

QUILL CAPITA TRUST  
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 31 MARCH 2012 (UNAUDITED)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year	Preceding Year Corresponding	Current Year	Preceding Year Corresponding
	Quarter 31.03.2012	Quarter 31.03.2011	To Date 31.03.2012	To Date 31.03.2011
	RM	RM	RM	RM
<b>TOTAL INCOME</b>				
Gross revenue	17,784,185	17,513,615	17,784,185	17,513,615
Property operating expenses	(4,493,552)	(4,486,417)	(4,493,552)	(4,486,417)
Net property income	13,290,633	13,027,198	13,290,633	13,027,198
Interest income	197,822	158,283	197,822	158,283
	<u>13,488,455</u>	<u>13,185,481</u>	<u>13,488,455</u>	<u>13,185,481</u>
<b>TOTAL EXPENDITURE</b>				
Manager's fee	(1,363,037)	(1,347,488)	(1,363,037)	(1,347,488)
Trustee's fee	(63,936)	(62,563)	(63,936)	(62,563)
Finance costs	(3,457,446)	(3,581,015)	(3,457,446)	(3,581,015)
Valuation fees	(170,000)	(182,500)	(170,000)	(182,500)
Auditors' remuneration	(30,753)	(28,752)	(30,753)	(28,752)
Tax agent's fee	(6,829)	(5,328)	(6,829)	(5,328)
Administrative expenses	(325,188)	(294,962)	(325,188)	(294,962)
	<u>(5,417,189)</u>	<u>(5,502,608)</u>	<u>(5,417,189)</u>	<u>(5,502,608)</u>
<b>INCOME BEFORE TAX</b>	8,071,266	7,682,873	8,071,266	7,682,873
Income tax expense	-	-	-	-
<b>NET INCOME FOR THE PERIOD</b>	<u>8,071,266</u>	<u>7,682,873</u>	<u>8,071,266</u>	<u>7,682,873</u>
<b>OTHER COMPREHENSIVE INCOME</b>				
Gain/(Loss) on remeasurement of financial derivatives (a)	1,420,037	(92,123)	1,420,037	(92,123)
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	9,491,303	7,590,750	9,491,303	7,590,750
<b>Net income for the period is made up as follows:</b>				
Realised	8,071,266	7,682,873	8,071,266	7,682,873
Unrealised	-	-	-	-
<b>EARNINGS PER UNIT (b)</b>				
- after manager's fees (sen)	2.07	1.97	2.07	1.97
- before manager's fees (sen)	2.42	2.31	2.42	2.31
<b>EARNINGS PER UNIT (REALISED) (c)</b>				
- after manager's fees (sen)	2.07	1.97	2.07	1.97
- before manager's fees (sen)	2.42	2.31	2.42	2.31

(a) This relates to the gain/(loss) on the remeasurement of the fair values of interest rate swaps ("IRs").  
(please refer Note B15)

(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.

The Condensed Consolidated Statement Of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2011 and the accompanying explanatory notes attached to the financial statements.

**QUILL CAPITA TRUST**  
**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**FOR THE PERIOD ENDED 31 MARCH 2012 (UNAUDITED)**

	<b>AS AT END OF CURRENT QUARTER  31.03.2012 UNAUDITED RM</b>	<b>AS AT PRECEDING FINANCIAL YEAR END  31.12.2011 AUDITED RM</b>
<b>NON-CURRENT ASSETS</b>		
Plant and equipment	106	406
Investment properties	814,814,800	814,800,000
Derivative assets (i)	2,130,694	710,657
	<u>816,945,600</u>	<u>815,511,063</u>
<b>CURRENT ASSETS</b>		
Trade and other receivables	2,997,704	2,500,573
Deposits with licensed financial institution	17,003,767	28,227,032
Cash on hand and at banks	7,236,016	7,582,685
	<u>27,237,487</u>	<u>38,310,290</u>
<b>CURRENT LIABILITIES</b>		
Provision for income distribution	8,071,266	16,775,633
Trade and other payables	10,243,932	11,842,925
Security deposits	8,572,834	8,952,665
	<u>26,888,032</u>	<u>37,571,223</u>
<b>NET CURRENT LIABILITIES</b>	349,455	739,067
<b>NON-CURRENT LIABILITIES</b>		
Borrowings	303,874,624	305,013,206
Security deposits	6,885,417	6,121,947
	<u>310,760,041</u>	<u>311,135,153</u>
<b>NET ASSETS</b>	<u>506,535,014</u>	<u>505,114,977</u>
Represented by:		
<b>UNITHOLDERS' FUND</b>		
Unitholders' capital	411,712,067	411,712,067
Undistributed and Non-distributable income	94,822,947	93,402,910
	<u>506,535,014</u>	<u>505,114,977</u>
<b>NET ASSET VALUE PER UNIT (before provision for distribution)</b>	1.3191	1.3377
<b>NET ASSET VALUE PER UNIT (after provision for distribution)</b>	1.2984	1.2947
<b>NUMBER OF UNITS IN CIRCULATION</b>	390,131,000	390,131,000

(i) These relate to the fair values of the IRSs (Note B15).

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2011 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 MARCH 2012 (UNAUDITED)**

	Unitholders' Capital		Distributable		Non-Distributable		Total Undistributed and Non-Distributable Income		Unitholders' Funds	
	RM		RM		RM		RM		RM	RM
<b>As at 1 January 2012</b>	411,712,067	-	4,926,229		89,273,932	(797,251)	93,402,910		505,114,977	
Total Comprehensive Income for the period	-	-	8,071,266		-	1,420,037	9,491,303		9,491,303	
<b>Unitholders' transactions:</b>										
Provision for distribution	-	-	(8,071,266)		-	-	(8,071,266)		(8,071,266)	
<b>As at 31 March 2012</b>	<u>411,712,067</u>	<u>-</u>	<u>4,926,229</u>		<u>89,273,932</u>	<u>622,786</u>	<u>94,822,947</u>		<u>506,535,014</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 2011 and the accompanying explanatory notes attached to the financial statements.

**QUILL CAPITA TRUST**  
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD ENDED 31 MARCH 2012 (UNAUDITED)**

	<b>CURRENT YEAR TO DATE 31.03.2012 RM</b>	<b>PRECEDING YEAR TO DATE 31.03.2011 RM</b>
<b>OPERATING ACTIVITIES</b>		
Income before tax	8,071,266	7,682,873
Adjustments for:		
Finance costs	3,457,446	3,581,015
Depreciation	300	300
Interest income	(197,823)	(158,283)
Operating cash flows before changes in working capital	<u>11,331,189</u>	<u>11,105,905</u>
Receivables	(753,811)	(714,034)
Payables	859,420	2,490,249
Cash flows from operations	<u>11,436,798</u>	<u>12,882,120</u>
Income tax paid	-	-
Net cash flows from operating activities	<u>11,436,798</u>	<u>12,882,120</u>
<b>INVESTING ACTIVITIES</b>		
Additions to investment properties	(14,800)	-
Interest income	223,689	159,774
Net cash flows generated from investing activities	<u>208,889</u>	<u>159,774</u>
<b>FINANCING ACTIVITIES</b>		
Distribution to unitholders	(16,775,633)	(16,307,476)
Finance costs paid	(6,439,988)	(3,426,605)
Net cash flows used in financing activities	<u>(23,215,621)</u>	<u>(19,734,081)</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(11,569,934)	(6,692,187)
<b>CASH AND BANK BALANCES AT BEGINNING OF PERIOD</b>	<u>35,809,717</u>	<u>30,805,342</u>
<b>CASH AND BANK BALANCES AT END OF PERIOD</b>	<u>24,239,783</u>	<u>24,113,155</u>
Cash and cash equivalents at end of period comprises:		
Deposits with licensed financial institutions	17,003,767	13,338,630
Cash on hand and at banks	7,236,016	10,774,525
	<u>24,239,783</u>	<u>24,113,155</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31 December 2011 and the accompanying explanatory notes to the financial statements.

**QUILL CAPITA TRUST**  
**EXPLANATORY NOTES FOR PERIOD ENDED 31 MARCH 2012**

**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 Malaysian Financial Reporting Standards, provisions of the Trust Deed and the Securities Commission's Guidelines on Real Estate Investment Trusts.

These are QCT's condensed consolidated interim financial statements for part of the period covered by QCT's first MFRS framework annual financial statements and MFRS1, First-Time Adoption of Malaysian Financial Reporting Standards has been applied. The transition to MFRS framework does not have any financial impact to the financial statement of QCT.

**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. 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**

These unaudited interim financial statements are for part of the period covered by QCT's first annual financial statements prepared under the MFRS framework. Accordingly, QCT has applied MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards in the transition to the MFRS framework on 1 January 2012. The MFRS did not result in any financial impact to QCT as the accounting policies adopted under the previous FRS framework were already in line with the requirements of the MFRS framework.

**A4 AUDIT REPORT OF PRECEDING FINANCIAL YEAR ENDED 31 DECEMBER 2011**

The audit report of the financial statements for the preceding year ended 31 December 2011 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 B14, there were no repurchase, resale and repayment of debt and equity instruments for the current quarter .

#### **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 profit or loss in the statement of comprehensive income.

For the quarter ended 31 March 2012, there was no revaluation of investment properties.

#### **A12 SIGNIFICANT EVENTS DURING THE QUARTER ENDED 31 MARCH 2012**

There were no significant events during the quarter ended 31 March 2012 not otherwise disclosed in the financial statements.

#### **A13 SIGNIFICANT EVENTS SUBSEQUENT TO THE QUARTER ENDED 31 MARCH 2012**

There were no significant events subsequent to the quarter ended 31 March 2012.

#### **A14 CHANGES IN CONTINGENT LIABILITIES**

There are no contingent liabilities to be disclosed.

#### **A15 CAPITAL COMMITMENTS**

There were no capital commitment as at 31 March 2012.

## **B1 REVIEW OF PERFORMANCE**

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

QCT recorded total revenue of RM17.78 million and property operating expenses of RM4.49 million respectively for the current quarter ended 31 March 2012. Realised income of RM8.07 million was achieved. Borrowing costs of RM3.46 million and manager's fee of RM1.36 million were incurred during the quarter.

As compared with the preceding year corresponding quarter, the revenue is about 1.5% higher due mainly to increase in rental rates of some properties. Property operating expenses are higher marginally by 0.2%. Finance costs is 3.5% lower due to lower interest costs during the quarter. This is due mainly to the Manager's active interest rate management strategy to refinance QCT's borrowings and its ability to procure cheaper financing costs. Administrative expenses are higher by about 10.2% due to higher professional fees incurred in the current quarter. The realised income of RM8.07 million is 5.1% higher than the preceding year corresponding quarter mainly due to higher net income from the properties, lower finance cost net of higher administrative expenses in the current quarter.

As compared with the immediate preceding quarter, revenue of RM17.78 million is higher by 1.6% mainly due to a new tenant. Property operating expenses were lower by 2.1% due to lesser repair cost incurred. Finance costs are lower by 7.8% mainly due to lower interest on borrowings and adjustments to amortisation of transaction costs in the current quarter. There is no major variance between the realised income of the current quarter as compared with the immediate preceding quarter.

The performance of QCT for the quarter and period ended 31 March 2012 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 2011.

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 2011 as they remain relevant in the current market conditions.

## **B3 REVIEW OF THE MARKETS IN WHICH QCT INVESTS IN DURING THE PERIOD AND GENERAL ASSESSMENT OF THE FUTURE PROSPECTS OF THESE MARKETS**

### **Review of Office Market - Klang Valley**

For 4Q 2011, there is no change in the overall rents compared with 3Q 2011. The overall occupancy rate in KL city centre rose 1.2% from the previous quarter to 84.5% while in the fringes of KL, dipped 3.3% to 86%. The Klang Valley office market is expected to remain challenging for the next 2- 3 years with new supply in excess of 12 million sq. ft. coming on stream now until 2014.

**B3 REVIEW OF THE MARKETS IN WHICH QCT INVESTS IN DURING THE PERIOD AND GENERAL ASSESSMENT OF THE FUTURE PROSPECTS OF THESE MARKETS (CONT'D)**

Review of retail market - Klang Valley

With the continuing government support, the retail market continue to be resilient and vibrant with high occupancy rates especially in the popular and established malls. The Klang Valley retail sector achieved an average occupancy of 85% for the past 5 years. However, rental rates are expected to remain challenging especially in outer KL and suburban areas where future supply is concentrated.

Review of retail market - Penang

The retail sector in Penang will continue to expand with overall existing supply increasing slightly to approximately 9.5 million sq. ft. of net lettable area while the overall occupancy rate stands at 74% as at end 2011.

(Sources : The Edge Knight Frank Klang Valley Office Monitor 4Q 2011 and CH Williams Talhar & Wong Property Report 2012)

**B4 PROSPECTS**

The overall office demand-supply is expected to be softer this year due to the entry of new supply to the market. However, the Manager will continue to explore acquisition opportunities as well as to focus on active asset management and capital and portfolio management initiatives.

For leases due for renewal in 2012 which amounts to 38% of total Net Lettable Area, 14% has been renewed, 5% did not renew and 19% is not due for renewal as at the first quarter. Notwithstanding, the lease that was not renewed namely QB10-HSBC Section 13 which contributes less than 3% of QCT's total rental income for 2012, we are confident that the lease will be taken up as negotiations with a few potential new tenants are already in progress. The Manager is confident that QCT will be able to achieve sustainable income distribution for the year.

**B5 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.



**B6 PROFIT FORECAST / PROFIT GUARANTEE VARIANCE**

**a) Profit forecast**

There has been no profit forecast issued by QCT for the financial year 2012.

**b) Profit guarantee**

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

**B7 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.

**B8 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 todate.

**B9 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 todate.

**B10 STATUS OF CORPORATE PROPOSALS**

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

**B11 UTILISATION OF PROCEEDS RAISED FROM ANY NEW ISSUANCE**

There were no issuance of new units during the quarter and period todate.

**B12 CIRCUMSTANCES WHICH MATERIALLY AFFECT ANY INTEREST OF THE UNITHOLDERS**

As at the date of this report, the directors of the manager are not aware of any circumstances not otherwise disclosed in this report which would materially affect interest of the unitholders.

### B13 COMPOSITION OF INVESTMENT PORTFOLIO AS AT 31 MARCH 2012

As at 31 March 2012, QCT's portfolio comprised of ten buildings as follows:

Investment properties	Cost of Investment	Market Value /Net Carrying amount as at 31 March 2012	Market value /Net Carrying amount as % of NAV
	RM	RM	
<u>Commercial buildings</u>			
1 QB1 - DHL 1 & QB 4 - DHL 2	109,100,000	122,800,000	24.24%
2 QB 2 - HSBC	107,500,000	118,000,000	23.30%
3 QB 3 - BMW	59,400,000	72,500,000	14.31%
4 Wisma Technip	125,000,000	156,000,000	30.80%
5 Part of Plaza Mont' Kiara	90,000,000	110,000,000	21.72%
6 QB5 - IBM	43,000,000	45,000,000	8.88%
7 QB10 - HSBC Section 13	22,740,000	26,500,000	5.23%
8 Tesco Building Penang	132,000,000	139,000,000	27.44%
<u>Industrial building</u>			
9 QB 8 - DHL XPJ	28,800,000	25,014,800	4.94%
	717,540,000	814,814,800	

There were no changes to the total number of buildings held by QCT since the preceding financial year ended 31 December 2011.

Capital expenditure of RM14,800 was incurred during the quarter. Maintenance costs were normal expenses incurred for the upkeep of the buildings.

### B14 BORROWINGS AND DEBT SECURITIES

	As at end of current quarter ended 31 March 2012
	RM
<b>Non-current liabilities:</b>	
<u><b>RM134 million CP/MTN Programme</b></u>	
Face value of MTNs issued	117,000,000
Transaction costs c/f	(450,182)
	116,549,818
Amortisation of transaction costs during the period	67,527
	116,617,345
<u><b>RM 270 million CP/MTN Programme</b></u>	
Face value of CPs and MTNs issued	190,000,000
Discount	(2,392,000)
Cash proceeds	187,608,000
Interest expense on CPs	351,000
	187,959,000
Transaction costs c/f	(704,787)
Amortisation of transaction costs during the period	3,066
	187,257,279
<b>Total Non-Current Borrowings</b>	<b>303,874,624</b>

## **B14 BORROWINGS AND DEBT SECURITIES (CONT'D)**

### **(a) 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 B15.
- 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.

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

On 18 July 2011, QCT through its SPE, Kinabalu Capital Sdn. Bhd. ("Kinabalu"), established a CPs/MTNs programme of up to RM270 million ("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 3.34 % p.a due to the IRS arrangement as disclosed in Note B15.
- RM60 million of MTNs for 3 years, at interest rate of 4.9% p.a.

The proceeds from the issuance were utilised for the full repayment of the RM80 million 5-year Term Loan Facilities of Samwise Capital Sdn. Bhd.

- On 30 November 2011, RM118 million nominal values of CPs were issued. The effective interest rate for the RM118 million CP is 3.34 % p.a due to the IRS arrangement as disclosed in Note B15.

The proceeds from the issuance were utilised to fully redeem the RM118 million CP/MTN programme procured by Gandalf Capital Sdn. Bhd. which matured in November 2011.

The RM270 million Programme is a secured borrowings.

## B15 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 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.
- (ii) 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.
- (iii) On 21 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.
- (iv) On 21 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.

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 March 2012 are as follows:

	Fair values of derivative assets/(liabilities) as at 31 March 2012
	RM
- less than one year	-
- one to three years	761,819
- more than three years	1,368,875
Total	<u>2,130,694</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.

## B16 CHANGES IN MATERIAL LITIGATION

The manager is not aware of any pending material litigation as at the date of issuance of this report.

## B17 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.

A provision for income distribution of RM8,071,266 being 100% of the realised income for the quarter ended 31 March 2012 has been made in the unaudited financial statements. However, there is no declaration for income distribution for the quarter ended 31 March 2012.

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%

## B18 CHANGES IN NAV AND MARKET PRICE SINCE THE LAST REPORTING DATE

	As at 31 March 2012	As at 31 December 2011
NAV (RM)	506,535,014	505,114,977
Number of units in circulation (unit)	390,131,000	390,131,000
NAV per unit (RM) (after provision for distribution)	1.2984	1.2947
Market price (RM)	1.13	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 mainly due to gain on 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.

## **B19 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 March 2012 are :

	RM
Base fee	903,958
Performance fee	459,079
	<u>1,363,037</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.

## **B20 TRUSTEE'S FEE**

Trustee's fee is payable to Maybank Trustees Berhad (Formerly known as 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 March 2012 amounted to RM63,936.

## **B21 UNITHOLDINGS BY THE MANAGER**

As at 31 March 2012, the Manager did not hold any units in QCT.

**B22 UNITHOLDINGS BY PARTIES RELATED TO THE MANAGER**

	No. of units	Percentage of total units	Market Value as at 31 March 2012 RM
HLG Nominee (Tempatan) Sdn. Bhd. for :			
- Quill Properties Sdn. Bhd.	45,997,000	11.79%	51,976,610
- Quill Land Sdn. Bhd.	48,767,000	12.50%	55,106,710
- Quill Estates Sdn. Bhd.	22,276,000	5.71%	25,171,880
HSBC Nominees (Asing) Sdn. Bhd. for CapitaCommercial Trust	117,040,000	30.00%	132,255,200
	<u>234,080,000</u>	<u>60.00%</u>	<u>264,510,400</u>

The Manager's directors' direct unitholding in QCT:

	No. of units	Percentage of total units	Market Value as at 31 March 2012 RM
Dato' Dr. Low Moi Ing, J.P	50,000	0.01%	56,500
Dato' Michael Ong Leng Chun	55,000	0.01%	62,150
Datuk Hj Abdul Karim Bin Abu Bakar	1,000	0.00%	1,130
Datuk Dr. Mohamed Arif Bin Nun	50,000	0.01%	56,500
Aw Hong Boo (Alternate to Dato' Dr. Low Moi Ing, J.P)	50,000	0.01%	56,500

The Manager's directors' indirect unitholding in QCT:

	No. of units	Percentage of total units	Market Value as at 31 March 2012 RM
Dato' Dr. Low Moi Ing, J.P	117,040,000 (a)	30.00%	132,255,200
Dato' Michael Ong Leng Chun	117,040,000 (b)	30.00%	132,255,200

(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 March 2012 of RM1.13 per unit.

**B23 UNITHOLDERS CAPITAL**

	No. of units	
	Current Quarter	Preceding Quarter
Approved fund size	<u>490,131,000</u>	<u>490,131,000</u>
Issued and fully paid	<u>390,131,000</u>	<u>390,131,000</u>

There was no movement in the number of units during the current quarter.

**B24 FINANCE COSTS INCURRED DURING THE QUARTER AND YEAR TODATE**

	Current Quarter RM	Cumulative Quarter RM
Interest expenses	3,305,041	3,305,041
Amortisation of transaction costs and credit facility costs	152,405	152,405
Total finance costs	<u>3,457,446</u>	<u>3,457,446</u>

**B25 OTHER INCOME AND EXPENSES**

For the current quarter and year todate, the following were credited or charged to the profit or loss in the statement of comprehensive income:

	RM
Depreciation	300
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	-

**B26 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 MFRS 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 March 2012 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 May 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: 3 May 2012**