUBLISHED PRICE OF LAND:

As of March 31, 2008, the published tax assessment value of the Company's land as announced by the office National Tax Administration is as follows (In thousands):

<u>Land location</u>	<u>Area(m²)</u>	<u>Book value</u>	<u>Published price</u>
#53, Sunhwa-dong, Jung-ku, Seoul, Korea	2,732.2	₩ 66,283,560	₩ 15,354,964
#60, 3rd Street, Yangpyung-dong, Youngdeungpo-gu, Seoul, Korea	3,562.0	<u>30,159,152</u>	<u>10,151,700</u>
		<u>₩ 96,442,712</u>	<u>₩ 25,506,664</u>

4. PROPERTIES:

The changes in properties for the period from September 19, 2007 (Inception) to March 31, 2008 are as follows (In thousands):

	<u>Beginning of period</u>	<u>Acquisition</u>	<u>Depreciation</u>	<u>End of period</u>
Land	₩ -	₩ 96,442,712	₩ -	₩ 96,442,712
Building	-	<u>122,872,523</u>	<u>(1,535,907)</u>	<u>121,336,616</u>
	<u>₩ -</u>	<u>₩ 219,315,235</u>	<u>₩ (1,535,907)</u>	<u>₩ 217,779,328</u>

5. INSURED ASSETS:

As of March 31, 2008, the Company carries the following insurance policies:

<u>Type of Insurance</u>	<u>Object</u>	<u>Coverage</u> (In thousands)	<u>Company</u>
Package insurance (*) (ING Building)	Building	₩ 67,491,122	Hyundai Fire & Marine Insurance Co., Ltd.
	Business interruption	₩ 10,583,000	Hyundai Fire & Marine Insurance Co., Ltd.
	General liability	US\$ 5,000,000 per each occurrence and others	Hyundai Fire & Marine Insurance Co., Ltd.
	Building	₩ 40,000	Seoul Guarantee Insurance
Gas insurance (Renault Samsung Building)	Facilities	₩ 300,000 per accident	Samsung Fire & Marine Insurance Co., Ltd.
	Person	₩ 80,000 per person	

(*) Related to long-term borrowings, coverage amounting to ₩97,500 million was provided as a collateral to the related lenders.

6. COLLATERALIZED ASSETS:

The properties are pledged as security to its lenders and tenants as of March 31, 2008 as follows:

<u>Provided to</u>	<u>Collateralized assets</u>	<u>Collateralized amounts</u> (In thousands)	<u>Related liabilities</u>
<ING Building>			
ING Life Insurance Co., Ltd.	#53, Sunhwa-dong, Jung-ku, Seoul, Korea	₩ 8,731,957	Leasehold deposits
National Pension Service		68,250,000	Long-term borrowings
Kyobo Life Insurance Co., Ltd.		29,250,000	Long-term borrowings
<Renault Samsung Building>			
Renault Samsung Motors Co., Ltd.	#60, 3rd Street, Yangpyung-dong, Youngdeungpo-gu, Seoul, Korea	1,042,773	Leasehold deposits
National Pension Service		27,300,000	Long-term borrowings
Kyobo Life Insurance Co., Ltd.		11,700,000	Long-term borrowings

7. LONG-TERM BORROWINGS:

Long-term borrowings as of March 31, 2008 consist of the following:

<u>Lenders</u>	<u>Korean Won</u> (In thousands)	<u>Annual interest rate (%)</u>	<u>Maturity</u>
National Pension Service	₩ 73,500,000	5.90	October 1, 2012
Kyobo Life Insurance Co., Ltd.	31,500,000	5.90	October 1, 2012
	<u>₩ 105,000,000</u>		

8. SHAREHOLDERS' EQUITY:

- (1) The Company has 21,400,000 authorized shares of common stock (₩5,000 par value), of which 5,350,000 were issued and outstanding as of March 31, 2008.
- (2) Paid-in capital in excess of par value is ₩80,130,740 thousand as of March 31, 2008.

9. DIVIDENDS:

- (1) Dividends and dividends to net income ratio for the year ended March 31, 2008 are computed as follows:

	<u>Korean won</u>
Outstanding shares	5,350,000 shares
Par value	₩5,000
Dividends (In thousand won)	₩3,401,608,075
Dividend per share	₩636
Dividend ratio (Par value)	12.72%

- (2) Pay-out ratio for the years ended March 31, 2008 are computed as follows:

	<u>Korean won (In thousands)</u>
Dividends	₩ 3,401,608
Net income	₩ 1,865,702
Pay-out ratio	182.32%

The Company can pay dividend in excess of its profit under article 28(3) of the Real Estate Investment Company Act and article 32 of the Enforcement Decree of Real Estate Investment Company Act. The board of directors of the Company will decide excess dividend amount considering net income, taxable income, capital expenditure plan and cash balance available for dividends.

10. INCOME TAX EXPENSE:

Income tax expense for the period from September 19, 2007 (inception) to March 31, 2008 consists of the following (In thousands):

	<u>2008. 3. 31</u>
Income tax currently payable	₩ -
Change in deferred income tax liabilities	-
Income tax expense	<u>₩ -</u>

Changes in cumulative temporary differences for the period from September 19, 2007 (inception) to March 31, 2008 are as follows (In thousands):

<u>Account</u>	<u>Beginning of period</u>	<u>Increase</u>	<u>Decrease</u>	<u>2008. 3. 31</u>
Accrued income	₩ -	₩ (13,313)	₩ -	₩ (13,313)
Accrued expenses	-	<u>69,675</u>	-	<u>69,675</u>
Total	-	₩ 56,362	₩ -	₩ 56,362
Income tax rate	<u>27.5%</u>			<u>27.5%</u>
Deferred income tax asset	<u>₩ -</u>			<u>₩ -</u>

The Company can pay dividend in excess of its profit under article 28(3) of the Real Estate Investment Company Act and article 32 of the Enforcement Decree of Real Estate Investment Company Act. The board of directors of the Company will decide excess 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 deferred income tax asset (liability).

The income tax rate applicable to the Company is 27.5% (resident tax included) for the period from September 19, 2007 to March 31, 2008. However, according to the Corporate Income Tax Law, if the Company distributes more than 90% of income available for dividend, the amount is exempted from the income tax. The effective tax rate for the period from September 19, 2007 to March 31, 2008 was not calculated as the Company has not incurred any income tax expense in 2008.

11. RENTAL INCOME:

The Company determines the rental period and rental income with each tenant based on rental contract. In addition, the Company doesn't calculate the rental income in the future because the rental fee is generally increased considering the consumer price.

12. RELATED PARTY TRANSACTIONS:

- (1) The significant transactions with related parties for the period from September 19, 2007 and March 31, 2008 are summarized below.

	<u>Amounts</u> (In thousands)
National Pension Service:	
Interest expense	₩ 2,174,190

- (2) The related account balances with related parties as of, September 19 2007 and March 31, 2008 are summarized below.

	<u>Amounts</u> (In thousands)
National Pension Service:	
Long-term borrowings	₩ 73,500,000

13. COMMITMENTS:

As of March 31, 2008, the significant commitments of the Company are as follows:

- (1) Asset Management Contract

The Company entered into an asset management contract with Macquarie Real Estate Korea Ltd., (the "MREK") in relation to investment of real estate, securities and financial instruments for the Company and, managements, disposal, development and rental of real estate for the Company. According to this contract, the Company shall pay fee to MREK, which shall be calculated by applying the rate as agreed between the Company and MREK and shall be payable to MREK for each fiscal year in arrears.

Basic Asset Management fee

- (a) Basic Asset Management Fee = (Aggregate Acquisition Price of the Non-Recourse Lease Property X applicable rate I) + (Aggregate Acquisition Price of the Lease Property with Recourse X applicable rate II)

- (b) Applicable Rates:

<u>Aggregate acquisition price (In millions)</u>	<u>Applicable rate I (per annum) for non-recourse lease property (%)</u>	<u>Applicable rate II (per annum) for lease property With recourse (%)</u>
Under ₩ 500,000	0.5	0.35
500,000~1,000,000	0.475	0.325
Over ₩1,000,000	0.45	0.3

Incentive Asset Management fee

The incentive asset management fee with respect to the non-recourse lease property is calculated based on the following formula, with limitation to 0.4 percent of the acquisition price:

Incentive Asset Management Fee = 15% x (Distributable income before incentive asset management fee – target distribution amount)

Disposition fee

The disposition fee is calculated as follows:

<u>Disposition price (In millions)</u>	<u>Applicable rate (%)</u>
Under ₩ 300,000	0.7
300,000 ~500,000	0.6
Over ₩ 500,000	0.5

Incentive disposition fee

The incentive disposition fee is calculated as follows, however, there is no incentive disposition fee for the disposition of the lease property with recourse:

Incentive Disposition Fee = 10% x (Disposition price – acquisition price – sum of capital expenditures (if only part of the asset is disposed of, the amount of the sum allocated to such part being disposed of) (the “base amount”))

(2) Business Trust Contract

The Company entered into a contract with KEB Investor Service for the purpose of recording the changes in shareholders, issuance of stock and general administration of the Company. According to the contract, the Company shall pay quarterly commission of 0.015% p.a. of acquisition price.

(3) Asset Custodian Contract

The Company shall pay Kookmin Bank a quarterly commission of 0.02% p.a. of acquisition price according to the asset custodian contract.

(4) Property and Facility Management Contract

The Company entered into a contract with Cushman & Wakefield and Hanbul Energy Management regarding property management and facility maintenance.

14. NET INCOME PER SHARE:

Net income per share for the period from September 19, 2007 (Inception) to March 31, 2008 is computed as follows:

	<u>2008. 3. 31</u>
Net income	₩ 1,865,701,537
Weighted-average number of shares of common stock	<u>5,350,000 Shares</u>
Net income per share	<u>₩ 349</u>

7. 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

FY1
Deloitte Anjin LLC

2. Summary of Current Audit Report

We conducted our audit in accordance with auditing standards generally accepted in the Republic of Korea. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion. In our opinion, based on our audit the financial statements referred to above present fairly, in all material respects, the financial position of Macquarie NPS Real Estate Investment Company as of March 31, 2008 and results of its operations.

3. Audit Opinion

Fiscal Year	Auditors opinion and special notes
FY 1	-

4. Special Notes

Fiscal Year	Special Notes
FY 1	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
FY1	Deloitte Anjin	Quarterly Review and Year-end Audit (excl. tax service)	13.0	192

2. Service Agreement Other Than Audit Service with Independent Auditor

(Unit: Million KRW)

Fiscal Year	Auditor	Service	Remuneration	Total Service Hours
FY1	Deloitte Anjin	Value-Added Tax Return Review	5.0	

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

1. Convening the general meeting of shareholders;
2. Operation of real estate, other than the acquisition or disposition thereof;
3. Acquisition or disposition of securities whose value is equal to or exceeds the prescribed amount under the Enforcement Decree of the Act;
4. Borrowings and bonds issuance;
5. Investment decision and approval of project plan and operation budget with respect to the real estate development project;
6. Selection of contractors for the real estate development project or replacement of such contractors;
7. Execution and amendment of business trust agreement with the Business Trustee;
8. Execution and amendment of securities sales agreement with the securities sales agent with respect to the Company's securities;
9. Disposition of unsubscribed or fractional shares due to the shareholder's waiver or forfeiture of his/her preemptive right;
10. Public offering pursuant to Article 189-3 of the SEA;
11. Issuance of new shares;
12. Retirement of shares;
13. Matters relating to establishment and revision of the internal control standards and appointment of a compliance officer;
14. Appointment and discharge of the representative director;
15. Appointment and discharge of the chairperson of the Board of Directors' meeting;
16. Execution and amendment of property management agreement with property manager;
17. Establishment or change of guideline for asset management and detailed guideline for asset management and administration;
18. Procurement of investment related financing or refinancing, or modification of current financing terms; and
19. 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
- Each director has been recommended by the largest and major 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

1. All resolutions passed at a meeting of the Board of Directors shall be adopted by the affirmative vote of greater than two thirds (2/3) of the entire directors in office.
2. Any or all directors may attend the meeting of the Board of Directors in writing or by means of communication devices that can transmit and receive both visual images and sounds, without being actually present at the meeting. Directors participating in the meeting in any of the aforesaid manners shall be deemed present at such meeting.
3. Any director who has a personal interest in the matters proposed to be resolved at the meeting of the Board of Directors shall not exercise his/her voting rights with respect to such matters.

B. Major Board Meeting Agenda

	Date of Meeting	Agenda	Passed/ Failed	Notes
The 1 st Meeting in 2007	12 Sep 2007	1.Election of Representative Director 2. Appoint of headquarter office 3.Establishment of Internal Control Guidelines 4. Approval of Major Agreements 5.Approval of Long-term Borrowings 6. Approval of Operation Manual 7.Approval of Property Management company	Passed Passed Passed Passed Passed Passed Passed	
The 1 st Meeting in 2008	18 Mar 2008	1.Approval of Capital Reduction without Distribution 2.Determine the Closing of Shareholders Registry and Record Date 3.Convocation of Extraordinary Shareholders' Meeting	Passed Passed Passed	
The 2 nd Meeting in 2008	4 Apr 2008	1.Approval of Capital Reduction with Distribution 2.Approval of Capital Reduction without Distribution 3.Convocation of Extraordinary Shareholders' Meeting	Passed Passed Passed	
The 3 rd Meeting in 2008	25 Apr 2008	1. Approval on Audited Financial Statements, 2. Approval of the Detail Operation Manual 3. Convocation of General Shareholders' Meeting for FY1	Passed 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

- 1. One non-standing statutory auditor shall be elected.
- 2. Responsibilities of statutory auditor: The statutory auditor shall examine the accounts and business of the Company.
- 3. 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
Hong Gu Kim	KICPA	

(2) Major Activities of Audit Committee (Auditor)

The auditor of the Company, Hong-Gu Kim attends the board meetings and reviews financial statements and investment report.

3. Shareholders' Voting Rights

(1) Cumulative Voting System

In accordance with the Article 32 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 3,600,000	KRW 3,600,000/ FY	KRW 3,600,000	

(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 31 Mar 2008)

(Unit: Share, %)

Name	Relation	Stock	Number of shares (%)				Note
			Beginning	Increase	Decrease	Outstanding	
National Pension Services	Largest Shareholder	Ordinary	-	4,814,035	-	4,814,035 (89.98 %)	
Sub total			-	4,814,035	-	4,814,035 (89.98 %)	

Largest Shareholder: National Pension Services

No. of Related Entity: 0

2. Shareholders Holding More Than 5%

(As of 31 Mar 2008)

(Unit: Share, %)

	Name (Company Name)	Common		Preferred		Sub Total	
		No. of Shares	%	No. of Shares	%	No. of Shares	%
1	Macquarie Bank Limited	534,465	9.99	-	-	534,465	9.99
Total		534,465	9.99	-	-	534,465	9.99

3. Shareholders Distribution

(As of 31 Mar 2008)

(Unit: Share, %)

Category	No. of Shareholders	Ratio (%)	No. of Stock owned	Ratio (%)	Note
Largest Shareholder	1	33.4	4,814,035	89.98	
Major Shareholder	1	33.3	534,465	9.99	
Small Shareholder	1	33.3	1,500	0.03	
- Individuals	1	33.3	1,500	0.03	
- Corporate	0	0	0	0	
Total	3	100.00	5,350,000	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; 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.
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	<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	Sep 30 and Mar 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 April 1 in any given fiscal year through April 10, from October 1 in any given fiscal year through October 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 10 days 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	KEB Investor Services		
Special Rights	-	Public Notice At	Money Today Newspaper

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

1. Domestic Stock Market

Not applicable

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	Jae Young Son	03 Dec 1957	Kunkook University	-	-	-	-
Director (Non-standing)	Registered	Kwan Young Kim	01 Jan 1956	Just R Inc.	-	-	-	-
Director (Non-standing)	Registered	Hee Seok Kim	20 May 1961	National Pension Services	-	-	-	-
Statutory Auditor (Non-standing)	Registered	Hong Gu Kim	11 Oct 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

(Unit: KRW Million)

Building	Largest Shareholder	Pledged Amount	Loan Amount	Outstanding Interest
ING Center	NPS	68,250	52,500	781
RS Building	NPS	27,300	21,000	312
Sub total		95,550	73,500	1,093

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**

None

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
	N/A	

Section 2. Summary of Shareholders' Meeting Minutes

Date	Agenda	Resolution	Note
Inaugural Shareholders' Meeting in organization (12 Sep 2007)	1. Approval of Promoter's report 2. Approval of AOI 3. Approval of Directors 4. Approval of Statutory Auditor 5. Approval of remunerations for Directors 6. Approval of remunerations for Statutory Auditor 7. Report of Establishment detail 8. Approval of Business Plan 9. Approval of Major Agreements 10. Approval of Long term Borrowings	Passed the agendas	
Extraordinary Shareholders' meeting (21 Apr 2008)	1. Approval of Capital Reduction with Distribution 2. Approval of Capital Reduction without Distribution	Passed the agendas	
1 st Financial Year General Shareholders' Meeting (15 May 2008)	1. Approval of Audited Financial Statements and dividend payment 2. Approval on Remuneration of Directors 3. Approval on Remuneration of Statutory auditor	Passed the agendas	

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	11 Sep 2007	8,028,000,000	Acquisition of Property Asset	Acquisition of Property Asset