

English Translation of a Report Originally Issued in Korean

**Investment Report
as of 30 June 2008**

Macquarie Central Office CR REIT

14 August 2008

TO : Ministry of Land, Transport and Maritime Affairs

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

Company Name: Macquarie Central Office CR REIT
Representative Director: Kwan Young Kim, Joo Hyun Cho
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(Tel.) 822-3705-8710
Prepared by: Woori Bank Business Trust Department, the Business Trustee of
MCO CR REIT
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Section 1. General condition of the company

I . Overview of the company

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

2) Incorporation Date : 12 December, 2003

3) Address : 110 Sogong-Dong, Jung-Gu, Seoul

4) The purposes of the Company:

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

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

5) Size of Asset and Equity:

As of 30 June 2008,

Total Asset : 174,770 (Million KRW)

Paid Equity : 76,303 (Million KRW)

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

7) Duration and Dissolution of Company as per AOI

1. Duration : 5th anniversary of incorporation date

2. Events causing Dissolution :

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

2. History of Company

1) History of Company

A. Incorporation and change thereafter

- | | |
|--------------------------|--|
| ①. 30 Sep 2003 | Promoters Meeting |
| ②. 10 Nov 2003 | Pre-approval from MOCT |
| ③. 2 Dec 2003~3 Dec 2003 | IPO (KRW 35,151,500,000) |
| ④. 12 Dec 2003 | Inaugural Meeting and Incorporation |
| ⑤. 12 Dec 2003 | Asset Management Agreement (Macquarie Real Estate Korea Ltd, formerly known as Macquarie Property Advisors Korea Ltd.) |
| ⑥. 12 Dec 2003 | Custodian Agreement (Woori Bank) |
| ⑦. 12 Dec 2003 | Business Trustee Agreement (Woori Bank) |
| ⑧. 12 Dec 2003 | Incorporation (Paid-in Capital: KRW 76,303,000,000) |
| ⑨. 23 Dec 2003 | Final-Approval from MOCT |
| ⑩. 8 Jan 2004 | Listed on Korea Exchange (KRX) |

B. Change of Company name : N/A

C. M&A : N/A

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

2) Conglomerate by which the company is controlled

A. Introduction of Conglomerate : N/A

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

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

3. Paid-in Capital

1) Change in Share Capital : N/A

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

3) Payment in kind : N/A

4. Shares

1) Total shares

【as of 30 June 2008】

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

2) Shares issued

[Par value : KRW 5,000]

【as of 30 June 2008】

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

3) Treasury Stock Acquisition

Not applicable

4) Stock Option

Not applicable

5. Shares with voting rights

(Unit: Shares)

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

6. Dividend

1) Dividend Payment Method

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

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

Dividend is paid to the shareholders of the Company who are legally registered in the shareholders registry at the end of each fiscal year. MCO CR-REIT plans to pay dividend within one week from the date of approval by the general meeting of shareholders unless the dividend payment will be made in some other date followed by the decision from general shareholder's meeting.

2) Dividend Payment for the recent 5 fiscal years

[Par value per share: KRW 5,000]

(Unit : thousand KRW)

Category	8 th Financial Year	7 th Financial Year	6 th Financial Year	5 th Financial Year	4 th Financial Year
Net Income	5,524,342	5,304,623	5,272,511	4,736,100	4,814,312
Earning per share	362.00	347.60	328.60	310.35	315.47
Distributable Income	4,703,099	4,665,799	4,375,878	4,017,608	4,285,698
Dividend in total	5,524,342	5,487,042	5,014,702	4,914,242	4,814,312
Payout Ratio	1.00	1.03	0.95	1.04	1.00
Dividend Rate	7.24%	7.19%	6.57%	6.44%	6.31%
Annualized Dividend Rate	14.36%	14.50%	13.04%	12.99%	12.52%

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

Section 2. Asset composition and details of changes

I . Total Asset Composition

1. Real Estate Investment Company

Not applicable

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

1) Total Asset Composition (all assets included)

(Unit: million KRW, %)

Items		Preceding Quarter		Current Quarter		% of Total Asset	
		Total Amount	%	Total Amount	%		
Corporate Restructuring Real Estate	Property and Equipment	167,684	95.03	168,199	93.19	93.19	93.19
	Property Use Rights including the right of superficies, the right of leases	-	-	-	-	-	
	Real Estate Development Projects	-	-	-	-	-	
Other Real Estate	Property and Equipment	-	-	-	-	-	
	Property Use Rights including the right of superficies, the right of leases	-	-	-	-	-	
	Real Estate Development Projects	-	-	-	-	-	
Real Estate Related Securities		-	-	-	-	-	
Marketable Securities		-	-	-	-	-	
Deposits at Financial Institutions		8,390	4.75	11,988	6.64	6.64	
Other Assets		385	0.22	298	0.17	0.17	
① Total Asset	48.08	84,841	48.08	88,214	48.88	48.88	100.0
	51.92	91,618	51.92	92,271	51.12	51.12	

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

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

Not applicable

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

Not applicable

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

Not applicable

II. Change in Total Assets

1. Real Estate Transaction

Not applicable

2. Marketable Securities Transaction related to real estate

Not applicable

3. Marketable Securities

Not applicable

4. Cash/Cash Equivalent in Financial Institutions

(Unit : million KRW)

Financial Institutions	Kind	Interest	Preceding balance	Current balance
Woori Bank	MMDA	0%~4.60%	4,872	6,673
Woori Bank	Time Deposit	2.50 %~6.10%	1,901	3,734
Kookmin Bank	Time Deposit	5.30%	1,500	1,500
Total			8,273	11,907

III. Net Asset Value per share

(Unit : shares, million KRW)

	30-Jun-08	31-Mar-08	31-Dec-07	30-Sep-07
Total Asset Value per the Article 27 (3) of ED of Real Estate Investment Company Act (I)	180,485	176,459	178,031	173,994
Total liabilities per Balance Sheets (II)	92,271	91,618	91,250	90,301
Net Asset Value (III=I-II)	88,214	84,841	86,781	83,693
Number of Shares issued	15,260,600	15,260,600	15,260,600	15,260,600
Net Asset Value per share	5,781	5,559	5,687	5,484

Section 3. Status of each properties under management

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

1. Overview of portfolio

Name	Location	Construction Completed Year	Acquisition Date	Interest bearing Debt and Mortgage
Kukdong building	60-1, Chungmuro 3-Ga, Chung-gu, Seoul	1978	26 Dec 2003	Interest bearing Debt : 75,244 KRW Million Total of Kun-Mortgage : 105,075 KRW Million

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

2. Price of each portfolio

(Unit: KRW million)

Portfolio	Acquisition amount		Capital expenditures		Revaluation gain/loss		Property Value			Cumulative Depreciation	Book Value
	Land	Building	Land	Building	Land	Building	Land	Building	Total		
Kukdong Building	102,398	57,641	-	8,160	-	-	102,398	65,801	168,199	5,715	162,484

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

3. Lease status

【as of 30 Jun 2008】

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
Kukdong building	62,344	62,344	100%	17,401	65	279,116
	Vacancy	0	0%			
Sub total	62,344	62,344	100%			

<Note>

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

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

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

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

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

II .Matters relating to development of real estate

Not applicable

Section 4. Total income amount, income structure and yield
(From 01 Apr 2008 to 30 Jun 2008)

I . Total Income Amount and Income Structure

1. Income amount by investment assets

Category		Amount (in KRW million)	% of total income	Notes
Real Estate	Rental Income	4,331	63.65	
	Income/Loss from Sale	-	-	
	Other Income related to Real Estate	2,284	33.57	
Marketable Securities	Income/Loss from Sale	-	-	
	Revaluation Income/Loss	-	-	
	Interest Income/ Dividend	-	-	
Other Income		189	2.78	
Total Income		6,804	100.00	

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

II . Income by Sector

1. Real Estate

1) Rental Income from Real Estate

	Rental Income (in KRW million)	% of Total Income	Notes
Kukdong Building	4,331	100.00	

2) Income/ Loss from Sale of Real Estate

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

3) Other Income related to Real Estate

	Other Income (in KRW million)	% of Total Income	Notes
Kukdong Building	2,284	100.00	

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

2. Marketable Securities

No transaction incurred during this quarter

3. Other Income

Category	Amount (in KRW million)	%	Notes
Interest income	109	57.67	
Compensation for damage	79	41.80	
Late Fee	1	0.53	
Other Income Total	189	100.00	

III. Return on Equity

(Unit: %)

Category	FY 9 2 nd Quarter	FY 9 1 st Quarter	FY 8 2 nd Quarter	FY 8 1 st Quarter
Company (A)	17.19	18.19	15.00	15.39
Industry Average (B)	-	-	-	-
Excess in Rate of Return	-	-	-	-

*Return on Equity : $\text{Net Income} / \text{Average Paid-in Capital}$

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

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

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

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

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

Section 5. Matters relating to expense including expenditure of real estate business, etc.
(From 01 Apr 2008 to 30 Jun 2008)

I . Total Operating Expenses

1) On-site Property Operating Expenses

Items	Kukdong Building (in KRW million)
Property Administration Expenses	175
Facility Maintenance Fees	534
Utility Expenses	326
Repairs and Maintenance	505
Property Taxes and Dues	98
Sub Total	1,638

2) General Operating Expenses

Items	Amount in KRW million
Remuneration to officers	3
Depreciation Costs	329
Amortization of Insurance Premium	15
National Tax and Dues	18
General Administration Fees	3
Professional Fees	37
Sub Total	405

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

II . Professional Trustee Fees

Category	To	Fees and Calculation method		Payment	Comments
Asset Management Fee	Macquarie Real Estate Korea Ltd.	Adivisory fee on Acquistion	1) 0.55% of net acquisition price for Kukdong building 2) Upto 1% of net acquisition price of an acquired real estate after incorporation	upon incorporation	<i>pro-rated</i>
		Basic Fee	11.3% of the ordinary income that does not include the basic compensation payable to MREK (from the 5 th fiscal period) (1 st FY : 0%, 2 nd FY : 17%, 3 rd -4 th FY : 11%, and the ordinary income includes gains on disposal of asset)	6months basis	
		Disposition Fee	25% of the excess of the sales price of such Assets less costs related to such sale over the aggregate investments plus the capital expenditure (“Capital Gain”) under the condition that the IRR based on cash flow of net income over the 5 year period of ownership of the Assets is greater than 11.5%	upon liquidation	
		Performanc e Fee	40% of any excess over the cash flows that make equity IRR 11.5% less already calculated Disposal Fee	upon liquidation	
Underwriting Fee to Securities Companies	Samsung Daewoo SK	2.3% of IPO amount (KRW 808,484,500)		upon incorporation	<i>down payment</i>
Custodian Fee	Woori Bank	0.03% of total assets per annum		quarterly	<i>pro-rated</i>
Business Trustee Fee	Woori Bank	0.05% of total assets per annum		quarterly	<i>pro-rated</i>

Section 6. Matters relating to borrowing

I . Borrowing

(Unit: million KRW)

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

II . Borrowing Sources, etc.

(Unit: KRW)

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

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

Section 7. Shareholder structure and present condition of primary shareholders

I . Present condition of securities possession;

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

1. Largest Shareholder and its special-related-parties

【as of 30 Jun 2008】

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

2. Important Shareholders (3% or more)

【as of 30 Jun 2008】

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

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

Not applicable for quarterly report.

4. Stock Administration

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

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

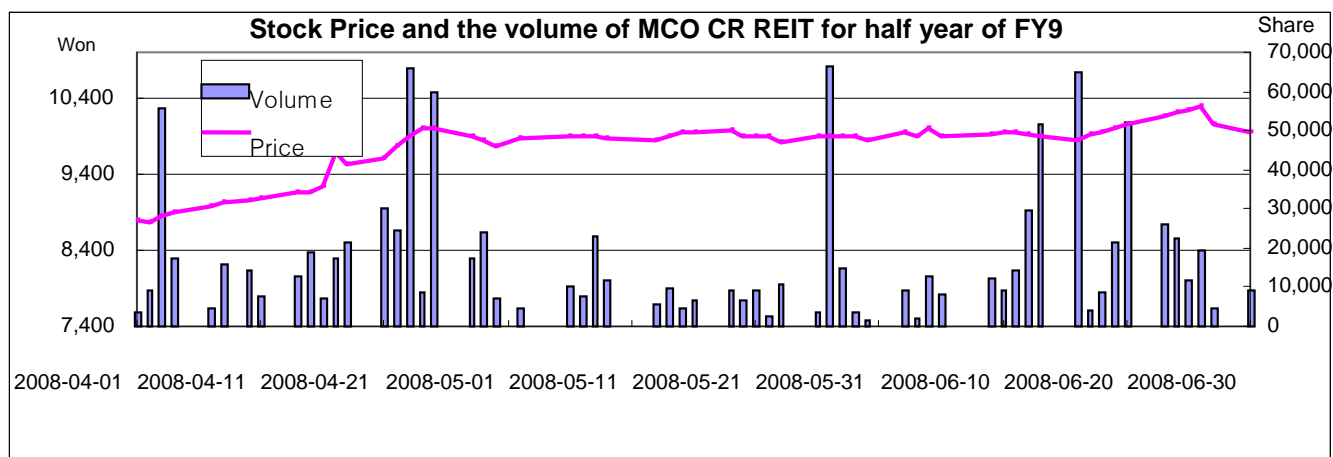
II. State of stock price change

(Unit: KRW, Shares)

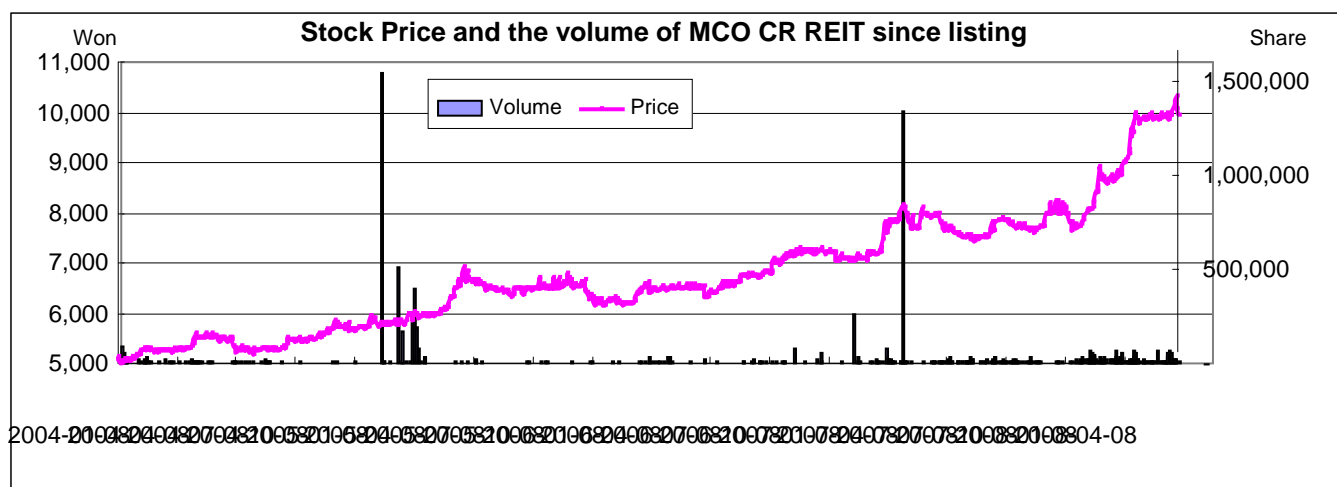
Category	Jan 2008	Feb 2008	Mar 2008	Apr 2008	May 2008	Jun 2008
High (Date)	8,190 (03/01/08)	8,900 (29/02/2008)	8,840 (26/03/08)	10,000 (24/04/08)	9,970 (19/05/2008)	10,300 (26/06/08)
Low (Date)	7,650 (18/01/08)	7,800 (01/02/08)	8,560 (11/03/08)	8,760 (02/04/08)	9,830 (23/05/08)	9,850 (16/06/08)
Monthly Trade Volume	140,911	437,088	390,501	444,161	767,941	394,140
Average Daily Trade Volume	6,405	24,283	18,595	21,150	40,418	19,707

[Korea Exchange, Seoul]

< FY9: 01 April 2008 to 30 June 2008 >



< Since listing date 08 Jan 2004 to 31 March 2008 >



Section 8. Summarized balance sheet and income statement

I .Principles of B/S

1. Current Assets

(1)Accrued income:

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

(2)Account Receivables:

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

(3)Prepaid Expenses:

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

(4) Short-term financial instruments :

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

2. Investment assets:

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

3. Property investments:

Property investments include land, building, plant and equipment. The applied useful lives for buildings and equipments are 50 years and 5 years consecutively and the capital expenditures used under construction are expressed as construction in progress.

4. Current Liabilities :

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

5. Long-Term Liabilities :

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

6. Capital Stock :

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

7. Capital Adjustments :

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

II. Violations of Korean GAAP

Not applicable

III. Other Recommendations

Not applicable

IV. Balance Sheets

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

<i>(in thousands of Korean)</i>	<u>2008.06</u>	<u>2007.12</u>
Assets		
Current assets		
Cash and cash equivalents	₩ 10,185,568	₩ 7,935,584
Short-term financial instruments (Note 3)	1,721,920	1,931,893
Other accounts receivables	-	13,724
Accrued income	80,063	131,708
Prepaid expense (Note 10)	266,570	303,614
Tax refund receivables	32,231	30,294
Total current assets	<u>12,286,352</u>	<u>10,346,817</u>
Property and equipment, net of accumulated depreciation of ₩ thousand (2007.12: ₩)	<u>162,484,150</u>	<u>162,628,217</u>
Total assets	<u>₩ 174,770,502</u>	<u>₩ 172,975,034</u>
Liabilities and Shareholders' Equity		
Current liabilities		
Other accounts payable	₩ 1,055,693	₩ 1,047,583
Accrued expense (Note 10)	266,380	85,345
Advanced receipts	76,283	320
Withholdings payable	28,900	28,900
VAT payables	484,279	397,634
Current portion of long-term borrowings (Note 8)	75,244,000	75,244,000
Total current liabilities	<u>77,155,535</u>	<u>76,803,782</u>
Deposits received (Notes 7 and 10)	15,115,545	14,446,661
Total liabilities	<u>92,271,080</u>	<u>91,250,443</u>
Commitments and contingencies (Note 9)		
Shareholders' equity		
Capital stock		
Common stock, ₩		
authorized 61,042,400 shares;		
issued and outstanding 15,260,600 shares (Note 1)	76,303,000	76,303,000
Appropriated retained earnings (Note 2)	718,492	718,492
Retained earnings before appropriations	5,477,930	4,703,099
Total shareholders' equity	<u>82,499,422</u>	<u>81,724,591</u>
Total liabilities and shareholders' equity	<u>₩ 174,770,502</u>	<u>₩ 172,975,034</u>

V. Income Statements

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

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

VI. Statements of Appropriations of Retained Earnings (Annually)

Not applicable for Quarterly report.

VII. Statements of Cash flows (Annually)

Not applicable for Quarterly report.

VIII. Notes to Current Fiscal Year's Financial Statements

1. General

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

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

The Company's head office is in Sogong-dong, Jung-gu, Seoul, Korea, and as of June 30, 2008, its biggest shareholder is Macquarie Bank Limited and a related party, which owns 3,041,560 shares representing 19.93% of the total outstanding shares.

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

If the real estate properties of the Company amounting to 50% or more of the total assets are sold and proceeds are fully collected, the fiscal period ends on the date when the proceeds are fully collected. These proceeds are then immediately distributed. As of June 30, 2008, the details of capital stock of the Company are as follows:

Authorized number of shares	Number of shares outstanding	Par value per share	Common stock (in thousands of Korean won)
<u>61,042,400</u>	<u>15,260,600</u>	<u>₩ 5,000</u>	<u>₩ 76,303,000</u>

As of June 30, 2008, the shareholders of the Company are as follows:

Shareholders	Number of shares	Amount (in thousands)	Percentage of Ownership (%)
Macquarie Bank Limited	2,585,270	₩ 12,926,350	16.94
Samsung Life Insurance Co., Ltd.	1,520,000	7,600,000	9.96
American Intl. Assurance Co. Ltd.	1,000,000	5,000,000	6.55
Shinhan Life Insurance Co., Ltd.	979,810	4,899,050	6.42
Samsung Fire & Marine Insurance Co., Ltd.	760,000	3,800,000	4.98
LIG Insurance Co., Ltd.	600,000	3,000,000	3.93
Others	7,815,520	39,077,600	51.22
Total	<u>15,260,600</u>	<u>₩ 76,303,000</u>	<u>100.00</u>

2. Summary of Significant Accounting Policies

The significant accounting policies followed by the Company in the preparation of its interim financial statements for the three-month period ended June 30, 2008, are summarized below:

Basis of Financial Statement Presentation

The Company maintains its accounting records in Korean won and prepares statutory financial statements in the Korean language (Hangul) in conformity with accounting principles generally accepted in the Republic of Korea. Certain accounting principles applied by the Company that conform with financial accounting standards and accounting principles in the Republic of Korea may not conform with generally accepted accounting principles in other countries. Accordingly, these financial statements are intended for use by those who are informed about Korean accounting principles and practices. The accompanying financial statements have been condensed, restructured and translated into English from the Korean language financial statements.

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

Accounting Estimates

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

Application of the Statements of Korean Financial Accounting Standards

The Korean Accounting Standards Board has published a series of Statements of Korean Financial Accounting Standards ("SKFAS"), which will gradually replace the existing financial accounting standards, established by the Korean Financial Supervisory Commission. As SKFAS No. 1 through 23 became applicable to the Company on January 1, 2008, the Company adopted these statements in its interim financial statements as of June 30, 2008 and for the three-month period then ended. SKFAS No. 14 and No. 18 were excluded from the application.

Revenue Recognition

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

Property and Equipment

Property and equipment are stated at cost, which includes acquisition cost, production cost and other costs required to prepare the asset for its intended use. It also includes the present value of the estimated cost of dismantling and removing the asset, and restoring the site after the termination of the asset's useful life, provided that it meets the criteria for recognition of provisions

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

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

Expenditures incurred after the acquisition or completion of assets are capitalized if they enhance the value of the related assets over their recently appraised value or extend the useful life of the related assets. Routine maintenance and repairs are charged to expense as incurred.

Income Taxes

Income tax expense includes the current income tax under the relevant income tax law and the changes in deferred tax assets or liabilities. Deferred tax assets and liabilities represent temporary differences between financial reporting and the tax bases of assets and liabilities. Deferred tax assets are recognized for temporary

differences which will decrease future taxable income or operating loss to the extent that it is probable that future taxable income will be available against which the temporary differences can be utilized. Deferred tax effects applicable to items in the shareholders' equity are directly reflected in the shareholders' equity.

Legal Reserve

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

Excess dividends

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

3. Restricted Financial Instruments

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

<i>(in thousands of Korean won)</i>	Bank	2008.06.30		2008.03.31	
Short-term financial instruments					
Money market deposit account	Woori Bank	₩	987,242	₩	982,929
Time deposits	Woori Bank		-		166,570
Time deposits	Woori Bank		700,000		700,000
Time deposits	Woori Bank		34,678		34,678
		₩	1,721,920	₩	1,884,177

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

4. Declared Value of Land

As of June 30, 2008, the value of land based on the posted price issued by the Korean tax authority is as follows:

<i>(in thousands of Korean won)</i>	Size(m ²)	Book value	Posted value of land
Chungmu-ro 60-1, Jung-gu, Seoul	7,942.50	₩ 102,397,913	₩ 94,515,750

5. Property and Equipment

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

2008.06.30

<i>(in thousands of Korean won)</i>	Land	Buildings	Construction in progress	Equipment	Total
Balance as of April 1, 2008	₩ 102,397,913	₩ 59,882,097	₩ 5,300	₩ 13,800	₩ 162,299,110
Acquisition	-	-	514,200	-	514,200
Disposal	-	-	-	-	-
Depreciation	-	(326,160)	-	(3,000)	(329,160)

Reclassification	-	5,300	(5,300)	-	-
Balance as of June 30, 2008	<u>₩ 102,397,913</u>	<u>₩ 59,882,097</u>	<u>₩ 514,200</u>	<u>₩ 10,800</u>	<u>₩ 162,484,150</u>
Acquisition cost	102,397,913	65,226,707	514,200	60,000	168,198,820
Accumulated depreciation	-	(5,665,470)	-	(46,200)	(5,714,670)

2008.03.31

<i>(in thousands of Korean won)</i>	Construction				
	Land	Buildings	in progress	Equipment	Total
Balance as of January 1, 2008	₩ 102,397,913	₩ 60,208,204	₩ 5,300	₩ 16,800	₩ 162,628,217
Acquisition	-	-	-	-	-
Disposal	-	-	-	-	-
Depreciation	-	(326,107)	-	(3,000)	(329,107)
Reclassification	-	-	-	-	-
Balance as of March 31, 2008	<u>₩ 102,397,913</u>	<u>₩ 59,882,097</u>	<u>₩ 5,300</u>	<u>₩ 13,800</u>	<u>₩ 162,299,110</u>
Acquisition cost	102,397,913	65,221,407	5,300	60,000	167,684,620
Accumulated depreciation	-	(5,339,310)	-	(46,200)	(5,385,510)

6. Insurance

As of June 30, 2008, the Company has the following insurance policies covering the building and the equipments :

Description	Insurance Company	Amount Insured	Period
Building & machinery		₩ 93,664 million	
Advance Loss of Profit		₩ 24,129 million	
General liability	Samsung Fire & Marine Insurance Co., Ltd.	US\$ 5,000,000 per each occurrence and others	December 24, 2007 to December 24, 2008
Gas insurance		₩ 300 million per accident	
Director & Officers insurance	Hyundai Fire & Marine Insurance Co., Ltd.	₩ 80 million per person	
		₩ 5 million	2008.05.01 ~ 2009.05.01

7. Collateralized Assets

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

<i>(in thousands of Korean won)</i>	Collateralized amounts		Related Liabilities
	2008.6.30	2008.03.31	
Samsung Life Insurance Co., Ltd.			
Samsung Fire & Marine Insurance Co., Ltd.	₩ 97,817,200	₩ 97,817,200	Current portion of long-term borrowings ¹
LIG Insurance Co., Ltd.			
Korea Life Insurance Co., Ltd.			
Korea Life Insurance Association	759,885	759,885	Deposits received ²
Dong Ah Construction Industrial Co., Ltd.	652,151	652,151	Deposits received ¹

OTIS Elevator	871,097	871,097	Deposits received ²
Shinhan Bank	2,296,410	2,296,410	Deposits received ¹
Samsung Card Co., Ltd.	-	108,492	Deposits received ¹
The Investigative Commission on Pro-Japanese Collaborators' Property	693,168	693,168	Deposits received ¹
Prudential Life Insurance Co., Ltd.	187,580	224,960	Deposits received ¹
Standard Chartered Capital Korea Co., Ltd.	109,523	109,523	Deposits received ¹
	63,665	63,665	Deposits received ²
Shinsegae Co., Ltd	669,686	669,686	Deposits received ²
Shinsegae Mart Co., Ltd	149,509	274,174	Deposits received ²
Korea Labor Welfare Corporation	805,460	805,460	Deposits received ¹
	<u>₩ 105,075,334</u>	<u>₩ 105,345,871</u>	

¹ collateral rights

² rights to lease on a deposit basis

8. Current portion of Long-Term Borrowings

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

<i>(in thousands of Korean won)</i>	Annual interest rates (%) as of Jun. 30, 2008	Maturity date	2008.6.30
Samsung Life Insurance Co., Ltd	6.9%	2008-12-26	₩ 45,898,840
Samsung Fire & Marine Insurance Co., Ltd.	6.9%	2008-12-26	12,791,480
LIG Insurance Co., Ltd.	6.9%	2008-12-26	10,534,160
Korea Life Insurance Co., Ltd.	6.9%	2008-12-26	6,019,520
			<u>₩ 75,244,000</u>

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

9. Commitments and Contingencies

As of June 30, 2008, the Company has the following contracts:

Asset Management Contract

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

Basic Fee	11.3% of the ordinary income that does not include the basic compensation payable to MREK(from the 5 th fiscal period) (1 st fiscal period: 0%, 2 nd : 17%, 3 rd & 4 th : 11%, and the ordinary income includes gains on disposal of asset)
Disposal Fee	25% of the excess of the sales price of such assets less costs related to such sale over the aggregate investments plus the capital expenditure during the said period only if the sales price of such assets less costs related to such sale exceeds the

Performance Fee aggregate investments by the Company at the time of incorporation and an internal rate of return on such assets over a 5 year period of ownership of the assets is greater than 11.5%
40% of any excess over the cash flows that make equity IRR 11.5% less already calculated Disposal Fee

Asset Custodian Contract

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

Business Trust Contract

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

Property Management Contracts

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

10. Related Party Transactions

The Company has no parent company or any subsidiary.

The compensation for the Company's key management includes salaries of ₩ 3 million for the three-month period ended June 30, 2008. The Company's key management consists of officers, who have authority and responsibilities for the Company's plans, operations and control.

Details of the Company's transactions with the related parties for the three-month periods ended June 30, 2008 and March 31, 2008, are summarized as follows:

<i>(in thousands of Korean won)</i>	Transactions	
	2008. 6. 30	2008. 3. 31
Samsung Life Insurance Co., Ltd.		
Interest expense	₩ 789,586	₩ 789,586
Rental income	212,046	212,046
Common area maintenance income	83,853	83,853
Parking income	22,091	22,091
Tenant reimbursement	182	201
Samsung Fire & Marine Insurance Co., Ltd.		
Interest expense	220,048	220,049
Insurance premium	14,872	10,263
LIG Insurance Co., Ltd.		
Interest expense	181,217	181,216

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

<i>(in thousands of Korean won)</i>	Receivables and Payables	
	2008. 6. 30	2008. 3. 31
Samsung Life Insurance Co., Ltd.		
Accrued expenses	₩ 43,384	₩ 52,061
Current portion of long-term borrowings	45,898,840	45,898,840

<i>(in thousands of Korean won)</i>	Receivables and Payables	
	2008. 6. 30	2008. 3. 31
Leasehold deposits	338,800	338,800
Samsung Fire & Marine Insurance Co., Ltd.		
Prepaid expenses	32,241	30,113
Accrued expenses	12,091	14,509
Current portion of long-term borrowings	12,791,480	12,791,480
LIG Insurance Co., Ltd.		
Accrued expenses	9,957	11,948
Current portion of long-term borrowings	10,534,160	10,534,160

11. Rental Income

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

IX. Auditor's Opinion

- External Auditor's Opinion

Not applicable for quarterly report.

- Statutory Auditor's Opinion

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

Statutory Auditor Jong-Hee Lee

**Section 9. Other matters relating to asset management that are prescribed by the
Ministry of Land, Transportation and Maritime Affair**

I . Summary on disclosures and reports

Date	Contents	Disclose to
15 May 2008	Half-annual Report for FY 9	FSS, KRX
14 May 2008	Disclosures of General Shareholders' Meeting for FY8	FSS, KRX
29 Apr 2008	Convocation of General shareholder's meeting and public announcements	FSS, KRX
22 Apr 2008	Resolution for holding a General Shareholders' Meeting	FSS, KRX

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

Not applicable

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

Not applicable

IV. Penalty

Not applicable

V. Compliance to the regulated restricted Investment

Regulation	Compliance
1. 70% or more of a company's total assets shall be composed of real estates for corporate restructuring, etc for the seller.	Complied
2. With respect to investment in securities, MCO CR REIT shall not acquire any securities exceeding 10% of the total issued and outstanding voting stocks of another company, except for the allowance under the Real Estate Investment Company Act of Korea (the "Act").	Complied
3. With respect to the investment in securities, MCO CR REIT shall not acquire any securities issued by a single entity in excess of 5% of MCO CR REIT's total assets, except for national bonds, local or municipal bonds or such other securities whose acquisition in such amounts is permitted under the Enforcement Decree promulgated under the Act.	Complied

Regulation	Compliance
<p>4. MCO CR REIT shall not engage in any transactions falling within the categories listed, as follows, with directors and officers and their respective related persons (as defined in Article 21(1) of the Real Estate Investment Company Act of Korea (the “Act”)), and any shareholder who owns and holds 10% or more of the shares in MCO CR REIT and its respective related persons, except for the circumstances under the Act.</p>	Complied
<p>5. MCO CR REIT and its related person shall not engage in the sale and purchase of real property or the trading of securities with the AMC and its related persons, except in the following circumstances: If MCO CR REIT is forced to dispose of its securities (other than shares) because it temporarily faces difficulty in making payment of purchase price or repurchase price of shares due to substantial number of appraisal or repurchase claims; General sale, competitive bidding or any similar transaction; Transactions (other than with the directors, officers and employees of the AMC and their respective related persons) where MCO CR REIT rents its property at a rate higher than that determined by the Board; or Unavoidable transactions as a result of merger, liquidation, spin-off or merger by a spin-off entity.</p>	Complied