

QUILL CAPITA TRUST
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 SEPTEMBER 2013 (UNAUDITED)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year	Preceding Year	Current Year	Preceding Year
	Quarter	Quarter	To Date	To Date
	30.09.2013	30.09.2012	30.09.2013	30.09.2012
	RM	RM	RM	RM
TOTAL INCOME				
Gross revenue	17,127,901	17,149,934	51,628,544	52,358,081
Property operating expenses	(3,649,730)	(3,150,169)	(11,500,830)	(11,165,183)
Net property income	13,478,171	13,999,765	40,127,714	41,192,898
Interest income	187,932	174,276	638,658	560,208
	<u>13,666,103</u>	<u>14,174,041</u>	<u>40,766,372</u>	<u>41,753,106</u>
TOTAL EXPENDITURE				
Manager's fee	(1,353,352)	(1,330,400)	(4,021,294)	(4,020,336)
Trustee's fee	(63,047)	(64,364)	(193,019)	(191,455)
Finance costs	(3,502,220)	(3,517,365)	(10,331,536)	(10,472,356)
Valuation fees	(52,500)	(70,000)	(157,500)	(192,500)
Auditors' remuneration	(16,879)	(33,629)	(108,637)	(100,887)
Tax agent's fee	(4,629)	(4,629)	(65,387)	(16,087)
Administrative expenses	244,487	148,110	45,934	(217,885)
	<u>(4,748,140)</u>	<u>(4,872,277)</u>	<u>(14,831,439)</u>	<u>(15,211,506)</u>
INCOME BEFORE TAX	8,917,963	9,301,764	25,934,933	26,541,600
Income tax expense	-	-	-	-
NET INCOME FOR THE PERIOD	<u>8,917,963</u>	<u>9,301,764</u>	<u>25,934,933</u>	<u>26,541,600</u>
OTHER COMPREHENSIVE INCOME				
Gain/(Loss) on remeasurement of financial derivatives (a)	184,605	247,691	149,592	(561,344)
Adjustment of remeasurement of matured derivatives	(23,196)	-	(23,196)	-
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	<u>161,409</u>	<u>247,691</u>	<u>126,396</u>	<u>(561,344)</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>9,079,372</u>	<u>9,549,455</u>	<u>26,061,329</u>	<u>25,980,256</u>
Net income for the period is made up as follows:				
Realised	8,917,963	9,301,764	25,934,933	26,541,600
Unrealised	-	-	-	-
EARNINGS PER UNIT (b)				
- after manager's fees (sen)	2.29	2.38	6.65	6.80
- before manager's fees (sen)	2.63	2.73	7.68	7.83
EARNINGS PER UNIT (REALISED) (c)				
- after manager's fees (sen)	2.29	2.38	6.65	6.80
- before manager's fees (sen)	2.63	2.73	7.68	7.83
INCOME DISTRIBUTION				
Distribution of Income	-	-	-	(15,995,371)
Income distribution per unit				
Gross (sen)	-	-	4.10 (d)	4.10 (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 being the distribution of income for the period 1 January 2013 to 30 June 2013 was paid on 9 September 2013.
- (e) Interim gross distribution of 4.10 sen per unit being the distribution of income for the period 1 January 2012 to 30 June 2012 was paid on 29 August 2012.

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 30 SEPTEMBER 2013 (UNAUDITED)

	AS AT END OF CURRENT QUARTER	AS AT PRECEDING FINANCIAL YEAR END
	30.09.2013 UNAUDITED RM	31.12.2012 AUDITED RM
NON-CURRENT ASSETS		
Plant and equipment	11,411	17,198
Investment properties	820,866,810	820,500,000
Derivative assets (i)	490,015	-
	<u>821,368,236</u>	<u>820,517,198</u>
CURRENT ASSETS		
Trade and other receivables	3,605,615	8,871,804
Derivative assets (i)	-	373,292
Deposits with licensed financial institution	12,113,936	21,889,405
Cash on hand and at banks	5,700,004	8,562,822
	<u>21,419,555</u>	<u>39,697,323</u>
CURRENT LIABILITIES		
Trade and other payables	6,843,988	11,344,563
Borrowings	-	116,819,927
Security deposits	2,801,769	8,489,663
	<u>9,645,757</u>	<u>136,654,153</u>
NET CURRENT LIABILITIES	11,773,798	(96,956,830)
NON-CURRENT LIABILITIES		
Derivatives	-	9,672
Borrowings	303,606,294	188,661,043
Security deposits	7,318,416	6,040,680
	<u>310,924,710</u>	<u>194,711,395</u>
NET ASSETS	<u>522,217,324</u>	<u>528,848,973</u>
Represented by:		
UNITHOLDERS' FUND		
Unit holders' capital	411,712,067	411,712,067
Undistributed and Non-distributable income	110,505,257	117,136,906
	<u>522,217,324</u>	<u>528,848,973</u>
NET ASSET VALUE PER UNIT (before provision for distribution)	1.3386	1.3556
NET ASSET VALUE PER UNIT (after provision for distribution)	1.3157 (ii)	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 RM8,917,963 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 CAPITA TRUST
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN NET ASSET VALUE
FOR THE PERIOD ENDED 30 SEPTEMBER 2013 (UNAUDITED)

	Unitholders' Capital	Distributable		Non-Distributable		Total Undistributed and Non-Distributable Income	Unitholders' Funds
		Undistributed Income Realised	Undistributed Income Unrealised	Undistributed Income	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	-	25,934,933	-	126,396	26,061,329	26,061,329	
Adjustment of remeasurement of matured derivatives	-	363,911	(1,871,819)	1,507,908	-	-	
	411,712,067	49,690,406	93,017,813	490,016	143,198,235	554,910,302	
Unitholders' transactions:							
Distribution to unitholders	-	(32,692,978)	-	-	(32,692,978)	(32,692,978)	
As at 30 September 2013	411,712,067	16,997,428	93,017,813	490,016	110,505,257	522,217,324	
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	-	26,541,600	-	(561,344)	25,980,256	25,980,256	
	411,712,067	48,243,462	89,273,932	(1,358,595)	136,158,799	547,870,866	
Unitholders' transactions:							
Distribution to unitholders	-	(32,771,004)	-	-	(32,771,004)	(32,771,004)	
As at 30 September 2012	411,712,067	15,472,458	89,273,932	(1,358,595)	103,387,795	515,099,862	

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 30 SEPTEMBER 2013 (UNAUDITED)

	CURRENT YEAR TO DATE 30.09.2013 RM	PRECEDING YEAR TO DATE 30.09.2012 RM
OPERATING ACTIVITIES		
Income before tax	25,934,933	26,541,600
Adjustments for:		
Finance costs	10,331,536	10,472,356
Depreciation	5,787	3,179
Interest income	(638,658)	(560,208)
Operating cash flows before changes in working capital	<u>35,633,598</u>	<u>36,456,927</u>
Receivables	4,689,617	(6,857,770)
Payables	(7,346,450)	(2,624,145)
Cash flows from operations	<u>32,976,765</u>	<u>26,975,012</u>
Income tax paid	-	-
Net cash flows from operating activities	<u>32,976,765</u>	<u>26,975,012</u>
INVESTING ACTIVITIES		
Additions to investment properties	(248,650)	(14,800)
Purchase of plant & equipment	-	(21,900)
Interest income	660,532	593,165
Net cash flows generated from investing activities	<u>411,882</u>	<u>556,465</u>
FINANCING ACTIVITIES		
Distribution to unitholders	(32,692,978)	(32,771,004)
Finance costs paid	(13,333,956)	(13,692,654)
Proceeds from borrowings	117,000,000	-
Repayment of borrowings	(117,000,000)	-
Net cash flows used in financing activities	<u>(46,026,934)</u>	<u>(46,463,658)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	<u>(12,638,287)</u>	<u>(18,932,181)</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>17,813,940</u>	<u>16,877,536</u>
Cash and cash equivalents at end of period comprises:		
Deposits with licensed financial institutions	12,113,936	8,585,327
Cash on hand and at banks	5,700,004	8,292,209
	<u>17,813,940</u>	<u>16,877,536</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 30 SEPTEMBER 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, QCT has control over the SPE. Control is present if QCT is exposed, or has rights, to variable returns from its involvement with the SPE and has the ability to affect those returns through its power over the SPE. 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 30 September 2013, there was no revaluation of investment properties.

A12 SIGNIFICANT EVENTS DURING THE QUARTER ENDED 30 SEPTEMBER 2013

There were no significant events during the quarter ended 30 September 2013 not otherwise disclosed in the financial statements.

A13 SIGNIFICANT EVENTS SUBSEQUENT TO THE QUARTER ENDED 30 SEPTEMBER 2013

On 25 Oct 2013, Quill Capita Management Sdn Bhd, the Manager of QCT awarded a contract of asset enhancement works on Wisma Technip totalling RM6.32 million to Quill Construction Sdn Bhd (QCSB), a member of the Quill Group of companies.

QCSB is related to QCT's major unitholders namely Quill Properties Sdn Bhd, Quill Land Sdn Bhd, and Quill Estates Sdn Bhd, and two of the directors of Quill Capita Management Sdn Bhd, Dato' Dr. Jennifer Low, J.P., and Dato' Michael Ong Leng Chun.

Based on review from an independent quantity surveyor, the proposed contract value for the asset enhancement works is within market norms and is on fair commercial term.

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 2013.

B1 REVIEW OF PERFORMANCE

Quarter and year to date results

QCT recorded total revenue of RM17.13 million and property operating expenses of RM3.65 million respectively for the current quarter ended 30 September 2013. Realised income of RM8.92 million was achieved. Borrowing costs of RM3.50 million and manager's fee of RM1.35 million were incurred during the quarter.

As compared with the preceding year corresponding quarter ("3Q 2012"), the revenue is about 0.1% lower mainly due to higher vacancy, mitigated by rental rate increases of some properties. Property operating expenses is higher by 15.9% due to additional repair costs. The lower revenue and higher property operating expenses resulted in lower net property income by 3.7%. Finance costs is lower by 0.4% due to lower interest costs resulting from the manager's active interest rate management strategy, and lower annual credit facility fee. Administrative expenses were lower due mainly to higher write back of over-accrued professional fees in the current quarter. Valuation fee is lower due to higher estimation and accrual of valuation fee in 3Q 2012. The realised income of RM8.92 million is 4.1% lower than 3Q 2012 mainly due to lower net property income in the current quarter, net of lower finance costs and administrative expenses.

As compared with the immediate preceding quarter ("2Q 2013"), revenue of RM17.13 million is lower by 0.8% mainly due to lower recoverables of some properties. Property operating expenses is lower marginally by 1.1% due to lesser repair cost incurred. Finance costs are higher by 3.9% mainly due to write-back of annual credit facility fee on CP/MTN programme in 2Q 2013. The realised income of the current quarter is higher by 0.1% mainly due to higher interest income and lower administrative expenses, net of higher finance costs.

As compared to preceding year cumulative quarter ("YTD 3Q 2012"), revenue is about 1.4% lower mainly due to higher vacancy and lower recoverables of some properties, mitigated by rental rate increases of some properties. Property operating expenses are higher by 3.0% due to additional repair costs; resulted in lower net property income by 2.6%. Finance costs reduced marginally by 1.3% due to lower interest costs resulting from the manager's active interest rate management strategy, and lower annual credit facility fee arising from the write-back of the said fee in 2Q 2013. Administrative expenses is lower due to write back of over accrued professional fee. The realised income of RM25.93 million is lower by 2.29% mainly due to lower net property income, net of lower finance costs and administrative expenses.

The performance of QCT for the quarter and period ended 30 September 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

As at end June 2013, the total office stock in Klang Valley increased by 0.36 million sq ft to 101.92 million sq ft. Notwithstanding, the overall occupancy rate was stable at 79%. Average rentals also remained stable in 2Q2013. Despite the slower leasing activities and influx of new office space, the majority of landlords are still maintaining current rental expectations while offering various incentives to entice prospective tenants. The anticipated slowing demand growth caused by deferred leasing activities by Government and foreign multinational companies are likely to result in a further average occupancy rate decline in Klang Valley as supply outstrips demand.

(Sources : The Malaysian Quarterly (2nd Quarter 2013) - Klang Valley (by Jones Lang Wootton))

Review of retail market - Klang valley

In 2Q2013, the total supply of retail spaces (both purpose built retail centres and hypermarkets) in Klang Valley was recorded at 55 million sq ft. Demand remains healthy with net take-up of 0.151 million sq ft compared to 0.129 million sq ft in 1Q2013. The average occupancy rate increased by 0.3% quarter-on-quarter to 88.4% as market sentiment remained healthy.

(Sources : The Malaysian Quarterly (2nd Quarter 2013) - Klang Valley (by Jones Lang Wootton))

Review of retail market - Penang

With no new completions in 2Q2013, the purpose built retail stock in Penang was stable at 10.783 million sq ft. The average occupancy rate of retail spaces in Penang decreased marginally by 0.3% to 66.9% from 67.2% while average rental rates for both price and secondary grade retail space remained relatively stable.

(Sources : The Malaysian Quarterly (2nd Quarter 2013) - Penang (by Jones Lang Wootton))

B4 PROSPECTS

The overall office demand-supply is expected to remain soft in 2013 and will remain challenging in the short to medium term due to upcoming completion of office buildings as well as existing 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 it is due for renewal in 2013. As at to date 89% of it has been renewed and the balance leases which is due in 4Q2013 is still under negotiation. The Manager has initiated discussions 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 and 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 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 2013

As at 30 September 2013, QCT's portfolio comprised of ten buildings as follows:

Investment properties	Cost of Investment	Market Value /Net Carrying amount as at 30 September 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	23.94%
2 QB 2- HSBC	107,500,000	118,000,000	22.60%
3 QB 3- BMW	59,400,000	73,028,360	13.98%
4 Wisma Technip	125,000,000	158,000,000	30.26%
5 Part of Plaza Mont' Kiara	90,000,000	110,000,000	21.06%
6 QB5- IBM	43,000,000	45,185,000	8.65%
7 QB10-HSBC Section 13	22,740,000	26,500,000	5.07%
8 Tesco Building Penang	132,000,000	139,000,000	26.62%
<u>Industrial building</u>			
9 QB 8 -DHL XPJ	28,800,000	26,153,450	5.01%
	<u>717,540,000</u>	<u>820,866,810</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 RM118,160 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 30 September 2013
	RM
Non-Current Liabilities:	
<u>RM 270 million CP/MTN Programme</u>	
Face value of CPs and MTNs issued	190,000,000
Discount	(2,353,000)
Cash proceeds	187,647,000
Interest expense on CPs	338,000
	187,985,000
Transaction costs c/f	(519,957)
Amortisation of transaction costs during the period	107,901
	<u>187,572,944</u>
<u>RM150 million Term Loan</u>	
Term Loan drawdown	117,000,000
Transaction cost c/f	(983,034)
	116,016,966
Amortisation of transaction costs during the period	16,384
	<u>116,033,350</u>

B14 BORROWINGS AND DEBT SECURITIES (cont'd)

(a) 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.

To date, CPs/MTNs totalling RM190 million 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.

(b) 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").

Borrowings under this MTN programme was secured.

The programme matured in September 2013.

On 18 April 2013, Boromir Capital Sdn. Bhd. changed its name to Trusmadi Capital Sdn.Bhd..

(c) Fixed Rate Term Loan Facility Up to RM150 million ("RM150 million Term Loan")

On 18 July 2013, QCT through its SPE, Trusmadi Capital Sdn.Bhd. ("Trusmadi") (formerly known as Boromir Capital Sdn. Bhd.), established a RM150 million fixed rate term loan facility agreement for five years ("RM150 million Term Loan").

On 13 September 2013, Tranche 1 of the facility of RM117 million was drawdown to repay the RM117 million MTN outstanding under the RM134 million Programme (Note B14(b)), at the interest rate of 4.6% per annum. Tranche 2 will be used for capital expenditure and investments at the interest rate at MGS + 1.4% per annum.

The transaction costs relating to the programme are amortised over the tenure of the programme.

The RM150 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 matured 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 matured 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 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 2013 are as follows:

	Fair values of derivative assets as at 30 September 2013 RM
- less than one year	-
- one to three years	490,015
- more than three years	-
Total	<u>490,015</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.

An interim income distribution of RM15,995,371 or 4.10 sen per unit, being 94.0% of the realised income for the period 1 January 2013 to 30 June 2013 was made on 9 September 2013.

No income distribution is proposed for the quarter ended 30 September 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 30 September 2013	As at 30 June 2013
NAV (RM)	522,217,324	529,133,322
Number of units in circulation (unit)	390,131,000	390,131,000
NAV per unit (RM) (after provision for distribution)	1.3157	1.3153
Market price (RM)	1.18	1.22

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 financial derivatives.

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.
- (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 2013 are :

	RM
Base fee	909,230
Performance fee	444,122
	<u>1,353,352</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 30 September 2013 amounted to RM63,047.

B21 UNITHOLDINGS BY THE MANAGER

As at 30 September 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 30 September 2013 RM
HLIB 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 2013 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 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 2013 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 30 September 2013 of RM1.18 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	3,334,310	9,913,982
Amortisation of transaction costs and credit facility costs	167,910	417,554
Total finance costs	<u>3,502,220</u>	<u>10,331,536</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	5,787
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 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 7 November 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: 7 November 2013