

QUILL CAPITA TRUST
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 SEPTEMBER 2012 (UNAUDITED)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year	Preceding Year	Current Year	Preceding Year
	Quarter 30.09.2012	Quarter 30.09.2011	To Date 30.09.2012	To Date 30.09.2011
	RM	RM	RM	RM
TOTAL INCOME				
Gross revenue	17,149,934	17,630,412	52,358,081	52,756,959
Property operating expenses	(3,150,169)	(2,792,981)	(11,165,183)	(10,831,135)
Net property income	13,999,765	14,837,431	41,192,898	41,925,824
Interest income	174,276	180,088	560,208	501,144
	<u>14,174,041</u>	<u>15,017,519</u>	<u>41,753,106</u>	<u>42,426,968</u>
TOTAL EXPENDITURE				
Manager's fee	(1,330,400)	(1,348,581)	(4,020,336)	(3,997,377)
Trustee's fee	(64,364)	(63,093)	(191,455)	(189,619)
Finance costs	(3,517,365)	(4,245,522)	(10,472,356)	(11,489,966)
Valuation fees	(70,000)	77,500	(192,500)	(157,500)
Auditors' remuneration	(33,629)	(25,752)	(100,887)	(83,256)
Tax agent's fee	(4,629)	(3,133)	(16,087)	(12,589)
Administrative expenses	148,110	(10,049)	(217,885)	(246,691)
	<u>(4,872,277)</u>	<u>(5,618,630)</u>	<u>(15,211,506)</u>	<u>(16,176,998)</u>
INCOME BEFORE TAX	9,301,764	9,398,889	26,541,600	26,249,970
Income tax expense	-	-	-	-
NET INCOME FOR THE PERIOD	<u>9,301,764</u>	<u>9,398,889</u>	<u>26,541,600</u>	<u>26,249,970</u>
OTHER COMPREHENSIVE INCOME				
Gain/(Loss) on remeasurement of financial derivatives (a)	247,691	(118,226)	(561,344)	77,505
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>9,549,455</u>	<u>9,280,663</u>	<u>25,980,256</u>	<u>26,327,475</u>
INCOME DISTRIBUTION				
-Interim distribution	-	-	(15,995,371)	(15,605,240)
-Provision for income distribution	(9,301,764)	(9,398,889)	(9,301,764)	(9,398,889)
NET INCOME RETAINED	<u>247,691</u>	<u>(118,226)</u>	<u>683,121</u>	<u>1,323,346</u>
Net income for the period is made up as follows:				
Realised	9,301,764	9,398,889	26,541,600	26,249,970
Unrealised	-	-	-	-
EARNINGS PER UNIT (b)				
- after manager's fees (sen)	2.38	2.41	6.80	6.73
- before manager's fees (sen)	2.73	2.75	7.83	7.75
EARNINGS PER UNIT (REALISED) (c)				
- after manager's fees (sen)	2.38	2.41	6.80	6.73
- before manager's fees (sen)	2.73	2.75	7.83	7.75
INCOME DISTRIBUTION				
Distribution of Income	-	-	(15,995,371)	(15,605,240)
Income distribution per unit				
Gross (sen)	-	-	4.10 (d)	4.00 (e)

- (a) This relates to the gain/(loss) on the remeasurement of the fair values of interest rate swaps ("IRSS"). (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.
- (d) Interim gross distribution of 4.10 sen per unit relates to the distribution of income for the period 1 January 2012 to 30 June 2012 was paid on 29 August 2012.
- (e) 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 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 2011 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 2012 (UNAUDITED)

	AS AT END OF CURRENT QUARTER	AS AT PRECEDING FINANCIAL YEAR END
	30.09.2012 UNAUDITED RM	31.12.2011 AUDITED RM
ASSETS		
NON-CURRENT ASSETS		
Plant and equipment	19,127	406
Investment properties	814,814,800	814,800,000
Derivative assets (i)	-	710,657
	<u>814,833,927</u>	<u>815,511,063</u>
CURRENT ASSETS		
Trade and other receivables	9,476,841	2,500,573
Derivative assets (i)	504,661	-
Deposits with licensed financial institution	8,585,327	28,227,032
Cash on hand and at banks	8,292,209	7,582,685
	<u>26,859,038</u>	<u>38,310,290</u>
TOTAL ASSETS	<u>841,692,965</u>	<u>853,821,353</u>
UNITHOLDERS' FUNDS AND LIABILITIES		
UNITHOLDERS' FUNDS ATTRIBUTABLE TO UNITHOLDERS OF QCT		
Unitholders' capital	411,712,067	411,712,067
Undistributed and Non-distributable income	94,086,031	93,402,910
TOTAL UNITHOLDERS' FUNDS	<u>505,798,098</u>	<u>505,114,977</u>
NON-CURRENT LIABILITIES		
Derivative liabilities (i)	355,347	-
Borrowings	187,429,076	305,013,206
Security deposits	9,289,952	6,121,947
	<u>197,074,375</u>	<u>311,135,153</u>
CURRENT LIABILITIES		
Trade and other payables	7,269,138	11,842,925
Borrowings	116,752,400	-
Security deposits	5,497,190	8,952,665
Provision for income distribution	9,301,764	16,775,633
	<u>138,820,492</u>	<u>37,571,223</u>
TOTAL LIABILITIES	<u>335,894,867</u>	<u>348,706,376</u>
TOTAL UNITHOLDERS' FUNDS AND LIABILITIES	<u>841,692,965</u>	<u>853,821,353</u>
NET ASSET VALUE PER UNIT (before provision for distribution)	1.3203	1.3377
NET ASSET VALUE PER UNIT (after provision for distribution)	1.2965	1.2947
NUMBER OF UNITS IN CIRCULATION	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 30 SEPTEMBER 2012 (UNAUDITED)

	Unitholders' Capital		Distributable		Non-Distributable		Total	
	RM	RM	Undistributed Income Realised	Undistributed Income Unrealised	Undistributed Income Unrealised	Net Fair Value Gain/(Loss) On Derivatives Unrealised	Undistributed and Non-Distributable Income	Unitholders' Funds
As at 1 January 2011								
Total Comprehensive Income for the period								
Unitholders' transactions:								
Distribution paid on 29 August 2011								
Provision for distribution								
As at 30 September 2011	411,712,067	3,926,827	3,926,827	81,868,685	469,690	77,505	86,265,202	497,977,269
		26,249,970	26,249,970	-	-	-	26,327,475	26,327,475
		(15,605,240)	(15,605,240)	-	-	-	(15,605,240)	(15,605,240)
		(9,398,889)	(9,398,889)	-	-	-	(9,398,889)	(9,398,889)
	411,712,067	5,172,668	5,172,668	81,868,685	547,195		87,588,548	499,300,615
As at 1 January 2012								
Total Comprehensive Income for the period								
Unitholders' transactions:								
Distribution paid on 29 August 2012								
Provision for distribution								
As at 30 September 2012	411,712,067	4,926,229	4,926,229	89,273,932	(797,251)		93,402,910	505,114,977
		26,541,600	26,541,600	-	(561,344)		25,980,256	25,980,256
		(15,995,371)	(15,995,371)	-	-		(15,995,371)	(15,995,371)
		(9,301,764)	(9,301,764)	-	-		(9,301,764)	(9,301,764)
	411,712,067	6,170,694	6,170,694	89,273,932	(1,358,595)		94,086,031	505,798,098

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 30 SEPTEMBER 2012 (UNAUDITED)

	CURRENT YEAR TO DATE 30.09.2012 RM	PRECEDING YEAR TO DATE 30.09.2011 RM
OPERATING ACTIVITIES		
Income before tax	26,541,600	26,249,970
Adjustments for:		
Finance costs	10,472,356	11,489,966
Depreciation	3,179	900
Interest income	(560,208)	(501,144)
Operating cash flows before changes in working capital	<u>36,456,927</u>	<u>37,239,692</u>
Receivables	(6,857,770)	(1,107,724)
Payables	(2,624,145)	468,352
Cash flows from operations	<u>26,975,012</u>	<u>36,600,320</u>
Income tax paid	-	-
Net cash flows from operating activities	<u>26,975,012</u>	<u>36,600,320</u>
INVESTING ACTIVITIES		
Subsequent expenditure on investment properties	(14,800)	-
Purchase of plant & equipment	(21,900)	-
Interest income	593,165	504,930
Net cash flows generated from investing activities	<u>556,465</u>	<u>504,930</u>
FINANCING ACTIVITIES		
Distribution to unitholders	(32,771,004)	(31,912,716)
Finance costs paid	(13,692,654)	(10,708,700)
Proceeds from borrowings	-	71,776,215
Repayment of borrowings	-	(72,210,082)
Net cash flows used in financing activities	<u>(46,463,658)</u>	<u>(43,055,283)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(18,932,181)	(5,950,033)
CASH AND BANK BALANCES AT BEGINNING OF PERIOD	35,809,717	30,805,342
CASH AND BANK BALANCES AT END OF PERIOD	<u>16,877,536</u>	<u>24,855,309</u>
Cash and cash equivalents at end of period comprises:		
Deposits with licensed financial institutions	8,585,327	18,529,717
Cash on hand and at banks	8,292,209	6,325,592
	<u>16,877,536</u>	<u>24,855,309</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 30 SEPTEMBER 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 ("MFRS") 134 "Interim Financial Reporting", provisions of the Trust Deed and the Securities Commission's Guidelines on Real Estate Investment Trusts and should be read in conjunction with QCT's audited financial statements for the financial year ended 31 December 2011 and the accompanying explanatory notes attached to the unaudited condensed consolidated financial statements.

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 30 September 2012, there was no revaluation of investment properties.

A12 SIGNIFICANT EVENTS DURING THE QUARTER ENDED 30 SEPTEMBER 2012

There were no significant events during the quarter ended 30 September 2012 not otherwise disclosed in the financial statements.

A13 SIGNIFICANT EVENTS SUBSEQUENT TO THE QUARTER ENDED 30 SEPTEMBER 2012

There were no significant events subsequent to the quarter ended 30 September 2012.

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 2012.

B1 REVIEW OF PERFORMANCE

Quarter and year to date results

QCT recorded total revenue of RM17.15 million and property operating expenses of RM3.15 million respectively for the current quarter ended 30 September 2012. Realised income of RM9.30 million was achieved. Finance costs of RM3.52 million and manager's fee of RM1.33 million were incurred during the quarter.

As compared with the preceding year corresponding quarter, the revenue is about 2.7% lower mainly due to higher vacancy, mitigated by rental rate increases of some properties. Property operating expenses are higher by 12.8% due to more repair costs incurred in the current quarter. This has resulted in lower net property income by 5.6%. Finance costs is 17.2% lower due mainly to the charge out of transaction costs relating to Samwise Capital Sdn Bhd in the third quarter of 2011 due to the early repayment of its loan facility, and lower interest costs resulting from the Manager's active interest rate management strategy. Administrative expenses are lower due to write back of over-accrued professional fees in the current quarter. The realised net income for the quarter is marginally higher by 1.0% due mainly to lower financing costs and administrative expenses.

As compared with the immediate preceding quarter, revenue of RM17.15 million is lower by 1.6% mainly due to higher vacancy, mitigated by rental rate increases of some properties. However, property operating expenses were lower by 10.5% due to lesser repair cost incurred, resulting in a marginally higher net property income by 0.7% despite the lower revenue. Valuation fee is higher due mainly to write back of valuation fee in the immediate preceding quarter. Finance costs are higher marginally by 0.6% in the current quarter due mainly to higher interest expense due to more days in the current quarter, net of adjustments in amortisation of transaction costs. Administrative expenses were lower mainly due to write back of over-accrued professional fees. The realised income of the current quarter is higher by 1.5% mainly due to higher net property income and lower administrative expenses incurred.

The performance of QCT for the quarter and period ended 30 September 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 1H2012, cumulative supply of office space and average occupancy in the KL City stands at 47.0 million sq ft and 80.5%, respective while 17.5 million sq ft of cumulative office space and 76.4% occupancy levels were recorded in the KL City Fringe. The substantial amount of impending office space has yet translate into a significant decline in rental rates with both KL city and KL City Fringe registering increase in 1H2012 to RM5.65psf and RM5.30 psf, respectively (2H2011 : RM5.21 psf and RM5.12 psf).

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

New shopping centres located in the suburbs were completed during 1H2012, adding a further 1.42 million sq ft of retail space to the cumulative existing retail stock that now stands at circa 44 million sq ft. During the review period, average rental rates of prime and popular shopping centres continued to hold steady with upwards rental adjustments reported in selected malls. The new and incoming supply of neighbourhood malls totalling some 2.7 million sq ft NLA in 2012 alone may lead to a softening in the overall occupancy rate.

(Sources : The Knight Frank 1H2012 Real Estate Highlights)

B4 PROSPECTS

Despite the entry of newly completed office supply resulting in a dip in occupancy rates, rental rates have sustained at current rates. 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, 15% has been renewed, 6% did not renew and 17% will be due in the fourth quarter of 2012. For leases that have not been renewed, the Manager is actively sourcing for replacement tenants. The Manager is confident of renewing the majority of the balance leases that are due in the fourth quarter of 2012 and 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 to date.

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 to date.

B10 STATUS OF CORPORATE PROPOSALS

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

B11 UTILISATION OF PROCEEDS RAISED FROM ANY NEW ISSUANCE

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

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 30 SEPTEMBER 2012

As at 30 September 2012, QCT's portfolio comprised of ten buildings as follows:

Investment properties	Cost of Investment	Market Value/Net Carrying amount as at 30 September 2012	Market value/Net Carrying amount as % of NAV
	RM	RM	
<u>Commercial buildings</u>			
1 QB1 - DHL 1 & QB 4 - DHL2	109,100,000	122,800,000	24.28%
2 QB 2 - HSBC	107,500,000	118,000,000	23.33%
3 QB 3 - BMW	59,400,000	72,500,000	14.33%
4 Wisma Technip	125,000,000	156,000,000	30.84%
5 Part of Plaza Mont' Kiara	90,000,000	110,000,000	21.75%
6 QB5 - IBM	43,000,000	45,000,000	8.90%
7 QB10 - HSBC Section 13	22,740,000	26,500,000	5.24%
8 Tesco Building Penang	132,000,000	139,000,000	27.48%
<u>Industrial building</u>			
9 QB 8 - DHL XPJ	28,800,000	25,014,800	4.95%
	<u>717,540,000</u>	<u>814,814,800</u>	

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

There were no capital expenditure 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 30
September 2012
RM

Current Liabilities:

RM134 million CP/MTN Programme

Face value of MTNs issued	117,000,000
Transaction costs c/f	(450,182)
	<u>116,549,818</u>
Amortisation of transaction costs during the period	202,582
	<u>116,752,400</u>

Non-Current Liabilities:

RM 270 million CP/MTN Programme

Face value of CPs and MTNs issued	190,000,000
Discount	(2,353,000)
Cash proceeds	<u>187,647,000</u>
Interest expense on CPs	<u>338,000</u>
	187,985,000
Transaction costs c/f (adjusted)	(622,846)
Amortisation of transaction costs during the period	<u>66,922</u>
	<u>187,429,076</u>

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 RM134 million 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 transaction costs relating to the programme are amortised over the tenure of the programme. There was an adjustment to the transaction costs in the current quarter due to finalisation of actual total transaction costs for the programme in the current quarter.

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 RM130 million CPs issued by Kinabalu. Pursuant to IRS No. 5, QCT will pay a fixed rate of 3.34% p.a. 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 RM130 million CPs issued by Kinabalu. Pursuant to IRS No. 6, QCT will pay a fixed rate of 3.34% p.a. 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 profit or loss in 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 30 September 2012 are as follows:

	Fair values of derivative assets/(liabilities) as at 30 September 2012 RM
- less than one year	504,661
- one to three years	-
- more than three years	(355,347)
Total	<u>149,314</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.

An interim income distribution of RM15,995,371 or 4.10 sen per unit, being 92.8% of the realised income for the period 1 January 2012 to 30 June 2012 were made on 29 August 2012.

There is no proposed income distribution for the quarter ended 30 September 2012. A provision for income distribution of RM9,301,764 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%

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

	As at 30 September 2012	As at 30 June 2012
NAV (RM)	505,798,098	505,550,407
Number of units in circulation (unit)	390,131,000	390,131,000
NAV per unit (RM) (after provision for distribution)	1.2965	1.2958
Market price (RM)	1.18	1.17

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 30 September 2012 are :

	RM
Base fee	910,543
Performance fee	419,857
	<u>1,330,400</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 30 September 2012 amounted to RM64,364.

B21 UNITHOLDINGS BY THE MANAGER

As at 30 September 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 30 September 2012 RM
HLG Nominee (Tempatan) Sdn. Bhd. for :			
-Quill Properties Sdn. Bhd.	45,997,000	11.79%	54,276,460
-Quill Land Sdn. Bhd.	48,767,000	12.50%	57,545,060
-Quill Estates Sdn. Bhd.	22,276,000	5.71%	26,285,680
HSBC Nominees (Asing) Sdn. Bhd. for CapitaCommercial Trust	117,040,000	30.00%	138,107,200
	<u>234,080,000</u>	<u>60.00%</u>	<u>276,214,400</u>

The Manager's directors' direct unitholding in QCT:

	No. of units	Percentage of total units	Market Value as at 30 September 2012 RM
Dato' Dr. Low Moi Ing, J.P	50,000	0.01%	59,000
Dato' Michael Ong Leng Chun	55,000	0.01%	64,900
Datuk Hj Abdul Karim Bin Abu Bakar	1,000	0.00%	1,180
Datuk Dr. Mohamed Arif Bin Nun	50,000	0.01%	59,000
Aw Hong Boo (Alternate to Dato' Dr. Low Moi Ing, J.P)	50,000	0.01%	59,000

The Manager's directors' indirect unitholding in QCT:

	No. of units	Percentage of total units	Market Value as at 30 September 2012 RM
Dato' Dr. Low Moi Ing, J.P	117,040,000 (a)	30.00%	138,107,200
Dato' Michael Ong Leng Chun	117,040,000 (b)	30.00%	138,107,200

(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 28 September 2012 of RM1.18 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 TO DATE

	Current Quarter RM	Cumulative Quarter RM
Interest expenses	3,344,364	9,957,417
Amortisation of transaction costs and credit facility costs	173,001	514,939
Total finance costs	<u>3,517,365</u>	<u>10,472,356</u>

B25 OTHER INCOME AND EXPENSES

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

	Current Quarter RM	Cumulative Quarter RM
Depreciation	2,469	3,179
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 30 September 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 31 October 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: 31 October 2012