

QUILL CAPITA TRUST
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 MARCH 2013 (UNAUDITED)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year	Preceding Year Corresponding	Current Year	Preceding Year Corresponding
	Quarter 31.03.2013	Quarter 31.03.2012	To Date 31.03.2013	To Date 31.03.2012
	RM	RM	RM	RM
TOTAL INCOME				
Gross revenue	17,226,965	17,784,185	17,226,965	17,784,185
Property operating expenses	(4,161,340)	(4,493,552)	(4,161,340)	(4,493,552)
Net property income	13,065,625	13,290,633	13,065,625	13,290,633
Interest income	291,967	197,822	291,967	197,822
	<u>13,357,592</u>	<u>13,488,455</u>	<u>13,357,592</u>	<u>13,488,455</u>
TOTAL EXPENDITURE				
Manager's fee	(1,351,866)	(1,363,037)	(1,351,866)	(1,363,037)
Trustee's fee	(65,248)	(63,936)	(65,248)	(63,936)
Finance costs	(3,456,966)	(3,457,446)	(3,456,966)	(3,457,446)
Valuation fees	(172,500)	(170,000)	(172,500)	(170,000)
Auditors' remuneration	(60,879)	(30,753)	(60,879)	(30,753)
Tax agent's fee	(55,829)	(6,829)	(55,829)	(6,829)
Administrative expenses	(85,161)	(325,188)	(85,161)	(325,188)
	<u>(5,248,449)</u>	<u>(5,417,189)</u>	<u>(5,248,449)</u>	<u>(5,417,189)</u>
INCOME BEFORE TAX	8,109,143	8,071,266	8,109,143	8,071,266
Income tax expense	-	-	-	-
NET INCOME FOR THE PERIOD	<u>8,109,143</u>	<u>8,071,266</u>	<u>8,109,143</u>	<u>8,071,266</u>
OTHER COMPREHENSIVE INCOME				
(Loss)/Gain on remeasurement of financial derivatives (a)	(21,076)	1,420,037	(21,076)	1,420,037
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	8,088,067	9,491,303	8,088,067	9,491,303
Net income for the period is made up as follows:				
Realised	8,109,143	8,071,266	8,109,143	8,071,266
Unrealised	-	-	-	-
EARNINGS PER UNIT (b)				
- after manager's fees (sen)	2.08	2.07	2.08	2.07
- before manager's fees (sen)	2.43	2.42	2.43	2.42
EARNINGS PER UNIT (REALISED) (c)				
- after manager's fees (sen)	2.08	2.07	2.08	2.07
- before manager's fees (sen)	2.43	2.42	2.43	2.42

(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.

The Condensed Consolidated Statement Of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2012 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 2013 (UNAUDITED)

	AS AT END OF CURRENT QUARTER 31.03.2013 UNAUDITED RM	AS AT PRECEDING FINANCIAL YEAR END 31.12.2012 AUDITED RM
NON-CURRENT ASSETS		
Plant and equipment	15,269	17,198
Investment properties	820,635,000	820,500,000
Derivative assets (i)	97,725	-
	<u>820,747,994</u>	<u>820,517,198</u>
CURRENT ASSETS		
Trade and other receivables	3,021,815	8,871,804
Derivative assets (i)	244,819	373,292
Deposits with licensed financial institution	11,887,516	21,889,405
Cash on hand and at banks	7,352,767	8,562,822
	<u>22,506,917</u>	<u>39,697,323</u>
CURRENT LIABILITIES		
Trade and other payables	8,569,501	11,344,563
Borrowings	116,887,454	116,819,927
Security deposits	4,042,833	8,489,663
	<u>129,499,788</u>	<u>136,654,153</u>
NET CURRENT LIABILITIES	(106,992,871)	(96,956,830)
NON-CURRENT LIABILITIES		
Derivatives	-	9,672
Borrowings	187,475,010	188,661,043
Security deposits	6,040,680	6,040,680
	<u>193,515,690</u>	<u>194,711,395</u>
NET ASSETS	<u>520,239,433</u>	<u>528,848,973</u>
Represented by:		
UNITHOLDERS' FUND		
Unitholders' capital	411,712,067	411,712,067
Undistributed and Non-distributable income	108,527,366	117,136,906
	<u>520,239,433</u>	<u>528,848,973</u>
NET ASSET VALUE PER UNIT (before provision for distribution)	1.3335	1.3556
NET ASSET VALUE PER UNIT (after provision for distribution) (ii)	1.3127	1.3128
NUMBER OF UNITS IN CIRCULATION	390,131,000	390,131,000

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

(ii) Net Asset Value assuming 100% of realised net income for the current quarter of RM8,109,143 is provided for income distribution.

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to the financial statements.

QUILL CAPITAL TRUST
 CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN NET ASSET VALUE
 FOR THE PERIOD ENDED 31 MARCH 2013 (UNAUDITED)

	Unitholders' Capital	Distributable		Non-Distributable		Total Undistributed and Non-Distributable Income	Unitholders' Funds
		Undistributed Income Realised	Undistributed Income Unrealised	Undistributed Income Unrealised	Net Fair Value (Loss)/Gain On Derivatives Unrealised		
	RM	RM	RM	RM	RM	RM	RM
As at 1 January 2013	411,712,067	23,391,562	94,889,632	(1,144,288)		117,136,906	528,848,973
Total Comprehensive Income for the period	-	8,109,143	-	(21,076)		8,088,067	8,088,067
	411,712,067	31,500,705	94,889,632	(1,165,364)		125,224,973	536,937,040
Unitholders' transactions:							
Distribution paid on 12 March 2013	-	(16,697,607)	-	-		(16,697,607)	(16,697,607)
As at 31 March 2013	411,712,067	14,803,098	94,889,632	(1,165,364)		108,527,366	520,239,433
As at 1 January 2012	411,712,067	21,701,862	89,273,932	(797,251)		110,178,543	521,890,610
Total Comprehensive Income for the period	-	8,071,266	-	1,420,037		9,491,303	9,491,303
	411,712,067	29,773,128	89,273,932	622,786		119,669,846	531,381,913
Unitholders' transactions:							
Distribution paid on 28 February 2012	-	(16,775,633)	-	-		(16,775,633)	(16,775,633)
As at 31 March 2012	411,712,067	12,997,495	89,273,932	622,786		102,894,213	514,606,280

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 2012 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 2013 (UNAUDITED)

	CURRENT YEAR TO DATE 31.03.2013 RM	PRECEDING YEAR TO DATE 31.03.2012 RM
OPERATING ACTIVITIES		
Income before tax	8,109,143	8,071,266
Adjustments for:		
Finance costs	3,456,966	3,457,446
Depreciation	1,929	300
Interest income	(291,967)	(197,822)
Operating cash flows before changes in working capital	<u>11,276,071</u>	<u>11,331,190</u>
Receivables	5,486,469	(753,812)
Payables	(4,952,509)	859,420
Cash flows from operations	<u>11,810,031</u>	<u>11,436,798</u>
Income tax paid	-	-
Net cash flows from operating activities	<u>11,810,031</u>	<u>11,436,798</u>
INVESTING ACTIVITIES		
Additions to investment properties	(135,000)	(14,800)
Interest income	319,584	223,689
Net cash flows generated from investing activities	<u>184,584</u>	<u>208,889</u>
FINANCING ACTIVITIES		
Distribution to unitholders	(16,697,607)	(16,775,633)
Finance costs paid	(6,508,952)	(6,439,988)
Net cash flows used in financing activities	<u>(23,206,559)</u>	<u>(23,215,621)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	<u>(11,211,944)</u>	<u>(11,569,934)</u>
CASH AND BANK BALANCES AT BEGINNING OF PERIOD	<u>30,452,227</u>	<u>35,809,717</u>
CASH AND BANK BALANCES AT END OF PERIOD	<u>19,240,283</u>	<u>24,239,783</u>
Cash and cash equivalents at end of period comprises:		
Deposits with licensed financial institutions	11,887,516	17,003,767
Cash on hand and at banks	7,352,767	7,236,016
	<u>19,240,283</u>	<u>24,239,783</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31 December 2012 and the accompanying explanatory notes to the financial statements.

QUILL CAPITA TRUST
EXPLANATORY NOTES FOR PERIOD ENDED 31 MARCH 2013

A1 BASIS OF PREPARATION

The financial statements have been prepared under the historical cost convention except for investment properties and derivative financial instruments which were 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 2012 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

The significant accounting policies adopted in the interim financial report are consistent with those adopted in the financial statements for the year ended 31 December 2012 except for the adoption of the following standards which are effective for annual periods beginning on and after 1 January 2013:

MFRS 101 Presentation of Items of Other Comprehensive Income (Amendments to MFRS 101)
Amendments to MFRS 101: Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)
MFRS 3 Business Combinations (IFRS 3 Business Combinations issued by IASB in March 2004)
MFRS 10 Consolidated Financial Statements
MFRS 11 Joint Arrangements
MFRS 12 Disclosure of Interests in Other Entities
MFRS 13 Fair Value Measurement
MFRS 119 Employee Benefits
MFRS 127 Separate Financial Statements
MFRS 128 Investment in Associate and Joint Ventures
MFRS 127 Consolidated and Separate Financial Statements (IAS 27 as revised by IASB in December 2003)
Amendment to IC Interpretation 2 Members' Shares in Co-operative Entities and Similar Instruments (Annual Improvements 2009-2011 Cycle)
IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine
Amendments to MFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards – Government Loans
Amendments to MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2009-2011 Cycle)
Amendments to MFRS 116: Property, Plant and Equipment (Annual Improvements 2009-2011 Cycle)
Amendments to MFRS 132: Financial Instruments: Presentation (Annual Improvements 2009-2011 Cycle)
Amendments to MFRS 134: Interim Financial Reporting (Annual Improvements 2009-2011 Cycle)
Amendments to MFRS 10: Consolidated Financial Statements: Transition Guidance
Amendments to MFRS 11: Joint Arrangements: Transition Guidance
Amendments to MFRS 12: Disclosure of Interests in Other Entities: Transition Guidance

Upon adoption of the above standards and interpretations, there were no material impact on the financial statements in the period of initial application.

A4 AUDIT REPORT OF PRECEDING FINANCIAL YEAR ENDED 31 DECEMBER 2012

The audit report of the financial statements for the preceding year ended 31 December 2012 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% (or any other lower percentage at the discretion of the Manager) 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 2013, there was no revaluation of investment properties.

A12 SIGNIFICANT EVENTS DURING THE QUARTER ENDED 31 MARCH 2013

There were no significant events during the quarter ended 31 March 2013 not otherwise disclosed in the financial statements.

A13 SIGNIFICANT EVENTS SUBSEQUENT TO THE QUARTER ENDED 31 MARCH 2013

There were no significant events subsequent to the quarter ended 31 March 2013.

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 2013.

B1 REVIEW OF PERFORMANCE

Quarter and year todate results

QCT recorded total revenue of RM17.23 million and property operating expenses of RM4.16 million respectively for the current quarter ended 31 March 2013. Realised income of RM8.11 million was achieved. Borrowing costs of RM3.46 million and manager's fee of RM1.35 million were incurred during the quarter.

As compared with the preceding year corresponding quarter, the revenue is about 3.1% lower mainly due to higher vacancy, mitigated by rental rate increases of some properties. Property operating expenses is lower by 7.4% due to less repair costs. The lower revenue net of savings in property operating expenses resulted in lower net property income by 1.7%. Finance costs is marginally lower by 0.01% during the quarter. The increase in auditors' remuneration of RM30,000 and tax agent's fee of RM50,000 were mainly due to additional workscope on audit and tax matters. Administrative expenses are lower by 73.8% due to higher advisory fees incurred in the preceding year corresponding quarter. The realised income of RM8.11 million is 0.5% higher than the preceding year corresponding quarter mainly due to higher interest income and lower administrative expenses in the current quarter.

As compared with the immediate preceding quarter, revenue of RM17.23 million is higher by 0.6% mainly due to rental rate increases of some properties. Property operating expenses is higher by 1.05% due to higher repair cost incurred. Finance costs are lower by 0.4% mainly due to lower interest on borrowings in the current quarter. The increase in auditors' remuneration of RM30,000 and tax agent's fee of RM50,000 were mainly due to additional workscope on audit and tax matters. Administrative expenses are lower by 74.9% as higher advisory fees were incurred in the immediate preceding quarter pertaining to refinancing and marketing matters. The realised income of the current quarter is higher by 2.4% mainly due to higher interest income and lower administrative expenses.

The performance of QCT for the quarter and period ended 31 March 2013 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 2012.

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 2012 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 4Q2012, the overall rents in KL City and city fringe saw a marginal increase by 1.5% from the previous quarter to RM5.90 psf. The overall occupancy rate in the KL City declined marginally by 0.5% to 78.9% in 4Q2012. The rental rates are expected to be stable with renewed tenancies. With the high incoming supply, pressure will grow on the occupancy rate.

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

Despite the uncertainty on the global economy, the outlook for the Klang Valley retail market remains cautiously optimistic. This is evidenced from the entry of international retailers and their rapid store expansion. In the short term, the retail industry is expected to remain resilient with retail sales forecast to grow by 6.0% in 2013 supported by the various incentives announced in the 2013 budget.

Review of retail market - Penang

Supply of purpose-built shopping complex space within Penang Island is unchanged at 6.09 million sq ft for 2H2012. Prime shopping malls on the island have recorded a slight increase in average occupancy rate to 96% compared to 95% in 1H2012 whilst for secondary shopping malls, occupancy rates range from 50% to 90%.

(Sources : The Edge Knight Frank Klang Valley Office Monitor 4Q2012 and Knight Frank 2nd Half 2012 real estate highlights)

B4 PROSPECTS

The overall office demand-supply is expected to remain soft in 2013 due to the impending new supply. However, the Manager will continue to explore acquisition opportunities as well as to focus on active asset management and capital and portfolio management initiatives.

Based on the lease expiry profile for net lettable area, 29% of its is due for renewal in 2013. For leases that are due in 2013, 20% of it has been renewed and the balance 80% is not due for renewal as at the first quarter. Majority of the balance leases are only due in 4Q2013. In spite of this, the Manager has initiated discussion with tenants on the renewals with the intention to lock in the tenancy ahead of its expiry.

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 2013.

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.

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.

B10 STATUS OF CORPORATE PROPOSALS

There were no corporate proposals during the current quarter.

B11 UTILISATION OF PROCEEDS RAISED FROM ANY NEW ISSUANCE

There were no issuance of new units during the quarter.

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 2013

As at 31 March 2013, QCT's portfolio comprised of ten buildings as follows:

Investment properties	Cost of Investment	Market Value /Net Carrying amount as at 31 March 2013	Market value /Net Carrying amount as % of NAV
	RM	RM	
<u>Commercial buildings</u>			
1 QB1 -DHL 1 & QB 4-DHL2	109,100,000	125,000,000	24.03%
2 QB 2- HSBC	107,500,000	118,000,000	22.68%
3 QB 3- BMW	59,400,000	73,000,000	14.03%
4 Wisma Technip	125,000,000	158,000,000	30.37%
5 Part of Plaza Mont' Kiara	90,000,000	110,000,000	21.14%
6 QB5- IBM	43,000,000	45,135,000	8.68%
7 QB10-HSBC Section 13	22,740,000	26,500,000	5.09%
8 Tesco Building Penang	132,000,000	139,000,000	26.72%
<u>Industrial building</u>			
9 QB 8 -DHL XPJ	28,800,000	26,000,000	5.00%
	<u>717,540,000</u>	<u>820,635,000</u>	

There were no changes to the total number of buildings held by QCT since the preceding financial year ended 31 December 2012.

Capital expenditure of RM135,000 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 2013
	RM
Current Liabilities:	
<u>RM134 million CP/MTN Programme</u>	
Face value of MTNs issued	117,000,000
Transaction costs c/f	(180,073)
	<u>116,819,927</u>
Amortisation of transaction costs during the period	67,527
	<u>116,887,454</u>
Non-Current Liabilities:	
<u>RM 270 million CP/MTN Programme</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
	<u>187,959,000</u>
Transaction costs c/f	(519,957)
Amortisation of transaction costs during the period	35,967
	<u>187,475,010</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 CPs/MTNs 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.

The programme will mature in September 2013. The Manager is in the process of finalising another facility to refinance the programme.

(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.

Todate, CPs/MTNs totalling RM190million were issued by Kinabalu, details as follows:

- RM12 million nominal values of CPs issued on 5 September 2011. 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 issued on 5 September 2011 for 3 years, at interest rate of 4.9% p.a..
- RM118 million nominal values of CPs were issued on 30 November 2011. 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 transaction costs relating to the programme are amortised over the tenure of the programme.

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 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 2013 are as follows:

	Fair values of derivative assets/(liabilities) as at 31 March 2013
	RM
- less than one year	244,819
- one to three years	-
- more than three years	97,725
Total	<u>342,544</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% (or any other lower percentage at the discretion of the Manager) of its distributable income at least semi-annually, or at such other intervals as the Manager may determine.

A final distribution of RM16,697,607 or 4.28 sen per unit, being income distribution for the period 1 July 2012 to 31 December 2012, has been made on 12 March 2013.

No income distribution was declared for the quarter ended 31 March 2013.

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 2013	As at 31 December 2012
NAV (RM)	520,239,433	528,848,973
Number of units in circulation (unit)	390,131,000	390,131,000
NAV per unit (RM) (after provision for distribution)	1.3335	1.3556
Market price (RM)	1.14	1.23

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 income distribution made in March 2013 and loss on remeasurement of financial derivatives in the current quarter.

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

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 2013 are :

	RM
Base fee	918,800
Performance fee	433,066
	<u>1,351,866</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 transaction 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 2013 amounted to RM65,248.

B21 UNITHOLDINGS BY THE MANAGER

As at 31 March 2013, 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 2013 RM
HLIB Nominee (Tempatan) Sdn. Bhd. for :			
-Quill Properties Sdn. Bhd.	45,997,000	11.79%	52,436,580
-Quill Land Sdn. Bhd.	48,767,000	12.50%	55,594,380
-Quill Estates Sdn. Bhd.	22,276,000	5.71%	25,394,640
HSBC Nominees (Asing) Sdn. Bhd. for CapitaCommercial Trust	117,040,000	30.00%	133,425,600
	<u>234,080,000</u>	<u>60.00%</u>	<u>266,851,200</u>

The Manager's directors' direct unitholding in QCT:

	No. of units	Percentage of total units	Market Value as at 31 March 2013 RM
Dato' Dr. Low Moi Ing, J.P	50,000	0.01%	57,000
Dato' Michael Ong Leng Chun	55,000	0.01%	62,700
Datuk Dr. Mohamed Arif Bin Nun	50,000	0.01%	57,000
Aw Hong Boo (Alternate to Dato' Dr. Low Moi Ing, J.P)	50,000	0.01%	57,000

The Manager's directors' indirect unitholding in QCT:

	No. of units	Percentage of total units	Market Value as at 31 March 2013 RM
Dato' Dr. Low Moi Ing, J.P	117,040,000 (a)	30.00%	133,425,600
Dato' Michael Ong Leng Chun	117,040,000 (b)	30.00%	133,425,600

(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 2013 of RM1.14 per unit.

B23 UNITHOLDERS CAPITAL

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

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	3,271,660	3,271,660
Amortisation of transaction costs and credit facility costs	185,306	185,306
Total finance costs	<u>3,456,966</u>	<u>3,456,966</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	1,929	1,929
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 2013 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 9 May 2013.

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: 9 May 2013