

**9. FINANCIAL INFORMATION OF QCT**

**9.1 Pro Forma Consolidated Profit Record**

**Past performance of the fund is not an indication of future performance.**

QCT is a newly established fund. Save for the Subject Properties, QCT has not had any portfolio of real estate since its establishment. The summary of the pro forma financial data of QCT comprising the Subject Properties for four (4) FYEs from 31 December 2002 to 31 December 2005 and for the eight (8) months ended 31 August 2006 as set out below are based on the information extracted from the audited financial statements and accounting records of the Vendors which owned the Subject Properties at that point in time.

The information below is prepared based on the Vendors' representation that the revenue and expenses are directly related to the operations of the Subject Properties.

	<-----FYE 31 December ----->				
	2002	2003	2004	2005	Eight (8) months ended 31 August 2006
	RM	RM	RM	RM	RM
Rental revenue <sup>(1)</sup>	3,024,335	5,225,684	12,582,709	14,305,718	13,374,548
Total expenses <sup>(2)</sup>	(320,037)	(173,781)	(901,667)	(2,151,879)	(1,375,239)
Net property income	2,704,298	5,051,903	11,681,042	12,153,839	11,999,309

Notes:

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

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

\* *Tenancy commencement of various tenants.*

(2) *The total expenses include repair and maintenance, utility charges, quit rent and assessment and others.*

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## 9. FINANCIAL INFORMATION OF QCT (Cont'd)

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### Analysis of the past performance of the Subject Properties

#### *FYE 31 December 2002*

Rental revenue from the Subject Properties started in 2002 with the completion of Quill Building 1 – DHL 1 and commencement of rental payment in April 2002. Occupancy rate for the total net floor area available of 92,284 sq ft was 100%.

#### *FYE 31 December 2003*

Rental revenue from the Subject Properties increased due to the commencement of rental revenue generated from Quill Building 2 – HSBC. Occupancy rate for the total net floor area available of 276,736.8 sq ft was 100%.

#### *FYE 31 December 2004*

Rental revenue from the Subject Properties was further enhanced by the introduction of Quill Building 3 – BMW when the building was completed and rental revenue commenced in December 2004. Occupancy rate for the total net floor area available of 393,934.8 sq ft was 79.2%.

#### *FYE 31 December 2005*

The increase in rental revenue from the Subject Properties was due to the full year rental received from the Quill Building 3 – BMW's tenants which started in late 2004 and also due to additional floor space rented out in late 2005. Increase in rental rate in Quill Building 1 – DHL 1 also contributed to the increase in rental revenue. Occupancy rate for the total net floor area available of 393,934.8 sq ft was 82.5%.

### 9.1.1 Significant Accounting Policies

The following significant accounting policies will be adopted by QCT.

#### (a) Basis of Preparation

The financial statements of QCT will be prepared under the historical cost convention except for the revaluation of investment properties.

The financial statements will comply with the applicable Approved Accounting Standards in Malaysia, applicable provisions, of the Deed and the Companies Act 1965 and REITs Guidelines.

#### (b) Basis of Consolidation

The consolidated financial statements include the financial statements of QCT and its wholly-owned special purpose vehicles, which QCT has power to exercise control over the financial and operating policies so as to obtain benefits from their activities.

Wholly-owned special purpose vehicles are consolidated using the acquisition method of accounting. Under the acquisition method of accounting, the results of the wholly-owned special purpose vehicles acquired or disposed during the financial year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. Any goodwill or negative goodwill arising from the acquisitions are dealt with according to the appropriate accounting standard in force.

Intra-group transactions, balances and resulting unrealised gains are eliminated on consolidation and the consolidated financial statements reflect external transactions only. Unrealised losses are eliminated on consolidation unless costs cannot be recovered.

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**9. FINANCIAL INFORMATION OF QCT (Cont'd)**

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**(c) Investment Properties**

Investment properties consist of investments in real estate assets primarily in commercial properties.

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the balance sheet date. The fair value represents the amount at which the assets could be exchanged between a knowledgeable, willing buyer and a knowledgeable, willing seller in an arm's length transaction. Gains and losses arising from changes in the fair value of investment properties are included in the income statement in the year in which they arise.

Investment properties are derecognised when either they have been disposed or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in the income statement in the year of retirement or disposal.

**(d) Cash and Cash Equivalents**

For the purposes of the cash flow statements, cash and cash equivalents include cash on hand and at bank and deposits with licensed financial institutions. .

**(e) Income Tax**

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or negative goodwill.

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**9. FINANCIAL INFORMATION OF QCT (Cont'd)**

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**(f) Revenue Recognition**

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably.

Revenue from rental of investment properties are recognised on an accrual basis.

Interest income is recognised on a time proportion basis that reflects the effective yield on the asset.

**(g) Impairment of Assets**

At each balance sheet date, the Manager reviews the carrying amounts of its assets to determine whether there is any indication of impairment. If any such indication exists, impairment is measured by comparing the carrying values of the assets with their recoverable amounts. Recoverable amount is the higher of net selling price and value in use, which is measured by reference to discounted future cash flows.

An impairment loss is recognised as an expense in the income statement immediately, unless the asset is carried at a revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of any unutilised previously recognised revaluation surplus for the same asset.

**(h) Financial Instruments**

Financial instruments are recognised in the balance sheet when QCT has become a party to the contractual provisions of the instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends and gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are recognised directly to equity.

**(i) Receivables**

Receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debts based on a review of all outstanding amounts as at the balance sheet date.

**(ii) Payables**

Payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

**(iii) CPs/MTNs**

CPs/MTNs are recorded at the amount of proceeds received, net of transaction costs. Interests on the CPs/MTNs are recognised as an expense in the income statement in the period in which they are incurred.

Borrowing costs are cost directly attributable to the acquisition of investment properties. The amount of borrowing costs eligible for capitalisation is the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of that borrowing.

## 9. FINANCIAL INFORMATION OF QCT (Cont'd)

### 9.2 Pro Forma Consolidated Balance Sheets of QCT

The following is a summary of the pro forma consolidated balance sheets of QCT as at the date of establishment of QCT prepared for illustrative purpose only, to show the effects of the Acquisitions and the IPO.

	<b>Pro Forma I As at date of establishment (unaudited) RM'000</b>	<b>Pro Forma II After Pro forma I and the Acquisitions RM'000</b>	<b>Pro Forma III After Pro forma II and the IPO RM'000</b>
<b>Non-Current Asset</b>			
Investment properties	-	276,000	276,000
<b>Current Asset</b>			
Cash and bank balances	1	7,812	7,906
<b>Current Liability</b>			
Other payables	-	8,811	7,811
Net current asset/(liability)	1	(999)	95
	<b>1</b>	<b>275,001</b>	<b>276,095</b>
<b>Financed by:</b>			
Units	1	186,001	187,095
Unitholders' funds	1	186,001	187,095
<b>Long Term Liability</b>			
Borrowings	-	89,000	89,000
	<b>1</b>	<b>275,001</b>	<b>276,095</b>
NAV	1	186,001	187,095
No. of Units in issue ('000)	1	232,501	238,691
NAV per Unit (RM)	0.80	0.80	0.78

The pro forma consolidated balance sheets of QCT have been prepared based on the principal bases and assumptions set out in Section 9.8 of this Prospectus (Reporting Accountant's letter on the pro forma consolidated balance sheets). We advise you to read Section 9.8 of this Prospectus together with the pro forma consolidated balance sheets of QCT set out above.

## 9. FINANCIAL INFORMATION OF QCT (Cont'd)

### 9.3 Consolidated Profit Estimate, Forecast And Projections Of QCT

The summary of the consolidated profit estimate for FYE 31 December 2006, forecast for FYE 31 December 2007 as well as projections for FYE 31 December 2008 and 31 December 2009 of QCT are set out below:

	Estimate <sup>^</sup> FYE 31 December 2006 RM'000	Forecast FYE 31 December 2007 RM'000	<----- Projections ----->	
			FYE 31 December 2008 RM'000	FYE 31 December 2009 RM'000
Gross revenue	1,971	23,845	24,309	25,578
Property operating expenses	(293)	(3,678)	(3,752)	(3,953)
Net property income	1,678	20,167	20,557	21,625
Interest income	23	277	281	286
Net investment income	1,701	20,444	20,838	21,911
Manager's fees	(99)	(1,208)	(1,335)	(1,851)
Trust expenses	(64)	(304)	(319)	(357)
Valuer's fees	-	-	-	(160)
Borrowing costs	(365)	(4,610)	(4,863)	(4,868)
	(528)	(6,122)	(6,517)	(7,236)
Profit before taxation	1,173	14,322	14,321	14,675
Taxation	-	-	-	-
Profit after taxation	1,173	14,322	14,321	14,675
MER <sup>(1)</sup> (%)	1.04 <sup>(2)</sup>	0.81	0.88	1.27

Notes:

<sup>^</sup> Estimate period from 1 December to 31 December 2006.

(1) The MER is a useful way to compare the costs of investment in a REIT with the costs of other investment of similar nature.

The MER of a REIT is calculated as follow:

$$\text{MER} = \frac{\text{Fees of the Fund}}{\text{Average NAV of the Fund for the year}} \times 100$$

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**9. FINANCIAL INFORMATION OF QCT (Cont'd)**

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Where:

*Fees of the Fund = All fees, including Manager's fees, Trustee's fee and valuation fee and administration expenses to be charged to the Fund from the date QCT was established to 31 December 2006 and the three (3) FYEs 31 December 2009 are as follows:*

<----- FYE 31 December ----->			
2006	2007	2008	2009
RM'000	RM'000	RM'000	RM'000
163	1,512	1,654	2,368

*Average NAV of the Fund = The estimate, forecast and projected NAV of the Fund as at 31 December 2006 to 2009 is approximately RM187,095,000.*

(2) *Annualised for comparative purposes.*

**9.4 Our Directors' Analysis/Comments On The Consolidated Profit Estimate, Forecast And Projections**

For the estimate period from 1 December to 31 December 2006, our Board estimates a consolidated net income after taxation of RM1.17 million for QCT.

For the FYEs 31 December 2007, 2008 and 2009, our Board forecasts and projects an increase in consolidated net income after taxation of QCT to RM14.32 million, RM14.32 million and RM14.67 million respectively, attributed to the agreed step-up rental rates with the current tenants.

Our Board confirms that the consolidated profit estimate, forecast and projections of QCT and the underlying bases and assumptions stated herein have been reviewed by our Board after due and careful enquiries, and that our Board, having taken into account the future prospects of the real estate industry, the future direction and strategies of QCT, its level of gearing, liquidity and working capital requirements as well as the bases and assumptions used in preparing the consolidated profit estimate, forecast and projections, is of the opinion that the consolidated profit estimate, forecast and projections of QCT are fair and reasonable.

Nevertheless, the underlying bases and assumptions used in preparing the consolidated profit estimate, forecast and projections cover future periods for which there are risks, and therefore, should be treated with caution. These bases and assumptions are subject to uncertainties and contingencies, which are often beyond our control. Therefore certain assumptions used in the preparation of the consolidated profit estimate, forecast and projections may differ from the date of this Prospectus and this may have a material impact on the consolidated profit estimate, forecast and projections.

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**9. FINANCIAL INFORMATION OF QCT (Cont'd)**

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**9.5 Distribution Estimate, Forecast And Projections**

Barring any unforeseen circumstances, it is our intention to distribute 100% of the distributable income of QCT for FYEs 31 December 2006 to FYE 31 December 2008. Thereafter, we intend to distribute at least 90% of the distributable income for the relevant financial year or such other percentage and such intervals as determined by us at our discretion. Based on the consolidated profit estimate, forecast and projections of QCT, our Board estimates, forecasts and projects that the distributions to Unitholders for the estimate period ending 31 December 2006 and the three (3) FYEs 31 December 2009 to be as follows:

	<----- FYE 31 DECEMBER ----->			
	2006*	2007	2008	2009^
Distributable to Unitholders (RM'000)	1,173	14,322	14,321	14,675
Distribution per Unit (sen)	0.49	6.00	6.00	6.15
Distribution yield based on the Retail	7.00**	7.14	7.14	7.32
Price of RM0.84 per Unit (%)				
Distribution cover (times)	1.00	1.00	1.00	1.00

*Notes:*

\* *Estimate period from 1 December to 31 December 2006.*

\*\* *Annualised for comparative purposes.*

^ *For the FYE 31 December 2009, it is assumed that 100% of the distributable income is distributed to the Unitholders.*

The distributable income is based on the estimated and projected consolidated earnings before taxation over the estimate period ending 31 December 2006 and the three (3) FYEs from 31 December 2007 to 31 December 2009 respectively. Although we have estimated a distribution of 0.49 sen in respect of FYE 2006 assuming an estimate period from 1 December to 31 December 2006, the actual amount distributed will be adjusted based on the actual number of days from the date of full payment for the Subject Properties to 31 December 2006.

The estimated and projected distribution yields stated in the table above are calculated using the Retail Price. Such yields will vary accordingly for investors who purchase Units in the secondary market at a market price that differs from the Retail Price. In no circumstances should the inclusion of the Retail Price in the distribution projections be regarded as a representation, warranty or prediction with respect to the market price of the Units upon or following their listing on Bursa Securities.

Please refer to Section 6.2.2(c)(iv) of this Prospectus for our distribution policy.

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## 9. FINANCIAL INFORMATION OF QCT (Cont'd)

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### 9.6 Consolidated Profit Estimate, Forecast And Projections Of QCT Together With The Assumptions And The Reporting Accountants' Letter Thereon



■ Chartered Accountants  
4th Floor, Kompleks Antarabangsa  
Jalan Sultan Ismail  
50250 Kuala Lumpur, Malaysia

■ Phone : (03) 2144-2333  
Fax : (03) 2144-0709  
www.ey.com/my

Mail Address:  
P.O. Box 11040  
50734 Kuala Lumpur, Malaysia

#### **Reporting Accountants' Letter on the Consolidated Profit Estimate for Financial Period Ending 31 December 2006 and Consolidated Profit Forecast for Financial Year Ending 31 December 2007 (prepared for inclusion in the Prospectus)**

21 November 2006

The Board of Directors  
Quill Capita Management Sdn. Bhd.  
Suite 11.01A, Level 11  
Menara Citibank  
No 165 Jalan Ampang  
50450 Kuala Lumpur

Dear Sirs

#### **QUILL CAPITA TRUST ("QCT") CONSOLIDATED PROFIT ESTIMATE FOR FINANCIAL PERIOD ENDING 31 DECEMBER 2006 AND CONSOLIDATED PROFIT FORECAST FOR FINANCIAL YEAR ENDING 31 DECEMBER 2007**

We have reviewed the estimate and forecast of the consolidated profits after taxation of QCT for the financial period ending 31 December 2006 and the financial year ending 31 December 2007 respectively as set out in the accompanying statement (which we have stamped for the purpose of identification), in accordance with the professional standard applicable to the review of estimate and forecast, AI 3400. The estimate and forecast have been prepared for inclusion in the prospectus to be dated 11 December 2006 ("Prospectus") in connection with the listing of QCT on Bursa Malaysia Securities Berhad ("Proposal").

Our review has been undertaken to enable us to form an opinion as to whether the estimate and forecast, in all material respects, are properly prepared on the basis of the assumptions made by the directors and are presented on a basis consistent with the accounting policies to be adopted by QCT and complies with the Malaysian Financial Reporting Standards ("Malaysian FRS") as at the date of this letter. The directors of Quill Capita Management Sdn. Bhd. are solely responsible for the preparation and presentation of the estimate and forecast and the assumptions on which the estimate and forecast are based.

Estimate and forecast, in this context, means prospective financial information prepared on the basis of the assumptions as to future events which management expects to take place and the actions which management expects to take as of the date the information is prepared (best-estimate assumptions). While information may be available to support the assumptions on which the estimate and forecast are based, such information is generally future oriented and therefore uncertain. Thus, actual results are likely to be different from the estimate and forecast since anticipated events frequently do not occur as expected and the variation could be material.

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9. FINANCIAL INFORMATION OF QCT (Cont'd)

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In view of the significance of this assumption made by the directors, we wish to draw attention to Note 9 of the principal bases and assumptions of the estimate and forecast, where QCT have made the assumption that the fair value of the investment properties will not fluctuate significantly during the periods under the estimate and forecast. As such, the estimate and forecast were prepared on the assumptions that no fair value adjustments would need to be made to the consolidated income statements for the estimate period and forecast year. We do not express or imply any opinion as to the future fair value of the investment properties under the estimate and forecast.

Subject to the matters stated in the preceding paragraphs:

- (a) nothing has come to our attention which causes us to believe that the assumptions made by the directors, as set out in the accompanying statement, do not provide a reasonable basis for the preparation of the consolidated profit estimate and forecast of QCT; and
- (b) in our opinion, the estimate and forecast of the consolidated profits after taxation, so far as the calculations are concerned, are properly prepared on the basis of the assumptions made by the directors and are presented on a basis consistent with the accounting policies to be adopted and disclosed by QCT and are presented in accordance with relevant presentation principles of Malaysian FRS as at the date of this letter.

The accompanying estimate and forecast and this letter have been prepared solely for inclusion in the Prospectus in connection with the abovementioned Proposal. This letter is not to be reproduced, referred to in any other document, or used for any other purpose without our prior written consent.

Yours faithfully

A handwritten signature in black ink, appearing to be 'em' followed by a flourish.

ERNST & YOUNG  
AF:0039  
Chartered Accountants

Kuala Lumpur, Malaysia

A handwritten signature in black ink, appearing to be 'Yeo Eng Seng' with a flourish.

YEO ENG SENG  
No. 1212/12/06 (J)  
Partner

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**9. FINANCIAL INFORMATION OF QCT (Cont'd)**

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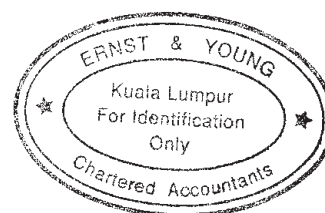
**Quill Capita Management Sdn Bhd**  
(Company No. 737252-X)

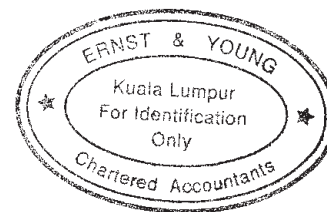
Suite 11.01A, Level 11, Menara Citibank  
No. 165, Jalan Ampang,  
50450 Kuala Lumpur, Malaysia  
Tel: 603 23806288 Fax: 603 23806289  
Website: [www.qct.com.my](http://www.qct.com.my)

**QUILL CAPITA TRUST  
CONSOLIDATED PROFIT ESTIMATE FOR THE FINANCIAL PERIOD ENDING  
31 DECEMBER 2006 AND CONSOLIDATED PROFIT FORECAST FOR THE FINANCIAL  
YEAR ENDING 31 DECEMBER 2007****Summarised Estimate and Forecast Consolidated Income Statements**

The directors of Quill Capita Management Sdn. Bhd. ("QCM"), being the manager of Quill Capita Trust ("QCT") estimate and forecast, barring unforeseen circumstances, the consolidated income statements for the financial period ending 31 December 2006 and the financial year ending 31 December 2007 of QCT will be as follows:

	Estimate Period ending 31 December 2006 RM'000	Forecast Year ending 31 December 2007 RM'000
Revenue	1,971	23,845
Property operating expenses	(293)	(3,678)
<b>Net property income</b>	<b>1,678</b>	<b>20,167</b>
Interest income	23	277
<b>Net investment income</b>	<b>1,701</b>	<b>20,444</b>
Manager's fees	(99)	(1,208)
Trust expenses	(64)	(304)
Borrowing costs	(365)	(4,610)
	(528)	(6,122)
<b>Profits before taxation</b>	<b>1,173</b>	<b>14,322</b>
Taxation	-	-
<b>Profits after taxation</b>	<b>1,173</b>	<b>14,322</b>





**QUILL CAPITA TRUST  
CONSOLIDATED PROFIT ESTIMATE FOR THE FINANCIAL PERIOD ENDING  
31 DECEMBER 2006 AND CONSOLIDATED PROFIT FORECAST FOR THE FINANCIAL  
YEAR ENDING 31 DECEMBER 2007**

The principal bases and assumptions upon which the estimate and forecast of consolidated income statements have been prepared are as follows:

**1. Listing Scheme**

The Listing Scheme of QCT shall comprise of the following proposals:

(i) Acquisitions

▪ Acquisition of Quill Building I

QCT acquired Quill Building I from Quill Properties Sdn. Bhd. ("QPSB") for a total consideration of RM52,100,000 satisfied by:

- Issuance of 53,250,000 new units in QCT ("Units") at an issue price of RM0.80 per Unit; and
- Cash consideration of RM9,500,000 to be funded by a 7-year RM118 million Commercial Papers/Medium Term Notes Programme ("CP/MTN Programme").

▪ Acquisition of Quill Building II

QCT acquired Quill Building II from Quill Land Sdn. Bhd. ("QLSB") for a total consideration of RM107,500,000 satisfied by:

- Issuance of 96,875,000 new Units at an issue price of RM0.80 per Unit; and
- Cash consideration of RM30,000,000 to be funded by CP/MTN Programme.

▪ Acquisition of Quill Building III

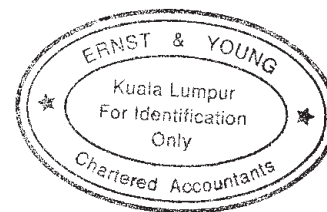
QCT acquired Quill Building III from Quill Estates Sdn. Bhd. ("QESB") for a total consideration of RM59,400,000 satisfied by:

- Issuance of 44,250,000 new Units at an issue price of RM0.80 per Unit; and
- Cash consideration of RM24,000,000 to be funded by CP/MTN Programme.

▪ Acquisition of Quill Building IV

QCT acquired Quill Building IV from QPSB for a total consideration of RM57,000,000 satisfied by:

- Issuance of 38,125,000 new Units at an issue price of RM0.80 per Unit; and
- Cash consideration of RM26,500,000 to be funded by CP/MTN Programme.



**QUILL CAPITA TRUST  
CONSOLIDATED PROFIT ESTIMATE FOR THE FINANCIAL PERIOD ENDING  
31 DECEMBER 2006 AND CONSOLIDATED PROFIT FORECAST FOR THE FINANCIAL  
YEAR ENDING 31 DECEMBER 2007**

(ii) Commercial Papers/Medium Term Notes Programme

Prior to the Initial Public Offering ("IPO"), QCT, via powers vested in Mayban Trustees Berhad through its wholly-owned special purpose vehicle, Gandalf Capital Sdn. Bhd. ("GCSB"), implemented the CP/MTN Programme.

GCSB will drawdown RM90 million from the CP/MTN Programme to part finance the Acquisitions.

(iii) IPO of QCT Units

▪ Public Issue

QCT will issue 6,190,000 new Units for subscription by the citizens of Malaysia and companies, societies, co-operatives and institutions incorporated or organized under the laws of Malaysia ("Malaysian Public"), of which at least 30% of the Units is to be set aside strictly for Bumiputera individuals, companies, societies, co-operatives and institutions, at RM0.84 per Unit.

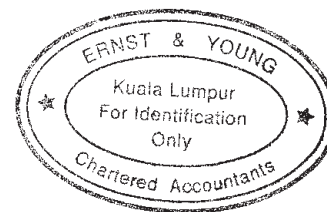
▪ Restricted Offer for Sale

QPSB, QLSB and QESB (collectively "Quill") to undertake a restricted offer for sale of 71,608,000 Units, representing approximately 30% of the total size of QCT, to CapitaLand Commercial and Integrated Development Limited and/or its nominees, at the institutional price to be determined by way of book-building.

▪ Offer for Sale

In addition, Quill will undertake an offer for sale a total of 89,284,000 Units, received pursuant to Acquisitions, to be allocated and allotted in the following manner:

- 4,900,000 Units, representing approximately 2.05 % of the total size of QCT, to the Malaysian Public, of which at least 30% is to be set aside strictly for Bumiputera individuals, companies, societies, co-operatives and institutions, at RM0.84 per Unit being the initial price payable by investors;
- 1,000,000 Units, representing approximately 0.42% of the total size of QCT, to the eligible employees, directors and business associates of QCM and Quill and its related companies at RM0.84 per Unit, being the initial price payable by investors; and
- 83,384,000 Units, representing approximately 34.93% of the total size of QCT, to selected investors at the institutional price to be determined by way of book-building.



**QUILL CAPITA TRUST  
CONSOLIDATED PROFIT ESTIMATE FOR THE FINANCIAL PERIOD ENDING  
31 DECEMBER 2006 AND CONSOLIDATED PROFIT FORECAST FOR THE FINANCIAL  
YEAR ENDING 31 DECEMBER 2007**

- Listing and quotation of all the Units on the Main Board of Bursa Malaysia Securities Berhad.

It is assumed that the Acquisitions and CP/MTN Programme will be completed by 1 December 2006, and the IPO of QCT Units will be completed by January 2007.

**2. Revenue**

Revenue is the aggregate of rental income and car park income earned from Quill Building I, II, III and IV (collectively referred to as "Investment Properties"). A summary of the key assumptions which have been used in determining the revenue is set out below:

**(i) Rental Income**

Rental income comprises of rental income and service charge. The estimated and forecasted rental income are based on the contracted rents payable under current lease and tenancy agreements or signed commitments to lease, taking into account the revision on rental rate, tenancy retention rate, potential loss of rent between leases, likely market conditions, inflation rate and demand for office space.

**(ii) Car Park Income**

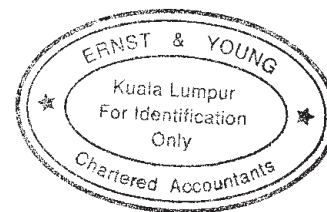
Car park income includes income earned from letting of the car park lots at Quill Investment. The estimated and forecasted car park income is based on existing lease and tenancy agreements or signed commitments to lease.

**(iii) Revision in Rental Rates**

Rental income and car park income are estimated and forecasted to increase by 5% to 10% in accordance with the existing lease and tenancy agreements and signed commitments to lease for the estimate period and forecast year.

**(iv) Renewal of Tenancies and Occupancy Rates**

It has been assumed that leases up for renewal during the estimate period and forecast year will be renewed and will not experience any vacancy period. The estimate and forecast occupancy rates for the Investment Properties are assumed to be 100% based on actual lease and tenancy agreements and signed commitments to lease.



**QUILL CAPITA TRUST  
CONSOLIDATED PROFIT ESTIMATE FOR THE FINANCIAL PERIOD ENDING  
31 DECEMBER 2006 AND CONSOLIDATED PROFIT FORECAST FOR THE FINANCIAL  
YEAR ENDING 31 DECEMBER 2007**

**3. Property Operating Expenses**

**(i) Quit Rents and Assessments**

An assessment has been made on the quit rents and assessments for each of the Investment Properties based on actual historical cost information. Where historical cost information is not available, the assessment is assumed to be 6% to 8% of revenue. The quit rents and assessments are assumed to be constant for the estimate period and forecast year.

**(ii) Repair and Maintenance Expenses**

It is assumed that there will be no major defects, repair or refurbishment work to be done on the Investment Properties, other than the scheduled maintenance work to be carried out as forecasted.

Repair and maintenance expenses are estimated based on actual historical cost information. Where historical cost information is not available, the repair and maintenance expenses are estimated based on existing operating costs incurred by other buildings, taking into consideration the net lettable area and frequency of repair and maintenance.

Repair and maintenance expenses are forecasted to increase by 4% per annum based on previous year's expenses. It is assumed that repair and maintenance for Quill Building IV will be minimal for the estimate period arising from the one year warranty granted in January 2006.

**(iii) Utilities Charges**

Utilities charges are estimated based on actual historical cost information. It is forecasted to increase by 4% per annum based on previous year's expenses.

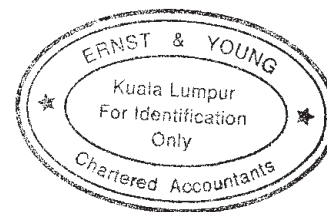
**(iv) Insurance Premium**

Insurance premium comprises of fire insurance, public liability insurance and business loss (loss on rental income).

An assessment has been made on the insurance premium for each of the Investment Properties based on actual historical cost information. The insurance premium is assumed to be constant for the estimate period and forecast year.

**(v) Property Manager's Fees**

Property manager's fees charged by Knight Frank (Ooi & Zaharin Sdn. Bhd.) are in accordance to the Valuers, Appraisers and Estate Agent Act 1981 with permissible discount.



**QUILL CAPITA TRUST  
CONSOLIDATED PROFIT ESTIMATE FOR THE FINANCIAL PERIOD ENDING  
31 DECEMBER 2006 AND CONSOLIDATED PROFIT FORECAST FOR THE FINANCIAL  
YEAR ENDING 31 DECEMBER 2007**

**(vi) Other Property Operating Expenses**

Other property operating expenses comprise of expenses directly associated with the operations of the Investment Properties and reimbursements of property maintenance expenses to the property manager.

Expenses directly associated with the operations of the Investment Properties are estimated to be RM10,000 in the estimate period and RM120,000 in the forecast year.

**4. Interest Income**

Interest income is assumed to be 3.50% of the average cash and bank balances.

**5. Manager's Fees**

The manager is entitled under the Trust Deed to the management fee comprising the base fee and the performance fee.

The base fee is 0.4% per annum of gross asset value of QCT and the performance fee is 3.0% per annum of net investment income for the estimate period and forecast year. A 5% government service tax on the base fee and performance fee is assumed to be payable to the manager. The base fee is payable monthly in arrears and the performance fee is payable at distribution date in accordance with the Trust Deed.

However, for the period from the date of listing to 31 December 2010, performance fee is payable in full or in part subject to QCT achieving a minimum annualised distributable income per unit of 6 sens (after annual manager's fees).

**6. Trust Expenses**

Trust expenses comprise of recurring operating expenses such as the trustee's fees, audit and tax advisors fee, annual listing fees, printing, postage and other miscellaneous expenses.

The trustee's fees are 0.021% per annum of the gross asset value of QCT for the estimate period and forecast year. A 5% government service tax is assumed to be payable to the trustee. Trustee's fees are payable monthly in arrears in accordance with the Trust Deed.

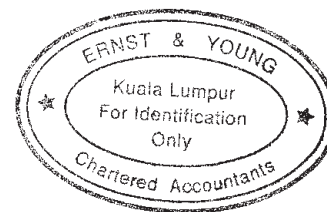
In assessing these amounts, the directors of the manager have considered factors likely to influence the level of these fees, charges and costs including QCT market capitalisation, gross assets, the likely number of investors, property values and estimated rate of inflation.



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**9. FINANCIAL INFORMATION OF QCT (Cont'd)**

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**QUILL CAPITA TRUST  
CONSOLIDATED PROFIT ESTIMATE FOR THE FINANCIAL PERIOD ENDING  
31 DECEMBER 2006 AND CONSOLIDATED PROFIT FORECAST FOR THE FINANCIAL  
YEAR ENDING 31 DECEMBER 2007****7. Borrowing Costs**

GCSB has drawn down RM90 million from the CP/MTN Programme on/before the Acquisitions and has on-lent to QCT to part finance the Acquisitions.

The indicative interest/coupon rates for the CP/MTN Programme are assumed to be:

1 <sup>st</sup> year	4.65% per annum
2 <sup>nd</sup> year	4.95% per annum
3 <sup>rd</sup> year	4.95% per annum
4 <sup>th</sup> year	5.00% per annum
5 <sup>th</sup> year	5.20% per annum

The initial expenses incurred for the CP/MTN Programme are assumed to be approximately RM1.0 million and will be amortised over the tenure of the CP/MTN Programme.

An annual expenses of RM210,000 per annum is assumed to be incurred to maintain the CP/MTN Programme.

The directors of the manager have assumed that the CP/MTN Programme will be available throughout the estimate period and forecast year and the actual interest/coupon rates will not be adversely different from the assumed rates above.

**8. Taxation**

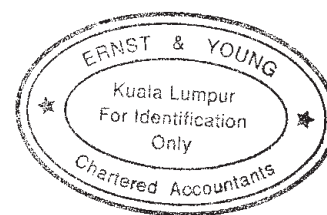
The taxation of QCT is based on the present statutory tax rate of 28% on the consolidated profits before taxation of QCT that are undistributed as at year end.

It is assumed that the entire distributable income for the estimate period and forecast year will be distributed to unitholders. Accordingly, all distributable income that is distributed to unitholders in the same basis period will not be subjected to tax.

**9. Property Value**

Under the fair value model prescribed by the Malaysian FRS 140 Investment Properties, all gains or losses arising from changes in the fair value of the Investment Properties are recognised in the consolidated income statement for the period in which it arises.

The directors of the manager have assumed that there will be no material fluctuation on the market value of the Investment Properties for the estimate period and forecast year. Accordingly, no fair value adjustments would need to be made to the consolidated income statements for the estimate period and forecast year.



**QUILL CAPITA TRUST  
CONSOLIDATED PROFIT ESTIMATE FOR THE FINANCIAL PERIOD ENDING  
31 DECEMBER 2006 AND CONSOLIDATED PROFIT FORECAST FOR THE FINANCIAL  
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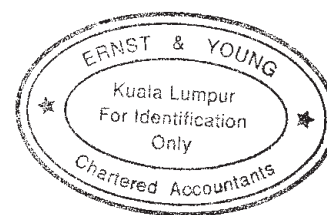
**10. Accounting Standards**

It has been assumed that there have been no significant changes in the applicable accounting standards or other financial reporting requirements that may have a material effect on the estimated and forecasted consolidated profits after taxation.

**11. Other Assumptions**

The directors of the manager have made the following additional assumptions in preparing the consolidated profit estimate and forecast:

- There will be no material changes to the principal activities, property portfolio and structure of QCT;
- There will be no material acquisitions of authorised investments;
- The listing expenses of approximately RM4.1 million are expected to be borne by the unitholders' fund and will not be charged to the QCT consolidated income statements;
- All lease and tenancy agreements are enforceable and will be performed in accordance with their terms, and there will be no pre-matured termination by the tenants/lessees;
- All rental will be collected when fall due and there will be no bad and doubtful debts;
- It is assumed that insurance coverage on the assets of QCT against fire, loss of rental and other risks is sufficient;
- It is assumed that the property manager is capable of providing or procuring the provision of adequate maintenance and other services;
- There will be sufficient cash flow for the maintenance of, and improvements to, the properties;
- There will be no adverse economic, political and property market conditions which will materially affect the activities and performance of QCT;
- There will be no material changes in the planned accounting, management and operational policies of QCT;
- There will be no material changes in present legislations or government regulations which will adversely affect the operations of QCT;
- There will be no compulsory acquisition by the Malaysian Government pursuant to the provisions of Land Acquisition Act 1960;



**QUILL CAPITA TRUST  
CONSOLIDATED PROFIT ESTIMATE FOR THE FINANCIAL PERIOD ENDING  
31 DECEMBER 2006 AND CONSOLIDATED PROFIT FORECAST FOR THE FINANCIAL  
YEAR ENDING 31 DECEMBER 2007**

- QCT will not be affected by industrial disputes or any other abnormal factors of changes affecting operations or its planned operations;
- There will be no material contingent liabilities during the estimate period and forecast year which may materially affect the estimate and forecast. QCT will not be subjected to any material litigation or proceedings which could have a material adverse impact on QCT's business operating results and financial condition; and
- There will be no significant changes in the rate of inflation, interest rates and utility charges.

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## 9. FINANCIAL INFORMATION OF QCT (Cont'd)

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■ Chartered Accountants  
4th Floor, Kompleks Antarabangsa  
Jalan Sultan Ismail  
50250 Kuala Lumpur, Malaysia

■ Phone : (03) 2144-2333  
Fax : (03) 2144-0709  
www.ey.com/my

Mail Address:  
P.O. Box 11040  
50734 Kuala Lumpur, Malaysia

### **Reporting Accountants' Letter on the Consolidated Profit Projections for the Financial Years Ending 31 December 2008 and 31 December 2009 (prepared for inclusion in the Prospectus)**

21 November 2006

The Board of Directors  
Quill Capita Management Sdn. Bhd.  
Suite 11.01A, Level 11  
Menara Citibank  
No 165 Jalan Ampang  
50450 Kuala Lumpur

Dear Sirs

#### **QUILL CAPITA TRUST ("QCT") CONSOLIDATED PROFIT PROJECTIONS FOR THE FINANCIAL YEARS ENDING 31 DECEMBER 2008 AND 31 DECEMBER 2009**

We have reviewed the projections of consolidated profits after taxation of QCT for the financial years ending 31 December 2008 and 31 December 2009 as set out in the accompanying statement (which we have stamped for the purpose of identification), in accordance with the professional standard applicable to the review of projections, AI 3400. The projections have been prepared for inclusion in the prospectus to be dated 11 December 2006 ("Prospectus") in connection with the listing of QCT on Bursa Malaysia Securities Berhad ("Proposal").

Our review has been undertaken to enable us to form an opinion as to whether the projections, in all material respects, are properly prepared on the basis of the assumptions made by the directors and are presented on a basis consistent with the accounting policies to be adopted by QCT and complies with the Malaysian Financial Reporting Standards ("Malaysian FRS") as at the date of this letter. The directors of Quill Capita Management Sdn. Bhd. are solely responsible for the preparation and presentation of the projections and the assumptions on which the projections are based.

Projections, in this context, means prospective financial information prepared on the basis of the assumptions that include hypothetical assumptions as to future events and management's actions that are not necessarily expected to occur. As such, these projections may not be appropriate for other purposes. Even if the events anticipated under the hypothetical assumptions occur, actual results are likely to be different from the projections since other anticipated events frequently do not occur as expected and the variations could be material.

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9. FINANCIAL INFORMATION OF QCT (Cont'd)

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In view of the significance of this assumption made by the directors, we wish to draw attention to Note 10 of the principal bases and assumptions of the projections, where QCT have made the assumption that the fair value of the investment properties will not fluctuate significantly during the projection years. As such, the projections were prepared on the assumptions that no fair value adjustments would need to be made to the consolidated income statements during the projection years. We do not express or imply any opinion as to the future fair value of the investment properties under the projections.

Subject to the matters stated in the preceding paragraphs:

- (a) nothing has come to our attention which causes us to believe that the assumptions made by the directors, as set out in the accompanying statement, do not provide a reasonable basis for the preparation of the consolidated profit projections of QCT; and
- (b) in our opinion, the projections of the consolidated profits after taxation, so far as the calculations are concerned, are properly prepared on the basis of the assumptions made by the directors and are presented on a basis consistent with the accounting policies to be adopted and disclosed by QCT and are presented in accordance with relevant presentation principles of Malaysian FRS as at the date of this letter.

The accompanying projections and this letter have been prepared solely for inclusion in the Prospectus in connection with the abovementioned Proposal. This letter is not to be reproduced, referred to in any other document, or used for any other purpose without our prior written consent.

Yours faithfully

A handwritten signature in black ink, appearing to be 'Em' followed by a flourish.

ERNST & YOUNG  
AF:0039  
Chartered Accountants

A handwritten signature in black ink, appearing to be 'Yeo Eng Seng'.

YEO ENG SENG  
No. 1212/12/06 (J)  
Partner

Kuala Lumpur, Malaysia

**9. FINANCIAL INFORMATION OF QCT (Cont'd)**

**Quill Capita Management Sdn Bhd**  
(Company No. 737252-X)

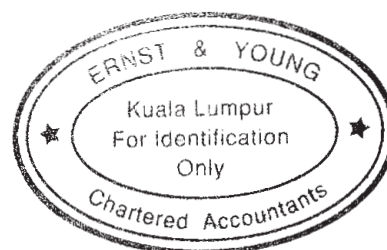
Suite 11.01A, Level 11, Menara Citibank  
No. 165, Jalan Ampang,  
50450 Kuala Lumpur, Malaysia  
Tel: 603 23806288 Fax: 603 23806289  
Website: [www.qct.com.my](http://www.qct.com.my)

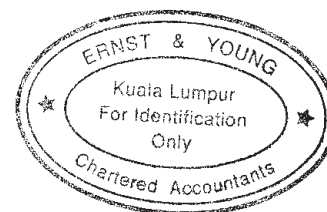
**QUILL CAPITA TRUST  
CONSOLIDATED PROFIT PROJECTIONS FOR THE FINANCIAL YEARS ENDING  
31 DECEMBER 2008 AND 31 DECEMBER 2009**

**Summarised Projected Consolidated Income Statements**

The directors of Quill Capita Management Sdn. Bhd. ("QCM"), being the manager of Quill Capita Trust ("QCT") project, barring unforeseen circumstances, the consolidated income statements for the financial years ending 31 December 2008 and 31 December 2009 of QCT will be as follows:

	< ----- Projections ----- >	
	Year ending 31 December	
	2008	2009
	RM'000	RM'000
<b>Revenue</b>	<b>24,309</b>	<b>25,578</b>
Property operating expenses	(3,752)	(3,953)
<b>Net property income</b>	<b>20,557</b>	<b>21,625</b>
Interest income	281	286
<b>Net investment income</b>	<b>20,838</b>	<b>21,911</b>
Manager's fees	(1,335)	(1,851)
Trust expenses	(319)	(357)
Valuer's fees	-	(160)
Borrowing costs	(4,863)	(4,868)
	(6,517)	(7,236)
<b>Profits before taxation</b>	<b>14,321</b>	<b>14,675</b>
Taxation	-	-
<b>Profits after taxation</b>	<b>14,321</b>	<b>14,675</b>





**QUILL CAPITA TRUST  
CONSOLIDATED PROFIT PROJECTIONS FOR THE FINANCIAL YEARS ENDING  
31 DECEMBER 2008 AND 31 DECEMBER 2009**

The principal bases and assumptions upon which the projections of the consolidated income statements have been prepared are as follows:

**1. Listing Scheme**

The Listing Scheme of QCT shall comprise of the following proposals:

(i) Acquisitions

▪ Acquisition of Quill Building I

QCT acquired Quill Building I from Quill Properties Sdn. Bhd. ("QPSB") for a total consideration of RM52,100,000 satisfied by:

- Issuance of 53,250,000 new units in QCT ("Units") at an issue price of RM0.80 per Unit; and
- Issuance of 53,250,000 new units in QCT ("Units") at an issue price of RM0.80 per Unit; and
- Cash consideration of RM9,500,000 to be funded by 7-year RM118 million Commercial Papers/Medium Term Notes Programme ("CP/MTN Programme").

▪ Acquisition of Quill Building II

QCT acquired Quill Building II from Quill Land Sdn. Bhd. ("QLSB") for a total consideration of RM107,500,000 satisfied by:

- Issuance of 96,875,000 new Units at an issue price of RM0.80 per Unit; and
- Cash consideration of RM30,000,000 to be funded by CP/MTN Programme.

▪ Acquisition of Quill Building III

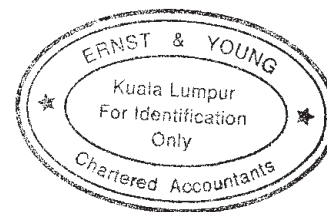
QCT acquired Quill Building III from Quill Estates Sdn. Bhd. ("QESB") for a total consideration of RM59,400,000 satisfied by:

- Issuance of 44,250,000 new Units at an issue price of RM0.80 per Unit; and
- Cash consideration of RM24,000,000 to be funded by CP/MTN Programme.

▪ Acquisition of Quill Building IV

QCT acquired Quill Building IV from QPSB for a total consideration of RM57,000,000 satisfied by:

- Issuance of 38,125,000 new Units at an issue price of RM0.80 per Unit; and
- Cash consideration of RM26,500,000 to be funded by CP/MTN Programme.



**QUILL CAPITA TRUST  
CONSOLIDATED PROFIT PROJECTIONS FOR THE FINANCIAL YEARS ENDING  
31 DECEMBER 2008 AND 31 DECEMBER 2009**

(ii) Commercial Papers/Medium Term Notes Programme

Prior to the Initial Public Offering (“IPO”), QCT, via powers vested in Mayban Trustees Berhad through its wholly-owned special purpose vehicle, Gandalf Capital Sdn. Bhd. (“GCSB”), implemented the CP/MTN Programme.

GCSB will drawdown RM90 million from the CP/MTN Programme to part finance the Acquisitions.

(iii) IPO of QCT Units

▪ Public Issue

QCT will issue 6,190,000 new Units for subscription by the citizens of Malaysia and companies, societies, co-operatives and institutions incorporated or organized under the laws of Malaysia (“Malaysian Public”), of which at least 30% of the Units is to be set aside strictly for Bumiputera individuals, companies, societies, co-operatives and institutions, at RM0.84 per Unit.

▪ Restricted Offer for Sale

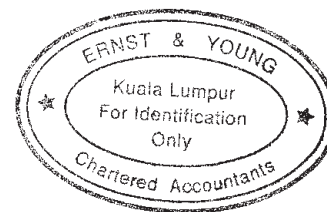
QPSB, QLSB and QESB (collectively “Quill”) will undertake a restricted offer for sale of 71,608,000 Units, representing approximately 30% of the total size of QCT, to CapitaLand Commercial and Integrated Development Limited and/or its nominees, at the institutional price to be determined by way of book-building.

▪ Offer for Sale

In addition, Quill will undertake an offer for sale a total of 89,284,000 Units, received pursuant to Acquisitions, to be allocated and allotted in the following manner:

- 4,900,000 Units, representing approximately 2.05 % of the total size of QCT, to the Malaysian Public, of which at least 30% is to be set aside strictly for Bumiputera individuals, companies, societies, co-operatives and institutions, at RM0.84 per Unit being the initial price payable by investors;
- 1,000,000 Units, representing approximately 0.42% of the total size of QCT, to the eligible employees, directors and business associates of QCM and Quill and its related companies at RM0.84 per Unit, being the initial price payable by investors; and
- 83,384,000 Units, representing approximately 34.93% of the total size of QCT, to selected investors at the institutional price to be determined by way of book-building.





**QUILL CAPITA TRUST  
CONSOLIDATED PROFIT PROJECTIONS FOR THE FINANCIAL YEARS ENDING  
31 DECEMBER 2008 AND 31 DECEMBER 2009**

- Listing and quotation of all the Units on the Main Board of Bursa Malaysia Securities Berhad.

It is assumed that the Acquisitions and CP/MTN Programme will be completed by 1 December 2006, and the IPO of QCT Units will be completed by January 2007.

**2. Revenue**

Revenue is the aggregate of rental income and car park income earned from Quill Building I, II, III and IV (collectively referred to as "Investment Properties"). A summary of the key assumptions which have been used in determining the revenue is set out below:

**(i) Rental Income**

Rental income comprises of rental income and service charge. The projected rental income are based on the contracted rents payable under current lease and tenancy agreements or signed commitments to lease, taking into account the revision on rental rate, tenancy retention rate, potential loss of rent between leases, likely market conditions, inflation rate and demand for office space. Existing tenants/lessees have been assumed to renew their leases upon expiry of the lease and tenancy agreements.

**(ii) Car Park Income**

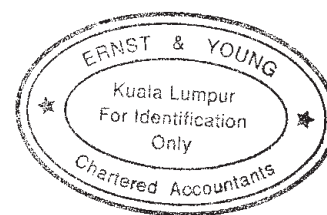
Car park income includes income earned from letting of the car park lots at the Investment Properties. The projected car park income are based on existing lease and tenancy agreements or signed commitments to lease, and assumed to be renewed upon the expiry of the lease and tenancy agreements.

**(iii) Revision in Rental Rates**

Rental income and car park income are projected to increase by 5% to 10% in accordance with the existing lease and tenancy agreements and signed commitments to lease during the projection years.

**(iv) Renewal of Tenancies and Occupancy Rates**

It has been assumed that leases up for renewal during the projection years will be renewed and will not experience any vacancy period. The projected occupancy rates for the Investment Properties are assumed to be 100% based on actual lease and tenancy agreements and signed commitments to lease.



**QUILL CAPITA TRUST  
CONSOLIDATED PROFIT PROJECTIONS FOR THE FINANCIAL YEARS ENDING  
31 DECEMBER 2008 AND 31 DECEMBER 2009**

**3. Property Operating Expenses**

**(i) Quit Rents and Assessments**

An assessment has been made on the quit rents and assessments for each of the Investment Properties based on historical cost information. Where historical cost information is not available, the assessment is assumed to be 6% to 8% of revenue. The quit rents and assessments are assumed to be constant for the projection years.

**(ii) Repair and Maintenance Expenses**

It is assumed that there will be no major defects, repair or refurbishment work to be done on the Investment Properties, other than the scheduled maintenance work to be carried out as projected.

Repair and maintenance expenses are estimated based on historical cost information. Where historical information is not available, the repair and maintenance expenses is estimated based on existing operating costs incurred by other buildings, taking into consideration the net lettable area and frequency of repair and maintenance.

Repair and maintenance are projected to increase by 4% per annum based previous year's expenses.

**(iii) Utilities Charges**

Utilities charges are estimated on based on historical cost information. It is projected to increase by 4% per annum based on previous year's expenses.

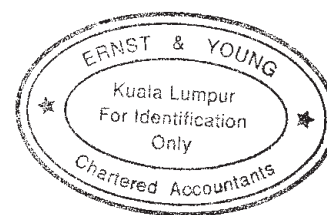
**(iv) Insurance Premium**

Insurance premium comprises of fire insurance, public liability insurance and business loss (loss on rental income).

An individual assessment has been made on the insurance premium for each of the Investment Properties based on historical cost information. The insurance premium is assumed to be constant for the projection years.

**(v) Property Manager's Fees**

Property manager's fees charged by Knight Frank (Ooi & Zaharin Sdn. Bhd.) are in accordance to the Valuers, Appraisers and Estate Agent Act 1981 with permissible discount.



**QUILL CAPITA TRUST  
CONSOLIDATED PROFIT PROJECTIONS FOR THE FINANCIAL YEARS ENDING  
31 DECEMBER 2008 AND 31 DECEMBER 2009**

**(vi) Other Property Operating Expenses**

Other property operating expenses comprise of expenses directly associated with the operations of the Investment Properties and reimbursements of property maintenance expenses to the property manager.

Expenses directly associated with the operations of the Investment Properties and are estimated to be RM120,000 per annum for the projection years.

**4. Interest Income**

Interest income is assumed to be 3.50% of the average cash and bank balances.

**5. Manager's Fees**

The manager is entitled under the Trust Deed to the management fee comprising the base fee and the performance fee.

The base fee is 0.4% per annum of gross asset value of QCT and the performance fee is 3.0% per annum of net investment income for the projected years. A 5% government service tax on the base fee and performance fee is assumed to be payable to the manager. The base fee is payable monthly in arrears and the performance fee is payable at distribution date in accordance with the Trust Deed.

However, for the period from the date of listing to 31 December 2010, performance fee is payable in full or in part subject to QCT achieving a minimum annualised distributable income per unit of 6 sens (after annual manager's fees).

**6. Trust Expenses**

Trust expenses comprise of recurring operating expenses such as the trustee's fees, audit and tax advisors fee, annual listing fees, printing, postage and other miscellaneous expenses.

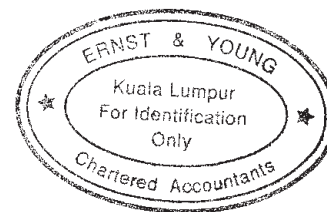
The trustee's fees are 0.030% per annum for the first RM2.5 billion of gross asset value of QCT and 0.020% per annum thereafter for the projected years. A 5% government service tax is assumed to be payable to the trustee. Trustee's fees are payable monthly in arrears in accordance with the Trust Deed.

In assessing these amounts, the directors of the manager have considered factors likely to influence the level of these fees, charges and costs including QCT market capitalisation, gross assets, the likely number of investors, property values and estimated rate of inflation.

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**9. FINANCIAL INFORMATION OF QCT (Cont'd)**

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**QUILL CAPITA TRUST  
CONSOLIDATED PROFIT PROJECTIONS FOR THE FINANCIAL YEARS ENDING  
31 DECEMBER 2008 AND 31 DECEMBER 2009****7. Valuer's Fees**

It is assumed that valuation of the Investment Properties will be carried out every three years to ascertain the fair value of the Investment Properties. The next valuation is assumed to be conducted in year 2009 and the valuer's fees are assumed to be RM160,000.

**8. Borrowing Costs**

GCSB has drawn down RM90 million from the CP/MTN Programme on/before the Acquisitions and has on-lent to QCT to part finance the Acquisitions.

The indicative interest/coupon rates for the CP/MTN Programme are assumed to be:

1 <sup>st</sup> year	4.65% per annum
2 <sup>nd</sup> year	4.95% per annum
3 <sup>rd</sup> year	4.95% per annum
4 <sup>th</sup> year	5.00% per annum
5 <sup>th</sup> year	5.20% per annum

The initial expenses incurred for the CP/MTN Programme is assumed to be approximately RM1.0 million and will be amortised over the tenure of the CP/MTN Programme.

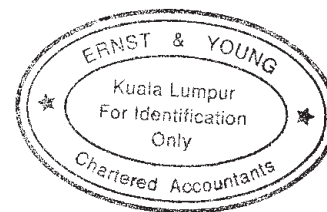
An annual expenses of RM210,000 per annum is assumed to be incurred to maintain the CP/MTN Programme.

The directors of the manager have assumed that the CP/MTN Programme will be available throughout the projection years and the actual interest/coupon rates will not be adversely different from the assumed rates above.

**9. Taxation**

The taxation of QCT is based on the present statutory tax rate of 28% on the consolidated profits before taxation of QCT that are undistributed as at financial year end.

It is assumed that the entire distributable income for the projection years will be distributed to unitholders. Accordingly, all distributable income that is distributed to unitholders in the same basis period will not be subjected to tax.



**QUILL CAPITA TRUST  
CONSOLIDATED PROFIT PROJECTIONS FOR THE FINANCIAL YEARS ENDING  
31 DECEMBER 2008 AND 31 DECEMBER 2009**

**10. Property Value**

Under the fair value model prescribed by the Malaysian FRS 140, Investment Properties, all gains or losses arising from changes in the fair value of the Investment Properties are recognised in the consolidated income statement for the period in which it arises.

The directors of the manager have assumed that there will be no material fluctuation on the market value of the Investment Properties for the years under projections. Accordingly, no fair value adjustments would need to be made to the consolidated income statements for the projection years.

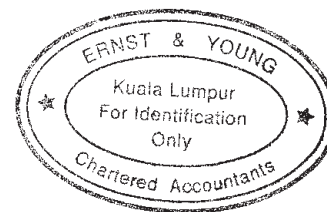
**11. Accounting Standards**

It has been assumed that there have been no significant changes in the applicable accounting standards or other financial reporting requirements that may have a material effect on the projected consolidated profits after taxation.

**12. Other Assumptions**

The directors of the manager have made the following additional assumptions in preparing the consolidated financial projections:

- There will be no material changes to the principal activities, property portfolio and structure of QCT;
- There will be no material acquisitions of authorised investments;
- The listing expenses of approximately RM4.1 million are expected to be borne by the unitholders' fund and will not be charged to the QCT consolidated income statements;
- All lease and tenancy agreements are enforceable and will be performed in accordance with their terms, and there will be no pre-matured termination by the tenants/lessees;
- All rental will be collected when fall due and there will be no bad and doubtful debts;
- It is assumed that insurance coverage on the assets of QCT against fire, loss of rental and other risks is sufficient;
- It is assumed that the property manager is capable of providing or procuring the provision of adequate maintenance and other services;
- There will be sufficient cash flow for the maintenance of, and improvements to, the properties;



**QUILL CAPITA TRUST  
CONSOLIDATED PROFIT PROJECTIONS FOR THE FINANCIAL YEARS ENDING  
31 DECEMBER 2008 AND 31 DECEMBER 2009**

- There will be no adverse economic, political and property market conditions which will materially affect the activities and performance of QCT;
- There will be no material changes in the planned accounting, management and operational policies of QCT;
- There will be no material changes in present legislations or government regulations which will adversely affect the operations of QCT;
- There will be no compulsory acquisition by the Malaysian Government pursuant to the provisions of Land Acquisition Act 1960;
- QCT will not be affected by industrial disputes or any other abnormal factors of changes affecting operations or its planned operations;
- There will be no material contingent liabilities during the projected years which may materially affect the projections. QCT will not be subjected to any material litigation or proceedings which could have a material adverse impact on QCT's business operating results and financial condition; and
- There will be no significant changes in the rate of inflation, interest rates and utility charges.

## 9. FINANCIAL INFORMATION OF QCT (Cont'd)

### 9.7 Sensitivity Analysis

The consolidated profit estimate, forecast and projections included in this Prospectus are based on a number of assumptions that have been outlined in Section 9.6 of this Prospectus. The consolidated profit estimate, forecast and projections are also subject to a number of risks as outlined in Section 8 of this Prospectus.

You should be aware that future events cannot be predicted with any certainty and that deviations from the figures estimated, forecasted or projected in this Prospectus are to be expected. Depicted below is the impact on QCT's consolidated profit and distribution as a result of changes in rental income. The assumptions for rental revenue have been set out in Section 9.6 of this Prospectus.

The sensitivity analysis is intended to provide a guide only and variations in actual performance could exceed the ranges shown. Movement in other variables may offset or compound the effect of a change in any variable beyond the extent shown.

	<b>-5%</b>	<b>0%</b>	<b>+5%</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><i>FYE 31 December 2006</i></b>			
Earnings before taxation	1,074	1,173	1,271
% change	(8.4%)	-	8.4%
Distribution to Unitholders	1,074	1,173	1,271
% change	(8.4%)	-	8.4%
<b><i>FYE 31 December 2007</i></b>			
Earnings before taxation	13,145	14,322	14,880
% change	(8.2%)	-	3.9%
Distribution to Unitholders	13,145	14,322	14,880
% change	(8.2%)	-	3.9%
<b><i>FYE 31 December 2008</i></b>			
Earnings before taxation	13,247	14,321	15,017
% change	(7.5%)	-	4.9%
Distribution to Unitholders	13,247	14,321	15,017
% change	(7.5%)	-	4.9%
<b><i>FYE 31 December 2009</i></b>			
Earnings before taxation	14,054	14,675	15,916
% change	(4.2%)	-	8.5%
Distribution to Unitholders	14,054	14,675	15,916
% change	(4.2%)	-	8.5%

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## 9. FINANCIAL INFORMATION OF QCT (Cont'd)

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### 9.8 Pro Forma Consolidated Balance Sheets Of QCT Together With Reporting Accountants' Letter Thereon



■ Chartered Accountants  
4th Floor, Kompleks Antarabangsa  
Jalan Sultan Ismail  
50250 Kuala Lumpur, Malaysia

■ Phone : (03) 2144-2333  
Fax : (03) 2144-0709  
www.ey.com/my

Mail Address:  
P.O. Box 11040  
50734 Kuala Lumpur, Malaysia

#### Reporting Accountants' Letter on Pro Forma Consolidated Balance Sheets (prepared for inclusion in the Prospectus)

21 November 2006

The Board of Directors  
Quill Capita Management Sdn. Bhd.  
Suite 11.01A, Level 11  
Menara Citibank  
No 165 Jalan Ampang  
50450 Kuala Lumpur

Dear Sirs

#### QUILL CAPITA TRUST ("QCT") PRO FORMA CONSOLIDATED BALANCE SHEETS AS AT DATE OF ESTABLISHMENT

We report on the pro forma consolidated balance sheets set out in the accompanying statement (which we have stamped for the purpose of identification) for inclusion in the prospectus to be dated 11 December 2006 ("Prospectus"). The pro forma consolidated balance sheets have been prepared for illustrative purposes only, to provide information about how the consolidated balance sheets of QCT as at 12 October 2006 (date of establishment) that has been presented might have been affected by the following proposals had the proposals been completed on that date:

#### 1. Acquisitions by QCT

##### (a) Acquisition of Quill Building I

QCT acquired Quill Building I from Quill Properties Sdn. Bhd. ("QPSB") for a total consideration of RM52,100,000 satisfied by:

- (i) Issuance of 53,250,000 new units in QCT ("Units") at an issue price of RM0.80 per Unit; and
- (ii) Cash consideration of RM9,500,000 to be funded by 7-year RM118 million Commercial Papers/Medium Term Notes Programme ("CP/MTN Programme").

##### (b) Acquisition of Quill Building II

QCT acquired Quill Building II from Quill Land Sdn. Bhd. ("QLSB") for a total consideration of RM107,500,000 satisfied by:

- (i) Issuance of 96,875,000 new Units at an issue price of RM0.80 per Unit; and
- (ii) Cash consideration of RM30,000,000 to be funded by CP/MTN Programme.



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## 9. FINANCIAL INFORMATION OF QCT (Cont'd)

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(c) Acquisition of Quill Building III

QCT acquired Quill Building III from Quill Estates Sdn. Bhd. (“QESB”) for a total consideration of RM59,400,000 satisfied by:

- (i) Issuance of 44,250,000 new Units at an issue price of RM0.80 per Unit; and
- (ii) Cash consideration of RM24,000,000 to be funded by CP/MTN Programme.

(d) Acquisition of Quill Building IV

QCT acquired Quill Building IV from QPSB for a total consideration of RM57,000,000 satisfied by:

- (i) Issuance of 38,125,000 new Units at an issue price of RM0.80 per Unit; and
- (ii) Cash consideration of RM26,500,000 to be funded by CP/MTN Programme.

## 2. Commercial Paper/Medium Term Notes Programme

Prior to Initial Public Offering (“IPO”), QCT, via powers vested in Mayban Trustees Berhad through its wholly-owned special purpose vehicle, Gandalf Capital Sdn. Bhd. (“GCSB”), implemented the CP/MTN Programme.

GCSB will drawdown RM90 million from the CP/MTN Programme to part finance the Acquisitions.

## 3. IPO of QCT Units

The IPO comprises of the following:

(a) Public Issue

QCT will issue 6,190,000 new Units, representing approximately 2.59% of the total size of QCT, for subscription by the citizens of Malaysia and companies, societies, co-operatives and institutions incorporated or organized under the laws of Malaysia (“Malaysian Public”), of which at least 30% of the Units is to be set aside strictly for Bumiputera individuals, companies, societies, co-operatives and institutions, at RM0.84 per Unit, being the initial price payable by investors.

(b) Restricted Offer for Sale

QPSB, QLSB and QLSB (collectively “Quill”) will undertake a restricted offer for sale of 71,608,000 Units, representing approximately 30% of the total size of QCT, to CapitaLand Commercial and Integrated Development Limited and/or its nominees, at the institutional price to be determined by way of book-building.



(c) Offer for Sale

In addition, Quill will undertake an offer for sale a total of 89,284,000 Units, received pursuant to Acquisitions, to be allocated and allotted in the following manner:

- (i) 4,900,000 Units representing approximately 2.05% of the total size of QCT, to the Malaysia Public, of which at least 30% is to be set aside strictly for Bumiputera individuals, companies, societies, co-operatives and institutions, at RM0.84 per Unit, being the initial price payable by investors;
  - (ii) 1,000,000 Units representing approximately 0.42% of the total size of QCT to the eligible employees, directors and business associates of Quill Capita Management Sdn. Bhd. ("QCM") and Quill and its related companies at RM0.84 per Unit, being the initial price payable by investors; and
  - (iii) 83,384,000 Units, representing approximately 34.93% of the total size of QCT to selected investors at the institutional price to be determined by way of book-building.
- (d) Listing and quotation of all the Units on the Main Board of Bursa Malaysia Securities Berhad.

It is the responsibility solely of the directors of QCM to prepare the pro forma consolidated balance sheets of QCT in accordance with the requirements of the Securities Commission Prospectus Guidelines in respect of Public Offerings ("the Guidelines").

It is our responsibility to form an opinion, as required by the Guidelines, and to report our opinion to you. Our work consisted primarily of comparing the unadjusted financial information presented with their original form, considering the adjustments and discussing the pro forma consolidated balance sheets with the responsible officers of QCM. Our work involved no independent examination of any of the underlying financial information.

In our opinion:

- (a) the pro forma consolidated balance sheets have been properly compiled on the bases stated; and
- (b) within the context of the date of the establishment of QCT, the CP/MTN Programme, Acquisitions and the IPO of QCT:
  - (i) such bases are consistent with the accounting policies of the QCT; and
  - (ii) the adjustments set out are appropriate for the purposes for the pro forma consolidated balance sheets pursuant to the Guidelines.

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9. FINANCIAL INFORMATION OF QCT (Cont'd)

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The accompanying pro forma consolidated balance sheets and this letter have been prepared for inclusion in the Prospectus in connection with the above proposals. This letter should not be reproduced, referred to in any other document, or used for any other purpose without our prior written consent.

Yours faithfully



ERNST & YOUNG  
AF:0039  
Chartered Accountants  
Kuala Lumpur, Malaysia



YEO ENG SENG  
No. 1212/12/06  
Partner

**9. FINANCIAL INFORMATION OF QCT (Cont'd)**

**Quill Capita Management Sdn Bhd**  
(Company No. 737252-X)

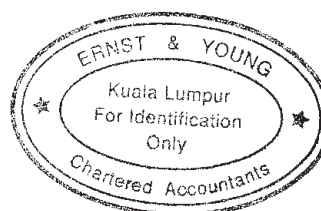
Suite 11.01A, Level 11, Menara Citibank  
No. 165, Jalan Ampang,  
50450 Kuala Lumpur, Malaysia  
Tel: 603 23806288 Fax: 603 23806289  
Website: [www.qct.com.my](http://www.qct.com.my)

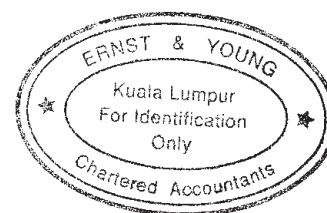
**QUILL CAPITA TRUST ("QCT")  
PRO FORMA CONSOLIDATED BALANCE SHEETS AS AT DATE OF ESTABLISHMENT**

The pro forma consolidated balance sheets of QCT as at 12 October 2006 (date of establishment) as set out below are provided for illustrative purpose only and incorporate the proposals referred to in the notes as if these proposals were completed on the date of establishment.

		Pro forma I		Pro forma II		Pro forma III
	Notes	As at 12 October 2006 (unaudited)* RM'000	Adjustments Pro forma II RM'000	After Pro forma I and the Acquisitions RM'000	Adjustments Pro forma III RM'000	After Pro forma II and the IPO RM'000
<b>Non-Current Asset</b>						
Investment properties	1	-	276,000	276,000		276,000
<b>Current Asset</b>						
Cash and bank balances	2	1	7,811	7,812	94	7,906
<b>Current Liability</b>						
Other payables	3	-	8,811	8,811	(1,000)	7,811
<b>Net current asset/(liability)</b>		1		(999)		95
		1		275,001		276,095
<b>Financed by:</b>						
Units	4	1	186,000	186,001	1,094	187,095
Unitholders' fund		1		186,001		187,095
<b>Long Term Liability</b>						
Borrowings		-	89,000	89,000		89,000
		1		275,001		276,095
Net asset value		1		186,001		187,095
No. of units in issue ('000)		1		232,501		238,691
Net asset value per unit (RM)		0.80		0.80		0.78

\* Rounded to the nearest thousands





**QUILL CAPITA TRUST  
NOTES TO PRO FORMA CONSOLIDATED BALANCE SHEETS  
AS AT DATE OF ESTABLISHMENT**

The directors of Quill Capita Management Sdn. Bhd. ("QCM"), being the manager of QCT prepares the pro forma consolidated balance sheets as at 12 October 2006 (date of establishment) for illustrative purposes based on the following scenarios:

**Pro forma I**

For Pro forma I, the pro forma consolidated balance sheet illustrates the balance sheet as at 12 October 2006 (unaudited), where QCT was established with the registration of the Deed and the issuance of promoter's units of 1,000 units in QCT ("Units") at RM0.80 per unit for cash.

**Pro forma II**

For Pro forma II, the pro forma consolidated balance sheet illustrates the position of QCT as at date of establishment, adjusted for the effects of the proposals as illustrated below:

Acquisitions by QCT

Acquisitions by QCT comprise of the following:

(a) Acquisition of Quill Building I

QCT acquired Quill Building I from Quill Properties Sdn. Bhd. ("QPSB") for a total consideration of RM52,100,000 satisfied by:

- (i) Issuance of 53,250,000 new units in QCT ("Units") at an issue price of RM0.80 per Unit; and
- (ii) Cash consideration of RM9,500,000 to be funded by 7-year RM118 million Commercial Papers/Medium Term Notes Programme ("CP/MTN Programme").

(b) Acquisition of Quill Building II

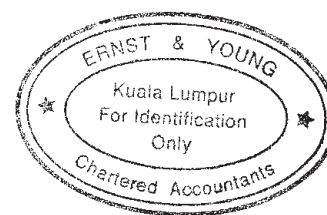
QCT acquired Quill Building II from Quill Land Sdn. Bhd. ("QLSB") for a total consideration of RM107,500,000 satisfied by:

- (i) Issuance of 96,875,000 new Units at an issue price of RM0.80 per Unit; and
- (ii) Cash consideration of RM30,000,000 to be funded by CP/MTN Programme.

(c) Acquisition of Quill Building III

QCT acquired Quill Building III from Quill Estates Sdn. Bhd. ("QESB") for a total consideration of RM59,400,000 satisfied by:

- (i) Issuance of 44,250,000 new Units at an issue price of RM0.80 per Unit; and
- (ii) Cash consideration of RM24,000,000 to be funded by CP/MTN Programme.



**QUILL CAPITA TRUST  
NOTES TO PRO FORMA CONSOLIDATED BALANCE SHEETS  
AS AT DATE OF ESTABLISHMENT**

(d) Acquisition of Quill Building IV

QCT acquired Quill Building IV from QPSB for a total consideration of RM57,000,000 satisfied by:

- (i) Issuance of 38,125,000 new Units at an issue price of RM0.80 per Unit; and
- (ii) Cash consideration of RM26,500,000 to be funded by CP/MTN Programme.

All the rental deposits related to Quill Building I, II, III and IV have been transferred to QCT.

Commercial Paper/Medium Term Notes Programme

Prior to the Initial Public Offering (“IPO”), QCT, via powers vested in Mayban Trustees Berhad through its wholly-owned special purpose vehicle, Gandalf Capital Sdn. Bhd. (“GCSB”), implemented the CP/MTN Programme.

GCSB will drawdown RM90 million from the CP/MTN Programme to part finance the Acquisitions. The borrowings are recorded at the amount of proceeds received, net of transaction costs, estimated at approximately RM1.0 million.

**Pro forma III**

For Pro forma III, the pro forma consolidated balance sheet illustrates the position of QCT as at date of establishment, adjusted for the effects of the CP/MTN Programme and Acquisitions (as described in Pro forma II) and the IPO.

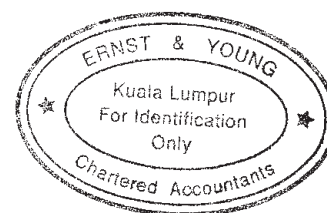
The IPO comprises of the following:

(a) Public Issue

QCT will issue 6,190,000 new Units, representing approximately 2.59% of the total size of QCT, for subscription by the citizens of Malaysia and companies, societies, co-operatives and institutions incorporated or organized under the laws of Malaysia (“Malaysian Public”), of which at least 30% of the Units is to be set aside strictly for Bumiputera individuals, companies, societies, co-operatives and institutions, at RM0.84 per Unit, being the initial price payable by investors.

(b) Restricted Offer for Sale

QPSB, QLSB and QESB (collectively “Quill”) will undertake a restricted offer for sale of 71,608,000 Units, representing approximately 30% of the total size of QCT, to CapitalLand Commercial and Integrated Development Limited and/or its nominees, at the institutional price to be determined by way of book-building.



**QUILL CAPITA TRUST  
NOTES TO PRO FORMA CONSOLIDATED BALANCE SHEETS  
AS AT DATE OF ESTABLISHMENT**

(c) Offer for Sale

In addition, Quill will undertake an offer for sale a total of 89,284,000 Units, received pursuant to Acquisitions, to be allocated and allotted in the following manner:

- (i) 4,900,000 Units representing approximately 2.05% of the total size of QCT, to the Malaysian Public via balloting, of which at least 30% is to be set aside strictly for Bumiputera individuals, companies, societies, co-operatives and institutions, at RM0.84 per Unit being the initial price payable by investors;
- (ii) 1,000,000 Units representing approximately 0.42% of the total size of QCT to the eligible employees, directors and business associates of QCM and Quill and its related companies at RM0.84 per Unit, being the initial price payable by investors; and
- (iii) 83,384,000 Units, representing approximately 34.93% of the total size of QCT to selected investors at the institutional price to be determined by way of book-building.

(d) Listing and quotation of all the Units on the Main Board of Bursa Malaysia Securities Berhad

The notes to the pro forma consolidated balance sheets are as follows:

**1. Investment Properties**

Investment properties comprise of Quill Building I, II, III and IV. The investment properties are recorded at the costs of acquisition.

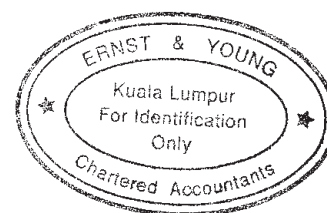
The market value of the investment properties is RM280,000,000 based on a valuation conducted on 24 February 2006 by the independent valuer.

It is assumed that the current charges on the investment properties will be discharged and a new charge will be granted in favour of the trustee for the notes holders of the CP/MTN Programme.

**2. Cash and Bank Balances**

	<b>Pro forma I RM'000</b>	<b>Pro forma II RM'000</b>	<b>Pro forma III RM'000</b>
Promoter's units proceeds	1	1	1
Rental deposits	-	7,811	7,811
IPO proceeds	-	-	5,200
Less: Listing expenses (Note 4)	-	-	(4,106)
Initial expenses incurred for the CP/MTN Programme	-	-	(1,000)
	<u>1</u>	<u>7,812</u>	<u>7,906</u>

**9. FINANCIAL INFORMATION OF QCT (Cont'd)**



**QUILL CAPITA TRUST  
NOTES TO PRO FORMA CONSOLIDATED BALANCE SHEETS  
AS AT DATE OF ESTABLISHMENT**

**3. Other Payables**

Other payables comprise of rental deposits of RM7,811,000 and initial expenses payable for the CP/MTN Programme of RM1,000,000.

**4. Units**

	Issue Price RM per unit	Pro forma I RM'000	Pro forma II RM'000	Pro forma III RM'000
Units issued as promoter's units - 1,000 Units	RM0.80	1	1	1
Units issued for purchase consideration for the Acquisitions - 232,500,000 Units	RM0.80	-	186,000	186,000
Units issue for Public Issue - 6,190,000 Units	RM0.84	-	-	5,200
Less: Listing expenses (Note a)		-	-	(4,106)
		<u>1</u>	<u>186,001</u>	<u>187,095</u>

(a) The estimated listing expenses comprise of the followings:

	RM'000
Professional fees	2,150
Fees to authorities	300
Underwriting and brokerage fees	156
Printing, advertising and other miscellaneous expenses	1,500
	<u>4,106</u>