

QUILL CAPITA TRUST
CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE QUARTER ENDED 31 DECEMBER 2009 (UNAUDITED)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year	Preceding Year	Current Year	Preceding Year
	Quarter	Quarter	To Date	To Date
	31.12.2009	31.12.2008	31.12.2009	31.12.2008
	RM	RM	RM	RM
TOTAL INCOME				
Gross revenue	16,986,369	15,599,972	67,380,139	54,443,360
Property operating expenses	(3,726,501)	(2,709,893)	(15,341,927)	(12,055,629)
Net property income	13,259,868	12,890,079	52,038,212	42,387,731
Interest income	89,954	123,342	395,666	454,676
	<u>13,349,822</u>	<u>13,013,421</u>	<u>52,433,878</u>	<u>42,842,407</u>
TOTAL EXPENDITURE				
Manager's fee	(1,262,961)	(1,242,325)	(5,080,549)	(4,220,185)
Trustee's fee	(60,953)	(40,907)	(243,985)	(143,850)
Borrowing costs	(3,560,658)	(3,100,781)	(14,102,440)	(8,151,289)
Valuation fees	51,000	218,000	(276,500)	(210,000)
Auditors' remuneration	(34,900)	(31,850)	(122,200)	(89,200)
Tax agent's fee	(5,145)	(5,145)	(16,555)	(8,240)
Administrative expenses	408,339	(80,246)	(172,853)	(604,033)
	<u>(4,465,278)</u>	<u>(4,283,254)</u>	<u>(20,015,082)</u>	<u>(13,426,797)</u>
Income before tax and revaluation surplus	8,884,544	8,730,167	32,418,796	29,415,610
Surplus on revaluation of investment properties	691,653	2,799,893	691,653	2,799,893
INCOME BEFORE TAX	9,576,197	11,530,060	33,110,449	32,215,503
TAXATION	-	-	(2,801)	-
INCOME AFTER TAXATION	9,576,197	11,530,060	33,107,648	32,215,503
Income After Taxation is made up of the following:				
Realised	8,884,544	8,730,167	32,415,995	29,415,610
Unrealised	691,653	2,799,893	691,653	2,799,893
EARNINGS PER UNIT (a)				
- after manager's fees (sen)	2.28	2.24	8.31	7.54
- before manager's fees (sen)	2.60	2.56	9.61	8.62
INCOME DISTRIBUTION				
-Interim distribution of income	-	-	(14,746,952)	(13,108,402)
-Provision for final distribution of income	(15,215,110)	(16,190,436)	(15,215,110)	(16,190,436)
Income distribution per unit				
Gross (sen)				
-Interim distribution of income	-	-	3.78	3.36
-Provision for final distribution of income	3.90 b(i)	4.15	3.90 b(i)	4.15
	<u>3.90</u>	<u>4.15</u>	<u>7.68 b(ii)</u>	<u>7.51</u>

(a) Earnings Per Unit for the current year quarter, preceding year quarter, current year cumulative quarter and preceding year cumulative quarter are computed based on Realised Income After Taxation for the respective periods divided by 390,131,000 units in circulation.

(b) (i) Final distribution of 3.90 sen being the distributable income for the period 1 July 2009 to 31 December 2009 will be payable on or about 25 February 2010 to all unitholders as at book closure date. Please refer Note B15 for details of the distribution.

(ii) The total distribution for the year is 7.68 sen per unit, of which an interim distribution of 3.78 sen being distributable income for the period 1 January 2009 to 30 June 2009 was paid on 28 August 2009.

Income distribution to resident individuals, non-resident individuals, resident institutional investors, non-resident institutional investors and non-resident companies are subject to withholding tax.

The Condensed Income Statement should be read in conjunction with the audited financial statements for the year ended 31 December 2008 and the accompanying explanatory notes attached to the financial statements.

QUILL CAPITA TRUST
CONDENSED CONSOLIDATED BALANCE SHEET
FOR THE QUARTER ENDED 31 DECEMBER 2009 (UNAUDITED)

	AS AT END OF CURRENT QUARTER	AS AT PRECEDING FINANCIAL YEAR END
	31.12.2009 UNAUDITED RM	31.12.2008 AUDITED RM
NON-CURRENT ASSETS		
Property, plant and equipment	5,163	12,519
Investment properties	788,400,000	783,700,000
	<u>788,405,163</u>	<u>783,712,519</u>
CURRENT ASSETS		
Trade and other receivables	3,716,683	3,865,026
Deposits with licensed financial institution	18,011,421	21,374,330
Cash and bank balances	8,032,466	7,061,593
	<u>29,760,570</u>	<u>32,300,949</u>
CURRENT LIABILITIES		
Provision for income distribution	15,215,110	16,190,436
Trade and other payables	8,407,161	9,783,427
Borrowings	116,422,680	187,715,080
Security deposits	71,018	7,376,293
	<u>140,115,969</u>	<u>221,065,236</u>
NET CURRENT LIABILITIES	(110,355,399)	(188,764,287)
NON-CURRENT LIABILITIES		
Borrowings	188,224,309	115,739,489
Security deposits	14,836,159	7,365,033
	<u>203,060,468</u>	<u>123,104,522</u>
NET ASSETS	<u>474,989,296</u>	<u>471,843,710</u>
Represented by:		
UNITHOLDERS' FUND		
Unitholders' capital	411,712,067	411,712,067
Undistributed and non-distributable income	63,277,229	60,131,643
	<u>474,989,296</u>	<u>471,843,710</u>
NET ASSET VALUE PER UNIT (before provision for distribution)	1.2565	1.2509
NET ASSET VALUE PER UNIT (after provision for distribution)	1.2175	1.2094
NUMBER OF UNITS IN CIRCULATION	390,131,000	390,131,000

The Condensed Balance Sheet should be read in conjunction with the audited financial statements for the year ended 31 December 2008 and the accompanying explanatory notes attached to the financial statements.

QUILL CAPITA TRUST
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN NET ASSET VALUE
FOR THE QUARTER ENDED 31 DECEMBER 2009 (UNAUDITED)

	Unitholders' Capital	Distributable Income	Non distributable Income	Total
	RM	RM	RM	RM
As at 1 January 2009	411,712,067	225,462	59,906,181	471,843,710
Net income for the period	-	32,415,995	691,653	33,107,648
Distribution paid on 28 August 2009	-	(14,746,952)	-	(14,746,952)
Provision for distribution	-	(15,215,110)	-	(15,215,110)
As at 31 December 2009	<u>411,712,067</u>	<u>2,679,395</u>	<u>60,597,834</u>	<u>474,989,296</u>

The Condensed Consolidated Statement of Changes in Net Asset Value should be read in conjunction with the audited financial statements for the year ended 31 December 2008 and the accompanying explanatory notes attached to the financial statements.

**QUILL CAPITA TRUST
CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE QUARTER ENDED 31 DECEMBER 2009 (UNAUDITED)**

	CURRENT YEAR TO DATE 31.12.2009 RM	PRECEDING YEAR TO DATE 31.12.2008 RM
CASH FLOW FROM OPERATING ACTIVITIES		
Income before tax	33,110,449	32,215,503
Adjustments for:		
Interest expenses	13,365,202	7,547,192
Transaction costs & credit facility costs	737,238	604,097
Fair value adjustments	(691,653)	(2,799,893)
Depreciation	7,356	7,465
Interest income	(395,666)	(454,676)
Operating income before working capital changes	<u>46,132,926</u>	<u>37,119,688</u>
Receivables	437,234	(920,764)
Payables	(2,306,837)	3,191,248
Cash generated from operating activities	<u>44,263,323</u>	<u>39,390,172</u>
Income tax paid	(2,801)	-
Net cash generated from operating activities	<u>44,260,522</u>	<u>39,390,172</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Additions to investment properties	(4,008,347)	(229,399,236)
Purchase of property, plant & equipments	-	(9,172)
Interest received	407,873	477,180
Net cash used in investing activities	<u>(3,600,474)</u>	<u>(228,931,228)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Distribution to unitholders	(30,937,388)	(22,744,638)
Finance costs paid	(12,324,778)	(7,944,401)
Proceeds from borrowings	72,210,082	282,225,546
Repayment of borrowings	(72,000,000)	(67,240,000)
Net cash (used in) /generated from financing activities	<u>(43,052,084)</u>	<u>184,296,507</u>
NET MOVEMENT IN CASH AND CASH EQUIVALENTS	<u>(2,392,036)</u>	<u>(5,244,549)</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>28,435,923</u>	<u>33,680,472</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>26,043,887</u>	<u>28,435,923</u>
Cash and cash equivalents at end of period comprises:		
Deposits with licensed financial institutions	18,011,421	21,374,330
Cash and bank balances	8,032,466	7,061,593
	<u>26,043,887</u>	<u>28,435,923</u>

The Condensed Cash Flow Statement should be read in conjunction with the audited financial statements for the year ended 31 December 2008 and the accompanying explanatory notes to the financial statements.

**QUILL CAPITA TRUST
EXPLANATORY NOTES FOR QUARTER ENDED 31 DECEMBER 2009**

A1 BASIS OF PREPARATION

The financial statements have been prepared under the historical cost convention except for investment properties which are stated at fair value.

The financial statements comply with the applicable Financial Reporting Standards in Malaysia, provisions of the Trust Deed and the Securities Commission's Guidelines on Real Estate Investment Trusts.

A2 BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of QCT and its special purpose entities ("SPEs"). The SPEs were established for the specific purpose of raising financing on behalf of QCT for the acquisition of real estate properties and single-purpose companies. QCT does not have any shareholding in these entities. A SPE is consolidated if, based on an evaluation of the substance of its relationship with QCT and the SPE's risks and rewards, QCT concludes that it controls the SPE. SPEs controlled by QCT were established under terms that impose strict limitations on the decision-making powers of the SPE's management resulting in QCT receiving all of the benefits related to the SPE's operations and net assets.

A3 AUDIT REPORT OF PRECEDING FINANCIAL YEAR ENDED 31 DECEMBER 2008

The audit report of the financial statements for the preceding year ended 31 December 2008 was not qualified.

A4 SEASONALITY OR CYCLICALITY OF OPERATIONS

The business operations of QCT may be affected by seasonal or cyclical factors, including but not limited to changes in rental demand and supply of properties which depend on market conditions, economic cycle, financial performance of its tenants, availability of credit facilities and interest rate environment.

A5 UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE OR INCIDENCE

During the current quarter under review, there were no unusual items due to their nature, size or incidence that affects the assets, liabilities, equity, net income or cash flows of QCT.

A6 CHANGES IN ESTIMATES OF AMOUNTS REPORTED

There were no changes in the estimates of amounts reported during the current quarter.

A7 CHANGES IN DEBT AND EQUITY

Save as disclosed in note B12, there were no repurchase, resale and repayment of debt and equity instruments for the current quarter and period to date.

A8 INCOME DISTRIBUTION POLICY

In line with the Trust Deed dated 9 October 2006, effective from financial year 2009, QCT intends to distribute at least 90% of its distributable income at least semi-annually or at such other intervals as the manager may determine.

A9 SEGMENT REPORTING

No segment information is prepared as QCT's activities are predominantly in one industry segment and situated predominantly in Malaysia.

A10 VALUATION OF INVESTMENT PROPERTIES

The investment properties are valued by independent registered valuers and the differences between the valuations and the book values of the respective properties are charged or credited to the Income Statement.

For the quarter and financial year ended 31 December 2009, the investment properties were valued based on valuations performed by independent registered valuers on 31 December 2009. A surplus on revaluation of RM0.69 million was credited to the income statement.

A11 SIGNIFICANT EVENTS DURING THE QUARTER ENDED 31 DECEMBER 2009

There were no significant events during the quarter ended 31 December 2009.

A12 SIGNIFICANT EVENTS SUBSEQUENT TO THE QUARTER ENDED 31 DECEMBER 2009

There were no significant events subsequent to the quarter ended 31 December 2009.

A13 CHANGES IN CONTINGENT LIABILITIES

There are no contingent liabilities to be disclosed.

A14 CAPITAL COMMITMENTS

The amount of capital commitment not provided for in the financial statements as at 31 December 2009 are as follows:

	As at 31 December 2009
	RM
Approved and contracted for :	
Investment properties	28,707
Approved and not contracted for :	
Investment properties	279,760

B1 REVIEW OF PERFORMANCE

Quarter results

QCT recorded total revenue of RM16.99 million and property operating expenses of RM 3.73 million respectively for the current quarter ended 31 December 2009. Income after taxation of RM9.58 million was achieved, which included a surplus on revaluation of investment properties of RM0.69 million. Borrowing costs of RM3.56 million and manager' s fee of RM1.26 million were incurred during the quarter.

There were no material variations in income before tax as compared with the immediate preceding quarter save for the surplus on revaluation of investment properties.

As compared with the preceding year corresponding quarter, the revenue is slightly higher due mainly to full contribution from an additional asset acquired in the preceding year, and increased rentals from some tenants. The income before and after tax is lower due mainly to the lower surplus on revaluation achieved.

B1 REVIEW OF PERFORMANCE (cont'd)

Year to-date results

QCT recorded a total revenue of RM67.4 million and property operating expenses of RM15.34 million respectively for the financial year ended 31 December 2009. Income after taxation of RM33.11 million was achieved, of which RM32.42 million is realised and RM0.691 million being surplus on revaluation of investment properties is unrealised.

Borrowing costs of RM14.10 million and manager's fee of RM5.08 million were incurred. Other expenses including auditor's fee, trustee's fee, valuation fees and other administrative expenses incurred amounted to RM0.832 million.

As compared with the preceding year, excluding the effect of the lower surplus in revaluation of investment properties, the revenue and income before tax are higher due mainly to full contributions from the additional assets acquired in the preceding year. The resulting Earnings Per Unit (EPU) for the year is 8.31 sen as compared with 7.54 sen achieved for the preceding year, representing an increase of 10.21%.

An interim distribution of 3.78 sen per unit or RM14,756,952 being distributable income for the period 1 January 2009 to 30 June 2009 was paid in August 2009.

A provision for final gross income distribution of RM15,215,110 or 3.90 sen per unit, has been made and will be payable on 25 February 2010.

Total gross income distribution for the financial year ended 31 December 2009 is 7.68 sen per unit, or RM29,962,062, being approximately 92.4% of the realised income after taxation for the financial year.

The performance of QCT for the quarter and financial year ended 31 December 2009 is in line with the investment objective of QCT.

B2 INVESTMENT OBJECTIVES AND STRATEGIES

The investment objective of QCT is to acquire and invest in commercial properties primarily in Malaysia with a view to provide long-term growth and sustainable distribution of income to unitholders and to achieve long-term growth in the net asset value per unit. There has been no change in the investment objective of QCT since the date of QCT's Annual Report 2008.

The Manager will continue to focus on its portfolio management and acquisition growth strategy, active asset management strategy and capital management strategy to achieve the investment objective of QCT. There has been no change in the strategies employed by the Manager since the date of QCT's Annual Report 2008 as they still remain relevant in the current market conditions.

B3 PROSPECTS

With DPU of 7.68 sen, QCT has achieved better than the forecast DPU for FY 2009 of 7.53 sen. Despite the challenging economic environment in 2009, QCT has managed to renew all tenancies expired in 2009 and to meet all of QCT's financing requirements in 2009. With the economy expected to recover, QCT will continue to focus on tenant retention, capital management and cost efficiency measures in the coming year in order to achieve sustainable income distribution.

B4 REVENUE RECOGNITION

Revenue is recognised to the extent that it is probable that the economic benefits will flow to QCT and the revenue can be reliably measured.

Revenues from the rental of investment properties, service charges, car park income and utilities recovery are recognised on an accrual basis.

B5 PROFIT FORECAST / PROFIT GUARANTEE VARIANCE

a) Profit forecast

The unaudited results for the quarter and for the year ended 31 December 2009 is in line with the forecast for FY 2009, save for surplus on revaluation of RM0.69 million and contributions from additional asset acquired.

b) Profit guarantee

QCT is not involved in any arrangement whereby it provides profit guarantee.

B6 TAXATION

Previously, undistributed income of a REIT would be subject to income tax whereas the income distributed would be exempt from tax. With the amendment to Section 61A of the Income Tax Act 1967, effective from Year of Assessment 2007, the undistributed income of a REIT will also be exempt from income tax provided that the REIT distributes 90% or more of its total income for the year. If the REIT is unable to meet the 90% distribution criteria, the entire taxable income of the REIT for the year would be subject to income tax.

As QCT intends to distribute at least 90% of its total income for the year to its unitholders, no provision for tax has been made in the current quarter.

A reconciliation of the income tax expense applicable to income before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of QCT is as follows:

	Current Quarter RM	Year to date RM
Income before taxation	8,884,544	32,418,796
Taxation at Malaysian statutory tax rate of 25%	2,221,136	8,104,699
Expenses not deductible for tax purposes	-	-
Income exempted from tax	(2,221,136)	(8,104,699)
Underprovision of prior year tax	-	(2,801)
Write-back of over provision	-	-
Tax expense for the period	-	(2,801)

B7 PROFIT ON SALE OF INVESTMENTS IN UNQUOTED SECURITIES /PROPERTIES

There was no disposal of investments in unquoted securities during the current quarter and the period to date.

B8 PARTICULARS OF PURCHASE OR DISPOSAL OF INVESTMENT IN QUOTED SECURITIES

There was no purchase or disposal of investments in quoted securities during the current quarter and the period to date.

B9 STATUS OF CORPORATE PROPOSALS

There were no corporate proposals during the current quarter and period to date.

B10 UTILISATION OF PROCEEDS RAISED FROM ANY NEW ISSUANCE

There were no issuance of new units during the quarter and year to-date.

B11 COMPOSITION OF INVESTMENT PORTFOLIO AS AT 31 DECEMBER 2009

As at 31 December 2009, QCT's portfolio comprised of ten commercial buildings as follows:

Investment properties	Cost of Investment RM	Market value as at 31 December 2009 RM	Market value as % of NAV
1 QB1 -DHL 1 & QB 4-DHL2	109,100,000	121,000,000	25.47%
2 QB 2- HSBC	107,500,000	114,350,000	24.07%
3 QB 3- BMW	59,400,000	70,000,000	14.74%
4 Wisma Technip	122,606,299	146,500,000	30.84%
5 Part of Plaza Mont' Kiara	90,000,000	106,000,000	22.32%
6 QB5- IBM	43,000,000	42,700,000	8.99%
7 QB 8 -DHL XPJ	28,800,000	27,500,000	5.79%
8 QB10-HSBC Section 13	26,740,000	25,850,000	5.44%
9 Tesco Building Penang	132,000,000	134,500,000	28.32%
	<u>719,146,299</u>	<u>788,400,000</u>	

There were no changes to the total number of commercial buildings held by QCT since the preceding financial year ended 31 December 2008.

There were no major capital expenditure incurred during the quarter save for the extension of additional space to QB 10- HSBC Section 13 for RM4 million. Maintenance costs were normal expenses incurred for the upkeep of the buildings.

B12 BORROWINGS AND DEBT SECURITIES

Current liabilities :

	As at end of current quarter ended 31 December 2009
CPs	
	RM
Face value of CPs issued	118,000,000
Discount on CPs	(1,435,656)
Cash proceeds	116,564,344
Accretion of interest expense on CPs	218,363
	116,782,707
Transaction costs c/f	(452,564)
Amortisation of transaction costs during the period	92,537
	<u>116,422,680</u>
Non- current liabilities:	
MTNs	
Face value of MTNs issued	117,000,000
Transaction costs c/f	(1,260,511)
	115,739,489
Amortisation of transaction costs during the period	274,738
	<u>116,014,227</u>
Loan drawdown from 5-year RM80 million Financing Facilities	72,210,082
	<u>188,224,309</u>

B12 BORROWINGS AND DEBT SECURITIES (cont'd)

a Commercial Papers ("CPs") / Medium Term Notes ("MTNs") Programmes ("CPs/MTNs Programme")

(i) CP/MTN Programme of up to RM118 million (RM118 million Programme")

On 3 November 2006, QCT has through its SPE, Gandalf Capital Sdn. Bhd., established a 7 year RM118 million CPs/MTNs Programme ("RM118 million Programme") to raise funds from the private debt securities market to part finance acquisitions of its investment properties.

Todate, the full RM118 million Programme has been issued, as follows:

- . On 1 December 2006, CPs of nominal value of RM91.9 million were issued. The effective interest rate on the CPs is 3.995 % p.a until 30 November 2011, resulting from the IRS arrangement as disclosed in Note B13.
- . On 14 March 2008, CPs of nominal value of RM24 million were issued. The effective interest rate is 4.14% p.a from 15 December 2008 to 30 November 2011 due to the IRS arrangement as disclosed in Note B13.
- . On 15 December 2008, CPs of nominal value of RM2.1 million were issued. The effective interest rate is 4.14% p.a due to the IRS arrangement as disclosed in Note B13.

(ii) CP/MTN Programme of up to RM134 million (RM134 million Programme")

On 30 July 2008, QCT through its SPE, Boromir Capital Sdn Bhd ("Boromir"), established a 7 year CP/MTN Programme of up to RM134 million ("RM134 million Programme").

In 2008, MTNs totalling RM117 million were issued to finance certain investment properties of QCT, as follows:

- . On 15 September 2008, RM64 million of the MTNs were issued at interest rate of 5.2% p.a for 5 years till year 2013. The effective interest rate is 4.36 % p.a due to the IRS arrangements as disclosed in note B13.
- . On 7 November 2008, MTNs of RM45 million were issued for 5 years to 2013 at interest rate of 5.2% p.a.
- . On 9 December 2008, RM8 million of MTNs were issued for 2 years to 2010 at interest rate of 5% p.a.

There were no issuance of MTNs in the current quarter and period to date.

b Loan Facilities

(i) RM80 million Loan Facilities from HDBS and MBB ("RM80 million Loan Facilities")

On 16 October 2008, QCT obtained loan facilities totalling RM80 million ("RM80 million Loan Facilities ") with RM40 million each from HwangDBS Investment Bank Berhad ("HDBS") and Maybank Investment Bank Berhad (formerly known as Aseambankers Malaysia Berhad).

The average interest rate on the Loan Facilities is 4.25 % p.a.

The said facilities matured in November 2009 and were repaid by the 5-year RM80 million Financing Facilities as disclosed in b (ii) below.

(ii) RM80 million 5-year financing facilities from Great Eastern Life Assurance (Malaysia) Berhad ("GE") and Alliance Bank Berhad ("Alliance") ("5-year RM80 million Financing Facilities")

On 29 June 2009, QCT through its SPE, Samwise Capital Sdn. Bhd., entered into a facility agreement with GE and Alliance for financing facilities of RM80 million for five years.

The facilities, which include fixed and floating rate tranches, were drawdown to repay the RM80 million Loan Facilities which matured in November 2009 as disclosed in b (i) above.

The average interest rate for the facilities is 4.83 % p.a.

B13 OFF BALANCE SHEET FINANCIAL INSTRUMENTS

Other than as disclosed below, QCT has no financial instruments with off balance sheet risks as at the date of issuance of this report that may materially affect the position or business of QCT.

As part of the active interest rate management strategy of QCT, the following Interest Rate Swap ("IRS") arrangements have been entered into :

- (i) On 18 April 2007, an IRS arrangement swapping floating rate for fixed rate for a notional amount of RM90 million ("IRS No.1") was entered into in relation to the RM91.9 million nominal values CPs issued by the Manager with a financial institution (the "Bank"). Pursuant to IRS No. 1, QCT will pay a fixed rate of 3.745% p.a to the Bank whilst the Bank will pay a floating rate to QCT. IRS No. 1 commenced on 31 May 2007 and will mature on 30 November 2011.
- (ii) On 15 September 2008, an IRS arrangement swapping fixed rate for floating rate for RM64 million ("IRS No.2") was entered into in relation to the RM64 million nominal value MTNs issued by the Manager with the Bank. Pursuant to IRS No. 2, QCT will pay a floating rate to the Bank whilst the Bank will pay a fixed rate of 5.2% p.a to QCT. IRS No.2 commenced on 15 September 2008 and will mature on 30 September 2013.
- (iii) On 10 October 2008, an IRS arrangement swapping floating rate for fixed rate for RM25.5 million ("IRS No.3") was entered into in relation to the RM26.1 million nominal value CPs issued by the Manager with the Bank. Pursuant to IRS No. 3, QCT will pay a fixed rate of 3.89% p.a to the Bank whilst the Bank will pay a floating rate to QCT. IRS No.3 commenced on 15 December 2008 and will mature on 30 November 2011.
- (iv) On 5 November 2008, an IRS arrangement swapping floating rate for fixed rate for RM64 million nominal value MTNs issued was entered into by the Manager whereby QCT will pay a fixed rate of 4.36% p.a to the Bank whilst the Bank will pay a floating rate to QCT ("IRS No.4"). IRS No. 4 commenced on 16 March 2009 and will mature on 16 September 2013.

The differences between the floating rate and the fixed rate of the respective IRSs will be settled between QCT and the Bank semi-annually, and are charged or credited to the income statement.

B14 CHANGES IN MATERIAL LITIGATION

There is no pending material litigation as at the date of issuance of this report.

B15 INCOME DISTRIBUTION

The distribution policy of QCT is to distribute at least 90% of its distributable income at least semi-annually or at such other intervals as the Manager may determine.

An interim distribution of RM14,746,952 or 3.78 sen per unit , being the income distribution relating to the period from 1 January 2009 to 30 June 2009, had been paid on 28 August 2009.

A provision for final income distribution of RM15,215,110 or 3.90 sen per unit, being income distribution relating to the period 1 July 2009 to 31 December 2009 has been made and will be payable on or about 25 February 2010.

The total gross distribution relating to the financial year ended 31 December 2009 amounted to RM 29,962,062 or 7.68 sen per unit, being approximately 92.4% of the realised income after taxation of QCT for the financial year 31 December 2009.

B15 INCOME DISTRIBUTION (cont'd)

The distributions are from the following sources:

	01.01.2009 to 31.12.2009
	RM
Gross revenue	67,380,139
Interest income	395,666
Expenses & tax	<u>(35,359,810)</u>
	32,415,995
Interim distribution of 3.78 sen per unit paid on 28 August 2009	(14,746,952)
Undistributed & non-distributable income	<u>(2,453,933)</u>
Balance for final income distribution	<u>15,215,110</u>
No. of units in circulation	390,131,000
Final DPU (sen), of which:	3.90
- taxable distribution of income (sen)	3.84
- tax exempt distribution of income (sen)	0.06

Distribution per unit (DPU) is arrived at by dividing the amount for distribution by the number of units in circulation.

Income distribution to resident individuals, non-resident individuals, resident institutional investors, non-resident institutional investors and non-resident companies are subject to withholding tax as follows:

Resident and non-resident individuals	10%
Resident and non-resident institutional investors	10%
Resident companies (flow through)	0%
Non -resident companies	25%

B16 CHANGES IN NAV AND MARKET PRICE SINCE THE LAST REPORTING DATE

	As at 31 December 2009	As at 30 September 2009
NAV (RM)	474,989,296	472,537,249
Number of units in circulation (unit)	390,131,000	390,131,000
NAV per unit (RM) (after provision for distribution)	1.2175	1.2122
Market price (RM)	1.08	1.03

NAV per unit is arrived at by dividing the NAV with the number of units in circulation as at the date of reporting.

The increase in NAV is due mainly to increase in undistributed and non-distributable income.

The Manager believes that the movement in market price is due mainly to changes in market sentiment.

B17 MANAGER'S FEE AND SOFT COMMISSION

Pursuant to the Trust Deed, the Manager is entitled to receive from QCT the following fees:

- (i) Base fee of 0.4% per annum of the gross asset value, payable monthly in arrears;
- (ii) Performance fee of 3% per annum on the net investment income, payable semi-annually in arrears. However, for the first five years after the date of listing 8 January 2007, no performance fee shall be payable in the event that QCT fails to achieve a minimum annualised distributable income per unit of 6 sen (after deducting performance fee);
- (iii) Acquisition fee of 1% of the acquisition value of any asset, being authorised investments, acquired by QCT; and
- (iv) Divestment fee of 0.5% of the disposal value of any asset divested by QCT.

Total fees paid to the Manager (inclusive of 5% service tax) for the financial year ended 31 December 2009 are :

	RM
Base management fee	3,415,465
Performance fee	1,665,084
	<u>5,080,549</u>

There were no other fees paid to the Manager save as disclosed above.

During the quarter and the year ended 31 December 2009, the Manager did not receive any soft commission from its brokers/dealers by virtue of transactions conducted for QCT.

B18 TRUSTEE'S FEE

Trustee's fee is payable to Mayban Trustees Berhad ("Trustee"), which is computed at 0.03% per annum on the first RM2.5 billion gross asset value and 0.02% per annum on the gross asset value in excess of RM2.5 billion, payable monthly in

Trustee's fee (inclusive of 5% service tax) paid to the Trustee for the year ended 31 December 2009 amounted to RM243,985.

B19 UNITHOLDINGS BY THE MANAGER

As at 31 December 2009, the Manager did not hold any units in QCT.

B20 UNITHOLDINGS BY PARTIES RELATED TO THE MANAGER

	No. of units	Percentage of total units	Market value as at 31 December 2009 RM
HDM Nominees (Tempatan) Sdn. Bhd. for :			
-Quill Properties Sdn. Bhd.	45,997,000	11.79%	49,676,760
-Quill Land Sdn. Bhd.	48,767,000	12.50%	52,668,360
-Quill Estates Sdn. Bhd.	22,276,000	5.71%	24,058,080
HSBC Nominees (Asing) Sdn. Bhd. for CapitaCommercial Trust	117,040,000	30.00%	126,403,200
	<u>234,080,000</u>	<u>60.00%</u>	<u>252,806,400</u>

B20 UNITHOLDINGS BY PARTIES RELATED TO THE MANAGER (cont'd)

The Manager's directors' direct unitholding in QCT:

	No. of units	Percentage of total units	Market value as at 31 December 2009 RM
Dato' Low Moi Ing, J.P	50,000	0.01%	54,000
Dato' Michael Ong Leng Chun	50,000	0.01%	54,000
Datuk Hj Abdul Karim Bin Abu Bakar	1,000	0.00%	1,080
Datuk Dr. Mohamed Arif Bin Nun	50,000	0.01%	54,000
Aw Hong Boo	50,000	0.01%	54,000

The Manager's directors' indirect unitholding in QCT:

	No. of units	Percentage of total units	Market value as at 31 December 2009 RM
Dato' Low Moi Ing, J.P	117,040,000 (a)	30.00%	126,403,200
Dato' Michael Ong Leng Chun	117,050,000 (b)	30.00%	126,414,000

- (a) Deemed interested by virtue of her direct shareholding in Quill Properties Sdn. Bhd., Quill Land Sdn. Bhd. and Quill Estates Sdn. Bhd.
- (b) Deemed interested by virtue of his direct shareholding in Quill Properties Sdn. Bhd., Quill Land Sdn. Bhd., Quill Estates Sdn. Bhd., and units held by his parent pursuant to Section 6(A) of the Companies Act, 1965.

B21 RESPONSIBILITY STATEMENT AND STATEMENT BY THE DIRECTORS OF THE MANAGER

The Manager is responsible for the preparation of the quarterly report.

In the opinion of the directors of the Manager, the quarterly report has been prepared in accordance with FRS 134: Interim Financial reporting and Paragraph 9.44 of the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad so as to give a true and fair view of the financial position of QCT as at 31 December 2009 and of its financial performance and cash flows for the quarter/period ended on that date and duly authorised for release by the Board of the Manager on 18 January 2010.

BY ORDER OF THE BOARD

LEE FONG YONG
COMPANY SECRETARY (MAICSA No. 7005956)
Quill Capita Management Sdn Bhd
(Company No: 737252-X)
(As Manager of Quill Capita Trust)
Kuala Lumpur

Dated : 21 January 2010