THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional advisers immediately.

MALAYSIAN RESOURCES CORPORATION BERHAD
(Company No. 7994-D)
(Incorporated in Malaysia under the Companies Act, 1965)

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE

(I) PROPOSED DISPOSAL BY MRCB SENTRAL PROPERTIES SDN BHD, A WHOLLY-OWNED SUBSIDIARY OF MALAYSIAN RESOURCES CORPORATION BERHAD ("MRCB"), OF PLATINUM SENTRAL (AS DEFINED HEREIN) TO MAYBANK TRUSTEES BERHAD, ACTING SOLELY IN THE CAPACITY AS TRUSTEE FOR QUILL CAPITA TRUST ("QCT"), A REAL ESTATE INVESTMENT TRUST, FOR A TOTAL DISPOSAL CONSIDERATION OF RM740 MILLION, OF WHICH RM476 MILLION WILL BE SATISFIED IN CASH AND RM264 MILLION WILL BE SATISFIED VIA THE PROPOSED ISSUANCE OF 206.25 MILLION UNITS IN QCT ("UNITS") AT AN ISSUE PRICE OF RM1.28 PER UNIT ("PROPOSED DISPOSAL"); AND

(II) PROPOSED ACQUISITIONS BY MRCB OF A TOTAL OF 41% EQUITY INTERESTS IN QUILL CAPITA MANAGEMENT SDN BHD (BEING THE MANAGEMENT COMPANY OF QCT) FROM CAPITALAND RECM PTE LTD AND COAST CAPITAL SDN BHD FOR A TOTAL CASH CONSIDERATION OF RM5,882,835.80 ("PROPOSED SHARES ACQUISITIONS")

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Joint Advisers

RHB Investment Bank Berhad
(Company No. 19663-P)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

CIMB Investment Bank Berhad (18417-M)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

Financial Adviser

Astramina Advisory Sdn Bhd
(Company No. 810705-K)
(A licensed corporate finance advisory firm)

The notice of the Extraordinary General Meeting ("**EGM**") of MRCB which will be held at Hotel Istana Kuala Lumpur City Centre, Mahkota Ballroom II, BR Level, 73 Jalan Raja Chulan, 50200 Kuala Lumpur on Thursday, 12 February 2015 at 10.00 a.m. or immediately following the conclusion of the earlier EGM of MRCB which will be held at the same place and on the same day at 9.00 a.m., whichever is later, or at any adjournment thereof, together with the Form of Proxy are enclosed in this Circular.

You are entitled to vote at the EGM. Should you be unable to attend the EGM, you are entitled to appoint a proxy or proxies to attend and vote on your behalf. In such event, you should complete and deposit the Form of Proxy at our share registrar's office at Symphony Share Registrars Sdn Bhd, Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia, not less than 48 hours before the date and time fixed for the EGM or at any adjournment thereof. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the EGM should you subsequently wish to do so.

This Circular is dated 28 January 2015

Except where the context otherwise requires, the following definitions shall apply throughout this Circular:-

Act	:	Companies Act, 1965
Astramina Advisory or Financial Adviser	:	Astramina Advisory Sdn Bhd (810705-K)
Balance Cash Disposal Consideration	:	The balance of the cash portion of the Disposal Consideration after deducting the Redemption Sum
Board	:	The Board of Directors of MRCB
Bursa Securities	:	Bursa Malaysia Securities Berhad (635998-W)
Business Day	:	A day (other than a Saturday, Sunday or a public holiday in Kuala Lumpur, whether gazetted or not) on which commercial banks are open for business in Kuala Lumpur
CCSB	:	Coast Capital Sdn Bhd (730297-T)
CCSB SSA	:	The share sale agreement dated 10 April 2014 entered into between MRCB, QRHSB and CCSB whereby MRCB agrees to acquire 1% equity interest in QCM from CCSB for a purchase consideration of RM143,483.80 for the purpose of the Proposed Shares Acquisitions and simultaneously, QRHSB agrees to acquire 9% equity interests in QCM from CCSB for a purchase consideration of RM1,291,354.20
CIMB Investment Bank	:	CIMB Investment Bank Berhad (18417-M)
Circular	:	This circular dated 28 January 2015 in relation to the Proposals
Code	:	Malaysian Code on Take-Overs and Mergers, 2010
Completion Date	:	The date which shall fall on the date no later than 1 month from the Unconditional Date
Conditional Period	:	The period during which the conditions precedent as set out in Section 2.5.5 of this Circular are required to be satisfied i.e. within 6 months from the date of the Platinum SPA, or such later period or periods thereafter, if any, as the parties may agree (provided that if all other conditions precedent other than Section 2.5.5(h) of the Circular are either fulfilled or waived by then, the period of 6 months above shall be automatically extended by a further period of 3 months after the expiry of the period of 6 months above) MSP and MTB had, via supplemental letters dated 8 October 2014 and 8 January 2015, mutually agreed to extend the conditional period to fulfil all the conditions precedent in the Platinum SPA, thereby amending the last day of the conditional period from 9 October 2014 to 9 April 2015. MSP and MTB further agreed that the period for the fulfilment of the condition precedent as set out in Section 2.5.5(h) of this Circular shall not be automatically extended by a further period of 3 months after the expiry of the further extended conditional period on 9 April 2015
Consideration Units	:	The proposed issuance of 206.25 million Units at an issue price of RM1.28 per Unit pursuant to the Proposed Disposal
CRPL	:	CapitaLand RECM Pte Ltd (200207255G)

CRPL SSA	:	The share sale agreement dated 10 April 2014 entered into between MRCB and CRPL whereby MRCB agrees to acquire 40% equity interests in QCM from CRPL for a purchase consideration of RM5,739,352.00 for the purpose of the Proposed Shares Acquisitions
Disposal Consideration	:	The total disposal consideration in respect of the Proposed Disposal, which had been adjusted from RM750 million to RM740 million, to be satisfied via a combination of cash of RM476 million and the Consideration Units
DNB	:	Danajamin Nasional Berhad (854686-K), the guarantor for the Notes issued under the Guaranteed CP/MTN Programme
EGM	:	Extraordinary General Meeting
Encumbrance	:	Any form of legal, equitable or security interests including but not limited to lien, pledge, mortgage, debentures, lease, charge, caveats, title, right of first refusal, right of pre-emption, third-party right or interest, retention or conditional sales contract, or any other adverse claim or right whatsoever
EPS	:	Earnings per share
Existing Charge	:	The charge created over Platinum Sentral in favour of DNB and registered on 27 December 2010 vide presentation number 51964/2010 as security for the FGI Facility
Extended Completion Date	:	The date which is 45 days from the Completion Date or at such later period or periods thereafter, if any, as the parties may mutually agree to in writing
FGI Facility	:	The financial guarantee insurance policy issuance facility of up to RM400 million executed between MSP and DNB on 28 July 2010
FPE	:	Financial period ended/ending, as the case may be
FYE	:	Financial year ended/ending, as the case may be
Group	:	MRCB and its subsidiary companies, collectively
Guaranteed CP/MTN Programme	:	The guaranteed commercial papers and medium term notes programme of up to RM400 million in nominal value issued by MSP and guaranteed by DNB under the FGI Facility
HOAs	:	The Platinum HOA and QCM HOA, collectively
Independent Property Valuer or WTW	:	C H Williams Talhar & Wong Sdn Bhd (18149-U)
Joint Advisers	:	RHB Investment Bank and CIMB Investment Bank, collectively
LAT	:	Loss after tax
LATANCI	:	Loss after tax and non-controlling interest
LPD	:	15 January 2015, being the latest practicable date prior to the printing and despatch of this Circular
LPS	:	Loss per share

Maximum Scenario	:	Representing a scenario which assumes a total of 85 million new Units are to be issued under the Proposed Placement
Minimum Scenario	:	Representing a scenario which assumes a total of 55 million new Units are to be issued under the Proposed Placement
MRCB or Company	:	Malaysian Resources Corporation Berhad (7994-D)
MRCB Shares or Shares	:	Ordinary shares of RM1.00 each in MRCB
MSP	:	MRCB Sentral Properties Sdn Bhd (207763-M)
MTB or Purchaser	:	Maybank Trustees Berhad (5004-P)
NA	:	Net assets
NLA	:	Net lettable area
Notes	:	The guaranteed commercial papers and medium term notes issued under the Guaranteed CP/MTN Programme, further details of which are set out in Section 2.3 of this Circular
PACs	:	Persons acting in concert under the Code
PAT	:	Profit after tax
PATANCI	:	Profit after tax and non-controlling interest
PBT	:	Profit before tax
Placement Units	:	The new Units to be issued under the Proposed Placement
Platinum HOA	:	The heads of agreement dated 29 January 2014 entered into between MSP and MTB in rclation to the Proposed Disposal
Platinum Sentral	:	All that piece of freehold land known as Lot 73 Section 0070, Town and District of Kuala Lumpur, Federal Territory of Kuala Lumpur held under Geran 46222, together with a commercial development comprising 5 blocks of 4 to 7 storey commercial buildings consisting of office-cum retail space, a multi-purpose hall together with 2 levels of car parks known as "Platinum Sentral" including all the plant and equipment, fixtures and fittings attached to them (excluding the fixtures and fittings belonging to existing tenants and third parties including those with whom the existing tenants have entered into a hire purchase and/or leasing arrangement in respect of such fittings and fixtures), and the benefits and obligations in respect of existing tenancies
Platinum SPA	:	The conditional sale and purchase agreement dated 10 April 2014 entered into between MSP and MTB for the Proposed Disposal
Proposals	:	The Proposed Disposal and the Proposed Shares Acquisitions, collectively
Proposed Disposal	:	Proposed disposal by MSP, a wholly-owned subsidiary of MRCB, of Platinum Sentral to MTB, acting solely in the capacity as trustee for QCT, for the Disposal Consideration upon the terms and subject to the conditions set out in the Platinum SPA

Proposed MGO Exemption	:	The proposed exemption from the SC under Practice Note 9, paragraph 16.1 of the Code from the obligation to undertake a mandatory offer for all remaining Units not already owned by the QCT PACs
Proposed Placement	:	Proposed placement by QCT of between 55 million new Units (Minimum Scenario) and 85 million new Units (Maximum Scenario) to partially fund the Disposal Consideration
Proposed QRHSB Acquisition	:	Proposed acquisition by QRHSB of 90,000 QCM Shares representing 9% equity interests in QCM from CCSB for a purchase consideration of RM1,291,354.20 pursuant to the CCSB SSA
Proposed Shares Acquisitions	:	Proposed acquisitions by MRCB of a total of 41% equity interests in QCM from CRPL and CCSB for the Purehase Consideration upon the terms and subject to the conditions set out in the QCM SSAs
Purchase Consideration	:	The total cash consideration of RM5,882,835.80 for the Proposed Shares Acquisitions
QCM or REIT Manager	:	Quill Capita Management Sdn Bhd (737252-X), being the management company of QCT
QCM HOA	:	The heads of agreement dated 29 January 2014 entered into between MRCB, QRHSB, CRPL and CCSB in relation to the Proposed Shares Acquisitions and Proposed QRHSB Acquisition
QCM Shares	:	Ordinary shares of RM1.00 each in QCM
QCM SSAs	:	CRPL SSA and CCSB SSA, collectively
QCT	:	Quill Capita Trust, a REIT
QCT PACs	:	MSP, MRCB and PACs with MSP and/or MRCB, including Quill Land Sdn Bhd, Quill Properties Sdn Bhd, Quill Estates Sdn Bhd, Dato' Michael Ong Leng Chun and Dato' Dr Low Moi Ing, J.P.
QRHSB	:	Quill Resources Holding Sdn Bhd (442584-H), a shareholder of QCM holding 30% equity interests therein
Redemption Sum	:	The amount to be determined at a later date, which is the amount required to fully settle and discharge the relevant outstanding indebtedness under the Guaranteed CP/MTN Programme and to obtain a full discharge of the Existing Charge
REIT	:	Real estate investment trust
RHB Investment Bank	:	RHB Investment Bank Berhad (19663-P)
SC	:	Securities Commission Malaysia
Shareholders' Agreement	:	Shareholders' agreement dated 10 April 2014 entered into between MRCB, QRHSB and CCSB to regulate their relationship as shareholders of QCM after the completion of the Platinum SPA, the CRPL SSA and the CCSB SSA
Singapore Companies Act	:	The Companies Act, Chapter 50 of Singapore

Unconditional Date	:	The day upon which the last of the conditions precedent as set out in Section 2.5.5 of this Circular (which have not been waived in writing) have been fulfilled in accordance with the provisions of the Platinum SPA. In the event that any condition precedent remains unfulfilled after all the conditions preeedent have been fulfilled and such condition precedent is waived by the relevant party or parties, the Platinum SPA shall becomc unconditional on the day upon which such unfulfilled condition precedent is waived
Units	:	Units in QCT
Valuation Report	:	The valuation report prepared by the Independent Property Valuer dated 10 April 2014 to appraise the market value of Platinum Sentral, and supplemented by an updated valuation certificate dated 17 October 2014
VWAP	:	Volume weighted average market price

Currencies

RM and sen	:	Ringgit Malaysia and sen, the lawful currency of Malaysia
SGD	:	Singapore Dollar, the lawful currency of the Republic of Singapore

All references to "**our Company**", "**we**", "**us**" and "**ourselves**" in this Circular are to MRCB, and where the context otherwise requires, shall include our subsidiary companies. References to "**our Group**" are to our Company and our subsidiary companies. All referenees to "**you**" in this Circular are to our shareholders.

Unless specifically referred to, words denoting the singular shall, where applicable, include the plural and vice versa and words denoting the masculine shall, where applicable, include the feminine and/or neuter genders, and vice versa. References to persons shall include corporations, unless otherwise specified.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to time of day in this Circular shall be a reference to Malaysian time, unless otherwise specified.

Certain statements in this Circular may be forward-looking in nature, which are subject to uncertainties and contingencies. Forward-looking statements may contain estimates and assumptions made by your Board after due inquiry, which are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed or implied in such forward-looking statements. In light of these and other uncertainties, the inclusion of a forward-looking statement in this Circular should not be regarded as a representation or warranty that MRCB's plans and objectives will be achieved.

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MRCB

MALAYSIAN RESOURCES CORPORATION BERHAD
(Company No. 7994-D)
(Incorporated in Malaysia under the Companies Act, 1965)

Registered office:
Level 21, 1 Sentral
Jalan Travers
Kuala Lumpur Sentral
50470 Kuala Lumpur
Malaysia

28 January 2015

Board of Directors:-

Tan Sri Azlan Zainol *(Non-Independent Non-Executive Chairman)*
Tan Sri Mohamad Salim Fateh Din *(Group Managing Director)*
Datuk Shahril Ridza Ridzuan *(Non-Independent Non-Executive Director)*
Dato' Abdul Rahman Ahmad *(Independent Director)*
Dato' Chong Pah Aung *(Independent Director)*
Jamaludin Zakaria *(Independent Director)*
Dato' Johari Razak *(Independent Director)*
Rohaya Mohammad Yusof *(Non-Independent Non-Executive Director)*

To: Our Shareholders

Dear Sir/Madam,

(I) PROPOSED DISPOSAL; AND
(II) PROPOSED SHARES ACQUISITIONS

I. INTRODUCTION

On 29 January 2014, our Company had announced that MSP, a wholly-owned subsidiary of our Company, had entered into a heads of agreement with MTB, acting solely in the capacity as trustee for QCT, for the proposed disposal of Platinum Sentral. Simultaneously, our Company, CRPL, CCSB and QRHSB had also entered into a separate heads of agreement for the Proposed Shares Acquisitions and Proposed QRHSB Acquisition.

Subsequently, on 10 April 2014, our Joint Advisers, namely RHB Investment Bank and CIMB Investment Bank, announced on behalf of your Board, that MSP had entered into a conditional sale and purchase agreement with MTB, acting solely in the capacity as trustee for QCT, for the proposed disposal of Platinum Sentral for a total disposal consideration of RM750 million, of which RM486 million will be satisfied in cash and RM264 million will be satisfied via the proposed issuance of 206.25 million Units at an issue price of RM1.28 per Unit, upon the terms and subject to the conditions as set out in the Platinum SPA.

On the same date, our Joint Advisers also announced that simultaneous with the execution of the Platinum SPA, our Company had entered into share sale agreements with CRPL and CCSB to acquire 40% equity interests and 1% equity interest in QCM (being the management company of QCT) for total cash considerations of RM5,739,352.00 and RM143,483.80 respectively, upon the terms and subject to the conditions as set out in the CRPL SSA and CCSB SSA.

For information purposes, QRHSB had also entered into the CCSB SSA to acquire 9% equity interests in QCM for a total cash consideration of RM1,291,354.20, upon the terms and subject to the conditions as set out in the CCSB SSA.

Further, on 9 June 2014, our Joint Advisers announced that an application had been submitted to the SC to seek a ruling from the SC that our Company, MSP, Quill Land Sdn Bhd, Quill Properties Sdn Bhd, Quill Estates Sdn Bhd and QRHSB are not regarded as PACs in relation to QCT pursuant to the Proposals notwithstanding that MRCB and QRHSB are parties to the Shareholders' Agreement ("**Proposed Ruling**"). Subsequently, on 11 July 2014, our Joint Advisers had further announced that the SC had, vide its letter dated 10 July 2014, declined the Proposed Ruling.

In view of the above decision by the SC, upon the completion of the Proposed Disposal, the QCT PACs will collectively hold more than 33% of the enlarged Units, and would be deemed to have triggered the mandatory offer obligation under the Code. As such, the Proposed MGO Exemption would be sought.

On 9 September 2014, our Joint Advisers had, on behalf of your Board, announced that the Independent Property Valuer had via its letter dated 9 September 2014 informed our Company that the market value of Platinum Sentral will be revised from RM750 million to RM740 million ("**Revision**"). The Revision represents approximately 1.33% of the initial market value of Platinum Sentral. Arising from the Revision and in accordance with the terms of the Platinum SPA, the Disposal Consideration will be adjusted from RM750 million to RM740 million, with the difference of RM10 million being adjusted from the Balance Cash Disposal Consideration. For information purposes, the Revision was made pursuant to comments received from the SC on the Valuation Report.

On 8 October 2014, our Joint Advisers had, on behalf of your Board, announced that MSP and MTB had, via a supplemental letter dated 8 October 2014, mutually agreed to extend the conditional period to fulfil all the conditions precedent in the Platinum SPA for a further 3 months, thereby amending the last day of the conditional period from 9 October 2014 to 9 January 2015. Subsequently, on 8 January 2015, our Joint Advisers had, on behalf of your Board, announced that MSP and MTB had, via a second supplemental letter dated 8 January 2015, agreed to further extend the conditional period up to 9 April 2015. MSP and MTB further agreed that the period for the fulfilment of the condition precedent as set out in Section 2.5.5(h) of this Circular shall not be automatically extended by a further period of 3 months after the expiry of the further extended conditional period on 9 April 2015.

For information purposes, on 28 August 2013, our Company had authorised Astramina Advisory to assist in identifying and approaching suitable listed REITs to acquire Platinum Sentral. Astramina Advisory had structured and presented preliminary proposals in relation to the Proposals for the consideration of your Board, prior to their appointment. Upon the identification of QCT, Astramina Advisory was appointed by our Company as Financial Adviser on 10 April 2014 and simultaneously, Astramina Advisory was also appointed by QCM as Joint Transaction Arranger in respect of the Proposals. Astramina Advisory has been tasked by our Company with ensuring an expeditious and accurate flow of information between QCT, QCM and our Company, and to assist in arranging and coordinating project work streams to promote the timely implementation of the Proposals. In this capacity, representatives of Astramina Advisory have been present at our Board meetings in relation to the Proposals to assist in ensuring that transaction/implementation issues raised by our Board are promptly highlighted to QCT and QCM and also to assist in the resolution of such issues. Astramina Advisory will be present at the forthcoming EGM of our Company, together with our Company's Joint Advisers, namely RHB Investment Bank and CIMB Investment Bank, to address any queries on transaction issues that shareholders may have in relation to the Proposals.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE DETAILS OF THE PROPOSALS AND TO SEEK YOUR APPROVAL FOR THE ORDINARY RESOLUTIONS PERTAINING TO THE PROPOSALS TO BE TABLED AT THE FORTHCOMING EGM.

YOU ARE ADVISED TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDICES CONTAINED HEREIN BEFORE VOTING ON THE ORDINARY RESOLUTIONS PERTAINING TO THE PROPOSALS TO BE TABLED AT THE FORTHCOMING EGM.

2. THE PROPOSED DISPOSAL

2.1 Details of the Proposed Disposal

The Proposed Disposal entails the disposal of Platinum Sentral by MSP to the Purchaser for a total disposal consideration of RM740 million, of which RM476 million will be satisfied in cash and RM264 million will be satisfied via the proposed issuance of 206.25 million Units at an issue price of RM1.28 per Unit, upon the terms and subject to the conditions as set out in the Platinum SPA.

The Purchaser shall fund the eash consideration of RM476 million via borrowings and the proceeds from the Proposed Placement to be undertaken by QCT, the proportion of which cannot be determined at this juncture.

After the issuance of the Placement Units pursuant to the Proposed Placement and upon the issuance of the Consideration Units pursuant to the Proposed Disposal, MSP would emerge as the single largest unitholder in QCT with unitholding of between 30.3% (under Maximum Scenario) and 31.7% (under Minimum Scenario). Presently, MSP or its nominee intends to hold the Consideration Units as an investment. Please refer to Section 3 of Appendix I of this Circular for further details on MSP's unitholdings in QCT after the Proposed Placement and Proposed Disposal.

Upon completion of the Proposals, our Company together with the other shareholder(s) of QCM, namely CCSB and QRHSB with equity interests of 20% and 39% in QCM respectively, intend to enter into an agreement with MTB, acting solely in the capacity as trustee for QCT, to grant a right of first refusal to QCT to purchase any office property (being office buildings where no less than 75% of the NLA is to be used as offices and no more than 25% of the NLA is to be used as retail outlets where goods and/or serviccs are offered for sale to the public) proposed to be disposed by any shareholder of QCM and/or its related corporations, save and except for any property which is to be developed and later divided into strata titles which is for sale to the public ("**Right of First Refusal Agreement**"). The Right of First Refusal Agreement will ensure that QCT shall be given the priority to consider any office properties which our Company, CCSB or QRHSB and/or their related corporations propose to dispose, before the said office properties are made available to any other parties. The availahility of such an arrangement will provide QCT with a pipeline of office properties to further enhance its portfolio profile and presence in the industry. Under such circumstances, QCT may consider to acquire one or more of these office properties should they fit into its investment objective.

On the completion of the Platinum SPA, MSP and/or its nominee(s) will enter into 2 lease agreements with the Purchaser ("**Lease Agreements**") to lease back from the Purchascr 2 areas within the Platinum Sentral land measuring approximately 58,297 square feet ("**sq ft**") and 98,662 sq ft respectivcly ("**Leased Areas**") for an aggregate lease rental of RM67,078 pcr annum. The lease shall be for a period of 30 years (being the maximum lease term as prescribed under Section 221(3)(b) of the National Land Code 1965), with an automatic renewal of the Lease Agreements for a further period of 30 years. The rationale for MSP and/or its nominee(s) entering into the Lease Agreements with the Purchaser is to address issues with regards to the existence of encroachments on the Platinum Sentral land situated on the Leased Areas, such as ventilation fans and a taxi stand. By entry into the Lease Agreements, MSP and/or its nominee(s), as the lessee, will be granted full and vacant possession of the Leased Arcas to deal with the encroachments.

The aggregate lease rental was arrived at based on the proportionate quit rent attributable to the Leased Areas, details of which are as follows:-

Lease rental	=	*(Area of Leased Areas/Area of Platinum Sentral land) x Quit rent for Platinum Sentral*)*
	=	*(156,959 sq ft / 530,230 sq ft) x RM226,596*
	=	*RM67,078*

Note:-

* *The quit rent applicable for the computation of lease rentals shall be subject to such proportional increase or decrease as may be revised in relation to any increase or decrease in the quit rent imposed by Dewan Bandaraya Kuala Lumpur (or any other relevant authority).*

2.2 Mode of settlement for the Disposal Consideration

The Disposal Consideration will be satisfied in the following manner:-

Mode of settlement	Date of settlement	Consideration (RM million)
Cash consideration [1]	By the Completion Date or the Extended Completion Date, as the case may be	476.0
Consideration Units [2]	On or immediately prior to the Completion Date or the Extended Completion Date, as the ease may be	264.0
TOTAL		**740.0**

Notes:-

(1) *The Redemption Sum shall be paid to the facility agent of the Guaranteed CP/MTN Programme and the Balance Cash Disposal Consideration will be paid by the Purchaser to MSP.*

(2) *To be satisfied via the proposed issuance of 206.25 million Units at an issue price of RM1.28 per Unit.*

No deposit was paid upon the execution of the Platinum SPA and there is no arrangement for the settlement of the Balance Cash Disposal Consideration on a deferred basis.

2.3 Information on Platinum Sentral

Platinum Sentral comprises a parcel of freehold land together with 5 blocks of 4 to 7 storey commercial buildings togcther with 2 levels of car park located in Kuala Lumpur Sentral, an urban centre built around Stesen Sentral Kuala Lumpur which is Malaysia's largest transit hub. Further information on Platinum Sentral is as follows:-

Postal address	:	Platinum Sentral, Jalan Stesen Sentral 2, Kuala Lumpur Sentral, 50470 Kuala Lumpur
Master title details	:	Held under Geran 46222, Lot 73 Section 0070, Town and District of Kuala Lumpur, Federal Territory of Kuala Lumpur
Tenure	:	Freehold
Unexpired leasehold period	:	Not applicable
Existing use	:	Commercial buildings
Rental and car park income for the FYE 31 December 2013	:	RM48.6 million
Category of land use	:	Building
Titled land area	:	49,260 square metres (530,230 sq ft)
Age of building as at 15 September 2014	:	Approximately 2.5 years for Blocks A and D and approximately 2.75 ycars for Blocks B, C and E
Occupancy rate as per tenancy schedule dated 15 Scptember 2014	:	Approximately 94%
Gross built-up area	:	Approximately 1,008,620 sq ft
NLA as per tenancy schedule dated 15 September 2014	:	475,857 sq ft, of which 15,775 sq ft is occupied by a subsidiary of MRCB and the remaining 460,082 sq ft is let out to third parties
Audited net book value as at 31 December 2013	:	RM396.9 million

Encumbrances	:	Existing Charge [1]
Restrictions in interest	:	Not stated
Market value ascribed by the Independent Property Valuer	:	RM740 million
Date of valuation	:	15 September 2014
Method of valuation	:	Investment Method and Comparison Method

Note:-

(1) *The encumbrances will be discharged or withdrawn as soon as practicable after the payment of the Redemption Sum in accordance with the terms of the Platinum SPA.*

For information purposes, the charge was created over Platinum Sentral in favour of DNB and registered on 27 December 2010 vide presentation number 51964/2010 as security for the FGI Facility, which was executed between MSP and DNB on 28 July 2010 to guarantee the Notes issued under the Guaranteed CP/MTN Programme. The summary of the principal terms and conditions of the Notes as at LPD is as set out below:-

Issuer	*MSP*
Guarantor	*DNB*
Facility description	*Guaranteed commercial papers/medium term notes programme of up to RM400.0 million in nominal value guaranteed by DNB under the FGI Facility*
Purpose	*(i) To finance all costs associated with the construction of the proposed development of a mixed commercial development project known as Lot E situated in Platinum Sentral ("**Lot E**");* *(ii) To prefund the coupon payment in relation to the Guaranteed CP/MTN Programme during the construction period; and* *(iii) To reimburse amount already incurred prior to the drawdown of the Guaranteed CP/MTN Programme in relation to the development of Lot E*
Date of first issuance	*27 September 2010 (MTN)*
Tenure	*Maximum 7 years from date of first issuance*
Nominal value	*Up to RM400.0 million*
Coupon rate	*4.10% per annum (MTN)*

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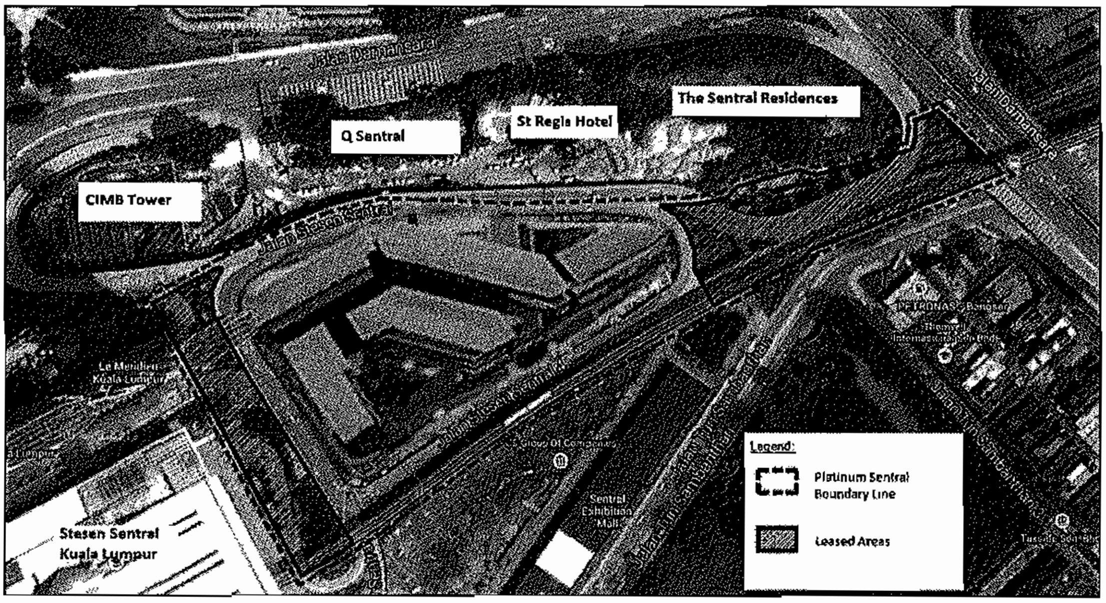
For illustration purposes, a map showing the approximate location and boundaries of Platinum Sentral and the Leased Areas is set out below:-



2.4 Basis and justifications for the Disposal Consideration

The Disposal Consideration is based on the market value of Platinum Sentral as appraised by the Independent Property Valuer on 2 April 2014 of RM750 million. Pursuant to comments received from the SC on the Valuation Report, the market value had been revised from RM750 million to RM740 million. The downward adjustment of the market value represents approximately 1.33% of the initial market value. The Independent Property Valuer had subsequently issued an updated valuation certificate dated 17 October 2014 pursuant to a valuation update carried out on 15 September 2014 and there was no change to the market value of Platinum Sentral. The valuation of Platinum Sentral was carried out using the Investment Method and Comparison Method.

For information purposes, the Investment Method entails determining the net current annual income by deducting the annual outgoings from the gross annual income and capitalising the net income by a suitable rate of return consistent with the type and quality of investment to arrive at the market value. The Comparison Method entails analysing recent transactions and asking prices of similar property in the larger locality with adjustments made for differences in location, transportation hub, rental level, green building, quality finishes, density, size, tenure, Multimedia Super Corridor status, building condition, title restrictions if any, progress payments, and other relevant characteristics to arrive at the market value.

The market values of Platinum Sentral derived based on the Investment Method and Comparison Method of valuations are RM740 million and RM744 million respectively. The Independent Property Valuer had concluded that the market value derived based on the Investment Method is a fair representation of the market value of Platinum Sentral in view that it is an income generating property.

The valuation certificates dated 10 April 2014 and 17 October 2014 for Platinum Sentral are set out in Appendix V of this Circular.

The issue price of the Consideration Units has been revised from the issue price stated in the Platinum HOA of RM1.32 per Unit to RM1.28 per Unit after further negotiations and was mutually agreed upon by MSP and the Purchaser. Accordingly, the Consideration Units to be received by MSP have increased from 200 million Units to 206.25 million Units. The issue price of the Consideration Units is based on a willing-buyer willing-seller basis after taking into consideration prevailing market conditions and the market price of the Units, and the net asset value after income distribution ("**NAV**") of QCT of RM1.3246 per Unit based on the audited consolidated statement of financial position of QCT as at 31 December 2013.

The issue price of RM1.28 per Unit represents a discount of approximately 3% to QCT's audited NAV of RM1.3246 per Unit as at 31 December 2013. The issue price of RM1.28 per Unit represents a range of premiums over the 5-day VWAP of QCT as follows:-

	Price	Premium	
5-day VWAP of QCT	RM	RM	%
Up to 9 April 2014 (being the last trading day prior to the execution of the Platinum SPA)	1.10	0.18	16.4
Up to LPD	1.22	0.06	4.9

2.5 Other salient terms of the Platinum SPA

The other salient terms of the Platinum SPA are summarised as follows:-

2.5.1 Agreement to sell and to purchase

MSP agrees to sell and the Purchaser agrees to purchase Platinum Sentral at the Disposal Consideration free from all Encumbrances together with all rights, title and interest subject to the implied and express condition of the title of Platinum Sentral in the issue document of title, restriction in interest, category of land use and the terms and conditions of the Platinum SPA.

2.5.2 Completion adjustment

In the event that the open market value of Platinum Sentral as at the date of the Platinum SPA is varied/adjusted pursuant to comments provided by any regulatory authority in respect of the Valuation Report, the Disposal Consideration is to be adjusted upwards or downwards accordingly. Any adjustment shall be made to the Balance Cash Disposal Consideration and not to the number of Consideration Units.

In the event of an upward adjustment of more than 3% of the Disposal Consideration, the Purchaser is entitled to give notice to the other party to terminate the Platinum SPA. In the event of a downward adjustment of more than 3% of the Disposal Consideration, MSP is entitled to give notice to the other party to terminate the Platinum SPA. The party terminating the Platinum SPA due to any upward or downward adjustment of more than 3% of the Disposal Consideration (as the case may be) is not liable to pay an amount equivalent to RM5 million ("**Agreed Termination Sum**") or any damages whatsoever for such termination. The upward or downward adjustment of more than 3% of the Disposal Consideration and the Agreed Termination Sum was mutually agreed between the parties to the Platinum SPA.

For information purposes, the Independent Property Valuer had via its letter dated 9 September 2014 informed our Company that the market value of Platinum Sentral will be revised from RM750 million to RM740 million pursuant to comments received from the SC on the Valuation Report. Consequently, the Disposal Consideration had been adjusted from RM750 million to RM740 million in accordance with the terms of the Platinum SPA, with the difference of RM10 million being adjusted from the Balance Cash Disposal Consideration.

2.5.3 Consideration Units

MSP covenants and undertakes that for a period of 6 months from the Completion Date or, if earlier, upon the earliest occurrence of any of the following events:-

(a) the registration of the transfer of Platinum Sentral in favour of the Purchaser;

(b) the expiry of our Company's undertaking in relation to the Purchaser's financing to partly satisfy the Disposal Consideration and to facilitate the payment of Redemption Sum; or

(c) payment by MSP or its nominee for the Consideration Units,

MSP or its nominee shall not sell, assign, transfer or subject to trust any Consideration Units or interest (whether economic, proprietary, equitable or otherwise) in the Consideration Units other than for purposes of financing for the purchase of the Consideration Units.

2.5.4 MSP entitled to appoint a nominee

At any time prior to completion of the Proposed Disposal, MSP is entitled to appoint a nominee, being our Company and/or a wholly-owned subsidiary of our Company and/or a wholly-owned subsidiary of MSP, to receive and accept the Disposal Consideration in place of MSP by giving 7 Business Days prior notice to the Purchaser.

2.5.5 Conditions precedent

The Proposed Disposal is subject to and conditional upon the following being satisfied within the Conditional Period:-

(a) the approval from the shareholders of MSP and the shareholders of our Company for the disposal of Platinum Sentral to the Purchaser;

(b) the approval of the unitholders of QCT for the acquisition of Platinum Sentral, the leases pursuant to the lease agreements to be entered into between MSP or its nominee and the Purchaser for certain parts of land within Platinum Sentral, the issuance of the Consideration Units and Placement Units as well as issuance of new Units for payment of manager's fees to QCM;

(c) the Purchaser obtaining the SC's approval as set out in Section 9(iii) of this Circular, which was obtained on 14 October 2014;

(d) the Purchaser obtaining Bursa Securities' approval as set out in Section 9(iv) of this Circular;

(e) MSP and the Purchaser undertaking a valuation exercise on Platinum Sentral by the Independent Property Valuer to determine and confirm the valuation of Platinum Sentral in a written report, which was issued on 10 April 2014;

(f) MSP obtaining the approval of the trustee for the holders of the Notes in relation to the early redemption of the Notes, which was obtained on 15 October 2014;

(g) the letter of commitment in relation to the financing of Platinum Sentral being issued by the Purchaser's financier and accepted by the Purchaser or QCT's special purpose company used for the purposes of the Purchaser's financing;

(h) the Purchaser receiving the proceeds from the Proposed Placement or from the underwriting of the Units in relation to the Proposed Placement; and

(i) where applicable or required, the QCT PACs having obtained the approval in relation to the exemption from the SC under the Code from the obligation to undertake a mandatory offer for all the remaining Units not already owned by the QCT PACs.

To the extent that failure to satisfy any of the conditions precedent above does not contravene any law or any regulation issued by the SC or Bursa Securities, the parties may mutually agree to waive any of the conditions precedent which are to be satisfied by any of the parties save that MSP may, at its sole discretion, waive the condition precedent in Section 2.5.5(i) above.

The Platinum SPA will become unconditional on the day upon which the last of the conditions precedent above has been fulfilled, or waived in writing, as the case may be.

2.5.6 Completion

The completion of the Proposed Disposal is to take place at the office of MSP on a date no later than 1 month from the Unconditional Date or a date which is 45 days from the Completion Date or such later period or periods thereafter, if any, as the parties may mutually agree in writing.

2.5.7 Representations, warranties and undertakings

(i) By MSP:-

MSP represents, warrants and undertakes, amongst others, the following:-

(a) that it has the capacity and authority to contract, holds title to Platinum Sentral and that Platinum Sentral shall be free of all encumbrances upon completion of the Platinum SPA;

(b) that the total NLA of Platinum Sentral is approximately 475,857 sq ft and that MSP has complied with all statutory requirements, planning consents, bye-laws, orders and regulations affecting Platinum Sentral;

(c) that the existing tenancies of Platinum Sentral are valid, subsisting and binding, and MSP has not received any notice of termination from any of the existing tenants nor has any event occurred that has given rise to any cause or grounds for the lawful termination of any of the existing tenancies;

(d) to maintain and subsequently deliver Platinum Sentral to MTB in the same state and condition as at the date of the Platinum SPA, fair wear and tear excluded; and

(e) if any insurance claim with respect to Platinum Sentral is made by MSP as a result of an event occurring on or after the completion of the Platinum SPA but prior to MTB being endorsed as owner under the insurance policy, any proceeds received by MSP shall be transferred to MTB.

(ii) By MTB:-

MTB represents, warrants and undertakes, amongst others, the following:-

(a) that it has the capacity and authority to contract on behalf of QCT;

(b) that QCT is duly constituted, validly existing and has all requisite powers and authority to own its assets and conduct the business being carried on by it;

(c) that QCT has complied with the requirements of its trust deed and all other statutes, regulations or laws binding on it as to the keeping of records (including accounting records) and filing of documents with any other agency or authority and the conduct of its business and affairs generally and such records are true and accurate; and

(d) that all title deeds relating to the assets of QCT and an executed copy of all material agreements to which QCT is a party are in the possession of MTB, save for assets which are subject to security interest or other encumbrances.

2.5.8 Termination on default by MSP

If there is a default by MSP to complete the Proposed Disposal in accordance with the terms of the Platinum SPA or in the event any representation, warranty or undertaking of MSP is not true or accurate or is not complied with in any material respect, the Purchaser is to give to MSP 45 days notice to rectify the alleged breach or default as stipulated in the said notice. If MSP fails to rectify within the said 45 days, the Purchaser is entitled at its sole and absolute discretion to do either of the following (by notice in writing to MSP):-

(a) to require specific performance of the Platinum SPA; or

(b) to terminate the Platinum SPA and MSP shall within 7 Business Days of its receipt of the notice of such written termination pay the Agreed Termination Sum to the Purchaser and if already issued to MSP, return to the Purchaser, the Consideration Units for cancellation, pay to the Purchaser RM264 million in lieu thereof if the Consideration Units cannot be cancelled and if already paid to MSP, refund to the Purchaser, or if to the extent paid by the Purchaser's financier, to the Purchaser's financier, the Balance Cash Disposal Consideration and the Redemption Sum after the Completion Date or the Extended Completion Date, as the case may be (if any) interest free and upon the terms and conditions of the Platinum SPA.

2.5.9 Termination on default by Purchaser

If the Purchaser fails to satisfy the Disposal Consideration or any part thereof or to complete the sale and disposal of Platinum Sentral in accordance with the terms of the Platinum SPA or in the event any representation, warranty or undertaking of the Purchaser is not true or accurate or is not complied with in any material respect, by the Completion Date or the Extended Completion Date, as the case may be, save for non-payment of the Disposal Consideration or any part thereof, MSP shall give to the Purchaser 45 days notice to rectify the alleged breach or default as stipulated in the said notice. In the event that the Purchaser fails to rectify the alleged breach or default within the said 45 days, MSP is entitled, at its sole and absolute discretion to do either of the following (by notice in writing to the Purchaser):-

(a) to require specific performance of the Platinum SPA; or

(b) to terminate the Platinum SPA and upon the termination as aforesaid, the Purchaser is to pay to MSP the Agreed Termination Sum within 7 Business Days of its receipt of the notice of such written termination and upon the terms and conditions of the Platinum SPA.

2.5.10 Limitation on liability

Subject to the terms and conditions of the Platinum SPA, the maximum aggregate liability of MSP under the Platinum SPA in respect of MSP's warranties, which expires at the end of 18 months after the Completion Date or the Extended Completion Date, as the case may be, shall not exceed RM100 million in respect of all of MSP's warranties (subject to a minimum amount of RM100,000 for any individual claim or a series of claims arising from same facts or circumstances below which MSP shall not incur any liability) and upon the terms and conditions of the Platinum SPA. The maximum aggregate liability of RM100 million is based on the existing insurance policy for consequential loss on gross rental taken out by MSP on Platinum Sentral for a total coverage of RM100 million whilst the minimum amount of RM100,000 was mutually agreed between the parties.

2.5.11 Non-registration of transfer or discharge of Existing Charge

If the transfer or the discharge of the Existing Charge cannot be registered for any reason whatsoever other than through any default of the Purchaser or the Purchaser's financier or any of their solicitors, and if the matter giving rise to the non-registration cannot be rectified within 6 months of a notice in writing from the Purchaser to MSP to rectify this, the Purchaser may by notice in writing to MSP give 6 months' notice to terminate the Platinum SPA ("**Termination Notice**").

Upon receipt of the Termination Notice, MSP has a period of up to 6 months from the date of the Termination Notice to either surrender the Consideration Units for cancellation, or pay RM264 million if the Consideration Units cannot be cancelled. Further, during the period of 6 months from the date of the Termination Notice, if already paid, MSP shall, refund to the Purchaser, or if to the extent paid by the Purchaser's financier, to the Purchaser's financier (as the case may be), the aggregate of the Balance Cash Disposal Consideration and the Redemption Sum after the Completion Date (if any), all free of interest and upon the terms and conditions of the Platinum SPA.

2.6 Ranking of the Consideration Units

The Consideration Units will be issued free from all claims, charges, liens and other encumbrances and shall, upon allotment and issue, rank equally in all respects with each other and with the then existing Units but excluding entitlement to distributions declared in respect of which the entitlement date was prior to the allotment and issue of the Consideration Units.

2.7 Listing of the Consideration Units on the Main Market of Bursa Securities

QCT shall seek the approval of Bursa Securities for the listing of and quotation for the Consideration Units to be issued pursuant to the Proposed Disposal.

2.8 Liabilities to be assumed

There is no liability which QCT is required to assume as a result of the Proposed Disposal.

2.9 Date and original cost of investment

The original cost of investment of Platinum Sentral which was completed on 21 March 2012 was approximately RM413.8 million.

2.10 Information on QCT

QCT is a REIT that is constituted by a deed of trust dated 9 October 2006 entered into between MTB and QCM as the manager of QCT, which includes the first supplemental deed dated 27 August 2007 and the second supplemental deed dated 28 May 2013 ("**Deed**"). The investment objectives of QCT is to acquire and invest primarily in properties used or predominantly used for commercial purposes primarily in Malaysia with a view to provide unitholders with long-term and sustainable distribution of income and potential capital growth. As at LPD, the approved fund size is 390,131,000 Units and the issued and fully paid fund size is 390,131,000 Units.

Further information on QCT is set out in Appendix I of this Circular.

2.11 Implications of the Code

Upon the issuance of the Consideration Units, the QCT PACs are expected to collectively hold more than 33% of the enlarged Units. The direct unitholdings of the QCT PACs in QCT, before and after the Proposed Placement and Proposed Disposal, are set out below:-

			After the Proposed Placement and Proposed Disposal			
	As at LPD		Minimum Scenario		Maximum Scenario	
Unitholders	**No. of Units ('000)**	**%**	**No. of Units ('000)**	**%**	**No. of Units ('000)**	**%**
Quill Land Sdn Bhd	48,767	12.50	48,767	7.49	48,767	7.16
Quill Properties Sdn Bhd	45,997	11.79	45,997	7.06	45,997	6.75
Quill Estates Sdn Bhd	22,276	5.71	22,276	3.42	22,276	3.27
Dato' Michael Ong Leng Chun	55	0.01	55	0.01	55	0.01
Dato' Dr Low Moi Ing, J.P.	50	0.01	50	0.01	50	0.01
MSP ^	-	-	206,250	31.66	206,250	30.27
Total	**117,145**	**30.02**	**323,395**	**49.65**	**323,395**	**47.47**
Total Units in issue	390,131	100.0	651,381	100.0	681,381	100.0

Note:-

^ *In accordance with Section 2.5.4 of this Circular, the Consideration Units will either be held by MSP or its nominee.*

In view that the SC had declined the Proposed Ruling as disclosed in Section 1 of this Circular, the QCT PACs will trigger an obligation to undertake a mandatory offer pursuant to the Code for the remaining Units not already held by them as they will collectively hold more than 33% of the enlarged Units upon the issuance of the Consideration Units. As such, an application will be made to the SC for the Proposed MGO Exemption, subjeet to the prior approval of the unitholders of QCT for the Proposed MGO Exemption at an EGM of QCT to be convened, before the eompletion of the Proposed Disposal. With the approval of the SC for the Proposed MGO Exemption, no general offer will be carried out in respect of the Units.

3. THE PROPOSED SHARES ACQUISITIONS

3.1 Details of the Proposed Shares Acquisitions

The Proposed Shares Acquisitions entails the acquisition by our Company of a total of 41% equity interests in QCM, the REIT Manager. For the purpose of the Proposed Sharcs Acquisitions, our Company had entered into the CRPL SSA to acquire 40% equity interests in QCM from CRPL for a purchase consideration of RM5,739,352.00 and the CCSB SSA to acquire 1% equity interest in QCM from CCSB for a purchase consideration of RM143,483.80. Simultaneously, QRHSB, an existing substantial shareholder of QCM as at the date of the QCM SSAs, will acquire 90,000 QCM Shares representing 9% equity interests in QCM from CCSB for a purchase consideration of RM1,291,354.20 pursuant to the CCSB SSA.

The QCM Shares will be acquired free from encumbrances. The QCM Shares will be sold togethcr with all rights aceruing or attaching to them including all rights to any entitlements and dividends or other distributions declared, made or paid after the date of the QCM SSAs save that CRPL and CCSB will be entitled to a special dividend whieh QCM may declare prior to the completion of the CRPL SSA and CCSB SSA (a) the sum of which shall be no more than its entire profits (including retained earnings) as shown in the latest audited management aeeounts available at that point in time, and (b) of such sum that will not result in the net asset position of QCM being less than RM1 million.

For information purposes, a total dividend of RM2 million for FYE 31 December 2013 was declared to the shareholders of QCM on 30 April 2014 in the following manner:-

Shareholders of QCM	Dividend (RM)
CRPL	800,000
CCSB	600,000
QRHSB	600,000
Total	**2,000,000**

Our Company shall not be obliged to complete the Proposed Shares Acquisitions unless the CRPL SSA, CCSB SSA and the Platinum SPA are completed simultaneously.

On 10 April 2014, our Company, QRHSB and CCSB have entered into the Shareholders' Agreement to regulate their relationship as shareholders of QCM after the completion of the Platinum SPA, the CRPL SSA and the CCSB SSA. The Shareholders' Agreement sets out, among others, administrative, corporate governance and operational matters of QCM including matters relating to its role as the management company of QCT.

Pursuant to the Shareholders' Agreement, QRHSB and CCSB shall take all necessary actions to change the name of QCT to "MRCB-QUILL REIT" or such other name as specified by them.

For information purposes, it is the intention of QCT to issue new Units to QCM as payment for its manager's fees after the completion of the Proposals.

3.2 Mode of settlement for the Purchase Consideration

The Purchase Consideration, which shall be paid on Completion Date, will be satisfied in cash in the following manner:-

Vendors	Equity iuterest to be acquired (%)	Number of QCM Shares to be acquired	Purchase consideration (RM)
CRPL	40%	400,000	5,739,352.00
CCSB	1%	10,000	143,483.80
Total	**41%**	**410,000**	**5,882,835.80**

3.3 Source of funding

The Purchase Consideration shall be funded via internally generated funds of our Group.

3.4 Basis and justifieations for the Purchase Consideration

The Purchase Consideration was arrived at on a willing-buyer willing-seller basis after taking into consideration a price-to-earnings ratio ("**PER**") of approximately 10 times the audited PAT of QCM for the FYE 31 December 2012 of approximately RM1.4 million.

The terms of the Proposed Shares Acquisitions were agreed upon between MRCB, CRPL and CCSB when the QCM HOA was executed between the parties on 29 January 2014. The basis for the Purchase Consideration was arrived at based on the audited financial statements of QCM for the FYE 31 December 2012, being the latest audited financial statements available at the point the QCM HOA was executed.

There is currently no publicly available financial information for management eompanies of REITs in Malaysia. Given that QCM is the management company of QCT and derives its fees indirectly from the performance of the investment properties owned by QCT, in determining the reasonableness of the Purchase Consideration, we have compared the PER of QCM against the PER of comparable REITs which are listed on Bursa Securities with market capitalisation similar to that of QCT's market capitalisation of RM429.14 million as at 9 April 2014, being the last market day prior to the date of execution of the QCM SSAs, details of which are set out below:-

Comparable REITs	FYE	Net income (RM million)	Market capitalisation as at 9 April 2014 (RM million)	PER (Times)
Tower REIT	31 December 2013	32.67	398.3	12.2
UOA REIT	31 December 2013	44.77	596.3	13.3
AmFirst REIT	31 March 2014	63.07	676.1	10.7
Simple average				**12.1**

(Source: Bloomberg as at 9 April 2014 and the annual reports of the respective companies)

Based on the above, the PER for the Purchase Consideration of approximately 10 times falls below the range of PERs of eomparable REITs and below the simple average of PERs of comparable REITs. We have not considered a comparison of PBR in view that QCM does not own any property assets as opposed to REITs. In view of this and premised on the fact that the QCM Shares are unlisted, the Purchase Consideration is considered reasonable.

3.5 Liabilities to be assumed

There is no liability, including contingent liability and guarantee, which our Company is required to assume as a result of the Proposed Shares Acquisitions.

3.6 Estimated financial commitments

Your Board does not foresee any additional financial commitment required to put the assets acquired on-stream following the Proposed Shares Acquisitions.

3.7 Other salient terms of the QCM SSAs

The other salient terms of the QCM SSAs are summarised as follows:-

3.7.1 Conditions precedent

The completion of the QCM SSAs are conditional on the fulfilment of the following conditions precedents by the earlier of the last day of the Conditional Period and the date falling 2 years from the date of the respective QCM SSAs or such other date as the parties may agree in writing ("**Cut-Off Date**"), unless otherwise waived in accordance with the terms and conditions of the QCM SSAs. The Cut-Off Date was mutually agreed between the parties to the QCM SSAs after taking into consideration the estimated timeframe to satisfy the conditions precedent in the Platinum SPA. Should the following conditions precedent remain unfulfilled on the date falling 2 years from the date of the respective QCM SSAs, the QCM SSAs will terminate, unless extended by the parties to the QCM SSAs.

In respect of the QCM SSAs:-

(a) the approval of the SC for the transaction pursuant to the QCM SSAs including but not limited to the change of shareholding and management of QCM (if required);

(b) the execution of the CRPL SSA/CCSB SSA (as the case may be) and the fulfilment of all conditions precedent therein;

(c) the execution of the Platinum SPA and the fulfilment of all conditions precedent therein;

(d) the execution of the Shareholders' Agreement and the fulfilment of all conditions precedent therein (other than the completion of the QCM SSAs and the Platinum SPA);

(e) if required by law, the passing of a resolution by the shareholders of our Company; and

(f) the execution of a conditional agreement for the termination of the shareholders' agreement between CRPL, QRHSB and CCSB dated 17 July 2006 without liability, to be effective on the completion date of the Platinum SPA and QCM SSAs.

In addition to the above, in respect of the CRPL SSA:-

(a) receipt of the disclosure letter from CRPL to our Company within 14 days of the date of the CRPL SSA, or sueh other date as the parties may agree, and upon terms and conditions in the CRPL SSA. The disclosure letter from CRPL dated 10 April 2014 contains general and specific disclosures made by CRPL in relation to QCT and QCM together with annexures listing documents furnished to our advisers during the course of the legal due diligence and responses to questions raised by our advisers during the course of the legal due diligence.

3.7.2 Failure to fulfil conditions precedent

If any of the eonditions precedent in Section 3.7.1 above has not been fulfilled by 4:00 p.m. on the Cut-Off Date or has not been waived by that time, and the Cut-Off Date is not extended by mutual agreement of the parties by that time, the CRPL SSA or the CCSB SSA (as the case may be) shall automatically terminate at 4:00 p.m. on the Cut-Off Date.

3.7.3 Completion

Subject to the fulfilment of the conditions precedent in Section 3.7.1 above, the completion is to take place on the date of completion of the Platinum SPA and in respect of the CRPL SSA our Company shall provide CRPL 5 Business Days' prior notice of such completion upon terms and conditions of the CRPL SSA.

3.7.4 Integration committee (only in relation to the CRPL SSA)

An integration committee will be established following the fulfilment of the condition precedent of the CRPL SSA as set out in Section 3.7.1(a) above, to facilitate transition arrangements and the process integration between our Company and QCM. The committee shall consist of a maximum of 5 committee members, wherein up to 3 committee members may be nominated by our Company, 1 by QRHSB, 1 by CRPL and with such decision-making procedures as may be agreed by the parties. The decisions of the integration committee shall consist only of recommendations to the respective board of directors of CRPL and our Company. The integration committee shall be disbanded upon the completion of the CRPL SSA.

3.7.5 Right to terminate

A party (**"Terminating Party"**) may by written notice given to the other party at completion or any time prior to completion terminate the QCM SSAs if any faet, matter or event (whether existing or occurring on or before the date of the QCM SSAs or arising or occurring after the date of the QCM SSAs) comes to the notice of the Terminating Party at completion or any time prior to completion which:-

(a) constitutes a breach by the other party (**"Defaulting Party"**) of the QCM SSAs. Provided that if such breach is capable of rectification, the right to terminate herein shall only apply if such breach is not rectified by the Defaulting Party within 30 calendar days of notice to the Defaulting Party of the breach; or

(b) would constitute a breach of any of the warranties by the other party, which include amongst others, warranties as set out in Section 3.7.7 of this Circular.

In respect of the CRPL SSA, in the event that the Platinum SPA, CCSB SSA or the Shareholders' Agreement are terminated for any reason whatsoever, our Company may, at its option, terminate the CRPL SSA.

In respect of the CCSB SSA, in the event that the CRPL SSA and/or the Shareholders' Agreement are terminated for any reason whatsoever, the CCSB SSA shall terminate automatically upon terms and conditions of the CCSB SSA.

3.7.6 Reversal of sale and transfer (only in relation to CRPL SSA)

Upon terms and conditions of the CRPL SSA, if the Platinum SPA is terminated and the QCM Shares have already been sold and transferred to our Company, CRPL may at its option, exercised by notice in writing to our Company, require our Company to resell the 400,000 QCM Shares, representing 40% equity interests in QCM, to CRPL or our Company may at its option, exercised by notice in writing to CRPL, require CRPL to repurchase the 400,000 QCM Shares, representing 40% equity interests in QCM, from our Company. Under such circumstances, the Purchase Consideration shall be refunded to our Company.

3.7.7 Warranties

(i) Under the QCM SSAs, MRCB represents and warrants to the vendors that, amongst others, it has the capacity and authority to contract and that the QCM SSAs constitute agreements binding on MRCB without any requirement to obtain the approval or consent of any third party save for the approvals required under the QCM SSAs, the Platinum SPA and the Shareholders' Agreement.

(ii) Under the QCM SSAs, the vendors, namely CCSB (in the CCSB SSA) and CRPL (in the CRPL SSA), have given, amongst others, the following warranties:-

(a) that they have the capacity and authority to contract and hold title to the QCM Shares;

(b) that the QCM Shares are validly allotted, issued, fully paid or properly credited as fully paid, and all of the QCM Shares are and will be at the date of completion of the QCM SSAs, free and clear from any encumbranees, nor is there and will there be at the completion date of the QCM SSAs, any agreement, arrangement or commitment to give or create any eneumbranee thereon and no claim has been or will be made by any person to be entitled to any of the foregoing; and

(c) that as at the completion date, subject to the fulfilment of the conditions precedent set out in Section 3.7.1 of this Circular (where applieable), the QCM Vendors have obtained all applicable governmental, statutory, regulatory or other consents, licences, waivers or exemptions required to empower it to enter into and to perform its obligations under the QCM SSAs.

(iii) In the CRPL SSA, CRPL has given, amongst others, the following additional warranties:-

(a) that, to the best of CRPL's knowledge and belief, all unissued QCM shares and any debentures or other securities of QCM are free from and unaffected by any encumbrance;

(b) that, to the best of CRPL's knowledge and belief, there are no rights to or options for the issue, allotment or transfer of any loan or share capital of QCM nor any rights to convert any loan or share capital into share capital or share capital of a different description;

(c) that, except for the obligations resulting from the CRPL SSA, there are no obligations with respect to any of the QCM Shares, for example pursuant to a trust, shareholders' or voting agreements or agreements restricting the transfer of the QCM Shares or the payment of dividends, or agreements pursuant to which approval therefore is required. No restrictions on the transfer of the QCM Shares are in effect (save that for which pre-emption waiver letters as referred to in the CRPL SSA have been obtained);

(d) that, up to the date of the CRPL SSA, there has been no material adverse change in the financial position and prospects of QCM, and no event, fact or matter has occurred which is likely to give rise to any such material change, and there has been no material damage, destruction or loss (whether or not covered by insurance) affecting the same;

(e) that QCM is not engaged, either on its own account or vicariously, in any suit, action, litigation, arbitration or tribunal proceedings (other than as plaintiff in the collection of debts arising in the ordinary course of its business) or any governmental investigations exceeding RM500,000;

(f) that QCM is not in breach of any order, decree or judgement of any court or any governmental authority;

(g) that, to the best of CRPL's knowledge and belief, QCM has not committed any breach of trust deed dated 9 October 2006 (including supplemental deeds dated 27 August 2007 and 28 May 2013) entered into between MTB as trustee of QCT and QCM as the manager of QCT and which remains in full force and effect;

(h) that QCM has been duly incorporated, is duly organised and is validly existing under the laws of the jurisdiction in which it was incorporated; and

(i) that QCM has all requisite corporate powers and authority to own its assets and to conduct the business being carried on by it.

3.8 Information on CRPL

CRPL was incorporated on 21 August 2002 under the Singapore Companies Act. Its principle aetivity is investment holding. As at LPD, the issued and paid-up share capital is SGD1,000,000 comprising 1,000,000 ordinary shares.

As at LPD, the Directors and shareholders of CRPL and their respective shareholdings in CRPL are as follows:-

	No. of shares	%
Directors:		
Zheng Wanshi	-	-
Hah Yew Khian Wilson	-	-
Chan Lee Fong	-	-
Shareholders:		
CapitaLand Financial Limited	1,000,000	100

3.9 Information on CCSB

CCSB was incorporated on 17 April 2006 under the Act. Its principle activity is investment holding. As at LPD, the authorised share capital of CCSB is RM100,000 comprising 100,000 ordinary shares of RM1.00 each while its issued and paid-up share capital is RM100 comprising 100 ordinary shares of RM1.00 each.

As at LPD, the Directors and shareholders of CCSB and their respective shareholdings in CCSB are as follows:-

	No. of shares	%
Directors and shareholders:		
Shahinuddin Bin Shariff	99	99
Muhammad Irfan Bin Shahinuddin	1	1

3.10 Information on QCM

QCM was incorporated on 12 June 2006 as a private limited company under the Act. As at LPD, QCM has an authorised share capital of RM1,000,000 comprising 1,000,000 ordinary shares of RM1.00 each, of which 1,000,000 ordinary shares of RM1.00 each have been issued and fully paid-up.

Pursuant to the Deed, QCM is appointed as the manager of QCT in accordance with provisions of the Deed, for the benefit of the unitholders.

As at LPD, the Directors of QCM are Dato' Mohammed Bin Haji Che Hussein, Dato' Dr. Low Moi Ing, J.P., Dato' Michael Ong Leng Chun, Wen Khai Meng, Chong Lit Cheong, Datuk Dr. Mohamed Arif Bin Nun, Foong Soo Hah and Aw Hong Boo (Alternate Director to Dato' Dr. Low Moi Ing, J.P.).

The shareholders of QCM and their shareholdings as at LPD and after the Proposed Shares Acquisitions and the Proposed QRHSB Acquisition are as follows:-

	As at LPD		After the Proposed Shares Acquisitions and Proposed QRHSB Acquisition	
Shareholders	**No. of QCM Shares**	**%**	**No. of QCM Shares**	**%**
CRPL	400,000	40	-	-
CCSB	300,000	30	200,000 [(1)]	20
QRHSB	300,000	30	390,000 [(2)]	39
MRCB	-	-	410,000	41
Total	**1,000,000**	**100**	**1,000,000**	**100**

Notes:-

(1) *On 21 May 2014, QCT had announced that, amongst others, CCSB had entered into a share sale agreement with Global Jejaka Sdn Bhd ("**GJSB**") to dispose its 20% equity interests in QCM to GJSB. The approval from the SC for the change in the shareholding structure of QCM had been obtained on 10 October 2014. Upon the completion of the abovementioned disposal by CCSB to GJSB and the Proposals, CCSB will cease to be a shareholder of QCM while GJSB will hold 20% equity interests in QCM.*

On 20 May 2014, our Company, QRHSB, CCSB and GJSB had entered into a deed of adherence in which GJSB covenanted with our Company and QRHSB to observe, perform and be fully bound by the terms of the Shareholders' Agreement and shall be entitled to the benefits of the provisions of the Shareholders' Agreement and assumes all liabilities and obligations of CCSB under the Shareholders' Agreement in all respects as if GJSB was an original party to the Shareholders' Agreement in lieu of CCSB.

(2) *Simultaneously with the Proposed Shares Acquisitions, QRHSB, an existing substantial shareholder of QCM as at the date of the QCM SSAs, will acquire 90,000 QCM Shares representing 9% equity interests in QCM.*

Further information on QCM is set out in Appendix II of this Circular.

4. UTILISATION OF PROCEEDS

For illustration purposes, the total cash proceeds of RM476 million to be raised from the Proposed Disposal is intended to be utilised in the following manner:-

Utilisation	Amount RM million	Estimated time frame for full utilisation from the date of completion of the Proposed Disposal
Repayment of borrowings [(1)]	380	Within 3 months
Working capital [(2)]	83	Within 12 months
Estimated expenses for the Proposals [(3)]	13	Within 1 month
Total	**476**	

Notes:-

(1) *As at LPD, our Group has borrowings of RM3.65 billion. Assuming approximately RM380 million from the total cash proceeds of RM476 million to be raised from the Proposed Disposal are utilised to partially repay these borrowings, the estimated interest savings is approximately RM18.6 million per annum based on average interests cost of 4.9%.*

(2) *Working capital will be used to finance the day-to-day operations of our Group as well as to settle our Group's trade and other payables.*

(3) *The expenses relating to the Proposals comprise, amongst others, the estimated expenses and taxes directly relating to the Proposed Disposal and other incidental expenses in relation to the Proposals such as advisory fees, regulatory fees, additional finance cost for early repayment of borrowings, expenses to convene the EGM, printing, despatch and advertising expenses as well as other miscellaneous expenses.*

Should the actual expenses incurred for the Proposals and/or repayment of borrowings vary from the estimated amount above, the shortfall/surplus will be adjusted from/to working capital.

Pending such time when the proceeds are fully utilised, the cash proceeds will be placed in interest-bearing deposits with a licensed financial institution.

5. RATIONALE FOR THE PROPOSALS

5.1 Proposed Disposal

The Proposed Disposal which involves the realignment of the investment assets of our Group is consistent with our Group's broad strategy of increasing our focus in the property development segment which is one of our core businesses. In addition, the Proposed Disposal would enable our Group to unlock value and realise our investment in Platinum Sentral. On a proforma basis, our Group is expected to realise a proforma gain on disposal of between approximately RM219.3 million (under Minimum Scenario) and approximately RM223.8 million (under Maximum Scenario) from the Proposed Disposal (after adjusting for certain expenses and taxes relating to the Proposed Disposal).

Upon completion of the Proposed Disposal and the Proposed Placement, our Company (via MSP) is expected to hold between 30.3% (under Maximum Scenario) and 31.7% (under Minimum Scenario) interests in the enlarged QCT and would be able to enjoy potential future distributions to be received from QCT as well as to share the profits of QCT which is expected to contribute positively to the future earnings of our Group over the longer term. By holding the Units, our Company will also be able to gain entry into QCT's existing portfolio of commercial properties.

In addition, the Proposed Disposal accords an avenue for our Group to realign our investment assets in a more efficient structure of a REIT and thereby potentially providing more value to our shareholders. The injection of Platinum Sentral into QCT, a REIT which is approved by the SC, is exempted from real property gains tax.

Furthermore, upon completion of the Proposed Disposal, our Company will receive cash proceeds amounting to RM476 million which is intended to be used to, among others, pare down the borrowings of our Group which will enable our Group to reduce our gearing level and benefit from interest savings, further details of which are set out in Section 8.2 of this Circular.

5.2 Proposed Shares Acquisitions

The Proposed Shares Acquisitions would result in our Company holding 41% equity interests in QCM, the REIT Manager which operates and administers QCT. Our Company would also emerge as the largest shareholder in QCM, with representation on the board of directors of QCM. This will allow our Company to have continued influence in the operations of Platinum Sentral as well as the other property assets under the enlarged QCT.

6. RISK FACTORS IN RELATION TO THE PROPOSALS

Both our Group and QCT currently holds investment properties ("**Investment Properties**") and henee, are subject to the general business and operational risks relating to property investment. The risk factors listed below are risks pertaining to the Proposals.

6.1 Risks inherent to property investment

There are certain risks inherent to property investment, such as, *inter-alia*, the following:-

6.1.1 The loss of key tenants or a downturn in the business of these tenants

The Investment Properties have tenancy eycles in which a substantial number of tenancies expire in certain years. The bankruptcy or insolvency, or a downturn in the business of any key tenant, as well as the decision by any of these tenants not to renew its tenancy could adversely affeet our Group's financial condition and results of operations. In addition, the departure of a key tenant could reduce the attractiveness of the Investment Properties to potential tenants and affect our Group's ability to retain existing tenants. The revised amount of rental and the terms of renewal may also be less favourable than the original terms of current tenancy.

Nevertheless, we have extensive experience in property investment and will continue to review our leasing and marketing strategies in order to minimise risks which are within our control. In addition, we are committed to maintaining a good rapport and close relationship with our key tenants and will keep abreast of their requirements relating to their tenancies.

6.1.2 The Investment Properties may face increased competition from other properties

The property industry is increasingly competitive as new properties may be developed and the attractiveness of the Investment Properties may decrease in future. The income from, and the market value of, the Investment Properties will be dependent on its ability to compete against other properties in attracting and retaining tenants.

In recognition of the need to continuously fulfil changing demands and preferences in the property industry, we will review our marketing strategies on a regular basis and continue to upkeep the Investment Properties in order to remain competitive.

6.1.3 The Investment Properties are subject to operating risks

The Investment Properties are subject to a number of operating risks, including, *inter-alia*, changes in statutory laws, regulations or government policies which may increase the cost of compliance with such laws, regulations or policies, such as increase in payroll expenses, increase in quit rent, assessments and other statutory charges, increase in costs of financing for operating or capital requirements, increase in construction, repair and maintenance costs and increase in insurance premiums. These factors may have an adverse effect on the value of the Investment Properties and rental income derived therefrom.

Nevertheless, we will continue to keep abreast with the relevant economic and development policies so that we can continue to formulate strategies that take into account such changes in the industry.

6.2 Risk relating to the loss of direct ownership of Platinum Sentral

Prior to the Proposals, our Group has direct ownership and control of Platinum Sentral. This would allow our Group to, among others, extract any potential benefit from the direct ownership of Platinum Sentral which will subsequently accrue to the shareholders of our Company.

Upon completion of the Proposed Disposal, our Group would have an indirect interest in Platinum Sentral as well as other property assets under the enlarged QCT via the Consideration Units. The contribution from the Proposed Disposal to our Group's earnings would be in the form of its share of profits of QCT, potential receipt of distributions from QCT as well as interest savings arising from the repayment of bank borrowings. The future contribution from the enlarged QCT to our Group's earnings would depend on, amongst others, the financial performance of Platinum Sentral and the other property assets under the portfolio of QCT.

There can be no assurance that the above contributions from the holding of the Consideration Units would be greater than the direct contribution from the holding of Platinum Sentral by our Group had the Proposed Disposal not occurred, or that such contributions will be sustainable.

Nevertheless, through our Company's shareholding and participation in QCM, the REIT Manager, pursuant to the Proposed Shares Acquisitions, our Group will be able to provide its expertise to the management of QCM including the continued participation in the administration of the operation of Platinum Sentral.

6.3 Volatility of Unit price

The issue price of the Consideration Units to be received as part of the Disposal Consideration of RM1.28 per Unit may not be indicative of the future unit prices of QCT that will prevail in the stock market.

The trading prices of the Units could be subject to fluctuations in response to, among others, variations in the results of operations, changes in general economic conditions, changes in accounting principles or other developments affecting the enlarged QCT, general stock market fluctuations and other events or factors. In addition, cyclical movements in domestic and international securities markets, foreign exchange rates and interest rates may affect the price of, and demand for, the Units. Further, volatility in the market prices of the Units may be caused by factors beyond the control of our Company and/or QCT and may be unrelated and disproportionate to the operating results of QCT.

However, our investment in QCT is intended as a long term investment and strategic entry into the REIT industry with expected earnings contribution from QCT in the future as well as reasonable return on investment.

6.4 Risk relating to investment in QCT/QCM

Pursuant to the Proposed Disposal, our Group will be receiving the Consideration Units as part of the Disposal Consideration. In addition, pursuant to the Proposed Shares Acquisitions, our Company will be holding equity interests in QCM, the management company of QCT. This exposes our Group to general risks inherent in the ownership and management of a REIT which include, amongst others, the risk of not being able to maintain a certain level of distribution as a result of general economic conditions and the real estate market conditions, not being able to successfully implement QCT's investment strategies (including asset enhancements) and not being able to expand QCT's portfolio due to limitations in the procurement of financing. Further, such exposure could alter the risk profile of our Group and in turn expose our Company to further fluctuations in its share price, which would be beyond our Company's control. Hence, there can be no assurance that the Proposals would not have an impact on the price and demand for shares in our Company.

Notwithstanding the above, we will continuously monitor industry developments and the performance of both QCT and QCM, and shall take necessary steps to address such risks as they arise.

6.5 The Proposed Shares Acquisitions is conditional upon the Proposed Disposal and not vice-versa

The Proposed Shares Acquisitions is conditional upon the Proposed Disposal, but the Proposed Disposal is not conditional upon the Proposed Shares Acquisitions. Although the management of our Company believes that the non-completion of the Proposed Shares Acquisitions is unlikely, but in the event the Proposed Shares Acquisitions does not complete despite the completion of the Proposed Disposal, our Company may not have a role in the management of the operations of QCT via QCM. This will significantly reduce our ability to influence the direction of the operations and policies relating to QCT.

Notwithstanding the above, our Company will take all reasonable steps to ensure that the Proposed Shares Acquisitions will complete together with the Proposed Disposal.

6.6 Non-completion risk

The completion of the Proposals is conditional upon the satisfaction (or waiver as the case may be) of the conditions precedent of the Platinum SPA and the QCM SSAs ("**Agreements**"). The Agreements are conditional upon various conditions precedent as set out in Sections 2.5.5 and 3.7.1 of this Circular respectively and there can be no assurance that all such conditions precedent will be fulfilled or obtained in a timely manner or at all. In the event any of these conditions precedent are not fulfilled or waived, the Agreements may be terminated and hence, the Proposed Disposal and/or the Proposed Shares Acquisitions may not be completed.

Notwithstanding this, the parties to the Agreements will take all reasonable steps to ensure the satisfaction and/or waiver (as the case may be) of the conditions precedent of the Agreements to ensure completion of the Proposals.

Additionally, the Platinum SPA provides for a condition whereby in the event the transfer and the discharge of the Existing Charge cannot be registered and the non-registration cannot be rectified, the Platinum SPA may be terminated, which in turn may result in the reversal of the Proposed Disposal. Please refer to Section 2.5.11 of this Circular for further details. Although the management of our Company believes such occurrence is remote, there is no assurance of the above occurring and the parties having to carry out the necessary actions to effect the above reversal.

6.7 Legal risk

In the event that either party fails to complete the Proposals in accordance with the provisions of the Agreements, the other party shall be entitled to seek for specific performance of the Agreements and/or damages or to terminate the Agreements based on the provisions of the Agreements whereby the Agreements will thereafter cease to have any further force and effect.

Our Company will work closely with its team of professional advisers, and take all necessary precautions and steps to ensure that the Proposals are completed in accordance with the terms of the Agreements.

7. OVERVIEW AND PROSPECTS

7.1 Overview and outlook of the Malaysian economy

The global economy continued to expand at a moderate pace in the third quarter of 2014, with uneven growth performances across economies. While the United States economy continued to show broader signs of improvements, growth in the Euro area remained subdued amid persistent structural constraints and weakening sentiments. In Asia, economic activity continued to expand, although growth was more moderate in several economics.

The Malaysian economy registered a growth of 5.6% in the third quarter of 2014 (Second quarter ("**2Q**") 2014: 6.5%), supported by private sector demand and continued positive growth in net exports of goods and services. On the supply side, growth in the major economic sectors was sustained, supported by trade and domestic activities. On a quarter-on-quarter seasonally adjusted basis, the economy grew by 0.9 % (2Q 2014: 1.9%).

Private sector activity remained the key driver of growth during the quarter. Private consumption registered a growth of 6.7% in the third quarter (2Q 2014: 6.5%), supported by stable labour market conditions and continued wage growth. Private investment expanded at a slower pace of 6.8% (2Q 2014: 12.1%), attributed to a decline in spending on machinery and equipment, particularly in the transportation segment. Public eonsumption turned positive to 5.3% (2Q 2014: -0.5%), reflecting higher Government spending on supplies and services. Public investment, however, declined further by 8.9% (2Q 2014: -3.3%), attributed mainly to the near completion of a few projects by public enterprises and the continued contraction in the Federal Government development expenditure. Going forward, investment activity will be supported by continued flow of ongoing and new projects by the private and public sectors.

On the supply side, positive growth was experienced across all economic sectors in the third quarter. The services sector recorded sustained growth, supported mainly by the consumption- and production-related services sub-sectors. Similarly, growth in the construction sector also remained sustained, driven by the residential and non-residential sub-sectors. After an exceptionally strong performance in the second quarter, the manufacturing sector expanded at a more moderate pace amid slower domestic-oriented activity. The agriculture sector registered a slower growth following weaker output of palm oil and rubber, while the mining sector grew at a more moderate pace amidst lower production of natural gas and condensates.

Going forward, global growth is expected to remain moderate. Growth across the advanced economies is expected to remain uneven. In Asia, growth will be underpinned by a continued expansion in domestic demand and exports. Nevertheless, there remain considerable downside risks to global growth. These include prolonged weakness in domestic demand and low inflation in a number of major economies, uncertainty over monetary policy adjustments in key advanced economies and persistent geopolitical tensions that could heighten financial market volatility.

While risks to growth have increased, the Malaysian economy is expected to remain on a steady growth path. Although exports will benefit from the recovery in the advanced economies and from regional demand, the trend is likely to moderate reflecting both the high base effect from 2013 and lower commodity prices. While private consumption may moderate, investment activity will be supported by continued flow of ongoing and new projects by the private and public sectors. Going forward, domestic demand will remain the key driver of growth.

(Source: Economic and Financial Developments in Malaysia in the Third Quarter of 2014, Bank Negara Malaysia)

7.2 Overview and outlook of the property sector

The investment objectives of QCT is to acquire and invest primarily in properties used or predominantly used for commercial purpose primarily in Malaysia with a view to provide unitholders with long-term and sustainable distribution of income and potential capital growth. To date, QCT holds a portfolio of properties located in Kuala Lumpur, Selangor, Cyberjaya and Penang. In view that QCM is the management company of QCT and derives its fees indirectly from the performance of the investment properties owned by QCT, the performance of QCM would highly depend on the outlook of the property sector.

<u>Kuala Lumpur office and retail sectors</u>

Several major sales were recorded in the review period involving 6 purpose-built office ("**PBO**") buildings. 5 PBO buildings were transacted in 2013 but recorded in 2014 namely Menara PMI in Jalan Raja Chulan, Menara PJD in Jalan Ipoh, Plaza Sg Mas in Jalan Ipoh and Signature Office A and B, Capsquare in Jalan Munshi Abdullah whilst Tower 8 in Bangsar South was sold in 2012 but recorded during the review period.

In general, the PBO rental market stabilised at previous years' rents. Investment grade buildings in good locations with close proximity or within city transit hub are amongst those which were in demand and fetched higher rents. The new commercial enclave in Pantai area served with connectivity to the Light Rail Transit station at Kerinchi also gained added advantage. In Kuala Lumpur, office rentals in Petronas Twin Towers undoubtedly spearheaded the market, ranging from RM97.00 to RM129.00 per square metre ("**p.s.m.**") Other office buildings in the Kuala Lumpur City Centre/Golden Triangle region with premium rentals are Menara Exxonmobil (RM80.00 p.s.m.), G Tower (RM72.00 to RM81.00 p.s.m.) and Menara Prestige (RM74.00 to RM96.00 p.s.m.).

The office sub-sector was livelier with 3 new completions, namely Shell Building and NU Sentral in KL Sentral and Sentral Vista, offering a combined space of 124,491 square metres ("**s.m.**") The overall occupancy for PBO buildings stood at 80.1% in the first half of 2014 ("**H1 2014**"), up from 78.0% in the first half of 2013 ("**H1 2013**"). This was supported by the positive take-up recorded at 188,987 s.m.. Apart from the 3 new completions, there was 1 new building plan approved (43,398 s.m.) in H1 2014. As at end-June 2014 there were 401 existing buildings (7.83 million s.m.) with another 23 buildings (1.15 million s.m.) in incoming supply and 5 buildings (178,084 s.m.) in the planned supply.

Prices of shops were stable with increases noted in established commercial areas. Similar trend was seen in the rental market. Rentals of ground floor shops were generally stable with few exceptionally high increases recorded at selected areas, namely those in historic shopping districts as well as in new established shopping localities. In the capital city, ground floor shops in Jalan Masjid India recorded an unprecedented rental as high as RM80,000 per month. Elsewhere with 5-digit rentals were Jalan Tuanku Abdul Rahman, Jalan Bukit Bintang and Jalan Raja Laut within the city centre as well as Bangsar and Hartamas locality, among the prominent ones.

Selangor office sector

Several major sales were recorded in H1 2014 including 1 PBO, namely Wisma Transportation United in Petaling Jaya. 1 new entrant was recorded, Menara TSR in Mutiara Damansara, offering 13,344 s.m. of new office space into the market. The office building saw a good take up of more than 70.0%. On the whole, the overall occupancy of PBO buildings stood at 76.3% in H1 2014, up from 73.9% in H1 2013. The take up space remained positive at 39,491 s.m.. As at end-June 2014, there were 199 existing buildings (3.09 million s.m.) with another 10 buildings (379,940 s.m.) in the incoming supply.

In Selangor, prominent buildings with premium rentals of more than RM50.00 p.s.m. are located in Petaling Jaya/Damansara locality. Office space in Cyberjaya was also competitive ranging from RM34.00 to RM60.00 p.s.m..

Penang retail sector

The state recorded 1 new entrant, Sunshine Bertam hypermarket, offering 40,854 s.m. of retail space. On the whole, the average occupancy rate of shopping complex sustained at 69.4%, similar to that of H1 2013. The take-up improved further to record at 13,976 s.m.. As at end-June 2014, there were 96 existing shopping complexes (1.61 million s.m.) in the incoming supply and 5 complexes (35,558 s.m.) in the planned supply.

Prices of shops were stable across the board with premiums obtained in strategic areas and those located adjacent to hypermarkets. The rental market of ground floor shops depicted similar stable trend with higher rentals recorded in prime locations. In the retail market, rentals were stable with isolated movements in selected buildings. Shops in Autocity in Seberang Perai Tengah fetched a premium from RM9,300 to RM16,700 per month.

(Source: Property Market Report, First Half of 2014, Valuation and Property Services Department, Ministry of Finance Malaysia)

7.3 Prospects of QCT

Despite challenging market conditions, the office market in the Klang Valley will continue to be resilient with the steady demand for commercial space in Klang Valley. QCM 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, 31% of the total NLA is due for renewal in 2014. As at 31 December 2014, 97% of these leases have been renewed while 3% has not been renewed. QCM has started discussion with tenants due for renewals for year 2015 with the intention to lock in the tenancy ahead of its expiry and are actively marketing and leasing the available vacant space to further increase the portfolio occupancy rate.

With the presenee of our Group in QCT and QCM, there is an opportunity for a pipeline of additional assets currently held by our Group to be injected into QCT. This would enable QCT to scale up faster and achieve a larger asset base.

(Source: Quarterly report of QCT for the FPE 31 December 2014; Management of MRCB)

7.4 Prospects of QCM

QCM, being the manager of QCT appointed in accordance with the terms of the Deed, has general powers of management over the assets of QCT. As such, its main responsibility deals with management of QCT with a view to provide long-term and sustainable distributions of income to the unitholders.

QCM derives its income from services provided to QCT. Its annual management fees is based on the gross asset value and net investment income of QCT whilst other fees are derived from a percentage of the value of investments purchased or assets disposed by QCT. In this regard, the prospects of QCM are closely aligned to the performance of QCT.

(Source: Management of MRCB)

8. EFFECTS OF THE PROPOSALS

8.1 Share capital

The Proposals will not have any effect on the issued and paid-up share capital of our Company.

8.2 NA per Share and gearing

Based on our Company's audited consolidated statement of financial position as at 31 December 2013 and the assumption that the Proposed Disposal had been effected on that date, the proforma effects of the Proposed Disposal on the NA per MRCB Share and gearing of our Group for both the Minimum Scenario and Maximum Scenario are as follows:-

	Audited as at 31 December 2013	After the Proposed Disposal	
		Minimum Scenario	Maximum Scenario
	RM'000	RM'000	RM'000
Share capital	1,651,311	1,651,311	1,651,311
Share premium	247,780	247,780	247,780
Accumulated losses	(275,056)	(59,624) (1)	(55,169) (1)
Other reserves	51,381	51,381	51,381
NA attributable to equity holders of our Company	1,675,416	1,890,848	1,895,303
No. of MRCB Shares in issue ('000)	1,651,311	1,651,311	1,651,311
NA per Share (RM)	1.01	1.15	1.15
Borrowings (RM'000)	3,510,591	3,130,591 (2)	3,130,591 (2)
Gearing ratio (times) (3)	2.10	1.66	1.65

Notes:-

(1) *After accounting for the estimated gain on disposal and adjusting for estimated expenses and taxes in relation to the Proposed Disposal amounting to approximately RM8.76 million. In arriving at the gain on disposal, consolidation adjustments have been made to eliminate the gain attributable to our Company arising from the Proposed Disposal, based on its equity interest in QCT upon completion of the Proposed Disposal of 31.7% and 30.3%, under the Minimum Scenario and Maximum Scenario respectively.*

Although the Consideration Units will be issued at RM1.28 per Unit, the Financial Reporting Standards 3: Business Combinations (revised) requires the recognition of the fair value of the Consideration Units based on the traded price of the Consideration Units as at the Completion Date. For illustrative purposes, we have adopted the closing price of the Units on 31 December 2013 of RM1.18 for purposes of such computation.

In addition, the proforma accumulated losses also takes into account other incidental expenses in relation to the Proposals amounting to approximately RM3.87 million, which includes advisory fees, regulatory fees, additional finance cost for early repayment of borrowings, expenses to convene the EGM, printing, despatch and advertising expenses as well as other miscellaneous expenses.

(2) *Assuming RM380 million of the cash proceeds from the Proposed Disposal will be utilised to repay the borrowings of our Group as at 31 December 2013.*

(3) *Derived based on the borrowings divided by the equity attributable to the owners of our Company.*

The Proposed Shares Acquisitions would not have a material effect on the consolidated NA per share and gearing of our Company.

8.3 Substantial shareholders' shareholding

The Proposals will not have any effect on the substantial shareholders' shareholding structure of our Company.

8.4 Earnings and EPS

For illustration purposes, based on the assumption that the Proposed Disposal had been effected on 1 January 2013 (being the beginning of the FYE 31 December 2013), our proforma EPS for the FYE 31 December 2013 would be as follows:-

	After the Proposed Disposal	
	Minimum Scenario	**Maximum Scenario**
	RM'000	**RM'000**
Audited LATANCI for the FYE 31 December 2013	(109,132)	(109,132)
Add: Proforma gain on disposal (1)	219,302	223,756
Share of results of QCT (2)	11,602	11,092
Less: Other estimated expenses in relation to the Proposals (3)	(3,870)	(3,870)
Loss of profits contributed by Platinum Sentral for the FYE 31 December 2013	(4,897)	(4,897)
Proforma PATANCI as at 31 December 2013	113,005	116,949
Weighted average ordinary shares in issue ('000)	1,479,495	1,479,495
Proforma EPS (sen)	7.6	7.9

Notes:-

(1) *After accounting for the estimated gain on disposal and adjusting for estimated expenses and taxes in relation to the Proposed Disposal amounting to approximately RM8.76 million. In arriving at the gain on disposal, consolidation adjustments have been made to eliminate the gain attributable to our Company arising from the Proposed Disposal, based on its equity interest in QCT upon completion of the Proposed Disposal of 31.7% and 30.3%, under the Minimum Scenario and Maximum Scenario respectively.*

Although the Consideration Units will be issued at RM1.28 per Unit, the Financial Reporting Standards 3: Business Combinations (revised) requires the recognition of the fair value of the Consideration Units based on the traded price of the Consideration Units as at the Completion Date. For illustrative purposes, we have adopted the closing price of the Units on 31 December 2013 of RM1.18 for purposes of such computation.

(2) *Net income after tax of QCT for the FYE 31 December 2013 amounted to RM36,644,397.*

(3) *Comprises incidental expenses relating to the Proposals such as advisory fees, regulatory fees, additional finance cost for early repayment of borrowings, expenses to convene EGM, printing, despatch and advertising costs and miscellaneous expenses.*

Based on the illustration above, our EPS for FYE 31 December 2013 would increase from a LPS of 7.4 sen to an EPS of 7.6 sen and 7.9 sen under Minimum Scenario and Maximum Scenario respectively.

Upon completion of the Proposed Disposal, Platinum Sentral will no longer contribute to the future financial results of our Group. For the FYE 31 December 2013, our Group recorded LAT of approximately RM117.9 million after taking into account PAT of approximately RM4.9 million contributed by Platinum Sentral.

Notwithstanding the above, our Group will be able to enjoy the contribution from its holding of the Units to its future earnings in the form of the share of the profits of the enlarged QCT and the potential future distribution from the enlarged QCT. Additionally, the proceeds from the Proposed Disposal are expected to contribute positively to the earnings of our Group for future financial years when the benefits from the utilisation of proceeds are realised, including estimated interest savings of approximately RM18.6 million per annum based on average interest cost of 4.9% from the repayment of bank borrowings.

The Proposed Shares Acquisitions are not expected to have any material effect on the earnings of our Group. Nevertheless it is an important part of the Proposals as it will allow our Company to have an influence and participate in the operation and management of the enlarged QCT.

9. APPROVALS/CONSENTS REQUIRED

The Proposed Disposal is subject to and conditional upon approvals/consents being obtained from the following:-

(i) the shareholders of our Company at an EGM to be convened;

(ii) the unitholders of QCT;

(iii) the SC, which was granted to QCT vide its letter dated 14 October 2014 for, *inter alia*, the following:-

  (a) the valuation of Platinum Sentral at RM740,000,000;

  (b) the Proposed Placement, where the proceeds will be used to partially satisfy the Disposal Consideration for the Proposed Disposal;

  (c) the issuance of the Consideration Units and the Placement Units as well as the issuance of new Units for payment of manager's fees to QCM (collectively the "**New Units**");

  (d) the listing of and quotation for the New Units on the Main Market of Bursa Securities; and

  (e) the proposed increase in the existing fund size of QCT,

  subject to the following conditions:-

Conditions		Status of compliance
In relation to the Consideration Units and Placement Units:-		
(a)	The SC be informed of thc date of the issuance of thc new Units on the Main Market of Bursa Securities; and	To be complied.
(b)	The issuance and the listing of the new Units on the Main Market of Bursa Securities must be eompleted within 6 months from the date of SC's approval. The approval would be deemed lapsed if QCM fails to do so within the stipulated time frame.	To be complied.
In relation to the issuance of new Units for payment of manager's fees to QCM:-		
(a)	The SC be informed on the following with regard to each issuance of new Units to QCM:-	To be eomplied.
	(i) The actual number of new Units to be issued and listed as part payment of management fees; and	
	(ii) The basis of arriving at such number of new Units.	

(iv) Bursa Securities for the listing of and quotation for the New Units on the Main Market of Bursa Securities;

(v) trustee for the holders of the Notes in relation to the early redemption of the Notes, which was obtained on 15 October 2014;

(vi) QCT having obtained the approval of their unitholders for the Proposed MGO Exemption at an EGM of QCT to be convened;

(vii) QCT PACs having obtained the approval from SC in relation to the Proposed MGO Exemption; and

(viii) any other relevant parties and/or authorities, if required.

The Proposed Shares Acquisitions is subject to and conditional upon approvals being obtained from the following:-

(i) the shareholders of our Company at an EGM to be convened;

(ii) the SC, which was granted to QCM vide its letter dated 10 October 2014 for the change in the shareholding structure of QCM; and

(iii) any other relevant parties and/or authorities, if required.

The Proposed Shares Acquisitions are conditional on the Proposed Disposal but not vice versa.

The Proposals are not conditional upon any other corporate proposal of the Company.

The CRPL SSA, the CCSB SSA and the Shareholders' Agreement are inter-conditional with one another.

10. CORPORATE EXERCISES ANNOUNCED BUT PENDING COMPLETION

Save for the Proposals and the proposal disclosed below, your Board confirms that our Company does not have any other corporate exercise which has been announced but is pending completion as at LPD:-

(i) Proposed subscription of new ordinary shares of RM1.00 each representing a 70% equity interest in Kwasa Development (2) Sdn Bhd ("KDSB")

On 30 June 2014, our Company had announced the receipt of the letter of award from Kwasa Land Sdn Bhd ("**Kwasa Land**") for the development of 64.07 acres of land identified to be the town centre of the proposed Kwasa Damansara Township ("**Project MX-1**").

Subsequently, our Company had, on 14 August 2014, entered into a shareholders' agreement with Kwasa Land and KDSB in relation to, *inter alia*, the proposed subscription of new ordinary shares of RM1.00 each representing a 70% equity interests in KDSB, a special purpose vehicle incorporated to undertake Project MX-1, for a subscription payment of approximately RM816.6 million ("**Proposed Subscription**").

The Proposed Subscription is expected to be completed by the third quarter of 2015.

11. TENTATIVE TIMELINE FOR THE PROPOSALS

The tentative timeline for implementation of the Proposals is as follows:-

Month	Events
Mid February 2015	EGM to approve the Proposals
Mid March 2015	Unconditional Date
End March 2015	Completion of the Proposals

12. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED TO THEM

None of our Directors, major shareholders and/or persons connected to them has any interest, direct or indirect, in the Proposals.

13. DIRECTORS' STATEMENT

Your Board, after having considered all aspects of the Proposals and after careful deliberation, is of the opinion that the Proposals are in the best interests of our Company. Accordingly, your Board recommends that you vote in favour of the resolutions pertaining to the Proposals to be tabled at the forthcoming EGM of our Company.

The view of your Board was arrived at after having considered, *inter-alia,* the terms and conditions of the Platinum SPA and the QCM SSAs, the rationale for the Proposals, the proforma effeets of the Proposals on our Group as well as the prospects of QCT and QCM.

14. ADVISERS

RHB Investment Bank and CIMB Investment Bank were appointed as the Joint Advisers for the Proposals on 3 April 2014.

Astramina Advisory was appointed as the Financial Adviser for the Proposals on 10 April 2014.

WTW was appointed as the Independent Property Valuer for Platinum Sentral on 20 February 2014.

15. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to all requisite approvals being obtained, the Proposals are expected to be completed by the first quarter of 2015.

16. EGM

The EGM, notice of which is enclosed in this Circular, will be held at Hotel Istana Kuala Lumpur City Centre, Mahkota Ballroom II, BR Level, 73 Jalan Raja Chulan, 50200 Kuala Lumpur on Thursday, 12 February 2015 at 10.00 a.m. or immediately following the conclusion of the earlier EGM of MRCB which will be held at the same place and on the same day at 9.00 a.m., whichever is later, or at any adjournment thereof, for the purpose of considering and if thought fit, passing with or without modification, the ordinary resolutions to give effect to the Proposals.

If you are unable to attend and vote in person at the EGM, please complete, sign and send the enclosed Form of Proxy in accordance with the instructions therein as soon as possible and in any event so as to arrive at our share registrar's office at Symphony Share Registrars Sdn Bhd, Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia, not less than 48 hours before the time stipulated for holding the EGM or at any adjournment thereof. The lodging of the Form of Proxy does not preclude you from attending and voting in person at the EGM, should you subsequently wish to do so.

17. FURTHER INFORMATION

Shareholders are advised to refer to the attached appendices for further information.

Yours faithfully,
For and on behalf of the Board
MALAYSIAN RESOURCES CORPORATION BERHAD

TAN SRI MOHAMAD SALIM FATEH DIN
Group Managing Director

INFORMATION ON QCT

1. Main features of QCT

A summary of the main features of QCT is as follows:-

Fund category	:	Real estate investment trust fund.
Approved fund size	:	390,131,000 Units.
Total issued fund size as at LPD	:	390,131,000 Units.
Fund type	:	Growth and income.
Authorised investments	:	• At least 75% of QCT's total assets will be invested in real estate, single-purpose companies, real estate-related assets or liquid assets; • At least 50% of QCT's total assets must be invested in real estate or single-purpose companies; • The remaining 25% of QCT's total assets may be invested in other real estate, single-purpose companies, real estate-related assets, liquid assets, non-real estate-related assets, asset-backed securities and other investments permitted or otherwise permitted by the SC ("**Permitted Investments**"); and • Such other investments or limits as may be permitted by the SC and the Guidelines on Real Estate Investment Trusts issued by the SC on 3 January 2005, and any subsequent amendments or updates thereof from time to time.
Investment objective	:	The investment objective of QCT is to acquire and invest primarily in properties used or predominantly used for commercial purposes primarily in Malaysia with a view to provide long-term growth and sustainable distribution of income to unitholders and to achieve long-term growth in the net asset value per unit of QCT.
Key investment strategies	:	The fund will seek to provide unitholders with long-term and sustainable distribution of income and potential capital growth by:- • increasing the property yields of its properties through active asset management, including setting and maintaining rental and occupancy benchmarks, pro-active marketing to existing and prospective tenants, cost management and asset enhancement programs; • investing in quality properties, real estate-related assets and other Permitted Investments that meet the investment objectives of QCT and provide yield accretion to unitholders; and • actively managing capital structure and funding requirements to optimize cost of capital.

Investor profile	:	QCT may appeal to investor who understand the risks related to the real estate industry and REITs, has long term investment objectives with moderate risk appetite and seeks regular distribution income and long term capital appreciation.
Income distribution policy	:	The distribution policy of QCT is to distribute at least 90% (or such lower percentage at its discretion) of the distributable income to the unitholders. QCT will distribute to unitholders such distributable income on at least a semi-annual basis (or such other intervals as it may determine)
Borrowing limitations and gearing policy	:	Up to 50% of the total asset value of QCT at the time the borrowing is incurred (or such other limit permitted by the Guidelines on Real Estate Investment Trusts issued by the SC on 3 January 2005, and any subsequent amendments or updates thereof from time to time). However, QCT's total borrowings may exceed this limit with the prior approval of the unitholders.
Listing	:	8 January 2007
Manager	:	QCM
Trustee	:	MTB

2. Details of the special purpose entities of QCT

As at LPD, the special purpose entities of QCT (wholly-owned by MTB acting solely in the capacity as trustee for and on behalf of QCT) are as follows:-

Name of company	Date/ Place of incorporation	Issued and paid-up share capital (RM)	Effective equity interest (%)	Principal activities
Murud Capital Sdn Bhd (formerly known as Gandalf Capital Sdn Bhd)	3 August 2006/ Malaysia	2	100	Facilitating financing for QCT
Trusmadi Capital Sdn Bhd	3 April 2008/ Malaysia	2	100	Facilitating financing for QCT
Samwise Capital Sdn Bhd	22 May 2009/ Malaysia	2	100	Facilitating financing for QCT
Kinabalu Capital Sdn Bhd	27 April 2011/ Malaysia	2	100	Facilitating financing for QCT

3. Substantial unitholders' unitholdings

For illustrative purposes, assuming none of the Placement Units will be placed to the existing substantial unitholders of QCT, and will be placed in such manner which will not result in the emergence of a new substantial unitholder, the proforma effects of the substantial unitholders' unitholdings in QCT as at LPD and after the Proposed Placement and the Proposed Disposal, for both the Minimum Scenario and Maximum Scenario are as follows:-

Minimum Scenario:-

		As at LPD				After the Proposed Placement[3]				After the Proposed Placement[3] and Proposed Disposal			
		Direct		Indirect		Direct		Indirect		Direct		Indirect	
	Nationality/ Country of Incorporation	No. of QCT Units ('000)	%	No. of QCT Units ('000)	%	No. of QCT Units ('000)	%	No. of QCT Units ('000)	%	No. of QCT Units ('000)	%	No. of QCT Units ('000)	%
CapitaCommercial Trust	Singapore	117,040	30.00	-	-	117,040	26.29	-	-	117,040	17.97	-	-
Quill Land Sdn Bhd	Malaysia	48,767	12.50	-	-	48,767	10.96	-	-	48,767	7.49	-	-
Quill Properties Sdn Bhd	Malaysia	45,997	11.79	-	-	45,997	10.33	-	-	45,997	7.06	-	-
Quill Estates Sdn Bhd	Malaysia	22,276	5.71	-	-	22,276	5.00	-	-	22,276	3.42	-	-
CapitaLand Limited	Singapore	-	-	117,040 (1)	30.00	-	-	117,040 (1)	26.29	-	-	117,040 (1)	17.97
Dato' Dr. Low Moi Ing, J.P.	Malaysia	50	0.01	117,040 (2)	30.00	50	0.01	117,040 (2)	26.29	50	0.01	117,040 (2)	17.97
Dato' Michael Ong Leng Chun	Malaysia	55	0.01	117,040 (2)	30.00	55	0.01	117,040 (2)	26.29	55	0.01	117,040 (2)	17.97
MSP (4)	Malaysia	-	-	-	-	-	-	-	-	206,250	31.66	-	-
MRCB	Malaysia	-	-	-	-	-	-	-	-	-	-	206,250 (5)	31.66

INFORMATION ON QCT *(Cont'd)*

Notes:-

(1) *Deemed interested by virtue of its interest in CapitaCommercial Trust.*

(2) *Deemed interested by virtue of her/his interests in Quill Land Sdn Bhd, Quill Properties Sdn Bhd and Quill Estates Sdn Bhd.*

(3) *Assuming 55 million Placement Units will be issued pursuant to the Proposed Placement under the Minimum Scenario.*

(4) *The Consideration Units will either be held by MSP or its nominee.*

(5) *Deemed interested by virtue of its interest in MSP.*

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INFORMATION ON QCT *(Cont'd)*

Maximum Scenario:-

		As at LPD				After the Proposed Placement[3]				After the Proposed Placement[3] and Proposed Disposal			
		Direct		Indirect		Direct		Indirect		Direct		Indirect	
	Nationality/ Country of Incorporation	No. of QCT Units ('000)	%	No. of QCT Units ('000)	%	No. of QCT Units ('000)	%	No. of QCT Units ('000)	%	No. of QCT Units ('000)	%	No. of QCT Units ('000)	%
CapitaCommercial Trust	Singapore	117,040	30.00	-	-	117,040	24.63	-	-	117,040	17.18	-	-
Quill Land Sdn Bhd	Malaysia	48,767	12.50	-	-	48,767	10.26	-	-	48,767	7.16	-	-
Quill Properties Sdn Bhd	Malaysia	45,997	11.79	-	-	45,997	9.68	-	-	45,997	6.75	-	-
Quill Estates Sdn Bhd	Malaysia	22,276	5.71	-	-	22,276	4.69	-	-	22,276	3.27	-	-
CapitaLand Limited	Singapore	-	-	117,040 [1]	30.00	-	-	117,040 [1]	24.63	-	-	117,040 [1]	17.18
Dato' Dr. Low Moi Ing, J.P.	Malaysia	50	0.01	117,040 [2]	30.00	50	0.01	117,040 [2]	24.63	50	0.01	117,040 [2]	17.18
Dato' Michael Ong Leng Chun	Malaysia	55	0.01	117,040 [2]	30.00	55	0.01	117,040 [2]	24.63	55	0.01	117,040 [2]	17.18
MSP [4]	Malaysia	-	-	-	-	-	-	-	-	206,250	30.27	-	-
MRCB	Malaysia	-	-	-	-	-	-	-	-	-	-	206,250 [5]	30.27

Notes:-

(1) *Deemed interested by virtue of its interest in CapitaCommercial Trust.*

(2) *Deemed interested by virtue of her/his interests in Quill Land Sdn Bhd, Quill Properties Sdn Bhd and Quill Estates Sdn Bhd.*

(3) *Assuming 85 million Placement Units will be issued pursuant to the Proposed Placement under the Maximum Scenario.*

(4) *The Consideration Units will either be held by MSP or its nominee.*

(5) *Deemed interested by virtue of its interests in MSP.*

4. Summary of financial information and commentary

The audited consolidated financial information of QCT for the past 3 financial years from 31 December 2011 to 31 December 2013 and unaudited financial statements for the FPE 31 December 2014 is set out below:-

	Audited			Unaudited
	FYE 31 December			FPE 31 December
	2011	2012	2013	2014
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Revenue [(1)]	70,266	69,490	68,937	70,249
Income before tax	39,480	40,076	36,644	40,283
Taxation	-	-	-	-
Net income	39,480	40,076	36,644	40,283
- Realised	34,321	34,461	34,537	34,163
- Unrealised	5,159	5,616	2,108	6,120
No. of Units which have been paid-up (000)	390,131	390,131	390,131	390,131
Unitholders' capital	411,712	411,712	411,712	411,712
NAV/Unitholders' fund	521,891	528,849	533,460	541,251
NAV per Unit (RM) *	1.34	1.36	1.37	1.39
Total borrowings	305,013	305,481	304,887	305,113
Gearing ratio (times)	0.58	0.58	0.57	0.56
Earnings per Unit (sen)	10.12	10.27	9.39	10.33
Earnings per Unit (realised) (sen)	8.80	8.83	8.85	8.76
Current ratio (times)	1.84	0.29	1.97	2.03

Notes:-

* *Before the proposed final income distribution of unit for the year.*

(1) *Revenue comprises rental, service charges and car park income from properties and utilities costs recoverable from tenants.*

Commentaries:

The revenue for FYE 31 December 2011 increased marginally by RM0.97 million or 1.40% mainly due to rental rate increases of some properties. Property operating expenses for FYE 31 December 2011 was slightly lower as compared to FYE 31 December 2010 mainly due to lower repair costs of some properties. Net realised income increased by RM1.75 million or 5.4% in FYE 31 December 2011 mainly due to higher property income and lower trust expenses, net of increased finance costs. The overall decrease in net income for FYE 31 December 2011 was mainly attributable to the decrease in net unrealised income during the year due to lower fair value adjustments on investment properties.

The revenue for FYE 31 December 2012 decreased marginally by RM0.78 million or 1.10% mainly due to higher vacancy, net of rental increases in some properties and lesser repair costs incurred. Notwithstanding the lower revenue and higher administrative expenses in FYE 31 December 2012, overall net income was marginally higher than FYE 31 December 2011 by RM0.60 million or 1.5% mainly attributable to lower expenses incurred, especially finance costs. The significant decrease in the current ratio for FYE 31 December 2012 was mainly due to the reclassification of borrowings from non-current liabilities to current liabilities due to the change in the maturity profile of certain borrowings which were falling due within one year as at 31 December 2012.

The revenue for FYE 31 December 2013 decreased marginally by RM0.55 million or 0.80% as compared to the revenue for FYE 31 December 2012 due to higher vacancy and lower recoveries from some properties, mitigated by rental rate increases of some properties. The property operating expenses increased by RM0.46 million or 3.02% due to additional repair costs. The lower revenue and higher property operating expenses resulted in lower net property income by 1.9%. Notwithstanding this, the realised income of RM34.54 million is marginally higher by 0.2% mainly due to higher interest income, lower finance cost and lower administrative expenses. The overall decrease in net income is mainly attributable to a decrease in net unrealised income due to lower fair value adjustments on investment properties.

As compared with FPE 31 December 2013, revenue of RM70.25 million achieved during FPE 31 December 2014 was higher by 1.9% mainly due to rental rate increases of some properties and higher recoveries. Property operating expenses were higher by 7.5% mainly due to higher repair and maintenance costs. The higher revenue net of increase in property operating expenses resulted in marginal increase in net property income by 0.3%. The realised income of RM34.16 million was lower by 1.1% mainly due to lower net property income, lower interest income, higher finance costs and administrative expenses.

(Sources: Management of QCM, quarterly report on consolidated results of QCT for the FPE 31 December 2014)

QCT has not adopted any accounting policy which is peculiar to the nature of the business and industry in which it is involved in.

There is no audit qualification for the financial statements of QCT for FYE 31 December 2011 to FYE 31 December 2013.

5. Material contracts

QCT has not entered into any material contract (not being contracts entered into in the ordinary course of business) during the 2 years preceding the LPD.

6. Material litigation, claims or arbitration

QCT is not involved in any material litigation, claim or arbitration, either as plaintiff or defendant, which has or would have a material and adverse effect on the financial position or business of QCT and, to the best of its management's knowledge and belief, the management of QCT is not aware of any proceeding pending or threatened or of any fact likely to give rise to any proceeding which might materially and adversely affect the financial position or business of QCT.

7. Material commitments and contingent liabilities

7.1 Material commitments

Save as disclosed below, as at LPD, the management of QCT is not aware of any other material commitment contracted or known to be contracted by QCT which may have a material impact on the financial position of QCT:-

	RM
Approved and contracted for:-	
- Investment properties	2,319,729

7.2 Contingent liabilities

As at LPD, the management of QCT is not aware of any contingent liability which, upon becoming enforceable, may have a material impact on the financial position of QCT.

INFORMATION ON QCM

1. History and principal activities

QCM was incorporated in Malaysia on 12 June 2006 as a private limited company under the Act. The principal activity of QCM is to manage a REIT. There has been no significant change in the nature of its business activity since its incorporation.

2. Share capital

The authorised and issued and paid-up share capital of QCM as at LPD are as follows:-

Type	No. of shares	Par value	Total
		RM	RM
Authorised			
Ordinary shares	1,000,000	1	1,000,000
Issued and paid-up			
Ordinary shares	1,000,000	1	1,000,000

3. Directors

The Directors of QCM and their respective shareholdings in QCM as at LPD are as follows:-

Name	Designation	Nationality	Direct		Indirect	
			No. of QCM Shares	%	No. of QCM Shares	%
Dato' Mohammed Bin Haji Che Hussein	Non-Independent Non-Executive Chairman	Malaysian	-	-	-	-
Dato' Dr. Low Moi Ing, J.P.	Non-Independent Non-Executive Director	Malaysian	-	-	300,000 [(1)]	30
Dato' Michael Ong Leng Chun	Non-Independent Non-Executive Director	Malaysian	-	-	300,000 [(1)]	30
Wen Khai Meng	Non-Independent Non-Executive Director	Singaporean	-	-	-	-
Chong Lit Cheong	Non-Independent Non-Executive Director	Singaporean	-	-	-	-
Datuk Dr. Mohamed Arif Bin Nun	Independent Non-Executive Director	Malaysian	-	-	-	-
Foong Soo Hah	Independent Non-Executive Director	Malaysian	-	-	-	-
Aw Hong Boo (Alternate director to Dato' Dr. Low Moi Ing, J.P.)	Non-Independent Non-Executive Director	Malaysian	-	-	-	-

Note:-

(1) *Deemed interested by virtue of her/his interests in QRHSB.*

4. Substantial shareholders

The substantial shareholders of QCM and their respective shareholdings in QCM as at LPD are as follows:-

Name	Country of incorporation/ Nationality	Direct No. of QCM Shares held	Direct %	Indirect No. of QCM Shares held	Indirect %
CRPL	Singapore	400,000	40	-	-
CCSB [(1)]	Malaysia	300,000	30	-	-
QRHSB	Malaysia	300,000	30	-	-
CapitaLand Financial Limited	Singapore	-	-	400,000 [(2)]	40
Shahinuddin Bin Shariff	Malaysian	-	-	300,000 [(3)]	30
Muhammad Irfan Bin Shahinuddin	Malaysian	-	-	300,000 [(3)]	30
Dato' Dr. Low Moi Ing, J.P.	Malaysian	-	-	300,000 [(4)]	30
Dato' Michael Ong Leng Chun	Malaysian	-	-	300,000 [(4)]	30
CapitaLand Limited	Singapore	-	-	400,000 [(5)]	40

Notes:-

(1) *On 21 May 2014, QCT had announced that, amongst others, CCSB had entered into a share sale agreement with GJSB to dispose its 20% equity interests in QCM to GJSB. The approval from the SC for the change in the shareholding structure of QCM had been obtained on 10 October 2014. Upon the completion of the abovementioned disposal by CCSB to GJSB and the Proposals, CCSB will cease to be a shareholder of QCM while GJSB will hold 20% equity interest in QCM.*

(2) *Deemed interested by virtue of its interests in CRPL.*

(3) *Deemed interested by virtue of their interests in CCSB.*

(4) *Deemed interested by virtue of his/her interests in QRHSB.*

(5) *Deemed interested by virtue of its interest in CapitaLand Financial Limited.*

5. Subsidiaries, associated companies and joint-venture companies

As at LPD, QCM does not have any subsidiary, associated company or joint-venture company.

6. Summary of financial information and commentary

The audited consolidated financial information of QCM for the past 3 financial years from 31 December 2011 to 31 December 2013 is set out below:-

	Audited FYE 31 December 2011 (RM'000)	2012 (RM'000)	2013 (RM'000)
Revenue [(1)]	5,051	5,056	5,036
PBT	1,588	1,921 [(2)]	1,977
Taxation	(514)	(486)	(535)
PAT	1,074	1,435 [(2)]	1,442
Share capital	1,000	1,000	1,000
NA/Shareholders' fund	4,653	5,087 [(3)]	5,030
NA per QCM Share (RM)	4.65	5.09	5.03
Total borrowings	-	-	-
Gearing ratio (times)	-	-	-

	Audited		
	FYE 31 December		
	2011	2012	2013
	(RM'000)	(RM'000)	(RM'000)
Gross EPS (sen)	1.59	1.92	1.98
Net EPS (sen)	1.07	1.44	1.44
Current ratio (times)	4.24	5.16 [(4)]	4.97

Notes:-

(1) *Revenue comprises management fees earned from managing QCT, which consists of a base fee of 0.4% per annum of gross asset value of QCT and a performance fee of 3% per annum on the net investment income of QCT.*

(2) *PBT and PAT were arrived at after taking into consideration auditors' remuneration, directors' remuneration, depreciation of plant and equipment, management fee and interest income. PBT and PAT for FYE 31 December 2012 increased mainly due to lower administrative expenses incurred during the year such as professional fees, investor relation costs and travel expenses.*

(3) *The increase in NA for the FYE 31 December 2012 was mainly attributable to the increase in PAT and retained earnings during the year.*

(4) *The increase in the current ratio for the FYE 31 December 2012 was mainly due to an increase in cash and bank balances arising from the early collection of management fee from QCT, coupled with a decrease in trade and other payables for the FYE 31 December 2012.*

QCM has not adopted any accounting policy which is peculiar to the nature of the business and industry in which it is involved in.

There is no audit qualification for the financial statements of QCM for FYE 31 December 2011 to FYE 31 December 2013.

7. Material commitments and contingent liabilities

7.1 Material commitments

As at LPD, the Directors of QCM are not aware of any material commitment contracted or known to be contracted by QCM which may have a material impact on the financial position of QCM.

7.2 Contingent liabilities

As at LPD, the Directors of QCM are not aware of any contingent liability which, upon becoming enforceable, may have a material impact on the financial position of QCM.

8. Material contracts

QCM has not entered into any material contract (not being contracts entered into in the ordinary course of business) during the 2 years preceding the LPD.

9. Material litigation, claims or arbitration

QCM is not involved in any material litigation, claim or arbitration, either as plaintiff or defendant, which has or would have a material and adverse effect on the financial position or business of QCM and, to the best of its director's knowledge and belief, its directors are not aware of any proceeding, pending or threatened or of any fact likely to give rise to any proceeding which might materially and adversely affect the financial position or business of QCM.

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QUILL CAPITA TRUST
(Incorporated in Malaysia)

Directors' Report of the Manager and Audited Financial Statements
31 December 2013

Quill Capita Trust

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The Manager's report

Quill Capita Management Sdn. Bhd., the Manager of Quill Capita Trust ("QCT"), is pleased to present the Manager's Report on QCT together with the audited financial statements of QCT for the financial year ended 31 December 2013.

QCT, the Manager and their principal activities

QCT was constituted under a Deed dated 9 October 2006 (the "Deed"), by Quill Capita Management Sdn. Bhd. as the manager (the "Manager") and Maybank Trustees Berhad as the trustee (the "Trustee") and a Supplemental Deed dated 27 August 2007 and Second Supplemental Deed dated 28 May 2013, and is categorised as a real estate investment trust. QCT commenced its operations in 2006 and was listed on the Main Market of Bursa Malaysia Securities Berhad on 8 January 2007.

The principal activity of QCT involves acquisition of and investment in commercial properties, primarily in Malaysia. The principal activity of each of the special purpose entities of the Group is to facilitate financing for QCT as disclosed in Note 21 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

The Manager is a company incorporated in Malaysia. The principal activity of the Manager is to manage real estate investment trust. There has been no significant change in the nature of this activity during the financial year.

Manager's fee and commission

Pursuant to the Deed, the Manager is entitled to receive from QCT:

(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.

Quill Capita Trust

Manager's fee and commission (cont'd.)

The Manager's remuneration is accrued and paid in accordance with the Deed. No fee or commission has been earned by the Manager in managing QCT other than as disclosed in Note 7 to the financial statements.

During the financial year, the Manager did not receive any soft commission (such as goods or services) from its broker, by virtue of transaction conducted by QCT.

Term of Trust

QCT will continue its operations until such time as determined by the Trustee and the Manager as provided under Clause 26 of the Deed.

Investment objective

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 and to achieve long-term growth in the net asset value per unit of QCT.

Investment strategies

The Manager plans to achieve the key investment objectives while seeking additional income growth and enhancement of QCT's property portfolio over time through the strategies as mentioned below:

(a) Acquisition growth and portfolio management strategy

The Manager seeks to selectively acquire additional properties that meet the investment criteria to enhance yields and return while improving portfolio diversification. The acquisition strategy takes into consideration rental yield, occupancy and tenant characteristics, location, value-adding opportunities, and building and facilities specifications.

The Manager intends to hold the properties on a long-term basis. However, at the appropriate time, the Manager will recommend an adjustment of the portfolio mix through acquisition or sale of one or more of the authorised investments or commercial properties with the objective of maximising total returns to unitholders. The proceeds from such sales would be either deployed to purchase other attractive authorised investments or, in the absence of appropriate investments, distributed to unitholders.

Quill Capita Trust

Investment strategies (cont'd.)

(b) Active asset management strategy

The Manager intends to increase the property yield of existing commercial space and correspondingly maximising returns from the existing commercial space by implementing the following:

(i) Maximisation of tenant retention through proactive tenant management and efficient property related services;

(ii) Diversification of tenant base to balance exposure to certain business sectors that are more susceptible to general economic cycles;

(iii) Implementation of proactive marketing plans;

(iv) Continued minimisation of property expenses without compromising on the quality of service; and

(v) Asset enhancement by constantly improving and maintaining the quality and physical condition of the properties in QCT's portfolio.

(c) Capital management strategy

The Manager employs appropriate debt and equity financing policies in financing acquisition and/or asset enhancements, and utilises appropriate hedging strategies to optimise risk adjusted returns to unitholders.

The Manager aims to optimise QCT's capital structure and cost of capital within the borrowing limits set out in the Guidelines on Real Estate Investment Trusts issued by Securities Commission Malaysia ("SC REIT Guidelines") and intends to use a combination of debt and equity to fund future acquisitions and improvement works. The strategies involve:

(i) Adopting and maintaining an optimal gearing level; and

(ii) Adopting an active interest rate management strategy to manage the risk associated with changes in interest rates,

while maintaining flexibility in QCT's capital structure to meet future investment and/or capital expenditure requirements.

There were no changes in the strategies adopted during the financial year, which are in line with those as stated in the prospectus dated 11 December 2006.

As these strategies still remain relevant for QCT under the current market conditions, the Manager will continue to adopt them in the coming year.

Quill Capita Trust

Investment strategies (cont'd.)

Investment policies

QCT's investments are subject to the investment limits imposed by the Guidelines on REIT.

The Manager will continue to comply with the SC Reit Guidelines and other requirements as imposed by the Securities Commission ("SC") from time to time and the Deed.

Performance of QCT

(i) Review of financial results for the year ended 31 December 2013

	Actual Financial year ended 31 December 2013 ("FY 2013") RM	**Actual Financial year ended 31 December 2012 ("FY 2012") RM**
Net property income	53,192,609	54,207,099
Net realised income	34,536,806	34,460,704
Realised earnings per unit ("EPU") (sen)	8.85	8.83
Total distribution relating to the income of the financial year	32,692,978	32,692,978
Distribution per unit ("DPU") (sen)	8.38	8.38

During the FY 2013, QCT achieved net property income of RM53.19 million, which represents a decrease of 1.9% as compared to the RM54.21 million achieved in FY 2012, mainly due to higher vacancy and higher repair costs, mitigated by rental increases in some properties. Finance costs of RM13.67 million is lower by 2.0% mainly due to lower interest costs resulting from the manager's active interest rate management strategy, and write back of over-accrued credit facility fee. Administrative expenses were lower due to write back of over accrued professional fee in relation to business development activities and higher professional fees incurred in FY 2012 in relation to refinancing matters. Not withstanding the lower net property income, the realised income achieved of RM34.54 million for FY 2013 is higher than the realised income achieved in FY 2012 by 0.2%, due to higher interest income, lower finance costs and lower administrative expenses.

Correspondingly, realised EPU for the FY 2013 of 8.85 sen has exceeded the realised EPU for the FY 2012 of 8.83 sen by 0.2%.

QCT has achieved a total DPU of 8.38 sen for the FY 2013, similar to the DPU for the FY 2012. An interim distribution of 4.10 sen has been paid in September 2013 and the proposed final income distribution of 4.28 sen will be recognised and paid in the immediate subsequent financial year.

Quill Capita Trust

Performance of QCT (cont'd.)

(i) Review of financial results for the year ended 31 December 2013 (cont'd.)

The Manager's active asset management strategy throughout the year has ensured successful tenancy renewals for most of the leases due in 2013. QCT's average occupancy rate for the year stood at 92% in terms of Net Lettable Area.

The performance of QCT for the FY 2013 is in line with its investment objective.

(ii) Analysis of QCT's performance based on changes in net asset value ("NAV") and NAV per unit since the previous financial year

For the FY 2013, QCT's total NAV and NAV per unit after proposed final income distribution increased to RM516.76 million and RM1.3246 per unit (2012: RM512.15 million and RM1.3128 per unit), mainly due to net change in fair values of investment properties of RM2.11 million (2012: RM5.62 million), net changes in fair values of derivatives and balance of undistributed income retained.

(iii) Analysis of QCT's performance based on changes in price since the previous financial year

For the FY 2013, the unit price of QCT has decreased from RM1.23 at the close of trade as at 31 December 2012 to RM1.18 at the close of trade as at 31 December 2013. The Manager believes that the movement in price is due to changes in market sentiment.

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Composition of investment portfolio

As at 31 December 2013, QCT's portfolio comprised ten commercial buildings. There were no changes to the portfolio composition as compared with the previous financial year ended 31 December 2012. The details of the portfolio are as follows:

(a) Quill Building 1 - DHL 1

Address/ location	3509 & 3511 Jalan Teknokrat 5, 63000 Cyberjaya, Selangor Darul Ehsan
Property type and age	Commercial building, 11 years
Description	4-storey office building together with a sub-basement and a basement car park
Tenure	Term in perpetuity
Net lettable area	92,284 square feet ("sq. ft.")
Existing use	Commercial building
Parking space	315 lots
Date of acquisition	20 November 2006
Acquisition price	RM52,100,000
Tenant	DHL Information Services (Asia-Pacific) Sdn. Bhd. (formerly known as Asia-Pacific Information Services Sdn.Bhd.)
Tenancy period	7 + 3 + 3 + 2 years from 1 April 2002
Occupancy rate	100%
Maintenance costs and capital expenditure for the year	RM850,966
Encumbrances	Charged to Malaysian Trustees Berhad as security agent
Date of last valuation	31 December 2013
Market value/ net carrying amount as at 31 December 2013	Note (i)
Name of valuer	Henry Butcher Malaysia Sdn. Bhd.

Quill Capita Trust

Composition of investment portfolio (cont'd.)

(b) Quill Building 4 - DHL 2

Address/ location	3509 & 3511, Jalan Teknokrat 5, 63000 Cyberjaya, Selangor Darul Ehsan
Property type and age	Commercial building, 8 years
Description	4-storey office building together with a sub-basement and 2 levels basement car park
Tenure	Term in perpetuity
Net lettable area	99,183 sq. ft.
Existing use	Commercial building
Parking space	309 lots
Date of acquisition	20 November 2006
Acquisition price	RM57,000,000
Tenant	DHL Information Services (Asia-Pacific) Sdn. Bhd. (formerly known as Asia-Pacific Information Services Sdn.Bhd.)
Tenancy period	7 + 3 + 2 years from 1 April 2006
Occupancy rate	100%
Maintenance costs and capital expenditure for the year	RM794,255
Encumbrances	Charged to Malaysian Trustees Berhad as security agent
Date of last valuation	31 December 2013
Market value/ net carrying amount as at 31 December 2013	Note (i)
Name of valuer	Henry Butcher Malaysia Sdn. Bhd.

Note (i) The respective pieces of land on which Quill Building 1 - DHL 1 and Quill Building 4 - DHL 2 are situated have been amalgamated on 14 August 2008 pursuant to the condition imposed by the Securities Commission during the initial public offering of QCT. As such, the valuations for Quill Building 1 - DHL 1 and Quill Building 4 - DHL 2 have since been carried out based on the amalgamated properties. Based on the latest valuation dated 31 December 2013, the total valuation of the two properties amounted to RM125,000,000.

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Composition of investment portfolio (cont'd.)

(c) Quill Building 2 - HSBC

Address/ location	3500, Jalan Teknokrat 3, 63000 Cyberjaya, Selangor Darul Ehsan
Property type and age	Commercial building, 10 years
Description	4-storey office building together with a sub-basement car park
Tenure	Term in perpetuity
Net lettable area	184,453 sq. ft.
Existing use	Commercial building
Parking space	505 lots
Date of acquisition	20 November 2006
Acquisition price	RM107,500,000
Tenant	HSBC Electronic Data Processing (Malaysia) Sdn. Bhd.
Tenancy period	6 + 3 + 2 years from 10 November 2003
Occupancy rate	100%
Maintenance costs and capital expenditure for the year	RM2,840,824
Encumbrances	Charged to Malaysian Trustees Berhad as security agent
Date of last valuation	31 December 2013
Market value/ net carrying amount as at 31 December 2013	RM119,000,000
Name of valuer	Henry Butcher Malaysia Sdn. Bhd.

Quill Capita Trust

Composition of investment portfolio (cont'd.)

(d) Quill Building 3 - BMW

Address/ location	3501, Jalan Teknokrat 5, 63000 Cyberjaya, Selangor Darul Ehsan
Property type and age	Commercial building, 9 years
Description	4-storey office building together with a level of sub-basement and a level of basement car park
Tenure	Term in perpetuity
Net lettable area	117,198 sq. ft.
Existing use	Commercial building
Parking space	340 lots
Date of acquisition	20 November 2006
Acquisition price	RM59,400,000
Major tenant and tenancy details	
Tenant	BMW Asia Technology Centre Sdn. Bhd.
Tenancy period	5 + 3 + 3 years from 1 December 2004
	5 + 3 + 1 + 1 years from 1 December 2004
Tenant	BMW Malaysia Sdn. Bhd.
Tenancy period	5 + 3 + 1 + 1 years from 1 December 2004
Tenant	PGS Data Processing & Technology Sdn. Bhd.
Tenancy period	5 + 5 + 5 years from 1 January 2007
Tenant	Affiliated Computer Services Malaysia Sdn. Bhd.
Tenancy period	2 + 1 years from 25 October 2011
Tenant	Agensi Inovasi Malaysia (formerly known as UNIK Corp)
Tenancy period	2 + 2 years from 1 September 2010
	2 + 0.5 + 0.5 + 0.5 years from 1 July 2011
Tenant	Huawei Technologies (Malaysia) Sdn. Bhd.
Tenancy period	3 + 3 years from 1 February 2012
Occupancy rate	82%
Maintenance costs and capital expenditure for the year	RM4,385,706
Encumbrances	Nil
Date of last valuation	31 December 2013
Market value/ net carrying amount as at 31 December 2013	RM73,060,000
Name of valuer	Henry Butcher Malaysia Sdn. Bhd.

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Composition of investment portfolio (cont'd.)

(e) Wisma Technip

Address/ location	241, Jalan Tun Razak, 50400 Kuala Lumpur
Property type and age	Office building, 20 years
Description	12-storey office building with a mezzanine floor and three split-levels basement car park
Tenure	Term in perpetuity
Net lettable area	233,021 sq. ft.
Existing use	Office building
Parking space	308 lots
Date of acquisition	3 September 2007
Acquisition price	RM125,000,000
Tenant	Technip Geoproduction (M) Sdn. Bhd.
Tenancy period	5 + 2 + 5 + 2 years from 1 January 2007
Occupancy rate	100%
Maintenance costs and capital expenditure for the year	RM5,461,862
Encumbrances	Charged to Hong Leong Investment Bank Berhad as security agent
Date of last valuation	31 December 2013
Market value/ net carrying amount as at 31 December 2013	RM161,100,000
Name of valuer	Henry Butcher Malaysia Sdn. Bhd.

Quill Capita Trust

Composition of investment portfolio (cont'd.)

(f) Commercial retail shops and car park lots of Plaza Mont' Kiara (part of Plaza Mont' Kiara)

Address/ location	Plaza Mont' Kiara 2, Jalan Kiara, Mont' Kiara, 50480 Kuala Lumpur
Property type and age	Commercial lots and car parks, 14 years
Description	An integrated retail/office commercial units located in Plaza Mont' Kiara, within the ground floors of Blocks A & B, Blocks C & D and at the basement and ground floor of Block E. The car park lots are located in Blocks A, B, C, D and E.
Tenure	Term in perpetuity
Net lettable area	73,408 sq. ft. (excluding 1,499 car park lots)
Existing use	Retail and car park
Parking space	1,499 lots
Date of acquisition	3 September 2007
Acquisition price	RM90,000,000
Tenant	Sunrise Berhad
Tenancy period	Master lease with Sunrise Berhad for a period of 7 years from 3 September 2007
Occupancy rate	100%
Maintenance costs and capital expenditure for the year	RM7,369
Encumbrances	Charged to Hong Leong Investment Bank Berhad as security agent
Date of last valuation	31 December 2013
Market value/ net carrying amount as at 31 December 2013	RM110,000,000
Name of valuer	Henry Butcher Malaysia Sdn. Bhd.

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Composition of investment portfolio (cont'd.)

(g) Quill Building 5 - IBM

Address/ location	3500, Jalan Teknokrat 3, 63000 Cyberjaya, Selangor Darul Ehsan
Property type and age	Commercial buildings, 6 years
Description	5-storey office building with one level of sub-basement and 1 1/2 levels of basement car park
Tenure	Term in perpetuity
Net lettable area	81,602 sq. ft.
Existing use	Commercial building
Parking space	241 lots
Date of acquisition	14 March 2008
Acquisition price	RM43,000,000
Tenant	IBM Malaysia Sdn. Bhd.
Tenancy period	3 + 2 + 1.4 + 3 + 3 years from 15 January 2008 3 + 3 + 3 years from 1 June 2011
Occupancy rate	91%
Maintenance costs and capital expenditure for the year	RM3,043,946
Encumbrances	Charged to Hong Leong Investment Bank Berhad as security agent
Date of last valuation	31 December 2013
Market value/ net carrying amount as at 31 December 2013	RM45,200,000
Name of valuer	Henry Butcher Malaysia Sdn. Bhd.

Quill Capita Trust

Composition of investment portfolio (cont'd.)

(h) Quill Building 8 - DHL XPJ

Address/ location	8, Jalan Pemaju U1/15, Seksyen U1, 40150 Shah Alam, Selangor Darul Ehsan
Property type and age	Industrial building, 7 years
Description	3-storey office building with an annexed single storey detached warehouse
Tenure	Term in perpetuity
Net lettable area	65,205 sq. ft.
Existing use	Office building
Parking space	NIL
Date of acquisition	25 March 2008
Acquisition price	RM28,800,000
Tenant	DHL Express (Malaysia) Sdn. Bhd.
Tenancy period	5 + 5 years from 1 July 2006
Occupancy rate	92%
Maintenance costs and capital expenditure for the year	RM392,614
Encumbrances	Charged to Hong Leong Investment Bank Berhad as security agent
Date of last valuation	31 December 2013
Market value/ net carrying amount as at 31 December 2013	RM26,200,000
Name of valuer	Henry Butcher Malaysia Sdn. Bhd.

Quill Capita Trust

Composition of investment portfolio (cont'd.)

(i) Quill Building 10 - HSBC Section 13

Address/ location	2A, Lorong 13/6A, Section 13, 46200 Petaling Jaya, Selangor Darul Ehsan
Property type and age	Commercial building, 6 years
Description	5-storey office building with basement car park
Tenure	Leasehold for 99 years expiring 27 January 2063 (unexpired term of 50 years)
Net lettable area	68,377 sq. ft.
Existing use	Commercial building
Parking space	74 lots
Date of acquisition	25 March 2008
Acquisition price	RM22,740,000
Tenant	NIL
Tenancy period	NIL
Occupancy rate	Vacant
Maintenance costs and capital expenditure for the year	RM305,052
Date of last valuation	31 December 2013
Market value/ net carrying amount as at 31 December 2013	RM26,500,000
Name of valuer	Henry Butcher Malaysia Sdn. Bhd.

Quill Capita Trust

Composition of investment portfolio (cont'd.)

(j) TESCO Building, Penang

Address/ location	1, Lebuh Tengku Kudin 1, 11700 Penang
Property type and age	Commercial building, 9 years
Description	3-storey building
Tenure	Term in perpetuity
Net lettable area	275,020 sq. ft.
Existing use	Commercial building
Parking space	1,050 lots
Date of acquisition	7 November 2008
Acquisition price	RM132,000,000
Tenant	Tesco Stores (Malaysia) Sdn. Bhd.
Tenancy period	29 October 2004 to 31 August 2032
Occupancy rate	100%
Maintenance costs and capital expenditure for the year	RM614,207
Encumbrances	Charged to Malaysian Trustees Berhad as security agent
Date of last valuation	31 December 2013
Market value/ net carrying amount as at 31 December 2013	RM139,500,000
Name of valuer	Henry Butcher Malaysia Sdn. Bhd.

Maintenance costs incurred for all the properties are mainly expenses incurred for the upkeep of properties.

Quill Capita Trust

Review of the market in which QCT invests in during the period and future prospects of the market

Klang Valley Office Sector

The cumulative supply of purpose built offices in the Klang Valley increased to approximately 110.35 million sq. ft. as at Q3 2013. There are a total of 36 office/commercial development projects currently under construction which will add another 17.8 million sq. ft. of space to the market in the future.

Nearly 74.0% of the office supply is located in Kuala Lumpur whilst the remaining 26.0% is spread over the rest of the Klang Valley. The occupancy rate of purpose built offices in the Klang Valley remained fairly stable at 77.68% in Q3 2013 (2012: 77.58%). Occupancy rates of office buildings in Kuala Lumpur have improved by 2.0% from 76.8% in 2012 to 78.8% in Q3 2013. On the other hand, the office occupancy rates in other parts of Klang Valley declined to 74.4% in Q3 2013 (2012: 76.1%) due to the increase in office space of approximately 62,346 sq. ft. in Petaling Jaya.

The office rental market in Klang Valley is generally stable for the first half of 2013. Average asking rentals of purpose-built offices in Kuala Lumpur remained between RM5.00 per sq. ft. and RM12.00 per sq. ft. Petronas Twin Towers (Tower 2) maintained the highest rental of between RM9.00 per sq. ft. to RM12.00 per sq. ft.

In terms of transactions, the office sector in Klang Valley was more active in year 2012 compared to the 1st half of this year. There were 9 major transactions recorded with a combined worth of approximately RM718.35 million in 2012. These included 4 buildings in Bangsar South, 2 buildings along Jalan Ampang, 1 each in Mutiara Damansara, Jalan Syed Putra and Jalan Cheng Lock. Menara CMY recorded the highest transaction price in 2012 in terms of per built-up area (RM955 per sq. ft.). As at 1st half of 2013, only 1 purpose-built office was transacted which a 16 storey office building is known as Wisma MBSB at Leboh Ampang.

The office sector has been challenging especially for smaller offices and older office buildings as new office developments have incorporated many new features e.g. MSC status, green features and larger floor plates. This is seen in the higher rental rate achieved by the newer office buildings and office buildings in prime locations.

The supply of office space in Kuala Lumpur City Centre will see a substantial increase upon the completion of major developments like KL Eco City, Tun Razak Exchange (TRX), Bukit Bintang Commercial Centre, Bandar Malaysia and Warisan Merdeka KL. The office market will face an oversupply situation once all these projects are completed together with other office developments which are currently under construction. Furthermore, these major developments are situated on large land parcels with a variety of facilities and amenities, which will make them more attractive to the office end-users and result in migration of businesses from older buildings to these newer higher quality buildings.

Quill Capita Trust

Review of the market in which QCT invests in during the period and future prospects of the market (cont'd.)

Putrajaya/ Cyberjaya Office Sector

The total supply of purpose built offices in Putrajaya / Cyberjaya stood at 24.38 million sq. ft. as at Q3 2013, an increase of 4.9% from the year before. Putrajaya accounts for about 21.28 million sq. ft. (87.3% of total supply) whilst Cyberjaya contributes the remaining 3.1 million sq. ft. (12.7% of total supply). Nearly 90% of the office space (19.10 million sq. ft) in Putrajaya are government buildings.

There were 5 purpose built office buildings with a total floor area of 1.65 million sq. ft. which were under construction in Putrajaya as at Q3 2013 whilst there were no new office buildings in the pipeline in Cyberjaya.

The overall occupancy rate of purpose-built office buildings within Cyberjaya in Q3 2013 has increased to 67.2% (2012: 50.3%). The occupancy rate of office space in Putrajaya has also increased about 1.9% to 95.2% in Q3 2013.

Rental rates of purpose built offices in both Putrajaya and Cyberjaya have been fairly stable for few years. Rental rates of purpose built offices in Putrajaya range between RM3.50 to RM5.20 per sq. ft. whilst rentals of offices in Cyberjaya are generally between RM4.00 to RM4.50 per sq. ft. Block 2330, Century Square is still the highest rental achiever amongst the office building in Cyberjaya with a rental of RM4.50 to RM5.60 per sq. ft. except for its ground floor units which have larger floor areas which were tenanted at between RM3.20 to RM3.80 per sq. ft.

Cyberjaya has grown from being just "The Silicon Valley of Malaysia" with residents mainly being ICT employees and university students, into a township which continues to attract more property investors and developers. Over the last few years, key property sector players such as Paramount Corporation Berhad, Mah Sing Group, SP Setia and UEM Sunrise have rapidly started developments in Cyberjaya.

Cyberjaya is expected to become a more vibrant and self-sustaining township upon the completion of few retail malls / commercial hubs and the realization of plans to expand the LRT/MRT and public bus services to a radius of 50km. These include the proposed MRT Line 3 (which extends the line from Selayang to Putrajaya) and the new transport terminal connecting the future Putrajaya Monorail extension. The improvement of accessibility, infrastructure and amenities is expected to attract more people to live and work in Cyberjaya, thus filling up offices, residential and commercial space.

Quill Capita Trust

Review of the market in which QCT invests in during the period and future prospects of the market (cont'd.)

Penang Retail Sector

As at end 2012, the cumulative supply of retail space on Penang Island amounted to 9.49 million sq. ft. Total retail stock on Penang Island increased by an average of 0.392 million sq. ft. per annum over the 5-year period between 2008 and 2012. Total stock was 7.53 million sq. ft. in 2008 which increased to 9.49 million sq. ft. in 2012 and registered an average annual growth rate of 4.74%.

As at end 2012, there are total of 4 shopping centres which are presently under construction and another 4 retail malls which the construction works have yet to be commenced within Penang Island. Upon completion of these shopping complexes, a total net lettable area (NLA) of 2.4 million square feet will be added into the retail market on Penang Island.

According to the NAPIC Report, the retail market in Penang State generally remained stable and healthy. Retail complexes on Penang Island are found to record satisfactory take-up in terms of occupancy. As at end 2012, the overall average occupancy rate of retail accommodation in Penang State was recorded at 68.96%, an increase of 0.16 percentage points from 2011's level which recorded at 68.80%.

The overall average occupancy rate of retail accommodation on Penang Island registered a marginal improvement of 0.97 percentage points from 2011's level of 74.02% to 2012's level of 74.99%. A positive take-up of 91,816 sq. ft. was recorded in 2012. This was mainly due to the improvement of occupancy rates in Gurney Plaza shopping centre and 1st Avenue Mall in Georgetown.

Generally, the capitalisation rates of retail malls on Penang Island which have been transacted over the last 3 years are being analysed at the approximately 5.7% - 6.83%.

Rentals of retail space in shopping complexes in Penang were generally stable with minimal movement recorded in a few prime retail centres on the island. The monthly rental rates for the prime and secondary retail accommodation are ranged between RM0.90 to RM35.00 per sq. ft. and RM0.60 to RM15.00 per sq. ft. respectively depending on the size and exact location of the retail outlets.

Quill Capita Trust

Income distribution

In line with the Deed, 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.

During the year, an interim distribution of 4.10 sen per unit was paid on 9 September 2013, being distribution of income for the period from 1 January 2013 to 30 June 2013.

The Manager has declared a final gross distribution for the financial year ended 31 December 2013 of 4.28 sen per unit, being distribution of income for the period from 1 July 2013 to 31 December 2013. The said declared distribution will be payable on 10 March 2014.

The total distribution declared is 8.38 sen per unit, totalling RM32,692,978 representing approximately 94.7% of the total realised income after taxation for the financial year ended 31 December 2013. The details of the total distribution for the financial year ended 31 December 2013 are disclosed in Note 12 to the financial statements.

Income distributed to resident individuals, non-resident individuals, resident institutional investors, non-resident institutional investors and non-resident companies are subject to withholding tax.

The applicable tax rates for income distribution payable in year 2014 are as follows:

Resident and non-resident individuals	10%
Resident and non-resident institutional investors	10%
Resident companies (flow through)	0%
Non-resident companies	25%

	Before proposed final income distribution RM	**After proposed final income distribution RM**
Net asset value ("NAV") per unit	1.3674	1.3246

Quill Capita Trust

Breakdown of unitholdings as at 31 December 2013

	Number of unitholders	Number of unitholdings	Percentage of unitholdings
Unit class			
Less than 100	10	260	0.00
100 to 1,000	391	315,640	0.08
1,001 to 10,000	1,406	7,742,800	1.98
10,001 to 100,000	865	31,014,300	7.95
100,001 to less than 5% of approved fund size	139	116,978,000	29.98
5% and above of approved fund size	4	234,080,000	60.00
	2,815	390,131,000	100.00

Reserves and provisions

There were no material transfers to and from reserves or provisions during the financial year other than as disclosed in the statement of changes in net asset value.

Directors

The names of the directors of the Manager in office since the date of last report and the date of this report are:

Dato' Dr. Jennifer Low, J.P.	(appointed on 12 June 2006)
Dato' Michael Ong Leng Chun	(appointed on 12 June 2006)
Wen Khai Meng	(appointed on 2 July 2007)
Datuk Dr. Mohamed Arif Bin Nun	(appointed on 25 September 2006)
Dato' Mohammed Bin Haji Che Hussein	(appointed on 11 July 2008)
Yap Kim Swee	(appointed on 1 December 2008)
Aw Hong Boo (Alternate to Dato' Dr. Jennifer Low, J.P.)	(appointed on 25 September 2006)
Chong Lit Cheong	(appointed on 31 May 2012)
Foong Soo Hah	(appointed on 11 April 2013)
Datuk Hj Abdul Karim Bin Abu Bakar	(resigned on 18 March 2013)

Quill Capita Trust

Directors' benefit

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Manager was a party, whereby the directors of the Manager might acquire benefits by means of the acquisition of units in or debentures of QCT or any other body corporate.

Since the end of the previous financial year, no director of the Manager has received or become entitled to receive a benefit by reason of a contract made by QCT or a related corporation with any director of the Manager or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest, save for as disclosed under "Particular of material contracts of QCT involving the management company and/ or major unitholders' interests" in page 22.

Directors' interests

		Units as at 1 January 2013	Number of units acquired/ (disposed)	Units as at 31 December 2013
Direct interest:				
Dato' Dr. Jennifer Low, J.P.		50,000	-	50,000
Dato' Michael Ong Leng Chun		55,000	-	55,000
Datuk Dr. Mohamed Arif Bin Nun		50,000	(40,000)	10,000
Aw Hong Boo (Alternate to Dato' Dr. Jennifer Low, J.P.)		50,000	-	50,000
Indirect interest:				
Dato' Dr. Jennifer Low, J.P.	(a)	117,040,000	-	117,040,000
Dato' Michael Ong Leng Chun	(b)	117,040,000	-	117,040,000

(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..

Except for the direct and indirect directors' interests disclosed above, none of the other directors of the Manager in office at the end of the financial year had any interest in QCT.

Quill Capita Trust

Issuance of new units

There was no issuance of new units during the financial year ended 31 December 2013.

Utilisation of proceeds raised from issuance of new units

There were no proceeds raised as there was no issuance of new units during the financial year ended 31 December 2013.

Particulars of all sanctions and/or penalties imposed on QCT, directors of the management company or the management company by the relevant regulatory bodies

During the financial year ended 31 December 2013, there were no sanctions and/or penalties imposed on QCT, its Manager and/or directors of its Manager by any of the relevant regulatory bodies.

Amount of non-audit fees incurred for services rendered to QCT by its auditors, or a firm of company affiliated to the auditors' firm

During the financial year ended 31 December 2013, there was a non-audit fee of RM5,000 for the review of Statement of Internal Control services rendered to QCT by its auditors.

Particulars of material contracts of QCT involving the management company and/or major unitholders' interests

Details of material contracts with related parties other than manager's fee to the Manager is as follows (refer Note 30 to financial statements) :

(i) Award of a contract of asset enhancement works of RM6.32 million to Quill Construction Sdn. Bhd. ("QCSB"), by the Manager of QCT on 25 October 2013.

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

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

Quill Capita Trust

Changes in material litigations

The Manager is not aware of any pending material litigations since the last reporting date up to the date of this report.

Manager's responsibility for the annual audited accounts

The Manager is responsible for the preparation of the annual audited financial statements of the Group.

Other statutory information

(a) Before the statement of comprehensive income and statement of financial position of the Group were made out, the directors of the Manager took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts of receivables and satisfied themselves that there were no known bad debts and that no allowance for impairment of receivables was necessary; and

(ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the directors of the Manager are not aware of any circumstances which would render:

(i) it necessary to write off any bad debts or to make any allowance for impairment of receivables in respect of the financial statements of the Group; and

(ii) the values attributed to the current assets in the financial statements of the Group misleading.

(c) At the date of this report, the directors of the Manager are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group misleading or inappropriate.

(d) At the date of this report, the directors of the Manager are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group which would render any amount stated in the financial statements misleading.

(e) At the date of this report, the directors of the Manager are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group which would materially affect the interests of the unitholders.

Quill Capita Trust

Other statutory information (cont'd.)

(f) At the date of this report, there does not exist:

(i) any charge on the assets of the Group which has arisen since the end of the financial year which secures the liabilities of any other person; or

(ii) any contingent liability of the Group which has arisen since the end of the financial year.

(g) In the opinion of the directors of the Manager:

(i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group to meet its obligations when they fall due; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group for the financial year in which this report is made.

Other significant events

Other than as disclosed elsewhere in this report, there were no other significant events during the year.

Subsequent events

As announced to Bursa Malaysia Securities Berhad on 29 January 2014, Maybank Trustees Berhad, acting as trustee for QCT, had on 29 January 2014, entered into a Heads of Agreement ("HOA") with MRCB Sentral Properties Sdn Bhd ("MSP") for the proposed acquisition of a freehold land held under GRN 46222, Lot 73 Section 0070, Town and District of Kuala Lumpur, together with a commercial development known as Platinum Sentral, consisting of 5 blocks of 4 to 7 storey commercial buildings, a multi-purpose hall and 2 levels of car park, bearing the postal address of Platinum Sentral, Jalan Stesen Sentral, Kuala Lumpur Sentral, 50470 Kuala Lumpur for a purchase consideration of RM750 million ("Proposed Acquisition").

Quill Capita Trust

Subsequent events (cont'd.)

The purchase consideration of RM750 million for the Proposed Acquisition is subject to a valuation to be carried out by an independent valuer to be appointed and will be satisfied by QCT in the following manner:

(i) RM486,000,000 in cash, of which a refundable earnest deposit of RM15,000,000 shall be payable upon the execution of the HOA; and

(ii) RM264,000,000 by the issuance of new units in QCT at an issue price of RM1.32 per unit.

QCT intends to fund the cash portion of the purchase consideration through borrowings and/or fund raising via issuance of new units.

The Proposed Acquisition shall be conditional upon, among others, approvals being obtained from the shareholders of MSP and/or its holding company, the board of directors of Quill Capital Management Sdn Bhd ("QCM"), unitholders of QCT, Securities Commission Malaysia, Bursa Malaysia Securities Berhad and the execution of the following definitive agreements:

(i) MRCB entering into a share sale agreement to acquire 40% equity stake and 1% equity stake in QCM from CapitaLand RECM Pte Ltd ("CRPL") and Coast Capital Sdn Bhd ("CCSB") respectively; and

(ii) Quill Resources Holdings Sdn Bhd ("QRHSB"), one of the existing shareholders of QCM, entering into a share sale agreement to acquire an additional 9% equity stake in QCM from CCSB.

A definitive sale and purchase agreement ("SPA") in respect of the Proposed Acquisition shall be entered into between the REIT Trustee and MSP (collectively, the "Parties") within 30 business days from the date of the HOA ("Cut-Off-Date"), with an automatic extension of a further period of 15 business days in the event that parties are unable to complete their due diligence investigations by the Cut-Off Date, and thereafter, such further extension of time as may be mutually agreed.

During this time, or up to the date when the Parties have entered into a definitive SPA, the Parties agree to co-operate exclusively with each other with respect to the Proposed Acquisition.

A detailed announcement will be made upon the finalisation of the terms and conditions of the Proposed Acquisition.

Quill Capita Trust

Auditors

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Manager, Quill Capita Management Sdn. Bhd..

Dato' Michael Ong Leng Chun
Director

Dato' Mohammed Bin Haji Che Hussein
Director

Kuala Lumpur, Malaysia
21 February 2014

Quill Capita Trust

Statement by manager

We, Dato' Michael Ong Leng Chun and Dato' Mohammed Bin Haji Che Hussein, being two of the directors of the Manager, Quill Capita Management Sdn. Bhd., do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 31 to 88 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and applicable provisions of the Deed and Guidelines on Real Estate Investment Trusts issued by Securities Commission Malaysia so as to give a true and fair view of the financial position of the Group as at 31 December 2013 and its financial performance and cash flows of the Group for the year then ended.

Signed on behalf of the Manager, Quill Capita Management Sdn. Bhd..

Dato' Michael Ong Leng Chun
Director

Dato' Mohammed Bin Haji Che Hussein
Director

Kuala Lumpur, Malaysia
21 February 2014

Statutory declaration

I, Yong Su-Lin, being the officer primarily responsible for the financial management of Quill Capita Trust, do solemnly and sincerely declare that the accompanying financial statements set out on pages 31 to 88 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
the abovenamed Yong Su-Lin
at Kuala Lumpur in the Federal Territory
on 21 February 2014.

Yong Su-Lin

Before me,
Commissioner of Oath

PESURUHJAYA SUMPAH
No: W 562
Nama: MOHAMMAD ROSLAN BIN MUSTAFA
MALAYSIA

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Plaza Damas,
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TRUSTEE'S REPORT TO THE UNITHOLDERS OF QUILL CAPITA TRUST

We have acted as Trustee of Quill Capita Trust ("QCT") for the financial year ended 31 December 2013. To the best of our knowledge, Quill Capita Management Sdn. Bhd. (the "Manager") has managed QCT in the financial year under review in accordance to the following:

(a) the limitation imposed on the investment powers of the Manager and the Trustee under the Deed, other applicable provisions of the Deed, the Guidelines on Real Estate Investment Trusts issued by Security Commission Malaysia, the Capital Markets & Services Act 2007 and other applicable laws; and

(b) the valuation of QCT is carried out in accordance with the Deed and other regulatory requirements.

An interim distribution of 4.10 sen per unit has been distributed to the unitholders of QCT on 9 September 2013 for the financial period from 1 January 2013 to 30 June 2013, and a final distribution of 4.28 sen per unit being income distribution for the period 1 July 2013 to 31 December 2013 will be payable on 10 March 2014.

We are of the view that the distributions are consistent with the objectives of QCT.

For and on behalf of MAYBANK TRUSTEES BERHAD
(Company No.: 5004-P)

BERNICE K M LAU
Head, Operations
Kuala Lumpur

Date:

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Independent auditors' report to the unitholders of Quill Capita Trust

Report on the financial statements

We have audited the financial statements of Quill Capita Trust ("QCT"), which comprise the statement of financial position as at 31 December 2013, and the statement of comprehensive income, statement of changes in net asset value and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 31 to 88.

Manager's and Trustee's responsibility for the financial statements

The Manager of QCT is responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and applicable provisions of the Deed and Guidelines on Real Estate Investment Trusts issued by Security Commission Malaysia. The Manager is also responsible for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to QCT's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of QCT's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Manager, as well as evaluating the overall presentation of the financial statements.

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Independent auditors' report to the unitholders of Quill Capita Trust (cont'd.)

Auditors' responsibility (cont'd.)

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of QCT as at 31 December 2013 and of its financial performance, the changes in net asset value and the cash flows of QCT for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and applicable provisions of the Deed and Guidelines on Real Estate Investment Trusts issued by Securities Commission Malaysia.

Other matters

This report is made solely to the unitholders of QCT, as a body, and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young
AF: 0039
Chartered Accountants

Kua Choh Leang
No. 2716/01/15(J)
Chartered Accountant

Kuala Lumpur, Malaysia
21 February 2014

Quill Capita Trust

Statement of comprehensive income
For the financial year ended 31 December 2013

	Note	Group 2013 RM	Group 2012 RM
Total income			
Revenue	5	68,937,001	69,490,375
Property operating expenses	6	(15,744,392)	(15,283,276)
Net property income		53,192,609	54,207,099
Interest income		783,331	717,629
Net fair value gain on investment properties	14	2,107,591	5,615,700
		56,083,531	60,540,428
Total expenditure			
Manager's fee	7	(5,331,990)	(5,350,626)
Trustee's fee	8	(258,121)	(254,659)
Finance costs	9	(13,665,545)	(13,944,726)
Valuation fees		(190,000)	(203,200)
Auditors' remuneration		(139,980)	(134,500)
Tax agent's fee		(120,000)	(18,700)
Administrative expenses		266,502	(557,613)
		(19,439,134)	(20,464,024)
Income before tax		36,644,397	40,076,404
Income tax expense	10	-	-
Income net of tax		36,644,397	40,076,404
Other comprehensive income:			
Net fair value gain/(loss) on derivatives		682,760	(347,037)
Adjustment of remeasurement of matured derivatives		(23,196)	-
Total comprehensive income for the year		37,303,961	39,729,367
Net income for the year is made up as follows:			
- Realised		34,536,806	34,460,704
- Unrealised		2,107,591	5,615,700
		36,644,397	40,076,404

Quill Capita Trust

Statement of comprehensive income (cont'd.)
For the financial year ended 31 December 2013

		Group	
	Note	**2013**	**2012**
Earnings per unit			
After manager's fee (sen)	11(a)	9.39	10.27
Before manager's fee (sen)	11(b)	10.76	11.64
Earnings per unit (realised)			
After manager's fee (sen)	11(c)	8.85	8.83
Before manager's fee (sen)	11(d)	10.22	10.20
Income distribution			
Interim distribution of 4.10 sen paid on 29 August 2012 (RM)	12	-	15,995,371
Interim distribution of 4.10 sen paid on 9 September 2013 (RM)	12	15,995,371	-
Proposed final distribution:			
- 4.28 sen payable on 12 March 2013 (RM)	12	-	16,697,607
- 4.28 sen payable on 10 March 2014 (RM) ***	12	16,697,607	-
		32,692,978	32,692,978
Income distribution per unit *			
Interim distribution per unit			
Gross (sen) **		4.10	4.10
Final distribution per unit			
Gross (sen) **		4.28	4.28

* Based on 390,131,000 units entitled to distribution.

** Income distributed to resident individuals, non-resident individuals, resident institutional investors, non-resident institutional investors and non-resident companies are subject to witholding tax.

*** The proposed final income distribution will be recognised and paid in the immediate subsequent financial year.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Quill Capita Trust

Statement of financial position
As at 31 December 2013

	Note	Group 2013 RM	Group 2012 RM
Assets			
Non-current assets			
Plant and equipment	13	9,482	17,198
Investment properties	14	825,560,000	820,500,000
Derivatives	16	1,023,184	-
		826,592,666	820,517,198
Current assets			
Trade and other receivables	15	2,612,114	8,871,804
Derivatives	16	-	373,292
Cash and bank balances	17	30,915,413	30,452,227
		33,527,527	39,697,323
Total assets		860,120,193	860,214,521
Unitholders' funds and liabilities			
Unitholders' funds attributable to unitholders of QCT			
Unitholders' capital	20	411,712,067	411,712,067
Undistributed and Non-Distributable Income		121,747,889	117,136,906
Total unitholders' funds		533,459,956	528,848,973
Non-current liabilities			
Derivatives	16	-	9,672
Borrowings	19	304,887,413	188,661,043
Security deposits		4,756,365	6,040,680
		309,643,778	194,711,395
Current liabilities			
Trade and other payables	18	11,650,980	11,344,563
Borrowings	19	-	116,819,927
Security deposits		5,365,479	8,489,663
		17,016,459	136,654,153

Quill Capita Trust

Statement of financial position (cont'd.)
As at 31 December 2013

	Note	Group 2013 RM	Group 2012 RM
Total liabilities		326,660,237	331,365,548
Total unitholders' funds and liabilities		860,120,193	860,214,521
Net asset value per unit			
Before income distribution[1]		1.3674	1.3556
After income distribution[2]		1.3246	1.3128
Number of units in circulation			
As at 31 December (units)	20	390,131,000	390,131,000

[1] Before the proposed final income distribution of 4.28 sen per unit (2012: 4.28 sen per unit)
[2] After the proposed final income distribution of 4.28 sen per unit (2012: 4.28 sen per unit)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Quill Capita Trust

Statement of changes in net asset value
For the financial year ended 31 December 2013

Group	Note	Unitholders' capital RM	Distributable: Undistributed income realised RM	Non-distributable: Undistributed income unrealised RM	Non-distributable: Net fair value (loss)/gain on derivatives unrealised RM	Total Undistributed and Non-Distributable Income RM	Unitholders' funds RM
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		-	34,536,806	2,107,591	659,564	37,303,961	37,303,961
Adjustment of remeasurement of matured derivatives		-	363,911	(1,871,819)	1,507,908	-	-
		411,712,067	58,292,279	95,125,404	1,023,184	154,440,867	566,152,934
Transactions with unitholders							
Distribution to unitholders		-	(32,692,978)	-	-	(32,692,978)	(32,692,978)
At 31 December 2013		411,712,067	25,599,301	95,125,404	1,023,184	121,747,889	533,459,956
At 1 January 2012		411,712,067	21,701,862	89,273,932	(797,251)	110,178,543	521,890,610
Total comprehensive income		-	34,460,704	5,615,700	(347,037)	39,729,367	39,729,367
		411,712,067	56,162,566	94,889,632	(1,144,288)	149,907,910	561,619,977
Transactions with unitholders							
Distribution to unitholders		-	(32,771,004)	-	-	(32,771,004)	(32,771,004)
At 31 December 2012		411,712,067	23,391,562	94,889,632	(1,144,288)	117,136,906	528,848,973

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Quill Capita Trust

Statement of cash flows
For the financial year ended 31 December 2013

	Note	Group 2013 RM	Group 2012 RM
Operating activities			
Income before tax		36,644,397	40,076,404
Adjustments for:			
Finance costs	9	13,665,545	13,944,726
Depreciation of plant and equipment	13	7,716	5,108
Net fair value gain on investment properties	14	(2,107,591)	(5,615,700)
Interest income		(783,331)	(717,629)
Total adjustments		10,782,339	7,616,505
Operating cash flows before changes in working capital		47,426,736	47,692,909
Changes in working capital:			
Decrease/(Increase) in trade and other receivables		5,702,800	(6,444,428)
Decrease in trade and other payables		(4,492,530)	(1,007,288)
Total changes in working capital		1,210,270	(7,451,716)
Cash flows from operations		48,637,006	40,241,193
Income taxes paid		-	-
Net cash flows generated from operating activities		48,637,006	40,241,193
Investing activities			
Additions to investment properties		(2,952,409)	(14,800)
Purchase of plant and equipment		-	(21,900)
Interest income		785,523	724,443
Net cash flows (used in)/generated from investing activities		(2,166,886)	687,743
Financing activities			
Distribution to unitholders		(32,692,978)	(32,771,004)
Proceeds from borrowings		117,000,000	-
Repayment of borrowings		(117,000,000)	-
Finance costs paid		(13,313,956)	(13,515,422)
Net cash flows used in financing activities		(46,006,934)	(46,286,426)
Net change in cash and cash equivalents		463,186	(5,357,490)
Cash and bank balances at 1 January		30,452,227	35,809,717
Cash and bank balances at 31 December	17	30,915,413	30,452,227

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Quill Capita Trust

Notes to the financial statements for the financial year ended 31 December 2013

1. QCT, the Manager and their principal activities

Quill Capita Trust ("QCT") was constituted under a Deed dated 9 October 2006 (the "Deed"), by Quill Capita Management Sdn. Bhd. as the manager (the "Manager") and Maybank Trustees Berhad as the trustee (the "Trustee"), and a Supplemental Deed dated 27 August 2007 and Second Supplemental Deed dated 28 May 2013, and is categorised as a real estate investment trust. QCT commenced its operations in 2006 and was listed on the Main Market of Bursa Malaysia Securities Berhad on 8 January 2007.

The principal activity of QCT involves acquisition of and investment in commercial properties, primarily in Malaysia. The principal activity of each of the special purpose entities of QCT is to facilitate financing for QCT as disclosed in Note 21. There have been no significant changes in the nature of these activities during the financial year.

The Manager is a company incorporated in Malaysia. The principal activity of the Manager is to manage real estate investment trust. There has been no significant change in the nature of this activity during the financial year.

The financial statements were authorised for issue by the Manager in accordance with a resolution of its directors on 21 February 2014.

2. Term of QCT

QCT will continue its operations until such time as determined by the Trustee and the Manager as provided under Clause 26 of the Deed.

3. Summary of significant accounting policies

3.1 Basis of preparation

The financial statements of the Group have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and applicable provisions of the Deed and Guidelines on Real Estate Investment Trusts issued by Securities Commission Malaysia.

The financial statements have been prepared on the historical cost basis, except as disclosed in the accounting policies below.

The financial statements are presented in Ringgit Malaysia ("RM").

Quill Capita Trust

3. Summary of significant accounting policies (cont'd.)

3.2 Summary of significant accounting policies

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of QCT and the special purpose entities ("SPEs") (collectively known as "the Group") as disclosed in Note 21. The SPEs are established for the specific purpose of raising financing on behalf of QCT for the acquisition of real estate and single-purpose companies. An SPE is consolidated if, based on an evaluation of the substance of its relationship with QCT and the SPE's risks and rewards, 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.

(b) Plant and equipment

All items of plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised in profit or loss.

Subsequent to recognition, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. When significant parts of plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied.

Quill Capita Trust

3. Summary of significant accounting policies (cont'd.)

3.2 Summary of significant accounting policies (cont'd.)

(b) Plant and equipment (cont'd.)

Depreciation of plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Plant and machinery	20%
Office equipment	33% - 50%
Furniture and fittings	33%

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of plant and equipment.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

(c) Investment properties

Investment properties consist of investment in real estate assets primarily in commercial properties.

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, investment properties are measured at fair value which reflects market conditions at the reporting date. Fair value is arrived at by discounting cash flow projections based on reliable estimates of future cash flows, supported by the terms of any existing lease and other contracts and (when possible) by external evidence such as current market rent for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

Quill Capita Trust

3. Summary of significant accounting policies (cont'd.)

3.2 Summary of significant accounting policies (cont'd.)

(c) Investment properties (cont'd.)

Gains or losses arising from changes in the fair values of investment properties are recognised in profit or loss in the year in which they arise.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in the profit or loss in the year of retirement or disposal.

(d) Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, QCT makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated to reduce the carrying amount of the assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

Quill Capita Trust

3. Summary of significant accounting policies (cont'd.)

3.2 Summary of significant accounting policies (cont'd.)

(d) Impairment of non-financial assets (cont'd.)

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

(e) Financial assets

Financial assets are recognised in the statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group determines the classification of its financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets.

(i) Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Quill Capita Trust

3. Summary of significant accounting policies (cont'd.)

3.2 Summary of significant accounting policies (cont'd.)

(e) Financial assets (cont'd.)

(i) Financial assets at fair value through profit or loss (cont'd.)

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that are held primarily for trading purposes are presented as current whereas financial assets that are not held primarily for trading purposes are presented as current or non-current based on the settlement date.

(ii) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

(iii) Available-for-sale financial assets

Available-for-sale are financial assets that are designated as available for sale or are not classified in any of the two preceding categories.

Quill Capita Trust

3. Summary of significant accounting policies (cont'd.)

3.2 Summary of significant accounting policies (cont'd.)

(e) Financial assets (cont'd.)

(iii) Available-for-sale financial assets (cont'd.)

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group's right to receive payment is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less any accumulated impairment losses.

Available-for-sale financial assets are classified as non-current unless they are expected to be realised within 12 months after the reporting date.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date, the date that the Group commits to purchase or sell the asset.

Quill Capita Trust

3. Summary of significant accounting policies (cont'd.)

3.2 Summary of significant accounting policies (cont'd.)

(f) Derivative financial instruments and hedging activities

The Group holds derivative financial instruments to hedge its interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through profit or loss.

On initial designation of the derivative as the hedging instrument, the Group formally documents the relationship between the hedging instrument and hedged item, including the risk management objectives and strategy in undertaking the hedge transaction and the hedged risk, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Group makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, of whether the hedging instruments are expected to be "highly effective" in offsetting the changes in the fair value or cash flows of the respective hedged items attributable to the hedged risk, and whether the actual results of each hedge are within a range of 80% - 125%.

For a cash flow hedge of a forecast transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that could ultimately affect reported profit or loss.

(i) Cash flows hedges

Changes in the fair value of the derivative hedging instrument designated as a cash flow hedge are recognised directly in other comprehensive income and presented in the hedging reserve in equity to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognised in profit or loss. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, hedge accounting is discontinued prospectively.

When the hedged item is a non-financial asset, the amount accumulated in equity is included in the carrying amount of the asset when the asset is recognised.

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3. Summary of significant accounting policies (cont'd.)

3.2 Summary of significant accounting policies (cont'd.)

(f) Derivative financial instruments and hedging activities (cont'd.)

(i) Cash flows hedges (cont'd.)

In other cases, the amount accumulated in equity is reclassified to profit or loss in the same period that the hedged item affects profit or loss.

(ii) Fair value hedges

Changes in the fair value of a derivative hedging instrument designated as a fair value hedge are recognised in profit or loss. The hedged item is adjusted to reflect change in its fair value in respect of the risk being hedged, with any gain or loss being recognised in profit or loss.

(iii) Separable embedded derivatives

Changes in the fair value of separated embedded derivatives are recognised immediately in profit or loss.

(iv) Other non-trading derivatives

When a derivative financial instrument is not designated in a hedged relationship that qualifies for hedge accounting, all changes in its fair value is recognised immediately in profit or loss.

(g) Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

(i) Trade and other receivables and other financial assets carried at amortised cost

A financial asset not carried at fair value through profit or loss is assessed at each reporting period to determine whether there is any objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

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3. Summary of significant accounting policies (cont'd.)

3.2 Summary of significant accounting policies (cont'd.)

(g) Impairment of financial assets (cont'd.)

(i) Trade and other receivables and other financial assets carried at amortised cost (cont'd.)

Significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar risk characteristics.

In assessing collective impairment, the Group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or lesser than that suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. Losses are recognised in profit or loss and reflected as an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

(ii) Available-for-sale financial assets

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

Quill Capita Trust

3. Summary of significant accounting policies (cont'd.)

3.2 Summary of significant accounting policies (cont'd.)

(g) Impairment of financial assets (cont'd.)

(ii) Available-for-sale financial assets (cont'd)

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income. For available-for-sale debt investments, impairment losses are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

(h) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand and demand deposits. These also include overdrafts that form an integral part of the Group's cash management.

(i) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of MFRS 139, are recognised in the statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

(i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities held for trading include derivatives entered into by the Group that does not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

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3. Summary of significant accounting policies (cont'd.)

3.2 Summary of significant accounting policies (cont'd.)

(i) Financial liabilities (cont'd.)

(i) Financial liabilities at fair value through profit or loss (cont'd)

The Group has not designated any financial liabilities as at fair value through profit or loss.

(ii) Other financial liabilities

The Group's other financial liabilities include trade payables, other payables and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(j) Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

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3. Summary of significant accounting policies (cont'd.)

3.2 Summary of significant accounting policies (cont'd.)

(j) Borrowing costs (cont'd)

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowing of funds.

(k) Leases

Operating leases - QCT as lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. The accounting policy for rental income is set out in Note 3.2(l).

(l) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

Revenue from the rental of investment properties, service charges and car park income and utilities recovery are recognised on an accrual basis.

(m) Income taxes

(i) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

Quill Capita Trust

3. Summary of significant accounting policies (cont'd.)

3.2 Summary of significant accounting policies (cont'd.)

(m) Income taxes (cont'd)

(ii) Deferred tax

Deferred tax is provided for, using the liability method. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

(n) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(o) Fair value measurement

The Group measures financial instruments, such as, derivatives, and non-financial assets such as investment properties, at fair value at each balance sheet date. Also, fair values of financial instruments measured at amortised cost are disclosed in Note 3.2(e) and (i).

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or

- In the absence of a principal market, in the most advantageous market for the asset or liability.

Quill Capita Trust

3. Summary of significant accounting policies (cont'd.)

3.2 Summary of significant accounting policies (cont'd.)

(o) Fair value measurement (cont'd.)

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) prices in active markets for identical assets or liabilities

- Level 2 — Other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly

- Level 3 — Techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

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3. Summary of significant accounting policies (cont'd.)

3.3 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 January 2013, the Group adopted the following new and amended MFRS and IC Interpretations mandatory for annual financial periods beginning on or after 1 January 2013.

Description	**Effective for annual periods beginning on or after**
Amendments to MFRS 101: Presentation of Items of Other Comprehensive Income	1 July 2012
MFRS 3 Business Combinations (IFRS 3 Business Combinations issued by IASB in March 2004)	1 January 2013
MFRS 10 Consolidated Financial Statements	1 January 2013
MFRS 11 Joint Arrangements	1 January 2013
MFRS 12 Disclosure of interests in Other Entities	1 January 2013
MFRS 13 Fair Value Measurement	1 January 2013
MFRS 119 Employee Benefits (IAS 19 as amended by IASB in June 2011)	1 January 2013
MFRS 127 Separate Financial Statements (IAS 27 as amended by IASB in May 2011)	1 January 2013
MFRS 128 Investment in Associate and Joint Ventures (IAS 28 as amended by IASB in May 2011)	1 January 2013
IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
Amendments to MFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2013
Annual Improvements 2009-2011 Cycle	1 January 2013
Amendments to MFRS 1: Government Loans	1 January 2013
Amendments to MFRS 10, MFRS 11 and MFRS 12: Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance	1 January 2013

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3. Summary of significant accounting policies (cont'd.)

3.3 Changes in accounting policies (cont'd.)

Adoption of the above standards and interpretations did not have any effect on the financial performance or position of the Group except for those discussed below:

MFRS 10 Consolidated Financial Statements

MFRS 10 replaces part of MFRS 127 Consolidated and Separate Financial Statements that deals with consolidated financial statements and IC Interpretation 112 Consolidation – Special Purpose Entities.

Under MFRS 10, an investor controls an investee when (a) the investor has power over an investee, (b) the investor has exposure, or rights, to variable returns from its involvement with the investee, and (c) the investor has ability to use its power over the investee to affect the amount of the investor's returns. Under MFRS 127 Consolidated and Separate Financial Statements, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

MFRS 10 includes detailed guidance to explain when an investor has control over the investee. MFRS 10 requires the investor to take into account all relevant facts and circumstances.

The application of MFRS 10 did not affect the accounting for the Group's equity interest in Gandalf Capital Sdn Bhd, Trusmadi Capital Sdn Bhd (formerly known as Boromir Capital Sdn Bhd), Samwise Capital Sdn Bhd and Kinabalu Capital Sdn Bhd which are currently treated as subsidiaries of the Group and are consolidated.

MFRS 13 Fair Value Measurement

MFRS 13 establishes a single source of guidance under MFRS for all fair value measurements. MFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under MFRS. MFRS 13 defines fair value as an exit price. As a result of the guidance in MFRS 13, the Group re-assessed its policies for measuring fair values, in particular, its valuation inputs such as non-performance risk for fair value measurement of liabilities. MFRS 13 also requires additional disclosures.

Application of MFRS 13 has not materiality impacted the fair value measurement of the Group. Additional disclosures where required, are provided in the individual notes relating to the assets and liabilities whose fair values were determined

Quill Capita Trust

3. Summary of significant accounting policies (cont'd.)

3.3 Changes in accounting policies (cont'd.)

Adoption of the above standards and interpretations did not have any effect on the financial performance or position of the Group except for those discussed below (cont'd.):

Amendments to MFRS 101: Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)

The amendments to MFRS 101 change the grouping of items presented in other comprehensive income. Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, exchange differences on translation of foreign operations and net loss or gain on available-for-sale financial assets) would be presented separately from items which will never be reclassified (for example, actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendment affects presentation only and has no impact on the Group's financial position and performance.

MFRS 127 Separate Financial Statements

As a consequence of the new MFRS 10 and MFRS 12, MFRS 127 is limited to accounting for subsidiaries, jointly controlled entities and associates in separate financial statements

Quill Capita Trust

3. Summary of significant accounting policies (cont'd.)

3.4 Standards issued but not yet effective

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

Description	Effective for annual periods beginning on or after
Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to MFRS 10, MFRS 12 and MFRS 127: Investment Entities	1 January 2014
Amendments to MFRS 136: Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
Amendments to MFRS 139: Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
IC Interpretation 21 Levies	1 January 2014
MFRS 9 Financial Instruments (IFRS 9 issued by IASB in November 2009)	1 January 2015
MFRS 9 Financial Instruments (IFRS 9 issued by IASB in October 2010)	1 January 2015

The directors of the Manager expect that the adoption of the standards and interpretations above will have no material impact on the financial statements in the period of initial application except as discussed below:

MFRS 9 Financial Instruments

MFRS 9 reflects the first phase of work on the replacement of MFRS 139 and applies to classification and measurement of financial assets and financial liabilities as defined in MFRS 139. The standard was initially effective for annual periods beginning on or after 1 January 2013, but Amendments to MFRS 9: Mandatory Effective Date of MFRS 9 and Transition Disclosures, issued in March 2012, moved the mandatory effective date to 1 January 2015. The adoption of the first phase of MFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but will not have an impact on classification and measurements of the Group's financial liabilities. The Group will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

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3. Summary of significant accounting policies (cont'd.)

3.4 Standards issued but not yet effective (cont'd.)

The directors of the Manager expect that the adoption of the standards and interpretations above will have no material impact on the financial statements in the period of initial application except as discussed below (cont'd.):

Amendments to MFRS 139: Novation of Derivatives and Continuation of Hedge Accounting

These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. The Group has not novated its derivatives during the current period. However, these amendments would be considered for future novation.

4. Significant accounting judgements and estimates

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

4.1 Judgements made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Valuation of fair value of investment properties

Significant judgement is involved in determining estimated future cash flows, yield, occupancy rate, discount rates and the amount and timing of the cash flows to arrive at the valuations of the investment properties as disclosed in Note 14.

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4. Significant accounting judgements and estimates (cont'd.)

4.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Impairment of loans and receivables

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables at the reporting date is disclosed in Note 15.

5. Revenue

	Group	
	2013	**2012**
	RM	**RM**
Rental income	57,385,537	54,469,871
Service charges	2,796,252	5,963,718
Car park income	3,534,701	3,551,504
Utilities recovery	5,120,114	5,432,182
Others	100,397	73,100
	68,937,001	69,490,375

Gross revenue comprises rental, service charges and car park income from properties and utilities costs recoverable from tenants.

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6. Property operating expenses

	Group	
	2013	2012
	RM	RM
Assessment and quit rent	2,832,298	2,832,479
Depreciation	7,716	5,108
Insurance	413,183	398,097
Property management fee	1,955,606	1,894,396
Service contracts and maintenance	4,084,572	3,437,885
Utilities	6,451,017	6,715,311
	15,744,392	15,283,276

The property management fee is inclusive of permissible discount in accordance with the Valuers, Appraisers and Estate Agents Act, 1981 and reimbursable site staff cost.

7. Manager's fee

	Group	
	2013	2012
	RM	RM
Base fee	3,619,997	3,602,774
Performance fee	1,711,993	1,747,852
	5,331,990	5,350,626

The Manager is entitled under the Deed to a base fee of 0.4% per annum of the gross asset value, payable monthly in arrears and a performance fee of 3% per annum on the net investment income, payable semi-annually in arrears.

The Manager is also entitled under the Deed to an acquisition fee of 1% of the acquisition value of any asset, being authorised investments, acquired by QCT and divestment fee of 0.5% of the disposal value of any asset divested by QCT.

There are no other fees earned by the Manager during the financial year other than as disclosed in this note.

The Manager's remuneration is accrued and paid in accordance with the Deed.

During the financial year, the Manager did not receive any soft commission (such as goods or services) from its broker, by virtue of transaction conducted by QCT.

Quill Capita Trust

8. Trustee's fee

Trustee's fee accrued to the Trustee for the financial year ended 31 December 2013 amounted to RM258,121 (2012: RM254,659).

Trustee's fee is payable to the Trustee, which is computed at 0.03% per annum on the first RM2.5 billion of the gross asset value and 0.02% per annum on the gross asset value in excess of RM2.5 billion, payable monthly in arrears.

9. Finance costs

	Group	
	2013	2012
	RM	RM
Accretion of interest expenses	4,745,000	4,757,825
Amortisation of transaction costs incurred to obtain Commercial Papers ("CPs")/ Medium Term Notes ("MTNs")	351,140	412,245
Amortisation of transaction costs incurred to obtain Term Loan	65,536	-
Annual CPs/ MTNs programme expenses	11,796	230,700
Interest gain on interest rate swaps arrangements	(264,475)	(424,548)
Interest expense on MTNs	7,134,575	8,968,504
Interest expense on Term Loan	1,621,973	-
	13,665,545	13,944,726

10. Income tax expense

	Group	
	2013	2012
	RM	RM
Income tax expense for the year:		
Current year tax	-	-

Previously, undistributed income of a REIT would be subject to income tax whereas the income distributed would be exempted from tax. With the amendment to Section 61A of the Income Tax Act 1967, effective Year of Assessment 2007, the undistributed income of a REIT would also be exempted from income tax provided that the REIT distributes 90% or more of its total income for the year. If the REIT is not able to meet the 90% distribution criteria, the entire taxable income of the REIT would be subject to income tax.

Quill Capita Trust

10. Income tax expense (cont'd.)

As QCT has paid and proposed income distribution of more than 90% of its total income to unitholders, no tax charge is provided for the financial year ended 31 December 2013.

A reconciliation of income tax expense applicable to income before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Group is as follows:

	Group	
	2013	**2012**
	RM	**RM**
Income before tax	36,644,397	40,076,404
Tax at Malaysian statutory tax rate of 25% (2012: 25%)	9,161,099	10,019,101
Income not subject to taxation	(9,236,504)	(10,277,644)
Expenses not deductible for tax purpose	75,405	258,543
Income tax expense recognised in profit or loss	-	-

11. Earnings per unit

(a) Earnings per unit after manager's fee is based on net income for the year of RM36,644,397 (2012: RM40,076,404) divided by the weighted average number of units in circulation during the year of 390,131,000 (2012: 390,131,000).

(b) Earnings per unit before manager's fee is based on net income for the year of RM41,976,387 (2012: RM45,427,030) after adding back manager's fee of RM5,331,990 (2012: RM5,350,626) divided by the weighted average number of units in circulation during the year of 390,131,000 (2012: 390,131,000).

(c) Earnings per unit after manager's fee (realised) is based on realised net income for the year of RM34,536,806 (2012: RM34,460,704) divided by the weighted average number of units in circulation during the year of 390,131,000 (2012: 390,131,000).

(d) Earnings per unit before manager's fee (realised) is based on realised net income for the year of RM39,868,796 (2012: RM39,811,330) after adding back manager's fee of RM5,331,990 (2012: RM5,350,626) divided by the weighted average number of units in circulation during the year of 390,131,000 (2012: 390,131,000).

Quill Capita Trust

12. Distribution to unitholders

Distribution to the unitholders is from the following sources:

	Group 2013 RM	Group 2012 RM
Revenue (Note 5)	68,937,001	69,490,375
Interest income	783,331	717,629
	69,720,332	70,208,004
Less: Expenses	(35,183,526)	(35,747,300)
	34,536,806	34,460,704
Distribution to unitholders	32,692,978	32,692,978
Gross distribution per unit (sen) **	8.38	8.38

** Income distributed to resident individuals, non-resident individuals, resident institutional investors, non-resident institutional investors and non-resident companies are subject to withholding tax.

13. Plant and equipment

	Plant and machinery RM	Office equipment RM	Furniture and fittings RM	Total RM
At 31 December 2013				
Group				
Cost				
At 1 January 2013 and 31 December 2013	6,000	19,752	19,400	45,152
Accumulated depreciation				
At 1 January 2013	5,998	18,184	3,772	27,954
Depreciation charge for the year	-	1,250	6,466	7,716
At 31 December 2013	5,998	19,434	10,238	35,670
Net carrying amount	2	318	9,162	9,482

Quill Capita Trust

13. Plant and equipment (cont'd.)

	Plant and machinery RM	Office equipment RM	Furniture and fittings RM	Total RM
At 31 December 2012				
Group				
Cost				
At 1 January 2012 and 31 December 2012	6,000	19,752	19,400	45,152
Accumulated depreciation				
At 1 January 2012	5,600	17,246	-	22,846
Depreciation charge for the year	398	938	3,772	5,108
At 31 December 2012	5,998	18,184	3,772	27,954
Net carrying amount	2	1,568	15,628	17,198

14. Investment properties

	Group 2013 RM	2012 RM
At beginning of the year	820,500,000	814,800,000
Additions from assets enhancement	2,952,409	84,300
Fair value adjustments	2,107,591	5,615,700
At end of the year	825,560,000	820,500,000

Quill Capita Trust

14. Investment properties (cont'd.)

Description of properties	Date of acquisition	Cost of investment RM'000	Market value/ Net carrying amount as at 31 December 2013 RM'000	% of NAV %	Market value/ Net carrying amount as at 31 December 2012 RM'000
Commercial buildings					
Quill Building 1 - DHL 1	20-Nov-06	109,100	125,000	23.43	125,000
Quill Building 4 - DHL 2	20-Nov-06				
Quill Building 2 - HSBC	20-Nov-06	107,500	119,000	22.31	118,000
Quill Building 3 - BMW	20-Nov-06	59,400	73,060	13.70	73,000
Wisma Technip	3-Sep-07	125,000	161,100	30.20	158,000
Part of Plaza Mont' Kiara	3-Sep-07	90,000	110,000	20.62	110,000
Quill Building 5 - IBM	14-Mar-08	43,000	45,200	8.47	45,000
Quill Building 10 - HSBC Section 13	25-Mar-08	22,740	26,500	4.97	26,500
Tesco Building, Penang	7-Nov-08	132,000	139,500	26.15	139,000
Industrial building					
Quill Building 8 - DHL XPJ	25-Mar-08	28,800	26,200	4.91	26,000
		717,540	825,560		820,500

On 14 August 2008, the respective pieces of the land on which Quill Building 1 - DHL 1 and Quill Building 4 - DHL 2 are situated were amalgamated pursuant to the conditions imposed by the Securities Commission during the initial public offering of QCT. As such, the valuation for Quill Building 1 - DHL 1 and Quill Building 4 - DHL 2 has since been carried out based on the amalgamated properties.

Investment properties are stated at fair value, which has been determined based on valuations performed by Henry Butcher Malaysia Sdn. Bhd., an independent firm of professional valuer, registered with the Board of Valuers, Appraisers & Estate Agents Malaysia using the investment and comparison methods of valuation.

Investment properties with net carrying amount totalling RM726,000,000 (2012: RM747,500,000) are pledged as securities for borrowings as disclosed in Note 19.

No provision for deferred tax liability has been made from fair value gains to the investment properties as QCT intends to hold the properties on long term basis.

The investment properties are carried at a Level 2 fair value measurement hierarchy as defined in Note 3.2(o). There have been no transfers between Level 1 and Level 2 during the reporting year ended 31 December 2013.

Quill Capita Trust

15. Trade and other receivables

	Note	Group 2013 RM	Group 2012 RM
Trade receivables	(a)	512,375	736,955
Other receivables			
Deposits		955,780	7,355,280
Prepayments		1,108,793	413,348
Sundry receivables	(b)	35,166	366,221
		2,099,739	8,134,849
Total trade and other receivables		2,612,114	8,871,804
Less: Prepayments		(1,108,793)	(413,348)
Add: Cash and bank balances (Note 17)		30,915,413	30,452,227
Total receivables		32,418,734	38,910,683

(a) Trade receivables

Concentration of credit risk relating to trade receivables arises mainly due to majority of QCT's properties that are single-tenanted. However, the risk is mitigated by the tenants which are engaged in diversified businesses and are of good quality and strong credit standing.

Trade receivables are non interest-bearing and are generally on 7 to 30-day terms (2012: 7 to 30-day terms). They are recognised at the original invoice amounts which represent their fair values on initial recognition.

<u>Ageing analysis of trade receivables</u>

The ageing analysis of QCT's trade receivables is as follows:

	Group 2013 RM	Group 2012 RM
1 - 30 days past due not impaired	512,375	736,955
31 - 60 days past due not impaired	-	-
	512,375	736,955

Quill Capita Trust

15. Trade and other receivables (cont'd.)

(a) Trade receivables (cont'd.)

The Manager believes that no impairment allowance is necessary as the tenants are of good credit standing with satisfactory payment history. In addition, security deposits have been collected by QCT which may be utilised towards settlement of overdue rentals when necessary.

(b) Sundry receivables

QCT has no significant concentration of credit risk that may arise from exposures to a single debtor or group of debtors relating to sundry receivables.

16. Derivatives

		Group	
		2013	2012
	Contract/ Notional Amount	Fair value of derivatives assets/(liabilities)	
	RM	RM	RM
Non-current			
Interest rate swap (Note 31 (i))	64 million	-	-
Interest rate swap (Note 31 (ii))	64 million	-	-
Interest rate swap (Note 31 (iii))	65 million	515,588	(7,033)
Interest rate swap (Note 31 (iv))	65 million	507,596	(2,639)
		1,023,184	(9,672)
Current			
Interest rate swap (Note 31 (i))	64 million	-	639,016
Interest rate swap (Note 31 (ii))	64 million	-	(265,724)
		-	373,292

Quill Capita Trust

17. Cash and bank balances

	Group 2013 RM	Group 2012 RM
Deposits with licensed financial institutions	24,738,926	21,889,405
Cash on hand and at banks	6,176,487	8,562,822
	30,915,413	30,452,227

Included in deposits with licensed financial institutions is an amount of RM4,329,002 (2012: RM4,888,105) maintained in the debt service reserves accounts which are assigned for the borrowings as disclosed in Note 19.

Included in cash on hand and at banks is an amount of RM4,741,331 (2012: RM4,401,730) maintained in the revenue and operations accounts which are assigned for the borrowings as disclosed in Note 19.

The effective interest rate of the deposits placed with licensed financial institutions is at a weighted-average interest rate of 3.01% per annum (2012: 3.11%). The maturity of deposits ranges from 31 to 90 days (2012: 31 to 90 days).

18. Trade and other payables

	Note	Group 2013 RM	Group 2012 RM
Trade payables			
Trade payables	(a)	672,890	531,994
Trade accruals		5,334,046	3,202,519
		6,006,936	3,734,513
Other payables			
Amount due to the Manager	(b)	1,451,866	1,170,838
Other payables	(a)	267,873	1,258,622
Accruals		3,924,305	5,180,590
		5,644,044	7,610,050
Total trade and other payables		11,650,980	11,344,563
Add: Borrowings (Note 19)		304,887,413	305,480,970
Total liabilities carried at amortised cost		316,538,393	316,825,533

Quill Capita Trust

18. Trade and other payables (cont'd.)

(a) Trade and other payables

Trade and other payables are normally settled between 30 to 90 days (2012: 30 to 90 days).

(b) Amount due to the Manager

Amount due to the Manager is unsecured, non-interest bearing and repayable on demand.

19. Borrowings

	Note	Group 2013 RM	2012 RM
Current			
Secured:			
MTNs under RM134 million programme	(a)	-	116,819,927
Non-current			
Secured:			
CPs/ MTNs under RM270 million programme	(b)	188,804,911	188,661,043
Term Loan under RM150 million programme	(c)	116,082,502	-
		304,887,413	188,661,043
Total borrowings			
MTNs under RM134 million programme		-	116,819,927
CPs/ MTNs under RM270 million programme		188,804,911	188,661,043
Term Loan under RM150 million programme		116,082,502	-
		304,887,413	305,480,970

Quill Capita Trust

19. Borrowings (cont'd.)

The maturities of the Group's borrowings as at 31 December 2013 are as follows:

	Group	
	2013	**2012**
	RM	**RM**
Within one year	-	116,819,927
More than 1 year and less than 2 years	-	59,839,836
More than 2 years and less than 5 years	304,887,413	128,821,207
	304,887,413	305,480,970

Other information on financial risks on borrowings are disclosed in Note 34(a) and 34(c).

(a) CPs/ MTNs programme of up to RM134 million ("RM134 million programme")

The RM134 million programme is analysed as follows:

	Group	
	2013	**2012**
	RM	**RM**
Face value of MTNs issued	117,000,000	117,000,000
Transaction costs carried forward	(180,073)	(450,182)
	116,819,927	116,549,818
Amortisation of transaction costs	180,073	270,109
	117,000,000	116,819,927
Redeemed on 13 September 2013	(117,000,000)	-
	-	116,819,927

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").

MTNs with nominal values aggregating RM117 million have been issued by Boromir in 2008. The RM134 million programme is available for a tenure of up to 7 years from the date of the first issuance with the issuance of CPs with maturities ranging from 1 to 12 months and MTNs with maturities ranging from 1 to 7 years, provided that the final maturity of the MTNs does not exceed the tenure of the facility.

Quill Capita Trust

19. Borrowings (cont'd.)

(a) CPs/MTNs programme of up to RM134 million ("RM134 million programme") (cont'd.)

The transaction costs relating to the RM134 million programme amounted to RM1.546 million. Transaction costs based on proration of actual MTNs issued to the total nominal value of MTNs issuable under the RM134 million programme are capitalised as future financial charges and deducted against the face value of the MTNs in the year of issuance whilst the remaining transaction costs attributable to future issuance are capitalised as prepayment in other receivables. The transaction costs relating to MTNs issued are amortised and charged to profit or loss over the expected tenure of the MTNs issued of 5 years.

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

MTNs with nominal values aggregating RM117 million have been issued by Boromir in 2008, and matured on 13 September 2013 and were since redeemed with proceeds from the issuance of the RM150 million programme (Note 19 (c)). As such, there was no outstanding balance under the RM134 million programme as at 31 December 2013.

The RM134 million programme was secured, inter-alia by the following:

(i) Third party first legal charge over Wisma Technip, Quill Building 10 - HSBC Section 13 and Quill Building 8 - DHL XPJ, respectively disclosed as investment properties in Note 14 (collectively, the "Charged Properties");
(ii) Third party legal assignment of the sale and purchase agreements for the acquisitions of part of Plaza Mont' Kiara and Quill Building 5 - IBM, respectively disclosed as investment properties in Note 14 (collectively, the "Assigned Properties");
(iii) First party debenture over all present and future assets of Boromir;
(iv) An undertaking from the Manager:
    (a) to deposit all income/ insurance proceeds generated from the Charged and Assigned Properties (collectively, "Secured Properties") into revenue accounts; and
    (b) that it shall not declare any dividends/ distributions to unitholders if:
        - an event of default has occurred under the Transaction Documents, is continuing and has not been waived; or
        - the financial covenants are not met prior and after such distribution;

Quill Capita Trust

19. Borrowings (cont'd.)

(a) CPs/MTNs programme of up to RM134 million ("RM134 million programme") (cont'd.)

The RM134 million programme was secured, inter-alia by the following (cont'd.):

(v) First legal charge or third party assignment by the Trustee for the revenue accounts, operations accounts and a first party assignment by Boromir for the debt service reserves account;
(vi) Assignment of all the proceeds under the tenancy/ lease agreements of the Secured Properties;
(vii) Third party assignment over all rights and benefits under all the insurance policies in relation to the Secured Properties;
(viii) An irrevocable Power of Attorney granted by the Trustee in favour of the security agent to dispose the Secured Properties upon occurrence of a trigger event;
(ix) First legal assignment over the REIT Trustee Financing Agreement entered into between Boromir and the Trustee; and
(x) Third party first legal charge over the entire shares of Boromir.

(b) CPs/ MTNs programme of up to RM270 million ("RM270 million programme")

The RM270 million programme is analysed as follows:

	Group	
	2013	**2012**
	RM	**RM**
Face value of CPs/ MTNs issued	190,000,000	190,000,000
Discount	(2,353,000)	(2,353,000)
	187,647,000	187,647,000
Accretion of interest expenses	1,534,000	1,534,000
	189,181,000	189,181,000
Transaction costs carried forward	(519,957)	(704,787)
Adjustment on transaction costs	-	81,941
Amortisation of transaction costs	143,868	102,889
	188,804,911	188,661,043

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.

CPs/ MTNs totalling RM72 million were issued in September 2011, the proceeds of which were utilised towards the settlement of the RM80 million 5-year Term Loan Facilities.

Quill Capita Trust

19. Borrowings (cont'd.)

(b) CPs/ MTNs programme of up to RM270 million ("RM270 million programme") (cont'd.)

CPs totalling RM118 million were issued in November 2011, the proceeds of which were utilised towards the settlement of the RM118 million of CPs outstanding under the RM118 million programme which matured on 30 November 2011.

The CPs/ MTNs outstanding at 31 December 2013 are subject to interest at the following interest rates per annum as at the reporting date:

	2013	2012
	%	%
RM12 million nominal value CPs	3.65	3.65
RM60 million nominal value MTNs	4.90	4.90
RM118 million nominal value CPs	3.65	3.65

The interest rates for the CPs are subject to interest rate swap arrangements as disclosed in Note 31.

The transaction costs relating to the programme are amortised over the tenure of the programme and are charged to profit or loss. There was an adjustment to the transaction costs in the year due to finalisation of actual total transaction costs for the programme.

The RM270 million programme is secured, inter-alia by the following:

(i) Third party first legal charge by Trustee over Quill Building 1 - DHL 1, Quill Building 4 - DHL 2, Quill Building 2 - HSBC and Tesco Building, disclosed as investment properties in Note 14 (collectively, the "Secured Properties");
(ii) First party debenture over all present and future assets of Kinabalu;
(iii) An undertaking from the Manager:
  (a) to deposit all rental income cashflows generated from the Secured Properties into the revenue accounts; and
  (b) that it shall not declare any dividends/ distributions to unitholders if:
    - an event of default has occurred under the Transaction Documents is continuing and has not been waived; or
    - the financial covenants are not met prior and after such distribution;

Quill Capita Trust

19. Borrowings (cont'd.)

(b) CPs/ MTNs programme of up to RM270 million ("RM270 million programme") (cont'd.)

(iv) First legal charge or assignment by Trustee for the revenue accounts, operations accounts and a first party Assignment by Kinabalu for the debt service reserves account;
(v) Third party assignment of all the proceeds under the tenancy/ lease agreements of the Secured Properties;
(vi) Third party assignment over all rights and benefits under all the insurance policies in relation to the Secured Properties;
(vii) An irrevocable Power of Attorney granted by the Trustee in favour of the Security Agent to dispose the Secured Properties upon occurrence of a trigger event;
(viii) First legal assignment over the REIT Trustee Financing Agreement entered into between Kinabalu and the Trustee for the advancement of fund from Kinabalu to the Trustee; and
(ix) Third party first legal charge over the entire shares of Kinabalu.

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

The RM150 million 5-year Term Loan Facilities are analysed as follows:

	2013 RM	2012 RM
Term Loan drawndown	117,000,000	-
Transaction cost carried forward	(983,034)	-
	116,016,966	-
Amortisation of transaction costs	65,536	-
	116,082,502	-

On 18 July 2013, QCT through its SPE, Trusmadi Capital Sdn. Bhd. ("Trusmadi") (formally 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 at the interest rate of 4.60% per annum was drawndown to repay the RM117 million MTN outstanding under the RM134 million CP/MTN Programme (Note 19 (a)) which matured on 13 September 2013. Tranche 2 will be used for capital expenditure and investments at the Reference Malaysian Government Securities ("MGS") + 1.4% per annum.

The transaction costs relating to the programme are amortised over the tenure of the programme and are charged to profit or loss.

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19. Borrowings (cont'd.)

(c) Fixed Rate Term Loan Facility Up to RM150 million ("RM150 million Term Loan") (cont'd.)

The RM150 million programme is secured, inter-alia by the following:

(i) Third party first legal charge over Wisma Technip, Quill Building 8 - DHL XPJ, Quill Building 5 - IBM, respectively disclosed as investment properties in Note 14 (collectively, the "Charged Properties");
(ii) Third party legal assignment of the sale and purchase agreements for the acquisitions of part of Plaza Mont' Kiara, respectively disclosed as investment properties in Note 14 (collectively, the "Assigned Properties");
(iii) First party debenture over all present and future assets of Trusmadi;
(iv) An undertaking from the Manager:
   (a) to deposit all income/ insurance proceeds generated from the Charged and Assigned Properties (collectively, "Secured Properties") into revenue accounts; and
   (b) that it shall not declare any dividends/ distributions to unitholders if:
      - an event of default has occurred under the Transaction Documents, is continuing and has not been waived; or
      - the financial covenants are not met prior and after such distribution;
(v) First legal charge or third party assignment by the Trustee for the revenue accounts, operations accounts and a first party assignment by Trusmadi for the debt service reserves account;
(vi) Third party legal assignment of all the proceeds under the tenancy/ lease agreements of the Secured Properties;
(vii) Third party assignment over all rights, title, interest and benefits under all the insurance policies in relation to the Secured Properties;
(viii) First legal assignment over the REIT Trustee Financing Agreement entered into between Trusmadi and the Trustee; and
(ix) Third party first legal charge over the entire shares of Trusmadi.

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20. Unitholders' capital

	2013 No. of units	2012 No. of units
Approved fund size		
At beginning of the year/end of the year	490,131,000	490,131,000
Issued and fully paid		
At beginning of the year/end of the year	390,131,000	390,131,000
	Amount RM	**Amount RM**
Issued and fully paid		
At beginning of the year/ end of the year	411,712,067	411,712,067

21. Investment in special purpose entities ("SPEs")

Details of SPEs are as follows:

Name of SPEs	Country of incorporation	Principal activites	Proportion of controlling interest 2013 %	2012 %
Gandalf Capital Sdn. Bhd.	Malaysia	Facilitating financing for QCT	100	100
Trusmadi Capital Sdn. Bhd. (formerly known as Boromir Capital Sdn. Bhd.)	Malaysia	Facilitating financing for QCT	100	100
Samwise Capital Sdn. Bhd.	Malaysia	Facilitating financing for QCT	100	100
Kinabalu Capital Sdn. Bhd.	Malaysia	Facilitating financing for QCT	100	100

All the above subsidiaries are audited by Ernst & Young, Malaysia.

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22. Capital commitments

	Group 2013 RM	2012 RM
Capital expenditure commitments		
Investment properties :		
Approved and contracted for	8,163,970	-

23. Operating Lease

Operating lease commitments - as lessor

QCT has entered into leases on its investment properties. The non-cancellable leases have remaining lease terms of between one to nineteen years (2012: between one to twenty years).

Future rentals receivable under non-cancellable leases at the reporting date are as follows:

	2013 RM	2012 RM
Not later than 1 year	55,656,775	59,343,284
Later than 1 year but not later than 5 years	149,346,912	97,050,250
Later than 5 years	160,269,588	154,836,615
	365,273,275	311,230,149

24. Net asset value per unit

The calculation of net asset value ("NAV") per unit is based on 390,131,000 units (2012: 390,131,000 units) in circulation as at 31 December 2013.

25. Transactions with stockbroking companies

No transactions with stockbroking companies were made during the financial year.

26. Unitholdings by the Manager

As at 31 December 2013 and 2012, the Manager did not hold any units in QCT.

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27. Unitholders related to the Manager

	QCT				
	No. of units 2013	No. of units 2012	Percentage of total units 2013 %	Percentage of total units 2012 %	Market value 2013 RM
HLIB Nominee (Tempatan) Sdn. Bhd. for:					
Quill Properties Sdn. Bhd.	45,997,000	45,997,000	11.79	11.79	54,276,460
Quill Land Sdn. Bhd.	48,767,000	48,767,000	12.50	12.50	57,545,060
Quill Estates Sdn. Bhd.	22,276,000	22,276,000	5.71	5.71	26,285,680
HSBC Nominees (Asing) Sdn. Bhd. for:					
CapitaCommercial Trust	117,040,000	117,040,000	30.00	30.00	138,107,200
	234,080,000	234,080,000	60.00	60.00	276,214,400
The Manager's directors' direct unitholding in QCT:					
Dato' Dr. Jennifer Low, J.P.	50,000	50,000	0.01	0.01	59,000
Dato' Michael Ong Leng Chun	55,000	55,000	0.01	0.01	64,900
Datuk Hj Abdul Karim Bin Abu Bakar	-	1,000	-	-	-
Datuk Dr. Mohamed Arif Bin Nun	10,000	50,000	0.00	0.01	11,800
Aw Hong Boo (Alternate to Dato' Dr. Jennifer Low, J.P.)	50,000	50,000	0.01	0.01	59,000

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27. Unitholders related to the Manager (cont'd)

The Manager's directors' indirect unitholding in QCT:

	Note	QCT No. of units 2013	No. of units 2012	Percentage of total units 2013 %	Percentage of total units 2012 %	Market value 2013 RM
Dato' Dr. Jennifer Low, J.P.	(a)	117,040,000	117,040,000	30.00	30.00	138,107,200
Dato' Michael Ong Leng Chun	(b)	117,040,000	117,040,000	30.00	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 held by the unitholders related to the Manager is determined by using the closing market value of QCT as at 31 December 2013 of RM1.18 per unit (2012: RM1.23 per unit).

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28. Portfolio turnover ratio

	Group 2013	2012
Portfolio turnover ratio ("PTR") (times)	-	-

PTR is the ratio of the average of acquisitions and disposals of investments for the period to the average net asset value of QCT for the period calculated on a monthly basis.

As there is no acquisition and disposal of investment properties in 2012 and 2013, the PTR for both years are nil.

29. Management expense ratio

	Group 2013 %	2012 %
Management expense ratio ("MER")	1.10	1.28

MER is calculated based on the total fees including manager's fee, trustee's fee, valuation fee and administration expenses charged to QCT divided by the average net asset value during the year.

Since the average net asset value of QCT is calculated on a monthly basis, the MER of QCT may not be comparable to the MER of other real estate investment trusts/ unit trusts which may use a different basis of calculation.

30. Related parties transactions

	Group 2013 RM	2012 RM
The related parties transactions other than as disclosed in Note 7 are as follows:		
Renovation works	766,759	109,530
Purchase of furniture	-	19,400

Quill Capita Trust

30. Related parties transactions (cont'd.)

Details of material contract with the related parties other than as disclosed in Note 7 is as follows:

(i) Award of a contract of asset enhancement works of RM6.32 million to Quill Construction Sdn. Bhd. ("QCSB"), by the Manager of QCT on 25 October 2013.

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

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

31. Interest rate swap ("IRS") arrangement

As part of the active interest rate management strategy of QCT, the following Interest Rate Swap arrangements ("IRSs") have been entered into:

(i) On 18 August 2008, an IRS arrangement swapping fixed rate for floating rate for RM64 million ("IRS No. 2") was entered into in relation to the RM64 million nominal value MTNs issued (Note 19(a)) 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 5.20% per annum to QCT. IRS No. 2 commenced on 15 September 2008 and has matured on 17 September 2013.

(ii) On 5 November 2008, an IRS arrangement swapping floating rate for fixed rate for RM64 million ("IRS No. 4") was entered into in relation to the RM64 million nominal value MTNs issued (Note 19(a)) with the Bank. Pursuant to IRS No. 4, QCT will pay a fixed rate of 4.36% per annum to the Bank whilst the Bank will pay a floating rate to QCT. IRS No. 4 commenced on 16 March 2009 and has matured on 17 September 2013.

(iii) On 21 November 2011, an IRS arrangement swapping floating rate for fixed rate for RM65 million ("IRS No. 5") was entered into in relation to the RM130 million nominal value CPs issued (Note 19(b)) with the Bank. Pursuant to IRS No. 5, QCT will pay a fixed rate of 3.34% per annum 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.

Quill Capita Trust

31. Interest rate swap ("IRS") arrangement (cont'd.)

As part of the active interest rate management strategy of QCT, the following Interest Rate Swap arrangements ("IRSs") have been entered into (cont'd.):

(iv) On 21 November 2011, an IRS arrangement swapping floating rate for fixed rate for RM65 million ("IRS No. 6") was entered into in relation to the RM130 million nominal value CPs issued (Note 19(b)) with the Bank. Pursuant to IRS No. 6, QCT will pay a fixed rate of 3.34% per annum 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.

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 into the IRSs contracts with reputable licensed financial institutions.

The fair values of the IRSs are the estimated amount that would be received or paid to terminate the IRSs as at the reporting date, taking into account interest rate market conditions. The fair values are obtained based on quotes provided by the financial institutions.

QCT was eligible to apply hedge accounting for its IRSs with effect from 1 October 2010, upon satisfying the requirements of the standard. Changes in fair values of the IRSs were since recognised in other comprehensive income. Prior to adoption of hedge accounting, the fair values changes of the IRSs were recognised in profit or loss.

The fair values of the derivatives and the maturity profile as at the respective dates are as follows:

	Group Fair value of derivative assets/(liabilities) as at	
	2013 **RM**	**2012** **RM**
Less than one year	-	373,292
One to three years	1,023,184	-
More than three years	-	(9,672)
	1,023,184	363,620

Quill Capita Trust

32. Other significant events

Other than as disclosed elsewhere in this report, there were no significant events during the year.

33. Subsequent events

As announced to Bursa Malaysia Securities Berhad on 29 January 2014, Maybank Trustees Berhad, acting as trustee for QCT, had on 29 January 2014, entered into a Heads of Agreement ("HOA") with MRCB Sentral Properties Sdn. Bhd. ("MSP") for the proposed acquisition of freehold land held under GRN 46222, Lot 73 Section 0070, Town and District of Kuala Lumpur, together with a commercial development known as Platinum Sentral, consisting of 5 blocks of 4 to 7 storey commercial buildings, a multi-purpose hall and 2 levels of car park, bearing the postal address of Platinum Sentral, Jalan Stesen Sentral, Kuala Lumpur Sentral, 50470 Kuala Lumpur ("Property") for a purchase consideration of RM750 million ("Proposed Acquisition").

The purchase consideration of RM750 million for the Proposed Acquisition is subject to a valuation to be carried out by an independent valuer to be appointed and will be satisfied by QCT in the following manner:

(i) RM486,000,000 in cash, of which a refundable earnest deposit of RM15,000,000 shall be payable upon the execution of the HOA; and

(ii) RM264,000,000 by the issuance of new units in QCT at an issue price of RM1.32 per unit.

QCT intends to fund the cash portion of the purchase consideration through borrowings and/or fund raising via issuance of new units.

The Proposed Acquisition shall be conditional upon, among others, approvals being obtained from the shareholders of MSP and/or its holding company, the board of directors of QCM, unitholders of QCT, Securities Commission Malaysia, Bursa Malaysia Securities Berhad and the execution of the following definitive agreements:

(i) MRCB entering into a share sale agreement to acquire 40% equity stake and 1% equity stake in QCM from CapitaLand RECM Pte Ltd ("CRPL") and Coast Capital Sdn Bhd ("CCSB") respectively; and

(ii) Quill Resources Holdings Sdn Bhd ("QRHSB"), one of the existing shareholders of QCM, entering into a share sale agreement to acquire an additional 9% equity stake in QCM from CCSB.

Quill Capita Trust

33. Subsequent events (cont'd.)

A definitive sale and purchase agreement ("SPA") in respect of the Proposed Acquisition shall be entered into between the REIT Trustee and MSP (collectively, the "Parties") within 30 business days from the date of the HOA ("Cut-Off-Date"), with an automatic extension of a further period of 15 business days in the event that parties are unable to complete their due diligence investigations by the Cut-Off Date, and thereafter, such further extension of time as may be mutually agreed.

During this time, or up to the date when the Parties have entered into a definitive SPA, the Parties agree to co-operate exclusively with each other with respect to the Proposed Acquisition.

A detailed announcement will be made upon the finalisation of the terms and conditions of the Proposed Acquisition.

34. Financial risk management objectives and policies

The Group is exposed to financial risks arising from its operations and use of financial instruments, including interest rate risk, credit risk, liquidity risk and market risk.

The Group has a system of controls in place to create an acceptable balance between the costs of risks occurring and the costs of managing the risks. The Manager continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Audit Committee oversees how management monitors the compliance with stated risk management policies and procedures, assisted by the internal auditor. The internal auditor undertakes regular review of risk management controls and procedures, the results of which are reported to the Audit Committee.

The following section provides details of the Group's exposures to the above mentioned risks and the objectives and policies for the management of these risks:

(a) Interest rate risk

The Group's exposure to changes in interest rates relates primarily to borrowings as disclosed in Note 19. Interest rate is managed on an on-going basis with the primary objective of limiting the extent to which net interest expense could be affected by adverse movements in interest rates. Interest Rate Swaps ("IRSs") have been entered into to partially manage the exposure to interest rate risk. Details of the IRSs are as described in Note 31.

Quill Capita Trust

34. Financial risk management objectives and policies (cont'd.)

The following section provides details of the Group's exposures to the above mentioned risks and the objectives and policies for the management of these risks (cont'd.):

(a) Interest rate risk (cont'd.)

Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 100 basis points lower/ higher, with all other variables held constant, there is no impact on the Group's income net of tax as all of its floating rate borrowings have been hedged under the IRSs as described in Note 31. The assumed movement in basis point for the interest rate sensitivity analysis is based on the current observable market environment.

(b) Credit risk

Credit risk is the risk of potential financial loss resulting from failure of a customer or counterparty to settle its financial and contractual obligations to the Group as and when they fall due.

The Group's exposure to credit risk arises primarily from trade receivables. The risk is managed by stringent selection process to ensure creditworthy and good standing tenants are selected. The risk of non-collection of rental is mitigated by diligent on-going monitoring of outstanding receivables and collection of security deposits from tenants.

For other financial assets, the Group minimises the credit risk by dealing with high credit rating counterparties and/or reputable and licensed financial institutions.

As at 31 December 2013, the Group's maximum exposure to credit risk is represented by the carrying amount of its financial assets as follows:

	Group Carrying amount as at	
	2013	**2012**
	RM	**RM**
Trade and other receivables	2,612,114	8,871,804
Cash and bank balances	30,915,413	30,452,227
Derivatives (Note 31)	1,023,184	363,620

Quill Capita Trust

34. Financial risk management objectives and policies (cont'd.)

The following section provides details of the Group's exposures to the above mentioned risks and the objectives and policies for the management of these risks (cont'd.):

(c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds, which may potentially arise from mismatches of maturities of financial assets and liabilities. As the timing of funding arrangements can be critical, the Group may be exposed to the risk of its real estate properties being foreclosed in the interim.

To mitigate liquidity risk, the Manager maintains adequate level of cash and cash equivalents and arranges for refinancing of the Group's borrowings on a timely basis to fund the Group's operations and meet its financial obligations. In addition, the Manager observes the Securities Commission's Guidelines for REITs concerning the limits to total borrowings and ensures compliance with stated financial covenants per terms of its borrowings.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's liabilities at the reporting date based on contractual undiscounted repayment obligations.

	On demand or within one year RM	One to five years RM	Total RM
At 31 December 2013			
Trade and other payables	11,650,980	-	11,650,980
Borrowings	12,233,534	335,101,334	347,334,868
Security deposits	5,365,479	4,756,365	10,121,844
	29,249,993	339,857,699	369,107,692
At 31 December 2012			
Trade and other payables	11,344,563	-	11,344,563
Borrowings	128,419,543	203,678,394	332,097,937
Security deposits	8,489,663	6,040,680	14,530,343
	148,253,769	209,719,074	357,972,843

Quill Capita Trust

34. Financial risk management objectives and policies (cont'd.)

The following section provides details of the Group's exposures to the above mentioned risks and the objectives and policies for the management of these risks (cont'd.):

(d) Market risk

Market risk is the risk that changes in market prices, such as interest rate and unit fund prices which will affect the Group's financial results or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

35. Capital management

The primary objective of capital management is to optimise the Group's capital structure and cost of capital, while maintaining the gearing ratio within the limits as set out in the Securities Commission's Guidelines on REIT.

The Manager employs a combination of appropriate and flexible debt and financing policies to manage both current and future funding requirements of QCT. The Manager, on an on-going basis, manages the capital structure of QCT and makes adjustments to it when necessary, in the light of changes in economic conditions.

QCT's capital includes units issued, undistributed distributable income and non-distributable reserves.

36. Fair value of financial instruments

A. Fair value of financial instruments by classes that are not carried at fair value are as follows :

	Note	Group Carrying value RM	 Fair value RM
Financial liabilities:			
At 31 December 2013			
Long-term borrowings:			
CPs/ MTNs under RM270 million programme	19	188,804,911	188,921,083
Term Loan under RM150 million programme	19	116,082,502	116,082,502
Security deposits (non-current)		4,756,365	3,960,754

Quill Capita Trust

36. Fair value of financial instruments (cont'd.)

A. Fair value of financial instruments by classes that are not carried at fair value are as follows (cont'd.) :

	Note	Group Carrying value RM	 Fair value RM
At 31 December 2012			
Long-term borrowings:			
CPs/ MTNs under RM270 million programme	19	188,661,043	188,821,207
Security deposits (non-current)		6,040,680	5,465,186

B. Determination of fair value

The fair values of long term borrowings are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

The fair value of security deposits is estimated based on the current cost of funds.

The following methods and assumptions were used to estimate the fair values of the following classes of financial instruments:

<u>Cash and cash equivalents, trade and other receivables, trade and other payables and short term borrowings</u>

The carrying balances of these financial instruments approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

<u>Derivatives</u>

Interest rate swap contracts are valued using reference to their marked to market fair values as at the reporting date quoted by the financial institution.

Quill Capita Trust

36. Fair value of financial instruments (cont'd.)

C. Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation techniques:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data

As at 31 December 2013, the Group held the following financial instruments carried at fair value in the statement of financial position:

Assets measured at fair value

	2013	Level 1	Level 2	Level 3
	RM	RM	RM	RM
Financial assets at fair value through profit or loss				
Derivatives (non-current)	1,023,184	-	1,023,184	-

During the reporting year ended 31 December 2013, there were no transfers between Level 1 and Level 2 fair value measurements.

Quill Capita Trust

36. Fair value of financial instruments (cont'd.)

C. Fair value hierarchy (cont'd.)

As at 31 December 2012, the Group held the following financial instruments measured at fair value:

Assets measured at fair value

	2012	Level 1	Level 2	Level 3
	RM	RM	RM	RM
Financial assets at fair value through profit or loss				
Derivatives (current)	373,292	-	373,292	-

Liabilities measured at fair value

	2012	Level 1	Level 2	Level 3
	RM	RM	RM	RM
Financial liabilities at fair value through profit or loss				
Derivatives (non-current)	9,672	-	9,672	-

During the reporting year ended 31 December 2012, there were no transfers between Level 1 and Level 2 fair value measurements.

37. Segmental reporting

No segmental reporting is prepared as the Group's activities are predominantly in one industry segment and its properties are situated in Malaysia.

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QUILL CAPITA MANAGEMENT SDN BHD
(737252 - X)

Directors' Report and Audited Financial Statements
31 December 2013

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Quill Capita Management Sdn. Bhd.
(Incorporated in Malaysia)

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Quill Capita Management Sdn. Bhd.
(Incorporated in Malaysia)

Directors' report

The directors have pleasure in presenting their report together with the audited financial statements of the Company for the year ended 31 December 2013.

Principal activity

The principal activity of the Company is to manage real estate investment trust.

There has been no significant change in the nature of the principal activity during the financial year.

Result

	RM
Profit net of tax	1,442,396

There were no material transfers to or from reserves or provisions during the financial year.

In the opinion of the directors, the results of the operations of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

Dividends

The amount of dividends paid by the Company since 31 December 2012 were as follows:

In respect of the financial year ended 31 December 2013:

	RM
Single tier dividend of 150%, on 1,000,000 ordinary shares, declared and paid on 15 May 2013	1,500,000

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Quill Capita Management Sdn. Bhd.
(Incorporated in Malaysia)

Directors

The names of the directors of the Company in office since the date of the last report and at the date of this report are:

Dato' Mohammed Bin Haji Che Hussein
Dato' Dr. Low Moi Ing, J.P.
Dato' Michael Ong Leng Chun
Wen Khai Meng
Chong Lit Cheong
Datuk Dr. Mohamed Arif bin Nun
Yap Kim Swee
Aw Hong Boo (alternate director to Dato' Dr. Low Moi Ing, J.P.)
Foong Soo Hah

Directors' benefits

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company is a party, where the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to received a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company as shown in Note 4 to the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

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Quill Capita Management Sdn. Bhd.
(Incorporated in Malaysia)

Directors' interests

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares in the Company and its related corporations during the financial year were as follows:

	I--------- Number of ordinary shares of RM1 each ---------I			
	1.1.2013	**Acquired**	**Sold**	**31.12.2013**
Indirect interest				
Dato' Dr. Low Moi Ing, J.P.*	300,000	-	-	300,000
Dato' Michael Ong Leng Chun*	300,000	-	-	300,000

* Deemed interested by virtue of direct shareholding in Quill Resources Holdings Sdn Bhd.

None of the other directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

Other statutory information

(a) Before the statement of comprehensive income and statement of financial position of the Company were made out, the directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for impairment of receivables and satisfied themselves that there were no known bad debts and that no allowance for impairment of receivables was necessary; and

(ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the directors are not aware of any circumstances which would render:

(i) it necessary to write off any bad debts or to make any allowance for impairment of receivables in respect of the financial statements of the Company; and

(ii) the values attributed to the current assets in the financial statements of the Company misleading.

(c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate.

(d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Company which would render any amount stated in the financial statements misleading.

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Quill Capita Management Sdn. Bhd.
(Incorporated in Malaysia)

Other statutory information (contd.)

(e) At the date of this report, there does not exist:

(i) any charge on the assets of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

(ii) any contingent liability of the Company which has arisen since the end of the financial year.

(f) In the opinion of the directors:

(i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Company to meet its obligations when they fall due; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Company for the financial year in which this report is made.

Auditors

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors dated 30 APR 2014

Dato' Mohammed Bin Haji Che Hussein
Director

Dato' Michael Ong Leng Chun
Director

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Quill Capita Management Sdn. Bhd.
(Incorporated in Malaysia)

Statement by directors
Pursuant to Section 169(15) of the Companies Act, 1965

We, Dato' Mohammed Bin Haji Che Hussein and Dato' Michael Ong Leng Chun, being two of the directors of Quill Capita Management Sdn. Bhd., do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 8 to 27 are drawn up in accordance with Malaysia Financial Reporting Standards, International Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as at 31 December 2013 and of its financial performance and cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 30 APR 2014

Dato' Mohammed Bin Haji Che Hussein	Dato' Michael Ong Leng Chun
Director	Director

Statutory declaration
Pursuant to Section 169(16) of the Companies Act, 1965

I, Yong Su-Lin, being the officer primarily responsible for the financial management of Quill Capita Management Sdn. Bhd., do solemnly and sincerely declare that the accompanying financial statements set out on pages 8 to 27 are in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by abovenamed Yong Su-Lin at Kuala Lumpur in the Federal Territory on 30 APR 2014

Yong Su-Lin

Before me,

PESURUHJAYA SUMPAH
No: W 562
Nama: MOHAMMAD ROSLAN BIN MUSTAFA
MALAYSIA

H-1-10,
Plaza Damas,
Jalan Sri Hartamas 1,
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Independent auditors' report to the members of Quill Capita Management Sdn. Bhd. (Incorporated in Malaysia)

Report on the financial statements

We have audited the financial statements of Quill Capita Management Sdn. Bhd., which comprise the statement of financial position as at 31 December 2013, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 8 to 27.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Independent auditors' report to the members of Quill Capita Management Sdn. Bhd. (cont'd.) (Incorporated in Malaysia)

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2013 and of its financial performance and cash flows for the year then ended in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia (the "Act"), we also report that in our opinion, the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Other matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young
AF: 0039
Chartered Accountants

Kua Choh Leang
No. 2716/01/15(J)
Chartered Accountant

Kuala Lumpur, Malaysia
30 April 2014

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Quill Capita Management Sdn. Bhd.
(Incorporated in Malaysia)

Statement of comprehensive income
For the financial year ended 31 December 2013

	Note	2013 RM	2012 RM
Revenue	3	5,036,098	5,056,371
Other income		96,248	90,908
Administrative expenses		(3,155,412)	(3,226,241)
Profit before tax	4	1,976,934	1,921,038
Tax expense	5	(534,538)	(486,200)
Profit net of tax, representing total comprehensive income for the year		1,442,396	1,434,838

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

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Quill Capita Management Sdn. Bhd.
(Incorporated in Malaysia)

Statement of financial position
As at 31 December 2013

	Note	2013 RM	2012 RM
Assets			
Non-current asset			
Plant and equipment	6	1	1,975
Current assets			
Trade receivables	7	1,467,066	1,179,764
Prepayments		40,090	40,090
Tax recoverable		24,498	-
Cash and bank balances	8	4,765,812	5,087,497
		6,297,466	6,307,351
Total assets		6,297,467	6,309,326
Equity and liabilities			
Current liabilities			
Other payables	9	1,267,640	1,221,895
Net current assets		5,029,826	5,085,456
Total liabilities		1,267,640	1,221,895
Net liabilities		5,029,827	5,087,431
Equity attributable to equity holders of the Company			
Share capital	10	1,000,000	1,000,000
Retained earnings	11	4,029,827	4,087,431
Shareholders' equity		5,029,827	5,087,431
Total equity and liabilities		6,297,467	6,309,326

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

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Quill Capita Management Sdn. Bhd.
(Incorporated in Malaysia)

Statement of changes in equity
For the financial year ended 31 December 2013

	Share capital RM	Distributable Retained earnings RM	Total equity RM
At 1 January 2013	1,000,000	4,087,431	5,087,431
Total comprehensive income	-	1,442,396	1,442,396
Dividend		(1,500,000)	(1,500,000)
At 31 December 2013	1,000,000	4,029,827	5,029,827
At 1 January 2012	1,000,000	3,652,593	4,652,593
Total comprehensive income	-	1,434,838	1,434,838
Dividend	-	(1,000,000)	(1,000,000)
At 31 December 2012	1,000,000	4,087,431	5,087,431

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

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Quill Capita Management Sdn. Bhd.
(Incorporated in Malaysia)

Statement of cash flows
For the financial year ended 31 December 2013

	Note	2013 RM	2012 RM
Cash flows from operating activities			
Profit before tax		1,976,934	1,921,038
Adjustments for:			
Depreciation of plant and equipment	6	1,974	2,369
Interest income		(96,248)	(90,908)
Operating cash flows before changes in working capital		1,882,660	1,832,499
Changes in working capital:			
Trade receivables		(287,302)	311,718
Prepayments		-	4,742
Other payables		45,745	(213,537)
Cash flows generated from operations		1,641,103	1,935,422
Income taxes paid		(559,036)	(486,200)
Net cash flows generated from operating activities		1,082,067	1,449,222
Cash flows from investing activity			
Interest received, representing net cash generated from investing activity		96,248	90,908
Cash flows from financing activity			
Dividend paid, representing net cash flows used in financing activity		(1,500,000)	(1,000,000)
Net (decrease)/increase in cash and cash equivalents		(321,685)	540,130
Cash and bank balances at 1 January		5,087,497	4,547,367
Cash and bank balances at 31 December		4,765,812	5,087,497

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

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Notes to the financial statements - 31 December 2013

1. Corporate information

The Company is a private limited liability company, incorporated and domiciled in Malaysia. The registered office of the Company is located at Level 7, Quill 9, 112 Jalan Semangat, 46300 Petaling Jaya, Selangor and the principal place of business is located at 9-1, Wisma Mont' Kiara, 1 Jalan Kiara, Mont' Kiara, 50480 Kuala Lumpur.

The principal activity of the Company is to manage real estate investment trust. There has been no significant change in the nature of principal activity during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 30 April 2014.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. At the beginning of the current financial year, the company adopted new and revised MFRS which are mandatory for financial periods beginning on or after 1 January 2013 as described fully in Note 2.2.

The financial statements of the Company have also been prepared on a historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Ringgit Malaysia (RM).

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 January 2013, the Company adopted the following new and amended MFRS and IC Interpretations mandatory for annual financial periods beginning on or after 1 January 2013.

Description	**Effective for annual periods beginning on or after**
Amendments to MFRS 101: Presentation of Items of Other Comprehensive Income	1 July 2012
MFRS 3 Business Combinations (IFRS 3 Business Combinations issued by IASB in March 2004)	1 January 2013
MFRS 10 Consolidated Financial Statements	1 January 2013

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2. Summary of significant accounting policies (cont'd.)

2.2 Changes in accounting policies (cont'd.)

Description	Effective for annual periods beginning on or after
MFRS 11 Joint Arrangements	1 January 2013
MFRS 12 Disclosure of interests in Other Entities	1 January 2013
MFRS 13 Fair Value Measurement	1 January 2013
MFRS 119 Employee Benefits (IAS 19 as amended by IASB in June 2011)	1 January 2013
MFRS 127 Separate Financial Statements (IAS 27 as amended by IASB in May 2011)	1 January 2013
MFRS 128 Investment in Associate and Joint Ventures (IAS 28 as amended by IASB in May 2011)	1 January 2013
IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
Amendments to MFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2013
Annual Improvements 2009-2011 Cycle	1 January 2013
Amendments to MFRS 1: Government Loans	1 January 2013
Amendments to MFRS 10, MFRS 11 and MFRS 12: Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance	1 January 2013

Adoption of the above standards and interpretations did not have any effect on the financial performance or position of the Company except for those discussed below:

MFRS 13 Fair Value Measurement

MFRS 13 establishes a single source of guidance under MFRS for all fair value measurements. MFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under MFRS. MFRS 13 defines fair value as an exit price. As a result of the guidance in MFRS 13, the Company re-assessed its policies for measuring fair values, in particular, its valuation inputs such as non-performance risk for fair value measurement of liabilities. MFRS 13 also requires additional disclosures.

Application of MFRS 13 has not materiality impacted the fair value measurement of the Company. Additional disclosures where required, are provided in the individual notes relating to the assets and liabilities whose fair values were determined.

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2. Summary of significant accounting policies (cont'd.)

2.2 Changes in accounting policies (cont'd.)

Amendments to MFRS 101: Presentation of Items of Other Comprehensive Income

The amendments to MFRS 101 introduce a grouping of items presented in other comprehensive income. Items that will be reclassified ("recycled") to profit or loss at a future point in time (such as net loss or gain on available-for-sale financial assets) have to be presented separately from items that will not be reclassified (such as revaluation of land and buildings). The amendments affect presentation only and have no impact on the Company's financial position or performance.

2.3 Standards and Interpretations issued but not yet effective

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become

Description	Effective for annual periods beginning on or after
Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to MFRS 10, MFRS 12 and MFRS 127: Investment Entities	1 January 2014
Amendments to MFRS 136: Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
Amendments to MFRS 139: Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
IC Interpretation 21 Levies	1 January 2014
Amendments to MFRS 119: Defined Benefit Plans: Employee Contributions	1 July 2014
Annual Improvements to MFRSs 2010–2012 Cycle	1 July 2014
Annual Improvements to MFRSs 2011–2013 Cycle	1 July 2014
MFRS 9 Financial Instruments (IFRS 9 issued by IASB in November 2009)	To be announced
MFRS 9 Financial Instruments (IFRS 9 issued by IASB in October 2010)	To be announced
MFRS 9 Financial Instruments: Hedge Accounting and amendments to MFRS 9, MFRS 7 and MFRS 139	To be announced

2. Summary of significant accounting policies (cont'd.)

2.3 Standards and Interpretations issued but not yet effective (cont'd.)

The directors expect that the adoption of the above standards and interpretations will have no material impact on the financial statements in the period of initial application except as discussed below:

MFRS 9 Financial Instruments

MFRS 9 reflects the first phase of work on the replacement of MFRS 139 and applies to classification and measurement of financial assets and financial liabilities as defined in MFRS 139. The standard was initially effective for annual periods beginning on or after 1 January 2013, but Amendments to MFRS 9: Mandatory Effective Date of MFRS 9 and Transition Disclosures, issued in March 2012, moved the mandatory effective date to 1 January 2015. Subsequently, on 14 February 2014, it was announced that the new effective date will be decided when the project is closer to completion. The adoption of the first phase of MFRS 9 will have an effect on the classification and measurement of the Company's financial assets, but will not have an impact on classification and measurements of the Company's financial liabilities. The Company will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

2.4 Significant accounting judgements and estimates

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Judgements made in applying accounting policies

There are no significant judgements made by management in the application of accounting policies of the Company that may have a significant effect on the financial statements.

Key sources of estimation uncertainty

There are no key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

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2. Summary of significant accounting policies (cont'd.)

2.5 Plant and equipment

All items of plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss during the financial year in which they are incurred.

Subsequent to recognition, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation of plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rate:

Office equipment	20% - 30%

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of plant and equipment.

2.6 Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Company makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated to reduce the carrying amount of the assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss.

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2. Summary of significant accounting policies (cont'd.)

2.6 Impairment of non-financial assets (cont'd.)

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

2.7 Financial assets

Financial assets are recognised in the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Company determines the classification of its financial assets at initial recognition. All financial assets of the Company are classified as loans and receivables.

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

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2. Summary of significant accounting policies (cont'd.)

2.8 Impairment of financial assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

Receivables that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments past the average credit period and observable changes in economic conditions.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss except for receivables, where the carrying amount is reduced through the use of an allowance account. When a receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases as a result of an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

2.9 Cash and bank balances

Cash and cash equivalents comprise cash at bank and on hand and demand deposits, that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

2.10 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

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2. Summary of significant accounting policies (cont'd.)

2.11 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of MFRS 139, are recognised in the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. All the financial liabilities of the Company are classified as other financial liabilities.

The Company's other financial liabilities include other payables and loans and borrowings.

Other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

2.12 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

Management fees are recognised when services are rendered.

2.13 Income taxes

a) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

2. Summary of significant accounting policies (cont'd.)

2.13 Income taxes (cont'd.)

b) Deferred tax

Deferred tax is provided for, using the liability method. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

2.14 Fair value measurement

Fair values of financial instruments measured at amortised cost are disclosed in Note 2.7 and 2.11.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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2. Summary of significant accounting policies (cont'd.)

2.14 Fair value measurement (cont'd.)

- Level 1 — Quoted (unadjusted) prices in active markets for identical assets or liabilities

- Level 2 — Other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly

- Level 3 — Techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

3. Revenue

	2013 **RM**	**2012** **RM**
Base fee	3,415,092	3,396,956
Performance fee	1,621,006	1,659,415
	5,036,098	5,056,371

Revenue represents management fees earned from managing Quill Capita Trust.

4. Profit before tax

The following items have been included in arriving at profit before tax :

	2013 **RM**	**2012** **RM**
Auditors' remuneration	20,000	20,000
Directors' remuneration	381,000	436,000
Depreciation of plant and equipment	1,974	2,369
Service fee	2,086,164	2,108,340
Interest income	(96,248)	(90,908)

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5. Income tax expense

	2013 RM	2012 RM
Income tax:		
- Current	525,502	550,000
- Under/(over)provision in prior years	9,036	(63,800)
Income tax expense recognised in profit or loss	534,538	486,200

A reconciliation of income tax expense applicable to profit before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Company is as follows:

	2013 RM	2012 RM
Profit before tax	1,976,934	1,921,038
Tax at Malaysian statutory tax rate of 25% (2012: 25%)	494,234	480,260
Effect of different tax rate for small and medium scale company of 20% for the first chargeable income of RM500,000	(25,000)	(25,000)
Non-deductible expenses	56,762	94,740
Deferred tax assets not recognised	(494)	-
Under/(over)provision of income tax in prior years	9,036	(63,800)
Income tax expense recognised in profit or loss	534,538	486,200

The Company is entitled to claim the concessionary tax rate at 20% on the first RM500,000 of chargeable income under the guidelines issued by the tax authority.

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6. Plant and equipment

	Office equipment RM	Total RM
At 31 December 2013		
Cost		
At 1 January 2013/31 December 2013	59,658	59,658
Accumulated depreciation		
At 1 January 2013	57,683	57,683
Charge for the year	1,974	1,974
At 31 December 2013	59,657	59,657
Net carrying amount		
At 31 December 2013	1	1
At 31 December 2013		
Cost		
At 1 January 2012/31 December 2012	59,658	59,658
Accumulated depreciation		
At 1 January 2012	55,314	55,314
Charge for the year	2,369	2,369
At 31 December 2012	57,683	57,683
Net carrying amount		
At 31 December 2012	1,975	1,975

7. Trade receivables

	2013 RM	2012 RM
Trade receivables	1,467,066	1,179,764
Add: Cash and bank balances	4,765,812	5,087,497
Total loans and receivables	6,232,878	6,267,261

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7. Trade receivables (cont'd.)

Trade receivables represent the Company's primary concentration of credit risk. The Company's normal credit term is 30 (2012: 30) days and are non-interest bearing. They are recognised at their original invoice amounts which represent their fair values on initial recognition. The trade receivable is due from Quill Capita Trust in respect of manager's base and performance fee receivable. The entire amount is neither past due nor impaired and is from creditworthy debtor with good payment records. None of the Company's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

8. Cash and bank balances

	2013 RM	2012 RM
Cash on hand and at bank	1,508,372	1,358,071
Deposits with a licensed bank	3,257,440	3,729,426
Cash and bank balances	4,765,812	5,087,497

Deposits with a licensed bank are made for varying periods of between 14 days and 1 month (2012: 14 days and 1 month) depending on the immediate cash requirements of the Company, and earn interests at the respective short-term deposit rates.

The weighted average effective interest rates of deposits at the reporting date and the average maturities of the deposits as at the reporting date were as follows:

	2013 %	2012 %
Weighted average effective interest rate (%)	3.00%	2.72%
Average maturities of deposits (days)	30	26

9. Other payables

	2013 RM	2012 RM
Accruals	764,795	617,290
Amounts due to related parties	502,845	604,605
Total financial liabilities carried at amortised cost	1,267,640	1,221,895

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9. Other payables (cont'd.)

Amounts due to related parties are unsecured, non-interest bearing and repayable on demand.

10. Share capital

	Number of ordinary shares of RM1 each		Amount	
	2013	2012	2013 RM	2012 RM
Authorised				
At 1 January/31 December	1,000,000	1,000,000	1,000,000	1,000,000

	Number of ordinary shares of RM1 each		Amount	
	2013	2012	2013 RM	2012 RM
Issued and fully paid				
At 1 January/31 December	1,000,000	1,000,000	1,000,000	1,000,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

11. Retained earnings

Prior to the year of assessment 2008, Malaysian companies adopted the full imputation system. In accordance with the Finance Act 2007 which was gazetted on 28 December 2007, companies shall not be entitled to deduct tax on dividends paid, credited or distributed to its shareholders, and such dividends will be exempted from tax in the hands of the shareholders ("single tier system"). However, there is a transitional period of six years, expiring on 31 December 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances. Companies also have an irrevocable option to disregard the 108 balance and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the 108 balance to be locked-in as at 31 December 2007 in accordance with Section 39 of the Finance Act 2007.

The Company did not elect for the irrevocable option to disregard the 108 balance. As at 31 December 2013, the 108 balance of the Company is nil (2012: nil). The Company may distribute dividends out of its entire retained earnings as at 31 December 2013 and 31 December 2012 under the single tier system.

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12. Dividends

	Amount		Net dividends per ordinary shares	
	2013	2012	2013	2012
	RM	RM	SEN	SEN
Recognised during the year:				
Financial year ended 31 December 2013: Single tier dividend of 150%, on 1,000,000 ordinary shares, declared and paid on 15 May 2013	1,500,000	-	150	-
Financial year ended 31 December 2012: Single tier dividend of 100%, on 1,000,000 ordinary shares, declared and paid on 15 May 2012	-	1,000,000	-	100

13. Related party disclosure

a) Transactions with related parties

In addition to the transactions detailed in Note 3 and elsewhere in the financial statements, the Company has the following transactions with related parties during the financial year:

	2013	2012
	RM	RM
Service fee	2,086,164	2,108,340
Human resource expenses	-	(171,183)
Telephone charges	(7,200)	(7,200)

Outstanding balances in respect of the above transactions are disclosed in Note 9.

The directors are of the opinion that all the transactions above have been entered into in the normal course of business and have been established on terms and conditions that are mutually agreed upon with the above parties.

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13. Related party disclosure (cont'd.)

b) Compensation of key management personnel

	2013 RM	2012 RM
Directors' remuneration*	381,000	436,000

* Fees to Wen Khai Meng and Chong Lit Cheong are paid/payable to CapitaLand Financial Limited

14. Fair value of financial instruments

The carrying amounts of the Company's financial assets and liabilities are reasonable approximation of fair values due to their short-term nature.

15. Financial risk management

The Company's principal financial liabilities comprise amount due to related parties. The key financial risks of the Company are liquidity risk and credit risk. Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities. Credit risk is the risk of loss that may arise on outstanding financial assets should a counterparty default on its obligations. The Company's exposure to credit risk arises from the amount due from Quill Capita Trust. For cash and bank balances, the Company minimises credit risk by dealing exclusively with reputable financial institutions.

The Board of Directors reviews and agrees policies and procedures for the management of liquidity risk which influence the primary objective of the Company's capital management. The Company's policy is not to enter into speculative contracts.

16. Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximises shareholder value.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2013 and 31 December 2012.

WTW INTERNATIONAL

C H Williams Talhar & Wong

C H Williams Talhar & Wong Sdn Bhd (18149-U)

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Report and Valuation

Our Ref : WTW/01/V/000781(A)/13/LAI

Date : 10 April 2014

Board of Directors
Malaysian Resources Corporation Berhad
Level 21, 1 Sentral, Jalan Travers
Kuala Lumpur Sentral
P.O. Box 12640
50470 Kuala Lumpur

Dear Sirs

CERTIFICATE OF VALUATION
PLATINUM SENTRAL
LOT 73 SECTION 0070
TOWN AND DISTRICT OF KUALA LUMPUR
FEDERAL TERRITORY OF KUALA LUMPUR
FOR SUBMISSION TO BURSA MALAYSIA SECURITIES BERHAD

In accordance with the instructions of Malaysian Resources Corporation Berhad, we, C H Williams Talhar & Wong Sdn Bhd, have carried out a valuation on the above mentioned property as at 2 April 2014 **ON THE BASIS AS STATED IN DETAIL UNDER TERMS OF REFERENCE HEREIN** for inclusion in the Circular to the Shareholders of Malaysian Resources Corporation Berhad to be dated 28 January 2015 in relation to the proposed disposal by MRCB SENTRAL PROPERTIES SDN BHD, a wholly-owned subsidiary of MALAYSIAN RESOURCES CORPORATION BERHAD, of the freehold land under GRN 46222, Lot 73 Section 0070, Town and District of Kuala Lumpur, Federal Territory of Kuala Lumpur together with the buildings erected thereon to MAYBANK TRUSTEES BERHAD (acting as Trustee of QUILL CAPITA TRUST).

We have prepared and provided this Valuation Certificate which outlines key factors that have been considered in arriving at our opinion of Market Value and reflects all information known by us and based on present market conditions.

We have inspected the property on 3 January 2014 and 2 April 2014; the material date of valuation is taken as at 2 April 2014.

This valuation has been prepared in accordance with the Asset Valuation Guidelines issued by the Securities Commission Malaysia and Malaysia Valuation Standards issued by the Board of Valuers, Appraisers and Estate Agents, Malaysia.

The basis of the valuation is Market Value which is defined by the Malaysian Valuation Standards (MVS) to be "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion".

C H Williams Talhar & Wong

C H Williams Talhar & Wong Sdn Bhd (18149-U)

Our Ref : WTW/01/V/000781(A)/13/LAI
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IDENTIFICATION OF PROPERTY

The Property / Interest Valued	:	A parcel of freehold commercial land erected upon with 5 blocks of 4 to 7 storey commercial buildings together with 2 levels of car park belonging to MRCB SENTRAL PROPERTIES SDN BHD.
Address	:	Platinum Sentral, Jalan Stesen Sentral 2, Kuala Lumpur Sentral, 50470 Kuala Lumpur
Title No	:	GRN 46222
Lot No	:	Lot 73 Section 0070, Town and District of Kuala Lumpur, Federal Territory of Kuala Lumpur
Title Land Area	:	49,260 square metres (530,230 square feet)
Net Lettable Area	:	Office 419,643 square feet Retail 56,214 square feet Total 475,857 square feet [excluding the licensed area (terrace / outdoor sitting area) of 39,040 square feet]
Tenure	:	Term in perpetuity (Freehold)
Category of Land Use	:	Building
Registered Owner	:	KUALA LUMPUR SENTRAL SDN. BHD.
Beneficial Owner	:	MRCB SENTRAL PROPERTIES SDN BHD

TERMS OF REFERENCE

As instructed, the valuation shall be conducted based on the following bases:-

i) The subject property has a net lettable area of 475,857 square feet as per the tenancy schedule dated 31 March 2014 provided to us;

ii) The subject property has a total of 637 car parking bays; and

iii) The tenant, SMALL AND MEDIUM ENTERPRISES CORPORATION MALAYSIA, of Block B and C have to pay for the monthly fit-out cost at RM1.19 per square foot for a term of 15 years commencing from 1 July 2011.

THIS VALUATION IS BASED ON AVAILABLE INFORMATION THAT IS PRESUMED TO BE CORRECT. WE RESERVE THE RIGHT TO AMEND THE FACTS AND THE VALUE IN THE EVENT THAT THESE ARE INCORRECT.

C H Williams Talhar & Wong

C H Williams Talhar & Wong Sdn Bhd (18149-U)

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GENERAL DESCRIPTION

The subject property, which is known as Platinum Sentral, is located within the Kuala Lumpur Sentral development. It is located approximately 2 kilometres by road to the south-west of Kuala Lumpur city centre.

Developments within the vicinity include Brickfields, Mid Valley City, Taman Seputeh, Federal Hill, Taman Bangsar and Taman Bukit Pantai.

Site

Lot 73, at which the subject property (Platinum Sentral) is located at, is near triangular in shape and has a titled land area of 49,260 square metres (530,230 square feet).

It is bounded by Jalan Stesen Sentral at its southern boundary, Jalan Stesen Sentral 2 at its northern boundary and Jalan Stesen Sentral 4 at its eastern boundary.

Building

The components of subject property are as follows:-

i) Block A - 7 storey (1 storey retail and 6 storey office)
ii) Block B -6 storey (1 storey retail and 5 storey office) annexed with Block B1 - 5 storey (2 storey retail and 3 storey office)
iii) Block C - 5 storey (1 storey retail including multipurpose hall and 4 storey office)
iv) Block D – 4 storey (1 storey retail and 3 storeys business centre including multipurpose hall at the top floor)
v) Block E – 6 storey (1 storey retail and 5 storey office)

All the above are erected on 2 storey podium car park.

The buildings are constructed of reinforced concrete framework with aluminium composite panel cladding over RC structure and brickwalls generally as well as aluminium framed and glazed curtain wall system at various locations as per façade treatment and aluminium/reinforced concrete flat roof.

The gross floor area and net lettable area of the subject property are 1,008,620 square feet and 475,857 square feet, respectively. Breakdown of the net lettable area for the office and retail spaces is 419,643 square feet and 56,214 square feet, respectively. During our site inspection, we noted that there were 637 car parking bays available within Level 1 & 2 of the subject property.

The subject property is sited within the Multimedia Super Corridor (MSC) Malaysia Cybercentre @ Kuala Lumpur Sentral. It has been awarded with the BCA Green Mark Platinum Award (Provisional) and the Malaysia Property Award^{TM} 2013 for the Sustainable Development category.

Block Nos. B, C and E of the subject property were completed in Year 2011 whilst Block Nos. A and D of the subject property were completed in Year 2012. The age of subject property is about 2 years old (for Blocks A &D) and 2.25 years old (for Blocks B, C & E). The subject property has been issued with the Certificates of Completion and Compliance (CCC) on 21 May 2012.

OCCUPATION

Based on the tenancy schedule dated 31 March 2014, the average occupancy rate of the subject property is approximately 97%.

The breakdown occupancy rate of the subject property for the past 3 years is as follows:-

Year End	Office	Retail
2011	100% (Block B & C only)	0%
2012	100%	0%
2013	100%	35%
2014 (as at 31 March 2014)	100%	78%

RENTAL

The average rentals analysed from the tenancy schedule dated 31 March 2013 of Platinum Sentral provided to us are as follows:-

Year End	Average Monthly Rentals	
	Office	Retail
2011	RM8.50 psf	-
2012	RM8.54 psf	-
2013	RM8.54 psf	RM5.00 psf
2014 (as at 31 March 2014)	RM8.54 psf	RM4.99 psf

TENANCY DETAILS

The tenancy period of the tenancies vary from 2 to 15 years. The breakdown of the term of lease / tenancy agreement is as follows:-

Term of Tenancy	%
Office Space	
3 years	23.74%
6 years	27.54%
15 years	48.72%
Retail Space	
1 year	27.63%
3 years	72.37%

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OUTGOINGS

The average outgoings analysed from the Profit and Loss Account of Platinum Sentral for Year 2013 and the Projection of Outgoings for Year 2014 provided to us are as follows:-

Year	Average Monthly Outgoings
2012	RM1.12 psf
2013	RM1.55 psf
2014 (Projection)	RM1.69 psf

Block Nos. B, C and E of the subject property were completed in Year 2011 whilst Block Nos. A and D of the subject property were completed in Year 2012. Therefore, most of the maintenance and repairs were still under defect liability period in 2013. We have adopted outgoings at RM1.70 per square foot per month based on the analysis of the Projection Outgoings (2014).

PLANNING PROVISIONS

The subject property is designated for commercial use as per the Express Condition in the document of title.

METHOD OF VALUATON

We have adopted the Investment Method as the primary method for this valuation exercise and Comparison Method as a check method.

Investment Method.

The Investment Method entails determining the net current annual income by deducting the annual outgoings from the gross annual income and capitalising the net income by a suitable rate of return consistent with the type and quality of investment to arrive at the market value.

Comparison Method

Recent transactions and asking prices of similar property in the larger locality are analysed for comparison purposes with adjustments made for differences in location/transportation hub/rental level, green building/quality finishes/low density, size, tenure, MSC status, condition of the building, title restrictions if any, progress payments, and other relevant characteristics to arrive at the market value.

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VALUE CONSIDERATION

Investment Method

The parameters adopted in the investment method are as follows:-

a) Office & Retail Space :

Description	Office Space		Retail Space		Remarks
Average Term Gross Rental	Office	RM8.54 psf	Indoor	RM4.99 psf*	We have adopted current passing rent. *Note: Exclusive of turn over rent
	Terrace	RM2.60 psf	Outdoor	RM3.40 psf	
Average Reversionary Gross Rental	Office	RM9.00 psf	Indoor	RM10.00 psf	Considered the current rental and concluded rentals of similar office buildings and retail mall within the vicinity, i.e. Menara Shell Office Building @ RM7.95 psf and Sooka Sentral Retail Mall @ RM9.60 psf – RM12.00 psf.
	Terrace	RM1.50 psf	Outdoor	RM5.00 psf	
Term Monthly Outgoings	RM1.70 psf		RM1.70 psf		Considered the current and projection outgoings of the subject property.
Reversionary Monthly Outgoings	RM1.80 psf		RM1.80 psf		We have adopted an increase of 5.00% in view of the increment of electricity tariff and assessment in Kuala Lumpur.
Void	5.00%		10.00%		We have adopted the void for rent-free period and risk of vacancy and uncertainty.
Term Capitalisation Rate	5.75%		5.75%		Based on the recent transaction of the office buildings within Klang Valley, the net yield ranges from 4.65% to 6.02%. It is noted that Tower 1 and Tower 7, Avenue 3 of Bangsar South transacted at a net yield of 4.65% and 5.45%, respectively whilst Tower 8 Avenue 5 of Bangsar South transacted at a net yield of 4.92%. East Wing of The Icon @ Tun Razak transacted at a net yield of 6.02%. Taking into consideration the location, building specification/ green building features and MSC compliance of the subject property, we have adopted the net yield (term) at 5.75% and net yield (reversionary) at 6.25%.
Reversionary Capitalisation Rate	6.25%		6.25%		

b) Car Park :

Description	Parameters	Remarks
Term - Net Monthly Income	RM150,000/-	Based the Car Park Operation Agreement. The operation period is 3 years commencing from 1 January 2013.
Reversionary – Gross Monthly Income	**Car Park Rates:** Reserved Bay : RM420/- per bay Floating Bay: RM210/- per bay Hourly Rate : RM4.00 per hour	Based on our survey of the car parking rates within Kuala Lumpur Sentral.
Term Monthly Outgoings	-	The monthly income of car park is net income.
Reversionary Monthly Outgoings	10% of the gross monthly rental from the car park collection	Considered the outgoings of similar car park area.
Term Capitalisation Rate	5.75%	We have adopted the net yield (term) at 5.75% and net yield (reversionary) at 6.25% which is in line with the office and retail space.
Reversionary Capitalisation Rate	6.25%	

The market value of car park is analyzed at approximately RM71,000 per bay.

c) Other Income - Electricity Tariff Income

We have taking into consideration the electricity tariff income in our valuation.

We have capitalised the electricity tariff income at RM73,625 per annum as stated in the Profit & Loss Account of Platinum Sentral for Year 2013 at 6.25% in our valuation. No outgoings have been considered as the outgoings have been reflected in the valuation of retail and office area under Platinum Sentral.

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Comparison Method

In arriving at the market value of the subject property based on Comparison Method, we have considered three transactions of office buildings in Kuala Lumpur.

The comparables are as follows:-

a) **Office Building :**

Details	Comparable 1	Comparable 2	Comparable 3
Source	Bursa Malaysia Securities Berhad	Circular to Shareholders	Bursa Malaysia Securities Berhad
Building Name	Tower 1, Avenue 3, Horizon Phase 1, Bangsar South	Tower 7, Avenue 3, Horizon Phase 1, Bangsar South	Tower 1, Avenue 7, Horizon Phase 2, Bangsar South
Location	Jalan Kerinchi, Kuala Lumpur	Jalan Kerinchi, Kuala Lumpur	Jalan Kerinchi, Kuala Lumpur
Type	12-storey office building	11-storey office building	18-storey office building
Tenure	Leasehold 99 years expiring on 16 August 2106	Leasehold 99 years expiring on 16 August 2106	Leasehold 99 years expiring on 16 August 2106
Net Lettable Area (square feet)	61,700	67,704	173,250
Date	30/12/13	08/04/2013	12/12/2012
Vendor	Paramount Properties Sdn Bhd	Bidang Lagenda Sdn Bhd	Nasib Unggul Sdn Bhd and Paramount Properties Sdn Bhd
Purchaser	Marak Moden Sdn Bhd	Nextnation Communication Berhad	First Impact Sdn Bhd
Consideration	RM72,540,000/-	RM64,000,000/-	RM173,250,000/-
Analysis (RM per square metre)	RM12,655/- (exclusive of car park)	RM10,175/- (exclusive of car park)	RM10,764/- (exclusive of car park)
Analysis (RM per square foot)	RM1,176/- (exclusive of car park)	RM945/- (exclusive of car park)	RM1,000/- (exclusive of car park)
Adjustments	Adjustments are made for location, tenure, density, public amenities, green building features and net lettable area	Adjustments are made for time adjustment, location, tenure, density, public amenities, green building features and net lettable area	Adjustments are made for time adjustment, location, tenure, density, public amenities, green building features and net lettable area
Adjusted Value (RM per square foot)	RM1,675	RM1,414	RM1,470

It is noted that the analyzed values range from RM1,414 to RM1,675 per square foot. We have adopted Comparable 3 as the most appropriate comparable based on its size and green building features. Therefore, we have adopted RM1,470 per square foot in our valuation.

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b) Car Park :

The transactions of car park are very limited within the locality. The recorded transactions available are analyzed as follows:-

Details	Comparable 1	Comparable 2
Source	Bursa Malaysia Securities Berhad	Bursa Malaysia Securities Berhad
Building Name	MTR 2	East Wing of The Icon @ Tun Razak
Location	Jalan Raja Laut	Jalan Tun Razak
Type	Car Park	Car Park
No. of Car Park	440 bays	301 bays
Date	18/04/2012	24/12/2009
Vendor	Skyline Atlantic Sdn Bhd	Star Residence Sdn Bhd
Purchaser	Sovereign Place Sdn Bhd	T.S Law Realty Sdn Bhd
Consideration	RM26,400,000/-	RM18,151,000/-
Analysis (RM per bay)	RM60,000/-	RM60,302/-
Adjustments	Adjustments are made for time and other adjustment (shortage of car park).	Adjustments are made for time and other adjustment (shortage of car park).
Adjusted Value (RM per bay)	RM66,150/-	RM69,649/-

It is noted that the analyzed values range from RM66,150 to RM69,649 per bay. We have adopted Comparable 2 in this valuation at RM70,000 per bay as the transaction of Comparable 1 may not be completed yet.

Reconciliation of Value

The market value for the subject property derived from both Investment Method and Comparison Method are shown as follows:-

Investment Method - RM740,000,000/-
Comparison Method - RM744,000,000/-

We have adopted the market value derived from Investment Method as a fair representation of the market value of the subject property in view of the fact that the subject property is an income generating property.

VALUATION

Taking into consideration the above factors, we therefore assess the market value of the subject property **BASED ON BASIS AS STATED IN DETAILED UNDER THE TERMS OF REFERENCE HEREIN** and free from all encumbrances is **RM740,000,000/- (Ringgit Malaysia : Seven Hundred And Forty Million Only)**.

Yours faithfully
for and on behalf of
C H Williams Talhar & Wong Sdn Bhd

Sr HENG KIANG HAI
MBA (Real Estate), B.Surv (Hons) Prop.Mgt.
MRICS, FRISM, MPEPS, MMIPPM
Registered Valuer (V-486)

C H Williams Talhar & Wong

WTW INTERNATIONAL

C H Williams Talhar & Wong Sdn Bhd (18149-U)

Juruukur Berkanun
Chartered Surveyors

Perunding Harta Antarabangsa
International Property Consultants

Report and Valuation

Our Ref : WTW/01/V/000991(A)/14/LAI

Date : 17 October 2014

30-01, 30th Floor
Menara Multi-Purpose
@ CapSquare
8 Jalan Munshi Abdullah
P O Box 12157
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Malaysia
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Website: www.wtw.com.my

Board of Directors
Malaysian Resources Corporation Berhad
Level 21, 1 Sentral, Jalan Travers
Kuala Lumpur Sentral
P.O. Box 12640
50470 Kuala Lumpur

Dear Sirs

UPDATE CERTIFICATE OF VALUATION
PLATINUM SENTRAL
LOT 73 SECTION 0070
TOWN AND DISTRICT OF KUALA LUMPUR
FEDERAL TERRITORY OF KUALA LUMPUR
FOR SUBMISSION TO BURSA MALAYSIA SECURITIES BERHAD

We refer to your instructions to review our valuation on the above-mentioned property for inclusion in the circular to the shareholders of Malaysian Resources Corporation Berhad to be dated 28 January 2015 in relation to the proposed disposal by MRCB SENTRAL PROPERTIES SDN BHD, a wholly-owned subsidiary of MALAYSIAN RESOURCES CORPORATION BERHAD, of the freehold land under GRN 46222, Lot 73 Section 0070, Town and District of Kuala Lumpur, Federal Territory of Kuala Lumpur together with the buildings erected thereon to MAYBANK TRUSTEES BERHAD (acting solely in the capacity as trustee for and on behalf of Quill Capita Trust).

A Report and Valuation on the abovementioned property were previously prepared by us under Reference No. WTW/01/V/000781(A)/13/LAI dated 10 April 2014. This Update Valuation Certificate should be read in conjunction with the said full Report and Valuation.

We have re-inspected the property on 1 October 2014, as instructed, the material date of valuation is taken as at 15 September 2014.

We have prepared and provided this Update Valuation Certificate which outlines key factors that have been considered in arriving at our opinion of Market Value and reflects all information known by us and based on present market conditions.

This valuation has been prepared in accordance with the Asset Valuation Guidelines issued by the Securities Commission Malaysia and Malaysia Valuation Standards issued by the Board of Valuers, Appraisers and Estate Agents, Malaysia.

The basis of the valuation is Market Value which is defined by the Malaysian Valuation Standards (MVS) to be "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion".

C H Williams Talhar & Wong

C H Williams Talhar & Wong Sdn Bhd (18149-U)

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TERMS OF REFERENCE

The update valuation is conducted based on same Terms of Reference as stated in our previous valuation report dated 10 April 2014.

TITLE PARTICULARS

We have carried out private title searches on 9 October 2014 at Federal Territory of Kuala Lumpur Registry of Land Titles revealed that there are no changes in the title documents.

GENERAL DESCRIPTION

We would like to confirm that the physical state of the subject property generally remains unchanged since our last valuation as at 2 April 2014. During our site inspection on 1 October 2014, we noted that the link-bridge in between the subject property and Menara CIMB was completed.

OCCUPATION

Based on the tenancy schedule as at 15 September 2014, we noted that the occupancy rate has dropped slightly from approximately 97% to approximately 94% due to the termination of tenancies by retail tenants. The breakdown of the occupancy rate for office and retail is 100% and approximately 48%, respectively.

The changes of the tenancies since our last valuation as at 2 April 2014 are as follows:-

Lot No	Net Lettable Area (sf)	Remarks
Retail Area		
G01	6,742	Tenancy terminated. Vacant.
G22-G26	6,274	Tenancy terminated. Vacant.
G02-G07	15,775	Tenancy renewed for a period of 1 year from 1 October 2014.
G16	594	Rental has revised to RM5.00 psf based on the Tenancy Agreement dated 11 September 2014.
Office Area		
Block B & C	198,240	Tenancy entering Term 2 and rental has revised to RM9.55 psf.

MARKET CONDITION

According to the Publication of Bank Negara Malaysia, the Malaysian economy registered a strong growth of 6.4% in the second quarter of 2014 (1Q 2014: 6.2%), underpinned by higher exports and continued strength in private domestic demand. On the supply side, growth in the major economic sectors remained firm, supported by trade and domestic activity. On a quarter-on-quarter seasonally adjusted basis, the economy grew by 1.8% (1Q 2014: 0.8%). Referring to the Bank Negara Malaysia Publication, it is stated that the Malaysia economy is expected to remain on a steady growth path.

We noted that the rental of retail and office space in this locality have remained stable since last valuation.

MARKET VALUE

Investment Method

We have reassessed the market value of the subject property with the updated details and have adopted the same parameters in the Investment Method as per our previous valuation report dated 10 April 2014.

Comparison Method

We have adopted the same comparables for similar office buildings as per our previous valuation report dated 10 April 2014 as there were no similar new transactions.

Reconciliation of Value

The market value of the subject property derived by the Investment Method of Valuation is **RM740,000,000/-** while Comparison Method of Valuation is **RM744,000,000/-.**

We have adopted the market value derived from Investment Method as a fair representation of the market value of the subject property in view of the fact that the subject property is an income generating property.

The current market value has remained unchanged as compared to the last valuation.

VALUATION

Taking into consideration the above factors, we therefore assess the market value of the subject property **BASED ON BASIS AS STATED IN DETAIL UNDER THE TERMS OF REFERENCE HEREIN** and free from all encumbrances is **RM740,000,000/- (Ringgit Malaysia : Seven Hundred And Forty Million Only)**.

Yours faithfully
for and on behalf of
C H Williams Talhar & Wong Sdn Bhd

Sr HENG KIANG HAI
MBA (Real Estate), B.Surv (Hons) Prop.Mgt,
MRICS, FRISM, MPEPS, MMIPPM
Registered Valuer (V-486)

FURTHER INFORMATION

1. Directors' responsibility statement

This Circular has been seen and approved by your Board who collectively and individually accept full responsibility for the accuracy of the information given herein insofar as it relates to our Group. Your Board hereby confirms that after having made all reasonable enquiries, and to the best of their knowledge and belief, there is no other faet, the omission of which would make any statement herein false or misleading.

Information relating to CRPL, CCSB, QCT and QCM have been obtained from publicly available documents (where applicable) and other information/documents provided by such parties/companies and their directors/management. The sole responsibility of your Board has been to ensure that the information in relation to such parties/companies held have been accurately reproduced.

2. Consents

RHB Investment Bank, CIMB Investment Bank, Astramina Advisory and WTW have given and have not subsequently withdrawn their written consents to the inclusion in this Circular of their names and reports (where applicable) and all references thereto in the form and context in which they appear in the Circular.

3. Declarations of conflict of interest

3.1 RHB Investment Bank

The Employees Provident Fund Board ("**EPF**") is a common shareholder of MRCB and RHB Capital Berhad (being the holding company of RHB Investment Bank) ("**RHB Capital**"). Nevertheless, EPF is not involved in the day-to-day operations of RHB Investment Bank.

In addition, Tan Sri Azlan Zainol is a Non-Independent Non-Executive Chairman of MRCB and a Non-Independent Non-Executive Director of both RHB Capital as well as RHB Investment Bank. Nevertheless, in view of his role as a non-executive director, he is not involved in the day-to-day operations of both RHB Capital and RHB Investment Bank.

Haji Md Ja'far Abdul Carrim, a member of the board of directors of EPF, is also the Non-Independent Non-Executive Chairman and a Non-Independent Non-Executive Director of RHB Islamic Bank Berhad and RHB Insurance Berhad respectively, which are also subsidiaries of RHB Capital. Nevertheless, he does not hold any directorships in either RHB Capital or RHB Investment Bank.

As at LPD, RHB Investment Bank and its related companies (collectively referred to as "**RHB Banking Group**") have extended various credit facilities amounting to approximately RM883.5 million (with an amount of approximately RM453.8 million outstanding) to our Group.

The above credit facilities are provided by RHB Banking Group in the ordinary course of business and RHB Investment Bank does not receive or derive any finaneial interest or benefit from the Proposals, save for the professional fees as the Joint Adviser for the Proposals.

Notwithstanding the aforesaid, RHB Investment Bank confirms that there is no existing conflict of interest and is not aware of any circumstance which would or is likely to give rise to a possible conflict of interest situation by virtue of RHB Investment Bank's appointment as the Joint Adviser for the Proposals.

3.2 CIMB Investment Bank

CIMB Investment Bank is not aware of any situation which gives or is likely to give rise to a conflict of interest situation in relation to its role as the Joint Adviser to our Company for the Proposals.

However, in the ordinary course of business, CIMB Investment Bank and its related companies do engage in transactions with and perform services for our Group. As at LPD, CIMB Investment Bank and its related companies have extended credit facilities amounting to approximately RM811.1 million (with an amount of approximately RM356.2 million outstanding) and/or have engaged and in the future may engage in private banking, commercial banking and investment banking transactions in their ordinary course of business with our Group. Further, CIMB Investment Bank and its related companies may, in the ordinary course of business, hold equity exposure in our Company as a result of investment decisions made by the equity derivatives and proprietary trading desks.

3.3 Astramina Advisory

Astramina Advisory has been appointed by our Company as Financial Adviser for the Proposals. Astramina Advisory has also been appointed by QCM as Joint Transaction Arranger in respect of the Proposals.

The dual roles undertaken by Astramina Advisory for both our Company and QCM in relation to the Proposals may potentially give rise to a conflict of interest on the part of Astramina Advisory but any such conflict of interest is mitigated by the fact that the terms of engagement of Astramina Advisory as Joint Transaction Arranger for QCM are limited to ensuring an expeditious and accurate flow of information between QCT, QCM and our Company, and to assist in arranging and coordinating project work streams to promote the timely implementation of the Proposals. Astramina Advisory has neither been appointed as the financial nor principal adviser to QCM in respect of the Proposals and does not receive any advisory fee from QCM.

3.4 WTW

WTW confirms that there is no confliet of interest situation which exists or is likely to exist in its role as the Independent Property Valuer to MRCB and QCT for Platinum Sentral.

4. Material litigation, claims or arbitration

There is no material litigation, claim or arbitration in respect of Platinum Sentral, which has or would have a material and adverse effect on the financial position of the Group and, to the best of your Board's knowledge and belief, your Board is not aware of any proceeding pending or threatened or of any faet likely to give rise to any proceeding in respect of Platinum Sentral which might materially and adversely affect the financial position or business of the Group.

5. Material commitments

Save as disclosed below, as at LPD, your Board is not aware of any material commitment incurred or known to be incurred by our Company or our subsidiaries which upon becoming enforceable may have a material impact on the financial position of our Group:-

	RM'000
Authorised capital expenditure not contracted for:	
- property, plant and equipment	36,286

6. Contingent liabilities

Save as disclosed below, as at LPD, your Board is not aware of any contingent liability which upon becoming enforceable may have a material impact on the financial position of our Group:-

	RM'000
Unsecured corporate guarantees given to financial institutions for trade and performance guarantees extended to third parties	152,925
Disputed claims from sub-contractors arising from business transactions [(1)]	38,410

Note:-

(1) *The disputed claims from sub-contractors arising from business transactions have not been provided for in the financial statements as your Board, based on legal advice, is of the opinion that the above claims are not likely to succeed and thus would not have a material effect on the financial position of the business of our Group and of our Company.*

7. Documents available for inspection

Copies of the following documents are available for inspection at the registered office of our Company at Level 21, 1 Sentral, Jalan Travers, Kuala Lumpur Sentral, 50470 Kuala Lumpur, during normal office hours from Mondays to Fridays (except public holidays) from the date of this Circular up to and including the date of the EGM:-

(i) the memorandum and articles of association of our Company, MSP, QCT and QCM;

(ii) the audited financial statements for each of the 2 FYE 31 December 2012 and 31 December 2013 in respect of our Group, QCT and QCM;

(iii) the latest unaudited financial statements for the 9-month financial period ended 30 September 2014 in respect of our Group and the 12-month financial period ended 31 December 2014 in respect of QCT;

(iv) the HOAs, Platinum SPA (together with the supplemental letters dated 8 October 2014 and 8 January 2015), Shareholders' Agreement and QCM SSAs;

(v) the Valuation Report, together with the valuation certificates referred to in Appendix V to this Circular; and

(vi) the letters of consent referred to in Section 2 above.

MRCB

MALAYSIAN RESOURCES CORPORATION BERHAD
(Company No. 7994-D)
(Incorporated in Malaysia under the Companies Act, 1965)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting (**"EGM"**) of Malaysian Resources Corporation Berhad (**"MRCB"** or **"Company"**) will be held at Hotel Istana Kuala Lumpur City Centre, Mahkota Ballroom II, BR Level, 73 Jalan Raja Chulan, 50200 Kuala Lumpur on Thursday, 12 February 2015 at 10.00 a.m. or immediately following the conclusion of the earlier EGM of MRCB which will be held at the same place and on the same day at 9.00 a.m., whichever is later, or at any adjournment thereof, for the purpose of eonsidering and if thought fit, passing with or without modification, the following ordinary resolutions:-

ORDINARY RESOLUTION 1

PROPOSED DISPOSAL BY MRCB SENTRAL PROPERTIES SDN BHD ("MSP"), A WHOLLY-OWNED SUBSIDIARY OF MRCB, OF ALL THAT PIECE OF FREEHOLD LAND HELD UNDER GERAN 46222, LOT 73 SECTION 0070, TOWN AND DISTRICT OF KUALA LUMPUR, FEDERAL TERRITORY OF KUALA LUMPUR, TOGETHER WITH A COMMERCIAL DEVELOPMENT COMPRISING 5 BLOCKS OF 4 TO 7 STOREY COMMERCIAL BUILDINGS CONSISTING OF OFFICE-CUM RETAIL SPACE, A MULTI-PURPOSE HALL TOGETHER WITH 2 LEVELS OF CAR PARKS KNOWN AS "PLATINUM SENTRAL" INCLUDING ALL THE PLANT AND EQUIPMENT, FIXTURES AND FITTINGS ATTACHED TO THEM (EXCLUDING THE FIXTURES AND FITTINGS BELONGING TO EXISTING TENANTS AND THIRD PARTIES INCLUDING THOSE WITH WHOM THE EXISTING TENANTS HAVE ENTERED INTO A HIRE PURCHASE AND/OR LEASING ARRANGEMENT IN RESPECT OF SUCH FITTINGS AND FIXTURES) AND THE BENEFITS AND OBLIGATIONS IN RESPECT OF EXISTING TENANCIES ("PLATINUM SENTRAL"), TO MAYBANK TRUSTEES BERHAD ("MTB" OR "PURCHASER"), ACTING SOLELY IN THE CAPACITY AS TRUSTEE FOR QUILL CAPITA TRUST ("QCT"), A REAL ESTATE INVESTMENT TRUST ("REIT"), FOR A TOTAL DISPOSAL CONSIDERATION OF RM740 MILLION, OF WHICH RM476 MILLION WILL BE SATISFIED IN CASH AND RM264 MILLION WILL BE SATISFIED VIA THE PROPOSED ISSUANCE OF 206.25 MILLION UNITS IN QCT ("UNITS") AT AN ISSUE PRICE OF RM1.28 PER UNIT ("PROPOSED DISPOSAL")

"**THAT**, subject to and conditional upon the approvals of all relevant regulatory authorities or parties being obtained (if required), approval be and is hereby given for MSP, a wholly-owned subsidiary of MRCB to dispose Platinum Sentral to MTB, acting solely in the capacity as trustee for QCT, a REIT, for a total disposal consideration of RM740 million, of which RM476 million will be satisfied in cash and RM264 million will be satisfied via the proposed issuance of RM206.25 million Units at the issue price of RM1.28 per Unit, in accordance with the terms and conditions of the conditional sale and purchase agreement dated 10 April 2014 entered into between MSP and the Purchaser.

AND THAT the Board of Directors of the Company be and is hereby authorised to give full effect to the Proposed Disposal with full powers to assent to any terms, conditions, modifications, variations and/or amendments in any manner as may be required by the relevant authorities or as the Board of Directors of the Company may deem necessary or expedient in the best interest of the Company and to do all acts, deeds and things and to execute, sign and deliver for and on behalf of the Company all such documents as may be necessary and/or expedient in the best interests of the Company."

ORDINARY RESOLUTION 2

PROPOSED ACQUISITIONS BY MRCB OF A TOTAL OF 41% EQUITY INTERESTS IN QUILL CAPITA MANAGEMENT SDN BHD (BEING THE MANAGEMENT COMPANY OF QCT) ("QCM" OR "REIT MANAGER") FROM CAPITALAND RECM PTE LTD ("CRPL") AND COAST CAPITAL SDN BHD ("CCSB") FOR A TOTAL CASH CONSIDERATION OF RM5,882,835.80 ("PROPOSED SHARES ACQUISITIONS")

"**THAT**, subject to the passing of Ordinary Resolution 1 and subject to and conditional upon the approvals of all relevant regulatory authorities or parties being obtained (if required), approval be and is hereby given for MRCB to acquire 40% equity interest in QCM from CRPL for a purchase consideration of RM5,739,352.00 and 1% equity interest in QCM from CCSB for a purchase consideration of RM143,483.80, in accordance with the terms and conditions of the share sale agreement dated 10 April 2014 entered into between MRCB and CRPL, and the share sale agreement dated 10 April 2014 entered into between MRCB, Quill Resources Holdings Sdn Bhd and CCSB, respectively.

AND THAT the Board of Directors of the Company be and is hereby authorised to give full effect to the Proposed Shares Acquisitions with full powers to assent to any terms, conditions, modifications, variations and/or amendments in any manner as may be required by the relevant authorities or as the Board of Directors of the Company may deem necessary or expedient in the best interest of the Company and to do all acts, deeds and things and to execute, sign and deliver for and on behalf of the Company all such documents as may be necessary and/or expedient in the best interests of the Company."

BY ORDER OF THE BOARD

Mohd Noor Rahim Yahaya
MAICSA 0866820
Company Secretary

Kuala Lumpur
Dated: 28 January 2015

Notes:-

1. *Only members whose names appear in the Record of Depositors on 5 February 2015 ("General Meeting Record of Depositors") shall be eligible to attend in person or appoint proxies to attend and/or vote on their behalf at the EGM.*
2. *A member of the Company who is entitled to attend ond vote at this meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of a proxy and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.*
3. *Where a member appoints two (2) proxies, the appointment shall be invalid unless the proportion of the shareholdings to be represented by each proxy is specified.*
4. *Where a member of the company is an exempt authorised nominee which holds ordinary shares in the Companyfor multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus occount it holds.*
5. *The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attomey duly appointed under a power of attorney. In the case of a corporation, it shall be executed under its Common Seal or signed by its attorney duly authorised in writing or by an officer on behalf of the corporation.*
6. *The duly completed Proxy Form must be deposited at Symphony Share Registrars Sdn.Bhd, Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than 48 hours before the time set for the holding of the meeting or any adjournment thereof.*

MALAYSIAN RESOURCES CORPORATION BERHAD
(Company No. 7994-D)
(Incorporated in Malaysia under the Companies Act, 1965)

PROXY FORM

(Please see the notes below before completing the form)

CDS Account No.	
No. of Ordinary share(s) held	

*I/We (FULL NAME IN CAPITAL LETTERS) ______________________________
*NRIC No./ Passport No./ Company No. ______________________________
of (FULL ADDRESS) ______________________________
____

being a *member/members of **MALAYSIAN RESOURCES CORPORATION BERHAD** hereby appoint

First Proxy

Full Name of Proxy in capital letters		Proportion of shareholdings	
		Number of shares	Percentage (%)
NRIC Number			

*and/or failing him/her

Second Proxy

Full Name of Proxy in capital letters		Proportion of shareholdings	
		Number of shares	Percentage (%)
NRIC Number			

or failing *him/her the Chairman of the Meeting as *my/our proxies to attend and vote for *me/us on *my/our behalf at the Extraordinary General Meeting of the Company to be held on Thursday, 12 February 2015 at 10.00 a.m. or immediately following the conclusion of the earlier EGM of MRCB which will be held at the same place and on the same day at 9.00 a.m., whichever is later, or at any adjournment thereof.

*My/our proxy is to vote on the Ordinary Resolutions as indicated by an "X" in the appropriate spaces below. If this form is returned without any indication as to how the proxy shall vote, the proxy shall vote or abstain as *he/she thinks fit.

No.	ORDINARY RESOLUTIONS	FOR	AGAINST
1.	Ordinary Resolution 1 – Proposed Disposal		
2.	Ordinary Resolution 2 – Proposed Shares Acquisitions		

Dated this _________ day of _______________ 2015

____
Signature of Shareholders

* *DELETE IF NOT APPLICABLE.*

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Fold this flap for sealing

Then fold here

AFFIX
STAMP

To: **SYMPHONY SHARE REGISTRARS SDN BHD**
Level 6, Symphony House,
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Malaysia

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