

QUILL CAPITA TRUST  
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 31 DECEMBER 2011 (UNAUDITED)

|  | INDIVIDUAL QUARTER |                    | CUMULATIVE QUARTER  |                     |
|--|--------------------|--------------------|---------------------|---------------------|
|  | Current Year       | Preceding Year     | Current Year        | Preceding Year      |
|  | Quarter            | Quarter            | To Date             | To Date             |
|  | 31.12.2011         | 31.12.2010         | 31.12.2011          | 31.12.2010          |
|  | RM                 | RM                 | RM                  | RM                  |
| <b>TOTAL INCOME</b>  |                    |                    |                     |                     |
| Gross revenue  | 17,509,535         | 17,372,484         | 70,266,494          | 69,209,239          |
| Property operating expenses                                  | (4,590,960)        | (3,481,458)        | (15,422,095)        | (15,729,505)        |
| Net property income  | 12,918,575         | 13,891,026         | 54,844,399          | 53,569,734          |
| Interest income  | 202,768            | 147,929            | 703,912             | 490,107             |
| Gain from remeasurement of derivatives (a)                   | -                  | -                  | -                   | 576,831             |
| Surplus on revaluation of investment properties              | 5,159,000          | 21,068,448         | 5,159,000           | 21,068,448          |
|  | <u>18,280,343</u>  | <u>35,107,403</u>  | <u>60,707,311</u>   | <u>75,705,120</u>   |
| <b>TOTAL EXPENDITURE</b>                                     |                    |                    |                     |                     |
| Manager's fee  | (1,336,212)        | (1,318,208)        | (5,333,588)         | (5,129,963)         |
| Trustee's fee  | (63,305)           | (60,979)           | (252,924)           | (244,857)           |
| Borrowing costs  | (3,750,909)        | (3,604,954)        | (15,240,875)        | (14,488,476)        |
| Valuation fees   | (49,200)           | 53,400             | (206,700)           | (154,100)           |
| Auditors' remuneration                                       | (46,244)           | (24,991)           | (129,500)           | (107,600)           |
| Tax agent's fee  | (5,616)            | (4,120)            | (18,205)            | (13,384)            |
| Administrative expenses                                      | 201,188            | (955,989)          | (45,502)            | (1,346,509)         |
|  | <u>(5,050,298)</u> | <u>(5,915,841)</u> | <u>(21,227,294)</u> | <u>(21,484,889)</u> |
| <b>INCOME BEFORE TAX</b>                                     | <u>13,230,045</u>  | <u>29,191,562</u>  | <u>39,480,017</u>   | <u>54,220,231</u>   |
| Income tax expense   | -                  | -                  | -                   | -                   |
| <b>NET INCOME FOR THE PERIOD</b>                             | <u>13,230,045</u>  | <u>29,191,562</u>  | <u>39,480,017</u>   | <u>54,220,231</u>   |
| <b>OTHER COMPREHENSIVE INCOME</b>                            |                    |                    |                     |                     |
| Gain/(Loss) on remeasurement of financial derivatives (a)    | (305,262)          | 469,690            | (227,757)           | 469,690             |
| Adjustment of remeasurement of financial derivatives matured | 266,321            | -                  | 266,321             | -                   |
| <b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>             | <u>13,191,104</u>  | <u>29,661,252</u>  | <u>39,518,581</u>   | <u>54,689,921</u>   |
| <b>INCOME DISTRIBUTION</b>                                   |                    |                    |                     |                     |
| -Interim distribution  | -                  | -                  | (15,605,240)        | (15,020,044)        |
| -Provision for income distribution                           | (16,775,633)       | (8,123,114)        | (16,775,633)        | (16,307,476)        |
| <b>NET INCOME RETAINED</b>                                   | <u>(3,584,529)</u> | <u>21,538,138</u>  | <u>7,137,708</u>    | <u>23,362,401</u>   |
| Net income for the period is made up as follows:             |                    |                    |                     |                     |
| Realised   | 8,071,045          | 8,123,114          | 34,321,017          | 32,574,952          |
| Unrealised   | 5,159,000          | 21,068,448         | 5,159,000           | 21,645,279          |
| <b>EARNINGS PER UNIT (b)</b>                                 |                    |                    |                     |                     |
| - after manager's fees (sen)                                 | 3.39               | 7.48               | 10.12               | 13.90               |
| - before manager's fees (sen)                                | 3.73               | 7.82               | 11.49               | 15.21               |
| <b>EARNINGS PER UNIT (REALISED) (c)</b>                      |                    |                    |                     |                     |
| - after manager's fees (sen)                                 | 2.07               | 2.08               | 8.80                | 8.35                |
| - before manager's fees (sen)                                | 2.41               | 2.42               | 10.16               | 9.66                |
| <b>INCOME DISTRIBUTION</b>                                   |                    |                    |                     |                     |
| -Interim distribution of income                              | -                  | -                  | (15,605,240)        | (15,020,044)        |
| -Provision for final distribution of income                  | (16,775,633)       | (16,307,476)       | (16,775,633)        | (16,307,476)        |
| <b>Income distribution per unit</b>                          |                    |                    |                     |                     |
| Gross (sen)  |                    |                    |                     |                     |
| -Interim distribution of income                              | -                  | -                  | 4.00                | 3.85                |
| -Provision for final distribution of income                  | 4.30 (d)           | 4.18               | 4.30 (d)            | 4.18                |
|  | <u>4.30</u>        | <u>4.18</u>        | <u>8.30 (d)</u>     | <u>8.03</u>         |

(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) (i) Proposed final gross distribution of 4.30 sen per unit relates to the distribution of income for the period 1 July 2011 to 31 December 2011. Please refer to Note B15 for details of the distribution

(ii) The total distribution for the year is 8.30 sen, of which an interim gross distribution of 4.00 sen per unit being income distribution for the period 1 January 2011 to 30 June 2011, was paid on 29 August 2011.

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 31 DECEMBER 2011 (UNAUDITED)**

|   | <b>AS AT END OF<br/>CURRENT<br/>QUARTER</b> | <b>AS AT<br/>PRECEDING<br/>FINANCIAL<br/>YEAR END</b> |
|---|---|---|
|   | <b>31.12.2011<br/>UNAUDITED<br/>RM</b>      | <b>31.12.2010<br/>AUDITED<br/>RM</b>                  |
| <b>NON-CURRENT ASSETS</b>   |   |   |
| Plant and equipment   | 406   | 1,606   |
| Investment properties   | 814,800,000                                 | 809,500,000   |
| Derivative assets (i)   | 710,657                                     | 672,093   |
|   | <u>815,511,063</u>                          | <u>810,173,699</u>                                    |
| <b>CURRENT ASSETS</b>   |   |   |
| Trade and other receivables   | 2,500,573                                   | 2,577,269   |
| Deposits with licensed financial institution                          | 28,227,032                                  | 21,398,049  |
| Cash on hand and at banks   | 7,582,685                                   | 9,407,293   |
|   | <u>38,310,290</u>                           | <u>33,382,611</u>                                     |
| <b>CURRENT LIABILITIES</b>  |   |   |
| Provision for income distribution                                     | 16,775,633                                  | 16,307,476  |
| Trade and other payables  | 11,842,925                                  | 10,603,404  |
| Borrowings  | -   | 116,106,127   |
| Security deposits   | 8,952,665                                   | 4,138,520   |
|   | <u>37,571,223</u>                           | <u>147,155,527</u>                                    |
| <b>NET CURRENT LIABILITIES</b>  | 739,067                                     | (113,772,916)   |
| <b>NON-CURRENT LIABILITIES</b>  |   |   |
| Borrowings  | 305,013,206                                 | 188,009,931   |
| Security deposits   | 6,121,947                                   | 10,413,583  |
|   | <u>311,135,153</u>                          | <u>198,423,514</u>                                    |
| <b>NET ASSETS</b>   | <u>505,114,977</u>                          | <u>497,977,269</u>                                    |
| Represented by:   |   |   |
| <b>UNITHOLDERS' FUND</b>  |   |   |
| Unitholders' capital  | 411,712,067                                 | 411,712,067   |
| Undistributed income and Non-distributable income                     | 93,402,910                                  | 86,265,202  |
|   | <u>505,114,977</u>                          | <u>497,977,269</u>                                    |
| <b>NET ASSET VALUE PER UNIT ( before provision for distribution )</b> | 1.3377                                      | 1.3182  |
| <b>NET ASSET VALUE PER UNIT ( after provision for distribution )</b>  | 1.2947                                      | 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 31 DECEMBER 2011 (UNAUDITED)**

|  | Unit holders' Capital | Distributable                 |                                 | Non-Distributable  |              | Total        | Unit holders' Funds |
|--|-----------------------|-------------------------------|---------------------------------|--|--------------|--------------|---------------------|
|  | RM                    | Undistributed Realised Income | Undistributed Income Unrealised | Gain/(Loss) On Remeasurement Of Financial Derivatives Unrealised | RM           | RM           | RM                  |
| <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                    | -                     | 34,321,017                    | 5,159,000                       | (227,757)  | 39,252,260   | 39,252,260   |                     |
| Adjustment of remeasurement of financial derivatives matured | -                     | (940,742)                     | 2,246,247                       | (1,039,184)  | 266,321      | 266,321      |                     |
| Distribution paid on 29 August 2011                          | -                     | (15,605,240)                  | -                               | -  | (15,605,240) | (15,605,240) |                     |
| Provision for final distribution                             | -                     | (16,775,633)                  | -                               | -  | (16,775,633) | (16,775,633) |                     |
| <b>As at 31 December 2011</b>                                | 411,712,067           | 4,926,229                     | 89,273,932                      | (797,251)  | 93,402,910   | 505,114,977  |                     |

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 31 DECEMBER 2011 (UNAUDITED)**

|   | <b>CURRENT YEAR<br/>TO DATE<br/>31.12.2011<br/>RM</b> | <b>PRECEDING YEAR<br/>TO DATE<br/>31.12.2010<br/>RM</b> |
|---|---|---|
| <b>OPERATING ACTIVITIES</b>                                 |   |   |
| Income before tax   | 39,480,017  | 54,220,231  |
| Adjustments for:  |   |   |
| Borrowing costs   | 15,240,876  | 14,488,476  |
| Net change in fair value of investment properties           | (5,159,000)   | (21,068,448)  |
| Gain on remeasurement of financial derivatives              | -   | (576,831)   |
| Depreciation  | 1,200   | 3,557   |
| Interest income   | (703,912)   | (490,107)   |
| Operating cash flows before changes in working capital      | <u>48,859,181</u>                                     | <u>46,576,878</u>                                       |
| Receivables   | 155,955   | 322,004   |
| Payables  | 821,687   | 2,078,723   |
| Cash flows from operations                                  | <u>49,836,823</u>                                     | <u>48,977,605</u>                                       |
| Income tax paid   | -   | -   |
| Net cash flows from operating activities                    | <u>49,836,823</u>                                     | <u>48,977,605</u>                                       |
| <b>INVESTING ACTIVITIES</b>                                 |   |   |
| Additions to investment properties                          | (141,000)   | (2,950)   |
| Interest income   | 675,476   | 493,627   |
| Net cash flows generated from investing activities          | <u>534,476</u>  | <u>490,677</u>  |
| <b>FINANCING ACTIVITIES</b>                                 |   |   |
| Distribution to unitholders                                 | (31,912,716)  | (30,235,154)  |
| Finance costs paid  | (11,890,645)  | (14,471,673)  |
| Proceeds from borrowings                                    | 188,646,519   | 8,000,000   |
| Repayment of borrowings                                     | (190,210,082)   | (8,000,000)   |
| Net cash flows used in financing activities                 | <u>(45,366,924)</u>                                   | <u>(44,706,827)</u>                                     |
| <b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b> | 5,004,375   | 4,761,455   |
| <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>35,809,717</u>                                     | <u>30,805,342</u>                                       |
| Cash and cash equivalents at end of period comprises:       |   |   |
| Deposits with licensed financial institutions               | 28,227,032  | 21,398,049  |
| Cash on hand and at banks                                   | 7,582,685   | 9,407,293   |
|   | <u>35,809,717</u>                                     | <u>30,805,342</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 31 DECEMBER 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 note 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.

For the quarter and financial year ended 31 December 2011, the investment properties were valued based on valuation performed by independent registered valuers, Henry Butcher Malaysia Sdn. Bhd. , on 31 December 2011. A surplus of RM5,159,000 was credited to the statement of comprehensive income.

## **A12 SIGNIFICANT EVENTS DURING THE QUARTER ENDED 31 DECEMBER 2011**

There were no significant events during the quarter ended 31 December 2011.

## **A 13 SIGNIFICANT EVENTS SUBSEQUENT TO THE QUARTER ENDED 31 DECEMBER 2011**

There were no significant events subsequent to the quarter ended 31 December 2011.

## **A14 CHANGES IN CONTINGENT LIABILITIES**

There are no contingent liabilities to be disclosed.

## **A15 CAPITAL COMMITMENTS**

There were no capital commitment as at 31 December 2011.

## **B1 REVIEW OF PERFORMANCE**

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

QCT recorded total revenue of RM17.51 million and property operating expenses of RM4.59 million respectively for the current quarter ended 31 December 2011. Realised income of RM8.07 million was achieved. Borrowing costs of RM3.75 million and manager's fee of RM1.34 million were incurred during the quarter.

As compared with the preceding year corresponding quarter, the revenue is about 0.8% higher due mainly to increase in rental rates of some properties. Property operating expenses are higher by about 31.9% due mainly to more repair works on some buildings during the current quarter. Borrowing costs are higher by 4.0 % due mainly to higher amortisation of transaction costs. The resulting realised income of RM8.07 million is 0.6% lower than the preceding year corresponding quarter.

As compared to the immediate preceding quarter, the realised income of RM8.07 million is 14% lower than the realised income of the immediate preceding quarter of RM9.4 million. This is due mainly to higher property repair costs incurred in the current quarter.

As compared to year todate 31 December 2010 ( FY 2010 ), the revenue of RM70.3 million for year todate 31 December 2011 ( FY 2011) is 1.4 % higher due to rental increase in some properties. The property operating expenses of RM15.4 million is slightly lower than RM15.7 million of FY 2010 by 2% due mainly to lower repair costs of some buildings. Borrowing costs of RM15.2 million are higher by 5.2 % due mainly to the write-off of unamortised transaction costs upon the early repayment of the RM80 million 5-year Term Loan facility (Note B 12 (b)) and higher amortisation of transaction costs.

The performance of QCT for the quarter and financial year ended 31 December 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**

QCT has managed to renew its tenancies due in 2011 and has met all its financing requirements in year 2011. The Manager will continue to explore acquisition opportunities as well to focus on active asset management and capital and portfolio management initiatives. The Manager is confident that QCT will be able to achieve sustainable income distribution for the coming 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 31 DECEMBER 2011**

As at 31 December 2011, QCT's portfolio comprised of ten commercial buildings as follows:

| Investment properties       | Cost of Investment<br>RM | Market Value as at<br>31 December 2011<br>RM | Market value as % of<br>NAV |
|-----------------------------|--------------------------|--|-----------------------------|
| 1 QB1 -DHL 1 & QB 4-DHL2    | 109,100,000              | 122,800,000                                  | 24.31%                      |
| 2 QB 2- HSBC                | 107,500,000              | 118,000,000                                  | 23.36%                      |
| 3 QB 3- BMW                 | 59,400,000               | 72,500,000                                   | 14.35%                      |
| 4 Wisma Technip             | 125,000,000              | 156,000,000                                  | 30.88%                      |
| 5 Part of Plaza Mont' Kiara | 90,000,000               | 110,000,000                                  | 21.78%                      |
| 6 QB5- IBM                  | 43,000,000               | 45,000,000                                   | 8.91%                       |
| 7 QB 8 -DHL XPJ             | 28,800,000               | 25,000,000                                   | 4.95%                       |
| 8 QB10-HSBC Section 13      | 22,740,000               | 26,500,000                                   | 5.25%                       |
| 9 Tesco Building Penang     | 132,000,000              | 139,000,000                                  | 27.52%                      |
|                             | <u>717,540,000</u>       | <u>814,800,000</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 31  
December 2011

RM

**Non- current liabilities:****RM 270 million CP/MTN Programme**

|   |             |
|---|-------------|
| Face value of CPs and MTNs issued                   | 190,000,000 |
| Discount  | (1,353,482) |
| Cash proceeds                                       | 188,646,518 |
| Accretion of interest expense on CPs                | 521,657     |
|   | 189,168,175 |
| Transaction costs c/f                               | (778,543)   |
| Amortisation of transaction costs during the period | 73,756      |
|   | 188,463,388 |

**RM134 million CP/MTN Programme**

|   |             |
|---|-------------|
| Face value of MTNs issued                           | 117,000,000 |
| Transaction costs c/f                               | (607,432)   |
|   | 116,392,568 |
| Amortisation of transaction costs during the period | 157,250     |
|   | 116,549,818 |

**Total Non-Current Borrowings****305,013,206**

## **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.

CPs totalling RM118 million were 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 matured on 30 November 2011 and were fully repaid by proceeds from CPs issued from 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.

This programme is a secured borrowings.

#### **(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 . The effective interest rate for the RM12 million CPs is 3.74 % p.a due to the IRS arrangement as disclosed in Note B 13.
- . 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)**

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

- On 30 November 2011, RM 118 million nominal values of CPs were issued. The effective interest rate for the RM118 million CP is 3.74 % p.a due to the IRS arrangement as disclosed in Note B13.

The proceeds from the issuance were utilised to redeem the RM118 m CP/MTN programme procured by Gandalf ( Note B 12 (a ) (i)).

The RM270 million Programme is a secured borrowings.

### **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, of which a total of RM72.2 million were drawdown.

The average interest rate for the facilities was 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, save for (i) and (iii) below which matured on 30 November 2011:

- (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 matured 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 matured 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.
- (v) On 30 November 2011, an IRS arrangement swapping floating rate for fixed rate for a notional amount of RM65 million ("IRS No.5") was entered into in relation to part of the RM 130 million CPs issued by Kinabalu. Pursuant to IRS No.5, QCT will pay a fixed rate of 3.34 % to the Bank whilst the Bank will pay a floating rate to QCT. IRS No.5 commenced on 30 November 2011 and will mature on 5 September 2016.
- (vi) On 30 November 2011, an IRS arrangement swapping floating rate for fixed rate for a notional amount of RM65 million ("IRS No.6 ") was entered into in relation to part of the RM 130 million CPs issued by Kinabalu. Pursuant to IRS No.6, QCT will pay a fixed rate of 3.34 % to the Bank whilst the Bank will pay a floating rate to QCT. IRS No. 6 commenced on 30 November 2011 and will mature on 5 September 2016.

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

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.

The fair values of the IRSs and the maturity profile as at 31 December 2011 are as follows:

|                         | Fair values of derivative<br>assets/(liabilities) as at 31<br>December 2011 |
|-------------------------|---|
|                         | RM  |
| - less than one year    | -   |
| - one to three years    | 710,657   |
| - more than three years | -   |
| Total                   | <u>710,657</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 recognised in other comprehensive income. Prior to adoption of hedge accounting, the fair value changes of the IRSs were recognised in the profit or loss.

#### 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.

A provision for final distribution of RM 16,775,633 , or 4.30 sen per unit, being income distribution for the period 1 July 2011 to 31 December 2011, has been made and will be payable on 28 Feb 2012.

The total gross distribution relating to the financial year ended 31 December 2011 amounted to RM32,380,873 or 8.30 sen per unit., being approximately 94.3% of the realised income after taxation of QCT of RM34,321,017 for the financial year ended 31 December 2011.

Distributions are from the following sources:

|   | 01.01.2011 to 31.12 2011 |                 |
|---|--------------------------|-----------------|
|   | RM                       |                 |
| Gross revenue   | 70,266,494.00            |                 |
| Interest income   | 703,912.00               |                 |
| Property operating expenses and trust expenses                      | <u>(36,649,389.00)</u>   |                 |
|   | <u>34,321,017.00</u>     |                 |
| Gross interim distribution of 4 sen per unit paid on 29 August 2011 | (15,605,240.00)          |                 |
| Undistributed and non-distributable income                          | (1,940,144.00)           |                 |
| Balance for final income distribution                               | <u>16,775,633.00</u>     |                 |
| Final DPU (4.30 sen ) , of which                                    | RM                       |                 |
| - taxable distribution  | 16,392,777               | 4.21 sen        |
| - tax exempt distribution   | <u>382,856</u>           | <u>0.09 sen</u> |
|   | <u>16,775,633</u>        | <u>4.30 sen</u> |
| EPU (realised ) ( after managers fee )                              | 8.80 sen                 |                 |
| EPU (realised) (before managers fee )                               | 10.16 sen                |                 |

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 Dec 2011 | As at 30 Sept 2011 |
|---|-------------------|--------------------|
| NAV (RM)  | 505,114,977       | 499,300,615        |
| Number of units in circulation (unit)                   | 390,131,000       | 390,131,000        |
| NAV per unit (RM)<br>(after provision for distribution) | 1.2947            | 1.2798             |
| Market price (RM)                                       | 1.08              | 1.00               |

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 the revaluation of investment properties and remeasurement of fair values of interest rate swaps .

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 31 December 2011 are :

|                 |                  |
|-----------------|------------------|
|                 | RM               |
| Base fee        | 891,923          |
| Performance fee | 444,289          |
|                 | <u>1,336,212</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 31 December 2011 amounted to RM63,305.

## **B19 UNITHOLDINGS BY THE MANAGER**

As at 31 December 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<br>as at 31 December 2011<br>RM |
|---|--------------------|---------------------------|--|
| HLG Nominee (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<br>CapitaCommercial Trust | 117,040,000        | 30.00%                    | 126,403,200                                  |
|   | <u>234,080,000</u> | <u>60.00%</u>             | <u>252,806,400</u>                           |

The Manager's directors' direct unitholding in QCT:

|   | No. of units | Percentage of<br>total units | Market Value as at<br>31 December 2011<br>RM |
|---|--------------|------------------------------|--|
| Dato' Dr. Low Moi Ing, J.P                                | 50,000       | 0.01%                        | 54,000                                       |
| Dato' Michael Ong Leng Chun                               | 55,000       | 0.01%                        | 59,400                                       |
| 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 ( Alternate<br>to Dato' Dr. Low Moi Ing, J.P) | 50,000       | 0.01%                        | 54,000                                       |

The Manager's directors' indirect unitholding in QCT:

|                             | No. of units    | Percentage of<br>total units | Market Value as at<br>31 December 2011<br>RM |
|-----------------------------|-----------------|------------------------------|--|
| Dato' Dr. Low Moi Ing, J.P  | 117,040,000 (a) | 30.00%                       | 126,403,200                                  |
| Dato' Michael Ong Leng Chun | 117,040,000 (b) | 30.00%                       | 126,403,200                                  |

(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., and Quill Estates Sdn. Bhd.

The market value of the units is computed based on the closing price as of 31 December 2011 of RM1.08 per unit.

**B21 INTEREST EXPENSE DURING THE QUARTER AND YEAR TO DATE**

|   | Current quarter  | Cumulative quarter |
|---|------------------|--------------------|
| Interest expenses   | 3,400,172        | 13,633,301         |
| Amortisation of transaction costs and credit facility costs | 350,737          | 1,607,574          |
| Total borrowing costs                                       | <u>3,750,909</u> | <u>15,240,875</u>  |

**B22 OTHER INCOME AND EXPENSES**

For the current quarter and year to date, the following were credited or charged to the statement of comprehensive income:

|   | RM    |
|---|-------|
| Depreciation  | 1,200 |
| Provision for /write off of receivables                   | -     |
| Provision for /write off of inventories                   | -     |
| Gain/loss on quoted and unquoted investment or properties | -     |
| Impairment of assets                                      | -     |
| Foreign exchange gain or loss                             | -     |
| Exceptional items   | -     |

**B22 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 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 18 January 2012.

**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: 18 January 2012**