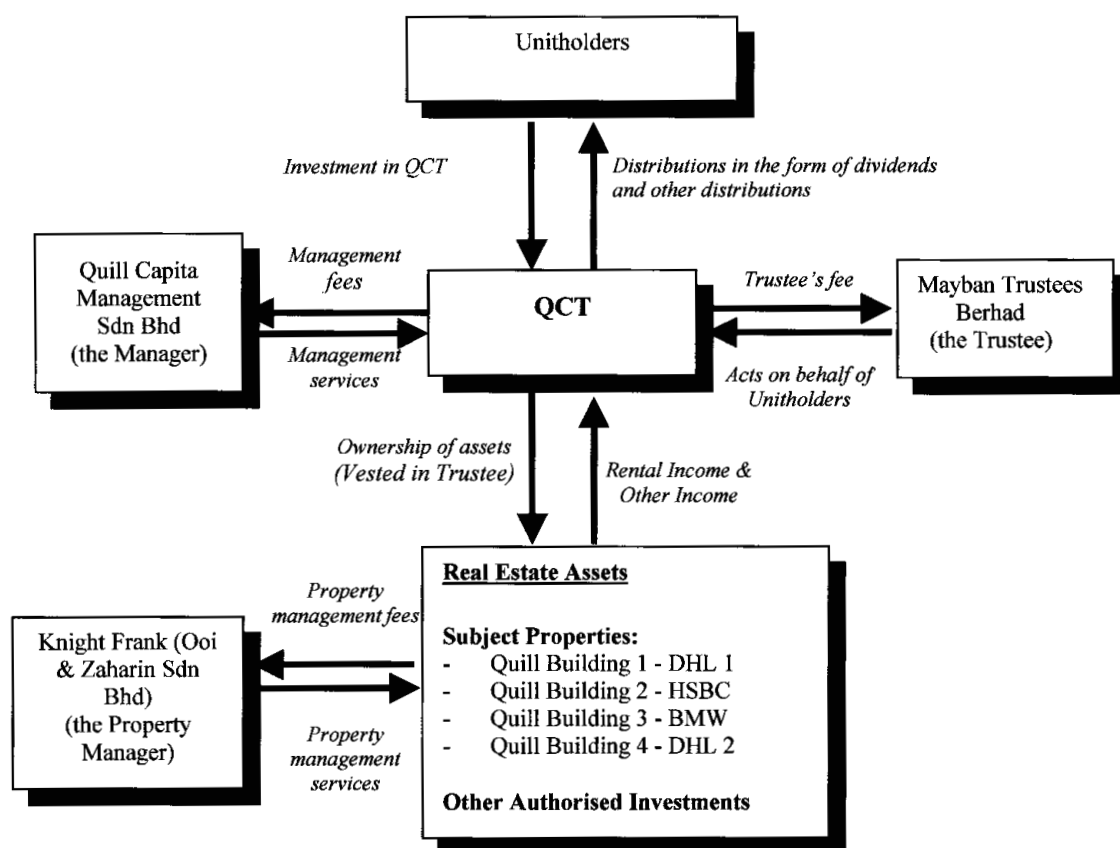


6. DETAILED INFORMATION ON QCT

6.1 The Formation And Structure Of QCT

6.1.1 Structure of QCT

The following diagram illustrates the structure of QCT and indicates the relationships between QCT, ourselves, the Property Manager, the Trustee and the Unitholders:



6.1.2 Deed

QCT is constituted by the Deed and is principally regulated by the SCA and the REITs Guidelines.

The Deed was executed on 9 October 2006 between us and Mayban Trustee Berhad as the trustee of QCT to act in our respective capacities. The Deed was registered and lodged with the SC on 12 October 2006 and 17 October 2006 respectively.

The terms and conditions of the Deed are binding on each Unitholder and persons claiming through such Unitholder as if such Unitholder were a party to the Deed and as if the Deed contains covenants by such Unitholder to observe and be bound by the provisions of the Deed and an authorisation by each Unitholder to do all such acts or things as the Deed may require us and/or the Trustee to do.

6. DETAILED INFORMATION ON QCT (Cont'd)

6.1.3 Units and Unitholders

Each Unit represents an undivided interest in QCT. A Unitholder has no equitable or proprietary interest in any of the underlying assets of QCT and is not entitled to the transfer to it of any assets (or any part thereof) or of any estate or interest in any asset (or any part thereof) of QCT. A Unitholder's right is limited to the right to require due administration of QCT in accordance with the provisions of the Deed including, without limitation, by suit against the Trustee or us.

6.1.4 Issue of Units

- (a) Upon the registration of the Deed with the SC, we lodged with the Trustee the sum of RM800 to be held upon trust as application monies for 1,000 initial Units ("Promoter Units"). These Promoter Units shall be disposed on the Market Day immediately following the Listing.

Upon the Listing, the size of the Fund will be 238,691,000 Units.

- (b) In addition to the Issue Units which are the subject of this Prospectus, we may from time to time (following the listing of the Units on the Main Board of Bursa Securities) recommend an increase in the number of Units including by way of rights issue or bonus issue of Units to existing Unitholders in proportion to their holding of Units, or by way of private placement to any person, as consideration issue for subscription or such other methods as may be accepted by the SC.
- (c) 232,500,000 Units were issued to the Vendors as part consideration for the Acquisitions. We may only offer Units to vendors of Authorised Investments as consideration (in whole or in part) for future Authorised Investments proposed to be acquired by QCT at a price determined by us and approved by the Trustee if, amongst others, the terms and conditions of such acquisition are approved by an ordinary resolution of the Unitholders, neither ourselves nor the person to whom the Units are to be issued nor any associated person of that person votes in relation to the above resolution and the acquisition of such Authorised Investments is approved by the SC.

The interests of the Vendors and other related persons deemed interested in the Units after the Acquisitions and the IPO are as follows:

	<----- After the Acquisitions and The IPO ----->			
	<-----Direct----->		<-----Indirect----->	
	No. of Units	%	No. of Units	%
Vendors:				
QPSB	28,142,000	11.79	-	-
QLSB	29,837,000	12.50	-	-
QESB	13,629,000	5.71	-	-
Substantial shareholders of Vendors:				
Dato' Michael Ong Leng Chun	-	-	71,608,000 ⁽¹⁾	30.00
Dato' Low Moi Ing	-	-	71,608,000 ⁽²⁾	30.00

Notes:

- (1) Deemed interested by virtue of his substantial shareholdings in the Vendors.
(2) Deemed interested by virtue of her substantial shareholdings in the Vendors.

6. DETAILED INFORMATION ON QCT (Cont'd)

6.2 Investment Objectives And Strategies

QCT, constituted by the Deed dated 9 October 2006, is a REIT formed to own and invest in Commercial Properties, primarily in Malaysia.

6.2.1 Investment Objectives

To acquire and invest in Commercial Properties primarily in Malaysia with a view:

- (a) To provide long-term and sustainable distribution of income to Unitholders; and
- (b) To achieve long-term growth in the net asset value per unit of QCT.

Any material changes to the investment objectives would require the Unitholders' approval.

6.2.2 Company's Strategies such as Investment, Portfolio and Capital Strategies

In pursuing this investment strategy, our current intention is to manage QCT with the following strategic guidelines:

- (a) Build an investment portfolio comprising primarily established income-producing Commercial Properties or other income producing instruments;
- (b) Focus on investing for the long-term; and
- (c) Invest primarily in Malaysia.

We plan to achieve our key objectives while seeking additional income growth and enhancement to the value of QCT's property portfolio over time through the following strategies:

- (a) Acquisition Growth and Portfolio Management Strategy;
- (b) Active Asset Management Strategy; and
- (c) Capital Management Strategy

Further details on the above strategies are as set out below: -

(a) Acquisition Growth and Portfolio Management Strategy

We intend to selectively acquire additional properties that meet our investment criteria to enhance yields and returns while improving portfolio diversification.

(i) Capitalise on Strengths of two (2) of our Major Shareholders & Board Members

We will pursue acquisitions of suitable assets from third parties as well as leverage on the strengths and network of our shareholders.

- **Two (2) of our major shareholders are QRH & CR:**

- QRH is a member of the Quill Group of Companies which has a proven track record of marketing, designing and developing built-to-suit properties for MNCs in Cyberjaya and other parts of Kuala Lumpur. We will benefit from Quill Group of Companies' established network of business relationships with property brokers, property owners and potential tenants, which will give QCT a competitive advantage in accessing potential deal flow involving Commercial Properties belonging to third parties.
- CR is a wholly owned subsidiary of CFL which has extensive experience and expertise in managing REITs and private property equity funds in Asia. We will benefit from CR's best practices, experience, and expertise in REIT management that will enable us to quickly evaluate and respond to acquisition opportunities.

6. DETAILED INFORMATION ON QCT (Cont'd)

- **Members of our Board have a track record of successfully sourcing and executing real estate acquisitions / investments over the years**

- **Right of First Refusal granted by our shareholders**

To further demonstrate their commitment to the continued success of QCT, our shareholders have undertaken to grant QCT a right of first refusal to purchase any Commercial Building proposed to be disposed or purchased by our shareholders, their respective Related Corporations and/or any First Refusal Parties. This will provide a pipeline of potential acquisitions for QCT. The right of first refusal will be granted for a period five (5) years from the date of Listing. For details, please refer to Section 18.2.2.

- **Non-Competition**

With respect to third party income-generating properties, our shareholders have separately undertaken not to compete with QCT in the acquisition of Commercial Buildings that are up for public tender/auction unless QCT has indicated that it does not wish to participate in the tender or auction. For details, please see Section 18.3(a) of this Prospectus. In order to alleviate concerns regarding potential competition between QCT and our shareholders, our shareholders have also agreed amongst themselves that during a period of five (5) years commencing from the date of Listing: (i) CR and its Related Corporations; or (ii) QRH, its Related Corporations and the First Refusal Parties shall not, whether directly or indirectly, carry on the “Restricted Activities” save with the prior consent of all shareholders. “Restricted Activities” means sponsoring or acting as the manager of, another REIT or any listed or unlisted companies or any other form of vehicles that competes or will compete for the acquisition of Commercial Buildings but shall exclude acting as the manager of and the acquisition of Commercial Buildings for and on behalf of CapitaCommercial Trust and CapitaMall Trust. For more details, please see Section 18.3(b) of this Prospectus.

(ii) Acquisitions

We will embark on an acquisition strategy to make acquisitions of Commercial Properties in Malaysia to grow and diversify QCT’s initial portfolio. We will continue to actively explore acquisition opportunities that would enhance the quality of QCT’s portfolio and generate higher returns to Unitholders. The focus is on good quality properties with strong recurring rental income and potential for revenue and capital growth.

As major shareholders of the Manager of QCT and in order to support the future growth of QCT, both QRH and CR or their associates are actively evaluating the following areas of potential deal flow that may form the future acquisition pipeline for QCT:

- QRH, CR or their associates have an existing portfolio of wholly owned or partially owned commercial properties and lands that can be developed for commercial purposes in the vicinity of Klang Valley and Cyberjaya that are currently unavailable for acquisition by QCT for reasons such as timing, regulatory or contractual limitations, but these may be suitable for acquisition by QCT at the appropriate time;
- QRH, CR or their associates are currently in negotiation with third parties for the acquisition and/or development of commercial properties in Klang Valley, Cyberjaya and in other states; and

6. DETAILED INFORMATION ON QCT (Cont'd)

- QRH, CR or their associates may establish future vehicles or property funds for the purpose of investing, developing or incubating commercial properties in Klang Valley, Cyberjaya and in other states.

As the abovementioned potential acquisitions are subject to commercial contractual agreements, regulatory approvals and other conditions (as the case maybe), there is no certainty that any or all of the abovementioned potential acquisitions will materialise.

Acquisition opportunities will be evaluated against the following investment criteria:

- *Rental Yield*
We will seek to acquire properties that are potentially yield-accretive for Unitholders.
- *Occupancy and Tenant Characteristics*
We will seek to acquire properties with high occupancy, strong existing tenants, or with the potential for higher rental and tenant retention rates relative to competing properties in their respective micro-markets. In addition, tenant credit quality will be assessed in order to minimise delinquency.
- *Location*
We will target properties with excellent location characteristics such as convenient access and proximity to major roads, highways and public transportation network. We also intend to diversify our property portfolio to include income-generating Commercial Properties outside Cyberjaya, including Kuala Lumpur, Klang Valley, Penang, Johor and other developed parts of Malaysia.
- *Value-adding Opportunities*
We will also seek opportunities to acquire properties with asset enhancement or value-adding potential through active asset management, selective renovation or other asset enhancements.
- *Building and Facilities Specifications*
We will acquire buildings with good quality specifications which are in compliance with building and zoning regulations. We may rely on reports submitted by independent experts relating to:
 - (i) structural soundness of the building;
 - (ii) maintenance, repairs and capital expenditure requirements; and
 - (iii) boundary encroachment issues.

These reports will be used to assess building conditions and expected levels of capital expenditure in the short to medium term.

(iii) Portfolio Management

We intend to hold QCT's investments on a long-term basis. However, at the appropriate time, we will recommend an adjustment of the portfolio mix through acquisition or sale of one or more of the Authorised Investments or Commercial Properties with the objective of maximising total returns to Unitholders. The proceeds from such a sale would be either redeployed to purchase other attractive Authorised Investments or, in the absence of appropriate investments, distributed to Unitholders.

6. DETAILED INFORMATION ON QCT (Cont'd)

(b) Active Asset Management Strategy

We intend to implement strategies with the objective of enhancing the attractiveness of QCT's existing commercial space and correspondingly maximising returns through increased net property yields, via active asset management.

We intend to increase the property yield of existing commercial space and correspondingly maximising returns from the existing commercial space by implementing the following:

(i) Maximise Tenant Retention

A key component of our strategy in maintaining occupancy levels, especially for built-to-suit properties, is to strengthen tenant relationships through pro-active tenant management and efficient property related services. Maintaining higher tenant retention levels will minimise interruptions to rental income as well as reducing the cost associated with marketing and leasing space to new tenants.

We also intend to manage lease renewals effectively and minimise void periods arising from either lease expiries or early terminations. This may be achieved through:

- (i) Setting and achieving optimal rental benchmarks for each property;
- (ii) Advancing lease negotiations with tenants whose leases are due for expiry;
- (iii) Attempting to have new tenants lined up in preparation of vacant space; and
- (iv) Monitoring rent arrears to minimise defaults by tenants.

(ii) Diversify Tenant Base

QCT's property portfolio may include multi-tenanted Commercial Properties in future as we acquire properties on behalf of QCT. In so doing, we will at the same time seek to manage exposure of the entire portfolio to any one location and business sector of the economy and seek to further diversify the portfolio's tenant base to balance exposure to certain business sectors that are more susceptible to general economic cycles. We also aim to continually improve the tenant mix and manage specific business sector tenancy risk in order to maintain a stable cash flow.

(iii) Proactive Marketing Plans

We will develop proactive marketing plans for each individual property (current and future) of QCT. Each plan will focus on property-specific needs for maximising tenant interest and public profile and visibility of the building with a view to enhancing the value of the assets. We will also leverage on Quill Group of Companies' proven track record in attracting new quality multinational tenants to set up operations in the MSC in Cyberjaya.

(iv) Continued Minimisation of Property Expenses

In order to deliver optimal returns, we will ensure that the property manager strives to minimise property expenses without compromising quality of services. These expenses will include those incurred for the maintenance of common areas, property taxes and property insurance. To minimise cost, we will work together with the property manager to implement measures aimed at achieving economies of scale from operating a portfolio of properties.

6. DETAILED INFORMATION ON QCT (Cont'd)

(v) Asset Enhancement

We will work with the property manager to constantly improve and maintain the quality and physical condition of the properties in QCT's portfolio. In addition, smaller improvements will be undertaken to improve the quality and yield of the buildings. Such improvements may include, but are not limited to, improvements to the interior and exterior signage, lighting, restroom facilities, security, parking bays and other common property.

Prior to undertaking any asset improvement work, we will conduct detailed technical market and financial studies, to ensure the feasibility and commercial value of such improvements.

(c) Capital Management Strategy

We intend to employ appropriate debt and equity financing policies in financing acquisitions and/or asset enhancements, and utilise appropriate hedging strategies to optimise risk adjusted returns to Unitholders.

We aim to optimise QCT's capital structure and cost of capital within the borrowing limits set out in the REIT Guidelines and intend to use a combination of debt and equity to fund future acquisitions and improvement works.

Our capital management strategy involve:

- adopting and maintaining an optimal gearing level; and
- adopting an active interest rate management strategy to manage the risks associated with changes in interest rates.

(i) Debt Facilities

QCT via powers vested in the Trustee through its wholly-owned special purpose vehicle, GCSB, established a seven (7) year RM118,000,000 CP/MTN Programme to raise debt funding from the PDS market. To facilitate the application to the SC for approval of the CP/MTN Programme, GCSB was incorporated on 3 August 2006 prior to the establishment of QCT with all its shareholdings held by the Trustee as the nominated trustee of QCT. All funds raised by the special purpose vehicle would be on-lent to QCT to part-finance its Acquisitions and the acquisition of other real estate and/or single purpose companies.

The CPs and the MTNs are rated by Malaysian Rating Corporation Bhd ("MARC") as follows:

- (i) Class A notes: RM87 million carrying a rating of MARC-1/AAA;
- (ii) Class B notes: RM16 million carrying a rating of MARC-1/AA; and
- (iii) Class C notes: RM15 million carrying a rating of MARC-1/A.

The CP/MTN Programme allows flexibility in raising short term or medium term funding at floating and/or fixed rates in response to liquidity requirements and the changing interest rate environment. Tapping into the PDS market provides QCT with a broader range of funding options beyond conventional bank borrowings.

6. DETAILED INFORMATION ON QCT (Cont'd)

(ii) Debt Strategy

In accordance with the Deed and the REITs Guidelines, the total borrowings of QCT shall not exceed 50% of the total asset value (or such other level permitted under REITs Guidelines from time to time) at the time the borrowings are incurred. However as allowed under the REITs Guidelines, the Fund's total borrowings may exceed this limit with the prior approval of the Unitholders.

Upon Listing, QCT will have an initial gearing of RM89,000,000 representing approximately 31.35% of its estimated total asset value of RM283,906,000. By adopting this initial gearing level, we believe that QCT will maintain operating flexibility when considering future acquisition opportunities and capital expenditure requirements.

We believe that, where appropriate, high investment grade rated debt should be used as the core debt funding mechanism for QCT because of the low re-financing risk associated with the issuance of high investment grade debt.

(iii) Active Interest Rate Management

We will adopt an active interest rate management policy to manage the risks associated with changes in interest rates on the above facilities while also seeking to ensure that QCT's ongoing cost of debt capital remains competitive.

In this respect, we may from time-to-time enter into various interest rate swap instruments with various financial institutions comprising various tenures to minimise the cost of capital.

(iv) Distribution Policy

In accordance to the Deed, the distribution policy of QCT is to distribute at least 90% (or such lower percentage at our discretion) of the distributable income to Unitholders. We intend to make distributions to Unitholders on at least a semi-annual basis (or such other intervals as we may determine) and such distributions will be paid within two (2) months after the respective book closure date. With respect to QCT's first distribution after the Listing, the distribution period shall be from the date of full payment of the Subject Properties to 31 December 2006, and shall be paid to Unitholders within two (2) months thereafter.

Barring any unforeseen circumstances, we intend to distribute 100% of the distributable income of QCT for the next three (3) financial years.

Based on the estimate and forecast consolidated earnings before taxation of approximately RM1.17 million and RM14.32 million for FYE 31 December 2006 and FYE 31 December 2007, respectively and a distribution of 100% of estimate and forecast consolidated earnings before taxation, our Directors anticipate that, in the absence of unforeseen circumstances, we will be in a position to propose a dividend of 0.49 sen per unit and 6.00 sen per unit for FYE 31 December 2006 and FYE 31 December 2007, respectively based on 238,691,000 units in issue.

Any monies payable to a Unitholder pursuant to its entitlement of the QCT's distribution which remain unclaimed after a period of 1 year shall be accumulated in a special account and lodged with the Registrar of Unclaimed Monies by us or the Trustee. The Trustee shall maintain a record of all unclaimed moneys at its principal place of business in accordance with the provisions of the Unclaimed Monies Act, 1965.

6. DETAILED INFORMATION ON QCT (Cont'd)

6.2.3 Investment Policy Guidelines

The investments of QCT are, subject to the following investment limits imposed by the REITs Guidelines:

- (a) at least 75% of the listed fund's total assets shall be invested in real estate, single-purpose companies, real estate-related assets or liquid assets;
- (b) at least 50% of the listed fund's total assets must be invested in real estate or single-purpose companies;
- (c) the remaining 25% of the listed fund's total assets may be invested in other assets (i.e. real estate-related assets, non- real estate-related assets or asset-backed securities); and
- (d) such other limits and investments as may be permitted by the SC or REITs Guidelines.

The list of authorised investments of QCT is as follows:

- (a) Real estate;
- (b) Single purpose;
- (c) Real estate-related assets;
- (d) Liquid assets;
- (e) Non-real estate related assets;
- (f) Asset-backed securities; and
- (g) Any other investment not covered by item (a) to (f) above but specified as a permissible investment in the REITs Guidelines or otherwise permitted by the SC.

The real estate assets shall be revalued at least once every three (3) years from the last valuation date or as the REITs Guidelines may stipulate. All valuations will be conducted on the basis and methods which are in accordance with Asset Valuation Guidelines on REITs.

In the event QCT diversifies its investment portfolio to other authorised investments (other than real estate assets), the basis of valuation of such investment shall be carried out in accordance with the provisions of the Deed and the REITs Guidelines.

6.2.4 Competitive Strategies

We believe that the Subject Properties enjoy the following competitive strengths:

- (a) **Strategic Location.** The Subject Properties are strategically located in Cyberjaya, the nucleus of Malaysia's MSC. Cyberjaya is earmarked by the Malaysian government as Malaysia's equivalent to 'Silicon Valley' in the United States, and the relevant ministries and authorities have been actively promoting Cyberjaya as a city of the future and a suitable home to information and communications technology ("ICT") and business process outsourcing ("BPO") companies.
- (b) **Quality Tenant Base.** The major tenants of the Subject Properties are mainly subsidiaries of MNCs including:
 - (i) Asia Pacific Information Services Sdn Bhd, a wholly-owned subsidiary of DHL Worldwide Express B.V.;
 - (ii) HSBC Electronic Data Processing (Malaysia) Sdn Bhd, a wholly-owned subsidiary of HSBC Overseas Holdings (UK) Limited;
 - (iii) BMW Asia Technology Centre Sdn Bhd;
 - (iv) BMW Malaysia Sdn Bhd;
 - (v) Affiliated Computer Services Malaysia Sdn Bhd;
 - (vi) Panasonic R & D Centre Malaysia Sdn Bhd; and
 - (vii) TRW Automotive Services Sdn Bhd.

6. DETAILED INFORMATION ON QCT (Cont'd)

- (c) **High Occupancy Levels With Step-Up Rental Rates.** As at date of Listing, the occupancy of the Subject Properties is 100%. In addition, the majority of the tenancy and/or lease agreements for the Subject Properties contain provisions for step-up rental rates over the tenancy/lease period.
- (d) **The Subject Properties are located on lands alienated with a term in perpetuity.**

6.3 Investor Profile

Investments in REITs are generally less risky than direct investments in real estate, investments in shares and investments in financial derivatives. Investments in REITs are generally riskier than investments in bonds or fixed deposits. REITs may appeal to a conservative to moderate investor with a long-term investment horizon who seeks regular distribution of income and long-term capital growth.

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7. SUBJECT PROPERTIES

7.1 Acquisitions By QCT

On 17 October 2006, Mayban Trustee entered into the Conditional SPAs with each of the Vendors for the Acquisitions for a total purchase consideration of RM276,000,000.

The said purchase consideration was satisfied as follows:

- (a) issuance of 232,500,000 new Units in QCT to the Vendors at the issue price of RM0.80 per Unit (“Consideration Units”); and
- (b) cash payment amounting to RM90,000,000 raised from the CP/MTN Programme by GCSB, a wholly-owned special purpose vehicle by QCT.

Details of the number of Units issued to each of the respective Vendors and their respective cash consideration pursuant to the Acquisitions are as follows:

Vendors	Subject Properties	Value of Units to be issued Units	Value of Units to be issued RM	Amount of cash to be paid RM	Purchase consideration RM
QPSB	Quill Bulding 1 - DHL 1	53,250,000	42,600,000	9,500,000	52,100,000
QLSB	Quill Building 2 - HSBC	96,875,000	77,500,000	30,000,000	107,500,000
QESB	Quill Building 3 - BMW	44,250,000	35,400,000	24,000,000	59,400,000
QPSB	Quill Building 4 - DHL 2	38,125,000	30,500,000	26,500,000	57,000,000
Total		232,500,000	186,000,000	90,000,000	276,000,000

The total purchase consideration for the Acquisitions of RM276,000,000 was arrived at, after taking into consideration the market value of the Subject Properties amounting to an aggregate of RM280,000,000. The total purchase consideration for the Acquisitions of RM276,000,000 represents an overall discount of approximately 1.43% to the market value of the Subject Properties.

The market value of the Subject Properties was independently valued by Messrs CH Williams Talhar & Wong Sdn Bhd on 24 February 2006 using a combination of investment and comparison methods of valuation. For details of the valuation, please refer to the valuation certificates as set out in Section 14 of this Prospectus.

For further details on the principal terms of the Conditional SPAs, please refer to Section 7.4 of this Prospectus.

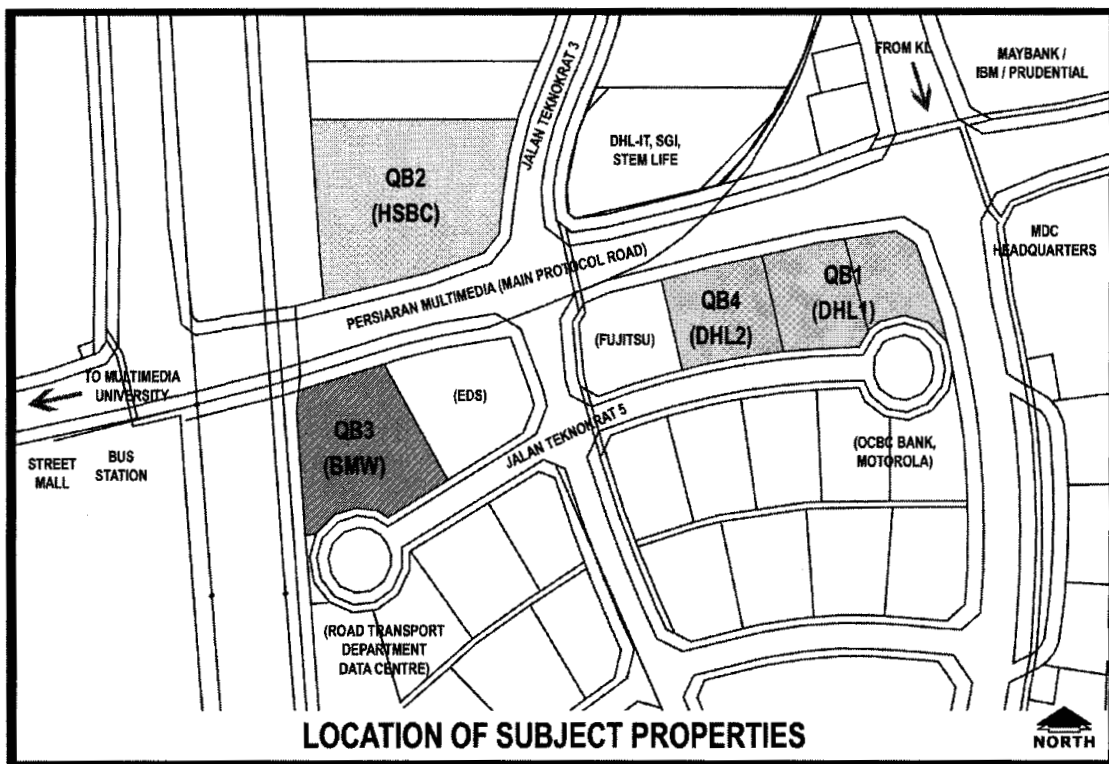
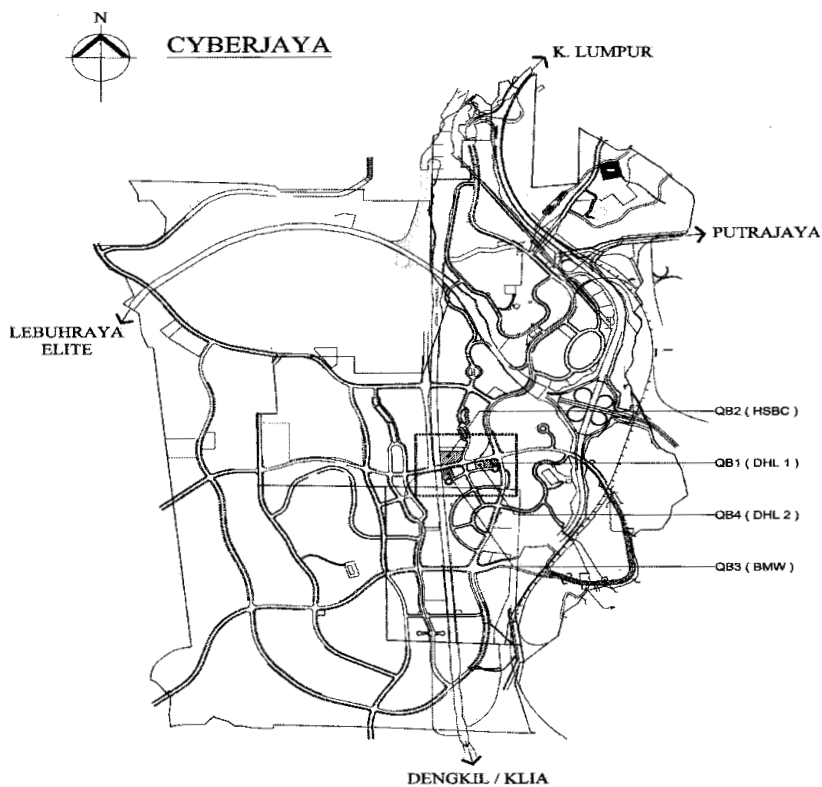
7.2 Overview Of Subject Properties

QCT’s initial property portfolio consists of four (4) properties as set out below:

- Quill Building 1 - DHL 1;
- Quill Building 2 - HSBC;
- Quill Building 3 - BMW; and
- Quill Building 4 - DHL 2.

7. SUBJECT PROPERTIES (Cont'd)

(a) Location map of the Subject Properties



As at the LPD, the Subject Properties has a total Net Lettable Area of 493,118 sq ft with an occupancy rate of 100%.

7. SUBJECT PROPERTIES (Cont'd)

(b) Gross income, outgoings and net income

The total gross income of the Subject Properties for the FYE 31 December 2005 is RM14,305,718 with Quill Building 2 - HSBC, being the largest contributor to the total gross income of the Subject Properties.

The gross income, outgoings and net income of the Subject Properties for the FYE 31 December 2005 is as set out below:

Total Net Lettable Area (sq ft)	<----- For the FYE 31 December 2005 ----->					
	Total Gross income		Total Outgoings		Total Net income	
	RM	(%)	RM	(%)	RM	(%)
493,118	14,305,718	100.0	2,151,879	100.0	12,153,839	100.0

The rental rates for the Subject Properties are fixed in advance with agreed step-up rates for the whole tenure of the lease period and any extension of lease are subject to review and renegotiation based on the then prevailing market rental rate.

(c) Average rental rates of the Subject Properties

The following table depicts the average estimate, forecast and projected rental rates of the Subject Properties:

	<----- For the FYEs 31 December ----->			
	2006	2007	2008	2009
Gross Rental Revenue ⁽¹⁾ (RM'000)	21,107	23,845	24,309	25,578
Total Net Lettable Area	493,118	493,118	493,118	493,118
Approximate Average Rental Rates (RM psf/mth)	3.57	4.03	4.11	4.32

Note:

(1) Tenancy commencement dates of the Subject Properties are as follows:

Subject Property	Tenancy Commencement Date(s)
Quill Building 1 - DHL 1	1 April 2002
Quill Building 2 - HSBC	10 November 2003
Quill Building 3 - BMW*	1 December 2004, 25 October 2005, 27 March 2006, 1 July 2006 and 1 September 2006
Quill Building 4 - DHL 2	1 January 2006

* Tenancy commencement of various tenants.

For information on the comparative gross rental rates in selected areas in Klang Valley (including Cyberjaya), kindly refer to Section 5.2.2 of the Independent Property Market Report as set out in Section 15 of this Prospectus.

7. SUBJECT PROPERTIES (Cont'd)

(d) Tenant profile

The tenant profile of each of the Subject Properties as at LPD is set out below:

Subject Properties	Sector	Tenancy expiry date	Lease period (years)	Net Lettable Area (sq ft)	% of respective Subject Properties' Net Lettable Area (%)	% of respective Subject Properties' Gross Rental Income (%)
Quill Building 1 - DHL 1						
1 Asia Pacific Information Services Sdn Bhd	Logistics	31 March 2009	7 + 3	92,284	100	100
Quill Building 2 - HSBC						
1 HSBC Electronic Data Processing (Malaysia) Sdn Bhd	Banking	9 November 2009	6 + 3 + 2	184,453	100	100
Quill Building 3 - BMW						
1 BMW Asia Technology Centre Sdn Bhd	Automotive	30 November 2009	5 + 3 + 3	8,702 + 13,200	18.7	18.8
2 BMW Malaysia Sdn Bhd	Automotive	30 November 2009	5 + 3 + 3	13,200	11.3	12.2
3 Affiliated Computer Services Malaysia Sdn Bhd	Information Technology	24 October 2010	5 [^] + 3	13,300	11.3	10.6
4 Panasonic R&D Centre Malaysia Sdn Bhd	Consumer Products	26 March 2010	4 [^] + 3	10,118	8.6	8.0
5 TRW Automotive Services Sdn Bhd	Automotive	31 August 2011	5 + 5 + 5	27,094	23.1	22.2
6 Quill Construction Sdn Bhd	Construction	31 August 2011	5 + 3 + 3	31,584	27.0	28.2
Quill Building 4 - DHL 2						
1 Asia Pacific Information Services Sdn Bhd	Logistics	31 December 2012	7 + 3	99,183	100	100

Note:

[^] Lessee has an option to terminate the lease on the last day of the 3rd year of the initial period.

Further details of the tenants' profile are set out in Section 6 of the Independent Property Market Report in Section 15 of this Prospectus.

7. SUBJECT PROPERTIES *(Cont'd)*

(e) **Lease expiries and renewals**

Most of the leases are for an initial period of up to five (5) years with an option to renew for another term of three (3) years. Shorter or longer-term leases may be negotiated and accommodated on a case-to-case basis.

(f) **Lease management**

Upon commencement of each lease, tenants of the Subject Properties typically pay the first month rental in advance as well as a security deposit equivalent to three (3) to twelve (12) months rental and a utility deposit in the amount specified in the respective agreements. Tenants shall pay the rent in advance on a monthly basis within the first seven (7) days from the rental due dates.

(g) **Expansion and renovation of the Subject Properties**

As most of the Subject Properties are relatively new, we do not foresee any major capital expenditure to be incurred by the Fund in the immediate future.

7.3 Details Of Subject Properties

7.3.1 QUILL BUILDING 1 – DHL 1

The details of Quill Building 1 - DHL 1 are as follows:

Vendor	:	QPSB
Postal address	:	3509 & 3511 Jalan Teknokrat 5 63000 Cyberjaya Selangor
Description	:	A four (4) storey office building with a sub-basement and a basement car park
Accessibility	:	The subject property is located about 40 kilometres by road to the south of Kuala Lumpur City Centre. The subject property is accessible from Kuala Lumpur City Centre via the North-South Expressway heading to Seremban, exiting at either UPM (University Putra Malaysia) / Serdang / Kajang toll and thereafter onto highway showing directional signs towards Cyberjaya. Thereafter via the Cyberjaya exit which naturally joins onto the B15 highway and thereafter onto Persiaran Multimedia and Jalan Teknokrat 5.
Immediate surrounding properties	:	Surrounding the subject property are the offices of BMW, EDS, FUJITSU, HSBC and the headquarters of MSC. Other office developments in the vicinity include Ericsson, Wisma Shell Malaysia as well as the MCMC. Cyberview Lodge is located to the east of the subject property.
Category of land use	:	Building
Year of completion	:	2002
Tenure	:	Term in perpetuity
Existing use	:	Commercial building
Provisional land areas	:	0.9716 hectare (9,716 square metres) as at the date of valuation of 24 February 2006

7. SUBJECT PROPERTIES (Cont'd)

Surveyed land areas	:	9,713 square metres (based on private search as at 14 November 2006)
Net lettable area and number of car parks (per the Tenancy Agreement dated 4 October 2000)	:	92,284 sq ft/ 315 car parks
Purchase price	:	RM52,100,000
Appraised value	:	RM53,100,000
Date of valuation	:	24 February 2006. Quill Building 1 – DHL 1 shall be revalued at least once every three (3) years, or at such other times as required under the REITs Guidelines.
Encumbrances and other endorsement (based on private search as at 14 November 2006)	:	<p>Charged to Overseas Union Bank (Malaysia) Berhad via Presentation Number: 59890/2001, registered on 1 October 2001.</p> <p>Presentation Number: 29896/2002, Vesting Order by Court in relation to charged Presentation Number: 59890/2001 from Overseas Union Bank (Malaysia) Berhad to United Overseas Bank (Malaysia) Berhad pursuant to Order Number: D1-24-1-2002 under Section 420 of the National Land Code, registered on 19 July 2002.</p> <p>It is intended for the above existing charge to be discharged and thereafter this property is to be charged to the security agent of the CP/MTN Programme to secure the CP/MTN Programme.</p>
Restriction in interest	:	The land cannot be transferred, leased or charged without the permission of the state governing authority.
Other conditions imposed	:	Majlis Daerah Sepang has set out a condition in its letter dated 9 January 2001 that Lot No. PT 12075 (presently Lot 32990) and Lot No. PT 12076 (presently Lot 32991) are to be amalgamated (“Amalgamation”). The Conditional SPA for the acquisition of Quill Building 1 – DHL 1 provides that QPSB shall take the necessary steps for the application of approval to the relevant authority for the Amalgamation provided always that the application process for the Amalgamation must be submitted within six (6) months from the completion date of the Conditional SPA for the acquisition of Quill Building 1 – DHL 1.

7.3.2 QUILL BUILDING 2 - HSBC

The details of Quill Building 2 - HSBC are as follows:

Vendor	:	QLSB
Postal address	:	3500 Jalan Teknokrat 3 63000 Cyberjaya Selangor
Description	:	A four (4) storey office building with a sub-basement car park
Accessibility	:	The subject property is located about 40 kilometres by road to the south of Kuala Lumpur City Centre.

7. SUBJECT PROPERTIES (Cont'd)

The subject property is accessible from Kuala Lumpur City Centre via the North-South Expressway heading to Seremban, exiting at either UPM (University Putra Malaysia) / Serdang / Kajang toll and thereafter onto highway showing directional signs towards Cyberjaya. Thereafter via the Cyberjaya exit which naturally joins onto the B15 highway and thereafter onto Persiaran Multimedia and Jalan Teknokrat 3.

Immediate surrounding properties	:	Located to the immediate south and south-east of the subject property are the offices of BMW, EDS, FUJITSU, DHL Express and the headquarters of MSC. Other office developments in the vicinity include the Ericsson, Wisma Shell Malaysia as well as the MCMC. Cyberview Lodge is located to the east of the subject property.
Category of land use	:	Building
Year of completion	:	2003
Tenure	:	Term in perpetuity
Existing use	:	Commercial building
Land area valued for Quill Building 2 – HSBC	:	2.0440 hectares (20,440 square metres)
Provisional land area	:	2.6921 hectares (26,921 square metres) as at the date of valuation of 24 February 2006
Surveyed land area	:	26,651 square metres (based on private search as at 14 November 2006)
Net lettable area and number of car parks (as per Agreement To Lease dated 16 October 2003)	:	184,453 sq ft/ 194 covered car parks and 311 uncovered car parks
Purchase price	:	RM107,500,000
Appraised value	:	RM109,000,000
Date of valuation	:	24 February 2006. Quill Building 2 – HSBC shall be revalued at least once every three (3) years, or at such other times as required under the REITs Guidelines.
Encumbrances and other endorsements (based on private search as at 14 November 2006)	:	Charged to HSBC Bank Malaysia Berhad via Presentation Number: 66270/2004, registered on 28 September 2004. Charged to HSBC Bank Malaysia Berhad via Presentation Number: 20825/2006, registered on 27 March 2006. The whole piece of land is leased to HSBC Electronic Data Processing (Malaysia) Sdn Bhd via Presentation Number: 20826/2006, registered on 27 March 2006.
Restriction in interest	:	It is intended for the above existing charges to be discharged and thereafter this property is to be charged to the security agent of the CP/MTN Programme to secure the CP/MTN Programme. The land cannot be transferred, leased or charged without the permission of the state governing authority.

7. SUBJECT PROPERTIES (Cont'd)

Further information : The building was built on part of Lot 33042 (previously Lot No. PT 12063), Mukim of Dengkil, District of Sepang, Selangor. The provisional land area for Lot 33042 (previously Lot No. PT 12063), Mukim of Dengkil, District of Sepang, Selangor is 26,921 square metres ("Land"). The Land will be subdivided into two (2) portions ("Sub-Division"), i.e. the northern portion which measures approximately 6,481 square metres ("Excluded Portion") and the southern portion which measures approximately 20,440 square metres, on which the Quill Building 2 - HSBC is erected on.

The Conditional SPA for the acquisition of Quill Building 2 – HSBC provides that upon notification in writing by the Trustee or the CP/MTN Programme's solicitors to QLSB that the new individual issue document of title of the amalgamated lands pursuant to the amalgamation process for Quill Building 1 – DHL 1 and Quill Building 4 – DHL 2 ("Notification") has been issued, QLSB shall take the necessary steps for the application to the State Authority for the Sub-Division and the issuance of separate titles in respect of the Excluded Portion and the Quill Building 2 – HSBC portion. The application process for the Sub-Division must be submitted within six (6) months from the date QLSB receives the Notification.

7.3.3 QUILL BUILDING 3 - BMW

The details of Quill Building 3 - BMW are as follows:

Vendor : QESB

Postal address : 3501
Jalan Teknokrat 5
63000 Cyberjaya
Selangor

Description : A four (4) storey office building together with one (1) level of sub-basement and one (1) level basement car park

Accessibility : The subject property is located about 40 kilometres by road to the south of Kuala Lumpur City Centre.

The subject property is accessible from Kuala Lumpur City Centre via the North-South Expressway heading to Seremban, exiting at either UPM (University Putra Malaysia) / Serdang / Kajang toll and thereafter onto highway showing directional signs towards Cyberjaya. Thereafter via the Cyberjaya exit which naturally joins onto the B15 highway and thereafter onto Persiaran Multimedia, Jalan Teknokrat 4 and Jalan Teknokrat 5.

Immediate surrounding properties : Located to the immediate north and south-east of the subject property are the offices of HSBC, EDS, FUJITSU, DHL Express and the headquarters of MSC. Other office developments in the vicinity include Ericsson, Wisma Shell Malaysia as well as the MCMC. Cyberview Lodge is located to the east of the subject property.

Category of land use : Building

Year of completion : 2004

7. SUBJECT PROPERTIES (Cont'd)

Tenure	:	Term in perpetuity
Existing use	:	Commercial building
Provisional land area	:	1.0615 hectares (10,615 square metres) as at the date of valuation of 24 February 2006
Net lettable area and number of car parks (as per Valuation Report dated 10 July 2006)	:	117,198 sq ft/ 216 covered car parks and 97 uncovered car parks
Purchase price	:	RM59,400,000
Appraised value	:	RM60,200,000
Date of valuation	:	24 February 2006. Quill Building 3 – BMW shall be revalued at least once every three (3) years, or at such other times as required under the REITs Guidelines.
Encumbrances and other endorsements (based on private search as at 14 November 2006)	:	Transfer of land ownership by Cyberview Sdn Bhd to Quill Estates Sdn Bhd via Presentation Number: 9811/2005, registered on 25 February 2005. Charged to EON Bank Berhad via Presentation Number: 9812/2005, registered on 25 February 2005. Quit rent amendment via Presentation Number: 18102/2005, registered on 18 July 2005. Private caveat entered by Affiliated Computer Services Malaysia Sdn Bhd via Presentation Number: 48014/2005, registered on 28 November 2005. The withdrawal of this caveat has been presented to the relevant land registry. It is intended for the above existing charge to be discharged and thereafter this property is to be charged to the security agent of the CP/MTN Programme to secure the CP/MTN Programme.
Restriction in interest	:	The land cannot be transferred, leased or charged without the permission of the state governing authority.

On 16 September 2006, Quill Building 3 – BMW was awarded the winner for PAM 2006 Awards for Excellence in Architecture under the category for commercial building by Pertubuhan Akitik Malaysia (PAM).

7.3.4 QUILL BUILDING 4 – DHL 2

The details of Quill Building 4 - DHL 2 are as follows:

Vendor	:	QPSB
Postal address	:	3504 Jalan Teknokrat 5 63000 Cyberjaya Selangor
Description	:	A four (4) storey office building with sub-basement and 2-level basement car parks

7. SUBJECT PROPERTIES (Cont'd)

Accessibility	:	<p>The subject property is located about 40 kilometres by road to the south of Kuala Lumpur City Centre.</p> <p>The subject property is accessible from Kuala Lumpur City Centre via the North-South Expressway heading to Seremban, exiting at either UPM (Universiti Putra Malaysia) / Serdang / Kajang toll and thereafter onto the highway showing directional signs towards Cyberjaya. Thereafter via the Cyberjaya exit which naturally joins onto the B15 highway and thereafter onto Persiaran Multimedia and Jalan Teknokrat 5.</p>
Immediate surrounding properties	:	<p>Surrounding the subject property are the offices of BMW, EDS, FUJITSU, DHL Express, HSBC and the headquarters of MSC. Other office developments in the vicinity include Ericsson, Wisma Shell Malaysia as well as the MCMC. Cyberview Lodge is located to the east of the subject property.</p>
Category of land use	:	<p>Building</p>
Year of completion	:	<p>2005</p>
Tenure	:	<p>Term in perpetuity</p>
Existing use	:	<p>Commercial building</p>
Provisional land area	:	<p>0.623 hectares (6,230 square metres) as at the date of valuation of 24 February 2006</p>
Surveyed land area	:	<p>6,229 square metres (based on private search as at 14 November 2006)</p>
Net lettable area and number of car parks (as per Agreement to Lease dated 19 th October 2005)	:	<p>99,183 sq ft/ 298 covered car parks and 11 uncovered car parks</p>
Purchase price	:	<p>RM57,000,000</p>
Appraised value	:	<p>RM57,700,000</p>
Date of valuation	:	<p>24 February 2006. Quill Building 4 – DHL 2 shall be revalued at least once every three (3) years, or at such other times as required under the REITs Guidelines.</p>
Encumbrances and other endorsement (based on private search as at 14 November 2006)	:	<p>Charged to EON Bank Berhad via Presentation Number: 44129/2005, registered on 27 June 2005.</p> <p>It is intended for the above existing charge to be discharged and thereafter this property is to be charged to the security agent of the CP/MTN Programme to secure the CP/MTN Programme.</p>
Restriction to interest	:	<p>The land cannot be transferred, leased or charged without the permission of the state governing authority.</p>

7. SUBJECT PROPERTIES (*Cont'd*)

Other conditions imposed : Majlis Perbandaran Sepang has set out a condition in its letter dated 28 September 2005 that Lot PT 12074 (presently Lot 32989) and Lot PT 12075 (presently Lot 32990) are required to be amalgamated ("Amalgamation"). The Conditional SPA for the acquisition of Quill Building 4 – DHL 2 provides that QPSB shall take the necessary steps for the application of approval to the relevant authority for the Amalgamation provided always that the application process for the Amalgamation must be submitted within six (6) months from the completion date of the Conditional SPA for the acquisition of Quill Building 4 – DHL 2.

7.4 Salient Terms Of The Conditional SPAs Relating To The Acquisitions By QCT

The principal terms and conditions of the Conditional SPAs for the Subject Properties are summarised below:

- (a) The Subject Properties acquired under each Conditional SPA comprises of:
 - (i) the land for the Subject Properties;
 - (ii) the shell and core of the buildings on the Subject Properties;
 - (iii) the plant and equipment in the Subject Properties;
 - (iv) interest in all leases, tenancies and contracts entered with third party service provider (which will be novated to the Trustee upon the completion of the Acquisition); and
 - (v) all conditions of title and restrictions-in-interest affecting each of the Subject Properties.
- (b) Specific representations and warranties about the Subject Properties, leases, tenancies and the contracts with the third party service providers are made by each Vendor of the Subject Properties.
- (c) The Conditional SPAs of the Acquisitions are interdependent and the completion of each Conditional SPA is subject to the simultaneous completion of all the other Conditional SPAs.
- (d) The Acquisitions are conditional upon the following main conditions precedent:
 - (i) the approval of the Board of Directors' of the Vendor and the Trustee and the shareholders of the Vendor and the Trustee (if required) for the sale and purchase of the Subject Properties on the terms and subject to conditions of the Conditional SPA;
 - (ii) the consent of the relevant State Authority for the transfer of the Sale Property from the Vendor to the purchaser in compliance with the restriction-in-interest;
 - (iii) the approval of the SC for the establishment of the CP/MTN Programme and the issuance of CP/MTN;
 - (iv) the consent of the relevant State Authority for the charge of the Sale Property by the Purchaser to the trustee for the CP/MTN Programme in compliance with the restriction-in-interest;
 - (v) the obtaining of the approval in principle from Bursa Securities for the Listing;
 - (vi) the delivery by the Vendor to the Solicitors, the valid, stamped and registrable discharge of the Vendor's Financier's Charge, the duplicate charge in respect of the Vendor's Financier's Charge, the original issue document of title to the Land, the then current quit rent and assessment receipt in respect of the Land, all other documents (if any) as may be necessary for the registration of the Discharge and the duly stamped and effected revocation of the Deed of Assignment and the Debenture;

7. SUBJECT PROPERTIES (Cont'd)

- (vii) the confirmation of the Purchaser that the conditions precedent for all the Conditional SPAs have been satisfied or have been waived by the relevant party (other than those conditions precedent which can only be satisfied on, upon or after the completion date);
 - (viii) the fulfillment of all the conditions of the approval of the SC for the Fund, the approval of the Foreign Investment Committee for the Fund and the approval of Bursa Securities for the Listing (other than those condition which are only capable of fulfillment on, upon or after the completion date).
- (e) Completion of the Acquisitions will take place on a date which is no later than thirty (30) business days from the date of notification that the last condition precedent is fulfilled or such other date as the parties may mutually agree in writing. The Vendors agree that the said completion will take place notwithstanding the cash portion of the consideration will only be paid after the issuance of the CP/MTN, which will be paid no later than one (1) month from the completion of the Acquisition after the agreed completion of the Acquisitions.
- (f) Upon completion:
 - (i) legal possession of the Subject Properties and the plant and equipments is delivered to the Trustee (this will take place on the completion date);
 - (ii) all existing tenancies and leases are novated to the Trustee (this will take place on the completion date) and all the deposits payable under the tenancies and leases which are capable of being handed over to the Trustee will be handed over by the Vendors to the Trustee and the Trustee will thereon be entitled to the rental paid for the tenancies and leases (this will take place on the day full payment of the purchase price is made); and
 - (iii) the Vendors will deliver to the Trustee all relevant documents in the custody of the Vendor in respect of the Subject Properties such as the certificate of fitness for occupation, the building plan and lay-out plan, the original quit rent and assessment receipt and the warranties, guarantees and insurances for the plants and equipment (this will take place within seven (7) business days from the completion date).
- (g) The Conditional SPAs contains a right of first refusal to Quill Group of Companies for a period of seven (7) years from the completion date to undertake any development, construction, renovation or fit-out works in connection with the Subject Properties.
- (h) The Conditional SPA for Quill Building 1 – DHL 1 contains a provision for the amalgamation of the two (2) lands on which the building is situated on and the amalgamation will be undertaken by the QPSB where all costs and expenses for the amalgamation shall be borne by the QPSB.
- (i) The Conditional SPA for Quill Building 2 – HSBC contains a provision for the subdivision of the land whereby the QLSB is to undertake a sub-division process sub-dividing the land into two portion i.e. the portion sold under the sale and purchase agreement and the portion which continues to be the property of the QLSB. All costs and expenses for the sub-division are borne by the QLSB.
- (j) The Conditional SPA for Quill Building 3 – BMW contains a specific condition precedent requiring the application for the consent of a few of the lessees for the charging of the land in favour of the trustee for the CP/MTN as the existing lease/tenancy agreements requires for such consent to be obtained.
- (k) The Conditional SPA for Quill Building 4 - DHL 2 contains a provision for the amalgamation of the land for Quill Building 4 – DHL 2 and the land for Quill Building 1 – DHL 1 and the amalgamation, if it continues to be a requirement of the relevant authority, will be undertaken by the QPSB where all costs and expenses for the amalgamation shall be borne by the QPSB.

8. RISK FACTORS

YOU SHOULD CAREFULLY CONSIDER THE FOLLOWING RISK FACTORS, ALONG WITH THE OTHER INFORMATION CONTAINED ELSEWHERE IN THIS PROSPECTUS, BEFORE INVESTING IN THE UNITS. THE RISK FACTORS SET OUT BELOW, WHICH MAY NOT BE EXHAUSTIVE, MAY HAVE A SIGNIFICANT IMPACT ON THE FUTURE OPERATIONS AND PERFORMANCE OF QCT. ADDITIONAL RISKS, WHETHER KNOWN OR UNKNOWN, MAY IN THE FUTURE HAVE A MATERIAL ADVERSE EFFECT ON QCT OR THE PRICE OF UNITS.

AS AN INVESTMENT IN A COLLECTIVE INVESTMENT SCHEME IS MEANT TO PRODUCE RETURNS OVER THE LONG-TERM, YOU SHOULD NOT EXPECT TO OBTAIN SHORT-TERM GAINS.

YOU SHOULD BE AWARE THAT THE PRICE OF THE UNITS MAY FALL OR RISE, YOU SHOULD ALSO NOTE THAT YOU MAY NOT GET BACK YOUR ORIGINAL INVESTMENT AND THAT YOU MAY NOT RECEIVE ANY DISTRIBUTIONS.

8.1 Risks Relating To QCT's Operations

8.1.1 Economic, political and regulatory risks

Given the nature of the property industry, QCT's operations are closely linked to the economic performance of Malaysia. Any adverse developments in the political and economic environment and uncertainties in Malaysia can materially and adversely affect the financial performance of the Fund. These include the risks of war, global economic downturn and unfavourable changes in the Government's policies such as changes in rates of tax, methods of taxation or introduction of new regulations.

8.1.2 Conflicts relating to acquisitions from the Vendors

The Subject Properties have been acquired from the Vendors, which have common directors and major shareholders with QRH, one of our major shareholders. We have engaged Messrs CH Williams Talhar & Wong Sdn Bhd, an independent registered valuer, to appraise the value of the Subject Properties, summaries of which are included in Section 14 of this Prospectus.

When QCT acquires other assets from the Quill Group of Companies in the future, we will obtain appraisals from independent parties and comply with all other requirements applicable to such transactions under the REITs Guidelines. In any event, Quill Group of Companies and persons who have an interest in the outcome of the proposed acquisition shall refrain from voting on the resolutions approving the proposed acquisition at unitholders' meetings.

8.1.3 Potential conflicts of interest and potential competition between QCT and Quill Group of Companies

QRH, one of our major shareholders is related to the Quill Group of Companies by virtue of common directors and shareholders. The Quill Group of Companies is involved in marketing, designing and building built-to-suit properties for MNCs and may compete with QCT for tenants/ lessees in the Cyberjaya area. However, the tenancies/leases entered into between the existing tenants and QCT are for long-term periods.

8. RISK FACTORS *(Cont'd)*

8.1.4 Potential conflict of interest between ourselves and the CapitaLand Limited/CFL Group

One of our major shareholders, CR, is a wholly-owned subsidiary of CFL which in turn is wholly-owned by CapitaLand Limited. CapitaLand Limited/CFL Group manages and holds substantial unitholdings in three (3) existing REITs in Singapore namely CapitaCommercial Trust, CapitaMall Trust and Ascott Residence Trust. CapitaLand Limited/CFL Group is engaged in the investment in, and the development and management of, among others, Commercial Properties and property funds. Upon Listing, CCID (a company related to CapitaLand Limited/CFL Group) and/or its nominees, will hold 30% of the enlarged Units in QCT. In addition, three (3) of our Board members and our key management are nominated by the CapitaLand Limited/CFL Group. As a result, the strategies and activities of QCT may be influenced by the overall interests of CapitaLand Limited and the CFL Group. There can be no assurance that conflicts of interest may not arise between QCT, ourselves and CFL in the future.

When QCT acquires other assets from CapitaLand Limited/CFL Group or parties related to CapitaLand Limited/CFL Group in the future, we will obtain appraisals from independent parties and comply with all other requirements applicable to such transactions under the REITs Guidelines. In any event, parties related to CFL and persons who have an interest in the outcome of the proposed acquisition shall refrain from voting on the resolutions approving the proposed acquisition at Unitholders' meetings.

8.1.5 Risks associated with borrowing, CP/MTN Programme and interest rates

Upon completion of the Acquisitions and the IPO, QCT is expected to have an initial borrowing of RM89,000,000 representing approximately 31.35% of its estimated total asset value of RM283,906,000 via the CP/MTN Programme which is secured by:

- (i) A legal charge by the Trustee over the Subject Properties;
- (ii) Debenture over all present and future assets of GCSB;
- (iii) An undertaking from the Manager:
 1. to deposit all rental cash flows generated from the Subject Properties into the revenue accounts; and
 2. that it shall not declare any dividends /distributions to Unitholders if
 - (a) an event of default has occurred; or
 - (b) the financial covenants are not met;
- (iv) A legal charge or assignment over the revenue account, operations account and the debt service reserves account;
- (v) Assignment of all the proceeds under the tenancy /lease agreements in relation to the Subject Properties;
- (vi) Assignment over all rights and benefits under all the insurance policies in relation to the Subject Properties;
- (vii) An irrevocable Power of Attorney to be granted by the Trustee in favour of the security agent to dispose the Subject Properties;
- (viii) Assignment over the REIT Trustee Financing Agreement entered into between GCSB and the Trustee for the advancement of fund to acquire the Subject Properties; and
- (ix) A legal charge over 100% of the shares of GCSB.

For further details on the borrowings, please refer to Section 4.5 of this Prospectus.

The CP/MTN are issued via tender or private placement. Since there is no underwriting in place for the programme, there is no assurance that the CP/MTN will be subscribed. In addition, the fluctuation in interest rates may adversely affect the cashflow position of QCT and dividend distribution to the Unitholders.

If QCT is unable to meet its payment obligations under the terms of the CP/MTN Programme, the Subject Properties may be foreclosed or disposed by the trustee or security agent of the CP/MTN Programme either in accordance with the provisions of the National Land Code or through the power of attorney granted by the Trustee in favour of the trustee or security agent of the CP/MTN Programme. This may result in a consequent loss of income and asset value to QCT.

8. RISK FACTORS (Cont'd)

QCT may also be subject to certain covenants in connection with any future borrowings that may limit or otherwise affect its operations and ability to make distributions to Unitholders. Such covenants may restrict QCT's ability to acquire properties or undertake other capital expenditures or may require it to set aside funds for maintenance or repayment of security deposits.

If QCT is unable to meet its obligations under the CP/MTN Programme or other future borrowings, properties of QCT that are charged to secure such borrowings or debentures may be foreclosed or disposed by the lenders or forced sale at an undesirable value.

We have the intention of issuing similar debt instruments like CPs and/or MTNs and/or bonds in future and similar provisions may be applicable. Hence, similar risks in relation to the relevant debt instruments may apply. We will endeavour to maintain the cash flow of the Fund at a manageable level, taking into account the cash flow, level of debts and distributions to Unitholders.

8.1.6 Limitations on borrowings

Under the REITs Guidelines, QCT is permitted to borrow up to 50% of its total asset value of the Fund at the time the borrowing is incurred. Based on the borrowings (as set out in Section 4.5 in this Prospectus), the borrowings as at the Listing Date of RM89,000,000 represents approximately 31.35% of QCT's estimated total asset value amounting to RM283,906,000.

Limitation on borrowings may have the following business consequences:

- (a) an inability to fund capital expenditure requirements by borrowings in relation to QCT's existing portfolio or in relation to future acquisition of properties by QCT;
- (b) cash flow shortages which QCT might otherwise be able to resolve by borrowing funds; and
- (c) a decline in the total asset value of the Fund may cause the borrowing limit to be exceeded thus affecting the Fund's ability to incur further borrowings.

Notwithstanding the above, we may source other means of funding through new issuance of Units. Our Board is of the opinion that the working capital raised from the IPO will be sufficient for QCT for a period of 12 months from the date of Listing. In addition, under the REITs Guidelines Guidance Notes 2 issued by the SC on 10 July 2006, the Fund's total borrowings may exceed the 50% limit with the prior approval of the Unitholders.

8.1.7 Operating history

QCT was established in Malaysia under the Deed dated 9 October 2006 and we were incorporated on 12 June 2006. Neither QCT nor ourselves have operating history or past performance which may be evaluated by investors to assess their likely future performance.

Notwithstanding the above, our shareholders who are part of the Quill Group of Companies designed and constructed the Subject Properties and the CFL Group has extensive experience in managing REITs and private equity funds in Asia.

8.1.8 Dependence on key personnel

The success of QCT will depend to a significant extent upon the continued service and performance of the Directors and our key management team. The loss of any key members of our Board or key management could adversely affect QCT's business, results of operations and financial conditions.

We believe that proactive development of managerial talent within the organisation and a management succession plan in place are essential for continued success and performance of QCT.

8. RISK FACTORS (Cont'd)

8.1.9 Investment policies of QCT may change

Upon completion of the IPO, the investment portfolio of QCT shall only consist of the Subject Properties. QCT may change its investment policies in future. There is no assurance that the new investment policies will result in a better distribution of income to Unitholders and no assurance of capital growth in such investment. Nevertheless, the investment policies of the Fund will at all times be subject to the requirements as set out in Section 6.2.3 of this Prospectus, which outlines the guidelines on limits and types of investments by QCT.

8.1.10 We may not be able to successfully implement our investment strategy

Our investment strategy is to invest in a portfolio of Commercial Properties primarily in Malaysia with the primary objective to achieve long-term growth in NAV per Unit. Although we will endeavour to attain such objective, there is no assurance that the investment strategy can be implemented successfully. We may not be able to implement our strategy if there is a limited availability of such real estate for sale, increased competition amongst potential buyers of such real estate, changes to law or regulations which may adversely affect the operating environment or if we are unable to source financing at favourable terms.

8.1.11 Illiquidity of investment in property

Real estate assets, particularly high value properties, are relatively illiquid. Such lack of liquidity may affect our ability to vary QCT's investment portfolio or liquidate part of these assets in response to changes in economic and property market conditions.

8.2 Risks Relating To Real Estate Assets

8.2.1 Location of the Subject Properties

The Subject Properties are located in Cyberjaya. Other than the concentration of assets in one location, the Subject Properties are also exposed to the economic and real estate conditions in Cyberjaya including the cyclical downturns and oversupply or reduced demand of commercial and office space. Further, there are other commercial, office and office/industrial real estate located in Cyberjaya that compete with the Subject Properties in attracting tenants.

To mitigate this risk, we will actively seek quality assets in Malaysia that will complement our property portfolio.

8.2.2 Dependence on tenant in a single-tenanted building

QCT's financial condition and results of operations and ability to make distributions may be adversely affected by the insolvency or business downturn in the business of its tenants, including the decision by a tenant to not renew its lease or to terminate its lease before it expires as three out of the four Subject Properties are single-tenanted. The loss of any tenant of the said Subject Properties could result in periods of vacancy, which could adversely affect QCT's rental income. In addition, substitute tenants on satisfactory terms may not be found in a timely manner or at all, or if found the amount of rent and the terms on which lease renewals and new leases are agreed may be less favourable than current leases.

Notwithstanding the above, the tenants of the above single-tenanted Subject Properties comprise subsidiaries of reputable MNCs namely DHL Worldwide Express B.V. and HSBC Overseas Holdings (UK) Limited who have signed long term tenancies on the Subject Properties. Further details of tenants' profile are set out in Section 6 of the Independent Property Market Report in Section 15 of this Prospectus.

8. RISK FACTORS (Cont'd)

In addition, QCT will diversify its tenants base by aggressively acquiring more properties in different locations and with a diverse tenants base. The Manager will endeavour to stagger the lease expiry date of leases from various tenants to minimise the concentration risk. We will seek to acquire properties that are in strategic locations with good quality building specifications that are generic for alternative uses by other tenants if the existing tenants vacate.

8.2.3 Gross rental income and the value of the Subject Properties may be affected by a number of factors

The gross rental income of QCT and the value of the Subject Properties may be affected by a number of factors, including:

- (a) vacancies following expiry or termination of leases that lead to a decrease in the occupancy rates and gross rental income of QCT;
- (b) our ability to collect rent from tenants on a timely basis;
- (c) tenants seeking for protection under the bankruptcy laws could result in delays of rental payments or inability to pay rental at all or termination of leases prior to expiry;
- (d) tenants that breach the terms and conditions of the leases that result in termination of leases or non-payment of rental;
- (e) surge in operating expenses of the Subject Properties;
- (f) the rental rates and the terms of the renewed leases being less favourable than the current leases; and
- (g) changes in statutory laws, regulations or government policies which may affect the value of the Subject Properties.

8.2.4 Increase in operating and other expenses

QCT's ability to make distributions to the Unitholders could be affected if its operating and other expenses increase without a corresponding increase in revenue or tenant reimbursements of operating and other costs.

Factors which could increase operating and other costs include, amongst others:

- (a) inflation and the surge in oil prices;
- (b) increases in payroll expenses, transportation and utility costs;
- (c) increases in property taxes and other statutory charges;
- (d) changes in statutory laws, regulations or government policies which increase the cost of compliance with such laws, regulations or policies;
- (e) increases in sub-contracted service costs;
- (f) increases in property management cost and management fee;
- (g) increases in insurance premiums; and
- (h) defects affecting the properties which need to be rectified, leading to unforeseen capital expenditure.

8. RISK FACTORS (Cont'd)

In this respect, we intend to minimise the operating expenses for each of the Subject Properties by, *inter-alia*, taking advantage of the economies of scale through integration of resources.

8.2.5 Adequacy of insurance coverage

The Subject Properties could suffer physical damage caused by fire, flood, earthquake or other causes or QCT may suffer public liability claim, which may result in losses (including loss of rent), and may not be fully compensated by insurance. In addition, certain types of risks (such as war risk and terrorist acts) may be uninsurable or the cost of insurance may be prohibitive when compared to the risk. Should an uninsured loss or a loss in excess of insured limits occur, QCT could lose capital invested in the affected property as well as anticipated future revenue from that property. QCT would also remain liable for any debt or other financial obligation related to that property. No assurance can be given that material losses in excess of insurance proceeds will not occur in the future.

8.2.6 Compulsory acquisition by the government

Pursuant to the provisions of the Land Acquisition Act 1960, the State Authority (i.e. the Ruler or the Yang di-Pertua Negeri of the State, as the case may be) has the power to acquire any land, whether in whole or in part, (including the Subject Properties) which is needed:

- (a) for any public purpose;
- (b) by any person or corporation for any purpose which in the opinion of the State Authority is beneficial to the economic development of Malaysia or any part thereof or to the public generally or any class of the public; or
- (c) for the purpose of mining or for residential, agricultural, commercial, industrial or recreational purposes or any combination of such purposes.

The amount of compensation assessed to be awarded pursuant to any acquisition is based on the following considerations:

- (a) the market value as determined in accordance with section 1 of the First Schedule of the Land Acquisition Act 1960;
- (b) any increase, which shall be deducted from the total compensation, in the value of the other land of the person interested likely to accrue from the use to which the land acquired will be put;
- (c) the damage, if any, sustained or likely to be sustained by the person interested at the time the Land Administrator takes possession of the land, by reason of the acquisition injuriously affecting his other property, whether movable or immovable, in any other manner;
- (d) if, in consequence of the acquisition, the person interested is or will be compelled to change his residence or place of business, the reasonable expenses, if any, incidental to such change; and
- (e) where only part of the land is to be acquired, any undertaking by the State Authority, or by the Government, person or corporation on whose behalf the land is to be acquired, for the construction or erection of roads, drains, walls, fences or other facilities benefiting any part of the land left unacquired provided that the undertaking is clear and enforceable.

The amount of such compensation may be:

- (a) less than the market price of the Subject Properties upon the sale of the Subject Properties in the open market; and

8. RISK FACTORS (Cont'd)

- (b) less than the purchase consideration of the Subject Properties which was satisfied by the Trustee.

As at LPD, none of the Vendors have received any notice of intended acquisition in relation to the Subject Properties or any part thereof.

8.2.7 Non-registration of the transfer of the Subject Properties

While every effort was made to ensure that the transfer instruments in respect of the Subject Properties were fit for registration and that there were no evident restraints on dealings with the Subject Properties prior to the presentation of the transfer instruments in order to minimise any risk of non-registration, transfer of the Subject Properties to the Trustee is only effective when a memorial of registration of transfer to the Trustee is made on the register documents of title to the Subject Properties kept at the relevant land registry/land office and the issue documents of titles with such memorial are returned by the relevant land registry/land office.

Currently, the registration process for any type of land dealing at the land registry/land office could take a number of months to complete with the issue documents of title duly returned. However, the date of registration of the change of ownership of the Subject Properties would be the date of presentation of the instrument of transfers at the relevant land registry/land office, regardless of when the issue documents of title are eventually returned.

Given the nature of property transactions in Malaysia, the risk of non-registration is not unique to REITs.

To mitigate the risk in the event of non-registration of the Subject Properties in favour of the Trustee, the conditional sale and purchase agreements for the acquisitions of the Subject Properties provide that should the transfer instrument be rejected for registration or is not registered for any reason whatsoever not due to the fault of either party, upon completion, the respective Vendors will then hold the Subject Properties as bare trustee for the Trustee and shall grant the Trustee a power of attorney with full powers to manage and deal with the Subject Properties.

8.2.8 Subsequent disposal of the Subject Properties

The consideration paid for the Subject Properties was arrived at based on a discount to their respective appraised values as determined by Messrs CH Williams Talhar & Wong Sdn Bhd as independent valuer. The appraised values of the Subject Properties determined by the independent valuer do not guarantee a sale for any part or the whole of the Subject Properties at their appraised value at present or in the future. The price at which QCT may sell any part or the whole of the Subject Properties in the future may be lower than their respective purchase price.

8.3 Risks Relating To An Investment In Units

8.3.1 Distributions to Unitholders will be subject to cash availability

The net operating profit that QCT earns from its real estate investments depends on, amongst other factors, the amount of rental income received, and the amount of property expenses, operating expenses and other expenses incurred. If the Subject Properties or other real estate, which QCT may invest in do not generate sufficient net operating profit and cash flow, QCT's ability to make distributions will be adversely affected.

No assurance can be given that the level of distributions will be maintained or increased over time, that there will be contractual increases in rent under the leases of the Subject Properties or that the receipt of rental income in connection with expansion of the Subject Properties or future acquisitions of real estate will increase QCT's cash available for distribution to Unitholders.

8. RISK FACTORS (Cont'd)

8.3.2 No prior market for Units

Prior to the IPO, there is no market for the Units. There can be no assurance that an active market for the Units will develop upon Listing or, if it develops, that such a market will be sustained. There is also no assurance that the market price of the Units will not decline below the Final Retail Price. The market price of the Units could be subject to significant fluctuations due to various external factors and events, including the liquidity of the Units in the market, the general market conditions, the property industry and broad market fluctuations.

It may be difficult to assess QCT's performance against either domestic or international benchmarks.

8.3.3 No redemption of Units by us

It is intended that Unitholders may only deal in their listed Units through trading on Bursa Securities. Unitholders have no right to request us to redeem their Units.

8.3.4 Future dilution of the NAV of the Units

The Deed provides that we shall determine the unit price of any new issues of Units based on market-based principles, i.e. the issue price of new Units may be at or below the then current NAV of QCT. In the event that Unitholders approve the issuance of new Units which are issued at less than NAV, the NAV of existing Units may be diluted.

8.3.5 Failure or delay in the Listing of QCT

The Listing of QCT is exposed to the risk that it may fail or be delayed should the following events occur:

- (a) the Managing Underwriter exercises their rights pursuant to the Retail Underwriting Agreement and Institution Underwriting Agreement to discharge themselves from their obligations thereunder; or
- (b) QCT is unable to meet the public spread requirement of at least 25% of the issued Units of the Fund being held by a minimum of 1,000 public Unitholders holding not less than 100 Units each.

If the Retail Offering and the Institutional Offering are not completed, monies paid in respect of any application for the IPO Units will be returned to the applicants without interest.

8.3.6 Effects of possible sale of a substantial number of Units by Vendors and CCID and/or its nominees

Following the IPO, QCT will have 238,691,000 Units listed on the Main Board of Bursa Securities, of which the Vendors and CCID and/or its nominees will hold 71,608,000 Units respectively. The Vendors and CCID and/or its nominees have agreed to a 180-day lock-up period commencing from and including the date of Listing in respect of the Units, and have informed the Manager of their intention to be long-term investors in QCT. In the event of a permitted transfer or distribution of the Units to the shareholders of the Vendors, the Vendors shall ensure and procure that their permitted transferee or shareholders agree to be bound by the above lock-up for its remaining period. However, following the expiry of the 180-day lock-up period, when the Vendors and/or CCID and/or its nominees sell or are perceived as intending to sell a substantial amount of Units, the market price of the Units may be adversely affected.

8. RISK FACTORS (Cont'd)

8.3.7 Taxation rules may change

Pursuant to the Sections 61, 61A and 63C of the Income Tax Act, 1967, a REIT is exempted from tax on income distributed to unitholders in the same basis period in order to intensify efforts to convert illiquid assets into liquid assets, thereby enabling real estate companies to utilise the income from the sale of existing real estate for the development of new projects. The tax treatment granted allows Malaysian tax resident individuals or Malaysian tax resident incorporated companies to receive their distributions free of tax deducted at source but taxed subsequently at their prevailing income tax rates on such income.

However, the current tax rulings introduced, either in part or in a whole, may be revoked or amended in the future. In the event that the current tax rulings are either revoked or amended, a REIT may be subjected to tax on its undistributable income and distributions to unitholders may be subject to tax deducted at source.

8.3.8 Market price of Units after the IPO

The Final Retail Price and/or the Institutional Price may not be indicative of the market price of the Units upon Listing of the QCT.

8.3.9 Consolidated profit and distribution estimate, forecast and projections and forward-looking statements

This Prospectus contains consolidated profit estimate, forecast and projections made by our Directors that are based on assumptions which are deemed to be reasonable at this point in time. However, there can be no assurance that the consolidated profit estimate, forecast and projections contained herein will be realised. As the actual results may materially differ from those consolidated estimate, forecast and projections, you are advised to read and understand the assumptions and uncertainties underlying the consolidated profit estimate, forecast and projections.

In addition, certain forward-looking statements regarding QCT are subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the future results, performance or achievements expressed or implied in such forward-looking statements. The inclusion of a forward-looking statement in this Prospectus should not be regarded as a representation or warranty by our advisers or us that the plans and objectives of the Fund will be achieved.

As set out in Section 3.1 of this Prospectus, QCT intends to distribute all of the distributable income to Unitholders for the three (3) FYEs 31 December 2006 to 31 December 2008. The distributions estimate, forecast and projections have been prepared based on assumptions which are deemed by our Directors to be reasonable at this point in time. However, there can be no assurance that the actual distribution to Unitholders will be the same as the estimated, forecast and projected distributable income presented in this Prospectus.

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