



General Announcement

Form Version **8.2 (Enhanced)**

Submitted

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Company Information

Main Market Company

New Announcement

Submitting Investment Bank/Advisor (if applicable) HONG LEONG INVESTMENT BANK BERHAD

Submitting Secretarial Firm (if applicable)

* **Company name** QUILL CAPITA TRUST
 * **Stock name** QCAPITA
 * **Stock code** 5123
 * **Contact person** LOK RIKHAI
 * **Designation** EXECUTIVE, CORPORATE FINANCE
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Type * Announcement

Subject *: **MULTIPLE PROPOSALS**
 (Note: Combination of Corporate proposals involving transactions, new issue, subdivision, consolidation, etc)

Description *:-

(Note : Please enter the announcement description in this field and the announcement details in the Announcement Details/Table Section or attach the full announcement details as an attachment)

QUILL CAPITA TRUST ("QCT")

- PROPOSED ACQUISITION BY MAYBANK TRUSTEES BERHAD ("TRUSTEE"), SOLELY IN THE CAPACITY AS TRUSTEE FOR AND ON BEHALF OF QCT, OF THE PROPERTY (AS DEFINED HEREIN) FOR A PURCHASE CONSIDERATION OF RM750,000,000 ("PROPOSED ACQUISITION");
- PROPOSED PLACEMENT OF BETWEEN 55,000,000 NEW UNITS AND 85,000,000 NEW UNITS IN QCT ("UNITS") BY WAY OF BOOKBUILDING AT A PRICE TO BE DETERMINED LATER ("PROPOSED PLACEMENT");
- PROPOSED AUTHORITY TO ALLOT AND ISSUE UP TO 3% OF THE TOTAL UNITS IN CIRCULATION OF QCT FOR THE PURPOSE OF THE PAYMENT OF MANAGEMENT FEE TO QUILL CAPITA MANAGEMENT SDN BHD ("QCM" OR "MANAGER") IN THE FORM OF NEW UNITS ("PROPOSED AUTHORITY");
- PROPOSED INCREASE IN THE EXISTING APPROVED FUND SIZE OF QCT FROM 490,131,000 UNITS UP TO A MAXIMUM OF 700,000,000 UNITS ("PROPOSED INCREASE IN FUND SIZE"); AND
- PROPOSED CHANGE OF NAME FROM QUILL CAPITA TRUST TO MRCB-QUILL REIT ("PROPOSED CHANGE OF NAME")

(COLLECTIVELY REFERRED TO AS THE "PROPOSALS")

Announcement Details/Table Section :-

(This field is for the details of the announcement, if applicable)

Further to the announcements dated 29 January 2014 and 4 April 2014, Hong Leong Investment Bank Berhad, on behalf of the Board of Directors of QCM ("Board"), wishes to announce that the Trustee, solely in the capacity as Trustee for and on behalf of QCT, had on 10 April 2014 entered into a conditional Sale and Purchase Agreement with MRCB Sentral Properties Sdn Bhd, a wholly-owned subsidiary of Malaysian Resources Corporation Berhad, for the proposed acquisition of the Property (as defined herein the attachment) for a purchase consideration of RM750,000,000.

In conjunction with the Proposed Acquisition, the Board also proposes to undertake the following:

- Proposed Placement;
- Proposed Authority;
- Proposed Increase in Fund Size; and
- Proposed Change of Name.

Please refer to the attachment for further details on the Proposals.

We also attach the press release issued by QCM in relation to the Proposals.

This announcement is dated 10 April 2014.

Attachment(s):- (please attach the attachments here)

 [News Release \(QCT\).pdf](#)

 [Announcement \(QCT\).pdf](#)

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- PROPOSED AUTHORITY TO ALLOT AND ISSUE UP TO 3% OF THE TOTAL UNITS IN CIRCULATION OF QCT FOR THE PURPOSE OF THE PAYMENT OF MANAGEMENT FEE TO QUILL CAPITA MANAGEMENT SDN BHD (“QCM” OR “MANAGER”) IN THE FORM OF NEW UNITS (“PROPOSED AUTHORITY”);
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- PROPOSED CHANGE OF NAME FROM QUILL CAPITA TRUST TO MRCB-QUILL REIT (“PROPOSED CHANGE OF NAME”)

(COLLECTIVELY REFERRED TO AS THE “PROPOSALS”)

1. INTRODUCTION

- 1.1 Further to the announcements dated 29 January 2014 and 4 April 2014, Hong Leong Investment Bank Berhad (“**HLIB**”), on behalf of the Board of Directors of QCM (“**Board**”), wishes to announce that the Trustee, solely in the capacity as Trustee for and on behalf of QCT, had on 10 April 2014 entered into a conditional Sale and Purchase Agreement (“**SPA**”) with MRCB Sentral Properties Sdn Bhd (“**MSP**”), a wholly-owned subsidiary of Malaysian Resources Corporation Berhad (“**MRCB**”), for the proposed acquisition of all that parcel of land together with the deck structure, including the road(s) constructed on part of the deck, held under Geran 46222, Lot 73, Seksyen 70, Bandar Kuala Lumpur, District of Kuala Lumpur, State of Wilayah Persekutuan (“**Land**”), together with a commercial development erected thereon known as Platinum Sentral, consisting of 5 blocks of 4 to 7 storey commercial building comprising office-cum retail space, a multi-purpose hall and 2 levels of car park together with 637 car park bays (“**Platinum Sentral**”), and all such plant and equipment, fixtures and fittings attached to the Land and/or Platinum Sentral (collectively, the “**Property**”) for a purchase consideration of RM750,000,000 (“**Purchase Consideration**”).
- 1.2 In conjunction with the Proposed Acquisition, the Board also proposes to undertake the following:
- (i) Proposed Placement to partially finance the Proposed Acquisition, defray expenses relating to the Proposals, fund asset enhancement initiatives and repay borrowings;
 - (ii) Proposed Authority to give the Board flexibility in allotting and issuing new Units to the Manager as payment of management fee. Pursuant thereto, certain clauses in the Deed of Trust constituting QCT dated 9 October 2006, as amended by the first supplemental deed dated 27 August 2007 and the second supplemental deed dated 28 May 2013 entered into between the Manager and the Trustee (the “**Deed**”) shall be amended to allow the Proposed Authority;
 - (iii) Proposed Increase in Fund Size to accommodate the increase in Units pursuant to the Proposed Acquisition, Proposed Placement and Proposed Authority; and
 - (iv) Proposed Change of Name from “Quill Capita Trust” to “MRCB-Quill REIT”.
- 1.3 The existing shareholders of QCM, namely Quill Resources Holding Sdn Bhd (“**QRHSB**”), Coast Capital Sdn Bhd (“**CCSB**”) and CapitaLand RECM Pte. Ltd. (“**CRPL**”), together with MRCB, had on even date entered into the following share sale agreements:
- (i) agreement between CRPL and MRCB in respect of the disposal by CRPL of its entire 40% stake in QCM to MRCB for a cash consideration of RM5,739,352;

- (ii) agreement between CCSB and MRCB in respect of the disposal by CCSB of 1% stake in QCM to MRCB for a cash consideration of RM143,483.80; and
- (iii) agreement between CCSB and QRHSB in respect of the disposal by CCSB of 9% stake in QCM to QRHSB for a cash consideration of RM1,291,354.20.

The above share sale agreements shall collectively be referred to as the “**Proposed Shares Disposals**”.

Following the Proposed Shares Disposals, CRPL will cease to be a shareholder of QCM while MRCB, QRHSB and CCSB will hold 41%, 39% and 20% equity interest in QCM respectively. Approval will be sought from the Securities Commission Malaysia (“**SC**”) for the change in shareholding structure of the Manager as a result of the Proposed Shares Disposals.

2. PROPOSED ACQUISITION

2.1 Details of the Proposed Acquisition

The Proposed Acquisition entails the acquisition by the Trustee, solely in the capacity as trustee for and on behalf of QCT, of the Land, Platinum Sentral and all such plant and equipment, fixtures and fittings attached to the Land and/or Platinum Sentral (excluding fixtures and fittings belonging to the existing tenants and third parties, including those with whom the existing tenants have entered into hire purchase and/or leasing arrangement in respect of such fixtures and fittings) free from all encumbrances with legal possession and vacant possession for those parts of the Property that are untenantanted, and subject to the existing tenancies. The Purchase Consideration shall be satisfied by the Trustee on behalf of QCT as follows:

- (a) RM486,000,000 in cash; and
- (b) RM264,000,000 by the issuance of 206,250,000 new Units (“**Consideration Units**”) at an issue price of RM1.28 per Consideration Unit.

On the completion of the SPA, the Trustee, on behalf of QCT, will enter into 2 lease agreements with MSP (“**Lease Agreements**”) to lease back to MSP and/or its nominee certain areas within the Land measuring approximately 156,959 square feet (“**sq ft**”) collectively (“**Leased Area**”), which shall take effect from the date when the Trustee is registered as the owner of the Land on the issue document of title for the Land (“**Commencement Date**”).

The lease shall be for a period of 30 years, with an automatic renewal of the Lease Agreements for a further period of 30 years, for an aggregate sum of RM67,078 per annum (based upon the proportion of the quit rent payable for the Leased Area), payable yearly in advance on or before the date immediately following the Commencement Date (“**Rent Commencement Date**”) and thereafter on or before each succeeding anniversary of the Rent Commencement Date.

2.2 Description of the Property

Platinum Sentral is a commercial development consisting of 5 blocks of 4 to 7 storey commercial building comprising office-cum retail space, a multi-purpose hall and 2 levels of car park together with 637 car parking bays. It is constructed on a parcel of freehold land together with the deck structure comprising the piling foundations, columns, walls, plinths and full transfer deck (“**Deck**”) including the road(s) constructed on part of the Deck and held under Geran 46222, Lot 73, Seksyen 70, Bandar Kuala Lumpur, District of Kuala Lumpur, State of Wilayah Persekutuan.

The Property is located within the Kuala Lumpur Sentral development and 2 kilometres by road to the southwest of Kuala Lumpur city centre. The Land is near triangular in shape. 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, and is accessible via Jalan Damansara as well as the internal roads within the Kuala Lumpur Sentral development. Platinum Sentral was accorded the provisional BCA Green Mark Platinum Award by BCA International Pte Ltd.

Other information on the Property is as follows:

Postal address	Platinum Sentral, Jalan Stesen Sentral 2, Kuala Lumpur Sentral, 50470 Kuala Lumpur
Title details	Geran 46222, Lot 73 Seksyen 0070, Bandar Kuala Lumpur, District of Kuala Lumpur, State of Wilayah Persekutuan
Tenure	Term in perpetuity (Freehold)
Registered owner	Kuala Lumpur Sentral Sdn Bhd (" KLSSB "), a subsidiary of MRCB
Beneficial owner	MSP
Net land area for the Property based on the approved amended building plans	24,842.50 square metres (approximately 267,402 sq ft)
Property use	5 blocks of 4 to 7 storey commercial buildings and 2 levels of car park
Age of building	Blocks A & D approximately 2 years Blocks B, C & E approximately 2.25 years
Commencement of operations	November 2011
Number of car parking bays	637
Gross build-up area	1,008,620 sq ft
Net Lettable Area ("NLA") as per tenancy schedule as at March 2014	Office 419,643 sq ft Retail 56,214 sq ft Total 475,857 sq ft (excluding licensed area/outdoor/terrace)
Occupancy rate based on NLA as per tenancy schedule as at March 2014	Office 100% Retail 77% Overall 97%
Gross rental income	Approximately RM48.6 million based on the audited financial statement of MSP for the financial year ended 31 December 2013
Encumbrances as per land search dated 6 January 2014	Charged to Danajamin Nasional Berhad vide presentation number 51964/2010 registered on 27 December 2010 (" Existing Charge ")
Category of Land Use	Building
Express conditions as per land search dated 6 January 2014	1. The Land shall be used for commercial building purposes only. 2. The development on the Land is subject to the Development Order by the Mayor of Kuala Lumpur. 3. Railway Corridor: 3.1 The Government of Malaysia ("Government") or any rail supervisor is given the written consent by the Government ("Rail Supervisor") to build, construct and maintain the railway corridor, structures, and rail infrastructure and any other related facility in the area as delineated in Plan R.S. No. 1052/96/1 ("Railway Corridor"). The area and its coordinate are as stated in the Plan with a general height of 6 metres above the railway in the Railway Corridor.

	3.2 The Government or Rail Supervisor has the right of exclusive control and occupation of the Railway Corridor for rail services operation, rail infrastructure, maintenance services and any other related services in relation to KTM and Express Rail Link services. 4. Light Rail Transit (“LRT”) Corridor: 4.1 The Government or any LRT supervisor (“LRT Supervisor”) has the right to build, construct and maintain the guideways, piers, rail infrastructure and any other facility and structure related thereto in the area as delineated in Plan R.S. No. 1052/96/2 (“LRT Corridor 2”). The area, volume and coordinate are as stated in the Plan. 4.2 The LRT Supervisor has the right of exclusive control and occupation of LRT Corridor 2 for purposes of construction, rail operation and rail infrastructure, maintenance services and any other services incidental thereto for the LRT. 5. Rail Depot: 5.1 The Government or any Rail Supervisor is given the written consent by the Government to build, construct and maintain the railway depot in the area as delineated in Plan R.S. No. 1052/96/5 (“Rail Depot”). The area, volume and its coordinate are as stated in the Plan. 5.2 The Government or Rail Supervisor has at all times the right of exclusive control and occupation of the Rail Depot for the construction operation and maintenance of the Rail Depot. 6. Public Roads: 6.1 All roads above or built in the area as delineated in Plan R.S. No. 1052/96/3 are treated as public roads vested in the Mayor of Kuala Lumpur. 6.2 The local authorities have the rights to access, maintain, service the public roads and carry out any work related thereto.
Restriction in interest	Not stated
Net book value	RM396.9 million based on the audited net book value as at 31 December 2013
Market value	RM750,000,000
Date of valuation	2 April 2014

2.3 Salient terms of the SPA

The salient terms of the SPA are as follows:

(i) Sale and purchase

MSP agrees to sell and the Trustee, solely in the capacity as Trustee for and on behalf of QCT, agrees to purchase the Property and the benefit and obligations in respect of the existing tenancies at the Purchase Consideration free from all encumbrances together with all rights, title and interest therein and thereto, subject however to the implied and express conditions and restrictions in interest (if any) as stated in the issue document of title for the Land and subject to the category of land use and upon the terms and conditions of the SPA.

(ii) Purchase Consideration

The Purchase Consideration shall be satisfied by the Trustee, solely in the capacity as Trustee for and on behalf of QCT, as follows:

- (a) RM486,000,000 in cash, of which:
 - (aa) an amount equivalent to the redemption sum shall be paid to the facility agent of the Notes (as defined in Section 2.3(v)(f) below); and
 - (bb) the balance shall be paid to MSP (**"Balance Purchase Price (Cash Portion)"**)

on the Completion Date or the Extended Completion Date (as defined in Section 2.3(vi) below), as the case may be; and
- (b) RM264,000,000 by the issuance of 206,250,000 Consideration Units at an issue price of RM1.28 per Consideration Unit to MSP or its nominee on or immediately prior to the Completion Date or the Extended Completion Date, as the case may be.

MSP will be entitled to appoint a nominee, being MRCB and/or a wholly-owned subsidiary of MRCB and/or a wholly-owned subsidiary of MSP, to receive and accept the Purchase Consideration in place of MSP by giving to the Trustee 7 business days' prior notice in writing of such nomination.

(iii) Consideration Units

MSP covenants and undertakes that for a period of 6 months from the Completion Date (as defined in Section 2.3(vi) below) or, if earlier, upon (a) the registration of the transfer of Property in favour of the Trustee (**"Transfer"**); (b) the expiry of the MRCB undertaking; or (c) payment by MSP or its nominee for the Consideration Units (whichever is the earliest), 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.

(iv) Adjustment to the Purchase Consideration

In the event that the open market value of the Property shall be varied/adjusted pursuant to comments provided by any regulatory authorities in respect of the valuation report by CH Williams Talhar and Wong Sdn Bhd (**"Valuer"**) dated 10 April 2014 (**"Valuation Report"**), the Balance Purchase Price (Cash Portion) shall be adjusted accordingly.

Notwithstanding the above, if the adjustment shall amount to:

- (a) an upward adjustment of more than 3% of the Purchase Consideration, the Trustee shall be entitled to give notice to MSP immediately terminating the SPA;
- (b) a downward adjustment of more than 3% of the Purchase Consideration, MSP shall be entitled to give notice to the Trustee immediately terminating the SPA.

The party terminating the SPA due to any upward or downward adjustment of more than 3% of the Purchase Consideration (as the case may be) is not liable to pay an amount equivalent to RM5,000,000 (**"Agreed Termination Sum"**) or any damages whatsoever for such termination.

(v) Conditions precedent

The sale and purchase of the Property shall be subject to and conditional upon the following:

- (a) the approval from the shareholders of MSP, and if required, the shareholders of its holding company, MRCB on the disposal of the Property to the Trustee;

- (b) the approvals of the unitholders of QCT with respect to the Proposed Acquisition, the leases pursuant to the Lease Agreements and for the issuance of the new Units pursuant to the Proposed Acquisition, Proposed Placement and Proposed Authority;
- (c) the Trustee on behalf of QCT obtaining the approval of the SC for:
 - (aa) the valuation of the Property;
 - (bb) the Proposed Placement;
 - (cc) the issuance of the new Units pursuant to the Proposed Acquisition, Proposed Placement and Proposed Authority;
 - (dd) the listing of and quotation for the new Units on the Main Market of Bursa Malaysia Securities Berhad ("**Bursa Securities**"); and
 - (ee) the Proposed Increase in Fund Size;
- (d) The Trustee obtaining the approval-in-principle from Bursa Securities for the listing of and quotation for the new Units on the Main Market of Bursa Securities;
- (e) MSP, at its own cost and expense, and the Trustee, at the cost and expense of QCT, procuring the undertaking of a valuation exercise on the Property by the Valuer whereby a written report shall be prepared by the Valuer (which shall be addressed separately to MSP and QCT) to determine and confirm the valuation of the Property in such written report;
- (f) MSP, at its own cost and expense, obtaining the approval of the trustee for the holders of its guaranteed commercial paper and medium term notes that were issued under the guaranteed commercial paper and medium term note programme of up to RM400,000,000 in nominal value ("**Notes**") in relation to the early redemption of the Notes;
- (g) The letter of commitment in relation to the financing of the Property being issued by the financier of the Trustee ("**Financier**") and accepted by the Trustee or QCT's special purpose company which will be used for the purposes of the Trustee's financing;
- (h) The Trustee having received 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, MSP and the persons acting in concert with it having obtained the approval in relation to the exemption from the SC from the obligation to undertake a mandatory offer for all the remaining Units not already owned by MSP and the persons acting in concert with it pursuant to the Malaysian Code on Takeovers and Mergers, 2010 ("**Exemption**"), if a mandatory offer in respect of the Units will be triggered by the completion of the SPA,

(collectively, "**Conditions Precedent**") all to be obtained within a period of 6 months from the date of the SPA, or such later period(s) thereafter, if any, as the parties may mutually agree to in writing. If all Conditions Precedent, other than the condition in Section 2.3(v)(h) above, are either fulfilled or waived by then, the 6-month period above shall be automatically extended by a further period of 3 months ("**Conditional Period**").

The SPA will become unconditional on the day upon which the last of the Conditions Precedent above (which have not been waived in writing) have been fulfilled in accordance with the provisions of the SPA. In the event that any condition precedent remains unfulfilled after all other Conditions Precedent have been fulfilled and such condition precedent is waived by the relevant party or by the parties, the SPA will become unconditional on the day upon which such unfulfilled condition precedent is waived ("**Unconditional Date**").

(vi) Completion

The completion of the sale and purchase of the Property shall take place at the office of MSP on a date which is no later than 1 month from the Unconditional Date (being a day upon which the last of the Conditions Precedent have been fulfilled or waived) ("**Completion Date**"), or a date 45 days from the Completion Date or such later period(s) thereafter, if any, as the parties may mutually agree to in writing ("**Extended Completion Date**"), as the case may be.

(vii) Termination

(a) Default by MSP

In the event that there is a default by MSP to complete the sale and disposal of the Property in accordance with the terms and conditions of the 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 Trustee shall give to MSP 45 days' notice to rectify the alleged breach or default as stipulated in the said notice. In the event that MSP fails to rectify the alleged breach or default within the said 45 days, the Trustee shall be entitled at its sole and absolute discretion to do either of the following (by notice in writing to MSP):

- (aa) require specific performance of the SPA; or
- (bb) terminate the 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 Trustee and if already issued to MSP, return to the Trustee the Consideration Units for cancellation or pay to the Trustee RM264,000,000 if the Consideration Units cannot be cancelled and if already paid to MSP, refund to the Trustee, or if to the extent paid by the Financier, to the Financier, the aggregate of the Balance Purchase Price (Cash Portion) 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 SPA.

(b) Default by the Trustee

In the event that the Trustee shall fail to satisfy the Purchase Consideration or any part thereof or to complete the sale and disposal of the Property in accordance with the terms and conditions of the SPA, or in the event any representation, warranty or undertaking of the Trustee 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 Purchase Consideration or any part thereof, MSP shall give to the Trustee 45 days notice to rectify the alleged breach or default as stipulated in the said notice. In the event that the Trustee fails to rectify the alleged breach or default within the said 45 days, MSP shall be entitled, at its sole and absolute discretion, to do either of the following (by notice in writing to the Trustee):

- (aa) require specific performance of the SPA; or
- (bb) terminate the SPA and upon the termination of the SPA, the Trustee shall pay MSP the Agreed Termination Sum within 7 business days of its receipt of the notice of such written termination upon the terms and conditions of the SPA.

(viii) 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 Trustee or the Financier or any of their solicitors, MSP and the Trustee/Financier shall work together to procure the registration of the Transfer and the discharge of the Existing Charge. If the matter giving rise to the non-registration cannot be rectified within 6 months of a notice in writing from the Trustee to MSP to rectify this, the Trustee may by notice in writing to MSP give 6 months' notice to terminate the 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 surrender the Consideration Units for cancellation or pay RM264,000,000 for the Consideration Units if the Consideration Units cannot be cancelled. In addition, 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 Financier, to the Financier (as the case may be), the aggregate of the Balance Purchase Price (Cash Portion) and the redemption sum after the Completion Date (if any) all free of interest (and for that purpose, shall be entitled to set-off any other KLSSB stamp duty refundable to MSP) and upon the terms and conditions of the SPA.

2.4 Basis of determining the Purchase Consideration

The Purchase Consideration was arrived at based on the market value of the Property of RM750,000,000 as appraised by the Valuer. The Valuer, has in its Valuation Report, assessed the market value of the Property using the investment and comparison methods of valuation.

2.5 Basis and justification of arriving at the issue price of the Consideration Units

Subsequent to the Heads of Agreement dated 29 January 2014, QCM and MSP further negotiated and mutually agreed to revise the issue price of the Consideration Units from RM1.32 to RM1.28 per Consideration Unit.

The issue price of RM1.28 per Consideration Unit was arrived at after taking into consideration, among others, the prevailing market conditions and market price of the Units.

The issue price of RM1.28 per Consideration Unit represents a premium of approximately 15.96% to the 5-day volume weighted average market price ("**VWAMP**") of the Units up to and including 9 April 2014, being the market day immediately preceding the signing of the SPA between the Trustee and MSP in relation to the Proposed Acquisition, of RM1.1038.

2.6 Ranking and Listing Status of the Consideration Units

The Consideration Units shall, upon allotment and issue, rank *pari passu* in all respects with the then existing Units in issue except that they will not be entitled to any distributable income, rights, benefits, entitlements and/or any other distributions that may be declared prior to the date of allotment and issue of the Consideration Units.

An application will be made to Bursa Securities for the listing of and quotation for the Consideration Units on the Main Market of Bursa Securities.

2.7 Additional financial commitment

Save for the financing that may be secured to fund the Proposed Acquisition and capital expenditure to be incurred in the normal course of operations, QCT does not expect to incur any other financial commitment arising from the Proposed Acquisition.

2.8 Liabilities to be assumed

There are no contingent liabilities and guarantees to be assumed by QCT arising from the Proposed Acquisition.

2.9 Information on MSP

MSP was incorporated as a private limited company in Malaysia on 14 November 1990 under the Companies Act, 1965 ("Act"). MSP is a wholly-owned subsidiary of MRCB. The present authorised share capital of MSP is RM100,000,000 comprising 80,000,000 ordinary shares of RM1.00 each and 200,000,000 preference shares of RM0.10 each. The paid-up capital of MSP is RM22,000,000 comprising 20,000,000 ordinary shares of RM1.00 and 20,000,000 preference shares of RM0.10 each. MSP is principally involved in property development and property investment. As at 3 April 2014, the Directors of MSP are Johan Aly bin Abdul Rais, Ann Wan Tee and Kwan Joon Hoe.

2.10 Information on MRCB

MRCB was incorporated in Malaysia on 21 August 1968 under the Act as a private limited liability company under the name Perak Carbide Corporation Sendirian Berhad. It was converted to a public company on 28 June 1969 and listed on the then Main Board of Bursa Securities on 22 March 1971. It subsequently changed its name to Malaysian Resources Corporation Berhad on 12 October 1981. As at 31 December 2013, the authorised share capital of MRCB is RM5,000,000,000 comprising 5,000,000,000 ordinary shares of RM1.00 each in MRCB of which RM1,651,311,934 comprising 1,651,311,934 ordinary shares of RM1.00 each have been issued and credited as fully paid-up.

MRCB is principally an investment holding company. MRCB also engages in construction related activities, environmental engineering, property development and investment as well as provision of management services to its subsidiaries. MRCB and its subsidiaries and associates are principally engaged in property development and investment, building services, environmental engineering, infrastructure and engineering as well as construction related activities.

The particulars of MRCB's directors and substantial shareholders and their respective shareholdings in MRCB as at 3 April 2014 are as follows:

	Nationality/ Country of incorporation	Direct No. of shares	%	Indirect No. of shares	%
<u>Directors</u>					
Tan Sri Azlan Zainol	Malaysian	-	-	-	-
Datuk Mohamad Salim Fateh Din	Malaysian	-	-	206,635,604	12.51
Datuk Shahril Ridza Ridzuan	Malaysian	500,000	0.04	-	-
Dato' Abdul Rahman Ahmad	Malaysian	-	-	-	-
Dato' Chong Pah Aung	Malaysian	-	-	-	-
Jamaludin Zakaria	Malaysian	-	-	-	-
Dato' Ishak Haji Mohamed	Malaysian	-	-	-	-
Tan Sri Ahmad Fuad Ismail	Malaysian	-	-	-	-
Datuk Ahmad Johari Tun Abdul Razak	Malaysian	-	-	-	-
Rohaya Mohammad Yusof	Malaysian	-	-	-	-
Che King Tow (resigned as director on 2 April 2014)	Malaysian	-	-	-	-
<u>Substantial shareholders</u>					
Employees Provident Fund Board	Malaysia	641,934,951	38.87	-	-
Gapurna Sdn Bhd	Malaysia	206,635,604	12.51	-	-
Lembaga Tabung Haji	Malaysia	146,070,473	8.85	-	-

3. PROPOSED PLACEMENT

3.1 Details of the Proposed Placement

The Manager proposes to undertake the Proposed Placement mainly to raise the balance of the proceeds that is required to settle the cash portion of the Purchase Consideration and the expenses relating to the Proposals, taking into account the level of borrowings to be utilised for the Proposed Acquisition.

The Proposed Placement shall involve an issue of between 55,000,000 new Units and 85,000,000 new Units ("**Placement Units**"), representing approximately 14.10% to 21.79% of the total QCT units in circulation, by way of bookbuilding. The actual number of Placement Units to be issued will depend on the issue price to be determined later at a price-fixing date after the approvals of the SC and unitholders have been obtained and upon implementation of the bookbuilding exercise.

The issue price for the Placement Units shall be based on the bookbuilding price. In any event, the Placement Units will not be placed out at more than 10% discount to the 5-day VWAMP of the Units immediately prior to the price-fixing date.

3.2 Ranking and Listing Status of the Placement Units

The Placement Units shall, upon allotment and issue, rank *pari passu* in all respects with the then existing Units in issue except that they will not be entitled to any distributable income, rights, benefits, entitlements and/or any other distributions that may be declared prior to the date of allotment and issuance of the Placement Units.

An application will be made to Bursa Securities for the listing of and quotation for the Placement Units on the Main Market of Bursa Securities.

3.3 Waiver from the Guidelines on Real Estate Investment Trusts ("REIT") issued by the SC ("REIT Guidelines")

Clause 14.04(a)(i) to (iii) of the REIT Guidelines states that where an issue of units departs from any of the applicable requirements stipulated in Clause 14.03, the management company must obtain unitholders' approval by way of an ordinary resolution for the precise terms and conditions of the issue, in particular on:

- (i) the persons to whom the units will be issued;
- (ii) the amount of units to be placed to each of them;
- (iii) the issue prices of the units or, in a situation where such prices are to be determined after the date of the unitholders' approval, the basis or formula of determining such prices.

Given that the Proposed Placement will be undertaken by way of a bookbuilding exercise, the Manager is unable to identify, at this juncture, the persons to whom the Placement Units will be placed to, the amount of units to be placed and the issue price of the Placement Units, which shall only be determined after the close of the bookbuilding process.

Accordingly, the Manager, on behalf of QCT, intends to seek a waiver from the SC from complying with Clause 14.04(a)(i), (ii) and (iii) of the REIT Guidelines to facilitate the implementation of the Proposed Placement.

4. PROPOSED AUTHORITY

4.1 Details of the Proposed Authority

Pursuant to the Deed, the Manager is entitled to receive, among others, a base fee not exceeding 0.4% per annum of the gross asset value of QCT, and a performance fee equivalent to a rate of 3% of the net investment income of QCT, before payment of the management fee, in relation to any financial year. The base fee and the performance fee shall collectively be referred to as the “**Management Fee**”. The Management Fee shall be paid solely in cash or such other form as may be permitted by the relevant laws and requirements from time to time.

The Manager proposes to progressively allot and issue new Units of up to 3% of the total QCT units in circulation (“**Manager’s Units**”) for the purpose of payment to the Manager of Management Fee for the period from financial year ending 31 December 2014 to 31 December 2016. The Proposed Authority will empower the Board with the flexibility to allot and issue Manager’s Units to the Manager for partial or full payment of the Management Fee, provided that the aggregate number of units to be issued pursuant to the Proposed Authority does not exceed 3% of the total QCT units in circulation.

For illustrative purposes, based on QCT’s existing units in circulation of 390,131,000 Units, the Proposed Authority will enable the Manager to issue up to 11,703,930 Units progressively for the 3-year period from financial year ending 31 December 2014 to 31 December 2016.

The issue price of the new Units to be issued pursuant to the Proposed Authority will be determined based on the 5-day VWAMP of the Units of the relevant period in which the Management Fee accrues. Such authority shall be in force from the date of the unitholders’ approval until all the new Units have been fully issued pursuant to the Proposed Authority for the purpose of the payment of the Management Fee.

In this connection, the Manager proposes to amend certain clauses in the Deed to allow the Manager to be paid either in the form of Manager’s Units, cash or combination thereof, for its Management Fee (“**Proposed Amendments**”).

4.2 Ranking and Listing Status of the Manager’s Units

The Manager’s Units to be issued pursuant to the Proposed Authority shall, upon allotment and issue, rank *pari passu* in all respects with the then existing Units in issue except that they will not be entitled to any distributable income, rights, benefits, entitlements and/or any other distributions that may be declared prior to the date of the allotment and issue of the Manager’s Units.

An application will be made to Bursa Securities for the listing of and quotation for the Manager’s Units on the Main Market of Bursa Securities.

5. PROPOSED INCREASE IN FUND SIZE

In order to accommodate the issuance of the Consideration Units, the Placement Units and the Manager’s Unit, the Manager proposes to increase the existing approved fund size of QCT from 490,131,000 units to a maximum of 700,000,000 units.

6. PROPOSED CHANGE OF NAME

The Manager proposes to change the name of QCT from “Quill Capita Trust” to “MRCB-Quill REIT”. In this connection, the relevant clauses in the Deed will be amended to effectuate the Proposed Change of Name.

7. SOURCE OF FUNDS AND UTILISATION OF PROCEEDS

The Manager intends to fund the cash portion of the Purchase Consideration of RM486,000,000, the expenses for the Proposals and asset enhancement initiatives through a combination of proceeds from the Proposed Placement and borrowings from financial institution(s) as follows:

	^(a) Minimum Scenario	^(b) Maximum Scenario
	RM'000	RM'000
Proceeds to be raised from the Proposed Placement ^(c)	58,850	90,950
Borrowings from financial institution(s)	442,150	430,000
	<u>501,000</u>	<u>520,950</u>

Notes:

- (a) Minimum Scenario : Assuming that 55,000,000 Placement Units are issued at an illustrative issue price of RM1.07 per Unit ("**Illustrative Issue Price**"), representing a discount of approximately 3.06% to the 5-day VWAMP of the Units up to 9 April 2014 of RM1.1038.
- (b) Maximum Scenario : Assuming that 85,000,000 Placement Units are issued at the Illustrative Issue Price.
- (c) The actual amount of gross proceeds to be raised from the Proposed Placement is dependent on the actual issue price and the actual number of Placement Units to be allotted and issued. For illustrative purposes under the Minimum Scenario and Maximum Scenario, the Placement Units are assumed to be issued at the Illustrative Issue Price.

The above proceeds are expected to be utilised in the following manner:

Purpose of utilisation	Minimum Scenario	Maximum Scenario	Estimated timeframe for utilisation of proceeds
	RM'000	RM'000	
Settlement of cash portion of the Purchase Consideration	486,000	486,000	Within 2 months ^(d)
Acquisition fee to the Manager ^(a)	7,500	7,500	Within 2 months ^(d)
Estimated expenses for the Proposals ^(b)	7,500	7,500	Within 2 months ^(d)
Funding of asset enhancement initiatives	-	10,000	Within 6 months ^(d)
Repayment of borrowings	-	^(c) 9,950	Within 6 months ^(d)
	<u>501,000</u>	<u>520,950</u>	

Notes:

- (a) Being 1% of the acquisition price as provided in the Deed.
- (b) Comprising professional fees, placement commission, fees payable to the relevant authorities and other incidental expenses incurred in relation to the Proposals. If the actual expenses are less than this estimated amount, the excess cash shall be used by QCT for working capital purposes.
- (c) Any difference in the actual gross proceeds to be raised or any deviation of the actual expenses in relation to the Proposals will be correspondingly adjusted to the amount allocated for the repayment of borrowings.
- (d) From the date of listing of the Placement Units.

8. RATIONALE FOR THE PROPOSALS

The Proposed Acquisition is in line with the objective of the Manager to continuously pursue an acquisition strategy to acquire and invest in properties used or predominantly used for commercial purposes primarily in Malaysia with a view to provide long-term and sustainable distribution of income to unitholders, and achieve long-term growth in the NAV per Unit.

The Manager believes that the Proposed Acquisition will bring the following key benefits:

- (a) the Proposed Acquisition is expected to be Distribution per Unit ("**DPU**") accretive;
- (b) the Proposed Acquisition will strengthen QCT's position among the real estate investment trusts in Malaysia in terms of its total asset size, enabling QCT to enjoy economies of scale, enhance QCT's competitive positioning and ability to pursue future acquisitions;

- (c) the addition of the Property will add greater geographical and income diversification to QCT's existing portfolio. It is a well-located commercial building that enjoys a mix of reputable and established office tenants with committed leases ranging from 3 to 15 years leases, thus providing QCT with a stable and sustainable income stream;
- (d) the Property will enhance QCT's portfolio profile and fit well into QCT's clientele's requirements for high quality specification buildings. Platinum Sentral is designed with energy efficient and green features and has been accorded the provisional BCA Green Mark Platinum certificate by BCA International Pte Ltd;
- (e) QCT's overall occupancy rate would improve from 92.0% to 93.0% upon completion of the Proposed Acquisition; and
- (f) Upon the completion of the Proposed Acquisition, MSP/MRCB will emerge as a strategic investor of QCT. In addition, it is the intention of MRCB, QRHSB and CCSB, being the shareholders of QCM, to enter into a first right of refusal agreement with the Trustee, solely in the capacity as Trustee for and on behalf of QCT, granting a right of first refusal to purchase any office property proposed to be disposed of by any shareholder of QCM and/or their related corporations save and except for any properties which are to be developed and later to be divided with strata titles and which are for sale to the public. This will benefit QCT as it will provide future pipeline of assets which can be evaluated for injection into QCT, thus providing future growth potential to QCT.

The Proposed Placement will enable QCT to raise the required funds expeditiously to part finance the Purchase Consideration for the Proposed Acquisition without overly imposing on its unitholders in terms of their financial commitment. The increase in the number of QCT units in circulation is expected to improve the trading liquidity of the QCT units.

The Proposed Authority and Proposed Amendments will provide the Manager with more flexibility in the structuring of the payment of Management Fee. To the extent that the Manager chooses to receive the Management Fee in the form of Units, the Manager's interest will be further aligned with those of the unitholders. In addition, any cash conserved for the payment of the Management Fee can be utilised by QCT for future acquisition, capital expenditures and/or distribution to unitholders.

The Proposed Increase in Fund Size is to accommodate the increase in Units pursuant to the Proposed Acquisition, Proposed Placement and Proposed Authority.

The Proposed Change of Name from "Quill Capita Trust" to "MRCB-Quill REIT" and the corresponding amendment to the Deed are intended to reflect the emergence of MSP/MRCB as a strategic investor of QCT upon completion of the Proposed Acquisition.

9. INDUSTRY OVERVIEW AND FUTURE PROSPECTS

9.1 Overview and outlook of the Malaysian economy

The Malaysian economy expanded by 4.7% in 2013 (2012: 5.6%), driven by the continued strong growth in domestic demand. Despite the weaker external environment in the first half of the year, domestic demand remained resilient throughout the year, led by robust private sector activity. Private consumption was strong, supported mainly by favourable employment conditions and wage growth. Private investment registered a strong growth in 2013, continuing the momentum from the previous year. Growth was underpinned by capital spending in the mining, services and manufacturing sectors. The more moderate growth performance in 2013 was to a large extent attributable to developments in the external sector.

The Malaysian economy is expected to remain on a steady growth path in 2014, expanding by 4.5%-5.5% (2013: 4.7%). The growth momentum will be supported by better performance in the external sector amid some moderation in domestic demand. Domestic demand will remain the key driver of growth, albeit at a more moderate pace, reflecting the continued public sector consolidation. Private investment is forecast to register robust growth for the fifth consecutive year, driven by the ongoing implementation of multi-year projects and the improvement in external demand. Private consumption will be underpinned by healthy labour market conditions and sustained income growth.

Notwithstanding the moderation in domestic demand, the underlying fundamentals of the Malaysian economy remain strong. Growth will be driven by the private sector across a diversified range of economic activities. While the central outlook for the Malaysian economy assumes a gradual improvement in external demand, downside risks to global growth remain. These downside risks could affect the performance of the Malaysian economy in 2014.

(Source: Bank Negara Annual Report 2013)

9.2 Overview and prospects of the office and retail property in Klang Valley

Demand for commercial space in Klang Valley will likely see modest growth in 2014 given that external demand will be robust whilst domestic spending stays stable throughout the year.

Office sector

The year 2014 will see a subdued growth in office stock – an estimated 6.6 million sq ft (or 7.1% of existing stock) of new office space is expected to be completed within the year. Of the total incoming supply for 2014, 2.8 million sq ft will be within Central Kuala Lumpur (“**CKL**”) whilst the balance of 3.9 million sq ft will be located in Metro Kuala Lumpur (“**MKL**”) 3.4 million sq ft and Greater Kuala Lumpur (“**GKL**”) 0.5 million sq ft respectively.

Growth in office space demand is expected to remain robust in 2014 given that employment figures and business conditions remain upbeat. In 2013, an estimated net absorption of 3.3 million sq ft of office space was registered – 0.9 million sq ft in CKL, 2.09 million sq ft in MKL; and 0.48 million sq ft in GKL – or a 20% increase in net absorption compared to 2012 which gained 4% compared to 2011. Vacancy rates decrease in 2013 to 14% from 16.2% recorded in 2012 or 15.7% recorded in 2011.

Offices in CKL enjoyed the lowest vacancy rates at 10% whilst GKL offices had the highest vacancy rates on average at 19%, leaving the middle position to MKL offices which had a 17% vacancy rate on average. Prime gross rental grew steadily at 4.6% in 2013 to RM6.80 per sq ft per month compared to RM6.50 per sq ft per month in 2012. Forecasted gross prime office rent in 2014 is estimated to improve or be stable supported by favourable business conditions and a further moderation in new supply over the next 12 months.

Retail sector

Cumulative supply for the retail property in the Klang Valley recorded a marginal growth of 0.5% in 2013 year-on-year compared to the historical 5 year average of 2% annually. This is expected to mount significant pressure on existing shopping centres to keep existing tenants.

The Retail Group Malaysia estimated in August 2013 that the retail sector grew by 6.4% in national retail sales in 2013, higher compared to 5.5% in 2012 and on par with 6.5% in 2011. Average prime retail rents maintained the steady growth trend with a 10% increase year-on-year in 2013 to RM22 per sq ft compared to RM20 per sq ft in 2012. The prospect for retail rents accretion for secondary malls however is coming under increasing pressure from an increasing number of in-coming retail centres over the coming years.

(Source: Property Market Report 2014 by CH Williams Talhar & Wong Sdn Bhd)

9.3 Prospects of the Property

The Property is strategically located in the heart of Kuala Lumpur Sentral, a self-contained urban development comprising an integrated transit hub known as Kuala Lumpur Sentral Station, corporate office towers and business suites, 5-star international hotels, condominiums and a shopping mall. The Property is directly linked to Kuala Lumpur Sentral Station via a covered link bridge, giving it excellent connectivity to other urban and suburban residential, commercial and industrial hubs within Malaysia, as well as direct link to Kuala Lumpur International Airport, Putrajaya (the Federal Government Administrative Centre), Cyberjaya and key areas within the Multimedia Super Corridor through the 6 rail systems running through Kuala Lumpur Sentral Station.

In addition, there will be 4 pedestrian bridges that will be built to link Platinum Sentral to neighbouring office towers as well as the proposed new Sentral Mass Rapid Transit station. These proposed bridges will further enhance Platinum Sentral's connectivity within the Kuala Lumpur Sentral hub and will definitely benefit its tenants in the future.

Platinum Sentral is easily accessible from few major highways and roads like the Federal Highway, the New Pantai Expressway, Jalan Travers, Jalan Mahameru, Jalan Syed Putra, linking the property to other commercial hubs within Kuala Lumpur such as Bangsar, Damansara and the Kuala Lumpur central business district as well as other main location within Selangor such as Petaling Jaya and Shah Alam.

Platinum Sentral is a quality asset designed with energy efficient and green features that has been awarded the provisional BCA Green Mark Platinum certificate by BCA International Pte Ltd. It currently enjoys a high committed occupancy rate made up of reputable and established tenants comprising government-linked, multinational and local companies. In view of its high quality specification that meets the requirements of multinational corporations and the government-linked companies and coupled with its strategic location and good accessibility, the prospects of Platinum Sentral is expected to be positive. In the view of this, the Property will be able to attract demand which will generate a stable and growing income stream to QCT.

(Source: The management of the Manager)

10. RISK FACTORS

Unitholders should consider the following risks inherent in the property market and the risk factors (which may not be exhaustive) pertaining to the Proposed Acquisition.

- (i) The Property may be affected by, alongside others, increased competition from other office properties, loss of key tenants or a significant number of tenants, non-renewal of tenancies following expiry, and the Manager's ability to collect rental on a timely basis. This could in turn have an adverse impact on QCT's financial condition and results of operations.
- (ii) Decreases in the gross rental income and the value of the Property would have an adverse effect on QCT's financial condition and results of operations.
- (iii) Due diligence on the Property may not identify all material defects, breaches of laws and regulations and other deficiencies, which could result in unpredictable business interruption and additional expenses on repairs and rectifications being incurred. The representations, warranties and indemnities made in favour of QCT by MSP may not offer sufficient protection for the costs and liabilities arising from any defect or deficiency.
- (iv) The Property may suffer physical damages by fire, flood, earthquake or other causes or QCT may suffer public liability claim which may result in losses (including loss of rental income) and may not be sufficiently compensated by insurance.
- (v) Registration of transfer of the Land title may be delayed.

- (vi) QCT will depend on external financing to part finance the Proposed Acquisition and its ability to pay distributions may be adversely affected by the new financing arrangement combined with QCT's current financing arrangements and/or future loan financing exercises or any interest rates fluctuation.
- (vii) Compulsory acquisition by the Malaysian Government could adversely affect the value of the Property, which would impair QCT's financial condition and results of operations.

11. EFFECTS OF THE PROPOSALS

The effects of the Proposals will be illustrated under the Minimum Scenario and Maximum Scenario respectively for illustrative purposes.

11.1 Unitholders' Capital

The Proposed Amendments, Proposed Increase in Fund Size and Proposed Change of Name will not have any effect on the unitholders' capital of QCT.

The proforma effects of the Proposed Acquisition and the Proposed Placement on the unitholders' capital of QCT are as follows:

	Minimum Scenario	Maximum Scenario
	No. of Units '000	No. of Units '000
As at 31 March 2014	390,131	390,131
To be issued pursuant to:		
- Proposed Acquisition	206,250	206,250
- Proposed Placement	55,000	85,000
Enlarged unitholders' capital	<u>651,381</u>	<u>681,381</u>

The quantum of the increase in unitholders' capital as a result of new Units to be issued under the Proposed Authority will depend on the quantum of Management Fee which will be satisfied in the form of new Units and the issue price which will be determined in accordance with the Deed.

11.2 Substantial Unitholders' Unitholdings

The Proposed Amendments, Proposed Increase in Fund Size and Proposed Change of Name will not have any effect on the substantial unitholders' unitholdings.

Any issuance of new Units under the Proposed Authority will dilute the percentage of unitholdings of the substantial unitholders in QCT.

For illustrative purposes, assuming none of the Placement Units will be placed to the existing substantial unitholders, and the Placement Units will be placed out to placees whose unitholdings will be no more than 5% each, the proforma effects of the Proposed Acquisition and the Proposed Placement on the unitholdings of the substantial unitholders of QCT based on the Record of Depositors as at 31 March 2014 are as follows:

Minimum Scenario

Substantial unitholders	As at 31 March 2014				After the Proposed Acquisition and Proposed Placement			
	Direct		^(a) Indirect		Direct		^(a) Indirect	
	'000	%	'000	%	'000	%	'000	%
HSBC Nominees (Asing) Sdn Bhd HSBC-FS for CapitaCommercial Trust ("CCT")	117,040	30.00	-	-	117,040	17.97	-	-
HLIB Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Quill Land Sdn Bhd ("QLSB")	48,767	12.50	-	-	48,767	7.49	-	-
HLIB Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Quill Properties Sdn Bhd ("QPSB")	45,997	11.79	-	-	45,997	7.06	-	-
HLIB Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Quill Estates Sdn Bhd ("QESB")	22,276	5.71	-	-	22,276	3.42	-	-
CapitaLand Limited	-	-	117,040	^(b) 30.00	-	-	117,040	^(b) 17.97
Dato' Michael Ong Leng Chun	55	0.01	117,040	^(c) 30.00	55	0.01	117,040	^(c) 17.97
Dato' Dr Low Moi Ing, J.P.	50	0.01	117,040	^(d) 30.00	50	0.01	117,040	^(d) 17.97
MSP	-	-	-	-	206,250	31.66	-	-
MRCB	-	-	-	-	-	-	206,250	^(e) 31.66

Notes:

- (a) For illustrative purposes, the deemed interests are ascertained by extending the application of Section 6A(4) of the Act to the Units.
- (b) Deemed interested by virtue of its interests in CCT.
- (c) Deemed interested by virtue of his interests in QLSB, QPSB and QESB.
- (d) Deemed interested by virtue of her interests in QLSB, QPSB and QESB.
- (e) Deemed interested by virtue of its interests in MSP.

Maximum Scenario

Substantial unitholders	As at 31 March 2014				After the Proposed Acquisition and Proposed Placement			
	Direct '000	%	^(a) Indirect '000	%	Direct '000	%	^(a) Indirect '000	%
HSBC Nominees (Asing) Sdn Bhd HSBC-FS for CCT	117,040	30.00	-	-	117,040	17.18	-	-
HLIB Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for QLSB	48,767	12.50	-	-	48,767	7.16	-	-
HLIB Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for QPSB	45,997	11.79	-	-	45,997	6.75	-	-
HLIB Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for QESB	22,276	5.71	-	-	22,276	3.27	-	-
CapitaLand Limited	-	-	117,040	^(b) 30.00	-	-	117,040	^(b) 17.18
Dato' Michael Ong Leng Chun	55	0.01	117,040	^(c) 30.00	55	0.01	117,040	^(c) 17.18
Dato' Dr Low Moi Ing, J.P.	50	0.01	117,040	^(d) 30.00	50	0.01	117,040	^(d) 17.18
MSP	-	-	-	-	206,250	30.27	-	-
MRCB	-	-	-	-	-	-	206,250	^(e) 30.27

Notes:

- (a) For illustrative purposes, the deemed interests are ascertained by extending the application of Section 6A(4) of the Act to the Units.
- (b) Deemed interested by virtue of its interests in CCT.
- (c) Deemed interested by virtue of his interests in QLSB, QPSB and QESB.
- (d) Deemed interested by virtue of her interests in QLSB, QPSB and QESB.
- (e) Deemed interested by virtue of its interests in MSP.

11.3 Earnings and Distributable Income

The Manager had declared and paid an income distribution of 8.38 sen per Unit, representing approximately 94.7% of the total realised income after taxation for the financial year ended 31 December 2013. The Manager intends to distribute at least 90.0% of the distributable income of QCT for each financial year. The Proposals are not expected to have any material effect on the above distribution policy as determined by the Board. The decision to declare and pay any distributable income in the future would depend on, inter alia, the financial performance, cash flow position and financing requirements of QCT. The Proposed Acquisition is expected to contribute positively to the future earnings of QCT.

Any issuance of new Units pursuant to the Proposed Acquisition, Proposed Placement and Proposed Authority will dilute the DPU, given the enlarged number of Units in circulation, the quantum of which would depend on the actual number of new Units to be issued which, in turn, would depend on the actual issue price. Nevertheless, any immediate dilution as a result of the increase in the number of Units issued is expected to be compensated by the improved future earnings and cash flow of QCT arising from the Proposals.

The Proposed Amendments and Proposed Change of Name will not have any effect on the earnings and distributable income of QCT.

11.4 NAV per Unit and Gearing

The Proposed Amendments and Proposed Change of Name will not have any effect on the NAV per Unit and gearing of QCT.

The proforma effects of the Proposed Acquisition and Proposed Placement on the NAV per Unit and gearing of QCT based on the audited financial statements of QCT as at 31 December 2013 are as follows:

Minimum Scenario

	Audited as at 31 December 2013	After the Proposed Acquisition the Proposed Placement
	RM'000	RM'000
Unitholders' capital	411,712	^{(a), (b)} 729,562
Undistributed and non-distributable income	121,748	^(c) 120,748
NAV	533,460	850,310
No. of Units in circulation ('000)	390,131	^(a) 651,381
NAV per unit (RM)		
- Before income distribution	1.37	1.31
- After income distribution ^(d)	1.32	1.28
Total gross borrowings	304,887	747,037
Total asset value	860,120	1,619,120
Gearing (%) ^(e)	35.45	46.14

Notes:

- (a) For illustrative purposes, assuming the issuance of up to 55,000,000 Placement Units pursuant to the Proposed Placement at the Illustrative Issue Price to raise gross proceeds of RM58,850,000.
(b) After estimated expenses in relation to the Proposed Placement of RM5,000,000.
(c) Net of other estimated expenses in relation to the Proposals of approximately RM1,000,000.
(d) After the final income distribution of 4.28 sen per Unit which was paid in March 2014.
(e) Gearing is calculated as total borrowings divided by total asset value.

Maximum Scenario

	Audited as at 31 December 2013	After the Proposed Acquisition the Proposed Placement
	RM'000	RM'000
Unitholders' capital	411,712	^{(a), (b)} 761,662
Undistributed and non-distributable income	121,748	^(c) 120,748
NAV	533,460	882,410
No. of units in circulation ('000)	390,131	^(a) 681,381
NAV per unit (RM)		
- Before income distribution	1.37	1.30
- After income distribution ^(d)	1.32	1.27
Total gross borrowings	304,887	^(e) 724,937
Total asset value	860,120	^(f) 1,629,120
Gearing (%) ^(g)	35.45	44.50

Notes:

- (a) For illustrative purposes, assuming the issuance of up to 85,000,000 Placement Units pursuant to the Proposed Placement at the Illustrative Issue Price to raise gross proceeds of RM90,950,000.
(b) After estimated expenses in relation to the Proposed Placement of RM5,000,000.
(c) Net of other estimated expenses in relation to the Proposals of approximately RM1,000,000.
(d) After the final income distribution of 4.28 sen per Unit which was paid in March 2014.

- (e) *After utilisation of issuance proceeds towards the repayment of borrowings of RM9,950,000.*
- (f) *After utilisation of issuance proceeds towards the asset enhancement initiatives of RM10,000,000.*
- (g) *Gearing is calculated as total borrowings divided by total asset value.*

Any issuance of new Units pursuant to the Proposed Authority is expected to improve the NAV per Unit, the extent of which would depend on the total number of new Units to be issued and the issue price which will be determined in accordance with the Deed. Further, any issuance of new Units pursuant to the Proposed Authority will result in a decrease in the gearing, the extent of which would depend on the total borrowings of QCT.

12. APPROVALS REQUIRED

The Proposals are subject to approvals being obtained from the following:

- (a) the SC for the following:
 - (i) issuance of new Units pursuant to the Proposed Acquisition, Proposed Placement and Proposed Authority, and the corresponding increase in fund size pursuant to the Proposed Increase in Fund Size;
 - (ii) listing of and quotation for the new Units to be issued pursuant to the Proposed Acquisition, Proposed Placement and Proposed Authority on the Main Market of Bursa Securities;
 - (iii) valuation of the Property;
 - (iv) waiver from complying with Clause 14.04(a) (i) to (iii) of the REIT Guidelines in relation to the Proposed Placement;
 - (v) where applicable or required, the Exemption, if a mandatory offer in respect of the Units will be triggered by the completion of the SPA; and
 - (vi) change in shareholding structure of the Manager as a result of the Proposed Shares Disposals;
- (b) Bursa Securities for the listing of and quotation for the new Units to be issued pursuant to the Proposed Acquisition, Proposed Placement and Proposed Authority on the Main Market of Bursa Securities;
- (c) the unitholders of QCT at a unitholders' meeting ("**Meeting**") to be convened;
- (d) the shareholders of MRCB at an extraordinary general meeting to be convened for the disposal of the Property;
- (e) the approval of the holders of the Notes of MSP in relation to early redemption of the Notes; and
- (f) any other relevant regulatory authorities or parties, if required.

Upon obtaining the approval of the unitholders, the supplemental deed incorporating the changes resulting from the Proposed Amendments and Proposed Change of Name will be registered and lodged with the SC.

Conditionality of the Proposals

The Proposed Acquisition is conditional upon the approval being obtained for the Exemption. The Proposed Acquisition and the Proposed Placement are inter-conditional upon the respective approvals being obtained for each proposal.

The Proposed Authority is conditional upon the approval being obtained for the Proposed Amendments.

The Proposed Acquisition, Proposed Placement and Proposed Authority are conditional upon the approval being obtained for the Proposed Increase in Fund Size.

The Proposed Shares Disposals are conditional upon the approval being obtained for the Proposed Acquisition.

Save as disclosed above, the Proposals are not conditional upon any other proposal of QCT.

13. INTERESTS OF THE DIRECTORS AND MAJOR SHAREHOLDER OF THE MANAGER, MAJOR UNITHOLDERS AND PERSONS CONNECTED WITH THEM

Save as disclosed below, none of the directors and major shareholders of the Manager or major unitholders and persons connected to them has any interest, direct or indirect, in the Proposals:

- (a) CCT is currently a major unitholder of QCT holding 30% of QCT's total units in circulation.

CRPL is currently a major shareholder of QCM with an equity interest of 40%. CRPL is a wholly-owned subsidiary of CapitaLand Financial Limited ("**CFL**"). CFL indirectly owns 100% of CapitaCommercial Trust Management Ltd, which is the REIT manager of CCT.

QRHSB is currently a major shareholder of QCM with an equity interest of 30%. QRHSB is part of the Quill Group (comprising QLSB, QPSB, QESB and/or their respective related corporations) which holds 30% of QCT's total units in circulation.

CRPL and QRHSB are parties to the Proposed Shares Disposals which are conditional upon the Proposed Acquisition. As the Proposed Acquisition is conditional upon the Proposed Placement and Proposed Increase in Fund Size, CRPL and QRHSB are therefore deemed to have an interest in the outcome of the Proposed Acquisition, Proposed Placement and Proposed Increase in Fund Size.

- (b) As the Manager may be receiving the Management Fee in the form of new Units pursuant to the Proposed Authority if it so decides, CCT and the Quill Group are deemed to have an interest in the outcome of the Proposed Authority, which is conditional upon the Proposed Amendments and Proposed Increase in Fund Size.

CCT and the Quill Group will abstain and have undertaken to ensure that persons connected with them will abstain from voting in respect of their direct and/or indirect unitholdings in QCT on the resolutions pertaining to the Proposed Acquisition, Proposed Placement, Proposed Authority, Proposed Amendments and Proposed Increase in Fund Size to be tabled at the Meeting.

In addition, the Directors of the Manager who are related to CCT and the Quill Group, namely Dato' Mohammed bin Haji Che Hussein, Dato' Dr Low Moi Ing, J.P., Dato' Michael Ong Leng Chun, Wen Khai Meng, Chong Lit Cheong and Aw Hong Boo ("**Interested Directors**") have abstained and will continue to abstain from deliberating and voting at QCM's board meetings on the resolutions pertaining to the Proposed Acquisition, Proposed Placement, Proposed Authority, Proposed Amendments and Proposed Increase in Fund Size. The Interested Directors and persons connected with them will also abstain from voting in respect of their direct and/or indirect unitholdings in QCT (if any) on the resolutions pertaining to the Proposed Acquisition, Proposed Placement, Proposed Authority, Proposed Amendments and Proposed Increase in Fund Size to be tabled at the Meeting to be convened.

The unitholdings of the Interested Directors and major shareholders of the Manager, and major unitholders in QCT as at 31 March 2014 are as follows:

	Direct '000	%	Indirect '000	%
Interested Directors				
Dato' Mohammed bin Haji Che Hussein	-	-	-	-
Dato' Dr Low Moi Ing, J.P.	50	0.01	117,040	^(a) 30.00
Dato' Michael Ong Leng Chun	55	0.01	117,040	^(b) 30.00
Wen Khai Meng	-	-	-	-
Chong Lit Cheong	-	-	-	-
Aw Hong Boo (alternate to Dato' Dr Low Moi Ing, J.P.)	50	0.01	-	-
Interested major shareholders of QCM				
CRPL	-	-	-	-
QRHSB	-	-	-	-
CapitaLand Limited	-	-	117,040	^(c) 30.00
Dato' Dr Low Moi Ing, J.P.	50	0.01	117,040	^(a) 30.00
Dato' Michael Ong Leng Chun	55	0.01	117,040	^(b) 30.00
Interested major unitholders of QCT				
CCT	117,040	30.00	-	-
QLSB	48,767	12.50	-	-
QPSB	45,997	11.79	-	-
QESB	22,276	5.71	-	-
CapitaLand Limited	-	-	117,040	^(c) 30.00
Dato' Dr Low Moi Ing, J.P.	50	0.01	117,040	^(a) 30.00
Dato' Michael Ong Leng Chun	55	0.01	117,040	^(b) 30.00

Notes:

- (a) Deemed interested by virtue of her interests in QLSB, QPSB and QESB.
(b) Deemed interested by virtue of his interests in QLSB, QPSB and QESB.
(c) Deemed interested by virtue of its interests in CCT.

14. DIRECTORS' STATEMENT

The Directors of QCM, save for the Interested Directors, having considered all aspects of the Proposed Acquisition, Proposed Placement, Proposed Authority, Proposed Amendments and Proposed Increase in Fund Size, are of the opinion that Proposed Acquisition, Proposed Placement, Proposed Authority, Proposed Amendments and Proposed Increase in Fund Size are in the best interest of QCT and its unitholders.

The Directors of QCM, having considered all aspects of the Proposed Change of Name, are of the opinion that the Proposed Change of Name is in the best interest of QCT and its unitholders.

15. ADVISER AND TRANSACTION ARRANGER

The Manager has appointed:

- (a) HLIB as the Principal Adviser for the Proposals, Joint Transaction Arranger for the Proposed Acquisition and Placement Agent for the Proposed Placement; and
(b) Astramina Advisory Sdn Bhd as the Joint Transaction Arranger for the Proposed Acquisition.

16. ESTIMATED TIME FRAME FOR APPLICATION TO AUTHORITIES AND COMPLETION

The applications to the SC in respect of the Proposals are expected to be made within 3 months from the date of this announcement.

The Proposals are expected to be completed in the fourth quarter of 2014.

17. DOCUMENTS AVAILABLE FOR INSPECTION

The SPA and the Valuation Report are available for inspection at the registered office of QCM at Level 7, Quill 9, 112 Jalan Semangat, 46300 Petaling Jaya, Selangor Darul Ehsan during normal business hours from Mondays to Fridays (except public holidays) for a period of 3 months from the date of this announcement.

This announcement is dated 10 April 2014.



NEWS RELEASE

10 April 2014

Quill Capita Trust to double its asset size with acquisition of Platinum Sentral

- *First REIT to set its footprint in KL Sentral*

Kuala Lumpur, 10 April 2014: Quill Capita Trust ("QCT" or "the Trust"), has signed a conditional sale and purchase agreement ("SPA") today to acquire Platinum Sentral (or "the Property") a freehold commercial development located at Kuala Lumpur Sentral for RM750.0 million from MRCB Sentral Properties Sdn Bhd ("MSP"), a wholly-owned subsidiary of Malaysian Resources Corporation Berhad ("MRCB") ("Proposed Acquisition").

Upon completion, the Proposed Acquisition is expected to double QCT's asset portfolio size from RM825.56 million as at 31 December 2013 to approximately RM1.6 billion.

The purchase consideration was arrived at based on the market value of RM750.0 million as stated in the valuation report dated 10 April 2014, by CH Williams Talhar & Wong Sdn Bhd, an independent registered valuer. The valuation methodologies used were the investment and comparison methods.

The Property is a freehold commercial development with five blocks of four to seven-storey commercial building consisting of office-cum-retail space, a multi-purpose hall together with two levels of car park with a total net lettable area ("NLA") of 475,857 square feet. Platinum Sentral is a quality asset designed with energy efficient and green features and has been awarded the Platinum Green Mark provisional certification by Singapore's BCA International Pte Ltd. It is strategically located in the heart of KL Sentral, an integrated transit hub and is directly linked to KL Sentral Station via a covered link bridge, giving it excellent connectivity to other urban and suburban residential, commercial and industrial hubs within Malaysia.

The purchase of Platinum Sentral will be partially settled through the issuance of 206.25 million QCT units at RM1.28 per unit. The balance of the purchase consideration of RM486.0 million will be settled via cash that will be raised through a combination of equity and debt funding exercises. The equity funding exercise will entail a proposed placement of between 55 million and 85 million new QCT units. The proposed placement will be placed out to institutional investors by way of a book building exercise at an issue price to be determined later. With a current gearing level of approximately 36%, QCT is well positioned to raise sufficient debt funding to make the Proposed Acquisition Distribution Per Unit ("DPU") accretive. Upon completion of the Proposed Acquisition, the gearing ratio of QCT is expected to increase from 36% to approximately 45%, which is still within the 50% gearing threshold stipulated under the Securities Commission's Guidelines on Real Estate Investment Trusts ("REITs").

MRCB will emerge as a new strategic investor holding approximately 31% interest in QCT, upon completion of the Proposed Acquisition. Correspondingly, the name of the Trust will be changed to "MRCB-Quill REIT".

The Proposed Acquisition shall be conditional upon, among others, the approvals being obtained from the shareholders of MSP and/or its holding company, unitholders of QCT, Securities Commission of Malaysia and Bursa Malaysia Securities Berhad. The Proposed Acquisition of Platinum Sentral is expected to be completed in the fourth quarter of 2014 after obtaining all the necessary approvals.

Dato' Michael Ong, Non-Independent Non-Executive Director of QCM, said: "We are pleased to welcome MRCB as a strategic investor to QCT and QCM. MRCB is a reputable property company with a strong pipeline of assets in Malaysia, providing future growth potential to the Trust. We strongly believe this strategic alliance will further enhance the value of QCT for its unitholders and strengthen QCT's position within the REIT industry. This exercise should set a strong platform for QCT to reposition itself as one of the larger REITs in Malaysia."

He added: "The Property is a strategic fit to QCT's current portfolio of ten quality commercial properties. We are positive about the growth prospects of QCT as we diversify into KL Sentral. KL Sentral is a prime commercial area anchored with prime commercial buildings, business hotels, retail and mixed developments and we believe it will continue to be an attractive business location."

Ms Yong Su Lin, Interim Chief Executive Officer of QCM, said: "Platinum Sentral is an excellent investment opportunity as it is a DPU accretive asset which is expected to contribute positively to the future earnings of QCT. Besides diversifying the geographical spread of QCT's assets, unitholders will benefit from the stable income stream from the Property which has an average occupancy rate of 97% as at 28 February 2014. The Property commenced operations in November 2011 and is currently tenanted by reputable government-linked companies and multinational corporations with long term leases, such as Small and Medium Enterprise Corporation Malaysia, SBM Malaysia Sdn Bhd, the Land Public Transport Commission (SPAD), the ICLIF Leadership and Governance Centre and Lynas Malaysia Sdn Bhd. In addition, the Proposed Acquisition will double the asset size of QCT, thereby enabling QCT to enjoy economies of scale and enhance its competitive positioning."

The existing shareholders of Quill Capita Management Sdn Bhd ("QCM"), the manager of QCT, namely Quill Resources Holding Sdn Bhd ("QRH"), Coast Capital Sdn Bhd ("CCSB") and CapitaLand RECM Pte. Ltd. ("CRPL"), together with MRCB, had on even date entered into the following share sale agreements:

- (a) MRCB to acquire 40% equity stake in QCM from CRPL;
- (b) MRCB to acquire 1% equity stake in QCM from CCSB; and
- (c) QRH to acquire 9% equity stake in QCM from CCSB.

Details of the Property:

Postal address	Platinum Sentral, Jalan Stesen Sentral, Kuala Lumpur Sentral, 50470 Kuala Lumpur
Title details	Geran 46222, Lot 73 Seksyen 70, Bandar Kuala Lumpur, District of Kuala Lumpur, State of Wilayah Persekutuan
Tenure	Term in perpetuity (Freehold)
Net lettable are	Office 419,643 sq ft Retail 56,214 sq ft Total 475,857 sq ft (excluding licensed area/outdoor/terrace)
Number of car parking bays	637
Major tenants	▪ Small and Medium Enterprises Corporation Malaysia ▪ SBM Malaysia Sdn Bhd ▪ Suruhanjaya Pengangkutan Awam Darat ▪ The ICLIF Leadership and Governance Centre ▪ Lynas Malaysia Sdn Bhd
Valuation	RM750 million

- End -

About Quill Capita Trust

Quill Capita Trust is a commercial Real Estate Investment Trust (REIT), established through a trust deed dated 9 October 2006. Managed by Quill Capita Management Sdn Bhd (QCM), the main thrust of Quill Capita Trust's activities include acquiring and investing in commercial properties in Malaysia to provide unitholders with long-term and sustainable distribution of income as well as capital growth potential. Currently, Quill Capita Trust owns 10 buildings comprising five in Cyberjaya, two in Kuala Lumpur, one each in Shah Alam and Petaling Jaya and one in Penang, valued at RM825.56 million as at 31 December 2013.

QCM is owned by CapitaLand RECM Pte Ltd (40%), a wholly-owned subsidiary of CapitaLand Financial Limited, the financial services business unit of CapitaLand Limited; Quill Resources Holding Sdn Bhd (30%); and Coast Capital Sdn Bhd (30%).

Issued by Quill Capita Management Sdn Bhd

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IMPORTANT NOTICE

The past performance of Quill Capita Trust ("QCT") is not indicative of the future performance of QCT. Similarly, the past performance of QCT Manager is not indicative of the future performance of the QCT Manager.

The value of units in QCT ("QCT Units") and the income derived from them may fall as well as rise. The QCT Units are not obligations of, deposits in, or guaranteed by, the QCT Manager. An investment in the QCT Units is subject to investment risks, including the possible loss of the principal amount invested. Investors have no right to request that the QCT Manager redeem or purchase their QCT Units while the QCT Units are listed. It is intended that holders of the QCT Units may only deal in their QCT Units through trading on Bursa Malaysia Securities Berhad ("Bursa Malaysia"). Listing of the QCT Units on the Bursa Malaysia does not guarantee a liquid market for the QCT Units.

This release may contain forward-looking statements that involve assumptions, risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from other developments or companies, shifts in expected levels of occupancy rate, property rental income, charge out collections, changes in operating expenses (including employee wages, benefits and training costs), governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business.

You are cautioned not to place undue reliance on these forward-looking statements, which are based on the current view of the QCT Manager on future events.