

QUILL CAPITA TRUST  
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 30 SEPTEMBER 2011 (UNAUDITED)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year	Preceding Year	Current Year	Preceding Year
	Quarter	Quarter	To Date	To Date
	30.09.2011	30.09.2010	30.09.2011	30.09.2010
	RM	RM	RM	RM
<b>TOTAL INCOME</b>				
Gross revenue	17,630,412	17,388,716	52,756,959	51,926,754
Property operating expenses	(2,792,981)	(4,010,995)	(10,831,135)	(12,248,047)
Net property income	14,837,431	13,377,721	41,925,824	39,678,707
Interest income	180,088	141,614	501,144	342,179
Gain on remeasurement of financial derivatives (a)	-	(91,397)	-	576,831
	<u>15,017,519</u>	<u>13,427,938</u>	<u>42,426,968</u>	<u>40,597,717</u>
<b>TOTAL EXPENDITURE</b>				
Manager's fee	(1,348,581)	(1,247,548)	(3,997,377)	(3,811,755)
Trustee's fee	(63,093)	(61,479)	(189,619)	(183,877)
Borrowing costs	(4,245,522)	(3,664,974)	(11,489,966)	(10,883,521)
Valuation fees	77,500	17,500	(157,500)	(207,500)
Auditors' remuneration	(25,752)	(22,003)	(83,256)	(82,609)
Tax agent's fee	(3,133)	(2,403)	(12,589)	(9,264)
Administrative expenses	(10,049)	138,654	(246,691)	(390,521)
	<u>(5,618,630)</u>	<u>(4,842,253)</u>	<u>(16,176,998)</u>	<u>(15,569,047)</u>
<b>INCOME BEFORE TAX</b>	<u>9,398,889</u>	<u>8,585,685</u>	<u>26,249,970</u>	<u>25,028,670</u>
Income tax expense	-	-	-	-
<b>NET INCOME FOR THE PERIOD</b>	<u>9,398,889</u>	<u>8,585,685</u>	<u>26,249,970</u>	<u>25,028,670</u>
<b>OTHER COMPREHENSIVE INCOME</b>				
Gain/(Loss) on remeasurement of financial derivatives (a)	(118,226)	-	77,505	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<u>9,280,663</u>	<u>8,585,685</u>	<u>26,327,475</u>	<u>25,028,670</u>
<b>INCOME DISTRIBUTION</b>				
-Interim distribution	-	-	(15,605,240)	(15,020,044)
-Provision for income distribution	(9,398,889)	(8,585,685)	(9,398,889)	(8,585,685)
<b>NET INCOME RETAINED</b>	<u>(118,226)</u>	<u>-</u>	<u>1,323,346</u>	<u>1,422,941</u>
Net income for the period is made up as follows:				
Realised	9,398,889	8,677,082	26,249,970	24,451,839
Unrealised	-	(91,397)	-	576,831
<b>EARNINGS PER UNIT (b)</b>				
- after manager's fees (sen)	2.41	2.20	6.73	6.42
- before manager's fees (sen)	2.75	2.52	7.75	7.39
<b>EARNINGS PER UNIT (REALISED) (c)</b>				
- after manager's fees (sen)	2.41	2.22	6.73	6.27
- before manager's fees (sen)	2.75	2.54	7.75	7.24
<b>INCOME DISTRIBUTION</b>				
Distribution of Income	-	-	(15,605,240)	(15,020,044)
<b>Income distribution per unit</b>				
Gross (sen)	-	-	4.00 (d)	3.85 (e)

(a) This relates to the gain/(loss) on the remeasurement of the fair values of interest rate swaps ("IRs"). (please refer Note B13)

(b) Earnings Per Unit is computed based on Net Income for the period divided by 390,131,000 units in circulation during the quarter.

(c) Earnings Per Unit (Realised) is computed based on Realised Net Income for the period divided by 390,131,000 units in circulation during the quarter.

(d) Interim gross distribution of 4.00 sen per unit relates to the distribution of income for the period 1 January 2011 to 30 June 2011, and was paid on 29 August 2011.

(e) Interim gross distribution of 3.85 sen per unit relates to the distribution of income for the period 1 January 2010 to 30 June 2010, and was paid on 30 August 2010.

The Condensed Consolidated Statement Of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to the financial statements.

**QUILL CAPITA TRUST**  
**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2011 (UNAUDITED)**

	AS AT END OF CURRENT QUARTER  30.09.2011 UNAUDITED RM	AS AT PRECEDING FINANCIAL YEAR END  31.12.2010 AUDITED RM
<b>NON-CURRENT ASSETS</b>		
Plant and equipment	706	1,606
Investment properties	809,500,000	809,500,000
Derivative assets (i)	1,015,202	672,093
	<u>810,515,908</u>	<u>810,173,699</u>
<b>CURRENT ASSETS</b>		
Trade and other receivables	3,309,207	2,577,269
Deposits with licensed financial institution	18,529,717	21,398,049
Cash on hand and at banks	6,325,592	9,407,293
	<u>28,164,516</u>	<u>33,382,611</u>
<b>CURRENT LIABILITIES</b>		
Provision for income distribution	9,398,889	16,307,476
Trade and other payables	9,419,118	10,603,404
Borrowings	117,241,448	116,106,127
Security deposits	8,999,037	4,138,520
Derivative liabilities (i)	265,604	-
	<u>145,324,096</u>	<u>147,155,527</u>
<b>NET CURRENT LIABILITIES</b>	(117,159,580)	(113,772,916)
<b>NON-CURRENT LIABILITIES</b>		
Borrowings	188,104,847	188,009,931
Security deposits	5,950,866	10,413,583
	<u>194,055,713</u>	<u>198,423,514</u>
<b>NET ASSETS</b>	<u>499,300,615</u>	<u>497,977,269</u>
Represented by:		
<b>UNITHOLDERS' FUND</b>		
Unitholders' capital	411,712,067	411,712,067
Undistributed income	87,588,548	86,265,202
	<u>499,300,615</u>	<u>497,977,269</u>
<b>NET ASSET VALUE PER UNIT ( before provision for distribution )</b>	1.3039	1.3182
<b>NET ASSET VALUE PER UNIT ( after provision for distribution )</b>	1.2798	1.2764
<b>NUMBER OF UNITS IN CIRCULATION</b>	390,131,000	390,131,000

(i) These relate to the fair values of the IRSs (note B13).

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to the financial statements.

**QUILL CAPITA TRUST**  
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN NET ASSET VALUE**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2011 (UNAUDITED)**

	Unitholders' Capital		Distributable		Non-Distributable		Total	
	RM	RM	Undistributed Income Realised	Undistributed Income Unrealised	Undistributed Income Unrealised	Gain/(Loss) On Remeasurement Of Financial Derivatives	Undistributed Income	Unitholders' Funds
<b>As at 1 January 2011</b>	411,712,067	3,926,827		81,868,685	469,690		86,265,202	497,977,269
Total Comprehensive Income for the period	-	26,249,970		-	77,505		26,327,475	26,327,475
Distribution paid on 29 August 2011	-	(15,605,240)		-	-		(15,605,240)	(15,605,240)
Provision for distribution	-	(9,398,889)		-	-		(9,398,889)	(9,398,889)
<b>As at 30 September 2011</b>	<b>411,712,067</b>	<b>5,172,668</b>		<b>81,868,685</b>	<b>547,195</b>		<b>87,588,548</b>	<b>499,300,615</b>

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 2010 and the accompanying explanatory notes attached to the financial statements.

**QUILL CAPITA TRUST**  
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2011 (UNAUDITED)**

	<b>CURRENT YEAR TO DATE 30.09.2011 RM</b>	<b>PRECEDING YEAR TO DATE 30.09.2010 RM</b>
<b>OPERATING ACTIVITIES</b>		
Income before tax	26,249,970	25,028,670
Adjustments for:		
Borrowing costs	11,489,966	10,883,521
Gain on remeasurement of financial derivatives	-	(576,831)
Depreciation	900	3,257
Interest income	(501,144)	(342,179)
Operating cash flows before changes in working capital	<u>37,239,692</u>	<u>34,996,438</u>
Receivables	(1,107,724)	(125,245)
Payables	468,352	774,067
Cash flows from operations	<u>36,600,320</u>	<u>35,645,260</u>
Income tax paid	-	-
Net cash flows from operating activities	<u>36,600,320</u>	<u>35,645,260</u>
<b>INVESTING ACTIVITIES</b>		
Additions to investment properties	-	(2,950)
Interest income	504,930	350,449
Net cash flows generated from investing activities	<u>504,930</u>	<u>347,499</u>
<b>FINANCING ACTIVITIES</b>		
Distribution to unitholders	(31,912,716)	(30,235,154)
Finance costs paid	(10,708,700)	(10,613,367)
Proceeds from borrowings	71,776,215	-
Repayment of borrowings	(72,210,082)	-
Net cash flows used in financing activities	<u>(43,055,283)</u>	<u>(40,848,521)</u>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<u>(5,950,033)</u>	<u>(4,855,762)</u>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<u>30,805,342</u>	<u>26,043,887</u>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<u>24,855,309</u>	<u>21,188,125</u>
Cash and cash equivalents at end of period comprises:		
Deposits with licensed financial institutions	18,529,717	11,277,134
Cash on hand and at banks	6,325,592	9,910,991
	<u>24,855,309</u>	<u>21,188,125</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31 December 2010 and the accompanying explanatory notes to the financial statements.

**QUILL CAPITA TRUST**  
**EXPLANATORY NOTES FOR PERIOD ENDED 30 SEPTEMBER 2011**

**A1 BASIS OF PREPARATION**

The financial statements have been prepared under the historical cost convention except for investment properties and derivative financial instruments which are stated at fair value and presented in Ringgit Malaysia (RM).

The financial statements comply with the 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. 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 CHANGES IN ACCOUNTING POLICIES**

On 1 January 2011, QCT adopted, where applicable, the following FRSs, Amendments to FRSs and IC Interpretations mandatory for financial periods beginning on or after 1 March 2010, 1 July 2010 and 1 January 2011:

FRS 1 First-time Adoption of Financial Reporting Standards  
FRS 3 Business Combinations (Revised)  
Amendments to FRS 2 Share-based Payment  
Amendments to FRS 5 Non-current Assets Held for Sale and Discontinued Operations  
Amendments to FRS 127 Consolidated and Separate Financial Statements  
Amendments to FRS 138 Intangible Assets  
Amendments to IC Interpretation 9 Reassessment of Embedded Derivatives  
IC Interpretation 12 Service Concession Arrangements  
IC Interpretation 15 Agreements for the Construction of Real Estate  
IC Interpretation 16 Hedges of a Net Investment in a Foreign Operation  
IC Interpretation 17 Distributions of Non-cash Assets to Owners  
Amendments to FRS 132: Classification of Rights Issues  
Amendments to FRS 1: Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters  
Amendments to FRS 1: Additional Exemption for First-Time Adoption  
Amendments to FRS 2: Share-based Payment - Group Cash settled Share-based Payment Transactions  
Amendments to FRS 7: Improving Disclosures about Financial Instruments  
IC Interpretation 4 Determining Whether An Arrangement contains a Lease  
IC Interpretation 18 Transfers of Assets from Customers  
Improvement to FRSs issued in 2010  
TR1-4 Shariah Compliant Sale Contracts  
IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments  
Amendments to IC Interpretation 14 Prepayment of a Minimum Funding Requirement  
FRS 124: Related Party Transactions (Revised)

The adoption of the above FRSs, Amendments to FRSs and IC Interpretations does not impact significantly the financial results of QCT.

**A4 AUDIT REPORT OF PRECEDING FINANCIAL YEAR ENDED 31 DECEMBER 2010**

The audit report of the financial statements for the preceding year ended 31 December 2010 was not qualified.

**A5 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.

**A6 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.

**A7 CHANGES IN ESTIMATES OF AMOUNTS REPORTED**

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

**A8 CHANGES IN DEBT AND EQUITY**

Save as disclosed in notes A12 and B12, there were no repurchase, resale and repayment of debt and equity instruments for the current quarter and period to date.

**A9 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.

**A10 SEGMENT REPORTING**

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

**A11 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 statement of comprehensive income.

There were no revaluations on the investment properties for the quarter ended 30 September 2011.

## **A12 SIGNIFICANT EVENTS DURING THE QUARTER ENDED 30 SEPTEMBER 2011**

### **Issuance of CPs/MTNs by a special purpose entity, Kinabalu Capital Sdn Bhd ("Kinabalu ")**

On 11 July 2011, the Securities Commission ("SC") approved the acquisition of Kinabalu to facilitate the implementation of a CP/MTN Programme of up to RM270 million ("RM270 million Programme") (Note B12(a)(iii)).

On 18 July 2011, QCT through Kinabalu entered into the RM270 million Programme for five years. The Programme is secured against a third party charge on Quill Building 1 - DHL1, Quill Building 2 - HSBC, Quill Building 4 - DHL2 and Tesco Building, Penang.

On 5 September 2011, Kinabalu issued CPs/MTNs totalling RM72 million (Note B12(a)(iii)) for repayment of the RM80 million 5-year term loan facilities under Samwise Capital Sdn. Bhd. (Note B12(b)).

## **A 13 SIGNIFICANT EVENTS SUBSEQUENT TO THE QUARTER ENDED 30 SEPTEMBER 2011**

There were no significant events subsequent to the quarter ended 30 September 2011.

## **A14 CHANGES IN CONTINGENT LIABILITIES**

There are no contingent liabilities to be disclosed.

## **A15 CAPITAL COMMITMENTS**

There were no capital commitment as at 30 September 2011.

## **B1 REVIEW OF PERFORMANCE**

### **Quarter and year todate results**

QCT recorded total revenue of RM17.63 million and property operating expenses of RM2.79 million respectively for the current quarter ended 30 September 2011. Realised income of RM9.4 million was achieved. Borrowing costs of RM4.25 million and manager's fee of RM1.35 million were incurred during the quarter.

As compared with the preceding year corresponding quarter, the revenue is about 1.4% higher due mainly to increase in rental rates of some properties. Property operating expenses are lower by about 30.3% due mainly to less ad hoc repairs . Borrowing costs are higher by 15.8% due mainly to the write-off of balance of the unamortised transaction cost relating to the RM80 million 5- year term loan facilities (Note B12 (b)) which were repaid in September 2011 ahead of its maturity in 2014 .The resulting realised income of RM9.4 million is 8.3% higher than the preceding year corresponding quarter .

As compared to the immediate preceding quarter,the realised income of RM9.4 million is 2.5% higher due mainly to lower property operating expenses and trust expenses incurred during the current quarter,net of increased borrowing costs.

The performance of QCT for the quarter ended 30 Septemeber 2011 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 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 for 2010.

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 objective of QCT. There has been no change in the strategies employed by the Manager since the date of QCT's Annual Report for 2010 as they remain relevant in the current market conditions.

## **B3 PROSPECTS**

For the remaining months of the year, the Manager will continue to focus on proactive asset management strategies to improve tenant relations and to continue its effort to enhance the quality of its properties. It will also continue to adopt prudent capital management strategies, as well as to look out for potential yield accretive acquisition opportunities. The Manager is confident that QCT will achieve sustainable income distribution for the year.

## **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**

There has been no profit forecast issued by QCT for the financial year 2011.

### **b) Profit guarantee**

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

## **B6 TAXATION**

Under Section 61A of the Income Tax Act 1967, the undistributed income of a REIT are exempted 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.



**B7 PROFIT ON SALE OF INVESTMENTS IN UNQUOTED SECURITIES/PROPERTIES**

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

**B8 PARTICULARS OF PURCHASE OR DISPOSAL OF INVESTMENT IN QUOTED SECURITIES**

There were 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 period to date.

**B11 COMPOSITION OF INVESTMENT PORTFOLIO AS AT 30 SEPTEMBER 2011**

As at 30 September 2011, QCT's portfolio comprised of ten commercial buildings as follows:

Investment properties	Cost of Investment RM	Market Value as at 30 September 2011 RM	Market value as % of NAV
1 QB1 -DHL 1 & QB 4-DHL2	109,100,000	122,000,000	24.43%
2 QB 2- HSBC	107,500,000	118,000,000	23.63%
3 QB 3- BMW	59,400,000	72,000,000	14.42%
4 Wisma Technip	125,000,000	154,000,000	30.84%
5 Part of Plaza Mont' Kiara	90,000,000	110,000,000	22.03%
6 QB5- IBM	43,000,000	44,000,000	8.81%
7 QB 8 -DHL XPJ	28,800,000	25,000,000	5.01%
8 QB10-HSBC Section 13	22,740,000	26,500,000	5.31%
9 Tesco Building Penang	132,000,000	138,000,000	27.64%
	<u>717,540,000</u>	<u>809,500,000</u>	

There were no changes to the total number of commercial buildings held by QCT since the preceding financial year ended 31 December 2010.

There were no major capital expenditure incurred during the quarter. Maintenance costs were normal expenses incurred for the upkeep of the buildings.

**B12 BORROWINGS AND DEBT SECURITIES**As at end of current  
quarter ended 30  
September 2011**Current liabilities :****CPs**

	RM
Face value of CPs issued	118,000,000
Discount	(2,052,244)
Cash proceeds	115,947,756
Accretion of interest expense on CPs	1,361,305
	117,309,061
Transaction costs c/f	(267,491)
Amortisation of transaction costs during the period	199,878
	<u>117,241,448</u>

**Non- current liabilities:****CPs**

Face value of CPs issued	12,000,000
Discount	(223,785)
Cash proceeds	11,776,215
Accretion of interest expense on CPs	31,969
	11,808,184
Transaction costs c/f	(37,171)
Amortisation of transaction costs during the period	620
	<u>11,771,633</u>

**MTNs**

Face value of MTNs issued	177,000,000
Transaction costs c/f	(858,699)
	176,141,301
Amortisation of transaction costs during the period	191,913
	<u>176,333,214</u>

**RM80 million 5-year Term Loan Facilities**

Loan drawdown	72,210,082
Transaction costs c/f	(527,308)
	71,682,774
Amortised and written off transaction costs during the period	527,308
	72,210,082
Less : Repayment on 5/9/11	(72,210,082)
	-

**Total Non-Current Borrowings****188,104,847**

## **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 through its SPE, Gandalf Capital Sdn. Bhd., established a 7 year RM118 million Programme to raise funds from the private debt securities market to part finance acquisitions of its investment properties.

Todate, the RM118 million Programme has been fully 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.

The Programme will mature in 4Q 2011 and will be refinanced by part of the RM270 million Programme (Note B12(a)(iii)).

#### **(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 the acquisition of 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.

The RM8 million MTNs matured in December 2010 and were redeemed using proceeds from issuance of new MTNs of RM8 million from the Programme at interest rate of 4.2%, which will mature in 2013.

#### **(iii) CP/MTN Programme of up to RM270 million ("RM270 million Programme")**

On 18 July 2011, QCT through Kinabalu Capital Sdn. Bhd. ("Kinabalu") entered into a RM270 million Programme for five years.

On 5 September 2011, CPs/MTNs totalling RM72 million were issued by Kinabalu, details as follows:

- . RM12 million nominal values of CPs at interest rate of 3.74% p.a
- . RM60 million of MTNs for 3 years, at interest rate of 4.9% p.a

The proceeds from the issuance were utilised for the repayment of the amounts drawdown of RM72.21 million under the RM80 million 5-year Term Loan Facilities of Samwise Capital Sdn. Bhd. (Note B12(b)).

## B12 BORROWINGS AND DEBT SECURITIES (cont'd)

### b Term Loan Facilities

#### RM80 million 5-year Term Loan Facilities from Great Eastern Life Assurance (Malaysia) Berhad ("GE") and Alliance Bank Malaysia Berhad ("Alliance") ("RM80 million 5-year Term Loan Facilities")

On 29 June 2009, QCT through its SPE, Samwise Capital Sdn.Bhd., obtained financing facilities totalling RM80 million from GE and Alliance.

The facilities included fixed rate tranche of RM60 million and floating rate tranche of RM20 million. RM72,210,082 were drawdown in November 2009. There has been no further drawdown since November 2009.

The average interest rate for the facilities is 4.82% p.a.

The facilities have been repaid on 5 September 2011 ahead of its maturity in November 2014, using proceeds from issuance of the RM72 million CPs/MTNs from the RM270 million Programme (Note B12(a)(iii)).

## B13 DERIVATIVE FINANCIAL INSTRUMENTS

As part of the active interest rate management strategy of QCT, the following Interest Rate Swap ("IRS") arrangements have been entered into and are still in place as at the reporting date :

- (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 value 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 18 August 2008, an IRS arrangement swapping fixed rate for floating rate for a notional amount of 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 17 September 2013.
- (iii) On 10 October 2008, an IRS arrangement swapping floating rate for fixed rate for a notional amount of 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 a notional amount of RM64 million ("IRS No.4") was entered into in relation to the RM64 million nominal value MTNs issued by the Manager with the Bank. Pursuant to IRS No.4, 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 commenced on 16 March 2009 and will mature on 17 September 2013.

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

The risk associated with the IRSs above would be credit risk, which is the counterparty risk of the financial institutions with whom the IRSs were contracted. However, the Manager has taken precaution to mitigate this risk by entering the IRSs contracts with reputable licensed financial institutions.

### B13 DERIVATIVE FINANCIAL INSTRUMENTS (Cont'd)

The fair values of the IRSs and the maturity profile as at 30 September 2011 are as follows:

	Fair values of derivative assets/(liabilities) as at 30 September 2011
	RM
- less than one year	(265,604)
- one to three years	1,015,202
- more than three years	-
Total	<u>749,598</u>

QCT was eligible to apply hedge accounting for its IRSs wef 1 October 2010, and changes in fair values of the IRSs since then were taken to reserve in the statement of financial position. Prior to adoption of hedge accounting, the fair value changes of the IRSs were credited or charged 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 income distribution of RM15,605,240 or 4.00 sen per unit, being 92.6% of the realised income for the period 1 January 2011 to 30 June 2011 were made on 29 August 2011.

There is no proposed income distribution for the quarter ended 30 September 2011. A provision for income distribution of RM9,398,889 being 100% of realised net income for the quarter has been made in the financial statements.

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 30 September 2011	As at 30 June 2011
NAV (RM)	499,300,615	499,418,841
Number of units in circulation (unit)	390,131,000	390,131,000
NAV per unit (RM)	1.2798	1.2801
(after provision for distribution)		
Market price (RM)	1.00	1.08

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

The changes in NAV per unit is due mainly to remeasurement of financial derivatives in the current quarter.

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 on 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 accrued to the Manager (inclusive of 6% service tax) for the quarter ended 30 September 2011 are :

	RM
Base fee	898,054
Performance fee	450,527
	<u>1,348,581</u>

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

During the quarter, 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 arrears.

Trustee's fee accrued to the Trustee for the quarter ended 30 September 2011 amounted to RM63,093.

## **B19 UNITHOLDINGS BY THE MANAGER**

As at 30 September 2011, 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 30 September 2011 RM
HLG Nominee (Tempatan) Sdn. Bhd. for :			
-Quill Properties Sdn. Bhd.	45,997,000	11.79%	45,997,000
-Quill Land Sdn. Bhd.	48,767,000	12.50%	48,767,000
-Quill Estates Sdn. Bhd.	22,276,000	5.71%	22,276,000
HSBC Nominees (Asing) Sdn. Bhd. for CapitaCommercial Trust	117,040,000	30.00%	117,040,000
	<u>234,080,000</u>	<u>60.00%</u>	<u>234,080,000</u>

The Manager's directors' direct unitholding in QCT:

	No. of units	Percentage of total units	Market Value as at 30 September 2011 RM
Dato' Dr. Low Moi Ing, J.P	50,000	0.01%	50,000
Dato' Michael Ong Leng Chun	50,000	0.01%	50,000
Datuk Hj Abdul Karim Bin Abu Bakar	1,000	0.00%	1,000
Datuk Dr. Mohamed Arif Bin Nun	50,000	0.01%	50,000
Aw Hong Boo ( Alternate to Dato' Dr. Low Moi Ing, J.P)	50,000	0.01%	50,000

The Manager's directors' indirect unitholding in QCT:

	No. of units	Percentage of total units	Market Value as at 30 September 2011 RM
Dato' Dr. Low Moi Ing, J.P	117,040,000 (a)	30.00%	117,040,000
Dato' Michael Ong Leng Chun	117,050,000 (b)	30.00%	117,050,000

(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.

The market value of the units is computed based on the closing price as of 30 September 2011 of RM1.00 per unit.

## **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 30 September 2011 and of its financial performance and cash flows for the quarter ended on that date and duly authorised for release by the Board of the Manager on 3 November 2011.

### **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

**Date: 3 November 2011**