

ECONOMIC OVERVIEW

In the second quarter of 2008, concerns about stagflation rose amid the slowing economy growth in Korea accompanied with quickening inflation. With reference to the Bank of Korea, the consumer price surged to 4.8%. The rise, compared to the last period, was 1.0% and was recorded the highest growth since Sept. 2004. Even the very fast pace in soaring consumer prices deepened amid the worries of inflation risk. IMF forecasted that the global economy would slowdown further in the second half of 2008, due to the less than expected growth and inflation risk continuing along the steep price in oil and raw materials. During the second half of year, the Bank of Korea held the call rate as 5%, expecting it to be raised in the near future due to the mounting concern over inflation risk. Oil prices continued rise steeply in the second half, reaching USD 140 per barrel. Likewise, the appreciation of the Korea Won/ US dollar

In the second quarter of 2008, the concerns about stagflation continued mounting as the rising unemployment and inflation risks persisted due to soaring oil and raw material prices amid a steep appreciation of the Korean Won/US Dollar exchange rate.

exchange rate was accelerated to 1,016.72, the highest rate recorded since 2006, in spite of government intervention in the foreign exchange market.

The mix of inflation risk amid the record high oil price, the steep appreciation in the Korea Won/US dollar exchange, the upsurge in borrowing rate, and the rising unemployment deteriorated the Korea economy even further. Despite the weak domestic economy in the first half, strong exports offset the deficit. However, exports for the second half has gloomy prospects due to the rise in uncertainty for the global economy, resulting in the widening trade deficit. The financing sector recently warned the economic growth in the second half of year is expected to record below 4%, as a consequence of the weakening exports and the delay in the mitigation of the sluggish economy.

QUICK STATS

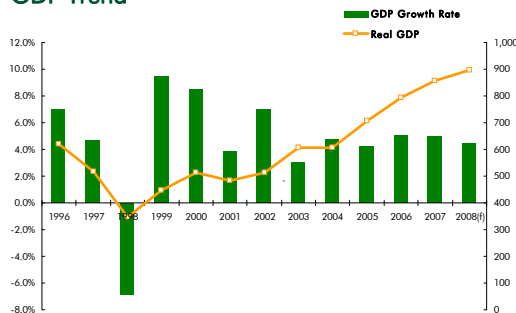
	Change in Q1 2008	Change in Q2 2008
Prime Rents	↑	↑
Vacancy Rates	↓	↓

* Source: CBRE Research

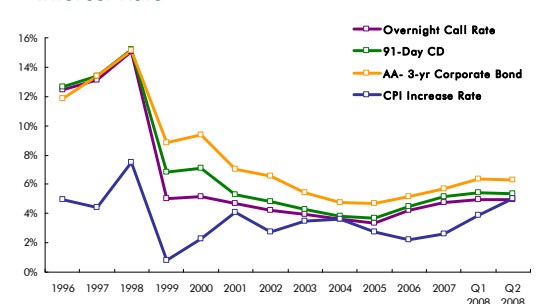
Capital Value	Q2 2008	6 mths Trend
CBD	6.4 Mil	↑
Gangnam	6.1 Mil	↑
Yeouido	5.1 Mil	↑

* Note: In KRW, ps m GFA
* Source: CBRE Research

GDP Trend



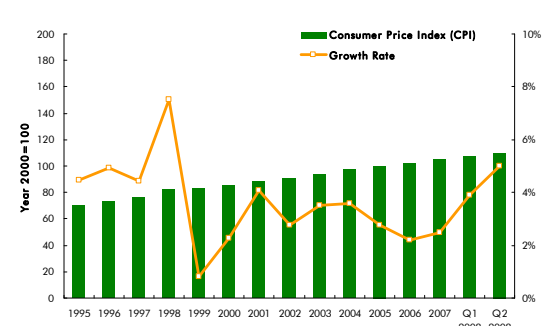
Interest Rate



Exchange Rate

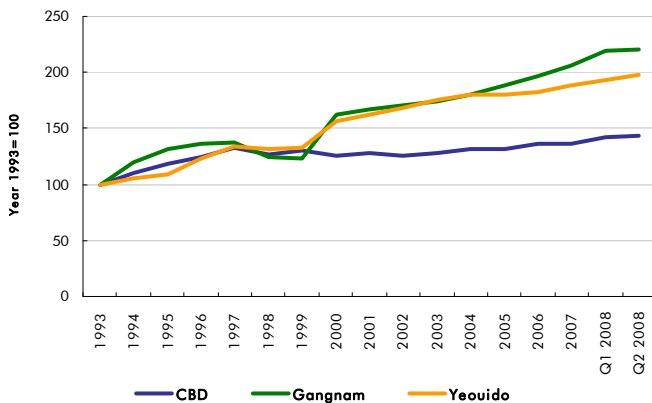


Consumer Price Index



RENTAL TREND

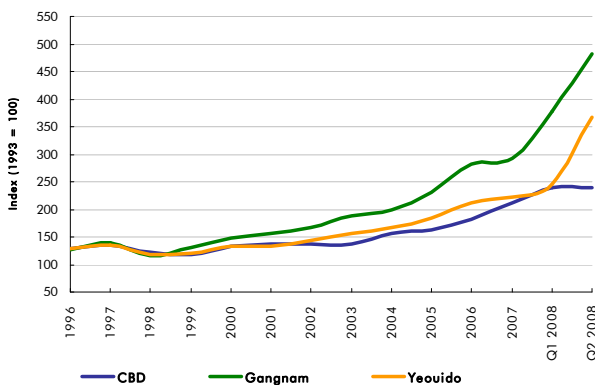
Prime Office Rental Index



Overall Seoul office market remained buoyant in the second quarter of 2008. In spite of the financial market turmoil, the financial sector continued the expansion of their business, bolstering the demand for Grade A office space. Overall rent in Grade A office amid high demand rose 1.07% q-o-q. The rental growth rate in CBD and GBD decelerated after upsurge in the first quarter of 2008, and the rent in CBD and GBD recorded 0.82% and 0.31%. Otherwise, YBD recorded relatively high rental growth of 2.49% since the office property which hasn't raised the rent associated with the annual rent adjustment in the early year raised the rent. Overall rent in Seoul office market expects to ratchet upward in the future, since the robust demand along with a lack of Grade A office space persists

CAPITAL VALUE

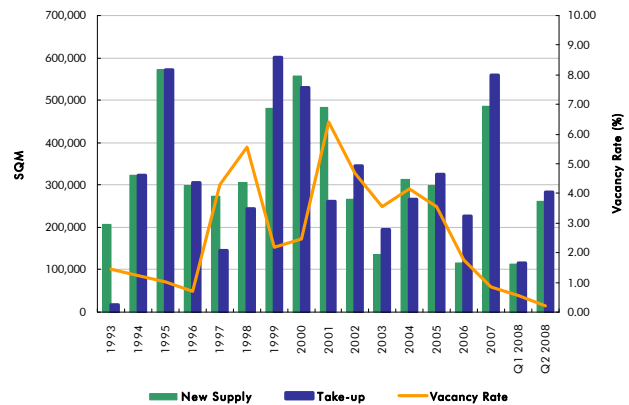
Prime Office Capital Value Index



The transactions of Grade A office premises occurring in the second quarter of 2008 drove the overall capital value to a record high. The overall growth in the capital value was 21.64% q-o-q. Three transactions were witnessed within three major districts. The increase in transactions relative to the first quarter of 2008 and the high acquisition price, gave the evidence for the existence of the latent demand to acquire Grade A office premises. According to the acquisition of Hansol building by MAPS, especially, the capital value in GBD reached a level equivalent to CBD's unit price of office property.

VACANCY TREND

Supply, Take-up and Vacancy of Prime Office Properties



The overall vacancy rate fell to the record low of 0.22%. Even though two Grade A properties, of approx. 2.46 million sf, came on the stream, the new supplies did not alleviate the tight market conditions with the low vacancy. Since the new supplies were injected into GBD and both properties were planned to be used for headquarters, the impact on the overall vacancy was limited. The vacancy rate in CBD and YBD fell to 0.04% and 0%, reflecting a high demand and a vicious lack of available Grade A office space. While the vacancy rate in GBD recorded the highest among three major districts, the vacancy rate declined steadily from the level of 1% to 0.51% albeit two new properties. The office market remained steady since the overall vacancy rate in Grade A office properties remained below 1%.

LEASING ACTIVITY

Stagnant leasing activities in the Grade A office market continued in the second quarter of 2008 along with the shortage of available office space. The leasing activities for Grade A offices in Seoul was dominated by the financial sector albeit the turmoil in the global financing market. In particular, the insurance companies absorbed all the available Grade A & B office in the major districts. Besides CBD and YBD, the leasing activity remained brisk in GBD, bolstered by the expansionary demand of insurance companies in the somewhat large available office spaces, relative to other districts. Along with the relocation of headquarters to newly supplied office properties, increasing vacancy rates in the Grade B office properties became a great alternative for the lack of available Grade A office space. For instance, Samsung Life Insurance and Kyobo Life Insurance immediately took up the vacant space of approx. 2,853 sqm and approx. 1,427 sqm in the Pacific Tower (a Grade B office property) which was previously occupied by NC Soft and affiliates.

SUMMARY OF SEOUL OFFICE MARKET TREND

CBRE Index – Grade A Office Rents

District	Net Occupancy Cost			% Change From (In KRW)			
	US\$/Sq-F/Yr	Euro/Sq m/Yr	KRW /Sq m /Mth	Q1 2008	Q4 2007	Q2 2006	6 mths Trend
CBD	69.00	471.63	64,775	0.71 %	4.80 %	5.89 %	→
Gangnam	69.24	472.78	64,933	0.35 %	4.99 %	7.57 %	→
Yeouido	58.32	398.83	54,777	2.15 %	3.79 %	5.83 %	→

Source : CBRE Research

Note: Net Occupancy Cost: $\{(Deposit * interest\ rate) / 12 + (Monthly\ Rent + Maintenance\ Fee)\} / Efficiency\ Rate$

CBRE Index – Vacancy Trend

	Q2 2008	%-pt Change*	6 mths Trend
CBD	0.04 %	▼ 0.10 %	→
Gangnam	0.51 %	▼ 0.80 %	→
Yeouido	0.00 %	▼ 0.05 %	→

Source : CBRE Research

* Quarter-on-quarter percentage-point change

CBRE Index – Capital Value**

	Q2 2008	6 mths Trend
CBD	6.4	↗
Gangnam	6.1	↗
Yeouido	5.1	↗

Source : CBRE Research

** Note: In KRW(million), psm GFA

Economic Indicator – Q2 2008

	Latest Release	2005	2006	2007	
Real GDP Growth	Q1 2008	5.8%	4.2 %	5.1 %	5.0 %
Unemployment	Q2 2008	3.1 %	3.7 %	3.5 %	3.2 %
Inflation	Q2 2008	3.9 %	2.8 %	2.2 %	2.5 %
Exchange Rate (KRW/USD)	Q2 2008	1,016.72	1,024.31	955.51	929.2

Source : Bank of Korea

KEY LEASING TRANSACTIONS

- Namdaemun Mesa (CBD)	Shinhan Life Insurance Leased approx. 1,119 m ² (339 pyung)
- Gangnam Finance Center (Gangnam)	Kumho Life Insurance Leased approx. 2,380 m ² (720 pyung)
- Gangnam Finance Center (Gangnam)	PS Holdings Investment Leased approx. 630 m ² (190 pyung)
- Gangnam Finance Center (Gangnam)	Samsung Life Insurance Leased approx. 2,530 m ² (765 pyung)
- M Tower(Gangnam)	Dongbu Life Insurance Leased approx. 1,087 m ² (329.48 pyung)
- Sigma Tower (Jamsil)	Samsung Card Leased approx. 666 m ² (202 pyung)
- Namdaemun Mesa (CBD)	Shinhan Life Insurance Leased approx. 1,119 m ² (339 pyung)
- Gangnam Finance Center (Gangnam)	NGK Leased approx. 140 m ² (42.56 pyung)
- Gangnam Finance Center (Gangnam)	Solar World Leased approx. 641 m ² (194.11 pyung)
- Pacific Tower (Gangnam)	Donga Golf Leased approx. 2,900 m ² (887.63 pyung)
- Pacific Tower (Gangnam)	Donga G&L Leased approx. 1,427 m ² (431.53 pyung)
- Pacific Tower (Gangnam)	Tozai Capital Korea Leased approx. 1,300 m ² (387.16 pyung)
- Narae Building (Gangnam)	Mirae Asset Life Leased approx. 430 m ² (130.12 pyung)
- Prudential Tower(Gangnam)	POSCO E&C Leased approx. 2,590 m ² (783.52 pyung)
- Tongyang Securities bldg (YBD)	Tongyang Securities Leased approx. 492 m ² (149 pyung)
- Pacific Tower (GBD)	Samsung Life Leased approx. 2,583 m ² (781 pyung)
- Pacific Tower (GBD)	Kyobo Life Insurance Leased approx. 1,427 m ² (431.67 pyung)

KEY INVESTMENT TRANSACTIONS

- Hanwha Non Insurance Building (49,610 m ² , CBD)	Daehan Life Insurance
- Hansol Building (61,699 m ² , GBD)	MAPS Investment Management
- Hanwha Securities Building (59,640 m ² , YBD)	Hanwha Securities

PRIME OFFICE DISTRICTS IN SEOUL

CBD (CENTRAL BUSINESS DISTRICT - CBD)

CBD is the oldest and the largest business district developed in the 1960's, followed by GBD, and YBD. The CBD is still the most preferred location for MNCs and Chaebols because of tradition and well-established supporting facilities. Foreign banks, securities houses, embassies, and consulting companies dominate the CBD.

GBD (GANGNAM BUSINESS DISTRICT - GBD)

The Central Government designated GBD, formerly an agricultural area, as the second business district of Seoul. In the middle 1990's, GBD was gaining popularity centering around Gangnam Rd and Teheran Rd as the IT valley of Seoul and the "Teheran Valley." After IMF, GBD showed rapid rent hike and followed the rent level up with CBD's.

YBD (YEUIDO BUSINESS DISTRICT - YBD)

In the late 1970's through early 1980's, YBD was encouraged to be developed as the 'Manhattan of Seoul.' YBD remains as the center of securities trading and broadcasting activities. Local securities, media, and IT companies dominate the district due to its close proximity to Korea Stock Exchange, broadcasting stations, and Yongsan Electronic Market

ASIA OFFICES

Hong Kong

34/F Central Plaza
18 Harbour Road, Wanchai
Hong Kong
Telephone: (852) 2820 2800
Facsimile: (852) 2810 0830

Suite 2109-12, 21/F
Sun Life Tower, The Gateway
15 Canton Road, Tsimshatsui
Kowloon, Hong Kong
Telephone: (852) 2820 8100
Facsimile: (852) 2521 9517

Beijing

Suite 1203-1205, 12/F, Tower A
Beijing Fortune Plaza
7 Dong San Huan Middle Road
Chaoyang District
Beijing 100020
People's Republic of China
Telephone: (86) 10 5820 9288
Facsimile: (86) 10 5820 9088/9188

Shanghai

Suite 3201, 3203-3206
32/F, K. Wah Center
1010 Huai Hai Middle Road
Shanghai, 200031
People's Republic of China
Telephone: (86) 21 2403 1200
Facsimile: (86) 21 2403 7519

Unit 1004, 10/F

Azia Center
1233 Lu Jia Zui Ring Road
Shanghai, 200120
People's Republic of China
Telephone: (86) 21 2401 1200
Facsimile: (86) 21 5047 1171

Guangzhou

Suite 1401-1402, Guangzhou
International Electronics Tower
403 Huan Shi East Road
Guangzhou 510095
People's Republic of China
Telephone: (86) 20 2883 9200
Facsimile: (86) 20 2883 9248

Shenzhen

Suite 2404-05
Excellence Times Square Building
Yifan Road, Futian District
Shenzhen 518048
People's Republic of China
Telephone: (86) 755 3395 3700
Facsimile: (86) 755 2399 5370

Hangzhou

Suite 1201, 12/F, North Tower
Anno Domini Plaza, 8 Qiu Shi Road
Hangzhou 310007
People's Republic of China
Telephone: (86) 571 2880 6818
Facsimile: (86) 571 2880 8018

Chengdu

Suite 704A-706, Office Tower at
Shangri-La Centre Chengdu, Block B
9 Bin Jiang East Road, Chengdu 610021
People's Republic of China
Telephone: (86) 28 8447 0022
Facsimile: (86) 28 8447 3311

Tianjin

Suite 903, Tower A, The Exchange
189 Nan Jing Road, Heping District
Tianjin 300051
People's Republic of China
Telephone: (86) 22 8319 2178
Facsimile: (86) 22 8319 2180

Dalian

Suite 2104, 21/F, Tian An International Tower
88 Zhong Shan Road
Zhongshan District, Dalian 116001
People's Republic of China
Telephone: (86) 411 3980 5855
Facsimile: (86) 411 3980 5866

Qingdao

Suite 401-404, Crown Plaza
76 Hong Kong Middle Road
Shinan District, Qingdao 266071
People's Republic of China
Telephone: (86) 532 8077 7286
Facsimile: (86) 532 8077 7267

Wuhan

Suite 3915, 39/F, Wuhan New World
International Trade Centre, Tower 1
568 Jian Shi Avenue, Wuhan 430022
People's Republic of China
Telephone: (86) 27 8555 8277
Facsimile: (86) 27 6885 0506

Taipei

13F/A, Hung Tai Center
170 Tun Hua North Road
Taipei 105, Taiwan
Telephone: (886) 2 2713 2266
Facsimile: (886) 2 2712 3065

Singapore

6 Battery Road #32-01
Singapore 049909
Telephone: (65) 6224 8181
Facsimile: (65) 6225 1987

Tokyo, Japan

5/F Shuwa Daiichi Hamamatsucho Building
2-2-12 Hamamatsucho, Minato-ku
Tokyo 105-0013, Japan
Telephone: (81) 3 5470 8711
Facsimile: (81) 3 5470 8715

1/F Shuwa Daiichi Hamamatsucho Building
2-2-12 Hamamatsucho, Minato-ku
Tokyo 105-0013, Japan
Telephone: (81) 3 5470 8800
Facsimile: (81) 3 5470 8801

*18 offices throughout Japan

Seoul, Korea

12/F SC First Bank Building
100 Gongpyeong-dong, Jongno-gu
Seoul, Korea 110-702
Telephone: (822) 2170 5800
Facsimile: (822) 2170 5899

New Delhi, India

G/F FT.I Building
4 Parliament Street
New Delhi 110 001, India
Telephone: (91) 11 4239 0200
Facsimile: (91) 11 2331 7670

Mumbai, India

#5, 3/F Tower C, Laxmi Towers
G-block, Bandra Kurla Complex
Bandra (E), Mumbai 400 051, India
Telephone: (91) 22 4069 0100
Facsimile: (91) 22 2652 7655

Bangalore, India

Hulkul Brigade Centre
G/F, No. 82 Lavelle Road
Bangalore 560 001, India
Telephone: (91) 80 4074 0000
Facsimile: (91) 80 4112 1239

Chennai (Madras), India

2H, 2/F Gee Gee Emerald 2C & 2D
151 Village Road, Nungambakkam
Chennai 600 034, India
Telephone: (91) 44 2821 4599/4571
Facsimile: (91) 44 2821 4607

Hyderabad, India

211, Maximus 2B, Mindspace Cyberabad
Survey No: 64 (Part),
APIC Software Layout, Madhapur
Hyderabad 500 081, India
Telephone: (91) 40 4033 5000
Facsimile: (91) 40 4033 5050

Pune, India

705-706, 7/F Nucleus
Church Road
Pune 411 001, India
Telephone: (91) 20 2605 5437/5367
Facsimile: (91) 20 2605 5405

Jakarta, Indonesia

7/F Permata Bank Tower I
Jalan Jenderal Sudirman Kav. 27
Jakarta 12920, Indonesia
Telephone: (62) 21 523 7337
Facsimile: (62) 21 523 7227

Manila, Philippines

Suite 1002-1005, 10/F
Ayala Tower One & Exchange Plaza
Ayala Avenue, Makati City
Metro Manila 1226, Philippines
Telephone: (632) 752 2580
Facsimile: (632) 752 2571

Cebu, Philippines

3/F, i2 Building
Asiatown I.T. Park, Lahug
Cebu City, Philippines 6000
Telephone: (632) 238 4211

Bangkok, Thailand

46/F, CRC Tower, All Seasons Place
87/2 Wireless Road, Lumpini
Pathumwan, Bangkok 10330, Thailand
Telephone: (66) 2 654 1111
Facsimile: (66) 2 685 3300-1

Phuket, Thailand

12/9 Moo 4, Thepkrasattri Road
Kohkaew, Muang, Phuket 83000,
Thailand
Telephone: (66) 76 239 967
Facsimile: (66) 76 239 970

Samui, Thailand

3/6 Moo 1, Baan Bophut - Plailaem Road
Bophut, Koh Samui
Surat Thani 84320, Thailand
Telephone: (66) 77 430 737
Facsimile: (66) 77 430 740

Pattaya, Thailand

306/96-97 Moo12, Thapraya Road
Nongprue, Banglamung
Chonburi 20150, Thailand
Telephone: (66) 38 364 969
Facsimile: (66) 38 364 963

Ho Chi Minh City, Vietnam

Suite 1301, Me Linh Point Tower
2 Ngo Duc Ke Street, District 1
Ho Chi Minh City, Vietnam
Telephone: (848) 824 6125
Facsimile: (848) 823 8418

Hanoi, Vietnam

Floor 12A, Vincom City Tower B
191 Ba Trieu Street
Hanoi, Vietnam
Telephone: (844) 220 0220
Facsimile: (844) 220 0210

TERMINOLOGY

PRIME OFFICE

Modern facility with high quality finishes; flexible layout; large floor plates; spacious lobbies and circulation areas; effective central air-conditioning; good lift services zoned for passengers and goods deliveries; good management and parking facilities are normally available.

NEW SUPPLY

The total GFA of buildings completed (including redevelopment) in a period.

TAKE-UP

The net absorption of office space let, or sold to the acquirer for occupation.

VACANCY RATE

The amount of vacant space divided by the total stock.

RENT

Rents are presented in KRW on a gross basis, unless otherwise specified.

CAPITAL VALUE

Capital values are presented in KRW on a gross basis, unless otherwise specified.

For Investment Inquiries, please contact:

Steve Y.K. Kim, Managing Director

CB Richard Ellis Korea

12/F, SC First Bank Building
100, Gongpyeong-dong
Jongno-gu, Seoul
Korea, 110-702
T. (02) 2170-5800
F. (02) 2170-5899
steve.kim@cbrekorea.com

For Leasing Inquiries, please contact:

Byung U. Yoon, Senior Vice President

CB Richard Ellis Korea

12/F, SC First Bank Building
100, Gongpyeong-dong
Jongno-gu, Seoul
Korea, 110-702
T. (02) 2170-5800
F. (02) 2170-5899
byung.yoon@cbrekorea.com